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Article

Importance of Social Loans of Commercial Banks Aimed At Ensuring Employment of The Population

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Abstract: This article describes the importance of social loans of commercial banks aimed at ensuring employment of the population. In this, the preferential loans allocated by the commercial banks of the Samarkand region, their return, and the author's main principles for the comprehensive development of the system of recovery of problematic loans of commercial banks in the region are covered. This study examines the importance of social loans provided by commercial banks and their role in ensuring the employment of users. The share of banks' loan balances and problem loans in 2023-2025 is analyzed, and the impact of social loans on job creation, entrepreneurship development and poverty alleviation is examined. The article highlights the contribution of large banks such as the National Bank and the People's Bank, and addresses the problems of small banks such as the burden and problem loans being high. , and makes suggestions for accounting for social loans.

Keywords: problem loans, loan portfolio, share, loan return, social loans, commercial banks, employment, entrepreneurship, jobs, poverty alleviation, National Bank, People's Bank, economic development

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1. Introduction

In the conditions of the market economy, constant attention is being paid to the issue of socially significant preferential loans in our country to create additional jobs by developing entrepreneurship in the private sector, as well as to self-employment by starting entrepreneurship.

Of course, capital is necessary for every person who wants to start a business. In this case, the use of credit funds of commercial banks serves to maintain the balance of circulation of money in the economy and becomes more important in curbing inflation than subsidies and grants [1].

The growing role of commercial banks in the modern economy goes beyond traditional financial intermediation and encompasses social and economic development goals such as ensuring employment. In the conditions of Uzbekistan, where economic growth and poverty reduction are the main priorities, social loans aimed at supporting entrepreneurship and creating new jobs have become an important tool. This article examines the importance of social loans provided by commercial banks in supporting employment, supporting small businesses, and contributing to overall socio-economic stability in our country. Over the past decade, the government of Uzbekistan has

implemented various programs to stimulate economic activity and improve the well-being of citizens, paying special attention to the development of family entrepreneurship and microbusiness. In particular, the initiatives launched in 2021 and further improved in 2023 specifically emphasized the provision of social loans to individuals and families to expand their opportunities to start or expand their own businesses. These efforts are consistent with the broader goals of reducing unemployment and raising living standards, making commercial banks key players in this transformation process [2].

This introduction demonstrates the multifaceted role of commercial banks, not only as financial institutions but also as catalysts for social change. By channeling savings into productive investments, banks are contributing to job creation and helping to expand the economic opportunities of the population. The following sections examine the mechanisms of social credit distribution, their impact on employment rates, and the challenges and opportunities expected in this area [3].

Literature review.

With the formation of market relations in the economy, there was a need to conduct research in the field of problem loans in commercial banks. The study of the analysis of problem loans in the banking system using various methods is associated with the names of foreign researchers Lavrushina, Yu.S., Nurzat O.A., Lykova N.M., Kovanev A.A., Yashin M.V., Slavyansky A.V., Kuznitsov S.V. A number of foreign studies in the field of problem loan management are devoted to choosing the optimal strategy for managing problem loans, and these studies are reflected in the works of such Western researchers as Herring R.J., Greppet J.M., Karele G.V., Riddow T.J., Wyatt S.B., Greaves R [4].

The problems of managing credit risk and problem loans in commercial banks and minimizing their number are considered by domestic scientists T.M. Karaliev, U.A. Tukhtabaev, K.A. Analyzed by Mukhamedjanov et al.

2. Materials and Methods

During the research work, observation, data collection, summarization, comparison, economic views of local and foreign scientists in banking activities, research on problems and their solutions in the field, as well as legal and regulatory documents related to the field were studied, conclusions and proposals were developed [5].

3. Result and Discussion

Loans of social importance are usually allocated at the expense of a limited number of preferential resources from the state budget. Therefore, the return of these funds on the basis of scheduled schedules is important for the continuation of work in this direction in the future.As shown in Table 1, the commercial banks of the Samarkand region allocated a total of 992 billion soums in 2023 under family entrepreneurship programs. However, the volume of allocated loans declined significantly in 2024 and the first quarter of 2025.

Table 1. Loans allocated within the framework of Family Entrepreneurship Development Programs in Samarkand region (in billion soums) [6].

№	Commercial bank name	Total allocated credits					
		In 2023		In 2024		January-April 2025	
		number	amount	number	amount	number	amount
Total:		**50 511**	**992**	**38 038**	**667**	**14 754**	**226**

1	Agro Bank	20 829	405	27 068	446	10 729	163
2	Mikrokreditbank	21 374	436	269	50	1	1
3	Commercial bank name	8 308	151	10 701	171	4 024	63

If we analyze the loans allocated by commercial banks of the Samarkand region within the framework of the Family Entrepreneurship Development Programs by year, we can see that while a total of 992.0 billion soums were allocated in 2023, by 2024 the amount of loans allocated had decreased by 325.0 billion soums. One of the reasons for this is the return of loans [7]. According to Table 2, the share of non-performing loans (NPLs) decreased significantly from 13% in 2023 to 5% in 2024, then slightly increased to 7% in 2025. This reflects changing credit dynamics within the framework of family entrepreneurship support.

Table 2. On problem loans (NPL) of commercial banks of the Samarkand region, arising within the framework of Family Entrepreneurship Development Programs (in billion soums) [8].

№	Bank name	As of 01.01.2023			As of 01.01.2024			As of 01.01.2025		
		Total credit balance	Of which, the share of problem loans		Total credit balance	Of which, the share of problem loans		Total credit balance	Of which, the share of problem loans	
			In sum	in percent		In sum	in percent		In sum	in percent
Total:		***1641,0***	***206,1***	***13%***	***1740,5***	***86,8***	***5%***	***1553,2***	***116,3***	***7%***
1	National Bank	*5,07*	*1,00*	*20%*	*1,68*	*0,40*	*24%*	*0,05*	*0,05*	*100 %*
2	Xalq Bank	*633,44*	*94,55*	*15%*	*694,43*	*40,91*	*6%*	*819,08*	*57,93*	*7%*
3	Agrobank	*700,37*	*75,22*	*11%*	*754,26*	*29,23*	*4%*	*440,65*	*38,76*	*9%*
4	Microcreditbank	*290,26*	*34,90*	*12%*	*287,81*	*16,04*	*6%*	*293,28*	*19,57*	*7%*
5	Asaka Bank	*0,10*	*0,08*	*84%*	*0,04*	*0,04*	*100 %*			
6	Uzpromstroybank	*0,19*	*0,00*	*0%*	*0,17*	*0,00*	*0%*	*0,14*		*0%*
7	Mortgage bank	*0,01*	*0,01*	*100 %*		*0,00*				
8	Rural Construction Bank	*0,11*	*0,00*	*0%*		*0,00*				
9	Aloqa Bank	*0,16*	*0,07*	*42%*		*0,00*				
10	Turon Bank	*2,29*	*0,11*	*5%*	*0,01*	*0,00*	*0%*			

11	Hamkorbank	*3,12*	*0,04*	*1%*	*0,57*	*0,00*	*0%*	*0,05*		*0%*
12	Ipak Yuli Bank	*5,54*	*0,00*	*0%*	*1,36*	*0,02*	*1%*			
13	Trust bank	*0,07*	*0,08*	*110 %*	*0,05*	*0,05*	*100 %*			
14	Kapitalbank		*0,00*			*0,00*				
15	Asia Alliance Bank	*0,00*	*0,00*	*0%*		*0,00*				
16	Infinbank		*0,00*			*0,00*				
17	Universal bank		*0,00*			*0,00*				
18	Orient Finans Bank	*0,00*	*0,00*	*100 %*		*0,00*				
19	Madad Invest Bank		*0,00*			*0,00*				
20	Merchant bank	*0,21*	*0,00*	*0%*	*0,09*	*0,09*	*92%*			
21	Davr-Bank		*0,00*		*0,00*	*0,00*				

As can be seen from this analytical table, the share of non-performing loans in the loan portfolio as of January 1, 2023, amounted to 13 percent, and by the corresponding period of 2024, a sharp decrease was achieved, and as of January 1 of this year, it increased compared to last year. In general, starting from 2023, positive changes have been made in the share of non-performing loans in loan investments arising within the framework of Family Entrepreneurship Development Programs, which are reflected in the diagram below.

The table shows the distribution of bank clients by different banks for the period from January 1, 2023 to January 1, 2025. Total clients (T/P): The total number of clients and their distribution across banks are presented for three periods [9].

The following banks are listed: "National Bank," "People's Bank," "Agrobank," "Microcreditbank," "Asaka Bank," "Uzpromstroybank," "Ipoteka Bank," "Kishlok Kurilish Bank," "Aloqa Bank," "Turon Bank," "Khamkorbank," "Iptak Yuli Bank," "Kapital Bank," "Asia Alliance Bank," "Infin Bank," "Universal Bank," "Orient Finans Bank," "Madad Invest Bank," "Savdogar Bank," and "Davr-Bank."

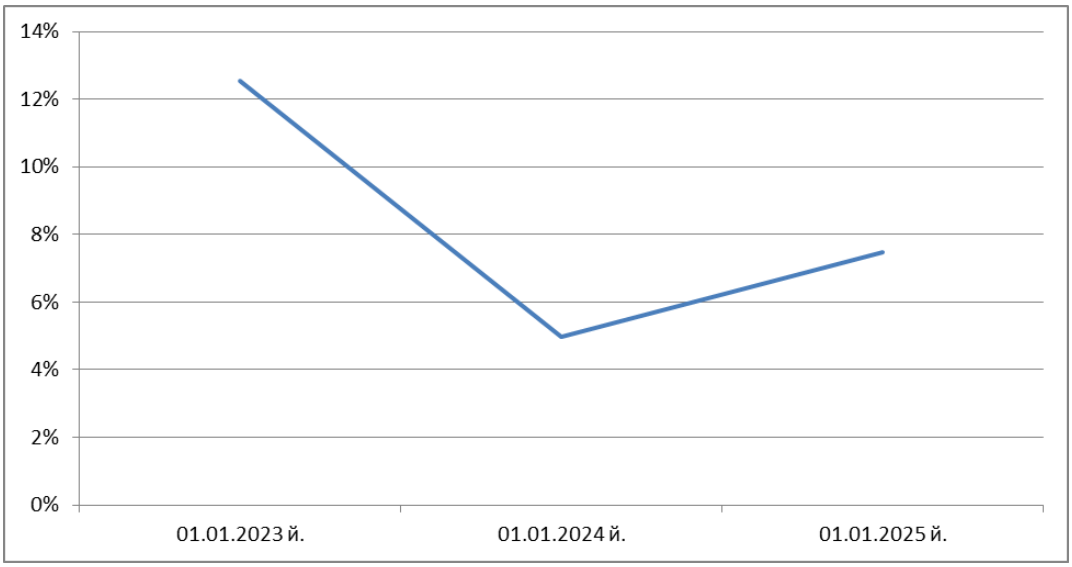
The results of the analysis are as follows: 01.01.2023: National Bank has the largest number of clients (1641.0) and 206.1 loans (13%). "Khalq Bank" has 633.44 clients, of which 94.55 (15%) have loans. The indicators for other banks were different: "Asaka Bank" - from 0.10 to 0.10 (84%) and "Uzaoqturqurilishbank" - from 0.00 to 0.19 (0%).: “Milliy bank” mijozlari soni 1740,5 taga ko‘paydi, ularning soni 86,8 ta (5%). “Xalq banki” mijozlari soni 694,43 taga ko‘paydi, ularning soni 40,91 tani (6%) tashkil etdi. “Asaka bank” 0,04 kreditdan 0,04 (100%), “O‘zaoqturqurilishbank” esa 0,00 (0%) 0,17 kredit darajasida qoldi [10].

The number of clients of the National Bank reached 1553.2 people, of which 116.3 (7%). The number of People's Bank clients decreased by 819.08, 57.93 (7%). "Asaka Bank" out of 0.14 loans remained at the level of 0.14 (0%), "Uzaoqturqurilishbank" at the level of 0.00 (0%) [11], [12].

The growth of the number of clients of the National Bank and the People's Bank, the change in interest rates on loans over time, includes noteworthy trends. Small banks like

Asaka Bank and O'zaoqturqurilishbank are showing minimal changes [13]. As shown in Figure 1, although some banks maintained a 0% problem loan share, others, including small banks, exhibited volatility and inconsistencies in asset quality that require strengthened loan monitoring systems.

Figure 1 .Change in the share of problem loans in the loan portfolio of commercial banks of the Samarkand region in 2025 (in percent).



An increase in the share of non-performing loans in the loan portfolio may affect the bank's liquidity, requiring commercial banks to classify the quality of assets and form reserves to cover possible losses on assets, which in turn can lead to unhealthy banking activities. Insufficient formation of reserves for problem loans and their untimely reflection in the corresponding accounts increases the risk of non-fulfillment of banks' obligations to depositors and shareholders in the future [14], [15].

4. Conclusion

In our country, in 2025, commercial banks have been assigned relevant tasks to ensure employment and increase their income by widely involving the population in entrepreneurship, the implementation of which, of course, requires the allocation of loans to consumers who currently have an increasing need for credit funds. This requires ensuring the repayment of previously allocated loans based on established schedules.

In the context of Uzbekistan’s economic and social development, commercial banks play a key role in providing social loans aimed at ensuring employment. These loans have proven to be effective in creating jobs, developing entrepreneurship, and reducing poverty, allowing citizens to start or expand their businesses. According to data for 2023-2025, banks such as the National Bank and the People’s Bank have made a significant contribution to employment growth through their loan programs, but smaller banks still face difficulties in expanding their reach. Social loans not only increase economic activity, but also strengthen social stability by improving the financial well-being of the population.

To further enhance the impact of social loans:

- Enhancing opportunities for small banks: By providing additional resources and support to small banks such as Asaka Bank and Uzakturkurilishbank, increase their capacity to provide social loans, especially in rural and underserved areas.
- Simplifying credit processes: Simplifying the application and approval processes for social loans to make them more accessible to low-income individuals and small entrepreneurs.

- Training and support services: Provide financial literacy and business management training alongside loans to help borrowers use funds effectively and sustain their operations.
- Monitoring and evaluation system: Establish a robust system to track the results of social loan programs, particularly indicators on job creation and poverty reduction, and to identify and improve problems in this area.

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