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Institutional Transformation and Digital Modernization of National Pension Legislation in Uzbekistan

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Abstract: The system of pension provision is the core institution of state social policy in the conditions of population ageing, increasing life expectancy and transformation of a labor market. In Uzbekistan, pension relations are regulated by the Law “On State Pension Provision of Citizens”, which has undergone large-scale institutional and parametric reforms that have been directed at ensuring fiscal sustainability; increasing administrative efficiency; and improving digital governance mechanisms. In this [very abstract] context, while pension economics and typical reform models have been widely debated, a national legislation has received insufficient attention as a research object in its own right – when placed within the institutional evolution of countries and digital evolution. This study aims to systematically analyze the national pension law based on its phases of development, as well as key reform trends (e.g., centralized financial management and active allocation of pensions). The results entail that centralized government, contribution-based funding as a part of the pension system, and digitalization—be it interagency electronic data exchange, online services (to citizens), or automated procedures—have increased transparency, accessibility of information to citizens and operational efficiency. The study synthesizes normative-legal and comparative perspectives, evaluating institutional transformation and digital modernization as dimensions of change that shape each other – and potentially reinforce inequities. Kazakhstan’s way to a comprehensive and digitally based pension system proves institutional discipline, but defines further improvement needs of contribution mechanism and coverage expansi.

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1. Introduction

The pension provision system is one of the basic institutions of state social policy in modern socio-economic development. Indeed, population ageing, increasing life expectancy and changes in the labour market need to enhance the legal basis of pension system. It is an urgent academic proposition to conduct in-depth analysis of national pension legislation from this perspective and summarize the development trend. Pension relations in the Republic of Uzbekistan are regulated by the Law “On State Pension Provision of Citizens” and other regulatory legal acts. Over the past few years a set of reforms has been proposed intended to refresh the pension system and to strengthen social protection mechanisms as well as ensuring financial sustainability of such [1]. Notably, the new measures include simplifying pension assignment procedures, expanding digitalization processes and strengthening insurance-based principles. Nevertheless, demographic transitions, a considerable proportion of informal employment and the

increasing weight of pension liabilities also call for a reexamination of both parametric and institutional features of national pension legislation. The aim of the following article is to conduct a systematic analysis of national pensions legislation, identify stages in its development and assess major trends for recent reforms. Research methods — normative-legal analysis, comparative method, systemic–logical methods. This aims at providing scientifically based recommendations for the enhancement of the national pension system [2].

Literature review

The legal and institutional foundations of pension systems have been widely examined in international economic literature. The theoretical framework of pension reform is commonly associated with the multi-pillar model proposed by the World Bank, which emphasizes the combination of public pay-as-you-go schemes, mandatory funded components, and voluntary private savings. This approach aims to balance fiscal sustainability with social adequacy and long-term financial stability. The economic implications of retirement age and pension parameters have also been extensively analyzed. N. Barr and P. Diamond conceptualize pension systems as social insurance institutions grounded in the principles of solidarity and actuarial fairness. They argue that sustainable pension design requires a careful balance between adequacy of benefits and financial equilibrium [3].

B. Xolmo‘minova systematically analyzes the content and stages of development of the pension provision system. The author examines the legal and regulatory framework governing the pension system in the Republic of Uzbekistan and outlines the key institutional and parametric reforms implemented in recent years. The study evaluates the evolution of national pension legislation through a comparative analysis of selected foreign practices. The author identifies existing challenges within the system and proposes measures aimed at improving its regulatory and institutional effectiveness. This work contributes to the literature by providing a structured assessment of the legal foundations of the pension system and highlighting directions for its further modernization [4].

D. Nuriddinov discusses the digitalization process of the pension system in Uzbekistan and its institutional role; The author studies state policies for pension administration historicity in terms of the priorities for introducing digital technologies, as well as practical steps being taken to modernize mechanisms for providing services. Given the centrality of digital platforms, automated pension programs and electronic data exchange in fostering transparency and administrative efficiency these few contexts receive particular attention. They highlight that digitalization helps to remove bureaucratic barriers, minimize transaction costs and improve citizens access to pension services. The author also recognizes challenges faced by existing technology infrastructure and a need to integrate systems, suggesting areas for improvement. This study advances the literature by emphasizing on how digital governance has assisted in modernizing the national pension system [5].

II – The Effects of Extended Working Life on the Balance between Fact and Fiscal Freedom The research on retirement age as a regulatory instrument emphasizes its impact towards reducing fiscal pressure caused by demographic ageing. One of the main parameters influencing state pension obligations is retirement age, according to A. Solovyev who pays special attention that pension legislation needs to be adjusted considering demographic and macroeconomic trends. These studies highlight the need for legal frameworks that can evolve and support long-term sustainability. Pension reforms are usually associated with institutional restructuring and digital transformation in terms of transitions and developing economies. In another article, he sees the introduction of digital governance tools to lower transaction costs, increase transparency and improve access to social services. While pension economics and reform models have been extensively studied, far less attention has been given to the full analysis of national pension

legislation considering both institutional evolution and digital transformation. Hence, to analyze the evolution and recent reform trends of national pension law from a systematic and institutional perspective [6], this study fills novel gaps in literature.

2. Material and Methods

This study applies a normative-legal and institutional approach to examine the development trends and structural transformation of national pension legislation in Uzbekistan. The methodological framework is designed to ensure a systematic and comprehensive assessment of legislative evolution, administrative reforms, and digital modernization processes within the pension system [7].

A systematic review of the Law of the Republic of Uzbekistan “On State Pension Provision of Citizens” and related regulatory legal acts, including presidential decrees and governmental resolutions, was conducted to identify the principal stages of institutional and parametric reform. This normative analysis enabled the identification of legal mechanisms governing pension assignment, financing structures, and digital service delivery [8].

The comparative approach with reference to some few international practices — mainly, parametric changes, retirement age regulation, centralized financing approach and preventive pension arrangements — is also adopted in the evaluation of national reforms. The comparative perspective allowed for the relative appraisal of Uzbekistan’s reform path in a broader institutional context [9].

Analytical generalization and trends analysis further aided to scrutinize how these legislative changes have impacted on fiscal sustainability, administrative efficiency and integration of digital governance. Use of systemic-logical methods allowed to reveal the links of the interrelationship institutional restructuring and technological modernization. On the part of gathered methodology basis this serves as a beginning for an analysis of evolution, modernization and other developments trends in context of pension legislation within every State [10].

3. Results and Discussion

Pension provision is an important institution of state social policy provides insurance against the economic risks generated for a person when he or she becomes old according to the law; loses work capacity, or simply breadwinner dies. This framework delivers benefits that refer to the most important types of social protection, monetary benefits associated with old age, disability and survivorship [11].

Following Uzbekistan’s independence, the transformation of the national pension system entered a significant stage with the institutional reforms that came into force on January 1, 2005. Pursuant to Resolution No. 490 of the Cabinet of Ministers dated October 21, 2004, the extra-budgetary Pension Fund was placed under the authority of the Ministry of Finance. This reform established a centralized management framework for pension resources and strengthened oversight over their targeted use. The financial sustainability of the system, ensured through mandatory insurance contributions from employers and employees, provided a basis for the Fund’s long-term liquidity [12].

Presidential Decree No. PF-4161 of the Republic of Uzbekistan, dated December 30, 2009, marked a significant turning point in the governance of the pension system. Under this decree, the functions of assigning pensions and benefits, ensuring their financial provision, and coordinating payment processes were transferred from the Ministry of Labor and Social Protection of the Population to the regional branches of the Pension Fund under the Ministry of Finance. This institutional reform enhanced administrative efficiency, reduced bureaucratic barriers, and contributed to improving the quality of social service delivery [13].

In accordance with the Presidential resolution of February 2, 2017, all types of pensions began to be paid in cash nationwide without any restrictions. Furthermore, under a decree adopted in December 2018, full pension payments to all working pensioners were reinstated effective January 1, 2019. According to statistical data, more than 118,000 working pensioners were registered in the Republic of Uzbekistan; however, only 40,000 (34 percent) had previously received their pensions in full, while over 78,000 (66 percent) were limited to receiving only 50 percent of their entitled pension benefits [14].

In April 2018, the Pension Fund created a Strategic Reform Concept for the substantive transformation of social protection system and submitted it to the wide public expert discussion. The data truly considers the establishment of a "Unified Electronic Archive" system as its top priority with this document; Digitalization of all pension administration processes to minimize the human factor was emphasized. Consequently, devised mechanisms in compliance with international standards [15] to facilitate growth of remote (online) interactive services provided to citizens and improve system transparency.

Starting from 2005 and lasting through to 2019, reforms of gradual post-privatization and pre-crisis transformations of the pension provision system were implemented. This served as a foundation for renewing Uzbekistan's model of social protection. The consolidation process of the Pension Fund into an institution, along with a shift to contribution-based financial settlements has been essential for fiscal viability. They gave the system an independent basis for financial support and, certainly, greatly reduced direct pressure on budget.

The transfer of internal government functions from the Ministry of Labor to the Ministry of Finance entrench a unified financial management framework. These structural adjustment are not only conducive to the efficiency of administrative procedures but also conducive to the accountability and discipline in law enforcement. The introduction of guaranteed, cash pension payments and the restoration of full entitlement to pensions for those working was an important milestone in strengthening equality. All these measures collectively strengthened public trust in state social institutions.

The main legal act on pension provision in Uzbekistan is the Law of the Republic of Uzbekistan No.938-XII "On State Pension Provision of Citizens" adopted on July 1, 1994. This normative legal act ensures the constitutional right of citizens to social security, and establishes the main types of state pensions: old-age pensions, disability benefits and survivor benefits; According to the law, those who obtained the right to a pension are entitled either by using an independent time for application and receive benefits, or if you have the right to various types of benefits (pension) that is one convinced. The law specifies in detail the requirements for pension assignment, as well as by which methods length of service, base amounts and preferential supplements are calculated.

Special attention should be given to Presidential Resolution No. PQ-5102 of May 4, 2021, "On Measures to Simplify the Procedure for Assigning State Pensions and Further Improve the System of Pension and Benefit Delivery." Starting from January 1, 2023, state pensions have been assigned based on electronic data entered into the Unified National Labor Monitoring System (YANMMT IDAK). Information regarding employment history, wages, higher education studies, and military service is obtained by the Pension Fund through interagency electronic data exchange. As a result, citizens are required to submit only a passport or identification ID card for pension assignment.

Furthermore, the Regulation adopted pursuant to Resolution No. 592 of the Cabinet of Ministers dated October 13, 2022, "On the Procedure for Assigning and Paying State Pensions," was developed to simplify and digitalize pension assignment and payment processes, as well as to enhance convenience for citizens. This resolution regulates the mechanisms for the administration and implementation of state pensions. In particular, it clearly defines the procedure for submitting applications, the list of required documents,

the calculation of length of service, and the methods for determining pension payments. The regulation also establishes strict rules concerning document verification, deadlines for pension assignment, and the maintenance of archival records. This legal framework was designed to support pension system reform, improve service accessibility, and reinforce the principles of social justice.

Importantly, the resolution was developed in consideration of ongoing transformations within the digital economy. With regard to the pension application process, citizens are entitled to apply directly to the territorial branches of the Pension Fund, submit applications through Public Service Centers under the Ministry of Justice, or file electronic applications via the Unified Interactive State Services Portal of the Republic of Uzbekistan. In addition, an interagency electronic cooperation mechanism has been introduced to simplify the submission of required documentation. Currently, the Extra-Budgetary Pension Fund operates through integration with several information systems, including the Unified Labor Monitoring System, the State Personalization Center, Halk Bank, civil registry offices under the Ministry of Justice, and the Tax Committee. This integration enables the direct electronic retrieval of documents necessary for pension assignment from relevant institutions.

Presidential Resolution No. PQ-353 of October 31, 2023, "On Additional Measures Aimed at Further Improving the Quality of Public Services for Pension Assignment," is intended to enhance the quality of pension-related public services by introducing modern information technologies. The resolution seeks to establish a more convenient and efficient service delivery model while minimizing bureaucratic barriers and ensuring higher standards of public administration for citizens.

In accordance with this resolution, beginning January 1, 2024, the existing procedure for assigning state pensions was improved by allowing citizens, at their discretion, to submit applications through Public Service Centers or via the Unified Interactive State Services Portal. In addition, after a state pension is granted, citizens are now able to withdraw funds accumulated in their individual funded pension accounts through the Unified Interactive State Services Portal or via the "Xazna" mobile application of JSC Halk Bank. Under the previous procedure, citizens were required to obtain a certificate from the district (city) branches of the Pension Fund confirming their right to access funds in their individual pension accounts and submit this certificate to the relevant branch of Halk Bank in order to receive the payment.

Starting from March 1, 2025, a proactive mechanism for the assignment of old-age pensions is scheduled to be introduced. Under this mechanism, pensions will be granted to citizens who reach the retirement age established in Article 7 of the Law of the Republic of Uzbekistan "On State Pension Provision of Citizens" without requiring a separate application. Accordingly, when men reach the age of 60 and women reach the age of 55, the competent authorities will automatically assign a pension or issue a decision of refusal based on established eligibility criteria, even in the absence of a submitted application. The procedure for the automatic (proactive) assignment of old-age pensions, to be implemented from March 1, 2025, is structured in several stages.

Stage One. The passport or identification ID card data of a citizen who has reached retirement age is automatically transmitted in electronic form to the "Pension" information system of the Extra-Budgetary Pension Fund under the Ministry of Economy and Finance.

Stage Two. Through the system, authorized bodies responsible for pension assignment receive information on whether a pension has been granted or not to the citizen who has reached retirement age.

Stage Three. Electronic data regarding the assignment or non-assignment of a pension is transmitted to the "Pension" information system of the Extra-Budgetary Pension Fund under the Ministry of Economy and Finance.

Stage Four. If information confirming that a pension has been assigned is received, the pension assignment process is terminated. If the information indicates that a pension has not been assigned, an electronic request is sent via the “Manzil” information system of the Ministry of Internal Affairs to obtain data on the citizen’s place of residence by mahalla (local community). Additionally, an electronic request is sent through the information system of the Center for the Development of Electronic Technologies to verify whether a mobile phone number is registered in the citizen’s name.

Stage Five. Data with information about citizen’s place of residence (by mahalla) is sent to the “Pension” information system. Information about the presence or lack of a registered mobile number is also entered in the system. If it exists, an SMS notification is sent from the application informing that pension assignment will be checked within ten days.

Stage Six. According to the available electronic data (employment history, wages, entitlement to supplements), the “Pension” information system first checks whether a citizen is entitled to a pension and registers it in the system; thereafter, it calculates the amount of pension benefits and assigns them formally.

Notification is sent via SMS to the mobile phone number registered to a citizen, if there was assignment of pensions, where in which type of pension would be assigned; the amount will be received, date on which it will be assigned; method of getting funds and payment date. In the absence of a registered mobile phone number in the name of the citizen, information about the pension is sent to the place of residence of the citizen by sending via JSC “Uzbekiston Pochtasi” Unified National System of Electronic Postal Deliveries.

Furthermore, if a citizen does not agree with the size of the old-age pension appointed to him or intends to work and delay retirement in principle, he has the right to go to a branch of the Pension Fund and write an application refusing the assigned pension. If the pension assignment is rejected, an SMS notification will be sent to the registered mobile phone number in which the reasons for refusal, procedure and deadline for submitting additional documents and the process of appealing the decision are indicated. If no mobile number is registered, this information is sent to the citizen’s place of residence through Unified National System Postal Electronic Deliveries.

Stage Seven. A formal notification confirming either the assignment or refusal of the pension is delivered to the pensioner or to the residence of the citizen who has reached retirement age.

In modern social protection systems, the integration of digital technologies has led to the expansion of automatic pension assignment mechanisms. In countries with such systems, pension payments are initiated upon reaching retirement age without the need for additional applications or administrative paperwork. Selected examples of these countries are presented in table 1.

Table 1. Developed Countries Implementing Proactive Pension Systems

No.	Country	Description
1	Germany	The state pension remains the core component of the system; however, in recent years automatic enrollment into employer-sponsored pension funds has become increasingly widespread.
2	Sweden	Pension contributions are automatically deducted from each employee’s income and credited to individual accounts, where they are invested in state-managed funds.

3	Netherlands	Most employees are automatically enrolled in sectoral pension funds. This model represents one of the highest pension coverage systems worldwide.
4	Canada	The Canada Pension Plan (CPP) is mandatory, and employees are often automatically enrolled in supplementary corporate pension schemes.
5	Estonia	Citizens entering the labor market are automatically enrolled in the funded pension system, with an option to opt out. The digital governance system is highly developed.
6	Australia	Under the Superannuation system, employers are required to contribute a fixed percentage of employees' wages to pension funds, making it one of the most effective funded pension models globally.

Table 1 demonstrates that proactive pension mechanisms are most commonly implemented in countries with well-developed digital infrastructure and diversified pension models. In these systems, automatic enrollment, mandatory contributions, and integrated digital governance significantly reduce administrative burdens and increase pension coverage rates. A common feature among Germany, the Netherlands, Canada, and Australia is the combination of a public pension scheme with funded or occupational components, often supported by automatic participation mechanisms. Sweden and Estonia illustrate advanced digital integration, where pension contributions and account management are fully automated through centralized information systems. The comparative analysis indicates that proactive pension systems enhance institutional efficiency, expand coverage, and strengthen long-term financial sustainability. However, their effectiveness largely depends on labor market formalization, robust data exchange systems, and well-established regulatory frameworks. These international practices provide important reference points for further modernization of national pension legislation.

4. Conclusion

The conducted analysis confirms that national pension legislation in Uzbekistan has experienced a consistent and phased institutional as well as parametric transformation aimed at strengthening fiscal sustainability, enhancing administrative efficiency, and expanding digital governance mechanisms. The establishment of centralized financial management under the Ministry of Finance and the consolidation of the Extra-Budgetary Pension Fund created a unified framework for resource allocation and oversight, thereby reinforcing financial discipline and long-term liquidity. The transition toward a contribution-based financing model reduced the direct burden on the state budget and ensured a more stable financial base for pension obligations.

These include the gradual digitalization of pension administration, including interagency electronic data exchange and online service platforms as well as the Unified Electronic Archive, which has significantly modernized the operational structure of the system. The reforms have streamlined the procedures for assigning pensions, reduced red tape and bureaucratic obstacles, and increased transparency and accessibility for citizens. The plans to implement a proactive pension appointment mechanism measure the transition on qualitatively new stage of institutional development, from service delivery model built on basis of applications to an automated one.

However, demographic transformation, informal work and growing pension obligations require a better tuning of its parametric components, notably around contribution mechanisms and extending coverage. The current adaptation of national pension legislation is an integral part of upward convergence toward a more integrated,

open and digitally-oriented system of social protection in line with modern governance save.

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