

**MODERN MECHANISMS OF FORMING LONG-TERM FINANCIAL RESOURCES IN  
THE MORTGAGE LENDING MARKET**

**Ruzimurodov Olim**

Associate Professor, PhD, Samarkand Institute of Economics and Service

**Tashpulatova Rano**

Student, Samarkand Institute of Economics and Service

**Annotation:** This scientific article analyzes modern mechanisms for forming long-term financial resources in the mortgage lending market from both theoretical and practical perspectives. The study examines the role of mortgage lending in the economy, the resource base of banks, the development of capital markets, and the participation of institutional investors. It also evaluates ongoing reforms in the Republic of Uzbekistan's mortgage market based on legal frameworks and statistical data. The article discusses the effectiveness of modern financial instruments such as securitization, mortgage bonds, refinancing institutions, and state subsidies, and provides evidence-based recommendations for further development of the mortgage financing system.

**Key words:** mortgage lending, long-term financial resources, securitization, mortgage bonds, refinancing, capital market, banking system, investment, state subsidies, financial stability.

**Annotatsiya:** Ushbu ilmiy maqolada ipoteka kreditlash bozorida uzoq muddatli moliyaviy resurslarni shakllantirishning zamonaviy mexanizmlari nazariy va amaliy jihatdan tahlil qilingan. Tadqiqotda ipoteka kreditlash tizimining iqtisodiyotdagi o'rni, banklarning resurs bazasi, kapital bozorlarining rivojlanishi hamda institutsional investorlarning ishtiroki masalalari yoritilgan. Shuningdek, O'zbekiston Respublikasida ipoteka bozorini rivojlantirish bo'yicha amalga oshirilayotgan islohotlar, normativ-huquqiy asoslar va mavjud statistik ma'lumotlar asosida tizimning hozirgi holati baholangan. Maqolada sek'yuritizatsiya, ipoteka obligatsiyalari, qayta moliyalashtirish institutlari hamda davlat subsidiyalari kabi zamonaviy moliyaviy mexanizmlarning samaradorligi tahlil qilinib, ipoteka bozorini rivojlantirish bo'yicha ilmiy asoslangan taklif va tavsiyalar ishlab chiqilgan.

**Kalit so'zlar:** ipoteka kreditlash, uzoq muddatli moliyaviy resurslar, sek'yuritizatsiya, ipoteka obligatsiyalari, qayta moliyalashtirish, kapital bozori, bank tizimi, investitsiyalar, davlat subsidiyalari, moliyaviy barqarorlik.

**Аннотация:** В данной научной статье анализируются современные механизмы формирования долгосрочных финансовых ресурсов на рынке ипотечного кредитования с теоретической и практической точек зрения. Рассматриваются роль ипотечного кредитования в экономике, ресурсная база банков, развитие рынков капитала и участие институциональных инвесторов. Также оцениваются реформы, проводимые в ипотечном секторе Республики Узбекистан, на основе нормативно-правовой базы и статистических данных. В статье исследуется эффективность таких финансовых инструментов, как секьюритизация, ипотечные облигации, механизмы рефинансирования и государственные субсидии, а также предлагаются научно обоснованные рекомендации по дальнейшему развитию ипотечного рынка.

**Ключевые слова:** ипотечное кредитование, долгосрочные финансовые ресурсы, секьюритизация, ипотечные облигации, рефинансирование, рынок капитала, банковская система, инвестиции, государственные субсидии, финансовая стабильность.

**INTRODUCTION**

In the world economy, the stable development of the housing market and the level of housing provision of the population are one of the important indicators of the country's economic development. In particular, in a market economy, the mortgage lending system is manifested as a financial support for the housing sector and serves as an important instrument in meeting the long-term investment needs of the population. At the same time, the effectiveness of the mortgage lending system largely depends on the availability of long-term financial resources and the level of development of mechanisms for their formation. In a modern economy, the financing of long-term mortgage loans by commercial banks based on a short-term deposit base creates an imbalance between the terms of assets and liabilities. As a result, bank liquidity, interest rates and credit risks increase. Therefore, in the experience of developed countries, mechanisms such as mortgage bonds, securitization, refinancing institutions, state guarantees, and attraction of funds from pension and insurance funds are widely used. These mechanisms serve the sustainable development of the mortgage market by deepening financial markets and ensuring long-term capital circulation.

In the Uzbek economy, the increase in housing construction, the acceleration of urbanization processes, and the growth of population incomes are increasing the demand for mortgage loans. In recent years, the state has been implementing large-scale reforms aimed at developing the mortgage market. In particular, the system of state subsidies, the Law "On Mortgage", the introduction of mechanisms for refinancing mortgage loans, and the transformation of the banking system serve to strengthen the institutional base of the mortgage sector. The fact that in 2024 the volume of mortgage loans allocated in Uzbekistan reached 17.1 trillion soums and the total mortgage debt balance amounted to 67.7 trillion soums indicates the increasing importance of the mortgage market in the economy.

However, the expansion of the mortgage market is further increasing the need for long-term financial resources. Since the country's commercial banks operate mainly at the expense of short-term deposits, the possibilities of financing mortgage loans at long-term and low interest rates are limited. Therefore, the introduction of modern financing mechanisms in the mortgage lending system, the development of capital markets and the redirection of institutional investor resources to the mortgage sector are urgent scientific and practical issues.

The purpose of this article is to analyze theoretically and practically modern mechanisms for the formation of long-term financial resources in the mortgage lending market, identify existing problems based on the experience of Uzbekistan and international practice, and develop promising development directions.

### **MAIN PART**

The mortgage lending system is an important financial institution that stimulates long-term investment processes in the economy. The main task of this system is to satisfy the housing needs of the population, as well as have a multiplicative effect on the development of the construction industry, the banking sector and the capital market. Since mortgage loans are usually long-term in nature and are repaid over a period of 15–30 years, the banking system requires long-term financial resources. In this regard, the level of development of the mortgage lending market is closely related to the institutional deepening of the country's financial system. In economic theory, long-term financial resources are understood as capital resources that are in economic circulation for a long period of time to finance investment projects. In the mortgage lending system, such resources are formed mainly through deposits, bonds, funds from insurance and pension funds, loans from international financial institutions, and state financial support mechanisms. These resources, in addition to ensuring the continuity of mortgage loans, also serve to maintain the stability of interest rates.

In the experience of developed countries, there are two main models of financing the mortgage market. The first model is a deposit-based model, in which commercial banks provide mortgage loans mainly at the expense of population deposits. The second model is based on securitization, in which mortgage loans are converted into securities and placed on the capital markets. In countries such as the United States, Germany, France and the United Kingdom, the secondary mortgage market is developed, and long-term resources are attracted through mortgage bonds and mortgage-backed securities instruments.

The securitization mechanism is based on attracting investors by converting a portfolio of mortgage loans into special financial instruments. The advantage of this model is to liquidate assets on the balance sheet of banks and expand the possibility of issuing new loans. In this case, mortgage loans issued by the bank are transferred to a special company and bonds are issued to secure these loans. Investors purchase these securities in order to receive long-term income. As a result, the long-term liquidity base of the banking system expands.

Mortgage bonds are one of the most effective instruments for forming long-term financial resources. These bonds are secured by real estate collateral and are considered a relatively safe financial asset for investors. In the German experience, the "Pfandbrief" system is recognized as a successful model of mortgage bonds. In this system, mortgage loans are converted into bonds with a high level of state control and strict standards. As a result, a long-term capital market is formed and interest rates on mortgage loans decrease.

In order to develop the mortgage market in Uzbekistan, the state has introduced a number of institutional mechanisms. In particular, the Law "On Mortgage" defines the legal framework of mortgage relations. This law regulates the mortgage object, collateral relations, the rights of the creditor and debtor, and insurance mechanisms. According to the law, property pledged under a mortgage agreement must be insured, which serves to reduce credit risks. In recent years, special attention has been paid to the development of the mortgage refinancing system in Uzbekistan. In particular, the "Mortgage Loan Refinancing Company" joint-stock company was established, and a mechanism for providing long-term resources to commercial banks was formed. The fact that 1.57 trillion soums of mortgage loans were financed from the funds of this company in 2024 indicates the role of this institution in the mortgage market.

In addition, state budget funds remain one of the main financial sources of the mortgage lending system. In 2024, the Ministry of Economy and Finance financed mortgage loans worth 9.54 trillion soums. This indicates that the state's share in the mortgage sector is still high. Nevertheless, in the long term, excessive reliance on state funds may hinder the full formation of market mechanisms. Therefore, attracting private capital and institutional investors to the mortgage market is of great importance. The deposit base of commercial banks is a traditional source of financing for the mortgage lending system. However, the bulk of population deposits in Uzbekistan are short-term in nature. As a result, banks face liquidity risks when providing long-term loans. Therefore, it is necessary to expand mechanisms for encouraging long-term deposits in the banking system. In particular, setting high interest rates on long-term deposits, providing tax incentives, and introducing deposit instruments indexed to inflation can be effective tools.

Insurance companies and pension funds are among the most important institutional investors in the mortgage market. Since these institutions have long-term liabilities, the funds generated by them are a convenient source of long-term investments. In developed countries, pension funds act as the main buyers of mortgage bonds. In Uzbekistan, however, the participation of this segment in the mortgage market is limited due to the fact that the market of non-state pension funds is not yet sufficiently developed. The underdevelopment of the capital market is also one of the problems of long-term financing in the mortgage sector. The corporate bond market and

the secondary securities market in the country are not yet sufficiently formed. Therefore, the practice of issuing mortgage bonds is not widely developed. The deepening of the capital market expands the possibilities of securitization of mortgage loans and serves to attract long-term investors.

Digital technologies are also one of the modern factors for the effective formation of financial resources in the mortgage market. Fintech platforms, digital banking services and artificial intelligence-based risk assessment systems accelerate the mortgage lending process and reduce operating costs. As a result, the cost of credit resources decreases and the population's access to mortgage loans expands. International financial institutions are also one of the important financial sources of the mortgage sector of Uzbekistan. Long-term credit lines allocated by the World Bank, the Asian Development Bank and the Islamic Development Bank serve to expand the resource base of the banking system. These funds are mainly directed to financing social housing programs and loans at favorable interest rates for the population. Macroeconomic stability is an important factor in the development of the mortgage market. High inflation and interest rates reduce the efficiency of the long-term lending system. Because in conditions of high inflation, banks increase interest rates in order to cover risks on long-term loans. As a result, mortgage loans become more expensive for a large part of the population. Therefore, the stability of monetary policy and control of inflation are important conditions for the formation of long-term financial resources. State subsidies play an important role in the mortgage market of Uzbekistan. The popularity of mortgage loans is increasing by partially covering interest costs for low-income groups of the population and allocating subsidies for down payments. However, the subsidy system should not suppress market mechanisms. Because the stability of the mortgage market in the long term will depend on the active participation of private capital.

According to the results of 2024, although the volume of mortgage loans in Uzbekistan continued to grow, a decrease in the number of borrowers was observed. This is due to an increase in the average amount of loans and an increase in housing prices. The fact that the average mortgage loan amount exceeded 290 million soums indicates an increasing need for long-term financing in the mortgage market. Large financial institutions such as Ipoteka-bank are one of the main participants in the mortgage market. The share of mortgage loans in the bank's loan portfolio in 2024 was 42.8 percent, indicating the bank's leading position in the mortgage sector. The growth of the bank's deposit base and capital indicators serves to expand long-term lending opportunities.

In the future, it is necessary to implement a number of priority areas for the development of the mortgage market in Uzbekistan. First of all, it is important to form a mortgage bond market and introduce securitization mechanisms. This will expand the long-term resource base of banks and serve the development of the capital market. Secondly, it is necessary to encourage pension and insurance funds to invest in the mortgage sector. For this, it is important to improve the regulatory framework and create guarantee mechanisms for investors. Thirdly, it is necessary to gradually transition from state subsidies to market mechanisms. The task of the state should not be direct financing, but rather to form an institutional infrastructure and help reduce risks. Fourthly, operating costs can be reduced by developing digital mortgage systems and automating credit processes. This will lead to a decrease in loan interest rates. Fifthly, ensuring macroeconomic stability and reducing inflation will contribute to the reduction of long-term resources in the mortgage market. In conditions of low inflation, banks will be able to provide long-term loans at relatively favorable interest rates.

## **CONCLUSION**

The mortgage lending market is one of the important segments of the economy, playing an important role in satisfying the population's housing needs, developing the construction industry, and increasing investment activity. The effectiveness of this system largely depends on the availability of long-term financial resources and the level of development of their formation mechanisms. Although the mortgage market in Uzbekistan has been developing rapidly in recent years, the lack of long-term financing sources remains one of the main problems of the system. The reliance of banks on a short-term deposit base increases the imbalance between the terms of assets and liabilities, increasing liquidity risks.

International experience shows that mortgage bonds, securitization, refinancing institutions and the participation of institutional investors are the most effective mechanisms for the formation of long-term resources in the mortgage market. In this regard, the development of the capital market in Uzbekistan, the issuance of mortgage securities and the attraction of funds from pension and insurance funds to the mortgage sector are important strategic tasks. Although state subsidies and refinancing programs play an important role in the initial development stage of the mortgage market, it is necessary to ensure the primacy of market mechanisms in the long term. At the same time, the widespread introduction of digital technologies, improving the risk management system and strengthening macroeconomic stability will serve the sustainable development of the mortgage sector.

In general, the development of modern mechanisms for the formation of long-term financial resources in the mortgage lending market in Uzbekistan serves as an important factor in increasing the investment potential of the economy, improving the living standards of the population and ensuring the deepening of financial markets.

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