



# Effective Use of Financial Funds of Commercial Banks in the Development of Real Sector Enterprises

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**Abstract:** *In the development of real sector enterprises, the banking system in recent years has been working to improve the quality and scope of modern banking services. This article develops recommendations for the effective use of financial resources of commercial banks in the development of real sector enterprises.*

**Keywords:** *real sector enterprises, commercial banks, financial resources, loans, subsidies.*

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**Introduction.** Changes in the world, the process of globalization, the overdevelopment of competitiveness, the need to further intensify the process of transformation of commercial banks, the need to take banking services to a new level. In this process, the main goal of the reforms in the banking system is to make commercial banks work for the customer, to provide them with modern banking services. In this regard, the implementation of reforms to transform the banking system depends on modern, knowledgeable personnel, and the main factor is that the representatives of the banking sector have mastered the effectiveness and content of the ongoing reforms in the banking system.

Commercial banks are the "vascular system" of the economy, providing the economy with the necessary financial resources through the distribution of accumulated savings of the population and business. This mediation is a factor that provides the "fuel" needed to further develop the economy.

The Law of the Republic of Uzbekistan "On the Central Bank of the Republic of Uzbekistan", "On Banks and Banking", "On Currency Regulation" and "On Payments and Payment Systems" that meet international standards and create an attractive legal environment for foreign investment in the financial sector gi updated laws were passed.

The analysis of the current situation in the banking sector shows that there are a number of systemic problems in the banking sector, such as high level of government intervention, insufficient quality of management and risk management in state-owned banks, low level of financial intermediation in the economy.

**Table-1 The relative position of the income of commercial banks<sup>1</sup>**

Earnings in interest:	Interest-free income:
✓ loans	✓ Accounting and cash services for customers
✓ loans to other commercial banks	✓ providing bank guarantees

<sup>1</sup><https://finlit.uz/oz/articles/financial-market/commercial-banks/>

✓ investments	✓ customer service on currency contracts
✓ securities repurchase agreements	✓ conversion operations
✓ Central bank accounts	✓ brokerage and depository services
✓ Investments in debt	✓ Practices with plastic cards
✓ leasing operations, etc.	✓ Reliable management practices
	✓ factoring services
	✓ deposit storage, etc.

**Analysis and results.** Each bank builds its relationship with the customer based on the principles of partnership. Thus, credit institutions must not only constantly protect the funds of their customers, but also think about how to contribute to the development of entrepreneurial activity of the population by offering new banking products and services. The bank's capital increased 3.1 times in 2017-2020, from 728 billion soums in 2017 to 2288.3 billion soums as of January 1, 2021.

The number of private entrepreneurs, joint ventures and other customers served by the bank increased by 4.2 thousand compared to 2014. The volume of loans issued by the bank to the population has increased almost 5 times since 2015 and amounted to 943 billion soums. The share of these loans in the loan portfolio as of January 1, 2021 was 4.4%.

The level of socio-economic development and future development of any country depends, first of all, on the activities of the banking system, which has been established in the country and is constantly improving. Effective management of the resources of commercial banks plays an important role in increasing the volume of competitive export-oriented goods and services in the country, ensuring the liquidity of banks and increasing the stability of the national currency, strengthening public confidence in the banking system.

During the years of independence, a perfect two-tier banking system has been formed and developed in the country, significant changes are taking place in the types of services provided by banks, and cooperation with foreign banks has been established and is improving. However, some issues related to the efficient use of resources by banks and the expansion of the deposit base remain relevant.

**Conclusion.** Proposals and recommendations on the introduction of modern banking services in banks and the assessment of their effectiveness have been developed, with the following scientific proposals and practical recommendations for the development of banking services. In order to ensure the stability of the share of loans in gross assets in the largest commercial banks of the country: first, it is necessary to improve credit policy; second, it is necessary to increase the level of diversification of the loan portfolio of commercial banks; third, it is necessary to strengthen the provision of loans with highly liquid collateral; fourth, lending forms should be applied depending on each customer's production cycle.

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