



Article

Improving Accounting and Analysis of Fixed Assets in Commercial Banks

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Abstract: This scientific article deeply studies the modern state of the system of accounting for fixed assets and their analysis in commercial banks. During the study, the share of fixed assets in the structure of bank assets, their depreciation policy, revaluation mechanisms and efficiency of use were analyzed based on statistical and analytical methods. In particular, it was found that the share of fixed assets in total assets in commercial banks of Uzbekistan is on average around 4–8%, and in some banks this figure reaches up to 10%.

The article also highlights the advantages of accounting based on the requirements of International Financial Reporting Standards (IFRS), in particular IAS 16 “Property, Plant and Equipment”. As a result of the study, scientific and practical proposals were developed on digital asset monitoring, risk-based audit and optimization of depreciation policy to increase the efficiency of fixed assets management.

Keywords: fixed assets, commercial banks, depreciation, IFRS, IAS 16, asset management, bank assets, financial analysis, revaluation, digital monitoring, audit, efficiency, capital investments, risk, financial reporting.

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1. Introduction

As stable operation of commercial banks in the modern banking system directly depends on the efficient organization of their physical and technical infrastructure, as well as their financial resources. Fixed assets play a vital role in this physical infrastructure, which is the core infrastructure that ensures the continuity of banking operations. In particular, bank buildings, server equipment, automated banking systems, ATMs, POS terminals, and other technological assets are crucial in improving the quality of banking services and creating customer convenience[1].

In recent years, the reform and digitalization of the banking system in the Republic of Uzbekistan has accelerated. In particular, along with a significant increase in commercial bank assets from 2020 to 2025, the volume of investment in fixed assets has also steadily increased. The widespread adoption of digital banking services has sharply

increased the need for IT infrastructure, data centers, and electronic payment systems. This requires a fundamental review of the composition of fixed assets and their management systems.

However, experience shows that the system for accounting for fixed assets and their analysis in commercial banks still faces several challenges. Specifically, current challenges in this area include insufficient optimization of depreciation policies, deficiencies in asset valuation, limited revaluation mechanisms, and incomplete implementation of fixed asset performance indicators. Furthermore, many banks lack sufficiently developed digital systems to monitor fixed assets in real time[2].

Advanced approaches to fixed asset accounting and management are widely used internationally, particularly asset valuation, depreciation, and revaluation systems based on International Financial Reporting Standards (IFRS), including IFRS 16. These approaches help reflect the true value of assets, ensure the transparency of financial reporting, and improve the effectiveness of management decisions.

The relevance of this study lies in the fact that improving the fixed asset accounting and analysis system in commercial banks offers opportunities to strengthen their financial stability, enhance operational efficiency, and improve resource utilization. Therefore, the main objective of this article is to conduct an in-depth study of the fixed asset accounting and analysis system in commercial banks, identify existing problems, and develop scientifically based proposals and recommendations for addressing them. The results of this scientific work are of great importance for increasing the efficiency of fixed asset management in commercial banks, ensuring the reliability of financial reporting and improving audit processes[3].

2. Literature Review

Accounting for fixed assets is considered in economic theory as an important component of asset management of enterprises and financial institutions. In the scientific literature, fixed assets are defined as tangible assets that are used for a long time in the process of production or provision of services and gradually transfer their value to the cost of the product or service. According to the approaches put forward by Kieso, Weygandt and Warfield, the correct valuation of fixed assets plays an important role in ensuring the reliability of financial statements. In their opinion, incorrectly valued assets incorrectly reflect the financial condition of the enterprise and lead to investors making wrong decisions.

The economic nature of fixed assets in the banking sector is even more specific. Since commercial banks are engaged in service activities, not production. Therefore, their fixed assets consist mainly of IT infrastructure, software, servers and banking equipment. Scientific sources emphasize that effective management of fixed assets in banks serves to reduce operating costs and improve the quality of services[4].

In the international scientific literature, fixed assets accounting is mainly studied within the framework of IFRS. In particular, the IAS 16 "Property, Plant and Equipment" standard defines a unified methodology for recognizing, evaluating and depreciating fixed assets. According to this standard, assets are recognized at initial cost and are subsequently accounted for based on the depreciation or revaluation model.

Researchers point to the ability to reflect the real (fair) value of assets as the main advantage of accounting based on IFRS. According to studies by experts from PwC and Deloitte, when the revaluation model is used, the assets on the balance sheet of the enterprise approach the real market value, which provides investors with more accurate information. In the banking sector, this approach is of great importance in assessing capital adequacy[5].

In the scientific literature, depreciation policy is recognized as one of the most important elements of fixed assets accounting. Depreciation allows you to determine costs by distributing the value of an asset over its useful life. Kieso and other authors emphasize that the choice of depreciation method has a significant impact on the financial results of the enterprise.

Modern studies emphasize the importance of accelerated depreciation methods. This method allows you to optimize the tax burden by reflecting high costs at the initial stage of asset use. In banks, the use of an accelerated depreciation policy is relevant due to the rapid depreciation of IT assets. At the same time, some scientific works also emphasize that an incorrect depreciation policy can distort the real value of assets.

Issues of analyzing fixed assets are widely covered in the economic literature. Researchers suggest using indicators such as return on assets, fund capacity, and asset profitability to assess the efficiency of using fixed assets. Based on these indicators, the level of income from assets is determined[6].

Studies conducted in the banking sector show that the optimal size and composition of fixed assets directly affect the profitability of the bank. According to analyses conducted by McKinsey and EY, banks that have increased their investments in digital infrastructure have seen an increase in operational efficiency by 20–30%. This indicates the need for strategic management of the composition of fixed assets.

In the domestic scientific literature, the issues of accounting and analysis of fixed assets are mainly studied within the framework of general economics and accounting. Scientists such as A. Vakhobov, Sh. Shodmonov, N. Jo'rayev have covered the economic essence of fixed assets, methods of their accounting and analysis in their research.

Their scientific work is aimed at identifying differences between national standards and international experience in accounting for fixed assets. However, in the case of commercial banks, the issue of in-depth analysis of the efficiency of fixed assets has not been sufficiently studied. In particular, there is a lack of scientific research on changes in the composition of fixed assets in the context of digital banking infrastructure[7].

In recent years, scientific research has emphasized that digital transformation processes are having a significant impact on fixed assets management. IT infrastructure in banks has begun to constitute the main part of fixed assets. According to research by EY and Deloitte, banks are reducing operating costs by 15–25% as a result of implementing digital technologies.

Also, modern scientific works note the expansion of the possibilities of real-time monitoring of fixed assets through the use of asset management systems (EAM), IoT and RFID technologies. This allows to increase the efficiency of asset use and automate the process of their management.

Issues of fixed assets audit also occupy an important place in the scientific literature. Modern studies emphasize the need to organize the audit process based on a risk-based approach. This approach allows to identify risks associated with the value of assets, their degree of obsolescence and efficiency of use.

According to studies by international audit companies (PwC, KPMG), traditional audit methods do not fully cover all risks associated with fixed assets. Therefore, it is proposed to introduce audit systems based on artificial intelligence and big data (Big Data). In the banking sector, this approach serves to detect fraud, reduce inefficient use of assets and increase the reliability of financial statements[8].

3. Research methodology

This scientific research is aimed at a deep and comprehensive study of the problem of improving the accounting and analysis of fixed assets in commercial banks, in which the basic principles of modern scientific methodology were widely used. The research methodology was formed on the basis of a combination of theoretical views, empirical observations and practical analysis methods. This approach served to draw scientifically based conclusions on assessing the effectiveness of fixed assets management in the banking system and its improvement.

The methodological basis of the research is a combination of positivist and pragmatic approaches. Through the positivist approach, the accounting of fixed assets in commercial banks and their impact on financial indicators were analyzed based on accurate statistical data. This approach ensured the objectivity of scientific conclusions and made it possible

to determine the relationships between the share of fixed assets, the depreciation rate and the profitability of the bank. The pragmatic approach played an important role in identifying existing problems and developing proposals aimed at solving them practically. Through this approach, the research results acquired not only theoretical, but also practical value[9].

The research was also conducted on the basis of a systematic approach. In this case, the accounting of fixed assets in commercial banks, their analysis and audit processes were considered as a single system consisting of interrelated elements. This approach allowed for a comprehensive study of all processes related to fixed assets and served to further reveal their place in banking activities.

The financial and economic activities of commercial banks operating in the Republic of Uzbekistan were chosen as the object of the research. The subject of the research was the organization of accounting for fixed assets, their analysis and audit processes in these banks, as well as mechanisms for improving these processes. Within the framework of this subject, the composition, dynamics, depreciation policy and the efficiency of their use of fixed assets were studied in depth.

The information base of the research was formed from primary and secondary data. As secondary data, the reports of the Central Bank of the Republic of Uzbekistan for 2020–2025, financial statements of commercial banks, data from international organizations - IMF, World Bank and OECD, as well as IFRS standards, in particular the requirements of IAS 16, were widely used. In addition, the theoretical foundations were strengthened through scientific articles and monographs. Primary data were obtained through expert interviews with bank specialists, practical observations and analysis of internal management reports. This increased the reliability of the research results[10].

A number of scientific methods were used in the research process. First of all, using the method of statistical analysis, the share of fixed assets in the assets of commercial banks, their growth dynamics and structural changes were studied. A trend analysis was carried out based on indicators for the period 2020–2025, and the place of fixed assets in the structure of bank assets was determined.

Through the comparative analysis method, the differences between the national accounting system and international financial reporting standards, in particular IFRS (IAS 16), were identified, and their advantages and disadvantages were scientifically substantiated. This approach was of great importance in determining the areas of improvement of fixed asset accounting.

4. Analysis and results

Within the framework of this study, the current state of accounting and analysis of fixed assets in commercial banks was studied based on in-depth statistical and analytical approaches. The conducted analyses showed that in recent years, the volume and composition of fixed assets in the banking system of Uzbekistan have changed significantly, becoming an important infrastructural component of banking activities[11].

First of all, the composition of commercial banks' assets was analyzed for the period 2020–2025. According to the results, the volume of total assets of banks increased sharply, increasing by about 3 times, while the volume of fixed assets grew even faster. In particular, the share of fixed assets in total assets increased from 4–5 percent in 2020 to 6–7 percent by 2025. This indicates that the material and technical base of banks is expanding, and, in particular, investments in digital infrastructure are increasing.

The results of the analysis showed that significant structural changes have also occurred in the structure of fixed assets. If in previous years the main part of bank assets was buildings and traditional equipment, now the share of IT infrastructure, servers, software and digital technologies has increased sharply. It was determined that by 2025, IT assets will account for about 35-40% of total fixed assets. This is directly related to the digitalization of banking services and is a result of the development of remote services, mobile banking and electronic payment systems. The results of assessing the efficiency of using fixed assets also showed a positive trend. In particular, the fund return indicator

increased from 6.2 points in 2020 to 8.9 points by 2025. This indicates an increase in the amount of income per unit of fixed assets. At the same time, the fund capacity indicator has decreased, which means that the efficiency of using fixed assets has increased. Return on assets (ROA) also increased to some extent, and a positive relationship was found between fixed asset management and bank profitability[12].

The results of econometric analysis further demonstrated this relationship. Based on the regression model, it was found that the share of fixed assets in total assets (FA/TA) and the share of IT assets have a positive effect on bank profitability, while the depreciation rate has a negative effect in some cases. In particular, it was observed that the ROA indicator was higher by an average of 0.5–0.7 percentage points in banks with increased investments in IT infrastructure. This confirms the economic efficiency of digital assets.

However, a number of problems were also identified during the analysis. First of all, the depreciation policy in commercial banks has not been sufficiently improved. Many banks use outdated depreciation standards, and flexible depreciation mechanisms are not enough, especially for rapidly depreciating IT assets. This leads to an incorrect reflection of the real value of assets.

Also, the practice of revaluation of fixed assets is not sufficiently developed. In most banks, assets are recorded at historical cost, which does not fully reflect their market value. As a result, the transparency and reliability of financial statements decrease[13].

The results of the analysis also showed that the level of use of digital technologies in the management of fixed assets is still insufficient. Although asset accounting processes are partially automated in many banks, real-time monitoring systems have not been widely implemented. This reduces the efficiency of asset use and makes it difficult to control the level of their obsolescence.

Audit processes were also considered as one of the important objects of analysis. According to the results, the audit of fixed assets is carried out mainly based on traditional methods, and the risk-based audit system has not been fully implemented. This leads to the fact that some errors and shortcomings are not detected in a timely manner.

Although the volume of fixed assets in commercial banks and the efficiency of their use are increasing, it is necessary to further improve the system for their accounting, evaluation and management. In particular, the widespread introduction of IFRS standards, modernization of depreciation policies, implementation of digital management systems, and development of risk-based audit mechanisms are important areas in this area.

These results expand the possibilities of increasing the financial stability and competitiveness of banks by more effectively organizing fixed asset management in commercial banks[14].

5. Discussion

The results of this study showed that there are certain discrepancies between the existing scientific views on the accounting and management of fixed assets in commercial banks and the practical situation. Based on the results obtained, along with the existing achievements in this area, systemic problems were also identified, and there was a need to discuss them in depth.

First of all, it was confirmed that, despite the relatively low share of fixed assets in the structure of bank assets, their strategic importance in banking activities is high. This is also noted in the scientific literature and is explained by the predominance of intangible and digital assets over tangible assets in financial institutions operating in the service sector. At the same time, the results of the study showed that it is the structure of fixed assets and the efficiency of their use that directly affect the operational efficiency and competitiveness of banks. Therefore, the issue of fixed assets management should be considered as an important element of the bank's strategy.

The results of the analysis showed that the IT infrastructure in the structure of fixed assets is increasing sharply. This confirms the acceleration of digital transformation processes in the modern banking system. Scientific sources note that the introduction of

digital technologies allows to improve the quality of banking services, reduce operating costs and expand the customer base. In this regard, the results of the study are consistent with international experience. However, the problem is that the current accounting systems do not allow for a complete and accurate assessment of IT assets. This creates certain imbalances in reflecting the real value of assets in the bank balance sheet.

Issues related to depreciation policy also require special attention in the discussion process. The results of the study show that depreciation methods in many commercial banks have not adapted to modern economic conditions. In particular, the use of the same depreciation standards for rapidly obsolescent IT assets is not economically justified. The scientific literature also emphasizes the need to differentiate depreciation policies in accordance with the characteristics of the use of assets. Therefore, the introduction of flexible depreciation mechanisms in this direction is one of the pressing issues[15].

The issue of revaluation of fixed assets also occupies an important place in the discussion. Although in international practice, determining the market value of assets by regularly revaluing them is widely used, this process is not sufficiently developed in local banking practice. As a result, the value of assets reflected in the bank's balance sheet may not correspond to real market conditions. This negatively affects the transparency of financial statements and investment attractiveness.

In addition, the insufficient level of use of digital technologies in managing fixed assets was discussed. Modern scientific approaches recommend the use of EAM (Enterprise Asset Management) systems, IoT and artificial intelligence technologies for asset management. The results of the study showed that such systems have not yet been fully implemented in commercial banks, which is one of the factors reducing the efficiency of asset use.

Important conclusions were also drawn from the point of view of audit processes. Traditional audit approaches do not allow for the full identification of all risks associated with fixed assets. Therefore, there is a need to introduce a risk-based audit system. In scientific literature, it is noted that this approach increases audit efficiency and expands the possibility of detecting errors and abuses. The results of the study also confirm this opinion.

The system of accounting and analysis of fixed assets in commercial banks is at the stage of development, and it is necessary to improve it based on modern requirements. In particular, the widespread introduction of IFRS standards, modernization of depreciation policy, implementation of digital management systems and development of risk-based audit mechanisms can be recognized as priority areas in this area.

The results of this discussion will serve to further improve the fixed assets management system in commercial banks in the future and increase their economic efficiency.

6. Conclusion

Within the framework of this scientific research, the issue of improving the accounting and analysis of fixed assets in commercial banks was comprehensively studied from a theoretical and practical perspective and important scientific conclusions were reached. As a result of the conducted analysis, it was determined that, despite the fact that fixed assets have a relatively small share in banking activities, they are of high strategic importance in ensuring the operational efficiency, quality of services and competitiveness of the bank.

The results of the research showed that in recent years, significant changes have occurred in the volume and composition of fixed assets in commercial banks, especially the share of IT infrastructure has increased sharply. This confirms the acceleration of digital transformation processes in the banking system. At the same time, the increasing indicators of the efficiency of the use of fixed assets, including the increase in return on funds and return on assets, indicate that banks are using resources relatively efficiently.

However, a number of systemic problems were also identified during the research.

In particular, the main problems of this sector were the inconsistency of the depreciation policy with modern requirements, the insufficient development of the practice of revaluation of fixed assets, the complexity of accurately assessing the value of IT assets, and the low level of use of digital technologies in asset management. In addition, the insufficient implementation of a risk-based approach in audit processes was also one of the identified shortcomings.

A number of scientific and practical proposals were developed to eliminate these problems. In particular, it is necessary to improve the accounting and valuation system of fixed assets in commercial banks based on the requirements of international financial reporting standards, in particular IFRS (IAS 16). It is also important to differentiate the depreciation policy based on the economic characteristics of assets, and to introduce flexible depreciation mechanisms, especially for rapidly obsolescent IT assets.

In addition, the efficiency of asset use can be significantly increased by introducing modern digital technologies in fixed assets management, in particular Enterprise Asset Management (EAM) systems, IoT and artificial intelligence-based monitoring systems. In order to improve audit processes, it is necessary to widely introduce a risk-based audit approach and increase the use of analytical tools.

The results of the study confirm that improving the accounting and analysis of fixed assets in commercial banks is an important factor in strengthening the financial stability of banks, increasing operational efficiency and increasing their competitiveness. These scientific conclusions and proposals, when applied in banking practice, will serve to modernize the financial management system and further improve the quality of banking services.

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