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Foreign Experience in Ensuring Liquidity in Banking Services

Saipnazarova Mohinur Utkir kizi
Independent Researcher at
Tashkent State University of Economics

ABSTRACT

This article examines the global experience of enhancing the impact of corporate governance on bank capitalization. In particular, it analyzes how the independence of supervisory boards, protection of shareholders' interests, strengthening of management accountability, and implementation of transparency principles in the banking systems of the USA, the United Kingdom, Japan, and Germany contribute to ensuring banks' capitalization levels and financial stability.

Keywords: corporate governance, capitalization, bank capital, shareholder control, management accountability, risk management, international experience, financial stability, Basel principles, reinvestment policy.

Introduction

The level of capitalization in the banking system is one of the key factors determining the financial stability and investment potential of a country's economy.[1] In recent years, alongside issues of capital adequacy, risk management, and profit reinvestment in global financial markets, the efficiency of corporate governance has been recognized as a major factor directly influencing the capitalization process.[2] A strong system of corporate governance in banks helps protect shareholders' interests, strengthen oversight of management, mitigate risks, and ensure stable growth of the capital base.[3]

In accordance with the Decree of the President of the Republic of Uzbekistan No. PF-5992 dated May 12, 2020, "On the Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020-2025," priority tasks include improving corporate governance principles in commercial banks based on international standards, introducing transparency, and establishing an institute of

independent directors in banks with state participation. Therefore, studying international experience has both theoretical and practical significance for advancing the capitalization of Uzbekistan's banking system to a new stage.[4]

Methodology.

In recent years, the effectiveness of corporate governance has been increasingly recognized as a crucial factor directly affecting bank capitalization in the global banking system. According to studies conducted by international financial institutions, particularly the World Bank and the International Monetary Fund (IMF), banks with robust corporate governance systems are able to maintain stable capital growth, expand their capital base through profit reinvestment, and manage risks effectively.[5]

The experience of developed countries — namely, the USA, the United Kingdom, Japan, and Germany — shows that the key corporate governance mechanisms influencing bank capitalization include the independence of supervisory boards, increased management accountability, protection of shareholder rights, and strengthened transparency principles.[6] The Basel Committee's *Corporate Governance Principles for Banks* (2021) emphasizes the need to strengthen the role of boards of directors in strategic decision-making, reinforce risk management systems, and prevent conflicts of interest to sustain capitalization.[7]

Result and discussion.

In global practice, particularly in Japan and Germany, 70–80% of bank capital is formed through internal income and retained earnings, while in the USA, the main sources of capitalization are additional equity issuance and reinvestment policies based on market mechanisms. These experiences demonstrate that a highly developed system of corporate governance improves the qualitative indicators of capitalization, reduces the share of risk-weighted assets, and ensures sustainable profit growth.[8]

For Uzbekistan's banking system, adopting international practices — specifically, introducing effective corporate governance mechanisms, expanding shareholder participation, strengthening the role of independent directors, and establishing transparent reporting systems — can significantly enhance the capitalization level of commercial banks.[9]

In the U.S. banking system, the main principles of corporate governance — transparency, shareholder control, and the institution of independent directors — play a decisive role. In the United States, 60–70% of bank capitalization is formed from internal revenues (retained earnings) and profit reinvestment.[10] The Board of Directors approves capitalization policies, assesses risks, and makes strategic decisions regarding dividend payments. This system, consistent with Basel III requirements, helps maintain a high level of the “Common Equity Tier 1” (CET1) ratio.[11]

In the German banking system, corporate governance relies on a *two-tier control system*, where the Supervisory Board (*Aufsichtsrat*) carries out strategic oversight, while the Executive Board (*Vorstand*) is responsible for day-to-day management.[12] As a result, the qualitative indicators of bank capital remain high, and reinvestment of profits strengthens the capital base.[13] On average, 80% of bank capital in Germany is formed from internal sources, while 20% comes from additional equity issuance.[14] This model ensures long-term stability of bank capitalization.[15]

Conclusion.

Global experience demonstrates that the implementation of effective corporate governance mechanisms leads to sustainable growth in bank capitalization, reduced risk exposure, and expanded investment activity. For Uzbekistan's banking sector, applying these practices — particularly strengthening the institute of independent directors, expanding shareholder rights, and improving the mechanisms of profit reinvestment — will contribute to enhancing capitalization efficiency.

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