



Symposium on Natural and Applied Sciences

Hosted Online from London, United Kingdom

Date: 5th January, 2026

Website: <https://econferencia.com>

STRATEGIES TO ENHANCE THE INVESTMENT POTENTIAL OF COMMERCIAL BANKS

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As key financial institutions in the economy, commercial banks not only mobilize funds through deposits and loans but also directly contribute to the economic development of the country by financing investment projects. The investment potential of banks is determined by their capitalization, liquidity levels, risk management systems, and management expertise. Therefore, banks must adopt strategic approaches to enhance their investment potential. These strategies are based on both internal and external factors: internal factors include financial stability, internal policies, and internal control mechanisms; external factors include economic stability, financial market development, legislation, and government policies. Through effective strategies, banks gain the ability to evaluate investment projects, mobilize capital, and optimize risks, which increases their competitiveness and positively impacts economic growth.

We believe that to ensure the investment attractiveness of commercial banks in the country, it is appropriate to implement the following measures: Ensuring the stability of bank liabilities to enhance their solvency: First, increase the share of term deposits in gross deposits by maintaining proportionality between interest income from loans and interest expenses on deposits; Second, ensure proportionality between changes in the share of regulatory capital in total liabilities and the share of unstable liabilities in total liabilities; Third, reduce the share of floating-rate foreign loans in the total volume of foreign borrowing.



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Research shows that the share of unstable liabilities (demand deposits, interbank loans) in the liabilities of commercial banks in our country is significantly high. This negatively affects the stability of bank liabilities. The implementation of a requirement to form the charter capital of banks exclusively in the national currency resolved one of the critical issues affecting the stability of the capital base namely, the problem of devaluation reserves. The essence of this problem is twofold: first, according to the Central Bank of Uzbekistan, devaluation reserves were included in the Tier 1 capital of commercial banks, but since they do not constitute a stable funding source, Basel I standards prohibit their inclusion in bank capital; second, devaluation reserves should ideally be formed from retained earnings, but due to the high depreciation rate of the national currency, commercial banks accumulated devaluation reserves exceeding their retained earnings, making it impossible to generate the necessary resources for their formation.

Investment projects in the real sector often involve importing large volumes of new equipment and technologies from abroad, and foreign loans and investments constitute a significant part of the financing sources for fixed capital. This results in an increase in the volume of foreign borrowing channeled into the national economy through commercial banks.

Enhancing the investment attractiveness of common and preferred shares of commercial banks: Maintain the stability of the share of regulatory capital in emission income; Prevent deterioration in the quality of classified loans; Ensure low and stable levels of transactional deposits.

However, the relatively high rates of national currency depreciation and inflation hinder the investment attractiveness of securities issued in the national currency. Devaluation and inflation significantly reduce the real value of investments



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denominated in local currency, causing investors to lose both expected returns and part of their principal.

Additionally, the relatively low profitability of commercial bank assets is another factor limiting the investment attractiveness of the securities they issue. Analysis conducted in the second chapter of this research shows that major banks in the country, such as TIF National Bank, Asaka Bank, and Industrial Construction Bank, have relatively low asset profitability.

It is important to note that the main determinant of the investment attractiveness of commercial banks' common shares is the amount of net profit, since the majority of dividends on common shares are paid from the net profit of the current period. In our country, the ratio of net profit to gross assets is relatively small, primarily due to the lack of proportionality between the growth rate of net profit and the growth rate of gross assets.

Strategies to enhance the investment potential of commercial banks are crucial for ensuring their sustainable development and economic efficiency. Internal strategic factors such as strengthening capital structure, maintaining optimal liquidity, improving management expertise in investments, and enhancing risk management systems increase banks' ability to attract investment projects. External strategic factors are related to legislative norms, macroeconomic stability, government fiscal and tax policy, and transparency in financial markets. By developing strategies that comprehensively account for these factors, banks can improve competitiveness, encourage capital inflows, and contribute significantly to economic growth. Thus, enhancing the investment potential of commercial banks not only ensures internal financial stability but also serves as an essential tool for advancing national economic development.