

IMPROVING THE ANALYSIS OF THE SOLVENCY OF BANK CUSTOMERS ON LOANS

Usanov Absalom – Professor of “Taxation and tax” department of the Banking and Finance Academy of the Republic of Uzbekistan

Mustafakulov Isroil Shuhratovich- magistrate of the Banking and Finance Academy of the Republic of Uzbekistan

Abstract: This article examines the issues of analyzing the creditworthiness of the bank's customers when issuing a loan in the Bank of the Republic Uzbekistan. On the part of the bank, information is collected, accounting financial indicators, debt obligations, and customer ratings. When issuing a loan, the bank determines the creditworthiness of each client, based on the indicators and business plan of activity. Based on the information of the client and related persons, the possibility of timely repayment of loans is determined..

Keywords: the client's creditworthiness, the client's long-term business plan, information about the activities, financial reports, analysis of indicators, the effectiveness of the use of loans and the client's activities.

Introduction. The development of lending practices by commercial banks affects the financial stability of these banks, its liquidity and solvency, the change in the credit system by the bank directly affects the depreciation of the currency, the change in the solvency of customers. In this regard, it is very important to assess and analyze the composition of the loan portfolio, the liquidity of loans granted by commercial banks, to determine its status and possible problems during the coronavirus pandemic, as well as to properly conduct the liquidity policy and strategy of the Commercial Bank. In this regard, with the decree of the president of the Republic of Uzbekistan dated April 3, 2020 "on additional measures to support the population, economic sectors and business entities in the period of the coronavirus pandemic" PF – 5978, the Central Bank of the Republic of Uzbekistan provides commercial banks with additional liquidity resources in the amount of 2.6 trillion soums; as a result of the measures taken to introduce a special provision of liquidity to commercial banks in the amount of up to 2 trillion soums for a period of 3 years, it has had a positive impact on the lending practice by the bank.

In Uzbekistan and other countries, the volume of payments to be made by commercial banks for additional restructuring of loans to organizations experiencing financial difficulties due to the measures being taken to combat coronavirus and a sharp

decline in economic activity, in addition, amounted to 7 trln. the volume of payments to be made by banks on loans, which are subject to repayment by individuals and individual entrepreneurs during the next 6 months of 2020, is 4,7 trillion sum up [1.2.].

Literature review. Under these conditions, a certain level of work is carried out to support commercial banks in Uzbekistan. First of all, the refinancing rate directly affects the involvement of the resource in commercial banks. In the context of the financial and economic crisis that is beginning in the world on this issue, many countries are forced to significantly reduce the central bank's account rate and pursue a policy of cheap money. Certain works have also been carried out in this regard in Uzbekistan. In particular, according to the decision of the management of the Central Bank of the Republic of Uzbekistan to hold an extraordinary meeting on April 14, 2020, the main rate of the central bank was reduced by 1 percent and was set at an annual level of 15 percent. Such measures do not give their effect to the withdrawal of the country from the coronavirus pandemic and the provision of liquidity to banks.

If we analyze the amount of loans granted by the banks of the Republic in recent years, it has grown significantly compared to previous years. (Table 1).

Table 1.

Analysis of the credit portfolio of the main operations department of the people's Bank of the Republic of Uzbekistan from 2013 to 2020).

№	years	Loans to legal entities in Million soums	credit balances	Loans to individuals in Million soums	credit balances	total loans	total credit balance
1	2013			69,8	44,6	69,8	44,6
2	2014			433,3	222,4	433,3	222,4
3	2015	100087,9	31510,1	140	115,3	100227,9	31625,4
4	2016	79321,1	66739,2	526,4	383,3	79847,5	67122,51
5	2017	4214,9	2351,3	34,9	5,4	4249,8	2356,7
6	2018	4299,1	2642,7	4470,3	3190,7	8769,4	5833,4
7	2019	44386,8	40351,7	20781,8	16171,9	65168,6	56523,6
8	2020	30647,26	28403,2	20099,3	18063,5	50746,56	46466,7
TOTAL		262957,06	171998	46555,8	38197,1	309512,86	210195,31

This table shows that the amount of loans granted in 2013 and 2020 years has grown very rapidly, including loans granted to legal entities in 2015 amounted to 100227,9 million. in the case of the sum, in 2020 year it amounted to 50746,56 million the sum, which

made up the sum, the main reason for this is the negative impact on the activities of economic entities in the conditions of the coronavirus pandemic. In 2013, loans to individuals amounted to 69.8 million manats.sum, in 2020, 20099,3 million.sum, in the period under this analysis, the total issued loans amounted to 309512,86 million TL. we can kurulshim that the sum is organized. Based on these indicators, we can conclude that this is evidenced by the fact that the lending practice by banks has been improving year after year.

The analysis of this data shows that the main operations department of the people's Bank of the Republic of Uzbekistan, increasing the creditworthiness of the client, depends on the experience of this bank, new innovative ideas are considered by the bank's employees and if they are applied to the world experience without any effort, these banks will also contribute.

In our view, the assessment of the creditworthiness of customers by commercial banks contributes to the creation of an understandable and accessible system for all and the reduction of credit risk in banks. We need to develop modern types of improved banking services in order to end the disagreements and disputes between the Bank and the client. We believe that systematic analysis and wide implementation are necessary on the basis of financial coefficients such as support for financial reporting elements, adequacy of capital, asset and capital profitability, asset and passive dynamics, credit portfolio risk level, credit and investment portfolio are widely used in the experience of international organizations[2.48.].

The worldwide observed coronavirus pandemic, as a result of the country's financial and economic crisis, leads to a decrease in the financial capacity of bank customers, a slowdown in the repayment of loans allocated to them, the processes of withdrawal of funds from bank bonds (deposits). One of the tools that gives a quantitative assessment of the activities of banks, ensures their reliability and provides an accurate diagnosis of their activities is the liquidity of the bank. The sustainable development of the bank requires the maintenance of its level of liquidity. Liquidity of the Bank not only provides for the timely and complete fulfillment of financial and debt obligations before all the counterparties of the bank, but also determines the satisfaction of the needs of the bank's counterparties for loans.

It is known that the stability of the economic and political situation in the country has a direct positive impact on the stability of banks. It in many cases strengthens the trust of legal entities and individuals in the bank, determines the direction in which effective conduct of the bank's policy, creates an opportunity for the effective development of credit

operations of the bank, ensures the economic stability of banking activities, increases the confidence of foreign investors in the bank and creates an opportunity to strengthen cooperation. This will serve as one of the main factors in the formation of a stable resource base in the bank, improving the quality of bank assets and improving the management system, as well as affecting the liquidity of the bank.

In this matter, Tursunov Y.S. and Ibragimov A.K. such opinion was expressed by: The second important issue is that the emergence of nobility in the economic and political situation in the country in the conditions of the coronavirus pandemic in the world requires a rapid increase in the problem of bank liquidity, a decrease in the offer of funds in the economy, a violation of the schedule of services on loans and the need for such. The occurrence of such volatility has a serious impact on bank liquidity [5.29-30.].

The third important issue is the stable development of the market, the strengthening of liquidity will provide the banks with the opportunity to quickly attract funds, if necessary, to assess the liquidity of the bank as a result of attracting assets with a high level of liquidity and stability. This factor seriously affects the level of liquidity of assets and, if necessary, when selling them, the liquidity market of assets is formed. In recent years, great work has been carried out to increase the level of capital of commercial banks of the Republic, further strengthen the confidence of the population in banks, ensure liquidity, solvency and stability of commercial banks. Banks must have a reliable image in front of their customers in order to fully fulfill their obligations. This confidence comes from the basis of the liquidity of the banks. In order for commercial banks to ensure the stability of their activities in the conditions of modernization of the economy, it is necessary first of all to pay regular attention to liquidity, solvency, profitability [6.24-25p.].

Analysis and results. The Central Bank of the Republic of Uzbekistan monitors the state of banks for the purpose of overseeing international standards on liquidity of commercial banks, commercial banks use these norms for the implementation of analytical procedures. Depending on the results of this analysis, both the Central bank and the commercial banks should take measures to create conditions for compliance with the liquidity standards.

The fourth important issue is the analysis of the fluctuations of the exchange rate. Because in the conditions of uncertainty, a change in the foreign exchange market can occur and affect the smooth course of the exchange rate. There are two sides to this issue. The first is the issue of the sale and purchase of foreign exchange funds. The second is the issue of exchange rate differences arising in the process of repayment of a loan by

economic entities that receive a loan in foreign currency. Because of the change in the course differences in the following days will affect the ability of the bank to pay its customers. So now the method of transformation is more convenient for commercial banks, but it is worthwhile to prepare for the second method by creating conditions, reserves. In general, it is important not only to have financial statements, but also to maintain accounting records on the basis of international standards.

In this matter, Ibragimov A.K. such opinion was the most pressing issue for commercial banks, especially in the conditions of the global coronavirus pandemic, is that it is important to properly assess customers in the process of issuing loans due to modern methods of taking into account their solvency. In the conditions of the pandemic, timely collection of payments for banks is causing a huge problem. After that, banks began to carry out the lending process by determining whether or not to give credit based on the credit history of the client through a general base. This process creates very favorable conditions for our banks[8.110-112p.]. Banks give loans to customers on the basis of an analysis that determines the amount of credit depending on its previous loan payments, or make a clear decision on whether to issue a loan. Currently, economic entities in Uzbekistan are suffering from the possibility of taking full advantage of credit opportunities, that is, problems such as investing in innovative projects that contribute to a faster legal income and timely accounting with creditors, have a specific feature in the conditions of the pandemic and are difficult to find solutions to some organizational issues. Banks, in turn, should improve the assessment of customers credit worthiness. To conduct such an analysis, the lender must receive information that reflects the financial situation of the borrower, that is:

- 1) take into account the movement of the client's currency tokens and take into account its specific characteristics;
- 2) analysis of the flow of money in the client's account, currency account and other accounts;
- 3) information on the work carried out by other commercial banks in these conditions and their experience in this matter;
- 4) features in the process of studying the financial statements of credit customers (the period before the coronavirus pandemic and its status in the pandemic);
- 5) factors and conditions under which the borrower can not pay off his debt obligations on time;
- 6) future perspective analysis of the loan client.

These issues provide for the possibility of using modern methods of determining the credit worthiness of customers in terms of economy in the provision of loans by banks and in the conditions of the coronavirus pandemic in the Republic of Uzbekistan.

In commercial banks at present, in our opinion, the sources of information obtained about them in the process of carrying out an economic analysis of the creditworthiness of credit-bearing customers include the following:

1) Financial reports for the last few years taken during the negotiation process with the borrower;

2) information obtained from external sources on the client receiving the loan.

On the basis of these data, in the process of analyzing the creditworthiness of the borrower by the Commercial Bank, the following tasks should be performed:

- ability to fully and quickly repay the client's debt obligations;
- calculation of the amount that the bank can provide;
- determination of the level of risk of loan provision.

A reasonable assessment of the client's financial stability is determined by calculating the coefficients that characterize his solvency. Calculations based on information, assess the level of credit risk when lending to a client, these calculations allow to determine the amount of credit and under what conditions it is presented to the client.

To choose the most effective methodology, it is necessary to formulate an appropriate assessment tool. One of the tools used by commercial banks in this process is the use of economic analysis methods based on the financial position of the client. In the process of customer performance appraisal in commercial banks practice, the following methods of analysis are used:

1) calculation of financial indicators of the client;

2) to analyze the liquidity level of the client and compare it with the administrators;

3) analysis of customer profitability indicators;

4) assessment of the quality of lending (assessment of the security of the property, confirmation of the rights to the pledged property, adequacy of the market value of the pledged property for payment of the debt, etc.).

Conclusion. In the practice of lending, they consider such issues as the calculation and evaluation of the creditworthiness of economic entities by banks, including the analysis of information on the borrower in previous periods. To be more effective, it is necessary to use in the calculations the data of the forecasts of the financial situation of the future borrower.

In our opinion, in the analysis of this type of financial situation, the following omillarni should be taken into account:

- 1) customer's convenience in the process of earning cash (retail sales, sales of products for cash, etc.);
- 2) approximate forecast of the adequacy of funds from the sale of products;
- 3) sales opportunity and cash flow forecast when price level increases.

Certain indicators are used by the Commercial Bank in calculating the credit rating of customers. Ratings and indicators for each individual economic subject are formed on the basis of the following factors:

- economic situation of the borrower;
- credit history;
- banking policy that gives credit.

A change in the rating of indicators in the financial statements of economic entities can lead to a change in the overall credit rating. Thus, on the basis of the complexity of all indicators, the characteristic of customers is formed.

As a result of the research carried out in this area, it is concluded that the commercial bank should highlight the important indicators for each enterprise separately and give priority to each indicator. Due to the fact that this is a complex and individual process, it is necessary to minimize credit risks by banks and achieve an assessment of the high quality of creditworthiness.

The concepts of "creditworthiness" and "solvency" are similar in meaning, but the same time have significant differences.

"Creditworthiness is the ability and desire of the borrower to repay and repay the loan debt on time.

Solvency is a broader concept, which means the ability of the economic entity to fully repay its debt obligations at the specified time.

Thus, as a result of the above analysis, we come to such a conclusion that as tasks that must be solved in the process of analyzing and evaluating credit capabilities, we must perform the tasks listed below:

- selection of method of preliminary data collection and analysis;
- to clarify the criteria for analyzing the creditworthiness of the borrower;
- formulate the results of the analysis and evaluation of the creditworthiness of the borrower;
- to prepare a report by the credit department of the Commercial Bank on the general

assessment of creditworthiness and make a decision on approval or refusal to lend.

We believe that extensive use of international standards is necessary in assessing the creditworthiness of customers by commercial banks.

Reference:

1. Decree of the president of the Republic of Uzbekistan "on additional measures to support the population, economic sectors and business entities during the coronavirus pandemic".2020 year 03.April.//Lex.uz
2. Ibragimov A. K., Mamajonov A.T. Analysis of indicators of financial stability of farms in the conditions of the world financial and economic crisis. // Economics and Finance. No. 9 2010., Moscow, 2010.p.45-56.
3. Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools, January 2013,
4. Ibragimov A. K., Nosirov A. Audit of financial statements on the basis of international standards of audit in the Republic of Uzbekistan. // Improving the tax policy of the state in the context of a globalizing economy. Proceedings of the International Scientific Conference on May 15, 2014. TSU named after G. R. Derzhavin. Tambov:2014. -407 p. p. 224-235.
5. Tursunov Y. S., Ibragimov A. K. Peculiarities of the accounting balance in modern management system.// International Journal of Management, IT & Engineering Vol. 10 Issue 02, February 2020.-27-34p.
6. Avazov I.,Ibragimov A.K. Improvement of consolidated financial statements on the basis of international standards.// International Journal of Management, IT & Engineering Vol. 10 Issue 02, February 2020 . 19-26p.
7. IFRS® Standards (2016) (Red Book) is the only official printed edition of the consolidated text of the International Accounting Standards Board's authoritative pronouncements as issued at 13 January 2016. Publication date: 7 March 2016. SET ISBN: 978-1-911040-15-6 (set of two volumes sold together).
8. Ibragimov A.K. Organizational issues of audit evidence and their analysis in Uzbekistan.// International Journal of Research in Social Sciences.Vol. 11 Issue 01, January 2021.108-117p.
9. Kuziev I.N. Compilation of audit reports and their generalization: theory and methodological issues. Monographs. T.: "Economy-finance" 2015 ., 72p.

10. Djuraev A., Ibragimov A.K. Audit the problems of the risk management efficiency in commercial banks.// PARADIGMS OF MANAGEMENT, ECONOMICS AND LAW No. 2, 2020, Volgograd Institute of Management-Branch of the ФГБОУ ВО РАНХиГС, 82-90 p.