

FORMATION AND DEVELOPMENT TRENDS OF THE MORTGAGE LOAN MARKET IN UZBEKISTAN

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This study is devoted to the analysis of the development of the mortgage lending market and its impact on the level of housing provision for the population. The paper examines the economic essence of mortgage lending, its role in the financial system, and its significance in socio-economic development. Current trends in the development of the mortgage market in the Republic of Uzbekistan are analyzed, along with the key factors influencing its growth.

The findings demonstrate that the expansion of the mortgage lending market contributes to improving housing affordability, strengthening the middle class, and stimulating sustainable economic growth.

Introduction. The mortgage lending market plays an important role in the sustainable development of the country's economy and improving the well-being of the population. In economic literature, housing provision is noted as one of the main factors of social stability and economic growth of the population. The mortgage lending market has a long history in the world, and its formation and development process has gone through its own stages in different countries. In particular, the concept of mortgage first appeared in ancient Greece and the Roman Empire as a practice of pledging land and property, and later became widespread in Europe in the Middle Ages. The modern mortgage lending system was formed in the USA and European countries in the late 19th and early 20th centuries. In particular, after the Great Depression in the USA in the 1930s, the mortgage market developed widely as a result of active support from the state.

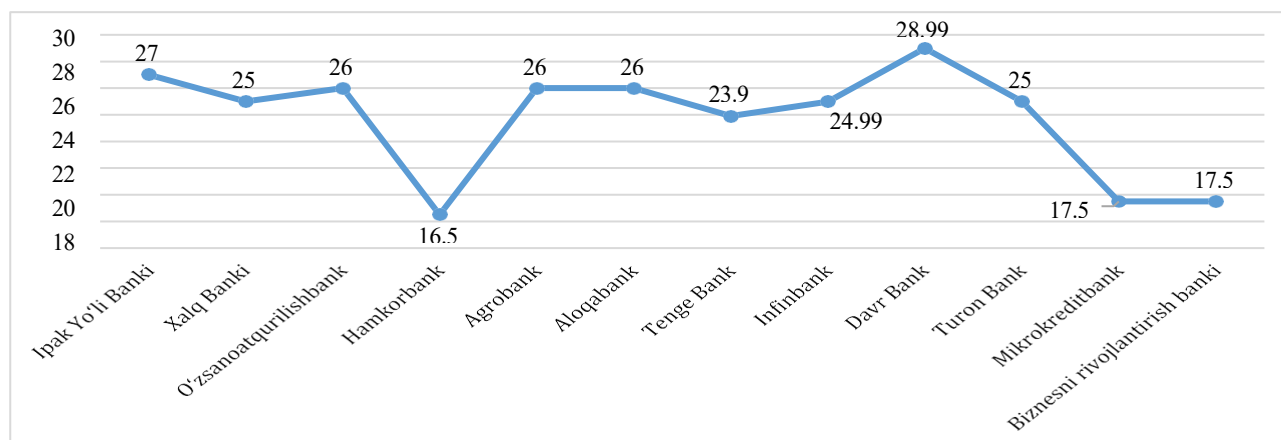
From this point of view, the formation and development of the mortgage lending system in Uzbekistan historically includes several stages. The foundation for the formation of the mortgage lending market in Uzbekistan was laid in the second half of the 1990s. However, in the initial period, lending mechanisms were limited, and loan rates were high, as a result, the population had little access to these loans. Since 2005, the government has taken a

number of measures to support the mortgage lending system, in particular, long-term and low-interest loan programs have been introduced, and state subsidies for financing housing construction have begun to be allocated. In particular, in the period after 2017, special attention has been paid to the development and improvement of the mortgage lending market. Decree of the President of the Republic of Uzbekistan No. PF-5886 “On additional measures to improve mortgage lending mechanisms” dated November 28, 2019 and Resolution No. 56 of the Cabinet of Ministers of the Republic of Uzbekistan “On approval of the Regulation on the procedure for granting mortgage loans at the expense of the funds of the Ministry of Economy and Finance of the Republic of Uzbekistan” dated February 5, 2021 were adopted. The procedure for obtaining a loan was simplified, the formation of an interbank competitive environment and the provision of state subsidies for loan interest rates led to the expansion of the market.

The mortgage market plays an important role in the sustainable development of the Uzbek economy. Initially, this market began to take shape in the early 2000s and gradually developed. In particular, initially, with the active intervention of the state, subsidy mechanisms were introduced and a number of state programs were implemented to provide the population with housing. As a result of state-supported projects, such as the "My Home" program, the demand for mortgage loans increased significantly.

Today, the country's mortgage market is further developing based on international experience and is financed by state and private banks on competitive terms. The interest rates, loan terms and conditions offered by banks vary, allowing customers to choose options that suit their financial capabilities.

Analysis shows that currently the terms of mortgage loans provided by commercial banks in Uzbekistan differ significantly. This difference is evident not only in interest rates, but also in loan terms, maximum amounts, and initial payments. The fact that banks pursue different interest policies is explained, first of all, by their strategic approach, ownership of financial resources, and risk management practices



Picture 1. Mortgage interest rates in Uzbekistan (%)

The graph above shows the annual interest rates on mortgage loans issued by various banks in Uzbekistan. Based on this graph, it can be seen that mortgage interest rates vary significantly between banks. The highest rate is offered by Davr Bank at 28.99%, while the lowest rate is set by Hamkorbank at 16.5%. Most banks set interest rates in the range of 25% - 27%, which reflects the general trend in the market.

According to the graph, medium-level interest rates are offered by Xalq Bank (25%), Tenge Bank (23.9%), Infinbank (24.99%) and Turon Bank (25%). It is clear that these banks are pursuing a relatively stable interest rate policy. On

the other hand, Aloqabank (26%), Agrobank (26%) and Uzsanoatqurilishbank (26%) have relatively higher rates, which indicates that these banks are assessing the risk levels of mortgage loans more highly. One of the most notable points of the graph is the sharp decrease observed at Hamkorbank, which shows that this bank has set an annual rate of 16.5% for mortgage loans. This indicates that this bank is offering

favorable terms for mortgage loans. Also, in the last part of the graph, the rates of Microcreditbank and Business Development Bank have decreased again, set at 17.5%. These low rates may be due to preferential programs or government-backed mortgage loans offered by these banks.

Judging by the graph, it is observed that interest rates in the mortgage market in Uzbekistan fluctuate within a wide range. Some banks are trying to ensure the safety of their capital by setting high interest rates, while other banks are providing loans with favorable interest rates on preferential terms. In particular, interest rates are significantly lower in banks that are supported by the state or offer long-term mortgage programs. At the same time, high interest rates are characteristic of banks operating on the basis of private capital or providing short-term mortgage loans.

1-table. Terms of mortgage loans issued by commercial banks in Uzbekistan

Name of Bank	Loan term	Maximum amount (sum)	First payment (%)
Ipoteka Bank	10-20 year	100 000 000 - 450 000 000	26%
Ipak Yo'li Bank	7 year	80 000 000 – 800 000 000	25% - 50%
Xalk Bank	15 year	1 190 000 000	26%
Uzsanoatqurilishbank	15 year	1 500 000 000	20%
Hamkorbank	20 year	330 000 000 - 420 000 000	15% - 40%
Agrobank	10 year	1 020 000 000	25% - 40%
Alokabank	15 year	800 000 000	20%
Tenge Bank	10 year	820 000 000	25%

Infinbank	10-15 year	891 000 000	26%
Davr Bank	7 year	1 500 000 000	20%
Turon Bank	10 year	600 000 000	-
Mikrokreditbank	20 year	120 000 000	-
Business development bank	20 year	120 000 000	-

Mortgage loans issued by banks in Uzbekistan are offered with different terms and conditions. The shortest-term loan is 7 years and is issued by Ipak Yuli Bank and Davr Bank. The longest-term loan is up to 20 years and is issued by Ipoteka Bank, Hamkorbank, Mikrokreditbank and Business Development Bank. In terms of the maximum loan amount, Uz sanoatqurilishbank and Davr Bank are the leaders - these banks can issue mortgages up to 1.5 billion soums. Xalq Bank and Agrobank also offer large amounts (1 billion soums and more). The smallest

loan amount is issued by Mikrokreditbank and Business Development Bank - 120 million soums.

The amount of the down payment varies depending on the banks. The lowest down payment is 15%, offered by Hamkorbank. In most banks, this figure is around 20-26%. At Ipak Yuli Bank, the down payment varies between 25-50%. The terms of mortgage loans vary depending on the banks, and customers have the opportunity to make a choice based on their needs and financial capabilities. The most important factors are the loan term, maximum loan amount and down payment, and customers should choose the option that suits their circumstances.

Conclusions and suggestions

The formation and development of the mortgage market in Uzbekistan is an important factor in strengthening the financial sector in the country's economy and improving the housing supply of the population. The mortgage market in the country was initially formed on the basis of strong financial support from the state, and is currently developing with the active participation of commercial. At the same time, some of the shortcomings in the development of the market There are factors such as limitations, in particular, limited credit resources, high housing prices, and unfavorable mortgage conditions for certain segments of the population. It is necessary to develop comprehensive measures to solve these problems and ensure the sustainable development of the mortgage market. Based on the above considerations and analysis, we can make the following proposals:

1. Diversification of financing sources. Along with the state budget, it is necessary to expand mechanisms for attracting funds from credit lines from international financial institutions, private investors, and the capital market to finance mortgage loans.

2. Introduction of mechanisms for optimizing interest rates. The popularity of mortgage products can be increased by differentiating interest rates for different segments of the population.

3. Development of digital technologies. To simplify and ensure transparency in the process of obtaining a loan, it is recommended to develop electronic platforms and widely introduce credit assessment systems based on artificial intelligence. This will increase the efficiency of the process and expand the population's access to mortgage services.

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