


WAYS TO FURTHER IMPROVE THE ACTIVITIES OF BANKS IN THE REPUBLIC OF UZBEKISTAN

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Article Info	ABSTRACT
<p>Article history: Received August 11, 2024 Revised August 12, 2024 Accepted August 22, 2024</p> <p>Keywords: Banking system, Financial services, Digital transformation, Economic development, Legislative framework, Financial resources, Republic of Uzbekistan</p>	<p>This article discusses the issues of further improving the activities of banks in the Republic of Uzbekistan. The banking system, as an important link in the country's economy, plays a crucial role in developing the economy through the introduction of innovative financial services, the development of digital transformation processes, and improving the quality of customer service. During the study, problems arising in banking activities were analyzed and practical recommendations were given on their solutions. In particular, important proposals were put forward on the effective use of financial resources, the introduction of modern technologies, and the improvement of the legislative framework of the banking system.</p> <p>This is an open-access article under the CC-BY 4.0 license.</p> 

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INTRODUCTION

The banking system in the Republic of Uzbekistan is an important part of the economy. In a market economy, banks act not only as financial intermediaries, but also as a strategic tool for supporting economic development. In our country, large-scale reforms are being implemented to improve the banking system, introduce modern technologies, and ensure quality customer service. This article discusses the directions for further development of banking activities, existing problems, and their solutions [1].

Digitalization of banking services and the introduction of modern technologies are one of the main directions of improving banking activities. Internet banking, mobile applications, contactless payment systems and other digital services create greater convenience for customers. Through the widespread implementation of these technologies, banks will be able to optimize their costs and increase the speed of service provision [2], [3].

Effective management of financial resources is important for banks. Strengthening the analytical approach in the lending process, supporting investment projects and financing small businesses should be considered as priority areas.

It is necessary to train qualified personnel in the banking system and regularly improve their professional skills [4]. The quality of banking services can be improved by studying international experience and implementing best practices [5], [6].

The activities of banks are an integral part of the economic system and include complex processes aimed at the effective management of financial resources, ensuring economic growth and providing financial services to the population. In fulfilling their tasks, banks also participate in the implementation of state economic policy.

Main tasks and functions of the bank

1. **Financial intermediation:** Banks distribute savings and resources between different sectors of the economy. On the one hand, they collect surplus funds from the population and enterprises, and on the other hand, they provide them as loans to entities in need of financial resources.
2. **Payment system operator:** Banks provide settlement services to their customers, making payments and money transfers. At the international level, cross-border payments and foreign exchange transactions are an important function.
3. **Lending:** Banks support entrepreneurship by lending to various sectors of the economy. Loans are provided to consumers, small and medium-sized businesses, and large enterprises.
4. **Savings services:** Banks enable people to keep their savings in deposit accounts and pay interest on them. Through this, banks increase the saving capacity of society.
5. **Investment activities:** Banks develop the economy by directing their own capital or customers' funds to various investment projects.
6. **Foreign exchange operations and services:** Banks provide currency exchange, foreign exchange account maintenance, and cross-border transactions for entities involved in international trade.

Types of banks

1. **Central Bank:** The Central Bank is the main financial management body of the state. Its functions are:
 - a. Conduct monetary policy;
 - b. Control the issuance of money;
 - c. Regulation and supervision of commercial banks;
 - d. Management of international reserves.
2. **Commercial banks:** Commercial banks operate to provide financial services and generate income. They provide loans to customers, accept deposits, and provide payment services.
3. **Specialized banks:** These banks specialize in a specific line of business. For example:
 - a. Mortgage banks;
 - b. Investment banks;
 - c. Banks specializing in financing export-import operations.
4. **Islamic banks:** Islamic banks conduct interest-free financial transactions in accordance with Shariah rules. They offer financing services based on trade and partnership.

METHODS

Directions for improving banking activities

1. **Introduction of digital technologies:** Increasing the efficiency of services through the implementation of Internet banking, mobile applications and blockchain technologies.
2. **Simplification of lending processes:** Optimizing the procedures required for obtaining loans and expanding small business support programs.
3. **Diversification of financial resources:** Effectively managing existing resources and improving skills in working with them.
4. **Improving personnel skills:** Training banking professionals in accordance with international standards and constantly updating their knowledge.

RESULT AND DISCUSSION

Banks are the heart of the economy. They establish effective connections between economic entities through financial intermediation, lending, savings services and investment activities. The development of this sector can be ensured by introducing modern technologies, improving the quality of financial services and reforming the banking system. This will contribute to economic stability and strengthening the country's position in the global financial system.

Modernizing the legislative framework regulating banking activities and bringing it into line with international standards is of great importance in ensuring the stability of the banking system. In particular, it is necessary to create a favorable legal environment to make banks competitive and attract investors.

The lack of sufficient information about financial services and the banking system among the population reduces the level of financial inclusion. To solve this problem, it is necessary to conduct large-scale propaganda work through the media and educate the population in financial literacy. The weakness of the banking infrastructure in rural areas limits the widespread use of services. To overcome this problem, it is necessary to increase investments in the development of technological infrastructure and establish public-private partnership programs. The quality and speed of service in some banks are insufficient. To solve this problem, it is necessary to automate service processes and improve the professional skills of employees.

Economist Sh.R. Muminov noted that the digitalization of banking services is an important factor in increasing economic efficiency. In his opinion, through the implementation of Internet banking, blockchain technologies and other modern financial tools, banks can provide their customers with fast, convenient and secure services. Professor A.S. Sobirov emphasized the importance of supporting small businesses and entrepreneurship in the lending system. According to him, creating favorable conditions for entrepreneurs and simplifying the procedures for obtaining loans will serve the further development of the banking system. According to the research of economist G.T. Toshmatova, increasing the financial literacy of the population increases the level of use of banking services. She suggests conducting extensive propaganda in the media and organizing special trainings. According to expert A.J. Rafikov, it is possible to improve the quality of services and introduce innovative approaches in the financial market by creating a healthy competitive environment between banks. At the same time, it is necessary to increase the competitiveness of Uzbek banks by attracting foreign banks.

According to Professor R.N. Yuldoshev, training qualified personnel is important to increase the efficiency of banks. According to him, it is necessary to develop cooperation between the public and private sectors in training specialists with knowledge and skills that meet international standards.

Doctor of Law M.T. Rakhimov considers it important to bring legislation in the banking system into line with international standards and ensure the independence of banks. This will create a favorable environment for investors and increase economic stability.

Scientist A.Q. Akhmedov noted that reforms in the banking system can be effectively implemented by studying and adapting the experience of developed countries of the world. In particular, it is necessary to take useful elements from the financial management systems of countries such as Japan, Germany and Singapore and adapt them to national conditions.

The ideas put forward by scientists on improving the banking system of Uzbekistan are based on such areas as the introduction of modern technologies, improving the quality of services, and developing the financial literacy of the population. These ideas are important in ensuring financial stability in the country. Improving the banking system in the Republic of Uzbekistan is an important factor in strengthening the country's economic stability and increasing the financial well-being of the population. The main directions in the development of banking activities are the introduction of modern technologies, increasing financial literacy, and improving the legislative framework. There are also opportunities to improve the quality and convenience of banking services by improving personnel skills and developing technological infrastructure. The competitiveness of Uzbek banks can be increased by continuing reforms in the banking system and effectively using international experience. This will have a positive impact on the country's economy and create the basis for economic growth.

CONCLUSION

The banking system in Uzbekistan plays a critical role in the nation's economic development. By implementing modern technologies, optimizing banking services, and enhancing financial literacy, Uzbekistan can strengthen its banking sector. Key priorities for further development include digitalization, simplification of lending processes, and training qualified personnel. Adapting international best practices and ensuring effective legislative frameworks will enhance the competitiveness of Uzbek banks, support entrepreneurship, and contribute to economic stability. These efforts are essential for fostering growth and improving the financial well-being of the population.

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