

THE IMPORTANCE OF THE CENTRAL BANK IN ENSURING THE STABILITY OF THE BANKING AND CREDIT SYSTEM

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Abstract: *This article explains the content of the internal and external policy implemented by the Central Bank in the process of developing the banking system and ensuring the stability of the country's monetary and credit system.*

Key words: *Central Bank, monetary system, monetary policy, price stability, financial stability.*

It should be noted from foreign experience that the central bank system plays a key role in ensuring the stability of the monetary and credit system.

The Central Bank is considered the main bank of the republic, evaluates, checks, controls the activities of all banks, analyzes the results of the previous year in order to ensure the stability of the country's economy, and develops the main directions of the monetary and credit policy for the next year.

In the main directions of the monetary policy, the activities to be carried out in the monetary and credit sphere in the period of 2023 and 2024-2025, the Central Bank's reaction and response measures to changes in external and internal economic conditions, approaches to the conduct of monetary policy and prospects for improvement is reflected. In the following years, the main attention in the implementation of the monetary policy will be focused on achieving the main goal established by the law - price stability in the economy. In accordance with this main goal, monetary and credit conditions that serve inclusive economic growth and financial stability will be provided in our country.

Balanced measures are taken by the Central Bank in order to reduce the level of inflation with minimal effects on indicators of aggregate demand and economic activity.

In 2023, the Central Bank will continue to focus on ensuring price and financial stability in the economy. In defining the monetary and credit conditions, it is primarily based on the inflation forecast and inflation expectations.

The key rate of the Central Bank is the main instrument of monetary policy. The main rate of the Central Bank is the target interest rate used in operations with banks to regulate the liquidity of the banking system, and the price of short-term resources attracted and provided by the Central Bank is determined by setting the level of the main rate.¹¹¹

Table-1

Ratio of banking system indicators to GDP.¹¹²(billion soum)

Indicator name	01.01.2021 y.	01.01.2022 y.
GDP (annual)	602 193,0	734 587,7

¹¹¹

file:///C:/Users/user/Desktop/2023%20yangi%20MAQOLALAR/Mamlakat%20Bozorova/Asosiy_yunalishlar_2022.pdf
¹¹² <https://cbu.uz/uz/statistics/buletin/672779/>



Bank assets	366 121,1	444 922,5
Ratio of assets to GDP, in percent	60,8	60,6
Credit deposits	276 974,8	326 385,6
The ratio of credit investments to GDP, in percent	46,0	44,4
Deposits	114 746,9	156 189,8
Ratio of deposits to GDP, in percent	19,1	21,3
Capital	58 351,3	70 917,6
Ratio of capital to GDP, in percent	9,7	9,7

Ensuring internal price stability in the country is a guarantee of macroeconomic and social stability and is a necessary condition for the successful implementation of economic reforms and development programs.

In this case, low and stable indicators of inflation are considered an important factor in ensuring balanced economic growth, production competitiveness and raising the standard of living of the population. In this context, the reduction and stabilization of price growth rates should be one of the main goals of the state's economic policy.¹¹³

The Central Bank undertakes to achieve the inflation target based on the forecast of changes in price dynamics, which serves as an intermediate target. Targets for other macroeconomic indicators (economic growth, money supply, exchange rate, etc.) are not officially accepted. In this case, the transparency of the central bank's activity and the strengthening of the communication system with the population will serve to ensure the execution of the above tasks. In particular, the central bank constantly publishes statistical data and informs the participants of the real sector of society and economy about the measures taken to achieve the target indicators.¹¹⁴

Table-2

Participation of the Central Bank in ensuring the stability of the monetary policy.(billion soum)

Indicators	2019 year	2020 year	2021 year	2022 year
Net external assets	222 757	273 987	361 722	368 829
Monetary gold	122 097	160 019	211 809	227 046
Requirements for non-residents	103 751	117 474	153 879	153 783
Obligations to non-residents	-3 091	-3 506	-3 966	-12 000
Requirements for other deposit organizations	2 140	2 982	5 427	3 759
Net demands on the central government	-118 937	-126 203	-151 822	-133 298
Liabilities to the Central Government	-118 937	-126 203	-151 822	-133 298
of which: funds of the Recovery and Development Fund	-96 138	-104 204	-110 099	-93 191

¹¹³ <https://cbu.uz/uz/monetary-policy/concept/>

¹¹⁴ <https://cbu.uz/uz/monetary-policy/concept/>

It can be seen from the above table that the Central Bank of our country allocated funds to commercial banks and microcredit organizations both from its reserves and from the bank's reserve capital.

Net external assets are the total external assets of the Central Bank (requirements to non-residents and monetary gold) and the total external liabilities of the Central Bank. That is, loans given to commercial banks and monetary gold values. By 2022, this indicator has increased to 65,6% compared to 2019.

It can also be seen that the value of monetary gold will increase by 85,9% by 2022 compared to 2019. The main reason for this is that it was developed by the Central Bank for the purpose of selling gold coins for commercial banks. They are made of pure gold, 999,9 proof. In this way, the Central Bank increased the amount of deposits of commercial banks, whose income from operations and activities decreased due to the pandemic. Commercial banks started selling gold proof coins to individuals and legal entities.

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