



IMPROVING THE PRACTICE OF USING CASHLESS ACCOUNTS IN UZBEKISTAN

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Article history:	Abstract:
Received: 30 th March 2021 Accepted: 7 th April 2021 Published: 29 th April 2021	Improving the practice of using cashless forms of payment will play an important role in solving the problem of insolvency in the economy, ensuring the continuity of production activities of companies, the development of export-import operations. This, in turn, necessitates the identification of current problems associated with improving the practice of using cashless payment forms and the development of ways to solve them. The article develops scientific proposals aimed at improving the practice of using cashless forms of payment in the Republic of Uzbekistan.
Keywords: Commercial bank, cashless settlement, payment order, check, documented letter of credit, collection, liquidity, payment system, receivables, draft.	

INTRODUCTION

In the Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021, increasing the volume and coverage of cashless payments, including the introduction of modern electronic forms of payments and incentives for businesses, as well as reducing non-bank turnover are among the priorities of economic development and liberalization recognized as one [1].

At present, there are a number of problems related to improving the practice of using cashless forms of payment in our country. In particular, the largest share in the total volume of non-cash payments in the country is occupied by payments by payment orders, while the smallest share is made by documentary letters of credit. However, the amount of payments in the documented letters of credit is fully guaranteed, and the payment in the payment order is not guaranteed at all.

LITERATURE REVIEW ON THE SUBJECT.

According to V.Usoskin, among the types of checks, pay checks are distinguished by the possibility of their transfer by endorsement to a third party [2].

This opinion of V.Usoskin has an important practical significance for Uzbekistan. This is due, firstly, to the fact that in the practice of our republic there are no checks used in settlements between legal entities (their circulation was terminated in 1996); secondly, the possibility of transferring order checks to an endorsement to a third party allows to reduce the amount of indemnity in the economy to a certain extent. In the economy of the republic, at present, there is a problem of insolvency. As of December 1, 2019, the amount of receivables between enterprises in the country amounted to 93.1 trillion soums. This is 16.5 times more than on December 1, 2018 [3].

According to A.Gloriozov and D.Mikhailov, in most cases, commercial banks offer an approved ramburs obligation instead of collateral in order to avoid secured letters of credit. If collateral is used in such circumstances, then it is necessary to take into account various aspects of political risk, as well as to consider the transfer of the amount of compensation to a bank with a bad reputation. This is because the issuer bank is responsible for the documented letter of credit [4].

According to K. Skinner, the widespread use of simple schemes of making small payments will lead to a narrowing of the use of non-cash forms of payment, the main of which are:

- telecommunication companies offering mobile payment schemes;
- online companies such as Pay Pal, which cover the bulk of internet payments;
- payment service providers in the transport system [5].

The results of H. Allen's research show that the use of electronic payments can affect the frequency of transactions and lead to the exchange of one payment instrument with another. This can lead to a change in the relationship between monetary movements and economic activity [6].

According to Gorokhov, payment instruments are divided into credit, debit and intermediate instruments according to the cash flow algorithm, in which the payment order and payment order are credit instrument, payment application and check debit instrument, and the documented letter of credit is an intermediate instrument [7].

According to P. Semikova, one of the main disadvantages of documented letters of credit is that the letter of credit consists of a complex legal structure, as a result of which in practice there are many disputes. In particular, the issuance of a letter of credit does not yet mean payment under the main contract, which provides for payment under the letter of credit. This action is aimed at ensuring that the supplier receives the payment when he fulfills the terms of the letter of credit. Therefore, a delay in the opening of a letter of credit by the payer is not considered a delay in payment, and, of course, no sanctions are applied to the payer for this [8].

MATERIALS AND METHODS

The use of non-cash forms of payment in the Republic of Uzbekistan is regulated by the Regulations of the Central Bank "On cashless settlements" and international generalized rules and conventions.

In accordance with the Regulation "On cashless settlements", the following 4 forms of cashless settlements are allowed in the territory of the Republic:

- * payment orders;
- * checks;
- * documented letter of credit;
- * collection.

Statistical grouping, expert evaluation, comparative, structural and trend analysis methods were used in writing the article.

DISCUSSION

The following 4 forms of cashless settlements are used in the practice of cashless settlements in the Republic of Uzbekistan: payment request; payment order; documented letter of credit; collection. The circulation of checks used in settlements between legal entities was discontinued in 1996 and has not yet been restored.

Table 1
Structure of non-cash payments made in the Republic of Uzbekistan [9]
In percentage

	2015	2016	2017	2018	2019
Memorial order	49,18	49,64	39,09	32,93	32,96
Payment order	50,37	50,12	60,54	66,69	66,48
Payment request	0,09	0,08	0,09	0,08	0,07
Collection	0,18	0,15	0,26	0,29	0,48
Documentary letter of credit	0,18	0,01	0,02	0,01	0,01
Overall	100,0	100,0	100,0	100,0	100,0

From the data given in Table 1, it can be seen that in the structure of non-cash payments made in the Republic of Uzbekistan, the first place in terms of weight belongs to payments made by payment orders. This is a negative situation in terms of improving the practice of using cashless payment forms. The reason for this is that there is a serious shortcoming in the payment order and the payment is not guaranteed. Moreover, the share of payments made by payment orders in the total volume of non-cash payments in 2019 increased significantly compared to 2015 (16.11 f.p.).

The data presented in Table 1 show that in 2015-2019, the share of payments made by memorial orders in the total volume of non-cash payments in the country was significantly higher. This is not a positive development in terms of improving the practice of using cashless payment forms. Because, first, a memorial order is not a form of cashless payment; second, the consent of the payer is not required to make the payment in the memorial order.

The data in Table 1 show that the share of non-cash payments made through memorial orders in the total volume of non-cash payments made in the country in 2019 decreased significantly compared to 2015 (16.22 f.p.). This decrease is mainly due to a significant increase in the share of payments made by payment orders in the total volume of non-cash payments during this period.

From the data presented in Table 1, it can be seen that the share of payments made with payment applications in the total volume of non-cash payments made in the country in 2015-2019 was very low. This is a positive development in terms of improving the practice of using cashless payment forms. This is because, firstly, the payment request does not meet the requirements of a market economy. This is because the payment request is used to receive money for goods shipped without payment. In a market economy, any goods sold without payment, ie delayed payment, are considered sold on credit, and the amount of these goods is paid to it as interest. The amount of goods sold on credit is usually a promissory note, and the promissory note indicates the amount of goods and the interest rate. Second, payment is not guaranteed in the payment request.

The data presented in Table 1 show that the share of payments made by collection and documented letters of credit in the total volume of non-cash payments made in the country in 2015-2019 was very low. This is a negative situation in terms of improving the practice of using cashless payment forms. This is because, firstly, there is an aspect that encourages the payer to make the payment on time in the form of collection of non-cash accounts. That is, the commercial bank does not issue the commodity documents to the payer until the amount of goods is paid. The

payer cannot receive the goods without the commodity documents. This forces the payer to pay the amount of the goods faster. Second, the amount of payment in the documented letters of credit is fully guaranteed. In covered letters of credit, the payment amount is deducted from the payer's current account and transferred to a separate account, and the payer does not have the right to use this amount. In non-covered letters of credit, the payer's bank becomes the guarantor of payment by opening a documented letter of credit, ie by sending a letter of credit telegram to the bank of the supplier. If at the time of receipt of the commodity documents the payer does not have funds in the deposit account before the demand, then the payer's bank pays the documented letter of credit from its loan account.

Table 2

The structure of payments made through non-cash forms of payment in the Republic of Uzbekistan [10]
In percentage

	2015	2016	2017	2018	2019
Payment order	99,45	99,52	99,39	99,42	99,17
Payment request	0,18	0,16	0,16	0,13	0,10
Collection	0,35	0,31	0,42	0,43	0,71
Documentary letter of credit	0,02	0,01	0,03	0,02	0,02
Overall	100,0	100,0	100,0	100,0	100,0

From the data of Table 2, it can be seen that in 2015-2019, a very high share in the total volume of payments made through non-cash forms of payment accounted for payments made by payment orders. This indicates that the practice of using other forms of cashless payments is not developed at all and is a negative situation in terms of improving the practice of using non-cash forms of payment.

Table 2 shows that as of December 31, 2019, the share of payments made through payment applications in the total amount of payments made through non-cash forms of payment in the country was only 0.1%, the share of payments made by collection was 0.71%, the share of payments made through documented letters of credit was only 0.02%. However, the payment in the documented letters of credit is fully guaranteed, and commercial banks will be able to earn a large amount of income.

The imperfect practice of using cashless forms of payment since the independence of the Republic of Uzbekistan hinders the sustainable development of the country's economy.

According to Table 2, there is no check form of cashless payments in the country. However, in international banking practice, checks are one of the most widely used forms of cashless payments.

CONCLUSION

The high share of non-cash settlements in the total volume of non-cash settlements in the Republic of Uzbekistan with payment orders is a negative situation in terms of improving the practice of using cash settlement forms. This is because payments for goods and services delivered on payment orders are not guaranteed.

Due to the fact that the bulk of the documented letters of credit opened by commercial banks of the Republic on import payments of companies are covered letters of credit, part of the foreign exchange assets belonging to companies remain out of their business turnover.

The existence of the problem of non-payment in the economy of Uzbekistan has a negative impact on the practice of using cashless forms of payment.

In our opinion, in order to improve the practice of using cashless forms of payment, the following measures should be taken:

1. In order to increase the volume of uncovered and unconfirmed documentary letters of credit opened by commercial banks with the status of a letter of credit on payment obligations of customers for goods and services, first, to form a group of customers belonging to the first and second categories of creditworthiness; it is necessary to open letters of credit of these forms on their payments; secondly, this group of clients should be given the opportunity to use renewable and advance types of documented letters of credit; thirdly, priority should be given to documented letters of credit through the credit line of the letter of credit bank.

2. It is necessary to increase the level of liquidity in the assets of commercial banks by increasing the share of investments in highly liquid securities, which are generally recognized in international banking practice, and using the non-decreasing balance of transaction deposits as a source of financing active operations.

3. It is necessary to increase the commission income of commercial banks and reduce the creditor indebtedness of customers by issuing bank guarantees on the payment obligations of legal entities - customers whose creditworthiness is assessed by financial ratios and as a result of which the assessment belongs to the first class of creditworthiness.

4. In the case of a targeted sequence of payments, in order to ensure the continuity of payments through commercial banks, it is necessary to eliminate the imbalance between assets and liabilities, ensure normative levels of credit risk and achieve a stable level of net interest rate spread.

In the target sequence of payments, first of all, payments are made on the indebtedness of enterprises to the state budget. In addition, the state tax inspectorates have the right to collect tax payments in advance. Under such conditions, enterprises are more likely to be unable to repay loans issued by banks in a timely manner.

In the practice of developed countries, a calendar sequence of payments is used. In the calendar sequence, the debt of the enterprise is paid before it appears.

5. It is necessary to reduce the volume of receivables and payables between business entities through the introduction of drafts in the economic practice of the Republic of Uzbekistan and the introduction of discounted loans in banking practice.

The introduction of drafts will allow to sharply reduce the volume of receivables and payables between business entities. However, monopolies should not be involved in the transaction process. The reason for this is that monopoly enterprises can lead to the derailment of transactions. Because the tratta must be written after the goods are sold. However, monopoly enterprises may require drafts before the goods are sold, as they are not in a competitive environment.

Another advantage of the introduction of drafts is that they create the basis for the emergence of discounted loans in the banking system. At present, the banking system of the Republic of Uzbekistan does not have the practice of issuing discount loans due to the lack of circulation of drafts.

The existence of the circulation of drafts allows the commercial banks of the republic to provide discounted loans to suppliers of goods by accounting for drafts at a discount rate. As a result, on the one hand, the commercial bank receives income, and on the other hand, the supplier of goods gets rid of the need to wait for the amount of goods delivered.

Also, the introduction of drafts will allow the introduction of a forfeiting form of lending. This is because the forfeiting form of lending is based on the purchase of drafts by the supplier's bank without the right of regression.

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