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SPECIFIC FEATURES OF ORGANISING ACCOUNTING IN COMMERCIAL BANKS OF THE REPUBLIC OF UZBEKISTAN

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Abstract

This thesis examines the specific features of organising accounting in commercial banks of the Republic of Uzbekistan. It focuses on the distinctive characteristics of bank accounting compared with accounting in other business entities, including the diversity of banking operations, the high degree of automation of accounting processes, and the close interrelationship between accounting and internal control functions. The study also considers the formation of accounting policies, the maintenance of general and subsidiary ledgers, the documentation of banking transactions, and the need to ensure the reliability of accounting information. Based on the findings, the paper identifies key areas for improving bank accounting, including the wider adoption of digital technologies, further automation of accounting processes, enhancement of data quality, and strengthening of internal control systems.

Keywords: Commercial bank, accounting, banking operations, accounting policy, bank reporting, general ledger, subsidiary ledger, automation, internal control, digital technologies.

Introduction

In the modern banking system, accounting represents one of the key instruments for generating reliable and timely information about the activities of commercial banks. Banks perform an important economic function by reallocating financial resources, providing settlement and payment services to legal entities and individuals, extending credit, conducting investment activities, and carrying out other financial transactions. Therefore, the effective organisation of accounting in banks is important not only for determining financial results but also for assessing liquidity, capital adequacy, asset quality, and overall financial stability.

The organisation of accounting in commercial banks differs from the accounting systems used by ordinary business entities in several respects. The large volume of transactions, their continuous execution throughout the business day, the high speed of settlements, and the need for continuous monitoring of the custody and movement of customers' funds determine the specific organisational and methodological characteristics of bank accounting.

Furthermore, bank accounting serves as an important source of information not only for internal management but also for regulatory and supervisory authorities. Accordingly, particular requirements are imposed on the accuracy, reliability, timeliness, and controllability of accounting information generated by commercial banks.

Analysis and Results

One of the principal features of organising accounting in commercial banks is that it is conducted in accordance with specialised legislation and regulatory requirements governing banking activities. In addition to general accounting principles, banks are required to comply with specific requirements that reflect the nature and characteristics of banking operations.

A key function of bank accounting is to ensure the timely and accurate recognition of every transaction undertaken by the bank. Banking transactions subject to accounting include the maintenance of customers' accounts, cash transactions, lending operations, deposits, interbank settlements, securities transactions, foreign-currency operations, interest income and expenses, as well as transactions involving bank assets and liabilities.

A significant proportion of banking transactions is conducted electronically, which necessitates the organisation of accounting on the basis of automated information systems. In this process, activities ranging from the initial documentation of transactions to their recognition in accounting records are performed through integrated software systems.

Another important feature of accounting in commercial banks is the centralised generation and processing of accounting information. Transactions conducted by branches and other structural units are reflected

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in the bank's overall accounting system through a unified information system. This enables bank management to monitor operational results promptly and make appropriate management decisions.

The organisational structure of the bank and the nature of its operations are also important factors in organising accounting. The accounting function is responsible for ensuring the proper recognition of banking transactions, the consolidation of accounting information, and the preparation of financial and other reports.

The General Ledger and Subsidiary Ledgers play an important role in the bank accounting system. The General Ledger contains aggregated information on all accounting accounts of the bank, while Subsidiary Ledgers provide detailed information on individual transactions and accounting objects.

An important advantage of this system is that the information recorded in the General Ledger must correspond to the information maintained in the Subsidiary Ledgers. Such consistency represents an essential condition for effective internal control and for ensuring the reliability of accounting information.

The documentation of banking transactions is another important element of organising accounting. Every banking transaction should be recognised in the accounting system on the basis of appropriate documents confirming its economic substance. The expansion of electronic banking services has led to the increasing use of electronic documents and electronic authentication mechanisms.

In this context, accounting functions not merely as a mechanism for recording transactions but also as an instrument for controlling their legality and economic appropriateness.

The formulation of an accounting policy is an important element in organising accounting within a commercial bank. Accounting policy establishes the organisational, methodological, and technical principles governing the maintenance of accounting records.

When developing accounting policies, banks should take into consideration the structure of their operations, branch network, information technologies, internal control systems, and applicable regulatory requirements.

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The specific nature of banking operations is primarily reflected in the large volume of asset and liability transactions. For example, accounting for lending operations requires simultaneous monitoring of such indicators as the date of loan origination, maturity, interest rate, principal amount, accrued interest, overdue payments, and credit quality.

Deposit operations require the recognition and monitoring of customer funds, deposit maturity, interest rates, accrued interest, and interest payments. The large scale of such transactions makes the automation of accounting processes an objective necessity.

The recognition of interest income and interest expenses is also of particular importance in banking. The calculation and proper recognition of interest directly affect the financial results of a bank.

Another important feature of bank accounting is the need for continuous revaluation and monitoring of the quality of assets and liabilities. In particular, the assessment of potential credit losses plays an important role in ensuring that the financial position of a bank is presented objectively.

Areas for Improving Bank Accounting

Further improvement of accounting in commercial banks in Uzbekistan is closely associated with the digitalisation of banking operations and technological developments in the financial sector.

First, it is advisable to further increase the level of automation of accounting processes. The maximum possible automation of the recognition of banking transactions can reduce errors associated with human intervention and improve the timeliness of accounting information.

Second, accounting, risk management, and management reporting information systems should be integrated. Such integration would enable bank management to analyse financial and risk indicators within a unified information environment.

Third, ensuring high-quality accounting data and establishing unified data standards are essential. Consistency among data generated by different information systems contributes to improving the reliability of financial and regulatory reporting.

Fourth, greater use should be made of digital internal control mechanisms within accounting processes. Automated control algorithms, identification of anomalous transactions, real-time transaction monitoring, and the maintenance of electronic audit trails can significantly improve the reliability of accounting systems.

Fifth, accounting professionals should continuously enhance their qualifications in modern digital technologies, international financial reporting standards, and banking risk assessment. Modern bank accounting extends beyond traditional recording and measurement functions and increasingly plays an important role in data analysis and risk assessment.

Conclusion

The organisation of accounting in commercial banks is determined by the specific characteristics of banking activities. The large volume of transactions, their high processing speed, the need for continuous monitoring of customer funds, and the stringent requirements for reporting information all influence the organisational structure and methodology of bank accounting.

The results of the study indicate that the effectiveness of bank accounting depends not only on compliance with regulatory requirements but also on the degree of automation of accounting processes, the integration of accounting and risk management systems, the effectiveness of internal controls, and the quality of accounting data.

Accordingly, the further development of accounting in commercial banks should be based on the principle of "digital accounting – integrated data – automated control – timely reporting." Such an approach can contribute to improving the reliability and timeliness of bank accounting, optimising operating costs, strengthening internal control, and establishing a high-quality information base for bank management.

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