

The Importance and Role of the Banking System in the Development of the Tourism Sector

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Abstract

This article discusses the importance and role of tourism in the economy of modern Uzbekistan, its legal framework to ensure accelerated development, as well as the importance of the banking system in the development of the tourism industry.

Keywords: *World Tourism Organization, GDP, economic diversification, foreign exchange earnings, international payments, UZCARD payment cards, UnionPay International payment cards, terminal, ATM, tourism sector, tourism industry.*

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Introduction. The importance and role of tourism in our time for the development of the economy of states, satisfying individual needs, and mutual enrichment of social ties between countries cannot be overestimated. The tourism industry occupies an important place in the economy of most countries. According to the World Tourism Organization (UNWTO), tourism ranks fourth in global exports of goods and services, and third in terms of profitability. Its share in world GDP is 10%. According to estimates by the World Tourism and Travel Council (WTTC), Uzbekistan ranks 150th among countries in the world in terms of tourist arrivals (accounting for 0.2% of the total flow with an estimated potential of 2.2%), 115th - in terms of total contribution to the formation of the country's GDP, 103rd in terms of the use of investments and 69th in terms of the number of employees in the industry¹.

Main part. In the economy of modern Uzbekistan, tourism also occupies an important place; consistent measures are being taken to develop tourism, which has enormous potential for solving the most important socio-economic problems, such as job creation, economic diversification, intensive regional development, increased foreign exchange earnings, income growth and standard of living of the population.

Under the chairmanship of the President of the Republic of Uzbekistan Shavkat Mirziyoyev, a video conference meeting was held on February 22, 2018, dedicated to a critical analysis of the effectiveness of measures taken to increase the flow of foreign tourists, further develop domestic tourism, improve and expand the types of tourism services.

The colossal potential of our country in the field of tourism has not been used effectively and fully for many years. Favorable economic, organizational and legal conditions for the development of tourism were not created, work in the field was left to chance, noted the President of the Republic of Uzbekistan Shavkat Mirziyoyev.

In accordance with the Decree of the head of state "On measures to ensure the accelerated development of the tourism industry of the Republic of Uzbekistan" dated December 2, 2016, registration number UP-4861, tourism is defined as a strategic sector of the economy of our country. The Presidential Decree of August 16, 2017 approved the Program of Priority Measures for the Development of Tourism for 2018-2019.

The adoption by the President only in February of this year of 4 important documents regarding this area is the embodiment of the high attention the state pays to the development of tourism. These documents identify priority tasks for solving the problems that have accumulated in the industry, increasing tourism potential, and provide many benefits and preferences for the further development of domestic tourism.²

According to the State Statistics Committee, at the beginning of 2017, 1 million 125 thousand tourists visited Uzbekistan³. By the end of the year, these figures increased to 2 million 520 thousand tourists. It is noted that compared to 2016, the number of tourists visiting Uzbekistan in 2017 increased by 24.3%.⁴

It should also be noted that the export of tourism services since the beginning of 2017 amounted to more than 694 million US dollars, these figures by the end of 2017 increased to 1,557 million

¹ <https://www.gazeta.uz/ru/economi.22.02.2017>

² <http://uza.uz/ru/politics/turizm-budushchee-ekonomiki-nashey-strany-22-02-2018>

³ <https://uzbektourism.uz/uz/>

⁴ Пресс служба Р.Уз

dollars⁵.

For the development of tourism, banking services are of great importance, so there is a huge opportunity for its development. The development of the structure is endless, so we can conclude that banks today are the main component of the credit and financial system of any country. The credit systems of developed countries have a different structure, but what is characteristic is that there are common features: in all developed countries there are two-tier banking systems - the Central and commercial banks. As for commercial banks, they occupy a dominant position in the loan capital market. The scale of their activities in the economy of a developed country is truly enormous.

Today, a commercial bank is able to offer clients more than 300 types of various banking products and services. It should be borne in mind that not all banking operations are daily present and used in the practice of a particular banking institution. But there is a certain basic set, without which a bank cannot exist and function normally (accepting deposits, making cash payments and settlements, issuing currencies and loans). And this is typical for all developed countries. There is a general trend towards specialization in more profitable operations.

The practice of banking abroad is of great interest for the new economic system emerging in Uzbekistan. The construction of a new banking mechanism is possible only by restoring the principle of functioning of credit institutions accepted in the civilized world and based on the centuries-old experience of market banking structures. Therefore, it is so important to study foreign practices in organizing banking systems that have demonstrated their high efficiency.

The State Committee of the Republic of Uzbekistan for Tourism Development voiced the main reasons hampering the development of tourism and preventing the effective use of the country's tourism potential. As mentioned above, to solve these problems, a decree of the President of the Republic of Uzbekistan was created. The Decree of the President of the Republic of Uzbekistan dated August 16, 2017 "On priority measures for the development of the tourism sector for 2018-2019" provides for the development of a favorable economic, administrative and legal environment for the accelerated development of the tourism industry, including taking the necessary measures to radically increase the number of established at airports, railway stations, hotels and other tourist facilities, ATMs and terminals working with international payment systems, as well as the creation of additional conveniences for business entities when accepting payments in foreign currency, including the introduction of electronic contactless payments.

Practice shows that in order to implement this decision, the Qishloqquhilish Bank JSCB carried out a number of systematic works, such as the bank created a currency exchange office in the Ichan-Kala complex, located in Khiva, and was equipped with terminals that accept international payment cards. And also, in hotels and in the buildings of tourist operators, which are clients of bank branches in Bukhara, Samarkand, Karshi, Khiva, Urgench, Nukus and Navoi, they are equipped with terminals that accept international payment cards. In addition, JSCB "Qishloq Qurilish Bank", in collaboration with the Unified Republican Processing Center, successfully completed a project for accepting plastic cards of the international payment system Unionpay International (UPI) at the terminals of the UZCARD payment system⁶.

This is the first practice in our country, which is a major innovation for the banking and financial

⁵ uz. news (15.01.2018)

⁶ Qishloqquhilishbank.uz

services market in Uzbekistan. Terminals of JSCB “Qishloqquyilish Bank” installed in retail outlets and service points have the ability to simultaneously receive UZCARD and UnionPay International payment cards.

This is in line with current reforms in the development of tourism in Uzbekistan and will further increase the flow of tourists to our country. Today, the connection to this service of terminals has begun, which are located in retail and service points in many regions visited by many tourists, including Samarkand, Bukhara and Khiva. The implementation of this service creates additional convenience for foreign guests. For example:

According to the Decree of the President of the Republic of Uzbekistan “On additional organizational measures to create favorable conditions for the development of the tourism potential of the Republic of Uzbekistan” dated February 3, 2018, registration number UP-5326, in order to create the most favorable conditions for the development of the tourism potential of the republic, the following conclusions and proposals can be made:

- renting out non-residential premises (cottage, apartment, house, dacha) for accommodation and recreation of tourists; (residents of rich countries consider it economically profitable to rent out their property and travel to other countries (with low living costs). For example, an English pensioner can rent out a cottage and move to temporary residence in Portugal or Spain, the rent is enough to live on in these countries)
- compilation and selection of tourist programs, proposals, as well as changing and supplementing them at the request of the tourist;
- the need for special training and retraining of service personnel (the approach to tourism activities of each travel agency must be individual: transport services, the sphere of recreation and trade, cultural and entertainment institutions);
- attracting to seasonal work those categories of workers who need additional income (for example, attracting students from the Samarkand Institute of Economics and Service for seasonal work on the basis of concluding contracts);
- begin the provision, advertising and provision of tourism services for tourists upon arrival in the territory of Uzbekistan (airports, train stations, customs points, hotels, etc.);
- issuance of long-term loans for a period of at least 10-15 years, with flexible terms for repayment of the main loan and interest, taking into account the seasonal activities of travel agencies;
- establishment and implementation of the largest number of ATMs and terminals working with international payment systems (airport, train station, hotels, markets, shops, clubs, catering establishments, in city attractions);
- providing convenience to travel companies when carrying out transactions related to foreign currency (reducing commission costs for transfers, conversion, collection of cash (national and foreign) currency).

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