

Directions for Reforming the Banking System of the Republic of Uzbekistan

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Abstract: The article contains information about the processes, directions and tasks of privatization of the banking system of the Republic of Uzbekistan. The role of state banks in the economy is analyzed. Suggestions and recommendations on economic liberalization and privatization of banks are given.

Keywords: privatization, banking, liberalization, commercial bank, property, banking system, competition, rehabilitation, regulator, sovereignty.

Introduction

Many countries are pursuing economic liberalization policies to stabilize their economies. In the 1980s and 1990s and into the 21st century, countries have taken the path of economic liberalization in order to maintain or increase their competitiveness and improve the business environment. The liberalization policy is implemented through the partial or full privatization of state-owned enterprises, organizations and assets, tax cuts, reduction of restrictions on domestic and foreign investment, open markets and increased localization.

Reducing the state's share in banks is also considered important in the process of economic liberalization. Because due to the privatization of banks, state intervention in their activities will be reduced, the system of lending aimed at social goals that are difficult to pay off will be abolished, the system of targeted lending will work properly, there will be healthy competition between banks, investment processes in the domestic market will expand, and such positive changes will contribute to the development of the country, is considered one of the urgent problems at the present time.

Research methods.

The article examines and observes the scientific and theoretical approaches to the topic arising from the scope of the topic. The direction was chosen to achieve the goal set in the study. Methods of observation, aggregation, grouping, and identification of connections between data sources of empirical research and methods of analysis and synthesis of theoretical research have been widely used.

Analysis and results.

Privatization (lat. privatus - private) is the process of transferring property from another form to private. The Law of the Republic of Uzbekistan "On deputy and privatization" defines the categories of privatization and privatization as follows:

privatization - the acquisition by individuals and legal entities of state-owned objects or shares of state joint-stock companies that do not belong to the state;

denationalization of property - transformation of state enterprises and organizations into economic companies and societies, other enterprises and organizations that are not in state ownership.

The reverse form of privatization is called nationalization or municipalization.

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According to the decree of the President of the Republic of Uzbekistan "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025", the following tasks are set for the privatization of commercial banks:

1. consistent elimination of the administrative burden on credit institutions by releasing them from performing unusual functions, as well as excessive burdens;
2. creation of the necessary conditions for the widespread introduction of modern information and communication technologies, automation of business processes of commercial banks and expansion of the range of remote banking services;
3. reduction of the state share in a number of commercial banks with the involvement of strategic investors with appropriate experience, knowledge and reputation in banking;
4. maintaining in the medium term the state share in several banks in order to meet the needs of the population in financial services, introduce a mechanism to support investment projects ("project factory"), ensure regional availability of banking services during the period of reforming the banking system;
5. Reducing the regulatory burden, including that related to reporting, by improving the exchange of information between banks and the regulator and government agencies, as well as simplifying and automating the processes of their formation.

The main approach to the privatization of large banks envisages a two-stage process, including institutional transformation during 2020-2021 and then, in the subsequent period, the full sale of the state's share to strategic investors.

Starting this year, with the support of international financial institutions, state shares in "Qishloq qurilish bank", "Asaka", "Ipoteka bank", "O'zsanoatqurilishbank", "Aloqa bank" and "Turon bank" will be gradually privatized.

As of December 1, 2022, only 33 banks are registered and operate in the Republic of Uzbekistan, of which 12 are banks with a state share, which is 36.4 percent of the total number of banks.

Analyzing the data table. 1, as of 2022, the corresponding share of banks with a state share in total assets, liabilities, loans and deposits of banks in the republic was as follows, that is, 78% of actives, 79% of liabilities, 83% of credits in relation to the total amount and 64 % of deposits accounted for by state-owned banks.

One of the last privatized banks in our country was "O'zagroexportbank" ATB, 100% of the state share in its authorized capital was sold to Support Level LLC for \$5 million.

Table 1 Information on comparative indicators of the banking system

billion soum

№	Name of the bank	01.12.2021 year				01.12.2022 year			
		Actives	Liabilities	Credits	Deposits	Actives	Liabilities	Credits	Deposits
Total		427 371	360 342	320 813	143 496	555 339	476 961	382 078	216 548
Banks with a state share		349 938	295 740	275 757	95 904	435 940	374 814	318 788	137 778
1	O'zmilliybank	86 111	71 458	71 144	20 398	127 697	111 605	87 730	44 856
2	O'zsanoatqurilishbank	53 046	45 425	42 946	11 011	65 786	58 013	47 776	15 323
3	Asaka bank	52 452	45 830	37 805	12 543	51 605	45 095	36 523	15 341
4	Agrobank	37 728	31 494	31 245	11 194	49 414	40 398	41 575	11 860
5	Ipoteka bank	35 825	30 771	28 901	11 965	41 656	35 887	32 592	14 129
6	Xalq banki	29 443	24 230	20 592	11 551	31 076	25 499	21 451	12 888
7	Qishloq qurilish bank	19 919	17 232	17 004	5 997	24 499	21 587	20 049	8 471
8	Mikrokreditbank	13 114	10 795	10 850	2 976	16 147	12 496	12 935	4 745
9	Aloqa bank	11 345	9 640	7 129	5 616	15 082	13 352	8 744	6 973
10	Turon bank	10 633	8 746	8 012	2 541	12 716	10 814	9 333	3 131



11	Poytaxt bank	251	114	84	110	213	66	74	61
12	O'zagroeksportbank	71	4	45	2	50	2	6	1
	Other banks	77 433	64 602	45 055	47 592	119 399	102 147	63 290	78 770
13	Kapital bank	13 955	12 471	7 554	11 534	28 522	26 016	14 599	23 596
14	Hamkor bank	12 255	10 378	9 280	4 086	16 585	14 076	11 471	6 449
15	Ipak yo'li bank	8 792	7 245	6 452	3 819	12 462	10 347	8 040	6 216
16	Oriyent Finans bank	5 407	4 090	3 378	2 847	10 625	8 977	5 079	6 285
17	O'zKDB bank	7 547	6 788	1 524	6 762	9 035	8 151	1 982	7 774
18	Trast bank	6 623	5 485	2 708	5 140	7 586	5 978	3 399	5 774
19	Invest Finans bank	5 490	4 725	3 649	3 981	7 163	6 256	4 593	5 186
20	Aziya Alyans bank	3 230	2 835	1 906	2 286	7 041	6 488	2 151	5 977
21	Tenge bank	2 853	1 638	1 783	314	4 127	2 905	2 204	1 485
22	Davr bank	2 524	2 097	2 058	1 022	3 614	2 997	2 866	1 567
23	Anor bank	963	776	545	682	3 438	3 123	2 059	2 933
24	Ziraat bank	1 505	1 164	738	960	2 074	1 665	1 055	1 315
25	Tibisi bank	703	575	275	571	1 906	1 328	1 332	1 301
26	Universal bank	1 448	1 258	764	1 138	1 854	1 518	825	1 368
27	Garant bank	1 216	1 047	841	758	1 568	1 378	1 077	774
28	Ravnaq bank	833	689	586,7	591	885	753	353	697
29	Eron Soderot bank	430	47	14	30	460	55	21	29
30	Uzum bank	2	2	0,0	0,0	236	94	0,0	4
31	Madad invest bank	197	51	141	29	219	41	181	38
32	Turkiston bank	1 138	1 020	696	907				
33	Xay-Tek bank	321	221	164	137				

Conclusions and suggestions

The sharp reduction in the state's share in banks plays an important role in ensuring the free and safe movement of financial resources in the country, as well as increasing the competitiveness of the country's economy.

In this process, the state should pay special attention to the following when privatizing its share:

- taking into account the complex form of ownership of state banks, there should be clear plans for privatization, to whom and for what funds;
- in the process of privatization it is necessary to ensure the sovereignty of banks;
- taking into account the fact that mutual competition between banks will intensify after privatization, it is necessary to bring the regulatory framework in line with the situation in order to ensure healthy competition;
- it is necessary to ensure transparent regulation of the state, taking into account the failure of the process of privatization of banks;
- it is necessary to create a legal basis for the development of non-bank credit institutions;
- we will achieve our goals without any problems if such work as the development of a mechanism for the recovery of banks is carried out.

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