



Basic Ways and Critical Issues to Open Bank Accounts

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ABSTRACT

The article describes the main ways of opening bank accounts, i.e., the processes required for opening bank accounts by individuals or organizations. These processes usually involve visiting a bank branch, using online banking services, or opening an account through mobile apps.

The article also presents important rules and requirements for opening bank accounts. These requirements include personal information of the person, legal information of the organization, types of payment, minimum funds, necessary documents for opening the account, etc.

The article also points out the critical issues of opening bank accounts. Among these problems are high commissions offered by banks, lengthy account opening processes, account management difficulties, security issues and quality of service issues.

The article analyzes the main ways and critical issues of opening bank accounts and will be useful for teachers, students and general educators.

Keywords:

bank accounts, banks and banking activity, types of bank accounts, deposit accounts, savings.

Regulations.

Civil Code of the Republic of Uzbekistan

Law of the Republic of Uzbekistan "On Banks and Banking Activity" No. ZRU-580 dated 05.11.2019

Law of the Republic of Uzbekistan "On the Central Bank of the Republic of Uzbekistan" No. ZRU-582 dated November 11, 2019

Law of the Republic of Uzbekistan "On currency regulation" No. 841-XII dated May 7, 1993

Law of the Republic of Uzbekistan "On Electronic Document Management" No. 611-II dated April 29, 2004

Instructions on bank accounts opened in banks of the Republic of Uzbekistan, approved by the Decree of the Board of the Central Bank, registered by the Ministry of Justice No. 1948 dated April 27, 2009

Regulations on the procedure for the voluntary liquidation of business entities and the termination of their activities, approved by the

Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 704 dated August 21, 2019

Regulation on the procedure for exclusion from the state register of business entities that do not carry out financial and economic activities, approved by the Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 704 dated August 21, 2019

Types of bank accounts.

Bank account - a means of implementing relations arising between the bank and the client as a result of the conclusion of a bank account agreement, according to which the bank (hereinafter referred to as the "bank" or "servicing bank") undertakes to accept and credit funds incoming to the account of the account holder (hereinafter referred to as the "client") , fulfill the client's instructions for transferring and issuing the appropriate

amounts from the account and carrying out other operations on the account;

Clients can open the following types of bank accounts:

- a) demand deposit accounts;
- b) savings deposit accounts;
- c) term deposit accounts;
- e) other deposit accounts.

Demand deposit account - an account that keeps records of the client's funds issued or transferred at his first request.

Savings deposit account - an account that keeps records of funds generated on the basis of periodic deposits of clients, saved for certain purposes and sent for these purposes or returned upon termination of the contract;

Term deposit account - an account that keeps records of customer funds deposited for a period strictly agreed in the contract;

Loan account - an account that records loans issued to customers in the prescribed manner.

If a legal entity opens a demand deposit account for the first time after its state registration, then this account will be considered its main account.

All other deposit accounts opened after are considered secondary.

Opening and transfer of a bank account.

According to the Instruction on bank accounts opened in banks of the Republic of Uzbekistan (hereinafter referred to as the "Instruction"), legal entities and individuals independently choose the bank in which they open an account, the type of such a bank account, the currency of the bank account. Moreover, they can open accounts in one or several banks.

The instruction establishes 4 procedures for opening bank accounts:

- (1) The procedure for opening demand deposit accounts, savings, term and other accounts in national currency
- (2) The procedure for opening deposit accounts on demand, savings, term and other accounts in foreign currency
- (3) Procedure for opening accounts on the basis of a loan agreement
- (4) Procedure for opening correspondent accounts

When opening demand deposit accounts, savings, urgent and other accounts in the national currency, business entities (in

particular, legal entities, individual entrepreneurs, dekhkan farms) provide the bank with the following documents:

- 1) an application for opening an account;
- 2) two copies of cards with sample signatures in a special form;
- 3) an identity document of a person (passport or a document replacing it) having the authority to sign monetary settlement documents on behalf of the client. A copy is made of the identity document, the original is returned.

To open bank accounts, both in national and foreign currencies, different entities establish their own list of documents.

Legal entities - subjects of entrepreneurial activity are also allowed to open special accounts before their state registration for crediting the initial contributions of the founders.

The general rule is that the bank is obliged to open a bank account no later than the next business day from the date of submission of documents for opening any type of bank account.

In cases where a loan agreement is the basis for opening a bank account, such an account, which is called a loan account, is opened no later than the next banking business day after the entry into force of the loan agreement. At the same time, as a general rule, in order to open it, the head of the bank or a person authorized by the head must submit an order to the accounting department to open a loan account. Such order must indicate the amount and interest rate of the loan. An exception to this rule is the execution of a loan through remote service systems.

Finally, the following two types of correspondent accounts are opened for banks:

- (1) correspondent accounts with the Central Bank of the Republic of Uzbekistan in national and foreign currencies.
- (2) correspondent accounts with resident banks.

Resident commercial banks have the right to open the first type of correspondent accounts.

To open a correspondent account, commercial banks submit the following documents:

- 1) an application for opening an account;

- 2) a copy of the certificate of assignment of a taxpayer identification number;
- 3) a copy of the license issued by the Central Bank of the Republic of Uzbekistan for banking operations;
- 4) a card with sample signatures and a seal imprint.

Resident banks can, in principle, open their correspondent account with any other bank, but only if such other bank is licensed to carry out banking activities.

But it must be taken into account that if a correspondent account is opened by a non-resident, then the documents provided undoubtedly differ from those that a resident commercial bank must submit.

When opening a bank account, many questions arise about the card with sample signatures and stamps. Such a card is issued in duplicate and it also confirms the list of persons entitled to the first and second signatures. Persons with the right of the first signatory are precisely the persons exercising management functions of accounting (as a rule, this is a director), persons with the right of the second signature are those who carry out the functions of accounting and financial management (usually an accountant). Sometimes one person may be entitled to both signatures. If the client has a seal (for example, business entities do not have to have their own seal now), then a sample of the seal imprint is also taken. Cards for residents and non-residents are different from each other. If the information specified in the card has been changed, the client provides the bank with a new card. All documents that are the basis for opening bank accounts of legal entities, individual entrepreneurs and dekhkan farms that are clients of the bank, as well as copies of changes and additions to these documents, are stored in a legal file opened for each client (hereinafter referred to as the "legal file"). If the client changes the information specified in their legal file, then he must provide the bank with copies of the changes and additions made to the constituent documents.

Suspension of operations and closing of a bank account.

Operations on the main bank account may be suspended in the following cases:

- (1) By order of the client;
- (2) Seizure of the funds on the account by order of an official of the body conducting pre-investigation checks, an interrogating officer, an investigator, or by court order (in this case, the seizure is imposed only on the amount specified in the order or decision);
- (3) In other cases provided for by law;

If we are talking about the suspension of operations of business entities on bank accounts, then such suspension is carried out in court, except as provided by law.

It should also be borne in mind that operations on bank accounts are suspended only in terms of spending. Transfer to another bank of accounts that have been seized or suspended is not allowed. Also, clients whose accounts have been seized or suspended are not allowed to open other accounts.

At the request of the bank, the contract is terminated, as a rule, through the court under the following conditions:

- (1) If the amount of funds in the account is below the minimum amount stipulated by banking rules or the agreement. This case can be applied only if the bank warns the client about this and within a month the client does not take any action to restore the funds in the bank account.

- (2) If no transactions are made on the bank account within one year. The contract may establish a period other than one year.

Termination of the bank account agreement is a direct basis for closing the bank account.

If a legal entity - a business entity, a client, is transferred by the registration authority to the category of inactive, then the bank account agreement with such a legal entity is terminated from the moment it is excluded from the state register.

Closing a bank account of a business entity that does not carry out financial and economic activities is carried out as follows:

- (1) If funds for financial and economic activities are not received on bank accounts within nine months, a commercial bank shall submit within 3 working days through the Information System on Business Entities.

- (2) A commercial bank closes within one business day the account of a business entity

transferred to the category of inactive and transfers funds to inactive deposit accounts.

(3) A commercial bank, within five working days, consolidates the funds held in the bank accounts of a business entity excluded from the state register on single accounts in national and foreign currency and transfers to the local budget of the district (city) at the location of the commercial bank that opened the account.

It should also be noted that there is no fee for closing an account.

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