



The Nature and Types of the Concept of Bank Risks as an Economic Category

Umarova Zebo

Jizzakh Polytechnic Institute, Department of "Economics and Management"

Annotation: It is necessary to improve existing methods of risk management in the context of rapid integration of our country into the world economy, as well as socio-economic reforms and strong competition in international markets. 1. in the banking system, although it fulfilled the set standards and criteria, it fell into bankruptcy as a result of the financial and economic crises occurring in different continents of the world.

Keywords: necessary, to improve, existing, methods of risk management, world economy.

Introduction

In the conditions of the rapid integration of our country into the world economy, as well as the socio-economic reforms taking place all over the world and the strong competitive processes in the international markets, it is necessary to improve the existing methods of risk management in the banking system¹. Although it has fulfilled the established single standards and criteria, it is falling into a state of bankruptcy as a result of the financial and economic crises occurring in different continents of the world. This, in turn, shows that in order for banks to be financially stable and not to fall into bankruptcy, it is not enough to fulfill the established criteria and standards for risk management, that is, it is not guaranteed that they will not fall into insolvency in the market economy. Shows. For example, as a result of the global financial and economic crisis that occurred in 2008, in 2007-2012, 1,696 banks in the USA submitted bankruptcy petitions to the courts.² From this point of view, the bank's risk management system includes a set of measures and methods for pre-estimating the occurrence of risk, avoiding negative situations caused by risk or reducing their impact. Despite the reforms carried out to improve the banking system in our country in recent years, there are certain gaps in the banking risk management system. In particular, the processes related to the widespread introduction of the digital economy in our republic put the issue of using non-traditional methods of risk management in the banking system and improving the risk management system on the agenda.

In this regard, President Sh.M. Mirziyoev said in his address to the Oliy Majlis, "To achieve development, it is necessary and necessary to acquire digital knowledge and modern information technologies. This gives us the opportunity to take the shortest path to ascension. After all, today, information technology is deeply penetrating all areas of the world³. Also, in the application, it was determined that drastic measures should be taken to develop the banking system in 2020. In particular, it was noted that our national banking system lags far behind in the issue of using digital technologies in the banking system and introducing new banking programs. The analysis shows that the problems in the banking system of our republic are mainly related to the risky activities of the bank, in particular, the constant analysis of the quality of high-income and high-risk assets, reducing the information risk in the digital economy, protecting the interests of shareholders and customers, inter-customer related to relationship management system issues.



The geographic location of the country, the economic management system, the mentality of the population, the information of the society and the features of the monetary policy of the Central Bank of the country are important in improving the risk management methods of commercial banks.

The nature and types of the concept of bank risks as an economic category The processes of forming a socially oriented market economy in our country are closely related to the stable operation of commercial banks. Because commercial banks are one of the important components of the market infrastructure. Their stability is of national importance.

In the conditions of a centralized economy, the activities of all economic entities are planned, the main goal is to fulfill the plan, the unfulfilled part of the plan is covered, if necessary, at the expense of higher organizations or budget funds. Therefore, there was no concept of risk during this period. The organization and conduct of market relations are based on completely different principles. It is based on rapid progress and development, various changes, competition, innovation, reforms, etc. Such processes affect the work of every entity operating in the conditions of market relations. This is especially evident in the activity of commercial banks. Because the activity of commercial banks is risky, banks are the first to notice reforms, changes, fluctuations, crises and other situations that occur in the market.

The modern banking system cannot be imagined without risk. There is no risk-free operation of the bank; all its operations are associated with risk, the level of which may vary depending on the type of operation. Therefore, although risk cannot be completely eliminated in banking practice, it is necessary to anticipate and take measures to reduce it. As any economic activity is aimed at making a profit, the intended result of the activity of commercial banks is to make a high profit. The process of making a profit is always associated with risk. Therefore, the first issue facing commercial banks is to achieve the optimal level between risk and profitability. This, in turn, requires the identification, study and effective management of banking risks.

In the current conditions, the process of forming a socially oriented market economy in Uzbekistan envisages the creation of a system of stable operation of commercial banks. Commercial banks are one of the important components of the market infrastructure (see Chart 1.1.1). Their stability is of national importance.

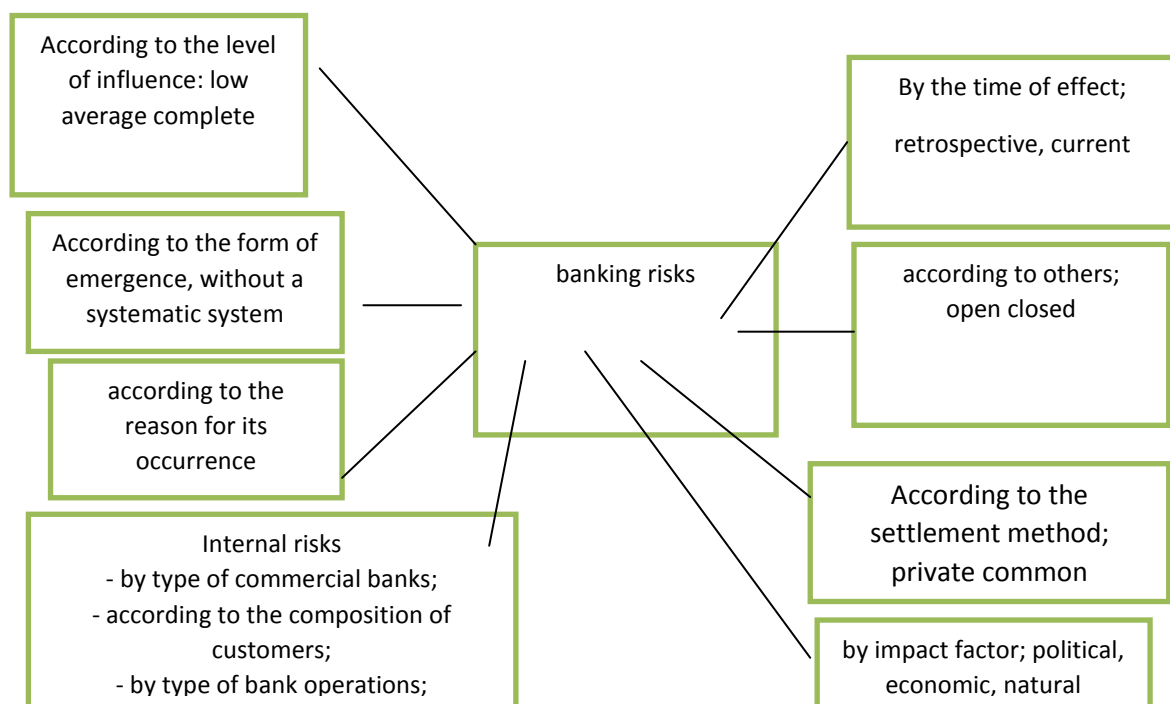




Figure 1.1.1. Bank risks⁴

Risks according to the reason for their occurrence.

As any economic activity is aimed at making a profit, the intended result of the activity of commercial banks is to make a profit. It is associated with risk. Because of this, the first problem facing commercial banks is to achieve the optimal level between risk and profitability. Commercial banks are responsible for their activities on the one hand to their shareholders, and on the other hand, they have an obligation to customers who have entrusted their funds and are using banking services. Compared to banks of developed countries, the commercial banks of the CIS countries have more risk. The main reason for this is the lack of sufficient experience in reorganizing banking activities to meet the requirements of the current era and implementing new types of banking operations. Because of this, it is important to study bank risk, its nature, types, and causes of origin. In banking practice, risk is not always unexpected. All banking activities are associated with risk. Knowing that the type of activity or operation is risky, the bank decides and carries out this operation. Bank risk is a part of economic risks and relies on economic relations between the bank and individuals and legal entities. Providing funds to clients according to the principle of lending, organization of banks' work based on certain principles means that their activities are associated with risks. This situation represents the objectivity of the bank's risk. The impact of other factors on the bank's activity, the possibility of calculating their results, and the presence of one type of risk in different conditions, its different acceptance and consideration are subjective reasons for its occurrence. There are the following reasons for the occurrence of risks in banking activities;

- not studying the market well;
- lack of information in the field of resource attraction and deployment;
- incompleteness of information and information about the project, object and clients to be credited, their financial situation;
- failure to take into account the characteristics of network activity;
- Minds of subjects or clients. Knowledge of the use of funds.

Based on the above, we define bank risk as carrying out banking operations (deposit, credit investment, currency) in the hope of a positive result in the course of the implementation of banking activities, in the hope of losing part of the bank's funds or not receiving income.

The risk-related nature of banking activity requires that categories such as costs, losses and losses are constantly encountered and that they are included in the daily monitoring of banking practice. Costs, damages, losses are not considered risk. Each of these concepts has its own meaning.

Risk is a wide-ranging, multifaceted concept that occurs at various stages of activity and processes. Many domestic economists have defined the nature of bank risk as bank risk, credit risk, bank risk, losses, probability, volatility, uncertainty, uncertainty. According to the regulatory documents of the Central Bank of the Republic of Uzbekistan, bank risk-riskiness is characteristic of banking activity as a result of circumstances depending on economic, financial, social, political, technological internal and (or) external factors affecting banking activity. it is defined as the presence of the risk of financial losses and/or complete or partial loss of bank liquidity (the ability of the bank to meet its obligations on time).

The most common types of cyber threats aimed at banks and their customers.

7. In addition, the intention to use online banking is mainly affected by security risk and financial risk.



Open mobile banking applications. About 70 percent of the top 100 mobile banking apps for Android in 2015 had well-established security measures in place to prevent data breaches. For example, malicious spoofing, data obfuscation, SQL injection, JavaScript injection, and XML injection, etc. Fortunately, most banks have implemented additional security measures, such as two-factor authentication using electronic tokens, one-time passwords, and unique codes sent to Android phones. However, cybercriminals are quick to develop tools and malware capable of bypassing these measures. Found solutions. Aggressive banking malware. Dridex, Dyre, TrickBot, and Lurk are the most common trojans used to steal login information for online accounts.

One of the most aggressive hackers to target the financial market, Dyre caused hundreds of millions of dollars in damage by manipulating websites to disrupt communication between more than 400 financial institutions and their customers. Many banks, such as the Royal Bank of Scotland, Bank of America and JP Morgan Chase, became its "victims". These malwares work by installing themselves on a user's computer and are activated when the user enters credentials on a specific site, usually a bank or financial service's login page. Through a browser-based attack, hackers can steal credentials and gain more control over accounts. Of course, all this is done completely secretly.

Specifically, in 2016, using the Lurk Banker Trojan emails. It targeted several Russian banks and stole \$25 million from customer accounts. TrickBot, one of the new strains of malware that has wreaked havoc on Australian banks, looks a lot like Dyre, but according to IBM it is "the most advanced browser-based malware of the last few years." » has Unstoppable DDoS attacks. DDoS (distributed denial-of-service) attacks online systems, such as internet banking sites or online shopping sites, with too much data to overload them and disable their services. Research shows that , DDoS attacks are one of the most serious security risks recognized by the banking industry.

According to a 2015 report by the US wireless network operator Verizon Communications, they account for 32% of attacks on banks. It is not surprising, since these tools are widespread on the Internet. Prevents constant traffic from reaching its destination. Therefore, the activities of commercial banks are highly digitized and require effective management of risks that may arise in their activities. Below we present a number of types of risks that may arise as a result of digitalization of traditional banking activities as a result of the transformation of banking activities and the level of risk may increase:

- operational risk;
- Security risk;
- Reputational risk;
- Legal risk;
- Risk of legalization of crimes;
- Cross-border risk;
- Strategic risk;
- Other traditional risks.

Summary Further development of remote banking services provided by the banking system of Uzbekistan, determining the population's demand for such products and services with the help of marketing services, and based on this, making appropriate changes to the bank's strategy will ensure stable operation of the bank in this market segment and competitive serves to ensure that.



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