
Economic Security of the Functioning of Commercial Banks

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Abstract: The paper deals with the essence of the concept of economic security, the importance and necessity of ensuring economic security in commercial banks. Moreover, the article presents the author's definition of the economic security of commercial banks, the goals and objectives of the system of economic security of commercial banks.

Keywords: threat, economic security, banking system, commercial bank, financial stability, performance efficiency.

1. INTRODUCTION

In the context of the digital economy, special requirements are put forward for the banking sector, in particular, for the ability of credit institutions to meet the conditions of competitiveness and sustainability in various crisis situations. Economic security is one of the significant components of the financial stability of banks, i.e. the need to form a system of financial security of a commercial bank, the protection of financial resources, information, property of the bank in order to ensure the stable operation of banks is becoming increasingly important.

Financial stability and sustainability of the banking sector is a fundamental condition for the successful implementation of the planned reforms and strengthening the confidence of business and the population in the national banking system. The strategy for reforming the banking system of the Republic of Uzbekistan for 2020-2025 provides for ensuring the financial stability of the banking system.

The Development Strategy of New Uzbekistan for 2022-2026 defines the adoption of measures to create macroprudential buffers to ensure the stability of banks against possible financial losses, i.e. ensuring the financial stability of the banking system.

The above priority tasks determine the development and implementation of new mechanisms, as well as tools for ensuring the economic security of the banking sector, which will allow a quick response to emerging threats, preventing or minimizing their negative impact on the activities of commercial banks. In this connection, the primary task facing the banking system is to ensure the financial stability of commercial banks by increasing their economic security.

2. THEORETICAL ASPECTS

The economic and national security of a state directly depends on the stability of its banking sector. The economic security of a commercial bank is understood as the economic security of the bank from various external and internal threats, the influence of destructive factors, which allows the bank to maintain and effectively use its full potential.

Threats to the economic security of banks are varied (Fig. 1).

Internal	External
Threats associated with the risky credit policy of the bank	Threats caused by changes in the economic, political and social spheres of the country
Threats caused by the low quality of bank management	Threats caused by unfavorable market conditions
Threats associated with a violation of the liquidity of the credit institution	Threats associated with the criminalization of the banking sector
Threats associated with violation of banking legislation	Threats associated with fluctuations in world markets

Fig. 1. Types of threats to the economic security of banks

The economic security of a commercial bank is the state of protection of a financial and credit institution from unfair competition, illegal activities of criminal groups and individuals, the negative impact of external and internal threats, destabilizing factors, which ensures the stability of the functioning and development of the organization, the implementation of the main commercial interests and goals, namely the provision of financial services to legal entities and individuals for the purpose of making a profit.

So, the economic security of a commercial bank is the absence of threats in the activities of banks. Since, when threats arise, banks experience a crisis state and the longer these processes are, the greater is the likelihood of financial instability of the bank, which in turn contributes to the revocation of banking licenses from banks.

3. ANALYSIS AND RESULTS

The banking sector, as an integral part of the financial and economic system, has a significant impact on the processes taking place within both the national and global economies.

An analysis of the banking sector shows that by the end of 2021, most indicators have a positive trend. The total assets of the banking sector increased by 21.5%. The volume of loans increased by 17.1%. At the same time, the volume of attracted funds in deposits from legal entities and individuals increased by 36.1%.

The capital of commercial banks also increased by 21.5% compared to the same period in 2020, and totaled 70.9 trillion soums. The net profit of the banking sector amounted to 3.9 trillion soums (31.1% less than in 2020).

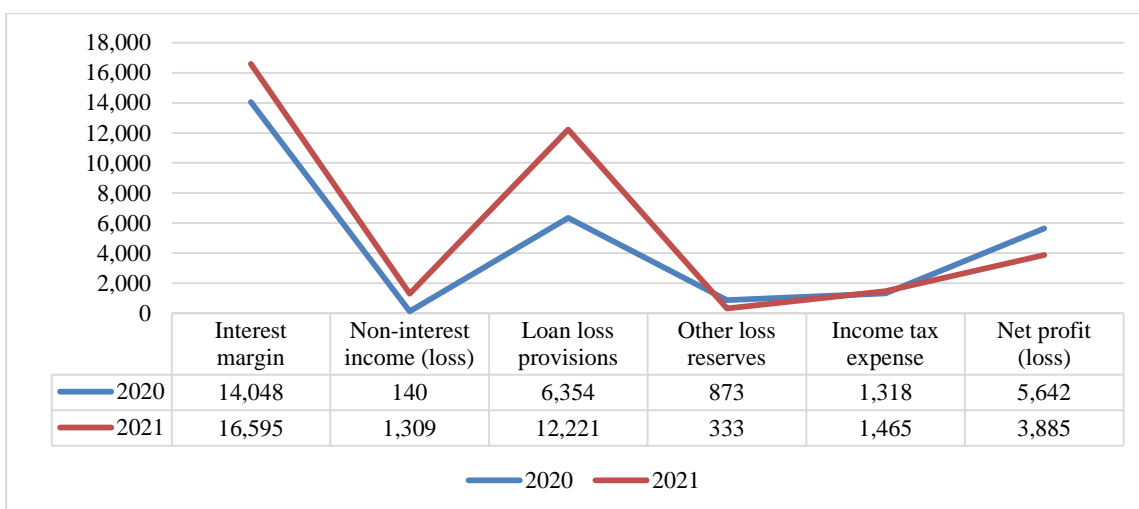


Fig. 2. Profitability indicators of the banking sector of Uzbekistan for 2020-2021 (in billion soums)

The decrease in the profitability indicator is characterized by the fact that in 2021 the assessment of possible losses on loans and leasing increased by 92.3% in relation to the previous year and amounted to 12.2 trillion soums (Fig. 2). The total number of operating banking institutions (head offices and branches) increased in 2021 by another 9 units, and amounted to more than 905 units.

For commercial banks, the most important conditions for efficient and safe operation are increasing profitability, ensuring loan repayment, reducing banking risks and maintaining liquidity.

In addition, in the process of functioning, commercial banks interact with the budget and tax system, thereby acting as financial intermediaries in the distribution and redistribution of financial resources of all subjects of financial relations. Accordingly, the instability of the banking system gives rise to fluctuations in the stability of all counterparties interacting with it. It follows from this that the problem of economic security cannot exist locally, at the level of a single organization or type of economic activity.

The economic security of the banking system, which launches the mechanism for the redistribution of financial resources, is one of the key prerequisites for the security of the state's economic system.

4. CONCLUSIONS

In conclusion, it should be noted that the economic security of commercial banks is the state of protection of the bank's activities from various external and internal threats, which is ensured in order to organize the stable and efficient functioning of a commercial bank. The main goal of ensuring the economic security of banking is to achieve the sustainable and most efficient functioning of commercial banks at a given point in time and taking into account the prospective dynamics of development, which is achieved by solving the following tasks to ensure the security of banking:

- achieving a sufficient level of financial stability, competitiveness and economic independence of a commercial bank;
- protection of legal rights and interests of the bank, as well as bank employees;
- protection of information resources of commercial banks and information constituting bank secrecy;
- ensuring the safety of material assets;
- formation of conditions for the safe work of bank employees;
- monitoring the efficiency of the security system and its technical equipment.

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