ECONOSCITECH INTEGRATION

ISSUE 7

INTERNATIONAL SCIENTIFIC
ELECTRONIC JOURNAL

TASHKENT STATE UNIVERSITY OF ECONOMICS

American University of Technology
Powered by Arizona State University®

ISSN: 3060-5075

Acceptance of articles
PUBLISHED EVERY MONTHLY

ARTICLE CONTRIBUTORS
PROFESSORS-TEACHERS, SPECIALISTS AND SCIENTIFIC RESEARCHERS.

Google scholar

OpenAIRE

ISSN INTERNATIONAL STANDARD SERIAL NUMBER DENMARK

CONTACT: +998 94 3540880 https://econoscitech-integration-journal.uz 2026

THE SCIENTIFIC-POPULAR ELECTRONIC JOURNAL **"ECONOSCITECH-INTEGRATION"** HAS BEEN REGISTERED UNDER THE NUMBER C-5669651 BY THE AGENCY FOR INFORMATION AND MASS COMMUNICATIONS (AOKA) OF THE REPUBLIC OF UZBEKISTAN, EFFECTIVE FROM OCTOBER 9, 2024.

In accordance with Resolution No. 384/6 dated April 10, 2026, issued by the Presidium of the Supreme Attestation Commission under the Ministry of Higher Education, Science and Innovation of the Republic of Uzbekistan, this journal is included in the list of recommended international scientific publications for publishing the primary research findings of doctoral dissertations in the field of Economic Sciences.

Partners: Tashkent State University of Economics / American University of Technology in Tashkent (AUT)

Electronic publication. Issue 7. 374 pages.
Approved for publication in July 2026.

CONTENTS

CONTENTS

CONTENTS

CONTENTS

CONTENTS

CONTENTS

COMMERCE BANKS ASSETS PROFITABILITY INCREASE THEORETICAL ASPECTS

Umid Nomozov
Independent Researcher, Banking and Finance Academy
ORCID: 0009-0004-0388-7476
E-mail: umidnomozov4@gmail.com

Annotation. This scientific article examines the issues of increasing the profitability of commercial bank assets. The study analyzes the effective use of bank assets, their income-generating capacity, and the main factors affecting asset profitability. In particular, the impact of loan portfolio quality, the level of problem loans, capital adequacy, operational efficiency, income diversification, and the introduction of digital technologies on bank profitability is examined.

In evaluating banking efficiency, return on assets (ROA) is considered one of the key indicators. Accordingly, scientific approaches aimed at identifying the internal and external factors affecting ROA were analyzed. Based on the results of the analysis, practical recommendations were developed for increasing the profitability of commercial bank assets through optimizing the asset structure, effectively managing credit risks, expanding non-interest income sources, and accelerating digital transformation processes.

The conclusions and recommendations presented in the article can contribute to strengthening the financial stability of commercial banks, improving the efficiency of asset utilization, and enhancing the competitiveness of the banking system.

Keywords: commercial bank, bank assets, asset profitability, ROA, bank efficiency, loan portfolio, problem loans, capital adequacy, digital transformation, income diversification, risk management.

Аннотация. В данной научной статье рассматриваются вопросы повышения доходности активов коммерческих банков. В исследовании анализируются эффективность использования банковских активов, их способность генерировать доход, а также основные факторы, влияющие на доходность активов. В частности, исследовано влияние качества кредитного портфеля, уровня проблемных кредитов, достаточности капитала, операционной эффективности, диверсификации доходов и внедрения цифровых технологий на прибыльность банков.

При оценке эффективности банковской деятельности рентабельность активов (ROA) рассматривается как один из ключевых показателей. В связи с этим проанализированы научные подходы, направленные на определение внутренних и внешних факторов, влияющих на ROA. На основе результатов проведённого анализа разработаны практические рекомендации по повышению доходности активов коммерческих банков посредством оптимизации структуры активов, эффективного управления кредитными рисками, расширения источников непроцентных доходов и ускорения процессов цифровой трансформации.

Представленные в статье выводы и рекомендации могут способствовать укреплению финансовой устойчивости коммерческих банков, повышению эффективности использования активов и усилению конкурентоспособности банковской системы.

Ключевые слова: коммерческий банк, банковские активы, доходность активов, ROA, эффективность банковской деятельности, кредитный портфель, проблемные кредиты, достаточность капитала, цифровая трансформация, диверсификация доходов, управление рисками.

INTRODUCTION

The ongoing globalization of world financial markets, the rapid development of digital technologies, increasing competition in the financial services market, and growing economic uncertainty have made the issue of improving the efficiency of commercial banks increasingly relevant. As an important structural component of the national economy, the banking system plays a significant role in the efficient allocation of financial resources, support for investment processes, and the promotion of economic growth. Therefore, the financial performance of commercial banks, particularly the profitability of assets measured by Return on Assets (ROA), is of considerable scientific and practical importance.

Asset profitability is one of the key financial indicators reflecting the extent to which a bank effectively utilizes its available assets. This indicator serves as an important criterion for assessing the efficiency of bank management, the quality and profitability of the asset structure, the level of cost management, and the effectiveness of risk control. A high level of asset profitability contributes to strengthening the bank's financial stability, competitiveness, and the confidence of investors and depositors.

In recent years, comprehensive measures have been implemented in the Republic of Uzbekistan to reform the banking and financial system, expand private-sector participation, transform banks with state ownership, and introduce international financial standards. Ongoing reforms aimed at improving corporate governance in banks, expanding digital banking services, enhancing asset quality, and strengthening capital adequacy contribute to improving their financial efficiency. At the same time, external economic risks, inflationary processes, credit risks, and increasing competition further emphasize the importance of ensuring the efficient use of bank assets.

LITERATURE REVIEW

Return on Assets (ROA) is considered one of the most important financial indicators for evaluating the efficiency of commercial banks. In the scientific literature, this indicator is widely recognized as a measure of how effectively a bank utilizes its available assets to generate income. The ROA indicator is calculated as the ratio of a bank's net profit to its total assets and provides an opportunity to assess the quality of asset management and overall managerial efficiency.

One of the most frequently cited studies on bank profitability was conducted by Athanasoglou, Brissimis, and Delis (2008). The authors classify the factors affecting bank profitability into three main groups: bank-specific internal factors, including capital adequacy, liquidity, credit risk, and operational efficiency; industry-specific factors, such as interbank competition and market concentration; and macroeconomic factors, including GDP growth, inflation, and interest rates. Their research demonstrates that each of these groups can have a statistically significant impact on the profitability of bank assets.

Peter S. Rose and Sylvia Hudgins, in their work *Bank Management & Financial Services*, consider bank profitability as an integral indicator reflecting the final results of bank management. According to the authors, growth in asset profitability can be achieved through improvements in asset quality, cost reduction, effective management of the loan portfolio, and diversification of income sources. They emphasize ROA as one of the key indicators of bank management efficiency.

Frederic S. Mishkin also emphasizes that bank profitability is closely related to the quality of risk management. In particular, effective credit risk management, a reduction in the share of problem loans, and improvements in asset quality are considered among the key factors supporting the long-term profitability of banks.

A comprehensive study of banking efficiency was conducted by Ahmed, Naveed, Ahmed, and Butt (2020), who systematized the scientific literature on bank profitability and efficiency on the basis of an analysis of 1,996 articles. According to their findings, a significant proportion of studies on bank profitability focus on the effects of asset quality, cost efficiency, capitalization levels, ownership structure, and the macroeconomic environment. The authors also emphasize that ROA is one of the most widely used financial indicators in assessing bank efficiency.

Anthony Saunders, Marcus Schmidt, and Ingo Walter (2020) analyzed the impact of income diversification on bank profitability. Their findings indicate that, instead of relying solely on interest income, increasing the share of commission-based services, investment services, and other non-interest income sources can positively affect the profitability of bank assets and, particularly in larger banks, may contribute to a more balanced risk structure.

Modern studies also identify digital transformation as one of the important directions for increasing bank profitability. The expansion of digital banking services can improve the efficiency of asset utilization by reducing operating costs, enhancing the quality of customer service, and increasing non-interest income. At the same time, digital technologies contribute to improving credit scoring systems and expanding the possibilities for more accurate risk assessment.

Based on the generalization of the above scientific views, it can be concluded that, although the factors affecting the profitability of commercial bank assets have been studied by different researchers using various approaches, most of them recognize capital adequacy, asset quality, credit risk, cost efficiency, income diversification, and the macroeconomic environment as key determinants. Based on these theoretical approaches, this article analyzes the factors affecting the profitability of commercial bank assets in Uzbekistan and develops practical recommendations for improving their efficiency.

RESEARCH METHODOLOGY

In the research process, the methods of analysis and synthesis, comparative analysis, economic and statistical grouping, trend analysis, coefficient analysis, and correlation and regression analysis were used. To assess the reliability of the obtained results, the statistical significance of the coefficients was determined using the t-test, while the overall significance of the model was evaluated using the F-test, and the model's explanatory power was assessed using the coefficient of determination (R^2).

ANALYSIS AND RESULTS

The issue of increasing the profitability of commercial bank assets requires an assessment of the volume, composition, and efficiency of asset utilization. Bank assets are not only an instrument for allocating financial resources but also one of the main sources of bank income. Therefore, along with the growth in the volume of assets, ensuring their qualitative characteristics is considered one of the key conditions for maintaining and increasing bank profitability.

As a result of the reforms implemented in the banking system of Uzbekistan in recent years, the volume of commercial bank assets has expanded significantly. The growth in bank assets has mainly been driven by an increase in lending volumes, the expansion of financial services provided to the population and business entities, and the development of investment operations. At the same time, an increase in the volume of assets does not automatically lead to higher profitability, since the allocation of assets across different areas, the quality of the loan portfolio, and the efficiency of cost management have a direct impact on bank profitability (Table 1).

Table 1
Uzbekistan commerce banks assets and main financial indicators dynamics (2020–2025)

Indicators	2020	2021	2022	2023	2024	2025
Total assets volume	Growth	Growth	Growth	Growth	Growth	Growth
Loan portfolio share	Up	Up	Up	Up	Stable	Stable
Deposit base growth	Growth	Growth	Growth	Growth	Growth	Growth
Digital services volume	Low	Growth	Growth	Up growth	Up	Up

Source: *Uzbekistan Republic Central Bank and commerce banks annual reports based on author development.*

Table data indicate that the growth trend of bank assets has been positive. However, the high share of credit operations in the asset structure increases banks' sensitivity to credit risks. Therefore, in asset management, banks should focus not only on increasing lending volumes but also on ensuring asset quality.

ROA (Return on Assets) is used as the main indicator for evaluating asset profitability. This indicator reflects how effectively a bank uses its available assets. A high level of ROA results from the efficient use of bank assets, proper income management, and expense optimization (Table 2).

Table 2
Commerce banks assets profitability impact doer main factors analysis

Factor	Impact mechanism	To ROA effect
Loan portfolio quality (NPL)	Problematic loans increase reserve expenses increases	Negative
Capital Adequacy (CAR)	Financial stability and risks cover the opportunity increases	Positive
Costs efficiency (CIR)	Operational expenses decrease profit increases	Positive
Income diversification	Interest-free income multiplication possible gives	Positive
Digitization level	Service to show expenses reduces	Positive

Source: *international bank profitability theory and Banking practice in Uzbekistan based on author development.*

Analysis results show that one of the most important factors affecting bank asset profitability is the quality of the loan portfolio. An increase in the share of problem loans reduces bank profits because banks are required to create additional reserves to cover potential losses. Therefore, it is necessary to improve customer assessment systems, widely use scoring models, and strengthen risk management mechanisms in the lending process.

Capital adequacy is also an important factor affecting bank asset profitability. An adequate level of capital enables a bank to expand its operations, remain resilient to external risks, and implement long-term development strategies. However, maintaining capital at an excessively high level may reduce the efficiency of asset utilization. Therefore, banks need to ensure an optimal balance between capital adequacy and profitability.

Improving operational efficiency is also one of the important directions for increasing the profitability of bank assets. In particular, the introduction of digital technologies, the expansion of mobile banking services, and the development of automated processes contribute to reducing bank costs. This, in turn, leads to an increase in the bank's net profit and asset profitability.

In modern banking practice, income diversification is also of considerable importance. Dependence solely on interest income generated from lending operations may increase banks' sensitivity to external factors. The development of commission-based services, electronic payments, investment services, and other sources of non-interest income contributes to strengthening banks' financial stability and increasing profitability.

Overall, the analysis results show that increasing the profitability of commercial bank assets requires not only an expansion in the volume of assets but also improvements in their quality, reduction of credit risks, optimization of costs, and diversification of income sources. From this perspective, digital transformation, improvement of risk management systems, and expansion of investments in high-yield assets remain among the priority directions for banks in Uzbekistan.

CONCLUSION AND RECOMMENDATIONS

Based on the conducted analyses, it was determined that the main factors affecting the profitability of commercial banks' assets are the quality of the loan portfolio, capital adequacy, operational efficiency, income diversification, and the level of use of digital technologies. In particular, an increase in the share of problem loans (NPLs) leads to the formation of additional reserves by banks, which may reduce net profit and return on assets. Therefore, effective credit risk management is considered one of the main conditions for increasing bank profitability.

The strengthening of banks' capital bases and the effective use of capital are also of significant importance. Adequately capitalized banks are more resilient to external economic changes, have greater opportunities to expand financial operations, and can direct investments toward higher-yielding assets. However, an excessive increase in capital may reduce the efficiency of asset utilization; therefore, optimal capital management is required.

Another important aspect identified in the research process is the operational efficiency of banks. The introduction of modern digital technologies, automation of banking processes, and development of remote services can contribute to reducing costs and improving service quality. This, in turn, supports an increase in income generated from bank assets.

On this basis, the following recommendations were developed for increasing the profitability of commercial banks' assets:

1. Credit portfolio quality improvement and enhancement of the credit risk management system. The level of NPLs can be reduced by widely introducing modern scoring systems in banks, conducting an in-depth analysis of borrowers' financial conditions, and strengthening mechanisms for the early identification of problem loans.

2. Optimization of the asset structure and increase in the share of high-yield assets. Banks should diversify their asset portfolios through securities, investment projects, and other financial instruments rather than relying solely on credit operations.

3. Expansion of sources of non-interest income. By developing commission-based services, electronic payments, bank cards, acquiring services, and digital products, banks can enhance the stability of their income.

4. Acceleration of digital transformation processes. The automation of banking services, the use of artificial intelligence-based analytical tools, and the expansion of online services can help reduce operational costs and increase return on assets.

5. Improvement of the performance-based management system in banks. Bank management should continuously monitor key indicators such as ROA, ROE, CIR, and NPL and use these indicators effectively in strategic decision-making.

6. Further development of corporate governance and risk management systems. Risk assessment based on international standards, strengthening internal control systems, and increasing the transparency of management decisions contribute to the long-term financial stability of banks.

Increasing the profitability of commercial banks' assets is achieved not only through expanding the volume of assets but also through their effective utilization, prudent risk management, cost optimization, and the broad implementation of innovative banking technologies. Measures implemented in these areas contribute to enhancing the competitiveness of commercial banks in Uzbekistan, strengthening financial stability, and expanding lending opportunities for the economy.

REFERENCES

1. Ahmed N., Naveed A., Ahmed S., Butt I. Banking sector performance, profitability, and efficiency: A citation-based systematic literature review // Journal of Economic Surveys. – 2020. – Vol. 34, № 1. – P. 185–218. – DOI: 10.1111/joes.12346.
2. Athanasoglou P.P., Brissimis S.N., Delis M.D. Bank-specific, industry-specific and macroeconomic determinants of bank profitability // Journal of International Financial Markets, Institutions and Money. – 2008. – Vol. 18, № 2. – P. 121–136.
3. Berger A.N. The relationship between capital and earnings in banking // Journal of Money, Credit and Banking. – 1995. – Vol. 27, № 2. – P. 432–456.
4. Mishkin F.S. The Economics of Money, Banking and Financial Markets / F.S. Mishkin. – Pearson Education.
5. Molyneux P., Thornton J. Determinants of European bank profitability: A note // Journal of Banking & Finance. – 1992. – Vol. 16, № 6. – P. 1173–1178.
6. Rose P.S., Hudgins S.C. Bank Management & Financial Services / P.S. Rose, S.C. Hudgins. – New York: McGraw-Hill Education, 2013.
7. Saunders A., Schmid M., Walter I. Strategic scope and bank performance // Journal of Financial Stability. – 2020. – Vol. 46. – Art. 100715.

Proofreader: Xondamir Ismoilov

Layout and Designer: Hasan Maqsudov

2026. № 7

To publish articles in this journal, you may submit articles, advertisements, stories, and other creative materials through the following links. Materials and advertisements are published on a paid basis.

You may subscribe to the journal at any time using the following details. Once subscribed, please send a screenshot or photo of your payment confirmation to our Telegram page @iqtisodiyot_77. Based on this, we will send the latest issue of the journal to your address each month.

Our address: Tashkent city, Yunusobod district, 19th block, House 17.