



THE ROLE OF ANALYSIS IN THE DEVELOPMENT OF FOREIGN EXCHANGE OPERATIONS OF COMMERCIAL BANKS

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Article history:	Abstract:
Received: 24 th April 2025	The article will talk about the essence and classification of foreign exchange operations of commercial banks of Uzbekistan, issues of analysis of foreign exchange operations, directions of development of foreign exchange operations, analysis of the volume and share dynamics of assets, loans and deposits in foreign currency.
Accepted: 20 th May 2025	

Keywords: currency, exchange rate currency, risk currency, operation currency, spot, forward, swap, option, operation currency, riveplanish coefficients, operation currency, taxlili

Analysis of currency transactions is one of the most difficult tasks in the analysis of financial activity of commercial banks. If you know the methods of analysis and learn to interpret the results obtained in the calculation process, you will be able to draw the necessary conclusions and effectively use the results of the analysis and conclusions in the development of the bank's financial activities.

Commercial banks give positive results when analyzing currency transactions by studying for each type of currency transaction. In order to study foreign exchange transactions by type, it is important to classify foreign exchange transactions taking into account all the characteristics.

Analysis of currency operations of the Bank solves the following problems:

1. study of types of exchange rates and the mechanism of their regulation;

2. assessing the fluctuation of exchange rates and their impact on foreign exchange transactions;

3. identification of the level of foreign exchange risk assessment and currency risk management of the Bank;

4. analysis of assets, materials, income and expenses of the Bank in foreign currency;

5. identify the factors that affect the dynamics of the bank's foreign exchange operations.

At the first stage of the analysis of foreign exchange operations of commercial banks of Uzbekistan we determine the volume of foreign exchange assets, deposits, credits, as well as its share in total assets and evaluate the dynamics of the share of foreign exchange assets for the analyzed period. Data on changes in the amount of foreign exchange assets of commercial banks of the Republic of Uzbekistan are given in Table 1.

Table 1
Change in the assets of commercial banks of the Republic of Uzbekistan¹

Ko'rsatkichlar	01.01.20	01.01.21	01.01.2 2	01.01.2 3	01.01.2 4	O'sish surati, 4 yilda, %	O'rtach a yillik o'sish surati, %
Aktivlarning umumiyligi, mln.so'm	272 727,0	366 121,1	444 922,5	556746, 3	652157, 1	267,0%	127,8%
Chet el valyutasidagi aktivlarning umumiyligi, mln.so'm	129 077,0	183 927,2	215414, 6	264550, 7	291790, 8	202,0%	119,2%

¹ Жадвал муаллиф томонидан Ўзбекистон Республикаси Марказий банкининг статистик маълумотлари асосида тузилган.



According to Table 3, at the beginning of 2024, total assets are expected to grow by 167.0% compared to 2018, with an average annual growth of 27.8%. On the other hand, foreign currency assets increased by 102.0 percent, an average annual increase of 19.2 percent. The growth of assets in foreign currency can be assessed positively as it shows the growth of liquid assets (foreign currency in cash, cortschets, etc.).

The growth of foreign currency assets in the bank in 2020-2024 was associated not only with growth in the volume of foreign exchange transactions, but also with revaluation of foreign currency accounts due to fluctuations in the exchange rate of sums against USD and euro.

It is important to note that during 2020-2024, the share of foreign exchange assets in total assets declined significantly, i.e., decreased by 15.6 points. This is due to the Bank's striving to maintain an optimal ratio between foreign exchange and non-currency assets, while reducing the risk in terms of increasing the volume of transactions in foreign currency.

Of particular importance in the course of banking activity is the process of formation of bank liabilities and deposits, including foreign currency. Resource base for banking is very important as commercial banks can conduct active operations only within the limits of available funds.

Table 2
Change in the volume of deposits of commercial banks of the Republic of Uzbekistan²

Bullets	01.01.2 0	01.01.2 1	01.01.2 2	01.01.2 3	01.01.2 4	Growth image, In 4 years, %	Average annual growth rate, %
Total amount of deposits, millions of soums	91009	114746,9	156189, 8	216737, 5	241686, 6	266,2%	127,7%
Total value of deposits in foreign currency, mln.soums	39969	49428,5	60611,7	84942,7	72170,9	210,3%	120,4%
Ratio of deposits in foreign currency to total deposit value, %	43,9%	43,1%	38,8%	39,2	29,9	-10,3%	

² Жадвал муаллиф томонидан Ўзбекистон Республикаси Марказий банкининг статистик маълумотлари асосида тузилган.



The data in Table 2 can be seen that the volume of deposit operations in foreign currency has grown significantly, as in 2020-2024. The total deposit volume increased by a total of 166.2 per cent in 2020-24 and an average annual increase of 27.7 per cent. The volume of deposits in foreign currency increased by 110.3 percent and 20.4 percent, respectively. However, in 2020-24, the share of deposits in total deposits in foreign currency decreased from 49.1 per cent to 38.8 basis points or 10.3 points. It is associated with results of the policy of commercial

banks to reduce the share of operations in foreign currency. Moreover, in 2020-24, the rates on foreign currency deposits declined due to a decrease in the share of foreign currency loans, i.e., the reduction in rates on foreign currency deposits was aimed at balancing assets and liabilities.

If we analyze the total volume of bank loans and the volume of loans in foreign currency, we see an increase in the volume of credit and loans in foreign currency in general, but there is a decrease in the share of loans in foreign currency to total credit.

Table 3
Change in the amount of loans of commercial banks of the Republic of Uzbekistan³

Bullets	01.01.2 0	01.01.2 1	01.01.2 2	01.01.2 3	01.01.2 4	Growth image, In 4 years, %	Average annual growth rate, %
Total cost of loans, millions of soums	211581	276974,8	326385, 6	390048, 9	471405, 5	228,0%	122,2%
Total cost of loans in foreign currency, millions of soums	100947	138106,4	162662, 7	185118, 3	212030, 5	210,0%	120,4%
Percentage of loans in foreign currency in total loans, %	47,7%	49,9%	49,8%	47,5	45,0		

³ Жадвал муаллиф томонидан Ўзбекистон Республикаси Марказий банкининг статистик маълумотлари асосида тузилган.



According to Table 4, at the beginning of 2024, the volume of total loans is expected to grow by 3 times compared to 2020, an average annual growth of 31,1%. Loans in foreign currency, on the other hand, increased by 136.3 percent and 24.0 percent, respectively. The growth of loans in foreign currency at the bank in 2020-2024 was associated not only with growth in the volume of foreign exchange transactions, but also due to the fluctuation of the exchange rate of sums against foreign currencies.

The share of loans in foreign currency decreased to 45.0 percent from 47.7 percent. This is due to measures aimed at reducing the share of loans in foreign currency in banking reforms. Reduction of the share of loans held by commercial banks in foreign

currency is important - neutralizing risks related to currency and saving clients costs associated with exchange rate.

The growth in the level of foreign exchange activity of the bank in the foreign exchange market is connected with the fact that foreign exchange assets grew at a higher rate than bank assets as a whole. Indeed, if the bank's assets increased by 167.0% ($444922.5 * 100\% / 166\,632.0 - 100\%$) in 2020-2024 and an average annual increase of 27.8%, then the volume of assets in foreign currency increased by 102.0% ($215414.6 * 100\% / 106664.0 - 100\%$) and 19.2%, respectively.

Table 4 shows the dynamics of the coefficient of development of foreign exchange operations.

Table 4
Development coefficient of foreign exchange operations of commercial banks of the Republic of Uzbekistan⁴

Bullets	2020	2021	2022	2023	O'sish surati, In 4 ears,	Average annual growth rate
Growth Coefficient of Assets	1,342	1,215	1.251	1.171	2,391	1,244 (24,4%)
Growth Factorization of Foreign Currency Assets	1,425	1,171	1.228	1.103	2,261	1,226 (22,6%)
Forward Assets Coefficient in Foreign Currency, %	1,061	0,964	0.981	0.942	0,945	0,986 (-1,4%)

⁴ Жадвал муаллиф томонидан Ўзбекистон Республикаси Марказий банкининг статистик маълумотлари асосида тузилган.



From the data of this table it can be seen that in 2020-2023, both the volume of total assets and the volume of assets in foreign currency have an upward trend. Focusing on the forward coefficient, we will note that in 2021, 2022 and 2023, the growth rate of assets in foreign currencies was low relative to the growth rate of assets, while in 2020 it was higher, i.e., the growth rate was 6.1%. The average annual advance rate was -1.4 percent. This indicator reflects a decrease in foreign exchange transactions. Overall, the growth rate of bank assets in 2020-2023 exceeded the growth rate of foreign exchange assets. Forementioned, it concerns the commercial banks of Uzbekistan to reduce exposure to foreign exchange and also to reduce risks in exchange rate as it is provided for in banking reforms.

To sum up, according to the data obtained as a result of the analysis of assets, credits, deposits and its share by commercial banks in foreign currency, it can be said that the share of assets and liabilities in foreign currency is observed in total assets and liabilities. But the volume of assets, credits and deposits has an upward trend. The additional growth rate of total assets of commercial banks of Uzbekistan in 2020-23 amounted to an average of 24.4%, while for assets in foreign currency it amounted to 22.6%. The additional growth rate of foreign-currency loans stands at 24.0 per cent. These changes can be positively assessed. The growth of assets in foreign currency is associated with the growth of banking activity in the foreign exchange market. Provides for the improvement of exchange rates, currency exchange operations, deposit and credit operations in foreign exchange and settlements in foreign exchange in the development of foreign exchange operations of banks in the currency markets. It serves to mitigate foreign exchange risks in banking activities and increase income from foreign exchange operations.

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