

THE IMPORTANCE OF EFFECTIVE ORGANIZATION OF CREDIT OPERATIONS IN COMMERCIAL BANKS

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Annotation: This article explores the significance of the effective organization of credit operations in commercial banks and addresses the methodological issues essential for ensuring their successful and sustainable functioning. It also examines the management of credit risks, the proper structuring of the lending process, and methods for improving its efficiency. In addition, the article provides conclusions and recommendations aimed at enhancing the effectiveness of credit operations within commercial banks.

Keywords: credit operations, credit portfolio, credit risk, credit process, problem loans,

Introduction. Currently, ensuring the efficiency of credit operations in commercial banks is of critical importance for their successful and sustainable functioning. Primarily, the proper organization and acceleration of credit processes can be achieved through the effective use of modern information technologies. In this context, it is essential to implement effective methods of credit risk management and creditworthiness assessment. Additionally, applying an individual approach to each client and identifying their specific needs plays a vital role in enhancing service quality. Improving the efficiency of credit operations in commercial banks remains a pressing issue today. As in all sectors, competition among banks is increasing year by year. Attracting more clients and gaining their trust requires the delivery of high-quality banking services. Moreover, the proper management of credit risks is crucial for maintaining the financial stability of banks. This includes monitoring credit quality and accurately assessing the repayment capacity of borrowers. In particular, within the framework of the "Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020–2025," one of the key goals is to increase the share of the private sector in the banking system from 15% to 60%, as well as to accelerate the transformation of state-owned banks. In the process of implementing this strategy, commercial banks are paying increased attention to the automation and optimization of credit processes in order to improve financial analysis and long-term development strategies. Banks must quickly adapt to these changes and align their activities with the new requirements. By enhancing the efficiency of credit operations, banks can strengthen their competitiveness, improve customer service, and ensure their long-term stability.

Analysis and Results. Credit operations hold strategic importance for commercial banks, as they serve as the primary source of income. The efficiency of these operations directly affects the financial standing and competitiveness of the bank. Regular monitoring of each issued loan and the prevention of non-performing loans contribute to assessing the importance and effectiveness of credit operations. The significance of credit operations in commercial banks is characterized by their role as a revenue source, their contribution to economic growth, and their function in expanding the customer base.

Specifically, reviewing the key indicators of banking activity for the first quarter of 2024 reveals a slowdown in the growth rate of total banking system assets. While this growth ranged between 20–30% during 2022–2023, as of March 1, 2024, it amounted to 15.4%. The total assets of the banking system reached 648.6 trillion UZS, and liabilities amounted to 549.6 trillion UZS. State-owned banks accounted for 67.4% of total assets, 70.1% of the credit

portfolio (331.2 trillion UZS), and 50.7% of total deposits (120.6 trillion UZS), while the remaining share belonged to 25 private banks. For every 100 UZS in loans issued, state-owned banks attracted 36 UZS in deposits (down from 39 UZS the previous year), whereas private banks attracted 83 UZS (down from 93 UZS). Since the beginning of the year, the growth rate of bank deposits has also slowed. While in the first quarter of the previous year bank deposits grew by 42%, during the same period of the current year the figure stood at 13%. Furthermore, foreign currency deposits declined from 38% to 29% compared to the same period of the previous year. There has been an increase in the activity of individuals using banking services. The share of credit portfolios belonging to individuals rose from 26.5% in the first quarter of the previous year to 32.1% during the reporting period an increase of nearly 6 percentage points. Consequently, the share of legal entities decreased from 73.5% to 67.9%. Moreover, the share of individual deposit balances increased by 6 percentage points to 36.1%, while the share of corporate deposit balances decreased from 70% to 63.9%. In order to assess whether the indicators of commercial banks comply with regulations, it is necessary to consider several key prudential indicators. Compliance with the norms established by the Central Bank plays an essential role in ensuring the stability of banking activities. All banks currently meet these regulatory requirements. These indicators confirm that the capital base of banks is sufficient and that they are creating the necessary reserves for non-performing loans, demonstrating an improved approach to risk management. Additionally, through the restructuring of loans, commercial banks

on loans from commercial banks as of April 1, 2025

No.	Bank name	Total credits	from that	
			individuals	legal entities
1	National bank of Uzbekistan	108,593	19,092	89,501
2	Uzbek Industrial and Construction Bank (SQB)	68,860	10,299	58,561
3	Agrobank	64,633	10,099	54 534
4	Asaka Bank	39,577	9 571	30,006
5	Xalq Bank	29 186	21,999	7 187
6	Business Development Bank	23 271	12 177	11,094
7	Microcredit bank	18,808	7,505	11,303
8	Aloqa bank	14,080	4 665	9,414

9	Turan Bank	12,582	2 204	10 379
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Table 1. Information on loans from commercial banks [4]

are providing opportunities for clients to restore their payment capacity by restructuring problematic credits.

Loan Portfolio Structure and Bank Specialization Analysis

Among the nine commercial banks listed in the table, National Bank of Uzbekistan holds the largest credit portfolio, with a total volume of 108,593 units, demonstrating a significant lead in this regard. It is followed by Uzbek Industrial and Construction Bank (SQB) (68,860 units) and Agrobank (64,633 units), which also possess considerable shares in the national credit market. Loan allocation by client type reveals a marked orientation toward legal entities in the majority of banks. Specifically, banks such as National Bank of Uzbekistan, Uzbek Industrial and Construction Bank (SQB), Agrobank, Asaka Bank, Aloqa Bank, and Turon Bank allocate a major share of their total loans to corporate clients. This trend highlights the priority placed on financing the corporate sector and industrial enterprises. For instance, in the case of National Bank of Uzbekistan, the volume of loans allocated to legal entities is approximately 4.7 times higher than that to individuals (89,501 vs. 19,092 units). Exception in retail lending: A notable deviation from this general trend is observed in Xalq Bank, where the majority of the credit portfolio is directed toward individuals (21,999 units), nearly three times the volume of loans extended to legal entities (7,187 units). This suggests that Xalq Bank is actively engaged in consumer and mortgage lending and is focused on serving the financial needs of the population. Balanced distribution is observed in the Bank for Small Business Development, where the loan allocation between individuals and legal entities is nearly equal (12,177 and 11,094 units, respectively). This indicates the bank's diversified client base and its commitment to serving both corporate and retail customers. Specialization by bank: The data show varying degrees of specialization across banks. Some institutions—such as National Bank of Uzbekistan and Uzbek Industrial and Construction Bank (SQB)—are primarily focused on financing large-scale corporate projects and state programs. In contrast, banks like Xalq Bank are more oriented toward meeting the financial needs of households. In summary, as of April 1, 2025, loans extended to legal entities dominate the credit portfolios of Uzbekistan's commercial banks. This reflects the broader economic focus on the development of the industrial and entrepreneurial sectors. Nevertheless, certain financial institutions, such as Xalq Bank, have assumed a leading role in providing financing to individuals, thereby contributing to the fulfillment of social needs. The volume and structure of credit portfolios define each bank's market strategy and its role in the national economy. Moving forward, assessing the quality, sectoral distribution, and dynamics of these loans will enable a deeper understanding of the stability and future prospects of the banking sector.

Conclusion and Recommendations. Based on the analysis presented above, it can be concluded that, in the execution of credit operations, commercial banks must carefully consider risk levels, loan collateral, and most importantly the repayment capacity of borrowers in order to make optimal lending decisions. Ensuring the timely repayment of each issued loan and avoiding the accumulation of non-performing loans is of paramount importance for both banks and borrowers. At the same time, in order to recover problem loans, it is advisable for banks to collaborate with various institutional entities, which can lead to more effective resolutions. Early detection of loan repayment issues plays a crucial role in this context, necessitating the



implementation of modern credit evaluation systems aimed at proactive risk management. One effective approach is the restructuring of outstanding debts, offering flexible repayment solutions to borrowers. This allows for partial recovery of non-performing loans while supporting the financial rehabilitation of clients. By implementing the aforementioned measures, commercial banks can significantly enhance the efficiency of their credit operations. Such reforms will not only contribute to the soundness of individual banks but also foster greater stability and sustainability within the broader banking sector.

Literature:

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