

TRENDS IN THE MANAGEMENT OF ATTRACTED INVESTMENT RESOURCES OF A COMMERCIAL BANK

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Received:	24 th September 2022	This article presents the role and significance of attracted investment resources in the use of commercial banks' resource bases, as well as the system, process and mechanism for their management.
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Currently, the banking system is one of the most important and integral structures of the modern financial market, and therefore increasing the competitiveness of commercial banks is of paramount importance for the effective organization of banking services. The development and expansion of operations offered by commercial banks directly affects the strengthening of competitiveness.

The formation of interbank competition is necessary for the development of the banking system of Uzbekistan, as well as for identifying gaps in the activities of commercial banks. Only when the problems associated with the operations of commercial banks in the money market are eliminated, we can talk about the development of interbank competition, the real sector of the economy, and full integration into the international banking system.

Commercial banks, due to their inherent features, have the right to carry out many financial transactions: from making settlements for the obligations of their customers and raising funds to lending to business entities and the population. In this regard, the banking sector is the most vulnerable sector of the economy in terms of financial risks. Obviously, such a policy of the bank, in which loans are issued to insolvent borrowers or those with dubious financial condition, ultimately leads to the risk of default, creating a situation that is dangerous both for the interests of depositors and shareholders, and for the bank itself.

In order to further improve the financial stability and liquidity of commercial banks, as well as increase their profitability, develop their resource base, it was determined to expand the range and quality of banking services provided with the widespread use of advanced technologies. information and communication technologies, as well as to expand the system of cashless payments using bank plastic cards.

In Figure 1, commercial banks initiate their investments in fintech and digitalization activities for business transformation and efficiency improvement, which then triggers total factor productivity improvements through three main channels. The first is the production channel, through which more efficient production technologies generate savings and lead to improved production efficiency. Second is the transaction channel, through which commercial banks' transaction costs such as customer searching, transaction negotiation, and contract implementation are lowered through the adoption of fintech and digitalization toolkits. Third is the management channel, through which the internal management efficiency is advanced. The improvement of total factor productivity will boost the technology's efficiency and scale efficiency for commercial banks. As a result, the achievement of total factor productivity improvement provides incentives for commercial banks to invest more in science and technology, leading to a positive feedback mechanism.

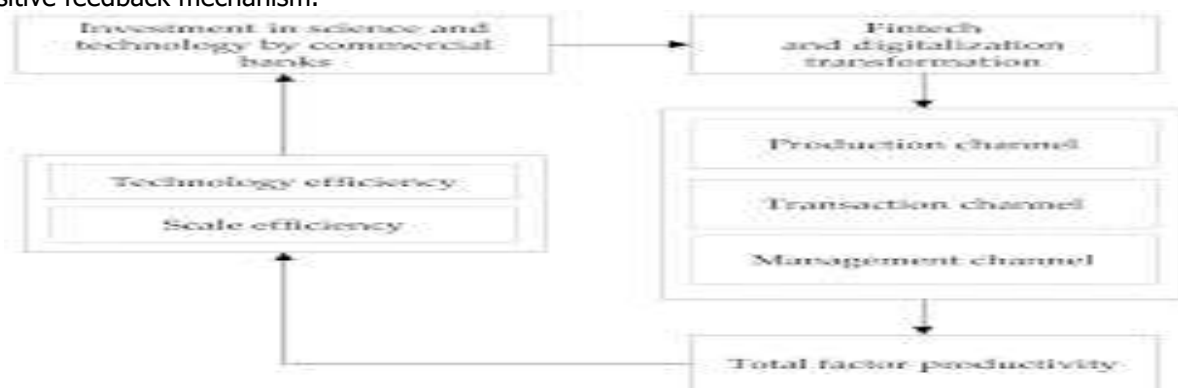


Figure 1. An analytical framework for commercial bank productivity improvement

The attracted resources of a commercial bank are a set of funds of individuals and legal entities accumulated by a commercial bank on certain conditions by conducting deposit, loan, settlement and securities transactions that are at its temporary disposal and used by it to carry out active operations and create various reserves.

In connection with the ongoing reforms of the banking system, market mechanisms for the provision of services are being introduced, their types are expanding, and financial accessibility for entrepreneurs and the population is increasing.

New banking services have been introduced to facilitate the conduct of currency exchange transactions for the population, conditions have been created for the purchase of foreign currency by individual entrepreneurs. Such new approaches in banking activities contribute to increasing the bank's income.

If in 2017 the banking system of the Republic of Uzbekistan included 28 commercial banks, then at the beginning of 2022 there were 34 of them. All these banks provide a traditional set of banking services: lending, deposit operations, cash management services, etc.

The Decree of the President of the Republic of Uzbekistan dated May 12, 2020 "On the Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2021-2025" states: "... based on the tasks identified by the State Program for the Implementation of the Action Strategy in five priority areas of development of the Republic of Uzbekistan in 2017-2021 in the "Year of Development of Science, Education and the Digital Economy", approved by Decree of the President of the Republic of Uzbekistan dated March 2, 2020 No. UP-5953, as well as in order to carry out a radical transformation of the banking sector aimed at stimulating the development of the private sector, increasing the investment attractiveness of banks, availability and quality of banking services, it is necessary to improve the efficiency of the banking system by creating equal competitive conditions in the financial market, lending exclusively on a market basis, reducing the dependence of banks on EU public resources, modernizing banking services, creating an effective information restructuring regulation and automation of the activities of banks, as well as the phased abolition of non-core functions of banks".

Furthermore, this paper offers suggestions on digital transformation and the improvement of digital investment efficiency for commercial banks. Our empirical study found that the difference in science and technology investment of commercial banks affects the comprehensive efficiency and further affects the income or revenue of banks. Through theoretical analysis, we show that bank technology investment plays an important role in the development of fintech. Fintech promotes production efficiency, transaction efficiency and management efficiency, and improves the production efficiency of banks. Figure 6 illustrates the overall path for the digital transformation for banks.

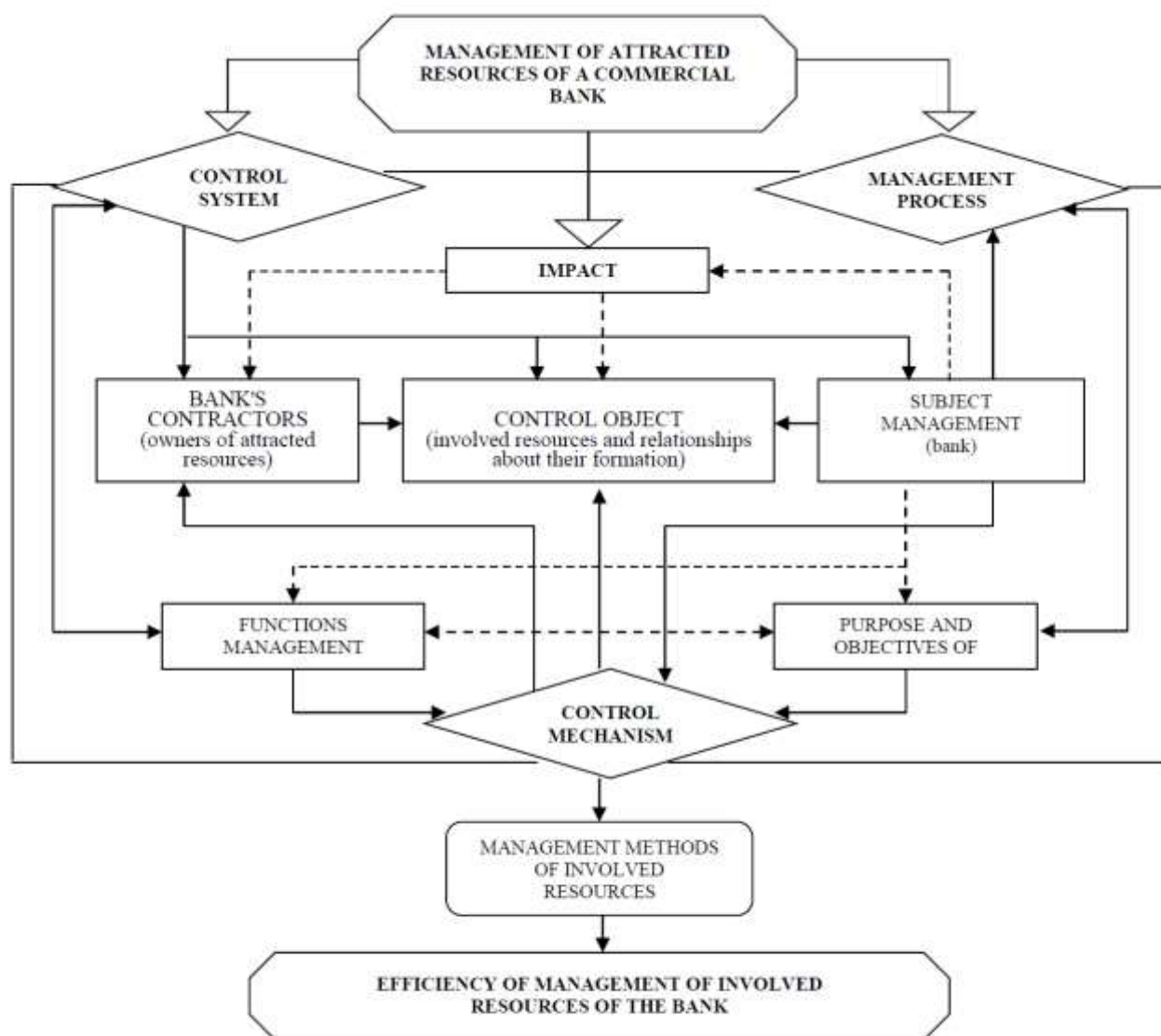


Figure 2. Digital transformation for commercial banks.

The management of attracted resources of a commercial bank is the science and art of managing relations arising from the accumulation of temporarily released funds of individuals and legal entities, the purpose of which is to optimize the bank's resource base.

There are three aspects of attracted resources management - system, process and management mechanism, and they allow to fully reveal the value of attracted resources. The system, process and mechanism for managing attracted resources, as can be judged by considering their features, exist in unity (Fig. 1).

The bank's attracted resources management system is a part of the bank's liability management system, which is a combination of the following interrelated and interacting elements for managing the bank's attracted resources: management subject - structural divisions of the bank, the function of which is to interact with potential and existing depositors and creditors, attract resources, manage them; the object of management is the attracted resources in their diversity and relations regarding their formation; counterparties of relations regarding the attraction of funds - the owners of funds (depositors and creditors).



Rice. 1. Management of attracted resources of a commercial bank as a trinity of system, process and management mechanism

One of the most important elements of the mechanism for managing attracted resources is a set of management methods that allow the implementation of the goals and objectives and stimulate the improvement of management efficiency. The methods of managing the attracted resources of the bank are ways of influencing the attracted resources and relations regarding their formation in order to achieve strategic and tactical goals. In the modern economy, methods of managing the attracted resources of a bank are an important factor in ensuring the efficiency and effectiveness of the attracted resources of a commercial bank. Therefore, the use of these methods allows commercial banks to improve the quality and efficiency of managing the attracted resources of the bank.

To improve individual methods of managing the attracted resources of the bank, we have proposed the following recommendations:

1. Expansion of the product range offered to depositors and creditors, taking into account market trends and customer wishes:
 - a) in connection with the increased interest of clients in the long-term investment of their funds, the development of long-term deposit products that provide the depositor with a high income;
 - b) development of flexible accounts, providing for the possibility of replenishment / withdrawal of part of the deposit and the possibility of capitalization / payment of interest at the request of the client;
 - c) development of term deposits with progressive interest, allowing clients to receive part of the interest in case of early withdrawal of investments.
2. Development of the securitization market.
3. Improving the quality of services provided:
 - a) development of the speed and reliability of the implementation of operations;
 - b) developing the ability to adapt to changing customer needs;

- c) improving the quality of service.
 - 4. Improving the organization of the process of forming attracted resources and building relationships with customers.
 - 5. Development of a monitoring system for the banking services market:
 - a) in order to avoid the risk of initiating a project, which, following the results of implementation, will not be in demand by the market;
 - b) for timely recognition of an emerging need for a new product.
 - 6. Development of online technologies that allow banking services to be taken to a qualitatively new level.
 - 7. Formation of a flexible tariff policy.
 - 8. Development of an individual approach to clients.
- In our opinion, the proposed recommendations for improving individual management methods will allow commercial banks to increase the efficiency of managing attracted resources.

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