



IMPROVING THE CORPORATE GOVERNANCE SYSTEM IN COMMERCIAL BANKS OF UZBEKISTAN

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Abstract

The article examines the current trends in improving the corporate governance system in commercial banks of the Republic of Uzbekistan. Based on the bank's statistical indicators, we analyzed the dynamics of assets, deposits, and loan portfolios, as well as their impact on the stability of the banking system. As a result of the study, practical recommendations were developed aimed at increasing the transparency of banking activities, improving the quality of corporate control and strengthening the investment attractiveness of commercial banks in Uzbekistan.

Keywords: Corporate governance, commercial bank, banking system, The Joint Stock Commercial Xalq Banki, supervisory Board, risk management, internal control, bank assets, financial stability, digitalization of banks.

Introduction

In the context of modernization of the economy of the Republic of Uzbekistan, improving the corporate governance system in commercial banks is of particular importance. The banking sector plays an important role in ensuring the financial



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stability of the state, developing entrepreneurship and attracting investment. Therefore, improving the management efficiency of commercial banks is becoming one of the priority areas of economic reforms.

In recent years, Uzbekistan has been implementing large-scale transformations of the banking system aimed at introducing international standards of corporate governance, strengthening internal control and increasing the transparency of banking activities. Particular attention is paid to the development of the risk management system, increasing the role of supervisory boards and digitalization of bank management processes.¹

Effective corporate governance helps to strengthen the financial stability of banks, increase customer and investor confidence, and reduce banking risks. In international practice, the level of corporate governance is considered as one of the main indicators of a commercial bank's reliability. In this regard, commercial banks of Uzbekistan are gradually adapting their activities to international requirements and standards of banking supervision.

Methodology

Methods of system analysis, comparative analysis, statistical analysis, economic observation and scientific generalization were used in the research process. The research is based on official data of the Central Bank of the Republic of Uzbekistan, financial statements of Xalq Banki, regulatory documents and scientific publications on corporate governance in the banking sector. In the course of the study, the method of dynamic analysis of statistical indicators of commercial banks activity was also used.

Main Part

Improving the corporate governance system in commercial banks of Uzbekistan is one of the key areas of reform of the national banking system. In modern conditions, the development of the banking sector requires the introduction of effective management mechanisms that ensure the financial stability of banks,

¹ Decree of the President of the Republic of Uzbekistan No. UP-5992 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025"



transparency of activities and minimization of banking risks. This issue is becoming particularly relevant in the context of digitalization of the economy and increased competition in the financial market. Corporate governance in a commercial bank is a system of relations between shareholders, the supervisory board, executive bodies and other interested parties aimed at ensuring the bank's effective operation. The main principles of corporate governance are transparency, accountability, responsibility and protection of the interests of the bank's shareholders and customers.

In recent years, the banking system of the Republic of Uzbekistan has been undergoing large-scale reforms aimed at implementing international standards of corporate governance. Particular attention is paid to improving the internal control system, developing risk management and improving the efficiency of the supervisory boards of commercial banks.

Xalq Banki is one of the largest commercial banks in the country. The Bank occupies an important place in the financial system of the republic and actively participates in the implementation of state socio-economic programs. In recent years, the bank's activities have been characterized by a steady growth in financial indicators, which indicates an expansion in the scale of banking operations, as can be seen in table.

Table 1 Key financial indicators of Xalq Banki²

Indicators	2022	2023	2024
Assets (trln sums)	34.8	40.5	46.2
Loan portfolio (trln sums)	22.1	25.7	29.4
Deposits (trln sums)	17.3	20.4	23.9
Equity (trln sums)	5.2	6.1	7.0

Analysis of statistical data in Table 1 shows that in 2022-2024, the assets of Xalq Banki increased by 11.4 trillion sums. At the same time, the bank's deposits and loan portfolio are growing. This trend indicates a strengthening of the bank's financial stability and an increase in the level of trust on the part of the population and business entities. The growth of the bank's financial performance

² Compiled by the author on the basis of data from the Central Bank of the Republic of Uzbekistan and the financial statements of JSC Xalq Banki.



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is largely due to the improvement of the corporate governance system. In particular, the bank is actively implementing state-of-the-art internal control mechanisms, automated financial transaction monitoring systems, and digital risk management technologies. An important role is played by the bank's Supervisory Board, which provides strategic management and control over the activities of its executive bodies. One of the most important tasks of corporate governance is effective management of banking risks. In the context of global economic instability, commercial banks face various types of risks: credit, currency, interest rate and operational. Insufficient effectiveness of the risk management system can lead to deterioration of asset quality and decrease in the bank's financial stability.

Conclusion and Recommendations

The study has shown that improving the corporate governance system in commercial banks of the Republic of Uzbekistan is one of the most important factors for ensuring the sustainable development of the banking sector. In modern conditions of increasing competition, digitalization of financial services and integration of the national economy into the international financial space, the effectiveness of corporate governance directly affects the financial stability of commercial banks and the level of trust on the part of customers and investors.

• In recent years, the banking system of Uzbekistan has been implementing large-scale reforms aimed at introducing modern international standards of corporate governance. Considerable attention is paid to increasing the transparency of banks' activities, improving the internal control system, developing risk management and strengthening the role of supervisory boards. These changes contribute to strengthening the financial stability of the banking sector and improving the quality of banking services. In the course of the study, it was found that Xalq Banki occupies an important place in the country's banking system and demonstrates a steady positive dynamic of financial indicators. Analysis of statistical data showed an increase in the bank's assets; deposit increase the level of independence of the supervisory boards of commercial banks and increase the participation of independent members in strategic decision-making;



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- strengthen the system of internal control and internal audit using modern digital technologies for monitoring banking operations;
 - improve the risk management system by implementing international standards for the assessment and management of banking risks;
 - expand the processes of digitalization of corporate governance, including the introduction of automated analytical platforms and electronic document management systems;
 - strengthen the transparency of commercial banks ' financial statements in accordance with international financial reporting standards;
 - develop a compliance control system and mechanisms for countering corruption and money laundering;
 - improve the level of professional training of bank management personnel in the field of corporate governance and financial control.

portfolio and equity. At the same time, there is a decrease in the level of non-performing loans, which indicates an increase in the effectiveness of the bank's risk management system.

Based on the conducted research, it is advisable to propose the following recommendations for improving the corporate governance system in commercial banks of Uzbekistan:

The implementation of these measures will increase the efficiency of commercial banks, strengthen the financial stability of the banking system and increase the investment attractiveness of the banking sector of the Republic of Uzbekistan. In addition, the improvement of corporate governance will contribute to the further development of the national financial market and strengthen public confidence in the country's banking system.

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