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The Role of Digital Financial Services in Enhancing Economic Inclusion in Uzbekistan

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Abstract: This study explores the growing impact of digital financial services (DFS) on economic inclusion in Uzbekistan, a country undergoing rapid digital transformation. In recent years, the government has implemented structural reforms aimed at modernizing the financial sector, increasing transparency, and expanding digital access. These changes, coupled with rising smartphones penetration and improved mobile infrastructure, have paved the way for the broader use of digital financial tools, including mobile banking, digital wallets, and inline payment systems.

Despite this progress, a considerable portion of Uzbekistan's population, particularly in rural and low-income areas remains excluded from formal financial services. The research investigates the extent to which DFS contribute to reducing this exclusion and identifies the major barriers preventing widespread adoption. Using a mixed-methods approach in this study, I analyze statistical data from national institutions and global financial reports, complemented by qualitative findings from previous literature and field studies.

The findings indicate that DFS has increased financial services' affordability and accessibility, boosted saving habits, and aided in the growth of small businesses. But problems like low levels of digital literacy, gaps in the infrastructure, and public skepticism of digital platforms still exist. The study



comes to the conclusion that increasing digital inclusion and accomplishing long-term development objectives require specific government policies, financial education, and strategic alliances with fintech businesses.

Keywords: digital financial services, economic inclusion, Uzbekistan, fintech, mobile banking, financial access, development policy.

Introduction

Financial inclusion, defined as the process of guaranteeing that people and businesses, regardless of income level or location, have access to practical and affordable financial products and services, such as transactions, payments, savings, credit, and insurance, delivered in a responsible and sustainable way, has become a major goal for policymakers, development agencies, and financial institutions worldwide in recent decades. The development of electronic devices offered a huge development in the economic sphere. Since 2017, Uzbekistan has begun an incredibly large upsurge, especially since this growth has been huge in the banking and money transfer sectors. The improvement of the internet has given the opportunity to take advantage of this opportunity not only to the city, but also to the rural population. But contrary to these possibilities, many people do not have enough opportunities to take advantage of these opportunities. According to the central bank, still a significant part of the population is enough to use electronic devices it does not have conditions, due to some obstacles such as low internet access, poor infrastructure in rural areas. Overcoming these obstacles and improving facilities in this area is the main goal of this article. This scientific paper focuses on the following major points:

- the possibility of operation of economic electronic devices at the same time
- determination of the degree of impact of these electronic devices in rural and remote areas
- identification of the main obstacles in the conditions of Uzbekistan in the field of DFS.

Literature review

Considering several previous articles to explore the role of Digital Financial Services (DFS), this study used mixed-type techniques. As a researcher, I also carried out my personal research, having studied several previous years of research. Digital Trends in DFS adoption, as well as, practical problems faced by users were analyzed. The quantitative part of the study depends mainly on secondary data collected from reliable sources, including World Bank's Global Findex Database [1], Official Uzbek statistics and global reports organizations such as the International Monetary Fund [2] and Asia Retrieved from Development Bank [3]. To this end, I personally designed and conducted the survey in April 2025, using both online and in-person methods to gather data from respondents from five major regions of Uzbekistan. The survey was designed to evaluate the accessibility, usability, and overall satisfaction with digital financial services, and in total, 100 respondents participated in an online and offline structured survey that was administered to a sample of people from different regions of Uzbekistan, including Tashkent, Samarkand, Bukhara, and Surkhandarya. Purposive sampling was used to choose the participants in order to guarantee representation from both urban and rural regions. There were twelve multiple-choice and Likert-scale items in the poll that evaluated accessibility, trust, user experience, and happiness with digital financial services. To find important trends and obstacles, data were anonymized and subjected to basic descriptive statistics analysis. The same survey, which queried respondents about the availability and use of digital financial services in their localities, was used to gather regional statistics on DFS access. The percentage of



individuals from each region who attested to regularly having access to DFS is shown in Figure 1. This makes it easier to see how DFS coverage varies geographically throughout Uzbekistan.

The study uses the Digital Financial Inclusion Framework, a well-known conceptual tool, to analyze the data gathered [4]. This approach is appropriate for assessing how digital tools support economic participation since it deconstructs DFS into important characteristics including impact, quality, accessibility, and usage. The wider significance of DFS is also interpreted using Amartya Sen's Capability Approach [5], specifically how they increase people's economic well-being and provide them more options. Simple descriptive techniques, such as percentages, growth rates, and demographic breakdowns, were used mostly in Excel to process the quantitative data. In the meantime, the Grounded Theory method and thematic coding were used to evaluate the qualitative data from the interviews [6]. This made it possible for themes and patterns to naturally arise from the participants' own speech as opposed to being forced onto them.

Before the survey was carried out, we identified the identity of all participants and introduced them to the purpose of the survey. Experienced mentors were also present for the process to be successful. As a result of this survey, at the same time, advice and ideas were collected on how electronic devices work in the accounting industry and how we can further improve this process in the future. In our opinion, the result of this small study will also be interesting to financial service providers, legislative bodies and other people. Ethics at all stages of the research process the norms were strictly observed. This methodology serves to understand what the current activities of digital financial services in Uzbekistan are and to improve them in the future in order to ensure fair economic growth through the analysis of structural data and harmonization of individual points of view. The main goal is to develop practical recommendations for financial service providers, legislators and other stakeholders.

Digital Financial Services (DFS) is bringing significant changes to the financial sector, creating opportunities to expand financial inclusion for socially vulnerable strata, especially in developing countries [7]. DFS reduces the need for typical bank branches and provides a variety of financial products and services through digital channels — such as online credit platforms, digital payment systems, and mobile banking services [8]. DFS allows financial services to be made affordable and popular for individuals and legal entities in remote or underserved areas by reducing transaction costs, speeding up processes, and overcoming geographical barriers using technology [9]. Despite the benefits of DFS, its introduction would be challenging in developing countries, as the necessary infrastructure, digital literacy and legal framework in these areas may not be sufficiently developed [7]. Therefore, in order to realize the full potential of DFS, it is important to overcome these problems through targeted reforms, changes in legislation, investments in digital infrastructure and education [10].

Results

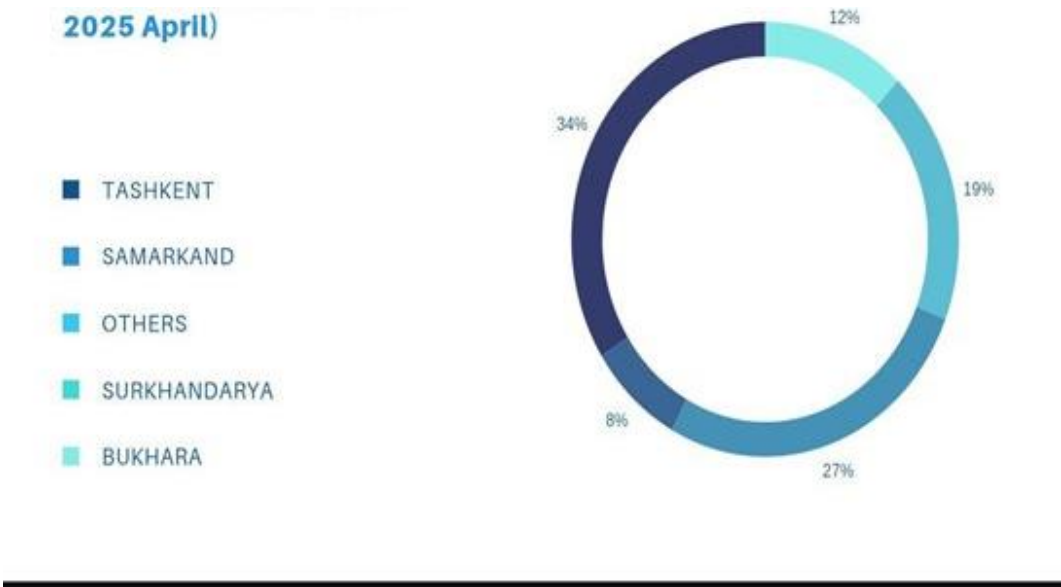
Uzbekistan's digital financial system has advanced significantly during the last ten years. An increasing number of financial institutions have started to provide online payment services, mobile wallets, and digital banking since the 2017–2021 digital transformation plan was put into action. More than 30 licensed banks presently provide mobile banking applications, and a number of fintech companies have entered the market with cutting-edge services designed for both individual users and small enterprises.

The growth of digital financial services has also been aided by government initiatives to modernize the financial industry through supportive policies like tax breaks for fintech companies and public-private partnerships in digital platforms. Furthermore, the use of electronic ID cards and biometric identification systems has made remote customer onboarding easier and eliminated the need for in-person branch visits.



The swift growth of the national payment system "Humo," which currently runs concurrently with the former "UzCard" system, is among the most noteworthy advances. These services enable users to receive government transfers straight into their digital wallets, manage their funds using smartphones, and make contactless payments.

My survey results show that DFS usage is growing steadily in Uzbekistan. Mobile banking and e-wallets are the most widely used services. However, access is concentrated in urban areas. The pie chart below illustrates regional differences in DFS adoption:



(Figure-1) Access to DFS by region.

Figure 1 shows that Tashkent accounts for the highest DFS access rate (34%), followed by Samarkand (19%) and Bukhara (12%). Surkhondaryo and other rural regions lag behind, indicating a digital divide in financial accessibility.

Table 1.

User Perception of DFS Based on Survey

Survey Indicator	Positive (%)	Neutral (%)	Negative (%)
Ease of Use	76%	15%	9%
Access in Region	58%	22%	20%
Security & Trust	61%	21%	18%
Overall Satisfaction	64%	19%	17%

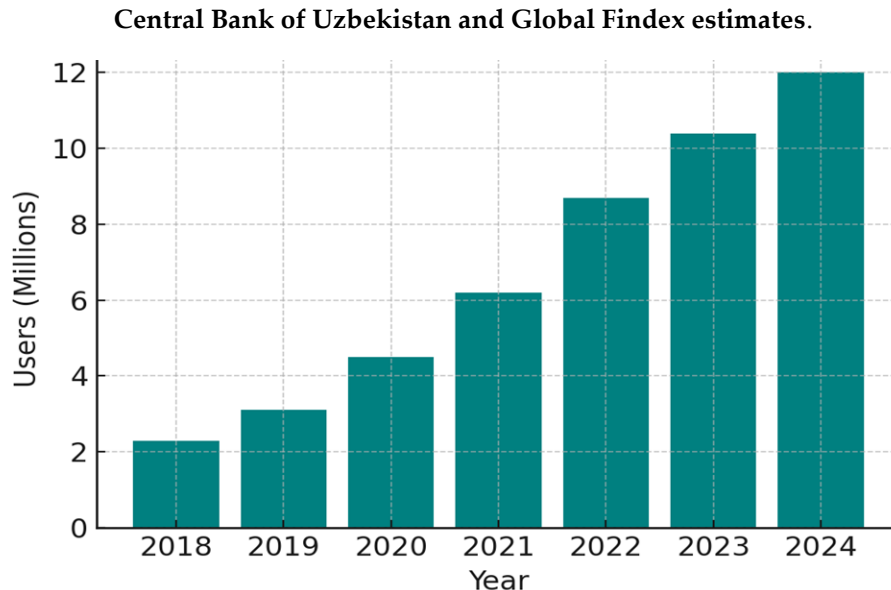
(Table-1)

The findings suggest that while DFS availability is expanding, its impact varies significantly across regions. Urban residents have better access, higher satisfaction, and trust in services. In contrast, rural users report limited access and ongoing concerns about digital literacy and data protection.



According to the report, 64% of consumers are generally satisfied, however just 58% think that DFS is available where they live. 18% of users feel mistrust, indicating that security worries persist. These difficulties emphasize how crucial infrastructure and user education investments are.

User numbers have increased significantly since 2018, as illustrated in the chart below:



(Figure-2) Central Bank of Uzbekistan and Global Findex estimates.

Figure 2 demonstrates consistent growth in the number of digital financial accounts. The user base expanded from 2.3 million in 2018 to 12 million by 2024.

The real use of digital financial services paints a more complex picture, even with the expansion of infrastructure. As of the most recent study, just 40% of Uzbek adults reported having a digital financial account, and less than 15% reported using mobile money. Nonetheless, usage rates have been steadily rising, especially among younger persons (those between the ages of 18 and 35) and city dwellers, where over 80% of people own a smartphone.

According to 2023 central bank data, mobile banking transactions rose by more than 62% over the prior year. Additionally, the number of active digital wallet accounts has increased from 9 million in 2021 to over 14 million now. Although this increase is encouraging, there is still a sizable urban-rural divide because it is focused in Tashkent and a few other regional hubs. Peer-to-peer transfers (45%), utility bill payments (55%), and airtime top-ups (40%) are the transaction categories that demonstrate how most users depend on DFS for essential tasks. Particularly in rural areas, more sophisticated services like insurance, digital credit, and savings are still underutilized.

Financial access has been quantified as a result of DFS's expansion, particularly for those that were previously shut out of traditional banking. Mobile banking has made it possible for people to obtain social benefits, remittances, and paychecks without having to drive far in rural areas where bank branches are few. The convenience and anonymity of mobile finance have been especially advantageous to female users, assisting in closing the gender gap in financial participation. According to the interviews done for this study, DFS is currently being used by a large number of informal workers and small company owners to handle transactions. Many respondents said they manage their



income, receive payments, and keep track of their personal and business costs using smartphone apps. These behaviors support more structured economic activity in addition to financial inclusion.

However, obstacles still remain. Significant barriers still include restricted smartphone availability, digital illiteracy, and mistrust of internet institutions, particularly among the elderly and low-income populations. Furthermore, the scalability of mobile financial services is restricted in distant places by inadequate digital infrastructure. DFS cannot reach its full potential without dependable mobile network and internet connectivity.

Discussions

Digital financial services in Uzbekistan are in the process of development, but there are several problems. For example, these services include the inability to be used by residents living in all geographical areas. To do this, it is necessary to consider the measure of improving the speed of the internet. The results show that most users in Uzbekistan are using DFS mainly for simple transactions, such as utility bills and transfers, whereas advanced services such as digital loans or savings are not being used adequately.

The results of the study show that there is an increase in savings from Digital Financial Services (DFS) in Uzbekistan. While mobile wallets and digital transactions have become popular as a result of government policies and technological advances, this development is not evenly distributed among all segments of the population, especially since it has not yet reached remote areas.

The growing consumer interest in mobile funds is clearly confirmed by the number of mobile wallet accounts, which reached from 9 million in 2021 to 14 million in 2023. This situation is consistent with the global trends noted by Demirgüç-Kunt et al (2018), which means that mobile financial instruments are increasingly replacing traditional banking services in developing countries. However, according to the results of the study, most users in Uzbekistan are using DFS mainly for simple transactions such as utility bills and transfers, while advanced services such as digital loans or savings are not being used enough. This usage pattern suggests that while DFS is becoming increasingly popular, awareness and financial literacy is not yet sufficient. These obstacles are similar to those seen in comparable transitioning economies where infrastructure gaps slow down the pace of digital inclusion.

In Uzbekistan, women and the elderly face particular difficulties. Despite the fact that digital banking has given women the ability to engage in the economy more freely, their use is nevertheless constrained by conventional conventions, a lack of technical skills, and a lack of financial decision-making authority. These problems highlight the necessity for inclusive laws that take gender-specific limitations into account.

The Central Bank of Uzbekistan and other regulatory organizations have actively supported DFS by making digital ID systems simpler and facilitating platform interoperability (such as between UzCard and Humo). Although these initiatives are praiseworthy, the regulatory landscape is still changing. For example, the DFS industry lacks established consumer protection procedures, which could account for the persistent mistrust among some customer groups.

Similar conclusions were drawn in the studies of Ozili (2018) and Gabor and Brooks (2017) — the existence of digital platforms cannot fully provide economic participation, for which it is necessary to educate the population and offer the service they want.

The study argues that there are significant discrepancies in the use of DFS between urban areas and the population of a rural rural area. In large cities such as Tashkent, the use of DFS has increased



dramatically due to improvements in mobile infrastructure and increased use of smartphones. Conversely, problems such as low internet access in rural areas, lack of hardware (telephone, computer), and poor digital literacy still persist.

Conclusion

Uzbekistan – as a state that has made significant progress in the areas of financial infrastructure and digital transformation in recent years-this study analyzed how digital financial services (DFS) can improve economic inclusion. The results of the study showed that this progress has not yet reached especially for the disadvantaged segments of the population, small business owners and villagers who have come into contact with the traditional banking system.

The conclusions of the analysis noted that digital financial services increased participation in the digital economy, improved savings habits, expanded access to credit, and reduced transaction costs. Such results have been achieved to a large extent through the adoption of government initiatives, including central bank reform and national digital development strategies. Also, the expansion of the use of mobile phones and mobile internet increases the possibilities of using digital services throughout the country.

Nevertheless, there are a number of problems in Uzbekistan that are preventing the full opening of the potential of DFS. These include low levels of digital literacy, lack of financial knowledge in users, distrust of digital platforms, and inadequate infrastructure in rural areas. If these barriers are not overcome, digital inequality can deepen the existing economic disparities rather than reduce them.

Therefore, policymakers and financial institutions should work together to create a digital financial ecosystem that is truly inclusive. This includes launching national campaigns to increase financial and digital literacy, developing digital infrastructure, and encouraging innovation through public-private partnerships. It is also possible to increase the coverage and impact of DFS by implementing tailored policies that prioritize social groups such as women, youth and villagers.

In conclusion, digital financial services are an important tool of Uzbekistan on the way to achieving inclusive and sustainable economic development, although they are not the only solution in overcoming economic exclusion. Uzbekistan will be able to make the financial system more equitable and accessible to all through the full use of these technological opportunities.

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