

## The Role of Banking Services in Increasing the Efficiency of Economic Relations

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**Abstract:** Commercial banks of Uzbekistan have become visible, first of all, as specialized credit institutions. This has gained urgent importance due to the fact that, on the one hand, it attracts temporarily free funds of farms, and on the other hand, it meets the financial needs of enterprises, private entrepreneurs and the population at the expense of the attracted funds.

**Key words:** price situation, retail, real estate, private entrepreneur, credit.

### INTRODUCTION

According to foreign and local experts, in recent years, the republic has been observing a departure from the main principle of specialization and a deepening of universalization in banking activities. This predetermines the content of banking operations and the essence of credit relations. In these years, the development of banking retail products for the population and business entities has become an important area of banking activity.

### RESEARCH MATERIALS AND METHODOLOGY

In this direction, banks conducted their activities based on the "golden" principle of secular practice. That is, the attractiveness of the services provided to the population has been developed in proportion to the wide access to loans by entrepreneurs. Continued reforms have strengthened banking activity within the framework of the previously adopted "Consumer Credit" and "Mortgage" laws, which are important for improving the living standards of the population. In response to the new reality in our republic and the world banking community, Uzbek commercial banks expanded the range of services they offer, released new banking products to the market, and at the same time began to actively introduce international standards of financial institutions. Development period of mortgage lending. This new form of banking services was immediately positively evaluated by the local population.

This source, which envisages social protection of all layers of the population, especially young people, was strengthened by the Laws of the Republic of Uzbekistan "On Consumer Credit" and "On Mortgage". The Law of the Republic of Uzbekistan "On Consumer Credit" is important because it aims to protect the rights and interests of consumers. This law serves to further expand the opportunities of the population in terms of improving housing and household conditions, and consequently, to significantly increase the volume of consumer lending in banks. In October 2021, the Law of the Republic of Uzbekistan "On Mortgage" came into force. This legal document, which strengthened the legal mechanism for allocating loans for the purchase of real estate, became important in the development of bank mortgage lending. The main purpose of it was to regulate the relations arising in real estate mortgage.

Within the framework of the decision of the President of the Republic of Uzbekistan dated February 16, 2022 "On measures to further develop housing and the housing market", a number of mechanisms were introduced in the system of long-term mortgage lending for housing construction. During this period, banks' strategies were also focused on strengthening cash circulation, building cash reserves in each branch, and increasing efficiency in their operations. The implementation of the measures specified in the "2021-2023 Banking System Reform and Development Program" will be an important factor in further reforming and liberalizing the banking system, ensuring a stable increase in the capitalization level and indicators of banks. In this regard, priority areas were focused on strengthening money circulation and increasing the stability of the exchange rate of the national currency, encouraging the increase of population deposits in banks.

The incentives provided by the government of our country to commercial banks, which are constantly striving for development, predetermined the formation of the banking financial market, where credit institutions develop and offer their new instruments.

### **RESEARCH RESULTS**

It is the period of increased capitalization of our country's banks and their participation in investment processes and economic structural changes. At that time, the country's government considered the exemption of banks from profit (income) tax as another reserve for the increase of banking activity. In addition, in accordance with the approved state programs, the expenses of commercial banks related to the establishment of mini-banks were excluded from the tax collection base. Thus, the main attention was paid to implementation of specific measures to strengthen money circulation and increase the stability of the national currency and its exchange rate. This created great incentive among citizens and increased their trust in banks.

There has been an increase in positive cases related to people opening deposit accounts in banks. The size of the deposit base of banks has increased, the market of banking services has begun to take shape. It is worth noting that new types of services, such as leasing services, began to appear in the range of banking products. At this point, it is worth noting that the development of retail services in our country influenced the establishment of joint banks with the wide involvement of international banking and financial capital. The banking market of our republic has changed radically as a result of the creation of new banks based on 100 percent private capital. One of the most important stages in the development of the country's banking system was the strengthening of competition in the services market by private banks. The government and the Central Bank of our country are regularly encouraging their development by providing tax incentives and technical assistance in the process of personnel training. Currently, the number of private banks is about half of the total number of commercial banks. Consistent promotion of the development of private banks in our republic gave impetus to competition, improvement of the quality of banking services and effective distribution of financial resources. This, in turn, has a positive effect on the processes of promotion and development of private entrepreneurship.

### **DISCUSSION**

During this period, the goal was to strengthen the trust of the population in the banking system, to make banks the financial support of the reforms in our republic. Its success was to be of great importance in the future development of banks. The process of corporatization of enterprises and change of their ownership has accelerated.

Based on the requirements of the new stage of the economic development of our country, banks have been improving their strategy in accordance with their own development concept. Expanding their resource base and increasing the level of capitalization was carried out at the expense of diversifying their activities, attracting funds from new shareholders, developing new banking products and instruments based on IT technologies.

The factors related to the continuation of the liberalization of the foreign exchange market and the creation of the necessary conditions for ensuring the conversion of soums for current international

transactions also had a direct impact on the activity of banks. From October 15, 2022, the Republic of Uzbekistan accepted the obligation in Article VIII of the Agreement of the International Monetary Fund. As a result, enterprises had the opportunity to carry out the conversion of current operations. Regarding this issue, it is highly recognized that Uzbekistan achieved its goal without attracting external funds, but actually relying on its own resources. These measures helped to expand the activities of local entrepreneurs who used national currency conversion. It was indeed an interesting period of rich and productive activity.

The foreign exchange policy of the Central Bank was aimed at the promotion of exports and effective use of foreign exchange resources while maintaining the level of inflation and preventing sharp fluctuations in the national currency rate. Favorable price conditions in the world markets for the main export goods of Uzbekistan, as well as the implementation of export-oriented foreign exchange policy allowed to increase the volume of exports and gold-currency reserves.

## **CONCLUSION**

Work aimed at reforming the banking system was continued. Its main directions are strengthening the corporate governance system by increasing the role of shareholders in bank management, strengthening the financial stability of banks by improving the quality of their assets, including foreign currency assets, further improving banking work and expanding the types of services provided by banks, investment of commercial banks. It should be noted that the mechanism of using credit resources (including lines of international financial organizations) of business structures of all forms of ownership has been improved.

Within the framework of the Law of the Republic of Uzbekistan "On Guarantees for the Protection of Citizens' Deposits in Banks", the Fund for Guaranteeing Citizens' Deposits in Banks was established. Except for the State Commercial People's Bank, all banks operating in the territory of our republic became its members. Reliability, high quality of service, mutual partnership relations with all customers have become the main principles in the activity of Uzbek banks.

The institutional foundations of the banking system have been improved. The programmatic documents adopted with a view to the liberalization and reform of the banking sector predetermined the improvement of its efficiency. These documents are based on the systematic and gradual principles of the banking liberalization process. Adherence to these principles made it possible to further strengthen the trust of the population in the country's banks. Such an approach is undoubtedly a great achievement in the process of establishing a stable and reliable banking system.

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