

Impact of Increase Popularity of Financial Services on the Development of Small Business Subjects

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Article Information

Received: Oct 02, 2023

Accepted: Nov 03, 2023

Published: Dec 04, 2023

Keywords: *small business, entrepreneurship, investment, business management, banking services.*

ABSTRACT

The article discusses the situation and problems of lending to small businesses and private enterprises, as well as conclusions, recommendations and suggestions.

Today, a number of activities are being carried out to provide financial support to small business and entrepreneurship. In this regard, the use of foreign experience, the creation of a guaranteed mechanism for the protection of their rights in this regard, as well as the creation of an infrastructure aimed at the exchange of credit information and the registration of creditors' claims secured by collateral, will increase the opportunities of such enterprises to use credit.

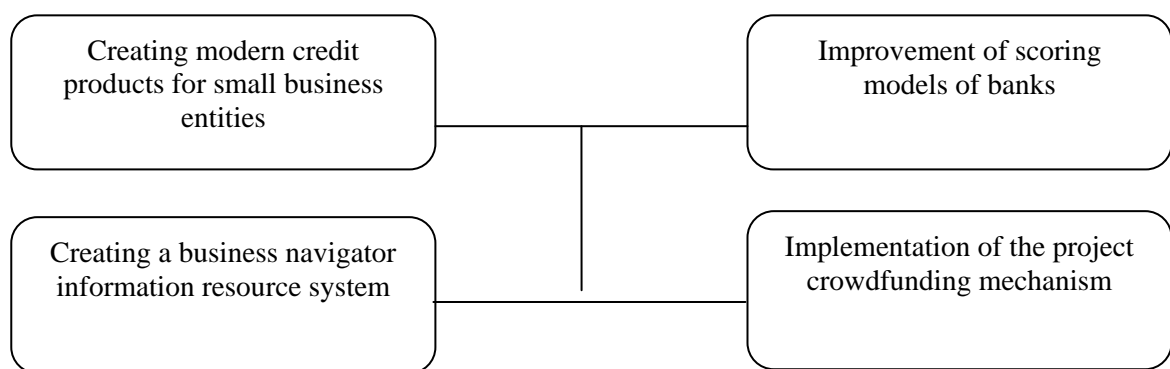
In particular, a number of institutions were established in our republic in order to facilitate the activity of small business entities and crediting of entrepreneurial initiatives of the population. In this regard, the activities of the credit bureau are being expanded, and based on the requirements of the World Bank "Doing business", the types of information used to assess the borrower's creditworthiness using the scoring model are expanding. The system of satisfying the creditor's claims secured by collateral from the value of the property is being improved.

During 2023, commercial banks carried out significant work on financial support of small business and private entrepreneurship within the framework of the relevant decision of the Senate of the Oliy Majlis of the Republic of Uzbekistan and the requirements of the decrees and decisions of the President of the Republic of Uzbekistan. In this regard, the main attention is aimed at increasing the involvement of the population, including young people and women in entrepreneurship, by expanding the allocation of long-term and preferential loans to small business entities, supporting employment and improving their well-being. At the same time, the analysis of the current system of financing micro and small business entities in our country shows that there are problems waiting to be solved in the field.

Despite this, there are many shortcomings in the system. In particular, the business models of state-owned banks are mainly focused on lending to large enterprises.

- the availability of collateral has become the main criterion for making decisions on credit allocation. The practice of cash flow analysis and holistic analysis of the debtor is not well established.
- the participation of non-bank credit organizations in the credit market is minimal, and their share in the total loan portfolio has fallen to 0.3 percent. 1.3 percent of the share of total loans of non-bank credit organizations is directed to lending to the small business sector.
- supporting the small business sector through factoring and leasing is insufficient.
- the legal basis for modern financing mechanisms of business projects, including crowdfunding, has not been created.

1- Picture. Improvement of financing of small business entities



In this direction, the fact that the Bank has set the following tasks as a strategic plan to achieve its goals is a great opportunity for the development of small business:

- Expanding the allocation of targeted preferential loans to help small businesses and private enterprises, especially in rural areas, in the formation of start-up capital for the creation of new enterprises and jobs;
- business entities to expand their activities and purchase raw materials and materials for further processing, production and sale of finished products, enrich the domestic market with goods produced in our republic, thereby creating additional jobs and population to expand the allocation of preferential loans to replenish their working capital in order to increase their income;
- to expand the provision of micro-leasing services for business entities to purchase modern equipment and mini-technologies for technical and technological equipment and modernization of enterprises;
- to help entrepreneurs in organizing exhibition fairs of competitive products produced by entrepreneurs, holding advertising campaigns, as well as organizing other forms of their export to foreign and domestic markets;
- providing all types of banking services to bank clients, introducing new banking products into practice, expanding the network of branches and mini-banks that ensure wide use of banking services by business entities and residents in urban and rural areas;

It is determined that the main task of the bank will be to expand the provision of microfinance services for the development of small business and private entrepreneurship.

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