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The Role of Banking Control in Maintaining Banking Stability in Uzbekistan

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Abstract: The article describes the concept of "bank supervision", its essence, economic significance, international banking supervision, world experience, the banking system and control procedures in our republic. In particular, the banking system in Uzbekistan plays an important role in ensuring the sound and effective functioning of the economy. Banks, forming the basis of the country's financial infrastructure, perform important tasks in supporting economic growth, serving investors and clients, as well as ensuring money circulation and economic stability. The stability and reliability of banking activities, as well as the security of documents and information on loans, deposits and other financial transactions, are one of the main criteria for economic stability. Banking supervision is a specific mechanism for controlling and managing the banking system, which is carried out to monitor banks' activities, reduce financial risks and ensure stability. Banking supervision in Uzbekistan is managed by the Central Bank and financial supervisory authorities, and the effectiveness of their activities serves to strengthen, stabilize and ensure the security of the country's banking system. The development of banking supervision in Uzbekistan is the main mechanism for the stability and financial protection of the national economy. Financial authorities are actively working to support new technologies and improve the security and control systems of banks. Supervision in ensuring banking stability helps to maintain financial stability by controlling the activities of banks. This, in turn, ensures the provision of reliable and safe financial services for customers and investors. Today, the banking system is exposed to the impact of global economic changes and internal risks. Therefore, improving banking supervision in Uzbekistan, harmonizing it with international standards and ensuring financial stability are among the priority tasks. In this article, we will analyze the role and importance of banking supervision in ensuring banking stability in Uzbekistan. Also, the effective implementation of banking supervision is an important factor in strengthening the economic security of the state, properly directing banking activities and maintaining economic stability. Thus, improving the banking supervision system in Uzbekistan and further increasing its importance will make a significant contribution to economic stability and the development of the banking system.

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1. Introduction

Uzbekistan is one of the main components of the banking system in the national economy, and its security and economic growth and the country's financial stability play an important role. Effective banking supervision of the bank to ensure the stability of a system should be introduced.

The country's banking system in the modern economy noisy the financial stability of the column. As it is known, saving the funds of individuals and legal entities banks, lending, investment, and increasing the economy by providing sustainable payment systems contribute to the development.

Therefore, to ensure the stability of the banking system not only banks but also a priority for both the state and society is of importance. The bank plays an important role in ensuring the stability of the control of the bank. Effective bank supervision, regular analysis of the financial condition of banks, risk management and the assessment of their potential oldest and largest includes spelling to develop the mechanisms necessary for the prevention of the crisis.

Thus, the main responsibility of the implementation of bank supervision central bank of the institute is as high as it gets.

Control of the activities of commercial banks by the central bank in the republic the main purpose of the commercial bank is not to take any economic action but to eliminate deficiencies that exist in the banking business, as a result of increasing the stability of the banking system, the bank is to protect the interests of creditors and deposit.

Control of the bank [1] and the main purpose of the analysis is to increase the effectiveness of the activities of the bank. The right of the republic to the central bank in the management of the banking system was imposed based on the law. The management of the commercial bank, the central bank, and the bank regulate the activities of various economic nomativlar sets. The standards cover various activities of the bank by the side of this.

Major credit and investment capital to the assets in which the bank issued to the bank and set limitations to operations with affiliated entities. This is regularly the standards set by the central bank are controlled by the bank and available to be completed. This article, the importance of the control of the bank, its main functions and an analysis of the status in Uzbekistan.

2. Materials and Methods

Review of the Literature

Ben Bernanke, former chairman of the U.S. Federal Reserve (*for information: from 2006 to 2014, he worked as chairman of the U.S. Federal Reserve*) 2007 - 2008 and is known during the period of the financial crisis in the U.S. with guidance in the formation of the attitude to the crisis played an important role.

Ben Bernanke [2] is very important for effective bank supervision and regulation of financial institutions have noted that the stability. She noted that, after the 2008 financial crisis, the normative-legal base, especially from capital adequacy and liquidity management issues should be more powerful, stained are noted.

Systemic collapse, which requires more capital for the major institutions to prevent it from stress-testsconduct thereto support.

Mario Draghi [3], former president of the European Central Bank (*for information: year from 2011 until 2019, the year the European Central Bank (focusing es) worked as the president of*) eurozone responded to the crisis in Europe and played an important role in ensuring financial stability.

Mario Draghi was a supporter of union and bank capital adequacy across Europe. It's an important bank in the eurozone that allows for the direct control of a Single Control Mechanism (SCM), which increases the stability of the banks, such as regulatory reforms, which have reduced the risk and support.

She noted that especially in the economic encounter variability in the region better regulation with the bank's stable financial sector is the key to providing risk.

John Maynard [4] Keynes influential British economist of the financial market regulation and government intervention to stabilize the economy with the ideas popular. His works, in particular employment, the general theory of interest and money (1936) created the basis for modern macroeconomic theory and policy.

While thinking about control and stability of the bank, the bank in the modern sense did not focus directly on the regulation of Keynes, although its economic stability to the head of financial regulation and government intervention theory about that later created the basis for that policy. Keynes spekulyasiyani was effective in ensuring the flow of credit to support economic growth and prevent the financial system should regulating that. Also, the overall economic stability of the financial markets noted the strong involvement of the government in control.

3. Results and Discussion

Depending Financial stability [5] is one of the main terms of ensuring and governance factors, the most important is the bank regulation and supervision of its tools.

In general, the bodies of state regulation and control of the banking system of the bank are responsible for ensuring the stability of commercial banks in particular, this allows us to ensure the stability of the whole financial system of the country.

Ensuring financial stability, and banking regulation, the central bank of the state arises as a result of the need to participate. The bank is responsible for the regulation of commercial banks, the central bank and the bank of mandatory regulation of the activities of the supervision of the state mechanism. In front of the supervision of banks, banks institute the needs of society appear to be due to particular social roles and responsibilities.

The activities of the bank and the customer's credit by deposit to the owners and managers of the organization are based on trust. The reason for the crisis of confidence in banking institutions unable to carry out their obligations in the form of "attacks" and as a result leads to the strengthening of money does not constitute the sphere of social tension. For this reason, traditional banks are organized under strict control based on a special state.

Thus, the bank of state control is a type of legal activity, and its main purpose is to ensure the development of the country and the stability of the banking system and deposit to protect the interests of credit.

In practice, the activities of the bank control and regulating conditions and in the state in ensuring financial stability is one of the main factors. In the meantime, whether from the selected model for the implementation of control functions, regardless of the bank's goals and objectives historically radical changes have faced and generally trying to ensure the stability of the banking system focuses on. Their turn in the banking system stability of the level of its main component reflects the level of regulation and control by the state authorities of the bank.

The main purpose of bank regulation and control of activities and goals are:

- a. Credit organizations in the development and distribution of a wide range of control guidelines;
- b. The application provided by the bank, including the bank on the activities of permission applications;
- c. The activities of the bank and control;
- d. Financial position analysis of compliance with the legislation and to monitor compliance with standards and regulations established by the body controlled by credit institutions;
- e. Inspection at the check is executed;
- f. To eliminate the problems identified in the bank from the bank for new policies, procedures and practices that require executive action to implement the start of it.

As it is known, "The Central Bank of the Republic of Uzbekistan" on the law of the Republic of Uzbekistan of [6] article 5, according to the price of the central bank, the bank system, the stability of the payment system is to provide the working chamber.

Also, the central bank, credit institutions to the implementation of their financial operations, accounting, and financial control drafting and submission of the annual report, including the report on risks and their assessment of obligatory rules to provide the necessary information to control activities; the main group of control over the activities of banks by the bank, the bank group's consolidated report and information needed for the implementation of the procedure for the drafting and submission to the central bank; the amount paid their base fee order to determine the level of individuals, and including any interest paid in the form of interest-free payments in the form of income, savings bank, money on the deal, as well as the value of the deviation from the level of the highest level of rewards chamber; the monitoring of the bank's board, management and members of the importance of assessment procedures provide employees and their conformity with the requirements of the qualification criteria, as well as determines the order agreed to take them.

On the control to perform the functions of the central bank, credit organizations, from individuals who are related to them, from organizations' such payment from the operator of the payment system, currency exchange, from the credit bureau, as well as from the groups of banks, and the operation is entrusted to the implementation of outsourcing services by the banks and credit organizations also from the person (of the association) reports, other documents, as well as ask you to take and examine the information obtained to explain to require credit institutions, payment institutions, the operator of the payment system, currency exchange, credit bureau of outsourcing services to the bank commissioned and in operation also in the implementation of the individuals, also Consolidated way from inspection of persons that must be controlled (checking) to conduct; micro loans issued by banks and microfinance institutions and consumer credit, as well as the interest rates on Lombard loans issued by the highest value of and payments to the sign; the financial situation in case of deterioration of the financial condition of the bank, the main bank of the group, which is the mean of the measures of recovery and development of recovery plans to send a request to present; organizations, payment, payment system operators, compared to the head and chief accountant of the credit bureau currency exchange and the requirements of the qualification, to put released from the post and appointed them as well as the specific features of the character right.

In addition, article 66 of the law on the central bank to be controlled by the inspection of persons from (checking) procedures should be established.

The central bank of credit institutions, payment institutions, the operator of the payment system, currency exchange, and credit bureau, the operation is entrusted to the implementation of outsourcing services by the banks and also individuals, as well as the evaluation of the risks that must be controlled in individual based on the results of inspection held of them, as well as the request of law enforcement, physical and legal entities on facts of violation of the legislation on appeals on particular issues can be tested.

Thus, the banking supervision committee of the central bank by the central bank of the activities of individuals that must be controlled from inspection of (checking) conducted field defines the task of proceeding from the direction of structural divisions of the central bank.

Hinder by the central bank to control the central bank to fulfil the tasks on time and should have measures about persons who are to be applied from the inspection of persons (checking) does not release from held.

Conducting the inspection and survey of the central bank the division's competence in carrying out their obligations is determined by the distribution of the banking supervision committee of the central bank.

Inspection (examination) to conduct the central bank-owned enterprises, as well as the staff of banks and other organizations related to the sector can be involved.

At the same time, article 67 of the law on banks and banking activity by the legislation on the central bank to the bank, the bank's direct and indirect shareholders, including beneficial last owners to monitor and members of the management board, as well as the staff of the bank has the right to apply than action and it is important to are stained, marked.

Off-bank organisations also set legislative standards, including meeting the requirements of credit institutions to inform prudential violation or activities (actions) for the implementation of the requirements established to the central bank on the terms and in the case of false or wrong information given: to eliminate detected violations in his career to obligatory execution instructions to send to intruder; charged up to five per cent of their capital to a fine in the amount of; also to conduct some operations to limit the term to three months; microfinance loan off-bank organizations' the information on the organization of the implementation of the activities of the organization or organizations from the register of the mortgage re-financing organizations, pawnshops or extract from the register to remove from the register; to inform or termination is entitled to suspend activity.

"On banks and banking activity" of the law of the Republic of Uzbekistan [7] 38article banks and banking groups by prudential to the compliance standards of the world was founded.

In particular, the bank to protect the interests of creditors and ensure the financial stability of the bank and deposit of the bank and out of the group and the procedure determined by the central bank has to follow standards of value, which allow prudential, stained, marked.

Prudential standards include the following: capital of the suits of coefficient; to a borrower or the borrower in the amount of collaboration between the group most of the risk; and credit risk have been major the most amount of investment; incisions in the area to collect (kotsentراسiya) of coefficient; coefficient of liquidity; the risk of the bank for the most amount of the affiliated person; without collateral loans (loans based on trust) giving you the most amount of; to classify the assets of the bank and evaluate their quality, based on the classification of bank assets against the possibility of a loss on assets on the formation of reserve requirements; calculate bank account interest on bank assets and the income of the legal requirements to enter into them; the charter fund of a legal entity (in the capital) who buy the most amount of shares and stakes; and to possess him to buy requirements concerning real estate and other property; open foreign exchange position limits; in accordance with generally accepted international practice prudential other standards determined by the central bank.

The control method is performed using both of the banking systems in the republic. This method of prudential control and inspection department of the central bank, respectively, was established.

Prudential the objectives of the control department of the central bank[8] are to keep the stability of the banking system, deposit, and debt buyers, to ensure the protection of the interests of creditors and commercial banks (hereinafter referred to as banks) and regulate the activities of remote (remote) to control.

Also, the activities of credit institutions and the central bank and banking supervision, the committee on licensing credit bureaus to make proposals to management, banks and the state list to get on the trail of the credit bureau and the credit bureau provide credit institutions and the keeping of the license to a given register.

The inspection department of the central bank of the banking system aimed at ensuring the stability of the control functions arising from the banks, microcredit

organizations and their affiliates in the activities of Lombard risk-based bank was established based on studying the control of inspection to make it go.

The main function of the department in the bank to risk-based banking supervision based on the principle of inspection (check) the price and specific business risks held by their financial status, to give microcredit organizations, pawnshops and inspection activities is heading to.

We have seen that the activities of the committee banking supervision by the central bank last December 2024 in banking supervision, the committee [9] will consider issues of more than thirty.

In particular, redirection and allow you to get 27 units, including the issue of credit included in the charter of the organization registration and reorganizations (7), the registration of a new account opened microfinance organizations (4 units), credit to allow it to have a share in the authorized fund of the organization (7), members of the management board and staff of the importance of commercial banks monitor and consideration of candidates (7) issues such as were considered.

In addition, the credit organization on the financial position of 10 units, the issue of the implementation of the guidelines and the requirements of prudential norms of the central bank and commercial banks, microfinance institutions and organizations in the payment audits and the results of the conducted studies were also discussed.

Commercial banks, microfinance institutions and payment institutions as a result of the study conducted on the detected defects, in particular, the requirements of the central bank prudential guidelines and norms, as well as foreign exchange and foreign trade operations in the implementation of their legislation to comply with the requirements for the case of 9 banks 2 units Lombard and 1 than are the measures of the microfinance organization and sanksiya be applied on alerts.

Also, the current legislation, the study conducted by the central bank executed at detected during the inspection and check for traffic violations 1 bank, 1 Lombard and 1 relative to the microfinance organization was the use of sanksiya fine.

In different countries we have control are different. B, we have to ensure the financial stability of an institution, and to protect the interests of the client to maintain confidence in the financial system is performed. Its main functions consist of the following:

Regular monitoring of the financial condition of the bank; capital and liquidity requirements, we have control compatibility; assessment of the management system; financial fraud and anti-money laundering measures see; an equal between the formation of a competitive environment is from.

Three methods are mainly based on international standards on the control of the bank: on-site monitoring, on-site inspection and analysis of the report composed.

Bank supervision of the implementation of the state as the main body of the central bank performs the following tasks. In particular, law and subsequently formation of the regulatory framework – develop a set of standards and rules for the activities of the bank.

Sanction licensing and in-licensing of new banks out of the market requirements and has the authority to. Assessment of risk of the banking system – banks and acute passive their quality, capital adequacy, liquidity and risk management will analyze the potential of. Coordination of monetary policy – the monetary policy tools to ensure the stability of the banking system one uses. To take measures against crisis – debt and liquidity, backup mechanisms work to eliminate the problems.

Foreign experience from our experience to [10] (The Federal Reserve system - FE) see who we have. In the US, bank supervision central bank – the Federal Reserve System (FE), the Ministry of Finance and the FDIC (Federal Deposit Insurance Corporation) is carried out. They will introduce a mechanism to preserve the liquidity and capital requirements

for banks. 2008 financial crisis after the year of Dodd-Frank Wall Street Reform and Consumer Protection Act, adopted serve to increase control of this bank[11].

The experience of European Union [12] (European Central Bank - ECB) in the European Union from 2014 was the European central bank (ECB) European bank to combine control with a single control mechanism (SSM) make-up. This mechanism makes the control of the bank system mainly large and important. The implementation of the requirements of the European Union to the federal constitution strictly iii, capital adequacy and liquidity of the bank pays serious attention to order[13].

The experience of Singapore [14] (Monetary Authority of Singapore) Singapore Central Bank – Monetary Authority of Singapore (MAS) will take an active part in ensuring financial stability. MAS put strict licensing requirements on the bank, and the risk management system, and regularly re-consider. This model has become one of the most stable financial centres in Asia, Singapore [15].

4. Conclusion

Banking supervision plays an important role in ensuring the stability of the banking system in Uzbekistan. The control measures implemented by the central bank aimed at improving the financial stability and reliability of the bank. The introduction of modern digital technologies, while the control system more efficient and transparent. Therefore, in the future to adapt to the international standards of bank supervision, and risk management mechanisms, improvement of the wider introduction of digital technologies is necessary.

The Central Bank of the Republic of Uzbekistan for the improvement of the system of bank supervision is carrying out several measures. In the meantime, given the international experience, the following suggestions are given:

- a. III of the federal constitution to the full implementation of the standards – should strengthen the requirements for capital adequacy and liquidity of the bank.
- b. Digital control system development bank – the bank based on technologies of activity of the introduction of real-time monitoring mechanisms is important.
- c. Risk-reduce is the development of a strategy against the financial crisis – comes out from European experience in the banking system risk risk-enhancing mechanisms to identify and take action against them.
- d. The inspection and monitoring to strengthen the bank's internal risk management system to go many of the regular price, is introduced to address the latest trends in the international practice.
- e. Quick reaction against the creation of a mechanism for bankruptcy – develop effective processes for the finish of the banks, which do not show activity.

The supervision of the bank in ensuring the stability of the banking system and the role of the central bank is very important. Foreign experience shows that the stability of the financial system, and banking supervision, is strict and transparent. The central bank of Uzbekistan based on international standards, is necessary to strengthen banking supervision. III of the federal constitution the improvement of risk assessment and monitoring mechanisms in compliance with the requirements, a digital control system development bank and the introduction of measures to ensure the stability of the banking system should be.

Hence, by increasing the effectiveness of bank supervision and financial stability, the central bank will give impetus to economic growth in the country.

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