

## ASPECTS PROVIDING THE EFFICIENCY OF REGULATING THE ACTIVITIES OF COMMERCIAL BANKS

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**Abstract.** *The efficiency of commercial banks significantly impacts the stability and growth of national economies. This research explores key aspects that enhance the effectiveness of regulatory mechanisms governing the activities of commercial banks. It identifies the critical factors influencing regulatory efficiency, including legal frameworks, supervisory practices, technological advancements, and risk management strategies. The study also examines the interplay between regulatory compliance and operational performance, emphasizing the need for adaptive and dynamic regulations in the face of evolving financial markets. Using qualitative and quantitative methods, this research provides insights into best practices for fostering a resilient banking sector, offering recommendations for policymakers and regulators to optimize the regulatory environment while ensuring sustainable economic development.*

**Keywords:** *commercial banks, regulatory efficiency, banking regulation, financial stability, risk management, supervisory practices, legal frameworks, banking sector performance, adaptive regulations, sustainable economic development*

The regulation of commercial banks plays a pivotal role in maintaining systemic financial stability while fostering economic growth. Efficient regulation is essential to ensure compliance, risk mitigation, and enhanced operational performance within the banking sector. However, with the increasing complexity of global financial markets and technological advancements, the regulatory landscape faces both challenges and opportunities. This paper explores the key aspects influencing the efficiency of regulating commercial banks, emphasizing legal frameworks, technological integration, and the role of risk management.

As in all sectors in the Republic of Uzbekistan, the financial market, including the banking sector, is undergoing significant changes and changes in the sector due to reforms. During the years of independence, these changes are being continued in harmony with the gradual establishment of a banking system that meets world standards. "Effective measures taken to further strengthen the financial stability of banks have a positive effect on the improvement of the international ratings presented to the commercial banks of our country on creditworthiness.

As of January 1, 2024, the total capital of the bank is 3 trillion. 180 billion. If it is 200 million soums, the authorized capital is 1 trillion. 856 billion 800 mln. soums, the bank's assets are 27 trillion 62 billion 900 million. amounted to soum. The amount of deposits increased by 6.7% to 9 trillion. 418 billion 700 million amounted to soum. Of this, short-term 1 trillion. 348 billion 900 mln. soums, long-term 8 trillion. It consists of 69 billion 700 million soums.

3 trillion as of the reporting date. 691 billion 300 mln. Soum income was received. The net profit of the bank is 236 billion. organized soum.

The increase in the share of loans allocated to the population in the structure of allocated loans, in turn, is explained by the increase in the volume of loans to the population in the areas of microloans, mortgage loans and car loans due to the simplification of loan allocation processes and the expansion of remote banking services.

In 2023, the growth of the balance of loans allocated to economic sectors was observed in all sectors, in the industrial sector (10.7 percent growth) 140.2 trillion soums, in agriculture (12.3 percent) 47.3 trillion soums, in the transport and communication sector (15, 7 percent) 34.3 trillion soums, in the construction sector (18 percent) 12.3 trln soums and in trade and catering sector (12.5 percent) amounted to 32.5 trillion soums.

The rapid growth of private investments is also important in supporting economic development. In particular, in 2023, the amount of investments absorbed from all sources of financing in the economy increased by 22.1% in real terms compared to 2022 and reached 352.1 trillion soums. In this regard, the volume of decentralized investments increased by 26.2% compared to 2022 to 307.3 trillion soums, and centralized investments decreased by 0.7% to 44.8 trillion soums.

In the reporting year, the share of decentralized investments in the structure of sources of financing of capitalized investments increased from 84.6% to 87.3% in 2022, while the share of centralized investments decreased from 15.4% to 12.7%. The growth of decentralized investments was formed due to the increase of the volume of foreign direct investments by almost 2.0 times, commercial banks' loans and other debt funds by 17.9%, and population funds by 9%.

Although the real growth of the volume of centralized investments remained almost at the level of last year, the foreign loans under the government guarantee increased by 1.3 times. In 2023, a slowdown in global inflation processes was observed, but the implementation of programs aimed at preventing imbalances in the economy in the context of high resource prices in the international financial market required the continuation of financial support of the economy by the state. Fiscal and monetary

policies were mutually coordinated by conducting a relatively strict monetary policy in order to reduce the pressures of pro-cyclical fiscal policy on inflation. In particular, the expenses of the state budget and special funds increased by 18% compared to 2022 and reached 324.0 trillion soums. The social sphere accounted for 42.3% of the state budget and special fund expenditures, 13.2% for economic support, and 9.1% for production and infrastructure development programs.

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Measures aimed at reforming the banking system in our country are gradually bearing fruit. In many documents signed by the president of our country, almost all organizations are involved in the improvement of banking and financial systems.

As of January 1, 2024, the total balance of loans of commercial banks is 471.4 trillion. amounting to 1.2 times as much as at the beginning of 2023. The weighted average nominal interest rate on loans in national currency increased from 22.3% at the end of 2022 to 24% in 2023. In this case, the real interest rate of the loan increased significantly, that is, from 10 percent to 15.2 percent.

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The modern banking system of the Republic of Uzbekistan is formed in accordance with the traditions of international banking practices. Intersectoral distribution of monetary capital is carried out through the national banking system of the country. Along with the emergence of commercial banks, it is characterized by the fact that it is organized in different forms of ownership.

Thus, the successful implementation of monetary and credit policy by the Central Bank undoubtedly contributes to the development of market relations in the credit system and its reaching the level of developed countries. Stabilization of the national currency creates a reliable basis for achieving economic growth, the creation of new commercial structures, and ensuring commodity-money parity in the economy. In our opinion, the implementation of the noted proposals on the regulation of the economy through monetary and credit instruments and the improvement of the efficiency of the regulation of the activities of commercial banks will, in our opinion, lead to an increase in the liquidity and solvency of commercial banks, further development of the banking system, and an increase in the value of our national currency.

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