

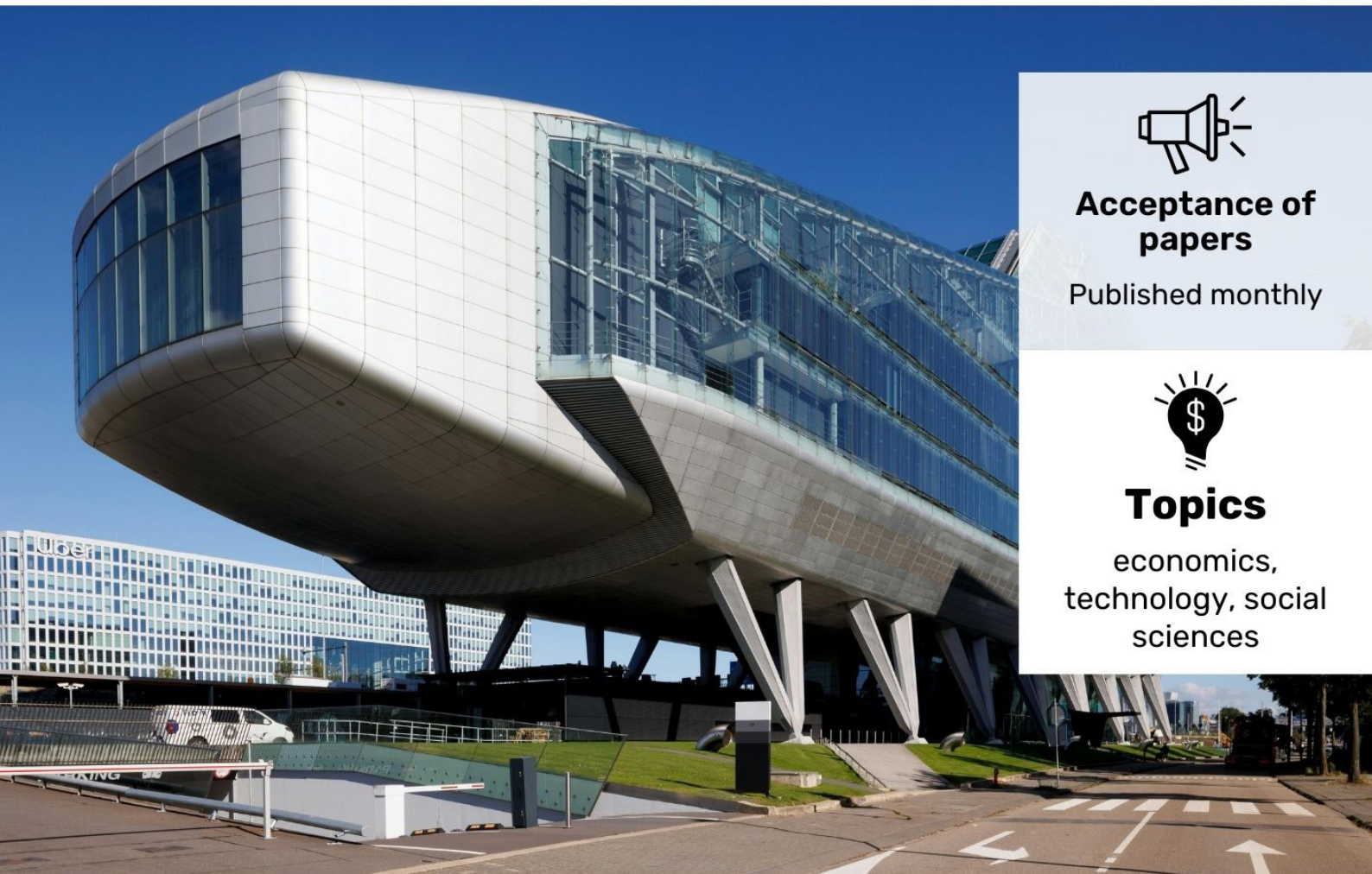
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CONTENTS

Development of green finance in Uzbekistan in the context of sustainable development	6
Jiyanova N.E., Alimkhonova G.E.	
Outsourcing as a key component of modern business: new perspectives and scientific approaches.....	11
Razzakov Kuvonchbek Anvar ugli, Iskandarov Xumoyun Sevdiyor ugli	
Ways to ensure the financial stability of enterprises in Karakalpakstan.....	15
Baymuratova Zina Aqilbekovna, Mustafaeva Khurliman Azatovna	
Theory and methodology of teaching foreign languages: a modern perspective	21
To'ychiyev Azamat Farxod o'g'li, Elmirezayeva Maftuna Dusmurod qizi	
Approaches to enhancing production strategies in enterprises through innovation activities.....	26
Fayzullayeva Aziza Nusratillayevna	
The impact of global crises on financial markets.....	30
Fayziyev Samandar Sobir ugli	
Blockchain technology in Uzbekistan tax administration system	35
Melikhurozov Bexruz Bekzod ugli, Ida Farida Adi Prawira	
Ways to save budget funds through effective organization of public procurement.....	41
Rakhmatullayev Jaloliddin Mukhiddinovich	
Risk management in islamic banking: principles, practices, and challenges.....	47
Safarova Nasiba Gulmurod kizi	
The main organizational elements of the treasury	50
Ismailov Abbas Shuhratovich	
Conceptual foundations for improving the efficiency of underwriting services in insurance activities.....	54
Mirzoyev Sayfullo Fayzulloyevich	
Expressing the amount of money in words in uzbek language from a numerical value in ms excel.....	57
Tojiyev Ilhom Ibraimovich, Turaeva Feruza Dilmurodovna	
Economic efficiency of tax reforms inUzbekistan.....	64
Gulayim Bakhadyrovna Saparova, Shokhrukh Murtazaev	
Impact of trade wars on global economic growth: the case of Uzbekistan.....	67
Kosimov Shokhrukhbek Ilxomjon ugli, Dr. H. Amir Machmud	
Central banks and financial stability: global experiences in the post-pandemic period	71
Bozorov Saidjon Hamidovich, Dr. Navik Istikomah, S.E., M.Si.	
Multi-agent defense systems and their effectiveness evaluation.....	77
Kurbonaliyeva Dilshoda Vali kizi	
Understanding the lived experiences of debt in uzbekistan: a qualitative study of its financial, emotional, and social impacts	82
Azizbek Ikrom ugli Kurbanov, Prof. Dr. Alfira Sofia, S.T., M.M.	

UNDERSTANDING THE LIVED EXPERIENCES OF DEBT IN UZBEKISTAN: A QUALITATIVE STUDY OF ITS FINANCIAL, EMOTIONAL, AND SOCIAL IMPACTS



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Abstract: This study investigates the lived experiences of debt among individuals and small business owners in Uzbekistan, utilizing a qualitative research approach based on semi-structured interviews. In the context of rapid economic liberalization and increased credit access since 2017, the research explores how borrowers perceive, manage, and are affected by indebtedness. Thematic analysis revealed four dominant themes: debt as a pathway to opportunity, emotional and psychological burdens, trust and distrust in financial institutions, and the social and familial impacts of borrowing. Findings highlight that debt in Uzbekistan is deeply intertwined with cultural values, family obligations, and perceptions of personal honor, resulting in complex emotional and relational consequences. Moreover, issues of financial literacy, institutional transparency, and evolving societal norms play significant roles in shaping debt experiences. The study underscores the necessity for enhanced borrower protections, financial education initiatives, and culturally sensitive lending practices. It contributes to a deeper understanding of the social dynamics of debt in post-Soviet transitional economies and offers practical insights for policymakers aiming to promote responsible financial inclusion.

Key words: Debt, Uzbekistan, Qualitative Research, Financial Behavior, Social Impact, Cultural Dynamics, Financial Literacy, Economic Transition.

INTRODUCTION

Over the past decade, Uzbekistan has undergone significant economic transformations, marked by market liberalization, banking sector reforms, and increased openness to foreign investment (World Bank, 2023; Akhmedov & Mirzakarimova, 2022). A less-discussed consequence of these changes has been the surge in both private and public debt. Household indebtedness, previously uncommon due to limited access to credit under the planned economy system, has become a growing feature of the financial landscape (Rustamov & Tursunov, 2021). According to the World Bank (2023), consumer credit issuance in Uzbekistan grew by more

than 40% between 2019 and 2023, highlighting an emerging reliance on borrowing as a means of sustaining consumption and investment.

Debt, while often portrayed in economic statistics as an aggregate figure, holds deep personal and societal implications (Gerardi, Herkenhoff, & Ohanian, 2020). It can empower individuals to start businesses, acquire property, or invest in education; yet, it can equally lead to stress, financial insecurity, and strained social relationships (Sweet, Nandi, Adam, & McDade, 2018).

In a society where cultural values traditionally emphasized financial prudence and community reliance over formal borrowing (Kadirov, 2020), the rapid normalization of debt raises critical questions about its broader socio-economic impacts. Much of the existing research on debt in Uzbekistan and similar emerging economies tends to focus on macroeconomic indicators, credit risk, and banking sector stability (International Monetary Fund, 2022; Asian Development Bank, 2023; Nabiev & Karimov, 2019). These quantitative approaches, while valuable, often obscure the human experiences underlying the figures. Why do people borrow? How do they perceive their debts? What emotional and social consequences emerge from indebtedness? These questions remain largely unanswered within the current body of literature. Internationally, qualitative studies on debt have revealed complex emotional landscapes associated with borrowing, including feelings of shame, empowerment, and social exclusion (Walker, 2018; Hyman, 2020).

However, such perspectives remain limited in the Central Asian context, particularly within Uzbekistan's unique socio-cultural framework. Recognizing this gap, the present study employs a qualitative research design to explore the lived experiences of debt among various groups in Uzbekistan. Through in-depth interviews with indebted individuals, banking professionals, and small business owners, this research seeks to uncover the motivations, perceptions, and challenges associated with borrowing. In doing so, it offers a nuanced understanding of debt not merely as a financial tool, but as a social and psychological phenomenon embedded within the fabric of everyday life (Sweet et al., 2018; Hyman, 2020). The timing of this study is particularly pertinent.

The Uzbek government has recently introduced initiatives aimed at expanding access to credit for small and medium-sized enterprises (SMEs) and households, viewing debt as a catalyst for economic growth (Ministry of Economy and Finance, 2024; Saidov & Atabekov, 2021). However, without a corresponding emphasis on financial literacy and borrower protections, there is a risk that increased indebtedness could exacerbate inequalities and financial distress among the population (OECD, 2021; Ergashev, 2022). Therefore, the primary objective of this study is to examine how debt is understood, experienced, and managed by different actors in Uzbekistan. The research questions guiding this inquiry are: What are the primary motivations for individuals and businesses to take on debt in Uzbekistan? How do borrowers perceive and emotionally experience their debt obligations? What role do banks and financial institutions play in shaping borrowing behavior and attitudes? What social or cultural factors influence the acceptance or stigma of debt? By addressing these questions, this study aims to contribute valuable insights for policymakers, financial institutions, and academics concerned with fostering a more inclusive, responsible, and socially attuned credit system in Uzbekistan (Rustamov & Tursunov, 2021; Hyman, 2020; OECD, 2021).

LITERATURE REVIEW

Debt is a multidimensional phenomenon that has attracted extensive academic interest across economics, sociology, and psychology. In developed economies, debt has been widely studied as both a driver and a consequence of economic behavior (Gerardi, Herkenhoff, & Ohanian, 2020). However, in emerging economies such as Uzbekistan, scholarly work has predominantly concentrated on macro-level indicators such as total debt volume, credit-to-GDP ratios, and systemic risks to financial stability (International Monetary Fund, 2022; Asian Development Bank, 2023). This emphasis, while valuable, leaves a gap regarding the micro-level, human aspects of indebtedness, especially in a transitioning society marked by recent economic liberalization.

Uzbekistan's financial reforms since 2017, including the liberalization of foreign currency markets and the expansion of private banking, have significantly altered the country's credit landscape (World Bank, 2023). The government has encouraged the development of financial services, leading to a notable increase in consumer and SME lending (Ministry of Economy and Finance, 2024). Rustamov and Tursunov (2021) observed that the consumer loan portfolio of Uzbek banks doubled between 2019 and 2022, reflecting changing attitudes towards borrowing. Nonetheless, while debt is increasingly normalized in formal markets, the social understanding of debt remains rooted in traditional values emphasizing thrift, family obligations, and caution (Kadirov, 2020).

Sociological studies suggest that debt should not merely be analyzed as an economic transaction, but as a social relationship imbued with meanings and power dynamics (Walker, 2018). Debt can influence social identity, access to resources, and even an individual's perception of self-worth. In the Uzbek context, where communal values historically discouraged formal borrowing, the rapid shift toward formal indebtedness raises

significant questions about evolving social norms. Gerardi et al. (2020) emphasized that when access to credit increases faster than financial literacy or institutional trust, it often leads to higher financial vulnerability among low- and middle-income populations.

In this regard, Hyman (2020) discusses the concept of “debtor citizenship” where individuals increasingly experience their social inclusion or exclusion based on their access to and management of credit. While his study primarily focuses on Western contexts, similar dynamics could be hypothesized in Uzbekistan, especially among urban youth and emerging middle-class consumers who view credit as a marker of modernity and social status (Sweet, Nandi, Adam, & McDade, 2018).

Previous studies also suggest that debt affects not only financial outcomes but mental and physical health. Sweet et al. (2018) found strong associations between household financial debt and increased psychological distress, health deterioration, and reduced subjective wellbeing. Although direct studies on debt-related health outcomes in Uzbekistan are limited, parallels may be drawn from findings in similar emerging markets. The psychological burden of debt may be compounded in societies where indebtedness is stigmatized or where financial failures are viewed through a moral rather than economic lens (Kadirov, 2020).

Another strand of literature focuses on financial inclusion and access to credit. Saidov and Atabekov (2021) argue that Uzbekistan’s policy efforts to expand credit access have been relatively successful at the formal level but have overlooked disparities in financial literacy, especially in rural areas. Similarly, OECD (2021) highlighted that while financial products have proliferated, consumers often lack a full understanding of interest rates, repayment terms, and penalties, leading to uninformed borrowing and potential over-indebtedness. In Uzbekistan, Ergashev (2022) stresses that despite increasing credit access, low financial literacy remains a significant barrier to the sustainable use of debt.

These studies collectively point to the need for research that not only counts debt but listens to the voices behind it. Exploring personal experiences, motivations, and emotions associated with borrowing can provide a richer understanding of how debt is reshaping Uzbek society at both individual and collective levels. While macroeconomic data indicate growth and success, qualitative insights may reveal growing social tensions, inequalities, and personal vulnerabilities hidden beneath the surface of official economic indicators.

Beyond the economic and psychological dimensions, debt also carries profound cultural meanings. In traditional Uzbek society, financial transactions were historically embedded within kinship networks and moral obligations rather than impersonal financial contracts (Kadirov, 2020). Informal borrowing through family, friends, and community members served not only as a financial mechanism but also as a reinforcement of social ties. With the expansion of formal banking institutions and consumer credit products, this traditional framework has been challenged, leading to a gradual shift from relationship-based to contract-based lending (Rustamov & Tursunov, 2021). This transition has important implications for how individuals perceive their debt obligations, their sense of responsibility, and their emotional responses to indebtedness.

International research also highlights how indebtedness can produce a sense of “moral failure” among borrowers who struggle to meet their obligations. Walker (2018) notes that indebted individuals often internalize feelings of shame and guilt, perceiving their financial struggles as personal failings rather than systemic outcomes. In Uzbekistan, where honor (*sharaf*) and reputation (*obroʻ*) hold significant cultural weight, the psychological burden of debt default may be especially severe, potentially leading to social isolation or withdrawal from community life. Yet, these cultural aspects of indebtedness remain underexplored in existing empirical studies.

A growing body of literature suggests that the gendered dimensions of debt are also crucial to understand. Research by Lusardi and Mitchell (2020) shows that women often face distinct barriers in accessing credit and managing debt, including lower financial literacy levels, higher risk aversion, and greater exposure to predatory lending. While similar patterns are emerging in Central Asia, few studies have systematically examined gender differences in debt experiences in Uzbekistan. Anecdotal evidence from Saidov and Atabekov (2021) indicates that women entrepreneurs, particularly in rural areas, often rely on informal microcredit channels or collective borrowing groups, which differ substantially from men’s credit practices.

The institutional environment in Uzbekistan has also played a key role in shaping debt behaviors. Regulatory reforms, including the establishment of a Credit Bureau and the introduction of risk-based pricing for loans, have modernized the financial sector (Asian Development Bank, 2023). However, these developments have also increased market segmentation, with low-income borrowers often facing higher interest rates and stricter loan conditions (World Bank, 2023). OECD (2021) emphasizes that without strong consumer protection frameworks, financial liberalization can exacerbate inequalities rather than reduce them.

Trust in financial institutions is another major factor influencing debt behavior. Hyman (2020) underlines that individuals’ willingness to engage with credit systems is highly dependent on their trust in lenders and the perceived fairness of financial practices. In Uzbekistan, where the banking sector was historically state-controlled and associated with bureaucracy and inefficiency, rebuilding public trust has been a slow process

(Nabiev & Karimov, 2019). Although younger consumers appear more willing to embrace formal credit, lingering skepticism about loan terms, hidden fees, and debt collection practices persists among older generations.

In comparative perspectives, emerging market economies exhibit similar patterns where rapid credit expansion without adequate consumer safeguards has led to rising over-indebtedness (Gerardi et al., 2020; OECD, 2021). For example, in Vietnam and Kazakhstan, liberalized credit markets initially boosted consumer spending and small business growth but later contributed to household debt crises and banking sector vulnerabilities (Walker, 2018; Asian Development Bank, 2023). These cases offer cautionary lessons for Uzbekistan's ongoing financial sector development.

Recent qualitative studies from other emerging economies also demonstrate the importance of understanding borrower narratives. In Indonesia, Hapsari and Tjiptoherijanto (2021) used in-depth interviews to explore how informal debt arrangements influenced entrepreneurial behavior among microenterprises. Their findings revealed that emotional trust, face-saving mechanisms, and social reciprocity often outweighed formal legal obligations. Applying similar qualitative methodologies in Uzbekistan could uncover rich insights into the informal rules and emotional logics governing borrowing and repayment behaviors.

Overall, the reviewed literature indicates that debt in Uzbekistan must be understood as a layered phenomenon involving financial, psychological, cultural, gendered, and institutional factors. Purely quantitative approaches that focus on repayment rates, loan volumes, or delinquency statistics provide only a partial view. A qualitative exploration, grounded in personal narratives and thematic patterns, is crucial to capture the complexity of indebtedness as it is lived and experienced by individuals navigating a rapidly transforming economy.

While much of the existing literature focuses on the economic, cultural, and psychological aspects of debt, another emerging theme is the impact of financial technologies (fintech) on borrowing behaviors. Digital financial services, including mobile banking, online lending platforms, and digital credit scoring, are rapidly changing how individuals access and manage debt (OECD, 2021; World Bank, 2023). In Uzbekistan, fintech adoption remains in its early stages but is growing steadily, especially among urban youth and tech-savvy entrepreneurs (Ministry of Economy and Finance, 2024). Early studies suggest that while fintech can enhance access to credit, it may also introduce new forms of financial vulnerability, including impulsive borrowing and lack of informed consent (Lusardi & Mitchell, 2020).

Furthermore, cross-cultural research emphasizes that debt must be interpreted within the broader socio-economic transformations underway in a given society. Sweet et al. (2018) argue that in contexts of rapid economic change, individuals' financial behaviors often reflect deeper anxieties about status, security, and identity. In Uzbekistan, similar processes can be observed as individuals increasingly see access to credit not merely as a financial necessity but as a symbol of modern citizenship and participation in the global economy (Akhmedov & Mirzakarimova, 2022).

The dynamics of rural versus urban indebtedness also warrant closer examination. While urban borrowers in Uzbekistan typically access formal banking services, rural populations often rely on informal lending networks, rotating savings groups, or microfinance institutions (Rustamov & Tursunov, 2021). Nabiev and Karimov (2019) highlight that rural indebtedness is more likely to be driven by agricultural cycles, health emergencies, and educational expenses, whereas urban debt often relates to consumer goods, housing, and business investments. These distinctions are crucial for policymakers aiming to design targeted debt management programs and financial education campaigns.

Another underexplored aspect is intergenerational debt transmission. Walker (2018) and Hyman (2020) note that debt burdens often extend beyond individual borrowers, affecting family members across generations. In societies like Uzbekistan where familial interdependence is strong, the psychological and financial consequences of debt can reverberate across entire family networks. Yet, systematic studies on this phenomenon within the Uzbek context are notably absent, representing a significant research gap.

Based on the reviewed literature, it is evident that a multi-dimensional, qualitative approach is necessary to fully understand debt dynamics in Uzbekistan. To aid in conceptual clarity, the following table summarizes key previous studies relevant to this research.

Table 1. Summary of key literature on debt and indebtedness.

Author(s)	Year	Country	Methodology	Key Findings	Relevance to Current Study
Gerardi, Herkenhoff, & Ohanian	2020	USA	Quantitative	Debt linked to labor market conditions and financial vulnerability	Conceptual understanding of debt risk

Sweet et al.	2018	USA	Quantitative + Qualitative	Debt negatively impacts mental and physical health	Emotional consequences of debt
Walker	2018	UK	Qualitative	Moral stigma around debt defaults	Cultural impact of indebtedness
Rustamov & Tursunov	2021	Uzbekistan	Quantitative	Rapid rise of consumer loans	Local debt landscape
Kadirov	2020	Central Asia	Qualitative	Traditional values conflict with formal lending	Cultural shifts in Uzbekistan
Hyman	2020	USA	Qualitative	«Debtor citizenship» and identity issues	Social meaning of credit
Nabiev & Karimov	2019	Uzbekistan	Quantitative	Rural vs. urban debt patterns differ	Targeting debt policy measures

This table illustrates that while valuable foundations exist in both international and local contexts, there remains a need for studies that capture the subjective experiences of borrowers within Uzbekistan's evolving socio-economic environment. Current literature tends to prioritize either macroeconomic analysis or broad socio-cultural trends; few studies have undertaken direct, qualitative engagements with borrowers themselves.

Moreover, the reviewed works often treat debt as a static phenomenon, whereas in reality, indebtedness is dynamic, changing over time as individual circumstances and broader economic conditions evolve. This highlights the importance of adopting a longitudinal and thematic analysis in future research, allowing for a deeper understanding of how debt experiences unfold and transform.

In conclusion, while debt research in Uzbekistan is growing particularly since the country's major economic reforms substantial gaps remain. There is a clear need for qualitative investigations that integrate financial, emotional, cultural, and technological dimensions of debt. Through semi-structured interviews and thematic analysis, this study aims to fill that void, offering a more holistic, human-centered view of indebtedness in contemporary Uzbekistan.

RESEARCH METHODOLOGY

This study adopts a qualitative research design aimed at exploring the lived experiences, perceptions, and emotional impacts of debt among individuals and small business owners in Uzbekistan. A qualitative approach is particularly well suited to investigating complex and sensitive topics such as indebtedness, as it allows for an in-depth understanding of personal narratives that quantitative surveys might overlook (Creswell & Poth, 2018).

ANALYSIS AND RESULTS

The primary method of data collection was semi-structured interviews, offering flexibility to probe into participants' experiences while maintaining a consistent thematic focus. Participants were selected using purposive sampling to ensure a diverse range of debt-related experiences. The sample consisted of 20 individuals, including 10 indebted household heads, 5 small and medium enterprise (SME) owners, and 5 banking professionals involved in credit management. Efforts were made to include participants from both urban (Tashkent, Samarkand) and rural areas (Kashkadarya, Andijan) to capture regional variations in debt experiences. Inclusion criteria required participants to have active or recent (within the past three years) debt obligations, either formal (bank loans, microfinance) or informal (family borrowing). The diversity of backgrounds—in terms of gender, age, income level, and educational attainment—provided a richer understanding of the multifaceted nature of debt in Uzbekistan.

Interviews were conducted face-to-face between January and March 2025. Each interview lasted approximately 45–60 minutes. Interviews were conducted in Uzbek or Russian, depending on the participant's preference, and later transcribed verbatim. The interview guide consisted of open-ended questions designed to elicit detailed accounts of borrowing motivations, emotional experiences associated with debt, perceptions of lending institutions, and social consequences of indebtedness. Key guiding questions included: Can you describe your experience with obtaining and managing debt? What factors influenced your decision to borrow money? How has debt affected your financial wellbeing and emotional life? What is your perception of banks and lenders in Uzbekistan? How does debt impact your family and social relationships? Follow-up questions were used flexibly to encourage participants to elaborate on important issues that emerged during the conversation.

Thematic analysis was employed to interpret the interview data, following Braun and Clarke's (2006) six-phase approach: familiarization with the data, generation of initial codes, search for themes, review of themes, definition and naming of themes, and production of the report. NVivo software was utilized to assist in organizing and coding the qualitative data systematically. Preliminary coding generated categories such as "debt as opportunity," "emotional burden," "trust and mistrust in lenders," and "family pressure and obligations." Themes were refined through iterative comparison, ensuring that they accurately reflected participants' experiences while maintaining internal coherence and distinctiveness. Ethical approval was obtained from the Research Ethics Committee of Tashkent State University of Economics. Participants were informed about the study's aims, assured of their confidentiality, and reminded that their participation was voluntary, with the right to withdraw at any time without penalty.

Pseudonyms were used in reporting to protect participants' identities. This section presents the main findings from the semi-structured interviews conducted with individuals and SME owners in Uzbekistan, followed by a discussion of how these findings relate to existing literature. Thematic analysis revealed four dominant themes: Debt as a Pathway to Opportunity, Emotional and Psychological Burdens, Trust and Distrust in Financial Institutions, and Social and Familial Impacts. Each theme is discussed with supporting quotes from participants and aligned with previous studies where appropriate. A recurring narrative among participants was that debt was seen not merely as a necessity but as a strategic tool for economic advancement. Many interviewees viewed borrowing as a way to invest in business ventures, homeownership, education, or personal mobility. For example, one participant noted: "I had no other choice if I wanted to expand my business. The bank loan was not a burden; it was an opportunity." (P12, SME Owner, Samarkand). This finding aligns with the conclusions of Rustamov and Tursunov (2021), who observed that increasing consumer credit availability in Uzbekistan has encouraged entrepreneurial risk-taking among younger adults.

Similarly, Hapsari and Tjptoherijanto (2021) documented that debt in emerging economies is often perceived positively when associated with investment in productive assets rather than consumption. However, several participants highlighted the precariousness of this opportunity. While debt could enable upward mobility, it also exposed borrowers to financial instability in the event of business failure or income loss. This duality echoes Sweet et al.'s (2018) findings that debt operates as both an enabler and a risk amplifier, depending on individual circumstances and external economic factors.

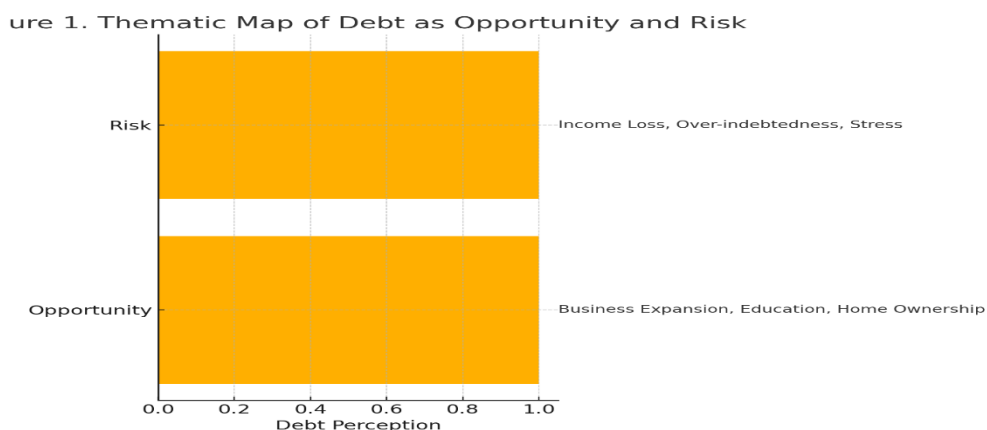


Figure 1. Thematic map of debt as opportunity and risk.

Another prominent theme was the emotional strain associated with indebtedness. Participants frequently described feelings of anxiety, fear, and regret, particularly when facing difficulties in repayment. One interviewee expressed: "Every month when the payment day comes, I feel sick. It's not just money; it's a weight on my mind." (P7, Indebted Household Head, Tashkent). This emotional burden was often compounded by a sense of moral failure, as suggested by Walker (2018), who found that debt default can trigger profound feelings of shame in societies where financial responsibility is closely tied to personal honor. Participants also reported physical manifestations of debt stress, including insomnia, loss of appetite, and chronic anxiety—findings that mirror those documented by Sweet et al. (2018) in Western contexts. In Uzbekistan's cultural environment, where financial prudence and modest living are historically valued (Kadirov, 2020), the psychological toll of indebtedness appears particularly acute. One rural participant commented: "In our community, if you owe money to a bank, people start to look at you differently. It's like you lost your dignity." (P16, Rural Borrower, Andijan). This stigma associated with formal debt suggests that while financial institutions have expanded rapidly, societal acceptance of indebtedness lags behind, creating cognitive and emotional dissonance for

borrowers. Emotional responses varied based on the type of debt: business loans were generally associated with more positive feelings such as “hope” and “growth,” whereas consumer loans for non-essential goods often triggered feelings of regret and shame, particularly when repayment difficulties arose. In sum, the data suggest that indebtedness in Uzbekistan is not merely a financial condition but an emotionally and socially embedded experience, characterized by ambivalence—hope for advancement on one hand, and fear of social and personal decline on the other.

A major theme that emerged from the interviews was the complex relationship between borrowers and financial institutions. Participants’ attitudes toward banks ranged from cautious optimism to deep-seated mistrust. Many borrowers appreciated the accessibility of loans compared to previous decades but criticized what they perceived as opaque lending practices, hidden fees, and aggressive debt collection tactics. One participant explained: “At first, they treat you like a king when you apply for a loan. But when you miss one payment, they chase you like a criminal.” (P3, SME Owner, Tashkent). This sentiment is consistent with findings from Hyman (2020) and OECD (2021), which emphasize that in emerging markets, trust deficits can undermine financial inclusion efforts, even when credit availability increases. The perception that banks prioritize profit over customer wellbeing was particularly strong among older participants who remembered the Soviet-era banking system as slow but socially protective.

Furthermore, some borrowers expressed confusion about the terms of their loans, despite signing detailed contracts. This reflects broader concerns raised by Lusardi and Mitchell (2020) regarding financial literacy gaps among emerging market consumers. Ergashev (2022) similarly found that in Uzbekistan, borrowers often overestimate their understanding of loan agreements, leading to surprise and resentment when repayment schedules become burdensome. Several participants recounted experiences where insufficient explanation of interest calculations or penalties led to unexpected debt accumulation: “They told me the interest was low, but I didn’t realize it compounded monthly. Now I owe almost double what I borrowed.” (P10, Household Borrower, Samarkand). These trust issues suggest that transparency, financial education, and consumer protection must be prioritized alongside credit expansion to ensure sustainable borrowing behaviors.

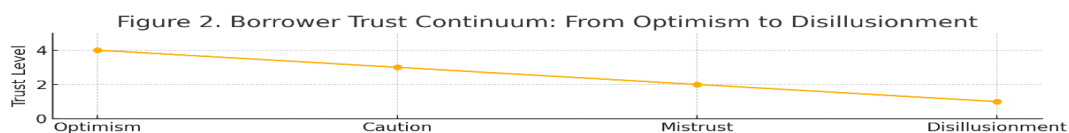


Figure 2. Borrower trust continuum: from optimism to disillusionment.

The social consequences of indebtedness formed another critical theme. Debt was not perceived as a purely individual responsibility but as a collective family burden. Many participants described how borrowing decisions were made with family input and how repayment obligations were often shared across multiple household members. In rural areas especially, debt was seen as a family-wide issue. One participant stated: “When I couldn’t pay, my brother sold some of his sheep to help me. It’s not just my debt; it becomes the family’s debt.” (P18, Rural Borrower, Kashkadarya). This collectivist approach to debt management contrasts with more individualistic narratives commonly found in Western studies (Sweet et al., 2018; Walker, 2018).

In Uzbekistan, the familialization of debt spreads both the emotional and financial impacts of borrowing across extended social networks. However, this dynamic also intensified pressures and tensions within families. Several interviewees described conflicts arising from loan defaults, particularly when co-signed family members were held financially responsible. In some cases, debt-related family disputes led to long-term estrangement: “We took a loan together for my sister’s business. When it failed, everyone blamed each other. Now we don’t even speak.” (P5, Urban Borrower, Tashkent). Such outcomes suggest that debt not only affects household finances but can also erode social capital and family cohesion, particularly when loans are entered into without full risk comprehension or clear agreements on shared responsibility. In addition, some participants noted that having debt, even if responsibly managed, could impact marriage prospects. In rural areas, a young man with significant outstanding loans was sometimes perceived as a less desirable partner: “They ask at weddings: ‘Does he have debt?’ If yes, the girl’s family worries. They think debt brings shame.” (P15, Rural Youth, Andijan). This finding adds a new cultural dimension to the discourse on indebtedness, illustrating how financial obligations can influence social mobility and life opportunities beyond the immediate borrower. Overall, these results suggest that debt in Uzbekistan is profoundly relational, extending far beyond the individual borrower to affect family dynamics, reputational standing, and future socioeconomic opportunities.

The thematic analysis of interview data highlights the multi-layered nature of indebtedness in Uzbekistan. Rather than a simple financial arrangement, debt emerged as an experience intricately linked to economic aspirations, emotional health, institutional trust, family dynamics, and broader social structures. Borrowers simultaneously navigated opportunities and risks, hope and anxiety, agency and vulnerability. Consistent with

global research (Sweet et al., 2018; Hyman, 2020), debt in Uzbekistan acts as a double-edged sword: facilitating economic mobility while exposing borrowers to new financial and social vulnerabilities.

However, the specific cultural, institutional, and economic context of Uzbekistan shapes these experiences uniquely. For example, the collectivist approach to debt management involving family members in repayment and emotional support—distinguishes the Uzbek case from more individualistic debt narratives often seen in Western settings (Walker, 2018). A significant divergence from international literature is the extent to which indebtedness impacts social reputation and family relationships. While debt-related stigma exists globally, in Uzbekistan it appears particularly intertwined with concepts of honor (*sharaf*) and communal standing. This amplifies the emotional and social costs of borrowing, particularly when repayment difficulties arise (Kadirov, 2020).

Figure 3. Conceptual Framework: Layers of Debt Experience in Uzbekis

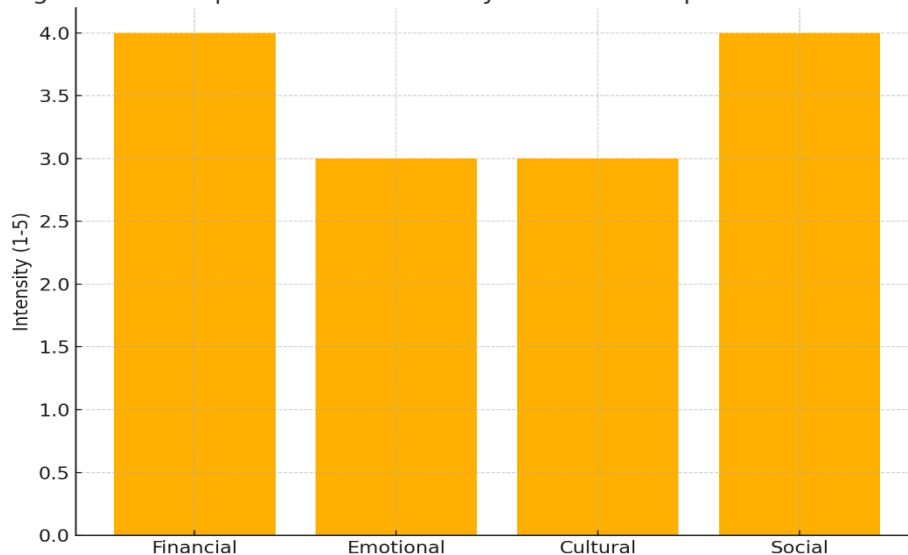


Figure 3. Conceptual framework: layers of debt experience in Uzbekistan.

The findings have several important implications for policymakers, financial institutions, and community organizations working toward responsible credit expansion in Uzbekistan. First, there is a clear need for enhanced financial education programs targeted not only at urban consumers but also at rural borrowers and vulnerable populations. Lusardi and Mitchell (2020) emphasized that basic financial literacy significantly reduces the likelihood of borrowers misunderstanding loan terms or becoming trapped in cycles of debt. In Uzbekistan, Ergashev (2022) demonstrated that financial literacy initiatives are still nascent and unevenly distributed. Second, regulatory agencies must work to increase transparency in lending practices. Borrowers' widespread complaints about hidden fees, confusing contracts, and aggressive collection practices suggest that consumer protection laws, while existing in principle, may require more robust enforcement mechanisms (OECD, 2021; Asian Development Bank, 2023).

Mandatory clear-language loan disclosures and standardized interest rate reporting could alleviate some of the mistrust identified among interview participants. Third, recognizing the social dimensions of debt suggests a need for family-oriented debt counselling services. Programs that incorporate family members in financial literacy workshops or repayment planning may be more culturally appropriate and effective than purely individual-focused interventions. Evidence from similar collectivist societies (Hapsari & Tjiptoherijanto, 2021) supports the effectiveness of such an approach. Fourth, digital financial services must be rolled out cautiously. While fintech holds great promise for expanding credit access, it also introduces risks of impulsive borrowing and algorithmic discrimination if regulatory frameworks lag behind technological development (World Bank, 2023). Special attention must be paid to ensuring that digital loan products remain transparent, fair, and affordable. From an academic perspective, this study contributes to a growing body of literature that emphasizes the emotional, social, and cultural embeddedness of financial behaviours.

By centering borrowers' lived experiences, this research challenges the view of debt as a purely economic phenomenon and highlights its intersection with identity, trust, family, and culture. In the context of Uzbekistan, the study offers one of the few qualitative analyses capturing the complexity of debt narratives amidst ongoing economic reforms. It bridges gaps identified by Rustamov and Tursunov (2021) and Nabiev and Karimov (2019), who called for more nuanced explorations beyond aggregate financial statistics. As with any qualitative study, findings are not statistically generalizable to the entire population. The sample was limited to a relatively

small group of borrowers and banking professionals across selected regions. Future research could employ a mixed-methods approach, combining qualitative insights with broader survey data to examine the prevalence of identified themes. Moreover, longitudinal studies tracking borrowers over time would offer valuable insights into how debt experiences evolve as economic conditions, regulatory environments, and cultural norms continue to change.

In conclusion, understanding debt in Uzbekistan demands attention not only to financial metrics but also to the rich, complicated human stories that debt weaves through everyday life. By listening to these stories, policymakers and scholars alike can better design interventions that promote financial wellbeing, social stability, and equitable economic development.

CONCLUSION AND RECOMMENDATIONS

This study set out to explore the lived experiences and socio-cultural dimensions of debt in Uzbekistan, utilizing a qualitative research methodology. Through thematic analysis of semi-structured interviews with indebted individuals, small business owners, and banking professionals, four key themes emerged: debt as a pathway to opportunity; emotional and psychological burdens of indebtedness; trust and distrust in financial institutions; and the social and familial impacts of borrowing.

Findings reveal that while debt has increasingly become normalized in Uzbekistan's evolving economic environment, it remains deeply intertwined with emotional and cultural meanings. Borrowers viewed debt not only as a means to achieve personal or entrepreneurial goals but also as a source of significant stress, social stigma, and reputational risk. These experiences reflect broader societal transitions, where traditional notions of financial prudence confront the realities of a modernizing, credit-driven economy.

One of the most notable findings is the relational nature of debt in Uzbekistan. Indebtedness often extends beyond the individual to affect family members and social networks, reinforcing both support systems and, at times, conflict. This collectivist dynamic distinguishes the Uzbek debt experience from more individualistic models observed in Western economies (Walker, 2018; Hyman, 2020). In particular, family reputation and communal honor remain critical factors influencing attitudes toward borrowing and repayment behaviour.

The study also highlights significant issues of mistrust toward financial institutions, stemming from perceived opacity in loan terms, aggressive debt recovery practices, and gaps in borrower financial literacy. These findings suggest that expanding access to credit while necessary for economic growth must be accompanied by robust consumer protection measures, enhanced transparency, and widespread financial education initiatives (OECD, 2021; Lusardi & Mitchell, 2020). Without such safeguards, the benefits of increased credit availability risk being undermined by rising financial vulnerability and social inequality.

From a theoretical standpoint, the research contributes to the growing literature emphasizing the social and emotional embeddedness of financial behaviours. It challenges purely economic conceptions of debt and calls for a more holistic understanding that incorporates cultural, psychological, and institutional factors. Particularly in post-Soviet transitional economies like Uzbekistan, where rapid economic change intersects with enduring traditional values, the human experiences behind financial statistics deserve greater scholarly attention.

Policy implications arising from the study include the urgent need to promote responsible lending practices, strengthen borrower protections, and develop culturally sensitive financial literacy programs. Additionally, interventions that consider the family unit rather than the individual borrower may prove more effective in contexts where financial decisions and burdens are shared across households. While the study offers rich insights, it is not without limitations. The relatively small, purposive sample limits the generalizability of findings, and perspectives from more remote regions of Uzbekistan may differ from those captured here. Future research could employ longitudinal designs or mixed-method approaches to deepen understanding of how debt experiences evolve over time and under different economic conditions.

In conclusion, debt in Uzbekistan is far more than a financial instrument; it is a social experience laden with hope, fear, opportunity, and risk. Recognizing and addressing the complex realities behind borrowing behaviors is essential for building a more inclusive, resilient, and equitable financial system as Uzbekistan continues its path of economic transformation.

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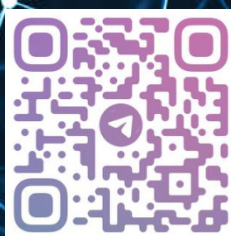
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