

# **Academia Open**

Vol. 10 No. 2 (2025): December

DOI: 10.21070/acopen.10.2025.12798

## Table Of Contents

|                                             |          |
|---------------------------------------------|----------|
| <b>Journal Cover .....</b>                  | <b>1</b> |
| <b>Author[s] Statement.....</b>             | <b>3</b> |
| <b>Editorial Team .....</b>                 | <b>4</b> |
| <b>Article information .....</b>            | <b>5</b> |
| Check this article update (crossmark) ..... | 5        |
| Check this article impact .....             | 5        |
| Cite this article.....                      | 5        |
| <b>Title page.....</b>                      | <b>6</b> |
| Article Title .....                         | 6        |
| Author information .....                    | 6        |
| Abstract .....                              | 6        |
| <b>Article content .....</b>                | <b>7</b> |

## Originality Statement

The author[s] declare that this article is their own work and to the best of their knowledge it contains no materials previously published or written by another person, or substantial proportions of material which have been accepted for the published of any other published materials, except where due acknowledgement is made in the article. Any contribution made to the research by others, with whom author[s] have work, is explicitly acknowledged in the article.

## Conflict of Interest Statement

The author[s] declare that this article was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

## Copyright Statement

Copyright © Author(s). This article is published under the Creative Commons Attribution (CC BY 4.0) licence. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this licence may be seen at <http://creativecommons.org/licences/by/4.0/legalcode>

# Academia Open

Vol. 10 No. 2 (2025): December  
DOI: 10.21070/acopen.10.2025.12798

## EDITORIAL TEAM

### Editor in Chief

Mochammad Tanzil Multazam, Universitas Muhammadiyah Sidoarjo, Indonesia

### Managing Editor

Bobur Sobirov, Samarkand Institute of Economics and Service, Uzbekistan

### Editors

Fika Megawati, Universitas Muhammadiyah Sidoarjo, Indonesia

Mahardika Darmawan Kusuma Wardana, Universitas Muhammadiyah Sidoarjo, Indonesia

Wiwit Wahyu Wijayanti, Universitas Muhammadiyah Sidoarjo, Indonesia

Farkhod Abdurakhmonov, Silk Road International Tourism University, Uzbekistan

Dr. Hindarto, Universitas Muhammadiyah Sidoarjo, Indonesia

Evi Rinata, Universitas Muhammadiyah Sidoarjo, Indonesia

M Faisal Amir, Universitas Muhammadiyah Sidoarjo, Indonesia

Dr. Hana Catur Wahyuni, Universitas Muhammadiyah Sidoarjo, Indonesia

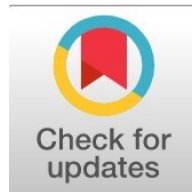
Complete list of editorial team ([link](#))

Complete list of indexing services for this journal ([link](#))

How to submit to this journal ([link](#))

## Article information

**Check this article update (crossmark)**



**Check this article impact (\*)**



**Save this article to Mendeley**



(\*) Time for indexing process is various, depends on indexing database platform

## Modern Methods of Crisis Management in Commercial Banks

Muydinov Mukhammadsardor Abduqayum, [somebody387@gmail.com](mailto:somebody387@gmail.com), 0

*PhD Candidate, Fergana State Technical University, Uzbekistan*

<sup>(1)</sup> Corresponding author

### Abstract

**General Background:** The stability of commercial banks is a cornerstone of national economic sustainability, as these institutions serve as key intermediaries in financial resource allocation. **Specific Background:** However, frequent exposure to global financial shocks, digital transformation challenges, and credit risk volatility demands the adoption of modern crisis management frameworks. **Knowledge Gap:** Despite global progress, developing economies like Uzbekistan still face constraints in integrating advanced risk management tools, digital technologies, and governance reforms effectively. **Aims:** This study aims to analyze and evaluate contemporary methods of crisis management in commercial banks, focusing on their applicability and efficiency within emerging markets. **Results:** The findings reveal that the integration of risk management systems, stress testing, digital transformation, asset diversification, improved corporate governance, and international cooperation significantly enhances financial stability and resilience. **Novelty:** The research provides an in-depth assessment of how innovative, technology-driven crisis management approaches can be adapted to national banking systems undergoing reform. **Implications:** The study concludes that strengthening regulatory frameworks, human capital, and digital infrastructure will enable commercial banks in developing economies to better anticipate crises, maintain stability, and foster sustainable growth.

### Highlight :

- Emphasizes the role of modern crisis management methods in maintaining financial stability.
- Highlights the use of digital technologies and early warning systems in mitigating crises.
- Focuses on international practices and their adaptation to developing countries' banking sectors.

**Keywords :** Crisis Management, Commercial Banks, Financial Stability, Risk Management, Stress Testing

Published date: 2025-10-20

## Introduction

The stability of the banking system plays a decisive role in the sustainable development of the national economy. Commercial banks, being the main intermediaries in the allocation of financial resources, are highly exposed to internal and external risks that may lead to crises. Banking crises often result in reduced credit activity, increased financial losses, and weakened public confidence in the financial sector. Therefore, the development and implementation of modern methods of crisis management have become one of the most important priorities for ensuring financial stability.

Non Technical Summary Over the last few decades, numerous leading economists, including (among others) J. Schumpeter, R. Solow, and C. Kindleberger, have spent a great deal of focus on the causes, effects and methods of coping with financial crises (1). They focus that crises are a part of the normal economic cycle and that regulations and management need to play a role in alleviating the negative impacts of these. Moreover, from an international perspective, it has been observed that the timely use of modern risk management instruments, early warning systems, and stress tests is decisive in preventing banking sector systemic collapses.

Given the epoch of globalization as well as fast digitalization, commercial banks should have to improve not only conventional crisis management methods, but apply novel approaches. Strengthened capacity to deal with contingencies for financial shocks through a combination of technology, regulation, and data-driven decision making. The purpose of this study is to investigate contemporary practical direction for crisis management of commercial banks, assess effectiveness of the crisis management, and define strategic directions for improving [2].

## Methods

Within the framework of this research, the studies of both international and local scholars on crisis management in the banking sector were analyzed. For instance, in the works of C. Kindleberger, the cyclical nature of financial crises and the mechanisms of their prevention were comprehensively studied, while R. Merton emphasized the role of risk management and financial innovations in ensuring the stability of commercial banks. Among local researchers, B. Qosimov examined the issues of maintaining financial stability in the banking system of Uzbekistan, and A. Jo'raev analyzed the macroeconomic consequences of financial crises and their impact on the national economy[3].

Non Technical Summary A great deal of academic and professional attention over the last few decades has been given to the study of financial crisis by leading economists such as (among others) J. Schumpeter, R. Solow and C. Kindleberger. They stress that crises are a normal part of the economic cycle, and that regulation and oversight need to do their part to mitigate negative effects thereof. Second, from the point of view of international experience, timely use of modern risk management instruments, early warning systems and stress tests is a deal maker for systemic collapses of the banking sector not to occur.

Due to the impending epoch of globalization and rapid digitalization, commercial banks need not only to enhance traditional crisis management techniques, but implement new standards. Improved contingency capabilities in tackling financial shocks via a blend of tech, regulation, and data led decision-making This science aims to offer current practical guidance for commercial banks crisis management, effectiveness of the commercial banks crisis management, and strategic directions for improvement.

## Results

### Modern Methods of Anti-Crisis Management in Commercial Banks

Being an essential part of the financial system, commercial banks are the type of institutions that are affected immediately from any economic instability or crisis. Hence, for providing the stable operation of them, the use of modern methods of anti-crisis management is needed [4]. Commercial banks across the world including in Uzbekistan are offering new strategies to reduce risks, build resilience against shocks and adapt to ever-evolving market environments in recent years.

An increasingly important tool in that toolbox is the implementation of advanced risk management systems. We prudently manage credit, liquidity, currency and market risks through internal control systems as required under Basel III. Banks have more commonly employ "stress-testing" methods to determine how they will manage diverse economic scenarios from financial shocks.

The second aspect of how digital transformation affects anti-crisis management is the enhancement of its efficiency[5]. For example, rather data analytics and machine learning algorithms allow banks to predict clients' creditworthiness, identify non-performing loans in the early stage and restructure it on time. In addition, blockchain technologies help to bolster the protection of transactions and combine additional transparency in the financial operations.

Third, diversifying asset holdings and capital management are two pillars to strengthen the fort of financial stability. Banks are looking to trim the proportion of risky assets on their investment portfolios and replace them with stable funding sources, thus realigning the composition of their asset-liability portfolios. This strategy helps them minimize losses in bad economic times and maintain lots of liquidity.

The improvement of corporate governance practices is also a central element of a modern approach, fourth. The other step is to reinforce the task of free chiefs, which provides your internal review systems, present transparent report practices that end up increasing investor and customer confidence. That culture of effective governance allows banks to make the right strategic

choices in times of crisis.

Fifth, enhancing collaboration with international and regional financial institutions can allow banks to tap into additional sources of funding, gain new management expertise, and leverage global safety nets in times of distress. Not only do those partnerships increase resilience but they also ease the integration of its domestic banking systems into the global financial market[6].

Credit risk is also an important factor in the banking system of Uzbekistan. Despite the more recent reforms within the financial sector, managing credit risk within commercial banks remains a significant problem. Among the main factors ensuring the stable functioning of banks are improving the loan portfolio, strengthening the risk monitoring system, and better borrower assessment mechanisms.

The loan portfolio is the total sum of all the loans, which are issued of commercial banks and its volume, structure and quality are significant as in any field of banking efficiency. The loan portfolio embodies not only the material condition of the bank, but also the loan policy, the degree of trust of clients, and the financial stability of the bank. The Loan portfolio Segregated Analysis is done from the following aspects:

**By clients** — sharing by citizens, legal entities, state bodies and other organizations

**By sector**— credits provided to industry, agriculture, service, and trade and investment sectors.

**By maturity** – short-term, medium-term, and long-term loans.

**Based on security** – secured (backed by guarantees or collateral) and unsecured loans.

**Loan quality** – performing merchandise, typical loans, substandard, doubtful and non-performing loans.

It is the qualitative and sustainable formation of the loan portfolio that will contribute to the long-term development of the banks and save them from financial crises [7]. Accordingly, a portfolio monitoring process allows the bank management to assess their borrowers, decrease their ratio of NPL, and responsibly decide on new lending.

**Table 1..** Information on Non-Performing Loans (NPL) of Commercial Banks as of February 1, 2025

| Billion sum                   |                               |         |                      |                                       |
|-------------------------------|-------------------------------|---------|----------------------|---------------------------------------|
| No                            | Bank name                     | Credits | Troubled loans (NPL) | Share of problem loans in total loans |
| <b>Total</b>                  |                               | 533 989 | 23 768               | 4,5%                                  |
| <b>Banks with state share</b> |                               | 366 860 | 16 820               | 4,6%                                  |
| 1                             | O'zmilliybank                 | 107 499 | 3 778                | 3,5%                                  |
| 2                             | O'zsanoatqurilishbank         | 65 354  | 2 996                | 4,6%                                  |
| 3                             | Agrobank                      | 59 605  | 2 890                | 4,8%                                  |
| 4                             | Asaka bank                    | 39 212  | 1 857                | 4,7%                                  |
| 5                             | Xalq banki                    | 28 759  | 1 252                | 4,4%                                  |
| 6                             | Biznesni rivojlantirish banki | 22 735  | 2 085                | 9,2%                                  |
| 7                             | Mikrokreditbank               | 17 737  | 1 216                | 6,9%                                  |
| 8                             | Aloqa bank                    | 13 500  | 343                  | 2,5%                                  |
| 9                             | Turon bank                    | 12 458  | 402                  | 3,2%                                  |
| <b>Other banks</b>            |                               | 167 129 | 6 949                | 4,2%                                  |
| 10                            | Ipoteka-bank                  | 34 862  | 3 511                | 10,1%                                 |
| 11                            | Kapital bank                  | 31 444  | 1 464                | 4,7%                                  |
| 12                            | Hamkorbank                    | 19 183  | 326                  | 1,7%                                  |

|    |                     |        |     |      |
|----|---------------------|--------|-----|------|
| 13 | Ipak yo'li bank     | 14 092 | 219 | 1,6% |
| 14 | Orient Finance bank | 12 746 | 105 | 0,8% |

An analysis of the loan portfolio in the banking system of Uzbekistan shows that the volume of loans to individuals and legal entities has been steadily increasing, while the share of non-performing loans requires careful supervision[8]. For banks, a key task is to diversify the loan portfolio that is, to distribute risks across different sectors and client groups, thereby strengthening financial stability.

Thus, the concepts of credit risk and loan portfolio represent the central focus of banking activities. An effectively managed portfolio not only increases the profitability of banks but also contributes to strengthening confidence in the economy, maintaining financial stability, and creating a favorable environment for investors[9].

**According to the statistics of the Central Bank.** Based on the data of the Central Bank of the Republic of Uzbekistan, as of January 1, 2025, the total loan portfolio of commercial banks in the country amounted to 533,121 billion UZS. Of this amount, 177,532 billion UZS were allocated to individuals, while 355,589 billion UZS were issued to legal entities [10].

## Discussion

The findings of this study highlight that modern anti-crisis management methods in commercial banks are not only preventive but also adaptive in nature. In the context of Uzbekistan's banking sector, the adoption of such approaches plays an important role in ensuring financial stability and long-term sustainability. The practical implications of the five methods discussed can be observed in both global and domestic banking experiences[11].

Risk management systems, especially Basel-based systems, give banks the ability to foresee possible risks and generate contingency plans accordingly. Nonetheless, their utility is highly contingent upon the precision of our data collection as well as the ability of those in the financial system to read and enact these risk profiles. The issue here is how to hybridize such systems into the existing financial infrastructure of the new banking sector in Uzbekistan, which is working to reform itself, but does not need an additional chord of excessive operational costs attached to it [12].

The nature of anti-crisis management has already changed under the influence of digital technologies, which provide prediction models and real time monitoring tools. However, these technologies need to be implemented using expensive IT Resources and human capital[13]. Larger banks would be able to carry it out, but smaller institutions would struggle with the expense and technology. This, in turn, creates a demand for supportive regulatory frameworks and public-private partnerships to push the sector to be more digitally inclusive.

Different assets and management of capital are important because they help alleviate the financial risks [14]. However, the conversation also highlights that, in the absence of distinct purpose, excess diversification can create inefficiencies and dampen profitability. That is why banks have to tread a fine line between reducing risks and maximizing returns. As with corporate governance reforms, the decision processes are resilient, but receptive only to the extent that the managers of the banks facilitate transparency and the supervisory institutions are able to enforce or not [15].

## Conclusion

In conclusion, the study demonstrates that the application of modern anti-crisis management methods in commercial banks is vital for strengthening financial stability, improving efficiency, and ensuring sustainable development. The analysis reveals that risk management systems, digital transformation, asset diversification, corporate governance, and international cooperation are the most effective approaches to mitigating crises. Each of these methods contributes to reducing vulnerabilities, enhancing decision-making processes, and building resilience against both internal and external shocks.

And for the very moment Uzbekistan, the banking system of which is atually changing rapidly, to integrate these methods best it is not only fine financial infrastructure available, but also improvement of employees, legislative assistance and technological improvement. A global best practice-books meets national economic realities approach will better position domestic banks to respond to challenges, mitigate financial risk, and compete on a sustainable basis

A full-fledged anti-crisis management strategy with proactive measures will strengthen commercial banks and build public confidence in them, economic growth in the state, as well as the stability of the entire financial system.

## References

1. H. Minsky, *Stabilizing an Unstable Economy*. New Haven, CT: Yale University Press, 1986.
2. C. Reinhart and K. Rogoff, *This Time Is Different: Eight Centuries of Financial Folly*. Princeton, NJ: Princeton University Press, 2009.
3. D. Diamond and P. Dybvig, "Bank Runs, Deposit Insurance, and Liquidity," *Journal of Political Economy*, vol. 91, no. 3, pp. 401–419, 1983, doi: 10.1086/261155.
4. V. Taranukhina, *Banking Crises and Their Impact on the Economy*. Moscow: Finance and Statistics, 2005.
5. A. Panfilova, *The Banking Sector in Times of Crisis*. Saint Petersburg: Piter Publishing, 2010.
6. A. V. Vakhobov, *Issues of Stability and Development of Uzbekistan's Financial System*. Tashkent: Fan Publishing, 2015.
7. O. Sharofiddinov, *Mechanisms for Ensuring Financial Stability in the Banking System*. Tashkent: Iqtisodiyot Publishing, 2017.
8. Sh. Sharipov, *Consequences of Financial Crises in Uzbekistan's Economy and Ways to Mitigate Them*. Tashkent: Innovatsiya-Ziyo Publishing, 2019.
9. B. Qosimov, *Ensuring Financial Stability in the Banking System of Uzbekistan*. Tashkent: Iqtisodiyot Publishing, 2016.
10. M. Moretti, M. C. Dobler, and A. Piris Chavarri, *Managing Systemic Banking Crises: New Lessons and Lessons Relearned*. Washington, DC: International Monetary Fund (IMF) Departmental Paper, 2020.
11. M. Dobler, M. Moretti, and Á. Piris, "Confronting Banking Crises: Lessons from the Field," *Annual Review of Financial Economics*, vol. 13, pp. 65–90, 2021, doi: 10.1146/annurev-financial-092120-013051.
12. Bank of Italy, *The Crisis Management Framework for Banks in the EU: How Can We Deal with the Crisis of Small and Medium-Sized Banks?* Rome: Bank of Italy, 2021.
13. M. Bodellini, *International Bank Crisis Management*. Oxford: Hart Publishing, 2022.
14. I. Ryzhonkov and H. Azarenkova, "Anti-Crisis Management of Bank Activities Under Conditions of Internal Threats," *Financial and Credit Systems: Prospects for Development*, 2023.
15. M. A. Muydinov, "Optimizing Crisis-Handling Mechanisms in Commercial Banks," *Green Economy and Development Journal*, 2024.