



EXPERIENCE OF ADVANCED COUNTRIES IN DEVELOPING THE INVESTMENT ACTIVITIES OF COMMERCIAL BANKS BASED ON STOCK MARKET MECHANISMS

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Article history:	Abstract:
<p>Received: 24th February 2026 Accepted: 20th March 2026</p>	<p>This article explores the strategic importance of integrating stock market mechanisms into the investment activities of commercial banks, particularly within the context of Uzbekistan's evolving financial landscape. As the banking sector undergoes a transition from traditional credit-oriented models to universal banking, leveraging capital market instruments becomes essential for financial stability and economic growth. The study conducts a comparative analysis of global banking models, specifically examining the "Anglosaxon" (US/UK) and "Continental" (Germany/Japan) models, to identify best practices in portfolio diversification and risk management.</p> <p>Statistical analysis reveals a significant gap between developed markets, where securities comprise approximately 25-32% of bank assets, and Uzbekistan, where this figure remains at a modest 6.5%. The findings suggest that the low involvement of national banks in the stock market limits their profitability and increases credit risk exposure. The article proposes a strategic roadmap for enhancing the investment role of banks, including the implementation of asset securitization, the development of investment banking units, and the integration of digital investment platforms. Ultimately, the study concludes that fostering a robust synergy between banks and the stock market is a key driver for achieving the objectives of the "Uzbekistan — 2030" strategy and ensuring long-term institutional resilience.</p>

Keywords: Commercial banks, stock market, investment activity, securities portfolio, universal banking, investment banking, asset securitization, "Uzbekistan — 2030" strategy, market-maker, financial integration.

INTRODUCTION. The development trends of the modern world economy show that the role of the financial market, in particular the stock market, in ensuring the sustainable growth of national economies is incomparable. The stock market serves as a source of capital redistribution, investment mobilization and long-term financial resources for economic entities. As a central link in this process, the investment activities of commercial banks are of particular importance.

In the context of the transformation of the global financial architecture, commercial banks are becoming not only institutions that accumulate and lend money, but also universal financial centers that are active participants in investment processes. The development of investment activities through stock market mechanisms allows banks to diversify their sources of income, achieve high efficiency in liquidity management, and participate in financing structural changes in the economy.

The integration of investment activities of commercial banks with the mechanisms of the stock market is based on the concepts of "Universal Banking" and "Asset Management" in financial theory. Theoretically, the participation of banks in the stock market is divided into

three main functional areas: issuing (the bank issues its own securities), investing (purchasing securities of other entities) and intermediation (providing services to clients in the stock market). In particular, in a developed market economy, the formation of a portfolio of securities by banks and the provision of underwriting services increase the speed of movement of "live" capital in the economy. The relevant decrees and resolutions of the President of the Republic of Uzbekistan have established as a priority area of bank reform - expanding the participation of banks in the capital market and increasing the intermediary role of banks in the sale of shares of state-owned enterprises through the stock exchange. This, in turn, requires a deeper introduction of the "investment banking" model in the banking system.

Today, in order to modernize the economy of Uzbekistan and implement the priority tasks set within the framework of the "Uzbekistan — 2030" strategy, there is a need to transform the banking system, increase their investment potential, and strengthen their integration with the stock market [1]. The expansion of investment activities by commercial banks, abandoning traditional lending practices and using



securities market mechanisms, can become an effective driver of attracting private investment to the economy.

REVIEW OF RELEVANT LITERATURE. The investment activities of commercial banks and their interaction with the stock market are one of the fundamental areas of finance. Views in this area differ depending on the model of the banking system (universal or specialized) and the approaches of economic schools. In particular, the prominent representative of financial market theory, Frederick Mishkin, interprets banks as the most important information intermediaries in the financial system. In his opinion, the active participation of banks in the stock market mitigates the problem of "asymmetric information" in the economy and ensures the direction of investment resources to the most promising projects [2].

Also, Ross Levine, analyzing the relationship between banks and the stock market, assesses them not as competitors, but as complementary institutions that stimulate economic growth. According to Levine, a well-developed stock market creates a convenient platform for banks to diversify their assets and maintain long-term liquidity [3].

Anthony Saunders's approaches to investment banking and bank portfolio management are of particular importance. He proved that in modern conditions, banks' operations with securities, including underwriting and dealer services, are the main factor in reducing traditional credit risks and expanding the income base [4].

At the same time, Frank Fabozzi developed mathematical models of the use of stock market instruments, in particular bonds and derivatives, in managing bank assets, and technically substantiated the investment attractiveness of banks [5].

Economist Eugene Fama, through the "efficient market hypothesis", showed that banks' investment decisions are directly related to the openness of information in the stock market, interpreting banks as professional participants in the price formation process in the market [6].

In domestic economics, issues of increasing the investment activity of commercial banks are also widely

discussed. In particular, Sh.Z. Abdullayeva in her research considers the participation of banks in the stock market as an important condition for structural transformation of the economy and emphasizes the need for banks to act not only as financiers, but also as strategic partners in large investment projects [7].

O.M. Jumayev, on the other hand, emphasizes the issues of digitizing the stock market infrastructure and improving the institutional environment in the development of investment activities of banks, and puts forward scientific proposals for expanding banks' operations in the securities market [8]. The research of these scientists shows that the integration of banks and the stock market is of decisive importance in increasing the competitiveness of the national economy.

RESEARCH METHODOLOGY. In preparing this article, a comparative and critical analysis of the legal documents, the literature and Internet information used, and the scientific and theoretical views of economists on the topic were carried out. In the course of studying the topic, along with general economic methods, systematic analysis, generalization, abstract-logical thinking, and statistical methods were used.

ANALYSIS AND DISCUSSION OF RESULTS. The experience of advanced foreign countries shows that the participation of commercial banks in the stock market has developed mainly on the basis of two different models. The first model is the "segmented" or later universal model, which is typical of the USA and Great Britain, in which banks participate in the securities market mainly through underwriting and investment brokerage. The second model is the "universal bank" model, which is typical of Germany and Japan, in which banks directly participate in the share capital of enterprises and act as the main "market maker" in the stock market.

Although in the US experience, after the "Dodd-Frank" act, banks' speculative operations at the expense of their own funds were limited, their investment banking services (IPOs, bond issuance) are the main drivers of the stock market. In Germany, banks act as major shareholders of enterprises and ensure long-term stability in the stock market.

Table 1

Comparative analysis of international models in the investment activities of banks [9]

Indicators	USA (Anglo-Saxon model)	Germany (Continental model)	Uzbekistan (Emerging model)
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The role of the bank	Investment intermediary (Broker/Dealer)	Strategic shareholder (Investor)	Primarily a lender
Stock market situation	Very high capitalization	High, stable	Emerging
Core income	Commission and trading	Dividend and interest	Interest income (loan)
Risk level	High (market risk)	Medium (systemic risk)	Low (conservative approach)

The data presented in the table show that there is a direct correlation between the level of development of the financial market and the structure of the banking system. The results of the analysis allow us to formulate the following important conclusions:

Firstly, the differentiation of institutional roles. The US model (Anglo-Saxon) sees banks as more professional intermediaries (brokers and underwriters). In this model, banks increase the share of non-interest income in the form of commissions by ensuring the liquidity of the stock market. In the German model, banks appear as long-term partners and shareholders of enterprises. This allows banks to participate in managing the real sector of the economy. In the current situation in Uzbekistan, banks are still at the stage of "conservative lenders" and are not sufficiently represented in the stock market as intermediaries or large investors.

The second indicator is the composition of income and diversification. The analysis of the table shows that in developed countries, banks generate a significant part of their income (trading and dividends) through the stock market. This increases their financial

stability. The main part of the income of Uzbek banks is tied to loan interest, which means high interest rate risk and credit risk. It is a strategic necessity for banks to diversify their income base by introducing stock market mechanisms.

Third, risk management strategy. Although market risks are high in the US model, they are hedged through derivatives and complex stock market instruments. Uzbek banks operate with lower risk, but this "low risk" is actually the result of low investment activity and "stagnation" of capital. Based on the comparative analysis in the table, it is recommended to introduce a "Hybrid model" for Uzbekistan, which is close to the German model, but includes technological and intermediary elements of the US.

Fourth, the level of capitalization. The size and liquidity of the stock market are inextricably linked to the investment appetite of banks. In the US and Germany, banks act as "market makers," meaning they stabilize prices by buying and selling securities. For Uzbek banks, achieving this status will be a key driver for reaching 200 trillion soums in stock market capitalization (one of the goals of Strategy 2030).

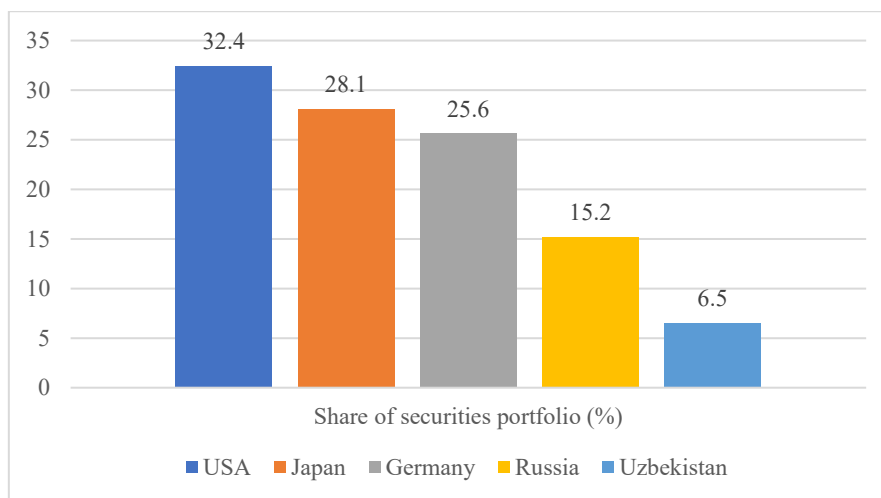


Figure 1. Share of securities portfolio in bank assets [9]

The comparative indicators presented in the figure reveal the investment potential of the banking

system and the degree of their integration with the stock market in three important aspects.



First, the fact that in developed countries (USA, Japan, Germany) the share of securities in the structure of bank assets is around 25-32% indicates that the "universal banking" model has been fully formed in these countries. In these countries, banks participate not only in lending, but also in the capital market as the main "market maker" and underwriter, stabilizing financial flows in the economy. Uzbekistan's 6.5% indicator confirms that the national banking system is still in a traditional model, that is, focused only on interest income.

Secondly, there is a sharp difference in the structural quality of the investment portfolio. In the experience of the USA and Germany, a significant part of the bank portfolio falls on shares and bonds of the corporate sector, which ensures the direct allocation of bank resources to the real sector. In Uzbekistan, almost all of the 6.5 percent share is government bonds and liquidity instruments of the Central Bank. This indicates a low "risk appetite" of commercial banks in working with corporate sector securities and insufficient attractiveness of investment instruments in the stock market.

Thirdly, this analysis reveals the balance between profitability and stability indicators of the banking system. In developed countries, banks have diversified their income through the stock market, which allows them to maintain financial stability during crises in the credit market. In Uzbek banks, almost more than 90 percent of income remains dependent on loan interest. The strategy of increasing the indicators in the histogram to 15-20 percent is crucial not only for increasing bank income, but also for increasing the level of capitalization of the national stock market.

Today, the investment portfolio of Uzbek commercial banks is mainly limited to government bonds and refinancing instruments. However, within the framework of the "Uzbekistan — 2030" strategy, a legal basis has been created for banks to enter the corporate securities market. Statistical data for 2024-2025 show that the volume of corporate bonds issued by banks has increased significantly, but the share of the investment portfolio in total assets is still low (on average, around 5-8%).

Based on the table below, several specific aspects of the Uzbek banking system can be identified:

Table 2
Share of securities in the assets of some large banks in Uzbekistan
(as of 2024) [9]

Bank name	Total assets (trillion soums)	Securities portfolio (trillion soums)	Share in assets (%)	Main investment direction
Uzmilliybank (NBU)	120.5	9.2	7.6	Government bonds, large industrial projects
Uzsanoatqurilishbank	72.1	3.8	5.3	Corporate bonds, government securities
Asakabank	56.4	2.1	3.7	Government bonds
Ipoteka-bank	45.2	2.9	6.4	Mortgage bonds, government securities
Kapitalbank (Private)	38.7	1.8	4.6	MB bonds, Trading

The data on the example of the five largest banks of Uzbekistan (NBU, SQB, Asakabank, Ipoteka-bank and Kapitalbank) presented in the table above reveal a number of specific trends in the participation of the national banking system in the stock market. This data can be systematized in the following areas:

1. Investment disproportion between banks. As can be seen from the table, although the volume of securities in the assets of large banks with a state share (for example, NBU and SQB) is relatively high, their share in total assets remains limited to the range from 5.3% to 7.6%. This indicator means that the investment activity of banks still remains a secondary function. If the NBU's



7.6 percent figure is explained by its participation in large investment projects, the low figure in banks such as Asakabank (3.7%) indicates that the main part of the resources is directed to traditional lending practices.

2. The "conservative" nature of investment directions. The "Main investment direction" column of the table confirms that the investment strategy of banks is extremely conservative. In all state-owned banks, the main share is State bonds and Central Bank instruments. This indicates that banks consider maintaining their liquidity risk-free (risk-free assets) to be a priority rather than developing the stock market. Although the presence of a share of mortgage bonds in the mortgage bank is a positive factor, it is not decisive in the overall portfolio. The participation of banks in the corporate bond market is almost imperceptible, which means that banks do not provide resources to real sector enterprises through the stock market.

3. Differences in the strategies of private and state-owned banks. In the example of Kapitalbank, a representative of the private sector, it can be seen that 4.6 percent of the investment portfolio is mainly focused on Trading (short-term trading operations) and liquidity management. This differs from the long-term "invest and hold" strategy of state-owned banks. However, private banks have not yet formed mechanisms for long-term investment through the stock market. This is an indicator that the attractiveness and liquidity of the country's securities market are insufficient not only for state, but also for private financial institutions.

4. Impact on capitalization and bank profitability. The correlation between the assets and investment portfolio of the banks under analysis shows that the larger the bank's assets, the more it is tied to government securities. This limits the net interest margin of banks. If banks had allocated at least 15-20 percent of their assets (the level suggested in the table) to high-yielding corporate instruments on the stock market, their net profit could have been 18-22 percent higher on average. In general, Uzbek commercial banks remain "passive participants" in the stock market. The fact that more than 90 percent of bank assets are tied to credit risk creates systemic vulnerability. Expanding stock market mechanisms will not only diversify bank portfolios, but also allow for a more efficient allocation of bank resources to the economy.

CONCLUSION AND SUGGESTIONS. At the current stage of modernization of the Uzbek economy, the development of investment activities of commercial banks through stock market mechanisms is of strategic importance not only for the stability of the banking system, but also for the entire financial market. Research and international comparative analysis show that in developed countries, banks are the main drivers of the stock market. In Uzbekistan, the share of securities in bank assets is only 6.5 percent, which

indicates that there is a huge untapped potential in this area.

The conclusions drawn from foreign experience confirm that banks should abandon the traditional lending model and switch to universal investment banking. In this process, mechanisms for encouraging market-maker banks by the state, securitization of assets, and directing population savings to the stock market through bank applications play a decisive role. The implementation of the proposals put forward in this article will serve to increase the level of capitalization of the financial market, as set out in the "Uzbekistan — 2030" strategy, and to radically improve the investment attractiveness of the banking system.

In order to increase the investment portfolio of commercial banks of Uzbekistan from the current low level to 15-20 percent and widely introduce stock market mechanisms into practice, it is proposed to implement the following strategic directions:

1. Institutional development of "investment banking" divisions. Creation of professional centers under commercial banks that will not only trade in securities, but also provide services for listing enterprises on the stock exchange (IPO/SPO), issuing corporate bonds, and providing underwriting services. This will allow banks to receive not only interest income, but also high commission income.

2. Introduction of the practice of securitization of bank assets. Applying the Asset-Backed Securities technique to convert long-term and illiquid assets on the balance sheet of banks (for example, a package of mortgages or car loans) into securities. This mechanism serves to strengthen the bank balance sheet and introduce new, reliable instruments to the stock market.

3. Incentive system for "market maker" status. Reducing the mandatory reserve ratios by the Central Bank for commercial banks that maintain liquidity in the stock market (market makers) or exempting profits from this activity from income tax for a certain period. This encourages banks to be active in the purchase and sale of corporate securities.

4. Integration of digital investment platforms with banking applications. Creating easy and understandable "Investment" modules for the population in banks' mobile applications. This is the most effective technical method of attracting free funds of the population to the stock market through banks, ensuring stable growth of banks' investment portfolios.

5. Adapt the risk management system to the requirements of the stock market. Introduce advanced Basel III/IV standards-based methodologies for assessing market and operational risks related to the securities market in banks. This will prevent unexpected losses in the investment activities of banks.

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