DIGITAL FINANCIAL INCLUSION AND GOVERNANCE IN UZBEKISTAN: ARE WE LEAVING ANYONE BEHIND?

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Abstract

While Uzbekistan's digital economy is growing fast, a large share of the population still lacks meaningful access to formal financial services. This paper examines how digital finance expansion intersects with inclusive governance and where that intersection is currently failing. Drawing on national data, the World Bank Global Findex 2025, government strategy documents, and international case studies, the study argues that sustainable digital development demands more than infrastructure. It requires deliberate institutions, targeted education, and strong accountability mechanisms. The results show three persistent gaps: geographic exclusion, a generational divide in meaningful usage, and weak consumer protection. The paper ends with four practical steps policymakers can take to make digital finance work for everyone.

Keywords: *financial inclusion, digital governance, Uzbekistan, Payme, Click, unbanked population, Digital Uzbekistan 2030, inclusive development, rural digitalization.*

1. Introduction

Uzbekistan is going through a period of rapid economic and technological change. In cities like Tashkent, paying by QR code or sending money through a mobile app has become routine. Small businesses run their operations on smartphones and market sellers accept digital payments as naturally as cash.

Yet step outside the major cities and the picture looks very different. In regions like Surxondaryo and Qashqadaryo, physical cash remains the backbone of daily transactions. Two people living in the same country can face completely different financial realities depending on where they were born.

That kind of gap does not fix itself through technology alone. It is shaped by governance: by the choices institutions make about who benefits from progress and whose needs get treated as secondary. The policies written today will determine whether digital growth closes existing inequalities or quietly deepens them.

Access to basic financial tools such as accounts, payments, credit, and insurance consistently appears in development research as a key factor in reducing poverty and expanding economic opportunity, as the World Bank has documented extensively. Uzbekistan has made real strides in expanding these tools through digital channels. The Global Findex 2025 reports that 60% of adults now hold a formal account, nearly double the 2017 level. But account ownership is not the same as meaningful use. The central question this paper asks is whether that expansion is actually reaching the people who need it most.

The paper addresses three questions. First, what does the current state of digital financial inclusion in Uzbekistan actually look like beneath the headline numbers? Second, where is the governance framework falling short? Third, what practical steps can close the remaining gaps?

2. Methods

This paper uses a mixed-methods approach combining secondary data analysis with qualitative policy review. The research draws on two main source categories.

The first is quantitative data from national and international databases. These include the Central Bank of Uzbekistan's annual payment systems reports, the World Bank Global Findex database (2017, 2021, and the 2025 edition released in October 2025), UNDP Uzbekistan assessments, and the Ministry of Digital Technologies. These sources provide data on account ownership, mobile banking adoption, transaction volumes, gender gaps, and rural access.

The second category is qualitative. It covers the Digital Uzbekistan 2030 strategy, the National Strategy for Financial Inclusion (2023-2025), Central Bank licensing and consumer protection guidelines, and academic literature on digital financial governance in developing economies. Three international cases (Rwanda, Kenya, and Estonia) are analyzed to extract governance lessons relevant to Uzbekistan's context.

The analysis is structured around outcomes rather than outputs: the question is not whether digital tools exist but whether they are reaching and serving the people who need them. A key limitation is that official statistics may overstate inclusion by counting nominal account holders as active users. Where possible, the paper uses demand-side survey data (Findex) alongside supply-side statistics to cross-check claims.

3. Results

3.1 Digital Financial Services: Growth and Remaining Gaps

On paper, Uzbekistan's digital financial sector is a success story. Cashless transactions in 2023 reached 493 trillion soums, roughly 64% higher than the year before. The number of active mobile banking users climbed past 18 million in a country of around 36 million people. Active digital banking users rose from 3.8 million in 2019 to over 13 million by 2024. In July 2025 alone, the Fast Payment System processed over 10.2 billion dollars in transactions. Apps like Payme, Click, Uzum Bank and Humans have become familiar names in urban life. By 2024, more than 99% of districts had some form of 4G coverage.

The Global Findex 2025 adds important detail. Overall account ownership reached 60% of adults, nearly double the 2017 figure. In a notable shift, women (61%) now slightly outpace men (59%) in account ownership, a reversal of the earlier pattern. Mobile phone ownership stands at 82%, with 69% owning smartphones, giving the infrastructure for digital finance broad potential reach.

However, headline numbers hide persistent gaps. Three deserve serious attention.

The first gap is geographic. Internet connectivity in major cities among adults under 50 is high. In rural areas, particularly among older age groups, it drops significantly. Digital financial services follow the same pattern: concentrated in urban centers, thin elsewhere. Barriers for the unbanked include distance to service points, insufficient funds to open accounts, missing documents, and service costs.

The second gap is generational. Depth of formal usage lags far behind account ownership. Only 10% of adults save formally in banks. Formal borrowing reaches just 12%. Older citizens are increasingly enrolled in digital payment systems, often to receive pension transfers, without the understanding or support to use them confidently. The technology nominally reaches a person but does not actually serve them. Efficiency has been gained; genuine inclusion has not.

The third gap concerns remittances and informal transfers. Fourteen percent of adults receive international remittances, a figure skewed toward women and rural residents. Domestic transfers involve one in five adults, mostly outside the banking system. These flows represent a significant financial lifeline that currently bypasses formal digital infrastructure entirely.

3.2 Where Governance Is Falling Short

Uzbekistan has built a reasonable institutional foundation for digital finance at the macro level. The Central Bank licenses payment providers, sets minimum standards and has issued basic consumer protection guidelines. The Ministry of

Digital Technologies coordinates national digital strategy. These are meaningful structures. But three implementation gaps undercut their effectiveness.

The most visible gap is in financial literacy at the community level. The Digital Uzbekistan 2030 strategy and the National Strategy for Financial Inclusion (2023-2025) both name digital skills as a priority, but there is no funded, systematically monitored national program that reaches elderly, rural, or low-literacy citizens in a sustained way. Existing literacy initiatives are fragmented and skewed toward urban populations. Mahalla centers, the community institutions that operate in every neighborhood and carry genuine public trust, remain largely unused for this purpose. Their potential as financial education hubs has barely been tapped.

The second gap is in consumer protection. As digital transactions multiply, so do problems: fraudulent transfers, unauthorized account activity, and confusing service terms. Current rules require users to complain to their bank first and, if unsatisfied, escalate to the Central Bank. There is no independent body dedicated to financial consumer advocacy, no published data on complaint volumes or resolution rates, and no easy path to remedy for someone who lacks the time, education, or confidence to navigate a bureaucratic process. The result is that the most vulnerable users have the least protection.

The third gap is informational. Policymakers cannot design effective interventions without knowing where the problems are. Uzbekistan does not regularly publish disaggregated data on financial access broken down by province, gender, or age group. The aggregate numbers look positive, which is exactly why the details matter. Without a legal obligation to collect and disclose this information, the governance system operates with a partial map.

3.3 What Other Countries Have Figured Out

Three countries offer governance lessons that are directly relevant to Uzbekistan.

Rwanda is particularly instructive. In 2012, fewer than half of Rwandans had any form of formal financial access. By 2020, that share had risen to over 93%. The change was not primarily driven by technology. What drove it was governance: the government set binding inclusion targets for financial service providers, built out rural banking agent networks, and embedded financial literacy campaigns in existing community health worker systems that already had local trust. The lesson is not the specific tools Rwanda used but the logic: inclusion has to be treated as a measurable outcome, not a hoped-for by-product.

Kenya's experience with M-Pesa offers a complementary point. Kenya's Central Bank required that the interface remain simple, consistent, and reversible, a deliberate choice made because policymakers understood that many users would have no prior experience with formal finance. Building user protection into licensing requirements before problems emerged is a very different approach from responding to problems after they have already caused harm.

Estonia has built its digital governance model around a principle that no citizen should face worse outcomes because they prefer or need non-digital alternatives. Every digital public service maintains an equivalent in-person or phone option. This kind of parallel-channel thinking is directly relevant for Uzbekistan, particularly for elderly citizens.

4. Discussion

The results point to a consistent pattern: Uzbekistan's digital financial infrastructure is expanding faster than the governance systems needed to make that expansion inclusive. The Findex 2025 data on women's account ownership is genuinely good news and reflects real progress. But account ownership alone does not capture what people can actually do with those accounts. When formal borrowing sits at 12% and formal saving at 10%, millions of account holders are not using the system in ways that build economic resilience.

The gender reversal in account ownership deserves careful interpretation. Women now slightly outpace men in account holding, but the Findex data also shows that remittances skewed toward women and rural residents flow mostly outside the banking system. Women may hold accounts without controlling them. The governance response needs to address structural barriers, not just access metrics.

The remittance finding opens a specific policy window. Fourteen percent of adults receive international remittances through channels that largely bypass formal digital infrastructure. Routing even a portion of these flows through regulated platforms would expand both inclusion and the tax base. This requires simplifying account opening requirements and reducing transaction costs, not just building more apps.

The four practical steps below follow directly from the results.

Deploy mahalla centers as financial literacy hubs. A properly resourced national program should train mahalla committee workers to deliver financial literacy education focused on digital payment safety, fraud awareness, complaint processes, and basic account management. Priority enrollment should target residents over 60 and women with limited prior exposure to formal banking. This requires no new institutional structure, only the commitment to use an existing and trusted one.

Establish an independent financial consumer protection function. Whether structured as a dedicated authority or a protected unit within the Central Bank, this body should receive and investigate complaints about digital financial services, publish quarterly data on complaint types and resolution outcomes, and impose binding remedies for disputes under a defined value threshold. Public reporting creates accountability that voluntary compliance never achieves.

Make disaggregated inclusion data mandatory. Through an amendment to existing Central Bank reporting requirements, licensed financial service providers should submit user data broken down by province, gender, and age group. The Central Bank should then publish an annual inclusion report based on this data. This single regulatory change could transform the quality of evidence available to policymakers and open the system to meaningful external scrutiny.

Require usability testing with vulnerable groups before product approval. Before receiving full operating authorization, digital financial products should demonstrate testing with elderly and low-literacy users that met defined accessibility standards. This shifts the responsibility for accessible design from the user, who has no leverage, to the provider, who does.

5. Conclusion

Uzbekistan's digital financial transformation is moving quickly and much of what has been built deserves genuine recognition. The near-doubling of account ownership since 2017 and the shift in women's participation are real achievements. The Fast Payment System processing 10.2 billion dollars in a single month in 2025 shows the scale of what has been built.

But using transaction growth as the primary measure of success obscures who is still being left out. Development that works for younger, urban residents while leaving rural citizens, older people, and women with limited financial agency on the margins is progress with conditions attached.

The capability and institutional infrastructure to do better already exist in Uzbekistan. The barrier is not resources or technology. It is a set of governance choices that treat inclusion as aspirational rather than obligatory. Changing that requires treating the people currently on the edges of the digital economy not as a future audience to be reached eventually but as citizens whose meaningful participation is the actual test of whether the transformation is succeeding.

The question has never been whether Uzbekistan will become digital. That is already happening. The question is whether it becomes digital in a way that everyone can genuinely be part of.

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