

**PROBLEMS OF LEGAL REGULATION OF CREDIT RELATIONS****Khayitova Adiba Gofurovna**

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**Abstract:** The article examines the legislation of the Republic of Uzbekistan regulating credit relations, issues related to credit agreements, problems arising in judicial consideration of such agreements, and proposals aimed at resolving disputes arising from credit contracts.

**Keywords:** credit agreement, credit relations, banks and credit institutions, financial literacy.

In modern society, alongside numerous social relations, credit relations constitute a sphere that requires the introduction of effective regulatory mechanisms. Undoubtedly, a legal foundation for regulating these relations exists. However, the progressive development of each sector inevitably influences the evolution of credit-related relations as well.

Credit relations are applied not only as an economic concept but are now widely used across all sectors. A credit agreement, unlike a loan agreement, is not a real contract but a consensual one.

The parties to a credit agreement are the creditor and the borrower. Banks and credit institutions participate as creditors, while individuals and legal entities (including individuals engaged in entrepreneurial activity) may act as borrowers. Currently, several types of credit exist.

The problems of legal regulation of credit relations are primarily explained by the widespread use of such relations across various fields. For example, in the education sector, educational loans are provided for studying at higher education institutions; in healthcare, expenses incurred for restoring health are financed through credit funds; the entrepreneurial sector requires no additional explanation, as it is well known that modern entrepreneurship largely relies on credit; the construction sector is one of the major areas financed through investment credit funds. Furthermore, the allocation of non-targeted credit funds is directly related to financing all other sectors.

In Uzbekistan, credit relations are regulated by the Civil Code of the Republic of Uzbekistan, the Law “On Banks and Banking Activity,” the Law “On Consumer Credits,” as well as regulatory documents issued by the Central Bank of the Republic of Uzbekistan concerning the regulation of banking activities.

According to statistical data, in the first half of 2025, civil courts of first instance considered a total of 54,587 credit-related cases under claim proceedings. Of these, 41,311 cases were satisfied, 1,561 were dismissed, 11,365 were left without consideration, and proceedings were terminated in 350 cases. These figures constitute approximately 5.4% of all civil cases considered under claim proceedings (1,012,472 cases).

From a legal perspective, the main legal problems observed in this field can be identified as follows. Under a credit agreement, one party—the bank or another credit institution (the creditor)—undertakes to provide the other party (the borrower) with funds (credit) in the amount and under the conditions stipulated in the agreement, while the borrower undertakes to repay the received amount and pay interest on it.

Although national legislation provides a definition of a credit agreement, there are no clear norms specifying its essential and non-essential terms or its structural elements. This allows the parties to enter into relations with an unlimited range of discretion, which may result in infringement of their mutual interests. For example, the absence of a legally defined maximum interest rate or the lack of legal limits within the principle of freedom of contract enables the

creditor to set any interest rate regardless of the borrower's economic condition. This, in turn, may lead to a violation of the principle of equality of the parties in the future.

Secondly, when concluding credit agreements, the complexity of legal terminology in the contract text and the absence of clear and strict requirements in this regard pose significant problems. This situation often results in imbalances when the borrower subsequently performs the contractual obligations. The presence of ambiguous and legally uncertain clauses and requirements, as well as the signing of contracts without full understanding by clients, may lead to the borrower's accumulation of large debts, inability to repay the credit and accrued interest, artificial insolvency, and ultimately a loss of trust in banks or credit institutions.

Thirdly, the growing popularity of microfinance institutions, their failure to disclose full information on contract terms, and the conclusion of contracts containing elements of mixed agreements create additional problems. As a result, failure to fulfill obligations derived from other mixed agreements may give the creditor the right to demand excessive security for the performance of obligations under a single credit agreement.

Fourthly, there are issues related to insufficient transparency in the activities of banking and non-banking credit institutions, as well as inadequate consideration of personal data confidentiality and protection.

Fifthly, disputes arising from credit agreements are characterized by complex and lengthy resolution processes, as well as inconsistent judicial practice in their adjudication.

Sixthly, relations arising from online microloan agreements are not sufficiently regulated, and adequate guarantees are lacking.

Seventhly, the mechanisms and legal bases for regulating banking and credit issues are fragmented and lack a unified codified source. Normative and non-normative documents and rules are often mixed together.

In view of the above, it is proposed to address these problems through the following measures: improvement of legislation by introducing requirements for clear and comprehensible language in credit agreements; establishment of norms defining the upper limits of interest rates; enhancement of financial literacy by informing the population about credit terms and legal consequences through specialized educational programs and mass media; unification of judicial practice by developing comprehensive methodological guidelines for courts on credit relations; development of credit institutions' activities through maintaining accurate and transparent credit histories and strengthening the protection of personal data.

In conclusion, it can be stated that increasing financial literacy among the population and improving legal norms are essential guarantees for the effective regulation and sustainable development of the credit relations sphere.