



ANALYSIS OF FOREIGN EXCHANGE OPERATIONS OF COMMERCIAL BANKS OF UZBEKISTAN

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АННОТАЦИЯ

Мақолада Ўзбекистон тижорат банклари валюта операциялари моҳияти ва таснифланиши, валюта операцияларини таҳлил қилиш масалалари, валюта операцияларини ривожлантириш йўналишлари, чет эл валютасидаги активлар, кредитлар ва депозитлар ҳажми ҳамда улуши динамикаси таҳлили ҳақида сўз боради.

Таянч сўзлар: валюта, валюта курси, валюта rischi, валюта операциялари, спот, форвард, своп, опцион, валюта операциялари ривожланиш коэффициенти, валюта операциялари таҳлили

АННОТАЦИЯ

В статье рассматривается сущность и классификация валютных операций коммерческих банков Узбекистана, анализ валютных операций, направление развития валютных операций, анализ динамики объема и доли активов, кредитов и депозитов в иностранной валюте

Ключевые слова: валюта, валютный курс, валютный риск, валютные операции, спот, форвард, своп, опцион, коэффициент опережения, анализ валютных операций.

ABSTRACT

The article will talk about the essence and classification of foreign exchange operations of commercial banks of Uzbekistan, issues of analysis of foreign exchange operations, directions of development of foreign exchange operations, analysis of the volume and share dynamics of assets, loans and deposits in foreign currency

Keywords: currency, exchange rate currency, risk currency, operation currency, spot, forward, swap, option, operation currency, riveplanish coefficients, operation currency, taхlili





Analysis of foreign exchange transactions is one of the most difficult tasks among bank's activities that require quantitative and qualitative analysis. If you know the methods of analysis and learn to interpret the results obtained during the calculation process, you can make very objective conclusions and use the results of the analysis and conclusions in the development of banking activities.

The scientific researches of a number of Uzbek economists Bobakulov T.I, Jumaev N.Kh. have shown that the analysis of currency operations is important in the development of foreign exchange operations of commercial banks of our republic.

In the analysis of foreign exchange operations of commercial banks, the study of each type of foreign exchange operations gives positive results. To study foreign exchange operations by types, it is important to classify foreign exchange operations taking into account all their features.

Foreign exchange operations carried out by banks can be classified according to the following characteristics:

1. According to the subjects of foreign exchange operations:
 - foreign exchange transactions between residents;
 - foreign exchange transactions of residents with non-residents.
2. Since all foreign exchange transactions must be carried out through commercial banks according to foreign exchange legislation, they can be divided into:
 - inter-bank currency transactions (bank-bank transactions);
 - foreign currency operations of clients (bank - client operations).
3. Depending on the mechanism of trade and transaction:
 - stock exchange;
 - over-the-counter foreign exchange operations.
4. Depending on the date of execution of the transaction, that is, the date of actual crediting of currency to the counterparty's account (currency date):
 - cash (current)
 - fixed currency transactions are allocated (1-table).

1-Table. Types of currency transactions according to the date of the transaction

Type of operation	Description of operation
Term operations	Term operations: <ul style="list-style-type: none">- conversion;- insurance;- speculative. Forward contracts: <ul style="list-style-type: none">- forward;- option;- swap.
Cash (current) transactions	<ul style="list-style-type: none">- spot;- overnight;- tomorrow/next;- day-to-day swap



5. Depending on the economic content of operations

- Conversion

- Deposit

-Divided into calculation operations.

The following are the main types of foreign exchange transactions carried out in commercial banks:

1. Opening and maintaining an account number

2. Management of representative relations

3. Deposit operations

4. Credit operations

5. Transactions with bank cards

6. Non-commercial transactions (currency exchange, transactions with traveler's checks and payment documents, transfers of a non-commercial nature)

7. Trade operations (services for foreign economic activities of clients, account books with documentary collection, account books with documentary letter of credit, bank transfers).

The analysis of the bank's foreign exchange operations seeks to solve certain problems, among them:

- to determine the specific features of currency operations carried out by the bank;
- study the types of exchange rates and evaluate the procedure for arranging them in the bank (in particular, predicting changes in the value of exchange rates);
- assessment of changes in exchange rates and their impact on currency operations carried out in the bank;
- assessment of the level of currency risk of the bank;
- to analyze the bank's assets, liabilities, income and expenses in foreign currency;
- to determine the factors affecting the development trends of the bank's foreign exchange operations.

It is appropriate to analyze the currency transactions of commercial banks of Uzbekistan as follows. At the first stage of the analysis, we determine the amount of foreign currency assets, deposits, loans, as well as its share in total assets for the period under analysis, and evaluate the dynamics of the share of foreign currency assets for the period under analysis. Information on changes in the volume of foreign currency assets of commercial banks of the Republic of Uzbekistan is presented in Table 2.



2-Table Changes in the volume of assets of commercial banks of the Republic of Uzbekistan

Indicators	01.01.18	01.01.19	01.01.20	01.01.21	01.01.22	growth, in 4 years, %	Average annual growth rate, %
Total value of assets, million soums	166 632,0	214 420,0	272 727,0	366 121,1	444 922,5	267,0%	127,8%
Total value of assets in foreign currency, million soums	106 664,0	118829,0	129 077,0	183 927,2	215414,6	202,0%	119,2%
The ratio of assets in foreign currency to the total asset value, %	64,0%	55,4%	47,3%	50,2%	48,4%	-15,6%	

According to Table 3, total assets at the beginning of 2022 are expected to grow by 167.0% compared to 2018, with an average annual growth of 27.8%. Assets denominated in foreign currency increased by 102.0%, an average of 19.2% annually. The growth of foreign currency assets can be positively evaluated, as it indicates the growth of liquid assets (foreign currency in cash, corkslets, etc.).

In 2018-2021, the increase in foreign currency assets in the bank was due not only to the increase in the volume of foreign exchange transactions, but also to the revaluation of foreign currency accounts due to the change in the exchange rate of the soum against the US dollar and the euro.

It should be noted that during 2018-2021, the share of foreign currency assets in total assets decreased significantly, that is, it decreased by 15.6 points. This is due to the fact that the bank tried to maintain an optimal ratio between currency and non-currency assets, reducing the risk of increasing the volume of foreign currency transactions.

In the course of banking activity, the process of formation of bank liabilities and deposits, including in foreign currency, is of particular importance. The resource base is very important for the banking activity, because commercial banks can carry out active operations only within the available funds.

3-Table Changes in the volume of deposits of commercial banks of the Republic of Uzbekistan

Indicators	01.01.18	01.01.19	01.01.20	01.01.21	01.01.22	growth, in 4 years, %	Average annual growth rate, %
Total value of deposits, million soums	58 668,0	70 001,00	91009	114746,9	156189,8	266,2%	127,7%
Value of Total of deposits in foreign currency, million soums	28 825,0	26 678,00	39969	49428,5	60611,7	210,3%	120,4%
The ratio of foreign currency deposits to the total value of deposits, %	49,1%	38,1%	43,9%	43,1%	38,8%	-10,3%	



As can be seen from the data of Table 3, the volume of the bank's foreign currency deposit operations in 2018-2021 has increased significantly. The total volume of deposits increased by a total of 166.2% in 2018-21, an average annual increase of 27.7%. The volume of deposits in foreign currency increased by 110.3% and 20.4%. However, in 2018-21, the share of foreign currency deposits in total deposits decreased from 49.1 percent to 38.8 percent or 10.3 points. This is related to the result of the policy of commercial banks to reduce the share of operations in foreign currency. In addition, in 2018-21, due to the decrease in the share of foreign currency loans, the rates of foreign currency deposits decreased, that is, the decrease in the rates on foreign currency deposits was aimed at balancing assets and liabilities. If we analyze the total volume of bank loans and the volume of loans in foreign currency, we can observe that in general, the volume of loans and loans in foreign currency has increased, but the share of foreign currency loans in the total loan has decreased.

4-Table Changes in the volume of loans of commercial banks of the Republic of Uzbekistan

Indicators	01.01.18	01.01.19	01.01.20	01.01.21	01.01.22	growth in 4 years, %	Average annual growth rate, %
Total value of loans, million soms	110 572,0	167 391,00	211581	276974,8	326385,6	295,2%	131,1%
The total value of foreign currency loans, million soms	68 838,0	93 527,00	100947	138106,4	162662,7	236,3%	124,0%
The ratio of foreign currency loans to the total loan value, %	62,3%	55,9%	47,7%	49,9%	49,8%	-12,4%	

According to Table 4, at the beginning of 2022, the volume of total loans is expected to grow by 3 times compared to 2018, by an average annual growth of 31.1%. Loans in foreign currency increased by 136.3% and by 24.0%. In 2018-2021, the increase in foreign currency loans in the bank was due not only to the increase in the volume of foreign currency transactions, but also to the change in the exchange rate of the soum against foreign currencies.

The share of foreign currency loans decreased from 62.3 percent to 49.8 percent. This is related to the measures aimed at reducing the share of loans in foreign currency in the banking reforms. Reducing the share of loans in foreign currency by commercial banks is important for reducing currency risks and saving customers from exchange rate related expenses.



The increase in the level of the bank's foreign exchange activity in the foreign exchange market is due to the fact that the foreign currency assets grew at a higher rate than the bank assets in general. Indeed, if bank assets increased by a total of 167.0% ($444922.5 * 100\% / 166\ 632.0 - 100\%$) and an average annual increase of 27.8% in 2018-2021, the volume of foreign currency assets increased by 102.0% ($215414.6 * 100\% / 106664.0 - 100\%$) and increased by 19.2 percent.

Table 5 shows the dynamics of the development coefficient of foreign exchange operations.

5-Table Development coefficient of foreign exchange transactions of commercial banks of the Republic of Uzbekistan

Indicators	01.01.18 2018	01.01.19 2019	01.01.2 0 2020	01.01.21 2021	growth, in 4 years,	Figure of average annual growth
Asset growth rate	1,287	1,272	1,342	1,215	2,670	1,278 (27,8%)
The growth rate of assets in foreign currency	1,114	1,086	1,425	1,171	2,020	1,192 (19,2%)
Advancement coefficient of assets in foreign currency, %	0,866	0,854	1,061	0,964	0,756	0,933 (-6,7%)

It can be seen from the data of this table that in 2018-2021, both the volume of total assets and the volume of assets in foreign currency have a tendency to increase. If we pay attention to the coefficient of advancement, in 2018, 2019 and 2021, the growth rate of assets in foreign currency was low compared to the growth rate of assets, and in 2020, it was higher, that is, the coefficient of advancement was 6.1%. The average annual growth rate was -6.7 percent. This indicator reflects the decrease in foreign exchange transactions. In general, the growth rate of bank assets in 2018-2021 exceeded the growth rate of foreign currency assets. As mentioned above, this is due to the reduction of the need for foreign currency, as well as the reduction of risks related to the exchange rate, as stipulated in the banking reforms of Uzbekistan's commercial banks.

In conclusion, it can be said that according to the above data obtained as a result of the analysis of foreign currency assets, loans, deposits and its share, it can be said that the share of foreign currency assets and liabilities in total assets and liabilities is decreasing. However, the volume of assets, loans and deposits has a tendency to increase. The additional growth rate of the total assets of commercial banks of Uzbekistan in 2018-21 was 27.8 percent on average, while this indicator was 19.2 percent for foreign currency assets. The additional growth rate of foreign currency



loans is 24.0 percent. These changes can be evaluated positively. The growth of foreign currency assets is related to the increase of banking activity in the foreign exchange market. Development of currency operations of banks in foreign exchange markets requires improvement of exchange rates, currency exchange operations, deposit and loan operations in foreign currency, and settlement in foreign currency. This serves to reduce currency risks in the bank's activity and increase its income from currency operations.

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