

THE ROLE OF COMMERCIAL BANKS IN FINANCIAL SUPPORT OF BUSINESS ACTIVITY

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Today, the effectiveness of foreign economic activity of business entities depends not only on their internal financial capabilities and efficiency, but also on the level of development of financial and credit institutions involved in financing their activities.

In the conditions of market relations, loans of commercial banks play an important role in financing the foreign economic activities of business entities . Commercial banks, according to their economic nature, perform the following economic operations:

- commercial banks attract financial resources in excess of the needs of the population and economic entities on the basis of an additional fee ;
- provides credit resources to entrepreneurs and enterprises in need of temporary financial resources ;
- through its operations, the bank contributes to social stability in the country by providing jobs to the working population.

The nature and basis of commercial banks' activities are expressed in the main principles of their activity organization:

- commercial banks relying on foreign resources in creating credit resources;
- service within the limits of the available funds of commercial banks;
- complete economic independence of banking activity;
- commercial description of banks' activities;
- protecting the interests of clients;
- profitability of banks and universalization of their activities .

The principle of organization and operation of credit resources within the funds of commercial banks is considered the foundation of the bank's activity, it increases its interest in attracting deposits and deposits, and is the basis for the creation of a competitive environment for attracting liabilities. In addition, the ratio of funds attracted and deposited from abroad increases interest in attracting deposits in banks and creates a basis for efficient use of these funds.

One of the main principles of banking activity is the commercial bank and client relationship, that is, the bank provides loans based on the market criteria of income, risk and liquidity levels.

Another principle of conducting commercial banking activities is the commercialization of banking activities , in which the commercial object of banks is temporarily idle funds. Although these funds do not belong to the bank , the bank invests them on its behalf during

its activities. Since the banking business is based on the principle of earning more with less investment, the ratio of its liabilities to liabilities should be low.

Interest rates for commercial bank operations are set independently by them. But these rates should be based on the policy of interest rates determined in the main directions of the state monetary and credit policy.

Business entities is the credit system, which serves as an important factor in ensuring their efficiency. In cases where their own funds are insufficient to finance the activities of entrepreneurs, it is necessary to attract foreign debt. Finance and credit are interconnected categories, with the help of which a circular circulation of extended recurring savings of money enterprises is ensured in the production process. Credit represents the movement of loan funds through the banking system and specialized financial and credit institutions.

Credit (lat. Creditum - debt, credo - I believe) - means to lend money, goods and services for a certain period of time with the condition of returning them by paying an agreed premium (interest). We will pay attention to some of its important aspects in order to better explain the essence of the loan. The lending party is a creditor (state, bank, enterprise, private person, etc.). The party receiving the loan is called the debtor (debtor). The loan agreement is formalized with a contract that states the terms of using the loan. A credit transaction is an economic relationship between a lender and a borrower. But not every debt relationship can be a loan. Funds received in connection with a loan must be returned, a fee (at an agreed percentage) must be paid for its use, it must be provided with fixed, specific goods and intangible assets, and it must be used for its intended purpose.

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