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Special features of the strategic development identification over commercial banks

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ABSTRACT

This paper has investigated the major features of informational database over bank actives and credit portfolio with the special features of the strategic development analyses of commercial banks. Moreover, international experience of commercial banks was proposed by authors with possible diffusion versions. The diffusion of international experience has concluded with proposals of the possible analyses.

Keywords: Bank actives, bank credit portfolios, crediting risks, classifications of crediting, analyses of bank credits

1. INTRODUCTION

Strategical development of banking system has been noticed as a major development of states. On this way, Uzbekistan has done great job in order to ease the facilities of banking while organizing policies by major changes at all. Hence, decree by I.A.Karimov as a first President of the country on 6th of May in 2015 with PK 2344 numeration focuses on “Financial stability of commercial banks and development of liquidation resources as whole” (Akimov & Dollery, 2009).

Moreover, it mentions International Bazel – 3 agreement requirements and diffusion of it while making strong liquidation of banking facilities. In addition, optimization of bank activities and bank capitals are considered as a major factor of steady activity. Leverage coefficient rate and improvement of it is under control of the commercial banks. Besides this, strategy of commercial banks and the realization tactic sequences are considered as a major repeated feature of it at the end (Calhoun, 2013).

This type of factor is considered as following:

1st feature

Bank passives are believed to be one of the vital consistent of commercial banks, especially credit-finance organizations. On this way, international investigations and loans are noticeable, as well as risks that are directed on external debts are vital at all.

2nd feature

Maintenance of liquidation position per international Basel -3 normative, being under the control of the leverage coefficient are important as whole. These steps make better stability and development crediting system will be guaranteed.

3rd feature

Capital of bank passives are low by which capitals of banking capacity need to be improved.

The steps of strategic development makes better improvement on the modelling and information, communication systems as whole. Moreover, the way of development leads to prosperity on clients and their businesses as well.

2. THE STEPS OF ESTABLISHMENTS

On the way of development commercial banks need to make theoretical and methodological banking facilities relatively. Moreover, portfolio and actives of commercial banks are considered as an important feature of international experience at all. The final step could be proposals and recommendations of well-known professional experts on the sector that make better understanding as whole (Calhoun, 2013).

Classification of bank actives

Commercial bank actives are believed as a major feature of bank actives and economical horizon of it needs to be analyzed deeply.

On this way, following features of it could be important from author's point of view:

- a) acceptance of actives by accounting standards
- b) classification of active risks and their values on the businesses
- v) grouping and sorting features of actives by profitability of them

First and foremost, actives of commercial banks are divided into risk rates. These days, identifying risk rate the following documentations are available:

Firstly, as for Central Bank of Uzbekistan Republic "Commercial bank actives' classification and recruitment of bank risks" are decreed on 14th June, in 2015 with 2696 governmental series. Therefore, bank actives are assessed continuously as following:

- Sector tendency and prosperity;
- Economic motivation and technical establishment;
- Financial condition and capacity of crediting;
- Crediting history, decreasing of liquidation;
- Economical declaration of each project;
- Managing condition

Bank actives according to the quality could be as following "standard", "substandard", "unsatisfactory", "doubtful" and "hopeless".

In addition, decree towards Central Banks of Uzbekistan Republic "Relevancy of capitals with commercial banks and their requirements" on 6th of July, in 2015, with the governmental 2693 series, as whole. On this way, we categorize banks to zero risky, minimal risky ones (up to 20%), minimal risk rate (50 %), high risk rate (100%), very high (150%). On this way, each person should possess guarantee or insurance policy in order to make better crediting over passives (Bobojonov, Teuber, Hasanov, Urutyay, & Glauben, 2016).

Financial actives (except separated crediting actives) companies such as Moods, Standard & Poors, Fitch Ratings international rating agencies are identified and classified. Investigation levels are from AAA to BBB, lower than BBB levels are speculative levels.

Furthermore, financial actives and their risks are assessed relatively. Risk level is defined with rating classes. These classes are standard, substandard, hopeless, unsatisfactory and doubtful ones.

According to international experience banking finance rating calculation can make sure risk rates and so on. From this, "Deloitte Touche Tohmatsu Limited" auditing company has suggested these following way of categorized features:

Table 1. “Asaka” bank actives on the 01.01.2016 basis and classification of it according to ratings, (in million sums)¹

Name	AA	A	BBB	BB	B	Without rating	Central Bank	Total
Equivalent to money resources	1218	45641	3631	7690	148836	31770	512101	750887
Bank resources	10302	-	50088	10700	324114	58568	637171	1090943
Directed mortgage and loans to clients	-	-	-	-	-	5109789	-	5109789
Investitions for selling purposes	-	-	-	-	-	20938		20938
Other financial actives	-	-	-	-	-	22946		22946

Besides this, annual risk rate could be identified by maximal crediting risk assessments. Especially, below mentioned table illustrates AT “Asaka” bank financial representatives (Djanibekov & others, 2008; Khalilov, 2014).

Table 2. Financial actives of “Asaka” bank and maximal risk rate condition on 01.01.2016 date (in million sums)²

Name	Maximal rate of credit quantity	Accounting of actions	Credit risk rate	Prove statement	Net quantity of the quantity risk
Equivalent to money resources	750887	29696	721191	-	721191
Bank resources	1090943	-	1090943		1090943
Directed mortgage and loans to clients	5109789	1651003	3458786	3405475	53311

¹ <http://www.asakabank.uz/uz/about/reports/> is constructed by author

² <http://www.asakabank.uz/uz/about/reports/>

Investitions for selling purposes	20938	-	20938		20938
Other financial actives	22946		22946		22946
Equivalent to money resources	2102485	1574526	527959		527959

According to the first case these following conclusions could be done:

categorized features could open new opportunities while providing them with standardized information

these steps make guaranteed information case of it on accounting system while making better standards as whole

national rating system establishment (for instance, "Information-rating"- including centralized company)

investigation of bank possibilities make us better analyzation of risks at all.

On this way, possible analytical analyses are given as following:

Table 3. Well-known commercial banks actives on 01.01.2016 condition, (milliard sums and percentages)³

Components of actives	Industrial - Construction Bank		National Bank		Asaka bank	
	Sums	percentage, (%)	Sums	(%)	Sums	(%)
Total actives	9060,1	100	15754,4	100	7239,2	100
From which:						
Cash resources	100,0	1,1	3292,9	20,9	750,8	10,3
Money resources of Central banks and other banks relatively	1350,1	14,9	1325,4	8,4	1090,9	15,1
Leasing services and credit accounts	7227	79,8	10237,9	64,9	5109,8	70,6
Investitions	115,5	1,3	32,9	0,2	68	0,1
Percentage and without percentage incomes	61,9	0,7	91,9	0,6	45,7	0,1
Fixed assets and intangible assets	120,8	1,3	450,7	2,9	100,1	1,4
Property for sale	30,8	0,3	183,3	1,2	15,8	
Other actives	182,7	2,0	139,8	0,9	57,7	0,1

Totalized bank actives structure gives you both outcomes and shortcomings of the sector as whole. Let us see both these positive and negative points with the relevant examples, as whole (Kotz, 2003).

³ <http://www.asakabank.uz/uz/about/reports/>, <http://nbu.uz/ru/about-us/godovye-otchety/>
<http://www.uzpsb.uz/ru/interaktivnie-uslugi/auditorskaya-otchetnost>

Table 4. Commercial banks income statistics on 01.01.2016 year, (milliard sum and percentages) ⁴

Numbers	Indexes	Industry Construction Bank	UzNational Bank	Asaka bank
1	Net income with percentage	188.9	100.6	166.9
2	Net income without percentages	121.0	400.4	135.2
3	Operational income	309.9	501.0	302.1
	Net income	73.8	140.1	81.8

According to this mentioned statistics stude con not guarantee both incomes and outvomes of it as whole. On this way, investigation has made analyses of “Deloitte Touche Tohmatsu Limited” while highlighting the following conclusions.

Table 5. “Asaka” bank incomes for the 01.01.2016 date with million sums ⁵

№	Indexes	Sum
1	Percentage based incomes	418 818
1.1.	Interest on loans to customers	383 708
1.2.	Bank interest	21 080
1.3.	Interest on financial lease	14 030
2	Commission incomes and services	99 982
2.1.	Settlement operations	42 722
2.2.	Foreign currency transactions	35 769
2.3.	Credit operations	14 561

⁴ <http://www.asakabank.uz/uz/about/reports/>, <http://nbu.uz/ru/about-us/godovye-otchety>
<http://www.uzpsb.uz/ru/interaktivnie-uslugi/auditorskaya-otchetnost>

⁵ <http://www.asakabank.uz/uz/about/reports/>

2.4.	bank guarantees	5 995
2.5.	Others	935
3	Other income	16 108
3.1.	Penalties	4 552
3.2.	Income from rental of fixed assets	1 955
3.3.	Revenue from the sale of fixed assets	836
3.4.	Subsidiaries of income	218
3.5.	Income from swap transactions	5 262
3.6.	Other non-interest income	3 285

According to information could be seen that major income resources and basis are external resources while making better horizontal perspectives. In the Republic of Uzbekistan, we can see the major feedback on it while the following steps:

- To introduce better technologies and improvemental views of new technological innovations;
- National and international currency;
- Long term and short term perspectives;
- Legal entities, including large corporate clients, small businesses and private entrepreneurship;
- Individuals, including microprocessor plastic cards.

Furthermore, “Asaka” bank credit portfolio has been analyzed in order to make better recommendations and suggestions as a whole. On this case “Deloitte Touche Tohmatsu Limited” auditing company has the following systems :

Table 6. “Asaka” bank crediting structure over clients on 01.01.2016 with million sums⁶.

№	Indexes	Sum
1	The loans to legal entities	
1.1.	Corporate loans	4 911 092
1.2.	Net lease investments	160 262

⁶ <http://www.asakabank.uz/uz/about/reports/>

1.3.	Lending to small businesses	21 353
	The total loans to legal entities	5 092 707
2	The loans to physical entities	
2.1.	Mortgage loans	328 909
2.2.	Consumer loans	69 504
	The total loans to individuals	398 413

Mentioned details highlight loans towards different aims, as there are various types of organizations. The way of development requires credits, mortgages and loans toward different purposes.

According to the given materials these financial aids are divided into two categories. It is noticeable, for the 1st of 2016, the share of bank's crediting portfolio is 30 percent of all (its share 1525852 million sum).

Table 7. "Asaka" bank crediting policy for the 01.01.2016 in million sums.

№	Indexes	Sums
1	Industry	3 878 693
2	Trade and selling purposes	429 029
3	Physical persons	398 413
4	Construction	253 752
5	Agriculture	241 088
6	Communal services	102 709
7	Transport and communication	30 909
8	Others	156 527
	Total credits	5 491 120

	Risks proofs	(381 331)
	Net total credits	5 109 789

Crediting sectors are divided into various groups, other types of credits are considerably high with 42 % at all. The rate of amount is 1612828 thousand sums , from which 1404902 thousand sum or 87 percentage are divided into two special loans.

3. CONCLUSION

To sum up, Uzbekistan Republic has great attention over the international experience learning and analysing at all. Especially, according to Central Bank and international audit companies methodology of working attituded are categorized in and adopting possibilitesa are discussed at all(Allison, 2004).

Besides , the requests of banking actives and their quality control is separated into standard, substandard, unsatisfactory, based on dubious and desperate groups, while making other type of classification like minimal risk , medium and high risk rate ones at all.

Moods, Standard & Poors, Fitch Ratings are believed as an Internatioanal rating agencies and their crediting rates are as AAA or BBB . Moreover, maximum rate of bank actives are believed to be real assessment feature in order to make better decision (Brunner, Rudolph, & Schmid, n.d.).

In addition, the way of profitability should be analysed as in some areas there could be various accidental issues. Each time the value should be categorized accordingly. “Deloitte Touche Tohmatsu Limited” auditing company methodology and banking operations with their legal names , account details are categorized as whole.

Commercial banks need their policy while making better productivity and effeciency as whole. Classification of the services in commercial banks are categorized with their product type, crediting services, legalization of crediting and relatively.

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