



IMPROVING CREDIT RISKS IN UZBEKISTAN BANKS

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Annotatsiya: O'zbekiston tijorat banklari aktivlarining tarkibida kreditlar eng yuqori salmoqni egallaganligi sababli banklarning likvidiligi va moliyaviy barqarorligini ta'minlash bevosita kredit portfelini sifatiga bog'liq. O'z navbatida, banklar kredit portfelining sifatini yaxshilash kredit riskini boshqarish amaliyotini takomillashtirish zaruriyatini yuzaga keltiradi. Maqolada tijorat banklari faoliyatidagi kredit riskini boshqarish amaliyotini takomillashtirish bilan bog'liq bo'lgan dolzarb muammolar aniqlangan va ularni hal qilishga qaratilgan ilmiy takliflar ishlab chiqilgan.

Kalit so'zlar: tijorat banki, kredit, kredit portfeli, kredit riski, zaxira, foiz stavkasi, foizli daromad, inflyatsiya, asosiy stavka, devalvatsiya.

Abstract: Loans occupy the largest share in the structure of assets of commercial banks in Uzbekistan, so the liquidity and financial stability of banks directly depend on the quality of the loan portfolio. In turn, improving the quality of the loan portfolio necessitates the improvement of credit risk management practices. The article identifies topical problems associated with improving the practice of credit risk management and develops scientific proposals aimed at solving these problems.

Key words: commercial bank, loan, loan portfolio, credit risk, reserve, interest rate, interest income, inflation, base rate, devaluation.

Аннотация: Кредиты занимают самый большой удельный вес в структуре активов коммерческих банков Узбекистана, поэтому ликвидность и финансовая устойчивость банков непосредственно зависят от качества кредитного портфеля. В свою очередь, улучшение качества кредитного портфеля обуславливает необходимость совершенствования практике управления кредитным риском. В статье выявлены актуальные проблемы, связанных с совершенствованием практике управления кредитным риском и разработаны научные предложения, направленных на решение этих проблем.

Ключевые слова: коммерческий банк, кредит, кредитный портфель, кредитный риск, резерв, процентная ставка, процентный доход, инфляция, основная ставка, девальвация.

Credit portfolio and risk management in the Decree of the President of the Republic of Uzbekistan dated May 12, 2020 No. PF-5992 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025" improving the quality, adhering to the moderate growth of lending volumes are defined as the priorities of reforming the republican banking system [1]. This indicates that the issue of improving the

practice of credit risk management is urgent.

According to N. Sokolinskaya, careful monitoring of risks, formation of a quality credit portfolio, having a good database for managing the lending process are the main aspects of ensuring the quality content of the loan [2]. According to the conclusion of J. Sinki, the analysis of the cash flow of the borrower's client plays an important role in assessing the level of credit risk in the activity of commercial banks. Its cash flow analysis should allow you to find answers to the following pressing questions:

- Is the client's net profit sufficient to pay off the current portion of its long-term debt?
- exactly how much money does the company receive?
- How does the company finance its operations?
- which actions of the management or which external influences determine the current state of the company [3].

According to I. Yudina's conclusion, the profitability of commercial banks' assets in developing countries directly depends on the level of credit risk, and as a result of the devaluation of the national currency, the inability of customers who received loans in foreign currency to repay the loan leads to an excess of the level of credit risk [4]. According to V. Usoskin, the bank's income from loans is directly related to risk management, and their loan portfolio is prone to all main types of risks: liquidity risk, interest risk, credit risk [5]. According to the conclusion of A. Mian and A. Safi, the possibilities of households to control their risks are significantly more limited than those of firms. This increases the probability of not returning loans given to households on time [6]. According to F. Kholmamatov, in order to improve the quality of the credit portfolio of commercial banks, in order to improve the methodology of forming reserves to cover possible losses on loans, the following criteria were proposed for realistic assessment of the quality of loans and the creation of reserves for them: substandard loans and from 1 percent to 10 percent; from 11 percent to 25 percent for unsatisfactory loans; from 26 percent to 50 percent for doubtful loans; up to 100 percent for bad loans [7]. Sh. According to Abdullayeva's conclusion, according to the results of diversification of the loan portfolio according to the sources of resources, it is necessary to take into account the high weight of centralized loans in the loan portfolio of some commercial banks, and to give relief to banks on these loans, in some cases from them it would be appropriate to take measures such as exempting the received income from taxation[8].

One of the important indicators describing the level of credit risk in the activity of commercial banks is the share of problem loans in the loan portfolio. It should be noted that in the volume of problem loans of commercial banks of our republic, problem loans of state banks occupy a high weight. This is explained by the fact that loans granted under state programs, but not returned, were not returned to commercial banks. As of January 1, 2022, the share of non-performing loans in the total loans of the commercial banks of the Republic of Uzbekistan was 5.2 percent, while this indicator was 19.7 percent in Xalq Bank [9]. According to the methodology proposed by the experts of the International Bank for Reconstruction and Development, if the share of problem loans in the loan portfolio does not exceed 3.0 percent, then the level of overdue loans is considered moderate [10]. Since loans are high in the composition of assets of commercial banks, the deterioration of the quality of the loan portfolio has a strong impact on their liquidity and financial stability. One of the important indicators describing the level of credit risk in the activity of commercial banks is the degree of diversification of the loan portfolio. Another important indicator that characterizes the level of credit risk in commercial banks is the level of the loan loss reserve in relation to the bank's gross assets. To the instructions of the Central Bank of the Republic of Uzbekistan "On the procedure for the classification of the quality of assets in commercial banks and the formation of reserves to cover possible losses on assets and the procedure for their use" (2015 by the Ministry of Justice of the Republic of Uzbekistan 2696 on July 14) reserve allocations were formed for five categories of classified loans:

- standard loans – 1%;
- substandard loans – 10%;
- unsatisfactory loans – 25%;
- doubtful loans – 50%;
- bad loans – 100% [11].

In the course of the research, we made the following conclusions: the share of problem loans in the credit portfolio of commercial banks of our republic was relatively high in 2019-2022, the fact that this

indicator was especially high in 2021 indicates that they have not improved the practice of credit risk management; since loans are high in the composition of assets of commercial banks, the deterioration of the quality of the loan portfolio has a strong impact on their liquidity and financial stability; The fact that the absolute majority of loans granted by Asakabank in 2018-2022 were loans to industrial enterprises (more than 60 percent) indicates that Asakabank did not comply with the criterion of diversification of the loan portfolio; The fact that the amount of reserve allocations intended to cover losses from loans and the level of the bank's gross assets in Turonbank has a tendency to increase in 2017-2021 is a negative situation from the point of view of improving the practice of credit risk management.

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