

**Results of the Inaugural Financial
Sector Assessment Program (FSAP)
in Uzbekistan Conducted by
the IMF and World Bank**



Information about the Financial Sector Assessment Program (FSAP)

FSAP Program

- Introduced in **1999** with the objective of conducting a comprehensive assessment of countries' financial stability
- It is a joint program carried out by the **IMF** and the **World Bank**
- **157** countries have undergone at least one assessment
- **47** countries undergo mandatory assessments every **5** or **10** years (*other countries are assessed on request*)
- Uzbekistan underwent its **first** FSAP assessment in 2024–2025

Assessments under the FSAP program



General issues covered during the assessment



Macro-financial stability risks



Ensuring financial stability and mitigating systemic risks



Institutional capacity and financial infrastructure



Risks in the banking and financial sector and their management



Compliance of the regulatory and legal framework with international standards



Financial inclusion and other related issues

Importance of the FSAP assessment

Strengthening Financial Stability



Systemic risks are identified, and recommendations are provided on how to mitigate them



The implementation of **international standards** in the banking and financial system is accelerated



FSAP recommendations serve as a basis for developing **future reform agendas** for the banking and financial system

Enhancing International Confidence and Investment Attractiveness



As transparency and accountability about the country's financial stability are ensured, the international community's **confidence increases**



Reforms based on the program's outcomes enhance the **investment attractiveness** of the banking and financial system



Opportunities to attract funds on **more favorable terms** in international capital and money markets are expanded

Reforms in the area of banking regulation undertaken in preparation for the FSAP (2019-2025)

*It is defined to undertake measures to conduct an assessment within the framework of the **FSAP program** pursuant to the Decree of the **President of the Republic of Uzbekistan** No. **PD-5992** dated May 12, 2020 “On the Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020–2025”*



Market
entry

Laws “On **Banks and Banking Activity**”, “On the **Central Bank** of the Republic of Uzbekistan”, and documents related to the licensing of banks



Enhanced
supervision

Regulatory acts of the Central Bank on corporate governance, internal audit, external audit, prudential requirements, and others



Enforcement
measures

Documents related to the application of **measures** and **sanctions**, and the introduction of **risk-based supervision (RBS)**



Market
exit

Documents on bank **resolution** and **liquidation** and on **guaranteeing protection** of deposits in banks

Areas assessed under the Financial Sector Assessment Program (FSAP)

Main areas assessed

9 areas of the banking and financial system were covered



- Banking supervision and regulation
- Non-performing loan (NPL) resolution
- Crisis management
- Macroprudential policy
- Systemic risks and stress-testing
- Payment systems



O'ZBEKISTON RESPUBLIKASI
IQTISODIYOT VA MOLIYA
VAZIRLIGI

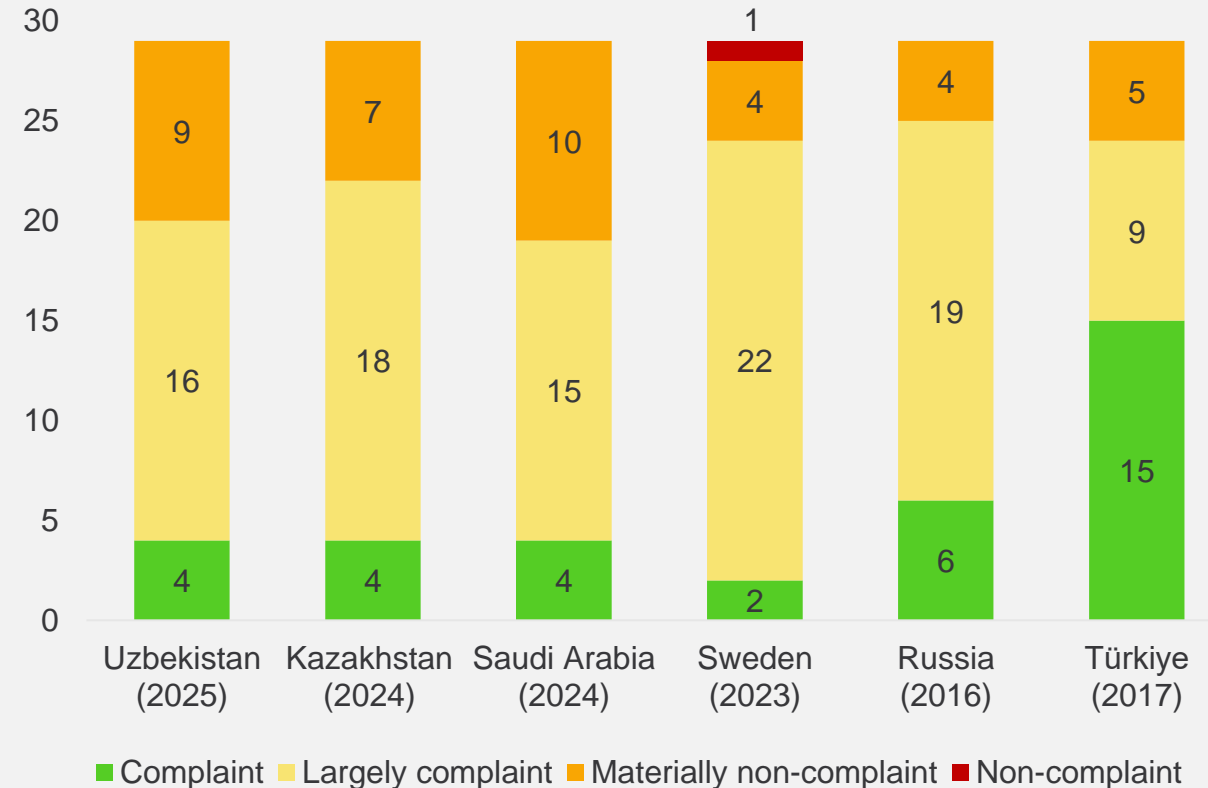
- Role of state in the financial sector
- MSME Access to Finance



- Capital and insurance markets

Compliance with the Basel Committee Principles

The system for regulating and supervising banks' activities was assessed against the Basel Committee's 29 Core Principles for Effective Banking Supervision. Of the 29 principles, 4 were assessed as "Compliant" and 16 as "Largely Compliant"



Positive reforms implemented in the banking and financial Sector



The new editions of the laws “**On the Central Bank**” and “**On Banks and Banking Activities**” (2019) have **strengthened** the **banking system stability**



The revised Law “**On Insolvency**” (2022) has positively impacted the effectiveness of measures to manage **problem assets**



The adoption of laws regarding **deposit guarantees** as well as **bank resolution** and **liquidation** has strengthened the **financial safety net**



The **liberalization** of the **exchange rate** and **prices** has contributed to an improved **investment climate**



The **privatization** of **state-owned banks** has commenced based on the Strategy for Reforming the Banking System for 2020–2025



A **risk-based banking supervision** system has been **effectively implemented**



Corporate governance and **risk management systems** in banks have been **improved**



The expansion of **digital payment infrastructure** has improved **financial inclusion**



Macroprudential policy tools, **systemic risk analysis**, and **stress-testing** have been **introduced**



Efforts to raise the **financial literacy** of the **population** have been **accelerated**

FSAP recommendations to further strengthen the banking regulation and supervision framework



Further strengthen **independence** of the Central Bank



Improve the process of **state registration** of the Central Bank's regulatory documents



Fully implement **bank resolution** mechanisms



Align banks' **asset classification** with **Basel standards** and IFRS 9



Implement **consolidated supervision** over banking groups



Introduce **capital buffers**



Introduce a framework to manage **climate-related financial risks**



Fully implement **International Financial Reporting Standards (IFRS)** in banks