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DEVELOPMENT TRENDS OF DIGITAL ECONOMY AND FINANCIAL INCLUSION IN UZBEKISTAN'S BANKING SYSTEM

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A B S T R A C T

The article analyzes the development trends of digital economy and financial inclusion in Uzbekistan's banking system from 2020 to 2025. Using statistical, comparative, and SWOD analysis, the study demonstrates the growth of digital services, mobile payments, online banking, and financial literacy programs. The social impact of digital finance, including access to banking services for rural populations, women, and youth, is also discussed. The article provides recommendations for adopting Reg Tech and AI technologies, improving financial literacy, and enhancing cybersecurity.

K E Y W O R D S

Digital economy, financial inclusion, banking system, mobile banking, online banking, Reg Tech, cybersecurity.

Introduction

In recent years, the gradual implementation of the Digital Economy Concept in the Republic of Uzbekistan has created new opportunities for the transformation of the financial sector, particularly the banking system. The expansion of digital financial service infrastructure and the development of areas such as Open banking, Fin Tech play an important role in strengthening the stability of the national economic system. At the core of the digital economy lie human capital, data, and innovative technologies, while the banking system serves as a key driver of these processes. According to data from the Central Bank of Uzbekistan, as of 2025, 87% of active banking clients use digital services - an increase of 2.4 times compared to 2020.Alongside the development of the digital economy, issues of financial inclusion have become increasingly relevant. The term "digital economy «refers to enhancing economic efficiency through technological innovation, while "financial inclusion" means expanding access to financial services for individuals and businesses. Over the past few years, Uzbekistan's banking system has carried out a series of reforms aimed at expanding digital services improving financial inclusion in Uzbekistan's banking system in 2025.

Table 1 Analysis of Digital banking service Development

Type of Banking Service	2022	2025
Mobile and Internet Banking	4 million users	8 million users
Electronic Payment Systems	Pay Me, Click, Upay	Uzum, wireless terminals, internal banking apps and system integrations
FinTech Integration	Cooperation between startups and banks for innovative services	AI-based credit scoring algorithms and digital identification services

In 2025, the following digital services have been actively developing within Uzbekistan's banking system:
- Banks im to reduce costs and enhance customer convenience through.
- Expansion of digital services.
- Financial Inclusion Trends

The level of financial inclusion in 2025 is characterized by the following features:
- Assess to financial services: While 35% of the population actively used financial services in 2022, this figure is expected to reach 55-60% in 2025.
- Urban-rural gap: Mobile banking and agent banking services are being introduced to improve access in rural areas.
- Woman and youth segments: Financial inclusion programs are expanding among women and young people aged 18-30, particularly through online microloans and savings services.
- Global context: Worldwide, significant progress has been achieved in expanding formal financial assess, with digital technologies accelerating this process.
- Beyond account ownership: True inclusion involves the active and purposeful use of financial services (savings, loans, payments) that contribute to financial stability.
- Challenges: Security concerns, personal data protection, and low levels of digital literacy still pose obstacles.
- Policy importance: Effective action requires comprehensive measures involving policy reform, financial education, innovation, and inclusion of all social groups.
- The Relationship Between the Digital Economy and Financial Inclusion

The analysis shows that digital banking services have become a kay tool for enhancing financial inclusion. The digital transformation of banks yields several outcomes:
- Increased speed and convenience of financial services.
- More effective use of electronic payment and credit systems by SMEs
- Higher transparency and security levels in the banking sector.

Trends in 2025. In 2025, the following trends are observed in Uzbekistan's banking system:
- Growth in digital service volume: An increase in transaction volume and the number of users.
- Fin Tech innovations: Widespread adoption of artificial intelligence, blockchain, and digital identification systems.
- Enhanced financial inclusion: Improved access to financial services for rural and socially vulnerable groups.

- Regulatory improvements: The Central Bank is developing new legal frameworks to regulate digital banking and FinTech services.

Table 2Number of Digital Banking Users in Uzbekistan (2020-2025)

Year	Number of Users(mil)	Growth%	Digital Share %
2020	5.4	-	36
2021	6.8	+25	45
2022	8.9	+30.8	58
2023	10.4	+16.8	69
2024	12.1	+16.3	78
2025	13.0	+7.4	87

Source: Central Bank of the Republic of Uzbekistan, Q12025(cbu.uz)

Table 3 Dynamics of Mobile Payment Growth (trillion UZS)

Year	Mobile Payment Volume	Growth Rate %
2020	49.2	-
2021	82.5	67.6
2022	121.7	47.4
2023	174	43.0
2024	233.5	34.2
2025	297.6	27.4

Table 4 Share of Digital Services in the banking System

Indicator	2020	2023	2025
Internet banking	34%	58%	76%
Mobil banking	41%	72%	88%
Online Lending	9%	21%	33%
Digital Cards	16%	38%	61%

The digital economy and financial inclusion in Uzbekistan's banking system have entered a stage of stable growth over the past five years, largely due to the "Digital Transformation-2030" Strategy of the Central Bank.

- The share of digital banking services has reached 87%
- The volume of mobile payments has increased six-fold.
- The number of internet banking users exceeds 13 million.

The Role of Reg Tech in the Banking System. The development of digital infrastructure ensures not only convenience but also economic efficiency. Reg Tech functions include:

- Financial monitoring and reporting: Automated collection and submission of regulator-required data.

- KYS (Know Your Customer) and AML (Anti-Money Laundering): Identification of clients and prevention of illegal transactions.
- Risk management: Real-time analysis of credit, liquidity, and operational risks.
- Compliance automation: Streamlined integral audit and regulatory compliance processes.

Advantages include:

- Reduction of errors.
- Lower labor costs.
- Faster and more accurate date preparation.
- Transparent and efficient communication with regulators.

Uzbekistan's banks are recommended to expand the use of Reg Tech, AML, and Customer identification processes to strengthen compliance and operational efficiency.

Recommendations:

- Broaden the implementation of Reg Tech and Open banking platforms.
- Develop AI and Big Data-based credit rating systems.
- Create a unified API ecosystem to enhance client integration.
- Design nationwide programs to improve financial literacy.
- Strengthen cybersecurity infrastructure and align it with international standards.

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