

**Analysis of attraction and distribution of attracted resources  
of international financial institutions**

**Sultonmurodov Bobir Bakhodirovich**

*Acting Director of the Green Banking Department  
JSCB "Uzpromstroybank"*

**Article history:**

*Received: 28<sup>th</sup> January., 2022*

*Accepted: 29<sup>th</sup> January., 2022*

*Published: 31<sup>th</sup> January., 2022*

**Abstract.** *Commercial banks, like other subjects of economic relations, must have a certain amount of money, i.e. resources, to ensure their commercial and economic activities. The resources of commercial banks are necessary active elements of banking activity. A commercial bank, on the one hand, attracts free funds of legal entities and individuals, thereby forming a resource base, and on the other hand, places it on its own behalf at its own risk on the terms of repayment, urgency, and payment. According to the method of formation, all the resources of a commercial bank are divided into their own and borrowed (attracted). The main source of resources of commercial banks are attracted funds, which make up about 70-80% of all banking resources.*

**Key words:** *commercial bank, economic activities, attracted funds, banking resources, to attracts free funds, borrower, international financial institutions.*

IFIs are important parts of the international financial system. Being a source of "long money", IFIs provide countries (both shareholders and others) with the opportunity to mobilize resources for the implementation of long-term strategic projects, as well as contribute to the introduction and dissemination of the best global practices of structural reforms and the development of new areas of lending (for example, "green" financing). During an economic downturn and a slowdown in the investment activity of residents of IFIs, as a rule, maintain or increase the volumes of their portfolios, thereby supporting economic activity in the countries where they operate. In recent years, IFIs have begun to actively increase their portfolios.

This is due both to an increase in lending to infrastructure projects and to the participation of IFIs in lending to national ones. International financial institutions: European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Asian Development Bank (ADB), International Bank for Reconstruction and Development (IBRD), etc. actively participate in the life of commercial banks of the Republic of Uzbekistan.

Credit lines of international financial institutions (IFIs) are the main sources of long-term financing of investment projects, including in the field of energy efficiency.

Due to the pandemic, there are changes in the trends in the development of the lending market. Thus, in 2020, the growth of the retail sector's loan portfolio accelerated by 37.4%, where the main growth is accounted for mortgage loans, car loans and microloans (the growth rate of which reached 80.6%). This trend will continue in the long term, due to COVID-19 and the process of transformation of the banking system into a new model with a focus on the development of retail lending.

In 2020, the volume of micro-loans to legal entities also has a significant increase (15.6%), which is explained by the increased need to cover the liquidity of economic entities. Microcredit is

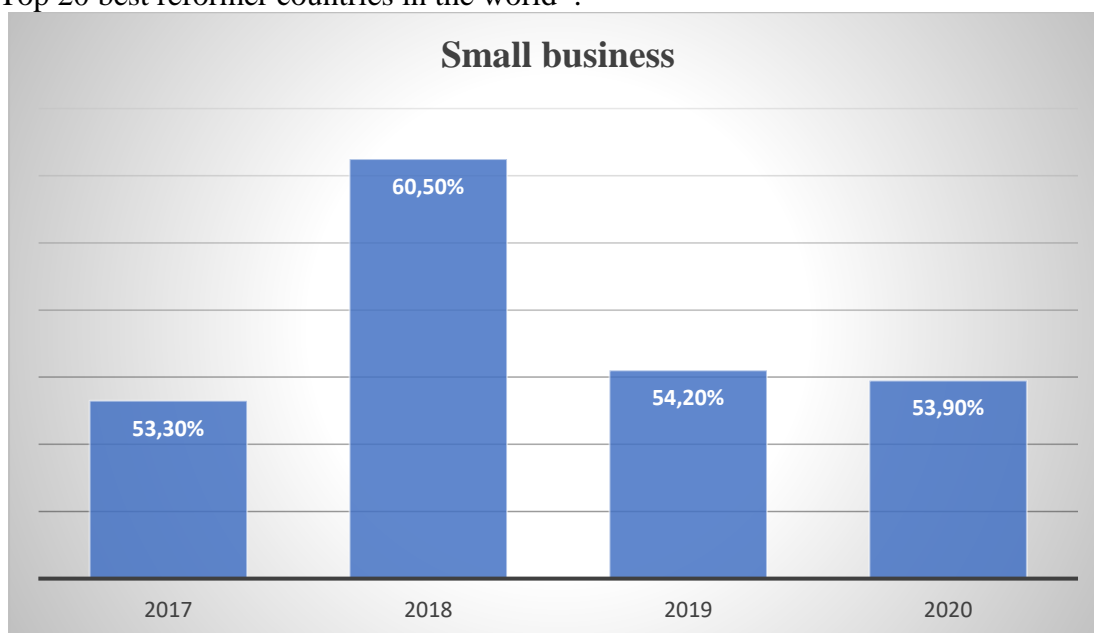
becoming the most priority area for banks, since during the transformation period banks began to take into account the liquidity gap between short-term deposits and long-term loans. The share of microcredit in 4.7%, which is more than the share of interbank, syndicated loans and leasing with factoring combined, also contributes to the high growth prospects of this segment.

The pandemic has contributed to the creation of deferred demand for investment projects. According to the updated reports of such major international financial organizations as the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB), the World Bank (WB) and the International Monetary Fund (IMF), the economic growth of the Republic of Uzbekistan slowed significantly in 2020 (Table 1)<sup>1</sup>.

**Table 1. Comparative table of economic growth forecasts**

| № | International financial organizations | 2019 | 2020 | 2021      |
|---|---------------------------------------|------|------|-----------|
| 1 | EBRD                                  | 5,6% | -2%  | 4,5%      |
| 2 | ADB                                   | 5,6% | 0,5% | 6,5%      |
| 3 | WB                                    | 5,6% | 0,6% | 4,3%      |
| 4 | IMF                                   | 5,5% | 1,6% | 5%        |
| 5 | CB of Uzbekistan                      | 5,6% | 1,6% | 4,5%-5,5% |

Positive changes are recognized by international financial organizations. In particular, in the report of the World Bank and the International Finance Corporation "Doing Business 2020", the Republic of Uzbekistan ranked 69th, and in terms of the scale and effectiveness of the reforms carried out in the Top 20 best reformer countries in the world<sup>2</sup>.



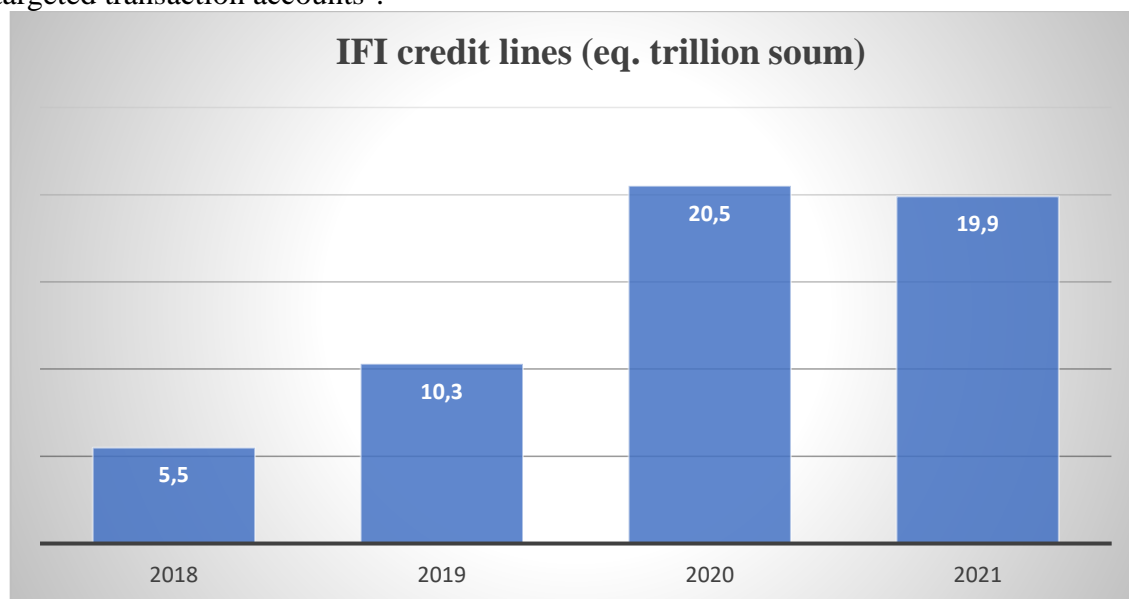
According to the Central Bank of the Republic of Uzbekistan, in 2017, eq. 19.6 trillion soums were allocated for the development of entrepreneurial activity. In 2018, the volume of lending increased 1.6% times compared to 2017 and reached eq. 30.7 trillion soums. In 2019, the allocated

<sup>1</sup> Forecast data of the IFI and the Ministry of Finance of the Republic of Uzbekistan

<sup>2</sup> Goskomstat of the Republic of Uzbekistan

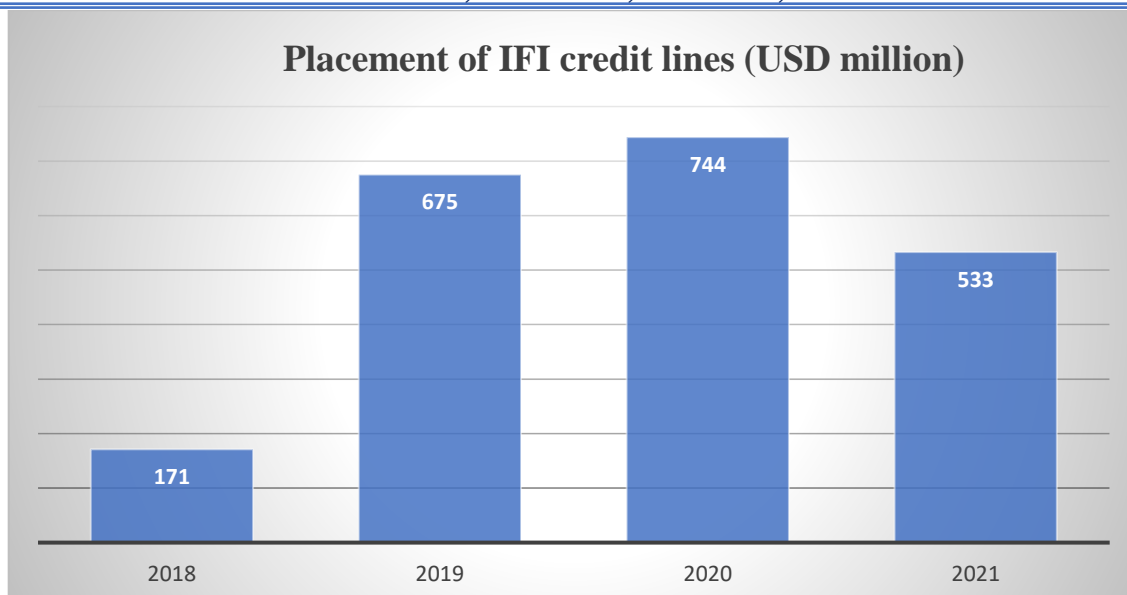
loans to small businesses amounted to eq. 55.4 trillion soum (increased by 80.5%), which allowed small businesses to actively develop, i.e. significantly increase the volume of development of attracted funds of IFIs. In 2020, the volume of lending to small businesses amounted to eq. 19.4 trillion soum, which decreased by 12.7% compared to the same period in 2019. This, in turn, is also explained by the decline in the activity of the placement of attracted IFI funds during the quarantine measures.

Using the example of the Uzpromstroybank JSCB (here in after referred to as the Bank), one can see the dynamics of the growth of attracted funds of IFIs. To date, the Bank is actively developing the passive part, focusing on small and large funds, including attracted funds from IFIs, as this is considered a stable source of funds, allowing it to concentrate on creating a set of passive products using targeted transaction accounts<sup>3</sup>.



Analyzing the diagram, we can conclude that in 2018, the amount of IFI's loan funds amounted to eq. 5.5 trillion soum, in 2019, the amount of IFI funds amounted to eq. 10.3 trillion soum, and this indicates that there has been a significant increase in attracting IFI funds, the growth was +87%. In 2020, the amount of attracted IFI loan funds amounted to eq. 20.5 trillion soum, and by the end of 2021, this amount decreased and amounted to eq. 19.9 trillion soum (decrease by 12%). The situation related to COVID-19, which covered the whole world, affected the decline in attracting IFI funds. Also, using the example of the Uzpromstroybank JSCB (hereinafter referred to as the Bank), you can see the disbursement of IFI funds. To date, the Bank is actively developing active operations, focusing on increasing income from active operations.

<sup>3</sup> <https://www.sqb.uz>



Analyzing the data, we can conclude that in 2018 the amount of disbursed loan funds IFIs was 171 million USA, in 2019 the amount of development amounted to the \$ 675 million USA, and this reflects a significant increase in the utilization of MFIs, the increase was +295%. In 2020 disbursed loan funds IFIs amounted to 744 million USA, in 2021 the amount of development amounted to 533 million USA and this reflects a significant decrease in the absorptive IFIs, the decrease amounted to - 3%. As well as the situation with attraction, the situation related to COVID-19 affected the decrease in the disbursement of the funds raised by the IFI.

Taking into account the above and the current difficult period, commercial banks need to pay due attention to the activation of the competent placement of attracted IFI funds. To do this, first of all, it is necessary:

- manage your financial situation wisely in accordance with sound banking and financial policies. In accordance with this, the bank will comply with the requirements of the regulator;
- continue to implement a client-centric approach of the business, which allows to fully meet the needs of the client in banking products and services;
- development of the existing business model with a special emphasis on an individual client approach based on industry specifics and an in-depth understanding of the client's needs;
- active participation in the economic development of the country and strategic national projects, providing its corporate clients with a wide range of opportunities for infrastructural transformations of system-forming industries by providing banking services in accordance with international standards;
- improving the efficiency of clients' business through knowledge of the industry specifics of each corporate client and the use of the most relevant banking instruments;
- creation of structural financing, which will ensure the attraction of direct investments and loans from foreign financial institutions to finance projects of corporate clients without affecting the bank's balance sheet.

Summing up, it can be concluded that the key tool for the effective implementation of the system of timely and competent disbursement of funds is to increase the potential of employees, the competent allocation of human, time and financial resources of the bank.

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