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Article

New Foundations: Ownership, Institutions and the Islamic Finance Turn in Uzbek Small Business Lending

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Abstract: Small and medium-sized enterprises (SMEs) in Uzbekistan still depend largely on collateral-based bank credit, while the structure of the payment and financial market is changing quickly. This study examines whether recent ownership changes, institutional reforms and risk-sharing instruments create the conditions for digital SME lending, and what evidence is available so far. A qualitative documentary and comparative case-study design was applied to legal acts, regulator and development-finance releases, company announcements and peer-reviewed literature available at the time of writing. Four results emerged. First, financial inclusion rose sharply: adult account ownership increased from 37% in 2017 to 60% in 2024 and the share of adults making or receiving a digital payment from 34% to 50%. Second, the four largest payment platforms moved into the hands of bank groups or large investors in 2023–2026. Third, two structural reforms, the Tashkent International Financial Centre and the Islamic Banking Law, have been enacted, although Islamic banking services have not yet started. Fourth, the first Islamic microfinance volumes (UZS 22 billion in January–May 2026) and the first IFC guarantee (USD 18 million covering a portfolio of about USD 100 million) are small but measurable early tests. The discussion concludes that the foundations are in place but that open-banking data access, the pilot results and a scaled-up guarantee will decide whether digital SME lending develops.

Keywords: digital finance; SME lending; Uzbekistan; payment platforms; Islamic finance; credit guarantee; open banking

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1. Introduction

Small business finance in Uzbekistan is moving from a bank-centered model towards a mixed system in which payment platforms, microfinance organizations, a new international financial center and Islamic contracts all compete to serve the same borrowers. The International Finance Corporation (IFC) estimates the unmet micro, small and medium enterprise (MSME) credit gap at about USD 10.5 billion. Understanding which of the new arrangements can narrow this gap is a practical question for regulators and for the owners of small firms[1].

Three strands of literature frame the question. Studies of open banking show that giving customers control over their data lets small firms form new lending relationships: Babina et al. report adoption in 49 countries and higher fintech entry. Studies of partial credit guarantees found 76 schemes in 46 countries and large differences in design. Work on Islamic finance and inclusion links religious preferences with the use of formal

financial services among Muslim adults. Uzbek research on Islamic finance has so far been mostly feasibility-oriented and has not yet been tested against early market data[2].

The gap is therefore empirical and timely: reforms were enacted in 2025–2026, but little has been written on how ownership, institutions and instruments fit together for SME lending. The aim of this article is to assess whether ownership consolidation, institutional reform and the first risk-sharing and Islamic finance results provide an adequate basis for digital SME lending in Uzbekistan.

2. Materials and Methods

A qualitative documentary design with a comparative case-study element was used. Four groups of sources were analyzed: (i) legal acts (Presidential Decree UP-48 of 30 March 2026, the Constitutional Law on the Tashkent International Financial Centre and the Islamic Banking Law of 27 March 2026); (ii) official releases of the Central Bank of Uzbekistan (CBU) and the IFC; (iii) company and press announcements on payment-platform transactions; and (iv) peer-reviewed articles retrieved by keyword search on open banking, credit guarantees and Islamic finance. Only documents already public at the time of writing were included[3].

Each event was coded by type (ownership change, institutional reform, risk-sharing instrument, market outcome) and date. Quantitative indicators were taken directly from the original sources and presented descriptively; no statistical tests were applied because the series are short and cover the whole population of reported cases. Where two sources disagreed, the primary source was preferred and the difference is reported. The study involved no human participants or personal data, so ethical approval was not required. Figures were drawn by the author from the published values only; no values were estimated or interpolated[4].

3. Results

Adult account ownership in Uzbekistan rose from 37.1% in 2017 to 59.7% in 2024; the 2024 figure is 60.7% for women and 58.5% for men. The share of adults who made or received a digital payment rose from 34.2% to 49.9% (Figure 1). Uzbekistan thus remains below Kazakhstan (85.0%), Kenya (89.3%) and China (88.7%) on digital payments, and close to India (48.5%). These indicators describe the adult user base on which digital SME services depend[5].

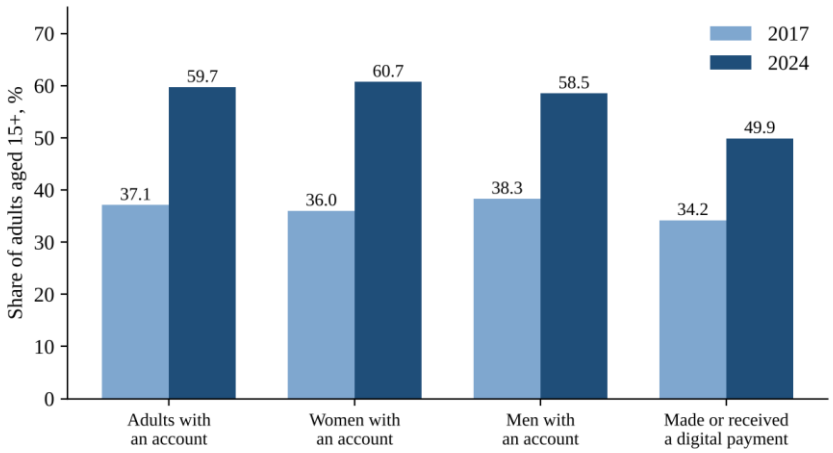


Figure 1. Financial inclusion in Uzbekistan, 2017 and 2024.

Source: drawn by the author from World Bank Global Findex Database 2025.

3.1 Payment platforms moved under bank groups and large investors

Between 2019 and 2026 the largest payment platforms changed hands (Figure 2). TBC Bank acquired 51% of Payme in 2019 and the remaining 49% in 2023 for USD 55.7 million [7]. Paynet, privatized in 2022, bought Humo for USD 65 million in January 2025. Halyk Bank acquired 49% of Click in July 2025 for USD 176.4 million. Uzum, which stayed outside bank ownership, raised more than USD 130 million in March 2026 at a pre-money valuation of USD 2.3 billion; it reported 2025 revenue of USD 691 million and net profit of USD 176 million[6-9].

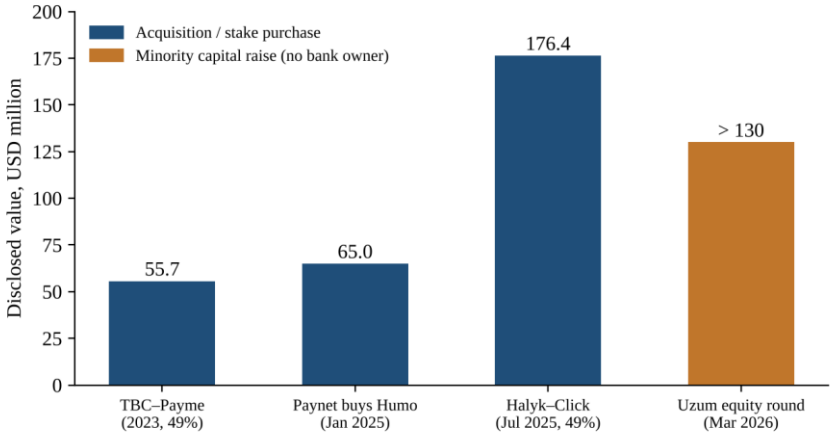


Figure 2. Disclosed value of the main payment-platform transactions, 2023–2026.

Note: the Uzum item is a minority equity raise, not an acquisition; the 2019 purchase of 51% of Payme has no disclosed value in the sources used. Source: drawn by the author from company announcements [10].

3.2 Two structural reforms were enacted

Decree UP-48 established the Tashkent International Financial Centre (TIFC) on 30 March 2026, and a Constitutional Law approved by the Senate took effect on 25 July 2026 [11]. TIFC applies English and Welsh law and the common law, with its own commercial court (first instance and appeal), an arbitration center and a financial services authority. Table 1 compares it with the two regional models cited in the Senate debate[12].

Table 1. Regional international financial centers compared.

Feature	Astana IFC (AIFC)	Dubai IFC (DIFC)	Tashkent IFC (TIFC)
Legal basis	Constitutional statute (2017)	Dubai law (2004)	Decree UP-48 (30 Mar 2026); Constitutional Law in force 25 Jul 2026
Applicable law	English common law principles	Common law, own civil and commercial laws	English and Welsh law, common law
Courts / arbitration	AIFC Court, IAC	DIFC Courts, arbitration	Tashkent International Commercial Court; Tashkent International Arbitration Centre
Scale reported by the Senate	> USD 20 bn investment; > 1,900 companies since 2018	> 4,800 companies; ~5% of Dubai GDP	Newly established

Source: compiled by the author from.

The Islamic Banking Law was signed on 27 March 2026 and took effect at the end of June 2026. An Islamic Finance Council was created in July 2026, licensing rules were registered on 17 July 2026 with three models (a full Islamic bank, an Islamic window and conversion of a conventional bank), and the CBU joined AAOIFI on 27 May 2026. The first Islamic banking services are expected to be offered through commercial banks once licenses are granted[13].

3.3 First measurable market and risk-sharing results

Islamic microfinance is the only part of the new system already operating. Seven microfinance organizations provided UZS 21.1 billion of Islamic financing in 2025 according to the CBU annual report. Press reports of CBU data give UZS 11.2 billion for the first quarter of 2026 (roughly eight times the level of a year earlier) and UZS 22 billion in January–May 2026 (Figure 3a). In 2025 Murabaha accounted for 63% of the amount, Mudaraba for 17%, Musharaka for 13% and Islamic ijara for 7% (Figure 3b)[14]. Separately, the CBU issued the first microfinance bank license in October 2025 (Tayanch, minimum capital UZS 50 billion).

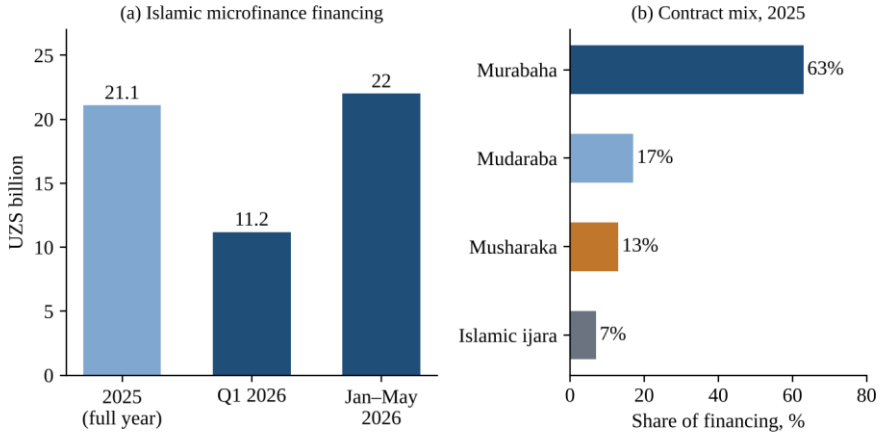


Figure 3. Islamic microfinance in Uzbekistan: (a) volumes and (b) contract mix.

Note: panel (b) shows the 2025 contract mix; the 2026 volumes are from press reports of CBU data. Source: drawn by the author from CBU Annual Report 2025 and press data.

On 20 July 2026 the IFC announced a Catalytic First Loss Guarantee: USD 18 million of risk-sharing, made up of USD 9 million first-loss cover counter-guaranteed under the IDA20 Private Sector Window and USD 9 million senior cover, supporting a local-currency MSME portfolio of about USD 100 million and mobilizing about USD 82 million (Figure 4). Ipak Yuli Bank is the first participant. The guaranteed portfolio is below 1% of the estimated credit gap[15].

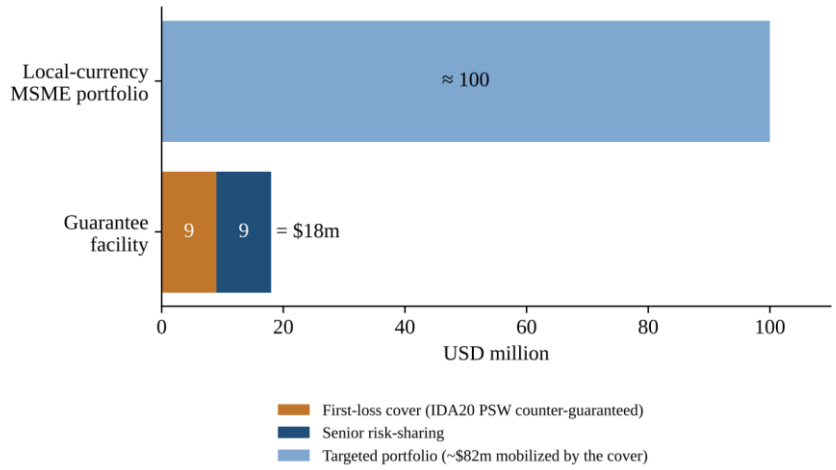


Figure 4. Structure of the IFC Catalytic First Loss Guarantee

Source: drawn by the author from the IFC press release of 20 July 2026.

Open banking has not yet been launched in Uzbekistan; the regime is at the pilot stage under CBU supervision, so no outcome data on data sharing and SME lending exist yet.

4. Discussion

The results show a market in which the pieces needed for digital SME lending are appearing at different speeds. Inclusion and platform ownership are ahead of the rules on data and guarantees. Consolidation under bank groups may bring balance sheets and risk management to platforms, but it also concentrates transaction data in a few hands; this is the situation in which the open-banking evidence is most relevant. Babina et al. found that data access lets small firms form new lending relationships, and the Uzbek roll-out will test whether the same occurs where platforms are bank-owned.

The guarantee result fits the literature on partial credit guarantees, which stresses that design decides outcomes. A USD 9 million first-loss layer that leverages a portfolio of about USD 100 million is a high-leverage design, but its scale is small against the credit gap, so its value in the near term is as a demonstration that local-currency SME portfolios can be risk-shared. Islamic microfinance shows early demand: the contract mix is dominated by Murabaha, which resembles cost-plus trade financing and is the simplest to supervise. Whether this reaches the SMEs that need working capital will depend on the launch of the bank services. The finding that Muslim adults use formal services less where products do not match their preferences [4] supports the view that product fit, not only access, matters.

The TIFC comparison (Table 1) suggests caution. AIFC and DIFC took years to build their company base, and the Senate figures for them reflect that; TIFC is only months old, so no results can be attributed to it yet. Its relevance for SMEs is indirect, through the legal certainty and foreign capital it may attract to funds that lend to them.

Limitations are as follows. The sources are mainly official releases and press coverage, so some figures (for example Uzum's) are self-reported; the contract mix applies to seven organisations; the study period is short; and no firm-level data on SME borrowers were used. Future work should follow loan-level outcomes once the guarantee portfolio and open-banking pilots report.

5. Conclusion

The aim was to judge whether ownership consolidation, institutional reform and early instruments give digital SME lending in Uzbekistan an adequate base. The evidence supports a qualified yes: more adults hold accounts and make digital payments, the main platforms have strong owners, TIFC and the Islamic Banking Law are enacted, and the first Islamic microfinance and guarantee results are measurable. The decisive steps are still ahead: the open-banking roll-out, the first Islamic bank services, and a guarantee scheme larger than the first pilot. Policy should therefore focus on data access for small firms and on publishing outcome data from the pilots.

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