TOPIC: THEORETICAL FOUNDATIONS AND PRACTICAL SIGNIFICANCE OF OFF-SITE SUPERVISION IN BANKS

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Abstract This article examines the essence of off-site supervision in the banking system, its theoretical foundations, and its practical significance. The role of off-site supervision in ensuring banking system stability, mechanisms for early risk detection, its relationship with modern information technologies, and the practice of its implementation in the banking system of Uzbekistan are analyzed. The research results provide scientific and practical recommendations for improving banking supervision and strengthening financial stability.

Keywords: banking supervision, off-site supervision, prudential supervision, banking risks, financial stability.

Introduction

The modern banking system is characterized by complex financial relations and a high level of risk. Therefore, organizing effective supervision over banking activities

is one of the key conditions for ensuring financial system stability. One of the main forms of banking supervision is off-site supervision, which allows for the analysis of banks' financial conditions without conducting on-site inspections. This article examines the theoretical foundations and practical significance of off-site supervision from a scientific perspective.

Concept and Theoretical Foundations of Off-Site Supervision

Off-site supervision is a process of continuous monitoring of banking activities based on financial reports, statistical data, and prudential indicators submitted by banks. From a theoretical perspective, off-site supervision is grounded in theories of financial supervision and prudential regulation. The main objectives of off-site supervision include assessing banks' financial stability, early identification of risks (credit, liquidity, market, interest rate, foreign exchange, and operational risks), ensuring compliance with regulatory requirements, and determining the necessity of on-site inspections.

Theoretically, off-site supervision is closely related to the theory of information asymmetry, as complete and reliable information about banking activities is crucial for regulators.

Main Methods and Indicators of Off-Site Supervision

In the process of off-site supervision, banks' financial reports serve as the primary source of information. In practice, the following methods are widely applied:

- monitoring of prudential standards (capital adequacy, liquidity indicators);
- analysis of financial ratios;
- trend and dynamic analysis;

- stress testing;
- early warning systems.

These methods enable regulators to identify negative trends in banking activities in advance.

Practical Significance of Off-Site Supervision

Off-site supervision plays an important practical role in ensuring the stability of the banking system. First, it enables continuous and systematic monitoring of banking activities. Second, it requires fewer resources compared to on-site inspections and ensures time efficiency. From a practical standpoint, off-site supervision performs the following functions: preventing banking crises, early identification of problem banks, substantiating regulatory decisions, and strengthening financial discipline. In particular, the development of digital technologies significantly enhances the effectiveness of off-site supervision.

Practice of Off-Site Supervision in the Banking System of Uzbekistan

In the Republic of Uzbekistan, supervision over banking activities is carried out by the Central Bank. In recent years, off-site supervision mechanisms have been improved and aligned with international standards. Prudential regulations, automated information systems, and a risk-based supervisory approach are clear examples of this progress. Based on the results of off-site supervision, on-site inspections of banks are planned and appropriate regulatory measures are determined.

Conclusion

In conclusion, off-site supervision in banks is an essential instrument for ensuring financial stability. Its theoretical foundations rely on prudential supervision

and financial analysis theories, while its practical significance is reflected in early risk detection and increased reliability of the banking system. In the future, the widespread adoption of digital technologies will further enhance the effectiveness of off-site supervision.

References

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