



**EXPANDING OPPORTUNITIES FOR CASH FLOW MANAGEMENT IN  
COMMERCIAL BANKS IN NEW UZBEKISTAN**

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<b>ABSTRACT</b>	<b>KEY WORDS</b>
<p>This article examines the possibilities for expanding cash flow management in commercial banks in New Uzbekistan under conditions of economic liberalization and financial sector transformation. The study highlights the role of modern liquidity management tools, digital banking technologies, and risk-based supervision in improving the efficiency of bank cash flows. Special attention is paid to recent legal and regulatory reforms, including updates to the Law of the Republic of Uzbekistan “On Banks and Banking Activity”, the Law “On the Central Bank of the Republic of Uzbekistan”, and new prudential regulations aligned with Basel III standards. The article analyzes how these reforms strengthen transparency, capital adequacy, and liquidity coverage ratios. Empirical and analytical methods are used to assess the impact of regulatory changes on short-term and long-term cash flow planning. The research also considers the growing importance of fintech solutions and real-time payment systems. The findings demonstrate that effective cash flow management enhances financial stability and credit activity. The article concludes with policy recommendations aimed at deepening reforms and increasing the resilience of commercial banks in New Uzbekistan.</p>	<p>Cash flow management, Commercial banks, New Uzbekistan, Banking reforms, Liquidity management, Financial stability, Central Bank regulation, Basel III standards, Digital banking, Fintech solutions, Risk management, Prudential supervision.</p>

**Introduction**

In New Uzbekistan, the development of effective cash flow management in commercial banks is closely linked to comprehensive legal and institutional reforms. The Law of the Republic of Uzbekistan “On the Central Bank of the Republic of Uzbekistan” (adopted on April 21, 2023) strengthened the independence of the Central Bank and enhanced its role in regulating liquidity and monetary flows. In addition, the updated Law “On Banks and Banking Activity” (new edition dated November 5, 2019, with subsequent amendments) established modern requirements for liquidity, capital adequacy, and risk management. These legal frameworks created a basis for improving short-term and long-term cash flow planning in commercial banks.[1]

Furthermore, the Presidential Decree No. PF-5992 of May 12, 2020, aimed at reforming the banking system, promoted the introduction of international financial reporting standards and advanced

treasury management practices. In line with this, the Central Bank introduced prudential regulations aligned with Basel III standards between 2021–2024, including liquidity coverage and net stable funding ratios. Digitalization initiatives, supported by the Law “On Payments and Payment Systems” (September 16, 2019), expanded real-time payment instruments and improved cash flow transparency.

As a result, commercial banks gained broader opportunities to optimize cash inflows and outflows, reduce liquidity risks, and enhance financial stability. Overall, the legal reforms and regulatory measures adopted in recent years play a crucial role in strengthening cash flow management mechanisms in the banking sector of New Uzbekistan.

## **Analysis and Results**

This section presents an in-depth analysis of cash flow management practices in selected commercial banks of Uzbekistan over the period 2020–2024. The analysis is based on official statistical data published on [bet.uzbekiston.uz](http://bet.uzbekiston.uz), annual financial statements of banks, and sectoral reports of the Central Bank of the Republic of Uzbekistan. The focus is placed on how regulatory reforms, macroeconomic conditions, and internal management strategies influenced cash flow dynamics.[2]

The analysis focuses on the cash flow dynamics of three commercial banks of Uzbekistan — the National Bank of Uzbekistan (NBU), Hamkorbank, and Kapitalbank — over the period 2020–2024, using official data published on [bet.uzbekiston.uz](http://bet.uzbekiston.uz) and banks’ annual financial reports. The selected period reflects critical stages of banking reforms, digital transformation, and post-pandemic recovery.

During 2020–2021, commercial banks operated under heightened uncertainty caused by the COVID-19 pandemic. Despite these challenges, NBU maintained a stable cash flow position due to strong state support and diversified funding sources. Its total assets and operating cash inflows increased steadily, indicating effective liquidity management and centralized treasury control. This stability allowed the bank to continue financing large-scale investment projects.[3]

In contrast, Hamkorbank, as a private commercial bank, demonstrated a more cautious cash flow strategy in the early years. Between 2020 and 2022, its cash inflows grew gradually, reflecting conservative lending policies and a focus on deposit mobilization. However, from 2023 onward, Hamkorbank significantly strengthened its cash and cash equivalents, which indicates improved internal cash flow planning and better alignment between inflows and outflows.

Kapitalbank showed a dynamic cash flow structure throughout the period. From 2021 to 2024, the bank expanded its customer base and digital payment services, which positively affected operational cash inflows. The growth in deposits and non-cash transactions contributed to higher liquidity buffers and improved short-term cash management efficiency.

Overall, the period 2023–2024 marks a qualitative shift for all three banks. Regulatory tightening, Basel III-oriented liquidity requirements, and the expansion of real-time payment systems enhanced transparency and predictability of cash flows. As a result, banks were able to balance operational, investing, and financing cash flows more effectively, reducing liquidity risk and strengthening financial stability.

The period under review can be divided into three distinct phases. The first phase (2020–2021) was characterized by external shocks related to the COVID-19 pandemic, which significantly affected liquidity conditions and cash circulation. The **second phase (2022)** marked a transition period, during which banks adapted to new regulatory and market conditions. The third phase (2023–2024) reflects a stage of stabilization and qualitative improvement in cash flow management driven by digitalization and prudential regulation.

During 2020, Uzbek commercial banks faced increased volatility in cash inflows due to reduced economic activity. However, timely regulatory support measures, including liquidity injections and temporary regulatory easing, helped banks maintain operational cash flows. By 2021, gradual economic recovery led to improved cash turnover, particularly in payment operations and retail banking. From 2022 onward, the Central Bank strengthened liquidity requirements and introduced stricter monitoring of cash flow indicators. This shift compelled banks to move from reactive liquidity management toward strategic cash flow planning, integrating short-term liquidity needs with long-term financial sustainability.

Key Cash Flow–Related Indicators of Selected Banks (2020–2024)[4]<sup>1</sup>

**Table-1<sup>2</sup>**

Bank	2020–2021 Trend	2022 Trend	2023 Trend	2024 Result
National Bank of Uzbekistan	Stable cash inflows, high asset base	Gradual growth in liquidity	Strong operating cash flows	Highest profitability and cash turnover
Hankorbank	Conservative cash management	Moderate growth	Significant increase in cash equivalents	Strengthened liquidity position
Kapitalbank	Expanding payment-related inflows	Stable growth	Assets and deposits increased	Improved cash flow efficiency

<sup>1</sup> Table prepared based on data provided by the author

The National Bank of Uzbekistan (NBU) plays a dominant role in the banking system due to its size, asset base, and participation in state investment programs. Throughout 2020–2024, NBU demonstrated relatively stable cash flows, even during periods of economic stress. In the early years, NBU's operating cash inflows remained positive due to diversified income sources and strong government-backed financing. The bank's ability to attract large corporate deposits and external funding allowed it to maintain sufficient liquidity buffers. As a result, short-term cash flow gaps were minimized, and payment obligations were fulfilled without disruption. (Table-1)

From 2023 onward, NBU benefited from improved treasury management practices and the implementation of liquidity coverage ratio requirements. Increased transparency in cash flow reporting enabled better coordination between lending activities and funding sources. Consequently, NBU achieved high profitability in 2024, indicating that efficient cash flow management contributed directly to financial performance. Unlike large state-owned banks, Hamkorbank represents a private banking model focused on small and medium-sized enterprises and retail clients. During 2020–2021, Hamkorbank adopted a conservative approach to cash flow management, prioritizing liquidity preservation over aggressive expansion.

In this period, operating cash inflows grew modestly, reflecting cautious able prepared based on data provided by the author lending and enhanced deposit mobilization. The bank limited long-term investment outflows, thereby reducing liquidity risk. Although profitability growth was moderate, this strategy ensured financial resilience.[5]

A notable shift occurred in 2023–2024, when Hamkorbank significantly increased its cash and cash equivalents. This improvement was driven by better alignment between deposit inflows and loan disbursements, as well as the expansion of digital banking services. Enhanced internal cash forecasting mechanisms allowed the bank to optimize daily liquidity positions. As a result, Hamkorbank strengthened its ability to absorb shocks and support sustainable growth.

Kapitalbank stands out for its active use of digital payment technologies and customer-oriented services. Over the analyzed period, the bank experienced steady growth in operational cash inflows, largely due to increased non-cash transactions and retail banking expansion.[6]

Between 2021 and 2022, Kapitalbank invested heavily in digital infrastructure, which initially increased investment-related cash outflows. However, these investments generated positive returns in subsequent years by enhancing transaction volumes and fee-based income. By 2024, Kapitalbank achieved a balanced cash flow structure, where operating inflows sufficiently covered financing and investment needs. Asset growth and rising deposits contributed to improved liquidity ratios, demonstrating the effectiveness of technology-driven cash flow management.

A comparative assessment reveals that bank size, ownership structure, and strategic priorities significantly influence cash flow management approaches. NBU benefits from scale and institutional support, enabling stable and predictable cash flows. Hamkorbank relies on flexibility and prudent internal controls, while Kapitalbank leverages innovation and digitalization.

Despite these differences, a common trend across all three banks is the transition toward integrated cash flow management systems, combining regulatory compliance with strategic financial planning. This convergence reflects the broader transformation of the Uzbek banking sector.

**Comparative Cash Flow Characteristics (2020–2024)[7]**

**Table-2**

<b>Indicator</b>	<b>NBU</b>	<b>Hamkorbank</b>	<b>Kapitalbank</b>
<i>Cash Flow Stability</i>	<i>Very high</i>	<i>Moderate to high</i>	<i>High</i>
<i>Liquidity Strategy</i>	<i>Scale-based</i>	<i>Conservative and adaptive</i>	<i>Technology-driven</i>
<i>Key Growth Period</i>	<i>2023–2024</i>	<i>2023–2024</i>	<i>2022–2024</i>
<i>Main Strength</i>	<i>Asset size and support</i>	<i>Internal control</i>	<i>Digital payments</i>

*Table prepared based on data provided by the author*

The analysis confirms that effective cash flow management has become a critical determinant of banking sector resilience in New Uzbekistan. Regulatory reforms and digital transformation have improved transparency, reduced liquidity risk, and enhanced financial discipline. (Table-2)

Banks that successfully integrated regulatory requirements with internal cash planning achieved better financial outcomes. In particular, the ability to forecast cash inflows and outflows, maintain adequate liquidity buffers, and respond to market changes proved essential. Overall, the results indicate that cash flow management in Uzbek commercial banks has evolved from a purely operational function into a **strategic management tool** supporting financial stability and sustainable growth.

The results show that effective cash flow management in Uzbek commercial banks is increasingly driven by regulatory reforms, digitalization, and strategic liquidity planning. While large state-owned banks rely on scale and institutional support, private banks compensate through flexible cash flow structures and technology-based solutions. Consequently, the coordinated management of cash inflows and outflows has become a decisive factor in enhancing banking sector resilience in New Uzbekistan.

**Conclusion**

Based on the conducted analysis, it can be concluded that effective cash flow management has become a key strategic factor in strengthening the financial stability of commercial banks in New Uzbekistan. The period 2020–2024 demonstrated that banking institutions capable of aligning operational, investing, and financing cash flows with regulatory requirements achieved higher resilience under conditions of economic uncertainty. Legal reforms and prudential regulations introduced by the Central Bank significantly enhanced transparency and discipline in liquidity management.

The comparative assessment of the National Bank of Uzbekistan, Hamkorbank, and Kapitalbank confirms that different business models require differentiated cash flow strategies; however, all banks benefit from integrated cash flow planning and advanced monitoring mechanisms. Digitalization and the expansion of payment systems have played a crucial role in improving cash flow predictability and operational efficiency. Overall, the transformation of cash flow management from a technical function into a strategic management instrument contributes to sustainable banking sector development and supports the broader economic modernization objectives of New Uzbekistan.

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