

THE CURRENT STATE OF THE E-COMMERCE MARKET IN THE REPUBLIC OF UZBEKISTAN

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Abstract: This article discusses the concept of e-commerce, its forms and types, the development of e-commerce in the Republic of Uzbekistan, analyzes the indicators of the state of the e-commerce market for 2022, identifies problems and makes recommendations for improving the e-commerce market.

Keywords: digital sphere , e-commerce, e-commerce entities, forms of e-commerce, online trading, cross-border trading, payment systems, marketplaces, banking, Logistics, infrastructure, transactions, courier service, service.

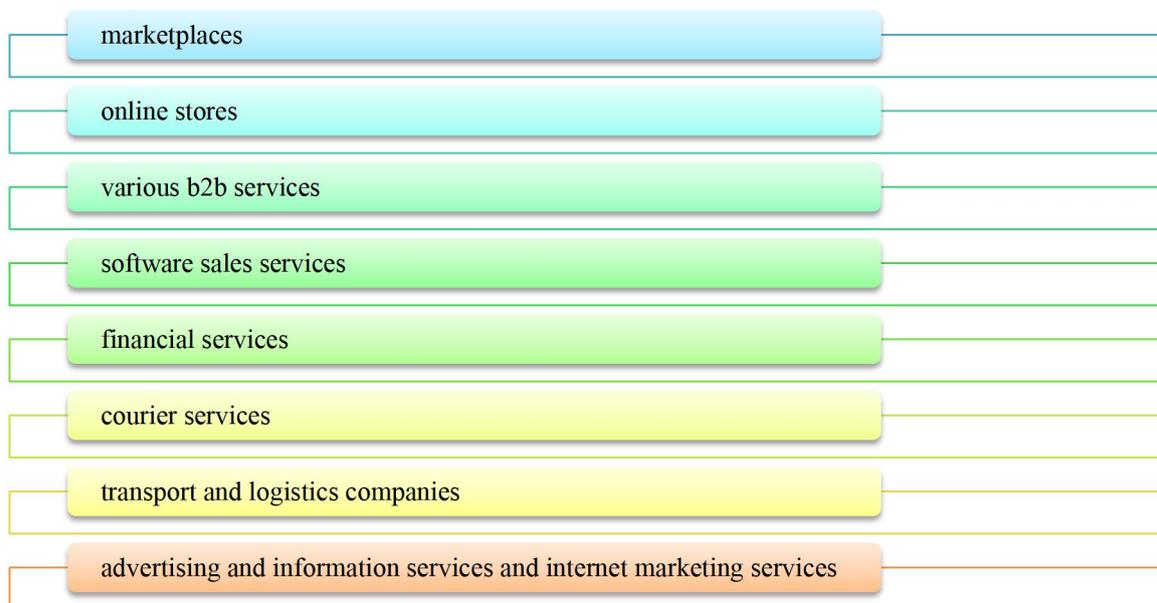
The modern world is increasingly digitally oriented, and e-commerce is becoming an integral part of our daily experience. E-commerce, also known as online trading, is experiencing rapid growth and transformation across the globe.

The essence of e-commerce is the sale of goods and services on the Internet. The e-commerce market in Uzbekistan is still relatively young, but it is growing rapidly and has its own characteristic features that entrepreneurs seeking to develop business in this country need to know about. Uzbekistan, being one of the largest countries in Central Asia, is no exception. As in other Central Asian countries, e-commerce in Uzbekistan has received additional impetus for development over the past few years. Today, it is a rapidly evolving ecosystem that includes not only the buying and selling of goods and services online, but also related activities and processes such as supply chain management, inventory management, online marketing, electronic payments, online transaction processing, exchange and storage electronic data and much more.

Main forms of e-commerce:

- B2C – sale of goods and services to individuals. For example, selling goods in an online store;
- B2B – sale of goods and services between companies. For example, wholesale purchases;
- C2C – sale of goods and services between individuals. For example, through classifieds sites;
- other activities. For example, fees for government services.

Figure 1 - E-commerce entities



The development of e-commerce in Uzbekistan has gone through several stages, starting with the first steps in realizing the potential of the Internet for businesses and consumers. In the early 2000s, the first online stores and electronic platforms offering goods and services online began to appear in Uzbekistan. However, at that time, e-commerce was still relatively unpopular and was limited mainly to the sale of electronics, computers and household appliances. Serious development of e-commerce in Uzbekistan has occurred in recent years. The country is actively introducing digital technologies and implementing measures to develop e-commerce. The government of Uzbekistan has taken a number of measures aimed at stimulating e-commerce and creating a favorable investment climate. Thus, in 2019, Uzbekistan adopted the “Strategy for the Development of Electronic Commerce for the period 2019-2025,” which determined the priorities and objectives in the development of this industry. As part of the strategy, measures were developed to develop the e-commerce infrastructure, improve legislation, develop electronic payment systems and ensure the security of electronic transactions. One of the important points in the development of e-commerce in Uzbekistan is the creation of the electronic trading platform “Davlat Uyushmasi”. This platform provides opportunities for local entrepreneurs to list their products and services online and expand their customer base. This platform promotes the development of e-commerce within the country and improves access to goods and services for consumers. Even today, e-commerce continues to actively develop in Uzbekistan. Many companies and entrepreneurs are already realizing the benefits of online trading and are seeking to expand their online presence. According to expert economists, the e-commerce market in Uzbekistan grew by 50% in 2022 due to the following factors:

- ✓ Demographics – the presence of a large number of young people aged 24 to 40 years, who are the core of the e-commerce market in all countries. In particular, in Uzbekistan in 2022, 36% of residents made purchases online.
- ✓ Economic – economic growth supporting growing consumer demand. In 2022,

Uzbekistan's GDP grew by 5.7%.

✓ Technological – the countries of Central Asia have a high level of Internet penetration (more than 55%) and a high share of smartphone ownership, which also strengthens the impetus for development.

✓ Psychological - pandemic restrictions in 2020 played a very positive role in the development of the e-commerce market, a large number of people acquired a strong habit of shopping online, and after these restrictions were lifted, the habit remained.

The most popular categories in the largest e-commerce sector in Uzbekistan are B2C: household goods and electrical goods, clothing and footwear, beauty and health, food and essential goods, books.

The volume of retail trade in Uzbekistan is 27.5 billion, and the share of e-commerce in it is less than 1%, while in Kazakhstan this figure is 9.6%, in Russia 9.2%, in the USA 40.6%, and in China overall 49.8%. Let's consider the state of the e-commerce market in Uzbekistan in 2022.

In the field of financial technologies there are:

- 3 payment system operators: Humo, Uzcard and Qulay Pul;
- 10 electronic money systems (OSON, E-CARD, CLICK, WOOPPAY, alif.mobi, Interpay, Apay, QIWI Uzbekistan, 1HLSW and GlobalPay);
- 35 payment organizations;
- three digital bank (Anor bank, TBC bank, Uzum bank).

Currently, more than 34 million individuals use remote banking services (online banking), and the number of enterprises using online banking exceeds 974 thousand. Plastic cards in circulation are 36.5 million. The number of terminals is 428 thousand. The number of ATMs is 20.6 thousand.

In the field of cross-border trade, more than 100 local and international companies provide courier services in Uzbekistan. Such services are provided for both domestic and cross-border shipments. A significant portion (30%) is provided by the national postal operator and 10% by private courier companies. The remaining services are provided by informal transport services (private individuals, taxi drivers). International operators include Aramex, Asia Africa Sky Express, DHL, EMS, Fedex, DMS Express, DPD and UPS. There are 6,579 delivery areas at post offices. Of these, 2,480 are in cities and towns and 4,099 are in rural areas. The national operator has more than 6,500 post offices and more than 500 vehicles. In addition to the national operator in the country, postal services are provided by such major companies as BTS, Fargo and Emu.

The most popular local marketplaces in Uzbekistan are Uzum market, Zoodmall, Sello, Olcha, Asaxiy, etc.

Table 1 - Performance indicators of the largest marketplaces in Uzbekistan in 2022

Index	Uzum market	Zoodmall	Sello	Olcha
Active users	2 million/month	1.5 million/month	150-200 thousand/month	500 thousand/month
Pickup points:				
according to plan	170	114	n/a	n/a
actually	100	thirty	thirty	3
Connected sellers	< 500	< 500	n/a	< 35

Number of purchases	1.5 million	n / a	n / a	n / a
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The table shows that the most common marketplace is Uzum market, the rest are only gaining momentum.

The development of e-commerce is impossible without convenient and secure payment systems. Payment systems such as “Payme”, “Click”, “Uzum Bank”, etc. are widely used in Uzbekistan. which provide convenient ways to pay for goods and services online. The main players and e-commerce platforms in Uzbekistan create a favorable environment for the development of online commerce and allow entrepreneurs and consumers to interact in the electronic environment.

In addition, e-commerce is driving the emergence of new business models such as food delivery, online booking, mobile payment services and others.

The development of e-commerce in Uzbekistan is accompanied by a number of obstacles that e-commerce traders in the country face. These are such as:

✓ **Limited payment systems:** The availability of a limited number of payment systems and services is one of the main obstacles for e-commerce merchants in Uzbekistan.

✓ **Logistical challenges:** Organizing the delivery of goods and services is another obstacle for e-commerce businesses. Poor logistics infrastructure, high shipping costs and long delivery times can discourage buyers and limit the scope of e-commerce.

✓ **Legal and Regulatory Limitations:** Certain legal and regulatory restrictions may make it difficult to conduct e-commerce in Uzbekistan. Difficulties in obtaining the necessary licenses, restrictions on advertising and marketing, as well as difficulties in returning goods and resolving disputes can have a negative impact on the activities of e-commerce businesses.

✓ **Lack of consumer confidence:** Lack of consumer confidence in online shopping and electronic payments is a major barrier to the growth of e-commerce.

Identification and awareness of these barriers make it possible to develop strategic measures to overcome them, creating favorable conditions for the development of e-commerce in Uzbekistan. These activities may include the following aspects:

- **Further development of digital infrastructure:** continued investment in the development of broadband Internet access and mobile communications is necessary to ensure higher availability and speed of connections. This will help improve internet coverage and user experience, which will contribute to the growth of e-commerce.

- **Development and expansion of the electronic payment ecosystem:** It is necessary to promote the development of secure and convenient electronic payment systems, including e-wallets, online payment gateways and digital currencies, which will help improve the payment process and increase customer confidence in online transactions.

- **Raising public awareness:** Information campaigns and educational programs should be conducted for consumers and entrepreneurs to increase their awareness of the benefits and opportunities of e-commerce, which in turn will help stimulate demand and increase the participation of potential consumers in online commerce.

- **Improvement of logistics infrastructure.** One of the key success factors for e-commerce is efficient logistics and delivery of goods. Logistics infrastructure, including warehouses, transport networks and courier services, needs to be developed to ensure fast and reliable delivery of goods throughout the country.

- **Support for start-ups and small businesses:** There is a need to create a supportive environment for start-ups and small businesses in the e-commerce sector. This may include financial support,

mentoring programs, training and advice to help young entrepreneurs develop innovative business models and compete successfully in the e-commerce market.

- Creation of an enabling legislative environment: It is necessary to develop and improve legal norms and regulations that govern e-commerce. This includes consumer protection, data protection, cybersecurity and intellectual property. Clear and transparent rules will help establish trust and stimulate the development of e-commerce.

The implementation of these strategic recommendations will allow Uzbekistan to develop e-commerce in the country, attract more investment and create new jobs. This contributes to the economic growth of the country as a whole, promotes the development of the digital economy and improves the level of consumer service.

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