

## **ANALYSE UND DIE NOTWENDIGKEIT DER VERBESSERUNG DER KREDITUNTERSTÜTZUNG FÜR DEN ENTWICKLUNGSBEREICH DES TOURISMUS**

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**Abstrakt.** In diesem Artikel werden die Wirksamkeit und Rolle des Tourismus diskutiert, der zur intensiven Entwicklung der Wirtschaft beiträgt. Eines der Probleme, mit denen die Themen dieser Aktivität konfrontiert sind, nämlich Finanzierungsprobleme. Besonderes Augenmerk wird auf die Notwendigkeit einer Kreditförderung gelegt, deren Wirksamkeit zur Schaffung zusätzlicher Arbeitsplätze, zur Erhöhung des Staatshaushalts und zur Bereitstellung hochwertiger Dienstleistungen für die Verbraucher von Tourismusprodukten führt. Außerdem wurde eine Analyse der touristischen Aktivitäten durchgeführt und Vorschläge zur Weiterentwicklung dieses Bereichs gemacht.

**Schlüsselwörter:** Tourismus, Bank, Finanzierung, Kredite, Tourismuswirtschaft, Investitionen

## **ANALYSIS AND THE NEED TO IMPROVE CREDIT SUPPORT FOR THE DEVELOPMENT SPHERE OF TOURISM**

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**Abstract.** This article discusses the effectiveness and role of tourism, contributing to the intensive development of the economy. One of the problems faced

by the subjects of this activity, i.e. financing problems. Particular attention is paid to the need for credit support, the effectiveness of which will lead to additional job creation, increase the country's budget and provide high-quality services for consumers of tourism products. An analysis of tourism activities was also carried out, and proposals were made for the further development of this sphere.

**Keywords:** tourism, bank, financing, lending, tourism industry, investments

**Introduction.** Now an important condition for the dynamic development of the tourism industry is the accelerated implementation of modern innovative technologies, that is, the successful operation of tour enterprises is impossible without an innovative tour product. This requires close support of ongoing reforms in the tourism sector on the basis of modern innovative ideas, developments and technologies that ensure the rapid and high-quality growth of tourism enterprises in the innovative type of their development. The goal, which is to increase competitiveness, both in the domestic and foreign tourism markets.

The effectiveness of the tourism sector contributes to the intensive development of the economy. Tourism today is one of the promising and rapidly developing areas of activity, which is highly significant in the development of the country's economy. The activity of the tourism sector is primarily determined by the presence of a functioning investment system, a simplified lending system, as well as preferential taxation.

The tourism industry produces a tourism product that is in demand both on the external and domestic markets. The main task of the tourism industry is to create a high-quality and sought-after tourism product.

Tourism activities are formed at the level of organizations of various processes: that is, the production of goods, the provision of quality services, the skills, qualifications and professionalism of the staff, the adequacy of financing, preferential

taxation, etc. All this is an integral part of the activity, without which development is impossible.

Changes in all sectors of the economy, including the tourism industry, require the investment of certain funds. There are very few truly promising travels companies with the funds to finance their projects. But sometimes they may have a profitable idea, but due to lack of money it will never be realized.

Now one of the most important problems in the innovative development of tourism is the financing (lending) of this activity. This problem will help solve commercial banks or other types of financing.

In this article, we will consider the effectiveness of bank lending to tourism market entities as a source of financial resources for enterprises.

**Methodology.** This study is based on the results of an analysis of scientific works in the field of bank lending to tourism, as well as works on the financing and lending of tourism enterprises. A significant amount of data characterizing the state of the tourist market and the bank lending market of the Republic of Uzbekistan was subjected to statistical processing.

**Degree of knowledge.** Many domestic and foreign scientists worked on issues of organizing lending to tourism market entities: J. Schumpeter [1], M.A. Krivulya [2], S.V. Fedorova [3], A.A. Kozybagarov [4], K.S. Zakharova, A.A. Bakanova [5], N.G. Novikova, K.A. Lebedev, O.E. Lebedeva [6], N.A. Zaitseva [7], McKercher, H. Du Cros [8], M.A. Bulaev [9] and others.

At the beginning of the twentieth century. J. Schumpeter, in his Theory of Economic Development, wrote about the positive influence of banks on the level and growth rate of national income, which is based on the impact not only on the savings rate, but on the process of distribution of savings. In his opinion, banks contribute to economic growth through the allocation of funds for the implementation of the most effective projects. [1]

The work of some economists refers to the significant role of the banking sector in economic development. In particular, the paper “Financial Development and Economic Growth: Facts on 10 New EU Member Countries” [10] examined empirical relationships between financial development and economic growth in 10 countries with economies in transition for 1994–2007.

The authors obtained the following results: the implementation of reforms, the arrival of foreign banks and the privatization of state banks led to lower transaction costs and increased access to loans. This has improved the efficiency of the banking sector, which has played an important role as an engine of economic growth; the improvement in the quality of regulation and supervision was due to the strengthening of European integration processes and the need to adopt EU standards, which eliminated many banking sector problems that are traditionally characteristic of emerging markets.

The union of travel agencies and credit institutions in the form of a strategic alliance, the purpose of which is to stimulate consumers to purchase a package of services of participants, is the subject of research of N. A. Zaitseva [7] and A.V. Suvorov. The role of credit institutions in the process of investment activity in the tourism sector is reflected in the works of M.A. Krivuli [2], V. Fedorova [3].

Based on the analysis of foreign experience in investing in the tourism industry A.A. Kozybagarov [4] identified a number of the most effective tools, including lending to tourism industry entities, which in combination with other tools will ensure sustainable development of the tourism sector.

**Analysis and Results.** A credit institution is an integral part of the infrastructure block of the tourist market, its interaction with market enterprises and consumers of services is ensured through investment, settlement and credit operations.

Lending, as a rule, is implemented within the framework of developed bank lending programs. Accordingly, the specifics of any program depend on the financial capabilities of banks and loan objectives.

Below we consider the subjects of the tourism market, whose activities are directly related to the provision of tourism services that need to be financed.

**TOURIST INDUSTRY:**

- zoos, sports grounds, amusement parks, other objects of the entertainment
- industry;
- health resorts;
- transport, communication;
- vices, Internet;
- financial and organizational services;
- vehicle rental and rental
- hostels, hotels, hotels, rest houses, sanatorium, other places of stay of tourists;
- restaurants, cafes, bars, snack bars, other public catering places. [11]

Tourism is an activity in which many business entities can be involved at the same time. Statistics show that, now the activity of the tourism sector is developing rapidly but, despite such a rapid development, tourism industry entities are faced with many problems, one of which is the lack of resources for financing. There is a need for financial and credit support. One of the common sources of financing is lending. Below (see: Table 1), an analysis of loans issued by commercial banks by sectors of the economy is given.

**Table 1.**

**Loans to commercial banks by sectors of the economy 2017-2019 [12]**

Indicator name	January 1, 2017		January 1, 2018		Growth in % 2017-2018	January 1, 2019		Growth in % 2018-2019
	billion UZS	% of total	billion UZS	% of total		billion UZS	% of total	
<b>Total loans</b>	<b>52 611</b>	<b>100%</b>	<b>110 572</b>	<b>100%</b>	<b>110,2%</b>	<b>167</b>	<b>100%</b>	<b>51,4%</b>

						<b>391</b>		
Industry	18 347	34,9%	45 223	40,9%	<b>146,5%</b>	66 690	39,8%	<b>47,5%</b>
Agriculture	3 033	5,8%	4 742	4,3%	<b>56,3%</b>	9 422	5,6%	<b>98,7%</b>
Construction	2 218	4,2%	3 424	3,1%	<b>54,4%</b>	5 880	3,5%	<b>71,7%</b>
Trade and public catering	4 072	7,7%	5 246	4,7%	<b>28,8%</b>	10 786	6,4%	<b>105,6%</b>
Transport and communication	7 149	13,6%	16 205	14,7%	<b>126,7%</b>	20 913	12,5%	<b>29,1%</b>
Logistics supply and sales	652	1,2%	472	0,4%	<b>-27,5%</b>	2 746	1,6%	<b>481,6%</b>
Housing and community services	456	0,9%	+996	0,9%	<b>118,5%</b>	1 821	1,1%	<b>82,9%</b>
Individuals	9 379	17,8%	13 600	12,3%	<b>45,0%</b>	24 427	14,6%	<b>79,6%</b>
Other sectors	7 304	13,9%	20 665	18,7%	<b>182,9%</b>	24 705	14,8%	<b>19,6%</b>

Studies show that, according to the results of 2019, the growth of gross domestic product (GDP) amounted to 5.5% against the forecast of 5.4%. [13]

The GDP growth rate exceeded the achieved value of this indicator in 2018 (5.1%). [12] GDP growth was mainly provided by:

- industry growth of 6.4% (forecast 5.2%);
- construction 11.8% (8.4%);
- services by 6.1% (6.3%).

GDP per capita amounted to \$ 1,741 and compared with 2018 increased by 13.6% (in 2018 - 1,533 US dollars) [13]. The GDP per capita indicator lags significantly behind the global average and, taking into account the demographic situation, indicates a low economy, limited savings and incomes.

In 2019, GDP in dollar terms almost reached the level before the devaluation period - \$ 58.3 billion [13].

Sustainable economic growth is due to:

– a balanced indicator between supply from sectors of the economy and domestic demand;

– high rates of investment (growth of 28.6%) and real incomes of the population (10%).

The main reasons for this situation are the duration of structural transformations and the problems of the formation of fundamental market relations.

Also, according to the results of 2019 [13], the volume of investments amounted to about 21 billion dollars in equivalent with a growth rate of 128.6%.

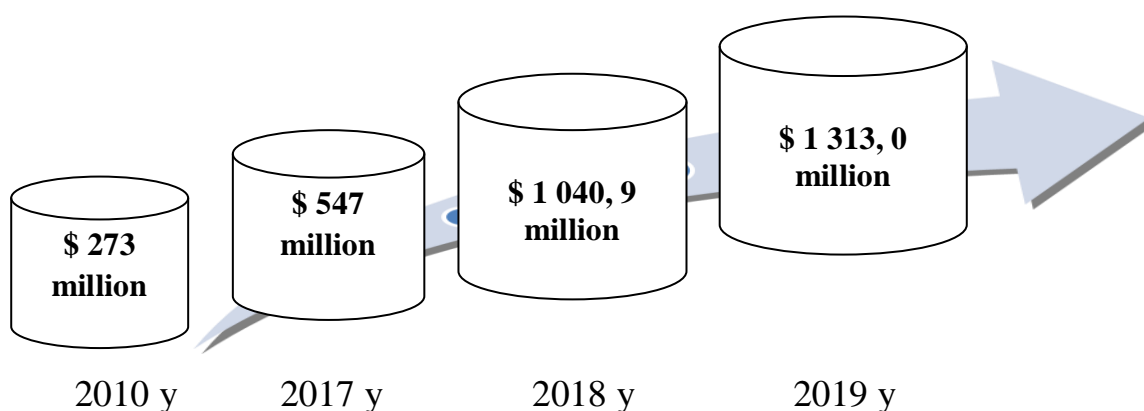
Non-decentralized investments in 2019 were primarily directed to the industrial field (33.4% of the total investment). As a result, the share of industry in the structure of GDP increased from 26.3% in 2018 to 29% in 2019. [13]

There is no link between investment areas and the development of export-oriented industries. A large influx of investments, including foreign and funds of commercial banks of the republic, falls on:

– extractive industries (extraction of crude oil and natural gas, extraction of metal ores);

– manufacturing industry light industry and building materials industry occupy a leading position.

At the same time, in an industry where there is a high export potential, for example, the activity of the tourism sector, the attraction of foreign direct investment was at a relatively low level.



**Fig. 2 Export of tourist services, for the period 2010 - 2019 [14]**

The behavioral analysis shows that over the period 2010-2017, the export of tourism services doubled and amounted to 546.9 million US dollars in 2017, and in 2018 - 1,041 million US dollars. The average annual growth rate of foreign visitors until 2016 was 8%, in 2017 - 7% and exceeded 2.69 million people. At the end of 2018, about 5.3 million foreign tourists visited the republic. The measures taken to support and protect the private sector contributed to an increase in the number of tourism organizations from 398 in 2015 to 950 at the end of 2018, and hotel facilities from 661 to 900 units. [thirteen]

The data of the Central Bank of the Republic of Uzbekistan on loans allocated for financial support of small business during 2019 are shown below (see: Table 2). (in the main areas).

**Table 2.**

**Credits allocated for financial support of small business during 2019  
(in the main areas) [15]**



Main directions	2019												
	January- December	of which:											
		January	February	March	April	May	June	July	August	September	October	November	December
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
Loans extended from all sources of financing, in total	55 430,0	2 385,2	2 615,2	4 228,3	4 565,1	5 147,7	5 456,0	5 844,5	6 340,8	4 618,0	4 562,0	4 516,1	5 151,0
<b>of which:</b>													
<u>Extended microcredits</u>	10 777,5	249,8	358,0	496,2	1 460,2	2 682,9	1 432,9	1 121,7	380,3	766,5	424,9	630,8	773,2
For the development of family entrepreneurship and handicraft	1 136,1	75,7	83,0	209,0	101,5	109,0	76,9	73,0	68,3	71,7	81,7	89,4	97,0
For the development of service sector	8 772,2	342,8	461,9	572,7	736,7	1 093,2	546,6	1 258,2	1 155,6	1 360,8	493,9	300,9	449,0
<u>Supporting women's entrepreneurship</u>	4 499,8	217,1	223,1	243,7	448,9	1 391,0	753,9	104,0	122,4	140,2	286,0	358,0	211,5
To the households for running business	4 906,3	67,3	72,4	226,6	597,2	1 726,7	798,0	417,6	244,8	156,2	201,7	169,8	227,9
From foreign credit lines (million USD)	1 633,7	88,3	136,9	140,1	113,3	126,5	151,6	77,2	100,1	225,3	132,6	163,7	178,1

According to the data provided by the Central Bank of the Republic of Uzbekistan on loans issued to financially support small businesses during 2019, a decline was observed in obtaining loans from private and small businesses. The reason that is the high interest rates.

Currently, the state pays special attention to the tourism sector, in the course of the state policy, the number of foreign tourists entering the territory of the Republic of Uzbekistan is growing day by day. The number of family business and handicrafts is increasing, the growth of accommodation facilities and family guest houses, as well as the growth of hotels have been revealed (see: Table 3).

**Table 3**

**Number of accommodation facilities and family guest houses in the Republic of Uzbekistan 2018-2019** (compiled by the author on the basis of) [16]

MEANS OF ACCOMMODATION (units)	year	Height % 2018/2019 <sub>rr</sub>
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	<b>2018</b>	<b>2019</b>	
<b>number of hotels</b>	914	1 018	+11,3
<b>Number of rooms</b>	20 216	26 235	+29,7
<b>number of beds</b>	41 158	53 439	+29,8
<b>FAMILY GUEST HOUSES (UNITS)</b>			
<b>number of guest houses</b>	106	886	780
<b>number of seats</b>	934	7 502	6568

Having studied the data provided by the State Committee for Tourism, a significant increase was revealed in the increase in the number of accommodation facilities, which is a consequence of the measures taken for the development of the tourism industry.

Today, the consumer of tourism services as a subject of the tourism market has a significant impact on the development of the market by forming the need for innovative tour services. But, as was said at a certain stage, the subjects are faced with the problem of a shortage of financial resources, which bank lending can solve. Below we consider the problems that tourist enterprises face when lending:

- the degree of credit risk of the bank when lending to tourism enterprises is higher than that of the category of small business borrowers;
- when conducting a credit transaction, banks pay special attention to the state of the settlement account of a tourism company, the higher the balance of funds, the higher the likelihood of approval of a decision on a loan;
- not transparency of full financial statements. Most banks use methods to assess liquidity, financial stability, i.e. banks cannot objectively determine the creditworthiness of tourism enterprises;
- in most cases, the bank's loan products do not include the category of borrower and micro-tourist enterprises, which forces them to use consumer lending programs, the conditions of which do not meet their requirements or are less profitable financially.

Also, one of the significant problems faced by tourism entities is the interest rate. Below is an analysis of the issuance of loans by some commercial banks of the Republic of Uzbekistan for this sector. For individuals (see: Table 4), which are a direct part of the tourism industry, as they are buyers of a tour product. For example,

- a loan for the purchase of a tour package, an agreement submitted by a tour operator. Transport, hotel, recreation areas, guide, food, excursion to historical monuments, museums, theaters, entertainment and sports facilities and others;
- the costs of acquiring permits for treatment and rest in medical institutions, resorts, rest homes on the territory of the Republic of Uzbekistan;
- purchase of tourist tours in the Republic of Uzbekistan from licensed subjects of tourist activity, and so on.

**Table 4.**

**Interest rate on loans for individuals offered by banks of the Republic of Uzbekistan as of December 31, 2019 [17]**

<b>№</b>	<b>BANK NAME TERM</b>	<b>LOAN PERIOD</b>	<b>% CREDIT'S</b>	<b>AMOUNT OF THE LOAN ISSUED</b>
1	JSB “Uzpromstroybank” (consumer credit)	3 years	24-28 %	100- minimum wage (up to 17.2 million soums).
2	JSB “Orient Finance Bank” (consumer credit)	3 years	26 %	up to 50.0 million
3	JSB “Infin Bank” Travel company Travel Tour	3 years	24 % + % 3a insurance	up to 45.0 million
4	PJSB “Trast Bank”	Up to 12 months	28-30 %	in the amount of up to 100-fold minimum wage RUz
5	JSB “Asaka Bank”	Up to 3 years	28 % per annum, for tourism purposes at the current Central bank refinancing rate Uz	up to 200 times the size of the minimum wage;
6	JSB “QishloqqurilishBank”	From 3 months up to 5 years	in accordance with the agreement between the bank and the client	from 10 to 300 minimum wage;
7	JSB  “Halq bank”	From 1 year to 3 years	30 %	up to 40
8	NBU	36 months grace period 3 month	30 %	up to 200 minimum wage

According to the table (see: Table 4) compiled on the basis of interest rates by the Banks of the Republic of Uzbekistan, it can be concluded that banking organizations are very flexible in forming their own credit policy. There is no loan

aimed specifically at lending to tourism activities, both for individuals and legal entities. The interest rates that are set by banks are very high, individuals receive loans as “consumer”, and legal entities as “commercial”. And not everyone can get soft loans.

**Conclusions and suggestions.** Studies have shown that today the activity of the tourism sector is developing at a low speed, as evidenced by the number of tourists visiting our country, the growth of guest houses, hotels, etc. The tourism industry, in the framework of its activities, is highly dependent on the seasonality factor of the demand for their services, which is why the financial indicators, when considered as part of a loan application, are assessed by most credit organizations as unsatisfactory.

Resource and organizational limitations of tourism enterprises in the context of the need to attract borrowed capital allows them to rely only on consumer credit, which in this case may include additional conditions for securing a loan (pledge, guarantee agreement). Given the fact that this group of companies most often includes travel agents who do not produce tourist products and, therefore, are not able to influence the demand for tourism services, it is quite difficult to ensure timely fulfillment of obligations to the bank on consumer loans.

Having examined and studied the organization of lending to tourism market entities, as well as lending to their activities, we can conclude that we have come to the conclusion that there are still many unresolved problems related to financial and credit support for tourism enterprises.

All this becomes a study of the need to implement a comprehensive program of financial and credit support for tourism enterprises, including, for example:

- increased demand for loans from consumers of tour enterprises;
- the formation of positive statistical dynamics of indicators of outbound, as well as domestic tourism;
- increase in the cost of tourist permits due to an increase in expenses for accommodation, meals, additional tourist services;

- the availability of loan packages for business entities in the tourism sector.

In conclusion, based on an analysis of foreign experience, we offer the following to support and further develop the activities of the tourism sector:

- reducing the cost of credit resources by providing tax benefits to banks' lending to small businesses on conditions favorable to the latter;

- the creation of a bank whose activities are aimed at financing the activities of the tourism sector;

- providing government guarantees to banks that are willing to finance the activities of small businesses through special state funds.

Thus, the issues of financial and credit support for tourism enterprises, especially in terms of the formation of new sources to support the investment type of activity, remain open and require further research.

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