PERSPECTIVES OF ASSETS DEVELOPING OF COMMERCIAL BANKS

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Abstract— In this article investigated perspectives of assets developing of commercial banks and mechanisms of implementation of foreign practices in the formation of a portfolio of bank assets in national banks, areas for improving the concept of building a healthy banking portfolio in the national economy, prospects for developing risk-based control over asset efficiency in commercial banks.

Index Terms— bank, risk, mechanism, national economy, banking portfolio, asset quality, banking system.

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1 INTRODUCTION

THE world has come a long way in terms of the formation of banking practice. The formation of banking assets is also directly related to the development of the banking system. Based on the study of the literature on the history of the banking sector, it is noted that the evolution of the banking system can be divided into five stages. The period of formation of the classical banking system, covering the period from the middle of the XIX century to the first half of the XX century, formed a two-tier banking system. The fifth stage covers the period from the first half of the twentieth century to the present, and includes the introduction of a modern universal banking system.

At the same time, during the twenty-eight years since the independence of the republic, the national banking system has gone through a period of development. Our research shows that the history of development of the banking system after independence by economists and mature practitioners is divided into different periods. In particular, the economist Sh. Tashmatov in his doctoral dissertation "Formation and development of the banking system in Uzbekistan" covered this period: 1991-1994 (formation of a two-tier banking system and the introduction of the national currency), 1994-1996 (strengthening the legal framework of the banking system, Central 1997-1999 (entry of private capital into the banking system, formation of corporate governance relations in commercial banks, implementation of banking supervision reforms), post-2000 (further reform of the banking system) separates.

2 LITERATURE REVIEW

Scientific and practical aspects of improving the efficiency of assets of commercial banks were studied by foreign economists R. Nagle [1], N. Yin [2], K. Ombaba [3], A. Khalid [4], J.Michael [5], R. Levine [6], A.Abata [7], K. Barltrop, D. McNaughton, K., Skinner, including Russian economists G.G.Korobova, R.A. Karpova, A.F. Ryabova, V.A.Larionova,

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G.J.Kurduyumov, E.A.Nesterenko, S.A.Shulkov. it is proposed to classify bank assets according to their functions, liquidity, level of risk, term of placement and subject.

Also, some aspects of the evaluation of the effectiveness of banking in various fields were identified in the research of the following scientists: M. Farrell, K.V. Tolchina, G.D.Lepekin, S.R. Moiseeva, S.V. Golovan, R. Bashirova and others analyzed the effectiveness of commercial banks in various areas of research, proposed a comprehensive approach to assessing the effectiveness of the bank and a system of indicators of banking efficiency in the context of interbank competition.

However, it should be noted that there is no single scientific and methodological approach to the factors that increase the efficiency of assets of commercial banks. In particular, the study of practical and methodological problems of intensive improvement of asset quality of commercial banks, important criteria and principles of building a healthy bank portfolio, mechanisms for effective use of innovative software and special platforms in commercial banking systems and practical and methodological problems of risk management. The study of these issues in the context of diversification of the national economy, the development of scientific-methodological and practical proposals and recommendations laid the foundation for the choice of topic.

3 METHODOLOGY

The banking legislation of the Republic of Uzbekistan stipulates that "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 (irrecoverable) credit liabilities, unused credit lines, letters of credit, guarantees) and all other requirements, except for accrued interest. The existence of an asset-related relationship gives rise to asset transactions. In our opinion, increasing the efficiency of bank assets is a matter of development not only of the banking system, but of the economy as a whole. In this process, the decline in asset efficiency in commercial banks can lead to a lack of resources in correspondent accounts, a decline in the bank's position in the financial market, increased customer distrust and dissatisfaction with the bank.

An increase in the level of impairment of assets in banks leads to a decrease in production rates in various sectors of the economy, which in turn leads to an increase in unemployment. In addition, the effects of the global financial and economic crisis show that the negative effects of the economic crisis on banking practices are not limited to a particular country or region, but cause serious problems in the global economy as a whole.

Therefore, in the framework of our research, the following important areas of the methodological framework for the effectiveness of banking operations were identified:

1. Clarification of the main criteria, requirements and indicators that determine the effectiveness of the Bank's active operations;

2. Systematization, assessment of problematic aspects and factors that hinder the effectiveness of the Bank's active operations and ways to overcome them;

3. The importance of ensuring the effectiveness of the bank's active operations at the macro and micro levels, highlighting the socio-economic basis;

4. Defining the basic principles of ensuring the effectiveness of the bank's active operations and determining the conditions for their implementation;

5. Systematization of measures, methods and tools and approaches to assess the effectiveness of banking operations through the study of foreign experience in banking.

In the course of our research, it was expedient to study the general aspects of the methodological basis of the effectiveness of banking operations, to classify "banking assets" and "banking assets operations" as the main criteria for determining the effectiveness of banking operations, to clarify the concept of "efficiency of banking assets". In this regard, economists of the country are divided into groups according to the characteristics of the assets of commercial banks, the level of liquidity and risk, as well as income. [3]

Table 1

Comparative and methodological differences in the concepts of "asset efficiency (profitability)", "asset quality", "asset liquidity" in commercial banks

№	Descriptive aspects	Asset efficiency (return)	Asset quality	Asset liquidity
1.	Purpose	Ensuring the profitability of the bank	Distribution of asset-related risks	Ensuring full fulfillment of the Bank's obligations
2.	Functions	Increase the return on assets placed for each sum	Prevent asset impairment	Formation of stable funds that will allow to ensure the bank's liabilities on a regular basis
3.	Objects	Asset size, income, expenses	Asset size	Volume of assets and liabilities
4.	Coverage	All indicators of the bank	All active operations	Assets, liabilities, capital
5.	Methods of supply	Diversification assessment, control	Backup, evaluation, monitoring	Difference (GEP), evaluation, cash flow analysis

Developed by the author based on research.

According to the study, ensuring asset efficiency in commercial banks is a complex process that requires reliance on a number of specific requirements. Problems of improving the efficiency of assets of commercial banks are divided into legal, organizational and economic issues by nature (Figure 1):

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

In particular, today in the practice of banks the importance of assessing the financial condition of the bank by means of stress tests on the basis of the recommendations of the Basel Committee on Banking Supervision is growing. This method allows to determine the significant impact of factors such as liquidity level, operating activity, market value, management and risk assessment system on asset efficiency.

Various imbalances in the efficiency of international banking assets are leading to a crisis in the international banking sector and a slowdown in international economic growth. This, in turn, has led to a decline in production in a number of developed countries, rising unemployment and bankruptcy of banks. In this context, the study of the mechanisms of the banking system at the international level, the study of the principles of formation and distribution of international banking 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 in the country to provide private sector speculative debt. Due to the high level of government participation, lack of transparency and inequality in law enforcement, the risk of investing in the banking system and in the country is high. The low purchasing power of the population significantly limits the opportunities to attract liabilities and develop banking products. There is a low level of compliance with international requirements, including compliance system, financial reporting and corporate governance standards. Lending practices and underwriting standards in Uzbekistan lag behind world standards. The state often interferes in the lending decision-making process. The central bank decided to increase the transparency of the system, including recommendations to reduce tariffs and abolish commissions for a number of banking services. Introduction of new standards aimed at improving the financial stability of financial institutions, improving the system of guaranteeing deposits. Liberalization of monetary policy and improvement of inflation targeting in order to reduce the shocks of the banking system to investments and increase their attractiveness. Another problem is the lack of cooperation between banks and government agencies on products.[8]

Improving these processes is based on a number of factors: a gradual transition from existing models in the 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 Russian experience can be cited. In Japan and Singapore, private and independent banks, including public projects, are implemented in development institutions. [9]

The analysis shows that in 2018 in our country the number of users of remote services to bank accounts increased, almost 3 times among legal entities and individual entrepreneurs, and 4.3 times by individuals. Due to the development of infrastructure, the spread of banking services is gradually growing, 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 establish quality services to the population with the effective use of modern software. A study of the experience of developed countries shows that today commercial banks have been operating for several years on the basis of modern innovative software and special platforms in the system.

"Artificial intelligence" and digital technologies are widely used to further improve the banking business, small and large financial technology companies to improve customer service. New competitors have begun to threaten old financial institutions of all sizes, while many new technologies are also creating great opportunities.

Indeed, organizations that use big data, advanced analytics, and new technologies to improve their customer service experience need to build and provide trust, transparency, and revenue, which 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." [11]

3 ANALYSIS AND RESULTS

According to a study by the European Corporation for Information Technology, there are four transformational challenges and opportunities for the future of the bank over the next 5 years, including meeting the broad needs of customers; price optimization, in which, due to the effectiveness of digital competition, banks and credit unions should consider separation from non-governmental operations and the use of intelligent automation; create new revenue streams; the development of security and coordination systems can reduce these costs and lead to business growth. [9]

In the Innovation in Retail Banking [10] report, 2018 commercial banks now need to focus on increasing digitalization 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 more competitive in the market and meet market needs. The European Corporation for Information Technology has developed a very useful Global Banking Technology Radar that takes into account the business impact of technologies and the timing of integration over the next five years. Also, according to IBM (International Business Machines), international business operators have entered the banking industry with cloud (hybrid cloud) accounts, and most banks are looking for the optimal mix of traditional IT, public and private clouds. Another area is the implementation of banking services based on this open platform software. The combination of banks and API (Application programming interface - software) changes the entire banking ecosystem, products and services, the types of transmission networks services used in shaping future innovation and customer experience.

The study of the advantages of the above technologies, their gradual introduction and use in the banking activities of the republic is important in improving the efficiency of the industry and is consistent with the goals and objectives of the study. Therefore, it will be necessary to introduce modern banking practices and standards, including the regular introduction of modern information and communication systems, the transition to digital banking and full liberalization of the banking sector.

In the context of fierce competition in national and global financial markets, a comprehensive study of changes in the activities of banks requires management decisions based on analytical data. In our opinion, there are a number of necessary aspects of studying the formation and development of asset efficiency indicators in commercial banks, their generalization. First, efficiency indicators in banks reflect the factors of change in the quantity and quality of bank assets. Second, efficiency indicators serve to collect the necessary information for credit and financial institutions at the highest levels of the banking and financial system in the implementation of the function of control and evaluation. Third, efficiency indicators play an important role in assessing the investment potential of the banking system. At the same time, the improvement of the bank's financial performance will contribute to the effective development of stable credit lines of international financial institutions. In the practice of commercial banks, the process of assessing the factors affecting the efficiency of assets should begin with their structural study (Figure 2).

Our research shows that the problem of diversification of bank assets is not only in the microeconomic context, but also in general economic issues. First, the optimal diversification of bank assets will ensure the efficient use of monetary resources by businesses in the economy. Second, the diversification strategy reduces the risk exposure of the asset portfolio, resulting in the possibility of financial losses of the bank. Third, the bank's intersectoral financing serves to ensure the regional balance of economic growth.

The dissertation examines the impact of macro- and micro-level factors on the efficiency of assets of commercial banks and analyzes their correlation. The collected data were analyzed on the basis of special indicators, including panel data, in particular, the total value of assets of 10 branches of joint-stock commercial bank "Aloqabank", the level of capitalization, resource base, debit turnover, number of customers, the average interest rate on loans of these banks. The number of competing banks in the regions is reflected in the data for 2009-2018. Carrying out econometric analysis on the basis of panel data allows to accurately assess the impact of factors affecting the assets of the joint-stock commercial bank "Aloqabank". [12]

The study identified the impact of the increase in the value of assets of joint-stock commercial "Aloqabank", the level of capitalization of the bank, the value of bank resources "money", the number of competing banks in the regions in three cases for 2019-2023. (Fig.1).
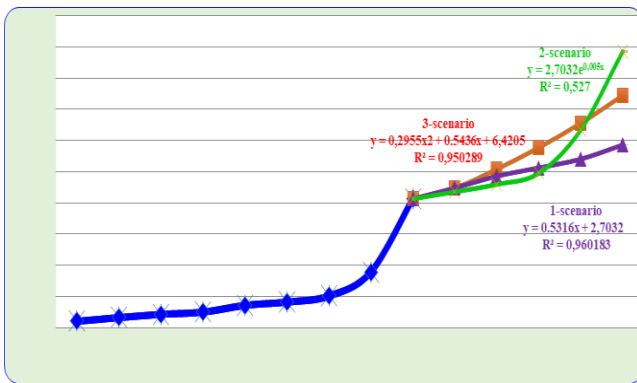
Fig.1. Dynamics of growth of value of assets of "Aloqabank".
Source: Author's development.

The analysis shows that based on the exponential analysis of Scenario 2, the level of the bank's capitalization, the value of the bank's "money for resources", the impact of the number of competing banks in the regions on the value of Aloqabank's assets by 2023. It is expected to reach 17,679,984,621,996.5 billion soums. Based on the linear analysis of Scenario 1, by 2023, the value of assets of Alokabank is expected to reach 11,685,588,670,493.7 billion soums. According to the polyminal analysis of the 3rd scenario, by 2023, the value of the bank's assets is expected to reach 13,099,080,101,498.2 billion soums.

Table 2 Forecast of growth of assets of joint-stock commercial "Aloqabank" by years 2019-2023, billion soums

Years	Scenario 3 is polyminal $y = 0{,}2955x2 + 0{,}5436x + 6{,}4205$ $R^2 = 0{,}950289$	Scenario 1 is lineary = $0{.}5436x + 6{,}4205$ $R^2 = 0{,}960183$	Scenario 2 is exponential $y = 2{,}7032e^{0{,}005x}$ $R^2 = 0{,}527$
2020 y.	10 175 487 835 102,1	9 712 721 069 465,5	9 199 521 216 079,6
2021 y.	11 545 108 497 706,9	10 237 208 007 216,7	9 912 384 820 857,1
2022 y.	13 099 080 101 498,2	10 790 017 239 606,4	12 678 246 583 736,2
2023 y.	14 862 216 283 159,9	11 685 588 670 493,7	17 679 984 621 996,5

In conclusion, the main indicators that ensure the growth of the value of assets of "Aloqabank" are changes in the level of capitalization of the bank, the value of "money" for the bank resource, the number of competing banks in the regions. The increase in the value of assets of JSCB "Aloqabank" has a positive impact on the volume of resources in banks and the level of capitalization of the bank. However, the increase in the number of banks in the regions will have a negative impact. Therefore, the bank should develop a set of measures to increase its resources. In this regard, first of all, it is necessary to increase the level of capitalization of bank branches to increase the bank's assets, the increase in bank capitalization will lead to an increase in the bank's assets. Secondly, the increase in the

assets of Alokabank should take into account the growth in the number of competing banks in the regions. This, in turn, showed that the increase in the number of regional banks will lead to a decrease in assets of regional branches of JSCB "Aloqabank". In this regard, it is necessary to reduce the average interest rate on bank loans in the branches of "Aloqabank". As a result, it serves to increase the volume of assets in the branches and to ensure efficiency.

In our opinion, the methodology for assessing the effectiveness of bank assets should meet the following requirements:

- a detailed description of the problems associated with the assets and their causes;
- determine the level of placement of each type of assets, the level of return on assets;
- Include practically sound proposals and recommendations to increase asset efficiency, etc.

The following practical recommendations can be made to help overcome the above problematic aspects, in particular, strict adherence to loan application deadlines, consulting services, strengthening the level of responsibility of employees working directly with credit orders, offering additional facilities for customer lending. In particular, today it is necessary to pay special attention to the establishment of a mechanism for online receipt of loan orders from customers on the basis of new technologies. Accepting loan orders online speeds up the lending process, saves customers time, and most importantly, forces bank employees to complete assignments on time. In conclusion, the development and improvement of a clear mechanism for assessing the effectiveness of assets in the activities of commercial banks is an important support for strengthening the bank's position in the financial market.

Ensuring the optimal level of risks is a prerequisite for ensuring the effective management of assets of commercial banks [4]. At the same time, the risks directly affect the financial performance of commercial banks, including liquidity and solvency. Therefore, the risks reflected in the activities of commercial banks, in particular, the nature of interest rate risk, its causes and the development of management methods are reflected in our study.

In order to reduce the level of risk, products (services) should be selected so that the demand for them changes in opposite directions, that is, when the demand for one product increases, the demand for another product decreases, and vice versa. As we can see, the combined method of risk assessment and identification, i.e. the statistical and expert method and its extensive use of fixed assets, is advisable. In conclusion from the above, we consider it expedient to express the methods used to identify risks in a commercial bank - in the form given in the table.

At present, credit institutions use mainly single-factor models to analyze their potential risks and losses, which is not always effective enough. The dissertation analyzes the global approach, which includes the simultaneous use of unrestricted risk factors for the assessment of general commercial banking risk, ie risk - appetite (appetite) and its individual components. In this process, different methods are used by credit institutions to assess the value of potential losses, most of

which are applied using single-factor models or models with the same type of risk factors. There are very few models that can be used to analyze credit, market and other risk factors at the same time. This situation does not allow credit institutions to adequately estimate the amount of their total losses across the entire financial portfolio. One-factor models do not allow simultaneous changes in multiple risk factors. According to the recommendations of the Basel Committee on Banking Supervision, the issues of assessing the capital adequacy of a credit institution in a single context are related to the assessment of the value of the overall risk. The purpose of the methodology proposed in the research is to develop a unified approach to identify possible losses, including credit risk, in the future when a credit institution realizes various risks.

The results of the study show that the optimization of the asset portfolio in the banks of the country has not yet been formed as a separate direction. The optimization process is carried out in connection with the methods of analysis and monitoring, audit, management. Also, the importance of modeling methods using modern information technologies in optimizing the portfolio of assets is growing.

The following goals will be achieved in commercial banks based on the development of the asset portfolio optimization mechanism:

- constant monitoring of the balance of assets and liabilities of the bank;

- reduction of asset-related risks;

- keeping the volume of highly liquid assets in the asset portfolio within the norm, preventing the emergence of excess liquidity and its negative impact on income;

- ensuring a balanced territorial distribution of financial resources in the economy;

- Development of asset management by encouraging employees responsible for asset placement, etc.

Asset portfolio optimization in commercial banks is not only a matter of banking, but also an economic category that requires a macro-level approach, which significantly affects the development of the economy as a whole. In our opinion, in the successful implementation of the concept of building a healthy banking portfolio in commercial banks, special attention should be paid to the following areas of improving the methodology for improving asset efficiency.

At the same time, in order to increase the level of liquidity of commercial banks in the country and improve the methodological framework for managing liquidity risk, increased competition in the banking market of Uzbekistan, first of all, short-term resource surplus in the face of long-term resource shortages, bank liquidity, regulation of banks' liquidity. It is important to emphasize that the introduction of international regulatory requirements and the full expression of the principles of management in regulatory documents, methods that are considered effective in liquidity risk management are losing their relevance in the current period.

4 CONCLUSIONS

In this study, the results of a study on improving the efficiency of commercial bank assets in the context of economic diversification allowed to form the following conclusions:

1. A number of economists of the country have expressed their views on the problems of ensuring the efficiency of banking assets, and the study of the evolution of scientific and theoretical views serves to strengthen the theoretical basis for the development of banking in the country. At the same time, traditional and modern methods of increasing the efficiency of commercial bank assets have been systematized and author's approaches have been developed.

2. The dissertation considers the general aspects of the methodological basis of the effectiveness of banking operations, which includes the classification of "banking assets" and "banking operations", the essence of the concept of "efficiency of banking assets" among the main criteria for determining the effectiveness of banking operations. .

3. It is important to effectively manage the assets and liabilities of commercial banks and improve their quality, in which the efficiency of bank assets is divided into a number of socio-economic bases, and the methodology of ensuring the efficiency of active operations in commercial banks is based on a number of important principles.

4. The development of an interbank competitive environment encourages the placement of bank assets, the abandonment of traditional methods of improving efficiency, the introduction of new and modern methods of performance evaluation in banking practice. In this regard, a classification of methods has been developed and its advantages have been substantiated.

5. It is necessary to strengthen the corporate governance system by deepening the process of privatization and denationalization of banks, further corporatization of commercial banks, increasing the role of shareholders in the management of banks.

6. It is necessary to increase the financial stability of banks through institutional development, improving the quality of bank assets, including foreign exchange assets, further improving banking and expanding the range of banking services provided.

7. Based on the study of the experience of developed countries in improving the efficiency of banking assets, modern methods of using innovative software and special platforms in the commercial banking system are proposed, based on the experience and directions of the US, Russia and Europe to create a healthy, strong and stable banking environment. .

8. Development and monitoring of the strategy of effective asset placement in the activities of commercial banks, enhancing the role of the bank's board and improving the procedure for making sound decisions on asset placement, independent development of banks and effective resource management require improving the quality of bank management. This can be achieved directly through the widespread introduction of corporate governance in commercial banks.

9. During the study of commercial banks, the analysis of forecast indicators was carried out, in particular, to increase the assets of "Aloqabank" to increase the level of capitalization of bank branches and reduce the average percentage of bank loans. This, in turn, leads to an increase in the volume of assets in the branches and to ensure efficiency.

10. Problems in the organization of an integrated information system for assessing the impact of internal and external factors on the efficiency of assets of commercial banks are one of the main reasons for the decline in the quality of banking services. In this regard, a model for assessing the impact of microeconomic and macroeconomic factors on the efficiency of assets of commercial banks, indicators representing the efficiency of assets, a methodology for assessing the effectiveness of assets of commercial banks have been formed.

11. World practice and analysis today allow us to identify the "risk appetite" in the protection of assets of commercial banks, emphasizing the expediency of the effective use of stress testing methods based on them. Risk is the total amount of risk that banks may see to achieve their strategic goals, which determines their own funds and liquidity, which they are willing to take when approving a risk management strategy. Proposals have been identified for the use of the method of determining the "risk appetite" in the protection of assets of commercial banks.

12. One of the main goals of commercial banks is to achieve the optimal level of profitability and liquidity in the credit system and increase the volume of assets. The proposal to introduce a credit conveyor mechanism in commercial banks, in particular, to increase the volume of assets through the effective use of scoring technology was justified.

13. To reduce the risk of inefficient loans, commercial banks should establish an effective early warning system to protect their assets and reduce the consequences of late payments. The impact of inefficient assets leads to an increase in additional prices - which in turn leads to a loss of stability in certain segments of the market (e.g. retail and mortgage banking). This was based on proposals for the formation of a healthy portfolio of assets through the widespread use of a system of early warning potential indicators in the lending practice of commercial banks.

14. High volume of income-generating assets and high level of risk in commercial banks require optimization of the asset portfolio. In this regard, a proposed model project for the implementation of the concept of building a healthy asset portfolio in commercial banks, a system for optimizing the asset portfolio of commercial banks and a program of problems and measures for its development have been formed.

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