

## **THE ROLE OF FINANCIAL ANALYSIS IN LENDING**

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**Annotation:** *This scientific article talks about the concept of lending, improving the lending system, and the importance of financial analysis and results in the lending process.*

**Keywords:** *financial analysis, lending, commercial banks, income, lending procedure, consumer credit.*

### **KIRISH**

The current stage of the development of the banking system of Uzbekistan is significant with the strengthening of the processes of development of the banking business by separate structures. Despite certain advantages of segments of widely demanded banking services over specialized banking services, universal banks are increasingly trying to expand the scope of special services. Specialized credit institutions are attractive in these segments due to the fact that they perform a limited range of operations and do it with high quality and on the basis of a slightly lower risk of banking activity.

The fact that the resource base of commercial banks of the Republic of Uzbekistan is increasingly strengthening allows to increase the amount of their assets and loans. In addition, the liquidity and solvency of banks are at the required level, which also serves to expand their crediting opportunities.

According to Lavrushin (2008), in order to improve the practice of banks providing consumer loans, it is necessary to solve the following problems:

- unavailability of reliable information about the credit history of future borrowers;
- failure to improve the system for assessing the creditworthiness of consumer credit recipients;
- insufficient supply of consumer loans [7].

### **ANALYSIS AND RESULTS**

In recent times, the demand for the type of consumer credit for the purchase of residential buildings on the basis of real estate provision of the banking services segment has been increasing significantly. At this point, the question arises, how important is this banking service, can it lead to the need for the emergence of special consumer lending institutions?

If possible, what should these institutions look like? [1]

# "INTEGRATION, EVOLUTION, MODERNIZATION: WAYS OF DEVELOPMENT OF SCIENCE AND EDUCATION"

In our republic, the increase in the income level of the population, the strengthening of the resource base of commercial banks, and the decrease in the interest rates of loans allow the population to increase the level of use of consumer loans of commercial banks. In particular, the volume of consumer loans related to the purchase of household appliances and education is observed to increase from year to year [2].

Along with the above-mentioned positive aspects, it is observed that there are some problems related to the improvement of the practice of providing consumer loans. One such problem is the relatively high cost of consumer loans issued by some commercial banks.

Nowadays, the number of credit organizations implementing the procedure of providing consumer loans to the population in Uzbekistan is increasing day by day. Usually, the time to choose housing is limited.

In recent years, despite the increase in the types of credit products intended for individuals by the commercial banks of Uzbekistan, consumer loans are the most popular credit products (Table 1).

## 1-jadval

**Indicators of commercial banks of Uzbekistan lending to individuals [3, 4]**

No	Ko'rsatkichlar	2016	2017	2018	2019
	Total loan portfolio	<b>52603,1</b>	110566,2	167287,8	210029,0
	Allocated credits	27562,4	49540,5	100658,2	140762,4
		4698,7	6082,0	15390,1	26477,8
	Of this, mortgage loans	1856,7	2628,8	4557,2	7977,4
	Consumer loans	67,4	97,2	8102,8	11108,5

It can be seen from the table that in 2018, the total amount was 15.4 trillion. About 26.5 trillion soums of credit were allocated. Reached soums. However, in 2018, the share of consumer loans in these allocated loans was 52.6 percent, and in 2019, this figure decreased to 42.0 percent. This is explained by the fact that new types of credit products such as overdraft, microloan, credit card have started to be offered on the market.

In 2019, as a result of the activation of car loans in the structure of consumer loans by commercial banks of Uzbekistan in recent years, their share has

increased significantly. In particular, the share of consumer loans allocated in 2019 was 45.6 percent. In addition, the volume of loans allocated for household appliances has gained the main importance in the composition of total consumer loans, its share was 21.8 percent.

One of the problems in the development of consumer credit is that the mechanism of transfer of rights to the mortgaged property to the creditor in case of violation of the terms of the consumer credit by the debtor has not yet been fully developed.

Consumer loans, as mentioned above, are given for the purchase of several credit facilities. Therefore, analysis of changes in the composition and dynamics of consumer loans is of great importance.

Among the wide range of banking products and services provided by the bank to individuals, consumer loans are the most demanded direction of retail business.

This segment is directly related to the increase in income and lifestyle of the population. Individuals can use consumer loans from any branch of the bank for home repairs, furniture, vehicles, household appliances, medical treatment, vacation expenses and many other purposes.

Economic levers are widely used in the process of production management in the market economy. These include profit, rate of return, tax, credit, interest, etc. Among them, profit is the most important criterion representing the financial and economic activity of the enterprise.

Since the main goal of production and service provision in a free economy is to make a profit, every economic entity strives to make more profit. Therefore, in the amount of profit, the interests of the enterprise team of the society and each employee find little expression. Therefore, profit is an economic category that reflects commodity-money relations through production and distribution. The greater the profit received by the economic entity, the greater the opportunity to motivate each employee, to expand the enterprise in all respects, and to increase the amount of reproduction funds. The society is also interested in this, because the higher the profit of the enterprise, the higher the tax paid to the state budget from the profit. Therefore, we can see that the importance of profit in a free economy has increased immeasurably. Growth rates in all sectors of our economy, in turn, led to a steady increase in profits.

The financial result is the end of the enterprise's activity, which is expressed in the amount of profit and the level of profitability. The financial result is the end of the enterprise's activity expressed in the amount of profit and the level of profitability. In the conditions of the market economy, the main criterion determining the economic and financial activity of enterprises is the net profit. To determine the amount of net profit, it is necessary to determine the following intermediate profit indicators:

1. Gross profit = Net revenue – Cost of goods sold.



2. Profit from the main production activity = gross profit – period expenses ± other income (expense) from the main activity.

3. Profit from general economic activity = profit from main activity + dividends received + other

Dividends received ± interest on received and issued loans ± other received and paid interest ± exchange rate difference ± other income (expense) on financial activities.

4. Profit before tax = profit from general economic activity ± extraordinary profit (loss).

5. Net profit (loss) = profit before tax – profit tax other taxes and deductions.

The factor analysis of these profit indicators is detailed in the science of financial analysis.

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