

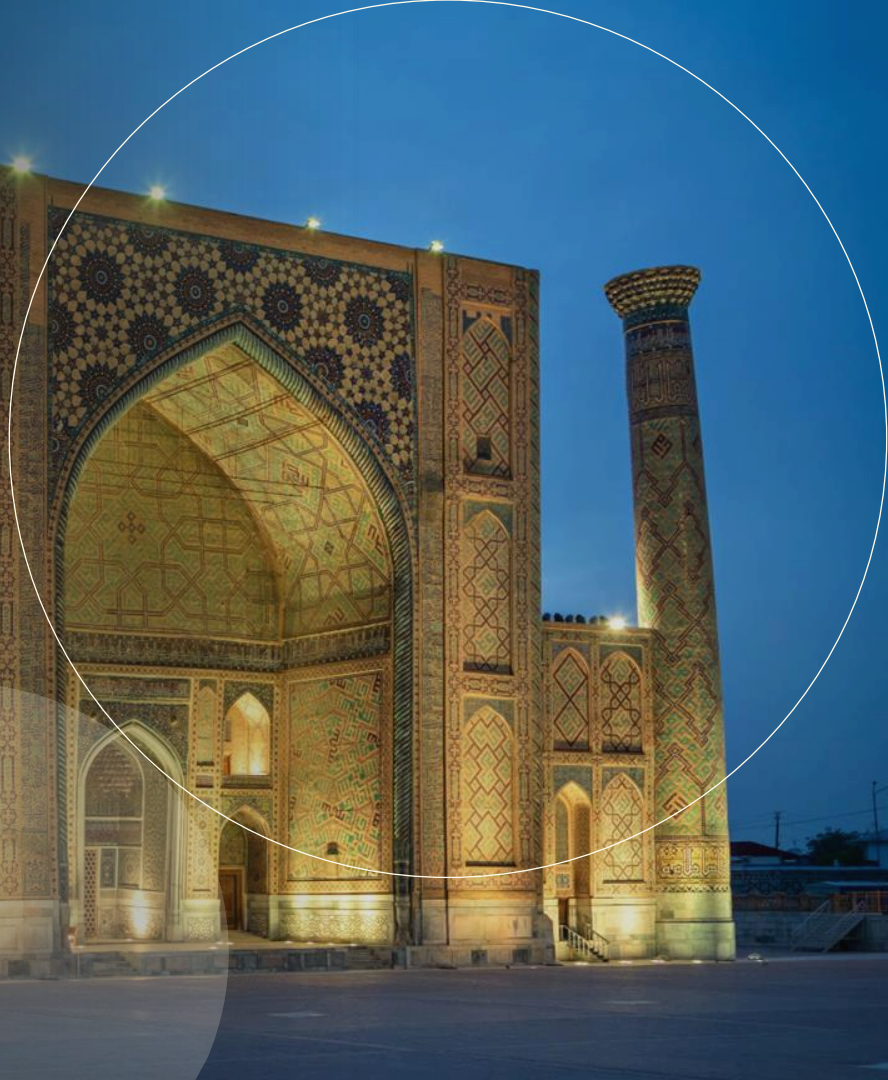


Fintech Market Uzbekistan

RISE
research



December 2023



FOREWORD

Welcome to this insightful presentation on the dynamic landscape of the fintech market in Uzbekistan.

Uzbekistan is one of priority markets for Mastercard which has been making remarkable strides in recent years, not only in terms of its economic growth but also in its embrace of technological innovations.

Digital payments have experienced rapid growth in Uzbekistan and development of financial technologies has been one of such pivotal forces driving financial inclusion, digital transformation, and economic development in the country. It is one of our priority cooperation topics under the Digital Country Partnership signed with the Central Bank of Uzbekistan and MoU with the Ministry of ICT Development of Uzbekistan.

We will continue working with local banks, government, mature fintechs and rising fintech stars to co-develop and scale innovative payment and digital solutions for Uzbekistan.

The report we are about to delve into represents a comprehensive analysis of the Uzbekistan fintech market and will give you insights into the trends, challenges, regulatory environment, key ecosystem players, emerging fintech startups, and the transformative role fintech plays in the lives of individuals and businesses across the country.

We want to express our deep appreciation for the collaborative efforts and expertise contributed by our partners in analysis and market insights – RISE Research, Fintech Consult, Fintech Association of Uzbekistan and IT Park Uzbekistan.

As we embark on this journey through the world of fintech in Uzbekistan, I encourage you to engage, ask questions, and share your perspectives to collectively explore the potential for innovation.

Your sincerely,



Denis Filippov
General Manager
Mastercard, Uzbekistan



Executive summary

Uzbekistan fintech market in numbers as of 31.12.2022:


 **77%** internet penetration


 **76%** smartphone penetration


 **35** banks*. The 5 largest state-owned commercial banks account for 62% of total sector assets

 **49** payment organizations that have obtained a license*

 **70+** fintechs

 **61%** venture funds in last 2 years was allocated to fintechs*

 **2.2%** e-commerce market penetration (as a % of retail)

 **10** licensed crypto-stores, **2** crypto-exchanges, **2** crypto-depositories*

4 market opportunities:



Young, fast-growing, and urbanizing population

Uzbekistan is one of the fastest growing population in Central Asia. As of July 1, 2023, population stands at 36.4 mln, surpassing UN DESA predictions of 35.1 mln. The country's relatively young population, with a median age of 29, presents opportunities for the fintech sector



Push for financial inclusion

The government is actively addressing financial inclusion, while also fostering an enabling fintech ecosystem



Increases in spending and GDP growth

In 2022, urbanization, lifestyle changes, increased purchasing power, and a thriving economy drove growth in the fintech market. Further fintech development expected due to rising prosperity and reduced inequality



White spaces are emerging across the market

Past uneven access to banking services, particularly for various population segments and SMEs, has created growth opportunities. While fintechs have made progress in digital wallets and payments, there's still room for expansion as the market matures



Executive summary

Market leaders share 7 trends:

- 1 Slow bank digitalization spurred digital wallet growth, serving individuals and businesses
- 2 An increase in ecosystem and superapp adoption. Players offer diverse sets of services but most of them aim to become “superapps”
- 3 The e-commerce market has shown a consistent upward trend, with a penetration rate of 2.2% in 2022, a significant increase from 0.6% in 2018
- 4 There is a significant growth of neobanks serving both individuals and the business sector, with a particular focus on micro, small, and medium-sized enterprises
- 5 The huge demand for Islamic finance will lead to a rapid growth of this segment in the coming years
- 6 BNPL is emerging as a significant catalyst for the growth of e-commerce
- 7 Controlled development of the crypto-industry as an alternative source of investment for households and businesses



01

Infrastructure and Growth Factors

- Economy in figures
- Digital infrastructure
- Banking industry

7-13

02

Fintech Ecosystem

- Ecosystem map
- Access to capital
- Government support and IT Talents

14-21

03

Major Fintech Trends

- Digital wallets
- E-commerce
- Superapps
- Neobanks
- Buy Now, Pay Later
- Islamic finance
- Crypto

22-31

04

Rising Fintechstars

- Zood
- Billz
- Iman
- Marta
- Sug'urta Bozor

32-37

05

Lessons learned and Perspectives

- Opportunities and restraints
- Perspectives and future trends

38-41





01

Infrastructure and Growth Factors

- Economy in figures
- Digital infrastructure
- Banking industry

Rich in minerals and natural resources, Uzbekistan is strategically transitioning from agriculture to energy, metallurgy, and small businesses as part of its economic diversification strategy

Uzbekistan in figures (as of 31.12.2022)



Key information

Territory	447,400 km ²
Capital	Tashkent
Form of government	Presidential republic

Population

Population, mln	34.6
Unemployment rate, %	8.9%

GDP and reserves

Nominal GDP, bln USD	74.7
GDP per capita, USD	2,164
Real GDP growth, %	5.5%
International reserves, bln USD	35.8
Foreign currency reserves, bln USD	11.6

Export / Import

Export, bln USD	19.3
Import, bln USD	30.7

Country's credit rating

Foreign long-term rating

BB-

Fitch Stable (March 2023)

S&P Stable (June 2023)

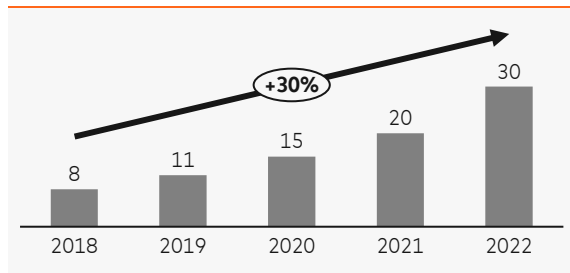
Key observations

Uzbekistan, a Central Asian nation rich in minerals, is transitioning from an agriculture-based economy to one driven by its **energy and metallurgy sectors, while also promoting small enterprises.** Under the "Strategy of the New Uzbekistan 2022-2026", the aim is to attain a GDP per capita of 4,000 USD by 2030, paving the way for entering the **"upper-middle-income countries" bracket.**

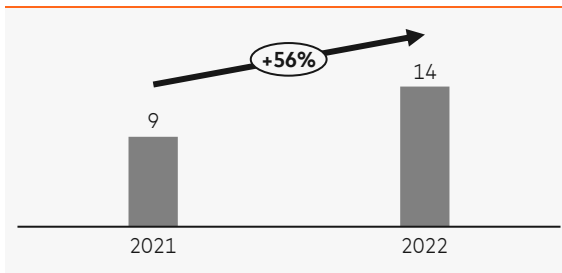


In recent years, remote banking has experienced significant growth, highlighting untapped potential for enhancing financial services

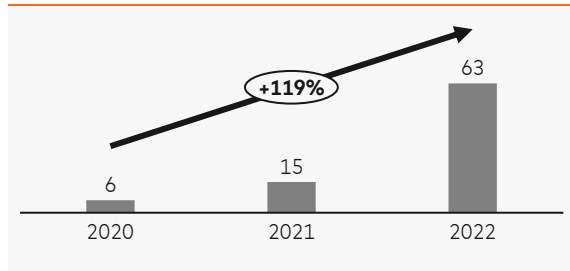
Number of users of remote transactions, mln people



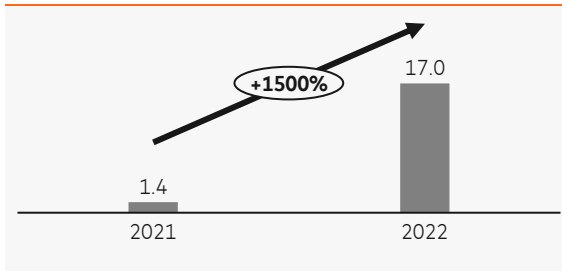
Amount of transactions through POS-terminals, bln USD



Number of transactions through QR-online system, thnd people



Value of transactions through QR-online system, mln USD



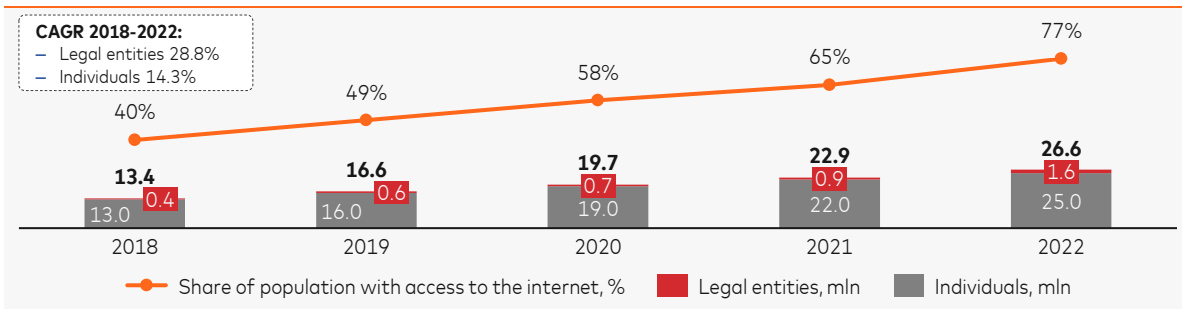
Key observations

- **The payments market and consumer habits changed after the pandemic.** The increased demand for remote payments for services and goods has become a powerful catalyst for the development of digital financial services.
- In 2019 the **"shadow economy" accounted for 52% in Uzbekistan.** To date, government has taken several steps to address this problem such as implementing **digital technologies**, increasing the volume of **non-cash payments**, increasing the popularity of **banking services**.
- Recent state-led banking reforms in Uzbekistan have spurred the entry of foreign entities, propelling local banks to enhance customer service simplicity and emphasize the development of **remote service channels like client-bank interfaces and mobile applications.**

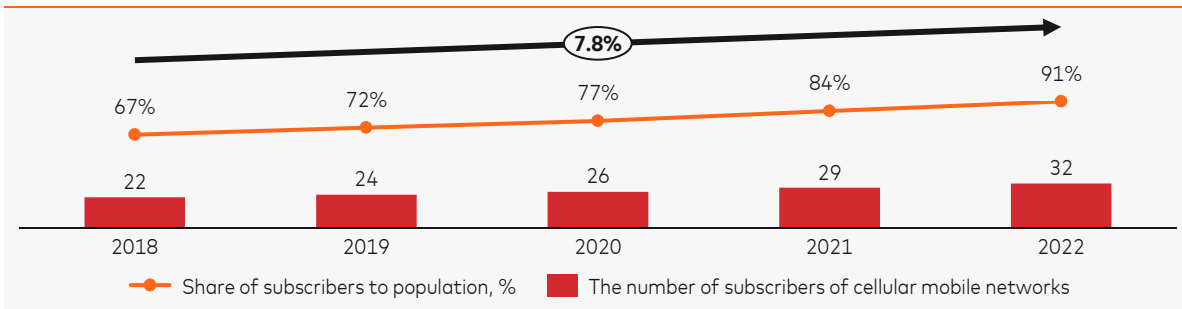


The Covid-19 pandemic accelerated the development of digital infrastructure, including internet and mobile services, driving the shift towards remote banking

Population with access to the internet, mln people



The number of subscribers of cellular mobile networks, mln people



Key observations

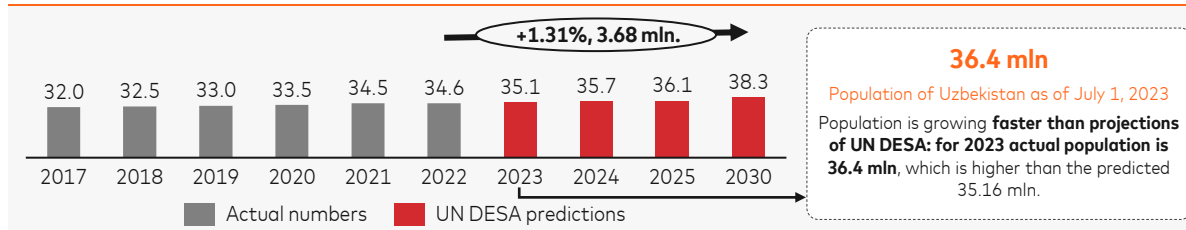
- At the beginning of 2023, Uzbekistan had 26,7 mln internet users, representing a **77% internet penetration rate**.
- There were a total of 32 mln active cellular mobile connections, accounting for **91%** of the total population.
- The positive impacts of state programs aimed at advancing the digital economy, enhancing the **"Electronic Government" system**, and aligning with the **"Digital Uzbekistan – 2030"** strategy are evident across various indicators, surpassing initial growth targets.

Notes: Based on the report of the Ministry of Digital Technologies of Uzbekistan to the Legislative Chamber of the Oliy Majlis
 **Current indicator as of the date of the issuance of the Decree of the President of Uzbekistan No.6079 dated on 05.10.2022
 Source: Statistics Agency, Ministry of Digital Technologies of the Republic of Uzbekistan, GSMA, open sources

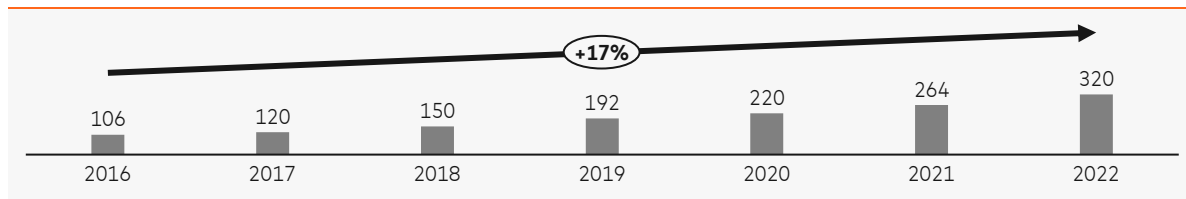


Uzbekistan's demographic landscape and the consistent growth of average income among the population further fueling fintech growth making it a highly promising market

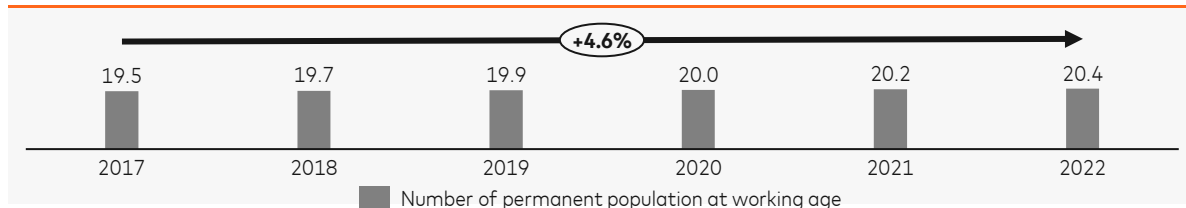
Total permanent population, mln people



Average income per capita, USD



Working population, mln people




Key observations


- **The working population** varies from **55% to 60%** of the total population.
- According to the World Bank, the country's population is comparatively young and remains young for nearly 10 years, with a **median age 29**. A high share of the young population provides the banking sector with an opportunity to develop new products and digital channels.
- With increasing economic prosperity, decreasing economic inequality, and progressive urbanization, these elements are projected to increase fintech development.





Government announced a banking sector reform strategy for 2020-2025 that was a start of banks enhancing their portfolio to SMEs and individuals

Priority areas of reform

- 

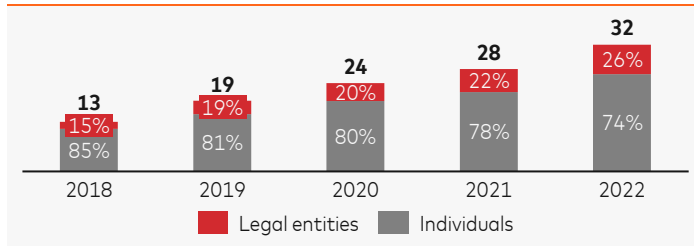
Improving efficiency of the banking system
- 

Ensuring financial stability of the banking system
- 

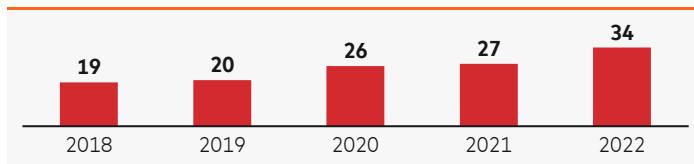
Decreasing the state share in the banking sector
- 

Improving availability and quality of financial services

Loans to individuals and legal entities, bln USD



Number of issued bank cards, mln



Number of ATMs



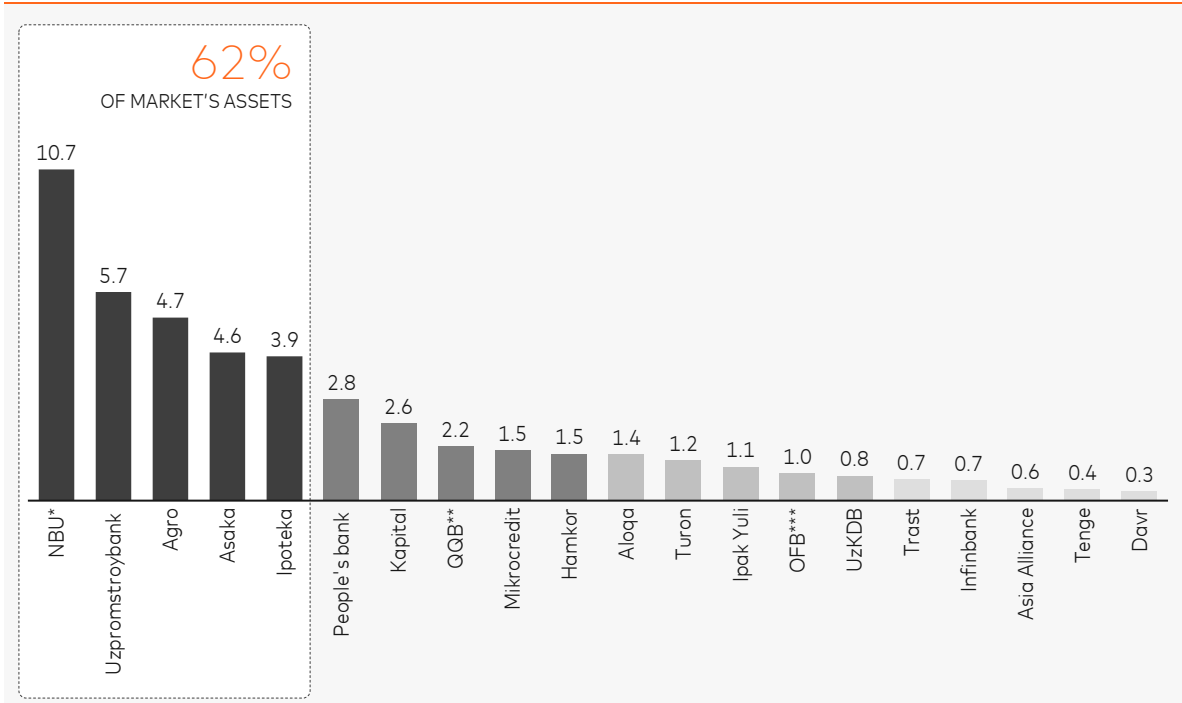
Key observations

- Banks began developing their strategies in 2020 to diversify their loan and deposit portfolios and reduce their dependency on state programs and funding. This led to the development of **new retail products, deposits, loans, and other commission-based products** to attract individual customers.
- Banks are required by the Central Bank to **attract private investment by 2024**. Therefore, they are targeting to increase the share of their retail and SME portfolios.



Dominating the financial system, the banking sector is primarily state-owned and highly concentrated

Assets of the banking, bln USD, as of 31.12.2022



Key observations

- Commercial banks comprise more than 95% of total financial sector assets. The banking sector currently consists of 35 banks.
- The top five state-owned commercial banks accounted for 62% of the sector's total assets at the end of 2022.

*The National Bank for Foreign Economic Activity of the Republic of Uzbekistan

** Qishloq Qurilish bank

*** Orient Finance bank

Sources: Central Bank of Uzbekistan





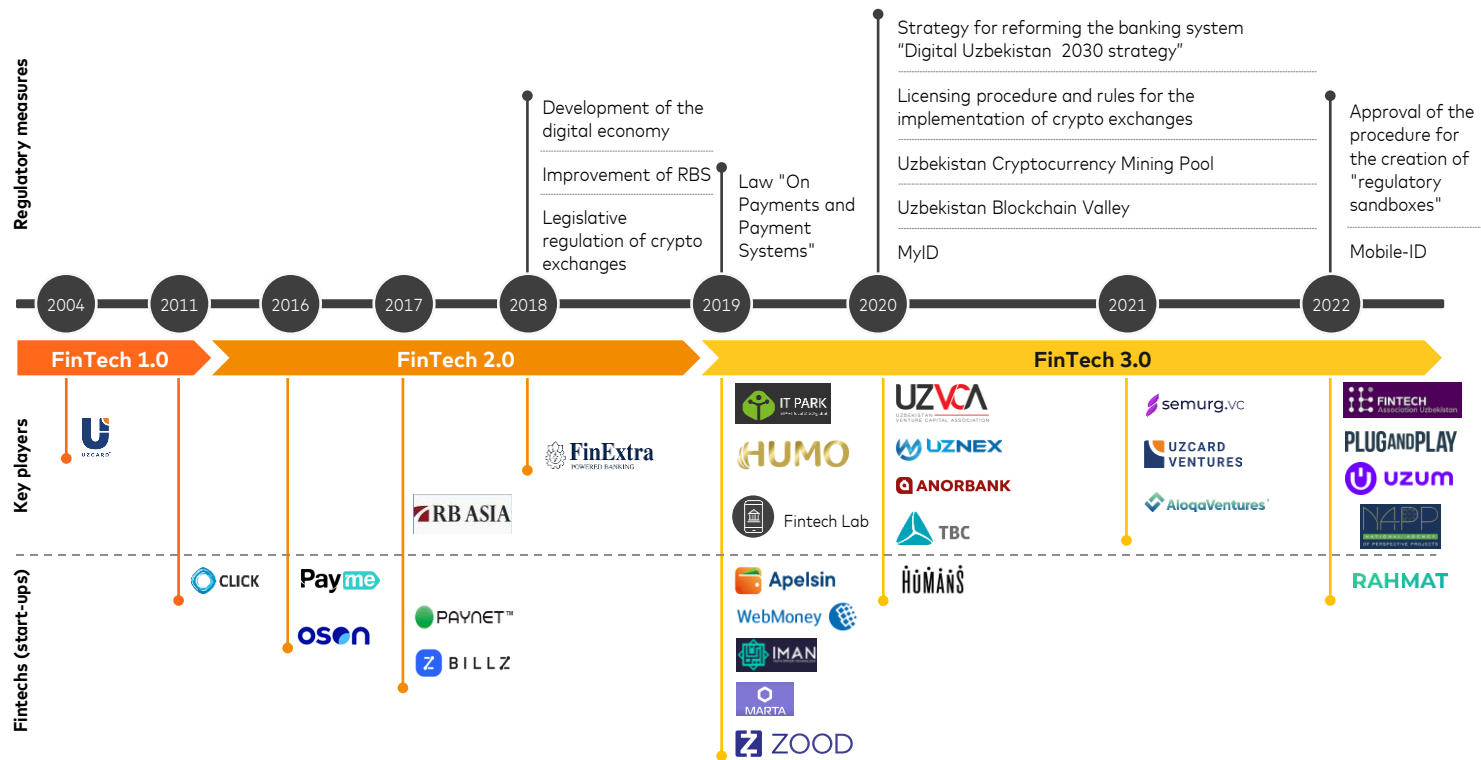
02

Fintech Ecosystem

- Ecosystem Map
- Access to Capital
- Government support and IT Talents

Major fintech players started to emerge in Uzbekistan during the 2010s

Historical development of the market



“ Key growth factors include the development of the **sandbox** and **regulatory advancements**. While the sandbox has been established, it is still in its early stages and lacks experts, a comprehensive ” understanding.

Rustam Rahmatov
CEO and Founder of Iman

Sources: Open sources, expert opinions, "On measures to radically improve the activities of the Central Bank of the Republic of Uzbekistan" Kun.UZ, Resolutions "On measures for the development of the digital economy in the Republic of Uzbekistan" and "On measures to organize the activities of crypto exchanges in the Republic of Uzbekistan", Decree of the President of the Republic of Uzbekistan "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025"



Fintech ecosystem map

Not exhaustive

Mobile Banks

Processing Centers and Payment Systems

SME Accounting and Finance Management

Public Authorities

International Organizations

Payments and Transfers

Internet acquiring

Associations and Unions

Incubators and Accelerators

Blockchain Initiatives

Technology Parks

BNPL Services

Digital Insurance

POS

Venture Capital

Education

Investments

Electronic Money Issuers

Scoring

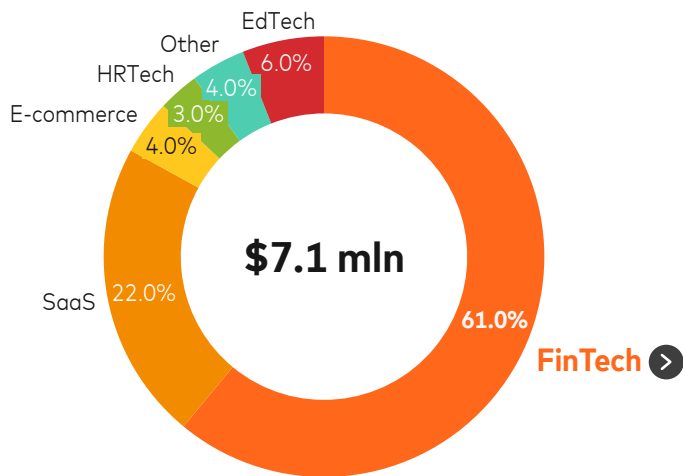
Financial Marketplace

Financial Marketplace



From 2022 to 2023, \$7.1 mln was invested in 25 companies across industries, with over 61% of these funds allocated to fintech companies

Venture capital deals amount by sectors



Fintech startup	Year	Deal amount, \$K	Investors
EPOZIT.UZ	2023	200	UzVC, AloqaVentures
IMAN	2023, 2022	3 000	500 Global, Uzcard Ventures, oth.
zypl.ai	2022	250	UzVC, AloqaVentures
sugurta bozor	2022	100	UzVC
MULTICARD	2022	200	Semurg VC
lett	2022	250	AloqaVentures, Semurg VC
multibank	2022	200	Semurg VC
RAHMAT	2022	100	Semurg VC
BILLZ	2022	650*	Sturgeon Capital, Quest Ventures

“ The venture investment market is *still in its early stages* of growth. Only recently have the first investors started to make their presence known. These predominantly include *corporate and semi-governmental entities*. ”

Rustam Khamdamov
CEO and Co-founder of BILLZ



The Government of Uzbekistan shows strong commitment to develop the country's banking and fintech industry

The National Action Strategy for Five Priority Development Areas was a groundbreaking move in the banking sector. It involved bringing investments into a state-involved bank with the aim of selling its shares to foreign investors.

2017-2021

The Development Strategy of New Uzbekistan for 2022-2026 aims to implement digital transformation in the national economy, industry, and society. It also aims to develop the digital economy with an increase in its share by at least 2.5 times. The level of digitalization of production and operational processes in the real sector of the economy, including the financial and banking sectors, should reach 70%.

2022-2026



2013-2020

The National Information and Communication System Development Program 2013-2020 has helped to ease the flow of credit to businesses in Uzbekistan. The COVID-19 pandemic also contributed to building trust in digital banking systems, as paper-driven venues, signatures, and cash were digitized. This integration of digital technologies into the banking sector has helped to optimize loan portfolio growth and reduce credit concentration risks. The government has also supported businesses by allocating loans for goods and services not produced in Uzbekistan.



2020-2030

The adoption of the **Digital Uzbekistan 2030 strategy** was an important milestone on the path of Uzbekistan's digital transformation. With a clear vision, focused objectives, and a collaborative approach, the strategy aims to transform Uzbekistan into a country with a developed digital economy and to reap the benefits of a technology-based society by 2030.



2023-2027

The E-commerce Strategy aims to create a thriving digital economy by supporting small and medium-sized enterprises. It was developed by the Ministry of Investment, Industry and Trade of Uzbekistan, together with the Ministry of Digital Technologies, the E-commerce Association, and other agencies, with the support of the Ready4Trade Central Asia project of the International Trade Centre, funded by the European Union.



“ In recent years, the government has passed laws to foster fintech growth, notably enabling around **50 payment companies**, but a new **tax committee requirement** has made merchants wary of QR payments due to **data sharing** with tax authorities. ”

Sam Boboev

Fintech expert, COO & Co-Founder of botcommerce.io

“ The opportunity is there for fintech’s to fill the **void left by traditional institutions** and build novel data and distribution. This is being tackled from several angles, whether through direct consumer lending by companies such as ZoodPay, SME lending by Oasis Microcredit, or by other software players offering embedded finance such as Billz. The combination of these different approaches, alongside government support, is leading to a **rapid increase in financial adoption** in the country. ”

Robin Butler

Partner of Sturgeon Capital

“ The current state of fintech in Uzbekistan is in a phase of **consolidation and growth**. We are witnessing the emergence of **more players, startups, and new entrants**. However, from a regulatory perspective, there is a clear push for **consolidation and increased oversight**. ”

Rustam Rahmatov

CEO and Founder of Iman



The establishment of IT Park is a game-changer for the tech industry. Offering tax incentives and a nurturing environment, it presents favorable prospects and growth potential for the sector

Members of the ITPARK are exempted from paying taxes and also receive a number of benefits

- 7,5% Income tax
- 0% Corporate tax
- 0% Unifies social benefits
- 0% Custom payments on good imports for own needs

The acceleration program is designed for 3 months and provides startups with the following:

- Comfortable office
- Mentorship
- Consultation of lawyer
- Accounting support
- Networking
- Unlimited access to business events
- Angel investors and venture capital

In terms of the infrastructure, IT Park will expand covering almost 7 hectares by 2024. 385,000 m2 will include 17 high-class buildings with conference halls, office space, an IT Academy, an IT University, a sports complex, co-working centers, an IT residence, and a hotel.

IT Park also has offices in all regions of Uzbekistan, providing office premises, co-workings and educational infrastructure.

“

In Uzbekistan, there are around 1,200 startups primarily in their early stages, facing challenges in attracting investor interest; however, the landscape is evolving with the emergence of players such as UzVC, Aloqa Ventures, UZCARD Ventures, and Semurg VC, while the country witnesses a rise in incubation and acceleration programs.

”

Dilshod Khashimov

CEO of National Venture Capital Fund UzVC

UZBEKISTAN



Numerous hackathons, competitions, acceleration, and incubation programs are hosted in Uzbekistan, significantly fostering the growth of IT talents and startups within the region



Accelerators, contests, hackathons

- Uzbekistan Fintech Accelerator
- Startup Bridge
- TEAM Hackathon – a marathon to create a business idea or startup
- The Open Data Challenge is an annual competition for the development of technological solutions using open dataTumaris.
- Hack is an online competition for girls from the CIS countries
- ASTRUMHACK Hackathon 2022
- URBAN. TECH UZBEKISTAN
- Cybersecurity Tournament AntiHack Challenge



Contest «President Tech award»

Every year from 2023, a competition for the President's Prize will be held with a total prize fund of \$1 mln.

Directions of the competition:

- AI-based technologies
- Digital technologies in the social sphere
- Technologies in the field of information and cybersecurity
- Entrepreneurship & Financial Technology
- Computer and mobile games



Universities

- With the support of IT Park, it is planned to open incubation centers in a number of universities in Tashkent for students who want to create their own innovative projects.
- IT Park together with EPAM founded the first online university in Uzbekistan, IT Park University. The university program is aimed at obtaining modern and sought-after professions in the field of IT.
- "One Million Uzbek Coders" - an online platform for teaching the population programming and digital skills. 2.5 mln people have completed this training.

“ Access to venture capital in Uzbekistan is improving, with government support and the emergence of local funds like UzVC and Sturgeon Capital. However, it is important to note that the ecosystem is still developing, and startups should remain adaptable, seek diverse funding sources, and stay informed to maximize their access to venture capital.



Alim Khamitov

Managing Partner of
MOST Ventures





03

Major Fintech Trends

- Digital wallets
- E-commerce
- Superapps
- Neobanks
- Buy Now - Pay Later
- Islamic finance
- Crypto

Trend 1

Digital wallets

Relatively slow bank digitalization spurred digital wallet growth, serving individuals and businesses



Regions and offline functionality

- Targets the unbanked population.
- With a strong regional presence, Click caters to non-smartphone users and those without Internet access.



Superapp and customer acquisition

- The holding comprises Kapitalbank, Uzum Market marketplace, Uzum Nasiya installment service, and Uzum Bank digital bank (formerly Apelsin Bank).
- The project aims to establish the country's largest ecosystem with a robust e-commerce presence.
- As the sole competitor with a banking license, it offers an extended range of services including deposits and loans.



Active client engagement and urban cohort

- More active in urban regions with limited rural presence, Payme exclusively caters to individuals.
- Payme relies on TBC Bank, part of the TBC Group, for its banking needs, without pursuing a banking license.



“ Payme, Click and the other mobile wallets that have already established widespread usage across the country and are playing an important part in increasing digital financial adoption. ”

Robin Butler

Partner of Sturgeon Capital



Key observations

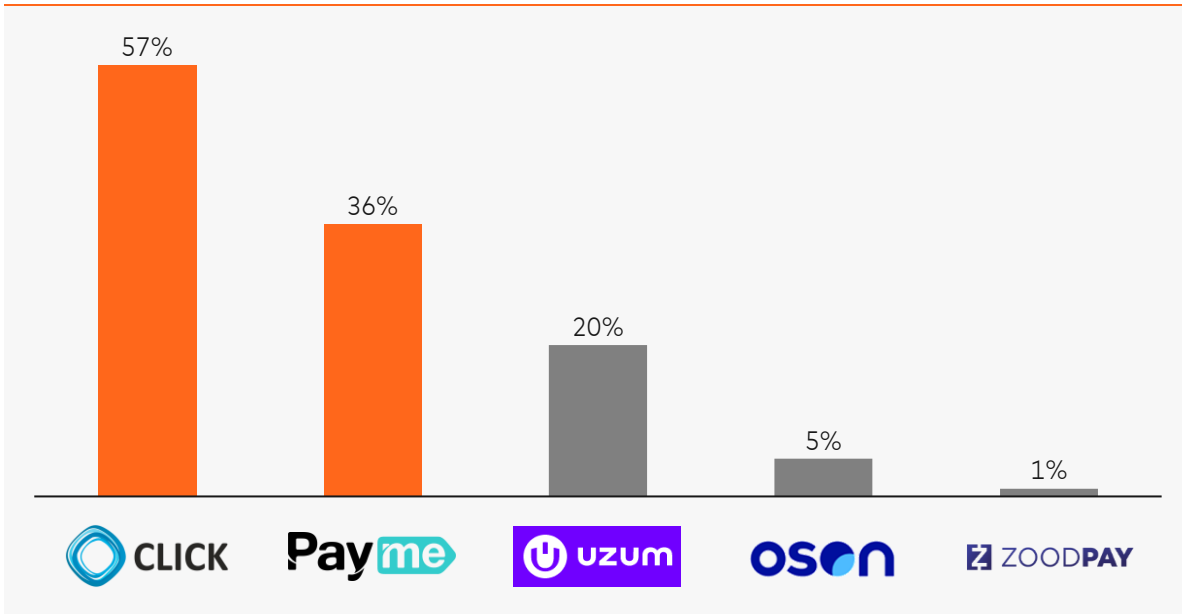
The country's focus on digitalization is driving M&A activity. Several deals are worth noting, such as:

- Uzum's agreement to acquire Click in 2023;
- TBC bank group's consolidation of a 100% stake in Payme in 2023.



Click holds the preference of over 50% of merchants for payments, followed by Payme wallet at more than a third; notable interest for adoption centers around Uzum payments

Share of merchants accepting payment using different types of digital wallets, % (2023)



“The fintech market in Uzbekistan is transitioning to *consolidation*. The acquisition of *Payme* one of the biggest fintech by *Georgian TBC* and the merger of *Uzum* an ecosystem of products with its marketplace, payments and delivery services and *Click* the biggest fintech in Uzbekistan could be great examples of the start of a consolidation process in the market. I think we should *expect acquisitions of payments companies, especially by foreign players* that would like to enter the market.”

Sam Boboev

Fintech expert, COO & Co-Founder of
botcommerce.io



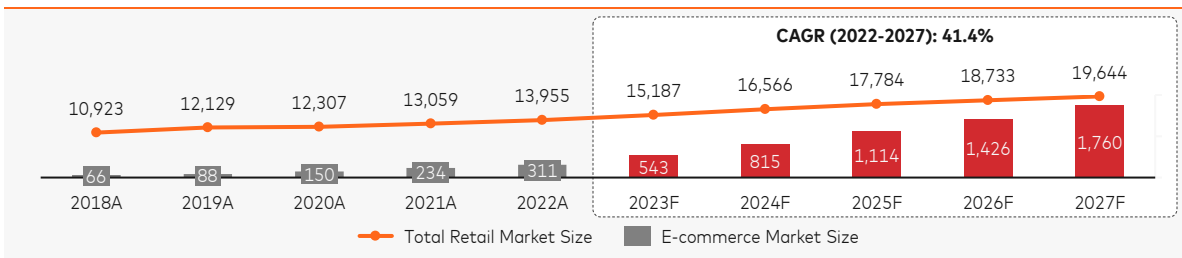
Trend 2

E-commerce

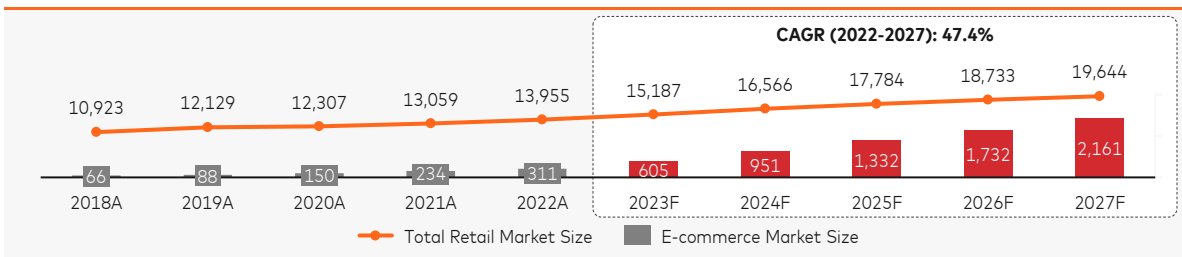
The e-commerce market in Uzbekistan has shown a consistent upward trend, with a penetration rate of 2.2% in 2022, a significant increase from 0.6% in 2018

International platforms like Wildberries and ZoodMall initially dominated Uzbekistan's e-commerce scene. However, a shift is observed with local entrants, notably the fintech-backed Uzum in 2022, gaining market share.

E-commerce market size, USD mln (low-end)



E-commerce market size, USD mln (high-end)



\$311 mln

E-commerce market size



+47%

CAGR for 2018-2022



+40%

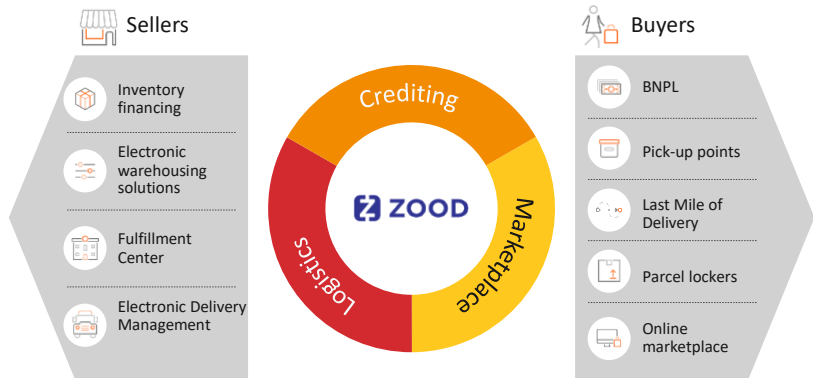
Forecasted CAGR for 2023-2027



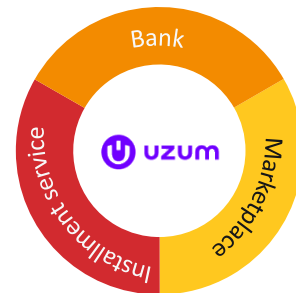
Trend 3
Superapps

Players offer diverse sets of services but all of them aim to become "superapps"

Zood Ecosystem



Uzum Ecosystem



“ The market's key trend is the rise of *superapps*. *Click* and *Uzum* recently merged, amassing 13+ mln users and offering various services like payments, banking, e-commerce, and food delivery. *Payme*, backed by TBC bank, aims to expand its 9+ mln customer base beyond payments. *Humans*, starting as a virtual operator, now provides a range of services including cards and payments, also entering the super app space. ”

Sam Boboev
Fintech expert, COO & Co-Founder of botcommerce.io

“ Inspired by *Kaspi* there is a lot of effort in Uzbekistan to build a similar type of ecosystem. The two leading players at the moment are *Zood* and *Uzum*, although they have slightly different strategies. The other banks are trying to figure out how they can offer an ecosystem of products and services, but it is not in their DNA so they are struggling. ”

Robin Butler
Partner of Sturgeon Capital



Trend 4

Neobanking

There is a significant growth of neobanks serving both individuals and the business sector, with a particular focus on micro, small, and medium-sized enterprises

 ANORBANK

In 2020, the domestic digital bank Anorbank secured a banking license. Its mobile app facilitates a diverse range of online payments for various services.

The app offers the following features:

- Online card ordering with courier delivery
- Application and approval for online credit
- Online deposit account opening
- Online current account opening for sole proprietors and small to medium-sized businesses.

 TBC

The bank provides retail banking services via the TBC UZ mobile app, powered by the innovative fintech platform Space.

It was awarded the title of 'Best Digital Bank of Uzbekistan 2022'.

Notable features include:

- Online card ordering with courier delivery
- Online credit application and approval
- Online deposit account opening.

 uzum

Apelsin, the digital bank, operates as a subsidiary of Kapitalbank. In 2022, Apelsin embarked on integrating with Uzum group's services, a move aimed at expanding non-bank sector capabilities.

Key features include:

- Online card ordering with courier delivery
- Online credit application and approval
- Online deposit account opening
- Payments through Uzum Pay using QR codes.

 SMARTBANK

- SmartBank, a digital bank and subsidiary of Agrobank, is poised to serve the business sector.
- In 2022, the credit institution obtained a banking license, enabling it to engage in banking activities.

 multibank

Multibank is a neo-bank solution designed for micro, small, and medium-sized businesses. Its mission is to integrate all necessary tools for comprehensive business support.

Key features include:

- Banking services
- Electronic document management
- Invoicing
- Counterparty verification.



Trend 5

Islamic fintech

The huge demand for Islamic finance will lead to a rapid growth of this segment in the coming years

For several years, the government of Uzbekistan has been working to increase the supply of halal financial instruments in the country's economy. This initiative should make it possible to involve a huge number of individuals and SMEs in the financial sector, who are currently deprived of access to funding for religious reasons.

With the support of the Islamic Corporation for the Development of the Private Sector (a subsidiary of the IsDB), a number of Uzbek banks are developing the principle of the "Islamic window"

Islamic Fintech is still underrepresented in the country, but digital halal BNPL services are gaining popularity (all three services have Shariah compliance certificates)



2021

With the support of the IsDB, the state bodies of Uzbekistan began work on the development of a regulatory framework for Islamic Finance (banking and capital markets)



2022

The Law "On Non-Bank Credit Organizations and Microfinance Activities", under which non-bank organizations received the right to provide Islamic Finance services (for SMEs and individuals)



Market players

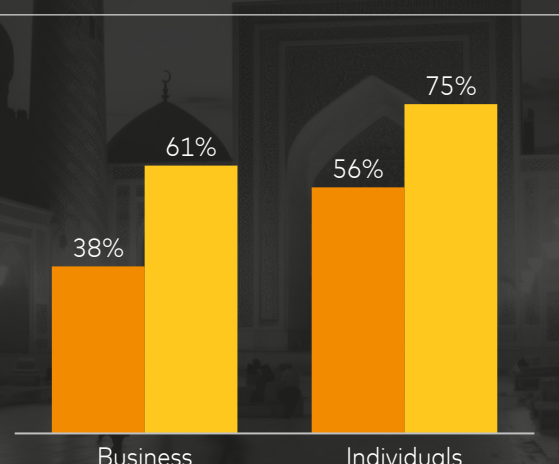


Source: open sources, company websites, expert interviews "Landscaping Analysis of Islamic Finance Instruments in Uzbekistan", UNDP, 2020. "Transformation and structural change In Uzbekistan's economy", OECD, 2021



9 out of 10

of the population professes Islam



- Do not take loans from traditional banks due to religious beliefs
- Expressed a willingness to use Islamic financial services to meet their needs



Trend 6

Buy Now - Pay Later

BNPL is emerging as a significant catalyst for the growth of e-commerce

BNPL (Buy Now, Pay Later) services are now highly popular in Uzbekistan and have already become a necessary tool for many marketplaces to stay afloat for the following reasons:

- Many BNPL services adhere to Sharia law, appealing to Uzbekistan's predominantly Muslim population.
- Fintech companies offer swift online installment approvals, often in under three minutes.
- Given the country's moderate average monthly salary of about \$321, BNPL services make purchases more financially manageable.



The halal installment service Paymart, launched in early 2021, was renamed Uzum Nasiya in 2022, becoming part of the Uzum digital ecosystem. In April 2023, the service had more than 350,000 customers.

Uzum Nastya offers:

- online and offline installments in more than 5,000 partner points, as well as in the Uzum Market
- approval within 3-5 minutes
- LimitStart - installments for 3 months without overpayments and down payment (up to \$200)
- Limit Max - installments for 6 and 12 months without down payment (up to \$2,000)



ZoodPay BNPL is an installment service launched in Uzbekistan in 2019, as part of the Zood digital ecosystem. The service is also available in Lebanon, Iraq and Pakistan.

ZoodPay offers:

- online and offline installments for goods of more than 4,000 local, as well as 30,000 foreign sellers
- instant scoring (80% approval level)
- 4 interest-free payments up to \$500

Market players

“ There is a limited lending practice in the country, partly due to religious characteristics. In such a situation, BNPL lending is a promising direction. ”

Madiyar Sultanov

Ex-Head of ZoodPay Uzbekistan, CEO & founder of Plat

“ Marketplaces are becoming very popular and active in recent years and in the 3-5 years will certainly set trends in fintech and payments sectors as these two industries are closely related. We can already see a boom in BNPL sectors and credit cards by banks. ”

Sam Boboev

Fintech expert, COO & Co-Founder of botcommerce.io

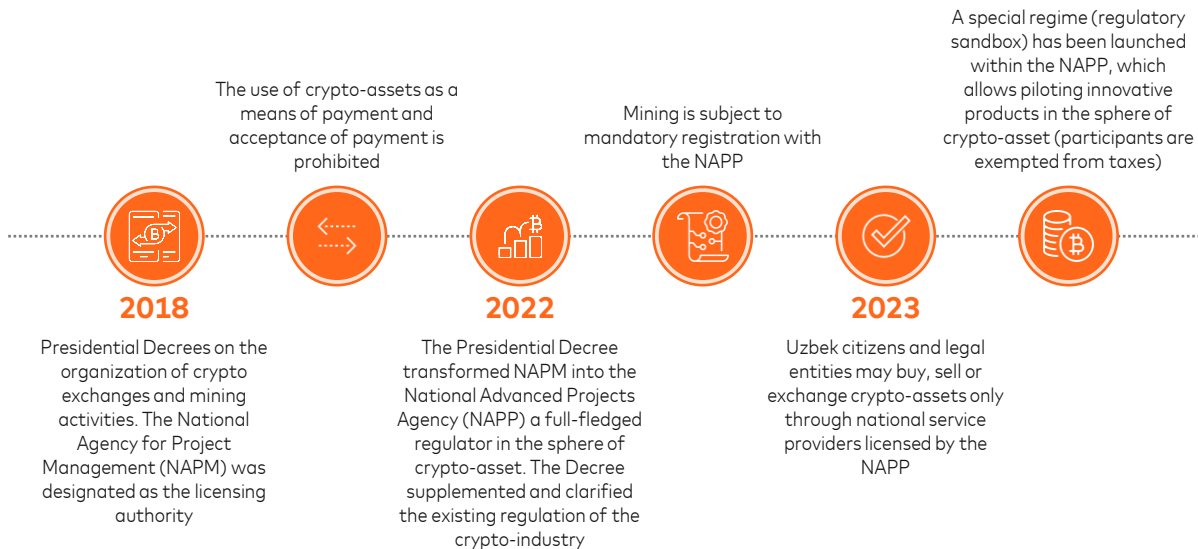


Trend 7

Crypto

Controlled development of the crypto-industry as an alternative source of investment for households and businesses

Since 2018, the government has been working to formalize the crypto-industry, resulting in transactions involving crypto-assets by individuals and legal entities not being subject to taxation or currency regulations



2
crypto-exchanges



2
crypto-depositories



10
offline and online crypto-stores



3
special regime participants





04

Rising Fintechstars

- Zood
- Billz
- Iman
- Marta
- Bozor



Zood

History

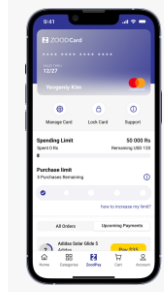
- 2019**
 - Launch of the ZoodMall marketplace in Uzbekistan

- 2021**
 - Running ZoodPay BNPL Offline
 - Launch of the ZoodPay loan in 12 payments

- 2022**
 - Acquisition of Fargo e-Logistics
 - Launch of the ZoodShip e-Fulfillment Center
 - Launch of ZoodPay lending for SMEs
 - Partnership with the hypermarket "Korzinka"
 - Partnership with Mastercard
 - Launch of the ZoodPay broker

- 2023**
 - Launch of the ZoodPay virtual installment card

About the company



It is an ecosystem that combines an e-commerce lending platform (ZoodPay), a marketplace (ZoodMall), delivery and logistics services (ZoodShip), and a digital bank.

Key metrics

	30,000	active sellers are represented on the marketplace
	1.1 mln	monthly active super app users as of 2022
	560,000	loans were granted



MARTA



History

- 2018**
 - Creation of MayaSoft
 - Creating a SoftPoS solution with a card reader

- 2020**
 - Round A funding - \$750,000
 - The origin of the idea of creating a full-fledged SoftPoS

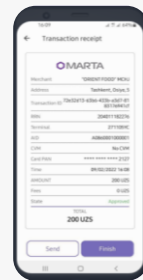
- 2021**
 - Launch of SoftPoS - MARTA Terminal
 - 7 partner banks in Uzbekistan

- 2022**
 - 2,000 merchants of Uzbekistan
 - 12 partner banks in Uzbekistan

- 2023**
 - 2,500 merchants of Uzbekistan
 - 15 partner banks in Uzbekistan
 - SoftPoS joint projects in Saudi Arabia, the Baltic States, Africa, Tajikistan



About the company



MARTA

A fintech startup that provides mobile acquiring services for small businesses. The company offers a mobile terminal with which you can connect to a smartphone and accept payments from cards of various payment systems.



Key metrics



1.5%

share in the total segment of POS terminals



7x

Increase in the number of users and transaction volumes over the past year



\$750,000

Funds raised in the pre-seed round



BILLZ



History of development and plans

- 2017**
 - Foundation of the startup
 - Start of launching SME financing through the platform

- 2020**
 - Raising \$750,000 from British venture capital fund Sturgeon Capital and Quest Ventures

- 2023**
 - Planning to raise \$2-\$4 mln in investments

- 2023**
 - Expansion into 8 countries (Kazakhstan, Kyrgyzstan, Georgia, Saudi Arabia, Egypt, Morocco, Indonesia, Vietnam)

- 2024**
 - Increasing the number of stores to 10,000

- 2025**
 - Transformation into a Fintech company



About the company



Provides all-in-one store management automatization solutions for companies in retail business. The company offers 3 types of monthly and yearly subscriptions with a variety of services for retail companies, in addition it began providing financing and development of an online store for its customers.



Key metrics



1,200+ stores use BILLZ



500,000 transactions per month



\$25 mln transaction volume per month



Iman



History of development and plans

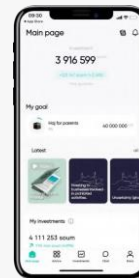
- 2020**
 - Foundation of the startup
 - Demo Launch of IMAN PAY Buy-Now-Pay-Later Product in Tashkent
 - "Entrepreneurship World Cup" (EWC) Winner - \$1,000,000

- 2021**
 - \$1M - Attracted From Angel Investors
 - Seedstars World Competition 2021" (EU) Winner

- 2024**
 - Company planning to expand in other Muslim majority countries such as Pakistan, Bangladesh in addition the company is aiming to enter Kazakhstan



About the company



The company has two divisions, which are IMAN Invest and IMAN Pay. IMAN Invest provides Mudarabah investment account for its users via a mobile application. IMAN Pay is a Sharia-compliant financing solution that provides installment plans for purchasing consumer goods (buy now - pay later).



Key metrics



30x growth in 2023



30,000 monthly active users



\$10 mln retail Investment Attracted



Sug'urta Bozor



History of development

- 2021**
 - A lead generator for insurance companies is being created

- 2022**
 - The project is being transformed into a B2C marketplace for insurance services in Uzbekistan with a focus on auto insurance

- 2022**
 - Sugurta Bozor has attracted 100,000 USD from "UzVC"

- 2023**
 - A startup with 120,000 users starts providing B2B SaaS, which helps increase the profits of insurance companies by reducing the cost of issuing one car insurance policy



About the company



The first insurance marketplace that consolidates insurance packages from insurance companies in Uzbekistan and provides the most relevant insurance policy based on the inputs made by the user. The startup has introduced a monthly car insurance subscriptions. Car insurance policies can be purchased without the inspection of the vehicle.



Key metrics



120,000 users on the platform



4,500 policies sold per month



300% growth rate for the last 9 months





05

Lessons learned and Perspectives

Market opportunities

Young, fast-growing, and urbanizing population



- As of July 1, 2023, Uzbekistan's population stands at 36.4 mln, surpassing UN DESA predictions of 35.16 mln, with a working-age population ranging from 55% to 60%. The country's relatively young population, with a median age of 29, presents opportunities for the fintech sector.

Increases in spending and GDP growth



- In 2022, urbanization, lifestyle changes, increased purchasing power, and a thriving economy drove growth in the fintech market. Further fintech development expected due to rising prosperity and reduced inequality.

State regulation and government support



- The government is actively addressing financial inclusion, while also fostering an enabling fintech ecosystem.
- Lack of regulation by the state until 2018, focus on the development of the payments market.
- Lack of regulation of non-bank payment systems.

Features of the banking system



- Lack of quality financial services in the country in the early 2000s.
- For a long time, the focus of banks has been focused only on the corporate sector.
- Uneven access to banking services for different segments of the population and SMEs.

Qualified personnel



- The influx of a large number of IT specialists from Russia in 2022-2023.
- The attractiveness of the fintech sector as a place of work for these specialists.

Market development



- Development of the e-commerce market, as well as the distribution of QR codes among individual entrepreneurs.

“ There are great opportunities for the development of fintech *in the regions* of Uzbekistan. Tashkent is a metropolis with a high level of competition. But drive 100 km and the penetration of banking services and fintech will be small. ”

Kaiyrzhan Kozhaly

Fintech expert

“ SMEs do not use banking services much. *Weak access to bank financing.* ”

Rustam Khamdamov

CEO and Co-founder of BILLZ



Restraints

Infrastructure development



- Difficulties in developing a strong digital presence may have an impact on a business's capability to reach a larger consumer base and compete effectively in the fintech sector. The country's digital infrastructure, including internet adoption and broadband availability, may not be as developed as in other similar economies.
- Limited availability of mobile phones among the population, high mobile data cost and low speed of internet in some regions.
- Low level of automation of business processes, especially for SME.
- The presence of vulnerabilities in IT systems, which can lead to the emergence of more cyber threats.

Coverage of the population with banking services



- Limited coverage of the population with banking services.
- Heavy financial burden on some segments of the population and on SMEs.
- Limited access to finance and investment.

“

*The state's initiatives are going in the right direction. But their implementation is something that you need to pay attention to and build a more effective methodology. There is **no close collaboration** that we would like.*

”

Madiyar Sultanov

Ex-Head of ZoodPay Uzbekistan, CEO & founder of Plat

“

*There are challenges, such as **low internet penetration, lack of trust in online transactions, high delivery costs and delays, and regulatory barriers**. For example, customers need to provide proof of income for transactions above US\$ 1,000, which can discourage online purchases. Moreover, some e-commerce platforms are not fully compliant with local tax laws and consumer protection regulations, which can expose them to legal risks.*

”

Sam Boboev

Fintech expert, COO & Co-Founder of botcommerce.io



Perspectives and future trends

“ As fintech progresses, it is time to consider integrating with *international players* and enabling seamless international transactions for both consumers and businesses. To achieve this, *both companies and governments need to work together*, as it involves not only technology but also regulations. ”

Sam Boboev

Fintech expert, COO & Co-Founder of botcommerce.io

“ The point of growth is to provide the population with the opportunity to invest in *the stock market*, the creation of appropriate applications. ”

Rustam Khamdamov

CEO and Co-founder of BILLZ

“ *Marketplaces* are set to drive innovation in the B2B fintech industry as they serve not only consumers but also businesses. We can look forward to *more digital financial services designed for businesses, especially small and medium-sized enterprises*. These services will help them manage all their financial needs conveniently in one place. ”

Alim Khamitov

Managing Partner of MOST Ventures

“ Future trends suggest that there may be *consolidation around 1-2 major players* in the fintech industry, which could pose challenges for the market's overall health and competitiveness. ”

Rustam Rahmatov

CEO and Founder of Iman

“ *Marketplaces* will definitely develop. *GovTech* and *HealthTech* have certain prospects, subject to the improvement of the regulatory framework in the field of medicine and insurance. ”

Nodir Badriddinov

CEO of Marta

“ The other opportunity is for embedded finance, especially for *SMEs* in the country. *Startup software providers* have a unique level of data and distribution that they can leverage in partnership with financial institutions to provide access to *working capital for SMEs*. Specialised microfinance companies such as Oasis Microcredit are already working with startups like Billz to distribute loans, and this will only increase. ”

Robin Butler

Partner of Sturgeon Capital



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