

ISSUES OF INTRODUCTION OF DIGITAL TECHNOLOGIES IN THE MARKET OF LEASING SERVICES IN THE CONTEXT OF PANDEMIC

LATIPOVA SHAKHNOZA MAKHMUDOVNA

Lecturer, Chair of "Financial and insurance services"

Samarkand Institute of Economics and Service

latipova_shaxnoz@mail.ru, +99890 2719111

ABSTRACT:

The article discusses the significance of leasing to attract financial resources to enterprises, the importance of digital technologies in the market of leasing services and the factors affecting leasing services. Proposals have been made to create conditions for the application of the concepts of "big lease data" and "sharing economy" with the aim of developing the market of leasing services using digital technologies and amending the Law of the Republic of Uzbekistan "On Leasing".

KEYWORDS: leasing, operational leasing, digital technology, "big lease data", "sharing economy", sub-leasing.

INTRODUCTION:

In the context of globalization, the rapid growth of each country's national economy is primarily due to factors such as innovation and the development of information and communication technologies, international trade, foreign investment and the improvement of financial services.

Currently, Uzbekistan is an integral part of the international community, which requires increasing the country's competitiveness on the basis of the Action Strategy for the development of the country for 2017-2021, as well as the widespread introduction of innovations and effective use of available resources. In particular, the following remarks of the President in this regard are significant: "In order to achieve development, we need to acquire digital knowledge and modern

information technologies. This allows us to take the shortest path to the ascent. After all, today in the world, information technology is penetrating deep into all spheres ... Digital technologies not only improve the quality of products and services, but also reduce excessive costs" [1].

MATERIALS AND METHODS:

It is obvious that the formation of a digital economy in achieving the above goals is one of the most pressing issues of the modern world. The use of the digital economy, especially in the provision of financial services, also contributes to the development of business entities (enterprises).

As a result of recent improvements in market relations and changes in the financial system, the ability of enterprises to allocate financial resources and operate in a competitive environment, attract potential customers and develop with low financial results, take into account the pricing policy and existing receivables, in this case, there are many problems in minimizing receivables, solving the problem of attracting suppliers to find and purchase equipment.

Exactly, the modernization and renewal of fixed assets and working capital required for the operation of local enterprises, the sale of existing assets and the offer of the results of scientific and technological progress to customers remain difficult. Therefore, in order to attract additional financial resources, enterprises are turning to financial institutions and using borrowed funds. But this does not

always give its positive result. Clearly, when attracting credit resources for businesses is difficult, using leasing services as an alternative could be possible solution for the issues.

According to Elmirzaev and Shavkatov [2] there are a number of factors influencing the development of leasing services in the country?

- Obsolescence of fixed assets of enterprises and the need for their modernization;
- State support of leasing services;

- Use of leasing in public-private partnership projects.

In this case, the use of leasing as one of the forms of public-private partnership is beneficial. Moreover, on the terms specified in the contract, the state or local authority transfers the infrastructure facilities for temporary use and to a private partner for a fee. Under a lease agreement, the lessee always has the right to purchase state or local government property. The maintenance of a lease relationship between a state or local authority and a private partner is the temporary use of the property and its transfer for a certain fee.

Furthermore, in the context of liberalization of the economy, the low level of financial independence of enterprises could be provided as a result of high borrowings and reduced creditworthiness, etc. It is obvious that improving the process of leasing services will allow businesses to attract additional financial resources. Kazankinova [3] refers that however, it should be noted that although the elements of the digital economy are used in our economy, the opportunities for its use in the market of leasing services have not been formed. However, such kind of conclusion cannot be made about the leasing market in Uzbekistan today, where the process of digitization is widely used in the financial and credit sector of foreign countries (leasing companies) and in the activities of business entities.

METHODOLOGY OF THE RESEARCH:

The methodology includes historical analyzes, systematic analyzes, and graphic methods. Statistics have been made by the help of official statistics of Uzbekistan.

RESULTS OF THE RESEARCH:

Conducted researches showed that the leasing market in Uzbekistan, like all sectors of the economy, has felt the effects of the COVID-19 pandemic. Analysts note that in most leasing segments, demand has declined, the financial condition of lessees has deteriorated and other risk factors for the industry have emerged.

The main blow of the pandemic and the resulting quarantine situation fell on small and medium-sized businesses. In addition to being of strategic importance, many businesses have temporarily ceased operations. In general, as expected, the purchasing power of the population declined, while exports and imports declined and many of the company's customers began to delay payments and demanded a re-establishment of the payment schedule.

Conducted survey revealed that demand for leasing services has decreased, especially in sectors of the economy affected by COVID-19: transport, tourism, catering, construction and others. Naturally, the decline in revenues from existing projects will have a negative impact on the implementation of new planned leasing projects. Companies have carried out each restructuring work in consultation with the parties, taking into account the interests of their clients, now the clients are gradually resuming their activities and companies continue to finance new projects.

Moreover, at the end of the first half of 2020, the distribution trend of the leasing market among leasers remained at about the same level - 89% of the market belongs to leasing companies (Table 1).

Table 1 List of TOP 5 leasing companies [4]

№	Leasing company	Provided services during the two quarters of 2020(in billion soums)
1	«O'zagrolizing»	633,2
2	«O'zavtosanoat-Leasing» LLS	83,5
3	«Uzbek Leasing International A.O.»	63,5
4	«ASAKA-TRANS-LEASING» LLS	59,6
5	«Fincom»LLS	53,8

As for commercial banks, compared to the end of 2019, the volume of leasing services increased slightly and their market share was 11% (Table 2).

Table 2 TOP 5 list of banks [4]

№	BANKS	Provided leasing services during the two quarters of 2020(in billion soums)
1	«InFin Bank»	79,6
2	«Turkiston»	25,1
3	«Trust Bank»	16,9
4	«Asia Alliance Bank»	3,9
5	«Ipoteka Bank»	3,9

The following diagram shows the share of leasers in the leasing market (Diagram 1). As always, the share of leasing companies in the leasing market was the highest, followed by leasing services provided by other entities and finally leasing services of banks.

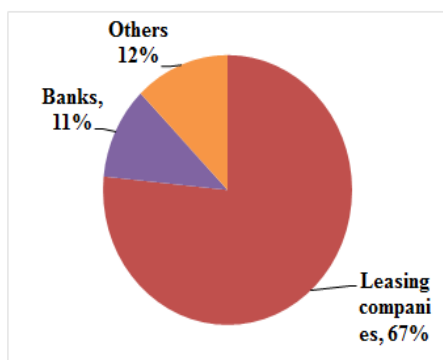


Diagram 1. The share of participants in the leasing market [4]

Due to the low cost of transactions, the existence of a secondary market for vehicles and the constant demand, there was, of course, healthy competition in the financing of operations with motor vehicles.

In the first half of 2020, the volume of new leasing operations amounted to 1.17 trillion soums, the total volume of leasing operations - 5.55 trillion soums [4].

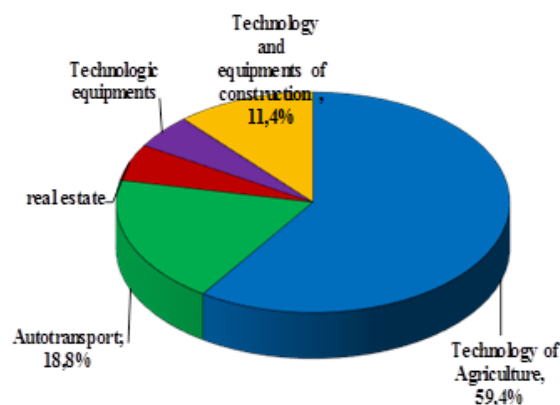


Diagram 2. The share of leasing for the main estates for the two quarters of 2020 [4]

A study showed that the distribution of leasing operations by type of fixed assets gives leaser an idea of what objects of leasing work with and to what extent. The largest segments in the market in recent years are agricultural machinery, technological equipment and car leasing, which has been growing over the past two years. It should be noted that in the first half of 2020 the share of agricultural machinery was 59.4%, vehicles - 18.8%, construction machinery and equipment - 11.4%, real estate - 5.4%, technological equipment - 5.0%. The sharp change in this ratio is due to the decline in the activities of many leasing companies, while the agricultural sector grew compared to the same period last year.

The volume of new leasing operations in the real estate sector has increased slightly. Compared to last year, this figure was 38.4

billion more than UZS. 63.0 billion soums. The largest investment in real estate leasing was made by Invest Finance Bank (54.8 billion soums), followed by Infinleasing LLC (5.3 billion soums) and Trustbank (3.0 billion soums). If the figures are compared for 2019 (49.3 billion soums) and 2018 (502.7 million soums) (Diagram 2), a sharp decline in volumes in the real estate leasing sector can be seen. This is due to the fact that by 2019, the volume of real estate leasing has increased, and with the introduction of VAT, the amount of VAT has become unprofitable for the reverse leasing entrepreneur for a one-time payment [4].

It should be stated that due to the general economic crisis following the COVID-19 pandemic, leasers are having difficulty paying lease payments, which could lead to the bankruptcy of small leasing companies. The government may decide to introduce a regulator for the leasing industry. Competition by commercial banks may also increase. If large international players enter the Uzbek market, it will also increase competition. The post-pandemic economic crisis could lead to a decline in demand for leasing services and a lack of funding. In other words, it is the value of resources and their scarcity in the local financial market. The lack of money in the economy has a direct impact on customers' ability to pay.

The application of digital technologies in the leasing market should begin, first of all, with the creation of a database that contains information about all leasers and can be used by potential customers (lessees).

The Association of Leasers of the Republic of Uzbekistan should create a database containing information on all leasers operating in the financial market. If one looks at the practice of foreign countries, one can see that big data networks are used when using digital technologies [3]. Big data serves to organize activities based on the study of

customer feedback as a digital network with the ability to update the database on the basis of modern technologies. Create a similar "big lease data" database in the national leasing market, which should fully reflect the information about all leasers, all the objects and conditions of the lease.

It should be noted that this database should be divided into two groups in terms of leased facilities. The first group should include objects produced in our country and leased, and the second group should reflect international leasing relations, ie equipment manufactured abroad. In attracting foreign-made equipment to the domestic leasing market, attention should be paid to its importance, socio-economic efficiency, non-production (or non-production of replacement equipment) in our country.

Another way to develop the leasing market through digital technologies is to introduce the concept of "sharing economy". The term "sharing economy" translates from English as "digital transformation" or "sharing economy" [5]. The main focus is on the joint use of the leased object for a certain period of time. In leasing practice, this process is carried out through an on-line database as a type of operational leasing, i.e., the ownership right does not change after the contract expires. It is known that the Law of the Republic of Uzbekistan "On Leasing" does not include the concept of operational leasing. However, Article 6 of the law introduces the concept of additional leasing. Under the sublease, the lessee has the right to sublease the leased object received under the lease agreement to a third party for temporary possession and use with the written consent of the leaser, provided that the lessee remains liable to the leaser under the lease agreement. It is noted that the provisions of the Law apply to the additional leaser, additional lessee and seller in the sublease agreement, as well as to the leaser,

lessee and seller, respectively, the term of the additional lease agreement may not exceed the term of the lease agreement [6]. In our opinion, the introduction of the concept of operational leasing in the law and the creation of conditions for the application of the "Sharing economy" will serve to expand the lease portfolio of lessors and prevent a shortage of financial resources during their operation. It is also proposed to form a secondary leasing market for the sale of the leased object when it is returned to the lessor, for which purpose it is proposed to introduce this concept in the law and interpret it.

CONCLUSION:

In conclusion, when introducing digital technologies in the leasing services market, lessors should not only have complete information about national manufacturers, but also information about the needs of potential domestic (and even foreign) potential lessees. The created database should include tax and customs payments, as well as the logistics scheme of delivery of the object. Operating on digital technologies reduces lessors' advertising costs, increases their ability to analyze the market, and expands their access to information about potential lessees.

REFERENCES:

- 1) Address of the President of the Republic of Uzbekistan Sh.M.Mirziyoev to the Parliament. <http://uza.uz/oz/politics/zbekiston-respublikasi-prezidenti-shavkat-mirziyevning-oliy-25-01-2020>
- 2) Elmiraev S.E., Shavkatov N.Sh. Advanced foreign experience of public-private partnership relations and prospects of application in our country // Scientific electronic journal "International Finance and Accounting". № June 3, 2019. 4-b.

- 3) Kazankina O.A. Perspektivy razvitiya lizinga v usloviyax tsifrovoy ekonomiki // Vestnik SGSEU. 2019. №3 (77). S. 160-163.
- 4) <https://finance.uz/index.php/ru/fuz-menu-economy-ru/9213-zafar-mustafaev-dlya-kompanii-vazhno-postoyanno-rasshiryat-istochniki-finansirovaniya-lizingovykh-proektov-2>
- 5) Adaktilos A.D., Chaus M.S., Moldovan A. <https://cyberleninka.ru/article/n/sheringo-vaya-economics>
- 6) Law of the Republic of Uzbekistan "On Leasing". April 14, 1999, No. 756-I.