



# THE MARKET OF LEARNING SERVICES IN UZBEKISTAN AND THE IMPACT OF STUDENT LOANS THEREUPON

**Rasulov Akmal Abdunaimovich**

*Researcher of the research center "Scientific foundations and problems of the development of the economy of Uzbekistan"*

*at the Tashkent State University of Economics*

Article history:	Abstract:
<b>Received:</b> 14 <sup>th</sup> May 2024 <b>Accepted:</b> 10 <sup>th</sup> June 2024	The aim of this research paper is to analyze the current state of the learning services market in Uzbekistan, focusing on public and non-public (private) institutions at different levels of education. This analysis is of the scientific significance in the development of policies that raise the current state and quality of education in Uzbekistan, as well as competitiveness. In addition, the article presents the author's analytical comments.
<b>Keywords:</b> education, student loan, student, higher education institution, dynamics.	

## INTRODUCTION.

After gaining independence in 1991, the education system of Uzbekistan has undergone significant changes. Currently the country with over 37 million inhabitants is giving priority to education as the main factor of socio-economic development. The government has implemented many reforms to modernize the education sector focusing on improving quality and accessibility. These reforms include curriculum updates, increased funding, as well as cooperation with international institutions.

## LITERATURE REVIEW.

Student loans are increasingly used to finance higher education, but their impact on students' financial stability, academic attainment, and post-college life can vary greatly.

Uzbekistan has implemented various educational reforms aimed at developing a national education system that meets the needs of a modern market economy. These reforms included the introduction of new curricula and teaching technique, as well as establishment of private educational institutions (Khakimovich, 2021).

Higher education has undergone significant changes with policies aimed at improving access, quality and international cooperation. The government has focused on adapting the higher education system to international standards to better integrate Uzbekistan into the global academic and economic community (Troitskiy and Yun, 2021).

Student loans negatively impact post-college wealth accumulation. Students with loans tend to have higher net worth, financial assets, and primary home values than those without loans (Zhan, Xiang & Elliott, 2016).

The availability of student loans significantly influences college enrollment, completion, and post-college outcomes. Loans help increase enrollment, but can also result in higher dropout rates, especially among low-income and minority students (Baker, Andrews, & McDaniel, 2017).

Experimental evidence shows that non-zero loan offers in financial aid letters increase borrowing and the likelihood of transferring to four-year colleges (Marx, & Turner, 2017).

Higher education debt is associated with higher starting wages immediately after graduation, but lower wage growth in later years. This suggests that students with greater loans prefer jobs with higher starting salaries at the expense of long-term income growth (Minicozzi, 2005).

Student loans provide important financial support for students, but can also create significant financial burdens. Officials should consider these impacts when designing and implementing student loan programs.

## ANALYSIS AND RESULTS.

We aim at making an analysis of the market of learning services in Uzbekistan, where we consider the number of higher education institutions today.

**Table 1**  
**Growth dynamics of current higher education institutions (HEI) in Uzbekistan for 2019-2024,<sup>1</sup> number**

<sup>1</sup> Developed by the author based on the data of the Ministry of Higher Education, Science and Innovation of the Republic of Uzbekistan.



№	Academic years	Total number of HEIs	Including:		
			Public HEIs	Branches of foreign HEIs	Non-public HEIs
1	2019	<b>108,0</b>	83,0	5,0	20,0
2	2020	<b>122,0</b>	91,0	9,0	22,0
3	2021	<b>159,0</b>	103,0	26,0	30,0
4	2022	<b>209,0</b>	114,0	30,0	65,0
5	2023	<b>210,0</b>	115,0	30,0	65,0
6	2024	<b>210,0</b>	114,0	29,0	67,0

In order to analyze the growth dynamics of higher education institutions (HEIs) in Uzbekistan during 2019-2024, this information can be viewed in several ways. Considering the change in the total number of HEIs, the number of HEIs increased from 108 in 2019 up to 122 by 2020, which represents an increase of 13 percent. In 2021, the total number of HEIs reached 159, which represents a 30 percent increase compared to 2020. In 2022, the number of HEIs increased to 209, which represents a 31 percent increase compared to 2021. In 2023 and 2024, the total number of HEIs reached 210 and remained stable.

There were 83 public HEIs in 2019, and the number of public HEIs increased up to 91 in 2020, which represents an increase of 9.6 percent. In 2021, the number of state HEIs reached 103, which shows an increase of 13.2 percent compared to 2020. In 2022, the number of public HEIs increased to 114, which shows an increase of 10.7 percent compared to 2021. In 2023 and 2024, the number of public HEIs remained almost unchanged, totaling 115 and 114.

Branches of foreign HEIs constituted 5 in 2019, and the number of branches of foreign HEIs increased up to 9 in 2020, which represents an increase of 80 percent. In 2021, the number of branches of foreign HEIs reached 26, which illustrates an increase of 188.9 percent compared to 2020. In 2022, the number of branches of foreign HEIs increased to 30, which shows

an increase of 15.4 percent compared to 2021. In 2023 and 2024, the number of branches of foreign HEIs remained at 30 and 29, that is, almost unchanged.

There were 20 non-public HEIs in 2019, and the number of non-public HEIs increased to 22 in 2020, which represents an increase of 10 percent. In 2021, the number of non-public HEIs reached 30, which shows an increase of 36.4 percent compared to 2020. In 2022, the number of non-public HEIs increased to 65, which represents an increase of 116.7 percent compared to 2021. In 2023 and 2024, the number of non-public HEIs remained almost unchanged, totaling 65 and 67.

In reliance upon these data, we can witness the rapid growth of the number of higher education institutions in Uzbekistan, especially the significant growth of non-public and branches of foreign HEIs. The number of public HEIs has also increased steadily, but this increase has been relatively slower. In general, the establishment of new institutions in the field of higher education is certainly related to the growth of the demand for education and the government policy in this field.

A comparative analysis can be made based on the data on the number of students studying in higher education institutions in Uzbekistan and their distribution during the years 2019-2024. Let's look at the analysis based on Table 2 below:

**Table 2**

**Comparative analysis of students educated in higher education institutions in Uzbekistan during 2019-2024<sup>2</sup>**

№	Academic years	Total number of students	Public HEIs		Non-public HEIs	
			Grant	Fee-based study	Grant	Fee-based study
1	2019	444 170	89 534	354 636	X	X
2	2020	651 431	106027	545 404	X	X
3	2021	908 163	129708	736 605	X	41 850

<sup>2</sup> Developed by the author based on the data of the Ministry of Higher Education, Science and Innovation of the Republic of Uzbekistan.



4	2022	1 048 086	146290	811 256	X	90 540
5	2023	1 186 435	168728	823 110	X	194 597
6	2024	1 379 125	191612	863 136	X	324 377
<b>Change in 2024 compared to 2019, in percent</b>		<b>32,2 %</b>	<b>46,7 %</b>	<b>41,0 %</b>	<b>X</b>	<b>12,9 %</b>

If we look at the data in the table, the number of students has increased significantly from 2019 to 2024. In 2019, there were 444 170 people, and in 2024 this indicator reached 1 379 125 people. That is an average annual growth of about 26 percent over 5 years. From 2019 to 2024 the number of students on state grants increased from 89 534 to 191 612. This is an annual growth rate of approximately 16 percent. The number of fee-based learning students increased from 354 636 up to 863 136, representing an annual increase of 23 percent.

The number of fee-based learning students at non-public higher education institutions increased from 41 850 up to 324 377 as of 2021. This indicates a very high growth rate. Interest and demand for higher education are rising. This shows that the focus on education and growth in the economy is high. The number of fee-based learning students has increased significantly in both public HEIs and non-public HEIs. The analysis shows that although the number of students on the grant basis has also increased in the public HEIs, the number of fee-based learning students has grown significantly more. The number of fee-based learning students in non-public higher education institutions has grown at a very high rate.

Based on 2 tables specified above, we can conclude that the market of learning services of HEIs in Uzbekistan has grown rapidly during 2019-2024. This growth is due to the activities of the public and non-public sectors, participation of branches of foreign HEI and the increase in the demand for education. Based on these data, the following conclusions can be drawn:

1. Increased competition between public and non-public HEIs.
2. The increase in the number of branches of foreign higher education institutions raised international participation in the market of learning services.
3. Opportunities for fee-based learning basis have expanded, which indicates opportunities for marketing and financing learning services.

In reliance upon the main goal of our research, we want to focus on the fee-based contract study. It is possible to analyze the participation of the state and banks in the learning service on the fee-based contract

from a scientific point of view. The increase in the number of public higher education institutions and the number of fee-based learning students is related to the government policies and programs. The state participated in the following focus areas:

Grants and financial assistance provided by the government has enabled higher education institutions to accept more students. As a result of these programs, the number of students receiving grants has increased as well. During 2019-2024, the number of public higher education institutions increased from 83 to 114. This demonstrates the fact that the government focuses on improving the education infrastructure. The government has also supported fee-based learning services by improving legislation and regulations. Through this, the government has created wider financial opportunities for educational institutions. Student loans from banks are an essential financial resource for fee-based learning students.

Student loans enhance students' access to higher education. These loans allow higher education institutions to enroll more students. Banks get an opportunity to expand their activities and ensure financial sustainability through student loans. Interest rates set by banks for student loans determine the financial burden for students. With high interest rates, student loans can be difficult to obtain. Loan repayment terms should be convenient for students. Long-term and preferential terms help the popularization of loans.

Cooperation between the government and banks is important for enhancing efficiency of learning services based on payment contracts. This cooperation is implemented in the following aspects:

- ✚ providing financial assistance to students by implementing joint student loan programs between the government and banks;
- ✚ creating favorable conditions for student loans by improving cooperation between the government and banks at the legislative level;
- ✚ popularizing learning services for students by expanding financial aid and student loan programs by the government and banks;
- ✚ the increase in the number of fee-based learning students will raise financial opportunities for



educational institutions and help to improve the quality of education.

In general, participation of the government and banks in learning services on the fee-based contracts is significant. Government support through improved education infrastructure and legislation, and support from banks through student loan programs will help expand financial opportunities for students. This cooperation is a crucially important factor in the development of the learning services market.

Currently the increase in the allocation of loans to individuals by commercial banks in Uzbekistan indicates that the demand for financial assistance in various fields is growing. First of all, with the growth of the economy, the needs and aspirations of individuals expand, which causes an increase in the demand for financial resources. People borrow more to invest in housing, business, consumer goods, and education. Commercial banks have diversified their loan offerings to cater to different market segments. This includes personal loans, business loans, mortgage loans. By diversifying loan products banks can attract a wider customer base and meet specific financial needs.

If we consider the loans allocated to individuals by commercial banks in the last 3 years (2021-2023) within the framework of their focus areas, we can shape a more accurate understanding.

The information presented in tables 3, 4, 5 provides a detailed analysis of the loans allocated to individuals by various commercial banks in Uzbekistan in 2021-2023. The analysis focuses on several types of

loans: learning loans, mortgage loans, auto loans, consumer loans, microloans and other types of loans. Total loans amount to 16 570 088.9 million UZS in 2021, 21 587 778.8 million UZS in 2022, and 32 992 348.2 million UZS in 2023. Education loans in 2021 amounted to 340 554.7 million UZS (2.1 percent of total loans), in 2022 this indicator amounted to 1 707 980.0 million UZS (7.9 percent of total loans), in 2023 it accounted for 2 365 963.5 million UZS (7.2 percent of total loans).

In general, from 2021 to 2023, the amount of total loans allocated to individuals by commercial banks increased significantly from 16 570 088.9 million UZS in 2021 up to 32 992 348.2 million UZS in 2023. On the other hand, the share of student loans increased significantly, both in absolute terms and as a share of total loans, especially in 2022, but in 2023 the share of interest decreased slightly.

In particular, "Microcreditbank" has kept its relatively high share compared to other banks, even though interest rates on student loans are changing. In 2022 and 2023, the share of student loans of "People's Bank" and "Agrobank" increased significantly. "Ipotekabank" and "Asaka" bank demonstrate an average increase in student loans with fluctuations in their share in the total loan portfolio.

In general, learning loans have become an important part of the loan portfolio of several commercial banks in Uzbekistan, with a significant year-on-year increase reflecting the increasing access of individuals to education funds.



**Table 3**

**Analysis of the state of loans allocated to individuals by commercial banks in 2021<sup>3</sup>, in million UZS**

№	Years	Total amount of loans allocated to individuals	Including:					For other types of loans	Share of student loans
			Student loan	Mortgage loan	Auto loan	Consumer loan	Microloan		
<b>Total:</b>		<b>16 570 088,9</b>	<b>340 554,7</b>	<b>6 873 022,9</b>	<b>1 908488,4</b>	<b>555 058,6</b>	<b>5 122 166,8</b>	<b>1 770 797,5</b>	<b>2,1%</b>
1	Microcreditbank	<b>1 341 990,6</b>	119 872,2	228 667,2	126 250,4	82 405,2	778 179,4	<i>6 616,1</i>	<b>8,9%</b>
2	Asaka bank	<b>2 102 195,6</b>	32 519,3	367 139,7	330 893,0	19 840,0	300 949,2	<i>1 050 854,4</i>	<b>1,5%</b>
3	Agrobank	<b>1 176 862,0</b>	9 012,2	216 393,2	8 186,0	0,0	853 726,1	<i>89 544,5</i>	<b>0,8%</b>
4	People's bank	<b>1 352 013,0</b>	59 233,0	374 228,0	49 586,0	302 840,0	320 156,0	<i>245 970,0</i>	<b>4,4%</b>
5	Ipoteka bank	<b>5 548 599,9</b>	103 553,0	2 671 382,7	999 257,5	124 539,0	1 647 766,7	<i>2 101,0</i>	<b>1,9%</b>
6	Kishlok Kurilish Bank	<b>2 571 143,3</b>	6 983,7	2 184 216,8	2 301,1	4 480,4	50 780,9	<i>322 380,4</i>	<b>0,3%</b>
7	Turon bank	<b>785 167,5</b>	2 521,6	233 432,3	170 989,1	20 841,4	357 383,1	<i>0,0</i>	<b>0,3%</b>
8	Uzbekistan Industrial and Construction Bank	<b>1 692 117,1</b>	6 859,6	597 563,0	221 025,3	112,6	813 225,4	<i>53 331,1</i>	<b>0,4%</b>

<sup>3</sup> Developed by the author based on the data of the Central bank of the Republic of Uzbekistan.



**Table 4**

**Analysis of the state of loans allocated to individuals by commercial banks in 2022<sup>4</sup>, in million UZS**

№	Years	Total amount of loans allocated to individuals	Including:					For other types of loans	Share of student loans
			Student loan	Mortgage loan	Auto loan	Consumer loan	Microloan		
<b>Total:</b>		<b>21 587 778,8</b>	<b>1 707 980,0</b>	<b>7 975 581,3</b>	<b>2 721450,1</b>	<b>168 740,0</b>	<b>7 227 532,3</b>	<b>1 786 495,2</b>	<b>7,9%</b>
1	Microcreditbank	<b>1 382 823,9</b>	84 408,2	304 282,9	50 319,9	56 696,8	886 334,1	781,9	<b>6,1%</b>
2	Asaka bank	<b>3 494 255,0</b>	78 607,4	244 627,0	1 467870,7	0,0	679 848,2	1 023 301,7	<b>2,2%</b>
3	Agrobank	<b>2 703 553,8</b>	209 568,6	264 454,1	89 615,8	0,0	1 865 995,2	273 920,1	<b>7,8%</b>
4	People's bank	<b>2 867 699,0</b>	594 202,0	1 990 109,0	5 256,6	97 099,0	142 448,4	38 584,0	<b>20,7%</b>
5	Ipoteka bank	<b>4 551 164,4</b>	605 256,5	1 932 781,0	199 581,9	6 262,0	1 802 500,0	4 783,0	<b>13,3%</b>
6	Kishlok Kurilish Bank	<b>2 813 028,6</b>	59 979,0	2 350 935,6	19 031,9	1 724,7	33 913,9	347 443,4	<b>2,1%</b>
7	Turon bank	<b>1 081 300,6</b>	6 849,9	186 291,7	274 629,2	3 939,3	609 590,5	0,0	<b>0,6%</b>
8	Uzbekistan Industrial and Construction Bank	<b>2 693 953,4</b>	69 108,4	702 099,9	615 144,1	3 018,2	1 206 902,0	97 681,0	<b>2,6%</b>

<sup>4</sup> Developed by the author based on the data of the Central bank of the Republic of Uzbekistan.



**Table 5**

**Analysis of the state of loans allocated to individuals by commercial banks in 2023<sup>5</sup>, in million UZS**

№	Years	Total amount of loans allocated to individuals	Including:					For other types of loans	Share of student loans
			Student loan	Mortgage loan	Auto loan	Consumer loan	Microloan		
<b>Total:</b>		<b>32 992 348,2</b>	<b>2 365963,5</b>	<b>10679213,4</b>	<b>7 517 017,5</b>	<b>546 114,0</b>	<b>11 097838,3</b>	<b>786 201,4</b>	<b>7,2%</b>
1	Microcreditbank	<b>1 301 157,2</b>	155 336,2	153 051,5	202 181,0	108 113,6	670 024,6	<i>12 450,2</i>	<b>11,9%</b>
2	Asaka bank	<b>5 624 930,6</b>	187 224,7	447 033,5	3 807 156,6	20 403,3	1 081 982,4	<i>81 130,1</i>	<b>3,3%</b>
3	Agrobank	<b>3 328 854,6</b>	453 550,1	215 254,0	23 207,0	85 928,3	2 377 509,1	<i>173 406,2</i>	<b>13,6%</b>
4	People's bank	<b>5 581 055,0</b>	870 394,0	3 681 905,0	43 833,0	256 367,0	697 933,0	<i>30 623,0</i>	<b>15,6%</b>
5	Ipoteka bank	<b>9 296 926,0</b>	463 462,0	2 701 005,0	2 181 600,0	33 219,0	3 916 185,0	<i>1 455,0</i>	<b>5,0%</b>
6	Kishlok Kurilish Bank	<b>1 792 191,9</b>	79 014,0	1 190 000,0	27 194,9	20 082,4	133 860,9	<i>342 039,7</i>	<b>4,4%</b>
7	Turon bank	<b>1 611 679,0</b>	18 357,7	342 924,1	905 804,6	8 227,6	336 365,1	<i>0,0</i>	<b>1,1%</b>
8	Uzbekistan Industrial and Construction Bank	<b>4 455 553,8</b>	138 624,8	1 948 040,2	326 040,4	13 772,8	1 883 978,3	<i>145 097,2</i>	<b>3,1%</b>

<sup>5</sup> Developed by the author based on the data of the Central bank of the Republic of Uzbekistan.



It should be noted that government policies aimed at promoting education and financial inclusion have resulted in an increase in student loans. The cost of higher education is increasing globally, and Uzbekistan is no exception. Tuition fees, accommodation and other related expenses are increasing, making it necessary for students to apply for financial aid to get a high-quality education.

Essentiality of education for personal and professional development is increasing. An educated population is crucial for a country's economic growth, innovation and competitiveness. As a result, more people are willing to invest in education, seeing it as a path to better job opportunities and better living standards.

Student loans make higher education accessible to a large portion of the population, including those who do not have the financial means to pay for it up front. It promotes equality and helps bridge the gap between different socio-economic groups.

#### CONCLUSION.

In reliance upon the above analysis, it should be noted that loans contribute to the development of human capital by facilitating access to education. Educated individuals can bring skills, knowledge and innovation and make a positive contribution to the economy. That's why we focus on student loans that facilitate more students to pursue higher education. This causes the emergence of educated personnel, which is required for the economic development of the country and enhancing its competitiveness at the global level.

Graduates with higher education generally have better employment and higher earning potential. It not only benefits people but also contributes to the economy through higher productivity and increased consumer spending.

Funding flows through student loans support the financial stability and growth of educational institutions. This enables them to invest in better infrastructure, faculty, research and development, thereby improving the quality of education.

We can make a conclusion that the increase for loans allocated by commercial banks, including student loans, is of great importance in supporting the financial needs of citizens, developing higher education, and contributing to the comprehensive economic development of Uzbekistan.

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