

# WAYS TO STRENGTHEN THE RESOURCE BASE IN INCREASING THE INVESTMENT POTENTIAL OF COMMERCIAL BANKS

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## Abstract

This article analyzes the importance of green financing and sustainable finance concepts in the modern financial system, their role in the investment activities of commercial banks, and their impact on economic and environmental efficiency. In the context of climate change and natural resource scarcity, the necessity of implementing environmentally responsible financial instruments in the banking system is substantiated. The article highlights the economic essence of instruments such as green deposits, green loans, and green bonds, their role in risk management, investment portfolio diversification, and the implementation of ESG principles. Also, the practice of green financing and its dynamics are analyzed on the example of JSCB “Uzpromstroybank” and trends and prospects in this direction are shown. The results of the article confirm that green finance instruments for banks are a strategic tool for ensuring sustainable development.

**Keywords:** Green finance, sustainable finance, ESG principles, green deposits, green loans, green bonds, commercial banks, investment activities, risk management, sustainable development.

## Introduction

Nowadays, the issue of ensuring sustainable development in the global economy is becoming one of the strategic directions of the financial system. In particular, in recent years, the volume of green financing (Green Financing) in the international financial market has been growing rapidly. According to the Global Sustainable Investment Alliance, the volume of sustainable investments worldwide has exceeded 35 trillion US dollars, which constitutes a significant part of the total assets under management[14]. This indicates that the transition of financial institutions to ESG principles (Environmental, Social, Governance) has become a global trend. Economic losses associated with climate change are also increasing from year to year. According to estimates by international think tanks, the global economy may lose an average of 2–3% of GDP annually due to climate change. Therefore, financial institutions, in particular commercial banks, are forced to reconsider their investment decisions, taking into account environmental risks.

In modern conditions, sustainability and environmental responsibility are becoming increasingly important in the investment activities of financial institutions. Climate change,



depletion of natural resources and environmental pollution are creating new risks and problems for economic systems. In this regard, the concept of “green financing” is rapidly developing in the banking system and financial institutions. The main goal of this concept is to promote sustainable economic growth through the efficient use of resources, ensuring environmental safety and increasing social responsibility. Green Financing is an environmentally friendly and socially responsible form of financing projects and economic activities. This type of financing not only seeks financial profit, but also provides social and environmental benefits. Today, as the concept of sustainable finance is rapidly developing, the importance of green financing for commercial banks is increasing. In particular, banks are actively seeking to use mechanisms aimed at financing environmental projects in order to strengthen their resource base and expand investment activities.

In international practice, the volume of financing through green financial instruments, including green bonds and green credit lines, has shown a steady growth trend over the years 2020–2025. This creates an opportunity for banks to diversify their investment portfolios, reduce risks, and form long-term stable sources of income.

From this perspective, green financing is of strategic importance not only for ensuring environmental sustainability, but also for effectively organizing the investment activities of commercial banks. This article analyzes these aspects, based on statistical data, and highlights the impact of green financial instruments on the stability of the banking system.

## **LITERATURE REVIEW**

The concepts of green financing and sustainable finance have been widely studied in international and national scientific literature in recent years. Research in this area is mainly focused on the impact of ESG (Environmental, Social, Governance) criteria on the financial decision-making process, the risk and return characteristics of green investments, and the formation of sustainable resources in the banking system.

In the international literature, the theoretical foundations of the concept of sustainable finance have been analyzed in depth mainly in the works of scientists such as Mark Carney[1], Nicholas Stern[2] and Robert G. Eccles[4]. In particular, Mark Carney emphasized in his studies that climate change is a “systemic risk” for the financial system and justified the need for central banks and financial institutions to manage climate risk. Nicholas Stern, on the other hand, assessed the economic consequences of climate change and showed the long-term effectiveness of green investments within the framework of the “Stern Review”. Robert G. Eccles, on the other hand, empirically analyzed the impact of ESG accountability and corporate governance standards on capital markets.

Also, reports published by international financial organizations — the World Bank, the International Monetary Fund (IMF), and the Organization for Economic Co-operation and Development — provide practical recommendations on green bonds, sustainable investments, and climate finance. These sources emphasize the rapid growth of the green finance market, the importance of government support, and private sector participation[10,11,12,13].

Q. Cao, T. Zhu, and W. Yu found that ESG (Environmental, Social, Governance) investments have a positive impact on bank performance using the example of Chinese banks. According to the results of the study, ESG approaches increase the efficiency of banks’ use of resources



and enhance long-term sustainability[5]. This shows that ESG strategies provide not only social responsibility, but also economic benefits for the financial sector.

In recent years, digital transformation, fintech development, and green credit in commercial banks have been widely studied as important factors shaping bank performance and risk appetite. W. Sun and co-authors analyzed the impact of digital transformation on the performance of commercial banks under extreme conditions associated with climate change, emphasizing that digitalization increases bank operational efficiency and increases resilience to external environmental and economic shocks[6].

D. Duan and K. Liu studied the impact of fintech development and green credit policies on banks' risk-taking behavior and found that digital financial technologies and environmentally friendly lending significantly change the risk profile of banks[7]. According to the results, although fintech development increases the efficiency of financial services, it can also affect the increase in the level of risk in lending decisions.

Interest in green financing issues is also growing in the national scientific literature. Uzbek economists are studying the issues of introducing sustainability principles in the investment activities, credit policies and management of deposit resources of commercial banks[8,9]. In particular, the number of studies on the implementation of the ESG approach in the banking system, the introduction of green credit products, and the financing of renewable energy projects is increasing.

The analysis of the literature shows that the existing scientific works are mainly formed in three areas: first, the theoretical and methodological foundations of green finance; second, the practical application of green financial instruments (loans, deposits, bonds); third, the role of ESG factors in risk management and investment portfolio diversification in the banking system. However, empirical studies on the dynamic analysis of green loans and deposits in the case of national banking practice, in particular, commercial banks, have not yet been studied in sufficient depth.

Therefore, this article summarizes the approaches in the international and national literature, analyzes the practice of green financing instruments in commercial banks based on statistical data, and attempts to fill the existing scientific gap.

## ANALYSIS AND RESULTS

According to the theory of Sustainable Finance, financial institutions, including commercial banks, should take into account not only economic efficiency, but also environmental, social and governance factors in their activities[3]. This approach serves to ensure the long-term sustainability of banking activities. Green deposits are a practical expression of the principles of sustainable finance, ensuring that bank resources are directed to environmentally responsible and socially significant projects. Through this, banks adapt to ESG (Environmental, Social, Governance) requirements and implement a sustainable development strategy.

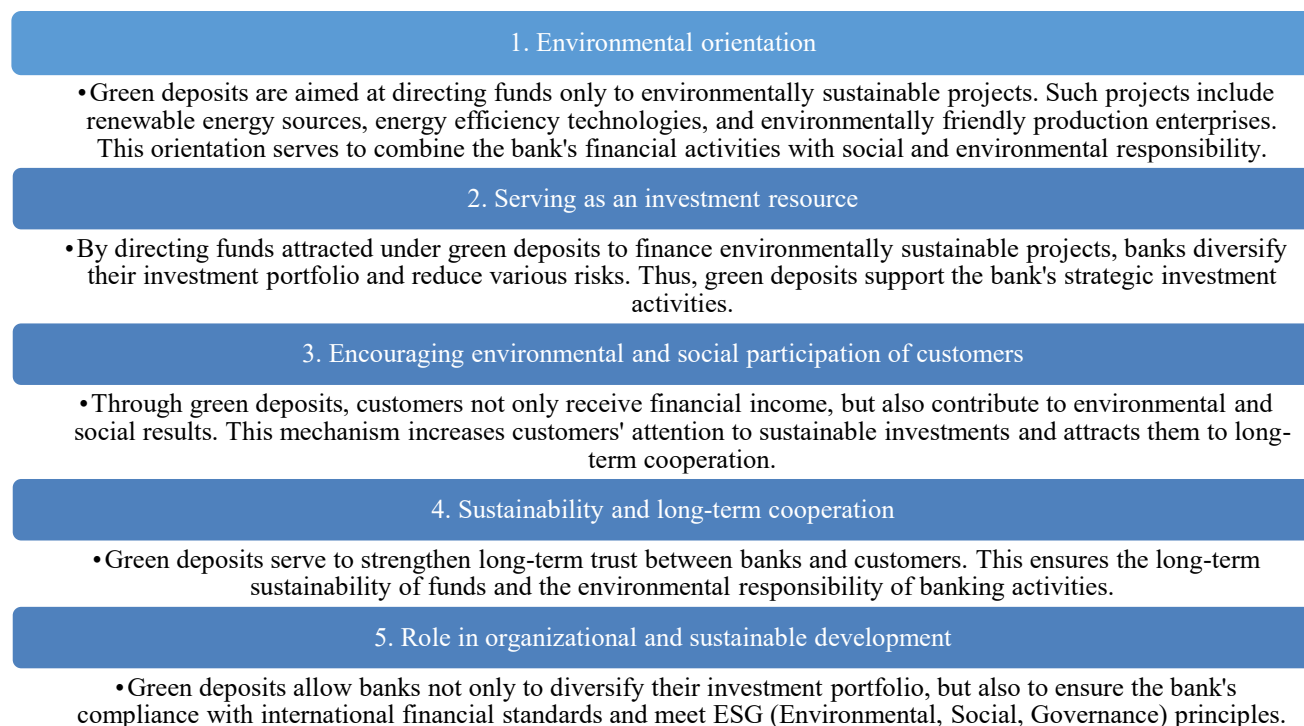
In accordance with investment theory, banks strive to place the attracted financial resources based on the principle of maximum return and minimum risk. Green financial instruments allow banks to diversify their investment portfolio, since environmental projects are usually a long-term and stable source of income. At the same time, state support for such projects and the participation of international financial institutions serve to reduce risks. As a result, green



financial instruments appear as an important instrument that increases the sustainability of bank investment activities.

In this regard, the mechanism of green financial instruments stands out as a strategic tool for commercial banks. Green financial instruments are funds that are intended for financing exclusively ecological and sustainable projects from the financial resources attracted by banks, which allow diversifying the investment portfolio of banks, reducing risks and increasing social responsibility. Thus, green financial instruments are also important as a means of ensuring the long-term sustainable development of the bank.

Since projects financed on the basis of green financial instruments are environmentally and socially verified, they are considered relatively low-risk investments for the bank. This allows reducing credit and investment risks, as well as ensuring the stability of the bank's capital. Thus, green financial instruments play an important role in the bank's risk management policy. A distinctive feature of green deposits is that, unlike conventional deposits, they combine not only financial income for customers, but also environmental and social benefits. Through this mechanism, banks increase the interest of customers in sustainable projects, attract them to long-term cooperation and ensure the stability of the resource base. At the same time, green deposits also create an opportunity for banks to meet international financial standards, adapt to ESG (Environmental, Social, Governance) principles and take a competitive position in the global financial market. As a result, the mechanism of green financing and deposits appears as an important strategic tool for the rapid development of investment activities of commercial banks, strengthening the resource base and supporting environmental sustainability. They combine the bank's financial income with its social and environmental responsibility, which is one of the main principles of the concept of sustainable development. The main features of green deposits are presented in Figure 1 below.



**Figure 1. Main characteristics of green deposits**



Green deposits allow banks to direct financial resources to sustainable and socially beneficial projects. Through this financing mechanism, commercial banks can diversify their investment portfolio and invest in environmentally and socially significant projects. As a result, banks not only increase financial income, but also contribute to the principles of sustainable development and social responsibility. Examples include solar power plants, wind power plants, and environmentally friendly production enterprises. Such projects not only ensure environmental safety, but also increase energy efficiency and stimulate local economic stability. In particular, in this regard, JSCB “Uzpromstroybank” provides loans to individuals and legal entities based on the principles of green financing. Table 1 below provides information on the green loan products of this bank.

**Table 1 Green loan products of JSCB “Uzpromstroybank” [15]**

Green credit products	Amount	Interest rate	Term	Grace period	Purpose
Green repair	140 million soums	19	10 years	-	Renovating homes using eco-friendly solutions
Green comfort	200 million soums	20	60 months	6 months	Financing for the purchase, installation and maintenance of green energy equipment
Green Loan	60 thousand US dollars (equivalent)	20,5	60 months	6 months	Financing for green projects
Green energy microloan	60 thousand US dollars (equivalent)	22	60 months	12 months	Purchasing solar panels
Corporate green loan	2 million US dollars (equivalent)	21	60 months	12 months	Financing for energy efficiency projects

If we analyze the green credit products offered by JSCB “Uzpromstroybank” based on the data in Table 1, it can be observed that, first of all, these credit instruments are differentiated according to different client segments (individuals, small and medium-sized businesses and corporate entities) and their investment needs. This approach indicates the presence of a strategic policy by the bank aimed at systematically introducing green financing mechanisms, diversifying the investment portfolio and providing financial support to environmentally sustainable projects.

For example, the “Green Repair” and “Green Comfort” products are intended mainly for individuals and are aimed at financing the introduction of environmentally friendly solutions in residential buildings, the purchase and installation of renewable energy equipment. These loans serve to increase the population’s interest in green technologies with relatively low interest rates and long terms.

On the other hand, the “Green Loan” and “Green energy microloan” products are intended for small and medium-sized businesses, and their main purpose is to finance solar panels and other green projects. The presence of a grace period of 6-12 months in these loans relatively reduces the financial burden at the initial stage of projects and facilitates the payback period of investments. This is a risk-reducing factor for both banks and entrepreneurs.

The “Corporate green loan” product, intended for corporate clients, allows for financing large projects aimed at increasing energy efficiency. Along with the high amount of this loan, the

presence of a grace period creates conditions for enterprises to gradually develop investment activities. The relatively favorable interest rate makes green projects more attractive than traditional investment areas. Table 2 below provides information on green loans allocated to clients by JSCB “Uzpromstroybank” in 2022-2025. According to the table, the volume of funds allocated for green loan products during 2022-2025 fluctuated sharply. In particular, in 2022, the total volume of green loans amounted to 823503,54 million soums, which was the highest figure recorded in the period under analysis. This year, the bulk of the volume of green loans fell on the Corporate green loan, which amounted to 755774,31 million soums. This indicates that green financing at the initial stage was mainly aimed at supporting large corporate projects.

**Table 2 Volume of green loans granted to clients by JSCB “Uzpromstroybank” (mln. soums)[15]**

Green credit products	2022	2023	2024	2025
Green repair	36 404,97	15 153,76	-	140,00
Green comfort	-	20 408,51	6 841,74	20 034,83
Green Loan	31 324,26	17 323,40	5 710,19	600,00
Green energy microloan	-	1 057,50	80,00	-
Corporate green loan	755 774,31	780,00	-	-
<b>Total</b>	<b>823 503,54</b>	<b>54 723,17</b>	<b>12 631,93</b>	<b>20 774,83</b>

In 2023, the volume of green loans decreased sharply, totaling 54723,17 million soums. Such a decrease is explained, first of all, by a decrease in the volume of corporate green lending. At the same time, this year, retail and small-scale green loan products such as Green Comfort (20408,51 million soums), Green Loan (17323,40 million soums) and Green Energy Microloan (1057,50 million soums) began to be actively used. This situation indicates an intensification of the diversification process in green financing and an increased focus on attracting individuals and small businesses. In 2024-2025, the total volume of green loans remained relatively low, amounting to 12631,93 and 20774,83 million soums, respectively. However, positive structural changes are observed in the composition of loan products during this period. In particular, in 2025, Green Comfort (20034,83 million soums) and Green Repair (140,00 million soums) loans were activated. This indicates that green lending is gradually being directed to the retail segment, and the population's interest in energy-efficient and ecological projects is increasing. In general, the instability of green lending volumes indicates the need to formulate a long-term strategy in this area and systematically develop financing mechanisms.

In general, the presented green loan products serve as an important financial mechanism for diversifying the investment portfolio of banks, supporting ecologically and socially significant projects, and implementing the principles of sustainable development. At the same time, such loans create an opportunity to increase energy efficiency, expand the use of renewable energy sources, and achieve economic and ecological sustainability in the long term.

Currently, certain positive experience is being formed in the banking practice of our country in introducing green financing mechanisms. In particular, the “Green Deposit” product introduced



by JSCB “Uzpromstroybank” is a practical expression of this approach. The “Green Deposit” deposit offered by the bank is a sustainable financial instrument that serves to direct investors’ deposit funds to support environmentally and socially beneficial projects. This deposit is formed for a period of 13 months, attracts an annual interest rate of 21 percent, and the minimum amount starts from 100000 soums, which allows depositors to receive competitive income.

Also, according to the terms of the deposit,

1 percent of the established annual interest rate is automatically directed to the account of organizations fighting climate change and protecting the environment or financing green projects, through this mechanism, the bank’s financial activities are integrated into the principles of sustainable development. Interest on the deposit account is calculated daily and is paid after one month of storage.

The fact that a certain part of the funds raised through this deposit instrument will be directed to financing projects of environmental sustainability and social importance will allow for targeted and responsible use of bank resources. As a result, the bank will not only provide sustainable and socially responsible investment opportunities for clients, but will also contribute to the introduction of green financing principles in the national financial system and their institutional development.

**Table 3 Volume of green deposits attracted by JSCB “Uzpromstroybank” (in million soums)[15]**

Indicators	2023	2024	2025
Total deposits	14328682	21103701	26877320
Demand deposits	6331702	7680274	8643957
Term deposits	7996980	13423427	18233363
<i>Including:</i>			
Green deposits	-	0,5	32287

Green deposits serve to sustainably and continuously form the bank's resource base. This mechanism increases the social responsibility of clients and encourages them to invest in sustainable projects. As a result, the bank's deposit portfolio becomes long-term and stable, ensuring financial security. At the same time, corporate and private clients choose long-term cooperation with the bank by supporting environmental projects, which is of great importance in strengthening the bank's investment strategy and creating a sustainable resource flow.

Green deposits allow the bank to demonstrate its social and environmental responsibility to the general public and stakeholders. Through this mechanism, the bank adheres to the ESG (Environmental, Social, Governance) principles that meet the requirements of international financial institutions and receives a high rating. Also, green deposits strengthen the bank's sustainable and socially responsible image, which helps it to take a competitive position in the international investment arena.

Green deposits not only bring financial and social benefits, but also contribute to the long-term strategic development of the bank. They allow the bank to create a stable investment portfolio, reduce risks and take a stable position in the global financial market. Thus, green deposits,



along with the economic efficiency of the bank, also ensure environmental and social sustainability, which is one of the important principles of modern banking.

Green bonds are also emerging as an important financial instrument in expanding the resource base of commercial banks. These instruments allow banks to diversify resources in their investment activities, as well as finance projects that comply with the principles of sustainable development. By including green bonds in their investment portfolio, commercial banks not only gain long-term and relatively stable sources of income, but also assume environmental and social responsibility. This approach serves to adapt banks' investment strategies to a new model based on sustainable financing and ESG principles, moving away from the traditional model aimed solely at generating income. As a result, the financial stability of banks is strengthened and their role as environmentally responsible investors in the economy is further strengthened.

Banks direct funds raised through green bonds to renewable energy sources, energy efficiency, clean production and infrastructure projects. Such investments are long-term and have a relatively low risk level, ensuring the stability of the bank's investment activities. At the same time, green bonds are also important for banks as a liquid asset and can be sold on secondary markets or used as collateral.

From the point of view of commercial banks, green bonds are an effective means of diversifying the investment portfolio. Through these instruments, banks distribute risks across sectors and projects, as a result of which the negative impact of macroeconomic fluctuations and environmental risks is mitigated. In addition, the issuance of green bonds in accordance with international standards increases the credibility of banks before foreign investors and expands the possibilities of attracting foreign capital.

The use of green bonds in the investment activities of banks provides not only financial results, but also a reputational effect. By financing projects that have a positive impact on the environment, banks demonstrate their adherence to ESG (Environmental, Social, Governance) principles. This serves to strengthen long-term cooperation with international financial institutions, investors and clients.

Green bonds are also important for banks as a long-term source of resources for financing investment activities. They are an alternative to bank capital and deposit resources, helping to reduce the imbalance between the terms of assets and liabilities. As a result, the liquidity position and financial stability of banks are strengthened.

In general, green bonds are an important financial instrument that harmonizes the investment activities of banks with the principles of sustainable development. Their introduction into banking practice will improve the quality of the investment portfolio, effectively manage risks and strengthen the role of banks in the process of "green transformation" of the economy.

## **CONCLUSION**

This article analyzes the role of green financing instruments in the investment activities of commercial banks and their impact on sustainable economic development using statistical and theoretical foundations. Based on the results of the research, the following scientific conclusions were formulated:



It was found that sustainable financing and investment approaches based on ESG principles are developing rapidly in the global economy. This process is increasing the environmental and social responsibility of financial institutions and changing the system of making investment decisions.

Green financing has proven to be an effective instrument for banks not only in environmental terms, but also in economic terms. It allows diversifying the investment portfolio, generating long-term sources of income, and reducing risks.

The introduction of green credit products tailored to different client segments indicates an increase in diversification and a market-oriented approach in the bank's credit policy. The increase in the share of individuals and small businesses indicates the growing popularity of green financing.

Green financial instruments have a positive impact on the risk management system of banks, as the projects financed through them undergo environmental and social due diligence and are considered relatively low-risk.

Green bonds and other ESG instruments serve as a long-term and stable source of resources for banks, thereby helping to ensure a balance between assets and liabilities.

In general, the introduction of green financing into the national banking system is an important strategic factor in increasing the competitiveness of banks, expanding investment activities, and ensuring a sustainable “green transformation” of the economy.

As a result of the analysis conducted in the article, the following practical recommendations were developed for more effective introduction and development of green financing instruments in commercial banks:

- Improving the regulatory and legal framework for green financing. It is necessary to introduce a single standard and classification system for green loans, deposits, and bonds in the banking system. This will increase the ability to assess and monitor projects in accordance with ESG requirements.
- Strengthening mechanisms for assessing green projects. It is advisable to form separate expert groups in commercial banks to assess environmental and social impacts. This will help reduce risks in the loan portfolio.
- Expand green financial products. It is recommended to introduce new financial instruments adapted for the population and business (for example, energy-efficient mortgages, “green leasing”, loans aimed at reducing the carbon footprint).
- Popularize green deposits. To increase customer interest, it is advisable to use additional incentive mechanisms (bonus interest rates, tax breaks or image benefits) for green deposits.
- Diversify the investment portfolio based on ESG. Commercial banks should increase the share of renewable energy, energy efficiency and environmental infrastructure projects in their investment portfolios.
- Expand cooperation with international financial institutions. Strengthening cooperation with the World Bank, ADB and other international organizations through green finance lines will strengthen the bank’s resource base.
- Increase environmental financial literacy among customers. It is recommended to expand educational and marketing programs aimed at explaining the benefits of green financing to the population and entrepreneurs.



– Introduction of digital technologies. The introduction of fintech solutions, digital platforms and automated ESG screening systems in the monitoring and evaluation of green projects will increase the efficiency of the bank.

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