

BANKING SYSTEM IN UZBEKISTAN: DEVELOPMENT PATH AND PROSPECTS***U.Baytanov****Jizzakh Polytechnic Institute, Associate Professor,**Department of Economics and management, PhD****N.Karimberdiev****Cybersport faculty, 511-23 Group student***O‘ZBEKISTONDA BANK TIZIMI: RIVOJLANISH YO‘LI VA ISTIQBOLLARI*****O‘.Baytanov****Jizzax politexnika instituti,**Iqtisodiyot va menejment kafedrasi dotsenti, PhD****N.Karimberdiyev****Kibersport fakulteti, 511-23 guruh talabasi*

Abstract: The banking system in Uzbekistan plays an important role in the development of the country's economy. The reforms implemented in recent years are aimed at liberalizing banking activities, improving the quality of financial services and improving the investment climate. This article analyzes the history, current state and prospects of the development of the banking system in Uzbekistan.

Keywords: Uzbekistan, banking system, financial reforms, investment climate, commercial banks, Central Bank, credit policy

Banking system in Uzbekistan and its structure

Today, a two-tier banking system has been formed in Uzbekistan:

The first tier is the Central Bank of the Republic of Uzbekistan, the main organization that conducts monetary policy and regulates the banking sector.

The second tier is commercial banks, which carry out direct financial transactions with individuals and legal entities.

The banking system in Uzbekistan began to form after the country gained independence. The national banking system was strengthened based on the Law "On Banks and Banking Activities" adopted in

1991. Initially, the dominance of state-owned banks was observed, but in the subsequent stages, private and foreign-owned banks also began to operate.

Structure of the banking system:

The banking system in Uzbekistan is two-tier: the first tier is the Central Bank of the Republic of Uzbekistan, the second tier is commercial banks. The Central Bank implements monetary policy, controls and regulates the activities of banks. Commercial banks, on the other hand, are engaged in granting loans to clients, accepting deposits and providing other financial services.

Reforms and development:

Since 2017, Uzbekistan has implemented comprehensive programs to reform the financial sector. Bank capitalization has been increased, opportunities have been created for foreign investors, and digital technologies have been introduced. Foreign banks have been allowed to open branches in Uzbekistan. As a result, the competitiveness of the banking system and the quality of services have increased.

Among commercial banks, there are such important financial institutions as the National Bank, Ipoteka-bank, Asaka Bank, Agrobank, as well as private banks - Hamkorbank, Kapitalbank, TBC Bank. According to the results of 2024, more than 30 banks are operating in the country.

Problems and prospects:

Currently, the banking system still faces some difficulties. Improving the quality of the loan portfolio, strengthening corporate governance, and increasing financial literacy are important tasks. In the future, the stability and integration of the banking system in Uzbekistan into the international financial market are expected to further strengthen.

As part of the privatization program, work has begun on transferring a number of state-owned banks to the private sector.

As a result of the policy of attracting foreign investment, the Hungarian company OTP Group acquired a controlling stake in Ipoteka-bank.

Great strides have been made in the field of fintech and digital services. Digital payment systems such as Click, Payme, and Apelsin serve millions of customers.

In order to increase financial inclusion and develop the financial literacy of the population, banks are widely introducing remote services. The possibilities of opening an online account and issuing a loan remotely are expanding.

Nevertheless, the banking system in Uzbekistan faces a number of important tasks:

Interbank competition is not yet sufficiently developed.

It is necessary to improve the quality of loan portfolios and lending standards.

The financial literacy of the population remains low, which hinders the effective use of banking services.

In the future, further digitization of the banking sector, the introduction of a credit policy in line with international standards, and the improvement of mechanisms for financing small and medium-sized businesses are identified as priority areas.

Conclusion:

The banking system in Uzbekistan has developed significantly over the years of independence. As a result of reforms, the system is being formed in accordance with modern demands and needs. In the coming years, the digitalization, openness, and integration of the banking sector into global financial markets will remain the main directions.

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