



## Article

# Analysis of Issuance Operations of Commercial Banks in Uzbekistan's Securities Market

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**Abstract:** This article analyzes the theoretical approaches to the issuance operations of commercial banks in the securities market, considers the views of economists, and examines practical challenges. In addition, proposals and recommendations have been developed regarding the issuance activities of banks in this market. This article provides an in-depth analysis of the emission (issuance) operations of commercial banks in the securities market of the Republic of Uzbekistan. In recent years, the structural changes taking place in the country's financial market, the expansion of banks' investment activities, the increase in the level of capitalization and the role of securities in attracting savings from the population are gaining particular importance. Practical experiences of commercial banks in ensuring financial stability through the placement of shares and bonds, expanding lending opportunities and supporting the real sector of the economy are analyzed. The article also examines the legal and regulatory framework of the emission process, existing mechanisms for issuing securities, and state regulation and monitoring systems. Based on the best practices used in the global financial market, ways to further improve emission operations in Uzbekistan are indicated. The analysis shows that the issuance activities of banks, along with increasing their level of capitalization, also serve as an important tool for strengthening the confidence of shareholders and investors, improving transparency and corporate governance. The article also highlights the effectiveness of commercial banks in attracting financial resources through the issuance of securities, their impact on economic development, and their role in improving the investment climate. Based on the analysis conducted by the author, scientific and practical recommendations have been developed on the prospects for the development of the securities market, the liberalization of issuance mechanisms, and the use of innovative financial instruments.

**Keywords:** : commercial bank, securities, investment, issuance, diversification, underwriting, shares, bonds, certificate of deposit.

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## 1. Introduction

In today's economic conditions, commercial banks are among the main participants in the securities market. By directly acting as issuers, investors, and financial intermediaries, commercial banks help meet the capital resource needs of economic entities. The securities market, in particular, plays a crucial role in increasing the financial stability and profitability of banks [1].

According to Presidential Decree No. PF-60 of January 28, 2022, approving the Development Strategy of New Uzbekistan for 2022–2026, the turnover of the securities market is to be increased from USD 200 million to USD 7 billion within five years, the liberalization of capital flows is to be gradually introduced, and the privatization of large enterprises, including through the stock exchange, is to be pursued. In addition, the share of the private sector in bank assets is to be increased to 60% by 2026. These reforms

highlight the importance of improving issuance operations of commercial banks in the securities market [2].

### **Literature Review.**

In recent years, both international and local economists have conducted research on the features of commercial banks' issuance activities under rapidly changing economic conditions.

The world-renowned economist F. Mishkin defines bank issuance operations as one of the main forms of financial intermediation in the capital market. He emphasizes the importance of maintaining liquidity and ensuring financial stability through bank-issued bonds [3].

American economist F. Fabozzi notes that through issuance activities, banks not only raise financing but also strengthen their market position and diversify risks.

Another American economist, A. Saunders, stresses that bank issuance is a vital part of investment activity, serving as a strategic tool in liability management and enhancing competitiveness.

Russian scholar Ya. Mirkin explains that bank issuance is a way for banks to independently attract resources in the financial market. Issuing bonds or other securities increases liquidity, expands access to capital, and strengthens banks' market position [4].

According to S. Valdaytsev, issuance activities allow banks to form an independent resource base and participate actively in the financial market.

G. Savitskaya highlights that issuing securities is an effective means for banks to attract external resources and increase capitalization [5].

Uzbek economist I. Butikov emphasizes that the issuance of securities by commercial banks is an important tool for attracting resources via the capital market, ensuring liquidity, maintaining financial stability, and boosting investment activity. This process is particularly strategic for developing financial markets.

Sh. Shokhazamiy, a leading Uzbek scholar in the field, argues that issuance of securities is a key instrument for mobilizing both internal and external resources of banks, thereby increasing lending volumes and financing investment projects [6].

Another expert, Sh. Abdullaeva, points out that issuance of securities by commercial banks plays a vital role in financing investment projects and attracting long-term resources to the economy.

## **2. Materials and Methods**

The study employed comparative analysis, legal-normative analysis, tabular analysis, systematic analysis, and logical deduction methods. Both local and international research findings were generalized.

## **3. Results and Discussion**

In analyzing the activities of commercial banks in the securities market, it is crucial to clearly define their role in this market. Based on academic sources and practical experience, the activities of banks in the capital market can conditionally be divided into four main areas. These directions reflect the various functions and roles performed by banks in operations with securities:

1. Activities related to traditional banking operations, where securities are mainly used by banks to manage liquidity or allocate their own funds;
2. Activities as professional participants in the securities market – in this case, banks provide services such as brokerage, dealing, custodianship, and underwriting;
3. Activities as investors – banks invest their own funds in securities for profit;
4. Activities as issuers – banks issue their own securities (bonds, shares) to attract financial resources [7].

In international practice, the issuance of securities by commercial banks serves as a strategic financial instrument. It plays an important role in strengthening the capital base

of banks, attracting resources for financing long-term investment projects, resolving liquidity problems, and enhancing their position in the capital market [8].

The main objectives of commercial banks' issuance activities are as follows:

1. Strengthening the capital base;
2. Financing long-term investment projects;
3. Solving liquidity problems;
4. Enhancing competitiveness in the market.

In Uzbekistan, the issuance operations of commercial banks are carried out in accordance with the Laws "On the Securities Market," "On Banks and Banking Activities," "On Joint-Stock Companies and Protection of Shareholders' Rights," as well as decrees and resolutions of the President of the Republic of Uzbekistan, and regulatory documents of the Central Bank [9].

According to the Law of the Republic of Uzbekistan "On the Securities Market" (Law No. 3PY-387 of June 3, 2015), the rights and obligations of commercial banks with respect to securities issuance are established. The law defines the procedures for banks to issue securities, register them with state authorities, trade them on the stock exchange, and conduct settlements.

According to the Law of the Republic of Uzbekistan "On Banks and Banking Activities" (Law No. 3PY-580 of November 5, 2019), commercial banks have the right to issue shares for their authorized capital and to place them, as well as to issue bonds, with relevant rules and procedures prescribed.

Furthermore, in accordance with the Law of the Republic of Uzbekistan "On Joint-Stock Companies and Protection of Shareholders' Rights" (Law No. 3PY-370 of May 6, 2014), if a bank is organized as a joint-stock company, the issuance of shares and the rights of shareholders are regulated under this law.

The issuance operations of commercial banks in Uzbekistan represent a set of activities aimed at issuing securities and attracting financial resources through them. Such activities are of significant importance from the perspective of banking finance, capital markets, and macroeconomic stability.

Types of securities issued by banks include:

1. Bank shares – representing ownership in the authorized capital of a bank;
2. Bank bonds – representing the debt obligations of banks, which must be repaid with interest at a specified maturity date.

When acting as issuers, banks conduct primary issuance and placement of their securities. At the same time, they perform additional operations to ensure that holders of their securities can exercise their rights. These include: payment of interest and dividends; full or partial redemption of debt obligations (bonds) at maturity; creating conditions for shareholders to participate in the governance of the bank, and other related activities.

Commercial banks issue shares to form or increase their authorized capital, thereby assuming specific obligations toward shareholders [10].

Although most commercial banks in the Republic are organized in the form of joint-stock companies, their activities related to public issuance and wholesale placement of shares are carried out on a limited scale. This is primarily due to the insufficient liquidity of the domestic stock market, the limited circle of investors, as well as strict legal and organizational requirements regarding issuance procedures. Therefore, to develop the issuance activities of banks in Uzbekistan, it is crucial to improve the legal framework, enhance the investment climate, and increase the number of professional market participants.

#### **Empirical Evidence: Securities Issuance by Commercial Banks in Uzbekistan**

In the Table 1. shows that, in recent years, the issuance of securities by commercial banks in Uzbekistan has demonstrated dynamic development. In particular, from 2020 to 2024, banks have actively issued both shares and bonds in order to strengthen their capital base and attract long-term resources [11].

**Table 1.** Dynamics of share issuance by commercial banks in Uzbekistan (2020–2024)

Year	Number of Banks Issuing Shares	Total Volume of Issued Shares (billion UZS)	Growth Rate (%)	Main Purpose of Issuance
2020	12	2,350	–	Capital increase, liquidity support
2021	15	3,120	32.7	Strengthening capital base
2022	16	4,080	30.7	Long-term project financing
2023	17	4,950	21.3	Capital adequacy, compliance with Basel standards
2024	18	5,730	15.8	Expanding investment activity

Source: Central Bank of Uzbekistan, Agency for the Development of the Capital Market

In the Table 2. shows that, the analysis indicates that the annual growth rate of share issuance averaged around 25% during this period. This trend is primarily explained by the active transformation of the banking system, the implementation of international Basel capital adequacy standards, and the policy of expanding private and institutional investors' participation in the capital market [12].

Example: Uzsanoatqurilishbank (Uzbek Industrial and Construction Bank) One of the largest banks in Uzbekistan, Uzsanoatqurilishbank, has carried out several successful share and bond issuances over the past five years. In particular, in 2021–2023, the bank placed bonds on both the domestic and international markets, attracting over USD 300 million. These funds were directed towards financing infrastructure projects, supporting industrial enterprises, and modernizing the bank's technological base [13].

**Table 2.** Dynamics of bond issuance by commercial banks in Uzbekistan (2020–2024)

Year	Number of Banks Issuing Bonds	Total Volume of Issued Bonds (billion UZS)	Growth Rate (%)	Main Purpose
2020	5	980	–	Liquidity support
2021	7	1,460	48.9	Long-term project financing
2022	9	2,230	52.7	Expanding credit portfolio
2023	12	3,400	52.5	Refinancing obligations
2024	14	4,800	41.1	Diversifying resource base

Source: Central Bank of Uzbekistan, Ministry of Economy and Finance

This statistical analysis shows that bonds are becoming a more flexible and reliable instrument for attracting resources compared to shares. The volume of bond issuance by commercial banks increased nearly five-fold between 2020 and 2024 [14].

From a functional perspective, bonds have proven effective in stabilizing liquidity, diversifying the funding base, and reducing dependence on short-term interbank loans. Moreover, bond issuance has enhanced the financial discipline of banks and increased transparency in their operations[15].

In particular, in 2022 the government encouraged several large banks — including Uz sanoatqurilishbank, Ipoteka Bank, and National Bank of Uzbekistan — to issue international bonds. These initiatives marked a new stage in integrating Uzbekistan's banking sector into global capital markets.

#### 4. Conclusion

The conducted analysis demonstrates that commercial banks in Uzbekistan have significantly expanded their activities in the securities market during the period of 2020–2024. Both share and bond issuances have served as essential instruments for strengthening banks' capital base, ensuring financial stability, and diversifying funding sources.

The findings reveal the following key conclusions:

1. Positive dynamics of securities issuance. The annual growth of share issuance averaged 25%, while bond issuance volume increased nearly five-fold over five years. This reflects the growing role of securities as an alternative to traditional deposit and loan-based funding.
2. Impact of reforms and transformation. The transformation of the banking system, the implementation of Basel capital adequacy standards, and state-led reforms have stimulated banks to actively use securities as financial instruments.
3. Bond market development. Bonds have proven to be a more flexible and reliable tool than shares in terms of liquidity support, refinancing, and attracting long-term investments, including through international capital markets.
4. Integration into global markets. The issuance of Eurobonds by leading banks such as Uz sanoatqurilishbank, Ipoteka Bank, and the National Bank of Uzbekistan has enhanced the international credibility of Uzbekistan's banking sector and contributed to the country's financial openness.

#### 5. Recommendation

1. Further encourage commercial banks to diversify their securities portfolio and strengthen their role in capital market development.
2. Expand the participation of institutional investors (such as pension funds, insurance companies, and investment funds) in purchasing bank-issued securities.
3. Improve the regulatory framework to ensure transparency, protect investors' rights, and align practices with international standards.
4. Promote financial literacy among the population to increase demand for securities, especially retail bonds.
5. Enhance cooperation with international rating agencies and global investors to maintain the credibility and attractiveness of Uzbek banks in international financial markets.

In conclusion, securities issuance by commercial banks in Uzbekistan not only supports their financial sustainability but also plays a crucial role in the overall development of the national capital market and its integration into the global financial system.

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