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THE IMPORTANCE AND DISTINCT FEATURES OF CONSUMER CREDIT

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Abstract. This article examines the importance of consumer loans, their role in expanding consumers’ purchasing opportunities, and their distinctive characteristics. The study analyzes how consumer lending helps satisfy various household needs, improve living standards, and stimulate domestic demand. Furthermore, the specific features of consumer loans compared to other types of credit, the characteristics of the lending process, and their impact on economic development are discussed.

Keywords: consumer credit, lending, household income, consumer demand, banking system, financial services, living standards, credit relations.

Introduction

In recent years, the increasing demand of citizens for consumer loans, as well as the expanding scope of product supply and service delivery, has created the need to further improve consumer lending practices in commercial banks.

The ongoing efforts in our country to stimulate the activities of commercial banks, expand their investment potential, strengthen their resource base, and improve the quality of banking and financial services provided to the population have been yielding positive results. In the context of economic modernization and further liberalization, the study of modern socio-political forms and methods of regulating the consumer market has become highly important.

The scope of services provided by banks operating in our country has been steadily expanding. Consumer and mortgage lending, aimed at satisfying various financial needs of individuals and business entities, plays an important role in this process.

Today, the purchase of durable goods through credit has become increasingly common among the population. Consumer credit expands opportunities for families to purchase essential goods.

In 2025, consumer loans in national currency amounted to 23.15 trillion Uzbek soums. The allocation of consumer loans for the purchase of domestically produced goods has, in turn, had a positive impact on local manufacturers and their business activities.

In addition, measures aimed at expanding banking services in rural areas, establishing mini-banks, and encouraging the attraction of free funds from the population and business entities into commercial bank deposits are being strengthened. These efforts contribute to further improving the welfare of the population.

Goods (works and services) intended for the consumer needs of individuals may serve as the object of consumer credit. However, real estate, as well as other property withdrawn from circulation or restricted by law, cannot be considered as an object of consumer credit.

Consumer credit is defined as a loan granted to an individual (consumer) for the purpose of purchasing goods, works, or services to satisfy personal consumption needs. Thus, it can be concluded that the consumer acts as the subject of consumer credit.

Literature Review

In studying the issues related to the organization of consumer lending activities in commercial banks, a number of scientific works by leading foreign scholars such as O.I. Lavrushin, G.S. Panova, H.Y. Sokolinskaya, Z.G. Shirinskaya, and P.N. Shulyan have been analyzed. The research conducted by these scholars reflects the specific features of their respective national economies; therefore, the conclusions drawn in these studies do not always fully correspond to the problems existing within the banking system of Uzbekistan.

In this field, the scientific research of Uzbek economists is also of great importance. In particular, the works of academician S.S. Gulyamov, professors I. Toymuxamedov, T. Bobokulov, Sh.Z. Abdullayeva, T.M. Qoraliev, Z.A. Xolmahmadov, M. Nurmurodov, N.F. Karimov, and other scholars are noteworthy. Their studies have made a significant contribution to the development of theoretical and practical approaches to banking activities and consumer crediting in Uzbekistan.

Analysis and Results

Analyzing the credit services offered by commercial banks to individuals and examining banks' credit policies makes it possible to identify opportunities for expanding the scope of lending services based on the study of ongoing banking operations.

In order to achieve the objective of this study, the following tasks were defined:

- to analyze the strategy and main objectives of commercial banks' credit policies;
- to examine the methodology for assessing the creditworthiness of clients in accordance with commercial banks' credit policies;
- to study the procedures for monitoring banks' credit portfolios and the system of credit risk management;
- to analyze performance indicators reflecting lending activities;
- to assess the current state of identifying and mitigating credit risks;
- to analyze existing problems in credit risk management and in improving clients' creditworthiness.

The object of this study is the credit services offered by commercial banks to individuals, as well as banks' credit policies. The subject of the research consists of scientific issues related to the development of consumer lending services provided to individuals by commercial banks.

The scientific basis of the study includes the theoretical views presented in the works of the President of the Republic of Uzbekistan Sh. M. Mirziyoyev on further deepening and expanding reforms in the banking sector, presidential decrees and resolutions related to the development and strengthening of the banking system, normative and legal documents of the Central Bank of the Republic of Uzbekistan, scientific and methodological approaches of Uzbek economists in the field of banking, as well as practical experience and conclusions derived from banking practice.

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