

### FOREIGN EXPERIENCE IN MICROFINANCING THE ACTIVITIES OF ENTREPRENEURIAL ENTITIES

Javlonbek Rustamovich Tojiyev

Independent Researcher of Tashkent

State University of Economics

ORCID:0009-0003-4678-2423

According to global experience, microfinancing is a crucial factor in reducing poverty, encouraging entrepreneurship among the population, supporting the development of small business entities, and ensuring the stable growth of the economy. Microfinancing serves as an effective tool for providing financial services to individuals and legal entities who do not have access to traditional banking services due to geographical location, underdeveloped market infrastructure, or high levels of credit risk.

As microfinancing develops, economically active segments of the population can use these services to become self-employed or start their own business, thereby turning into entrepreneurial entities. According to the global microfinance market report, “The size of the global microfinance market amounted to USD 279.22 billion in 2024 and USD 310.10 billion in 2025, and is expected to reach USD 797.11 billion by 2034.”<sup>1</sup>

“In 2019, more than 140 million people around the world used various microfinance services, and currently, microfinance institutions have nearly 200 million clients globally.”<sup>2</sup> This indicates that during 2025–2034, the global microfinance market is projected to grow by an average of 11.06% annually, and the number of users of microfinance services continues to increase.

The growth in the global microfinance market size and the increasing number of clients reflect a significant rise in demand for microfinance services. This underscores the necessity to improve the microfinancing system for business entities.

---

<sup>1</sup> Анализ размера и доли рынка микрофинансирования - Отчет об отраслевых исследованиях - Тенденции роста. Объем рынка микрофинансирования превысит 797,11 млрд долларов США к 2034 году.

<sup>2</sup>Тренды мирового рынка микрофинансирования. Microfinance-Barometer-2019\_web-1.pdf (convergences.org).

## E- Global Congress

Hosted online from Dubai, U. A. E., E - Conference.

Date: 30<sup>th</sup> August 2025

**Website:** <https://eglobalcongress.com/index.php/egc>

ISSN (E): 2836-3612

Worldwide, scientific research is being conducted on the development of the microfinance market aimed at attracting the population to entrepreneurial activity, providing microfinance services to population segments lacking access to traditional banking services, ensuring employment through various microcredit programs, and reducing poverty levels.

Microfinancing creates opportunities for entrepreneurs to use credit, deposit, and other financial services to establish and grow their businesses. At the same time, it helps create jobs, generate income, and support economic growth. However, it is essential to ensure the provision of short-term, high-yield credit products and revolving loans for entrepreneurial entities.

The need to improve the procedures for providing microloans, create access to all types of microfinance services, provide guarantees for microcredits allocated to business entities, offer compensation support for the use of microcredits, and develop microfinance infrastructure indicates that the problems in this area have not been studied in a comprehensive and systematic way. This, in turn, highlights the necessity of conducting scientific research in this field.

In Uzbekistan, particular attention is being paid to providing microfinancial assistance to small business entities, financing projects aimed at creating new jobs and providing microfinance services to low-income families, increasing the popularity of microfinance services, coordinating and regulating the activities of microfinance institutions and pawnshops, increasing the role of microfinance services in the development of entrepreneurial activity, and offering Islamic finance-related services by microfinance institutions.

Priority objectives have been set to “increase the volume of the microfinance market at least 5 times during 2024–2026, cover more than 1 million business entities with microfinance services, and assist nearly 500,000 individuals without official income in becoming self-employed and developing their businesses through microfinance services.”<sup>3</sup> Implementing these tasks calls for scientific research aimed at increasing the role of microfinancing in the development of business activities.

<sup>3</sup> O‘zbekiston Respublikasi Prezidentining 2023-yil 10-noyabrdagi PQ-364-son “Tadbirkorlik faoliyatini rivojlantirishda mikromoliya xizmatlarining o‘rni va ulushini oshirish bo‘yicha qo‘shimcha chora-tadbirlar to‘g‘risida”gi qarori.

## E- Global Congress

Hosted online from Dubai, U. A. E., E - Conference.

Date: 30<sup>th</sup> August 2025

**Website:** <https://eglobalcongress.com/index.php/egc>

ISSN (E): 2836-3612

The Decrees of the President of the Republic of Uzbekistan: PD-158 dated September 11, 2023, “On the Strategy ‘Uzbekistan – 2030’,” PD-193 dated November 10, 2023, “On measures to improve the system of financial support for small and medium-sized businesses,” PR-364 dated November 10, 2023, “On additional measures to increase the role and share of microfinance services in the development of entrepreneurial activity,” PR-366 dated November 15, 2023, “On additional measures to involve the population in small and medium-sized businesses,” and the Resolution of the Cabinet of Ministers No. 161 dated April 19, 2023, “On additional measures to improve the allocation of loans within the framework of family entrepreneurship development programs and to increase the sources of permanent income for the population,” along with other regulatory documents in this area, serve as a basis for achieving the stated objectives.

“Grameen Bank,” founded by Muhammad Yunus, is one of the first and most renowned successful examples of microfinancing<sup>4</sup>. This model, focused on group responsibility of borrowers and targeting entrepreneurial women, has inspired the creation of many similar institutions around the world. The key success of Grameen Bank lies in its outreach to the one of the main objectives of microfinancing for low-income groups is to provide collateral-free microloans. Across the world, there are many different models of microfinancing, ranging from small credit cooperatives in rural areas to large commercial microfinance institutions. Some models focus on delivering financial services alongside educational programs and business management consulting.

Global experience shows that most microfinance borrowers are women. They tend to use loan funds responsibly and aim to improve their families' living conditions. Modern technologies such as mobile payments and digital platforms are playing an increasingly important role in the development of microfinancing. They help reduce transaction costs, expand the client base, and improve service quality. For the sustainable development of microfinancing, effective regulation is essential. It must protect the rights of borrowers, prevent violations, and contribute to financial stability.

India is one of the largest microfinance markets in the world. The sector's growth is supported by active government backing, the effective

---

<sup>4</sup> Who we are. Global Hub for Social Business. <https://socialbusinesspedia.com/events/sbd2025/registration>.

## E- Global Congress

Hosted online from Dubai, U. A. E., E - Conference.

Date: 30<sup>th</sup> August 2025

**Website:** <https://eglobalcongress.com/index.php/egc>

ISSN (E): 2836-3612

performance of numerous microfinance institutions, and a high level of entrepreneurial activity among the population.

“BancoSol” in Bolivia is one of the world's first commercial microfinance banks”<sup>5</sup>. It has successfully integrated social policy with profitable operations, providing microfinance services to a wide range of small entrepreneurs.

“In Kenya, “M-Pesa” is an innovative mobile payment platform that has played a major role in the development of microfinancing and in increasing financial inclusion for the population”<sup>6</sup>.

In Indonesia, Bank Rakyat Indonesia (BRI) is one of the largest banks actively involved in microfinancing. It offers a broad range of microfinance services such as loans, deposits, and insurance to small entrepreneurs.

The global experience in microfinancing confirms that it is a vital tool for supporting small businesses and entrepreneurial activities, and for promoting economic development. Adapting the best international practices to the conditions of Uzbekistan can help further develop this sector and improve its efficiency. In this context, the next task of the research is focused on studying the role of banks and microfinance institutions in financing entrepreneurial entities.

---

<sup>5</sup> BancoSol: пионер в области микрофинансирования - The European Magazine.

<sup>6</sup> M-PESA. Technology and InnovationM-PESAM-PESA is Africa's most successful mobile money service and the region's largest fintech platform.