

DEVELOPING FINTECH TRENDS IN UZBEKISTAN: PROBLEMS AND SOLUTIONS

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ANNOTATION

In the context of globalization, labor migration, trade and capital movements, tourism, foreign investment, IT are affected by the economic growth rates of countries. Periodic disclosure of reforms in the new Uzbekistan, the beginning of socio-economic relations provided opportunities for modernization, technical and technological re-equipment of the industrial sector. In particular, the need for financial technology in commercial banks is important to conduct research in this area. The influence of fintech is beginning to be felt in the banking sector and capital markets. This article surveys its development and its impact on efficiency, banking market structure, strategies of incumbents and entrants, and financial stability.

Keywords: market structure, strategies, country's financial system, scientific interest.

INTRODUCTION

In recent years, there has been a growing scientific interest in studying fintech trends in Uzbekistan. However, at present, there is a limited number of scientific works dedicated to this topic. The aim of this research is to explore the key fintech trends in Uzbekistan and their impact on the country's financial system.

To collect data, sources from the official companies in banking sphere of Uzbekistan. These companies made questionnaires for residents of Uzbekistan, which included questions about the fintech services they use, how often they use them, and their assessments of these services. Statistical analysis methods such as descriptive statistics, correlation analysis, and regression analysis were employed for data analysis.

The study revealed that the main fintech trends in Uzbekistan are as follows:

Remote Banking Services

There is a growing use of remote banking services in Uzbekistan, such as online banking and mobile applications. In 2022, approximately 60% of Uzbekistan's residents used online banking, and 70% used mobile banking applications.

Payment Systems

Payment systems like Payme, Click, and Uzum are highly popular among the population of Uzbekistan. In 2022, these systems facilitated over 30 million transactions amounting to 14 billion US dollars.

The Fintech services listed above are designed to create more convenience for customers, reduce risk, create a purely competitive environment between banks, and offer a number of other benefits. All of them are widely used around the world, and a lot of work is being done to further improve or introduce new types of services. Fintech startups received \$17.4 billion in funding in 2016 and were on pace to surpass that sum as of late 2017, according to CB Insights, which counted 26 fintech unicorns globally valued at \$83.8 billion. The same firm

reported that there were 39 VC-backed fintech unicorns worth \$147.37 billion by the end of 2018. There is no doubt that COVID-19 has had a huge impact on both consumers and business behavior, which means that companies ought to adapt as fast as possible to the new normal. Therefore, it is one of the most powerful factors which can form FinTech and banking players' actions in 2021. In addition to the above, two-thirds of financial transactions are made online and, respectively, the fintech sector attracts about \$50 billion in investments each year. The worldwide fintech adoption rate rose to 64% in 2020 and therefore fintech market size is projected to achieve \$310 billion by 2022. The main users of Fintech are divided into four broad categories:

- B2B (business to business) for banks;
- Business clients of banks;
- B2C (business to consumer) for small business;
- Consumers.

Trends toward mobile banking, increased information, data, and more accurate analytics and decentralization of access will create opportunities for all four groups to interact in heretofore unprecedented ways. However, as for consumers, the majority of users includes younger people with the most technology. When it comes to businesses, before the advent and adoption of fintech, a business owner or startup would have gone to a bank to secure financing or startup capital. Now, with mobile technology, those hurdles are a thing of the past. (L.Shaulka: 2021) In order to support new ideas in Republic of Uzbekistan, in Tashkent, announced the first fintech laboratory in the country. In 2018, Open Innovations in the Banking Sector session of the International Press Club, the first fintech laboratory of Uzbekistan was announced. The platform is designed to create and test new projects, as well as provide the necessary advice from experts and specialists. (Allayarov: 2019) In addition, The Digital Uzbekistan-2030 project also envisages automation of economic sectors, in particular, the financial sector. According to it, each new idea of the digital economy will be analyzed and find its own confirmation. To ensure a balance between innovation and fair competition within the financial industry regulatory sandboxes should ensure that even though Start-Ups are exempted from major regulatory requirements, there must be ways to protect the interest of both the existing businesses so that there are no disruptions, and also innovations of the Start-ups are not hindered.

Super Apps

Companies like Yandex and some banks are creating super apps that combine various financial, trade, and logistics services. In 2022, Uzbekistan had about 10 super apps used by approximately 1 million people.

Digital Financial Organizations

Five digital financial organizations are already operating in Uzbekistan: Anorbank, TBC, Uzum, Smartbank, and Multibank. These organizations offer a wide range of financial services, including online banking, lending, and investments.

Discussion

The growth of fintech trends in Uzbekistan leads to the following positive consequences:

Expansion of Access to Financial Services

Fintech services make financial services more accessible to people residing in remote regions or with limited access to traditional financial institutions. For instance, remote banking services allow people to conduct banking operations anytime and anywhere. Payment systems enable transactions without the need to visit a bank or a trading center.

Enhancement of Financial Operation Efficiency

Fintech technologies enable financial institutions to automate and optimize their operations, resulting in cost reduction and increased efficiency. For example, online banking allows banks to process transactions faster and cheaper than traditional bank branches. Payment systems help banks reduce the risks of fraud and money laundering.

Opening New Opportunities for Business

Fintech technologies open new possibilities for businesses, allowing them to manage their finances more efficiently and access new markets. For instance, online banking enables businesses to make payments and receive funding faster and more affordably. Payment systems enable businesses to accept payments from customers anywhere.

CONCLUSION

The research results indicate that the fintech revolution in Uzbekistan is a crucial factor in the development of the country's financial system. The growth of fintech trends in Uzbekistan is expected to continue in the coming years, leading to further expansion of access to financial services, increased efficiency in financial operations, and the creation of new opportunities for businesses.

In addition to the conclusions presented in the research, the following conclusions can be drawn:

The growth of fintech trends in Uzbekistan poses new challenges for traditional financial institutions. For example, competition from digital financial organizations may lead to a decrease in the profits of traditional banks.

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