

**REPUBLIC OF AZERBAIJAN**

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**ABSTRACT**

of the dissertation for the degree of Doctor of Philosophy

**EVALUATION OF THE ROLE OF THE BANKING  
SYSTEM IN ANTI-CRISIS MANAGEMENT**

Speciality: 5301.01 - Internal fiscal policy and public finance

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## GENERAL DESCRIPTION OF RESEARCH

**Relevance and study level of topic.** The history of the development of the world economy shows that the occurrence of crises at one time or another is inevitable. Short-term and sometimes long-term crises have a devastating effect on the economy and lead to deterioration of the main economic indicators. As a rule, when economic or financial crises occur, the growth dynamics of the gross domestic product is disturbed, the level of employment decreases, the level of unemployment increases, inflation cycles accelerate, delays in settlements occur, sometimes they completely stop, violations in the financial system expand, the process of recession begins, a in many cases, stagnation and stagfation processes cover the economy, devaluations are inevitable. In order to eliminate all these negative trends that have manifested themselves, countries have to start an anti-crisis management system. For this purpose, an anti-crisis policy is developed, which should reflect the main parameters that should be implemented in this direction in the future.

As a rule, anti-crisis measures cover the most important issues that are the main elements of anti-crisis management. Here, the nature of the causes and conditions that created the crisis, its scope, the economic catalysts it created, the level of depth of the negative trends, etc. is attributed. The main task of anti-crisis management is to find ways out of the situation and organize it.

World experience shows that the banking system has an exceptional role in eliminating crises that have arisen for one reason or another. Because the banking system can intervene in the economy at any time through the functions and duties defined by the law, they can solve the strategic economic issues posed by the state through various monetary instruments and monetary policy. At the same time, if it is taken into account that the banking system has a large amount of credit and investment, currency funds, it can be said that the banking system can play an indispensable role in anti-crisis management.

The economic crisis that began due to the drop in prices on the world oil market forced countries to take adequate measures. In our Republic, in 2016, the "Strategic Roadmap for the perspective of the

national economy of the Republic of Azerbaijan" containing the ways out of the crisis was adopted.

Based on this document, Roadmaps were prepared for all areas and sectors of the economy. Among them, the "Strategic Roadmap for the development of financial services in the Republic of Azerbaijan" was approved, which is of special importance and at the same time can reveal the role of the banking system in anti-crisis management. This document combines five goals and sixteen priorities that reflect the directions of action.

Taking into account the above, it can be said that the need to find ways out of the crisis situation in our country, to successfully carry out this activity, created the basis for choosing the research topic.

There are many studies that justify the exit from the crises that have occurred in the economy, and reflect many elements of this process. Such research concerns both Azerbaijani and foreign scientists.

In separate works and studies of Azerbaijani scientists BXAtashov, ZFMammadov, MM Bagirov, EMSadigov, AEKarimov, RABashirov, S.A.Abdullayev, R.Aliyev, ZHIbrahimov, AABabayev and others, the role and importance of the banking system in the ways out of crises in the country's economy studies are found.

At the same time, foreign scientists such as Linder Peter, AVanashkin, BBRubchov, KBRudiy, ABXoleonov, BBKruglov, R.I. Khasbulatov, VKShirinkill, VVUsov, FMMishkin, A. Kudri, I.L. Kavichkayan, SA Andryushin, Joseph Stigliv, AKKashyapin also participated in similar studies. , Van den Heuvel, YVTaylor, etc. also found in his works.

The evaluation of the role of the Azerbaijani banking system in anti-crisis management was considered in the researches of both Azerbaijani and foreign scholars whose names were mentioned, in the case of researches on the emergence of economic and financial crises, their nature, theoretical and methodological issues and other parameters. Taking into account this fact, the evaluation of the role of both the Central Bank and banks in anti-crisis management is set before us in the research.

**The object and subject of the study.** The banking system of the Republic of Azerbaijan was chosen as the object of the study. The

subject of the research is the analysis of the situation created by the crisis in our country, the legality of the anti-crisis measures implemented to get out of the crisis, the formation of economic relations on the basis of the methods and rules of determining the factors used by the banking system.

**The purpose and main tasks of the study.** The main purpose of the study is to determine the negative trends created by the crisis situation in the economy of Azerbaijan, to provide the main parameters of the organization of anti-crisis management in the elimination of those trends, and to evaluate the role of the banking system in this process. To achieve this goal, the following tasks are planned in the research:

- Investigating the nature, content and impact of crises on the economy;
- Study of methodological issues of anti-crisis measures;
- Study of advanced world experience of anti-crisis activity;
- Examining the current state of legal and normative bases of anti-crisis activity in our country;
- Analysis and assessment of the current state of the role of the banking system in anti-crisis management;
- Determining the activity priorities of the banking system in anti-crisis management.

**Research methods.** Systematic and complex approach, analytical and synthetic accounting and analysis methods, analysis of dynamic series, analytical calculation method, comparative analysis, comparison, synthesis and balance methods were used during the research.

**The main provisions for the defense.** The main provisions defended are as follows:

- Theoretical, conceptual and methodological issues of crises;
- The positive trends of the advanced world experience of anti-crisis activity and the possibilities of their application in our country;
- Analysis of the main parameters of the normative-legal basis of anti-crisis management ;
- Analysis and assessment of the role of the banking system in anti-crisis management;
- Priority directions of banking system activity in anti-crisis management

**The scientific novelty of the research.** The scientific novelty of the research consists of the following:

- The theoretical conceptual and methodological issues of crises were analyzed based on the approaches of scientists from different countries, its impact on the economy was investigated, and proposals were made in the direction of its main parameters;

- The world's advanced experience of anti-crisis management was studied, proposals were put forward regarding the application of its progressive methods in our country;

- The current situation of the normative legal framework of anti-crisis management in our country was analyzed and suggestions were made for its improvement;

- During the period covering the years 2012-2022, using monetary instruments and monetary policy, the main parameters of anti-crisis management in the banking system were analyzed, proposals were made regarding the improvement of the process;

- On the basis of the conducted analysis and research, the priorities of the activity of the banking system in anti-crisis management were determined, and proposals were made in the direction of their improvement in the future.

**The theoretical and practical significance and foundations of the research.** The theoretical conceptual terms obtained as a result of the research carried out by means of the dissertation, the proposals put forward on different parameters, as well as the scientifically based recommendations, are more important for the anti-crisis activity in the economy of our republic. improvement, process adjustment, management, as well as programs and forecasts that can be adopted in this direction, can also be widely used in the preparation of projects to be implemented.

In addition, the materials of the research work are used in the teaching process of students studying at both the bachelor's and master's level in educational institutions, of separate subjects, such as "Money and banks", "Banks and banking operations", "Anti-crisis policy", "Theory and practical problems" etc. can be widely used in teaching.

The dissertation work was carried out at the Cooperative University of the Ministry of Education of the Republic of Azerbaijan.

**Approbation and implementation of the results.** The results, main theoretical and practical provisions of the dissertation were presented and widely discussed by the enterprise at various international and national conferences, symposiums and seminars during 2016-2021.

**The name of the organization in which the dissertation work was carried out:** The dissertation work was carried out at the "Finance and Banking" department of Azerbaijan Cooperative University.

**The total volume of the dissertation work with marking structural sections separately.** The dissertation consists of 146 pages, including an introduction, three chapters, a conclusion and a list of 111 references. 17 tables and 4 schemes are given in the thesis work . The total volume of the study is equal to 237949 characters, excluding the number of tables, reference list and abbreviations. Thesis consists of contents and introduction - 9661 characters, first chapter 68525 characters, second chapter 115467 characters, third chapter 35769 characters, conclusion 8527 characters.

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## MAIN PROVISIONS FOR THE DEFENSE

### **1. Theoretical, conceptual and methodological issues of crises**

The history of the countries of the world shows that crises of various nature occur in them from time to time. The causes of these crises, their influence on the economy, the trends they have created in the economy, the means of eliminating their consequences and. etc. they differ significantly according to factors. The crises that have occurred



are actually caused by cataclysms, complications, delays, violations, etc. in the country's economy. they have similar characters in content. In order to clarify the nature and content of crises that have occurred for one reason or another, as an economic category, its main parameters, as well as in-depth study of their impact on the economy, the correct treatment of this concept, this concept, that is, the concept of crisis, its formalities, the main reasons for its emergence and manifestation in a real way should be analyzed in depth.

In the history of the countries of the world, the financial and economic crises that occurred at certain time intervals alternated with each other, sometimes with small and sometimes with large intervals. In fact, both financial and economic crises are closely related to each other with important economic parameters, and one creates the ground for the other. It should also be taken into account that both forms of crisis have their own parameters.

The occurrence of crises, its continuation and alternating cycles, generally the nature of this economic manifestation depends on the form of the crisis. In the economic literature, they distinguish several forms of crises, mainly financial and economic crises. However, there are many crises attributed to these two forms, which differ in many parameters. The following can be attributed to them. For example, debt crisis, payment crisis, budget crisis, banking crisis, currency crisis, money circulation crisis, settlement crisis, stock market crisis, securities crisis, employment crisis, etc.

There are reasons for the emergence of each of these crises, indicators on which they depend, and the identification of each of them is the basis for clarifying the anatomy of the crisis.

***When conducting research and analysis of crises, we see that there are different approaches to its essence in various literature and sources:***

- "Crisis is an imbalance of development in the country's economy, a decrease in dynamics, the emergence of cataclysms at the macro and micro level, a decrease in the level of development of the real sector, a depreciation of the country's currency compared to other countries' currencies, a decrease in value, an increase in inflation, etc. it is an economic situation that includes such parameters" ( ***A.M. Abbasov,***

**"Dictionary of Economic Terms " );**

- A crisis is an economic situation that includes multifactorial manifestations ( *the book "Economic Theory" by A.I. Dobryn and LStarasevic* );

- The financial crisis phenomenon is characterized by a number of important parameters, including a sharp decline in the prices of financial assets and the bankruptcy of many financial companies; ( *F. Mishkin. "Economic theory" book* ).

The presence of different approaches to the explanation of the financial crisis in various economic literatures is related to the numerous causes of this crisis, as well as the wide variety of factors and indicators affecting it. The financial crisis is a part of the economic crisis, which has a wide spectrum, multiple parameters and character. It has its own specific parameters. As it is known, earlier in the economic literature, the financial crisis was characterized as a "money crisis". Over time, this approach has changed, the point of view on this issue has broadened, and the parameters arising from the characteristic and specific features of the financial crisis have been reflected in those explanations.

Analyzing the works of scientists and researchers of different countries, we see that currency, debt, stock exchange, budget and money circulation crises are considered as part of the financial crisis:

***During the global crisis in 2014-2015, we can point out the following as the reasons that created this situation in the economy of our country:***

- high credit risks of banks under the influence of volatility existing in the economy;

- that the capital position in the banking system is not adequate to the turbulence in the economy and therefore has a "fragile" nature;

- an increase in the amount of non-performing assets in credit institutions and, therefore, a decrease in the level of efficiency in the use of assets;

- lack of legal-normative basis for analysis on management and regulation of non-performing assets in the banking system;

- lack of hedging (a specialized company that can buy and sell risks) organizations in the market risk management system in credit institutions;

- in the country's financial services sector, i.e. banking, insurance, equity, fund, currency, securities, etc. lack of advanced, developed corporate management in its sphere;

- if necessary, the lack of suitable conditions for conducting a rehabilitation process in credit institutions in the banking system (etc.).

**2. The positive trends of the advanced world experience of anti-crisis activity and the possibilities of their application in our country.** One of the important distinguishing and characteristic features of the modern era is that globalization has deepened, its growth in a number of parameters has made the economies of countries dependent on each other. This situation ultimately led to the fact that when a crisis occurs, its consequences spread rapidly to countries with a globalized economy. In order to prevent this process, each country implements anti-crisis measures with specific characteristics. Actions to eliminate the negative trends created by the crisis are not always successful in individual countries. The reasons for this are that the anti-crisis policy is a very complex process, since the causes of crises are different, there are no common standards in the approach to eliminating their consequences, the anti-crisis policy has a different character depending on the structure of the economy of each country, the goals and priorities of the economic policy conducted in the country, at the same time, countries have different opportunities and conditions to implement anti-crisis policy. It is for these reasons that the system of actions taken against crises in countries reveals the main parameters of the world experience of anti-crisis measures and politics in each of the countries of the world.

One of the important distinguishing and characteristic features of the modern era is that globalization has deepened, its growth in a number of parameters has made the economies of countries dependent on each other. This situation ultimately led to the fact that when a crisis occurs, its consequences spread rapidly to countries with a globalized economy. In order to prevent this process, each country implements anti-crisis measures with specific characteristics. Actions to eliminate the negative trends created by the crisis are not always successful in individual countries. The reasons for this are that the anti-crisis policy is a very complex process, since the causes of crises are different, there are no general standards in the approach to eliminating their consequences, the

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*Looking at the world experience in the field of anti-crisis management, it became clear that:*

- **in the United States of America** is mainly aimed at saving the country's economy and saving the capital of large financial investors. In the end, the goal was to restore their leading roles both in the country's economy and in the world economy.

- **of the Russian Federation** made a decision and set priorities for anti-crisis management: social protection of the population, assistance to the financial system, inflation targeting policy in line with the Anglo-Saxon model, acceleration of SME activity and other such priorities.

- **the European Union**, the framework of anti-crisis management measures includes stimulating consumer demand, increasing the level of demand, ensuring the competitiveness of its economy, adopting a "smart" investment program, etc. consisted of necessary measures.

The anti-crisis management mechanisms and methods applied in the experience of the United States of America, the European Union and Russia, which have been studied, can be applied in all countries during the crisis due to their nature and effectiveness. The possibility of which of them can be applied in Azerbaijan should be widely analyzed and suitable ones should be selected.

**3. Analysis of the main parameters of the normative-legal basis of anti-crisis management.** The world experience shows that the first reaction of the government in the fight against the crises that occurred in any country, regardless of its form, is the preparation of a plan of measures related to the elimination of the consequences of the crisis. As a rule, such a document forms the legal and normative basis of anti-crisis management. If we look at it from this point of view, it can be said that in order to eliminate the consequences of the global crisis that happened in 2014-2015 in the Republic of Azerbaijan, a new

document was prepared in accordance with the order of the President of the country No. 1897 dated March 16, 2016. This document was about the approval of "***The main directions of the strategic roadmap for the national economy and the main sectors of the economy***" and the issues arising from it. Based on this order, 12 strategic road maps were prepared for the national economy and 11 sectors of the economy. The mentioned document includes the economic development strategy and action plan until 2020 covering the short, medium and long-term periods, as well as the long-term vision plan for the period up to 2025 and, in parallel, the target vision plan for the period after 2025.

One of the most important issues is the constant monitoring and evaluation of the processes that are required to be implemented in the strategic road map in order for the measures taken to get out of the crisis situation in a short period of time to be effective and to produce effective results.

On the basis of the above, the "Strategic Roadmap for the perspective of the national economy of the Republic of Azerbaijan" approved by the decree of the President of the Republic of Azerbaijan on December 6, 2016 was adopted. The need to adopt this document, that is, the document that serves as the basis for anti-crisis activity, was related to the negative trends in the economy due to the sharp drop in prices in the world oil market starting from 2014. These trends are characterized by a drop in the level of the main economic indicators that characterize the real state of the country's economy.

The document reflecting the Strategic Roadmaps contains not only the goals and principles of development in the country during the crisis, but also the current global trends in each direction of the country's economic development, comprehensive diagnosis of the economy, GZIT analysis of the current state of the economy, measures to be implemented in connection with the crisis, those measures reflects the amount of necessary investments and at the same time the result indicators. One of the main goals envisaged in this document was that by focusing on the main development priorities selected in the short term, the foundation of the future, strategic development in the medium and long term will be provided in the country.

At the same time, this document reflects the expansion of

cooperation and elimination of the consequences of the crisis on the basis of the joint activity of the representatives of the foreign and local private sector in the periods stipulated by the document. In this direction, the state should act as a catalyst in development, and the locomotive of development should be the private sector. In our opinion, while conducting the mentioned monitoring and evaluation, attention should be paid to the implementation of each measure on its merits, to the availability of appropriate results on the intended targets and priorities, and also to the appropriate implementation period.

**4. Analysis and assessment of the role of the banking system in anti-crisis management.** Global crises in 2008-2009, as well as in 2014-2015, have shown that removing the cataclysms that have arisen, and taking action in the direction of eliminating negative tendencies the place is taken by the banking system. The Central Bank, which is the leading force of the system, tries to eliminate the consequences of the crisis by using one or another form of monetary policy, as well as monetary instruments, depending on the situation. For this purpose, the Central Bank carries out various operations based on the existing capital base and money base within the scope of the possibility. All these operations are aimed at the implementation of the goals and priorities facing the economy.

In accordance with international practice, the wide use of tools to increase the role of the banking system in anti-crisis management is effective. One of those tools and one of the most important features is the structural elements of the monetary base in the country's economy. monetary base in manat, cash in circulation, funds from correspondent accounts, including mandatory reserves belong to these elements.

It can be seen from Table 1 that during the analyzed years 2012-2022, with the exception of 2015, when the crisis reached its peak, there was a dynamic observed with an increase in the total amount of the monetary base every year. Thus, the amount of this indicator in 2012 was 1066.4 mln. has organized manats. In the following years, the limit of this indicator compared to the previous year will be 10.6%, 0.6%, 22.1%, 6.9%, 7.8%, 23.3%, 14.66%, and in 2021 it will be 3 was 9%. The analyzed indicator reached its maximum limit of 20,900.3 million manats in the last year of 2022. (*Table 1*).

**Table 1. Dynamics of the monetary base structure in the Republic of Azerbaijan during 2012-2022 (in million manats)**

Years, compared to previous years change with (+:-)%	Money base	Including:				Periodically of a n white d money of mass --- money The ratio of b a z a s in % _
		Monetary base (manats)	periodic cash withdrawn money	Correspondent accounts	O sentence: mandatory reserves	
<b>2012</b>	10660.3	10515.0	9777.5	868.6	106.3	91.7
<b>with (+:-)%</b>	+25.6	+27.1	+27.6	+5.1	+5.45	+1.5
<b>2013</b>	11793.1	11642	11033.3	749.2	157.0	93.6
<b>with (+:-)%</b>	+10.6	+10.7	+12.8	-13.7	+47.7	+1.9
<b>2014</b>	11866.9	11541.9	10845.9	1013.1	228.0	91.4
<b>with (+:-)%</b>	+0.6	-0.86	-1.7	+35.22	+45.2	-2.2
<b>2015</b>	7560.7	6907.8	5416.8	2137.2	47.4	71.6
<b>with (+:-)%</b>	-35.29	-40,21	-50.1	+110.9	-79.2	-19.8
<b>2016</b>	9232.8	7860.5	6960.8	2258.7	147.7	75.4
<b>with (+:-)%</b>	+22.1	+13.9	+28.5	+5.7	+211.6	+3.8
<b>2017</b>	9872.6	8543.2	8140.2	1695.8	141.2	82.5
<b>with (+:-)%</b>	+6.9	+8.68	+16.9	-24.93	-0.5	+7.10
<b>2018</b>	10643.7	9545.7	8364.1	2243.8	163.0	78.6
<b>with (+:-)%</b>	+7.8	+11.7	+2.7	+32.31	+15.4	-3.9
<b>2019</b>	13125.3	12152.5	10405.5	2708.6	165.4	79.3
<b>with (+:-)%</b>	+23.3	+27.3	+24.4	+20.71	+1.47	+0.7
<b>2020</b>	15052.9	13564.2	11839.7	3204.2	149.5	78.7
<b>with (+:-)%</b>	+14.68	+11.6	+13.78	+18.3	-9.6	-0.6
<b>2021</b>	19761.4	17937.6	12310.0	7440.0	173.4	62.3
<b>with (+:-)%</b>	+31.3	+32.2	+4.0	+132.2	+16.0	-20.8
<b>202 2</b>	20900.3	17460.3	14714.4	6169.7	1389.2	70.4
<b>with (+:-)%</b>	+5.8	-2.7	+19.5	-17.1	+701.2	+13.0

*Source: The table was prepared by the author based on the information of the Central Bank of Azerbaijan.*

When conducting the credit policy within the framework of the anti-crisis policy, the Central Bank can make various decisions

depending on the structure of the economy, the priorities and goals of the processes in its sectors. As a result of these, it is necessary to analyze the dynamics of the distribution of credit by sectors in our country during 2012-2022.

Through the use of subjects in the economy, the dynamics observed in this field during the analyzed years have been increased. Only 2016, 2017 and 2020 have had an increase during the remaining seven years. In 2012, the total amount of credit to the national economy was 12,243.7 million. has organized manats. Compared to the previous year, the volume of total loans increased by 25.9% in 2013, by 20.2% in 2014, and by 17.2% in 2015. During the next two years, i.e. in 2016 and 2017, the volume of total loans was reduced. The decrease compared to the previous year was 24.33% in 2016 and 28.5% in 2017. After the crisis, 2018 went down in history as a year of recovery. In that year, in comparison with the previous year, the total number of loans increased by 10.7%, and in 2019 by 17.5%. As a result of the spread of the pandemic at the world level, there have been setbacks in many indicators in the economy of the countries. One of such indicators is credit agreements. In our country, the level of this indicator decreased by 5.1% in 2020. In the last analyzed year, 2022, this indicator increased again by 17.8% (*Table 2*).

**Table 2. In the Republic of Azerbaijan during 2012-2022  
Distribution of loans by sectors (million manats)**

Years, change from previous year (+;-) in %	Total loan amount	O sentence. time the past	State sector credits	Special weight %- with	Private sector credits	Special Weight %- with	O sentence. home to farms credits
<b>2012</b>	12243.7	748.8	1467.2	11.98	10027.7	81.9	8823.6
<b>with (+;-)%</b>	-	-	-	-	-	-	-
<b>2013</b>	15422.9	792.8	1398.2	9.06	13231.9	85.8	8767.3
<b>with (+;-)%</b>	+25.9	+5.8	-4.7	-2.92	+32.0	+3.9	-0.64
<b>2014</b>	18542.6	976.3	1326.4	7.15	16239.9	87.6	8626.5
<b>with (+;-)%</b>	+20.2	+23.1	-5.14	-1.91	+22.7	+1.8	-1.6
<b>2015</b>	21730.4	1508.5	1277.8	5.88	18944.1	87,17	8383.6
<b>with (+;-)%</b>	+17.2	+54.5	-3.67	-1.27	+16.6	-0.43	-2.8
<b>2016</b>	16444.6	1472.6	1517.7	9.22	13454.3	81,81	5858.7
<b>with (+;-)%</b>	-24.33	-2.38	+18.7	+3.34	-28.9	-5.36	+2



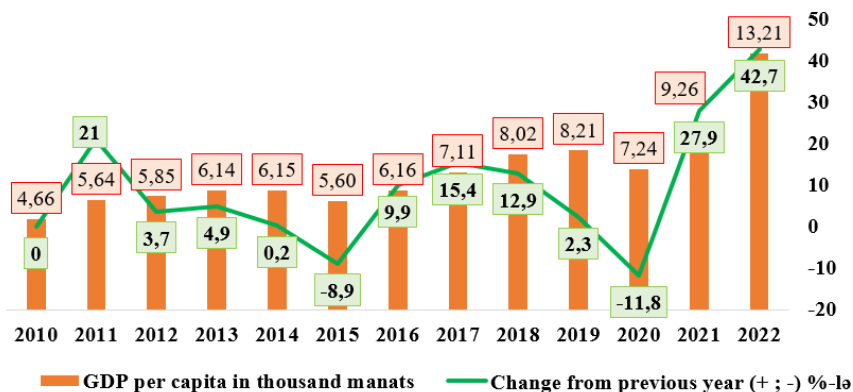
<b>2017</b>	11757.8	1626.7	1071.7	9,11	9059.3	77.04	4606.5
<b>with (+:-)%</b>	-28.5	+10.1	-29.4	-0.11	-32.7	-4.77	-21.4
<b>2018</b>	13020.3	1585.0	1017.1	7,8	10416.2	80.01	5319.6
<b>with (+:-)%</b>	+10.7	-2.57	-5	-1.31	+15	+2.97	+15.5
<b>2019</b>	15298.2	1273.1	890.8	5.82	13134.3	85,85	6978.7
<b>with (+:-)%</b>	+17.5	-19.7	-12.4	-1.98	+26	+5.64	+31.2
<b>2020</b>	14530.4	893.1	902.3	6.2	12735.0	87.64	6709.3
<b>with (+:-)%</b>	-5.1	-29.85	+1.3	+0.38	-3.1	+1.79	-3.9
<b>2021</b>	17119.8	719.4	957	5,6	15443.4	90.2	8607.3
<b>with (+:-)%</b>	+17.8	-19.4	+6.1	-1.0	+21.3	+2.6	+28.3
<b>202 2</b>	20184.0	593.7	674.8	3,3	18915.5	93.7	11273.1
<b>with (+:-)%</b>	+17.9	-17.5	-29.5	-2.2	+22.5	+3.5	+31.0

*Source: The table was prepared by the author based on the information of the Central Bank of Azerbaijan.*

The positive trends that can be created in the economy are realized in the credit market by state banks, private banks, banks with foreign capital, and non-bank credit organizations.

*In addition to the above tables, within the framework of the analysis of the current situation*, in accordance with the goals and objectives of the study, the dynamics of loans in national currency and in foreign currency by periods in our country, the dynamics of foreign currency loans implemented by credit organizations by periods, were available in our country dynamics of the deposit base by currencies, the structure of deposits and savings, the dynamics of the structure by terms, the dynamics of mandatory reserve norms, the dynamics of mortgage loans, the dynamics of interest rates, the activity of the Central Bank in the securities market, the dynamics of the instructions of the money supply structure in the country *were analyzed*.

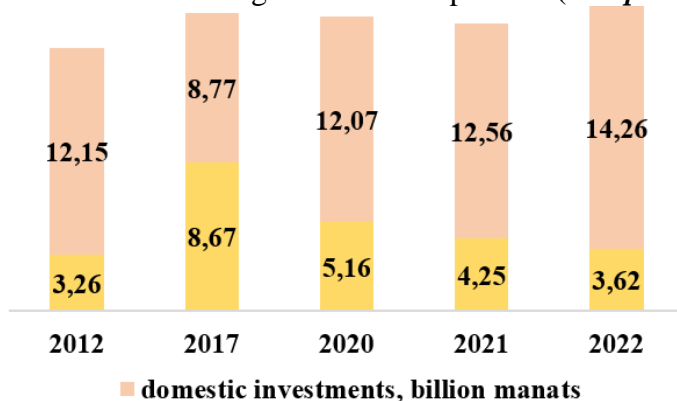
*During the assessment of the role of the banking system in the modern stage of anti-crisis management*, it is necessary to analyze the dynamics of the gross domestic product in our country during the period 2010-2022, as well as the dynamics of the gross domestic product per capita (*Graph 1*).



**Graph 1. Dynamics of the GDP indicator per capita in the Republic of Azerbaijan during 2010-2022**

*Source: The graph was prepared by the author based on the data of the State Statistical Committee of Azerbaijan*

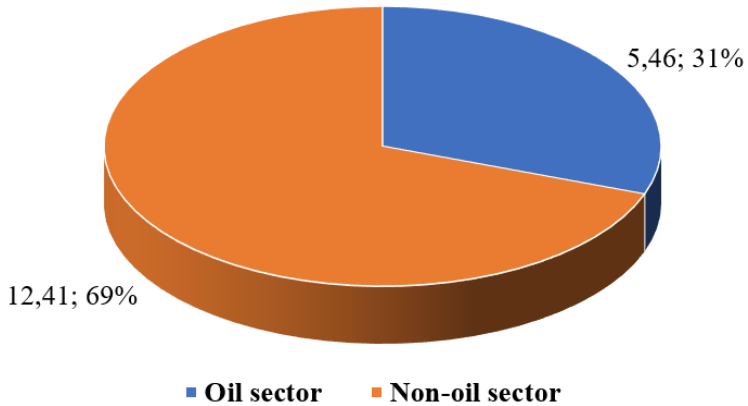
In connection with the assessment of the role of the banking system in anti-crisis management, one of the important indicators to be considered is the dynamics of the specific weight of the oil and gas sector, the non-oil and gas sector, and net taxes on products and imports in the structure of the gross domestic product (*Graph 2*).



**Chart 2. Distribution of investments directed to fixed capital in the Republic of Azerbaijan during 2012-2022 by internal and external sources (in billions of manats)**

*Source: The graph was prepared by the author based on the data of the State Statistical*

In addition, within the framework of the study, the dynamics of investments directed to the fixed capital both on domestic and foreign sources, as well as on the oil and non-oil sector, the dynamics of refinancing operations conducted by the Central Bank, the sale of pots, the dynamics of repo and reverse repo operations were evaluated (*Graph 3*).



**Chart 3. Sectoral distribution of fixed capital investments in the Republic of Azerbaijan in 2022 (in billion manats and in %)**

*Source: The graph was prepared by the author based on the data of the State Statistical Committee of Azerbaijan.*

It is clear from the indicators that the Central Bank carries out multifaceted operations within its functions and duties in order to increase the role of the banking system in anti-crisis management and make the process more efficient. The analysis materials show that the role and importance of the banking system in anti-crisis management is increasing, becoming a decisive factor in many operations.

### **5. Priority directions of banking system activity in anti-crisis management;**

As a result of the conducted analysis, it can be concluded that when using the bank capital channel, it can ensure the improvement of a number of indicators, each of which is of great importance in times

of crisis.

In the event of economic and financial crises, the most efficient means for ensuring stability in the banking system is the constant functioning and active functioning of the mechanism of influence on economic activity of the bank capital channel, as well as the financial accelerator channel of the transmission mechanism. It is important to keep it. At the same time, further analysis showed that since crises can create a lot of deviations in the transmission mechanism, the use of non-traditional methods in monetary and credit policy in order to ensure stability can give necessary results.

In order to implement anti-crisis measures against the background of the revealed deficiencies and existing threats in the economic and financial sphere, both individual banks and the Central Bank should determine the main directions and systems in their activity. These measures should become the priority of their activity. Because each bank, as an economic entity that can operate independently, must provide the most necessary parameters of activity in order to be able to maintain its existence and also to ensure the strengthening of the base in which it is a participant, that is, the banking market. Ensuring these parameters should ensure the sustainable and stable development of each bank, and ultimately contribute to the stability of the banking system.

***The priority directions of anti-crisis measures implemented by us in banks have been determined by means of our research:***

- Forming the necessary level of the bank's liabilities;
- Effective management of the bank's liabilities;
- Effective management of the bank's assets;
- Efficient management of the bank's loan portfolio;
- Efficient management of the bank's investment portfolio;
- Increasing the bank's liquidity;
- Increasing the profitability level of the bank;
- Minimization of the bank's risks
- Evaluation of the results of anti-crisis measures.

The role of the Central Bank in the banking system in the implementation of anti-crisis measures is undeniable. This body fulfills its goals through the activity of the structures included in the banking

system in anti-crisis management. Through our research, we have determined *the priority directions of the anti-crisis activity to be implemented by the Central Bank* :

- Preparation and implementation of anti-crisis policy;
- Methodical guarantee of anti-crisis policy implementation;
- Information provision of anti-crisis policy implementation;
- Anti-crisis financial planning in politics;
- Control in anti-crisis policy;
- Analysis of the state of anti-crisis policy implementation;
- Evaluation of the results of anti-crisis measures.

## CONCLUSION

*In the study, the role of the banking system in anti-crisis management was evaluated and the following scientific results obtained from this point of view were substantiated:*

1. In the modern era of global economic relations, fluctuations in commodity and financial systems have a negative impact on the economy of countries and create crises. Through the researches conducted by us, it has been determined that those crises are related to the causes of their occurrence, their nature, the cataclysms they created, their duration, etc. they differ from each other. However, crises are similar in essence and content. The ongoing crisis in various cycles, banking crisis, currency crisis, money circulation crisis, settlement crisis, stock market crisis, securities crisis, etc. they manifest in the form. There are indicators on which each of these crises depend, and the impairment of each of them makes it possible to clarify the anatomy of the crisis.

Experience shows that crises occur due to their economic content and essence and manifest themselves as a phenomenon that causes setbacks in the country's economy. The negative trends created by it cover various areas of the economy and are accompanied by imbalances at both the macro and micro levels. Eliminating such situations requires a special system of images.

2. Through research, it was determined that crises are either global or local in nature. In both cases, crises manifesting their

destructive nature, the emergence of gaps in the weak links of the economy should be evaluated as a result of the real economic process and development. Because the normal functioning of each of the links that make up the economic system, the correct establishment of inter-link relations is realized by the state or by market structures, depending on the goals and priorities of the economic policy conducted in the country. In both cases, this issue should be the focus of the state control and regulatory bodies.

Through the analysis, it was determined that the crisis has a local character when the state conducts an incorrect economic policy within the framework of its economy or continuously makes mistakes while implementing the economic policy. A crisis has a global character when mistakes are made in operations between strongly integrated, economically interconnected countries, or drastic changes occur in international economic markets. One of the important conditions for eliminating the negative contrasts caused by crises occurring in both forms is the development and implementation of the methodological foundations of this process.

3. Our research shows that anti-crisis policy is a very complex process. Since the causes of crises are different, there are no common standards for the approach to eliminating their consequences. Anti-crisis policy has a different character depending on the structure of the economy of each country, the goals and priorities of the economic policy conducted in the country. For these reasons, the main parameters of the world experience of anti-crisis policy are revealed in cases of crisis in the countries.

Experience shows that during the last two global crises, the anti-crisis management carried out by the countries of the world was not based on a uniform model, but by approaching it from different prisms, taking into account the degree of influence of numerous factors, and taking into account the specific features of the countries' economy.

Taking into account that European countries have more than three hundred years of experience, and that they have a flexible management apparatus that was formed against the crises that occurred during this period, it can be said that using their experience in our country would be of great benefit.

4. Researches show that regardless of the occurrence of crises in any country, the first reaction of the government in the fight against them is the preparation of the action plan aimed at eliminating the negative consequences of the crisis and its normative legal basis. When the last crisis occurred in our Republic, a strategic Roadmap containing the issues of eliminating its negative consequences was adopted. Five targets and sixteen priorities of anti-crisis measures have been determined in the Strategic Road Map, which includes the most important parameters for the further development of financial services. These goals consisted of forming a financial system consisting of dynamic and healthy institutions, further developing the financial market, strengthening the infrastructure, and increasing the knowledge and skills of financial market participants. The activity shown to achieve these goals revealed the importance of the role of the banking system.

5. The anti-crisis measures implemented in our country to eliminate the consequences of the crisis of 2014-2015 had unique characteristics. One of the main factors reflecting this uniqueness was the correct management of the main parameter affecting the country's economy in the anti-crisis activity carried out by the Central Bank. These parameters include the nominal and real effective centers of the manat relative to foreign currencies, the dynamics of monetary aggregates, the dynamics of the structural elements of the monetary base, the dynamics of credit investments in the economy by sectors, the dynamics of mortgage loans, the dynamics of the total deposit base placed in credit institutions by currencies, the dynamics of the structure of deposits of individuals, The dynamics of the mandatory reserve norms of the Central Bank, the dynamics of the official exchange rate of the manat against foreign currencies, the dynamics of the average interest rates on loans and deposits, the dynamics of the average interest rates on newly attracted and newly granted loans, the dynamics of indicators on the securities market, etc. can be attributed. The role of the Central Bank and banks in the anti-crisis policy implemented in our country was evaluated based on the analysis and research conducted on the basis of the mentioned indicators. The growing role of the banking system in this direction shows that the influence of this

system on the processes in the anti-crisis policy should be dynamically present and strengthened until the crisis results are completely eliminated.

6. Research has proven that the stability of the banking system is a necessary factor in anti-crisis management. Because the normal functioning of the economy is ensured through the transmission mechanism of money, capital, credit, and investments implemented through this system. The banking system, being a single monetary and credit institution in the country, ensures the implementation of the government's policy in the economy by transforming money and credit flows.

The banking system is able to increase activity in the economy and ensure a dynamic pace of development by implementing credit expansion within the framework of anti-crisis measures. With this tool, the normal activity of the areas and sectors of the economy is established, and the set strategic goals are implemented. Through the management of interest rates on credit, the most important tasks facing both the macro and micro levels of the economy are fulfilled.

Banks' liquidity, competitiveness, creditworthiness, and profitability levels are ensured, and the stability of banks and the banking system as a whole is protected, which ultimately acts as an important factor of anti-crisis activity.

7. The priority directions of the banking system's activity in the anti-crisis activity have been determined through the research conducted by us. These priorities are determined at two levels, depending on their nature and level, both for the Central Bank and for banks. Because the Central Bank and individual banks differ in terms of their role and importance in economic development, as well as their duties and functions. Taking into account this factor, the priorities of their activities in the anti-fraud policy were determined. The main priorities of the activity to be implemented by the Central Bank in anti-crisis management are the preparation and implementation of that policy, the methodical and also information provision of the implementation of that policy, the financial planning, the provision of process control, the analysis of activities, as well as the implementation of anti-crisis measures, as well as anti-crisis consists of evaluating the



results of the measures. The implementation of measures in the direction of the mentioned activity in a logical sequence can give its results.

Also, through research, the main elements and priorities of emergency measures implemented in banks have been determined. Those priorities include formation of the necessary level of the bank's liabilities, effective management of bank liabilities, effective use of bank capital, management of the bank's loan and investment portfolio, increase of the bank's liquidity and profitability, optimization of bank risks, evaluation of the results of anti-crisis measures.

Implementation of the mentioned priorities at both levels can ensure the elimination of the consequences of possible crises by conducting a successful monetary and credit policy in the country. Because the existence of these tools creates conditions for maintaining the framework of the monetary and credit policy implemented purposefully by the Central Bank, and for implementing all the parameters of the state's policy in this direction.

**The main scientific results and provisions were published on the following scientific articles and abstracts:**

1. A.V.Neymətli, “Banklar iqtisadi dinamikanın hərəkətverici elementi kimi” / “Heydər Əliyev irsi: Müasir dövrdə İslam Həmrəyliyi” beynəlxalq elmi-praktiki konfransının materialları // -Bakı, Odlar Yurdu Universiteti -2017, -s.137.
2. A.В.Нематли, «Роль банковской системы в создании стабильной финансовой системы в Азербайджане» / Журнал «Економіка та держава» - наукове фахове видання України з питань економіки// - Киев, -2018, №7, ISSN 2306-6806, - стр.74-76.
3. A.V.Neymətli, “Maliyyə böhranlarının monitorinqi və diaqnostikasi” / Naxçıvan Universitetinin elmi əsərləri // -Naxçıvan, -2018, №3(10), ISSN №2616-4248, -s.59-65.
4. A.V.Neymətli, “Maliyyə böhranlarının məzmunu və onun parametrləri” / Kənd Təsərrüfatının İqtisadiyyatı Elmi-Tədqiqat İnstitutunun elmi əsərləri // -Bakı, -2018, №2, ISSN №2078-6042, -s.141-146
5. A.V.Neymətli, “Antiböhran idarəetmədə bank sisteminin rolu” /

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6. A.V.Neymətli, “Antiböhran tənzimləmədə bank sisteminin fəaliyyət istiqamətləri” / Naxçıvan Universitetinin elmi əsərləri // -Naxçıvan, -2019, №2(13), ISSN №2616-4248, -s.38-42.
7. A.В.Нематли, «Роль банков в устранении последствий кризиса» / Материали XXXI Международная научно-практическая конференция «Вопросы управления и экономики: современное состояние актуальных проблем» // - Москва, М., Изд. «Интернаука», -2020, №1(29), - стр.58-63.
8. A.V.Neymətli, “Postneft dövründə bankların antiböhran siyasətinin əsas istiqamətləri” / “Azərbaycan Respublikası iqtisadiyyatının davamlı inkişafında innovasiyaların rolu” Respublika elmi konfransının materialları // - Naxçıvan, Naxçıvan Dövlət Universiteti, “Qeyrət” nəşriyyatı -2020, -s. 94-97.



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