



DEVELOPMENT TRENDS IN ASSET OPERATIONS OF COMMERCIAL BANKS

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ABSTRACT	KEY WORDS
This study examines the development trends of commercial banks' active operations in Uzbekistan, with a particular focus on the role of the National Bank. The analysis highlights the growing importance of credit operations, investment activities, and interbank placements in shaping the structure of banking assets. Special attention is given to the strategic measures undertaken to enhance human capital, including the establishment of corporate academies and large-scale investments in staff training, which improve institutional efficiency and align banking practices with international standards.	Commercial banks, active operations, Uzbekistan, credit operations, investments, asset structure, financial stability, human capital, corporate academy, innovation, digital banking, IT systems, risk management, sustainable growth.

Introduction

In ensuring the stable development of the national economy and the effective functioning of the financial system, commercial banks play a crucial role. The main activities of banks consist of their active and passive operations. Among them, active operations—that is, the allocation of bank resources, lending, investment, and other income-generating activities—have a direct impact on the economy.

In a market economy, the financial support of enterprises and organizations, the population's demand for consumer loans, as well as the implementation of investment projects, increasingly necessitate the development of active operations of commercial banks. Therefore, the improvement of banks' activities in this area serves not only the stability of the financial sector but also the competitiveness of the entire economy.

According to the data of the Central Bank of Uzbekistan, the volume of commercial banks' active operations amounted to 769.3 trillion UZS in 2025, which represents a 38.2 percent increase compared to the indicators of 2023. This growth is primarily explained by the expansion of lending activities, the financing of investment projects, and the rising demand for financial resources from both households and business entities.

Such a dynamic increase in active operations demonstrates, on the one hand, the strengthening of stability and the intensification of capital circulation in the national economy, and on the other hand,

the growing efficiency of financial intermediation. In particular, the expansion of loan portfolios and investment volumes contributes to production processes, the creation of new jobs, and the financing of innovative projects.

Therefore, the development of commercial banks' active operations not only consolidates the stability of the banking system but also serves as a crucial factor in enhancing the competitiveness of the national economy and ensuring sustainable economic growth.

Literature Review

Diamond, D. and Dybvig, P. (1983) developed the theory of financial intermediation and liquidity transformation. In their model, banks' active operations are explained as the transformation of short-term deposits into long-term loans, thereby supporting economic activity [1]. At the same time, they emphasize that such a structure of assets may expose the banking system to liquidity risks.

F. Mishkin, in his book *The Economics of Money, Banking and Financial Markets*, presents commercial banks' active operations as a central element of the financial system [2]. According to him, loans, investments, and other assets significantly influence economic stability, yet the risks associated with them require effective management.

Khanh, H. N. (2024), applying DEA and SFA methods to measure banking efficiency, found that the structure of active operations has a significant impact on banks' profitability [3]. The study highlights that diversification of assets and quality control are important factors in improving banking efficiency. Berger and Udell analyze the role of commercial banks' lending activities in financing small and medium-sized enterprises [4]. In their view, lending, as the main component of banks' active operations, directly contributes to economic growth, though it also carries substantial credit risks.

The Uzbek researcher Yusupov studies commercial banks' active operations in the context of the national economy and emphasizes the direct impact of loans and investments on GDP growth [5]. He argues that the rapid growth of assets in Uzbekistan is closely linked to ongoing economic reforms.

In his research, A. Qodirov analyzes the volume and structure of commercial banks' active operations in Uzbekistan [6]. He concludes that while the share of loans is very high, the insufficient development of investment operations has led to challenges in the financial market.

Laeven, L. and Levine, R. empirically examine the relationship between banks' active operations and financial stability [7]. They point out that the size and diversity of assets increase banks' resilience to financial shocks, though excessive growth may also heighten systemic risks.

Research Methodology

This study applies a mixed-method approach to analyze the trends of commercial banks' active operations in Uzbekistan during 2023–2025. Quantitative data from the Central Bank, financial statements are examined to track the dynamics of loans, investments, interbank funds, and client liabilities. Comparative trend analysis highlights structural shifts in banks' asset composition, while descriptive statistics and graphical tools illustrate their impact on financial stability and economic growth. In addition, a review of scholarly works provides a theoretical basis for interpreting results, enabling the study to emphasize the strategic importance of active operations in supporting reforms and sustainable development.

Analyses and Results

The concept of a commercial bank first emerged in the early stages of banking, when banks primarily served the sphere of trade. At that time, merchants were the first clients of these banks. Later, with the development of industry, credit operations aimed at financing the production process began to take shape [8].

In countries with developed credit systems, modern banking activities encompass a wide range of services for customers. For example, in the United States, the largest commercial and clearing banks provide more than 150 types of services; in the United Kingdom, nearly 100 types; and in Japan, approximately 300 different banking services.

Even today, commercial banks have several types of active operations (see Figure 1). At the same time, the share of short-term loans has significantly increased. This trend can be explained by the uncertainty and heightened level of risk observed in conditions of economic crisis. Essentially, credit represents monetary capital lent in the form of loan capital. It reflects the economic relationship between the borrower and the lender and ensures the transformation of monetary capital into its loan form.

Moreover, commercial banks not only provide lending but also serve as intermediaries in investment flows, thereby stimulating economic growth. They play a vital role in ensuring liquidity within the financial system and in maintaining the balance between savings and investments. Through deposit mobilization, banks accumulate free monetary resources and transform them into productive capital.

In addition, commercial banks are central to the implementation of monetary policy, as they regulate the money supply through credit issuance. With the advancement of financial technologies, the scope of banking operations has further expanded, offering digital and innovative services. Thus, commercial banks today are considered universal financial institutions that integrate traditional and modern functions in the global economy.

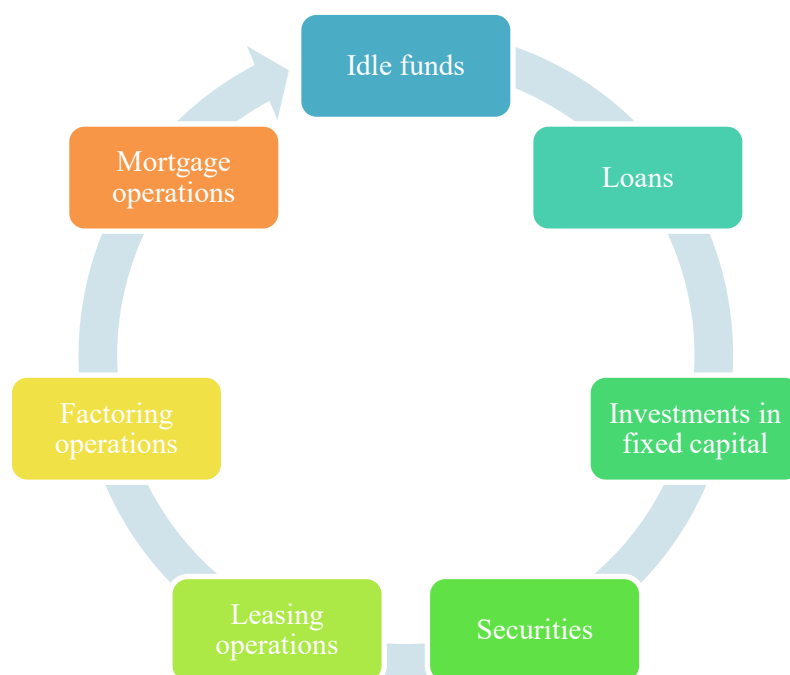


Figure 1. Active operations of commercial banks [9]

Fund placement in commercial banks refers to the allocation of financial resources into different active operations that generate income, ensure liquidity, and maintain stability. At the early stage, banks keep a portion of their assets as idle funds, such as reserves in other banks or short-term balances, to cover immediate obligations. This is a crucial element of liquidity management, allowing banks to meet payment demands without disrupting their operations.

The most important component of fund placement remains lending activities, which represent the core of commercial banking. Loans are extended to other banks through interbank credit and to clients such as households, firms, and government institutions. By transforming short-term deposits into long-term loans, banks support business activities, investment projects, and consumer needs. Alongside lending, commercial banks also invest in fixed capital and securities, including bonds and stocks, which serve to diversify their portfolios and create additional sources of profit.

In addition to traditional loans and investments, commercial banks engage in specialized operations such as leasing, factoring, and mortgage financing. Leasing allows clients to use equipment or property financed by the bank, factoring provides liquidity to businesses by purchasing receivables, and mortgage loans offer long-term financing secured by real estate. Together, these operations enhance financial intermediation, expand services for clients, and strengthen banks' contribution to economic growth.

The development of active operations in Uzbekistan's banking sector reflects the country's broader financial reforms and economic modernization agenda. Over the last decade, commercial banks have increasingly shifted from being primarily credit providers to becoming more diversified financial intermediaries. Credit placements, however, still constitute the dominant share of active operations, highlighting the central role of banking institutions in financing enterprises, households, and government projects (Table 1). In particular, the rapid expansion of lending to small and medium-sized enterprises (SMEs) has been a critical driver of economic growth and job creation.

Table 1. Structure of Active Operations of Commercial Banks in Uzbekistan (2023–2025)

Indicators	2023		2024		2025	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Funds (cash balance)	19,309.1	3.5	20,201.8	3.1	25,154.3	3.3
Loans, net	378,909.2	68.1	457,847.1	70.2	514,692.6	66.9
Investments and other securities	31,507.9	5.7	32,548.3	5.0	59,613.9	7.7
Funds in the Central Bank	36,592.1	6.6	33,228.0	5.1	34,511.8	4.5
Funds in other banks – non-residents	37,688.3	6.8	28,862.5	4.4	36,039.3	4.7
Funds in other banks – residents	17,423.7	3.1	24,368.5	3.7	29,175.9	3.8
Clients' liabilities on financial instruments	1,606.3	0.3	3,334.0	0.5	432.4	0.1
Total assets	556,746.3	100.0	652,157.1	100.0	769,330.4	100.0

The data in Table 1 illustrate the structure of active operations in Uzbekistan's commercial banks during 2023–2025. It is clear that loans (net) remain the dominant component, making up nearly 68–70% of total assets. This reflects the traditional role of commercial banks as key providers of credit to enterprises, households, and government projects. However, the slight decline in their share in 2025 (66.9%) suggests that banks are gradually diversifying into other forms of active operations.

A notable development is the expansion of investments and other securities, which increased both in absolute value and as a share of total assets, rising from 5.7% in 2023 to 7.7% in 2025. This growth indicates that banks are seeking alternative income streams beyond lending, aligning with global trends of portfolio diversification and enhanced risk management. Investment operations have gained momentum, supported by the government's policy of liberalizing financial markets and attracting both domestic and foreign investors. Commercial banks are gradually building portfolios of government securities, corporate bonds, and equity instruments, reflecting a trend toward diversifying income sources and managing risks more effectively. This development also aligns with the Central Bank of Uzbekistan's efforts to strengthen monetary transmission mechanisms through open market operations. At the same time, funds placed in the Central Bank and in other resident and non-resident banks fluctuate, reflecting liquidity management strategies and adjustments to international financial cooperation.

Meanwhile, cash balances remain relatively stable at around 3–3.5%, primarily serving operational liquidity needs. Clients' liabilities on financial instruments, on the other hand, remain marginal and even decline to 0.1% in 2025, showing that such instruments have not yet become a significant element of the Uzbek banking system. Taken together, the figures demonstrate that while credit operations remain central to banking activity, there is a clear trend toward diversification and modernization of active operations, which contributes to greater resilience and efficiency of the financial system.

Another significant trend is the growing role of modern financial instruments in active operations. Leasing, factoring, and mortgage lending are increasingly important, especially in sectors such as housing, agriculture, and industrial production. These instruments not only support specific industries but also expand access to finance for broader segments of the economy. The rise of mortgage lending, in particular, demonstrates the deepening of long-term financial intermediation and contributes to the development of the real estate market.

Finally, digital transformation has become a decisive factor shaping active operations in Uzbekistan's banking system. The rapid adoption of fintech solutions, mobile banking, and electronic payment systems has expanded the scope of lending and investment services. This trend enhances financial inclusion and efficiency, allowing banks to reach a larger customer base while reducing transaction costs. Taken together, these developments indicate a gradual shift toward a more competitive, resilient, and innovation-driven banking sector in Uzbekistan, where active operations will continue to play a central role in sustaining economic growth.

Table 2 below presents information on the active operations of the National Bank of Uzbekistan.

Table 2 Active operations of the National Bank of Uzbekistan (billion soums) [10]

Indicators	2024	2023	2022	2021	2020
Cash and cash equivalents	18,422.74	14,377.48	24,446.00	10,185.40	9,379.00
Amounts owed by credit institutions	3,565.13	6,943.79	65,287.00	2,681.00	1,851.30
Derivative financial assets	259.39	179.04	92.40	–	119.20
Loans to customers	102,570.84	94,783.23	86,475.70	72,089.70	63,475.70
Invested securities	7,441.67	7,140.85	1,746.80	1,112.90	537.50
Investments in joint ventures	268.67	211.50	229.40	345.60	409.70
Assets classified as held for sale	438.53	–	–	–	–
Total	132,966.97	123,635.89	178,277.30	86,414.60	75,772.40

The data demonstrate that loans to customers remain the dominant component of National Bank of Uzbekistan assets throughout the period. Their volume consistently increased from 63.5 trillion soums in 2020 to over 102.5 trillion soums in 2024, highlighting the central role of credit operations in supporting both business activity and household consumption. This steady growth reflects the expanding demand for financing in the real sector of the economy, supported by ongoing economic reforms and government incentives to stimulate lending.

In contrast, amounts owed by credit institutions fluctuated sharply, peaking at 65.3 trillion soums in 2022 before falling dramatically to only 3.6 trillion soums in 2024. This volatility may be linked to changes in interbank relations, short-term liquidity needs, and regulatory adjustments. Meanwhile, investments in securities show remarkable growth in recent years, rising from only 0.54 trillion soums in 2020 to 7.44 trillion soums in 2024. This indicates a diversification trend, where banks are increasingly using financial markets as an additional source of income and risk management.

Other categories, such as cash and cash equivalents and investments in joint ventures, remained relatively stable but with gradual increases, serving as liquidity reserves and long-term equity participation, respectively. A new category — assets classified as held for sale — appeared in 2024, suggesting that banks are beginning to optimize their balance sheets by disposing of non-core assets. Overall, the structure of assets shows that while lending continues to dominate, Uzbekistan's banking sector is moving toward more diversified and market-oriented active operations.

In order to further expand active operations within commercial banks, the National Bank of Uzbekistan has placed particular emphasis on strengthening human capital within its sustainable development strategy. Through the establishment of a Corporate Academy, opportunities have been created to master the most advanced knowledge in the banking sector. By engaging leading experts, the Academy ensures a continuous learning process that equips bank employees with competencies aligned not only with national requirements but also with international standards. Moreover, the allocation of approximately 500 billion soums annually in additional investments in human resources highlights that personnel development is not merely an operational need but a strategic priority. This investment approach positions the National Bank as a competitive and innovative financial institution within the domestic market, while also reinforcing its ability to integrate into the global financial system.

At the same time, the National Bank is striving to improve service quality by actively adopting technological advancement and advanced analytical tools. The introduction of mobile and web applications under the “Milliy 3.0” program significantly broadens access to banking services and

simplifies customer interactions. In parallel, enhanced risk modeling systems provide greater efficiency in managing credit and investment operations. Furthermore, the implementation of modern IT architectures such as SAP HANA, CRM, and BPM facilitates optimization of internal processes and accelerates client servicing. As a result, the National Bank is not only consolidating its role in traditional banking services but is also emerging as a pioneer in the deployment of innovative financial solutions, thereby contributing to the overall modernization of Uzbekistan's banking sector.

Conclusion

The analysis of commercial banks' active operations in Uzbekistan shows that their development plays a decisive role in ensuring financial stability and promoting sustainable economic growth. Credit operations remain the backbone of active operations, while the diversification into investments, interbank placements, and advanced financial instruments has increased in recent years. This structural shift demonstrates not only the growing maturity of the domestic banking system but also the rising demand for more sophisticated financial services in line with global practices.

One of the main drivers of progress in Uzbekistan's banking sector is the focus on human capital development. The National Bank's corporate academy and significant investments in staff training have improved operational efficiency by aligning employee skills with both national and international standards. This highlights the strong link between knowledge, innovation, and banking performance.

At the same time, the integration of modern technologies—including digital platforms like “Milliy 3.0,” advanced IT systems, and risk assessment models—has accelerated the transition to digital banking. These tools expand customer access, improve service quality, and reduce systemic risks, allowing banks to combine traditional lending functions with innovative solutions to remain competitive.

In conclusion, the trajectory of active operations in Uzbekistan's commercial banks suggests a sustainable and innovation-driven growth model. The combination of human capital investment, digital transformation, and diversification of asset structures positions the banking sector as a key driver of economic modernization. If sustained, these reforms will not only consolidate domestic financial stability but also enhance the international competitiveness of Uzbekistan's banking institutions. Ultimately, the case of the National Bank demonstrates that a forward-looking strategy centered on innovation and professionalism is essential for shaping the future of active operations in the country.

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