

THE GROWTH OF LOANS GRANTED TO INDIVIDUALS IN UZBEKISTAN AND ITS UNDERLYING REASONS

Tupatillaeva Gulnoza

Tashkent State University of Economics

Cabinet Manager of the Department of Bank Accounting and Audit

Nowadays, the stable and sustainable development of the economy is directly linked to the effective and balanced functioning of the country's financial system. In particular, the growth in both the volume and quality of loans issued by commercial banks is a crucial factor for the qualitative improvement of economic processes, and the expansion of production and consumption sectors. The growing share of loans granted to individuals within the credit portfolio indicates that the population is actively using financial services, reflecting the expansion of their financial needs and capabilities. This, in turn, is associated with growing public trust in the banking system and the implementation of modern methods of digitalization and service delivery.

This scientific thesis provides an in-depth analysis of the growth trend in the share and volume of loans to individuals within the credit investments of commercial banks. It highlights the main causes and factors influencing this process—particularly economic, social, and financial factors. The study is based on data regarding the sectoral distribution of credit investments of commercial banks in Uzbekistan as of September 1, 2024, and September 1, 2025. Changes observed during this period, as well as the growth rate of lending in the individual segment and the internal and external factors affecting this process, are analyzed in detail. The sectoral distribution of credit allocations by commercial banks

E- Global Congress

Hosted online from Dubai, U. A. E., E - Conference.

Date: 30th October 2025

Website: <https://eglobalcongress.com/index.php/egc>

ISSN (E): 2836-3612

Table 1¹

Indicator name	September 1, 2024		September 1, 2025		Change, in percentage
	billion UZS	share, in percentage	billion UZS	share, in percentage	
Total loans	509 676	100%	581 057	100%	14%
Industry	145 220	28%	148 544	26%	2%
Agriculture	51 418	10%	58 195	10%	13%
Construction sector	12 906	3%	16 587	3%	29%
Trade and public services	36 053	7%	41 297	7%	15%
Transport and communication	34 665	7%	33 696	6%	-3%
Material and Technical Support Development	3 564	0,7%	4 123	0,7%	16%
Housing and Communal Services	1 797	0,4%	1 869	0,3%	4%
Individuals	166 906	33%	205 474	35%	23%
Other sectors	57 147	11%	71 272	12%	25%

Based on the analysis of the table data, a significant increase in the volume of loans allocated by commercial banks to individuals was observed in the same period of 2025 compared to September 1, 2024. Specifically, this indicator grew by 23%, with the share of individuals in the total credit portfolio rising from 33% to 35%. This means that the growth rate of the individual segment within banks' credit portfolios exceeded the overall credit growth, indicating an increase in their economic activity and demand for financial services.

This situation can be explained by improvements in the population's living standards, expanded opportunities for obtaining loans, and increased trust in financial services. As a result, banks prefer to increase the volume of loans granted to individuals in their credit policies. This process plays a crucial role in stimulating domestic demand in the economy and increasing investments in the consumption and production sectors.

¹ Official website of the Central Bank of the Republic of Uzbekistan: <https://www.cbu.uz>

Analysis of the reasons for the growth of loans to individuals

The expansion of the credit portfolio in the individual segment is driven by a combination of key factors, rooted in the intersection of economic, technological and social developments.

Firstly, the digitalization and increased accessibility of financial services have substantially streamlined the loan acquisition process. The widespread adoption of innovative banking technologies and the availability of online platforms for rapid and user-friendly loan application processing have significantly enhanced public trust in the banking system. This has, in turn, served as a catalyst for the expansion of the consumer credit market.

Secondly, rising household incomes and improvements in living standards have led to an increase in consumer demand. The demand for housing, education, healthcare services, and household appliances has increased, making loans an important financial tool in people's everyday lives.

Thirdly, the increase in officially reported incomes among economically active populations, alongside improvements in financial inclusion, has expanded access to credit. The formalization of income through banking channels has contributed to greater transparency in the financial system, mitigated credit-related risks, and fostered stable growth within the individual loan portfolio.

Fourthly, government-supported credit initiatives—including mortgage loans, student financing, and subsidized lending programs—have significantly enhanced individuals' access to credit and stimulated demand across the market. These programs play a critical role in reinforcing financial stability, strengthening the social protection framework, and improving overall living standards.

Thus, the growth of the loan portfolio in the individual segment results from the combined effects of the modernization of financial services, the increasing financial needs of the population, the rise in formal incomes and supportive government policies.

The expansion of loans to individuals strengthens domestic demand within the economy and stimulates demand across production and service sectors. Simultaneously, the development of lending mechanisms contributes to enhancing the stability of the banking system.

E- Global Congress

Hosted online from Dubai, U. A. E., E - Conference.

Date: 30th October 2025

Website: <https://eglobalcongress.com/index.php/egc>

ISSN (E): 2836-3612

The share of loans to individuals in the credit portfolios of commercial banks in Uzbekistan increased from 33% to 35% between 2024 and 2025, while the overall loan volume grew by 23%. This growth is associated with the widespread adoption of financial services, rising incomes and consumer needs, increases in formal income declarations and the impact of government support programs. To support and further develop these processes, it is essential to enhance financial literacy, improve credit risk management and advance digital financial services.

In conclusion, the volume and share of loans allocated to individuals by commercial banks in Uzbekistan saw significant growth during 2024–2025. The primary drivers of this increase include the digitalization of financial services, expanding consumer demand, growing formal incomes and the presence of state-supported credit programs. These factors have collectively contributed to the expansion of lending within the individual segment, thereby fostering stable growth in banks' credit portfolios.

References

1. Abdullaev A., Karimov B. Banking System and Lending: Theory and Practice. Tashkent, Economics Publishing, 2022.
2. National Statistics Committee. Yearbook of Economic Indicators of Uzbekistan, 2024.
3. Central Bank of the Republic of Uzbekistan official website: <https://www.cbu.uz>
4. UzDaily.uz, "Bank Credit Portfolio Results for 2024," 2025.
5. Association of Banks of Uzbekistan official website: <https://uba.uz>