

Improvement of Risk Management System in Commercial Banks

Asrorov Azizbek Isomiddinovich ¹, Norbekov Jasurbek ²

¹ Samarkand Institute of Economics and Service, Assistant trainee of the "Real Economy" department

² Samarkand Institute of Economics and Service

Abstract:

In the article studied the system of risk management of commercial banks, the specific features of the methods used in banking risk management, the practice of implementation of international standards on risk management and formed necessary conclusions.

Keywords: Bank risks, risk management, capital, liquidity, damage.

Enter. Social and economic processes taking place in the world at the present time, globalization of the world economy, as well as international and local in the banking system, in the context of intensifying competition in the markets the existence of problems, and existing problems in banks are risks in them the urgency of improving the methods used in management increasing and bringing specific aspects of risk management is issuing. In particular, in the management of unsystematic risks of banks applicable when applying the methods used in systematic risk management ineffectiveness, as well as day and night in bank risk management the method considered effective has lost its importance today it should be emphasized separately. In this regard, the President of the Republic of Uzbekistan Sh.M. Mirziyoev by socio-economic of our country in 2016 the main results of development and economic for 2017 Ministers dedicated to the most important priorities of the program It is the same in the report at the extended session of the court problems have been addressed. In particular: "...Second - in cash and non-cash form the existence of a difference in calculations. ..." and "Why plastic Before putting cards into circulation, all mechanisms are carefully developed not released?"[1] are among these cases. Taking into account the above, as well as international finance and the level of risk in the conditions of sharp

fluctuations in stock market prices reduction, effective risk management and its improvement is one of the urgent tasks.

Analysis of literature. on the topic Several problems in the banking system are the head of our country By Sh.M. Mirziyoev "Critical analysis, strict discipline and personal responsibility is a daily rule of every leader's activity necessary" for socio-economic development of the country in 2016 the main results and the most important of the economic program for 2017 expanded the Cabinet of Ministers dedicated to the priorities was discussed in detail in his report at the meeting [1]. The Republic of Uzbekistan in solving these problematic issues It was recognized that the role of the Central Bank[2] is very important. Based on accurate and qualitative data [3] problem and research and analysis of shortcomings, based on them the appropriate conclusion and solve or eliminate problems by making suggestions it is important to determine the ways. The banking system of our republic was also achieved during the period of independence along with the achievements, some problems remain, mainly risky activities of the bank, in particular, high-yielding and high continuous analysis of the quality of risk-bearing assets [3]. by preventing losses on these assets protecting the interests of shareholders and customers for commercial banks is one of the current issues. For this, the first international developed in international practice globalization of the economy when applying models[4] in practice As a result, other aspects of the problem arise according to them further improvement of international standards and preliminary standards in addition, the development of new models [10] is required by the period itself is doing This is one of the companies that have faced a crisis as a result of globalization Lehman Brothers (USA) [5] can be mentioned as one. This from unconventional risky methods of financial relations in the company from large financial institutions that went bankrupt through the use of is one. The Central Bank of the Republic of Uzbekistan is such a negative financial prevent situations leading to results and customers in the banking system effective means of managing the protection of interests as principals mainly bank capital [6], the largest amount of risk to one borrower or a group of related borrowers [7], large credit risk and the largest amount of investment [8], methodological basis for determining the liquidity coefficient[9]. improvement and step-by-step requirements for them It is not wrong to say that he chose his path.

Research methodology. Economic methods of risk management of commercial banks There are very wide and diverse opinions and considerations in the economic literature regarding the essence and types. However, their shape and smell Although it is diverse, its content is focused on one goal. In this respect in order to clarify this issue once again: "Commercial banks risk management methods - this is the goal of the bank risk management to achieve their safe level approach and equations that serve to assess whether it is provided we formed an economic definition in the style of "complex". It is known that risk management methods in banks are internal and external developed systematically and spontaneously under the influence of factors. In particular, the increase in the type of operations and services of banks, as well as widespread use of financial instruments and credit institutions increased competition between different banking risk management caused the emergence of methods. Systematize them as follows fit for purpose. Regulator of bank risk management to the first link organizational foundations are included. For example, organizational foundations in Uzbekistan including "Central Bank of the Republic of Uzbekistan", "Banks and banking Laws on the activity of commercial banks of the Central Bank regulatory and legal documents related to regulation of activities, developed and put into practice by commercial banks regulatory documents can be included. The second link is "Central Bank of the Republic of Uzbekistan" risks of commercial banks according to Article 51 of the Law [2]. determines the following economic regulations related to management. Figure 2 shows that in the management of commercial banks' risks one of the important links of the information-database management system is considered However, in transition economy countries, "dataTwo aspects of the methodology can be distinguished, first, is a theoretical aspect, and in this aspect, methodology is epistemology of knowledge is based on philosophy. The second is its practical aspect ways and

methods of achieving a practical solution to the existing problem is used. So, in the theoretical aspect of the methodology, it is acceptable models, to achieve an appropriate result in practical terms based on a program (algorithm), a set of methods and methods solutions to problems are determined. At the same time, they are conditionally divided into official and unofficial groups we came to the conclusion that separation is appropriate. Risk management bringing control of commercial banks to the official group of methods Officials of visiting agencies, Central Banks and International Banking Committees we can cite the criteria and standards that have been set. Bank analysts mean informal methods of risk management and experts in local and international financial markets a logical conclusion formed on the basis of process observation and analysis and recommendations are provided. Such methods include Delphi analysis, morphological analysis, scenario analysis, coefficient analysis and other analysis methods can be included Differential, integral, logarithm, index, simple series, correlation, regression analysis, factor analysis and others methods are used. Limitation in choosing a risk management strategy (limitation), reserve, hedging (together with insurance), to use diversification and optimization methods will be compatible. Clarification of powers at the control stage and division of responsibilities, monitoring and reporting system attention is paid to issues such as formation. Organization and implementation of risk management of commercial banks the board of shareholders of the bank, the bank's management board and members and responsible employees working in the system collegially it will be necessary to organize work. Of course, risk management informal approaches along with formal methodologies in the process is introduced. Informal approach to risk management means banking analysts and by experts in local and international financial markets a logical conclusion formed on the basis of process observation and analysis and recommendations are provided. The coefficient of such methodologies analysis, scenario analysis and other methods can be included. As can be seen from the above, commercial banks two aspects of risk management methodology are important. The first is its theoretical foundations, and the second is the existing problems creation and implementation of methods aimed at the solution. It can be seen that commercial banks have a safe level of risk It requires the implementation of a number of methods to provide and effectively manage them is enough. It is worth noting that risks in foreign banking practice their basic principles based on the methods used in management stands Therefore, international and local banks risk management methods taking into account economic, legal and political factors in implementation experience shows that the approach is necessary. The methods used in bank risk management are safe risks the economic that banks can see by downgrading should serve to prevent damages. These methods for this it is desirable to meet the following requirements. In particular: – adequacy (adequacy) in bank risk management the methodology and methods used depend primarily on the activity of banks to be, conformance to the accounting policy, as well as quality of bank risks, it is necessary to provide an opportunity for effective and accurate assessment; – accuracy, that is, the methods used in risk assessment bank a clear proposal regarding the solutions of problematic aspects of risks and should be able to make recommendations;

Analysis and results. A number of commercial banks operating in international banking practice The only one established by central banks and the international Basel Committee It happened in different continents of the world even though the standards and criteria were met bankruptcy as a result of ongoing financial and economic crises is falling [4]. So, banks are financially stable and in a state of bankruptcy established criteria for risk management so that they do not fall and it is not enough to fulfill the norms, that is, in the conditions of the market economy it is not guaranteed that they will not become insolvent. For example, the global financial and economic crisis that occurred in 2008 resulting in 1,696 bank bankruptcy filings in the US in 2007-2012 presented to the courts [5]. As can be seen from the cited cases, commercial banks geographic of the country in the application of risk management methods location, economy management system, population mentality, country Pay attention to the features of the monetary policy of the Central Bank fit for purpose. "Uzbekistan Article 51 of the Law on the Central Bank of the Republic according to the

following related to the risk management of commercial banks economic norms can be included: – monand ratio of capital. At the request of the Central Bank according to commercial banks 10 percent of the total capital, the main is set at the level of 5 percent in relation to capital. It should be noted that Increasing the capital requirements of the Central Bank commercial banks overall in order to ensure their financial stability 2016, respectively, to increase capital and Tier 1 capital From January 1, 11.5 and 8.5 percent, from January 1, 2017 to 12.5 and 9.5 percent, from January 1, 2018 from January 13.5 and 10.5 percent, from January 1, 2019 to 14.5 and 11 percent defined by [6]; – to one borrower or a group of related borrowers maximum amount of risk[7]; – large credit risks and the largest amount of investments[8]; – liquidity coefficient [9]; – requirements for classification and valuation of assets, as well as such which are included in the bank's operating expenses based on classifications which is organized against doubtful and inactive debts from deductions requires formation of reserves; – such as open currency position limits are among them.

Global financial and economic crises occurring in the world, international significant fluctuations in supply and demand in financial and commodity markets international Basel Committee on bank risk management in 2010-2011, considering the improvement of existing methods Basel III was developed and approved by [10], this model is step by step It is planned to be introduced into banking practice during 2012-2019, its main requirements are: – composition and sources and amount of banks' own funds new requirements were put into practice on January 1, 2013. Basel Tier 1 and tier 2 capital that does not meet the requirements the sources of which are the banks' own funds in the next 10 years removed from the composition; – in relation to the core capital and first-tier capital of banks The new requirements for the level of established adequacy will be phased in from 2013- It was planned to be put into practice during 2014, however The banking system of some developing countries meets these requirements faces a number of conflicting situations in implementation; – to share capital and total capital during 2016-2018 the creation of a relatively protective buffer is envisaged; – set in relation to the minimum amount of banks' liquidity the amount of requirements has been increased, the bank's liquidity has been ensured as one of the main indicators of financial stability was set. There are many risks arising in the activity of commercial banks constantly improving their management methods demands to go. In particular, some of them are listed below: – the main amount of loans taken by borrowers from the bank and return the accrued interest payment to them on time or at all can't get it; – early withdrawal of bank depositors' funds demand; – negative impact of bank loan interest rates on credit value show; – investments made by the bank in securities decrease in value and other similar factors of bank risks to cause diversitya.

Conclusions and suggestions. Theoretical and practical aspects of bank risk management methods the following conclusions as a result of the research carried out we formed: – increased competition in international and domestic markets, financial sharp fluctuations in the price of resources and assets at risk bank increases the relevance of risk management methods; – commercial banks are unique in terms of risk management methods approach does not exist, although their form is different bank risk management, as its content is focused on one goal research by dividing the method into formal and informal groups and it is appropriate to use in practice; – organization and management of risk management of commercial banks Selection of methods and its implementation include a number of steps takes risk management techniques without following these steps commercial considering that its introduction will not give the appropriate effect In the management of banks' risks, attention is initially paid to their theoretical aspect is focused on, and in the next place, focusing on the solution of existing problems fit for purpose. – any method used in bank risk management banks can see by reducing risks to a safe level to ensure that it is aimed at preventing economic damage necessary; – risk management and monitoring in the practice of commercial banks Wide use of risk management in making and evaluation is desirable. Because, through risk management, banks improve the quality and composition of their assets, constantly the current state

of the risks that may arise monitors, in the process of transferring risks to other banks or related that may arise as a result of decision-making or risk losses are avoided. In short, the risk management of commercial banks socio-economic methods taking place in the country's economy varies depending on the processes, their effective and rational use to increase the financial stability of banks and the banking system of the population serves to strengthen his confidence.

List of used literature

1. Mirziyoev Sh.M. "Critical analysis, strict discipline and personal accountability should be a daily rule of every leader's activity. The main socio-economic development of the country in 2016 results and the most important of the economic program for 2017 expanded the Cabinet of Ministers dedicated to the priorities lecture at the meeting. //People's word, January 16, 2017.
2. Central Bank Law.
3. Chapel S.W. System analysis and modeling perspective sustainable national economic development of Uzbekistan: /Monograph/ - Tashkent: IFMR, 2014. Str. 10.
4. Basel-II – "Capital measurement and "International convergence of capital standards: new methods". methodological recommendations in the field of bank regulation.
5. www.bin.ua. V SShA obnarodovano rassledovanie bankruptcy stva LehmanBrothers — Rassledovanie obystoyatelstv krakha LehmanBrothers, 150-year history of the company.
6. The Central Bank of the Republic of Uzbekistan dated June 13, 2015 No. 14/3 "To be added to the capital of commercial banks "On Requirements" (No. 2693 of the Ministry of Justice on July 6, 2015 registered with).
7. "One borrower or most of the risk for a group of borrowers related to each other "On Amounts" (Ministry of Justice of the Republic of Uzbekistan registered by on August 5, 2015 with the number 2707).
8. "Commercial banks" of the Central Bank of the Republic of Uzbekistan syndicated large investment projects by "Regulation on the Procedure for Lending" (Uzbekistan No. 1509 on August 20, 2005 by the Ministry of Justice of the Republic registered with).
9. "Trade requirements for managing the liquidity of banks on" regulation (by the Ministry of Justice of the Republic of Uzbekistan Registered on August 13, 2015 with number 2709)
10. Basel-III – approved in 2010-2011, on Bank supervision methodological recommendations of the committee in the field of bank regulation.