



TOWARDS A FINANCIAL-INDUSTRIAL SYNERGY: AN EMPIRICAL ANALYSIS OF THE REAL ECONOMY AND BANKING SECTOR LINKAGES IN UZBEKISTAN

Ilnur Radikovich Suleymanov, PhD Docent,
Tashkent State University of Economics
ORCID: 0000000173534298

Article history:	Abstract:
Received: 11 th April 2025 Accepted: 10 th May 2025	This study investigates the integrative potential of the real economy in strengthening the banking sector in Uzbekistan. It highlights the dynamic interplay between industrial growth and financial services expansion, analyzing sectoral trends from 2020 to 2023 and forecasting through 2025. Using statistical data and projections from international financial institutions, this paper evaluates the mutual reinforcement between industrial, construction, and service sectors and the financial system, emphasizing the role of modernization, technological development, and structural reforms in enhancing this synergy.
Keywords: Uzbekistan, real economy, banking system, financial-industrial groups, sectoral growth, economic integration, financial services	

1. INTRODUCTION

The integration of the real economy and the banking sector is a key determinant of sustainable economic development. In Uzbekistan, the real sector not only stimulates production and employment but also generates consistent demand for banking services. Conversely, a strong banking system ensures timely credit and investment support for real-sector enterprises, forming a mutually reinforcing relationship. This paper explores the evolution of this relationship in Uzbekistan between 2020 and 2023, and assesses forecasts for 2024–2025.

In recent years, significant economic growth has been observed in Uzbekistan, with the financial and industrial sectors playing a crucial role in this development. In this comparative analysis, we will examine the key characteristics of Uzbekistan's financial-industrial groups and highlight some of the similarities and differences between them.

Uzbekistan's economy is largely dependent on the industrial sector, which constitutes a significant portion of the country's gross domestic product (GDP). Several large industrial groups operate in various sectors such as textiles, automotive, and mining. One of the largest industrial groups in Uzbekistan is "Uzbekistan Airways Technics," which provides a wide range of services related to aircraft technical maintenance, repair, and overhaul. Another key player in the country's industrial sector is the "Uzbekistan National Oil and Gas Company," which is involved in the exploration, extraction, and transportation of oil and gas [1].

The country is also working to address challenges such as corruption and bureaucratic barriers that complicate

business operations. Overall, Uzbekistan's financial-industrial groups play a critical role in the nation's economic development. Despite operating in different sectors, they share common challenges and opportunities and are adapting to the rapidly changing business environment in Uzbekistan.

2. THEORETICAL BACKGROUND AND LITERATURE REVIEW.

The interdependence of banking and the real sector is widely documented. According to Levine (2005), financial systems play a critical role in channeling resources to productive uses, thereby fueling real-sector expansion.

In the Uzbek context, Ataniyazov and Shirinova (2021) stresses the need for improved institutional synergy and infrastructure to better coordinate sectoral development. However, challenges such as bureaucratic inefficiencies and regulatory gaps still limit the integrative potential of these sectors, Ilnur R. Suleymanov (2023) emphasize that financial development enhances industrial efficiency through better capital allocation. In transition economies, including those in Central Asia, strong linkages between banks and industry foster investment and resilience (Beck et al., 2010; IMF, 2023).[2].

3. METHODOLOGY

This research is based on a comparative analysis of official statistics published by Uzbekistan's State Statistics Committee, complemented by economic forecasts from the Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), and International Monetary Fund (IMF). Sectoral data from 2020 to 2023 are analyzed to identify



patterns, while projections through 2025 are used to assess forward-looking synergies [3].

4. SECTORAL TRENDS AND BANKING DEMAND.

Between 2020 and 2023, Uzbekistan's real sector saw steady growth. In agriculture, for example, the revenue in 2020 was 73,737 billion UZS, and by 2023, this figure had risen to 200,000 billion UZS, reflecting a 2.7-fold increase. This growth is attributed to the rising demand in domestic and foreign markets, the introduction of modern technologies, and the expansion of export

opportunities. In the industrial sector, the production volume amounted to 151,670.1 billion UZS in 2020, and by 2023, this figure had increased to 210,000 billion UZS, reflecting a 38.4% growth. The highest growth was recorded in 2023, which is attributed to the increase in both domestic and international demand for industrial products, as well as the implementation of new technologies and the expansion of production capacity [4].

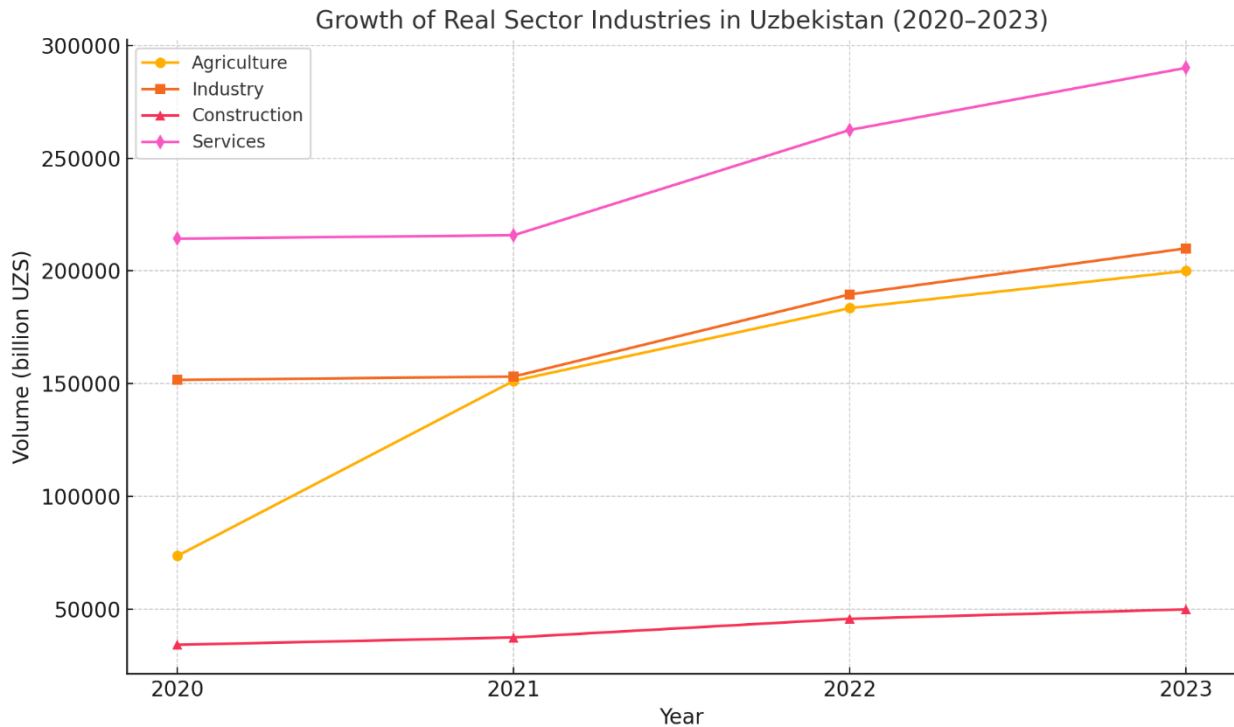
Table 1 – Indicators of Selected Real Sector Industries in Uzbekistan

Indicator's	2020 y.	2021 y.	2022 y.	2023 y.
Agriculture (billion soums)	73 737	151 279,6	183 518,5	200 000
- Growth rate (%)	3,1	105,0	4,0	9,0
Industry (billion soums)	151 670,1	153 187,9	189 606,8	210 000
- Growth rate (%)	5,0	0,9	8,7	10,7
Construction (billion soums)	34 290,8	37 548,5	45 802,1	50 000
- Growth rate (%)	9,1	9,5	6,8	9,2
Services (billion soums)	214 315,3	215 815,5	262 496,4	290 000
- Growth rate (%)	2,3	0,7	9,2	10,5

In 2020, the construction sector's revenue amounted to 34,290.8 billion UZS, and by 2023, this figure had risen to 50,000 billion UZS, showing a 45.8% increase. This growth is attributed to the implementation of infrastructure projects, government programs, and an increase in private investments. In the services sector, revenue amounted to 214,315.3 billion UZS in 2020, and by 2023, this figure had increased to 290,000 billion UZS, reflecting a 35.4% growth. This growth is largely driven by the development of tourism, trade, and electronic services. Overall, from 2020 to 2023, significant growth was observed across all sectors of the real economy. This growth is linked to the economic reforms implemented by the government, the support of both export and domestic consumption, and the effective management of financial resources. It is

expected that these positive trends will continue in 2024 and 2025.

Uzbekistan's economy has demonstrated steady growth rates, and the forecasts for 2024-2025 confirm that this trend will continue. The Asian Development Bank (ADB) estimated Uzbekistan's GDP growth at 6% in 2024 and 6.2% in 2025, driven by accelerated growth in the industrial and construction sectors, along with increased consumer spending. Similarly, the European Bank for Reconstruction and Development (EBRD) forecasted a 6.5% growth for Uzbekistan's economy in 2024, highlighting the importance of investments in fixed capital and net exports [5]. The International Monetary Fund (IMF) also projected a real GDP growth of 5.4% for Uzbekistan in 2024, with domestic demand being a key driver.



The industrial sector is showing significant growth. In 2022, the industrial product volume reached 189,606.8 billion UZS, representing an 8.7% increase from the previous year. In 2023, this figure is expected to reach 200,000 billion UZS, marking a 5.5% increase. Forecasts indicate that the volume will reach 211,000 billion UZS in 2024 and 222,600 billion UZS in 2025, with an annual growth rate of 5.5%. The construction sector also maintains steady growth rates. In 2022, the volume of construction reached 45,802.1 billion UZS, and by 2023, it is expected to reach 48,500 billion UZS, a 5.9% increase. Projections suggest that the volume will reach 51,400 billion UZS in 2024 and 54,500 billion UZS in 2025. The non-financial services sector is also experiencing positive growth. In 2022, the services sector volume was 262,496.4 billion UZS, and in 2023, it is expected to reach 280,000 billion UZS, reflecting a 6.7% increase. Forecasts indicate that the sector will reach 298,000 billion UZS in 2024 and 316,500 billion UZS in 2025, with annual growth rates of 6.4% and 6.2%, respectively [6].

5. DISCUSSION: SYNERGISTIC DEVELOPMENT.

The observed growth affirms the synergistic potential between the banking sector and real economy. Industrial and infrastructure expansion leads to increased banking activities, while enhanced banking support promotes real-sector innovation and capital formation. However, to maximize this synergy, it is necessary to:

- Improve financial inclusion through fintech

adoption;

- Address corruption and bureaucratic inefficiencies;
- Encourage public-private partnerships for infrastructure financing;
- Strengthen institutional coordination.

6. CONCLUSION

The evidence and forecasts presented in this study underscore the strategic significance of strengthening the synergistic relationship between the banking system and the real sector in Uzbekistan. The industrial, construction, and service sectors have demonstrated consistent growth over the past years, largely supported by targeted financial interventions and structural reforms. These developments confirm that the real economy not only serves as a recipient of financial services but also acts as a catalyst for the diversification and modernization of the banking sector.

The mutual reinforcement between the banking and real sectors fosters economic resilience, enhances production efficiency, and facilitates the implementation of new technologies. This synergy is evident in the growing volume of loans directed toward industrial, construction, and agricultural activities, which, in turn, has led to notable gains in sectoral output, export potential, and labor productivity. For example, the industrial sector recorded an 8.7% growth in 2022, while the construction sector expanded by 5.9% in



2023—both outcomes linked to increased banking sector engagement [7].

In response to the evolving needs of the real economy, Uzbekistan's banking institutions are increasingly offering diversified financial products, including Islamic finance, microfinance, and syndicated lending mechanisms. These innovations are helping to mitigate financial risks, broaden access to investment capital, and align banking services more closely with production realities.

At the same time, the output of the real sector generates new opportunities for banks to develop sector-specific financial solutions and expand their client base. This interdependence contributes not only to the internal stability of the financial system but also to Uzbekistan's competitiveness in the global economic landscape.

To further enhance this synergy, several key policy priorities must be addressed:

Diversification of financial instruments to support sectoral innovation;

Expansion of infrastructure financing, particularly through public-private partnerships;

Improvement of the investment climate to attract long-term domestic and foreign capital;

Reinforcement of financial discipline to ensure the sustainable use of resources.

Overall, the ongoing collaboration between the banking and real sectors is central to Uzbekistan's strategic goal of building a diversified, innovation-

driven, and export-oriented economy. Maintaining and deepening this integrative momentum will be critical to achieving inclusive and sustainable economic growth in the medium and long term.

REFERENCES:

1. International Monetary Fund (2025). Republic of Uzbekistan: Technical Assistance Report—Macro Stress Testing of the Uzbek Banking Sector. IMF Technical Assistance Report No. 2025/032. <https://doi.org/10.5089/9798229006361.01>
2. Ataniyazov J.X. (2018). O'zbekistonda moliya-sanoat guruhlarini kuzatish va rivojlantirishning metodologik asoslarini takomillashtirish: Avtoreferat. Toshkent.
3. Suleymanov, I.R. (2025). Global geo-moliyaviy siyosatdagi noaniqliklar sharoitida bank va real sektor sinergiyasini rivojlantirish strategiyalari. Monografiya. T.: Ilm-ma'rifat.
4. Сулейманов И.Р. (2024). Пути усиления интеграции банковского и реального секторов экономики. Т.: Iqtisod-Moliya.
5. O'zbekiston Respublikasi Prezidentining "2020-2025 yillarda O'zbekiston bank tizimini isloh qilish strategiyasi to'g'risida"gi farmoni, 12.05.2020 y. № УП-5992. <https://lex.uz/docs/5841077>
6. State Committee of the Republic of Uzbekistan on Statistics. (2024). Statistical Yearbook of Uzbekistan 2023. <https://stat.uz/en/>
7. Central Bank of the Republic of Uzbekistan. (2024). Statistical Bulletin. <https://cbu.uz/en/statistics/>