

Commerce in Banks to Risks Based on the Audit Advantages and Development Prospects

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Abstract: In this article commerce in banks to risks based on audit (Risk-Based Auditing - RBA) advantages and development prospects analysis will be done. To risks based audit of banks main risks identify them manage through financial stability to provide directed. The RBA method in the article traditional to the audit relatively efficiency, commerce banks for importance and in his banking activities risks in minimization place will be lit. That's it additional, international experience based on of the RBA main directions and his modern technologies using development prospects discussion will be done. From this except, in the article this audit method local in banks efficient app reach for recommendations given, including risks fast assessment, digital from platforms use and of the bank internal control system improvement like directions recommendation will be done. Article results commerce in banks to risks based on the audit in development scientific and practical manual being service to do can.

Keywords: risk, to risks based audit, financial stability, audit, internal control system.

Introduction

In the conditions of globalization and rapid technological development, commercial banks face new tasks related to financial and operational risk management. Banks d a uncertainty to reduce and financial stability to strengthen help giving main from tools one this at risk based audit. Modern conditions from banks not only external to changes answer to give, but to their business processes negative effect minimized without surface coming possible has been risks in advance to see too demand does Follow the steps looking to check directed traditional from the audit different as a risk - based audit e ng important risks planning and to manage is aimed at e.g him of banks internal control in the composition indispensable to the tool turns.

Risk based audit commercial in banks internal control and of management important to the part became Risk based on audit potential losses minimize and finance of institutions stable development provide through risks to determine and to soften help gives Effective risk - based auditing face the bank of use coming risks deep to understand and them analysis of doing advanced methods current e tooth demand does In this article to dangers based on the audit improvement according to modern trends and approaches discussion will be done, as well as dynamic finance in the market him optimization directions offer he wished.

Literature review

Risk-based auditing (RBA) in commercial banks offers significant advantages and promising development prospects. This approach shifts the focus from traditional compliance-based audits to a more strategic evaluation of risks, thereby enhancing the effectiveness of risk management and compliance with regulations. RBA allows banks to identify high-risk areas and prioritize audits accordingly, which leads to improved operational efficiency and effectiveness. The

development of RBA is supported by advances in technology and a growing emphasis on proactive risk management. Below are the key advantages and development prospects of RBA in commercial banks.

Advantages of Risk-Based Audit

- **Operational Efficiency and Effectiveness:** RBA focuses on high-risk areas, which helps banks allocate resources more efficiently and improve operational effectiveness. By concentrating on areas with the highest risk, banks can streamline their audit processes and reduce unnecessary interventions (Dharmawati et al., 2024) (Nakenov, 2010).
- **Proactive Risk Management:** RBA enables banks to identify and manage risks proactively, thereby strengthening financial and operational stability. This approach allows banks to anticipate potential risks and implement mitigation strategies before issues arise (Dharmawati et al., 2024) (Mohammadi et al., 2014).
- **Regulatory Compliance:** By ensuring that audits are aligned with regulatory requirements, RBA helps banks maintain compliance with industry standards, reducing the risk of sanctions and fines. This compliance is crucial in the context of evolving regulatory landscapes (Dharmawati et al., 2024) (Dănescu et al., 2010).
- **Enhanced Risk Management Culture:** The implementation of RBA fosters a strong risk management culture within banks. It encourages the use of information technology to support risk management processes, which is essential for maintaining a competitive edge in the banking sector (Dharmawati et al., 2024) (Görener, 2017).
- **Improved Audit Planning:** RBA allows for more effective audit planning by evaluating each area according to specified risk criteria. This ensures that resources are directed towards the most critical areas, allowing banks to respond quickly to changes in the internal and external environment (Dmyshko, 2024) (Hoque, 2005).

Development Prospects

- **Integration with Technology:** The development of big data and cloud computing technologies presents new opportunities for RBA. These technologies enable more comprehensive data analysis, allowing for more accurate risk assessments and audit planning (Yang, 2018).
- **Adoption of Modern Tools:** The use of advanced tools like the Azilon Risk Auditor system facilitates risk identification and prioritization, enhancing the overall audit process. Such tools help banks anticipate potential risks and allocate audit resources effectively (Nakenov, 2010).
- **Global Adoption Standardization:** As banks worldwide recognize the benefits of RBA, there is a growing trend towards its adoption. This global shift is supported by international regulatory frameworks and corporate governance standards that emphasize risk management (Griffiths, 2005).
- **Continuous Improvement Adaptation:** RBA is continuously evolving to address new challenges in the banking sector. This includes adapting to changes in market conditions, regulatory requirements, and technological advances, ensuring that banks remain resilient and competitive (Kurniawati, 2017).

While RBA offers numerous advantages, it is important to consider potential challenges and limitations. For instance, the successful implementation of RBA requires a significant investment in technology and training, which may be a barrier for some banks. Additionally, the dynamic nature of risks means that RBA processes must be continuously updated and refined to remain effective. Despite these challenges, the benefits of RBA in enhancing risk management and operational efficiency make it a valuable approach for commercial banks.

Analysis and results

Risk management is often cited as one of the most important areas for executives working in finance. As a result risks manage according to many books and articles was written . Risk profile of banks watching to go and risks manage practice improvement opportunities to determine in today 's rapidly developing business environment internal of the audit importance attention outside leaving it won't be. Today, commercial banks are domestic to the audit more attention to give recommendation because he is doing it risks manage function belongs to specialized study courses through support and internal audit management trained and qualified personnel point of view in terms of in support important important.

Key aspects of risk-based auditing

A risk-based audit focuses on areas of greatest risk. It is based on a comprehensive approach aimed at assessing the bank's activity and forecasting and minimizing possible threats. This approach includes the following main steps:

1. Identification of risks - identification of the main risks faced by the bank. At this stage, it is important to understand which processes and departments are most vulnerable and may suffer financial, operational or reputational losses.
2. Risk analysis and assessment - auditors assess the probability of occurrence of each risk and its possible consequences. Based on this analysis, measures are determined to reduce risks and integrate them into the general strategy of bank management.
3. Monitoring and control - Monitoring is an important element of the bank, which allows timely response to changes in the level of risk. Continuous monitoring ensures readiness to detect deviations from established standards and their prompt elimination.
4. Documentation and reporting – creating reports describing identified risks and proposed solutions. This enables bank management to make informed decisions on risk management.

At risk based on 3 main aspects of the audit there are principles .

1. Risk assessment The basis of a risk-based audit is a comprehensive risk assessment. It involves identifying, analyzing and evaluating risks that may affect banks. Risks are categorized based on their likelihood and potential impact, allowing auditors to focus on areas of higher risk.
2. The extent and possible impact of materiality risks on the overall operations is assessed by auditors. They can then decide how much testing is required and what level of assurance is reasonable.
3. Customization Unlike one-size-fits-all audit plans, risk-based auditing tailors its approach to each organization's unique risk profile. This alignment ensures that resources are allocated where they are most needed and optimizes the effectiveness of the audit function.

While the benefits of a risk-based audit are great, it's important to recognize and address the issues.

Risk-based audit banking sector for one row important a to advantages to e :

Risks manage efficiency increase System important didn't happen aspects for unnecessary from expenses run away important risks eliminate reach for resources to separate possibility gives.

Operation of expenses decrease. Internal auditors to processes attraction e tooth problems in advance to determine and their development prevention get enable gives, this while economic savings and ineffective of expenses to decrease take will come

Investors and customers confidence increase Control to do and comprehensive approach to reporting as a trusted bank reputation - attention creates, this while customers base expand and customers attraction to do help gives

To the laws compatibility provide. In order givers from banks finance system stability and

strength provide for risks manage mechanisms current e tooth demand does Risk-based auditing b trace this requirements compliance to do possibility gives and violations for fines get probability reduces.

Current trends and problems

Digital of technologies development and banking products complication with banks face coming dangers scope too expanding . In particular, cyber compliance and operational risks grow up is going Risks automated manage systems current e tooth s analytical software based on artificial intelligence and from algorithms use risks of assessment accuracy to increase and decision acceptance to do acceleration can.

Risk increasingly based audit more not only financial stability, but also of business economic and climate change like external to the effects durability to check directed.

Compliance with environmental standards is becoming an increasingly important part of corporate social responsibility and corporate governance management.

The benefits of performing a risk-based audit include:

1. Operation efficiency and efficiency increase: to risk based audit to banks in determining help gives operational inefficiency and business processes improvement A audits high dangerous to areas towards banks resources more more efficient distribution and common work activities improvement can.
2. Risks in management proactiveness: risks proactive way to determine through banks to reduce done to increase can to dangers negative effect from showing previous measures. These potential losses to reduce help gives and of the bank financial stability provide.
3. Normative- legal to documents better compliance to do: To risk based on audits of banks to all compliance to do provides in order puter requirements, this while sanctions risk reduce and banking activities improve in order givers and interested parties in front of reputation.
4. Enhanced risk identification Traditional audit approaches may overlook risks due to predetermined audit schedules. Risk-based auditing, on the other hand, helps identify risks proactively, ensuring that auditors are always focused on the most relevant and relevant threats to the organization.
5. Optimizing Resources Resources, both time and personnel, are a valuable commodity in any organization. Risk-based auditing optimizes the allocation of these resources by directing them to the areas with the highest risk. This not only increases the effectiveness of the audit function, but also increases the impact of risk mitigation efforts.
6. Strategic Decision Support By aligning audit activities with strategic objectives, risk-based auditing provides valuable insights beyond compliance. The information gathered through an audit becomes a strategic asset and enables decision makers to gain a deeper understanding of the risks and opportunities associated with various business activities.
7. Proactive Risk Management Instead of responding to risks after they occur, risk-based auditing allows organizations to be proactive in their risk management approach. This proactive position allows identifying and mitigating risks before they escalate, protecting the organization's reputation and financial stability.
8. Improved Stakeholder Confidence Stakeholders, including investors, customers and regulators, have an interest in the robustness of an organization's risk management practices. A risk-based audit provides a transparent and proactive approach and provides stakeholders with confidence that the organization is proactive in addressing potential issues. Risk-based audits address critical issues for senior management and leadership, allowing companies to address their biggest problems first and identify previously unrecognized risks, and may even identify gaps that a traditional approach would have missed.

In order to improve the effectiveness of risk-based audit in commercial banks, it is suggested to pay attention to the following directions:

1. Artificial intelligence and the car learning integration . Based on artificial intelligence systems to auditor's risks prophecy make anomalies to determine and big information analysis in doing help gives. This audit time significant level shortens and his accuracy increases.
2. Powers of employees development . Internal audit specialist's big information analysis do, cyber security and risks evaluation according to to skills to divide into e need Teaching and powers development the audit high level to transfer possibility gives
3. Risks of management the only one system creates Risks of management all processes the only one to the system combine their transparency increases and decision acceptance to do for to information access makes it easier.
4. To preventive measures accent Dangers surface when it comes to determine instead of, you can has been risks in advance to know and prevention to get attention focus need.

Conclusion

Improving risk-based auditing in commercial banks requires a comprehensive approach and strategic planning. This approach to banks risks to minimize, financial stability to strengthen and customers and partners by trust level to increase help gives of Uzbekistan the world economy more and more integration banking sector in the conditions of the republican system and finance system stability provide for necessary to e element is spinning. At risk based on in the internal audit system necessary inspections and balances provide through in banks continue is going risks to manage help to give is expected . However, to risk based on internal audit majority banks for very a new cha approach that it happened because of, him done increase for step by step, however efficient approach necessary will be Improving risk-based auditing in commercial banks is a necessity in the context of increasing complexity of financial transactions and regulatory requirements. Introduction of new technologies, development of employees' competences will allow banks to manage risks more effectively, reduce operational costs and increase customer confidence. By focusing audits on high-risk areas, banks can allocate resources more efficiently. This reduces the waste of resources in less important areas and allows more to be done. Proactive risk identification and mitigation in risk-based auditing helps banks proactively identify and manage risks. With comprehensive risk analysis techniques, banks can recognize potential risks in advance. This enables banks to implement timely mitigation measures, which in turn improves financial and operational stability. Risk-based audits ensure increased compliance with regulations and standards, and banks are more compliant with regulations and industry standards. Greater focus on high-level regulated areas will help banks comply with all legal requirements and avoid the risk of sanctions and fines. Building a strong risk management culture in performing a risk-based audit encourages and builds a strong risk management culture in the organization. The use of technology and data analytics in risk-based auditing promotes the use of information technology and supports the risk management process. In general, the Risk-Based Internal Audit System is important for banks in strengthening their management structures and improving their internal control systems.

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