



Possibilities of Increasing the Activity of Banks in the Securities Market

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Abstract

The article highlights the importance of the securities market in the financial market of countries with transition economies and industrialized countries, and the role of commercial banks in its activation. It is based on the fact that they are a competitive issuer by ensuring the stable development of the banking system. In addition, proposals aimed at increasing the participation of commercial banks in brokerage activities in the securities market were made.

Keywords: commercial bank, securities, securities market, issuer, investor, secondary market.

Introduction

Securities allow to satisfy the interests of investors who want to profitably invest free financial resources, as well as issuers with profitable investment projects in need of investments, that is, commercial banks.

In the practice of industrialized countries, there are two main systems regarding the participation of banks in the stock market. These are American and German systems. In the US, banks are prohibited from directly trading in the stock market and from participating in stock exchanges, while German banks are allowed to carry out all types of securities transactions.

Currently, some countries also have a mixed method of this process. This method was developed in countries that are experiencing a transition economy, namely Uzbekistan, Russia, Ukraine, Kazakhstan. This method assumes that the stock exchange will not be tied to non-bank financial institutions, the system of investment banks, and that commercial banks will occupy a strong and significant position in all segments of the stock market.

Literature review

As a result of our research, the opinions and approaches expressed by economists regarding the expansion of emission activities of commercial banks in the securities market will be discussed below.



G.A. Bersenova (2018) points out that commercial banks play a major role in the stock market in most countries, and says that the role of banks in this market is as follows: they can participate as professional participants in large portfolio investors, as well as as issuers of private securities [1].

I.A. According to Nikonova (2006), entry of an economic entity to the stock market is explained by its development, increase in market value and capitalization [2].

G. Beloglazova and L. The Krolivetskayas (2018) recognize that the issue of securities should be seen not only as a means of solving the problem of filling the lack of financial resources, but also as a means of attracting funds for future profitable placement [3].

In the course of its emission activity, the bank issues the following securities in order to increase its authorized capital and attract free funds of the population and business entities:

- Action;
- Corporate bonds;
- Deposit and deposit certificates.

These securities allow individuals and legal entities of the Republic of Uzbekistan to temporarily invest their free funds in reliable and liquid assets.

In the activity of banks, the work related to the circulation of their personal bonds occupies a large place. In Uzbekistan, in particular, the majority of banks have the status of joint-stock companies, which provides for the circulation of these securities in order to form chartered funds.

The interest of commercial banks in issuing their shares and placing them on the open market is explained by several conditions. First of all, this is the need to form bank liabilities. Inflation, which constantly devalues their capital, deprives banks of the ability to attract long-term deposits. Therefore, banks have to use their own capital in growing amounts to make relatively long-term deposits. It should also be noted that it is used by commercial banks to increase the authorized capital and issue additional shares, to make restructuring changes - to change the share of shareholders.

Main part

More multi-purpose (universal) commercial banks are operating in countries with transition economies. This can be explained by several factors.

First, many of its components are legally formalized, but not actively used in practice.

Second, the widespread network of participants in the stock market, in fact, the infrastructure of the stock market is just being restored and is on the way to development.

Third, the relative weight of commercial banks in pooling and moving capital is still very high.

Fourthly, there is not enough experience on whether the influence of commercial banks on the financial market will lead to negative consequences or not.

Participants of stock market can be conditionally divided into emission, investment and mediation. Banks are developing their activities in these three directions.

Commercial banks are the major issuers in the securities market of our republic, and as of July 1, 2022, 33 joint-stock commercial banks have issued a total of 3.4 trillion soums with a nominal value of 57.5 trillion soums. shares were issued. "Uzmilliybank" JSC has the highest



share of the total volume of issued shares in terms of value (22.1 percent). In terms of the number of issued shares, the highest share belongs to "Ipoteka Bank" ATIB (87.5 percent) [4]. The share of individuals in the total amount of funds involved in the formation of charter capital of commercial banks is regularly increasing. Nevertheless, the level of private investment in the formation of bank charter capital is insufficient, it remains below the standard level. In this direction, banks have large reserves and there is a wide opportunity for them to actively expand the scope of their shareholders.

Regular interest of the bank in the development of the stock market is explained by the fact that most of them are organized in the form of a joint-stock company. Because it requires improvement of working both with own funds and securities of other issuers.

One of the main factors for strengthening the activity of commercial banks in the stock market is the growing need to attract additional financial resources to charter and working capital by issuing their own securities.

Commercial banks have opportunities for wider use of issuing rights in order to further strengthen the development of stock market. This should be an important step in the emergence of new types of securities in the stock market, the expansion of the secondary market, and the joining of the stock market of our republic to the world capital market.

Ensuring the stable development of the banking system is to a certain extent related to expanding the base of financial resources of banks. In order for banks to strengthen their financial resource base by attracting free funds for a certain period of time, it is necessary to further increase the circulation of deposit and deposit certificates for legal entities and individuals in the securities market.

Such participation of commercial banks in stock market means that they are competitive issuers in terms of capital, liquidity and stability.

An analysis of the possibilities of using a wide range of stock market tools, which should perform the task of attracting debt investment, shows that today commercial banks do not use such opportunities sufficiently due to objective and subjective factors. The reason for this is: inflation, insufficient free funds, difficulties in the legal basis of organizing the issuance of securities. For example, the issuance of bonds in an amount not exceeding 20% of the charter capital and after all shares have been paid.

In this direction, it is necessary to set a different limit for banks, or else it is important that the limit is set not based on the amount of authorized capital, but based on the size of Tier 1 capital of a private bank. In general, commercial banks may not always be interested in continuously increasing their authorized capital.

Banks carry out investment activities based on the conditions of a carefully developed investment policy. It should be said that the strategy of banks in this area is greatly influenced by banking legislation. The investment portfolio of the banks of our republic consists of corporate and state funds. The activity of banks in the government short-term bond market shows that banks are superior in this area as well. Until December 1, 2021, the investments made by banks in the chartered capital of private enterprises and privatized enterprises amounted to a large amount.



Conclusion

Commercial banks are also active as intermediaries in stock market. They have great opportunities in this regard compared to other economic representatives. In addition, they have advanced cash flow information and analysis services, as well as advanced disbursement monitoring mechanisms. The advantage of banks in this regard is that they effectively analyze risks and market conditions, carry out expertise of investment projects and provide consulting services in this area to their clients. Because of this, they occupy a leading position in stock market precisely as mediators.

In the future, the strengthening of non-bank financial institutions may lead to the emergence of a wide range of investors and activation of the secondary market.

However, non-bank financial institutions have a much smaller capital base and financial stability than commercial banks. Moreover, it is highly risky. The process of economic development leads to an increase in the share of non-banking financial institutions in the stock market. As a result, the share of commercial banks may decrease with the start of competition among the entities of the CSOs.

It should be said that with the appearance of competitors to commercial banks in the mediation activity of stock market, the contribution and weight of banks in this activity may become superior compared to other participants.

Currently, commercial banks of our Republic, unlike other participants of the stock market, have all the opportunities to act simultaneously as an authoritative investor and intermediary, as well as the most reliable issuer.

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