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PRIORITY DIRECTIONS FOR STIMULATING ENTREPRENEURIAL ACTIVITY IN UZBEKISTAN THROUGH FINANCIAL AND CREDIT MECHANISMS

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Under market economy conditions, developing entrepreneurial activity serves as a key factor in ensuring national economic growth, creating new jobs, increasing population incomes, and strengthening the competitive environment. The expansion of production, service, and investment activities by business entities largely depends on their access to financial resources. Therefore, stimulating entrepreneurship through financial and credit mechanisms is considered one of the priority directions of state economic policy. In particular, meeting the financial resource needs of small and medium-sized business entities, reducing credit risks, and encouraging long-term investments hold vital significance for sustainable economic development.

In stimulating entrepreneurial activity, the financial and credit mechanism entails the harmonious interaction of lending, subsidization, state guarantees, preferential financing, microfinancing, and other financial instruments. The effectiveness of this mechanism depends not only on the volume of financial resources, but also on the speed of their reach to entrepreneurs, cost, maturity, collateral requirements, and conditions of use. From this perspective, establishing an optimal balance between market principles and state-provided financial support within the entrepreneurship financing system constitutes an important scientific and practical issue.



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Financial support mechanisms for entrepreneurship in Uzbekistan are being progressively refined. Alongside the disbursement of loans to business entities by commercial banks, mechanisms such as preferential lending, credit guarantees, and interest rate subsidization are also being actively utilized. These instruments serve to expand access to credit resources for business entities with limited financial capacity. At the same time, ensuring the economic efficiency of state-provided financial support, targeting resource allocation effectively, and fostering the independent financial sustainability of business entities remain pressing issues.

One of the priority directions for refining the financial and credit mechanism is expanding the availability of credit resources while optimizing their cost. Elevated interest rates can increase the financial burden on business entities and diminish the economic efficiency of certain investment projects. Therefore, it is necessary to develop a differentiated lending approach grounded in the entrepreneur's financial standing, the viability of their business plan, and the stability of their cash flows. This enables banks to mitigate credit risks while offering more favorable financing terms to sustainable business projects.

Another priority direction in financing entrepreneurship is the digitization of lending processes. Electronic credit applications, remote identification, automated credit scoring, and digital monitoring systems make it possible to accelerate the loan acquisition process and reduce administrative expenses. Utilizing an entrepreneur's banking transactions, cash flows, and other verified financial data enables a more precise evaluation of creditworthiness. Materials from the Central Bank also demonstrate significant emphasis on refining lending and financial stability metrics, as well as advancing risk management tools.

Addressing collateral issues faced by business entities is equally vital for developing the financial and credit mechanism. Because many small enterprises



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lack sufficient liquid assets, they encounter difficulties accessing bank loans. Developing credit guarantees, insurance mechanisms, and alternative collateral instruments can broaden access to credit resources. Prioritizing cash flows generated by business operations as the primary repayment source is recommended.

Furthermore, expanding the capacity of microfinance and non-bank credit organizations serves to diversify the entrepreneurship financing ecosystem. According to Central Bank data, as of January 1, 2026, total assets across Uzbekistan's 132 microfinance organizations reached 11.8 trillion UZS, with net loans totaling 10.6 trillion UZS. These figures reflect the expanding role of non-bank financial institutions in the financial services market.

Additionally, refining the performance evaluation framework for state financial support is necessary. Evaluation must go beyond simply tracking disbursed credit volumes, subsidy amounts, or the number of supported entrepreneurs to assess impacts on job creation, additional investment, production growth, export capacity, and tax revenues. This approach enhances the efficiency of state financial resource utilization.

Thus, priority directions for stimulating entrepreneurial activity in Uzbekistan through the financial and credit mechanism encompass expanding access to credit resources, optimizing borrowing costs, developing digital financial services, refining guarantee and alternative collateral mechanisms, expanding microfinance, and structuring state support around performance-oriented principles. Comprehensive execution of these directions establishes a crucial institutional foundation for strengthening the financial stability of the private sector and ensuring long-term national economic growth.

This highlights that stimulating entrepreneurial activity through the financial and credit mechanism represents a strategic trajectory of economic policy in



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Uzbekistan. Providing business entities with access to financial resources is a critical prerequisite for expanding production capacities, executing investment projects, deploying innovations, and creating jobs. Therefore, refining the financial and credit mechanism should not be limited to merely expanding credit volume, but directed toward ensuring the quality, efficiency, targeted delivery, and sustainability of financing.

First and foremost, it is essential to expand business entities' access to credit resources. To achieve this, simplifying the loan acquisition process, reducing redundant paperwork, developing digital lending services, and introducing a credit assessment system based on entrepreneurs' actual cash flows are recommended. Utilizing alternative evaluation mechanisms expands credit market coverage, particularly when financing small business entities that operate stably despite limited collateral.

The second priority direction consists of optimizing the economic cost of credit. For business entities, loan interest rates and maturities must align proportionally with project profitability. From this perspective, developing individual credit risk assessments and risk-based pricing mechanisms is vital. Creating more favorable credit terms for financially sound, highly efficient projects can enhance entrepreneurial investment activity.

The third important direction is harmonizing state financial support with market mechanisms. Although state guarantees, interest rate subsidies, and preferential loans serve as critical instruments in supporting financially constrained entrepreneurs, deploying these instruments must rely on clear criteria and performance indicators. State support should encourage banks and investors to fund entrepreneurial projects rather than crowd out private capital.

Developing credit guarantees and alternative security mechanisms represents the fourth direction. To prevent an entrepreneur's lack of collateral assets from



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restricting credit access, broader application of surety, credit insurance, and other risk-sharing instruments is necessary. This mitigates bank credit risks while expanding capacity to disburse loans to financially viable projects.

The fifth direction is advancing digital and innovative lending. Modern digital technologies allow for the automation of processes ranging from application submission to credit monitoring. Automated scoring, data-driven credit analysis, and remote banking services significantly elevate access to financial services for business owners. Simultaneously, adhering to data security and cybersecurity standards remains crucial within digital lending.

As a sixth direction, the role of microfinance and non-bank financial institutions in supporting entrepreneurship should be strengthened. Microfinance organizations serve as an important alternative source for business owners requiring smaller volumes of financial capital. Central Bank data indicates a notable expansion in credit activity across the microfinance sector.

The seventh priority direction involves refining the evaluation framework for state financial support performance. Here, the primary criterion must be the additional economic value generated by these resources, rather than simply the number of supported entrepreneurs or total credit disbursed. Indicators such as new job creation, production output growth, investment expansion, export capacity, and increased tax revenues enable the determination of state programs' true effectiveness.

Additionally, improving the credit risk management system is essential for ensuring the effectiveness of the financial and credit mechanism. Alongside evaluating the financial standing of business entities, banks must factor in sectoral and macroeconomic risks. Diversifying the credit portfolio, utilizing stress testing, and strengthening post-disbursement monitoring serve to maintain banking system stability. Data from the Central Bank for the end of 2025



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highlights that capital and liquidity ratios across the banking system remained high, while the proportion of non-performing loans dropped to 3 percent.

Overall, an effective model for stimulating entrepreneurship in Uzbekistan through the financial and credit mechanism must rely on harmonizing bank loans, state guarantees, subsidies, microfinance, digital financing, and private investments within a unified institutional ecosystem. In this context, the primary role of the state is not to replace market mechanisms, but rather to lower existing barriers in market segments underserved by the financial sector.

In conclusion, the consistent execution of priority directions for financial and credit stimulation creates a solid foundation for expanding financial inclusion, enhancing entrepreneurial investment activity, mobilizing private capital, and generating new jobs in Uzbekistan. Above all, orienting financing toward performance outcomes, broadly integrating digital technologies, and managing credit risks via modern methodologies will remain key drivers ensuring the sustainable development of the entrepreneurial sector in the future.