



## EXPANDING THE TYPES OF FINANCIAL SERVICES OFFERED BY COMMERCIAL BANKS IN THE NEW UZBEKISTAN

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<b>Received:</b> 17 <sup>th</sup> September 2023	The research examines the types of financial services provided by private and state-owned banks, as well as problems and current proposals for further improvement of activities through the introduction of new financial services in private banks in the Republic of Uzbekistan.
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Financial services are critical to Uzbekistan's economic development. After all, given our country's modernization context, the presence of a diverse network of private banks enables us to completely address the demands of our clients in banking services while also strengthening the competitive environment among commercial banks. In a nutshell, expanding the activity of banks' efficient use of contemporary operations is regarded as one of the most critical issues of our day. "It is also time to create a legal framework for the introduction of Islamic financial services in our country," stated President of the Republic of Uzbekistan Mirziyoyev Sh.M., who pays special attention to the banking sector. This will engage specialists from the Islamic Development Bank and other international financial organizations."

Uzbekistan's economic progress is closely related to its capacity to attract financial resources. Forming a good system of various types of community investment is one strategy to improve the economic condition. The investment fund is one of the most important of them. Investment funds help to boost the inflow of investments into the national economy, create and encourage market competition, give various benefits to small investors, and provide chances to satisfy the population's investment demands.

The creation of investment funds helps to gather the population's savings and saves for long-term investment in securities, ensuring the renewal and expansion of production resources in the real sector of the economy. The necessity for investment funds stems from the acceptance of investment choices by professional professionals, namely management corporations and intermediaries, because private investors lack the necessary credentials and abilities in the stock market.

In Uzbekistan, investment can take the form of equity participation in the authorized funds and other property of business companies and partnerships,

banks, insurance organizations, and other enterprises established jointly with legal entities or individuals of the Republic of Uzbekistan; the creation and development of business companies and partnerships, banks, insurance organizations, and other enterprises wholly owned by foreign investors; the acquisition of property, securing loans, and acquiring shares in companies; acquisition of ownership rights to trade objects and spheres services, residential premises together with the land plots on which they are located, as well as the rights of ownership and use of land and natural resources.

As a result of the country's banking system reforms, a fully formed system of universal private banks has been formed, which will win the trust of the population and protect the interests of a diverse range of entrepreneurs and entrepreneurs by providing comprehensive financial services. Banks' aim to create money and provide large-scale services that do not show risk on the bank's balance sheet will allow them to expand the percentage of financial services in the volume of services and, thus, income from them. At the same time, interest in financial services from both banks and clients has increased in recent years for the following reasons.

To begin, banks' financial services are based on services previously supplied by other organizations, hence a system for banks to undertake these activities has been devised.

Second, many bank clients require these services. As a result, the provision of additional financial services by private banks will assist satisfy their demands on a wide scale while also attracting new clients who have never used banking services before.

Third, the financial services offered by banks to their consumers mix a variety of conventional services. This, in turn, will lead to the universalization of banking and risk diversification.



Fourth, the broad use of financial services in the banking industry will increase the number of options for overall bank income generation. It should be mentioned that the number of private bank branches was 861 as of January 1, 2021, the number of mini-banks was 356, the number of banking services was 866, and the number of round-the-clock (24/7) branches was 866. In instance, commercial banks opened 409 new banking service locations offering basic banking services in 2020, increasing their total to 866.

Simultaneously, in order to expand the availability of banking services for the general public and businesses, banks established 691 self-service banking facilities that operate 24 hours a day, seven days a week, bringing the total to 1,452. This, in turn, broadens the population's and businesses' ability to access vital financial services via these banking services.

Banks' financial services include: - lease operations; -trust operations; -transfer operations; - factoring activities; -currency operations; -security operations. A primary responsibility for contemporary banks is to research bank customers' need for new forms of banking services, which includes the turnover of banking operations such as leasing, factoring, trust, and brokerage services, as well as demand for them. The activities associated with the financing of leasing operations are evolving. The core of these activities is that banks lease machinery, equipment, and vehicles to industrial businesses for lengthy periods of time and engage into lease agreements with them.

Instead of lending to industrial businesses to acquire money, the bank purchases them and keeps ownership via leasing to consumers. In this situation, the bank receives rent rather than interest on the loan. Leasing is one of the unique ways for firms to fund investments.

Another form of financial service supplied by private banks is factoring activities. These processes are connected to the payment cycle's implementation across the economy. Factoring is a new sort of settlement service that resembles financing the client's operating capital.

The contract will not be terminated even if the ownership changes. Change of business organization, return of conditional property, novation of contractual relations, voluntary nature of the connection, equality of the parties, legality, thrift, expediency of the property duty, and correctness.

In factoring activities, the bank purchases its clients' debtor claims. In this case, the bank pays 70-90% of the demand in installments (interest rates may vary depending on the client's financial situation, level of liquidity, and other financial indicators), and the rest (excluding interest on the loan) must be paid by the debtor within the specified period regardless of the fall.

The expansion of financial assets increases the number of trust management activities carried out by private banks in industrialized nations. These bank services are associated with the building of a trust relationship between the bank and the client. Trust departments of private banks act on behalf of their clients in matters mostly linked to property ownership and other services. Banks provide trust operations for people, businesses, and other organizations.

We believe the following ideas significant for the ongoing development of financial services in Uzbekistan's private banks:

- The market for new financial services provided by banks in Uzbekistan is expanding, interbank competition is increasing, information technologies are evolving, and demand for banking services is increasing;
- Banks' aim to create money and provide large-scale services that do not represent risk on the bank's balance sheet permits them to expand the percentage of intermediate activities in the volume of services and, thus, income;
- Private bank clients require financial services. As a result, the expansion of private banks' intermediary activities will assist satisfy their demands on a wide scale while also attracting new consumers who have never utilized banking services before;
- Banks offer a variety of traditional financial services to their customers.

This, in turn, will lead to the universalization of banking and risk diversification.

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