



OVERVIEW OF REGULATORY MEASURES IN THE CREDIT INSTITUTIONS SECTOR IN 2025 AND KEY PLANS FOR 2026

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In 2025, a number of key legislative acts were adopted to introduce modern instruments for safeguarding banking system stability, to further strengthen the regulatory and supervisory framework for banks in line with Basel standards, and to establish the institutional foundations and regulatory frameworks for microfinance banks, guarantee organizations, and factoring institutions.

I. Measures Implemented to Strengthen the Crisis Management and Deposit Guarantee Framework

On 18 February 2025, the Law "On Guarantees for the Protection of Deposits in Banks" was adopted, pursuant to which the **deposit guarantee system** was fundamentally reformed in line with international standards.

In particular, the guaranteed deposit amount was set at **UZS 200 million**, and coverage was extended to include not only deposits of individuals but also funds held in banks by business entities.

On the basis of the **Deposit Guarantee Fund**, the Deposit Guarantee Agency was established, with its mandate and financial capacity significantly expanded.

In addition, on 23 June 2025, the Law of the Republic of Uzbekistan "On Bank Resolution and Liquidation" was adopted, thereby establishing the **legal framework for bank resolution**.

Under this Law, the Central Bank was designated as the authorized state body responsible for bank resolution. The Law clearly defines the objectives and principles of resolution, the resolution tools to be applied, and further strengthens the mechanisms of bank liquidation.

The Law establishes the procedures for the use of resolution tools, including the transfer of assets and liabilities, the establishment of a bridge bank, as well as write-down and conversion (bail-in) instruments.

This Law is aimed at ensuring the continuity of critical functions of insolvent banks, protecting the rights of depositors and creditors, and enhancing the overall stability of the country's banking and financial system.

II. Measures Implemented to Expand Financial Support for Business Entities through Credit Institutions

On 11 February 2025, the Law “On Amendments and Additions to Certain Legislative Acts of the Republic of Uzbekistan in Connection with the Improvement of Microfinance Activities” was adopted.

This Law established the legal framework for the introduction of the microfinance bank institution, as well as for the transformation of microfinance institutions into microfinance banks, microfinance banks into commercial banks, and vice versa.

In addition, on 17 April 2025, Law “On Amendments and Additions to Certain Legislative Acts of the Republic of Uzbekistan in Connection with the Improvement of the System of Financial Support for Business Entities” was adopted.

Pursuant to this Law, the legal provisions governing factoring activities were enhanced in line with the UNIDROIT Model Law on Factoring. **Model Law on Factoring.**

Furthermore, the institutions of a **guarantee organization** — a legal entity providing guarantees (sureties) to business entities, and a **factoring organization** — a legal entity specializing in the provision of factoring services were introduced, and the regulatory and supervisory frameworks governing their activities were established.

These legislative measures contribute to expanding business entities' access to financial services and to the introduction of effective instruments for financial support to entrepreneurship.

III. Measures Taken to Strengthen Macroprudential and Prudential Frameworks

To strengthen the financial stability of banks and enhance regulatory mechanisms, a series of measures were implemented during the reporting year. Specifically, macroprudential instruments aimed at safeguarding financial stability were refined, including requirements related to debt service-to-income (DSTI), loan-to-value (LTV) ratios, and concentration limits.

Accordingly, **the debt-service-to-income (DSTI)** ratio for individuals was capped at **50 percent**, while the LTV ratio was set at **75 percent** for car loans and **80 percent** for mortgage loans. In addition, the total outstanding amount for each of the following—microloans, credit card loans (overdrafts), and car loans granted to individuals—must not exceed **25 percent** of the bank's overall loan portfolio.

In addition, effective from 1 March 2026, a requirement on the debt-to-income ratio (DTI) will be introduced to mitigate credit risk and maintain the household debt burden at a sustainable level.

Furthermore, when calculating capital adequacy, the risk weights for loans to individuals are determined based on the debt-service-to-income (DSTI) ratio and

loan-to-value (LTV) ratio for mortgage loans (ranging from **35 to 150 percent**) and car loans (ranging from **100 to 200 percent**), while for other types of loans are set based on the DSTI ratio.

To incentivize lending to **small business entities**, the risk weight for loans extended by banks to such entities were reduced to **75 percent**, provided that the total outstanding amount of these loans does not exceed **0.2 percent** of the bank's regulatory capital, with a maximum limit of **UZS 15 billion**.

For loans up to **UZS 15 billion** backed by a guarantee from a guarantee organization, the risk weight was set at **50 percent**.

To mitigate risks and reduce concentration associated with related parties, the requirements for maximum exposure limits to a single related party (**15%**) and to all related parties in aggregate (**25%**) have been tightened.

Additionally, pursuant to the new edition of Regulation on "Banks' Capital Adequacy Requirements for Banks" (No. 3697, 28 October 2025), risk weights for loans to large borrowers were introduced as follows: **100 percent** for "low-risk", **125 percent** for "medium-risk", and **150 percent** for "high-risk" exposures.

It should be noted that, in 2025, the capital adequacy and liquidity ratio requirements for banks were aligned with the Basel III.

It is worth noting that in 2024–2025, within the framework of the Financial Sector Assessment Program (FSAP) conducted by the International Monetary Fund and the World Bank, Uzbekistan's banking and financial system underwent a comprehensive assessment for the first time.

Uzbekistan's system for regulating and supervising banks was assessed as "positive" on **20** of the **29** Basel Committee's Core Principles for Effective Banking Supervision, and, based on the recommendations of the assessment, a "Roadmap" for 2025–2028 was approved.

IV. Measures Taken to Establish the Legal Framework for the Implementation of Islamic Banking in Uzbekistan

To create a legal framework for the provision of Islamic finance services by banks in Uzbekistan, the Central Bank, in collaboration with local and international experts, developed a draft law entitled "On Amendments and Additions to Certain Legislative Acts of the Republic of Uzbekistan Aimed at Introducing Islamic Banking Activities in Uzbekistan."

The law provides for the establishment of a licensing framework for Islamic banking activities, the creation of Islamic finance boards within the Central Bank and commercial banks, the introduction of Islamic finance standards, the regulation of banking operations conducted under Islamic finance principles, the taxation of Islamic financial services, and other provisions aimed at governing Islamic banking activities.

The law was adopted by the Legislative Chamber of the Oliy Majlis on 11 November 2025 and is currently under review by the Senate of the Oliy Majlis.

In addition to establishing a legal framework for Islamic banking in the country, other measures have been undertaken to support the development of the sector, including:

The Central Bank became a member of the Islamic Financial Services Board (IFSB);

On 17–18 September 2025, Tashkent hosted the **20th International Sharia Scholars Forum on Islamic Finance**;

A Memorandum of Understanding was signed between the Central Bank and INCEIF University of Malaysia to cooperate on the organization of training programs, seminars, and joint research in the field of Islamic finance;

A dedicated **thematic project office on Islamic finance** was established within the Central Bank.

V. Key Reforms to Be Implemented in 2026 in the Regulation of Credit Institutions

Throughout 2026, it is planned to develop a series of draft normative-legal acts aimed at enhancing the institutional capacity of the Central Bank, regulating the activities of credit organizations, and further strengthening the stability of the banking system. These documents are expected to cover the following areas:

- establishing suitability criteria for members of the Central Bank's board and clarifying the prioritization of the Central Bank's objectives;

- enhancing system transparency through the disclosure of supervisory priorities and reports of banks;

- expanding the scope of consolidated supervision and regulating banks' major investments;

- improving the asset classification practices in line with Basel standards and IFRS 9;

- strengthening corporate governance requirements in banks;

- defining requirements for outsourcing of banking services and operations;

- introducing mechanisms for regulating banks' financial recovery plans;

- establishing procedures for compensation payments on guaranteed deposits;

- regulating the practical implementation of bank resolution mechanisms;

- developing Islamic finance standards;

- introducing regulatory frameworks for Islamic banking activities;

- establishing a Financial Stability Board.

In addition, during 2026, the Central Bank will implement the following practical measures:

- resolution plans will be developed for systemically important banks;

- memoranda of understanding (MoUs) will be established with foreign supervisory authorities overseeing banks operating in Uzbekistan;

- a Roadmap for 2026–2030 aimed at developing the Islamic finance sector in Uzbekistan will be developed in collaboration with the Islamic Financial Services Board (IFSB);

- the Central Bank will become a member of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).