Global Economic Review: Journal of Economics, Policy, and Business Development
ISSN: 2980-5287
Volume 01, Issue 03, March, 2025
Website: ecomindspress.com

IMPROVING THE ASSESSMENT OF FINANCIAL STABILITY OF COMMERCIAL BANKS IN THE GREEN ECONOMY BASED ON FOREIGN EXPERIENCE

Sattarova Gulshan Mukhiddinovna,
PhD Student at the Academy of Banking and
Finance of the Republic of Uzbekistan
e-mail: gulshan.sattarova@inbox.ru

Abstract:
The thesis studies the issue of ensuring the financial stability of commercial banks in the context of the transition to a green economy. In particular, the experience of the United States and Japan in assessing the financial stability of commercial banks is analyzed in a comparative manner, the relationship between the green economy and the financial sector, and the issues of ensuring the stability of commercial banks based on green financial mechanisms are studied.

Introduction

The green economy is a priority area of global economic development, which involves ensuring economic growth along with environmental protection and efficient use of resources. Commercial banks play an important role in the transition to a green economy by implementing financial intermediation. Their financial stability is inextricably linked to environmental risks and credit policies aimed at green financing. In addition, the stability of banks is increasingly dependent not only on their internal financial indicators, but also on external environmental and social factors.

We will try to consider the views of foreign economists on the stability of commercial banks. In particular:

1. Joseph Stiglitz, a Nobel Prize-winning American economist, argues in his book The Price of Inequality (2012) that there is a link between financial stability and social equality, and that financial crises can be exacerbated if banks do not pay sufficient attention to environmental and social issues.

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2. Raghuram Rajan, former governor of the Reserve Bank of India and professor at the University of Chicago, in his book "The Third Pillar: How Markets and the State Leave the Community Behind" (2019), emphasizes the importance of introducing ESG (Environmental, Social, Governance) standards to increase the resilience of financial institutions to various risks.

3. Markus Brunnermeier, a Princeton University professor and financial stability expert, argues in his book "The Resilient Society" (2021) that green investments are essential for ensuring the long-term stability of banks. He argues that green financial instruments will play a major role in protecting banks' assets from high risk in the future.

4. Klaus Schwab, founder of the World Economic Forum, in his book "The Fourth Industrial Revolution" (2016), emphasizes that banks should consider not only profit, but also social and environmental responsibility to ensure sustainable and inclusive development in the global economy.

Financial stability of commercial banks is their ability to withstand financial crises, economic changes and external shocks. The following main criteria are taken into account when assessing the stability of banks:

1. Capital adequacy - an assessment of the bank's ability to respond to financial risks (CAR).
2. Liquidity ratios - the bank's ability to respond quickly financially.
3. Profitability indicators - the bank's balance between income and expenses.
4. Environmental risk analysis - the bank's level of influence on the green economy.
5. Green financing share - the amount of funds allocated to environmentally friendly projects in the bank's assets and loan portfolio.
6. Social and governance criteria (ESG) - the compliance of the bank's activities with social, environmental and corporate governance requirements.

In the US, there is a long-term experience of assessing the stability of banks, in which stress tests and financial monitoring are widely used. The US uses the following financial mechanisms to promote the green economy:

1. Green bonds - attracting funds through market mechanisms for financing environmental projects. US financial markets are leaders in this field.

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2. Climate risk assessment – assessment of bank credit portfolios by the Federal Reserve for environmental risks and development of climate risk adaptation strategies for banks.
3. Diversification of investment portfolios - banks reduce financial risks by directing their investments to environmentally friendly and sustainable projects.
4. Green Banks - Special environmental financing banks have emerged in the US and are actively involved in financing green technologies and sustainable infrastructure.

The Japanese banking system is implementing a number of innovative approaches to ensure the transition to a green economy and financial stability:

1. Green loans - Japanese banks provide preferential loans to finance energy-efficient technologies and environmentally friendly projects.
2. ESG (Environmental, Social, Governance) criteria - it has become mandatory for banks to take into account social and environmental factors in their activities.
3. Climate risk integration - the Bank of Japan and other financial institutions are developing special financial plans to ensure banks' adaptation to the risks associated with climate change.
4. Green finance initiatives - the Japanese government, in collaboration with the private sector, has established special funds to finance environmental projects.

The experience of Japan and the United States shows that diversifying financial instruments, introducing ESG standards, and conducting special stress tests are important for ensuring the stability of banks and adapting to a green economy.

In order to improve the system for assessing the sustainability of commercial banks in the transition to a green economy, the following measures can be taken:

1. Introduction of green rating systems - assessment of banks' orientation towards environmental and social responsibility.
2. Special stress tests - assessment of the resilience of bank assets to environmental risks.
3. Development of innovative financial instruments - development of green loans, environmental insurance and climate bonds.
4. Adaptation to global standards - development of the national banking system using the experience of the USA and Japan.
5. Taking into account environmental risks - calculation of environmental risks in the credit policy of banks and development of strategies to reduce them.

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6. Tax incentives for green investments - introduction of tax incentives for bank operations aimed at a green economy.
7. Mandatory establishment of ESG standards for banks - ensuring compliance of financial institutions with environmental, social and governance requirements.

In conclusion, the process of assessing the financial stability of commercial banks should be further improved in the context of a green economy. The experience of the United States and Japan shows that taking into account environmental risks, introducing green financing mechanisms, and adhering to ESG standards are important factors in increasing the stability of banks. Therefore, it is necessary to effectively use international experience in further developing the banking system of the Republic of Uzbekistan. In addition, by adapting their activities to environmental requirements, banks can not only achieve financial stability, but also increase social responsibility. Therefore, it is necessary for all banks to further increase their adaptability to a green economy.

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