



THE IMPACT OF MACROECONOMIC FACTORS ON THE STRUCTURE OF THE CREDIT PORTFOLIO

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Abstract

This chapter analyzes the impact of macroeconomic factors on the structure of the credit portfolio of commercial banks in the Republic of Uzbekistan. The study covers theoretical aspects and empirical data, demonstrating the relationship between macroeconomic indicators (inflation, dedollarization, interest rates, GDP growth) and the dynamics of the credit portfolio across sectors and currencies. The analysis of credit segmentation (individuals, legal entities, and specific industries) revealed their alignment with the country's strategic priorities. The results indicate a significant impact of government policy, inflationary expectations, and dedollarization on the formation and quality of the portfolio, highlighting the need for adaptive management in a developing economy.

Keywords: Credit portfolio, macroeconomic factors, Uzbekistan, dedollarization, inflation, banking sector, credit structure, financial stability.

Introduction

In the context of economic transformation and active reforms, the banking sector of the Republic of Uzbekistan plays a pivotal role in ensuring economic growth and developing various industries. The credit portfolio — its volume, structure, and quality — occupies a central place in the functioning of the banking system, directly influencing the financial stability of banks and the economic activity of the country as a whole. However, the formation and dynamics of the credit portfolio are not isolated processes; they are subject to significant influence from the macroeconomic environment. Understanding this relationship is critically



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important for effective banking risk management, the development of adequate monetary policy, and the stimulation of sustainable development.

The relevance of this study is driven by the need for a deep examination of the mechanisms through which macroeconomic fluctuations and government economic policy influence the allocation of credit resources among various sectors of Uzbekistan's economy. Observed trends, such as the growth of lending to individuals, the increase in long-term investment projects, and dedollarization processes, require systematic analysis in the context of changing macroeconomic conditions.

The purpose of this paper is to identify and assess the degree of influence of key macroeconomic factors on the structure of the credit portfolio of commercial banks in the Republic of Uzbekistan.

The theoretical foundations of how macroeconomic factors influence credit portfolio structures are widely presented in economic literature, though they require specific contextualization when applied to developing markets like Uzbekistan. Classical and modern approaches in financial theory and macroeconomics point to the multifaceted nature of this relationship.

Fundamental theories of financial intermediation emphasize the role of banks as key institutions that transform savings into investments. In this context, macroeconomic stability is a prerequisite for the effective functioning of the banking sector. Factors such as inflation directly affect the real value of loans and deposits, as well as the expectations of economic agents. High and unstable inflation increases uncertainty, shortens planning horizons, and can lead to a decrease in long-term lending volumes, shifting the portfolio structure toward short-term operations. At the same time, a reduction in inflationary expectations, as noted in the context of Uzbekistan, creates more favorable conditions for long-term lending and investment.

The regulation of interest rates by central banks serves as a powerful tool to influence the demand and supply of credit. High rates can restrain lending, especially for investment purposes, while low rates stimulate economic activity. However, the impact of interest rates on portfolio structure is not always straightforward. For instance, during periods of active economic growth and



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state support for specific sectors (such as mortgages or agriculture), demand for loans may remain high even under relatively high interest rates.

The dynamics of Gross Domestic Product (GDP) and its sectoral structure exert a substantial impact on the demand for credit from different sectors of the economy. Fast-growing industries, such as construction or the services sector, typically demonstrate high demand for financing, which is reflected in a corresponding increase in their share within the credit portfolio. On the other hand, a slowdown in growth within traditional sectors can lead to a reduction in their lending or a deceleration of growth rates [8].

Methodology

To assess the impact of macroeconomic factors on the structure of the credit portfolio of commercial banks in the Republic of Uzbekistan, a comprehensive analytical approach is applied, combining elements of descriptive, comparative, and structural analysis.

Descriptive Analysis: Examining the dynamics and structure of the credit portfolio of commercial banks in Uzbekistan over the analyzed period (based on available data).

Comparative Analysis: Contrasting changes in the credit portfolio structure with the dynamics of key macroeconomic indicators.

Structural Analysis: Investigating the distribution of loans by economic sectors, borrower types, and currencies, as well as analyzing the causal relationships between these changes and macroeconomic trends.

The main sources of empirical data for the analysis were the official reports of the Central Bank of the Republic of Uzbekistan (cbu.uz), including statistical bulletins and analytical reviews. Specifically, the following were utilized:

Data on the aggregate credit portfolio of commercial banks and its structure by industries and types of borrowers.

Information on the currency structure of the credit portfolio and dedollarization processes.

Financial indicators of the banking sector, including profit, income, expenses, and profitability ratios.



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General macroeconomic indicators of Uzbekistan (inflation, GDP, interest rates, monetary policy information) used for contextualization and interpretation of changes.

Trend analysis was used to evaluate the dynamics of the main credit portfolio indicators and macroeconomic factors over time. Additionally, an analysis of shares and growth rates was conducted by calculating the proportion of each sector within the total credit portfolio and its growth rate to identify priority and lagging lending sectors.

Results and Analysis

The analysis of the dynamics and structure of the credit portfolio of commercial banks in Uzbekistan in recent years demonstrates significant changes that closely correlate with the macroeconomic environment and government policy. The aggregate credit portfolio of Uzbekistan's commercial banks shows steady growth. By the beginning of 2026, it reached 604,002.2 billion soums, increasing by nearly 28% compared to the beginning of 2024. This substantial growth in credit activity indicates overall economic development and is likely stimulated by state programs supporting the economy and entrepreneurship. The macroeconomic context of this growth includes the stabilization of inflationary expectations: as of January, the average 12-month price growth forecast stood at 11.2%, while the median figure declined to 9.5%. Lower inflation uncertainty creates more favorable conditions for long-term lending and investment, encouraging banks to expand their credit operations.

The breakdown of the credit portfolio by sectors reveals the following dynamics:

Individuals: This segment is the largest, reaching 208.6 trillion soums, which accounts for 36% of the total portfolio. Over the year, it grew by 23%. This growth is likely linked to the active development of mortgage and consumer lending, supported by state programs and rising real household incomes. According to data, loans in the national currency are predominantly directed toward individuals, thereby supporting domestic demand.



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Industry: The share of industrial loans amounted to 25% (146.3 trillion soums); however, a 1% decline was observed over the year. This can be explained by the completion of large investment projects or a redirection of financing to other, more dynamically developing sectors.

Agriculture: Loans to this sector grew by 14% to 59.4 trillion soums, maintaining a 10% share. This growth reflects state support for the agro-industrial complex aimed at ensuring food security and expanding exports.

Construction: This sector demonstrated the most significant growth — by 33%, reaching 17.2 trillion soums (3% of the portfolio). The boom in construction, particularly residential housing, is one of the engines of Uzbekistan's economy, actively backed by the government and mortgage programs.

Trade and Catering: Loans rose by 18% to 40.9 trillion soums (7%), pointing to the development of small and medium-sized enterprises (SMEs) and the services sector.

Transport and Communications: A 6% decline in lending was noted, falling to 32.5 trillion soums (6%). This might be attributed to a revision of investment priorities or the saturation of certain infrastructure projects.

Other Sectors: Loans grew by 23% to 71 trillion soums (12%), indicating a diversification of lending and the development of new fields.

An important macroeconomic trend influencing the structure of the credit portfolio is the dedollarization process. The share of loans in the national currency increased from 55% to 61% over the last two years. This shift is the result of a targeted policy by the Central Bank and the government aimed at reducing currency risks and strengthening confidence in the national currency.

Discussion

The results of the analysis clearly demonstrate a tight interconnection between macroeconomic factors and the structure of the credit portfolio in Uzbekistan's



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banking sector. The observed trends — significant growth in overall lending volumes, an increasing share of loans to individuals and the construction sector, as well as progress in dedollarization and the investment orientation of the portfolio — are not accidental, but are determined by specific macroeconomic conditions and strategic decisions.

Influence of Inflationary Expectations and Monetary Policy. The stabilization of inflationary expectations plays a critical role in shaping the long-term investment orientation of the credit portfolio. Reducing uncertainty regarding the future cost of money allows banks and borrowers to plan long-term projects. This aligns with theoretical propositions concerning the impact of inflation on investment activity. However, despite the decline in inflationary expectations, an increase in loan loss provisions indicates that credit risks remain relevant, possibly due to aggressive portfolio growth or specific risks within individual segments.

Dedollarization as a Factor of Structural Transformation. Progressive dedollarization and the increasing share of soum-denominated loans result from the targeted policy of the Central Bank. This positively contributes to reducing systemic currency risk for the economy as a whole and for borrowers in particular. Differentiating loan currencies by borrower type (soums for individuals, foreign currency for corporate investments) represents a rational approach that accounts for the nature of income sources and currency risks across different segments.

Government Priorities and Sectoral Shifts. The pronounced growth in lending to individuals (consumer and mortgage loans) and the construction sector reflects government priorities to stimulate domestic demand, improve public welfare, and develop residential housing. This can be linked to various state support programs, subsidies, and incentives. At the same time, the relative slowdown in industrial lending growth may point to the completion of certain investment cycles or indicate a need to stimulate lending in this segment through more targeted measures.



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Profitability and Risks Amid Growth. A decline in Return on Assets (ROA) and net interest margin, accompanied by growth in absolute profits and loan loss provisions, serves as an important indicator. This may suggest rising competition in the banking sector, increased funding costs, or that the growth of the credit portfolio is accompanied by taking on higher risks. Banks need to pay increased attention to the quality of the new credit portfolio and the efficiency of their interest rate policy.

Conclusion

The study of the impact of macroeconomic factors on the structure of the credit portfolio of commercial banks in the Republic of Uzbekistan confirmed a deep relationship between the macroeconomic environment and the dynamics of bank lending. The identified trends — overall portfolio growth, a significant increase in the share of loans to individuals and the construction sector, successful dedollarization, and the sustained investment focus of lending — testify to the dynamic development of the banking system and its adaptation to changing economic conditions.

The stabilization of inflationary expectations and the purposeful policy of dedollarization act as key positive macroeconomic factors contributing to the development of long-term lending and the reduction of systemic risks. However, alongside this, the observed increase in loan loss provisions and a certain decline in asset profitability indicators point to the need to further strengthen risk management and supervision.

The limitations of this study relate to the nature of the aggregated data used, which restricts the opportunities for deep econometric modeling and the analysis of causal relationships at the micro-level. Furthermore, the dynamic nature of Uzbekistan's economy requires regular data updates and revision of findings.

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