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**ISSUES OF IMPROVING DIVIDEND POLICY OF COMMERCIAL BANKS IN  
THE REPUBLIC OF UZBEKISTAN  
AMIROV OTABEK, ABDUGAFFAROVA DINARA**

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**Abstract**

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**Keywords:** dividend, dividend payments, dividend policy, commercial banks, dividend yield, corporate governance, dividend yield.

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The article examines foreign and local literature, the payment of regular dividends and its advantages in the development of dividend policy in commercial banks of the Republic of Uzbekistan. suggestions are given.

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**INTRODUCTION**

The development of the financial market in our country requires improving the activities of commercial banks and establishing effective corporate governance in them. It should be noted that a reasonable dividend policy has a special role in the organization of effective corporate governance in commercial banks, and this can be considered as a shortcoming in the corporate governance of banks today. The high share of the state in the majority of commercial banks in the country is noteworthy. This has a negative impact on the performance of these commercial banks, and is having an impact on the economy. It is known that commercial banks are required to constantly increase their authorized capital to ensure financial stability. In order to increase the authorized capital, it is necessary to place the bank's shares on the stock market and, first of all, attract foreign and domestic investors to the shares. The amount of dividends paid per share is one of the most important issues for investors. Therefore, in order to develop the banking system of Uzbekistan, increasing the role of dividend policy in joint-stock commercial banks on the basis of best practices is a topical and practical issue, and in this regard requires serious attention to dividend policy.

In accordance with the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025 with the support of international financial institutions JSCB "Ipoteka-Bank", JSCB "Uzpromstroybank", JSCB "Asaka", JSC "Aloqabank", JSC "Qishloq Qurilish Bank" Gradual privatization of state-owned shares in JSCB and JSCB "Turonbank" shows. Today, commercial banks are working to implement the above issues, and we can see a lot of progress in recent years. (1)

**LITERATURE REVIEW**

Although there are many local and local views on the issue of dividend policy, the research on the management and development of bank dividend policy in this area has not lost its relevance. This issue is especially in the spotlight of researchers and economists. In

this regard, S. Elmiraev studied in detail the economic nature of dividends, the results that can be achieved by joint-stock companies through a reasonable dividend policy, the analysis of dividends. (2)

N. Sherkuzieva studied the role of dividend policy in the financial management system of joint-stock companies, studied in detail the basic theories of dividend policy, the principles of dividend policy, the procedure for declaring and paying dividends. In this study, the researcher analyzed the dividend policy of joint stock companies in general, but did not emphasize the dividend policy of individual commercial banks. We can see that it is expedient to use it for its activity as well. (3)

Ross N. Dickens and K. Michael Casey, foreign scholars, studied the assessment of the direct impact of regulations and taxes on the dividend policy of commercial banks. It is noted that the policy has different characteristics. (4)

Banks can improve their capitalization by reducing dividend payments or not paying dividends. However, some observers argue that the reduction in dividend payments is interpreted by investors and financial analysts as a negative signal indicating future problems (5).

According to M. Belloni, M. Grodzicki, and M. Jarmuzek, there are three main reasons for the organization of dividend payment regulation: asymmetric data between shareholders and management, the presence of agency costs, and the presence of regulatory constraints (6).

## **ANALYSIS AND RESULTS**

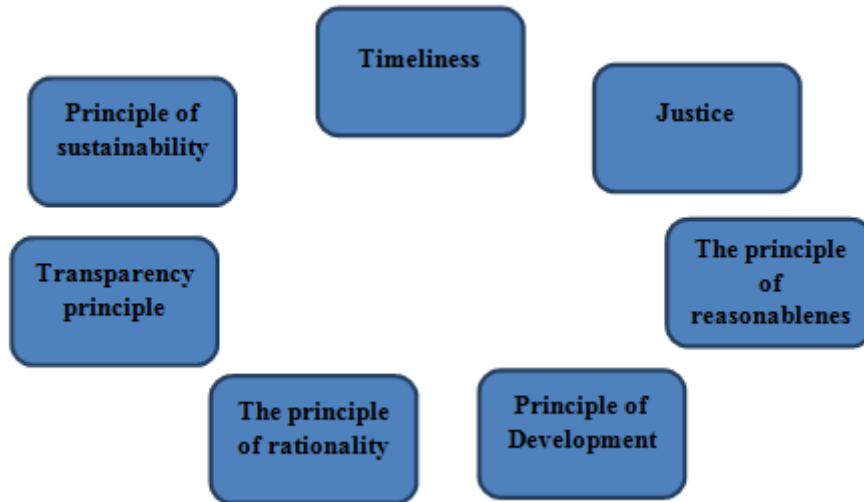
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**Figure 1. Principles of dividend policy of commercial banks\***

It should be noted that the dividend policy of commercial banks is based on the principles of transparency, timeliness, reasonableness, fairness, rationality, development, stability (Figure 1). As well as in our banks with a high share of the state, the organization of an effective dividend policy allows you to make payments from regular income.

The dividend policy of commercial banks should pay regular attention to the payment of dividends, as well as the level of return on shares paid to investors. Because stocks are high-risk securities, the dividend rate of commercial banks should be higher than the interest rate on deposits and deposits. In general, R.Kunarov and J.Buriev noted the increase in the level of profitability of financial assets due to the level of risk and the demand of investors:

Yield on ordinary shares (exchange rate growth and interest income) based on);  
 Yield on preferred shares (exchange rate growth and interest) on the basis of income);  
 Yield on corporate bonds (exchange rate growth and interest rates) on the basis of income);  
 Yield on government bonds and treasury obligations;  
 Yield on certificates of deposit and deposits of the population.

As can be seen from the figure above, while government securities are recognized as low-risk financial assets, their returns are also low. It is important for commercial banks to take into account the return on corporate bonds, certificates of deposit and deposits, as well as government bonds and treasury bonds when calculating dividend payments.

Below are the dividends of large non-government commercial banks. Here is an analysis of the payments.

\* R.R.Kunarov " *International finance and accounting* " scientific magazine . №6, December, 2021 . ISSN: 2181-1016

† R. \_ Kunarov and J. \_ The Boers \_ by Created

The table below shows the amount of dividends accrued and paid as a percentage of their nominal value on the securities of JSCB "Trustbank" in recent years. Dividends from the income of JSCB Trustbank, a private commercial bank, for the last 3 years The same dividend of 3.49 billion soums on 15% of preferred shares was calculated and paid. On ordinary shares in 2020 Dividends of 101.4% or 228.380 billion soums were paid annually, which is almost 50% more than in 2019. Despite the decline in the share of calculated and paid dividends in 2021, The corporate structure of this private commercial bank on the basis of dividends is working well, some dividend policy is better than the rest of the commercial

**Table 1**

**Dividends accrued and paid as a percentage of the nominal value of securities of JSCB "Trustbank"**

| Indicators                                                     | 2019     | 2020      | 2021     |
|----------------------------------------------------------------|----------|-----------|----------|
| <b>Simple shares on</b>                                        | 61.3%    | 101.4%    | 25%      |
| <b>Calculated and pay given dividends amount (million UZS)</b> | 98219.15 | 228380.18 | 90056.75 |
| <b>Privileged shares on</b>                                    | 15%      | 15%       | 15%      |
| <b>Calculated and pay given dividends amount (million UZS)</b> | 3.45     | 3.45      | 3.45     |

banks, and of course the campaign We can also see that the nominal value of

As a result of our research, the dividend policy in the practice of commercial banks is based on the distribution of the bank's net profit. However, the fact that almost all commercial banks pay dividends below the annual inflation rate does not satisfy investors. As a result, the growth rate of capital of commercial banks does not meet today's requirements. Therefore, increasing the role of dividend policy in commercial banks on the basis of best international practices for the development of the banking system of Uzbekistan is a topical and practical issue, and in this regard, banks need to pay serious attention to this issue.

The dividend policy of commercial banks, which are the main participants in the national stock market, has a number of shortcomings and problems:

- The main shareholders of commercial banks are large state-owned enterprises and, as a result, do not actively participate in modern business processes;
- the need to create conditions for investors to pursue a reasonable dividend policy that satisfies potential investors and serves to increase the bank's capital;
- low or no dividend payments in commercial banks, resulting in a lack of interest in shares;

In today's practice, one of the disadvantages for banks is the low demand for shares of banks in the primary market and the inability to sell shares at prices above par.

In developing countries, the share price of banks in the secondary market depends on the effective dividend policy of these banks. In this case, the secondary market rate of banks paying high dividends is too high or it is impossible to buy such shares. Conversely, the share price of banks that pay a minimum amount of dividends in the secondary market will not rise above the nominal value for a certain period of time.

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