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MAIN DIRECTIONS OF THE FAMILY ENTREPRENEURSHIP DEVELOPMENT PROGRAM

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Abstract

This article examines the role of banks in the development of family enterprises, their financial support mechanisms, 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 the sustainable operation and enhancing the competitiveness of family enterprises. Furthermore, the measures undertaken by banks to support family entrepreneurship, as well as the key directions for improving these support mechanisms, are discussed.

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

Introduction

The Family Entrepreneurship Development Program is being implemented through the following key directions:

1. Financial Support

Financial support is provided to family entrepreneurship entities through the allocation of low-interest loans by commercial banks. For example, as of January 1, 2026, Agrobank had allocated loans amounting to 242.7 billion Uzbek soums to support family business initiatives. Such financing mechanisms play an important role in expanding entrepreneurial activities, creating employment opportunities, and increasing household incomes.

2. Consulting and Training Services

Business schools have been established in every region of the country to provide family members with training on the fundamentals of entrepreneurship. These educational programs are aimed at improving entrepreneurial skills, enhancing financial literacy, and equipping participants with practical knowledge necessary for establishing and successfully managing family businesses.

3. Inclusion of Social Groups

Special quotas have been established for women and young people to encourage their active participation in entrepreneurial activities. This approach promotes equal opportunities and supports the economic empowerment of socially important groups within society.

4. Tax and Customs Incentives

Family business entities are provided with various tax and customs benefits for a specified period. These incentives reduce the financial burden on entrepreneurs and create favorable conditions for business establishment and expansion.

5. Regional Differentiation Approach

Special support measures are being implemented for family entrepreneurship in less-developed and economically disadvantaged regions. Through this targeted approach, the program contributes to regional economic development and helps reduce disparities between different areas of the country.

Through these directions, the Family Entrepreneurship Development Program contributes to economic stability, increased household income, and the strengthening of social equality.

The Role of the Banking and Financial System in Family Entrepreneurship Development

The banking and financial system plays a vital role in the development of family entrepreneurship. Banks serve as the primary source of financial resources for family business entities, enabling them to expand their activities in production, trade, service provision, and other sectors of the economy.

The efficiency and accessibility of financial services are of great importance in increasing the economic activity of families, creating new employment opportunities, and expanding the range of goods and services offered. Consequently, effective banking support serves as a key factor in ensuring the sustainable growth and competitiveness of family businesses.

Main Banking Services Provided to Family Entrepreneurship Entities

In supporting family entrepreneurship entities, commercial banks provide the following key services:

Preferential Loans

Within the framework of the “Every Family is an Entrepreneur” program, commercial banks allocated more than 10 trillion Uzbek soums in preferential loans in 2025. These loans provide favorable financing conditions and facilitate the establishment and expansion of family businesses.

Microcredit Services

Small-scale loans enable families to start new businesses or expand existing entrepreneurial activities. Microcredit services are particularly important for households with limited financial resources and insufficient access to traditional sources of financing.

Leasing Services

Leasing provides long-term financing for the acquisition of machinery, equipment, and technological assets required for business operations. This service allows family entrepreneurs to modernize and expand their production capacity without significant initial capital expenditures.

Credit Guarantees and Insurance Services

Banks offer credit guarantee and insurance mechanisms that enable family business entities to obtain loans without collateral or with partial guarantees. These services reduce financial risks and improve access to credit resources.

Main Functions of Banks in Supporting Family Entrepreneurship

The primary responsibilities of banks in supporting family entrepreneurship include the following:

1. Mobilizing and Allocating Financial Resources

Banks provide loans to families using their own financial resources, funds obtained from international financial institutions, and resources allocated under government support programs. Through these mechanisms, family entrepreneurship entities gain access to the capital necessary for establishing and expanding their business activities.

2. Simplification of Lending Policies

An important task of banks is to simplify lending procedures for family businesses. This includes creating simplified loan application processes, reducing the time required for reviewing

applications, and expanding access to preferential credit lines. Such measures increase the accessibility of financial resources and encourage entrepreneurial activity.

3. Providing Advisory Services to Family Business Entities

Through "Business Consultant" services organized by banks, families receive free professional advice on business plan preparation, financial analysis, and market research. These consulting services contribute to improving managerial skills and increasing the sustainability of family enterprises.

4. Introduction of Innovative Banking Services

Banks are introducing innovative financial services such as mobile banking, online lending, and remote banking services to ensure convenient access to financial resources for family entrepreneurs. These digital solutions improve service efficiency and reduce transaction costs for customers.

According to available data, loans allocated by commercial banks of Uzbekistan to family entrepreneurship entities accounted for 22% of the total lending portfolio in 2025. This indicator stood at 15% in 2024, demonstrating a significant increase in banking support for family businesses and highlighting the growing importance of this sector within the national economy.

Existing Challenges in Commercial Banking Practice

In practice, a number of systemic problems and shortcomings remain within the operations of commercial banks, limiting the effective use of financial services by family entrepreneurship entities. These challenges include:

- **Excessive bureaucratic procedures in the loan application process** – the average loan application review period ranges from 14 to 21 days, resulting in significant time losses for family entrepreneurs and reducing the convenience of accessing financial resources;
- **Stringent collateral requirements** – family businesses often face legal and financial constraints when providing their property as collateral for loans;
- **Insufficient professional competence of bank employees in financial service provision** – this may negatively affect service quality and the overall level of customer support;
- **Underdeveloped remote banking services**, particularly in rural and remote areas, which limits financial inclusion and restricts access to modern banking products and services.

International Practices in Supporting Family Entrepreneurship

International experience demonstrates the existence of several effective mechanisms for supporting family entrepreneurship, including:

Microfinance Institutions (Bangladesh, India Experience)

In Bangladesh and India, microfinance institutions have successfully implemented a system of providing small-scale loans without collateral to individuals, including family entrepreneurs. This practice has significantly expanded access to financial resources for low-income households and supported the development of small family businesses.

Family Business Funds (Italy, Spain)

In Italy and Spain, family business development funds have been established based on public–private partnership models. These funds ensure financial support for family enterprises through coordinated efforts between the state and private sector, thereby strengthening the financial sustainability of small businesses.

Innovative Banking Products (Estonia, Latvia)

Estonia and Latvia have introduced advanced digital banking solutions, including online lending, electronic financing, and digital financial services. These innovations enable fast and convenient access to financial services for family entrepreneurship entities, improving efficiency and reducing transaction costs.

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