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Promising Areas of Liquidity Management Commercial Bank

Khojaeva Firuza Avazkhonovna[1]

Abstract

in this article, we examined the basics of liquidity management in a commercial bank, which is one of the most important tasks. The management of any bank is to ensure an appropriate level of liquidity. Insufficient liquidity is often the first sign that a bank is in serious financial difficulty.

Keywords*: banking, liquidity, stability, financial instruments, balance, solvency, risks.*

[1] SamIES, "Finance" department Teacher

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In modern economic conditions, the banking sector is assigned a key role in achieving effective and stable development of the country's economy. At the same time, the functioning of existing economic relations is not possible without the participation of commercial banks in them. This is explained by the fact that it is the banks that are assigned the role of the leading link in the process of carrying out the overwhelming number of operations of a financial and economic nature. Thanks to commercial banks, a continuous movement of cash flows is carried out, and they, in turn, contribute to the flow of capital between industries and sectors of the economy, while providing systemic control in the process of their redistribution. The development of the banking sector and the level of its efficiency directly depend on the state and organization of financial and economic relations that arise between their participants, and this, in turn, has a direct impact on the economic security of the country's national economy.

The main goal of centralized management is to maintain the liquidity of each credit institution. In contrast, decentralized liquidity management at the level of a particular credit institution is aimed at "preventing liquidity and solvency risks", as well as "… ensuring an optimal combination of liquidity and profitability in order to prevent excess liquidity and loss of some profitability".[1]

In this regard, determining the effectiveness of the liquidity management policy in a commercial bank, as noted by E.G. Shatkovskaya, is carried out on the basis of the following three groups of indicators for assessing liquidity: mandatory economic standards established by the bank; evaluation indicators set by the bank, recommended for implementation and taken into account when assessing the financial stability of the credit institution; internal indicators set by the credit institution independently.[2]

Also, S.A. Urazova in her work notes that the liquidity of a commercial bank can be attributed to one of the key qualitative characteristics of the bank's activities, which determines the reliability and stability of the bank, it is she who serves as the basis for the existence of the credit and banking sector of the economy. Liquidity is a kind of guarantee of the stable functioning of a commercial bank.[3]

In view of the foregoing, to assess the state of liquidity at the level of a commercial bank, it is proposed to use a systematic approach that combines independent methods. Let us consider the stages of assessing the state of the bank's liquidity on the basis of the proposed approach. At the first stage, it is proposed to carry out the calculation and analysis of liquidity ratios, among which the most significant is the mandatory economic liquidity ratios. According to this document, the group of liquidity indicators includes indicators of the bank's short-term, medium-

[1] Banking management: textbook / kol. authors; ed. O.I. Lavrushin. – 4th ed., revised. and additional – M.: KNORUS; 2011, P. 209.

[2] Shatkovskaya, E.G. Formation and implementation of the bank liquidity management policy / E.G. Shatkovskaya // Proceedings of the Irkutsk State Economic Academy - 2015. -№1. – P. 3.

[3] Urazova S.A. Problems of managing the activities of commercial banks // Financial research. 2003. No. 2 (7) S. 17-22.

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term and long-term liquid positions, as well as a risk indicator in relation to large creditors and depositors.

The calculation and analysis of these indicators allows us to give a generalized description of the state of liquidity and make assumptions about the lack or excess of liquidity. However, one cannot limit oneself to the coefficient method, since it has significant drawbacks. Firstly, the currently used methodology for calculating mandatory ratios and estimated indicators does not always correctly reflect the balance of assets and liabilities, since it does not take into account their real quality.[4] Secondly, this method imposes the same requirements on banks of different scales of activity, despite the fact that their capabilities in attracting resources are not the same, and, consequently, the required level of liquidity is also different. Therefore, it is necessary to turn to the second stage, during which the analysis of the state of liquidity is carried out to identify gaps in the maturity of the bank's claims and obligations. At the same time, indicators of excess (deficit) of liquidity are determined as the difference between the total amount of assets and liabilities, calculated on an accrual basis by maturity.

At the next stage, a structural analysis of the assets and liabilities of the bank is carried out, which involves a comprehensive analysis of the balance sheet of a commercial bank. To do this, the assets are first grouped according to the degree of liquidity into several groups, usually five, and then a similar grouping of liabilities according to their maturity in ascending order of terms for the same number of groups. The procedure for allocating assets and liabilities into separate groups complicates the structural analysis. Since there is no single generally accepted classification, this issue is debatable, which is the main disadvantage of using this method for assessing liquidity. Therefore, to obtain a more complete picture, it is necessary to apply this method in combination with the above.

Following the proposed algorithm for assessing the state of liquidity in the process of forming and implementing a bank liquidity management policy will allow not only assessing the level of compliance with mandatory and estimated indicators, but also identifying existing problems in managing the liquidity of a commercial bank.

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