# TRADITIONAL AND MODERN METHODS OF INCREASING THE EFFICIENCY OF BANK ASSETS

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**Annotation**

In recent years, commercial banks have been actively transforming their business in the direction of simplifying customer service, focusing on remote service channels such as bank-client or mobile applications. This activity can be observed in banks to varying degrees.

**Keywords**: bank, sector, government, system, concentration

Positive trends in the banking sector of Uzbekistan were already noticeable in 2016. However, state-owned banks remain the main source of the negative result of the national banking system in Uzbekistan.

The share of funds received from the government in commercial banks with state assets is still high.

The banking system of the Republic of Uzbekistan is characterized by high concentration: 84 percent of all banking assets still belong to banks with a state share, and 64 percent belong to 5 large banks (Milliy Bank, Asaka Bank, Uzsanoatqurilishbank, Ipoteka Bank and Agro Bank). The ratio of deposits to loans of banks with a state share is 32.9 percent. For comparison, in private banks this figure is about 96 percent.

The development of an interbank competitive environment encourages the abandonment of traditional methods of placing bank assets, increasing efficiency, and introducing new and modern methods of assessing efficiency into banking practice.

Responsible employees of the Central Bank of the Republic organized an open dialogue with representatives of the media at the National Press Center on the reforms implemented in the banking system during the years of independence and the results achieved. The fundamental changes aimed at the development of the banking system in our country during the years of independence are bearing the expected results. Today, banks have established strong ties with entrepreneurs not only as clients, but also as close partners and allies. Banks provide great support to businessmen who want to start their own business. In short, a banking system has been formed that can gain the trust of the population and provide a wide range of financial services. Currently, the positive results achieved in the system are being consolidated through 854 branches of 26 commercial banks operating in our republic, 4,292 mini-banks and retail service institutions.

These results are reflected in the ever-expanding range of banking services and products, the ever-improving business environment, and the growth of loans issued by banks. Today, customers have the opportunity to manage their accounts remotely and in real time using mobile and electronic communication devices. Although such services have not been introduced for a long time, they have quickly become popular. In particular, over the past five years, the number of customers using these services has increased by almost 90 percent, or more than 1.1 million today. The possibilities of using plastic cards are also expanding. Over the past five years, the volume of payments made through terminals has increased 5 times. With the introduction of new advanced information technologies into the banking system, the speed, quality and reliability of services provided by commercial banks are also increasing. The work carried out to organize the activities of commercial banks on the basis of international criteria and standards, to bring the accounting and financial reporting of banks into line with generally accepted requirements, created the conditions for the introduction of the new recommendations of the international Basel Committee on Banking Supervision (Basel-3) into the banking system of our country, one of the first among the Commonwealth countries. According to them, the requirements for the adequacy of the capital of commercial banks were increased, additional standards for ensuring liquidity were introduced, and the classification of the quality of bank assets and risk management systems were further improved.

The stability of the financial position of commercial banks and their ability to withstand sharp changes in the economy largely depend on the amount of their capital and the level of capitalization.

The systematic increase in the capital of banks has created the conditions for mitigating the impact of the global economic crises that have occurred in recent years on the national economy, and efforts in this direction will continue continuously. In particular, by the relevant decisions of our President, all commercial banks are negotiating with international financial institutions to sell at least 15 percent of their authorized capital to foreign investors. It is worth noting that these measures have initiated the next stage of the privatization process of banks. This process will lead to a further improvement in the quality and culture of management in banks, increased participation and responsibility of shareholders in banking activities, and improved quality of service.

In ensuring the reliability and efficiency of banks, it is important to assess the quality of assets along with capital. Therefore, the Central Bank's monitoring of the assets of commercial banks from the perspective of liquidity, risk and profitability, as well as the impact of certain assets on these positions, is bearing fruit. As a result, today the share of problem loans in the credit portfolio of commercial banks in our republic does not even reach 1 percent and is much lower than international standards. In this regard, the establishment of the Credit Bureau and the

Pledge Registry institutions in our republic has become important. The ability of these institutions to quickly and electronically obtain accurate information about the property provided as a means of ensuring the fulfillment of borrowers' obligations in real time, without the participation of the client, serves to reduce credit risk by enabling commercial banks to comprehensively analyze and correctly assess client activities in a short time.

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