

Efficiency of Management and Banking Marketing in Innovative Development of Banks

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Abstract. The authors consider the issues of the formation of electronic banking, substantiate the effectiveness of the main types - Internet banking and mobile banking. Particular attention is paid to banking services provided remotely - the main advantages, disadvantages and prospects for the development of this type of service.

INTRODUCTION

Bank marketing is a management subsystem that includes market research in previous years and systematization of proven and new ways of market development. Marketing in the banking sector should be aimed at studying the market of credit resources, analyzing the financial condition of clients and forecasting on this basis attracting deposits to the bank and shaping the further behavior of the bank. Bank marketing is a market concept for managing a bank's activities, aimed at studying the market and economic conditions, the specific needs of the bank's customers and focusing on the needs of customers when developing new services or improving existing ones. Bank marketing - the relationship between the consideration of the needs of the clientele and the search for the most profitable markets for banking products.

LITERATURE REVIEW

To date, leading foreign economists with the problems of bank management and their improvement Dj.Siyunki [1], U. Cox [2], Rose P.S. [3], F. Kotler [4], E. Reed [5], E. Luvilen have found expression in scientific research. Local and CIS economists have always been involved. In particular, the principles of management in the activities of commercial banks and areas for their improvement were discussed by leading foreign economists VM Usoskin, EF Zhukova, I.V. Larionova, I.T. Balabanov, O.I. Lavrushina, Yu.N. Lapnin, Yu.A. It is reflected in the scientific research of the Malenkovs.

Some theoretical and practical aspects of the activities of commercial banks in the Republic of Uzbekistan, their functions and management of the development of commercial banks, the existing problems in this system are economists BT Berdiyarov [6], VA Kotov [7], IL Butikov, N It has been studied in the scientific works of H.Jumaev [8], O.B.Sattarov [9], R.R.Tojiev [10]. Some scientific and theoretical directions of application of bank marketing and financial management in management processes in the national banking system are reflected in scientific researches of A.Sh.Bekmurodov, B.Z.Mustafaev, B.K.Mirzamaydinov, M.Nasritdinova, M.M.Abdurahmanova and others. In

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Uzbekistan methods for control efficiency evaluation of the production capacities were studied by Abdurakhmanova G.K. [15], Mustafakulov Sh.I. [13], Tursunov B.O. [12,14]. They proposed own methodology for evaluation the efficiency of production capacities management at textile enterprises.

However, the theoretical and practical aspects of managing the activity and stability of commercial banks in the process of modernization and diversification of the economy are little studied. In our research, we have tried to develop theoretical ideas, methodological approaches and practical recommendations to solve these problems.

METHODOLOGY

The study used deductive and inductive, scientific observation, analysis and synthesis, statistical grouping, correlation and regression, monographic research, social surveys, comparisons, economic-mathematical methods.

ANALYSIS AND RESULTS

Banks in developed countries are experiencing three trends in terms of changing activities and implementing banking strategies: [11]

- 1) deregulation or liberalization;
- 2) creation and implementation of financial innovations;
- 3) strengthening the integration of national banks into world financial markets, taking into account the process of globalization. These trends are interdependent. As a result of the removal of limits on interest rates on deposits under the influence of liberalization of banks, variable interest rates on new "financial innovative" deposits are being introduced. The process of innovation is a process that moves in a logical sequence from the development of the idea of innovation to its consumption by the end consumer. It is the process of creating, developing and using the scientific, technical, production, economic and socio-organizational potential of innovation. There are the following stages of the innovation process - the creation of innovation, its development, dissemination and improvement.

The concept of "innovation" can be applied to innovations in all areas of banking, and they have the following characteristics:

- use of new technologies;
- product novelty;
- meeting market demand;
- from a commercial point of view.

Thus, an innovative banking product is the end result of innovative activity in the form of new or modified products and their sale (implementation) in the market; Innovative activity is the process of creating new and modified products and / or technological processes to sell them on the market.

The risk management policy of banks should be aimed at ensuring a reasonable ratio between the liquidity-profitability and risk-taking indicators, which are mutually contradictory in the formation of its assets and liabilities.

The process of globalization has increased the focus of banks on solving the problem of "security". In general, the problem of "security" combines two processes:

- 1) Banks divert their market assets - home purchases and light car loans - to the stock market. In foreign practice, this is called Asset-backed securities (ABS).
- 2) anti-financial intermediation process, ie direct borrowing from capital markets.

If development continues in this way, the structure of banks will change in the future and, as Luvellen (1996) points out, will receive the status of "contract banks". [11]

The contract bank offers various types of financial services "from a single window", taking into account the risks from many sources, as well as produces financial services in one enterprise in the form of a universal bank. At first glance, it looks like a "virtual bank", but it is different. The anonymity of the enterprise in the Internet "virtual

banking" service leads to a loss of consumer confidence. The performance of banking services and banking operations by the contract banks can be described as follows.

In the development of an alternative banking strategy in the management of commercial banks, the main focus should be on studying the external environment, monitoring and recognizing changes in political, social, economic and technical factors in the world and within the country. In the second stage, the internal resources, opportunities and potential of commercial banks are analyzed and the advantages and disadvantages of the bank are identified, and then the bank development and competition strategy is adopted. The increase in the number of branches and divisions of banks in Uzbekistan indicates the intensification of competition. In terms of fulfilling these tasks, it is expedient to consider the functions of managing banking operations and services.

The stages of developing a strategy for managing the motives of commercial banks are as follows:

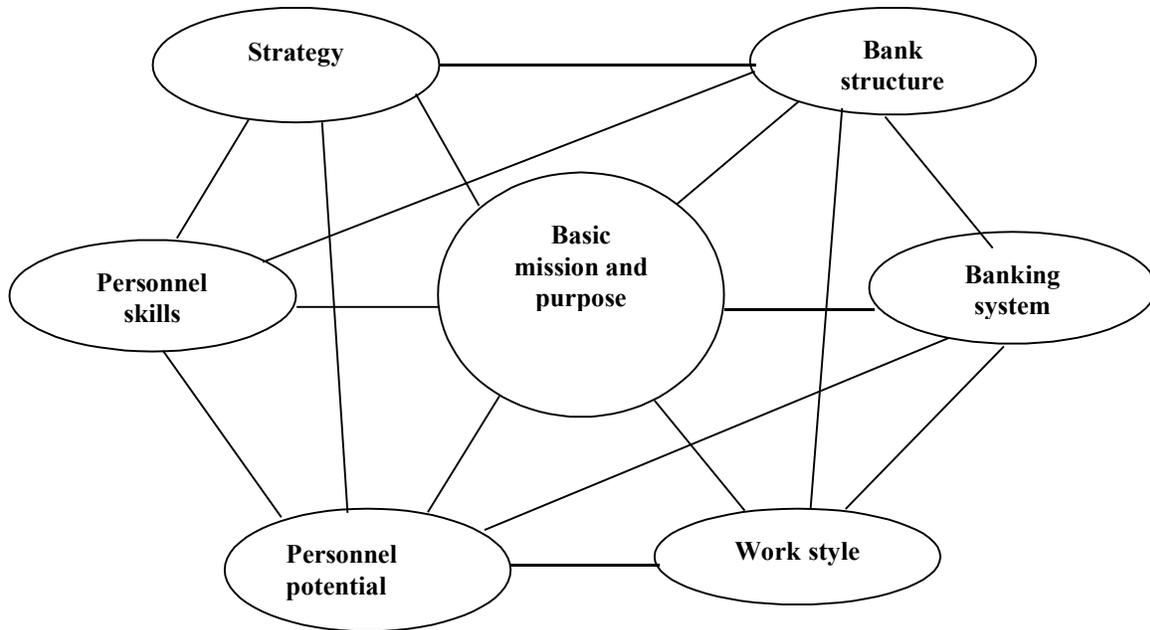


FIGURE 1. Modern management model and elements of commercial banks

They are:

1. Planning a long-term service management strategy, taking into account market requirements and its potential;
2. Introduction of new services on demand and their sale;
3. Organization of control over the operations (assets and liabilities) of the bank and control over it. To study the experience of developed countries for the introduction of off-balance sheet transactions;
4. To study the market and customer behavior in segments and to determine the prospects.

In short, the management of banking operations and services focuses on solving the following tasks:

1. Establishment of existing and potential markets for banking operations.
2. Satisfaction of specific market selection and customer needs
3. Setting long-term and short-term goals for the development of existing operations
4. Application of new types of operations and establishment of banking control over its implementation.

Today, “the share of direct banking services in the structure of financial services has reached 88%, which is 1.2 times more than in the same period last year. This is the result of targeted measures taken to expand the quality and scope of modern banking services to the population and businesses.

From the point of view of a new approach to the management of banking business and entrepreneurship, the use of the McKinsey 7S model is very effective (Figure 1).

Nearly 70 percent of managers assume that the current management system allows management decisions to be made quickly. Based on this, the most priority areas are separated from the functional aspects of management.

TABLE 1

Evaluation of banking activities by business leaders

Score	%
Meets world standards	0,9
Does not meet world standards	48,2
Behind world standards	41,4
Off-balance sheet transactions or activities	4,4
I have a hard time answering	5,1

Leaders have key potential (goals are clear, but opportunities are few); formed system of management (optimization and improvement of business processes); improving the quality of management in various areas; recommend a reference management system (Table 1).

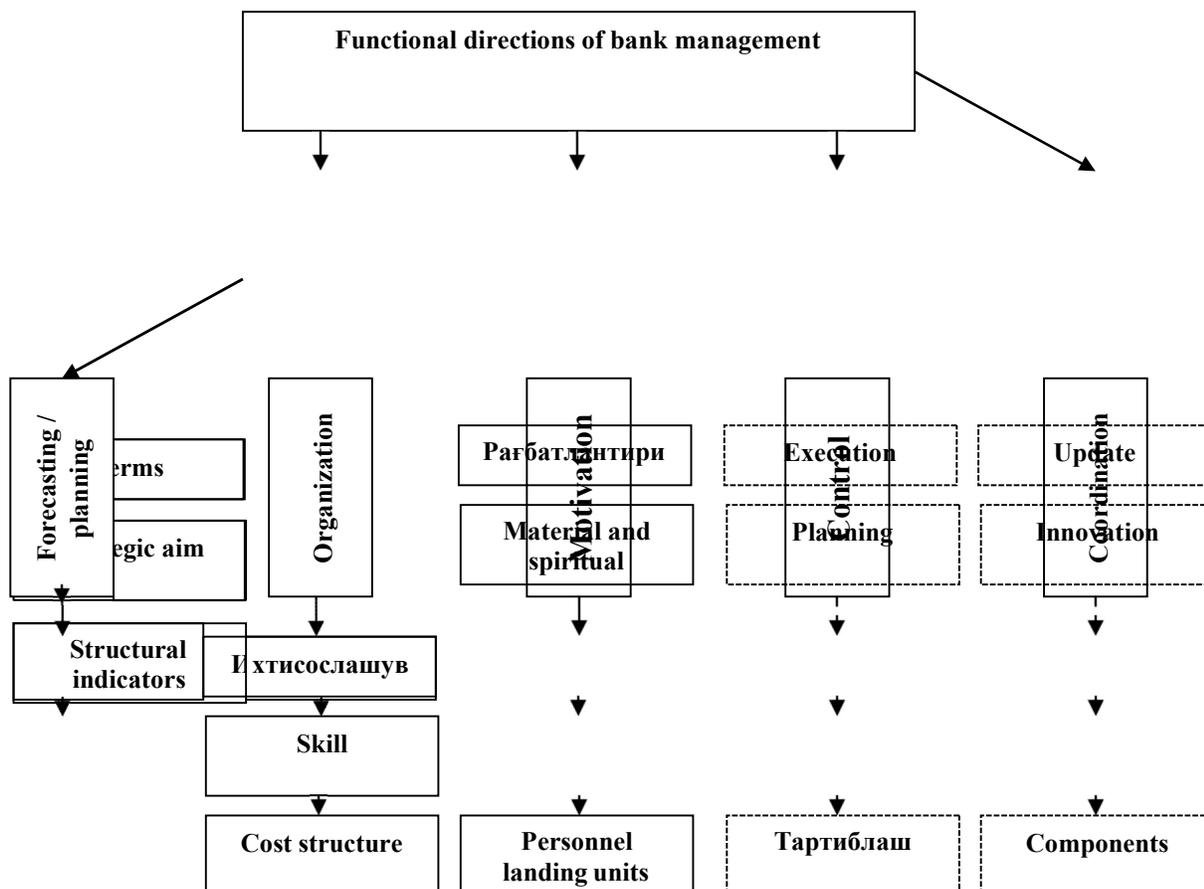


FIGURE 2. Distribution of functional areas of bank management

Bank management, like any business organization, must have its own mission, vision, goals, objectives, strategy and tactics. In particular, Davr Bank's mission for a private joint-stock commercial bank: "We provide unconditional financial support to the population and entrepreneurs", "vision": "to become an internationally operating and international standard commercial bank", and the goal: "sustainable and becoming a cost-effective bank ", objectives: "to be a competitive and risk-tolerant bank ", strategy: "operating at the lowest cost ", tactics: "operating on the basis of competition and cooperation ".

I. Ansoff has four main strategies based on the appearance of markets and the type of goods: deeper penetration into the market; expanding market boundaries; highlights new brand production and diversification. Based on the BKG (Boston Consulting Group) "growth-market share" matrix: offensive, defensive and retreat strategies can be applied. M. Porter identified the competitive advantages associated with the choice of specialization in three types of strategy, namely cost / volume strategy; divided into differentiation strategy and specialization strategy.

The second chapter of the study, entitled "Mechanisms for effective management of the stability of commercial banks" examines the problems of asset and liability management in commercial banks, improving methods of measuring and monitoring business risks in commercial banks, differentiation and diversification of services in commercial banks. (Fig.2)

The bank's goal is to generate more return on assets and reduce the risk of default. Asset management can be thought of as a two-step decision-making process. The first step is to determine the number of services, taking into account that daily customers can withdraw funds from the bank. Residual assets are treated as income-generating assets. In the second stage, the bank divides income-generating funds into low-risk low-profit accounts and high-profit loans.

The bank balance sheet can be described as follows: [11]

$$L+Z=D,$$

where L is the size of the debts

Z- bank reserves

D- deposit funds

During a certain period, the bank will have expenses and income in the flow of deposits. If the amount of expenses is less than the amount of reserves, the bank will not face a liquidity problem. Otherwise, the bank will face a shortage of liquidity, in which it will have to attract additional funds (funds) from the interbank market or the Central Bank. It is characterized by the fact that banks have given up the opportunity to profit from them because they are not included in the list of income-generating assets for alternative costs of reserves. In short, if the marginal cost of raising additional liquidity increases, the ratio decreases, the reserves will be sufficient. If the return on income-generating assets increases, the amount of reserves decreases. In other words, the flow of deposits and expenditures as a stochastic process follows the law of normal distribution.

The main problem in asset management is how the bank forms the asset structure, or in other words, the distribution of high-risk-high-yield and low-risk-low-income assets.

The second problem is the formation of risk-free and risky assets. In other words, it is a combination of three challenges in asset management, namely debt security and security, risk mitigation, and adequate liquidity.

TABLE 2

Dynamics of total capital, deposits, assets and credit investments of commercial banks of Uzbekistan (trillion soums)

Years (As of January 1)	Capital	Total deposits	The balance of the population's savings	Balance of total assets	Credit investments
2015	5,4	13,2	4,4	20,7	11,5
2016	6,2	18,0	6,2	27,4	15,7
2017	6,5	22,6	26,5	35,4	22,8
2018	6,9	26,1	43,9	56,2	34,8
2019	7,8	35,6	61,4	65,2	42,7
2020	9,4	44,6	73,4	80,4	53,4

As a result of measures taken to strengthen the resource base of the banking system, the total capital of banks increased by 20.1% in 2016 and as of January 1, 2017 amounted to 9.4 trillion soums. soums (Table 2).

The table shows that the bank's assets in 2012 amounted to 53 billion. soums in 2016 to 423 billion soums, during which the amount of deposits increased more than 10 times. This indicates an increase in the confidence of the population and organizations in the bank.

In our view, effective asset management in commercial banks cannot be achieved without focusing on the process of managing bank liabilities. In order to cover the interest expenses accrued by the bank, it is necessary for banks to direct these funds to effective asset operations.

In accordance with the Regulation "On the requirements for commercial risk management of commercial banks", approved by the Board of the Central Bank of the Republic of Uzbekistan on May 7, 2011 No 14/2, clearly defined and documented risk management, taking into account the specifics of banking and its environment policy development requirements. However, there are no clear requirements and guidelines for risk management policy priorities, risk management strategies, as well as tactical measures.

In our opinion, the following directions of improving the measurement of operational risks in the banking practice of our country can be proposed:

- Improving the method of risk measurement by developing qualitative methods of assessment and analysis.
- Improving risk measurement by expanding the scope of the assessment. As one of the main operational risks of credit activity, it is expedient to focus on the assessment and analysis of the qualifications of employees and the quality of banking processes.
- Use of additional methods of risk minimization: function outsourcing and process benchmarking. Our analysis shows that commercial banks do not adequately use methods such as outsourcing (ie, the transfer of certain functions and business processes to foreign companies specializing in this field) and process benchmarking (ie, the constant search for "best practices" in this area). Factors such as the occurrence and registration of defaults in the country's businesses, insufficient information on their financial stability, the lack of development of internal rating services limit the ability of commercial banks to implement improved approaches to risk assessment of the Basel Committee.

The following features should be considered when evaluating management effectiveness:

- efficiency, ie the timeliness of management activities in accordance with the economic goals, objectives and requirements;
- rationality or organizational organization of management, ie its decentralization and the ability to ensure a clearly organized interaction of the economy and management, which is expressed as the level of other organizational aspects of management activities;

- management, which represents the ability to influence the managed object with economy or efficiency, low consumption of labor, material and financial resources.

In this regard, speed, organization and economy are important conditions for high management efficiency.

TABLE 3

Dynamics of key indicators of commercial bank "Davir" (%)

Indicators	Years				
	2016	2017	2018	2019	2020
Income / risk average assets	19.7	14.1	10.0	8.7	7.1
Net income / ROA	2.4	2.2	1.8	1.7	1.8
Market funds / total assets	3.4	3.3	3.2	3.5	3.6
Liquid assets / total assets	57.2	56.6	48.5	30.8	34.5
Expenses / income	61.3	62.4	63.5	66.4	65.3
Total tangible assets / ROA	17.4	16.9	16.6	16.3	16.8
Problem debts / counter debts	8.3	8.9	10.1	10.4	9.8
Problem loans / shareholder capital + debt repayment reserve	16.9	36.6	0	37.3	46.6

Source: Author's development based on period bank report

In the process of our study lies a method of marginal analysis based on econometric models. Its essence is that it compares the additional gross profit or gross profit (marginal revenue MR or marginal profit MP) obtained from production as a result of cost-effectiveness and efficiency of management decisions with the additional costs (MC) spent on improving management. I.e. economic efficiency = MR / MC .

These indicators are found in the economic model. We also propose to determine the effectiveness of bank management by the following formula:

$$\mathfrak{E}_6 = \left\{ \frac{(\hat{O}_1 - \hat{O}_0)}{\hat{O}_0} * 100\% \right\} / \left\{ \frac{(\hat{A}\hat{O}_1 - \hat{A}\hat{O}_0)}{\hat{A}\hat{O}_0} * 100\% \right\}, \text{ here } O_0 \text{ and } O_1 \text{ are the amount of profit}$$

from banking operations and activities in the period, base and reporting periods (in thousands of soums), AO_0 and AO_1 , respectively, are the total costs of managing the bank. If $\mathfrak{E}_6=1$, the efficiency decreases and if $\mathfrak{E}_6=1$, then it remains unchanged. The difficulty is that they have a problem measuring the final product with physical owners. It is also difficult to measure the quality of products (services).

From the point of view of bank managers, deposits are costs incurred for profit, and from the point of view of the customer, deposits are the result (product) that bring added value to consumers. Its forms are in the form of payment account registration and security. In this case, income in the form of alternatives, net income and other types of net income can be accepted.

The second approach presents banks as manufacturing firms and provides for the efficient use of the factors used in the production process. The result is the total amount of deposits.

Economic efficiency indicators of the bank for the period 2016:

$$ROA = \frac{16126}{423733} * 100\% = 3,8\%$$

$$\text{ROE} = \frac{16126}{71565} * 100\% = 22,5\%$$

$$\text{Leverage L} = \frac{423733}{40000} = 10,6$$

$$\text{From them ROE} = \text{ROA} * \text{L} = 22,5\% * 10,6 = 238,5\%$$

Based on the correlation-regression study, the correlation between the bank's assets, equity, liquid assets and net profit was identified (private capital, liquid assets) The following regression equations were constructed to determine the effect:

$$Y = 3229,6 + 0,063X_1, R^2 = 0,932, F = 109,5; (1)$$

It can be concluded that if we increase the total assets of the bank by one million soums, its net income will increase by 63,000 soums without changing other factors.

$$Y = 1134,8 + 0,1906X_2, R^2 = 0,993; F = 1196,3 (2)$$

Also, if we increase the bank's private capital by one million soums, its net profit will increase by 191,000 soums without any other factors.

$$Y = 2087,5 + 0,346X_3, R^2 = 0,941; F = 127,9 (3)$$

If we increase the liquid assets of the commercial bank Davr by one million soums, the net income of the bank will increase by 346 thousand soums without other factors. So it can be concluded that the most important in terms of profitability of the three factors are liquid assets.

$$Y = 1111,5 + 0,0008X_1 + 0,366 X_2 - 0,0139X_3, R^2 = 0,993; F = 308,4 (4)$$

If we include all three factors in the regression model, the effect of liquid assets is negated by other factors, as there is multicollinearity among these factors. Therefore, the efficiency of banks was later studied using DEA (Data Envelope Analysis) and CAMEL methods. In the analysis of the efficiency of the banking system of Uzbekistan, three costs and three performance indicators were obtained.

CONCLUSIONS

The ongoing crisis in the global financial markets is associated with strengthening the stability of banking, including the country's recent reforms and liberalization of banking practices. Reducing the level of risk requires ensuring the stability of commercial banks.

The mechanism of effective management of the stability of commercial banks should be improved in the following areas:

improving the system of regulation and supervision of commercial banks on the basis of international standards and norms, including new recommendations of the Basel Committee on Banking Supervision (Basel III);

strengthening the financial stability of the banking system by further increasing the level of capitalization and liquidity of banks, expanding and diversifying the deposit base, further improving the quality of assets, including the loan portfolio;

implementation of off-balance sheet operations, as well as on-balance sheet operations of commercial banks, diversification of business activities;

further strengthening the role of banks in economic development, expanding their participation in investment processes; further intensification of operations on financial support of small business and private entrepreneurship and reduction of business risk on the basis of various modern insurance methods;

Differentiation and diversification of banking services based on the experience of world banks and further improvement of service quality, in particular, development of banking infrastructure, further expansion of remote banking services, especially in rural areas with the widespread use of information and communication technologies. In particular, the use of innovative technological tools in banking: Cash Back, Personal manager, Co-branding; the experience of developed countries, including the optimization of the business portfolio of banks, internal rating, the use of economic

mathematical methods to assess the effectiveness of banking operations, the introduction of information communications, use of computer programs;

It is recommended that commercial banks of the country further improve the legal framework of the financial and banking system on the basis of international standards and principles in order to obtain high ratings from leading international rating agencies.

In the modern microeconomic interpretation of banking entrepreneurship, production should be analyzed in conjunction with the market mechanism, managed in an integrated and dynamic manner with the market structure, market mechanism and the results of the enterprise. In this process, the concepts of production functions, marginal cost and marginal revenue categories are widely used, and bank management rises to a new level.

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