

The Problem of Bank Credits and its Solution

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Abstract:

Credit (from Latin verb credit, meaning “one believes”) is the trust which allows one party to provide money or resources to another party wherein the second party does not reimburse the first party immediately (thereby generating a debt), but promises either to repay or return those resources (or other materials of equal value) at a later date. The resources provided by the first party can be either property, fulfillment of promises, or performances. In other words, credit is a method of making reciprocity formal, legally enforceable, and extensible to a large group of unrelated people.

The resources provided may be financial (e.g. granting a loan), or they may consist of goods or services (e.g. consumer credit). Credit encompasses any form of deferred payment. Credit is extended by a creditor, also known as a lender, to a debtor, also known as a borrower.

Keywords: credit, financial structure, income, customer, economical opportunities, debtor, loan obligations, solution, contract, benefit, bank account, transfer money, bank, borrower, goods, service centre, problem, lender, banking institutions, insurance, expert help.

Main part

The problem of bank loans and its solution

In a difficult economic situation in a country characterized by low purchasing power and low wages, people are forced to buy goods and services on credit. Nevertheless, is it possible to buy a long-awaited home today without taking a loan from the bank? The answer to this question is clear.

Credit: to take or not to take?

At the same time, analysts say that most potential borrowers initially intend to fulfill their loan obligations correctly: return the principal sum of the loan and accrued interest to the banking institution. However, after signing the contract, a person often faces unexpected life situations: he loses his ability to work, gets fired, loses his sources of income... Naturally, in such circumstances, the debtor cannot return.

At worst, it can snowball. The amount of fines and penalties is increasing every day, and in the end, the borrower may be left with what is called “no pants”. And in this case, it is easy to predict the reaction of the bank. He is not interested in the problem with the debtor’s loans, he wants to get his money back, so he involves a collection agency as an assistant, which sometimes does not refuse any means: legal and illegal, “knockout”. a loan from a borrower. Yes, his position is not the most enviable. Are there solutions when a credit problem is on the horizon? Let’s take a closer look at this issue.

What to do

So what to do if you have debt? The main thing is not to panic and keep an alert mind. Try to communicate as closely as possible with the employees of the credit institution and explain to them the nature of your financial difficulties.

They might meet you halfway if you explain in as much detail as possible why you’re having trouble paying off your loan. Make a realistic assessment of your solvency level and, if the issue of debt restructuring is resolved positively, announce to the bank employees the approximate terms of its repayment. Remember that if you prove that you are not going to renege on your obligations and want to return the money to the bank, then the chances of revising the terms of the loan agreement will be much higher.

Expert help

If your own steps to solve a loan repayment problem are not successful, you should seek professional advice. In this case, you need an experienced attorney. This not only works for you, but also protects you from illegal behavior by collectors.

Please note that the problem with loans should be solved by a specialist who has successfully dealt with similar situations before. Do not be lazy and ask him to confirm this fact.

Practice shows that there are several ways to solve problems related to loan repayment. Let's take a look at each one.

Getting a new loan

Currently, many intermediaries have appeared in the banking market. Right and left brokers offer to solve problems related to loans. Which one? You get a new loan from them to pay off the old one. This measure is also called loan refinancing. Well, this option does not mean that it is acceptable for all borrowers, and even then, it should not be discounted. The fact is that using this method, if you borrow from one banking institution, you can “kill two birds with one stone” at the same time.

First, if you take out a new loan, your next payment will be delayed for 30 days. Secondly, if the new loan is long-term, then the amount of the monthly “tranche” will be reduced. However, you can get a loan from another credit institution. The main thing is different: if you fall into the category of permanent defaulters and are late in paying the debt, then the loan is not expected. Information about the quality of each credit history is available in a special register of clients, which the bank can review at any time. But if something does not suit its employees, then you can use the services of an intermediary with an impeccable reputation, who will agree to issue a new loan for you for a fee.

Debt restructuring

Don’t know how to solve credit problems? There is another common method. The person who uses it gets certain benefits from the bank: adjustment of the monthly payment, debt repayment terms, partial write-off of the loan amount. To receive the above benefits, you need to visit the bank,

inform the staff about financial difficulties and write an appropriate application to the management of the credit organization.

Practice shows that banking institutions in some cases positively resolve the issue of writing off fines, penalties, and even partially “forgive” the principal sum of the debt.

Insurance

Modern realities are such that almost all credit organizations prefer to insure themselves against financial risks. However, not all borrowers carefully read the text of the loan insurance contract. And this document contains very important points, that is, in which cases the insurer pays the debt instead of the debtor. As a rule, these are cases of force majeure: disability, dismissal, death. But even in these cases, the bank claims not the insurance company, but the borrower. If an agreed situation has arisen, he himself must contact the insurer, provide him with a certain set of documents, and only then will he fulfill the obligations of the debtor. In addition, you must have written evidence that the insured event occurred. It should also not be forgotten that in some cases insurance companies deliberately avoid their obligations. Again, there are credit issues. What to do? First you need to protect your rights with the insurance company.

That’s why the borrower may have to spend time with the insurer in court, and here you should seek professional help.

More things to remember

So you’re having trouble paying off your loan. What to do in this situation? The key is not to take a wait-and-see attitude, hoping that the issue will resolve itself. We have to be very active. All appeals to the credit organization must be made in writing. Remember that the sooner you start “acting”, the more penalties and fines you can reduce. Do not forget that the majority of credit agreements for consumer needs simply provide for “slavery” sanctions, although according to the law, their amount should not exceed reasonable limits and should not be several times more.

If you encounter difficulties at some stage of “communication” with the bank, immediately ask for help from a specialist. And here you should take into account that some lawyers require payment in advance for their services, while others ask for money after the result of the work is visible.

Home loan

Today, many people have to take a loan from a bank to buy a house. Well, the goal is good, but before choosing one or another mortgage lending program, carefully weigh the pros and cons. Carefully evaluate your financial capabilities, because monthly payments must be paid over many years. Otherwise, there is a high probability that you will have problems with your mortgage.

What to do

Do not forget that the position of the bank is very strict and principled in case of delays in the loan agreement for the purchase of housing.

Here he rarely gives benefits to the borrower, because we are talking about “big” money. If the debtor does not pay on time for 2-3 months, the bank, as a rule, uses the “trump card” of the right to sell the mortgaged apartment. Of course, he strictly regulates the borrower. But is there a way out?

It’s ironic, but yes. If he has an impeccable credit history, the management of the financial institution can make a positive decision to postpone the principal debt for up to 180 days. During this period, the borrower pays only interest, and then makes up for missed payments or restructures the debt by extending the term. However, whether or not to grant the right to rebuild is decided on an individual basis.

Conclusion

If the bank threatens to sue, but there is nothing to pay?

However, it also happens that the bank refuses to meet the needs of the debtor, stating that he will file a lawsuit. For some, such a measure has a sobering effect, and they gradually begin to pay off their debts. However, such behavioral tactics do not make sense, because the amount of fines for delay is increasing day by day, and before the case is considered by the court, the amounts sometimes reach a very large amount. Therefore, experts do not advise paying off the debt in installments: anyway, the credit history is far from ideal, and the money is thrown to the wind, because the next day the amount of the debt will have its previous value again. You don't have to worry too much about the legal process. Rather, it should finally put an end to your relationship with the bank. The court decision determines the final amount of the debt, after which fines and penalties are not charged. And at the court session, their size, on the contrary, may decrease. Bailiffs, who are more loyal than the employees of the collector's offices, already do the will of the court. And it is from this moment that steps can be taken to pay off the debt at least partially. In addition, if you take a passive position, bailiffs can seize your property. So, it is better to comply with the court order by gradually making payments. And if you have a full opportunity to pay the bank, it is better not to ignore this option.

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