AMERICAN JOURNALS
Open Access, Peer Reviewed Journals
American Journal of Business Management, Economics and Banking
ISSN (E): 2832-8078 Volume 49, June- 2026

SCIENTIFIC AND THEORETICAL BASIS OF PROCEEDING A STRATEGY FOR THE DEVELOPMENT OF COMMERCIAL BANKS

Rakhmanov Zafarjon Yashinovich
PhD., Associate Professor Independent Researcher at the Academy of Public Policy and Administration Under the President of the Republic of Uzbekistan
E-mail: zry2010@rambler.ru

ABSTRACT

This article analyzes current trends in the transformation of commercial banks and the introduction of digital technologies. In particular, the strengthening of macroprudential supervision in the banking system, digital transformation, optimization of business processes, and the advantages and limitations of the use of financial technologies are highlighted. Also, based on international and national experience, the issues of strategic development of banks, risk management systems, and cybersecurity are analyzed. The study substantiates the need to pay special attention to the transformation of banks not only to technological innovation, but also to strategic management, service quality, and financial stability.

KEYWORDS

Commercial banks, digital transformation, banking strategy, financial technologies, fintech, risk management, macroprudential control, cyber security, banking services, innovative development, banking system, liquidity, business processes.

Introduction

The changes taking place in the economy of our country in recent years (or transformational processes, as most scientific and practical sources note) require the development of new approaches to the strategy for the development of commercial banks. In our opinion, this consideration can be explained by several long-term trends. The tightening of macroprudential control requirements for regulating the activities of commercial banks and the implementation of a relatively tight monetary policy in order to achieve forecast inflation indicators, slow down price growth and support savings[1] require an increase in the role and importance of commercial banks in ensuring macroeconomic stability. In particular, in accordance with the "Regulations on the Procedure for Identifying Systemically Important Banks", approved by the resolution of the Board of the Central Bank of the Republic of Uzbekistan dated February 18, 2023, systemically important banks will be identified, and the establishment of proportionate control over their activities and the appointment of remote supervisors (curators), and at the next stage, the issues of establishing additional margins (buffers) to prudential standards for them will be considered on the basis of Article 38 of the Law of the Republic of

Uzbekistan "On Banks and Banking Activities"[9]. In addition, in accordance with the resolution of the Board of the Central Bank "On Amendments and Addenda to the Regulations on the Procedure for Making Electronic Payments through the Interbank Payment System of the Central Bank", state-registered by the Ministry of Justice of the Republic of Uzbekistan on February 16, 2023 under No. 1545-5, it is established that in the event of insufficient funds in the correspondent accounts of banks, payments for final settlements between banks will be reflected as an overdraft. It is also noted that the operations of a bank with an overdraft on its representative account through the Central Bank Settlement Clearing System and the Rapid Payments System will be suspended until a positive balance is formed on the representative account[2].

Literature review

In recent years, the processes of transformation of the activities of commercial banks, the results expected from them, have become an important topic in scientific research and research by practitioners. However, it should be noted that in most of them, transformation processes are considered from the point of view of individual banks or areas of activity, and a number of important aspects of strategic issues have been overlooked by the authors.

In particular, as noted in the article "The activities of all banks with state participation will be transformed" by B. Juraev, a responsible employee of the Central Bank of the Republic of Uzbekistan: "... in order to commercialize and increase the customer-oriented nature of the activities of banks by changing their business models, improve their corporate governance and risk management systems, and increase the quality and scope of services, the activities of all banks with state participation will be transformed with the involvement of international financial institutions and specialized consultants in the field"[3].

As A. Azlarova states in her article "Accelerating the Transformation of the Banking Sector in Uzbekistan in the Context of the COVID-19 Pandemic": "Transformation is an inevitable process of business in the world adapting to new conditions and the preferences of society. Commercial banks should develop digital transformation and develop new strategies through a separate study of the needs of business entities and a deep analysis of existing opportunities. The digital transformation of banks is primarily aimed at better understanding the needs of business entities: to communicate with the bank quickly, easily and at lower prices, and in the conditions of the digital economy, the banking sector should be ready to offer the most modern services[4]. As A. Meola notes in her article "The digital trends disrupting the banking industry in 2023", the most common trend in the financial services industry is the transition to digital technologies, in particular, mobile and online banking. This digital transformation is driven by technological advances Increased competition has also led to the merger of small banks and startups. However, in 2022, the volume of financing for fintech projects decreased in most countries. According to CB Insights, in the third quarter of 2022, the volume of financing for financial technologies decreased by 38% compared to the previous quarter and amounted to $ 12.9 billion. The article also notes that the banking sector is in better shape than in the crisis year of 2008. According to the results of The Banker's "Top 1000 World Banks Ranking", the total assets of banks amounted to $ 154,211 billion in 2022, an increase of 3.78% compared to 2021 ($ 148,583 billion). Banks with such funds under their management are introducing new technologies to attract customers and retain existing ones. In addition, startups with innovative banking technologies and Neobanks are

emerging. Traditional financial institutions are either merging with or competing with them in an attempt to improve the quality of customer service[5].

Analyses and results

Despite the fact that the opinions and considerations of the above authors on the digital transformation of banking activities are of some importance in developing a bank strategy, they cannot be fully accepted, taking into account the following features:

- firstly, the limited possibilities for optimizing business processes in commercial banks based on digital technologies. One of the widespread problems in this area is the lack of a clear definition of the results to be obtained from the transformation processes. Replacing existing platforms with "modern" ones or integrating new technologies into them does not lead to an improvement in business processes by itself and does not ensure economic efficiency. In addition, another negative trend observed in the transformation processes is the desire to combine several initiatives within one program. Of course, the transformation of the bank's electronic platform leads to a change in technologies and architecture. However, various initiatives, including business process reengineering, the introduction of middleware necessary for the implementation of new channels for remote service provision (digital platforms), etc., further complicate the electronic platform of banks and may reduce its level of protection from various cyber risks. At the same time, almost no attention is paid to ensuring the quality of services in the transformation processes. Most specialists have the impression that basic banking operations are standard services and do not require extensive testing. Therefore, little time and money are allocated for testing and retesting. In our opinion, one of the important issues that is being overlooked is the insufficient level of agreement between the bank's electronic platform and all parties integrated into it when purchasing, installing and servicing software. In particular, Sh. Shayusupov, an employee of Fido-Biznes, one of the leading software providers for the banking sector of our country, in his article "Digital Transformation of Banks in Uzbekistan: An Evolutionary Model from Fido-Biznes" notes: "As in the rest of the world, the process of digital transformation of banks is underway in Uzbekistan... From the first projects on the digitalization of Uzbek banks, it became clear that this process would last for many years. The lack of ready-made solutions adapted to the conditions of Uzbekistan in foreign aggregators, the complexity of the IT structure of our banks, integrated with almost 60 external information systems, has created serious problems... In essence, if the automated system of banks is working well, there is no need to touch it. Automated banking systems, along with servicing customer accounts, perform the function of preparing and presenting reports formed over the years... Traditional automated banking systems cannot be "cleaned" of their previous functions, because they are necessary as before"[6];

- secondly, the limited capabilities of digital financial technologies to ensure the efficiency of banking activities. Many scientific and practical sources note that the most promising form of digital transformation of commercial banks is the transformation of business and operational models. Business models focus on the current state of the bank's business and what value it creates for the market, while operational models focus on the efficiency of internal business processes. Although this approach is correct from a tactical point of view, it is not considered expedient from a strategic point of view of the future (strategy) of banking activities. In particular, on March 10, 2023, Silicon Valley Bank (SVB), which serves almost half of US venture technology startups and had assets of almost $209 billion and deposits of $175.4 billion as of the beginning of 2023, was filed for bankruptcy by financial regulators

California Department of Financial Protection & Innovation (DFPI) and Federal Deposit Insurance Corporation (FDIC) under California Financial Code section 592[7]. It should be noted that this bank was included in Forbes' "America's Best Banks 2023" rating as one of the most reliable banks. The main reasons for the bank's bankruptcy were that $91 billion of its deposits were placed in securities and almost $15 billion of them were withdrawn due to the Federal Reserve raising interest rates. The bank's losses, as well as the fact that rising interest rates led to a withdrawal of funds from the bank by SVB's clients, and the resulting liquidity problem, can be attributed to the sale of a $21 billion portfolio of US Treasury bonds and $2.25 billion of the bank's common and preferred shares. The bank's failures led to a decline in the value of USD Coin (USDC) and DAI, cryptocurrencies pegged to the US dollar, issued by the bank's client Circle Internet Financial.[8] Silicon Valley Bank's business model or problems in the field of digital technologies have not been noted by financial regulators and other analysts.

We can see almost the same situation in the case of banks in our country. In particular, in accordance with the resolutions of the Board of the Central Bank of the Republic of Uzbekistan No. 22/1 and 22/2 dated October 7, 2022, the licenses for conducting banking activities were revoked from the private joint-stock commercial banks "Turkiston" and "HI-TECH BANK". The main reasons for this situation were the lack of sufficient reserves against potential losses on bank assets, losses of more than fifty percent of regulatory capital, violation of the rights and legitimate interests of consumers of banking services, violations of accounting rules leading to distortion of reporting data and not allowing to reflect the true financial condition of the bank, and failure to comply with the Central Bank's instructions on eliminating gross violations in banking activities within the established time frame. At the same time, it should be noted that the funds of the population placed on deposit in the Turkistonbank Public Credit Institution were formalized by bank employees as sub-prime loans. On March 7, 2022, bank customers were warned that due to preventive work being carried out in connection with the transition of the bank's software to the new ABS program, malfunctions may occur in the system until March 31 of this year[9].

Conclusion

In conclusion, the transformation of commercial banks is of great importance in ensuring the competitiveness and financial stability of the banking system in the conditions of the modern economy. The introduction of digital technologies allows to improve the quality of banking services, create convenience for customers, and improve business processes. At the same time, transformation processes can also create problems related to cybersecurity, risk management, and financial control. International and national experience shows that not only modern technologies, but also effective strategic management and prudential supervision are important for achieving success in banking. Therefore, in the transformation of commercial banks, special attention should be paid to the development of digital infrastructure, improving the quality of services, strengthening financial stability, and introducing innovative management mechanisms. As a result, the efficiency of the banking system will increase, which will contribute to the sustainable development of the economy.

REFERENCES

1. Report of the Central Bank of the Republic of Uzbekistan for the 4th quarter of 2022. Source: https://cbu.uz/upload/iblock/e71/2gnpiqz21gpfra072l161iz0bi9w5h5e/Pul_kredit_siyosati_sharhi_2022_yil_4_chorak.pdf
2. Resolution of the Board of the Central Bank of the Republic of Uzbekistan No. 1545-5 dated February 16, 2023. Source:https://lex.uz/pdfs/6385885
3. https://uza.uz/uz/posts/davlat-ishtirokidagi-barcha-banklar-faoliyati-transformatsiya-15-05-2020
4. Azlarova A.A. "Accelerating the transformation process of the banking sector in Uzbekistan in the context of the COVID-19 coronavirus pandemic" // Scientific and electronic journal "Economy and innovative technologies". No. 5, September-October, 2020.
5. A.Meola. The digital trenods disrupting the banking industry in 2023. https://www.insiderintelligence.com/insights/banking-industry-trends/
6. Шаюсупов Ш. Цифровая трансформация банка в Узбекистане: эволюционная модель от Fido-Biznes. https://plusworld.ru/journal/2021/plus-4-2021/tsifrovaya-transformatsiya-banka-v-uzbekistane-evolyutsionnaya-model-ot-fido-biznes/
7. California Department of Financial Protection & Innovation расмий сайти маълумотлари асосида. https://dfpi.ca.gov/2023/03/10/california-financial-regulator-takes-possession-of-silicon-valley-bank/
8. https://www.reuters.com/business/finance/global-markets-banks-wrapup-1-2023-03-10/
9. Information from the official website of the Central Bank of the Republic of Uzbekistan https://cbu.uz/oz/press_center/news/867246/