

# DEVELOPMENT OF THE BANKING SECTOR OF TAJIKISTAN



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May 18, 2013



## Main objectives of the banking sector development

- Enhancing financial stability of the banking sector;
- Encouraging and activating investment process in the post-crisis period;
- Strengthening the confidence of investors and consumers of the financial services in the banking sector.



# Banking sector of Tajikistan

- 16 banks
- 6 foreign banks
- 125 microfinance institutions
- Assets of the banking system – 10 530.0 mln. somoni or 2 210.1 mln. US dollars
- Loan portfolio of the banking system – 5 292.0 mln. somoni or 1 110.7 mln. US dollars
- Deposits of the banking system – 4 926.4 mln. somoni or 1 034.0 mln. US dollars
- Capital of the banking system – 2 297.7 mln. somoni or 482.3 mln. US dollars



## Banking sector indicators

(mln. somoni)

	2006	2007	2008	2009	2010	2011	2012
<b>Total assets</b>	2 394	5 665	6 169	5 412	6 833	9 134	10 530
<b>Growth rate</b>		136,6%	8,9%	-12,3%	26,4%	33,7%	15,3%
<b>Total capital</b>	381	660	1 087	1 246	1 412	1 956	2 298
<b>Growth rate</b>		73,3%	64,7%	14,6%	13,3%	38,5%	17,5%
<b>Deposits</b>	1 107	2 411	1 924	2 641	3 308	4 421	4 926
<b>Growth rate</b>		117,8%	-20,2%	37,3%	25,2%	33,7%	11,4%

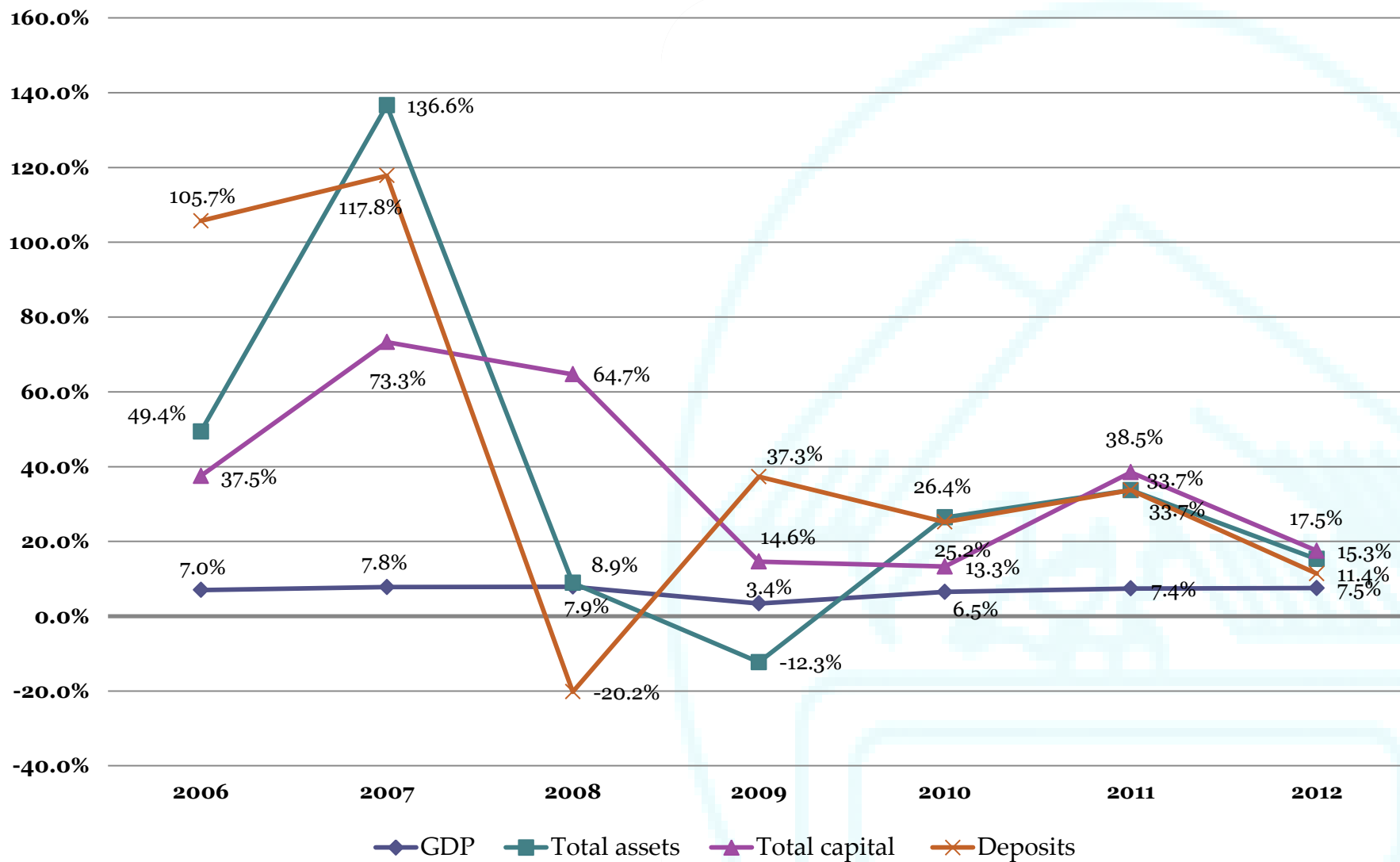
### For information

<b>Real Gross Domestic Product</b>	9 335	12 804	17 609	20 628	24 705	30 069	36 161
<b>Real GDP growth rate</b>		7,8%	7,9%	3,4%	6,5%	7,4%	7,5%



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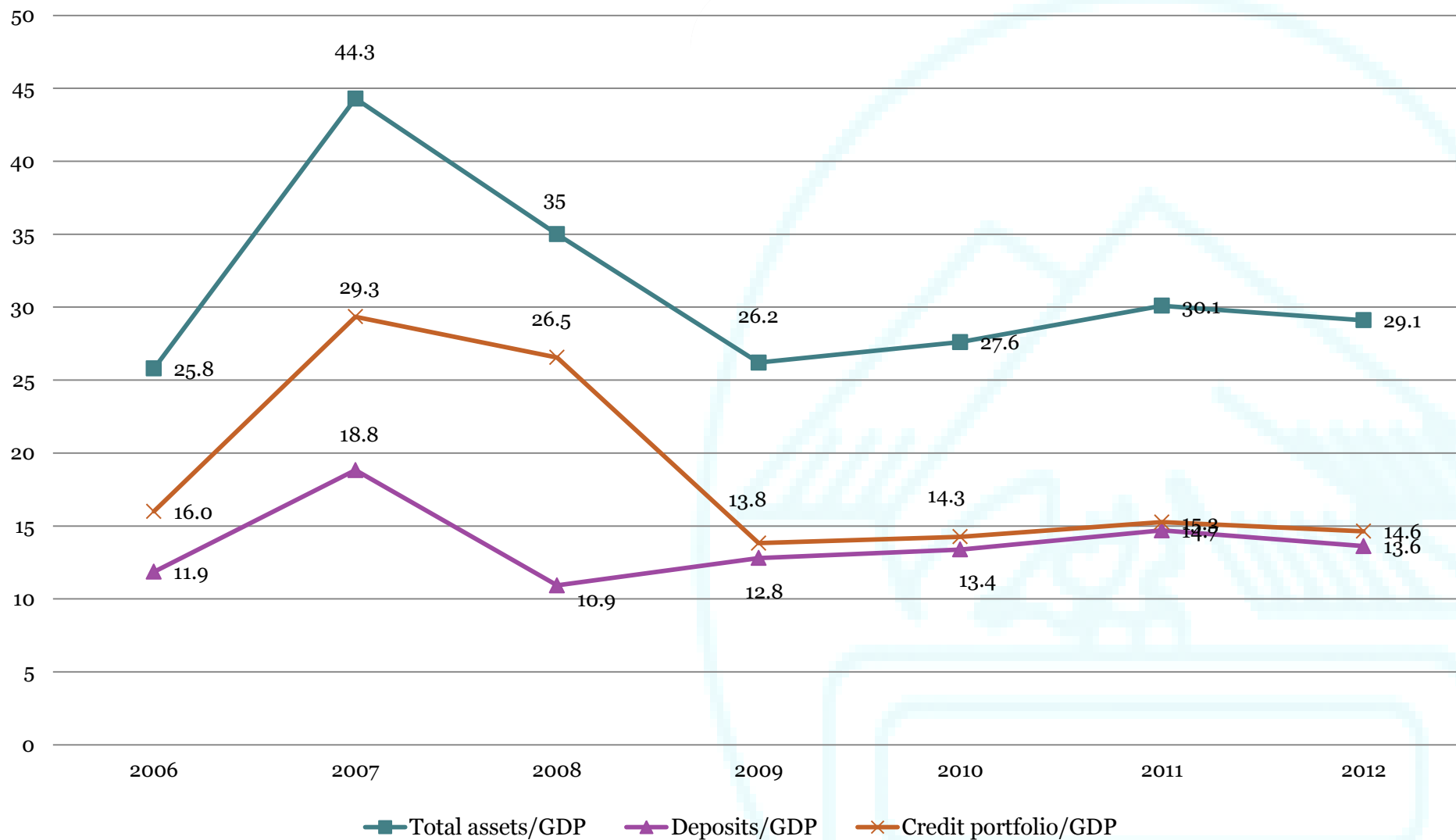
## Growth rate of banking sector indicators





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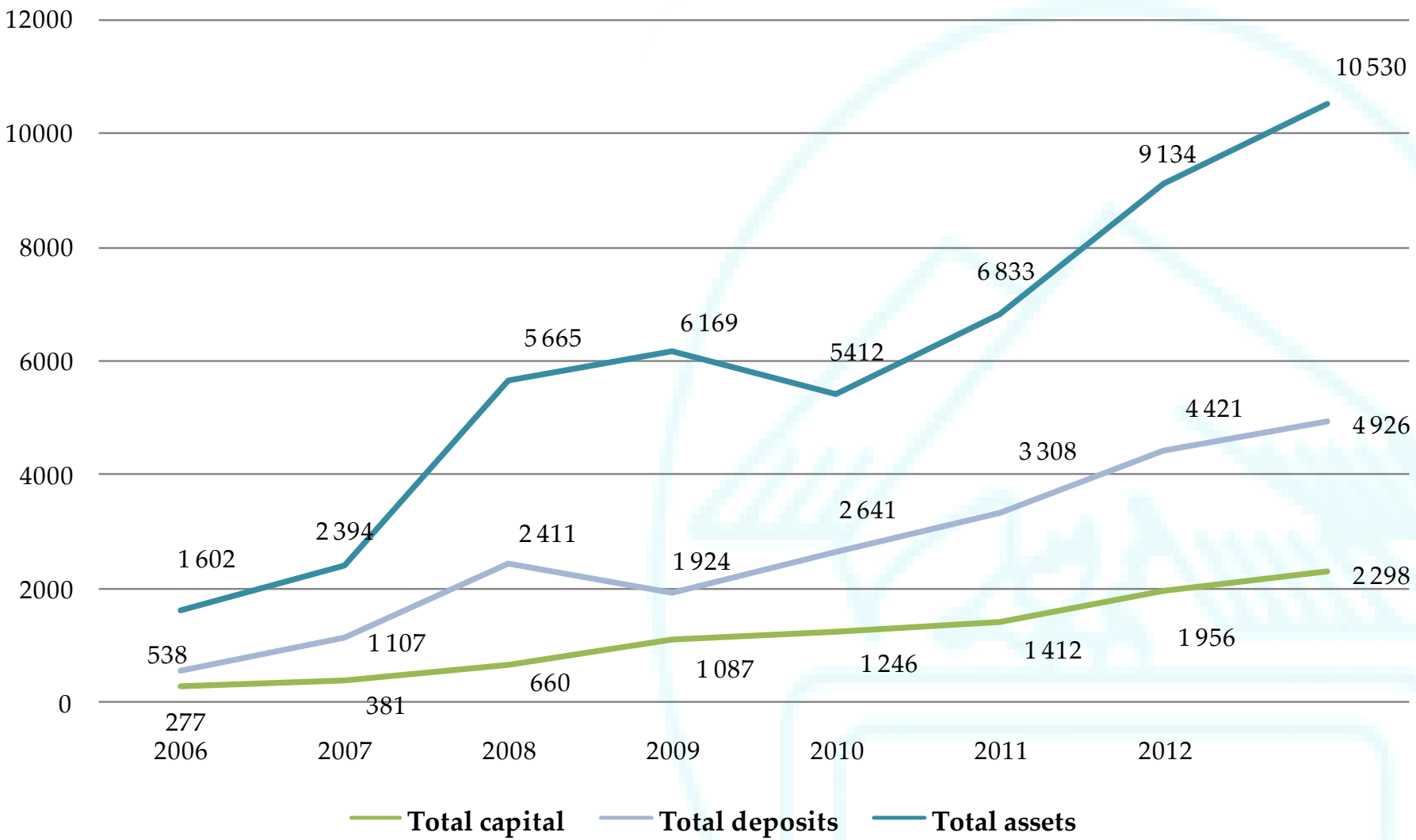
## Banking sector indicators to GDP





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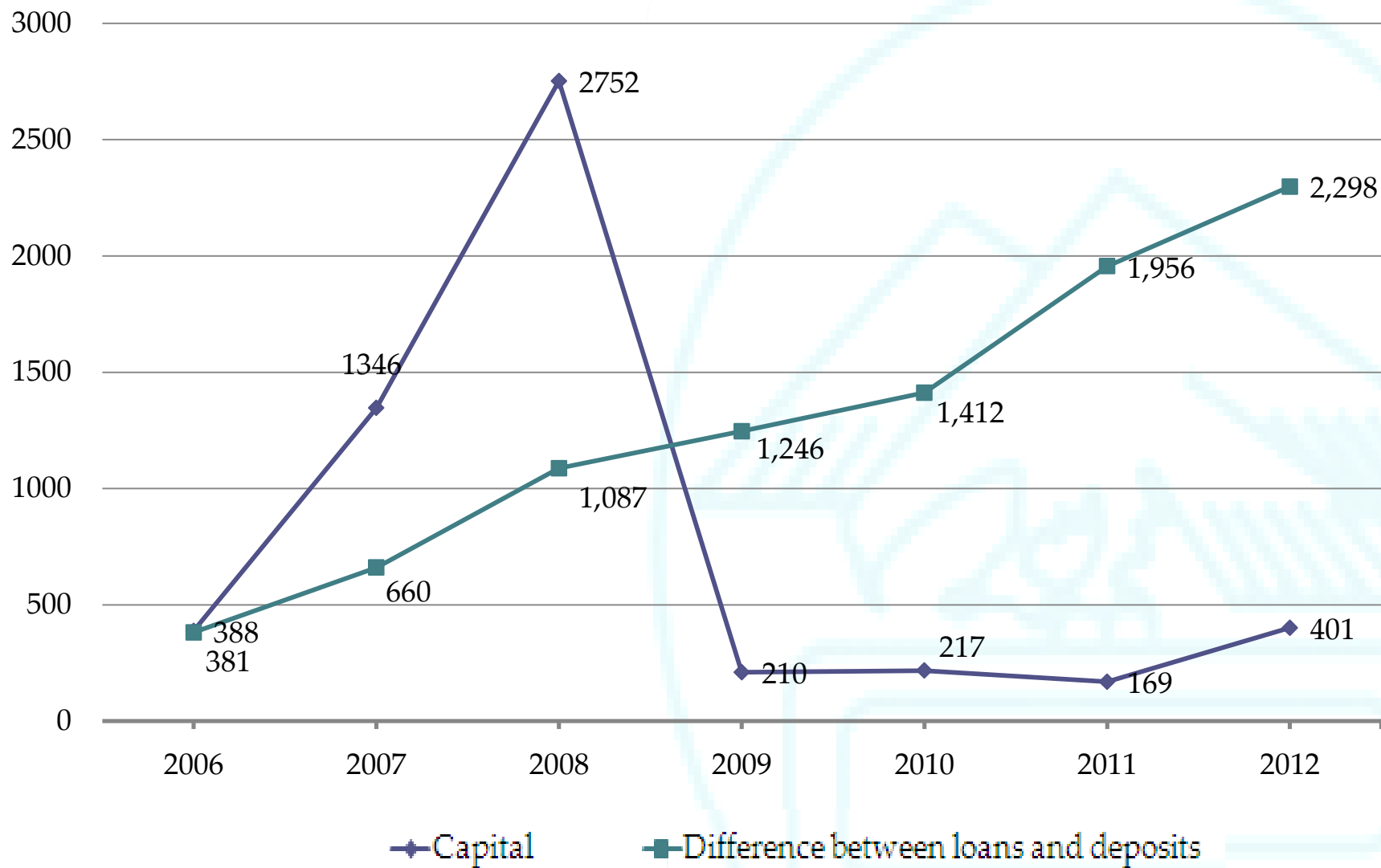
# Banking sector indicators





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## Comparative graph of the capital and difference of loans to deposits (total)

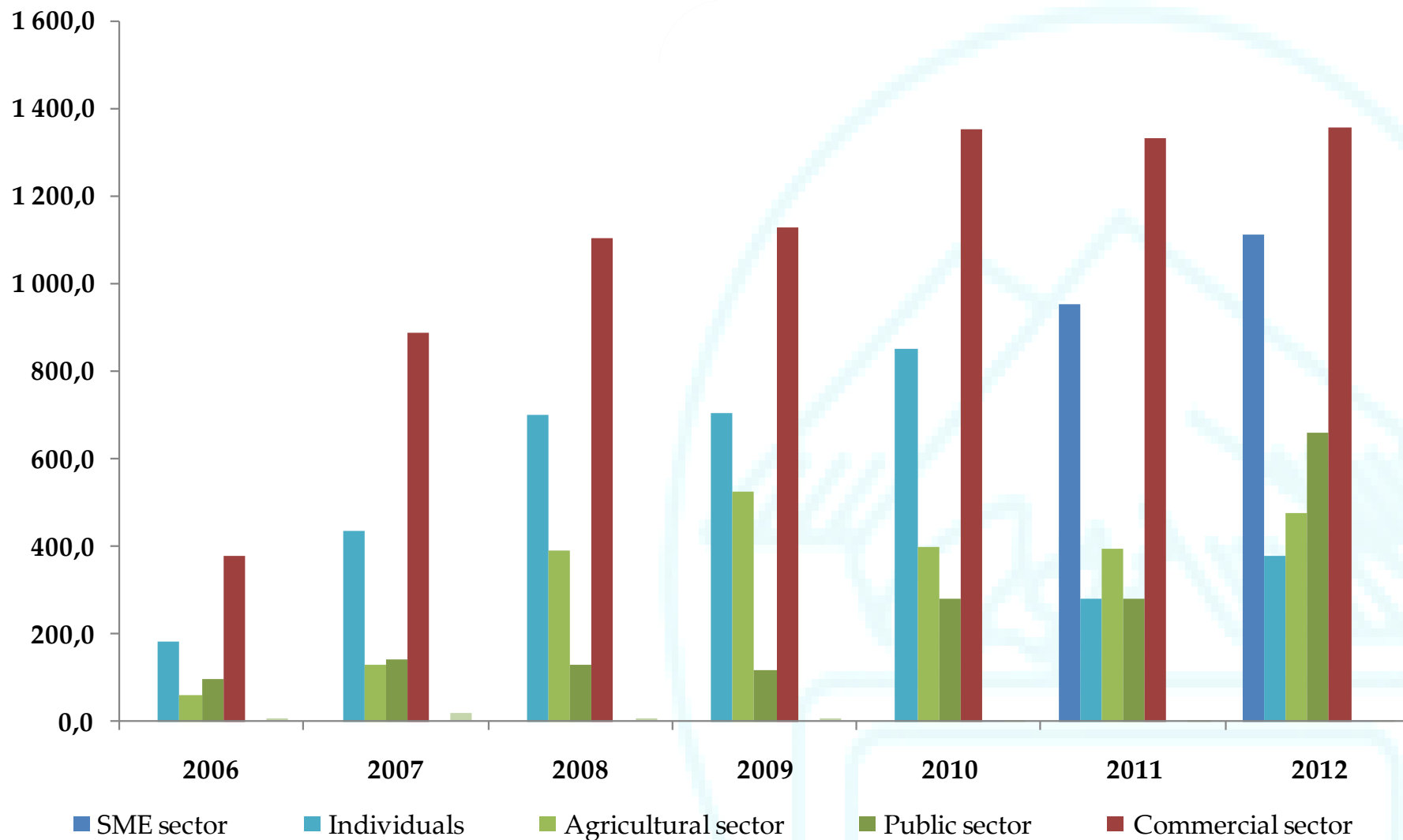






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# Loans by sectors





## Development of the Banking System

- Aiming further developments and improvements of the banking sector on Banking Sector Development Strategy for the years 2010-2015 was adopted under the Resolution #261 dating 28.05.2010 of the Government of Tajikistan.
- Approval of the Banking Stability Action Plan by the National Bank of Tajikistan (24.06.2011)



# Main directions of the Strategy

## Banking Sector

- Strengthening of banking legal framework
- Improvements and enhancing banking regulation and supervision
- Improving the governance of NBT and commercial banks
- Increasing the quality of banking services
- Providing protection of consumers
- Improving the banking sector infrastructure

## Nonbanking Financial Institutions

- Restructurization of the credit societies
- Development of the microfinance institutions
- Insurance
- Financial leasing
- Capital market



# Cooperation with international financial institutions

- **IDB** – financing to the rural areas and implementing Islamic banking products
- **World Bank** – Assessment of the banking sector vulnerabilities, strengthening banking supervision and providing banking sector stability
- **EBRD** – financing trade, SME and capital financing to the banks
- **IFC** – establishment of the credit informational system (credit bureau) and training banker with certificated seminars
- **ADB** – microfinancing
- **GIZ** - implementation of islamic and mobile banking products, organization of “single window” reporting regime for microfinance institutions
- **EuroAsian Bank** – lending to textile industry
- **European Union** – the Project TAFF
- **and etc.**



## Strengthening of banking legislation

For the purpose to support the financial stability, improve the level of banking service, enhance public confidence to banking sector, encourage investment climate and enhance financial literacy of people, the banking legislation of Republic of Tajikistan was amended.

Also, for the purpose to implement the Islamic banking and attract investments on 30<sup>th</sup> of October, 2012 in Dushanbe was signed co-operation agreement between the National Bank of Tajikistan and International consulting company “Zaid Ibrahim and Co.” (Malaysia) to develop the Islamic banking and regard to this was performed Draft of Law of Republic of Tajikistan “On Islamic banking in Tajikistan” by financial support of the Islamic Development Bank.



# Improving the banking sector infrastructure

## Establishing credit information system

- The Credit Information Bureau of Tajikistan on 19<sup>th</sup> of April, 2010 was registered in Tax Committee ;
- The founders of Bureau are 3 banks and 6 microfinance institutions ;
- On 12<sup>en</sup> of December, 2012 issued the license by National Bank of Tajikistan;
- Organizational, technical and programming works was implemented;
- In June, 2013 will completely start activity.



## International technical assistance to:

- Support IT systems to assess risks and improve banking supervision and regulation;
- Establish the infrastructure to implement effective payments system (The National Processing Center);
- Enhance the registry of the movable and immovable property;
- Renew the cash management systems, enhance the management of risks and secure their information;
- Improve banking services and provide new banking products to consumers;
- Consumer right protection systems according to international practices.



## Tasks of banking sector

- Attractive business models;
- Contemporary cooperative and risk management;
- Implementation of modern information technologies;
- Improvement of loan portfolio quality;
- Attraction of long-term investments.





# Banking sector development perspective

- Encourage new banking services (Islamic banking and mobile banking);
- Compliance of Core Basel Principles on effective banking supervision;
- Strengthen supervision on liquidity and operation risks;
- Publish actual beneficiaries of the banks in the website of the National Bank of Tajikistan.



## Most favorable investment climate of Tajikistan

- Open economy and developing market;
- Trade liberation and member of WTO;
- 4 free economic zones (Sugd, Dangara, Ishkoshim and Panj);
- Cheap labor power and ore resources;
- Reform of agriculture sector and condition of growth;
- Growth of construction activity and improvement of infrastructure;
- Organization of capital market;
- Protection and supporting foreign investors.



## Attractive sectors of economy

- Banks, Microfinance organizations, Insurance and leasing companies.
- Agricultural processing industry and production of consumer goods
- Energy
- Textile
- Transport
- Tourism



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*Thanks for attention!*