

**IMPROVING THE MECHANISM FOR PROVIDING FACTORING
SERVICES THROUGH DIGITAL PLATFORMS**

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Abstract. *The paper analyses the impact of electronic factoring platforms on market development in Uzbekistan and substantiates an improved mechanism for providing factoring services through digital platforms at the commercial bank level.*

Keywords: *factoring, electronic factoring platform, electronic invoice, scoring, small and medium-sized businesses, digitalisation.*

Factoring is an important instrument for meeting the working capital needs of small and medium-sized businesses without collateral, since the financing decision is based on the solvency of the debtor rather than that of the borrower [4]. In Uzbekistan, Decree No. PF-109 set the task of introducing electronic factoring platforms integrated with the tax authorities' electronic invoicing system [1]. After the FinMakon and OzPlanet platforms were launched in September 2024, the volume of factoring services increased 5.1-fold, from UZS 1.9 trillion in 2024 to UZS 9.5 trillion in 2025 [2].

Global practice also shows that the growth of factoring is closely linked to its digitalisation. According to FCI, in 2025 global factoring turnover exceeded EUR 4 trillion for the first time, reaching EUR 4,039 billion [6]. Electronic invoices, electronic digital signatures and online platforms reduce the transaction costs of factoring, making it accessible even to small firms that previously could not use it. Considering factoring within the system of supply chain finance instruments, L. Gelsomino and co-authors emphasise that its effectiveness depends on the level of information exchange among supply

chain participants [7]. P. Kouvelis and F. Xu provided a theoretical justification that the value of factoring is determined by the supplier's financial constraints and the buyer's credit quality [8]. It follows from these approaches that the advantages of factoring are fully realised only if the digital platform provides reliable and timely information about the receivable and the debtor.

However, the use of digital channels varies sharply across banks. In 2025, the share of factoring provided through digital platforms in the total volume was 46 percent, whereas at Kapitalbank this figure was 2.4 percent and at Uzsanoatqurilishbank 94.6 percent [2]. In Q1 2026, the digital share reached 53 percent [3]. In our view, this shows that connecting to a platform is not sufficient in itself and that banks' internal processes need to be adapted to the platform's capabilities.

Table 1

Factoring services and their digital share at leading commercial banks in 2025

Commercial bank	Factoring volume, UZS billion	2025/2024, times	Market share, %	Digital share, %
Asaka bank	1,500	2.7	15.8	33.9
Kapitalbank	1,300	13.5	13.7	2.4
Uzmilliybank	921	3.0	9.7	87.0
Hamkorbank	909	—	9.6	27.1
Uzsanoatqurilishbank	761	4.7	8.0	94.6
Asia Alliance bank	354	8.6	3.7	54.8
Total market	9,472	5.1	100	46.0

Source: calculated by the author based on the factoring market reviews of the Central Bank of the Republic of Uzbekistan [2].

The data in the table show no direct relationship between the growth of banks' factoring volumes and the share of the digital channel: Kapitalbank, with a digital share of only 2.4 percent, increased its volume 13.5-fold, while Uzsanoatqirilishbank, with a digital share of 94.6 percent, achieved 4.7-fold growth. Hence, the redistribution of market shares in 2025 occurred mainly through large transactions concluded via the traditional channel. This indicates that the main value of digital platforms lies not in large transactions but in processing a large number of small transactions cheaply and quickly.

To quantify the impact of the platforms on market development, our study estimated an econometric model of factoring volume based on 27 monthly observations from January 2024 to March 2026. The dependent variable is the natural logarithm of factoring volume, and the explanatory variables are a time trend, a platform dummy taking the value 1 from September 2024, and seasonal activity in December. According to the results, the coefficient of the time variable is 0.079, indicating that factoring volume grew by an average of 8.2 percent per month. The coefficient of the platform variable is 1.066, which means that the institutional changes that began with the adoption of the Decree and the launch of the platforms increased the monthly volume of factoring services by an average of 2.9 times, other things being equal ($R^2 = 0.861$). This result was also confirmed using Newey–West standard errors and a dynamic model including a lag of the dependent variable. At the same time, the Chow test showed a statistically significant slowdown in growth rates from mid-2025. In our view, this indicates that the initial opportunities created by the platforms have largely been used up by large clients and that further growth requires improving processes at the bank level.

Based on this analysis, the bank-level mechanism for providing factoring services through digital platforms was improved. In addition to the standard functions of the platform (online application, conclusion of contracts with an

electronic digital signature), the mechanism is supplemented with four elements (Table 2).

Table 2

Elements of the mechanism for providing factoring services through digital platforms

Process stage	Traditional procedure	Proposed element
Verification of the receivable	Manual review of documents	Automatic verification via electronic invoices and waybills; checking the collateral registry for prior assignment
Debtor assessment and limit	Opinion of the credit department	Automatic assignment of the debtor category and limit based on a scoring model
Pricing	Fixed rate for 30, 60 or 90 days	Automatic calculation using 15-day intervals and actual days
Monitoring	Measures taken after the payment becomes overdue	Monitoring of early warning indicators based on platform data

Source: developed by the author.

The first element of the mechanism – automatic verification of the receivable – uses the tax authorities’ electronic invoice and electronic waybill databases to verify in real time that the goods have been delivered and accepted by the debtor, and to establish that the receivable has not previously been assigned to another financial agent in the collateral registry. This eliminates the risk of fraud and of the same invoice being financed more than once. The second element – scoring-based debtor assessment – classifies the debtor into categories and automatically sets a limit based on data from the credit bureau, the tax authorities’ financial statements database and the payment history on

the platform. Since in factoring the source of credit risk is the debtor rather than the client, it is precisely this element that determines the speed of decision-making. The third element automatically calculates the price according to the actual financing period, using 15-day intervals and actual days. The fourth element continuously monitors early warning indicators, such as delays in the debtor's payments, a decrease in the value of the receivable and a decline in the debtor's turnover, based on platform data.

Remote factoring operations, execution of contracts with electronic digital signatures and automated settlements were put in place, and the average service time was reduced from 3–4 days to 1–2 days. In 2025, 87 percent of the bank's factoring services (UZS 801 billion) were provided through digital platforms, and in Q1 2026 this figure reached 98.9 percent, while the number of factoring clients increased from 11 in 2024 to 57 in the first nine months of 2026.

At the same time, there are certain limitations to implementing the mechanism. First, faster service must not undermine the quality of debtor assessment: amid a sharp increase in the number of the bank's clients over a short period, the ratio of the overdue portion to the portfolio reached 12.6 percent in the first nine months of 2026. This shows that the scoring and early warning elements need to be introduced simultaneously with the automation elements. Second, the effectiveness of the mechanism depends on the degree of integration of the platforms with the credit bureau and the collateral registry.

In conclusion, although digital platforms have ensured the rapid growth of the factoring market, their effect is fully realised only when automatic verification of receivables, scoring-based debtor assessment and automatic pricing are in place at the bank level. To extend this experience to the entire banking system, the following is proposed: regular publication by the Central Bank of the digital factoring share and service time by bank; full integration of the platforms with the credit bureau and the collateral registry via application

programming interfaces; creation, at the platform level, of a consolidated database on debtors' payment discipline in factoring; and enabling the platform to present competing offers from several financial agents.

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