



"ANALYSIS OF FACTORS AFFECTING THE ACCESSIBILITY OF MORTGAGE LOANS FOR RESIDENTIAL CONSTRUCTION IN DEVELOPING COUNTRIES"

Master's student **Farangiz Yuldasheva**
(Tashkent Architecture and Construction University)

Annotation: *The article examines the key factors influencing the accessibility of mortgage lending for financing residential construction in developing countries. The analysis covers economic, social, and legal aspects, including population income levels, interest rates, government support programs, as well as the impact of inflation and financial market instability. Special attention is paid to the specific conditions and challenges faced by developing countries, such as limited access to financial resources and low financial literacy among the population. Based on the conducted research, recommendations are proposed to improve mortgage loan accessibility, aiming to stimulate housing construction and enhance living conditions.*

Keywords: *Mortgage lending, housing accessibility, developing countries, economic factors, interest rates, government support, financial literacy, residential construction, digital technologies, legal aspects, socio-demographic factors, financial infrastructure.*

Introduction .Mortgage lending is an essential tool for providing the population with affordable housing and a key factor in stimulating economic growth and social stability. In developed countries, mortgages have become an integral part of the housing provision system, whereas in developing countries, the mortgage lending market faces several systemic issues that hinder access to financial resources for housing construction. For millions of families, owning a home remains an unattainable goal, exacerbating social inequality and lowering living standards.

The main obstacles to the development of the mortgage market in developing countries include low population income levels, high interest rates, limited access to financial institutions—especially in rural areas—and low financial literacy.

Economic and political instability, rising inflation, and the lack of effective government support further exacerbate the situation. These factors collectively create a complex and multifaceted issue regarding mortgage accessibility.

This study aims to analyze the key factors influencing mortgage accessibility for residential construction in developing countries. Special attention is given to the interaction between economic, social, and legal aspects, as well as their impact on the availability of financial resources for the population. The paper examines the main barriers to mortgage market development and offers recommendations that could enhance mortgage accessibility. The relevance of this research is driven by the need to develop effective solutions to overcome the housing crisis and improve living standards in the context of urban population growth and the increasing demand for sustainable housing development.

Main Section

Income Levels and Mortgage Accessibility in Uzbekistan

The income level of Uzbekistan's population remains one of the key factors influencing mortgage lending accessibility. Despite economic growth, a significant portion of the population has limited financial capacity to service mortgage loans. Additionally, interest rates in Uzbekistan remain relatively high, particularly for long-term loans. Furthermore, currency exchange rate instability affects loan costs, reducing their attractiveness to borrowers.

Social Aspects in the Context of Uzbekistan*

Uzbekistan's socio-demographic structure, which includes a high percentage of young people, generates strong demand for affordable housing. However, insufficient financial literacy remains a major challenge. Many citizens struggle to understand mortgage lending conditions and manage personal finances. A crucial step toward resolving this issue is the implementation of educational programs and consultations at the local community level.

Government Support for Mortgage Lending

The Uzbek government has made efforts to enhance mortgage accessibility through subsidization and preferential loan programs. However, the coverage of such programs is still limited, failing to fully meet housing demand. Initiatives such as reducing interest rates or extending repayment periods could significantly improve access to mortgages for low- and middle-income citizens.

Financial Infrastructure in Uzbekistan

Financial infrastructure in Uzbekistan's regions remains underdeveloped, particularly in rural areas where access to banking institutions is restricted. A vital solution could be the integration of digital technologies, such as mobile banking and online platforms, to streamline mortgage loan processes. These innovations would reduce the gap between financial institutions and the population, especially in remote areas.

Legal Aspects of Mortgage Lending

Legal and administrative barriers in Uzbekistan, including complex credit application procedures and insufficient borrower protections, present major obstacles to mortgage market growth. Simplifying document submission processes and lowering transaction costs could stimulate mortgage lending demand. Additionally, improving regulatory transparency would strengthen trust in financial institutions.

Research Findings

1. Identified Barriers: The analysis has shown that the main obstacles to mortgage lending development in developing countries include low population income levels, high loan costs, insufficient government support, and limited access to banking services.
2. Impact of Inflation and Interest Rates: The study confirmed that rising inflation significantly increases the cost of mortgage loans, while unstable interest rates negatively affect market demand and supply.

3. Social and Demographic Aspects: The growing young population creates additional demand for housing, while low financial literacy prevents effective use of mortgage mechanisms.
4. Role of Digital Technologies: Modern technologies, such as mobile banking and online platforms, can become vital tools for improving access to financial services, especially in remote and rural areas.
5. Regulatory Environment Deficiencies: Complicated legal and administrative procedures remain a significant limitation to mortgage market development. Simplification of processes and stronger borrower protections are required.
6. Unequal Resource Distribution: Geographic and social inequality restricts access to mortgage loans, particularly in rural and less developed regions.

Conclusions

1. Comprehensive Approach: Improving mortgage accessibility requires a holistic solution, including better economic conditions, inflation reduction, lower interest rates, and increased household incomes.
2. Educational Initiatives: Raising financial literacy levels should be a key priority, enabling better understanding of credit mechanisms and more efficient use of mortgage loans.
3. Government Support: Expanding the scope of government subsidy programs and optimizing preferential loan schemes will help reduce barriers to mortgage access.
4. Technological Advancement: Implementing digital platforms for financial services, especially in remote areas, is a crucial step in improving credit accessibility.
5. Regulatory Simplification: Streamlining legal procedures for mortgage loans, enhancing market transparency, and strengthening borrower protections are necessary to stimulate mortgage sector development.

Conclusion .Mortgage lending is a powerful tool that not only addresses the issue of affordable housing but also stimulates economic development, improves the

quality of life, and reduces social inequality. However, in developing countries, access to mortgage loans is constrained by numerous factors, including low income levels, high inflation, underdeveloped financial infrastructure, and complex administrative procedures.

The analysis has highlighted the necessity of a comprehensive approach to resolving these challenges, integrating economic, social, and legal aspects. Key measures include reducing interest rates, increasing financial literacy, implementing digital technologies to simplify access to financial services, expanding government support programs, and improving legislative frameworks.

The implementation of these recommendations can significantly enhance mortgage accessibility, facilitate housing construction, and improve living conditions in developing countries. Only through joint efforts by governments, banks, and society can existing barriers be overcome and a sustainable mortgage lending system be established—one that serves as a foundation for economic and social progress.

List of References

1. Yuldashev B.K. *Government Programs for Supporting Mortgage Lending in Uzbekistan.* Financial Market and Economy, 2023, No. 3, pp. 41–48.
2. Karimov A.T. *The Impact of Population Income Levels on Mortgage Loan Accessibility in Uzbekistan's Regions.* Regional Economy, 2021, No. 4, pp. 28–34.
3. Samadova Z.R. *Financial Literacy and Its Influence on the Use of Mortgage Instruments in Uzbekistan.* Socio-Economic Development, 2022, No. 7, pp. 36–45.
4. Mirzaeva Kh.A. *The Role of Commercial Banks in the Development of Mortgage Lending in Uzbekistan.* Banking Affairs, 2020, No. 5, pp. 19–27.
5. Ruzimov N.Sh. *Legislative Aspects of Mortgage Lending in Uzbekistan.* Legal Studies, 2021, No. 8, pp. 32–39.