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THE RELATIONSHIP BETWEEN CREDIT POLICY AND FINANCIAL INCLUSION

Alikulov Khazrat Amirkulovich
Independent Researcher Tashkent State University of Economics
Email: Aliqulov1991@gmail.com

Abstract:
The article analyzes the mechanisms of interaction between credit policy and financial inclusion. Opportunities for access to credit resources will be studied for various segments of the population - small businesses, rural residents, youth, women, and low-income families. The influence of interest rates, collateral requirements, microcredit programs, and government guarantees in credit policy on the level of financial inclusion is thoroughly analyzed. The importance of the development of digital financial services and increasing financial literacy is also highlighted, and proposals have been developed.

Keywords: Credit policy, financial inclusion, microcredit, interest rates, collateral requirements, small business, agriculture, women's entrepreneurship, youth startups, digital financial services, financial literacy.

Introduction

Half of the world's adult population - approximately 2.5 billion people - do not have access to official financial services, and 75 percent of the poor cannot access banks due to the costs, distance, and stringent requirements associated with opening a financial account. The relationship between credit policy and financial inclusion plays a crucial role in ensuring economic development and social justice. Full and beneficial participation in the financial system is the foundation of financial stability, prosperity, and the opportunity to create wealth. Credit policy acts as an important tool in reducing poverty and improving overall well-being through the development of financial inclusion.

In 2024-2025, major changes are taking place in the field of credit policy and financial inclusion. The expansion of digital financial services helped reduce the number of adults without access to accounts from 2.5 billion in 2011 to 1.4 billion in 2021, covering 76 percent of the global adult population. The change in these figures indicates the emergence of new opportunities in the relationship between credit policy and financial inclusion. Financial technology innovations are changing traditional banking services, and these changes are especially important for people from minority backgrounds.

In contrast to developed countries, credit expansion is less associated with commercial banking risks, emphasizing the advantages of credit diversification in both developing and emerging economies. This situation demonstrates a complex relationship between credit policy and financial inclusion. Financial inclusion serves to reduce poverty and economic imbalance through financial services that help marginal groups manage their finances and invest in income-generating activities. Proper development of credit policy is important in increasing financial inclusion.

Gender issues are of particular importance in the field of credit policy and financial inclusion. Between 2017 and 2021, the gender gap in account ownership in developing countries decreased from 9 to 6 percent. However, this difference still limits women's ability to fully manage their financial lives. Women entrepreneurs have clear business goals and believe they can achieve them, but they lack credit. This situation indicates the need for gender-oriented approaches in credit policy.

Research on fintech and financial inclusion identified three main clusters: the emergence of new services, the transformation of the market landscape, and the roles of stakeholders in the fintech ecosystem. The digital transformation of credit policy creates great opportunities for increasing financial inclusion. Fintech has the potential to stimulate inclusive economic growth through integration into traditional models of financial inclusion. This process opens new avenues for credit policy developers.

Literature Review

In the process of analyzing the literature on the topic, a number of leading economists and specialists of the world have conducted scientific research on the relationship between credit policy and financial inclusion. Among them, in particular, D.Khakimov in his research “issues of integration in the financial market; reforming market regulatory institutions and creating mega-regulators; reassessing the functions of the central bank; changing monetary policy; speculative bubbles in the stock market; Features of the monetary policy of the Central Bank of Uzbekistan; Functioning of the transmission mechanism of Uzbekistan's monetary policy; The transition of the Central Bank of Uzbekistan to an inflation targeting system; as an integral version of monetary policy”[1].

In his research, M.Akhunov emphasizes the importance of procedures, financial literacy, and digital services to increase the level of financial inclusion in Uzbekistan[2].

Nekruz A. Abdullaev writes about innovative financial services (fintech) and their impact on lending processes - indicating the need to simplify and expand lending services in rural areas[3].

B.Sidikov, citing examples from international practice, shows ways to increase inclusion by managing the credit policy of banks and microcredit institutions[4].

M.Attanazarova analyzes the local features of expanding coverage through the formation of credit resources and their lending[5].

N.Zharina analyzes the social and economic consequences of financial inclusion and the impact of insurance/savings and credit instruments[6].

In his article, Butaev Akhror analyzes the issues of increasing the participation of commercial banks in the poverty reduction process. The role of banks in poverty reduction through credit policy, financial inclusion, microloans, and financing of social projects will be discussed. He also proposed ways to strengthen the social responsibility of commercial banks and increase the popularity of financial services based on international experience[7].

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Research Methodology

Economic research methods such as analysis of research conducted by world scientists on the relationship between credit policy and financial inclusion, collection of all data on the topic, comparison, and logical thinking were used.

Analysis and discussion of the results

The relationship between credit policy and financial inclusion is one of the most important issues of the modern world economy. This dependence manifests itself as a key factor of global economic equality and sustainable development. The interaction between credit policy and financial inclusion plays a crucial role in eradicating poverty, stimulating economic growth, and ensuring social justice. Full and beneficial participation in the financial system is the basis of financial stability, well-being, and the opportunity to create wealth. Therefore, understanding the impact of credit policy on financial inclusion and optimizing this process remains a priority for all countries. This area is of great importance not only from an economic, but also from a social and political point of view.

Financial inclusion is not an end in itself. Its value depends on how well it aligns with the ultimate goals, such as sustainable fishing, healthcare, quality education, or new economic opportunities. The need to take into account the climate change factor in credit policy has emerged. Financial inclusion helps strengthen resilience for people and businesses vulnerable to climate change and natural disasters. This new direction will play an important role in the future formation of credit policy[8].

By the end of 2024, the financial inclusion sector is at a crossroads and focuses on broader outcomes, such as prioritizing financial health and well-being, exploring integration with climate and environmental sustainability, utilizing digital government infrastructure, and sustainability and equality. The relevance in the field of credit policy and financial inclusion is associated with the development of new technologies, regulatory measures, and innovative financial products. In 2024, 40% of adults in emerging economies made savings in financial accounts - a 16% increase since 2021 and the fastest growth in more than a decade. These figures indicate a growing positive correlation between credit policy and financial inclusion[9].

The development of digital technologies is fundamentally changing the relationship between credit policy and financial inclusion. The expansion of digital financial services creates new opportunities for broad segments of the population who were unable to enter the traditional banking system. This change disrupts the traditional paradigms of credit policy and creates new opportunities. Fintech companies, mobile payment systems, and digital lending platforms are expanding opportunities to make credit policies more inclusive. Financial technology innovations are changing traditional banking services, and these changes are especially important for people from minority backgrounds. Digital transformation is accelerating the process of democratizing credit policy and creating new opportunities for small businesses and individual lenders.

In developing markets, the relationship between credit policy and financial inclusion

has its own peculiarities. Unlike developed countries, credit expansion is less associated with commercial banking risks, emphasizing the advantages of credit diversification in both developing and emerging economies. This situation demonstrates a complex relationship between credit policy and financial inclusion. Financial inclusion allows marginal groups to reduce poverty and economic imbalances through financial services that help them manage their finances and invest in income-generating activities. Proper development of credit policy plays an important role in increasing financial inclusion.
The impact of fintech technologies is taking the relationship between credit policy and financial inclusion to a new level. Research on fintech and financial inclusion identifies the emergence of new services, the transformation of the market landscape, and the roles of stakeholders in the fintech ecosystem. The digital transformation of credit policy creates great opportunities for increasing financial inclusion. Fintech has the potential to stimulate inclusive economic growth through integration into traditional models of financial inclusion. This process opens new avenues for credit policy developers and expands the range of financial services.

Table 1 Relationship between credit policy and financial inclusion [4, 5, 8, 9]

Credit Policy Item	Content	Impact on financial inclusion
Interest rate policy	High or low interest rates on loans	Low interest rates facilitate access to loans for the population and small businesses, expand access to financial services.
Collateral requirements	Property security requirements for obtaining a loan	If collateral requirements are eased, it will be easier for low-income people to enter the financial system.
Credit lines and limits	Maximum/minimum loan amounts allocated by banks	Small-term loans (microcredits) expand access to financial services for the population.
State subsidies and guarantees	Availability of interest rate subsidies or government guarantees	Strengthens financial inclusion, especially in agriculture and startups
Diversification of types of credit	Availability of consumer, mortgage, business, and microloans	Credit products that fit different strata increase financial inclusion
Procedure for obtaining a loan and bureaucracy	Document requirements, complexity of the loan process	Simplified procedures and digital technologies increase inclusion
Credit history policy	Availability of credit bureaus and credit ratings	Transparent credit histories strengthen public confidence in the financial system.

Key elements of credit policy, such as interest rates, collateral requirements, and credit lines, directly affect the level of financial inclusion. If interest rates are high or collateral requirements are stringent, low-income segments, small businesses, and agricultural entities will be excluded from access to loans. Conversely, preferential interest rates, flexible collateral policies, and the expansion of microloans with small limits will popularize access to financial services and expand the coverage of the financial system. This allows for the involvement of various segments of the population in economic activity.

Subsidies and guarantees provided by the state are an important tool for increasing financial inclusion. For example, subsidizing loan rates or providing state guarantees for agricultural projects or new startup projects stimulates entrepreneurial activity. Such mechanisms create additional opportunities, especially for entrepreneurs and young people with limited resources in obtaining loans. As a result, through state policy, the volume of lending will expand, confidence in the financial system will increase, and new jobs will be created in the economy.

The diversity of credit products and the simplification of the loan procedure will lead to a qualitatively new level of financial inclusion. The availability of various products, such as consumer credit, mortgage, business credit, microcredit, and digital lending, serves to adapt to the needs of different social strata. At the same time, the reduction of bureaucratic barriers in the process of obtaining a loan, the simplification of document requirements, and the introduction of a lending system through digital technologies will increase the level of inclusion. This, in turn, will allow for the coverage of a wide range of the population with financial services.

The credit history policy and credit rating system ensure the sustainable development of financial inclusion. Through the effective operation of credit bureaus, a transparent credit history is formed, which allows banks and financial institutions to accurately assess the reliability of borrowers. As a result, the possibilities of obtaining loans for disciplined borrowers will expand, financial discipline will be strengthened, and confidence in the financial system will increase. This process serves the development of financial inclusion not only quantitatively, but also qualitatively.

Table 2 Impact analysis by target groups on the relationship between credit policy and financial inclusion[8, 9]

Target group	The impact of credit policy	Inclusion result
Small business	A soft credit policy facilitates business loans.	Opening of new enterprises, creation of jobs
Rural population	Agrarian loans and microcredit programs	Access to rural financial services
Youth	Preferential loan programs and start-up support	Development of entrepreneurship and innovative activity
Women	Gender-responsive financial products	Increased economic activity of women
Low-income families	Social credit programs and microloans	Social protection and economic integration

Credit policy acts as an important tool for expanding financial inclusion by covering various social groups. For example, a soft credit policy aimed at small businesses

facilitates their access to financial resources, leading to the opening of new enterprises and the creation of jobs. Similarly, the availability of agricultural loans and microcredit programs for rural residents increases access to financial services and stimulates economic activity in rural areas. This strengthens not only production efficiency, but also social stability.
Preferential and gender-sensitive lending programs for young people, women, and low-income families ensure the development of financial inclusion in accordance with the principles of social justice. Supporting startups for young people stimulates innovative activity, while financial products adapted for women increase their economic activity. At the same time, social credit programs and microloans introduced for low-income families will involve them in the process of economic integration and strengthen social protection mechanisms. As a result, credit policy not only expands access to financial services but also creates an important foundation for inclusive economic development.

Summary and Suggestions

The level of financial inclusion in Uzbekistan has been increasing in recent years, however, strict collateral requirements in credit policy, high interest rates, and bureaucratic barriers still restrict access to financial services for certain segments of the population.
Due to insufficient coverage of financial services and weak infrastructure in rural areas, agricultural sector participants, especially small farmers, are unable to fully utilize loans.
The availability of special credit products for young people, women, and low-income families contributes to the revitalization of their economic activity, however, the scope of these programs is still limited.
Digital financial services are developing rapidly, but due to low financial literacy, many consumers do not know how to effectively use credit resources.
In our country, it is advisable for commercial banks and non-bank credit organizations to implement the following measures to improve credit policy:
It is necessary to introduce flexible mechanisms for interest rates and collateral requirements. The creation of preferential interest rates and guarantee funds for small businesses, agricultural and socially significant projects will expand inclusion.
It is necessary to develop the activities of microcredit and microfinance institutions. They are the most suitable financial source for rural areas and low-income segments of the population, stimulating their economic activity.
By expanding the digital lending system, reducing bureaucratic barriers and accepting applications online will serve inclusion. It is important to support mobile banking services and fintech startups.
It is necessary to strengthen financial literacy programs. It is necessary to conduct regular training for the population at the school, higher education, and mahalla levels on the conditions for obtaining loans, assessing financial risks, and payment discipline.
It is necessary to expand the system of guarantee funds and subsidies based on public-

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private partnerships. This is especially important in supporting youth startups, women's entrepreneurship, and agricultural projects.

Financial inclusion indicators (credit opportunities, regional coverage, the proportion of women and youth) should be measured regularly, and mechanisms for adapting credit policy should be developed based on them.

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