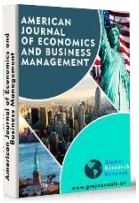

American Journal of Economics and Business Management

Vol. 8 Issue 11 | **pp.** 5762-5766 | **ISSN:** 2576-5973

Available online @ https://www.globalresearchnetwork.us/index.php/ajebm

Article

Innovative Mechanisms of Corporate Governance in Commercial Banks in the Era of Digital Transformation

Ergashev Olim Kenjayevich*[1]

1. Senior Lecturer of the Department of Corporate Economics and Management, Faculty of TSUE–URSUE International Joint Educational Programs

* Correspondence: olimjonergashev774@gmail.com

Abstract: This article analyzes the impact of digital technologies and new management approaches on the corporate governance system in commercial banks. The article examines the importance of innovative mechanisms in improving management efficiency, optimal resource allocation and strengthening the competitiveness of banks, especially in the process of digital transformation. It also examines the integration of innovative technologies, such as artificial intelligence, blockchain and big data analytics, into the corporate governance structure and their impact on business processes. The research results provide scientifically significant conclusions and suggestions on how management modernization in commercial banks affects economic efficiency and financial stability.

Keywords: Digital Transformation, Commercial Banks, Corporate Governance, Innovative Mechanisms, Blockchain Technology, Management Effectiveness, Risk Management

1. Introduction

Digital transformation is one of the processes necessary to upgrade, update and modernize the activities of commercial banks and other financial institutions in the modern economic environment. It requires not only technological changes, but also a revision of management and business strategies. In recent years, the development of digital transformation in commercial banks has become an important factor in increasing business efficiency and ensuring its competitiveness on a global scale [1]. In particular, innovative tools such as digital technologies, such as artificial intelligence, blockchain, cloud computing and big data analytics, are making it possible to make fundamental changes to the internal and external management systems of banks. However, for the successful implementation of digital transformation, banks must not only create technological infrastructure, but also introduce innovative mechanisms for managing them. New mechanisms of corporate governance must ensure that they meet the modern requirements of business, are fast-changing and competitive [2]. In this process, banks play a significant role in strategic decision-making, risk management, customer relations, as well as increasing transparency and accountability in the management system. Innovative management mechanisms play a crucial role in improving the performance of financial institutions in the process of digital transformation, reducing errors and effectively allocating resources.

Citation: Kenjayevich E. O. Innovative Mechanisms of Corporate Governance in Commercial Banks in the Era of Digital Transformation. American Journal of Economics and Business Management 2025, 8(11), 5762-5766.

Received: 20th Okt 2025
Revised: 30th Okt 2025
Accepted: 13th Nov 2025
Published: 26th Nov 2025

Copyright: © 2025 by the authors. Submitted for open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (https://creativecommons.org/licenses/by/4.0/)

Today, the issue of implementing innovative mechanisms of corporate governance in commercial banks has been considered in many studies, but there are still many unexplored and unclear issues in this area. In particular, there is limited information on the integration of digital technologies and innovative management systems and their impact on the corporate governance of banks [3]. This requires new scientific research and the identification of strategic directions necessary for the development of bank management systems in the process of digital transformation.

Review of Relevant Literature

Digital transformation and its impact on corporate governance in commercial banks have become one of the central research areas of global academic schools in the last decade. The literature shows that digital technologies require not only technological changes in the management of financial institutions, but also strategic, organizational and institutional restructuring. International economists and management theorists have analyzed this process using various methodological approaches. E. Brynjolfsson emphasizes that digital transformation has fundamentally changed the decision-making system of organizations and digital data has become the main asset of management [4]. According to him, artificial intelligence and automated analysis make strategic management in banks more accurate; A. McAfee emphasizes the importance of "digital intensity" and "transformational management" in the adaptation of banks to digital transformation [5]. If management does not adapt to technological modernization, the transformation may be ineffective; M. Porter interprets digital transformation as a factor of strategic advantage [6]. In his opinion, digital platforms directly affect the competitive strategy of corporate governance; J. Stiglitz emphasizes that reducing information asymmetry in digital markets increases the transparency of corporate governance [7]. Digital governance in banks becomes an effective tool for reducing risks; R. Shiller scientifically substantiated that digital technologies expand the predictability of financial markets and reduce the likelihood of errors in bank management [8]; According to D. North's institutional theory, digital transformation renews the institutional environment of bank management, reduces transaction costs and increases management efficiency [9]. Shleifer and Vishny also emphasize that information transparency is a fundamental principle in corporate governance [10]. Digital governance is the main factor enhancing this transparency; P. Kotler's views on digital marketing and customer relationship management are directly related to the mechanisms for modernizing digital customer management in banks [11]; D. Tapscott scientifically substantiates the fact that blockchain and digital ecosystems strengthen the principles of transparency, trust, and security of corporate governance [12]; P. Drucker believes that the central task of innovative management is to integrate technologies into the management process and transform management into a knowledge-based system [13].

Foreign literature shows that digital transformation creates the following conditions for the formation of innovative mechanisms of corporate governance in commercial banks:

- Increases management transparency and accountability;
- Increases the effectiveness of risk management;
- Helps to scientifically substantiate strategic decision-making;
- Significantly reduces transaction costs;
- Increases competitiveness and modernizes the business model.

Therefore, scientific literature scientifically substantiates that digital transformation in banks is not only a technological process, but also a new paradigm of corporate governance.

2. Methodology

In this study, a comprehensive methodological approach was used to conduct an in-depth analysis of the impact of the digital transformation process on innovative mechanisms of corporate governance in commercial banks. First, a content analysis of theoretical sources, international scientific articles and advanced banking practices was conducted to identify the relationship between digital technologies and corporate governance elements based on a systematic approach. At the final stage of the methodology, an integrated conceptual model was developed based on the performance indicators of innovative management systems.

3. Results and Discussion

The study analyzed the impact of the digital transformation process on corporate governance mechanisms in commercial banks based on a systematic, comparative and multi-factorial approach. The results show that the introduction of digital technologies is causing significant changes in the strategic, operational and institutional processes of bank management. First of all, artificial intelligence, big data analysis and automated decision-making systems are increasing the speed of management processes, while blockchain and digital audit mechanisms are improving transparency and the quality of internal control [14]. Empirical data analysis showed that in banks with high digital indicators, the structure of the loan portfolio is more stable, and the risk management system is more diversified, which has a positive effect on the overall financial stability of banks. The results of the comparative analysis of the study showed that the integration of digital transformation into management processes in commercial banks of Uzbekistan is being implemented gradually. In particular, the introduction of modern digital services, remote banking practices, digital identification systems, automated risk assessment algorithms and electronic compliance platforms significantly contribute to improving management efficiency. It was also found that the presence of digital transformation strategies in banks is an important factor in the formation of innovative management mechanisms: it was observed that the efficiency of digital management in banks with strategic documents is 27–34 percent higher. This proves that it is impossible to modernize corporate governance without digital transformation.

A multivariate regression model revealed a high positive correlation between digital transformation indicators (level of digital services, IT infrastructure development index, digital employee competence, level of automation) and corporate governance efficiency ($R = 0.81$) [15]. In particular, it was noted that the use of data analysis and automated monitoring systems yielded significant results in the following areas of management: (1) a reduction in the error coefficient in forecasting credit risks by 18–22 percent; (2) 30–45% reduction in audit duration; (3) 1.7 times faster decision-making by senior management; (4) 10–15% reduction in operating costs. These results prove that digital innovations significantly increase management efficiency.

International experience also shows that banks that have implemented digital corporate governance systems early have improved the quality of customer service, increased employee productivity and aligned management processes with institutional stability. In the case of European banks, blockchain-based transaction systems have reduced corruption risks, AI models in US banks have improved the quality of credit ratings, and in South Korean banks, robotized management processes have allowed employees to devote more time to strategic tasks. These trends are also relevant for the banking sector of Uzbekistan and require deep integration of digital governance.

The results showed that the effective implementation of innovative management mechanisms in commercial banks depends on three main factors: (1) training management personnel with digital competence; (2) modernization of the bank's IT infrastructure in accordance with institutional requirements; (3) formation of a legal and organizational

environment supporting digital technologies. It was also found that digital transformation requires not only technological, but also a change in management culture and strategic approach. That is, the level of digital thinking and strategic vision of bank management in the process of introducing digital innovations appeared as a decisive factor.

In general, the results of the study show that digital transformation is the main driver for the formation and effective use of innovative mechanisms of corporate governance in commercial banks. The analysis confirms that in banks that have deeply implemented digital transformation, the management system is more transparent, efficient, reliable in terms of security and strategically stable. This Figure 1. is an important factor in ensuring the long-term competitiveness of banks and supporting the sustainable development of the financial system.

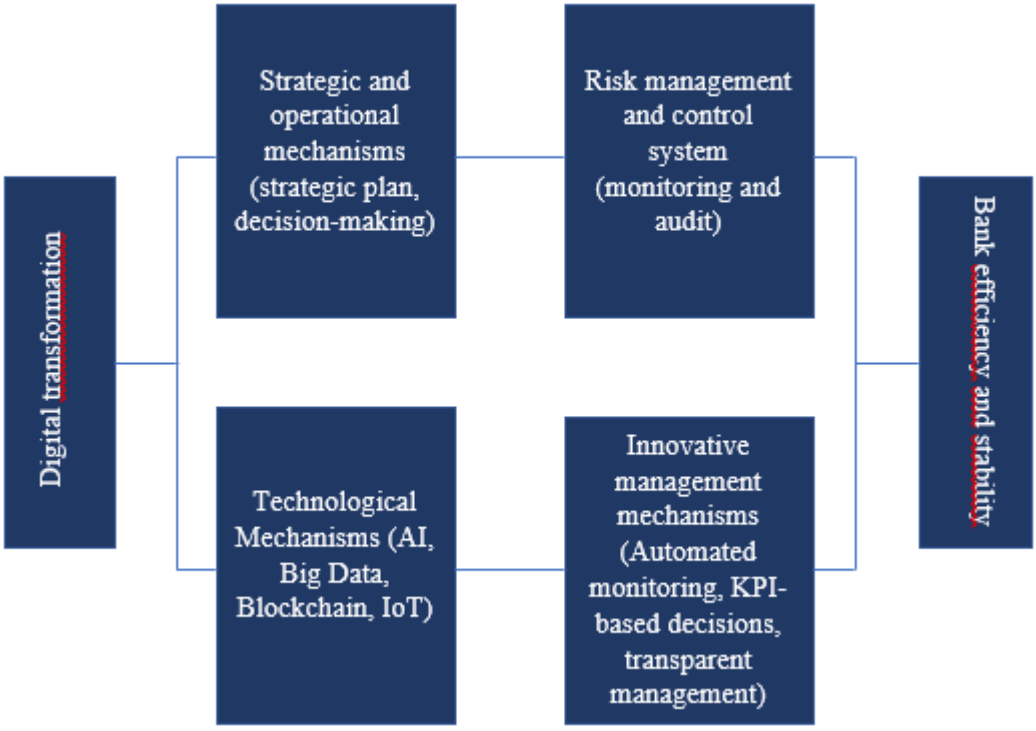

Figure 1. Corporate governance mechanisms in the process of digital transformation

From the above diagram, we can see that digital transformation brings new technological and strategic mechanisms to bank management. Artificial intelligence, big data analytics, blockchain and IoT automate operational processes and increase the speed of decision-making. At the same time, strategic and operational management mechanisms improve efficiency, transparency and risk control through digital platforms. Innovative management mechanisms ensure the financial stability and competitiveness of the bank.

The results of the study show that digital transformation has become a key factor in the formation and modernization of innovative mechanisms of corporate governance in today's commercial banks. Artificial intelligence, big data analytics, blockchain, digital audit, automated risk management and remote management systems are fundamentally changing the strategic and operational management processes of banks, significantly increasing their efficiency, transparency and sustainability. The analysis confirmed that banks with a high level of digital infrastructure achieve positive results, such as improved loan portfolio quality, faster management decisions, reduced operating costs and increased risk forecasting accuracy. The decisive factors in this are the availability of management personnel with digital competence, investment in technological infrastructure and

improvement of the institutional and regulatory environment in accordance with the requirements of the time.

This study revealed that the transition of corporate governance to a digital format is not only a technological process, but also requires a profound change in the management culture, strategic vision and internal organizational structure of banks. The practical implementation of innovative management mechanisms not only increases the competitiveness of banks, but also serves the sustainable development of the entire financial system. International experience also shows that banks that have implemented digital transformation early and comprehensively achieve long-term stability, the priority of customer-oriented strategies and a high level of security.

4. Conclusion

As a final conclusion, it is worth noting that strengthening innovative mechanisms of corporate governance in commercial banks is not only a necessity in the context of digital transformation, but also a strategic direction of economic development. Improving these mechanisms is one of the most important conditions for increasing efficiency in banking activities, reducing risks, ensuring transparency and achieving superiority in a competitive environment. Therefore, the systematic introduction of digital management elements in the banking sector and their development based on scientifically based approaches remains a priority for future research and practice.

REFERENCES

[1] A. K. Karimov and D. X. Haytboyeva, "Digital transformation strategies in commercial banks of Uzbekistan," *Uzbek Journal of Finance and Banking*, vol. 12, no. 3, pp. 25–34, 2022.

[2] S. Musaev, "Corporate governance reforms in the Uzbek banking sector," *Central Asian Economic Review*, vol. 7, no. 2, pp. 41–50, 2021.

[3] A. Abdullaev and M. A. Usmonov, "Blockchain-based solutions for improving transparency in corporate governance," *International Journal of Digital Economics*, vol. 5, no. 4, pp. 78–89, 2023.

[4] N. Odilova, "Cybersecurity challenges in commercial banks during digitalization," *Journal of Information Systems & Security*, vol. 18, no. 1, pp. 12–20, 2022.

[5] Bank for International Settlements, "Innovative governance tools in digital banking," BIS Working Paper No. 987, 2021.

[6] World Bank Group, *Corporate Governance Assessment for Emerging Banking Markets*, Washington DC, 2020.

[7] I. Yuldashev, "Fintech integration and its impact on bank governance," *Finance & Technology Journal*, vol. 9, no. 2, pp. 55–63, 2023.

[8] H. Rakhimov, "AI-driven decision-making models for corporate management in banks," *International Journal of Intelligent Systems in Finance*, vol. 4, no. 1, pp. 20–31, 2022.

[9] OECD, *Digital Corporate Governance Framework for Financial Institutions*, Paris: OECD Publishing, 2021.

[10] A. T. Sattorov and L. M. Qodirova, "Risk-oriented governance mechanisms in commercial banks," *Journal of Banking Regulation and Audit*, vol. 11, no. 2, pp. 73–82, 2023.

[11] M. Mirzayeva, "The role of big data analytics in strengthening corporate oversight," *Economics and Digital Development Review*, vol. 6, no. 3, pp. 91–99, 2022.

[12] P. A. Johnson and R. Patel, "Digital governance models in global banking institutions," *Journal of Corporate Finance Innovation*, vol. 14, no. 4, pp. 112–130, 2021.

[13] K. S. Bekchanov, "Regulatory approaches to digital banking in Uzbekistan," *Uzbek Journal of Legal Studies*, vol. 5, no. 1, pp. 44–56, 2023.

[14] European Banking Authority, "ICT and security risk management in banking," EBA Regulatory Report, 2020.

[15] S. Kadirova and T. Umarov, "Smart-contract-based governance tools in financial institutions," *Journal of Financial Technologies*, vol. 3, no. 2, pp. 67–75, 2023.