



PRACTICAL ASPECTS OF IMPROVING THE FINANCIAL SECURITY OF “NATIONAL BANK OF UZBEKISTAN”

Kurbonbekova Mohichehra Turobjonovna

Tashkent State University of Economics

Associate Professor of the Department of Banking, Doctor of Economic Sciences (DSc)

Email: mohichehra89@list.ru

ORCID: [0000-0002-0779-2632](https://orcid.org/0000-0002-0779-2632)

Kuzieva Nargiza Ramazanovna

Tashkent State University of Economics

Head of the Department of “Taxes and Taxation,” Professor, Doctor of Economic Sciences

Email: n.r.kuzieva@tsue.uz

ORCID: 0000-0001-8096-2928

Abstract: The article examines the processes of ensuring the financial security of the Joint-Stock Commercial Bank “National Bank of Uzbekistan,” the practical aspects of its improvement, and modern mechanisms for managing financial risks. The study analyzes the bank’s capital adequacy, liquidity level, asset quality, and profitability indicators, and identifies the key factors posing threats to financial stability. The results of the article contribute to strengthening NBU’s financial stability and enhancing the bank’s competitiveness.

Keywords: NBU, financial security, financial stability, risk management, capital adequacy, liquidity, asset quality, profitability.

Introduction

The stability of the financial system is one of the most important factors of any country’s economic security. Banks represent the core of this system, and their financial security directly influences overall economic development. In international practice, the concept of financial security is broadly interpreted and is primarily formed on the basis of effective risk management principles. As the renowned economist Benjamin Graham emphasized: “The essence of investment management is the management of risks, not returns.”¹ This idea has become even more relevant today in the process of ensuring financial security within the banking sector.

The risks arising in banking activities are diverse and directly affect key indicators such as capital adequacy, liquidity, asset quality, and profitability. In his reflections on risk, Peter L. Bernstein noted: “Risk management means protecting oneself from the unexpected decisions of others and

¹ <https://www.gurufocus.com/news/2067961/10-investment-quotes-on-risk-management>



making more rational decisions than they do.”² From this perspective, the stable operation of commercial banks, particularly “NBU,” largely depends on how effectively risks are managed.

In the context of globalization, the banking system is increasingly influenced by factors such as digital threats, the quality of the loan portfolio, liquidity pressures, and the intensification of market risks. Strengthening financial security requires not only traditional supervisory mechanisms but also the advancement of modern technologies, internal audit, compliance systems, and strategic management. Brian Tracy explains financial stability as follows: “Financial security is a solid foundation built on savings, insurance, and investments.”³ For banks, however, this concept has a broader meaning, requiring the implementation of mechanisms for early risk identification and minimization.

Therefore, this article provides an in-depth analysis of the process of ensuring the financial security of “NBU,” examining opportunities for improvement based on practical mechanisms, analytical indicators, and modern approaches. The study concludes with scientific and practical recommendations aimed at enhancing the bank’s financial stability, reducing risks, and strengthening its competitiveness.

Review of literature on the subject

Scientific sources on the financial security of the banking system deeply elaborate on the role of this concept in ensuring economic stability. Researchers emphasize that banks constitute the most critical link in a country’s financial system. For instance, F. Mishkin notes that the weakening of banks can produce a domino effect on the entire economy, stressing that their stability determines the overall health of the economic system. This approach highlights that financial security has not only institutional but also macroeconomic significance.⁴

The literature on risk management, which represents one of the key components of financial security, remains among the most relevant research areas. In his studies, Peter L. Bernstein broadly interprets the concept of risk and characterizes risk management as the art of making rational decisions under conditions of uncertainty.⁵ In a similar vein, George Rejda explains financial security as a systematic approach aimed at identifying and minimizing risks. These perspectives underline the strategic importance of forecasting and managing risks in banking activities⁶.

International sources addressing bank capital and its adequacy, particularly the reports of the Basel Committee, emphasize that capital serves as the primary protective buffer determining a bank’s capacity to absorb risks. This principle is of particular importance for large banks, including “NBU,” since capital adequacy defines their operational stability and resilience to financial threats.⁷

An analysis of the above-mentioned scientific sources demonstrates that financial security is a multifactorial concept ensured through the integrated functioning of risk management, capital adequacy, digital security, internal control, and compliance systems. The concepts advanced in the

² https://novelinvestor.com/quote-category/risk-management/?utm_source=chatgpt.com

³ https://donconnelly.com/31-motivational-quotes-drive-financial-success/?utm_source=chatgpt.com

⁴ Mishkin, F. (2019). *The Economics of Money, Banking and Financial Markets*. Pearson.

⁵ Bernstein, P. (1996). *Against the Gods: The Remarkable Story of Risk*. Wiley.

⁶ Rejda, G. (2017). *Principles of Risk Management and Insurance*. Pearson.

⁷ Basel Committee on Banking Supervision (2019). *Basel III Framework: Finalising Post-Crisis Reforms*.



literature provide a theoretical foundation for further strengthening financial security within NBU’s operations.

Research methodology

The research methodology is based on the collection of data from NBU’s official financial statements, annual reports, and publicly available regulatory disclosures for 2022–2024. The obtained data were systematized and analyzed using comparative, ratio, and trend analysis methods. Key financial indicators, including capital adequacy, liquidity, profitability, and risk coefficients, were evaluated to assess financial security dynamics and identify potential vulnerabilities.

Analysis and Results

An analysis of NBU’s financial indicators for 2022–2024 shows that the bank has been developing steadily, although certain key financial security indicators have exhibited signs of weakening. First, authorized capital increased annually: from 14.4 trillion UZS in 2022 to 15.47 trillion UZS in 2023, reaching 16.25 trillion UZS in 2024. The consistent growth of capital indicates an expansion of the bank’s risk-coverage capacity and the reinforcement of its financial stability. Assets followed a similar upward trend, rising from 119.9 trillion UZS to 135.0 trillion UZS over the three-year period.

However, the dynamics of net profit differed somewhat from the positive trends observed in capital and asset growth. Net profit amounted to 2.4 trillion UZS in 2022 but declined sharply to 1.71 trillion UZS in 2023. Although it slightly recovered in 2024, it reached only 1.72 trillion UZS. The reduction in net profit is closely linked to the rapid growth of the bank’s expenses. Period expenses increased from 1.31 trillion UZS in 2022 to 2.25 trillion UZS in 2024, rising by nearly 72 percent within two years. This indicates a decline in NBU’s operational efficiency and a negative impact on profitability.

An analysis of financial ratios provides deeper insight into the bank’s condition. The capital-to-assets ratio (K1) remained stable at around 0.12 during 2022–2024, indicating adequate capitalization and maintained financial stability. The return on assets (ROA, K3), which reflects the efficiency of asset utilization, increased annually from 0.088 in 2022 to 0.112 in 2024. This suggests optimization in the structure of the bank’s assets and improved efficiency in the use of resources (Table 1).

Table 1. Financial Performance Indicators of NBU for 2022–2024⁸

Indicators	2022	2023	2024
Authorized Capital	301,000,000.00	400,000,000.00	730,000,000.00
Total Assets	3,542,954,162.00	4,418,024,387.00	10,108,340,547.00
Net Profit	40,682,306.00	139,524,801.00	190,274,137.00
Equity Capital	343,759,388.00	582,284,189.00	1,021,620,825.00
Net Revenue from Sales	418,615,877.00	754,108,330.00	1,594,158,126.00

⁸ Source: Developed by the author.

Operating Expenses	198,431,505.00	353,278,789.00	478,709,600.00
K1	0.085	0.091	0.072
K2	0.118	0.240	0.186
K3	0.118	0.171	0.158
K4	0.205	0.395	0.397
R (Integrated Indicator)	1.02	1.34	1.13

However, the return on equity (ROE, K2), which reflects the efficiency of capital utilization, declined year by year: from 14.7 percent in 2022 to 9.6 percent in 2023 and further to 9.1 percent in 2024. This indicates a decreasing level of capital profitability, which can be explained by the slowdown in net profit growth and the increase in expenses. The most negative change was observed in K4—one of the key financial security indicators—representing the ratio of revenue to expenses. While this coefficient amounted to 1.83 in 2022, it sharply declined to 0.92 in 2023 and further to 0.76 in 2024. In other words, in recent years expenses have been growing faster than revenues, posing a serious threat to the bank’s financial security (Figure 1).

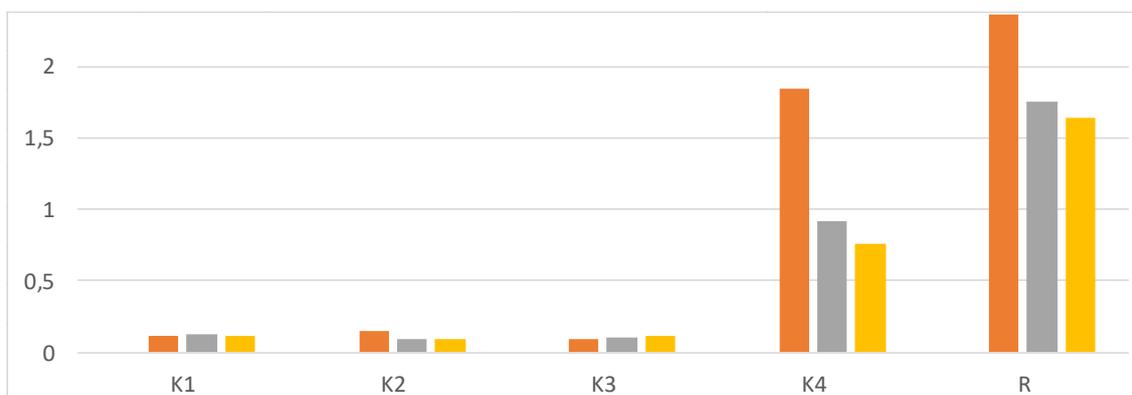


Figure 1. Dynamics of Key Financial Security Indicators (K1, K2, K3, K4, and R) of NBU for 2022–2024⁹

The overall profitability indicator also decreased annually (from 2.36 in 2022 to 1.64 in 2024), demonstrating a slowdown in NBU’s overall operational efficiency. Although the bank’s capital and assets have been growing steadily, certain problems in profitability and operational performance are evident. In particular, the high growth rate of expenses, the decline in net profit, and the deterioration of financial security indicators represent the main risk factors.

Therefore, optimizing expenses, increasing the share of high-yield assets, strengthening risk management, and enhancing operational efficiency through digitalization remain urgent priorities for the bank. These approaches will contribute to strengthening NBU’s financial security and ensuring sustainable development.

Conclusions and suggestions

⁹ Source: Developed by the author.



During 2022–2024, NBU’s authorized capital and assets demonstrated stable growth; however, the decline in net profit, the rapid increase in operating expenses, and the weakening of profitability indicators intensified pressure on the bank’s financial security. In particular, negative changes in the financial security index (K4)—where revenues remained lower relative to expenses—indicate insufficient internal efficiency. The consistent decline in ROE reflects decreasing efficiency in the utilization of capital. At the same time, the growth of ROA suggests optimization in the asset structure and indicates positive developments in resource utilization.

Overall, although the bank has maintained financial stability, improvements in cost management, profitability enhancement, and operational efficiency are required. Based on these conclusions, specific practical recommendations are proposed below.

Practical Recommendations:

Although NBU’s capital and assets grew steadily during 2022–2024, the decline in net profit, the rapid increase in expenses, and reduced profitability signal weaknesses in the bank’s financial security. Therefore, priority should be given to cost optimization, reduction of unnecessary expenditures, and digitalization of operational processes. These measures will help restore net profit and profitability.

In addition, to increase revenues, it is advisable to expand high-yield lending products, diversify non-interest income sources, and strengthen the use of financial instruments. Enhancing the risk management system, improving the quality of the loan portfolio, and reinforcing cybersecurity measures will further support the bank’s stable operations.

Moreover, maintaining a high level of capital adequacy and improving internal control and compliance systems are crucial for strengthening financial security. The implementation of these measures will ensure NBU’s sustainable development and enhance its competitiveness.

List of used literature:

1. Mishkin, F. S. *The Economics of Money, Banking, and Financial Markets*. — Pearson, 2019.
2. Bernstein, P. L. *Against the Gods: The Remarkable Story of Risk*. — John Wiley & Sons, 1996.
3. Rejda, G. E. *Principles of Risk Management and Insurance*. — Pearson, 2017.
4. Basel Committee on Banking Supervision. *Basel III: Finalising Post-Crisis Reforms*. — Bank for International Settlements, 2019.
5. COSO. *Internal Control — Integrated Framework*. — Committee of Sponsoring Organizations of the Treadway Commission, 2013.
6. Laudon, K. C., & Laudon, J. P. *Management Information Systems: Managing the Digital Firm*. — Pearson, 2020.
7. Schneier, B. *Click Here to Kill Everybody: Security and Survival in a Hyper-connected World*. — W. W. Norton & Company, 2018.
8. Taylor, M. *Compliance for Financial Institutions*. — Oxford University Press, 2017.



ASIA PACIFIC JOURNAL OF MARKETING & MANAGEMENT REVIEW

ISSN: 2319-2836

IMPACT FACTOR: 8.071

Vol 15, Issue 01, 2026

9. Graham, B. Investment Quotes on Risk Management. — GuruFocus (maqola iqtiboslari uchun foydalanilgan).
10. Bernstein Quotes Collection. — NovelInvestor (risk-menejment iqtiboslari uchun).
11. Tracy, B. Motivational Quotes for Financial Success. — DonConnelly (moliyaviy xavfsizlik iqtiboslari uchun).
12. NBU (O‘zbekiston Milliy Banki) yillik moliyaviy hisobotlari, 2022–2024 (berilgan raqamlar asosida tahlil uchun).