



FINANCIAL SUPPORT OF THE POPULATION IN COMMERCIAL BANKS THROUGH MORTGAGE CREDITS

Gaibullaev Rakhim Murodovich,

Professor Samarkand Institute of Economics and Service, Doctor of Economics, Uzbekistan,

Mardonov Saidmurot,

magistr of the Samarkand Institute of Economics and Service, Uzbekistan

rahimgaibullaev63@gmail.com

Article history:	Abstract:
Received: 10 th February 2022 Accepted: 11 th March 2022 Published: 30 th April 2022	The article shows the financial support of commercial banks in the provision of housing through mortgage loans and the allocation of loans in the form of long-term interest payments. It also highlights the specifics of the theory and practice of mortgage lending in the country and offers suggestions for their further development.
Keywords: Commercial Banks, Mortgage Loan, Mortgage, Housing, Real Estate, Subsidy, Loan Collateral.	

In the context of the gradual transformation of market relations in the Republic of Uzbekistan, one of the important principles is the implementation of a strong social policy. Demographic data also confirms that the population of the republic is growing at the same rate. That is why one of the most pressing economic problems today is to meet the growing housing needs of the population. This, in turn, plays a significant role in providing social support and improving the welfare of the population. First of all, it is appropriate to highlight the essence of mortgage loans.

There are different interpretations of mortgage loans in the economic literature, as well as in the views of a number of scholars in this field. In particular, some scholars usually explain the meaning of the term "mortgage" in two ways. According to them, a "mortgage" is a legal relationship and a security. A form of legal relationship of a mortgage is a mortgage of immovable property for the purpose of obtaining a mortgage loan, while its security form is a debt instrument in the hands of the mortgagor (creditor) and he has the right to freely circulate in the financial market [1]. However, a mortgage is only a way to secure the debtor's obligations to the creditor on the basis of real estate collateral, ie the right of the creditor to recover its funds from the value of real estate mortgaged by the debtor [2].

In this case, the mortgage is a form of obligation to provide property of the debtor, in which real estate remains at the disposal of the owner (debtor), and the creditor receives the right to recover its debt by selling the property only if the debtor does not fulfill its obligations [3]. From the above it can be noted that a mortgage is a pledge of a real estate object in which the mortgaged property is not transferred to the creditor, but remains at the disposal

of the debtor, and he has the opportunity to use this property on a permanent basis [4]. Mortgage loan is a long-term loan for the purchase, reconstruction or repair of real estate, land development, mortgaging real estate, buildings and structures, as well as land [5]. In general, a mortgage loan is a long-term bank loan provided by banks for the purchase or construction of real estate on the basis of real estate collateral [3]. However, there is also the view that a mortgage loan is a type of consumer loan, because the purpose of a consumer loan is to meet the needs of the population, one of which is the need for housing. At the same time, the long-term nature of mortgage loans, real estate collateral, a large amount, in contrast to consumer loans for current needs, allows them to be divided into separate categories [6].

Thus, it appears that a mortgage is, in its essence, a long-term loan from a real estate-related bank. It is constantly associated with real estate. In civil law relations in the Republic of Uzbekistan, the term mortgage refers to the pledge of land, buildings and structures and other real estate. In a broader and fuller sense, a mortgage is not only a mortgage loan as a bank loan, but also a market for mortgage bonds.

Thus, a mortgage loan is, as a rule, a long-term loan (for a period of 10 to 50 years in different countries) for the purchase of housing secured by real estate itself , which is taken as collateral at a certain annual interest rate . Since such loans are of a long-term nature, interest payments and principal repayments are, as a rule, is particularly convenient in cases where it may be low-income, i.e., in small portions. This is especially attractive for the middle-income population . All of the above features of collateral are specific to a residential mortgage loan.

However , as a result of stabilization of the economy and the creation of a basic legal and institutional framework , new aspects of the rapid



development of mortgage lending will continue to open up. The main task of the state is to contribute as much as possible to this process.

the volume of housing construction begun to grow due to the growth of incomes of the population and the emergence of relevant new services in the credit and financial market. However, there is still a situation where, on the one hand, part of the population has a relatively stable income and wants to buy housing as property, on the other hand, due to lack of savings and lack of affordable housing, the long-term credit market opportunities to buy land are being created.

In the absence of budgetary resources, it is necessary to look for effective extra-budgetary resources, to find an effective solution to meet the demand for housing. One such mechanism that has proven itself in this context is the long-term mortgage lending system.

The development of mortgage lending effectively stimulates demand, but it should be borne in mind that in the conditions of limited supply in the illiquid housing market, this can significantly accelerate the growth of residential real estate prices, further reducing the opportunity to buy housing.

The analysis of the availability of mortgage loans shows that with the introduction of mortgage lending mechanisms, the effective demand of the population for housing will increase sharply and significantly.

The amount of the loan usually does not exceed 70-75% of the value of the purchased property, however, the borrower must make an initial payment to repay his share, usually its value is 20-30%. The amount of the monthly payment on the loan, as a rule, should not exceed 30-35% of the total income of the borrower for the relevant period.

One of the most important tasks of the state in the field of socio-economic policy is to increase the level of housing. The creation of favorable conditions for improving the practice of mortgage lending in the Republic of Uzbekistan has led to a significant increase in the volume of mortgage loans issued by commercial banks in recent years.

At present, the state housing program has been developed in the country. The program includes, first of all, a set of measures aimed at ensuring the stable and uninterrupted functioning of the financial and economic, budgetary, banking and credit systems of the country, assistance to the real sector of the economy and enterprises, social support.

Mortgage loans banking services between demand eng big which was direction are listed.

Mortgages are usually obtained — real estate property in exchange for bail separated. It is known that consumption and mortgages — issued to the population in the republic produced consumption — goods buy get for wide opportunities creating gives — Ammo last hence the analysis of the years darak The home of the population which was demand sharp is increasing.

In order to regulate the situation in the housing market and meet the demand of the population for bank loans, the Law of the Republic of Uzbekistan "On Mortgage" was adopted [7]. In addition, in order to further expand the scope of mortgage lending, create conditions for the development of private contractors, introduce new mechanisms to support those in need of improved housing, rational use of land resources and intensification of urbanization processes in 2019 Decree PF-5886 "On Additional Measures to Improve Mortgage Loan Mechanisms" was adopted on November 28, 2008 [8]. In accordance with this Decree, certain persons, including those with low incomes and in need of improved housing, will be paid subsidies from the State Budget of the Republic of Uzbekistan to cover part of the down payment and (or) interest on the mortgage loan.

Accordingly, through social support, low-income families in need of improved housing, women in difficult social situations, young people who are actively involved in the social life of the country and other segments of the population will be provided with assistance and housing. In order to ensure targeting and transparency in the state support of families in need of improvement, the Cabinet of Ministers of the Republic of Uzbekistan adopted Resolution No. 182 of March 25, 2020 "On approval of the Regulation on the procedure for payment of subsidies to citizens for housing" [9].

Some changes were made by the Decree of the President of the Republic of Uzbekistan dated March 21, 2021 PF-6186 "On additional measures to provide the population with housing through the allocation of mortgage loans based on market principles" [10]. Amounts and terms of subsidies for the purchase of housing in the Republic of Karakalpakstan and in the cities and villages of the Republic of Karakalpakstan in Tashkent to cover the costs of paying part of the down payment enriched with provisions on the allocation of subsidies from the state budget.

Under the new order, a total of 111 billion soums will be allocated to 3,283 citizens in 2020-2021. UZS, of which 62% was paid for the down payment



and 38% for loan interest payments. In 2021 alone, subsidies paid out will amount to about \$ 45 billion. soums, of which 36 bln. soums were used only to cover interest expenses, including 89% (32 billion soums) of the loan interest allocated in 2020 to support citizens.

Today, mortgage loans are issued by many banks, such as Ipoteka Bank, TIF National Bank, Qishloq Urilish Bank, Asaka Bank, Xalq Bank, Uzpromstroybank. It should be noted that each bank has several mortgage loan programs, the applicant can choose the one that suits them. The term of the mortgage loan offered by banks covers the period from 10 to 15 years. The grace period is 12 to 36 months. The down payment should not be less than 25 percent. In addition, interest rates may vary depending on the amount of the down payment. That is, the larger the down payment, the lower the interest rate. The loan amount is from 2,500 to 3,000 times the BHM [11].

Analysis and research show that currently commercial banks set interest rates on mortgage loans from 17% to 23%. However, it should be noted that high interest rates limit the access of low-income groups to mortgage loans. It should be noted that the People's Bank is 20 %; "Ipotekabank" for the city of Tashkent 18 interest; for other cities and villages of the republic 17 interest ; Hamkorbank 18 interest; 16-20 for houses built with loans from Asaka Bank percent , and loans for other houses at the rate of 18–21 percent.

we look at the practice of mortgage lending in the world, the average annual rate in the United States is 3.5-7%, in Germany - 1.5-3% per annum, in Japan -

1.5-2% per annum, in Sweden - 2% per annum. it can be seen that mortgage loans are provided.

It should be noted that the short term of mortgage loans to the population will reduce the demand for this type of loan.

Paragraph 5 of the Decree of the President of the Republic of Uzbekistan dated May 1, 2020 "On additional measures to improve housing conditions and further expand the mortgage market" provides for the issuance of mortgage loans to individuals for 20 years [12].

at the maturity of mortgage lending in countries around the world, banks in foreign countries have mortgage lending from 1 to 30 years, in some cases up to 50 years (for example, from 1 to 30 years in Slovakia, from 5 to 30 years in the US, up to 30 years in Germany, up to 50 years in Sweden and Japan). gives the term. Mortgage loan in Canada term borrower _ paying first with the amount of compensation related q. Bank payable first payment eng buy a small amount removable 5 percent of the value of housing buy __ removable from 20 per cent of the value of the dwelling kam if 25 years for a period of up to 30 years, if more than 20 percent which was term . _ _

In general, if we pay attention to the analysis of the share of mortgage loans in the total loan portfolio, the balance of the loan portfolio of banks in Uzbekistan (the balance of loans to banks by legal entities and individuals) as of December 1, 2021 amounted to 320.8 trillion. soums (\$ 29.6 billion). During the year, this figure increased by 50 trillion soums or 18.5 percent (Table 1).

Table 1
Types of loans in the loan portfolio of Uzbek banks
distribution on. billion soums

Name of indicators	01.12.2020y.	01.12.2021 y.	Growth,%
Total	270716	320813	18.5
Loans to individuals	54080	68125	26.0
Mortgage loans	27374	34408	25.7
Microloans	5930	9183	54.9
Consumer loans	12451	13141	5.5
Loans for business development	8325	11393	36.9
Loans to legal entities	216636	252688	16.6
Loans to legal entities that are not credit institutions	198975	233584	17.4
Leasing and factoring	1521	2422	59.2
Interbank loans	1769	1703	-3.7
Microcredits	10765	10421	-3.2
Syndication loans	3606	4558	26.4



The bulk of loans fell to legal entities - 252.6 trillion soums (78.7%). During the year, the volume of loans allocated to them increased by 16.6%.

The volume of loans issued to individuals amounted to 68.1 trillion soums, which is 26 percent more than last year. Half of these funds are directed to mortgage lending - 34.4 trillion soums.

In 2021, commercial banks have issued mortgage loans worth about 9.8 trillion soums to more than 59.5 thousand people. Over the past 5 years, the population has received such loans totaling 35.6 trillion soums. In addition, the balance of mortgage loans reached 35.8 trillion soums.

In 2021, commercial banks will provide about 9.8 trillion soums to 59,570 people. UZS were allocated for mortgage loans. This figure is 700 billion more than in 2020. is more than UZS. Also, as of January 1, 2022, the balance of mortgage loans reached 35.8 trillion soums.

In terms of regions, the largest share of loans falls on the city of Tashkent (2.67 trillion soums), Samarkand (883.6 billion soums), Andijan (780.8 billion soums). The lowest mortgage loans were issued in Jizzakh (252.6 billion soums) and Syrdarya region (259.7 billion soums). 7.35 trillion soums of allocated loans soums or 78% to primary market houses, 2.44 trillion. sum or 22 per cent was directed to houses in the secondary market. Forty-two percent of these loans come from women.

At the end of 2021, the balance of mortgage loans will increase by 25.2% to 30.8 trillion soums. The balance of problem mortgage loans also increased more than 4 times to 480 billion soums. sum.

It should be noted that Uzbekistan ranks 104th out of 111 countries in the ranking of mortgage loans (mortgage index 0.28), and the last place in the CIS. It is noted that Kyrgyzstan, Tajikistan and Turkmenistan are not included in the ranking.

As part of the study, it can be concluded that the comprehensive measures taken by the state to provide housing in Uzbekistan, as well as all the decrees and decisions taken in this direction, serve as a legal basis for this area.

At the same time, we believe that the following proposals are relevant in solving the problems associated with the use of mortgage loans and financial resources:

- Introduction of the procedure for issuing long-term mortgage loans, typical of the developed practice of mortgage lending;
- Implementation of legal norms for mortgage clients in the activities of mortgage brokers in obtaining a

mortgage loan and regulating organizational issues related to it;

- revision of the current interest rates set by commercial banks for mortgage loans based on the demand of the population;
- reduction of the down payment for mortgage loans, taking into account the best foreign practices and comparatively taking into account the solvency of the population in Uzbekistan;
- Establishment of alternative lending institutions to create free competition among mortgage market entities.

REFERENCES:

1. Abdullaev M.A., Orlov A.A., Rimskiy A.A., Bu Hasan Hossam. Mortgage. Organization of mortgage lending. Uchebnoe posobie. M.: MIIT.2003. 244 s.
2. Zvyagintsev V. Problems and prospects of mortgage lending in Russia. M.: Laboratory Books. 2010. 35 p.
3. Zhukov E.T. Dolgosrochnoe ipotechnoe jilishchnoe kreditovanie. Prakticheskoe posobie. M.: Laboratory Books. 2009. 93 p.
4. Asaul A.N., Ivanov S.N., Stravoytov M.K. Ekonomika nedvijimosti. Uchebnik dlya vuzov.- 3-e izd .i spravl . SPb: ANO "IPEV". 2009. 304 p.
5. Jarkovskaya . E.P. Banking case: Ucheb. - M.: OMEGA-L, 2008 - 476 p.
6. Tsy pina G.A. Mortgage / G.A. Tsy pin a . - M.: Economics. - 2001. - p. 15.
7. Uzbekistan Law of the Republic of Kazakhstan " On Mortgage " , November 9, 2006
8. Decree of the President of the Republic of Uzbekistan No. PF-5886 of November 28, 2019 "On additional measures to improve the mechanisms of mortgage lending."
9. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. VMQ-182 of March 25, 2020 "On approval of the Regulation on the procedure for payment of subsidies to citizens for the purchase of housing."
10. Decree of the President of the Republic of Uzbekistan No. PF-6186 of March 21, 2021 "On additional measures to provide housing through the allocation of mortgage loans based on market principles."
11. Elbusinova U.X. Basics of lending to young families in Uzbekistan, the system of housing



construction and reconstruction and its importance. "Economy and innovative Technologies " scientific electronic journal . № 1, January -February, 2019 .

12. Resolution of the President of the Republic of Uzbekistan No. PP-4701 of May 1, 2020 "On additional measures to improve housing conditions and further expand the mortgage market."
13. www.cbu.uz - Uzbekistan _ Republic Central Bank website .