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ADVANTAGES OF NON-DEPOSIT TRANSACTIONS AND THEIR EFFECTIVE USE IN COMMERCIAL BANKS.

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Sayfullo Safarovich Khaitov
Bukhara State University.
Department of accounting and statistics
Doctor of Economics, Professor.
Kodirov Ibratillo
Temirov Amirbek.
3-1-Banking and auditing - students of group 23

Abstract

This article describes the activities of commercial banks, banking services and operations provided to customers, non-deposit operations that have not yet been fully developed in banks and their advantages.

Key words

financial services, accounts, interest income, corporate bonds, regulatory requirements, non-deposit operations, deposit operations, non-interest income, traditional deposits.

Commercial banks are financial institutions that provide a range of financial services to individuals, businesses and governments. Commercial banks accept deposits from individuals, enterprises and other legal entities. These deposits can be in the form of savings accounts, current accounts, time deposits and other types of accounts.

Customers deposit money into these accounts and the bank pays them interest on certain types of accounts. One of the main tasks of commercial banks is to provide loans and credits to individuals and business entities. This includes personal loans, home loans, car loans and business loans.

Banks charge interest on these loans, and interest rates can vary depending on factors such as the type of loan, the borrower's creditworthiness, and market conditions. Commercial banks receive a significant part of their income from interest on loans and other credit products.

Interest earned on loans is an important source of income for banks and contributes to their profitability. In addition to interest income, commercial banks generate income through various payment services. These may include fees for account maintenance, ATM usage, money transfers and other financial services.

Commercial banks invest customer deposits in various financial instruments, such as government securities, corporate bonds, and other money market instruments.

The income from these investments contributes to the total income of the bank. Commercial banks provide electronic banking services, including online banking, mobile banking and electronic money transfers. These services increase customer convenience and accessibility. Banks facilitate currency exchange for individuals and businesses involved in international trade and travel.

Commercial banks play a crucial role in financial risk management. They assess the creditworthiness of borrowers, manage liquidity and implement risk mitigation strategies.

Commercial banks are regulated by central banks and other financial regulatory bodies in order to ensure the stability of the financial system. Regulatory requirements include capital adequacy, reserve ratios and compliance with anti-money laundering (AML) and know your customer (KYC) regulations.

Banks often play a role in community development by providing financial support to local businesses and individuals. They may also participate in corporate social responsibility (CSR) initiatives.

Understanding these functions and roles helps to understand the central role of commercial banks in the economy, acting as intermediaries between savers and borrowers, contributing to economic growth and stability.

Based on the above considerations, we will consider the possibilities of separate development of non-deposit operations, which are not yet fully developed in our country.

Non-deposit operations of commercial banks are defined as various types of financial services and activities offered by banks in addition to accepting traditional deposits. These activities can contribute significantly to the bank's income and may include services such as lending, money services and investments. Below are the no-deposit transactions and ways to improve them:

Credit and Credit Operations: Improving Credit Risk Management: It is important to implement robust credit risk assessment processes to minimize the risk of loan defaults.

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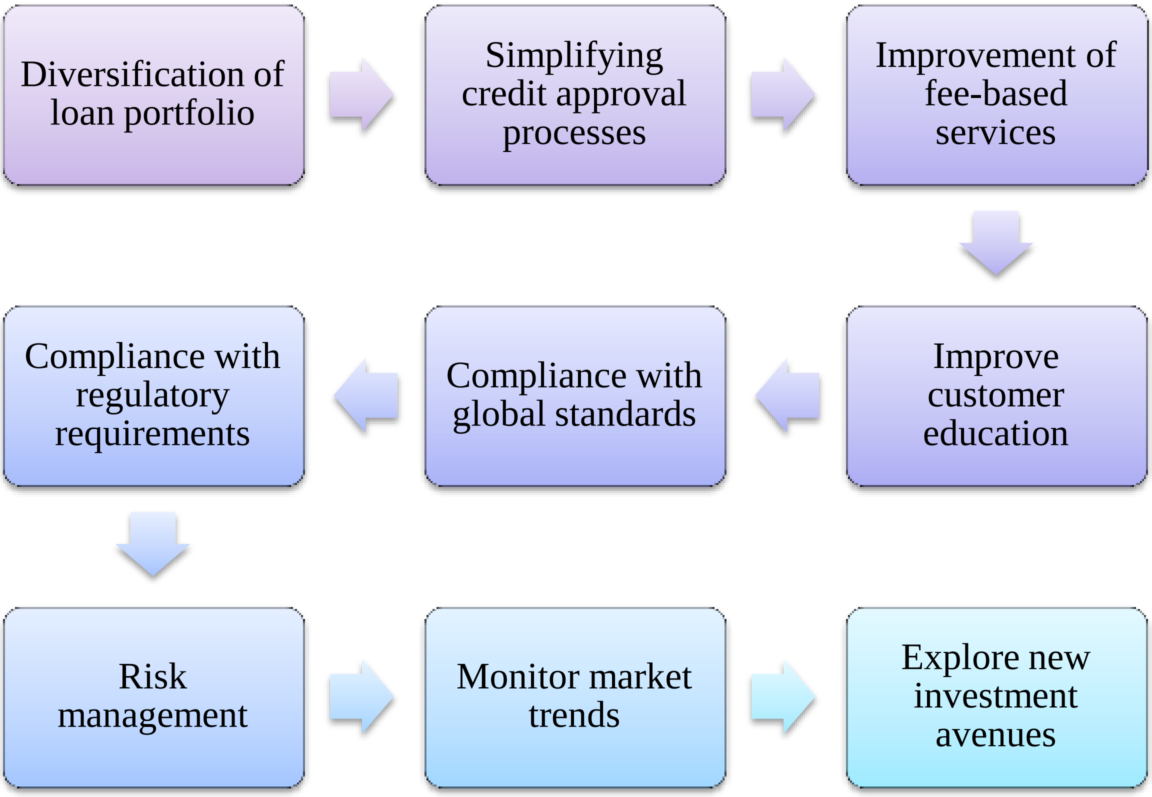
Ways to improve non-deposit operations



Diversification of the loan portfolio: It is necessary to study separately the possibilities of diversification of the types of loans offered, such as personal loans, mortgages and business loans.

Streamlining credit approval processes: To attract more borrowers, it is necessary to implement efficient and quick credit approval processes. Fee-Based Services: Expanding Service Offerings: Introducing new fee-based services to meet changing customer needs such as wealth management, financial advisory and premium banking services is considered desirable.

Competitive Pricing: Market research is essential to ensure that fees charged for services are competitive and provide value to customers. Improve customer education: In order to increase adoption, customers should be informed about the benefits and features of paid services.

Investment Operations: Optimizing Investment Portfolios: Investment portfolios must be continuously evaluated and optimized to maximize returns while managing risk.

Explore new investment avenues: New investment opportunities should be explored and considered to suit the bank's risk appetite and regulatory requirements.

Keeping track of market trends: In order to make informed investment decisions, one needs to be aware of market trends and economic indicators. E-Banking Services: Improving Digital Platforms: There is a need to invest in technology to improve the functionality and user experience of online and mobile banking platforms. Cyber security measures: Cyber security measures need to be strengthened to protect customer data and secure electronic transactions.

International Banking: Expanding International Presence: Exploring opportunities to expand international banking services, including trade finance and cross-border operations.

Compliance with Global Standards: Compliance with international financial regulations and standards should be ensured to facilitate global operations. Developing Global Alliances: Strategic alliances with international banks and financial institutions are essential to strengthen global connectivity.

Risk Management: Implementation of a strong risk management framework: It is considered necessary to improve the risk management system to identify, assess and mitigate various risks, including credit, operational and market risks. Regular audits and evaluations: It is important to conduct regular internal and external audits to assess the effectiveness of risk management practices.

Regulatory Compliance: Be aware of regulatory requirements and ensure full compliance to avoid fines and reputational damage.

Improving non-deposit operations requires a combination of strategic planning, technology investments and a commitment to meeting customer needs. Banks need to adapt to the changing market dynamics and regulatory environment to remain competitive and deliver value to their customers.

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