



## THE ROLE OF CREDIT BUREAUS IN DEVELOPING THE CREDIT INFRASTRUCTURE FOR PRIVATE ENTREPRENEURSHIP IN UZBEKISTAN

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### ABSTRACT

*Access to finance remains one of the most critical constraints facing small and medium-sized enterprises (SMEs) in transition economies. In Uzbekistan, where private entrepreneurship accounts for a substantial share of GDP and employment, the lack of reliable credit information infrastructure has historically impeded lenders from accurately assessing borrower risk. This study investigates the role of credit bureaus—specifically Creditinfo Uzbekistan—in expanding SME credit access by reducing information asymmetry between borrowers and lenders during the reform period of 2021–2026. Employing descriptive-statistical and comparative analysis methods, and drawing on secondary data from the Uzbekistan Central Bank, the State Statistics Committee, the World Bank Financial Development Database, Creditinfo Uzbekistan annual reports, and the IMF Article IV Consultation Report (2023), this paper analyses trends in credit bureau coverage, credit record accumulation, and SME lending volumes. The findings indicate that credit bureau coverage increased from 18.4% of the adult population in 2021 to an estimated 48.0% in 2026, with a corresponding rise in the SME share of total credit portfolios. These results suggest that systematic credit information sharing significantly enhances lender confidence and broadens credit supply to private entrepreneurs. The findings carry direct implications for regulators seeking to deepen financial inclusion and for commercial banks designing risk-based SME lending products.*

### Introduction

Access to credit is widely recognized as a fundamental driver of entrepreneurial growth and economic development. According to the World Bank (2022), approximately 40%

of formal SMEs in developing economies report unmet financing needs, representing a global financing gap estimated at USD 5.2 trillion annually. In Central Asia, this deficit is particularly acute: the region's banking sectors continue to exhibit conservative lending practices, elevated collateral requirements, and limited risk differentiation mechanisms that compound the vulnerability of private entrepreneurs (International Finance Corporation [IFC], 2023).

In Uzbekistan, private entrepreneurship constitutes over 55% of GDP and employs nearly 77% of the workforce (State Statistics Committee of Uzbekistan, 2024). Yet access to formal bank credit remains limited for a significant proportion of SMEs, particularly micro-enterprises operating in rural areas and the informal sector. A primary structural constraint is the underdevelopment of the credit information infrastructure—the systems, institutions, and regulatory frameworks that enable lenders to evaluate borrower creditworthiness efficiently and reliably.

This paper aims to examine the role of credit bureaus in developing the credit infrastructure for private entrepreneurship in Uzbekistan, with specific focus on the reform period of 2021–2026. The remainder of the paper is organized as follows: Section 2 reviews the relevant theoretical and empirical literature; Section 3 describes the research methodology and data sources; Section 4 presents results and discussion; and Section 5 concludes with policy recommendations.

### **LITERATURE REVIEW**

The theoretical foundation for credit information sharing originates in the seminal work of Stiglitz and Weiss (1981), who demonstrated that information asymmetry between lenders and borrowers leads to adverse selection and credit rationing, thereby restricting credit flows to otherwise viable enterprises. This framework has been extensively developed in subsequent decades, with recent contributions reinforcing the relevance of asymmetric information in digital and transitional credit markets (Agarwal et al., 2023; Demirgüç-Kunt et al., 2022).

Credit bureaus are theorized to mitigate information asymmetry by aggregating and disseminating borrower credit histories, enabling lenders to more accurately price risk and extend credit to underserved populations. Jappelli and Pagano (2002) provided foundational empirical evidence demonstrating that countries with more developed credit information systems exhibit higher private credit-to-GDP ratios. Love and Mylenko (2003) further found that access to credit bureaus is associated with a significant reduction in reported financing obstacles for firms across 45 countries. Powell et al. (2004) corroborated these findings for Latin America, concluding that credit registry depth correlates positively with SME loan approval rates.

More recent scholarship has examined credit bureau development in transition and emerging economies. Madaminov and Yusupov (2022) analyzed financial sector reform in Central Asia and underscored the institutional fragility of credit information systems in post-Soviet contexts. Turkina and Thai (2023) demonstrated that digital credit scoring innovations, when integrated with bureau data, substantially reduce default rates among micro-enterprise borrowers. However, limited empirical research addresses the specific role of credit bureaus in Uzbekistan's post-reform context, representing a gap this study aims to fill.

### **METHODOLOGY**

This study employs a descriptive-statistical and comparative analysis research design to examine trends in credit bureau development and SME credit access in Uzbekistan over the 2021–2026 period. Secondary data were gathered from the following sources: Uzbekistan Central Bank Statistical Bulletins (2021–2024); State Statistics Committee of Uzbekistan (2023–2024); World Bank Financial Development Database (2023); Creditinfo Uzbekistan Annual Reports (2021–2024); and the IMF Article IV Consultation Report on Uzbekistan (2023). Projected values for 2025 and 2026 are based on official Central Bank forecasts and World Bank country program estimates.

The analysis period commences in 2021, two years after the establishment of Creditinfo Uzbekistan under the Law on Credit Histories (2019), allowing sufficient time for initial data accumulation. Comparative analysis is used to assess changes in credit bureau indicators alongside SME lending volumes. One important methodological limitation applies: this study relies exclusively on secondary data derived from institutional reports. Primary survey-based evidence from borrowers and lenders would strengthen causal inference and is recommended for future research.

## **RESULTS AND DISCUSSION**

### **Development of Credit Bureau Infrastructure in Uzbekistan (2021–2026)**

The establishment of Creditinfo Uzbekistan in 2019 marked a pivotal inflection point in the development of Uzbekistan's credit information infrastructure. Operating under the regulatory oversight of the Central Bank of Uzbekistan and the provisions of the Law on Credit Histories (No. ZRU-571, 2019), the bureau began systematically accumulating credit records from commercial banks, microfinance organizations, and leasing companies. Table 1 below presents the key quantitative indicators of credit bureau development over the 2021–2025 period and illustrates the trajectory of institutional capacity-building. The data reveal a consistent and substantial upward trend in all monitored variables—a pattern that reflects both regulatory enforcement and growing lender participation.

**Table 1**

**Key Indicators of Credit Bureau Development in Uzbekistan, 2021–2025**

<b>Year</b>	<b>Reg. Borrowers (mln)</b>	<b>Credit Records (mln)</b>	<b>Coverage Rate (%)</b>	<b>SME Share (%)</b>
<b>2021</b>	4.2	7.8	18.4	22.1
<b>2022</b>	5.1	9.6	22.7	24.8
<b>2023</b>	6.4	12.3	28.1	27.5
<b>2024</b>	7.9	15.7	34.6	31.2
<b>2025</b>	9.3	18.9	41.2	33.9

*Source: Compiled by the author based on Creditinfo Uzbekistan Annual Report (2024, pp. 12–18), Uzbekistan Central Bank Statistical Bulletin (2024, pp. 34–41), and World Bank Financial Development Database (2023).*

The expansion of credit bureau coverage correlates closely with documented growth in SME lending volumes. According to the Central Bank of Uzbekistan (2024), the total portfolio of loans extended to SMEs increased from 42,300 billion UZS in 2021 to 118,750 billion UZS in 2024, representing a compound annual growth rate (CAGR) of approximately 41.3%. This trajectory aligns with the theoretical predictions of Jappelli and Pagano (2002) and the

empirical findings of Love and Mylenko (2003), both of whom associate credit bureau depth with greater credit supply to enterprises that would otherwise be rationed.

Mechanically, credit bureaus reduce information asymmetry by enabling lenders to access borrowers' repayment histories, outstanding obligations, and default records prior to loan disbursement. In the Uzbekistan context, this is particularly consequential for first-time borrowers and micro-enterprises that lack collateral, as credit history functions as an alternative signal of creditworthiness. Lenders report that bureau-based credit scoring has reduced the average credit assessment time from 12 to 3 business days, lowering transaction costs and enabling broader outreach (Creditinfo Uzbekistan, 2024).

Nevertheless, significant barriers to full financial inclusion persist. Financial literacy among SME operators remains limited, with the State Statistics Committee (2024) estimating that fewer than 30% of small business owners understand the implications of their credit records. Furthermore, a substantial proportion of economic activity in Uzbekistan continues to occur within the informal sector, placing a large cohort of potential borrowers outside the formal credit information ecosystem. These structural barriers suggest that credit bureau expansion, while necessary, is insufficient as a standalone mechanism for SME financial inclusion and must be complemented by financial education programs and regulatory incentives for informal sector formalization.

### **CONCLUSION**

This study examined the role of credit bureaus in developing the credit infrastructure for private entrepreneurship in Uzbekistan during the 2021–2026 reform period. Two principal findings emerge from the analysis. First, Creditinfo Uzbekistan has achieved substantial institutional growth, with credit bureau coverage expanding from 18.4% to an estimated 48.0% of the adult population and the SME share of credit records rising from 22.1% to 36.7%. Second, this expansion correlates with a marked increase in SME lending volumes, indicating that improved credit information infrastructure has meaningfully enhanced lender confidence and broadened credit supply to private entrepreneurs.

Based on these findings, three policy recommendations are proposed. For the Central Bank of Uzbekistan, mandatory participation of all licensed financial institutions in the credit bureau system should be reinforced, and bureau coverage targets should be codified in the National Financial Inclusion Strategy through 2030. For commercial banks, investment in bureau-integrated digital credit scoring platforms would reduce assessment costs, accelerate loan processing, and extend lending to currently underserved SME segments. For SME support programs, financial literacy curricula should incorporate dedicated modules on credit history management, empowering entrepreneurs to build positive credit profiles proactively. Future studies should employ primary data collection methods such as firm-level surveys to validate these findings, quantify the causal impact of credit bureau access on loan approval rates, and capture borrower-level heterogeneity across sectors and regions

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