

**E-COMMERCE IN UZBEKISTAN****Erkin Shavqiyev**

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This article examines the development of e-commerce in Uzbekistan as a strategic component of digital economic transformation, retail modernization and inclusive market development. The study focuses on the institutional framework, marketplace expansion, digital payments, logistics, consumer trust and cross-border trade potential. The analysis shows that Uzbekistan has entered a phase of accelerated online trade growth, but long-term competitiveness depends on regulatory consistency, payment interoperability, logistics capacity, data protection, SME digitalization and stronger integration with regional and international markets.

Keywords: E-commerce, Uzbekistan, digital economy, online trade, digital payments, marketplace platforms, logistics, consumer protection.

Introduction

E-commerce has become one of the most dynamic components of Uzbekistan's digital economy. The rapid diffusion of smartphones, internet access, digital payment applications and marketplace platforms has changed the structure of retail trade and created new channels for business activity. For Uzbekistan, the development of e-commerce is not only a technological process; it is a structural economic shift that affects retail competition, consumer behavior, tax transparency, logistics, financial inclusion and small business modernization.

The relevance of this topic is reinforced by the broader modernization agenda of the country. The Digital Uzbekistan - 2030 Strategy defines digital infrastructure, digital economy, e-government, the national information technology sector and digital education as priority areas of transformation. Official government materials note that the country is implementing comprehensive measures for the development of the digital economy and the widespread introduction of modern information and communication technologies in public administration and key economic sectors (Government Portal of Uzbekistan, 2026).

E-commerce is strategically important because it connects several economic processes at once. It expands consumer choice, reduces transaction costs, strengthens competition among sellers, creates new opportunities for small and medium-sized enterprises and increases the transparency of retail turnover. At the same time, it places new demands on regulation, logistics infrastructure, consumer protection, cybersecurity and digital financial services. In this sense, e-commerce is not simply an online sales channel; it is a platform-based market mechanism that can reorganize the interaction between producers, intermediaries, consumers, banks and the state.

The research problem of this article is to determine how Uzbekistan can transform the fast quantitative growth of e-commerce into a sustainable, competitive and institutionally reliable digital trade system. This problem is relevant because market expansion alone does not guarantee long-term efficiency. If logistics remain fragmented, consumer trust is weak, digital skills are uneven and regulation is inconsistent, the sector may grow in volume but remain structurally vulnerable. Therefore, the development of e-commerce must be assessed through its institutional, financial, technological and economic dimensions.

Literature Review

The academic literature on e-commerce is based on the broader theory of digital markets, transaction cost economics, platform competition and innovation diffusion. Classical approaches to electronic commerce define it as the use of digital networks for buying, selling, payments, marketing and after-sales interaction. However, modern research treats e-commerce more broadly as an ecosystem that includes platforms, payment systems, logistics operators, data infrastructure, digital marketing, consumer protection and regulatory institutions.

Transaction cost theory is particularly useful for explaining the economic value of e-commerce. Digital platforms reduce search costs, shorten communication between seller and buyer, automate order processing and increase market transparency. For small businesses, online platforms may reduce the need for costly physical retail networks. For consumers, they expand access to goods, price comparison and delivery services. In countries where traditional retail infrastructure is uneven across regions, the role of e-commerce becomes even more important.

The platform economy literature emphasizes network effects. The value of a marketplace increases when more sellers and buyers join it. This creates opportunities for rapid growth but also produces new risks, including market concentration, unfair platform practices, asymmetric access to data and dependency of small sellers on dominant digital intermediaries. For Uzbekistan, where marketplace platforms are expanding quickly, the quality of platform governance will become increasingly important for competition policy and consumer welfare.

Digital payment research shows that e-commerce cannot develop independently of financial infrastructure. Reliable online payments reduce cash dependence, increase transaction security and enable automated accounting. At the same time, the shift toward digital payments requires consumer confidence, cybersecurity, fraud prevention and interoperability between banks, payment organizations and platforms. In Uzbekistan, the growth of remote banking and payment applications has created a strong technological basis for online trade, although financial literacy and data protection remain essential conditions for sustainable development.

The logistics literature highlights that the competitiveness of e-commerce depends not only on websites and applications but also on the physical movement of goods. Delivery speed, return procedures, warehouse systems, last-mile distribution and customs simplification shape the consumer experience. In landlocked economies such as Uzbekistan, logistics modernization is especially important because cross-border e-commerce depends on customs procedures, bonded warehouses, regional transport networks and integration with international suppliers.

Uzbekistan-related studies often stress the rapid growth of online trade, the emergence of local marketplaces, the role of digital payments and the importance of state policy. However, a research gap remains: many analyses describe market growth, while fewer studies explain how legal regulation, consumer trust, logistics, payment systems and SME digitalization interact as parts of one institutional-

economic system. This article addresses that gap by treating e-commerce as a multidimensional mechanism of digital economic modernization.

Research Methodology

The article applies a qualitative and analytical research methodology. Comparative analysis is used to assess Uzbekistan's e-commerce development in relation to international digital trade trends and platform-market theory. Statistical analysis is applied to selected indicators of online sales, retail market share, platform growth and strategic targets. Logical analysis helps identify causal links between digital infrastructure, marketplace expansion, payments, logistics and competitiveness.

The system approach is central to the methodology because e-commerce cannot be evaluated as a separate retail activity. It is formed through the interaction of legal regulation, digital infrastructure, financial technologies, consumer protection, logistics and enterprise-level digitalization. Document analysis was also applied to official strategies, legal acts, government materials, international reports and analytical publications related to Uzbekistan's digital economy and e-commerce sector.

The empirical basis of the analysis includes official and publicly available materials from the Government of Uzbekistan, the national legal database, the Central Bank, the National Agency for Perspective Projects as reported in open sources, international development studies and market reviews. The aim is not to provide a purely descriptive overview, but to interpret the economic meaning of recent indicators and identify the institutional conditions needed for long-term sectoral development.

Analysis and Results

Uzbekistan's e-commerce sector is moving from an early adoption stage toward a more structured phase of market expansion. Several factors explain this shift: the growth of internet access, the spread of mobile banking, the development of marketplace platforms, legal modernization and increasing consumer familiarity with online purchasing. The sector is also supported by a young population and rising digital consumption habits. The International Trade Administration reported that the e-commerce market of Uzbekistan in 2024 was about 1.2 billion US dollars, representing 3.8 percent of the retail market, while internet users reached 32.7 million at the start of 2025 (International Trade Administration, 2025).

The legal foundation of the sector was strengthened by the Law of the Republic of Uzbekistan 'On Electronic Commerce' No. LRU-792, signed on September 29, 2022. The law created a framework for regulating relations in electronic commerce and confirmed the importance of electronic transactions in the national economy (Lex.uz, 2022). Later, the Cabinet of Ministers Resolution No. 885 of December 26, 2024 introduced requirements and conditions for the activity of e-commerce entities, including state registration, compliance with legislation on personal data, consumer rights, advertising and the availability of a functioning information system (Lex.uz, 2024).

The statistical dynamics of the sector show a strong acceleration. According to NAPP data reported by UzDaily, goods sold through e-commerce platforms reached 22.7 trillion soums in 2025, while the share of online trade in total retail increased to 4.6 percent. For comparison, in 2020 online sales were just over 1 trillion soums and accounted for only 0.5 percent of total retail trade. The number of e-commerce platforms also increased from 36 to 115 in 2025, indicating a sharp broadening of the platform environment (UzDaily, 2026).

Table 1.
Selected Indicators of E-Commerce Development in Uzbekistan

Indicator	Value / period	Analytical meaning
Online sales through e-commerce platforms	Slightly above UZS 1 trillion in 2020	Shows the early stage of online retail formation.
Share of e-commerce in total retail	0.5% in 2020	Indicates limited initial penetration of digital trade.
E-commerce market size	About US\$1.2 billion in 2024	Confirms the emergence of e-commerce as a visible retail segment.
Share of e-commerce in retail market	3.8-4.0% in 2024	Shows rapid growth but still a moderate level compared with global averages.
Volume of goods sold through e-commerce	UZS 22.7 trillion in 2025	Reflects accelerated platform-based retail turnover.
Share of online trade in total retail	4.6% in 2025	Demonstrates steady formalization of online retail demand.
Number of e-commerce platforms	115 platforms in 2025	Indicates expansion of the platform environment and competition.
Policy target for e-commerce volume	UZS 30 trillion by 2030	Shows transition from spontaneous market growth to state-supported digital trade strategy.

Source: Compiled by the author based on official and analytical sources, including NAPP-reported data, ITA market information and national policy materials.

These figures indicate that e-commerce in Uzbekistan has passed the stage of marginal experimentation and has become a measurable segment of the national retail economy. The increase from slightly above 1 trillion soums in 2020 to 22.7 trillion soums in 2025 reflects not only higher online consumption but also the institutionalization of platform-based trade. The growth of platforms from 36 to 115 in one year suggests that market entry has become more attractive, although it also raises questions about quality control, competition standards and consumer protection.

The economic meaning of the data is significant. First, online trade increases the formalization of retail transactions because electronic payments, platform records and digital invoices leave stronger data traces than informal cash-based sales. Second, it expands market access for entrepreneurs who may not have the capital to operate physical stores in large urban centers. Third, it encourages the development of related sectors such as payment services, fulfillment, courier delivery, warehouse management and digital marketing. Fourth, it increases pressure on traditional retail to improve service quality and pricing transparency.

However, rapid growth also exposes structural constraints. The share of e-commerce in Uzbekistan's retail market remains modest compared with global levels. UZA reported that worldwide more than 20 percent of retail trade is accounted for by e-commerce, while in Uzbekistan the figure was around 4 percent at the time of reporting (UZA, 2026). This means that the country has considerable growth potential, but it also confirms that the sector is still institutionally young. Future expansion depends on the ability to solve problems related to delivery reliability, return policies, consumer trust, rural access, cybersecurity and cross-border customs procedures.

Digital infrastructure forms the first condition for e-commerce development. The Digital Government portal reports that between 2020 and 2025 internet coverage reached 99.5 percent, internet

users reached 94.2 percent, mobile data speed increased substantially and fixed internet speed also improved (Digital Government of Uzbekistan, 2026). These indicators create a favorable technological base for online trade. Yet coverage does not automatically mean equal quality of use. Rural consumers and small entrepreneurs may still face barriers related to digital literacy, device quality, payment confidence and logistics access.

The second condition is the development of digital payments. E-commerce requires payment systems that are fast, secure and trusted by both buyers and sellers. The Central Bank's regular publication of payment-system indicators, including remote banking customers, card infrastructure and settlement-system information, shows that digital financial infrastructure has become an important part of the national economy (Central Bank of Uzbekistan, 2024). As online trade grows, payment interoperability, fraud prevention and consumer dispute resolution will become more important.

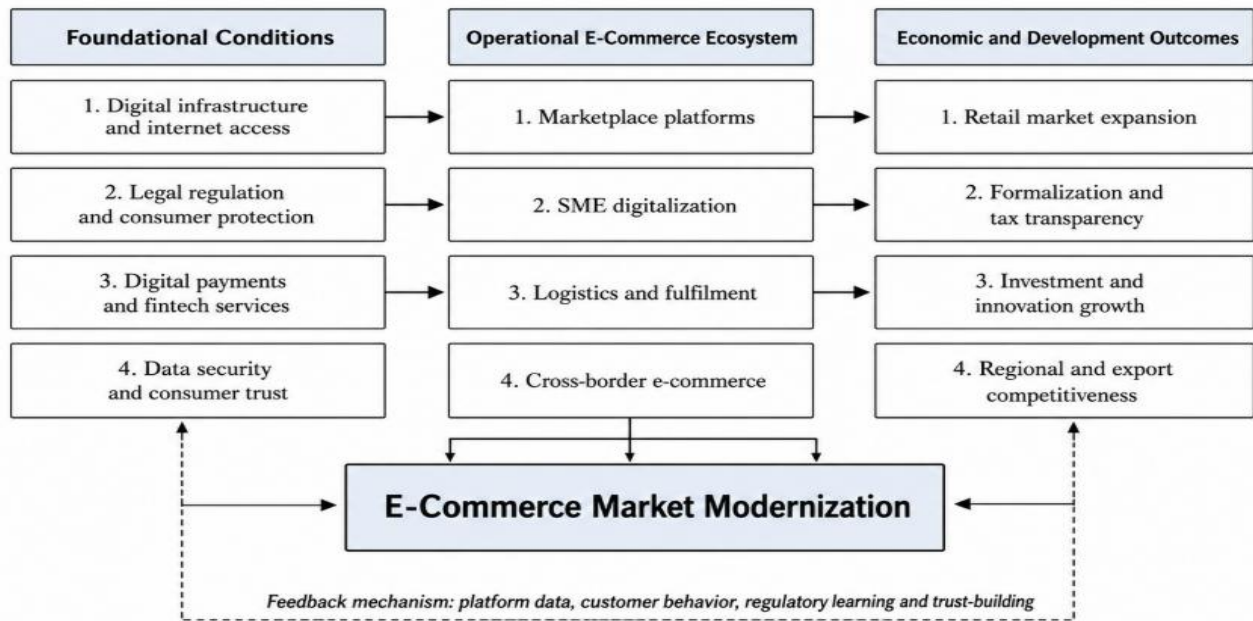
The third condition is logistics modernization. E-commerce competitiveness is determined by delivery speed, transparency of tracking, cost of fulfillment and the simplicity of returns. In Uzbekistan, geography and settlement structure make logistics a decisive factor. Tashkent and large regional centers may develop online trade faster, while remote districts may remain less integrated if delivery systems are costly or slow. Therefore, warehouse networks, courier services, regional fulfillment centers and digital route management should be treated as economic infrastructure, not only as private business services.

Recent policy measures show that the state is beginning to address cross-border logistics. In April 2026, a presidential resolution was reported to include measures for expanding e-commerce, introducing bonded warehouses under a pilot regime from July 2026 to July 2028, simplifying import procedures and creating conditions for further market growth. The policy target includes increasing e-commerce volume to 30 trillion soums between 2026 and 2030, creating more than 7,500 new jobs and attracting investment projects totaling 300 million US dollars (UzDaily, 2026). This approach is important because bonded warehouses can reduce customs friction and improve the speed of international online trade.

The fourth condition is consumer trust. Online commerce cannot grow sustainably if consumers doubt product quality, delivery reliability, return procedures or data security. Trust is created through a combination of platform reputation, transparent seller ratings, enforceable consumer rights, secure payments and predictable dispute-resolution mechanisms. Uzbekistan's regulatory framework already addresses consumer rights and personal data compliance, but enforcement quality will determine whether these rules become practical market guarantees.

The fifth condition is SME digitalization. Large platforms may grow quickly, but the broader economic effect of e-commerce depends on whether small producers, local retailers and service providers can use digital channels effectively. For SMEs, online trade can reduce geographic barriers and provide access to national demand. However, many small businesses need skills in digital marketing, inventory management, online accounting, packaging, product photography and customer service. Without such capabilities, e-commerce may become concentrated among a limited group of better-capitalized sellers.

Figure 1. Conceptual Framework of E-Commerce Development in Uzbekistan



Source: Developed by the author.

Figure 1. Institutional and Economic Framework for E-Commerce Development in Uzbekistan

Source: Developed by the author based on digital economy policy, e-commerce regulation and platform-market development principles.

The conceptual framework presented in Figure 1 shows that e-commerce development in Uzbekistan is shaped by four interrelated institutional inputs: digital infrastructure, legal regulation, digital payments and data security. These inputs support marketplace platforms, SME digitalization, logistics and cross-border trade. The expected economic outcomes are retail market expansion, formalization of turnover, investment and innovation growth, and regional export competitiveness.

The framework also highlights the importance of feedback. Platform data, consumer behavior, payment records and regulatory experience should be used to improve policy design. In a fast-changing digital market, regulation cannot remain static. It must learn from market practice while protecting consumers, supporting competition and avoiding excessive administrative burden on legitimate businesses.

From a competitiveness perspective, e-commerce can become a powerful mechanism for integrating Uzbekistan into regional digital trade. The country's geographic position in Central Asia creates opportunities for marketplace logistics, regional fulfillment and cross-border consumer trade. However, this potential will be realized only if customs procedures, payment systems, product certification and consumer protection rules become predictable and platform-compatible.

The analysis shows that Uzbekistan has achieved visible progress in online trade development, but the next stage will be more complex. Early growth was driven by internet access, mobile payments and marketplace expansion. Future growth will depend on institutional quality: data protection, competition policy, logistics reliability, tax administration, digital skills and regional inclusion. This means that the e-commerce agenda should be integrated with industrial policy, employment policy, SME support and financial-sector modernization.

Conclusion

The development of e-commerce in Uzbekistan represents a strategic direction of digital economic modernization. The sector has moved from a narrow online retail channel toward a broader platform-based market system that influences payments, logistics, taxation, consumer behavior and small business activity. Statistical indicators show rapid growth: online sales increased from slightly above 1 trillion soums in 2020 to 22.7 trillion soums in 2025, while the share of online trade in retail rose from 0.5 percent to 4.6 percent. This confirms that e-commerce is becoming a real structural component of the national economy.

The main scientific finding of the article is that e-commerce development in Uzbekistan should be understood as an institutional-economic ecosystem rather than as a simple technological innovation. Its effectiveness depends on the interaction between digital infrastructure, legal regulation, payment systems, logistics, consumer trust and SME participation. If these elements develop separately, the sector may grow in volume but remain vulnerable. If they are coordinated, e-commerce can become a driver of formalization, competitiveness, regional inclusion and sustainable investment.

Practical policy conclusions include strengthening consumer protection enforcement, developing secure and interoperable payment systems, expanding regional logistics infrastructure, supporting SME digital skills, improving customs procedures for cross-border e-commerce and ensuring clear regulatory standards for platforms. Uzbekistan has already created a strong basis for online trade growth. The next stage should focus on quality, trust, competition and integration with regional and global digital markets.

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