Spectrum Journal of Innovation, Reforms and Development
Volume 25, March, 2024 | ISSN (E): 2751-1731
Website: www.sjird.journalspark.org

PROBLEMS RELATED TO INCREASING THE STABILITY OF THE BANKING SYSTEM

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Abstract
The bank's equity capital is the most important basis of the bank's activity, and it is the source of financing economic and financial activities in the establishment of the bank. In the future, bank capital will ensure development, work as a source of risk coverage. Equity capital of banks ensures the stability of the banking sector and its development.

Keywords: bank equity, financial activity, financial institutions, bank capital base.

Introduction

The bank's own capital is the capital formed during the establishment of the bank and subsequently replenished at the expense of internal and external sources. The main functions of bank capital are usually distinguished by protective, operational and regulatory functions.
In ensuring the financial stability of banks and other credit organizations, the value of own capital is determined by the fact that the losses of these financial institutions must be covered by capital. The availability of sufficient capital to cover unforeseen losses allows credit institutions to maintain solvency in adverse situations, to fulfill their obligations to depositors and other creditors.

2. Literature Review

One of the local economists, A. Abdullaev, described that "it is necessary to ensure the financial stability of the banking system by using systematic methods to assess the liquidity level of commercial banks." The idea put forward by this scientist envisages the use of systematic methods in assessing the liquidity and financial stability of commercial banks. However, the exact criteria to be taken into account as evaluation mechanisms, the procedure and sequence of evaluation have not been clearly revealed.
According to Professor O. Lavrushin, "when assessing the financial stability of commercial banks, the main attention should be focused on grouping and structural analysis, only then it is possible to make a realistic assessment of the level and stability of the profit obtained from each group of operations." The aspects mentioned by the scientist are noteworthy. Of course, determining their dependence on the structural structure by grouping the influencing factors in the assessment of financial stability serves to reveal the systematized state of activity in general and to create an idea about them.
N. Semenova, I. Ivanova, A. Vasilkina came to the conclusion that "Stability is a qualitative indicator of the state of the bank during the entire period of development, the ability to be in balance in the conditions of changing factors of the external and internal environment and to be

able to perform its specific functions continuously." The content interpreted by scientists is very reasonable, but this stability is interpreted only from the point of view of commercial banks. However, it was considered appropriate to pay attention from the point of view of the real sector of the economy.

American economist Edwin Dj. Dolan believes that "in ensuring the financial stability of commercial banks, the main attention should be focused on ensuring a reasonable level of the ratio between highly liquid assets and high-yielding assets." Of course, the presence of assets with high liquidity in commercial banks helps to increase the solvency of these banks. However, higher liquid assets lead to lower other illiquid assets. This can have negative consequences in the activity of commercial banks.

S. Urazov describes "the financial stability of commercial banks as a return to a strong position even as a result of the influence of various negative external factors." The researcher focused on evaluating the financial stability of commercial banks only by external factors. It was also necessary to pay attention to the issue of maintaining financial stability as a result of the influence of internal factors.

The ratio of the financial stability indicators of the gross position of financial derivative instruments in assets to the total regulatory capital is designed to measure the impact of banks' active positions in the field of financial derivatives on capital. While there are legitimate reasons for the existence of aggregate positions and for focusing on them as a risk management tool, aggregate positions provide a comparable indicator across countries, markets, and products. Counterparty risk is especially relevant in the financial derivatives market, so it is important to monitor the volume of gross positions.

3. Analysis and discussion of results

The total asset position is calculated as the ratio of the market value of financial derivative assets to equity. Capital is taken as total regulatory capital. Financial derivatives generally include forwards, futures, options, currency or interest rate swaps, and several other derivatives. According to the econometric analysis of the factors affecting the stability of commercial banks, it is necessary to reduce the main rate of the Central Bank and thereby reduce the interest rate of commercial banks on lending in national currency. Also, increasing the efficiency of the policy of ensuring the stability of the exchange rate by the Central Bank and the practice of commercial banks related to the creation of problem loans will help to improve the stability of commercial banks.

In order to determine the optimal level of diversification of sources of attracting and placing resources in banks, the following factors should be taken into account by the bank: maturity profile and sensitivity of assets (or liabilities) to various changes; the currency of attraction and placement resources; the bank's access to money markets and capital markets.

But some problems related to ensuring stability in banking practice still remain. One of such problems is the lack of solid capital base of the bank, the level of capital diversification is not high, and the quality of capital management efficiency is low. In particular, the share of additional capital in the composition of the bank's capital is extremely low, and it is 1 percent on average in recent years compared to the total capital. If we take into account that additional capital is considered to be a cheap resource for the development of banking activity, a source of stable financing for the implementation of active operations, which allows to increase the total capital of banks in a short time, this situation indicates the existence of problems related to the management of bank capital.

Table 1 Composition of the capital of commercial banks of the Republic of Uzbekistan, in percent

Indicators	2019	2020	2021	2022
Authorized capital	73,7	82,1	76,5	77,2
Additional capital	0,3	0,3	0,7	1,0
Reserve capital	11,0	7,5	8,9	11,9
Retained earnings	14,9	10,1	13,8	9,9

If we analyze the capital base of the banking system of our republic, the authorized capital has an absolutely large share, which is more than 70 percent during the analyzed period. The share of additional capital is almost insignificant and makes up 0.3-1.3 percent. This situation means that the capital base of the banking system is weak and it is necessary to increase the level of additional capital.
This problem can be solved by increasing the volume of additional capital in banks by 15% on the basis of mixed type of obligations in the amount of not more than one third of Tier I capital after discounts.
Bank capital ensures the economic stability of the bank, is used to cover possible losses, and also forms the financial basis of the bank's activity and a source of resources.
The objectives of bank capital management will be as follows:
ensuring capital adequacy to cover risks;
setting the target capital adequacy ratio and complying with it;
ensure the necessary return on capital for the bank's shareholders;
allocation of resources for effective use of bank capital;
ensure capital adequacy in crisis situations.
Correct management and distribution of bank capital reduces the need for financial resources in banks, allows to reduce bank expenses, ensures an increase in bank income, and helps to increase financial stability. This, in turn, has a positive effect on the profitability indicators of the bank. Also, proper management of capital provides an opportunity to prevent risks in banks. Bank risks are one of the main factors that directly affect stability. As part of effective capital management, the bank performs the following:
capital planning;
capital cost management;
transactions with regulatory capital;
distribution of capital;
monitoring and assessment of capital adequacy;
conducting a stress test of capital adequacy;
development of measures to ensure capital adequacy;
preparation of reports on capital and implementation of constant control.
In order to ensure the stability of the capital base of banks, it is appropriate to increase the capital adequacy ratio based on the existing economic and financial situation, the existing risks in the banking system and the financial situation. These risks include the large amount of problem loans,

the occurrence of losses in the activity of banks, the increase in the risk level of assets, and the occurrence of disparity in interest rates.

One of the main problems in ensuring the stability of the banking system is the instability of the liquidity indicator of the banking system and its wide range of changes. This situation indicates that there are problems in managing the liquidity of the banking system.

One of the main stability indicators of the banking system is liquidity indicators. Bank liquidity refers to the ability of the bank to finance the growth of assets and timely fulfillment of its obligations without unforeseen (unacceptable) losses. Liquidity management is a key process in the bank's asset, liability and risk management.

Banks develop a liquidity management policy every year. This document defines the purpose, tasks, principles of bank liquidity management, the organization and functions of the liquidity management process, provides instructions for effective management of bank liquidity, and coordinates the activities of the bank's structural structures.

The main goal of the liquidity policy is to timely and fully fulfill current obligations to customers and creditors while organizing the bank's activities, and to provide customers with credit resources with effective, high-level use of available resources, as well as the current legislation, established by the Central Bank of the Republic of Uzbekistan and international financial institutions. compliance with regulations.

The focus of the liquidity management policy strategy on the following serves to ensure the stability of the bank:

comprehensive analysis of the credit and resources market and constant monitoring of its structure;

reducing the level of risks by diversifying the portfolio of resources;

implementation of relevant activities during the implementation of priority tasks defined in the business plan;

increase the bank's profitability and customer base by increasing the volume of investments in short-term assets and short-term credit investments;

formation of a long-term and stable resource base (by offering attractive time deposits, as well as by issuing and placing deposit and savings deposit certificates, corporate bonds and international corporate securities (eurobond);

financing of long-term and strategically important investment projects with resources in accordance with their duration and economic parameters;

problem in bank assets.

4. Conclusions and Suggestions

Financial stability is the ability of the financial system, i.e. financial institutions, markets and market infrastructures, to withstand possible shocks and imbalances, while reducing the probability of failure to perform financial intermediation functions. The goal of financial stability is to ensure the stability of the entire financial system, not an individual financial institution. Financial stability is the basis of sustainable economic development.

The financial system is considered stable only when banks, other credit organizations and financial markets can provide households and business entities with the necessary financial investments for their participation in the economy and its growth, without allowing a sharp slowdown of the functioning system. In an otherwise unstable system, economic shocks can adversely affect the real economy, disrupt lending and lead to greater than expected risk, reduced employment, and dampened economic activity.

In the conditions of financial instability, the financial system cannot provide the necessary financial services for the economy. For example, difficulties in a large financial institution can cause financial instability. In addition, problems in one institution can spread to other organizations of the system, which are closely interconnected due to interbank transactions. The general activity of institutions can create a risk for the entire financial system, that is, a systemic risk, which can lead to financial instability of an individual organization that seems to be reliable. Financial stability and its analysis is one of the main tasks of central banks and regulatory bodies of the financial system. Since the banking sector is the most important link of the financial system of Uzbekistan, ensuring its stability is one of the main tasks of the Central Bank of the Republic of Uzbekistan. The Central Bank monitors and evaluates changes in the banking system, and also takes measures to reduce the accumulation of systemic risks and ensure the stability of the banking system. The Central Bank publishes the Financial Stability Review twice a year, which analyzes and assesses the stability of the banking system, macroeconomic vulnerabilities and risks. The main purpose of publishing this review is to increase public awareness and transparency and accountability of the Central Bank in this area.

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