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MODERN FINANCIAL SUPPORTS IN THE FIELD OF ENTREPRENEURSHIP

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Abstract

This article analyzes the role of modern financial instruments in the development of small and medium-sized businesses, in particular digital banking services and fintech technologies, in the field of entrepreneurship. It also highlights the importance of digital transformation in expanding access to financial resources for SMEs, simplifying lending processes, and increasing investment activity. The study examines the possibilities of increasing the efficiency of financial services and improving the business environment based on modern technologies. The results show that innovative financial solutions are an important factor in the development of small and medium-sized businesses.

Keywords: Small and medium-sized businesses, entrepreneurship, financial instruments, digital banking services, fintech, digital transformation, lending system, investment, financial inclusion, business financing



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Introduction

Small and medium-sized businesses are one of the most important and dynamically developing segments of the modern economy. They play a crucial role in ensuring economic growth, creating new jobs, increasing population incomes, and developing the domestic market. In Uzbekistan, the development of small and medium-sized businesses is also one of the priority areas of state economic policy, and large-scale reforms are being implemented in this regard. In particular, Presidential Decrees No. PF-50 and No. PF-193 set out specific tasks to improve the system of financial support for SMEs, introduce alternative financing instruments, and improve the business environment. Small and medium-sized businesses in Uzbekistan have historically been formed and are based on the traditions of crafts and local production. Today, they are actively involved in many sectors, such as industry, construction, trade, transport, services, and agriculture. At the same time, in the digital economy, the development of SMEs has reached a new level and is supported by digital banking services, fintech platforms and innovative financial technologies.

The development of small and medium-sized businesses in the Republic of Uzbekistan is one of the priority areas of state economic policy. To this end, large-scale reforms are being implemented aimed at increasing the role of small and medium-sized businesses in the economy, creating a favorable business environment and supporting new entrepreneurial initiatives. In particular, the Decree of the President of the Republic of Uzbekistan “On measures to increase the role of small and medium-sized businesses in the economy” sets out the tasks of further improving the business environment in the regions, encouraging new projects that stimulate economic growth, and supporting entry into foreign market segments with competitive products. From this point of view, the development of small and medium-sized businesses is not only a factor of economic growth, but



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also a strategic direction that can be implemented more effectively through digital banking services and modern financial technologies. The introduction of digital lending, fintech platforms, and innovative financial instruments by the banking sector will serve to ensure the practical implementation of the goals set out in this Decree. As a result, small and medium-sized businesses will have greater access to financial resources and their share in the economy will increase.

Literature review

On measures to improve the system of financial support for small and medium-sized businesses. In recent years, systematic work has been carried out in our country to create a "continuous chain" of comprehensive support for the development of entrepreneurship. At the same time, it is noted that the instruments for supporting medium-sized businesses, which are a link in the economy based on new technologies and innovations, producing high-quality and competitive products, are not sufficiently formed.

In the context of the persistence of high interest rates on resources in the financial market, it is necessary to create new and alternative instruments for financing entrepreneurial projects, in particular, to expand equity financing, mortgages of services and guarantee mechanisms. It is also noted that the existing organizational and legal form of the State Fund for the Support of Entrepreneurship, which is an important link in the system of financial support for business, limits its effectiveness.¹

This decree demonstrates the urgency of institutional reforms in improving the system of financial support for small and medium-sized businesses. In particular, the need to introduce alternative financial instruments, in addition to traditional

¹ O'zbekiston Respublikasi Prezidentining Farmoni. Kichik va o'rta biznesni moliyaviy qo'llab-quvvatlash tizimini takomillashtirish chora-tadbirlari to'g'risida // PF-193-son, 10.11.2023 y



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credit financing mechanisms, is an important factor in ensuring the sustainable development of small businesses in the modern economy. At the same time, when expanding access to financial resources is combined with digital banking services and fintech solutions, the investment activity of small and medium-sized businesses will increase and their share in the economy will be further strengthened. As a result, if the tasks set out in the decree are implemented in an integrated manner with digital transformation processes, the interrelationship between financial stability and entrepreneurial development will significantly strengthen. One of the important categories of banking activities is financial stability. It is determined by the ability of banks to withstand external and internal economic shocks, their ability to fulfill their obligations on time, and the ability to constantly ensure liquidity and capital adequacy (IMF, 2020). Digital transformation can affect financial stability in two ways: on the positive side - the speed and quality of services increase, operating costs decrease, and financial inclusion expands; on the negative side - cybersecurity risks increase, and when infrastructure is not sufficiently developed, the stability of the system is threatened.²

From this perspective, a balanced approach to implementing digital transformation in the banking system is important, that is, technological innovations should serve not only to increase efficiency, but also to ensure financial security. In particular, in the process of expanding digital services, commercial banks are required to introduce modern cybersecurity systems, strengthen data protection mechanisms, and use advanced risk management methods. In addition, sufficient development of digital infrastructure and increasing the financial literacy of the population are also important factors that

² Maxmudova M.Z. O'zbekiston banklarining raqamli transformatsiyasi va uning moliyaviy barqarorlikka ta'siri // International Finance & Accounting. – 2025. – №4 (avgust).



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strengthen financial stability. Otherwise, low levels of use of digital services or technological failures can create additional risks in the banking system. Also, in the context of digital transformation, the use of innovative technologies in banking activities - artificial intelligence, big data analysis, and automated monitoring systems - creates new opportunities for ensuring financial stability. These technologies will expand the ability to more accurately assess credit risks, identify fraud cases in advance, and make quick management decisions. As a result, when digital transformation is implemented correctly and systematically, it not only improves the quality of banking services, but also becomes an important factor in strengthening the financial stability of the entire banking system. In the conditions of Uzbekistan, these results are consistent with state policy. Within the framework of the “Digital Uzbekistan – 2030” strategy, mobile applications, electronic payment platforms were introduced, and the goal was to increase financial inclusion based on international recommendations (World Bank, 2022). The increase in DTI trends in 2015–2024 confirms the practical impact of this strategy, which seems to have become a key factor in strengthening the stability of banks. At the same time, in the analysis we also identified some risks and limitations, which are scientifically important. The growing risk of cybersecurity is a clear fact - along with the concentration of digital services, the likelihood of cyberattacks, data breaches through heavy data flows increases. In this regard, the OECD (2021) recommendation states the need to strengthen digital security policies.³

The above facts show that digital transformation processes in the banking system of Uzbekistan are developing in harmony with state policy and are becoming an important factor in ensuring financial stability. In particular, the reforms

³ Maxmudova M.Z. O‘zbekiston banklarining raqamli transformatsiyasi va uning moliyaviy barqarorlikka ta’siri // International Finance & Accounting. – 2025. – №4 (avgust).



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implemented within the framework of the “Digital Uzbekistan - 2030” strategy are yielding positive results by increasing the availability of banking services, expanding financial inclusion, and improving operational efficiency. However, the risks associated with the acceleration of the digitalization process, especially cybersecurity threats, should not be ignored, which may negatively affect the stability of the banking system. Therefore, in order to develop digital transformation more effectively, it is necessary to introduce advanced cybersecurity systems in the activities of banks, improve risk management mechanisms, and strengthen institutional approaches in accordance with international standards. This study comprehensively analyzes the transformative potential of Artificial Intelligence and Blockchain technologies in increasing tax discipline and increasing budget revenues in public financial systems. Qualitative analysis of secondary data shows that AI can significantly improve tax audit efficiency, fraud detection, and revenue forecasting (Haruna et al., 2023; Iqbal, 2023). At the same time, blockchain technology complements these processes and provides a secure, transparent, and immutable database, which increases trust and reduces the risk of corruption (Olaniyi et al., 2024; Samuel-Okon et al., 2024). The integration of AI and blockchain is a promising solution to overcome existing problems in public finance management. This study highlights the importance of introducing innovative technologies in building efficient, transparent, and sustainable financial systems (Joseph et al., 2024). However, achieving this requires significant technological investments, a strong regulatory framework, and continuous human resource development (Olaoye et al., 2024).⁴ The above results show that the introduction of modern financial technologies, in particular artificial intelligence and blockchain, is of great importance in

⁴ Olabanji S.O., Olaniyi O.O., Olagbaju O.O. Leveraging Artificial Intelligence (AI) and Blockchain for Enhanced Tax Compliance and Revenue Generation in Public Finance // Asian Journal of Economics, Business and Accounting. – 2024. – Vol. 24, Issue 11. – Pp. 577–587.



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increasing the efficiency and stability of not only state financial systems, but also the banking sector. Especially in the conditions of Uzbekistan, the use of these technologies in the process of digital transformation of the banking system allows identifying credit risks, optimizing operational processes, and ensuring the transparency of financial services. Also, in the process of introducing these technologies, the development of technological infrastructure, strengthening cybersecurity, and training qualified personnel should be considered as priorities. As a result, the comprehensive and systematic introduction of innovative technologies becomes an important factor in strengthening the financial stability of the banking system.

Small and medium-sized businesses are important in the economy of any developed and developing country. Small and medium-sized businesses are characterized by rapid adaptation to conditions, and their establishment does not require a large amount of initial capital. Small and medium-sized businesses flourish in areas that are not suitable for large businesses. Small and medium-sized businesses have certain advantages in operating in small markets, using local resources, solving the problem of unemployment, increasing labor productivity, forming a middle-class stratum, and filling the domestic market with consumer goods. Small businesses are a means of realizing entrepreneurial, entrepreneurial, and property-owning abilities in people, and of forming and developing business skills in them. Small and medium-sized businesses in Uzbekistan have historical roots. Crafts have been developed here since ancient times. There were many small workshops and shops engaged in weaving, handicrafts, ceramics, applied arts, carpentry, blacksmithing, and carving. Small and medium-sized businesses in Uzbekistan operate in the fields of industry, construction, trade, consumer goods, medical care, transportation services, scientific and technical information services, and agriculture. There are insurance



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companies, engineering and leasing service organizations that support small and medium-sized businesses. The Chamber of Commodity Producers and Entrepreneurs, "Business Fund", and "Madad" insurance companies have been established at the republican and regional levels to support small and medium-sized businesses. There are also tax incentives and a system of preferential loans for small and medium-sized businesses.⁵

Shu jihatdan qaraganda, kichik va oʻrta biznesni moliyaviy qoʻllab-quvvatlash masalasi zamonaviy iqtisodiyotda, xususan, bank tizimi va raqamli moliyaviy xizmatlar rivoji bilan bevosita bogʻliqdir. Raqamli bank xizmatlari, fintech yechimlari hamda elektron kreditlash platformalarining joriy etilishi kichik va oʻrta biznes subyektlari uchun moliyaviy resurslarga kirish imkoniyatini sezilarli darajada kengaytirmoqda. Ayniqsa, kredit olish jarayonlarining raqamlashtirilishi, risklarni sunʼiy intellekt yordamida baholash va onlayn moliyalashtirish mexanizmlarining rivojlanishi tadbirkorlik subyektlarining barqarorligini oshirishga xizmat qilmoqda.

Kichik va oʻrta biznesni rivojlantirish faqat anʼanaviy qoʻllab-quvvatlash choralariga emas, balki zamonaviy moliyaviy texnologiyalar va raqamli bank tizimlarining integratsiyasiga ham bevosita bogʻliq boʻlib qolmoqda.

In this regard, the issue of financial support for small and medium-sized businesses is directly related to the development of the modern economy, in particular, the banking system and digital financial services. The introduction of digital banking services, fintech solutions and electronic lending platforms is significantly expanding access to financial resources for small and medium-sized businesses. In particular, the digitization of credit processes, the development of

⁵ Astanayev Q.S. Oʻzbekistonda kichik va oʻrta biznesni rivojlantirishda asosiy muammolar va ularni yechimi // Экономика и социум. – 2024. – №12(127)-1. – В. 71.



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risk assessment using artificial intelligence and online financing mechanisms are contributing to increasing the sustainability of business entities.

The development of small and medium-sized businesses is directly related not only to traditional support measures, but also to the integration of modern financial technologies and digital banking systems.

1- table ⁶ Share of small businesses in total employment

Classifier	2019	2020	2021	2022	2023	2024
Republic of Uzbekistan	76,2	74,5	74,5	73,9	74	74,5
Republic of Karakalpakstan	74,9	74,2	74,2	74,1	74,5	75,1
Andijan region	82,1	80,8	80,7	80,2	80,7	81,3
Bukhara region	76,1	74,9	74,2	74,3	74,5	74,5
Jizzakh region	79,7	78,4	78,8	77,3	77,1	77
Kashkadarya region	78,5	78,1	78,5	78,2	78,1	78,7
Navoi region	55	51,9	52,3	51,1	52,1	52,3
Namangan region	82,8	81,6	82,2	81	80,9	81,8
Samarkand region	82,8	81,7	81,5	80,9	81,1	81,2
Surkhandarya region	79,6	78,2	78,4	76,9	76,8	77,8
Syrdarya region	76,4	74,5	74,4	72,9	71,9	73,6
Tashkent region	72,8	70,8	69,8	70	70,6	71,1
Fergana region	79,4	78,4	78,5	78,7	79,1	80,4
Khorezm region	80,4	79,3	79,1	78,1	78,5	79,3
Tashkent city	53,7	49,7	50,2	50	49,4	48,4

As can be seen from this table, the share of small businesses in total employment in Uzbekistan during 2019–2024 was relatively stable, but in some years it showed trends of decline and recovery. In particular, the indicator, which was

⁶ O‘zbekiston Respublikasi Milliy statistika qo‘mitasi rasmiy sayti.



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76.2 percent in 2019, decreased to 73.9 percent by 2022, and recovered to 74.5 percent in 2024. This situation can be explained by economic conditions, the impact of the pandemic, and changes in the business environment. When analyzed by region, the share of small businesses in employment in Andijan, Namangan, and Samarkand regions remained high (above 80 percent). This indicates that entrepreneurial activity in these regions is quite developed. On the contrary, in Navoi region and Tashkent city, this indicator is relatively low (around 50–52 percent), which is explained by the high share of large industrial enterprises here. Also, in some regions (for example, in Fergana and Kashkadarya regions), a positive growth trend has been observed in recent years. This indicates that small business support and access to financial resources are expanding. These results show that small and medium-sized businesses remain one of the main factors in ensuring employment. At the same time, it is necessary to widely introduce modern financial instruments - digital banking services, fintech solutions and convenient lending mechanisms - to reduce disparities between regions, especially in regions with low indicators, in order to develop entrepreneurship. As a result, by improving the system of financial support for small businesses, the opportunity will expand not only to increase employment levels, but also to ensure economic stability.

Conclusion

In conclusion, small and medium-sized businesses (SMEs) remain of strategic importance as a key sector ensuring the sustainable development of the national economy. The state policy implemented in Uzbekistan for the development of SMEs, in particular, measures aimed at improving the financial support system, introducing alternative financing instruments, and improving the business environment based on Presidential Decrees No. PF-50 and No. PF-193, are



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significantly strengthening the role of this sector in the economy. At the same time, modern financial levers — digital banking services, fintech solutions, artificial intelligence, and blockchain technologies — are expanding SMEs' access to financial resources, accelerating and improving the efficiency of lending processes. This increases the investment activity of small businesses and strengthens their competitiveness. However, it cannot be denied that there are some limitations associated with digital transformation processes, in particular, cybersecurity risks, insufficient development of technological infrastructure, and the complexity of the financial risk management system. In general, for the sustainable development of small and medium-sized businesses, it is necessary to strengthen the integration between state policy, financial institutions and innovative technologies. This approach will further increase the share of the SME sector in the economy and ensure the long-term economic stability of the country. The results of the analysis once again confirm that small and medium-sized businesses continue to play a crucial role in ensuring employment in the country. The differences observed across regions indicate that they are directly related to the level of small business development, access to financial resources and economic infrastructure. In particular, in regions with a high share, the business environment and financial support system are more effectively formed, while in regions with low indicators there is a need to strengthen these areas. In this regard, the widespread introduction of modern financial levers - digital banking services, fintech solutions, alternative financing instruments - is of great importance in the development of small and medium-sized businesses. This will facilitate access to financial resources for business entities, increase employment levels, and strengthen economic stability.



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