

Unlocking the Benefits of Digital Payments:

Insights from Uzbekistan



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"I don't feel my 65 years.
I feel like a modern entrepreneur."

— *Mavlyuda,*
Female small business owner,
Namangan, Uzbekistan

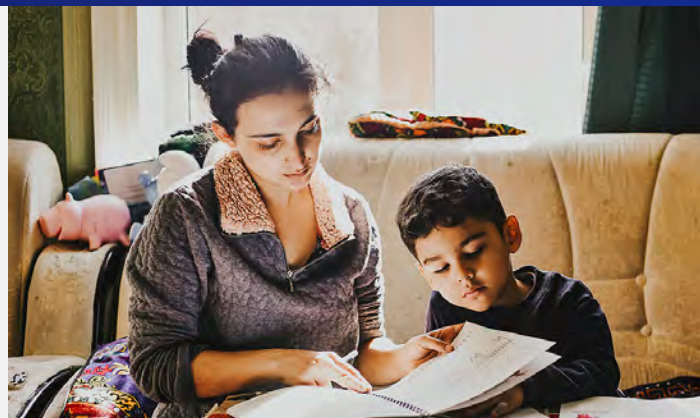
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Table of Contents



Executive Summary | 4

Introduction | 5

National context | **6**

Key statistics | **6**

Evolution of the Payments System | 7

Growth of digital payments ecosystem | **9**

The Impact of Digital Payments on the People of Uzbekistan | 10

Key findings from the survey | **10**

Touching Lives and Livelihoods | 14

Recommendations | 16

Appendices

1. Methodology of Study | **20**

2. Additional Survey Results | **21**

3. Timeline: Evolution of Payments in Uzbekistan | **23**

Executive Summary

In Uzbekistan, the Government has led a push into digital payments as part of a national growth and development strategy. The initial transformation in the biggest cities happened rapidly, over a few years. This has created a meaningful opportunity to understand how Uzbek citizens have experienced the transition so far and what needs to be done now to extend the benefits of digital payments across the country. Visa has been part of this transformation in line with its purpose to uplift everyone, everywhere by being the best way to pay and be paid. To support shared goals in Uzbekistan, Visa commissioned an independent survey of 703 individuals and micro and small business owners who use digital payments.¹ **The results tell a powerful story.**

In Uzbekistan, the appeal of digital payments stems largely from an expectation of increased convenience, which is driving usage. People and small businesses owners who use digital payments already use them for half of their transactions. Impacts are tangible, including quickly felt benefits of efficiency, ease and time savings. Two thirds of small business owners saw revenue grow, customers increase and business management improve due to accepting digital payments. Moreover, the benefits of using digital payments are more than financial, with significant improvements to wellbeing reported by both individuals and small business owners.

The process of systems evolution inevitably raises some challenges. One is the emergence of a fragmented society in terms of payment preference and ability, with certain groups and sectors moving readily into a digital-first mindset, while others preferring to continue to use cash. Another is the difficulty to develop and deploy infrastructure at the pace of demand. As a result, digital payments are not yet fully ubiquitous or reliable, both of which are crucial to driving the expansion of digital payments to the whole country and increasing the economic and societal benefits.

¹ Digital payments refer to payments made with bank cards. This includes payments by physical or virtual cards at terminals, by mobile phone or smartwatch, on the Internet or via virtual wallets. It does not include cash, cheque or bank transfer.

The transformation of Uzbekistan's payment and broader financial system has been swift, contributing to nearly a doubling in ten years of Uzbek adults who have a formal financial account.

Introduction

The creation of an inclusive digital payment systems has proven to be a crucial asset in accelerating equitable growth around the world. It is, however, no easy feat. It requires providers and policy makers to work together to develop an interconnected ecosystem that meets multi-faceted challenges including businesses being able and willing to accept payments, and consumers to make them. It also requires intentionality to make sure that all groups of citizens and communities have the opportunity and ability to use digital payments to meet their needs and aspirations.

In Uzbekistan, the government has led a series of rapid changes as part of its commitment to grow the economy and improve the well-being of citizens.² This includes a push into digital payments. The initial transformation happened rapidly, over a few years. Understanding how Uzbek citizens have experienced the transition so far is important in order to inform what needs to be done to extend the benefits of digital payments across the country. Change is expected to continue during the next decade to fulfill an ambitious national agenda that includes:

Reducing poverty by half and making Uzbekistan an upper-middle-income country by 2030. This core goal requires economic growth, much faster job creation and a reduction in the level of exclusion from economic opportunity especially among youth, women and people with disabilities.³ It also requires spurring faster growth among the lowest income groups.⁴

Understanding how Uzbek citizens have experienced the transition so far is important in order to inform what needs to be done to extend the benefits of digital payments across the country.

²Toward a Prosperous and Inclusive Future, The Second Systemic Country Diagnostic; World Bank 2021

³Ibid

⁴Ibid

Transforming the economy to be more open and competitive.

Government-led measures include opening borders to imports and exports, floating the Uzbek Som and transitioning from a culture of state-owned enterprises toward a competitive private sector. Measures also promote moving beyond the current reliance on agriculture (26% of GDP and 27% of employment⁵) by increase manufacturing and services. The service sector is a key opportunity for micro and small business growth, and thus jobs and household well-being. Tourism is another priority sector for the government for growth, considering the country's cultural heritage and many historic and religious sites that are of interest to visitors.

Encouraging formalization of businesses and labor.

Fifty-nine percent of total employment in Uzbekistan was informal in 2019.⁶ Labor market reforms extended to the formalization of small businesses, which employ a large number of people. An overhaul of the tax system in 2019 removed penalties on firms that employed more than 100 workers. The results were seen quickly, with record increases in new business registration and personal taxpayer registrations, many of whom were likely previously employed informally.⁷

Extending and modernizing infrastructure. Projects are in place to modernize electricity infrastructure, which, while available across the nation, suffers high losses and frequent power outages.⁸ There has been substantial investment during the last decade in the internet, but just 14% of the population can access fixed broadband while many access mobile broadband. Internet speeds and bandwidth are low, and user costs high. A further policy priority is to reduce acute gender disparities. In Uzbekistan, 62% of women have access to a mobile phone versus 77% of men.⁹

Key Statistics

Uzbekistan

2021, *World Bank*

Population
34,915,100

GDP
69.24 billion USD

GNP per capita
1983.1 USD

Population under 15 (2020)
29%

Financial Inclusion

2021, *The Global Findex*

Adults with accounts
44%

Women with accounts
39%

Made or received a digital payment in the past year
42%

⁵ International Trade Administration, July 2022, *Uzbekistan - Agricultural Sectors* (trade.gov)

⁶ Estimates by the Ministry of Employment and Labor Relations, 2019; Accessed in *Toward a Prosperous and Inclusive Future, The Second Systemic Country Diagnostic*; World Bank 2021

⁷ World Bank Growth Diagnostics – An Update (Forthcoming 2022); Accessed in *Toward a Prosperous and Inclusive Future, The Second Systemic Country Diagnostic*; World Bank 2021

⁸ *Uzbekistan to Reform and Green its Electricity Sector, with World Bank Support*

⁹ 2019 data, Statistics (dashboard), International Telecommunication Union, Geneva, <https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>

Evolution of the Payments System



The modernization of the payment system is a key component of Uzbekistan's wider transformation. Prior to 2015, Uzbekistan functioned largely in cash. Salary cards, a distinct feature of the market used by public and private sector to pay wages, were in circulation in small numbers. More affluent individuals had currency cards for use when they traveled abroad. Payment acceptance and ATM networks were quite limited. Accessing cash and paying for things was complicated and time consuming. People would get cash from stores more often than banks, but the commissions were unaffordable for many.

The Government of Uzbekistan catalyzed evolution through a combination of national initiatives, laws, regulations and partnerships. (Appendix 3 contains a timeline with details.) The result has been a swift transformation of Uzbekistan's payment and financial system and meaningful change for the population. In ten years, the number of adults who have a formal financial account nearly doubled to 44% in 2021 from 23% in 2011.¹⁰

Key drivers include:

Increased competition in payments schemes.

In 2016, the government created Humo, a second local scheme to rival existing privately-owned Uzcard. The introduction of Humo and the central bank's policies enabled a more conducive environment for international payments networks including Visa and MasterCard to participate in the market, expanding acceptance networks and cross border functionality and bringing global best practices.

Expansion of account ownership, resulting in 34.2 million bank cards in circulation by the end of 2022 among a population of 20 million adults. Many of these cards are salary cards.¹¹

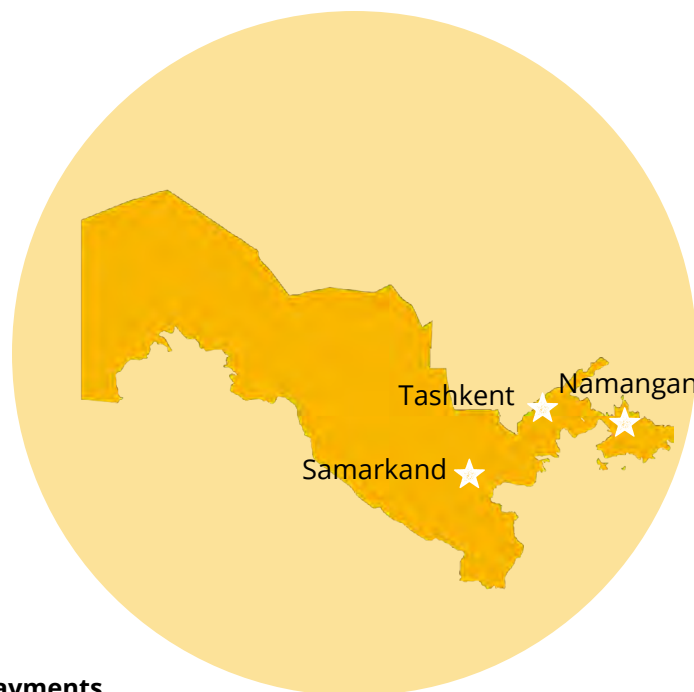
Development of a wide-spread ATM and kiosk network. ATM terminals and infokiosks (self-service for accepting payments, without cash withdrawal operations) reached 20,380 at the end of 2022, up from just 2,345 in 2016.¹² This infrastructure is key to affordability and ease of access to cash from digital accounts.

¹⁰ World Bank Findex, 2021 <https://microdata.worldbank.org/index.php/catalog/4726>

¹¹Data accurate as of December 31, 2022; The Central Bank of the Republic of Uzbekistan, Information about issued banking cards, POS-terminals, ATM's and Self-Service Kiosks as of January 1, 2023, also transactions carried out through POS-terminals in Yanuary [sic] -December of 2022, 25 January 2023 <https://cbu.uz/en/statistics/paysistem/846347/>

¹²ibid

Digitization of bank offerings. Spurred by the COVID-19 pandemic, banks across Uzbekistan joined in an initiative in 2020 to develop and promote remote banking services and apps. This increased the user base of remote banking services by 43% in a year, to 14.5 million. Aided by regulation to encourage digital identification, users surpassed 30 million accounts at the end of 2022.¹³ 1.2 million of these were micro and small businesses and entrepreneurs.¹⁴



Expansion of stores and services that accept digital payments. The acceptance network expanded quickly to keep up with increasing demand from more people having cards. By early 2023, stores and other services had installed 434,000 Point-of-Sale (POS) terminals.¹⁵ The experience became simpler for merchants and customers due to technology and business model innovations such as contactless payments. Acceptance points using QR code, which require only a smart phone or a printed piece of paper, increased significantly due to efforts by the government and new fintech companies.¹⁶

Entrance of fintech payments facilitators. This drove innovation and competition. Payme and Click were among the first to enter the market, introducing simpler processes for people to send money to other people (P2P) through mobile phone apps. They also streamlined acceptance for small businesses through QR codes and payment directly in the app.

For all the progress, there is still a far way to go. Uzbekistan's digital transformation began in the largest urban areas and more affluent population. The priority now is to accelerate the pace of development and provide equitable access to and use of digital payments across the country and population.

¹³Data accurate as of January 1 2023; Central Bank of the Republic of Uzbekistan, [Number of customers applied remote banking systems as of January 1, 2023 - The Central Bank of the Republic of Uzbekistan \(cbru.uz\)](https://cbru.uz/en/statistics/paysystem/846347/)

¹⁴Ibid

¹⁵Data accurate as of January 1, 2023; Central Bank of the Republic Uzbekistan; information about issued banking cards, POS terminals, ATMs and self-service kiosks...; 25 January 2023 <https://cbru.uz/en/statistics/paysystem/846347/>

¹⁶Ensuring the stability of Uzbekistan's Payment System, Central Bank Payments News, 2021

Growth of Digital Payments Ecosystem

Building reliability, convenience and trust

Thanks to four strategies, Uzbekistan is well positioned to build on its success in expanding digital payments.

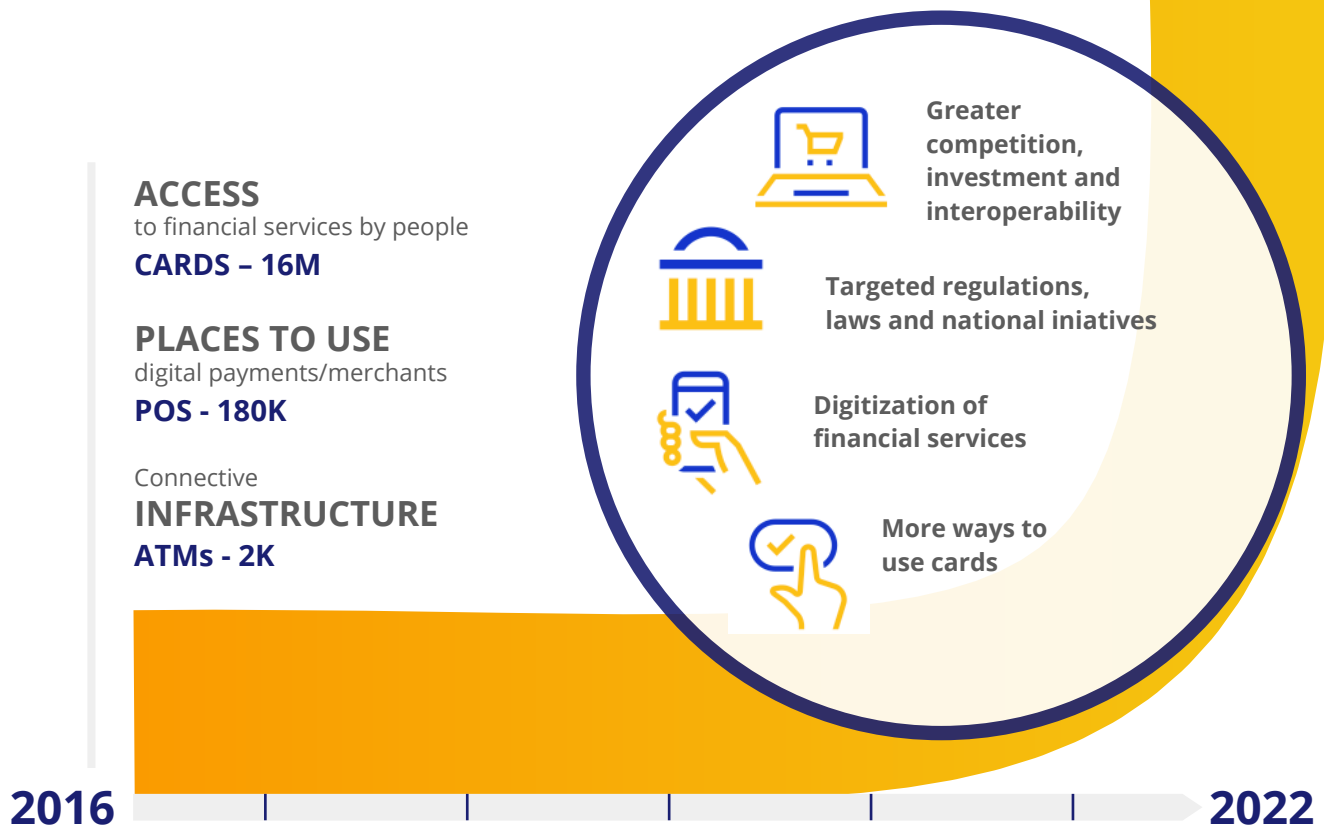
While government policies, central bank regulations and initiatives have facilitated the evolution, different stakeholders drove different actions; partnership is key.

RELIABILITY
CONVENIENCE
TRUST

ACCESS
CARDS – 34M

PLACES TO USE
POS – 434K

INFRASTRUCTURE
ATMs – 20K



Data accurate as of January 1, 2023; Central Bank of the Republic Uzbekistan; information about issued banking cards, POS terminals, ATMs and self-service kiosks...; 25 January 2023 <https://cbu.uz/en/statistics/paysistem/846347/>

The Impact of Digital Payments on the People of Uzbekistan



Visa set out to gather insights of what using digital payments means for people, business and livelihoods in Uzbekistan and how to support the continued evolution of an inclusive payment ecosystem. In September and October 2022, an independent research firm, Digitum, surveyed 403 individuals¹⁷ and 300 micro and small business owners who actively use digital payments. (Hereafter, the term "small business" refers to both micro and small businesses.) The study took place in Tashkent, Samarkand and Namangan because the availability of digital payments is still largely clustered there. Appendix 1 contains details of the study methodology and Appendix 2 contains additional data and results.

Those who have adopted digital payments have embraced them.

Both individuals and small businesses owners who use digital payments use them for half of all their transactions. Most surveyed individuals (86%) and small business owners (92%) use digital payments multiple times per week. This speaks highly to adoption considering that the majority of survey respondents started to use digital payments within the past two years and that cash remains prevalent. Additionally, 88% of small businesses that use digital payments for business purposes also accept digital payments.

Women adopted digital payments later than men. The resulting behaviors and enthusiasm for use of digital payments, however, are similar between genders.

Key Findings from the survey

Among people and micro and small business (SMB) owners who have adopted digital payments:

57% SMB owners
48% individuals using digital payments for less than two years

48% SMB owners
48% individuals use digital payments for half their transactions

71% SMB owners
85% individuals report a positive impact on their business/life

¹⁷Of the 403 individuals who responded to the survey, 100 were from affluent income segments and the remainder were from lower and middle income, or 'mass', segments. Figures cited in the body of this paper represent the 'mass' segment unless otherwise noted.

Salary and government payments are a driver of account ownership and usage. Salary cards provided by employers are the most common, catalytic and used digital payment accounts among surveyed individuals. They are being used for more than just receiving funds and cashing them out. Surveyed individuals make more than half of their digital payments (which themselves are half of all of their transactions) using salary cards. They make a further 14% from social cards, which the government provides to deliver pensions and similar funds.

Convenience and customer demand are driving adoption and use. Improved experiences drew Uzbek citizens into using digital payments. Surveyed individuals point to convenience (45%) and innovative fintech services (38%) as the leading reasons for starting to use digital payments. Convenience also drives ongoing use, with ease and time-saving highlighted as key benefits.

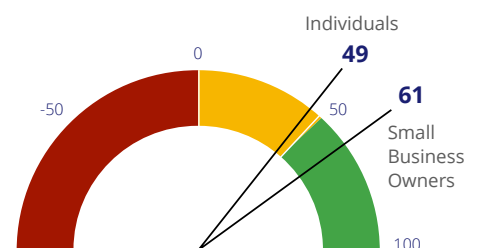
Meanwhile, micro and small business owners report demand from customers (44%), convenience (31%) and supplier demand (28%) as leading reasons for starting to use digital payments. Owners' personal experiences with digital payments are an important precursor to use by small businesses. The majority of surveyed small business owners used digital payments in their personal lives first. Twenty-seven percent cited this as a key reason for adopting digital payments professionally.

Digital payments are helping small businesses grow and thrive. Small businesses report positive outcomes from accepting and making digital payments. Sixty-nine percent of owners report an increase in the number of customers and two-thirds (65%) report increase in revenue, with average growth of 30-40%. The impact extends to business management. Fifty-nine percent of owners report improvements such as remote purchasing and payment abilities, business analytics, efficiency and better relationships with tax authorities. These positive experiences have driven a strong likelihood to recommend digital payments among small business owners, with a Net Promoter Score® (NPS) of 61.

Sixty-nine percent of small business owners report an increase in the number of customers and two-thirds (65%) report increase in revenue, with average growth of 30-40%.

Net Promoter Score® (NPS)

Q: On a scale of 0 to 10, how likely are you to recommend debit & credit card payments to a friend who owns a business? (n = 750)



There is further to go, however, to ensure that women-owned businesses benefit equally from use of digital payments. Women own 27% of the surveyed small businesses and were less likely to recommend digital payments than their male counterparts, with Net Promoter Scores of 49 and 65, respectively. Comfort with technology seems to be a factor. Just 43% of women report no challenges while using digital payments versus 60% of male-owned businesses; the primary challenge being difficulty using the terminal (reported by 11% of women-owned businesses).

The value of using digital payments is greater than just financial. Using digital payments has holistic impact with practical and emotional effects. Individuals surveyed point to improved quality of life such as time freed up that is “worth more than gold” (see Malika’s story) or personal transformation to “feel like a modern entrepreneur”.

These impacts are strongly apparent among small business owners. Improved confidence in the future of the business is a top reported attribute (62%) resulting from adoption of digital payment. Another is a feeling of freedom (58%) from time and energy to invest in other areas of the business or life. These positive outcomes are cementing digital payment behaviors and driving an expanding cycle of recommendation and adoption.

Users need to feel immediate value from digital payments. There are pockets of the population that report being ambivalent or even unlikely to increase their use of digital payments. Twenty-nine percent of small businesses fall into this group, as do 20% of individuals. Trust in authorities and value are barriers to both groups. Small business owners cite a reluctance to formalize and report their income as the primary barrier. Individuals most commonly cite fees. Other individuals reference familiarity with and reliability of cash. The key to overcoming these concerns will be generating greater value from digital payments than is detracted by the barriers.

"I'm used to working with cash...I had to refuse many clients as I did not initially trust plastic cards. But life shows what is needed. I realized the benefits of plastic cards... and so I see only advantages with it."

— *Female small business owner, Samarkand*

Ubiquity and reliability are key to expanding the digital payments ecosystem and use. Despite positive outcomes, almost half of survey respondents report challenges in using digital payments. Businesses may or may not accept digital payments at all. If they do, they may or may not accept the particular card or account a consumer holds. Negative experiences also center on instability of service, with frequent outages in payment schemes and electricity, and complicated terminals that pose technical challenges. Instability was the second most common barrier to growing the use of digital payments for both individuals and small business owners.

The result is a lack of assurance that digital payments will be accepted everywhere, which in turn exacerbates the need for cash and cash use remains high. Society, commerce and the financial system are temporarily fragmented by a transition that is still underway.

There is opportunity to accelerate growth and transformation through digital and financial education. Business owners who have received some education and skills building training find it very useful (82%), but training had reached only 38% of surveyed respondents. Small business owners have a limited understanding of what is possible from financial education. Of the 62% who have not received training, only 20% think it would be helpful.

Even fewer individuals (29%) have received any financial training, but they are more interested. Forty-two percent think it would be useful.

"Sometimes there is money [at ATMs], sometimes not. Sometimes there is electricity available, sometimes not. When we go to stores to buy something with a card, [sometimes] it is clear from their faces that they are unhappy."

— *Female consumer, Samarkand*

Touching Lives and Livelihoods



Furniture in Tashkent – international access enabling business transformation

Muhiddin is 22 and manages a small furniture business started by his uncle in Tashkent, Uzbekistan. He began to use digital payments to purchase modern manufacturing equipment from Turkey and raw materials from other countries.

The impact: Muhiddin modernized production and the higher quality furniture now competes with famous brands. New customers are buying from across Central Asia – and paying digitally. Production and sales have tripled.

Creating time and clarity in the life of a working mother

Malika was an early adopter of digital payments when she received a salary card from her employer in 2012. She found paying with it more convenient than having to find an ATM; before, she regularly did not have enough cash in her wallet to buy the things she needed. She progressed to paying utility bills and eventually everything by card.

The impact: Today, Malika cannot imagine life without digital payments. She used to spend a lot of time counting money or in bank queues, time she now spends with family. She decides which shops and childcare to use by whether they accept digital payments.

"I became more self-confident. I work with international suppliers from other countries and without digital payments this would not be possible."

— Muhiddan

"I juggle between work and family, and time is an incredibly valuable resource for me. It is worth more than gold."

— Malika

Blanket making in Namangan – inclusive employment

Mavlyuda had always dreamed of helping older women continue to work making Uzbek blankets. In 2019, at the age of 63, she won a tender from the Chamber of Commerce and Industry of Uzbekistan and launched her business. Mavlyuda began to use digital payments to make bookkeeping easier. At first, 90% of payments were in cash and time-consuming. When Covid 19 struck, everything changed. Customers and the female employee base required remote and digital payments. An opportunity arose to launch an online store.

The impact: Sales have doubled and production expanded since the end of the pandemic; the ecommerce store drives about 30% of sales. More than 70% of all sales payments are digital. Mavlyuda hired more remote workers and she spends less time on financial reporting.

“I did not know that this [digital payments] would affect the business and increase its profitability. I thought it would be easier only with accounting and taxes.”

—Mavlyuda



Recommendations



The insights from the survey can help to accelerate the pace of development and provide inclusive access to digital payments across Uzbekistan. Comprehensive national strategies coupled with forward-looking laws and financial regulations have been very effective. These continue to be needed to ensure that, across the country, more businesses and services are able and willing to accept payments, more consumers are able and willing to make them and the balanced ecosystem evolves with innovations, best practices and locally relevant products and services.

1. A balanced payment ecosystem with both accessible products and places to use them is crucial for inclusion.

The government has proven it can be a major driver of digital adoption in how it pays and asks for payments. Initiatives can continue and focus especially on areas outside the main cities as well as on design features that expand use cases for digital payments and other financial services. Concurrently, introduction of policies that encourage small businesses to pay wages digitally can help. Of responding small business owners, 34% pay employees digitally. There is ample room to increase the number of people who receive income digitally and expand the ecosystem.

2. Improve system reliability and ease-of-use.

While convenience has driven adoption of digital payments, people in Uzbekistan regularly cite challenges of not knowing if their card will be taken and system or electrical outages. Remediating this requires action at various levels, beginning with continued investment in electrical, telecoms and internet infrastructure. Specific to payments, interoperability is crucial

to individuals' confidence that their payment will be accepted anywhere regardless of account type and that the transaction will be completed. Simple acceptance methods reduce technical requirements and bolster use by consumers and merchants alike. QR codes may be easier and more affordable for first time micro and small businesses.

3. The government can continue to promote competition and investment through level playing field and business model sustainability.

The steps the government has taken toward market-driven economics are expanding access and usage of digital payments and new products. Ongoing partnerships among private sector and financial service providers and continued investment are key to spread the latest innovations across Uzbekistan. For example, the development of e-commerce platforms presents significant opportunity for trade and small business growth. Preparing businesses of all sizes to buy and sell internationally, including to foreign tourists, through payment services is another opportunity for inclusive growth.

4. Expanded digital payments initiatives can help to build trust in government and financial institutions and accelerate small business inclusion.

Uzbekistan has started this process already, including through legal and tax reforms. Using digital payments has proven to be a positive experience for business owners in establishing relationships with banks, fintechs and government, and as a first step in gradual formalization. Government and providers can draw on experiences in other countries to ease small business owner concerns, for example through streamlined registration processes, tiered know-your-business financial account requirements and simplified tax filing for small businesses.

5. Payment providers can continue to innovate on relevance and value, especially for those parts of the population that are not already using digital payments.

Products can consider the specific aspirations and needs of various groups of people. Additionally, understanding unmet banking needs suggests solutions, such as by bundling financial products with acceptance to add value for micro and small businesses.

6. Government and payment providers can use adopters as powerful advocates in marketing.

Positive experiences can cement digital payment behaviors and drive the cycle of recommendation and adoption. Marketing can focus on personal use of digital payments, which is a common precursor to business owners starting to accept digital payments. Peer-to-peer outreach by known and trusted voices, such as community leaders and business association networks, meets people and business owners where they are in terms of existing skills and relevant local context.

7. Promote three educational principles in digital financial education and skills initiatives to drive greater and more inclusive adoption and use of digital payments.

Those who are less familiar with digital payments are likely to need support understanding why and how to use them, a need that may be more acute in towns and rural areas farther from the urban centers where digitization is most widespread.

- Foster life-long learning: Provide practical information that relates to the stage of life and key moments, like marriage, education and aging. Information is bite-sized and delivered at the time of need or first use of a service like payments, insurance, mortgage or retirement account.

- Easy to use and easy to teach: A culture of community-level learning results from products and materials that are not just easy for people and business owners to understand, but for peers to teach.
- Principles of money management: In the face of rapid waves of technological innovation, financial education initiatives can focus on the principles of how to manage money to achieve life and business goals. The basics stay consistent across different forms of delivery. Modules on how to use specific new technology can be layered in.

Conclusions

A competitive, widespread payments ecosystem is essential to the inclusive development of emerging economies around the world. While the study highlights the challenges of the transition away from a cash economy to a much more complex system that includes digital payments, it also reinforces the value in doing so. Digital payments have a key role in bettering the lives and livelihoods of populations globally.

The Government of Uzbekistan learned from the experiences of other countries that have undergone the transition. This study feeds into this cycle, highlighting opportunities for other nations and stakeholders to learn from Uzbekistan's experience.

Appendix 1

Methodology of Study



The study was conducted by an independent research firm, Digitum. In September and October 2022, Digitum interviewed 703 Uzbek residents who were at least 18 years old and had made at least one digital payments transaction within the past 90 days. All respondents live in one of three cities where digital payments are most prevalent today:

- Tashkent population: 2,574,000 (2022, [CIA](#))
- Namangan population: 493,336 (2016, [UN](#))
- Samarkand population: 519,231 (2016, [UN](#))

Of these respondents, 300 own micro and small businesses. Of this, 248 own a micro business (fewer than 20 employees for industry and fewer than 10 employees for services and trade) and 52 own small business (20- 100 employees for industry and 10-25 for services and trade). Businesses operated across various sectors.

303 respondents are individuals with an equal representation of gender. A final 100 people identified as affluent individuals, with a 70-30 split between men and women, respectively.

Digitum also conducted in-depth interviews with 14 people and six micro and small business owners who had made at least one digital payments transaction within the past 90 days to understand more nuance and context about experiences with digital payments.

Concurrently, in October 2022, Folktale invited survey participants to document their experiences with digital payments through mobile ethnography. Fourteen people participated, sharing responses to a series of questions with self-filmed videos on their mobile phone.

Appendix 2

Additional Survey Results



Convenience and customer demand are driving adoption and use

Individuals cite the following as the strongest positive outcomes

The ability to track spending	69%
Ease of payments.....	68%
Saving time making payments	67%
Receiving payments earlier than before	67%

Commonly used payment transaction methods

Transaction Method	Individuals	Micro & Small Businesses
Chip and pin	84%	81%
Contactless	46%	61%
QR Code	22%	18%
<i>Card Not Present (CNP)</i> <i>largely facilitated by mobile wallets</i>	19%	26%

Women adopted digital payments later than men, but the impact of digital payments is similar

	Women	Men
Have used digital payments less than a year	14%*	4%
Use digital payments 2-3 times a week or more	83%	89%
Net Promoter Score (NPS) likely to recommend digital payments	49	49
Digital payments have had a positive impact on my life	82%	88%

*significantly different

Affluent individuals are much more experienced digital payments users and shoppers

	Affluent Individuals	Individuals
Have used digital payments more than 3 years	91%*	51%
Use digital payments 2-3 times a week or more	95%*	86%
Shop online		
Mobile wallets	55%*	19%
Input card details online	31%*	18%

*significantly different

Small business owners (59%) report that digital payments are helping with business management

The ability to purchase materials/tools remotely	62%
Better relations with tax authorities.....	60%
Access to business analytics	60%
Efficiency	58%
Ability to conduct payment issues remotely	58%

Barriers to further adoption of digital payments

While most users are happy with the experience of digital payments, there is room for improvement.

	Small and Micro Businesses	Individuals	Affluent Individuals
Would not recommend digital payments	11%	14%	5%
Will not increase use of digital payments	15%	12%	36%
Reasons			
Reliability/instability of services	✓	✓	✓
Formalization	✓		
Fees	✓	✓	
Lack of acceptance		✓	✓
Trust in banks			✓

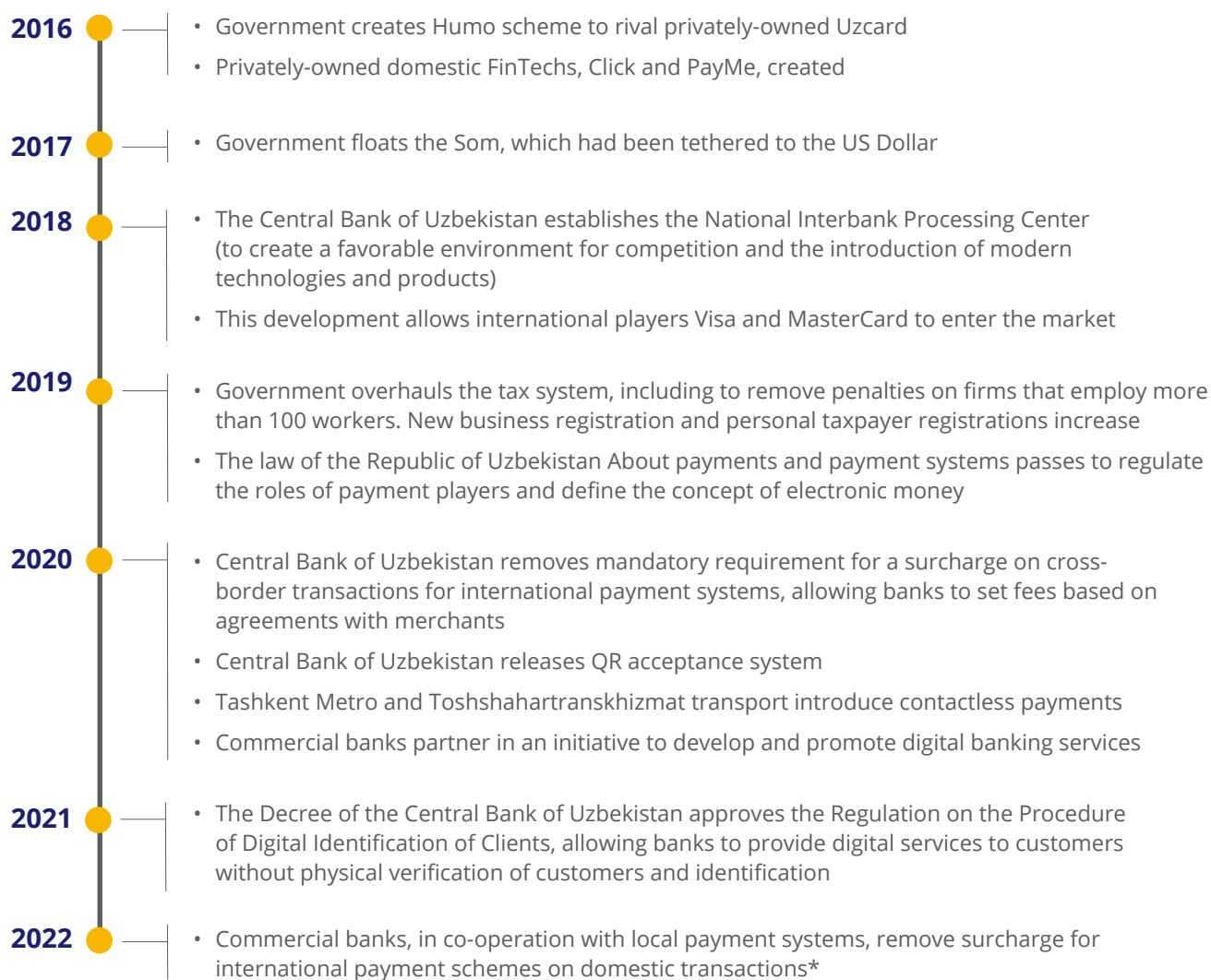
Unmet banking needs

	Small and Micro Businesses	Individuals	Affluent Individuals
(highest reported)	~23%	~31%	~30%
Accounting support	✓		
Business loans	✓		
Savings accounts	✓	✓	✓
Benefit/rewards programs		✓	✓
No bank fee transfers		✓	✓

Appendix 3

Timeline: Evolution of Payments in Uzbekistan

Prior to 2015, Uzbekistan functioned largely in cash. Affluent individuals had a currency card if they traveled abroad and salary cards were in circulation among small numbers of the mass population. Acceptance and ATM networks were highly limited.



** This surcharge was removed for Visa across all terminals in June 2020, followed by MasterCard on Humo terminals in 2021 and finally on UzCard terminals in 2022.*

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