

THE ROLE OF „COMMERCIAL BANKS” IN THE TRANSITION TO A GREEN ECONOMY

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Abstract: This article briefly describes the methodology of the concepts of green space, green economy, which is one of the most important issues in the world today, the relevance of the development of interregional green economy, the role and importance of banks, in particular commercial banks, in the transition to a green economy and its development, and the measures that can be taken by banks.

Keywords: green economy, environmental investment, environmental problems, banking system activities, the role of commercial banks, the role of commercial banks in the green economy.

INTRODUCTION

The current changes and problems arising in society require humanity to be more progressive and to experiment with new ideas. The changes and developments in society that humans have experienced from the primitive era to the 21st century cannot be considered harmless to nature. While discoveries in certain fields have brought convenience and comfort to the current lives of humanity, they have a significantly harmful impact on nature and the lives of future generations. For example, as a result of the unlimited use of natural resources by humans in the production process, non-renewable natural resources are on the verge of not being available to future generations. In addition, the destruction of forests, groves, and parks and the development of their territories for housing and building construction are reducing oxygen reserves.

As technology and time develop, human needs increase. The need for new cars, villas, and houses increases. However, the general public does not seem to understand the extent to which the toxic gases emitted by every car, the areas where every house and villa is being built are being destroyed, and the trees being cut down are causing damage to nature. In order to prevent and eliminate situations such as those listed above, the concepts of "Green Space" and "Green Economy" are being promoted.

UNEP defines a green economy as "an economy that is effective in improving human well-being and social equity, preventing environmental risks, and reducing environmental degradation." In simple terms, a green economy can be defined as a single economy that is low-carbon, resource-efficient, and socially inclusive. The problems we face today without a green economy are:

- Overuse of resources.
- Increased pollution.
- Climate change.
- Loss of biodiversity and natural capital.
- Scarcity and limitation of resources.
- Negative health impacts and human-induced natural disasters, etc.

The measures and results of the green economy:

- Achieving human well-being and improving social conditions while rationally reducing ecological deficits and environmental risks;
- creating a “Safe Work Zone” by using renewable natural resources without violating critical ecological boundaries;
- Preventing climate change (i.e. preventing drought in regions) by increasing biodiversity;
- Leaving natural capital reserves and a clean environment for future generations;
- An economy that does not affect the environment, is free from resource use, etc.

"I believe that all the misfortunes of mankind are due to the wrong values they place on things," said Benjamin Franklin. In fact, by destroying our natural resources, which are considered to be of high value and precious, and by ignoring the oxygen and ozone layers, which cannot be restored once lost, for the sake of cheap cars, people are bringing disaster upon themselves.

The banking system is the foundation of a market economy around the world. The diverse banking system includes, in addition to banking procedures, almost the entire set of economic relations formed in the process of market activity, including lending, buying and selling securities, providing financial services, investments, loans, etc.

A bank is a financial institution that operates in the money market. Banks are divided into two main types based on their functions and purpose: central banks and commercial banks.

The functions of commercial banks are:

- Stores cash deposits and valuables;
- Conducts monetary transactions;
- Provides loans;
- Provides consulting services.

Commercial banks are also divided into separate types:

- National Bank - the main focus of which is servicing foreign economic activity;
- Investment banks - are engaged in long-term lending to various sectors of the economy, issue securities and place them among investors;
- Mortgage bank - provides long-term loans by pledging real estate;

- Specialized banks - carry out certain types of credit and monetary operations on commercial principles in various sectors of the economy;
- Innovation bank - lends money for operations related to the sale of technical projects.

As mentioned above, all economic situations are related to commercial banks. Commercial banks play a key role, especially in solving money-related issues in the economy and in economic development. In particular, commercial banks also have a significant role in the green economy. Since the green economy is a new direction and concept, there are still many undiscovered aspects and possible ideas and innovations in this field. Commercial banks, namely the Innovation Bank, will assist in financing Green Economy ideas put forward by experts, scientists, and young enthusiasts. After all, every small step can be a stepping stone to building a great future.

As businesses increasingly focus on using environmentally friendly products and rational use of resources, they need to streamline their operations or start from scratch. Green financing of entrepreneurial activities is carried out by investment banks.

LITERATURE ANALYSIS AND METHODOLOGY

Studying foreign experience in forming and developing a green economy in Uzbekistan. To shift the global economy towards an economically, socially, and environmentally sustainable growth model, green economy principles must be integrated into ongoing structural reforms. Experts identify four main channels (and their respective impacts) through which the formation of a "green" economy and related structural reforms can serve as an engine of economic growth, including in terms of GDP growth.

- First, the transition to a green economy can increase the input resources of natural, physical, and human capital (these are input effects). This includes increasing the productivity of natural resources (forests, fisheries, agricultural land, etc.) through more effective management of natural capital, improving the quality of human potential through improved health and reducing the incidence of disease through improved environmental conditions, and finally, reducing the economic damage caused by the loss of physical capital through better management of environmental risks, including forest fires, floods, and other natural disasters.

- Secondly, this transition should be accompanied by favorable structural changes and involves large investments in a number of systemically important sectors, including energy, construction, housing and communal services, aimed at upgrading production equipment, increasing energy efficiency, and switching to alternative technologies (energy sources and reducing greenhouse gas emissions). All of these results are broadly expressed in increasing the efficiency of key sectors of the economy (efficiency effect).

- Third, investments in the development of "green" infrastructure, including water supply and sanitation systems, public transport oriented to alternative fuel sources, etc. stand out as an important factor of growth. They can stimulate economic growth on both the supply and demand sides, while simultaneously expanding employment and helping to reduce unemployment (especially important in times of crisis).

- Fourth, the transition to a green economy stimulates innovative activity, including at the firm level (as a rule, measured by R&D expenditures and patent activity), which should be

supported, along with the creation of a favorable competitive environment. This can also be achieved through regulatory methods, including the introduction of standards and regulations.

In the transition to a green economy, special attention is paid to the formation of modern infrastructure, which is a key factor in ensuring sustainable development, and its modernization is an important element of the structural reforms analyzed here. Infrastructure sectors include water infrastructure (including dams and reservoirs), land development and planning, housing and urban planning, coastal flood protection systems, road and transport infrastructure (including ports, bridges, roads), energy (including nuclear power plants), and a number of other sectors. These industries are characterized by a long service life of the production equipment used in them (from 20 to 200 years for the listed series of industries) and long-term investments, as a result of which their ecological orientation. modernization becomes of great importance. At the same time, infrastructure networks are characterized by clear economies of scale, network effects, and synergies between economic, environmental, and social objectives, which increase the efficiency of the associated investments. Let's look at some ways to shape a green economy in countries that consider this sector a priority.

One of the world leaders is South Korea.

South Korea, which has adopted the concept of "green" development as its national strategy, is paying special attention to industry, energy and investment, "green" modes of transport, alternative sources of fresh water, waste recycling technologies, park development and public beautification. Various projects implemented independently by ministries have been combined into a single package to avoid secondary spending from the budget.

US experience

In this country, it is planned to allocate 3 percent of GDP, or \$60 billion, to the development of "green" industries over a period of 5 years, starting in 2011, and create 1.8 million jobs. The United States has chosen the development of alternative energy as one of the main directions for developing a green economy. By 2030, solar installations will produce 65% of the country's energy consumption and 35% of its heat. American government agencies were given two years (starting in 2014) to independently develop specific measures to achieve this goal. President John Biden has announced a plan to invest in clean technologies over the next 10 years to not only improve the environment but also create up to 5 million jobs.

European Union countries

Almost all European Union countries have developed "green" measures in the areas of energy, public transport and infrastructure development, the construction of eco-villages, and recycling systems. The European Union has adopted Euro 5 vehicle exhaust standards and is already preparing to introduce the new Euro 6 standards. Multi-million dollar subsidies are given to buyers to purchase electric cars. The UK has adopted a green economy as a national development strategy and recently unveiled its green projects aimed at creating 100,000 new jobs.

DISCUSSION AND RESULTS

In order to develop and widely promote the Green Economy in the Republic of Uzbekistan, a Resolution of the President of the Republic of Uzbekistan was adopted on measures to increase the effectiveness of reforms aimed at transitioning the Republic of Uzbekistan to a "Green" economy by 2030. According to this decision, the following goals were set:

- ✓ Increase the production capacity of renewable energy sources to 15 GW and increase their share to more than 30 percent of the total volume of electricity generation;
- ✓ reduce greenhouse gas emissions per unit of gross domestic product by 35 percent from 2010 levels;
- ✓ Approval of target parameters for saving fuel and energy resources in economic sectors for 2022-2026, aimed at reducing the energy intensity of products manufactured at 25 enterprises and organizations by 20% by 2026 compared to 2022;
- ✓ Implementation of the tasks set out in the Development Strategy of New Uzbekistan for 2022-2026;
- ✓ Increasing the effectiveness of measures taken to ensure "green" and inclusive economic growth within the framework of the strategy of transition to a "green" economy of the Republic of Uzbekistan;
- ✓ Further expansion of the use of renewable energy sources and resource conservation in all sectors of the economy, etc.

In order to implement the decision, the concept of a "Green" credit system emerged. Credit is being allocated for any effective and successful programs and plans implemented to develop a green economy. For projects related to the "green" economy to be successful, "green" loans should be provided for a period not less than the payback period of the equipment used and at an interest rate not higher than the profitability of the project. In some countries, green credit is understood as preferential, meaning it has a lower interest rate than usual. According to entrepreneurs currently trying to develop "green" projects in Uzbekistan, although international organizations are creating "green" credit lines in Uzbek banks and transferring funds there, it is not yet possible to obtain such loans. Ways to develop the practice of financing green projects by commercial banks may include:

Use of Modern Technologies: Banks can automate and accelerate financing processes by using technological innovations;

Valuable Data Analytics: Banks can increase financing outcomes by supporting green projects with the help of data analytics and data culture.

Partnerships: Commercial banks can develop green financing projects by collaborating with other businesses, startups, and programming projects.

Portfolio Investments: Banks can develop their financing practices by providing portfolio investments that have the ability to finance green finance projects.

Education and Training: Commercial banks can increase the uptake of financing by educating and training their employees and customers on green financing.

These avenues can help banks finance green projects, while also providing opportunities for society to achieve socially and environmentally beneficial out

CONCLUSION

In the development of a globalized green economy, some areas need to be radically changed, while others need to be partially changed. In particular, in the manufacturing sector, the most important measures are to reduce the number of machines and factories that emit toxic gases. Next in line are measures to rationally use natural resources, save water and electricity resources, and eliminate waste in water supply through recycling and reuse of industrial water. Of course, in implementing all reforms, it is also necessary to establish a society and economy that works with new ideas, a new system, provide enterprises with unprofitable capital, and finance them for the processing of waste and industrial water. These financing, lending, and innovation support measures are implemented by commercial banks.

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