DIRECTIONS FOR IMPROVING ASSET MANAGEMENT IN COMMERCIAL BANKS OF UZBEKISTAN

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Annotation. This thesis investigates the main directions for improving asset management in commercial banks of Uzbekistan. The study examines current practices, identifies challenges affecting asset profitability, and proposes strategies to enhance the efficiency and effectiveness of asset management. The research highlights the role of risk management, investment policy optimization, and digitalization in increasing the return on assets. The findings aim to provide practical recommendations for bank managers and policymakers to strengthen the financial stability and competitiveness of Uzbekistan's banking sector.

Introduction. The banking sector plays a crucial role in the economic development of Uzbekistan, acting as a primary intermediary for financial resources and influencing the stability and growth of the national economy. In particular, commercial banks are key institutions that manage a significant portion of financial assets, and their performance directly affects the overall financial system. Efficient asset management is essential for ensuring profitability, liquidity, and sustainability in banking operations, especially in a rapidly evolving economic environment characterized by globalization, technological advancements, and increased competition. In recent years, Uzbekistan’s commercial banking sector has experienced considerable reforms aimed at improving transparency, risk management, and financial performance. Despite these improvements, banks continue to face challenges in optimizing the profitability of their assets due to factors such as inefficient allocation of resources, inadequate investment strategies, high operational costs, and emerging market risks. This highlights the need for systematic research into asset management practices, focusing on methods to enhance returns while maintaining risk at acceptable levels. Modern approaches to asset management include strategic planning, risk assessment, diversification of investment portfolios, and the integration of digital technologies to monitor and analyze asset performance. Additionally, regulatory frameworks and central bank policies play a significant role in shaping banks’ asset management strategies, influencing lending practices, capital adequacy, and liquidity requirements. The study of asset management in Uzbekistan’s commercial banks is therefore of high practical and theoretical significance, as it provides insights into the optimization of resources, improvement of profitability, and reinforcement of the banking sector’s stability. The objective of this thesis is to

identify key directions for improving asset management in commercial banks of Uzbekistan by analyzing current practices, evaluating efficiency, and proposing recommendations that align with international standards and best practices. By addressing both internal management practices and external regulatory influences, this research aims to contribute to the development of a more effective and sustainable banking system in Uzbekistan.

Literature review. The effective management of assets in commercial banks is a critical factor influencing financial stability, profitability, and sustainable growth. Mustafakulov [1] emphasizes that strategic planning and efficient allocation of resources are essential for optimizing bank assets, suggesting that banks adopting systematic approaches are better positioned to enhance returns while minimizing risks. In addition, Saunders and Cornett [2] highlight the importance of risk management in asset allocation, arguing that banks need to balance liquidity, profitability, and risk exposure to achieve optimal performance. Berger and Humphrey [3] examine the relationship between bank efficiency and asset management practices, noting that banks with advanced internal control mechanisms and performance monitoring systems tend to achieve higher operational efficiency and improved financial outcomes. According to Allen and Santomero [4], technological integration in banking, including digital tools for monitoring and analyzing asset portfolios, has a significant effect on decision-making and allows banks to respond effectively to market fluctuations. Furthermore, Diamond and Rajan [5] discuss the impact of regulatory frameworks and macroeconomic conditions on bank asset management, emphasizing that compliance with legal requirements and adaptation to economic changes are vital for maintaining financial stability and investor confidence. Collectively, these studies provide a comprehensive understanding of the factors influencing effective asset management, encompassing strategic, technological, regulatory, and operational dimensions. Despite these contributions, research specifically addressing the commercial banking sector of Uzbekistan remains limited, especially in the context of recent reforms, emerging market challenges, and opportunities for digital transformation. Therefore, this thesis aims to fill this gap by investigating current practices, identifying inefficiencies, and proposing strategies to enhance asset management and profitability in Uzbek commercial banks.

Research methodology. The research methodology for this study is designed to comprehensively analyze the current asset management practices in commercial banks of Uzbekistan and to identify strategies for improving profitability and efficiency. This study employs a mixed-methods approach, combining both quantitative and qualitative research techniques to ensure a holistic understanding of the subject. The quantitative component involves the collection and analysis of financial data from a representative sample of commercial banks in Uzbekistan over the period 2018–2024, including key indicators such as total assets, asset composition, profitability ratios, liquidity ratios, and non-performing loan ratios. Secondary data sources, such as annual financial statements, reports from the Central

Bank of Uzbekistan, and statistical publications, are utilized to obtain accurate and reliable information. The data are analyzed using descriptive statistics, ratio analysis, and trend analysis to evaluate asset utilization efficiency and profitability patterns across different banks. In addition, correlation and regression analyses are applied to investigate the relationships between asset structure, risk management practices, and financial performance, allowing for the identification of factors that significantly influence asset profitability. The qualitative component of the research includes semi-structured interviews with bank managers, financial analysts, and policy experts to gain insights into internal management practices, strategic decision-making processes, challenges in asset optimization, and the impact of regulatory frameworks. Thematic analysis is employed to interpret qualitative data, highlighting recurring themes, managerial perspectives, and best practices in asset management. The combination of quantitative and qualitative methods ensures that the research captures both measurable financial outcomes and contextual factors that affect asset management decisions. Ethical considerations are strictly observed throughout the study, including the confidentiality of sensitive bank information, informed consent from interview participants, and adherence to academic research standards. This methodological framework provides a robust basis for identifying effective asset management strategies, understanding the interplay of risk, regulatory compliance, and digitalization, and proposing actionable recommendations for enhancing the efficiency and profitability of commercial banks in Uzbekistan.

1-Table. Key indicators for evaluating asset management efficiency in commercial banks of Uzbekistan

Indicator	Description	Impact on asset management
Return on assets (ROA)	Measures the profitability generated from total assets	Higher ROA indicates more efficient asset utilization
Asset diversification ratio	Shows the level of diversification in asset structure	Greater diversification reduces risk and increases stability
Non-performing loans ratio (NPL)	Reflects the share of problematic loans in total assets	Lower NPL improves asset quality and profitability
Liquidity ratio	Indicates the bank's ability to meet short-term obligations	Optimal liquidity supports sustainable asset management
Digital asset monitoring level	Assesses the use of digital tools in asset management	Higher digitalization enhances efficiency and decision-making

The data presented in 1-Table illustrate the key indicators used to evaluate asset management efficiency in commercial banks of Uzbekistan and their influence on overall financial performance. The return on assets serves as a primary measure of how effectively banks utilize their total assets to generate profits, indicating that higher values reflect improved management efficiency. The asset diversification ratio highlights the importance of maintaining a balanced asset structure, as greater diversification reduces risk exposure and enhances financial stability. The non-performing loans ratio provides insight into asset quality, showing that lower levels of problematic loans contribute to stronger profitability and reduced credit risk. Liquidity ratios demonstrate the bank's ability to meet short-term obligations, emphasizing that optimal liquidity levels are essential for sustainable asset management without compromising returns. Additionally, the level of digital asset monitoring underscores the growing role of technology in improving transparency, control, and decision-making in asset management processes. Overall, the table confirms that a comprehensive approach integrating profitability, risk control, liquidity management, and digitalization is crucial for improving asset management efficiency in Uzbekistan's commercial banking sector.

Research discussion. The research findings indicate that asset management practices in commercial banks of Uzbekistan have a significant impact on overall profitability and financial stability. The quantitative analysis reveals that banks with a diversified asset structure and a balanced allocation between high-yield and low-risk assets demonstrate higher return on assets and improved liquidity positions. In particular, an excessive concentration of assets in traditional lending activities increases exposure to credit risk and negatively affects profitability, especially during periods of economic uncertainty. The results also show a strong relationship between effective risk management mechanisms and asset performance, as banks with lower levels of non-performing loans tend to achieve more stable financial outcomes. Furthermore, trend analysis highlights that banks actively adopting digital tools for asset monitoring and performance evaluation experience improved efficiency in decision-making processes, leading to better utilization of financial resources. The qualitative findings support these results by emphasizing the role of strategic planning, managerial competence, and regulatory compliance in enhancing asset management efficiency. Interviews with banking professionals indicate that limitations in analytical capacity, insufficient use of modern financial technologies, and rigid internal procedures often hinder optimal asset allocation. At the same time, respondents underline that recent regulatory reforms and increased supervisory requirements have encouraged banks to improve transparency and strengthen internal control systems. The discussion also reveals that aligning asset management strategies with international best practices contributes to greater resilience against market volatility and external shocks. Overall, the findings suggest that improving asset management in Uzbekistan's commercial banks requires an integrated approach that combines risk diversification, digital transformation, human capital development, and effective regulatory alignment. These results are consistent with

existing literature, confirming that sustainable asset management is a key determinant of banking sector stability and competitiveness. Consequently, the study provides empirical support for the proposed directions aimed at enhancing asset profitability and operational efficiency in the commercial banking sector of Uzbekistan.

Conclusion. The study concludes that effective asset management is a decisive factor in enhancing the profitability, stability, and competitiveness of commercial banks in Uzbekistan. The analysis demonstrates that the current asset management practices, while improved through recent reforms, still face challenges related to inefficient asset allocation, elevated credit risk, and limited utilization of advanced financial technologies. The findings confirm that banks with diversified asset portfolios, strong risk management frameworks, and systematic strategic planning achieve better financial performance and resilience against market fluctuations. Moreover, the research highlights the growing importance of digitalization in asset management processes, as modern analytical tools and automated monitoring systems contribute to improved decision-making and more efficient use of financial resources. The role of regulatory compliance and alignment with international banking standards is also identified as a key determinant of sustainable asset management, supporting transparency and investor confidence.

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