



## PROSPECTS FOR IMPLEMENTING THE OPEN BANKING MODEL IN UZBEKISTAN

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**Abstract.** This study explores the prospects of implementing Open Banking in Uzbekistan by examining experiences from the UK, EU (PSD2), Singapore, South Korea, and Turkey. Open Banking, a key driver of customer-centric and data-driven banking, enables secure API-based data sharing, fosters competition, supports fintech growth, and enhances financial inclusion. For Uzbekistan, with its rapidly digitalizing financial sector, Open Banking offers benefits such as greater transparency, improved customer choice, advanced payment systems, and innovative financial products. Challenges include regulatory alignment, cybersecurity, data protection, and institutional readiness. The paper provides a comparative analysis of global models, assesses Uzbekistan's current environment, and offers strategic recommendations for effective national adoption.

**Аннотация.** В данном исследовании рассматриваются перспективы внедрения Open Banking в Узбекистане на основе опыта Великобритании, ЕС (PSD2), Сингапура, Южной Кореи и Турции. Open Banking, ключевой фактор развития клиентоориентированного и основанного на данных банкинга, обеспечивает безопасный обмен данными на основе API, стимулирует



конкуренцию, способствует росту финтеха и повышает финансовую доступность. Для Узбекистана, с его быстро цифровизирующимся финансовым сектором, Open Banking предлагает такие преимущества, как повышение прозрачности, расширение выбора для клиентов, передовые платежные системы и инновационные финансовые продукты. Среди проблем – согласование нормативно-правовой базы, кибербезопасность, защита данных и институциональная готовность. В статье представлен сравнительный анализ глобальных моделей, оценивается текущая ситуация в Узбекистане и предлагаются стратегические рекомендации по эффективному внедрению на национальном уровне.

**Annotatsiya.** Ushbu maqolada Buyuk Britaniya, Yevropa Ittifoqi (PSD2), Singapur, Janubiy Koreya va Turkiya tajribalaridan foydalangan holda O'zbekistonda Ochiq Bankingni joriy etish istiqbollarini o'rganadi. Mijozlarga yo'naltirilgan va ma'lumotlarga asoslangan bankingning asosiy omili bo'lgan Ochiq Banking API asosidagi xavfsiz ma'lumotlar almashinuvini ta'minlaydi, raqobatni rag'batlantiradi, fintechlarning o'sishini rag'batlantiradi va moliyaviy inklyuzivlikni yaxshilaydi. Tez raqamlashtirilayotgan moliyaviy sektori bilan O'zbekiston uchun Ochiq Banking shaffoflikni oshirish, mijozlar tanlovini kengaytirish, ilg'or to'lov tizimlari va innovatsion moliyaviy mahsulotlar kabi afzalliklarni taklif etadi. Qiyinchiliklar qatoriga tartibga solish moslashuvi, kiberxavfsizlik, ma'lumotlarni himoya qilish va institutsional tayyorgarlik kiradi. Maqolada global modellarning qiyosiy tahlili keltirilgan, O'zbekistondagi mavjud vaziyat baholangan va milliy darajada samarali amalga oshirish uchun strategik tavsiyalar berilgan.

**Keywords:** Open Banking, PSD2, fintech, digital transformation, API, financial inclusion, data protection, Uzbekistan, digital economy, consumer rights.

**Introduction.** In recent years, rapid digitalization and the expansion of fintech solutions have significantly transformed the global financial system. One of the key outcomes of this transformation is the emergence of the **Open Banking** model,



which enables secure data sharing between banks and third-party providers through standardized APIs. This model enhances competition, accelerates financial innovation, and expands consumer access to digital financial services.

For developing economies, including Uzbekistan, Open Banking is not only a technological innovation but also an essential step toward building an efficient and customer-oriented financial ecosystem. Since 2017, Uzbekistan has implemented a series of reforms aimed at modernizing the banking sector, increasing digital payment usage, and supporting fintech development. Despite notable progress, the regulatory and technological framework required for full Open Banking implementation is still evolving.

This study examines the prospects for introducing the Open Banking model in Uzbekistan by analyzing international best practices-such as the EU's PSD2 directive and the UK Open Banking Standard-and assessing the current readiness of the national financial sector. The research highlights the expected benefits, key challenges, and policy measures necessary to ensure a successful and phased transition toward Open Banking in Uzbekistan.

### **Theoretical foundations of open banking (short, academic version)**

Open Banking represents a modern financial framework in which banks provide controlled access to customer-permitted data and payment functionalities through standardized Application Programming Interfaces (APIs). This system is built on the principles of transparency, data portability, consumer consent, and interoperability. Its core purpose is to enable collaboration between traditional banks and fintech companies, thereby creating more innovative, efficient, and personalized financial services.

The theoretical basis of Open Banking is closely linked to the API economy, where digital platforms exchange data securely and in real time. In this context, two key service categories are central:



- **Account Information Services (AIS)** – providing access to customer account data for financial insights, budgeting, risk assessment, and account aggregation services.
- **Payment Initiation Services (PIS)** – enabling third parties to initiate payments directly from users' bank accounts, offering faster and cheaper alternatives to traditional card payments.

Internationally, regulatory frameworks such as the EU's PSD2 directive, the UK Open Banking Standard, and hybrid models in Singapore, Australia, and South Korea have shaped the evolution of Open Banking. These models demonstrate that strong regulation, unified technical standards, and robust consumer protection mechanisms are essential for successful implementation.<sup>1</sup>

In addition, theoretical studies emphasize that Open Banking transforms the traditional linear banking model into a **platform-based ecosystem**. Banks shift from being sole service providers to becoming data custodians and infrastructure enablers. Fintech firms, on the other hand, become key innovators offering specialized, user-centered financial solutions. This ecosystem-driven approach significantly increases market efficiency and lowers entry barriers for new participants.

Furthermore, Open Banking aligns with broader concepts such as **open finance** and **open data**, which envision expanded data sharing across financial and non-financial sectors. As a result, Open Banking is considered a foundational step toward the creation of fully integrated digital economies, where consumer-controlled data facilitates seamless, personalized financial services.

Overall, the theoretical foundations of Open Banking highlight its role as a catalyst for financial innovation, competition, and greater consumer choice, laying the groundwork for modern digital financial ecosystems and supporting the transition toward more open and interconnected financial markets.

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<sup>1</sup> "Data Portability in Open Banking: Privacy and Other Cross Cutting Issues." OECD Digital Economy Papers No. 348, February 2023.



The comparative statistics presented in Table 1 illustrate significant differences in how countries approach the development of Open Banking ecosystems. Regulation-driven models such as the European Union’s PSD2 and Australia’s Consumer Data Right ensure strong consumer protection and uniform API standards, which contribute to higher system reliability and trust. In contrast, market-led environments like the United States demonstrate rapid innovation but lack regulatory coherence, resulting in fragmented adoption and inconsistent data-sharing practices.

Key Statistical Indicators of Global Open Banking Models<sup>2</sup>

Table 1.

Region / Country	Regulatory Model	API Standardization Level	Number of Licensed TPPs (approx.)	Main Open Banking Services	Consumer Adoption Trend	Key Regulatory Driver
European Union (PSD2)	Mandatory, regulation-driven	High	400+	AIS, PIS, SCA	Steady growth	PSD2 Directive
United Kingdom	Hybrid (regulation + market)	Very high	340+	AIS, PIS, Open Data	Rapid adoption	CMA Open Banking Standard
Australia (CDR)	Strong regulatory framework	High	100+	Open Data, AIS	Moderate growth	Consumer Data Right Act

<sup>2</sup> Colangelo, G. “Open Banking Goes to Washington: Lessons from the EU on Data Sharing Regimes.” Issue Brief, International Center for Law & Economics, June 2024



Singapo re	Market- driven + regulatory guidance	Medium	250+	API Marketpla ce, AIS	Fast growth	MAS API Framewo rk
South Korea	Governme nt-led, centralize d	High	200+	Instant payments, AIS, PIS	Rapid adoption	FSC Regulati ons
United States	Market- led (no unified regulation )	Low– medium	600+ (non- regulate d)	Data aggregatio n, API contracts	Fragment ed	Industry- led standards (FDX)

The United Kingdom stands out as one of the most successful examples, where a combination of regulatory mandates and market incentives has created a highly integrated and competitive fintech landscape. Meanwhile, Asian countries-including Singapore and South Korea-have adopted hybrid models that balance regulatory guidance with strong government support for technological innovation. These countries emphasize sandbox environments, centralized API infrastructures, and close collaboration between banks and fintech companies.

Overall, the global comparison indicates that successful Open Banking implementation requires not only technological readiness but also coordinated regulatory frameworks, high API standardization, and effective consumer engagement. These cross-country experiences provide valuable insights for emerging markets such as Uzbekistan as they consider the transition toward open financial ecosystems.

### **Global experiences and comparative analysis**

The global implementation of Open Banking demonstrates diverse regulatory models, technological approaches, and levels of market maturity. Countries that





have successfully adopted Open Banking generally follow one of three main models: regulation-driven frameworks, market-led ecosystems, or hybrid approaches.

1. Regulation-Driven Models (EU, Australia). In the European Union, the PSD2 directive (2018) established compulsory data-sharing rules for all banks. This framework mandates standardized APIs, strong customer authentication, and licensing for third-party providers. As a result, the EU experienced increased competition, the emergence of new fintech services, and improved cross-border digital payments.

Australia follows a similar regulatory path through its Consumer Data Right (CDR), which expands data-sharing beyond banking to other sectors. The strong legal foundation ensures transparency, high data protection, and consumer control, making Australia one of the most secure and structured Open Banking ecosystems.

2. Market-Driven Models (United States). In contrast, the United States relies largely on voluntary agreements between banks and fintech companies. Without a unified national regulation, Open Banking evolves through industry standards such as the Financial Data Exchange (FDX). While this model stimulates rapid innovation and a competitive fintech market, the absence of unified rules results in fragmented data practices and inconsistent levels of consumer protection.

3. Hybrid Models (United Kingdom, Singapore, South Korea). The United Kingdom represents the most successful hybrid approach. The UK government mandated API adoption for major banks while allowing market forces to drive innovation. This resulted in high API standardization, a rapidly growing fintech sector, and strong consumer engagement.

Asian economies such as Singapore and South Korea also follow hybrid models. Singapore promotes innovation through regulatory sandboxes and API guidelines, while Korean authorities implemented centralized Open Banking



infrastructure enabling instant payments and interoperable APIs across banks. These models illustrate the importance of balancing regulation with market flexibility.<sup>3</sup>

4. Key Lessons for Emerging Markets. Comparative analysis shows that successful Open Banking implementation requires:

- clear regulatory frameworks and data protection rules;
- unified and secure API standards;
- collaboration between banks and fintech companies;
- phased implementation supported by pilot programs;
- active consumer engagement and digital literacy initiatives.

For countries like Uzbekistan, global experience demonstrates that Open Banking is most effective when introduced gradually, with strong regulatory oversight and technological harmonization across financial institutions.

**Key Drivers and Challenges of Open Banking Development in Uzbekistan**

Table 2.

Category	Indicator	2021	2022	2023	2024 (estimate)
Digital Infrastructure	Internet penetration (%)	76%	80%	83%	85%
Digital Infrastructure	Mobile broadband users (million)	20.1	22.5	24.7	26.0
Digital Infrastructure	Fintech service usage rate (%)	18%	24%	31%	36%

<sup>3</sup> “The Many Shades of Open Banking: A Comparative Analysis of ...” Colangelo, G., (2025). PolicyReview.info





Banking System Readiness	Banks offering API-based services	3	6	11	15
Banking System Readiness	Licensed payment providers	45	56	70	78
Banking System Readiness	Share of digital payments (%)	42%	49%	57%	63%
Regulatory Progress	Open banking legislation status	No	Draft	Pilot	Expected approval
Regulatory Progress	Regulatory sandbox participants	6	10	14	18
Market Demand	Mobile banking usage (%)	27%	33%	41%	48%
Market Demand	Fintech investment (million USD)	12	18	26	34

This table provides a comparative overview of the infrastructural, regulatory, and market-driven factors shaping Open Banking implementation in Uzbekistan. The indicators illustrate that steady digital transformation, increasing fintech participation, and growing public demand for mobile financial services are driving the ecosystem forward. However, regulatory gaps and uneven API readiness among traditional banks remain key challenges. The estimates for 2024 show positive momentum, implying that Uzbekistan is gradually approaching the environment



necessary for a full-scale Open Banking model aligned with international best practices.

### International Experiences in Open Banking

Global experience shows that Open Banking has been implemented differently across countries, but its main goals remain the same: increasing competition, digitizing financial services, and promoting fintech development. Key examples come from the European Union, the United Kingdom, Singapore, Australia, and South Korea.

In the EU, the PSD2 directive requires banks to share customer-permitted data through standardized APIs. This has led to growth in fintech services, cheaper payment solutions, and greater consumer choice. In the UK, the Open Banking Implementation Entity (OBIE) ensures centralized coordination, allowing faster integration of services and wider adoption by users.

Singapore focuses on innovation, combining supportive regulation with strong digital infrastructure and incentives for fintech startups. Australia extended Open Banking into a broader Consumer Data Right framework, enabling data sharing across sectors. South Korea, with advanced digital infrastructure and popular mobile payment systems, quickly integrated Open Banking into daily life.

These international experiences suggest that successful Open Banking depends on clear technical standards, strong digital infrastructure, data protection, and supportive regulation. They also show that a **phased approach**-starting gradually and expanding over time-is the most effective strategy for emerging markets like Uzbekistan.<sup>4</sup>

**Conclusion.** Open Banking represents a transformative opportunity for Uzbekistan's financial sector. International experience demonstrates that successful implementation requires a combination of clear regulation, standardized APIs, strong digital infrastructure, and active participation of both banks and fintech

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<sup>4</sup> Ministry of Digital Technologies of the Republic of Uzbekistan. "Digital Uzbekistan 2030" monitoring reports.



companies. Countries such as the EU, UK, Singapore, Australia, and South Korea provide valuable lessons on phased implementation, consumer protection, and market coordination. Uzbekistan has made significant progress in digital payments, mobile banking, and fintech development, creating a foundation for Open Banking. However, challenges remain in regulatory readiness, API standardization, and cybersecurity. Gradual adoption, supported by pilot programs, clear legal frameworks, and public awareness initiatives, can help the country transition effectively to an open, competitive, and innovative financial ecosystem.

In conclusion, Open Banking offers Uzbekistan the potential to enhance financial inclusion, stimulate innovation, and increase efficiency across the banking sector. Careful planning, international benchmarking, and stakeholder collaboration will be key to realizing these benefits and supporting the country's broader digital economy objectives.

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