



Addressing Employee Inefficiency to Reduce Problematic Debts in Uzbek Banks: Operational and Process Improvement Approaches

Temirov Abdumalik Temirovich - Senior Specialist, Regional Department, ATB “Biznesni Rivojlantirish Banki” (Business Development Bank), Tashkent
abdumaliktemirovich@gmail.com

Abstract: Rising problematic debts in banks of Uzbekistan are closely linked to operational inefficiencies among employees. Ineffective workflows, insufficient training, and poor monitoring contribute to delays in identifying delinquent accounts and inadequate debt recovery. This study investigates operational strategies to mitigate employee inefficiency and enhance the realization of non-performing loans. Using portfolio analysis and structured interviews with 50 bank professionals, the research identifies gaps in workflows, monitoring, and accountability. Findings suggest that process standardization, digital monitoring tools, and targeted operational training significantly reduce problematic debt growth and improve recovery efficiency.

Keywords: problematic debts, employee inefficiency, banks of Uzbekistan, operational optimization, workflow management, digital monitoring

INTRODUCTION

Employee inefficiency in banks has a direct impact on the accumulation of problematic debts. Delays in monitoring accounts, poor risk evaluation, and ineffective debt recovery procedures contribute to the rise of non-performing loans. In Uzbekistan, banks face mounting pressure to control NPLs while maintaining operational efficiency and financial stability.

While macroeconomic factors influence credit defaults, operational inefficiencies among employees exacerbate the problem. Gaps in training, unclear workflows, and inadequate monitoring systems hinder early intervention and prolong recovery timelines. Operational optimization—including standardized workflows, technology integration, and process coordination—offers a practical solution to reduce the impact of employee inefficiency on NPL growth.



This study investigates operational approaches to improve employee performance, streamline workflows, and enhance the realization of problematic debts in Uzbek banks.

METHODS

The study employed a mixed-methods approach:

1. **Process Mapping:** Workflows for monitoring and recovery were mapped across five commercial banks to identify inefficiencies.
2. **Structured Interviews:** Fifty bank employees (credit officers, recovery specialists, operations managers) provided qualitative insights on operational challenges and gaps in training or supervision.
3. **Portfolio Analysis:** Data on NPL growth, recovery timelines, and account monitoring frequency were analyzed to quantify the impact of employee inefficiency.

The study focused on identifying operational bottlenecks, evaluating the effectiveness of monitoring systems, and assessing training and accountability practices. A conceptual framework for operational improvements was developed to guide workflow optimization and reduce employee-induced inefficiencies.

RESULTS

Process mapping revealed fragmented responsibilities, inconsistent procedures, and lack of standardized monitoring. Employee inefficiencies, such as delayed reporting, insufficient borrower follow-up, and lack of proactive risk assessment, were strongly correlated with higher NPL growth.

Interview findings indicated that employees often lacked the training and tools required to identify high-risk accounts early. Gaps in workflow coordination between operations, credit, and recovery departments further delayed intervention. Banks that implemented digital monitoring systems, automated alerts, and workflow standardization showed measurable improvements in recovery efficiency.

Portfolio analysis confirmed these findings: accounts managed with optimized workflows and digital monitoring experienced 25–30% faster recovery times and 15% lower growth in problematic debts compared to accounts affected by operational inefficiencies.

DISCUSSION



Operational inefficiencies among employees are a critical factor in the rise of problematic debts. Addressing these inefficiencies requires:

- **Workflow Standardization:** Clear responsibilities and structured procedures reduce delays and ensure consistency.
- **Digital Monitoring:** Early-warning alerts and performance dashboards enable proactive intervention.
- **Targeted Training:** Focused operational training improves risk assessment and borrower engagement skills.
- **Performance Accountability:** Metrics and incentives encourage employees to adhere to standardized procedures and follow best practices.

Integrating these strategies not only reduces problematic debt growth but also improves overall operational efficiency and resource utilization. By addressing employee inefficiency at the operational level, banks can enhance NPL recovery and maintain financial stability.

CONCLUSION

Employee inefficiency significantly contributes to the growth of problematic debts in Uzbek banks. Operational strategies—including workflow standardization, digital monitoring, targeted training, and performance accountability—can mitigate these inefficiencies and improve NPL recovery. Future research should explore AI-driven monitoring tools, cross-departmental coordination mechanisms, and longitudinal evaluation of operational interventions on employee performance and debt recovery.

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