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Positive Bank Resource Management Experience in Foreign Countries

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Abstract. *The idea of banking resources is defined in this article, which also looks at the theoretical underpinnings of how commercial banks and the Central Bank handle them. The study is conducted in a number of resource management areas, including examination of own and borrowed money, capital sufficiency, profitability, etc.*

Additionally, it outlines the procedures for planning the administration of the bank's financial resources across several nations. Therefore, strategies for converting money and general-purpose funds that have become common in Russian Federation practice are taken into account. It is being researched how Chinese banks have handled the application of the financial resource management plan. As well as managing distressed assets in some European and developing countries.

Key words: *bank resources, assets, deposits, bank capital adequacy, financial stability.*

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Introduction. The actions involved in the accumulation of money, as well as the amount and proper structure of the sources of these funds in close relation with the placement, are referred to as resource management in the context of banks.

Commercial banks play a significant role in the management of banking resources, but because shifts in the size and composition of these resources have an effect on the dynamics of money supply indicators, centralized regulation of these banks' resource bases should also be done. [1]

Although the central bank does not directly regulate the resource base of commercial banks, it can nonetheless affect the amount of those resources by using a variety of monetary regulation techniques as part of its monetary policy.

The Central Bank's minimum reserve policy, which includes the implementation of required reserve requirements for commercial banks, has a direct effect on the banks' ability to raise resources. Additionally, through refinancing, the Central Bank is able to supply certain commercial banks with resources.

Since the Central Bank does not establish a mandatory standard ratio of the level of the interest rate of commercial banks in relation to the refinancing rate, the establishment of a specific level of the refinancing rate and the interest rate policy pursued by the Central Bank have an indirect impact on the cost of resources in the banking system. However, the refinancing rate can serve as a guideline for developing the interest rate policy of commercial banks.

The quantity of credit resources available to commercial banks is directly impacted by the Central Bank's operations for the acquisition and selling of government securities.

Additionally, the banking sector is subject to a unique regulatory influence due to the Central Bank's adoption of necessary economic norms.

Commercial banks get free money from individuals and businesses, which helps them build their resource base, and then they invest it on their own behalf under conditions of payback, haste, and payment.

Commercial banks in Uzbekistan are actively luring investors with loans. For instance, in 2023, the volume of deposits that the nation's banks received represented more than 37% of their assets, up 29% from the previous year. [2]

A commercial bank can only operate within the constraints of its available resources at the same time. The qualitative makeup of the bank's resource base affects the character of these operations. As a result, a commercial bank with resources that are mostly of a short-term type is essentially denied the chance to participate in long-term loans. In this regard, the issues of forming the resource base, optimizing its structure and ensuring stability and effective management become very relevant in the work of the bank.

Literature review. A.I. Lavrushin and V.I. Mishchenko, two well-known scientists, researched the challenges of setting up efficient banking management and regulation. Russian researchers like G.M. Azarenkova, I.A. Blank, and M.A. Pomorin are concerned with the advancement of the theory and practice of managing a bank's financial resources as well as the evaluation of banking operations. The financial stability and effectiveness of banks as a whole are being researched by A.P. Vozhhov, V.V. Glushchenko, A.Ya. Kuznetsova, L.V. Kuznetsova, Yu.I. Lerner, A.V. Somik, R. Rose, J. Sinki, and other researchers. [3, p.140-141]

Additionally, a lot of Russian economists highlight the value and significance of a bank having a significant amount of equity capital. A commercial bank's equity serves as its foundation and major source of funding. The bank must continue to win over customers and persuade creditors of its financial health. [4]

The word "resources" has French roots and derives from the word "ressourses," which indicates money, reserves, opportunities, and sources of things, according to Sokolova O.V. [5]

According to Kravtsova G. I.'s definition, commercial banks' resources include their own capital and funds as well as money earned through passive and active-passive activities (measured by the excess of liabilities over assets) and put to use in the bank's active operations. [6]

Methodology. On the basis of academic works by local and international specialists, this article analyzes the management of own and borrowed resources, their location, and also analyses the experience of foreign nations in this field. The writers employ a variety of techniques, including qualitative and quantitative indicators, comparison, analysis, grouping, and synthesis of data.

Analysis and discussion. The act of creating and managing a balance sheet's structure of assets and liabilities that would guarantee the accomplishment of specific financial management strategies and objectives is known as financial resource management.

The following are the primary areas of examination of the bank's domestic resource base:

— a comprehensive study of all bank resources, which may be done in the context of bank branches;

— evaluation of the movement of the bank's capital for the time period and an examination of own money (capital);

— an examination of the bank's capital (own money) sufficiency;

— an examination of the bank's attracted and borrowed cash.

Additionally, it is feasible to predict the demand for resources for a given time period by analyzing the accounts of individual bank customers and having a thorough understanding of the economic and financial circumstances that contribute to the development of resources in a specific area where the bank is located. [7]

In reality, commercial banks' financial stability in Russia is influenced not only by the quantity of capital and how risky the activities are, but also by the kind of the resources they are able to recruit. It's crucial to keep in mind that the quantity of assets (or its quantitative assessment) by itself cannot be construed as an impartial examination of the bank's operations. Not the volume, but international convention, but the quality of assets is assessed. The magnitude of non-performing assets may also be used to gauge the severity of the country's issue and the likelihood that it can be resolved. For instance, issues in the banking industry can be categorized as a full-fledged crisis if the ratio of non-performing assets to assets surpasses 10%. [9, p.62]

Table 1

Structure and dynamics of assets of Russian banks, in percent [20, p.11]

Actives	**2018 y**	**2019 y**	**2020 y**	**2021 y**	**2022 y**
Corporate loans	39,7	40,4	40,4	39,8	40,2
Loans to individuals	14,3	15,8	18,3	17,8	19,4
Bank loans	11,5	9,9	9,3	9,0	9,7
Securities	12,4	12,2	12,4	14,4	13,4
Other[1]	22,1	21,7	19,6	19,0	17,3
Total	100	100	100	100	100

To some extent, the Bank of Russia advises commercial banks to put the asset allocation strategy into effect. In light of this, the Bank of Russia advises credit institutions to give good liquidity management, including decision-making processes that have an impact on liquidity, and effective control over its status, more consideration. [10, p. 163]

[1] Include: Participation in charter capitals, Correspondent accounts and deposits with the Bank of Russia, Correspondent accounts with credit institutions, Fixed assets, Cash, Other items

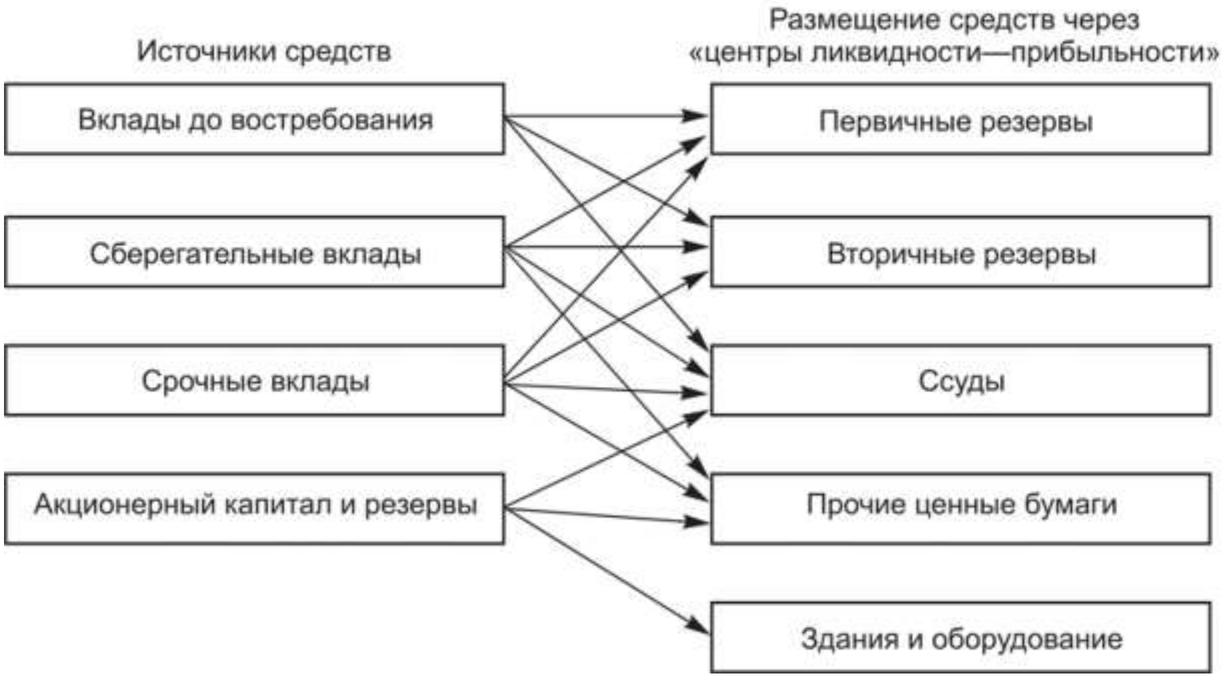


Fig.1. Asset Allocation Method (Conversion of Funds)

The asset placement (or funds conversion) strategy is based on the idea that the structure and volume of attracted funds determine how much liquid capital the bank needs. [11]

Table 2

Structure and dynamics of liabilities of Russian banks, in percent [20, p.11]

Passives	2018 y	2019 y	2020 y	2021 y	2022 y
Funds of individuals	37,5	36,8	38,4	35,2	32,0
Funds of corporate clients	35,8	36,2	35,5	36,6	36,8
Bank funds	14,5	13,0	11,2	10,6	11,8
Others[2]	12,2	14,0	14,9	17,6	19,4
Total	100	100	100	100	100

There is also a separate management approach for allocating resources at the same time. The general fund model for a particular active operation disregards the origin of the funds as long as their use advances the objectives established for the bank. [12]

[2] Includes: Debt securities issued, Government funds, Escrow accounts for individuals, Loans from the Bank of Russia, Other items

Fig.2. Common fund method

Western banks distinguish between business loans and personal loans in their everyday operations. These groups correspond to different kinds of loan agreements that specify the conditions of the loan, how it will be repaid, etc.

Table 3

Commercial bank balance sheet

Actives	**Passives**
Availability Reserves Loans (term and demand) Personal	Stock Deposits (term and demand deposits) Loans Profit
Total	**Total**

You can see that all of the bank's financial activities (receipts and payments) have two dimensions on the balance sheet, appearing as liabilities and assets. [13, p.12]

The ideas of own, attracted, and borrowed resources are employed in Uzbekistan, Europe, and Russia, although under various titles, according to a comparison of resource management in Uzbek and international banks. In most cases, the authorized capital makes up the majority of the owned resources, while household deposits make up the majority of the attracted resources and interbank loans make up the majority of the borrowed resources.

As an illustration, it was discovered through an analysis of the ownership structure of the major Polish bank Pekao SA that equity is created from cash supplied by shareholders. The bank's largest stakeholder, UniCredit Italiano, holds 53.17% of the stock. As a result, the permitted capital is described as share capital and comes from a variety of sources in the Polish translation.

Commercial banks' profitability is taken into consideration while evaluating their stability in industrialized nations since the bank's profitability is a sign of its dependability and stability. There are several techniques used to determine the profitability of banks in industrialized nations, including the decomposition approach, the Gordon model, and the Sharp model. However, these approaches for determining profitability are essentially not applied in Russia, which may be attributed to both the processes of domestic banking system reform and the inadequate development of information and methodological support for profitability analysis. The ratio of earnings to assets and the ratio of earnings to total capital are instead the most often used methods in Russia for determining how profitable banks are. Both metrics are used to evaluate the efficiency of the bank's ongoing operations and to compare it to other banks. Profitability of assets and enough capital are key factors in determining the ratio of profit to total capital. [14, p.164]

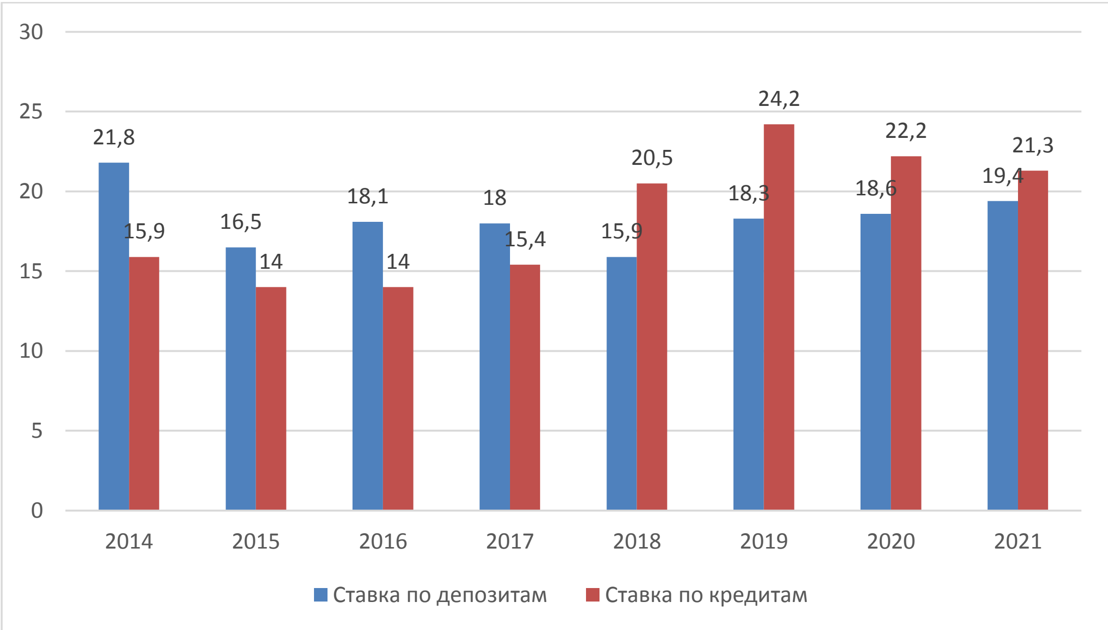
China offers a fascinating example of strategic financial management for banks. China's financial institutions provide particular attention to capitalization and value indicators, the accumulation of financial assets, capital adequacy management, and the system of mitigating financial risks while implementing the strategic financial management system. For instance, China Construction Bank Corporation, one of the country's biggest commercial banks, had an 8.9% rise in its assets from 2013 to 2014, bringing the total to 16.744.130 billion yuan. The banking institution's pre-tax profit in 2014 increased by 6.89% to 299.086 million yuan. To 228,247 million yuan, net income increased by 6.1%. [15]

As part of its financial strategy, Industrial & Commercial Bank of China, one of the biggest banks in China, places a high priority on capitalization and value as well as preserving capital adequacy. The senior experts at the bank concur that capital sufficiency is a crucial metric that reveals the wisdom of chosen financial actions. Thus, according to information provided on the bank's official website, operational revenue climbed by 9.1% in 2014 compared to 2013 while the k1 and k2 capital adequacy ratios improved by 1.35% and 1.41%, respectively.[16]

Banks employ a range of strategies to draw clients and outperform rivals. One of these strategies is the provision of so-called "short money"—short deposits for terms of 3, 7, 14, or 30 days. The ability to collect interest on a quarterly, monthly, or even daily basis is another perk offered by some banks to its clients. They could also provide compound interest deposits with inflation adjustments. [17, p.50]

Rice. 3. Interest rates on deposits and loans of Russian banks, in percent [21]

Irrevocable deposits are frequently given to people in a lot of nations. For instance, the depositor and the bank may in Italy, France, and Germany discuss the potential of an early withdrawal of the deposited funds prior to the signing of the contract. [18, p.127] Irrevocable deposits allow you to expand the amount of assets that banks can handle, which may be advantageous for banks. If not, there is a chance that consumers will withdraw a substantial sum of money, necessitating the bank's need to maintain an adequate reserve capital. [19, p. 31]



Rice. 4. Interest rates on deposits and loans of banks in Uzbekistan, in percent [22]

In other countries, the state utilized to purchase out the inactive assets of credit institutions to tackle the issue of their insolvency during the crisis. Unless a system for the administration of non-performing assets was established at the same time, as was the case, for instance, in Sweden and Poland in the 1990s. Alternately, the government may establish a specialist company to handle and redeem problematic banking assets. Through a restructuring agency, this strategy was used in South

Korea, the Czech Republic, the United States, and Mexico. Additionally, the central bank handled the redemption process directly in Chile and Hungary. [9]

For the management of distressed assets, there are two approaches. The first is to sell them right away while drastically reducing the price. The second is in asset management and their continued, highest-profit selling.

Fig.5. Problem asset management strategies [9]

Notably, under international practice, the settlement trust company is permitted to make a loan for the acquisition of distressed assets. At the same time, the securitization process enables the business to sell a sizable number of assets quickly and at a better price than if it sold each asset separately.

An improvement in financial stability, more effective use of resources, strengthened competitive positions, and more customer trust can all result from bringing in successful foreign experience to manage a commercial bank's resources. In order to attain these outcomes, it is required to examine the most effective techniques and methods of resource management in other nations, modify them to fit the unique requirements and circumstances of an Uzbek commercial bank, and implement them into banking operations.

In an Uzbek commercial bank, certain potential resource management procedures and strategies may be used, such as:

1. The implementation of efficient control systems and the evaluation of financial risks. To control financial risks and reduce possible losses, many international banks make use of contemporary technology and instruments including analytical systems and risk modeling.

2. creation of an asset and liability management (ALM) system. The asset and liability management system assists banks in more effective resource management, risk reduction, and revenue maximization. In times of high inflation or market turbulence, this can be particularly crucial for commercial banks.

3. the implementation of a liquidity management program. The liquidity management program assists banks in efficiently managing the cash flow needed to cover ongoing expenses and

commitments. The creation of such a scheme may be advantageous given that commercial banks in Uzbekistan frequently experience liquidity issues.

4. the creation of a system for managing loan portfolios. A bank may reduce credit risks, enhance the quality of its loan portfolio, and increase overall financial health with the use of a sound loan portfolio management system.

The adaptation to local conditions and laws is a crucial factor that should be considered when importing foreign experience in resource management. In the financial industry, each nation has its own unique quirks and subtleties, therefore it is not always viable to duplicate foreign expertise and use it exactly as is.

However, it is feasible to adapt foreign expertise to local conditions and provide more effective resource management in a commercial bank if there are certain common concepts and procedures.

Coclusion and recommendation. As a result, a commercial bank's resource structure consists of its own, loaned, and borrowed money. The general fund of funds approach and the asset distribution method are two examples of the economic, as well as economic and mathematical, strategies used by banks to manage their resources.

A commercial bank may gain from using the successful experience of other nations in the management of its resources. These advantages include increased resource efficiency, improved financial stability, strengthened competitive positions, and increased client trust.

To do this, it is required to evaluate and choose the best practices and techniques of resource management from other nations, adapt them to the unique circumstances and requirements of a commercial bank in Uzbekistan, and then incorporate them into the activities of the bank.

Automated resource management systems are one such strategy that enables banks to precisely regulate spending and enhance financial management. These systems contain instruments for tracking financial activity, evaluating expenses, managing investments, and predicting future resource needs.

Utilizing risk management techniques that aid banks in cost optimization and asset protection is an additional strategy. For instance, banks may employ a range of instruments to manage operational risk, market risk, and credit risk.

Additionally, employing cutting-edge strategies like data analytics and digital technology is part of international experience in managing bank resources. For instance, banks may automate risk management procedures and anticipate future resource requirements using machine learning and artificial intelligence algorithms.

In order to maximize resource usage and boost bank efficiency, it is generally advised that Uzbekistan research foreign experience in the area of bank resource management and implement the most suitable methods and approaches.

Some suggestions for adding expertise in foreign resource management to a commercial bank can include:

— Researching international experience and evaluating its application to local circumstances and legal framework.

— Creation of a shared resource management plan based on global knowledge and regional circumstances.

— The use of techniques and instruments utilized by international banks, such as risk modeling and examination of the effectiveness of loan portfolios.

— Providing training to bank staff members on new techniques and strategies, including instruction in other languages and cultures.

— Working together with overseas partners and specialists to share experience and get guidance on applying foreign expertise in resource management.

— On the basis of examination of the outcomes and experience of other banks, ongoing improvement of resource management techniques and strategies.

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