THE EXPERIENCE OF THE WORLD'S LEADING COUNTRIES IN IMPROVING THE MANAGEMENT OF COMMERCIAL BANKS AT THE PRESENT STAGE, CONTRIBUTIONS OF THIS EXPERIENCE TO THE BANKING SYSTEM OF AZERBAIJAN

Abstract. Banks are one of the indispensable elements of the financial system. Banks are enterprises that collect free funds from large economic units and use them in economic units that need money. Although this structure initially means an intermediary service, banks focus on both the role of attracting and offering funds beyond the intermediary service. By creating new investment instruments, banks are turning people’s banking activities into a more customer-oriented structure by attracting people’s interest. Increased connectivity leads banks to create and offer additional services in the field of financial transactions not only locally but also between countries. On the other hand, banks also offer services such as brokerage services, guarantee services, payment and settlement services, and guarantees for foreign trade finance. Today, banks continue to provide a wide range of services under the influence of technology. However, today the wide range of banking operations allows banks to become more profitable in the products they offer.

Keywords: government-financial institutions, commercial banks, international banking, deposit, control mechanisms, the board, risk management committee, monetary system.

The scope of services of commercial banks operating at the present stage depends primarily on their activities and financial performance, the health of their assets, the risk ratio on the risk value and the functions specified in the licenses issued to them by the state body. If we look at the recent literature, financial news,
as well as news on economic forecasts, we can see that the basic basis of services provided by commercial banks at the present stage is the structure of commercial banks and banking services, their organizational structure based on general principles of management. Based on this, internal and external strategies, contingency plans and marketing goals developed. This includes the general meeting of shareholders, the board, the Risk Management Committee, the management of assets and liabilities, the organization of structures and divisions (their functions, principles of creation, information flows), management strategies and technologies, the bank's parameters (powers, rights and division of responsibilities), the bank's evaluation parameters (cost, efficiency, quality, service delivery time). The management structure of commercial banks is determine by the following factors: the structure and divisions of the bank should have management departments in the direction, the structure and types of services provided by the bank should be determined. Separate sections and departments will be regulate by instructions determined by their number. Information technology tools will identify in the use of modern innovative technologies in banking services. The rating of banks depends on their position in terms of services. One of the important functions of management is process forecasting. Proper cash management, which is a material factor, plays an important role in the study of problems in the management of general services. The policy at first have base on determining the elements of the country's monetary system and the correct assessment of investment areas in the current situation, and should refrain from financing risky areas. In the United States, this function is perform by the Federal Reserve System. Japan's modern banking system became one of the most powerful and advanced systems created after the Second World War and based on the American example. Strong financial-industrial groups, especially Japanese banks, are investing heavily in the United States, Western Europe, Asia and Australia.

The administrative measures used in the 1970s gradually led to the replacement of regulation by market methods. State control over banks had reduced. However, the control over the lending of high-risk and low-profit facilities remained under state control. The Japanese banking system consists of private banks, credit
associations, government-financial institutions, as well as branches of foreign banks. The German Federal Bank (Deutsche Bundesbank) is the successor of the German central bank. Under the German Federal Banking Act of 1957 (revised in 1992), the central bank is independent of the government. However, given its goals, it supports the state in implementing common economic policies. The Federal Bank of Germany and the German Federal Office for Financial Audit are the financial regulators of Germany. Recently, consulting services provided to commercial banks have led to an increase in the level of service and quality criteria for banking products. Monitoring is also carried out to determine the international rating.

Research on the assigned rating table determines the full capacity of commercial banks, the current state of stability and resilience, as well as the return on assets. It also envisages a comprehensive analysis of free capital and financial stability. After receiving the rating, the Central Bank controls the updating of the database. The purpose of the reforms and processes should be to strengthen competition in the market, gain the trust of customers, increase confidence in banks and protect the image of the bank.

According to W. Sombart, transactions with valuable documents had facilitated since the establishment of the bank’s intermediary rights between lenders and borrowers in a century. During this period, banks with large rights established in Western European countries, the central banks of many countries developed, and investment and development banks emerged.

Legal entities and individuals provide services to commercial banks, especially large bank holdings. The provision of financial consulting services to customers in this field, entrepreneurs in the industry, representatives of the construction sector, trade and other companies also plays a key role. These types of services are mainly based on professional theoretical and practical experience, financial operations, economics, etc. is carried out by professional staff specializing in Analytical analysis is carried out to meet the maximum demand for banking services. Research and analysis of research centers are becoming a driving force in improving banking. One of the important functions of the state is to constantly improve and regulate the activities of commercial banks, which are an important link in the economy and are
widespread in terms of scope of activity. As for the US banking system, it should note that each country has its own characteristics, so the methods of internal regulation are different. The macroeconomic policy of the state, which forms the environment of the banking system, depends on which economic theory prevails. For example, in the Keynesian model of cheap monetary policy, banks' creditworhiness increases, financial resources flow into the economy, and inflationary tendencies become stronger. Banks can serve as a bridge to the economy, as well as inflation. However, if the monetarist model is dominant, then tight monetary policy will also affect banks to some extent, limiting their ability to raise funds, but a stable exchange rate will make it easier to forecast by increasing the efficiency of long-term projects. The activity of banks and non-banks in the Republic of Azerbaijan is regulated and controlled by the “Constitution of the Republic of Azerbaijan” and the “Civil Code of the Republic of Azerbaijan”, the laws “On the Central Bank of the Republic of Azerbaijan” and “On Banks”. The entry of foreign investment regulated by law. The main issue in this area is that the activities of foreign banks meet national interests. Before looking more closely at the work of foreign banks or commercial banks that have attracted foreign capital in Azerbaijan, let's look at a few facts that characterize the banking system in the United States: No one can answer the question of whether American banks can maintain their leadership today. Yes, they have won, first, for their dominance in the US domestic market, where the spread of free enterprise ideas in the world and the activities of foreign firms are practically prevent. However, some researchers predict that in the near future, Americans will face strong opposition from companies that want to keep the sales market. Even officials in some countries have expressed dissatisfaction with the aggressive rules imposed on American businesspersons, by aggressively entering the domestic market of resident banks with the intent to dominate the financial markets, and foreigners are prevent from entering the US market. Given that Azerbaijan still has a rival to foreign banks, the International Bank, as well as several reputable private banks, there is no need to prove the need for a very careful approach to this issue. Japan, a leader in international banking, is also interested in this issue. In order to rebuild its economy after World War II and
increase its international prestige, Japan has been attracting active financial resources from foreign banks to the country. They had to help revive the national economy and regulate financial stability. Later, Japan became an example of a country that imposed restrictions on foreign banks. If we look at the 1980s, we can see that many steps have taken to prevent the international expansion of Japanese banks from being repressed by other countries. In some respects, they have given more rights than local banks compared to foreign banks. It is very likely that when applying the benefits, Japanese experts correctly analyzed and properly assessed the capabilities of the banking system. In India, a large number of commercial banks have nationalized and a nationwide investment system has established. This body creates conditions for the savings accumulated in the country has used to finance production. In virtually all successfully developed countries, the existence of a strong structure, which is necessary for the national banking system, plays a creative role. The economic regime, which supports the transformation of attracted deposits into future investments, encourages the state to direct free funds to new projects, and the activities of financial institutions are further improved for the development of this area. The main role has played by the state development bank, which directs domestic deposits to production investments as a boost to these institutions, which usually operate as a rule. Lending of services in the market for export operations increases the competitiveness of the economy. From this point of view, as an import-export bank, along with other financial institutions, state-financial institutions are establish to direct the investments of the population formed in the financial sector to housing construction. This sector includes multidisciplinary investment corporations with the ability to attract various resources to assist, and funds created to finance risky innovation projects. In Germany, for example, in order to increase social welfare, the state establishes banks at its own expense to implement certain programs. Among them, special purpose banks are more prominent. These institutions established after the war for state aid to the private sector and were associated with the growing role of the latter in social production. The group of special purpose banks also includes state institutions such as the “Industrial Credit Bank” and the “Agricultural Renta Bank”. After gaining independence, the Republic
of Azerbaijan has always been in the center of attention in improving its activities in the banking sector as a whole. The sustainable, stable and rapid development of the emerging economy in Azerbaijan, the implementation of new proofs, has given impetus to the improvement of commercial banks, especially the proper functioning of commercial banks. The issues of making commercial banks one of the important centers of the country's economy, publicity and licensing, improvement and general control over the current activities are always important as one of the main functions of the state. As each country has its own characteristics and requirements, the methods of control and regulation are different. State-owned banks serve the financial well-being of at least twelve months by lending to areas that private banks are not interested in on such favorable and concessional terms in order to develop various sectors of the financial sector as the main link in the economy. Attracted funds (liabilities) has formed based on deposits received from legal entities and individuals. A deposit is a money provided by a customer to the bank for temporary. Which used in settlement operations or withdrawn at any time. A lot of strategic work has done to analyze the financial markets with the emerging new banking services and operations. It has formed in accordance with the marketing strategy created by the bank to enter the competition. An internal strategy and long-term banking policy based on information and material base should developed. The internal strategy and long-term banking policy created by commercial banks should shaped by the development of concrete banking services, product supply and sales plan in accordance with the demand. The operating system of commercial banks and the stages of development of their activities. Currently, if we look at the economic literature, there are no concrete and definitive ideas about the initial forms of banking enterprises, as well as the time of their establishment and their evolution. The general results based on several historical theories about the emergence of commercial banks. It is also clear from the historical events and facts that the organization of banking in accordance with the requirements of that time, the center of development of banking activity was gradually integrated from the ancient East and Greece to Rome, then to Europe and then to the New World. Held its properties until the structure. The cases mentioned in the written historical sources also based
on the primary form of credit relations - relations without the participation of an intermediary acting as a borrower or between creditors. The fact that the amount and term of free funds in the hands of the creditor did not meet the needs of borrowers necessitated the formation of bankers.

**Proposals:**

The ways in which the banking system can keep out of crises vary depending on the general economic and political situation of the country in which the system is involved, the magnitude of the problem and the area of influence. For example, the deposit insurance method can be an effective method in the event of individual bank failures. When it comes to the extent that a crisis can occur, savings insurance can be reasonable enough to prevent a crisis.

Lack of control over enterprises operating in the financial system is one of the causes of banking crises. For this reason, among the measures taken to prevent the crisis, it is necessary to strengthen the banks and establish control mechanisms.

Deposit insurance is one of the ways to prevent panic and crisis in banks.

The application of deposit insurance, which had applied in many countries, carried out by institutions organized by the private sector, government agencies or the Association of Participating Banks with public reputation.

However, regardless of whether it is a public or private sector structure, most deposit insurance organizations supported by the Treasury or the Central Bank.

**References:**

1. Acar, M. U. - (2007)./ Bankacılık Sektöründe Yüksek Risk Alımı ve Baskı İndeksleri. /Finans Politik & Ekonomik Yorumlar, 6-7./
3. Журнал KANT/- № 3(32) 09, -2019 (s.246-249), /Сравнительное исследование коммерческих банков в Турции и Азербайджана/, -15.09. -2019, -Ставрополь г.: Айвазлы А.Н.

