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<https://doi.org/10.61796/jaide.v1i3.461>**THE ROLE OF CONSUMER LENDING IN IMPROVING
THE LIVING WELLBEING OF THE COUNTRY'S
POPULATION****Yakhshimuratova Khasiyat Khudaibergenovna**
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Abstract: The article deals with the role of consumer credit in improving the welfare of the population of the country, that is, improving the system of consumer credit eliminates the conflict between the needs of the population and the ability to meet them with current cash income activates demand and as a consequence, contributes to the welfare of the population.

Keywords: Consumer credit, financial consumption, consumer credit for goods, mortgage loan, education loan, business loan, need, welfare.

This is an open-access article under the [CC-BY 4.0](https://creativecommons.org/licenses/by/4.0/) license**Introduction**

In the world commercial banks pay special attention to lending to individuals in order to achieve a stable source of income through consistent financial support of people's entrepreneurship, as well as to ensure their needs for housing and consumer goods. At the same time, in our republic, commercial banks offer various types of loans to individuals. One of them is consumer credit. At present the real money incomes of the majority of the population of our republic are not high enough, despite the fact that there is a tendency of their growth. It can be seen that in the conditions of weak development of the financial market and the dominance of self-financing there are specific internal limitations of demand. Consumer credit is one of the ways to solve this problem.

Toni M. Whited, Yufeng Wu, Kairong Xiao notice that “low interest rates depress bank profits from the deposit market as competition from cash intensifies”. The group of scientists note that “bank lending is mainly driven by the banks’ capital-rather than their liquidity-situation”. According to S.V. Galitskaya, credit is an economic category and reflects the economic relations between business entities related to the redistribution of temporarily vacant funds on terms of maturity, repayment, repayment terms. S.V. Rikov studied the ways to attract free funds of individuals and legal entities to deposits in modern market conditions and to improve the system of effective management of active and passive operations by commercial banks in an acceptable amount of deposit resources. A.B. Dudka studies the system of directing tactical plans to specific strategic goals, aimed at ensuring the fulfillment of the strategic goals of the commercial bank in improving the deposit policy of commercial banks, as well as to determine the quantity, quality and distribution of resources. V.P. Akinina, E.A. Zolotova, P.B. Strakhov research economic and mathematical model based on the optimal ratio of attracted and allocated resources of a commercial bank, taking into account the limiting parameters, the attraction and placement of financial resources taking into account the liquidity standards of credit institutions recommend the formation of an optimal portfolio. Sh.Z. Abdullayeva analyzes the relationship with the practice of deposit and considers customs payments, as well as bank deposits, rather than money or securities given to a financial-credit or

banking institution, fees, taxes and etc. are also interpreted as deposits. Significant increase in credit flows exceeds the established norms, a significant change in the balance between assets and liabilities, an increase in the level of risk of bank liabilities, including funds raised from bank customers, and, most importantly, the bank's activities. This is explained by the fact that they are very dependent on their trust. Speaking about the organization of lending practices of commercial banks, ensuring “Iqtisodiyot va innovatsion texnologiyalar” (Economics and Innovative Technologies) scientific electronic journal 31 <http://iqtisodiyot.tsue.uz> its effectiveness, D. McNaughton concluded that one of the necessary conditions for the organization of lending practices in developing countries is the adoption of collateral loans. According to him, the sale price of the mortgaged property should be enough to repay the loan and its interest. In our opinion, the opinion of the scientist on the periodic assessment of property is very important for the practice of our country. Because the situation with frequent changes in the current value of property is typical of the economic practice of our country.

Methods

Methods such as induction, deduction, synthesis were used in conducting scientific research. The official statistics of the Central Bank of the Republic of Uzbekistan and the Statistics Committee were used to improve the deposit policy of commercial banks, strengthen the resource base and increase the importance of deposits..

Results and Discussion

Consumer credit is a loan granted to an individual (consumer) for the purchase of goods (works, services) in order to meet his/her consumer needs. Financial consumer credit and commodity consumer credit are forms of consumer credit. Financial consumer credit is a credit granted to a consumer in the form of cash to pay for purchased goods (services), which is granted by banks and non-bank credit organisations, as well as payment organisations that carry out activities of microfinance organisations. Consumer credit is a credit granted to a consumer in the form of instalment payments for purchased goods, work performed or services rendered. Systematic work is being carried out in our country to provide comprehensive support to the population and business entities, to educate the population, to improve working and living conditions and the possibility of obtaining credit. In connection with the improvement of the system of granting financial consumer credit, the Law of the Republic of Uzbekistan ‘On Consumer Credit’ provides for the purchase of consumer goods (services) produced in the Republic of Uzbekistan and sold by legal entities for goods (services) sold by individuals and legal entities, due to the fact that the presence of demand for consumer credit caused inconvenience to the population and limited the possibility of acquiring goods (services) at the expense of credit funds, as well as the possibility of providing financial consumer credit for goods (services) produced outside the Republic of Uzbekistan.

The peculiarity of reforms in the sphere of finance and economy in our republic is that the result is quickly reflected in the life of the population. For this reason, the volume of credits taken by individuals in commercial banks is increasing in our republic.

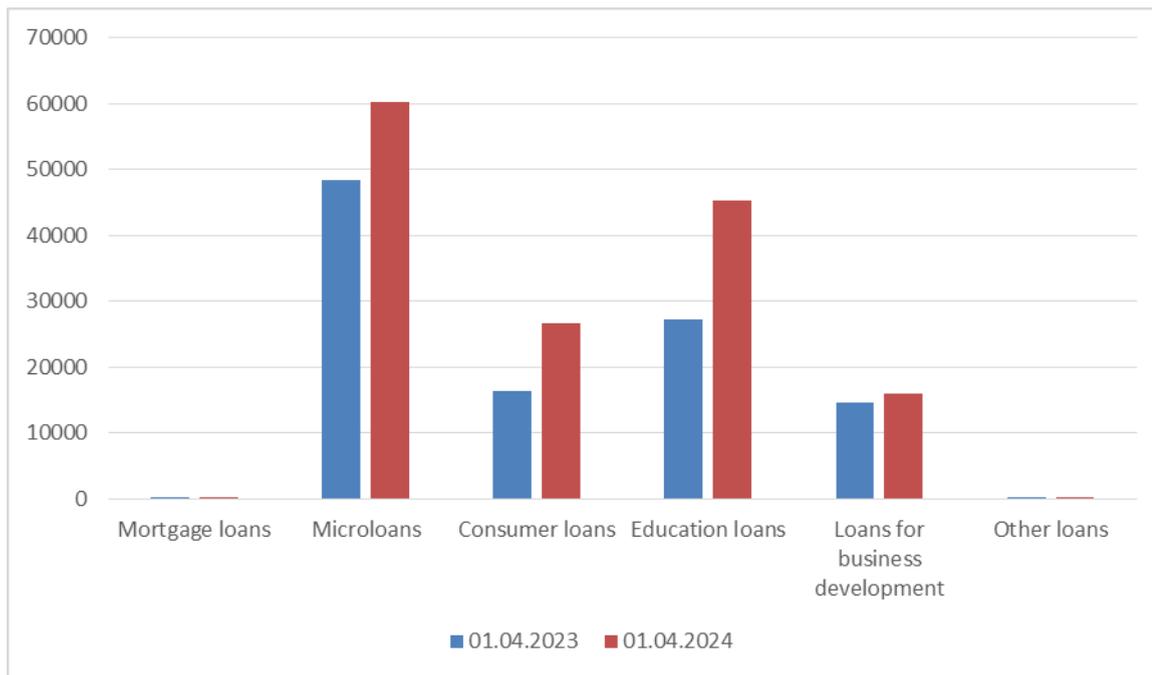


Figure 1: Information on the balance of loans to individuals by type of loans

As can be seen from the table, loans granted to individuals in the 3rd month of 2024 increased by 40% compared to the 3rd month of 2023. Among the loans granted, consumer loans increased by 66% compared to the corresponding period of the previous year. As can be seen from these data, the law serves to improve and simplify the procedure for granting financial consumer credit, as well as to improve the education, labour and living conditions of the people of our country.

Information on the balance of retail loans allocated to
individuals by types of loans

Index name	01.01.2024	01.04.2024	Difference
Credit balance allocated to an individual	148621	153330	4708,7
Mortgage loan	58177	60180	2002,5
Microloans	24525	26753	2228,9
Consumer loans	44589	45222	633,3
Education loans	4745	4938	193,6
Loans for business development	16395	15976	-419
Other loans	191	260	69,5

At the end of the first quarter of this year, the portfolio of banks' loans to individuals increased by 4.7 trillion soums compared to the beginning of the year and totalled 153.3 trillion soums.

On loans to individuals

- 60.2 trillion UZS of mortgage lending (3.4% or 2 trillion UZS growth YTD);
- 45.2 trillion UZS of consumer loans (including car loans) (1.4% or 633 billion UZS growth);
- UZS 26.7 trillion in microloans (9.1% or UZS 2.2 trillion growth);
- 15.9 trillion soums were allocated for creation of entrepreneurship (a decrease of 419 billion soums or 2.6% compared to the beginning of the year);
- the balance of loans for education and other loans amounts to 5.2 trillion soums (growth of 5.3% or 263 billion soums).

Ipoteka Bank retains its leadership with the balance of retail loan portfolio of 22.4 trillion soums. In the first quarter, the bank's retail portfolio grew by almost 1.2 trillion soums.

The loan portfolio of Kapitalbank, which has been active in issuing retail loans in recent years (19.0 trillion soums), decreased by 12 billion soums compared to the beginning of the year.

The portfolio of Xalk Bank, which aims to transform from a social bank to a retail bank, increased by 696 billion soums compared to the beginning of the year, reaching 16.4 trillion soums, and is among the top three. Another state bank, Uzmilliybank, has a loan portfolio of 15.1 trillion soums as of 1 April this year (increased by 1.3 trillion soums).

Conclusion

It is a known fact that people with any income cannot always fulfil their needs. In such cases, consumer loans issued by commercial banks are the main source. In a word, reforms, adoption of new solutions, improvement of the system of financial consumer credit eliminates the conflict between the needs of the population and the ability to meet them with current cash income, activates demand and contributes to the welfare of the population.

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