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THE MUTUAL ECONOMIC IMPORTANCE OF COOPERATION BETWEEN COMMERCIAL BANKS AND INSURANCE COMPANIES



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Abstract: The level of cooperation between commercial banks and insurance companies is considered significant and is based on mutual interests and opportunities aimed at enhancing collaboration between financial institutions. Their partnership helps to further develop the financial services market, create new opportunities for clients, and ensure economic stability.

Keywords: commercial banks, insurance market, capital, economy, finance, financial, cooperation, company, credit, development, diversification, market, non-bank credit organizations.

TIJORAT BANKLARI VA SUG'URTA KOMPANIYALARI O'RTASIDAGI HAMKORLIKNING O'ZARO IQTISODIY AHAMIYATI

Annotatsiya: Tijorat banklari va sug'urta kompaniyalari o'rtasidagi hamkorlik darajasi juda katta hisoblanib, moliyaviy tashkilotlarning o'zaro ishlashiga qaratilgan manfaatlar va imkoniyatlarga asoslanadi. Ularning hamkorligi moliyaviy xizmatlar bozorini yanada rivojlantirishga, mijozlar uchun yangi imkoniyatlar yaratishga va iqtisodiy barqarorlikni ta'minlashga yordam beradi.

Kalit so'zlar: tijorat banklari, sug'urta bozori, kapital, iqtisodiyot, moliya, hamkorlik, kompaniya, kredit, rivojlanish, diversifikatsiya, bozor, nobank kredit tashkilotlar

Introduction. Today, the stability and efficiency of the economy largely depend on the effectiveness of the services provided by commercial banks and insurance companies. These financial institutions not only facilitate capital circulation between individuals and legal entities but also play a crucial role in strengthening economic security. Commercial banks support economic activity through lending, payments, and investment financing.

Meanwhile, insurance companies enhance economic stability by preventing various risks and compensating for losses.¹

In a context where large-scale crises are manifesting in the economies of developed countries, cooperation between commercial banks and insurance companies is becoming increasingly relevant, as it brings mutual benefits by minimizing business risks and implementing joint investment activities. This kind of cooperation is carried out through the bank-insurance "bancassurance" model, first used in France in the late 1970s, which involved selling insurance services through the commercial banking network.

Currently, the cooperation between commercial banks and insurance companies represents broad-based collaboration, leading to mutual benefit through the following factors:²

- Offering new financial products by integrating banking and insurance activities;
- Reducing transaction costs and information losses;
- Attracting additional clients and strengthening control over their financial flows through deep marketing analysis;
- Increasing the competitiveness of the financial services market globally;
- Improving the quality of banking and insurance services.

"Despite the dominant position of banks, they do not cover certain segments of the population. During and after the privatization process, their activities may be more directed toward high-income large enterprises and individuals. This necessitates the development of NBCOs (Non-Bank Credit Organizations) to serve small businesses and low-income populations."

Literature Review. To further develop the insurance market, enhance the accessibility and quality of insurance services by widely implementing modern information technologies, and improve sector regulation, the National Agency for Prospective Projects is instructed to submit the following proposals to the Presidential Administration of the Republic of Uzbekistan by January 1, 2025, based on the study of advanced foreign practices:

- Gradual introduction of mandatory insurance for legal entities' real estate against natural and man-made disasters;
- Step-by-step implementation of takaful principles and products;
- Gradual expansion of compulsory insurance types;
- Introduction of "green insurance" products;
- Expanding and further developing the coverage of voluntary medical insurance.³

According to Doctor of Economic Sciences, Professor Q.M. Quldoshev, positive initiatives are being undertaken under the leadership of the state to develop the activities of insurance organizations in Uzbekistan and to secure a strong position in national and international insurance markets in the future. Positive changes occurring in all aspects of

¹ "Xizmatlar sohasini strategik rivojlantirish orqali hududlarda barqaror iqtisodiy o'sish va aholi farovonligini oshirish imkoniyatlari" xalqaro ilmiy-amaliy konferensiyasi 4-qism, Z.D.Niyozov, D.N.Rasulov, "Tijorat banklar va sug'urta kompaniyalarining iqtisodiy hamkorligining ahamiyati jihatlari" maqola, Samarqand-2025, p. 164-168.

² "Инновации и инвестиции" журнал, Макрова.О.М. "Направления взаимодействия страховых компаний и коммерческих банков в современных условиях" статья. Москва-2017, p. 43-46.

³ "President of the Republic of Uzbekistan on Comprehensive Measures for the Further Development of the Insurance Services Market" 01.03.2024, PQ-108.

the country's socio-economic life today are increasing the role of the insurance sector – an integral part of the financial system – and creating objective conditions for simplifying and improving operations in this field.⁴

Professor I.K. Abdurakhmanov emphasizes that just like any economic activity is aimed at making a profit, the main goal of commercial banks is also to make a profit. This, of course, is associated with risk. Risk is one of the key elements of entrepreneurial activity and is a multifaceted concept with broad meaning. Therefore, to ensure the efficiency of banking operations and maintain their financial stability, commercial banks are engaging in cooperation with insurance organizations by thoroughly studying the existing risks in the economy and their potential impact on banking activities.⁵

Research Methodology. The research utilized observation, comparison, statistics, and economic analysis methods. Data was analyzed regarding the development of the insurance market and the activities of commercial banks in the context of the implementation of modern digital technologies in a digital economy.

Analysis and Results. In the modern economic system, commercial banks occupy a central position, acting as key intermediaries in meeting the financial needs of society and businesses. These financial institutions not only serve as intermediaries between enterprises and the population but also accumulate idle funds and direct them into effective investments. By offering a variety of services to their clients, commercial banks manage the circulation of money in the economy. They provide numerous services such as accepting deposits, issuing loans, currency exchange, international settlements, managing payment systems, and collateral operations. Particularly, the lending activities of commercial banks serve as important tools for the growth of private business and the development of innovations, where insurance companies play a crucial role.

Measures are being consistently implemented in the country to further develop the financial market, expand access to quality financial services for the population, support the activities of insurance organizations, and create favorable conditions for protecting the rights and legal interests of consumers in this sector. As an example, we will examine the analytical results based on “SQB Insurance IC” JSC, one of the most active and steadily growing companies in the Uzbek insurance market. We can observe the dynamics of contracts signed by the Samarkand regional branch of “SQB Insurance IC” JSC between 2019 and 2023, and their correlation with contracts signed with clients of Uz sanoatqurilishbank JSCB. The data shows that the number of contracts signed in 2023 more than doubled compared to those in 2019. Over five years, the total number of contracts by the insurance company nearly quadrupled, with a twofold increase in 2023 (3069 contracts) compared to 2022 (1688 contracts). (№1 picture)

⁴ Qo'ldoshev.Q.M “O'ZBEKISTON SUG'URTA BOZORI” ilmiy-qo'llanma, UzBridge elektron jurnali (2020). p. 1–4

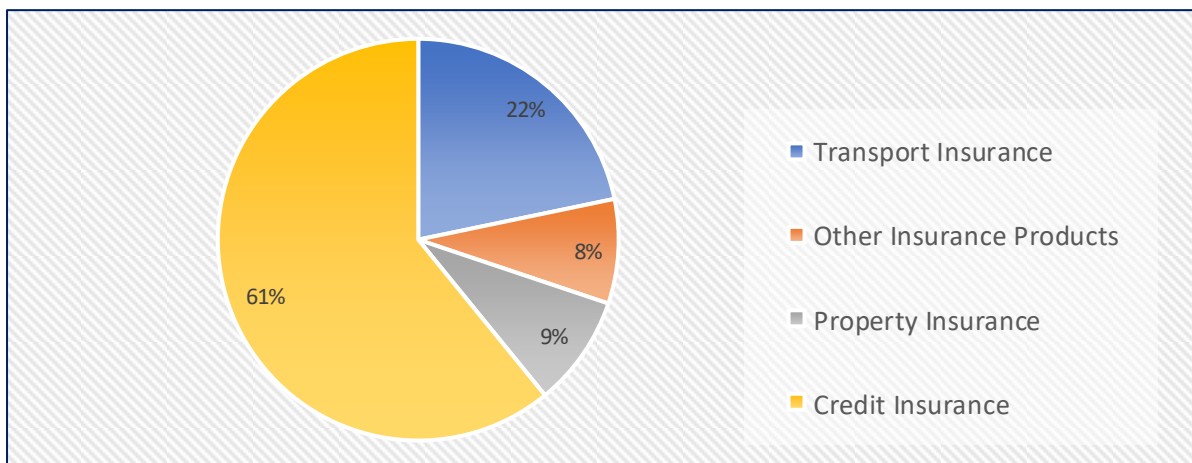
⁵ ABDURAXMONOV.I.X, “SUG'URTA NAZARIYASI VA AMALIYOTI”, O'quv qo'llanma, “Iqtisod-moliya” Toshkent,-2018. 3-6, 418.



1 picture. Analysis of contracts signed by “SQB Insurance” IC” JSC, one of the companies in the insurance market of Uzbekistan.⁶

In 2024, the Samarkand regional branch of “SQB Insurance” IC” JSC signed a total of approximately 2,200 insurance contracts across various types of insurance.

The distribution of insurance classes was as follows: 61% for insuring loans taken by bank clients, 22% for vehicle insurance, 9% for property insurance, and 8% for other types of insurance. The analysis reflects that the development of insurance company operations is partially dependent on the increased use of banking services by commercial bank clients. The development of both sectors mutually contributes to overall economic progress. (№2 picture) The analysis of the Samarkand branch's activity between 2019 and 2023 confirms that revenue from insurance activities in 2023 increased nearly fivefold compared to 2019. This indicates that there are real opportunities for developing and expanding the insurance market infrastructure by enhancing the capitalization, solvency, and financial stability of professional market participants, improving the quality of their assets, developing their investment activities, activating insurance brokers, improving the work system of insurance agents, and further improving the bancassurance mechanisms.



2 pictures. The Share of Insurance Types in Contracts Signed in 2023 at the Samarkand Regional Branch of “SQB Insurance” IC” JSC⁷

⁶ Muallif tomonidan tuzildi. <https://sqbinsurance.uz/?lang=uz>

Conclusions and Recommendations. Based on our research, we developed the following recommendations:

1. The cooperation between commercial banks and insurance companies creates convenience in the financial services sector and allows offering clients comprehensive financial solutions. This partnership not only enhances financial stability but also plays a key role in stimulating economic growth.

2. With the help of digital technologies and innovative financial products, cooperation between commercial banks and insurance companies is expanding, providing customers with more convenience and streamlined systems.

3. Between 2019 and 2023, the insurance market of Uzbekistan developed relatively rapidly. The volume of insurance services provided in 2023 increased nearly fivefold compared to 2019.

4. One of the most important aspects of cooperation between commercial banks and insurance companies is its contribution to managing banking risks by significantly reducing risk levels. In turn, commercial banks support insurance companies in operating effectively in the insurance market.

5. In the operations of insurance companies in Uzbekistan's insurance market, "credit insurance" products are more prevalent than other types of insurance products. One of the main reasons for this is the close cooperation between commercial banks and insurance institutions.

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