



WAYS TO INCREASE STATE SUPPORT IN THE MODERNISATION OF THE NATIONAL BANKING SYSTEM

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Abstract: *The following study has considered and analysed the aforementioned issues in the context of the existing difficulties in attracting investments in the country and the need to modernise the financial model of investment activity, ensuring its close integration with the banking sector.*

Keywords: *Financing, investment, banking infrastructure, capital, investors.*

INTRODUCTION

The financing of investment activity is a combination of market mechanisms operating at the micro level and instruments of state regulation at the macroeconomic level.

For example, the world has a dynamic of investment in the improvement of the world's infrastructure and we should also be developing at this pace (Table 1).

Areas	2018	2025	2030	2035	2040
World Wide	2,6	2,9	3,2	3,5	3,7
These include the following					
Asia	1,5	1,7	1,9	2,1	2,3
North and South America	0,5	0,5	0,6	0,6	0,6
Europe	0,5	0,5	0,5	0,6	0,6
Africa	0,1	0,2	0,2	0,2	0,2

Methods: Within the contemporary investment financing system of our nation, it is this author's opinion that priority should be given to institutional investors on account of their experience in the effective management of funds and their capacity to make informed decisions on the feasibility of investments. Their participation has the potential to contribute to the enhancement of corporate governance, including the appointment of independent directors. In addition, they possess the expertise to identify the most promising areas for capital allocation, thereby enhancing performance and generating additional returns. The process of financing investment activities is typically comprised of the following steps:

The development of financial infrastructure and the range of financial services is of paramount importance. The determination of areas and objects for investment is also crucial. The selection of sources and methods of financing is a vital step in the process, as is the formulation of objectives, principles and conditions of financing.

The modern methods of investment efficiency assessment developed in Uzbekistan are based on generally accepted international standards. These include:

- Constant revision and adaptation of projects;



- Comparison of different project options on the basis of unified criteria;
 - Estimation of investment payback periods based on projected cash flows;
 - Taking into account the time factor and seeking to maximise returns;
- Selection of the optimal discount rate.

• Analysis of the interests of various project participants and their potential incompatibility;

- Evaluation of the key consequences of project implementation;
- Contrasting 'with project' and 'without project' scenarios;
- Multi-stage risk and potential assessment;
- Accounting for inflation;
- Uncertainty and risk assessment;
- Consideration of working capital requirements.

In the context of the development of Uzbekistan's banking infrastructure, particular emphasis is placed on the popularisation of banking services, the promotion of competition in the payment sphere, and the introduction of contemporary payment systems. [4, 5]

In accordance with the Decree of the President of the Republic of Uzbekistan No. 4947 dated 7 February 2017 'On the Strategy of Actions for Further Development of the Republic of Uzbekistan', the key task is to reform the banking system based on the development of the financial market, increase the share of non-cash settlements, expand the range of banking services and attract savings of the population to deposits. [1]

The legislative and regulatory framework, encompassing the Law of the Republic of Uzbekistan No. ZRU-578 dated 19 September 2019 'On payments and payment systems', Presidential Decree No. UP-5296 dated 9 January 2018 'On radical improvement of the Central Bank of the Republic of Uzbekistan', and No. PP-3620 dated 23.03.2018 'On additional measures to increase the popularity of banking services', Resolution No. PP-3832 dated 3 March 2018 'On measures to develop the digital economy in the Republic of Uzbekistan' and others, in conjunction with the activities of the banking system, contribute to the implementation of the tasks related to the development of the banking infrastructure.

Results and Discussion: In developed countries, the development of banking infrastructure is directly related to the increase in the customer base and the attractiveness of banking services.

In the contemporary context of Uzbekistan, the establishment of a novel system to govern investment initiatives assumes paramount importance. The capital attraction of foreign investors is predominantly influenced by the risk level inherent in a particular nation, particularly in the context of developing countries. It is therefore critical for potential investors to be aware of this level of risk or uncertainty, as tools can be applied at any stage of a project to assess its performance. Even low-risk



countries, such as Norway, the UK and Denmark, utilise appraisal mechanisms for large investment projects at both national and sectoral levels. [2]

The introduction of a system of this kind in Uzbekistan, which is designed to take into account the interests of foreign investors and to allow for a comprehensive assessment of investments in terms of timing, volume, risks and other aspects of project implementation, has the potential to engender mutual benefits. [3]

Monitoring enables the tracking of project progress at each stage in accordance with its goals and objectives, as well as the identification of potential problems. The introduction of such a monitoring system will, it is hypothesised, serve to strengthen the investment climate in Uzbekistan by increasing the transparency, efficiency and sustainability of the projects being implemented.

Conclusion: The following recommendations are posited on the basis of the analysis for the purposes of stimulating investment activity in Uzbekistan and enhancing the banking system:

1. It is necessary to take decisive measures to restructure inefficient and unprofitable enterprises in the regions, accelerate their financial recovery or simplify bankruptcy procedures. Furthermore, there is a need to enhance the role of banks and credit organisations in the field of investment financing. Furthermore, it is recommended that banks and credit organisations endeavour to reduce the cost of investment resources to below the market average.

2. The insufficient development of investment infrastructure, the neglect of operating costs when assessing the efficiency of projects and non-compliance with the established requirements for investment proposals and feasibility studies (FS) by entrepreneurs require the strengthening of the role of banks, investment funds, insurance and leasing companies in the implementation of projects.

It is imperative to provide continuous practical support to commercial banks, regional branches of the Chamber of Commerce and Industry, and other local governments, while also expanding opportunities for the sale of state shares to foreign investors.

This will enhance the efficiency of state-owned enterprises and foster a competitive environment. Concurrently, measures should be taken to minimise state management and control.

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