

JOURNAL OF MANAGEMENT AND ECONOMICS

VOLUME04 ISSUE05

DOI: <https://doi.org/10.55640/jme-04-05-05>

Pages: 22-26

**SOME CHARACTERISTICS OF STATE REGULATION OF THE CREDIT SERVICES MARKET DURING THE ECONOMIC CRISIS****Kurbanov Rustam Radjabovich***Graduate student of Termiz University of Economics and Service, Uzbekistan***ABOUT ARTICLE****Key words:** economic crisis, credit services market, state, regulation, models, credit institutions, capitalization, refinancing.**Received:** 11.05.2024**Accepted:** 16.05.2024**Published:** 21.05.2024**Abstract:** The article discusses foreign models of state regulation of the credit services market during the economic crisis. According to the author, the governments of foreign countries took an active part in maintaining the liquidity of credit organizations by capitalizing and refinancing them. It is necessary to find a balanced solution on the level of state regulation of the credit services market, which will eliminate the possibility of crisis events. A clear example of such regulation is the experience of France, Chile, Singapore, and Hong Kong, which were based on the successful combination of high-level state intervention with regulatory tactics.**INTRODUCTION**

Modern ideas about the nature of credit service activity and its role in the economy determine the institutional basis of credit market regulation. At the same time, each country has its own regulatory legislation and its own institutional model of the system of governing bodies. Its effective operation and successful development largely depends on which institutional model the state chooses to regulate the market of credit services, in particular, the banking crisis.

Due to the unique activity of banking and credit institutions, they have complete information about the state of the economy and developing trends. They become a return channel of communication between the real sector of the economy and the government, they can directly use this channel, require credit organizations to provide official information about their activities, and indirectly analyze their behavior [1, p. 56].

Thus, banks act as a kind of transmission mechanism that implements the decisions made by the government and affects the entire economy. At the same time, the governments of modern countries are forced to take into account the demands of banks and their associations, which actually have an informal influence on all economic processes in the country [2, p. 11].

It should be noted that not only the need for state intervention in the credit sector, but also the level of such intervention has been heatedly debated for many years. Thus, some scientists support the decisive influence of the state in regulating the credit market, while others prefer its self-regulation through market mechanisms. There are many scientists and practicing bankers who believe that government regulation of the credit market is important, but even among them there is no unity regarding the level of influence of the government.

RESEARCH METHODOLOGY

In this article, taking into account the fact that bank credit organizations are the main financial intermediaries and occupy the main place in our research, we will dwell on some features of banks and the banking system that determine the specific features of state regulation of credit services. During the economic crisis, foreign models of state regulation of the credit services market were used for grouping, comparative analysis, and selective observation methods. Logical and structural analysis, grouping and comparison methods were used as research methodology.

LITERATURE REVIEW

R. Werner is in favor of strict credit control and quantitative restrictions on bank loans by the central bank, while ensuring transparency in the distribution of loans. According to him, excessive crediting of the economy causes the "anomaly of recurrence of banking crises" and proper regulation of the distribution of credit resources prevents banking crises or mitigates their consequences [3, p. 184].

As experience has shown, the regulatory practice used by the governments of developed countries did not justify itself, because recently the system of the modern world credit market has become more complicated.

According to J. Akerlof and R. Shiller, this is what allowed the United States to ignore the rules imposed by the state. Scientists emphasize the need to realize the need to regulate the credit market and the need for a balanced and prudent policy of credit insurance if the regulatory mechanisms do not work due to the possible inverse relations between the credit market and the real economy [4, p. 184].

ANALYSIS AND RESULTS

As we can see, it is necessary to find a balanced solution on the level of state regulation of the credit services market, which will eliminate the possibility of crisis events, but at the same time will not hinder the processes of economic development in the country.

The first manifestations of the financial crisis in foreign countries led to the outflow of foreign bank capital from banking institutions, which endangered the liquidity of the latter and contributed to the decrease in credit growth. Therefore, state regulation of credit services is introduced in order to reduce systemic risk and ensure the stability of the banking system and the entire country's economy [5, p. 58]. Banking theory includes two main models of banking regulation. One model does not protect either depositors or creditors. All bank customers are at risk. In the second model, the funds of creditors and depositors are protected. Protection measures are implemented through discount services provided by the central bank; deposit insurance; provision of certain types of guarantees for deposits of individuals, etc [6, p. 21–22].

The advantages of the first model are that, firstly, market conditions force banks to perform their activities more responsibly, limit bank risks and increase capital, and secondly, in case of bank insolvency, taxpayers will bear the losses. If not, the losses are distributed between creditors and

creditors. The disadvantages of this system are that inexperienced depositors may lose their savings if they do not have information about the level of risk management in the selected bank, and this model can lead to mass withdrawal of funds from banks by depositors in time. not protected from putting.

Western countries adopted the second model of banking regulation, regardless of the important moral problems that arise in the process of protecting deposits and payment systems. In these countries, the problem of creating a system of regulation and control of banking activities, while maintaining the advantages of the system that limits the negative consequences of excessive risk, fraud, and inefficient distribution of funds, and ensures the stable operation of banks, has intensified.

In world practice, the above-mentioned models may change, as each country tries to create its own model that adequately develops and applies the means of state regulation of banking activities (legislation, powers of regulatory and supervisory bodies, etc.) does. So, as an example, you can cite countries where the banking system and activities of credit organizations are based on Islamic religious rules and principles, and are significantly different from the banking systems of Western countries. Islamic banks are prohibited from lending on interest, so these institutions work on the principle of participation in the profits and losses of the borrower.

Historical features that led to the emergence of not only legal (official and unofficial), but also illegal institutions in our country played an important role in the construction of institutional models of state regulation of the credit services market. Not only in the banking sector, but in all sectors of the domestic economy, unwritten rules and agreements prevail over legal requirements, contractual terms and other formal restrictions.

As a result of such negative interventions in the credit process, especially in the context of the banking crisis, the share of problem loans in the loan portfolios of Uzmilliybank and other local banks is significantly increasing, refinancing loans, and the procedure for obtaining loans is significantly increasing. the real sector and others are complex, which ultimately leads to chaos, which hinders the development of the credit market [7, p. 6].

We will consider the models of state regulation of the market of credit services in the context of the banking crisis of foreign countries.

It should be noted that state bodies regulating the market of credit services are formed depending on the institutional environment of market activity. Thus, the main subject of regulation of US credit services is the Federal Reserve System (FED); In Italy - inter-ministerial committee on credit and savings administratively related to the Treasury; Great Britain, Canada, Australia, Germany and Poland all have a single financial regulator - a "mega-regulator".

Analyzing the state regulation of the credit services market in the developed countries of the world, it is possible to distinguish a model for the selected regulation. As examples of selective regulation, the setting of credit growth rate limits for individual banks or the recalculation of promissory notes can be considered.

Governments of foreign countries took an active part in maintaining the liquidity of credit institutions by capitalizing and refinancing them. The UK experience is interesting in this regard.

The UK government made a financial injection of 10 billion pounds in 2019. Also, the British government intended to provide state guarantees for assets in return for increased lending. Thus, the Royal Bank of Scotland in the amount of 325 billion pounds in exchange for government guarantees.

In Germany, a special fund for the stabilization of the credit market was established, and its activities provided the possibility of guaranteeing and refinancing bank credit organizations. This fund was partly

financed by the state and partly by private investors, which allowed to reduce the burden on taxpayers [8, p. 72].

The government emphasized that the latest program is not aimed at rescuing invalid enterprises, but only at stabilizing healthy and promising enterprises. For this, financial support was provided to enterprises that have overcome the stage of stagnation, have a concept of sustainable development, are important for the economy of the country, and enterprises that have exhausted all other sources of financial support.

One of the prerequisites and causes of the banking crisis is the low quality of bank assets in connection with the growth of problematic debts in the credit portfolio. The fight against problem loans takes away significant resources (financial, human, technical) from banks, which ultimately has a negative impact on the financial results of their activities. In addition, it leads to an increase in non-performing assets and reduces the financing capacity of the national economy. It is for this reason that the issues of management of problem assets of banks are on the agenda of state control bodies of many countries of the world.

In order to solve the problems related to problematic bank loans, they are being restructured, it was shown that the following measures are mainly used to restructure bank loans in crisis conditions:

- purchase of bad loans;
- reducing interest rates on loans;
- extending the loan period;
- reduce the principal amount of the debt (debt write-off);
- conversion of currency loans.

A centralized approach is justified in removing troubled banks from a systemic banking crisis, while a decentralized approach is justified in dealing with troubled assets of individual banks that are struggling to repay loans. The "bad" asset purchase program is accompanied by measures aimed at recapitalizing banks. Here, the experience of Argentina, Brazil and Sweden, which replaced the problematic assets of banks with securities of the investment fund, deserves attention. Thanks to this operation, credit organizations had the opportunity not to accumulate large reserves for loans, thus freeing up billions of funds for lending.

It should be noted that an investment fund, unlike a bank, has more opportunities to collect debts, besides, such an operation allows the restructuring of problematic loans to be extended for a longer period of time, thereby improving the current liquidity of the banking credit sector [9, 22–p.].

The interest rate can be reduced by compensating from budget funds. In different countries, the interest rate compensation mechanism is different depending on the specific conditions. Thus, in Australia, the preferential loan rate and the amount of budget compensation directly depend on the bank interest rate, in France, the preferential rate is fixed and the bank rate affects only the amount of budget compensation.

CONCLUSION/RECOMMENDATIONS

In the conditions of the financial and economic crisis, the problem of the low income of the population, the unsatisfactory financial situation of borrowers, the lack of relatively stable sources of resource income, as well as the formation of financial resources is becoming particularly acute. These actions stopped the outflow of deposit funds from banking institutions, and the deposits still received by depositors due to fines and unpaid interest were directed to the formation of the resource base of banks.

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