

CURRENT PROBLEMS IN THE DEVELOPMENT OF COMMERCIAL BANKS**Sharipova Nigina Jorakulovna**

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Abstract:In this article, the author discussed about some current issues of commercial banks and at the same time he gave alternative solutions to them. Furthermore, there are also international research cases and statistics included which doubled the importance of the article.

Keywords:Commercial banks, monetary system, current issues, credit cards, development of banks and etc.

From the above it follows that the main reason for the low lending activity of banks in lending to the real sector of the economy is not the high level of the key interest rate, but the presence of political and economic lending risks. Consequently, a further reduction in the key interest rate of the regulator will not contribute to the growth of real credit investments in the economy and stimulate economic growth, but will lead to excess liquidity in the economy, corresponding to an increase in inflation, further devaluation of the national currency, creating conditions for a reduction in savings, increasing the availability of loans and speculative operations. In addition, the urgent problems that banks currently face are an acute shortage of resources due to limited access to international markets and the lack of opportunities for long-term borrowing, as well as the growth of debt on loan obligations of enterprises and the population. Previously, the high level of the key interest rate also played a positive role, which contributed to an increase in household deposits. The main factor observed in the growth of household deposits after their outflow was the high level of interest rates on deposits provided by commercial banks.

Very often you can notice that the securities market is often regulated exclusively by one department, which is entrusted with all the main functions. This can be seen in a number of countries such as Canada, Korea, Denmark, Japan, Ireland and many others. The main objectives of state regulation of stock markets are as follows:

- ensuring security for all market participants;
- implementation of government policy for the development of the stock market;
- creation of a transparent information base reflecting current data on the operation of the market and all its participants.

In modern conditions, monetary policy is important, since monetary regulation is one of the key levers for the state's targeted influence on the development of the state's economy. The result of a scientifically based monetary policy is stable economic growth and increased competitiveness of the country as a whole. At the same time, historical experience shows the negative impact of erroneously pursued monetary policy, which contributes to the emergence of financial and economic crises. The next important problem associated with the introduction of anti-Russian sanctions is the reduction in bank profits. In 2014, the profit of commercial banks decreased by 40%, the main reason being an increase in reserves and a decrease in the profitability of banking operations. Anti-Russian sanctions had a great influence on this, since access to external lending was limited. Most commercial banks began searching for other financing markets, turning their attention "to the East", since they did not have the opportunity to attract medium- and long-term financing in the financial markets of America and Europe. India, China, and Japan have become alternative options for debt markets, but at the

same time, they have failed to replace the lost sources of financing. The largest Asian market is the Japanese market, but Japan partially supported anti-Russian sanctions. China, being the second largest market, was driven into the framework that most Chinese banks do not carry out interbank transactions with the participation of Russian financial partners, since Russian commercial banks practically did not work in this market for quite a long period of time. Most Asian investors do not have any experience working with Russian banks and therefore treat them with some caution. The governments of countries affected by the financial crisis are pooling all their capabilities in order to find effective mechanisms to overcome the current situation. Not long ago, the possibility of nationalizing banks and global companies was considered the ultimate evil. It was argued that the time for government regulation had long passed.

Thus, the implementation of sanctions became an indicator that showed the presence of a number of internal problems in Russian monetary policy. The dependence of credit institutions on foreign financial markets is quite high, and the complication of relations with the EU countries and the USA has a negative impact on the functioning of the banking system. Today, to solve these problems, more and more expectations are placed on a well-planned and active economic policy of the state, the main guideline of which should be a reasonable combination of methods of state regulation and market initiative. A properly developed and systematically implemented monetary policy can solve the most complex problems of state economic policy. A modern market economy cannot do without government intervention. It is this that often allows us to stabilize the situation on the market and make competition fairer. The state has multiple tools for this, such as: the fiscal system, investment activities, antimonopoly, social, tariff policies, etc. But a special place is given to monetary regulation. Let's look at this concept in a little more detail below. Monetary policy is a set of measures developed by the state and aimed at stabilizing the national currency, fighting inflation, regulating economic growth, ensuring employment and many other strategically important economic tasks. Thus, it is monetary regulation that contributes to the proper functioning of the monetary system and money circulation, because the influence in this case extends not only to money, but also to prices. Like any other process, monetary regulation has subjects and objects.

The subjects are central banks, legislative bodies, government ministries of economics and finance, i.e. all those who can in any way influence the monetary system. The objects in this case will be various indicators that are formed precisely under the influence of the policies of the bodies described above. For example, this is the volume of money supply, its structure, the speed of money turnover, the volume of loans, etc. Considering the theory of the concept of monetary policy, we examined the tasks, subjects and objects. But the question arises, what is its main purpose? The ultimate goal of monetary regulation is economic growth, which would contribute to improving the well-being of the country's citizens. Therefore, monetary regulation in the economy is given a special role, because the well-being of society and the economy of the state as a whole depends on how rationally it is carried out. In order to maintain the stability and competitiveness of the banking sector, the national financial regulator is implementing a set of measures aimed at maintaining liquidity, the required level of solvency and financial stability of financial market institutions. Of particular interest from the range of monetary policy instruments used by the mega-regulator were the refinancing operations of credit institutions of the Central Bank and instruments for absorbing liquidity in the banking sector, aimed at regulating the liquidity of the banking system. Such operations and instruments are carried out in order to maintain liquidity in the banking system and are used to withdraw excess banking liquidity.

The Central Bank implements interest rate policy by direct and indirect methods. Direct methods are administrative measures in the form of directives, commands and orders from the central bank, which relate to prices in the financial market, as well as the volume of money supply. As a result of using direct methods, the central bank sets or limits the value of the price variable, that is, the interest rate. In conditions of an economic crisis, the implementation of direct methods gives the fastest effect in terms of central bank control over the price or maximum volume of deposits and loans. With the help of indirect or, as they are also called, financial methods, the central bank has the opportunity to influence the motivation of behavior of business entities using market mechanisms. However, it must be taken into account that the effectiveness of using indirect methods of regulation is related to the degree of development of the financial market. When the central bank's key rate increases, the consequences are changes such as increased interest rates on loans, reduced investment and decreased purchasing power. A decrease in the central bank's key rate, on the contrary, leads to an increase in production and the economy, an increase in the purchasing power of Russians, a decrease in inflation and the emergence of the opportunity to take out a loan on the most favorable terms. However, due to a decrease in the key rate, deposit rates are also reduced, which makes them less attractive for the population. Another disadvantage of the low level of the key rate is the increase in prices for imported goods, this is especially not beneficial for organizations purchasing raw materials for foreign currency.

The degree of development and efficiency of functioning of the national financial market can be determined by analyzing a group of fundamental indicators that characterize the social and economic situation of the state. The key indicators of this group are: the diversification of the economic system, the level of employment and welfare of the population, inflation, interest rates, the representativeness of the national currency, the level of development of financial and legal institutions, the degree of integration of the national financial market into global money and capital markets. The process of forming the Russian financial market model took place over several decades and has similar features to the models of a number of European countries, including developing countries. The main features of the Russian financial market model are the predominance of credit institutions over non-credit financial organizations, the dominance of economic agents' own funds when implementing investment mechanisms. The insufficient level of formation of the capital market and the lack of sustainable functioning of the category of institutional investors, which belong to insurance companies and pension funds, reduce the possibility of transforming household savings into long-term investments, which are a necessary condition for the sustainable growth of the economic system and improving the well-being of the population. The flow of foreign investment into the Russian economy has decreased significantly over the past few years due to the introduction of economic sanctions and limited access of credit institutions to external capital markets.

The probability of overcoming the annual inflation rate of 4% in 2019 has decreased significantly. Under these conditions, the financial market regulator will continue its policy of reducing the key rate and complete the transition from a moderately tight monetary policy to a neutral one. The slowdown in inflation rates also had an impact on the decrease in inflation expectations, which, despite the actions of the Bank of Russia, remains unstable and uneven. Credit policy in the Russian financial market in 2017-2018. gradually softened. The improvement in the credit market situation was influenced by the dynamics of interest rates. However, real interest rates managed to remain in the positive area, which had an impact on the attractiveness of savings. Non-price policy in the credit market is restrictive and credit organizations have maintained a conservative approach to selecting borrowers. The basis of monetary policy is to maintain price stability and

therefore low inflation. With a consistently low level of inflation, the purchasing power of the national currency is also stable. Price stability is an important factor contributing to favorable conditions for doing business and people's lives. Low and stable inflation helps protect income and savings in the national currency. Price stability protects wages, pensions and other income from unpredictable depreciation. In addition, price stability protects the savings of the population and enterprises in the national currency, also helps maintain a favorable standard of living and makes it possible to more confidently plan income and expenses, including in the long term.

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