



MANAGEMENT OF THE COMPETITIVENESS OF A BANKING SERVICE

Rashidov Jamshid Khamidovich

PhD, Associate Professor of the Department of
«Management», Tashkent State University of Economics

E-mail: dloong1507@mail.ru

Abstract. The article considered the theoretical foundations of managing the competitiveness of a banking product, and analyzed the management of the competitiveness of a banking product in modern conditions, presented development prospects for improving the management of the competitiveness of a banking product.

Key words. Banking system, banking services, competitiveness, diversification of activities, business sector.

Introduction. The banking system is an integral part of the economy of the Republic of Uzbekistan. The development of this system is directly related to the economic performance of the country. On the one hand, the level of development of the state from an economic, technical and social point of view determines the level of development of the banking system, on the other hand, a highly developed banking system determines the financial well-being of the Republic of Uzbekistan.

The President of the Republic of Uzbekistan Sh.M. Mirziyoyev noted: “We will gradually reduce the share of state-owned banks due to the inflow of private and foreign capital into the banking system. This, in turn, will help to improve the competitive environment in the field, the activities of banks, the quality and culture of lending.

The main event in the development of the sphere was the adoption of the Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020-2025 and the Roadmap for its implementation. The document is based on the conclusions and recommendations of the World Bank based on the results of studying the current state of the banking system of Uzbekistan and is aimed at further improving its efficiency, ensuring financial stability, as well as reducing the state share in the banking sector, which significantly slows down the transformation.

In the course of the consistent reform of the financial sector, a number of measures have been implemented, as a result of which the necessary legal conditions have been created for conducting a progressive banking business and strengthening the competitive environment in the sector.

The level of development of the banking system can be assessed indirectly depending on the authorized capital and its dynamic value. However, for a more detailed analysis, it is necessary to carefully consider individual components, including the bank's activities in various areas. Only such an approach will make it possible to determine the competitiveness of the bank and develop appropriate recommendations to improve its efficiency.

One of the most important indicators of the bank's activity is the annual profit. This indicator is directly related to banking products, in particular services provided to individuals, so it is important to constantly update the offer and expand the range, taking into account the needs of different segments of the population. Timely analysis of banking products will help prevent unwanted losses associated with the financing of unprofitable projects that have lost their relevance against the

background of the consistent development of new technologies. The developed development strategies and recommendations, in turn, will serve to increase the bank's authorized capital and increase its competitiveness in the domestic and world markets. Thus, based on the foregoing, we can conclude that the topic of this master's thesis: "Managing the competitiveness of a banking product" is relevant.

The theme of the work determines the object and subject of research. The object of study within the framework of this MD is JSCB "Microcreditbank".

However, the sustainable development of the banking system is impossible without an efficiently functioning market for banking products. This is due to the fact that the provision of products and services by banking organizations serves as the functional basis for the activities of banks.³ The banking system loses its stability if it is not able to fully perform its functions and effectively provide banking products to customers.

Methods. The study used deductive and inductive methods, methods of scientific observation, comparison, analysis and synthesis, statistical grouping, sample observation, social surveys, comparisons and other methods.

Result. According to preliminary data, in 2020, the volume of gross domestic product (hereinafter referred to as GDP) of the Republic of Uzbekistan at current prices amounted to 580 trillion. 203.2 billion soums and increased by 1.6% compared to 2019. The GDP deflator index compared to 2019 prices amounted to 111.9 percent.

The volume of GDP per capita in 2020 amounted to 16.9 billion soums at current prices (or the equivalent of 1,685.5 thousand US dollars) and decreased by 0.3 percent compared to the same period in 2019.

At the end of 2020, the volume of production of goods in the structure of GDP amounted to 341 trillion. 467.5 billion soums, in the provision of services, gross value added amounted to 194 trillion soums. 363.5 soums, and net taxes on products amounted to 44 trillion 372.2 billion soums.

The volume of gross value added created in all sectors of the economy amounted to 92.4% of the total GDP and increased by 1.7% (the impact on absolute GDP growth was 1.5%). The share of net taxes on products in the structure of GDP amounted to 7.6% and increased by 1.4%.

In 2020, there was a decrease in investment activity, the growth rate of assimilated investments in fixed assets amounted to 91.8 percent compared to the corresponding period last year.

Table 1.

Dynamics of gross value added of the industrial sector in 2020

	billion soums	Growth pattern, in percent
GDP	580 203	101,6
Gross value added of industries	535 831	101,7
Agricultural, forestry and fishing	151 251	103,0
Industry	152 728	100,7

Mining and ore development and development of open deposits	23 140	78,1
processing industry	116 839	107,1
Other industries	12 749	110,5
<i>Electricity, gas, steam and air conditioning</i>	11 769	112,5
<i>Water supply, sewerage system, waste collection</i>	980	92,1
Construction	37 489	109,2
Services	194 364	100,1
<i>Trade Services, Catering Services and Catering Services</i>	37 194	100,1
Transportation and storage, information and communications	38 531	97,8
<i>Other service industries</i>	118 638	101,0
Net taxes on products	44 372	101,4

In 2020, investments in fixed assets were mastered in the amount of 202.0 trillion. soums, of which 65.4 percent or 132.0 trillion. soums were financed from borrowed funds, and 34.6 percent or 70.0 trillion. Soums are financed at the expense of own funds of the enterprise, organization and population.

In the total volume of investments, the share of investments in fixed assets financed from centralized sources of financing decreased by 8 percent compared to the previous year, amounting to 19.5%, or 39 trillion. 310.2 billion soums.

Table 2.

Investments in fixed capital in the Republic of Uzbekistan in 2020

Investment structure	billion soums
Centralized investments	39 310
Total disbursed investments in fixed assets	202 000
Decentralized investments	162 670
Foreign loans guaranteed by the Republic of Uzbekistan	22 467
Foreign investments and loans disbursed into fixed assets	86 647
Direct foreign investments and loans	64 180

Accordingly, 162 trillion rubles will be assimilated from decentralized sources of financing. 289.9 billion soums or 80.5 percent of total investments, compared to the corresponding period last year, this figure increased by 8 percent.

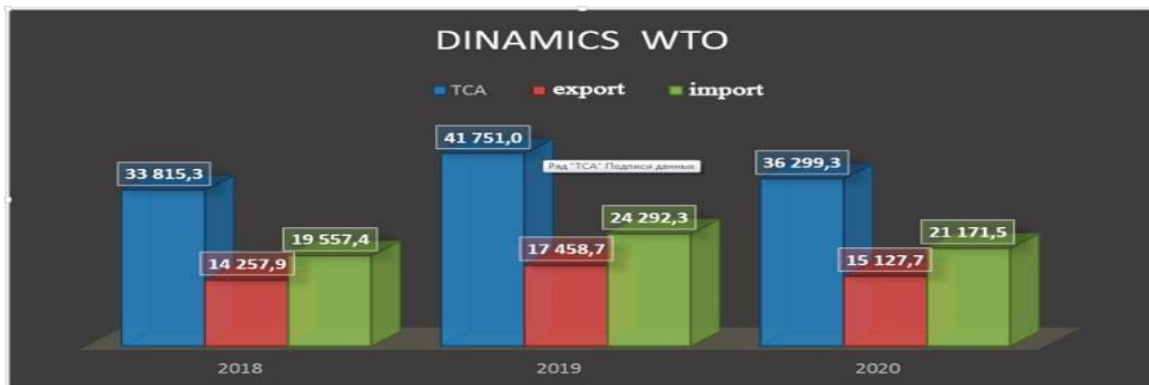
In the structure of enterprises and organizations operating in the service sector, enterprises and organizations engaged in trading activities occupied a high position, that is, 42.7 percent. The share of enterprises and organizations providing housing and catering services amounted to 9.7 percent. In the structure of enterprises and organizations operating in the service sector, the share of enterprises and organizations engaged in transport and storage activities reached 5.6 percent. The share of enterprises and organizations engaged in information and communication activities in the structure of enterprises and organizations operating in the service sector amounted to 3.1 percent. The share of enterprises and organizations operating in the field of healthcare, as well as social services, amounted to 3 percent.

Trade - 42.7
Other types of services - 35.9
Housing and catering -9.7
Transportation and storage - 5.6
Information and Communications-3.1
Healthcare-3.0.

The final result of the reforms carried out in the country's foreign economic activity, in particular, in the foreign trade sphere, has a direct impact on the standard of living of the population. The reforms being carried out in our country contribute to the accelerated growth of trade relations with foreign countries. In particular, the decisions taken to increase the country's export potential allow domestic companies to gain more experience in foreign markets. They will eventually gain a competitive advantage in world trade. At the end of 2020, the foreign trade turnover of the Republic (hereinafter referred to as the WTO) amounted to 36,299.3 million US dollars compared to the corresponding period in 2019, it decreased by 5,451.7 million US dollars, or 13.1 percent.

Pic. - 1. Dynamics of the WTO¹

The volume of exports to the WTO amounted to 15,127.7 million US dollars (decreased by 13.4%), while the volume of imports amounted to 21,171.5 million US dollars (decreased by 12.8%). During the reporting period, a passive foreign trade balance was registered in the amount of 6,043.8



million US dollars.

Table 3.

Key performance indicators of commercial banks of the Republic of Uzbekistan

billion soums

The name of indicator	Total	Of them:				Particularly in foreign currency
		Banks with a state share		Banks without a state share		
		Sum	share, in percent	Sum	share, in percent	
Assets	366 121,1	310 729,5	84,9	55 391,6	15,1	183 927,2

¹ Statistical data of the State Committee of the Republic of Uzbekistan on statistics

Loans	276 974,8	244 483,9	88,3	32 490,9	11,7	138 106,4
Deposits	114 746,9	82 460,8	71,9	32 286,0	28,1	49 428,5
Capital	58 351,3	48 995,3	84	9 356,0	16,0	335,3

In this table. 3. presents the main performance indicators of banks with and without a state share in the capital, including the dynamics of the volume of their assets, loans, deposits and capital, as well as the equivalent of a part of these indicators in foreign currency.

2020 was marked by an increase in the assets of the banking sector, as well as an increase in deposit services. Thus, the growth dynamics of the deposit base in banks showed higher rates compared to the growth rates of other key indicators of the banking sector.

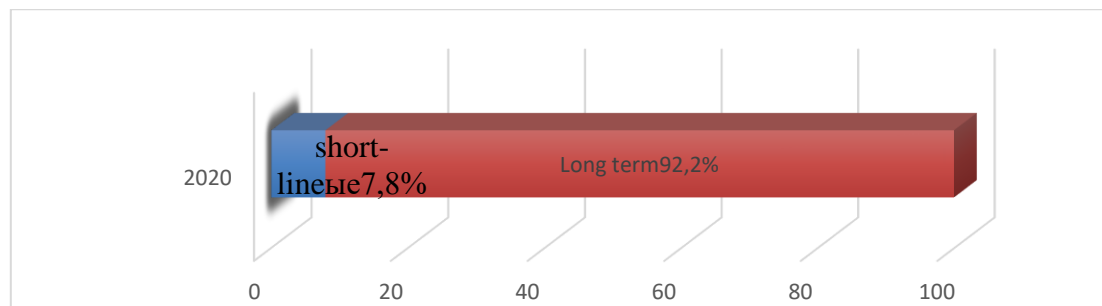
The total volume of deposits in commercial banks in 2020 increased by 26% compared to the same period last year and amounted to 114.7 trillion soums.

Total capital of the local banking system at the end of 2020 increased by 14% and amounted to 58.4 trillion. sum.

Analyses. Joint-Stock Commercial Bank “Microcreditbank” focuses its activities on creating new jobs through the development of small businesses and private entrepreneurship, enhancing self-employment, family business and home work. financial services. The bank is actively involved in lending to the real sector of the country's economy, regularly increasing the volume of the loan portfolio. The bank's loan portfolio in the reporting year amounted to 8,539.8 billion soums, an increase of 78.9% compared to 2019. Its share in the total assets amounted to 83%.

In the structure of the loan portfolio, the volume of long-term loans increased by 75.0% to 7,870.9 billion soums, which amounted to 92.2 percent of the total volume of loan investments. Over the past period of 2020, loans were allocated in the amount of 5,521.4 billion soums, of which the share of short-term loan investments was 19.5 percent.

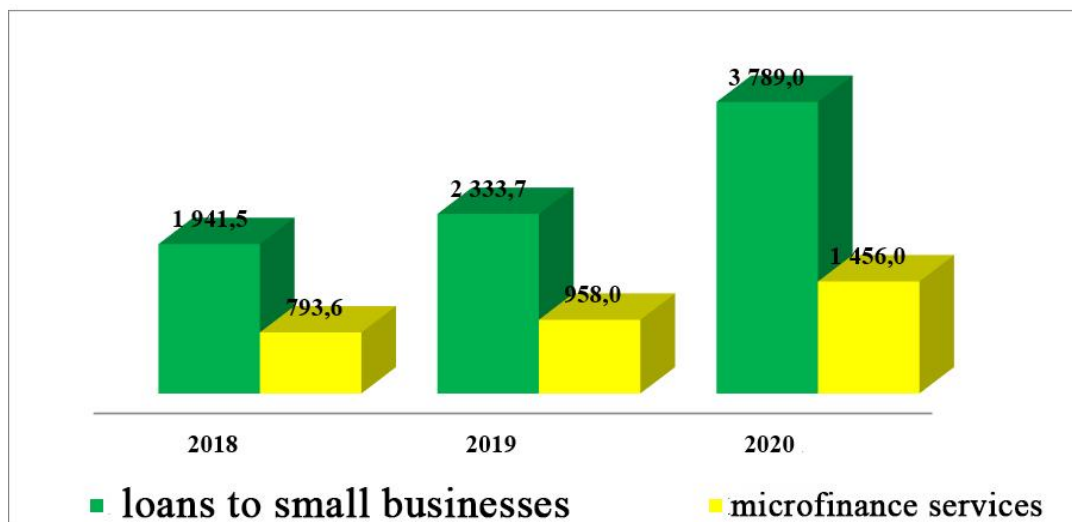
As a result of the implementation of these measures, the weight of short-term credit investments in the loan portfolio reached 7.8 percent.



Pic 2. Structure of the loan portfolio by industry

In the sectoral analysis of the loan portfolio, the largest share fell on the industrial sector of the real sector of the economy and amounted to 26.2 percent. In addition, agriculture accounted for 25.4 percent, services - 17.3 percent, trade and public catering - 8.9 percent, transport and communications - 6.3 percent, construction - 4.4 percent and other industries - 11, 5 percent.

Financial support for small businesses and private entrepreneurship is by far the dominant area of banking. Due to all sources of financing, small businesses in 2020 were allocated loans in the amount of 3,789 billion soums to 52,521 customers, and more than 59,000 jobs were created. At the same time, microfinance services were provided to 50,988 clients in the amount of 1,456 billion soums.



Pic 3. Loans provided by small businesses and microfinance services provided (billion soums)

In order to introduce new types of digital and remote banking services, a system for issuing loans "Overdraft", "Online microloan" for the population and "Biznes Online" for business entities has been introduced, allowing the population to receive loans based on scoring analysis through the applications "Mobile banking" and "Internet banking" to replenish working capital without any documents. During 2020, loans in the amount of USD 12.9 billion were allocated to 387 business entities under this loan product.

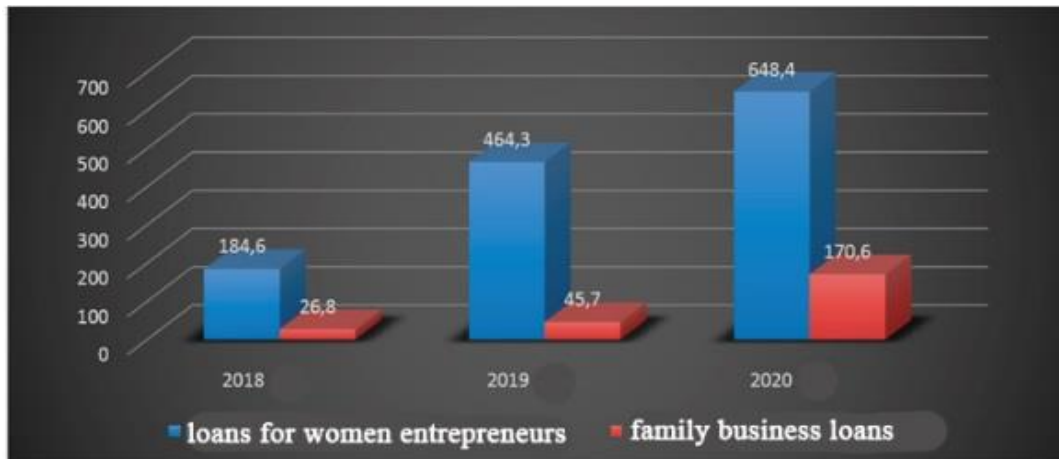
In order to develop rabbit breeding in our country, over the past period, 3,091 clients were allocated loans in the amount of 240 billion soums, of which 371 legal entities - 188.2 billion soums, 2,720 individuals for the development of domestic rabbit breeding - 51.8 billion soums . Of these, during 2020, 1,710 legal entities and individuals were allocated loans in the amount of 167.3 billion soums.

In order to breed purebred rabbits and develop rabbit breeding in the republic, the hicolle breed was brought from the Russian Federation. 17 thousand 200 heads of rabbits were delivered to the rabbit breeding farms of the regions. At the end of the year, the number of rabbits raised by the population and rabbit farms exceeded 1.5 million heads.

In accordance with the instructions of the President of the Republic of Uzbekistan on organizing the activities of the Scientific and Genetic Center for Rabbit Breeding in the Tashkent region, the Ministry of Innovative Development, the State Committee of the Republic of Uzbekistan

for Veterinary Medicine and Livestock Development and the joint-stock commercial bank “Microcreditbank” established the “Center rabbit breeding and genetics”.

In 2020, 2,550 jobs were created through the financing of projects in the field of rabbit breeding, of which 1,437 representatives of households who expressed a desire to engage in rabbit breeding were provided with employment.



Pic 4. Loans allocated to women entrepreneurs and family businesses (billion soums)

JSCB "Microcreditbank" organizes work on financial support of women's entrepreneurship together with the Women's Committee of Uzbekistan, the Association of Business Women of Uzbekistan "Tadbirkor".

About 45 percent of business entities using bank loans are women entrepreneurs. In order to increase the efficiency of work in this direction, the bank, together with the Women's Committee of Uzbekistan, is implementing the project "Microcredits to improve the well-being of the family."

In pursuance of the decree, in order to support women's entrepreneurship during 2020, loans in the amount of 648.4 billion soums were allocated for the development of women's entrepreneurship. A large share of loans was directed to the purposes of production, provision of services and production of agricultural products.

During 2020, in the direction “Every family is an entrepreneur”, the Bank allocated loans to 42,051 clients in the amount of 1,109 billion soums.

Of these, in order to support youth entrepreneurship, 413.7 billion soums were allocated to finance 18,829 youth projects. funds were directed and employment was provided for more than 19 thousand young people.

Also, in accordance with the Decree of the President of the Republic of Uzbekistan dated June 27, 2018 No. UP - 5466 “On the state program“ Yoshlar - kelajagimiz ”, assistance was provided in the implementation of business initiatives, start-ups, ideas and youth projects.

In particular, in pursuance of the Decree “On the state program “Yoshlar – kelajagimiz”, a total of 121.9 billion soums were allocated for 461 youth projects and 1,197 young entrepreneurs were employed.

Discussion. The joint-stock commercial bank "Microcreditbank" was established by the Decree of the President of the Republic of Uzbekistan No. PF-3750 dated May 5, 2006 and the Resolution of the Cabinet of Ministers No. 78 "On the establishment of a joint-stock commercial bank". In order to organize the effective operation of the bank "Microcreditbank" and strengthen its financial technical base The Bank cooperates with international financial institutions and foreign commercial banks.

The main shareholders of the bank: the Ministry of Finance of the Republic of Uzbekistan, the Fund for Reconstruction and Development of the Republic of Uzbekistan, as well as enterprises in the basic sectors of the economy.

The subject of banking activity is money, currency values and other financial instruments. The maximum effective implementation of the functions of money is the subject of banking.

The Bank is a commercial organization whose main purpose is to make a profit, and it is independent in making decisions regarding banking operations. The Bank is a universal bank and is part of the unified banking system of the Republic of Uzbekistan.

Reference.

[1]. Aganbegyan, A.G. Finance, budget and banks in the new Russia / A.G. Aganbegyan. - Moscow: Delo Publishing House, RANEP, 2019. - 400 p.

[2]. Alekseeva, D. G. Bank deposit and bank account. Calculations: a textbook for secondary vocational education / D. G. Alekseeva, S. V. Pykhtin, R. Z. Zagirov; executive editor D. G. Alekseeva, S. V. Pykhtin. - Moscow: Yurayt Publishing House, 2020. - 243 p.

[3]. Banks and banking operations: textbook and workshop for universities / VV Ivanov [and others]; edited by B. I. Sokolov. - Moscow: Yurayt Publishing House, 2021. - 189 p.

[4]. Banking at 2 hours. Part 1: textbook and workshop for secondary vocational education / V. A. Borovkova [and others]; edited by V. A. Borovkova. – 5th ed., revised. and additional - Moscow: Yurayt Publishing House, 2021. - 422 p.

[5]. Banks and banking at 2 pm Part 2: textbook and workshop for universities / V. A. Borovkova [and others]; edited by V. A. Borovkova. – 5th ed., revised. and additional - Moscow: Yurayt Publishing House, 2021. - 189 p.

[6]. Banking management: textbook / Ya.Yu. Radyukova, O.N. Chernyshova, A.Yu. Fedorova [i dr.]. - Moscow: INFRA-M, 2020. - 379 p.

[7]. Banking: textbook / ed. Dr. Econ. sciences, prof. G. G. Korobova. - 2nd ed., revised. and additional - M. : Master : INFRA-M, 2019. - 592 p.

[8]. Banking at 2 hours. Part 1: a textbook for universities / N. N. Martynenko, O. M. Markova, O. S. Rudakova, N. V. Sergeeva; edited by N. N. Martynenko. - 2nd ed., Rev. and additional - Moscow: Yurayt Publishing House, 2021. - 217 p.

[9]. Yuldashev N. K. et al. Formation of clusters is a priority direction of innovative development of the agricultural sector of Uzbekistan //IOP Conference Series: Earth and Environmental Science. – IOP Publishing, 2022. – T. 949. – №. 1. – C. 012070.

[10]. Djurabaev O. D., Rashidov J. K. The main directions of effective management and development of the beekeeping industry //E3S Web of Conferences. – EDP Sciences, 2021. – T. 282. – C. 02002.

[11]. Rashidov J. Kh. Collection of abstracts of the international scientific-practical conference "The role of management and corporate governance in the formation of the digital



economy in Uzbekistan." TDIU, May 20, 2020. Pages 123-125". The effectiveness of the introduction of digital technologies in the management system.

[12]. J.Rashidov, Sh.Xamraeva, T.Shaybekov «Economics and Finance». Scientific jornal. Issue 10. 2018. 35-39 p. Classification of indicators of technical potential assessment and formulation metodological taskc

[13]. J.Rashidov Tursunboev U.Sh. Holmatov A.Sh.Financial development, real sector and economic growth. Vysshaya shkola. Nauchno-prakticheskiy journal. № 9. 2018. Ufa. 13-14 p.