



**MDIS** *Tashkent*

Management Development Institute of Singapore in Tashkent

# SCIENTIFIC DIGEST

ISSUE 2

JULY 23, 2019



**SCIENTIFIC DIGEST. ISSUE 2**  
**at Management Development Institute of Singapore**  
**in Tashkent**

**СБОРНИК СТАТЕЙ ПРЕПОДАВАТЕЛЕЙ**  
**Сингапурского Института Развития Менеджмента в**  
**Ташкенте**

**Toshkentdagi Singapur Menejmentni Rivojlantirish**  
**Instituti O'qituvchilarining maqolalar to'plami**

**Tashkent – 2019**

**ББК 72**  
**S 40**

**Scientific Digest. Issue 2**

Tashkent: Management Development Institute of Singapore in Tashkent, 2019 – 87 pages.

**ББК 72**

**Editors\*:** Dr. D. Alieva, Dr. Sh. Aktamov

**Cover design:** A.Bulatov

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**ISBN - 978-9943-4969-6-5**

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## **Жаҳон амалиётидаги банк инновацион трендлари**

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### **Кириш**

Банк сектори шундай соҳаки ундаги технологик тараққиёт доимо эътиборда бўлади. Кўпгина молия бозорларида бўлганлиги каби, банк бозори учун янги маҳсулотлар ва хизматлар ишлаб чиқариш жуда ҳам мушкул жараён дир. Шунинг учун ҳам, мижозларга тақдим этиладиган мавжуд хизматларнинг янгиланган шакллари катта аҳамиятга эга дир. Интернет банкнинг, мобил банкинг, телефон банкинг, АТМ ва POS тармоқлари каби технологияларга асосланган иловалар мижозларга мавжуд маҳсулотларни етказишда катта афзалликлар яратади. Ушбу афзалликларнинг энг муҳими шунда-ки, ҳар бир банк маҳсулоти 7 куннинг 24 соатида арзон операцион харажатлар билан мижозга етказиб берилиши мумкин. Бу эса ўз навбатида банкларнинг филиалларга бўлган боғлиқликни камайтириб бормоқда. Ушбу функцияларнинг ривожланиб бориши банклар томонидан мижозлар учун электрон хизматларни тақдим этиш кўламининг ортиб боришига ҳамда ушбу соҳага янада кўпроқ сармоя киритилишига олиб келмоқда.

Технологияларга асосланган маҳсулотлар анъанавий маҳсулотларга нисбатан харажатлар билан боғлиқ сезиларли афзалликларни, рентабелликнинг ошишини, рискларни камайишини тақдим этади. Бундан ташқари, тадқиқотларнинг кўрсатишича, электрон банк хизматларига бўлган талаб юқори бўлган ҳолатларда инвестициялардан бўлган даромад қайтиши тезлиги юқори бўлади.

Турли мамлакатларда олиб борилган эмпирик тадқиқотлар электрон банк хизматлари банк фаолиятига ижобий таъсир этишини кўрсатмоқда.

Лекин, ривожланаётган мамлакатларда натижалар бироз кутилгандай эмаслигини ҳам кўришимиз мумкин. Бунинг асосий сабаби, бундай мамлакатларда инфраструктура инвестицияларининг етарли даражада эмаслиги ҳамда мижозларнинг анъанавий банк хизматларини афзал кўришликларида дир.

Ушбу мақола банк секторидаги технологик ўзгаришлар бўйича адабиётлар шарҳини амалга ошириш ҳамда бугунги кунда банк секторидаги энг замонавий трендларни ёритишни мақсад қилган.

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## Адабиётлар шархи

Таъкидлаш жоизки, электрон банк маҳсулотларини таклиф этадиган банкларнинг банк рентабеллигига таъсирини ўрганган тадқиқотлар талайгина.

Sullivan (2000), DeYoung (2001), Hasan (2002), Pigni ва бошқ. (2002), Kagan (2005), Arnaboldi ва Claeys (2008), Ciciretti ва бошқ. (2009), Weigelt ve Sarkar (2012) кабилардаги тадқиқотлар электрон банк иловалари юқори технологияларни ўзлаштиришни тақозо этишини ҳамда натижада АҚШ ва Европа банкларида даромадлиликнинг ошишини кўрсатиб бердилар.

Аниқланишича, интернет банкинг банк секторидаги рақобатни ривожланишига ва банк кўрсаткичларига сезиларли даражада ижобий таъсир қилган. Шу сабабли, интернет банкинг дастурлари банк учун технологик инновацияларни ривожланиш йўналишларини аниқлаб олишга ёрдам беради (Arnaboldi ва Claeys, 2008; Ciciretti ва бошқ., 2009). Технологияларга, айниқса, интернет банкингга асосланган маҳсулотлар операцион рискларни камайишига олиб келмоқда (Hasan, 2002; Ciciretti ва бошқ., 2009). Интернет банкинг иловалари банкларнинг активлари сифатини оширади ва натижада бевосита операцион рентабеллик ва ROE кўрсаткичини ҳам оширади (Kagan, 2005).

Al-Samadi ва Al-Wabal (2011), Khrawish ва Al-Sa'di (2011), Sumra ва бошқ. (2011), Hosein (2013), Malhotra ва Singh (2006, 2007, 2009), Gutu (2014) ларнинг тадқиқотлари Ҳиндистон, Покистон, Иордания ва Руминия каби ривожланаётган мамлакатларга қаратилган. Ушбу тадқиқотларнинг кўрсатишича, электрон банк иловалари операцион банк харажатларини камайтиради ва банкларнинг рентабеллик кўрсаткичларини оширади. Бунда, нисбатан қисқа вақт ичида интернет банкинг ва бошқа электрон технологияларни тезлик билан созлаш ва бу билан боғлиқ харажатларни қоплаш муҳимдир. Ушбу таъсирлар натижасида, ривожланаётган мамлакатларда электрон банкинг хизматларини жорий этиш тараққий этиб бормоқда. Лекин, шуни ҳам таъкидлаш керакки, банк кўрсаткичларини ошириш учун мижозлар портфели (уларнинг турли туманлиги) ҳам оширилиши лозим (Sumra ва бошқ., 2011).

Тадқиқотлар натижаларига эътибор берадиган бўлсак ривожланган мамлакатлар мисолидаги тадқиқотлар натижалари ривожланаётган мамлакатлардан олинган натижаларга умуман олганда мос келмоқда. Бошқа томондан, Иордания банклари асосидаги тадқиқотлар (Khrawish ва Al-Sa'di, 2011), Осиё мамлакатлари асосидаги айрим тадқиқотлар (Hosein, 2013), ҳамда Руминия банклари асосидаги

тадқиқотлар (Gutu, 2014) интернет банкингнинг банк даромадлилигига салбий таъсир қилганлигини кўрсатмоқда.

Al-Samadi ва Al-Wabal (2011) Иорданияда электрон банк операцияларининг салбий таъсирининг сабабини мижозларнинг ҳанузгача банк хизматларини етказиб беришнинг анъанавий усулларига таянгани туфайли эканлигини исботлаб берди. Khrawish ва Al-Sadi (2011), Hosein (2013) ҳамда Gutu (2014) ларнинг тадқиқот натижалари интернет банкингнинг юқори инфратузилмавий харажатлари ва бир вақтнинг ўзида мижозларнинг ҳали кўп бўлмаганлиги банк даромадлилигига салбий таъсир қилувчи омил бўлаётганлигини кўрсатмоқда. Gutu (2014) нинг аниқлашича хатто интернет банкингни реклама қилиш учун катта бюджет ҳажми ҳам ушбу ҳолатга ижобий таъсир кўрсатмаган. Ўрганилган мамлакатларда анъанавий ҳисобланган банк филиаллари орқали хизматларни кўрсатишга бўлган талаб юқориликча қолаверган, бу эса ўз навбатида электрон банк хизматлари таннархини тушишига ёрдам бермаган.

Бошқа томондан, интернет банкинг одатда ривожланаётган мамлакатларда йирик банклар томонидан қўлланилади (Malhotra ва Singh, 2006, 2009). Йирик банкларнинг юқори депозит ҳажмларига эга эканлиги, филиалларга бўлган харажатларнинг камлиги кузатилмоқда. Йирик банкларнинг мижозлар сонини оширишга бўлган интилиши ва рақобат устунлиги уларни интернет банкингдан кенгроқ ва самаралироқ фойдаланишга ундамоқда (Malhotra ва Singh, 2007).

Интернет банкинг бошқа электрон хизматларга кўра харажатлар борасида самаралироқ эканлиги аниқланган. Филиалларда кўрсатиладиган хизматлар харажатлари билан солиштирилганда интернет банкинг орқали кўрсатилган хизматларда 40 фоиздан 80 фоизгача харажатларнинг камайиши кузатилган. Бу хатто АТМ лар орқали кўрсатилган хизматлар харажатларидан ҳам камроқдир (DeYoung, 2001). Электрон банк хизматларини жорий қилган банклар “инновацион” сифатида баҳоланади, шу билан бирга уларнинг мижозларгача етиб бориш каналлари кенгроқдир (Pigna, 2002). Мижозларнинг янги технологиялардан фойдалана олиш даражаси ҳам ўз навбатида интернет банкингнинг муваффақиятини аниқлаб беради. Интернет технологияларидан фойдаланиш қобилияти юқори бўлган мижозлар хизмат сифатига талабни ҳам жуда юқори қўядилар (Sullivan, 2000).

### **Замонавий банк технологиялар шарҳи**

Охирги йилларда жаҳон молия секторига инновациялар янги куч билан кириб кела бошлади. Бунинг асосий сабаби истеъмолчиларнинг талаблари ўзгариб

бораётганлиги туфайли банклар рақамли технологияларга тегишли бўлмиш мобил технологиялар, ақлли кийимлар ва аксессуарлар (wearable), таҳлилий дастурлар (analytics) ва виртуал реаллик асосидаги телепресенс (telepresence) технологияларини жорий этиш кераклигини тобора тушуниб бормоқдалар.

Қуйида банк секторидаги энг янги инновациялар билан таништирамиз:

### 1. Биометрик технологиялар

Биометрик технология деб инсоннинг бир ёки бир нечта фарқловчи биологик хусусиятларини баҳолаш йўли билан ноёб тарзда аниқлаш мумкин бўлган ҳар қандай воситага айтилади.

Биометрик аутентификация турларига бармоқ излари, ДНК, қўл, кўз қорачиғи ва қулоқнинг биологик хусусиятлари киради. Биометрик тизимлар пароллар ва ПИН кодларга бўлган эҳтиёжни тўлиқ тугатишлари ҳам мумкин. ВВС компаниясининг маълумотларига кўра Гонгконг ва Шанхай Банк Корпорацияси (HSBC) овозли ва тач (яъни ушлаб кўриш орқали) ҳавфсизлик технологиялари асосидаги хизматларни Буюк Британияда жорий этишни мақсад қилган. Буюк Британиянинг Barclays компанияси 2014 йилдан бери катта трансациялар учун бармоқ веналарини сканнер қилиш ҳавфсизлик тизимларидан фойдаланиб келмоқда.

### 2. Автомобил софт дастур иловалари

Saixa Bank Испания молиявий институти автомобилни ҳайдаб кетиш жараёнида фойдаланиш мумкин бўлган ва овоз орқали бошқариладиган биринчи мобил иловани тақдим этди. Ушбу технология SaixaBank мобил иловаси орқали бошқарилади, ва унинг номи Línea Abierta BASIC деб номланади. Ҳайдовчилар автомобилни ҳайдаш жараёнида иловадан балансларини сўрашлари, трансферларни амалга оширишлари, яқин орадаги банк филиаллари ва банкоматлар ҳақида маълумотлар олишлари мумкин бўлади.

### 3. Юзни аниқлаш технологиялари

Юзни аниқлаш технологияси тизими бу компьютер дастури бўлиб, у инсонни юзини рақамли расм ёки видео орқали аниқлай олиш имкониятига эгадир. Банклар томонидан кўплаб аутентификация тизимлари қўлланилади, шулардан инновацион ёндашувга эга хизматлардан бири Хитой компанияси бўлмиш Alibaba компанияси томонидан таклиф этилган бўлиб, унда транзакция ёки тўловларни жилмайиш (smile) орқали амалга ошириш мумкиндир. Банклардан эса SBC банки биринчилардан бўлиб юз орқали ҳисоб эгасини аниқлаш тизимини қўллашни бошлаган.

#### 4. Смарт соатлар

Эндиликда банк транзакциялари смарт соатлар, яъни Apple Watch, Android Wear ёки Samsung Gear иловалари орқали ҳам амалга оширилиши мумкиндир. Ҳозирги кунда фақатгина йирик Scotiabank, Barclays, Nationwide, Deutsche Bank, Stanchart ва Citigroup каби йирик банклар смарт соатлар орқали хизматларни кўрсатиб қолмасдан балки кўпгина бошқа кичик банклар томонидан ҳам ушбу хизмат тури жорий қилингандир.

#### 5. Google Glass технологияси

Испаниянинг Banco Sabadell банки биринчилардан бўлиб энг яқинда жойлашган банкоматларни топишга, ҳисобни текширишга, техник ёрдам учун видеоконференция ўтказишга мўлжалланган Google иловасини таклиф этган. Шу билан бир қаторда Испаниянинг бошқа банки Caixa Bank банки Google иловаларига асосланган технологиялардан кенг фойдаланиб келмоқда. Ушбу технология мониторга энг яқин филиалларни ва уларнинг алоқа маълумотларини овоз командалари орқали аниқлаб беришда ёрдам беради.

#### 6. Роботлар

UFJ Токуо-Mitsubishi банки биринчилардан бўлиб банк ходимлари ўрнига гуманоид роботлардан фойдаланишни жорий этгандир. Ушбу роботлар 19 та тилда мижозларнинг асосий саволларига жавоб бера оладилар. Улар шунингдек мижознинг юзларидаги эмоционал ўзгаришлар ва ҳатти-ҳаракатлар мазмунини аниқлай оладилар. Ҳиндистоннинг ICICI банки ҳам 200 дан ортиқ роботларни жами операцияларнинг 10% бажариш учун хизматга чорлаганлар.

#### 7. Виртуал реаллик (AR) иловалари

Виртуал реаллик бу турли технологиялардан фойдаланиш орқали мижознинг ҳақиқий дунёни тушуниши ва тасаввурини кенгайтиришга қаратилган технологиядир. Бу рақамли технология билан мижознинг атроф-муҳитини реал вақтда уйғунлашувини таъминловчи технологиядир. Австралиянинг Westpac банки, Commonwealth Bank of Australia ҳамда St George Bank Australia банклари виртуал реалликга асосланган хизматларни жорий этган бўлиб, ушбу технологияни яхши ўзлаштирганлар.

#### 8. Радиомаяк (Beacon) технологиялари

Блютуз (Bluetooth) радиомаяклари банкларга жисмоний ва мобил каналларни бирлаштириш учун ўрнатилади. Бу янги кўринишдаги интеракция ва самарали тижорат коммуникациясини таъминлайди ва бир вақтнинг ўзида мижозга ижобий

таъсурот қолдиради. Barclays банки ушбу технологияни қўллаган биринчи банклардан саналади.

#### 9. Окулус рифт (Oculus Rift) технологиялари

Окулус рифт (Oculus Rift) технологиялари виртуал реалликни ҳис этиш турларидан бири бўлиб, миждоз учун ҳақиқатда дастур томонидан белгиланган жойда эканилигини реал ҳис қилишга ёрдам беради. АҚШнинг банклари Oculus Rift виртуал реаллик дубулға (шлем)ларини Сан Францисконинг Рақамли лабораторияларида синовлардан ўтказмоқда. Бу технология орқали миждоз худди ҳақиқатда банк филиалига кириб бориб, банк ходимлари билан юзма-юз кўришиб мулоқот қилгандай бўлади.

#### 10. Криптовалюталар

Криптовалюталар оддий валюталар каби қийматлар алмашинуви воситаси ҳисобланади. Криптовалюта бу рақамли валюта бўлиб энкрипциялаш техникаси орқали яратилгандир.

Ҳозирги кунда Bitcoin улар ичида энг машҳурдир. Жанубий Африканинг Марказий банки блокчэйн ва криповалюталарни кенг қабул қилишини ва фойдаланишга рухсат беришини эълон қилди. UBS, BNY Mellon, Deutsche Bank ва Banco Santander банклари ўз криповалюталарини яратаётган банклар рўйхатига киради.

#### 11. Сунъий интеллект (AI)

Сунъий интеллект компютер соҳасидаги илм бўлиб, унда компютернинг ўзи шундай идрок билан ҳаракат қилиши керакки, у инсондан фарқ қилмаслиги керак. Компютерлар сунъий интеллект ёрдамида нутқни аниқлаш, ўрганиш, режалаштириш ва масалаларни ечиш каби вазифаларни бажара олади. Швейцариянинг гигант банкларидан бўлмиш UBS банки компютер дастурларини ишлаб чиқувчи Sqreem компанияси билан ҳамкорлик қилмоқда ва компания жуда ҳам катта ҳажмдаги миждозлар ҳатти-ҳаракатларига тегишли маълумотларни таҳлил қилишга ва шу асосида персоналлашган маълумотларни шакллантиришга банкка ёрдам бермоқда.

#### 12. Чекларни камайтириш (Cheque truncation)

Чекларни камайтириш бу жисмоний чекларни электрон чекларга конверсия қилишни англатади. Чекларни камайтириш чекларнинг жисмонан ҳаракатларини, уларни таҳлил қилиш ва ўрганиш билан боғлиқ вақт ва харажатларини тежайди. Буюк Британиянинг Barclays ва Lloyds банклари ушбу технологияни мобил иловалар

оркали рақамлаштириш ва фойдаланишга жорий этиш бўйича етакчи банклардан ҳисобланади.

## **Хулоса**

Банк секторидаги инновацион таъсирларни ўрганишга қаратилган бир қатор тадқиқотлар ҳамда бугунги кундаги банк инновацион трендари шуни кўрсатмоқдаки, ушбу йўналишдаги ўзгаришлар жадал суръатларда содир бўлмоқда.

Жуда ҳам катта тезликда ривожланаётган замонавий технологик ўзгаришлардан ортда қолмаслик ҳамда рақобатбардошликни сақлаб қолиш учун банкларнинг инновацияларга таяниши ва инновацияларга тобора тобе бўлиб бориши янада яққол намоён бўлмоқда.

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# **Is Prompt Corrective Action a sufficient regulatory tool to find, examine and fix bank's problems?**

***Kamila TASHMATOVA***

## **Abstract**

*Over the past four decades, a number of economies across the globe have experienced banking crises which have entailed large economics costs. In the aftermath of those episodes, bank regulators have often been blamed for not having taken immediate actions or having been too generous with problem banks. As a consequence, many countries have made changes to the design of banking regulation and the deposit insurance scheme. For example, in 1991 US regulators introduced Prompt Corrective Action (PCA) based on book-value capital and risk-based deposit insurance premiums. Regulators in Japan also introduced PCA in 1998 as a transparent method of supervising banks based on self-responsibility and market disciplines. Among emerging markets, India followed the trend in 2002.*

*However, these regulations have not stopped banking crises. What can be done to reduce bank failures? Regulation is certainly not the whole answer. The system of bank governance and control has an important influence on the quality of bank loans. This suggests that public policy should be directed at the roots of the problem and should not simply ensure that banks can “weather the storms”.*

*There are clearly very strong pressures for banks to stay as strongly regulated entities with deposit insurance. And it seems likely that capital requirements will continue to play a central role in banking regulations.*

*An effective “regulatory tool to find, examine and fix bank's problems” would be the one where capital requirements are accompanied by a system of prompt corrective action. An improved PCA system will restrict the ability of the bank to outlay capital and will closely monitor indicators of earnings, liquidity, and asset quality of banks. Such early regulatory intervention will reduce the incentive for banks to increase risks as capital ratio decline and will eliminate the chances of contagion occurring through losses on interbank lending that might lead to banking crises.*

## **Prompt Corrective Action (PCA)**

### ***Brief Information on PCA***

PCA is a commitment device designed to minimize the risk of regulatory forbearance in the face of problems with a bank by prescribing prompt and deterministic termination of banks with insufficient levels of book value capital.

Basic Mechanisms of PCA include:

1. Assessment of loans and other assets and their classification according to risks;
2. Disposal of problem assets, provision of reserves against these assets;
3. Provision of order for corrective action based on the level of the bank's capital adequacy ratio.

Needless to say, all of these three steps are very important to keep the safety and soundness of a bank.

### ***Capital Requirements under PCA***

There are a variety of vehicles that can be used to protect a bank against failure. For example, a bank may be required to hedge its loan book against specified risks. But identifying those risks and monitoring the quality of hedge requires special knowledge. In contrast, equity capital provides a general protection against failure from any source. It also has the advantage as it is capital that cannot easily be redeemed by the holders in the event of banking crisis. Therefore, bank regulation has focused heavily on capital requirements. Table 1 below provides Capital standards under US PCA.

Capital requirements also have an important potential disadvantage as a binding capital constraint may cause the bank to reduce its lending and lead to the credit crunch, which PCA is designed to avoid. For example, during banking crisis in Japan, as banks approached capital constraint, they boosted their capital ratios by increasing Tier 1 capital, though they also shifted their assets to those with lower risk weightings (Misawa 2014).

**Table 1.** Classification of Banks under US PCA

	Total Risk-Based Capital Ratio		Tier 1 Risk-Based Capital Ratio		Tier 1 Leverage Ratio		Tangible Equity Ratio
Well Capitalized	≥10%	and	≥ 6%	and	≥ 5%	and	> 2%
Adequately Capitalized	≥ 8%	and	≥ 4%	and	≥ 4%	and	> 2%
Undercapitalized	≥ 6%	or	≥ 3%	or	≥ 3%	and	> 2%
Significantly Undercapitalized	< 6%	or	< 3%	or	< 3%	and	> 2%
Critically Undercapitalized	-		-		-		≤ 2%

Source: Shim (2006), BIS Working Paper

No sanctions are involved for banks in the first two categories, but when a bank falls into “undercapitalized” category, it becomes subject to increasingly severe restrictions on its activities.

The weakness lies in the way that banks have been categorized under PCA: measure of risk-weighted assets is heavily dependent on accounting valuation and the same level of default risk is assumed for all assets in the same category.

***Why risky banks require more capital?***

If the value of bank assets evolved smoothly and could be observed continuously, a bank would need only a minimal amount of equity capital. However, risks, such as change in a country’s fixed exchange rate, represent unexpected jump risks. Extra capital is required to protect against such risks. In addition, asset value is observed at discrete intervals. More capital is needed to guard against changes in asset value during intervals and errors in asset valuing. Thus there is a tradeoff between maintaining a high level of capital and increasing frequency and accuracy of asset valuation.

***Consequences of raising capital ratio threshold***

GAO Report proposed raising thresholds to ensure banks’ soundness. Among the advantages are:

- greater capacity of banks to absorb losses and remain solvent;
  - limiting losses to DIF in the event of failure by shifting risks to providers of capital.
- Disadvantages of raising capital ratio threshold:
- limiting the amount of loans available to businesses, households, and governments;
  - charging higher interest rates on loans;
  - offering lower interest rates on deposits;

- banks investing in riskier assets to seek higher returns;
- unnecessary intervention in healthy banks.

## **Accounting standard to problem loans**

### ***Relation between Capital Requirements and Problem Loans***

Sudden changes in asset quality and value can quickly wipe out bank capital. Accounting, which is the technique of recording the performance of a business objectively and accurately, is necessary for the protection of stockholders and creditors.

In making loans, banks face the risk of borrowers' default and the full amount of the loan will not be recovered. When a loan loss becomes likely, a bank makes a charge to the profit and loss statement ("provision") to create a loan loss reserve that is shown on the balance sheet. When the full amount of principal and interest on the loan becomes uncollectible, the loan balance is reduced through a charge to the loan loss reserve.

Tier II capital that includes loan reserves is heavily dependent on accounting procedures. Moreover, the measurement of risk adjusted asset exposure involves the classification of assets into "buckets" (multiplying each assigned risk weight by the book value of all the on-balance sheet assets in the respective buckets). This measure of risk-adjusted exposure is also heavily dependent on accounting valuations, as well as the assumption that all assets falling within each of the broad asset classes have the same default risk.

As Angklomkiew (2009) notes in response to the global financial crisis, the Financial Stability Board recommended that accounting standard setters consider more appropriate measure to reflect assets' economic value and alternative models for loan losses that would permit their recognition earlier in the credit cycle, thereby reducing procyclicality in loan provisioning.

### ***The ways to deal with problem loans***

- Indirect Disposal:

The bank expects that it will be able collect only some portion of the money lent to a firm. Then the bank can prepare for the future loss by saving that amount of money as the loan-loss reserve.

- Direct Disposal:

Writing problem loans off" the bank's balance sheet in 2 possible ways:

1. the bank requests the court to start the clearance procedure of the borrowers of non-performing loans. The collateral will be sold at auction.
2. the bank can sell the non-performing loans. For example, in Japan the only potential buyer is the Resolution and Collection Corporation (RCC), an organization owned by the Japanese government (Misawa 2004).

### ***Improvement Measures***

From the above discussion, it is clear that disposal of bad assets will decrease a bank's assets and can lead to zero or even minus Net Asset value. No bank wants to face this, therefore until accounting rules do not require banks to disclose any details of their loan books, banks can carry loans at a fictional value. It is easy for banks to hide problem loans, as there is no consistent system of provisions for delinquent loans and the rate of provisioning is subjective. This adds to the instability of the system, as there is little trust between banks.

It is highly beneficial to include into PCA asset quality and asset concentration triggers. This option would require regulators to monitor other aspects of a bank's performance, such as asset concentration, asset quality, or liquidity. If problems were identified, increasingly severe and timely actions would be required to address problems in that area.

### **Taxation relating to disposition of problem loans**

Loan loss reserves and capital requirements based on the level of risk in a bank's financial positions are directly linked. For regulatory capital, loan loss reserves are intended to cover losses that are expected to occur based upon historical experience adjusted for economic changes. Losses above this level are "unexpected" and are covered by capital. Basel II capital regime allows loan loss reserves to be included in regulatory capital, up to certain limits.

There are particular issues regarding banks' loan-loss reserves and the loss carry-over/carry-back system: reserves are broadly set aside for accounting purposes, but the tax system allows only limited scope of reserves to be set aside.

Due to this, a time lag appears until the losses in terms of accounting and losses in terms of tax system match one another. Net operating loss occurs for tax purposes in a year when tax-deductible expenses exceed taxable revenues. Such time lag and net operating

losses carried forward lead to deferred tax assets. Banks include deferred tax assets in their equity capital.

Loss carry-over/carry-back system for corporate tax is very important in balancing tax burdens per business year and ensuring medium and long-term management stability. Through use of carry-back, a bank can carry the net operating loss back to 2 years and receive refunds for income taxes paid in those years. Loss carry-forward option allows offsetting future taxable income.

However, as banks promote the disposition of non-performing loans, large losses are generated. Therefore, the treatment of losses in terms of taxation and the vulnerability of deferred tax assets have become a serious issue for banks.

To address this problem, Tax authorities in Japan extended the period to carry over losses from 5 to 7 years in 2004, and in 2009 allowed the revival of the deficit refund carry-back system (Japanese Bankers Association 2010).

It is crucial to the banks' business to establish a new accounting procedure on proper calculation of the deferred tax portion to be included in the equity capital, because relatively large fraction of banks' equity consists of the deferred tax. If the deferred tax accounting were dramatically shrunk, many banks would fail to clear the BIS standard, and be forced out of international business.

### **Finding balance between effectiveness of regulation and burden to banks**

In many ways the main hallmarks of the latest global financial crisis were the contagion and counterparty risks. The risks arose because banks involved themselves in capital market activities for which they did not carry sufficient capital. Securitization and its positions on and off-balance sheet proved to be a major problem. This was completely missed in the capital regulations. Similarly, counterparty risk became a major issue with the failures of Lehman Brothers and AIG.

While capital is a valid measure of a financial health, waiting until the capital standards have been violated may be too risky. The effectiveness of PCA depended on making early and forceful use of the regulators' other enforcement tools.

Another weakness of the current PCA framework refers to tying corrective actions to capital only. Capital-based indicators are not sufficient as they do not provide timely warnings of bank distress.

The PCA framework should be retained but adjusted:

- Increase in the level of capital requirements may be the simplest and cheapest way to reduce the incidence of bank failure, but its success depends on accuracy of bank

assets' valuation. It is too easy for banks to hide problem loans by a practice of forbearance.

- Shift to an explicit system of market value accounting for bank assets. It should be used for regulatory purposes, not form the basis of reported earnings (Brealey, 2001).
- Capital requirements need to be accompanied by a system of timely and prompt corrective action that restricts the ability of the bank to outlay capital. Such an early regulatory intervention will reduce the incentive for banks to increase risks as capital ratio decline and will eliminate the chances of contagion occurring through losses on interbank lending.
- PCA should address indicators of earnings, liquidity, and asset quality, in addition to capital. These indicators contain information about the condition of the bank that provides warning of bank distress up to 1-2 years in advance and thus will make the PCA framework more effective (GAO 2011).

### **Impact on nation's financial markets**

Within the financial sector banks play a central role in providing liquidity services to savers and allocating capital. However, their ability to fulfill these functions has been deteriorated by widespread bank failures.

As GAO Report stated, the number of bank failures increased yearly from 2007 to 2010, with more than 300 banks failing during this time. As a result of the rise in bank failures, the Deposit Insurance Fund (DIF) balance has decreased dramatically.

Large amounts of federal government aid were provided to rescue banks in financial distress and stabilize US banking industry. Banks are subject to considerable regulatory oversights minimize losses to DIF. Such "unfair treatment" compared to other industries happens because falls in asset values in banking system are regarded as having wider and more serious consequences than in any other industry. The costs of banking crisis to nation's financial market justify the strict banking regulation.

The role of bank regulation is to correct a market failure, which can arise due to:

- Bank's important role in operating payment system and money creation:

If a serious loss of confidence in the banking system happens, it will lead to a large net loss of deposits and flight in cash. As a consequence, disruption to the payment system would severely damage trade.

- way banking crisis may restrict credit and accelerate a fall in economic activity:

A negative shock reduces bank profits and therefore its equity capital. If this leads to reduction in lending activity, the economic shock can occur. To worsen the situation, in financial distress the bank faces “the classic debt-overhang problem”, when investors are reluctant to contribute more equity even to finance profitable loans if the effect is just to increase the value of depositor’s claims (Brealey 2011).

Moreover, if banks are capital-constrained, they are inclined to hold safer and more liquid assets (e.g. government bonds) in periods of recession. This reduces the capital available to smaller firms with limited access to capital markets.

- The fragility of bank deposits and costs of monitoring bank solvency:

In case of banks, unless there is a government safety net, the prospect of distress can lead to a run on the bank and loss of its deposit base. Because bank deposits are fragile and a run on deposits is costly, an unregulated bank has incentive to maintain a relatively large amount of capital. Any explicit or implicit government guarantee of the bank or its depositors decreases this incentive and creates moral hazard problem - banks may exploit the existence of insurance by substituting risky assets.

Thus, under uncertainty banks are faced with trade-off, where equity capital protects depositors against risks from outside, but at the same time enables the bankers to behave risky. In this case, regulations, which force banks to increase the level of required capital (additional buffers) and reduce the fragility of deposits, will lead to reduction in the value of the bank’s assets and increase in its cost of capital.

## **Conclusion**

In history, banking crises have been associated with major economic disruption and recessions. For this reason policy makers regulate the amount of capital that banks are required to hold, impose strict and effective regulation to identify and fix bank’s problems and require high standards of corporate governance. Bank failures lead to weak financial markets.

Weak financial systems can have long-lasting problem of "financial fragility". Moreover, sudden failures in banking institutions or payment systems, leading to dangerous "systemic crisis", will still require the intervention of Central banks/Federal reserve as lender of last resort and cause losses to taxpayers.

This lesson should be considered by the growing emerging markets as more and more loans are provided to finance investment projects of both large businesses and individual entrepreneurs. Introduction of PCA can thus be seen in emerging markets as first, stabilizing the banks with high-risk assets, and then, undertaking the further bank

reforms needed for long-term sustainability of the business model of these banks. It is also important to ensure that the PCA framework is well-thought and Central Banks use it persistently to identify financially weak banks and assist them in a timely manner.

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# Understanding Current Information Security Threats

*Khusan TURAEV*

## **Abstract**

*Information systems are essential part of our lives; it is hard to imagine what the current world would look like without IS and IT. With the development of information systems we can witness a constant grow of information security threats that cybercriminals are creating and using for their own gains. In my paper I selected and examined several current threats which are on the rise and relatively new. The reviewed attacks target all type of users, businesses, and organizations: regular home users, small and large companies, corporations and even governments. No system that is connected to the global network called Internet is a hundred percent safe and even though IT admins and security specialists doing their best to protect the system from intruders, there is still a risk of security breach. Malware attacks are categorized in different types based on the activity, behavior and threat level.*

**Keywords:** *malware; security; threat; information; virus; ransomware; cybercriminals.*

## **Introduction**

Every year more and more resources are spent on fighting computer viruses, Trojans, worms, and other malware that hackers are creating to steal money, information or to disrupt a service. The ongoing battle between hackers and information security specialists started many years ago when the very first personal computer virus was developed in 1981 for Apple computer and in 1986 for IBM computers. Since then millions of new viruses and malware have been created with different purpose: financial gain, information theft and trade, political, competitor removal, disruption of businesses and governments operations, and other. While in the beginning of that battle cybercriminals were mostly random individuals creating malware independently, now they are creating and joining groups of hackers around the world. From a hobby it transformed into illegal business with their own organizational structure, rules and membership requirements.

Malware are constantly evolving and becoming more sophisticated year by year, making fighting them more difficult. Information security specialists and researches as well as technology should also evolve and use new methods to protect us from those threats.

According to Trend Micro, one of the biggest IT security company, IT administrators should “realize that the traditional way of securing networks no longer applies” (Trend Micro, p.3). This paper will focus on current security threats in information system that are most widely used by cybercriminals: ransomware attacks, DDoS (Distributed Denial of Service) attack, zero-day and cryptocurrency mining malware, hardware vulnerability, phishing attack and mobile malware.

We are going to examine and analyze current security threats based on reports from Trend Micro, Microsoft, Symantec, Cisco and McAfee, as well as give some predictions for the following year.

**Materials and Data**

The security report “Unseen Threats, Imminent Losses” by Trend Micro examines not only software vulnerabilities but hardware as well. Spectre and Meltdown vulnerabilities in CPUs made the whole IT world concentrate on applying security patches to their systems.

Thousands of individual researches are contributing to the company’s effort in finding flaws in different software applications. Figure 1 shows that Adobe software had the most security advisories from the selected 5 brands.

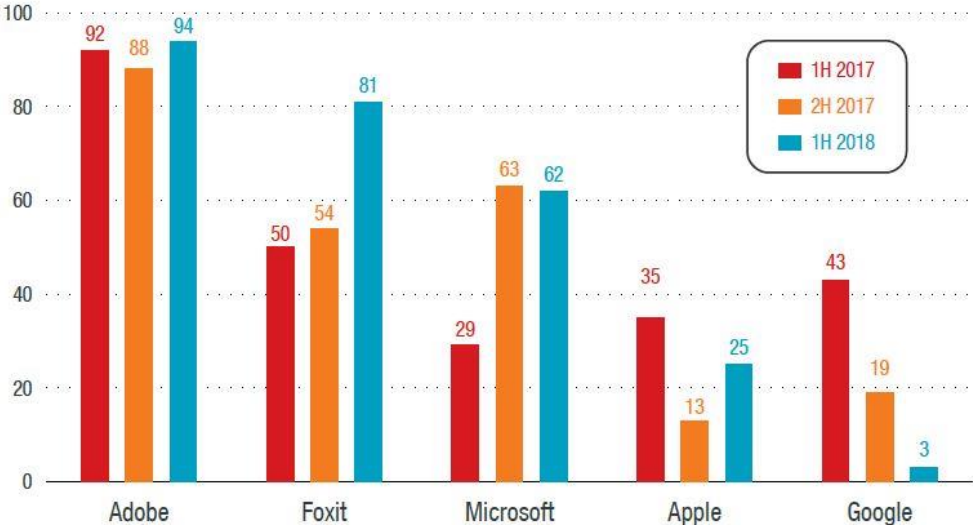


Figure 1. Number of advisories among home and office software vendors  
 Source: Trend Micro, 2018

Most of the current security software is based on adding new discovered viruses and malware to their signature database. But many new malware arise every day for which

antivirus protection does not have a signature yet, so it will stay undetectable until the company will examine it and add it to their database. Cryptocurrency mining malware and ransomware are examples of such threat that is constantly on the rise.

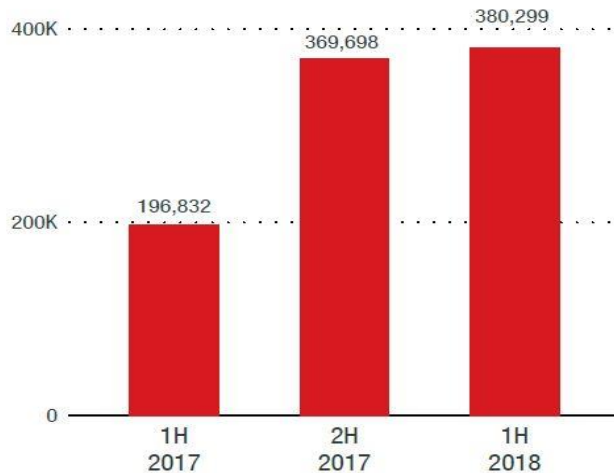


Figure 2. Ransomware detection increase

Source: Trend Micro, 2018.

According to Cisco report, cybercriminals “are taking malware to unprecedented levels of sophistication and impact” (Cisco, p.3) using Internet and security holes in network configurations of computer systems. It takes only one person in the company to accidentally launch a malware and it will spread across the network with great speed, putting in danger all business activities, data and operations. Malicious files are being sent as spam or as phishing attack by email and the most widely used file extension for that purpose cybercriminals are choosing Microsoft Office formats (38%) like Word, PowerPoint and Excel (Cisco, p.16). Many of the PC users and even some of the IT admins are not paying enough attention to setting up passwords and login on routers and IoT (Internet of things) devices like smart security, smart home appliances and others. Hackers can use those devices to create a Botnets that later will perform a DDoS (Distributed Denial of Service) attack and the users will not even know that their system has been compromised and controlled by someone else.

Cryptocurrency market was developing rapidly in 2018 making crypto mining very profitable business. Symantec report points out that “during the past year, the astronomical rise in crypto currency values inspired many cyber criminals to shift to coin mining as an alternative revenue source. This coin mining gold rush resulted in an 8,500 percent increase

in detections of coinminers on endpoint computers in 2017” (Symantec, 2018). The data analysis of other attacks also shows increase in number and complexity.

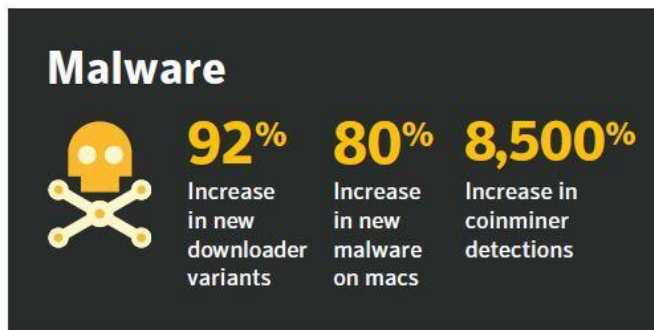


Figure 3. Symantec statistics for 2017  
Source: Symantec, 2018.

Microsoft security report provides us with a following trends in IT security (Microsoft, 2018):

Botnets continue to impact millions of computers globally, infecting them with old and new forms of malware. This report provides information about the highly publicized disruption of the Gamarue botnet, which Microsoft helped with in 2017.

Hackers went for the easy marks. If cybercrime is a business, then low-cost attack methods with potentially high returns is what hackers focused on in 2017.

Ransomware is still a force to be reckoned with and doesn't look to be slowing down any time soon.

Microsoft collects data about current threats from different sources: Windows defender software, online services like Office 365 and its Cloud services. By examining that data we can see the main areas cybercriminals are targeting and provide protection against such attacks. The company gives us the following statistics so that we can have an idea about the size of data we are talking about – “there are 400 billion email messages scanned, 450 billion authentications and 18+ billion webpage scans per month” (Microsoft, p. 3). And that's only one company; if we combine all the companies around the world the numbers mentioned above will be several times bigger.

### **Examining current information security threats**

Looking at the variety of malware attacks we can conclude that every malware has a specific purpose and target, making it possible to categorize them into different types:

virus, worm, ransomware, Trojan, spyware, adware, botnet, keylogger, backdoors, rootkit as well as spam, phishing and DDoS attack.

Below we are going to look at some security vulnerabilities and malware attacks that were most widely used by cybercriminals in 2018.

**Hardware vulnerabilities**

In January 2018 two very high risk hardware vulnerabilities were discovered and announced: Spectre (CVE-2017-5753, CVE-2017-5715) and Meltdown (CVE-2017-5754). Those vulnerabilities are flaws related to the speculative execution of CPU instructions in

certain brands of microprocessors. What it means is that someone can potentially be able to view and intercept application data that the CPU is working with. Different brands of CPUs were affected by those security flaws: Intel, AMD, Apple, IBM, ARM, VIA. Although there were no reports of security breaches by using those 2 types of hardware flaws, they are still considered as high risk and “the computing industry can thus expect to live with the repercussions of these discoveries in the foreseeable future” (Trend Micro, p.4). The solution to that threat is to install the latest patch for the system as well as keep the operating system up to date. But it is not as easy as it sounds: first of all there are risks related to installing new patches on a system like losing data; second is the time required to install the patches on all the machines which can be different brands and models; and third is some performance decrease of about 10% related to the update, which for regular users might not be noticeable but for big data processing companies like Google, Amazon, Microsoft, etc. it means buying additional equipment in order to compensate performance decline from the update.

Other devices that cybercriminal are often targeting are routers, switches, IoT (Internet of Things), etc. Unpatched and not configured devices are allowing the attackers to infiltrate them and use for different purposes. Most of the home users unfortunately never update their routers and don’t secure them with strong passwords.

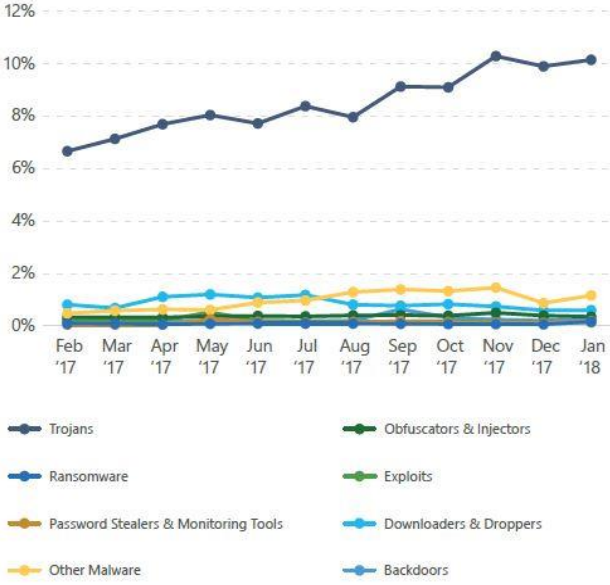


Figure 4. Encounter rates for malicious software categories, February 2017–January 2018. Source: Microsoft, page 43

## Cryptocurrency mining malware

Symantec report points out that in 2017 “coin mining gold rush resulted in an 8,500 percent increase in detections of coinminers on endpoint computers” and in 2018 as well we saw the growing number of such malware attacks.

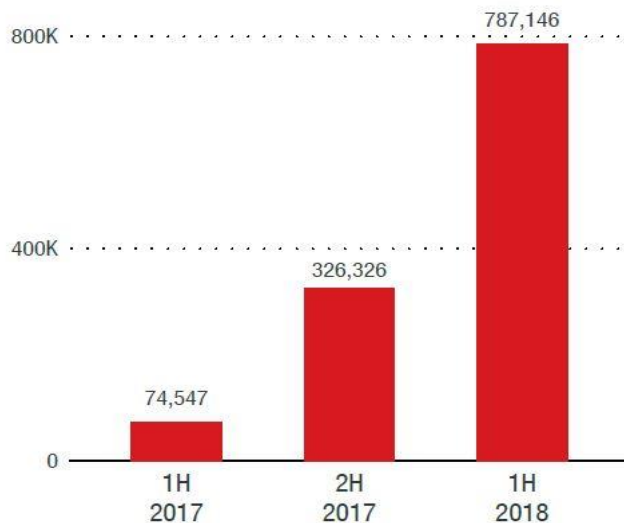


Figure 5. Cryptocurrency mining continues to rise:  
Half-year comparison of cryptocurrency mining detections  
Source: Trend Micro, p.10

After infecting the system cryptocurrency mining malware is using its resources to generate income for cybercriminals in the form of Bitcoins, Ethereum, Monero and others cryptocurrencies. The more computing resources miners have the more profit they can gain, that’s why hackers are trying to gain access to as many computers as possible and most of the time detecting mining malware in the system is a big challenge for IT personal. The main indicator of the malware infection in the system is a higher than usual hardware resources usage like CPU, memory, hard drives and network. The higher the hardware usage the higher the electricity bills and considering the number of devices that are being infected with coin mining malware we are talking about millions of dollars. And it’s not just huge electricity bills but hardware damage as well: hardware overheating from a constant high workload shortens its life which results in extra financial spending for the company or regular PC users. Throughout the first half of 2018, hackers used a variety of vectors, including server exploits, a PHP vulnerability, malvertisements, other forms of malware, and even a potential financial scam site, with the end goal of installing miners;

this pattern continues the trend seen in 2017, where cybercriminals seemed to be exploring all possible avenues, knocking down multiple paths to see which would bring them the most gains (Trend Micro, p.10).

### Ransomware attacks

In 2017 and 2018 we saw an astonishing amount of ransomware attacks around the world which led to data being encrypted or destroyed, stopping daily operations of many big and small companies and corporations, banks, hospitals and other businesses.

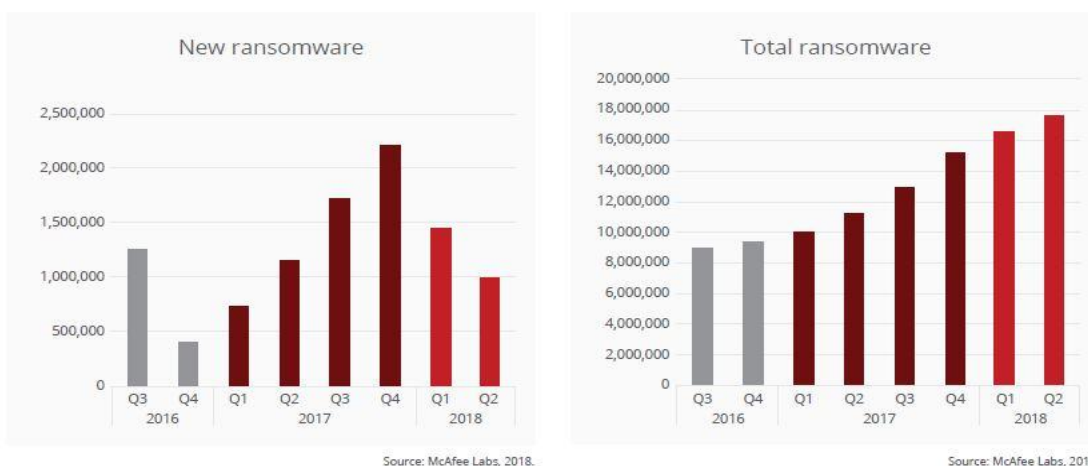


Figure 6. Ransomware detection

Ransomware is a type of malware that encrypts all the data on the computer, server or other devices and in order to decrypt it cybercriminals are demanding payment from the users, otherwise all the data will be lost forever. According to Microsoft “three global outbreaks (WannaCrypt, Petya/NotPetya and BadRabbit) showed the force of ransomware in making real-world impact. They affected corporate networks and brought down critical services such as hospitals, transportation and traffic systems” (Microsoft, p.30). Ransomware infects not only the computer where it was accidentally activated but the whole network with it by scanning all the connections, network drives and devices. The encryption that the cybercriminal are using is very hard to break and in many cases is unbreakable, making the only possible way to restore files is by using backups that hopefully were created regularly and stored separately. Since antivirus software is based on signatures detection there is no guarantee that it will help to prevent such type of attacks.

Windows is not the only operating system that can be affected by ransomware, since Linux, macOS, android and iOS and other systems can be targeted.

### DDoS attacks and Botnets

Distributed Denial of Service (DDoS) attack uses different infected electronic devices to disrupt a company’s website and business from normal operations by sending millions of inquiries to the server in a short period of time resulting in server inability to process them and crashing. Cybercriminals are using Botnets to perform those type of attacks; currently botnet named Mirai is considered the biggest one in the world. Botnet can consist of thousands of devices that were infected with a malware and are waiting until the person who controls the botnet will activate those devices to perform an attack on a specific server. And what is interesting is that in most cases the owners of infected devices don’t even know that their system is part of a botnet.

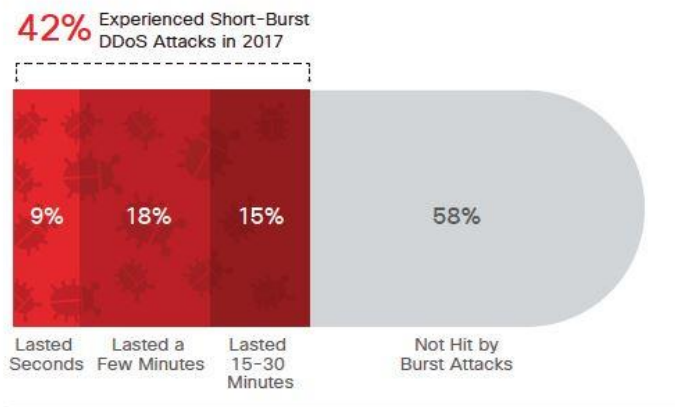


Figure 7. DDoS attacks duration.

Source: Cisco report, page 32

Although most of DDoS attacks last less than a 30 minutes, sometimes even few seconds, that time is enough to crash a server and force the company to restart it and reconfigure, which can take several hours during which customers will not be able to access it. Considering that big companies like Amazon, Walmart, Ebay are serving millions of customers and handle thousands transaction per second it can lead to huge financial losses and bad reputation.

## Mobile malware

The market of mobile phones is constantly increasing thus making it a desirable target for cybercriminals. They know that people are keeping very private and sensitive information on their phones for which they are ready to pay money in case if that information will be stolen. By creating apps that look like ordinary and useful hackers are tricking users to install them, while in reality there are hidden functions of that apps that can steal passwords, logins, bank account information, text messages, photos and all the data that is being stored on the phone. According to Symantec the number of new mobile malware variants increased by 54 percent in 2017, as compared to 2016; an average of 24,000 malicious mobile applications were blocked each day (Symantec, p.3). It is always recommended to download mobile applications from official stores like App Store from Apple and Google Play from Google, but even then there is still a risk of installing a malicious app as McAfee Mobile Research team found a new billing-fraud campaign of at least 15 apps published in 2018 on Google Play (McAfee, page 7). Cybercriminals are using operating systems bugs and security flaws to gain control of the phone, spy on the users, and steal money or data. Updating the phone's software to the latest version should be a high priority for everyone as well as installing the security patches.

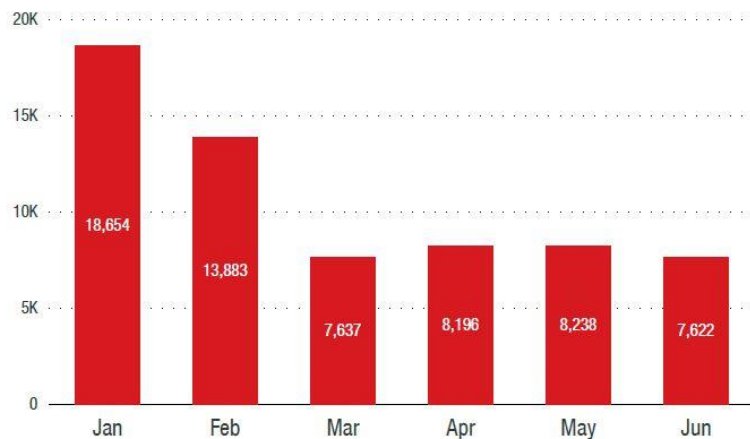


Figure 8. Monthly unique mobile ransomware detections in first half of 2018. Source: Trend Micro, p. 30.

From the Figure 8 we can see that the number of mobile ransomware decreased during the first six months of 2018, but that doesn't mean that the threat is gone - cybercriminal are always looking for new ways to break into the mobile phones, trying new sophisticated approaches and tricks.

## Email and phishing attacks

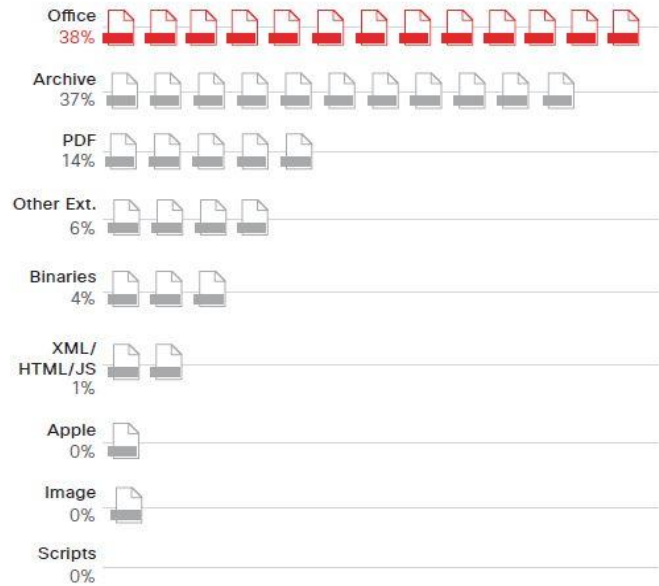
Security software companies continually upgrading and improving products they offer to the consumers so it is becoming harder and more expensive for attackers to penetrate system.

On the other hand it is easier to trick user to download a malicious file, click on the link that leads to malicious or fake website. Phishing attacks are called so because of the way they work- sending many malicious emails and waiting for someone to fall for the “bait”.

Cisco security researches have analyzed millions of phishing emails with malware attachments and concluded that files with extensions of Microsoft Office products took the lead (Word, Excel, and PowerPoint) (Cisco, page 16). Archive

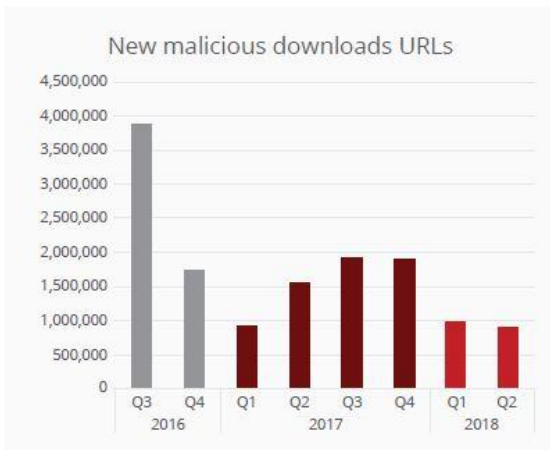
(.zip, .rar, etc.) have long been the most popular extension that attackers used for many years and are still using (37% from all the infected attachments). Cybercriminals are using human factor in their attacks since it is very effective and does not require a lot of coding. All they need to do is to create a fake website for example that looks like the real one and send email containing the link to that website.

In case if the user doesn't pay attention and clicks on the link it redirects him to the fake website that asks him to enter credentials like username and password; after that the phishing attack is considered successful.

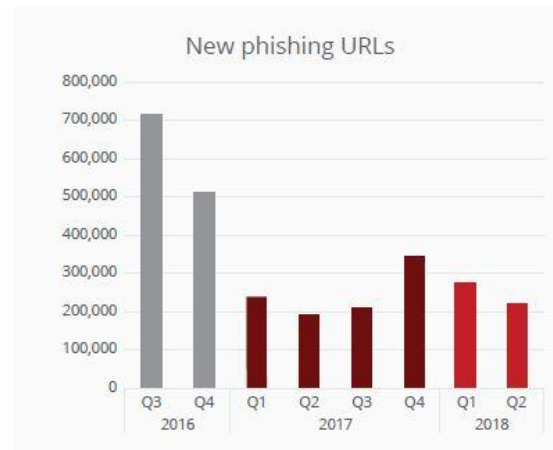


Top 10 malicious file extensions, January - September 2017

Source: Cisco Security Research



Source: McAfee Labs, 2018.



Source: McAfee Labs, 2018.

## Conclusion

In this paper we reviewed only some of the current information security threats that are widespread around the world and pose a great danger to all private users and companies. Cybercriminals are looking for new methods, ways and tactics to infiltrate the systems, cause damage, steal valuable information or money. Vulnerabilities and malware listed above are only a fraction of the security threats that are circulating on vast expanses of Internet. At the same time cyber security specialists are not wasting time and regularly create patches, apply updates and look for bugs in software and hardware that can be used to gain unauthorized control of the system. Attackers are not only using hardware and software bugs but social engineering as well – tricking users to download infected attachments in the emails that are masked as Word, Excel, zip, rar, and other extensions files. Counter measures do exist for every type of attack, the question is are they being applied and used at the right time and whether prevention plan was created beforehand. Looking forward we can say that the number of information security threats will be increasing since IT world is expanding to all areas of our lives. Artificial intelligence will no doubt play a major role in the battle between cybercriminals and security specialists in the nearest future.

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## **Business Law as a platform for mastering problem – solving skill for non-law students in the Republic of Uzbekistan**

*Aziza TULYAGANOVA*

At the beginning of the 21st century, “problem solving and reasoning” was recognised as a key cognitive skill and one of six necessary law-graduate attributes (Christensen & Kift, 2000). The question that naturally arises is to what extent and in which context a non –law student may benefit from development of this skill. This article, inter alia, discusses the topicality of the use of legal problems in education of non-law students. The underlying idea is that the legal education per se cannot provide answers regarding the function of law without this method. It is argued that experiences from other jurisdictions’ higher education systems have to be reviewed and adopted in the Republic of Uzbekistan, The use of case studies for non-law students to prepare them for real life and work and give them with transferable skills.

First, it is necessary to define the subject and some key definitions of the article. To start with, Business law module is a part of non-law qualifying in many Anglo-Saxon jurisdictions, whereas in the so-called truncated civil law systems, the former Soviet Union states, and, in particular, Republic of Uzbekistan, use the so – called module Introduction to law/or Introduction to law and state/Foundation of law and State. The former module attempts to give both an overview of law and areas of law and provide some skills to deal with legal issues on the job, while the latter often provides mostly a narrative introduction to the issues without a significant attempt to provide skills to solve legal scenarios.

The Business law module in Anglo-Saxon jurisdictions embraces contract law, tort law, business forms, employment law and some other areas depending on the specialization of non-law students, e.g., negotiable instruments for finance and accounting students. In Introduction to Law and State module, there are numerous topics, covering a wide range of branches of law. Both subjects make some reference to the learning outcomes on problem solution, common law version more explicitly to, e.g., “practical application” and “learn how to apply legal rules to hypothetical problems”, and post-Soviet version to “application of legal rules in the systems of social communications”. It is apparent that common law version places greater emphasis on resolving hypothetical situations.

Hence, the key difference lies in the approach to teaching and studying rather than the content of the modules, as the principles would remain the same. The difference can be

explained partly by the fact, that in common law jurisdictions, law is largely judge-made, and court process simulation had been traditionally used for many years in the context of law subjects in non-law degrees as well. In contrast, in civil law systems, judges only apply law and court simulation is not so common in the same setting. However, it is noted that in both legal systems, the modules have a good scope to allow to train students in skills irrespective of difference in jurisdictions, as application of law inevitably requires its thorough understanding and often cannot be categorized as a plain straightforward process.

Currently, in a complete law degree, the following students' skills are attempted to be trained:

1. Negotiation skills;
2. Analysis;
3. Presentation;
4. Problem-solving;
5. The ability to work under pressure;
6. Conflict resolution;
7. An understanding of the law.

As it can be seen all of these skills are valuable for any degree graduate. The problem – solving skill especially merits our attention, as it is directly linked to employability of the students as employers value employees with the ability to ‘think outside the box’ and promptly propose answers to problem. The framework of any non-law degree and the scope of either Business Law/Introduction to Law subject allows for the training of this skill which greatly contributes to the competitive advantage of the graduates on any job market. There will be some key differences in approach with lesser requirements to the students as to knowing very specific professional details, but ultimately in its basic form, non-law students will be able to learn the problem – solving skill and successfully use it on the job for both legal and non-legal situations.

Legal Problem questions require one to apply the law to specific factual patterns (case scenarios) commonly retrospective – based on fictitious events in the past and sometimes- planned to happen in the future and explain why in this specific set of circumstances a piece of legislation or principles of law would/could be applied in a certain way. They may require to qualify legal position/give legal advice to one or more parties. It is not possible to answer legal problems in an essay format, simply describing what law is. This method is an important trend in teaching law, as it involves the students into the process simulating real law in business situations, leaving no possibility to simply without reflection expressing all the examined individuals know about a certain area of law but

rather challenging them to work out their own solution. Equally, if one is not aware of a part of the case law in an area that can lose him marks or narrow down the number of questions he could potentially answer.

The threshold seems to be categorical, however, it is certainly justified, serving as a milestone in preparing a critically thinking individual, who is able to recognize issues and react with solutions promptly. Further, it creates greater interest among students, with most students giving very positive feedback, saying that “I actually learnt in this subject”, “I still remember the cases”, “I grew”. Law being an ideal platform to develop problem-solving skills, this method has led in author’s practice to very positive results with some students even deciding to do more law-specialized modules later in their path.

One of the commonly used method for solving legal problems proposed for non-law students is IRAC, an acronym which stands for Issue, Rule, Analysis, Conclusion OR Conclusion, Rule, Analysis, Conclusion.

IRAC being a representation of deductive reasoning, a good mnemonic, and exemplifying logical progression from rules to application (Kunz & Schmedemann, 1995) is sufficiently generic to be applied in all years of studies, in a business law course, a writing course, a thinking-skills course, a substantive law course or a course in another discipline.

It is thus recommended to study the experience of teaching law to non-law students of our foreign colleagues and introduce gradually a method of legal problem into the curriculum. The current programs need to be reviewed in order to examine their compatibility with the learning outcome of problem-solving. Academic personnel needs special training to become aware of the importance of this method for teaching non-law students. When training and using templates in their teaching such as IRAC, the teachers should be warned about potential pitfalls of using any templates and using it as a supportive mechanism not stifling the students’ original thinking.

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# **The Evaluation and Selection of Supplier in Supply Chain Management: Literature Review**

*Dilafruz KURBONOVA*

*Keywords: Supply chain management, Supplier evaluation, Supplier selection, Uzbekistan, the textile and apparel industry*

## **Abstract**

The supply environment of the firm, competition and purchasing/sourcing processes of company create the opportunities for enhancing the company's purchasing and supplying functions in both local and global market. Business owners know that purchasing the right product from the right supplier is very essential management tool and they are placing more emphasis on finding this "right" supplier who can provide qualified product on time with low cost. The objective of this article is the evaluation and selection of proper supplier for Uzbek textile companies.

## **Literature Review**

### **Supplier Management**

Each business sector understands the significance of suppliers on delivering the raw materials and the quality of goods provided. The business success relies on the good cooperation of suppliers with business enterprises. The supplier selection and evaluation is becoming an important activity of supply chain management as the whole supply chain activities are operating on suppliers. The efficient management of suppliers, especially on their selection and evaluation will bring win-win situation for both supplier and business (Holmen, 2007).

Supplier management has several key aspects which lead the operations into efficiency; they are supplier entry, selection, evaluation, collaboration and exit. From supplier entry to exit, there are the dynamic adjustments of the supplier management policies. The continuing development of business needs the dynamic management of suppliers. Hence, it is essential to know the meaning of dynamic management of supplier. Manager makes the plan for supplier selection and evaluation according to company's internal strategy of development, its purchasing management, the process of identifying

and ordering the necessary materials for company and the condition of supplier's collaboration with business according to those plans. This action of dynamic management improves the competitiveness of company and enhances the supplier management efficiency (Dana, 2007).

### Supplier Evaluation and Selection

There were done many researches on supplier selection criteria. Dickson (1966) stated that cost, quality and delivery performance are the major figures on supplier selection and businesses should know their importance on efficient selection process. Weber et al. and Sun et al. pointed out how these three criteria are important by empirical data collected from sales managers. Moreover, Jin and Kuo (2006) also told that products quality is the first main indicator of supplier's selection and delivery time and cost are the other needed criteria. Many techniques and studies have been done to determine the effective supplier selection process.

### The importance of evaluating and choosing supplier

The relationship between purchaser and supplier is not so close and both sides take risks. However, the supplier management is changing and today companies are not only looking for the quality of offered supplier's product, but also consider the supplier's internal process of operation and management. This will change the customers and suppliers relationship and decrease the risk of both of them (Kilduff, 2001). Tight customer-supplier alliances make the high competitiveness and in recent years suppliers are sharing the risks with liaising companies. Business management realises the importance of the company's flexibility and identifies the capability of overcoming the risks by proper supplier selection process.

By choosing the right supplier, business can minimize the business risks, because the bad suppliers brings to company only the low quality product with long delivery time and it will cost to company much more than it was budgeted (Kumar, 2008).

### Conclusions

Textile industries in Uzbekistan are developing day by day and companies are operating not only in local but in global market as well. In order to produce a product or serve the customers, companies need to work with good suppliers. Good supplier offers product with good quality for low cost and can deliver it on time. Business enterprises need to identify key qualities of supplier for evaluation to select the proper one.

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## **Uzbekistan: the nature of investments**

*Ruxsora MARDIEVA*

Uzbekistan is leading country as it ranks the 74th in the 2018 Doing Business report by the World Bank. It is important to note that Uzbekistan is ranked as the 11th easiest government to start a business in. Due to the fact nowadays, many developed countries start to make investments in terms of different projects. For example Japan starts to support the investment project of JSC “Uzbekneftegaz”, China initiatives to open its “Henan Suda” Electric Vehicle Technology Company in Bukhara region with 100 % financially supported by the company as its cost USD 64 million. Uzbekistan welcomes huge opportunities for start-ups in local business leaders also as it adopted low taxes and creates opportunities for legal issues.

Moreover, seven special economic zones are offered with tax breaks for investors as the result investment growth moderated from 9.5% to 7.1% in 2017. During 2018 Government, makes plan to sell up to USD 300 million in Eurobonds in order to be used production and infrastructure projects.

### ***The factors behind to choose to invest in Uzbekistan***

#### **The Advantages of Investment:**

The most populated country in Central Asia is Uzbekistan about 32 million inhabitants reside in. It is interesting to note its population is young with an average age of 25 years. Government is rich in terms of natural resources and raw materials (copper, gold, zinc, silver, tungsten, lead and natural gas). In addition, it is potentially, the highest market in the region as it is fourth largest producer of cotton and after the US the second exporter.

It creates foreign investor favorable taxation policy and conditions for foreign investments as the main sectors of the economy. Furthermore, the commercial banks are carefully strengthened especially, eight of the most important ones, before the financial crisis.

#### **The Weak points:**

In spite of government, statements adopting will to persuade foreign investments, the structure of regulative issues, remain erratic in terms of legal conditions. For the benefits from the investments are offered guarantees ambiguous. Even though the statistic that superficially, it gives the impression of positive attitude by progressing privatization

activities, debasement, the probability of a cooperative disaster because of diligent financial trials, and additionally the proceeded with State captures in the key segments (cotton, gold, hydrocarbons and crude materials), are among huge numbers of the delicate emphases. One of the questionable administrative essentials of the current government stays working schoolchildren in cotton handle, a reality which presented ascend to the reject of the Uzbek "white gold" by western organizations.

As demonstrated by Uzbek institution, the State must ensure and anchor the benefits of outside budgetary specialists in the country. Theory programs were pushed to stimulate immense advantages in the need fragments. Adventures fuse 86 remote direct suspicion adventures totaling 1.8 billion dollars, of which the larger part is for the imperativeness separation. Among the money related experts, China with the CNPC association is compulsory to partake in the development of a region of an oil pipeline. South Korea is associated with a fixing gas complex and the Russian association Lukoil, in driving into action gas wells. To inspire foreign investment, the Government contributes assess inspiring services to corporate individuals for which outside endeavor cooperation signifies in any event 15% of the approved capital.

The U.S. Division of State's Investment Climate Statements give nation explicit data on the business atmospheres of in excess of 170 nations and are set up by monetary officers positioned in government offices and posts everywhere. They investigate an assortment of economies that are or could be markets for U.S. organizations all things considered. Subjects incorporate Openness to Investment, Legal and Regulatory frameworks, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption. While there are instances of nations finding a way to make it simpler to work together, the reports feature that an expansive number of interruptions to business action still exist.

There are selected instances of economies extending receptiveness to speculation, enhancing straightforwardness, and helping new organizations open. These feasible mirrors an affirmation by those economies of the fundamental job the private area can play in monetary intensity and development.

The reports feature an assortment of difficulties and interruptions, for example, neighborhood content necessities, absence of sufficient straightforwardness, issues with defilement, and parts shut to outside organizations.

By way of conclusion, investment ability of nation is becoming huge due to the day-by-day changes of the policies, improvements on infrastructure, economic growths and residents intellectual capability. Government makes necessary support to improve public's

opinion and create innovative tools for people. Successful business people are pushing different fields in order to be competitive and create proactive zones for people.

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## **Мегарегулятор как форма организации регулирования и надзора за участниками и инфраструктурой финансового рынка**

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Стоит отметить, что термин «мегарегулятор» стал часто использоваться в финансовых новостях, газетах и центральными банками многих стран. Каково конкретное значение этого слова? Согласно научному значению, мегарегулятором является форма организации регулирования и надзора за участниками и инфраструктурой финансового рынка в стране в рамках единого государственного органа<sup>3</sup>.

Количество стран, заинтересованных в создании подобного единого органа регулирования, стремительно растёт в мире. Главная цель его создания заключается в одновременном обеспечении устойчивости финансового сектора как на макропруденциальном (минимизация системного риска финансового рынка), так и на микропруденциальном (поддержание устойчивого финансового положения отдельных финансовых посредников для защиты интересов вкладчиков, кредиторов и инвесторов) уровнях.

В числе первых стран, которые создали единый орган, ответственный за регулирование и надзор за деятельностью всего финансового сектора (мегарегулятора), были Сингапур (1982), Норвегия (1986), Дания (1988) и Швеция (1991). Среди государств, которые объединили финансовый надзор в последние годы, можно назвать Швейцарию, Финляндию, Боливию (2009). 31 января 2013 г. в Катаре вступил в силу закон, в соответствии с которым его Центральный банк стал единственным регулятором для всех сегментов финансового рынка. Вопрос о целесообразности создания единого органа по регулированию и надзору за финансовым сектором активно обсуждается рядом других стран таких, как Индонезия, ЮАР, Филиппины, Кения и другие<sup>4</sup>.

На сегодняшний день отсутствует единый подход к организации системы регулирования и надзора в сфере финансовых рынков. Следовательно, каждая страна исходит из сложившейся структуры финансовых услуг, приоритетов развития экономики и финансового сектора. Однако, в современной литературе

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<sup>3</sup> Банки.ру Информационный портал: банки, вклады, кредиты, ипотека, рейтинги банков России.

<sup>4</sup> <http://www.eurasiainace.ru/novosti-v-mire/760-edinyj-regulyator-finansovykh-rynkov>

различают четыре основных подхода к построению системы финансового регулирования и надзора: институциональный; функциональный; интегрированный и подход, именуемый «Twin Peaks»<sup>5</sup>. Что касается практики, то однозначно сложно назвать страну, где та или иная страна следует одной определенной модели. Другими словами, обычно страны используют комбинацию из нескольких подходов, учитывая вышеуказанные факторы. То есть, не существует такого понятия как, единая оптимальная модель, подходящая для всех стран.

В создании мегарегулятора имеются как преимущества, так и недостатки. Несомненно, ярко выраженными преимуществами консолидации регулирования и надзора за отраслью финансовых услуг являются повышение эффективности регулирования и надзора, предотвращение возможности пользоваться финансовыми институтами так называемым «регуляторным арбитражем», возможности унификации (там, где это целесообразно) регуляторных стандартов, подходов и практики надзора за участниками финансового рынка. Например, наличие регуляторного арбитража очевидно, если на финансовом рынке сильный банковский надзор и слабый страховой контроль. В этой ситуации профессиональному участнику рынка дешевле собрать деньги на рынке через создание страховой компании. Причем, в ситуации недорегулированности процессу будут сопутствовать дополнительные удобства: профучастник может не раскрывать о себе информацию, не нести особой ответственности. В результате, бизнесмены из разных сегментов финансового рынка будут стремиться в слабый сектор, что и приведет к регуляторному арбитражу. Более того, исследователи отмечают, что при консолидации регулирования финансового сектора происходит объединяет в одном органе функции регулирования и надзора за всеми сегментами финансового рынка, что позволяет лучше регулировать деятельность финансовых конгломератов, так как у такого мегарегулятора не будет искаженной информации и будут четко выполняться поставленные задачи. Выражаясь более детально, мегарегулятор имеет возможность более гибко реагировать на проблемы в разных секторах финансового рынка и осуществлять необходимые инновации гораздо быстрее. В эпоху глобализации и учитывая тот фактор, что распространяются и создаются новые финансовые продукты и услуги характерные как к банковским, так и к небанковским продуктам, что в свою очередь приводит к тому, что бывает сложно понять, какой надзорный орган должен быть ответственен за их вывод на рынок и регулировать

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<sup>5</sup> Taylor, 1996, Twin Peaks : A Regulatory Structure for the New Century.

обращение. Например, кредитные деривативы имеют определенные черты, присущие страховым продуктам. Также, мегарегулятор может решить такие критические проблемы, как конфликт между организациями касательно их целей (идентичных или же противоречивых требований), проблем, связанных с обменом информацией и сотрудничеством между организациями. В результате, такой конфликт целей и несогласованность между надзорными организациями может оказать негативные последствия на эффективность надзора контролирующими институтами и повлечь межведомственные конфликты, трату ресурсов и другие проблемы. Другой немаловажный аргумент в поддержку идеи создания мегарегуляторов является то, что разные надзорные органы, используя разные виды отчетности, могут также создать дополнительную нагрузку на вышестоящие финансовые и надзорные органы. Учитывая такие преимущества, безусловно, стоит внедрить идею о консолидации финансовых органов в один.

Однако, с другой стороны, внедрение мегарегуляторов не застраховано от негативных последствий. Одна из таких проблем заключается в присутствии морального риска (*moral hazard*)<sup>6</sup>. Потребители услуг финансового рынка могут воспринимать этот факт как свидетельство того, что они будут одинаково защищены вне зависимости от типа финансового института, которому они доверяют свои сбережения или инвестиции. Например, кредиторы небанковских институтов могут ожидать, что в случае возникновения у данных институтов серьезных проблем они получат защиту, аналогичную той, которая предоставляется банковским вкладчикам. Также, может возникнуть конфликт на почве морального риска из-за задач монетарной политики и пруденциального надзора в случае, если эти функции исполняются одним ведомством. Некоторые эксперты утверждают, что единый регулятор может послужить причиной стагнации развития, так как создание единого института с функциями надзора повлечет ликвидацию такого немаловажного двигателя роста как конкуренция.

В целом, при объединении надзорных органов в единый стоит иметь в виду потенциальные проблемы: этот процесс может быть достаточно затратным, продолжительным и болезненным, потребовать серьезной переработки информационных систем и стандартов проведения регулирования и надзора, обучения работников в целях их подготовки для выполнения новых обязанностей, реорганизации системы управления. Дополнительная нагрузка ляжет на плечи

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<sup>6</sup> *Mishkin, F.S., "An Evaluation of the Treasury Plan for Banking Reform", Journal of Economic Perspectives, 6(1): 133-153.*

финансовых институтов, которые будут переходить из одного органа надзора к другому. Более того, в качестве дополнительных рекомендаций при переходе к мегарегулятору также необходимо учесть, что если задачи, стоящие перед интегрированным органом, недостаточно четко определены и ранжированы, его деятельность менее эффективной по сравнению с секторальными надзорными органами. В связи с этим важно, чтобы законодательно были четко зафиксированы ключевые цели и задачи органа регулирования и надзора, а также их относительная приоритетность. Иначе продуктивность деятельности мегарегулятора будет страдать из-за потенциального возникновения конфликта между целями и задачами, чего не возникает, когда за каждым отраслевыми или функциональным регулятором закреплен достаточно узкий круг задач.

Для достижения эффективности, используя систему мегарегулятора, управление различных секторов финансового рынка – банковского, страхового и фондового должно быть гармонизировано<sup>7</sup>. Несомненно, существует очевидное различие в подходах к регулированию и надзору за разными типами финансовых посредников. Создание единого органа требует обеспечения адаптации работников прежде разрозненных органов к новой для них культуре, правилам поведения и, что самое важное, формированию единых стандартов качества выполнения соответствующих функций. Консолидация надзорных органов в единый институт по регулированию и надзору может усложнить его структуру и снижение управляемости. Такая масштабная организация в большей мере подвержена бюрократизации и инертности<sup>8</sup>. При значительном расширении круга поднадзорных институтов и, соответственно, организационной структуры, руководителям организаций становится сложнее понять весь спектр обязанностей и задач, которые перед ней стоят, что может привести к снижению его продуктивности.

### **Опыт Великобритании**

Если взглянуть на историю регулирования на финансовых рынках Великобритании, то, безусловно, стоит акцентировать внимание на нескольких знаменательных датах. Например, 7 июня 1985 г. создано Управление по ценным бумагам и инвестициям (Securities and Investment Board - SIB) – регулирующий орган, действовавший в соответствии с Законом о финансовых услугах, который в

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<sup>7</sup> Australian Financial System, 1991, Final Report of the Committee of Inquiry, p5.

<sup>8</sup> Goodhart, C. and Schoenmaker, D., “Should the Functions of Monetary Policy and Banking Supervision be Separated?”, Oxford Economic Papers, 2005.

октябре 1997 г. был переименован в "Управление финансовыми услугами" (The Financial Services Authority - FSA). Этот орган осуществлял полномочия, предусмотренные Законом о финансовых услугах и рынках 2000 г. (англ. Financial Services and Markets Act 2000). В частности, он отвечал за регулирование и надзор за деятельностью всех инвестиционных, финансовых и банковских компаний, осуществлявших деятельность в Соединенном Королевстве. В результате, надзорные полномочия, возложенные на Центральный банк Великобритании, именуемый Банк Англии, были разделены между ЦБ Великобритании и новым органом, несмотря на то, что четкое разграничение полномочий между FSA и Банком Англии отсутствовало. Только в 2006 г. полномочия и обязанности данных структур были зафиксированы после подписания Меморандума о взаимопонимании<sup>9</sup>. Однако, должное сотрудничество между этими финансовыми институтами отсутствовало. Банк Англии начал активную деятельность, негласно создав надзорный блок внутри своей структуры, что еще больше обострило отношения между участниками комитета, а начавшийся глобальный финансовый кризис, одним из эпицентров которого был английский банковский сектор, обнажил неработоспособность избранной модели регулирования. В 2012–2013 гг. Великобритания, признав неэффективность созданного регулятора, провела полную реформу финансового регулятора, передав все полномочия FSA Банку Англии. В результате неэффективности регулятора негативные последствия финансового кризиса были разительными, и это привело к разорению нескольких крупных банков страны, включая Royal Bank of Scotland, Lloyds TSB, and HBOS. Когда Банк Англии передал большую часть надзорных полномочий Управлению финансовыми услугами (FSA) это, в свою очередь, привело к тому, что оказание экстренной помощи банкам со стороны "кредитора последней инстанции" в случаях потери ими ликвидности требовало межведомственных согласований. Сложилась ситуация, при которой данные институты не учли легальную часть полномочий в полной мере, и Банк Англии не имел предусмотренных Законом от 2000 г. полномочий в отношении банковского регулирования и надзора. FSA, формально располагая такими полномочиями, не могло действовать в качестве "кредитора последней инстанции". Такая неэффективная координация действий FSA и Банка Англии привела к банкротству и дальнейшей национализации банка Northern Rock. Этого можно было избежать, если бы Банк Англии, сохранив надзорные полномочия не разделяя

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<sup>9</sup> <http://www.biznes-daily.uz/ru/birjaexpert/45320-zarubjnoj-opot-vvdniya-mgargulyatora-finansovox-rinkov>

надзорных полномочий с FSA, мог оперативно отслеживать ситуацию и в случае необходимости спасти тонущий банк от разорения. Было признано, что в сложившейся ситуации необходим единый регулятор, который мог бы предотвращать системные кризисы, вызываемые избыточным кредитованием, при тесной координации денежной политики и финансового регулирования.

В феврале 2011 г., на базе Совета директоров Банка Англии был создан временный Комитет финансовой политики (Financial Policy Committee), в задачи которого входила разработка новой модели финансового регулятора. В 2012 г. был принят Закон о финансовых услугах и финансовых рынках (англ. The Financial Services Act 2012), который внес изменения в Закон о Банке Англии 1998 г., Закон о финансовых услугах 2000 г., Закон о банковской деятельности 2009 г. и в ряд других законодательных актов.

Относительно введения мегарегулятора для Узбекистана, исходя из международного опыта следует отметить, что введение данного механизма может быть эффективным в республике в среднесрочной и долгосрочной перспективе. Однако, необходимо учитывать, что в мировой практике имеются случаи негативного опыта введения мегарегулятора. Кроме того следует отметить, что мегарегуляторы, как правило, создаются для регулирования финансовых рынков, а в ряде стран функции мегарегулятора выполняют центральные банки. Как уже было упомянуто выше, не существует уникального и единого подхода для всех стран. Каждая страна, исходя из среднесрочных и долгосрочных планов финансовых институтов и уровня развития, политической системы страны, приоритетов экономики и множества других факторов, выберет определенный подходящий для неё путь.

### **Предпосылки создания международных стандартов финансовой отчетности**

За последние десятилетия, начиная с 1970-х годов, бухгалтерский учет как целостная система предоставления финансовой информации претерпела значительные изменения, по сути став одним из самых эффективных источников оценки деятельности не только крупных акционерных компаний, но и хозяйствующих субъектов среднего и малого бизнеса. Значительный вклад в преобразование бухгалтерского учета привнёс Комитет по международным бухгалтерским стандартам (КМСФО), созданный в 1973 году при содействии бухгалтерских ассоциаций из десяти крупных стран таких как Великобритания, США, Канада, Австралия, Мексика, Япония, Франция, Германия, Нидерланды и

Новая Зеландия. Примечательно, что момент создания, возможно не случайно, совпал со многими изменениями, которые происходили в тот же период в сфере финансовой отчетности в США и годами ранее в самой Великобритании.

В конце 1960-ых годов в Великобритании отсутствовала единая стандартная форма национальной финансовой отчетности. Именно в этот период в туманном Альбионе происходит ряд знаменательных событий, которые впоследствии так или иначе станут толчком для стандартизации финансовой отчетности на национальном, а потом и на международном уровне. Покупка двух крупных компаний – GEC/AEI Ltd и Pergamon Press, широко известных на международной арене бизнеса, привела к скандалам, которые стали достоянием общественности ввиду существенных расхождений результатов финансовых отчетностей до и после покупки компаний. Как следствие, доверие к публикуемым бухгалтерским отчетностям было заметно подорвано, что и обусловило стандартизацию форм и требований к предоставляемой финансовой информации. Таким образом, было положено начало для восстановления доверия и поднятия престижности профессии бухгалтера и рассмотрения других более амбициозных проектов в целях гармонизации бухгалтерских стандартов.

С момента образования Комитета по МСФО в 1974 году была проделана огромная работа по унификации бухгалтерских стандартов, внесены коррективы в предоставление финансовых отчетностей, определены не только их формы и структуры, но и сформулированы основные принципы, правила, которые подняли бухгалтерскую отчетность на качественно новый уровень.

Хотя в первые годы новые унифицированные стандарты не пользовались популярностью, по мере усиления глобализационных процессов, открытости финансовых рынков, список стран, использующих МСФО для составления финансовых отчетностей, стал постоянно расширяться. На сегодняшний день примерно 120 стран установили в качестве требований для хозяйствующих субъектов, чьи акции доступны на рынках финансового капитала, использование международных стандартов. Также более чем 90 стран подтвердили, что публикуемые финансовые отчетности компаний полностью отвечают требованиям МСФО. Другими словами, происходит глобальная стандартизация профессии бухгалтера и бухгалтерской отчетности как таковой, когда фактически на одном общепринятом языке происходит общение пользователей финансовой отчетности.

Что касается самих стандартов, из которых состоит МСФО, они постоянно видоизменяются, корректируются или же заменяются новыми для более ясного и

полного предоставления результатов деятельности компании. Бухгалтерская учетная информация, собранная в соответствии с общепринятыми нормами, помогает понять экономическую сущность операций для удовлетворения потребностей пользователей в лице инвесторов как иностранных, так и отечественных.

### **Внедрение МСФО в Узбекистане как необходимость сближения национальных стандартов финансовой отчетности с международными.**

Для Узбекистана необходимость внедрения международных стандартов финансовой отчетности вызвана вполне объективными причинами. В свете проводимых законодательных преобразований, направленных на развитие конкурентоспособной и более открытой экономики страны, работающей по правилам рынка, реформирование налоговой системы, банковского сектора, внедрение свободной конвертации валюты наряду с привлечением иностранного капитала являются главными стимуляторами для сближения МСФО с национальными стандартами.

Помимо этого, есть подкрепленные на законодательной основе нормативно-правовые акты, которые обуславливают применение МСФО для финансовых отчетностей. К ним относится закон «О бухгалтерском учете» от 30 августа 1996 года, утверждённый Олий Мажлисом Республики Узбекистан. Сближение МСФО с национальными стандартами также прослеживается в принятом Указе Президента Республики Узбекистан «О мерах по внедрению современных методов корпоративного управления в акционерных обществах» от 24.04.2015 г., № УП-4720. На основании таких неоспоримых предпосылок в ближайшем будущем ожидается, что все действующие акционерные компании должны будут предоставлять ежегодные финансовые отчетности в соответствии со стандартами МСФО.

Следует отметить, что применение МСФО в Узбекистане осуществляется поэтапно. В частности, начиная с 2000 года банки Республики Узбекистан были обязаны публиковать свою отчетность по международным стандартам. В 2007 году обязательным является публикация и для микро кредитных организаций. Накопленный опыт, однако, показывает, с какими проблемами сталкиваются крупные компании и компании, где МСФО не является принудительным, а сугубо добровольным, при желании следовать международным нормам финансовой отчетности. Ясно, что переход на международные стандарты предвещает большие возможности для инвестиций со стороны внешних пользователей, для которых

оценка капитала компании, ее ресурсов и обязательств будет регламентироваться общепринятыми стандартами. В целом, сближение МСФО с национальной бухгалтерской отчетностью обладает рядом преимуществ практического характера. Они исходят из целей и задач, поставленных перед Советом МСФО, который был создан путем реструктуризации Комитета МСФО в 2001 году. Поставленные задачи охватывают такие важные спектры деятельности, как:

- Унификация и стандартизация национальных систем учета и отчетности;
- Обобщение опыта и практики учета наиболее продвинутых стран;
- Дальнейшее совершенствование стандартов финансовой отчетности.

Исполнение данных задач должно принести несомненную выгоду для тех стран, которые поставили перед собой цель интеграции в мировое экономическое и финансовое сообщество, что и соответствует выбранному курсу Республики Узбекистан.

### **Проблемы применения МСФО в Узбекистане**

В мировой практике разделяют три основные формы применения МСФО для финансовой отчетности:

- МСФО применяется полностью, следуя всем предписанным стандартам без исключения, и именно они выполняют роль национальных стандартов.
- Применение обязательно для тех компаний, которые обязаны по форме собственности и законодательству применять МСФО для финансовых отчетностей и учета.
- Применение МСФО в добровольном порядке, когда законодательно дается выбор между национальными стандартами и международными, и компания имеет право выбора без необходимости дублирования национальных стандартов учета.

### **Таблица 1**

Примеры стран, применяющих одну из форм МСФО

<b>Полное применение</b>	<b>Частичное</b>	<b>Добровольное</b>
Арабские Эмираты, Австралия, Италия Великобритания	Узбекистан, Россия, Канада	Индия, Япония

При частичном применении международных стандартов, свойственном для Узбекистана и ряда стран-участниц СНГ, приоритет при составлении бухгалтерского учета отдается национальному стандарту. Для предоставления отчетности по МСФО в таком случае используют информацию, составленную для отчетностей по национальным стандартам. Возможен также вариант параллельного учета, когда ввиду существенных расхождений между международными и национальными стандартами организация выбирает ведение учета по двум методологиям. Однако такой вид не является эффективным, так как занимает много времени для подготовки и может потребовать наличие дополнительных людских ресурсов. Более того, потраченное время и стоимость такой отчетности может вызвать негативную реакцию среди составителей и пользователей информации.

Среди других проблем, препятствующих сближению МСФО с национальными стандартами, можно выделить проблемы институционального, организационно-правового, финансового и методологического характера.

**Институциональные проблемы** в большей степени связаны с традиционной направленностью финансовых отчетностей, когда их основным потребителем выступало государство или государственные органы. Финансовая отчетность не выполняла той роли, которая ставится перед международными стандартами в современных реалиях, когда главные потребители – инвесторы полагаются на финансовую отчетность для принятия экономических, финансовых или стратегических решений.

**Организационно-правовые проблемы** выражаются в отсутствии переводов стандартов на государственный язык. Стандарты обсуждаются, дорабатываются, корректируются и выпускаются на английском языке. Для составителей возможно наличие языкового барьера, так как помимо знания английского языка необходимо хорошо разбираться в терминологии. Особенно важным является момент, когда выпускаются новые стандарты или существенно корректируются, и конечный пользователь - составитель может оказаться неосведомленным о последних изменениях, что уже порождает неуверенность, неточность и, как следствие, наличие ошибок.

Наличие **финансовых проблем** способно также существенно притормозить процесс сближения, если не будут выделены средства на реформирование системы бухгалтерского учета, подготовку кадров, выпуск учебников и разъяснительных записей для ясного представления стандартов международных отчетностей и их практического применения.

## **Заключение**

Более чем за 40 лет своей деятельности Комитет по МСФО, который был преобразован в начале миллениума в Совет, внес огромный вклад в дело унификации и гармонизации международных форм отчетности и учета. Несомненно, в Узбекистане с самого начала основания национальных стандартов учета, принципы и концепции МСФО были приближены к местным реалиям. Однако, чтобы поднять на новый уровень уже имеющиеся достижения, необходимо и дальше следовать интеграционным процессам в сфере финансовой отчетности, поскольку сближение с МСФО позволит стране стать более открытой с точки зрения финансовой отчетности. В свою очередь, это позволит усилить финансовую дисциплину в организациях, которые взяли ориентиры на внедрение корпоративного управления бизнесом.

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# **New approaches to finance business start-ups in the Republic of Uzbekistan**

*Shavkat DJURAEV*

*Keywords: financing, business start-ups, venture capital, partner financing, angel investor, crowdfunding*

This paper examines the existing system for financing business start-ups in the Republic of Uzbekistan. This research makes scientific contribution by defining stages of development for start-up projects, as well as their funding sources at each stage. The goal of this paper was to offer new methods of financing business start-ups in the Republic of Uzbekistan based on the analysis of the best practices and innovative approaches in business financing used in the advanced economies of the World. Scientific and research contributions of the paper are reflected in the fact that there is a relatively small number of research works in the Republic of Uzbekistan that address these issues. A specific analysis of Venture capital (VC) funding, partner financing, using angel investors, and crowdfunding method, including their advantages and suitability for implementation in the Republic of Uzbekistan will be conducted.

Venture capital (VC) firm is a company that specializes in financing start-up projects, it takes partial ownership of the projects in exchange for capital. The percentages of ownership to capital can be negotiated, and are usually based on a company's valuation. VC financing is a good choice for startups who do not have physical collateral to offer as security on a bank loan. The paper also discusses other benefits to going with a VC funding.

In case of the strategic partner financing, another player in the start-ups industry funds the start-up's growth in exchange for special access to the start-up's product, staff, distribution rights, ultimate sale or some combination of those items. Partner financing is a good alternative because the company the start-up project partners with is usually going to be a large company, and may even be a company in a similar industry, or an industry with an interest in the start-up's business.

There is some similarity between angel investors and venture capitalists, however there is one major difference. While venture capitalists are companies (usually large and established) that invest in the start-up project by trading equity for capital, an angel investor is an individual investor who is more likely to invest in a start-up or early-stage business

that may not have demonstrable growth like a VC would want. The angel investor is someone with a lot of capital who is interested in an equity stake in the start-up company. The start-up is leveraging its new business idea on their capital.

Crowdfunding is an investment and investing instrument. The paper describes the types of crowdfunding, which start-up businesses use to attract funding for projects, as well as highlights their advantages.

Literature review on the same financing methods in other countries will be conducted; examination of the existing system for financing business start-ups in the Republic of Uzbekistan along with comparative analysis of some case studies of other countries will be undertaken, statistical analysis of governmental statistics on business start-up projects financing will be undertaken; the paper will be based on a combination of deductive and inductive approach aiming to provide recommendations specific and appropriate to the Republic of Uzbekistan drawing from international experience, best practices and lessons learnt. Presented and interpreted results could be a useful basis and encouragement for a further research in this and similar topics related to the start-up scene at the local as well as the global level.

# **Prospects of Uzbekistan in creation of competitive conditions for foreign investments**

*Sherzod AKTAMOV*

## **Introduction**

Uzbekistan is located in the heart of Central Asia, since ancient times, trade routes connecting West and East passed here. Silk Road Restoration Project – One Belt One Road allows this historical advantage to be used today. In addition, the republic is part of the CIS, which provides many tax and customs benefits for export to the member countries.

Uzbekistan has more than 6,000 companies with foreign participation. Currently the portfolio of investment projects includes around 500 projects in various sectors with a total value of 23 billion USD, however FDI inflows into Uzbekistan are mainly focused on the oil and gas industry - in the last 10 years it accounted for more than 40% of the total FDI.

Investments to other industries are critical for modernization of the industrial basis and increasing its productivity. The main barriers for doing business in Uzbekistan for a long period of time were such problems as restrictions on currency conversion and repatriation of the income, complexity and lack of transparency in regulation and non-compliance with the principles of the rule of law, preferential customs conditions for some market participants and others. Numerous reforms were implemented to solve these problems. Today, the investment climate in Uzbekistan is rapidly improving. The investment potential of Uzbekistan is estimated as 65 billion USD, of which up to 20 billion USD in non-primary industries.

Last year, investments became the main engine of growth, which led to an increase in gross fixed capital formation up to 18.1%. Increased investments into the manufacturing, housing, energy and mining sectors led to the overall 36.6% growth of foreign investments in the country.

Against the backdrop of a global decline in foreign direct investment in the world, Central Asia is showing strong growth and could become a new frontier for international capital. Thus, development of cooperation within the region and pooling efforts to achieve the common goals of its member countries is crucial.

Economic growth and the liberal approach of authorities together created a stronger basis for cooperation between the countries of Central Asia, especially in such priority areas as cross-border transport infrastructure, energy and ICT. In order to realize the potential of the region, it is necessary to develop coordination between countries, and the

success of this process largely depends on two key states, Kazakhstan and Uzbekistan. A strong partnership between them can be the first step towards the development of cooperation in the region as a whole.

In Uzbekistan there are undergoing numerous reforms designed to simplify the regulatory framework, such as customs and tax systems and make them more transparent. One of the most significant reforms of the new era is the liberalization of the currency regime in September 2017. Thanks to it, it is much easier for foreign investors to see Uzbekistan as a direction for investments.

According to Doing Business Ranking Uzbekistan has made a sharp jump in improvement of investment climate, which can be seen in a jump from 166th place in 2012 to 76th in 2019.

Since 2008, FDI in new projects in Central Asia has reached 113 billion USD, accounting for 1.5% of world total. Kazakhstan undoubtedly leads, attracting 70% of all investments in the Central Asian region, followed by Uzbekistan (16%) and Turkmenistan (8%).

The sectors that are currently underestimated by investors are information technologies, telecommunications, financial services, construction, engineering, the chemical industry, and the renewable energy sector.

From April 30, 1998, there is a Law of the Republic of Uzbekistan “On guarantees and measures of protecting the rights of foreign investors”. President of the Republic of Uzbekistan Shavkat Mirziyoyev in his annual address to the parliament declared 2019 “The Year of Active Investments and Social Development”. The head of state noted that everyone should work hard to attract investments to the country and improve the investment climate. These facts show that authorities make many efforts in creating a very competitive investment environment.

Indicative results of the work done can be seen in improvements in the ranking of the taxation indicator, which takes into account taxes and mandatory contributions, as well as the administrative burden on enterprises in terms of taxation. If in the ranking of 2013 on this indicator, the country ranked 161st, then in the ranking of 2018 it already took 78th place.

A number of drastic measures to expand the opportunities of obtaining a loan through banks and other financial institutions and simplifications for credit procedures, and the creation of modern customer service systems in banks have significantly improved the positions in such indicator as “Getting loans”. According to this indicator, in 2013 Uzbekistan had 154th position, and in 2018 it could climb up to 55th.

A number of drastic measures to expand the possibilities of obtaining a loan through banking structures for the development of entrepreneurial activity, housing construction, simplification of credit procedures, and the creation of modern customer service systems in banks have significantly improved the indicator “Getting loans”. According to this indicator, in 2013 Uzbekistan was 154th, and in 2018 it is 55th.

Since July 15, 2018, everyone can enter to the territory of Uzbekistan by using the e-visa system, which will allow foreigners to stay in the country for up to 30 days. Uzbekistan launched a program where there is a visa-free procedure for entry, temporary stay and exit from the Republic of Uzbekistan for citizens of 101 states traveling in transit for a period of no more than five days.

Moreover, Uzbekistan authorities introduced visa exemptions for some categories of foreign guests. This was implied, in particular, to those who come from the countries of the Silk Road; those who are born in Uzbekistan and their families; as well as major investors.

## **The most promising sectors in terms of investments**

### ***Textile industry***

As of today, the total population of Central Asian countries is 72.1 million people (of which 32.9 million live in Uzbekistan), which provides foreign investors with a large potential for exporting their products to neighboring countries.

Light industry is a strategic sector for the economy of Uzbekistan, providing a high-level employment of the population, contribution to the economic and industrial potential and the international prestige of the state. The unique geopolitical position of Uzbekistan makes it possible to be in direct economic dialogue with many countries and to pursue mutually beneficial business cooperation with both the countries of Europe and Asia.

Uzbekistan set an ambitious goal to process 100% of the produced fiber by 2021, for which it is planned to build 112 new enterprises and modernize existing ones.

Uzbekistan is one of the world’s largest producers of natural textile fibers, cotton yarn and knitwear. In the republic, there are more than 7,000 textile enterprises. In 2017, textiles worth almost 1.2 billion USD were exported. Moreover, this is despite the fact that during the crisis, prices for raw materials and main types of textile products fell significantly. The main countries of textile exports were Russia (36.8%), Turkey (18.8%), China (16.2%), EU countries (15.3%), South Korea (5%).

### ***Oil and gas industry***

Uzbekistan's proven gas reserves ranked 21st in the world. To date, there are 252 oil, gas and gas condensate fields, with explored hydrocarbon reserves in the amount of more than 2.5 billion tons of standard fuel. An attractive destination for investors would be the production of polyethylene and propylene, which account for up to 50% of the global demand for petrochemical products. The first projects for deep processing of petrochemistry have already been implemented, for example, in 2017 in Uzbekistan, a new plant for the production of plastic containers opened.

The capacity of transit and export gas transmission systems for supplying gas to Central Asian countries, Russia, Europe and China is more than 120 billion cubic meters, of which 50 billion cubic meters per year through Uzbekistan – China gas pipeline and 70 billion cubic meters per year through the Central Asia – Center gas pipeline.

Meanwhile, in a number of investment blocks with involvement of international oil and gas companies, a number of activities have been carried out with such companies as Lukoil Overseas, Gazprom (Russia), CNPC International (China), CNODC, Korea National Oil Corporation, Daewoo International and Kogas to detect promising hydrocarbon reserves.

### ***Tourism industry***

Central Asia, a region of the Great Silk Road, can potentially become a very attractive destination for tourists due to its unique natural, cultural and historical features. It worth to mention the legendary architectural masterpieces in Samarkand, Bukhara and Khiva. The proximity to Russia and China, the diverse opportunities of eco- and ethno-, extreme and sports tourism, as well as knowledge of the Russian language among the population create additional prerequisites for the development of the industry.

Main prospective direction of tourism in Uzbekistan are Ziyorat (Pilgrimage) tours (7.3 thousand objects of cultural heritage), Mountain tourism, Gastronomic tourism, Cultural and educational tourism, Ecological tourism, Business tourism, Jeep tour, Geotourism (for example, the South-Western offshoots of the Gissar Range, where one can observe unique geological sections of the Jurassic, Cretaceous, Paleogene and Neogene sediments, 1.8 million years old).

## ***Agriculture***

Agriculture is one of the key sectors of Uzbekistan's economy. The land used for agricultural production occupies 45% of the territory of the country, about 50% of the population lives in rural areas. Together with water and forestry, the industry employs 3.6 million people (27% of employed in the economy as a whole) and 18% of GDP. The export of agricultural products brings the Republic of Uzbekistan about 20-25% of total export revenues.

Uzbekistan is a manufacturer of about one hundred types of fruits and vegetables, of which 70 are exported. The country ranks third in the export of persimmon, fourth in the export of fresh and dried apricots and raisins, fifth in the export of prunes, tenth in the export of grapes. In 2018, Uzbekistan ranked the fourth place in the export of cherries, ahead of Spain.

According to the FAO (Food and Agriculture Organization of the United Nations), the annual loss of fruits and vegetables in the world reaches 30-35% of world production. The Government of the Republic of Uzbekistan has developed a plan for development of agricultural infrastructure until 2021 for reducing losses.

Now, production and exports are mainly focused on the main types of raw materials, and the share of food in the total import volume reaches 11-15% in the region. According to experts in agriculture, the region as a whole loses up to 40% of the crop due to poorly developed infrastructure at the stages before and after storage. There is a need to move to the production of higher value added products and to modernize production and infrastructure, including the creation of powerful packaging centers and refrigeration units. Creating and promoting branded products would help the region compete in international markets. Modern IT will help to establish effective trade. Consequently, investments in infrastructure and new technologies will be required, with continued government support.

## **Main competitive advantages of Uzbekistan in attraction of investments**

With the population of over 32 million, Uzbekistan is the most densely populated country in Central Asia and there is an extensive domestic market. Pricing in the Republic of Uzbekistan is significantly lower than in the USA and Europe, which allows it to be competitive in the international market.

In terms of infrastructure, Uzbekistan owns about 50% of the installed capacity of the united power system of Central Asian countries. The total installed capacity of the electric power sector of the country is 14,300 MW. There are 45 electric power plants in

the country with an aggregate installed capacity of 12,400 MW, with a potential production capacity of 64 million MW/h.

There are several very strong points which can positively impact on potential investors in choosing Uzbekistan as destination to conduct business:

- State policy aimed at protecting investors' investments and private property rights;
- An easily accessible market that will grow in the future with development of an organized retail chain, favorable demographic indicators, rising income levels and a change in preferences for the quality of brand products;
- Preferences and incentives for manufacturers, including exemption from tax and customs payments for up to 10 years, depending on the amount of investment;
- Tax breaks (corporate income tax, property tax, improvement and social infrastructure development tax, single tax for micro companies and small enterprises);
- Privatization and lease of state property on favorable terms and at low prices for foreign investors, with the obligation to invest funds;
- Comparative advantages in terms of skilled labor and production costs;
- Financial autonomy (independence);
- Free repatriation of funds;
- Independence in foreign trade;
- Independence in labor relations;
- Low cost of energy resources and production cost;
- Environmental friendliness;
- Agreement on a free trade zone between the CIS countries;
- Modern production facilities with necessary infrastructure;
- Optimal logistics costs;
- Abundance and availability of raw materials for production, such as cotton, wool, silk, jute and artificial fibers;
- The presence of the entire value chain for textile products, starting with the production of natural fibers and ending with production of yarn, fabric and clothing in the country;
- Operation of 17 free economic zones and 1 free tourism zone with various benefits for investors.

## **Conclusion**

In terms of macroeconomic situation, we expect the current account balance deficit to remain high at 7% of GDP in 2019, and to decline slightly to 6.5% in 2020. Exports of goods are expected to grow by 10% in 2019 and by 12% in 2020 reflecting rising gold prices, stable demand for natural gas from the PRC, an increase in agricultural exports to the Russian Federation and neighboring countries, and further processing of cotton into textile products. Growth in imports of goods is expected to be at 25% in 2019 and 20% in 2020, as the demand for infrastructure projects and the continued modernization of the industry will increase imports for these sectors. External borrowing for state development programs will increase external debt to 35% of GDP in 2019 and 2020. According to ADB the growth of GDP in 2019 in Uzbekistan is going to reach by 5.2% and 5.5% in 2020.

In general, there are very many perspective areas and sectors for investors in Uzbekistan and the forecasts for the future business and investment climate are very optimistic.

# **Why not digital? Challenges in digital transformation and technological innovation within manufacturing sector: the case of Uzbekistan**

***Yuliya PARAMONOVA***

*Keywords: Digital transformation, innovation, new technologies, manufacturing companies, challenges, limiting factors*

## **Introduction**

Advances in ICT and Internet have brought about changes in the global economic and business environment whereby digital has come to play a vital role both in our societal lives and business ecosystems. The shift from industrial economy to a knowledge-based economy entailed realization that companies can no longer survive let alone stay globally competitive without transitioning to digital. In other words, digital transformation and technological innovation came to be regarded as indispensable elements of the firms' competitive advantage and sustainable growth both in domestic and global markets. Adoption of new technologies and continuous innovation helped companies enhance their production and operation processes and improve overall efficiency. Thus, Big data accumulation and analysis allowed for better understanding of customer needs, both tacit and explicit, integration of enterprise resource planning software allowed to optimize logistics and storage thus significantly reducing expenses, while advances in digital marketing enabled new ways to advertise products and services in a cost-efficient way.

However, different body of works emphasize that sustainable competitive edge cannot be fully achieved by sporadically introducing new technologies and optimizing separate business processes. Such loose initiatives and individual functional developments without being properly embedded into a company's strategy will only bring meager results, and may end up as a burden on the firm's budget. Therefore, it is important to refer to a full digitalization or digital transformation, which is defined as the integration of digital technologies into everyday life, both private and corporate. This transformation, also referred to as Industry 4.0 production paradigm (Da Silva et al., 2019; Frank, 2019), first introduced in 2011 under an initiative to enhance the German competitiveness in the manufacturing industry, encompasses process automation, measurement and evaluation of different aspects of business, wide use of information for further data analysis

and decision-making, change of organizational structures and cultures. In other words, it is the deep interaction of people and technologies that brings tangible and sustainable business results. Indeed, the term has been coined by media to indicate that digital technologies have transformational or disruptive implications for businesses, as regards new business models, new and enhanced customer experiences and new products and services (Boulton, 2018; Boutetiere and Reich, 2018).

It is now widely accepted that companies willing to succeed and achieve a sustainable long-term growth in the current digital era will need to radically transform themselves (McAfee and Brynjolfsson, 2017; Rogers, 2016; Venkatraman, 2017). Digital transformation leads to quality improvements, enhanced production efficiency overall increased competitiveness. The opposite is also true, whereby a company failing to address a technological challenge should face difficulties in introducing new products and services, innovating and thus securing its sustainable competitive advantage (Khan and Turowski, 2016). This is particularly important for the manufacturing sector, which considering factor endowments of Uzbekistan both unqualified cheap labour and abundance of resources make it a well-qualified sector for becoming the country's strategic industry and sustain global competitive advantage.

## **Methodology**

The aim of this study is to assist manufacturing companies in their digital transformation process by helping them identify the key challenging issues that arise within the transformation process as well as to suggest guidelines for policy makers as to alleviate barriers and provide support to companies undergoing digital change. The following research question thus ensued: What particular factors impact digital transformation and technological innovation of manufacturing companies in Uzbekistan? To answer this question, both internal factors (i.e. technological, managerial, organizational, skill related), as well as external factors related to relevant policies, regulations, supply chain and infrastructure which drive transformation process in the manufacturing sector need to be identified.

This cross-sectional study, both qualitative and quantitative, focuses on the limiting factors and challenges related to the process of digital transformation and adoption of new technologies. Exploratory case studies conducted in the largest manufacturing companies combined with unstructured interviews of digital officers and top managers, as well as structured surveys of various professionals will allow to identify the most pertinent factors that pose hindrances to management in the pursuit of digital transformation. The findings

will then go through an analysis to list the five challenges with the highest impact factor presented in the hierarchical structure. The future results could assist managers of the companies to find the most accurate and suitable approach to digital transformation strategy. In addition, these results could further be used by policy makers in the design of support mechanisms aimed at helping manufacturing firms from emerging economies achieve sustainable competitive advantage in their ‘catching-up’ stage.

### **Literature review: importance of digital change**

Strands of literature suggest that technology upgrading of manufacturing firms in the emerging economies plays a crucial role in their catching-up process with the aim to develop technological capabilities and move from imitation to innovation. (Bernat, Berliz 2018). Innovation is also seen as an important tool to increase firms’ competitiveness and help them survive in complex and increasingly demanding markets (Kastrati, 2015; Xie & Zeng, 2013). Technology itself is the core basis for innovation. Many authors conclude that in the current turbulent and unpredictable business environment a company’s long-term success and sustainable growth fully depend on ability to innovate, and do so on a continuous basis.

Technological change enabled various opportunities that organizations may leverage, but on the other hand pose serious risks whereby disruptive business models have shattered the fundamentals of traditional sectors through innovative business models, setting a new phenomenon, the so-called sharing economy (Cohen, Kietzmann, 2014). Companies therefore need to adopt the technologies to accommodate ever-increasing demands of the more sophisticated consumers, especially digital natives, which have become increasingly reliant on technological devices and platforms and are therefore notably more aware about market offerings and trends. This instant access to data and information has automatically allowed consumers to command higher bargaining power and impose their rules of the game. (Henriette, Feki, Boughzala, 2016)

Different research works have identified the key categories of digital change being deployed within manufacturing companies. They may be classified into the four main categories related to manufacturing process, product related innovation, supply chain and, finally, automation and control (Schumacher et al., 2018; Varis, Littunen 2010). These innovations reside on implementation of new technologies and new business models based on data gathering and analytics. As a global study of digital businesses identified, maturing digital companies fully leverage digital technologies in the service of their core business model transformation, in other words, they change how their businesses operate. At the

same time, less mature digital businesses simply employ individual digital technologies for the purpose of solving discrete business problems (MIT, Deloitte global study, 2018)

### **Major challenging factors**

Multiple literature streams focus on identifying key impact factors related to technological development and innovation management within firms with a focus on innovation enabling factors (McAfee and Brynjolfsson, 2017; Venkatraman, 2017, Rogers, 2016, Bayarcelik et al, 2014). However, there is a literature gap in identifying particular challenges that firms face throughout digitalization process. Technological transformation together with digital knowledge adoption implies a complex interactional process among companies, governmental bodies, industry stakeholders, universities, research institutes and incubators. (Wilkins, 2017). Therefore, issues related to individual performance, cognitive skills and competences of managers and other stakeholders responsible with this complex strategic shift are noted as some of the most crucial factors affecting successful implementation. (Wilkins et al., 2016; Bayarcelik, 2014)

Other major impact factors for technological transformation noted by various authors include firms' technological capabilities, access to finance and economic robustness, corporate culture and organizational learning capabilities (Bayarcelik, 2014). Institutional factors relate to weak institutional structures that do not support favorable business environment, ineffective regulation of IP rights, poor contract enforcement and overall economic and political instability (Volchek et al., 2013). On the contrary, governmental support of private R&D as stressed in other body of works, is considered to be an innovation-enabling factor. The study by Tandogan (2011) have looked into years 2003-2006 whereby extensive public support for private R&D was identified to have a strong link to technology transfer and R&D intensity in the Turkish manufacturing sector (Szczygielski et al., 2016)

Some authors discussed innovation-limiting factors within small and medium enterprises that could be extrapolated to digital transformation of manufacturing firms. For example, lack of support from the top management, including reluctance to allocate required resources, intolerance to failures, and overall resistance to new ideas were identified as limiting innovation factors (Claudino et al., 2014; Souza & Bruno-Faria, 2013). Lack of adequate knowledge and skills, both managerial and engineering, little diversity of qualification and capabilities required for technological innovation have also been suggested as posing challenges for digital transformation process (Dorow et al., 2013; Kastrati, 2015; Souza & Bruno-Faria, 2013; Xie & Zeng, 2013.). Financial constraints,

poor access to funds and high cost of credit, are also named as some of key challenging factors for technological transformation and innovation development. Fear of digital transformation and innovation consequences have been surfaced as a constraint factor because due to the high costs, complexity and uncertainty associated with technological transformation top management is reluctant to take risks and continuously allocate funds needed for the process (Dorow et al., 2013; Souza & Bruno-Faria, 2013). As regards the external factors, those outside of the firm's control, various authors discuss hindrances related to governmental regulations and tax issues, overall political and economic weakness, relations with suppliers and supply chain infrastructures (Bozic & Rajh, 2016; Löfqvist, 2012; Souza & Bruno-Faria, 2013). For example, results of the survey conducted among employees of the large multinational company adopting Industry 4.0 production framework show that the only external factor cited as critical is the integration with external suppliers (Da Silva et al, 2019).

Similar challenges have been pointed out by other authors, who have tried to range the hindering factors by their level of impact on innovation and technological advancement. Thus, lack of qualified workforce, inadequate management skills, and lack of understanding as to why companies need to undergo digital transformation and technological innovation are noted as the three hindrances most often cited by respondents (Biermann et al., 2013; Hogeforster , 2013).

### **Next steps**

The research methodology is based on data collection through questionnaire consisting of 20 likert-scale questions subdivided into groups related to technical, organizational and management issues, as well as other external issues affecting digital transformation process. Unstructured interviews of professional groups shall be conducted within ten cross-sectional manufacturing companies in order to get views on digital transformation and related challenges not predispositioned by suggestive questions. After interviews some of the major hindering factors shall be selected and used to modify the existing questionnaires to encompass the identified issues. Structured surveys will further be distributed among digital officers and top managers responsible with technological development in 50 manufacturing firms located primarily in Tashkent and Samarkand regions. The acquired data will put through SPSS software tool to identify a) ten challenges to digital transformation most often cited by respondents (as subjective views based on unstructured interviews), and b) five challenges to digital transformation with the highest impact factor (based on survey responses).

Further the applicability of results shall be ensured in the conclusion through providing recommendations aimed at helping managers to craft the most efficient approach and the most adequate steps towards digitalization within the manufacturing industry context, using the abovementioned analysis and data. Understanding the key challenging areas will help managers, employees and government bodies formulate the best strategy and provide most appropriate measures as to achieve long-term growth in the process of ‘catching-up’ and building a sustainable competitive advantage in the global market.

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## Понятие реструктуризации коммерческих банков

*Нодира РАХИМХОДЖАЕВА*

Проведение реструктуризации коммерческих банков в целях укрепления банковских систем и развития экономики всегда выступало неотъемлемой чертой оздоровления экономики как в развитых, так и в развивающихся странах. В традиционном понимании термин «реструктуризация» означает изменение структуры экономического объекта посредством внедрения комплекса мер для изменения спектра функций объекта реструктуризации.

Что касается реструктуризация банка, она бывает направлена прежде всего на изменение организационной, управленческой, финансовой и технической структуры, как форма адаптации к новым условиям работы с целью повышения жизнеспособности, и, следовательно, конкурентоспособности банка.

Определение сущности и принципов проведения реструктуризации коммерческих банков и банковских систем достаточно широко обсуждаются в научных работах экономистов и специалистов, деятельность которых напрямую связана с реализацией программ по реструктуризации банков. Эндрю Шенг, разрабатывая программу по проведению реструктуризации, обозначает четыре подхода, по которым следуют реструктуризировать банки:

- диагностика проблем банка,
- определение текущих и строгий подсчет предстоящих убытков банка,
- справедливое распределение убытков,
- распределение потерь банка,
- восстановление структуры капитала банка.

Большинство экономистов, специализирующихся на работе с проблемами банковского сектора стран переходного периода, политику проведения банковской реструктуризации делят на две категории: проведение финансовой реструктуризации и оперативной. К примеру, в совместном научном труде К. Дзобека и В. Воссеном под мерами оперативной банковской реструктуризации определяют меры, сосредоточенные на улучшение обеспечения безопасности операций коммерческих банков посредством установления ограничений на предоставление новых кредитов, принуждением банков следовать более агрессивной политике в отношении возврату выданных ссуд, создание

соответствующих обеспечений для выдаваемых ссуд, внедрение необходимых регулирований по внутренним операциям банка, включая разработку мер по улучшению политики выдачи кредитов банка.

В некоторых случаях оперативная реструктуризация может приобретать форму слияний или отделения работающих активов банка от неработающих. Одним из примеров проведения финансовой реструктуризации банка, согласно К. Дзобека и В. Воссена, является проведение рекапитализации банка непосредственно как самим кредитным учреждением и его акционерами наряду с сочетанием мер по оперативной реструктуризации, так и при помощи государственных уполномоченных органов.

Авторы научной работы, касательно разразившегося экономического кризиса в Южной Корее в 90-ые годы прошлого века, Д. Нэм и Б. Гап определяют проведение реструктуризации финансового сектора страны как необходимая мера, составная часть которого должна сводиться к большей открытости и прозрачности банковского сектора, большей ориентации на рынок, усиления регулятивных мер и освобождение от политического влияния в принятии деловых решений.

В положение о требованиях Центрального Банка Республики Узбекистан к публикуемой годовой финансовой отчетности коммерческих банков от 26 января 2005 года, реструктуризация рассматривается как «программа, которая спланирована и контролируется руководством и существенно изменяет либо: а) масштаб деятельности, осуществляемой хозяйствующим субъектом; либо б) способ осуществления деятельности»

Как видно из представленных определений единого, приемлемого, несмотря на огромное количество теоретических и законодательных формулировок, определения сущности реструктуризации для коммерческих банков не существует. Объясняется это тем, что каждая страна, в силу сложившихся экономических особенностей и испытываемых проблем, по-своему определяет и разрабатывает методы проведения реорганизации коммерческих банков. Другими словами, существуют лишь общие подходы, так или иначе дающие определение реструктуризации кредитного института, которая, в целом, понимается как целостный комплекс мер рыночной финансово-хозяйственной деятельности организации, направленных на увеличение эффективности использования его как внутренних, так и привлеченных ресурсов.

С точки зрения автора статьи, реструктуризация - restructuring - коммерческих банков, в переводе с английского означающая изменения структуры банка,

представляет собой принятие определенного целостного проекта управлением банка. Целью проекта реструктуризации выступает коренная перестройка основных направлений финансового учреждения, изменение стратегии развития, реорганизация оперативной структуры, финансового управления. Более того, дополнительно к понятию реструктуризации и ее предпосылок можно отнести внедрение новых банковских технологий и финансовых инструментов, применение более открытых и жестких форм финансовой отчетности, особенно когда банк обязан предоставлять годовые отчетности в соответствии с требованиями международных стандартов.

Приведённая ниже таблица №1 показывает основные формы и методы реструктуризации, подразделяя их на рыночные и государственные методы.

Таблица №1 Формы и методы реструктуризации коммерческих банков

<b>Формы реструктуризации</b>	<b>Методы реструктуризации</b>
<b>Структурная форма</b>	
Создание агентств по реструктуризации кредитных организаций, национализация	Государственный метод
Создание агентств по управлению	Рыночный метод
Закрытие и ликвидация банков	Государственный метод
Слияние банков	Рыночный метод
Приватизация банков	Рыночный метод
<b>Финансовая форма</b>	
Обмен (своп) государственных облигаций на банковские активы	Государственный метод
Предоставление займов от Центрального банка по проблемным	Государственный метод
Реструктуризация предприятия	Государственный и рыночным метод

В Узбекистане, где на официальном государственном уровне принята программа по реструктуризации коммерческих банков, вопросы, касающиеся

определения самой методологии и разработки стратегии реорганизации коммерческих банков весьма актуальны. Принятое постановление Президента РУ №ПП-432582 от 21.05.2019 г. «О мерах по реформированию и реструктуризации государственных предприятий и коммерческих банков с участием государства в уставном капитале» подчёркивает, что процесс реорганизации коммерческих банков следует проводить совместно с реструктуризацией предприятий с целью сокращения государственной доли в их капитале и их последующей приватизацией. Обозначенные цели охватывают широкий спектр намеченных мероприятий, где будут применены как государственные, так и рыночные методы структурной реорганизации.

В таблице №2 приведены данные по коммерческим банкам в Республики Узбекистан, исходя из форм собственности.

Таблица № 2 “Показатели коммерческих банков Республики Узбекистан по состоянию на 1 апреля 2019 года с государственной долей собственности”

Наименование банка	Совокупные активы банка в разрезе банковской системы (в процентах)	Совокупный капитал банка в разрезе банковской системы (в процентах)
Национальный Банк ВЭД РУз	27,9%	21%
Асака банк	13,6%	11,2%
Узпромстройбанк	13,4%	11,5%
Ипотека банк	9,2%	6,1%
Агробанк	5,9%	7,9%
Кишлок курилиш банк	4,3%	4,6%
Народный банк	4,2%	6,9%
Алока банк	2,6%	4,3%
Микрокредит банк	1,5%	3,2%
Турон банк	1,4%	2,7%
Азия Альянс банк	0,8%	0,9%
Узагроэкспортбанк	0,1%	0,3%

Пойтахт банк	0,1%	0,4%
Общий показатель	85%	81%

Источник: <http://cbu.uz/ru/statistics/bankstats/2019/04/166166>

Таким образом, из 29 коммерческих банков функционирующих на 1 Апреля 2019 года, 13 относится к банкам с государственной доли собственности. Несомненно, наличие государственной доли в коммерческих банках было обусловлено особенностью развития банковской системы и экономики в целом в Узбекистане. Изначально, первые крупные банки были созданы на базе бывших отделений государственных банков СССР (к примеру, один из самых крупных банков Узбекистана на сегодняшний день - Национальный Банк - был сформирован на базе бывшего отделения Внешторгбанка Узбекистана и практически в недавнем прошлом управлял золотовалютными запасами республики). Многие из этих банков унаследовали свою структуру от специализированных государственных банков. Однако, такая зависимость от государства постепенно пришла в несоответствие с объективными условиями и потребностями рынка. Очевидно, для успешной реализации проводимых макроэкономических реформ необходимо было начать реструктуризацию банковского сектора и как следствие этого реструктуризацию коммерческих банков.

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- В Минфине созданы два новых управления. Они займутся реформами в госбанках и на предприятиях <https://podrobno.uz/cat/economic/v-minfine-sozdany-dva-novykh-upra>

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## Current trends in sustainable tourism research

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*Keywords: sustainable tourism, development, planning, management, marketing, HR management, corporate social responsibility, Triple Bottom Line.*

### **Introduction**

The following review of literature will try to investigate academic literature and provide the context for the study by familiarizing concepts of Sustainable tourism development, Sustainable tourism planning, Sustainable operations management, marketing for sustainable tourism, Sustainable human resource management, Corporate social responsibility and Triple Bottom Line.

### **Sustainable tourism development (STD)**

Sustainability is the ability to tolerate. The word sustainability is come from the Latin *sustinere* (*tenere*, to hold: *sus*, up). The most common accepted definition of sustainable development was stated by the Brundtland Commission of the United Nations on March 20, 1987: "Sustainable development which meets the current needs of the humanity and ability to deliver it without harm to future generations" (Sengupta, 2012).

Sustainable tourism development helps incorporate sustainable development principles into tourism to maximize benefits and minimize its negative effects (WTO, 2004). Sustainable tourism developments emphasize using ecological resources to preserve biological process and protect the natural heritage. Sustainable tourism respects the socio-cultural authenticity of the local communities and allocates socioeconomic benefits like constant employment, income-generating opportunities, social services and poverty alleviation. Also, it provides meaningful and informed involvement of all interested parties especially indigenous and local communities and helps to provide high level of tourist satisfaction (WTO, 2004).

In order to reach sustainable tourism development, Global Code of Ethics for Tourism(GCET)<sup>10</sup> was adopted at the 13th session of the general Assembly of the World Tourism organization, GCET includes mainly 10 articles to follow as guiding principles of

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<sup>10</sup> GCET was adopted by resolution A/RES/406(XII) at the 13<sup>th</sup> WTO General Assembly (Santiago, Chile, 27 September-1 October, 1999).

tourism development and it serves as a guideline for all who involved in the tourism sector, with the objective decreasing the negative impact of tourism on natural/cultural heritage and environment while increasing the benefits of this industry in promoting sustainable tourism development and poverty alleviation as well as understanding among all nations (Jules, 2005).

Yogi (2010) believes that STD can be an effective way of building sustainable community development in many developing countries. Many countries in the world have successful story of ST as the best model of achieving STD to create perfect ecosystem and community development.

### **Sustainable tourism planning (STP)**

Not properly managed and planned Tourism is able to leave constant footprints on the cultural, social, physical and economic environment of Tourist destinations. Tourism development can be reason alienation of local residents, noisy, overcrowded, place pressures, architecturally tasteless on infrastructure. Improper scales and types of Tourism development can arise due to laissez-faire tourism rules/policies and lack of national, local/regional, regulation and planning. In the tourism sector governments and all stakeholders are responsible for the quality of life the local community and future generations. They should be ensuring that tourism development will not put them at risk in the future.

Development of sustainable tourism requires a process of management and planning which can bring together the concerns and interests of a different group of participants in a strategic and sustainable way. This difficulty which demands a planning method that is multidimensional and is deliberately integrative. Sustainable tourism planning requires well understanding of the meaning of STD and the guiding principles for promoting ST. It requires those communities to be aware of the tourism sector and be enabling to understand its positive and negative impacts, in addition the several procedures to integrate and involve in participating, planning, conflict resolution and consensus building among all shareholders (Liburd et al. 2010).

As stated by Kruk, Hummel & Banskota (2007), planning is defined as the process of identifying goals and achieving methods.

Essential steps to Sustainable tourism planning (STP) are provided in the next ten key questions:

Table 1. Steps to planning Sustainable Tourism.

Steps	Process
What do we want to do?	<ul style="list-style-type: none"> <li>● Define goals and objectives and understand the place/ project context</li> </ul>
Who is, could be, or needs to be involved?	<ul style="list-style-type: none"> <li>● Identify key stakeholder groups and their interests, involve and empower them, and develop effective working relationships</li> </ul>
What is known?	<ul style="list-style-type: none"> <li>● Identify and summarise information available on current and potential tourism markets and determine tourism assets, values, and themes</li> </ul>
What makes this region, place, or product special?	<ul style="list-style-type: none"> <li>● Identify the special value of the region, place, or tourism attraction and recognise their potential</li> </ul>
What are the issues?	<ul style="list-style-type: none"> <li>● Identify and understand key issues affecting the region, place, or product</li> </ul>
Analyse issues	<ul style="list-style-type: none"> <li>● Analyse issues further to clarify and prioritise</li> </ul>
Principles or objectives to guide actions	<ul style="list-style-type: none"> <li>● Develop clear principles or objectives to guide actions and reach agreement in consultation with all key stakeholders</li> </ul>
What are your ideas and options?	<ul style="list-style-type: none"> <li>● Work through ideas and options with key stakeholders and reach agreement on preferred option(s)</li> </ul>
How to do it?	<ul style="list-style-type: none"> <li>● Develop actions to implement ideas, proposals, or preferred options in a clear and logical way</li> <li>● Develop monitoring and evaluation methods</li> </ul>
Statement of directions	<ul style="list-style-type: none"> <li>● Prepare a statement summarising the outcomes of processes and proposals and identifying key tourism assets, issues, and future action</li> </ul>

Source: Facilitating Sustainable Mountain Tourism: Kruk, Hummel & Banskota (2007)

Another research shows that, using of holistic sustainable tourism planning is one of the main principles of sustainable tourism Yogi (2010). According to Secretariat of Convention Biological Diversity (2015)<sup>11</sup>, engagement of indigenous people in sustainable tourism planning in Kakadu, Australia is recognized worldwide as the place with successful

<sup>11</sup> Secretariat of Convention Biological Diversity (2015) Tourism supporting Biodiversity- A Manual on applying the CBD Guidelines on Biodiversity and Tourism Development. Montreal, 56 pages.

and strong cooperation between indigenous community, government and tourism industry, providing the best practice of the world, in caring for local community and sustainable tourism.

### **Sustainable Operation Management (SOM)**

Tourism industry is different from other business sectors with its various industries which offer services and products (i.e. airline, lodging, entertainment, restaurant meals, park services, entertainment etc.). Some established management practices can lead to undesirable environmental and social impacts in Hospitality and Tourism industry, some of them can be a threat to the sustainable tourism operations. The tourism management operations have major consequences for sustainability at the individual and local level. It is important that changes begin with policy and actions of the company at the organizational level (Liburd et al. 2010).

Operation management is defined as “the design, operation, and improvement of the systems which deliver and create the company’s primary services and products” (Corbett, 2009). As given in Sustainable Operation Management: design, modelling and analysis (2014), Sustainable operations management are operations strategies, techniques and tactics, and operational policies in order to support both the environmental and the economic goals and objectives. Another research shows that SOM is able to help enterprises to become adaptive, agile, and aligned in balancing the planet and the people with profits (Sustainable Operation Management, 2005).

According to Liburd et al (2010), Hospitality and Tourism industry use important resources (i.e. energy & water) to provide tourists/guests expected services and facilities. SOM requires all managers to have well understanding skills of SOM and a strategic mindset to lead their companies in to the future. There is a framework for allowing operations to incorporate practices of sustainability into their operations is that of the “10 Rs” which should be followed during the operation. For instance, Finland is one of the good examples of following sustainability principles in all SOM and have certificate of environment admitted by ECEAT Finland or Green Tourism of Finland. The Tourist Board of Finland leads several environmental programs relating to SOM. In addition, environmental issues of SOM are well considered by taking action in saving energy, water and recycling (Stauffer- Korte, 2014).

Overall, well understanding of SOM leads to effectively producing services and goods.

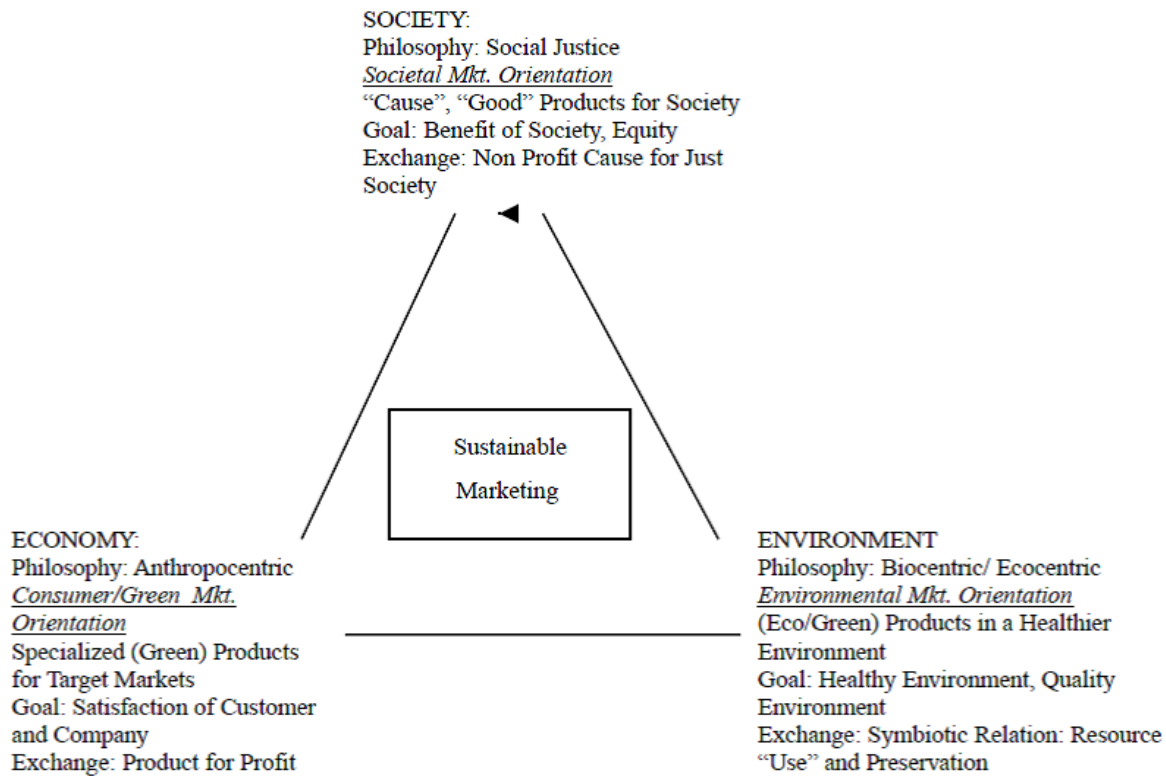
## **Marketing for sustainable tourism (MST)**

Marketing is a managerial and social process by which groups and individuals can obtain what they want and need via exchanging and creating products and value with others. It is concerned with defining consumer preferences and needs, creating them suitable products, communicating product information to customers and advertising products welfares in a manner of sustainability.

Stakeholders' knowledge, attitudes and ethics can have a big influence on the sustainable tourism achievement objectives within the broader tourism destination and within individual businesses (Liburd et al. 2010).

Tourism destination managers and marketers have an important role to contribute sustainability behaviors and actions in tourism development at the tourist destination in their marketing process. However, sustainability growths only when there are economic viability, strong environmental health, and social equity as stated Jamrozy (2007). Additionally, based on the Brundtland Report (WCED, 1987) there is the Sustainable Tourism Marketing Model (STMM), which reflects the principles of sustainable development. Below figure is STMM which represents 3 dimensions of sustainability, environmental protection, social equity and economic viability.

Figure 1. The Sustainable Tourism Marketing Model (STMM)



Source: Ute Jamrozy, 2007

Based on the above STMM Singapore is a good example which has sustained itself and flourished in the world tourism market. Singapore gained this position through well managed promotion-program and destination marketing. This country where STMM works, it attracts about six million tourists and generates more than seven billion in tourism industry. Singapore concentrates on long term sustainable growth and development within the country (Hassan, 2012). The same researcher Jamrozy (2007), states that, a sustainable approach integrates economic viability, environmental responsibilities, social equity and it provides a macro-holistic view of marketing for sustainable tourism.

### **Sustainable Human Resource Management (SHRM)**

Human resource plays the most important role in Tourism industry because Hospitality and Tourism employees are part of the tourism product which tourists pay for.

Consequently, investment in labor should be great and development of tourism must involve practices of sustainable human resource management (Liburd et al. 2010).

According to Jerome (2013), Human Resource Management (HRM) is the organizational function which deals with issues connected to persons such as hiring, compensation, organization development, growth management, wellness, safety, employee motivation, training and administration. Additionally, there is variety of definitions and some of them are given in Table 2.

Table 2. Definitions on Sustainable Human Resource Management

Author (year)	Definition
Zaugg <i>et al.</i> (2001)	Sustainable HRM as “long term socially and economically efficient recruitment, development, retainment and disemployment of employees,” (p. II).
Thom & Zaugg (2004), as cited in Ehnert, 2011	Sustainable HRM is „those long-term oriented conceptual approaches and activities aimed at socially responsible and economically appropriate recruitment and selection, development, deployment, and downsizing of employees,” (p. 24).
Ehnert (2009b)	„Sustainable HRM is the pattern of planned or emerging human resource strategies and practices intended to enable organisational goal achievement while simultaneously reproducing the HR base over a long-lasting calendar time and controlling for self-induced side and feedback effects of HR systems on the HR base and thus on the company itself,” (p.74).
Kramar (2014)	„Sustainable HRM could be defined as the pattern of planned or emerging HR strategies and practices intended to enable the achievement of financial, social and ecological goals while simultaneously reproducing the HR base over a long term. It seeks to minimise the negative impacts on the natural environment and on people and communities and acknowledges the critical enabling role of CEOs, middle and line managers, HRM professionals and employees in providing messages which are distinctive, consistent and reflect consensus among decision-makers,” (p. 1084).

Source: Savaneviciene & Stankeviciute, 2014

Batra (2006) and Nabilou (2012) stated that, interaction of local residents, governmental organisations, private organizations, and institutions can promote quantity and quality of service in the tourist destinations. Thus, local residents who well-trained and informed how to interact with foreigners always do better job than tour guides. They can better highlight real atmosphere of local lifestyle which will be unforgettable experience for visitors and can boost Tourism in the destination. For instance, Hotel Mocking Bird in Jamaica hires mostly local residents, even offers them management positions (Liburd et al.

2010). While, Kramer (2014) stated that, SHRM practices should be focus on achieving ecological, financial and social goals which are the same representatives of Corporate Social Responsibility (CSR).

### **Corporate Social Responsibility in Tourism (CSRT)**

Tourism is the main source of revenue for some countries with low income, practices of tourism can bring various issues related to social and health of the indigenous community. Many countries started to use CSR management to decrease negative effects. CSR is also known as corporate sustainability, corporate citizenship, social responsibility, and responsible tourism. Moreover, CSR is defined as the “sometimes voluntary and active contribution of business to economic, social and environmental improvement (Sucheran, 2016). Mandimika et al (2008) also states that, CSR is accomplishing the moral / ethical goals, by taking right actions in front of the society.

Studies also show that, there are numerous classifications of CSR by various practitioners. One of them was (Carroll, 1991) who first introduced CSR in 4 levels in his CSR Pyramid<sup>12</sup>. See Figure 2 below.

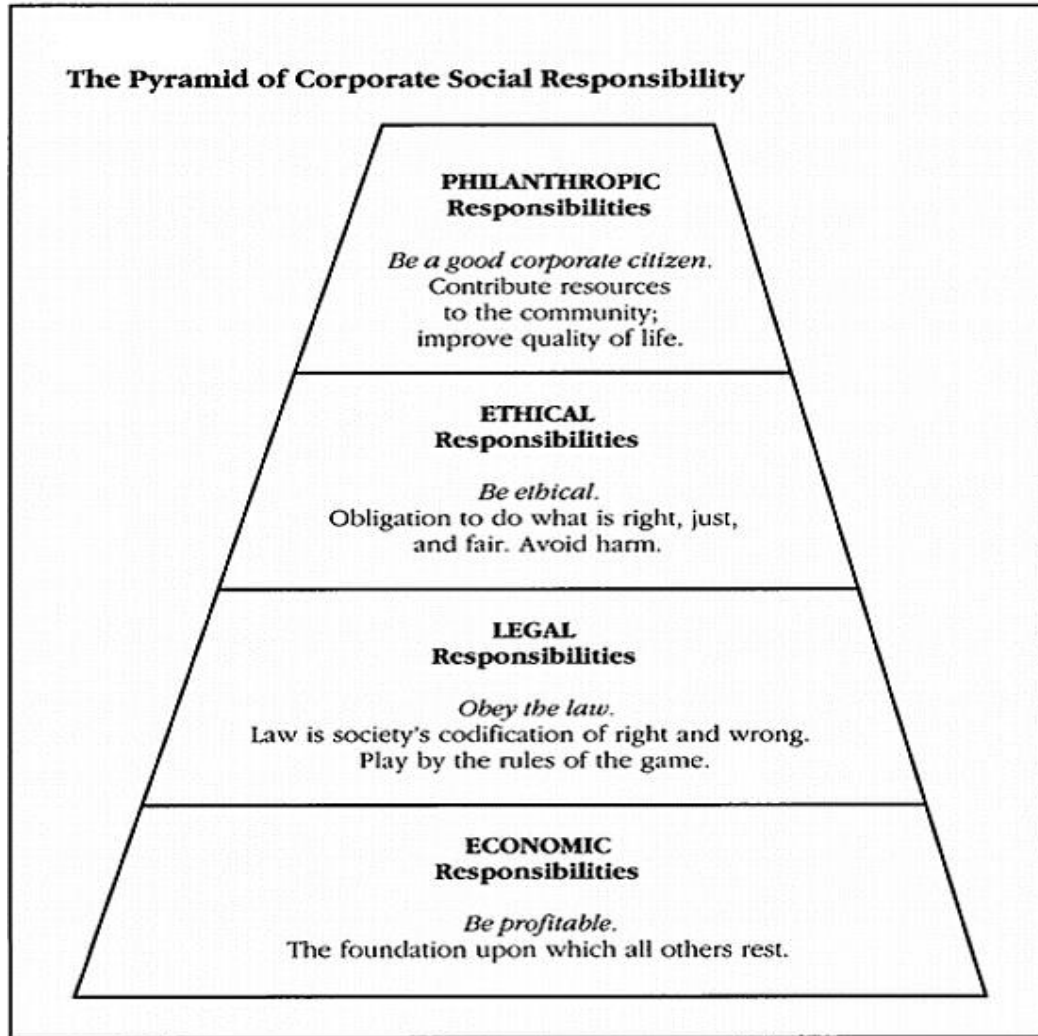
According to Sucheran (2016), hotels such as, Accor and Marriott report the highest CSR initiatives. The main aspects of Sustainable tourism are employment provision, preventing the environment, protection of cultural values and positive spirit of companies. However, in case of Nepal it is vice versa the most companies’ management does not understand the CSR concept, and mainly concentrated on profit maximization rather than social welfare (Pant and Piansoongnern, 2017). Meanwhile, Shah (2012) believes that, nowadays managements attitude towards CSR concept is changing due to global training and educational programs in Nepal.

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<sup>12</sup> Carroll, A.B. (1991) ‘the pyramid of corporate social responsibility: toward the moral management of organizational stakeholders’, *Business Horizons*, 34(4), 39-48.

Carroll (1991) discusses 4 types of social responsibilities which establish total CSR (i.e. economic, legal, ethical and philanthropic responsibilities).

Figure 2. The Pyramid of Corporate Social Responsibility



Source: Carroll, 1991 (The pyramid of CSR)

Any business which is entering to the market should take in to consideration the negative impacts of its enterprise and follow CSR during its operation.

**Triple Bottom Line (TBL) reporting of tourism organizations to support sustainable development**

Triple Bottom Line (TBL)<sup>13</sup> is an accounting framework which includes three dimensions of performance such as, environmental, social, and financial. It is also known as “Three Ps”: people, planet, and profit (“Three Ps”, See Picture 1).

A more extended definition comes from Jackson et al (2011), who states TBL as the measuring method of sustainability. Another research shows that, TBL is an important tool of corporative performance which is linked to the tourism sustainability via environmental, social, and economic sides of the society and has responsibility to accomplish certain tasks and which is used to examine effects of Tourism business activities on the environment, social equity and economy (Stenzel, 2010).

Picture 1. “Three Ps”



Source: <http://wp.istc.illinois.edu/blog/2015/02/19/isgs-seminar-sustainable-business-serves-the-triple-bottom-line/>

According to Liburd et al (2010), TBL is closely linked to sustainable tourism; hence sustainable tourism is an appropriate plan for the conservation of the tourism in terms of

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<sup>13</sup> Term TBL was coined by John Elkington in the 1990s to describe social, environmental and economic value of investment which can accrue outside financial bottom line of firms.

TBL method. Overall, adoption of TBL reporting is able to advance touristic firm's market position and it has positive impacts on the tourism services and products.

## Conclusion

The current literature review showed that sustainability is an important aspect in the Hospitality and Tourism industry. Also, it outlined importance and benefits of STD, STP, SOM, MST, SHRM, CSR, and TBL<sup>14</sup> in tourism business.

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<sup>14</sup> STD-Sustainable tourism development,  
STP-Sustainable tourism planning,  
SOM-Sustainable operations management,  
MST-Marketing for sustainable tourism,  
SHRM-Sustainable human resource management,  
CSR,-Corporate social responsibility  
TBL- Triple Bottom Line

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