

# MECHANISMS OF ALLOCATION OF LIQUID FUNDS BY THE CENTRAL BANK TO COMMERCIAL BANKS

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## Abstract

This article examines the main mechanisms aimed at ensuring the liquidity of commercial banks by the Central Bank and analyzes their efficiency. The financial stability and reliability of commercial banks depends on their ability to fully satisfy their needs for liquid funds. For this reason, the mechanisms of allocating liquid funds to commercial banks by the Central Bank are of particular importance. The article analyzes the effectiveness of these mechanisms during 2020-2023.

**Keywords:** Central Bank, commercial banks, liquidity, monetary policy, financial stability, short-term loans, bank accounts, state budget, development strategy.

## Introduction

The stability and efficiency of commercial banks' financial activity is inextricably linked to their level of liquidity. Inadequate liquidity may negatively affect banks' timely and complete fulfillment of short-term obligations. This, in turn, is likely to undermine the financial stability of the banking system and mutual cooperation in the national economy.

The issue of ensuring liquidity is also of great importance for the Central Bank. Because the financial stability of commercial banks determines the stability and reliability of the country's financial system. Therefore, the Central Bank is constantly improving the mechanisms of allocating liquid funds to commercial banks.

In this research work, the main mechanisms of allocating liquid funds to commercial banks by the Central Bank are studied and their efficiency is analyzed. These mechanisms include:

1. Provision of short-term liquid loans;
2. Creation of funds in balance accounts for operations;
3. Accumulation of funds in state budget accounts.

Through these mechanisms, the Central Bank implements measures aimed at ensuring the liquidity of commercial banks, strengthening their financial stability, and strengthening effective cooperation in the national economy.

## Methods

The following methods were used by the Central Bank in the analysis of mechanisms for allocating liquid funds to commercial banks:



1. Statistical analysis. The study used official statistical data on the dynamics of liquid funds allocated by the Central Bank to commercial banks in 2020-2023. Through the analysis of this data, the effectiveness of the mechanisms of liquid funds allocation was studied.

2. Comparative analysis. The trends of short-term liquid loans allocated to commercial banks, account balances and state budget funds in 2020-2023 were comparatively analyzed. Through this, the interaction and effectiveness of these mechanisms was determined.

3. Analysis of regulatory and legal documents. During the research, the Central Bank studied the legal documents and regulatory acts aimed at ensuring the liquidity of commercial banks. Through this, the legal bases and procedures of these mechanisms were determined.

The above research methods allowed the commercial banks to draw detailed conclusions about the effectiveness and prospects of the mechanisms of liquid funds allocated by the Central Bank. Statistical data on the dynamics of liquid funds allocated to commercial banks by the Central Bank in 2020-2023 were used in the research. Through the analysis of these data, the effectiveness of the mechanisms mentioned above was studied.

## Results

In the research work, the main mechanisms aimed at ensuring the liquidity of commercial banks by the Central Bank are thoroughly studied and their efficiency and results are analyzed. The financial stability and reliability of commercial banks depends on their ability to fully satisfy their needs for liquid funds. For this reason, the mechanisms of allocating liquid funds to commercial banks by the Central Bank are of particular importance. These mechanisms include:

1. Provision of short-term liquid loans. The Central Bank allocates short-term liquid loans to commercial banks. These loans help commercial banks meet their short-term obligations on time and in full.

2. Creation of funds in accounts of balances on operations. The average daily balance of commercial banks' accounts with the Central Bank is an important source of liquidity.

3. Accumulation of funds in state budget accounts. The Central Bank ensures their liquidity by distributing the funds in the state budget accounts among commercial banks.

These mechanisms are active measures of the Central Bank aimed at strengthening the financial stability of commercial banks. This, in turn, serves the effective development of the national economy.

**Table 1. 2020-2023 dynamics of the mechanisms of allocation of liquid funds by the Central Bank to commercial banks**

#	Indicator 2020	2020	2021	2022	2023
1	Short-term liquid loans, trillion soums. Growth rate, %.	12,4 -	14,6 17,7	17,8 22,0	21,7 21,9
2	Commercial banks Average daily balances in Central Bank accounts, trillion soums. Growth rate, %.	9,5 -	12,2 28,4	14,8 21,3	17,9 21,0
3	Average daily balances in state budget accounts, trillion soums Growth rate, %.	4,6 -	6,1 32,6	7,5 22,9	9,1 21,3



As a result of the analysis of the data of Table 1, it can be concluded as follows.

### 1. Regarding short-term liquid loans:

- This indicator, which was 12.4 trillion soums in 2020, reached 14.6 trillion soums in 2021, 17.8 trillion soums in 2022, and 21.7 trillion soums in 2023.
- In the period from 2020 to 2023, the volume of short-term liquid loans increased by 75%.
- This indicates the active measures of the Central Bank aimed at ensuring the liquidity of commercial banks.

### 2. Average daily balances in the accounts of commercial banks with the Central Bank:

- This figure, which was 9.5 trillion soums in 2020, reached 12.2 trillion soums in 2021, 14.8 trillion soums in 2022, and 17.9 trillion soums in 2023.
- In the period from 2020 to 2023, the volume of these residues increased by 88.4%.
- These funds are an important resource in ensuring the liquidity of commercial banks.

### 3. Average daily balances in state budget accounts:

- This indicator, which was 4.6 trillion soums in 2020, reached 6.1 trillion soums in 2021, 7.5 trillion soums in 2022, and 9.1 trillion soums in 2023.
- In the period from 2020 to 2023, the volume of these residues increased by 98%.
- The Central Bank contributes to ensuring their liquidity by distributing these funds among commercial banks.

In short, these mechanisms implemented by the Central Bank serve to strengthen the financial stability of commercial banks, ensure their liquidity and the effective development of the national economy.

### Discussion

The studied statistical data show that the activities carried out by the Central Bank on allocating liquid funds to commercial banks are achieving effective results. The level of liquidity of commercial banks is improving by providing short-term liquid loans, using account balances and distributing state budget funds.

These mechanisms help commercial banks meet their short-term obligations on time. As a result, the financial stability and reliability of the banking system will increase, and mutual cooperation in the national economy will be strengthened. Ensuring the liquidity of commercial banks is constantly monitored by the Central Bank and appropriate requirements are set. In doing so, the Central Bank takes into account aspects such as the distribution, terms and value of liquid funds. This will help maintain liquidity at an optimal level.

### Summary

Ensuring the liquidity of commercial banks is one of the important tasks of the Central Bank. For this purpose, the following effective mechanisms are used by the Central Bank:

- Provision of short-term liquid loans. The volume of these loans has increased significantly in the last three years.
- Creation of funds in the accounts of balances on operations. The average daily balance of commercial banks' accounts with the Central Bank is increasing year by year.



- Accumulation of funds in state budget accounts. Average daily balances in state budget accounts have also increased over the past three years.

In this article, the main mechanisms of the Central Bank aimed at ensuring the liquidity of commercial banks were thoroughly analyzed. The results of the analysis show that the measures implemented by the Central Bank are yielding effective results.

In the period from 2020 to 2023, the volume of short-term liquid loans increased by 75%, the average daily balances in the accounts of commercial banks with the Central Bank increased by 88.4%, and the average daily balances in the state budget accounts increased by 98%. This is a vivid expression of the Central Bank's active actions aimed at effectively ensuring the liquidity of commercial banks, strengthening financial stability and sustainable development of the national economy.

The increase in the volume of liquid funds allocated to commercial banks serves to increase the reliability and financial stability of the banking system, as well as to support the activity of the real sector of the economy. This, in turn, helps accelerate the economic development of our country and increase the well-being of the population.

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