

ORGANIZATION OF CASH OPERATIONS, COLLECTION OF CASH AND OTHER VALUABLES AND THEIR ACCOUNTING IN COMMERCIAL BANKS (ON THE EXAMPLE OF "XALQ BANKI" JSC)*Mardankulova Shirin Kamtar qizi**Banking and Finance Academy of the Republic of Uzbekistan*

Abstract: This article analyzes the organization of cash operations, the collection of cash and other valuables, and their accounting in commercial banks, using the example of "Xalq Banki" JSC. Special attention is given to the procedures for handling cash, internal control, safety protocols, and accounting standards. Recommendations are provided to improve efficiency, transparency, and risk mitigation in these operations.

Keywords: cash operations, collection, valuables, commercial bank, accounting, internal control, Xalq Bank.

Introduction.

In the modern banking system, the proper organization of cash operations is fundamental to ensuring not only the financial stability of the institution but also enhancing customer trust and regulatory compliance. Cash operations include the receipt, counting, sorting, storage, issuance, and transportation of cash and other valuables — all of which are highly sensitive and require strong internal controls, specialized personnel, and robust infrastructure.

In Uzbekistan, commercial banks process billions of Uzbek soums daily across thousands of branches, ATMs, and cash deposit terminals. As a result, even minor inefficiencies or lapses in security can lead to substantial financial losses, regulatory penalties, or reputational damage. This makes it imperative for banks to implement standardized protocols, continuous monitoring systems, and digital tools to ensure the safe and efficient handling of physical assets.

One of the most significant challenges in cash management is maintaining real-time visibility over cash balances at the branch, ATM, and central vault levels. Moreover, the process of cash collection (cash collection and transport) introduces operational risks such as theft, fraud, and logistical delays, which need to be mitigated through armored transport, GPS tracking, and dual verification methods.

"Xalq Banki" JSC, one of the largest retail banks in Uzbekistan, presents a valuable case study of how modern cash operations are organized. The bank utilizes a combination of legacy infrastructure and modern innovations, including biometric access systems, real-time dashboards, and integrated accounting platforms. The institution has also developed specialized training programs for cashiers and cash collection and transport teams to ensure operational discipline and service reliability.

In this paper, we examine how "Xalq Banki" JSC organizes and manages its cash-related processes, drawing insights from both internal performance metrics and external regulatory frameworks. The study aims to identify best practices and potential areas for improvement to support future innovation in cash operations across the Uzbek banking sector.

Literature Review.

The organization of cash operations and their accurate accounting have been widely addressed in both national regulations and international scholarly research. The Central Bank of

Uzbekistan (CBU) has enacted several comprehensive regulatory documents aimed at enhancing cash flow transparency, risk mitigation, and internal control efficiency within commercial banks. Notably, the 2022 instruction titled "Procedure for Managing Cash Operations and the Cash collection and transport of Valuables" outlines clear responsibilities for bank staff, secure storage requirements, documentation standards, and maximum daily cash holding limits by branch.

Furthermore, the CBU has encouraged automation through initiatives aligned with its digital banking strategy, pushing banks to adopt electronic recordkeeping, integrated vault monitoring systems, and biometric authentication for access to high-value cash reserves. These measures reflect a shift toward standardizing operations in accordance with international best practices.

On the academic side, Egamberdiyeva S.R. (2019) discusses the structural importance of financial and managerial accounting in reducing operational irregularities, while Norbekov D. and Tashmanov G'. (2021) explore practical applications of cash handling within the broader scope of banking practice in Uzbekistan. They emphasize that inadequacies in document processing, poor reconciliation methods, and inconsistent cash collection and transport timing can expose banks to reputational and regulatory risks.

Internationally, the Basel Committee on Banking Supervision (2017) has proposed risk control frameworks addressing operational risk, particularly in high-volume cash environments. It recommends internal control loops, surprise audits, and real-time discrepancy detection as vital components of cash operation systems.

Further literature, such as ISO 9564, outlines global standards for PIN management and cash point access, stressing the need for technological solutions to safeguard customer and institutional funds. This is particularly relevant as banks in Uzbekistan, including "Xalq Banki" JSC, begin integrating cardless ATM access, smart safes, and encrypted vault logging to protect against theft and fraud.

Emerging studies, such as Mamatqulov B. (2023), highlight the digital transformation of Uzbek commercial banks, documenting the growing use of AI-driven analytics in cash demand forecasting and GPS-based fleet monitoring for cash collection and transport vehicles. These innovations are gradually bridging the operational efficiency gap between local and international banks.

Collectively, the literature emphasizes the necessity of harmonizing manual cash processes with automated systems, maintaining strict regulatory compliance, and modernizing cash logistics infrastructure. This article builds on these insights to evaluate how "Xalq Banki" JSC implements such measures and what gaps remain in achieving optimal operational resilience.

Research Methodology.

The study applies methods of comparative analysis, observation, and statistical review. Data from "Xalq Banki" JSC was used to analyze real-world practices in cash management and collection of valuables.

Analysis and Discussion of Results.

Cash operations within commercial banks are inherently high-risk due to the physical handling of large monetary values and the operational complexity involved. At "Xalq Banki" JSC, these operations are governed by a multilayered system of internal controls designed to ensure security, transparency, and compliance with regulatory standards.

Each cash transaction within the bank — whether it involves deposit intake, withdrawals, or inter-branch transfers — is subject to dual control, meaning it requires the simultaneous authorization of two qualified personnel. This measure significantly reduces the likelihood of

internal fraud or human error. Additionally, CCTV surveillance is installed in all cashier zones, cash storage rooms, and processing units, with real-time feeds accessible to security and compliance teams.

Cash storage in branch vaults and ATM replenishment points is strictly monitored, and daily limits for both inflow and outflow operations are enforced according to thresholds set by the Central Bank of Uzbekistan. These limits are dynamically adjusted based on customer activity patterns and prior transaction volumes.

The cash collection and transport operations of "Xalq Banki" JSC are managed through partnerships with licensed and insured third-party service providers. Armored vehicles equipped with GPS tracking, emergency alert systems, and digital route logging ensure the secure transfer of cash between branches, ATMs, and the central cash vault. Each cash collection and transport route is pre-planned and documented, including the denomination of cash, total value, time of departure and arrival, and the identities of authorized personnel. Strict chain-of-custody protocols are followed, and any deviation from planned routes or time windows triggers automatic alerts.

As part of the bank's modernization efforts, cash accounting is fully digitized using banking ERP software that complies with IFRS (International Financial Reporting Standards) and integrates directly with real-time operations data. Each cash movement is recorded through system-generated entries tied to transaction orders, receipt numbers, and surveillance timestamps. The bank's internal audit division performs cross-checks using these logs to identify discrepancies or anomalies.

Moreover, the use of predictive analytics helps the operations team forecast peak cash demand periods by region and day of the week. This allows for more efficient scheduling of cash collection and transport routes and avoids unnecessary accumulation of idle cash in low-traffic branches, thereby reducing risk exposure and optimizing liquidity.

Overall, "Xalq Banki" JSC demonstrates a robust approach to organizing and safeguarding cash operations, with a growing reliance on digital infrastructure and smart monitoring. However, continuous investment in training, technology upgrades, and cyber-resilience will be necessary to maintain competitiveness and operational excellence in the rapidly evolving financial environment.

Table 1.
Average Monthly Collection Operations at "Xalq Banki" JSC
(Q2 2024)

No	Collection Type	Avg. Operations/month	Avg. Amount (mln UZS)	Share (%)
1	ATM Collection	850	6,800	45
2	Daily Branch Cash	520	4,500	30
3	Retail Collection	300	2,300	15
4	Deposit Box Collection	100	1,000	10
	Total	1,770	14,600	100

Conclusion and Recommendations.

Proper organization of cash operations and collection (cash collection and transport) activities is vital for ensuring operational efficiency, minimizing risk, and building public trust in the banking system. The analysis of "Xalq Banki" JSC highlights a number of strengths in the bank's approach to handling cash — including the use of dual control, CCTV surveillance, GPS-enabled armored transport, and automated accounting systems.

However, given the growing complexity of financial operations and rising expectations from regulators and clients, several strategic improvements are recommended:

1. Expand automation of cash handling processes – Introduce advanced cash management machines, automated vault systems, and real-time reconciliation tools to reduce manual data entry and minimize human error during cashier operations.
2. Improve and formalize training programs – Establish mandatory certification programs for all employees involved in cashiering and cash collection and transport. Include modules on digital fraud detection, regulatory compliance (e.g., CBU guidelines), and emergency response protocols.
3. Introduce blockchain-based tracking systems – Implement secure, immutable ledgers for high-value cash movement and cross-branch fund transfers. Blockchain ensures traceability, reduces manipulation risks, and provides audit transparency.
4. Enhance centralized surveillance infrastructure – Expand real-time monitoring systems that integrate video feeds, GPS vehicle tracking, and incident alerts into a single command dashboard at headquarters.
5. Develop internal audit indicators (KPIs) – Set measurable benchmarks for collection time, cash discrepancy rates, cash collection and transport success ratios, and average turnaround per cashier operation to continuously evaluate performance.
6. Integrate forecasting analytics – Use AI and statistical tools to predict branch-level and ATM cash demand, thus improving liquidity distribution and reducing emergency replenishments.

These enhancements will align the bank's operational framework with global best practices, improve cost-effectiveness, and reduce risks associated with manual processing and physical cash handling. More importantly, such measures will strengthen customer confidence and regulatory compliance, positioning "Xalq Banki" JSC as a leader in modern, secure, and resilient banking infrastructure.

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