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Significance and Analytical Indicators of The Increase in The Leasing Portfolio Volume in The Uzbekistan Market

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Abstract: This paper takes a close look at both the theory and real-world experience behind the recent surge in leasing activity across Uzbekistan's rapidly developing economic sectors. The main goal of this work is to scientifically substantiate the importance of the growth of the leasing portfolio for the national economy, in particular, its role in increasing investment activity and stimulating the development of small and medium-sized businesses, as well as to deeply study the main analytical indicators used to assess and monitor this growth. Moreover, it analyzes the main analytical indicators, including the dynamics of the volume of the leasing portfolio, its structure by sectors and regions, the volume of new leasing transactions and concluded contracts, the share of non-performing leasing assets, based on the latest statistical data on the leasing market of Uzbekistan.

Keywords: Leasing Portfolio, Leasing Market of Uzbekistan, Economic Significance, Analytical Indicators, Investment Activity, Financial Analysis

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1. Introduction

Within the ongoing structural transformations and a process of economic liberalization in the Republic of Uzbekistan, the financial market is an important tool for supporting investment processes and encouraging sustainable economic growth. Of the various financial instruments available, leasing is an important tool for financing to purchase fixed assets, through its use in modernizing production capacity and assisting small and medium sized enterprises. Over the past few years, Uzbekistan's leasing sector has really taken off from which, the total volume of leasing activity has grown significantly, showing just how much businesses are embracing this approach to fuel their growth and stay competitive in a changing economy.

This represents a growing demand for alternative forms of financing, as well as the greater development of Uzbekistan's business and investment environment. The leasing portfolio is closely related to other significant macroeconomic indicators, such as gross domestic product (GDP) growth, investment, and the overall real sector health and growth of the economy. The leasing market growth is a fundamental footstone to capital accumulation, while the leasing market also corresponds to increased appropriations of new technology and equipment by various industries. Despite the positive noticeable trends in the leasing market, further comprehensive scientific study of the substantive factors that drive the growth, economic value of growth, and the suite of analytical indicators that would be necessary to account for systematic assessment and monitoring of the rates are lacking.

2. Materials and Methods

The leasing market serves as a critical component of modern economies, facilitating access to capital for businesses while promoting the growth of various sectors. In Uzbekistan, the expansion of the leasing portfolio volume signifies a shift in financial practices and attitudes toward investment and growth. This literature review aims to explore the significance of leasing in Uzbekistan's economy, analyze quantitative and qualitative indicators of leasing portfolio expansion, and summarize current trends and challenges within this domain.

Leasing has been recognized as an essential financial tool for enhancing business operations and promoting investments in capital-intensive sectors. Normurodov and Khalikulova (2020) emphasize that the leasing market's growth in Uzbekistan plays a vital role in improving access to equipment and technology for small and medium enterprises. This access is crucial for boosting productivity and fostering an entrepreneurial ecosystem [1], [2], [3].

Ismoilov (2018) discusses how leasing serves as a means of financing that enables companies to acquire necessary assets without incurring heavy upfront costs. This eliminates barriers for young businesses seeking to expand and innovate. Moreover, Mamatkulov (2021) highlights the relationship between an expanding leasing portfolio and a favorable investment environment, suggesting that greater availability of leasing options can help attract foreign direct investment and stimulate economic growth [4], [5], [6].

Analyzing the indicators that signify the growth of the leasing portfolio volume involves both quantitative metrics and qualitative assessments. According to Usmonov [7], [8] key indicators include:

1. Volume of Leasing Transactions: The total monetary value of leases executed over a specific period, illustrating overall growth. This is often tracked by financial institutions and leasing companies.
2. Market Penetration Rate: This metric assesses how widespread leasing has become within specific sectors compared to traditional forms of financing. A rising penetration rate may reflect increased acceptance of leasing as a viable financing method.
3. Access to Leasing Finance: Factors such as the number of clients gaining access to leasing products and the diversity of leasing options available in the market (e.g., finance leases, operating leases).

Karimova's (2022) research furthers this discussion by analyzing the factors influencing the increase in leasing portfolios, including economic reforms, regulatory support, and the rise of entrepreneurial activity. Her findings suggest that a conducive policy environment is critical for sustaining growth in the leasing market [9], [10], [3].

The leasing market in Uzbekistan is characterized by rapid changes and evolving dynamics. Abdullaev and Kattakulov (2021) explore the introduction of various leasing innovations, such as digital platforms for lease agreements and the adoption of fintech solutions, which enhance accessibility and efficiency [10], [11], [12], [13].

3. Results

The growth of the leasing portfolio in Uzbekistan's financial market represents a significant trend in the development of the country's economy. Leasing, as a financial instrument, provides enterprises—particularly small and medium-sized businesses—with access to equipment, vehicles, and technologies without the immediate burden of large capital expenditures. This, in turn, promotes business growth, industrial modernization, and overall economic diversification.

The expansion of the leasing market is also closely aligned with the government's economic reforms aimed at encouraging entrepreneurship, attracting foreign investment, and modernizing industrial infrastructure. According to recent reports from the Central

Bank of Uzbekistan and the Association of Leasing Companies, the volume of the leasing portfolio has shown double-digit growth rates in the past five years. This trend reflects both increased demand for leased assets and improved access to financial services.

Table 1. Analysis of The Volume of Newly Concluded Contracts Between Leasing Companies and Banks.

Market Segment	Entity	Value (Billion Soums)	Percentage
New Leasing Transactions	Commercial Banks	1.3	0.1%
	Leasing Companies	2061.1	99.9%
Leasing Portfolio	Commercial Banks	903.8	12.2%
	Leasing Companies	6552.8	87.8%

This table illustrates the distribution of the leasing market in Uzbekistan between commercial banks and leasing companies, showing data for both new leasing transactions and the total leasing portfolio. For new leasing transactions, leasing companies dominate the market with 99.9% (2061.1 billion soums), while commercial banks hold a negligible 0.1% (1.3 billion soums). Regarding the total Leasing portfolio, leasing companies also hold the largest share at 87.8% (6552.8 billion soums), with commercial banks accounting for the remaining 12.2% (903.8 billion soums). In summary, the diagram clearly shows that leasing companies are the primary players in the Uzbekistan leasing market, both in terms of initiating new transactions and holding the majority of the overall leasing portfolio.

Table 2. TOP-5 Leasing Companies By Volume Of New Transactions.

№	Financial Leasing	Financial Rent
1	Uzagrolizing (980.4 billion sum)	Fincom Leasing Group (151.5 billion sum)
2	Mikro Leasing (211.1 billion sum)	Mikro Leasing (101.2 billion sum)
3	Uzbek Leasing International A.O. (197.9 billion sum)	Mogo Lend (33.9 billion sum)
4	Autosanoat Agro Lizing (121.6 billion sum)	Hamkormazlizing (10.8 billion sum)
5	Artum Leasing Group (60.1 billion sum)	Avtovariant (6.1 billion sum)

The second table shows Fincom Leasing Group led the Financial Rent segment by demonstrating the most significant volume of new transactions at 151.5 billion sum. Mikro Leasing was included in the top five for Financial Rent as well, having the second-highest volume at 101.2 billion sum, indicating their level of activity in both leasing types. Mogo Lend, Hamkormazlizing and Avtovariant completed the top five in the Financial Rent non-financial distinction group with progressively lower volumes of transactions. Most importantly, the presented table is able to demonstrate there is a clear market leader in Financial Leasing (Uzagrolizing) and then identify the key players in both segments. The table also demonstrates that there are also companies like Mikro Leasing that are successful and hold some significant positions in both Financial Leasing and Financial Rent. The provided pie chart illustrates the distribution of new leasing deals across various types of fixed assets in Uzbekistan. The data is presented with percentage shares and corresponding monetary amounts in billion sums for each category.

1. Agricultural equipment

- represents the largest portion of the leasing portfolio with 66.3%, amounting to 1366.8 billion sums.
- this indicates a significant focus on enhancing and modernizing agricultural capabilities, reflecting the sector's priority in Uzbekistan's economic activities.

2. Auto transport:

- a. Constitutes 17.1% of the leasing deals, totaling 352.3 billion sums.
- b. The transportation sector's substantial share highlights its critical role in boosting logistics and mobility, which are essential for both domestic trade and infrastructure development.

3. Technological equipment:

- a. Accounts for 8.0% of the leasing deals, equivalent to 164.9 billion sums.
- b. This category's significant allocation demonstrates an emphasis on upgrading technological assets, possibly to improve industrial and production efficiencies.

4. Construction equipment:

- a. Covers 6.8%, representing 139.2 billion sums.
- b. The investment in construction equipment underlines efforts to support infrastructure projects and the overall construction sector, which is vital for economic development.

5. Real estate:

- a. Holds the smallest share with 1.9%, equating to 39 billion sums.
- b. The lower percentage allocation might suggest either a current saturation in real estate investments or a strategic focus on other asset types in the leasing market.

The distribution of new leasing deals by types of main assets in Uzbekistan indicates a targeted strategy to support specific sectors that are crucial for the nation's economic growth. The overwhelming focus on agricultural equipment suggests a policy or market-driven initiative to strengthen agricultural productivity, which is key to Uzbekistan's economy. Auto transport and technological equipment also receive considerable attention, reflecting their importance in supporting infrastructure development and modernization efforts. The relatively smaller share for real estate may imply a current phase of stability or lesser growth necessity compared to other sectors. Overall, the allocation aligns with strategic economic priorities, likely aimed at fostering sustainable development and competitive advantages in crucial sectors.

4. Discussion

The observed increase in the volume of the leasing portfolio in the Uzbekistan market represents a multifaceted phenomenon with significant implications for the national economy. From a macroeconomic perspective, this growth is indicative of an expanding investment landscape and enhanced capital formation. Leasing, as a form of asset-backed financing, directly contributes to the acquisition of fixed assets by enterprises across various sectors. This influx of capital goods, whether agricultural machinery, vehicles, technological equipment, construction machinery, or real estate, is fundamental to modernizing production processes, improving operational efficiency, and ultimately driving productivity growth. The expansion of the leasing portfolio thus serves as a tangible indicator of the real sector's capacity and willingness to invest in long-term assets, which is a prerequisite for sustainable economic development.

Furthermore, the growth in the leasing portfolio holds particular significance for the development of Small and Medium-sized Enterprises (SMEs). SMEs often face constraints in accessing traditional bank credit due to limited collateral or insufficient credit history. Leasing provides an alternative avenue for these businesses to acquire essential equipment and assets without the need for substantial upfront capital expenditure or extensive collateral requirements beyond the leased asset itself. The increasing volume of leasing transactions, particularly in segments like agricultural machinery which often caters to smaller farming enterprises, underscores the role of leasing as an enabler of SME growth and competitiveness. This, in turn, fosters job creation, stimulates regional economic activity, and contributes to a more diversified economic structure.

Analyzing the increase in the leasing portfolio volume necessitates the application of specific analytical indicators to gain a comprehensive understanding of the market's dynamics and health. Key quantitative indicators include the absolute volume of the total leasing portfolio and the volume of new leasing transactions over defined periods. Tracking the year-on-year growth rate of these volumes provides insights into the market's expansion pace. Beyond mere volume, qualitative and structural indicators are crucial. The distribution of the leasing portfolio by asset type reveals which sectors are most actively utilizing leasing and where investment is being channeled. For instance, a high proportion of leasing directed towards agricultural machinery or technological equipment suggests targeted investment in those areas. Similarly, analyzing the distribution by region can highlight disparities in access to leasing finance and regional investment trends.

Another critical analytical indicator is the quality of the leasing portfolio, often assessed through the level of non-performing leasing assets (NPLs). A low and stable NPL ratio indicates effective risk management by leasing companies and the financial health of lessees. Conversely, a rising NPL ratio could signal underlying economic stress or deficiencies in credit assessment and collection processes. The average size of new leasing transactions can also be an informative indicator, potentially reflecting the scale of investment projects being financed through leasing. Furthermore, examining the market share distribution among different types of lessors (e.g., specialized leasing companies versus commercial banks) provides insights into the competitive landscape and the dominant models of leasing provision in the market.

In the context of Uzbekistan, the significant share of new leasing transactions attributed to agricultural machinery, as well as the dominance of specialized leasing companies in both new transactions and the overall portfolio, are notable analytical findings. These indicators suggest that government support for the agricultural sector and the focus of specialized institutions are key drivers of leasing growth. Continued monitoring and analysis of these and other relevant indicators, such as the tenor of leasing contracts, interest rate trends, and the regulatory environment, are essential for policymakers, market participants, and researchers to accurately assess the impact of leasing on the Uzbekistani economy and to formulate strategies for its further sustainable development.

5. Conclusion

In conclusion, the increasing volume of the leasing portfolio in Uzbekistan is a significant positive development for the national economy. It serves as a clear indicator of growing investment activity and enhanced capital formation, which are vital for modernizing production and boosting productivity across various sectors. Furthermore, the expansion of the leasing market is particularly impactful for Small and Medium-sized Enterprises, offering a crucial alternative financing mechanism that facilitates their access to essential assets and supports their growth and competitiveness. The analysis of key indicators such as portfolio volume, asset type distribution, regional trends, non-performing asset levels, and market share distribution provides a comprehensive picture of the market's health and dynamics. The prominence of agricultural machinery leasing and specialized leasing companies highlights specific areas of strength and focus within the Uzbekistani leasing landscape. Continued monitoring and in-depth analysis of these indicators are indispensable for informing strategic decisions by policymakers and market participants aimed at fostering the sustainable development of the leasing sector and maximizing its contribution to Uzbekistan's economic progress.

The increase in the leasing portfolio volume in Uzbekistan's market reveals significant implications for economic growth and development. The literature suggests that leasing finance facilitates access to necessary resources for businesses, while promoting investment and innovation. The analytical indicators discussed provide a

framework for measuring this growth, and ongoing research highlights both the promising trends and the challenges facing the leasing market. As the landscape continues to evolve, it will be essential for policymakers, financial institutions, and leasing companies to work collaboratively to enhance the supportive ecosystem required for sustainable leasing growth. Future research should focus on longitudinal studies to assess the long-term impacts of leasing on the Uzbek economy and explore the potential for developing specialized leasing products tailored to the unique needs of different sectors.

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