



Ways to Increase the Capitalized Level of Banks on the Regional Scale

Khojibekova Zilola Shavkat Qizi

**Tashkent Financial Institute
Teacher of the "Banking and Auditing" department**

ABSTRACT

This article presents the current issues of increasing the level of capitalization and strengthening the financial stability of commercial banks. In addition, the amount and dynamics of the capital of commercial banks of our republic, the share of the authorized capital in their own funds, and the state of indicators describing their level of capitalization were analyzed and conclusions were given.

Keywords:

commercial banks, level of capitalization, resource base, capital, financial stability, authorized capital, subordinated debt obligations

Introduction

Consistent and purposeful reforms in the banking system of Uzbekistan will not only reliably protect it from the negative effects and consequences of the global financial crisis, but also achieve important and qualitative changes in the activities of banks, expand the volume of lending to the real sector of the economy, and improve banking and financial services. made it possible to radically improve the display level.

The stable and reliable operation of the banking system of our country, its increasing influence in the world financial market, as well as our bold steps towards the modernization of our country are recognized by the world community, as well as by a number of prestigious international financial organizations. the works carried out are noteworthy. If we refer to the numbers, in the last 10 years, the total capital of the banking system has increased more than 6 times. In 2022, the total capital of commercial banks increased by 32 percent. It is worth noting that increasing the level of capitalization of large banks in our republic, according to the practice of many foreign countries, is not mainly aimed

at maintaining the liquidity index of banks, but at strengthening the investment activity of banks, restoring and expanding the priorities of structural changes in the economy, developing modernization of production, increase in the volume of lending aimed at technical and technological renewal was focused on.

According to the decree of the President of Uzbekistan dated May 12, 2020 No. PF-5992 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025", the minimum amount of the authorized capital of banks by 2025 will be 500 billion . step-by-step increase up to soum.

Research Methodology

In the process of research, dialectical and systematic approach, comprehensive assessment, comparative and comparative analysis, statistical and dynamic approach and grouping methods were used to study methods of increasing the competitiveness of bank lending services and ensuring high efficiency of the banking services system, and the level of competitiveness in the banking services market was evaluated.

Analysis And Results

According to the legislation of the Republic of Uzbekistan, in accordance with the Regulation "Requirements for the credit policy of commercial banks": "The bank's credit policy - defining the measures and methods adopted by the bank's management in the management of risks arising in the process of lending, and is a document that provides the bank's management and employees with instructions

on the effective management of the loan portfolio.

Increasing the level of capitalization and strengthening the financial stability of commercial banks is a necessary condition for ensuring the stability of the country's banking system. As we know, the capital of commercial banks is formed at the expense of bank shareholders' funds and other sources.

Ratio of authorized capital to own funds of commercial banks of our republic

Years	Banklar capital charter, billion, soyom	Banks' own funds, billion soums,	The ratio of the authorized capital to the banks' own funds, %
2015	4319	7784	55,49
2016	5805	9353	62,07
2017	16307	20676	78,87
2018	19673	26679	73,74
2019	41877	51031	82,06
2020	44656	58351	76,53
2021	54760	70918	77,22
2022	56813	72422	78,45
2023	66343	80764	82,14

From the data of the above table, it can be seen that the ratio of the authorized capital of commercial banks to their own funds shows an increasing trend in the last year. But in 2018, on the contrary, although it significantly decreased, in 2019 this indicator increased to 82.06 percent. This was mainly caused by the execution of decision No. PQ-3270 of September 12, 2017. According to it, the authorized capital of all commercial banks will be 100 billion by January 1, 2019. it was decided to increase it to soums. At the same time, from 2021 to 2023, the ratio of the authorized capital to the banks' own funds increased. It is a positive situation that the authorized capital occupies a high weight in the total capital volume. Because the authorized capital is a source of financing with a high degree of stability.

Conclusion

Year by year GDP growth in the country requires an increase in the volume of credit

deposits of commercial banks, which in turn requires an increase in their capitalization level. As a result, stability of bank capital can be achieved.

On the basis of the above analyzes and studies, we were able to develop the following recommendations in order to increase the level of capitalization of banks:

☑ It is advisable to gradually increase the level of capitalization of commercial banks.

☑ It is necessary to increase the investment attractiveness of shares of commercial banks through the use of financial incentives by the state, and on the basis of this, by January 1, 2025, it is necessary to bring the minimum amount of authorized capital of banks to the level of the specified requirements.

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