

**ADVANCED FOREIGN EXPERIENCE IN THE DEVELOPMENT OF  
INVESTMENT ACTIVITIES OF COMMERCIAL BANKS.**

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**Abstract:** This article analyzes the investment activity of commercial banks, advanced foreign experience in the development of investment activity of commercial banks. Based on the literature analysis and the results of the conducted research, scientific and practical proposals for further development of the field are given.

**Key words:** world banking, investment, diversification, Chinese bank, capital

**Enter**

In developed countries, the main source of financing the investment activities of commercial banks is time and savings deposits attracted from customers. This is because, firstly, capital is a relatively expensive form of financing the activities of commercial banks; secondly, according to the essence of the activity of commercial banks, they are commercial organizations engaged in attracting temporary free funds of residents and enterprises to deposit accounts and placing them in the form of loans and investments. In the resource base of banks of developed countries, clients' funds occupy a high weight. In particular, in Finland and Italy, more than 30% of the total bank liabilities correspond to the funds of clients (including individuals). This figure is 80% in Japan and China.

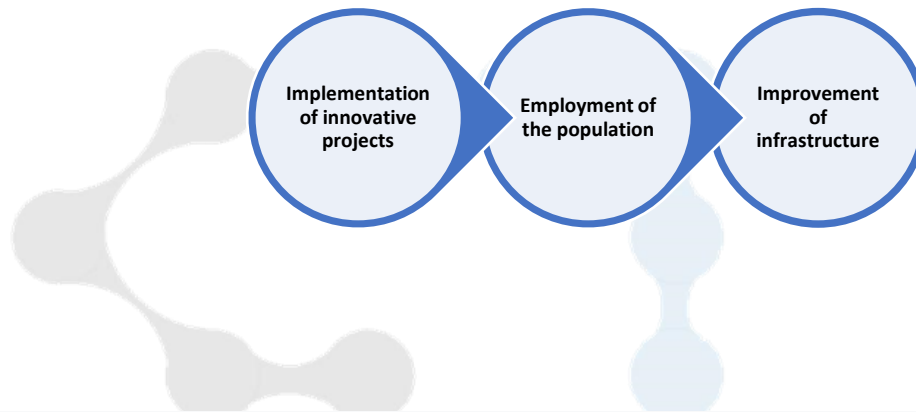
Investments in securities are an important component of investment activity in banking practices of developed countries.

In the development of investment activities in foreign banks, the main attention is paid to the correct assessment of risks. It is followed by an excellent management strategy, accuracy in decision-making, a large amount of initial capital, and a realistic and honest relationship with customers. Investments are the main source of income in the assets of a foreign bank, and short- and long-term loans, investments in government and company securities, as well as factoring, trust, forfeiture, leasing and credit-rental operations can be included.

Investment activity can help not only individuals, but also the entire country to achieve economic well-being. Economists and industry experts have given several

opinions about the investment activities of commercial banks. The authors thoroughly analyzed the investment activities of commercial banks, their types and the impact of these activities of banks on the economy.

### **The role of investment activity in the country**



### **Research methodology.**

In order to research the investment activity of commercial banks, comparative analysis, statistical data study, data grouping, induction and deduction methods were used.

### **Analysis and results.**

The results of the research showed that investments made by banks in securities are 16.2% in French commercial banks, 15.5% in Germany, 23.8% in Italy, 7.8% in Great Britain, 23% in Spain, 8%, in the USA - 2.2%, in Belgium - 6.4%, in Japan - 10.2%. Due to the insufficient development of the financial market in our republic, commercial banks mainly participate in the financing of investments with long-term loans.

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The return of the funds spent by the investor in the implementation of investment activities and the income received in relation to it is considered valuable. It depends on the conditions created for the investor. These banks are usually divided into large and small banks according to their investment portfolios.

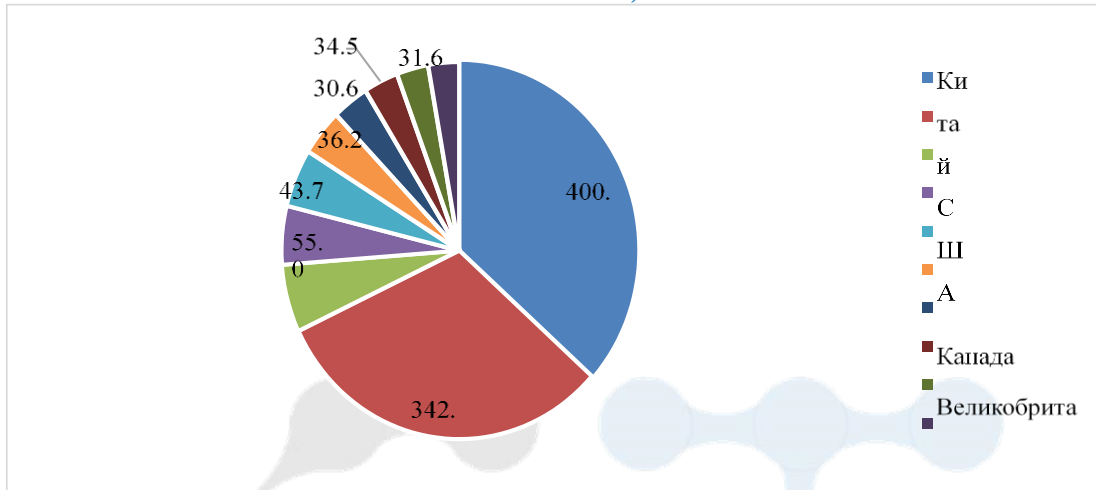
**The largest banks in the world at the end of 2023.**

In the ranking of the countries with the most profitable banking system, China, USA, Great Britain and France are among the European countries.

<b>Рейтинг</b>	<b>Банк</b>	<b>Мамлакат</b>	<b>Банкнинг асосий капитали (млрд АҚШ долларда)</b>
1	ICBC	КНР	508,848
2	China Construction Bank	КНР	404,322
3	Agricultural Bank of China	КНР	377,137
4	Bank of China	КНР	341,245
5	JP Morgan Chase	США	246,162
6	Bank of America	США	196,465
7	Citigroup	США	169,568
8	Wells Fargo	США	159,671
9	HSBC Holdings	Великобритания	156,292
10	Communication bank	КНР	150,742

**The most profitable banking systems of the countries**

*(in billion dollars).*



The characteristic features of the development of the Chinese banking system are its high concentration, which has slightly decreased in recent years, which indicates the increased competition in the market of banking services and the decreasing share of large commercial banks.

The results of analyzes and studies show that in the practice of foreign banks, determining the state of bank investment is carried out at the micro and macro levels. Determining the efficiency of bank investments at the micro level serves the interests of banks' shareholders, depositors and investors.

#### Types of investment activities of foreign commercial banks

Helping companies with their initial IPO

Issuing bonds to finance their companies with debt capital

Bond insurance

The research results show that the investment activity of commercial banks can be large-scale, and this activity can contribute not only to enterprises, but also to the development of the economy as a whole.

#### Conclusions and suggestions:

In short, the investment activity of commercial banks is important for the country's economy. In the practice of foreign banks, determining the efficiency of bank assets is carried out at the micro and macro level. Micro-level determination of bank investment activity serves the interests of banks' shareholders, depositors and investors. At the macro level, it is evaluated by indicators such as the share of

investment in total assets and the ratio of assets at risk to GDP, the state of the country's balance of payments, and the volume of loans per capita.

- the theoretical foundations of the development of investment activities of commercial banks is a multifactorial process, about which a number of classical and neoclassical economic theorists directly or indirectly put forward teachings. In particular, A. Smith emphasizes that the presence of division of labor is important for increasing the efficiency of bank assets. According to him, the division of labor in society binds people together based on their mutual interest, which provides an opportunity to exchange financial and material resources between them;
- according to the teachings of economic theorists, each bank is selfish in terms of increasing its profit, banks implement different strategies to increase their profit in the financial markets;
- one of the representatives of economic theorists, French P.J. Proudhon advocated the doctrine that banks should give interest-free loans. This teaching of his is contrary to the teaching within the scope of increasing the investment activity of banks and has not found its positive result in practice;

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