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**THE IMPORTANCE OF DIVIDEND POLICY IN ENSURING  
THE BANK'S FINANCIAL SUSTAINABILITY**

**Kilicheva K. M.**, assistant teacher  
Tashkent Financial Institute  
Tashkent, Republic of Uzbekistan

One of the most important decisions in the financial activities of banks, which are an important link in the economy, is the decision on how much of the bank's net profit should be distributed to shareholders in the form of dividends. Although there are many opinions on the importance and purpose of dividend payments, research in this area of dividend policy management of banks has not lost its relevance today.

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, “Ipoteka-Bank”, “Uzpromstroybank”, “Asaka”, “Aloqabank”, “Qishloq Qurilish Bank” and “Turonbank” the gradual privatization of state-owned shares, with the institutional transformation of the first stage (transformation of activities) and the effective implementation of the task set at a time when the sale of state-owned shares is planned in the second stage also depends on the dividend policy of banks [1]. This is because the shares of banks that pay regular dividends find their owners so quickly.

Dividend policy pursued by joint-stock companies in the country is the implementation of investment activities and without hindering its development, on the contrary, it should ensure the optimal ratio between the requirements of shareholders and the development potential of the company's economic activities and ultimately contribute to the development of the economy of the republic [3]. Today, the most active participants in the stock market in the Republic of Uzbekistan are commercial banks. Commercial banks participate in the stock market both as issuers and as investors and intermediaries. Therefore, commercial banks, as issuers of securities, must ensure that investors receive income. To achieve this goal, commercial banks also need to pay special attention to dividend policy.

Dividend policy should be aimed at increasing the investment attractiveness of the bank, increasing its financial stability and level of capitalization, increasing the welfare of the bank's shareholders and their legitimate interests under applicable law. The dividend policy should consist of optimizing the ratio between the capitalization of the profit received by the bank and the capitalization in order to increase the market value of the shares.

As can be seen from the picture above, we believe that special attention should be paid to the basic principles outlined in the conduct of a reasonable and effective dividend policy for commercial banks. As a result of our research and development, the dividend policy in the practice of commercial banks is mainly based on the distribution of net profit. Although the object of dividend policy is so simple, most joint-stock banks in Uzbekistan do not pay dividends to the satisfaction of investors. Some commercial banks have even included in their dividend policies that the decision to pay dividends on shares is not an obligation but a right of the bank, and that the general meeting of shareholders has the right to decide not to pay dividends on shares placed. As a result, the capitalization rate of commercial banks lags behind modern requirements. In world practice, the participation of the state in the activities of banks and the presence of a state representative on the board of directors have shown that dividend payments are low. Therefore, in order to effectively carry out the privatization of banks, it is necessary to seriously consider the dividend policy of state-owned commercial banks and, of course, increase dividend payments. After that, investors can increase their interest in bank shares.

Overall, the ability of commercial banks to pay dividends is assessed by how much net profit it has made this year and its financial stability. In our opinion, the main importance of dividend policy should be to increase the number of shareholders. Only then can the bank's capital be effectively managed and, as a result, financial stability ensured.

### **References**

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