
EXPERIENCES OF THE UNITED STATES AND EUROPEAN COUNTRIES IN IMPROVING THE CONCEPTUAL FRAMEWORK OF BANK ASSET EFFICIENCY IN THE PROCESS OF ECONOMIC REFORMS

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Abstract

In the current context of globalization, the role of the banking system in the effective implementation of economic reforms is incomparable. In particular, the effective management of commercial banks' assets is an important factor in ensuring financial stability, increasing investment activity and stimulating economic growth. The effectiveness of bank assets is closely related not only to the bank's internal management system, but also to the general macroeconomic environment and institutional factors¹.

Studying the experience of developed countries, in particular the United States and European countries, in the process of economic reforms allows us to identify modern approaches to improving the efficiency of bank assets.

The US banking system is one of the most developed and competitive systems in the world. The following approaches play an important role in improving the efficiency of assets in this system:

First, a developed risk management system. Banks use modern models to assess credit risks, market risks, and liquidity risks².

Second, asset diversification. US banks spread their asset portfolio across different sectors and financial instruments, which reduces risks.

Third, the widespread introduction of digital banking services. Fintech technologies play an important role in improving asset efficiency.

¹ Mishkin F. *The Economics of Money, Banking and Financial Markets*. – New York: Pearson Education, 2021

² Rose P., Hudgins S. *Bank Management and Financial Services*. – McGraw-Hill Education, 202

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Table 1 Asset performance indicators in US banks³

Indicator	Average value (%)
ROA	1.0 – 1.5
ROE	10 – 15
NPL	1.5 – 2.0
Liquidity	Above 20

The table above presents the main financial indicators of US commercial banks, which allow for a comprehensive assessment of the efficiency of using bank assets. Each of these indicators reflects important aspects of banking activities.

First of all, the fact that the ROA (Return on Assets) indicator is in the range of 1.0–1.5% indicates that banks are using assets effectively. In international practice, an ROA level above 1% is considered a positive result. The relatively high level of this indicator in US banks indicates that their asset portfolio is well diversified and their lending policy is effective. In addition, this situation also indicates that banks have achieved optimization of operating costs.

The second important indicator is ROE (Return on Equity), which is formed in the range of 10–15%. This indicates that banks are using shareholders' capital more efficiently. A high level of ROE increases the attractiveness for investors and serves to attract additional investments to the banking sector. At the same time, a high ROE indicator may in some cases be associated with a high level of risk, but these risks are effectively managed in US banks. The third indicator is NPL (Non-Performing Loans), that is, the share of problem loans is around 1.5–2.0%. This is considered a very low level and indicates the quality of the bank's loan portfolio. A low NPL level indicates a developed credit assessment system, scoring models and monitoring mechanisms. US banks conduct a thorough analysis of the solvency of customers when granting loans, thereby minimizing the share of problem loans.

The fourth indicator is the liquidity level, that is, the bank's ability to fulfill its short-term obligations on time. The table shows that this indicator is above 20%. This indicates that banks have a sufficient amount of quickly

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realizable assets. A high level of liquidity ensures financial stability and increases resilience to unexpected economic shocks.

In general, all the indicators in the table are interrelated and express the efficiency of bank assets. For example, high ROA and ROE indicators indicate profitability, while low NPL and high liquidity levels indicate that risks are under control. It is this balance that is one of the main factors in the successful functioning of the US banking system.

Also, maintaining these indicators at a stable level is explained by the presence of strict supervision over the banking system in the US, a developed financial infrastructure and modern management approaches.

The European banking system is based on the principles of stability and prudence. Banking activities in this region are strictly regulated by Central Banks and supervisory authorities.

Table 2 Asset performance indicators in European banks⁴

Indicator	Average value (%)
ROA	0.5 – 0.8
ROE	6 – 10
NPL	2.5 – 4.0
Liquidity	18 – 22

According to Table 2, the ROA ratio in European banks is in the range of 0.5–0.8%, which is lower than in the US. This is explained by the fact that banks pursue a conservative policy and refrain from high-risk operations.

The ROE ratio is around 6–10%, which indicates average attractiveness for investors. European banks prioritize long-term stability over high returns.

The NPL ratio is in the range of 2.5–4.0%, which is higher than in the US. This is due to low economic growth rates and problems with the loan portfolio in some European countries.

At the same time, the liquidity ratio is 18–22%, which indicates that banks have sufficient ability to meet short-term obligations. Strict supervision by the European Central Bank ensures this stability.

⁴ Prepared by the author.



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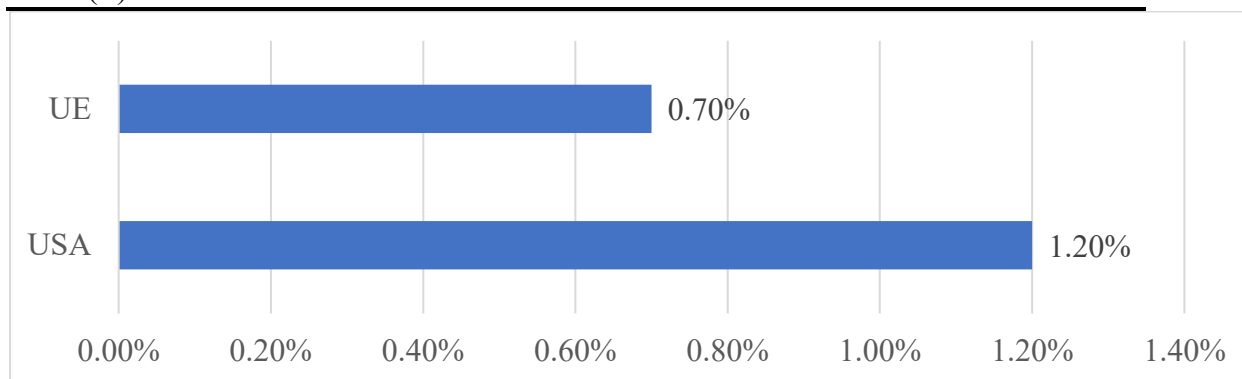


Figure 1. Comparison of US and UE NPL levels⁵

The figure above (comparison of ROA indicators) clearly shows that the efficiency of using bank assets is higher in US banks than in European banks. In US banks, the ROA level is on average 1.2%, which means that they have a wider range of opportunities to earn income from assets. In European banks, this indicator is around 0.7%, which means that profitability is formed relatively lower as a result of a prudent policy. This confirms the high intensity of asset use in US banks.

The second graph (comparison of NPL levels) shows the opposite trend, that is, the share of problem loans in European banks is higher than in the US. While the NPL level in US banks is about 1.8%, in Europe this indicator approaches 3.0%. This means that the quality of the loan portfolio is better managed in the US, while in Europe, credit risks are relatively higher due to certain economic factors. At the same time, it should be taken into account that European banks pursue a conservative policy to reduce high risks.

In conclusion, improving the efficiency of bank assets is an important strategic task in the process of economic reforms. The experience of the United States and European countries shows that ensuring efficiency in the banking system is carried out on the basis of two different approaches: one is a model focused on high profitability, and the other is a model based on stability and security. The analysis shows that for effective management of bank assets, it is necessary not only to increase profitability, but also to minimize risks, ensure liquidity and improve asset quality. Therefore, the most optimal path for countries implementing economic reforms is to

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combine the efficiency-oriented experience of the United States with the stability-based approach of Europe.

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