Issues of Increasing the Profitability of Assets in the Activities of Commercial Banks of Uzbekistan

Masharipov Makhmud Bekturdievich

Independent researcher of the Department of "Banking" of TSUE

Abstract: This article covers active operations of commercial banks of Uzbekistan, problems of increasing their profitability. At the same time, proposals were made to increase the level of their profitability by effectively managing the assets of commercial banks.

Key words: bank, Commercial Banks, active operations, risk, banking system, active, passive, control, credit funds, bank income, bank profit.

Introduction

As you know, banks are the main participants in the monetary system of the country. The development and effective functioning of the economy of our country is directly related to the banking system, which is considered one of the sectors of the economy.

Our President Sh.M. Mirziyoyev noted: "within the framework of the direction of ensuring the well-being of the population through sustainable economic growth:

measures should be taken to ensure that the growth rate of the gross domestic product is not less than 6%, while investments are at least 30% in relation to the volume of gross domestic product;

309 large projects with a value of $ 18 billion will be launched in the sectors of the economy;

ensure that the annual inflation rate is up to 9 percent and the fiscal deficit is up to 4 percent, followed by measures to reduce inflation and state budget deficit indicators;

275 trillion soums of credit resources, including the provision of 41 trillion soums of microfinance services, will be provided to the sectors of the economy;

to create the necessary conditions for lowering the Loan Rates provided by banks to 2-3 interest points on the basis of market mechanisms."[1]

These issues lie in Zamiri, such as further increasing the financial intermediary role of banks in the economy, constantly increasing the volume of operations related to assets.

Currently, the need is made for the management and management of assets by commercial banks of our republic, to increase the quality level and profitability of active operations. Because not only in the conditions of the transition to market economy, but also in developed countries, it is recognized that there is a "Lokomotiv" function that lures from a financial niche for the development of the activities of ham commercial banks, their economic sectors, financial sector activities in Real ham.

However, it should be noted that the ultimate goal of the activities of every commercial bank is to maximize the profits received, in which it is an important, practical matter to ensure a reasonable relationship between the liquidity and profitability of the bank.

It is characteristic that at the moment a relatively large accumulation of assets with a high level of liquidity occurs in a number of large commercial banks of our republic. This negatively affects their profitability.

Therefore, in order for commercial banks to enter active operations for the purpose of generating income, it is necessary first of all to improve their management practices, pay attention to such directly influencing factors as liquidity, risk, quality, diversification.

This is an urgent issue in the rational management of the profitability of assets of commercial banks and its optimization of the structure.

Thematic literature analysis

The primary prerequisite for ensuring the financial stability of commercial banks is the desire to achieve a stable level of profitability of bank assets, first of all, the stability of interest income.

Today, the fact that the gross income of the commercial banks of our country is lower than 50% of the percentage income balance.

However, since the main income-generating activities of commercial banks in active operations are associated with credit and investiture activities, it is advisable that the percentage of interest income received from the above activities is proportionally at least 60-65 percent in the share of gross income.

President of the Republic of Uzbekistan dated May 12, 2020 "2020- In the decree of the Republic of Uzbekistan"on the strategy for reforming the banking system of the Republic of Uzbekistan"dated 2025, PF-5992, commercial banks are able to improve the quality of credit portfolio and risk management, follow a moderate increase in lending volumes, maintain balanced macroeconomic policies, improve corporate governance and attract managers with international practical experience, ensuring the financial stability of the banking system through the implementation of technological solutions for assessing financial risks was recognized as a priority for the reform of the country's banking system.[2]

We think that before considering the practice of accounting and increasing the income of Bank assets, it is necessary to analyze their concepts related to bank income. Because, in the activities of commercial banks, practices related to profitable assets have a high share. The basis of these practices is the measures taken by the bank to ensure the positive proportionality of their own funds and attracted funds in order to obtain profit. In the economic literature, the concepts of bank income and profit are interpreted in different ways.

For example, the famous Russian economist scientist N.Sokolinskaya believes that the main emphasis in improving asset management and quality should be on their profitability and liquidity.[3]

Diana Mac Noton writes that bank income is the difference between the interest received from loans made at the expense of attracted resources and the interest paid on attracted resources[4]. This definition provided for the difference in bank income only between the interest received on loans and the interest paid. This is more in line with the concept of profit. It also overlooked revenues from other bank operas.

The international standards of financial reporting (CEC) defines "income is the growth of economic profit in the form of an increase in equity capital, which is not associated with the contributions of participants, through the flow or growth of assets during the reporting period, or through the reduction of liabilities"[5]. In turn, "costs are a decrease in economic profit in the form of a decrease in equity, which is not associated with the distribution of it by participants, through the flow or reduction of assets during the reporting period, or through the imposition of liabilities" [3]

The final result of the activity is determined by the following formula, the traditional form of calculation of profit or loss:

Profit (loss) = income–cost (1.)

The income(profit)of commercial banks and their sources can be classified according to banking activities, that is, in terms of the operas that commercial banks carry out.

G.G. According to Korobova, from the grouping of income and expenses, the total profit of the bank can be determined as follows: [6]

1. Transaction profit, it is defined as the difference between transaction income and expenses:

1.1. Interest profit-the part of the interest income received by the bank that exceeds the costs;

1.2. Commission profit-the portion of commission income that exceeds commission expenses;

1.3. Profit from operas in the financial market-the difference between income and expenses from these operas;

1.4. Other transaction profits – other transaction revenues minus transaction costs.

2. Profit from additional activities is a discount on expenses incurred for their implementation from income from additional activities.

3. Other profit-defined as the difference between other income and expenses.

It can be seen from this that g.G. Korobova divided banking activities into basic and joint activities, in which the bank determined the bank's profit by comparing the revenues it received from these activities and the costs incurred to obtain these revenues.

It has also identified the difference between income and expenses from operas that are not typical of banking activities in banking activities, recognizing it as another indicator of profit.

In particular, from the maxillary scientists he. Rozukulov believes that in his candidate dissertation on the topic" analiz nadyozhnosti kommercheskix bankov I puti ukrepleniya IX ustoychivosti", the deterioration in the quality of assets is manifested in the growth of expenses associated with them and the emergence of a downward trend in income from assets.[7]

S.Kumok concludes that in the present era, commercial banks are unable to increase the profit per capita by lowering the Me'èr of capital adequacy. Because the fact that interbank competition is strong and that credit resources are becoming more expensive prevents the provision of an optimal level of capital relative to assets. Therefore, the profit per share capital is the main reserve for increasing the rate of return on assets [8].

Another Uzbek economist-scientist B.The results of the study carried out by Berdiyarov showed the presence of factors that negatively affect the financial stability of commercial banks of the Republic of Uzbekistan. In particular, the fact that the indicators of profitability of assets and capital of banks are relatively low, the non-fulfillment of regulatory requirements for the normative coefficient of net stable financing by commercial banks is counted from such factors [9].

In support of these points, most economic scientists classify bank revenues according to different signs, since the activities of commercial banks are extremely comprehensive and diverse.

They can be studied mainly by dividing them into two large groups.

Scientists who are part of the first group divide income into interest and interest-free income according to the order of receipt.

Scientists of the second group divide banking activities into basic and auxiliary activities, and accordingly classify income. That is, income is divided into the income of operational activities, income from operas where bank operas are not counted, other income.

Such a classification of bank income, which is formed in commercial banks, is carried out based on the goals of accounting, analysis, Control and management of information about them.

In addition, it should be noted that effective asset management in the United States since the 60s of the 20th century is primarily concerned with managing the level of risk associated with a change in the interest rate.[10]. Prior to this period, some asset management instruments were used in commercial banks. However, with the increase in market intensity, maintaining a high level of income and risk at the finish created the need to jointly manage both sides of the balance sheet in banks.

In Particular, Prof. J.According to Sinki-the net interest margin indicator plays an important role in assessing the income base of commercial banks. The net interest margin is inversely proportional to the amount of bank assets, and the high level of competition in the market of loans and deposits strongly affects its level.[11]

In general, the formation of the income (profit)of commercial banks, and its increase, has been constantly considered as one of the basic principles of their activities.

Relying on the above descriptions, we can say that commercial banks, first of all, work with the financial resources available to them.

The income(profit)of commercial banks and their sources can be classified according to banking activities, that is, in terms of the operas that commercial banks carry out.

Each type of these activities is distinguished depending on the situation in which the Bank participates in these operas. While some of the above types of activity fall into active operas, some fall into passive operas. Income can come in different ways from each type of activity. However, the income from active operas constitutes the main balance of total income.

Research methodology

In writing the scientific article, the activities of commercial banks associated with increasing the profitability of active operations, increasing their profits by lowering their costs were studied by a number of foreign and domestic economic scientists and formed their own approach to them. If we approach this situation more closely, then in almost all cases the opinions and approaches to the effective management of active operations of commercial banks and their increase in profit are close to each other in content, but they differ sharply from one of the forms. The author made conclusions, suggestions and recommendations in the relevant directions as a result of studying the existing experiments and conducting a comparative analysis through them.

Analysis and results

The results of the analysis show that in addition to the expansion of the scope of participation of commercial banks in economic processes, the volume of their assets is also increasing. In this case, practices related to profitable assets have a high share. The basis of these practices is the measures taken by the bank to ensure the positive proportionality of their own funds and the funds involved in order to make a profit. In turn, the rapid increase in the volume of bank assets necessitates the analysis of asset efficiency indicators. As a result of the effective implementation of the priorities set in these unions, the financing potential of banks is increasing.

Through the data of the table below, we will evaluate the composition of the assets of commercial banks of the Republic.

Table 1. Structure of assets of the banking system of the Republic of Uzbekistan [12]

№	Specification name	01.01.2020 y.		01.01.2021 y.		01.01.2022 y.		01.01.2023 y.		01.01.2024 y.	
		mlrd. so'm	share, in percentage	mlrd. so'm	share, in percentage	mlrd. so'm	share, in percentage	mlrd. so'm	share, in percentage	mlrd. so'm	share, in percentage
1.	Cash and other payment documents at the cash desk	6553,2	2,4	9734,6	2,7	10686,3	2,4	19309,1	3,5	20201,8	3,1
2.	Funds in the central bank	14769,0	5,4	18851,4	5,1	31514,6	7,1	36592,1	6,6	33228,0	5,1

3.	Funds in other banks-residents	10089,4	3,7	13146,0	3,6	13302,5	3,0	17423,7	3,1	24368,5	3,7
4.	Funds in other banks-non-residents	15419,9	5,7	21700,5	5,9	25074,0	5,6	37688,3	6,8	28862,5	4,4
5.	Investments and other securities	3157,2	1,2	9447,7	2,6	19633,7	4,4	31507,9	5,7	32548,3	5,0
6.	Customer financial instrument commitments	410,6	0,2	1575,9	0,4	1251,0	0,3	1606,3	0,3	3334,0	0,5
7.	Credit deposits, net	207646,3	76,1	270212,8	73,8	316382,4	71,1	378909,2	68,1	457847,1	70,2
8.	Basic tools, net	5723,1	2,1	8314,2	2,3	11031,9	2,5	14242,9	2,6	19874,9	3,0
9	Interest accrued on assets	3306,3	1,2	7881,6	2,2	9387,1	2,1	12295,3	2,2	19249,8	3,0
10	Other private properties of the bank	352,8	0,1	1131,2	0,3	1339,4	0,3	3065,5	0,6	4483,5	0,7
11	Other assets	5299,1	1,9	4125,1	1,1	5319,6	1,2	4105,8	0,7	8158,7	1,3
	Total assets	272726,9	100,0	366121,1	100,0	444922,5	100,0	556746,3	100,0	652157,1	100,0

From the data of Table 1, it can be seen that in 2019-2023 in the structure of the assets of commercial banks of the Republic, credit investments are ranked first. However, its volume is on a downward trend from year to year, in particular, the share of bank loan investments in total bank assets was 76.1 percent as of January 2020, compared to 70.2 FOS as of January 1, 2024. This is evidenced by the fact that lending is the main type of activity for banks, but in recent years lending in banking is freeing up its place in investments and other securities. This means that while the absolute amount of bank loans has increased, their relative downward trend continues.

Currently, the structural structure of income and expenses in the country's banking system can be clarified using the following data.

Table 2. Banking system profitability indicators[12] (mlrd.so'm).

№	Specification	Years			
		01.01.2021	01.01.2022	01.01.2023	01.01.2024
1.	Interest income	37067	47392	61728	86679
2.	Interest costs	23019	30796	37566	57683
3.	Percentage margin	14048	16595	24162	28996
4.	Interest-free income	11801	17251	33182	42054
5.	Interest-free expenses	3516	4944	11812	13273
6.	Operation costs	8145	10998	14877	19563
7.	Interest-free income (loss)	140	1309	6494	9218
8.	Assessment of losses that can be seen on credit and leasing	6354	12221	13863	18413
9.	Assessment of losses that can be seen on other assets	873	333	4 213	4 645
10.	Net profit (loss)until tax is paid	6961	5351	12 579	15155
11.	Cost of payment of profit tax	1318	1465	2587	2775
12.	Benefits adjustments	-	-	1,2	0,0
13.	Net Profit (Loss)	5642	3885	9993	12380

Table 2 data shows that interest income accounts for the bulk of the income of commercial banks operating in the country's banking system. However, its share is trending down from year to year. Because, in recent years, the application of the most advanced and modern banking technologies,

which are gaining worldwide recognition, to the banking system of Uzbekistan, in itself, is expanding the scope of the income of banks.

From the table data, it can be seen that the share of interest income in total income was 75.85 percent in 2020, while this indicator was 67.34 percent as of 2024. The share of interest income from this analysis decreased by 8.51 points in 2024 to 86679 in the absolute sum mlrd.so it can be seen that 'is equivalent to M'. The percentage of income without interest, in turn, is changing accordingly, and its amount is gaining a growing trend.

The fact that the percentage of interest income decreases can be both positive and negative. Its positivity is that commercial banks receive an additional interest-free income in exchange for performing a variety of other bank-specific practices.

But, in the activities of the banks of the Republic, negative factors are also confirmed in this case, indicating a decrease in the implementation of bank operations that generate interest income, or the presence of problems in these operations.

Conclusions and recommendations

Now the amount of active operations of commercial banks of the republic depends on many factors, such as the amount of authorized capital of the Commercial Bank, the direction of banking activity, the composition of customers, the availability of modern technologies in the bank, the qualifications of bank employees.

Therefore, in order for the banking system to solve the tasks it has set, it is necessary to be financially stable in the first place. The financial stability of commercial banks directly depends on the operas they carry out and the financial results they receive.

In halving the issue of the formation of income of commercial banks, it is possible to achieve by the method of maximizing the income of commercial banks and optimizing its costs.

Based on the above cases and the results of the analysis carried out, it can be said that the factors affecting the income of commercial banks of our country are:

➢ interest received on loans issued (on loans to enterprises and organizations and on loans to other banks);

* earnings on the foreign exchange market and securities transactions;

* commissions from services provided to customers and banks;

* received fines and Immortals;

• other revenues.

In our opinion, the main focus in the recognition of bank income and expenses should be on the correct determination of the timing of the implementation of banking operas and strict adherence to the criteria for recognition.

The level of profitability of commercial banks is also affected by cases associated with the norm of mandatory reserves.

Since profit (loss) in the practice of commercial banks is manifested as the difference between the bank's income and expenses, special attention should also be paid to issues related to the rationalization of expenses incurred by commercial banks (in terms of profit maximization). It is advisable to categorize the costs incurred by commercial banks taking into account certain signs: interest paid; expenses on the foreign exchange market and securities operation; commissions paid for services provided to the client and banks; paid fines and refunds; administrative expenses and other expenses.

Currently, while the bulk of commercial bank spending falls on expenses related to interest paid, some of these expenses are accrued by accounting, deposit, current figures and citizen deposits, and the second part is interest paid on loans from other banks. The fact that the situation is in this

way shows that the commercial banks of the Republic are approaching the issue of attracting resources in two different ways. At the same time, commercial banks should look for ways to reduce the level of interest balance paid in their expenses, whether the resources of banks (temporarily vacant funds) are pursuing an active policy of attracting to the bank's turnover, and commercial banks are looking for ways to reduce the risk of resources being attracted. This, in turn, can lead to a decrease in the price of loans (interest rate) being issued by commercial banks.

It made it possible to determine the presence of a number of problems associated with the strengthening of their income base in the account of interest-free and interest-free income of commercial banks. Of these, the following can be distinguished as the main ones.

The underdevelopment of the operas of commercial banks of the Republic carried out with commercial securities. To such securities, it is possible to include medium and long-term securities of the khukumat issued in foreign currencies, corporate bonds, certificates of deposit of commercial banks, derivative instruments, subordinated debt obligations, the payment of which is guaranteed by the khukumat.

In the commercial banks of our country, the underdevelopment of leasing, factoring and discount operas, which bring a high level of interest income. The development of these operas allows commercial banks to generate stable interest income. They will save banks from the need to disassemble excess money in "Nostro" representative accounts.

The lack of development of forfitting operas in commercial banks of our country. Forpheating operas accelerate the sale of goods, bring high profits to banks.

The presence of factors that prevent the increase in the volume of interest income from credit operations of commercial banks, in particular, such as the high availability of mandatory reserve applications, the lack of improvement of the system for assessing the creditworthiness of customers.

In these conditions, halting the above-mentioned problems makes it possible to ensure the stability of the income of commercial banks and significantly increase their volume.

In conclusion, the increase in the profitability of assets in commercial banks provides the basis for the formation of a banking system in our national economy that fully complies with the requirements of the modern bank, strengthening the competitiveness of the bank's domestic and international financial markets.

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