

## Development of Measures to Improve the Quality of Bank Assets and Passive Management

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### Abstract

This article provides information on the development of measures to improve the quality of management of assets and liabilities of the bank.

**Keywords:** Finance, Bank, Active, Passive, Money, Credit, Diversification, Sequence.

### Introduction

Based on financial analysis and the directions provided, a number of measures can be taken to improve the quality of the management of active and passive operations of the Bank:

- 1) increasing the bank's liquidity by attracting funds and reducing the growth of highly liquid assets;
- 2) increase the bank's own capital by increasing active operations; use attracted issuers as a unique inventive factor in capitalization growth;
- 3) increasing the level of asset yield by increasing the share of production funds by introducing a new product for individuals' lending.

The formation of the Banking System of Uzbekistan occurred in a very short time and coincided with a period of general economic crisis. The rapid growth of the number of banks occurred amid a sharp shortage of qualified banking specialists, which led to a decrease in demand for professional training of bank employees. This could not have affected the quality of management of credit institutions and, as a result of piracy, the level of performance of banks' duties.

Diversification is the most profitable distribution of the bank's assets and liabilities in the loan portfolio. Diversifying loans is the distribution of cash capital put into the economy or credited between different facilities in the hope of reducing the risk of loss and obtaining higher returns. When placing funds, the bank should pay special attention to the fixed assets that can be used immediately to pay for the withdrawn deposits.

Primary reserves include cash on safe deposits and checks, payment documents in the incasso process, funds in representative accounts of other banks, and funds in the bank's own backup account. Secondary reserves include highly liquid assets that can be converted into cash with minimal delay and low risk. These include assets that make up the securities portfolio and funds in credit accounts.

During the sequestration, a portion of the assets that generate revenue are issued with customers' vectors and vectors, and then such securities are sold on the open market.



As profitable assets are paid off, the income stream flows to the owners of the securities. In other words, bank loans are converted into free-selling securities on the stock market.

The Bank, in turn, will repay the funds spent on the acquisition of assets and use the new funds to provide new loans or cover operational costs. In fact, sequencending is the process of converting non-liquid loans into liquid assets.

After determining the size of the primary and secondary reserves, the bank can provide loans to customers. Loans are the most important part of the bank's assets, and income from loans is the largest part of the bank's profits. Finally, when depositing funds, the composition of the securities portfolio is determined. The purpose of the investment portfolio is to obtain income for the bank and be an addition to the second stage reserve when the deadline for paying long-term securities is approaching.

These are possible ways to improve the commercial bank's role in improving deposit policy and ensuring its stability.

Each bank develops its own deposit policy. The management of the credit institution also independently determines the level of importance of these areas and the superiority of it or this type of banking policy. This will primarily depend on the activity, specialization or universalization of a particular bank.

The document indicates that organizational financial flow can be expressed as a sequence of processes limited to time being the object of management: the recruitment process, the internal circulation and redistribution process, as well as the process of placing financial resources (cash).

The uniqueness of the bank is that functions in each block can be sorted according to the level of management decisions regarding their use. For example, in the block of attracting financial resources, decisions are made to provide and use profits at the level of the Board of Directors, to obtain loans at a senior management level, and to dispose of insurance premiums. The formation of funds, the use of credit debts, and the amortization are carried out at the level of separate departments.

According to the document, attracting financial resources is the bank's activities aimed at obtaining the funds necessary for normal operation, namely, the formation of obligations. Within a commercial bank, this task is complicated by the availability of various types of economic operations in its organizational structure.

Despite many options, the financial resource grab will ultimately be on four tracks, each with its own well-known features. However, the proposed system implies that the number of components of each element is limited only to the economic intended. For example, you cannot simultaneously post multiple emissions or distribute profits to funds not specified in the article. At the same time, it is worth noting that the amount of financial resources involved must be determined on the basis of the balance sheet equation to finance activities.

To increase the Bank's own capital, it can be applied to an unlimited (wide) circle of persons in the form of open trading of shares, including the sale of deposit petitions for shares. Foreigners are interested in the financial market of Uzbekistan, but there are objective restrictions on their permissible participation in the national banking system. At the same time, this participation is due to the lack of transparency of many banking network structures. This method of increasing capitalization is carried out in cooperation with a strategic foreign



investor. At the same time, cooperation with foreigners does not abolish the possibility of an IPO.

The sale of shares can be realized both by placing the issuance of additional shares through an open subscription and by the open sale of existing emissions shares. Investors may be offered additional or major emissions shares during the public placement of stock (PO). There are several primary purposes of IPO transfer, the importance of which may vary depending on the specific situation:

- 1) Attracting Capital in the Company: Transferring an IPO allows the company to access a much broader range of investors' capital.
- 2) The availability of shares sold on the capital market provides the most objective assessment of the value of the company, which can be used as a means of assessing the performance and motivation of managers or as an ethanol for inclusion and annexation.
- 3) The founders of the company will be able to sell their shares in full or part thereby capitalizing on the company's expected future revenues.
- 4) After the IPO, the liquidity of the founders' capital will also increase sharply, for example, when banks are willing to issue collateralized loans with listing (public) shares compared to closed (private) companies.

After the IPO, the company will be open, the report is clear and transparent, and is a priority for most companies.

Management of the bank's financial resources requires accurate and adequate information from internal and external sources. At the same time, external data are necessary to predict economic development and formulate a strategy, while internal data is necessary to monitor the implementation of accountability management policies and to evaluate the need for changes to it. All information used by the bank must be relevant, reliable and timely.

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