

DYNAMICS OF RETAIL SERVICES OFFERED BY COMMERCIAL BANKS

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Abstract. *This article examines the dynamics of retail services offered to the population by commercial banks, in particular, credit services, and also analyzes statistical data on the subject. A number of problems and shortcomings in providing the population with banking services have been identified, and conclusions and suggestions for their elimination have been given.*

Keywords: *commercial banks, banking services, credit operations, retail services, consumer credit.*

Introduction.

Today, the types of retail services offered by commercial banks are expanding more and more. They must expand and develop their services in order to keep pace with the development of the times and to cope with the competition. This, in turn, requires carrying out scientific and practical studies on bringing the private capital of commercial banks closer to the level of national and international standards. In response to this, on the basis of the Decree of the President of the Republic of Uzbekistan dated 12.05.2022 No. PF-5992, a strategy for reforming the banking system of the Republic of Uzbekistan for 2020-2025 was developed.

In this strategy, increase the share of non-state-owned banks' assets in the total assets of the banking system from the current 15 percent to 60 percent by 2025;

increase the share of banks' liabilities to the private sector in the total volume of banks' liabilities from the current 28 percent to 70 percent by the end of 2025;

By 2025, attracting at least three strategic foreign investors with the necessary experience, knowledge and reputation to the capital of at least three banks with a state stake;

it is planned to increase the share of non-bank credit organizations in the total volume of lending to 4 percent by 2025.

Analysis of literature on the topic.

The importance of credit operations has been comprehensively studied by many economists and appropriate scientific conclusions have been formulated. According to Keynes, the loans given by commercial banks at low interest rates allow to increase the volume of general demand and personal consumption. According to Blanshar (2010), a well-known US economist, the process of financing consumption should be encouraged by the state through financial incentives. As can be seen from the above-mentioned opinions of well-known economists, loans from commercial banks and financial support of the state play an important role in stimulating consumption. According to Lavrushin (2008), the following problems need to be solved in order to improve the practice of banks providing consumer loans:

lack of reliable information on the credit history of prospective borrowers;

failure to improve the system for assessing the creditworthiness of consumer credit recipients;

- insufficient supply of consumer loans.

Analysis and results.

In Uzbekistan, the capitalization level of commercial banks and the increase in the volume of deposit and credit operations, especially the further expansion of lending opportunities, are one of the main factors for the growth of the assets of commercial banks. Nowadays, the increasing income level of the population makes it possible to increase the level of use of consumer loans of commercial banks. Consumer credit is money borrowed from a bank for the purchase of goods and services for a specific purpose. As of March-April 2022, consumer loans can be issued in 17 out of 33 banks, the maximum loan amount is 150 million soums, the interest rate is from 21% to 37.99%, and the term is from 1 to 4 years. Milliy Bank and Uzsanoatqirilishbank offer a grace period from 3 to 6 months. Consumer loans offered by commercial banks can be more clearly understood through the table below.

Bank	Interest rate	Loan period	Maximum amount
Agricultural bank	23.5%	1 year	From 100 million to 150 million
	24.5%	2 years	
	25.5%	3 years	
Mortgage bank	26.99%	3 years	15 mln
Asia Alliance Bank	24%	1 year	135 mln
	26%	3 years	
Self-construction bank	25%	1 year	150 mln
	26%	2 years	
	27%	3 years	
Trustbank	25%	1 year	30 mln
	27%	2 years	54 mln
NBU	25%	1 year	54 mln
	26%	2 years	
	27%	3 years	
Saderat Bank	26%	3 years	According to the contract up to 200 million
Silk Road Bank	26.9%	3 years	80 mln
Partner bank	27.99%	1 year	54 mln
	30%	2 years	
	32%	3 years	
Turonbank	29%	3 years	81 mln
Aloqabank	21%	3 years	According to the contract
Universal bank	34%	3 years	54 mln
Infinbank	37.99%	1.5 years	10 mln

Table 1. State of credit services offered by commercial banks.

It should also be said that despite the fact that the population's demand for consumer loans has increased significantly, there are some problems related to the improvement of the practice of providing consumer loans. One of such problems is the relatively high cost of consumer loans provided by some commercial banks. Examples of this are Infinbank and Universalbank. Because their interest rates are the highest compared to other banks and are 34% and 37.99%.

In recent years, commercial banks of Uzbekistan have increased the number of loan products for individuals, but consumer loans are the most popular loan products Diagram 1.

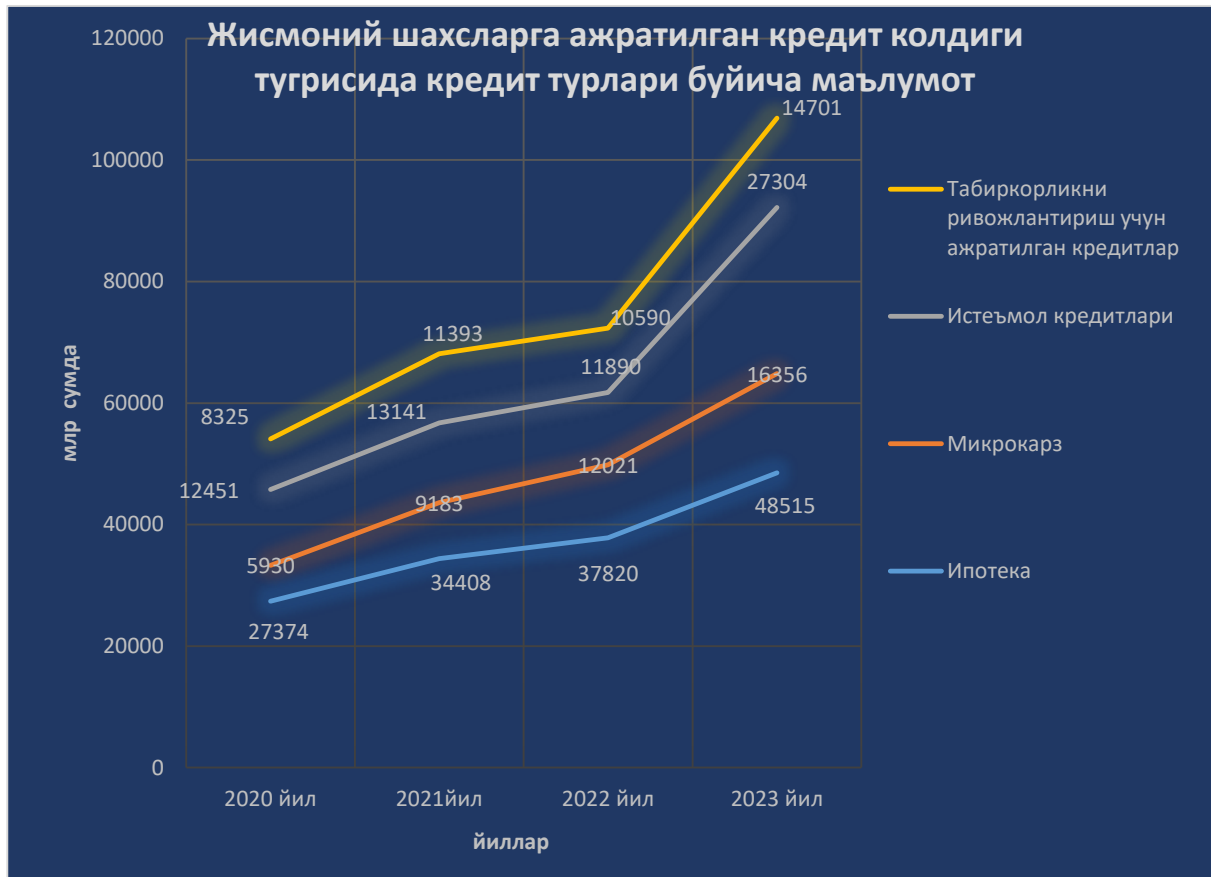


Diagram 1. Indicators of lending activity of commercial banks of Uzbekistan to individuals.

Due to the introduction of new types of credit products such as overdrafts, microloans, credit cards, the share of consumer loans in the structure of these allocated loans was 52.6% in 2018, although this figure decreased to 42.0% in 2019, as the diagram shows, in 2020 About 12,451 trillion soums of consumer loans were allocated, and these numbers amounted to 27,304 trillion soums as of April 1, 2023. This explains the increase of 14,853 trillion soums in 4 years.

Among banking services provided by commercial banks to individuals and legal entities, consumer loans are the type of retail services with the highest demand. This segment is directly related to the increase in income and standard of living of the population.

Conclusions and suggestions.

Analyzing the dynamics of retail services provided by commercial banks, the following suggestions were made for the further development of consumer loans:

Improving the control system in the lending process. It is appropriate to develop an internal monitoring system and the main assessment criterion for granting consumer loans. By accurately assessing the creditworthiness of the client, it ensures that the loans given are returned on time and with interest. This leads to an increase in the income of commercial banks.

Development of consumer credit in regions. That is, development of preferential credit services for all segments of the population.

Development of marketing (advertising) policy in the development of consumer credit. Advertisements can help in finding reliable customers by providing complete information about the types of consumer loans offered to consumers by commercial banks, interest rates and their conditions and conveniences.

Strengthening the use of collateral objects with high liquidity in banks. In order to strengthen the collection of loans, to strengthen the relationship between the bank employees and the client, and to organize a constant exchange of information between the client.

In conclusion, it should be said that the volume of loans allocated by commercial banks is growing year by year, and this has a great impact on the growth of our country's economy. In addition, it should be noted that banks have taken a big risk. The implementation of our above proposals literally reduces the credit risk of commercial banks and thus the negative impact on the bank's financial condition.

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