

Ensuring Financial Performance of Banks: Experiences from Asian Countries

 Dilrabo Sobirjanovna Alimjanova

Independent Researcher, Tashkent International University, Uzbekistan

Received: 31 December 2025; **Accepted:** 23 January 2026; **Published:** 28 February 2026

Abstract: This article examines the formation of financial performance in the operations of commercial banks and its theoretical foundations. Scientific conclusions and approaches by foreign and local scholars aimed at identifying the specific features of the efficiency of banks' financial activities are systematized. In conducting our research, emphasis is placed on systematizing ideas advanced in international scientific studies and analyzing their impact on shaping financial performance from the perspective of countries' experiences. Scientific and practical approaches have been developed to ensure performance based on banks' financial indicators.

Keywords: Financial stability, profitability, asset quality, capital adequacy, cost-to-income ratio, net interest margin, non-interest margin.

Introduction: In conducting our research, we focus on systematizing ideas advanced in international scientific studies and analyzing their impact on shaping financial performance from the perspective of countries' experiences. This helps form a system of indicators that should be taken into account when determining and evaluating banks' financial performance. In our view, the following elements are important when assessing banks' financial performance:

First, systematizing internal and external factors influencing financial performance. Achieving stability in financial performance based on determining the degree of their impact.

Second, determining the degree of influence of non-financial factors on performance. It is appropriate to develop a set of measures aimed at increasing financial performance based on their systematization.

Third, it is important to incorporate sustainable development goals in achieving financial performance. In this regard, the presence and assurance of ecological, social, and economic trends in national development should express the important priority of financial performance.

LITERATURE REVIEW

Continuing to systematize the performance of commercial banks' financial activities, we attempt to clarify scientific approaches to banks' credit policy. In this regard, A. Norov, in his doctoral dissertation, systematizes scientific approaches aimed at increasing the income-generating capacity of commercial banks' assets based on lending to business entities. According to him, changes in bank capital play an important role in changes in the volume of credit placements. He recommends implementing innovative online credit services and applying a method of including costs related to credit processing in the credit amount. Certain directions of problems arising in lending are listed, and these situations negatively affect banks' financial efficiency [1].

We continue our research with the banking systems of Japan and Singapore, which have the status of major economies in Asia. In these countries, scale effects and banks' mutual integration play a special role as the main drivers of financial performance. Here, banks are important not only as financial institutions conducting financial transactions but also as entities providing financial services in the form of a comprehensive ecosystem.

In this context, banks' implementation of insurance

services, leasing services, and investment fund functions attracts special attention. From this perspective, banks' operations as institutions forming a financial services ecosystem, rather than merely through "lending," contribute to increasing financial performance.

H. Nakaso's research analyzes the financial crisis in Japan in the 1990s and the measures taken by the Bank of Japan (BoJ) in crisis management. The analysis shows that the crisis resulted from artificial asset price inflation followed by a sharp decline. During this period, banks' credit portfolios deteriorated, the share of non-performing loans increased, and the capital base eroded. From this perspective, the Bank of Japan implemented a series of reforms, including supporting banks' liquidity maintenance, reducing the share of impaired assets, lowering interest rates to zero, and ensuring market liquidity demand through asset purchases. It is emphasized that maintaining balance sheet stability, sustaining capitalization, and ensuring confidence in the real sector are important for banks' financial stability [2].

H. Liu and others empirically analyzed the profitability factors of Japanese banks from the late 1990s to the early 2000s. High levels of bank capital were found to positively affect profitability; scale effects in large banks formed positive trends (efficiency and market power); credit portfolio quality was inversely proportional; and cost efficiency was highlighted. Overall, financial performance in Japanese banks is determined by factors such as capital structure, scale level, asset quality, and operational efficiency [3].

L. Sabirova, in her doctoral dissertation, substantiates scientific proposals aimed at improving the quality of banks' credit portfolios. Her study analyzed the financial indicators of JSC UzSanoatqurilishbank and JSC Trustbank. According to her, it is proposed to diversify commercial banks' credit portfolios, increase the share of loans allocated to individuals in gross loans based on stable payment discipline, and also increase the share of loans to the private sector. Based on these scientific approaches, attention is focused on developing scientific ideas aimed at increasing banks' financial

stability [4].

In our opinion, approaches aimed at developing banks' credit policies play a special role in increasing their financial performance. From this perspective, it is important to consider the specific aspects of lending in improving banks' financial performance. Based on these studies, we have succeeded in forming the following scientific conclusions:

First, when developing banks' credit policies, improving asset quality should be considered. Stabilizing the income-generating capacity of assets is of great importance here.

Second, when developing banks' credit policies, investment characteristics must be taken into account. Strengthening banks' role in financing investment projects is appropriate for increasing financial performance.

Third, based on diversifying banks' credit portfolios, developing the practice of lending to entities other than state institutions is important.

In conclusion, regulating banks' credit policies and directing them toward financing priority areas is important for increasing financial performance. In this regard, improving the quality of banks' credit portfolio composition should be a priority.

RESULTS

Figure 1.5 shows the situation formed based on research conducted by S&P Global analysts. In these trends, conclusions are drawn regarding the financial results of Japan's major banks: Mitsubishi UFJ Financial Group (MUFG), Sumitomo Mitsui Financial Group (SMFG), and Mizuho Financial Group. In 2024, MUFG's net profit was around ¥1.90 trillion. SMFG's approximate net profit was ¥1.26 trillion, and Mizuho's ¥926 billion. High interest rates in Japan have led to the importance of interest income and interest expense balance for banks. Therefore, the "better-than-expected" profits of major banks can be explained by factors such as scale effects, capital composition, market position, and the Central Bank's interest rate policy.



Figure 1.5. Net profit of Japan's megabanks [5], billion ¥

Continuing our research, we attempt to analyze the experiences of Singapore banks. Singapore ranks among the top countries in the world in terms of GDP per capita. This trend is achieved in the country's banking system through the widespread introduction of digital technologies to ensure banks' financial performance. In particular, the introduction of digital technologies has reduced the cost-to-income ratio to 35-45%.

N. Malik and others, in their joint research on ASEAN-5 countries (Indonesia, Malaysia, Thailand, Singapore, Philippines), analyze banks' financial performance in the digital era, including asset and capital profitability, interest income, and cost-to-income ratios. They form a number of scientific conclusions. In particular, banks with wider digital technology adoption have higher

profitability levels. The cost-to-income ratio has also decreased, resulting in increased financial performance. This indicator is observed to be 10-15 percentage points lower than in traditional banks. At the same time, large banks' ability to quickly introduce digital technologies and turn it into scale effects is emphasized [6].

F. Sufian and others analyzed the impact of merger scale on efficiency in Singapore banks. Their conclusions indicate that merged banks reduced the cost-to-assets ratio, increasing profitability; unit costs in large banks decreased, improving efficiency; and asset growth occurred in merged banks. Overall, bank mergers in Singapore are prioritized as a process that reduces costs and increases efficiency [6].



Figure 1.6. Net profit of Singapore's major banks, billion Singapore dollars [7]

Figure 1.6 shows the net profit trends of Singapore's three major banks in 2024-2025. Accordingly, the net profit trends of DBS Group Holdings Ltd., Oversea-Chinese Banking Corp. Ltd. (OCBC), and United Overseas Bank Ltd. (UOB) are analyzed. For example, DBS achieved S\$2.77 billion, OCBC S\$1.74 billion, and UOB S\$1.46 billion in profit. As a result, the net interest margin is forecasted at 2.06% for DBS, 1.97% for OCBC, and 1.95% for UOB.

CONCLUSION

Overall, based on Japan's experience, we have succeeded in forming the following scientific conclusions:

First, strengthening bank capital. The stability of capital should be taken into account as having a positive impact on banks' financial performance.

Second, achieving scale effects in banks. Creating conditions for scale expansion by forming a financial services ecosystem in banks is important.

Third, preventing excessive increases in non-performing assets. It is important to identify and prevent asset price bubbles in advance through measures.

In our opinion, transformations aimed at increasing scale effects from digital technologies, as in Singapore, are appropriate. This creates conditions for banks to provide financial services based on an ecosystem. We believe that implementing reforms aimed at increasing the financial performance of our country's banking system, based on the advanced foreign experiences mentioned above, will contribute to ensuring banks' financial stability.

REFERENCES

1. Норов А.Р. Тижорат банклари томонидан тадбиркорлик субъектларини кредитлаш амалиётини такомиллаштириш: и.ф.б.ф.д. ... автореферати. – Т.: ЎзР. БМА, 2020. – 58 б.
2. Nakaso H. The financial crisis in Japan during the 1990s: how the Bank of Japan responded and the lessons learnt. – 2011.
3. Liu H., Wilson J. O. S. The profitability of banks in Japan //Applied Financial Economics. – 2010. – Т. 20. – №. 24. – С. 1851-1866.
4. Сабирова Л.Б. Тижорат банкларида кредит портфели сифатини ошириш йўллари: и.ф.б.ф.д. ... автореферати. – Т.: Ренессанс таълим университети, 2025. – 61 б.
5. Japan's megabanks likely to post better-than-expected full-year earnings, 11 may 2025 <https://www.spglobal.com/market-intelligence/en/news->

[insights/articles/2025/5/japans-megabanks-likely-to-post-betterthanexpected-fullyear-earnings-88872986](https://www.spglobal.com/market-intelligence/en/news-)

6. Malik N. et al. Financial banking performance of ASEAN-5 countries in the digital era //Jurnal Keuangan Dan Perbankan. – 2020. – Т. 24. – №. 1. – С. 117-130.
7. Sufian F., Abdul Majid M. Z., Haron R. Efficiency and bank merger in Singapore: A joint estimation of non-parametric, parametric and financial ratios analysis. – 2007.
8. Singapore banks face earnings decline in Q2 as rates head south. 29 July 2025. <https://www.spglobal.com/market-intelligence/en/news-> [insights/articles/2025/7/singapore-banks-face-earnings-decline-in-q2-as-rates-head-south-91664910](https://www.spglobal.com/market-intelligence/en/news-)