

“TRENDS OF DEVELOPMENT OF MICROFINANCIAL SERVICES AND AUDIT
SYSTEM IN UZBEKISTAN”

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Annotation: This article examines, from a scientific perspective, the formation and development of the microfinance services system in Uzbekistan. Microfinance mechanisms are considered an important factor in expanding the financial capabilities of the population, supporting small business and entrepreneurship, creating new jobs, and strengthening social stability under the conditions of economic reforms. The study analyzes statistical indicators observed in the national banking system in recent years. In addition, the role and significance of audit activities in commercial banks are explored. Specifically, the article analyzes the role of the audit system in ensuring the transparency of microfinance operations, managing risks, increasing the efficiency of lending processes, and verifying the accuracy of financial calculations.

Keywords: microfinance services, banking system, microloan, financial inclusion, microcredit, micro-leasing, small business, entrepreneurship, economic reforms, digital banking services, mobile banking, Tayyab Finance Microfinance Organization.

Introduction

The main goal of the large-scale economic reforms being carried out in the country is to accelerate economic growth and improve the well-being of the population. In this regard, the microfinance system is becoming an important mechanism for expanding economic activity, providing financial support to business entities, and ensuring financial inclusion. Currently, microfinance services are considered a system that offers fast and convenient financial services to a wide range of the population through microcredit, microloan, microinsurance, micro-leasing, and other financial instruments.

In the economy of Uzbekistan, providing the population with financial resources, in particular, increasing their economic activity by providing loans to women, youth, low-income families, and small businesses, has become a priority area of state policy. Therefore, the coverage of microfinance services in the country is increasing every year. The economic importance of microfinance is manifested through several factors: creating new jobs, supporting family entrepreneurship, increasing economic activity, reducing poverty, and strengthening social stability.

REVIEW OF RELEVANT LITERATURE

Effective use of microfinance services is especially important in rural areas. Since the majority of the population living in rural areas faces difficulties in obtaining traditional bank loans: there

is no sufficient collateral, no official source of income is indicated, or the lack of a credit history significantly limits their ability to obtain loans. Therefore, the ability to obtain small amounts of financial resources through microfinance services in a quick and simplified manner is of great importance for this segment.

The theoretical basis of microfinance services has been widely studied by international economists. O.I. Lavrushin in his research assesses the credit resources market as the main mechanism regulating economic and social processes. According to him, the creation of new money, satisfaction of financial demand in various sectors of the economy, and ensuring economic stability are the main functions of the credit market, in particular microfinance.

Sh. Khakimov, on the other hand, assesses microfinance as one of the most effective means of attracting economically disadvantaged populations to entrepreneurial activity. In his opinion, through microcredits:

- the population's demand for necessary financial resources is satisfied,
- private and family businesses are expanded,
- women are more involved in economic activity,
- local production is developed,
- poverty reduction processes are accelerated.

At the same time, microfinancial services integrate new entrepreneurs into the real sector of the economy, which results in an increase in economic activity, employment, and the size of the domestic market.

Theoretically, the microfinancial services market is interpreted as a generalized set of activities of financial institutions that provide these services to citizens and business entities in need of microfinancial services. It includes not only the lending system, but also complex processes such as financial literacy, risk management, insurance, monitoring, and auditing. Today, the rapid and convenient provision of microfinancial services is ensured by the development of digital banking. Mobile banking, internet banking, remote identification, online lending platforms have radically improved the availability of microfinance services not only in urban areas, but also in remote areas. Digital technologies bring the following advantages to the microcrediting process:

- Simplification of the loan application process
- Reduction of the application processing time
- Introduction of a scoring system for risk assessment
- Possibility of remote monitoring and auditing
- Improvement of the quality of customer service

As a result, the coverage of the microfinance services market is expanding, and the level of access to financial resources by the population is significantly increasing.

The role of audit as an effective tool for ensuring financial discipline and risk management in the microfinance services system is increasing. The audit process in microfinance organizations and banks is not limited to the examination of financial statements, but is focused on assessing the quality of the loan portfolio, the legality of operational processes and the effectiveness of

customer service. Based on the shortcomings identified as a result of internal and external audits, organizations revise their credit policies, strengthen internal control mechanisms, and increase the level of financial transparency. The regulations adopted by the Central Bank of the Republic of Uzbekistan on regulating the activities of microfinance organizations and pawnshops establish the main requirements for the audit of microfinance credit organizations. These documents include strict criteria for classifying the loan portfolio, asset quality, internal control system, risk management, and the structure of financial statements. In addition, compliance of reports with international financial reporting standards is also mandatory. For microfinance institutions providing Islamic financing services, there are separate procedures and audit requirements, which also verify compliance with Sharia principles. In recent years, with the introduction of digital audit tools - remote monitoring, automated inspections and online analysis systems, the audit process has become faster and more accurate. Thus, auditing is becoming an important strategic tool in the microfinance services market to ensure the efficient allocation of resources, targeted use of loans and increase trust in the system. As of the end of 2024, 60 percent or 9 trillion soums of microfinance services provided by microfinance institutions were provided by three microfinance institutions, including "Shaffof Moliya" (5 trillion soums or 35 percent), "TezCoin" (2 trillion soums or 14 percent) and "Fortuna Biznes" (2 trillion soums or 11 percent)¹.

RESULTS AND DISCUSSION

The microfinance sector of Uzbekistan has been experiencing significant growth in recent years. The consistent implementation of state policy, the strengthening of the legal framework, the introduction of digital banking services, and increased competition between banks directly affect the development of this system. In January-December 2024, credit organizations provided microfinance services in the amount of 83 trillion soums, an increase of 38 trillion soums or 86% compared to the same period in 2023. Of the microfinance services provided, 80 percent (66 trillion soums) were provided by commercial banks, 18 percent (14 trillion soums) by microfinance organizations, and 2 percent (2 trillion soums) by pawnshops. The 86% increase in microfinance services was due to an 85% increase in the provision of these services in commercial banks, a 2-fold increase in microfinance organizations, and a 10% increase in pawnshops. Of the total microfinance services provided in 2024, 75 trillion soums (90%) accounted for microfinance services up to 100 million soums, and 8 trillion soums (10%) accounted for microfinance services from 100 million soums to 300 million soums. As a result, the share of microfinance services provided in the total loans issued by credit organizations increased from 19% in 2023 to 27% at the end of 2024. The highest growth rates were observed in banks with a state share: Business Development Bank (4 times) (of which microloans are 15 times), People's Bank (3 times) (of which microloans are 4 times), Mikrokreditbank (2 times) (of which microloans are 3.9 times), while private banks recorded a 3-fold increase (of which microloans are 3 times), Invest Finance Bank (3 times) (of which microloans are 7 times), and Anorbank (3 times) (of which microloans are 2.6 times).²

One of the important events of 2025 was the change in the status of the Tayyab Finance Microfinance Organization to Tayanch Microfinance Bank. According to the Central Bank's decision, this change will allow expanding the range of microfinance services, offering new banking products, and increasing market competition.

¹ Official data of the Central Bank of the Republic of Uzbekistan

² Official data of the Central Bank of the Republic of Uzbekistan

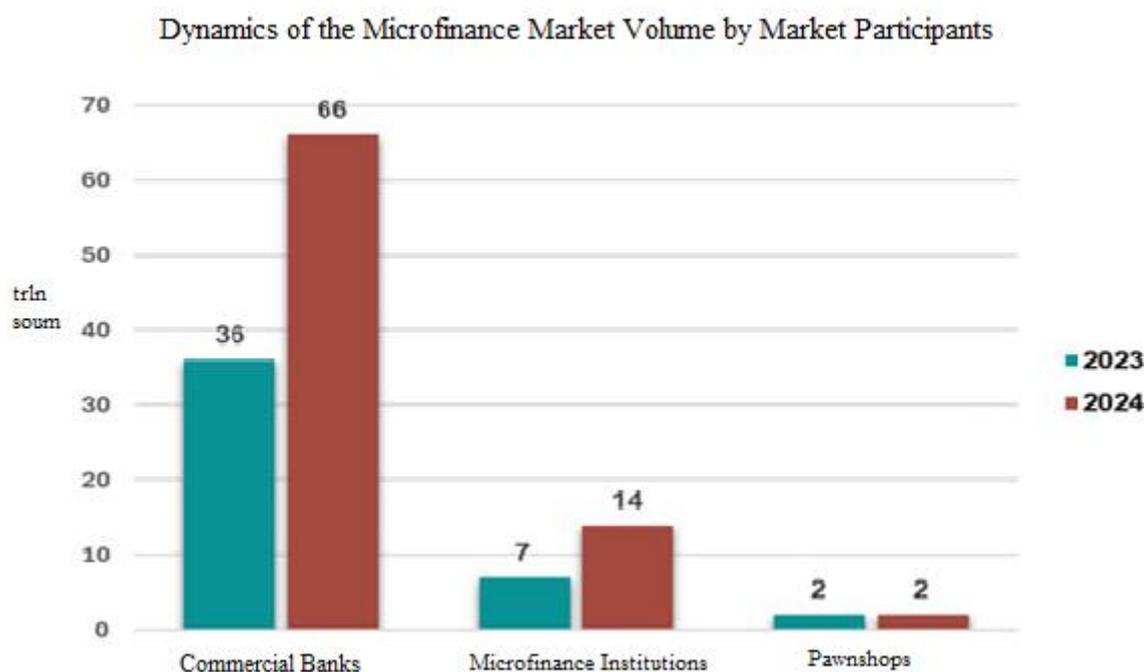


Figure 1. Dynamics of microfinance services by market participants³

This process indicates the institutional strengthening of the market through the transformation of microfinance organizations into banks.

Conclusion

The microfinance services market in Uzbekistan has been developing significantly in recent years and has become an important driver of the economic system. Through microcredit, microinsurance, micro-leasing and other financial instruments, broad segments of the population, in particular low-income families, youth and women, are being involved in entrepreneurial activities. This process serves to expand financial inclusion, create new jobs, develop family and small businesses, and ensure social stability. The latest statistics show the rapid growth of the volume of microfinance services, the active participation of commercial banks and microfinance organizations. At the same time, the audit process is of strategic importance in ensuring financial stability, managing credit risks and controlling the targeted use of resources. As a result, microfinance services retain their importance not only as a financial instrument, but also as an effective tool for ensuring the economic development and social stability of Uzbekistan.

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