



ROYAL THAI EMBASSY
IN ASTANA

The rise of e-commerce in Central Asia

By the Royal Thai Embassy in Astana
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E-commerce, or digital commerce, has revolutionized the way consumers interact with markets, as well as how businesses operate their economic activities like buying, selling, and exchanging products and services using electronic means of communication (Kraemer et al. 2009). By making transactions easier, reducing operational costs, and increasing accessibility for both businesses and consumers, it offers new economic solutions in a variety of industries, including banking, shopping, and logistics.



Picture 1. Online market. Source: Pexels.

Central Asia is considered one of the prominent regions for the implementation of e-commerce due to its high internet penetration, smartphone adoption, and a shift of consumer behavior towards online purchasing. Kazakhstan, the Kyrgyz Republic, and Uzbekistan are leading the way in this digital transformation driven by government initiatives and increased fintech solutions. This ongoing transformation highlights the region's potential as an emerging hub for digital commerce in the coming years.

KAZAKHSTAN

Kazakhstan's e-commerce sector has experienced impressive growth over the past few years, establishing it as a leader in Central Asia's digital landscape. The National Bureau of Statistics of Kazakhstan (2023) reports that the nation's e-commerce market grew by 24.3% in 2023, reaching 2.44 trillion tenge. Such a trend represents a fivefold increase since 2020, when the e-commerce market was valued at approximately 476.7 billion tenge. There are many reasons attributing to the rapid expansion of online commerce, including improvements in the country's logistics infrastructure, which has a positive effect on delivery speed, flexible payment methods for purchases (buy now, pay later—BNPL), as well as advantageous offers from sellers, including discounts, bonuses, and promotions (PwC, 2024).

Kaspi.kz, the largest e-commerce marketplace in Kazakhstan, claims to have 13.5 million monthly active users, which is around two-thirds of the Kazakhstani population. Its priority categories include electronics, home appliances, furniture, food, beauty, and health products (Bannyi, 2024). Other e-commerce platforms, such as Russian Wildberries and Ozon, as well as Chinese Temu, Alibaba, and Pinduoduo, are also key players in Kazakhstan.



Picture 2. Kaspi.kz. Source: Kaspi.kz.

The government of Kazakhstan has recognized the potential of e-commerce as a driver of economic growth and has set ambitious targets to further enhance its contribution to the economy. To achieve the goal of increasing e-commerce's share in total retail trade to 20% by 2030, the government is implementing strategies to expand the presence of domestic products on major online marketplaces, enhance warehousing and logistics infrastructure, and ensure consumer protection (Official Information Source of the Prime Minister of Kazakhstan, 2024). Looking ahead, projections indicate that by 2025, revenue in Kazakhstan's e-commerce market is expected to reach approximately 3.56 billion US dollars, with user penetration anticipated to increase from 28.9% in 2025 to

35.9% by 2029 (Statista, 2024). This optimistic outlook underscores the dynamic and evolving nature of Kazakhstan's e-commerce landscape, driven by technological advancements, supportive policies, and an increasingly digital-savvy population.

THE KYRGYZ REPUBLIC

The Kyrgyz Republic has a relatively small but steadily growing e-commerce sector. The share of e-commerce in the country accounts for only 0.5% of the total GDP, despite the country having one of the highest levels of Internet penetration in the region (Karimov et al., 2023). Given this high level of connectivity, both buyers and sellers are expected to transition from traditional to online commerce. However, this shift has not occurred. A primary obstacle is the underdeveloped digital infrastructure and the absence of a modern postal system capable of delivering goods directly to customers' doors or, at a minimum, to accessible pick-up locations nearby.

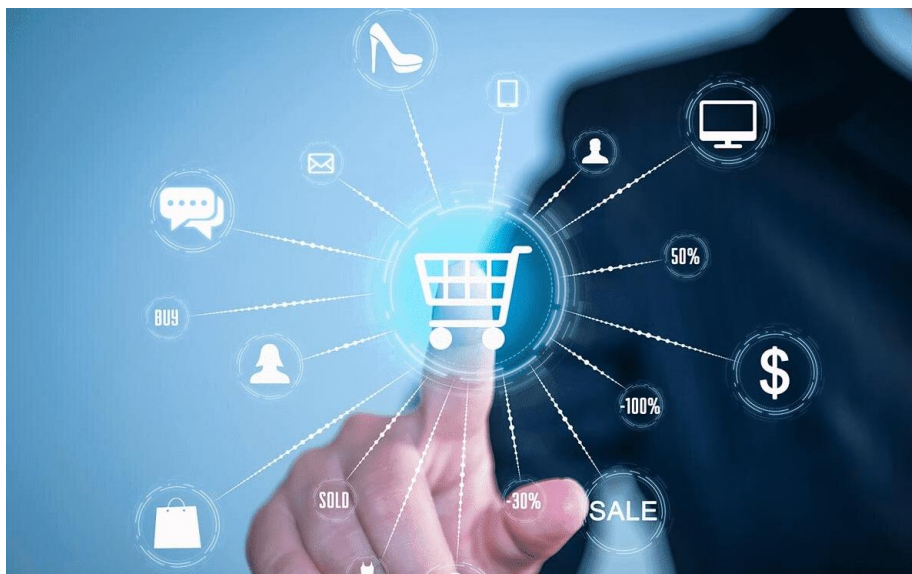
Unlike Kazakhstan, Tajikistan, and Uzbekistan, the Kyrgyz Republic does not have major domestic e-commerce platforms. Instead, online shopping is largely conducted through international marketplaces like Wildberries and Ozon, as well as social media platforms such as Instagram, Facebook, and Telegram. Due to lower costs and greater accessibility, many local businesses prefer social commerce over dedicated e-commerce websites.

Aibek Kurenkeev, Vice President of the E-Commerce Association and head of the Association of Telecom Operators of the Kyrgyz Republic, notes that 72% of online stores in Kyrgyz Republic function merely as virtual extensions of physical shops and do not fully utilize the potential of digital commerce (Karimov et al., 2023). To encourage entrepreneurs to transition to e-commerce, a comprehensive set of measures is needed. These should include a clear and accessible process for launching an online business, simplified taxation, modern and efficient electronic payment systems, and a well-developed logistics network, particularly for cross-border trade.

TAJIKISTAN

Tajikistan, a country with a population of approximately 10 million people, has a significant but largely untapped e-commerce market. With 4.2 million internet users, nearly half of the population has the potential to engage in online transactions (International Trade Administration, 2024). According to the ECDB, a specialized e-commerce analytics company, Tajikistan remains one of the smaller e-commerce markets in Central Asia. With an annual growth rate of 6.92%, the e-commerce market is anticipated to expand to 575.18 million US dollars by 2029 (Statista,

2025). This gradual but consistent increase underscores the sector's potential for further development, particularly with advancements in infrastructure, payment solutions, and digital literacy.



Picture 3. E-commerce. Source: Pay Space Magazine.

Recognizing the importance of digital commerce, the Tajik government has taken notable steps to regulate and foster the growth of e-commerce. A pivotal development was the adoption of the first e-commerce law on 24 December 2022 (News Central Asia, 2024). This legislation is designed to protect the rights and interests of both businesses and consumers engaged in e-commerce, ensuring a legal framework that supports fair and transparent digital transactions. The law also aims to encourage a more competitive and innovative business environment while facilitating the free operation of e-commerce activities.

In addition to legislative efforts, the government, in collaboration with international organizations, has initiated discussions and programs to promote e-commerce development. A significant event in this regard was the Elevating Global Access through E-Commerce (E-GATE) conference, held in Dushanbe on 1 March 2024 (World Bank, 2024). Organized by the World Bank and the International Finance Corporation (IFC), this conference received support from major international partners, including the UK Foreign, Commonwealth & Development Office (FCDO) and the Australian Department of Foreign Affairs and Trade (DFAT). The conference served as a platform to discuss strategies for expanding e-commerce, strengthening regulatory frameworks, and improving digital infrastructure.

UZBEKISTAN

Uzbekistan has favorable conditions for the growth of e-commerce, which expanded 6.7 times in 2019, primarily driven by the increasing availability of the Internet and the development of electronic trading platforms in the country (Karimov et al., 2023). The country has seen nearly a fivefold growth in its e-commerce sector during the past five years, attaining around 311 million US dollars. This significant growth highlights Uzbekistan as the fastest-growing e-commerce market in Central Asia (KPMG, 2023). Uzbekistan's e-commerce landscape has undergone significant transformation, marked by the emergence of various platforms that cater to the diverse needs of its consumers.

A notable player in this domain is *Uzum Market*, which is a digital ecosystem combining e-commerce, banking, delivery service, and fintech, serving a third of the country's population every month (Rozhkov, 2024). This initiative aims to enhance accessibility and convenience for online shoppers across the country. In a strategic move to integrate financial services, *Uzum* acquired the popular e-payment service *Click* in June 2023, reflecting a trend towards the consolidation of e-commerce and digital payment solutions (Boboev, 2024).



Picture 4. Uzum market. Source: PR Newswire.

To integrate fintech solutions and support small and medium-sized enterprises (SMEs), the government of Uzbekistan has implemented e-commerce plan for period of 2023-2027 (Daryo.Uz, 2023). The strategy is intended to strengthen the digital economy over the next five years and identify key initiatives to foster a favorable environment for e-commerce activities, which include financial incentives and simplified taxation policies.

CONCLUSION

E-commerce in Central Asia, particularly in Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan, has emerged as a transformative force driving economic diversification, financial inclusion, and digital modernization. While each country presents unique opportunities and challenges, the region as a whole has witnessed significant growth in online retail, fintech adoption, and cross-border trade.

Kazakhstan stands out as a regional leader, with a well-developed digital infrastructure and dominant e-commerce platforms such as *Kaspi.kz*. The sector of e-commerce of the Kyrgyz Republic remains in an early stage, relying primarily on social commerce and international platforms, though it shows potential for further growth. With a rising number of internet users and increased government involvement, Tajikistan's sector is expected to grow in the coming years. Meanwhile, Uzbekistan's market has expanded rapidly, supported by government-led initiatives and increasing consumer demand for online shopping. The adoption of legal frameworks, combined with international collaboration, is a step in the right direction, but further investment in digital infrastructure and consumer awareness is necessary to fully unlock the potential of e-commerce in Central Asia.

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