

IMPROVING THE EFFICIENCY OF OUR COUNTRY'S COMMERCIAL BANKS' ASSETS ISSUES

Kholmuradov Musurmon Avlakulovich

Senior Lecturer, Department of Banking and Finance,

Tashkent University of Applied Sciences

Abstract

Ensuring the quality of asset portfolios of commercial banks, the need to ensure their financial stability and liquidity is considered one of the current issues. In this scientific article, an attempt was made to develop a scientific proposal and practical recommendations on ways to increase the efficiency of the assets of commercial banks.

Keywords: bank, bank assets, risk, national economy, bank portfolio, asset quality, banking system, loan portfolio, investment.

Enter

In the banking legislation of the Republic of Uzbekistan, "assets of commercial banks - credit, microcredit, overdraft, leasing, factoring, securities, investments, funds in other banks, accrued interest-free income, other private property of the bank, property sold in installments, off-balance sheet items (irrevocable)) credit obligations, unused credit lines, letters of credit, guarantees) and all other claims, accrued interest except". The existence of asset relationships creates asset transactions.

In all countries of the world, a large part of the population, state and government organizations, corporate clients and all other organizations use the services of commercial banks. The banking system operating in accordance with the economic principle and normative legislation ensures the development of the economy and the stabilization of the national currency.

Of course, the higher the bank's performance and adherence to economic principles, the more profitable it will be, and as a result, it will become a stable financial institution. Therefore, increasing the efficiency of banking activity is an important task in every country at any level of social development.

As a financial institution, banking activity is aimed at obtaining high profits while ensuring liquidity, reducing risks, and preserving the rights of depositors and shareholders. At the stage of the development of the banking system of the Republic of Uzbekistan, the question of the effectiveness of banking activity acquires a special meaning.

Most of these issues can be solved by having a stable resource base of banks, increasing bank profits by increasing income-generating assets, and thereby increasing efficiency.

Issues of improving the quality of credit and securities portfolios of commercial banks in the countries of the world, in particular, ensuring the balance between the profitability of loans and the level of risk, ensuring the optimal ratio between investments in highly liquid and corporate securities are being researched on a scientific basis.

However, the specific features and possibilities of improving the quality of asset portfolios in the conditions of high level of financial risks and low level of diversification of banks' asset portfolios are not revealed in these studies, which creates the need to research the issue of improving the quality of asset portfolios of commercial banks on a scientific basis.

Literature analysis

A number of scientific researches have been carried out on the topic of improving the quality of asset portfolios of commercial banks and improving procedures. Researching the needs of customers in the market of banking services and their satisfaction, as well as banking services, the theoretical and practical aspects of the problem analyzed in the research are based on the conceptual approaches available in the scientific works of many domestic and foreign researchers, including foreign economists - J. Matuk, E. Reed, D. Polfreman, O. Lavrushin, N. Sokolinskaya, G. Panova, K. Baynke, J. Sinki, E. Dolan, It was reflected in the scientific researches of V.Usoskin, Kh.Dyorig, local economists Sh.Abdullaeva, T.Koraliev, A.Omonov, T.Boboqulov, B.Berdiyarov, S.Norqobilov, T.Malikov, I.Kulliev, K.Mukhamedjanov, I.Saifiddinov, E.Kadirov, Z.Umarov, Kh.Rakhmatov, Z.Mamadiyarov.

According to I. Sayfiddinov, it was appropriate to study the general aspects of the methodological foundations of the efficiency of bank asset operations, to classify "bank assets" and "bank asset operations" as the main criteria for determining the efficiency of bank operations, to clarify the concept of "bank asset efficiency". In this regard, the country's economists expressed their opinion that commercial banks are divided into groups according to the characteristics of their assets, liquidity and risk level, as well as their income.

According to I. Kulliev, an individual approach to solving these issues will help to determine the real value of the assets of commercial banks and to develop a comprehensive mechanism for reducing the volume of problematic assets. In particular, in the practice of banks today, the importance of evaluating the bank's financial condition through stress tests based on the recommendations of the Basel Committee on Banking Supervision is increasing. This method allows you to determine the significant impact of factors such as liquidity level, operational activity, market value, management and risk assessment system on the performance of assets.

According to S. Norqabilov, loans from commercial banks are considered as an important factor of economic development in Uzbekistan. "Expansion of lending to promising investment projects and small business and private business entities is recognized as a necessary condition for ensuring the stability of macroeconomic growth," he said.

According to O. Lavrushin, various imbalances in the efficiency of assets in the practice of international banking lead to a crisis in the international banking sector and a decrease in international economic growth. In turn, it led to a decline in production, an increase in unemployment, and bankruptcy of banks in a number of developed countries. From this point of view, he expressed his opinion that studying the mechanisms of the banking system at the international level, studying the principles of formation and distribution of international banking assets is one of the urgent issues.

According to T. Koraliev, in this regard, the study of the domestic financial market of Uzbekistan shows that the local market capacity is small and the local capital market is not developed, and there is no active market for securing speculative debts of the private sector in the country. Due to the high level of government involvement, lack of transparency and inequality in law enforcement, the risk of investing in the banking system and the country is high. He expressed his opinion that the low purchasing power of the population significantly limits the possibilities of attracting liabilities and developing banking products.

In Uzbekistan, loans from commercial banks are considered as an important factor of economic development. "Expanding promising investment projects and lending to small businesses and private enterprises is recognized as a necessary condition for ensuring the stability of macroeconomic growth."

However, in our republic, there are problems related to improving the quality of asset portfolios of commercial banks. In particular, the issue of resource provision of long-term bank loans has not been resolved. "While 70% of deposits in banks are short-term, 90% of loans are long-term".

Also, the risk of transformation has deepened in the commercial banks of our republic. In addition, the investment operations of the country's commercial banks with securities are not developed.

"Today, the weight of commercial banks' investments in securities of our republic is only 1.1 percent of gross assets" and this indicator indicates the underdevelopment of investment operations of banks with securities.

Various imbalances in the efficiency of international banking assets lead to a crisis in the international banking sector and a decline in international economic growth.

This, in turn, led to a decline in production, an increase in unemployment and bank bankruptcies in a number of developed countries.

From this point of view, studying the mechanisms of the international banking system, studying the principles of formation and distribution of international bank assets is one of the urgent issues.

Research Methodology

In this regard, the study of the domestic financial market of Uzbekistan shows that the local market capacity is small and the local capital market is underdeveloped, and there is no active market for securing speculative debts of the private sector in the country. Due to the high level of government involvement, lack of transparency and inequality in law enforcement, the risk of investing in the banking system and the country is high. The low purchasing power of the population significantly limits the possibilities of attracting liabilities and developing banking products.

In improving the quality of the credit portfolio of commercial banks, the resource supply of loans plays an important role, in which the most stable part of the resource supply for bank loans is term deposits and savings deposits.

Lack of long-term resources in banks is the main factor that prevents commercial banks from improving short-term lending practices.

In order to increase the ability of banks to provide investment loans, first of all, it is necessary to ensure the adequacy of their deposit base.

In particular, in the practice of banks today, the importance of evaluating the bank's financial condition through stress tests based on the recommendations of the Basel Committee on Banking Supervision is increasing. This method makes it possible to determine the significant impact of factors such as liquidity level, operational activity, market value, management and risk assessment system on the performance of assets. In the course of our research, it was necessary to study the general aspects of the methodological foundations of the efficiency of bank operations, to classify "bank assets" and "bank asset operations" as the main criteria for determining the efficiency of bank operations, to clarify the concept of "bank asset efficiency".

In this regard, the country's economists are divided into groups according to the characteristics of the assets of commercial banks, the level of liquidity and risk, as well as their income.

In the banking legislation of the Republic of Uzbekistan, "assets of commercial banks - credit, microcredit, overdraft, leasing, factoring, securities, investments, funds in other banks, accrued interest-free income, other private property of the bank, property sold in installments, off-balance sheet items (irrevocable)) credit obligations, unused credit lines, letters of credit, guarantees) and all other claims, except accrued interest. The existence of asset relationships gives rise to asset transactions.

Analysis and results

In our opinion, improving the efficiency of bank assets is not only a matter of developing the banking system, but also the entire economy. In this process, a decrease in asset efficiency in commercial banks can lead to a lack of resources in representative accounts, a decrease in the

bank's position in the financial market, and an increase in customer distrust and dissatisfaction with the bank.

An increase in the level of impairment of assets in banks leads to a decrease in the rate of production in various sectors of the economy, which in turn leads to an increase in unemployment. In addition, the impact of the global financial and economic crisis shows that the negative impact of the economic crisis on banking practices is not limited to a specific country or region, but causes serious problems in the entire world economy.

Therefore, within the framework of our research, the following important directions of the methodological basis of the efficiency of bank operations were identified:

1. Clarification of the main criteria, requirements and indicators determining the efficiency of the bank's active operations;
2. Systematization, assessment of problematic aspects and factors hindering the effectiveness of the bank's active operations and ways to eliminate them;
3. The importance of ensuring the efficiency of active operations of the bank at the macro and micro level, emphasizing the socio-economic foundations;
4. To determine the main principles of ensuring the effectiveness of the bank's active operations and to determine the conditions for their implementation;
5. Systematization of measures, methods and tools and approaches for evaluating the effectiveness of banking operations by studying foreign experience in the banking sector.

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In this regard, the country's economists are divided into groups according to the characteristics of commercial banks' assets, liquidity and risk level, as well as income.

In our opinion, an individual approach to solving these issues will help determine the real value of the assets of commercial banks and develop a comprehensive mechanism for reducing the volume of problem assets.

For banks in developing countries, short-term loans are preferable to long-term investment loans, characterized by high profitability and low risk. In our opinion, an individual approach to solving these issues will help determine the real value of the assets of commercial banks and develop a comprehensive mechanism for reducing the volume of problem assets.

In particular, today, in the practice of banks, the importance of evaluating the bank's financial condition through stress tests based on the recommendations of the Basel Committee on Banking Supervision is increasing. This method makes it possible to determine the significant impact of factors such as liquidity level, operational activity, market value, management and risk assessment system on asset performance.

Various imbalances in the efficiency of international banking assets lead to a crisis in the international banking sector and a decline in international economic growth. This, in turn, led to a decline in production, an increase in unemployment and bankruptcy of banks in a number of developed countries. In this regard, studying the mechanisms of the banking system at the international level, studying the principles of formation and distribution of international bank assets is one of the urgent issues.

In this regard, the study of the domestic financial market of Uzbekistan shows that the local market capacity is small and the local capital market is underdeveloped, and there is no active market for securing speculative debts of the private sector in the country. Due to the high level of government involvement, lack of transparency and inequality in law enforcement, the risk of investing in the banking system and the country is high. The low purchasing power of the population significantly limits the possibilities of attracting liabilities and developing banking products.

Low level of compliance with international requirements, including the compliance system, financial reporting and corporate governance standards. Lending practices and underwriting standards in Uzbekistan lag behind world standards. The state often intervenes in the lending decision-making process. The Central Bank decided to increase the transparency of the system, including recommendations to reduce tariffs and cancel commissions for a number of banking services. Introduction of new standards aimed at increasing the financial stability of financial institutions and improving the deposit guarantee system.

Improving the liberalization of monetary policy and inflation targeting in order to reduce the influence of the banking system on investments and increase their attractiveness. Another problem is the lack of cooperation between banks and government agencies on products.

The improvement of these processes is based on a number of factors: a gradual transition from the existing models of world experience (high level of public sector participation) to the distribution of financial flows through development institutions, privatization and more complete liberalization of the banking system. The experience of Russia can be cited. In Japan and Singapore, private and independent banks, including government projects, are implemented in development institutions.

Conclusions and suggestions

The analysis shows that in 2023, the number of users of remote bank account services in our country increased by almost 3 times, 4.3 times among legal entities and individual entrepreneurs. The development of duetfastructure, the spread of banking services is gradually increasing, but a large part of the population is still not provided with basic banking products.

In order to solve the above tasks, it is necessary to expand the range of banking products and provide high-quality services to the population with the effective use of modern

software. Studying the experience of developed countries shows that today commercial banks have been operating on the basis of modern innovative software and special platforms in the system for several years.

Indeed, organizations that use big data, advanced analytics, and new technologies to improve customer service experiences must build and develop the trust, transparency, and revenue that are key to future success. Today, "the introduction of modern FinTech and blockchain technologies in the market of banking services opens up many opportunities for the development of financial services."

According to a study conducted by the European Information Technology Corporation, there are four transformational challenges and opportunities for the future of banking in the next 5 years, including meeting the broad needs of customers; price optimization, where banks and credit unions should consider decoupling non-public operations and using intelligent automation due to the effectiveness of digital competition; create new revenue streams; The development of safety and coordination systems can reduce these costs and lead to business growth.

Retail Banking Innovation Report, 2023 Commercial banks must now focus on increasing digitization and innovation initiatives using cloud technologies such as cloud technologies, advanced analytics and new distribution alternatives to meet consumer demand. Innovative technologies in the banking sector will be the driving force in the future, they will be able to redefine themselves to be competitive in the market and meet the needs of the market.

The Information Technology Corporation has developed a very useful Global Banking Technology Radar that takes into account the impact of technology on business and the timing of integration over the next five years. Also, according to IBM (International Business Machines), international business operators have entered the banking sector with cloud (hybrid cloud) accounts, and most banks are looking for an optimal mix of traditional IT, public and private clouds.

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