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### WAYS TO IMPROVE INTERNATIONAL PAYMENT SYSTEMS IN UZBEKISTAN

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#### **Annotation:**

This thesis shows various international payment systems that are developing in the Republic of Uzbekistan, as well as provides full information about the possibilities of international payment systems for legal entities and individuals.

**Keywords:** international, e-commerce, legal entities and individuals, payment and payment systems, technologies.

Globalization encourages corporations to conduct frequent transactions (money transfers) outside their home countries. Consumers are transacting globally to purchase from foreign e-commerce sites, as well as to travel, live and work abroad. As a result, payments volume for the payments industry remains high in terms of both currency value and number of transactions. Also, Uzbekistan is actively developing its financial and e-commerce sector and is increasingly entering the world financial system. Therefore, the international payment system of Uzbekistan has been offering more choices and competitive options for legal entities and individuals. In particular, based on the Resolution of the President of the Republic of Uzbekistan dated September 19, 2018 No. PQ-3945 “On measures to develop the national payment system”, the National Interbank Processing Center was established in the IV quarter of 2018, and the “Humo” payment system was launched in 2019 was launched from the first quarter of the year.

The launch of this retail payment system is related to the formation of a competitive environment in the field of retail payment services based on

bank cards, a significant increase in the scale of cashless payments in the economy, and the operation of retail payment systems based on bank cards serves to reduce risks. In order to create conditions for the round-the-clock (24/7) payment of economic entities during 2019, a comprehensive plan to create a Data Processing Center that meets international requirements at the Central Bank in 2019 preparatory work was carried out. The implementation of the pilot project for the introduction of the new Quick Payments system, which ensures 24/7 payments, has begun. This instant payments system was launched in the first quarter of 2020, and all commercial banks were connected to it. As a result, enterprises and organizations using remote service systems, like citizens, have the opportunity to make their payments in real time around the clock, i.e. commercial bank branches and branches outside of working hours and on weekends. In addition to the measures for the development of the payment system, special attention was paid to the improvement of its regulatory and legal framework.

As the country integrates more deeply into the global economy, we can see increased innovation, the emergence of new payment solutions and the adoption of modern technologies such as blockchain. Understanding the available options, their advantages and potential risks allows legal entities and individuals to choose the most suitable international payment systems for their specific needs, which paves the way for easier and more efficient cross-border transactions.

Current Landscape of Payment Systems in Uzbekistan:

1. Humo Payment System:

- Launched to promote a competitive environment in retail payment services.
- Aims to increase cashless payments and reduce transaction risks.

2. Quick Payments System (2020):

- Ensures 24/7 payments for businesses and individuals.
- Facilitates real-time, round-the-clock transactions, including weekends and non-working hours.

These initiatives were supported by the development of a Data Processing Center meeting international standards, ensuring robust infrastructure for modern payment systems.



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**Role of Regulation:** Special attention has been paid to strengthening the legal and regulatory framework. The “Law on Payments and Payment Systems” (2019) serves as the backbone for governance and innovation in this sector.

There are a number of international Payment Systems and here given are examples and their usage in Uzbekistan:

### 1. Western Union:

- Fees: \$5 to \$50 depending on amount and destination (e.g., \$200 transfer from the USA to Uzbekistan costs ~\$14).
- Ease of Use: Highly convenient, with over 2,600 agent locations in Uzbekistan.
- Usage: Widely utilized for international remittances, which totaled \$16.9 billion in 2023, mainly from Russia and the USA.

### 2. SWIFT:

- Fees: Typically \$10 to \$50, suitable for large business transactions.
- Ease of Use: Reliable and secure, though transfers take 1 to 5 days.
- Usage: Commonly used by businesses for large-scale international transactions, particularly in banking and trade.

### 3. Local Payment Systems (Click, Apelsin, Anor, Oson, Payme):

- Widely adopted for domestic and some international transactions.
- Enable seamless integration with mobile apps for day-to-day payments.

There are a few opportunities for improving them:

#### 1. Adoption of Emerging Technologies:

- Blockchain can revolutionize payment systems by increasing transparency and reducing fraud.
- Digital wallets like ApplePay and GooglePay could provide convenience for both residents and visitors.

#### 2. Strengthening Infrastructure:

- Upgrading payment gateways to ensure faster processing times and enhanced security.

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- Expanding access to remote and rural areas to encourage broader adoption of digital payments.

### 3. Policy and Regulation:

- Simplifying cross-border transaction regulations.
- Incentivizing innovation through partnerships with global fintech firms.

### 4. Education and Awareness:

- Promoting financial literacy to help individuals and businesses adopt modern payment solutions.

- Highlighting the cost-effectiveness and benefits of cashless transactions.

Uzbekistan is taking significant steps to modernize its international payment systems, aligning with global trends and technological advancements. The integration of global solutions like ApplePay and GooglePay, along with regulatory reforms and infrastructure development, will further enhance efficiency and convenience for all stakeholders. These measures are pivotal for driving the digital transformation of the financial ecosystem in Uzbekistan.

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