



## CURRENT ISSUES IN ENSURING THE LIQUIDITY OF NON-BANK CREDIT INSTITUTIONS

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Article history:	Abstract:
<p><b>Received:</b> 11<sup>th</sup> February 2026 <b>Accepted:</b> 6<sup>th</sup> March 2026</p>	<p>Non-bank credit institutions (NBIs) play a vital role in the financial system, providing access to financial services (microloans, transfers) for individuals and businesses that are unavailable through banks. They specialize in fast, highly specialized transactions, such as account-free transfers, cash collection, and pawnshop lending. The stability of NBIs, in turn, depends directly on their liquidity, as sufficient liquidity is a prerequisite for their solvency.</p> <p>The article substantiates the possibilities of ensuring liquidity of non-bank credit institutions in Uzbekistan</p>

**Keywords:** Microcredit organizations, credit unions, pawnshops, liquid assets, liquidity, loans, problem loans, reserves.

**INTRODUCTION.** According to the Law of the Republic of Uzbekistan on Non-Bank Credit Organizations and Microfinance Activity, microfinance institutions are authorized to carry out a wide range of financial activities. These include conducting microfinance operations; acting as payment agents (or sub-agents), as well as agents of banks, insurance companies, and other financial institutions; and providing consulting and informational services related to their operations. Furthermore, they are permitted to extend financial services to business entities, including loans, leasing, guarantees, factoring (financing against assignment of monetary claims), and Islamic finance services in amounts exceeding the limits of microcredits. In addition, microfinance institutions are entitled to provide microloans in foreign currency and deliver financial services to legal entities in foreign currency as stipulated by the relevant legislation [1].

In this context, the stable and sustainable functioning of non-bank credit organizations necessitates the effective management and maintenance of their liquidity. Ensuring adequate liquidity is a critical prerequisite for fulfilling financial obligations, maintaining operational continuity, and strengthening trust among clients and investors. Therefore, liquidity management emerges as a key factor influencing the financial stability and long-term viability of non-bank credit institutions.

**RESEARCH METHODOLOGY.** The subject of this study is the system of financial relationships that arise in the process of ensuring the liquidity of non-bank

credit organizations. The empirical and informational base of the research is formed by official statistical data provided by the Central Bank of the Republic of Uzbekistan, which ensures the reliability and relevance of the analysis.

The study employs a combination of qualitative and quantitative research methods. In particular, methods of scientific analysis such as induction and deduction are used to generalize theoretical approaches and derive logical conclusions. Additionally, the expert assessment method is applied to evaluate practical aspects of liquidity management, while statistical grouping techniques are utilized to analyze and classify financial indicators, identify patterns, and assess trends in the liquidity of non-bank credit institutions.

**LITERATURE REVIEW.** A number of scholars have examined various aspects of liquidity assessment and management in non-bank credit organizations. According to A. Valinurova, T. Valinurov, and O. Ksenofontova, the evaluation of liquidity should be based on a comprehensive system of indicators. These include overall short-term liquidity, instant liquidity, current liquidity, the structure of attracted funds, dependence on the interbank market, risks associated with own promissory note obligations, non-bank loans, the averaging of required reserves, as well as concentration risks related to large creditors and depositors. This multidimensional approach enables a more accurate assessment of the financial stability of non-bank credit institutions.



N. Glushko emphasizes the importance of applying the Liquidity Coverage Ratio (LCR), proposed by the Basel Committee on Banking Supervision, when assessing the liquidity of non-bank credit organizations. The LCR reflects the ratio of high-quality liquid assets to the net expected cash outflows over a 30-day stress period. This indicator demonstrates the ability of a financial institution to withstand short-term liquidity shocks and continue its operations under adverse conditions.

According to I. Pashkovskaya, non-bank financial intermediaries play a significant role in providing alternative sources of liquidity and funding in financial markets. Their growing importance is partly explained by their more effective adoption of innovative financial technologies and instruments, which traditional banks may implement more slowly. These institutions are increasingly integrated into complex credit intermediation chains alongside traditional banks and offer clients a broader range of specialized financial services. In modern practice, such intermediation includes not only traditional balance-sheet operations but also transactions involving derivatives, equity securities trading, foreign exchange operations, repurchase agreements (REPO), and asset securitization.

A group of Western economists highlights that maintaining an acceptable level of credit risk is one of the most critical aspects of regulating financial intermediaries. The assessment of credit risk in microfinance institutions differs significantly from that in commercial banks due to the специфических характеристик their loan portfolios. Microfinance lending is typically characterized by small loan amounts, short maturities, simplified documentation, and a borrower base consisting mainly of low-income individuals. Additionally, group lending methodologies further influence the nature and distribution of credit risks in these institutions. Despite the rapid expansion of microfinance organizations in developing countries, their regulatory frameworks remain insufficiently developed, as their systemic importance has historically been underestimated.

P. Isaeva and S. Osmanova argue that stricter state regulation of non-bank credit organizations is justified, primarily to protect depositors' interests and ensure financial stability. At the same time, the presence of non-bank credit institutions in the financial

market introduces competitive pressures on commercial banks. Therefore, regulators should adopt a balanced and differentiated approach that supports the development of such institutions while maintaining effective oversight through an appropriate legal and regulatory framework.

A. Ushanov, focusing on the liquidity of pawnshops, suggests several practical measures to ensure their current liquidity. These include the development of competitive strategies, the establishment of risk appetite frameworks, the classification and management of various risk types, continuous monitoring of demand for pledged assets, ensuring adequate security measures, and regular professional assessment of staff. These recommendations highlight the importance of operational and risk management practices in maintaining liquidity at the institutional level.

**ANALYSIS AND RESULTS.** Microfinance institutions are required to comply with a set of prudential regulatory standards aimed at ensuring their financial stability and mitigating potential risks. These prudential requirements play a crucial role in maintaining the soundness of non-bank credit organizations and protecting the interests of stakeholders.

In particular, microfinance institutions must adhere to the following key prudential ratios:

- capital adequacy ratios, which ensure that institutions maintain sufficient capital to absorb potential losses and sustain their operations;

- liquidity ratios, which reflect the ability of institutions to meet their short-term obligations in a timely manner;

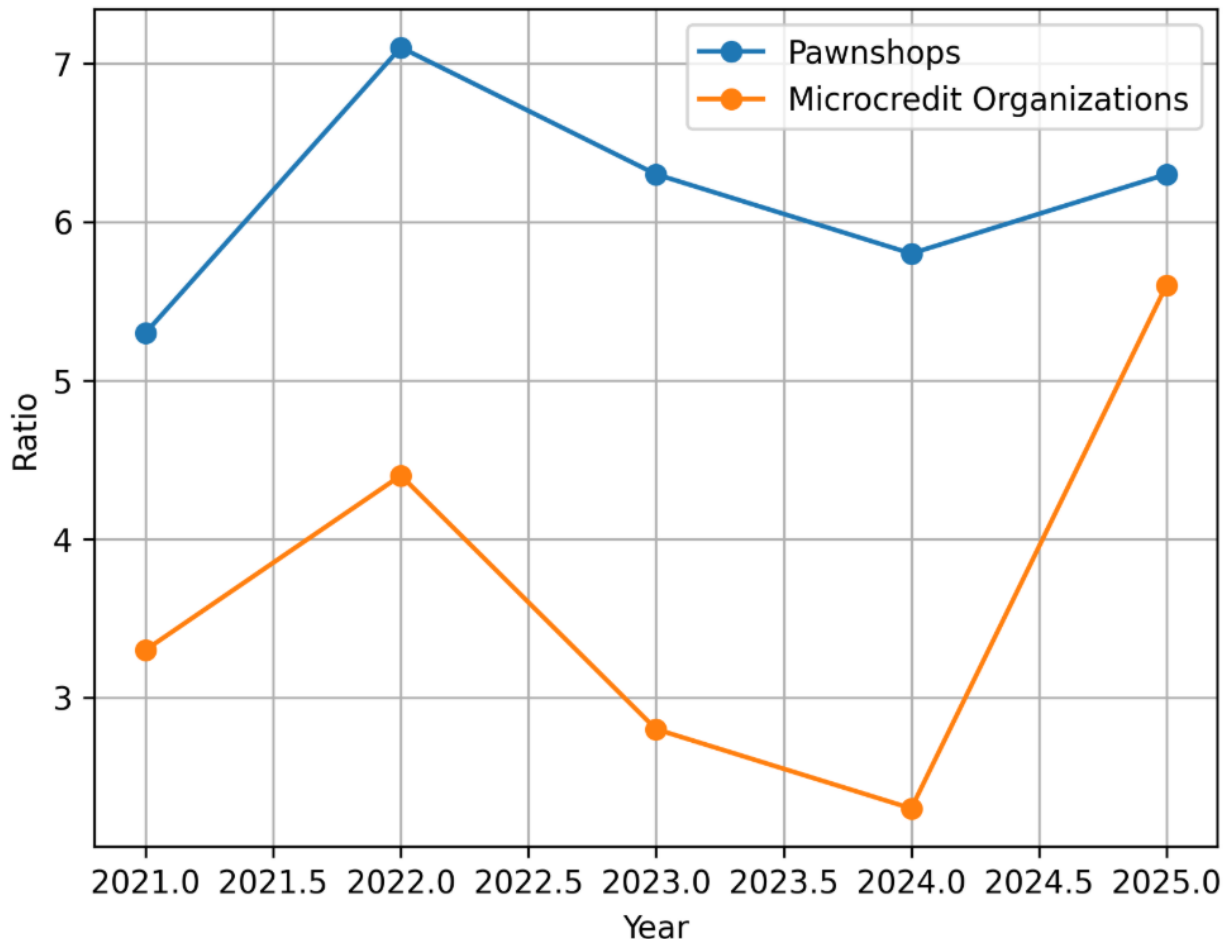
- the maximum exposure limit to a single borrower or a group of related borrowers, aimed at reducing concentration risk;

- the maximum exposure limit to related parties of the microfinance institution, which helps prevent conflicts of interest and excessive risk-taking;

- the maximum level of investments in the charter capital and/or debt securities of legal entities, which is designed to limit investment risks and preserve financial stability.

Compliance with these prudential standards is essential for enhancing the resilience of microfinance institutions, ensuring effective risk management, and maintaining confidence in the non-bank financial sector.

### Liquidity Indicators of Non-Bank Credit Institutions



**Figure 1. Share of High-Liquid Assets in the Total Assets of Pawnshops and Microcredit Organizations in Uzbekistan (in percent)<sup>1</sup>.**

As can be observed from the data presented in Figure 1:

the share of high-liquid assets in the total assets of pawnshops exhibited a downward trend over the period 2020–2024;

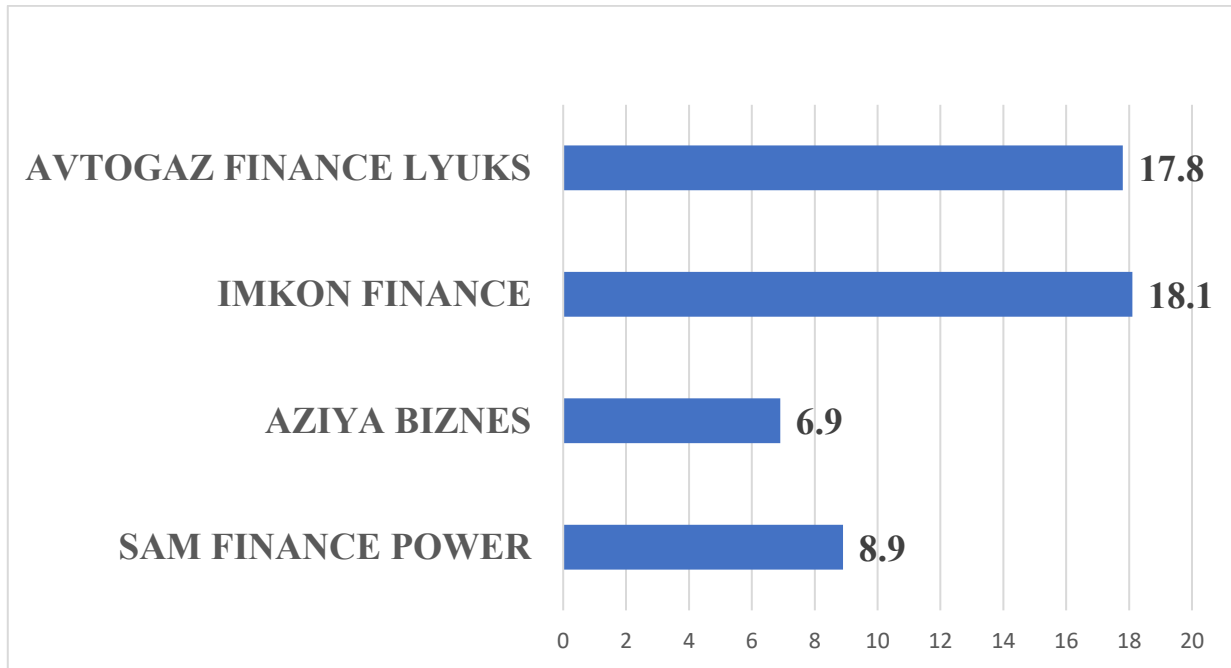
the share of high-liquid assets in the total assets of microcredit organizations also showed a declining trend during 2020–2024; however, in 2025, it increased significantly compared to its level in 2021.

According to data from the Central Bank of the Republic of Uzbekistan, a total of 32 new microcredit institutions entered the market during 2025, bringing their overall number to 223, including 132 microcredit

organizations and 91 pawnshops. This динамика reflects the rapid expansion and increasing significance of the non-bank credit sector within the national financial system.

One of the key factors affecting the liquidity of non-bank credit organizations is the level of non-performing loans (NPLs). A high proportion of problematic loans reduces the availability of liquid assets, weakens financial stability, and increases the risk of insolvency. Therefore, effective monitoring and management of credit risk are essential for maintaining adequate liquidity levels and ensuring the sustainable development of non-bank financial institutions.

<sup>1</sup> Compiled by the author based on statistical data from the Central Bank of the Republic of Uzbekistan.

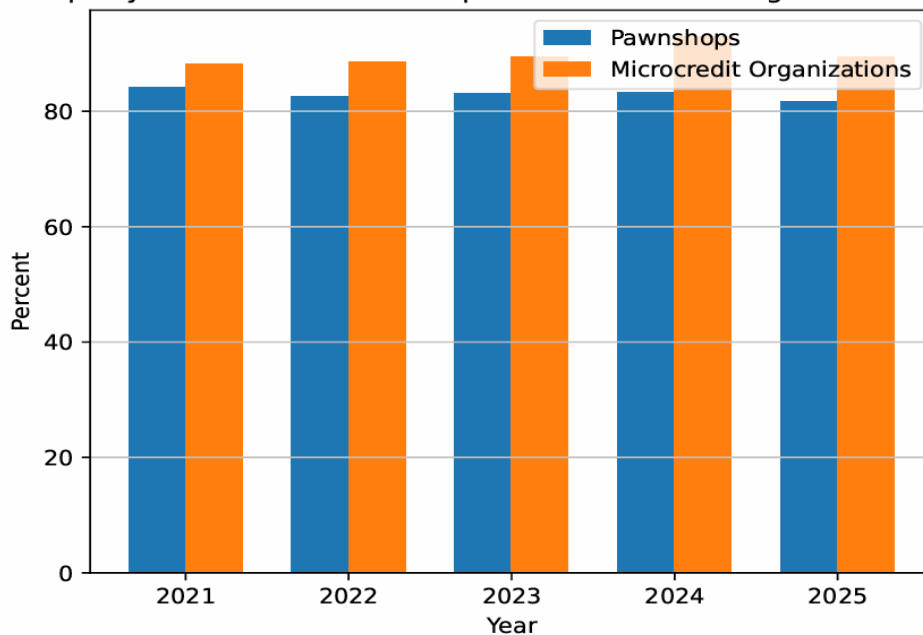


**Figure 2. Share of Non-Performing Loans in the Total Loan Portfolio of Selected Microcredit Organizations in Uzbekistan (in percent), as of January 1, 2026.<sup>2</sup>**

As shown in Figure 2, the share of non-performing loans in the total loan portfolio of the selected microcredit organizations is relatively high. This has a negative impact on their liquidity, as a growing volume of problematic assets reduces cash inflows and limits the availability of liquid resources.

It should also be noted that loans constitute a significant proportion of total assets in non-bank credit organizations. This high concentration of credit assets increases their exposure to credit risk and further intensifies liquidity constraints, particularly in periods of financial instability.

**Capital Adequacy Indicators of Pawnshops and Microcredit Organizations in Uzbekistan**



<sup>2</sup> Compiled by the author based on statistical data from the Central Bank of the Republic of Uzbekistan.



### Figure 3. Share of Loans in the Total Assets of Pawnshops and Microcredit Organizations in Uzbekistan (in percent)<sup>3</sup>

As illustrated in Figure 3, loans accounted for a relatively high share in the total assets of pawnshops and microcredit organizations in Uzbekistan throughout the period 2021–2025.

This indicates that lending activities constitute the core component of asset structures in non-bank credit institutions, reflecting their primary role in providing financial intermediation and credit support to the economy.

**CONCLUSION.** Based on the conducted analysis, the following conclusions regarding the liquidity of non-bank credit organizations can be formulated:

a wide range of indicators is used in assessing the liquidity of microcredit organizations, including overall short-term liquidity, instant liquidity, current liquidity, the structure of attracted funds, dependence on the interbank market, and risks associated with large creditors and depositors;

non-bank financial intermediaries provide market participants with alternative sources of liquidity and funding, which is often driven by their more effective use of innovative financial technologies and instruments;

maintaining an acceptable level of credit risk is a key regulatory requirement for the sustainable functioning of financial intermediaries;

the share of high-liquid assets in the total assets of pawnshops demonstrated a declining trend during 2020–2024;

a similar downward trend was observed in microcredit organizations over 2020–2024; however, in 2025, this indicator increased significantly compared to 2021;

in 2025, the share of non-performing loans in the total loan portfolio of microcredit organizations in Uzbekistan remained at a relatively high level;

during 2021–2025, loans consistently accounted for a significant proportion of total assets in both pawnshops and microcredit organizations in Uzbekistan.

In our opinion, the following measures should be implemented to enhance the liquidity of domestic non-bank credit organizations:

To improve the quality of the loan portfolio:

increase the level of diversification across sectors and client categories;

incorporate thresholds for acceptable levels of overdue loans within credit policies;

enhance creditworthiness assessment practices based on financial ratios and risk indicators;

improve the quality and efficiency of information processing through the application of modern digital technologies.

To strengthen current liquidity and capitalization through investment and capital management policies:

increase investments in high-liquid securities using stable balances of settlement accounts;

enhance the share of regulatory capital within total liabilities by retaining earnings and utilizing subordinated debt instruments.

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<sup>3</sup> Compiled by the author based on statistical data from the Central Bank of the Republic of Uzbekistan.



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