

IMPROVEMENT OF INVESTMENT ACTIVITIES OF COMMERCIAL BANKS IN THE SECURITIES MARKET

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Abstract. This article examines the issues of improving the investment activities of commercial banks in the securities market. Within the framework of the study, the investment strategies of banks and the factors affecting them were analyzed, and the main problems encountered in current practices were identified. The article discusses suggestions for improving investment performance, in particular diversification, risk management, and opportunities to use technological innovations. Recommendations were also developed to make the investment activities of commercial banks in the securities market more effective.

Keywords: *commercial banks, stock market, investment activities, risk management, diversification, technological innovations, investment strategies*

Introduction. The securities market is a vital component of a country's economy, playing a significant role in the allocation of financial resources, financing investment projects, and enhancing corporate governance. This market facilitates the attraction of capital flows and enables optimal resource distribution. As key participants in the securities market, commercial banks not only engage in buying and selling securities but also provide a wide range of financial services to clients and investors. Their activities in the securities market are crucial for generating additional income and ensuring liquidity.

Investment activity is one of the main financial operations for commercial banks, allowing them to maintain a balance between risk and return while striving for optimal capital allocation. Investment operations in the securities market enable banks to diversify their asset portfolios, reduce risks, and adapt to market changes. Additionally, the effectiveness of investment activities directly impacts not only the financial condition of the banks but also the overall economy.

Literature Review

Research on the investment activities of commercial banks addresses various existing issues and strategies. Notably, Markowitz's portfolio theory emphasizes the importance of diversifying investments and managing risks, providing banks with a framework to optimize asset portfolios and increase returns [Markowitz, 1952]. Basel III regulations encompass essential rules governing the investment activities of

commercial banks, aimed at ensuring adequate capital levels [Basel Committee on Banking Supervision, 2011]. The article "Issues of Improving the Operations of Commercial Banks in the Securities Market" analyzes the investments of commercial banks in the securities market and identifies influencing factors, offering recommendations for enhancing investment strategies and resolving existing challenges [A R Norov et al., 2024]. Additionally, financial technologies and innovations play a crucial role in improving banks' investment processes, proposing new approaches and strategies necessary for strengthening their position in the securities market [H Baker et al., 2023].

Current Situation and Issues

Investment practices of commercial banks in the securities market play a crucial role today. These banks rely on diversification and risk management strategies for their investments. However, many still lack effective approaches for their portfolios, leading to reduced profitability. Current challenges include ineffective risk management systems, inability to accurately assess risks, and market changes affecting liquidity. Additionally, many banks are not fully utilizing modern financial technologies, slowing investment processes and reducing efficiency. This situation necessitates developing effective strategies to enhance the investment activities of commercial banks to improve their market position and competitiveness.

Ways of improvement

Ways of improvement	Description
Diversification	Banks need to invest in different assets and reduce risks for their investment portfolios. This increases revenue and provides flexibility to market changes.
Risk management	It is necessary to introduce effective risk management systems. Banks should correctly assess risks by using modern methodologies and analytical tools.
Regulatory changes	It is necessary to update the existing regulatory and legal requirements and act in accordance with them, which will increase confidence among market participants.
Technological innovations	Innovations such as artificial intelligence, blockchain and data analysis play an important role in optimizing investment operations and increasing security. Mobile banking applications make investment activities easier for users.

Discussion and Results

The analysis highlighted key issues in enhancing the investment activities of commercial banks. Improving the effectiveness of risk management systems, diversification, and utilizing modern technologies can significantly enhance their investment processes. Research, including Markowitz's portfolio theory and Basel III

regulations, emphasizes the importance of risk management and diversification.

Proposed improvements, such as adopting new technologies and regulatory changes, present new opportunities for banks while bolstering their economic stability. Implementing these suggestions is expected to enhance investment efficiency and increase competition among banks, ultimately improving their role in the securities market and financial health.

Conclusion

This article discussed the challenges and solutions for improving the investment activities of commercial banks in the securities market. Banks must effectively implement investment processes through risk management, diversification, and the use of modern technologies. The proposed strategies are expected to enhance the economic stability and competitiveness of banks, thereby reinforcing their role in the securities market.

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