
Theoretical Basis of Financial Stability and Reliability of Commercial Banks

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Abstract: This article explores the challenges and opportunities faced by commercial banks in the context of societal changes, economic digitalization, evolving consumer preferences, and the impacts of the COVID-19 pandemic. It examines how these factors have transformed the banking sector, affecting both internal and external operational environments and emphasizing the importance of sustainable development for regional commercial banks. The discussion highlights the necessity for banks to balance economic benefits with societal needs, in alignment with the United Nations' 2030 Agenda for Sustainable Development. By focusing on the role of regional commercial banks, the article underscores their significance in local economic development and the need for strategies that ensure their stability, reliability, and long-term success amidst changing economic conditions.

Key words: Commercial bank, Sustainable development, Stability assessment, COVID-19, Socio-economic development, Strategic planning, UN 2030 Agenda, Financial conditions, Economic security, Banking regulations, Customer trust.

This article presents scientific and theoretical opinions and conclusions about the state of financial stability and reliability of commercial banks, explores the multifaceted challenges faced by commercial banks, particularly in the context of societal changes, economic digitalization, evolving consumer preferences, the impact of the COVID-19 pandemic, and other structural shifts within the banking sector. These factors have significantly altered the operating environment for commercial banks, emphasizing the need for sustainable development strategies, especially for regional banks. The banking system is a crucial component in a country's economic stability, acting as financial intermediaries that facilitate the continuous flow of financial resources. This study highlights the importance of regional commercial banks in local socio-economic development due to their close interactions with local clients and contribution to maintaining regional financial stability. The discussion identifies three main approaches to assessing the stability of commercial banks: financial stability indicators, the long-term sustainability of financial conditions, and customer trust in the bank's reliability.

In the context of changes occurring in society, digitalization of the economy, changes in consumer preferences, the spread of COVID-19, and other structural changes taking place in the structure of the banking sector, the activities of commercial banks are influenced by the internal and external environment, digital transformation, and various other factors such as the coronavirus infection and its restrictions, which significantly changes the conditions of their operation and indicates the urgency of the problem of ensuring the sustainable development of regional commercial banks.

In addition, the existence of economic, social, and environmental problems in the developing world requires commercial banks to maintain a balance between their benefits and the benefits of society, as well as the concept of sustainable development of the UN, "Transforming our world: meeting the challenges set out in the 2030 Agenda for Sustainable Development." The fact that problems like those above have been raised increases the importance of our topic.

The state of the banking system is one of the important indicators that determine the economic development and security of the country or region. In the social and economic development of financial resources, commercial banks serve as financial intermediaries, ensuring continuous movement. In the modern world, commercial banks perform a number of functions: attracting the idle funds of individuals and legal entities and placing them on the basis of payment terms on the basis of term and return conditions, making payments, conducting operations in the stock and currency markets, settlement and cash operations, online services and others.

Banks provide continuity not only in the accumulation of internal funds and financial resources, but also in order to develop the economy and solve social problems. That is why the stability of the financial condition of banks is relevant at all stages of development.

If we study the example of regional commercial banks, regional commercial banks occupy an important place in the socio-economic development of the region. Because they mainly work with local clients and form and maintain the financial flow of the area where they are located.

In our opinion, ensuring the stable development of regional commercial banks, setting strategic priorities and developing a model for their development are important issues.

The banking system plays an important role in ensuring the stable development of countries, regions and their economic and social spheres.

The study of scientific views on the stability of commercial banks made it possible to identify three main approaches to this issue.

As a first approach, we can cite the indicator of financial stability of commercial banks. What is financial stability and how is it achieved? The following table shows the opinions of economists on bank financial stability.

Table 1

Economist	Description
Kasyutin A.E	assessment of asset quality, capital adequacy and efficiency [1]
Belykh L.P.	availability of stable capital, balance sheet liquidity and solvency[2]
In the Law on Amendments and Supplements to the Law of the Republic of Uzbekistan "About banks and banking activities"	the state of the bank, which represents the adequacy of funds to maintain the balance of financial flows, solvency, liquidity and profitable activity, as well as compliance with all prudential regulations by the bank [3];
Tarkhanova E.A.	attracting funds of individuals and legal entities, opening and maintaining bank accounts, as well as carrying out operations on the placement of the funds raised on their own behalf and at their own expense in terms of payment, repayability and solvency and crisis tolerance[4];
Z.A. Timofeeva	Financial stability of the bank is durability of the bank's financial condition, liquidity of assets, adequacy of reserves [5].
Edwin Dj. Dolan	In ensuring the financial stability of commercial banks, the main focus is on the ratio between highly liquid assets and highly profitable assets.

1-table. Financial stability of the bank¹

¹ The author's work

In our opinion, the financial stability of commercial banks is primarily the long-term preservation of its financial condition. To be more specific, we can cite the fact that a commercial bank can ensure the continuous process of its economic activity through the effective use of funds.

Based on the above, the question arises whether a bank with a stable financial condition is reliable, and what do we mean by a reliable bank?

First of all, in determining the reliability of commercial banks, it should have several qualities, covering all its aspects, i.e.

- Stability, safety and soundness of the bank's financial situation;
- Being present in the banking market for a long time while maintaining its financial stability;
- To gain customer trust and reputation as a reliable bank.

Thus, it can be assumed that there are at least 3 qualities when determining the reliability of a bank:

- Stability of the bank today;
- The bank will be stable tomorrow;
- Confidence of the bank's customers in its stability.

Based on the above-mentioned points, we can conclude that the stability of the financial situation of commercial banks is a broader concept in quantitative terms than financial reliability. Also, the analysis of stability and reliability indicators allows a qualitative assessment of the financial condition of commercial banks .

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