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Foreign Experience in Ensuring the Financial Stability of the Banking System of Uzbekistan

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Abstract: In the article, the activity and financial stability of commercial banks in any economy where market mechanisms are introduced is controlled and regulated by the Central Bank of the country. At the same time, in some developed countries, independent mega-regulators have been cited for proper control over the activities of banks, strengthening of solvency and regulation.

Keywords: Central bank, commercial banks, market mechanisms, mega-regulator, preferential credit, financial stability, solvency, profitability, International Monetary Fund, "Moody's" international rating agency.

INTRODUCTION: In the conditions of the current market economy, no country can be imagined without a banking system, because commercial banks belong to the category of financial intermediaries and perform the function of an important mechanism of society in the inter-sectoral and inter-territorial redistribution of monetary capital. The process of creating new obligations, as well as replacing these obligations with the obligations of other counterparties, represents the essence of financial intermediation.

The activities of financial intermediaries are carried out on the basis of certain economic conditions. When organizing production, full specialization of economic entities in a certain field is preferred, which is an indispensable condition for the general operation of a market economy entity? In this way, as a result of the combination of many individual risks and the application of the law of large numbers on this basis, the minimization of general risks can occur. Financial and economic analysis of the activity of any economic entity and one of its main tasks is to assess the entity's financial reliability and stability.

MATERIAL AND METHOD.

Ensuring the financial stability of commercial banks and assessing its stability is one of the central urgent issues of the consistent economic reforms that are being implemented even today. [1] was confirmed by the fact that deepening the reform of the banking system and ensuring its stability, increasing the level of capitalization of banks and strengthening the financial stability of the country are defined as the priority directions of the development of the country's banking system. Of course, it is of great importance that a financially stable bank can quickly recover itself and stand firmly in the market in case of any difficult, big losses.

V.G.Artemenko connects stability with solvency and provides an assessment of their financial stability on the basis of absolute and several indicators. The solvency of economic entities puts forward the conclusions that the timely fulfillment of payment obligations, as well as financial stability is evaluated based on the analysis of cash flows [2]. At the same time, it seems that there is no connection between the stability of banks and their reliability in this system of indicators.

O.V. Efimova recommends that it is necessary to use other indicators of financial stability in her research. In the opinion of the scientist, this system of generalized indicators should be determined by comparing the capital profitability index, which shows the increase in the capital of banks, as the second indicator, the share of capital in the volume of gross liabilities, as well as by comparing the structure of assets, capital turnover, profitability, fixed and variable costs in the assessment of financial stability. gives conclusions [3]. It should be noted that, using the system of indicators listed above, we believe that it is possible to assess the financial stability of banks through the level of capital adequacy and profitability, the share of capital in assets. The financial stability of commercial banks is determined by capital adequacy, its profitability and ratio to assets, as well as liquidity, solvency, profitability and reliability, which have a positive effect on financial stability, are evaluated through a system of indicators.

Studying the methodology of ensuring the financial stability of commercial banks of international financial organizations, forming appropriate conclusions from these methodologies is one of the urgent issues. Therefore, we will first of all consider the indicators recommended by the International Monetary Fund and their important aspects. The International Monetary Fund has been publishing Financial Soundness Indicators (FSI) of a basic and advisory nature. 12 of the indicators of financial stability are the main indicators, while 26 are indicators of a recommendatory nature.

Among the main indicators of financial stability are: capital adequacy indicators, asset quality, profit and profitability, liquidity, level of sensitivity to market risk. liquidity is intended for the real estate market [4]. Financial stability indicators have been published by the International Monetary Fund since 2001, and today its rating is published in all countries of the world.

The purpose of financial stability indicators is to reflect the current financial situation through the macroprudential analysis of the financial system of countries, the implementation of the Financial Sector Assessment Program (FSAP) by the IMF and the World Bank, and the publication of reports on the assessment of the stability of the financial system of countries (Financial System Stability Assessment). —FSSA) is of particular importance due to the fact that it is designed to assess the stability of the country's financial institutions, counterparties, households[5]. The assessment of the financial stability of a commercial bank is closely related to the concept of the liquidity of a commercial bank. A bank without liquidity cannot be solvent. In practice, illiquidity is the main reason for the insolvency of banks, which leads to bankruptcy and instability of the banking system.

ANALYSIS AND RESULTS

Along with international financial organizations, the methodology of ensuring the financial stability of commercial banks of international rating companies is of great importance.

It is possible to cite the methodology of ensuring financial stability of banks through "Moody's" international rating agency.

Table 1. "Moody's" international rating agency's methodology for determining the financial stability of commercial banks [6]

Financial indicators	Categories of banks				
	A	B	C	D	E
The ratio of the amount of profit before provisioning to the amount of the bank's average assets at risk	3.5% and above	2,4%-3,5%	1,4%-2,4%	0,5%-1,4%	0.5% and below
The ratio of net profit to the average total amount of assets at risk	2.0% and above	1,7%-2,0%	1,0%-1,7%	0,3%-1,0%	0.3% and below
(Market funds - liquid assets) / Total assets x 100%	-10%	-10%-0%	0%-10%	10%-20%	20% and above
Tier 1 capital adequacy, in percent	10% and above	8%-10%	6%-8%	4%-6%	4% down
Unused capital as a percentage of the average total assets at risk	7% and above	5,5%-7,0%	4,0%-5,5%	2,5%-4,0%	4% down

(Expenses/Revenues) x 100 %	Below 45 percent	45%-55%	55%-65%	65%-80%	80% and above
(Non-performing loans / Gross loans) x 100 %	Below 0.8 percent	0,8%-2,0%	2,0%-5,0%	5,0%-12,0%	12% and above
Non-performing loans / (Share capital + loan loss provision), in percent	less than 10 percent	10%-20%	20%-30%	30%-50%	50% and above

Moody's international rating agency uses five main indicators to evaluate the financial stability of commercial banks. These are: profitability level, liquidity position, capital adequacy level, efficiency and asset quality. This serves to increase the effectiveness of assessing the financial stability of commercial banks. The main purpose of calculating the indicators of financial stability of commercial banks is to provide users with information about how stable the financial institution operates. Comparison of these indicators at the international level will serve to clarify the essence of the indicator more widely.

For this purpose, the indicators for calculating financial stability in 1992 were developed and recommended for the first time by the experts of the International Monetary Fund. Some changes were made in 2002 and last time in 2006. These indicators of financial stability are 39 in total and they are divided into 2 groups. The first group includes the main indicators (related to the banking system) and consists of 12 financial indicators. 27 indicators belonging to the second group are recommended for use in calculating the financial stability of non-bank financial organizations, enterprises and households. Since the activity of commercial banks is the object of research, we found it necessary to study the indicators of the first group.

2-Жадвал Table 2. Indicators of Financial Stability of the International Monetary Fund [7]

№	Category	Indicator
1.	Capital	Ratio of total capital to risk assets
		The ratio of Tier 1 capital to risk-weighted assets
		The ratio of provisions allocated to non-performing loans to assets
2.	Asset quality	Share of problem loans in total loans
3.	Rate of return and utility	Rate of return on assets (ROA)
		Return on equity capital (ROE)
		Interest income as a percentage of gross profit
		Share of non-interest expenses in gross profit
4.	Liquidity	Share of liquid assets in total assets
		The ratio of liquid assets to short-term liabilities
5.	The level of risk associated with foreign exchange	The ratio of the bank's net open currency position to equity

The recommendations presented in Table 2 are the recommendations of the International Monetary Fund, which are currently supported in practice by the European Central Bank. Calculation of financial stability indicators of commercial banks and their continuous monitoring will help banks effectively manage various negative situations that may occur in the future.

Among the above indicators, the capital adequacy ratio shows the level of financial tolerance of the bank to sudden financial losses, and the quality of assets represents the level of the bank's ability to pay. Profitability and profitability indicators indicate the level of ability to cover losses without affecting the bank's capital. The level of liquidity represents the extent to which the bank can overcome the cash problem. Foreign currency risk represents the extent to which changes in market prices of the bank's assets in foreign currencies affect the bank's activities.

CONCLUSION

Financial stability of commercial banks, on the one hand, is focused on expanding and increasing the bank's financial activities; on the other hand, investing in various industries and sectors for the development of the economy requires strict attention to issues such as assessing the liquidity of commercial banks. Determining the ways and methods of ensuring the financial stability of the bank is of particular urgency, and the bank should carry out its activities evenly, and its activities should be closely aligned with the goals of achieving long-term positive results.

The main purpose of bank supervision is to protect the interests of bank customers and creditors. Adequacy and effectiveness of control over the activity of banks is the main factor for ensuring the stability of the banking system and strengthening confidence in banks. Due to the increased risk of bank failure in recent years, it is necessary to continuously monitor the banking activity. By the 80s of the 20th century, the banking supervision system began to take shape at the international level, and at the same time, the Basel Committee on Banking Supervision was formed. Considering the high-speed development and integration of the banking system, the requirements of this committee are increasing year by year.

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