

RESEARCH ARTICLE

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MANAGING FINANCIAL RISKS BY ENSURING THE FINANCIAL STABILITY OF COMPANIES

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Abstract

This article discusses the scientific and practical aspects of increasing the financial stability of joint-stock companies. The scientific works of domestic and foreign economists on ensuring the financial stability of the company were studied. The financial results and trends in the financial performance of large foreign corporations are analyzed. Based on the study of international practical experience, scientific recommendations have been formulated to ensure financial sustainability in joint-stock companies in our country.

Keywords Financial stability, national economy, investments, financial market, investment strategy, efficiency, financial instruments, innovation, financial management.

INTRODUCTION

The development of globalization on the world scale is increasing the demand for regulation of the world's economies through a modern financial management system. Therefore, development by world trends and implementation of financial and economic relations by international standards is one of the priority goals of every developing country today. Ensuring the financial stability of companies is important in determining their future financial status, increasing additional investment opportunities, and diversifying business. In recent years, extensive reforms aimed at creating a favorable business environment for doing business, strengthening the rights and guarantees of business entities, and state support have been implemented in our country. At the same time, it is important to establish the practice of using long-term strategies to ensure the financial stability of companies.

In the State program for the implementation of the development strategy of New Uzbekistan for

the period of 2022-2026 in the year "Glorification of human dignity and the year of an active neighborhood", "Digitalization of production and operational processes in the real sector of the economy and the financial and banking sectors will increase the effectiveness of financial and economic activities" To increase the efficiency of corporate management, it was decided to take into account the introduction of production and management process automation (ERP) systems" [1]. This, in turn, requires paying special attention to aspects such as the effectiveness of the corporate management system in ensuring financial stability in companies, ensuring the transparency of information and business activities in joint-stock companies, and protecting the rights of minority shareholders.

Literature review

Different approaches and tariffs have been cited by foreign and domestic economists regarding the indicators of financial stability of joint-stock companies and their determination

methodology. According to Ch. Fridman and K. Goodlet, determining the financial stability indicators of companies is a uniquely complex process, and specific indicators alone do not allow them to form a complete picture of the state of financial stability. In particular, the global economic and financial crises that have occurred in recent years require a comprehensive study of these indicators [2]. According to J. G. Shinazi, the financial system is stable only if economic resources, financial risks, their assessment and management are effectively distributed. Through this definition, the author considers it an important aspect of achieving financial stability, that is, he focuses on risk assessment and management [3].

S.V. Kulikov examines the company's financial stability based on two different approaches. In particular, according to the first approach, this (financial stability) is "the presence of a fixed share of equity in the total amount of financial instruments", and according to the second approach, "the growth of capital and profits while maintaining the state of the company's financial resources, solvency and creditworthiness efficiency of distribution and use" [4]. According to A.P. Arkhipov, "The concept of financial stability of the company can be defined as the ability to fulfill its obligations to other participants of the market today and in the future [5].

According to Professor T.S. Malikov, the financial stability of economic entities is determined by general (autonomy coefficient, debt capital concentration coefficient, ratio of debt and equity) and relative indicators (reserves and expenses represent the coefficient of provision of capital, the coefficient of financial independence, the coefficient of maneuverability of own capital [6]. According to Professor A.U. Burkhanov, financial stability is a complex indicator of the activity of enterprises based on the simultaneous development of profit and debt repayment, the ability of the enterprise to finance its activities and the speed of resource circulation [7]. Professor O.N.Khamdamov said that the monitoring of the financial stability of companies means regular

monitoring, analysis and forecasting of indicators that ensure financial stability, making tactical and strategic decisions, and at the same time evaluating the effectiveness of the decisions made [8].

Research Methodology

In the research process, the scientific and theoretical aspects of the development of financial stability strategy in joint-stock companies were studied, the organization of financial stability monitoring in the practice of foreign companies and a comparative analysis of the current state of financial strategies, many theoretical literature on the topic, logical thinking based on empirical research, in scientific observation, systematic approach methods were widely used.

Analysis and results

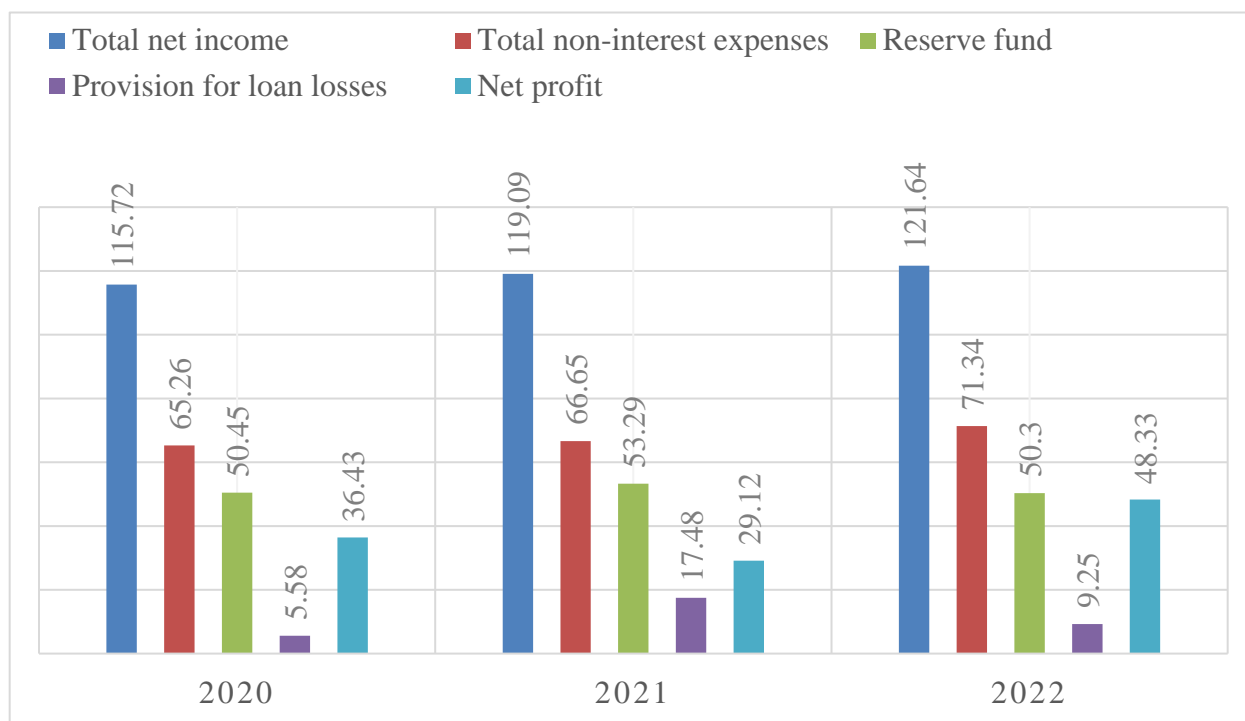
Along with the development of the economy, the mutual cooperation relations of the countries are developing. On the basis of economic and social development opportunities and trends of mutual trade relations between countries, it forms similarities in terms of types and standards of financial reports. Analyzing the international practical experience of increasing the financial stability of companies, among the G7 countries, the level of development of the economy of the United States of America, high macroeconomic trends, corporate forms of doing business are more widespread than in other countries, and the head offices of many multinational companies are located in the United States. In particular, large multinational companies such as Walmart, Amazon.Inc, Apple.Inc, Berkshire Hathway, JP Morgan Chase&Co can be examples of such large companies. In this scientific article, we will analyze the main financial activities of JP Morgan Chase & Co., which is one of the largest international multinational corporations. The corporation is headquartered in New York City and is an American multinational investment banking and financial services holding company registered in Delaware.

As of the end of 2022, JP Morgan Chase & Co. is

one of the largest banks in the world by market capitalization in the United States, and it is the fifth bank in the world in terms of total assets, i.e. 3.95 trillion US dollars [9]. Also, JP Morgan Chase&Co ranks 24th in the Fortune 500 (Global 500 - The largest companies in the world by revenue) list of the largest corporations in the United States by total revenue.

It can be noted that the main financial indicators

of the corporation, JP Morgan Chase&Co had an upward trend in the period after the Covid-19 pandemic (Figure 1). In particular, the amount of total net income increased by 18.4% in 2022 compared to 2021, while the amount of non-interest expenses and provisions for loan losses decreased compared to the amount of income. As the main reason for this, it can be noted that this corporation made large payments on corporate bonds during these periods.



1-rasm. Financial performance analysis of JP Morgan Chase & Co. (billion USD) [10]

As a bulge bracket bank, JP Morgan Chase&Co is a major provider of various investment banking and financial services. It is one of America's Big Four banks, along with Bank of America, Citygroup, and Wells Fargo. The size of the corporation's assets increased by 2% compared to 2021 and amounted to 3743.56 million US dollars (Table 1). The table shows that the allowance for loan losses was \$6.4 billion, a net addition of \$3.5 billion to the total allowance for loan losses and a net write-off of \$2.9 billion. reflects According to market data,

the final value of the company's shares is 158.35 mln. dollars, and compared to 2020, this indicator increased by 24%. At the end of 2021, the value of ordinary shares is 2944.1 mln. dollar, this increase had a direct impact on the increase of the capitalization volume by an average of 8.9%.

The company's net income rose 6.3% year-over-year to \$13.4 billion, or \$4.44 per share, well above the consensus estimate of \$4.17. At the same time, ROE was a significant 17%, and revenue grew 8.2% year-over-year to \$42.5

billion, beating the Wall Street analyst average of \$41.7 billion. It was even better than the dollar price. In 2023, the volume of net profit increased by 11.4% and amounted to 23.2

billion dollars, due to the increase in the volume of lending, as well as an 8-fold increase in the net interest margin.

1-Table

JP Morgan Chase&Co Corporation is consolidated

balance sheet analysis (million USD) [11]

№	Indicators	2021	2022	change
1.	Cash and due from banks	26,438	27,697	5%
2.	Deposits with banks	714,39	539,53	(24)
3.	Federal funds sold and securities purchased under resale agreements	261,69	315,59	21
4.	Securities borrowed	206,07	185,36	(10)
5.	Trading assets	433,57	453,79	5
6.	Available-for-sale securities	308,52	205,85	(33)
7.	Held-to-maturity securities	363,7	425,3	17
8.	Investment securities, net of allowance for credit losses	672,23	631,16	(6)
9.	Loans	1077,71	1135,64	5
10.	Allowance for loan losses	(16,386)	(19,726)	20
11.	Loans, net of allowance for loan losses	1061,32	1115,92	5
12.	Accrued interest and accounts receivable	102,57	125,18	22
13.	Premises and equipment	27,07	27,73	2
14.	Goodwill, MSRs and other intangible assets	56,69	60,85	7
15.	Other assets	181,49	182,88	1
16.	Total assets	3743,56	3665,74	(2)%

According to the Trading Economics website, corporate profits in the US will increase by 9.1% in the second quarter of 2022 to reach a new record level of 2.62 trillion US dollars after a 4.9% decline in the previous period. achieved Domestic funds available for investment by corporations, net cash flow rose 5.8 percent to \$3.34 trillion, with inventory valuation, while net dividends fell 0.2 percent to \$1.47 trillion. At the same time, retained earnings increased by

23.8% to \$1.15 trillion [12].

CONCLUSION

For 2024, JPMorgan management continues to forecast net income of approximately \$90 billion and operating expenses of approximately \$91 billion (4.4% growth). Also, it is planned to increase the possibility of diversification of prospective investment projects by maintaining positive indicators of

financial stability. According to the forecasts of the company's management, the ongoing geopolitical tensions in the world and the persistence of inflationary pressure may hurt mutual trade relations.

Today, even in developed countries, there are no legally uniform standards or clear restrictions on digitization of the field of corporate evaluation, artificial intelligence or working with large-scale data warehouses. In Uzbekistan, in recent years, legal documents related to digitization and the development of the sector have been announced, as well as a decree by the President of the Republic of Uzbekistan on the approval of the "Digital Uzbekistan - 2030" strategy and measures for its effective implementation. signed. In our country, a legal fundamental framework was created for the development of this field, and a road map and a strategy were developed, which will serve as a program for the development of large projects, digital technologies and similar digital products in this field in the coming years.

Financial stability is a complex and multi-element system, which is manifested in all areas of the company's financial activity. The analysis of financial stability should positively solve not only the issues of optimizing the composition of assets and their sources of financing but also the issues of technical and economic, financial security and profitability, which are essentially the criteria for the stability of economic activity in the long term. In foreign practice, within the framework of systematic analysis, the issue of capital structure optimization is solved based on the method of calculating the financial leverage ratio. The effect of financial leverage is manifested in a positive deviation between economic profitability and the average interest rate on credit, which is usually called the financial leverage differential in foreign practice. If the difference is positive, any increase in the financial leverage ratio will lead to a further increase in the return on equity.

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