

**SOME PROBLEMS OF THE STOCK MARKET OF COMMERCIAL BANKS
AND WAYS TO SOLVE THEM**

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Abstract

In this article it is analyzed the factors influencing the activities of commercial banks in the stock market. It is also developed proposals and practical recommendations aimed at solving these problems and increasing the activity of banks in the stock market.

Keywords and phrases: commercial banks, stock market, securities, inflation, liquidity, profitability.

Introduction

In a market economy, increasing the activity of commercial banks in the stock market is one of the most important issues. Also, commercial banks, as an important financial institution, play an important role in financing sectors of the economy by attracting free funds under certain conditions, carrying out mutual settlements between entities, and increasing household incomes. At the same time, the participation of commercial banks as investors in the capital market by channeling their available financial resources into securities and other long-term investments, as well as the effective organization of the activities of commercial banks in the stock market, creates the need for the full functioning of the above aspects. From this point of view, one of the pressing issues of our time is the consideration of problems associated with the activities of commercial banks in the stock market and ways to solve them.

Literature review

The theoretical and practical aspects of the factors influencing the activities of commercial banks in the stock market are interpreted by economists in different ways. N.M. Giblova studied the interaction of the stock market, commercial banks and the real sector of the economy. It shows the real sector of the research economy as the issuer of securities as a consumer of investment resources, the primary stock market as a channel providing income for financing investments, and banks as investors purchasing securities. This conclusion can be drawn based on the stated thoughts and opinions of the economist; the economist mainly paid serious attention to the role of commercial banks as investors. Along with this, economist O.I. Lavrushin also gave his interpretations regarding the activities of commercial banks in the background market. In this regard, a group of scientists under the leadership of O.I. Lavrushin, within the framework of operations of commercial banks with securities, types of banking activities in the securities market, issuance and placement of securities by banks, investments of commercial banks in securities, provision of services for banking operations with government securities and repo transactions, the



activities of banks as professional participants in the securities market, etc. The intermediary activities of commercial banks in the stock market remained unnoticed.

Economist I. R. Baybekov conducted a study on the formation of a bond portfolio through the activities of commercial banks in the stock market. He put forward the opinion that the main attention should be paid to the methodology for qualitative assessment of bond issuers when diversifying the bond portfolio from the point of view of diversifying the bank's income.

From the above opinions and considerations, it is clear that certain restrictions may be imposed on the banks' stock market.

Research methodology

It is used for researching the activities of commercial banks in the stock market, research methods such as analysis, synthesis, sample observation, comparison, statistical analysis, induction, and deduction were used.

Analysis and results

Analysis of the activities of commercial banks operating in Uzbekistan on the stock market allows us to study their activities as institutional investors.

Table 1 External and internal factors influencing commercial banks' capital raising through shares

External factors	Internal factors
High level of state participation in the banking system and charter capital of commercial banks;	Limited independence of commercial banks in terms of financial and economic activity;
The attachment of non-banking sectors on the basis of state programs;	Not always paying attention to the liquidity of shares;
Absence of a healthy competitive environment in the banking system in terms of attracting financial resources;	Making financial decisions without taking into account the interests of minority shareholders;
The presence of restrictions on the ownership of shares of commercial banks, the purchase of shares.	Lack of attention to investment attractiveness through dividend practices.
High inflation rate	Low tendency to attract capital through securities

Table 1 above indicates external and internal factors influencing the attraction of capital of commercial banks through shares, among which, as external factors, are the high level of state participation in the banking system, in the authorized capital of commercial banks, investments from sectors not related to the banking sector, on basis of government programs and attraction of financial resources. From this point of view, this is a situation related to the lack of a healthy competitive environment in the banking system and restrictions on the ownership of commercial banks. shares, restrictions on the purchase of shares and high inflation.

Also, internal factors influencing the attraction of capital of commercial banks through shares include situations related to the limited independence of commercial banks in the field of financial and economic activities, insufficient attention to the liquidity of shares, making financial decisions without taking into account the interests of minority shareholders, and inattention to investing. attractiveness due to dividend practice and low propensity to attract capital through securities.



Table 2 Analysis of the share of large state shareholders in the authorized capital of commercial banks

Commercial banks	Fund for Reconstruction and Development	Ministry of Economy and Finance	of and	The State Assets Management Agency
Uzbek Industrial and Construction Bank	172,09	27,4		-
Ipoteka bank	170,46	21,54		-
National bank FEA	121,5	83,5		-
Asakabank	175	21,18		-
Agrobank	158,48	42,69		-
Microcredit bank	111,2	86,6		-
Xalq bank	143,11	61,89		-
Turon bank	185,63	22,28		-
Aloqa bank	153,2	12,66		-
Asia alliance bank	123,2	83,8		100

As can be seen from the data in Table 2 above, currently the Fund for Reconstruction and Development of the Republic of Uzbekistan, the Ministry of Finance and the Agency for State Asset Management participate as major shareholders in the authorized capital of commercial banks in our country. Fund for Reconstruction and Development of the Republic of Uzbekistan Turonbank (185.63 percent), Asakabank (175 percent), Uzsanoatkurilishbank (172.09 percent), Ipotekabank (170.46 percent), Agrobank (158.48 percent), Aloqabank (153.2 percent)) percent), Xalq Bank (143.11 percent), National Bank for Foreign Economic Affairs (121.5 percent), Microcreditbank (111.2 percent) own decisive and controlling shares of commercial banks. In turn, the Agency for State Asset Management of the Republic of Uzbekistan is the sole shareholder of Asia Alliance Bank, owning 100 percent of the shares.

It should be noted here that in addition to the large shareholders holding bank shares on behalf of the state listed in the table, there are also small shares of other state-controlled enterprises. This situation prevents commercial banks from entering the stock market. As a result, the main performance indicators of state-owned banks are constantly growing (Table 3).

Table 3 Main performance indicators of commercial banks

Indicator name	Total	From this:				Including in foreign currency
		Banks with state share in capital		Banks without state shares in capital		
		bil.sum	share in %	bil.sum	share in %	
As of January 1, 2018						
Assets	166 631,8	136 505,0	81,9	30 126,8	18,1	106 663,6
Credits	110 572,1	97 778,4	88,4	12 739,7	11,6	68 838,2
Deposits	59 578,7	39 270,1	65,9	20 308,6	34,1	28 825,3
Capital	20 676,1	16 671,6	80,6	4004,6	19,4	6 188,0
As of January 1, 2019						
Assets	214 419,6	180 155,0	84,0	34 264,6	16,0	118 828,7
Credits	167 390,6	148 796,0	88,9	18 594,6	11,1	93 527,0
Deposits	70 001,4	47 659,4	68,1	22 342,0	31,9	26 677,9
Capital	26 678,9	21 743,1	81,5	4935,8	18,5	266,9
As of January 1, 2020						



Assets	232 090,2	197 326,6	85,0	34763,6	15,0	129 008,6
Credits	184 392,6	164 177,3	89,0	20215,4	11,0	104 173,1
Deposits	71 911,7	49 779,1	69,2	22 132,6	30,8	26 860,0
Capital	28 292,0	22 910,2	81,0	5 381,8	19,0	268,5
As of January 1, 2021						
Assets	264 539,8	226 274,7	85,5	38 265,1	14,5	148 887,2
Credits	209 019,8	186 837,1	89,4	22 182,7	10,6	118 858,7
Deposits	84 692,2	61 196,5	72,3	23 495,7	27,7	35 958,2
Capital	30 002,8	24 220,3	80,7	5 782,5	19,3	274,0
As of January 1, 2022						
Assets	290 936,9	250 531,1	86,1	40 405,8	13,9	162 360,0
Credits	234 672,6	210 724,6	89,8	23 948,1	10,2	135 134,5
Deposits	91 317,0	66 584,0	72,9	24 733,1	27,1	38 387,6
Capital	34 191,9	27 929,4	81,7	6 262,5	18,3	301,6
As of January 1, 2023						
Assets	272 726,9	230 126,4	84,4	42 600,5	15,6	129 076,7
Credits	211 580,5	186 630,3	88,2	24 950,2	11,8	100 947,3
Deposits	91 009,0	65 739,5	72,2	25 269,5	27,8	39 969,0
Capital	51 030,7	44 266,8	86,7	6 763,9	13,3	304,5

Table 3 above contains information on the assets, loans, deposits and capital of banks with a state share and banks without a state share in their capital for the period of 2018-2023. Based on the given information, we can come to the conclusion that banks with a state share in their capital differ from banks without a state share in their capital by relatively high assets, loans, deposits and capital, as well as by the fact that they grow rapidly over the years.

Conclusion

Certain restrictions on the ownership of commercial banks' shares, purchase of shares, preliminary approval from the Central Bank of the Republic of Uzbekistan, approval procedures should be simplified, time consumption should be drastically reduced. Because at the same time, the current process is both complicated and extremely time-consuming. Such bureaucratic practices lead to a decrease in the scope of investors' interest, as the decision to invest in securities by investors requires relative speed. Determining the maximum share that shareholders can own in the authorized capital of commercial banks on the basis of the charter is important in market conditions.

There are also internal factors that have a negative impact on the activity of commercial banks in the stock market. But the influence of external factors is high even when internal factors emerge. In particular, the limited independence of commercial banks in terms of financial and economic activity prevents the issues of increasing the level of financial provision through transactions with securities, diversification of profitability through investment activities. That is, the activity of commercial banks is organized only within the scope of the assignment given by the state.

The high level of inflation in our country also leads to the development of the securities market to a certain extent, the relatively low demand for the securities of commercial banks. Because in the case of inflation above 15 percent, at least 20 percent dividend on shares appears as an investor demand. In order to ensure this, the profitability of commercial banks should be significantly higher than at present.



On the other hand, excessive state support for attracting financial resources of commercial banks hinders effective organization of relations with other shareholders. This, in turn, causes the liquidity of the shares to be extremely low, even though the bank shares are listed.

The state's regular allocation of financial resources to the authorized capital of commercial banks has led to the management of the profits obtained on the other hand with the participation of the state. As a result, financial decisions are made without taking into account the interests of minority shareholders. In this case, lack of focus on investment attractiveness through dividend practices limits the success of Initial Public Offering practices as a systemic problem.

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