

## TYPES OF RISKS IN COMMERCIAL BANKS AND CAUSES OF PROBLEM

### ASSETS

Karimov Shamsiddin Akram ogli

Competition Committee of the  
Republic of Uzbekistan

### ANNOTATION

In this article, risks arising in the activity of commercial banks, their types, credit policy of commercial banks and its criteria, risks related to the lending process, other risks arising in the activity of commercial banks and issues of their management, as well as the growth of problem assets in banks as a result of not taking risks into account including the course.

**Keywords:** Risk, types of risk, banking risks, risk assessment, problematic loans.

### INTRODUCTION

The bank's risk management system consists of a set of measures and methods for preempting the occurrence of risk, preventing negative situations caused by risk or reducing their impact. If the object of the bank's risk management system is the risks arising in the banking activity, its subject is the group, the bank's employee or manager, who exerts its influence on the risk. In order to develop a banking risk management strategy, it is necessary to have a deep knowledge of banking activities, to be able to determine the effectiveness of operations performed by the bank, to achieve optimal decision-making regarding the bank's credit, investment, currency policy and other activities, the economic activities of customers and their financial situation, the activities of branches characteristics and others should be known.

### DISCUSSION AND RESULTS

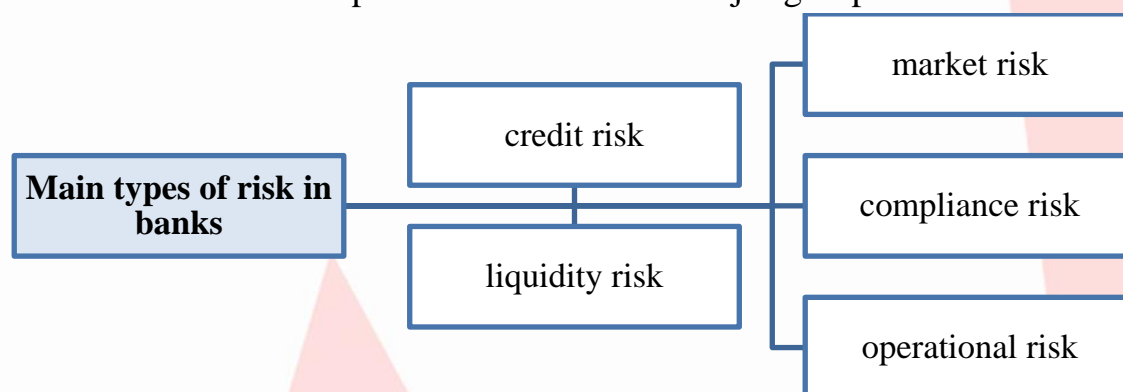
Risks directly or indirectly affect the activity of commercial banks. Most economists recognize the following as the main types of risk inherent in the activity of commercial banks:

- credit risk;
- interest rate risk;
- currency risk;
- operational risk;
- liquidity risk;
- market risk.<sup>1</sup>

---

<sup>1</sup>Isakov JY, Adilova Z.Dz., Khonto'rayev BA "Bank risks" study guide, Economics, Tashkent-2020, page 12.

Based on our national legislation, the Regulation of the Central Bank of the Republic of Uzbekistan dated April 18, 2023 No. 3427 "On Requirements for the Risk Management System of Banks and Bank Groups" divides risk into 5 major groups:



**Figure 1.1. Types of risk in banks<sup>2</sup>**

The following main features of the activities of commercial banks, which differ from the activities of other entities, as an entity operating on the basis of high risk in the conditions of the market economy, can be indicated.

First, only banks issue their own debt obligations (deposits, certificates of deposit, etc.) and invest the funds collected in this way in securities and other debt obligations issued by other entities. This feature of the bank differs from financial brokers and dealers operating in the financial market without their own debt obligations.

Secondly, by attracting money from individuals and legal entities, banks take fixed debt obligations, different from the activities of investment funds and other financial institutions. Investment funds, on the other hand, transfer the risks associated with changes in their assets and liabilities to their shareholders.

There are the following reasons for the occurrence of risks in banking activities:

- not studying the market well;
- lack of information in the field of attracting and deploying resources;
- incompleteness of information and information about the project, object and customers to be credited, their financial situation;
- failure to take into account the nature of network activity;
- the consciousness, level, knowledge and goals of the subjects or clients regarding the use of funds, etc. are considered. Therefore, the definition of banking risks as an economic category should express its objective and subjective causes and consequences.

Based on the above, bank risk is defined as the loss of a part of the bank's funds in the process of carrying out banking activities, or carrying out bank operations (deposit, credit, investment, currency) hoping for a positive result in the absence of income. comes out.

<sup>2</sup> Prepared by the author

Table 1

**Information on non-performing loans of commercial banks  
as of May 1, 2024<sup>3</sup>**

No	Bank name	Total loan portfolio	NPL	share in % of loans
<b>Banking System</b>		<b>483 605</b>	<b>23 312</b>	<b>4.8%</b>
<b>Banks with State ownership</b>		<b>339 210</b>	<b>17 831</b>	<b>5.3%</b>
1	NBU	100 416	4 219	4.2%
2	Uzpromstroybank	58,700	2 982	5.1%
3	Agrobank	57 558	2 107	3.7%
4	Asaka Bank	38,026	1 830	4.8%
5	People's bank	26 237	1 830	7.0%
6	Business development bank	20 941	3 145	15.0%
7	Microcreditbank	14 781	981	6.6%
8	Turan Bank	12 149	308	2.5%
9	Contact bank	10 275	427	4.2%
10	Capital Bank	127	1.6	1.3%
<b>Other banks</b>		<b>144 395</b>	<b>5 481</b>	<b>3.8%</b>
11	Mortgage bank	36 574	3 238	8.9%
12	Capital Bank	27 913	731	2.6%
13	Partner bank	17 124	258	1.5%
14	Silk Yuli bank	12 561	117	0.9%
15	Orient Finance Bank	8 736	34	0.4%
16	Invest Finance bank	6 436	114	1.8%
17	Trust bank	5 498	122	2.2%
18	Period bank	5 311	54	1.0%
19	TBC bank	4 663	103	2.2%
20	Pomegranate bank	4 167	102	2.5%
21	Asia Alliance Bank	3 892	62	1.6%
22	Tenge Bank	3 760	161	4.3%
23	KDB Bank Uzbekistan	2 757	0.0	0.0%
24	Ziraat Bank Uzbekistan	1 956	57	2.9%
25	Universal Bank	1 350	13	1.0%
26	Guarantee bank	892	135	15.1%
27	Madad Invest Bank	283	73	25.7%
28	Life is a bank	145	0.0	0.0%
29	Octobank	138	106	76.9%
30	AVO Bank	86	0.0	0.0%
31	Grape bank	50	0.0	0.0%
32	New bank	47	0.0	0.0%
33	Apex Bank	37	0.0	0.0%
34	Iranian Saderat Bank in Tashkent	16	3	20.8%
35	Smart bank	0.1	0.0	0.0%

<sup>3</sup> <https://cbu.uz/oz/statistics/bankstats/1710864/>

According to the data of the Central Bank, as of May 1, the credit portfolio of banks reached 483.6 trillion soums (1.1% growth), while the balance of problem loans exceeded 23.3 trillion soums and their share in the total portfolio was 4.8%.

In particular, in April, the total loan portfolio increased by 5.4 trillion soums, and the balance of problem loans increased by 1.7 trillion soums.

The growth of non-performing loans was mainly attributed to UzSQB (+674 billion soums), Uzmilloybank (+333 billion soums), Ipotekabank (+482 billion soums) and Kapitalbank (+216 billion soums).

In short, losses of commercial banks occur as a result of not being able to prevent and avoid the risks encountered in banking activities. Risks in banking activity include failure to analyze future operations in advance, failure to properly study the situation, failure to effectively allocate funds, failure to correctly assess market opportunities, failure to foresee other situations that may lead to negative results for banking activity. may occur due to High losses lead to losses in banks. Losses are a factor that reduces the bank's profit, and it depends on the level of riskiness of the bank's activity.

## REFERENCES

1. Constitution of the Republic of Uzbekistan. - T.: Uzbekistan, 2023.
2. Law "On the Central Bank" of the Republic of Uzbekistan.
3. Law of the Republic of Uzbekistan "On Banks and Banking Activities".
4. Abdullayeva Sh.Z. "Banking". Textbook. T. "Economy-Finance" 2017.
5. Isakov JY, Adilova Z.Dz., Khonto'rayev BA "Bank risks" study guide, Economics, Tashkent-2020, page 12.
6. [www.cbu.uz](http://www.cbu.uz)
7. [www.lex.uz](http://www.lex.uz)
8. [www.bank.uz](http://www.bank.uz)