NECESSITY OF CORPORATE GOVERNANCE IN COMMERCIAL BANKS

Sharipova Nigina Djurakulovna

Samarkand Institute of Economics and Service

Assistant

Abstract. *The banking system is a system that plays a leading role in the future of the country. It is the primary factor that supports the democratic and economic development of the society. This article describes in detail the importance of the corporate governance system in the banking system.*

Keywords*: banking sector, corporate governance, economic development, government structure, democratic society, etc.*

Corporate governance means the organizational structure necessary for determining the bank’s strategic goals and controlling their achievement, as well as the set of relationships between the bank’s management bodies and other interested parties, including the powers of the management bodies and enabling them to make management decisions. it is understood to create an opportunity to distribute responsibility and make management decisions. The following are the foundations of effective corporate governance:

•clear division of powers and duties defined in the bank’s internal documents;

•adequate level of accountability;

•distribution of powers between the bank’s management bodies and (or) structural structures, which ensures mutual control and prevention of decisions that may have negative consequences for the bank;

•highly qualified members of the bank’s supervisory board (hereinafter referred to as the board) and executive body (hereinafter referred to as the board) who are well aware of their powers and duties, comply with the rules of business ethics and ethics in the performance of their functional duties existence.

In order for commercial banks to effectively participate in the reform of the national economy, they must have high efficiency. For this, banks should be large, that is, they should have large assets that contribute to their survival in crisis conditions, as well as provide the opportunity to finance many projects aimed at the development of the republic's economy. In addition, in order to ensure a high level of efficiency in the activities and development of banks, it is necessary to establish a proper corporate management system and have qualified personnel. In recent years, issues of corporate governance in banks have become more and more relevant. This is related to both the essence of corporate management and the specific characteristics of banking activity. In a commercial bank, corporate governance means a procedure that ensures the planned, consistent development of relations between the administration of a commercial bank, its owners and other interested parties, and a strict sequence of actions in these relations, in other words, it is the rules adopted by the bank and a set of measures, sanctions and incentive measures to ensure proper orderly creative actions of the participants of corporate relations. The effectiveness of banking operations and the provision of banking services, the speed of changing cash flows and directing them to areas in need of additional liquidity, accurate and timely payments depend on how effectively the corporate management system is built in credit organizations. liq. Corporate management, which provides adequate protection of the interests of bank owners, creditors and customers from increasing risks and uncertainties, is becoming one of the decisive factors for the stable operation of both individual banks and the entire banking system. The main models of corporate governance in banks are: the Anglo-Saxon model, the continental model and the Japanese model. Each of the models has its strengths and weaknesses.

A bank is a unique organization: on the one hand, a bank is a commercial enterprise that aims to make a profit, on the other hand, a bank is a credit institution that has the exclusive right to carry out a number of banking activities. transactions and transactions. The composition of these operations and operations, as well as the directions used to attract and distribute resources, make the bank not only an economic, but also a socially responsible organization. In this regard, the importance of establishing an effective system of bank corporate management for society is increasing. In the modern conditions of development of society and banking business, the system of corporate management goals is expanding. Today, it is aimed not only at ensuring the protection of the rights of shareholders and their funds entrusted to banks, but also at reducing risks, defining the mission and strategy of the credit organization, selecting personnel and monitoring its work, organizing and implementing the operating system. activity, formation of corporate culture, organization of risk management and internal control systems. One of the main tasks of the bank's corporate management system is the strictest compliance with banking legislation. Corporate governance is primarily focused on that part of the management of any organization, the relationship between owners and management. An effective corporate governance system allows to increase the value of the company, reduce the cost of raising capital, reduce financial, operational and business risks, and increase the company's resistance to changes in external conditions. Many definitions of corporate governance have a number of common elements, features and approaches:

i. corporate management-a system of relations characterized by certain structures and processes;

ii. participants in corporate relations have different (sometimes conflicting) interests;

iii. all parties of the corporate management system must participate in the management of the company and control its activities;

iv. the system of corporate relations should be aimed at the fair distribution of the rights and obligations of all entities belonging to it in order to increase the long-term efficiency of activity and the value of the company.

v. In the above context, corporate governance refers to a certain range of participants in corporate relations. They are:

vi. company managers;

vii. owners (shareholders / investors);

viii. other interested groups (the scope of authority of these groups, their composition depends on the specific characteristics of the economic and social system, the corporate management system of a particular country). These groups may include the company’s creditors, hired employees, local self-government bodies, and others.

The next group that invests in the business are small creditors, who are less likely than minorities to control management in the organization. This group of participants in the system of corporate relations provides debt financing organizations on the basis of payment and repayment terms. In case of non-fulfillment of obligations to these counterparties, small creditors, as a rule, try to return the invested funds due to the existing debt guarantee. If this procedure is not followed, bankruptcy proceedings will be initiated, as a result of which the company will be reorganized and a new management will be appointed. Thus, the ability of small creditors to influence the activities of company managers depends on the effectiveness of legislative institutions and the institution of bankruptcy. However, for such creditors, there are a number of barriers to the debtor’s influence on the corporate governance system. First of all, this is a problem where everyone hopes for another ("free-rider"). In many countries, the law gives the company the right to dispose of the property until a court decision is made on the matter, which reduces the possibility of influencing the management of the company, even by creditors secured by their debts.

The spread of corporate governance, including in the banking sector, until the beginning of the 21st century, is due to the fact that the world economic development is distinguished by the active development of corporate integration of economic entities. The reasons for this phenomenon are, first of all, the desire of companies to reduce the costs of production, distribution and sale of products, to increase the earned income, to increase the level of return on investments and to strengthen their competitive advantages in the national and world markets. The corporate sector of the economy, especially when it enters the highest form of development with the help of network structures, creates conditions for optimal management at the micro and macro levels. Especially the fact of combining corporations with banking, financial and commercial structures, in which each economic unit has the opportunity to engage in activities that bring maximum profit. The corporation provides additional benefits from the mobilization of large capital and the specialization of all its participants, facilitates access to financial resources and securities transactions, controls the use of resources, creates the opportunity to obtain constant and objective information about the economic situation, actions improves coordination, pooling of funds and getting real help when faced with difficult economic conditions. In accordance with these processes, forms of corporate management were developed in business entities and banking structures. And credit activity was carried out mainly in joint-stock banks. Therefore, the bank business and corporate governance issues of corporate organization have been the object of close attention of the banking community, expressed in very representative forums and congresses. The role of corporate governance in banks is especially related to the emergence of new, off-balance sheet financial instruments that expose banks to high levels of new risks. The relationship between different risks, both within a bank and in the banking system as a whole, has increased and become very complex. To manage this level of risk and ensure its competitiveness, each bank seeks to find its own, most effective method of corporate governance.

Banking activity should be aimed at increasing corporate income and increasing shareholders' capital, which is the result of increasing the price of one share. Shareholders hire competent managers, specialists charged with the most effective management of investment funds. Here comes a problem known only as "conflict of interest", which means that the interests of the shareholders and the interests of the managers may not only be incompatible, but also conflict with each other. For example, bank shareholders are always interested in receiving dividends, which are paid in a fixed period of time. From the point of view of the managers, the funds directed to paying dividends can be used for other purposes to obtain greater profits. This type of conflict is especially common when choosing projects: shareholders prefer investments that are less demanding, but they are less profitable, and managers are more demanding, but they give great financial results. Many of the differences that exist between different corporate governance systems often generalize system concepts, that is, they focus on insiders and outsiders. In the first case, since the company's shares are concentrated in the hands of a small number of owners, the control network of the company's activities belongs to the employees of the corporation, and external management systems, such as acquisitions, acquisitions, competition for power of attorney, etc., are almost non-existent. plays a role. Internal control over the company's activities is limited by its expansion prospects, which gives the right to representation to other interested parties - shareholders and minority representatives of employees. Within the alien system typical of companies with a large injection of capital, shareholder control is exercised in direct ways—through the capital markets, through independent directors, mergers, bankruptcies, and proxy contests. The level of control cannot be weakened by requirements to take into account the interests of "partners" who are not shareholders.

It should be noted that today countries are actively dealing with the issue of introducing corporate governance practices into their banking systems, in this regard, state codes of banking corporate governance have been developed, and banks are obliged to comply with their rules. However, compliance with these codes by banks is still very low, given the number of corporate governance banking codes established today. In this regard, in order to create a stable global banking system, it is necessary to involve the banking community in creating and developing codes and disseminating the best global practices in this field. According to the results of the research, the author suggested the following directions for improving the corporate governance structure: 1. Using shares based on public shares and financial instruments as incentives for members of executive bodies and other key management employees of the bank. Corporate management means a system of mutual relations between shareholders and the management of a commercial bank, as well as other interested parties, based on the coordination of the interests of all participants of corporate relations with the priority of the rights and interests of the owners. Improvement of corporate management is one of the main conditions that affect the level of development of the banking environment and serve to increase the competitiveness and stability of credit organizations. The improvement of corporate governance in the banking sector should be comprehensive, that is, it is necessary to determine the ultimate goal of the reform and the benefit of each participant from the implementation of this reform, as well as the body responsible for its implementation. reform. At the moment, the situation with the body is already clear - this is the Central Bank of Uzbekistan, and the question of the final goal is still controversial. Thus, one of the effective ways to increase the stability and reliability of the banking system is the corporate governance system. The main task of corporate management of credit organizations is to preserve their own capital and to develop such a strategy that allows the corporations themselves to increase rather than reduce capital in the markets. Good corporate management in banks allows not only their efficient operation and strengthening of their competitive position in the market, but also allows to maintain public trust in banks as separate market organizations.

References:

1. Хамидулин М.Б. Финансовые механизмы корпоративного управления. Монография. – Т.: Молия, 2008. – 204 с.
2. Rasulov N.M. Korporativ boshqaruv amaliyoti: milliy va xalqaro tajriba. // “Iqtisodiyot va innovatsion texnologiyalar” ilmiy elektron jurnali. – Toshkent, 2015. – №2.
3. Ashurov Z.A. Korporativ boshqaruv konsepsiyasi va mohiyati: ilmiy-nazariy yondashuvlar va ularni rivojlantirish. // “Iqtisodiyot va innovatsion texnologiyalar” ilmiy elektron jurnali. – Toshkent, 2015. – №6.
4. Tashxodjayev M.M. Aksiyadorlik jamiyatlarida korporativ boshqaruvning nazariy-uslubiy jihatlari. // “Iqtisodiyot va innovatsion texnologiyalar” ilmiy elektron jurnali. – Toshkent, 2012. – №4.
5. Ataniyazov J. Jahonda moliya-sanoat guruhlari shakllanishi va rivojlanishining nazariy-metodologik asoslari. // “Iqtisodiyot va innovatsion texnologiyalar” ilmiy elektron jurnali. – Toshkent, 2016. – №1.
6. Осиновский А.Д. Акционер против акционерного общества. – СПб.: ДНК, 2006. – 384 с. 23. Rustamova D. Moliya bozorini tartibga solishning evolyutsiyasi. // “Iqtisodiyot va innovatsion texnologiyalar” ilmiy elektron jurnali. – Toshkent, 2016. – №2.
7. Цветков В.А. Корпоративный бизнес: теория и практика. – СПб.: Нестор-история, 2011. – 504 с.
8. Веснин В.Р. Корпоративное управление. – М.: МГИУ, 2008. – 150 с.
9. Abdujabborov Sh. Korporativ boshqaruv tizimini baholash nimani ko‘rsatdi? // Upravlenie predpriyatiem. Toshkent, 2017 - №10.