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THE ROLE OF BANKS IN DEVELOPING THE ACTIVITIES OF FAMILY ENTERPRISES

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Abstract. This article examines the role of banks in the development of family businesses, the mechanisms of financial support provided by banks, and the economic significance of lending to small business entities. The study analyzes the importance of bank loans, preferential financing programs, and modern banking services in ensuring sustainable business operations and enhancing the competitiveness of family enterprises. Furthermore, the measures taken by banks to support family entrepreneurship and the directions for their improvement are discussed.

Keywords: family enterprise, family entrepreneurship, bank loan, financing, small business, banking services, investments, entrepreneurship support.

Introduction

In the system of socio-economic reforms being implemented in our country, the development of family entrepreneurship has become an issue of great importance. Today, family businesses play a significant role in ensuring employment, increasing sources of income, and expanding the economically active population, thereby strengthening socio-economic stability in the country.

Based on the principle put forward by the President of the Republic of Uzbekistan Sh. Mirziyoyev that “The family is the pillar of society,” a number of reforms are being implemented aimed at ensuring the economic independence of families, developing entrepreneurial skills within households, encouraging their involvement in business activities, and strengthening the social protection system.

According to statistical data, in 2025 the total number of family entrepreneurship entities operating in the regions of the Republic of Uzbekistan exceeded 1.5 million, which is 20% more compared to 2024. In particular, more than 250,000 new jobs were created through family entrepreneurship, demonstrating the importance of household businesses as a source of employment and income generation.

In addition, by the Resolution of the President of the Republic of Uzbekistan No. PQ-4734 dated December 30, 2022, a new stage of the “Every Family is an Entrepreneur” program was launched. Through this program, the provision of preferential bank loans, subsidies, and support for business projects has been significantly expanded.

During the period 2021–2025, the volume of loans allocated by the banking system to family entrepreneurship entities increased from 4.2 trillion soums to 8.4 trillion soums. This reflects the growing financial support provided by the state to family businesses.

However, despite ongoing reforms and programs, their effectiveness is still not at a sufficiently high level. The main challenges faced by family entrepreneurship include:

- insufficient accessibility and speed of financial resources;
- bureaucratic barriers in banking services and loan acquisition processes;
- low level of financial literacy among the population;
- weak banking infrastructure in remote areas;
- lack of innovative financial products.

Therefore, studying the activities carried out by banks within the framework of family entrepreneurship development programs, analyzing their economic efficiency, identifying existing problems, and developing ways to eliminate them remain among the most urgent issues of today.

Relevance of the Thesis

The relevance of this graduation thesis lies in the high demand for developing scientific and practical recommendations aimed at studying the role of banking and financial services in achieving socio-economic stability through family entrepreneurship, creating new jobs, and increasing household income sources. It also emphasizes the necessity of analyzing existing shortcomings in the system and proposing effective ways for its improvement.

Aim and Objectives of the Study

The aim of this study is to analyze the activities carried out by banks within the framework of the family entrepreneurship development program, assess their economic efficiency and significance, identify existing problems, and develop recommendations for further improvement.

The main objectives of the study are as follows:

- to study the theoretical foundations of family entrepreneurship;
- to analyze the role of state policy in the development of family entrepreneurship;
- to examine the activities of banks in supporting family entrepreneurship;
- to assess the economic impact of banking services on the development of family businesses;
- to identify existing problems in the financial support system;
- to develop practical recommendations for improving banking services in the development of family entrepreneurship.

Degree of Study of the Topic

A number of scientific studies by both foreign and local economists have been conducted on the importance of banking support within the family entrepreneurship development program. In particular, local researchers such as A.X. Rakhimov, M.T. Qo‘chqorov, and N.R. Saidova, as well as foreign scholars such as L. Brixman, J. Todaro, and R. Chambers, have contributed scientific works on supporting family businesses, expanding financial inclusion, and analyzing the microeconomic impact of banking services.

However, many of these studies are limited to a general description of preferential loans and banking services provided within the framework of the program. There remains a strong need to study these issues in connection with the actual results of commercial banks’ activities, particularly their impact on the economic growth of family entrepreneurship entities.

The existing system of banking services supporting family entrepreneurship was analyzed, and scientifically based proposals and recommendations were developed to improve its effectiveness. The scientific novelty of this thesis lies in the proposal of a concept for innovative banking products tailored specifically to family business entities.

The scientific and practical recommendations developed in this study can be effectively used by banks in supporting family entrepreneurship entities, improving services, and making the crediting system more accessible and efficient.

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