

## Improving Government Regulation of Corporate Governance

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**Abstract:** This article examines the theoretical foundations of state regulation of corporate governance. As a result of solving the theoretical and practical issues related to the subject, the analysis of the state of the corporate management system in the Yakkasaroy branch of the National Bank, which is the object of the research, is presented, and scientific and practical recommendations on the mechanisms of state regulation of corporate management have been developed.

**Key Words:** Corporate governance mechanism, financing, sources of investment, shareholders, stakeholders, direct investment.

**Introduction.** Uzbek companies need new approaches to managing the economy. The reforms are aimed at improving corporate management mechanisms aimed at attracting investments in the management apparatus. Today, financial assistance to business entities is mainly provided by banks.

The theory of corporate governance in Uzbekistan is currently in its infancy, when large companies and integrated corporate structures begin to form. The essence of corporate governance is that ownership of property is separated from management, as a result of which the manager appears as a manager.

The banking system is an integral part of the economy of the Republic of Uzbekistan. The development of this system is directly related to the economic indicators of the country. On the one hand, the level of development of the state from an economic, technical and social point of view determines the level of development of the banking system, on the other hand, a highly developed banking system determines the financial well-being of the Republic of Uzbekistan.

The main event in the development of the sector was the adoption of the "Roadmap" for the strategy of reforming the banking system of the Republic of Uzbekistan in 2020-2025 and its implementation. The document is based on the conclusions and recommendations of the World Bank on the results of the study of the current state of the banking system of Uzbekistan, aimed at further increasing its efficiency, ensuring financial stability, as well as reducing the state's share in the banking system. banking sector, which significantly slows down the transformation.

In the process of consistent reform of the financial sector, a number of measures were implemented, as a result of which the necessary legal conditions were created for the advancement of banking and the strengthening of the competitive environment in the sector.

Effective corporate governance plays an important role in ensuring the proper functioning of the banking sector. The stability of banks is the basis of financial stability, therefore, the quality of the organization of banking activities is an important factor in achieving economic prosperity. The problem of corporate governance in the banking sector is extremely urgent, because ultimately the future of the local banking system depends on its efficiency. It is necessary to improve the state regulation of the corporate management system. This determines the relevance of the topic of the master's thesis.

**Methods.** Systematic, complex approaches to the studied economic phenomena, as well as statistical methods, expert assessments, economic and mathematical modeling were used as research tools. The theoretical and methodological basis of the dissertation research is the theoretical and methodological rules for ensuring the state correction of corporate governance presented in the works of scientists of developed countries and the Republic of Uzbekistan.

**Results.** Joint-stock company "National Bank of Foreign Economic Activity of the Republic of Uzbekistan", hereinafter referred to as "Bank", opens and maintains bank accounts, makes payments, attracts funds to deposits (deposits), grants loans commercial organization that performs other financial operations in accordance with the legislation on increase, banks and banking activities.

The Bank was established in accordance with the Decree of the President of the Republic of Uzbekistan dated September 7, 1991 No. PF-244 "On the establishment of the National Bank of Foreign Economic Activity of the Republic of Uzbekistan".

In accordance with the decision of the President of the Republic of Uzbekistan dated November 30, 2019 No. PQ-4540 "On measures to reorganize the unitary enterprise of the National Bank of Foreign Economic Activity of the Republic of Uzbekistan" in the form of a joint-stock company. was reorganized with

The Bank is the legal successor of the unitary enterprise "National Bank of Foreign Economic Activity of the Republic of Uzbekistan" in terms of all rights, obligations and agreements, including international agreements.

The bank carries out its activities in the form of a joint-stock company, is included in the banking system of the Republic of Uzbekistan and conducts its activities in accordance with the Constitution of the Republic of Uzbekistan, laws of the Republic of Uzbekistan, decisions of the Chambers of the Oliy Majlis, decrees, decisions and orders of the President of the Republic of Uzbekistan. , in accordance with the decisions and orders of the Cabinet of Ministers of the Republic of Uzbekistan and other regulatory and legal documents of the Republic of Uzbekistan, as well as this charter.

The location of the bank (postal address): Tashkent city, Yakkasaroy district, Babur street, 85.

The bank is a legal entity and owns separate property, including property allocated to its authorized fund (authorized capital), which is accounted for in its independent balance sheet, and obtains property and personal non-property rights on its own behalf. and can carry out, assume obligations, be a plaintiff and be liable in court.

The main priorities of the bank's activities are as follows:

- actively lending large investment projects in the priority sectors of the economy by attracting foreign credit lines, resources in the international capital market, funds of foreign investors;
- introduction of innovative financial products to increase the quality and speed of service;
- providing banking services to small businesses and private entrepreneurs, as well as providing financial advice and information support in matters of foreign economic activity;

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- development of retail banking services to the population, including introduction of new types of banking services using information and communication technologies;
- first of all, diversification of sources of financing of banking activity due to the mobilization of long-term funds in national currency;
- development of trade-export financing business products and expansion of its geography, as well as support of programs for the development of export potential of the republic, provision of consulting services to exporters;
- providing investment banking services to corporate clients, including issuing and placement of securities in domestic and foreign markets;
- the goals, objectives and tasks specified in the bank's development strategy implementation of activities.

In its activities, the bank provides credit, finance, settlement, cash and other banking services in national and foreign currency, including:

- accepts funds to accounts and deposits in national and foreign currency from natural and legal persons, including foreign persons, as well as places funds in the accounts and deposits, securities and other financial instruments of banks and other credit organizations ;
- attracts loans and debts of foreign banks and other organizations in the forms used in international banking practice;
- makes payments, including without opening bank accounts, provides cash and collection services;
- opens and maintains bank accounts of individuals and legal entities, including bank representative accounts;
- provides loans to individuals and legal entities on the condition of their repayment, interest rate and term, on their own behalf, at the expense of their funds and the funds involved;

Sale and purchase of foreign currency (banknotes, treasury bills, coins) in the territory of the Republic of Uzbekistan and abroad, payment documents (cheques, promissory notes, letters of credit, etc.) in foreign currency and other currency values in accordance with international banking practices , as well as performs other operations in foreign and national currency in cash and non-cash forms;

- reliably manages property according to the contract concluded with individuals and legal entities, manages asset portfolios on behalf of clients;
- on behalf of third parties, provides guarantees and accepts other obligations, providing for the fulfillment of their obligations;
- receives the right to demand the fulfillment of obligations in the form of money from third parties (factoring);
- issues, buys, sells securities, maintains and maintains their accounts, manages securities based on the contract concluded with the client and performs other operations related to them;
- buys and sells refined precious metals, including accounts for responsible storage of metals and dispossessed (non-physical) accounts of metals, carries out other transactions with precious metals in domestic and international markets;
- carries out transactions with derivative financial instruments (derivatives);

- leases special buildings or safes in them, as well as terminals, ATMs and other property for storing documents or valuables, performs leasing operations;
- issues bank cards and makes payments to bank cards together with other organizations, including other financial institutions provides service;
- introduces modern bank products and technologies, as well as provides remote and contactless bank account services;
- provides consulting services related to financial operations;
- carries out other financial operations provided for by law.

The bank can carry out professional activities in the securities market in accordance with the procedure established by law.

The bank has no right to directly engage in production, trade, insurance activities, and other activities not related to the implementation of financial operations stipulated by the legislation on banks and banking activities.

The authorized capital of the Bank consists of the nominal value of Bank shares purchased by shareholders and is expressed in the national currency of the Republic of Uzbekistan. The authorized capital of the bank determines the minimum amount of the company's property that guarantees the interests of the bank's creditors.

The profit of the bank is formed by deducting from the income received in all types of the bank's activities - operating costs, material and similar costs, as well as reserves created on assets. The bank has the right to receive unlimited profits from its activities. After paying the appropriate taxes, mandatory payments to the budget and extra-budgetary funds, the remaining profit will be used in the manner determined by the general meeting of shareholders. The decision on the payment of dividends, the amount of the dividend, the form and procedure of its payment is adopted by the General Meeting of Shareholders based on the recommendation of the Bank's Supervisory Board in the event of an audit opinion on the accuracy of financial statements. 7 Dividend may be paid in the form of cash or other means of payment or securities provided for by law, based on the decision of the general meeting of shareholders of the Bank. The term and procedure for paying dividends is determined by the decision of the general meeting of shareholders. The period of payment of dividends cannot be delayed beyond 60 (sixty) days from the date of such decision. In cases where the payment of dividends is prohibited by law, it is emphasized that the Bank shall make a decision on the payment and payment of dividends on shares. In the absence of other funds, the Bank's losses will be covered from the reserve fund in accordance with the procedure established by law. The following are the bank's own funds: authorized capital; added capital; reserve funds; retained earnings; Other funds necessary for the bank's activities, established at the expense of other incomes and not contrary to current legislation; other funds established by law. A reserve fund of not less than 15 (fifteen) percent of the charter capital is established in the bank.

The reserve fund of the bank is formed through mandatory allocations of at least 5 (five) percent of annual net profit until it reaches the amount specified in this clause. In cases where the reserve fund is fully or partially spent, it will be recovered from mandatory allocations. The value of the bank's net assets is determined based on accounting data. The bank's credit resources are formed at the expense of the following: authorized capital, reserves and funds of other funds; funds of clients in their Bank accounts, including term deposits and deposits; loans and debts received from other banks, including foreign banks, international financial institutions, as well as from foreign countries; Funds raised from organizations,

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including foreign organizations, in accordance with signed agreements and contracts; funds raised as a result of issuing corporate bonds, Eurobonds and other securities; other funds not prohibited by law.

Retained earnings of the bank can be used as a lending resource. Management bodies of the bank are as follows: General meeting of shareholders; Supervisory Board; Bank Management (Executive body).

**Analyses.** In 2020-2021, the activity of the National Bank was carried out in the context of the slowdown of global economic activity, the continuation of uncertainties and risks, the decrease in external demand as a result of the interruption of the international supply chain, the weakening of domestic demand and the crisis of production activity due to the coronavirus.

At the same time, the main attention was paid to maintaining the purchasing power of the population by stabilizing domestic prices, ensuring financial stability in the economy by mitigating the negative impact of the coronavirus crisis on the financial condition of enterprises and banks, as well as taking coordinated measures to maintain economic activity to ensure financial stability in the economy.

Decisions were made on the basis of comprehensive macroeconomic analysis and forecasting, regular monitoring of changes and expectations in the domestic and foreign economic situation, as well as preliminary risk assessment.

At the same time, in order to effectively regulate interest rates in the interbank money market and ensure their formation close to the base rate of the National Bank Yakkasaroy branch within the interest corridor, a new set of monetary and credit instruments was introduced.

At the same time, in order to ensure the stability of the capital adequacy ratio in the banking system, along with the creation of reserves for overdue loans, instructions were given to prevent distribution of profits by paying dividends by commercial banks.

In order to transform state banks in 2020, to reorganize their activities in accordance with market principles and international standards, as well as to expand the participation of private capital in the banking system and strengthen the competitive environment, the Decree of the President of the Republic of Uzbekistan No. UP-5992 was approved.

The bank actively cooperates with major financial institutions of the world. The presence of representative accounts in the largest international banks allows international operations and documentary operations to be carried out quickly. The bank is a full main participant of MasterCard, Visa International and Union Pay International payment systems. This allows us to serve any cards of the world's main payment systems through our terminals and ATMs. 12 million dollars was allocated to our bank by the Private Sector Development Islamic Corporation to finance private business development projects.

For the convenience of customers, each transaction is fully accompanied by a personal manager who provides professional advice on all services.

Plastic cards. National bank Yakkasaroy branch offers organizations to implement a salary project with us. Customers can only ensure the conclusion of an agreement with the bank on the implementation of the salary project, the opening of plastic cards and the submission of relevant documents for crediting salary and equivalent payments, and the Bank's employees will carry out all the necessary procedures, so that employees of the organization can easily use UZKART UZS plastic cards.



**Table 1. Terms of service and commission rates for the Master Card Business plastic card according to the information provided by the Yakkasaroy branch of Milli Bank**

№	List of services	Cost
1.	Payment for opening the main card	\$100
2.	Fee for opening an additional card	\$100
3.	Card reissue fee	\$100
4.	Card validity period	for 2 years
5.	Transaction fees	
5.1.	Payment for goods and services	In the banking network
		international transaction
5.2.	Cash withdrawal	In the banking network
		international transaction
5.3	Cash transfer to an account in the "ORIENT FINANCE" Khatb network	there is no such operation
5.4	Cashless deposit to the account	1%
6.	Urgent card issuance (excluding card issuance fee)	\$50
7.	Security deposit (minimum account balance)	\$500
8.	Fee for issuing a certificate on the operation of the card account	\$20
9.	Payment for blocking the card with the symbol "Stolen or lost"	\$10

According to Table 1, it can be said that "UZKART" interbank payment system is a local payment system, the main element of which is plastic cards with microprocessors, legal norms, regulatory documents, software and technical solutions and relevant organizational based on technical infrastructure. , banks that issue microprocessor bank cards and provide services to sellers of goods, a settlement bank, as well as a processing organization, are integrated into a single system designed for electronic cashless payments.

National services for plastic cards are provided for legal entities and individual entrepreneurs. "UZKART" currency interbank payment system is a local payment system, the main element of which is microprocessor plastic cards, based on legal norms, regulatory documents, software-technical solutions and relevant organizational-technical infrastructure.

**Table 2. Conversion operations are based on the information provided by the Yakkasaroy branch of the National Bank**

№	Types of services and products	Tariffs
1	Conversion of one foreign currency to another foreign currency	1% of the required amount in foreign currency, minimum 20 USD
2	Selling foreign currency to national currency "soun" to clients based on the results of trades at UzRTXB	2% of the amount of the application for the purchase of foreign currency
3	Purchase of foreign currency from clients for national currency "soun".	for free

Table 2 shows the conversion operations according to the data of the Yakkasaroy branch of the National Bank. In the modern pace of life, every minute is precious, so are our loved ones who are thousands of kilometers away from us and need our attention and care.

When making a transfer in the bank, choose the currency of the recipient, convenient for the Poluchatelya, pay the transfer in Dollarax SShA, and the commission will be 0%. Klient-Otpravitel vnosit Dollary SShA, total sum per transfer, no commission for transfer. Payment in Dollarax SShA, sending and receiving in a convenient currency, except for the sending of denejnogo perevoda Mejdu System "Asia Express" and "Monex" - 1.5% of the sum of money transfer.

## Discussion

Effective corporate management is an important condition for the successful operation of the Yakkasaroy branch of the National Bank. Determining sustainable development, protecting the rights and rights of shareholders, customers and other related persons, it serves as the most important direction in the field of increasing the activity of the financial organization. The activity of National Bank Yakkasaroy branch is associated with various risks. Therefore, there is a need for an excellent approach to corporate governance and internal control. In order to establish a clear system of internal control, the bank conducts a complete and continuous assessment of the description of risks.

Effective corporate governance plays an important role in ensuring the proper functioning of the National Bank Yakkasaroy branch sector. The stability of banks is the basis of financial stability, therefore, the quality of the organization of banking activities is an important factor in achieving economic prosperity.

Corporate governance as a system primarily creates a mechanism to protect the interests of all existing economic agents. Implementation of appropriate corporate governance principles provides the necessary level of protection of investors' rights.

Corporate management practice is one of the important factors determining the ability of Milli Bank Yakkasaroy branch to enter the domestic and foreign capital markets.

Adequate corporate management is established on the basis of the principles of information openness, operability, regularity, completeness and reliability at every level.

Adherence to corporate governance standards helps to improve the decision-making process, which can have a significant impact on the efficiency of the financial and economic activity of the Yakkasaroy branch of the National Bank.

The concept of appropriate corporate governance includes the use of ethical standards of business management, a sense of responsibility to shareholders and consideration of the needs of the society in which the National Bank Yakkasaroy branch operates.

In the course of work, the following tasks were performed to reveal this chapter:

The general description of the activities of the National Bank Yakkasaroy branch, the internal structure and corporate management methods of the National Bank Yakkasaroy branch were analyzed, and the organization of the implementation of corporate management mechanisms in the practice of the National Bank Yakkasaroy branch was analyzed.

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