



## Article

# Increasing The Efficiency of Commercial Banks Management: Ways to Improve Strategic and Operational Management

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**Abstract:** This article analyzes ways to improve strategic and operational management to increase the efficiency of management of commercial banks. The development of an effective management system for commercial banks is of great importance in ensuring the long-term success of the bank, especially through strategic planning and increasing operational efficiency. The study pays special attention to strategic and operational aspects of the management system of banks and analyzes the changing conditions of banking activities in recent years.

**Keywords:** Management Effectiveness, Strategic Management, Operational Management, Digital Transformation, Resource Management, Risk Management

## 1. Introduction

The economy depends on commercial banks because they guide money distribution while funding investment activities alongside economic operations. Bank management effectiveness determines both bank growth and the stability of the country's economic development as one system. Issues such as increasing the management efficiency of banks, ensuring their market competitiveness, improving the quality of customer service, as well as reducing operating costs are of particular relevance [1]. Therefore, ways to improve the management efficiency of commercial banks in terms of strategic and operational management are one of the most important issues in the field of modern banking management.

## 2. Materials and Methods

Improving the efficiency of commercial bank management, improving the operational and strategic management of banks is a widely discussed scientific area. The literature in this area includes not only the optimization of bank management, but also various methodologies for introducing new technologies, improving the quality of customer service, risk management and measuring efficiency. Scientific research on improving the management and efficiency of commercial banks in Uzbekistan has been active since the 2000s. First, there are several scientific studies that provide general analyses of the development of the banking system of Uzbekistan and improving the efficiency of commercial banks. In particular, Sh. K. Norboev and A. M. Nizamov emphasize in their works the need to improve economic and financial mechanisms to improve the management efficiency of commercial banks. Their research studies the

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necessity of strategic management in improving the financial performance and competitiveness of banks.

Research on risk management in banks also plays an important role in Uzbekistan. A study by A. S. Gulyamov shows the importance of modern methods of risk management in commercial banks, including reducing credit and operational risks. According to Gulyamov, the introduction of an effective risk management system in banks ensures the financial stability of the bank and increases its market competitiveness.

In the studies of B. T. Khojaev and R. S. Karimov on the issues of improving the quality of service in commercial banks, the need to monitor the quality of customer service in banks and innovations in this area, in particular, the automation of service processes, was emphasized. They explain the possibilities of improving service quality by measuring customer satisfaction and correctly analyzing their needs. Sh. A. Avezova in her scientific work studies the need to introduce new technologies to improve the quality of service in commercial banks in Uzbekistan. There are also studies on increasing operational efficiency and automating processes in the banking system of Uzbekistan. A study by S. A. Ismoilov shows that it is possible to reduce operating costs and increase efficiency by automating processes in commercial banks. In these studies, Six Sigma and Lean management methods are used to optimize services and increase efficiency in banks.

Foreign research on the issues of increasing the efficiency of commercial banks and improving management efficiency is widespread. In foreign scientific literature, there are many studies on the importance of measuring the management efficiency of banks, risk management and strategic management. Michael Porter in his famous work "Competitive strategy" emphasized the importance of strategic management in increasing competitiveness for banks [2]. According to Porter's model of competitive strategies, banks should compete in order to gain market dominance either by reducing costs or by creating added value for customers. From this point of view, the introduction of effective strategic management in banks has a positive effect not only on the bank itself, but also on the entire economy. Robert Kaplan and David Norton developed their "Balanced scorecard" methodology. This methodology is widely used in measuring strategic management in banks. Kaplan and Norton combine financial and non-financial indicators of banks (customer satisfaction, internal processes and growth and learning) to create an opportunity to assess the overall efficiency of banks. In their opinion, not only financial indicators, but also customer service and the bank's own internal processes play an important role in measuring the effectiveness of strategic management of banks. Process management and quality control methodologies put forward by James W. Harrington and W. Edward Deming are important in increasing the operational efficiency of banks [3]. Deming's quality management and Six Sigma methods are widely used in commercial banks to automate operations and increase efficiency. The Six Sigma methodology is aimed at increasing efficiency by optimizing processes in banks and reducing errors. Research conducted by Thomas Davenport also shows the need for process automation in banks. Davenport's work "Process innovation" emphasizes the possibility of reducing costs and speeding up work processes by automating services in banks. He also emphasized that the introduction of technological innovations helps to increase competitiveness for banks [4]. M. G. Smith in his work "Banking operations: efficiency and effectiveness" emphasizes the importance of introducing digital technologies to improve the operational efficiency of banks. According to Smith, the use of automated systems and artificial intelligence is important in improving operational efficiency.

In addition, in his work "Strategic management in banking: approaches for competitiveness", H. P. Lee analyzes the main principles of strategic management for banks and studies how they can increase the competitiveness of banks [5]. Lee recommends analyzing customer needs and creating new approaches to managing financial risks in the strategic planning process.

Also, Uzbek and foreign literature on improving the management efficiency of commercial banks offers extensive scientific analyses. Research on improving the management efficiency of banks in Uzbekistan is mainly aimed at increasing the financial and operational efficiency of the bank. In this regard, the issues of improving strategic and operational management, in particular, controlling the quality of service, automating processes, risk management and introducing innovations are widely covered. In foreign literature, changes are proposed in the management of banks based on modern methods such as strategic management methodologies, process automation and quality control to increase efficiency [6]. Also, analyses aimed at increasing the efficiency of banks through the introduction of innovative technologies are reflected in many scientific studies.

### 3. Results

This study uses a combination of qualitative and quantitative methods. The research examines the activities of a number of commercial banks, analyzes their management effectiveness and approaches to strategic and operational management. The banks' financial statements, customer relations and service efficiency indicators are analyzed.

### 4. Discussion

Improving the efficiency of commercial banks' management plays an important role in economic development and financial stability. Banks play a key role in supporting economic activity, attracting investments and managing lending processes. Therefore, effective management of commercial banks not only ensures their successful operation, but also contributes to the sustainable development of the entire economy.

Research aimed at improving the efficiency of commercial banks mainly includes improving strategic and operational management. The main focus here is on strategic planning of banks, optimization of processes within the organization, introduction of innovative technologies, improvement of the quality of customer service and risk management [7]. The results show that in order to improve the efficiency of banks' management, it is necessary to systematically improve each aspect.

Improving the strategic management of banks. Banks should consider several important areas to improve their strategic management. First of all, strategic planning is very important to increase the competitiveness of banks. Such planning has not yet been fully implemented in Uzbek banks. For example, some banks, instead of expanding their services and products, are limited to only basic banking services. This situation reduces the bank's competitiveness and cannot meet the changing demands of the market. Therefore, banks should constantly update their strategies, taking into account international experience and market needs.

One of the main areas of strategic management for commercial banks to improve customer service and competitiveness is the introduction of innovative technologies. Today, banks are undergoing a process of digital transformation. Internet banking, mobile banking and fintech services are expanding opportunities for banks [8]. Most commercial banks in Uzbekistan are trying to improve the quality of their services and user convenience by introducing mobile applications and internet banking systems. However, in order to effectively use such technologies, banks need to improve their systems, in particular, pay more attention to updating and developing their IT infrastructure.

Increasing operational efficiency. To increase the operational efficiency of banks, it is necessary to introduce a number of methodologies. To do this, banks need to optimize their internal processes, create highly efficient workflows and properly allocate the necessary resources. Methods such as Lean management and Six Sigma allow banks to offer efficient and fast services [9]. By implementing these methods, banks will be able to effectively manage their processes, reduce unnecessary costs and improve the quality of service. Automation of service processes plays a very important role in increasing the operational efficiency of banks. Currently, many commercial banks have begun to

automate services for customers. For example, customers can quickly and easily transfer money from their accounts, make payments and perform many other services. Such services increase the operational efficiency of the bank, since these processes require minimal time and resources [10].

At the same time, risk management is an important factor for the stable operation of banks. Banks are exposed to many different risks in carrying out their financial activities. In particular, factors such as credit risk, liquidity risk, operational risk can reduce the efficiency of banks. The main way to effectively manage risks is to analyze the bank's activities and identify potential risks in advance. Banks should regularly conduct this analysis in their activities and take precautions to minimize risks [11]. Commercial banks in Uzbekistan often encounter uncertainties in credit risk management, since some banks do not have clear and mutually understood criteria in their credit policies. Non-payment of loans coupled with resulting unfavorable effects on the bank's financial condition occur when banks provide credit to individuals facing business failures. Therefore, banks should improve their credit policy, correctly assess customers and implement an effective risk management system for loans. Improving the quality of service provided by banks is another important aspect of increasing their management efficiency. Providing convenient and high-quality services to customers helps banks gain an edge in the market competition. High standards of customer service, in particular, speed, reliability and a personal approach, strengthen the bank's relationships with customers [12]. Table 1. Elements of strategic management of commercial banks and Table 2. Main areas of operational management of commercial banks are mentioned.

**Table 1.** Strategic management elements of commercial banks.

Strategic element	Definition	Purpose and mission
Competitive analysis (SWOT)	Identifying strengths, weaknesses, opportunities and threats	Assessment of the bank's position and competitiveness in the market conditions
Innovations	Introduction of new technologies and services	Increasing the bank's competitiveness with new services and products
Customer-centric strategies	Understanding customer needs and introducing new services	Increase customer satisfaction and engagement
Risk management	Identify mitigate financial and operational risks	Ensuring the financial stability of the bank

**Table 2.** Main areas of operational management.

Operations Management Major	Definition	Main Tasks
Process automation	Automation of daily operational processes	Increase the speed and accuracy of work processes
Employee training	Continuous education and training of employees	Improving the skills and work efficiency of bank employees
Monitoring service quality	Analyze the quality of customer service	Measuring customer satisfaction and improving quality

To increase the efficiency of commercial banks, they must constantly improve customer service processes and introduce new services. For example, it is necessary to create new financial products that meet the requirements of customers, develop them not only based on existing services, but also taking into account new innovations. To do this, banks must thoroughly study the needs of customers, listen to their feedback and improve their services on this basis. Measures aimed at increasing the management efficiency of

commercial banks, strengthening their competitiveness and improving the quality of services are important [13]. Banks achieve effective and sustainable operations by updating their strategies as well as implementing innovative technologies and automation of services while effectively managing strategic risks. Banking approaches that aim to improve success rates of operations simultaneously strengthen financial system stability. Therefore, improving management efficiency for commercial banks is a continuous process and is of great importance for the development of the banking system [14].

The results of the study showed that some approaches to strategic and operational management play an important role in improving the efficiency of bank management. First, banks should clearly define their long-term development goals during the strategic planning process. For example, studies conducted in 2023 showed that high-performing banks focused on the introduction of digital technologies in strategic planning. During 2019–2023, banks increased the number of customers by 30% by introducing digital services.

Secondly, to increase operational efficiency, banks need to pay attention to optimizing processes and increasing employee efficiency. The study analyzed the activities of several commercial banks operating in our country and found that their operating costs were reduced by 15% by automating operational processes. Also, training for employees and their financial support systems had a significant impact on increasing the overall efficiency of the bank [15].

## 5. Conclusion

In summary, in order to increase the management efficiency of commercial banks, it is necessary to improve strategic and operational management. Banks should set their long-term goals and focus on implementing digital technologies. They should also place great emphasis on process optimization, automation and employee productivity to improve operational efficiency.

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