

Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25th January, 2024

ISSN: 2835-396X

Website: econferenceseries.com

RAISING FUNDS FROM INTERNATIONAL FINANCIAL INSTITUTIONS

Bobir Sultonmurodov

PhD, Head of the Green finance

Department JSCB "Uzpromstroybank"

Abstract:

The article examines the role of attracted funds from international financial institutions in providing loans to investment projects of corporate clients of commercial banks. The foreign experience of attracting and placing borrowed funds, the role of reforming the banking system of the Republic of Uzbekistan in improving the mechanisms of work with international financial institutions has been studied. The analysis of the attracted funds of a commercial bank is given.

Keywords: mechanism, attracted resource, international financial institution, reform, customer orientation.

In the context of increasing global competition between banks in attracting funds from international financial institutions, the level of development of correspondent relations, lending activities, as well as customer orientation of banks is determined. It is the active attraction of funds from international financial institutions that ensures high competitiveness in the global financial market.

At the same time, an analysis of the current situation in the banking sector shows the presence of a number of systemic problems that hinder the development of the banking sector in accordance with economic transformations and the needs of society, such as a high proportion of the state's presence in the banking sector, insufficient quality of management and risk management in banks with state participation, low level of financial intermediation in the economy¹.

International financial institutions help banks expand their activities and conduct business internationally. They create new opportunities for raising funds and developing banks' lending activities, as banks develop and offer new products and services to meet international requirements. All this also increases competition between commercial banks. Banks face competition from local and foreign banks,

¹ Decree of the President of the Republic of Uzbekistan, dated May 12, 2020, No DP-5992 "On the strategy of reforming the banking system of the Republic of Uzbekistan"



Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25th January, 2024

ISSN: 2835-396X

Website: econferenceseries.com

which encourages them to develop and implement new innovative solutions to attract and retain customers.

To date, the processes of globalization have acquired such proportions that it is now difficult to define clear boundaries between the national and international financial system. Business entities of various forms of ownership actively participate in export-import transactions, international payments and other financial and economic relations. In particular, commercial banks of Uzbekistan are actively conducting operations to attract and actively allocate funds from international financial institutions.

Today, the funds raised by banks play an important role in the development of financing investment projects and are increasingly becoming relevant, as the country's investment policy is aimed at attracting foreign investment, developing all sectors of the economy, employing the population by creating new jobs, entering the international market by creating a competitive product. The results of the study should be linked to the reform of the banking system of the Republic of Uzbekistan. In the course of the consistent reform of the financial sector, a number of measures have been implemented, as a result of which the necessary legal conditions have been created for conducting a progressive banking business and strengthening the competitive environment in the sector².

As of January 1, 2023, the total assets of commercial banks in Uzbekistan increased by 21% over the year. Nevertheless, the penetration of banks remains low, which creates great potential for development. Domestic private debt increased and amounted to 35.8% of GDP.

To date, Uzpromstroybank, one of the largest banks in Uzbekistan, is actively developing the passive part, focusing on small and large funds, including attracted funds from IFIs, as this is considered a stable source of funds, allowing you to focus on creating a set of passive products using targeted transaction accounts.

In 2023, the total amount of funds raised by Uzpromstroybank amounted to 893.2 million dollars, of which IFI funds amounted to 36.9 million dollars. In 2023, Uzpromstroybank attracted the bulk of borrowed funds working with banks in such countries as the USA, Great Britain, Germany, Russia, etc.

² Decree of the President of the Republic of Uzbekistan, dated May 12, 2020, No DP-5992 "On the strategy of reforming the banking system of the Republic of Uzbekistan"



Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25th January, 2024

ISSN: 2835-396X

Website: econferenceseries.com

As usual, the attraction of credit lines from international financial institutions and foreign banks is carried out in two ways, with a state guarantee and without a state guarantee. Many large banks with good financial condition allow themselves to attract funds from foreign donors without a state guarantee.

In 2023, Uzpromstroybank without a state guarantee attracted 877.84 million US dollars. With the state guarantee, the bank managed to raise funds in the amount of USD 15.29 million, these are mainly targeted resources for government programs.

A fairly effective tool for attracting funds from international financial institutions to the economy is the mechanism of subsidized interest rates on bank loans. Its importance is determined by the fact that it requires fewer budget expenditures, allows it to support a larger number of borrowers and implement a larger number of investment projects, attract additional credit resources.

In order to effectively organize the attraction of funds from international financial institutions and solve a number of characteristic problems, it is necessary to build and implement an optimal organizational investment system. It is also necessary to ensure timely repayment of credit funds; banks are required to review their lending activities.

In order to further develop the attraction of funds from international financial institutions, commercial banks need to:

- to introduce a new lending mechanism that allows banks to minimize credit risks;
- maintaining a balance when attracting and placing funds from international financial institutions;
- systematically monitor the deposited funds, and take appropriate measures for their timely return;
- to develop an action plan for the timely placement of funds raised;
- to receive technical support from foreign partners regarding the evaluation of investment projects;
- comply with the covenants on loan agreements and implement a mechanism for reflecting some of them in loan agreements with customers;
- use licensed software when evaluating investment projects;
- implementation of a system for evaluating banking products and services in order to improve their quality;
- to carry out a real assessment of the attracted resources and the bank's ability to place them.



Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25th January, 2024

ISSN: 2835-396X

Website: econferenceseries.com

Based on the above, it should be noted that improving the mechanisms for attracting funds from international financial institutions is one of the important factors in the development of credit activities of commercial banks.

List of used literature

1. Decree of the President of the Republic of Uzbekistan, dated May 12, 2020, No DP-5992 "On the strategy of reforming the banking system of the Republic of Uzbekistan"
2. Z.V. Chebotareva, "Sources of financing for investment projects", Eurasian Union of Scientists (EUS) № 3 (48), 2018
3. O.I. Lavrushin, Modern banking products and services: a textbook / 2nd ed., supplement - M.: KNORUS, 2021. - 346 p.
4. E.A. Grishina, "Organization of bank lending" Textbook for students of the field of study 38.03.01. Economics – Saratov: Saratov Socio-Economic Institute (branch) Plekhanov Russian University of Economics, 2018, p. 152, – 7c.

