

Improving the Ways Commercial Banks Lend Credit to Telecommunications Enterprises

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Abstract: This article discusses the theoretical and practical aspects of improving the process of lending to communication companies by commercial banks. It analyzes the role of the communications sector in the economy, its investment needs, the criteria for assessing creditworthiness, and ways to modernize the lending system. In addition, proposals and recommendations have been developed on reducing bank risks, improving the quality of the credit portfolio, and developing credit mechanisms based on digital technologies.

Key words: commercial banks, lending, credit institutions, creditworthiness, risk management, credit portfolio, investment needs, digital banking services, financial stability.



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Introduction. In today's globalized world, the communications and telecommunications sector is one of the fastest growing and strategically important sectors of the economy. The rapid growth of information flows, the increasing demand for digital services, and the rapid development of innovative technologies are creating new investment needs for companies operating in this sector. In this context, commercial banks are providing credit mechanisms to ensure the sustainable development of telecommunications companies, modernizing their technical and technological base, and improving the quality of their services, the effectiveness of credit mechanisms provided by commercial banks is of particular importance.

As the head of state has noted, "... In recent years, Internet speed has increased sevenfold, and mobile Internet speed has increased 4.5 times. In addition, noting the rapid development of the telecommunications sector in the country, they have given priority to the sector's positive trends" [1].

Commercial banks are one of the main sources of financing for enterprises, and their credit policy has a direct impact on the efficiency of their activities. For this reason, improving the credit process, modernizing the criteria for determining creditworthiness, optimizing bank risks, and introducing innovative financial services are among the most important tasks of the current period.

Analysis of relevant literature. Commercial banks provide loans to companies, especially in the field of communications and telecommunications, have been studied by many economists, and various scientific approaches have been developed in this area in international and local literature.

The investment needs of telecommunications companies, ensuring their financial stability, and assessing their demand for credit resources have been studied by P. Rose [2], F. Mishkin [2] have conducted research on the role of commercial banks in the economy, credit channels, and financial intermediation mechanisms [3]. In their opinion, banks need to change their credit policy because technological networks are associated with high risk.

At the regional level, the creditworthiness criteria for companies and the indicators for assessing them have been studied by N. Mamatqulov [4] and Sh. Abdurahmonov [5]. They emphasized the need to take into account not only the financial results of the company, but also factors such as technological infrastructure, service stability, and market share when determining credit ratings.

The theories developed by M. Saunders [6] and L. Allen [7] on optimizing bank risks and improving credit portfolio quality can also be applied to the telecommunications sector. According to them, diversifying credit risks, automating credit scoring, and using quantitative analytical models make banking activities significantly more efficient.

In recent years, research on modernizing credit mechanisms based on digital technologies has been actively developing. In particular, E. Brynjolfsson and A. McAfee [8] have expressed their views on the integration of digital banking services into the lending process, the assessment of credit risks based on artificial intelligence, and the role of big data technologies in credit decisions. This is relevant to the activities of telecommunications companies, as they work with large amounts of information.

The International Telecommunication Union (ITU) and the World Bank have published reports on the role of telecommunications in the economy and the mechanisms for financing it, analyzing the capital requirements of telecommunications companies and credit facilities [9]. These sources indicate that the use of long-term, low-interest credit instruments is appropriate for expanding the communications infrastructure.

In general, the available literature indicates that commercial banks require a complex approach to lending to infrastructure companies. When assessing creditworthiness, not only financial indicators, but also the nature of the business, the level of competition, technological stability, and the degree of digital transformation should be taken into account as important factors.

Research methodology. The research uses scientific abstraction, grouping, comparison, retrospective and prospective analysis, empirical analysis, and other methods. The article uses scientific abstraction to highlight the theoretical and practical significance of the legal basis for commercial banks to improve the process of lending to communication companies. In addition, using a comparative analysis method, the legal and practical significance of the methods used by commercial banks in developed countries to improve the process of lending to communication companies was assessed.-legal foundations of commercial banks in developed countries with the existing foundations in our country.

Analysis and results. The economic importance of the communications and telecommunications sector is growing year by year, the demand for digital infrastructure and the acceleration of technological innovation are significantly increasing the investment needs of companies in this sector. The results of the study show that telecommunications companies are directing most of their funds towards modernizing their infrastructure, improving the quality of digital services, and introducing new technologies. This, in turn, highlights the need to develop effective credit mechanisms with commercial banks.

Firstly, the current banking policy on lending to telecommunications companies is based on traditional approaches in many cases and does not adequately reflect the technological characteristics of the sector. According to the results of a comparative analysis, foreign banks assess the creditworthiness of telecommunications companies not only on the basis of financial indicators, but also on the basis of the stability of the sector's technological, market share, level of competition, service diversification. Local banks do not fully implement this approach.

Secondly, statistical analysis shows that the capital intensity of investment projects is high. This increases the need for long-term loans with favorable terms. The credit terms offered by banks are often characterized by short maturities and high interest rates. This limits the investment opportunities of companies.

Thirdly, the study also examined the practices of commercial banks in managing credit risk. As is well known, the main part of the risk in lending to companies is associated with the financial stability of the borrower, while technological and market risks are not taken into account sufficiently. The lack of a comprehensive scoring system increases subjectivity in the credit assessment process.

Fourth, according to expert assessment results, the exchange of information between banks and telecommunications companies is not sufficiently automated. This leads to delays in the credit process, additional transaction costs, and increased risks.

In the credit process of telecommunications companies, effective communication, information exchange, and monitoring processes between the bank and the company are important. Each element of the "single communication system" directly contributes to the bank's credit analysis, risk assessment, and monitoring processes. Figure 1 below illustrates the elements of the system in the context of lending.

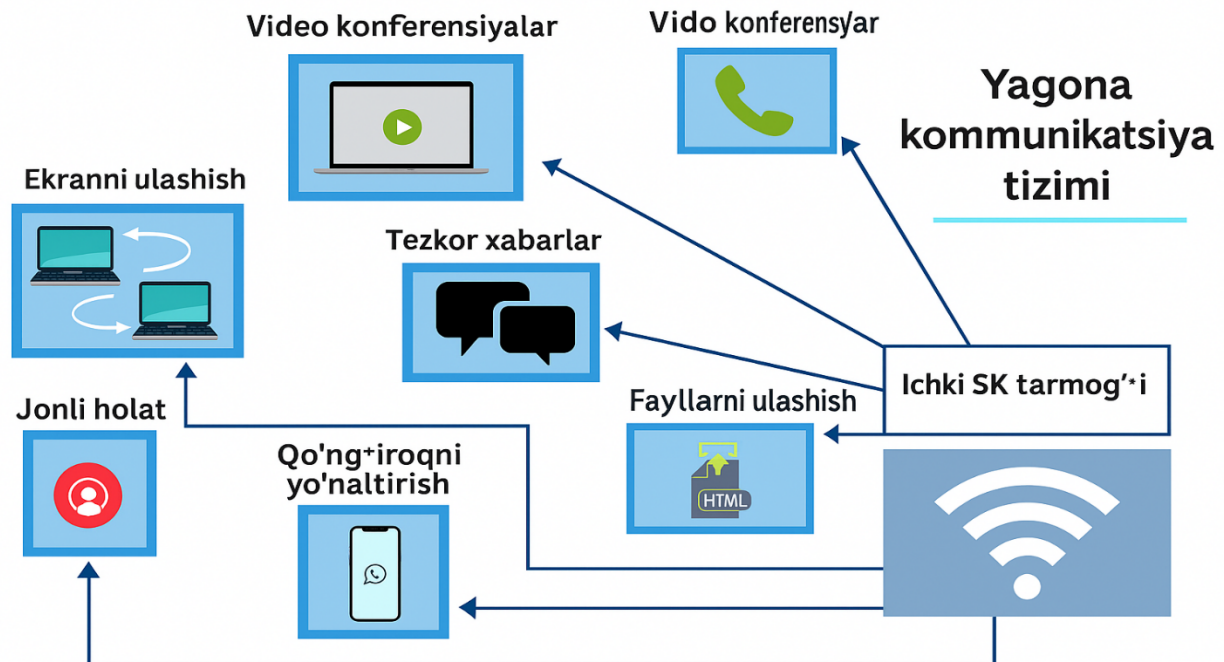


Figure 1. The importance of the "single communication system" in the credit process of telecommunications companies

Telecommunications companies can provide banks with technical infrastructure data, equipment locations, investment project maps, and technical documentation remotely. This process allows credit experts to quickly and accurately assess the technical basis of a project.

The bank's credit committee and the management of the telecommunications company hold regular meetings. At these meetings, the project objectives, investment returns, risks, and financial forecasts are discussed. This speeds up the credit approval process. Credit documents, financial indicators, and other necessary information are exchanged quickly and efficiently. Voice communication speeds up the credit approval process.

Telecommunications companies send financial reports, subscriber statistics, network load, depreciation schedules, and other documents to banks in electronic form. This bank helps assess credit risks based on real-time data. All technical, financial, and legal documents related to telecommunications projects are submitted to the bank in electronic form. These include optical fiber connection projects, station diagrams, cost estimates, and certificates. This allows for accurate and documented credit analysis. Customer inquiries and requests related to the credit process are automatically forwarded to the responsible employees for prompt response. This improves customer service and ensures the smooth running of the credit process. Telecommunications companies have real-time indicators of network load, traffic, number of subscribers, and financial flows. The bank dynamically assesses credit risks and repayment capacity based on this information. All services are connected to the telecommunications infrastructure. Before granting a loan, the bank assesses the technical condition of the internal network, its performance indicators, and modernization needs. This confirms the technical feasibility of the loan project. The following elements of the communication system are involved in the loan process: the bank and the company will exchange information, submit documents remotely, assess projects from a technical point of view, monitor in real time, and take measures to reduce credit risks. This enables the bank to make accurate, fast, and secure credit decisions.

According to the data presented in Table 1 below, the distribution of commercial banks' credit portfolios by sector in 2024-2025 shows a number of changes in the banks' credit policy. In general, the 14% increase in total loans indicates that the banking system has allocated additional resources to the economy. However, changes in the distribution of loans by sector show how loans are being redistributed.

First, the volume of loans allocated to the industrial sector has decreased slightly (by 2%), falling from 29% to 25%. This indicates that banks are reassessing credit risks in this sector. This situation creates strategic opportunities for telecommunications companies in the credit market, as the telecommunications sector is highly innovative and can have a positive impact on the credit portfolio through diversification.

Table 1. Commercial banks' credit exposure by sector

Indicators	01.11.2024		01.11.2025		Change, percentage
	billion som	percentage	billion som	percentage	
Total loans	521,025	100	592,854	100	14
Sanoat	148,595	29	146,091	25	-2
Rural economy	51,387	10	62,121	10	21
Construction sector	14,223	3	17,596	3	24
Sales and general services	36,488	7	41,063	7	13
Transport and communications	33,638	6	32,683	6	-3
Modernization and	3,824	0.7	4,916	0.8	29

technical development					
Municipal services	2,094	0.4	1,844	0.3	-12
Individuals	172,790	33	213,753	36	24
Other areas	57,985	11	72,788	12	26

Secondly, loans for agriculture, construction, trade, and general services increased by 21, 24, and 13 percent, respectively. This indicates that banks are paying more attention to financing demand in the consumer and services markets. In particular, the demand for credit in the service sector is growing, as most modern services rely on telecommunications infrastructure.

Thirdly, although loans allocated to the transport and communications sector have decreased by 3%, the sector's share has remained at 6%. This shows that the telecommunications and communications sector is not yet receiving sufficient attention as a separate sector in the economy. However, the high capital requirements of this sector create new opportunities for banks through long-term loans.

Fourth, loans for the development of material and technical resources, individuals, and other sectors increased by 29, 24, and 26 percent, respectively. In particular, the increase in lending to individuals from 33% to 36% indicates a steady expansion of lending in the activities of universal banks. In the telecommunications sector, the growth of services for individuals (mobile communications, internet, digital services) is strengthening the customer base for telecommunications companies in this sector.

The results show that the dynamics of commercial banks' lending portfolios indicate the need to expand the lending opportunities of telecommunications companies. Specifically:

- the share of services in the bank's portfolio indicates that the service sector has become an important segment in lending to communication companies;
- Given the stable level of lending in the transport and communications sector, it is appropriate to introduce long-term and technology-oriented credit products to expand this direction.
- Given the high investment demand for telecommunications infrastructure, there is a need for banks to offer low-interest, deferred payment, or secured credit lines.
- The growth of credit resources in other sectors indicates the need for banks to diversify their portfolios and develop a credit strategy tailored to the telecommunications sector.

In recent years, significant opportunities have been created for the growth of the digital sector in the country, and this has led to important results. Today, there are more than 2,800 residents in the IT Park, 752 of which are foreign companies. Nearly 40,000 young specialists are working in this field and earning high salaries. Over the past five years, IT services exports have grown from \$170 million to nearly \$1 billion. Telecommunications infrastructure has also improved significantly: internet speed has increased sevenfold, and mobile internet speed has increased 4.5 times. In 2024 alone, startups attracted \$70 million in venture capital.

These results have raised Uzbekistan's position in the global startup ecosystem ranking by 12 places, placing the country among the world's top 100 and giving it the opportunity to take the lead in Central Asia in terms of the Artificial Intelligence Readiness Index. In addition, Uzbekistan ranks first among the MDH countries in terms of the growth rate of the telecommunications sector.

Work in this area is continuing. The goal is to digitize 70% of all government services by 2026, increase the volume of IT services to 100 trillion soums, and rank at least 55th in the UN's E-Government Development Index.

In general, the credit dynamics in the table serve as a basis for commercial banks to implement new approaches to lending to communication companies, thoroughly analyze the investment characteristics of the sector, and optimize credit risks.

Conclusion. The studies conducted have shown that it is necessary to improve the process of lending to telecommunications companies by commercial banks, especially at this stage of economic development. The telecommunications sector is based on digital infrastructure, innovative services, and advanced technologies, and its sustainable development is directly linked to the effectiveness of financial support. From this point of view, reviewing the credit policy of commercial banks, modernizing risk assessment methods, and expanding long-term investment credit products are important factors in ensuring the competitiveness of this sector.

The data also shows that although the total volume of bank loans has increased, the level of lending in certain key sectors, including industry and transport and communications, has declined. In this context, the telecommunications sector should be considered as a promising area for investment. The expansion of the service market, the rapid development of the digital economy, and the growing demand for information services for the population and businesses are driving the demand for credit from telecommunications companies.

Analyses show that it is not enough to rely on traditional financial indicators when assessing the creditworthiness of telecommunications companies. Implementing a complex model that incorporates factors such as technological stability, service diversification, market share, infrastructure modernization, and innovation capacity reduces credit risks for banks and improves the quality of their credit portfolios.

At the same time, the implementation of digital scoring systems in commercial banks, risk forecasting based on big data, and the creation of automated information exchange platforms accelerate the lending process and increase its efficiency. International experience confirms the high effectiveness of these measures. A thorough analysis shows that commercial banks need to fulfill the following strategic tasks when lending to companies:

- ✓ aligning credit standards with modern requirements;
- ✓ expanding the range of long-term investment-oriented credit products;
- ✓ developing integrated models that thoroughly assess credit risks;
- ✓ automating credit processes based on digital technologies;
- ✓ diversifying the credit portfolio based on the technological capabilities of commercial banks.

In general, these improvements in the credit policy of commercial banks contribute to the sustainable development of credit institutions, the expansion of the digital economy, and the strengthening of the country's economic stability.

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