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WAYS TO INCREASE THE INVESTMENT ACTIVITY OF INSTITUTIONAL INVESTORS IN UZBEKISTAN

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Abstract. This paper examines the economic significance of increasing the investment activity of institutional investors in Uzbekistan. It analyzes the capacity of institutional investors to pool financial resources, construct investment portfolios, and channel funds into long-term financial instruments. Modern trends in the investment activities of insurance organizations are assessed based on official statistical data. Factors constraining the investment activity of institutional investors are identified, and proposals are developed regarding investment portfolio diversification, the expansion of the use of capital market instruments, and the development of professional asset management systems.

Keywords: institutional investor, investment activity, insurance organization, investment fund, investment portfolio, securities, deposit, diversification, risk, profitability.

Annotatsiya. Ushbu tezisda O‘zbekistonda institutsional investorlarning investitsiya faolligini oshirishning iqtisodiy ahamiyati tadqiq etilgan. Institutsional investorlarning moliyaviy resurslarni jamlash, investitsiya portfelini shakllantirish va mablag‘larni uzoq muddatli moliyaviy instrumentlarga yo‘naltirish imkoniyatlari tahlil qilingan. Sug‘urta tashkilotlarining investitsiya faoliyatidagi zamonaviy tendensiyalar rasmiy statistik ma’lumotlar asosida baholangan. Institutsional investorlarning investitsiya faolligini cheklovchi omillar aniqlanib, investitsiya portfelini diversifikatsiya qilish, kapital bozori instrumentlaridan foydalanishni kengaytirish va professional aktivlarni boshqarish tizimini rivojlantirish bo‘yicha takliflar ishlab chiqilgan.

Kalit so‘zlar: institutsional investor, investitsiya faolligi, sug‘urta tashkiloti, investitsiya fondi, investitsiya portfeli, qimmatli qog‘ozlar, depozit, diversifikatsiya, risk, daromadlilik.

Introduction

Effective use of financial resources available in the economy is important for the sustainable development of investment processes. In this case, not only the size of investment resources, but also the issue of placing them in which financial instruments and for what periods is important. In this respect, the investment activity of institutional investors directly affects the level of development of the financial market.

Institutional investors have the opportunity to collect financial resources of the population and economic entities and place them in various investment objects based on professional management. Their investment activities create conditions for the formation of demand for long-term resources in the capital market, increase in the liquidity of the securities market, and the use of alternative sources of financing by real sector enterprises.

Along with the development of the activities of institutional investors in the conditions of Uzbekistan, it is also important to assess the composition of the financial resources at their disposal for investment. Because an increase in investment resources does not always mean a qualitative increase in investment activity. The composition of the investment portfolio, level of diversification, risk and return ratio should also be taken into account.

Literature analysis

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In the international economic literature, the investment activity of institutional investors is studied in connection with the transformation of long-term savings into investments, the diversification of the investment portfolio, and the formation of stable demand in financial markets.

In the 2025 Financial Sector Assessment Program report of the International Monetary Fund on Uzbekistan, it was noted that non-bank financial institutions and the capital market are not sufficiently developed. The report also points out that the base of institutional investors is at the initial stage of development as one of the factors limiting the demand for capital market instruments [2].

This situation shows that increasing the number and financial resources of institutional investors in Uzbekistan is not enough. In order to increase their investment activity, the composition of the investment portfolio, attractiveness of existing instruments, risk management system and professional management capabilities should be jointly developed.

Analysis of the investment activity of institutional investors in Uzbekistan

Insurance companies play a significant role in the investment activity of institutional investors, as the temporarily idle financial funds generated through insurance operations can be invested in various assets.

According to data from the National Agency for Perspective Projects (NAPP) of the Republic of Uzbekistan, the total investments of insurance companies rose from 7.3 trillion soums in January–March 2025 to 10.3 trillion soums during the same period in 2026. This represents a growth of approximately 41.1 percent over the course of a year [3].

Table 1

Changes in investments by insurance organizations in Uzbekistan

Indicator	January–March 2025	January–March 2026	Changing
All investment	7,3 trln so‘m	10,3 trln so‘m	+41,1%
Share of deposits in the portfolio	69%	65%	–4 f.p.
Share of securities	16%	14%	–2 f.p.
Share of real estate	8%	4%	–4 f.p.

Source: Compiled by the author based on data from the National Agency for Perspective Projects (NAPP) of the Republic of Uzbekistan [3].

The data in the table indicate a significant increase in the investment resources of insurance organizations. At the same time, deposits accounted for 65 percent of the investment portfolio, while securities made up 14 percent in the first quarter of 2026 [3].

An increase in investment volume and the diversification of an investment portfolio are not the same thing. The fact that a large portion of the portfolio remains in deposits—even as investment volumes grow—highlights the need to further expand institutional investors' access to capital market instruments.

To achieve this, the market must offer a sufficient supply of reliable and liquid instruments. According to NAPP data, as of July 1, 2026, the total capitalization of Uzbekistan's capital market reached $35.7 billion, marking a 76.3 percent increase over the year. The issuance of corporate bonds rose by 129.3 percent, totaling $587 million [4]. This growth creates opportunities to expand the range of investment instruments available to institutional investors. Factors limiting the investment activity of institutional investors

The factors hindering the increase of investment activity by institutional investors in Uzbekistan can be categorized into several groups.

First, a high proportion of certain relatively traditional financial instruments persists in the composition of investment portfolios. Consequently, even if investment resources increase, their ability to reach the real sector of the economy via the capital market may be limited.

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Second, it is crucial to ensure a sufficient supply of long-term, liquid financial instruments with assessable risk levels for institutional investors. The IMF notes the need to develop the supply of corporate securities alongside demand in Uzbekistan's capital market [2].

Third, there is a need to enhance the use of professional analysis, portfolio management, and risk management systems when making investment decisions.

Fourth, the transparency of issuers' operations, the quality of financial reporting, and investors' timely access to necessary information directly impact investment activity.

Ways to increase the investment activity of institutional investors

1. Gradual diversification of investment portfolios. Instead of concentrating assets in just one or a few traditional instruments, it is necessary to allocate them across various financial instruments based on risk and return criteria.

2. Expanding the use of corporate bonds. Developing the corporate bond market can provide institutional investors with a wider range of long-term investment instruments and offer enterprises an alternative source of financing to bank loans.

3. Developing a professional asset management system. It is essential to strengthen the practice of comprehensively assessing a portfolio's expected return, risk level, and liquidity when making investment decisions.

4. Improving the investment risk assessment system. It is advisable to develop mechanisms for the continuous monitoring of credit, market, liquidity, and interest rate risks within institutional investor portfolios.

5. Increasing the information transparency of issuers. Greater transparency in financial reporting and improved quality of information provided to investors will enhance the ability of institutional investors to make long-term investment decisions. On this basis, it is proposed to examine the investment activity of institutional investors through the following interrelationship:

Volume of financial resources + diversity of investment instruments + professional management + risk management + information transparency → investment portfolio diversification → increased investment activity.

Under this approach, investment activity is assessed not only by the growth in investment volume but also by the quality and level of diversification of the investment portfolio.

Conclusion

The analysis indicates that the investment potential of institutional investors in Uzbekistan is growing. Specifically, investments by insurance companies rose from 7.3 trillion soums in the first quarter of 2025 to 10.3 trillion soums in the first quarter of 2026. During the first quarter of 2026, deposits accounted for 65% of insurance companies' investment portfolios, while securities accounted for 14% [3].

Therefore, the next stage should focus on enhancing the investment activity of institutional investors not merely through the quantitative growth of financial resources, but by diversifying investment portfolios, making broader use of capital market instruments, and developing professional asset management and risk assessment mechanisms.

The proposed approach enables a comprehensive assessment of institutional investors' investment activity based on the criteria of "resource volume – portfolio composition – risk – profitability – liquidity." Consequently, opportunities to channel the financial resources of institutional investors into long-term investments via the capital market will expand.

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