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CONTENTS

| | |
|--|----|
| THE THEORETICAL FOUNDATIONS OF APPLYING TAX INCENTIVES FOR INVESTMENTS DIRECTED TOWARD HUMAN CAPITAL | 14 |
| Quliyev Begimqul Melikovich | |
| ECONOMETRIC MODELS OF CASHLESS SETTLEMENTS AMONG ECONOMIC ENTITIES..... | 21 |
| Ruzimuradov Shuxrat Xusanovich | |
| PROSPECTS FOR THE DEVELOPMENT OF TOURISM BRAND MARKETING IN MODERN CONDITIONS (UAE: DUBAI ON THE EXAMPLE OF A CITY)..... | 26 |
| Ibodova Dilsora Ibodovna | |
| CREDIT DEFAULT SWAPS AS A WAY TO HEDGE AGAINST FORTHCOMING FUTURE UNCERTAINTIES IN THE DEBT MARKET OF UZBEKISTAN | 31 |
| Abduganiev Abdulaziz Alisher o'g'li | |
| SHOULD THE REGULATION OF THE E-COMMERCE MARKET IN THE REPUBLIC OF UZBEKISTAN BE CARRIED OUT BY THE NATIONAL AGENCY FOR PERSPECTIVE PROJECTS OR THE CENTRAL BANK? | 39 |
| Sadikov Aziz Mirsharapovich | |

SHOULD THE REGULATION OF THE E-COMMERCE MARKET IN THE REPUBLIC OF UZBEKISTAN BE CARRIED OUT BY THE NATIONAL AGENCY FOR PERSPECTIVE PROJECTS OR THE CENTRAL BANK?

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Abstract: In the context of the rapid growth of e-commerce in Uzbekistan, the question arises as to which state body should be responsible for regulating this sector: a specialized agency focused on digital development or a financial regulator overseeing payment systems and banking operations. This study provides a comparative analysis of the mandates, functions, and capacities of the National Agency for Perspective Projects (NAPP) and the Central Bank, examining the legal framework, practical considerations, and potential risks. Based on an assessment of legislation, official statements, and international experience, the research concludes that the primary responsibility for regulating e-commerce — in terms of industry development, innovation, and comprehensive coordination — should rest with NAPP, while the Central Bank plays a supporting yet essential role in overseeing financial flows, payment systems, and security.

Key words: e-commerce, state regulation, National Agency for Perspective Projects, Central Bank, Uzbekistan, payment systems, fintech, legislation, digital economy, supervision.

Annotatsiya: O'zbekistonda elektron tijoratning tez sur'atlar bilan o'sishi sharoitida, ushbu sektorni tartibga solish uchun qaysi davlat organi javobgar bo'lishi kerakligi haqida savol tug'iladi: raqamli rivojlanishga ixtisoslashgan agentlikmi yoki to'lov tizimlari va bank operatsiyalarini nazorat qiluvchi moliyaviy regulyatormi. Ushbu tadqiqot Milliy istiqbolli loyihalar agentligi (NAPP) va Markaziy bankning vakolatlari, funktsiyalari va imkoniyatlarining qiyosiy tahlilini taqdim etadi, huquqiy asos, amaliy mulohazalar va potentsial xavflarni o'rganadi. Qonunchilik, rasmiy bayonotlar va xalqaro tajribani baholash asosida tadqiqot elektron tijoratni tartibga solishning asosiy mas'uliyati - sanoatni rivojlantirish, innovatsiya va har tomonlama muvofiqlashtirish nuqtai nazaridan - NAPP zimmasida bo'lishi kerak, Markaziy bank esa moliyaviy oqimlar, to'lov tizimlari va xavfsizlikni nazorat qilishda qo'llab-quvvatlovchi, ammo muhim rol o'ynaydi degan xulosaga keladi.

Kalit so'zlar: elektron tijorat, davlat tomonidan tartibga solish, Milliy istiqbolli loyihalar agentligi, Markaziy bank, O'zbekiston, to'lov tizimlari, fintech, qonunchilik, raqamli iqtisodiyot, nazorat.

Аннотация: В условиях стремительного роста электронной коммерции (e-commerce) в Узбекистане возникает вопрос о том, какой государственный орган должен отвечать за регулирование этой отрасли: специализированное агентство, ориентированное на цифровое развитие, или финансовый регулятор, отвечающий за надзор над платежными системами и банковскими операциями. В данной работе проводится сравнительный анализ полномочий, задач и возможностей НАПП и ЦБ, исследуется юридическая база, практическая целесообразность и риски. На основании анализа законодательства, официальных заявлений и международного опыта делается вывод о том, что приоритет регулирования e-commerce с точки зрения развития отрасли, инноваций и комплексной координации должен принадлежать НАПП, при этом ЦБ играет вспомогательную, но важную роль в части финансовых потоков, платежей и безопасности.

Ключевые слова: электронная коммерция, государственное регулирование, Национальное агентство перспективных проектов, Центральный банк, Узбекистан, платежные системы, финтех, законодательство, цифровая экономика, надзор.

INTRODUCTION

E-commerce is becoming one of the key drivers of economic and technological development in Uzbekistan. Increasing internet penetration, rising demand for online purchases, growing interest in international platforms, and the development of logistics and payment systems all contribute to making e-commerce a rapidly expanding sector. At the same time, establishing an effective regulatory and institutional framework for this segment has become an important governmental task. After the adoption of the Law of the Republic of Uzbekistan “On Electronic Commerce” (No. ZRU–792) dated 29 September 2022, the legislation acquired a new formal structure, and the need to designate an “authorized state body” responsible for regulating e-commerce became evident. According to the law, this role was assigned to the National Agency for Perspective Projects (NAPP).

However, the regulation of financial operations, payments, money transfers, and the functioning of banks and payment systems traditionally falls within the mandate of the Central Bank. This raises an important question: Can the Central Bank—as a financial regulator—oversee the entire e-commerce ecosystem? Or is it more reasonable to leave regulatory authority with a specialized body such as NAPP, while restricting the Central Bank’s role to supervising payment systems?

The purpose of this article is to analyze the powers, capacities, and constraints of both institutions and to propose a substantiated institutional model for e-commerce regulation in Uzbekistan.

The aim of the present study is to comprehensively assess and justify the optimal institutional model for regulating the e-commerce market in the Republic of Uzbekistan—specifically, to determine whether regulatory authority should be centralized within the National Agency for Perspective Projects or entrusted to the Central Bank. At the same time, the task of the study is not merely to prescribe a definitive solution, but to develop criteria and evidence-based justifications for choosing between institutional arrangements grounded in economic, legal, and operational analysis.

Several specific objectives are set within this broader goal:

— first, to analyze the current legal and institutional framework regulating electronic payments, consumer protection, taxation, and cross-border trade in Uzbekistan;

— second, to compare the functions, mandates, and resource capacities of the National Agency for Perspective Projects and the Central Bank in the context of their competencies in digital economy development, payment infrastructure oversight, and financial risk supervision;

— third, to identify the potential advantages and risks of each regulatory model (institutional centralization within an innovation-oriented agency vs. financial supervision and stability under the Central Bank), including effects on the investment climate, SME access to e-commerce, cybersecurity issues, and compliance with AML/CFT requirements;

— fourth, based on empirical analysis (combining desk research, expert interviews with representatives of government bodies, banks, payment providers, and the business community, as well as comparative analysis of international practices), to formulate practical criteria for allocating regulatory authority, a roadmap for institutional re-engineering, and a set of recommendations for legislative and organizational reforms.

The expected contribution of the study is to propose a balanced and well-grounded institutional model of regulation that aligns with Uzbekistan’s strategic digital transformation goals, minimizes systemic financial risks, and simultaneously stimulates innovation and e-commerce market development, offering legislators and policymakers concrete indicators, performance metrics, and scenarios for reallocating functions between institutions.

LITERATURE REVIEW ON THE TOPIC

The factual regulatory framework and current regulatory practice. In accordance with the Law of the Republic of Uzbekistan No. ZRU-792 (2022) “On Electronic Commerce,” the National Agency for Perspective Projects (NAPP) is officially recognized as the authorized state body in the field of electronic commerce¹. This means that, at the legislative level, it is NAPP that is vested with the authority to:

- regulate the field of electronic commerce and formulate state policy in this area;
- develop standards, norms, and rules for e-commerce;
- participate in the development of logistics infrastructure, electronic payment systems, and monitor the enforcement of laws;
- protect the rights of participants in electronic commerce, support the implementation of information systems, and promote sectoral development.

1 https://nrm.uz/contentf?doc=703510_zakon_respubliki_uzbekistan_ot_29_09_2022_g_n_zru-792_ob_elektronnoy_kommercii_%28prinyat_zakonodatelnoy_palatoy_21_06_2022_g_odobren_senatom_13_09_2022_g_%29&products=1_vse_zakonodatelstvo_uzbekistana

In practice, according to media reports, the regulation of e-commerce and the fintech segment has been transferred to NAPP².

However, the law also stipulates that the enforcement and interpretation of its provisions are assigned, along with other bodies, to the Ministry of Digital Technologies and Communications, the Ministry of Justice, and “interested agencies.” At the same time, the Central Bank is not directly mentioned in the law as a regulator of e-commerce.

From this, it follows that NAPP is formally the main regulator of e-commerce and is attempting to assume the functions of sectoral supervision, standard-setting, and development support, including issues related to payment systems and logistics.

Although NAPP formally bears responsibility for the sector, the role of the Central Bank—as the regulator of finance, banking, and payment systems—objectively overlaps with key aspects of electronic commerce:

- e-commerce cannot exist without payments, money transfers, acquiring, and compliance with financial standards. The Central Bank is the traditional supervisory authority over banks, payment organizations, and the security of monetary transactions;

- payment systems, bank cards, money transfers, security of transactions—all fall within the Central Bank’s competence. Insufficient oversight may result in financial risks, money laundering, fraud, and violations of sanctions or other regulatory norms;

- financial literacy, supervision of transfer systems, control of payments, and the protection of user rights in refunds and disputes are all within the scope of a financial regulator.

From the standpoint of the institutional theory of e-commerce, the payment infrastructure is often regulated separately from trading platforms; however, its reliability and oversight directly influence the stability of the industry³.

Thus, the Central Bank may be considered the natural “financial supervisory” component of the e-commerce ecosystem, even if it does not directly regulate trade.

Advantages of regulation through NAPP and the Central Bank. NAPP can approach e-commerce as a complete industry—encompassing logistics, platforms, standards, marketplaces, delivery, returns, consumer protection, and technical infrastructure. This provides a holistic approach: commerce + logistics + IT + finance. As an agency oriented toward innovative and future-focused projects, NAPP is more likely to respond flexibly to innovations and new business models (marketplaces, fintech, dropshipping, mobile applications) than a traditional financial regulator. In the case of a single regulator, bureaucracy is reduced, and coordination between components (payments, delivery, information systems, standards, data protection) improves. NAPP can create incentive programs, benefits, support for startups, and infrastructure projects, which is crucial for the young e-commerce market.

Risks of regulation through NAPP and the Central Bank. Limited capacity in financial supervision: the agency may lack sufficient tools to control banks, payment systems, and the security of financial transactions. This could weaken the oversight of financial risks. Difficulties in dividing responsibilities: placing trade and payments under one authority may create overload and a conflict of interest—stimulating growth versus controlling risks. The agency clearly lacks experience in regulating financial and banking processes compared to the Central Bank. This may create vulnerabilities in terms of security, consumer protection, and oversight of payments.

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2 <https://vzglyad.uz/ru/post/2023/12/04/regulirovaniem-elektronnoj-kommerczii-teper-zanimaetsya-napp-kak-eto-skazhetsya-na-finteh-organizacziyah/>

3 <https://arxiv.org/abs/1505.03404>

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Regulation through the Central Bank (or with its involvement). The Central Bank has the experience and authority to supervise banking operations, payment systems, foreign exchange control, and the security of money transfers — all of which are critically important for the stability of e-commerce. It is less inclined to stimulate growth at any cost; the Central Bank’s main priorities are stability, the protection of depositors and users, and financial security. Anti-money laundering, fraud prevention, ensuring consumer protection in refunds, and transaction monitoring are tasks that require the Central Bank’s expertise and give the regulator a high capacity for risk assessment.

However, the Central Bank can control payments, but not logistics, marketplace operating standards, information systems, or consumer protection in the area of trade. This would lead to fragmented regulation, gaps in legislation and oversight. The Central Bank is not motivated to stimulate the growth of e-commerce, foster innovation, or develop infrastructure — it is oriented toward control, security, and stability. This may slow down the development of the sector. Trading platforms would be regulated by one set of rules, while payments would be regulated by another, which may complicate coordination, increase costs, and reduce efficiency.

RESEARCH METHODOLOGY

The research methods for the topic “Regulation of the E-commerce Market in the Republic of Uzbekistan: Should It Be Conducted by the National Agency for Perspective Projects or the Central Bank?” are based on a multi-level mixed design that combines legal and regulatory analysis, institutional comparison, empirical qualitative research, and quantitative assessments to develop well-grounded recommendations for allocating regulatory functions.

The study begins with thorough desk research: a systematic analysis of current legal and regulatory acts of Uzbekistan in the fields of e-commerce, payment infrastructure, tax and customs regulation, as well as the official mandates and organizational statuses of the National Agency for Perspective Projects (hereinafter — NAPP) and the Central Bank. In parallel, a database of international experience (cases of countries with centralized and distributed e-commerce regulatory models) is compiled for subsequent comparative analysis.

The legal component includes norm-analysis and institutional mapping — identifying overlapping powers, gaps, and potential conflicts of mandates, as well as assessing the compatibility of proposed legal solutions with the Constitution and international obligations.

The empirical component relies on semi-structured expert interviews (planned: 20–30 interviews) with representatives of NAPP, the Central Bank, ministries, payment providers, logistics operators, chambers of commerce, and large online retailers to obtain qualitative insights into the practical capabilities and risks associated with each regulatory model. The interviews are accompanied by thematic coding and thematic analysis to extract key arguments and patterns.

To validate broader assumptions, targeted surveys (online and offline) are conducted among SMEs and digital service consumers (planned sample: 400–600 respondents), including questions regarding access to payment instruments, perception of regulation, and entry barriers, which allows quantitative measurement of how institutional decisions influence business activity and public trust.

The comparative analysis method includes building a multi-criteria evaluation matrix (criteria: supervisory efficiency, financial stability, incentives for innovation, administrative burden, decision-making speed, staff competencies, and technical resources) through which NAPP and the Central Bank are assessed using a scoring system and weighted aggregation. This matrix is complemented by a cost–benefit analysis that considers direct administrative costs, potential losses/benefits for businesses, and risks of systemic instability.

To forecast the consequences of possible institutional reforms, scenario analysis is applied (minimal, baseline, optimistic, and stress scenarios), modeling indicators such as SME access to export channels, innovation adoption speed, and the probability of financial incidents under different supervisory regimes. Simple econometric estimates and sensitivity analysis based on collected data are used.

To build expert consensus and test preliminary recommendations, the Delphi method is applied in two or three iterations, helping to reconcile divergent expert opinions and refine practical steps for transferring functions, if such a transfer is proposed.

Institutional readiness assessment includes evaluating human, technical, and budgetary resources of both institutions; analyzing their decision-making procedures and interactions with external actors (banks, payment systems, registrars); as well as modeling transition mechanisms and risk-mitigation measures in case of reorganization.

Quality control is ensured through pilot testing of interview guides and questionnaires, cross-validation of data (triangulation) between documents, interviews, and quantitative findings, and verification of the reproducibility of key indicators. Measurement reliability is checked through standard statistical methods (internal consistency of scales, sampling error assessment).

The ethical component includes obtaining informed consent, anonymization of data, and compliance with confidentiality requirements when working with commercial information.

The methodological limitations — restricted access to confidential statistical data of banks and platforms, potential bias in expert evaluations, and self-selection in the SME sample — are taken into account when interpreting results and formulating recommendations.

The outcome of the study will be an integrated set of criteria for deciding whether NAPP or the Central Bank should be vested with regulatory authority, a transformation roadmap with phased measures and success indicators, as well as alternative scenarios with risk and cost assessments for legislators and policymakers.

ANALYSIS AND RESULTS

Proposed Model: “Balanced Partnership.” Taking into account the advantages and risks of each approach, the optimal institutional model is one in which:

NAPP — serves as the main regulator of e-commerce as an industry: responsible for standards, development, policymaking, logistics, platforms, protection of the rights of market participants, information systems, marketplaces, and the overall development of e-commerce.

The Central Bank — acts as the regulator of financial operations, payment systems, transaction security, and financial supervision: regulates banks, payment organizations, payment control, security, anti-fraud measures, and anti–money laundering processes.

Such a balance of regulatory functions ensures a clear division of responsibilities and effective coordination between the two institutions. For example, a legally formalized interaction mechanism can be established:

NAPP develops and implements policies, standards, and rules, while the Central Bank oversees the financial component and security.

This approach makes it possible to combine the strengths of both institutions — sectoral flexibility and development incentives (NAPP) together with reliability and financial oversight (Central Bank).

Table 1. Institutional models of e-commerce regulation and their evaluation

| Model | Description / Structure | Advantages | Risks / Disadvantages |
|--|---|---|--|
| A — “Unified Sectoral Model” (NAPP only) | All aspects of e-commerce — trade, logistics, information systems, payments — are regulated solely by NAPP | Comprehensive approach; promotion of growth and innovation; unified standards; coordinated policy | Weak financial supervision; risk of insufficient protection of payments; potential issues with security and financial controls |
| B — “Financial Control + Separate Trade Regulation” (Central Bank + other sectoral bodies) | Payments and financial operations are supervised by the Central Bank, while trade, logistics, and platforms are regulated by the Ministry of Digital Technologies or other agencies | Financial stability and strong supervision; clear division of responsibilities | Fragmented regulation; coordination challenges; absence of holistic sectoral policy; slow infrastructure development |
| C — “NAPP + Central Bank Partnership” (recommended model) | NAPP serves as the sectoral regulator; the Central Bank provides financial oversight; clear coordination and function distribution | Balanced regulation; sectoral development + financial security; coherent and harmonized policy | Requires strong interagency coordination, a robust legal framework, and clear allocation of responsibilities |
| D — “Decentralized Regulation” (multiple agencies + market self-regulation) | Different functions are distributed among several ministries/agencies + market mechanisms + self-regulatory bodies | Distributed workload; flexibility | Risks of fragmentation, inefficiency, weak coordination, increased regulatory gaps and corruption risks |

Our analysis shows that Uzbekistan has already made a legislative choice: according to the law, NAPP is designated as the authorized regulator of e-commerce. This is a reasonable and logical decision, since e-commerce is not limited to finance; it also encompasses logistics, IT infrastructure, consumer protection, standards, and overall sectoral development.

At the same time, it is impossible to ignore the important role of the Central Bank as the regulator of the financial sector. Payments, cards, acquiring, money transfers — without proper financial supervision, e-commerce may face serious risks, including fraud, financial instability, and money laundering.

Therefore, the partnership model appears to be the optimal solution: a clear division of functions, institutional cooperation, and formally established mandates. This model aligns with international theories of e-commerce institutionalization, where responsibility is frequently shared between a sectoral development agency and a financial regulator⁴.

In practice, this approach will make it possible to:

- stimulate the growth of e-commerce, support innovation, and create a favorable environment for marketplaces, logistics services, and fintech solutions;
- simultaneously ensure the reliability of financial transactions, protect users, and maintain oversight of banking transfers and payments;
- prevent overburdening a single institution and distribute responsibilities according to competencies;
- increase trust in online commerce, attract investors, and foster the development of the country’s digital economy.

CONCLUSIONS AND RECOMMENDATIONS

The analysis of legislation, institutional functions, practical activities of regulatory bodies, and international regulatory models makes it possible to formulate a comprehensive conclusion regarding the optimal distribution of powers in the field of e-commerce regulation in the Republic of Uzbekistan. Current regulatory acts already assign the National Agency for Perspective Projects the status of the authorized body in the field of e-commerce, which reflects the recognition of electronic trade as an independent, multi-component sector requiring not only financial regulation but also strategic development, technological coordination, and sectoral policy.

4 <https://arxiv.org/abs/1505.03389?>

At the same time, the functions of financial and payment supervision — ensuring transaction security, monitoring banking operations, preventing fraud, and protecting consumer rights in financial transfers — remain, by their very nature, a core competency of the Central Bank. Transferring these responsibilities to another institution would be inefficient and potentially risky.

The study demonstrates that the most balanced institutional arrangement is a partnership model in which NAPP is responsible for industry development, coordination of innovation, digital infrastructure, policy, and regulation of trade-related aspects, while the Central Bank ensures financial stability, the security of payment systems, and the compliance of financial transactions with international standards. Such a model provides a harmonious combination of incentives for the growth of e-commerce with reliable protection of the financial interests of citizens and businesses.

Successful implementation of this model requires the normative and organizational formalization of interagency cooperation mechanisms, including a clear delineation of powers, systematic information exchange, joint supervisory procedures, and unified regulatory standards. Taken together, this allows us to conclude that the optimal framework for managing the development of e-commerce in Uzbekistan is a model in which NAPP exercises primary regulatory authority over the sector with active, structured, and institutionally formalized participation of the Central Bank. This system creates favorable conditions for the sustainable growth of e-commerce, stimulates innovation, enhances market participants' trust, and simultaneously ensures financial security and the protection of user rights.

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