

# The culture of credit card usage by bank customers in the Republic of Uzbekistan from the point of view of financial education

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## Abstract:

the article describes culture of financial education of the procedure, convenience, negative consequences of improper usage of credit cards by customers of banks in the Republic of Uzbekistan.

**Keywords:** *bank, credit history, credit card, virtual loan, settlement, interest, payment, Forbes indicators*

## Introduction

Currently, people in developed countries widely use credit cards to meet their needs. This concept is now entering into our country. People still do not have a complete perception of the convenience and benefits of using credit cards. For this purpose, the article examines the benefits of this card, more proper procedure for using it, and the culture of its usage from the point of view of financial education of bank customers. Initially, we should understand that a credit card - is a card issued to individuals after signing a loan agreement with the bank, and it is appropriate when it is intended to be used for current payments, not for saving funds. Therefore, when using a credit card, it is used properly in that case, when one of the credit principles (purposeful, repayable, term of credit, assurance of loan) - repayable load is taken into consideration, otherwise, according to the contract concluded with the bank and its client can lead to financial penalties, bad credit history, and credit card misuse. Below we will review credit card usage theoretically and practically.

**Analysis of the literature on the subject:** Candidate of Economic Sciences of the Tombov State Technical University of the Russian Federation, associate professor N.P. Nazarchuk mentioned about the active usage of plastic cards in the lending system in his monograph entitled "The role of bank cards in the implementation of payments and lending", noted the following: "One of the modern tools of lending and payments is a bank plastic card, the usage which makes the process of purchasing a certain product or service significantly simple and easy, receiving cash at any time of the day, given discounts during the purchase various goods and services as opportunity, save time during shopping, and pay bills of various types of communal services on time." In fact, banks that have introduced credit cards establish cooperation with various brands, shopping centers, and stores, and offer various discounts to cardholders on payments through them. It gives opportunity to get cash through ATMs to make payments of communal service bills and purchases, even for current payments earlier. In 2015, Professor Sumit Agarwal of the National University of Singapore, in his scientific research entitled "A review of credit card literature: perspectives from consumers", made the following opinion: "Empirical results are roughly consistent with general conjecture that credit card users are more likely to be married, wealthier, better educated and own houses". So, we can understand that it is appropriate to use a credit card after correctly calculating the financial situation of a person for his family and home conditions. In such cases, contracts signed between the bank and the bank's client is always very important. In that contract all the possible misunderstandings and force majeure cases must be agreed upon.

**Research methodology.** Grouping, logical analysis, cause and effect, summarization of official statistical data were used in this research.

**Analysis and results.** While there are plenty of benefits to use the credit card, it cannot be denied that there are also negative aspects of using it incorrectly. When a credit card holder wants to withdraw cash from an ATM, he or she may be charged higher bank service fee than usual bank service interest rate. When the user forgets responsibility of spendings in using a credit card, the user can use up the credit limit for the card. In such cases, the responsibility of using a credit card increases even more. There comes a liability to return the used limit funds during the preferential, percentage-free period of use. In terms of non-repayment, after the grace period ends, a higher interest rate will be imposed on the amount used within the credit limit allocated for the use of the credit card (it is emphasized here that the higher interest rate is higher than the usual commercial and retail loans) and it will be charged by the credit card issued bank. The bank customer will be warned 3 times, an additional penalty will be imposed on calculated percentage of overdue amount of credit card loan, which will eventually lead to the application to the Court and enforcement authorities for joint recovery. As a result, it also causes deterioration of customer's credit history. Customer's ability to get a loan from other banks in future becomes worse or unsuccessful. Therefore, bank customers who is planning to use credit card should know and understand proper conditions and behaviors of credit card usage.

According to Forbes data for 2023, which studies the use of payment methods for payments in the United States, it is known that 32 percent of the population will use plastic credit cards. Another 4 percent of the population use virtual credit cards. Only 9 percent of payments are accomplished in

cash or by check. At the same time, the number of users of debit plastic cards is somewhat higher, that is 49 percent. Below you can see a chart of this data according to Forbes (Figure 1).

(source: <https://www.forbes.com/advisor/credit-cards/credit-card-statistics/>)

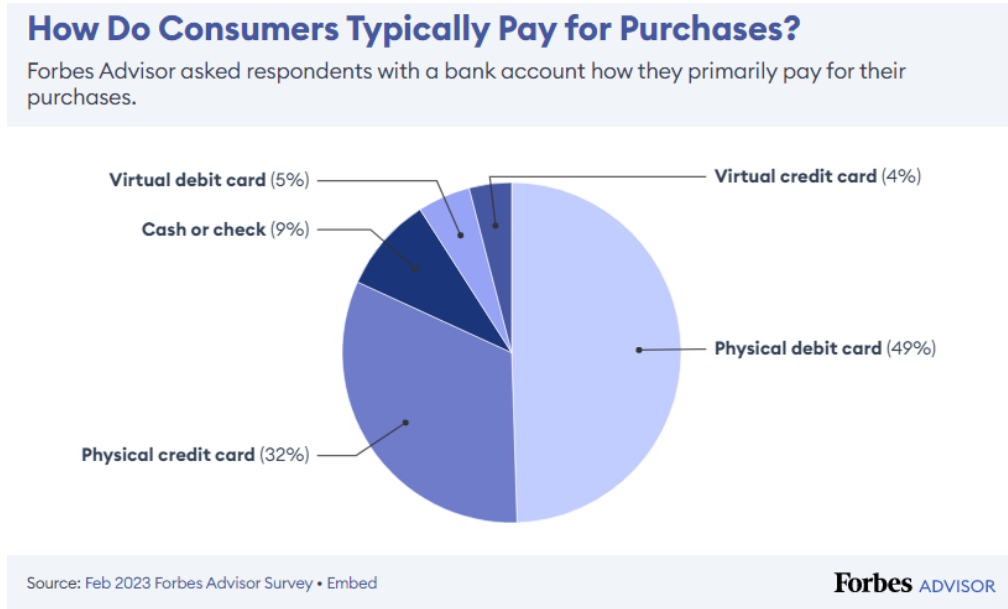
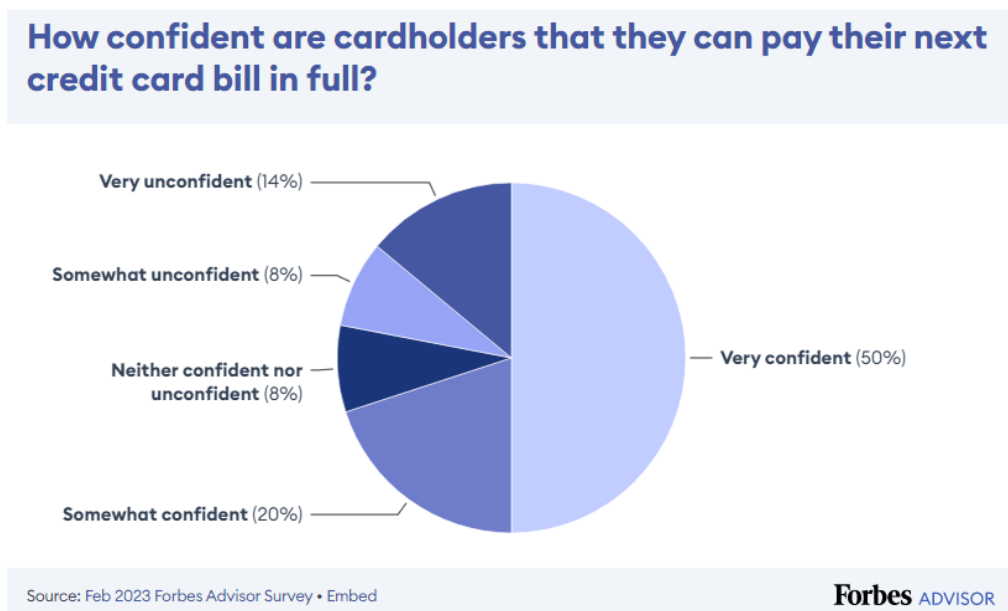


Figure 1. Payments usage rates in United States in 2023.

In addition, Forbes charted the trust and willingness of credit card users in the United States to make payments. In the chart below (Figure 2), we can see that 50 percent of credit card holders are very confident about their preferences, while 8 percent are unsure or unconfident.

(source: <https://www.forbes.com/advisor/credit-cards/credit-card-statistics/>)



## Figure 2. Indicators of willingness to pay among credit card users in the United States

Based on the above, we can say that in developed countries, people tend to pay by plastic cards rather than cash. The number of credit card users is also very high.

**Conclusion and suggestions:** As a conclusion, we can say that, credit card system is widely used as a preferential payment system option all over the world. The use of this system also plays an important role in the government economy. It can be offered as an instrument that accelerates the financial movement in the circulation of goods and services.

### REFERENCES

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