

PREVENTING CORRUPTION IN THE BANKING SYSTEM: PROBLEMS AND SOLUTIONS

Jiyanov Bahriddin Ibragimovich

Deputy Director of the Institute for the Intersectoral Qualification Enhancement and Retraining of Finance and Banking Personnel, PhD

Annotation: The article examines and analyzes the issues of preventing corruption by managing the risks of corruption in the banking system.

Keywords: Corruption, banking, finance, resources, awareness, efficiency, transparency, accountability, responsibility, anti-corruption policy.

Introduction and Relevance of the Topic: In the context of transforming our country's economy into the global economy, ensuring economic security, understanding and protecting the country's economic potential, evaluating the role of investments and innovations in ensuring economic security, and addressing the causes, conditions, and solutions for corruption in the economic sectors of the economy are crucial for theoretical and practical research and implementation.

Thus, in the context of globalization and international economic integration, it is essential to study the conditions and threats to ensuring economic stability, their impact on business, protecting their legal interests, and ensuring their economic security. This highlights the need for the development of theoretical and practical professional knowledge for finance and banking employees in this field.

It should be emphasized that the economy of corrupt countries cannot function properly, as corruption hinders the free operation of natural laws and presents a serious obstacle to the flourishing of the country's economy.

In the economy of a corrupt country, resources are also distributed inefficiently because companies that cannot win through legitimate means often resort to bribery or kickbacks in exchange for government contracts. "They have projects. Due to the large size of financial flows, the state..." Procurement is one of the most vulnerable areas with a high likelihood of falling into the trap of fraud and corruption. The corruption of the economy leads to a decline in the quality of education and healthcare, which in turn results in a decrease in the overall standard of living of the population. According to World Bank data, in countries with high levels of corruption, the average income is one-third of that in countries with low levels of corruption. Furthermore, in such countries, the infant mortality rate is nearly three times higher, and the literacy rate is 25% lower" [1].

In his speech at the ceremony for awarding a high international prize in the fight against corruption on December 19, 2023, the President of the Republic of Uzbekistan, Shavkat Mirziyoyev, gave an appropriate assessment of the risks of corruption, stating: "Looking at the history of humanity, we can see that the disease of corruption has brought even the most powerful and strongest states to the brink of destruction and caused them to collapse" [2]. In fact, the number of individuals convicted for corruption-related crimes in the banking sector has increased from 323 in 2022 to 381 in 2023 [3].

These situations, being factors that lead to increased distrust in society, violations of human rights, deterioration of the criminogenic situation, and a decrease in the state's investment attractiveness, disrupt the balance in the circulation of the economy. As a result, there is a need to implement new mechanisms of intolerance toward corruption in banking and credit activities.

Literature review and analysis: The term "corruption" is scientifically used in conjunction with phrases such as "public official," "powers of authority," "malicious intent," and "illegal misuse." This is because corruption can involve identifying the individuals who may commit corrupt acts and

determining the nature of these acts. "Identifying the occurrence of such activities in the sector; determining the objectives of such activities - to enrich oneself, to receive any material benefits; as well as identifying the circle of individuals interested in committing these actions – the employee (official) himself and third parties who illegally pay him.

Managing the risks of corruption in the banking system is crucial. For this purpose:

The new edition of the Constitution of the Republic of Uzbekistan (2023) [4],

The Law of the Republic of Uzbekistan on Combating Corruption (2017) [5],

The Decree of the President of the Republic of Uzbekistan on Additional Measures to Improve the System of Combating Corruption in the Republic of Uzbekistan (2020) [6],

The document on "Creating an Environment of Zero Tolerance for Corruption, Significantly Reducing Corrupt Factors in State and Society Governance, and Expanding Public Participation in this Process" (2021) [7], have been adopted.

On January 30, 2024, the international organization "Transparency International" published the Corruption Perception Index for 2023.

According to the results, Uzbekistan consistently improved its position in the index, ranking 121st out of 180 countries with 33 points.

The country is consistently implementing a state policy to ensure the rule of law and form a zero-tolerance attitude toward corruption in society. In particular, at the initiative of the country's leadership, the Anti-Corruption Agency was established. Furthermore, in the "Uzbekistan – 2030" strategy, "Transparency International" is also part of the action plans. The task of achieving at least a 50-position increase in the Corruption Perception Index, which is published by the international organization, has been set [8]. Based on this, eliminating corruption factors in practice, revising current regulatory legal documents in accordance with the principle of "corruption-free legislation," and implementing transparency and modern approaches in the system will improve anti-corruption activities in our country's banking and credit system. This issue appears as one of the most urgent matters in the field of economic science." "Taking measures to prevent corruption in the central banking system, identifying and eliminating the causes and conditions that may lead to it at an early stage." "Extensive efforts are being made to establish an effective system for this purpose." "President of the Republic of Uzbekistan's" 2023 йил 25 The decree No. PF-14 issued in January on "Organizational measures for ensuring the effective functioning of executive authorities of the Republic" has introduced a mandatory procedure for the establishment of anti-corruption internal control structures in all state authorities and organizations at the national level.

In particular, anti-corruption internal control structures have been established within the Central Bank system, and the hiring process is carried out through an open competitive selection. Implementation, conducting anti-corruption expertise of draft normative-legal documents, identifying and eliminating corruption risks in procurement practices, and the full market mechanism-based implementation of operations in the foreign exchange and internal currency markets are some of the practical measures that have been introduced.

Additionally, based on the recommendations of the Central Bank, systematic work is being carried out to reduce human involvement by digitizing banking services provided to the population and business entities within the banking system. Specifically, to ensure transparency in family entrepreneurship development programs and prevent corruption, an online system for providing preferential loans through a single electronic platform has been introduced. The scope of using deposit, loan, and other banking services through commercial bank mobile applications has been steadily increasing year by year.

The more the banking system is limited by market principles, the greater the tendency toward corruption. For instance, we can demonstrate cases of preferential loans or bias in banking services. In this area, the only way to fight corruption is to reduce services driven by human factors.

In this regard, we refer to the words of banking theorist and practitioner M. Normurodov: "If we say that an organization or individual has no possibility of taking out a loan, they will start looking for another way. If someone wants to take a loan from a bank, we announce in advance what relevant documents are required. The scoring model studies the necessary documents and the financial situation of the individual and automatically decides whether funds should be allocated or not. Even if you have a debt on your utility payments, the model will not allocate funds. As a result, there..." will be no attempt to ask someone for a favor or seek alternatives not prescribed by law." [9]

There are the following issues regarding the corruption index in the banking system of the Republic of Uzbekistan:

Insufficient salaries for employees, as well as inadequate economic and social benefits;

Lack of knowledge and skills of specialists dealing with corruption issues;

There is no single, comprehensive analysis of corruption-prone situations in the banking system's sectoral services;

The factors leading to corruption in sectoral banking services have not been sufficiently studied;

The persistence of bureaucratic barriers and formalities;

Lack of systematic efforts in shaping anti-corruption behavior among bank system employees;

Disregard and excessive bureaucracy when officials deal with citizens' issues;

Lack of legal consciousness and legal culture among the majority of service sector employees;

Bank employees' failure to understand the inevitability of punishment.

The implementation of the "Law on the Fight Against Corruption" in the Republic of Uzbekistan ensures the protection of citizens' rights and freedoms by creating additional legal guarantees, helps to limit unlawful encroachments on private property rights, and restricts unwarranted interference in the activities of business entities. As a result, it enhances the business activity. It has led to an increase in the country's attractiveness. The goal of the anti-corruption policy. We refer to the approach of Professor Sh. R. Qobilov, who is researching corruption issues: "Reducing the level of corruption and ensuring the protection of citizens, society, and the state's rights and legitimate interests from corruption-related threats is the core objective. This policy is reflected in various laws, decisions, and programs adopted by the state to combat corruption. The anti-corruption policy is a set of efforts and specific measures by the state to prevent, eliminate, and limit corruption when it arises" [10].

Our goal is to strengthen the mechanisms for implementing people's power in our country, not just in name but in practice. We are confident that the people will not turn to state institutions, but state institutions will serve the people. The words reflect the philosophy of governance where the people and their interests are paramount above all else.

Creating a high-quality and professional banking and credit system for all is a crucial direction of the New Uzbekistan development strategies. These include: the Action Strategy for 2017-2021 (February 7, 2017, PF-4947) and the Development Strategy for 2022-2026 (January 28, 2022, PF-60), as well as the "Uzbekistan - 2030" Strategy (September 11, 2023, PF-158).

It is important to emphasize that legal consciousness and legal culture are not just about knowing the laws and being informed about legal matters. It requires adherence to the laws and obedience to them.

President Shavkat Mirziyoyev stated: "Any leader, at any level, who does not care about the people's problems and concerns, who does not care about ensuring public order, justice, and the rule of law, will face serious measures. In short, such indifferent individuals have absolutely no place in leadership positions."

"If we can change the environment at the grassroots level based on such a strict approach, our society will undergo a complete transformation. People's attitudes and worldviews toward the law,

the rule of law, the state, and consequently our future will fundamentally change,” – these thoughts remain a pressing task for responsible staff members of the banking system.

In conclusion, to understand the dangers of corruption to individuals, society, and state interests, it is recommended to pay attention to and understand the etymological meaning of the term “corruption.” There are various opinions regarding the etymology of the term “corruption.” According to the most widespread view, the term “corruption” comes from the Latin word “corruptio,” which means “to lead astray for a...”. bribe.” Furthermore, this term is also derived from the Latin word “corrumpere,” meaning “to decay, to deteriorate,” or from “corruptum,” which means “broken, corrupted,” referring to damaging public interests for personal or corporate gain.

According to the explanatory dictionary of the Uzbek language, "corruption (from Latin corruptio – to "It is advisable to organize seminar-training sessions on topics such as 'Corruption Expert Evaluation of Legal Norms and Their Drafts,' 'Measures in the Finance System and Budget Sector to Prevent Corruption and Combat Corruption in the Banking System,' and 'Fighting Corruption in the Banking and Finance System: Implementing International Standards and Norms into National Legislation.'"

Expanding mobile court hearings for employees found guilty of corruption within the banking system.

Targeted training of bank staff dedicated to serving the interests of the state and society. 4. “Establishing the practice of hearing reports of bank employees who have violated ethics, discipline, and committed legal offenses at general meetings.5. 4.Establishing the practice of hearing reports of bank employees who have violated

ethics, discipline, and committed legal offenses at general meetings
1. Training and implementing it plays an important role in developing the necessary professional competencies of employees in the banking, financial, and credit systems.

2. The "Code of Professional Culture and Service Discipline for Bank System Employees" should be adopted, which will guide employees of the banking, financial, and credit systems to approach their duties honestly and conscientiously, as well as help prevent misconduct, abuse of power, and corruption cases.

References:

1. <https://strategy.uz/index.php?news=1439>
2. <https://yuz.uz/news/ozbekiston-respublikasi-prezidenti-shavkat-mirziyoevning-korrupsiyaga-qarshi-kurashish-sohasida-yuksak-xalqaro-mukofotni-topshirish-marosimidagi-nutqi>
3. Information and Analytical Data — Anti-Corruption Agency of the Republic of Uzbekistan, 2024, page 15.
4. <https://lex.uz/docs/6445145>
5. <https://lex.uz/docs/30880086>
6. <https://lex.uz/docs/4875784>
7. <https://lex.uz/docs/5495529>
8. Decree of the President of the Republic of Uzbekistan, PF-158, dated September 11, 2023, on the "Uzbekistan — 2030" Strategy // URL: <https://lex.uz/ru/docs/6600413#6605156>
9. Qobilov Sh.R. Corruption: Causes, Conditions, Consequences, and Prevention Methods. Monograph / – T.: "O'qituvchi" NMIU of the Administration of the President of the Republic of Uzbekistan. – 2019. – 368 pages.
10. Mirziyoyev Sh.M. The approval of the satisfaction of our people is the highest assessment of our activities. – Tashkent: "Uzbekistan" NMIU, 2017. – Page 244.
11. Mirziyoyev Sh.M. The approval of the satisfaction of our people is the highest assessment of our activities. – Tashkent: "Uzbekistan" NMIU, 2017. – Page 244.

12. Decree of the President of the Republic of Uzbekistan, PF-60, dated January 28, 2022, on the “Development Strategy of New Uzbekistan for 2022-2026.” www.uza.uz
13. Decree of the President of the Republic of Uzbekistan, PF-158, dated September 11, 2023, on the “Uzbekistan – 2030 Strategy.” www.uza.uz
14. Mirziyoyev Sh.M. We will firmly continue our path of national development and take it to a new stage. Vol. 1. – T., 2017. – Page 53.
15. Criminology. Textbook. Editor-in-chief: M.H. Rustambayev. – Tashkent: TGYI, 2008. – Page 219.
16. <http://ru.wikipedia.org/wiki/Коррупция>
17. Zufarov R. Bribery – the basis of corruption // State and Law. – 2000. – No. 4. – Page 41.
18. Explanatory Dictionary of the Uzbek Language: Over 80,000 words and word combinations. Vol. II. E-M. / Editorial Board: T. Mirzaev et al. – Tashkent: Uzbekistan National Encyclopedia, 2006. – Page 409.