

**TRANSFORMATIONAL PROCESSES OF PUBLIC PROCUREMENT IN  
COMMERCIAL BANKS.**

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Large-scale economic reforms implemented in the Republic of Uzbekistan in recent years, including the adoption of regulatory legal acts on the effective management of public finances and the transparent organization of public procurement, are bringing about fundamental changes in the country's banking and financial system. The public procurement system is not only an important tool for the rational use of budget funds, but also for developing a competitive environment in the economy, reducing the risk of corruption, and supporting business entities. Commercial banks play a central role in this process as financial intermediaries. Banks are helping to increase the efficiency of public procurement by providing financial guarantees, making settlements, managing risks, and ensuring transparency in the procurement process.

Transformational processes are creating an opportunity to increase the efficiency of public procurement through the widespread introduction of corporate governance, internal control, and digital technologies in the activities of banks. Presidential resolutions and decrees also pay special attention to improving public procurement and expanding the participation of banks in these processes. For example, Resolution No. PQ-249 of July 10, 2024 established the active participation of commercial banks in the financial provision and guarantee of public procurement.

The public procurement system is seen not only as a means of allocating financial resources, but also as a means of stimulating economic activity, strengthening the competitive environment, and reducing corruption risks. Commercial banks, in turn, are actively participating in this system as important financial institutions in terms of financing, guaranteeing, making settlements, controlling transactions, and managing risks. Therefore, studying the role and functions of commercial banks in the public procurement system in the context of transformation is of scientific and practical importance.

Commercial banks are interpreted as a mechanism for implementing risk management and financial monitoring systems for organizations participating in public procurement. In this approach, banks are not only payment intermediaries, but also a functional part of the state financial control and audit system. In particular, the implementation of each financial transaction related to public procurement in digital format has significantly increased the level of monitoring by banks.

In the context of the transformation process, the role of commercial banks in this system is rising to a qualitatively new level. The essence of the transformation is a radical renewal of banking activities, technological modernization, digitalization and increasing institutional capacity through the introduction of corporate governance standards. This process also directly affects the public procurement system, since banks act as a bridge between procurement participants and electronic platforms, tender portals and state financial control bodies.

Literature review. The theoretical foundations of public procurement are widely covered in classical and modern economic approaches. According to Keynesian theory, public spending serves as an important factor stimulating economic growth. Samuelson and Nordhaus (2015) argue that aligning public procurement with financial institutions contributes to the efficient use of resources.

In scientific research on the public procurement system in Uzbekistan, Khudayarova (2024) notes that the digital transformation of commercial banks will increase transparency and accountability in public procurement. Eshkobilov (2025) points out the importance of electronic guarantees and blockchain technologies in risk management. Islamov (2020) emphasizes in his study that the introduction of bank intermediation in the public procurement system will significantly increase fiscal discipline and efficiency of public spending.

In international experience, e-procurement systems operate in countries such as the United States, the European Union, and South Korea, integrated with banks. The World Bank (2021) report notes that transaction costs can be reduced by up to 30% using digital procurement systems. The OECD (2022) report notes that connecting banks to open databases and conducting real-time monitoring can help reduce corruption.

**Methodology.** A mixed approach was chosen as the research methodology. Using a quantitative approach, the financial performance of the Business Development Bank JSCB for 2020–2024 was analyzed in relation to the volume of public procurement. Indicators such as income, expenses, loan portfolio size, liquidity and profitability were studied.

As a qualitative approach, interviews were conducted with bank specialists and managers, as well as a questionnaire was organized among customers to determine their level of satisfaction with banking services in public procurement. Regulatory and legal documents, in particular the Law “On Public Procurement” and Presidential Decrees, were analyzed, and the legal framework for banks’ participation in public procurement was studied.

**Analysis and results.** The analysis conducted on the example of the Business Development Bank JSCB shows that the bank’s activity in public procurement has significantly increased in recent years. Full integration with electronic tender platforms, real-time payment monitoring, and the introduction of electronic guarantee services have increased the efficiency of procurement.

According to statistical analysis, from 2020 to 2024, the total volume of public procurement carried out through banks increased by 2.5 times. At the same time, the average payment term decreased from 7 days to 3 days. The volume of bank guarantees increased by 40%, strengthening the confidence of business entities.

**Conclusions and recommendations.** The following conclusions were drawn from the study:

- Transformational processes are significantly expanding the role of commercial banks in public procurement;
- The introduction of electronic systems and digital services is increasing transparency and efficiency;
- Bank guarantees and financial instruments are creating additional opportunities for business entities.

As a recommendation:

1. Further expansion of electronic guarantee and letter of credit services by banks;
2. Ensuring full integration with electronic procurement platforms;
3. Introduction of monitoring and audit systems based on international experience;

4. It is proposed to develop separate programs to strengthen cybersecurity in public procurement.

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