
Problems Related to Managing the Financial Situation of Commercial Banks

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Abstract: Today, there are a number of urgent problems related to the management of the financial situation of our commercial banks. The article discusses the problems in managing the financial situation of commercial banks and gives conclusions.

Key words: financial stability, financial condition, net income, non-interest income, operating expenses, regulatory capital, capital adequacy level.

INTRODUCTION

A number of economic reforms were carried out by our state during the introduction of the market economy in our republic. As a result of this, significant changes have occurred in the banking system, which is one of the important sectors of the economy. During this period, the Laws of the Republic of Uzbekistan "On the Central Bank of the Republic of Uzbekistan", "On Banks and Banking Activities" and several other regulatory documents on the regulation and development of the banking system in our republic were developed. . In addition, since 1996, the commercial banks of our republic have been carrying out their accounting based on the chart of accounts introduced in the international banking system. These documents are currently being revised and improved. Accordingly, the decision of the President of the Republic of Uzbekistan dated 16.06.2017 No. PQ-3066 "On additional measures to increase the level of financial stability and capitalization of commercial banks" was adopted. According to it, the charter of state banks such as National Bank of Foreign Economic Activity of the Republic of Uzbekistan, Mikrocreditbank ATB, Asakabank ATB, O'zsanoatkurilishbank ATB, AT Xalq Bank, BRB ATB was increased. The purpose of this was to take the first steps to increase the investment attractiveness of banks. Because, according to the decree of the President of the Republic of Uzbekistan No. PF-5992 of 12.05.2020 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025", privatization of state banks and their sale to foreign investors are among the goals set for the banking system of our country became one.

ANALYSIS OF LITERATURE ON THE SUBJECT

In modern conditions, the task of ensuring the interests of their shareholders, employees, depositors and creditors and at the same time fulfilling the requirements set by the state control bodies in relation to banking policy, as well as credit and investment operations, creates certain difficulties for banks. Due to the increase in the number of banking organizations in recent years, they are forced to enter the local and global money and capital markets. In many cases, even the growth of deposits attracted from the local market cannot fully satisfy the demand of clients for loans and new services. Access to the capital and money market to attract funds requires a thorough study of bank statements by investors and the public. This requires the management of the bank to intensify their work towards achieving the set goals. As a result of the implementation of such measures, commercial banks achieve effective management of their financial stability.

The history of scientific research on financial stability covers more than 1 century. Oliver M. W. Sprague, Assistant Professor of the Faculty of Banking and Finance of Harvard University, was the first to analyze the stability of banks in his monograph.

Also, in the minutes of the Irving Fisher Committee, the measures developed by central banks in creating the criteria for assessing financial stability, the single general measures, are mentioned in detail.

According to it, economic sectors are divided into 6 groups depending on their nature:

1. Real sector (Industry)
2. Corporate network riskiness
3. Healthiness of household network
4. External sector
5. Financial sector
6. Financial markets

"We can approach this term from different angles. Based on the determination of efficiency, efficiency determines the standard of use for specific purposes. Efficiency is analyzed in terms of economic and organizational theories.

RESEARCH METHODOLOGY

In the course of studying the methods of managing the financial situation of commercial banks of the Republic of Uzbekistan, research work was carried out using statistical analysis, tables and formulas.

ANALYSIS AND RESULTS

According to the data provided by the Central Bank, as of May 1, the total assets of banks increased by 93.4% compared to last year. In 2023, it was 568,572 billion soums, and in May 2024, it was 670,515 billion soums. But in this process there is an additional growth of 0.15%, which we can attribute to the entry of Ziraat Bank into the country's financial market. At the same time, customer deposits increased by 61.7% compared to last year. It was 208,448 billion soums in May 2023, and 248,570 billion soums in May 2024. The increase in this indicator can be explained by the expansion of deposit mobilization by banks, and in addition, they gained a new deposit base by opening new branches. Credit investments have almost doubled compared to last year. In 2023, 401,139 billion soums of credit investments were directed, and by 2024, it amounted to 468,922 billion soums.

As the main reason for this, first of all, we should not ignore the fact that credit deposits have increased in our country at the expense of loans that direct the population to entrepreneurship. We will now conduct an analysis of the overall performance indicators of the banking system. Based on the table 2.2 above, the ROA indicator of the country's banking system was 2.4 in 2017 and 1.6 in 2018. That is, we can see that the overall indicator has decreased. In terms of capital return, it was 22.6 percent in 2017 and 12.5 percent in 2018. We can observe a decrease in both general indicators. But since there are 28 banks in the banking system and their ownership patterns are different, we can't make a short conclusion that all of them are in decline. Therefore, we will now try to give appropriate conclusions and recommendations by looking at the efficiency of four banks and analyzing some of the factors that affect it according to the forms of ownership in the banking system. The number of state-owned banks in Uzbekistan is 11. They are: National Bank of the Republic of Uzbekistan for Foreign Economic Activities, Joint-Stock Commercial People's Bank of the Republic of Uzbekistan, Joint-Stock Commercial Bank "Asaka", Joint-Stock Commercial Bank "Uzbekistan Industrial-Construction Bank", Joint-Stock Commercial Bank "Ipotekabank", " "Agrobank" joint-stock commercial bank, "Turonbank" joint-stock commercial bank, "Aloqabank" joint-stock commercial bank, "Microkreditbank" joint-stock commercial bank,

"Uzagroexportbank" joint-stock commercial bank and "BRB" joint-stock commercial bank. The number of banks without state participation is 17. This means that the state can play a key role in the banking system, as it owns almost 80 assets and plays an important role in the activities of the 11 largest banks. In general, banks in our country are divided into four groups according to the forms of ownership:

First, we consider the return on assets of the People's Bank, which as a state bank has 198 branches, as well as 26 mini-banks, 1250 savings, special, communal and mobile (mobile) cash registers. During the analysis of the activities of the People's Bank, it is revealed that the bank operated more efficiently in 2019-2020 compared to the current time. Because between these years, the banking ROA indicator was 1.49 and 1.52, respectively. By 2021 and 2022, this indicator will be the same, i.e. 0.28. The decrease in ROA in this bank was caused by a sharp decrease in its net profit. In 2019-2020, it amounted to 40,434,570 thousand soums, and by 2021, this indicator has decreased by almost 80%. That is, in 2021, it amounted to 9,845,217 thousand soums. By 2022, it will increase by only 20% to 11,846,599 thousand soums.

The second group of the form of ownership is joint-stock commercial banks, and we tried to analyze JSC "Aloqabank" from this group, which today has a strong staff and is moving in a unique direction of development. According to the ROA indicator, the bank reached 2.32 in 2018, 2.02 in 2019, 2.28 in 2020, 2.10 in 2021 and 2.52 in 2022, respectively. It can be seen that the bank is conducting its activities smoothly.

Our third group is banks with foreign capital, and we analyzed the activities of Hamkorbank from this group. Hamkorbank also kept the ROA indicator almost at the same level. The main reason for this is the closeness of the ratio of net profit and asset growth. That is, it has changed almost in the near interval.

We analyzed Orient Finans Bank (OFB) in the direction of the fourth group, i.e. private banks. OFB's return on assets in 2021 was 2.19, and by 2022 it will increase sharply. That is, by a factor of 5.91

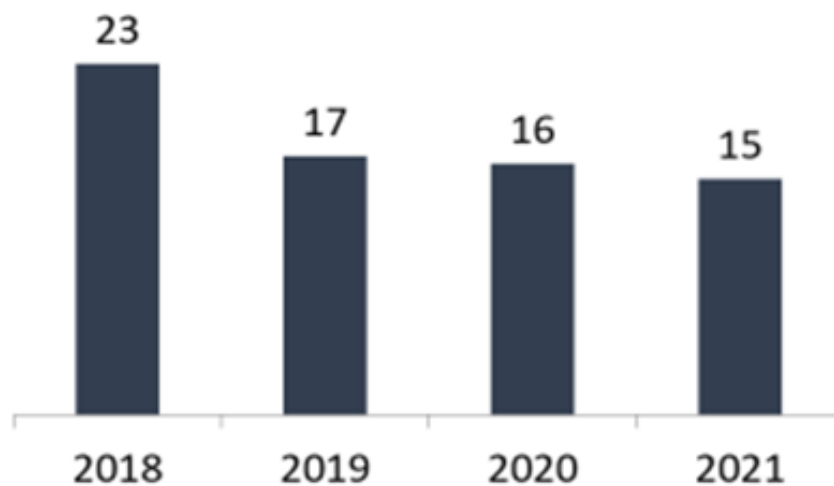


Figure 1. Debt service ratio for individual loans (by loan balance), %

Hamkorbank with foreign capital took the second place with a coefficient of 2.90. Aloqabank, a member of the group of joint-stock commercial banks, took the third place with an average coefficient of 2.26 for five years. Among the forms of ownership, the state bank, which has the largest assets, records the lowest indicator. We consider the second main form of performance indicators, ROE, i.e. return on equity by ownership structure. According to the diagram shown in Figure 1, Xalq Bank, a state-owned bank, averaged 18.16 percent in 2019 and 2020, and 4.02 and 3.92 in 2021 and 2022, respectively. The main reason for this sharp decline is a sharp decrease in net profit. Because in these years, as a result of the growth of capital and, on the contrary, a sharp decrease in net profit, the return on capital decreased sharply.

CONCLUSIONS AND SUGGESTIONS

As a result of this research, after analyzing the service market of commercial banks and the types, efficiency and quality of services provided by banks, the following scientific conclusions were formed and proposals were developed:

1. The fact that the market concentration coefficient of the interbank market of the Republic of Uzbekistan for bank capital, bank deposits and loans is higher than the actual level indicates that healthy interbank competition is not fully formed.
2. In our republic, the lack of a separate law that allows for the formation of interbank competition and the elimination of the monopoly position of large banks in the financial market prevents the formation of a healthy competitive environment.
3. The fact that the ratio of loans to assets in some large commercial banks of our republic is unstable, has a rate of decrease in some periodic intervals, has caused a negative impact on the level of profitability of bank assets and loans.
4. Demand deposits in large commercial banks are more than 60 percent of total deposits, which indicates the low quality of their deposit services. This indicates that the resource base of commercial banks is not stable.

List of used literature:

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