



Global Conference on Medical and Health Sciences

Hosted Online from Madrid, Spain

Date: 14th January, 2026

Website: <https://econferencia.com>

LEGAL FOUNDATIONS FOR ENSURING THE INVESTMENT ATTRACTIVENESS OF COMMERCIAL BANKS

PhD., Dagarov Bekzod Muzaffar ugli

Independent Researcher

Tashkent State University of Economics

The investment activities of commercial banks play a crucial role in the development of a country's economy. Banks not only allocate funds through deposit mobilization and lending, but also create investment attractiveness in financing strategic projects. In this process, legal foundations play a significant role, as they regulate relations between banks and clients, reduce financial risks, and ensure transparency in investment activities. National legislation, financial and banking regulations, as well as financial management standards, provide a framework for commercial banks to conduct stable and effective investment activities. Therefore, legal norms serve as a key instrument in enhancing the investment attractiveness of banks.

According to the Law of the Republic of Uzbekistan on the Central Bank: Ensuring the stability of the national banking system is one of the primary objectives of the Central Bank; The Central Bank applies a mandatory reserve requirement to commercial banks, maintaining required reserves either by transferring funds in special accounts at the Central Bank or by holding an average amount of reserves calculated based on the required reserve ratio; In cases of temporary liquidity shortages in commercial banks, the Central Bank has the right to provide short-term loans for up to three months to maintain payment continuity, with interest rates not lower than the rates applied to other Central Bank credits and secured by the bank's assets; The Central Bank regulates and supervises the activities of credit institutions, including commercial banks;



Global Conference on Medical and Health Sciences

Hosted Online from Madrid, Spain

Date: 14th January, 2026

Website: <https://econferencia.com>

Within its supervisory function, the Central Bank has the authority to determine procedures for writing off non-performing assets, request financial recovery plans for banks in case of deterioration, and obtain information about the financial standing and business reputation of direct and ultimate beneficial owners of commercial banks.

These provisions demonstrate that the Central Bank is responsible for mitigating internal and external negative factors affecting the investment attractiveness of commercial banks and reducing their adverse effects.

Within its supervisory function, the Central Bank of Uzbekistan has established prudential requirements to maintain bank liquidity, capitalization, and risk management: Liquidity requirements: The minimum instantaneous liquidity ratio is 0.10, the minimum current liquidity ratio is 0.30, the liquidity coverage ratio minimum is 1.0, and the net stable funding ratio minimum is 1.0. Capitalization requirements: A bank's Tier 1 capital must not be less than the minimum authorized capital; the minimum regulatory capital adequacy ratio relative to risk-weighted assets is 0.13; the Tier 1 capital adequacy ratio relative to risk-weighted assets is 0.10; and a capital conservation buffer of 3% of risk-weighted assets is required.

Risk limits: Exposure to a single borrower or a related group must not exceed 25% of Tier 1 capital; unsecured credit to a single borrower or group must not exceed 5% of Tier 1 capital; total large exposures must not exceed five times Tier 1 capital; reserve requirements are established for classified loans (standard 1%, substandard 10%, doubtful 25%, suspicious 50%, and loss 100%); open currency positions must not exceed 10% for a single currency and 15% for all currencies relative to regulatory capital.

The Law of the Republic of Uzbekistan "On Banks and Banking Activities" defines several legal aspects of ensuring the investment attractiveness of



Global Conference on Medical and Health Sciences

Hosted Online from Madrid, Spain

Date: 14th January, 2026

Website: <https://econferencia.com>

commercial banks. Specifically: Banks are independent in making decisions related to financial operations; Banks cannot repurchase their own shares exceeding 10% of their charter capital; To ensure financial stability and protect depositors' and creditors' interests, banks must comply with prudential norms established by the Central Bank; If a bank violates these norms or faces signs of insolvency, the Central Bank may prohibit dividend payments, including to board members and employees, until the deficiencies are resolved; Banks must adhere to internal control and risk management requirements and submit recovery plans upon the Central Bank's request if financial conditions deteriorate.

Notably, Presidential Decree No. PQ-3270 dated September 12, 2017, "On Measures to Further Develop and Strengthen the Stability of the Banking System of the Republic" provided a legal solution to key challenges in commercial banking operations and strengthened their investment attractiveness. The decree: Freed banks from functions unrelated to their core activities, such as monitoring overdue debts of business entities and cash use from bank operations; Empowered the Central Bank to implement modern standards, norms, and assessment indicators for commercial banks, ensure compliance with capital adequacy, liquidity, and stability requirements, and improve risk management systems according to Basel Committee recommendations; Enhanced banks' competitiveness, encouraged modern banking practices, improved financial literacy and rights protection for the population, and strengthened public trust in the banking system.

In conclusion, ensuring the investment attractiveness of commercial banks is directly linked to their legal framework. Laws and regulations expand banks' capabilities in mobilizing capital, financing investment projects, and managing risks. A transparent and stable legal environment increases investor confidence, boosts domestic and foreign investments, and accelerates capital inflows into the



Global Conference on Medical and Health Sciences

Hosted Online from Madrid, Spain

Date: 14th January, 2026

Website: <https://econferencia.com>

national economy. Consequently, banks become competitive and sustainable financial institutions. Legal foundations not only regulate investment activities but also serve as a key factor in the strategic development of banks, enabling them to make a significant contribution to economic growth.