



Article

Improving the Practice of Remote Service Provision in Commercial Banks of Uzbekistan

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Abstract: This article provides a comprehensive analysis of remote banking service practices in commercial banks of Uzbekistan based on statistical data for the period 2022–2024. The study utilizes analytical data from the Central Bank of the Republic of Uzbekistan and World Bank (Global Findex 2025 database). The analysis focuses on key indicators, including the number of users of remote banking services, the volume of cashless transactions, the share of mobile and internet banking services, the state of banking infrastructure, cybersecurity challenges, as well as gender and regional digital disparities. In addition, the market positions of leading commercial banks are examined in detail. The findings indicate that digital banking services in Uzbekistan are developing at a rapid pace; however, in certain areas, the country still lags behind global benchmarks. The study also identifies systemic challenges and proposes practical recommendations and strategic directions aimed at improving the efficiency and accessibility of remote banking services.

Keywords: Remote Banking, Digital Services, Mobile Banking, Internet Banking, Commercial Banks, Uzbekistan, Fintech, Cashless Payments, Financial Inclusion, Cybersecurity, Infrastructure.

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1. Introduction

The rapid advancement of digital technologies in the global financial system is driving profound institutional and technological transformations in the operations of commercial banks. Remote banking services—defined as the provision of banking operations through internet banking, mobile banking, and other digital channels—have become an integral component of modern banking systems [1]. Currently, more than 1.4 billion people worldwide use smartphones to access banking services, representing nearly a twofold increase compared to 2018. In Uzbekistan, the number of electronic transactions increased twelvefold between 2018 and 2024, while their total monetary volume grew ninefold. The country has approximately 36 million smartphone users, and the penetration of mobile internet continues to expand steadily among the population [2]. These factors create a favorable institutional and technological environment for the development of digital banking services. In Uzbekistan, the development of the digital economy has been identified as a strategic priority of state policy. In particular, the Presidential Decree No. PF-5992 dated April 28, 2020, as well as the “Digital Uzbekistan – 2030” strategy, recognize the banking sector as one of the key drivers of digital transformation. Furthermore, the “Uzbekistan – 2030” strategy, adopted in 2023, sets a target to increase the level of financial inclusion to 80 percent by 2030. These strategic objectives necessitate further improvement of remote banking services [3].

At the same time, several systemic challenges remain unresolved, including issues related to service quality, cybersecurity, service coverage, regional disparities, and the level of infrastructure development. In particular, the coverage of digital services remains relatively low in rural and mountainous areas, while digital literacy among certain segments of the population is insufficient. Moreover, the level of adoption of remote banking services among elderly individuals and women remains significantly lower compared to other groups. The objective of this study is to conduct a comprehensive analysis of remote banking service practices in commercial banks of Uzbekistan based on real statistical data for 2022–2024 and international benchmarking, as well as to identify systemic challenges and substantiate directions for their improvement. The scientific novelty of the study lies in the fact that it provides, for the first time, a comprehensive and systematic analysis of gender disparities, regional coverage imbalances, and corporate segment challenges affecting the development of remote banking in Uzbekistan. In addition, based on international benchmarking methodology, the study identifies Uzbekistan's position within the regional and global financial system and develops scientifically grounded recommendations for its future development [4].

Literature Review

Remote banking and digital financial services have been extensively studied by numerous scholars at the global level. The Global Findex database, published by the World Bank in 2025, is considered one of the most comprehensive sources for analyzing digital payments and financial inclusion. It is based on more than 150,000 survey responses collected across over 140 countries [5].

Demirgüç-Kunt et al. examined the impact of digital financial services on financial inclusion across 148 countries and demonstrated that mobile money services play a crucial role in integrating low-income populations into the formal financial system [6]. Similarly, Ozili Peterson K. et al. highlighted the positive effects of mobile payment systems such as M-Pesa on economic growth in African countries [7]. These studies provide an important methodological foundation for analyzing digital banking development in emerging economies, including Uzbekistan. Furthermore, Shen Y. and Huang B. explored how digital banking platforms in China contributed to reducing financial exclusion among rural populations, demonstrating that mobile-first banking strategies significantly improved service reach and customer engagement [8]. In a similar vein, Gomber P., Koch J., and Siering M. analyzed the broader landscape of digital finance and fintech innovation in Europe, concluding that regulatory frameworks and technological infrastructure are key determinants of digital banking adoption rates [9].

According to the International Monetary Fund the key prerequisites for the successful development of digital banking include reliable internet infrastructure, robust cybersecurity systems, financial literacy, and an effective regulatory environment. Although Uzbekistan has made notable progress in these areas, further improvements are required when compared to developed economies.

At the national level, annual reports and statistical bulletins of the Central Bank of Uzbekistan as well as academic studies by Mamadiyarov Z.T. and Abdurakhmanova G. served as key theoretical sources. Mamadiyarov analyzed risk management issues in the provision of remote banking services under conditions of digital transformation. Meanwhile, Abdurakhmanova G. and Khodjarakhmanova N. examined the impact of digital transformation in the banking sector on financial security [10].

2. Methodology

To achieve the research objectives, a combination of analytical methods was employed based on official data from the Central Bank of Uzbekistan (2022–2024) and the World Bank's Global Findex database. Statistical analysis was used to examine key

performance indicators and identify trends over time. Retrospective comparative analysis enabled year-on-year evaluation and broader temporal interpretation. International benchmarking compared Uzbekistan's indicators with regional and global averages to assess development gaps and progress. The findings were supported by data visualization and expert consultations, which also informed the study's practical recommendations [11].

3. Results and Discussion

The data presented in Table 1 indicate a steady upward trend in the adoption of remote banking services in Uzbekistan over the period 2022–2024. The total number of users increased significantly, accompanied by a gradual acceleration in growth rates, reaching 23.1% in 2024 (first nine months). A notable structural shift can be observed in the composition of users. The share of individual customers increased from 95.8% in 2022 to 97.1% in 2024, while the proportion of legal entities declined correspondingly. This suggests that retail banking remains the primary driver of digital financial service expansion in Uzbekistan. Furthermore, the number of average monthly active users rose from 18.2 million to 29.1 million, indicating not only an increase in registered users but also higher engagement and utilization of digital banking platforms. Table 1 reflects growing trust in digital financial services and improved accessibility of banking technologies among the population [12].

Table 1. Dynamics of Remote Banking Service Users in Uzbekistan (2022–2024).

Indicator	2022	2023	2024 (9 months)
Number of users (million)	32.4	39.3	48.4
Growth rate (%)	21.3%	21.3%	23.1%
Share of individuals (%)	95.8%	96.4%	97.1%
Share of legal entities (%)	4.2%	3.6%	2.9%
Average monthly active users (million)	18.2	22.7	29.1

Figure 1. Volume of cashless payments, which is directly associated with the expansion of remote banking services, maintained a steady growth trend over the period 2022–2024. In particular, transactions carried out through payment terminals amounted to 237.5 trillion UZS in January–September 2024, representing a 30.8% increase compared to the corresponding period in 2023 [13].

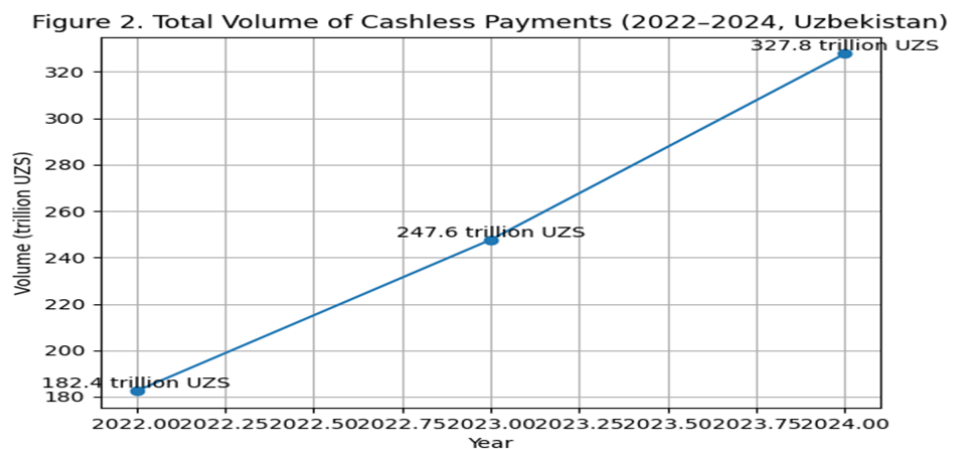


Figure 1. Total Volume of Cashless Payments (2022–2024, trillion UZS).

The volume of transactions conducted using bank cards increased from 182.4 trillion UZS in 2022 to 327.8 trillion UZS in 2024, representing a cumulative growth of 79.7% over the three-year period. This trend can be interpreted as a positive outcome of policies aimed at reducing the share of cash circulation within the economy.

Figure 2. The share of mobile application usage within remote banking channels has also demonstrated a steady upward trajectory. In 2022, mobile banking accounted for 55.8% of total remote banking users, while internet banking represented 44.2%. By 2024, this distribution had shifted to 61.5% and 38.5%, respectively, indicating a growing preference for mobile-based financial services [14].

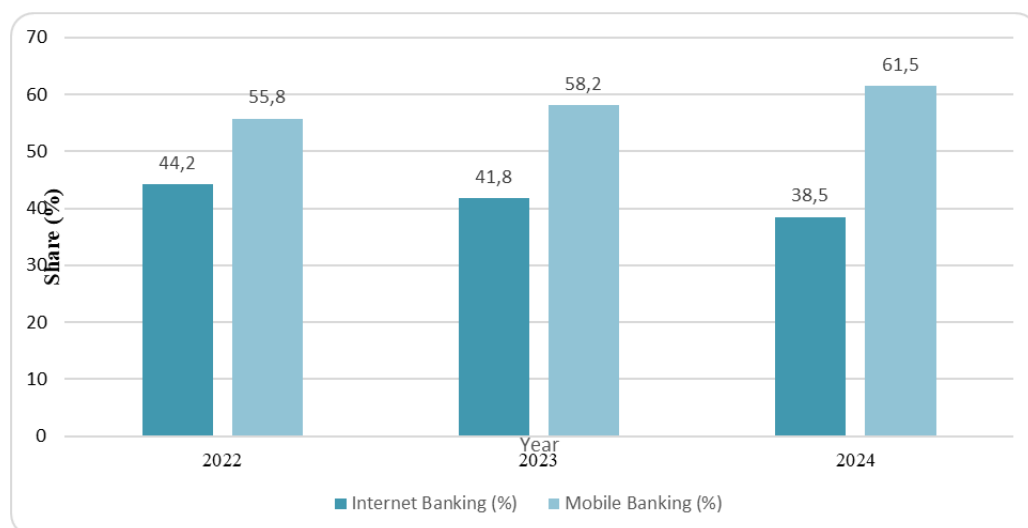


Figure 2. Structural Share of Internet Banking and Mobile Banking Channels (2022–2024).

This Figure 3. trend can be attributed to the widespread adoption of smartphones and mobile internet technologies. National payment systems such as HumoPay, Click, and Payme have made a significant contribution to increasing the activity of mobile banking. Furthermore, the introduction of QR-Online and remote identification services in 2023 has further strengthened the competitive advantage of mobile channels. Among the 34 commercial banks operating in Uzbekistan, three leading institutions dominate the remote banking market. As of April 2024, Xalq Banki (Uzpromstroybank) holds the leading position with a 32% market share in terms of the number of users, followed by Agrobank with 25%, and National Bank of Uzbekistan with 10% [15].

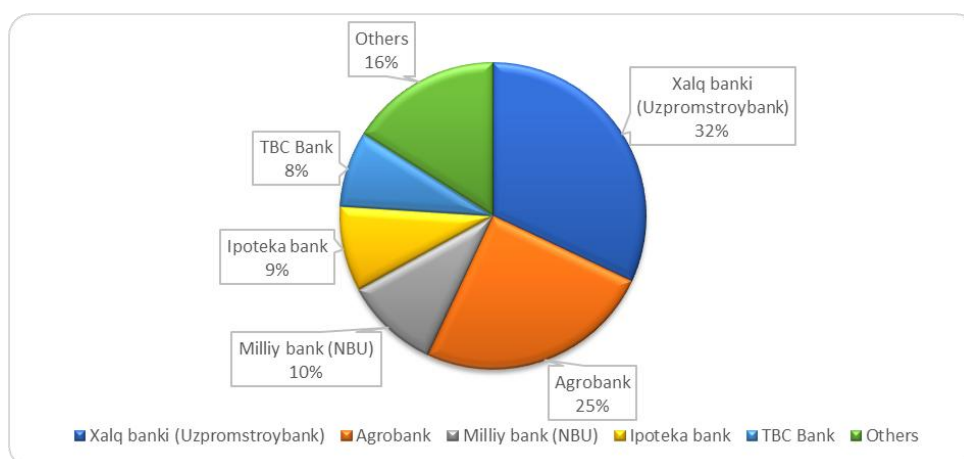


Figure 3. Market Share of Leading Commercial Banks in the Remote Banking Services Market (April 2024).

In the payment card segment, Xalq Banki continues to maintain its leading position with 11.9 million cards in circulation, accounting for approximately 20% of all cards issued in the country. Agrobank, Ipoteka Bank, and TBC Bank together have issued nearly half of all payment cards nationwide. Notably, private and foreign-capital banks such as TBC Bank demonstrate a growing trend of outperforming state-owned banks in terms of digital marketing strategies and the quality of mobile applications.

According to Figure 4. data from the World Bank's Global Findex 2025 the global average share of adults using digital payments reached 72% in 2024. In contrast, Uzbekistan recorded a relatively low level of 38% in 2022; however, this indicator increased to 56% by 2024, reflecting a significant rise of 18 percentage points.

Compared to regions such as East Asia and the Pacific (80%) and South Asia and CIS countries (62%), Uzbekistan has not yet fully overcome the challenge of lagging behind in digital payment adoption. The main underlying factors include insufficient internet infrastructure in rural areas, a relatively low level of digital literacy, and limited use of mobile banking services among certain demographic groups, particularly the elderly and rural populations.

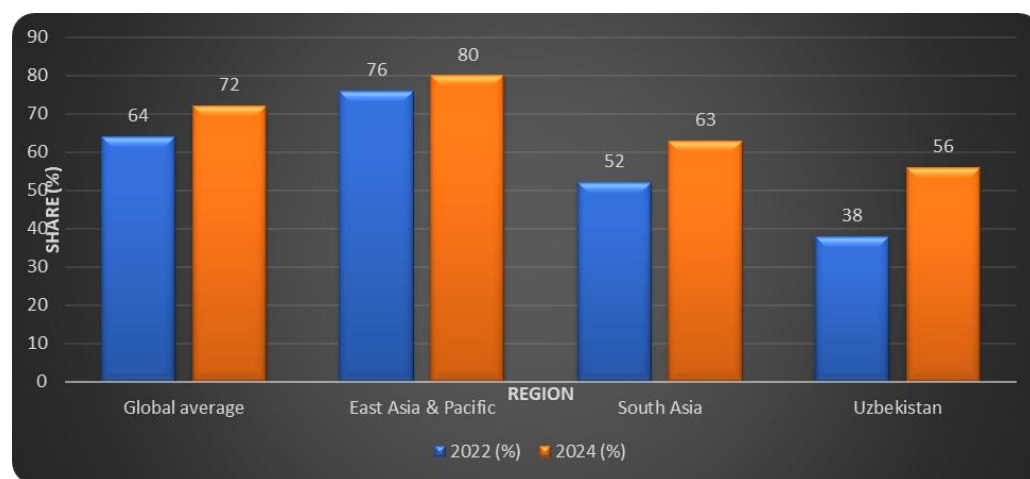


Figure 4. Global and Regional Comparison of Digital Payment Usage Levels (2022–2024).

In parallel with the development of remote banking services, the payment infrastructure in Uzbekistan has also been expanding steadily. As of May 2024, there were approximately 38 million bank cards in circulation in the country, which corresponds to 84 cards per 100 inhabitants. The total number of ATMs and info-kiosks reached 28.4 thousand in 2024, representing an annual growth rate of 18.3%.

The findings of the study indicate that, although remote banking services in Uzbekistan are developing rapidly, a number of systemic challenges remain unresolved. First, the declining share of corporate users—from 4.2% in 2022 to 2.9% in 2024—suggests that remote banking solutions for the corporate segment remain relatively limited. Second, despite the dominant position of state-owned banks in the market, their pace of technological innovation lags behind that of private and foreign-owned banks.

According to the World Bank's Global Findex 2025 report the share of financial account ownership in developing countries increased by 40% in 2024—the fastest growth since 2021. This trend implies significant potential for expanding digital banking coverage in Uzbekistan. In particular, reducing the gender gap (which has declined to 5 percentage points globally) and increasing financial inclusion in rural areas remain key policy priorities. Between 2022 and 2024, Uzbekistan's digital payment adoption rate increased from 38% to 56%, representing an 18-percentage-point rise—one of the fastest growth rates

in the region. However, the country still lags behind East Asia (80%) and the global average (72%) by 16–24 percentage points, which continues to pose a competitiveness challenge.

4. Conclusions

The findings of this study point to a picture of rapid but uneven digital transformation in the commercial banking sector of Uzbekistan. Over the 2022–2024 period, the number of active remote banking users grew from 32.4 million to 48.4 million, while the total volume of cashless transactions nearly doubled, rising from 182.4 trillion UZS to 327.8 trillion UZS. These figures reflect not only greater user registration but a genuine deepening of digital engagement: average monthly active users increased from 18.2 million to 29.1 million, signaling that people are not just signing up for digital services but incorporating them into everyday financial behavior. The structural shift toward individual users, who now account for 97.1% of the total user base, underscores how retail banking has become the primary engine of digital adoption — a pattern consistent with global trends documented by Demirgüç-Kunt et al. and the World Bank's Global Findex 2025.

At the same time, the study reveals structural gaps that warrant targeted policy attention. The most pressing among these is the continued decline in corporate segment participation: the share of legal entities among remote banking users fell from 4.2% in 2022 to just 2.9% by 2024. This trajectory suggests that existing digital banking products are not adequately tailored to the operational complexity and integration needs of business clients. It is therefore recommended that commercial banks invest in API-based solutions and develop specialized corporate digital banking platforms that go beyond basic payment functionality. Equally important is addressing the imbalance between mobile and internet banking channels. While the shift toward mobile — now representing 61.5% of users — reflects broader global trends observed by Shen and Huang banks should ensure that internet banking platforms are not neglected, as they remain critical for corporate and high-value transactions.

From a policy standpoint, this study identifies three interconnected priorities for strengthening the digital banking ecosystem. First, bridging the persistent gap between Uzbekistan's digital payment adoption rate (56% in 2024) and the global average (72%) will require sustained investment in internet infrastructure, particularly in rural and mountainous regions where connectivity remains limited. Second, improving financial literacy across underserved demographic groups — notably elderly citizens, rural residents, and women — is essential if the country is to meet the 80% financial inclusion target set under the "Uzbekistan — 2030" strategy. Third, as the study demonstrates that private and foreign-owned banks currently outpace state banks in mobile application quality and digital marketing, it is advisable for state-owned institutions to explore partnership models with fintech firms and operate within regulatory sandbox frameworks to accelerate innovation — an approach well-supported by the European fintech literature. Taken together, the evidence presented in this article suggests that Uzbekistan's digital banking transformation is on a credible upward trajectory, but sustaining this momentum will require deliberate, coordinated action from both the banking sector and government regulators.

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