European Journal of Interdisciplinary Research and Development
Volume- 46 December- 2025
Website: www.ejird.journalspark.org ISSN (E): 2720-5746

BANK MARKETING, PROBLEMATIC LOANS, AND THEIR MANAGEMENT APPROACHES AND STRATEGIC DIRECTIONS

Razzoqov Nozim Abdiroziqovich
Bukhara State University
Department of Accounting and Statistics

Abstract

The concept of marketing activity refers to a bank's consumer-oriented philosophy and strategy, aimed at achieving its goals. This concept is grounded in the analysis of a comprehensive set of indicators that influence the financial and credit system as a whole, and the bank in particular. Based on the marketing concept, proposals are developed to optimize the bank's operations, with a comprehensive planning process for both its internal and external activities. The marketing concept chosen is based on the most important market indicators, which are incorporated into calculations, depending on the bank's specific characteristics (size, operational features, founders) and its goals and objectives.

Introduction

In the Republic of Uzbekistan, some banks focus on a single marketing concept for periods ranging from 3 to 5 years or more. However, only large, reliable, and conservative banks with significant financial resources can afford this, as their resources are robust enough to withstand even economic disruptions and political changes. Other banks, on the other hand, quickly adapt and change their concepts in response to the dynamics of external and internal factors. It is important to note, however, that in practice, no single, pure form of marketing concept exists within the banking business.

The following marketing concepts can be applied in the banking industry:

1. **Production or Concept for Improving Bank Technologies**
2. According to this concept, customers are directed toward affordable services with low prices when selecting a bank. In this regard, banks that adhere to this concept primarily offer highly efficient (profitable) traditional services. Banks choose this concept under the following conditions:

- The majority of the bank's actual and potential customers have low incomes.
- The demand for bank services is equal to or exceeds the supply.
- The bank's customer base is growing, and, based on this, its fixed costs are decreasing, which allows for the allocation of funds to increase the market share of certain bank services.

The efforts of the management of banks that follow the production marketing concept should primarily focus on studying the motivations behind choosing a bank and the reasons that drive customers to switch from one bank to another. Additionally, the focus should be on developing proposals for expanding the bank's customer base and improving bank technologies.

3. **Product, or Bank Services Improvement Concept**

The main principle of this concept is to attract customers to bank services that surpass the offerings of competitors in terms of their characteristics and qualities, thereby providing significant benefits to consumers. In this case, banks invest considerable efforts into improving the quality of the services they offer. Often, the product concept is followed by banks and financial institutions that provide non-traditional, individualized, and sometimes unique services at higher prices (such as leasing, auditing services).

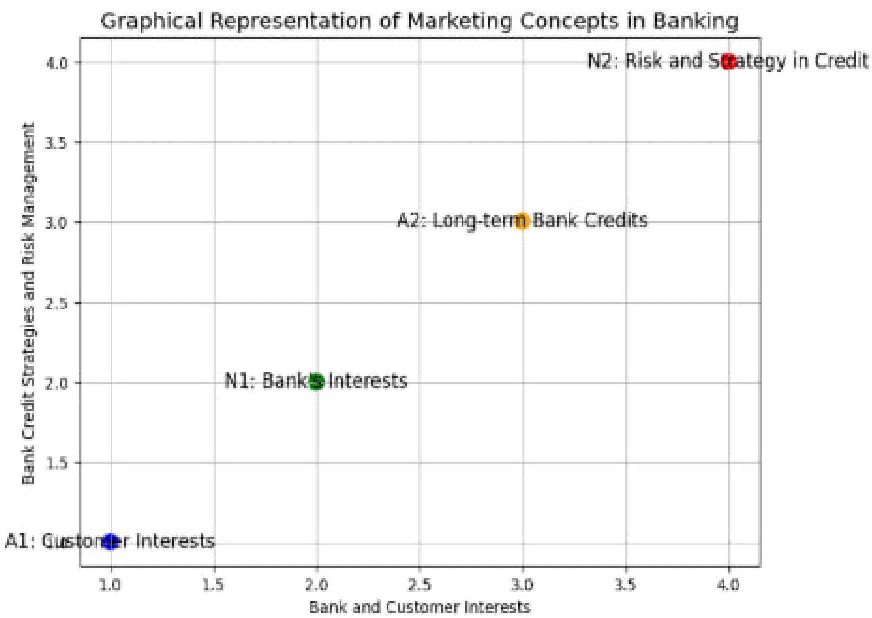
4. **Sales Concept or Commercial Activities Enhancement Concept**

This concept is based on marketing research to attract customers and ensure the necessary level of customer acquisition and the growth of service sales volume. Banks use this concept by focusing on active data management and advertising for their services. A typical approach for using this concept is for banks to actively engage with customers through comprehensive services, including non-traditional services, know-how, and consulting in various business areas, often collaborating with insurance companies, pension funds, and leasing companies. To implement this concept, banks create multifunctional marketing services. The goals of this concept are primarily medium-term: to capture consumer attention toward bank services, especially by running aggressive advertising campaigns compared to competitors and engaging in active personal selling.

5. **Traditional Marketing Concept**

According to this concept, the growth in the consumption of bank services can be achieved after analyzing the needs and demand motives for these services among certain social groups or communication audiences. Based on this analysis, targeted proposals for using bank services are developed. In other words, marketing should begin by analyzing the demand and supply for a specific bank service, and only after that should proposals and programs be created to promote these services. This concept started to gain traction in the banking sector in the mid-1990s, with the following objectives:

- Meeting the demand for traditional services.
- Some banks began to develop external and internal infrastructure.
- The development of state and international financial markets.
- Limited financial resources.



Here is a graphical representation of the four marketing concepts in banking. The diagram highlights the relationship between customer interests (A1), bank interests (N1), long-term bank credits (A2), and risk and strategy in credit management (N2). This visualization demonstrates how different aspects of bank activities align with customer needs and the bank's strategic and risk management decisions.

Problematic loans refer to cases where a bank fails to fulfill its contractual obligations, arising when payments are not made on time. Loan losses negatively impact the quality of the bank's loan portfolio, necessitating continuous monitoring and the inclusion of insurance elements in the bank's lending process. According to P. Rose, an American author of banking management books, preventing the emergence of problematic loans in a bank is impossible. P. Rose defines problematic loans as those where borrowers have failed to make one or more payments on time, and the collateral value has decreased. In banks, managing problematic loans is handled by a specialized department, which may be a division, sector, or unit depending on the scope of the bank's operations. The work of this department is based on special regulatory documents designed to regulate the handling of problematic loans. This department monitors problematic and overdue loans in the bank's portfolio, undertakes efforts to recover problematic loans, and in some cases, manages the debtor's assets and cash flows.

The successful implementation of bank marketing requires an effective combination of customer-oriented approaches. When selecting marketing concepts, banks must consider not only internal resources and capabilities but also external market conditions, customer needs, and the economic situation. Therefore, each marketing concept has its advantages in specific situations, but the need to modify or update them remains constant, allowing the bank to respond to changing market demands. Moreover, all marketing concepts contribute to the bank's long-term success.

- **Production Concept**: This concept focuses on offering services at affordable prices, aiming to improve the efficiency of bank services.
- **Product Improvement Concept**: By offering high-quality services, this concept enhances the bank's competitiveness and ensures customer loyalty.
- **Commercial Concept**: Encourages banks to actively promote their services, expanding their market share.
- **Traditional Marketing Concept**: Focuses on analyzing the demand for bank services and developing proposals for customers based on this analysis.

However, to successfully implement all marketing strategies, banks need to wisely allocate resources, consistently monitor service quality, and quickly resolve emerging issues. This is especially important when dealing with problematic loans, as it helps ensure the bank operates smoothly. Problematic loans can negatively impact a bank's reputation and financial stability, so it is crucial to develop effective mechanisms for managing this process.

In the future, banks should focus on developing marketing and credit strategies, especially by implementing new technologies, enhancing digital banking services, and striving to provide more convenient services to customers. This will not only attract customers but also improve the bank's competitiveness and resilience against economic challenges. In this way, banks should develop comprehensive marketing strategies that ensure their long-term success.

The provided text discusses several key aspects of bank marketing strategies, problematic loans, and how banks can effectively manage these issues while enhancing their services and competitiveness in the market. The text is centered around the importance of understanding and applying different marketing concepts in the banking sector, managing problematic loans, and ensuring long-term sustainability in an ever-changing market environment.

The concept of problematic loans is introduced as a crucial issue for banks. These loans are defined as those where borrowers fail to make payments on time, and the collateral backing these loans loses value. P. Rose, an expert in banking management, highlights that it is impossible to fully prevent the emergence of problematic loans in banks. However, it is essential for banks to have dedicated departments that manage these loans, ensure continuous monitoring of loan portfolios, and take actions to recover these loans. These departments must adhere to internal documents and regulations specifically designed to handle problematic credit situations. By doing so, banks can minimize risks and manage their portfolios effectively.

In the context of marketing, the text emphasizes the need for a combination of customer-oriented approaches. Banks should carefully select their marketing concepts by considering both internal resources and external market conditions, such as customer needs and the broader economic environment. The four main marketing concepts discussed in the text—production, product improvement, commercial, and traditional marketing—each have their advantages depending on the specific situation.

The **production concept** focuses on offering bank services at affordable prices, aiming to increase service efficiency. The **product improvement concept** emphasizes providing high-quality services to enhance the bank's competitive edge and ensure customer loyalty. The **commercial concept** encourages banks to actively promote their services in order to expand market share. Lastly, the **traditional marketing concept** involves analyzing customer demand for bank services and creating proposals based on these insights.

To implement these marketing strategies successfully, banks need to efficiently allocate resources, continuously monitor service quality, and promptly address emerging issues. This is particularly important when managing problematic loans, as the ability to handle such issues effectively ensures the smooth operation of the bank. Problematic loans, if left unmanaged, can have a significant negative impact on a bank’s reputation and financial stability. Therefore, the implementation of effective management mechanisms is crucial for maintaining long-term success.

Looking towards the future, banks must focus on developing marketing and credit strategies that incorporate new technologies, digital banking services, and customer convenience. By doing so, they will not only attract new customers but also enhance their competitiveness and ability to withstand economic challenges. Banks that adopt comprehensive marketing strategies, grounded in both traditional and innovative approaches, will be better positioned to achieve long-term success in the dynamic banking sector.

In conclusion, effective marketing and the management of problematic loans are integral to a bank's ability to thrive in a competitive and evolving financial landscape. By combining customer-focused strategies with efficient loan management, banks can ensure their stability and success.

References

1. The Law of the Republic of Uzbekistan "On the Central Bank of the Republic of Uzbekistan." - T.: Uzbekistan, December 21, 1995.
2. The Law of the Republic of Uzbekistan "On Banks and Banking Activity." - T.: Uzbekistan, April 25, 1996.
3. The Law of the Republic of Uzbekistan "On Electronic Commerce." - T.: Uzbekistan, May 23, 2015.
4. The Law of the Republic of Uzbekistan "On Competition." - T.: Uzbekistan, January 6, 2012.
5. The Law of the Republic of Uzbekistan "On the Protection of Information in the Automated Banking System." - T.: Uzbekistan, April 4, 2006.
6. The Law of the Republic of Uzbekistan "On Electronic Payments." - T.: Uzbekistan, December 16, 2005.
7. The Law of the Republic of Uzbekistan "On Electronic Digital Signatures." - T.: Uzbekistan, December 2003.
8. Abdullayeva, Z. Banking. - T.: "Moliya," 2009, 304 pages, B-166.
9. Asatillaev, X.S., Tursunov, B.O., Mamanazarov, M.A. Strategy for Enterprise Development. - Tashkent: Iktisod-Moliya, 2019, 450 pages.
10. Korobova, Yu.I. Banking Operations. - M.: Magistr, 2007, 446 pages.
11. Banking Operations: A Study Guide / collective authors; edited by O.I. Lavrushin. - M.: KNORUS, 2007, 384 pages.
12. Banking Business: A Textbook / edited by G. Beloglazova, L. Krolivetskaya. - St. Petersburg: Piter, 2008, 400 pages.
13. Navruzova, K.N., Ortikov, O.A. Cashless Transactions and Payment Systems. - T.: "IQTISOD-MOLIYA," 2014.
14. Qoraliev, T.M., Abdullaev, Yo.A. Banking. - T.: "IQTISOD-MOLIYA," 2009, 580 pages.
15. Ortikov, O.A., Qulliev, I.Ya. Bank Management and Marketing: A Study Guide. - Tashkent: Tashkent Financial Institute, 2013, 196 pages.