ANALYSIS OF THE ACTIVITIES OF COMMERCIAL BANKS AND ITS CHARACTERISTICS

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Annotation

This thesis covers the process of analyzing the activities of commercial banks, their role in ensuring financial stability, and the importance of the banking system in the economy. The work analyzes the main functions of commercial banks, sources of income, risk management mechanisms, and ways to increase competitiveness. It also studies reforms in the national banking system, the introduction of digital banking services, and their impact on banking activities. According to the results of the study, it is substantiated that the effective operation of commercial banks is an important factor in the country's economic growth.

Key words

commercial banks, banking system, financial analysis, risk management, digital banking services, economic stability, sources of income.

TIJORAT BANKLAR FAOLIYATINI TAHLIL QILISH VA UNING O'ZIGA XOS XUSUSIYATLARI

Annotatsiya

Mazkur tezisda tijorat banklarining faoliyatini tahlil qilish jarayoni, ularning moliyaviy barqarorligini ta'minlashdagi o'rni hamda bank tizimining iqtisodiyotdagi ahamiyati yoritilgan. Ishda tijorat banklarining asosiy funksiyalari, daromad manbalari, risklarni boshqarish mexanizmlari va raqobatbardoshlikni oshirish yo'llari tahlil qilingan. Shuningdek, milliy bank tizimidagi islohotlar, raqamli bank xizmatlarining joriy etilishi va ularning bank faoliyatiga ta'siri o'rganilgan. Tadqiqot natijalariga ko'ra, tijorat banklarining samarali faoliyat yuritishi mamlakat iqtisodiy o'sishining muhim omili ekanligi asoslab berilgan.

Kalit so'zlar

tijorat banklari, bank tizimi, moliyaviy tahlil, risklarni boshqarish, raqamli bank xizmatlari, iqtisodiy barqarorlik, daromad manbalari.

Introduction. The prospects of any economic or social process largely depend on the depth and comprehensiveness of its analysis. In particular, effective management and improvement of economic processes cannot be achieved without thorough economic analysis. In a market economy, as emphasized by the President, banks play a vital role as the "lifeblood" of the economy. Therefore, the regulation, coordination, and supervision of banking activities are always considered highly relevant. This is because banks perform key functions such as lending, executing settlements, and providing financial intermediation—ensuring the necessary financial infrastructure for the stable operation of all economic entities. [1]

Discussion and Results. Banks provide business entities with continuous credit resources, ensuring the uninterrupted continuation of their production processes. Moreover, all settlement

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operations within the economy are conducted through banks. Therefore, the consistent development and efficiency of economic relations are closely tied to the stability of the banking system. If banks fail to organize their activities effectively and sustainably, their clients will also be unable to carry out their operations without disruption. The continuity of client operations largely depends on the banks' liquidity, solvency, and management efficiency. From this perspective, the uninterrupted functioning of the entire economic system directly relies on the proper operation of banks.

A deep, consistent, and scientifically grounded analysis of banking activities, along with ensuring their financial stability, holds great importance in the modern economy. To achieve this, it is necessary to comprehensively examine the economic factors influencing the banking system. In particular, it is essential to thoroughly analyze the nature of banks, their functions, financial resources, the structure of their own funds and liabilities, as well as the degree of balance between these elements [2].

Conducting a comparative analysis based on key indicators is an important tool for assessing the state of the system. This approach provides a clear understanding of banks' financial stability, resource base, loan volume, asset structure, and other critical economic parameters. Such analysis plays a vital role in making strategic decisions, improving regulatory mechanisms, and ensuring effective system management. Table 1 below presents a year-by-year comparison of the main indicators of the banking system of the Republic of Uzbekistan, allowing for the observation of key development trends and dynamic changes within the system.

Table 1.

Comparative Indicators of the Banking System of the Republic of Uzbekistan *(in billion UZS)*

Indicator	01.04.2022			**01.04.2023**		
	Total	Banks with State Share	**Other Banks**	Total	Banks with State Share	**Other Banks**
Ratio of Assets to Liabilities (%)	119	119	119	117,2	116,9	118,4
Assets	449 501	364 677	84 823	564 548	439 074	125 474
Liabilities	377 169	306 099	71 070	481 695	375 736	105 959
Ratio of Loans to Deposits (%)	221	284	98	198,1	267,5	90,8
Loans	340 259	289 740	50 518	408 167	334 767	73 400
Deposits	153 790	102 126	51 665	206 009	125 169	80 840

As of April 1, 2022, and April 1, 2023, the analysis of Uzbekistan's banking system indicators shows that the sector continues to grow. Total assets increased from 449.5 trillion UZS to 564.5 trillion UZS, while liabilities rose from 377.2 trillion UZS to 481.7 trillion UZS. Although the ratio of assets to liabilities slightly declined from 119% to 117.2%, this did not significantly affect the overall stability of banks. The ratio of loans to deposits dropped from 221% to 198.1%, indicating an improvement in liquidity. While banks with state ownership still hold the dominant share, the assets and deposits of other (private) banks are growing rapidly, signaling increasing competitiveness in the sector and the rising activity of private banks. [3]

During 2022–2023, Uzbekistan's banking system experienced stable growth and a process of diversification. The increase in assets, liabilities, and deposits reflects growing confidence in the banking sector. The decline in the ratio of loans to deposits indicates improved financial stability and liquidity levels. While banks with state ownership still hold a dominant position, the rapid growth of private and other banks suggests the emergence of a healthy competitive environment and the further development of the financial market.

The ratio of loans to deposits in banks depends on various factors, including the type of banking activity, the overall economic environment, conditions in the financial market, and regulatory norms established by supervisory authorities. Typically, banks strive to maintain a balance between loans and deposits in order to prevent potential liquidity or solvency issues. [4]

One of the key indicators used to assess this ratio is the liquidity coefficient**,** which is determined based on the ratio of a bank's liquid assets to its short-term liabilities. Typically, this coefficient should be higher than 1.0, indicating that the bank has sufficient liquid resources to meet its current obligations.

As of April 1, 2023, the ratio of loans to deposits stood at 2.6 for banks with state ownership and 0.9 for other banks. This means that if the volume of loans on a bank's balance sheet exceeds the volume of deposits, the bank is allocating more funds to loans than it receives through deposits. However, if this ratio increases excessively, it may indicate a higher level of risk, a decline in liquidity, and a potential deterioration in the bank's financial condition.

Such a situation may require intervention by regulatory authorities or, in severe cases, may lead to the risk of insolvency. Therefore, banks with a state share must strictly maintain a balance between loans and deposits to ensure financial stability. [5]

In addition, central and supervisory authorities set various requirements related to the loan-to-deposit ratio, including minimum reserve requirements and credit limits for specific sectors of the economy. The ratio of a bank's assets to liabilities also varies depending on its financial stability.

In general, to maintain liquidity, a bank's total assets should be equal to or greater than its liabilities. However, in certain cases, due to capital shortages, the volume of assets may fall below the volume of liabilities.

One of the key indicators used to assess a bank's financial stability is the capital adequacy ratio (CAR). This ratio is determined by the proportion of a bank's capital to its risk-weighted assets and shows whether the bank has sufficient capital to cover potential risks. Supervisory authorities usually set the minimum acceptable CAR at around 8–10%.

As of April 1, 2023, the ratio of assets to liabilities was 116.9% for banks with state ownership and 118.4% for other banks. This suggests that both groups of banks maintained a sufficient asset level relative to their obligations, indicating a stable financial position.

Based on this, it can be concluded that the ratio between a bank's assets and liabilities may vary, but for stable operations, it is important that assets are equal to or greater than liabilities. As of January 1, 2023, the value of high-liquid assets in the banking system of the Republic of Uzbekistan amounted to 104,472.9 billion UZS. At the same time, the liquidity coverage ratio stood at 211.6%, significantly exceeding the minimum required level of 100%, while the instant liquidity ratio was 110.1% higher than the regulatory minimum of 25% [6; p. 51].

One of the specific features of banking operations is the preparation of daily balance sheets. At the end of each working day, every branch compiles its own balance sheet, which is then consolidated at the central management office of the Republic. This process allows for the prompt analysis of the bank's operations. Based on the bank's balance sheet data, analysts can study the sources of income, their volume, the types and amounts of expenses, as well as the overall efficiency of the bank's performance. In a market economy, just like in any enterprise, the main goal of banking analysis is to improve operational efficiency. [7]

To increase the bank's net profit, strengthen the trust of depositors and creditors, and raise dividends paid to shareholders, it is essential to analyze banking activities continuously and systematically. Based on the results of such analysis, bank management can make informed decisions, define strategic directions, and organize operations more effectively. In this way, each area of banking activity should be regularly examined, and the results of the analysis must be presented to the management bodies in a clear, reliable, and practically useful form.

Commercial banks are a key institution in the modern market economy. They perform essential functions such as mobilizing funds, providing loans, carrying out settlements, and acting as financial intermediaries. Commercial banks regulated by the Central Bank of the Republic of Uzbekistan ensure the circulation of money in the economy and help maintain financial stability. Analyzing the activities of commercial banks plays an important role in assessing their financial condition, liquidity, profitability, and level of risk. [8]

One of the main areas in analyzing the activities of commercial banks is the assessment of financial indicators. This includes examining the composition of assets and liabilities on the bank’s balance sheet, the quality of the loan portfolio, the volume of deposits, capital adequacy, and profitability indicators. The efficiency of asset operations determines the bank’s ability to generate income, while liability operations help build a stable resource base. Additionally, indicators such as net profit, interest margin, and profitability are used to evaluate the bank’s financial performance. [9]

Risk assessment holds a special place in the analysis of banking activities. Credit risk, liquidity risk, interest rate risk, and currency risk are integral components of commercial bank operations. The more effectively the risk management system is organized, the stronger the bank's financial stability will be. Therefore, banks continuously improve their internal audit systems, risk management practices, and control mechanisms.

One of the key characteristics of commercial banks is that their activities are subject to a high degree of regulation and oversight. Since the banking system is a strategic sector of the economy, the state enforces strict prudential standards. Requirements related to capital adequacy, liquidity ratios, and mandatory reserves are aimed at ensuring the stability of banks. In addition, banks operate based on customer trust, which makes their reputation and transparency critically important factors. [10]

Conclusion. In conclusion, the analysis of commercial banks’ activities plays a crucial role in assessing their financial stability, solvency, and profitability. During the analysis process, the efficiency of asset and liability operations, capital adequacy, liquidity indicators, and the quality of the loan portfolio are examined comprehensively. This allows for an accurate evaluation of the bank’s actual financial condition and helps determine its future development prospects.

Furthermore, a distinctive feature of commercial banks is their exposure to high levels of risk and strict state regulation. Therefore, effective risk management, the strengthening of internal control systems, and the use of modern banking technologies are key factors in ensuring the long-term stability of banks.

Overall, conducting a deep and systematic analysis of commercial bank activities contributes not only to improving the efficiency of individual banks but also to ensuring the stable development of the entire banking system and the national economy as a whole.

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