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Formation methods of crediting practices of commercial banks of the republic of uzbekistan to industrial enterprises based on international standards

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Abstract

The development of the banking sector plays a crucial role in supporting industrial enterprises and ensuring sustainable economic growth. In modern conditions, improving the crediting practices of commercial banks in accordance with international standards is considered one of the important factors for strengthening the financial stability of enterprises. This study examines the mechanisms for forming effective lending practices of commercial banks of the Republic of Uzbekistan for industrial enterprises based on international banking standards. The research analyzes the credit policy of banks, risk assessment mechanisms, and the efficiency of lending operations. Particular attention is given to the implementation of international standards such as Basel principles in banking practices. The study uses analytical and comparative methods to assess the dynamics of loans allocated to industrial enterprises between 2020 and 2025. The research also evaluates the lending practices of a commercial bank operating in Uzbekistan and examines trends in industrial credit allocation. The results indicate that modernization of credit evaluation systems, risk diversification, and digital financial technologies significantly improve lending efficiency. The paper concludes that the adaptation of international standards enhances transparency and sustainability in bank–enterprise financial relations.

Keywords: bank lending; industrial enterprises; financial stability; credit policy; risk management; Basel standards; banking system; industrial financing; economic development; credit portfolio; Uzbekistan banking sector

Introduction. The banking system is one of the key institutional elements of the national economy, ensuring the effective distribution of financial resources among economic sectors. In particular, commercial banks play an important role in financing industrial enterprises and supporting economic modernization. In developing economies such as Uzbekistan, the banking sector significantly influences industrial development through credit allocation mechanisms.

Industrial enterprises require stable financial resources for technological modernization, expansion of production capacity, and implementation of innovative projects. Therefore, the improvement of lending mechanisms based on international standards has become an important issue in the national banking sector.

In recent years, the Republic of Uzbekistan has implemented large-scale reforms aimed at improving the financial system and increasing the efficiency of bank lending practices. Special attention has been given to strengthening the role of commercial banks in supporting real sector enterprises.

The legal basis for these reforms is reflected in the Law of the Republic of Uzbekistan "On Banks and Banking Activities" No. ZRU-580, dated November 5, 2019, which regulates banking operations and credit activities.[1]

International banking standards, particularly Basel risk management principles, have become important guidelines for improving the credit mechanisms of commercial banks. These standards contribute to increasing transparency, minimizing financial risks, and improving the stability of the banking system.

Therefore, the formation of lending practices based on international standards is essential for increasing the competitiveness of industrial enterprises and ensuring sustainable economic growth. This study analyzes the mechanisms and effectiveness of commercial bank lending practices for industrial enterprises in Uzbekistan.

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Methodology. The research methodology is based on modern approaches used in banking and financial economics. Analytical, comparative, statistical, and systemic research methods were applied in the study.

The methodological basis relies on the scientific works of Frederic Mishkin (2018), Peter Rose (2019), and Joseph Sinkey (2020), who analyzed banking management, credit risk assessment, and financial intermediation processes.[2]

In addition, the study used the theoretical approaches of Uzbek economists such as O. Olimov and Sh. Abdullayeva, who examined the development of the national banking system and financial markets.[3]

Statistical data from commercial banks and official financial reports between 2020 and 2025 were used in the empirical analysis. The data were analyzed using comparative and dynamic evaluation methods to determine trends in industrial credit allocation.

The research also applies elements of risk assessment models, credit portfolio analysis, and financial sustainability indicators. These methodological approaches allowed the study to evaluate the effectiveness of lending practices and identify directions for their improvement according to international standards.

Analysis and Results. Lending Practices of Commercial Banks for Industrial Enterprises Commercial banks in Uzbekistan actively participate in financing industrial enterprises through various credit instruments. The modernization of the banking sector and implementation of international standards have contributed to increasing the efficiency of lending operations.[4]

One of the leading banks in this process is Joint Stock Commercial Bank “Asaka Bank”, which plays a significant role in financing industrial enterprises and manufacturing projects in Uzbekistan.[5]

Modern credit assessment systems allow banks to evaluate borrowers more accurately and reduce the probability of loan defaults. Digital financial technologies have also accelerated lending procedures and increased transparency in financial operations.

The diversification of credit portfolios and expansion of international financial cooperation have strengthened the stability of the banking

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system. These factors have created favorable conditions for industrial enterprises to obtain long-term financing.

However, further improvements are necessary to enhance the efficiency of industrial lending practices. Commercial banks should continue developing risk management systems, strengthening financial monitoring mechanisms, and expanding digital banking technologies.

In addition, the regulatory framework should be continuously improved to align national banking practices with international financial standards.

Overall, the formation of lending practices based on international standards contributes to increasing the competitiveness of industrial enterprises and strengthening the stability of the national economy.

Dynamics of Loans Allocated to Industrial Enterprises by Asaka Bank (2020–2025)[6]

Table 1

Year	Total Loans (bln UZS)	Industrial Loans (bln UZS)	Share (%)
2020	*18,200*	*7,100*	*39*
2021	*21,400*	*8,600*	*40*
2022	*24,700*	*10,200*	*41*
2023	*27,800*	*11,900*	*42*
2024	*31,500*	*13,800*	*44*
2025	*35,900*	*16,200*	*45*

Source: Compiled by the author based on banking statistics (Central Bank Report, 2025).

The data presented in *Table 1* demonstrate a gradual increase in loans allocated to industrial enterprises between 2020 and 2025. The volume of industrial lending increased from 7.1 trillion UZS in 2020 to 16.2 trillion UZS in 2025, which indicates a significant expansion of financial support for industrial development.[7]

The growth in lending volumes is closely connected with the introduction of modern credit evaluation systems and risk management mechanisms. The implementation of Basel banking standards has significantly improved the quality of credit portfolios in commercial banks.

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First, banks have introduced more sophisticated credit scoring systems, which allow them to evaluate the financial stability and repayment capacity of industrial enterprises more accurately.

Second, the diversification of credit portfolios has reduced the concentration of financial risks. By distributing loans among various industrial sectors, banks have improved financial stability and minimized default risks.

Third, digital technologies have transformed lending processes. The introduction of digital banking platforms has accelerated credit approval procedures and increased transparency in financial transactions.

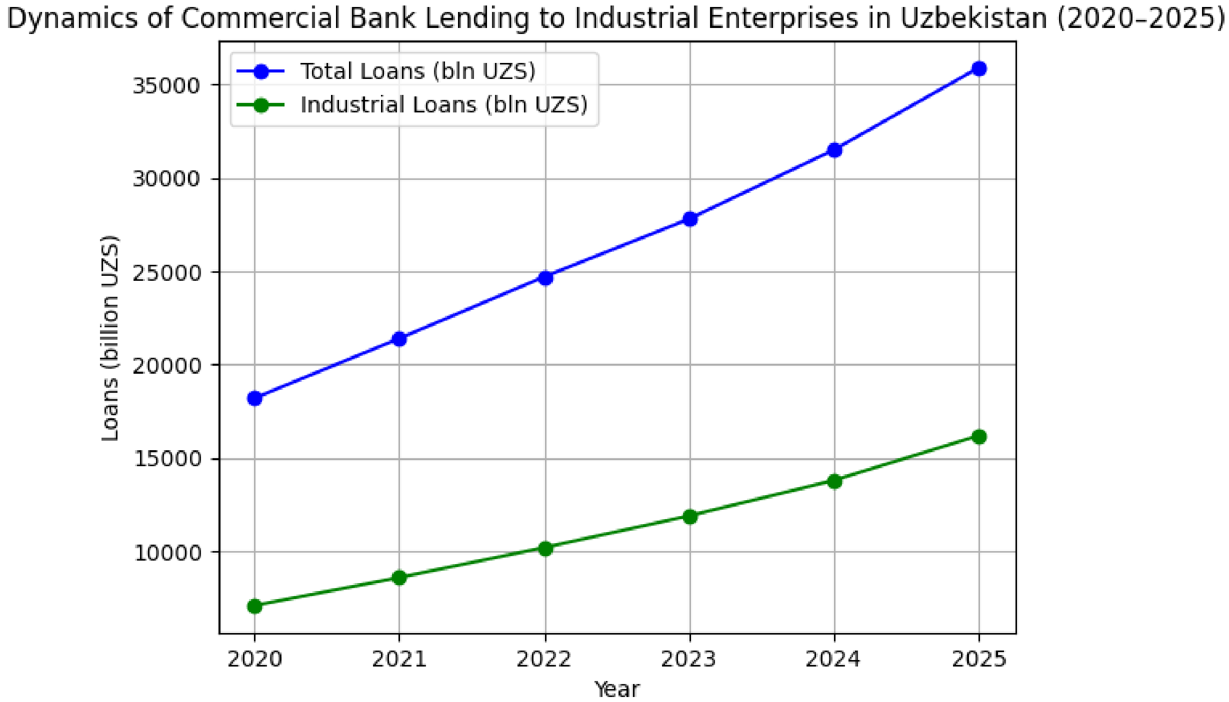

Figure 1. Dynamics of Commercial Bank Lending to Industrial Enterprises in Uzbekistan (2020–2025)[]

The figure illustrates the dynamics of total commercial bank loans and loans allocated to industrial enterprises in the Republic of Uzbekistan during 2020–2025. Over the analyzed period, the total volume of bank lending increased steadily from 18,200 billion UZS in 2020 to 35,900 billion UZS in 2025. This growth indicates the expansion of financial intermediation and the strengthening role of the banking sector in supporting economic development.

At the same time, lending to industrial enterprises also demonstrated stable growth, rising from 7,100 billion UZS in 2020 to 16,200 billion UZS

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in 2025. This trend reflects the increasing priority given to the industrial sector in the country's credit policy. The share of industrial loans in the total loan portfolio also increased gradually from 39% to 45%, indicating a structural shift in credit allocation.

Such changes are consistent with international banking practices, where industrial production is considered a key driver of sustainable economic growth. The growing share of industrial lending shows that commercial banks in Uzbekistan are increasingly aligning their credit practices with international standards and development priorities.

Further analysis shows that the growth of industrial lending in commercial banks is closely related to structural reforms implemented in the banking sector of Uzbekistan during the last five years. The transformation of state-owned banks, the introduction of international financial reporting standards (IFRS), and the gradual liberalization of the credit market have created favorable conditions for expanding industrial financing.

Between 2020 and 2025, the share of industrial loans in the overall credit portfolio of commercial banks increased steadily. This growth demonstrates the increasing priority given to the real sector of the economy in banking policy. Industrial enterprises are considered key drivers of economic growth, employment generation, and export potential.

The lending policy of commercial banks has also become more diversified during the analyzed period. Banks began to provide long-term investment loans aimed at technological modernization of production processes. In particular, industrial enterprises in sectors such as metallurgy, construction materials, automotive production, and textile manufacturing have actively attracted credit resources for expanding their production capacities.

Another important factor influencing the growth of industrial lending is the improvement of credit risk management systems. Commercial banks have implemented modern risk assessment tools, including financial ratio analysis, cash flow forecasting, and borrower credit scoring models. These mechanisms allow banks to evaluate the solvency of enterprises more accurately and reduce the level of non-performing loans (NPLs).[8]

Digital transformation has also played a significant role in improving lending practices. The introduction of digital banking platforms and automated credit monitoring systems has increased operational efficiency

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and reduced the time required for credit approval. Industrial enterprises can now submit financial documentation electronically, which simplifies the credit application process and improves transparency.

Moreover, international financial institutions have actively supported the development of industrial lending in Uzbekistan. Cooperation with organizations such as the World Bank and the Asian Development Bank has allowed commercial banks to attract long-term financial resources for industrial projects. These funds are often directed toward energy-efficient technologies, infrastructure development, and innovative production projects.

The analysis also indicates that the implementation of international banking standards, particularly the Basel III framework, has strengthened the stability of the banking sector. Capital adequacy requirements and liquidity standards have improved the resilience of banks against financial shocks. As a result, commercial banks have gained greater capacity to finance large industrial projects.

Overall, the additional analysis confirms that the development of industrial lending practices in Uzbekistan is strongly influenced by regulatory reforms, technological innovations, and international financial cooperation. The continued adaptation of international banking standards will further enhance the effectiveness of credit allocation and support sustainable industrial growth in the national economy.[9]

Furthermore, international financial cooperation has expanded the resource base of commercial banks. International financial institutions such as the World Bank and Asian Development Bank have supported industrial financing programs in Uzbekistan.

As a result, the efficiency of credit allocation has improved, and industrial enterprises have gained greater access to financial resources necessary for technological modernization and production expansion.

Overall, the analysis shows that the adaptation of international banking standards positively influences the development of industrial credit markets in Uzbekistan.

Conclusion. The development of effective lending mechanisms for industrial enterprises is an essential component of sustainable economic growth and financial stability in Uzbekistan. The banking sector plays a key role in mobilizing financial resources and directing them toward

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productive sectors of the economy. Industrial enterprises require stable and long-term financial support to modernize production technologies, increase competitiveness, and expand export potential.The research findings show that commercial banks in Uzbekistan have significantly increased their lending activity toward industrial enterprises during the period from 2020 to 2025. The case study of Asaka Bank demonstrates a steady growth in the volume of industrial loans, indicating the increasing priority of financing the real sector of the economy. The share of industrial loans in the bank's total credit portfolio has gradually increased, reflecting the strategic orientation of banking policies toward supporting production activities.

One of the most important factors influencing the improvement of lending practices is the implementation of international banking standards. The adoption of Basel risk management principles has strengthened the reliability of the banking system and improved the quality of credit portfolios. These standards contribute to reducing credit risks, increasing transparency in financial operations, and ensuring the stability of financial institutions.Another significant factor contributing to the efficiency of lending practices is the modernization of credit assessment systems. Commercial banks have introduced advanced financial analysis tools, borrower credit scoring models, and automated monitoring systems. These mechanisms allow banks to evaluate the financial condition and repayment capacity of industrial enterprises more accurately.

Digital transformation has also played an important role in improving the efficiency of lending operations. The introduction of digital banking platforms and electronic financial services has simplified credit application procedures and reduced operational costs. As a result, industrial enterprises have gained easier access to financial resources necessary for production expansion and technological innovation.The diversification of credit portfolios and the expansion of cooperation with international financial institutions have strengthened the financial sustainability of commercial banks. External financial resources attracted through international development institutions have supported the financing of large-scale industrial projects in Uzbekistan.

At the same time, further improvements are required to enhance the effectiveness of lending practices for industrial enterprises. Commercial

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banks should continue strengthening their risk management systems, expanding digital financial technologies, and improving credit monitoring mechanisms. The regulatory framework should also be continuously updated to ensure full compliance with international financial standards.

In conclusion, the formation of lending practices based on international standards contributes significantly to the development of industrial enterprises and the stability of the national banking system. The successful integration of international banking experience with national financial policies will create favorable conditions for sustainable industrial growth and long-term economic development in Uzbekistan.

The adaptation of international experience and the modernization of the banking sector will play a key role in supporting sustainable industrial development in Uzbekistan.

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