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UZBEKISTAN'S TRANSITION TO A CASHLESS SOCIETY: POLICY REFORMS AND COMPARATIVE ANALYSIS



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Abstract: Uzbekistan is undergoing a rapid transition toward a cashless society, driven by government policy, technological infrastructure development, and changing consumer behaviors. This article analyzes Uzbekistan's national shift from cash to digital payments through an IMRAD-structured study focusing on policies, infrastructure, and international context. A comprehensive literature review (global and local) highlights the benefits of cashless economies – efficiency, transparency, inclusion – as well as challenges like security risks and cultural resistance. The methodology combines a review of academic and policy literature with an analysis of government initiatives and legal reforms (e.g., the 2019 Payment Systems Law) and a comparative examination of cashless transitions in other countries. Results show that state-led efforts – from modernized payment networks to incentives and transaction limits – have significantly increased non-cash transactions in Uzbekistan. By 2023, nearly half of retail transactions were digital, reflecting the impact of these reforms. A discussion situates Uzbekistan's progress relative to international peers and identifies remaining hurdles, such as cybersecurity and ensuring rural inclusion. The findings suggest that Uzbekistan's proactive approach aligns well with global trends and user adoption among the young generation. The conclusion emphasizes that while Uzbekistan's cashless trajectory is well underway and even ahead of some regional neighbors, continued attention to security, literacy, and inclusive access will be vital to fully realize an efficient, transparent, and inclusive cashless economy.

Key words: Cashless economy; Digital payments; Uzbekistan; Financial inclusion; Payment policy; Infrastructure reform.

INTRODUCTION

Globally, the use of physical cash is steadily giving way to digital payment methods. In many countries, consumers now prefer electronic payments via credit/debit cards, mobile wallets, and online banking. For example, Sweden has seen the value of cash in circulation drop by over 50% between 2007 and 2018, leading analysts to project it could become effectively cashless by 2023. In the United States, only 13% of Americans reported using cash for “most” purchases in 2022 (down from 28% five years prior), and nearly two-thirds believe a completely cashless society is likely in their lifetime. These trends are driven by the convenience of digital payments, widespread smartphone adoption, and the growth of e-commerce, which make cashless transactions increasingly accessible. At the same time, the global discourse notes both potential benefits – such as reduced transaction costs, curbing of the shadow economy, and improved financial inclusion –

and challenges, including privacy concerns and the exclusion of those lacking digital access. Notably, public sentiment is mixed: while many embrace the ease of cashless payments, a significant segment of society remains uncomfortable with the idea of eliminating cash entirely. This underscores that societal readiness and trust are as important as technological capability in the transition toward a cashless economy.

Uzbekistan, traditionally a cash-centric economy, is now at a pivotal point in this global shift. Over the last decade, the country has undergone a rapid digital transformation in its financial sector. A combination of government initiatives and technological advancements has led to a surge in non-cash transactions. Key drivers include state-led financial digitization programs and major improvements in banking infrastructure. The government has implemented policies and reforms to encourage electronic payments and reduce reliance on cash, aligning these efforts with broader national modernization goals. For instance, the Law “On Payments and Payment Systems” adopted in 2019 established a legal framework for digital payments, strengthening consumer protection and paving the way for new payment service providers. In tandem, the Central Bank introduced a National Payment System – notably the HUMO payment network in 2019 – alongside the long-standing UzCard system, greatly expanding the acceptance of cashless transactions nationwide. As a result of such measures, non-cash payments grew dramatically: by 2023, roughly 45% of all financial transactions in Uzbekistan were executed via digital means. Mobile banking has likewise boomed, with the number of mobile app users growing by 28% in 2023 alone, reflecting the population’s increasing comfort with digital finance.

These developments are part of Uzbekistan’s broader “Digital Uzbekistan 2030” agenda, which prioritizes digital innovation across sectors. Promoting a cashless economy is seen not only as a matter of payment convenience but also as a strategy to enhance transparency, fight corruption, and integrate the country’s economy with global digital norms. Government reports indicate that in 2023, transactions via bank cards reached 789 trillion Uzbek soums (UZS), 1.4 times higher than the previous year. However, despite this progress, cash still accounted for an estimated 60% of the total volume of retail trade and service transactions as of 2023. This signifies that a significant portion of economic activity remains cash-based, and reducing this share is a key policy priority. In early 2024 the government announced strategic measures aimed at decreasing the cash transaction share to 40% by 2026. Proposed steps include imposing limits on large cash payments – for example, a cap of UZS 100 million (approximately \$8,000) on certain cash transactions – and mandating electronic payments for high-value goods and services. These initiatives are intended to curtail the shadow economy and improve tax compliance by ensuring more transactions are traceable through formal channels.

In summary, Uzbekistan’s push toward cashless payments is well underway, backed by strong policy support and infrastructural upgrades. This article examines the nation’s transition in detail through a multi-faceted research approach. In the sections that follow, we review relevant international and local literature on cashless economies, describe the methodology for analyzing Uzbekistan’s policies (including a comparative perspective), present the results of our policy analysis (situating Uzbekistan’s progress in a global context), and discuss the implications. By focusing on the national level initiatives and outcomes, we aim to evaluate how effectively Uzbekistan’s strategies are steering the country toward a cashless society and what challenges remain. (A complementary article delves into the micro-level perspective of this transition by analyzing a survey of university students’ behaviors and trust in cashless payments; however, the present paper centers on the macro-level policy and infrastructure dimensions of the cashless transformation.)

LITERATURE REVIEW

Global Trends and Benefits: Around the world, the trend toward cashless societies has been widely documented. A “cashless society” is generally defined as one where financial transactions are conducted primarily through digital means (cards, electronic transfers, mobile payments) rather than physical currency. Researchers have observed clear patterns of declining cash usage in many countries, propelled by technological innovation and changing consumer preferences. Convenience and speed are major drivers: digital payments eliminate the need to carry cash or make change, which encourages consumers to prefer cashless methods. The COVID-19 pandemic further accelerated this shift by popularizing contactless payments and e-commerce, as noted by various central banks and surveys (e.g., the U.S. Federal Reserve and Gallup) which observed sharp declines in cash transactions during 2020–2021.

The literature highlights numerous potential benefits of moving toward a cashless economy. First, there are efficiency gains and cost savings: governments and businesses can reduce the expenses associated with printing, handling, and securing physical. Electronic transactions tend to be faster and more convenient, boosting overall economic productivity and consumer satisfaction. Second, reducing cash usage can lead to greater financial transparency. When transactions are digitally recorded, it becomes harder to hide income or evade taxes, aiding in the fight against corruption and the shadow economy. The World Economic Forum has noted that cashless technologies can be powerful tools against illicit activities by creating auditable financial

trails. Third, increased use of digital payments can improve financial inclusion. In cash-dominant systems, individuals without access to banking services are often excluded from many transactions; by contrast, mobile payment platforms and e-wallets can help bring unbanked populations into the formal financial system. Mehul Desai (2020) argues that a true cashless society – perhaps facilitated by government-backed digital payment utilities – could dramatically lower barriers for the poor to access financial services, thereby closing inclusion gaps. Indeed, in many developing countries, mobile money services have allowed people in remote areas to store and transfer money electronically for the first time, as demonstrated by Kenya's well-known M-Pesa system. Lastly, beyond economic factors, researchers have pointed out societal benefits such as reducing crimes associated with cash (e.g., theft and robbery, since there is less physical money to steal) and even environmental benefits from decreasing the production of paper currency and coins.

Challenges and Risks: Despite these advantages, the literature also underscores significant challenges in the transition to a cashless society. One major concern is security and privacy. As transactions move online, cyber threats and fraud risks increase. Consumers may worry about identity theft, unauthorized access to accounts, or data breaches. Garg and Panchal (2017) found in an Indian study that cybercrime was perceived as the biggest problem in a cashless economy, even among those who acknowledged its benefits. Ensuring robust cybersecurity measures and educating users on safe digital practices is therefore essential to maintain trust in electronic payment systems. Another challenge is the digital divide and financial literacy. Not everyone has equal access to the technology or knowledge required to use digital payments. Studies in developing contexts emphasize that low digital literacy, especially in rural or older populations, can hinder adoption of cashless methods. If certain groups lack smartphones, internet access, or understanding of digital finance, they risk being excluded or left behind as the rest of society moves on. Additionally, cultural and psychological factors play a role. Cash has tangible qualities that some people value for budgeting or for a sense of security. Surveys (such as Gallup polls in the US) reveal that a significant segment of the population would feel uncomfortable in a fully cashless environment. In countries with long histories of cash-based transactions, ingrained habits and mistrust of electronic systems can be barriers – for example, some individuals prefer cash to avoid perceived issues like hidden fees or to keep transactions “off the record.” Infrastructure limitations are another concern; a cashless economy requires reliable electricity, internet connectivity, and a widespread network of payment acceptance points. In many developing nations, including Uzbekistan, urban areas may enjoy ubiquitous payment terminals and good mobile internet coverage, but rural regions often face gaps in connectivity and fewer merchants equipped to accept digital payments. These disparities create unequal access to cashless options, reinforcing the importance of an inclusive approach to the cashless transition.

Uzbekistan's Context – Progress and Reforms: Research focusing on Uzbekistan echoes many of the global themes while adding local specifics. Historically, Uzbekistan relied heavily on cash due to cultural preferences and limited banking reach. However, the past decade has seen what Erkinova (2025) describes as a “tremendous transformation” in the financial industry, driven largely by government-led reforms. According to her analysis, government interventions have been central to this transformation, with authorities implementing policies to encourage businesses and individuals to use electronic payments, partly to improve financial inclusion. One major milestone was the implementation of the Unified Payment System (HUMO) in 2019, which, alongside the expansion of the existing UzCard network, provided the backbone for nationwide card payment interoperability. This significantly improved the infrastructure for cashless transactions by ensuring that payment cards from any bank can be widely accepted across ATMs, retailers, and online platforms. As a result, the number of cashless transactions in the country has risen sharply in recent years. Commercial banks have launched user-friendly mobile applications (e.g., from Kapitalbank, Ipak Yuli Bank, Asaka Bank) that allow customers – including students – to pay bills, transfer funds, and manage accounts via smartphone. At the same time, fintech startups have entered the market; platforms like Payme, Click, Apelsin, and Paynet have revolutionized how consumers pay for goods and services by enabling seamless mobile payments and peer-to-peer transfers. These apps have gained massive popularity, especially among urban youth, by offering quick, convenient payment solutions for everything from utilities and mobile top-ups to e-commerce. Boboev (2022) notes that the success of such fintech solutions in Uzbekistan is largely due to their accessibility and user-centric design – they filled service gaps that traditional banks hadn't addressed (such as instant P2P transfers via simple phone interfaces), and this resonated with younger, tech-savvy customers. The COVID-19 pandemic further entrenched digital payment habits in Uzbekistan, as lockdowns in 2020–2021 pushed more consumers and merchants to transact online or via contactless methods, accelerating the cashless trend.

On the flip side, Uzbek experts have identified challenges specific to the local context. A cash-centric culture remains strong among parts of the population – many people are simply accustomed to using cash for daily transactions, and there can be reluctance to change long-standing habits. Some consumers distrust digital systems, perhaps due to concerns over hidden fees or a general preference for the familiarity of cash. Additionally, while the urban infrastructure for cashless payments has improved, rural and remote areas still

lag behind in both digital literacy and availability of payment infrastructure. Thus, the literature suggests that Uzbekistan's journey to a cashless society, while making remarkable progress, must address these human factors (trust, habit, literacy) and infrastructure gaps to ensure an inclusive transition. This study builds on these insights by examining in detail the government's current strategies and comparing them with international experiences to evaluate how well the nation is navigating these opportunities and challenges.

METHODOLOGY

This research adopts a multi-method approach to analyze Uzbekistan's transition toward a cashless society at the national level. The methodology consists of two main components:

Literature and Document Review: A systematic review of available literature and official documents was conducted to gather data on digital payments and cashless policy initiatives in Uzbekistan. This included academic journals, conference papers, government reports, and reputable news articles from approximately 2017–2024, capturing the most recent developments. Key sources included reports by the Central Bank of Uzbekistan and the Ministry of Finance on payment system statistics, relevant laws and regulations (such as the 2019 Law on Payments and Payment Systems, and various presidential decrees and resolutions related to digital finance), and data from international organizations (e.g., World Bank Global Findex indicators on account ownership, and industry research such as Visa's 2023 report on digital payments in Uzbekistan). The literature review (presented above) synthesized findings from these secondary sources to establish the context of the study. In analyzing policy documents, specific measures were extracted – for example, details on infrastructure projects, timelines for reducing cash usage, and incentive programs – and these were compiled for reference. Quantitative data (such as statistics on transaction volumes or adoption rates) were noted where available to illustrate the scale of changes.

Comparative Policy Analysis: To contextualize Uzbekistan's efforts regionally and globally, the study included a comparative review of how other countries – particularly in the Commonwealth of Independent States (CIS) and selected leading economies – are managing the transition to cashless payments. Information was gathered from reports and news about policies in countries such as Russia, Kazakhstan, Azerbaijan, India, and Sweden. This comparative angle helped identify best practices and cautionary tales. For instance, data were collected on specific regulatory measures elsewhere (like cash transaction limits or non-cash incentives) to see how Uzbekistan's policies stack up. By reviewing these external cases, the analysis highlights whether Uzbekistan is ahead or behind its peers and what strategies might be effective or problematic. Examples include Russia's strict cap on cash transactions for businesses and Azerbaijan's penalties for large cash deals, which serve as reference points for evaluating Uzbekistan's proposed cash limits.

All data collected were analyzed using content analysis for qualitative information and simple descriptive analysis for quantitative indicators. The integrity of sources was ensured by cross-verifying facts through multiple references whenever possible. Throughout the research, objectivity was maintained by relying on documented evidence (official statistics, published studies, etc.) and citing sources accordingly. Since this article focuses on policy and secondary data, ethical considerations primarily involved proper attribution and accurate representation of source material. (The broader study included a survey of university students; however, those primary data are discussed separately in a companion article focusing on user perceptions. The present paper utilizes some general insights from the survey for contextual purposes but does not elaborate on primary survey methodology or individual responses here.)

RESULTS

Government Initiatives and Payment Infrastructure: The analysis finds that Uzbekistan's government has undertaken an array of initiatives to propel the country toward a cashless economy. These efforts can be categorized into infrastructure development, regulatory measures, and incentive programs. On the infrastructure front, a cornerstone was the creation of a robust national payment network. The introduction of the HUMO payment system in 2019, alongside the established UzCard network, has vastly improved interoperability and coverage of digital payments. By ensuring that bank cards from any domestic bank are universally accepted at ATMs and merchants nationwide, Uzbekistan removed a major practical barrier to going cashless. The number of point-of-sale (POS) terminals and payment acceptance points expanded significantly; by 2022, over 534,000 POS terminals were installed across the country, dramatically increasing the capacity for cashless transactions in daily commerce. The government also invested in telecommunications improvements (3G/4G expansion and fiber-optic internet) to support digital payments. Mobile internet coverage reportedly surpassed 90% of populated areas by the mid-2020s, a critical factor for enabling rural populations to use online banking and payment apps. Together, these infrastructure advancements mean that a growing share of Uzbekistan's population now

has the technical means to transact digitally. Indeed, outages or connectivity issues are becoming relatively infrequent in urban centers, indicating that the infrastructure is generally reliable for most users.

In terms of regulatory and legal measures, Uzbekistan has systematically updated its financial laws to encourage non-cash transactions. The 2019 Law on Payments and Payment Systems was a foundational reform, establishing the legal status of electronic payments, licensing criteria for payment service providers, and consumer protections for digital. Since then, authorities have introduced or proposed further regulations to dis-incentivize cash use. A prominent example is the consideration of hard caps on large cash transactions. In early 2024, the government floated a proposal to cap cash deals above a certain threshold (e.g., UZS 100 million for certain transactions), effectively compelling high-value transactions to go through banks or digital systems. Such a move mirrors policies in some neighboring countries – for instance, Russia imposes a ₸100,000 limit (around \$1,200) on cash settlements between businesses, and Azerbaijan’s “Law on Non-Cash Payments” sets monthly cash limits for enterprises (with financial penalties for violations). Uzbekistan’s adoption of similar limits is expected to nudge both businesses and consumers toward cashless modes for significant purchases, reducing opportunities for untracked cash dealings. Another regulatory measure has been mandating the acceptance of digital payments in more sectors. Government decrees now require that all budgetary organizations and public services (e.g., universities, hospitals, utilities) offer online payment options, and that certain large transactions (such as real estate sales by developers to individuals) be conducted in non-cash form with electronic invoicing. These rules not only compel institutions to upgrade their payment systems, but also normalize cashless transactions for the public in contexts that were traditionally cash-heavy (like paying tuition or buying property).

The government has also implemented incentive programs to encourage citizens and businesses to choose cashless payments. A notable initiative is the cashback program, wherein consumers receive a small rebate (for example, 1% of the purchase amount) for paying by card or digital means. There are plans to enhance this system further, including mechanisms to refund part of the value-added tax (VAT) to individuals when they use non-cash payments. Such incentives are aimed at making cashless transactions financially attractive, effectively rewarding consumers for electronic payments. Banks and payment providers, often in partnership with the government, have introduced their own promotions – from waiving fees for online utilities payments to offering loyalty points for using banking apps. The cumulative effect of these incentive structures has been a rapid increase in cashless payment volume. According to Central Bank data, in 2023 total transactions through bank cards reached 789 trillion UZS (approximately USD 72 billion), a 40% increase from the previous year. Payments through POS terminals in trade and services grew by 37% in the same period. Despite these positive trends, it was also reported that about 60% of retail trade transactions in 2023 were still settled in cash. This figure is high compared to other CIS countries and underscores why authorities are pushing hard to shrink the cash share to 40% by 2026. To achieve this, the government’s 2024–2026 roadmap includes further measures such as: expanding the network of digital banking services to rural areas, rolling out financial literacy programs, and potentially introducing a Central Bank Digital Currency (CBDC) in the longer term as a secure alternative to cash – an idea that has been discussed in policy circles as a future phase of the cashless strategy.

International Comparison: Uzbekistan’s cashless transition, when compared to international peers, appears to be on a fast track, though starting from a historically cash-dependent baseline. In terms of growth rate, Uzbekistan is keeping pace with (or even outpacing) many neighboring countries in the CIS. For example, the annual increase in digital transaction volume (nearly 40% in 2023) is comparable to trends seen in some other post-Soviet economies that are aggressively modernizing their payment systems. However, in absolute terms, Uzbekistan still has a higher reliance on cash than some of its peers. The share of cash payments at ~60% of retail transactions (as of 2023) is significantly higher than in countries like Kazakhstan or Russia, where policy measures have already pushed more transactions into formal cashless channels. Regional analysis shows that countries which enforced strict cash limits or strong incentives earlier (such as Azerbaijan’s penalties for cash overuse, or Kazakhstan’s requirement that large B2B payments be non-cash) have seen a quicker drop in cash usage. On the other hand, Uzbekistan appears to be catching up swiftly by adopting similar measures now. Its proposed UZS 100 million cash cap and mandatory digital payments for big-ticket items indicate a determination to align with the stricter regimes of its neighbors. Internationally, Uzbekistan’s experience can be contrasted with leaders like Sweden or South Korea, where cashless payments are ubiquitous. While Uzbekistan is far from those extremes, it has the advantage of learning from their experiences and leapfrogging technologically (for instance, directly moving into mobile payments without decades of credit card dependency). Moreover, global best practices emphasize that financial inclusion must accompany digital finance growth. On that front, Uzbekistan’s policy emphasis on inclusion (e.g., promoting low-cost bank accounts and broad telecom coverage) mirrors approaches in countries like India, which, through initiatives like Jan Dhan Yojana and widespread mobile connectivity, massively expanded the user base for digital transactions.

Another comparative insight is in the area of public adoption and trust. Surveys in advanced economies

show some public resistance to a fully cashless society (e.g., 45% of Americans polled said they would be upset to see cash disappear). In Uzbekistan, public adoption – particularly among youth – has been robust, thanks in part to cultural factors like a younger demographic being more tech-oriented. This contrasts with some European countries where older populations dominate and cling to cash for security. Uzbekistan's youthful population structure could thus be an advantage in achieving a cashless society more rapidly, as young early adopters can influence broader societal norms. On the flip side, Uzbekistan shares with many developing countries the challenge of ensuring that rural and elderly populations are not left behind. Cases from countries like India and Kenya illustrate that even when digital finance grows overall, specific segments can be slower to adapt, requiring targeted interventions (such as simplified technologies or assisted digital services for those who are less tech-savvy). The comparative lesson is clear: technology-driven change is as much a social process as a technical one – successful cashless transitions depend on user trust and habit as much as on apps and cards.

DISCUSSION

Alignment of Policy and Adoption: Uzbekistan's case exemplifies a concerted effort to leverage technology and policy to modernize its economy, and the results so far are encouraging. Government initiatives – including legislative reforms, investment in payment infrastructure, and incentive programs – have significantly accelerated the uptake of non-cash transactions. The reception among the population, particularly university-aged youth, appears largely positive, which validates the government's push. This digital-native demographic not only uses cashless methods heavily but also generally supports the vision of a cashless future, provided that certain conditions (security, inclusivity) are met. In our broader study's survey of students, the high usage and overall trust among young respondents suggest that policy measures are hitting their mark with this group. This alignment between policy and user behavior is critical: policies can create opportunity, but widespread adoption is what ultimately determines outcomes. In Uzbekistan's case, the enthusiastic uptake by the younger generation indicates that the groundwork laid by reforms is resonating with those most predisposed to digital solutions. In essence, young, educated Uzbeks are serving as early adopters who can accelerate the normalization of cashless transactions across society. Many students even act as "ambassadors" of the cashless movement within their families – for example, some reported teaching their parents how to use payment apps and online services. This peer-driven diffusion is a powerful complement to top-down policy; it suggests that the next wave of adoption may be driven by interpersonal influence as much as by government mandates.

Regional Standing and Continued Challenges: In a comparative context, Uzbekistan appears to be on par with or ahead of many of its regional peers in the speed of its transition, though cultural and infrastructural hurdles common to emerging markets persist. The analysis shows that Uzbekistan's strategy – combining infrastructure rollout, legal changes, and incentives – is broadly in line with global best practices for promoting cashless payments. However, there are still notable challenges that need to be addressed to sustain momentum and achieve the long-term goal of a predominantly cashless economy. One ongoing concern is security and trust. As the literature and local experts highlight, cybersecurity threats can erode public confidence. Our findings underscore this point: even tech-savvy students expressed worries about fraud and hacking, which echoes experiences in other countries (for instance, in India, fear of cybercrime was a major impediment to embracing cashless payments). The government and financial institutions will need to continuously strengthen security frameworks – through both advanced technology (secure authentication, fraud monitoring) and user education – and respond swiftly to any incidents of digital fraud. Building and maintaining trust is paramount; one high-profile breach or a wave of scams could set back years of progress by driving people back to cash. On a positive note, most young users in the survey still trust the security of well-known platforms, especially with ongoing education efforts, but this trust has to be nurtured across the entire population.

Another challenge is inclusivity and the digital divide. While urban areas and the youth are forging ahead, it's clear that not everyone in Uzbekistan is equally prepared or able to go cashless. Older generations, rural communities, and those with limited tech access could lag behind – a concern even the student respondents raised, as they worry about their parents or those in villages coping in a cashless future. The government's role in bridging this gap is crucial. This includes expanding digital infrastructure to underserved areas (which is underway, given the telecom investments), but also tailoring financial services to be user-friendly for people with lower digital literacy. Robust financial literacy programs are needed, potentially with community outreach such as public awareness campaigns in local languages and via respected community figures (for example, involving teachers, imams, or mahalla leaders in explaining the benefits and safety of digital payments, to reach audiences that might not respond to formal banking messages). It may also be prudent to maintain a safety net of cash options during a transitional period so that those who truly cannot adapt quickly are not excluded from economic life. As one observer put it, moving toward cashless should not inadvertently widen social

inequalities. Instead, the transition should be accompanied by measures that ensure all citizens can participate – for instance, simplified smartphone apps for seniors, or government-facilitated bank accounts for unbanked rural residents. Over time, habits and mindsets can change (indeed, each year more digitally native young people will constitute a larger share of the adult population), but ensuring no one is left behind in the interim is key to the transition's success.

A further consideration is the cultural attachment to cash. Some segment of the population might simply prefer cash for its tangibility, budgeting convenience, or privacy. Even among enthusiastic adopters of digital payments, many still carry some cash as a backup – 65% of students in our survey said they keep cash on hand daily for emergencies or for small merchants that only take cash. This mirrors patterns observed in other countries: cash usage declines but doesn't disappear entirely because it continues to serve as a convenient fallback option. Policymakers should recognize that a completely cash-free society may not be attainable (or even desirable) in the very short term. The aim, therefore, should be to reach a point where cash is a niche preference rather than a daily necessity. Maintaining some cash infrastructure (ATMs, cash offices) in the medium term, especially for remote or older populations, will provide flexibility and prevent backlash against the cashless drive.

Policy Implications and Recommendations: The findings of this study carry several implications for policymakers in Uzbekistan and similar economies. First, the alignment between youth adoption and state objectives suggests that current strategies are effective and should be continued. Achieving the government's targets (such as reducing cash transactions to 40% by 2026) will depend on maintaining and spreading the momentum observed among young urban users across all demographics. To build on success, the government should finalize and enforce the planned cash transaction limits, providing clear guidance and convenient digital alternatives for large payments. International experience indicates that such limits can be powerful nudges toward cashless behavior if well implemented. Second, incentive programs could be expanded: deeper collaborations with banks and fintech firms can yield attractive rewards (cashback, discounts, loyalty points) for using digital payments. As evidenced by the positive response of students to even small perks, broader society might also increase cashless usage when given tangible benefits. Third, continued support for innovation and interoperability in the payments sector is crucial. Ensuring that new fintech solutions can integrate seamlessly with existing banking systems (e.g., common QR payment standards usable by any banking app) will reduce friction for consumers. Uzbekistan might also explore emerging technologies carefully – for instance, the idea of a central bank digital currency (digital soum) has been noted as a possible next phase to provide a secure official digital cash equivalent. Any such innovation should be approached prudently, but staying open to new tools will help future-proof the cashless ecosystem. Finally, public-private collaboration should remain a cornerstone: the government sets the vision and regulatory framework, but the private sector's creativity and reach drive consumer-facing implementation. The success of payment apps like Payme and Click shows that once the environment is conducive, competition and innovation can flourish to the benefit of users (students in our survey praised these apps for their ease of use and usefulness). Maintaining a healthy, competitive fintech landscape – while also safeguarding consumers – will keep improving service quality and trust, thereby drawing more people into the cashless fold.

CONCLUSION

Uzbekistan's march toward a cashless society demonstrates an effective synergy between proactive governance and an adaptable populace. In the span of a decade, what was once a predominantly cash-driven economy is being transformed through deliberate policy and eager adoption by the public. The government's multi-faceted approach – modernizing infrastructure, enacting supportive laws, capping cash usage, and incentivizing digital payments – has created an enabling environment that explains the rapid growth of cashless transactions. Meanwhile, the population (especially the younger generation) has responded by embracing these new tools, indicating a readiness for change. This dynamic interplay of policy and populace bodes well for the country's goal of a more transparent and efficient financial system. If current trends hold, Uzbekistan may reach a critical tipping point in the next few years where digital payments become the norm and cash recedes to a secondary role. Achieving this will require staying the course on reforms while remaining vigilant: continuously improving cybersecurity, expanding financial literacy efforts, and ensuring inclusive access so that all citizens can benefit from the digital economy. The results of this study highlight that Uzbekistan is largely on the right track, but also that the final miles of the journey – bringing along the hesitant and underserved – are as important as the initial strides. With careful stewardship, Uzbekistan's cashless transformation can serve as a model for similar emerging economies balancing tradition and innovation. Ultimately, the transition is not just about technology or finance; it is about fostering trust and convenience in a way that enhances the well-being

of all segments of society. As one enthusiastic student respondent optimistically said, “Going cashless is not just about technology, it’s about us moving forward.” With sustained commitment to addressing challenges and a focus on inclusion, Uzbekistan is poised to move forward into a primarily cashless future, setting an example in its region and beyond.

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