



International Conference of Economics, Finance and Accounting Studies

International Conference of Economics, Finance and Accounting Studies is a double-blind peer-reviewed, open-access journal published to reach excellence on the scope. It considers scholarly, research-based articles on all aspects of economics, finance and accounting. As an international congress aimed at facilitating the global exchange of education theory, contributions from different educational systems and cultures are encouraged. It aims to provide a forum for all researchers, educators, educational policy-makers and planners to exchange invaluable ideas and resources.

Classification of Bank Risks and Theoretical Foundations of Their Management

Toymukhamedov Ibrokhim Rikhsiboevich
Professor of the "Banking" department TSUE

At the current stage of the transformation of the economy of the Republic of Uzbekistan, special attention is paid to the issues of effective organization and improvement of modern corporate management practices in commercial banks. In particular, taking into account the globalization processes taking place in the world in recent years, continuing macroeconomic policies are being implemented aimed at achieving balanced economic growth rates by preventing their negative impact on the country's economy, stimulating internal demand and investment activity in the Real sector, creating financial resources necessary for entrepreneurial activity, and ensuring the expansion of production volumes in all areas.

In such conditions, taking into account the risks that arise in commercial banks, as in all organizations and enterprises, their effective management and the introduction of assessment systems are considered a requirement of the period.

Because risks can harm the financial situation of any organization and lead to the complete bankruptcy of the enterprise. Taking these cases into account, enterprises try to reduce its risk level by managing risks during activities.

The presence of the above problems and the need to solve them, the president of the country Sh.M.Mirziyoev touched on: "ensuring financial stability in the banking system by reducing problematic loans in the structure of loans allocated to the economy." [1] stated.

Today, it is envisaged to improve the risk assessment system, in particular, to introduce a mechanism for deep factor analysis of financial risk management, to form reserves, diversify the investment portfolio, take measures aimed at preventing the occurrence of problem loans, to introduce international standards for improving requirements for the formation of reserves for probable losses based on models of expected losses.

Risk is considered one of the most basic elements of economic activity, a multidisciplinary concept that has a broad meaning: therefore, in order to increase the efficiency of banking activities, to ensure its financial stability, it is necessary to thoroughly study the existing risks in the economy, their aspects of influencing banking.

Diverse opinions about the nature of risk, in many cases, are expressed in the fact that the brilliance of this phenomenon in practice does not fully recognize it in the cones of existing economic activity, is not sufficiently applied in Real economic practice and management activities. Beyond it, Rick is a complex process consisting of the sum of Real states that are incompatible, sometimes

opposite to the letter.

The term "risk" is derived from the Spanish - Portuguese word "rock under water", referring to the deep Moss of risk. Therefore, balkim, the etymology of the word "risk" goes back to the Latin word "ressum" - "risk at sea", "danger". "Risk is such a thing that it should be avoided." [6]

The perception of risk as uncertainty in economic activity can be used in the justification of the project chosen for its implementation, (according to the "cost-benefit" criterion) if it is justified. The main part of the profits that are currently being formed comes from effective risk management. The relationship between Risk and profit served as the basis for the perception of risk as an opportunity. Risk to profit leads to a desire to invest and aggressive behavior, the purpose of which is to quickly achieve positive results. Within the framework of this concept, risk is called only when there is a deviation between the actual and predicted result caused by many unknown factors.

Classical school figures have made significant contributions to the study of Risk theory. A. Smith had attempted to clarify the concept of reciprocal proportionality between risk and profit. A. Smith argued that "in an area with high risk cases, the income by law will be small, which in turn will increase even more the balance of methods to increase the expected income level." Accordingly, achieving the usual level of profitability is always associated with a large or small amount of risk.[9]

From local economist scholars, Sh.Z. Abdullaeva believes: risk and risk are something special, that is, risk is the activity of the subject of the economy, and it is associated with choice.[10] this activity is carried out based on the choice of the subject in risk conditions.

Prof. Sh. Abdullaeva makes another point in her research. In his view, "the interpretation as risk - error, hesitation, uncertainty, abstraction and hokozas is not consistent with international practice, and approaching that state, "risk" is intended to be referred to as "bank risk", "credit risk".[10]

Another local financier is T from scientists. Malikov, O. It is noteworthy that the olimjonov's views on risk. While the term "Risk" is being translated in some Uzbek-language sources to mean "risk", "risk", "threat", and "risk", none of them, according to the authors, have the original meaning of the term "risk". "The likelihood that losses will arise or that revenues will be received less than the intended level is called risk." [11]

In addition to the above, we can say that risk is a distrust resulting from the activity being carried out in the hall, which pursues a certain goal, sometimes consisting of losses in the result of unsatisfactory termination. Risks are an indicator that can be measured in banking activities, and they will always be equal to the loss the bank receives from the operas it performs, the income it loses" .[12]

In order to assess and reduce the impact of risks on the income of banks, it is important to classify them according to their various signs. Systematization of risks in general on the basis of their signs and criteria, combining their subgroups into general concepts, depends on the own motivation of each subject conducting this activity.

In our opinion, Risk Management in banks is a complex type of activity associated with the multifaceted nature and manifestation of various risks with many different and sometimes contradictory Real foundations.

Currently, the main focus on risk management is on organizations involved in the financial spheres of activity, since the problems of risk management and management are traditionally an integral part of the daily activities of financial institutions.

In addition to the above, it is appropriate to cite the following words of the president of the Republic of Uzbekistan Shavkat Mirziyoev. "In the last 4 years, serious steps have been taken to introduce market mechanisms to all aspects of our economy. The ultimate task is to create the foundation for long-term sustainable growth through deep structural reforms.[13]

As a result of the work carried out, the resource base of the banking system of our country, the amount of capital and their liquidity capabilities are also becoming more and more solid in recent years.

However, it is worth noting that the increase in risks associated with non-repayment of loans due to the reduction of cash flows of economic entities due to a decrease in economic activity under the influence of coronacrisis, which occurred at the international level in 2020, caused an increase in concerns about the financial stability of the banking system.

The resource base of banks is 66 trillion in 2023 compared to 2020. it grew by a sum of or 22%. [14]

The share of loans in the bank's asset balance is trending from year to year. If the share of the loan in the bank's assets was 76.1% as of 2019, its share as of January 1, 2024 was 70.2%. This means that while the absolute amount of bank loans has increased, their relative downward trend continues.

Of course, within the assets of commercial banks, all of the loans allocated to the real sector of the economy occupy a significant place. In this case, 86.7% of the allocated loans are credited to internal sources. This situation suggests that the role of the banking system in promoting economic growth is increasing.

It should be noted that financial and credit specialists are inclined to determine the risk-through the "risk of loss", since any financial transaction, carried out primarily for the purpose of profit, can lead to the fact that this goal is not always achieved, and even worse-to losses.

So risk is the financial category. Therefore, the level and value of risk can also affect the functioning of banks through a financial mechanism. Such an effect is carried out with the technical assistance and special strategy of financial management of the bank.

Currently, comprehensive work is being carried out in Uzbekistan on reducing existing risks in commercial banks. In particular, in the following years, institutional foundations of the risk management system were created in commercial banks in the country. In this case, management systems are being formed based on the value and risk methods of regulating the risks that arise in the activities of commercial banks through market methods.

But even so, in the activities of every commercial bank in our country, it is advisable to develop separate risk management standards that serve to ensure financial security and increase financial stability.

Because, in all developed countries, their existing banks have a risk management system. They protect banks through this system from crises, residents from depression, and enterprises that are customers to them from negative results. Risk Management serves significantly in ensuring financial security in banks as well as having a place in market conditions;

When developing a Risk management standard, it is necessary to use important elements of the above international risk management standards, as well as to include it in the management system of commercial banks, taking into account national characteristics and analyzing modern development trends. This in turn makes it possible to solve most problems in "income-cost" or "income-risk" pairs in commercial banks.

In addition, the most effective ways to reduce the risks that arise in banks include systematically increasing the financial literacy of the population, economic entities and individuals considered bank customers, various forms of compensation for losses caused by risks, diversification, securitization, creation of mutual guarantees and insurance systems in the financial services market.

This means that the level of Risk Reduction and rational management that arises in the banking system allows you to timely meet the demand of the national economy for financial resources and permanently protect its obligations to the population and creditors more broadly.

LIST OF LITERATURE USED

1. Mirziyoev Sh.M. Decree No. 37 of the president of the Republic of Uzbekistan "on the state program on implementation of the strategy" Uzbekistan — 2030 "in the"year of support of Youth and business". 21 February 2024.
2. Rose P.S. Bankovsky management. Per.s.ang.so 2-Go izd.-M: Delo, 1997. 768s..
3. Valvaran K.D. Upravljenje riskami kommerchiskom Banke.- Washington D.C.C., Mirovoy bank, 1997. 303 s
4. Toymukhamedov, I., & Elbusinova, U. (2020). Prospects for effective banking infrastructure and lending processes in Uzbekistan. Economics I innovacionnie tehnologii, (3), 18-29. izvlecheno horse
https://inlibrary.uz/index.php/economics_and_innovative/article/view/11420
5. Ivanov Compiled A.A., Oleynikov S.Ya., Bocharov S.A. Risk-management. Uchebno-metodychesky complex. - M.: Izd. Tsentr EAOI, 2008. – 193 P.
6. Luman N. Ponyatie Riska / II. Luman // Thesis. - 1994. - VIP.5. - s.150
7. Akimov V.A. Risk v prirode, Technosphere, ekonomike I abtshestve / V.A. Akimov, V.V. Lesnix, N.N. Radaev. - M.: Delovoy express, 2004. - s. 150.
8. Toymukhamedov, I. R., Norov, A. R., Abdurakhmanova, M. M., Kamilova, I. X., & Bazarova, N. R. (2022). The Role of Bank Investment Loans in Increasing the Export Potential of Uzbekistan Enterprises. Spanish Journal of Innovation and Integrity, 5, 356-361.
9. Smith, A. Issledovania O prirode I prichinax bogatstva narodov. A. Smith. - M: Nauka, 2016. - s.1056.
10. Abdullaeva Sh.Z. Bank risks and lending. - T: Finance, 2002. -304 b.
11. Malikov T., Olimzhanov O. Financial management. - T.: Academia, 1999.193 PP.
12. Toymukhamedov I.R. Banking. I.R.Toymukhamedov, 2005, p.239.
13. Mirziyoev Sh.M. Appeal Of The President Of The Republic Of Uzbekistan Shavkat Mirziyoyev To The Supreme Assembly.// Folk word. 2018. 29 Dec.
14. Annual report of the Central Bank of the Republic of Uzbekistan.2024.
15. Regulation No. 3427 of the Central Bank of the Republic of Uzbekistan “on requirements for the risk management system of banks and banking groups”. April 18, 2023.
16. Toymukhamedov, I., & Jumaev, I. (2024). The activities of commercial banks in the financial market of the Republic of Uzbekistan: problems and solutions. GREEN ECONOMY AND DEVELOPMENT, 1(4). Retrieved from <https://yashil-iqtisodiyot-taraqqiyot.uz/journal/index.php/GED/article/view/1668>