

DIGITAL PAYMENT SYSTEMS IN UZBEKISTAN.

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Abstract

This thesis explains the impact of digital payment systems in Uzbekistan by analyzing both local payment methods, like Click, Payme, and Uzum bank, and international payment methods, like Visa and Mastercard. While local payment platforms are dominant among the Uzbek people for peer-to-peer transactions because of their low costs, localization, and easy-to-use structure, international digital payment systems are mostly used for their availability for cross-border transactions. In this thesis, we look over each platform's features, strengths, and weaknesses, usage rates, Uzbekistan's current situation, and future plans for digital payment systems.

Keywords

digital payment systems, fintech, financial inclusion, mobile payments, local platforms, international platforms, user experience, adoption rates, cashless economy.

Introduction

Uzbekistan's digital payment system has experienced a huge and dramatic transformation since 2017, due to government changes and the growth of smartphone adoption. The digital payments market is assumed to increase \$9.49 billion by 2028 with indicating remarkable growth in the fintech system (Statista, 2024). This transformation is the result of several financial reforms started with Presidential Decree No. UP-5177 in 2017, which modified the currency exchange system and paved the path for private Fintech development (Central Bank of the Republic of Uzbekistan, 2024a).

As proof of the downfall of the cash-based system, in 2024, the share of paper-based money in the money supply decreased to 20.1%, significantly lower than in previous years (Kun.uz, 2024). An 80% increase in digital penetration with 36 million population proves that both government initiatives are effective, and consumer trust in the digital sectors is also growing (GSMA Intelligence, 2024).

Literature review**Foundational literature**

Digital payment platforms represent critical financial infrastructure in developing economies, facilitating electronic fund transfers between parties (Dahlberg et al., 2008). The

adoption of digital payments in developing economies follows distinct patterns influenced by banking infrastructure maturity, regulatory environments, and cultural attitudes toward cash.

Mobile money systems, pioneered by M-Pesa in Kenya, demonstrated that mobile-first payment solutions could achieve rapid adoption in markets with limited traditional banking infrastructure (Jack and Suri, 2011). Financial inclusion theory emphasizes digital payments as mechanisms for extending formal financial services to underbanked populations by lowering barriers to entry.

Important studies

Platform ecosystem theory suggests that payment system success depends on network effects, complementary services, and self-reinforcing user-merchant-platform relationships (Gawer and Cusumano, 2014). Research demonstrates that localization—including language support and integration with local services—significantly impacts adoption rates in emerging markets.

Competitive dynamics between local and international platforms show that local platforms gain advantages through better regulatory understanding, stronger domestic merchant relationships, and lower operational costs. User experience research emphasizes trust, simplicity, and speed as critical adoption factors.

Up-to-date literature

Recent literature addresses ecosystem integration strategies, where payment platforms expand into adjacent services, including e-commerce, delivery, and lending. Research on super-apps demonstrates how integrated ecosystems achieve higher user engagement than standalone applications.

Buy-now-pay-later (BNPL) services represent rapidly growing segments, particularly among younger demographics. Studies specifically examining Central Asian digital payment markets remain limited. Boboev (2023) provides industry analysis of Uzbekistan's payment landscape, while the World Bank (2025) data establishes baseline metrics for digital payment adoption.

Discussion

Current market structure

Click was the first to introduce digital payments in Uzbekistan, and apparently, it is one of the largest digital platforms with 13 million users (Daryo News, 2024). This platform has a really inclusive infrastructure and provides its consumers with services such as paying bills and peer-to-peer money transactions. It is important to mention that Kazakhstan's Halyk Bank also recognized the potential growth and opportunities of Click and decided to obtain 49% of the shares in this platform (Times of Central Asia, 2025). One of the strengths of Click is its early entry in the digital payment market without any rivals and gaining customer trust easily, and another one is its lower transaction fees(between 0.5-1).

Payme serves over 10 million users through an extensive QR code infrastructure across 80,000+ merchants (TBC Bank Group, 2022). The platform differentiates through cashback programs and urban retail strength.

Uzum Bank achieved remarkable growth, issuing over 700,000 cards within 18 months of its 2023 launch (UzDaily, 2025). The platform leverages the broader Uzum ecosystem, reaching 16 million monthly active users—40% of Uzbekistan's population (Uzum, 2025). The company reported \$150 million net income in 2024, demonstrating strong financial performance (Uzum, 2025).

International networks (Visa, Mastercard) maintain approximately 15 million cards in circulation, primarily serving cross-border transactions (World Bank, 2025). Humo, the national payment system, exceeds 20 million cards through government distribution channels (Central Bank of the Republic of Uzbekistan, 2024b).

Local platforms excel through deep integration with Uzbek utility providers and government services, lower transaction costs from domestic processing, and superior understanding of local behaviors (World Bank, 2025). However, they face limitations including restricted international acceptance, smaller R&D budgets, and technology infrastructure dependencies. On the other hand, international platforms maintain advantages in established security protocols and global acceptance networks but face challenges with higher processing costs (2-3%) and limited local service integration.

User experience and adoption rates

Local platforms demonstrate superior localization with Uzbek and Russian language support and interfaces designed for local services (Boboev, 2023). Domestic platforms process peer-to-peer transfers instantaneously versus 1-3 business days for traditional bank transfers. Customer support in local languages typically responds within 15-30 minutes.

Demographic patterns reveal users aged 18-35 show the highest adoption rates (70%+), preferring newer platforms like Uzum Bank (KPMG, 2024). Ages 35-55 demonstrate Click loyalty for utility management, while over-55 demographics maintain cash preference (60%+), though gradually adopting through pension digitization.

Geographic distribution shows Tashkent accounting for 55% of transaction volume, secondary cities 30%, and rural areas 15% (KPMG, 2024), indicating substantial growth potential in underserved regions.

Recent trends

Ecosystem integration represents the most significant trend. Uzum's integrated model demonstrates the effectiveness of bundling payments with e-commerce and delivery services, achieving 40% population reach within two years (Payment Expert, 2025). This reflects consumer preferences for unified platforms offering multiple services.

Buy-now-pay-later services address significant demand for accessible consumer credit (KPMG, 2024). Financial inclusion initiatives target underserved populations through simplified registration and rural merchant expansion (World Bank, 2025).

Regulatory evolution continues shaping dynamics. The Central Bank's oversight establishes frameworks for operational standards and consumer protection (Central Bank of the Republic of Uzbekistan, 2024a). International investment patterns, including foreign stakes in local platforms, suggest gradual market opening while maintaining regulatory oversight.

Conclusion

Uzbekistan's digital payment market demonstrates remarkable growth, with projections indicating expansion to \$9.49 billion by 2028 (Statista, 2024). Local platforms have successfully captured dominant positions through localization, cost competitiveness, and domestic service integration. Click and Payme's combined user base exceeds 20 million (Boboev, 2023), alongside Uzum's 16 million monthly active users (Uzum, 2025), illustrating the strength of locally developed solutions.

The declining cash share to 20.1% (Kun.uz, 2024) represents fundamental behavioral shifts. Success factors emphasize government service integration, utility payment efficiency, and multi-generational accessibility rather than premium features or international acceptance.

Future dynamics will be shaped by ecosystem integration strategies, as demonstrated by Uzum's success (Payment Expert, 2025), regulatory evolution (Central Bank of the Republic of Uzbekistan, 2024a), and international investment patterns (Times of Central Asia, 2025). Financial inclusion expansion represents both social and commercial opportunities.

The Uzbekistan case provides valuable insights for developing markets: localization often outweighs technological sophistication, ecosystem approaches generate stronger engagement than standalone applications, policy reforms enabling fintech development while maintaining oversight accelerate growth, and success requires context adaptation rather than developed market replication.

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