

IMPROVEMENT OF STATE REGULATION OF THE BANKING SYSTEM

<https://doi.org/10.5281/zenodo.14948188>

Safarov Qalandar Saymahmudovich

Candidate of Economic Sciences, Associate Professor, Head of the Department of Finance and Banking, Dangarin State University.

E-mail: safarov.kalandar@mail.ru

Ikromi Fazliddin Nuriddin

Candidate of Economic Sciences, Associate Professor, Doctoral Student, Department of Finance and Insurance, Tajik National University.

E-mail: fazliddin-91-91@mail.ru

Abstract

The article examines the role of the state in regulating the banking sector and its impact on the stability of the banking system of the Republic of Tajikistan. It is justified that the regulation of the banking sector by the state is one of the main factors of its stability and reliability, and its further strengthening depends on the economic policy of the state. The authors proposed a number of recommendations to increase the role of the state in regulating the banking sector.

Keywords

National Bank of Tajikistan, banks, banking sector, banking activities, state regulation, credit institutions, commercial banks, state banks.

The economy has been in the hands of the state for centuries. The banking sector is governed economically by various laws and regulations. Therefore, the basic basis for regulating the banking monetary system is inside the systemic state instructions, regulations, laws and relevant industry documents.

In the banking sector, the basic basis is the Law of the Republic of Tajikistan "On Banking" was adopted on May 19, 2009 under No. 524, which has 59 articles.

Practice shows that the regulation of the monetary system today has two main aspects:

1) conceptual aspect (general assessment of the role of the state in the economy and justification of the necessary level of state intervention in the process of economic relations);

2) technical aspect (development of specific measures providing the basis for achieving the set goals and desired results).

For several centuries, the conceptual aspect of the problem of state regulation of the economy and its applied issues lay in the perspective of a heated discussion of representatives of various economic schools. In a market economy, the idea of state regulation of the economy is very important, and it is aimed at anti-crisis regulation of the economy. In the wake of the global crisis, A.D. Smith's "invisible hand" theory showed its flaws. In particular, in the past crises of the 20th century. In the capitalist world, many researchers have put forward such ideas that the great depression of 1929-1933 in the USA, the theory of the "invisible hand" did not play a significant role in regulating the economy and the market [7, P-63].

Many researchers believe that the economic crisis has become not just a reason, but a prerequisite for the formation of a system of state regulation in a market economy. Government regulation of the economy expanded after the 1930s, and the term "mixed economy" appeared as a new phenomenon in economic theory. Thus, the driver of the economy in a crisis is a mixed economy, it is this form of farming that makes it possible to ensure economic growth.

With general agreement on the need for state regulation of the economy between different processes of economic science, there are different views on the role of the state in regulating economic relations. This aspect is reflected in the economic policy of each country.

The analysis shows that there is a direct relationship between the economic policy of the state and the level of development of market relations. The higher this level, the greater the influence of the state on market mechanisms and regulators.

The state becomes the sole and main center of coordination and regulation of the economic and financial system and has a deep influence on their activities. By eliminating competition between the state and its various market actors and can develop the economy through effective cooperation and a combination of quantitative and direct regulatory instruments.

The special role of the state in regulating the economy of the transition period is expressed in the fact that at present the economic system in general and the financial system in particular are still in the process of formation [9, P-12]. And without the influence of external factors and regulators, it is impossible to correctly ensure the effective redistribution of financial resources provided for investment in all sectors of the economy.

One of the shortcomings of the current mechanism of the banking sector in a market economy is the uncontrollability of the capital market of commercial banks and, as a result, ineffective forecasting of the movement of banking capital. The activities of credit institutions in a market economy are important and key. The measures taken by the state to influence the economy, in particular the banking

system, largely depend on the level of economic development of the country and the socio-political situation.

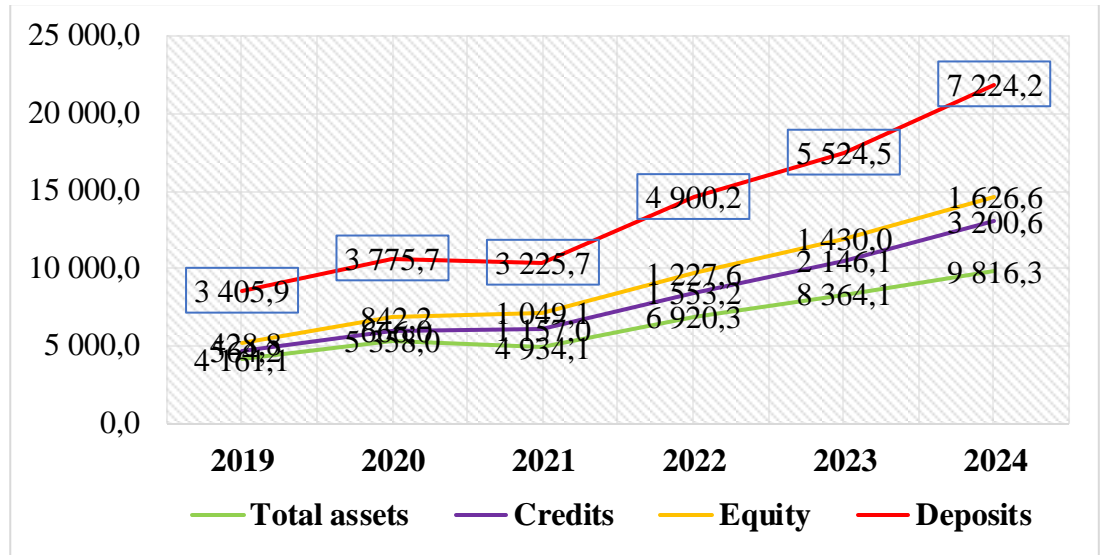
In countries such as Italy and Austria, for example, the largest banks are in the hands of the state. Thus, they own the majority of deposits and loans in the banking system (in Italy - 35% of deposits, 35% of loans and 40% of services are provided by state banks) [5, p. 206-225]. State-owned banks operating in these countries are fundamentally different from state-owned banks in other countries. They are public in nature and act as commercial banks in the nature of their activities and the scope of their services. The main criterion for evaluating their activities is the profitability of operations, not government performance directives. Practice shows that state directives are conditioned to promising departments of the banking sector. Thus, the main indicator of the bank's performance is profitability, which is a relative indicator of the effectiveness of its work before the reporting period. The calculation of profitability shows the level of profitability of the return of such financial resources from the cost element to the total cost. If we specifically characterize the economic concept of profitability indicators, it reflects the profit received from each somoni or conventional unit spent or invested to banks.

State regulation of the banking sector in Italy and Austria has become an improved system, and state banks are in contact with other credit institutions [5, P - 216].

Another country in which the state plays an important role in regulating the economy and banking system is Turkey. The development of the banking system in this country is different from the countries of Western Europe. Until the early 1930s, foreign banks played a key role in Turkey's banking system. In recent years, the capital of the banking system of Western Europe has grown almost six times compared with the capital of Turkish banks [6, P -78].

State-owned banks, along with other banks, can play an important role in transforming the economy. With the privatization of a certain part of state property and the creation of private enterprises, state banks can support and develop small and medium-sized businesses, especially in the service sector, as a result of which the real sector of the economy can develop intensively. They can contribute to the development of the economy by providing loans, which can contribute to the expansion of trade and various sectors of the national economy.

In the Republic of Tajikistan, state-owned banks actively participate in the banking system and contribute to the development of the country's economy. The role of state-owned banks is significant in various sectors of the economy, and their financial performance increases year after year (Chart 1).



Source: Official website of the National Bank of Tajikistan:
https://www.nbt.tj/tj/banking_system/nishondihandaho/finance_bank_pokazatel.php

In 2019, the total assets of state banks amounted to 4161.1 million somons. With an increase in activity, in 2020 assets rose to 5358.0 million, and in 2021 slightly decreased to 4934.1 million. In 2022 and 2023, assets amounted to 6920.3 and 8364.1 million, respectively, which indicates a stable growth of banks. In 2024, assets are projected to reach 9816.3 million, 2.4 times more than in 2019. The volume of the company's loans will increase from 564.2 million in 2019 to 3200.6 million somons in 2024, which is an increase of 5.7 times (Table 1)

Table 1

Main indicators of state banks in the Republic of Tajikistan (in million somoni)

Indicators	2019	2020	2021	2022	2023	2024	2024/2019 (times)
Total assets	4 161,1	5 358,0	4 934,1	6 920,3	8 364,1	9 816,3	2,4
Credits	564,2	666,0	1 157,0	1 553,2	2 146,1	3 200,6	5,7
Equity	428,8	842,2	1 049,1	1 227,6	1 430,0	1 626,6	3,8
Deposits	3 405,9	3 775,7	3 225,7	4 900,2	5 524,5	7 224,2	2,1

Source: Official website of the National Bank of Tajikistan:
https://www.nbt.tj/tj/banking_system/nishondihandaho/finance_bank_pokazatel.php

Table 1 also shows that the indicators of state-owned banks occupy a special position in the country's banking sector. The assets of state-owned banks in 2015 in relation to the country's banking system amounted to 12.2%, and in 2020 this figure

increased to 18.9%, which is 6.7% more than in 2015. Equity, which is one of the most important and systemically important in any bank [2, P -24, 4, P -26]. The analyzed indicator of equity in 2020 compared to 2015 decreased to 3.2%, which, of course, to some extent indicates the inefficiency of state banks. As for deposits, the leading position is occupied by state banks, which is one of the most important indicators in the country's banking system. If in 2015 the volume of attracted deposits of state banks in relation to the banking system amounted to 18.7%, and in 2020 this figure reached 33.9%, which increased by 15.2% over the same period [4, P -27].

It is known that banks are a public financial organization, therefore, all banks and their resources carried out operations and the performance of the service are due to society. It is this point of view that gives such a mention that commercial banks also act as a state system forming an organization.

In general, it should be noted that state-owned banks play an important role in the country's banking sector, and due to them the role of the banking system in the economy can increase. It seems to us that the independence of the fact that today in the system of the national economy is ensured by pluralism in the functioning of the banking sector, state-owned banks are also inseparable from commercial banks as the dominant constructing financial system.

LIST OF REFERENCES USED:

1. Law of the Republic of Tajikistan "On Banking Activities," Dushanbe, May 19, 2009 No. 524
2. Journal of the National Bank of Tajikistan "Banking, Development, Globalization" No. 4 (75) -2016, pp. 42-46; No. 4 (83) -2018, pp. 38-42; No. 4 (91) -2020, pp. 24-28.
3. Journal of the National Bank of Tajikistan "Banking, Development, Globalization" №4 (83) -2018, c. 38-42; №4 (91) -2020, c. 24-28.
4. Journal of the National Bank of Tajikistan "Banking, Development, Globalization" №4 (91) -2020, c. 24-28.
5. Gayurov G.Kh. The Impact of Labor Potential in Improving the Performance of the Banking Sector of the Republic of Tajikistan / G.Kh. Gayurov // Bulletin of TNU. - 2015. No. 2/9 (151). - P. 97-103.
6. Nesterov A.G. The Banking System of Italy at the Beginning of the 21st Century / A.G. Nesterov // Scientific Dialogue. - 2013. - No. 1 (13): History. Sociology. Economics. - P. 206-225.

7. Mamedov Z. Features of the Current State of the Turkish Banking System // Money and Credit. 2005. No. 12. (180) P. 78-83.
8. Novikov V.M. Banking Systems: Experience of Restructuring Credit Institutions in Western Europe and America // Information and Analytical Materials of the Central Bank of the Russian Federation. Issue 1 (28). M., 1999.
9. Odinaev S.P. Our davlat gift idorakunia nizomi bonki: takhribai horini / Odinaev S.P. Bulletin of TNU No. 11 – Dushanbe 2023. P. 11-20.
10. Banking/ed. Prof. Lavrushina O. I. Publishing house: KNORUS, year of production: 2009.
11. E.V. Ioda, L.L. Meshkova, E.N. Bolotina Classification of bank risks and their optimization/General ed. Prof. E.V. Ioda. 2nd ed., Rev., Rev. Tambov: Tambe Publishing House. state technical University, 2002.
12. Ikromov N.K. Main directions and prospects for the development of the banking system of the Republic of Tajikistan [Text]/N.K. Ikromov//Russian Economic Bulletin. 2019. VOL. 2. № 6. S. 127-131.