INFLUENCE OF FINANCIAL INCLUSION ENCLOSED BY DIGITAL BANKING PRODUCTS ON UZBEKISTAN`S ECONOMY

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INFLUENCE OF FINANCIAL INCLUSION ENCLOSED BY DIGITAL BANKING PRODUCTS ON UZBEKISTAN’S ECONOMY

Abstract: The impact of digital banking products using financial technologies is beginning to be felt not only in the banking sector but also in the whole economy of the country. In the article, theoretical and methodological approaches to the definitions of "FinTech" and "financial inclusion" are examined. It is studied the literature on relationship between innovative banking products, financial inclusion and economic growth of countries. The paper considers the issues of implementing innovative banking products for expanding financial inclusion and, as a result, the emerging prospects for accelerating economic growth. Using theoretical concepts and comparative analysis, the author substantiates the impact of financial inclusion within innovative banking products on the country's economy comparing with indicators of Central Asian countries.

Keywords: innovative banking products, digital banking, FinTech, remote banking service, financial inclusion, financial sustainability, economic growth.

Introduction

This study examine the impact of innovative banking products on economic growth by expanding financial inclusion. Focusing on digital banking services, this article provides a discussion on banking fintech products and explores the impact of digital finance for financial inclusion and economic growth.
Increasing access to banking services and expanding their use among the population is one of the key objectives of the development of the financial sector in developing and developed countries. In recent years, increasing the level of financial inclusion among the population has become a solvable task due to the development of financial technologies.

The introduction of digital financial technologies provides users with expanding access to financial services. They allow solving the problem of uneven access to banking services for different categories of citizens (urban and rural residents, part of the population, with low incomes, etc.) in countries with undeveloped banking infrastructure. Digital financial inclusion has a number of benefits. Thus, digital technologies allow banks to reduce the costs of servicing clients, the amount of manual work with documents. In addition, it is possible to remotely compare the quality of service instantly. This fosters to protect the interests of consumers and the development of competition in the financial services market.

Also, the possibility of using these banking products anywhere and at any time, reducing time and financial costs, the ability to conduct a huge number of transactions, and provide high-quality services to customers leads to an increase in the number of consumers of these banking products. Effective and timely use can solve existing macroeconomic problems, as the use of digital banking products contributes to poverty reduction, protection of vulnerable groups of the population, support of small businesses and entrepreneurship. The market for digital banking products is the most effective solution for the implementation of social programs, especially in developing countries, where corruption and fraud are deeply rooted. This, in turn, will contribute to economic growth.

However, wide penetration of these instruments under the influence of infrastructural and technological factors is very complicated, especially since changes in customer behavior are not easy, and only the availability of these banking products using financial technologies cannot increase the level of financial inclusion. For increasing the effectiveness of these products, it is necessary to adapt them for the passive groups of the economy, for people with low financial literacy, women, and the poor.

**Literature review**

The relationship between finance and economic growth has been debated and investigated for over two centuries [3]. Joseph Schumpeter [25], Levine [18], Goldsmith [12] and McKinnon [25] accessorize the theory with the fact that there are close ties between financial and economic development for a few countries.

King and Levine [16] find a positive relationship between each financial indicators, as liquid liabilities to GDP, bank credit to bank credit plus central bank domestic assets, and credit to private sector divided by GDP, and the three economic growth indicators, as real per capita growth, growth in capital accumulation, and total productivity growth.
The researches of Levine et al. [17] and Beck et al. [4] indicate a positive relationship between finance, economic growth, and its sources. While these studies focus on a linear relationship between economic growth and finance, Rioja and Valev [23] suggest that financial development contributes to economic growth in industrial countries by enhancing total factor productivity and in developing countries by increasing capital accumulation. In the another work Rioja and Valev [24] find that the impact of financial development on economic growth is stronger for rich countries than for low-income countries.

However, there is another one viewpoint, which financial services can help drive economic development. They help people escape poverty by facilitating investments in their health, education, and businesses. A growing body of research reveals many potential development benefits from financial inclusion—especially from the use of digital financial services, including mobile money services, payment cards, and other financial technology (or fintech) applications. [10].

Since 2010, the main international organizations concentrated on creating and realizing programs of support developing countries in penetration digital financing services for increasing financial inclusion. G-20 and the World Bank have led the initiative for increased financial inclusion using digital financing services in developing countries to help reduce poverty levels in developing and emerging economies [15].

According to a United Nations Report, financial inclusion is the sustainable provision of affordable financial services that bring the poor into the formal economy. It was set up Focus Group on Digital Financial Services (FG DFS), which was aimed to bridge the gap between telecommunications and financial services regulators, and the private and public sectors for supporting developing countries in solution main preventing issues of access financial digital services. [31].

Financial inclusion means that formal financial services—such as payments services, savings accounts, loans, and insurance—are readily available to people, and that they are actively and effectively using these services to meet their needs. However, not all financial products are equally effective in reaching economic development goals. The greatest influence takes place in savings accounts and payments using FinTech, while the impact of credit is mixed. [6].

“Financial technology” or “FinTech” refers to the use of technology to deliver financial solutions for poor segments or for whom, who have not access to financial services. [2]. In recent years, many developing countries, based on the programs of international organizations, have developed strategic plans to expand financial access to official financial products and contribute to the development of financial technologies in the country.

Therefore Scholarship on FinTech’s impact on financial inclusion is young and booming, with hundreds of works [13; 14; 27; 26; 8].

There are many researches about the role of financial inclusion in the economies of emerging countries. Nyasha and Odhiambo [20] prove that bank-based financial development plays a decisive role in driving South Africa’s real
sector. Demirgüç-Kunt and Klapper [7] find out that high-growth small and medium enterprises in Africa are less likely to use formal financing, which suggests formal financial systems are not serving the needs of enterprises with growth opportunities. Özili [21] discuss advantages and disadvantages of using digital finance for financial inclusion.

Although the number of literature and research on financial inclusion in the middle income country as Uzbekistan has been increasing [1; 19; 9; 11] last three years, but the evidence on the role of digital banking products in expanding financial inclusion in Uzbekistan is lacking. One reason is that the wider adoption of these technologies is recent whereas the measurement of causal relationships require decades of time series data.

Research Methodology
This study explores two methodological approaches: a systematic review of relevant scientific literature and analysis of data from the Central Bank and the State Committee on Statistics of the Republic of Uzbekistan, as well as the World Bank data on the development of financial access and economic development.

A "systematic review" is a literature review that is designed to locate, appraise and synthesize the best available evidence relating to a specific research question in order to provide informative and evidence-based answers [5]. Analysis of the World Bank data reveals the parameters that allow the promotion of financial inclusion and its impact on economic development in comparison with other countries. The study analyzes and compares the indicators of Uzbekistan in the field of innovation financial services and financial access comparing with indicators of other Central Asian countries, as well as its impact on the economic development of these countries.

The main limitation of this study is the lack of macroeconomic data on the positions of Uzbekistan in the areas of digital finance and the market for innovative banking products. Since this area of financial products has only recently started to develop.

The World Bank provides detailed indicators for 217 countries and economies around the world. He researches External Debt and Financial Flow Statistics, Health Statistics, Gender, Economics, Social Data. As part of this work, main indicators of Central Asian countries in the field of financial inclusion in the period 2010-2019 are analyzed.

The research methodology differs from others in that it combines international and national indicators of financial access and economic development. This allows comparing criteria from two different sources.

Analysis and Results
The research results are based on the analysis of three groups of indicators: financial inclusion in the countries of Central Asian and in Uzbekistan, financial sustainability of the banking system and economic growth. The paper identifies and results that there is positive association amongst them. While the results in this
study define that FinTech has implications for financial inclusion and economic growth, it is too early to draw conclusion of the huge influence of fintech on the whole economy of the country. It is true that FinTech is growing rapidly and could bring down costs and improve the quality of financial services. However, its share in the economy and financial markets remains small.

3.1. Financial inclusion in Uzbekistan and other countries of Central Asia

There are five countries in Central Asia (CA). According to the development of the economy, they are divided into two types: upper middle-income and low middle-income countries. According Findex 2017 Uzbekistan, Tajikistan, Kyrgyz Republic belong to Lower middle-income group and Turkmenistan, Kazakhstan are Upper middle [8].

The total population of CA is over 75 million, but about half of the population does not have access to banking services [30]. Approximately 55.2% of the population lives in rural areas, where access to financial services is even lower [8]. This opportunity is gradually increasing thanks to infrastructure development and non-cash government initiatives. In addition, the level of use of financial services and products varies across the region.

![Figure 1. Financial inclusion indicators of CA countries in percentage of population](image-url)

Figure 1. Financial inclusion indicators of CA countries in percentage of population

Figure 1 shows that the share of urbanization of Central Asian countries is varied. For example, the highest indicator belong to Kazakhstan (57%) and the lowest one - to Tajikistan (27%), distinction is 30%. However, it can be seen that the urban development zone also cannot increase the use of financial products, since the worst indicators of financial indicators do not belong to Tajikistan.

As the 2017 Global Findex Database reveals that Uzbekistan’s 37 percent of the adult population who aged 15 or older has an account at the bank or other types of financial institutions [8]. In comparison with the other country of CA, Uzbekistan has one of the worst indicators in the region.

Banks are using mobile and internet banking to expand access to financial services in remote and rural areas. The average use of mobile communications in these countries is over 60% (Table 1.). However, the level of use of innovative products by the formal financial sector remains low. For example, in Kyrgyzstan and Uzbekistan, more than 60% of the population has not accounts in the financial

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1 Source: World Bank
institutes. In Turkmenistan and Uzbekistan, even 1% of the population does not use credit cards (Figure 1.)

Table 1. ICT and ATM Adoption in CA²

<table>
<thead>
<tr>
<th></th>
<th>Fixed telephone</th>
<th>Mobile subscriptions</th>
<th>ATMs</th>
<th>Internet access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uzbekistan</td>
<td>6.6</td>
<td>8.2</td>
<td>10.4</td>
<td>87.8</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>25.9</td>
<td>25.2</td>
<td>20.4</td>
<td>153</td>
</tr>
<tr>
<td>Kyrgyz R.</td>
<td>9.1</td>
<td>7.58</td>
<td>5.9</td>
<td>114</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>4.9</td>
<td>5.34</td>
<td>5.4</td>
<td>82.2</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>10.6</td>
<td>11.4</td>
<td>11.8</td>
<td>102</td>
</tr>
</tbody>
</table>

Table 1 shows that the use of Fixed telephone subscriptions (per 100 people) and Mobile cellular subscriptions (per 100 people) during the period 2011-2017 has a growth dynamics only in Turkmenistan (from 10.57 to 11.85 per 100 people). According to Fixed telephone subscriptions, the indicators of Uzbekistan and Tajikistan have a growth trend, while Kazakhstan and Kyrgyzstan have a decline trend as indicators of the world after 2005 (World Bank, 2021). Mobile cellular subscriptions are growing only in Tajikistan and Turkmenistan. In addition, the indicators of the rest of the Central Asian countries have complex dynamics. Indicators of ATM (per 100,000 adults) and Internet adoption (% of population) have a growth dynamics in all countries of the region. In Uzbekistan over the period, the quantity of ATMs increased more than 5 times, and in Kyrgyzstan, almost 3 times. The level of use of the general Internet in Central Asia is 31% (51% of men, 49% of women). However, in all countries of this country, this indicator has different sizes. For example, if the level of Internet penetration in Kazakhstan exceeds 79%, then in Tajikistan and Turkmenistan it is less than 22%. For example, these indicators are worth than in Zimbabwe (27.05) [8].

According to the Figure 1, Uzbekistan has only 37% of population with bank account, Tajikistan - 47%, Turkmenistan - 41%, Kyrgyz Republic - 40%, Kazakhstan - 59% of population are adults with an account. Kazakhstan has leading position by all parameters [8].

Table 2. Commercial bank branches (per 100,000 adults)³

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>3.32</td>
<td>3.39</td>
<td>2.81</td>
<td>2.49</td>
<td>0.75</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>7.16</td>
<td>7.89</td>
<td>8.18</td>
<td>7.96</td>
<td>1.11</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>17.76</td>
<td>23.62</td>
<td>24.08</td>
<td>-</td>
<td>1.36*</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>45.84</td>
<td>43.08</td>
<td>38.52</td>
<td>34.19</td>
<td>0.75</td>
</tr>
</tbody>
</table>

*In this case it is 2017/2011


³ Source: World Bank
Table 2 shows that in CA countries one of the main indicators of financial inclusion the amount of Commercial bank branches per 100,000 adults are very different. In Kazakhstan and Uzbekistan it has been decreasing during the period of 2011-2019 as the world trend after 2016 for the development fintech, and has the same dynamic of growth. Uzbekistan has the highest one in CA. But huge of banks’ branches concentrate in big cities or the centers of the districts and locate far from the villages, where fintech could not be developed because of bad quality of communication’s means and internet.

According to the 2017 Global Findex Survey the reasons of low level of financial inclusion are: (i) insufficient money to use, (ii) high cost of financial services, (iii) no trust in financial services, (iv) lack of the documentation and (v) too far location of banks are top reasons for non-use of bank services [8].

3.2. Fintech and innovative banking services

As the number of bank cards used by customers in a country may reflect the penetration rates of accounts, we turn our attention to Figure 3, which displays the number of bank cards used in Uzbekistan from 2012 to 2020. The data show that the issuance of bank cards has tripled in ten years, increasing from 8276 to 25776 thousand units. Despite the steady and gradual growth observed during this period, we can state that, in general, the number of bank cards covers the adult population (age 15+) in the country. But based on the study by the World Bank, where the population with a bank account in 2017 is only 37% of the population, it can be found that the number of bank cards does not reflect the level of ownership of bank accounts. In Uzbekistan 17 percent of adults with an account opened their first account to collect public sector wages. For example, in Kazakhstan about 40 percent of account owners opened their first account to receive digital payments [8].

Important opportunities remain to increase account ownership by moving government payments into accounts. In Uzbekistan 12 percent of unbanked adults, receive such payments in cash [8]. The major driver behind bank card use is the legislation requiring organizations and state-owned companies to pay salaries through a transfer to a bank card [1].

Figure 2. The quantities of remote banking service users, bank cards used and adult population (age 15+) in 2012-2020

4 Source: Central Bank and Statistics committee of the Republic of Uzbekistan
But it was the introduction of bank cards into the country's payment system that gave impetus to the emergence and development of remote banking services for the population. Figure 2 also shows the number of remote banking users (not entities) in Uzbekistan (CBU, 2020). This clearly indicates an increase in the number of users of remote banking services. Their number increased from 69,5 thousand people in 2012 up to 14,570.6 thousand people in 2020. It can be seen that the number of users of remote services is increasing 1.5-2 times annually. This serves as additional evidence that the country is making progress in this area and the provision of quality financial services is the policy of the newly elected government. Moreover, the Central Bank provides information about the types of remote banking service systems in the country. They are internet banking, mobile banking, SMS-banking. The number of users of remote banking services reached 14.6 million at December 31, 2020. This indicator increased by 10.2 million compared to 01.01.2017. For 9 months of 2020, the population received 1,573.1 billion UzS of microcredit, as well as 9,964.7 billion UzS were placed on bank deposits using mobile applications.

<table>
<thead>
<tr>
<th>Table 3. The number of ATM&amp;information desks in use, terminals and the amount of terminal transaction in 2011-2020</th>
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<tbody>
<tr>
<td>ATM&amp;information desks in use, thousand unit</td>
</tr>
<tr>
<td>Terminals, thousand unit</td>
</tr>
<tr>
<td>terminal transaction amount, mln. UzS</td>
</tr>
</tbody>
</table>

Source: Central Bank and of the Republic of Uzbekistan
Table 3 provides information on the number of ATM&information desks in use, terminals and the amount of terminal transaction for the usage of debit cards to make payments or transfer in 2011-2020. As the table reveals, the amount of payment devices and transactions increased exponentially since the year of 2011 by the year of 2020, ATM&information - 13.03, terminals - 4.40, amount of terminal transaction - 7.9 times. Large numbers of account owners receive cash payments from payment device for the sale of agricultural products. The share of account owners receiving agricultural payments in cash is about 25 percent in Uzbekistan - Digitizing agricultural value chains offers multiple opportunities for increasing the use of accounts, not just through payments for the sale of agricultural products but also through important related payments, such as for purchases of crop insurance and agricultural inputs [8].

For further digitalization of the economy, the state has developed the strategy «Digital Uzbekistan – 2030» [28]. Kazakhstan has similar strategy – the State program "Digital Kazakhstan"[29]. At Table 4 it is analyzed the sections on financial inclusion strategies of Kazakhstan and Uzbekistan.

Table 4

| Digital transformation strategies of banking products market in Uzbekistan and Kazakhstan6 |
|---------------------------------------------------------------|---------------------------------------------------------------|
| Uzbekistan                                                                                      | Kazakhstan                                                                                     |
| implementation of a remote identification system (e-ID and e-KYC)                                | simplification and acceleration financial service processes through integration with state information systems using digital technologies |
| effective use of the existing payment infrastructure;                                            | organization by the Central Bank active cooperation between various participants in the financial sector for reduction the level of fraud; |
| implementation of an automated modern system for collecting, processing and analyzing information in the banking sector; | Introduction new services and products such as proactive loans, remote ordering of car operators, etc. |
| to introduce the Data Warehouse technology and the System of analysis of banking business processes in the Central Bank; | creating a Remote Identity Infrastructure increasing the confidence of B2B market participants in cashless accounting instruments using effective and safe fintech; |
| improvement of monitoring and control of the functioning of payment systems in accordance with international requirements | organization complex support for small and medium-sized businesses through financial and non-financial services, increasing the financial literacy of the population. |
| full coverage of all regions of the Republic with a high-quality Internet network;               |                                                                                                 |
| creation of the modern center of FinCERT in the structure of the central bank and implementation of the cyber security system in banks with information security; |                                                                                                 |
| increase non-cash payments of the population by improving the types and quality of banking services |                                                                                                 |

Analyzing the strategies of both countries, it can be noted that for the expansion of financial inclusion with the help of financial technologies, no clear plans have been established and, based on this, no clear definite measures have

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6 Source: the strategy «Digital Uzbekistan – 2030» [27]. Kazakhstan has similar strategy – the State program "Digital Kazakhstan" [28].
been developed (table 4.). When developing a strategy, Uzbekistan missed such moments as an increase in the level of financial literacy of the population. Panos and Wilson [22] warn that Fin-Tech amplifies the impact of both good and bad decisions, and hence financial inclusion needs to be considered in conjunction with financial literacy. In addition, it can be taken note of that point in the strategy of Kazakhstan regarding the organization of comprehensive support for small and medium-sized businesses for expanding usage of formal financial services [7].

**Financial sustainability and economic growth in Uzbekistan**

Based on the data on the level of financial access in the CA countries and in Uzbekistan, the level of financial access is low. The government is taking steps to launch financial services based on financial technologies to attract more people to formal finance and reduce poverty for Solution this issue. The use of digital technologies to increase the availability of financial services is considered one of the priorities of the state strategy. However, the launch of online banking applications by banks alone is not enough to accelerate the pace of financial inclusion and wider use of formal financial services.

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</thead>
<tbody>
<tr>
<td>GDP growth (annual %)</td>
<td>7,8</td>
<td>7,2</td>
<td>0,9</td>
<td>4,5</td>
<td>5,6</td>
<td>1,2</td>
</tr>
<tr>
<td>GDP per capita growth (annual %)</td>
<td>4,9</td>
<td>5,4</td>
<td>1,1</td>
<td>2,7</td>
<td>3,6</td>
<td>1,3</td>
</tr>
<tr>
<td>low-income population (%)</td>
<td>16,0</td>
<td>13,3</td>
<td>0,8</td>
<td>11,9</td>
<td>11,0</td>
<td>0,9</td>
</tr>
<tr>
<td><strong>Financial sustainability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank nonperforming loans to total gross loans (%)</td>
<td>0,7</td>
<td>2,1</td>
<td>3,0</td>
<td>1,2</td>
<td>1,5</td>
<td>1,3</td>
</tr>
<tr>
<td>Bank capital to assets ratio (%)</td>
<td>12,24</td>
<td>11,66</td>
<td>0,95</td>
<td>12,41</td>
<td>18,71</td>
<td>1,51</td>
</tr>
<tr>
<td><strong>Financial inclusion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depositors with commercial banks (per 1,000 adults)</td>
<td>416,9</td>
<td>592,0</td>
<td>1,4</td>
<td>785,9</td>
<td>809,1</td>
<td>1,0</td>
</tr>
<tr>
<td>Automated teller machines (ATMs) (per 100,000 adults)</td>
<td>4,3</td>
<td>8,5</td>
<td>2,0</td>
<td>24,3</td>
<td>38,5</td>
<td>1,6</td>
</tr>
<tr>
<td>Commercial bank branches (per 100,000 adults)</td>
<td>45,8</td>
<td>43,1</td>
<td>0,9</td>
<td>38,5</td>
<td>34,2</td>
<td>0,9</td>
</tr>
<tr>
<td>Domestic credit to private sector (% of GDP)</td>
<td>-</td>
<td>10,6</td>
<td>-</td>
<td>16,6</td>
<td>30,0</td>
<td>1,8</td>
</tr>
</tbody>
</table>

On the table 5. shows that the stability of the banking system is controversial. The NPL level has high volatility during the period. Financial inclusion indicators, as credit to private sector, ATMs, depositors with commercial

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7 Source: World Bank
banks have been increasing during the period. The share of the poor decreased from 16.0% in 2011 to 11.0% in 2019, but the analysis shows that newly elected government’s policy made some impulse for improving financial sustainability and economic growth. The dynamic growth of all indicators are better than the previous ones.

As international experience shows, “a well-developed payment system, sophisticated physical infrastructure, appropriate regulations, consumer protection guarantees and a variety of available financial services” are critical when it comes to formulating and implementing a financial inclusion strategy through financial technologies [8].

**Discussion**

The analysis of the level of financial inclusion of CA countries shows that the performance of the high-middle-income country is better than the performance of the CA countries with the low-middle income, confirms the assertion of Rioja and Valev [24] that the impact of financial development on economic growth is stronger for rich countries than for low-income countries.

In addition, the indicators of Uzbekistan on financial inclusion, financial sustainability, and economic growth prove the veracity of the theory of Joseph Schumpeter [25], Levine [18], Goldsmith [12], McKinnon [25], Levine et al. [17] and Beck et al. [4].

The result of the research meet the expectations of the World Bank experts that financial services can contribute to economic development and help the state reduce the level of poverty in the country, and the use of fintech accelerates this process [10].

In Uzbekistan, the state realize the role of financial inclusion for the development of the country's economy and have worked out a strategy based on the G20 and the World Bank programs to expand access to financial services using digital financial services in developing countries [15].

Unfortunately, this strategy does not take reckon for the effect of all financial products. For example, it is not attended enough to savings operations, but the requirements for consumer loans are simplified, the impact of which on the economy is ambiguous. [6].

**Conclusion and proposals**

This research is intended to contribute to the existing literature on the inclusion of financial services in digital banking products dedicated to Uzbekistan. We tried to answer the following questions: (i) assess the level of financial inclusion of Uzbekistan against the background of indicators of CA countries with lower and upper middle income levels; (ii) determine the current real atmosphere in the market for banking products and access to financial services and clarify the directions for further strategy for expanding financial inclusion in the country; (iii) compare indicators of financial inclusion, financial stability and economic development of the country.
An analysis of the levels of financial inclusion in CA countries shows that the region has two types of economies: high-income and low-income countries. By all indicators, the level of financial access to financial services in Kazakhstan is higher than other counties, which have lower-middle-income economies. In all these countries, the indicators have similar dimensions. According to the survey by the World Bank, Uzbekistan and Turkmenistan have the worst records in the region. For example, only 37% population have their bank accounts in the financial institute in Uzbekistan. This figure is less than in 112 countries of the world and 18 countries in sub-Saharan Africa score higher than Uzbekistan. The usage of credit cards is not popular in the country. Population have limited access to financial services because of ineffective payment infrastructure, unreliable relationship to financial institutes, lack of documents and others [8].

The statistics from the Central Bank of the Republic of Uzbekistan reveals that the status of financial inclusion has improved over the years. The relatively significant increase in the number of banks cards in use, remote bank service users, the overall amount of transactions conducted through point of sale terminals as well as the number of POS terminals and ATMs reiterate that the share of the population utilizing formal financial services has been increasing over the last years. And it is true that FinTech is growing rapidly and could bring down costs and improve the quality of financial services. However, its share in the economy and financial markets remains small. The increase of digital banking market is partly due to the government policy that has encouraged the use of digital payments to allocate public sector wages among the public officials. However, the number of unbanked who have not access to the bank services is large.

Based on the results of the study, the following recommendations are proposed:

1. It is important to incorporate the defined targets for expanding financial access into the targets on the government's agenda.

2. It is necessary to create and implement a system for measuring the level of financial literacy based on the OECD methodology (OECD / INFE Policy Guide for National Strategies for Financial Education).

3. It is necessary to develop national statistics that measure the financial literacy of the population at the national and international levels and level of usage of innovative banking products.

4. To consider all rural areas and villages for effective use of the existing payment infrastructure.

5. To provide all kinds of support for small and medium-sized businesses by organizing a remote 24/7 system of interaction with financial institutions using modern technologies.

In conclusion, the above, in order to expand the level of access to financial services, it is necessary to consider this issue at the level of state policy. As Panos and Wilson [22] warn, financial technology amplifies the impact of both good and bad decisions, and therefore financial inclusion must be considered in a combination of all conditions of the country's economy.
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