ISSN 2181-8622

Manufacturing technology problems

NAMANGAN MUXANDISLIK-TEXNOLOGIYA INSTITUTI

Scientific and Technical Journal Namangan Institute of Engineering and Technology

INDEX COPERNICUS INTERNATIONAL

Google Scholar

Crossref doi

SLIB.UZ Scientific library of Uzbekistan

Volume 9
Issue 1
2024

ANALYSIS OF DEFECTS AND SOLUTIONS IN INVESTMENT ACTIVITY IN COMMERCIAL BANKS

MALIKOVA GULKHAYO TURDALI QIZI
Doctoral student of Namangan Institute of Engineering and Technology, Namangan, Uzbekstan
Tel: (0899) 925-8744, E-mail: gulhayomalikova86@gmail.com

Abstract: This scientific article analyzes the problems of the shortcomings of investment activity in commercial banks, which is one of the important directions of the financial sector, and their solutions.As the global economy undergoes continuous changes, commercial banks play a crucial role in stimulating economic growth through strategic deployment of funds through various investment activities. The article focuses on the main factors, risk management strategies and regulatory frameworks, and examines the origin and current trends of investment activity in commercial banks.
Keywords: finance, banking, securities, investment, risk, asset.

Introduction. The growth of our country's economy, like all other sectors, directly depends on the stability of the first banking system. Banks in developed countries today provide such services that lead to their financial stability in the economy and the constant growth of their capital.

In the country to further improve the investment environment and increase its attractiveness, to take measures to attract 120 billion US dollars, including 70 billion dollars of foreign investments, in the next five years. Establishing a new system based on the "bottom-up" principle of effective use of investments and increase of export volumes. Implementation of the strategy of attracting foreign and local investments until 2026. (Sh.Mirziyoyev,2022)

As commercial banks play an important role as an investmet factor in providing money to the economy, it requires its financial condition to be stable. Therefore, in our republic, the investment activity of commercial banks with securities in the stock market is considered a source of income and liquidity for banks, as well as a stable investment resource for stock market participants. This article aims to highlight the multifaceted aspects of investment activities in commercial banks that affect the development of comprehensive solutions, decision-making, and processes.

Investment activity of commercial banks has a two-fold aspect. In the first place, the activity of banks as an economic entity in the stock market is aimed at increasing bank income, reducing their risk level by increasing the diversification of their assets, and in the second place, the macroeconomic effect of investment activity of banks in the stock market is not only bank capital, but also the whole society. leads to an increase in capital and represents the orientation of bank deposits to production.

Thus, summarizing our comments on banks' operations with securities, it is necessary to say that in the conditions of the modern market economy, a new, unique direction of activity in the securities market has appeared in our country - the activity of banks in the securities market. is dying. The essence of the bank and its specific functions are theoretically related to the implementation of transactions with securities by banks. Investment loans issued by banks are primarily aimed at financing investment projects within the framework of programs aimed at modernization of industrial sectors of the economy, formation and development of modern infrastructure, socio-economic development of regions and creation of new jobs. the increasingly strengthening resource base makes it possible to develop their investment activities.

Materials. Determining the investment role of commercial banks in the stock market makes it necessary to prohibit its practical and theoretical foundations. In this regard, economic scientists of our country and abroad put forward many theories. J. M. Keynes (1997) According to him, "investment is a means of expanding production consumption, restoring lost national proportions. The quantitative relationship between the value of investments and the national income is determined based on the application of the multiplier principle. Accordingly, any increase in investment will produce a more proportional increase in income, employment, and output than the larger relative contribution and growth rate of consumption. For this reason, the demand embodied in investment is recognized as the main object of regulation and stimulation of economic development through the expansion of state expenditures, as well as financing from the deficit budget.

In world practice, the theoretical foundations of issues of development of investment activity of credit institutions through the securities market began to be interpreted in different ways. Especially after the global financial economic crisis, different approaches to the changes in this area have appeared. For example, foreign scientists (Diamond and Rine, 2011) in crisis situations, banks try to reduce their investment activity through securities in order to avoid problem assets.

The effectiveness of the regulatory framework in the formation of the development of investment activities in commercial banks requires a comprehensive analysis of specific regulatory measures. Kane [6, 233–260b] reviewed the entire literature for an in-depth study of regulatory measures, analyzing their impact on banks' risk-taking behavior, capital adequacy, and compliance costs.

Methods. Studying the investment activity of commercial banks for years together with the analysis of historical data showed that there are significant shortcomings. The traditional reliance on government securities and corporate bonds has given way to more diversified portfolios, including sophisticated financial derivatives and equity instruments. This evolution reflects strategic adaptation to changing market conditions and the pursuit of profit.

Statistical analyzes showed a strong correlation between economic conditions and investment decisions in commercial banks. During periods of economic growth, banks tended to make riskier, higher-yielding investments. Conversely, economic downturns have prompted a shift to safer, more conservative investment strategies. Such sensitivity to macroeconomic factors emphasizes the dynamic nature of investment activities within commercial banks.

According to industry experts, technology is important in the formation of investment activities. Digitization has revolutionized risk assessment, sales and customer engagement. Research has shown the increasing integration of artificial intelligence and machine learning algorithms into investment decision-making processes, which is indicative of a change in the way banks approach portfolio management.

Analysis of regulatory dynamics has shown continuous evolution in response to changing market realities. Sophisticated regulatory frameworks were associated with improved risk management practices, especially after the financial crises. However, research has revealed the challenges of balancing regulatory compliance with the need for flexibility in market dynamics.

The study identified emerging trends that may shape the future directions of investment activity in commercial banks. Sustainable finance initiatives have become popular as banks incorporate environmental, social and governance (ESG) factors into their investment strategies. In addition, digitization has emerged as a promising transformative force in reshaping the traditional banking paradigm with blockchain technologies and decentralized finance (DeFi) platforms.

Results. The results show the dynamic nature of investment activity in commercial banks, influenced by a combination of economic, technological and regulatory factors. As commercial banks navigate the emerging market environment, the findings highlight the importance of flexible strategies that balance risk and return. The research analyzes the implications of these results for policy-makers, bank managers and researchers, and highlights the need for a proactive approach to addressing the challenges and taking advantage of the opportunities that arise in the ever-changing investment banking environment.

To understand the current state of investment activity in commercial banks, it is necessary to study its historical direction. Initially limited to traditional banking functions such as loans and deposits, banks gradually expanded their role to include a variety of investment vehicles. In the second half of the 20th century, with the globalization of financial markets and the emergence of complex financial products, the shift to a more comprehensive investment approach intensified.

Studies have shown that several factors affect the implementation of investment activities in commercial banks, the formation of their strategies and portfolios. Economic conditions, changes in interest rates, technological innovation and regulatory changes all play a crucial role in influencing investment decisions.

Considering the risks associated with investments, commercial banks use many risk management strategies to protect their assets and maintain financial stability. The development of investment activities in commercial banks is closely related to the regulatory and legal frameworks that regulate their activities. Regulatory bodies, both nationally and internationally, have developed guidelines to ensure prudent investment practices, protect depositors and maintain overall financial stability. Investment banks often will compete with one another to secure IPO projects, which can force them to increase the price they are willing to pay to secure the deal with the company that is going public. If competition is particularly fierce, this can lead to a substantial blow to the investment bank's.

They may provide advice on how much a company is worth and how best to structure a deal if the investment banker's client is considering an acquisition, merger, or sale. Essentially, their services include underwriting new debt and equity securities for all types of corporations, providing aid in the sale of securities, and helping to facilitate mergers and acquisitions, reorganizations, and broker trades for both institutions and private investors. They also may issue securities as a means of raising money for the client groups and create the necessary U.S. Securities and Exchange Commission (SEC) documentation for a company to go public.

Most often, however, there will be more than one investment bank underwriting securities in this way, rather than just one. While this means that each investment bank has less to gain, it also means that each one will have reduced risk.

Discussion. Improving the investment activity of the bank requires attention to several key aspects. Below are the problems that the bank may face and their analysis

The diversification of the portfolio is insufficient, the problem is that the bank may face risks due to the concentration of investments in certain sectors or assets.

Inefficient risk management, incorrect risk management can lead to losses, therefore, it is necessary to develop risk management strategies, use hedging tools and regularly assess portfolio risks.

Lack of market monitoring and analysis, insufficient attention is paid to changes in the economy and financial market. Weakness of transparency and reporting, lack of transparency in investment transactions can lead to dissatisfaction of clients and regulators.

Inadequate technological base, lack of modern technologies can slow down decision-making and reduce the efficiency of asset management, insufficient skills of employees or insufficient use of their potential.

Strategy Inconsistency Lack of consistency in investment strategy can lead to uncertainty and poor Solving these problems will help increase the efficiency of the bank's investment activity and increase its resistance to external influences.

Conclusion. In conclusion, this scientific article comprehensively analyzes the shortcomings in the development of investment activities in commercial banks. Following an examination of the historical evolution, key drivers, advanced risk management strategies, regulatory frameworks and emerging trends, general conclusions are presented below. Findings from this study shed light on the multifaceted nature of investment decisions in commercial banks and serve as a comprehensive analysis of the industry for stakeholders, policymakers, and researchers.

The conducted analyzes showed significant changes in the investment portfolio reflecting a strategic response to changing market conditions. The flexibility of commercial banks in diversifying their investment vehicles from traditional securities to sophisticated derivatives demonstrates the importance of stability and innovation inherent in their approach to financial asset management.

Technological advancements have emerged as a transformative force, with digitization reshaping risk assessment, digital marketing and customer engagement. The integration of artificial intelligence and machine learning algorithms has caused a change in traditional views, which emphasizes the need for banks to constantly adapt to technological innovations in order to remain competitive in the evolving financial environment.

Regulatory dynamics played a decisive role in the formation of risk management practices in commercial banks. While sophisticated regulatory frameworks aim to ensure financial stability, our research highlights the delicate balance needed to ensure flexibility and responsiveness to market dynamics. Maintaining this balance is critical to navigating a complex regulatory environment and developing a robust and flexible banking system.

Looking ahead, sustainable finance initiatives and digitization are poised to set the tone for investment activity in commercial banks. The incorporation of ESG factors into investment strategies reflects a growing awareness of the wider impact of financial decisions on the well-being of society and the environment. At the same time, digitization, including blockchain technologies, provides opportunities for increased efficiency and new approaches to banking operations.

REFERENCES:

1. Oʻzbekiston Respublikasi Prezidentining “Bank tizimini yanada isloh qilish va erkinlashtirishning chora-tadbirlari toʻgʻrisida”gi Qarori Xalq soʻzi. 2005 yil 15 aprel.

2. Oʻzbekiston Respublikasi Prezidenti Sh.Mirziyoyevning “Yangi O’zbekistoning Taraqqiyot strategiyasi” P.Q 2022

3. Ўзбекистон Республикаси Президентининг 2022 йил 28 январдаги «Ўзбекистон Республикасини янада ривожлантириш бўйича Ҳаракатлар стратегияси тўғрисида»ги ПФ-60-сонли фармонига 1-илова. //Ўзбекистон Республикаси қонун ҳужжатлари тўплами. – Тошкент, 2022

4. Oʻzbekiston Respublikasining “Korporativ boshqaruv” to’g’risidagi Kodeksi 11 fevral 2016 y

5. Oʻzbekiston Respublikasining “Qimmatli qogʻozlar bozori toʻgʻrisida”gi Qonuni 2008 yil 22 iyulda qabul qilingan. Toshkent. Adolat 2015y.

6. Oʻzbekiston Respublikasining “Oʻzbekiston Respublikasi Markaziy banki toʻgʻrisida”gi Qonuni 1995 yil 21 dekabrda qabul qilingan. Toshkent. Oʻzbekiston 2003 yil.

7. Oʻzbekiston Respublikasining “Banklar va bank faoliyati toʻgʻrisida”gi Qonuni 1996 yil 25 aprelda qabul qilingan. Toshkent. Oʻzbekiston. 2003 yil.

8. Oʻzbekiston Respublikasining “Qimmatli qogʻozlar bozorida depozitariylar faoliyati toʻgʻrisida”gi Qonuni 1998 yil 23 avgustda qabul qilingan. Toshkent. Adolat. 2002y.

9. Oʻzbekiston Respublikasining “Qimmatli qogʻozlar bozorida investorlarning huquqlarini himoya qilish toʻgʻrisida”gi Qonuni 2001 yil 30 avgustda qabul qilingan. Toshkent. Adolat. 2002 y.

10. Baghot, V. (1873). Lombard ko'chasi: Pul bozorining tavsifi. Genri S. King & Co.

11. Kindleberger , CP (1978). Manias, vahima va halokatlar: moliyaviy inqirozlar tarixi. Asosiy kitob.

12. Mishkin, FS (1997). Moliyaviy beqarorlikning sabablari va tarqalishi: siyosatchilar uchun saboqlar. Iqtisodiy tadqiqotlar milliy byurosi.

13. Rajan , RG (2006). Moliyaviy rivojlanish dunyoni xavfliroq qildimi? Iqtisodiy tadqiqotlar milliy byurosi.

14. Allen, F. va Saunders, A. (2004). Moliyaviy vositachilar nima qiladi? Bank va moliya jurnali, 27(6), 991–1015.

15. Keyn, E.J. (1989). S&L sug'urtasi: bu qanday sodir bo'ldi? Journal of Financial Services Research, 2(3), 233–260.

16. http://www.cbu.uz (O'zbekiston Respublikasi Markaziy banki).
17. http://www.lex.uz (O'zbekiston Respublikasining qonunchilikdagi yangiliklar).
18. http://www.uzse.uz (Toshkent Fond birjasi)
19. Journal of Master in Finance and Strategy.
20. Journal of Investement banking.

C O N T E N T S

PRIMARY PROCESSING OF COTTON, TEXTILE AND LIGHT INDUSTRY