



MANAGING LIQUIDITY IN DIVERSIFYING BANK RESOURCES

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Article history:	Abstract:
Received: March 1 st 2023 Accepted: April 6 th 2023 Published: May 6 th 2023	In this article are discussed the importance of managing liquidity in diversifying bank resources.

Keywords: digitalization, bank, management, bank resources, liquidity.

In order to choose methods for managing its activities, the Central Bank of the Republic of Uzbekistan provides commercial banks with extensive opportunities to diversify sources of bank resources, ensuring the mandatory level of the indicators regulated by it. One of the methods for managing liquidity is diversifying bank resources [1].

The classical theories of liquidity management focus on regulating its active or passive operations. The management of assets is related to commercial loans, investments, and expected profits. The management of the passive operations is related to the necessity of managing obligations to ensure the liquidity of the bank's balance sheet [2].

In practice, all the theoretical principles are applied to varying degrees in the management of liquidity in banks. Smaller banks usually focus on managing assets. Such banks have limited opportunities to attract funds in the money markets and do not wait for new deposits to offset the shortfall of unexpected cash flows. The management of asset liquidity is based on the structure of their return. This structure must ensure the return of deposits and loans and evaluate the growth of their obligations, balancing the cash flows of the assets [3].

The potential interest rate for borrowing from the money market is an integral part of managing

mandatory obligations in banks. In the Uzbekistan context, they need to have a clear understanding of the potential volatility of the money market and the financial conditions of the main sources of borrowing [4].

The overall economic uncertainty in Uzbekistan leads to a lack of liquidity in the banking system, which manifests itself in the difficulty that commercial bank clients face in obtaining loans and a lack of liquidity in accounting, a decrease in current revenues and payments. Therefore, diversifying bank resources is an important additional source of liquidity, and their cost is determined by relevant market ratios and the internal structure of a bank's acceptable balance sheet arrangements. The mechanism for managing overall bank liquidity involves the complex management of assets and liabilities to resolve short and medium-term issues. Banks must strictly control the terms and conditions of the funds that have been attracted and borrowed in the short and long term, and ensure their timely repayment. The weaknesses of the portfolios of bank assets are due to a decrease in the liquidity of loans granted, and the inability to provide cash flows from illiquid assets in the bank's structure. If we analyze the last 3 years' financial reports of Hamkorbank, the amount and sum of loans issued by Hamkorbank have increased.

2020 credit portfolio of the Joint-Stock Commercial Bank "Hamkorbank"

Table 1

Type of loan	Currency type (dollar)				Currency type (euro)				Total
	Quantity	Term (year)	Percent -tage	amount	Quantity	Term (year)	Percent -tage	amount	
Car loan	110	3	24.00 %	\$577,182					\$577,182
agrocredit	2	3	20.00 %	\$36,778					\$36,778
Small loans and rentals	2	4	24.00 %	\$183,450					\$183,450



Loans and microloans (for small businesses)	184	3	28.00 %	\$2,316,234	1	1..5	12.00%	£30,000.00	\$2,343,507
Microloan	1171	2	24.00 %	\$1,808,152					\$1,808,152
Microloan (for the public)	6	4	25.00 %	\$220,753					\$220,753
Consumer credit	275	3	24.00 %	\$181,871					\$181,871
Loans for medium-sized businesses (level 1)	4	2	20.00 %	\$614,197					\$614,197
Loans for medium-sized businesses (level 2)	2	2	21.00 %	\$221,541					\$221,541
Loans for large clients	21	1	20.00 %	\$15,941,515					\$15,941,515
Total	1760			\$7,569,073	1			€ 30,000.0	\$ 22,128,946

2021 credit portfolio of the Joint-Stock Commercial Bank "Hamkorbank"
Table 2

Type of loan	Currency type (dollar)				Currency type (euro)				Total
	Quantity	Term (year)	Percentage	amount	Quantity	Term (year)	Percentage	amount	
Car loan	100	3	0.28	\$567,395					\$567,395
Agrocredit	3	4	0.22	\$654,291					\$654,291
Small loans and rentals	3	4	0.24	\$262,697					\$262,697
Loans and microloans (for small businesses)	223	4	0.25	\$3,102,722	1	1	10.00 %	€ 25,000	\$3,125,449
Microloan	2142	3	0.28	\$3,601,553					\$3,601,553
Microloan (for the public)	12	4	0.25	\$162,020					\$162,020
Consumer credit	22	3	0.28	\$11,450					\$11,450
Loans for medium-sized businesses (level 1)	2	2	0.2	\$944,746					\$944,746



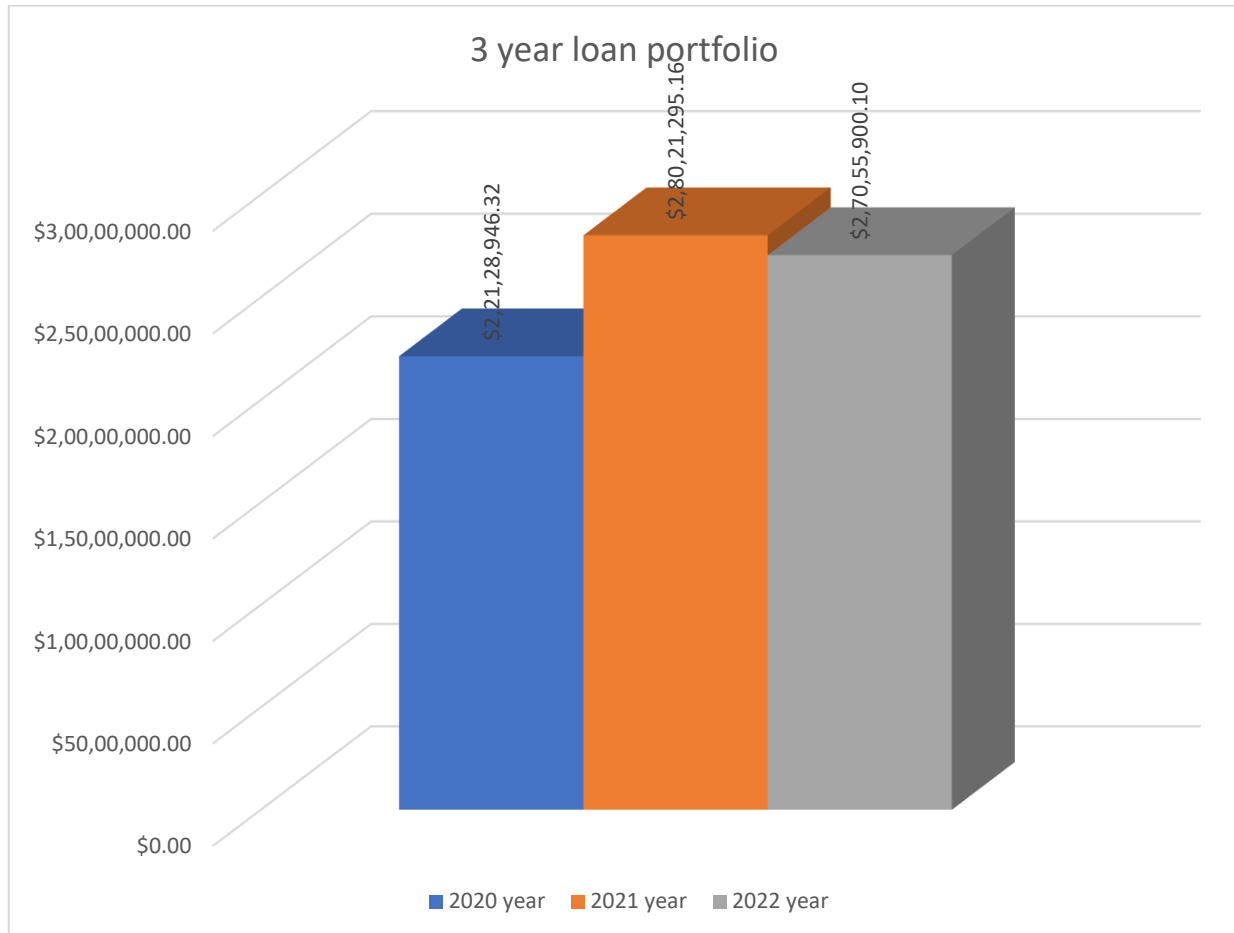
Loans for medium-sized businesses (level 2)	2	2	0.1999	\$1,098,032	1	2.5	11.11%	€ 68,000	\$1,159,850
Loans for large clients	12	1	0.22	\$13,076,979	3	5	6.00%	€ 3,963,550	\$16,680,206
Mortgage loan	119	3	0.28	\$750,000					\$750,000
Educational loan	10	10	0.14	\$101,639					\$101,639
Total	2650			\$24,333,522	5			€ 4,056,550	\$28,021,295

2022 credit portfolio of the Joint-Stock Commercial Bank "Hamkorbank"
Table 3

Type of loan	Currency type (dollar)				Currency type (euro)				Total
	Quantity	term (year)	percentage	amount	Quantity	term (year)	percentage	amount	
Car loan	95	4	28.00%	\$1,032,525.13					\$1,032,525
Agrocredit	2	3	23.00%	\$65,069.61					\$65,070
Small loans and rentals	224	4	28.00%	\$9,217,853.88	1	3	12.00%	€ 34,769.00	\$9,249,462
Loans and microloans (for small businesses)	8	1.5	28.00%	\$1,070,950.61	1	3	11.99%	€ 30,000.00	\$1,098,223
Microloan	1759	3	28.00%	\$3,387,656.24					\$3,387,656
Microloan (for the public)	20	4	24.99%	\$224,951.14					\$224,951
Consumer credit	25	3	28.00%	\$21,607.53					\$21,608
Loans for medium-sized businesses (level 1)	7	2	20.00%	\$1,264,783.54	3	2.5	12.00%	€ 75,000	\$1,332,965
Loans for medium-sized businesses (level 2)	4	2	19.99%	\$1,098,031.52	1	2.5	11.11%	€ 68,000	\$1,159,850
Loans for large clients	18	1	24.00%	\$6,557,660.57	1	2	7.99%	€ 993,412	\$7,460,762
Mortgage loan	102	20	17.00%	\$1,962,651.63					\$1,962,652
Educational loan	54	10	14.00%	\$60,175.96					\$60,176



Total	2318			\$25,963,917.37	7			€ 1,201,181	\$27,055,900
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Picture 1. Comparative analysis of the credit portfolio of the Joint-Stock Commercial Bank "Hamkorbank " 2020-2023

First of all, attention should be paid to the variety of loans. In 2020, the total number of loan types was 9 (Table 1), which increased to 12 in the following years. Including new types of loans mortgage and educational loans added (table 1-3).

In agrocredit, the total amount and amount in 2020 (Table 1) was 2 and \$36,778, while in the following year the amount was \$654,291. And in 2023, a loan of \$65,070 was issued to legal entities (Table 3). A large part of this amount is the loan received in foreign currency. Loan interest, on the other hand, rose from 20% to 22% over a period of 3 years.

Despite the fact that the total number of auto loans has shrunk in 3 years, the amount has risen from \$577,182 to \$1,032,525. This means almost double growth. The interest rate remains 28%, but the term is extended from 3 to 4 years (table 1-3). The main reason for the increase in the loan amount was the increase in the extirpation of legal entities for heavy machinery transportation for their enterprises.

We will be able to see that there has been a very high growth in small loans and leasing. In the first 2 years, when the amount did not exceed 5 (Table 1, 2), in the last year this number was increased to 225, and the amount was \$9,249,462. Foreign currency loans and leases were also issued to consumers. Consumers were given great relief over the small loans and the bank's issuance of the lease in the last year. In particular, after applying for a loan, the period of arrival of the reply was reduced from 1 month to 7 days. Secondly, the amount of the bet was also reduced to 2 times. And the interest rate was 28% and 12% (in foreign currencies) for 4 years.

Loans and microcredit for representatives of small businesses were introduced, a sharp decline in their number occurred. The drop in the total amount from \$2,343,507 to \$1,098,223 did not result in too large losses for the bank. But foreign currency loans as well as the amount of microcredit rose from 20,000 euros to 30,000 euros. The main reason for this was



the fall in the credit rates that state banks provide for the development of medium-sized businesses.

In order to provide convenience for customers in the conditions of the digital economy, microcarriers were issued by the bank to customers without any collateral and in the event that they did not have to go to the bank. To organize this process, an online microloan section was opened in the mobile application "HamkorMobile". A client wishing to receive a microloan was required to leave an application for a loan after signing up from the application. The loan was transferred to the client's plastic card within 3 days. The result of this convenience was also reflected in the statistics. In 2020 (Table 1, Figure 1), the total number of microloans was 1171, while in the next 2 years this amount increased by 2 times. The total also rose from \$1,808,152 to \$3,387.65. And the interest rate was set at 28% for 3 years.

There has also been a stagnant increase in microloans, which are similar to microloan but require collateral. In 2020, 6 individuals used this credit type, while by the last year the number had increased to 22. In 2020, \$220,753 credits were allocated while in 2022, \$ 224,951 credits were allocated. The interest rate was 24.99% for 4 years.

On the consumer credit, however, it can be said that there was a big collapse. Because in 2020 there were 275 total \$181,871 consumer loans, in 2021 this amount was 22 and \$11,450, in 2022 25 and \$ 21,608. The main reason for this was an increase in customer interest in microloan and an increase in the interest rate from 24% for 3 years to 28%.

There was almost a stagnation in the number of loans allocated for medium-sized businesses. In 2020, there was little demand for loans in international currency, but there was a change over the next 2 years, and a loan of € 211,000 and \$ 2,250,000 in the total amount made up the bulk of this type of credits. International currency loan interest rates have also not been so high (an average of 12% for 3 years).

As of 2021, the bank began issuing mortgages as well as educational loans. In 2021, a total of 119 \$750,000 mortgages were issued at a rate of 14% for 3 years. A total of \$1,962.65 credits were awarded in 2022. But the interest rate is set at 17% for 20 years. The educational credit score from preferential loans was \$101,639 and \$60,176 for 2 years. And the number of consumers has increased 5 times (10 in 2021 to 54 in 2022).

Conclusion

In conclusion, it can be said that from year to year the diligence on loans issued by customers in foreign currency is increasing, and in the case when the bank takes note of this, it is necessary to increase the portfolio of foreign currency loans. There has been significant growth in a number of lines of credit,

including mortgages, education, autoloans, small loans and leases, and microloans. Analyses show that the bank should give more credit in these directions. In other types of credit, however, since demand is falling from year to year, it is hinting that interest rates should be reduced or, if not, given additional benefits by the bank.

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