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# ANALYSIS OF THE CURRENT STATE OF ATTRACTION OF INVESTMENTS IN COMMERCIAL BANKS OF THE REPUBLIC OF UZBEKISTAN IN THE PROCESS OF TRANSFORMATION

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**Annotation:** The process of reforming the banking system and transformation in the Republic of Uzbekistan has become one of the priorities of economic policy in recent years. As part of this process, special attention is paid to attracting foreign and domestic investments in commercial banks. The main goal of the transformation is to transform state – owned banks into financial institutions based on market principles, financially stable, competitive and attractive to investors. This article will provide feedback and feedback on the analysis of the current state of attraction of investments in commercial banks of the Republic of Uzbekistan in the process of transformation.

**Keywords:** Uzbekistan, commercial banks, transformation, investment, Eurobond, mortgage Bank, OTP Bank, digital technologies, international rating, financial stability, privatization.

The transformation process of the commercial banks of the Republic of Uzbekistan has become an important direction in economic reforms in recent years. This process is aimed at improving the financial stability of banks, improving the management system, strengthening their competitiveness and attracting foreign investment. In recent years, the capital of banks has increased by 1.8 times, and the volume of annual loan allocation has doubled. It was also the first time that four banks issued Eurobonds, attracting $ 1 billion in resources from international capital markets. The Mortgage Bank attracted a strategic foreign investor - OTP Bank of Hungary. 13 new private banks were established, prestigious banks of Hungary, Kazakhstan and Georgia began to operate in Uzbekistan. During the transformation process, banks are actively working in areas such as ensuring financial openness, wide implementation of digital technologies, obtaining assessments from international rating agencies and creating a favorable environment for investors.

Currently, several large state banks are actively involved in the transformation process in Uzbekistan. Among them are financial institutions such as Asaka Bank, Agrobank and Micro Kreditbank. In these banks, reforms aimed at attracting foreign investment and improving corporate governance are being implemented in stages. For example, during the transformation process of a Mortgage Bank, the European bank for reconstruction and Development (EBRD), the International Finance Corporation (IFC) and other international financial institutions invested in this bank. This played an important role not only in financial support, but also in the introduction of a management culture into the banking system based on international standards.

In recent years, in order to promote the development of the private sector in our country, to radically transform the banking sector to improve the investment attractiveness of banks, the popularity and quality of banking services, on May 12, 2020, the decree of the president of the Republic of Uzbekistan “on the strategy for reforming the banking system of the Republic of

Uzbekistan for 2020-2025"[1] PD-5992 was adopted, it consists in the implementation of complex changes in the banking system aimed at increasing the investment attractiveness of banks and the introduction of new standards of banking services.

The transformation process serves to increase investor confidence. In particular, banks are implementing measures such as ensuring financial openness, adapting the audit system to international standards, and strengthening the credit risk management system. At the same time, their receipt of ratings from international rating agencies is also increasing investment attractiveness. At the moment, the amount of foreign investment through the banking sector is increasing in Uzbekistan, which indicates the presence of a positive attitude towards the reforms carried out in the country.

At the same time, the current case analysis shows that there are still problems. In some banks, the quality of the debt portfolio remains low, digital services are not sufficiently developed, and employee qualifications do not fully meet the international level. Also, state control over some banks remains high, preventing them from functioning as fully independent market entities. Therefore, the next stage of reforms is the complete privatization of banks, further liberalization of their activities, and the reduction of state participation to a minimum.

In general, commercial banks of Uzbekistan are at an active stage of the transformation process, which gives significant positive results in attracting foreign investment. Banks are implementing strict reforms towards achieving financial stability, improving the quality of services and integrating into the international financial system. If the transformation continues, this process will serve not only to strengthen the banking sector, but also to attract large-scale investments to the economy of Uzbekistan, develop the private sector and increase the competitiveness of the financial system.

The process of transformation of commercial banks in the Republic of Uzbekistan includes several main areas, each of which is aimed at making the banking sector modern, competitive and attractive for investors. By reforming the management system of banks, strategic decision-making mechanisms are being improved. This, in turn, serves to make the activities of banks more efficient and transparent. And the introduction of the principles of corporate governance regulates the relations between stakeholders, including shareholders, customers and employees, in the activities of banks. These principles play an important role in achieving the strategic goals of banks.

By ensuring financial openness, banks provide complete and accurate information about their activities, which increases the confidence of investors and customers. As a result of the widespread use of digital technology, banking services are fast, convenient and safe, and are offered to suit the needs of customers. These technologies also help to reduce the operating costs of banks.

By obtaining assessments from international rating agencies, banks demonstrate their financial stability and reliability, which is an important indicator for foreign investors. And creating a favorable and stable environment for investors is an important factor in attracting investments in the banking sector, through which the stable growth of the economy is ensured. In general, reforms in these areas serve to improve the competitiveness of the banking sector of Uzbekistan, improve the quality of financial services and ensure its integration into the international financial system.

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[1] Decree of the president of the Republic of Uzbekistan No. 12.05.2020 PD-5992 "2020-2025 yillarga mo'ljallangan O'zbekiston Respublikasining bank tizimini isloh qilish strategiyasi to'g'risida" https://lex.uz/docs/-4811025

**In conclusion,** the transformation process of commercial banks of Uzbekistan serves to strengthen the financial sector, improve the quality of services and ensure integration into the international financial system. Measures such as an increase in the volume of capital and credit allocation of banks, the involvement of foreign investments, the introduction of digital technologies and the provision of financial openness serve to increase the competitiveness of the banking sector. In the future, stable development of the banking sector will be ensured by the privatization of banks, strengthening cooperation with international rating agencies and creating a more favorable environment for investors.

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