



# Fintech: B2C Payments, POS financing and BNPL in Uzbekistan

KPMG Caucasus and Central Asia

—  
April 2024



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**01**

# **Macroeconomic overview**

# Unveiling Uzbekistan: Key Facts



**5.5%**

Real GDP growth rate (annual %) in GDP



**8.8%**

Inflation Rate (annual %) in Uzbekistan



**\$2,468** (+9.4% YOY)

GDP per Capita



**36,800 ths** (+2.2% YTD)

Population of Uzbekistan



**14,393 ths** (+0.7% YTD)

% of population aged between 15-39 as of May 26, 2023<sup>(b)</sup>



**23,533 ths** (+5.2% YOY)

# of Internet Users in Uzbekistan as of December 31, 2022

**\$15bn** (+9% YOY)

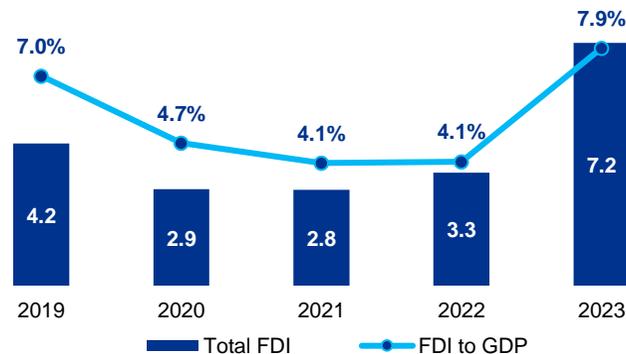
Retail Market Size in Uzbekistan<sup>(c)</sup>

**\$543-605mln**

(+75-95% YOY)

E-commerce Market size<sup>(d)</sup>

Foreign Direct Investments (FDI) in Uzbekistan, USDbn



Employment statistics



**\$290** (+15.8% YOY)

Average monthly wage in 2022



**8.9%**

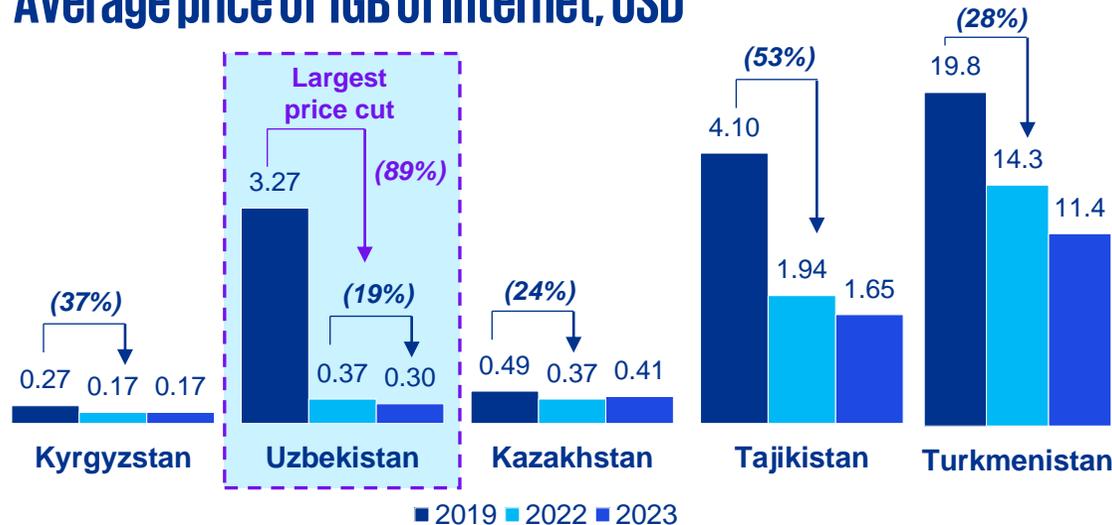
Unemployment Rate (%) in Uzbekistan as of December 31, 2022<sup>(b)</sup>

Notes: (a) The figures are given as of 31 December 2023 unless otherwise stated  
 (b) The most current data  
 (c) KPMG applied its own methodology to build the market volume model and forecast retail market size  
 (d) KPMG applied its own methodology to build the market volume model and forecast e-commerce market size

Sources: Statistics Agency of Uzbekistan, KPMG report: E-commerce in Uzbekistan, EIU, KPMG Analysis, Euromonitor

# Uzbekistan's population has the best opportunities to access digital economy in the region

## Average price of 1GB of Internet, USD



Source: Cable.co.uk

	Real GDP forecast		Real GDP per capita forecast	
	2023A	2024F	2023A	2024F
Uzbekistan	5.5%	5.7%	3.9%	4.2%
Tajikistan	6.2%	5.6%	3.8%	3.2%
Kazakhstan	5.1%	4.9%	3.9%	3.7%
Kyrgyzstan	4.7%	4.0%	3.0%	2.2%
Turkmenistan	3.8%	3.5%	2.4%	2.2%

Source: EIU as of December 31, 2023

## Goal set by the strategy "Digital Uzbekistan – 2030":

Coverage of households with mobile broadband network, %

2022  
**78%**

2025 and beyond planned  
**100%**

## 20 to 59 year-olds represent 57% of Uzbekistan's population – potentially bankable segment

Source: Statistics Committee of Uzbekistan, KPMG analysis



**02**

**Financial Sector  
overview**

# KPI dynamics indicate strong growth potential for digital payments and BNPL segments

Cash and POS Terminal payments in Uzbekistan<sup>(a)</sup>, USDm



**50%**

POS Terminal payments CAGR over 2021-2023

Retail enterprises, quantity



**8.5%**

Retail enterprises CAGR over 2019-2022

Consumer loans in local currency to population<sup>(b)</sup>, USDm



**66%**

Consumer loans CAGR over 2020-2023

Notes: (a) Cash payments represent cash inflow into bank cash registers  
 (b) Consumer loans represent total amounts issued for the period; mortgages, auto and educational loans, microloans, microfinancing, overdraft segments are not included  
 Sources: Central Bank of the Republic of Uzbekistan, interviews with BNPL providers including market leaders in Uzbekistan, open sources, KPMG Analysis

# The Government of Uzbekistan shows commitment to develop the country's fintech industry

2017

## National Action Strategy on Five Priority Development Areas 2017-2021:

for the first time, the government started attracting investments for the state-owned banks selling the banks' shares to foreign investors

2023

## Capitalization requirements

for banks and payment organizations, regulating that if foreign investor wants to own 100% in local payment organization in Uzbekistan, they must have a similar license abroad and 400 thousand USD of charter capital

2019

Law on payment systems introduced a concept creating space for new companies. Most of payment services started operating, creating the market competition in Uzbekistan

2022

## Presidential decree for payment system operators:

obligates operators to be connected to online cash register with integration to the information systems of tax authorities with the main objective to decrease shadow economy

2022-2026

## Development Strategy of New Uzbekistan for 2022-2026:

implementing digital transformation in national economy, industry and society. Increase the level of digitalization of operational processes for the banking sector

2019-2020

## National Information and Communication System Development:

the government's privatization program stimulated the flow of investments to the country. COVID-19 contributed to building trust in digital banking systems

2030

## Digital Uzbekistan – 2030:

All mandatory government payments in the form of fees and fines are carried out through the online payment services

Sources: KPMG Analysis, open sources, Spot.uz

# 03

# B2C Payments

Landscape of Payments in Uzbekistan

10

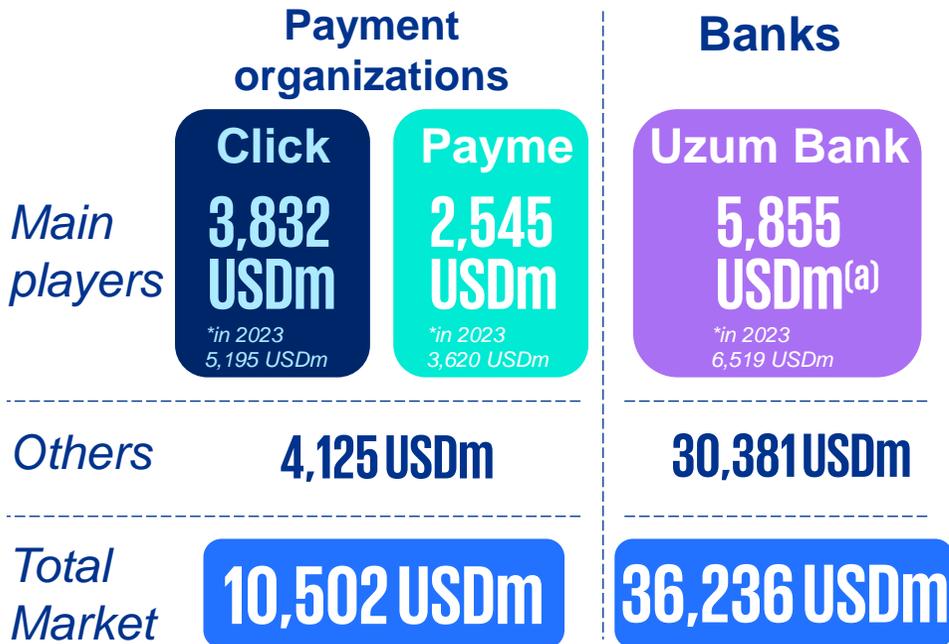
TPV growth forecast

15

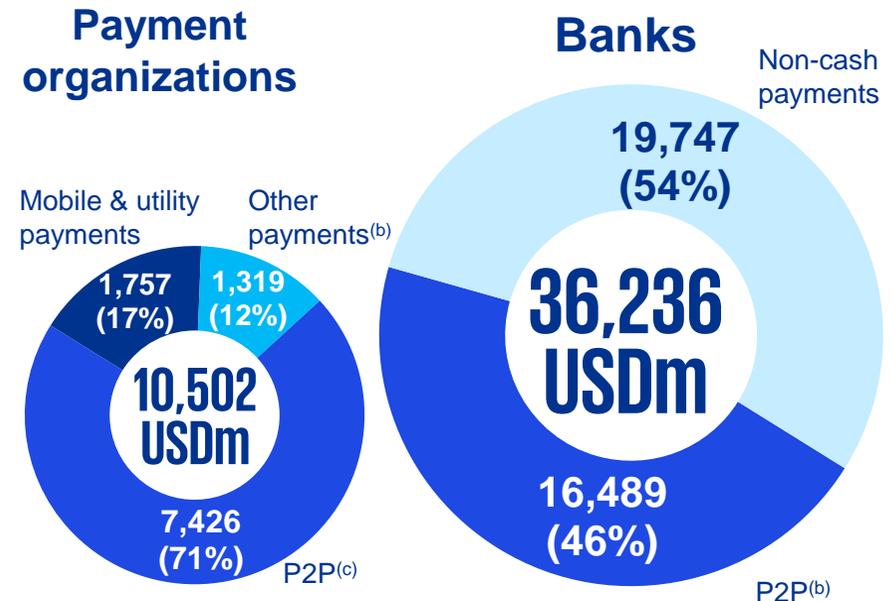
# Click, Payme and Uzum Bank are premier fintech companies in the non-cash transactions market

- **Click** and **Payme** were market leaders in 2022 in terms of total value of transactions among payment organizations. In 2023, Click's and Payme's total transaction values increased by 36% and 42% respectively (in USD)
- Most transaction volume among payment organizations comes from P2P transfers, while non-cash payments (POS-terminal payments and internet acquiring) are a primary type of cashless transaction among bank customers
- Volumes in 2022 stand out relative to previous years due to significant influx of remittances from immigrants

Estimated non-cash payments and P2P volume in 2022, USDm



Market breakdown by type of services, 2022, %



Notes: (a) Includes B2C P2P transfers and non-cash payments processed through Uzum Bank's system by other companies  
 Sources: CBU's report "Review of payment systems", 2022; CBU's 2022 annual report; bank's website, annual Reports of TBC Bank, open sources, interviews, data provided by Uzum Bank

Notes: (b) Other payments include payments for internet services, government services, loan repayments, transportation services, electronic wallets, on-site payments, and others  
 (c) P2P transactions between individuals made through fintech companies or banks. Estimated share by KPMG  
 Sources: CBU, KPMG analysis

# Click and Payme are market leaders in the fintech payments industry, while Uzum Bank stands out as the leading digital bank

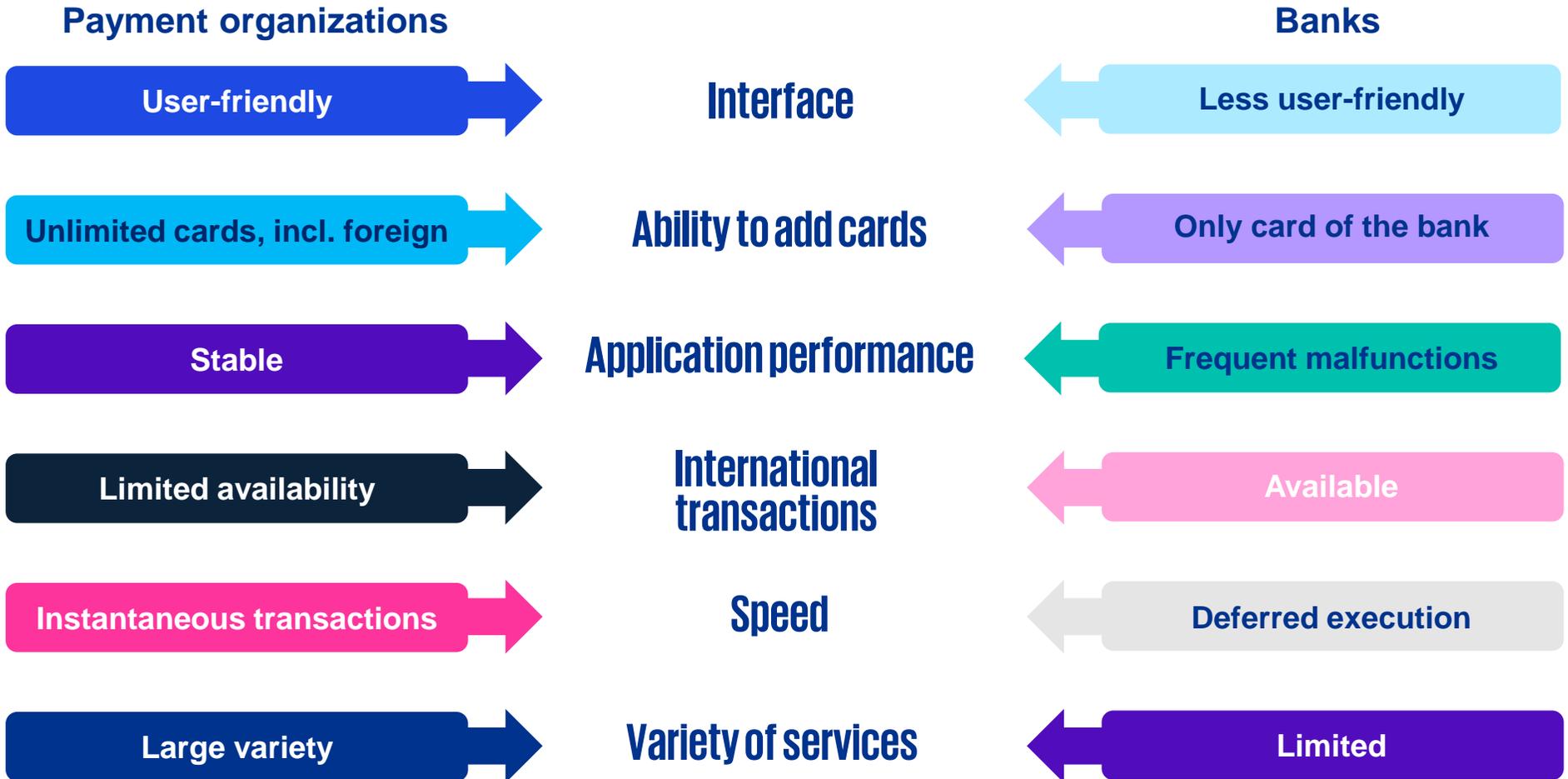
	Click	Payme	Uzum Bank
Monthly active users (MAU) <sup>(a)</sup>	5 mln (2023)	3.3 mln (2023)	1.4 mln (2023)
Number of accounts	15 mln <sup>(b)</sup> (2023)	11.6 mln (2023)	>5 mln (2022)
Transactions	>450 mln (2023)	~111 mln in 2021	~55 mln in 2021
Merchants connected	>76 000 (2023), >5.2k active merchants	73 600 (2023), 4.5k active merchants	n/a
Number of employees	>400	>350	>200
Registration year	2011	2011	2021

Notes: (a) MAU refers to the number of users who logged into the application at least once during the month  
 (b) Includes telegram-bot and USSD codes users  
 Sources: Companies' websites, orginfo.uz, interviews with market players, CBU, annual Reports of TBC Bank, open sources

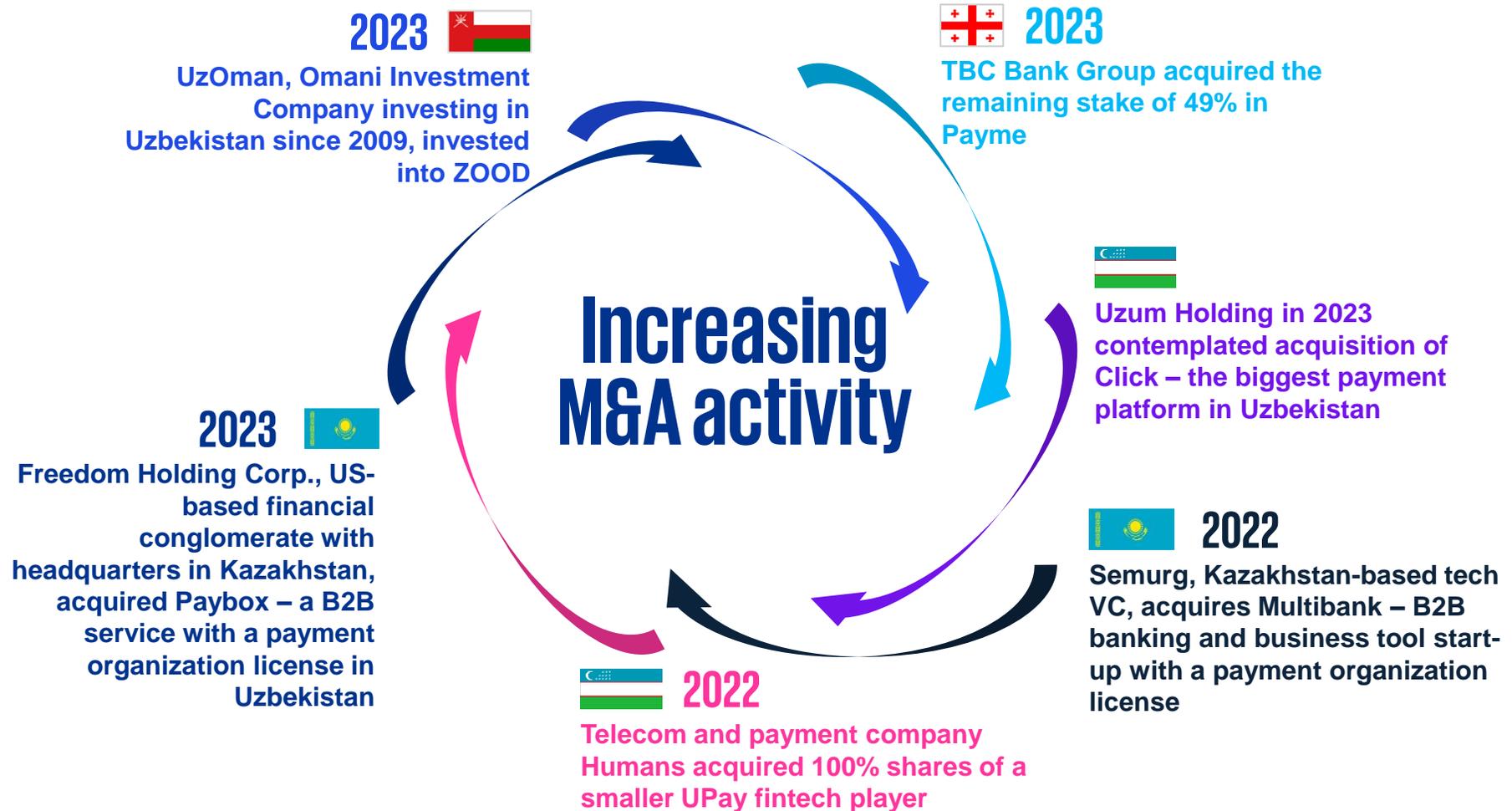
Payme is a digital payments provider owned by TBC Bank Group PLC. TBC Bank Group PLC is also a holding company of TBC UZ, which is a digital bank Uzum Bank operates as a digital bank and holds a banking license. Due to significantly low commission rate in 2022, Uzum Bank had substantial average transaction value and total payment volume consequently

Universal payment companies	Payment companies focusing on e-wallets	Payment companies focusing on cross-border payments
<ul style="list-style-type: none"> <li>• Paylov</li> <li>• Alif mobi</li> <li>• Upay</li> <li>• Iwon</li> <li>• My UZ card</li> <li>• Multicard</li> <li>• Limonpay</li> <li>• Plat</li> </ul>	<ul style="list-style-type: none"> <li>• Interpay</li> <li>• A-pay</li> <li>• Oson</li> </ul>	<ul style="list-style-type: none"> <li>• Payway</li> <li>• MilliPay</li> <li>• TezPay</li> <li>• Unired Mobile</li> </ul>

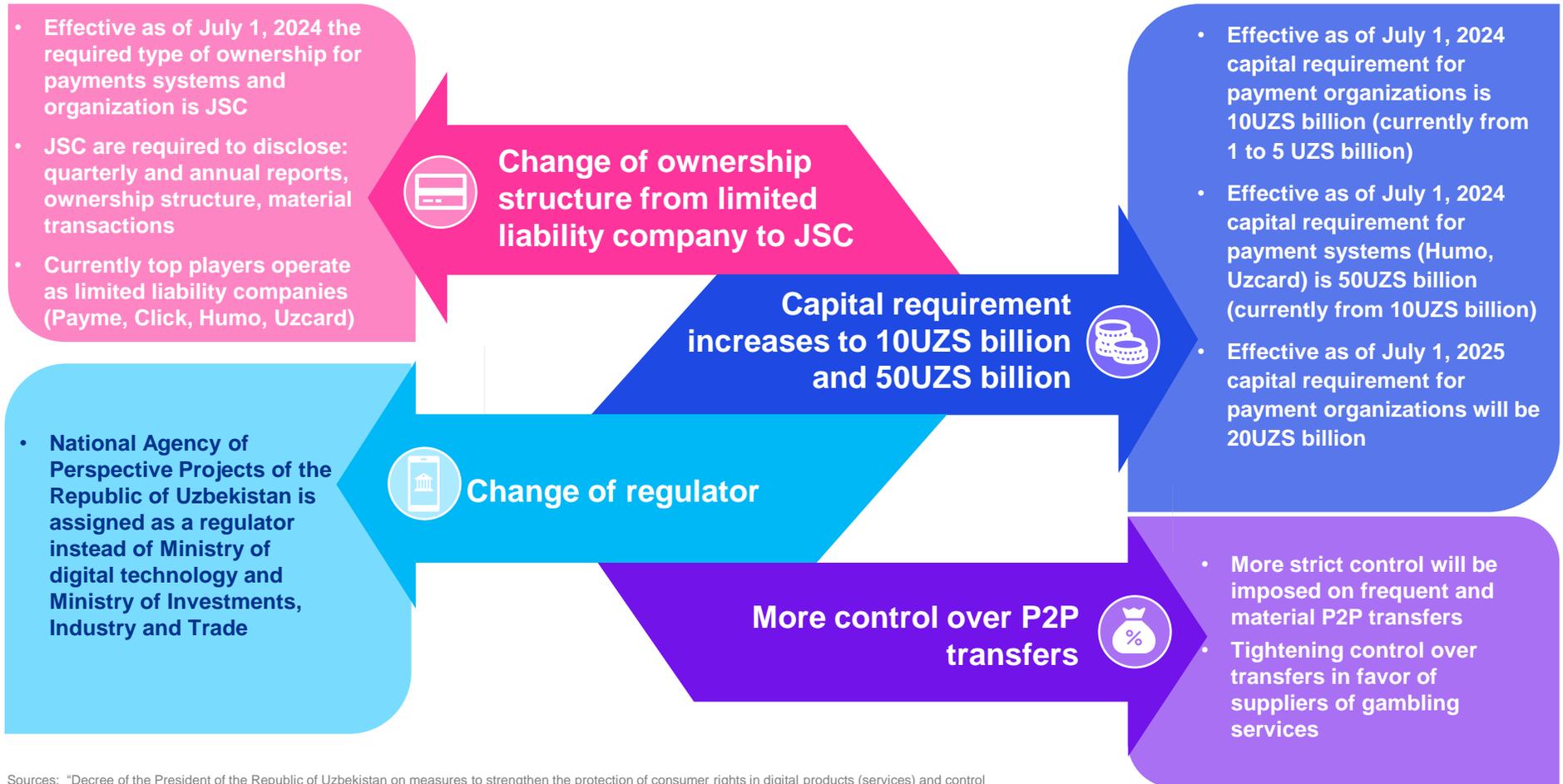
# Applications of most banks are still far behind Fintech in terms of convenience and variety of services for individuals



# Fintech in Uzbekistan sees growing number of acquisitions, increasing consolidation and entry of foreign investors



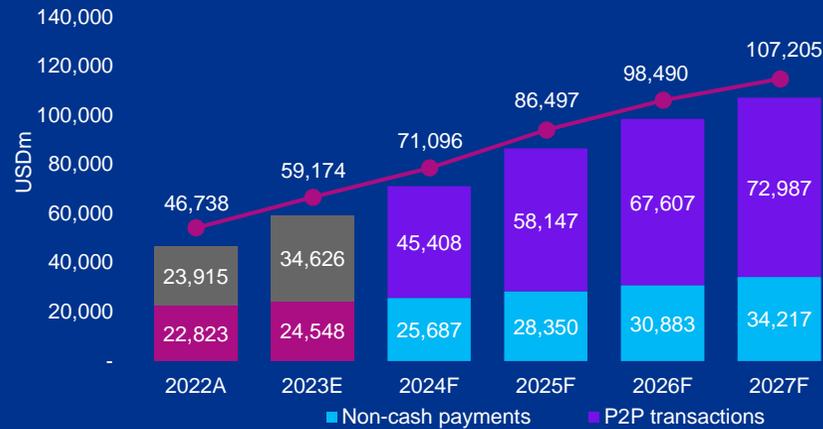
# Market consolidation will be further driven by regulatory changes expected for fintech sector



Sources: "Decree of the President of the Republic of Uzbekistan on measures to strengthen the protection of consumer rights in digital products (services) and control violations committed through digital technologies"

# Non-cash payments and P2P transactions are expected to increase by an average of 1.9 times with an 18% CAGR over 2023-2027

Non-cash payments and P2P transactions, low-end



Non-cash payments and P2P transactions, high-end



Non-cash payments, midpoint:

# 1.5x

projected average increase by the end of 2027

# 10%

projected average CAGR over 2023-2027

P2P transactions, midpoint:

# 2.2x

projected average increase by the end of 2027

# 22%

projected average CAGR over 2023-2027

Notes: Please note that CAGR presented on this page is calculated in USD terms and not in local currency  
 Sources: CBU's report "Review of payment systems", 2022; CBU's 2022 annual report; Kaspi.kz, EIU, KPMG Analysis

# Projected non-cash payments as a percentage of GDP

Lower End and Higher End:

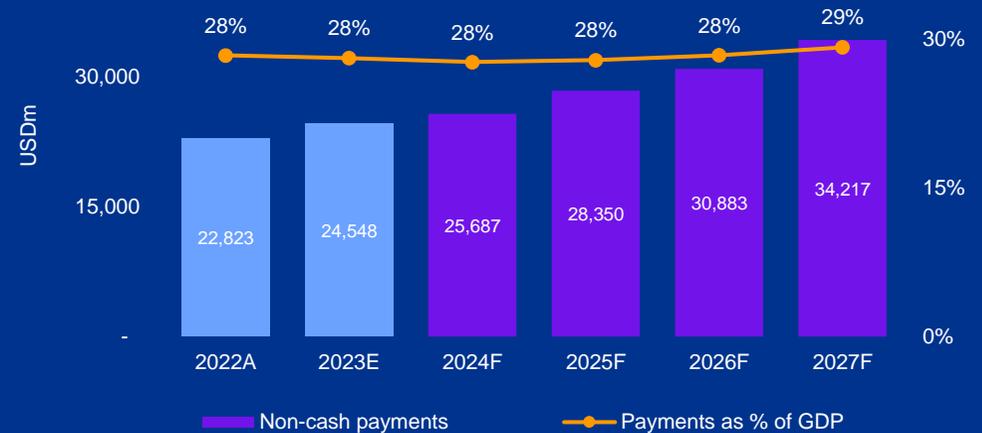
## 29%-33%

projected target non-cash payments as % of GDP by the end of 2027

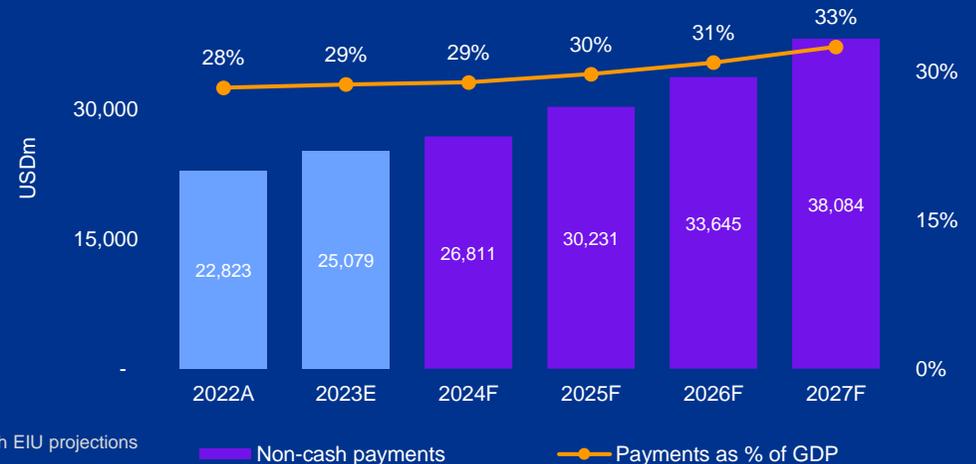
The target value for 2027 was based on the % of B2C payments to GDP in the Kazakhstan market<sup>(a)</sup>:

- For the low-end scenario, the target value was based on the actual data of 2022
- For the high-end scenario, the target value was based on the projected data of 2027

Non-cash payments, low-end



Non-cash payments, high-end



Notes: Average exchange rates of UZS/USD for the forecast period were used in accordance with EIU projections

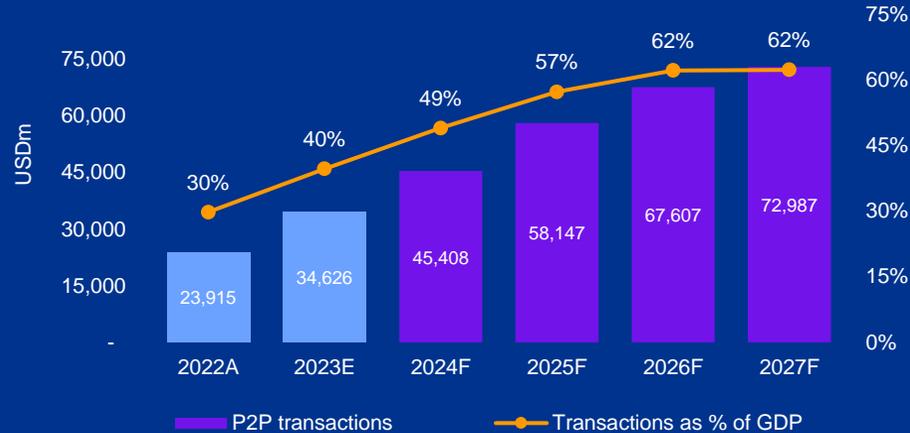
(a) Data was based on Kaspi Prospectus

Sources: Central Bank of the Republic of Uzbekistan, Kaspi.kz, EIU, KPMG Analysis

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# Total value of P2P transactions is expected to increase by an average of 2.2 times with a 22% CAGR over 2023-2027

P2P transactions (incl. banks and fintech), low-end

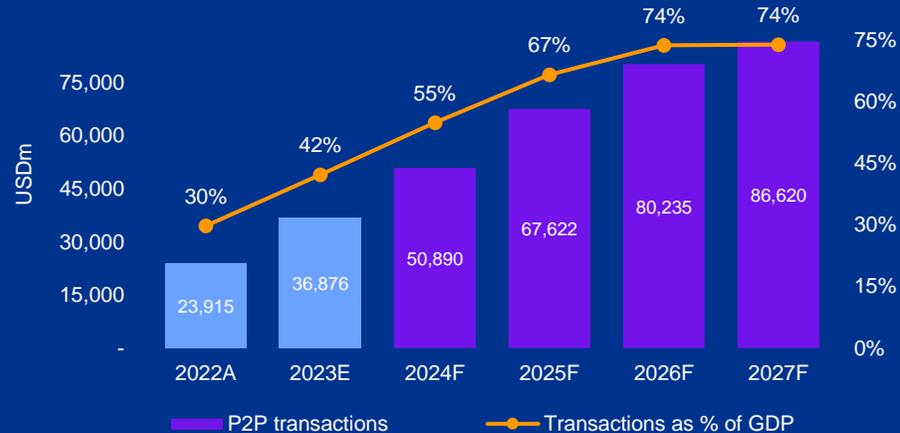


Higher End

2.3x

P2P transactions projected increase by the end of 2027

P2P transactions (incl. banks and fintech), high-end



24%

P2P transactions projected CAGR over 2023-2027

Lower End:

2.1x

P2P transactions projected increase by the end of 2027

20%

P2P transactions projected CAGR over 2023-2027

Notes: P2P transactions include transactions between individuals made through banks and fintech companies. Total P2P (monetized and non-monetized) 2020-2023 CAGR for Kaspi was used in analysis which was gradually decreased by 2027. Benchmarking of results to relevant metrics in Kazakhstan and Russia was used to cross-check result  
 Sources: Central Bank of the Republic of Uzbekistan, Kaspi.kz, open sources data, EIU, KPMG Analysis

# 04

## B2C POS Financing and Buy Now, Pay Later

Landscape of POS financing and Buy Now, Pay Later market in Uzbekistan	19
POS financing and BNPL market features in Uzbekistan	20
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# Landscape of POS financing and BNPL market in Uzbekistan

Point-of-Sale (POS) financing has had a presence in Uzbekistan for quite some time. Historically, only individual retailers in the country offered instalment payment options for their merchandise. In 2019-2020 companies in the financial industry started developing their own products bringing processes automatization and aggressively promoting Buy Now, Pay Later (BNPL) payment option in e-commerce and digitalizing POS financing experience online and offline. Given Uzbekistan's significant population (around 37 million people) and its consistent economic development, the country represents a promising landscape for the development of digital and fintech services

## ~77%

Offline GMV share in the combined POS financing and BNPL market 2023(a)

Offline GMV has a larger share than online GMV as it essentially represents POS financing that was present in Uzbekistan long before online options. Ishonch, one of the larger POS financing providers has exclusively offline presence ZOOD, as opposed to other market participants, has a larger online share in its GMV

**POS financing and BNPL offered by non-financial institutions is not regulated as of 2023**

As BNPL has only recently become a noticeable factor in population's debt burden, targeted regulations have not been introduced yet

Notes: (a) According to interviews with market participants

Sources: Open sources data, interviews with BNPL providers including market leaders in Uzbekistan, KPMG Analysis



# USD450 mln to USD500 mln

Estimated GMV of the combined POS financing and BNPL market in Uzbekistan in 2023

Alif Nasiya and Uzum Nasiya had two thirds of the total market GMV in 2023



In BNPL profit is made by commissions paid by merchants (up to 10%), in POS financing by mark-ups paid by customers, or by a combination of two

POS financing offerings in Uzbekistan have mark-up on goods paid by customers. Mark-ups range from 0% to 68% for 3m-12m depending on POS financing provider and the marketplace where services are provided. Some of the market participants provide "classic" no-mark-up 3m-4m BNPL plans where commission is paid by merchants – Uzum Nasiya, Iman, ZOOD and Solfy

High mark-ups in POS financing are a consequence of high cost of funding (>20%) in both local and foreign currencies

Mark-up ranges across POS financing market, %

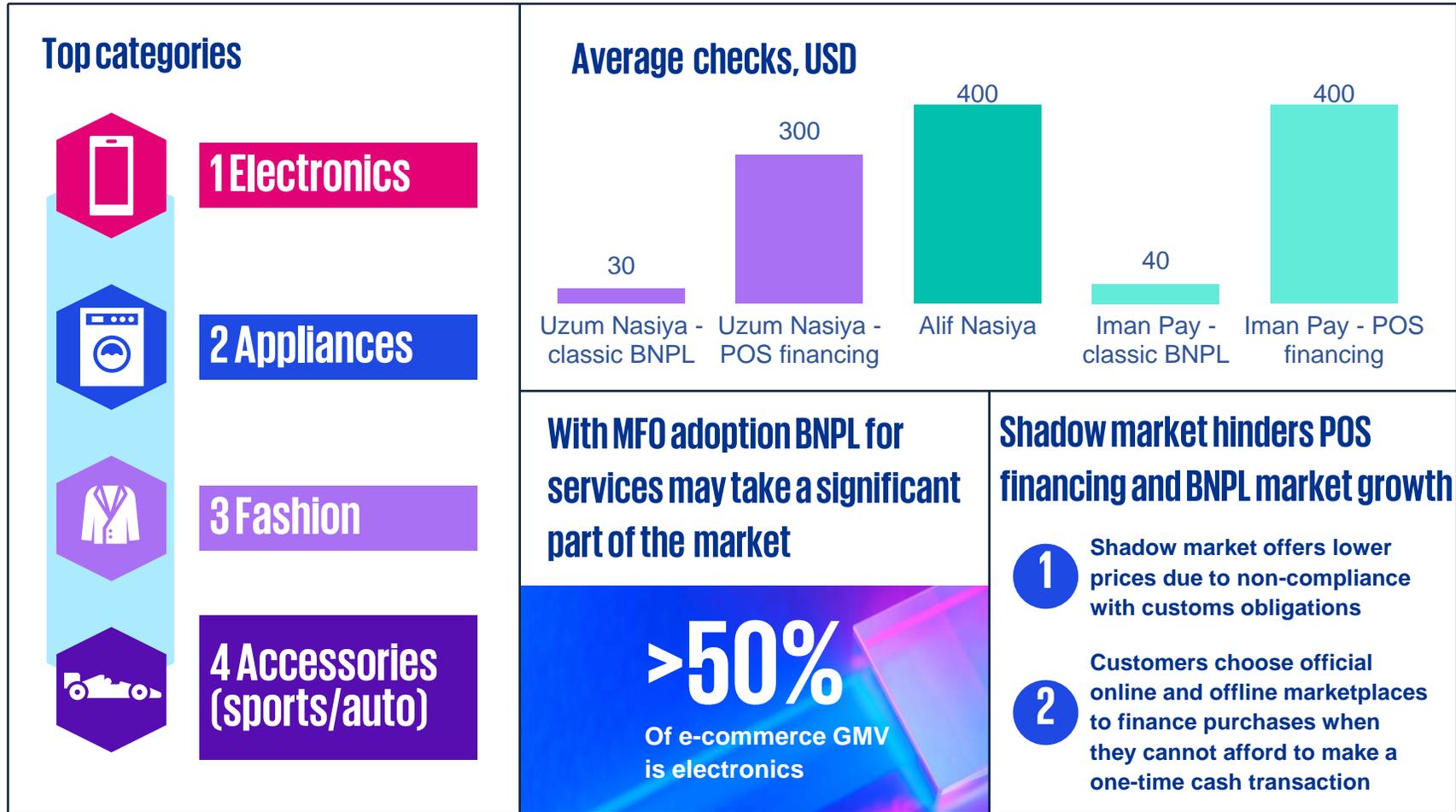


# POS financing and BNPL market features in Uzbekistan



Sources: Open sources data, interviews with BNPL providers including market leaders in Uzbekistan, KPMG Analysis

# Electronics is the most popular category for POS financing and BNPL users



Sources: Open sources data, interviews with BNPL providers including market leaders in Uzbekistan, KPMG Analysis

# Mark-ups paid by customers among main market participants

## 1 Market participants expect caps on margins

## 2 Banks provide lower mark-ups in POS financing combined with lower approval rates

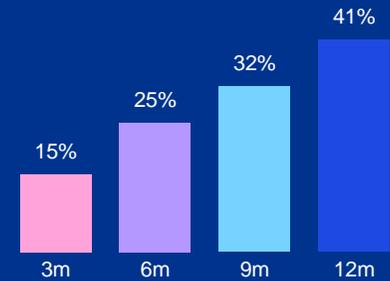
### Uzum Nasiya



### Alif Nasiya



### Iman Pay



### ZOOD



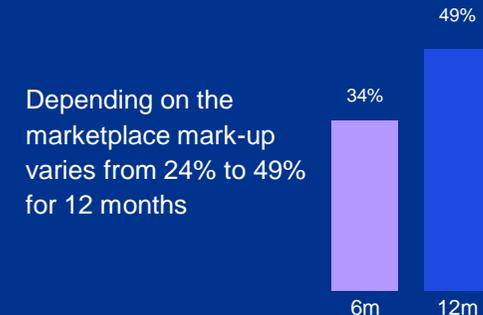
### InTend



### TBC Bank



### Anorbank



Notes: Mark-ups for Uzum Nasiya, Alif Nasiya, Iman Pay and ZOOD are updated as of February, 2024; mark-ups for InTend, TBC Bank, Anorbank are updated as of April, 2024 based on online marketplaces  
Sources: Open sources data , interviews with BNPL providers including market leaders in Uzbekistan, KPMG Analysis

# Market participants utilize ML-based scoring models making decisions in less than one minute



## 3 approaches to scoring:

1. ML-based model scores and makes a decision on all applications
2. ML-based scoring model scores all applications and makes a decision on most of them, the applications that did not qualify are assessed manually
3. Scoring model, based on conditional statements screens all applications

## Scoring models use up to 250 parameters from the following sources:

1. Credit bureaus
2. Government agencies
3. Customer's card transactions
4. Customer's behaviour in the marketplace



## It takes less than 1 minute to score a customer and make a decision



Uzum Nasiya, ZOOD, and Iman Pay utilize proprietary ML-based scoring systems

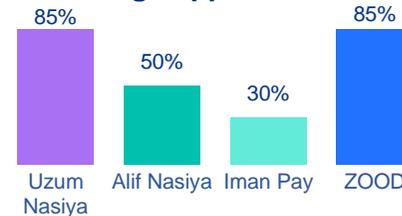
Alif's GulChatAI – ML-based scoring system scores up to 71% of all applications



Extensive background checks of potential customers is a feature not characteristic to "classic" BNPL services



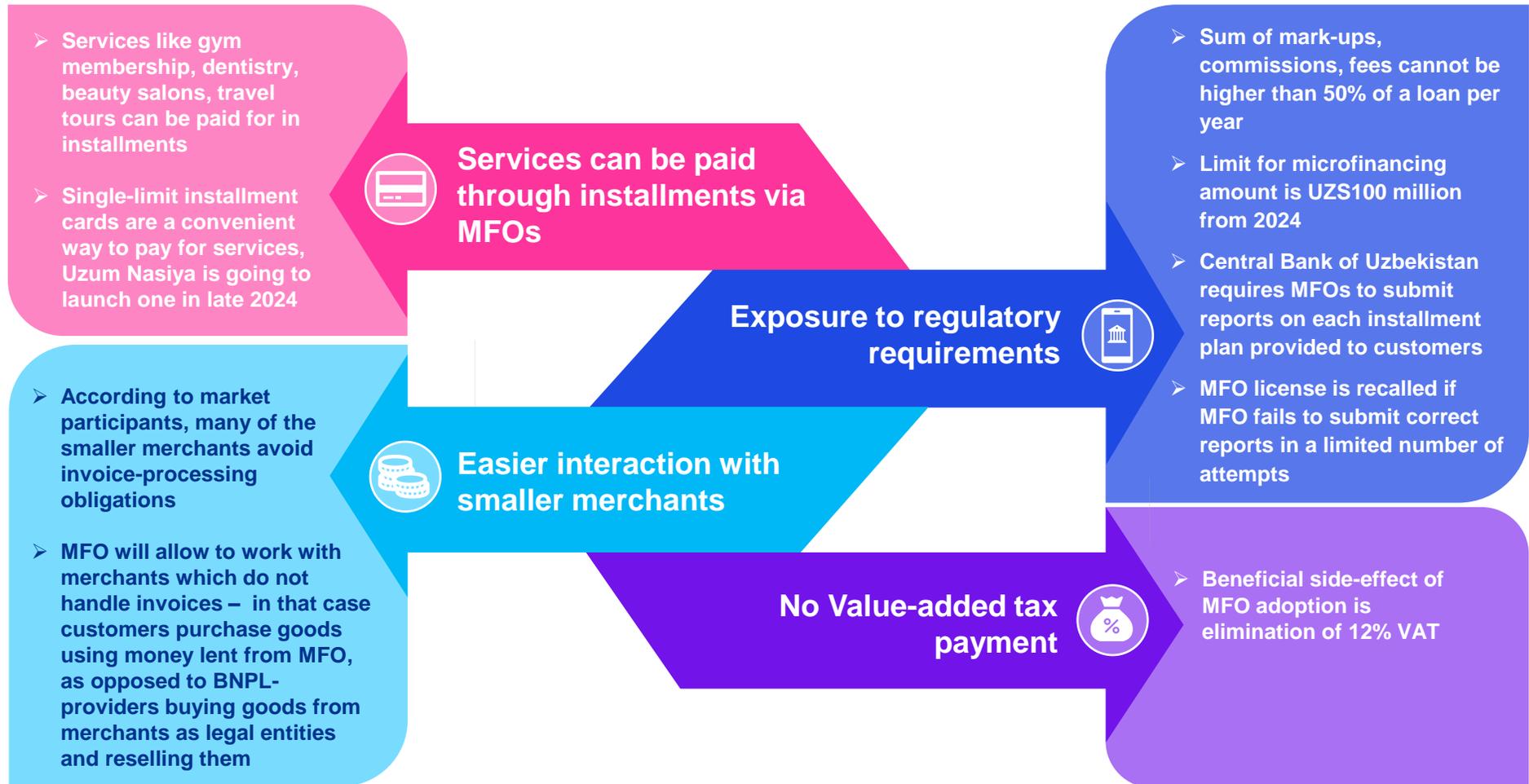
## Average approval rates



Market participants with more aggressive strategies have higher approval rates and higher mark-ups to compensate for a riskier strategy

Sources: Open sources data, interviews with BNPL providers including market leaders in Uzbekistan, KPMG Analysis

# MFO adoption will widen range of products suitable for POS financing and BNPL while introducing regulatory requirements



Sources: Open sources data, interviews with BNPL providers including market leaders in Uzbekistan, KPMG Analysis

# Market participants in Uzbekistan benefit from growing demand and high mark-ups

# 75%

YoY growth rate of consumer loans over 2022-2023



## Demand for better financing options

High demand for financing options among population due to low approval rates from commercial banks

up to **5x**

higher are the POS financing mark-ups for customers in Uzbekistan than in developed markets(a)



## Highly profitable business model

Market participants in Uzbekistan have higher profitability due to a large share of more profitable POS financing

# >6

government agencies provide digital information for credit scoring purposes



## Abundance of data for credit scoring

Digitalization of accessible data on government platforms present an opportunity to optimize credit scoring and approval rate strategy

Notes: (a) USA, Europe

Sources: Central Bank of the Republic of Uzbekistan, interviews with BNPL providers including market leaders in Uzbekistan, open sources, KPMG Analysis

# Total GMV is expected to increase by 4.1 times with a 42% CAGR over 2023-2027 on the higher end

Lower and higher end:

## 3.6x-4.1x

GMV projected increase by the end of 2027

## 38%-42%

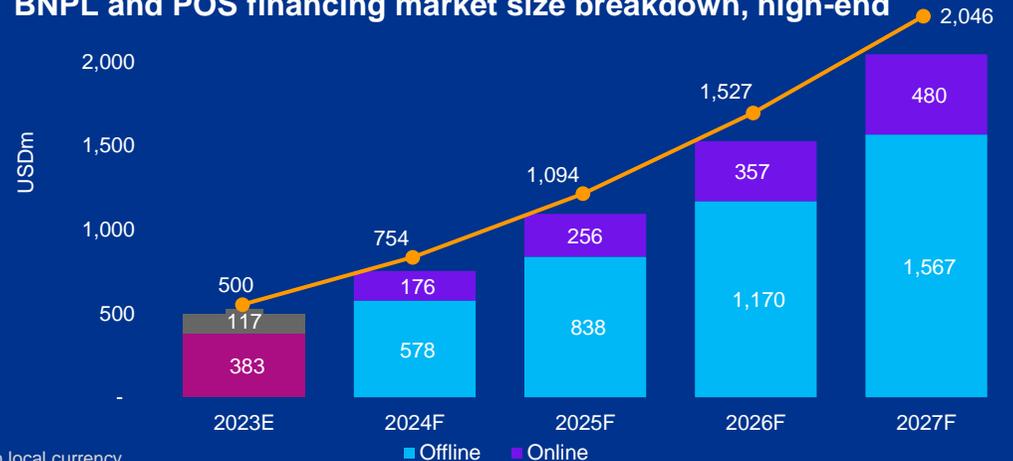
GMV projected CAGR over 2023-2027

CAGR is gradually decreased from Kaspi's BNPL total finance value 2020-2023 CAGR to: median POS financing CAGR for online GMV and median offline POS financing CAGR of comparable countries for 2020-2021(a), based on FIS Global's annual Global Payment Reports

BNPL and POS financing market size breakdown, low-end



BNPL and POS financing market size breakdown, high-end



Notes: Please note that CAGR presented on this page is calculated in USD terms and not in local currency  
 Total 2023 GMV range was estimated based on interviews with market participants and cross-checked with POS financing and BNPL penetration in retail across comparable countries  
 (a) After 2021 FIS Global's market size estimation methodology changes

Sources: FIS Global, Kaspi.kz, interviews with BNPL providers including market leaders in Uzbekistan, KPMG Analysis

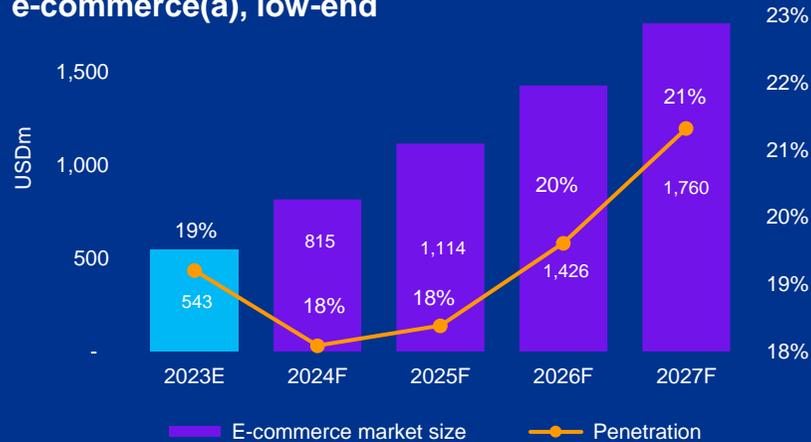
# Projected POS financing and BNPL market share in e-commerce

Lower End:

# 21%

Projected POS financing and BNPL share in low-end e-commerce market by the end of 2027

BNPL and POS financing market share in e-commerce(a), low-end



Higher End:

# 22%

Projected POS financing and BNPL share in high-end e-commerce market by the end of 2027

BNPL and POS financing market share in e-commerce(a), high-end



Notes: (a) KPMG report "E-commerce in Uzbekistan" dated August, 2023 provided lower-end and higher-end e-commerce market size forecasts  
 Sources: FIS Global, Kaspi.kz, interviews with BNPL providers including market leaders in Uzbekistan, KPMG "E-commerce in Uzbekistan" report, KPMG Analysis

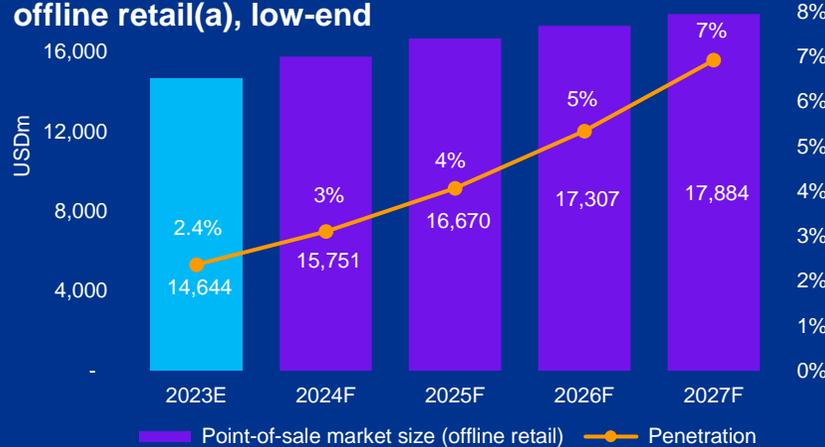
# Projected POS financing and BNPL market share in offline retail

Lower End:

# 7%

Projected POS financing and BNPL share in offline retail by the end of 2027

BNPL and POS financing market share in offline retail(a), low-end



Higher End:

# 9%

Projected POS financing and BNPL share in offline retail by the end of 2027

BNPL and POS financing market share in offline retail(a), low-end



Notes: (a) Penetration was calculated as a share of POS financing and BNPL GMV in offline retail market  
 Sources: FIS Global, Kaspi.kz, interviews with BNPL providers including market leaders in Uzbekistan, KPMG "E-commerce in Uzbekistan" report, KPMG Analysis

# Primary way of raising capital among POS financing and BNPL providers is direct investments



Sources: Open sources data, interviews with BNPL providers in Uzbekistan, KPMG Analysis

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