

**International Conference on the Current State and
Evolution of an Integrated Financial Services Sector in
Uzbekistan**

**Microfinance and SME Finance
Opportunities in Uzbekistan**

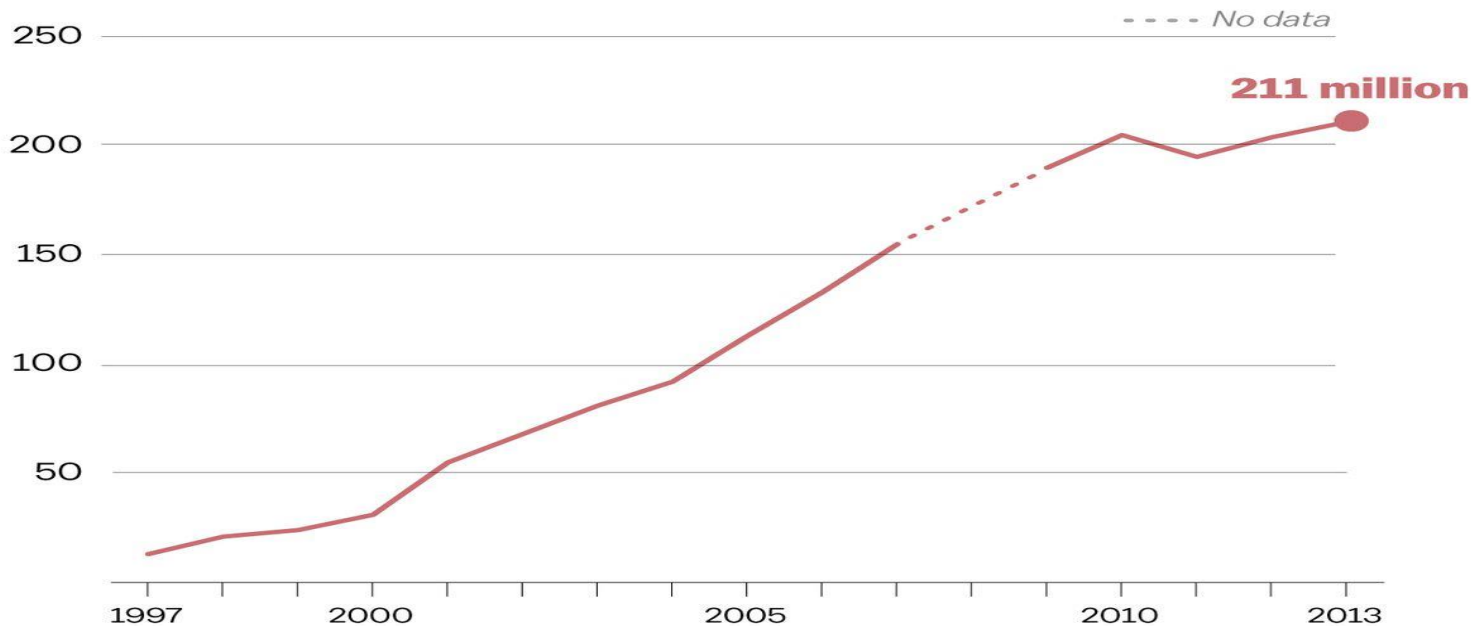
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November 14, 2019

Microfinance

- Microfinance: non-standard banking services to low-income individuals
- First introduced by Dr. Muhammad Yunus in 1970 in Bangladesh
- Rapid growth and popularity, and is further expanding

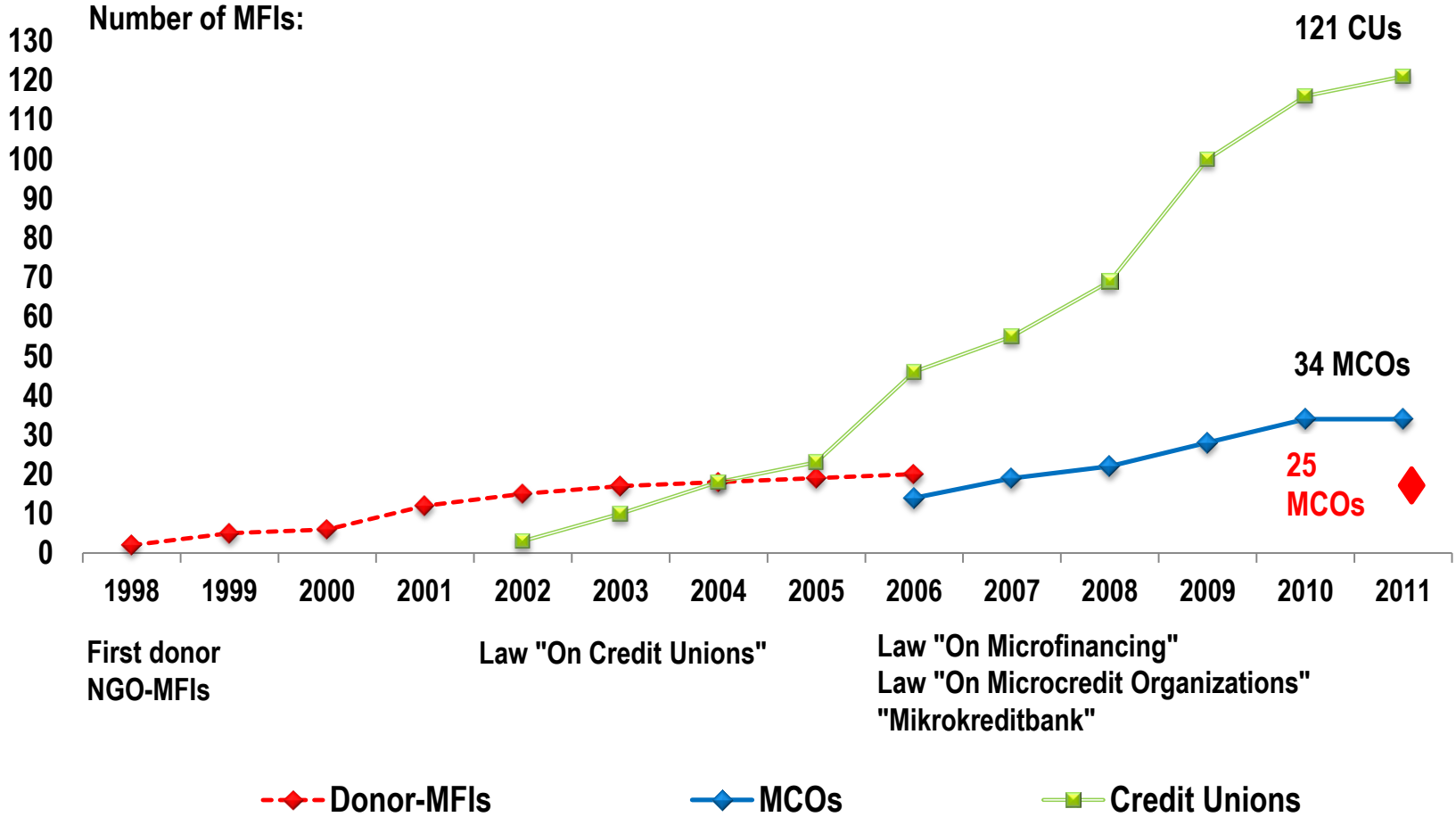
Total number of microcredit borrowers



Source: Microcredit Summit Campaign 2015 report

Vox

Microfinance sector in Uzbekistan:



1) Donors, 1998

2) Credit Unions, 2002

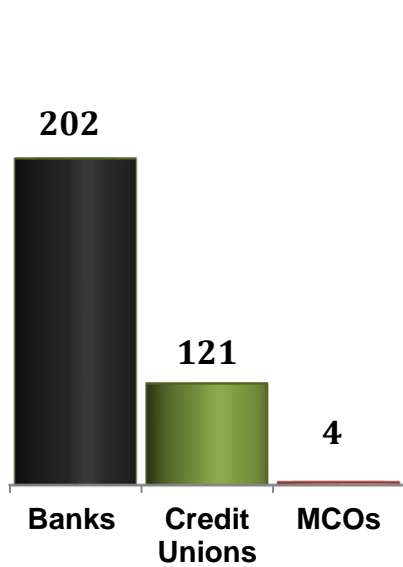
3) Year 2006 re-registration

4) 2006-2011 rapid boom

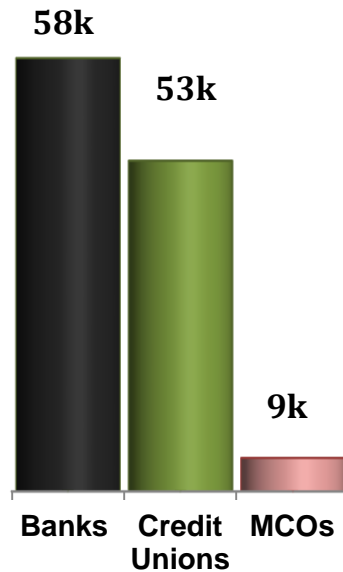
5) 2011 changes

Non-bank MFIs in Uzbekistan

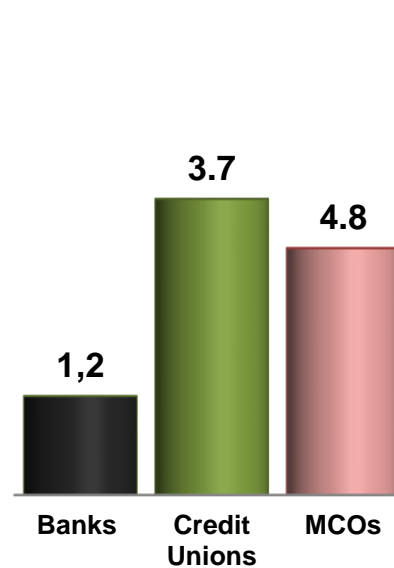
Portfolio, mln USD



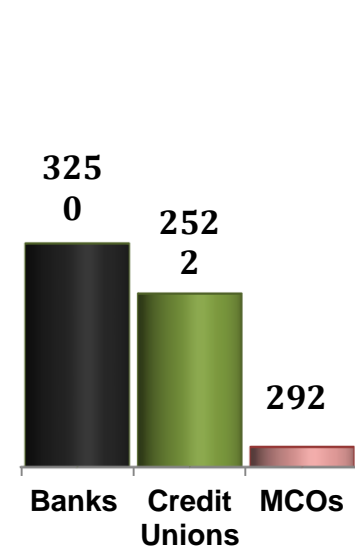
Borrowers



Interest, % p.m.



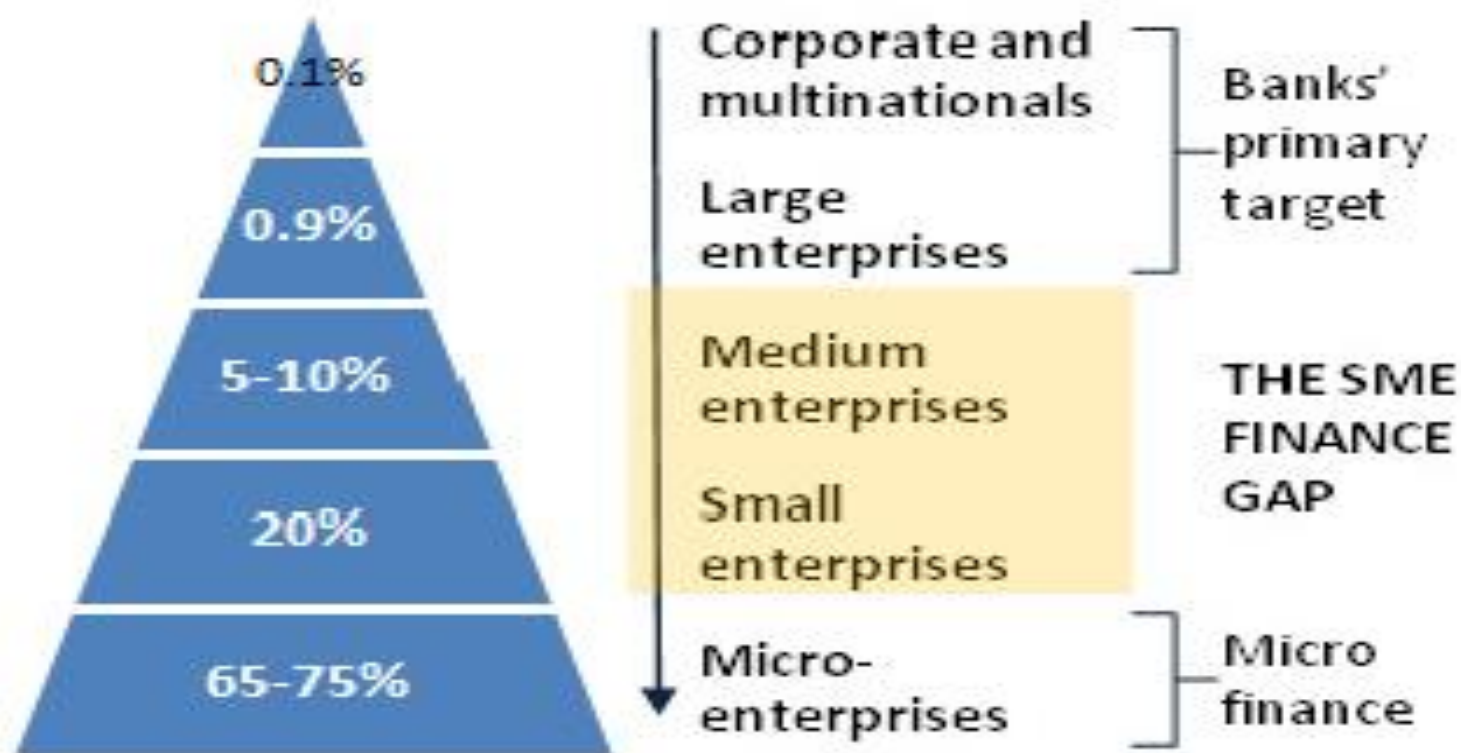
Average Loan Balance, USD



	Banks:	Credit Unions:	MCOs:
Lending	Individual	Individual	Group
Collateral	yes	yes	partial
Deposit	yes	yes	no
Microcredit	business	consumer, business	Business
Credit Applications	lot of docs, bureaucracy, non-cash	less docs, flexible; in cash	less docs, flexible; in cash

- Private, commercial
- Uniform license
- Competitive market forces

International comparison of MFIs:



- ▶ MFI clients in Uzbekistan correspond to meso-finance niche and above ultra poverty line
- ▶ Non-bank MFIs operate on commercial bases as opposed to pro-poverty “tradition” model

World Bank “Doing Business” 2020 report

Doing Business 2020



WB “Doing Business” 2020: Uzbekistan

Topics:	DB 2020 Rank	DB 2020 Score	DB 2019 Score	Change in Score (% points)
Overall	69	69.9	67.8	2.1 ↑
1) Starting a Business	8	96.2	96.0	0.2 ↑
2) Dealing with Construction Permits	132	61.7	61.4	0.3 ↑
3) Getting Electricity	36	86.9	86.0	0.9 ↑
4) Registering Property	72	67.9	67.0	0.9 ↑
5) Getting Credit	67	65.0	65.0	...
6) Protecting Minority Investors	37	70.0	62.0	8 ↑
7) Paying Taxes	69	77.5	76.9	0.6 ↑
8) Trading across Borders	152	58.2	49.8	8.4 ↑
9) Enforcing Contracts	22	71.9	68.2	3.7 ↓
10) Resolving Insolvency	100	43.5	45.2	1.7

WB “Doing Business” 2020: Regional Comparison

Economy:	Global Rank:	
New Zealand	1	Top Reformers
Singapore	2	
Hong Kong SAR, China	3	
Denmark	4	
...		
Russian Federation	28	
Azerbaijan	34	
<i>Uzbekistan</i>	<i>69</i>	
Kyrgyz Republic	80	
...		
Venezuela, RB	188	Bottom Reformers
Eritrea	189	
Somalia	190	

WB “Doing Business” 2020: Uzbekistan

Rankings on Doing Business topics - Uzbekistan



Microfinance and SME finance: new vision

- **Rapid reforms since 2017 and increasing competition**
- **In addition to direct effects on business and household development outcomes microfinance is important to provide:**
 - 1) Access to quick and alternative finance**
 - 2) Improvement of financial literacy**
 - 3) Digital technology, mobile banking**
 - 4) Learning “hubs”**
 - 5) Infrastructure development**

Summary and Conclusions:

- 1. Impact evaluations of microfinance in Uzbekistan demonstrates that “non-bank microfinance model” has positive effects on business and household development outcomes**
- 2. There is huge, untapped demand for microfinance**
- 3. Access to quick and easy finance and microcredits remains top priorities for SME development and growth**

Question ?
Comments ?

Thank you !