

## DIGITAL BANKING GROWTH AND FINANCIAL INCLUSION IN UZBEKISTAN

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Online banking is often presented as a fast route to financial inclusion because it lowers distance and time barriers and makes formal financial services easier to access. However, rapid digital uptake does not automatically imply deeper inclusion: a growing number of remote users may reflect channel switching by already-banked customers, multiple registrations across institutions, or increased activity within the existing formal system rather than first-time entry into it. For policymakers, the key issue is therefore not only the speed of digital adoption, but whether adoption is accompanied by proportional growth in tangible inclusion instruments and sustained participation.

This study examines the relationship between remote banking expansion and financial inclusion in Uzbekistan over 2018–2025 by comparing diffusion in remote banking users with the evolution of payment cards in circulation. The central contribution is a “conversion” perspective: inclusion progress is assessed by whether growth in digital users is matched by growth in inclusion proxies (and by how this alignment changes over time). This approach helps identify potential inclusion gaps periods when digital adoption accelerates faster than inclusion instruments providing a practical basis for policy targeting aimed at converting digital uptake into broader formal access and active usage.

The analysis relies on annual totals for Uzbekistan covering 2018–2025: (i) the number of users of remote banking service systems and (ii) the number of payment cards in circulation as a practical proxy for a core inclusion instrument. To summarize digital diffusion, aggregate growth is reported in levels, growth multiples, and compound annual growth rates (CAGR). Financial inclusion dynamics are evaluated through two complementary metrics. First, both series are normalized to an indexed scale (2018=100) to compare relative scaling paths over time. Second, a conversion indicator cards per remote banking user is calculated as  $\text{Cardst}/\text{Remote Userst}$  to assess whether expansion in digital adoption is accompanied by proportional growth in payment instruments.

Descriptively, remote banking users increased from 7.96 million (2018) to 74.18 million (2025), while payment cards rose from 17.69 million to 68.27 million over the same period. The difference in growth rates is interpreted as evidence on whether digital adoption is converting into broader inclusion. Results are presented through a small set of figures (diffusion trend, indexed comparison, and conversion ratio) designed to support policy interpretation and targeting.

Figure 1. Indexed scaling of remote banking user’s vs payment cards (2018=100)

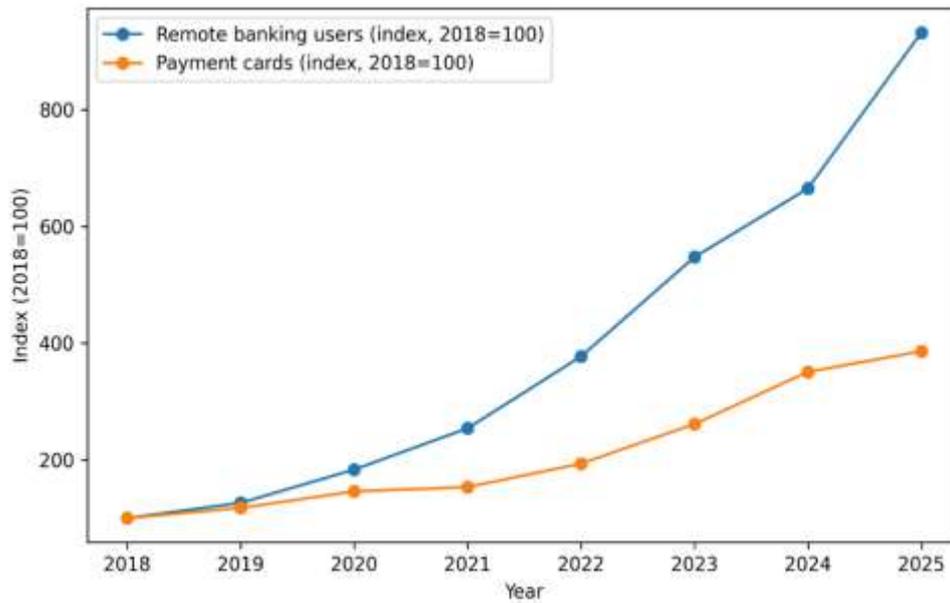


Figure 1 compares the relative scaling of digital adoption and a core inclusion proxy by indexing both series to 2018=100. Remote banking users grow substantially faster than the stock of payment cards, indicating that digital uptake outpaces expansion in formal payment instruments. In Uzbekistan, remote users increase by roughly 9.3 times over 2018–2025, while cards expand by about 3.9 times over the same period. This divergence suggests that a large share of digital growth may reflect accelerated channel migration among existing customers and/or multi-bank registrations, rather than a proportional increase in the underlying base of payment instruments. From an inclusion standpoint, the pattern motivates “conversion-focused” policies that turn digital usage into broader access and active participation in formal financial services.

Figure 2. Inclusion conversion: cards per remote banking user (2018–2025)

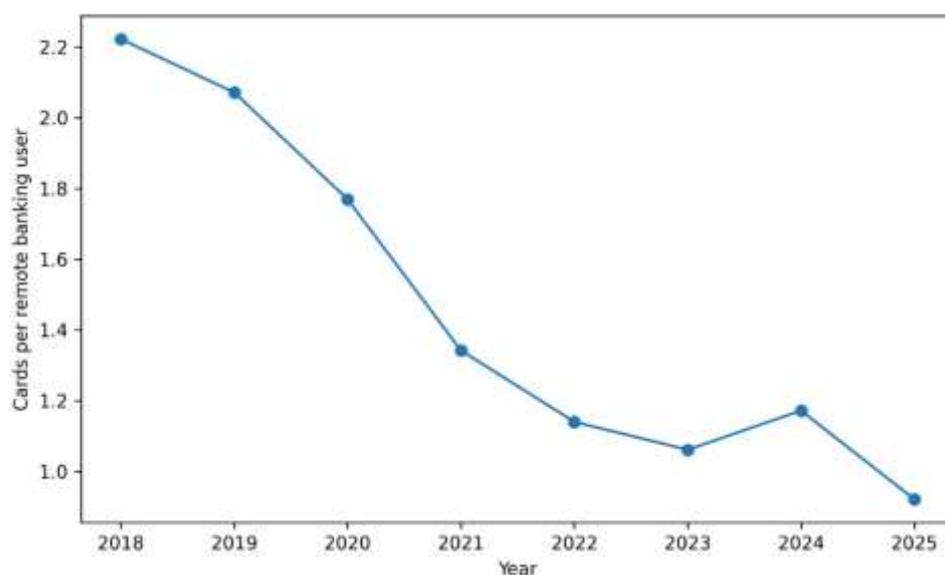


Figure 2 summarizes an aggregate “conversion” metric cards per remote banking user to assess whether growth in remote usage translates into proportional expansion of payment instruments. The ratio declines markedly from approximately 2.22 in 2018

to about 0.92 in 2025, implying that the remote user base expanded much faster than the card stock. A complementary log–log scaling regression using annual totals supports this interpretation: a 1% increase in remote banking users is associated with only about a 0.61% increase in cards (elasticity  $\beta \approx 0.61$ , high fit in-sample), indicating less-than-proportional inclusion scaling at the aggregate level. Together, these results point to an emerging inclusion gap where rapid digital channel adoption does not automatically translate into commensurate growth in formal payment instruments highlighting the need for targeted onboarding, account opening facilitation, and active usage incentives.

The divergence between digital adoption and inclusion instruments implies that remote banking growth alone should not be treated as a sufficient indicator of financial inclusion.

Since remote users grew 9.3 times while payment cards expanded only about 3.9 times, policy attention should shift from adoption counts to conversion and effective usage. Priority measures include (i) streamlining e-KYC and onboarding for first-time entrants, (ii) reducing frictions and costs in account/card issuance, (iii) improving interoperability across payment ecosystems, and (iv) consumer capability interventions that raise active usage rather than registration only. A practical monitoring approach is to track conversion KPIs such as cards-per-remote-user, using them to identify segments where digital uptake is high but inclusion conversion remains weak.

Overall, remote banking adoption in Uzbekistan expanded rapidly during 2018–2025, but inclusion instruments grew more slowly. The evidence from indexed trends and conversion ratios suggests a conversion gap, where digital diffusion outpaces expansion of payment instruments.

Closing this gap requires policy that prioritizes conversion into formal access and sustained participation ensuring that digital growth translates into broader and more effective financial inclusion.