

NATIONAL STRATEGY

for Enhancing Financial Inclusion for 2021-2023

The National Strategy for Enhancing financial inclusion for 2021-2023 (hereinafter - the National Strategy) has been developed in accordance with Resolution of the President of the Republic of Uzbekistan No. PR-4400 of 23 July 2019 “On Measures to Increase the Availability of Microfinance Services” and the State Programme for implementation, in the “Year of the Development of Science, Enlightenment and the Digital Economy”, of the Action Strategy on the five priority areas of development of the Republic of Uzbekistan in 2017–2021, approved by Decree No. PD-5953 of 2 March 2020; it also takes into account the main conclusions and recommendations of the World Bank’s study of the current state of financial inclusion in the country.

The main goal of the National Strategy is to create a dynamic, innovative and inclusive financial system in which all segments of the population and small business entities have access to affordable and high-quality financial products and services.

In implementing the set of measures provided for in the Strategy (*Annex I*), particular attention is paid to covering with financial services those segments of the population that are not yet sufficiently covered (low-income segments and the rural population), and to expanding the financing opportunities of small business entities.

The National Strategy is in harmony with the Action Strategy on the five priority areas of development of the Republic of Uzbekistan for 2017–2021 and is considered a logical continuation of the Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020–2025.

I. Current State of Financial Inclusion and Existing Problems

Financial inclusion reflects the existence, for the population and small business entities, of the possibility of using a basic set of banking services consisting of deposits, credits and payments, and assumes that such services are delivered over the long term, on a sustainable basis, under terms that are profitable for service providers and convenient for consumers.

In recent years, financial inclusion has become an important direction of financial reform as one of the main factors of economic development, poverty reduction and the improvement of the population’s well-being.

In particular, under Presidential Resolutions No. PR-3620 of 23 March 2018 “On Additional Measures to Increase the Availability of Banking Services” and No. PR-4400 of 23 July 2019 “On Measures to Increase the Availability of Microfinance Services”, a number of qualitative changes were implemented, aimed at removing existing restrictions

on the use of banking services, strengthening the protection of the rights of financial-services consumers, developing bank and payment infrastructure, simplifying banks' credit, deposit and cash operations, and creating new types of banking services.

Nevertheless, certain aspects of the country's banking-finance sector are hindering the rapid growth of the level of financial inclusion.

In particular:

–the high level of state involvement in the economy, the dominant position of the banking sector, and shortcomings in the regulatory-legal base are limiting competition and innovation in the sphere;

–financial-technology (fintech) companies, non-bank credit organisations - including microcredit organisations, pawnshops and leasing companies - are insufficiently developed and therefore cannot compete with banks;

–modern technological achievements are not being sufficiently used in optimising costs, improving the quality of financial products and services, and expanding their coverage;

–the measures taken to increase financial inclusion have mainly considered consumers' interests, with insufficient attention paid to the economic interest of service providers.

In addition, from the standpoint of financial-services consumers, the following can be noted:

–because banking service points - bank branches, mini-banks, banking service centres, bank cash desks and round-the-clock (24/7) self-service centres - are located mainly in city and district centres, the rural and remote population has low opportunity to use banking services and products;

–as a result of the underdevelopment of other participants in the financial-services market and of alternative sources of financing, for the majority of consumers banks remain the sole institution providing financial services;

–the use of credit products is usually expensive and complicated, and requires many documents and much time from financial-services consumers;

–despite the wide distribution of mobile phones and other devices with internet access, financial institutions are not effectively using digital channels in providing services;

–as a result of the cash shortages observed in past years, restrictions on currency conversion, and disruptions in payment systems, historical trust in the banking system is low;

–the low level of financial literacy among financial-services consumers - which prevents them from correctly choosing financial products and services suited to their needs - remains a factor hindering the active use of financial services.

These problems show that, to further raise the level of financial inclusion, a comprehensive and strategic approach is needed, and that such an approach must be based on a deep analysis of the factors hindering financial inclusion and on an honest assessment of potential opportunities.

In addition, efforts to increase financial inclusion should be directed at:

–removing the problems existing on the demand and supply sides of financial services, while at the same time supporting competition and innovation in the financial-services market and addressing problems related to the sufficiency of financial-service points, the quality of financial products and services, the legal protection of financial-services consumers, and financial literacy;

–ensuring, in addition to the financial sector (credit organisations, payment organisations and other organisations providing financial services), the coverage of information technology, education and other social spheres;

–ensuring the stability and integrity of the financial sector, as well as additional contribution to the tasks of national development aimed at poverty reduction and ensuring economic growth.

Accordingly, this Strategy will be implemented through the voluntary, coordinated and systematic cooperation of interested ministries and agencies, representatives of the private sector, international organisations and civil society.

II. Main Directions of the National Strategy

The priority directions for increasing the availability of financial services are:

expanding the network of low-cost financial service points, improving the quality of bank products and services, ensuring their speed and convenience, creating new types of them, developing a client-oriented service culture among financial service providers, and introducing a system for delivering financial services through a network of bank agents - thereby **increasing the coverage of basic financial services**;

improving the efficiency of financial service providers by using financial technology solutions, creating favourable conditions for the entry of new “fintech” companies into the market, establishing a remote identification system, and modernising the national payment system - thereby **developing digital financial services**;

developing various financial instruments specialised in financing small business entities on market principles, improving the credit-information exchange system, and

developing the activity of non-bank credit organisations - thereby **improving the financing of small business entities**;

improving the institutional and legal foundations for protecting consumer rights, strengthening requirements on the openness and transparency of information about financial products and services, introducing effective mechanisms for resolving complaints and disputes, and strengthening the system for ensuring the confidentiality of client information - thereby **strengthening the protection of the rights of financial-services consumers**;

introducing financial-education programmes in educational institutions, widely establishing financial education based on “edutainment” (teaching in an engaging manner) technology, raising the population’s awareness of financial services using mass media and electronic platforms, and organising special training programmes and measures aimed at forming a culture of making sound financial decisions on the basis of analysis of information about financial products and services for particular segments of the population in all regions of the republic - through which **the financial literacy of the population and entrepreneurs will be raised**.

1. Increasing the Coverage of Basic Financial Services

The use of the set of basic financial services consisting of deposits, credits and payments is one of the important factors for raising the population’s well-being and developing small business; it enables the population to manage daily expenses, overcome unexpected financial difficulties, invest in education and entrepreneurial activity, finance the investment projects of small business entities, and replenish working capital.

Increasing the coverage of basic financial services requires the development of bank, non-bank and payment infrastructure, and in recent years a number of measures have been carried out for these purposes.

As a result of the work carried out, during 2018–2020, **4 banks, 866 compact banking service offices, 1,452 round-the-clock (24/7) self-service banking centres, 34 microcredit organisations and 18 pawnshops** were established; in addition, the number of **POS terminals** grew 1.9-fold and the number of **ATMs** grew 14.7-fold.

However, these financial-service points are distributed disproportionately and are located mainly in city and district centres. In particular, of the total adult population (aged 18 and over), 8 percent resides in the city of Tashkent, while 17 percent of bank branches, banking service offices and mini-banks are located in that area.

In addition, according to the World Bank methodology, the main indicator determining the level of financial inclusion in a country - the share of the adult population holding a bank account - is not at a high level (*Findex-2017* - 37%), which keeps

Uzbekistan, in the reports of international financial institutions, among countries with a low level of financial inclusion.

In the current year, a survey to study the level of financial literacy and financial inclusion in the country was conducted jointly with the International Finance Corporation, and its results showed that **36 percent** of the adult population holds a bank account. This indicator is 8 percentage points below the average for middle-income countries and 22 percentage points below the average for the Europe and Central Asia region.

According to the survey results, the difference between women and men in holding a bank account is very small (3 percentage points); however, there is a large difference in account ownership between the urban and rural population across the republic - 43 and 27 percent respectively.

At the same time, the study found that, among the adult population not holding a bank account, 34 percent do not have sufficient funds, 26 percent have no need for a bank account, and 21 percent do not use a bank account without any serious reason; it was also found that 78 percent of the adult population prefer to keep their money at home in cash.

This, in turn, requires the implementation of a set of measures aimed at increasing the number of adults using basic financial services and bank accounts.

In this connection, the following measures are envisaged in this direction:

–expanding the network of compact banking service offices that provide the bank’s full set of basic services and do not require numerous administrative staff, in order to cover the population and entrepreneurial entities of remote and outlying areas with banking services;

–expanding the network of regional round-the-clock (24/7) self-service centres, taking into account existing demand and cost recovery;

–creating equal conditions for carrying out banking activity and ensuring the provision of convenient and high-quality banking services by continuing reforms aimed at strengthening the competitive environment in the banking sector;

–increasing the types of bank products and services intended for broad segments of the population and entrepreneurial entities by strengthening client-oriented working systems in banks;

–expanding the existing channels through which banks sell their products and services;

–creating the legal basis for commercial banks to outsource certain types of banking services and operations;

- continuously improving, on the basis of foreign experience, mechanisms for taking into account the income of individuals and for keeping a “family budget”, in order to increase the population’s ability to obtain credit;
- introducing relevant amendments to legislation in order to encourage broader use of consumer credit by the population;
- further expanding measures aimed at developing the mortgage-credit market;
- expanding opportunities to carry out international money transfers remotely, without visiting a bank;
- introducing a system to encourage and support the creation of new types of financial services using the principles of a special legal regime - the “regulatory sandbox”;
- expanding measures aimed at informing the population about the advantages of using a bank account;
- creating conditions for fully cashless settlement of wages, pensions, stipends and other payments equated to them (G2P).

2. Developing Digital Financial Services

Applying in practice the latest achievements of information and communication technologies, and expanding the scope of digital financial services, are of great importance for providing convenient, high-quality and rapid service to financial-services consumers.

Digital financial services are services provided through digital channels (the internet and other communication means); along with increasing the convenience and speed of financial products and services, they also serve to reduce the operational costs associated with them.

Likewise, digital financial services make it possible to effectively cover, through remote-service systems, the population and entrepreneurial entities of remote and sparsely populated areas where opening bank branches is unprofitable.

In recent years, a policy has been pursued aimed at developing digital financial services as one of the priority directions of the development of the country’s banking system - improving the relevant regulatory-legal base, developing the payment infrastructure, and encouraging the entry into the market of payment organisations (“fintech” companies) specialised in providing remote banking services.

As a result, during 2018–2020, **2 digital banks** and **20 payment organisations (“fintech” companies)** were established, the “Humo” payment system was created, the Instant Payment System was launched, and the possibility of making contactless payments was created (tap2phone, NFC, QR code); in addition, the number of ATMs and info-kiosks

reached 11.8 thousand units, the number of payment terminals reached 438.4 thousand units, and the number of bank cards in circulation reached 25.7 million units.

This led to the number of users of remote bank-account management systems in the republic growing more than 6-fold, reaching 14.6 million (of which 822 thousand are legal entities and individual entrepreneurs, and 13.7 million are individuals).

At the same time, the outdated state of information and communication technologies in commercial banks, the lack of an implemented system for remote client identification, the insufficiency of the legislative and regulatory-legal base for regulating and supervising the activity of payment-system entities, a shortage of qualified personnel in the field of information security, and the insufficient level - especially among the rural population - of skills and ability to use payment infrastructure are hindering the further development of digital financial services in the country.

In addition, on the basis of international experience, to develop digital financial services it is necessary, along with expanding the bank infrastructure, to improve the system for client identification, ensure uninterrupted electrical supply, develop information and communication technologies, and increase the coverage of affordable and high-quality internet.

In this connection, the following measures are envisaged in this direction:

–creating favourable conditions for the entry into the country’s financial market of foreign organisations that provide digital and innovative financial services and create financial technologies (fintech);

–widely using financial-technology (fintech) solutions to increase the efficiency of financial-service providers by reducing their operational costs;

–improving the contactless-payment mechanism through means equipped with NFC technology within the national payment infrastructure to enable payments to be made rapidly using alternative methods, and developing and widely applying in practice a system for accepting QR-code-based payments in conformity with the international EMV standard;

–further increasing the coverage of economic entities by the Instant Payment System so that interbank payments of economic entities can be carried out in 24/7 mode;

–expanding the functional capabilities of remote banking services, in particular of mobile applications;

–establishing a remote identification system (e-ID and e-KYC), having created the necessary regulatory-legal base;

–modernising national payment systems in order to ensure their stable and effective functioning;

- introducing a modern automated system for collecting, processing and analysing information in the banking system, reducing the human factor in the data-collection process, in order to obtain reliable data;
- improving the mechanism for supervising the functioning of payment systems;
- fully covering all regions of the republic with a high-quality and convenient internet network;
- connecting the information systems of payment organisations to the Central Bank’s clearing and settlement system;
- establishing systematic improvement of the qualifications of the staff of the structural units responsible for developing information technologies in the Central Bank and commercial banks;
- establishing, within the Central Bank, a FinCERT centre responsible for ensuring information protection in the bank and finance-credit sphere, preventing cyber-attacks and responding to them, and providing response to financial fraudsters;
- creating the Central Bank’s single data store (Data Warehouse) and introducing a business-analysis system;
- introducing a comprehensive information-security and cybersecurity system in banks;
- expanding the types of financial operations carried out through ATMs and info-kiosks.

3. Improving the Financing of Small Business Entities

Micro, small and medium enterprises are a main source of economic growth, the provision of employment and the implementation of innovations; the existence, for them, of the possibility of using financial services and alternative sources of financing in successfully conducting their activity is of great importance.

According to international experience, creating a regulatory-legal base that ensures the legal protection of creditors and debtors and a mechanism for guaranteeing credits, as well as establishing the infrastructure aimed at registering the credit-information exchange and creditors’ requirements secured by collateral, increases the ability of micro, small and medium enterprises to use credits.

Accordingly, a number of institutions have been established in the republic in order to ease the lending of small business entities’ activity and the population’s entrepreneurial initiatives. In particular:

- credit-bureau activity has been launched, and, proceeding from the requirements of the World Bank and the International Finance Corporation’s “Doing Business” report, the

types of data used in assessing a borrower's creditworthiness with the help of a scoring model are being expanded;

–a collateral registry has been established, and the system for satisfying the requirements of creditors secured by collateral out of the value of the pledged property is being improved;

–the State Fund for Support of Entrepreneurial Activity has been established, and through this Fund a mechanism has been introduced for providing guarantees and for compensation to cover interest expenses on credits allocated by commercial banks in order to implement entrepreneurial initiatives of small business and entrepreneurial entities, including socially vulnerable segments of the population;

–in addition, during 2017–2020, banks' lending opportunities increased through actively attracting international credit lines, selling eurobonds on international fund markets, and through funds allocated by the Uzbekistan Fund for Reconstruction and Development.

At the same time, an analysis of the existing system of financing small business entities in the country shows that there are certain problems awaiting a solution in this field. In particular:

–the business models of commercial banks, especially of banks with a state share, are mainly oriented toward lending to large state enterprises, and insufficient attention is paid to creating new types of products and services intended for small business entities;

–when banks make decisions on allocating credit, the availability of collateral has become the main criterion, and the practice of lending on the basis of cash-flow analysis and of holistically analysing a potential debtor has not been established;

–the lack of supervision over the implementation of banks' plans for allocating preferential credits, and over the fulfilment of such plans, is limiting banks' capacity for credit-quality analysis;

–the participation of non-bank credit organisations in the credit market is at a minimal level - their credit portfolio constitutes only 0.3 percent of the total credit balance allocated by credit organisations. The fact that only 1.3 percent of the credit portfolio of non-bank credit organisations falls to small business entities indicates the near-absence of their participation in lending to small business;

–the financing of small business entities' activity is carried out mainly through credits, and the work of supporting them financially through other financial services, including factoring and leasing services, has not been sufficiently established;

–because the fund market is undeveloped in the country, the ability of small business entities to finance their activity by issuing securities is limited;

–a legal basis for crowdfunding - a modern mechanism for financing high-risk entrepreneurial projects - has not been created.

Proceeding from the above, and also from the fact that since 2021 the practice of allocating credits at preferential interest rates has been abolished, the implementation of broad measures aimed at improving the existing system of financing small business entities in the country and creating new sources of financing is considered a requirement of the times.

In this connection, the following measures are envisaged in this direction:

–introducing into legislation the concept of a “medium enterprise”, having analysed the experience of foreign countries in the sphere of entrepreneurship;

–paying special attention, in the state’s financial support of entrepreneurial activity, to small business entities engaged in innovative activity;

–improving the regulatory-legal base concerning the activity of non-bank credit organisations, including reviewing the prudential requirements in order to develop their activity, and creating legal and economic conditions for establishing the activity of factoring and microfinance organisations;

–creating an electronic factoring platform aimed at developing the factoring market, having studied the advanced practices of foreign countries;

–creating modern credit products intended for small business entities and expanding the scope of the services provided;

–creating an electronic “Business Navigator” information resource that provides the existing business environment, the banking services offered, recommendations, news and other useful information for organising entrepreneurial activity in the regions;

–creating a legal basis for the operation of applicants engaged in financing projects on a retail basis through a crowdfunding mechanism, by establishing (on a pilot basis) their own open electronic platform within the framework of the Central Bank’s “regulatory sandbox” regime;

–expanding the financial assistance provided by the State Fund for Support of Entrepreneurial Activity to small business entities, and increasing the speed of services provided to small business entities by digitising the Fund’s activity;

–raising the knowledge and skills of bank staff in the use of value-chain financing, contract financing (for contracts concluded on the basis of daily delivery or future periodic delivery), cash-flow-based lending, and other models of alternative financing;

–widely promoting, among small business entities and financial-service-providing organisations, factoring and leasing services as useful financial instruments;

–completing the work of introducing into practice the remote (distance) formalisation of the registration of collateral for microfinance services;

–further expanding the credit-information base in order to improve banks’ scoring models, ensuring the formation of the credit history of credit-information subjects, and establishing the procedure for the mandatory provision of credit information to credit bureaus by leasing companies and retailers, among others.

4. Strengthening the Protection of the Rights of Financial-Services Consumers

The existence of an effective system for protecting the rights of financial-services consumers is an important factor for strengthening the trust of the population and entrepreneurial entities in the banking-finance sector, raising the level of financial inclusion in the country, and strengthening the competitive environment in the banking-finance sector.

Creating broad conditions for the development of the field of financial services, by regulating the relations between financial-service-providing organisations and their consumers, is defined as a main goal.

Establishing in the country a modern system for protecting the rights of financial-services consumers is one of the main directions of the development of the banking-finance system, and a number of reforms are being implemented consistently for this purpose. In particular:

–in the newly revised Law of the Republic of Uzbekistan “On the Central Bank of the Republic of Uzbekistan”, ensuring the protection of the rights and legitimate interests of consumers of credit-organisation services was defined as one of the tasks of the Central Bank;

–by establishing a “Service for the Protection of the Rights of Consumers of Banking Services” within the structure of the Central Bank, work was set up to identify cases of violations of the rights of consumers of banking services, take measures of liability against credit organisations that have allowed such violations, and provide advice and assistance in restoring the violated rights of consumers of banking services;

–in order to prevent unfair practices in carrying out relations with financial-services consumers, and to raise consumers’ awareness of the financial services provided and ensure transparency of information, minimum requirements have been set for the activity of credit organisations.

At the same time, when the existing system of protecting the rights of financial-services consumers is analysed within the framework of the requirements of the World Bank’s “Best Practices for the Protection of the Rights of Financial-Services Consumers”, it shows the existence of a number of unresolved problems and shortcomings. In particular:

–the supervisory instruments of the Central Bank in supervising the protection of the rights of financial-services consumers are limited;

–the on-site study of complaints has been set up only with respect to banks, and such a process is not applied with respect to non-bank credit organisations;

–a system of risk-based supervision through the constant analysis of complaints and applications received by the Central Bank and the monitoring of the financial-services market has not been established;

–in regulatory-legal documents, clear norms prohibiting humiliating practices in debt collection have not been established;

–requirements for financial-service providers to ensure, before offering their services, that such services correspond to consumers' needs and financial capacity, have not been established;

–in the field of providing financial services, effective systems of internal and external resolution of complaints and disputes have not been established - individuals and legal entities send their applications and complaints directly to financial-service providers, and, at the same time, to a number of institutions: the Central Bank, the Agency for the Protection of Consumers' Rights, the Federation of Societies for the Protection of Consumers' Rights of Uzbekistan, the Virtual and People's Reception Offices of the President of the Republic of Uzbekistan, the Reception Office of the Prime Minister, the Prosecutor General's Office, the mass media, and others;

–the use of such a wide range of channels for resolving complaints and disputes, and the existence of overlapping functions in certain institutions, are limiting the possibility of resolving complaints and disagreements rapidly and effectively;

–in addition, the development of digital and remote financial services, including the provision of financial services through bank agents, while covering the population and entrepreneurial entities of remote and outlying areas of the republic with financial services, also gives rise to potential risks related to the violation of the rights of financial-services consumers.

This requires the implementation of broad measures aimed at improving the system of internal and external resolution of complaints, strengthening requirements on disclosure of information and ensuring transparency, and strengthening the capacity to supervise and enforce the protection of consumer rights.

These measures require covering all credit and payment organisations, being proportionate and risk-oriented, and taking into account the main changes that will occur in the field in the future.

In this connection, the following measures are envisaged in this direction:

- completing the consultative discussions, between the Central Bank and the Agency for the Protection of Consumers’ Rights under the Committee for Combating Monopoly of the Republic of Uzbekistan, on preventing overlapping functions in the field of protecting the rights of financial-services consumers;
- establishing cooperation, between the Central Bank and other regulators of the financial sector and the business ombudsman, on the mutual coordination of actions in the field of protecting the rights of financial-services consumers;
- establishing cooperation with the central banks of foreign states in the field of protecting the rights of financial-services consumers;
- making broad use of supervisory instruments such as remote and on-site supervision, targeted data collection, thematic analysis, “mystery shopper”, holding client focus groups and surveys, and analysis of advertising materials and client complaints;
- increasing the capacity of the Central Bank’s “Service for the Protection of the Rights of Consumers of Banking Services” to monitor the financial-services market and analyse new digital credit services;
- clarifying the concept of a “protected consumer” in regulatory-legal documents;
- establishing the principles of protecting the rights of financial-services consumers that financial-service-providing organisations are required to follow at any stage of relations with consumers;
- introducing amendments to the Law of the Republic of Uzbekistan “On the Protection of Consumers’ Rights” or amendments providing that it does not apply to credit and payment organisations supervised by the Central Bank;
- developing, in the medium term, a draft Law “On the Protection of the Rights of Financial-Services Consumers”, broad in coverage and activity-based;
- clearly establishing the responsibilities and liability of financial-service-providing organisations for violations of the rights of financial-services consumers;
- improving, on the basis of the experience of foreign countries, the mechanism for calculating the full value of credit that applies to all credit organisations;
- introducing a system for calculating the total value of credit under a single formula for all consumer credits;
- setting requirements for credit organisations to provide consumers, when servicing them, with a short and easy-to-understand “key facts sheet” covering interest rates, payments and other important information on basic financial services;
- establishing the periodic provision of information to consumers in electronic form on all types of credits and deposits;

–creating, for consumers, the possibility of comparing the specific features and prices of financial services;

–prohibiting the conclusion, by financial-service-providing organisations, of contracts on unfair terms with clients, including terms that cause harm to the client from the financial side or require additional expenses;

–introducing the practice of “responsible lending” by setting requirements for all credit organisations to ensure that consumers fully understand the credit products before obtaining them and to conduct an analysis of credit suitability;

–firmly establishing the liability of all credit organisations for the actions and committed shortcomings of their own staff and agents;

–strengthening requirements concerning the security of information relating to financial-services consumers;

–introducing norms in legislation prohibiting humiliating practices in debt collection;

–strengthening the requirements applied to the internal complaint-and-dispute resolution system, applying these requirements to all credit and payment organisations, and consolidating statistical data on complaints in the Central Bank;

–identifying, monitoring and eliminating the risks related to violations of consumers’ rights, using supervisory technologies (suptech) in analysing statistical data concerning the process of internal and external resolution of complaints and disputes;

–introducing, in the medium term, a Financial Ombudsman institution that, on the basis of advanced foreign experience, has the necessary authority and power of influence, as an alternative body for the external resolution of complaints and disputes.

5. Raising the Financial Literacy of the Population and Entrepreneurs

Financial literacy is the set of awareness, knowledge, skills, behaviour and attitudes necessary for making sound financial decisions and ultimately achieving personal financial well-being.

Raising the level of financial literacy contributes to the development of the financial sector through the creation of competition as a result of responsible decision-making, to the effectiveness of the system for protecting the rights of financial-services consumers, and to increased trust in the banking-finance system.

According to the high-level principles for financial-education strategies of the Organisation for Economic Co-operation and Development, the policy of raising financial literacy must be developed taking into account the specific features of each state, and its results require that the state organisations in the financial-economic and educational spheres actively implement initiatives collaboratively, without duplicating measures.

Today, a number of measures aimed at directly and indirectly raising the financial literacy of the population and entrepreneurs are being implemented by ministries and agencies in our country. In particular:

–in order to form basic financial knowledge among the population, the subjects “Fundamentals of Economic Knowledge” are taught to pupils of grades 8–9 of general-secondary schools and “Fundamentals of Entrepreneurship” to pupils of grade 11;

–informing the public about financial services and products through the internet and mass media, and holding annual international educational measures intended for children and young people, such as “Global Money Week” and “Global Savings Day”;

–organising thematic webinars, training seminars and round-table discussions aimed at forming and raising business-related knowledge and skills among entrepreneurs;

–providing legal and business advice to entrepreneurs online, as well as through the call centres of ministries and agencies;

–establishing the preparation of TV programmes and information dissemination materials covering changes in legislation, privileges and preferences, and pressing matters related to conducting entrepreneurial activity for entrepreneurs.

However, an analysis of the current state of the measures being implemented to raise financial literacy in the republic shows the presence of a number of shortcomings in this system. In particular:

–the main attention is directed at developing entrepreneurial skills among the population, and very little attention is paid to the matters of knowing economic concepts and forming responsible financial-behaviour skills;

–a fundamental financial-economic education system that envisages a special programme aimed at teaching financial-economic concepts and forming the necessary skills from the early grades in schools has not been developed;

–educational measures and programmes are mainly oriented toward providing information, and are not directed at developing the skills necessary for entering into mutual relations with financial-service-providing organisations;

–special training programmes aimed at providing financial advice and financial education to socially vulnerable segments of the population, including the rural population, have not been developed;

–a system of education for developing digital financial literacy and protecting against fraud has not been created in the country;

–a national system for assessing the financial literacy of the population, which would make it possible to identify the existing gaps in the population’s financial literacy, does not exist.

In addition, the results of the survey conducted by the International Finance Corporation to study the level of financial inclusion and the population's financial literacy in the country showed that the level of financial literacy in the country is not high - **23 percent** of the adult population has minimal financial knowledge with respect to basic financial concepts.

This indicator constitutes, on average, **30 percent** in countries that are members of the Commonwealth of Independent States, **48 percent** on average in G20 countries, and **62 percent** on average in countries that are members of the Organisation for Economic Co-operation and Development.

Proceeding from the above, in a situation where, during the period of transformation of the banking system, commercial banks are changing their business models, retail business is developing, and the provision of financial services through digital channels is becoming widespread, raising the level of financial literacy in the country is of pressing importance for improving the positive results of the use of financial services.

This requires the implementation of a set of measures aimed at raising the level of financial literacy in the country, and requires that in developing them the population and entrepreneurial entities be divided into focus groups such as young people, women, the rural population and small business entities, and that targeted projects be prepared separately for each focus group.

Likewise, in order to effectively convey financial knowledge to each population group, the most appropriate communication channels are required to be used proceeding from the specific features of those groups (printed materials such as books and brochures, radio, video and TV programmes, interactive mobile applications and web pages, social networks and others).

In this connection, the following measures are envisaged in this direction:

–introducing financial-education programmes into the curricula of educational institutions;

–forming fundamental financial knowledge among the population by setting up the provision of financial education based on “edutainment” (teaching in an engaging manner) technology;

–developing curricula for raising financial literacy and for preparing the population for entrepreneurship for various population groups (children, young people, those over 18, women, migrants and entrepreneurs), and organising and conducting traditional and online educational measures;

- preparing specialists who provide financial advice and guidance to financial-services consumers, including training leading women in society as trainers and consultants (“training of trainers” and “training of consultants” programmes);

- widely covering, in all TV and radio channels, information-education materials on raising the population’s financial literacy in audio and visual form, using the “edutainment” form of education through mass media;

- developing electronic teaching materials and information-communication products on financial literacy (online games, mobile applications and the like) and placing them on various mobile platforms;

- continuously enriching the Central Bank’s www.finlit.uz information-education website, intended for the population and entrepreneurs, with new materials and interactive functions;

- implementing measures aimed at raising the population’s literacy in using digital financial services;

- including, by commercial banks, financial education as a component part of small-business financing projects funded by international financial institutions;

- organising qualification-improvement and experience-exchange programmes for startups and young entrepreneurs;

- forming a working group (“taskforce committee”) made up of leaders of interested ministries and agencies, including state and non-state organisations, on raising the financial literacy of women;

- introducing, in the next round of the Programme for International Student Assessment (PISA), a direction for assessing the financial literacy of young people in Uzbekistan.

III. Monitoring and Evaluation of the Implementation of the National Strategy

Achieving the goals set in the National Strategy for financial inclusion, evaluating the effectiveness of the efforts made, and eliminating in a timely manner the problems that arise in implementing the measures, require the introduction of an effective system of monitoring and evaluation.

The monitoring-and-evaluation system consists of the following 3 main elements:

- a **data infrastructure** consisting of reliable, high-quality and broadly covered statistical and other data on financial inclusion from the demand side and the supply side;

- the main **target indicators (indicators)** of the National Strategy;

- a system of constant supervision of the implementation of the tasks set in the “**roadmap**” for implementing the National Strategy.

1. Data Infrastructure

In introducing an effective monitoring-and-evaluation system, along with the data obtained from financial-service providers (supply), data from financial-services consumers (demand) is also required.

Today, in Uzbekistan, the collection of data on financial inclusion from the demand side has not been set up, and in analysing the state of financial inclusion in the country, the results of surveys conducted by international financial institutions - in particular, the World Bank's "Global Findex" and "Enterprise Survey", and the International Finance Corporation's "Financial Capability Survey" - are used.

However, these surveys are not conducted every year, and relying on them limits the ability to constantly analyse the state of financial inclusion.

For this reason, it is required to form the capacity, in the country, to collect high-quality statistical data on financial inclusion from the demand side.

For this purpose, the Central Bank, together with the State Statistics Committee, will set up the collection of data from the demand side within the framework of the National Strategy, by supplementing the annual surveys conducted among the population by the State Statistics Committee with questions on the use of financial services.

Where necessary, separate surveys will be conducted by the Central Bank, on a commissioned basis, with the involvement of local and foreign companies specialised in the field, in order to study financial inclusion.

At the same time, during the implementation of the National Strategy, the data infrastructure on financial inclusion from the demand and supply sides will be continuously expanded.

2. Main Target Indicators (Indicators) of the National Strategy

The overall effectiveness of the measures envisaged for implementation within the framework of the National Strategy is evaluated using the target indicators (indicators) for implementing the National Strategy (*Annex 2*).

In turn, the indicators make it possible for interested ministries, agencies and organisations to identify the main problems and obstacles on the path to achieving the goals of the National Strategy.

The indicators are determined proceeding from the goal and the 5 main directions of the National Strategy and from the current state and potential opportunities.

3. System for Supervising the Implementation of the Tasks Set in the “Roadmap” of the National Strategy

Achieving the goal of the National Strategy depends on the timely and high-quality implementation of the tasks set in the “roadmap” of the National Strategy, and the constant supervision of their implementation is of great importance (*Annex I*).

The work carried out on the implementation of the tasks set in the National Strategy will be summarised by the Central Bank and, where necessary, submitted to the Coordinating Council for the Development and Future Implementation of the National Strategy for Increasing the Availability of Financial Services.

The Coordinating Council will adopt decisions on developing proposals to eliminate the problems that have arisen during the implementation of the National Strategy and to introduce relevant amendments into the National Strategy.

IV. Main Results Expected from the Implementation of the Strategy

Through the implementation of the tasks set in the National Strategy, it is envisaged that the following main results will be achieved in increasing financial inclusion in the country:

- the population’s trust in credit and payment organisations will further increase;
- the effectiveness of measures aimed at reducing poverty and raising the population’s well-being in the country will increase;
- the level of coverage of the population and entrepreneurial entities of remote and outlying areas by the bank’s basic services will increase;
- the system for protecting the rights of financial-services consumers will be improved;
- the level of the population’s financial literacy, including their literacy in using digital financial services, will increase;
- the number of adults using bank accounts will grow;
- the volume of digital financial services provided in the country will increase;
- the network of banking service offices and round-the-clock (24/7) self-service centres will expand;
- the market for consumer credit, mortgage credit, leasing and factoring services will develop;
- new types of financial products and services intended for the population and entrepreneurial entities will be created;
- alternative sources of financing for small business entities will be created;

- a modern ecosystem of the payment-services market will be created in the republic;
- the credit-information exchange system will further develop.

These results serve to achieve the following final goals. In particular:

the population's well-being will increase as a result of the rise in the population's financial literacy, the expansion of opportunities to use basic financial services, and the increased effectiveness of using these services;

a foundation will be created for economic growth as a result of the development of small business through the expansion of the sources and channels of financial support;

the stability of the financial system will be ensured through the increased trust in the banking-finance system that results from the availability of financial services, the rise in the level of financial literacy, and the systematic protection of the rights of financial-services consumers;

the share of the shadow economy will shrink as a result of attracting the population and entrepreneurial entities into the official sector through the digitisation of financial services, the expansion of financing sources, and the formation of a system of convenient and useful service provision

**National Strategy for Enhancing Financial Inclusion for 2021–2023
ACTION PLAN**

No.	Name of activity	Implementation mechanism	Form of implementation	Implementation deadline	Responsible for implementation
I. Expanding the coverage of basic financial services					
1.	Expanding banking infrastructure to provide broad segments of the population with access to banking services	<ol style="list-style-type: none"> 1. Identify remote and hard-to-reach areas not covered by banking services and compile a list thereof; 2. Submit proposals to commercial banks on establishing banking infrastructure in the regions; 3. Develop annual action plans for establishing banking infrastructure in all regions, including “banking service offices”, taking into account demand for banking services and cost recovery; 4. Establish new banking infrastructure, including “banking service offices”; 5. Establish service points of state-owned banks in villages and remote areas using incentive mechanisms and with 	Practical measures	Ongoing	<p style="text-align: center;">Central Bank, State Statistics Committee</p> <p style="text-align: center;">Commercial banks</p> <p style="text-align: center;">Ministry of Finance, Central Bank, Agrobank, Microcreditbank</p>

		a view to ensuring the geographical coverage of banking services, including the use of alternative banking service delivery channels where necessary.			
2.	Introducing the practice of providing certain services of commercial banks by third parties under agency agreements	<p>1. Develop a draft regulation on the provision of commercial bank operations and services through agents;</p> <p>2. As a pilot in selected regions, arrange for operations such as delivering bank cards to customers and processing credit documents on behalf of banks (initially Aloqabank) through the network of JSC “Uzbekiston Pochtasi”;</p> <p>3. Expand, as necessary, the range of banking services provided through the postal network;</p> <p>4. Expand the coverage of banking services provided under agency agreements concluded with commercial banks.</p>	<p>Regulatory legal act</p> <p>Practical measures</p>	<p>2021 July</p> <p>2021 September</p> <p>In 2021-2023</p>	<p>Central Bank</p> <p>Joint-Stock Company “Uzbekiston Pochtasi”, Aloqabank, commercial banks, Central Bank</p>
3.	Applying the principles of a “regulatory sandbox” regime when introducing new financial services on a pilot basis	1. Submit a proposal to amend the Law of the Republic of Uzbekistan “On the Central Bank of the Republic of Uzbekistan” to empower the	Draft amendments and additions to the Law	2021 March	Central Bank

		Central Bank to establish a “regulatory sandbox” regime; 2. Develop the principles of the “regulatory sandbox” regime with technical assistance from the International Finance Corporation.	Resolution of the Board of the Central Bank	After the relevant amendment to the Law is introduced	
4.	Enhancing the attractiveness of banks’ deposit operations	Enable a deposit account opened at one branch of a bank to be replenished, funds to be withdrawn on demand, and other deposit operations to be carried out at any branch of the same bank.	Practical measures	By the end of 2021	Commercial banks, Central Bank
5.	Increasing the share of cashless payments in payments from legal entities to individuals and from individuals to legal entities	1. Introduce a system for making all pension, scholarship, salary and equivalent payments to the population through cashless settlements, including by transferring them to bank accounts and bank cards; 2. Ensure that payments by the population for utilities, taxes and other public services are made entirely through cashless settlements.	Practical measures	Ongoing	Ministry of Finance, Ministry of Housing and Communal Services, State Tax Committee, Central Bank, relevant ministries and agencies
6.	Expanding the range of banking services intended for broad segments of the	1. Introduce new service channels based on digital technologies;	Practical measures	Ongoing June 2021	Commercial banks, Central Bank

	population and business entities	2. Introduce the practice of refinancing loans issued by commercial banks.	Instruction letter of the Central Bank		
7.	Expanding opportunities for remote international money transfers	<p>1. Based on public demand, expand opportunities, in cooperation with major international money transfer systems, to credit international money transfers directly or through mobile applications to domestic and international bank cards.</p> <p>2. Develop cooperation between banks and foreign banks and payment organizations to enable direct money transfers.</p> <p>3. Enable direct (P2P) international money transfers through national payment systems.</p>	Practical measures	<p>June 2021</p> <p>2021-2022</p>	<p>Microcreditbank, Agrobank, People's Bank, Central Bank</p> <p>Central Bank, payment system operators</p>
8.	Developing the mortgage lending market	<p>1. Expand the long-term resource base of banks by extending the activities of the mortgage refinancing organization;</p> <p>2. In cooperation with the Asian Development Bank, develop a draft Law "On Mortgage-Backed Securities" regulating relations arising from the issuance, placement and circulation of mortgage-</p>	<p>Practical measures</p> <p>Draft Law of the Republic of Uzbekistan</p>	<p>During 2021</p> <p>November 2021</p>	<p>Ministry of Finance</p> <p>Ministry of Finance, Central Bank, Ministry of Economic Development, Mortgage Refinancing Company</p>

		backed securities, as well as the rules for fulfilling obligations under mortgage-backed securities; 3. Establish the issuance of mortgage-backed securities and their placement among investors.	Practical measures	After adoption of the Law	Ministry of Finance, Mortgage Refinancing Company, commercial banks
9.	Enabling banks to provide their customers with account statements in electronic form	1. Amend the Regulation on Minimum Requirements for the Activities of Commercial Banks in Their Relations with Consumers of Banking Services to provide for customers' account statements to be supplied, including in electronic form at the customer's choice; 2. Enable commercial banks to provide customer account statements electronically.	Regulatory legal act Practical measures	July 2021 2021 December	Central Bank, commercial banks Commercial banks
10.	Improving the system of cashless settlements between the population and business entities	Expand the ability of individuals to transfer funds through mobile applications or commercial banks' websites (personal accounts) to the accounts of legal entities using bank details.	Practical measures	June 2021	Commercial banks

II. Developing digital financial services

	II. Developing digital financial services				
11.	Increasing the scope and quality of remote banking services provided to customers, including through mobile applications	<p>1. To improve the quality and expand the scope of remote banking services, ensure that all banks provide remote banking services to customers on terms more attractive than those for traditional banking services;</p> <p>2. Introduce a mechanism enabling commercial banks and payment organizations to generate electronic receipts through digital communication channels for payments made via their mobile applications;</p> <p>3. Develop and implement bank-specific target indicator plans aimed at significantly increasing customers' use of remote services.</p>	<p>Practical measures</p> <p>Target indicator plan</p>	Ongoing	<p>Central Bank, commercial banks, payment organizations</p> <p>Commercial banks, payment organizations</p> <p>Commercial banks</p>
12.	Developing a mechanism (procedure) for overseeing the operation of payment systems	Develop a draft regulatory legal act governing the mechanism for overseeing the operation of payment systems.	Regulatory legal act	2021 July	Central Bank
13.	Introducing a remote identification system for individuals in the banking system	1. Develop rules for customer due diligence without the customer's physical presence and the legal framework for remote customer identification;	Regulatory legal act	2021 June August 2021	Central Bank, State Personalization Center, Ministry for Development of Information

		<p>2. Complete the introduction of the remote identification mechanism for individuals;</p> <p>3. Expand the coverage of the remote identification system for individuals in the regions.</p>	<p>Software development</p> <p>Practical measures</p>	2021-2023	Technologies and Communications, commercial banks
14.	Expanding the use of innovative contactless payment technologies in the national payment infrastructure	<p>1. Promote and expand contactless payments through NFC-enabled devices at retail and service outlets throughout the Republic;</p> <p>2. Generate QR codes based on demand from retail and service outlets throughout the Republic in order to increase the inclusion and expand the use of payments made through the QR-online system, which enables payments in accordance with international EMV standards;</p> <p>3. Widely promote among the public the ability to make payments using NFC technology and the QR-online system.</p>	<p>Practical measures</p> <p>Schedule plan development</p>	2021-2023 years	<p>Central Bank, commercial banks</p> <p>Commercial banks</p>
15.	Taking measures to connect payment organizations directly to the Central Bank's clearing and settlement	<p>1. Develop technical specifications and technical guidelines;</p> <p>2. Connect the information systems of payment</p>	<p>Technical documents</p> <p>Connection to the system upon application</p>	<p>2021 April</p> <p>2021-2023 during</p>	Central Bank, commercial banks

	system against bank guarantees	organizations to the Central Bank's clearing and settlement system based on their applications.			
16.	Improving the qualifications of employees of commercial banks' structural units specializing in information technology, including through training at foreign educational institutions, and increasing the share of employees holding international IT and information security certificates	<ol style="list-style-type: none"> 1. Compile a list of employees of structural units specializing in information technology who will undergo professional development; 2. Conclude agreements with educational institutions for employee training; 3. Improve employees' knowledge and skills in modern information technologies, including arranging for them to obtain international IT and information security certificates. 	Practical measures	During 2021-2023	Central Bank, commercial banks
17.	Strengthening comprehensive information security and cybersecurity requirements in banks	<ol style="list-style-type: none"> 1. Create an effective mechanism for preventing information security and cybersecurity incidents in the banking and financial-credit sector, responding to such incidents, countering financial fraud and investigating it; 2. Establish a FinCERT center within the Central Bank to prevent and respond to 	Practical measures	<p>During 2021-2023</p> <p>December 2021</p>	<p>Central Bank, commercial banks</p> <p>Central Bank</p>

		<p>information security and cybersecurity incidents in the banking and financial-credit sector and to counter financial fraud;</p> <p>3. Conclude memoranda of understanding and cooperation with foreign organizations engaged in information security and cybersecurity in the banking sector and with computer incident response teams specializing in banking and finance.</p>	Memorandum of Understanding	During 2021-2023	
18.	Introducing a “loyal customer” program by banks	Commercial banks shall identify customers based on merchant category (MCC) codes when accepting bank card payments at retail and service enterprises and, on this basis, introduce a “loyal customer” software system.	Practical measures	During 2021-2022	Commercial banks, Unified Nationwide Processing Center, National Interbank Processing Center
19.	Enhancing the existing ATM infrastructure of banks with new banking services	Introduce new types of remote banking services through ATMs, including accepting deposits, repaying loans, obtaining overdraft loans, receiving account information and other services.	Practical measures	During 2021-2022	Commercial banks, Unified Nationwide Processing Center, National Interbank Processing Center

III. Improving financing for small business entities					
20.	Identifying opportunities to develop the factoring market and create an electronic factoring platform based on a study of foreign practices	<p>1. Study the problems (barriers) faced by banks in developing the factoring market and identify prospects for establishing specialized factoring companies.</p> <p>2. Study demand for an electronic factoring platform, its capabilities and advanced foreign experience in this area;</p> <p>3. Develop proposals for developing the factoring market and introducing electronic factoring.</p>	<p>Analytical materials</p> <p>Draft regulatory legal act</p>	<p>During 2021</p> <p>February 2022</p>	<p>Central Bank, Ministry of Finance, Agency for Small Business and Entrepreneurship Development, State Tax Committee, Chamber of Commerce and Industry, commercial banks</p>
21.	Further developing the leasing services market	Introduce amendments and additions to the Law of the Republic of Uzbekistan “On Leasing” providing for clear criteria for the concepts of financial lease and leasing.	Draft regulatory legal act	December 2021	<p>Ministry of Finance, Association of Lessors of Uzbekistan, Chamber of Commerce and Industry, Central Bank</p>
22.	Developing new approaches to risk assessment and modern credit products and services	1. Study foreign experience in using value-chain finance, contract finance (for contracts concluded on the basis of daily deliveries and future periodic deliveries), cash-flow-based lending and other alternative financing models, and the possibilities for applying them in the national banking and financial system;	Study Conclusion based on the results	October 2021	<p>Central Bank, Association of Banks of Uzbekistan, commercial banks, non-bank credit organizations, other relevant organizations</p>

		<p>2. Improve the knowledge and skills of employees of commercial banks and other financial service providers in this area;</p> <p>3. The Association of Banks of Uzbekistan and other relevant organizations shall develop new approaches to the development of the market for credit products and financial instruments and communicate their benefits to the general public.</p>	<p>Development of employee training Plans Media campaign and a set of similar measures</p>	<p>From December 2021 (according to the plan) Starting from 2022 (ongoing)</p>	
23.	Further improving the credit information exchange system	<p>1. Introduce relevant amendments and additions to the existing regulatory legal acts in order to further improve the credit information exchange system. In particular: submission by leasing and retail companies of credit history information to credit bureaus; enable credit bureaus, with the customer's consent, to provide credit history information to a third party without executing a credit agreement.</p> <p>2. Identify new data sources and determine measures to populate the database. Including:</p>	<p>Regulatory legal act</p> <p>Set of measures</p>	<p>2021 March</p> <p>2021 October- April 2022</p>	<p>Central Bank, Association of Lessors of Uzbekistan,</p> <p>Credit bureaus, Ministry for Development of Information</p>

		<p>information from the Cadastral Agency under the State Tax Committee of the Republic of Uzbekistan on real estate owned by legal entities and individuals and restrictions imposed thereon;</p> <p>payment transfers of individuals through payment systems (Uzcard, Humo and others);</p> <p>application of the Personal Identification Number of an Individual to all subscribers of telecommunications operators.</p>			<p>Technologies and Communications, State Committee Yergeodezkadastr”, payment system operators, Central Bank</p>
24.	<p>Creating a legal framework enabling applicants engaged in retail financing through project crowdfunding to establish and operate their own open electronic platform within the Central Bank’s “regulatory sandbox” regime (on a pilot basis)</p>	<p>Apply the “regulatory sandbox” regime to financing business projects through a crowdfunding mechanism, including defining the concepts of “backer” (an investor in crowdfunding), “organization providing crowdfunding arrangement services” and “smart contract”, and establishing the areas and purposes suitable for an initial pilot of financing through this mechanism, as well as limits on other relevant matters.</p> <p>Particular attention shall be paid to establishing and</p>	<p>Practical measures</p>	<p>January February 2022</p> <p><i>(after adoption of the relevant law)</i></p>	<p>Central Bank, relevant ministries and agencies</p>

		continuously improving minimum requirements for ensuring the secure operation of the crowdfunding electronic platform, project selection criteria, and procedures for providing transparent, clear and reliable information on the probability of insolvency (failure), financial risks and potential costs.			
25.	Raising awareness of factoring and leasing services as useful financial instruments among small businesses and financial organizations and stimulating interest in them	<ol style="list-style-type: none"> 1. Develop a program to raise public awareness and literacy in this area; 2. Train trainers and prepare handouts, videos and banners. Approve measures for conducting training seminars in all regions; 3. Conduct various activities to inform the general public about factoring and leasing and their benefits. This shall include organizing conferences, meetings and exhibitions with the participation of international experts and promoting the development of this area through various events among successful financial institutions sponsored by international financial 	<p>Training program</p> <p>Schedule of training seminars</p> <p>Media campaign and a set of similar measures</p>	<p>February 2022</p> <p>May 2022</p> <p>Starting from September 2022</p>	<p>Entrepreneurship Development Agency,</p> <p>Chamber of Commerce and Industry,</p> <p>Association of Banks of Uzbekistan,</p> <p>commercial banks,</p> <p>Association of Lessors</p>

		institutions and other organizations.			
IV. Strengthening the protection of the rights of consumers of financial services					
26.	Developing rules on the protection of the rights of consumers of financial services and introducing the concept of a “protected consumer”	Develop a draft law introducing the concept of a “protected consumer” into legislation.	Draft amendments and additions to the Law	November 2021	Central Bank, Consumer Rights Protection Agency
27.	Introducing disclosure of the total cost of credit	1. Develop a draft regulatory legal act providing for additions requiring credit organizations to calculate the total cost of credit using a standard formula; 2. Submit the draft document to the Ministry of Justice for state registration.	Draft regulatory legal act	June 2021	Central Bank
28.	Introducing comparable standardized material facts (a key facts sheet) for retail financial products that are uniform for all credit organizations	1. Prepare a proposal for amendments to regulatory legal acts; 2. Register the regulatory document with the state in accordance with the established procedure.	Draft regulatory legal act	July 2021	Central Bank
29.	Creating a single online platform aimed at disclosing information on financial services of credit organizations	1. Prepare technical specifications for creating a single online platform enabling individual consumers to select the type of loan or deposit they require;	Electronic information system	October 2021	Central Bank, commercial banks

		2.Put the single online platform into operation.			
30.	Developing a new rule on the order of satisfying claims relating to monetary obligations of individuals to credit organizations (Article 248 of the Civil Code)	<p>1. Develop a draft law providing that, where an amount paid by an individual is insufficient to fully discharge a loan (excluding loans related to entrepreneurial activity) or a microloan owed to a credit organization, the debt to the creditor shall be repaid in the following order:</p> <ol style="list-style-type: none"> 1) overdue principal debt; 2) overdue interest payments; 3) principal debt for the current period; 4) interest accrued for the current period; 5) penalties (fine, late-payment penalty); 6) other expenses of the creditor related to debt recovery. <p>2. Coordinate this draft law with the relevant state authorities;</p> <p>3. Submit the draft law to the Cabinet of Ministers.</p>	Draft Amendments and additions to the Law	2022 January	Central Bank
31.	Introducing a mechanism for credit organizations to pay penalties to consumers whose rights have been violated	Develop a draft of relevant amendments and additions to legislation introducing a rule under which a credit	Draft amendments and additions to the Law	December 2021	Central Bank, Consumer Rights Protection Agency

		organization shall, pursuant to a court decision, pay a penalty to an individual depositor or borrower if their rights are violated in connection with deposit operations or consumer or mortgage lending operations.			
32.	Introducing responsible lending procedures in credit organizations	Amend regulatory legal acts to establish the responsibility of credit organizations for ensuring that financial products are developed and provided with due regard to the needs and capabilities of consumers.	Regulatory legal act	December 2021	Central Bank, credit organizations
33.	Developing a draft Law “On the Financial Ombudsman” providing for the establishment and operation of an alternative out-of-court dispute resolution body in the financial sector	<ol style="list-style-type: none"> 1. Develop the relevant draft law; 2. Coordinate the draft law with authorized state bodies, including the Chamber of Commerce and Industry; 3. Submit the draft law to the Cabinet of Ministers. 	Draft Law of the Republic of Uzbekistan	December 2023	Central Bank, Ministry of Finance, Consumer Rights Protection Agency, Chamber of Commerce and Industry
34.	Improving supervision over interactions between credit organizations and consumers of banking services	Regularly carry out supervisory activities to ensure that credit organizations comply with the requirements applicable to their interactions with consumers of banking services and remedy deficiencies identified in their	Practical measures	Starting from 2021	Central Bank

		operations. In order to verify that identified deficiencies have been remedied: conduct supervisory activities at credit organizations; conduct surveys among consumers of banking services; analyze appeals received by the Central Bank.			
35.	Introducing risk-based supervision by the Central Bank in the area of protecting the rights of consumers of financial services	1. Within the Central Bank's supervisory mandate, develop a procedure for ongoing supervision of the consumer protection system (Guidelines for Supervision in the Area of Protecting the Rights of Consumers of Financial Services), taking into account credit organizations and payment service providers; 2. Introduce supervisory tools (targeted data collection, preparation of thematic reviews, mystery shopping, customer surveys and analysis of customer appeals).	Resolution of the Board of the Central Bank	April 2022	Central Bank
36.	Aligning national legislation on the protection of the rights of consumers of financial services with advanced foreign practice and introducing advanced	1. Review national legislation in cooperation with experts of the Alliance for Financial Inclusion (AFI); 2. Develop proposals for legislative amendments aimed	Analytical materials Draft regulatory legal act	2021 December	Central Bank

	international standards in this area	at improving the system for protecting the rights of consumers of financial services.			
37.	Introducing the practice of consultative discussions among authorized state bodies in the area of protecting the rights of consumers of financial services	<ol style="list-style-type: none"> 1. Organize discussions on improving and supervising the system for protecting the rights of consumers of financial services; 2. Develop proposals based on the results of the discussions; 3. Submit these proposals to the authorized state bodies. 	Practical measures	Starting from 2021 (quarterly)	Consumer Rights Protection Agency, Central Bank, Ministry of Finance, Business Ombudsman, Chamber of Commerce and Industry
38.	Establishing cooperation with non-governmental organizations in the area of consumer rights protection	<ol style="list-style-type: none"> 1. Develop proposals to raise consumers' awareness of their rights and to identify and eliminate unfair business practices; 2. Review these proposals jointly with non-governmental non-profit organizations and determine relevant measures based on the results. 	Practical measures	2021 Starting from July	Central Bank, non-governmental non-profit organizations
V. Improving the financial literacy of the population and entrepreneurs					
39.	Improving the financial literacy of students in educational institutions	1. Develop the "Fundamentals of Financial Literacy" study guide and introduce a special course into the curricula of higher educational institutions in non-economic fields and secondary specialized educational institutions;	Study guide, curriculum	September 2022	Central Bank Ministry of Higher Education Ministry of Public Education

		2. Implement pilot projects in selected cities of the Republic to develop a financial literacy curriculum and study guide for general education institutions.	Study guide, curriculum	September 2023	Ministry of Public Education, State Inspectorate for Supervision of Quality in Education Central Bank
40.	Improving the financial literacy of children and youth	<p>1. Organize financial literacy education campaigns, seminars and training sessions;</p> <p>2. Encourage children and youth to participate in international education campaigns such as “World Savings Day” and “Global Money Week”;</p> <p>3. Include questions on finance and banking in the test questions used in academic competitions;</p> <p>4. Organize educational activities to improve financial literacy at children’s camps.</p>	Set of measures	On an ongoing basis	Central Bank, Ministry of Higher Education Ministry of Public Education Ministry of Finance (Insurance Market Development Agency) Banking and Finance Academy, commercial banks, relevant agencies and organizations
41.	Improving the financial literacy of the population over 18 years of age	<p>1. Organize educational activities to improve the financial literacy of adults (thematic fairs and activities within international education campaigns);</p> <p>2. Conduct club discussions for a broad audience with the involvement of bloggers and influencers.</p>	Set of measures Practical measures	Regularly	Ministry for Support of Mahalla and Family, Citizens’ self-governing bodies, Agency for Youth Affairs (volunteers), Central Bank, Ministry of Finance Insurance Market Development Agency

					under the Ministry of Finance, Ministry of Finance, commercial banks, relevant ministries, agencies and organizations
42.	Improving the financial literacy of migrants	<p>1. Develop educational programs and information materials for migrants and their families (using financial services abroad, interacting with foreign financial organizations, safe remittances and income management);</p> <p>2. Implement educational programs conducted by training centers on the fundamentals of entrepreneurship and preparation of persons wishing to work abroad;</p> <p>3. In cooperation with international organizations and foreign banks, as well as local banks and financial service providers, develop and implement projects for migrants on using financial services abroad.</p>	<p>Training program, information materials</p> <p>Set of measures</p> <p>Set of measures</p>	Starting from May 2021	<p>Ministry of Employment and Labor Relations, Agency for External Labor Migration, Ministry for Support of Mahalla and Family, Central Bank, Ministry of Finance Insurance Market Development Agency under the Ministry of Finance, Ministry of Finance, Agency for Small Business and Entrepreneurship Development, Commercial banks Higher School of Business and Entrepreneurship</p>
43.	Improving the financial literacy of entrepreneurs	1. Conduct thematic training for business entities on business establishment,	Practical measures	2021-2022 during	Agency for Small Business and Entrepreneurship

		<p>registration, account management and business plan preparation;</p> <p>2. Develop thematic video lectures for business entities on investing in securities and using insurance products;</p> <p>3. Organize professional development and experience-exchange programs for young entrepreneurs.</p>	<p>Video lectures</p> <p>Set of measures</p>	<p>Regularly</p> <p>2021-2023 years during</p>	<p>Development, relevant ministries and agencies</p> <p>Ministry of Finance, Ministry of Finance Insurance Market Development Agency under the Ministry of Finance, commercial banks, relevant ministries and agencies</p> <p>Agency for Youth Affairs,</p>
44.	Improving women's financial and entrepreneurial literacy	<p>1. Publish articles in women's magazines and newspapers on household budgeting, the rights of consumers of financial services, and the use of banking and financial services, and develop handout materials;</p> <p>2. Train leading women as trainers and consultants to conduct educational activities and provide financial advice and guidance to consumers of financial services;</p> <p>3. Organize financial literacy training sessions at the "Ishga Marhamat" monocenters aimed at preparing women for</p>	<p>Information materials</p> <p>Practical measures</p> <p>Practical measures</p>	Starting from May 2021	<p>Ministry of Employment and Labor Relations, Ministry of Economic Development and Poverty Reduction, Ministry for Support of Mahalla and Family, Central Bank</p> <p>Higher School of Business and Entrepreneurship, Regional "Ishga Marhamat" monocenters</p> <p>Agency for Small Business and Entrepreneurship Development, Higher</p>

		<p>employment and entrepreneurship;</p> <p>4. In cooperation with the responsible ministries, organize training courses for women entrepreneurs to develop the knowledge and skills needed to start and grow a new business.</p> <p>5. Establish a working group (taskforce committee) on improving women's financial literacy, composed of leaders of relevant ministries and agencies, including governmental and non-governmental organizations.</p>	<p>Practical measures</p> <p>Composition of the working group</p>		<p>School of Business and Entrepreneurship Ministry for Support of Mahalla and Family, Association of Business</p> <p>Women, relevant ministries and agencies</p>
45.	Improving financial literacy through information channels and mass media.	<p>1. Regularly improve the Central Bank's financial literacy information and educational website (Finlit.uz);</p> <p>2. In cooperation with television, radio and online media, integrate financial literacy topics into relevant television programs and create public-service videos;</p> <p>3. Work with regional television channels to promote financial literacy;</p> <p>4. Introduce a "Financial Literacy in the Mass Media"</p>	<p>Practical measures</p> <p>Television programs and videos</p> <p>Practical measures</p>	<p>Ongoing</p> <p>Regularly</p> <p>Annually</p>	<p>Central Bank, Ministry of Finance, Insurance Market Development Agency Agency for Information and Mass Communications, National Television and Radio Company of Uzbekistan, Central Bank, Ministry of Finance, Insurance Market Development Agency, Agency for Small Business and</p>

		category in the national “Oltin Qalam” competition.			<p>Entrepreneurship Development, Consumer Rights Protection Agency</p> <p>Creative Union of Journalists of Uzbekistan</p>
46.	Improving digital financial literacy	<p>1. Develop online materials on the safe and effective use of digital technologies and services and publish them on the Finlit.uz website;</p> <p>2. Develop financial literacy software products in educational and entertainment formats for different age groups (online games, mobile applications, etc.).</p>	<p>Information materials</p> <p>Software products</p>	<p>Ongoing</p> <p>During 2022</p>	<p>Central Bank, Ministry for Development of Information</p> <p>Technologies and Communications</p>

47.	Assessing young people's financial literacy using the experience of the Programme for International Student Assessment (PISA)	<p>1. Conduct negotiations with experts of the Organisation for Economic Co-operation and Development regarding Uzbekistan's participation in the next PISA study in 2025 and the inclusion therein of an assessment of the financial literacy of 15-year-old students.</p> <p>2. Following the negotiations, sign an agreement between the State Inspectorate for Supervision of Quality in Education and the Organisation for Economic Co-operation and Development.</p> <p>3. Make the financial payments required for participation in the next PISA study, including the financial literacy component.</p>	Written information	2022 June	State Inspectorate for Supervision of Quality in Education, Ministry of Public Education, Central Bank
			Agreement	December 2022	State Inspectorate for Supervision of Quality in Education
			Payment	In stages starting from 2022	Central Bank

VI. Monitoring and evaluating implementation of the National Strategy

48.	Introducing a system for assessing and monitoring the financial literacy level of the population	With technical assistance from international financial institutions, develop a methodology for assessing the financial literacy level of the population and conduct surveys among the population	Methodology development and research	2021-2022	Central Bank, Statistics Committee
49.	Establishing the exchange of experience with central banks	With technical assistance from the Alliance for Financial	Experience-exchange visits	During 2021-2023	Central Bank

	of foreign countries in monitoring and evaluating implementation of the National Strategy	Inclusion, exchange experience with Alliance member countries on monitoring and evaluating implementation of the National Strategy			
50.	Developing a data infrastructure for financial inclusion	<ol style="list-style-type: none"> 1. In cooperation with the State Statistics Committee, establish surveys among the population to study financial inclusion; 2. Enable data on legal entities that have received loans in the Central Bank's State Register of Credit Information to be generated by large and small business segments; 3. Establish the generation of data by age and sex on individuals who are customers of commercial banks by creating a centralized database at the Central Bank; 4. Publish indicators of financial inclusion. 	<p>Practical measures</p> <p>Practical measures</p> <p>Practical measures</p> <p>Practical measures</p>	<p>Ongoing</p> <p>May 2021</p> <p>July 2021</p> <p>Periodically</p>	Central Bank, State Statistics Committee
51.	Creating the Central Bank's Unified Data Warehouse and introducing a business intelligence system	<ol style="list-style-type: none"> 1. Study and analyze international experience; 2. Conduct negotiations with leading information system development companies and obtain their commercial proposals; 3. Put the information system into operation. 	Set of measures	December 2022	Central Bank

**TARGET INDICATORS FOR THE IMPLEMENTATION OF THE NATIONAL
STRATEGY FOR ENHANCING FINANCIAL INCLUSION**

No	Name of indicator	Unit	Current state	Target for 2023
1.	Share of the adult population holding at least one bank account in the total adult population*	%	36	50
2.	Share of administrative-territorial units with an adult population of more than 5,000 that have at least one banking-service point	%	57.7	70
3.	Share of cashless G2P payments (wages, pensions, stipends and other payments equated to them paid to the population)	%	73	90
4.	Number of users of online banking services (legal entities and individuals)	mln persons	14.6	16
5.	Number of ATMs	thousand units	6.55	9.0
6.	Number of info-kiosks	thousand units	5.25	7.0
7.	Number of POS terminals	thousand units	438.4	580.0
8.	Number of active bank cards in circulation	mln units	25.8	30.0
9.	Number of entrepreneurial entities accepting modern contactless QR-code payments	thousand units	60.2	100.0
10.	Number of electronic wallets	mln units	1.5	3.0
11.	Amount of transactions carried out through electronic money	bln soum	22.3	100.0
12.	Number of bank accounts opened through E-KYC	mln units	0	1.0
13.	Number of transactions carried out through bank cards	mln units	632	1,000
14.	Amount of transactions carried out through bank cards	trln soum	134.37	225.0
15.	Share of credits allocated to small business entities in total allocated credits	%	38	45

16.	Share of small business entities that obtained credit from banks or credit lines	%	22	25
17.	Number of adults that obtained credit from banks or credit lines	mln persons	2.9	3.5
18.	Share of the adult population that obtained credit from banks or credit lines	%	13.2	15
19.	Number of existing financial services that have a “key facts sheet”	units	0	4
20.	Number of thematic studies conducted annually by the Central Bank on the rights of financial-services consumers	units	1	4
21.	Number of bank services that can be compared on the Central Bank website (www.finlit.uz)	units	0	10
22.	Share of the adult population with minimal financial knowledge in the total adult population*	%	23	30
23.	Number of visitors to the www.finlit.uz information-education website intended by the Central Bank for the adult population and entrepreneurs	thousand units	1.0	5.0
24.	Number of educational institutions covered by international educational measures	units	253	400
25.	Number of population covered within international educational measures	thousand persons	20.0	40.0

* *These indicators are determined through surveys.*