

WAYS TO INCREASE EFFICIENCY IN THE CREDIT PROCESS OF INDUSTRIAL ENTERPRISES

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The industrial sector is considered the backbone of the national economy, and its development is one of the main factors determining economic growth, employment levels, innovative activity and export potential. The continuous operation and technological renewal of industrial enterprises depend, first of all, on the provision of sufficient financial resources. From this point of view, improving the mechanisms for effective financing of industrial entities by the banking and credit system is emerging as one of the strategic directions for ensuring economic stability. In recent years, the need for capitalization of industrial enterprises has increased further. Processes such as the introduction of modern technologies, expansion of production capacities, transition to energy-efficient equipment, and certification based on international standards require large investments. However, in the current lending system, high interest rates, strict collateral requirements, insufficiently precise risk assessment algorithms, as well as the lack of optimal diversification of credit portfolios by sector limit the access of industrial entities to credit resources. This requires the study of the need to increase lending efficiency through scientifically based approaches.

World practice shows that in economically developed countries, the industrial lending system has achieved high efficiency through risk diversification, assessment of financial statements of enterprises in accordance with international standards, use of credit rating systems, and strengthening cooperation between the public and private sectors. The introduction of credit scoring based on digital technologies, “smart lending” models, as well as the simplification of credit provision have significantly increased the volume and quality of the industrial lending market. The implementation of these experiences, adapted to the conditions of the local economy, serves the institutional improvement of the lending process.

A deep analysis of economic mechanisms aimed at increasing the efficiency of the lending process of industrial enterprises shows that this process is multi-layered, complex and systemic in nature. Lending efficiency is inextricably linked not only to the volume of bank resources or interest rates, but also to inter-institutional coordination, financial management culture, risk assessment systems, the level of technological maturity of industrial enterprises, and the economic policy of the state. Therefore, the analysis requires considering the lending system not only as a financial

operation, but also as a complex mechanism that ensures the transformation of the industrial economy.

The efficiency of lending depends primarily on the institutional stability of the banking system, the improvement of regulatory standards, and the level of development of financial markets. For the allocation of credit resources to be effective:

- functional clarity of the financial intermediation system;
- unified standards for banks' credit policies;
- a regulatory framework harmonizing risk assessment practices;
- factors such as the principles of transparency and comparability in the financial statements of industrial entities are of great importance.

In systems with high institutional stability, the investment nature of lending increases, credit resources are directed from short-term turnover to long-term industrial projects, which contributes to the structural modernization of the economy.

In financing industrial enterprises, the cost of credit, terms, supply mechanism, bank risk appetite and capital adequacy play a key role. The analysis shows that:

Interest rate policy: the stability, predictability and compatibility of credit rates with economic cycles are the main determinants in the formation of investment decisions of industrial enterprises. The imbalance of interest rate policy serves as a limiting factor for enterprises to engage in long-term technological modernization.

Compatibility of credit terms and structure: industrial enterprises, especially high-tech production entities, need long-term loans. The mismatch of credit terms with production cycles reduces the economic profitability of credit and increases the debt burden for the enterprise. In this regard, it is necessary to align bank credit lines with the real investment needs of production.

Collateral system: the adequacy of collateral, the assessment mechanism and the scope of collateral accepted by the bank are the most important components of lending efficiency. Excessive reliance on collateral narrows the economic content of the lending process and hinders the financing of innovative projects. Therefore, alternative forms of collateral, such as business plan-based assessment, future cash flows, and insurance instruments, are widely used in advanced practice.

table 1

Management strategies in the lending process for industrial enterprises¹⁵

Strategy type	Description	Impact on strategy
Strengthening financial management	Effective management of assets and liabilities, transparency of financial statements	High loan repayment rate
Diversification of risks	Distribution of loan portfolio by sectors and maturities	Reducing the risk of non-return
Digital monitoring	Online tracking and management of the loan process	Increase operational efficiency and transparency
Improving maintenance and warranties	Diversification of collateral and guarantees	Targeted and effective use of credit resources
State incentives	Subsidies, tax breaks, guarantees	Increasing investment activity of industrial enterprises

From the table above, we can see that there are several main management strategies to improve efficiency in the process of lending to industrial enterprises. First, the strategy of strengthening financial management is aimed at ensuring loan repayment through effective management of assets and liabilities, as well as transparency of financial reporting; second, the strategy of risk diversification reduces the risk of non-repayment by distributing the loan portfolio by sectors and terms; third, the strategy of digital monitoring allows online monitoring and management of the loan process, increasing operational efficiency and transparency; fourth, the strategy of improving collateral and guarantees ensures targeted and effective use of loan resources by diversifying collateral and guarantees. Finally, the strategy of state incentives, namely subsidies, tax breaks and guarantees, serves to increase the investment activity of industrial enterprises.

Thus, together these strategies form a systematic mechanism aimed at improving the efficiency of the process of lending to industrial enterprises and reducing credit risk.

¹⁵ Prepared by the author.

The effectiveness of credit risk assessment directly affects the quality of the lending system. Modern risk management requires a multi-stage, integrated and dynamic model of creditworthiness assessment. The analysis revealed:

- traditional assessment methods based on balance sheet indicators do not fully take into account the real production risks of industrial enterprises;
- covenants, rating systems and business cycle analysis approaches are considered to be more effective in assessing creditworthiness;
- assessment of strategic risks (market conditions, technological obsolescence, changes in raw material prices) increases the long-term effectiveness of credit.

When risks are systematically identified and classified by segments, the stability of the credit portfolio increases and the likelihood of repayment of credit resources increases.

Half of the effectiveness of lending is associated with the banking system, the other half depends on the financial discipline, management culture and production efficiency of the enterprise. The analysis shows that:

- transparency of financial reporting speeds up the process of obtaining credit and allows banks to realistically assess risk;
- indicators such as profitability, liquidity, asset turnover, production efficiency are the main indicators determining creditworthiness;
- strategic methods of investment planning at enterprises (capital budgeting, project analysis, optimization of technological modernization costs) increase the efficiency of using credit resources.

Therefore, the high efficiency of a loan is strongly influenced not only by the bank, but also by the ability of the enterprise to rationally manage its credit resources.

Digital technologies are fundamentally changing the lending process. The analysis shows that:

- digital credit scoring reduces the impact of the human factor and speeds up decision-making;
- online loan applications reduce the transaction costs of lending;
- remote monitoring allows for constant control over the use of credit resources;
- information systems improve information exchange between enterprises and banks.

Digitalization of the lending process is a powerful efficiency enhancer, expanding access to financial resources for industrial enterprises.

The results of the analysis show that lending efficiency cannot be fully formed without institutional integration. Therefore:

- state-guaranteed loans reduce credit risk;
- short-term interest cost subsidies shorten the payback period of investment projects;

- export support links lending to foreign markets and increases the competitiveness of industry;
- financing based on public-private partnerships creates the necessary resources for large investment projects.

These factors indicate that institutional coordination plays a crucial role in systematically improving the quality of the lending process.

In conclusion, increasing the efficiency of lending to industrial enterprises is achieved not only by increasing the volume of financing, but also by creating a coordinated institutional, organizational, technological, financial and inter-sectoral system of lending. Comprehensive improvement of lending mechanisms stimulates the innovative development of the industrial sector, strengthens economic stability and serves to increase the competitiveness of the national economy. Therefore, the modernization of the lending system is of strategic importance, and the political, institutional and technological decisions developed to improve its efficiency should be considered a priority factor determining the overall development trajectory of the economy.

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