



ADVANTAGES AND DISADVANTAGES OF LOANS FROM BANKS FOR BUILDING HOUSES IN UZBEKISTAN

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Annotation: In this article, a large-scale analysis of the positive and negative aspects of loans from banks for the construction of houses in Uzbekistan has been carried out. Also, the measures and legal documents carried out in the Republic of Uzbekistan are analyzed. In addition, positive and negative aspects of loans from banks for building houses in Uzbekistan, conclusions and proposals have been developed.

Keywords: Homes in Uzbek, loans from banks, positive and negative aspects of loans, bank and issue.

Today, commercial banks offer various credit products in order to make the population more comfortable. An individual with regular income and ability to pay can apply to any commercial bank and issue any type of credit product. Undoubtedly, one of the most popular loan products is a car loan. Bank loans vary in form, but are generally term or revolving-loan facilities secured by a borrower's property or a guaranty of third parties. Owing to the widespread problem of currency conversion in Uzbekistan, banks are reluctant to provide loans in foreign currency. Half of the world's inhabitants are already connected to the Internet, according to experts, by 2025, and 25% of operational tasks will be performed by robots. In 2020, more than 80 billion devices in the world will be connected to the Internet. Modern information technologies used in business processes not only reduce production costs, but also the universal availability of information increases transparency in all areas, including the economy. Consumers will be able to get the necessary information about various products and services and order them from anywhere in the world. In 2019, Strategy Partners studied global experience and conducted a survey of Russian companies to assess the current level of business readiness for digital transformation. We interviewed representatives of more than a hundred Russian companies from different market segments: major enterprises, medium and small businesses, including state-owned companies. The survey showed that 83% of CEOs plan to transform their business models in the next 3-5 years. Only 4% said they don't need digital transformation. Many of the surveyed entrepreneurs are already experimenting with digital technologies to improve the effectiveness of business strategies, but only a few managed to get a significant result. As a rule, companies automate operational work, but they do not have a large-scale strategy for switching to digital processes.

The majority of Uzbek banks provide funds for the following purposes: investment in equipment; working capital financing; wage payment; and participation in investment projects such as construction and production facility creation. Loans for investment in fixed assets or for participation in investment projects are usually long term; up to 10 years, whereas replenishment loans are not, as a rule, extended for more than one year. Another popular type of facility is a letter of credit, which is widely used during import and export operations. It should be noted that opening a letter of credit also requires the provision of a

security. Swingline facilities and competitive bid revolving credit facilities are rare. Describe the types of investors that participate in bank loan financings and the overlap with the investors that participate in debt securities financings.

Traditional banks are the major players in bank loan financing, with financial lease companies also playing an active role; however, their share in the market is relatively small. Usually, bilateral loans are provided, while syndicated loans are mainly extended when large state-initiated investment projects are being implemented.

Owing to the strict financial regulatory regime, traditional banks continue to dominate the debt securities financings market. Although Uzbek law provides for the possibility to create investment funds, their operation is overregulated with investors being unwilling to operate through this structure.

Of course, a car is a tool that brings people closer and eases their burden.

Let's look at the advantages of buying this software on credit:

- you will become the owner of a private car in a short time;
- the possibility to make the initial payment (15-30%) and pay for 1-5 years;
- that your monthly salary is deemed to have credit solvency;
- the possibility of owning Chevrolet, Kia, Skoda and Volkswagen cars manufactured in Uzbekistan;
- The monthly payment of a car loan issued for a period of 1-5 years will be significantly reduced due to inflation.

The negative aspects of auto credit include the following:

- the borrowed car becomes the property of the bank, because the car is transferred to the balance sheet of a commercial bank as collateral, and there is a risk of losing the car if the loan is not paid.
- the initial payment value will definitely have a negative effect on the interest rate.
- hassles in collecting and preparing required documents.

A car loan is not allocated to the following:

- for pensioners;
- for customers with a negative credit history;
- for entrepreneurs who do not have an acceptable salary or are not registered;
- for individuals with less than 6 months of work experience.

But to sum it up, a car loan is the easiest way to own your own car. If you want to buy a car in a short period of time, and you are able to pay, and your income is reliable, we believe that it is appropriate to use the facilities provided by commercial banks.

Mortgage loans are the most in-demand line of banking services. This is confirmed by many regulatory legal documents, such as the Law of the Republic of Uzbekistan "On Mortgages", the "Regulation on granting mortgage loans for housing construction, reconstruction and purchase" approved by the decision of the Cabinet of Ministers.

A mortgage loan is usually secured against real estate. In our country, consumer loans are used more than mortgage loans. Because they do not impose long and serious financial responsibility. But still, many people prefer to use a mortgage. There are several reasons for this.

Advantages of a mortgage

- the diversity of the selection of apartments (in the primary and secondary market);
- the recipient does not need to save money to get a house;



- you can move to a new house right away.

Especially for those who do not have a place to live, the quick resolution of this issue is considered the most convenient aspect of the mortgage.

Disadvantages of mortgages

- the height of the interest rate. 17-20% on average (9% per year for young families);
- the initial payment is 25%;
- in addition, if the payer took a loan and failed to pay it, he will have to pay a large amount of fines;
- the mortgage forces many families to live economically;
- not everyone can get a mortgage. Banks carefully study the situation of customers.

These are the main disadvantages of this type of lending. But there is another aspect that is important - this is moral pressure, a sense of indebtedness. Therefore, it is recommended to think carefully before taking such a step.

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