COMPETITIVENESS OF A COMMERCIAL BANK: FEATURES AND PROBLEMS OF SECURITY IN MODERN CONDITIONS

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Abstract:*The article discusses the necessity, essence and factors for ensuring the competitiveness of commercial banks in the context of institutional changes in the banking system based on the new requirements of interbank competition. The advantages and features of the system for assessing the competitiveness of commercial banks, used by international rating agencies on behalf of the Central Bank of the Republic of Uzbekistan, are scientifically substantiated. The possibilities of its application in the activities of commercial banks of the Republic of Uzbekistan were studied and recommendations were developed.*

Keywords: *banking system, commercial banks, interbank competition, efficiency of commercial banks, evaluation of the efficiency of commercial banks.*

In the conditions of modernization of the financial system of the Republic of Uzbekistan, the level of competitiveness of the domestic economy depends on the level of development of financial institutions. The development of the quality of financial and banking services will allow the country to meet the requirements of economic growth in the next 50 ears, that is, to develop effectively in a new technological order [1, p. 38].

At the same time, improving the quality of financial institutions, which is the basis for the growth of national competitiveness, is also the main goal of structural transformations in the financial sector, which is necessary to ensure sustainable long-term economic growth.

The functioning of the economic system is based on market mechanisms - competition and competition - these categories in the market economy are key.

Competition is traditionally considered in three aspects: behavioral (as a struggle for a client in a competitive market), structural (the degree of freedom of the buyer and seller in the market and methods of exit from it is determined), and functional (the rivalry between the old and the new). At the same time, as a mechanism for self-regulation and development of markets for goods and services, it is traditionally considered in the scientific literature in relation to commodity markets. Interbank competition has been studied much less.

We propose our own definition of interbank competition - this is the process of developing a competitive environment for financial institutions based on the expansion and capture of limited financial resources, customers, innovative banking technologies, high-quality business processes in order to gain a high share of the bank's presence in the market.

Bank competitiveness is a complex concept that does not have an unambiguous definition. At the moment, there is no unified theory of bank competitiveness in the economic literature, the methodological and methodological aspects of its analysis are also insufficiently developed [2, p. 218-222].

There are a number of approaches to the concept of “bank competitiveness”, according to one of them: competitiveness is the essence of the subject, which determines the degree of need in comparison with optimal similar objects in the same market. Competitiveness - the ability of an object to successfully compete with analogues in a particular market. The competitiveness of a bank producing a product (service) relate to each other as part and whole.

The main indicators characterizing the level of competitiveness are: market share, profitability (profit), financial stability. At the same time, when analyzing the position of a bank in a competitive market, of the listed indicators, the market share indicator is most often used. It should be noted that it has two main functions:

-shows whether a particular bank is successfully serving the target market or a particular market share at the present time;

- develops its market competitive advantages.

The financial market segment is the bank's main strategic asset, stimulating the bank to improve its level of service compared to its competitors. The level of the bank's market share is secondary to the size of its competitive potential. An increase in competitive potential will certainly lead to an increase in market share. The indicator of the market share, as well as the dynamics of its growth (decrease), undoubtedly, are of paramount importance for determining the level of the bank's competitiveness, and for evaluating the effectiveness of its strategy.

Having structured the opinions of many scientists, it is possible to offer the author's definition: the competitiveness of a bank is an ongoing dynamic process of rivalry between commercial financial institutions and banks, as a result of which all components are trying to ensure strong results in the conditions of the lending market and the provision of financial services.

According to P. Kolesov, in the real activities of the bank they can manifest themselves in various forms [3, p. 28–33]:

1. The reputation of the bank.
2. The size of the authorized capital.
3. High quality of rendered services.
4. Availability of a currency or general license.
5. Stable customer base.
6. Correspondent network.
7. Payment system and list of offered banking products and services.
8. Network of branches and divisions, tendencies of its expansion.
9. Effective advertising policy.
10. Personnel qualification.
11. Effective management.
12. Work experience.

The ability of a bank to compete in the financial market is directly related to the competitiveness of the banking product, as well as a set of economic activities that affect the outcome of competition. In this regard, another existing approach to competitiveness should be noted, as a characteristic of a banking product, showing its difference from a similar product offered by competitors, both in terms of the possibility of meeting a specific social need, and in terms of the cost of this product.

When determining the place of a bank in a competitive market, assessing its reliability and operating efficiency, the following quantitative indicators are the most important: profit and profitability of the bank, the size of the authorized capital and reserve, the structure of assets and liabilities, the share of the loans and deposits market, the number of permitted transactions, the level of interest rates, etc. These and other indicators are used to determine the level of its competitiveness and position in the ranking [4].

In the current conditions, any bank that strives to become competitive, modern and efficient must be client-oriented, i.e. one in which the client receives support and satisfaction of his needs at every stage of interaction with the bank, and where the tasks of attracting , retention, customer development.

Clients treat the bank with confidence, if they have simple, inexpensive and constant access to objective information about the bank's activities, in particular, about the amount of net assets and income dynamics. The model of customer confidence in the bank can be expressed as the following formula:

Trust = Net Assets + Income Stability + Information Quality (1.1)

All dependencies here are direct - with an increase in three indicators: volume, stability of gross proceeds and the structure of information, customer loyalty to the bank increases.

The customer convenience model formula is as follows [4]:

Convenience = market geography + range of products (services) + costs + quality (1.2)

With the increase in the geography of the bank's activities, the growth of quality and the expansion of the list of services provided, the attractiveness of the bank for the client is growing.

The success or failure of a new or existing banking product on the market is also influenced by other factors: the bank's marketing activities, image, the level of service offered, etc. But, despite the importance of these indicators of the bank's performance for ensuring competitiveness, the quality and cost of banking products are of paramount importance. Therefore, the competitiveness formula looks like this [4]:

Competitiveness = quality + cost of a banking product + service level (1.3)

There are various ways to measure the competitiveness of banks. So, N. Gerchikova suggests that the assessment of the bank's competitiveness should be based on the following indicators [5, p. 191–192]:

- the need for real and future investments, both for the enterprise as a whole and for individual types of products (services) and specific markets;

-list of competitive products, their structure, volume and cost (“product differentiation”);

- the structure of markets or their segments for each product ("market differentiation").

To determine the level of competitiveness of the bank, it is necessary to compare its position with the position of existing competitors in a particular market. Bank rating allows you to identify the main competitors in the credit market. The strengthening of the bank's position in the banking services market is facilitated not only by the bank's being on the leading lines of domestic ratings, but also by the assignment of international ratings to the bank.

So, in particular, Fitch characterizes the liquidity of banks. Issuer Default Ratings ("IDRs") are a relative assessment of the possibility of default. Short-term credit ratings show the likelihood of timely fulfillment of obligations.

Individual ratings are assigned only to banks [4].

The purpose of these ratings is to evaluate the bank's own positions without taking into account possible external support (Table 1) [4].

Table 1

Characteristics of the values of individual ratings of banks

Grade	Definition	Characteristic
«A»	Exclusively stable bank	High profitability, transparency and balance stability; large client base; high quality management, favorable economic environment and development prospects
«B»	sustainable bank	Missing essential factors concern. Sufficient profitability, transparency and balance stability, great customer base and high quality management, favorable economic environment and prospects development
«C»	Enough stable bank	There are one or more factors concerns regarding profitability, transparency and stability of balance, size customer base and management quality, economic environment or prospects development
«D»	The bank, which owns Stvenny Certain limitations, related with internal and/or external factors	Concerns about profitability transparency and stability of balance, customer base and management quality, economic environment or prospects development
«E»	The bank experiencing very serious difficultie	Poor Efficiency activities. Requires external support

Note: developed by the author based on research.

Support ratings characterize the possibility, volume and quality of external support for a bank in the event of financial difficulties. When assigning ratings, quantitative positive and negative characteristics of banks are taken into account, including balance sheet integrity, profitability and risk management.

In general, credit ratings assigned by rating agencies are by far the most public and widespread evidence of a bank's stability. Credit ratings provide a lender or investor with information about the riskiness of invested finances. For management and the public, credit ratings are an indicator of the effectiveness of a given bank. Credit ratings, first of all, characterize how banks can meet their obligations - using their own and external resources [6, p. 77–81].

In general, the ratings are a public and widespread evidence of the stability of banking structures. They provide the lender or investor with information about the riskiness of invested finances. A high rating allows the bank to remove barriers to accessing capital and other resources. For management and the public, credit ratings are an indicator of the effectiveness of their activities. First of all, they characterize how banks can meet their obligations - at the expense of their own and external resources.

Thus, the author formulated the following definitions:

- interbank competition is the process of developing a competitive environment for financial institutions based on the expansion and capture of limited financial resources, customers, innovative banking technologies, high-quality business processes in order to gain a high share of the bank's presence in the market of financial and banking services;

- competitiveness of the bank - a dynamic process of competition between commercial banks and credit institutions, the purpose of which is a strong position in the market of banking and financial services.

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