

## BANKING

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### **Abstract**

*This article contains thoughts and opinions about the bank, its history, development and banking work.*

### **Key words**

*Bank, finance, economy, market, commodity-money, operation, deposit, activity, bankruptcy.*

Banks are the main financial intermediaries in the economy. Banking activities represent a channel through which changes in the money market translate into changes in the commodity market. A bank is a financial institution that is engaged in receiving funds from citizens and organizations, ensuring their storage and protection, as well as providing loans and other financial services. Banks are the main participants of the financial market, and their activities have a significant impact on the country's economy.

The basis of the emergence of banks is the development of commodity-money relations. The existence of commodity-money relations and their development requires the presence of banks in all socio-economic systems.

A precise time and conclusion about when and how the first banks appeared requires a lot of scientific research. The fact is that in the present period, banks represent universal financial organizations that perform various operations based on the nature of their operations. For example, foreign banks belonging to the first-class category provide their clients with more than 300 different services. Since all these operations and services did not appear at the same time and in the same place, determining the "starting point" of the banking work requires conducting specific researches and embodying certain ideas based on them. You have an idea about some ideas about the history of the emergence of banks. If we consider the development of banking work in the scale of individual operations of the bank, we can see that the historical development of banking work went as follows.

The most ancient operations of banks are the operations on depositing money. It is known that even in the oldest countries there were operations of accepting

deposits. Banks originated in the Middle Ages on the basis of receiving money by money holders and exchanging it for money of other countries and cities. Later, in order to benefit from their idle funds, the wealthy gave loans to entities that needed funds for their temporary use. This situation led to the transformation of money changers into bankers. The word "bank" is derived from the Italian word "banca", which means "table", more precisely, "payment table". In the Middle Ages, Italian money-makers made calculations by putting the coins in their wallets and containers on the table. In the 12th century in Genoa, money changers were called "bancherii". If one of the moneylenders was not trustworthy and irresponsible in his work, the table he was sitting on was broken and he was called "Banco rotto", i.e. "bankruptcy". The word "bankruptcy" known to us is also derived from the Italian word "banca".

The banking system is a collection of banks and other financial institutions that store and process money, provide loans and other services to their customers. The banking system is the main element of the economic infrastructure and ensures the uninterrupted operation of financial transactions. In different countries, the banking system may have a different structure. But usually the banking system is divided into several levels. At the first level, there are Central Banks that regulate the country's banking system. a bank can perform such functions as setting interest rates, regulating the money supply, and controlling other banks. At the next level, there are commercial banks that serve customers and accept deposits, give loans, etc. Another level is regional banks, which may operate within a single region or state by providing financial services to local communities. Some countries may also have credit unions that provide financial services to members of the union, which may include employees of the same business or residents of the same community.

As a special institution, the bank performs its own unique functions and operations. The functions and operations performed by it are the basis for distinguishing the activities of banks from the activities of a number of other market relations subjects. The subject of work of banks is money, and they appear as intermediaries in the implementation of monetary relations that arise in the activities of other subjects of market relations. Money always requires careful handling and storage, efforts to increase it, efficient and rational use with economy. A subject who uses money sparingly will always have money, and a person who spends his money recklessly can quickly become separated from it and fall into a helpless situation. Unlike other subjects of market relations, a bank is a person that handles money, collects temporarily idle funds, provides them for temporary use to entities that need money, and based on the effective use of these funds is an

institution that carries out its activities. Clear and effective conduct of banking work based on laws and regulations not only makes banking more efficient, but also leads to prosperity of the whole society, development of economy and enrichment of the members of the society, increase of well-being. Usually, the state of the economy is determined by the activity of banks. Unlike other subjects of market relations, banks are considered as an institution that drives the economy, as an intermediary in the organization and conduct of material production, ensuring the continuity of capital circulation, collecting free funds and transferring them to subjects who need money. carries out distribution activities between Another aspect of the activity of banks that differs from other subjects is that they work mainly on the basis of attracted funds. This, in turn, increases the risk level of banking. Because, on the one hand, the bank has an obligation to the legal entities and individuals who have entrusted their savings to it, and on the other hand, the bank has an obligation to its shareholders. For this reason, banks always operate by saving funds.

Banks change according to changes in market relations, but they have preserved the features, classic functions and operations that are characteristic of their historical development. From time immemorial, the bank depends on the size, type, term of deposits and other obligations of banks. Amounts of mandatory reserves are the same for all banks for each category of funds and deposits.

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