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**PROBLEMS OF RESERVE DEVELOPMENT PROJECTS IN COMMERCIAL BANKS**

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**Abstract**

One of the ways to manage credit risk, which was left by a commercial bank on its own retention, is a reservation, the purpose of which is to compensate the bank for material damage in the event of the realization of this risk. The article presents an approach to considering reservations in commercial banks as a system consisting of three interrelated blocks: fundamental, organizational and regulatory.

**Keywords:** Reservation, impairment, expected credit losses, credit risk, commercial banks.

**Introduction**

Over the years of independence, the banking system of Uzbekistan has consistently developed in conjunction with economic reforms and trends, which allows us to talk about the transition from a single-bank scheme to a completely new two-tier banking system that meets the requirements of a market economy. The country is taking the necessary measures to reduce the state share in the banking sector by selling the state block of shares in banks to strategic investors with the appropriate experience and competencies. At the same time, a comprehensive transformation program is being implemented in banks with a state share, including the introduction of modern banking standards, the development of corporate governance, the introduction of modern solutions in the field of information technology, and the optimization of customer service channels. Literature analysis. Modern experts emphasize that competition in the banking sector is a much more complex process than in any other segment of the economy, since the stability of the national economy depends on it. The main indicators characterizing the level of competitiveness are: market share, profit, financial stability. At the same time, when analyzing the position of a particular bank in a competitive market, the market share indicator is most often used from the listed indicators. A well-known scientist in the field of banking points out the vastness of the sphere of banking competition. Considers the availability of, first of all, sufficient capital to be a necessary condition for the ability to compete with other banks, otherwise it justifies the impossibility of expanding activities and providing high-quality services to clients. In addition, in his opinion, a sufficient level of asset liquidity, professionalism and erudition of the staff are of great importance, in the age of innovation and information technology, the availability of timely and high-quality information about the needs of clients, as well as the introduction of new banking products (services) and the image of a credit institution, which is an intangible part of the bank's assets, play



a significant role. Domestic experts believe that in order to increase the competitiveness of the banking sector in Uzbekistan, it is important to address the problems of low liquidity, lack of qualified personnel, methods of control and coordination of work, technical backwardness and subordination of commercial banks. Continuing the thought of the previous authors, notes the need for banks to focus on digital banking aimed at improving the quality of customer service, which makes it a strategic weapon for maintaining competitiveness. Ibodullaev and his co-authors named capital imbalances, a high share of state participation, insufficient resource base and high rates of mandatory reserves of the Central Bank as the main problems of the development of the banking sector in the country. Research methodology. In preparing this article, the competitiveness strategies of banks were analytically studied, and all the information provided was studied by the author in the form of certain statistical indicators.

The methodological basis of the study is a comprehensive approach to the study of the scientific and theoretical foundations of banking competitiveness in the Republic of Uzbekistan. The results of economic, comparative and statistical analysis of the State Statistics Committee of the Republic of Uzbekistan were used in the study. materials. Also, the scientific findings of studies conducted by scientists in this area were studied, and independent approaches were formed. A review of existing regulatory legal acts and studies on the topic of the article was conducted, and scientific and practical proposals for assessing the competitiveness of commercial banks in Uzbekistan were developed. The methods used in the analysis section of the results of the article served as the basis for summarizing the conclusions and proposals for the development of interbank competition and assessing the competitiveness of commercial banks.

Analysis and main results. In modern economic conditions, sustainable development of the state, expansion of the economic sector and achievement of a high-quality standard of living of the population is not possible without the effective functioning of the banking sector, which is the most important sector that ensures the vital activity of all sectors of the economy. The role of commercial banks as a driving force of the socio-economic development of the state has increased significantly today and continues to grow rapidly. According to domestic experts, despite the fact that over the past five years there has been a dynamic expansion of the banking sector: 55 new credit institutions have appeared, including 4 commercial banks (Poytakht Bank, Tenge Bank, TBC Bank, Anor Bank), 33 microcredit organizations and 18 pawnshops. the banking system of Uzbekistan is characterized by high concentration: 84% of all bank assets still belong to banks with a state share, and 64% belong to five state banks (National Bank, Asaka Bank, Promstroi Bank, Ipoteka Bank and Agrobank). The share of deposits of banks with a state share in relation to loans is 32.9%. For comparison, in private banks this figure is about 96%. At the same time, deposits of individuals make up only 24% of the total volume of deposits in the banking system, which is about 5% of GDP . The main goal of the project developed for the next five years is to reduce the state share in the banking sector of Uzbekistan, diversify the risks associated with this, form a market for insurance against natural disasters, and improve the instruments for financing foreign trade operations.

The rating conducted by the American financial and economic magazine Forbes revealed the ten most reliable banks in Uzbekistan and their owners. The largest share of the assets of the most reliable banks of the republic belongs to the Ministry of Finance, the Fund for Reconstruction and Development and the Agency for State Assets Management. We will conduct a PEST analysis, for



which we will identify the political, economic, social and technological aspects of the external environment that affect the activities of commercial banks of Uzbekistan at the current stage of development. Let us formulate the main results of the PEST analysis.

1. At present, the political situation in the country is stable, therefore it does not pose a big threat to the development of the banking sector.
2. The current economic situation does not pose a strong threat to the development of the banking system in Uzbekistan, but, at the same time, requires constant - analysis from the bank.
3. At present, a favorable social situation has developed in society. First of all, the public's trust in banks has increased, and the importance of card products has also increased.
4. Modern technologies are developing very quickly, however, it is necessary to carefully analyze all possible tools from the point of view of their profitability and select the most promising directions in which the development of the plastic business should go. The threat! is the fact that adaptation to new technologies requires certain costs, but, in turn, may not always be justified.

Thus, the activities of banks, acting as one of the important nodes of the domestic economy, contribute to maintaining its stability. Increasing the financial stability and reliability of the banking system should be under constant control of the state, since it will increase the provision of the economy with the necessary financial resources, strengthen the business activity of economic entities, thereby increasing the competitiveness of the national economy.

Conclusion. The conducted study revealed the following trends in the banking sector of Uzbekistan: an increase in the number of banks, a slow decrease in the share of state assets, a decrease in the share of highly liquid assets of the banking system, a decrease in the deposit portfolio, an insignificant increase in assets, loan portfolio and capital, a decrease in the share of problem loans, a noticeable increase in the activity of the population in using the banking system. In the retail lending segment in Uzbekistan, there is an active competition for the best customer experience and products, and therefore there is a focus on active participation in the development of digital retail banking products. The financial stability indicators of the banking system exceeded the minimum requirements of Basel III. In order to increase the competitiveness of commercial banks, it is necessary to implement measures aimed at introducing technological innovations (mobile applications for online banking, digital wallets and real-time transfers); improving the quality of customer service (individual approach to clients, prompt response to requests and complaints, as well as providing personalized financial recommendations and services); improving credit conditions (competitive credit conditions such as low interest rates, flexible repayment plans and access to credit for various categories of customers); investing in security and data protection (using advanced data encryption technologies, strengthening security measures and training employees); flexible and effective risk management system (strict analysis of borrowers' creditworthiness, diversification of asset portfolio and effective monitoring of Internet banking, online lending and electronic signing of documents are becoming increasingly popular. Investments in the development of digital service channels will help the bank attract and retain customers. 6. Partnership with startups and fintech companies: Cooperation with innovative startups and fintech companies can help banks implement new technologies and develop new products and services. 7. Training and development of personnel: Implementation of innovations requires the presence of qualified employees. Continuous training and development of personnel will help the bank maintain a competitive advantage and successfully implement new methods and



tools. 8. Development of personalized services: The use of data and analytics technologies will allow banks to offer customers personalized services and products. This may include offering customized investment strategies, loans or insurance plans based on the unique needs and goals of the client. 9. Cybersecurity: In the context of the increase in digital transactions and data, ensuring cybersecurity is becoming critical. Banks should invest modern data protection systems, threat monitoring and identification, and regular training of employees on information security. 10. Ecosystem development: banks can strengthen their competitiveness by creating their own ecosystem that combines various financial and non-financial services. This can be a platform where customers can access various services provided by the bank or cooperating companies. The introduction of innovative methods and tools requires strategic planning and decisive leadership. Banks that successfully use innovations can improve their competitiveness and stay ahead of their competitors in the financial services sector. The combination of these methods and tools will help commercial banks increase competitiveness, attract and retain customers, and improve the efficiency of their operations. Improving the competitiveness of commercial banks will ensure sustainable economic growth and the transition to innovative development in Uzbekistan. The formation of an effective state policy in the banking sector will ultimately improve the efficiency of the national economy as a whole.

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