

Impact Factor:

ISRA (India) = 4.971
ISI (Dubai, UAE) = 0.829
GIF (Australia) = 0.564
JIF = 1.500

SIS (USA) = 0.912
PIHII (Russia) = 0.126
ESJI (KZ) = 8.716
SJIF (Morocco) = 5.667

ICV (Poland) = 6.630
PIF (India) = 1.940
IBI (India) = 4.260
OAJI (USA) = 0.350

SOI: [1.1/TAS](#) DOI: [10.15863/TAS](#)

International Scientific Journal Theoretical & Applied Science

p-ISSN: 2308-4944 (print) e-ISSN: 2409-0085 (online)

Year: 2019 Issue: 11 Volume: 79

Published: 20.11.2019 <http://T-Science.org>

QR – Issue



QR – Article



Ruslan Khamdamovich Bazarov

Bank and Finance academy of The Republic of Uzbekistan

PhD student

ruslanhamdamovich@mail.ru

ANALYSIS OF THE ACTIVITIES IN ENSURING THE FINANCIAL STABILITY OF SBERBANK

Abstract: The article describes the relevance of commercial banks' financial sustainability. The practice of securing the stability of commercial banks is considered as one of the best international practices by examining the activity of one of the largest commercial banks in the Russian Federation, Sberbank and its financial stability.

Key words: commercial banks, financial stability, bank deposits, bank capital, bank assets, bank liabilities, bank liquidity.

Language: English

Citation: Bazarov, R. K. (2019). Analysis of the activities in ensuring the financial stability of Sberbank. *ISJ Theoretical & Applied Science*, 11 (79), 109-114.

Soi: <http://s-o-i.org/1.1/TAS-11-79-25> **Doi:**  <https://dx.doi.org/10.15863/TAS.2019.11.79.25>

Scopus ASCC: 2003.

Introduction

Ensuring the stability of commercial banks is one of the priority tasks for further reforming and developing the banking system of the Republic of Uzbekistan. In particular, the "Strategy of actions for further development of the Republic of Uzbekistan", approved by the Decree of the President of the Republic of Uzbekistan dated February 7, 2017 No. P-4947, is the priority of the country's banking system. recognized as This, in turn, necessitates a scientific study of the issue of ensuring the sustainability of commercial banks' activities based on best international practices.

In-depth study and analysis of foreign countries' practice of ensuring financial stability of commercial banks is very important. As a result of this analysis, banks will be able to develop scientific innovations and practical proposals aimed at improving financial stability of banks.

Literature Review

Economic scientists conducted several studies on the financial stability of economic entities. However, it is clear that the financial sustainability of banks is more important than other entities, because of the risk-based allocation of attracted resources.

We strive to study the theoretical foundations of financial sustainability of commercial banks and the theoretical foundations of financial stability of commercial banks.

O. Ovchinnikova and A.Beslar asserted The banks' financial stability is that banks perform their basic and emerging functions regardless of external influences. (O. Ovchinnikova and A.Beslar , 2006).

As mentioned above, financial stability of banks means that banks' ability to withstand externalities and in turn to perform their functions.

S.Urazov considers that banks' financial stability as a result of various negative external factors returning to their equality and solid position (S.Urazov., 2006).

G.Melinkyan describes the need for a two-pronged approach to the definition of banks' financial sustainability by dividing it into micro and macro levels (G.Melinkyan 2004). In his view, microfinance banks believe that the financial sustainability of banks is to ensure the continuity of the bank's activities in fulfilling its clients' goals and objectives under any circumstances. In macro-level, it is believed that banking system, while linking it with various entities in the economy, helps to prevent various economic circumstances and ensuring the sustainability of the system.

Impact Factor:

ISRA (India)	= 4.971	SIS (USA)	= 0.912	ICV (Poland)	= 6.630
ISI (Dubai, UAE)	= 0.829	PIHHI (Russia)	= 0.126	PIF (India)	= 1.940
GIF (Australia)	= 0.564	ESJI (KZ)	= 8.716	IBI (India)	= 4.260
JIF	= 1.500	SJIF (Morocco)	= 5.667	OAJI (USA)	= 0.350

According to this scientist, the financial stability of banks is assessed by the fact that under any circumstances the banks continue to operate its system.

1.Yu.G.Veshkin and G.L.Avagyan consider the financial stability of commercial banks as part of income over expenses (Veshkin Yu.G., Avagyan G.L., 2018). Assessing the financial importance of banks as a result of the commercial banks' profits and the payment of dividends is a bit controversial. Because of this, bank profits are a key indicator of their overall performance, but we believe that banks need to pay attention to its sources to determine their financial sustainability.

Shalpanov P.A. describes the financial sustainability of commercial banks as "... transforming banking resources against internal and external factors and performing their functions in effective risk management" (Shalpanov PA, 2014). That reflects the essence of financial stability. Firstly, the definition of commercial bank activity is not wide. Secondly, the author's attitude to bank liquidity and solvency seems a bit unclear.

Research methodology

The main purpose of the research is to make scientific conclusions based on the analysis of

commercial banks' financial sustainability practices. The theoretical and methodological basis of this article is the general economic literature and scientific articles, research of economists on financial sustainability in commercial banks, interviews with scientists and industry representatives, analysis of their written and oral views, expert evaluation, monitoring of processes, economic events and processes. Based on the systematic approach - conclusions, suggestions and recommendations were given. In the course of the study, special approaches to the systematization of financial information of Sberbank, one of the largest commercial banks in the Russian Federation, were used, such as benchmarking, consolidation of theoretical and practical material, and systematic analysis.

Analysis and discussion of results

We are going to introduce with one of the largest commercial banks of the Russian Federation, Sberbank and its activities of ensuring financial stability. The table below shows the assets of Sberbank for 2014-2018.

1- table. The structure of the assets of Sberbank ¹

№	Asset names	2014	2015	2016	2017	2018	Difference
1.	Cash assets	9,0	7,3	15,5	15,0	12,0	3,0
2.	Provided that the sale of securities	1,7	1,9	0,4	0,9	0,9	-0,8
3.	Debt securities	8,0	10,2	10,3	11,2	11,0	3,0
4.	Credits	73,1	74,3	68,4	68,2	62,8	-10,3
5.	Fixed assets	2,2	2,1	1,9	1,9	1,9	-0,3
6.	Other assets	6,0	4,2	3,5	2,8	11,4	5,4
Total assets		100	100	100	100	100	-

The increase in cash assets among Sberbank assets in 2014 compared to 2014 is positive in terms of bank liquidity. However, at the same time, the share of loans in the analyzed period decreased by 10.3 percentage points. This is reflected in the policy pursued by banks to diversify and transfer assets to other assets. It is noteworthy that there has been an

increase in Sberbank debt securities in recent years, which is a positive factor in terms of ensuring financial stability of commercial banks.

We also analyze the structure of Sberbank's assets and bank liabilities. The following table lists the structure of Sberbank's liabilities and its dynamics.

2-Table. Sberbank's liabilities structure ²

№	Name of liabilities	2014	2015	2016	2017	2018	Difference
1.	Banks' funds	18,9	6,1	2,2	2,6	3,5	-15,4
2.	Individuals' funds	36,7	45,6	49,1	49,5	43,3	6,6
3.	Corporate clients funds	27,3	32,4	24,5	23,6	23,7	-3,6
4.	Other obligations	8,0	7,2	13,1	11,6	17,1	9,1
5.	Stock capital	9,1	8,7	11,1	12,7	12,4	3,3

¹The annual report data was prepared by the author based on The Sberbank (Russian Federation).

²The annual report data was prepared by the author based on The Sberbank (Russian Federation).

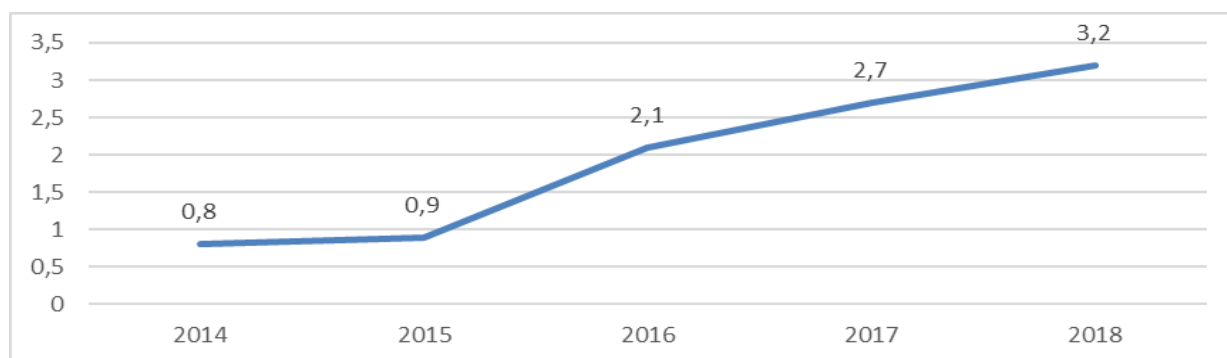
Impact Factor:

ISRA (India) = 4.971	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.126	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 8.716	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 5.667	OAJI (USA) = 0.350

Total Liabilities	100	100	100	100	100	-
--------------------------	------------	------------	------------	------------	------------	----------

Although there is a tendency for Sberbank's liabilities to banks and corporate clients to decrease, the growth of individuals' deposits during the analyzed period indicates that the bank is a savings bank. At the same time, the share capital of the bank

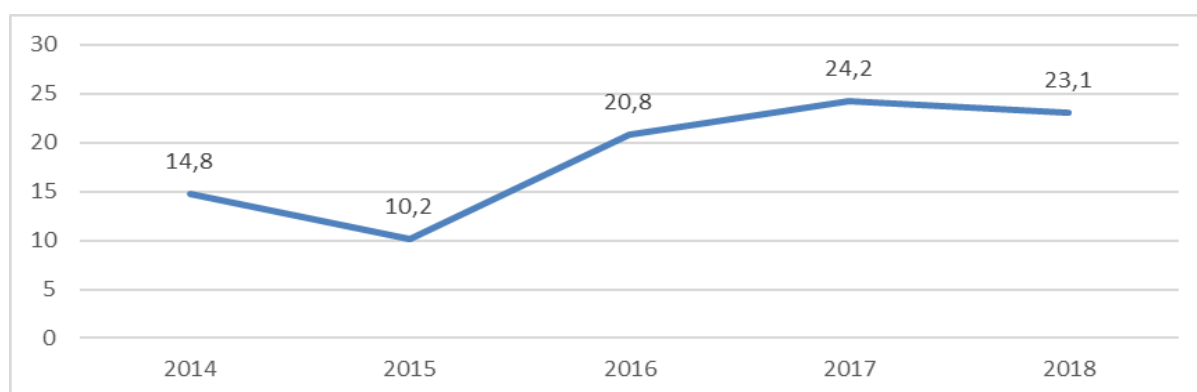
increased by 3.3 percentage points during the period under review. The profitability of the bank plays an important role in determining and assessing the financial stability of any commercial bank. In turn, we will analyze Sberbank profitability.



Line graph 1. Sberbank assets profitability index, in percent ³

The profitability of Sberbank's assets, one of the largest commercial banks in the Russian Federation, was lower than its current level in 2014-2015, but we can see an increase in the ROA in 2016-2018. This is a positive factor in terms of ensuring the financial stability of commercial banks.

Among the profitability indicators of commercial banks, along with the return on assets, the return on equity is also important and is studied by banks. The following figure shows the dynamics of Sberbank's profitability.



2-Line graph. Sberbank's capital yield, in percent ⁴

Figure 2 shows the dynamics of Sberbank's capital gains. As we know, the US economist estimates that the capital adequacy ratio of 10% is normal for banks. On this basis, if Sberbank was only 10.2% in 2015, it is significantly higher than the rest of the year, including 23.1% in 2018, which is a positive factor from the point of view of ensuring financial stability of the bank.

The spread of commercial banks is also one of the most important indicators. This is because, through this index, the activity of commercial banks in the context of interbank competition between depositors and borrowers is evaluated. In the conditions of strong competition, the average profit on assets and liabilities of commercial banks will be reduced.

³ The annual report data was prepared by the author based on The Sberbank (Russian Federation).

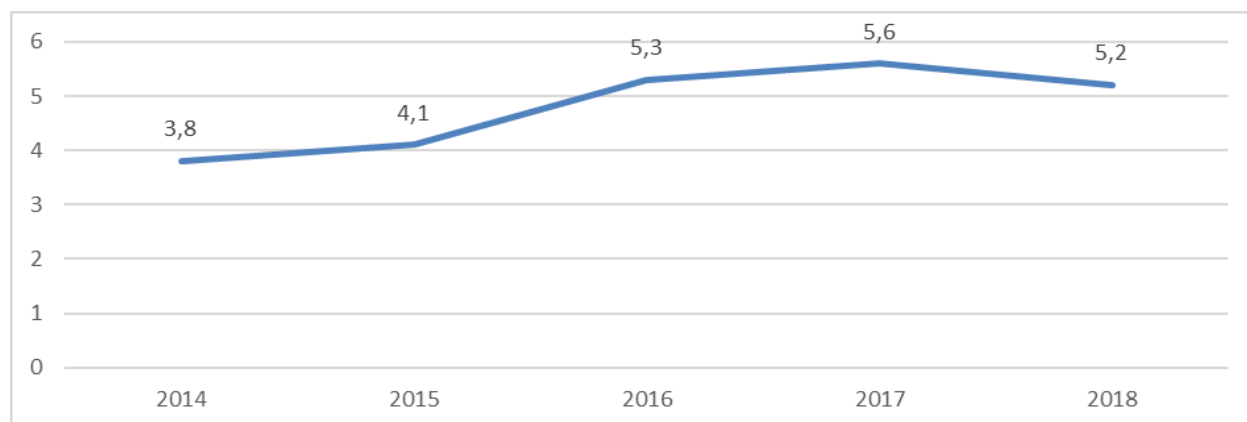
⁴ The annual report data was prepared by the author based on The Sberbank (Russian Federation).

Impact Factor:

ISRA (India) = 4.971	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.126	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 8.716	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 5.667	OAJI (USA) = 0.350

They also point out that this indicator will change the Bank's financial results as a result of interest rates fluctuations and will help identify the

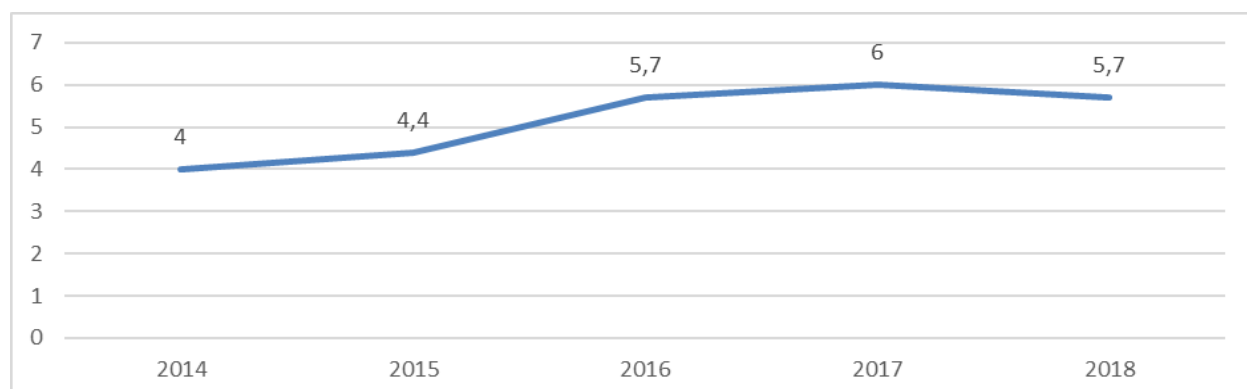
bank's profitability operations. This indicator will allow evaluating the effectiveness of the bank's interest rate policy.



3-Line graph. Sberbank spread rate, in percent ⁵

These figures show that the gradual increase of the Sberbank spread in 2014-2017 indicates an increase in the financial stability of the bank. However, in 2018, we can see a decline of 0.4 percentage points compared to the previous year. It is advisable for commercial banks to analyze the spread indicators in the future, as well as the positive development of banks in the development of new banking services.

Another indicator that determines the effectiveness of commercial banks is the net interest margin. In determining this indicator, the bank is determined by subtracting interest expense from interest income and dividing the result into income-generating assets. In this regard, the distinction between the principal operations of commercial banks, the borrowings and the attracted bank deposits, is important. The following the line graph Sberbank net interest margin changes.



4-Line graph. Sberbank spread rate, in percent ⁶

Line graph 4 shows the dynamics of the Sberbank net interest margin. According to line graph, in 2014-2017 this indicator has a tendency to increase, just as the bank has shown. But in 2018, the net interest margin, as in the Sberbank spread, tended to

decline. This means that in the future the bank will play a significant role in ensuring financial stability.

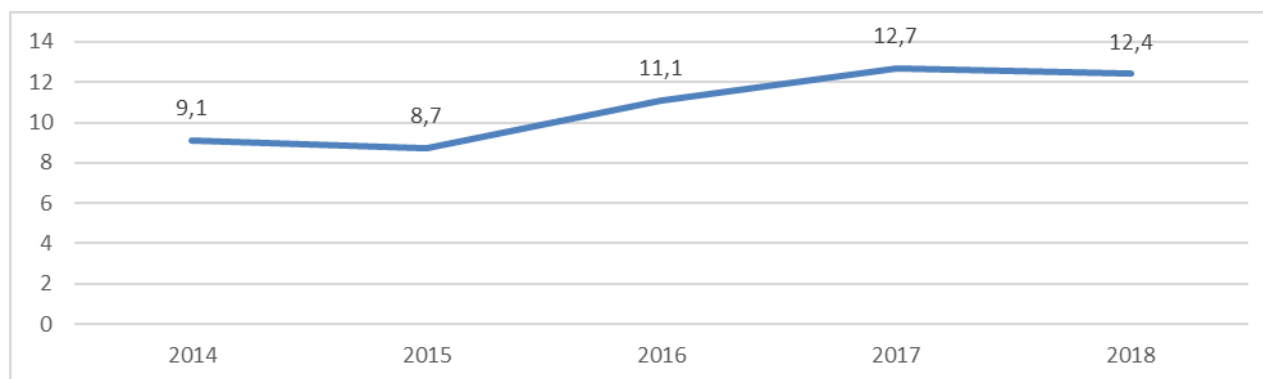
At the same time, the ratio of bank capital to assets is one of the key indicators in ensuring financial stability of banks. At the same time, it is normal for this indicator is 10%.

⁵ The annual report data was prepared by the author based on The Sberbank (Russian Federation).

⁶ The annual report data was prepared by the author based on The Sberbank (Russian Federation).

Impact Factor:

ISRA (India) = 4.971	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PИHИЦ (Russia) = 0.126	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 8.716	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 5.667	OAJI (USA) = 0.350



5-Line graph. Sberbank's capital to assets ratio, in percent ⁷

5-Line graph According to the data, Sberbank was below the benchmark in 2014-2015, which was negative from the point of view of ensuring financial stability of the bank, but in 2016-2018 this figure was higher than normal. This is a positive factor from the point of view of ensuring financial stability of banks.

Conclusions and Suggestions

Research was formed as a result of the following main conclusions:

-Several economist scientists have conducted several studies on the financial stability of economic entities and unlike economic entities, the commercial banks are mainly at the risk of placing the attracted resources at risk.;

-Commercial banks The stability of any type of commercial bank and the analysis of its interrelatedness shows that financial stability is one of the most important types of stability. Financial stability was identified as the primary and main activity of commercial banks;

- There has been an increase in the amount of debt securities of Sberbank in recent years, which is a

positive factor in terms of ensuring financial stability of commercial banks.;

-Increase of Sberbank's share capital by 3.3 percentage points during the period under review has been followed by the Basel Committee's recommendations, which is a positive factor for banks' financial sustainability.;

-Profitability of Sberbank's assets is lower than the current rate in 2014-2015, but the ROA in 2016-2018 is a positive factor in terms of increasing the bank's financial stability.;

-Dynamics of Sberbank's return on equity is only 10.2 percent in 2015, much higher than the rest of the year, including 23.1 percent in 2018, which is a positive factor for the Bank's financial stability.;

- The spread of commercial banks is also one of the most important indicators. This indicator is used to evaluate the activity of commercial banks in the conditions of inter-bank competition between depositors and borrowers. However, in 2018, we can see a decline of 0.4 percentage points compared to the previous year. It is advisable for commercial banks to analyze the spread indicators in the future.

References:

1. Lithun, O.N. (2002). *Banking Restructuring Strategy: The dissertation for the degree of Doctor of Economics.* (pp.134-135). SPb..
2. Ovchinnikova, O.P., & Bets, A.Y. (2006). The main directions of the dynamic stability of the banking system. *Finance and Credit. No. 22.*
3. Sattarov, O.B. (2018). *Improvement of the methodology for ensuring the stability of the banking system of the Republic of Uzbekistan.* Abstract of thesis prepared for the degree of Doctor of Economic Sciences. (p.14). Tashkent.

⁷ The annual report data was prepared by the author based on The Sberbank (Russian Federation).

Impact Factor:	ISRA (India) = 4.971	SIS (USA) = 0.912	ICV (Poland) = 6.630
	ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.126	PIF (India) = 1.940
	GIF (Australia) = 0.564	ESJI (KZ) = 8.716	IBI (India) = 4.260
	JIF = 1.500	SJIF (Morocco) = 5.667	OAJI (USA) = 0.350

4. (2017). Decree of the President of the Republic of Uzbekistan dated February 7, 2017 "On the Strategy of Action for the Further Development of the Republic of Uzbekistan".
5. Urazov, S.A. (2006). Sustainability of the banking system: theoretical and methodological aspects. *Banking. No. 12.*
6. Dyachenko, V.P. (1964). *Finance and Credit Dictionary.* (p.31). Moscow: Finance.
7. (n.d.). *The annual report data was prepared by the author based on The Sberbank.* Russian Federation).