

OPPORTUNITIES FOR DEVELOPING THE REGIONAL ECONOMY BASED ON THE PROVISION OF FINANCIAL SERVICES

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Abstract: *This article examines the opportunities for developing the regional economy through the provision of financial services. It highlights the role of banking, insurance, leasing, microfinance, investment, and digital financial services in supporting entrepreneurship, attracting investment, increasing employment, and improving regional competitiveness. The study emphasizes that expanding access to financial services and developing financial infrastructure are important factors for ensuring sustainable and balanced regional economic growth.*

Keywords: *regional economy, financial services, financial inclusion, digital finance, banking services, investment activity, entrepreneurship, regional development, economic growth.*

The development of the regional economy is closely linked to the effective provision of financial services. In modern economic conditions, financial services play an important role in increasing business activity, supporting small and medium-sized enterprises, attracting investment, expanding employment, and improving the welfare of the population. In particular, banking services, insurance, leasing, microfinance, digital payments, and investment services serve as key instruments for ensuring sustainable regional development.

Today, regions require not only traditional financial resources but also modern, accessible, and innovative financial services. The expansion of financial inclusion, the development of digital financial technologies, and the improvement of financial infrastructure create favorable conditions for strengthening regional competitiveness. At the same time, differences in the level of socio-economic development among regions increase the need to study the role of financial services in reducing territorial disparities.

The relevance of this research is determined by the growing importance of financial services in stimulating regional economic growth. Effective use of financial services makes it possible to increase entrepreneurial activity, improve investment attractiveness, and ensure balanced development of regions. Therefore, studying the opportunities for developing the regional economy based on the provision of financial services has both scientific and practical significance. In recent years, the role of financial services in regional economic development has become one of the important areas of research in economic literature.

Foreign scholars emphasize that financial services contribute to increasing entrepreneurial activity, improving investment attractiveness, expanding employment opportunities, and reducing regional economic disparities. In particular, studies conducted between 2020 and 2026 highlight the growing importance of financial inclusion, digital banking, FinTech technologies, and investment services in achieving sustainable regional growth.

Xi (2023) argues that digital financial inclusion positively affects the quality of economic growth by improving access to financial resources for households and small businesses. The author notes that digital financial services stimulate innovation, entrepreneurship, and regional competitiveness.

Researchers from the World Bank emphasize that wider access to financial services helps reduce poverty, strengthens economic resilience, and promotes inclusive development. According to their findings, digital payment systems and mobile banking significantly improve access to financial resources in remote regions and underserved communities.

Recent studies also focus on the relationship between FinTech development and regional economic performance. Becha (2025) analyzed the impact of digital financial inclusion on regional gross domestic product using panel econometric models and concluded that the expansion of digital financial services has a statistically significant positive effect on regional economic growth. Furthermore, the study highlights that access to online credit platforms and digital payment systems increases business productivity and investment activity.

Local researchers in Uzbekistan have also paid increasing attention to the development of regional economies through financial services. Studies conducted by the Central Bank of Uzbekistan and national economists show that improving banking infrastructure, expanding microfinance institutions, and increasing financial literacy are essential factors for balanced regional development. In particular, regional differences in access to banking and credit services remain one of the major challenges for sustainable economic growth.

Reports prepared by international organizations such as the Asian Development Bank and the United Nations Development Programme (UNDP) indicate that Uzbekistan has made significant progress in expanding digital financial services and strengthening financial inclusion. These studies underline the importance of supporting small businesses, startups, and innovative entrepreneurship through accessible financial mechanisms, including leasing, insurance, venture financing, and digital lending services.

Overall, the literature review demonstrates that financial services are a key driver of regional economic development. The findings of both foreign and local researchers confirm that the effective provision of financial services enhances investment activity, supports entrepreneurship, improves financial accessibility, and strengthens regional economic competitiveness.

A deep understanding of the regional characteristics of the financial services sector, together with its effective management and development, requires a joint analysis of the branching network of regional institutions, the competitive environment, the population's financial literacy, and the political and economic support mechanisms of local governments. In Section 2 of this chapter, the specific aspects of providing financial services in Bukhara region are examined in detail on the basis of such an integrative approach. As an example, we study the following (Figure 1).

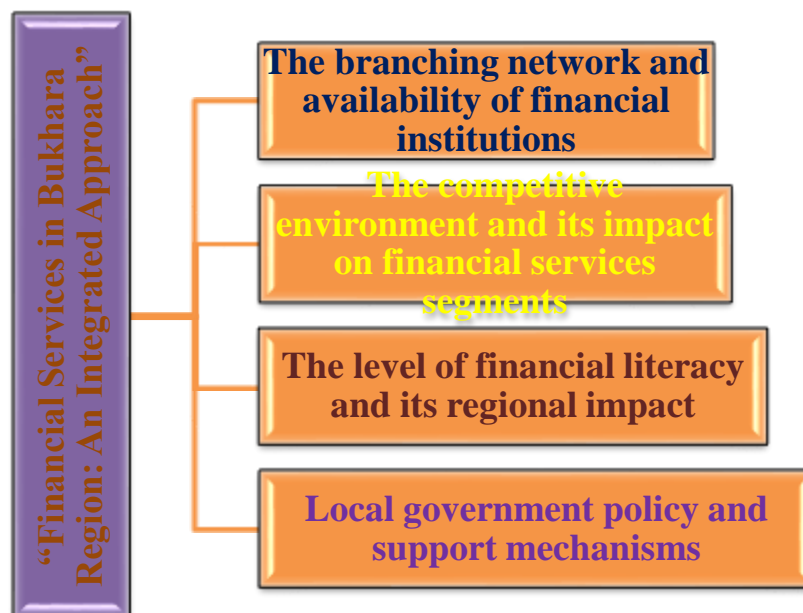


Figure 1. “Financial services in Bukhara region: an integrated approach”¹⁹

If we analyse this figure more deeply, the structure of the financial services system in Bukhara region and the interconnections among its segments become even more clearly apparent. The four approaches presented below are of considerable importance in ensuring a comprehensive analysis of this system:

The branching network and availability of financial institutions. The regional branching of the financial institutions system is a fundamental precondition for adapting to changing economic conditions and meeting territorial needs (Saunders & Cornett, 2019).²⁰ In Bukhara region there are various financial institutions such as banks, microcredit organizations, insurance companies, and investment funds, which provide services tailored to the requirements of the region’s economic and social structure.

The segments of financial services — namely microcredit for agriculture, investment and leasing for small and medium-sized businesses, as well as insurance services — are directly linked to the level and quality of the institutions’ branching network. Although banking networks in Bukhara are extensive and possess a high-technology base, the existence of gaps in microfinance and leasing limits the diversification of financial services. As Demirgüç-Kunt et al. (2018) noted, the development of financial institutions and the coverage of their services have a significant impact on financial inclusion and economic growth, especially in small business and agriculture. From this point of view, expanding the branching network of institutions is necessary in order to improve the quality of regional financial services (Demirgüç-Kunt et al., 2018).²¹

This situation indicates that, despite the high capital requirements of the region’s economic infrastructure and the agricultural sector, the services portfolio remains limited. Likewise, the technological deficiencies of financial institutions and the low level of

¹⁹ Prepared by the author based on economic data.

²⁰ Saunders, A., & Cornett, M. M. (2019). *Financial Institutions Management: A Risk Management Approach* (9th ed.). McGraw-Hill Education.

²¹ Demirgüç-Kunt, A., Klapper, L., Singer, D., Ansar, S., & Hess, J. (2018). *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution*. The World Bank. <https://doi.org/10.1596/978-1-4648-1259-0>

development of regional infrastructure hinder the effective provision of banking services in rural areas (World Bank, 2020).²²

These shortcomings associated with the branching network of financial institutions, in turn, give rise to problems in meeting the specific requirements of the financial services segments and lead to a low level of regional financial inclusion (Beck et al., 2007)²³. Therefore, expanding the territorial branching network of financial institutions and diversifying their service portfolio should be regarded as a priority direction for improving the regional financial system.

In conclusion, the development of the regional economy largely depends on the effective provision of financial services. Banking, insurance, leasing, microfinance, investment, and digital financial services create favorable conditions for increasing entrepreneurial activity, attracting investment, expanding employment, and improving the welfare of the population. The wider use of modern financial services also helps reduce regional disparities and strengthens the competitiveness of local economies. Therefore, expanding financial inclusion, improving financial infrastructure, developing digital financial technologies, and supporting small and medium-sized businesses through accessible financial mechanisms are important directions for ensuring sustainable regional economic development.

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²² World Bank. (2020). *Financial Infrastructure and Services in Rural Areas: Challenges and Opportunities*. Washington, DC: World Bank Group.

²³ Beck, T., Demirgüç-Kunt, A., & Levine, R. (2007). Finance, Inequality and the Poor. *Journal of Economic Growth*, 12(1), 27-49. <https://doi.org/10.1007/s10887-007-9010-6>