

MANAGEMENT OF FINANCIAL RESOURCES OF COMMERCIAL BANKS

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Abstract: This article elaborates on the issues, principles, and methods of managing the assets of commercial banks. The importance of asset management, types of assets, and key principles of bank asset management are discussed: liquidity, profitability, risk level, and the principle of diversification. Attention is paid to the problems that may arise in asset management and their solutions.

Keywords: Commercial banks, Assets, Asset management, Principles, Methods, International experience, Problems and solutions, Liquidity, Profitability, Diversification, Risk level, Investment portfolio.

Commercial banks play an important role in the financial system of a country. On one hand, they perform the function of accumulating savings and channeling them into the economy, and on the other hand, they support the payment system. Therefore, the assets of banks constitute an essential component of their operations.

Bank assets refer to all the property and securities owned by the bank. Assets are a factor that determines the efficiency of banking activities and plays an important role in managing bank risks. For this reason, proper management of assets, maintaining an optimal composition, and shaping them in accordance with the bank's strategic objectives is crucial.

Bank assets vary in nature and are divided into liquid and illiquid assets based on their degree of liquidity. Liquid assets are those that can be quickly sold or converted into cash, such as cash, securities, deposits, etc. Illiquid assets are long-term loans, buildings, equipment, and other tangible assets.

Additionally, based on asset management methods, assets can be categorized into the following types: assets related to lending activities, assets related to investment activities, and other assets. Assets related to lending activities include loans, leasing operations, etc. Assets related to investment activities include investments in government and private securities, stocks, and others.

The composition and management of assets plays a crucial role in ensuring the financial stability of a bank. Therefore, when managing assets, banks must take into account the profitability, liquidity, and risk levels of each asset. This, in turn, ensures

effective management of bank assets and contributes to the stable operation of the bank's activities.

The assets of commercial banks are a key factor that determines their activities and shapes their financial indicators. Hence, optimizing their composition and managing them effectively is one of the important issues in the activities of commercial banks.

The process of managing commercial bank assets is a complex and multifaceted task. It encompasses ensuring the stability of the bank's operations, efficient use of financial resources, risk mitigation, and increasing profitability. Therefore, it is appropriate to follow certain principles in asset management.

Asset management principles refer to the main rules and priorities followed by banks in managing their assets. These principles serve to improve the efficiency of asset management, reduce inconsistencies in banking activities, and ensure rational use of available resources.

The principles of asset management for commercial banks include:

The liquidity principle – This principle implies that the bank maintains a sufficient amount of liquid assets to meet obligations on time. Adherence to this principle ensures the bank's solvency and enhances its credibility.

The profitability principle – The main objective in asset management is to generate income for the bank. Therefore, it is important to consider the profitability level of assets when allocating them.

The risk level principle – This principle requires banks to take into account various risks during the asset allocation process. These include credit risk, interest rate risk, liquidity risk, and others.

The diversification principle – This involves distributing bank assets across various sectors, industries, and borrower categories. This principle allows the bank to reduce risks in its operations.

Additionally, in managing assets, banks must act in accordance with legal requirements, as well as the bank's internal policies and strategies. Adherence to the above principles lays the foundation for effective asset management, ensuring financial stability, and enhancing competitiveness.

The principles of asset management for commercial banks encompass all areas of their activities, and effective utilization of these principles is crucial in determining the bank's future prospects.

Effective asset management is an important factor in ensuring the financial stability of commercial banks. For this, banks employ a set of methods and tools. The main methods of asset management are aimed at the rational use of available resources, increasing profitability, and managing existing risks.

Asset-liability management is a method focused on managing the mismatch between a bank's assets and liabilities, ensuring its liquidity. This method addresses mismatches between the maturities and interest rates of assets and liabilities. In addition to ensuring the fulfillment of obligations, gap management also helps increase the bank's profitability.

Another important asset management method is interest rate risk management. The main goal here is to eliminate mismatches between the bank's interest income and expenses. Interest rates are a key factor affecting a bank's income and expenses. Therefore, proper interest rate management contributes to improving the efficiency of banking operations.

Managing the bank's investment portfolio is also a crucial asset management method. The main focus here is optimizing the composition of the bank's investments and using them effectively. Investment portfolio management takes into account factors such as diversification, profitability, risk level, and liquidity.

Furthermore, banks also employ modern techniques in asset management, such as securitization, hedging, and using derivatives. These methods serve to restructure assets, reduce risks, and ensure efficient use of resources.

Various asset management methods are crucial for ensuring the efficiency of banking operations, strengthening financial stability, and enhancing competitiveness. The choice of the most suitable methods and tools for banks will depend on their strategic objectives.

Currently, asset management in commercial banks is an essential component of the global financial system. This is because banks play a pivotal role in the economies of all countries, and their activities directly impact a country's financial stability. Therefore, studying international practices, adopting best practices, and adhering to international standards in asset management are of utmost importance.

Developed countries pay close attention to improving their banking systems and utilize advanced practices in asset management. For instance, the asset management practices in banks of countries like the USA, UK, Japan, and Germany are highly sophisticated. The banks in these countries widely employ modern management techniques for asset management such as portfolio theory, stochastic modeling, and optimization methods. Moreover, their legislation regarding asset management is also highly developed.

Many developing countries are also striving to implement advanced practices in asset management. For example, the banks in countries like China, India, South Korea, and Turkey are seeking to adopt new asset management methods. Trends can be observed in these countries towards utilizing international standards and recommendations, as well as strengthening cooperation with foreign banks.

Uzbekistan's commercial banks are also benefiting from international experiences in asset management. In particular, the country's banking system has been reformed, and new legislative documents have been adopted regarding asset management. Certain areas of banking activities are being organized based on international standards. Additionally, interactions have been established with representatives of foreign banks. Furthermore, some foreign banks operate in Uzbekistan and share their experiences with the country's banks.

Leveraging international experience in managing commercial bank assets is extremely important. This, in turn, serves to modernize the banking system, strengthen financial stability, and enhance financial integration between countries.

Asset management in commercial banks is a complex process closely linked to a number of issues. Addressing these issues in a timely manner and preventing them is crucial for ensuring the stable operation of banking activities.

One of the main problems in asset management is the issue of liquidity. Banks must possess a sufficient amount of liquid assets to meet their obligations on time. However, in some cases, banks may experience liquidity shortages. The reasons for this can vary: insufficient income, improper liquidity management, unexpected cash flows, and so on.

Issues related to lending activities also play an important role in asset management. Loans are a major source of income for banks. However, they also expose banks to credit risk. Proper assessment of loans, setting lending criteria, and monitoring the quality of the loan portfolio are pressing issues.

Problems associated with investment activities also have their place in asset management. While investments provide banks with income opportunities, they can also expose them to various risks. Numerous issues may arise in selecting investment objects, forming an investment portfolio, and diversifying it.

Additionally, there are also legislative and governance issues in asset management. Banks must conduct their activities in accordance with applicable laws and regulations. At the same time, deficiencies in the governance system can also lead to problems in asset management.

To address these issues, banks need to utilize various solutions. For example, to tackle the liquidity problem, methods such as forming liquidity reserves, proper resource management, and optimizing loan and deposit terms can be employed. To mitigate lending issues, it is necessary to improve credit policies, assess and monitor credit risks. To resolve problems in investment activities, it is crucial to diversify the investment portfolio, implement risk monitoring systems, and leverage international experience.

Timely identification of issues arising in asset management and application of methods to address them contribute to the stable operation of banks and improvement of their financial performance.

In summary, asset management in commercial banks is a complex process that requires adherence to certain principles, utilization of various methods, addressing potential issues through appropriate solutions, and learning from international best practices. Effective asset management is vital for ensuring the financial stability, profitability, and competitiveness of banks.

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