



"Teaching, Pedagogical and Modern Tendencies"

## Corporate Governance Improvement Mechanisms by Commercial Banks

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**Abstract.** The corporate management practice of commercial banks of developed countries is analyzed and practical suggestions and recommendations are given for their application in the practice of commercial banks of Uzbekistan

**Key words:** corporate management, commercial banks, mortgage credit, foreign countries.

### Introduction

The main tasks and priorities of commercial bank employees in our country are aimed at ensuring the rapid growth of this industry, and for this, continuing the adopted strategy of mobilizing all available reserves and opportunities.

Each commercial bank differs from another commercial bank in its service and organizational culture. The culture of commercial banks is directly related to their development stages. Studying foreign experiences in the formation of the service culture of banks is of great importance today.

Economic efficiency of service delivery is a complex category. Factors affecting production results and costs are included in it. In today's rapidly developing conditions of science and technology, putting modern service tools into practice is not only economically effective, but also replaces hard physical labor with innovations, eliminates production and occupational diseases, increases the level of funds and energy supply, and attracts attractive professions that require high skills and increase interest. It should also solve other social problems, creating demand, encouraging young people to join existing professions.

In order to solve these problems, as stated in paragraph 124 of the strategy of the President of the Republic of Uzbekistan, "Actions for further development of the Republic of Uzbekistan", "Increasing the volume and coverage of non-cash settlements, including the introduction of modern electronic forms of payments in the economy and encouraging business entities, as well as non-bank circulation reduction" is considered one of the urgent issues in the banking system today. At the same time, in improving the bank's infrastructure, the main focus should be on the quality of bank branches and employees, and not on the number of bank branches. It is necessary to develop ways of implementing the tasks of introducing innovative services implemented in foreign countries, while analyzing the age and scope of work of the employees of commercial banks.

### Literature Review

Economists, Governance Leadership Network, Sarah Ponzek (2018) *The Future of Talent in Banking: The Evolution of the Workforce in the Digital Age Digitalization of the Workforce in a Way We've Never Seen Before*. In 10 years, maybe less, we will have fewer workers and the ones we have will be very different from what we have now. Director, each bank is working tirelessly to update their systems and look for technologies to increase operational efficiency and improve staff experience. To do this, banks need a much deeper and broader technological expertise than they have today. Banks need leaders who can manage change effectively and who understand change.

The World Bank Career Guide The World Bank's work in developing countries incorporates advanced experiences and skills gained through postgraduate study and research and practical experience in specific areas relevant to development issues. Desired Development issues, international policy-level knowledge or work experience in the private sector are highly valued to bring new experience and knowledge to the World Bank. In general, the following qualities and skills are required of World Bank employees. Master's degree (development-related academic field, minimum master's degree required), advanced technology policy analysis communication skills, broad knowledge of development passion, work experience in related fields, strong intellectual curiosity, excellent strategic thinking and action, strong leadership, teamwork expertise in work, client-focused communication skills and flexibility, and the most important qualities required of World Bank employees are advanced experience and skills. As the development in developing countries covers different sectors, bank employees have different specializations and jobs.

Referring to the views of Netizen (2019), personnel policy and commercial banks are relevant management activities. These activities mainly include corporate HR strategy formulation, employee recruitment and selection, training and development, performance management, compensation management, employee mobility management, employee relations management, employee safety and health management, etc. Namely: planning, organization, direction, control (selection), development (training), service (maintenance) and use of modern management methods in banks.

Omer Azam COMSATS (2018) views, this report is based on an evaluation of the impact of training on the performance and development of Standard Chartered bank employees. The choice of Standard Chartered Bank is that it is a multinational bank and spends huge amounts of money on training its employees to perform their duties effectively. Training and development is an important aspect of human resource management practices and has a positive impact on the quality of the workforce. By improving their knowledge, skills, abilities and competencies, effective training programs help to improve the employee's performance both on and off the job, and as a result, increase the efficiency and effectiveness of the organization. Formal training programs help the employee to create a specific

environment depending on the workplace and use different tools and methods. It helps in the future growth and development of the employee, which leads to the development and effectiveness of the long-term oriented organization to prepare the employee to fulfill his future goals and responsibilities.

### Methodology

This article analyzes the current state of implementation of the existing practice of collecting problem in commercial banks and identifies factors affecting the stability of the bank's loan portfolio. The methods of scientific abstraction, expert evaluation, induction and deduction, comparison, systematic analysis were used in the analysis process.

### Data Analysis

Developing the banking and financial system in our country, strengthening its stability, achieving effective circulation of funds is one of the necessary conditions for ensuring the openness and competitiveness of the economy. In this regard, improving the professional skills of the employees of commercial banks, which are considered the main link of the economy, is one of the urgent issues. Based on the analysis of the experience of foreign banks in improving the professional skills of bank employees, it was determined that there are problems related to improving the banking infrastructure and professional skills of bank employees in the banks of our country.

The history of the development of the bank infrastructure and the professional experience of its employees was formed in the developed countries from the 60s-70s of the XX century. The first plastic cards were introduced by banks in the 1950s. The system of plastic cards began to develop in the 60s of the XX century. By 1958, California-based Bank of America and New York's Chase Manhattan Bank had launched universal credit cards.

"Stanford Federal Credit Union" provided the first online services in 1994, and "Presidential Savings Bank" opened online account opening services in 1995. Call-centers were established for US residents to widely use interactive banking services, mobile banking, internet banking, online monitoring of accounts and information about bank accounts. Due to the fact that there are no fees for the services provided by call centers, convenience, the possibility to contact operators 24 hours a day, and the possibility to manage and control the operations performed by customers on bank accounts, the confidence of customers in non-office banking services has increased significantly.

The number of visitors to banks has decreased by 60 percent as a result of the majority of the US population using remotely operated services. Most of the population accepts payments through mobile applications and digital bank "Digital Explorer", banking services "Online banking" 48%, 34% through Apple Pay, "NFS", "QR" codes, 17% through mobile wallet makes payments.

In 2020, the volume of payments made through mobile banking was 50.8 million. amounted to US dollars.

In this regard, it can be said that the devaluation of the exchange rate has also led to an increase in the country's foreign trade. To analyze this more closely, we consider the regression of the performance of the states listed above in a computer program.

**Table 1. Influence of the GDP of the partner countries on the foreign trade of the Republic of Uzbekistan with the partner countries <sup>1</sup>**

№	Countries	R <sup>2</sup>	P value	F statistics
1	China	0.9186	0.005	0.000
2	Russia	0.5186	0.013	0.002
3	Kazakhstan	0.9531	0.000	0.000
4	Korea	0.6677	0.001	0.000
5	Туркия	0.7693	0.506	0.285

We analyze the above result as follows. When we look at China, we first evaluate the square R, and it has a very strong correlation of 91 percent, i.e., the coefficient of determination is 91 percent, which means that the correlation between the indicators is very strong. This means that the sample also covered 91 percent of the population.

Our second coefficient is a value of P, which indicates the importance of the relationship between the variables. In general, we can consider the correlation to be significant when this coefficient is also less than 0.05. In our equation, this coefficient is less than 0.005 .. (excluding Turkey) i.e. the relationship between our variables is statistically significant.

Our third coefficient is F, a statistic that indicates the probability of a relationship between variables. When this coefficient is typically less than 0.05, the regression equation can be considered positive. The resulting F statistic is less than 0.000 ... This means that our equations are more likely to interact.

As for the rest of the countries, Russia, Kazakhstan and Korea are also in the norm of connectivity, the probability is high and the connection is important.

The GDP of Turkey is strongly related to the foreign trade of our country ( $R^2 > 0.7$ ) and the remaining results are negative, ie greater than 0.05.

The exchange rate of the currencies of China and Kazakhstan is very strong ( $R^2 > 0.9$ ) and the rest of the results are positive. The connection between them is significant and high probability.

The correlation between the exchange rate of the Russian and Korean currencies and the foreign trade of our country is significant ( $R^2 > 0.5$ ), the probability is high and the correlation is significant. That is,  $0.5 < R^2 < 0.7$ ,  $P < 0.05$ , and  $F < 0.05$  based on the results.

The exchange rate against the Turkish currency is strong ( $R^2 > 0.7$ ) and the rest of the results are negative ( $P > 0.05$  and  $F > 0.05$ ).

In conclusion, the impact of the exchange rate on the foreign currencies of Turkey on the foreign trade of our country was insignificant.

**Table 2. Influence of exchange rates of the Republic of Uzbekistan on foreign trade with partner countries <sup>2</sup>**

№	Countries	R <sup>2</sup>	P value	F statistics
1	China	0.9186	0.002	0.000
2	Russia	0.5186	0.041	0.002
3	Kazakhstan	0.9531	0.005	0.000
4	Korea	0.6677	0.009	0.000
5	Туркия	0.7693	0.149	0.285

<sup>1</sup> Prepared by the author in a computer program based on data from worldbank.org and the IMF.

<sup>2</sup> Prepared by the author in a computer program based on data from worldbank.org and the IMF.

The development of banking infrastructure in foreign countries was motivated not only by technical and technological development, but also by the increase in financial literacy of bank employees and the ability to effectively use convenient banking services for customers. According to a study conducted by the Pew Research Center in 2019, 51% of US residents use mobile banking, 50% use electronic banking, while 50% of Chinese and Korean residents use these types of services. This means that the population has a high demand for interactive banking services. According to the World Bank, in 2014-2020, the number of people using banking services and having their own bank accounts was 700 million. Bank customers increased from 51% to 62%, due to the development of banking services, technology and banking infrastructure. The number of bank branches per 100 thousand populations is 272 in Korea and 127.8 in Japan. Japan is considered the leader in terms of the number of ATMs and services, and since 2019, a system of ATMs working on the basis of biometric data has been launched. The number of bank branches per 100 thousand populations is 34.10 in Japan, 25.8 in Great Britain, 14.7 in India. The number of customers of "ICICI Bank" of India has reached 25 million. Large Indian banks "Bank of Barada", "Bank of India" have 3100 branches, "Andhra Bank" has 1500 branches in 22 cities, and the number of ATMs is 50 thousand. The above-mentioned banks serve more than 90 million customers. Today, as the population of countries such as Great Britain, Italy, Germany, USA, Korea, Japan use remote banking services from 55% to 98%, by 2020, 800 branches of the Italian "Unicredit" group will be reduced. In 2020, the number of Bank of America branches decreased to 800. In the research conducted by the analysts of "JP Morgan" in this regard, the advantage of directing capital to the digital economy while reducing the costs of investors was justified.

Also, Germany's "Deutsche Bank" has 1 bln. plans to direct the euro to the development of 72 different types of digital banking services in 2018-2020. Because of this, it is estimated that if banks do not invest in digital banking, they may lose 30-35 percent of their main income.

Banking infrastructure in transition economy countries entered the banking system of countries such as Russia, China, and Belarus in the 1990s. In Uzbekistan and Kazakhstan, since 2005, modern banking services, technological development, and at the same time ATMs, making payments with plastic cards have become popular.

According to 2020 data, there are 168.7 ATMs in Russia, 88.5 in Ukraine, 81.4 in China, 74 in Kazakhstan, and 21.6 in Uzbekistan per 100,000 adults. The number of banking institutions per 100,000 adult population is 36.1 in Uzbekistan, 30.2 in Russia, and 7.7 in China. There are 2 bank plastic cards per capita in Russia and Belarus, and 1.7 in China and Uzbekistan.

The development of the banking infrastructure in the countries analyzed above is distinguished by the fact that it is provided with a high level of technology, has different types of services and covers innovative types of services..

### Conclusion

Based on the conclusions made during the study of the state of development of the banking and financial infrastructure of foreign countries, we think it is appropriate to use the following to develop the professional skills and experiences of bank employees in the development of the banking and financial infrastructure of Uzbekistan:

- it is necessary to improve the legal framework for the development of the banking infrastructure and the professional skills of its employees. In this regard, it is necessary to add clauses related to the concept of "banking infrastructure" to the draft law "On Payments and Payment Systems", which is currently being prepared. It should be assumed that the infrastructure of the bank - regulatory documents, bank

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employees, banking services, loans, deposits, financial services provided to the population, and innovative technologies will be covered.;

- it is urgent to increase the population's financial literacy in expanding the use of modern banking technologies. In order to achieve this goal, it is necessary to increase the number of programs aimed at increasing financial literacy through the National Television and Radio Company of Uzbekistan, regional television and radio networks and other mass media, and to strengthen the provision of information about the types of services and facilities. It is necessary to start improving the financial literacy of the population at schools, colleges, lyceums, and higher educational institutions, in which it is necessary to organize teaching hours together with bank employees.;
- introduction of digital banking services in banks, increasing the number of POS-terminals performing these types of services, as well as increasing the number of "cash-in" and "cash-out" ATMs, and using "cash-in" ATMs in the popularization of payments through the QR, NFS codes of the QIWI system it is necessary to improve the transfer of funds to account numbers and bank plastic cards;
- providing a package of financial services to the population by establishing financial supermarkets in the development of financial services in Uzbekistan;
- in developing the professional skills of bank employees, it is necessary to increase their qualifications, widely involve the personnel of the modern financial programming system, and reform the personnel training system in this direction. It is necessary to introduce an evaluation system to increase the efficiency of employees' work. According to it, the rating system should be introduced, the work performance of the employee should be evaluated through the rating system, and the employee with a high rating should be encouraged. Then mutual competition develops and employees start working on themselves.
- to determine the demand for banking and banking services, what types of services to use and what types of services are desirable to introduce by conducting surveys between the population and banks, and according to the results of the survey, to develop and implement measures by banks in a consistent way;

In conclusion, it can be said that the reforms and measures implemented in Uzbekistan to improve the banking system and the professional skills of bank employees will lead to the expansion of the resource base of banks as a result of the fact that our banks will reach the level of rating indicators of banks in developed countries, further develop the banking infrastructure, and attract people's savings to bank deposits.

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