

THE ROLE OF ISLAMIC CREDIT PRODUCTS IN THE MODERN FINANCIAL SYSTEM AND THEIR ECONOMIC IMPACT

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Abstract: *This article assesses the role of Islamic credit products in the modern financial system and their economic impact. The study examines the impact of Islamic finance principles on financial stability, the real economy, and socio-economic development, comparing them with traditional financial systems. The article analyzes the theoretical foundations of Islamic finance products, including Sharia principles, as well as their practical application and international experience. It also examines the role of Islamic finance in the context of global trends, regulatory challenges, and innovations.*

Keywords: *Islamic finance, Islamic credit products, economic efficiency, financial stability, banking system, Sharia principles.*

РОЛЬ ИСЛАМСКИХ КРЕДИТНЫХ ПРОДУКТОВ В СОВРЕМЕННОЙ ФИНАНСОВОЙ СИСТЕМЕ И ИХ ЭКОНОМИЧЕСКОЕ ВЛИЯНИЕ.

Аннотация: *В данной статье оценивается роль исламских кредитных продуктов в современной финансовой системе и их экономическое влияние. Исследование рассматривает воздействие принципов исламского финансирования на финансовую стабильность, реальную экономику и социально-экономическое развитие, сравнивая их с традиционными финансовыми системами. В статье анализируются теоретические основы продуктов исламского финансирования, включая принципы шариата, а также их практическое применение и международный опыт. Также рассматривается роль исламского финансирования в контексте глобальных тенденций, регуляторных проблем и инноваций.*

Ключевые слова: *Исламские финансы, исламские кредитные продукты, экономическая эффективность, финансовая стабильность, банковская система, принципы шариата.*

INTRODUCTION

In the context of global changes in the financial services sector, Islamic credit products are becoming an integral part of the modern financial system. Islamic credit products - through financial instruments such as murabaha, musharaka, mudaraba, ijara, salam and istisna - play an important role in financing production, trade and service sectors. These products not only meet the religious requirements of the Muslim

community, but also offer fair, ethical and sustainable financing alternatives for a wider range of customers. Unlike traditional interest-based finance, Islamic finance relies on the principles of asset-based transactions, risk sharing and social responsibility, which increases its attractiveness. As a result, the possibilities for ensuring economic stability, reducing the negative consequences of financial crises and stimulating entrepreneurial activity expand. In recent years, the rapid development of Islamic financial institutions in many Muslim and non-Muslim countries, the growing demand for sukuk and Islamic banking products in the international financial market, creates the need for a deep scientific analysis of the economic efficiency of this system. In particular, the role of Islamic credit products in the modern financial system, their advantages and limitations compared to traditional lending mechanisms, is of great scientific and practical importance. The issue of introducing Islamic finance and credit products is also relevant for the Republic of Uzbekistan. Islamic credit products can serve as an important tool in increasing the financial inclusion of the population, improving the investment climate, and developing halal financing mechanisms.

The purpose of this article is to provide an in-depth analysis of the place of Islamic credit products in the modern financial system, assess their economic impact, and explore current challenges and future prospects. Understanding the importance of Islamic finance is essential for creating a more inclusive and sustainable financial system in the global economy.

The theoretical foundations of Islamic financial products are rooted in Sharia principles, which include the prohibition of *riba*, restrictions on *gharar* and *maysir*, asset-based financing, and fair risk sharing. These principles form the basis of Islamic credit products such as *murabaha* (cost-plus-profit trading), *ijarah* (lease), *musharaka* (profit-loss sharing partnership), *mudaraba* (trust-based partnership), and *sukuk* (Sharia-compliant bonds). Zulkhibri and Abdul Manap (2019) argue that Islamic finance's unique risk-sharing mechanisms can contribute to macroeconomic and financial stability. While conventional financial systems require repayment of debt with interest, Islamic finance often relies on real assets and is structured around the sharing of profits or losses. There is theoretical evidence that this system can increase resilience during financial crises. In terms of economic efficiency, Islamic credit products differ from conventional products in a number of ways. The asset-based nature of Islamic finance reduces speculative transactions and directs funds into the real economy, which can serve to stimulate production and employment. Products such as *musharaka* and *mudaraba* provide risk sharing between entrepreneurs and financiers, which can expand financing opportunities for small and medium-sized businesses. However, some researchers, such as Zulkhibri and Abdul Manap (2019), raise questions about whether some practices of modern Islamic finance are "disguised capitalism" and not fully compliant with Sharia principles. For example, relatively simple products such as *murabaha* can often be used in structures similar to interest-based loans, which can weaken the principle of risk sharing. Regarding financial stability, the Islamic financial system can be more resilient to financial crises through its interest-free and risk-

sharing model. Zulkhibri and Abdul Manap (2019) argue that this system has the potential to enhance macroeconomic stability. For example, there is evidence that Islamic banks suffered less during the global financial crisis than conventional banks. This is largely due to Islamic finance's shift away from speculative assets and its focus on the real sector. However, it is also noted that Islamic banks in the UAE face unique challenges in capital regulation, as their participatory, risk-sharing models pose different risks than conventional banks. Socio-economic development and its impact on the real economy are another important aspect of Islamic finance. Creating a uniform regulatory and supervisory environment for Islamic financial institutions is also important, as they have their own unique risk profiles. Innovation, especially in the fintech sector, is enabling Islamic finance to offer new products and services and reach a wider audience. The following key indicators are used to assess the economic efficiency of Islamic credit products:

1. ROA (Return on Assets): Rate of return on assets
2. ROE (Return on Equity): Rate of return on equity
3. Profitability ratios: Gross profit and net profit ratios
4. Fund utilization: Targeted use of financial resources
5. Intended use of credit/financing: Spending of funds for specified purposes.

A study conducted by Imam Uddin and Muhammad Shujat Saleem found that an average of 97% of Murabaha funds are used for their intended purpose. This is significantly higher than the 69% rate for conventional business loans, and Murabaha efficiency is estimated to be 28% higher. This result demonstrates the superiority of Islamic financial products in terms of efficient use of resources.

This study is based on a comprehensive analysis, synthesis and comparative approaches. The article is aimed at a critical analysis of the existing literature, scientific works and international reports on the economic efficiency of Islamic credit products and their role in the modern financial system. The study studies the theoretical foundations of the principles and products of Islamic finance, and conducts a comparative analysis of them with traditional financial systems. The impact of Sharia-compliant financing mechanisms on financial stability, socio-economic development and the real economy is assessed. International experience and the conditions for the development of Islamic finance in the context of Uzbekistan are also studied, global trends, problems and regulatory issues are considered in detail. Based on the results of the analysis, conclusions are drawn and future research directions are identified.

Conclusion

This scientific study comprehensively analyzed the economic efficiency of Islamic credit products and their role in the modern financial system. The results of the study show that Islamic financing mechanisms are important not only as an alternative financial instrument based on Sharia principles, but also as a sustainable financial model aimed at supporting the real sector. The main advantages of Islamic credit products are the fair distribution of profits and risks, the restriction of speculative transactions, and the use of financing mechanisms secured by real assets.

Forms of financing implemented through contracts such as murabaha, musharaka, mudaraba, and ijara increase the transparency of investment processes and provide a high level of stability in relation to financial crises.

The results of empirical analyses have shown that Islamic financial institutions are competitive in terms of asset quality, financial stability indicators, and social efficiency compared to the traditional banking system. The importance of Islamic credit products in the modern financial system is particularly evident in expanding financial inclusion, supporting small and medium-sized businesses, and strengthening the principles of social justice. Islamic financing instruments stimulate economic activity and contribute to sustainable economic growth by increasing the level of access to financial services by the population.

In conclusion, Islamic credit products are of great strategic importance in the modern financial system, and in order to increase their economic efficiency, it is necessary to improve the legal and regulatory framework, develop the Islamic financial infrastructure, and improve the skills of bank employees. In the future, conducting in-depth empirical research in this area and widely introducing

Islamic financing mechanisms into the national banking system will serve to increase the stability and competitiveness of the country's financial market. Islamic credit products have taken a strong place in the modern financial system and will continue to increase their importance in the future. Their economic efficiency, social impact, and ethical principles contribute to making the global financial system more fair and stable.

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