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DEVELOPMENT OF CREDIT SERVICES OF COMMERCIAL BANKS AS A KEY DIRECTION OF THE FINANCIAL SERVICES SYSTEM

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A B S T R A C T

This article examines the theoretical and practical aspects of developing credit services of commercial banks as a key direction of the financial services system. It highlights the role of credit services in ensuring bank profitability, meeting customers' financial needs, and financing the real sector of the economy. The study analyzes the diversification of credit services in commercial banks, adaptation of credit products to customer needs, digitalization of lending processes, and expansion of remote credit services. It also substantiates the impact of credit risk assessment, creditworthiness evaluation, the use of scoring systems, and the introduction of artificial intelligence-based technologies into lending processes on banking efficiency. The importance of interest rate policy, service delivery speed, transparency, and an individual approach to customers in improving the quality of credit services is also revealed.

K E Y W O R D S

Commercial banks, credit services, financial services, lending, credit portfolio, credit risk, credit scoring, digital lending, credit products, bank competitiveness.

Introduction

The development of credit services provided by commercial banks is one of the most important directions in the transformation and modernization of the financial services system. Credit operations perform a fundamental economic function by redistributing temporarily available financial resources from economic agents with surplus funds to households, businesses, and other entities that require additional financing. Through this mechanism, commercial banks contribute to investment activity, business expansion, employment creation, household consumption, and overall economic growth. Therefore, the efficiency and accessibility of bank lending directly influence the development of the financial system and the real sector of the economy.

In contemporary conditions, the role of credit services is becoming increasingly significant due to changes in customer expectations, technological development, growing competition among financial institutions, and the emergence of new financial technologies. Traditional lending models are gradually being complemented by digital lending, online applications, automated credit scoring, remote identification, and personalized loan products. These innovations enable banks to reduce the time required for loan decisions, improve customer convenience, lower operational costs, and expand access to financial resources.

An important condition for the sustainable development of credit services is the effective management of credit risks. Rapid expansion of lending without adequate assessment of borrowers' financial capacity may lead to an increase in non-performing loans and weaken the financial stability of banks. Consequently, commercial banks should strengthen credit assessment systems, improve risk monitoring, use modern analytical technologies, and diversify their loan portfolios.

The development of credit services should also focus on expanding financial inclusion. Simplified lending products for small businesses, self-employed individuals, households, and customers in regions with limited access to banking infrastructure can increase the availability of financial resources. At the same time, transparent lending conditions and responsible credit practices are essential for protecting borrowers and maintaining confidence in the banking system.

Thus, the development of commercial bank credit services should combine digitalization, accessibility, responsible lending, effective risk management, product diversification, and customer-oriented approaches. Such an integrated approach can strengthen the role of credit services within the financial services system and contribute to the sustainable development of both commercial banks and the wider economy.

The development of credit services in commercial banks is one of the most important factors in ensuring the profitability of banking activities, meeting the financial needs of business entities and the population, and stimulating economic activity. Credit services, as the main structural direction of the financial services system, play a special role in the effective allocation of banks' resources, financing the investment and working capital needs of customers, and forming bank income. In modern conditions, the growing demand for credit services requires commercial banks to diversify their credit products, simplify lending processes and strengthen their individual approach to customers. In particular, the introduction of digital lending, online application, remote identification and automated credit scoring systems increase the speed and convenience of credit services. At the same time, ensuring the quality of the loan portfolio, effective management of credit risks, accurate assessment of the creditworthiness of borrowers and reducing the share of problem loans are among the important tasks. In the development of credit services, it is necessary to take into account the interest rate policy, loan terms, collateral, financial condition of customers and the value of bank resources. This study analyzes the role of credit services in the system of financial services in commercial banks, modern development trends and opportunities for improving efficiency, and substantiates scientific and practical directions for improving credit services.

In 2021–2025, there were significant changes in the composition of the asset quality of JSC Aloqabank and Ipotekabank. In both banks, the bulk of assets are standard assets, but there is a large difference between banks in terms of the share of assets with a high risk level.

The share of standard assets in Aloqabank decreased to 92.6% in 2022, while it was 98.7% in 2021. It recovered to 97.9% in 2023, fell to 90.5% in 2024 and increased again to 92.9% in 2025. This means that although the bulk of assets in Aloqabank remained of high quality, the quality of assets deteriorated in some years.

The biggest risk for Aloqabank is manifested in the change in the share of substandard assets. This indicator increased sharply from just 1.16% in 2021 to 7.8% in 2024. And in 2025, it decreased to 5.35%. This indicates that the pressure on asset quality increased in 2024, while in 2025 there was a certain improvement.

The share of standard assets in Ipotekabank has been relatively stable, increasing from 89.6% in 2021 to 91.2% in 2025. The highest figure was 91% in 2024. This means that a large part of the bank's assets were kept in the standard category for the entire period. However, the share of non-performing assets in Ipotekabank is much higher than in Aloqabank. In 2021, this figure was 6.38%, and in 2022 it increased to 7.14%. In the following years, a decrease was observed, and in 2025 it was 3.05%. This is a positive trend, with the share of highest-risk assets almost halving in five years.

Table 1 Grouping of JSC Aloqabank by asset quality, as a percentage (as of January 1)

Assets	**2021**		**2022**		**2023**		**2024**		**2025**	
Banks	**EU**	**IB**	**EU**	**IB**	**EU**	**IB**	**EU**	**IB**	**EU**	**IB**
Standard	98,7	89,6	92,6	90,2	97,9	90,7	90,5	91	92,9	91,2
Substandard	1,16	3,12	4,91	1,3	0,67	2,8	7,8	3,5	5,35	4,38
Unsatisfactory	0,07	0,2	0,57	0,58	0,48	1,1	0,48	1,3	0,59	0,7
Doubtful	0,04	0,7	0,58	0,78	0,67	0,82	0,85	0,92	0,61	0,67
Desperate	0,03	6,38	1,34	7,14	0,29	4,58	0,37	3,28	0,5	3,05
Total	100	100	100	100	100	100	100	100	100	100

The share of unsatisfactory and doubtful assets in Aloqabank was 0.59% and 0.61% respectively in 2025. These indicators increased compared to 2021. In Ipotekabank, on the other hand, unsatisfactory assets increased from 0.2% to 0.7%, while doubtful assets slightly decreased from 0.7% to 0.67%.

In general, although the share of standard assets in Aloqabank is high, its decrease from 98.7% to 92.9% in 2021–2025 indicates that some risks on asset quality have increased. At Ipotekabank, the share of standard assets increased from 89.6% to 91.2%, and the share of the highest risky — desperate assets decreased from 6.38% to 3.05%. Therefore, as of 2025, the overall asset quality of Ipotekabank has a tendency to improve, and despite the predominance of standard assets in Aloqabank, the fact that substandard assets reach 5.35% indicates the need to strengthen credit and asset quality control.

Based on the data of Table 1, it can be seen that in 2021-2025, significant changes were observed in the assets of JSC Aloqabank and Ipotekabank. In both banks, the bulk of assets were made up of standard assets. The share of standard assets in Aloqabank decreased from 98.7% in 2021 to 92.9% in 2025, but remained at a high level. In Ipotekabank, this indicator increased from 89.6% to 91.2%, indicating an improvement in asset quality.

At Aloqabank, the share of subprime assets increased sharply to 7.8% in 2024 and decreased to 5.35% in 2025. This means that there is a certain degree of recovery in the bank's assets. At Ipotekabank, the most positive change was the decrease in the share of non-performing assets from 6.38% to 3.05%. However, its substandard, unsatisfactory and doubtful assets have been higher in some years than in Aloqabank.

In general, as of 2025, the share of standard assets in Aloqabank is high, while the share of problematic, especially desperate assets in Ipotekabbank has a tendency to decrease. In the future, control of asset quality, reduction of problem assets and effective management of credit risks are important factors for ensuring financial stability for both banks.

In 2021–2025, there was significant diversification and structural changes in the structure of JSC Aloqabank's loan portfolio. The most important aspect is that the share of loans directed to industry has decreased, while the importance of loans allocated to individuals and other sectors has increased.

Table 2 Structure and dynamics of the loan portfolio of JSC Aloqabank, in percentage

Networks	2021	2022	2023	2024	2025
Industry	16,9	34,8	23,7	18,7	15,4
Agriculture	1,99	3,02	1,63	0,98	2,34
Transport & Communics	9,52	10,7	7,36	7,84	5,7
Construction industry	4,97	6,9	8,2	8,56	3,3
Trade and catering	2,66	9,11	5,37	3,3	5,63
Development of material and technical support	1,35	1,07	0,25	0,17	0,63
Housing Utilities	0,38	0,8	0,48	0,24	1,49
Other Areas	62,2	33,7	26,8	30,3	33,4
Individuals	0	0	26,2	29,9	32,2
Total	100	100	100	100	100

Industrial sector loans increased sharply from 16.9% in 2021 to 34.8% in 2022. However, its share has been consistently decreasing in the following years, reaching 15.4% in 2025. This means that although the industry became the main focus of the loan portfolio in 2022, its share in the bank's credit policy subsequently shrank.

In 2021–2022, personal loans did not have a separate share, and from 2023 they began to occupy a significant part of the portfolio. This indicator, which was 26.2% in 2023, reached 32.2% in 2025. This indicates that the role of retail lending in Aloqabank's lending activities has significantly increased.

Loans to other sectors accounted for the largest share in 2021 with 62.2 percent. In 2022–2023, its share decreased to 33.7 percent and 26.8 percent, respectively, before growing again to 33.4 percent in 2025. The share of the transport and communications sector also has a downward trend, decreasing from 9.52 percent in 2021 to 5.7 percent in 2025. Construction loans increased from 4.97 percent to 8.56 percent in 2024, while falling sharply in 2025 to 3.3 percent.

Trade and catering loans peaked at 9.11% in 2022, then declined, fell to 3.3% in 2024 and recovered to 5.63% in 2025. Agricultural loans also had a relatively small share, amounting to 2.34% in 2025. In general, in 2021–2025, Aloqabank's loan portfolio was redistributed by industry. In 2021, the portfolio was dominated by "other sectors", while in 2022 the share of industry increased sharply. And from 2023, the rapid expansion of lending to individuals became one of the main structural changes. In 2025, individuals (32.2 percent) and other sectors (33.4 percent) together accounted for 65.6 percent of the loan portfolio. Therefore, it can be assessed that the diversification of the bank's loan portfolio has increased. However, along with the rapid growth of retail loans, the assessment and monitoring of credit risks on personal loans will become important. On the other hand, changes in shares in industry and other sectors indicate that the bank's credit policy is being reshaped in accordance with economic conditions and credit demand.

In 2021-2025, there were significant structural changes in the structure of JSC Aloqabank's loan portfolio. Initially, most of the loans were directed to other sectors and industrial sectors, but in subsequent years, the loan portfolio was further diversified. In particular, the share of loans allocated to individuals grew rapidly from 2023, reaching 32.2% in 2025. At the same time, the share of industrial loans decreased from 34.8% in 2022 to 15.4% in 2025. The shares of the transport, construction and material and technical support sectors also decreased.

In general, in the lending policy of Aloqabank, in addition to financing certain sectors of the economy, there is a tendency to expand retail lending and diversify the loan portfolio. This increases the bank's ability to distribute credit risks between different segments. However, an increase in the share of loans to individuals requires constant monitoring of the debt burden and the risk of non-repayment of loans. Therefore, in the future, maintaining a balanced composition of the loan portfolio for the bank, reducing the share of problem loans and strengthening effective monitoring in high-risk segments is an important condition for ensuring financial stability.

Conclusion. The results of the study show that credit services are one of the main and income-generating areas in the financial services system of commercial banks and play an important role in the financial stability of banks, expansion of the customer base and financing of the real sector of the economy. Effective organization of credit services will allow rational use of bank resources, improve the quality of the loan portfolio and increase the profitability of the bank. Therefore, the improvement of lending mechanisms is one of the priority tasks of modern banking.

During the study, it was found that digitalization and automation are an important direction in the development of credit services. Receiving loan applications in electronic form, remote identification, automated scoring, assessment of creditworthiness based on artificial intelligence and credit monitoring increase the speed of the credit disbursement process. Digitalization of lending processes, introduction of new credit products and improvement of credit scoring system are also identified as priority tasks of the banking sector in Uzbekistan.

Credit risk management is of particular importance in improving the efficiency of credit services. Excessively rapid growth of the loan portfolio can adversely affect the liquidity and financial stability of banks. Therefore, in the lending process, it is necessary to comprehensively assess the borrower's income, credit history, debt load, cash flows and other financial indicators. Strengthening of mechanisms for accounting for the debt burden on lending is also aimed at controlling credit risks.

Also, in the development of credit services, it is important to have an individual approach to customers and diversify credit products. Since the financial needs of the population, small business, medium-sized and large enterprises differ from each other, it is necessary to develop appropriate credit products for them. Especially for small and medium-sized businesses without credit history, the introduction of scoring systems based on alternative data can expand access to credit services. In 2026, Uzbekistan has outlined new measures for the development of a digital financial platform and alternative scoring mechanisms for small and medium-sized businesses.

The principles of responsible lending also play an important role in improving the quality of credit services. The provision of information on loan terms, interest rates, commissions and obligations of the borrower to the client in an understandable and transparent form strengthens trust between the bank and the client. The main principles of responsible lending are defined by the Central Bank as full information to the client, fair treatment and provision of mechanisms for effective settlement of appeals and disputes.

In general, the main areas of development of credit services in commercial banks include expanding digital lending, improving credit scoring, using artificial intelligence and Big Data technologies, diversifying credit products, effectively managing credit risks and strengthening an individual approach to customers. Consistent implementation of these directions serves to accelerate credit disbursement processes, reduce operating costs, control the share of problem loans and increase the profitability of banks. As a result, the development of credit services based on modern technologies and integrated risk management principles will become an important factor in strengthening the competitiveness of commercial banks and ensuring stable financing of the economy.

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