



Factoring Operations of Commercial Banks in Uzbekistan and their Procedure

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Abstract: In this article, opinions are expressed about factoring operations of commercial banks in Uzbekistan and the order of their transfer, as well as the guidelines for the structure of the contracts concluded in them.

Keywords: Factoring, debtor, creditor, goods, supplier, buyer, open factoring, closed factoring, right of recourse.

INTRODUCTION

The effective introduction of market relations in our republic depends primarily on the effective use of human resources. For us, only one priority is important - the priority of human interests, a reliable basis is being created for the continuation of the policy of stimulating the consumer market in the country, increasing the level of remuneration for labor and the income of the population.

In world practice, the price of factoring services depends on 2 elements:

- 1) Service fee - commission payment. It is on average 0.5-3.0% of the invoice price, but in some cases this fee goes up to 5%.
- 2) The amount of the given credit is the bank's interest rate on the loan. Its amount is determined depending on the daily debit balance of the client, from the day the client submits the goods documents to the bank and receives the funds from the bank, until the time the goods are purchased and the money is received. This period is the period during which the client used a bank loan - the term of the loan.

Factoring service is provided to the client on the basis of a contract. In the contract, of course, it is indicated whether the bank has the right of recourse to the delivery of goods or not. In the contract with the right of recourse, the bank has the obligation to pay the documents given to the supplier of goods and the right to return the paid funds, and, on the contrary, in the contract without the right of recourse, the bank bears the risk of non-payment. undertakes.

In world practice, there are three different ways to determine the threshold amount for factoring operations:

- 1) Allocation of credit limit. The factoring service contract defines the limit of service provision. If the amount paid by MYB exceeds the specified limit, the bank has the right to return all additional funds to the delivery of goods. If the goods supplier is unable to pay, then the funds coming to the account sheet of the goods supplier are transferred to the bank account until the amount owed is collected.
- 2) Send monthly shipping limit. The supplier of goods is insured against doubtful debts, regardless of the amount of the customer's debt. The limit can be set in weeks, months, quarters.
- 3) Insurance under individual contracts. This method is used in special cases, when contracts with large sums are signed. In some cases, the parties may use a mixed method. Before signing the contract with the supplier of goods on the factoring service, the supplier of the goods shall provide



his bank with the details of the buyer of the goods - the name and address of the payer, the terms of the contract concluded with him, the amount of all debt payments and other types of information. provides information. After studying all the information, the bank decides on the terms of the agreement. A contract or agreement on factoring services is usually concluded for 14 years. In open factoring, a contract or agreement is concluded for full service implementation, and in closed factoring, only accounting (discounting) of settlement documents is concluded.

A full-service contract or agreement is concluded with the right of recourse (for a certain period of time, usually 90 days after the payment deadline), and in special cases, if the supplier of the goods has won the trust of the bank , there may be no right of recourse. Export and import factoring is also used to provide services to enterprises engaged in interstate trade.

In addition to the type of factoring, the factoring agreement also specifies the following:

- ✓ buyers, obligations to be presented;
- ✓ the limit (control) amount of the obligation to be presented;
- ✓ advance amount;
- ✓ withholdings;
- ✓ obligation payment terms;
- ✓ amount of payment for performing factoring operations;
- ✓ additional services provided by the supplier;
- ✓ threshold amount for factoring operations;
- ✓ right of recourse;
- ✓ the deadline for payment by the buyer of goods;
- ✓ measures to be taken when the payer does not make the payment on time;
- ✓ liability of the parties for violating the terms of the contract;
- ✓ deadlines for complaints about operations to the factoring department;
- ✓ validity period of the agreement;
- ✓ terms of termination of the agreement, etc.

The rights and obligations of the bank and the client are indicated in the factoring contract or agreement.

Bank obligations:

- ✓ timely payment of debt obligations presented to him;
- ✓ it is indicated that the client should provide information about the status of the settlement or about the difficulties with certain payers that have arisen. Customer Obligations:
 - documents about all delivered goods or services provided to the bank, as well as documents about the acceptance of the goods and services by the supplier, contract conditions, and documents about the quantity and quality of the goods;
 - timely resolution of existing disputes with buyers of goods and services;
 - timely inform the bank about undesirable changes, determine the scope of their impact on the bank's factoring operations;
 - must participate together with the bank in the consideration of the case in arbitration.



Factoring operations are reflected in the bank's balance sheet, the amount paid by the bank to the supplier on the debit side, and the amount paid by the supplier to the bank on the credit side.

Every year, the bank's factoring department prepares a plan for the next financial year. It plans the estimated volume of factoring operations for the next year, the planned amounts, the terms of providing and repaying loans, the amount of profit transfers to increase factoring operations, etc. Factoring departments can be established in the main bank and in bank branches. Its activity is monitored by the bank administration. Factoring is very useful for the delivery of goods. First of all, he receives the main part of the total amount at this time and quickly makes calculations with his partners, suppliers of goods, employees, his funds are saved and expenses are reduced.

Secondly, the bank assumes the risk of non-payment by the supplier along with the unpaid liability itself. Thirdly, the supplier is protected from credit risk. He can set a specific deadline for his activities and implement his plans. Fourth, the bank provides other services to the client until the full amount is paid: the client has the opportunity to be informed of various information on banking services, audit, insurance, statistical data, etc. ladi

Factoring services are convenient for small business enterprises, because they have the opportunity to expand production, but they face financial difficulties due to the fact that they cannot receive funds from buyers on time. And factoring creates the ground to eliminate such financial difficulties.

But not all suppliers of goods can be subjects of factoring operations. Subjects with a large number of debtors, individuals who are deemed insolvent and unable to meet other financial requirements of the bank cannot conduct factoring operations.

Factoring operations by commercial banks of the Republic are carried out based on the requirements of the regulation on "The procedure for conducting factoring operations by commercial banks in the Republic of Uzbekistan". When providing factoring services by banks, conditions are set such as that the term of ensuring the payment of the purchased obligation does not exceed 90 days and that the goods are delivered and the payer does not have the 2nd card file. In this period, measures for collection of the obligation, whose payment has not been made, must be taken in accordance with the procedure established by the law.

Factoring operations cannot be carried out on the following:

- applications submitted to the budget organization;
- on debt obligations of individuals;
- liabilities of the enterprise declared insolvent;
- on loss-making enterprises;
- for enterprises with illiquid balance;
- on capital investment financing;
- on goods payment and barter transactions;
- if the work is paid in stages or upon completion;
- factoring is not used if the payer has the right to return the product within the period agreed upon in the sales contract, as well as after-sales service.

The transfer of funds related to factoring operations to the supplier's account is formalized with a memorial order in two copies, one of which is attached to the daily documents of the day of the operation, and the second copy is attached to the client's account statement. When factoring calculations are made, the letter or stamp "factoring" must be written at the top of the payment



request, and the factoring account number must be indicated in the recipient's account number. At present, in the Republic of Uzbekistan, serious attention is being paid to meeting payment deadlines and reducing debtor and creditor debts of economic entities as much as possible. Bank factor activity, specifically in the relationship between goods suppliers and buyers, solving the problem of payment risk and maturity, should help to make this relationship stable. In the Republic of Uzbekistan, banks began to carry out factoring operations from the mid-90s of the 20th century. According to the guidelines of the Central Bank of providing funds under Chapter 42 of the Civil Code, the possibilities of using factoring operations in the activities of banks have begun to expand. The list for factoring operations by the Central Bank is allowed only in the bank where the main account number of the supplier of goods is opened.

For factoring, the bank's own funds are the source, that is, banks perform factoring services at the expense of their own capital, the factoring period is set to 90 days, and in order to increase the efficiency of the factoring operation, this operation is carried out without the right of recourse, i.e. the bank has no right to withdraw the amount transferred under the factoring contract from the account of the supplier of goods. This condition currently serves to ensure factoring practice and its effectiveness.

Through this operation, not only the supplier of goods, but also the buyer of goods will have positive opportunities. These are:

- ✓ eliminates the risk of buying poor-quality food;
- ✓ accelerates the circulation of funds, improves competitiveness;
- ✓ increases the purchase volume. In addition, the economic advantages of factoring:
 - increases liquidity and profitability and increases profit;
 - receivables quickly turn into cash;
 - is independent of debtors' compliance with payment terms;
 - turnover will expand and profitability will increase;
 - the possibility of economic and financial planning of one's capital expands;
 - reduces the risk of not being able to pay.

Summary. At the same time, factoring is a special process that requires risk management in this area. In general, factoring is an important means of accelerating the circulation of funds and investments, reducing the cost of debt recovery, facilitating the relationship between banks, strengthening the money settlement system, and reducing debtor and creditor indebtedness in the country.

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