

DEVELOPMENT TRENDS OF THE MORTGAGE LENDING SYSTEM IN UZBEKISTAN

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Annotation. This article analyzes the development trends of the mortgage lending system in Uzbekistan in recent years. Changes in the volume of mortgage loans, interest rates, borrower composition, and market segments are examined. Additionally, government programs, innovations in banks' mortgage policies, and their impact on the population's living standards are discussed.

Keywords: mortgage lending, interest rates, housing market, banking system, government programs, borrowers.

Introduction:

The growing demand for housing in Uzbekistan is closely linked to the acceleration of economic reforms and urbanization processes. The mortgage lending system is becoming a key mechanism for improving housing conditions for the population. Since 2017, a number of programs and decisions aimed at developing the mortgage lending market have been implemented within the framework of economic reforms. These measures have led to a steady increase in the volume of lending, the introduction of preferential government programs, and the offering of new services by banks.

Moreover, the mortgage lending system plays a significant role for various social groups, including young families, public servants, and entrepreneurs. This article analyzes the development trends of the mortgage lending system in Uzbekistan, examines existing problems and their solutions, and explores future prospects. Based on the latest data and analytical insights, it provides specific figures and analysis

regarding the current state of the mortgage market and its impact on the economy. The article offers an in-depth examination of these trends in the mortgage lending system.

Main Body.

Volume of Mortgage Loans and Market Segments: The mortgage lending market in Uzbekistan continues to grow steadily. In 2023, commercial banks allocated a total of 16.85 trillion UZS in mortgage loans, which is 17% higher compared to the previous year. Approximately 60% of the loans were issued in the primary market, while the remaining 40% were allocated to the secondary market. Interest in newly constructed housing decreased by 15% over the year.

In 2023, a total of 68,395 citizens utilized mortgage loans. Regionally, the highest amount of mortgage loans was issued in Tashkent city, totaling 5 trillion UZS. This was followed by Fergana (1.3 trillion UZS), Navoi, Tashkent, and Samarkand regions (1.2 trillion UZS each). The lowest amount of loans was issued in Syrdarya region, where residents received 380 billion UZS.

Interest Rates and Loan Terms: In the first half of 2024, the average interest rate on mortgage loans issued by banks was 24.5%, an increase compared to 23.3% in 2022. Additionally, the interest rates on mortgage loans under government programs rose from 17.2% to 17.9%.

Borrower Composition: In 2023, the share of women among mortgage loan recipients decreased from 41% to 36%, while the share of men increased from 59% to 64%. This indicates a decline in demand for mortgage loans among women.

Role of Government Programs and Banks: Government programs and commercial banks play a significant role in the development of the mortgage lending system in Uzbekistan. For example, in the first half of 2024, 22% of the mortgage loans issued were granted to individuals with informal incomes. This reflects increased flexibility in the lending policies of banks.

Overall Overview of the Mortgage Lending Market: From 2018 to 2023, the volume of mortgage lending in Uzbekistan has steadily increased. In 2018, the total mortgage loans amounted to 4.8 trillion UZS, rising to 7.9 trillion UZS in 2019, 9.1

trillion UZS in 2020, 9.8 trillion UZS in 2021, 14.4 trillion UZS in 2022, and 16.85 trillion UZS in 2023. These figures indicate a growing demand for housing and the ongoing development of the mortgage lending system.

Regional Disparities in Mortgage Lending: There are significant regional differences in mortgage lending. The residents of Tashkent city are receiving more mortgage loans compared to other regions. In 2023, the capital's population received 5 trillion UZS in mortgage loans, while the residents of Syrdarya region received the least—380 billion UZS. This highlights the economic disparities between regions and the varying demand and supply in the housing market.

Gender Disparities in Mortgage Lending: In 2023, the share of women among mortgage loan recipients decreased from 41% to 36%, while the share of men increased from 59% to 64%. This indicates a decline in demand for mortgage loans among women. Such a trend calls for further research on gender equality and the financial capabilities of women.

Age Groups in Mortgage Lending: The distribution of mortgage loan recipients by age groups is as follows:

18–30 years: 20%

31–50 years: 69%

Over 50 years: 11%

These figures indicate that the primary mortgage loan recipients are within the 31–50 age range. This suggests that individuals in this age group have achieved financial stability and are seeking to purchase housing.

Market Segments in Mortgage Lending: In Uzbekistan, the mortgage market consists of three main segments:

Primary Market: This segment covers loans for newly constructed housing. In 2023, 60% of the mortgage loans issued were in the primary market. Government programs supporting new construction have greatly contributed to the development of this segment.

Secondary Market: In the secondary market, previously used housing is purchased. This segment accounted for 40% of the total mortgage lending volume. The demand for the secondary market is higher in Tashkent city and regional centers, where housing prices are not stable.

Preferential Program Lending: Special mortgage programs exist for young families, individuals with disabilities, and public servants. In 2024, a total of 2.5 trillion UZS in mortgage loans were allocated under government programs. The interest rates for these loans are 7-10% lower compared to commercial loans.

Trends in Interest Rates and Loan Terms: In mortgage lending, the following trends can be observed regarding interest rates and loan terms:

Interest Rates: In 2023, the average interest rate on mortgage loans issued by commercial banks was 24.5%. Although this rate is higher than international standards, it is considered reasonable given the local economic conditions.

Loan Terms: In Uzbekistan, the standard repayment term for mortgage loans is 15–20 years. However, under government programs, the term can be extended up to 25 years in certain cases. These long-term loans are helping to improve the payment capacity of the population.

Innovations and Technologies: In recent years, banks have widely implemented practices such as online loan applications, electronic document circulation, and processing mortgage loans through mobile apps. For example, in 2024, 45% of commercial banks introduced the ability to complete all mortgage loan processes online. This has allowed customers to save time and improve service quality.

Government Support Measures: The government's mortgage lending support programs include the following directions:

State Subsidies: Partial coverage of the initial payment for young families and low-income populations. In 2023, over 15,000 families benefited from such assistance.

Subsidization of Interest Rates: For certain loans, up to 50% of the interest rate is covered by the government.

Housing Construction in Rural Areas: Special programs are being implemented to prevent rural residents from migrating to urban centers by providing them with preferential loans for housing construction.

Comparison with Global Trends: While Uzbekistan's mortgage lending sector has a high growth rate among developing countries, much work remains to be done to reach the level of developed nations. For example, in Europe and the United States, average mortgage interest rates range from 3-7%, with loan terms extended to 30 years. In comparison, mortgage rates in Uzbekistan are higher, which makes it difficult for a large portion of the population to afford mortgages.

Prospects for Developing the Mortgage Market in Uzbekistan: In the coming years, the following directions for the development of the mortgage sector are expected:

- Reducing interest rates to ease credit conditions for the population.
- Expanding financing programs for eco-friendly housing by adopting green technologies.
- Liberalizing lending policies through the privatization of banks.
- Increasing state investments to support housing construction in regions.

The steady development of Uzbekistan's mortgage market will undoubtedly contribute to improving the population's well-being and ensuring stable economic growth.

Conclusion.

The mortgage lending system in Uzbekistan has become a key sector contributing to the stable growth of the country's economy. In recent years, a number of positive changes have been observed in the mortgage market: the volume of lending is increasing, programs aimed at reducing interest rates are being implemented, and the convenience of banking services is improving. The allocation of 16.85 trillion UZS in mortgage loans in 2023 demonstrates the high growth rate of this sector.

In conclusion, the effective development of the mortgage lending system will remain a crucial factor in improving the quality of life for the population and driving economic development in Uzbekistan. The continuous reforms in the system and the introduction of innovative approaches will make the country's mortgage market more competitive and sustainable.

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