

WAYS TO ANALYZE THE COSTS OF COMMERCIAL BANKS AND ACHIEVE FINANCIAL STABILITY

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Annotation. *The article is devoted to the analysis of the costs of commercial banks and ways to achieve financial stability. In it, the structure of the costs of banks associated with operational, administrative, technological and credit risks is studied in depth. Modern methods of cost optimization are analyzed, including digitization, automation and strategies to improve employee efficiency. Cost effective management shows that it increases the profitability of banks and is an important factor in ensuring financial stability. On the example of commercial banks of Uzbekistan, specific problems and opportunities for reducing costs in local conditions are considered.*

Keywords: *commercial banks, operating costs, technological costs, credit risks, digitization, automation, financial stability.*

Introduction. The activities of commercial banks are associated with various risks, which in turn affect the operational, administrative, technological and credit costs of the bank. Each type of risk has its own costs, which affect the overall financial condition and profitability of the bank.

Operational risks arise as a result of problems with internal processes, people and systems in banking activities [1]. These risks can be caused by, for example, an error or fraud, a system malfunction, or human factors. The costs of operational risks include:

- Error correction costs are the resources needed to detect and correct operational errors.
- Fines - if the bank violates due to operational errors, then it is forced to pay fines.

– Cost of education and training - the cost of training employees of the bank on operational safety and error reduction.

Administrative risks are associated with the internal management processes of the bank. These risks arise mainly from deficiencies in administrative decisions, internal control and strategic planning. The costs of administrative risks include the following factors:

- ✓ Management costs - the costs necessary to maintain the management of the bank and their development.
- ✓ Internal control systems - the resources necessary for the creation and maintenance of internal control systems.
- ✓ Strategic planning - the time and funds spent on the development of long-term plans and strategies of the bank.

Technological risks depend on the bank's information technology and systems, which are caused by system failures, cyber attacks, or technically older equipment. The costs of technological risks include:

- ✓ System update - the cost of updating and modernizing the bank's IT infrastructure.
- ✓ Cybersecurity - the cost of implementing the security measures necessary to protect against cyberattacks.
- ✓ Maintenance is the maintenance and support costs required to ensure the continuous operation of systems.

Credit risks are associated with the lending activities of the bank, which means that borrowers are likely not to make payments on time [2]. The costs of credit risks include the following factors:

- Allocation of reserves to protect debtors from damage that occurs when their solvency is low.
- Costs in the process of assessing, analyzing and monitoring loans.
- The cost of obtaining additional collateral or insurance in order to reduce credit risks.

Commercial banks of Uzbekistan play an important role in ensuring economic development and stability of the Financial Sector [3]. However, the process of reducing the costs of banks is associated with a number of problems and opportunities. The specific problems and opportunities of commercial banks of Uzbekistan in reducing costs in local conditions are considered.

Specific problems of commercial banks of Uzbekistan in reducing costs in local conditions include:

In commercial banks of Uzbekistan, many technological systems are to the extent that they do not meet the old or modern requirements. This slows down operational processes and increases costs. The introduction of new technologies requires significant investment, which limits the financial resources of banks.

Rising credit risks under local conditions is a major problem for banks in the EEC. Poor debtors' solvency and economic instability lead to increased bank losses. This situation, in turn, limits the possibilities of reducing the costs of banks, since there is a need to allocate additional reserves to cover losses.

Administrative processes in commercial banks of Uzbekistan are often complex and time-consuming. This leads to an increase in costs, as many employees and resources are spent on administrative work. Work to simplify and automate processes is not being carried out at an adequate level.

Low competition in the banking sector of Uzbekistan sometimes prevents banks from improving their efficiency. The lack of competition does not encourage banks to adopt the innovative approaches necessary to reduce costs.

The following may be the solution to the problems of Uzbekistan's commercial banks in reducing costs in local conditions:

There are opportunities for local banks to reduce costs by introducing modern technologies [4]. For example, developing digital banking services, providing services through mobile applications, and creating online lending systems can significantly reduce banks' operating costs.

Banks can reduce costs by effectively managing credit risks. For this purpose, it is recommended to use strategies such as improving debtor assessment systems, studying credit history, and diversifying risks.

By simplifying and automating administrative processes, it is possible to reduce the cost of the clock. In this process, it is important to improve internal control systems and train employees. Simplified processes increase work efficiency and save time.

There are also options to reduce costs per hour by increasing the competition of the banking sector. Increased competition encourages banks to offer innovative services and products, leading to cost optimization.

Commercial banks of Uzbekistan occupy an important place in economic stability and development. However, the process of reducing the costs of banks is associated with a number of problems [5]. This article brings modern solutions and practical recommendations to reduce the costs of commercial banks in local conditions.

Expanding digital banking services can significantly reduce the costs of banks. Through the development of mobile applications and online banking platforms, it is necessary to create customer facilities and automate service processes. This, on the one hand, facilitates the use of services by customers, and on the other, reduces the administrative work of bank employees. For example, customers will be able to manage their accounts, make payments and make credit applications.

Automation of internal processes in banks is another important cost reduction solution. To do this, banks need to introduce automated systems, for example, automation of document circulation, calculations and other administrative processes. These processes save employees time and reduce errors related to the human factor. It also increases the overall efficiency of the bank and optimizes costs.

The development of digital skills of Bank employees is also important in reducing costs. It is possible to increase their effectiveness by teaching employees to work with modern technologies and digital tools. Improving the professional skills of employees by organizing training programs and seminars will help to more effectively manage the internal processes of the bank.

Effective credit risk management is an important factor in reducing the costs of banks. Banks need to conduct an in-depth analysis of the financial condition of debtors in the process of lending. For this purpose, it is important to use modern analytical tools and study credit history. Also, by diversifying risks, banks can reduce potential losses.

Banks can reduce costs by offering new products and services. For example, by providing financial advice to customers, creating investment funds, or offering digital payment systems, banks can create new sources of income. This will not only help reduce costs, but also create added value for customers.

Commercial banks can reduce costs through external cooperation and strategic partnerships. For example, it is possible to cooperate with fintech companies to introduce modern technologies and adopt innovative solutions. This will help banks quickly introduce new services and optimize costs.

Conclusion. Analysis and optimization of the costs of commercial banks is important in achieving financial stability. The study looked at the structure of costs associated with operational, administrative, technological and credit risks of banks and analyzed strategies for reducing them - such as digitalization, process automation and improving employee efficiency. On the example of commercial banks of Uzbekistan, problems in local conditions were identified, in particular, the impact of high operating costs and regulatory requirements. Cost effective management serves to increase the profitability of banks, strengthen competitiveness and ensure financial stability. In the future, the wider introduction of modern technologies and the development of cost monitoring systems will contribute to the sustainable development of the banking sector of Uzbekistan.

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