

**PROBLEMS IN INCREASING THE AMOUNT OF BANKS' OWN FUNDS IN THE
REPUBLIC OF UZBEKISTAN**

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Abstract: Currently, the lack of resource base of commercial banks in our country - banks are facing a number of problems in performing long-term asset transactions. In this case, special attention is paid to the problems of increasing the amount of funds of banks.

Keywords: Commercial bank, resource base, bank's own funds, reserve capital, additional capital, reserves, liquidity.

Introduction

Due to the expansion of the activities of commercial banks in the conditions of the market economy, there was an increase in their demand for deposits, interbank loans and other bank resources. Successful operation of the bank depends on the correct organization of its activities, that is, the strength of the bank's resource base and the stability of the bank. Therefore, increasing the bank's resources is one of the main issues in its effective operation.

Currently, there are a number of problems related to the effective use of the resources of commercial banks of our republic. In particular, the insufficient resource base of commercial banks, the large amount of overdue debt in banks, the existence of an imbalanced liquidity problem in large commercial banks, the underdevelopment of investment operations of commercial banks with securities are among the current problems in this regard.

Solving the above-mentioned problems allows to successfully solve the tasks envisaged in the Action Strategy and the effective use of the banks' resources.

There are basically four forms of passive operations of commercial banks:

1. Attracting resources by issuing securities;
2. Organization of various funds or increase the amount of funds at the expense of profit;
3. Attracting funds from other creditors;
4. Implementation of deposit operations.

According to the source of liabilities of commercial banks, they are divided into the bank's own funds and borrowed funds. The bank's own funds are formed in the first two forms of the bank's passive operations, and in the last two forms, its borrowed funds are formed. Therefore, the size of the bank's liabilities is the sum of the bank's own funds and borrowed funds.

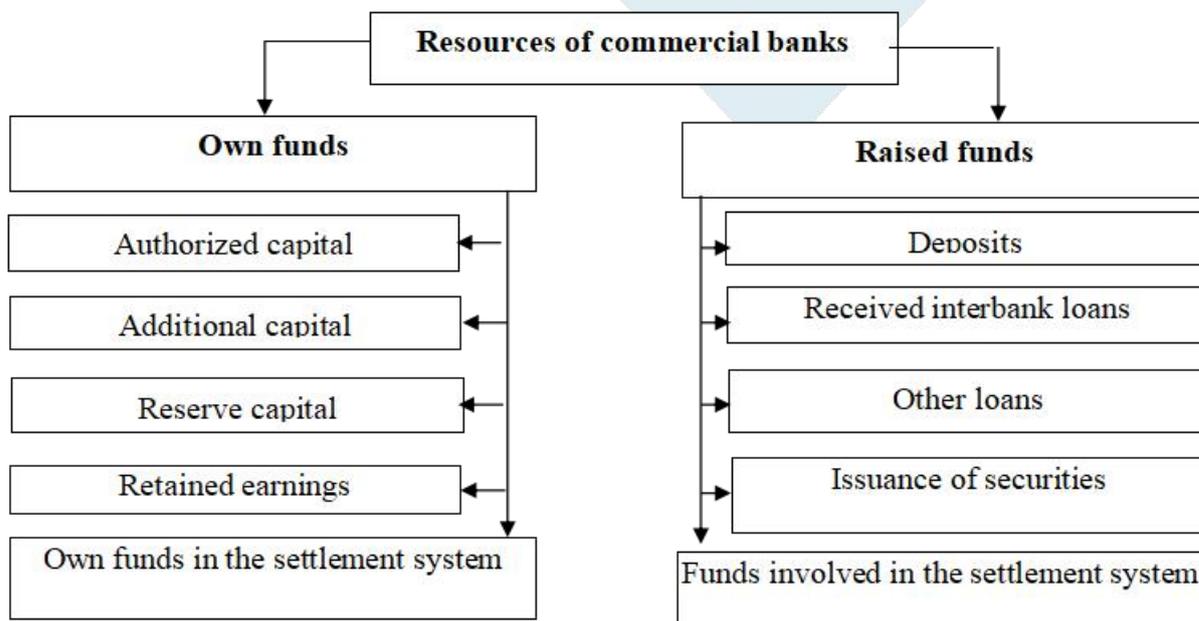


Figure 1. Structural structure of the resources of commercial banks

Banks' own funds are the funds owned by the bank, which include bank charter capital, additional capital, reserve capital, retained earnings, future earnings, equity in the settlement system. and intangible assets. Therefore, the bank's own funds should be understood as various funds created to ensure the financial stability of the bank in its commercial activities, as well as the income received from the activities of the previous and current year.

The composition of the bank's own funds is not the same and may change due to various factors. For example, it depends on the quality of their assets, the use of their income, strategy, the policy of the bank to ensure the capital base.

The second group of liabilities of commercial banks is borrowed funds. These funds do not belong to the founders of the bank, they are attracted from abroad, that is, from the bank's clients. The feature of banking is that the main part of the bank's resources consists of borrowed funds. In turn, the funds involved are divided into two: deposit funds and loan funds.

Thus, the sum of own funds and borrowed or purchased funds constitute the passive operations of commercial banks in terms of structural formation.

The authorized capital of the bank is the main basis for the organization of the bank's work. The authorized capital of the bank is equal to the nominal value of the shares issued by them, and in order to have the necessary amount of funds for the operation of the bank, it is placed in the stock markets in an amount sufficient for itself.

Also, the market prices of the shares placed on the stock markets, which are higher than the nominal value, are additionally taken into account in the additional capital.

The bank's reserve capital is formed in a purposeful manner at the expense of allocations from profits, and it includes various created special purpose funds and reserves, as well as reserves created to cover unforeseen expenses and possible losses from loans. The need for reserves is to cover bad debts and prevent defaults on all loans.

Profit is the next element of capital, which is the money that remains at the disposal of the owners of the bank. Part of it is transferred to reserves, tax payments and dividends at the end of the year.

Despite the smaller share of bank capital or own funds in the total bank resources, it performs a number of functions. They are divided into three main functions that are widely recognized today: protection, agility and control.

Usually, banks cover less than 10% of the total need for funds at the expense of their own capital and reserves, while in non-financial corporations this ratio is 40-55% (in some sectors even higher).

The minimum amount of bank capital in all developing countries, the low level of material and technical base of banks and the professional skills of personnel compared to countries with a highly developed market economy are among the characteristics of the first stages of the banking system organization. Another feature of the formation of bank capital is the transformation of activities in the former socialist system to market relations, and this situation is also characterized by deep economic and financial crises.

In controlling the activities of commercial banks, the Central Bank of the Republic of Uzbekistan sets the minimum amount of authorized capital of commercial banks and changes it depending on the development of the banking system.

The establishment of the minimum amount of the authorized fund depends on the determination of the level of risks. That is, depending on this indicator, the banking activity is initially controlled.

The increase of the authorized capital is one of the main conditions for meeting the demands of foreign partners and for the stability of the banking system of our republic. This increases the volume and efficiency of bank asset operations.

Therefore, in the process of capitalization of the bank, the amount of its income occupies an important place. The main part of the capital is formed directly from bank income.

In addition, it should be recognized that the scale of the bank's income also plays an important role in the increase of the authorized capital of the bank. Because especially if a bank earns a high profit and pays more dividends to shareholders, the shares of that bank are considered attractive and the demand for them in the stock markets increases.

There are various sources of capital of commercial banks, and the authorized capital formed by bank shareholders is an important financial source. The capital of commercial banks serves as a source of stable financing and a special means of protection during their activity. Therefore, it is necessary to form a source of capital of commercial banks at the expense of stable and "independent" financial funds from different levels of obligations.

Table 1.

Changes in requirements for the minimum amount of authorized capital of commercial banks in the Republic of Uzbekistan

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Years	For all types of commercial banks	For banks opening with the participation of foreign capital	For private banks
From July 1, 2005	3 mln. In USD equivalent	5 million In USD equivalent	equivalent to 1.5 million US dollars
From January 1, 2006	4 mln. In USD equivalent	5 million In USD equivalent	2 mln. In USD equivalent
From January 1, 2007	5 million In USD equivalent	5 million In USD equivalent	2.5 mln. In USD equivalent
From January 1, 2008	5 million in euro equivalent	5 million in euro equivalent	2.5 mln. in euro equivalent
From January 1, 2011	10 mln. in euro equivalent	10 mln. in euro equivalent	5 million in euro equivalent
From October 1, 2017	100 billion soum		
From September 1, 2023	200 billion soum		
From April 1, 2024	350 billion soum		
From January 1, 2025	500 billion soum		

As we noted, despite the fact that the capital of commercial banks consists of various sources, their charter capital is the main and important financial source for the bank. We can see that the total capital of commercial banks of our country has increased almost 3 times over the last 5 years. Such an increase in the bank's total capital in the short term is considered a positive situation for the banking system. 26,679 tln as of January 1, 2019. amounted to 79.565 trillion so'm as of January 1, 2023. In particular, we can see a sharp increase in bank capital during 2020. In this case, the bank's authorized capital takes the main share. The authorized capital at the beginning of 2019 is 19,673 trillion. amounted to 79.565 trillion so'm by the beginning of 2023.

The dynamics of changes in the total capital of the banking system of the Republic of Uzbekistan , billion so'm

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Indicator name	01.01.2019	01.01.2020	01.01.2021	01.01.2022	01.01.2023
Authorized capital	19 673	41 877	44 656	54 760	59 857
Additional capital	89	143	435	675	997
Reserve capital	2 938	3 845	5 206	8 452	7 321
Retained earnings	3 979	5 166	8 055	7 030	11 391
Total capital	26 679	51 031	58 351	70 918	79 565

Although additional capital has increased 11.2 times during this period, its share in the total capital structure remains insignificant.

During this period, reserve capital increased by 2.5 times, retained earnings increased by 2.8 times and amounted to 79,565 trillion. amounted to so‘m.

As a result of the requirement of the Central Bank to increase the charter capital of commercial banks up to 5 times by January 1, 2025, the amount of the total capital of banks will increase further.

Currently, 32 commercial banks are operating in our country, the total bank capital as of February 1, 2023 is 80,686 trillion. is so‘m. The share of commercial banks with a state share is 84 percent. O‘zmilliybank (20.5 percent), O‘zsanoatqurilishbank (9.8 percent) and Agrobank (11.8 percent) are the absolute leaders. The share of commercial banks with private and foreign capital remains insignificant. However, we can see that all commercial banks have fully fulfilled the requirement set for the minimum level of bank capital, only O‘zagroekspertbank has not been able to fulfill the capital requirement, and the reason for this is the increase in the number of problem loans.

Information on the amount of capital of commercial banks of the Republic of Uzbekistan as of February 1, 2023 ((billion so‘m)

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№	Bank nomi	Kapital	
		Summa	ulushi, foizda
	Jami	80 686	100%
1	<u>O'zmilliybank</u>	16 547	20,5%
2	<u>O'zsanoatqurilishbank</u>	7 887	9,8%
3	<u>Agrobank</u>	9 513	11,8%
4	<u>Asaka bank</u>	6 550	8,1%
5	<u>Ipoteka-bank</u>	6 037	7,5%
6	<u>Xalq banki</u>	5 353	6,6%
7	<u>Qishloq qurilish bank</u>	2 989	3,7%
8	<u>Mikrokreditbank</u>	3 648	4,5%
9	<u>Aloqa bank</u>	1 803	2,2%
10	<u>Turon bank</u>	1 871	2,3%
11	<u>Povtaxt bank</u>	145	0,2%
12	<u>Kapital bank</u>	2 817	3,5%
13	<u>Hamkorbank</u>	2 645	3,3%
14	<u>Ipak yo'li bank</u>	2 156	2,7%
15	<u>Orient Finance bank</u>	1 738	2,2%
16	<u>KDB Bank O'zbekiston</u>	933	1,2%
17	<u>Trast bank</u>	1 695	2,1%
18	<u>Invest Finance bank</u>	937	1,2%
19	<u>Asia Alliance bank</u>	595	0,7%
20	<u>Tenge bank</u>	1 167	1,4%
21	<u>Davr bank</u>	669	0,8%
22	<u>Anoʻr bank</u>	351	0,4%
23	<u>Tibisi bank</u>	575	0,7%
24	<u>Ziraat Bank Uzbekistan</u>	418	0,5%
25	<u>Universal bank</u>	349	0,4%
26	<u>Garant bank</u>	288	0,4%
27	<u>Ravnaq-bank</u>	131	0,2%
28	<u>Eron Soderot banking ShB</u>	410	0,5%
29	<u>Uzum bank</u>	135	0,2%
30	<u>Madad invest bank</u>	185	0,2%
31	<u>Smart bank</u>	100	0,1%
32	<u>O'zagroeksportbank</u>	46	0,1%

Conclusion

The stability of bank passive operations, which form the basis of the resource base of commercial banks, is one of the main directions of ensuring the stability of the resource base of banks. Therefore, the effective management of the bank's passive operations requires relevance as an important factor in increasing the bank's resources. At the same time, by increasing the minimum amount of authorized capital of banks, banks maintain their level of liquidity, thereby increasing the level of reliability of banks and improving the level of profitability.

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