International Journal of Research inSocial Science
Vol. 12 Issue 03, March 2022,
ISSN: 2249-2496 Impact Factor: 7.081
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

ANALYSIS OF MORTGAGE LOANS IN FINANCING HOUSING CONSTRUCTION IN UZBEKISTAN

ARIFDJANOVA YAYRAKHON USMONKHUJAEVNA

Abstract

The article studies mortgage loans in financing housing construction in Uzbekistan. There is given theoretical foundations of mortgage loans and analyzed real state of mortgage loans in Uzbekistan. Conclusions and recommendations are given on the basis of the mortgage loans analysis in Uzbekistan.

Keywords:
mortgage, mortgage loans, financing housing construction, types of mortgages.

Author correspondence:
Arifdjanova Yayrakhon Usmonkhujaevna
Teacher, The Department of "Corporate Finance and Securities",
Tashkent Institute of Finance, Tashkent, Uzbekistan
Email: ariya7@mail.ru

INTRODUCTION

Mortgage loans are a market tool for the transfer of ownership of real property in cases where the purchase and sale, other forms of exchange are not legal or commercially viable, which allows to attract additional funds for the implementation of various projects. When you get firstly a mortgage loan, you get the impression that the mortgage is difficult, time consuming and expensive. However, if you consider carefully choosing a loan program, learn about the possible benefits, choose a convenient way to repay the loan and correctly estimate future costs, a mortgage is the easiest and fastest way to improve your living conditions it can. The mortgage provides the mortgagee with repayment of the principal amount of the debt under the loan agreement or other obligation secured by the mortgage in full or in part provided for in the mortgage agreement. The above-mentioned aspects show that it is relevant to learn mortgage loans in housing construction finance in Uzbekistan.

LITERATURE REVIEW

There are several types of mortgage loans, but the most common are fixed interest mortgages and adjustable-rate mortgages (ARMs). Other species are usually a combination of the them [1].

Theoretically, changes in credit demand have both positive and negative effects on bank efficiency and quality of management. On the plus side, increased demand for credit can lead to large-scale economies by expanding production capacity. If banks do not operate at full capacity and demand for credit increases exogenously, banks may consider large-scale loans and loan applications at similar cost levels. This means that an exogenous shock, such as an increase in credit demand, increases cost efficiency. In addition, opportunity costs and capital to acquire liquid assets increase when opportunities for additional income arise, and capable bank managers can turn opportunities into efficiency through positive technical changes and better allocation of resources. Therefore, banking management practices may reflect the positive effects of changes in demand for mortgage loans [2].

According to S.Elmirzaev, it should be noted that large-scale work is underway in all regions to provide housing for the population. We all know that commercial banks are actively involved in this practice, and mortgage loans are provided. Along with the practice of mortgage lending in the world practice, the circulation of mortgage securities is also used widely [3].

Z.Sherzod focused on a number of aspects of mortgage lending. First, mortgages are the most important tool to increase credit security; second, loans secured by real estate are considered more secure than loans secured by other collaterals. This is because the loan can be repaid by selling the mortgaged real estate, which is subject to a small change in price and security when there is a risk of non-repayment of the loan. Of course, the developed real estate market and the real value of the property are important. Third, it is important to keep in mind that a mortgage is a loan [4].

It is essential to mention that mortgage loans provided by banks, regardless of their type of activity, are one of the most important aspects in maintaining and restoring the country's economic balance, along with providing housing for the growing young generation.

ANALYSIS AND RESULTS

World experience shows that in countries where the bulk of housing investment is financed by mortgage loans, the rate of housing is high. In this regard, it should be noted that in world practice there are different models of mortgage lending, each of which implies special lending mechanisms, institutional structure and sources of financing of mortgage loans. From the point of view of mortgage institutions operating in the country, there are 4 models of refinancing of mortgage assets:

1) model of universal banks;

2) model of specialized deposit and credit organizations (including the system of construction funds);

3) model of specialized mortgage banks;

4) secondary market model for mortgage loans.

The growing demand for housing and the implementation of measures to provide with housing have led to an increase in mortgage lending. As of January 1, 2022, the balance of mortgage loans amounted to 35.8 trillion soums, an increase of 26.8% (7.5 trillion soums) compared to the same period in 2021, while mortgage loans issued during this period increased by 7.4% compared to the same period last year or 671.8 billion increased by 9.8 trillion soums. In 2021, the share of mortgage loans allocated for the purchase of houses built by IC “Qishloq Qurilish Invest” and IC “Uzshahar Qurilish Invest” in the total amount of allocated mortgage loans was 21.7% (2,124.0 billion soums). Compared to the same period last year, it decreased by 40.9% (3,148.7 billion soums). The share of mortgage loans increased from 19.1% (1,744.6 billion soums) to 49.5% (4,846.2 billion soums). The share of mortgage loans issued by commercial banks at the expense of

JSC "Uzbekistan Mortgage Refinancing Company" in the total number of issued mortgage loans increased by 20% (to 1,956.8 billion soums). The share of mortgage loans allocated for the purchase of housing on the secondary market in total allocated mortgage loans increased to 25% (2,442.6 billion soums) (Table 1).

Table 1

Mortgage loans basic indicators [5]

Indicators	2019	2020	2021
Allocated mortgage loans, bln. in soums	7 977	9 122	9,794.1
- primary in the market	7 709	8 841	7 351.5
- secondary in the market	268	281	2 442.6
Under the "new order" allocated mortgage loans, bln. in soums	0	1 746	4 846.2
For 1 and 2 bedroom apartments	0	748	2 442.4
- For 3 and more for one bedroom apartment	0	998	2,083.8
- For alone orderly housing	0	0	320.0
JSC "Uzbekistan Mortgage Refinancing Company" at the expense of allocated mortgage loans, bln. in soums	0	61.9	1,956.8
- primary homes on the market	0	0.9	2.4
- secondary to housing in the market	0	60.7	1,931.2
- home repair	0	0.3	23.2
Mortgage loans balance, trln. in soums	20.4	28.3	35.8

It should be noted that along with the growth of mortgage loans in 2021 as a result of structural changes, the demand for mortgage loans remains high, and these requirements, first of all:

1. Rapid growth of economic indicators (GDP growth by 7.4%, GDP per capita by 5.3% and investment in fixed assets by 5.2% compared to the same period last year);

2. Steady population growth (as of January 1, 2022, the population was 35.2 million people, which is 102.1% compared to the same period last year);

3. Increase in the share of business entities operating in the construction sector in the economic sector as a result of increased investment activity in the country;

4. As a result of the introduction of the new procedure, commercial banks are provided with a stable source of resources for the allocation of mortgage loans;

5. Purchase of housing in the secondary mortgage market is explained by the simplification of mortgage loans for individual housing construction and allocated to shareholders.

Table 2

Information on the balance of loans to individuals and legal entities by types of loans, bln. soum [6]

Indicator name	01.01.2021	01.01.2022	Change, in percent
Total credit balance	**276 975**	**326 386**	**17.8%**
Physical to individuals allocated loan balance	**54 888**	**69 496**	**26.6%**
Mortgage loans	28 301	35 946	27.0%
Microcredit	5 737	9 429	64.3%
Consumption loans	12 237	12 795	4.6%
Entrepreneurship development for separated loans	8 613	11 326	31.5%
We are legal to individuals allocated loan balance	**222 087**	**256 889**	**15.7%**
Credit institutions not legal to individuals separated loans	203 386	237 594	16.8%
Leasing and factoring	2 434	2 351	-3.4%
Interbank loans	1 770	1 704	-3.7%
Microcredit	10 647	10 645	0.0%
Syndicated loans	3 851	4 595	19.3%

According to the Table 2, information on the balance of loans to individuals and legal entities by types of loans are given. There are also changes compared to last year.

Table 3

Parameters for the allocation of mortgage loans in 2021, bln. soum [7]

№	Regions name	Apartments and alone in order housing general	Including:			Expenses calculated value	This including the following:	
			In cities	**Village places**	**Alone in order housing**		**First payment**	**Resources to be allocated to commercial banks to provide loans to the population in the future**
Republic on total		**35 120**	**18 804**	**9 816**	**6 500**	**10 548.9**	**1 582.3**	**8 966.6**
1.	Karakalpakstan	1 280	400	380	500	349.7	52.4	297.2
2.	Andijan	3 200	1 200	1,500	500	893.5	134.0	759.5
3.	Bukhara	2 330	1 050	780	500	638.0	95.7	542.3
4.	Jizzakh	1 180	300	380	500	315.7	47.4	268.4
5.	Kashkadarya	2 400	1 200	700	500	699.1	104.9	594.2
6.	Navoi	1 380	500	380	500	383.6	57.5	326.1
7.	Namangan	2 400	900	1 000	500	670.1	100.5	569.6
8.	Samarkand	3 100	1 644	956	500	912.0	136.8	775.2
9.	Surkhandarya	2 900	1 600	800	500	859.2	128.9	730.3
10.	Syrdarya	970	210	260	500	256.0	38.4	217.6
11.	Tashkent	2 700	1 300	900	500	781.6	117.2	664.4
12.	Fergana	2 400	1 000	900	500	679.8	102.0	577.8
13.	Khorezm	1 880	500	880	500	505.1	75.8	429.4
14.	Tashkent city	7 000	7 000	-	-	2 605.5	390.8	2,214.6

Table 3 describes mortgage loan allocation in 2021 by areas. The highest indicator belongs to Tashkent city and the lowest one is Syrdarya. Other indicators are the above-mentioned.

According to Decree of the President of the Republic of Uzbekistan PF-6186 “On additional measures to provide the population with housing through the allocation of mortgage loans based on market principles” the criteria of this mechanisms are being implementing in Uzbekistan in order to develop mortgage market of Uzbekistan.

CONCLUSIONS

There are several conclusions on the mortgage loans in financing housing construction in Uzbekistan.

First, the amount of mortgages was very low. As a result, many institutional investors have felt the need to develop such a small financial instrument.

The second problem is related to mortgage trading in the secondary market, which is negatively affected by the lack of standardization of trading. Differences in maturity, interest rates, and terms of the deal have hampered the expansion of the mortgage market.

Third, mortgages are expensive in terms of service. This is evident in the provision of mortgage loans compared to corporate bonds. The lender must collect monthly payments, pay property taxes, pay insurance premiums, and provide reserve account services. This is not the case with corporate bonds.

Finally, there is the risk of insolvency on a mortgage. Investors are reluctant to spend a lot of time evaluating a mortgage borrower. These problems have led to the emergence of mortgage securities, as well as securitized mortgages.

REFERENCES

1. Daniel J. McDonald and Daniel L. Thornton. A Primer on the Mortgage Market and Mortgage Finance. // Federal Reserve Bank of St. Louis Review, January/February 2008, 90(1), pp. 31-45.

2. Maria Iosifidi, Ekaterini Panopoulou, Chris Tsoumas. Mortgage loan demand and banks’ operational efficiency. // Journal of Financial Stability, Volume 53, April 2021.
https://www.sciencedirect.com/science/article/pii/S1572308921000103

3. Moliya bozori: Darslik / S.Elmirzayev va boshqalar; – T.: “Iqtisod-moliya”, 2019. – 324 b.

4. Ziyo Sherzod. IPOTEKA KREDITLARINI RIVOJLANTIRISHNING SBERBANK TAJRIBASI VA UNI O‘ZBEKISTON TIJORAT BANKLARIDA TADBIQ ETISH ISTIQBOLLARI. // Oriental Renaissance: Innovative, educational, natural and social sciences, VOLUME 1, ISSUE 4, 2021

5. Omonov Sardor Ulmasovich. INSTITUTIONAL INVESTORS IN THE CAPITAL MARKET: THEORETICAL BASIS AND THECURRENT STATE IN UZBEKISTAN. // International Journal of Research in Economics and Social Sciences (IJRESS), Vol. 12 Issue 01 January- 2022

6. Eshkuvatovich, E.S., Vaydulla Ugli, K.K., Abdurakhmat Ugli, O.S. The Effective circulation of government securities of the republic of Uzbekistan. // Journal of Advanced Research in Dynamical and Control Systems, Volume 12, Issue 6 Special Issue, 2020, Pages 179-183

7. The Report of The Central bank of Uzbekistan. January, 2022.

8. https://cbu.uz/oz/statistics/bankstats/588210/ - The information of the website of the Central Bank of Uzbekistan

9. Decree of the President of the Republic of Uzbekistan PF-6186 "On additional measures to provide the population with housing through the allocation of mortgage loans based on market principles", 11.03.2021. https://lex.uz/docs/-5327053