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INTERBANK CREDIT RESOURCES MARKET: INTEREST RATES AND PROBLEMS OF THEIR FORMATION

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Abstract - The article analyzed the formation of interest rates in the market of interbank credit resources. In order to unify (unify) the calculation of average statistical interest rates, proposals and recommendations are given for the development of a unified method of forming indicators of the interbank money market.

Keywords - Interbank Credit Resources Market, Interest Rates, Money Market, Capital Market, Market Segment, Market Makers, Fixed And Floating Interest Rates, Average Statistical Interest Rates.

I. INTRODUCTION

Determining the interest rate of banks on loans determines the efficiency in their main activities and consequently affects the stability of their financial bases by accumulating capital funds. Therefore, setting loan interest rates is one of the most important decisions of banks. Moreover, how banks set interest rates on loans is an important determinant of the effectiveness of monetary policy, as it plays a central role in the financial system. For these reasons, it is useful for determining the interest rate of banks on loans, analyzing their performance, monitoring bank operations and understanding monetary policy. Most of the existing research examines banks' interest rate setting behavior from the perspective of interest rate pass-through and examines the impact of these loan interest rates on changes in market interest rates. It also recognizes that banks' lending rates are able to respond slowly to changes in market interest rates, indicating that lending rates are highly correlated.

One of the ways to provide the market with information on the average interest rates of interbank loans is the adoption of national indicators of interbank market funds. Interbank money market indicators are widely used in international banking practice. The most famous of them is the LIBOR interest rate published by the British Bankers' Association. At these rates, banks borrow funds from other banks. Such rates are also available in financial market participants in Frankfurt (FIBOR), Tokyo (TIBOR), Hong Kong (XIBOR) and others. In addition, similar rates are used in the financial markets of Russia and Kazakhstan.

II. LITERATURE REVIEW

The following scholars have considered interbank credit resources market: interest rates and issues of their formation in their research: Khaidarov Z. [1], [2], [3], [4], [5], Ortik E., Khurshida K., Askar D. [6].

III. RESEARCH METHODOLOGY

The methodological basis of the research was formed as a result of the study of theoretical and practical information, legislation and other legal documents, literary sources and publications. The research is based on the connections between theory and practice, but also made extensive use of methods such as analysis, comparison, and synthesis.

IV. ANALYSIS AND RESULTS

The main advantages of using financial indicators are as follows: marketing research on determining the average statistical interest rates of interbank loans are specific generalizing results; it is recommended to fix for long periods of money placement; is an indicator of an international standard; widespread in the interbank money market; the mechanism of their calculation is open and understandable to everyone; Banks included in the system of accounts have a high credit rating.

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There is no experience of setting average statistical interest rates in the interbank money market in Uzbekistan. In addition, there is a need for banks to have the necessary and reliable information about the lending banks, and the unification (unification) of the standards for the conclusions of interbank agreements has not been established.

The proposed indicators can be calculated by the Association of Banks of Uzbekistan (Association) and they will serve as indicators (indices) of interest rates for short-term loans in the future. Calculated indicators are provided free of charge to commercial banks. Banks included in the database of index accounts (market makers) are selected based on their position and activity level in the interbank market in agreement with the Central Bank of the Association (Association). These banks must comply with the norms of the Central Bank and create a market balance. Banks submit their quotations to the Association (Association) every working day, and the Association (Association) publishes the fixing of banks in national currency soums. It does not require banks to sell or buy funds at published rates.

In order to unify (unify) the calculation of average statistical interest rates, it is necessary to develop a uniform method of forming indicators of the interbank money market. (hereafter referred to as style). The participation of the bank in the national indicators of the interbank market directly depends on its reputation and financial condition. Market makers must first sign a Memorandum on the formation of indicators of the interbank money market. (hereinafter referred to as memorandum). The memorandum reflects the rights and obligations of each bank. They must not conflict with the interests of other banks and market makers or refrain from such situations. Participants who violate the norms of the Memorandum will be removed from the list of market makers.

In the early 90s of the 20th century, 80% of the world's bonds accounted for Eurobonds. The main advantage of Eurobonds is that they have the status of a currency bond for both creditors and debtors. These types of loans are distributed in Great Britain, USA. Another difference is that traditional foreign bonds are issued in

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the national market of a country, while Eurobonds are distributed in several countries at the same time. Eurobonds are usually issued for a period of 7 to 15 years. In the 80s, 30- and even 40-year bonds were issued. The main lenders were the state, international organizations, local authorities, and state organizations.

Eurobonds are usually issued by large banks. These major banks issued Eurobonds as international consortia and syndicate organizations.

Banks, various financial and credit institutions: pension funds, insurance and investment companies are involved in the activities of consortia.

Various types of ordinary or "permanent", "floating" interest rate, zero interest (with coupon), convertible bonds are valid in the world financial market. 60% of these bonds are ordinary bonds, on which the bond issuer pays a fixed (fixed) interest until the bond's maturity. The rate and yield on floating rate bonds also fluctuate based on changes in market interest rates.

Floating interest rates on bonds are expressed at the Libor rate.

Variable rate bonds are different indexed interest bonds.

The basis of the interest rate's actions at the macroeconomic level is the average profit rate in the economy in the context of the development of market processes and the free change of the amount of loan payments. We divide the factors affecting the change of the profit norm in one direction or another into general and special factors. Common factors include changes in demand and supply of debt funds, Central Bank policy, and the degree of currency depreciation.

The private factors that determine the interest rate on active operations include; loan size and repayment period; supply and its nature; size of loan capital; creditworthiness of the borrower, etc.

The mechanism of the use of loan interest, on the one hand, determines the essence of interest as commodity production, and on the other hand, in order to increase the interest policy.

Interest policy of banks today should be focused on ensuring bank liquidity and its optimal management. Differentiation of loan interest should depend on the

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liquidity of investments in active transactions. Increasing the role of the bank interest in the national economy, expanding the scope of its direct influence will help systematize economic processes.

Depositsand interest rates on loans, their amount, their repayment period, terms of payment, etc. are agreed upon between the client and the bank and reflected in the concluded contract. Interest rates on loans are determined independently by the commercial bank depending on the term of the loan, the condition and value of the collateral recommended by the borrower, its liquidity, the cost of credit resources, the level of credit risk, and it is reflected in the loan agreement. When the interest on the loan is due, it is formalized with a memorial order and charged according to the schedule from the client's deposit sheet until the main demand is received.

The interest rate is determined by the contract, taking into account the demand and supply of credit resources between the parties to the loan agreement.

The Central Bank is constantly moving from the administrative management of the lending interest rate to the economic methods of regulating its level by changing the refinancing interest rate and maneuvering the reserve requirement ratio.

Interest rates on loans are set by commercial banks taking into account the specific terms of the loan agreement, i.e. the loan

size and maturity, availability of collateral, costs of raising funds, costs of loan approval and control, creditworthiness of the borrower, etc.

Interest on bank passive operations is increasing as an incentive to attract free funds to temporary deposits.

The procedure for transfer and collection of interest is determined in the contract. In practice, a simple interest calculation method is used as the loan date approaches.

Currently, the source of interest payments varies depending on the direction of the loan. Payments on short-term loans are added to the cost of the product, and costs on long-term and overdue loans are transferred to the taxable profit of the enterprise.

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A feature of the modern mechanism is the direct connection of interest income and expenses with the final material interests of the bank.

The cost of bank loan capital represents the total amount of production costs in relation to the amount of invested funds.

The cost of loan capital, that is, bank expenses, consists of 2 main elements: expenses for the formation of resources; costs of banking activities.

The first group of expenses includes payments for attracting deposits (term and demand deposits), interest on the resources of the Central Bank, interest on interbank loans, interest on securities, etc.

The second group includes other operational and bank administrative expenses. Including: transport rental costs for transportation of valuables and documents; costs for the purchase of blanks, magnetic tapes and other items; account center services costs; depreciation expenses; salary expenses for bank employees; building maintenance and repair costs.

In practice, the cost of loan capital, when determining the interest rate on asset operations, interest calculation begins from the time of their issuance. The upper limit of the loan interest is determined based on market conditions. The lower interest rate is determined by the bank's costs of attraction and maintenance. It is directly dependent on credit resources.

When calculating the interest rate for each individual transaction, commercial banks take into account the following: the level of the base interest rate, which is set for the bank's most creditworthy customers for secured loans for a certain period; adding risk based on the circumstances of each individual transaction.

The base interest rate is determined by the following formula: base interest rate = S1+ S2+ P; (1) Here: S1 is the average real value of all credit resources for the planned period; S2 - bank activitiesthe ratio of the planned costs of provision to the amount of funds being placed;

Planned profitability of P-bank loan operations.

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The average real value of credit resources (S1) is calculated according to the weighted average formula based on the value of a separate resource type and its share in the sum of the bank's total resources.

In turn, the average real value of the resource attracted by a particular bank is determined based on the nominal value of this resource in the market and correction to the mandatory reserve norm. In case of considering the risk, it is grouped based on the following criteria: creditworthiness of the borrower; maintenance in court and its nature; strong relationship between the client and the bank; interest calculation methods; compliance of the borrower with the loan period.

It is known that the loan interest rate plays an important role in the formation of the bank's income, and payments for the borrowed funds occupy an important place in its expenses. The bank's interest margin is the difference between the average interest rates on the bank's asset and liability operations.

Defined as follows:

$$\mathbf{M_{fact}} = \frac{\mathbf{D_p}}{\mathbf{R_p}} \cdot \mathbf{100}\ \%$$

In this case: M_{fact} - the actual size of the interest margin; Dp - interest income; Rp - interest payment expenses; Ad - assets that generate income in the form of interest.

The analysis of the interest margin is carried out in the following directions: the method of comparing the current interest margin with the base one is the main factors affecting the size of the interest margin, which are related to the size and composition of credit inflows and their sources, the nature of the interest rates used during the payment period, etc.

V. CONCLUSION/RECOMMENDATIONS

There is no experience of setting average statistical interest rates in the interbank money market in Uzbekistan. In addition, there is a need for banks to have the necessary and reliable information about the lending banks, and the unification (unification) of the standards for the conclusions of interbank agreements has not been established. The proposed indicators can be calculated by the Association of Banks of Uzbekistan (Association) and they will serve as indicators (indices) of interest rates for short-term loans in the future. In order to unify (unify) the calculation of average statistical interest rates, it is necessary to develop a uniform method of forming indicators of the interbank money market.

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