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Evaluation of Efficiency Indicators of Commercial Banks of Uzbekistan

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ABSTRACT

In a market economy, the banking system is considered the main pillar of the country's economic development. In recent years, large-scale reforms have been carried out in the banking sector of the Republic of Uzbekistan, aimed at increasing the competitiveness of commercial banks, strengthening their capital base, and introducing modern management methods. In this regard, the analysis of the performance indicators of commercial banks plays an important role in their sustainable development.

Several key financial and economic indicators are used to assess the performance of commercial banks. The table¹ below presents the content, measurement criteria, and analytical significance of these indicators.

No	Indicator name	Calculation formula	Content	Analytical significance
1	Return on assets (ROA)	(Net profit / Total assets) x100	The bank's level of profit from assets	Shows the efficiency of asset use
2	Return on equity (ROE)	(Net profit / Shareholders' equity) x100	The level of profit for bank shareholders	Evaluates the return on capital
3	Current ratio	Current Assets / Current Liabilities	Represents short-term solvency	Evaluates solvency
4	Capital adequacy ratio (CAR)	(Tier 1 Capital ² + Tier 2 Capital ³) / Risk-Weighted assets	Indicates capital stability based on Basel standards	Expresses the level of financial security

¹ Compiled by the author based on data from the Central Bank of the Republic of Uzbekistan.

² Core capital including common equity and disclosed reserves.

³ Supplementary capital like revaluation reserves, hybrid capital instruments.

5	Cost-to-Income Ratio	$(\text{Operating costs} / \text{Operating income}) \times 100$	Measures the operational efficiency of the bank's activities	Determines the level of cost management
6	Non-performing loan (NPL) ratio	$(\text{Non-performing loans} / \text{Total loans}) \times 100$	Reflects credit risk	Evaluates the quality of credit policy
7	Share of digital services (%)	$(\text{Digital services value} / \text{Total services value}) \times 100$	The level of digitalization of banking services	An indicator of innovative development

Analytical commentary. As can be seen from the table, in addition to financial indicators, the role of technological and innovative indicators in assessing the efficiency of commercial banks is increasing. In particular, the share of digital banking services and the cost/income ratio reflect the efficiency of the bank's internal management system.

A systematic analysis of the efficiency indicators of commercial banks in Uzbekistan serves as an important tool for improving banking activities. Based on the results of their assessment of economic performance, liquidity level, capital stability, and digital services indicators, it becomes possible to further optimize banking policy. Therefore, it is necessary to introduce a comprehensive efficiency monitoring system in the national banking system, based on international experience.

References:

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