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Analysis of the Impact of the Structural Formation of Long-Term Assets and Liabilities on the Efficiency of Credit Services in Commercial Banks

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Abstract: This study analyzes the impact of the structural composition of long-term assets and liabilities on the development and efficiency of banking services, with particular emphasis on credit services in commercial banks. The research explores how the stability, maturity structure, and diversification of long-term funding sources—such as time deposits, funds of institutional investors, long-term borrowings, and subordinated debt—affect banks' capacity to expand and improve the quality of their credit services, especially in financing long-term and capital-intensive projects.

By examining balance sheet structures, maturity mismatches, and liquidity profiles, the study identifies key factors that enhance the sustainability and effectiveness of banking services. The findings demonstrate that increasing the share and quality of long-term liabilities not only strengthens credit service provision but also reduces refinancing risks and improves the overall stability of financial intermediation in commercial banks.

Keywords: Commercial banks, banking services, credit services, long-term assets, long-term liabilities, funding structure, maturity structure, liquidity management, financial stability, refinancing risk, sustainable credit growth.



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Introduction

Ensuring the long-term financial stability of commercial banks, including the sustainability of their credit activity and the efficiency of lending mechanisms, is closely linked to the structural composition of long-term assets and liabilities. One of the key determinants is the bank's ability to maintain an optimal share of long-term assets, particularly long-term loan portfolios, which generate stable interest income and support long-horizon investment financing. Likewise, the availability and quality of long-term fixed assets strengthen the bank's operational capacity by ensuring adequate technological and infrastructural support.[1]

At the same time, the effectiveness of the bank's long-term liabilities determines its capacity to expand credit operations with lower refinancing risks. A well-diversified long-term funding structure — including term deposits, institutional investors' funds, long-term borrowings, and subordinated debt — enhances the bank's creditworthiness and reduces sensitivity to short-term liquidity fluctuations. The adequacy of the bank's capital within the liability structure also plays a central role in supporting sustainable long-term lending and meeting regulatory requirements.[2]

Given these considerations, it is highly relevant to conduct an analytical assessment of how

long-term assets and liabilities are formed in commercial banks and to examine the conditions under which long-term financial resources are attracted, allocated, and utilized within the credit process.[3]

Literature review

Yu.G. Veshkin and G.L. Avagyan consider the financial stability of commercial banks as the excess of income over expenses. Assessing the financial stability of commercial banks based on their income, as well as the payment of dividends from their profits, is somewhat controversial. This is because bank profits are a key indicator of their overall performance, but we believe that in order to determine the financial stability of banks, it is necessary to pay attention to the sources that form them[4].

Economist O.I. Lavrushin stated in his work that "the credit mechanism should be organized in such a way that it has the ability to timely prevent the conversion of credit into expenses, as well as to timely notify about possible deviations, and thus actively influence economic entities that have committed deviations from established norms"[5].

Methodology

The main purpose of this study is to develop scientific conclusions and practical recommendations by analyzing the dynamics of long-term assets and long-term liabilities in commercial banks and assessing their influence on the banks' credit activity. The research focuses on how the maturity structure, stability, and diversification of long-term financial resources shape the capacity of commercial banks to expand lending, support investment projects, and maintain sustainable credit growth.[6]

The theoretical, methodological, and practical foundations of this article include a comprehensive review of economic literature and scientific publications, expert opinions on the financial stability of commercial banks, as well as analytical approaches to long-term resource mobilization and lending mechanisms. The study employs a systematic assessment of asset-liability management practices, expert evaluations, and comparative analysis with international experience in long-term funding and credit expansion. Based on these analyses, relevant conclusions and evidence-based recommendations are presented.[7]

In the research process, alongside general economic methods, various analytical tools were used, including statistical data collection, structural analysis of long-term balance sheet components, comparison, generalization, and systematic evaluation. These methods enabled a deeper understanding of how long-term funding sources affect the credit potential and financial sustainability of commercial banks.[8]

Analysis

As of December 1, 2024, 9 commercial banks in our country had a state share, and JSCB "Microcreditbank" ranked 7th among banks with a state share in terms of bank assets (24,070 billion soums) and 10th among all banks, accounting for 3% of the total assets of existing commercial banks. Also, the capital of this bank on this date was 4,829 billion soums, and according to this indicator, it was 7th among banks with a state share and 10th among all banks.[9]

In addition, the state of general indicators representing the bank's credit activity as of December 1, 2024 is as follows: the share of bank loans in the total loan portfolio is 3% (17703 billion soums); the ratio of loans to deposits is 239%; with the volume of problem loans amounting to 1066 billion soums, it reached 6.0% of the bank's total loans and recorded the second negative result after "Business Development Bank" among banks with a state share.[10]

We will conduct our research, first of all, to analyze the state of the bank's assets and liabilities in recent years in order to study changes in the structural structure of the existing resources of JSCB "Microcreditbank" and the dynamics of the formation of their sources.

In addition, the structure of the bank's assets suggests that the bank is not sufficiently active in the securities market and investment activities. Therefore, it is necessary to create and develop an infrastructure that will allow the bank to conduct extensive activities in these areas.

We will continue our analysis based on the Table 1. formation of conclusions by studying and analyzing the composition of the liabilities of JSCB "Mikrokreditbank".[11]

Table 1. Composition of liabilities and equity of JSCB Mikrokreditbank, in percentage.

Nº	Bank liabilities and equity	31.1.2.017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	Difference
1.	Obligations to banks	0,7	9,5	21,3	16,3	10,4	15,2	10,0	9,3
2.	Total deposit	58,6	40,9	23,6	23,2	23,4	32,2	33,4	-25,2
3.	Obligations under credit and leasing operas	8,1	26,4	21,9	41,8	37,7	29,6	33,3	25,2
4.	Bank issued securities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
5.	Subordinate debt	0,0	0,0	0,0	0,0	0,0	0,3	0,3	0,3
6.	Accrued interest to be paid	0,2	0,2	0,3	0,6	0,7	0,6	0,8	0,6
7.	Other commitments	1,1	0,8	5,3	1,1	10,5	0,4	1,6	0,5
	Total liabilities	68,7	77,9	72,4	83,1	82,8	78,3	79,4	10,7
8.	Share capital	31,3	22,1	27,6	16,9	17,2	21,7	20,6	-10,7
	Total passives (%)	100	100	100	100	100	100	100	---
	Total passives (trln soum)	1,7	3,0	5,9	10,3	13,5	16,8	19,1	17,4

The data in Table 2 shows that, although the liabilities of JSCB "Microcreditbank" to banks have a tendency to grow compared to the beginning of the analysis period, they have decreased compared to the indicators for 2019-2022.[12]

During the analysis period, the most significant changes in the composition of liabilities were observed in attracted deposits and liabilities for loans and leasing. It is noteworthy that the dynamics of the share of these two liabilities in liabilities was in the opposite direction. That is, while the share of deposits decreased by 25.2 percent, the bank's liabilities in the form of loans and leasing increased by 25.2 percent, and their share in the composition of liabilities almost equalized. This indicates that loans may be more profitable than deposits in attracting resources in this commercial bank. Therefore, in future analyses, it is advisable to group liabilities for deposits and loans by customer segment and by the terms of attraction.

In this regard, according to international experience, from the point of view of the impact on the financial stability of banks, a positive ratio of bank loans to deposits of 80-90% is considered. If this recommendation is taken into account, it will be necessary to significantly increase the volume

of deposits in this bank and its share in liabilities.[13]

In addition, the level of attracting other forms of resources in the bank, in particular, in the practice of raising funds through the issuance of securities and subordinated debt, was almost not noticed.[14]

Therefore, JSCB "Microcreditbank" should develop strategic plans for the structural structure of liabilities and regulate it in order to ensure the financial stability of the bank and reduce the level of risk in the bank, as much as possible in accordance with market principles, based on macroeconomic indicators in the economy, so that all economic entities in the economy receive optimal benefits. Of course, for this, the Central Bank should take appropriate measures to ensure fair competition (for example, setting a minimum level of the share of time deposits in the structure of liabilities for all commercial banks. This, in turn, on the one hand, will transform idle money in the economy into a financial resource, on the other hand, it will regulate the level of devaluation that may occur in the economy in the future through foreign loans, and on the third hand, it can serve to form and operate interest rates based on demand and supply between economic entities in the economy that are not lower than the inflation and refinancing rates).[15]

Conclusions

- According to data from JSCB "Microcreditbank" for 2017-2023, in 2017, the share of interest and non-interest income in assets, calculated at an average weighted interest rate of 16.9% on total loans at the bank, was 0.4%, which may be a natural situation;
- In 2023, the average weighted interest rate on total loans in the bank is 14.9% and the share of loans in assets is 74.6%, which means that the share of interest and non-interest income in assets is 5.9%, and its ratio to loans is 7.9% (5.9/0.746). This, in turn, is 53% of the average weighted interest rate on loans, which is not a positive situation from the point of view of the efficiency of the lending mechanism and the financial stability of the bank, as well as increasing the share of liquid assets and providing resources to income-generating assets;
- for this reason, the bank requires measures aimed at ensuring that this balance sheet item is at the standard level, in particular, a review of approaches to each element in lending mechanisms;
- the financial reason for this situation was that the bank's estimated reserves against potential losses on assets for 2023 amounted to 7,755.3 billion soums (+57.7% more than last year), in particular, the estimated amount of potential losses on loans and leasing amounted to 6,116.7 billion soums (+103.17% (or 2.03 times more than last year);

during the analyzed period, the share of equity capital in liabilities in the bank decreased by 10.7 percent to 20.6 percent, which is explained, on the one hand, by the fact that during this period, the total volume of liabilities increased by 10.9 times, while the volume of liabilities and bank capital increased disproportionately by 12.6 and 7.2 times, respectively. On the other hand, this may be due to the fact that the amount of net profit in the banking activity during this period had a low trend and was unstable in formation.

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