

## MODERN TRENDS IN MANAGEMENT STRATEGIES AND THEIR APPLICATION IN COMMERCIAL BANKS

**Alimova Shamsiya Abidovna**

*Asian International University, Senior Lecturer, Department of Economics*

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### Abstract

In this article, the development of the economy in the country, the improvement of the management system, the work technology of some specialists and assistant management staff, the factors affecting the provision of individual banking services to clients in international practice, regulatory documents regulating the management of market risks in commercial banks by the Central Bank and their essence, the main problems in the management of assets and liabilities of the bank, marketing strategies in evaluating the effectiveness of commercial banks and suggestions and comments on modern trends in their application are presented.

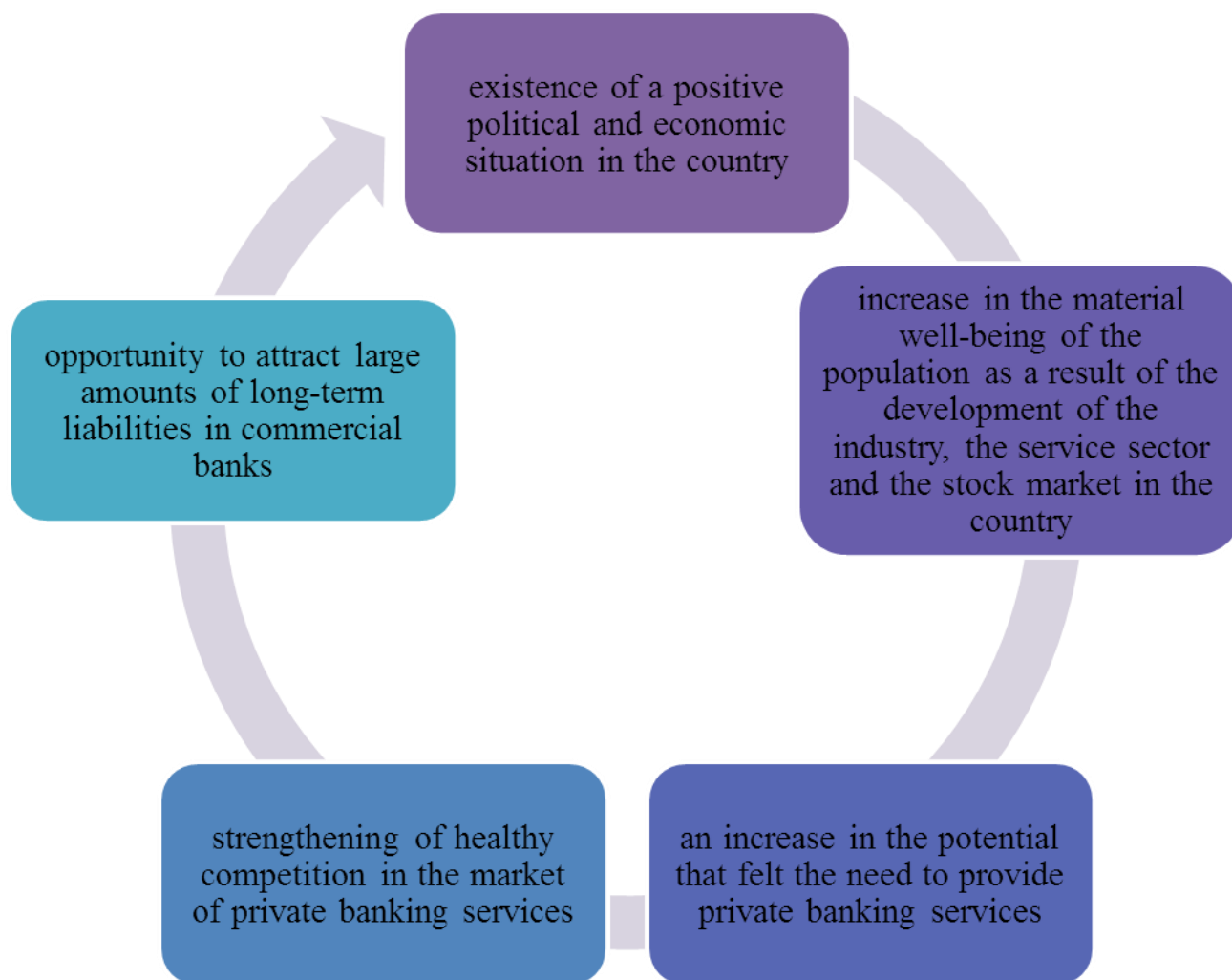
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One of the important directions of reforms in the banking system is the importance of the marketing system in establishing the relationship between commercial banks and clients based on the principle of "The client is not for the bank, but the bank is for the client" while improving the quality and culture of banking services.

The development of the country's economy, improvement of the management system, cannot be realized without information. Information consists of continuous exchange of information between all branches, sectors, divisions of the national economy, between this enterprise and similar enterprises and organizations. The work technology of marketing organizers is determined by the totality and consistency of information processing methods. This system includes all the work from setting the goal of information selection to the organization of accounting and control of the implementation of the decisions made. Information technology for each category of employees participating in the definition and implementation of the strategy: managers, specialists and junior employees, require certain knowledge and experience. The labor technology of some specialists and auxiliary management personnel is similar to the labor technology in production, as it is largely defined by organizational and technical aspects.

Directing the execution of the decision made in the field of marketing is closely related to control. The principle of accounting and control is embedded in the entire activity of the management apparatus.

**In international practice, the following factors lead to the provision of individual banking services to clients:**



When revealing the nature of private banking services, it is necessary to divide them into three entities, i.e. Private Banking, VIP-service and Family Office.

Traditional Private Banking is essentially the provision of financial and non-financial services and special products to a private person and his family members based on a power of attorney through highly qualified personal managers. The services provided are based on the wishes of each client, and on this basis, we try to fully satisfy the needs of their delicate taste.

In contrast to Private Banking, VIP services provide clients with a set of standardized financial services and products. In other words, traditional banking services of a standard nature are provided to customers in VIP service with high quality and favorable conditions and at a relatively low price.

The Family Office service includes various decisions on the management of money of a private person and his family members. It should be noted that in the family office, the main focus is on choosing the most suitable for the private person and his family members from all the financial and non-financial services and products available in the market of banking and non-banking services from various regional service providers. Therefore, in international practice, the concept of Family Office is based on the principles of "open architecture".

In all elements of the provision of banking services, high-level service, qualified specialists, and most importantly, in the provision of banking and non-banking services, the position of the client, his

behavior and needs are taken into account. Here, it is necessary to pay attention to the quantity and quality of banking and non-banking services and products offered to clients by a commercial bank.

There will be little or no need for some of the offered services and products, and the commercial bank will not remove them from the list. Because even if the client is not using these services at the moment, he knows well that this type of service is available in his bank and can use it when the need arises. This factor prevents the number of commercial bank customers from decreasing and, if necessary, serves to attract new customers. In the development of the management strategy, bank marketing is essentially the study of the market of banking services by commercial banks on the one hand, and the specific activities of promoting banking services in it, and on the other hand, commercial banks study the requirements of their customers and meet them. It refers to activities related to earning income on the basis of satisfaction.

In our opinion, the following factors influence this situation:

- strengthen the objective evaluation of banking services by customers based on their immaterial character;
- correct determination of the number of consumers in the market of banking services, which directly affects the quantity and quality of banking services;
- As a result of the development of the economy, various requirements for banking services are constantly changing, because consumers have clear information about what banking services they need and when they are needed. should take

In short, as a social management system of commercial banks, the personnel in the bank is formed, changes and develops in accordance with the goals of the bank property subject. In this case, the goals are determined by the interests of the owner and become the basis for the development of the bank's management strategy and policy, which, in turn, provide for the effective implementation of the strategy of the set goals.

At the same time, effective organization of risk management in banks and increasing the stability of the banking system and strengthening public confidence in it are of particular importance. In this regard, attention is being paid to the improvement of risk management in further reforming the banking system. The improvement of the risk management system in the commercial banks of our republic must first begin with the improvement of the structural structures responsible for risk management in the corporate structure of the bank.

In our opinion, in order to effectively implement the activities of this committee, it is necessary to develop the following risk management units in each commercial bank:

- market risk management unit;
- credit risk management unit;
- Operational risk management department.

The organization of these divisions allows to identify important risks in the bank's activity and to regularly control them. At the same time, the Basel Committee's minimum requirements for capital adequacy are also based on credit, market and operational risk levels.

This creates a basis for the introduction of modern requirements regarding the adequacy of bank capital in our republic, taking into account the above risks. Because at present, the minimum requirement for the adequacy of bank capital is determined only taking into account the level of credit risk. Nevertheless, it is necessary to use the new methods of the Basel Committee in credit risk assessment.

Assessment of credit risks based on internal rating requires long-term credit history data, information base of default cases.

Currently, the Central Bank is further improving the development of a regulatory document regulating market risk management in commercial banks. In addition, in addition to the approval of the risk management system and the internal control system, the effectiveness of the system is regularly evaluated.

All previous stages of interest rate risk management process are considered important, but it is the selection of the considered risk factors and types and assessment of interest rate risk that is the main one. In cases where the assessment is incorrect, it is possible to make incorrect management decisions, to choose an inappropriate interest risk management strategy, which may negatively affect the bank's financial stability in the future.

Since the current value of financial instruments is chosen as a general indicator of the bank's financial condition for the purposes of interest rate risk assessment, the effectiveness of this approach is characterized by the conformity of the calculation estimate of the current value change with its actual change.

It can be divided into two independent parts: the analysis of the quality of the constructed scenarios (changes in the assumed risk factors) and the analysis of the quality of the obtained description of the sensitivity (representing the scenarios related to the change in the present value).

Banks often face the risk of unbalanced liquidity as a result of mistakes in customer selection. Such risks usually occur in cases where priority is given to lending to enterprises with an unstable economy.

The risk of unbalanced liquidity is the result of the shallowness of bank management and personnel qualifications, weak organization of bank activity control, lack of improvement of the methods used in risk regulation, deficiencies in setting the risk coefficient scales for some received bank operations or their groups. Banks should be careful about the risk of insolvency, inability to continue financial and economic activities due to lack of funds. If the bank gave a very large amount of loans without carefully analyzing the given loan application, there is a possibility that they will not be returned, such "bad" loans can cause great damage to the bank. Both the creditor and the borrower are still exposed to the interest rate risk of the bank. For the bank as a creditor, the increase in interest rates (resources) leads to a decrease in the profit received by the bank in the operation. A similar change, i.e. an increase in the interest rate on the borrowed resources, will lead to an increase in the cost of these funds for the bank, and the bank will suffer a loss.

The main problem in the bank's management of assets and liabilities is to prevent or reduce interest rate risk. For this, it is appropriate to use the imbalance, i.e., net value method. It is desirable to increase the possibilities of interest risk management and insurance in banks. In addition, the opportunity to use interest rate swaps is not being used to insure the interest rate risk.

Banks do not have a robust production process for credit risk management. Common disadvantages include:

- lack of written political comment in the form of a document;
- lack of restrictions on portfolio accumulation;
- excessive centralization or decentralization of credit management;
- failure to properly analyze the loaned network;
- superficial financial analysis of borrowers;
- lack of frequent contacts with clients;
- insufficient checking and lack of balance in the lending process;
- lack of control over debts;

- the inability to increase the value of the loan due to the deterioration of credit quality;
- poor control over debt documentation;
- extensive use of loan funds;
- incompleteness of credit documents;
- lack of separation of assets and standards into groups when forming reserves for loan loss compensation;
- Lack of effective control and auditing of the credit process.

These deficiencies affect the weakening of the loan portfolio, including the concentration of loans in one industry or sector of the economy, overhang, large loan portfolios, loan losses, defaults and illiquidity.

There is no doubt that banks in many markets operate in such economic conditions that they face objective difficulties in quality credit management, which indicates the need to strengthen credit management. Currently, most of the commercial banks of our republic do not analyze the price of this loan in depth in most cases.

In countries with a highly developed market economy, the market price of the loan is taken into account when determining the price of the loan, but the calculation of the price of the loan to the client consists of several stages, and this indicator is calculated by a deep analysis by commercial banks. The main purpose of determining the price of the loan is to achieve the efficiency of the loan given by the bank, to make a profit and to ensure the liquidity of the bank.

This result can identify bank risks in advance and make it possible to prevent them. The actual problem of credit risks for banks is that in the presence of credit risk, the creditor (bank) lacks confidence in the borrower's ability to fulfill the terms of the loan agreement and his obligations at the specified time. It is known that the main profit in banking practice consists of interest received on loans.

Failure to pay the interest rate or the principal amount of the loan on time or not at all on the loans received by the borrower will lead to a decrease in the bank's profit, resulting in a decrease in the weight of the bank's future funds. To increase the stability of the banking system, economic sectors it is necessary to coordinate the distribution of loans.

In general, based on the above, there are a number of risk management problems related to the improvement of the management of commercial banks in our republic, and their elimination, finding a solution, and establishing a modern risk management system based on international standards will contribute to the stability of the banking system of our country. serves to further strengthen. This stimulates the development of the economy.

The above-mentioned factors determine the performance of the following tasks in the development of marketing in the activities of commercial banks:

- Determining the current and future market of banking services;
- Identify specific trends in the market of banking services in order to fully satisfy the growing demand of clients;
- Determination of short-term and long-term goals for the implementation of new types of services in the existing and future market of banking services;
- Development of a program to introduce new types of banking services into practice and conduct bank control over them.
- Strengthening and improving interbank competition in the conditions of banking liberalization today.



- CRM (Customer Relationship Marketing/Management) business strategy formulation for continuous business development based on the "customer orientation" principle.
- Application of various marketing concepts in strategic management in banks;
- Assessment of credit risks based on internal rating based on long-term credit history data, default cases information base;
- Ensuring robust production for bank credit risk management and eliminating common deficiencies in this regard.
- That banking institutions have a wide network, in turn, to provide quality banking services to customers, to fully satisfy their needs for banking services, and to further quality indicators in the environment of healthy competition between commercial banks reach.

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