

## ISSUES OF ENHANCING THE EFFECTIVE MANAGEMENT SYSTEM OF COMMERCIAL BANKS' STABILITY

**Akhmedov Samandar Sayfullo ugli**

*Independent researcher of Tashkent State University of Economics*

**Abstract.** *The stability of commercial banks is a critical factor in ensuring the overall resilience and efficiency of financial systems. This paper explores the pressing issues associated with improving the mechanisms for efficient management of bank stability. It identifies the primary internal and external challenges facing commercial banks, including economic volatility, regulatory changes, technological advancements, and risk management deficiencies. The study emphasizes the need for a comprehensive and adaptive approach to enhance stability through strategic policy implementation, advanced risk assessment tools, and robust governance frameworks. By integrating theoretical insights with practical recommendations, this research aims to contribute to the development of sustainable management mechanisms that can bolster the financial and operational stability of commercial banks in the face of evolving global and local challenges.*

**Keywords:** *stability, efficient management, risk management, financial resilience, governance frameworks, economic volatility, regulatory compliance, banking system, sustainable mechanisms*

In the world, scientific research is being carried out to solve problems related to the effective management of the stability of commercial banks on a scientific basis, including increasing the level of capitalization and liquidity of banks, improving the lending mechanism, and reducing the level of risk in all categories. measures such as ensuring, taking into account international experience, improving bank risk assessment, introducing modern principles and mechanisms of regulating and controlling the activities of commercial banks make the application of an effective management system in the practice of commercial banks an urgent issue.

As in all sectors in the Republic of Uzbekistan, the financial market, including the banking sector, is undergoing significant changes and changes in the sector due to reforms. During the years of independence, these changes are being continued in harmony with the gradual establishment of a banking system that meets world standards.

"Effective measures taken to further strengthen the financial stability of banks have a

positive effect on the improvement of the international ratings presented to the commercial banks of our country on creditworthiness.

The banking system and its structure is a system based on diverse and complex relationships. Its different principles can be seen and grouped according to its different situations. For example, they can be considered in the form of an institutional diagram according to their organizational structure. In addition, the banking system can be grouped according to its functions, interrelationship, location, special direction, operations and their implementation.

In particular, as stated in many economic literatures, the banking system is considered to be a complex of financial and credit institutions operating in mutual dependence within the framework of the single monetary and credit mechanism of the country. According to them, the banking system is a form of activity of credit organizations historically formed in the territory of the country and strengthened by law.

In this study, bank stability is a dependent variable. It is defined as the ability to run a business while maintaining its business continuity in a different economic environment without depending on external funding sources (Saksonova & Solovjova, 2012). Beck (2008) also defined the stability of banks as a condition in which banks can carry out their intermediary functions, such as collecting and channeling public funds, and providing financial services normally.

In the management of assets, banks pay attention to the coordination of the structure and amount of assets with the terms of lending within the reserve. In liability management, banks should focus on finding new additional funds (including borrowing from the interbank market) and maintaining asset limits. The policy of managing the risks arising in the activity of commercial banks should be focused on ensuring a reasonable ratio between the liquidity-profitability and risk indicators, which are opposite to each other in the formation of its assets and liabilities.

As a result of increased attention to liability management in banks in developed countries and the transition to a variable interest rate (LIBOR - London inter bank offer rate) in lending, the balance sheet of banks has expanded significantly. Effectively managing the obligations of the banks, changing the interest rates, attracting funds from the interbank markets, they are meeting the demand for bank loans.

Technological innovations in cash management are leading to increased management efficiency and lower operational costs by offering new types of financial products:

credit cards, electronic funds transfer (EFT) tools, automated teller machines (ATMs), point-of-sale machines (POS) .

Theoretically, the globalization of banks is carried out in three directions (Kanale 1997), the first direction is the opening of branch networks in foreign countries. For example, take SITI Group and BARCLAYS. The second direction is the acquisition of banks and the merger of banks; forming strategic alliances with the participation of third banks. 1984 Deutsche Bank bought Morgan Greenfeld. An example of this is the merger of XST Bank with GATS Bank.

The process of globalization has increased the attention of banks to solving the "security" problem. In general, the problem of "security" combines two processes:

- 1) banks direct their market assets - house purchase and car loans - to the stock market. In foreign experience, it is called Asset-backed securities (ABS).
- 2) a process opposed to financial intermediation, i.e. direct borrowing from the capital markets.

Various opinions have been expressed about the role of banks in the future economy. In particular, interpreting foreign literature, it is necessary to note the following features of banks in the 21st century:

1. Reorganization of banks, separation of their functions from each other and in some cases pricing and providing separate services;
2. Capital formation - the presence of excess capital in many banks requires skillful use of capital in performing bank operations and activities, repurchase of new shares in order to withstand credit risks;
3. Banks have lost their mutual subsidizing functions and are being replaced by new banks entering the market;
4. Banks should strengthen their main functions (lending and acting on the securities market). Their (banks') comparative advantages are in collecting information, keeping it secret, performing risk analysis, monitoring loans, drawing up loan contracts and carrying out brokerage activities;
5. Although the global financial and economic crisis has relegated the problem of "security" of banks to the second level, it is becoming more important in the development of banks, so that they do not default;
6. In developed countries, a large part of the income of banks is formed from off-balance sheet business activities.

Implementation of a comprehensively based and widely used strategy in foreign countries to improve the efficiency of bank operations and management, to develop

the type of services, is the main way for the enterprise to achieve superiority. The bank's strategy covers the mission, foresight, goals and tasks aimed at the development of the bank's operations and activities, measures and measures for operating in the market, monitoring of the ongoing work and control of the results.

During the following years, the economy of our republic is developing steadily. The country's high rate of economic growth and macro-economic indicators, including inflation within approved parameters, and the wide use of market instruments of the banking system and monetary policy in ensuring the stability of the national currency are giving results.

According to the recommendations of Basel 3, the following two requirements were introduced into the system of assessing banks' liquidity.

1. The need for 100 percent coverage of current liabilities of banks for 30 days with liquid assets;
2. In addition to the long-term liquidity standard, it was stipulated that the assets of banks up to one year should be secured by stable liabilities up to 100%. At a time when fierce competition in the financial markets is intensifying, risk management, accurate measurement of the level of risk associated with bank assets, and the use of modern management methods are of great importance.

In the development of an alternative banking strategy in the management of commercial banks, the main focus should be on studying the external environment, observing and recognizing changes in political, social, economic and technical factors in the world and within the country. In the second stage, the internal resources, opportunities and potential of commercial banks are analyzed, the advantages and weaknesses of the bank are determined, and then the development and competition strategy of the bank is adopted.

In addition, banking services can be performed not to earn high profits, but to increase its reputation in front of customers, as well as in society. This task has a number of theoretical bases for achieving economic growth in countries that are currently transitioning to a market economy, including Uzbekistan, one of the most important of which is the development of the banking system. The increase in the number of branches and departments of banks indicates the strengthening of competition. From the point of view of fulfilling these tasks, it is appropriate to consider the functions of managing bank operations and services. They consist of:

1. Planning a long-term service management strategy taking into account market requirements and own potential;

2. Introducing new services based on demand and selling them;
3. To organize the management of the bank's operations (assets and liabilities) and establish control over it. Studying the experience of developed countries to introduce off-balance sheet transactions;
4. It is to study the market and the behavior of customers divided into segments and determine the perspective.

#### **REFERENCES:**

1. Banks and banking. Textbook for universities. 2nd ed. - St. Petersburg: Lavrushin O.I. Banking. Express course: Textbook. / Edited by O.I. Lavrushin - 3rd ed., revised. and additional - Moscow: Knourus, 2009. - 352 p..
2. Berdiyarov B.T. Profitability of asset operations of commercial banks. Dissertation written for the degree of candidate of economic sciences. abstract. - Tashkent. BMA. 2002. -21 p.;
3. Kotov V.A. Organization of the securities market. - T. "Moliya" 2007.; Butikov I.L. Securities market of Uzbekistan: problems of formation and development. T.: "KOK8A1L)1TSHG0KM KA8NK" 2008;
4. Satorov O.B. Improvement of liquidity provision of commercial banks. Dissertation written for the degree of candidate of economic sciences. abstract. - Tashkent, BMA, 2008. - 21 p.;
5. Tojiev R.R. Innovative strategy of liquidity management of commercial banks (in the case of Agrobank OATB). Dissertation for obtaining the scientific degree of Candidate of Sciences.-T.: TDIU.2011.
6. <https://elibrary.ru/item.asp?id=35363676>.
7. [https://www.researchgate.net/figure/Schematic-depiction-of-the-commercial-bank-system-stability-management\\_fig1\\_257717569?\\_\\_cf\\_chl\\_tk=HCaM4hsiAZc8uev1Q6F\\_d.dKLI0OVFsF9TRGbzLtacQ-1731902794-1.0.1.1-z.O7h9i9uuIls79VswECiOsNB2CrrIWUIAytw1hJFtQ](https://www.researchgate.net/figure/Schematic-depiction-of-the-commercial-bank-system-stability-management_fig1_257717569?__cf_chl_tk=HCaM4hsiAZc8uev1Q6F_d.dKLI0OVFsF9TRGbzLtacQ-1731902794-1.0.1.1-z.O7h9i9uuIls79VswECiOsNB2CrrIWUIAytw1hJFtQ)