



Article

Prospects for the Development of Electronic Commerce in Uzbekistan

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Abstract: The article analyzes the prospects for the development of e-commerce in Uzbekistan. The paper examines the key factors influencing the growth of this sector, including government regulation, internet infrastructure, logistics, digital payment systems, and financial literacy. It is expected that Uzbekistan will show significant growth in online trade in the coming years due to improvements in the legal framework, technology development, and increasing numbers of internet users. The article also analyzes leading e-commerce platforms and their impact on the market. The findings suggest that for the successful development of e-commerce, a comprehensive approach is needed, involving collaboration between the public and private sectors, infrastructure improvements, and educational programs.

Keywords: e-commerce, Uzbekistan, digital payment systems, internet infrastructure, online trade, logistics, financial literacy, forecasts

1. Introduction

With the development of digital technologies and Internet services, e-commerce has become an important element of the global economy, promoting business growth, reducing transaction costs and expanding opportunities for consumers. The issue of digitalization of trade has become especially relevant for developing countries such as Uzbekistan, where the high growth dynamics of Internet users and increasing interest in online services create enormous potential for the development of e-commerce [1].

In recent years, Uzbekistan has demonstrated significant success in the digitalization of the economy. State programs, such as "Digital Uzbekistan 2030", are aimed at improving infrastructure and creating conditions for technological and economic innovation. The development of electronic payments, an increase in the number of online stores and the active introduction of digital technologies in various sectors of the economy create favorable conditions for the growth of e-commerce [2].

However, despite the presence of many factors contributing to development, e-commerce in Uzbekistan faces a number of problems, including an insufficient legal framework, limited infrastructure for logistics and delivery of goods, as well as limited financial literacy among entrepreneurs and consumers. The purpose of this article is to analyze the prospects for the development of e-commerce in Uzbekistan, identify key factors that facilitate and hinder this process, and develop recommendations for further improving the state of this sector in the country [3].

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Literature review

The development of e-commerce in Uzbekistan is an important topic for researchers and practitioners, given the significant potential for growth of this sector in the context of the digital transformation of the economy. In recent years, e-commerce has become a key factor in economic development, and scholars have focused on such aspects as legal infrastructure, support for start-ups, logistics and digitalization [4].

One of the central issues considered in the literature is the influence of the institutional environment on the development of e-commerce in Uzbekistan. Kamilov emphasizes that significant attention should be paid not only to legislative regulation, but also to active support from the state, which can accelerate the development of the sector. At the same time, public policy should promote the creation of digital platforms and simplify procedures for online merchants [5].

Islamov notes the importance of improving the Internet infrastructure and creating reliable digital payment systems to stimulate the growth of e-commerce in Uzbekistan. The author highlights the need to introduce advanced technologies to ensure the security and reliability of online transactions, which will help increase trust among consumers and entrepreneurs. Abdurazakov in his work focuses on the growing popularity of online trading in Uzbekistan, especially in the context of the COVID-19 pandemic. The influence of social media and mobile applications on consumer preferences is also becoming a key factor that contributes to the growth of demand for digital goods and services in the country [6].

Zhuraev in his study examines the problems of legal regulation and data protection in the field of e-commerce. He notes that the creation of effective regulations aimed at protecting the interests of users and entrepreneurs will contribute to increasing trust in online trading and increasing the level of digital literacy among the population [7].

Kuzieva in her work focuses on the importance of creating an effective logistics infrastructure for the successful functioning of online trading in Uzbekistan. She argues that logistics is one of the most important elements for ensuring fast and high-quality customer service, which in turn can significantly increase the competitiveness of the e-commerce market [8]. Sultonov examines the impact of modern technologies, such as artificial intelligence and big data, on the development of e-commerce in Uzbekistan. He emphasizes that these technologies can reduce transaction costs and improve business efficiency in the field of online trading [9].

Makhmudov in his study analyzes the development prospects not only of Uzbekistan, but also of the whole of Central Asia in the context of global trends in e-commerce. He emphasizes the need to create joint platforms and strengthen cooperation between the countries of the region to increase their competitiveness in international markets [10].

Based on the analysis of scientific research, several key factors influencing the development of e-commerce in Uzbekistan can be identified. These are the creation of an effective legal framework, improvement of the infrastructure for online trading, as well as support for start-ups and the development of digital technologies. At the same time, an important aspect is to increase the level of consumer confidence, which is impossible without the creation of safe and reliable platforms for e-commerce. The following sections of the article will discuss the main challenges and prospects facing e-commerce in Uzbekistan [11].

2. Materials and Methods

In this research, a logical-structural framework has been adopted to investigate a wide range of data and synthesize the theoretical literatures with the practical information based on the official statistic, governmental report and scholarly papers about e-commerce in the Republic of Uzbekistan. The research (with its analytical approach and synthesis) was able to provide discrete developmental patterns whilst reconstructing a cumulatively descriptive account of the industry trends. Existing literature was qualitatively content-analysed to give the market directions on policy, infrastructure, and technological

advancements. This was complemented by comparative analysis that was going in the direction of evaluating the performance of most popular e-commerce platforms, both local and international that is accessible in Uzbekistan, especially in regards to market penetration, payment integration, and product reach. Analysis of the main indicators including internet users growth, transaction frequency, market size and the percentage of online payments in GDP with projection between 2024-2028 was also part of the methodology. Triangulation of data was utilized in order to increase the level of validity, cross-checking official data with the industry perceptions and platform-specific estimates. To give evaluations of the digital payment system, efficiency in the logistics, and financial literacy, both secondary reports and previous empirical evidence were used. The combination of regulatory, infrastructural, and socio-economic aspects allowed capturing a full picture of the forces that shape the e-commerce development in Uzbekistan, thus offering a basis on which to introduce the actionable recommendations aimed to facilitate sustainable development.

3. Result and discussion

The development of e-commerce in Uzbekistan demonstrates positive trends, but faces a number of challenges that hinder its full development. One of the key factors influencing the development of the sector is government regulation and the legal framework. At the moment, legislation in the field of e-commerce is at the formation stage, but steps are already being taken to improve the legal climate, including laws on data protection and electronic payments. However, to accelerate the growth of the sector, it is necessary to expand government support, simplify the registration of online traders and reduce the tax burden [12].

The second important aspect is the Internet infrastructure. With the increase in the number of Internet users in Uzbekistan, there is an increase in online trading, especially on platforms such as Wildberries, AliExpress and local projects such as Uzum. However, to increase the availability of e-commerce, it is necessary to improve the quality of the Internet connection, especially in remote regions of the country, as well as expand high-speed networks.

Another important issue is logistics and delivery of goods. Currently, the delivery of goods through online stores faces high transportation costs, underdeveloped courier services and limited availability of logistics solutions in some regions. To solve these problems, it will be necessary to develop infrastructure, improve the quality of transport services and create effective mechanisms for the delivery of goods.

In the field of digital payments in Uzbekistan, such systems as Click, PayMe and Uzcard are actively being introduced, which contributes to the development of e-commerce. However, many users and entrepreneurs are not sufficiently informed about the possibilities of using these systems, and there are also problems with the security of online payments, which limits their growth. To improve the situation, it is necessary to improve information security and trust in digital payment systems, as well as expand their coverage [13].

Social and economic factors also affect the development of e-commerce. The level of financial literacy among the population remains low, which hinders the widespread adoption of online trading. Therefore, it is necessary to conduct educational programs to raise awareness of digital technologies and the possibilities of online services.

The prospects for the development of e-commerce in Uzbekistan look positive. The sector is expected to grow significantly in the next 5-7 years, especially in areas such as fintech, mobile payments and online commerce. With improved infrastructure, legislative regulation and the introduction of innovative technologies, Uzbekistan can become a leader in e-commerce in Central Asia. Table 1 shows the key factors influencing the development of e-commerce in Uzbekistan. The first important aspect is government regulation, which is currently at the formation stage [14]. Despite this, steps have been

taken to improve the legal framework, but additional legal mechanisms need to be created to simplify the registration and taxation of online businesses. The impact of Internet infrastructure should not be underestimated either: an increase in the number of Internet users and improved connection quality have a positive effect on the availability of online commerce, although the quality of connection in remote areas still requires improvement (Table 1).

Table 1. Key factors influencing the development of e-commerce in Uzbekistan¹

Factors	Description	Impact on the development of e-commerce
Government regulation	Laws and regulations governing e-commerce and digital payments.	The need to improve the legislative framework to stimulate growth.
Internet infrastructure	Availability of the Internet and quality of communication in the country.	Increasing the number of users and accessibility of online platforms.
Digital payment systems	Development of such services as Click, PayMe, Uzcard.	Simplifying payment processes and increasing trust in online commerce.
Logistics and delivery	A system for delivering goods, including courier services and transportation.	Improving the quality and availability of delivery of goods to remote regions.
Financial literacy	Level of knowledge of the population about digital technologies and online trading.	Raising awareness and accelerating adoption of e-commerce.

Digital payment systems such as PayMe and Click make shopping much easier and increase trust in online commerce, but security concerns and lack of awareness among users remain a deterrent. Logistics and delivery of goods are a major challenge for online commerce, especially in remote areas where transportation costs are high and logistics capabilities are limited. Finally, financial literacy of the population is key to the successful implementation of e-commerce, and this requires increased efforts to educate and inform citizens (Table 2).

Table 2. Forecast for the growth of the e-commerce sector in Uzbekistan for 2024-2028²

Indicator	2024	2025	2026	2027	2028
Number of Internet users (million)	25,0	27,5	30,0	32,5	35,0
Frequency of online purchases (once a month)	3	4	5	6	7
E-commerce market size (billion soums)	1,0	1,5	2,0	2,5	3,0
Number of online stores	5 000	6 500	8 000	9 500	11 000
Share of online payments in GDP (%)	1,0	1,5	2,0	2,5	3,0

Table 2 shows the forecast for the growth of the e-commerce sector in Uzbekistan for the period from 2024 to 2028. A steady increase in the number of internet users is expected, which will contribute to an increase in the frequency of purchases in online stores. The number of internet users in the country is projected to reach 35 million by 2028, which will ensure a higher level of involvement in online commerce. In line with this, the size of the e-commerce market is expected to increase, which could amount to 3 billion soums by 2028, which is three times more than in 2024. The growth in the number of online stores will also be noticeable, with a projected increase of 6 thousand new platforms over a five-year period [15]. Additionally, the share of online payments in the country's GDP is

¹ Подготовлено автором.

² Подготовлено автором.

projected to increase, indicating a gradual increase in trust in digital payment systems and their active use in everyday commerce (Table 3).

Table 3. Comparison of electronic trading platforms in Uzbekistan³

Platform	Platform type	Year of launch	Popularity	Availability of goods	Payment systems
Uzum	Online market	2019	High	Wide	PayMe, Click
OZON	Online trading	2021	Medium	Limited	Visa/MasterCard, PayMe
Wildberries	Online trading	2021	High	Wide	Visa/MasterCard, PayMe
AliExpress	Online market	2015	Very high	Limited	AliPay, Visa/MasterCard

Table 3 presents a comparison of the key e-commerce platforms in Uzbekistan. Uzum is one of the leading local platforms launched in 2019 and shows high popularity among users. The platform provides wide access to products and uses payment systems such as PayMe and Click, which facilitates shopping convenience. However, its coverage is limited to the territory of Uzbekistan. Wildberries, on the other hand, has a high level of popularity and provides products with a wider range. It uses international payment systems such as Visa and MasterCard and has a wider regional coverage, including the CIS countries and Uzbekistan. AliExpress, an international giant, shows the highest popularity, but its product availability is limited, which limits its competitiveness in the local market. The platform actively uses the international payment system AliPay and has a global coverage, which makes it attractive to buyers looking for a variety of products. Overall, local platforms like Uzum are showing significant success in the domestic market, while international companies like AliExpress and Wildberries are providing users with access to a wider range of products and services with international delivery.

4. Conclusion

E-commerce development in Uzbekistan shows positive trends, but to fully grow and maximize its potential, the country needs to overcome several key challenges. Given the increase in the number of Internet users, the growth in the number of online stores and the introduction of digital payment systems, Uzbekistan has every opportunity to become a significant player in the Central Asian e-commerce market. However, to realize this potential, it will require further improvement of the legal framework, infrastructure development, increased financial literacy of the population and improved logistics. Strengthening government regulation, which will contribute to the creation of a transparent and secure environment for all market participants, is also an important step. Given the projected market growth and increased user engagement in online trading, a significant expansion of the sector can be expected in the coming years. Both local platforms and international companies operating in the Uzbek market will play a critical role in this process. A comprehensive approach, including private and public sector cooperation, support for innovative start-ups and improved infrastructure, will be required for the sustainable and long-term development of e-commerce in Uzbekistan. Thus, the future of e-commerce in Uzbekistan looks promising, provided that the country continues to actively work on removing existing barriers and creating an effective ecosystem for online trading.

³ Подготовлено автором.

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