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WAYS TO IMPROVE THE ASSESSMENT OF THE CREDITWORTHINESS OF CUSTOMERS IN COMMERCIAL BANKS

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Abstract: In Uzbekistan, commercial banks pay great attention to improving the performance of customer credit project assessment. This process, in turn, is important for the development of the mamalakat economy, the reduction of credit risks and the development of the banking system. In Uzbekistan, the introduction of new technologies and modern technologies to assess the creditworthiness of customers of commercial banks is paid great attention and this goal.

Keywords: commercial bank, credit, creditworthiness, risk, financial stability, technologies, artificial intelligence, problem loans.

Introduction.

In Uzbekistan, the practice of assessing the creditworthiness of customers in commercial banks is increasingly improving. While banks are operating on the basis of new technologies, international experiences and systems, the system is expected to be more sustainable and efficient through government and central bank reforms. This will have a positive effect on the reduction of credit risk, the creation of optimal conditions for customers and the overall development of the economy.

Improving the practice of assessing the creditworthiness of customers in commercial banks is a very important issue, which is important in ensuring the financial security of the bank and improving the quality of the loan portfolio. Below are a few basic ways to improve this process:

1. Introduction of new technologies. Artificial intelligence and data analysis systems: based on Big Data (Big Data) Analysis, It is possible to more accurately assess customer creditworthiness. Artificial intelligence algorithms automate the decision-making process by quickly analyzing customers ' financial history, costs, approach to debt, and other factors.

Blockchain technology: with this technology, a clear and reliable database of customers is created, which helps to reduce fraud.

2. Improvement of assessment criteria. Extended indicator system: it is necessary not only to take into account the client's income and credit history, but also to evaluate additional factors such as his financial stability, work experience, personal characteristics. Customer segmentation: it is necessary to introduce a separate assessment system of each type of customer (corporate, small business, individuals), since the credit risk of each segment is specific.

3. Acceleration of the analysis process. Automated credit assessment systems: the use of automated systems in processing credit applications increases the quality of customer service and reduces errors related to the human factor. Introduction of electronic platforms: simplifying the process of accepting and analyzing credit applications through mobile applications and online platforms.

4. Increase financial literacy. Customer training programs: it is necessary to organize seminars and trainings that provide information about credit conditions, solvency and financial responsibility. This will help increase the financial discipline of customers. Financial advisory services: it can be helpful to set up departments advising Bank customers on financial matters.

5. Strengthening the risk management system. Diversification of the loan portfolio: it is possible to reduce the risk by lending to different sectors and customers. Early warning systems: the introduction of systems capable of detecting a deterioration in the client's financial situation will protect the bank from potential losses.

6. Strengthening cooperation between banking and credit bureaus. The effective use of information from credit bureaus will help to fully assess the credit history of customers. In controlling the solvency of customers, it is necessary to develop the exchange of information with other financial institutions.

Improving the practice of assessing the creditworthiness of customers will not only increase the usefulness of the bank, but also ensure its financial stability. By implementing the above offers, banks can provide reliable and high-quality service to their customers, while effectively managing credit risk.

Literature review.

Becker G. (1964) – "the theory of human capital". This theory is "used to measure a person's financial and economic capabilities in assessing creditworthiness. By taking into account the knowledge and skills of customers, it is possible to determine the ability to repay a loan" (. Becker G., 1964).

Stiglitz J. & Weiss A. (1981) - credit market asymmetry. They "researched the problem of asymmetric data in credit markets by proposing ways to reduce credit risk for banks. Their research has shown the importance of banks in obtaining complete customer information" (Stiglitz J. & Weiss A., 1981).

Research on artificial intelligence and data analysis. "The introduction of artificial intelligence technologies makes it possible to speed up and make the process of evaluating customer credit ability more accurate. This research recommends that banks use modern algorithms when working with customers" (Brynjolfsson E. and McAfee A., 2017).

"Has proposed innovative approaches to credit risk management in commercial banks in Uzbekistan. He stressed the need for commercial banks to increase the quality of their credit portfolio and diversification" (Soliev I.A., 2020).

"Conducted research on the issues of credit policy of the banking system in Uzbekistan and its improvement. It offers automation of credit portfolio diversification and evaluation criteria" (Kasimov Sh.A., 2019).

FICO (Fair Isaac Corporation) score: this system is used globally in assessing the creditworthiness of individuals. It is based on an in-depth analysis of the customer's payment history, debt burden and financial situation.

"Brogan researched the use of different scoring models to assess customer creditworthiness in Russia" (Kuznetsov V., 2016).

Scientific research shows that the effectiveness of assessing customer creditworthiness in commercial banks depends on the bank's ability to manage risks. Technologies, scoring systems, and assessment methods recommended by economists and researchers allow for further improvement of this process. Therefore, when the results of these studies are put into practice, great opportunities open up for banks.

N. Mavlanov, on the other hand, conducted a number of studies on the concept of “creditworthiness by forecasting its future capabilities on the basis of financial and non-financial indicators of the business entity, in order to be able to repay the loan (principal debt and percentage)in time and in full at the expense of economic efficiency has formulated his own author's definition of ability " (N. Mavlanov, 2019).

A. Ivasenko stated that “financial stability is the most important indicator of the activity of the enterprise, which is characterized by the ability to develop at its own expense, while maintaining solvency and creditworthiness at an acceptable level of risk” (A. Ivasenko, 2011).

Research methodology.

In the course of the study, cases and theoretical foundations related to problem loans in commercial banks were studied in Uzbekistan, the impact of loans on the shares of problem loans in commercial banks, financial stability and profitability coefficients were analyzed, as well as analysis of the obtained statistical and practical data through methodological methods such as grouping, logical thinking, induction, deduction and systematic approach.

Analysis and results.

In the process of assessing the creditworthiness of customers in commercial banks, it is important to analyze economic indicators. Below are the main indicators:

1. Indicators of financial stability. Income-to-Income Ratio (Debt-to-Income Ratio): the customer's total debt is measured against their income. This indicator indicates the client's debt burden. Liquidity ratio: used to determine the customer's ability to pay off their debts in the short term. Net profit indicator: the remaining profit after all expenses are excluded from the income.

2. Solvency indicators. Interest coverage ratio(Interest Coverage Ratio): measures the customer's ability to cover interest on debt with their own income. Depreciation ability: the ability of the client to make payments on the main debt.

3. Indicators of credit history. Credit repayment history: whether payments on previous loans were made at the time. Frequency of obtaining a loan: how long and how many times the loan was taken out. Default rate: total value of available loans.

4. Indicators of economic activity. Salary or amount of income: determination of the main and additional sources of income of the client. Diversification of financial resources: whether income comes from one source or several.

5. Balancing of assets and liabilities. Total assets and liabilities: analysis of the assets (property) and liabilities of the client, which helps to measure the solvency of the client. Net asset value (Net Worth): calculated by subtracting debts from assets.

6. Market risks and impact on the customer's economic environment. Industry or business sector: sustainability of the sector in which the client operates. Macroeconomic indicators: inflation, interest rates and the impact of exchange rates on customer activity.

7. Experience and risk assessment indicators. Seniority or business experience: the client's experience in the field. Results of Risk scoring systems: rating used to assess the risk of credit repayment.

By analyzing these economic indicators, commercial banks can accurately assess the creditworthiness of the client, the possibility of timely repayment of debts and the overall financial stability. Automation of the assessment process and Regular updating of these indicators increases the chances of reducing credit risk and making a profit for banks.

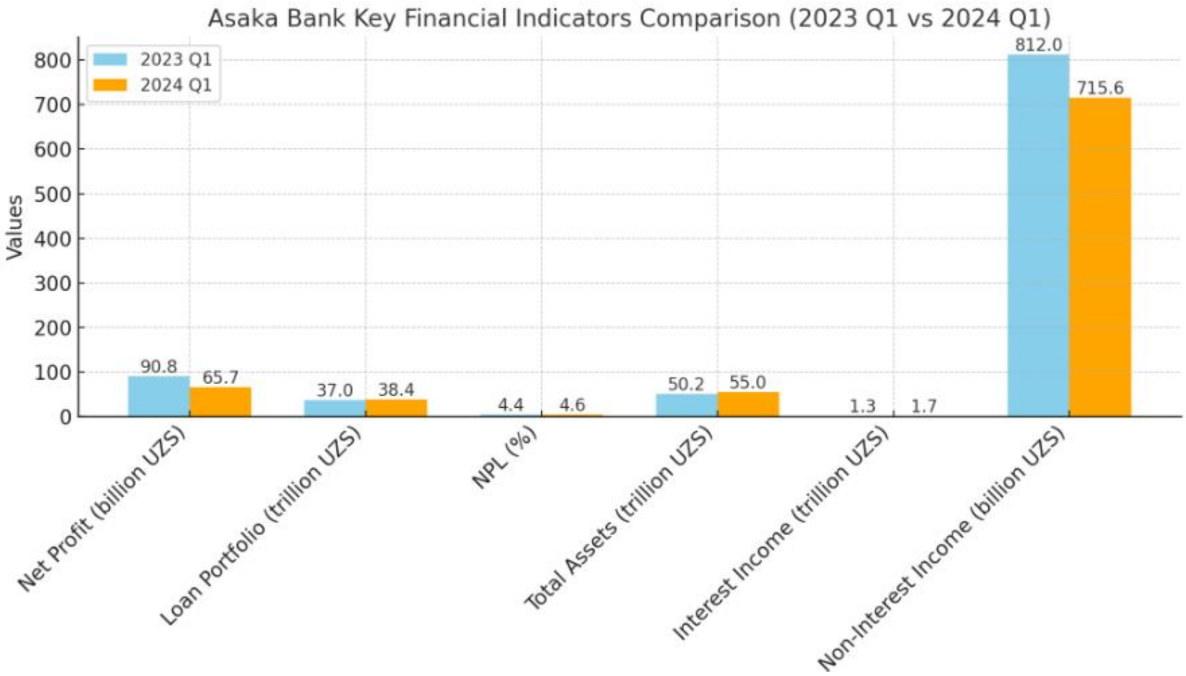

Figure 1. Main financial indicators of Asaka bank (2023-2024 quarter I)

The diagram above compares the financial indicators of Asaka Bank for Q1 2023 and Q1 2024. The following is the basic information:

Net Profit: Net Profit in the 1st quarter of 2024 was 65.7 billion soums, a significant decrease from 2023 (90.8 billion soums). Loan portfolio: in 2024, the growth of the loan portfolio continued, reaching 38.4 trillion soums. Problem loans (NPL): NPL's share increased slightly to 4.6%. Total assets: Bank assets rose to 55 trillion soums in 2024, indicating an annual growth of 9.6%. Interest income: interest income reached 1.7 trillion soums in 2024, recording an annual growth of 33.2%. Interest-free income: this figure fell to 715.6 billion, with an annual decline of 11.8%.

The bank's credit portfolio and total assets continue to grow, indicating stability. A decrease in Net Profit and a slight increase in NPL indicate the need to manage credit risks. To increase interest-free income, it is necessary to diversify services and products.

Conclusions and suggestions.

The practice of evaluating customer creditworthiness in commercial banks is an important component of the financial system and is necessary to manage credit risks and ensure sustainable economic development. Many reforms are being implemented in Uzbekistan to improve this process. When assessing customer creditworthiness, much attention is paid to technologies and advanced systems, such as artificial intelligence, credit rating systems, and credit history monitoring processes. Also, banks continue to work continuously to strengthen internal risk management systems, study international experience and improve the quality of customer work. However, there are some problems and risks involved, such as increased problematic loans, complicated requirements and conditions for obtaining a loan, and a lack of financial literacy. These situations can negatively affect the credit activity of commercial banks.

Suggestions:

Automation of credit assessment systems: commercial banks should continue to implement credit assessment systems that support artificial intelligence and Big Data Analysis (Big Data). This allows banks to more accurately analyze the financial condition of customers and the quality of the borrower.

Reducing credit risks: it is necessary to implement modern methods for strengthening the credit risk management system and managing problematic loans. By analyzing the credit history and behavior of customers, new approaches should be taken when working with them.

Increasing financial literacy: banks are required to provide customers with a wider range of information about the process, terms, and capabilities of obtaining a loan. Educational programs and information materials aimed at improving financial literacy are important for clients. It is useful not only for banks, but also for general economic development.

Introduction of international experience: the implementation of new practices based on international credit assessment systems, such as Basel III and other global standards, is important for banks. This, in turn, helps to ensure financial stability and reduce credit risk.

Application of high technologies: expansion of the credit bureau and systems for the electronic presentation of credit reports. Using artificial intelligence to analyze real-time data on customer finances and make it possible to make quick decisions about them.

Improving regulatory and regulatory documents: it is necessary to develop clear and coordinated regulators, laws and regulatory documents for banks and credit organizations. This, in turn, helps to better regulate and reduce the risk of problematic loans in assessing creditworthiness.

Improving the system of assessing the creditworthiness of customers in commercial banks, not only ensuring the stability of the banking system, but also positively affects the overall development of the economy. By introducing new technologies, exploring international experiences, and increasing financial literacy, banks can facilitate and reduce the risk of the loan acquisition process. Through this, it is expected that banks will continue to work efficiently and create the best conditions for customers.

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