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MARKET CONCENTRATION AND THE DOWNWARD DISTRIBUTION OF RISK IN DIGITAL PLATFORM ECOSYSTEMS

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The digital transformation of Uzbekistan's service sector, which by 2024 accounted for about 47.4 percent of gross domestic product [1], has organized a growing share of economic activity around a small number of integrated platform ecosystems. In a multi-sided ecosystem, the operator that occupies the concentrated position is also the party that sets the rules of participation, and it therefore decides how risk is distributed among participants. For this reason, market concentration and risk management cannot be examined in isolation. This paper advances the proposition that in Uzbekistan's leading platform segments the concentrated operator systematically shifts risk and cost downward, onto the small and medium participants least able to bear them, and that the competition problem and the risk-management problem are two aspects of a single phenomenon. What has changed since this question was first posed is that concentration in these segments is no longer a matter of inference: over 2024 and 2025 the national competition authority issued formal dominant-position findings in each of the three principal segments.

The platform economy is highly concentrated even though it is still at an early stage of penetration relative to the country's broad digital base. At the start of 2025 about 87 percent of the population were internet users and roughly 40 percent of payments were already cashless, while electronic commerce reached about 3.8 percent of retail turnover in 2024, rising to some 4.6 percent in 2025 [1]. The distance between near-universal connectivity and single-digit commerce penetration indicates that the binding constraint on the sector is not access to users but the maturity of the coordination layer, the logistics, trust, and payment integration that converts connected users into transacting participants. It is precisely within this coordination layer that

concentration is greatest, and it is control of this layer that allows the leading operators to determine how risk is shared among the participants they connect.

The payments and fintech segment are the most developed and the most concentrated. Retail settlement runs on two national card systems, Uzcard and Humo, and is intermediated for consumers and merchants by a small number of dominant applications, principally CLICK and Payme, alongside the bank embedded in the Uzum ecosystem. The scale of the underlying flow is substantial: transactions through the country's interbank payment system reached about 7.279 quadrillion soums in 2024 [2], while person-to-person transfers across the two national card systems ran to about 224.3 trillion soums in 2023, of which roughly 65.7 percent moved over Uzcard and 34.3 percent over Humo [3]. The concentration of the application layer is now a matter of formal record. Having grown its user base past twenty million, CLICK was recognized by the competition authority as a digital-platform operator holding a dominant position in the online-payment market, and in January 2025 the same status was extended to Payme [4]. The strategic problem is that the growth of peer-to-peer transfers and digital lending has outpaced the protective capacity of internal control systems, so that the principal risk-management challenges, fraud and cyber-risk, settlement and liquidity, and the verification of counterparties, now sit inside a segment that is both demonstrably concentrated and newly subject to conduct rules.

The retail marketplace segment is led by Uzum Market, whose consolidated gross merchandise value reached about 345 million dollars in 2024, a 2.4-fold increase year on year [5], competing with the Russian-owned Wildberries and the classifieds platform Olx. In March 2025 the competition authority recognized Uzum Market as a digital-platform operator with a dominant position in the marketplace [4]. It is in this segment that the management asymmetry is sharpest, because large operators set commissions, ranking rules, and penalties for the small and medium sellers that make up more than 80 percent of the country's registered business entities [1]. A small seller on a dominant marketplace absorbs the commission, the ranking penalty, and the outcome of any dispute; the questions of risk management here are less about systemic finance than about the governance of participation, namely the verification of sellers, the resolution of disputes, and the neutrality of the ranking algorithms that allocate visibility. That the finding has practical force is shown by the decision in the matter of Uzum Market and its supplier Bo'ston Food Company, which was reviewed and upheld through several court instances [4].

The logistics and delivery segment are the least consolidated of the three but is consolidating fastest, as the larger ecosystems internalize delivery. Express delivery and ride-hailing are served by Yandex Go, by Uzum's own logistics arm Uzum Tezkor, and by a fragmented field of regional couriers. In 2025 the competition authority recognized Uzum Tezkor as dominant in the market for aggregator services for ordering and delivering ready-made food and goods, extending the dominant-platform regime to the delivery layer as well [4]. The risk profile here is operational rather than financial: last-mile reliability, the verification of couriers, and, increasingly, the environmental cost of packaging and routing. The fragmentation of the segment, and the absence of common interoperability standards across couriers, warehouses, and customs terminals, is itself a source of transaction cost, which the larger ecosystems reduce by internalizing delivery, at the price of the further concentration that the dominant-position finding now records.

The link between concentration and the allocation of risk is not incidental but structural. A platform operator effectively governs the market it hosts, deciding who may transact, on what terms, and how disputes are resolved among the participants it connects [9]. When one operator both makes these decisions and competes as a seller inside the same marketplace, it can shift the burden of uncertainty, the cost of fraud, the risk of a disputed transaction, the exposure to a sudden change of terms, toward the side of the market least able to refuse them. Read through the transaction-cost lens, the platform is a third, hybrid form of coordination between the firm and the market, and the transaction costs it governs do not disappear; they are redistributed. Concentration therefore matters less for the price a dominant operator can charge than for its capacity to allocate risk, which is the dimension that conventional competition analysis, focused on price and output, tends to overlook.

Read across the three segments, a common pattern emerges. The party that occupies the concentrated position, CLICK and Payme in payments, Uzum Market in retail, Uzum Tezkor in delivery, is also the party that sets the terms of participation, and it tends to distribute risk and cost downward, onto the participants with the least capacity to bear them. This is at once a competition problem, the concentration of market power, and a risk-management problem, the misallocation of risk to those least able to manage it. The two are the same phenomenon observed from different angles. The point has direct consequences for policy, because it implies that instruments of

competition and instruments of risk management must be designed together rather than separately, and that measures aimed at one without the other will be incomplete.

The stakes of this redistribution are magnified by the structure of the national economy, in which small and medium enterprises make up more than 80 percent of registered business entities [1] and increasingly depend on the dominant platforms for access to customers, payment, and delivery. For such firms the platform is not one channel among many but the effective gateway to the market, so a downward shift of commissions, ranking penalties, or settlement risk is not a marginal cost but a determinant of survival. The concentration of the platform layer thus becomes a question of financial inclusion as much as of competition, since the same mechanisms that distribute risk downward also condition whether small firms can participate in the digital economy on viable terms. This is why the analysis treats the effectiveness of risk management and the level of market concentration as a single object rather than as two separate lines of inquiry.

The supervisory response has developed rapidly. The Law on Competition of 3 July 2023 introduced, for the first time, legal definitions of the digital platform and the network effect [6]; Resolution of the Cabinet of Ministers No. 256 of 1 May 2024 turned this apparatus into an operational procedure for determining a dominant position, under which a platform that exhibits network effects and crosses any one of several thresholds must announce changes to prices or terms at least fifteen days in advance and have its status reviewed every three years [7]. Within roughly a year the authority had applied the procedure across all three segments. On the prudential side, the Central Bank now designates domestic systemically important banks, seven institutions accounting for about 64 percent of banking-system assets, and from late 2025 has been given an expanded mandate over the development and regulation of financial technologies, with a dedicated Fintech Office to coordinate it. The calibration of capital requirements to the emerging digital risks that integrated fintech-and-commerce groups generate remains an area of ongoing development, as the International Monetary Fund has noted [8], and these groups are scaling rapidly: the bank within the Uzum ecosystem alone serves about five million customers and issued roughly 4.1 million debit cards in 2025, close to half of the national total [5]. At the level of the operators, risk control is still developing toward the dynamic, ecosystem-wide scoring that would anticipate fraud and disputes rather than respond to them only after they occur.

Establishing the pattern qualitatively invites its measurement. The wider research treats the aggregate transaction costs of ecosystem management as a function of three controllable parameters, the degree to which management procedures are algorithmized, the speed with which counterparties are verified, and the density of network interaction among participants, and estimates their weights across a sample of service firms. Such a measurement would carry the argument beyond the observation that risk is distributed downward toward an account of which management choices determine the size of that cost and where it comes to rest, giving operators and regulators a basis for intervention that is calibrated rather than merely prohibitive.

In conclusion, concentration in Uzbekistan's platform segments is no longer a matter of inference but of documented dominant-position findings, and in each segment the concentrated operator distributes risk downward onto small participants. Treating market concentration and risk management as a single problem provides a conceptual basis for two instruments to be developed in the wider research: an organizational mechanism of platform neutrality that constrains the unilateral setting of terms, and a model of proactive, ecosystem-wide risk scoring for the integrated operators. These constitute a clear direction for the further empirical study of the strategic management of Uzbekistan's service-sector platform ecosystems.

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