THE CENTRAL BANK
OF REPUBLIK
OF UZBEKISTAN

ANNUAL REPORT
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Tashkent, 2025

ACRONYMS

ACCA	Association of Chartered Certified Accountants
AFI	Alliance for Financial Inclusion
ARIMA	Autoregressive integrated moving average *(Econometric model)*
BigTech	Big technological companies
CFA	Chartered Financial Analyst
CIR	Cost to income ratio
DSGE	Dynamic stochastic general equilibrium model
DSTI	Debt service-to-income
ESG	Environmental, social, and governance
IPO	Initial Public Offering
LCR	Liquidity coverage ratio
LTV	Loan-to-value ratio
MIDAS	Mixed-data sampling *(Econometric model)*
NFC	Near field communication
NPL	Non-performing loan
NSFR	Net stable funding ratio
OTP	One time password
PMI	Purchasing Managers' Index
PwC	"PricewaterhouseCoopers" international audit organisation
ROA	Return on assets
SupTech	Effective and high-tech control system in the Central bank
JSO	Joint-stock organisation
JSICB	Joint-stock innovation commercial bank
JSC	Joint-stock commercial
JSCB	Joint-stock commercial bank
JSCMB	Joint-stock commercial mortgage bank
UN	United Nations
GS	Government securities
EBRD	European Bank for Reconstruction and Development
CPI	Consumer price index
PPI	Producer price index
CIAC	"Credit information analysis center" credit bureau LLC
VAT	Value added tax

FSB	Financial Stability Board
PSA	Production Sharing Agreement
MUNIS	Clearing settlement system of the Central bank
IFRS	International Financial Reporting Standards
LLC	Limited Liability Company
NBCO	Non-bank credit organization
OPMS	Online price monitoring system
MM	Mass media
OPEK+	The Organization of the Petroleum Exporting Countries
SDR	Special Drawing Rights
FATF	Financial Action Task Force
FRS	Federal Reserve System (USA)
PJSB	Private joint-stock bank
PJSCB	Private joint-stock commercial bank
IMF	The International Monetary Fund
IFI	International financial institutions
WLO	World Labour Organisation
HLA	High liquid assets
GDP	Gross domestic product

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INTRODUCTION

As part of its activities in 2024, the Central Bank placed a strong focus on several key priority areas, including:

mitigating inflationary pressure from aggregate demand by promoting balanced macroeconomic conditions, encouraging household saving behavior, and ensuring that the medium-term inflation target remains within reach;

optimizing the financial stability indicators of the banking system, minimizing the potential impact of emerging risks, and strengthening the overall resilience and soundness of banks;

preventing cyber threats and fraud in banking services and payment operations, with a focus on enhancing digital security and public trust in financial infrastructure.

Although the overall inflation rate reached its lowest level in recent years during March-April of the reporting year — primarily due to a decline in core inflation — a noticeable increase was recorded in the second quarter. This uptick was driven by the liberalization of energy prices and the introduction of value-added tax *(VAT)* on medical services and pharmaceuticals.

In the second half of the year, inflation showed a moderately downward trend, ending the year at **9.8** percent year-on-year. Excluding the initial impact of energy price increases, underlying inflation stood at 6.3 percent.

Taking into account the expected inflation path and a reduction in inflationary risks, the policy rate was cut from 14 percent to **13.5** percent in July and remained unchanged at that level for the rest of the year.

The decision to keep the key policy rate unchanged, along with the onset of a downward inflation trend starting in October, contributed to the formation of positive real interest rates in the money market, ranging from 2.2 percent to **5.1** percent, thereby maintaining relatively tight monetary conditions in the economy.

Amid an increase in system-wide liquidity in the banking sector, demand for the Central Bank’s liquidity absorption operations rose in 2024, while demand for liquidity provision operations remained relatively stable.

Specifically, in 2024, the Central Bank’s average monthly volume of liquidity absorption operations stood at UZS 4 trillion, whereas liquidity provision operations to banks averaged around UZS 1.1 trillion per month.

To mitigate potential pressure from excess liquidity accumulated in the banking system between June and December 2024 on money market interest rates and inflation, the Central Bank issued bonds totaling UZS 17 trillion.

In 2024, the volume of money market operations increased by 31 percent compared to 2023, reaching UZS 507 trillion. At the same time, a continued decline was observed in deposit operations, whose total volume contracted by 25 percent, while REPO transactions surged by a factor of 3.6.

As a result, REPO operations accounted for 54 percent of total money market activity. The volume of government securities in circulation more than doubled during the year and stood at UZS 44 trillion by end-2024.

Throughout 2024, the Central Bank placed strong emphasis on enhancing the operational framework of monetary policy, strengthening the transmission mechanism, ensuring effective liquidity management, and supporting proper interest rate formation in the money market.

To this end, daily overnight deposit placements were conducted at the lower bound of the policy rate, and weekly deposit auctions were held on Thursdays at the main policy rate with no volume limits to regulate systemic liquidity.

Effective July 1, 2024, the required reserve ratio on foreign currency deposits was reduced from 18 percent to 14 percent, while the averaging ratio was increased from 80 percent to 100 percent. As a result of these adjustments, banks gained access to **an additional UZS 3 trillion in liquidity**, enhancing their capacity to support lending and financial intermediation.

To promote greater transparency in the financial market and encourage investment activity, the Central Bank introduced the practice of calculating and regularly publishing **the government securities yield curve**. This tool enables market participants to analyze the relationship between borrowing maturities and interest rates and to incorporate macroeconomic expectations into their decision-making processes.

Throughout 2024, commercial banks continued to play a pivotal role in supporting business activity, financing investment projects, and fostering employment, thereby contributing to income growth through job creation.

In the reporting year, the volume of newly issued loans to the real sector and households increased by UZS 35.8 trillion compared to 2023, reaching UZS **287.1** trillion. The total stock of loans to the economy grew by 14 percent, amounting to UZS **566.2** trillion.

As of the end of 2024:

The outstanding loan portfolio provided to business entities stood at UZS 389.8 trillion;

The loan portfolio to households totaled UZS 176.3 trillion.

Compared to 2023, these figures represent growth of 11.8 percent and 18.9 percent, respectively.

In terms of sectoral credit allocation, the largest share of credit resources was directed to the industrial sector, accounting for 26.4 percent of the total. The trade and food services sector received 13.4 percent, followed by agriculture with 7.1 percent, construction with 2.8 percent, and transport and communications with 2.5 percent.

In 2024, as part of its macroprudential policy, the Central Bank prioritized efforts to safeguard the financial stability of the banking sector. Key areas of focus included the strengthening of capital and liquidity buffers to enhance resilience against potential risks, improving the quality of loan portfolios, addressing vulnerabilities in credit risk management, and closely monitoring the financial condition of major borrowers.

A liquidity stress test was conducted across the banking system to assess potential liquidity risks and their impact on the financial stability of banks. The testing framework incorporated both baseline and adverse scenarios.

To improve credit portfolio quality and minimize the risk of loan defaults, the Central Bank continues to enhance analytical oversight of bank credit portfolios — disaggregated by bank, region, sector, and borrower segment.

In parallel, measures are being taken to ensure the formation of adequate capital buffers and to align banks' authorized capital with legal requirements. Notably, the authorized capital of 14 banks has been increased to UZS 500 billion.

To strengthen risk-based supervision, a Financial Sector Assessment Program *(FSAP)* was conducted with the support of the World Bank and the International Monetary Fund. As part of this initiative, the country's banking supervisory framework was assessed for its compliance with the Basel Core Principles.

To enhance the management of key risks critical to the resilience of the banking sector, a new supervisory practice was introduced: analyzing the impact of the **top 50** largest borrowers on the financial health of banks. This approach has enabled supervisors to regularly assess the potential risk exposure within banks' credit portfolios.

As part of ongoing supervisory activities, risk profiles of an additional 14 commercial banks were evaluated using a methodology piloted earlier with four banks. Based on the results, banks received targeted recommendations and regulatory instructions to address identified vulnerabilities.

In addition, enforcement measures were applied to banks and microfinance institutions found to be in breach of legal and regulatory requirements — including the suspension of certain operations and the imposition of financial penalties.

In particular, for violations of applicable legislation — including foreign exchange regulations, anti-money laundering *(AML)* and counter-terrorist financing *(CTF)* standards, as well as prudential requirements — administrative penalties totaling UZS 16.6 billion were imposed on 28 commercial banks and 24 microfinance institutions.

During the reporting year, capital adequacy requirements for commercial banks were revised to expand lending opportunities for self-employed individuals and small business entities. As part of these regulatory amendments, **the risk weight** applied by banks to microfinance services provided to these borrowers was reduced from 100 percent to 75 percent.

To ensure the timely identification and mitigation of risks in the consumer credit market, ongoing analysis is conducted on the quality of mortgage loans, auto loans, and microloans issued to the population. Particular attention is paid to changes in loan performance, risk assessments, and the identification of potentially problematic loans.

The analysis revealed that certain banks exhibit a high concentration of specific types of retail loans in their credit portfolios. Accordingly, measures have been introduced to reduce credit risk within the banking system and diversify loan portfolio structures.

Notably, in 2025, banks with a significant share of microloans extended to individuals will be subject to targeted risk mitigation measures. It was also decided that resources freed from this segment will be reallocated — with priority — to the **financing of small businesses**.

In the course of assessing capital adequacy, it was determined that the risk weights applied to mortgage and auto loans issued to individuals will be calibrated based on two key indicators: the Debt-Service-to-Income *(DSTI)* ratio and the Loan-to-Value *(LTV)* ratio. For other types of consumer credit, risk levels will be calculated solely on the basis of the DSTI ratio.

As part of efforts to enhance borrower-based macroprudential tools, aimed at preventing excessive household indebtedness and mitigating credit risks in banks, microfinance institutions *(MFIs)*, and pawnshops, a new regulatory threshold will come into effect from January 1, 2025 — the maximum DSTI ratio for new loans will be reduced to 50 percent.

Additionally, to further contain risks related to household debt, a policy of assigning higher risk weights in exceptional cases has been introduced for certain loans issued by banks.

During the reporting period, a number of regulatory and institutional measures were also implemented to develop the microfinance sector, expand access to microfinance services for entrepreneurs, and meet the growing demand for financial services across the regions.

In particular, a new draft law “On Non-Bank Credit Institutions and Microfinance” was adopted, under which the maximum amount of microloans available to individuals was increased from UZS 50 million to 100 million.

In 2024, a new **factoring-based financing mechanism** was introduced to support the working capital needs of small and medium-sized enterprises *(SMEs)*, using movable property as collateral.

Since September 2024, **digital factoring platforms** have become operational, enabling entrepreneurs to access relevant services remotely, without needing to visit commercial banks in person.

In 2024, the total volume of factoring services provided reached UZS 1.9 trillion, of which UZS 1.6 trillion *(85%)* was accounted for by commercial banks, and UZS 0.3 trillion *(15%)* by microfinance institutions.

As part of efforts to ensure the smooth operation of payment systems and further develop their infrastructure, particular attention was paid to expanding cashless payments and mitigating cybersecurity threats and fraud risks that pose challenges to financial stability.

To support the continuity of payments within the banking system and maintain liquidity among commercial banks, the Central Bank extended the operational hours of its interbank payment system for electronic settlements.

According to the updated schedule:

Electronic payment documents may now be submitted between 08:00 and 17:00;

Interbank money market transactions can be processed from 17:00 to 17:30;

Monetary policy operations between the Central Bank and commercial banks are permitted from 17:00 to 18:00.

As of January 1, 2025, the number of commercial banks utilizing Face ID technology reached 28, while the number of licensed payment organizations using digital identification rose to 15. The total number of clients verified through digital ID in mobile applications of banks and payment providers increased by 5.4 million, reaching 12.2 million users by the end of the reporting year.

To combat fraud related to online loans *(microloans)*, a temporary procedure was introduced requiring mandatory re-verification of a client's identity **within 48 hours after the initial application.** This measure aims to prevent fraudulent actors from gaining access to online lending services.

Under the new restrictions, which came into effect in November 2024, loan disbursements totaling UZS 304.1 billion across 28,138 cases were suspended due to clients failing to complete the additional identification process. The withheld funds were returned to the respective credit institutions.

In 2024, following timely responses to citizen complaints involving fraudulent transactions via bank cards, the Central Bank successfully blocked funds totaling UZS 9.5 billion.

To enhance the detection and prevention of suspicious transactions via bank cards, the Central Bank launched a centralized anti-fraud service in pilot mode, which currently connects 34 commercial banks and 9 payment institutions.

In parallel, the Central Bank has intensified efforts to modernize its operations and enhance the digital infrastructure of the financial sector. This includes accelerating the integration of information systems and the adoption of advanced technological solutions.

Notably, pursuant to Resolution No. 251 of the Cabinet of Ministers of the Republic of Uzbekistan dated April 30, 2024, titled *"On Additional Measures to Ensure Repatriation of Assets from Foreign Trade Operations and Fulfillment of Tax Obligations"*, the **E-Contract** system of the relevant government agency was successfully integrated with the information systems of commercial banks.

An information exchange mechanism has been successfully established between the **"Remote Audit"** automated information system of the Accounts Chamber of the Republic of Uzbekistan and the information systems of the Central Bank.

To support in-depth analysis, the Central Bank has acquired the Matrix BI analytical software suite, which provides access to the State Credit Information Registry database and offers advanced tools for data processing. As part of this project, custom software modules were developed to enable automated generation of reports and analytical outputs. These modules have been fully integrated into the Matrix BI system and are now in operational use.

In addition, data processing, report generation, and dashboard creation are actively carried out using the Qlik Sense business intelligence platform, which is fully integrated with the Central Bank’s information systems and databases.

During the reporting year, particular emphasis was placed on studying international best practices in consumer protection in financial services, and on enhancing relevant mechanisms in collaboration with international experts. Special attention was also given to improving how banks handle customer complaints and inquiries.

To strengthen the accountability of commercial banks in this area, minimum requirements for customer service operations were reviewed and improved. The newly introduced rules and standards aim to ensure high-quality and efficient handling of customer feedback, as well as systematic analysis of complaints to identify underlying causes of dissatisfaction and address structural issues in banking operations.

The Central Bank also continued to advance work in other key areas, including:

protection of bank deposits,

promotion of financial literacy, and

enhancement of access to financial services.

Subsequent sections of this report provide detailed information on these and other initiatives undertaken in 2024 across the banking system, as well as updates on the fulfillment of the Central Bank’s statutory responsibilities under current legislation.

I. MACROECONOMIC ENVIRONMENT IN 2024: DOMESTIC AND EXTERNAL FACTORS

1.1. Developments in Domestic Economic Conditions

1.1.1. Key Factors Providing Financial Support to the Economy

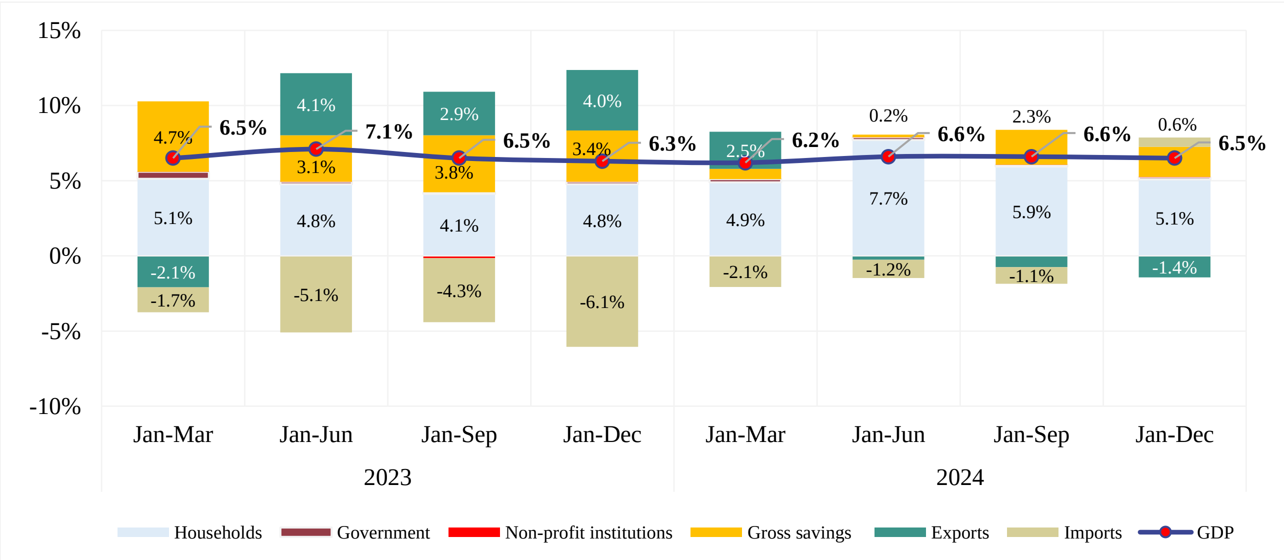
In the reporting year, policy priorities in financing the economy continued to focus on expanding sustainable sources of household income. This, in turn, supported a substantial increase in household consumption expenditure and became one of the main drivers of GDP growth from the expenditure side.

GDP grew by **6.5** percent in 2024, with the pace of final consumption accelerating from 5.9 percent in 2023 to **6.4** percent. Household spending rose from 7.0 to **7.5** percent, while gross fixed capital formation increased markedly from 23.4 to **27.6** percent.

It is noteworthy that the share of household consumption in GDP remained broadly stable at about **67** percent, while its contribution to overall GDP growth increased from 4.8 percentage points in 2023 to **5.1 percentage points** in 2024.

Figure 1.1.1.1

Contribution of GDP components (measured by the expenditure approach) to economic growth



Source: National Statistics Committee; and Central Bank staff calculations.

In 2024, investment contributed **2 percentage points** to GDP growth, reflecting sustained investment activity in the country and the implementation of measures aimed at fostering a more favorable business environment.

A slowdown in import growth provided a **positive contribution of 0.6 percentage points** to GDP growth in 2024, compared to a **negative contribution of –6.1 percentage points** in 2023.

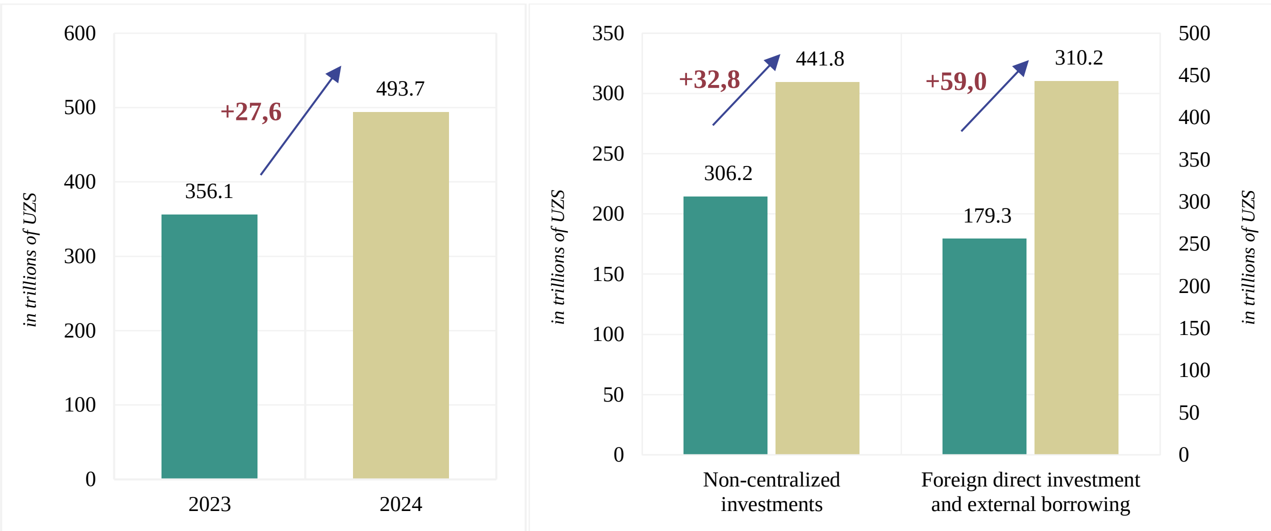
The contribution of government spending to economic growth remained stable at around **0.1-0.5 percentage points**, indicating the pursuit of a balanced fiscal policy.

Overall, despite ongoing challenges in the global economy — including increased demand for external financing and intensified competition for such resources — **private investment, government spending, and credit expansion** continued to serve as the main drivers of demand-side support for economic activity in 2024.

During the reporting year, total investment from all financing sources reached UZS **493.6** trillion, exceeding the 2023 level in real terms by **27.6** percent. The bulk of this increase was driven by a **32.8** percent **rise in non-centralized** investments, which amounted to UZS **441.8** trillion compared to the previous year.

Figure 1.1.1.2

Changes in investments in fixed capital



Source: National Statistics Committee.

In the reporting year, the share of **centralized investment** in total fixed capital formation declined from 14 percent in 2023 to 10.5 percent, while the share of **non-centralized investment** increased from 86 percent to 89.5 percent. Despite the moderation in the real growth of centralized investment, allocations through the Reconstruction and Development Fund rose by **nearly 1.6 times**.

The expansion of non-centralized investment was largely supported by a **59** percent increase in foreign direct investment and external borrowing. Against the backdrop of continued uncertainty in the global economy, the cost of financial resources increased in 2024, with capital flows primarily being reallocated toward advanced economies.

In this context, measures to secure financing for the economy and sustain growth were implemented within established budgetary parameters. In particular, priority was given to financing **state-targeted programs** through budgetary resources.

As a result, the state budget deficit stood at 3.3 percent of GDP in 2024, lower by UZS 11.4 trillion compared to 2023. The conduct of a procyclical fiscal policy had a positive effect in supporting relatively tight monetary conditions and strengthened coordination between fiscal and monetary policy instruments.

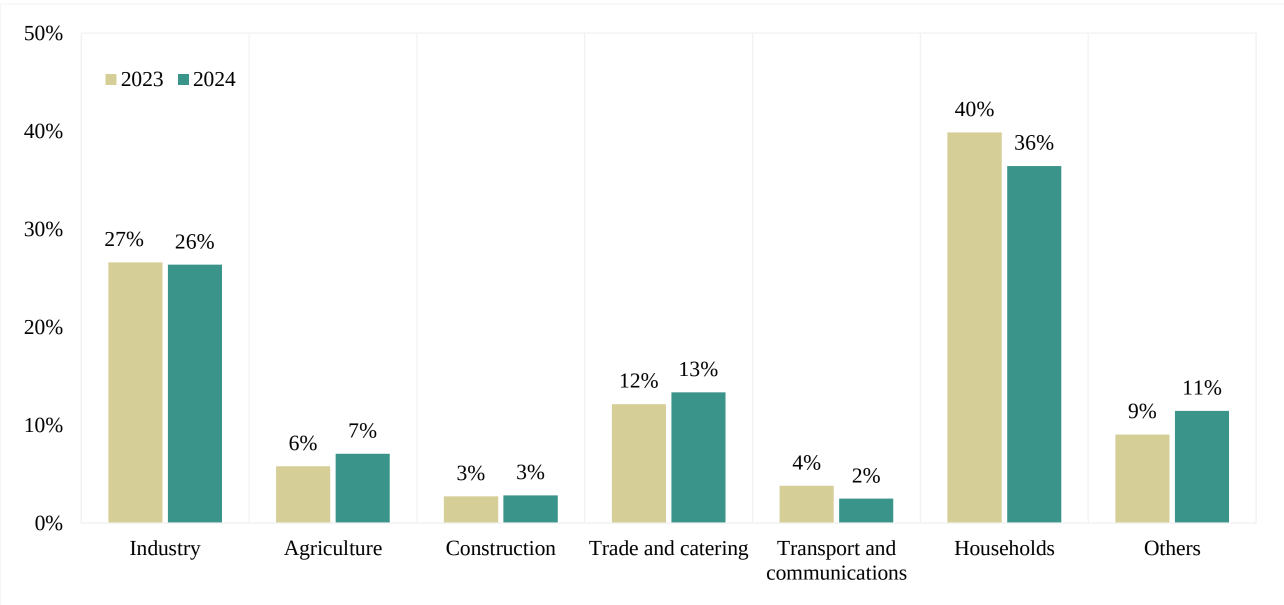
During the reporting year, consolidated expenditures of the state budget and targeted funds increased by 11.3 percent relative to 2023, reaching UZS 361.1 trillion. Within the expenditure structure, the social sector accounted for 42.2 percent, support to the economy for 10.6 percent, and programs for production and infrastructure development for around 8 percent.

Monetary and credit policy, aimed at mitigating the negative impact of external shocks and expanding macroprudential instruments, contributed to enhanced bank lending capacity, particularly for self-employed individuals and small businesses.

In 2024, total lending to the economy and households amounted to UZS **287.1** trillion, exceeding the 2023 level by UZS 35.8 trillion. Consequently, the overall stock of loans in the economy grew by 14 percent year-on-year, reaching UZS **566.2** trillion. Of this amount, **loans to businesses** accounted for UZS **389.8** trillion and **loans to households** UZS **176.3** trillion, representing increases of 11.8 percent and 18.9 percent, respectively, compared to 2023.

Figure 1.1.1.3

Share of allocated loans by economic sector



Source: Central Bank.

A significant share of allocated credit resources continued to flow into priority sectors of the economy. In 2024, 26.4 percent of total lending was directed to **industry**, 13.4 percent to **trade and food services**, 7.1 percent to **agriculture**, 2.8 percent to **construction**, and 2.5 percent to **transport and communications**.

Household lending also expanded notably. During the year, **households** received loans amounting to UZS 104.7 trillion, of which 43.8 percent were **microloans**, 17.7 percent **consumer loans**, 16.6 percent **microcredits**, and 16.3 percent mortgage loans.

Implementation of state programs aimed at raising household incomes and stimulating economic activity across sectors continued throughout the year.

As a result, aggregate household income increased by **8.1** percent in real terms compared to 2023, reaching UZS **896.3** trillion.

Figure 1.1.1.4

Share of household income by source

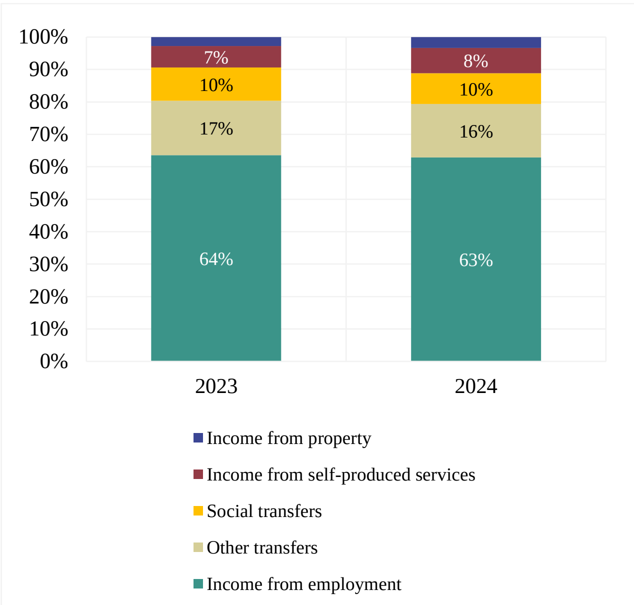
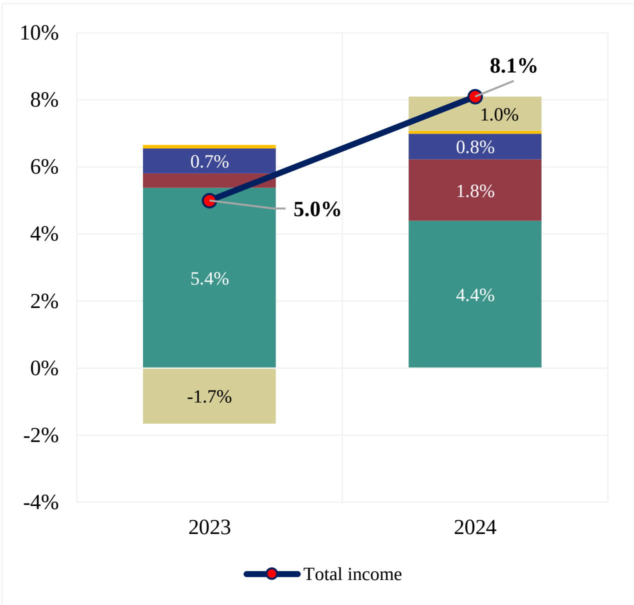


Figure 1.1.1.5

Contribution of income sources to household income growth



Source: National Statistics Committee; and Central Bank staff calculations.

The main drivers of growth included: a 7 percent increase in average real wages, a **15** percent rise in nominal pensions and social benefits, an expansion of transfer payments and labor income by factors of **1.1** and **1.2,** respectively, as well as a **1.4**-fold increase in income generated from household production of services for own consumption[1].

[1] *Imputed income from services produced for own consumption primarily reflects the estimated rental value of owner-occupied housing that is not rented out. In Uzbekistan, such services are assessed using the consumer expenditure method, which calculates the implicit rental value by considering the costs and market-based elements that would determine the price owners would have to pay if they rented comparable housing.*

In the composition of household income, labor earnings continue to account for a dominant share — over **60** percent. At the same time, transfers represent about 26 percent of total income, the bulk of which comes from international remittances.

In 2024, the volume of remittances increased by **30** percent *(USD 3.4 billion)* compared to the previous year, reaching USD **14.8** billion. This growth was largely driven by a rising share of high-income destination countries in the structure of labor migration.

The contribution of labor earnings to household income growth declined from 5.4 percentage points in 2023 to **4.4** percentage points in 2024. Instead, the expansion of household income during the reporting year was sustained primarily by less stable sources — services produced for own consumption *(+1.8 percentage points)* and transfers *(+1.0 percentage point)*[2].

It is worth noting that under conditions of strong economic activity combined with relatively low labor productivity, financial support measures have emerged as a key driver of aggregate demand. However, this has also contributed to mounting inflationary pressures.

1.1.2. Production activity and labor market

In 2024, the government continued its policy aimed at ensuring uninterrupted support for entrepreneurial activity and fostering a favorable business environment. These measures, in turn, strengthened the conditions for broadening public participation in entrepreneurship, advancing the digitalization of the economy, and shaping an attractive investment climate, thereby contributing to an acceleration in economic growth indicators.

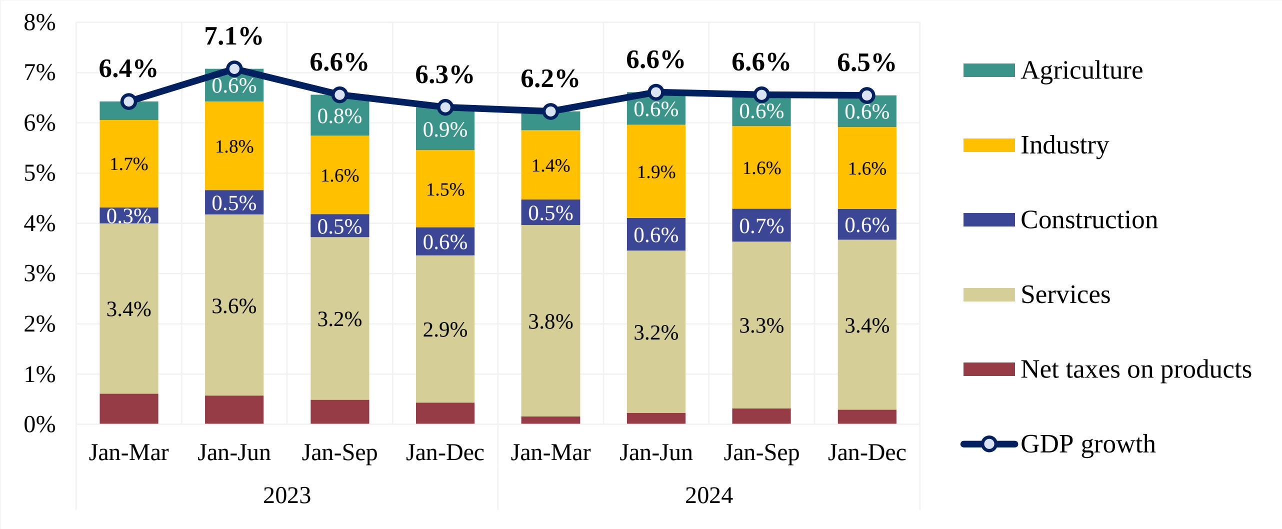
As a result of strong investment activity and rising aggregate demand, economic growth accelerated from 6.3 percent in 2023 to **6.5** percent in 2024. In nominal terms, gross domestic product *(GDP)* amounted to UZS **1,454.4** trillion in 2024.

In 2024, **services** accounted for **3.4** percentage points, **industry** for **1.6** percentage points, **construction** for **0.6** percentage points, and **agriculture** for **0.6** percentage points of the **6.5** percent GDP growth. Compared with 2023, the contributions of the services sector and industry increased, while the contribution of agriculture declined.

[2] *The increase in the contribution of income derived from domestically produced services to overall income growth is likely attributable to statistical adjustments and the incorporation of shadow-economy estimates in the calculation process.*

Figure 1.1.2.1

Contribution of economic sectors to GDP growth



Source: National Statistics Committee; and Central Bank staff calculations.

Among the main sectors of the economy, **services** *(+7.7%)* and **industry** *(+6.8%)* recorded strong growth, making them the primary drivers of stable economic expansion in 2024. **Construction** output rose by **8.8** percent, while **agricultural production** expanded by **3.0** percent.

Rising inflows of foreign investment and strong growth in real household incomes boosted domestic demand, which in turn supported faster expansion in the **manufacturing** sector.

Growth in key branches of industry accelerated: **manufacturing** increased from 6.7 percent in 2023 to **7.7** percent in 2024; **mining** rose from 1.0 percent to **1.9** percent; and water supply and **sewerage services** grew from 1.0 percent to **5.5** percent. In contrast, growth in **electricity, gas, and steam supply** slowed from 9.7 percent to **5.3** percent.

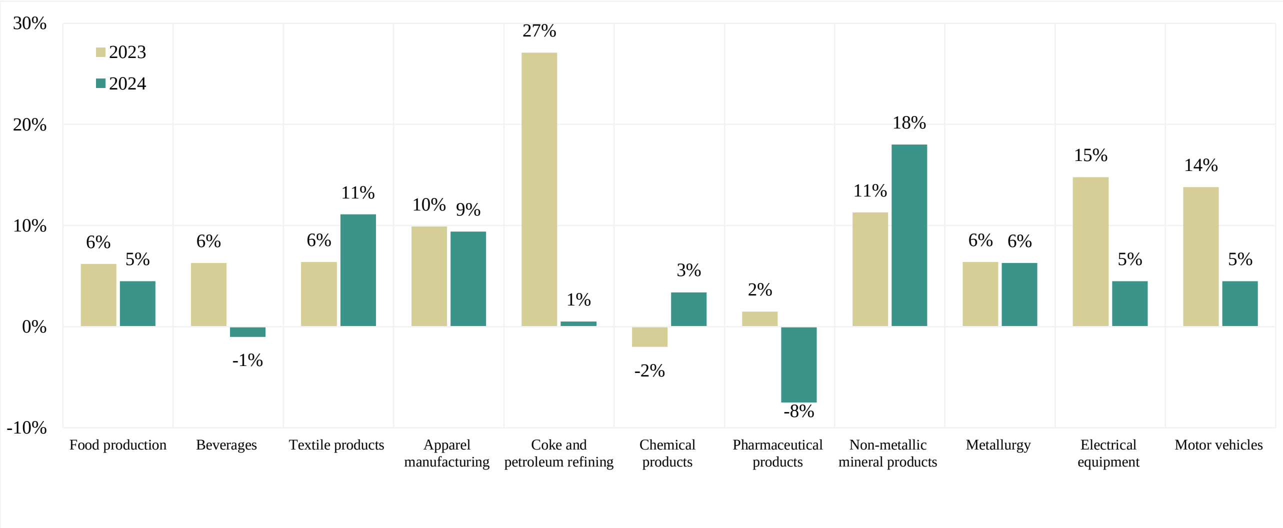
Despite the overall improvement in **mining**, crude **oil production** declined by **–8.5** percent, and **natural gas** output fell by **–4.5** percent. At the same time, positive growth was maintained in **coal production** *(+26.3%)* and **gas condensate** output *(+1.4%)*, both of which grew faster compared with 2023.

High economic activity and rising aggregate demand sustained strong demand for imported energy resources. This, in turn, supported robust economic growth dynamics.

Within manufacturing, growth accelerated in several key industries: **textile products** increased by **11.1** percent, **chemical products** by **3.4** percent, and other **non-metallic mineral products** by **18** percent.

Figure 1.1.2.2

Dynamics of manufacturing production volume by industry



Source: National Statistics Committee.

Meanwhile, growth slowed in **food production** — from 6.2 percent in 2024 to **4.5** percent — as well as in **electrical equipment** from 14.8 percent to **4.5** percent and **motor vehicles** from 13.8 percent to **4.5** percent. Output declined in **beverages** down to **1** percent and **pharmaceutical products** down to **7.5** percent.

At the same time, high growth was maintained in **metallurgy** *(+6.3%)* and **apparel manufacturing** *(+9.4%).*

The increase in economic activity in the construction sector, together with rising demand for construction materials, contributed to strong growth in the output of other **non-metallic mineral products**.

The acceleration in **chemical production**, in turn, reflected rising external demand, higher imports of energy products, and steadily growing domestic demand.

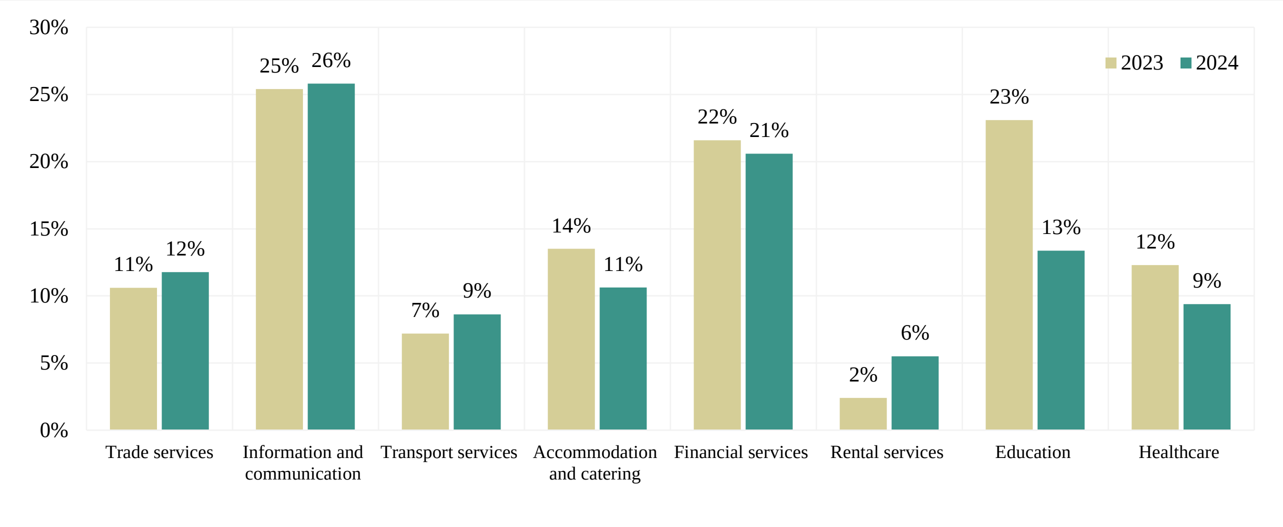
Growing popularity of consumer services and rapid increases in household incomes boosted demand for market services, creating favorable conditions for strong expansion in the services sector.

Significant growth was recorded in **information and communication services** *(+25.8%)*, **financial services** *(+20.6%)*, **transport services** *(+8.6%)*, and **trade** *(+11.8%)*, all of which were major contributors to the overall acceleration in services-sector growth.

In 2024, growth in **accommodation and food services** slowed from 13.5 percent to **10.6** percent, the **expansion of education services** moderated from 23.1 percent to **13.4** percent, and growth in **healthcare services** decelerated from 12.3 percent to **9.4** percent.

Figure 1.1.2.3

Changes in the volume of services provided by major service categories



Source: National Statistics Committee.

The slowdown in **education** services can be attributed, on the one hand, to the tightening of requirements for opening new private higher education institutions, and on the other hand, to the expansion of opportunities for studying at foreign higher education institutions.

Within the services sector, the volume of services related to **real estate** transactions *(+0.7 percentage points)* and **rental** services *(+3.1 percentage points)* accelerated.

Measures aimed at promoting the digitalization of the economy, the expansion of digital public services, and strong support for youth engagement in the IT sector contributed to rapid growth in **information and communication** services, leading to an acceleration in the volume of services provided in this category.

Efforts to accelerate digitalization processes in the banking system and expand the scope of digital banking services have also supported high growth rates in the provision of **financial services**.

Within the **agricultural sector**, the growth of crop production slowed from 4.3 percent in 2023 to **2.2** percent, while growth in **livestock production** accelerated from 3.7 percent to **4.0** percent.

Among **crop categories**, the production of **cereals** slowed from 5.8 percent in 2023 to **4.8** percent, and **vegetable-melon** crops from 5.5 percent to **5.1** percent. In contrast, higher growth was recorded in **potatoes** *(+4.0 percent)*, **vegetables** *(+3.8 percent)*, **fruits** *(+4.8 percent)*, and **grapes** *(+5.4 percent)*, all of which exceeded last year's growth rates.

In **livestock production**, growth in **beef and poultry output** remained stable at 3.9 percent, while the growth rate of **egg** production slowed from 4.4 percent in 2023 to **3.7** percent. At the same time, **dairy production** increased from 2.9 percent to **4.0** percent.

Difficulties arising during the adaptation of agricultural enterprises to climate change — including shortages of water resources for crop cultivation and adverse weather conditions negatively affecting agricultural activities — have, on the one hand, slowed growth in the sector. On the other hand, these factors have stimulated the intensive development of agriculture and helped maintain stable growth rates.

Growth in **construction works** accelerated, with the strongest expansion observed in **civil construction projects** *(+24.7 percent)*. In addition, the volume of **building and structure construction** increased by **5.5** percent, while **specialized construction** activities grew by **6.4** percent.

Large construction organizations accounted for **23.5** percent of total construction work, while **small enterprises and microfirms** carried out **46.2** percent. Construction work performed by large enterprises increased by **19.9** percent, and construction conducted by small enterprises rose by **5.6** percent.

High investment activity in the construction sector, measures to enhance transparency, implementation of infrastructure development projects, and the rising volume of housing loans contributed to strong growth in the industry.

The high level of economic activity throughout 2024 was also reflected in the steady expansion of trade volumes. **Retail trade** growth accelerated from 9.1 percent to **9.9** percent, while **wholesale trade** increased by **11.4** percent compared with 2023.

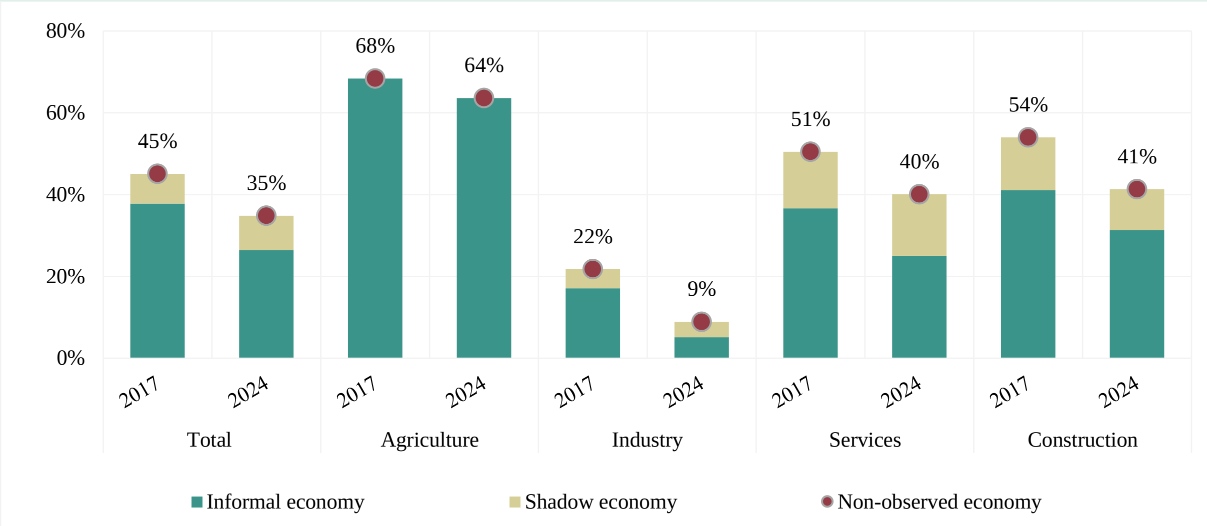
Box 1

The State of the Shadow Economy in Uzbekistan

As a result of the government's comprehensive measures to combat the shadow economy, a declining trend has been observed in recent years. In particular, the share of the non-observed economy in GDP decreased from 45.1 percent in 2017 to **34.8** percent in 2024 *(–10.3 percentage points).*

Figure 1

Dynamics of the non-observed economy in Uzbekistan, 2017–2024 *(share in GDP)*



Source: National Statistics Committee.

At the same time, growing attractiveness and profitability of operating in the formal sector, along with increasing restrictions on opportunities for informal activity, led to a notable reduction in the size of the informal economy. Its share declined from 37.8 percent to **26.4** percent *(–11.4 percentage points)*. The sharpest reductions were recorded in industry (*from 17.1 percent to 5.1 percent)* and construction *(from 41.1 percent to 31.3 percent).*

However, during the same period, the share of the shadow economy in the services sector increased from 13.9 percent to **15.0** percent, while the informal economy remained significantly high in the agricultural sector *(63.6 percent).* These patterns indicate the need to further refine and strengthen anti-shadow economy strategies, enhance policy effectiveness, and intensify systematic measures.

It should be noted that in recent years a declining trend in total factor productivity[3] *(TFP)* has been observed. In 2024, TFP growth turned negative, amounting to **–1.1** percent, compared with +0.1 percent in 2023.

Figure 1.1.2.4

Contribution of production factors to GDP

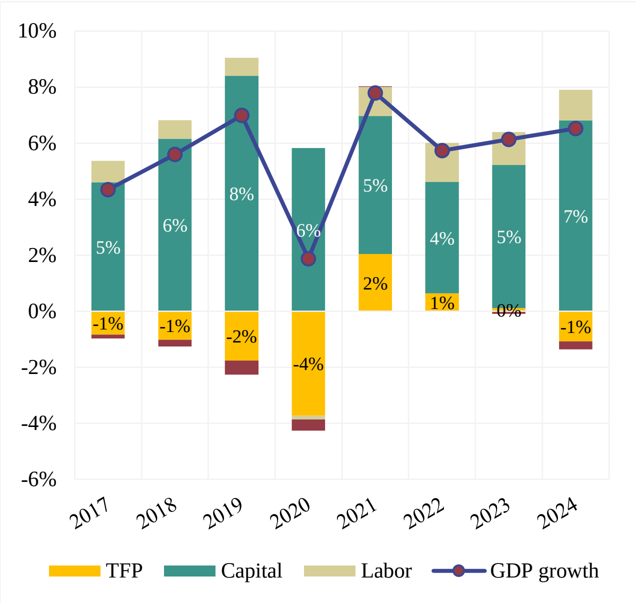
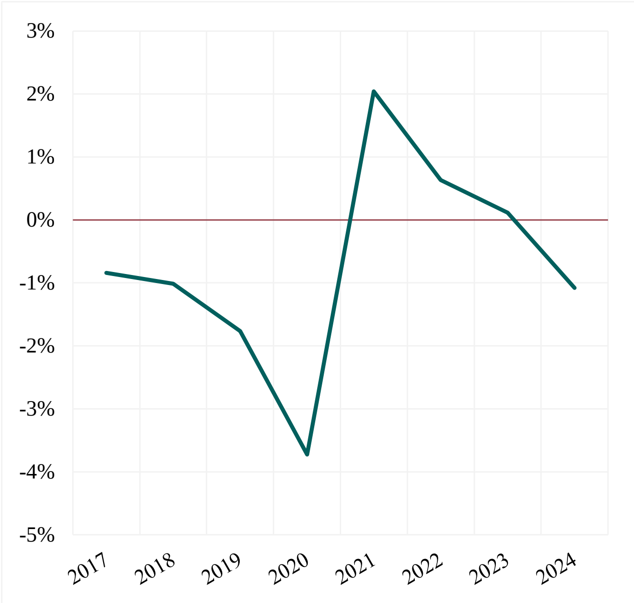


Figure 1.1.2.5

Change in total factor productivity



Source: National Statistics Committee; and Central Bank staff calculations.

Investment in capital has partially offset the decline in TFP. In particular, the contribution of capital to GDP increased from 5.1 percentage points in 2023 to **6.8** percentage points in 2024. On the one hand, investment in fixed capital continues to rise; on the other hand, the decline in TFP may reflect the efficiency level of the investment projects being financed.

During 2017–2024, the contribution of labor to economic growth remained stable at around **1 percentage point**.

[3] *Total factor productivity (TFP) reflects the efficiency with which an economy utilizes its available resources — namely capital and labor. To assess the contribution of capital and labor resources to economic growth in Uzbekistan, the Cobb–Douglas production function was applied.*

1.2. Formation of external economic conditions

1.2.1. Global Economic Trends and Outlook

During the reporting year, the global economy continued to evolve under the influence of several new phenomena — namely deglobalization in world trade and financial markets, rising debt levels, digitalization, and demographic shifts.

Economic growth. In 2024, global GDP growth was supported by sustained demand for services, ongoing disinflationary processes, rising investment activity in new areas such as the green economy, and the recovery of global trade.

The global Purchasing Managers' Index *(PMI)*, which reflects overall economic activity, averaged **52.5** *(51.7 in 2023)*. In particular, the **services** PMI remained strong at an average of **53.1** in 2024, while the **manufacturing** PMI — despite elevated volatility — hovered around the neutral **50** threshold[4].

According to the International Monetary Fund, global economic growth remained broadly unchanged at **3.2** percent in 2024, similar to its 2023 level. Growth in **emerging markets** slowed from 4.4 percent in 2023 to **4.2** percent, while advanced economies maintained a stable growth rate of **1.7** percent[5].

At the same time, **global economic expectations** exhibited an optimistic trajectory in 2024, with the global expectations index rising from 2.1 to **2.6**. The index remained unchanged in China at **4.5**, while the United States experienced a notable improvement, increasing from 1.3 to **2.1**. In the European Union, where the economic recovery remains sluggish, the index rose from 0.6 to **1.0**, signaling a modest upward trend[6].

International projections suggest that global GDP growth will reach **3.3** percent in both 2025 and 2026.

[4] *A PMI reading above **50** indicates improving business activity, whereas a reading below **50** signals a deterioration in economic conditions.*

[5] *World Economic Outlook – Global Growth: Divergent and Uncertain. Washington, DC. January.*

[6] *Economic Expectations Index (MM Economic Expectations Index) reflects changes in GDP growth expectations across several countries. It is calculated as a weighted average of GDP forecasts published by the World Bank, IMF, OECD, and leading analytical institutions. An increase in the index indicates a more optimistic market outlook for economic performance over the next 12 months.*

Box 2

End of the post-pandemic global frowth cycle: The beginning of a new phase

International financial institutions — most notably the International Monetary Fund — highlight that the **post-pandemic global economic cycle** has come to an end, giving rise to a new phase characterized by widening divergence among major economies.

At the same time, global GDP in 2024 and the coming years is expected to evolve broadly in line with its potential, while global inflation has returned to its pre-pandemic trend.

A defining feature of this new cycle is the increasingly divergent patterns of economic growth and inflation across large economies, particularly the United States, Europe, and China[7].

For example, during 2023–2024, economic growth in the United States averaged **2.8** percent, whereas in Europe it amounted to only **0.6** percent, largely reflecting the contraction of the German economy for two consecutive years.

Figure 1

Global GDP growth rates

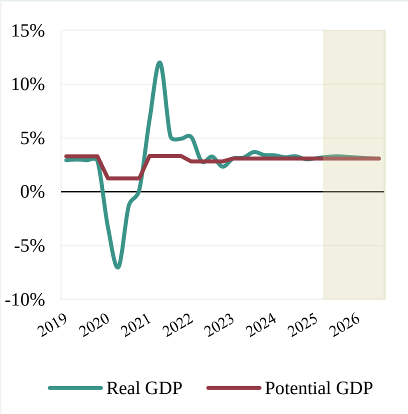


Figure 2

Global inflation

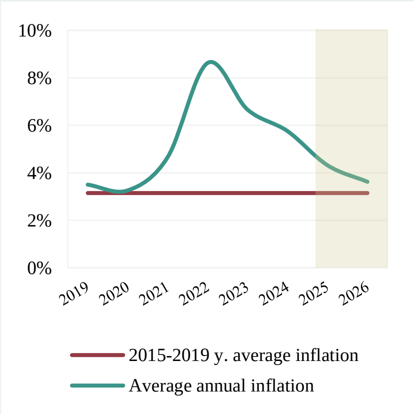
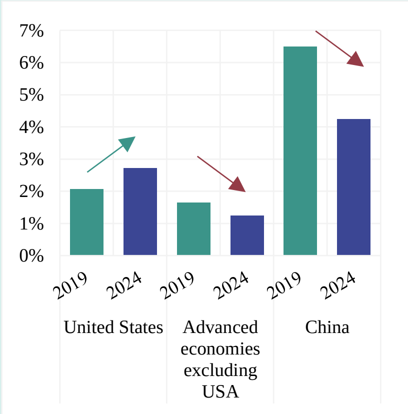


Figure 3

Potential GDP growth of ajor economies



Source: IMF.

The cyclical divergence in economic performance is expected to diminish over time; however, long-term differences are likely to persist due to structural factors.

In the United States, rising productivity—particularly in technology-intensive industries—together with a favorable business environment and well-developed capital markets, is contributing to faster economic growth. This, in turn, may strengthen investment flows and support the appreciation of the U.S. dollar.

At the same time, while the euro area and China face slowing economic growth and the risk of low inflation, the main challenge for the United States is the potential acceleration of inflation.

This risk is likely to be felt most acutely by developing countries, primarily through stronger **inflationary pressures** caused by fluctuations in the U.S. dollar exchange rate and **slower economic growth** resulting from weakening domestic demand in China.

[7] *Gourinchas Pierre-Olivier, As One Cycle Ends, Another Begins Amid Growing Divergence. January 17, 2025, IMF*

International Trade. In 2024, global trade in goods and services increased by **2.7** percent. In the second half of the year, trade growth accelerated, which may have been driven by precautionary inventory accumulation in response to existing risks — such as strikes at U.S. shipping and storage hubs and the tightening of tariff policies[8].

Amid the revival of global trade flows, shipping costs rose *(although remaining below their pandemic-era peaks)*. Specifically, the cost of transporting a 40-foot container by sea increased from USD 2,700 at the end of 2023 to USD **3,900** by year-end 2024 — nearly a **1.5-fold** increase.

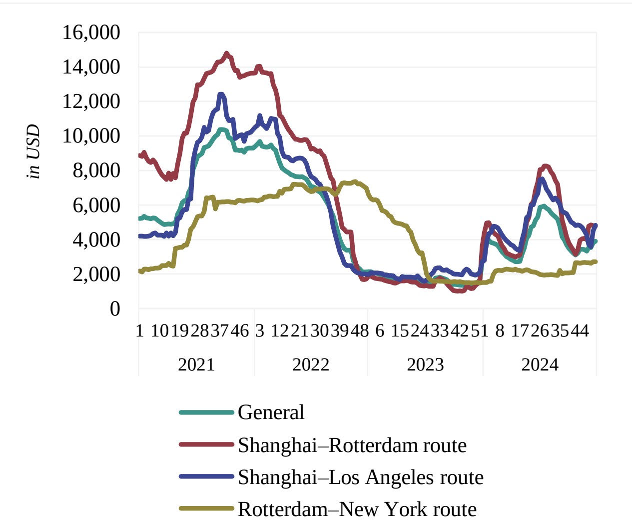
Against the backdrop of ongoing deglobalization and fragmentation, the number of new trade restrictions introduced in 2024 was **five times** higher than the average observed during 2010–2019. These restrictions increased **fivefold** among countries aligned with the "West" and "East" blocs since 2015, and **doubled** in neutral countries.

Moreover, the Global Trade Policy Uncertainty Index rose sharply: it averaged 30 during 2000–2009 but increased **2.3 times** to reach 70 over 2020–2024.

In 2025, global trade volumes are expected to grow by an average of **3.1** percent — still below the pre-pandemic average of 4.5 percent — with most of the expansion driven by emerging market economies *(excluding the euro area, Japan, and China).*

Figure 1.2.1.1

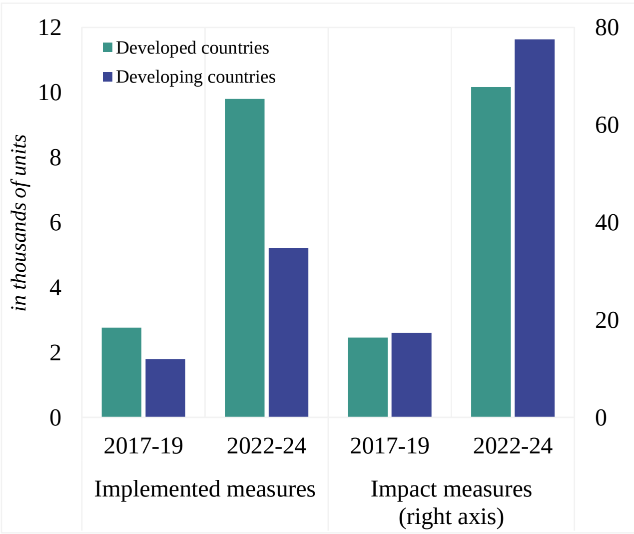
Cost of shipping a 40-foot container by sea, *weekly dynamics*



Source: Drewry.co.uk .

Figure 1.2.1.2

Number of measures affecting global trade conditions



Source: Global Trade Alert; and World Bank..

[8] *World Bank. 2025. Global Economic Prospects, January 2025. Washington, DC: World Bank*

Global Commodity Market Developments. In the reporting year, global commodity prices were shaped by tighter trade conditions, slowing industrial activity in Europe and Asia, geopolitical factors, and speculative expectations. Overall, commodity prices declined by **2.7** percent.

Specifically, fertilizer prices **fell** by **23.4** percent compared with 2023 *(following a –34.9 percent decline in 2023);* energy prices decreased by **5.1** percent *(–29.9 percent)*; and prices of cereal grains declined by **15.2** percent *(–11.5 percent).* In contrast, precious metals **increased** by **22.3** percent *(+7.7 percent)*, and base metals rose by **4.7** percent *(–11.0 percent).*

In 2024, increased oil supply and slower growth in global demand helped ease geopolitical pressures, resulting in an average price of USD **80.7** per barrel for *Brent crude (a 2.3 percent decline compared with 2023).* In 2025, oil prices are projected to decline to USD **72** per barrel — driven by rising production in non-OPEC+ countries and weakening global demand — and further to USD **71** in 2026.

In Europe, high levels of natural gas storage, relatively mild weather conditions, and artificially constrained gas consumption led to a 16 percent decrease in average **natural gas** prices in 2024, reaching USD **6.6** per MMBtu. In 2025, gas prices are projected to increase by 11 percent due to stronger demand and reduced supply, before falling by 8 percent in 2026 as liquefied natural gas *(LNG)* supply expands.

Figure 1.2.1.3

Changes in major commodity prices, 2020–2023, *2010-base year*

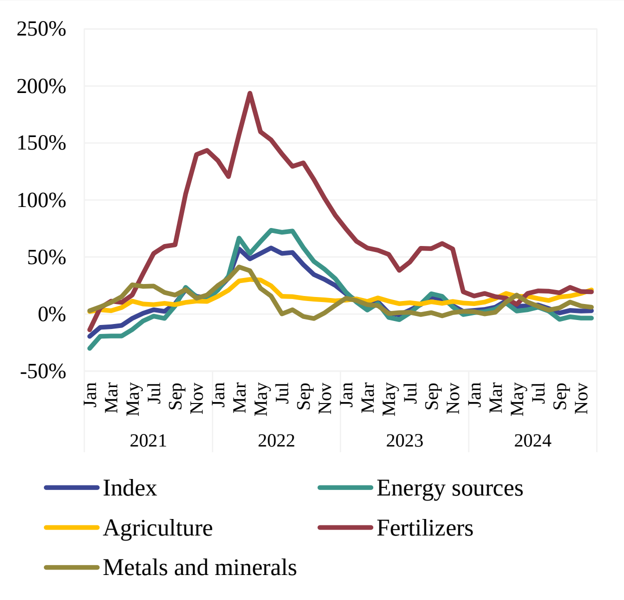
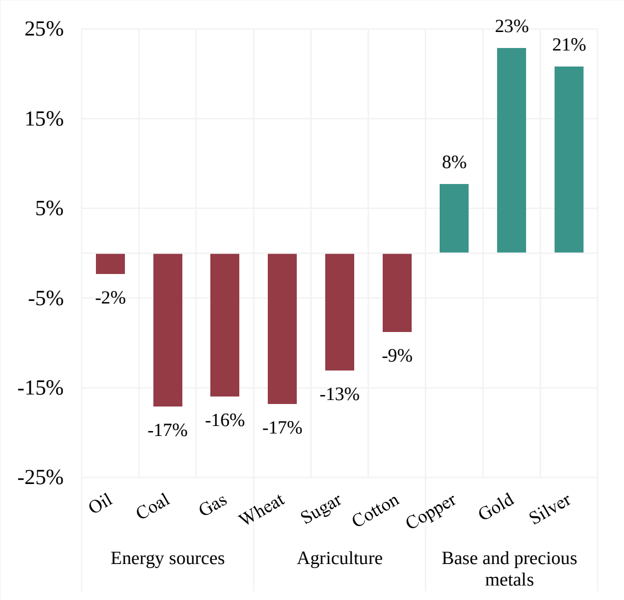


Figure 1.2.1.4

Changes in average prices of major commodities in 2024



Source: World Bank.

In 2024, the **prices of metals** increased by **4.7** percent due to supply constraints in aluminum and copper markets, while **precious metals** rose by **22.3** percent driven by strong private and official *(Central Bank)* demand. Prices of major metals are expected to remain stable in 2025–2026.

Food prices declined by **7.6** percent in 2024, supported by favorable agricultural yields. Prices are projected to fall by an additional **5** percent in 2025 and to stabilize in 2026. However, extreme weather conditions remain among the key risks that could exert upward pressure on prices.

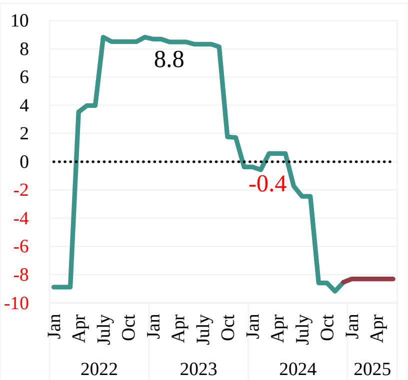
Global Inflation continued to ease gradually, reflecting lower commodity prices and the lagged effects of the tight monetary policy implemented in previous periods.

In particular, **global inflation** decelerated from 6.7 percent in 2023 to **5.7** percent in 2024, reaching **2.6** percent in advanced economies and **7.8** percent in emerging market economies. Global inflation is projected to decline further to 4.2 percent in 2025 and 3.5 percent in 2026.

Inflation in most advanced and emerging economies is converging toward target levels, and the share of countries exceeding their inflation targets continues to decline. Specifically, the share of economies failing to meet their inflation targets stood at **45** percent in 2024, a figure expected to decrease to **30** percent in 2025.

Figure 1.2.1.5

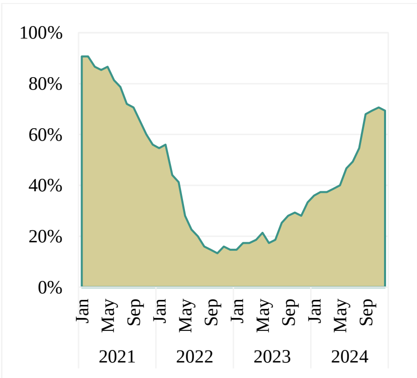
Global monetary policy index



Source: Global Monetary Policy Tracker.

Figure 1.2.1.6

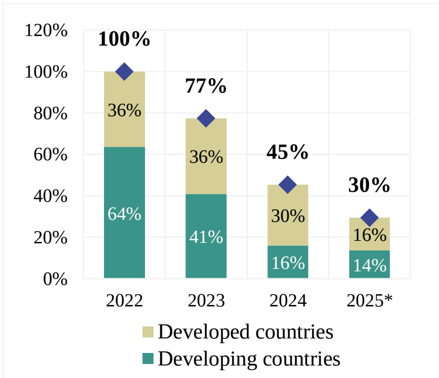
Share of central banks increasing policy rates



Source: MacroMicro.

Figure 1.2.1.7

Share of countries with inflation above target



Source: World Bank.

In 2024, the global monetary policy easing cycle continued, with the global monetary policy index declining from –0.4 at the beginning of the year to **–8.5** by year-end[9]. This trend is expected to persist during the first half of 2025. At the same time, the process of lowering policy rates accelerated across central banks. In January 2024, 36 percent of central banks reduced their policy rates, while by December this share had increased to **69.3** percent.

[9] *A value of the global monetary policy index above 0 indicates that central banks are tightening monetary policy, while a value below 0 reflects monetary policy easing.*

Box 3

Informal Sector: Global Trends

According to traditional views, as economies develop and create more jobs and opportunities in the formal sector, the informal sector is expected to decline. However, a recent study covering 20 years of data from 146 countries suggests that this interpretation requires reassessment.

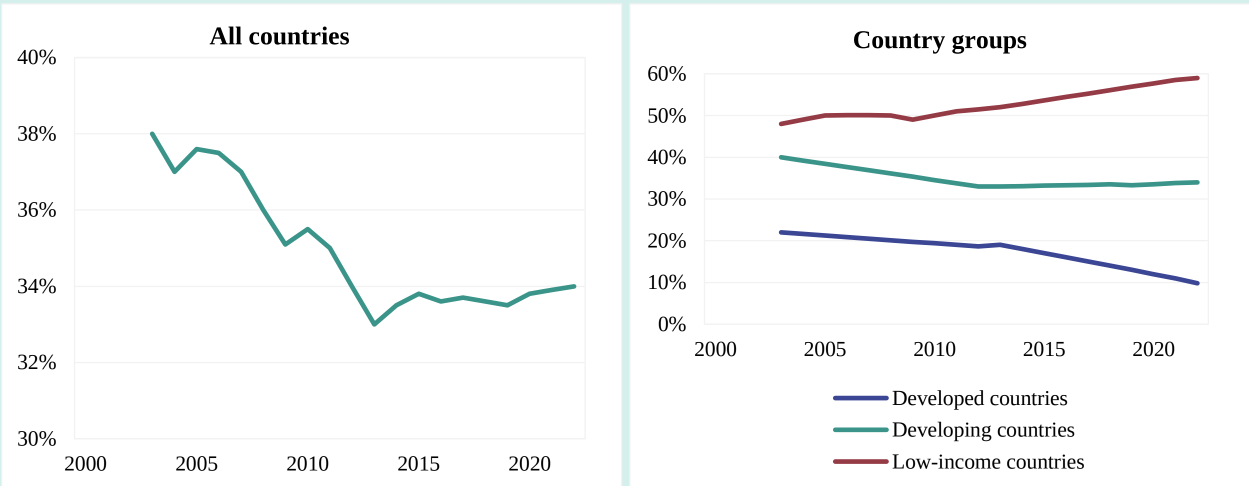
The first key finding of the study indicates that economic growth does not always lead to a reduction in the size of the informal economy. In many low-income countries, the informal sector has not contracted during periods of economic expansion; instead, it has continued to grow. In such cases, informal activities remain closely linked to the formal sector and tend to expand alongside it.

Over the past 20 years, the evolution of the informal sector has varied significantly across countries. In China and Türkiye, the informal sector has declined steadily, whereas in India it has grown. In Greece, it decreased until 2010, then expanded again, and has been declining once more since 2017.

Economic indicators also differ across countries: in China and Türkiye, growth in GDP per capita has been associated with a shrinking informal sector, while in Greece and Italy the reduction of the informal sector has coincided with slower economic growth *(noting that the share of informality in Greece and Italy was already smaller than in China and Türkiye).*

Figure 1

Share of informal economy in GDP



The second key conclusion of the study is that, since the 2010s, the global decline in informality has stalled, and despite recent global economic growth, the share of the informal sector has begun to increase.

According to the latest estimates, the global average share of the informal economy increased from 33 percent in 2013 to **34** percent. In low-income countries, informality has risen from around 50 percent to nearly **60** percent over the past decade. In contrast, in advanced economies, informality has almost halved, reaching approximately **10** percent. In emerging market economies, the share of the informal sector has remained broadly unchanged at 33–34 percent, closely aligning with the global average.

Yao, J. (2024). Unveiling the Informal Economy: An Augmented Factor Model Approach (No. 2024/110). International Monetary Fund.

Public Debt. According to UNCTAD estimates, global public debt reached USD **97** trillion in 2023 — an increase of USD 5.6 trillion compared with 2022. Developing countries are accumulating debt at twice the pace of advanced economies, and their total public debt has now reached USD **29** trillion, accounting for **30** percent of global public debt[10].

Debt-servicing costs remain elevated for developing countries, with total external debt service reaching USD **365** billion in 2022. At the same time, many countries are making larger payments on existing debt than the amount of new financing they are receiving. In 2022 alone, developing economies experienced a net capital outflow of USD 49 billion.

Furthermore, developing countries borrow at significantly higher interest rates — 2 to 4 times the cost faced by the United States and 6 to 12 times the cost faced by Germany. In addition, **61 percent** of developing countries' external debt is owed to **private creditors**, making debt restructuring considerably more difficult.

Rising debt burdens are also adversely affecting the social sector. In 46 countries, debt-service payments exceed spending on health and education, contributing to widening social inequality.

The composition of international financial assistance has also shifted. Although total financial support amounted to USD 164 billion in 2022, a growing share of this **assistance consists of loans rather than grants**. The share of loans increased from 28 percent in 2012 to 34 percent in 2022. Meanwhile, the resources allocated for debt relief and restructuring declined fourteen-fold, from USD 4.1 billion to USD 300 million.

1.2.2. Economic Developments in Uzbekistan's Main Trading Partners

In 2024, internal economic transformation processes continued in Uzbekistan's key trading partner countries. Despite a slowdown in their economic growth rates compared with 2023, macroeconomic stability remained largely intact.

In **Russia**, economic growth accelerated from 3.6 percent in 2023 to **3.8** percent in 2024. On the one hand, government investments — including those in the defense sector — stimulated economic activity and supported strong domestic demand. On the other hand, the unemployment rate remained low at 2.6 percent, contributing to rising household incomes and an expansion of consumer demand.

[10] *UNCTAD (2024). A World of Debt 2024: A Growing Burden to Global Prosperity. United Nations Conference on Trade and Development.*

In addition, large-scale investments and orders directed toward the manufacturing and machinery sectors helped increase production capacity and accelerate technological modernization.

In **China**, the economy grew by **4.8** percent in 2024, down from 5.2 percent in 2023. Growth was primarily driven by external demand, with exports increasing by 7.1 percent. Export-oriented industries demonstrated strong performance: industrial output grew by 5.8 percent, supported by rising production in the automotive and information and communication technology *(ICT)* sectors.

However, weak domestic demand led to slower retail trade growth *(3.5 percent)*, while the prolonged real estate market downturn continued to weigh on the economy through lower investment and reduced activity in the trade and construction sectors.

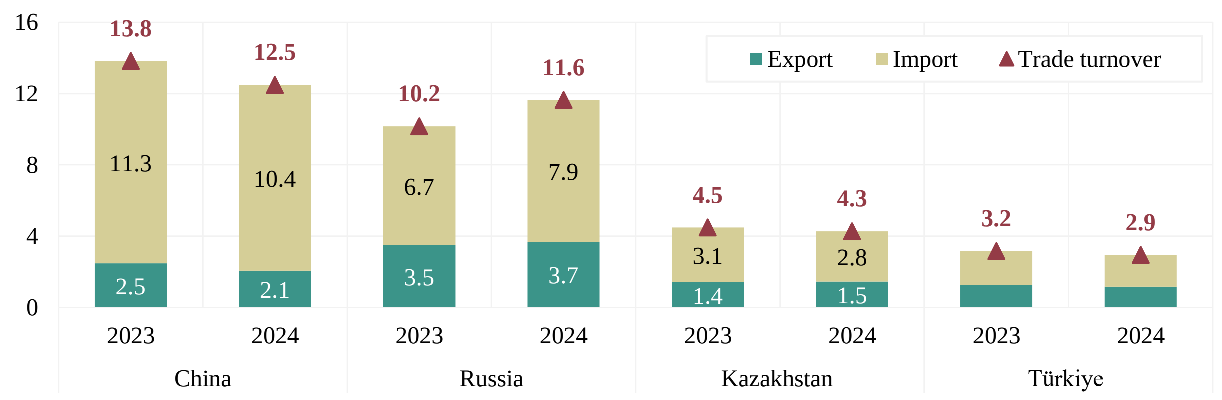
Box 4

Uzbekistan's trade turnover with major trading partners

In 2024, Uzbekistan's total foreign trade turnover reached **USD 66 billion**, an increase of **3.3 percent** compared with 2023. Exports of goods and services amounted to **USD 27 billion** (+8.4 percent), while imports totaled **USD 39 billion** (+0.8 percent).

Uzbekistan's main trading partners were China (18.9 percent), Russia (17.6 percent), Kazakhstan (6.5 percent), and Türkiye (4.5 percent), which together accounted for **47.5 percent** of total trade turnover (compared with 49.8 percent in 2023).

Uzbekistan's trade turnover with its main trading partner countries in 2023–2034

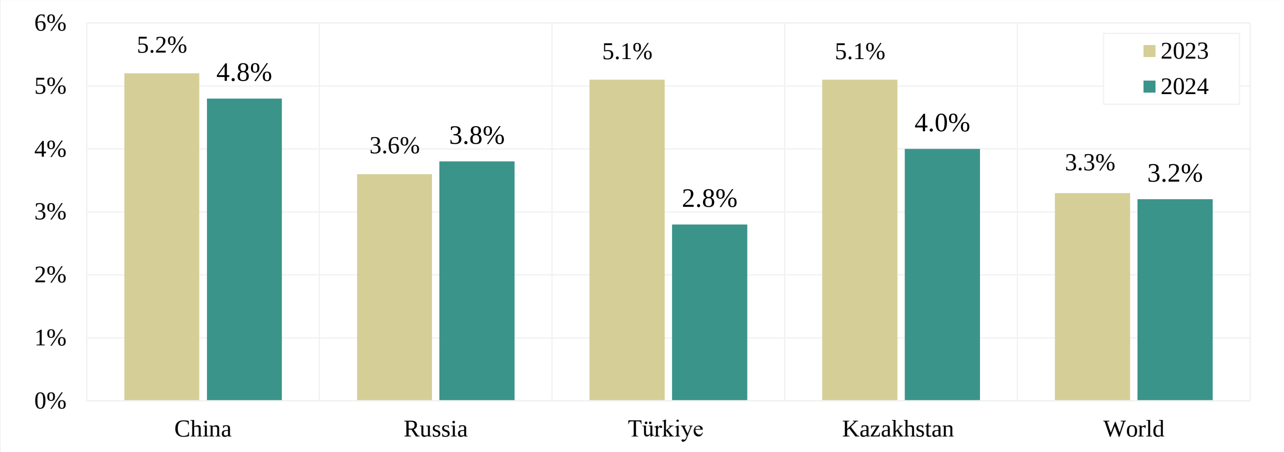


Source: National Statistics Committee.

In the reporting year, trade turnover with China amounted to **USD 12.5 billion** (–9.7 percent), with Russia **USD 11.6 billion** (+14.5 percent), with Kazakhstan **USD 4.3 billion** (–4.6 percent), and with Türkiye **USD 2.9 billion** (–7.1 percent).

Figure 1.2.2.1

Economic growth dynamics in major trading partner countries



Source: IMF.

In **Türkiye**, economic growth slowed to 2.8 percent in 2024, down from 5.1 percent in 2023. Throughout the reporting year, the economy continued to face several structural challenges. Persistently high inflation exerted significant pressure on household purchasing power, while the tight monetary policy stance sharply increased borrowing costs, resulting in slower investment activity. In addition, weak economic growth in the euro area — one of Türkiye's key trading partners — adversely affected the country's export performance.

Kazakhstan's economic growth also moderated, slowing to 4.0 percent in 2024 from 5.1 percent in 2023. Weaker external demand and a gradual expansion of oil output contributed to lower activity in the mining sector, creating opportunities for economic diversification. In the reporting year, the manufacturing sector grew by 5.3 percent, agriculture by 13.4 percent, construction by 10.3 percent, trade by 8.2 percent, and transport services by 8.1 percent.

In **Russia**, strong consumer activity fueled a pickup in inflation. However, the central bank's tight monetary policy helped curb inflationary pressures, bringing the inflation rate to **9.5** percent by year-end *(compared with 7.4 percent in 2023).*

In **Kazakhstan**, the combination of a relatively tight monetary policy stance and easing global inflationary pressures slowed inflation from 9.8 percent in 2023 to **8.6** percent in 2024.

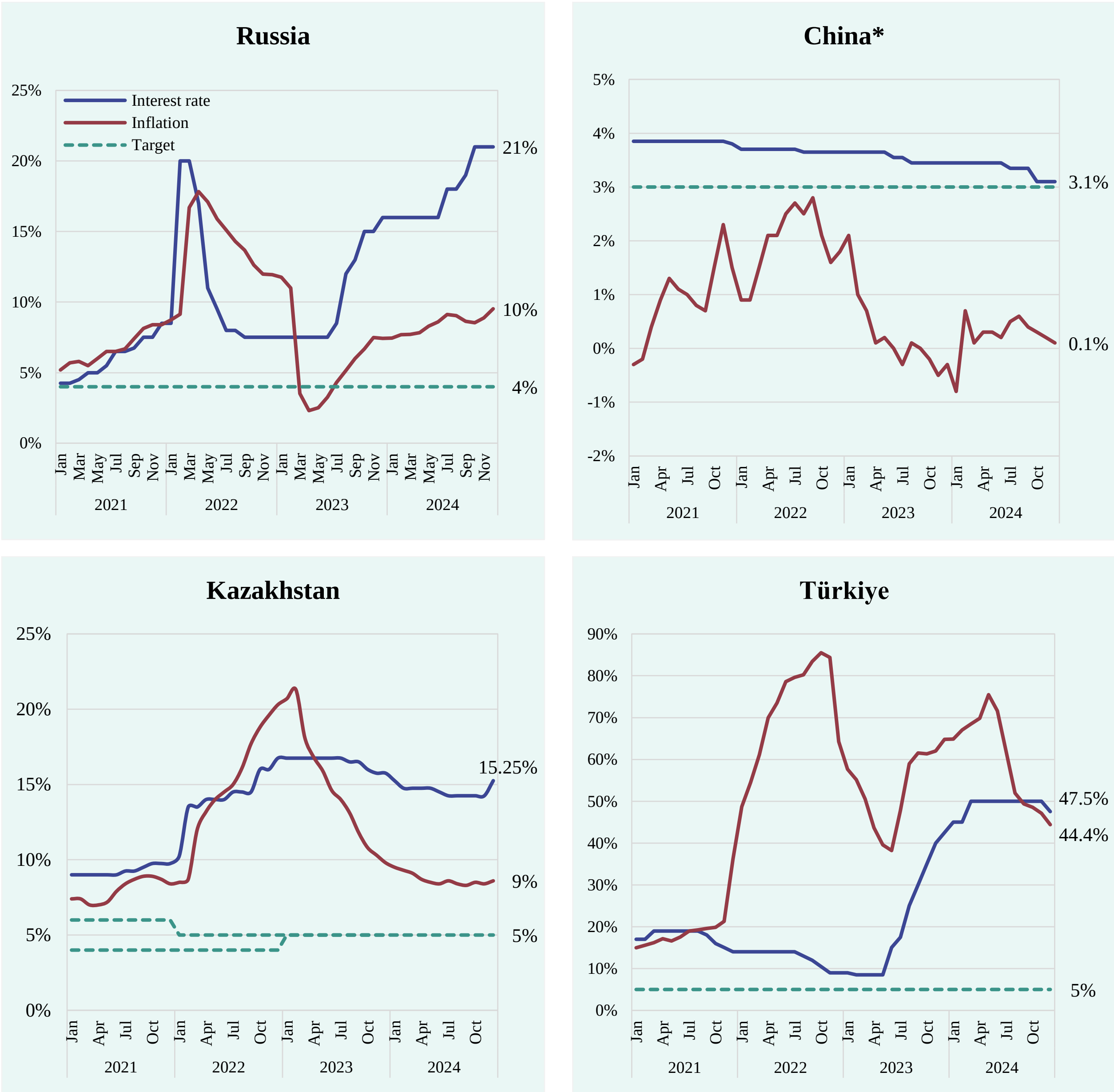
In **China**, weak domestic demand and declining producer prices kept inflation very low, at **0.1** percent *(–0.3 percent in 2023).*

In Türkiye, the strict monetary tightening cycle reduced inflation from 64.8 percent in 2023 to **44.4** percent in 2024, resulting in the first positive real interest rate since July 2020.

The central banks of Uzbekistan's major trading partners pursued divergent monetary policy stances during the reporting year. The Bank of **Russia**, responding to accelerating inflation and strong domestic demand, raised its policy rate three times in the second half of 2024, bringing it to 21 percent by year-end *(up from 16 percent at the beginning of the year).*

Figure 1.2.2.2

Annual inflation and policy rate dynamics in major trading partner countries



Source: Data from the central banks of Uzbekistan's main trading partner countries.

**China does not have an official inflation target; however, an inflation rate of around 3 percent is considered an acceptable benchmark.*

The National Bank of **Kazakhstan** adjusted its policy stance in line with domestic economic conditions and inflation dynamics. After lowering the policy rate four times — from 15.75 percent at the beginning of the year to 14.25 percent — the central bank raised it to **15.25** percent by year-end.

The Central Bank of **Türkiye** continued the tight monetary policy cycle initiated in 2023, raising the policy rate to 50 percent before lowering it slightly to **47.5** percent at the end of the year.

China's monetary authorities, aiming to support economic growth, continued monetary easing. The benchmark rate was revised three times during the year, decreasing from 3.45 percent to **3.10** percent.

Meanwhile, the **Russian** ruble, after sharply depreciating by nearly 30 percent in 2023, weakened at a slower pace in 2024, depreciating by **13.4** percent against the U.S. dollar.

Kazakhstan's tenge depreciated by **15.2** percent against the dollar *(after appreciating by 1.7 percent in 2023).*

China's yuan maintained its relative stability from the previous year, depreciating by **1.5** percent in 2024 *(compared with 1.7 percent in 2023).*

The depreciation of the Turkish lira slowed significantly, amounting to **20 percent** in 2024 *(57.2 percent in 2023).*

1.3. Inflation Dynamics and Expectations

In the first quarter of 2024, headline inflation reached its lowest level in recent years, driven by a decline in core inflation. However, in the second quarter, inflation increased markedly due to the liberalization of energy prices and the introduction of value-added tax *(VAT)* on medical services and pharmaceuticals.

In the second half of the year, headline inflation showed a mildly declining trend, ending the year at 9.8 percent. Excluding the direct first-round effects of energy price adjustments, inflation would have been around 6.3 percent.

Despite elevated growth in the Producer Price Index *(PPI)* during the first half of the year, the fading effects of the 2023 energy price adjustments for legal entities contributed to a substantial moderation in PPI inflation in the second half of the year. As a result, the PPI increased by 13.6 percent for the year as a whole.

The GDP deflator remained broadly stable, reaching 13.3 percent at year-end.

In 2024, **food prices** had a disinflationary effect on headline inflation, as the annual increase in food prices slowed to 2.4 percent. Favorable harvest outcomes led to price declines for fruits and vegetables, rice, and wheat flour, supporting a moderation in food inflation. Excluding the impact of fruit and vegetable prices, core food inflation amounted to 5.9 percent.

Figure 1.3.1

Inflation dynamics,
year-on-year

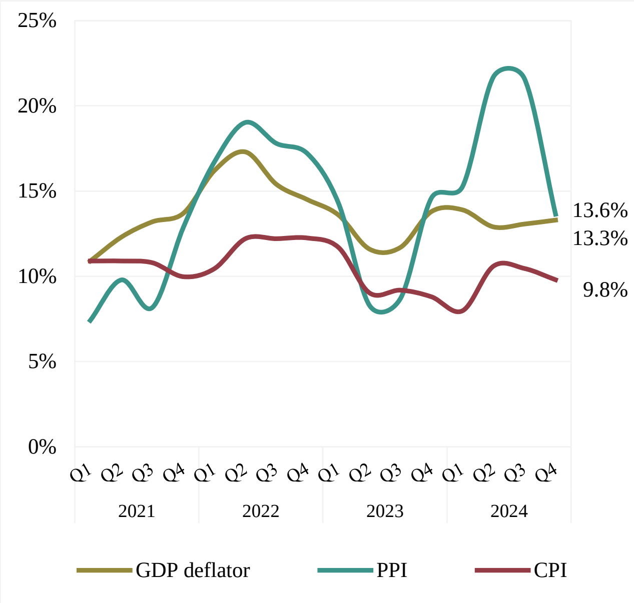
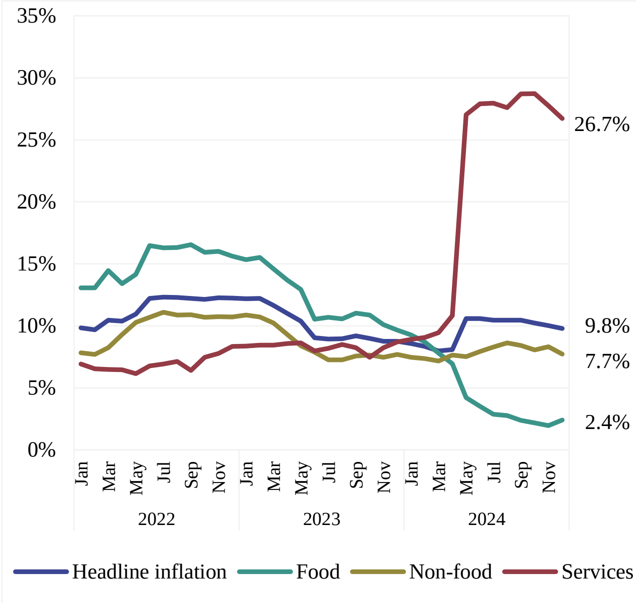


Figure 1.3.2

Dynamics of inflation across the main CPI components, *year-on-year*



Source: National Statistics Committee.

However, in the second half of the year, rising global prices for certain food commodities exerted upward pressure on domestic food prices.

In 2024, inflation in the **non-food category** remained relatively stable, with annual price growth amounting to 7.7 percent. At the same time, the introduction of value-added tax *(VAT)* on pharmaceuticals in the second quarter contributed to upward pressure on non-food inflation.

Moreover, the stability of the exchange rate helped slow price growth for imported consumer goods, thereby supporting the stabilization of non-food inflation.

In 2024, price increases in the **services sector** became the main driver of headline inflation, with annual services inflation reaching 26.7 percent. In particular, the liberalization of energy prices in April-May and the application of VAT to medical services led to a significant rise in services prices.

Additionally, increases in propane and methane fuel prices in the final quarter resulted in higher transport service costs.

Core Inflation

In the first half of 2024, core inflation continued to decline steadily. However, as economic activity remained strong and household incomes continued to rise — supporting aggregate demand — core inflation returned to an upward trend in the second half of the year, reaching 7.2 percent by year-end.

The acceleration of core inflation in the final quarter was mainly driven by the second-round effects of earlier supply-side shocks, including energy price increases and the introduction of value-added tax *(VAT)* on pharmaceuticals and medical services. Additionally, higher prices for methane and propane fuel contributed to broader price pressures through pass-through effects on other goods and services.

Figure 1.3.3

Dynamics of headline and core inflation, *year-on-year*

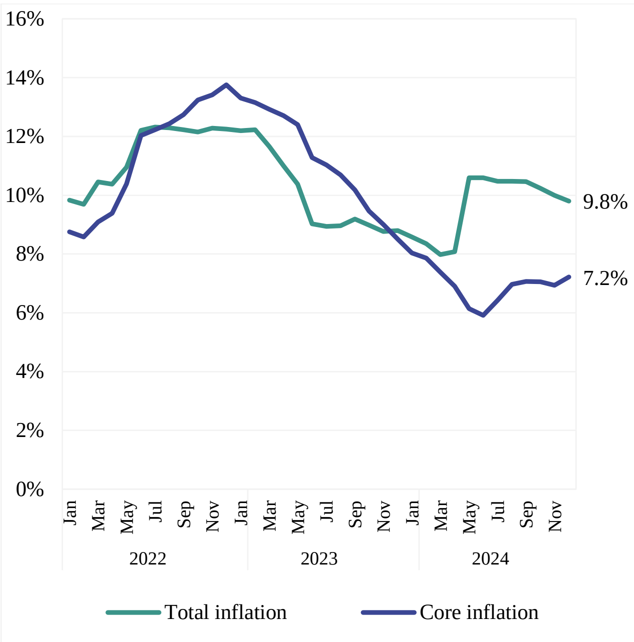
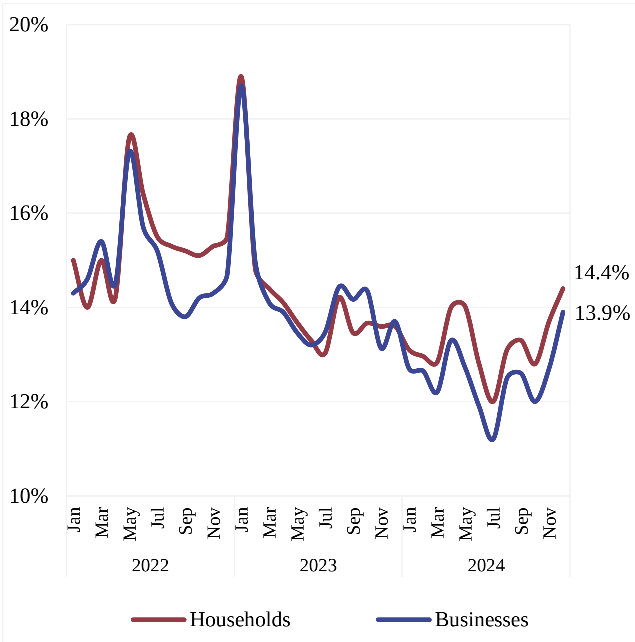


Figure 1.3.4

Inflation expectations of households and businesses for the next 12 months



Source: National Statistics Committee; and Central Bank staff calculations.

Inflation Expectations

Throughout 2024, inflation expectations among households and businesses exhibited a volatile pattern. In the first quarter, expectations declined, but in the second quarter, the increase in energy tariffs led market participants to revise their inflation expectations upward.

Amid seasonal increases in fuel prices, inflation expectations continued to rise in the final quarter. According to surveys conducted in December, household inflation expectations reached 14.4 percent, while business expectations stood at 13.9 percent.

Survey results indicate that inflation expectations among households and businesses were primarily influenced by increases in fuel and energy prices, higher utility costs, exchange rate movements, and rising transportation expenses.

Table 1.3.1

Main Factors Shaping Inflation Expectations Among Households and Businesses

(share of respondents, percent)

	2024-yil											
	January	February	March	April	May	June	July	Avgust	September	October	November	December
Population												
Increase in fuel and energy prices	49	54	50	47	49	47	44	46	47	46	51	57
Increase in utility service costs	39	39	42	55	57	54	51	49	45	47	51	56
Exchange rate fluctuations	55	56	61	55	49	41	39	42	50	51	51	55
Increase in transportation costs	29	33	29	28	28	28	26	26	28	26	30	35
Monopoly and artificial price increases	32	30	35	29	30	28	28	27	29	28	31	33
Increase in wages and pensions	32	28	29	23	24	26	22	40	39	31	28	28
Business entities												
Exchange rate fluctuations	59	57	61	60	52	42	38	42	51	50	51	52
Increase in utility service costs	35	37	38	54	55	53	50	47	46	42	49	52
Increase in fuel and energy resource prices	43	49	44	44	43	41	42	45	44	42	48	49
Increase in transportation costs	33	35	33	31	33	29	31	31	31	29	32	34
High tax burden	24	27	25	31	35	31	28	27	27	23	25	27
Increase in raw material prices	28	28	28	27	26	26	25	26	27	25	25	25

Source: Central Bank.

1.4. Balance of payments and international investment position of the Republic of Uzbekistan

In 2024, in order to improve external sector statistics, work was undertaken within the framework of an exchange-of-experience program with specialists from the central banks of Switzerland and Kazakhstan. This cooperation focused on analyzing merchandise trade using cross-country mirror statistics, developing forecast indicators for the balance of payments, conducting the Coordinated Direct Investment Survey *(CDIS)*, and reviewing the methodology for compiling country-specific data on foreign direct investment.

During the reporting year, Uzbekistan's **balance of payments** and **international investment position** were shaped by a number of **external factors** — including rising prices for key export commodities and positive trends in labor migration flows — as well as **internal factors** such as strengthened economic activity and the rapid expansion of export capacity in the services sector.

In particular, in 2024, average global prices for gold increased by 23 percent, silver by 21 percent, copper by 8 percent, and uranium by 42 percent compared with 2023[11].

High demand for labor, rising wages in migrant-receiving countries, and a growing share of high-income destinations in the geography of migration contributed to an increase in the volume of remittances.

In recent years, Uzbekistan's services sector has grown rapidly, with significant improvements in export potential across tourism, information technology, financial services, transport and logistics, education, and healthcare. In 2024, the number of foreign tourists visiting Uzbekistan increased by 20 percent compared with 2023, reaching **8 million** people. Exports of telecommunications, computer, and information technology services increased 1.4 times.

As a result of these factors, the deficit of the **current account of the balance** of payments improved relative to 2023 and amounted to USD **5.7** billion in 2024.

Exports of Goods and Services. Driven by changes in global commodity prices and an expansion in services provided to nonresidents, exports reached USD **26.2** billion in 2024.

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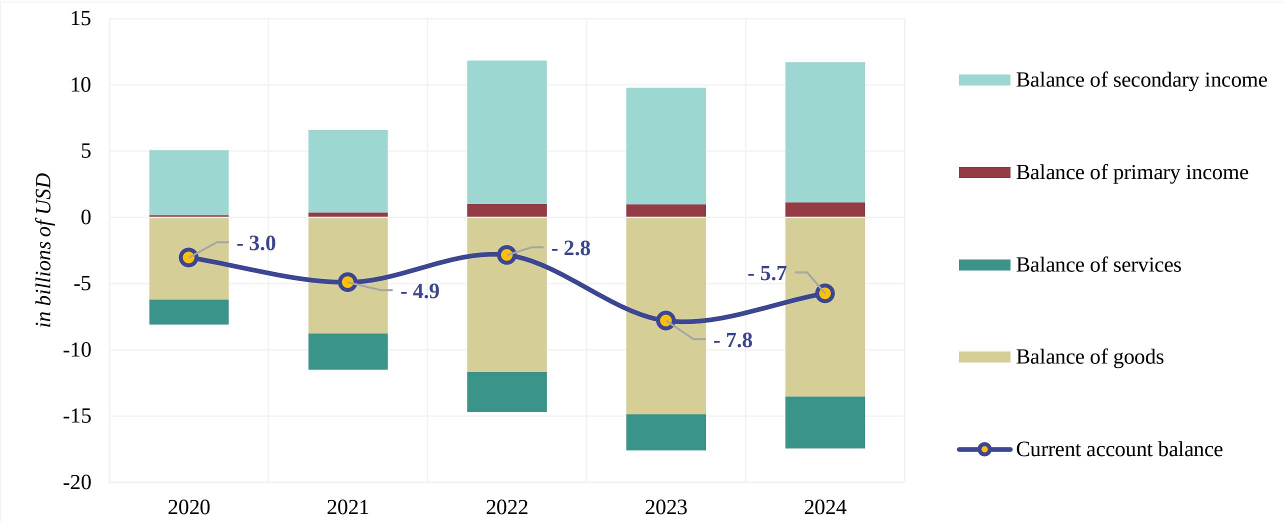
[11] *World Bank and IMF Commodity Market Data*

Figure 1.4.1

Current account dynamics



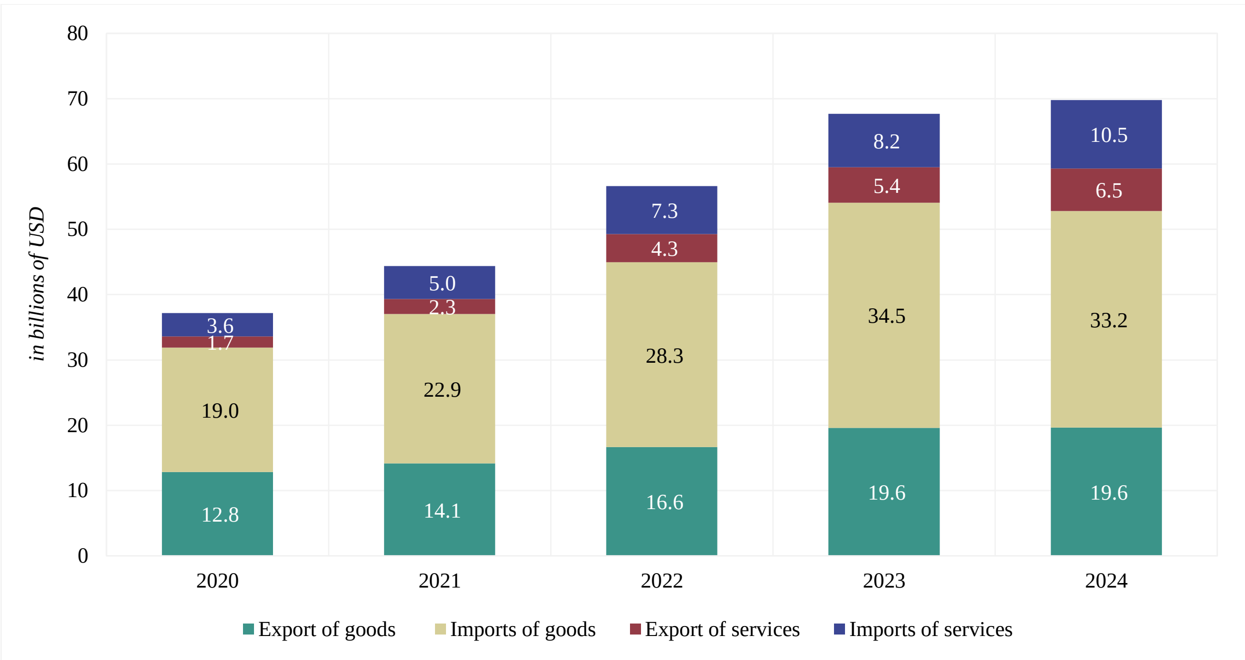
Source: Central Bank.

Merchandise exports remained almost unchanged relative to 2023, amounting to USD **19.6** billion, while services exports increased by nearly **21** percent, reaching USD **6.5** billion.

Excluding monetary gold, the main components of merchandise exports were textiles, non-precious metals, fruits and vegetables, agricultural products, and chemical industry products. Together, these categories accounted for **67** percent of non-gold exports, totaling USD **7.6** billion in 2024.

Figure 1.4.2

Dynamics of external trade indicators



Source: Central Bank.

Of total services exports, **49** percent came from travel services, **33** percent from transport services, and **18** percent from other business and professional services.

As the number of foreign visitors to Uzbekistan increased during the reporting period, exports of tourism-related services rose by **48** percent compared with 2023, reaching USD **3.2** billion.

Imports of Goods and Services. In 2024, sustained investment activity and strong domestic consumption demand drove import growth, particularly for energy resources, machinery and equipment, and food products. As a result, total imports reached USD **43.6** billion.

The overall growth rate of imports moderated to 2.3 percent, compared with previous years. Goods imports declined by **3.8** percent to USD **33.2** billion, while services imports increased by **28** percent, amounting to USD **10.5** billion.

Goods imports were dominated by machinery, equipment and mechanical devices, transport vehicles, mineral products, non-precious metals, and chemical industry products. Together, these categories accounted for 73 percent of total goods imports, amounting to USD **25.5** billion.

Within services imports, transport services, travel-related services, and other services accounted for **44** percent, **42** percent, and **14** percent, respectively.

Due to imports growing faster than exports, the trade balance recorded a deficit of USD **17.4** billion.

Primary and Secondary Income. Cross-border remittances in the primary and secondary income accounts continued to play a stabilizing role for the current account balance in 2024.

Both the primary and secondary income balances recorded surpluses of USD **1.1** billion and USD **10.6** billion, respectively.

Diversification in migration destinations and rising wages in migrant-receiving countries contributed to stronger inflows in both income categories. On the expenditure side, higher returns on foreign investment in Uzbekistan and an increase in external debt service payments pushed up primary income outflows.

In the primary income account, receipts of residents increased by **6.6** percent compared with 2023, reaching USD **5.7** billion.

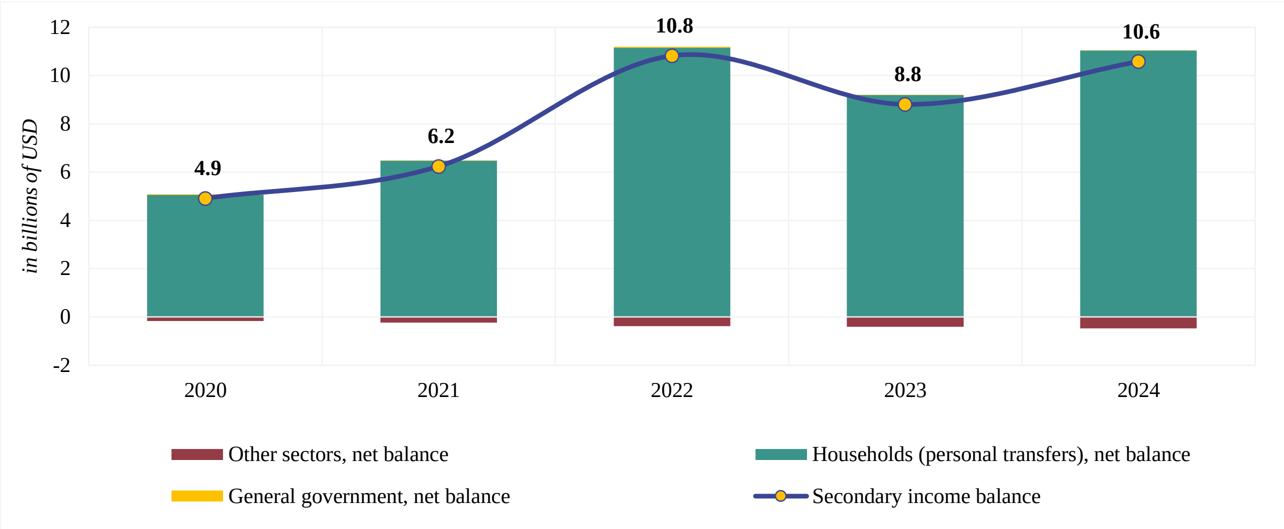
The rise in primary income payments reflected mainly the earnings of nonresidents from their investments in Uzbekistan and interest payments on external debt.

Despite the downward phase of global interest rates and generally favorable conditions, external debt service payments continued to increase: nonresidents' primary income from Uzbekistan reached USD **4.5** billion, up 4.8 percent year-on-year.

In the secondary income account, personal transfers received by households from nonresidents amounted to USD **11.6** billion, while outflows stood at USD **1** billion.

Figure 1.4.3

Dynamics of current transfers



Source: Central Bank.

The **current account** deficit was financed through foreign investment inflows as well as external borrowing attracted under regional socio-economic development programs and for financing investment projects implemented by domestic entrepreneurs.

In 2024, net inflows of foreign direct investment increased by **32** percent compared with 2023, reaching approximately USD **2.8** billion. Net equity inflows amounted to USD **2.1** billion, net increases in intercompany lending reached USD **1.1** billion, while investments under Production Sharing Agreements *(PSAs)* recorded a net decline of USD **585** million.

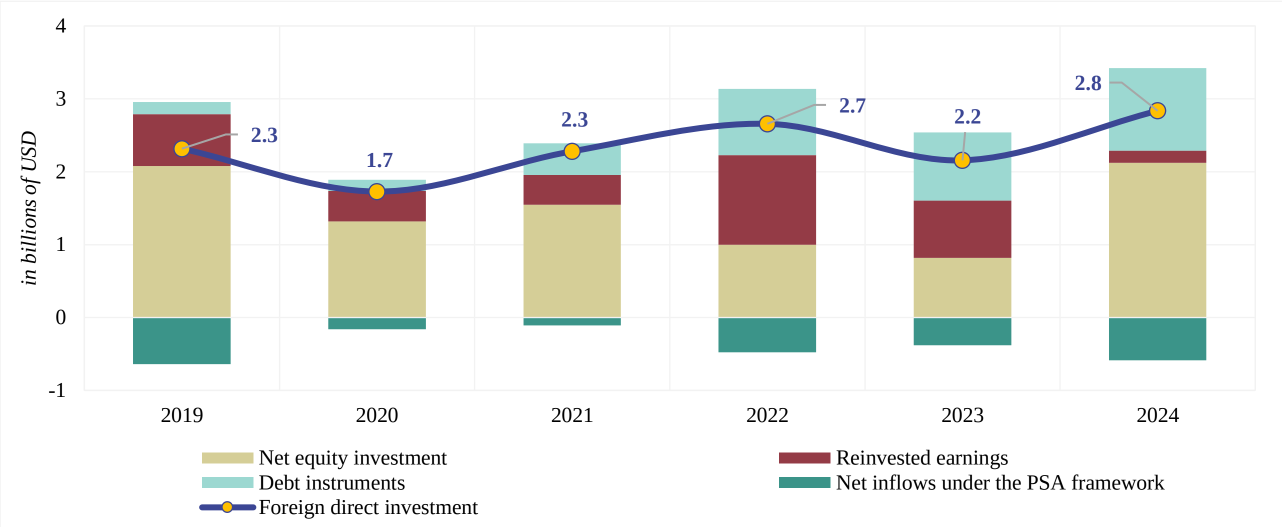
The portfolio investment component posted a net outflow of USD 3.1 billion, driven by portfolio transactions in the capital of non-financial corporations and operations related to international bonds.

At the same time, external loans and borrowings remained the primary source of financing for the current account deficit. The volume of such transactions increased by **2 percent** compared with 2023 and amounted to USD **7.5** billion.

Uzbekistan's net international investment position *(NIIP)* strengthened by **11** percent *(USD 1.4 billion)* relative to the beginning of 2024, reaching USD **13.7** billion as of 1 January 2025. Resident external assets amounted to USD **96.7** billion, while external liabilities totaled USD **83** billion.

Figure 1.4.4

Changes in the structure of foreign direct investment

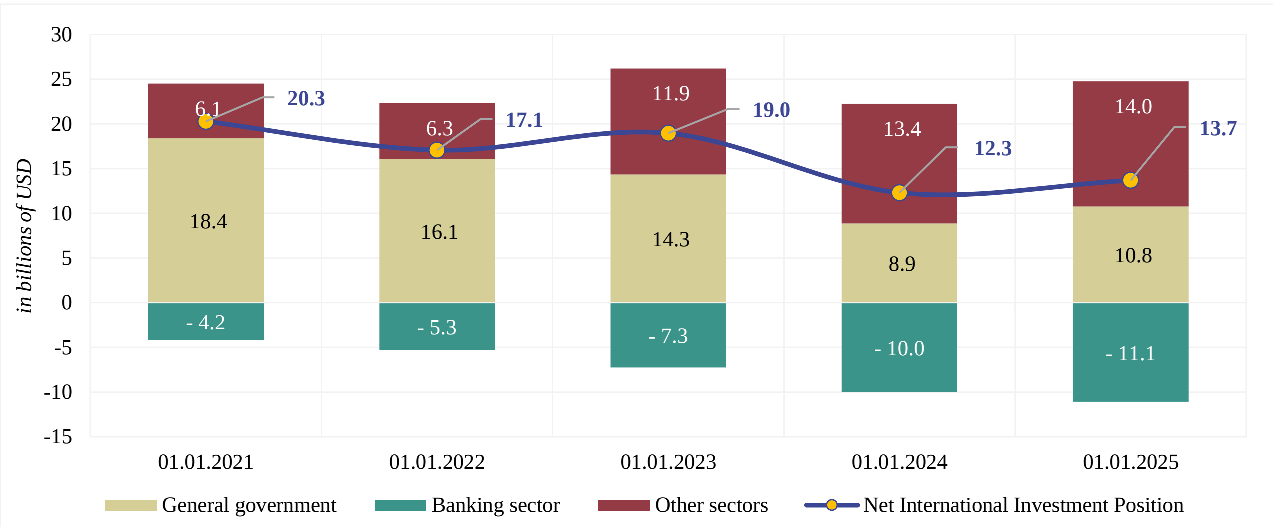


Source: Central Bank.

During the reporting period, an increase in assets under other investment and in international reserve assets had a positive impact on the net international investment position *(NIIP)*. In contrast, the rise in liabilities related to direct investment, portfolio investment, and other investment exerted downward pressure on the NIIP.

Figure 1.4.5

International investment position of the Republic of Uzbekistan



Source: Central Bank

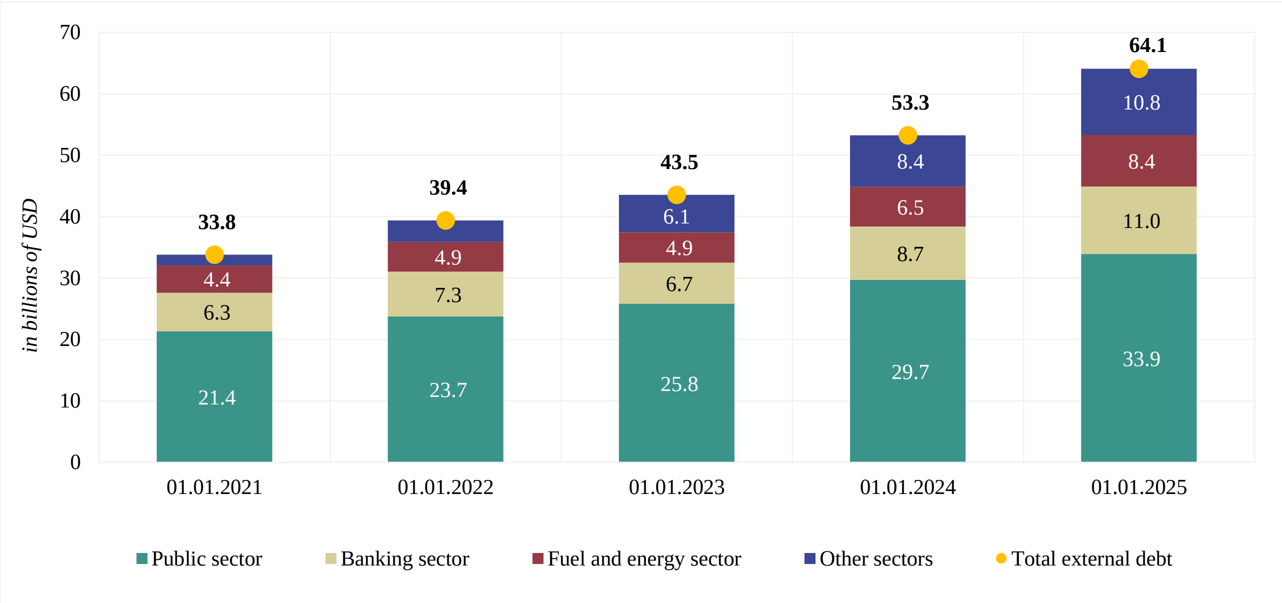
By the end of 2024, the **total external debt**[12] increased by **20** percent compared with the beginning of the year, reaching USD **64.1** billion.

Government external debt, excluding non-operational changes, increased by **14** percent, reaching USD **33.9** billion, while corporate external debt grew by **28** percent, amounting to USD **30.2** billion.

The expansion of government programs aimed at developing regions and economic sectors — combined with new external borrowings attracted primarily by commercial banks, the energy sector, and other corporate entities — led to an increase of USD **10.8** billion in total external debt obligations in 2024.

Figure 1.4.6

Composition of the Republic of Uzbekistan's total external debt



Source: Central Bank.

The increase in total external debt obligations consisted of USD **4.2** billion in additional government external debt and USD **6.6** billion in additional corporate external debt.

Within the structure of corporate external debt, outstanding liabilities of the banking **sector** amounted to USD **11** billion *(a 26 percent increase)*, liabilities in the fuel and energy sector totaled USD **8.4** billion *(a 30 percent increase)*, and liabilities in other sectors reached USD **10.8** billion *(a 28 percent increase).*

[12] *It includes public and publicly guaranteed debt, as well as private external debt, including interest accrued but not yet paid.*

II. FINANCIAL STABILITY AND DEVELOPMENT OF THE BANKING SECTOR IN 2024

Throughout 2024, the Central Bank paid special attention to ensuring that financial stability indicators in the banking system remained at an adequate level, as well as to mitigating potential risks arising from external economic developments and strengthening the resilience of banks.

Accordingly, commercial banks were regularly subjected to stress testing under various scenarios, and measures were taken to reduce future risks to their capital and liquidity positions.

Based on the results of these stress tests, all necessary measures to maintain the financial stability of commercial banks were implemented in a timely and effective manner.

In order to enhance risk-based banking supervision, a **Financial Sector Assessment Program** *(FSAP)* was conducted in November 2024 with the support of the World Bank and the International Monetary Fund. The assessment evaluated the alignment of the bank supervisory framework with Basel Core Principles. Based on preliminary findings and recommendations, the Central Bank initiated the following actions:

– ensuring regular discussions by banks' boards of directors and internal audit units on reports regarding the financial condition of banks;

– assessing credit, operational, market, and foreign-exchange risks of commercial banks in line with international standards, and gradually incorporating the advanced stress-testing methodologies of international financial institutions into the macroprudential supervision framework;

– implementing measures to establish Supervisory Colleges jointly with foreign banks operating in Uzbekistan, Uzbek banks abroad, and other national financial supervisory authorities;

– expanding the scope of risk-based supervision, including the assessment of banks' business models, credit, interest rate, market, operational, and liquidity risks, capital adequacy, and corporate governance;

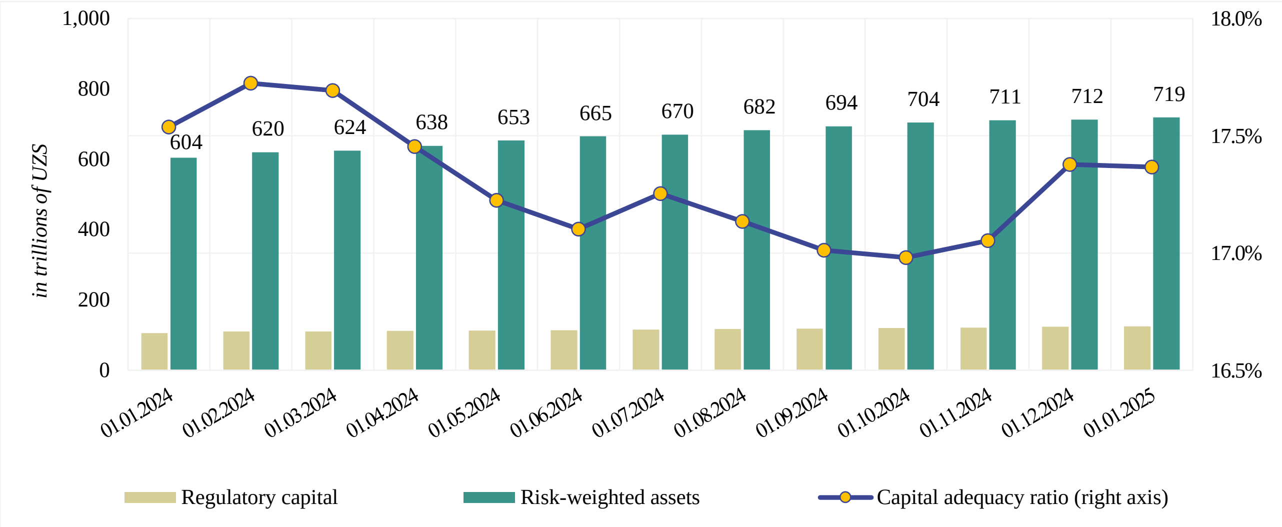
– revising the scope of prudential reporting based on banks' systemic significance and risk profiles.

2.1. Financial Stability of the Banking System

In 2024, the **total capital** of the banking system increased by **18** percent, reaching UZS **115** trillion, while charter capital grew by **22** percent to nearly UZS **84** trillion. Regulatory capital rose by **18** percent to UZS **124.8** trillion, and risk-weighted assets increased by **19** percent to UZS **719** trillion. The **capital adequacy ratio** stood at **17.4** percent *(above the minimum requirement of 13 percent)*, broadly unchanged from the previous year's level of 17.5 percent.

Figure 2.1.1

Capital adequacy ratio dynamics



Source: Central Bank.

In the reporting year, the volume of high-quality liquid assets *(HQLA)* increased by UZS 36 trillion, or 37 percent, reaching UZS **133** trillion. Within the structure of HQLA, assets denominated in **national currency** rose by UZS 27 trillion, while foreign-currency assets increased by UZS 9 trillion, reaching UZS **74** trillion and UZS **59** trillion, respectively.

As a result, the share of **high-quality liquid assets** in total assets *(the liquidity buffer)* increased by **2.5** percentage points in 2024, reaching **17.3** percent as of 1 January 2025 *(minimum requirement: 10 percent).*

Against the backdrop of rising HQLA, the Liquidity Coverage Ratio *(LCR)* in the banking system improved significantly. During the reporting year, the LCR increased by **29** percentage points, reaching **194** percent as of 1 January 2025 *(minimum requirement: 100 percent).*

Figure 2.1.2

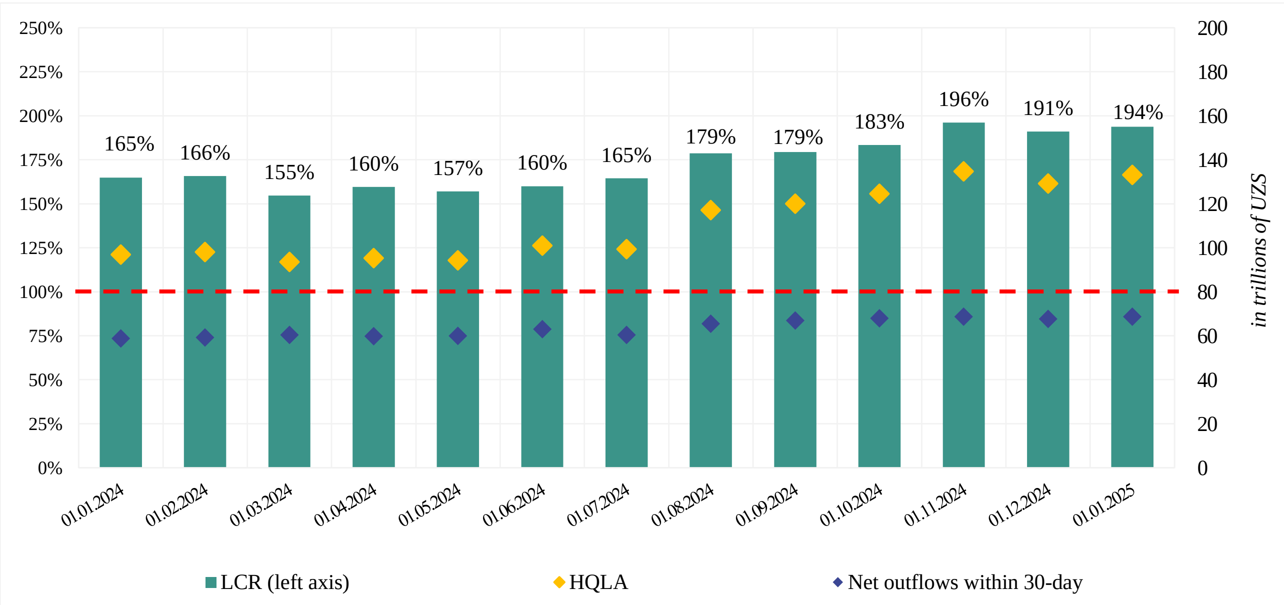
Share of high-quality liquid assets in total assets

Source: Central Bank.

This, in turn, enables banks to meet their obligations to customers for the next 30 days with almost twice the required liquidity, even under unexpected stress conditions.

Figure 2.1.3

Liquidity coverage ratio (LCR)



Source: Central Bank.

Furthermore, the Net Stable Funding Ratio *(NSFR)* — the key indicator of long-term liquidity — rose by almost 4 percentage points, reaching **115** percent *(minimum requirement: 100 percent).*

Figure 2.1.4

Net stable funding ratio (NSFR) dynamics

Source: Central Bank.

In 2024, commercial banks' total revenues amounted to UZS **167** trillion, while total expenditures reached UZS **160** trillion, resulting in a net profit of UZS **7** trillion for the banking system. A total of 27 banks closed the year with a profit of UZS 11.5 trillion, while 9 banks recorded a combined loss of UZS 4.5 trillion.

Of total bank revenues, **67** percent consisted of **interest income**, while **33** percent came from **non-interest income**. Within interest income: **91** percent came from loans and customer obligations, **4.4** percent from funds placed with other banks, and **4.6** percent from income on securities.

Figure 2.1.5

Dynamics of return on assets (ROA) in the banking system

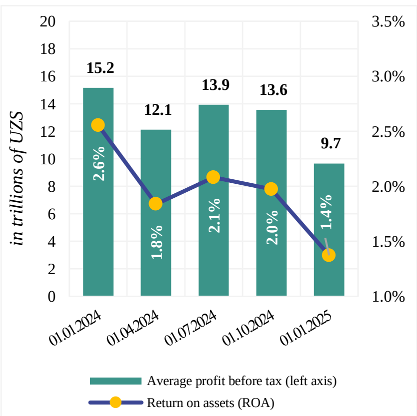


Figure 2.1.6

Dynamics of return on equity (ROE) in the banking system

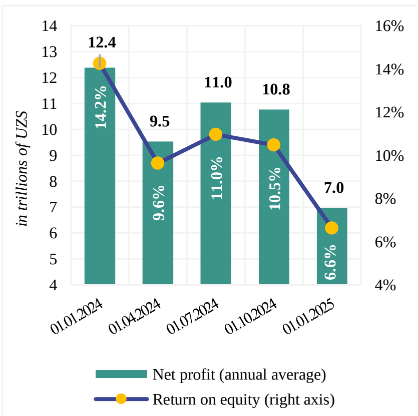
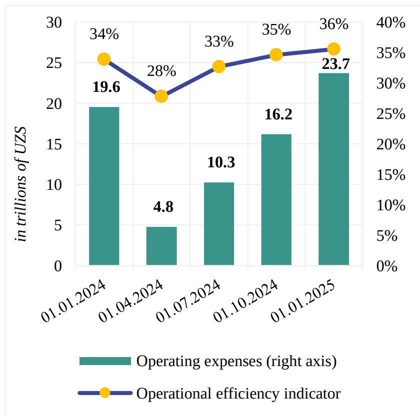


Figure 2.1.7

Operational efficiency indicator (cost-to-income ratio)



Source: Central Bank

In 2024, a significant increase in non-interest expenses *(+70.4 percent)* led to a decline in bank profitability indicators. The **return on assets *(ROA)*** decreased by **1.2** percentage points year-on-year to **1.4** percent, while the **return on equity *(ROE)*** fell by **7.6** percentage points to **6.6** percent.

The increase in non-interest expenses was also reflected in the **cost-to-income ratio *(CIR)*** — the key operational efficiency metric. In 2024, the CIR rose by **2** percentage points compared with 2023, reaching **36** percent *(the desirable range for this indicator is around 50 percent, and a lower ratio is considered favorable).*

Box 5

Definition of key indicators

The total capital of the banking system represents the aggregate capital of all Tier II banks operating in the country and reflects their financial stability and ability to absorb risks. It consists of Tier I capital *(charter capital + retained earnings + reserves – intangible assets)* and Tier II capital *(Tier I capital + subordinated debt securities + loan-loss provisions + revaluation reserves).*

Growth in bank capital is considered a positive signal, indicating enhanced financial stability, expanded business capacity, and improved risk absorption. Capital may increase due to higher profitability, additional injections into charter capital, profit retention, compliance with regulatory requirements, or expansion of the credit portfolio.

Capital Adequacy Ratio *(CAR)* is a key indicator that measures a bank's financial soundness and capacity to absorb risks. Under Basel III standards, the minimum CAR requirement is **8** percent, while for systemically important banks it ranges from **10.5** to **12** percent. In Uzbekistan, the regulatory minimum is **13** percent.

An increase in CAR indicates stronger financial stability, larger capital buffers, and greater lending capacity. A decrease in CAR may signal growth in risk-weighted assets, losses, or the need for recapitalization.

High-Quality Liquid Assets *(HQLA)* reflects a bank's ability to meet short-term obligations and prevent liquidity crises.

Under Basel III, the Liquidity Coverage Ratio *(LCR)* must not fall below **100** percent, meaning that banks must hold sufficient liquid assets to cover their projected 30-day net cash outflows.

Growth in HQLA indicates stronger liquidity resilience, although it may limit profitability because highly liquid assets typically generate lower returns. If HQLA falls below 10 percent, it may signal emerging liquidity pressures, declining depositor confidence, and the potential need to secure additional liquidity rapidly.

2.1.1. Dynamics of key performance indicators of commercial banks

The expansion of the financial sector in the economy supports inclusive economic growth on the one hand, but on the other hand, creates conditions for an increase in potential risks related to financial stability.

In this context, ensuring the sustainable growth of banking system assets, maintaining consistency with economic growth, and promptly preventing **possible distortions** in the asset structure are of critical importance.

In 2024, the Central Bank focused primarily on aligning the scale of economic financing with GDP growth, improving the quality of the loan portfolio, and mitigating risks associated with asset concentration in certain segments.

During the reporting year, **total banking system assets** increased by UZS **117** trillion, or **18** percent, reaching UZS **769.3** trillion as of 1 January 2025.

The share of **net loan investments** in total assets decreased from 70.2 percent in 2023 to **66.9** percent, and the share of funds held at the Central Bank declined from 5.1 percent to **4.5** percent. Meanwhile, the share of funds placed with other banks rose from 8.2 percent to **8.5** percent, and investments and purchased securities increased from 5 percent to **7.7** percent.

The share of cash increased from 3.1 percent to 3.3 percent, fixed assets from 3.0 percent to 3.2 percent, accrued interest from 3.0 percent to 3.1 percent, and other property and assets from 1.9 percent to 2.7 percent.

The decline in the share of net loans and funds held at the Central Bank was driven by the moderation of credit growth under tight monetary conditions and strengthened macroprudential measures.

In 2024, banks issued UZS **287** trillion in loans to meet the credit needs of households and businesses, which is **14.3** percent higher than in 2023. Loans issued in the national currency increased by 11.4 percent to UZS 193 trillion, while foreign currency loans rose by 20.6 percent to UZS 94 trillion.

National currency loans accounted for 67 percent of total lending, and foreign currency loans for 33 percent. Of the total loans issued, **64** percent were provided to businesses and **36** percent to households.

Within business lending, UZS **73** trillion were allocated as revolving loans aimed at replenishing **working capital**.

During the year, UZS 222 trillion in loans were repaid, which is 20 percent more than in 2023 and constitutes 77 percent of the newly issued loans.

As a result, outstanding loan balances increased by UZS **62** trillion, or **13** percent, compared to the beginning of the year, reaching UZS **533** trillion as of 1 January 2025.

The share of loans in the **national currency** rose from 55 percent in 2023 to **57** percent, while the share of **foreign currency** loans declined from 45 percent to **43** percent. The reduction in foreign currency lending reflects the Central Bank's prudent exchange rate policy and the improving ability of businesses to manage currency risk.

Figure 2.1.1.1

Dynamics of disbursed and repaid loans

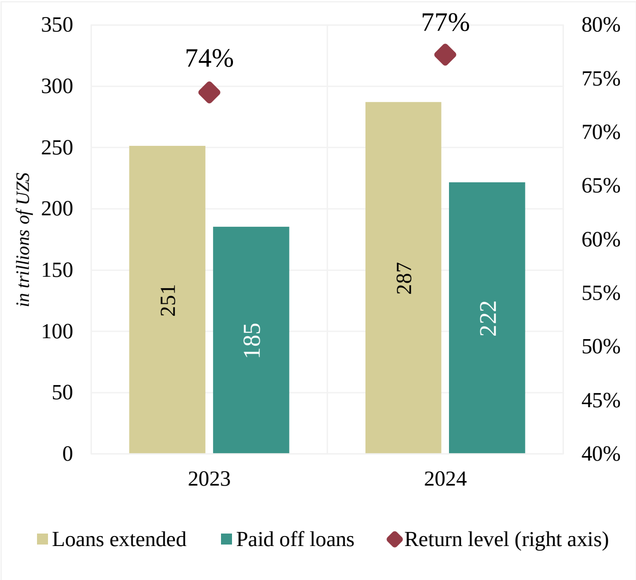
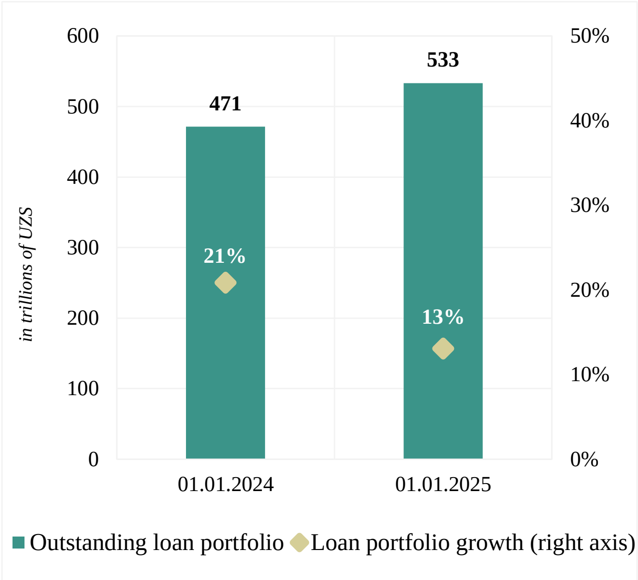


Figure 2.1.1.2

Dynamics of the loan portfolio



Source: Central Bank.

In 2024, loan placements to **business entities** increased by 10.2 percent, reaching UZS **355.6** trillion, while loans to **households** rose by 19.5 percent compared to 2023 and amounted to UZS **177.5** trillion.

Within household lending, **microloans** increased 1.7 times to UZS **42.4** trillion, **mortgage loans** grew by 16.5 percent to UZS **67.7** trillion, and other loans increased by 2.3 percent to UZS 67.4 trillion. As a result, the share of **microloans** in household lending **rose significantly** — from 16.5 percent in 2023 to **23.9** percent in 2024, an increase of **7.4** percentage points.

It should be noted that raising the maximum microloan amount from UZS 50 million to **100** million starting from 1 January 2024 supported high growth in this **loan segment**. However, this has also led to an increase in **the concentration of microloans** within banks' credit portfolios, and the absence of collateral requirements for microloans is contributing to **risk accumulation** in this segment.

In 2024, total loan placements of state-owned banks increased by 10 percent to UZS **366.7** trillion, while loan placements of private banks increased by 20.5 percent to UZS **166.4** trillion.

Consequently, the share of **state-owned banks** in the total credit portfolio declined from 70.7 percent in 2023 to **68.8** percent, whereas the share of **private banks** increased from 29.3 percent to **31.2** percent.

This development is explained by the wider adoption of modern technologies in private banks, their business models focusing on retail lending, and the simplification of lending procedures — particularly the fact that microloans can be obtained through mobile applications.

The outstanding volume of credit allocated to the economy increased across major sectors: by **9** percent in industry, reaching UZS **153.4** trillion; by **6** percent in agriculture, reaching UZS **50.3** trillion; by **17** percent in trade and public catering, reaching UZS **38.1** trillion; by **6** percent in construction, reaching UZS **13** trillion; and by **4** percent in the sector of material and technical supply, reaching UZS **4.2** trillion.

In 2024, the outstanding volume of **preferential loans**[13] amounted to UZS **142** trillion, accounting for **27** percent of the total loan portfolio.

To continue meeting the economy's growing demand for credit — and given the uncertainties surrounding access to external funding — commercial banks increasingly rely on **domestic funding** sources to support lending activities.

Funding sources and liabilities of banks

To support the growing demand for credit in the economy and in view of uncertainties related to attracting external funding, commercial banks increasingly relied on domestic funding sources. As a result, total liabilities of the banking system reached UZS 654.5 trillion in 2024, an increase of 18 *percent (or UZS 99 trillion)* compared to 2023.

Specifically, in the reporting year, the total liabilities of banks reached UZS **654.5** trillion, increasing by **18** percent or UZS **99** trillion compared to 2023.

The growth in liabilities was driven by the following components: **67** percent by **deposits**, **16** percent by issued **securities**, **10** percent by borrowed **credit lines**, **2** percent by **subordinated debt**, and **7** percent by other liabilities.

[13] *Preferential loans are defined as those issued in national currency at interest rates equal to or below the Central Bank's policy rate, as well as foreign-currency loans provided under the Uzbekistan Fund for Reconstruction and Development (UFRD) and those extended under Government guarantees.*

In the composition of total liabilities, the share of **deposits** increased from 43.5 percent to 47.2 percent, **securities** issued from 2.4 percent to 4.4 percent, and **subordinated debt and other liabilities** from 5.4 percent to 5.9 percent.

Meanwhile, **the share of credit lines** decreased from 40.4 percent to 35.9 percent, and balances payable to other banks declined from 8 percent to 6.3 percent. Payments due to the Central Bank *(related to the payment systems)* accounted for 0.3 percent.

Within deposits, the share of national-currency deposits increased from 70.1 percent to **75** percent, while the share of foreign-currency deposits decreased from 29.9 percent to **25** percent. This trend reflects the increasing attractiveness of deposits in the national currency due to exchange rate stability and the maintenance of positive real interest rates under a relatively tight monetary policy.

The weighted average annual interest rate on term deposits of individuals in the national currency was 21.8 percent. Of these deposits, 55 percent were attracted at rates up to 22 percent, 37 percent at rates between 22–25 percent, and the remaining 8 percent at rates above 25 percent.

Household deposit balances grew by **42** percent *(UZS 36 trillion)* to UZS **122** trillion, including national-currency deposits which increased by **54** percent *(UZS 31 trillion)* to reach UZS 88 trillion. Their share in total household deposits rose from **66** percent to **72** percent.

Regarding maturity structure, the share of deposits with maturities **up to one year** remained around **29** percent *(unchanged from 2023)*, while deposits with maturities **above one year** increased from 35.3 percent to **38.7** percent. The share of **demand** deposits declined from 35.3 percent to **32.1** percent.

Overall, despite major central banks transitioning into monetary easing cycles due to declining global inflation, high global demand for external financing and persistent uncertainties have resulted in a relatively slow decline in external interest rates.

Given the limited availability of alternative financing sources in the economy, the importance of external funding — alongside domestic resources — is increasing in meeting the high demand for bank credit.

In this context, in 2024 banks attracted a total of USD **6.3** billion in foreign borrowing *(a 46 percent increase compared to 2023)*, including USD **2** billion in short-term external loans with maturities of up to one year.

Table 2.1.1.1

Distribution of deposits by maturity

	Total	By the maturity of deposit							
		Demand deposits		Up to 6 month		6 months to 1 year		Over 1 year	
		Amount	*Share %*	Amount	*Share %*	Amount	*Share %*	Amount	*Share%*
01.01.2024	**241,687**	**85,198**	***35.3***	**36,329**	***15.0***	**34,952**	***14.5***	**85,209**	***35.0***
in national currency	169,516	50,827	*30.0*	25,909	*15.0*	27,209	*16.0*	65,571	*39.0*
in foreign currency	72,171	34,370	*48.0*	10,420	*14.0*	7,743	*11.0*	19,638	*27.0*
01.01.2025	**308,692**	**99,094**	***32.1***	**43,980**	***14.2***	**46,260**	***15.0***	**119,359**	***39.0***
in national currency	231,235	62,415	*27.0*	34,647	*15.0*	39,014	*17.0*	95,158	*41.0*
in foreign currency	77,458	36,679	*47.0*	9,332	*12.0*	7,246	*9.0*	24,201	*31.0*

Source: Central Bank.

During the reporting year, banks repaid USD **4.6** billion in external loans *(a **60 percent** increase compared to 2023)*, of which USD **2.8** billion *(60 percent)* accounted for long-term loan repayments.

As a result of measures taken to diversify funding sources and to mitigate existing and potential risks in banks, **external credit** resources increased by **9.1** percent *(by UZS 12.3 trillion, reaching USD **11.4** billion)*. At the same time, **domestic resources** — specifically deposit balances — grew by UZS **67** trillion or **28** percent in 2024, raising their share in total liabilities from 44 percent to **47** percent over the year.

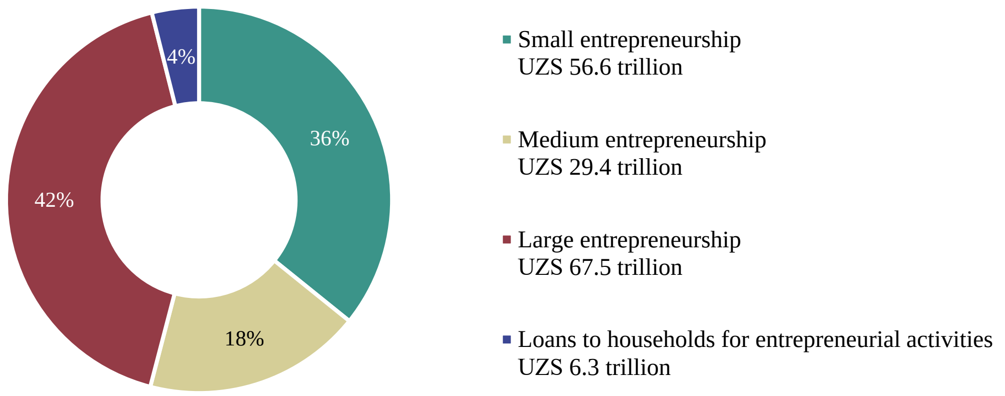
2.1.2. Analysis of loans allocated for entrepreneurial activity

Significant importance is attached to the role of banks in supporting business initiatives of enterprises, financing investment projects, and expanding opportunities for employment creation and additional income generation through the establishment of new jobs.

In 2024, commercial banks allocated a total of UZS **160** trillion in credit resources to support more than **539** thousand entrepreneurial projects aimed at fostering business activity.

Figure 2.1.2.1

Distribution of loans for entrepreneurial activities by category, 2024



*****In accordance with Presidential Decree No. PF-21 of the Republic of Uzbekistan dated 10 February 2023, business entities are classified as small, medium, and large based on their annual turnover.*

Within this classification, self-employed individuals engaged in income-generating activities are also included as part of the family entrepreneurship development programs.

Specifically, UZS **92.4** trillion — or **26** percent more than in 2023 — of these loans was directed toward small and medium-sized enterprises, including family entrepreneurship, and toward supporting the entrepreneurial initiatives of women and youth, financing more than **538,000** projects.

In 2024, **commercial banks** allocated UZS **61.3** trillion to finance more than **69,000** projects implemented by business entities in the trade and services sectors.

Of this amount, UZS **25** trillion was allocated to projects in the services sector, UZS **15.7** trillion to trade activities, and UZS **20.6** trillion to replenishing the working capital of entrepreneurs operating in the services sector.

To support tourism activities, commercial banks provided more than UZS **4.6** trillion in loans to **5,771** business entities.

Of the loans allocated, UZS **1.5** trillion was directed toward the development of hotel operations, UZS **1,022.7** billion toward restaurant services, UZS **812.8** billion toward passenger transportation services, UZS **522.6** billion toward the activities of travel agencies and recreational facilities, and UZS **62.1** billion toward sports and wellness tourism.

In 2024, commercial banks also made extensive use of foreign credit line resources to finance entrepreneurial projects. Across the country, loans totaling USD 3.3 billion were allocated to around 26,700 projects.

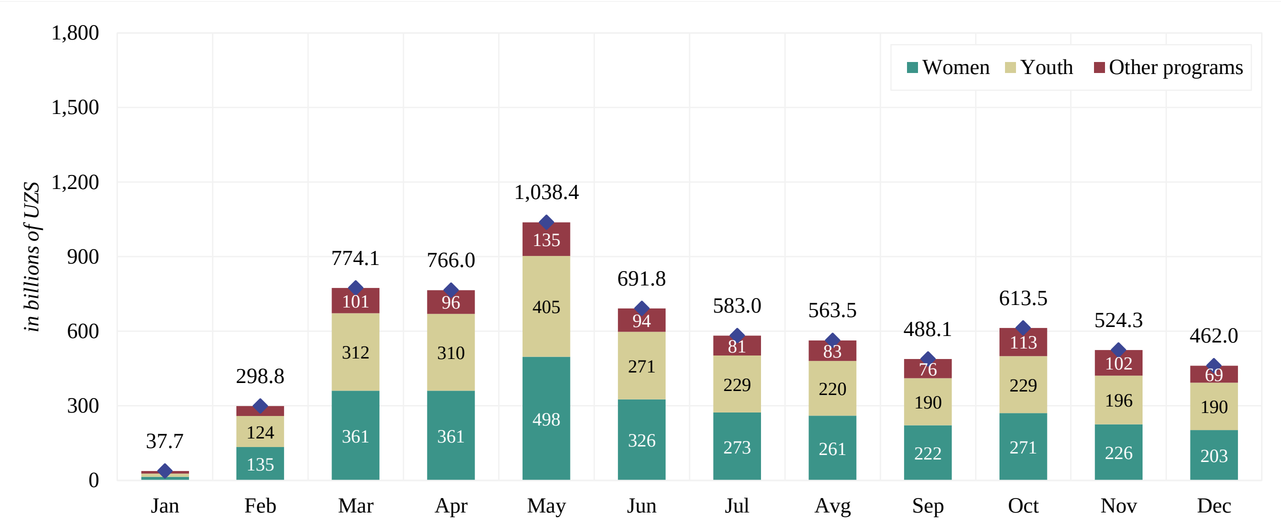
Of these resources, USD 1.2 billion was directed toward financing small and medium-sized enterprises *(SMEs)*.

In 2024, funds from foreign credit lines were allocated as follows: USD 2,138.3 million to manufacturing, USD 387.7 million to trade and food services, USD 290.4 million to service activities, USD 190.4 million to agriculture, USD 188.5 million to transport, USD 139.8 million to construction, and USD 3.4 million to communications.

Within the framework of the **Family Entrepreneurship Development Programs** *(hereinafter — the Programs)*, more than UZS **50** trillion in concessional loans has been allocated over the past seven years with the aim of broadly engaging the population in entrepreneurial activity, creating additional income sources, and providing financial support to small business entities. As a result, nearly **2.3** million individuals have been enabled to engage in income-generating activities.

Figure 2.1.2.2

Dynamics of loan allocation under the family entrepreneurship development programs in 2024



Source: Central Bank.

In 2024, implementation of the Programs continued, with a primary focus on expanding income-generating employment opportunities for youth and women. Based on the recommendations of district assistants to the hokims, more than **372** thousand projects received over UZS **6.8** trillion in concessional loans.

Of these concessional loans, more than **150** thousand youth entrepreneurship projects were supported with UZS **2.7** trillion, while over **203** thousand women-led projects received UZS **3.2** trillion in financing.

Within the Programs, UZS **495** billion *(7%)* of the allocated loans were directed to legal entities and individual entrepreneurs, whereas UZS **6.3** trillion *(93%)* went to self-employed individuals.

In addition, in 2024, the allocated loans included UZS **3.6** trillion directed to agriculture *(of which UZS **1.5** trillion to livestock development, UZS **567** billion for greenhouse establishment, and UZS **518** billion for fruit, vegetable, and horticulture activities)*, UZS **1.9** trillion to the services sector, UZS **838** billion to handicrafts, and UZS **433** billion to manufacturing and other sectors.

All processes related to loan allocation are fully digitalized and carried out through a unified electronic platform *(Oilakredit.uz)*. In particular, the submission of loan applications, scoring procedures, document processing, product ordering, and monitoring processes are automated and reviewed without human involvement.

In addition, within the framework of the Family Entrepreneurship Development Programs, mechanisms have been introduced to provide loans of up to UZS **300** million to legal entities and individuals with a positive credit history who have successfully implemented their business projects, with the aim of expanding their entrepreneurial activities and creating new jobs.

Within this direction, projects of **49,159** entrepreneurial entities amounting to UZS **4.8** trillion were financed.

Accordingly, in order to ensure continuity and sustainability in the financial support of small businesses, a targeted list of **751,000** clients who received loans under the Family Entrepreneurship Development Programs during 2018–2023, used them successfully, and repaid them on time has been compiled to assist them in transitioning to the level of small and medium-sized enterprises.

A system has been introduced to provide these clients with microloans of up to UZS **300** million, of which UZS **100** million is issued without collateral from the funds of the “Entrepreneurship Development Company” JSC, and up to UZS **200** million is issued from the own resources of banks and microfinance organizations.

As a result, within the framework of this decision, preferential loans totaling UZS **3.1** trillion were allocated to the projects of more than **10,000** entrepreneurial entities.

In 2024, commercial banks continued efforts to engage the population in entrepreneurial activities and promote productive employment through specific initiatives and pilot programs. In particular, the practices implemented in the Saykhunabad and Uychi districts, as well as the initiatives based on the “**one cluster — one product**” principle, are being expanded.

Based on the “Saykhunabad model”, commercial banks allocated UZS **10.2** trillion in financing for **326,000** micro-projects aimed at establishing small-scale income-generating activities in neighborhoods. As a result, **577,000** individuals were provided with opportunities for productive employment.

Specifically, loans were allocated as follows: UZS **2** trillion for **53,000** projects in the industrial sector; UZS **4.8** trillion for **144,000** projects in the services sector; UZS **3.4** trillion for **127,000** projects in the agriculture sector.

Under the "Uychi model," meetings were held with approximately **110,000** entrepreneurs in 2024, during which more than **68,000** issues and challenges raised by them were positively resolved.

Within the framework of the "one contour — one product" principle, **508** model projects were implemented across **5,400** hectares of leased land designated primarily for cultivating high-value, export-oriented agricultural products.

These projects received UZS **41.5** billion in loans, and by assigning "lead entrepreneurs" (exporters and processing enterprises) to each project, **18,000** household farms were established.

2.1.3. Prudential and macroprudential measures implemented to ensure banks' financial stability

In 2024, necessary measures were undertaken to ensure the financial stability of banks, strengthen their resilience to potential risks arising within the banking system through the formation of liquidity and capital buffers, improve the quality of credit portfolios, eliminate existing weaknesses in lending practices, and regularly assess the financial condition of major borrowers.

In particular, in September 2024, the Central Bank conducted a stress test to evaluate the liquidity position of the banking system, identify potential liquidity risks, and assess their impact on banks' financial stability under **"baseline"** and **"adverse"** scenarios.

The baseline scenario reflected a minimal set of idiosyncratic shocks that could materialize under unfavorable conditions, while the adverse scenario was constructed based on risks associated with severe macroeconomic, geopolitical, or climate-related shocks.

Based on the results of the stress test, commercial banks developed and are implementing an action plan aimed at eliminating existing vulnerabilities in their liquidity positions.

To improve the quality of banks' credit portfolios and prevent risks associated with non-repayment, the analysis of credit portfolios was intensified on a regular basis across banks, regions, sectors, and market segments.

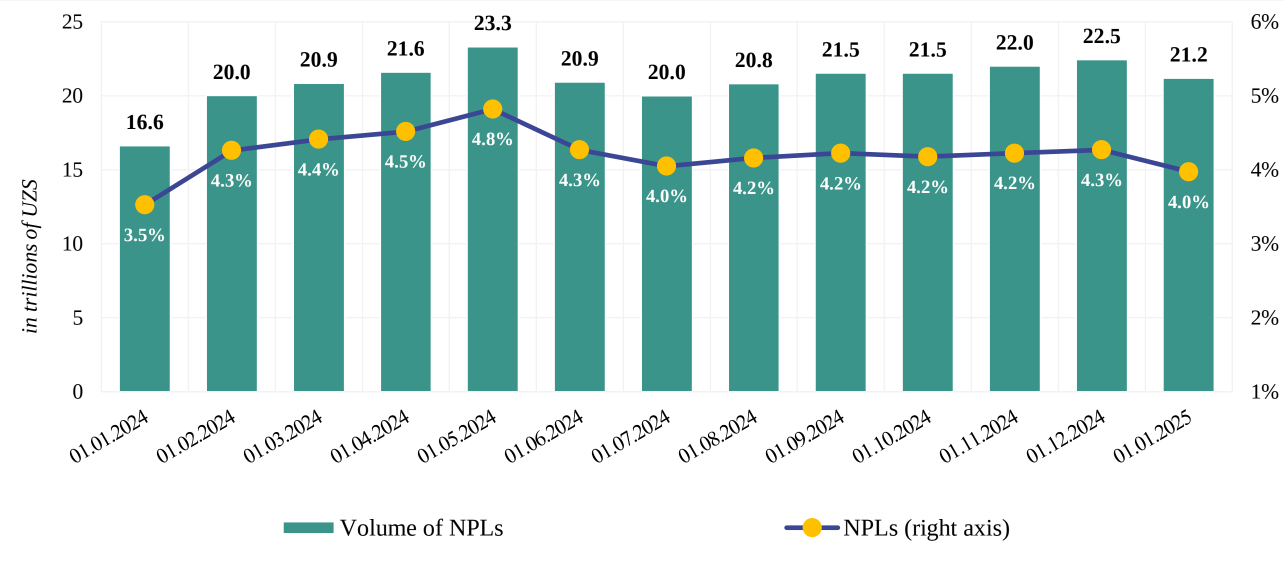
Measures were taken to strengthen banks' capital buffers and align their charter capital with statutory requirements, as a result of which the charter capital of **14** banks was increased to UZS **500** billion.

In addition, in order to identify existing problems in entrepreneurs' activities and reduce the share of non-performing loans among them, the Central Bank, together with commercial banks, continued on-site inspections and assessments.

In 2024, the share of non-performing loans in total loans remained at **4** percent *(compared to 4.5 percent in the first quarter of 2024).*

Figure 2.1.3.1

Dynamics of non-performing loans as a share of total loans



Source: Central Bank.

As of 1 January 2025, **79** percent of commercial banks' credit portfolios were classified as **"standard", 17** percent as **"substandard",** and **4** percent as non-performing loans *(NPLs)*, including **1.9** percent **"unsatisfactory"**, **1.4** percent **"doubtful"**, and **0.7** percent **"loss"** categories.

In 2024, provisions formed by banks against potential losses on assets *(excluding provisions for standard assets)* increased by UZS **4.9** trillion or **36** percent, reaching UZS **18.4** trillion. As a result, the coverage ratio of **non-performing loans** by provisions rose from **82** percent in the corresponding period of the previous year to **87** percent as of 1 January 2024.

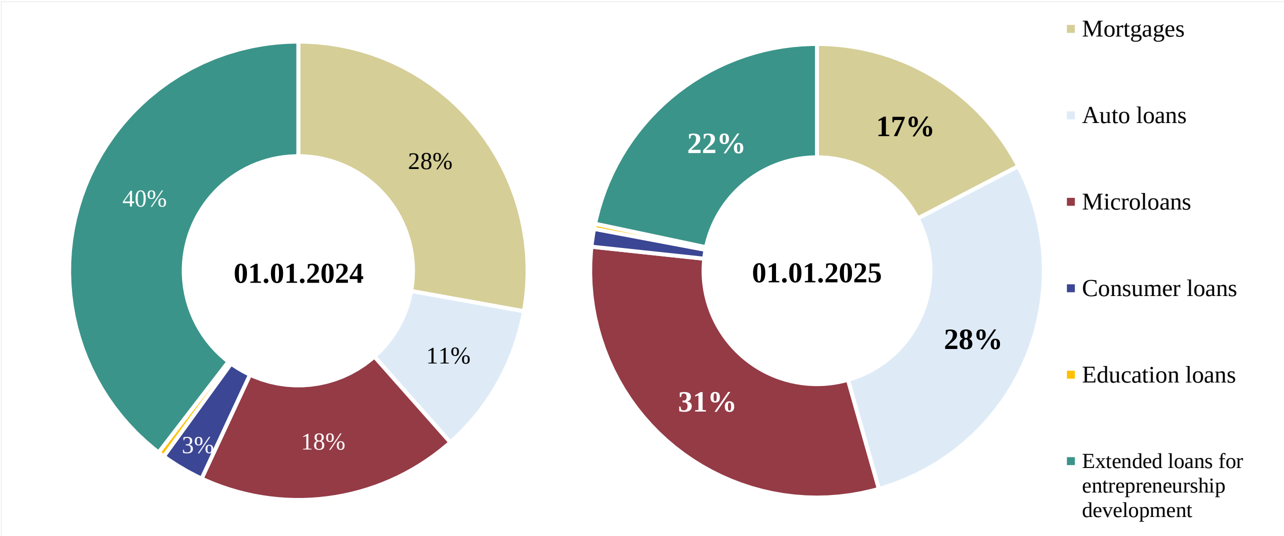
75 percent of **non-performing loans** *(UZS 15.8 trillion)* fall to loans extended to entrepreneurial entities, while **15** percent *(UZS 5.4 trillion)* correspond to loans issued to individual borrowers.

Within the structure of households' non-performing loans: UZS **1.7** trillion *(31%)* consists of microloans, UZS **1.5** trillion *(28%)* of auto loans, UZS **1.2** trillion *(22%)* of loans issued for business development, UZS **932** billion *(17%)* of mortgage loans, and UZS **88** billion *(1.6%)* of other consumer loans.

The Central Bank strengthened supervisory controls over compliance with prudential requirements, including capital adequacy and liquidity standards, exposure limits to related parties and interconnected groups, banks' investments in real estate, and foreign currency positions.

Figure 2.1.3.2

Household non-performing loans *(NPLs)*



Source: Central Bank.

In addition, during the reporting year, supervisory reviews were conducted to assess whether assets were risk-weighted in accordance with the established requirements for calculating capital adequacy ratios, whether asset quality was correctly classified, whether sufficient provisions had been formed, whether subordinated debt was recorded in compliance with regulatory standards, and whether other components were accurately reflected.

To strengthen the management of large exposures — critical for the stability of the banking system — and to assess their potential impact, an analysis was carried out on how the **TOP-50** largest borrowers in the banking system's credit portfolio affect the financial soundness of banks.

Within the framework of supervisory measures, **risk-profile assessments** of **14** banks were conducted in 2024 based on the methodologies of **4** pilot banks.

Based on the results of these assessments, appropriate supervisory actions were taken toward commercial banks, and guidance was issued to address identified weaknesses.

Drawing on the findings of the risk-profile evaluations, proposals were developed for inclusion in the 2025 supervisory examination program.

Institutional analytical information was regularly compiled, covering material developments in banks' activities, significant decisions adopted by banks' boards, and measures or sanctions applied by the regulator toward individual banks.

In addition, the Central Bank conducted quarterly monitoring of banks' performance against their 2024 **business plan targets.**

To assess the risk level of household lending and identify emerging *(potential)* problem loans, the qualitative dynamics of mortgage loans, auto loans, and microloans were examined. These analyses revealed that, in some banks, the concentration of certain types of retail loans within the credit portfolio has increased.

Based on these findings, and in order to mitigate credit risks in the banking system and diversify banks' loan portfolios, the following measures were established:

– In 2025, preventive actions will be taken with respect to banks where the concentration of microloans issued to households is high;

– Funds generated from this credit product will be directed as a priority toward financing small business entities.

2.1.4. Household Debt Burden

In recent years, consumer demand has increasingly shifted from traditional banking services toward new forms of financial services—particularly the purchase of goods and services through installment-based (buy-now-pay-later) schemes. These mechanisms provide convenient opportunities for consumers without a formal credit history or stable income; however, they have also made it more difficult to monitor the debt burden of certain borrowers.

Under these conditions, to prevent excessive household indebtedness and mitigate potential risks to the country's financial stability, the Central Bank has been enhancing borrower-focused macroprudential policy tools.

Accordingly, starting from 1 July 2024, the debt-service-to-income *(DSTI)* ratio was set at **60** percent for all types of loans issued to individuals, except for loans provided under family entrepreneurship development programs.

The rising share of mortgage loans financed through commercial banks' own resources *(35 percent of all new mortgage loans during the reporting period)* contributed to an increase in the average annual interest rate on mortgages by **2.1 percentage points**, as well as a shortening of the average loan maturity from **17.5 years to 16.6 years**.

Figure 2.1.4.1

Debt service ratio of mortgage loans issued to individuals

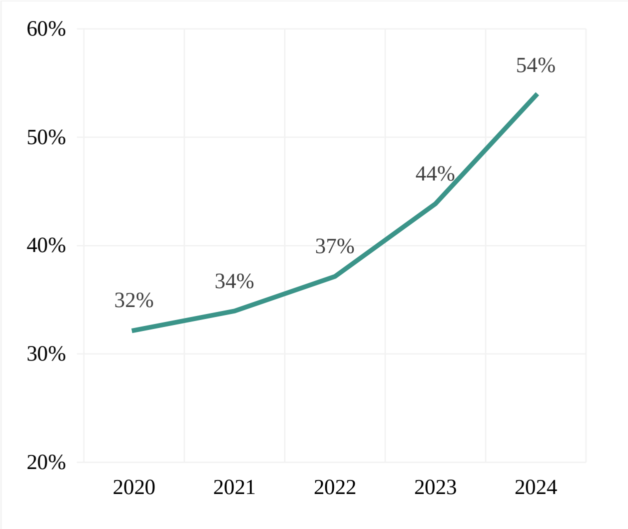
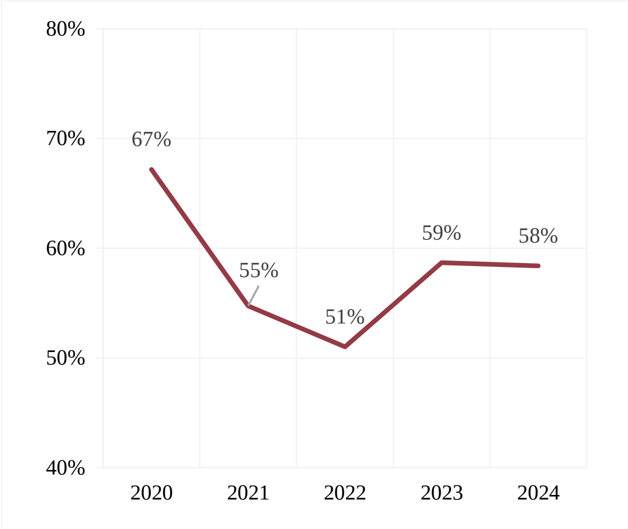


Figure 2.1.4.2

Debt Service Ratio of auto loans issued to individuals



Source: Central Bank calculations.

In particular, tighter lending conditions for **mortgage loans** and a 30 percent increase in the average loan amount per borrower resulted in the **debt-service ratio** for mortgages rising from 44 percent in 2023 to **54** percent in 2024.

For **auto loans**, the household debt-service ratio slightly decreased to **58** percent, compared with 59 percent in 2023. Despite an increase in the average annual interest rate on auto loans *(+2.1 percentage points)* and a 6.9 percent rise in the average loan amount per borrower, the 17.4 percent growth in household wages improved borrowers’ ability to meet their repayment obligations.

To prevent an excessive increase in household indebtedness and to reduce credit risk in banks, microfinance institutions, and pawnshops, **the debt-service-to-income** *(DSTI)* limit was lowered to **50 percent** effective 1 January 2025.

To avoid an adverse impact of the DSTI limit on credit activity, the following exceptions were introduced:

– banks are allowed to issue loans up to **15** percent of their retail loan portfolio without applying the DSTI requirement;

– microfinance institutions and pawnshops may issue loans to individuals without applying the DSTI requirement provided that the total outstanding principal does not exceed **50 times** the basic calculation amount, or 75 times the basic calculation amount for self-employed individuals.

At the same time, to mitigate the rise in household-related credit risks in bank loan portfolios, banks are required to apply **higher risk weights** to loans issued under these exceptional provisions.

2.2. Credit and payment systems infrastructure

2.2.1. Operating credit and payment institutions

As of 1 January 2025, the number of commercial banks operating in the Republic stood at **36**, of which **9** had state participation in their authorized capital, **20** were privately owned banks, and **7** were banks with foreign capital participation.

The branch network of commercial banks comprised **288** branches, **40** mini-banks, **1,680** banking service offices, and **4,447** 24/7 self-service banking outlets.

In 2024, a banking license was issued to "**Eurasia Bank**" joint-stock company authorizing it to conduct banking operations.

In addition, **16** microfinance organizations (MFI), **9** pawnshops, **2** payment institutions, and **1** payment system operator commenced operations in 2024. Licenses of **7** payment institutions were revoked *(4 voluntarily, 2 due to violations of regulatory requirements, and 1 due to merger).*

Furthermore, the license of **1** payment system operator was voluntarily surrendered, and **1** pawnshop was removed from the register following notification of cessation of activity.

As of 1 January 2025, the number of non-bank credit institutions operating in the country totaled **193**, including **100** microfinance organizations, **92** pawnshops, and **1** mortgage refinancing organization. Additionally, **3** payment system operators, **44** payment institutions, and **2** credit bureaus were in operation.

2.2.2. Operation of the state credit registry, credit bureau, and collateral registry

Effective credit risk prevention requires comprehensive data coverage and information sharing to ensure accurate and reliable borrower scoring and full assessment of repayment capacity.

The credit information–sharing system includes the Central Bank's State Credit Registry, the Credit Information Analytical Center *(CIAC)*, and the CRIF Credit Information Services credit bureau.

The State Credit Registry consolidates data submitted by commercial banks on credit *(leasing, factoring, and bank guarantees)* applications, concluded agreements, and subsequent transactions carried out under those agreements.

As of 1 January 2025, the number of active agreements with outstanding debt increased by 33.6 percent compared with 1 January 2024, reaching approximately 7.5 million, while the number of borrowers rose by 20.0 percent, totaling around 5 million individuals.

Figure 2.2.2.1

Number of active credit agreements

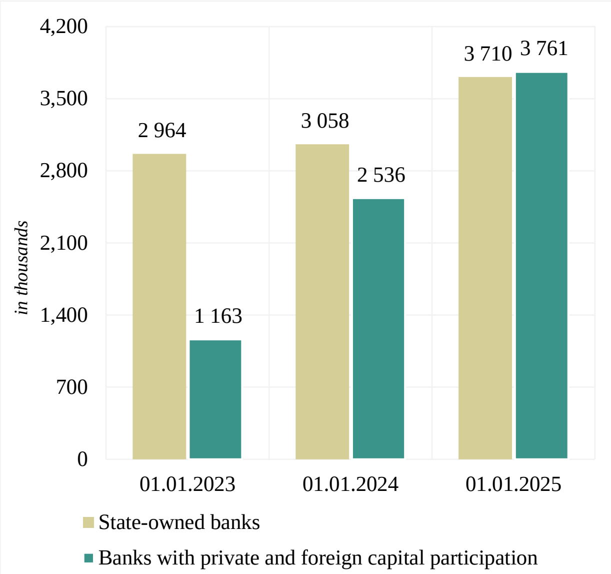
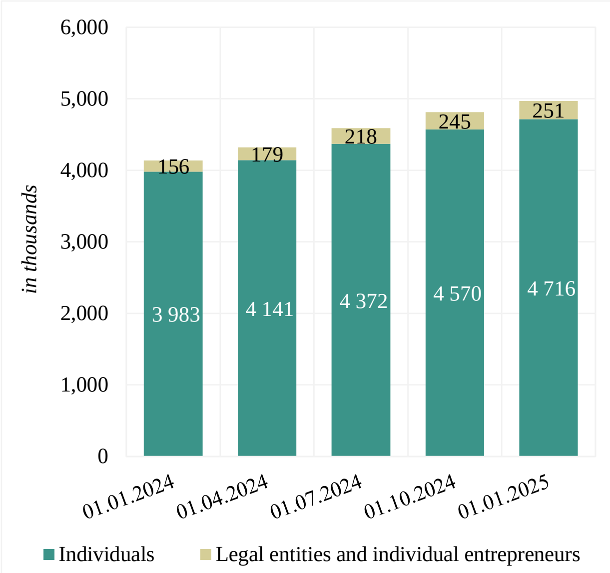


Figure 2.2.2.2

Number of active borrowers



Source: Central Bank.

As of the beginning of 2025, **individuals** accounted for 94.9 percent of all borrowers with outstanding debt, while **legal entities and individual entrepreneurs** represented 5.1 percent. Among individual borrowers with outstanding loans, 54.4 percent were men and 45.6 percent were women.

Figure 2.2.2.3

Number of individual borrowers with outstanding debt

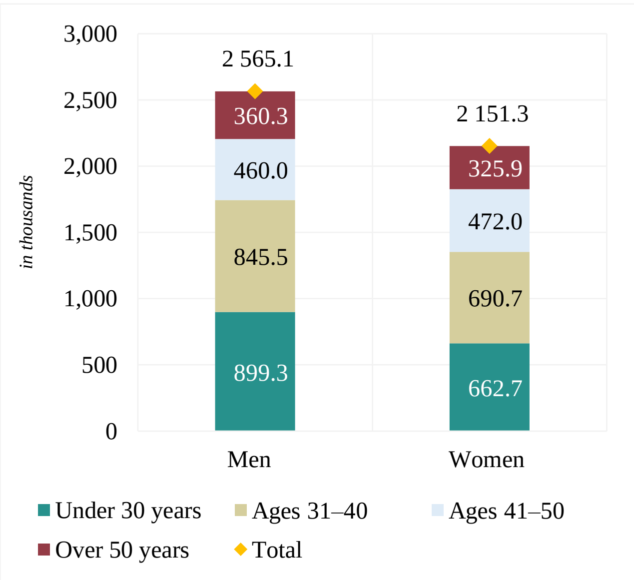
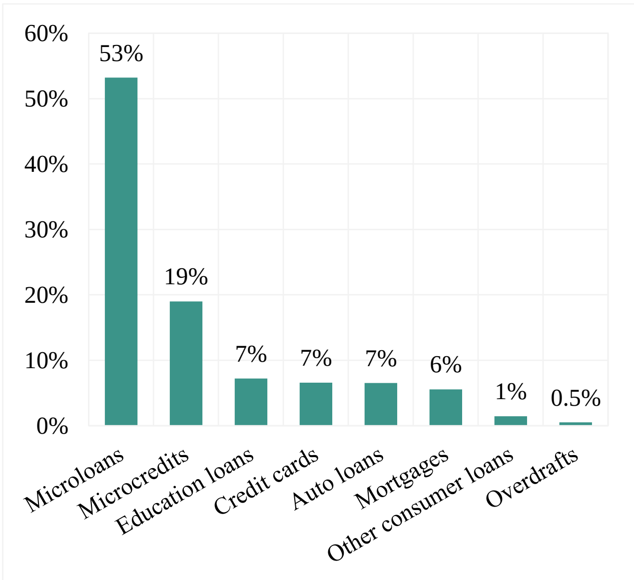


Figure 2.2.2.4

Share of active credit agreements held by individuals



Source: Central Bank.

When classified by loan type, the number of active agreements with outstanding debt showed significant growth: the number of **credit card** agreements increased 2.3 times compared with the previous year; **microloans** rose by 54.4 percent; **education loans** by 19.8 percent; **mortgage loans** by 8.6 percent; and **microlending agreements** by 7.8 percent.

In 2024, the State Credit Registry began receiving information from non-bank credit institutions *(microfinance organizations and pawnshops)*, as well as data on factoring services and bank guarantees. In addition, supplementary and refined data began to be collected to enhance analytical and supervisory capabilities.

To ensure the quality of credit information submitted to the Registry, an ongoing data inventory process was maintained. During the year, all identified errors and inconsistencies in credit information were fully rectified in cooperation with commercial banks.

To prevent errors in data submission, improve data quality, and ensure the accuracy of information, various logical control mechanisms were developed and integrated into the software system.

Based on the Business Intelligence platform of the Registry, automated generation of reports and analytical outputs was established, and several software modules enabling commercial banks to assess risks in their loan portfolios in real time were introduced into practice.

As of 1 January 2025, the Credit Information Analytical Center *(CIAC)* database contained credit information on 15.0 million subjects, of which 95.9 percent *(around 14.4 million)* were individuals and 4.1 percent *(612.8 thousand)* were legal entities.

During 2024, the number of credit information users that concluded data-exchange agreements with the CIAC credit bureau increased by 143 *(mainly due to retailers and other organizations)*, reaching **773** entities.

In addition, the number of **credit information** providers to the CIAC credit bureau increased by 140 in 2024, totaling **777** as of 1 January 2025. Currently, the CIAC credit bureau provides banks and non-bank credit institutions with more than 60 types of credit reports.

In 2024, banks and non-bank institutions obtained a total of 106,166.9 thousand credit reports from the CIAC credit bureau. Of these, 79,416.6 thousand *(74.8 percent)* were requested by commercial banks; 25,676.5 thousand *(24.2 percent)* by non-bank credit institutions *(microfinance organizations and pawnshops)*, as well as leasing, insurance, retail, and other organizations; and 1,073.8 thousand *(1.0 percent)* by individuals and legal entities *(credit information subjects)*.

Table 2.2.2.1

Number of credit information users

Institutions	2019	2020	2021	2022	2023	2024
Commercial banks	30	32	33	31	35	35
Microfinance organizations	55	59	68	83	84	97
Pawnshops	60	62	70	80	84	92
Leasing companies	3	5	8	20	31	36
Insurance companies		1	1	4	8	11
Retailers and other organizations	13	70	175	261	388	502
Total	**161**	**229**	**355**	**479**	**630**	**773**

Source: Central Bank.

The system enabling households and business entities to access their credit history remotely in an online format continued to be improved.

In particular, a new **"FREEZE"** service was launched, allowing credit information subjects to temporarily block access to their credit history. In addition, the **my.gov.uz** platform introduced the option to activate and deactivate both the "FREEZE" and "SMS Notification" services.

Furthermore, in 2024, the **mobile application** of the CIAC credit bureau was launched. Through the application, users can obtain information on their credit history, track their credit score and general credit information free of charge in real time, activate or deactivate the "FREEZE" and "SMS Notification" services, and make various types of payments directly through the mobile platform.

During the reporting year, a new interface of the **Collateral Registry** was introduced, enabling commercial banks, microfinance organizations, the Tax Committee, and law-enforcement and investigative authorities to access all registry services through their internal information systems.

Through the newly developed web service, banks and non-bank credit institutions gained the ability to obtain information, impose and remove restrictions via the notary information system, as well as access data from the information system of the Ministry of Internal Affairs' Road Safety Department.

The Collateral Registry system introduced a mechanism for providing information on the status of records *(active or deleted)*, as well as issuing **QR-coded** extracts indicating whether a record is active, deleted, or not found in the registry.

Integration of the Collateral Registry database with the **Payme** payment system expanded the ability to accept payments from individuals for registry services.

In addition, an SMS notification system was introduced to inform property owners when collateral records are added to or removed from the registry.

The Collateral Registry was also integrated with the **my.gov.uz** portal, allowing individuals and legal entities to search registry records directly through the portal.

An integration was implemented between the **"Digital Government"** system *(Interagency Integrated Platform/Digital Data Platform*) and the Collateral Registry information system, enabling the targeted, remote, rapid, and proactive provision of state social support measures.

As part of efforts to enhance international cooperation, the operations of the Collateral Registry were assessed with the support of experts from the International Finance Corporation *(IFC)*. Based on this assessment, measures were identified to improve data accuracy, enhance service quality, and introduce system innovations.

A web service was developed to allow factoring platforms to access and use the Collateral Registry information system.

To enable individuals and legal entities who are users of the CIAC credit bureau to obtain extracts from the Collateral Registry through the **infokredit.uz** platform, the CIAC credit bureau was integrated with the Collateral Registry information system.

A Cooperation Agreement was approved to integrate the Collateral Registry information system with the information system of the Inspectorate for Oversight of the Agro-Industrial Complex under the Cabinet of Ministers in 2025, allowing verification of restrictions, encumbrances, and other key information related to special machinery and equipment.

As of 1 January 2025, the number of users of the Collateral Registry reached **1,914**, an increase of 635 compared with 2023.

Users submitted more than **530,000** new entries to the Registry regarding their rights to collateralized property. Through the Collateral Registry, commercial banks imposed more than **135,000** restrictions on pledged assets in the Ministry of Justice's automated "Notarius" information system and provided information on the status of **over 134,000** pledged assets.

The Collateral Registry database contained approximately **1.4 million active records** as of 1 January 2025, and more than **45.8 thousand** amendments were made to existing entries. Nearly **323 thousand** extracts were issued to users, and **more than 724 thousand** records were removed from the Registry.

2.2.3. Improving the deposit insurance mechanism

To ensure the timely and full repayment of household deposits, deposit insurance — alongside the digitalization of the deposit guarantee system — plays an important role in strengthening public confidence in banks.

The Citizens' Deposit Guarantee Fund is a member of the International Association of Deposit Insurers *(IADI)*, as well as its Eurasia Regional Committee *(EARC)* and Asia-Pacific Regional Committee *(APRC)*, and actively cooperates with these international bodies.

In order to establish international partnerships, exchange experience, and expand cooperation with foreign countries, the Fund signed **Memoranda of Cooperation and Understanding with deposit insurance** organizations from 10 countries.

In 2024, Memoranda of Understanding and Cooperation were signed with the deposit insurance institutions of **Georgia, Kazakhstan, and Croatia**, while work is underway to establish cooperation and exchange experience with the deposit insurance organizations of **India, Azerbaijan, Belarus, and Armenia**.

The amount of calendar-based premiums received from commercial banks increased 1.4 times compared with 2023, reaching UZS **904** billion in 2024.

Since the establishment of the Fund, the total volume of accumulated calendar premiums reached UZS **2,922** billion, equivalent to **2.9** percent of the total balance of guaranteed deposits held in commercial banks registered with the Fund.

In 2024, using calendar-based premiums received from banks, investment income, and funds returned to the Fund upon maturity, a total of UZS **3,471.5** billion was allocated to **income-generating assets**. Of this amount, UZS 2,661.6 billion were invested in government securities, UZS 100 billion in mortgage refinancing company bonds, and UZS 709.9 billion in time deposits of commercial banks.

As of 1 January 2025, the total assets of the Fund amounted to UZS 4,577.8 billion. The Fund's **investment portfolio** totaled UZS **4,564.2** billion, of which UZS 3,502.1 billion *(76.7 percent)* were invested in government securities, UZS 145.0 billion *(3.2 percent)* in mortgage refinancing company bonds, and UZS 917.1 billion *(20.1 percent)* in time deposits placed with commercial banks.

During the reporting year, measures were taken to increase the share of investments in government securities in order to reduce the portion of funds placed in commercial bank deposits.

As a result, the share of funds invested in commercial bank deposits decreased from 35.8 percent of the total investment portfolio at the beginning of 2024 to 20.1 percent as of 1 January 2025.

In 2024, the Fund generated a **total income** of UZS **646.4** billion, of which UZS 463.2 billion came from government securities, UZS 12.3 billion from mortgage refinancing company bonds, and UZS 170.9 billion from deposits placed with commercial banks.

2.3. Efficiency of microfinance organizations and pawnshops

In the reporting year, amid growing demand from households and business entities for microfinance services, the launch of new non-bank credit institutions providing microfinance services expanded opportunities to increase the accessibility and attractiveness of such services.

During 2024, **16** microfinance organizations and **9** pawnshops, along with their **151** branches *(112 belonging to microfinance organizations and 39 to pawnshops)*, entered the microfinance market as new participants. As a result, the total number of institutions reached **192**, including **100** microfinance organizations *(with **236** branches)* and **92** pawnshops *(with 71 branches).*

The number of **microfinance organizations and pawnshops** with foreign capital increased by **5** compared with the previous year, reaching **20** in 2024 *(12 microfinance organizations and 8 pawnshops).*

Figure 2.3.1

Number of head offices of microfinance organizations and pawnshops

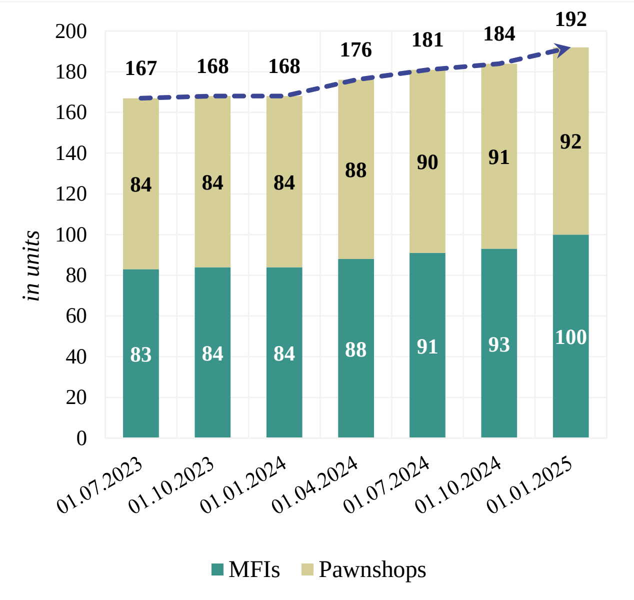
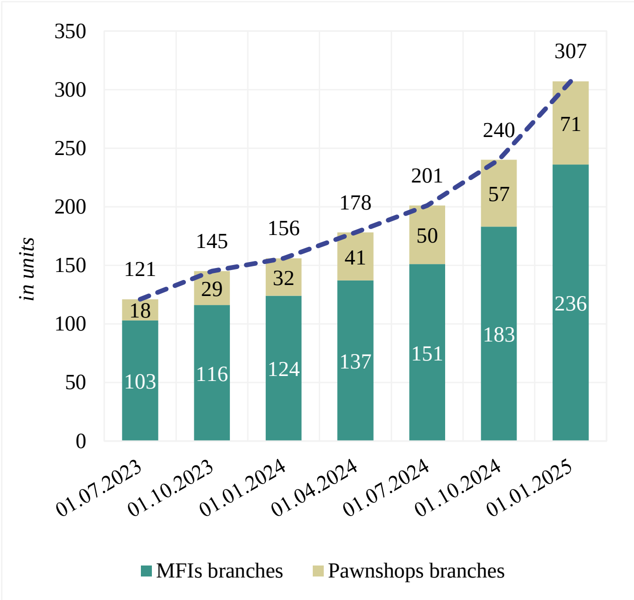


Figure 2.3.2

Number of branches of microfinance organizations and pawnshops



Source: Central Bank.

Most of the operating microfinance organizations and pawnshops are concentrated in **Tashkent city** *(44 microfinance organizations and 47 pawnshops)* and **Fergana** region *(19 microfinance organizations and 4 pawnshops).*

Figure 2.3.3

Geographical distribution of head offices of microfinance organizations and pawnshops

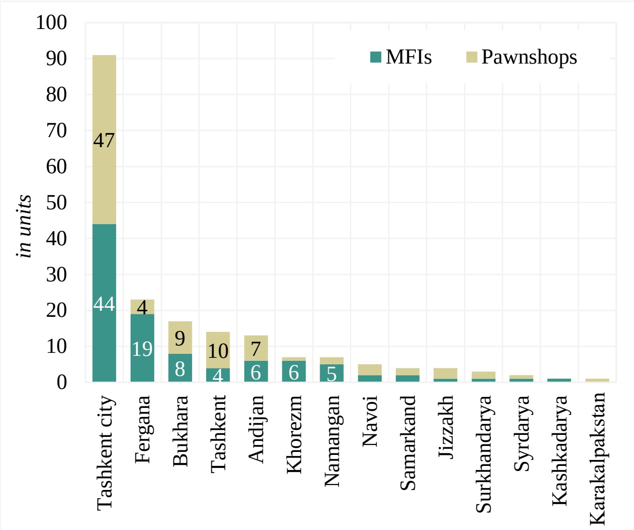
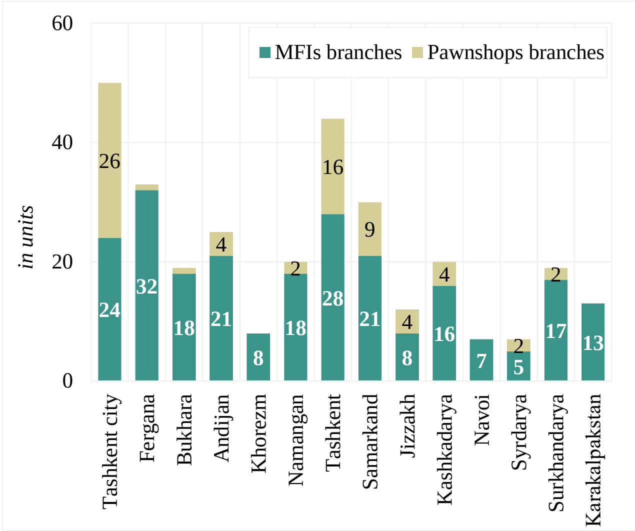


Figure 2.3.4

Geographical distribution of branches of microfinance organizations and pawnshops

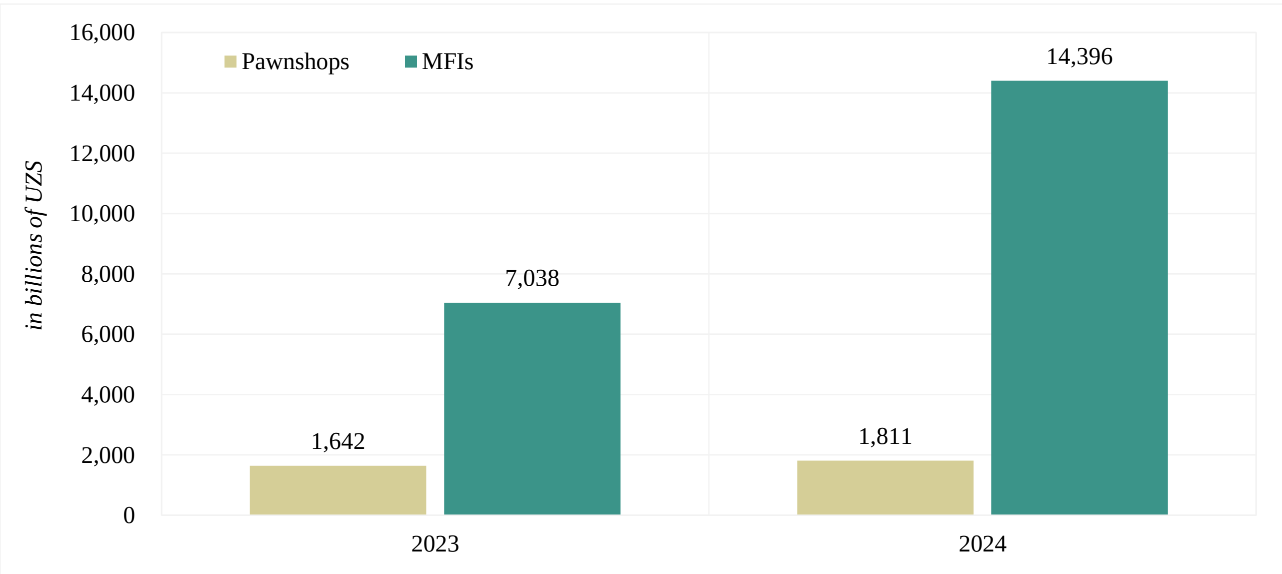


Source: Central Bank.

In 2024, microfinance organizations and pawnshops issued a total of UZS **16** trillion in loans, which is **85** percent more than in 2023. Of this amount, **89** percent *(UZS 14.4 trillion)* was issued by microfinance organizations, and **11** percent *(UZS 1.8 trillion)* by pawnshops.

Figure 2.3.5

Amount of loans issued by microfinance organizations and pawnshops



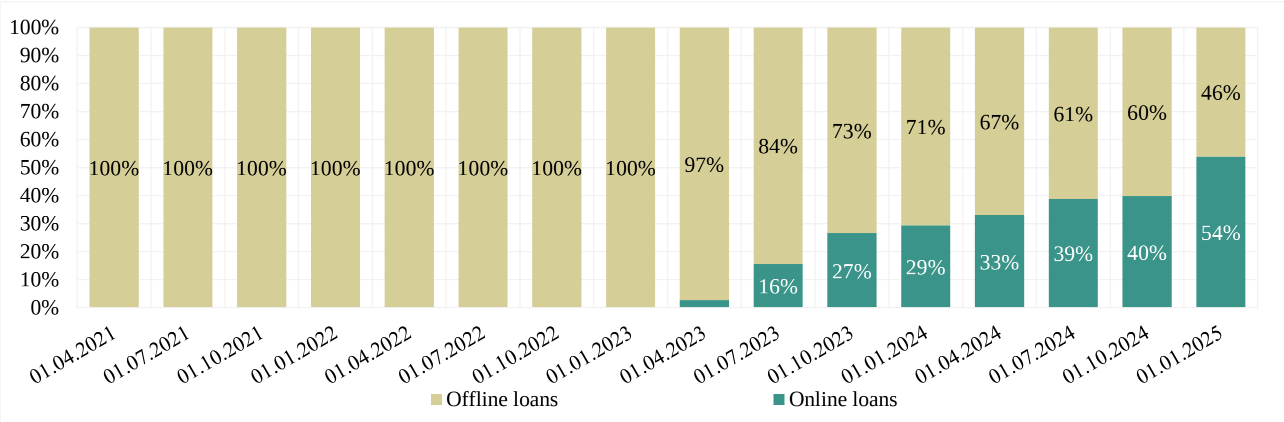
Source: Central Bank.

The growth rate of lending operations compared with the previous period amounted to **104.5** percent for microfinance organizations and **10** percent for pawnshops. Of the total loans issued by microfinance organizations and pawnshops, UZS **15.2** trillion *(94 percent)* were provided to individuals, while UZS **963** billion *(6 percent)* were issued to legal entities.

It is noteworthy that **54** percent of all loans issued were online loans. The significant increase in online lending is explained by the development of financial ecosystems *(such as Uzum)* and the growing popularity of installment-based and buy-now-pay-later *(BNPL)* sales channels.

Figure 2.3.6

Segmentation of disbursed online and offline loans

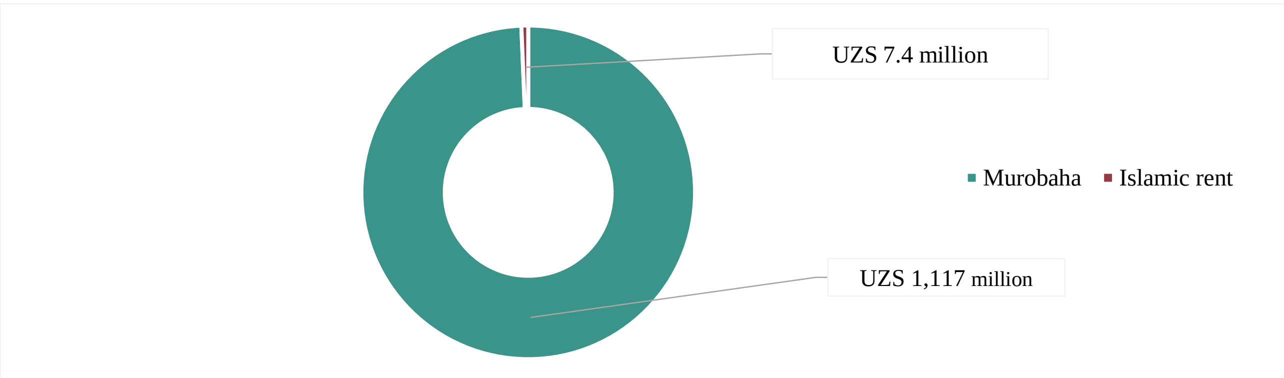


Source: Central Bank.

In 2024, microfinance organizations were granted permission to provide Islamic finance services[14]. Through the Islamic financing mechanisms **murabaha, ijarah, salam, musharakah,** and **mudarabah**, a total of UZS **1.1 billion** in financing was issued during August–December 2024.

Figure 2.3.7

Volume of islamic finance services provided by microfinance organizations



Source: Central Bank.

[14] *Regulation on the Procedure for Providing Islamic Finance Services by Microfinance Institutions" (registration No. 3536, July 26, 2024)*

In the segmentation of loans issued to individuals by loan size, in 2024 the majority of disbursed loans consisted of small-amount credit products. In particular, 46 percent of the loans issued were loans of up to UZS 10 million, 25 percent were loans in the range of UZS 20–50 million, 15 percent were loans in the range of UZS 50–100 million, and 14 percent were loans in the range of UZS 10–20 million.

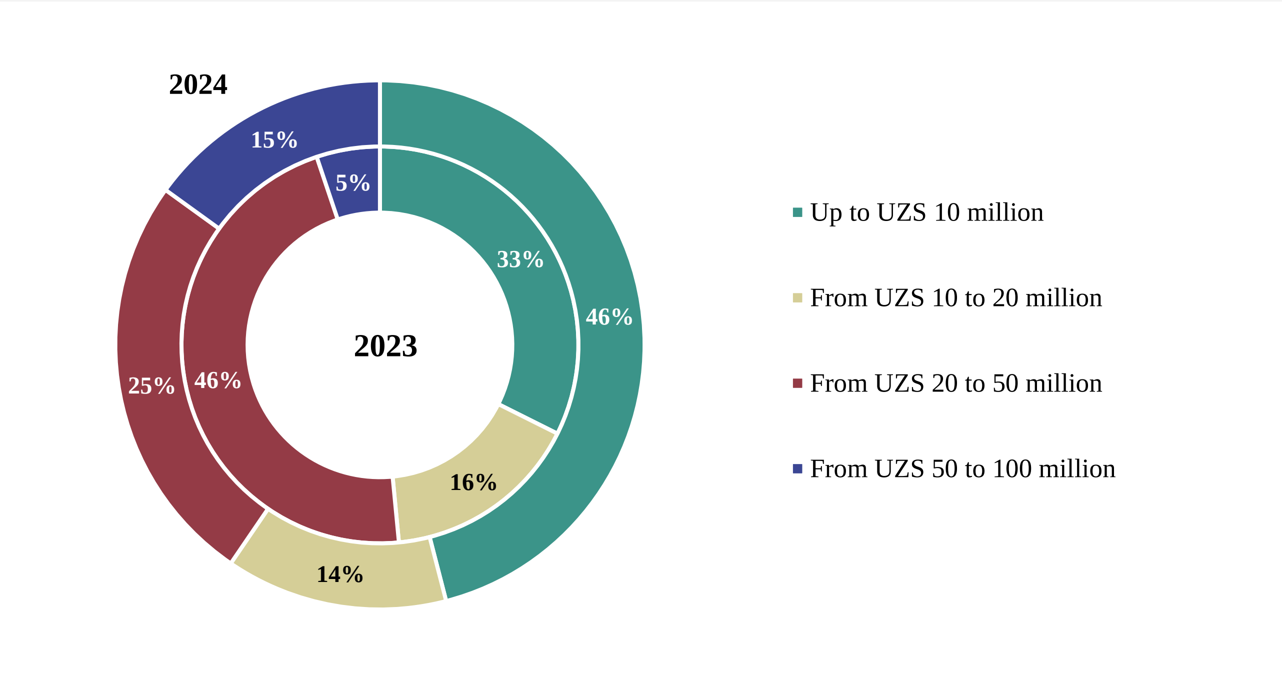
A significant upward trend was observed in large-amount loans of UZS **50**–**100** million. The share of these loans in the total loans issued to individuals increased from **5** percent in 2023 to **15** percent in 2024.

This development is explained by the amendments introduced to the legislation that increased the maximum amount of microloans issued to individuals from UZS 50 million to UZS 100 million.

In the segmentation of microloans issued to legal entities by loan size, loans in the range of UZS **50–100** million accounted for **30** percent, loans of up to UZS 50 million accounted for 29 percent, loans in the range of UZS 100–200 million accounted for 25 percent, loans in the range of UZS 200–300 million accounted for 14 percent, and loans of more than UZS 300 million accounted for 2 percent.

Figure 2.3.8

Distribution of loans issued to individuals by microfinance organizations and pawnshops by loan size

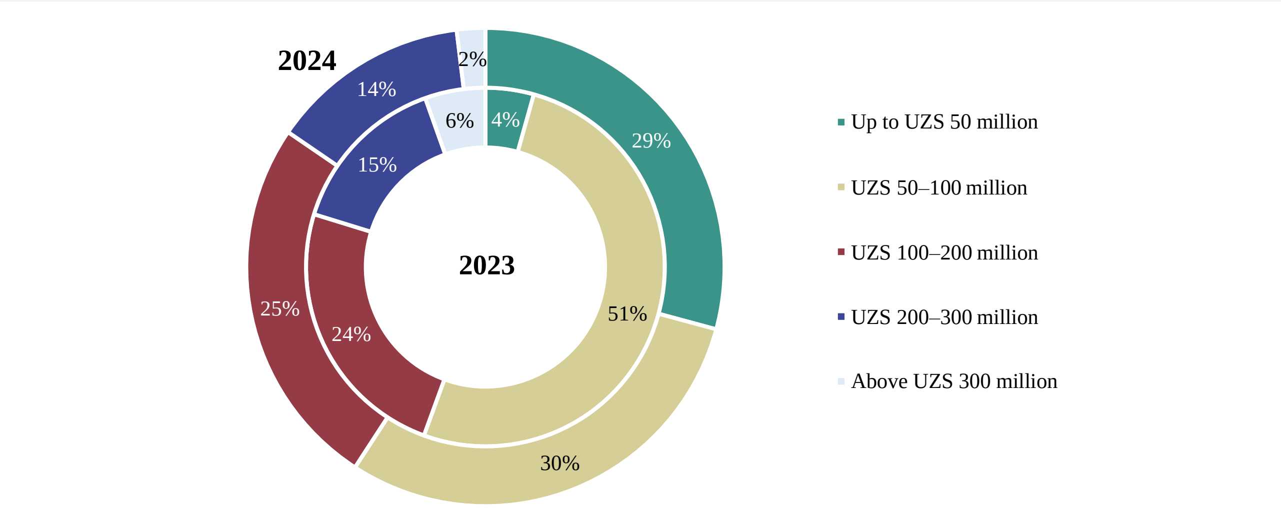


Source: Central Bank.

In 2024, within the structure of microloans issued to legal entities, the share of loans amounting to UZS 50–100 million decreased from 51 percent in 2023 to 30 percent, while the share of loans of up to UZS 50 million increased significantly — from 4 percent to 29 percent.

Figure 2.3.9

Distribution of loans issued to legal entities by microfinance organizations and pawnshops by loan size

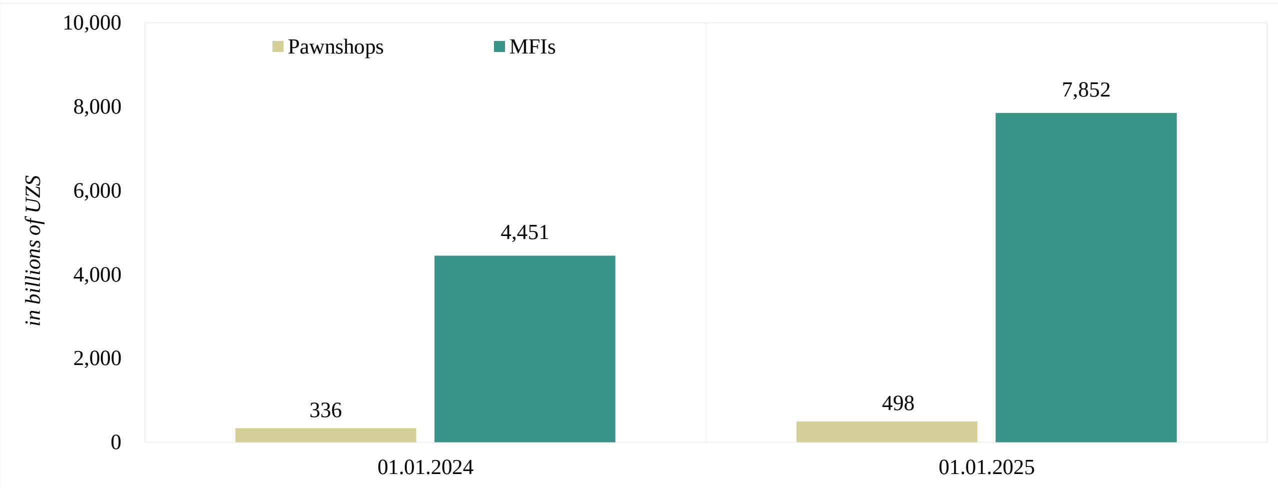


Source: Central Bank.

As of January 1, 2025, the total assets of microfinance organizations and pawnshops increased by **1.7 times** compared to the same period of the previous year, reaching UZS **8.4** trillion. In particular, the assets of **microfinance organizations** grew by **1.8 times** *(an increase of UZS 3.4 trillion)* to UZS **7.9** trillion, while the assets of **pawnshops** increased by **1.5 times** *(an increase of UZS 162 billion)* to UZS **498** billion.

Figure 2.3.10

Total assets of microfinance organizations and pawnshops



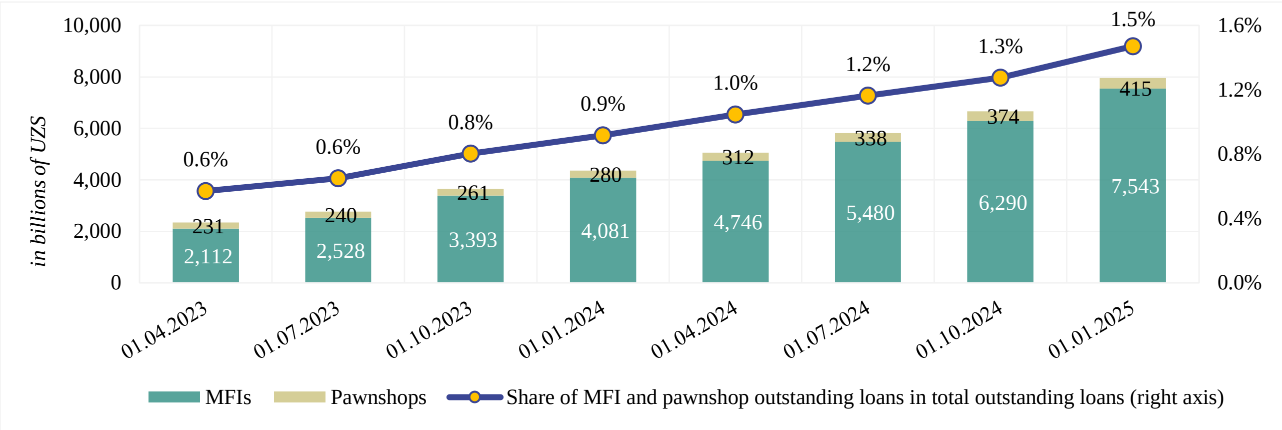
Source: Central Bank.

Of the total assets of microfinance organizations and pawnshops, **99** percent *(UZS 8 trillion)* consisted of loan portfolios. The growth in assets was primarily driven by an increase in loan placements by **1.8 times** — specifically, by **1.9 times** in microfinance organizations and **1.5 times** in pawnshops.

In this context, by the end of 2024, the share of loans issued by microfinance organizations and pawnshops in the total loan portfolio of all credit institutions reached **1.5** percent.

Figure 2.3.11

Dynamics of loan placements of microfinance organizations and pawnshops

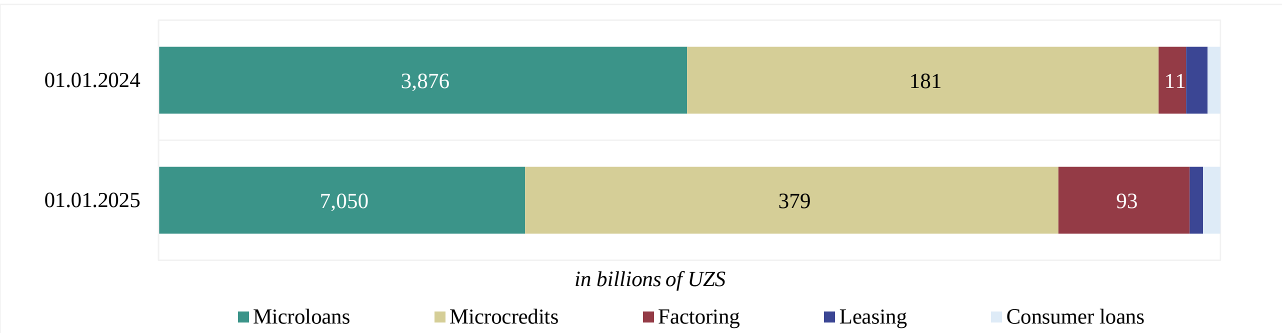


Source: Central Bank.

The outstanding balance of **microloans** issued to **individuals** by microfinance organizations and pawnshops increased by **1.8 times** compared to the corresponding period of the previous year, reaching UZS **7.1** trillion, while the volume of **consumer loans** rose by **2.5 times**, amounting to UZS **12.4** billion. The outstanding balance of **microcredits** provided to **business entities** increased by almost **2.1 times**, reaching UZS **379** billion, the volume of leasing services expanded by **8.5 times** to UZS **93.1** billion, and the volume of factoring services increased by UZS **1.2** billion, reaching UZS **9.5** billion.

Figure 2.3.12

Outstanding balance of loan types provided by microfinance organizations and pawnshops

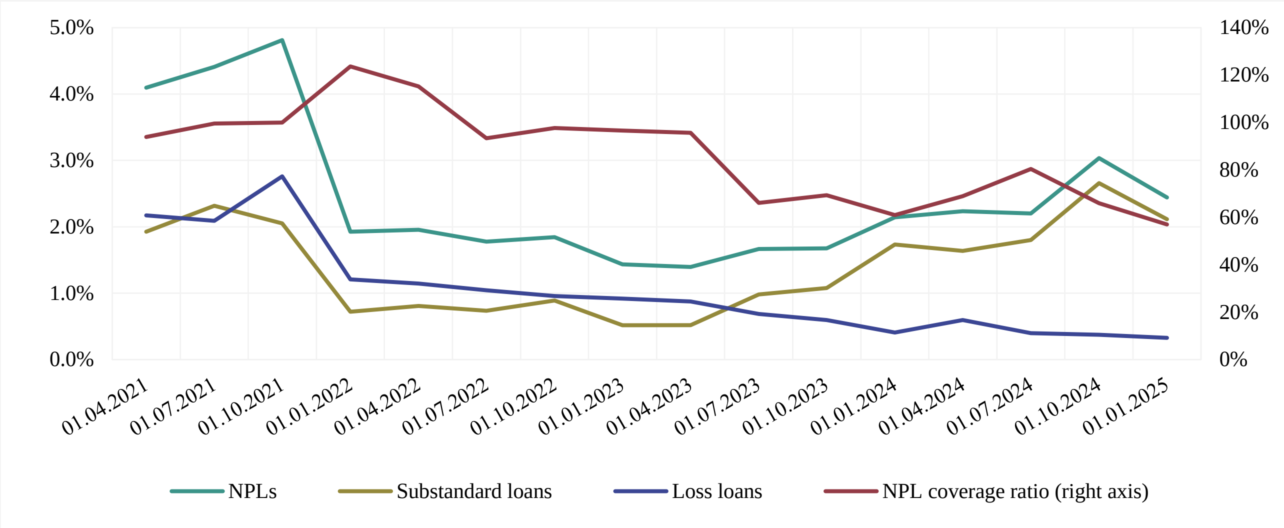


Source: Central Bank.

Non-performing loans *(NPLs)* in microfinance organizations amounted to **2.4** percent *(with an outstanding balance of UZS 184 billion)* in 2024, while the NPL coverage ratio stood at **57** percent.

Figure 2.3.13

Non-performing loans and NPL coverage ratio



Source: Central Bank.

In 2024, the total liabilities of microfinance organizations and pawnshops doubled *(by UZS 2.7 trillion)* and reached UZS 5.5 trillion. Specifically, the liabilities of microfinance organizations increased by 2 times *(by UZS 2.6 trillion)* to UZS 5.4 trillion, while the liabilities of pawnshops grew 3 times *(by UZS 80 billion)* to UZS 121 billion.

Figure 2.3.14

Dynamics of liabilities of microfinance organizations and pawnshops

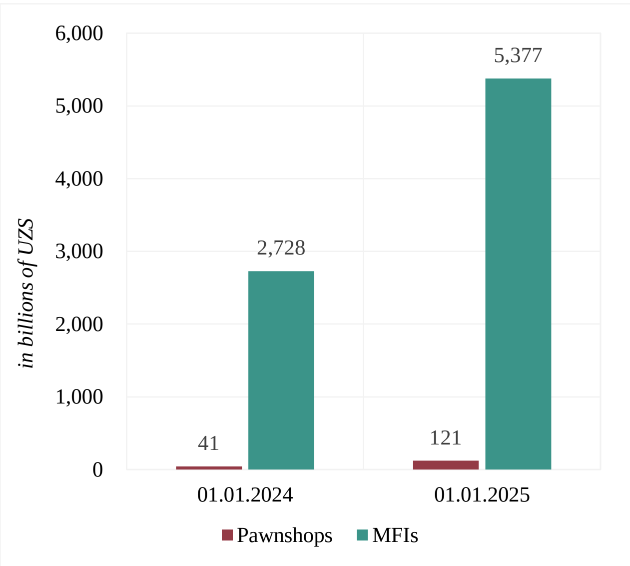
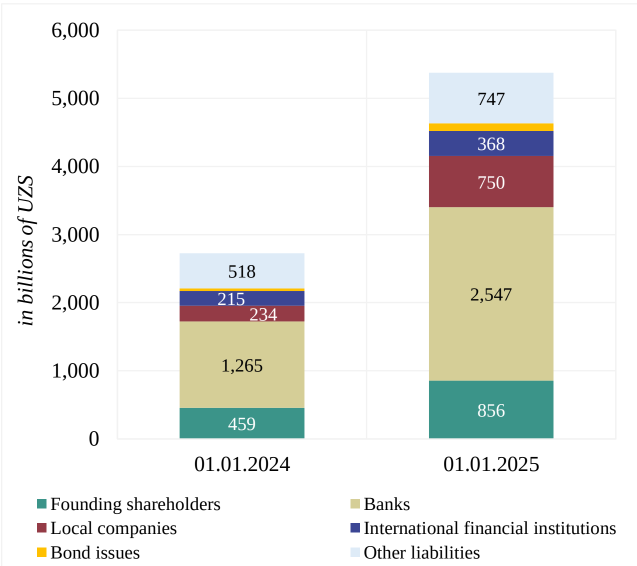


Figure 2.3.15

Structure of liabilities of microfinance organizations



Source: Central Bank.

As of January 1, 2025, the total liabilities of microfinance organizations increased by 97 percent compared to the same period of the previous year and amounted to UZS 5.4 trillion. Of this amount, 16 percent consisted of founders' funds, 47 percent of resources from commercial banks, 7 percent of funds from international financial institutions, 14 percent from local companies, 2 percent from bond issuance, and 14 percent from other liabilities.

In the structure of attracted funds, founders' capital increased by 1.9 times *(by UZS 397 billion)*, resources from commercial banks by 2 times *(by UZS 1,283 billion)*, funds from international financial institutions by 1.7 times *(by UZS 154 billion)*, funds attracted from local companies by 3.2 times *(by UZS 516 billion)*, and proceeds from bond issuance by 2.9 times *(by UZS 72 billion)*.

As of January 1, 2025, the total liabilities of pawnshops increased by 194 percent compared to the same period of the previous year and reached UZS 121 billion. Of this amount, 64 percent consisted of founders' funds, 18 percent of funds attracted from commercial banks, and 18 percent from other liabilities.

Within the structure of total liabilities of pawnshops, founders' funds increased by 2.4 times *(by UZS 45 billion)*, resources from commercial banks by 4.6 times *(by UZS 17 billion)*, and funds attracted from local companies by 5.4 times *(by UZS 19 billion)*.

Figure 2.3.16

Structure of pawnshops' liabilities

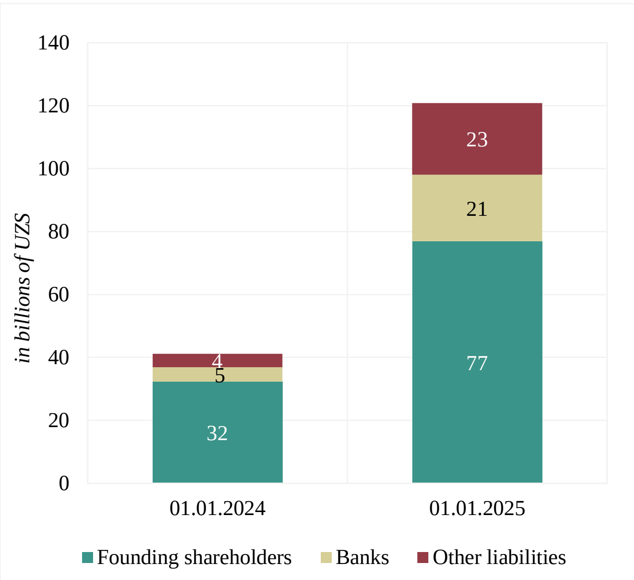
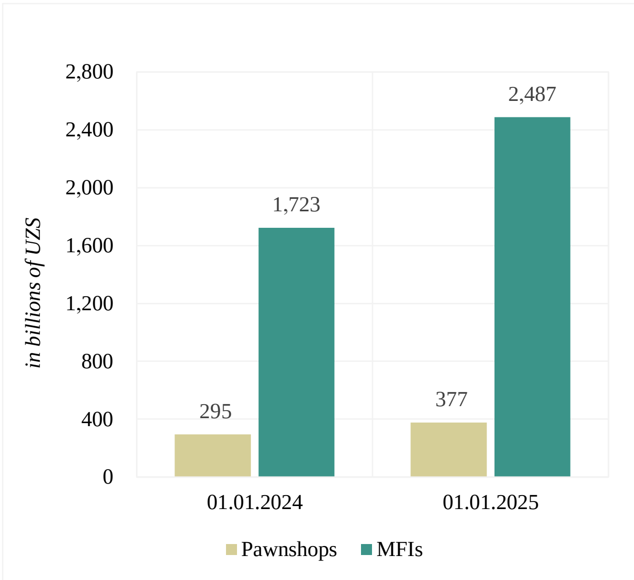


Figure 2.3.17

Dynamics of the total capital of microfinance organizations and pawnshops



Source: Central Bank.

The total capital of microfinance organizations and pawnshops increased by 1.4 times *(by UZS 847 billion)* compared to the same period of the previous year and reached UZS 2.9 trillion as of January 1, 2025. Specifically, the total capital of microfinance organizations increased by 1.4 times *(by UZS 764 billion)* to UZS 2.5 trillion, while the total capital of pawnshops increased by 1.3 times *(by UZS 83 billion)* to UZS 378 billion.

The growth of the total capital of microfinance organizations was driven by an increase in charter capital by UZS 443 billion *(54%)*, profit by UZS 158 billion *(23%)*, retained earnings by UZS 122 billion *(72%)*, and reserve capital by UZS 41 billion *(70%)*.

In pawnshops, this growth was due to an increase in profit by UZS 47 billion *(39%)*, retained earnings by UZS 33 billion *(54%)*, and charter capital by UZS 14 billion *(15%)*.

Additionally, in 2024, compared to the previous year, the share of foreign capital in the total charter capital of microfinance organizations decreased from **9.1** percent to **8.9** percent *(by UZS 112 billion)*, while in pawnshops it increased from **16.8** percent to **17.3** percent *(by UZS 18 billion)*.

In 2024, the gross income of microfinance organizations and pawnshops amounted to UZS **3.4** trillion, their gross expenditures amounted to UZS **1.5** trillion, and a total of UZS **1** trillion in net profit was earned.

Figure 2.3.18

Microfinance organizations with foreign capital in their charter capital

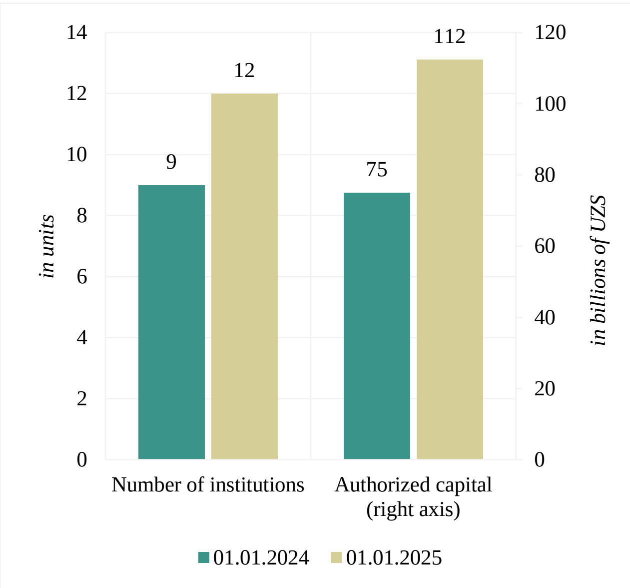
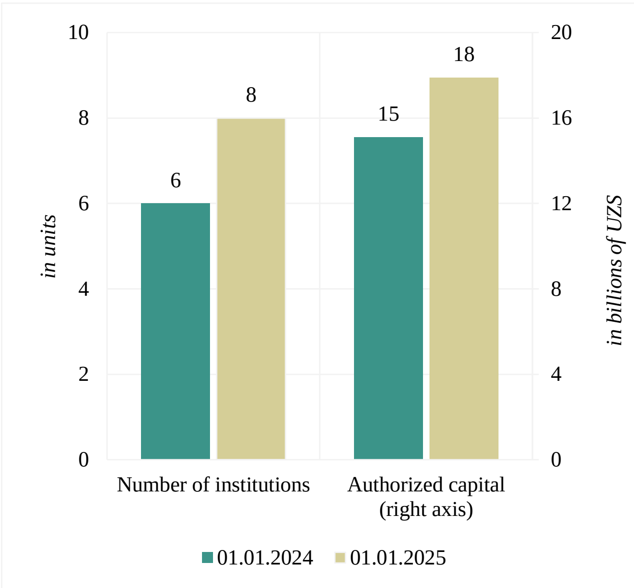


Figure 2.3.19

Pawnshops with foreign capital in their charter capital

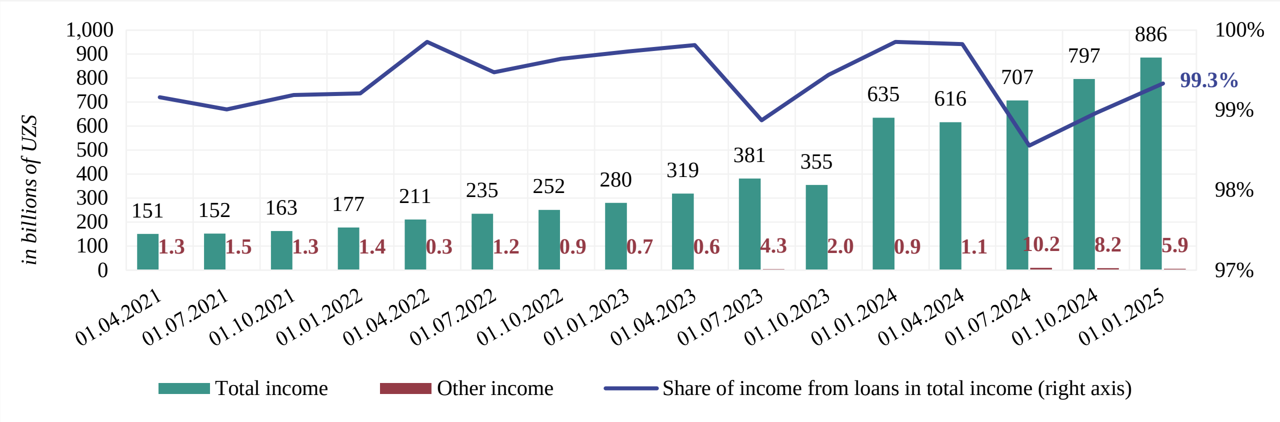


Source: Central Bank.

In microfinance organizations, gross income amounted to UZS 3 trillion, gross expenses amounted to UZS 1.4 trillion, and net profit amounted to UZS 833 billion. In pawnshops, gross income and expenses amounted to UZS 354 billion and UZS 138 billion, respectively, resulting in UZS 170 billion of net profit.

Figure 2.3.20

Dynamics of the share of interest income from loans in the total income of microfinance organizations



Source: Central Bank.

Interest income of microfinance organizations accounted for **70** percent of their total income, of which **99.3** percent was generated from issued loans *(financial services).*

In the structure of total expenses of microfinance organizations, non-interest expenses accounted for 10 percent, operating expenses for 44 percent, and interest expenses for 46 percent. In the structure of total expenses of pawnshops, non-interest expenses accounted for 11 percent, operating expenses for 81 percent, and interest expenses for 8 percent.

Figure 2.3.21

Dynamics of income by types of financial services within the interest income structure of microfinance organizations

Source: Central Bank.

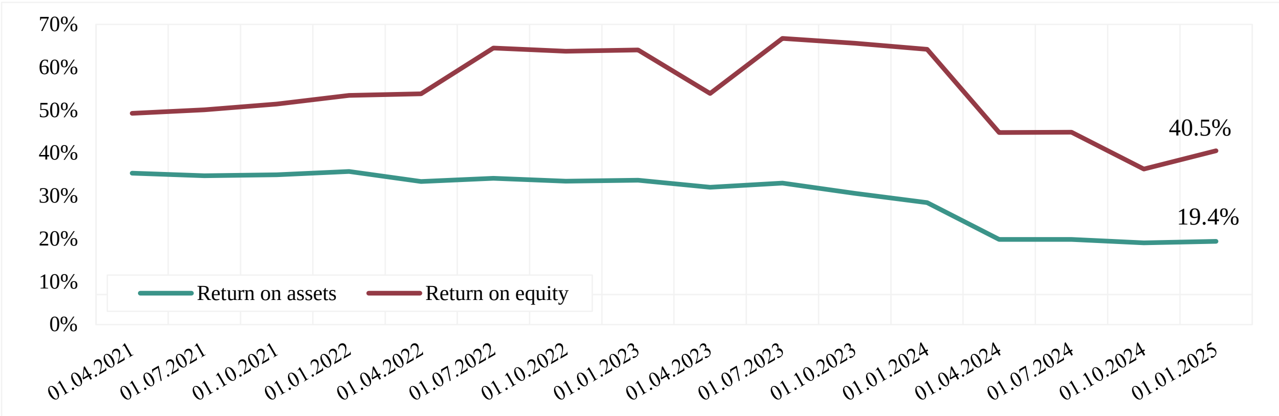
In the composition of interest income earned by microfinance organizations through the provision of microfinance services, the share of microloans has formed within the range of **97–99** percent.

In 2024, the **return on assets *(ROA)*** of microfinance organizations decreased by **9** percentage points compared to the previous year and amounted to **19.4** percent.

Similarly, the **return on equity *(ROE)*** decreased by **23.7** percentage points compared to the previous year and reached **40.5** percent as of 1 January 2025.

Figure 2.3.22

Dynamics of profitability indicators of microfinance organizations

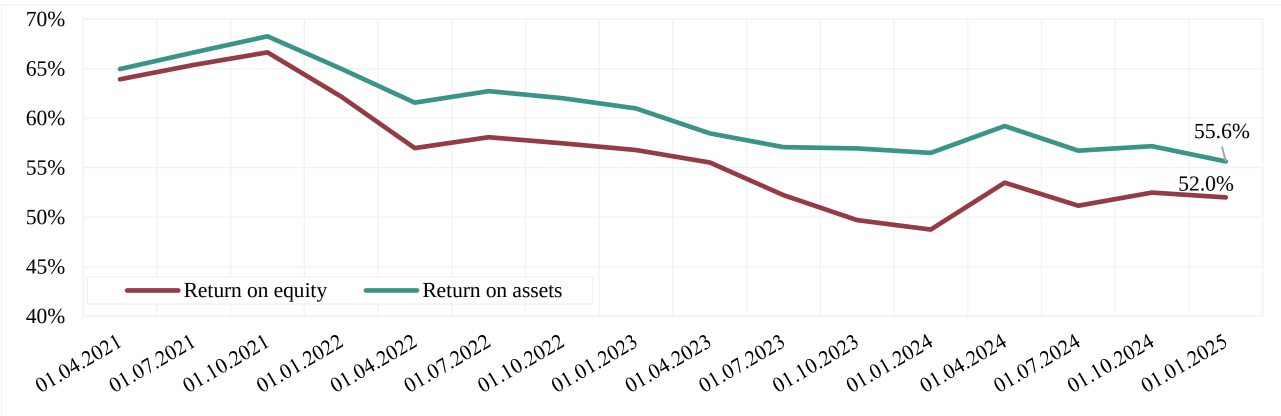


Source: Central Bank.

In this context, while the total average assets and capital of microfinance organizations increased by 2 times and 1.5 times respectively over the year, net profit grew by 34 percent during the same period.

Figure 2.3.23

Dynamics of profitability indicators of pawnshops



Source: Central Bank.

As of 1 January 2025, the ROA indicator for pawnshops amounted to **55.6** percent, and the ROE indicator reached **52.0** percent. During the reporting year, these indicators fluctuated within the ranges of 56–59 percent and 49–54 percent, respectively.

2.4. Regulation and supervision of credit and payment institutions

2.4.1. Regulation and supervision of commercial banks

In 2024, alongside efforts to improve the legislative framework governing the supervision and regulation of commercial banks in line with international standards, work continued on establishing mechanisms for the orderly exit of insolvent banks from the market without undermining financial stability.

Specifically, the Central Bank further enhanced its **macroprudential policy instruments** aimed at ensuring the stability of the banking system, including reducing factors that pose risks to financial stability.

In this context, the procedure for calculating the debt-service-to-income ratio *(DSTI)* when issuing microloans to individuals was extended — effective from 1 July 2024 — to **all types of loans** extended to individuals. At the same time, it was stipulated that banks may exclude or disregard the calculation of the DSTI ratio for up to **15** percent of the total number of loans and microloans issued to individuals.

Changes were introduced to the requirements on the adequacy of commercial banks' capital, aimed at expanding banks' lending opportunities for **self-employed individuals** and **small business entities**. In this regard, the **risk weights** applied to services provided by banks within microfinance activities to these categories of borrowers were reduced from 100 percent to 75 percent.

In addition, for the purpose of calculating capital adequacy, it was established that risk weights should be determined based on the **debt-service-to-income ratio** *(DSTI)* and the **loan-to-value ratio** *(LTV)* for mortgage loans and auto loans issued to individuals, and based on the DSTI ratio for other types of loans.

Requirements related to the classification of asset quality, the formation of provisions to cover expected losses on assets, and the use of such provisions were amended in accordance with the International Financial Reporting Standards *(IFRS)* and the recommendations of the Basel Committee. In this context, relevant norms were introduced to ensure **the gradual improvement** of asset classification when overdue debt is repaid and payments are made without delay.

In addition, in order to promote the expansion of factoring services, the maximum risk exposure for such services — calculated for a single borrower or a group of connected borrowers — was increased to **25** percent of the bank's **Tier 1 capital.**

Furthermore, to enhance the attractiveness of securities issued by mortgage refinancing institutions, the **corporate bonds** issued by such institutions were included in the category of high-quality liquid assets.

A number of measures were also undertaken to improve the legislative norms governing banking activities, in line with legal requirements arising from new banking services and practices.

A draft law, **"On the Recovery and Resolution of Banks",** developed on the basis of the standards of the Financial Stability Board *(FSB)*, was submitted to the Legislative Chamber of the Oliy Majlis.

The draft law sets out the objectives and principles of bank resolution, the instruments of resolution, the mechanisms for financing resolution, the Central Bank's powers in relation to resolution, the procedures for voluntary and mandatory liquidation of banks, as well as provisions related to the activities of the Financial Stability Council.

At the same time, special attention was given to improving the field of microfinance, expanding the access of business entities to microfinance services, and meeting the demand for financial services in the regions.

In particular, a draft law introducing amendments to the Law **"On Non-bank Credit Institutions and Microfinance Activities,"** providing for an increase in the maximum amount of microloans extended to individuals from UZS 50 million to UZS 100 million, was adopted.

In addition, in order to create opportunities for microfinance institutions with sufficient capacity to gradually grow into commercial banks, the Central Bank developed a draft law **"On Introducing Amendments and Additions to Certain Legislative Acts of the Republic of Uzbekistan in Connection with the Improvement of Microfinance Activities,"** which was adopted by the Legislative Chamber of the Oliy Majlis.

This Law envisages the introduction of the microfinance bank institution, which, subject to certain restrictions, will conduct banking operations and serve as an intermediary link between microfinance institutions and commercial banks.

In this context, to meet the demand for financial services in the regions and to direct its activities toward financing small and medium-sized business projects, the microfinance bank will carry out banking operations under the following conditions:

– attracting deposits from individuals in amounts not exceeding the guaranteed deposit limit;

– issuing loans in amounts not exceeding UZS **5** billion.

In addition, the minimum authorized capital of a microfinance bank must amount to UZS **50** billion, and at least **70** percent of its loan portfolio must consist of loans allocated for entrepreneurial activity.

During the reporting year, a number of measures were implemented in commercial banks aimed at ensuring transparency in the generation of information on banking operations, maintaining separate accounting of banking transactions, and accelerating the transition to International Financial Reporting Standards *(IFRS)*.

In particular, in order to align the “chart of accounts” used in commercial banks’ accounting practices with IFRS, the following amendments and additions were introduced:

– changes were made to ensure separate accounting of loans issued to self-employed individuals;

– amendments were introduced to ensure the accurate formation, analysis, and monitoring of data in the Credit Information State Register, as well as to regulate the accounting of assets on commercial banks’ balance sheets, accrued interest and other non-interest income, pledged property and other rights, and to maintain separate accounting of credit, leasing, and factoring operations from other asset-related transactions;

– an additional provision was introduced allowing customers to submit “worn-out” categories of foreign currency banknotes to banks so that the bank may transfer them to the issuing country in accordance with established procedures. Accordingly, editorial adjustments were made to reflect that “worn-out” foreign currency banknotes may be submitted not only to the Central Bank *(as is the case for the soum)*, but also to commercial banks *(where foreign currency may be delivered either to the Central Bank or to a commercial bank).*

In 2024, the Central Bank applied measures such as suspension of certain operations, **imposition of fines**, and other enforcement actions against banks that violated requirements established by legislation.

In particular, based on the decisions of the Central Bank’s Banking Supervision Committee, fines totaling UZS **16.6** billion were imposed on **28** commercial banks and **24** microfinance institutions in 2024.

Specifically, these fines included:

– UZS **9.9** billion, or **59.5** percent, for failure to comply with prudential requirements *(applied to 23 banks);*

– UZS **1.8** billion, or **12.1** percent, for violations of the established requirements on anti–money laundering and combating the financing of terrorism *(applied to 6 banks);*

– UZS **1.0** billion, or **6.3** percent, for non-compliance by banks with requirements set forth in regulatory legal acts *(applied to 7 banks);*

– UZS **1.7** billion, or **12.2** percent, for violations of foreign exchange regulations, non-compliance with cybersecurity and cross-border transaction requirements, submission of inaccurate *(false)* information to the Central Bank, and violations of consumer protection rules in the provision of banking services *(applied to 19 banks).*

Due to non-compliance with the requirements of the Central Bank's regulatory legal acts, failure to meet established foreign exchange position limits, and violations of requirements set by the Board of the Central Bank, enforcement measures were applied to banks in 2024. Specifically, **23** banks received **formal warnings**, and **temporary restrictions** were imposed on **6** banks regarding the acceptance of deposits and the issuance of loans *(including leasing, factoring, opening of uncovered letters of credit, and guarantees).*

In addition, in order to reduce the potential negative impact of possible losses on banks' financial stability and to ensure the formation of macroprudential buffers, **preventive measures** were introduced, whereby **23** banks were **prohibited** from distributing profits through the payment of dividends on ordinary shares.

2.4.2. Regulation and supervision of non-bank credit institutions

During the reporting year, the regulatory framework governing the activities of non-bank credit institutions was further improved. Particular attention was directed toward developing new and alternative mechanisms for financing entrepreneurial projects under expanding market conditions, especially by broadening the scope of guarantee *(surety)* support provided for business projects.

For this purpose, the Central Bank drafted the Law **"On introducing amendments and additions to certain legislative acts of the Republic of Uzbekistan in connection with improving the system of financial support for small and medium-sized businesses"** and submitted it to the Legislative Chamber of the Oliy Majlis.

The draft law provides for the establishment of a legal entity—a guarantee-providing institution—responsible for issuing guarantees *(sureties)* for loans, leasing operations, and letters of credit allocated to business entities, as well as for providing other services stipulated in legislation. The institution is proposed to be included within the category of non-bank credit institutions.

Under this draft law, certain restrictions previously imposed on the activities of non-bank credit institutions are also being relaxed. In particular:

– non-bank credit institutions are permitted to attract loan funds from their individual founders in an amount up to twice the current limit;

– the requirement to obtain the Central Bank's prior approval for acquiring a 10 percent stake in the charter capital of a non-bank credit institution is being raised to 20 percent. In this regard, a notification procedure to the Central Bank is introduced for acquiring a stake between 10 percent and 20 percent;

– microfinance organizations, upon obtaining the appropriate license, are granted the authority to carry out payment institution activities, as well as to provide financial services in foreign currency to legal entities.

Additionally, amendments and additions were introduced to the "Instruction on Maintaining Accounting Records in Non-Bank Credit Institutions", whereby:

– in accordance with Article 1 of the Law of the Republic of Uzbekistan No. O'RQ-914 of 27 February 2024, "On Amendments and Additions to Certain Legislative Acts of the Republic of Uzbekistan Aimed at Improving the Procedure for Fulfilling Credit Obligations and Expanding the Population's Access to Microfinance Services", appropriate changes were made to paragraphs 46 and 48 of this Instruction to incorporate the procedure for compensation stipulated in Article 248 of the Civil Code of the Republic of Uzbekistan;

– separate accounting accounts were introduced to ensure that loans extended to self-employed individuals are recorded distinctly;

– an additional accounting account was created for non-bank credit institutions to form and maintain reserves for accrued interest;

– based on practical needs, a separate accounting account was introduced to maintain records of valuables accepted for safekeeping.

During the reporting year, **remote supervisory** activities were carried out over the operations of microfinance organizations and pawnshops, and the findings regarding compliance with prudential requirements were regularly submitted to the **Bank Supervision Committee for consideration**.

In 2024, in accordance with the relevant decisions of the Bank Supervision Committee, supervisory measures were applied to a total of **30 microfinance organizations** and **5 pawnshops**.

Specifically, based on **inspection** results, the active operations of **1** microfinance organization were **restricted for a period of 3 months**, **fines** totaling UZS **492** million were imposed on **5** microfinance organizations and **3** pawnshops, and **2** microfinance organizations received official **warnings**.

In addition, based on **remote supervisory** assessments, the active operations of **1** microfinance organization were **restricted for 3 months**, **fines** totaling UZS **170** million were imposed on **11** microfinance organizations, and official **warnings** were applied to **10** microfinance organizations and **2** pawnshops.

Furthermore, a **methodological guideline** was developed for microfinance organizations and pawnshops on completing financial and regulatory reporting forms.

Activities of payment system operators and payment organizations

As part of the supervision of payment system operations, the activities of **3** payment organizations were inspected. Based on the inspection results, warnings were issued regarding identified violations, and recommendations and instructions were provided to eliminate the deficiencies.

In addition, in 2024 the Central Bank applied several enforcement measures — such as the temporary suspension of certain payment services, monetary penalties, and other corrective actions — against payment system operators and payment organizations that violated the requirements set out in legislation.

In particular, **one** payment organization was fined UZS **100** million for a single violation of payment-system-related regulatory requirements.

Due to violations of payment-system regulatory requirements, restrictions were imposed on the activities of **one** payment system operator and **one** payment organization. In particular:

– restrictions were applied to certain services of the payment system operator because it had not commenced operations within one year from the date of licensing, had failed to comply with the instructions regarding “commencement of payment system operator activities,” and had allowed unauthorized payments to be processed within its system;

– a **six-month restriction** was imposed on certain payment services of a payment organization for failing to comply with the recommendations issued to eliminate identified violations.

In addition, the licenses of one payment organization were revoked because it had not commenced operations within **one year** from the date of licensing and had suspended its activities for more than **six months**. Furthermore, the license of another payment organization was revoked for committing a single gross violation of the law — specifically, for creating conditions that enabled the execution of unauthorized payments.

Box 6

Activities of the central bank's banking supervision committee in 2024

In order to ensure the execution of the Central Bank's supervisory functions, the Banking Supervision Committee held **84** meetings throughout 2024, during which a total of **418** issues were discussed, including **284** issues related to **authorization procedures** and **134** issues related to the financial condition of banks.

Regarding authorization procedures:

– 123 cases related to reviewing candidates for members of commercial banks' supervisory boards and management boards, as well as key functionaries;

– 64 cases concerning the registration of amendments to the charters of credit institutions;

– 42 cases on reissuing licenses for payment system operators and payment organizations that had brought their organizational–legal structures in line with regulatory requirements;

– 22 cases on granting permission to acquire shares in the charter capital of credit institutions;

– 9 cases related to licensing and revoking licenses of payment system operators and payment organizations;

– 13 cases related to the registration of microfinance organizations, 9 cases on issuing qualification certificates to auditors, and 2 cases on granting permission for foreign banks to open representative offices.

Regarding the financial condition of banks:

– 79 cases related to the results of remote and on-site inspections assessing compliance with Central Bank requirements;

– 14 cases concerning compliance with prudential norms by credit institutions;

– 7 cases relating to granting permission for early repayment of subordinated debt and approving the lists of eligible banks and systemically important banks;

– 6 cases related to lifting prohibitions, introducing restrictions, and outsourcing specific services;

– 9 cases on initiating supervisory examinations, and 19 cases concerning profit distribution, approval of the prudential supervision program, and authorizing the provision of financial services within holding structures.

In addition, by the relevant decision of the Banking Supervision Committee, **7 banks** were designated as **systemically important banks for 2025**.

2.4.3. Regulation and supervision of anti–money laundering and countering the financing of terrorism in credit and payment organizations

In 2024, the Central Bank continued systematic efforts to monitor and supervise compliance by banks, non-bank credit organizations, and payment institutions with internal control rules and with the procedure for submitting information on suspicious transactions related to money laundering and the financing of terrorism *(hereinafter AML/CFT)* to the designated competent authority. Special attention was given to identifying risks specific to the sector, improving mechanisms to minimize these risks, and enhancing the overall effectiveness of the AML/CFT framework.

During the reporting year, the Central Bank continued the sectoral risk assessment process and conducted evaluations of AML/CFT risks within banks, non-bank credit organizations, and payment institutions. The focus of this work included identifying high-risk products and services, distribution channels, and customer types across the sectors, as well as analyzing existing threats and vulnerabilities that may facilitate their materialization. Based on this analysis, the inherent AML/CFT risk level for each sector was determined.

As part of the assessment, data were collected and analyzed on the services provided by supervised sectors, customer categories, products and services, and the channels through which they are delivered. Based on these findings, recommendations aimed at reducing risks were developed and implemented for banks and payment organizations.

In identifying high-risk products and services, delivery channels, and customer categories across sectors, the assessment relied solely on their inherent characteristics. This approach enables supervised entities to conduct independent assessments of high-risk products, services, channels, and customer types based on the preventive measures defined in their internal documents, thereby serving as a starting point for independently identifying internal vulnerabilities.

According to the results of the sectoral risk assessment conducted during the reporting year, among banking products and services, cash transactions, electronic payment instruments, and international money transfers were assessed as having the highest risk level.

In particular, the following were identified as transactions with a high likelihood of being used for money laundering and terrorist financing *(ML/TF)* purposes: cash deposits into customer bank accounts, transactions conducted through foreign electronic wallets, card-to-card transfers between individuals *(P2P operations)*, unlawful cash-outs of funds from legal entities' bank accounts, receipt and sending of international remittances.

Remote service delivery channels were classified as high-risk due to the limited ability to verify the true user and, consequently, the heightened probability of their use by nominee *(front)* individuals.

During the assessment process, key threats and vulnerabilities across sectors were also identified, and recommendations were developed to minimize the risks associated with them. In this regard, supervised entities were instructed to place particular emphasis on the following areas:

– transactions involving countries with high ML/TF risks;

– examining the sources of clients' funds;

– ensuring the completeness of procedures for identifying and verifying beneficial owners;

– improving the criteria used to detect suspicious transactions;

– conducting a detailed assessment of clients' risk profiles and strengthening monitoring systems for high-risk transactions.

It should be noted that the results of the risk assessment contribute to enhancing the understanding of sector-specific risks both within the Central Bank and among supervised entities. This enables more effective identification, allocation, and use of resources for supervisory and preventive measures, and supports the establishment and maintenance of adequate mechanisms for combating money laundering and terrorist financing.

Based on the results of the 2023 assessment, the report titled "The Central Bank of the Republic of Uzbekistan's Assessment of Risks Related to Money Laundering and Terrorist Financing in the Banking, Non-bank Credit, and Payment Services Sectors" was approved by the decision of the Central Bank Board. Within the scope of minimizing the identified risks, four advisory guidelines were developed by the Central Bank in 2024.

In particular, in 2024, the Central Bank developed guidelines on the following:

– procedures for freezing transactions and suspending the use of funds or other assets belonging to persons included in the list of individuals involved in, or suspected of involvement in, terrorist activities or the proliferation of weapons of mass destruction, applicable to commercial banks, non-bank credit organizations, and payment service providers;

– identification of beneficial owners for banks, non-bank credit organizations, and payment service providers;

– conducting comprehensive analysis to detect money laundering and terrorist financing schemes;

Guidelines were developed and implemented to identify transactions involving the illegal cash withdrawal of funds from legal entities' accounts, as well as to detect individuals providing services for the unlawful cash withdrawal of funds to other legal entities.

On this basis, the effectiveness of measures aimed at detecting and preventing transactions carried out by persons included in the list of individuals involved in, or suspected of involvement in, terrorist activities or the proliferation of weapons of mass destruction, identifying customers' beneficial owners, detecting ML/TF schemes, and identifying unlawful cash withdrawal transactions from legal entities' accounts was enhanced. Banks were instructed to implement a system for assessing customers' risk profiles in these areas and to strengthen measures for detecting and monitoring high-risk operations.

Based on these guidelines, commercial banks improved their internal control procedures, developed criteria for detecting and monitoring suspicious transactions carried out by legal entities and individuals, and received recommendations aimed at preventing deficiencies identified during supervisory reviews.

In the reporting year, on-site inspections were conducted at 6 commercial banks whose risk profiles indicated a high level of vulnerability. Additionally, based on remote monitoring results, operations and clients identified as high-risk during the risk profiling process, as well as submissions from the designated competent state authority, off-site supervisory measures were carried out at 21 commercial banks, 10 payment institutions, and 2 payment system operators regarding issues within the scope of this sector.

Based on the outcomes of these supervisory measures, penalty sanctions were applied against 10 commercial banks and 7 payment institutions for the identified violations and shortcomings. Furthermore, 20 commercial banks, 2 payment system operators, and 6 payment institutions received formal warnings indicating that stricter measures would be taken in the event of future violations.

In line with Resolution No. 16 of the Cabinet of Ministers dated 23 January 2013, the Central Bank continued to fulfill its obligations arising from the "Agreement on the Eurasian Group on Combating Money Laundering and Financing of Terrorism *(EAG)"*.

Specifically, in 2024, upon the request of the Secretariat of the Eurasian Group on Combating Money Laundering and Financing of Terrorism, representatives of the Central Bank participated in the plenary sessions of the working group. These meetings discussed issues related to financial security, combating money laundering, and strengthening international cooperation.

In addition, during the reporting year, participation of Central Bank employees in the EAG's training program and forum for preparing expert-assessors was ensured. As a result, the qualifications of Central Bank staff were enhanced, and two employees received expert-assessor certification.

2.5. Activities on the development of factoring operations

In the reporting year, a new financing mechanism — the factoring system — was introduced to support the working-capital needs of small and medium-sized enterprises by developing movable-asset-based financing instruments for entrepreneurial activities.

Starting from September 2024, the operation of electronic digital factoring platforms was launched, enabling business entities to access factoring services without visiting banks in person.

As a result, four electronic factoring platforms — Oz Planet, Finmakon, Factoring.uz, and V2 — became operational, and 26 commercial banks were connected to these platforms.

In 2024, the volume of factoring services reached UZS 1.9 trillion, of which UZS 1.6 trillion *(85%)* accounted for commercial banks and UZS 0.3 trillion *(15%)* for microfinance organizations. Notably, 58 percent of the total factoring services, or UZS 1.1 trillion, were conducted through electronic factoring platforms.

Figure 2.5.1

Volume of factoring services provided by credit institutions

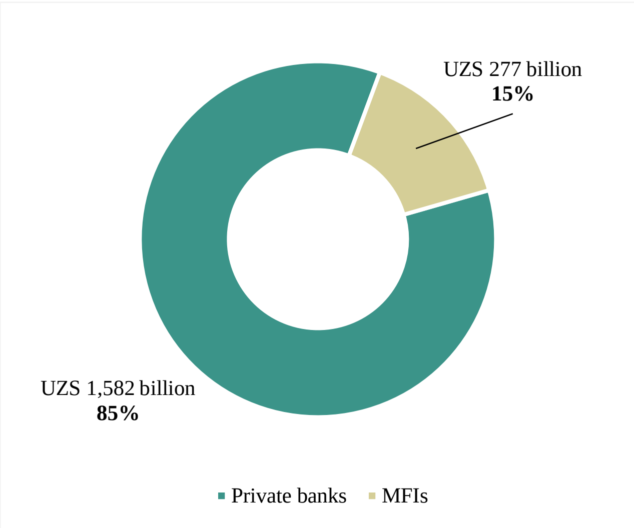
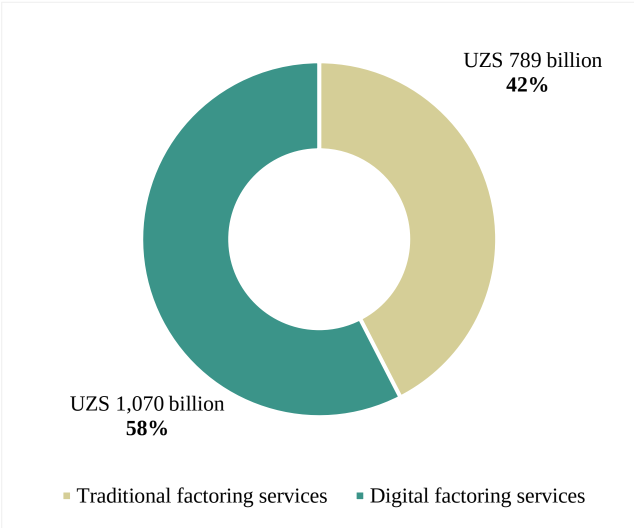


Figure 2.5.2

Volume of factoring services



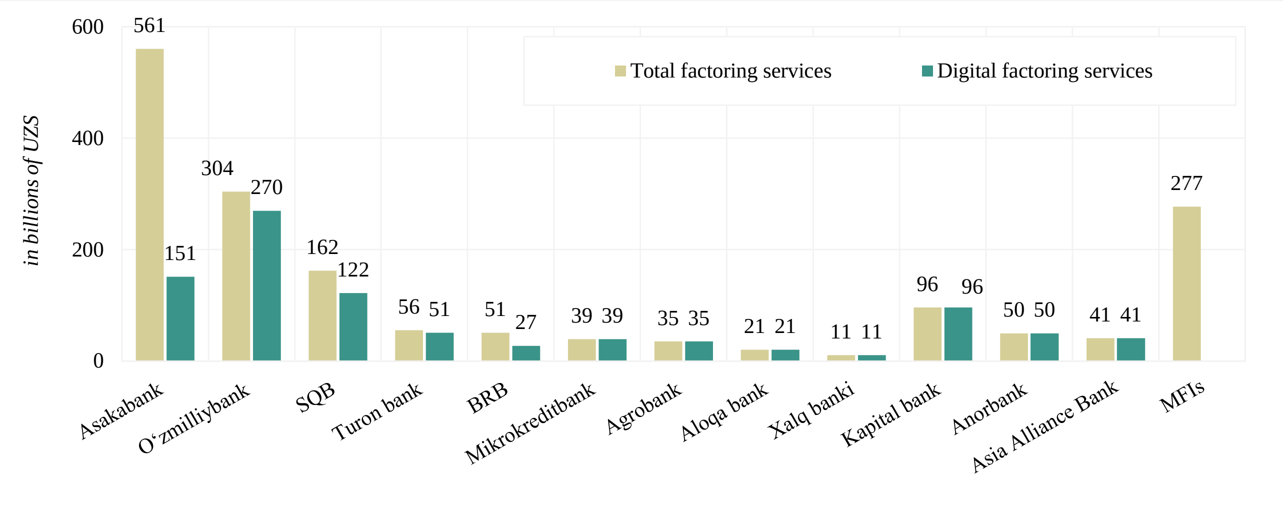
Source: Central Bank.

In 2024, factoring services provided by banks amounted to UZS 561 billion in **Asaka Bank** *(of which UZS 151 billion were through the electronic platform)*, UZS 304 billion in **Uzmilliybank** *(UZS 270 billion)*, and UZS 162 billion in **Uzsanoatqurilishbank** *(UZS 122 billion)*. **Private banks**, in total, accounted for UZS 348 billion *(UZS 342 billion)*, including UZS 96 billion in **Kapitalbank** *(UZS 96 billion)* and UZS 50 billion in **Anorbank** *(UZS 50 billion)*.

During the same period, **microfinance organizations** financed a total of UZS 277 billion of accounts receivable.

Figure 2.5.3

Volume of factoring services provided by credit institutions in 2024 by institution

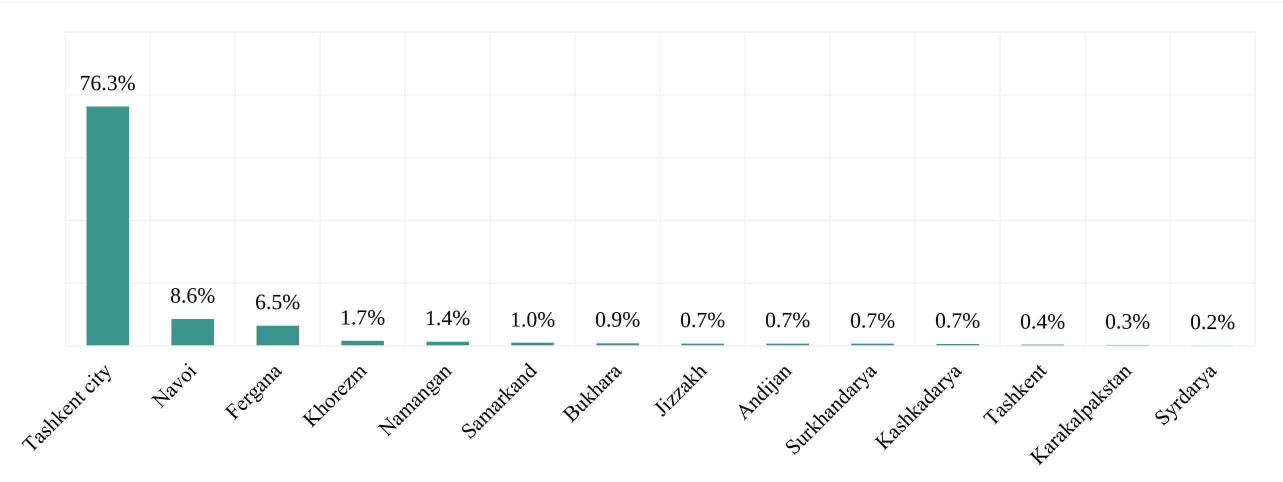


Source: Central Bank.

In regional terms, the majority of factoring services provided in 2024 fell to Tashkent city with UZS **1.4** trillion *(76%)*, followed by Navoi region with UZS **160** billion *(8.6%)*, Fergana region with UZS **120** billion *(6.5%)*, and Khorezm region with UZS **31** billion *(1.7%)*.

Figure 2.5.4

Distribution of factoring services by region

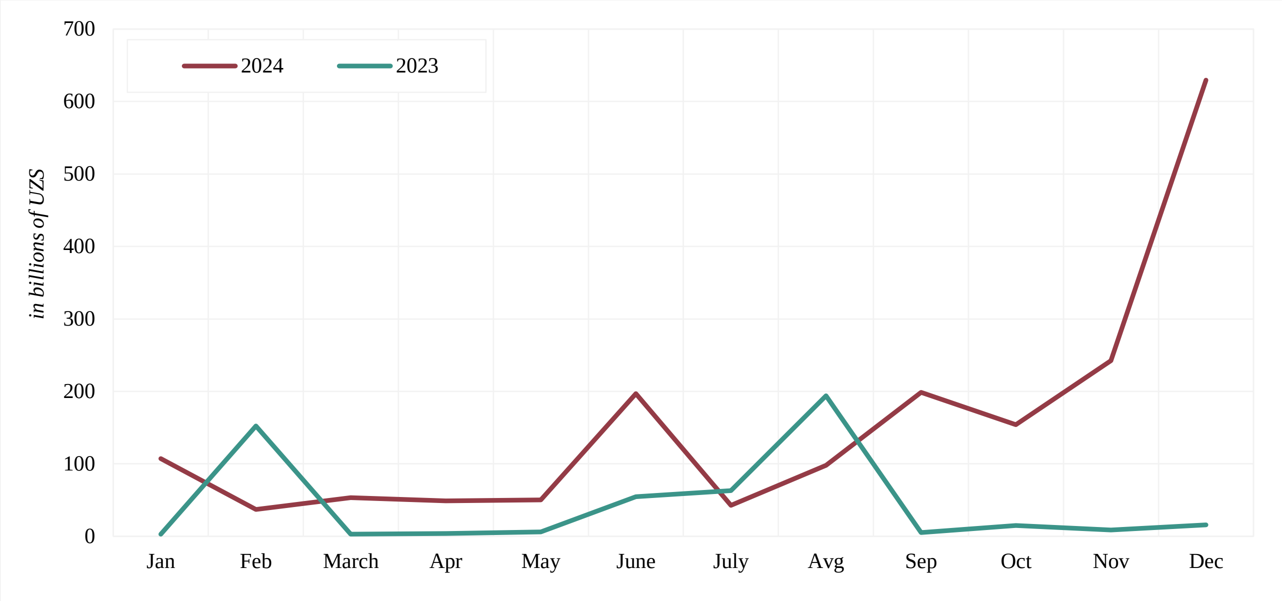


Source: Central Bank.

The volume of factoring services provided by credit institutions increased significantly in the second half of 2024, particularly during November–December, with December recording the highest monthly volume at UZS **630** billion.

Figure 2.5.5

Monthly dynamics of factoring services provided by credit institutions in 2023–2024

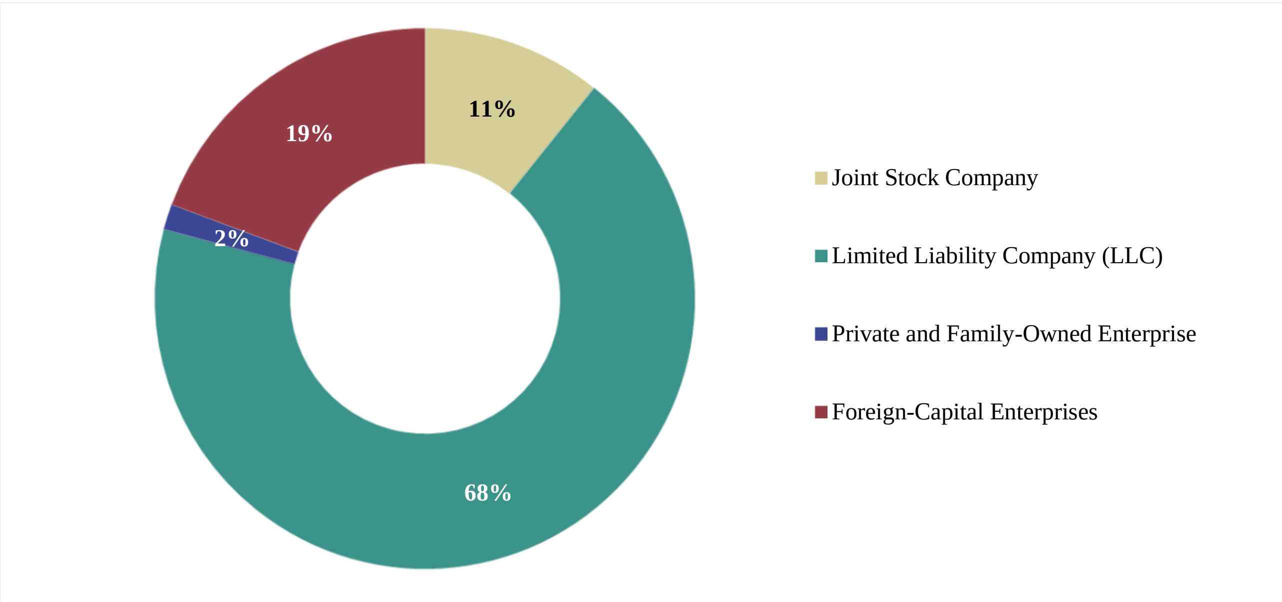


Source: Central Bank.

In the distribution of factoring services by organizational form of clients, the largest share was accounted for by limited liability companies *(LLCs)*, which received UZS **1.3** trillion or **68** percent of total services. Enterprises with foreign capital participation accounted for UZS **360** billion *(19%)*.

Figure 2.5.6

Analysis of factoring services by organizational form of enterprises



Source: Central Bank.

In the distribution of factoring services by maturity, **30** percent were issued for terms ranging from 121 to 180 days, **23** percent for 61 to 90 days, **21** percent for up to 30 days, **16** percent for 31 to 60 days, and **10** percent for 91 to 120 days.

Figure 2.5.7

Analysis of factoring services by maturity

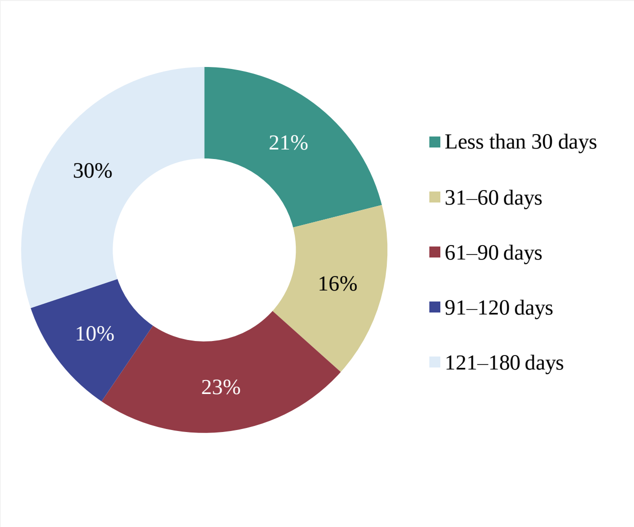
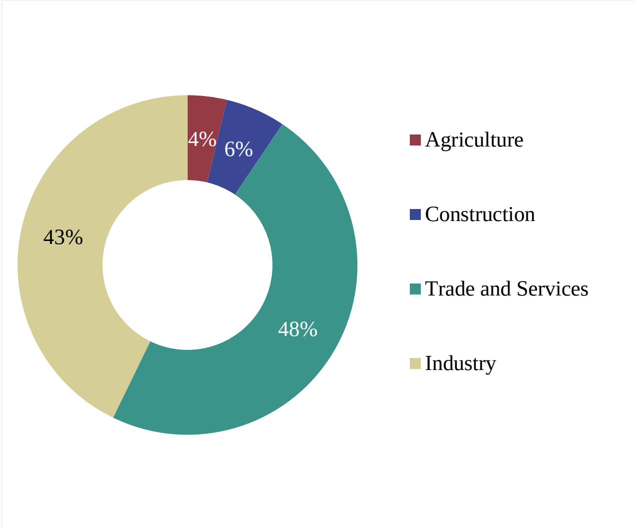


Figure 2.5.8

Distribution of factoring services by sectors of the economy



Source: Central Bank.

Factoring services were directed to various sectors of the economy, with the largest share allocated to the **trade** and **services sector** – UZS **833** billion *(48 percent)*, and the **industrial sector** – UZS **800** billion *(42 percent).*

In addition, factoring services have gradually expanded into other sectors, in particular, UZS **109** billion *(6 percent)* of accounts receivable were financed in the construction sector and UZS **69** billion *(4 percent)* in the agriculture sector.

III. THE CENTRAL BANK'S ACTIVITIES IN MONETARY POLICY, EXCHANGE RATE POLICY, AND COMMUNICATION POLICY

3.1. Ensuring price stability

3.1.1. Analysis of monetary conditions and instruments in 2024

In 2024, monetary policy was aimed at reducing demand-side inflationary pressures in the economy, encouraging household saving activity, maintaining real interest rates at an adequate level, and ensuring progress toward achieving the medium-term inflation target.

Given that the secondary impact of the energy tariff adjustments in October 2023 and April 2024 on price formation was lower than projected, and considering the expected inflation dynamics and reduced upside inflation risks, the policy rate was lowered from 14 percent to 13.5 percent in July and was kept unchanged at this level throughout the year.

The maintenance of the policy rate during the second half of the year, along with the onset of a downward inflation trend from October, contributed to the formation of **real money market interest rates** in the range of **2.2 to 5.1**, ensuring relatively tight monetary conditions in the economy.

In 2024, the weighted-average annual interest rate in the money market amounted to **14.5 percent**, but due to an increase in overall liquidity, it declined to **13.9 percent** by December and remained fully within the interest rate corridor.

Figure 3.1.1.1

Dynamics of the Central Bank's policy rate

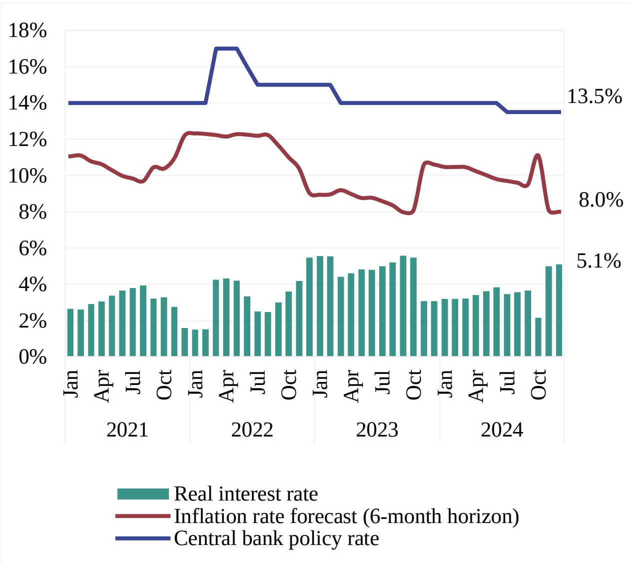
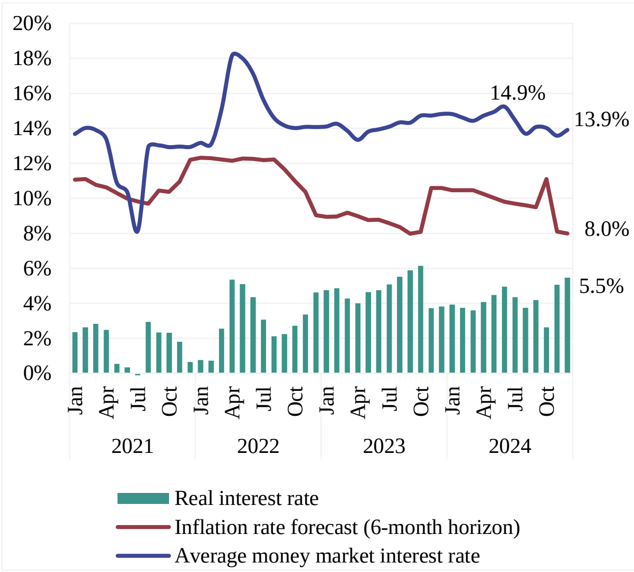


Figure 3.1.1.2

Interest rates in the interbank money market



Source: Central Bank.

Interest rates on households' term deposits in the national currency averaged 21.3 percent during January–May 2024 and increased to **22.1 percent** by December.

Figure 3.1.1.3

Interest rates on households' term deposits in the national currency

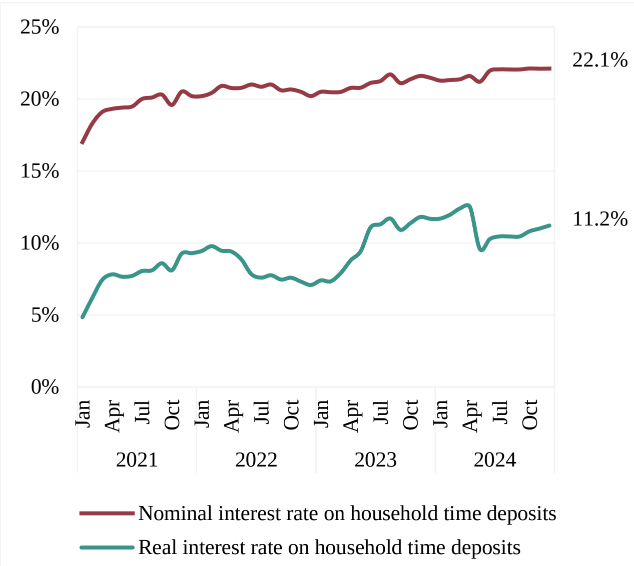
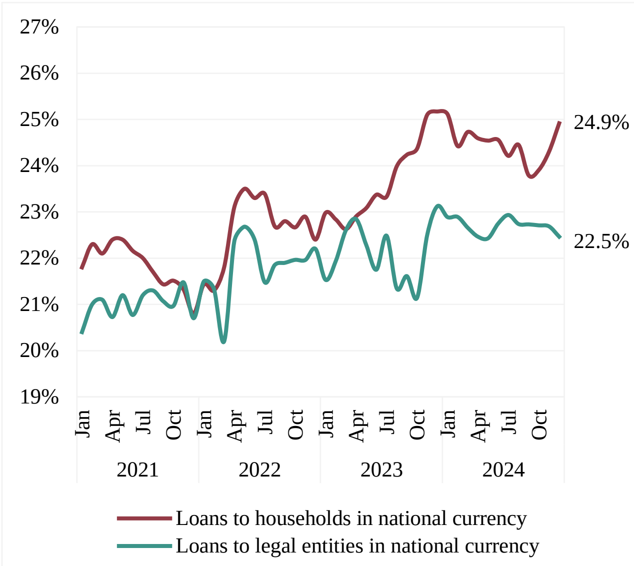


Figure 3.1.1.4

Interest rates on loans in the national currency



Source: Central Bank.

As relatively tight monetary conditions were maintained in the economy and **interest rates** in the money market remained at a positive real level, by December 2024 the interest rate on household deposits formed at a real level of **11.2** percent relative to their inflation expectations.

Real interest rates on **term deposits** in the national currency also remained within the range of **6.3–9.0 percent**.

These positive real interest rates contributed to a significant increase in national-currency deposits: in 2024, households' term deposits in the national currency increased 1.6 times, while corporate term deposits increased 1.5 times.

Against the background of sustained high demand for credit, the average interest rate on loans in the national currency to individuals increased by 0.5 percentage points from its 11-month level, reaching 24.9 percent at the end of the year. The average interest rate on loans extended to business entities remained relatively stable throughout the year and amounted to 22.4 percent in December.

In 2024, against the background of increasing systemic liquidity in the banking sector, demand for the Central Bank's liquidity-absorbing operations continued to grow. In particular, during 2024, the Central Bank conducted liquidity-absorbing operations *(deposit auctions and overnight deposits)* averaging UZS **4** trillion per month.

During this period, demand for the Central Bank's liquidity-providing operations *(REPO auctions, overnight REPO, overnight FX swap, and overnight foreign-currency loans)* became relatively balanced, and an average of UZS **1.1** trillion per month of liquidity was supplied to banks.

Given the overall liquidity conditions in the banking system, in situations where excess liquidity was observed in the money market, **additional issuances of Central Bank bonds** were carried out.

Figure 3.1.1.5

Monetary policy operations of the central bank

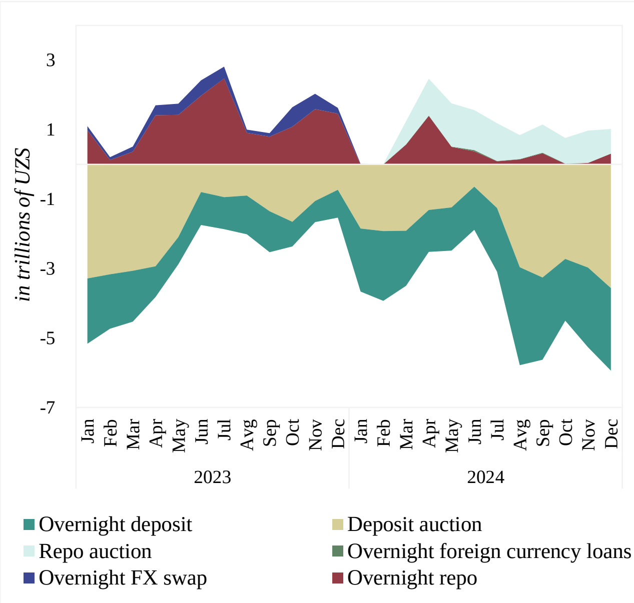
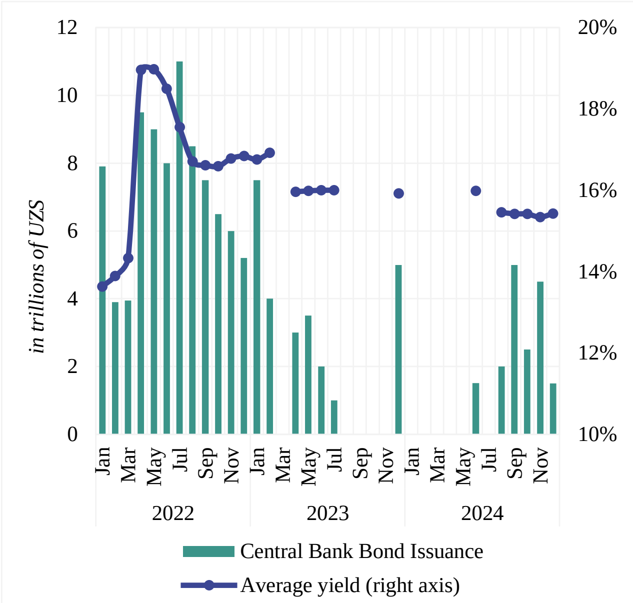


Figure 3.1.1.6

Dynamics of Central Bank bond issuance



Source: Central Bank.

During June–December 2024, liquidity in the banking system increased, and in order to **mitigate the potential upward pressure of this liquidity on money market interest rates** and the inflation rate, Central Bank bonds totaling UZS 17 trillion were issued into circulation.

As of 1 January 2025, the outstanding balance of Central Bank bonds in circulation amounted to UZS **11** trillion.

Box 7

Central Bank credit committee activities in 2024

In 2024, the Credit Committee *(hereinafter — the Committee)* held eight discussions on reviewing the policy rate, enhancing the effectiveness of monetary policy transmission mechanisms, and defining the main directions for 2025 and for the period 2026–2027.

During the Committee's discussions on the policy rate, primary attention was devoted to maintaining relatively tight monetary conditions in the economy in order to minimize the impact of inflationary factors on achieving the established inflation target; to improving mechanisms aimed at reducing the influence of monetary factors on inflation; and to ensuring effective liquidity management in the banking system by determining the optimal volume of monetary policy operations.

Furthermore, the Committee regularly examined the factors contributing to price increases, the influence of adjustments in administered prices on inflation expectations, and measures to mitigate their impact on the inflation rate. Proposals related to tariff and non-tariff restrictions, prepared jointly with the Government, were regularly developed and submitted to the Presidential Administration.

Between January and July 2024, in five cases the Committee submitted a proposal to the Central Bank Board to maintain the policy rate at **14 percent per annum**. In July, the Central Bank Board decided to lower the policy rate from 14 percent to 13.5 percent.

At the April 2024 Committee meeting, two options were presented to the Board: maintaining the policy rate unchanged at **14 percent per annum**, or raising it by **1 percentage point** to 15 percent.

From August to December, the Committee submitted three proposals to maintain the policy rate at 13.5 percent, and during this period the Central Bank Board adopted decisions to keep the policy rate at the 13.5 percent level.

At the Committee's meeting held on 12 June 2024, the possibility of reducing the reserve requirement ratio on foreign-currency deposits from the current 18 percent to 14 percent and increasing the averaging coefficient to 100 percent was reviewed, and it was decided to submit the proposal to the Central Bank Board.

These changes were noted to potentially ease banks' cost pressures by reducing the reserve requirement ratio on foreign-currency deposits, improve their liquidity position, and create conditions for the optimization of **interest rates on bank loans**.

In order to provide financial market participants with information regarding the relationship between the maturities and interest rates of government securities, and to support economic agents in making investment decisions, proposals for reviewing the Government Securities Yield Curve — developed for this purpose — were submitted to the Central Bank Board.

In addition, the preliminary conceptual draft of the main directions of monetary policy for 2025 and for the period 2026–2027 was submitted to the Central Bank Board for consideration. Based on the goals and tasks set out in this document, the following proposals were endorsed:

– to continue active measures aimed at improving the operational mechanism of monetary policy, including conducting a legal audit of the regulatory framework governing the interbank money and repo markets and the Central Bank's monetary operations, with the participation of foreign experts;

– to strengthen macroeconomic analysis and forecasting capacity, including expanding the set of short-term models and increasing the range of macroeconomic indicators subject to forecasting, as well as revisiting the parameters of the Quarterly Projection Model and Dynamic Stochastic General Equilibrium *(DSGE)* models;

– to further develop monetary policy communications and broaden communication channels.

3.1.2. Changes in the operational mechanism of monetary policy

In 2024, the Central Bank continued to enhance the operational mechanism of monetary policy with the objective of strengthening the transmission of policy measures, improving the effective management of liquidity in the banking system, and ensuring the proper formation of interest rates in the money market. In particular:

– The operating window for the Central Bank's overnight operations was extended to remain open for one hour after the end of the banking payment day;

– A new "intraday credit instrument" was introduced, enabling the provision of interest-free, collateralized credit during the day;

– To minimize credit risk in the implementation of monetary policy operations, a 5 percent haircut was applied to collateral used for liquidity-providing operations;

– To mitigate foreign exchange risk during monetary policy operations, the Central Bank introduced FX-collateralized overnight lending operations and a one-week credit auction based on foreign-currency collateral.

To regulate liquidity in the banking system, the Central Bank conducted daily overnight deposit operations at the lower bound of the policy rate corridor, and weekly deposit auctions on Thursdays at the policy rate without quantity limits.

Additionally, in order to **gradually increase** the coverage of commercial banks' liabilities subject to reserve requirements over the period 2025–2030, and to mitigate the additional burden on banks, measures were taken to reduce the reserve requirement ratio on foreign-currency liabilities.

In particular, the reserve requirement on foreign-currency deposits was **reduced** from 18 percent to **14 percent** from 1 July 2024, while the averaging coefficient was increased from 80 percent to 100 percent. As a result, **banks obtained access to an additional UZS 3 trillion** in usable liquidity.

Overall, in 2024, as the general level of liquidity was managed through monetary policy tools, the size of operations conducted became increasingly dependent on the liquidity position of the banking system and the degree of compliance of commercial banks with established regulatory requirements.

3.1.3. Analysis of interbank money market activity and interest rates

In 2024, the volume of money market operations increased by 31 percent compared to 2023 and amounted to a total of UZS **507** trillion. While deposit operations continued to exhibit a declining trend and contracted by 25 percent, the volume of REPO operations expanded by 3.6 times.

This trend, in turn, reflects the **growing importance of collateralized instruments** in managing credit risks in interbank transactions.

Against the backdrop of the rising stock of government securities in circulation, the role and significance of REPO operations in **redistributing** liquidity across the banking system has continued to strengthen.

Figure 3.1.3.1

Interbank money and REPO transactions

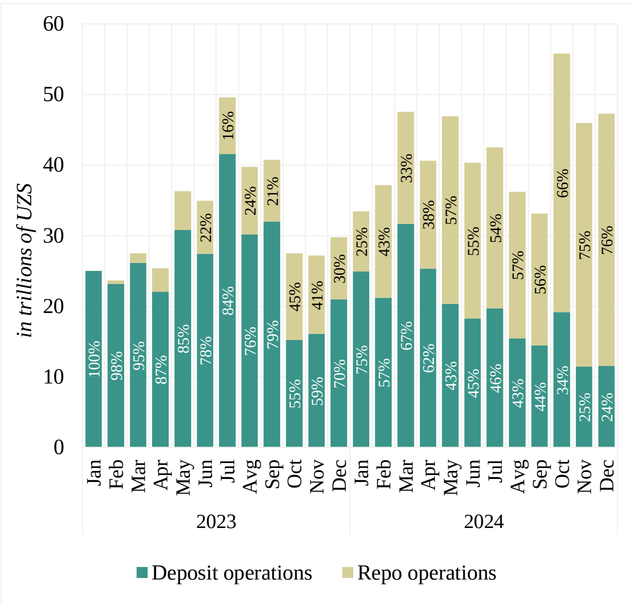
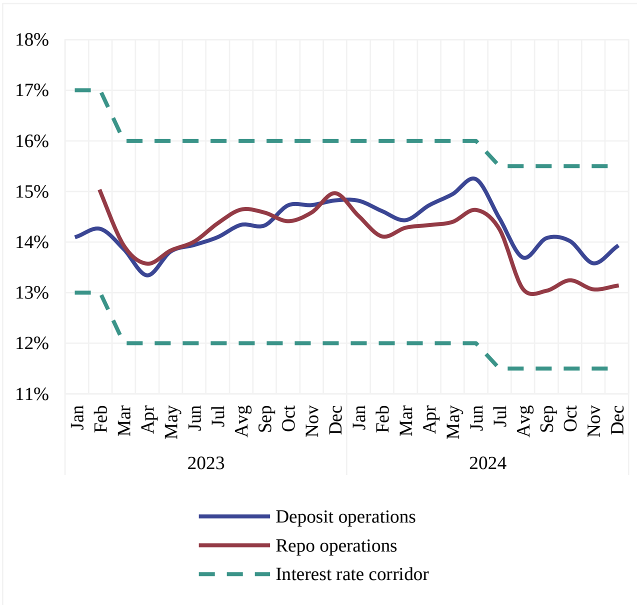


Figure 3.1.3.2

Interest rates on interbank money and REPO operations



Source: Central Bank.

In 2024, REPO operations accounted for 54 percent of total money market transactions. Over the year, the volume of government securities in circulation more than doubled, reaching UZS **44** trillion by end-year.

The average weighted interest rate in the money market stood at 14.1 percent in 2024, including 14.5 percent on deposit operations and 13.7 percent on REPO operations. It is noteworthy that the slightly higher interest rates on deposit operations were driven by the increasing share of transactions with maturities longer than one day.

The UZONIA rate, the benchmark interest rate for the money market, remained fully within the interest rate corridor in 2024 and averaged 13.6 percent, staying close to the policy rate. The narrowing spread between UZONIA and the policy rate reflects the decline in the overall liquidity surplus and improvements in price-setting behavior among banks.

Figure 3.1.3.3

Dynamics of the UZONIA benchmark interest rate

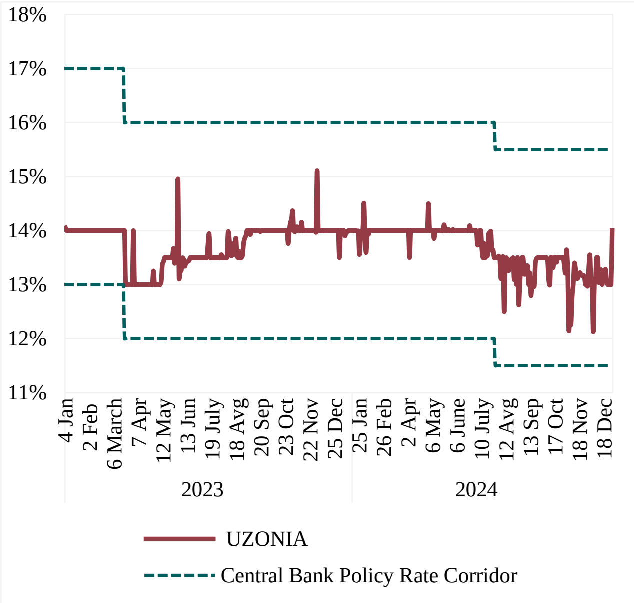
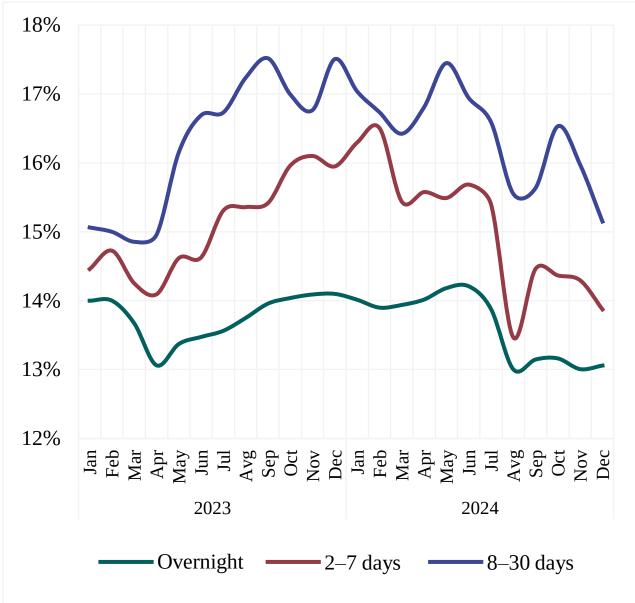


Figure 3.1.3.4

Interest rates in the money market by maturity



Source: Central Bank.

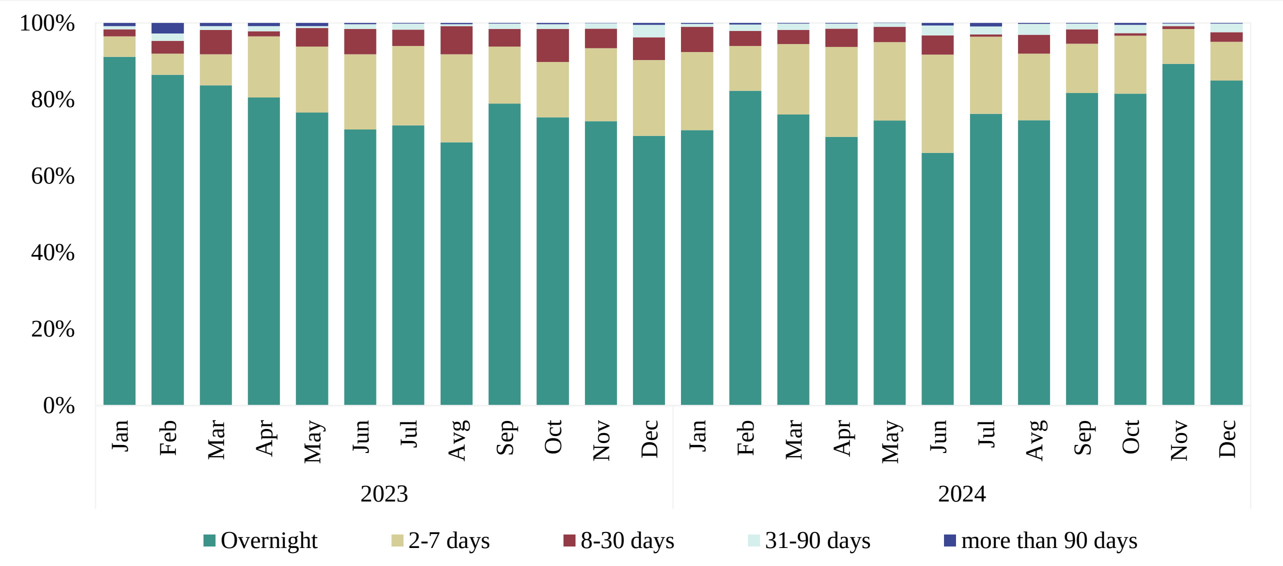
At the same time, in 2024, interest rates on operations with maturities longer than one day also declined and, by year-end, continued to form within the Central Bank's interest rate corridor. In particular, the average interest rate on operations with maturities of 2–7 days amounted to 15.2 percent, while those with maturities of 8–30 days averaged 16.5 percent.

The decline in interest rates for operations with maturities longer than one day is explained by the relative cost-advantage of liquidity obtained through the REPO market compared to the unsecured interbank deposit market — stemming from lower credit risk due to the use of government securities as collateral — and by improved liquidity conditions, which contributed to lower liquidity-risk expectations among banks.

In 2024, commercial banks primarily relied on overnight operations for liquidity management, with overnight deposit transactions accounting for 77.7 percent of all money market operations.

Figure 3.1.3.5

Share of money market operations by maturity



Source: Central Bank.

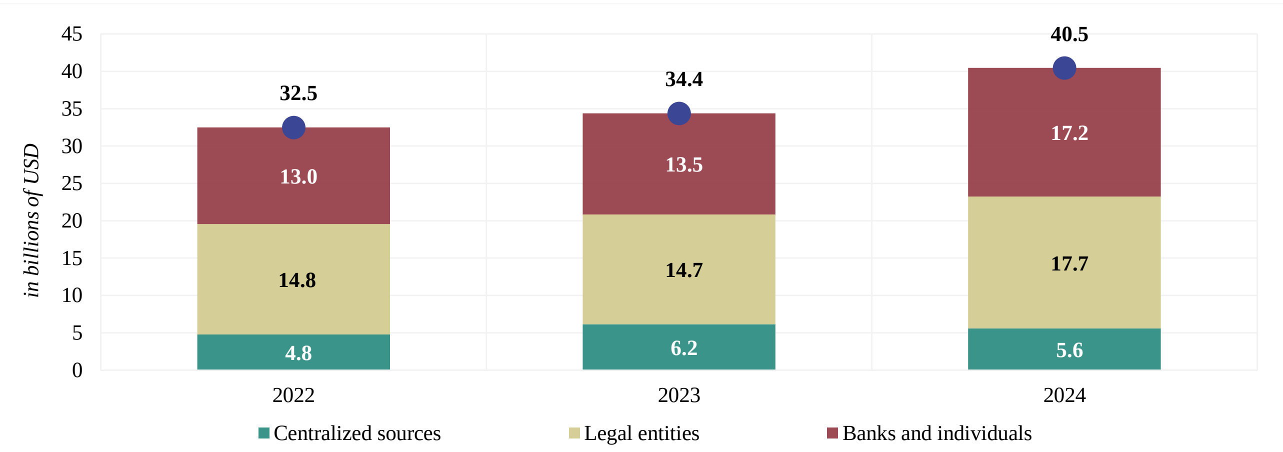
3.1.4. Analysis of operations in the domestic foreign exchange market

In 2024, developments in the domestic foreign exchange market were shaped by the continued tight monetary conditions in the global economy and an environment of high economic activity, which led to an increase in overall demand and supply of foreign currency.

During the reporting year, the total supply of foreign currency in the domestic market *(excluding Central Bank interventions)* amounted to USD **40.5** billion, of which USD **17.7** billion *(44%)* was provided by business entities, USD **17.2** billion *(43%)* by banks and individuals, and USD **5.6** billion *(14%)* from centralized sources.

Figure 3.1.4.1

Sources of foreign currency supply in the domestic foreign exchange market



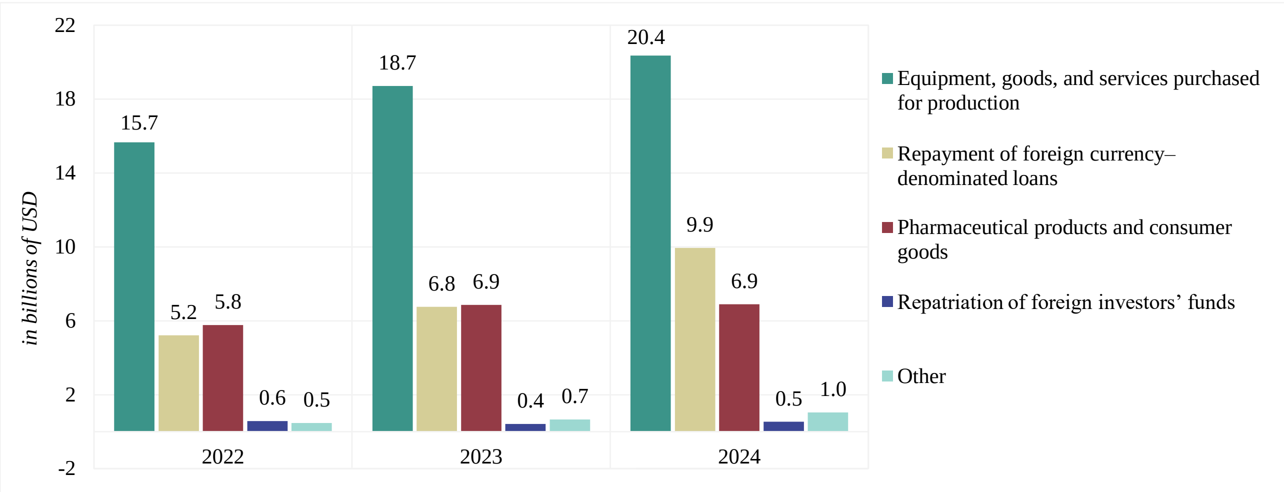
Source: Central Bank.

During this period, the total demand for foreign currency reached USD **48.1** billion, increasing by **13** percent compared to 2023. Of this amount, **80.6** percent accounted for **legal entities**, while **19.4** percent was attributable to **individuals**.

Foreign currency operations of legal entities. In 2024, the demand for foreign currency from legal entities amounted to USD **38.8** billion, representing a **16-**percent increase relative to 2023.

Figure 3.1.4.2

Composition of purposes for purchased foreign currency

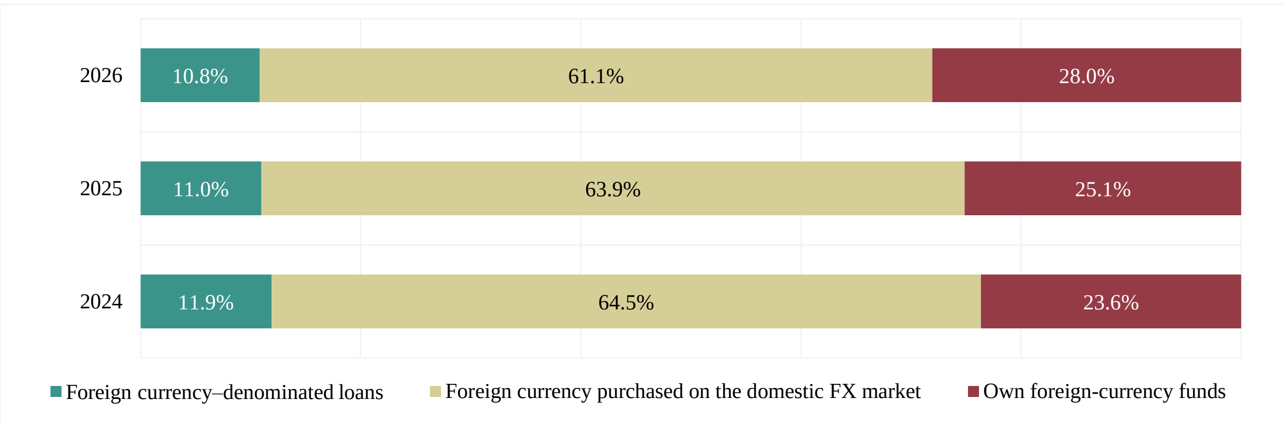


Source: Central Bank.

In the domestic foreign exchange market, **53** percent of the purchased foreign currency was allocated for the import of machinery, equipment, raw materials, and services required for production; **26** percent was used for the repayment of foreign loans; **18** percent for the import of consumer goods and pharmaceutical products; **1** percent for the repatriation of income by foreign investors; and **2** percent for other purposes.

Figure 3.1.4.3

Sources of financing for import payments



Source: Central Bank.

In 2024, the import payments of business entities increased by 7 percent compared to 2023, reaching USD **39.1** billion *(excluding re-exports)*. Of this amount, **64** percent of import payments were financed through foreign currency purchased on the domestic foreign exchange market.

Figure 3.1.4.4

Dynamics of the U.S. dollar exchange rate against the national currency

Source: Central Bank.

Throughout 2024, the **exchange rate** of the soum against the U.S. dollar fluctuated within the range of UZS **12,342–12,928** and depreciated by **4.5** percent.

3.2. Foreign exchange policy and analysis of foreign exchange operations

In an environment where uncertainties and risks in external economic activity persist, pursuing a balanced policy in the foreign exchange sector remains of critical importance.

In 2024, a set of measures was undertaken in cooperation with foreign exchange control authorities to strengthen payment discipline in external trade operations of business entities, ensure the repatriation of assets, and improve monitoring mechanisms in this sphere. In particular, a requirement was introduced for business entities with overdue liabilities under foreign trade contracts to utilize **guaranteed payment instruments**.

Moreover, taking into account the need for a differentiated approach to external economic cooperation and capital flow management, the existing approach to capital movement operations was maintained during the reporting year with the aim of accelerating private investment and directing domestic financial resources toward the national economy.

3.2.1. Analysis of cash flows from external trade operations

In 2024, the total **export proceeds** of business entities *(excluding special exports)* increased by **8** percent compared to 2023 and amounted to USD **16.8** billion, while the value of import payments for goods and services grew by 7 percent, reaching USD **41** billion.

The negative balance of external trade settlements widened from USD 22.8 billion in 2023 to USD 24.2 billion in 2024, while the coverage of import payments by export proceeds remained unchanged at 41 percent, the same level observed in 2023.

Sectorally, 44 percent *(USD 7.4 billion)* of **export proceeds** were generated by industrial enterprises, whereas 56 percent *(USD 9.4 billion)* were contributed by regional and private enterprises.

A partner-country analysis shows that in the reporting year, **62** percent of export proceeds were derived from **five** major foreign trade partners: 25 percent from **Russia**, 14 percent from **China**, 10 percent from **Kazakhstan**, 7 percent from the **United Arab Emirates**, and 7 percent from **Türkiye**.

Figure 3.2.1.1

Dynamics of export proceeds and import payments

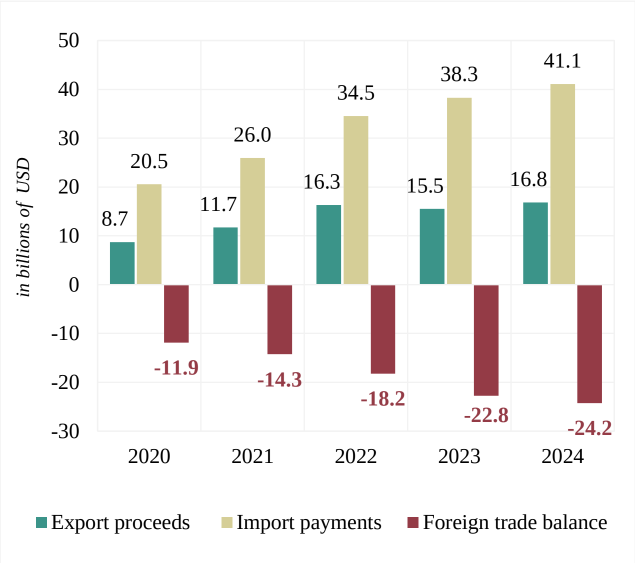
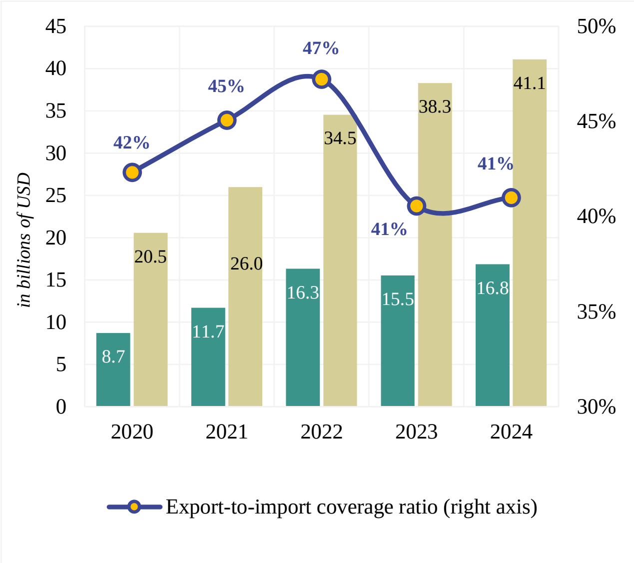


Figure 3.2.1.2

Dynamics of import coverage ratio *(Terms of trade)*

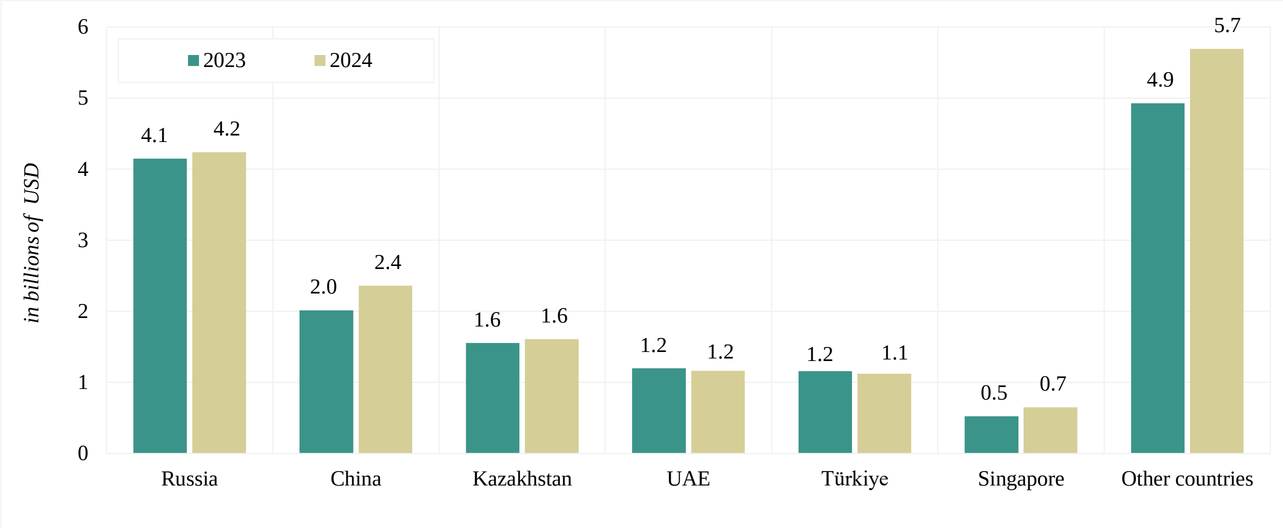


Source: Central Bank.

Export currency proceeds consisted of **75** percent *(USD 12.7 billion)* in U.S. dollars, **18** percent *(USD 2.9 billion)* in Russian rubles, **5** percent *(USD 0.9 billion)* in euros, and the remaining **2** percent in other currencies.

Figure 3.2.1.3

Dynamics of export proceeds by partner countries

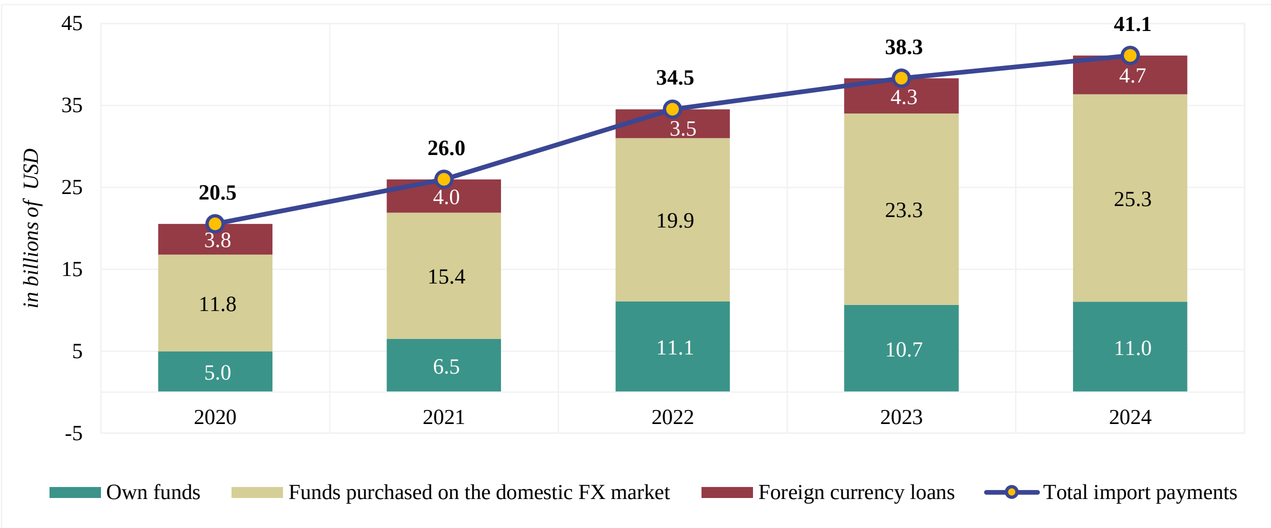


Source: Central Bank.

An analysis of the sources of **import payments** *(USD 41 billion)* shows that in the reporting year, **62** percent of total payments, or USD **25.3** billion, were financed through foreign currency purchased on the domestic foreign exchange market *(an 8-percent increase compared to 2023)*. Meanwhile, **27** percent, or USD **11** billion, were covered by enterprises' own foreign currency resources *(a 3-percent increase)*, and **11** percent, or USD **4.7** billion, were financed through foreign currency–denominated loans *(a 10-percent increase)*.

Figure 3.2.1.4

Dynamics of corporate import payments and their funding sources in 2020–2024

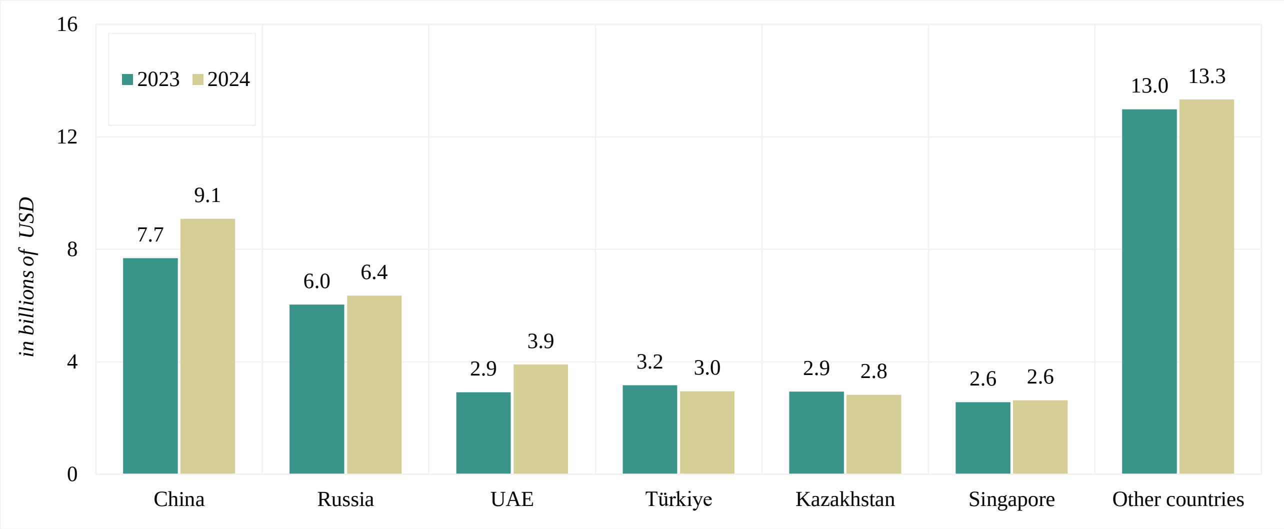


Source: Central Bank.

61 percent of total import payments were directed to five major partner countries, of which 22 percent to China, 15 percent to Russia, 10 percent to the United Arab Emirates, and 7 percent each to Türkiye and Kazakhstan.

Figure 3.2.1.5

Dynamics of import payments by partner countries



Source: Central Bank.

During the reporting period, 70 percent *(USD 29 billion)* of import payments under external trade operations were executed in U.S. dollars, **15** percent *(USD 6 billion)* in Russian rubles, **11** percent *(USD 4.4 billion)* in euros, and the remaining **4** percent *(USD 1.6 billion)* in other currencies.

3.2.2. Foreign exchange operations involving individuals

In 2024, efforts continued to enhance convenience for the population and foreign tourists by further expanding the foreign exchange infrastructure, ensuring its uninterrupted operation, and consistently meeting individuals' demand for currency exchange services.

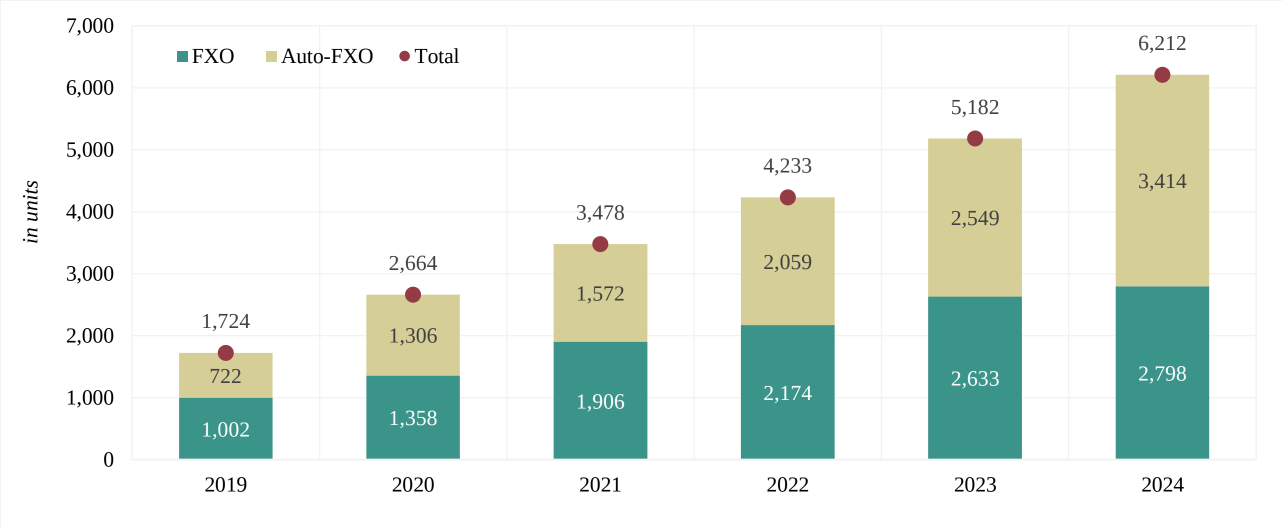
Specifically, the expansion of banks' foreign exchange networks across the regions led to a 20 percent increase in the total number of **foreign exchange outlets** *(FXOs)* compared to 2023, reaching nearly **6,200** units *(including **3,400** automated foreign exchange ATMs operating in a **24/7** mode).*

To provide individuals with safe and rapid currency exchange services at any time of day, and to improve the scope and quality of remote service delivery, the software and technical configuration of automated currency exchange ATMs *(Auto-FXOs)* are being continuously upgraded.

In particular, during the reporting year, commercial banks installed an additional 865 modern multifunctional ATMs with a foreign exchange capability across the regions *(of which 516 were installed in Tashkent city, 52 in Bukhara, 42 in Kashkadarya, 41 in Tashkent region, and 214 in other regions).*

Figure 3.2.2.1

Dynamics of the number of foreign exchange outlets in 2019-2024



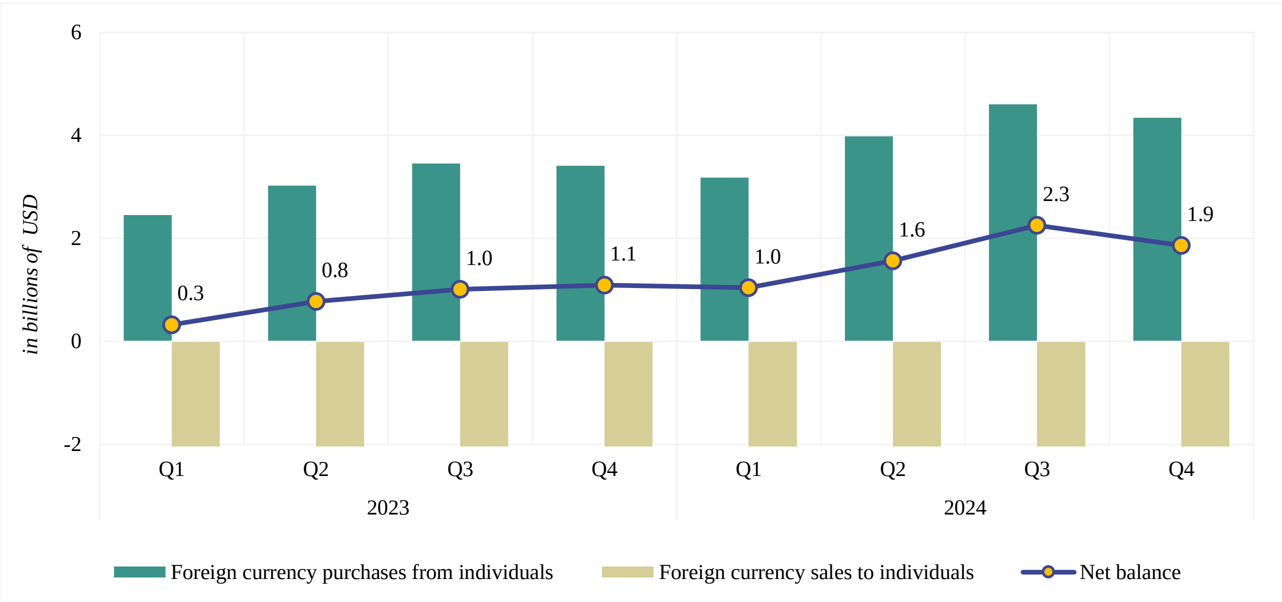
Source: Central Bank.

The Central Bank has placed particular emphasis on equipping bank cash desks and branches with modern devices for verifying the authenticity of foreign currency banknotes, and systematic efforts in this direction have been continuously carried out.

In 2024, the volume of foreign exchange operations conducted with individuals through currency exchange infrastructure *(purchases and sales of foreign currency)* increased by **19** percent compared to 2023, reaching **25.5** billion USD.

Figure 3.2.2.2

Volume of currency exchange operations conducted by individuals in 2023–2024



Source: Central Bank.

In the reporting year, banks purchased a total of USD **16.1** billion *(a 31 percent increase compared to 2023)* in foreign currency from individuals, while USD **9.4** billion *(a 3 percent increase)* was sold to individuals. As a result, the positive balance of currency exchange operations amounted to USD **6.7** billion, representing a 2.1-fold increase.

Of the foreign currency **purchased** from individuals, **51** percent *(USD 8.2 billion)* corresponded to transactions of up to USD 1,000 *(compared to 50 percent or USD 6.1 billion in 2023).* Meanwhile, **73** percent *(USD 6.9 billion)* of the foreign currency **sold** to individuals consisted of transactions exceeding USD 1,000 *(unchanged from the previous year).*

During the reporting year, the scale of foreign currency **purchase** and sale operations conducted through banks' remote service channels further expanded. In particular, the volume of foreign currency **sold** to individuals online via mobile applications reached USD 2.4 billion, a **20** percent increase compared to the previous year, while the volume of foreign currency purchased online amounted to USD 1.2 billion, reflecting a **37** percent increase.

Figure 3.2.2.3

Quantitative structure of currency exchange operations in 2024

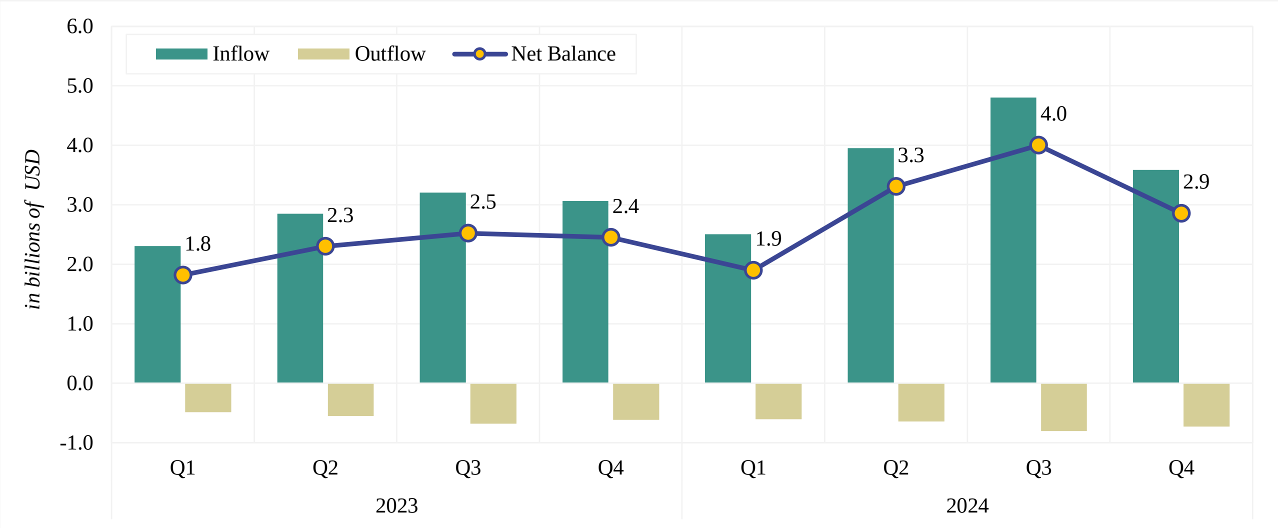
Source: Central Bank.

This development is explained by the active penetration of modern information technologies into the banking system, which has strengthened public trust in banks and increased demand for remote financial services.

In 2024, the volume of **inbound cross-border remittances** to Uzbekistan increased by 30 percent compared to 2023, reaching USD **14.8** billion.

Figure 3.2.2.4

Dynamics of inflows and outflows of funds through cross-border remittances in 2023–2024



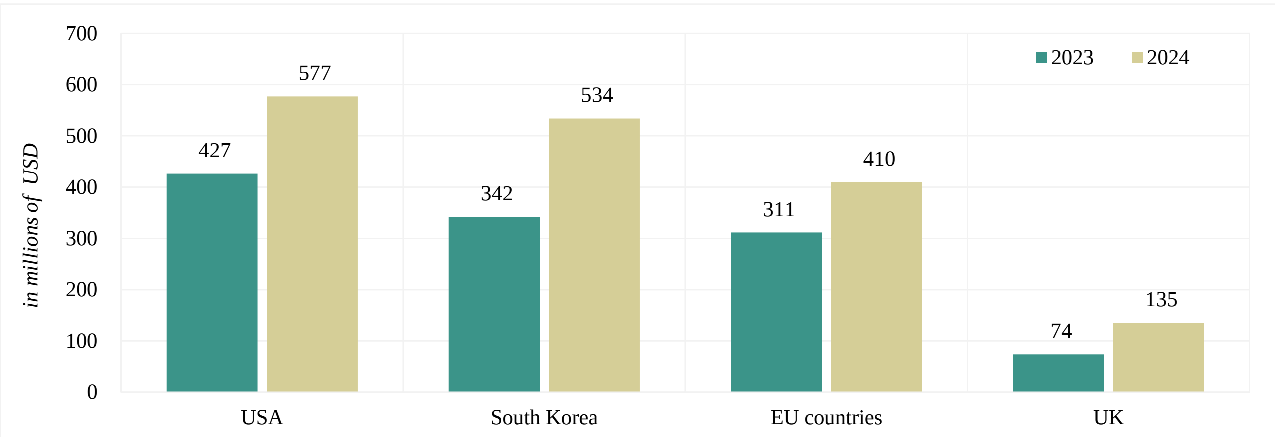
Source: Central Bank.

Seventy-seven percent of the inflows originated from Russia *(USD 11.5 billion)*, representing a 29-percent increase compared to 2023. The remaining portion of transfers came from Kazakhstan *(USD 795 million)*, the United States *(USD 577 million)*, South Korea *(USD 534 million)*, Türkiye *(USD 405 million)*, the United Kingdom *(USD 135 million)*, and other countries.

In 2024, the volume of cross-border remittances received by Uzbekistan increased substantially relative to 2023, with inflows rising by 83 percent from the United Kingdom, 56 percent from South Korea, 35 percent from the United States, and 32 percent from European Union countries — including an 87-percent increase from Poland, 43-percent increase from Germany, and a 2.3-fold increase from Lithuania.

Figure 3.2.2.5

Cross-border remittance inflows from advanced economies in 2023–2024



Source: Central Bank.

During the reporting year, USD **8.2** billion of inflows to individuals were executed through traditional international money transfer systems *(a 14-percent increase compared to 2023)*, USD **5.9** billion through direct person-to-person *(P2P)* transfers to individuals’ bank cards *(+51%)*, and USD **774** million through bank transfers *(SWIFT)*, marking a 2.1-fold increase.

Direct P2P transfers to individuals’ bank cards from abroad continued to gain popularity due to their speed, convenience, and relatively low cost. In 2024, the number of P2P *(online)* transactions reached approximately 71 million *(a 47-percent increase relative to 2023)*, while the share of these transfers in total inflows rose to 40 percent *(compared to 34 percent in 2023)*.

During 2024, the volume of funds sent abroad by individuals increased by 19 percent compared to 2023, amounting to USD **2.8** billion. The **five** largest destination countries — the United Arab Emirates *(USD 590 million)*, China *(USD 564 million)*, Russia *(USD 361 million)*, Türkiye *(USD 336 million)*, and the United States (*USD 179 million)* — accounted for **72** percent of total outflows.

Of the total amount sent abroad, 58 percent *(USD 1.6 billion)* was transferred via bank transfers *(SWIFT)*, while 16 percent *(USD 441 million)* was conducted through P2P *(online)* transactions.

3.3. Activities related to the management of the republic of uzbekistan’s international reserves

In 2024, the Central Bank managed international reserves in accordance with the principles of safety, liquidity, and profitability. This was undertaken against the backdrop of heightened uncertainties in global economic developments, the beginning of the monetary easing phase by major central banks, changes in international terms of trade, and, simultaneously, a sustained rise in global gold prices throughout the year.

Within the framework of the **“Advisory and management program on international reserves”**, and with the aim of diversifying the asset composition of international reserves, a portion of the reserves — USD 100 million — was invested in U.S. Treasury securities in 2024.

Short-term U.S. Treasury securities differ from term deposits in that they are free of credit risk, highly liquid, and can be sold on international markets at any time. Their yields were broadly in line with the interest income offered on term deposits in the international money market.

In addition, Central Bank staff have continued to enhance their expertise through specialized international seminars focused on strategic asset allocation, liquidity management in U.S. dollars, custodian services and settlement operations, as well as performance measurement, valuation, and reporting of the securities portfolio.

3.3.1. Analysis of the dynamics and composition of the republic of uzbekistan's international reserves

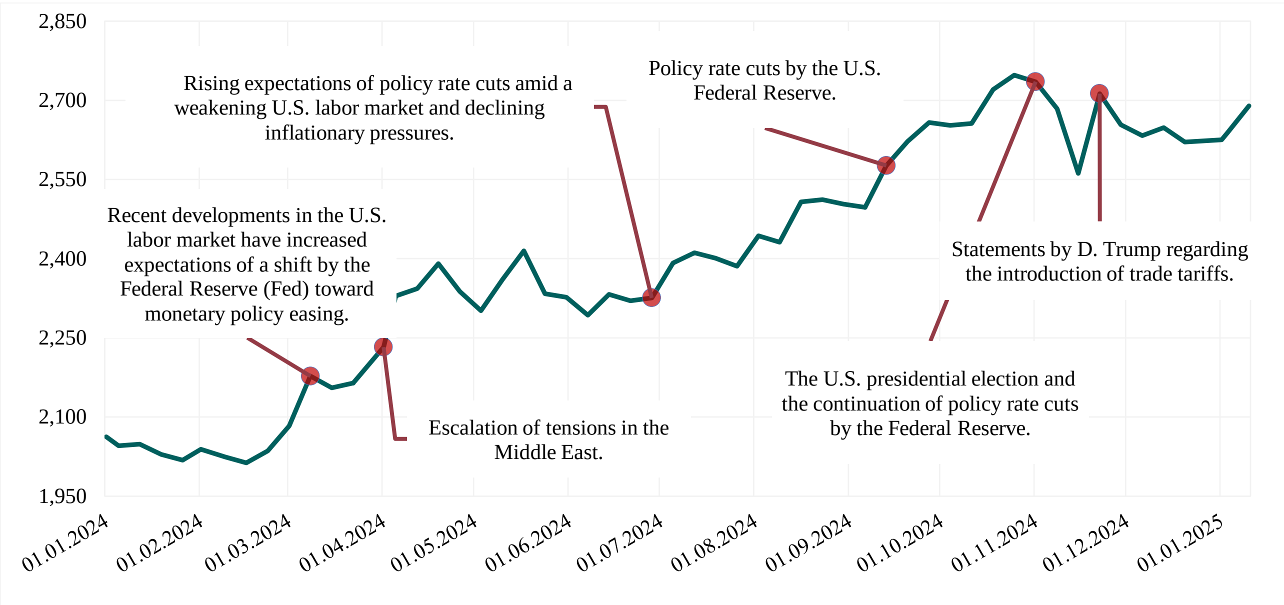
At the end of 2024, the volume of gross international reserves amounted to USD 41.2 billion, of which gold accounted for USD 32.1 billion, foreign-currency assets for USD 9.0 billion, and securities for USD 101.7 million.

Against the backdrop of monetary policy easing by major central banks *(in particular, the U.S. Federal Reserve reduced its policy rate by 100 basis points in 2024)* and continued uncertainty regarding global economic prospects, gold prices in international markets remained elevated.

Over the course of 2024, the price of gold increased by 27 percent to reach USD 2,610.9 per troy ounce by year-end.

Figure 3.3.1.1

Factors affecting the dynamics of gold prices in 2024



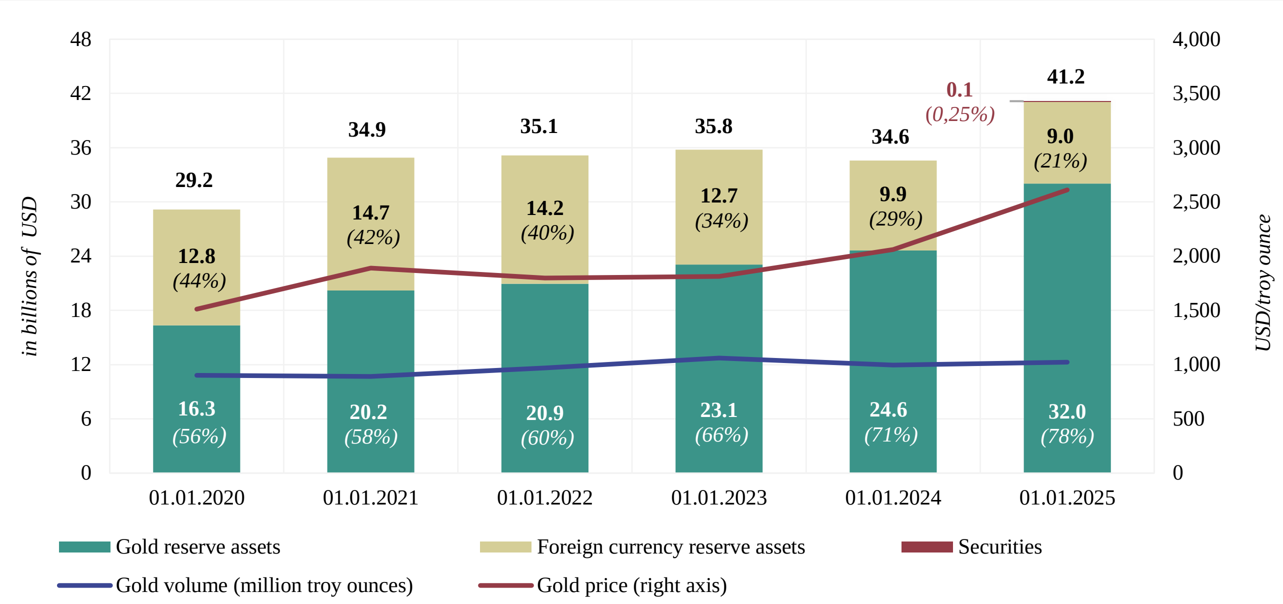
Source: Central Bank.

Despite the physical volume of gold remaining nearly unchanged, the value of gold reserves increased by USD 6.7 billion due to historically high global gold prices, resulting in the share of gold in total reserves rising from 71 percent in 2023 to 78 percent.

The decline in the share of foreign-currency assets in total reserves — from 29 percent to 21 percent — was mainly driven by higher external debt service payments and the redemption of a portion of sovereign Eurobonds.

Figure 3.3.1.2

Dynamics and structural changes in the republic of uzbekistan's international reserves



Source: Central Bank.

During the reporting year, the Central Bank purchased 110 tons of monetary gold from domestic producers and exported 100 tons of gold. The foreign-exchange proceeds from these exports were directed to the domestic foreign-exchange market.

At the end of the reporting year, 85 percent of foreign-currency assets were denominated in U.S. dollars and 15 percent in Chinese yuan.

The relatively high share of the Chinese yuan in the structure of foreign-currency assets reflects its status as an international reserve currency and China's role as a major trading partner *(in 2024, trade with China accounted for nearly 20 percent of total export-import operations).*

Taking into account that the international standing and financial soundness of correspondent banks are crucial in reserve management, in 2024 the Central Bank placed foreign-currency assets in time deposits with **22** banks operating in countries with high sovereign credit ratings and holding investment-grade ratings internationally. In addition, agreements were concluded with leading foreign banks to conduct transactions with U.S. Treasury securities.

Based on conditions in global financial markets, efforts continued to diversify foreign-currency assets across countries and banks in order **to reduce concentration risk** arising from exposure to any single counterparty or jurisdiction.

Figure 3.3.1.3

Share of foreign-currency assets by sovereign credit rating of countries | **Share of foreign-currency assets by credit rating of correspondent banks**

Source: Central Bank.

In particular, the Central Bank's correspondent banks are currently distributed across the Asia–Pacific region *(38 percent)*, Europe *(46 percent)*, and North America *(16 percent)*.

In 2024, the total number of active correspondent banks of the Central Bank amounted to 44, of which 32 were included in the ranking of the world's 100 largest banks by Tier 1 capital, while the remainder were listed among the world's 200 largest banks.

In addition, in order to prevent risks related to foreign-currency assets and enable rapid response measures, the Central Bank conducts regular monitoring of potential risks associated with the financial soundness of correspondent banks.

In 2024, due to the decline in interest rates in the international money market, interest income earned from placing foreign-currency assets as time deposits with foreign correspondent banks decreased, and the overall return was lower than in the previous year.

Specifically, income from foreign-currency assets placed as deposits declined by 9 percent compared with 2023, amounting to **395** million USD in 2024. The average yield on placed funds decreased from 5.4 percent to 5.2 percent for U.S. dollar-denominated assets, while remaining unchanged at 2.7 percent for Chinese yuan.

Management of the securities portfolio within international reserves. In order to diversify international reserves and expand the range of reserve assets, the Central Bank invested the equivalent of **100** million USD in foreign sovereign securities in 2024 and formed the corresponding portfolio.

Diversification is an important instrument for effectively managing investment risks and plays a significant role in achieving long-term investment objectives. In particular, asset diversification contributes to enhancing the stability of international reserves, reducing potential risks, and further optimizing the risk–return profile.

Currently, the Central Bank's securities portfolio is managed on the basis of passive strategies. This involves holding securities to maturity and selecting securities that correspond to the relevant benchmark[15] risk indicators *(replication approach).*

Figure 3.3.1.4

Interest income and average interest rates on foreign-currency assets

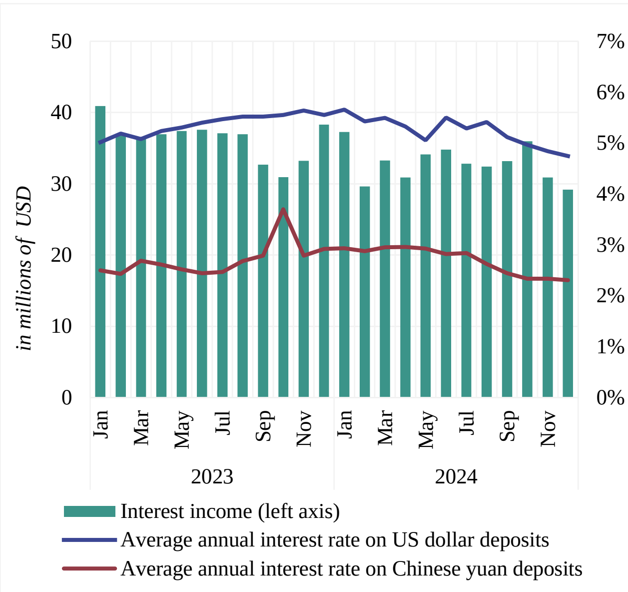
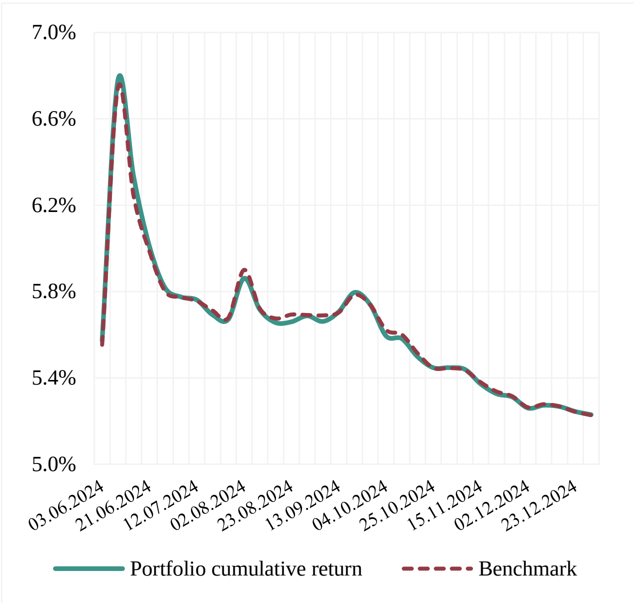


Figure 3.3.1.5

The central bank's securities portfolio and benchmark yield dynamics



Source: Central Bank.

The annual return on the Central Bank's securities portfolio amounted to 5.3 percent, with the portfolio's total value standing at USD 101.7 million. Moreover, throughout 2024, no significant deviation was observed between the portfolio's return and the benchmark return, with the tracking error — measured as the standard deviation of this difference — equal to zero percent.

[15] ***Benchmark*** *— a reference portfolio composed of investment-grade securities and incorporating acceptable (tolerable) risk indicators.72*

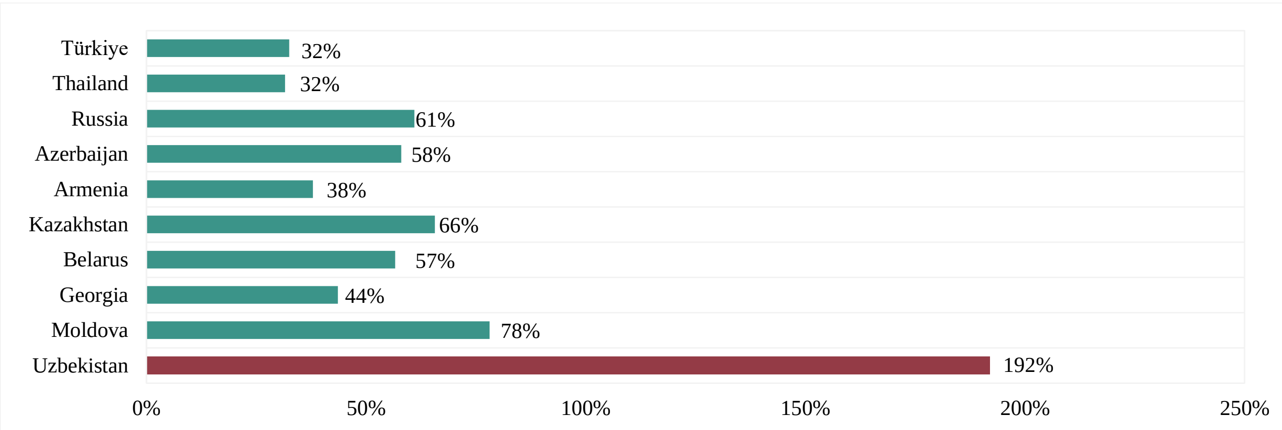
3.3.2. Adequacy indicators of international reserves and their analysis

Maintaining international reserves within normative requirements is crucial for central banks, particularly during periods of global crisis, as it supports the stability of the national exchange rate and enables effective management of capital flows under constrained economic conditions. Adequate reserve levels also help enhance the credibility of countries with external borrowing needs and create the conditions necessary for governments to pursue counter-cyclical fiscal policies to mitigate emerging shocks.

In Uzbekistan, a balanced policy toward managing international reserves is reflected in the fact that key adequacy indicators exceed the minimum thresholds established in international practice. These include the ratio of reserves to short-term external debt *(minimum requirement: 100 percent)*, the ratio of reserves to imports *(at least three months of import coverage)*, the ratio of reserves to broad money *(20 percent)*, and the ARA EM reserve adequacy metric for emerging markets *(100–150 percent)*[16].

Figure 3.3.2.1

Ratio of international reserves to broad money



Source: IMF; and Central Bank.

In particular, the ratio of international reserves to broad money amounted to 192 percent as of 1 January 2025, which is ten times higher than the minimum requirement of 20 percent.

Similarly, the reserves-to-imports coverage indicator increased from 11 months in 2023 to **13** months in the reporting year, mainly due to the growth in the volume of reserves. This indicator remained more than **four times** above the minimum recommended threshold.

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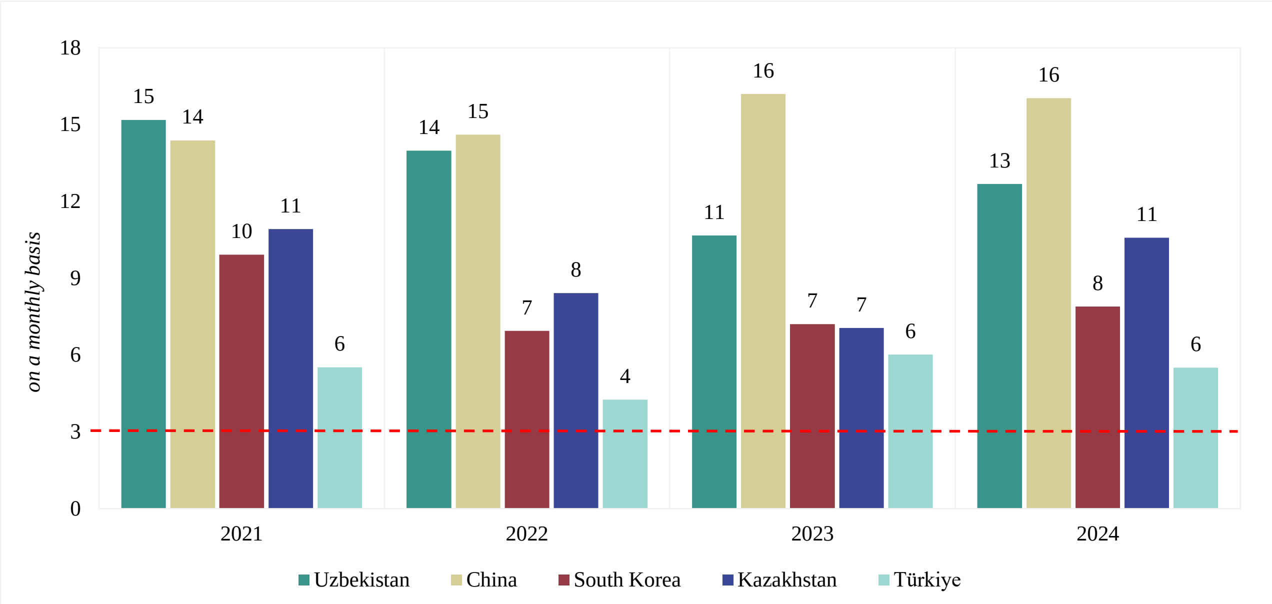
[16]*The Assessing Reserves Adequacy for Emerging Markets (ARA EM) indicator is calculated based on the IMF's methodology, using variables such as the country's exchange rate regime, the scale of exports and imports, the size of the money supply, and external debt levels.*

Figure 3.3.2.2

Import coverage ratio of international reserves

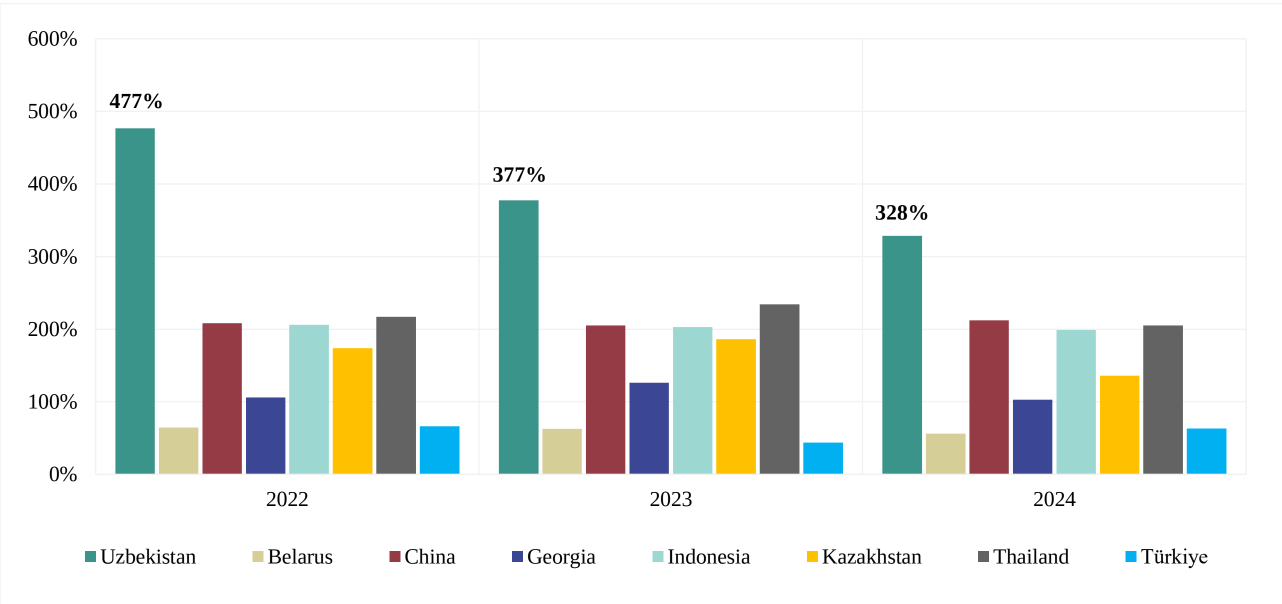


Source: IMF; and Central Bank.

The ratio of Uzbekistan's international reserves to its short-term external debt stood at **328** percent, exceeding the minimum requirement by a factor of **3.3**.

Figure 3.3.2.3

Coverage of short-term external debt by international reserves

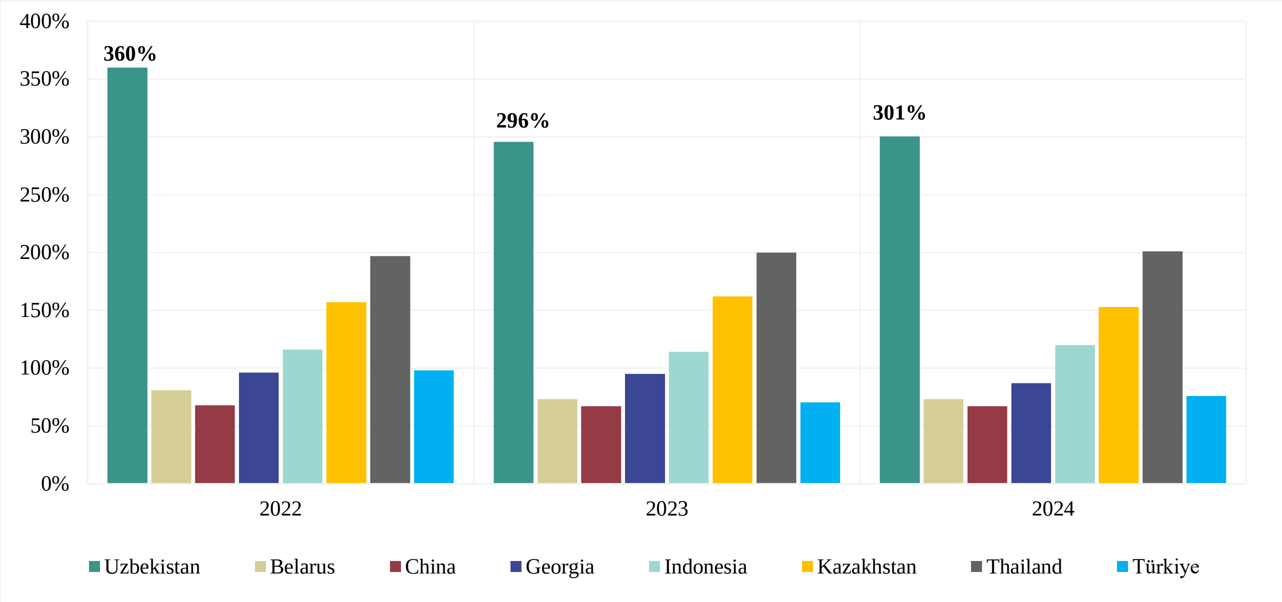


Source: IMF; and Central Bank.

The IMF's ARA EM reserve adequacy indicator was also **three times** higher than the minimum prescribed threshold.

Figure 3.3.2.4

ARA EM indicator of international reserves

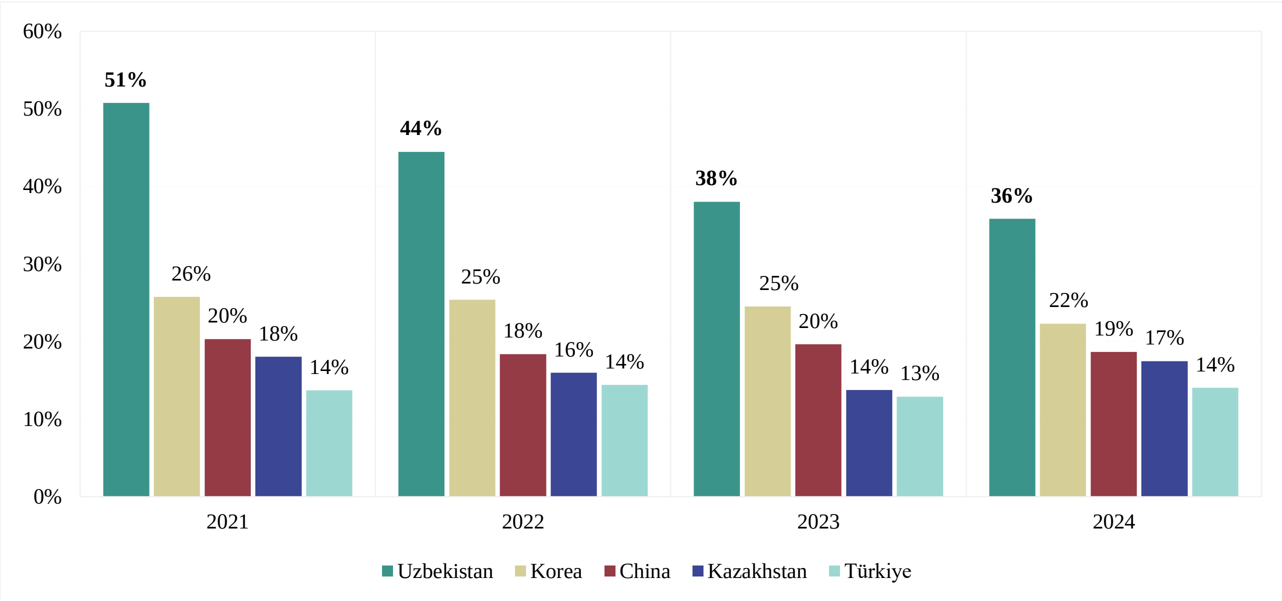


Source: IMF; and Central Bank.

Compared with key trading partner countries, Uzbekistan's international reserves amounted to **36** percent of GDP, remaining at a relatively high level.

Figure 3.3.2.5

Changes in international reserves as a share of GDP



Source: IMF; and Central Bank.

These indicators, along with other key macroeconomic variables, serve not only to reduce the likelihood of a crisis in the face of internal and external shocks, but also function as an important source of positive information for investors when making investment decisions.

3.4. Communication policy of the Central Bank

3.4.1. The Central Bank's communication policy in enhancing the effectiveness of monetary policy

In 2024, the Central Bank's communication policy focused on explaining the essence and substance of monetary policy to the wider public in simple and comprehensible language, and on improving the quality of communication instruments to support a gradual achievement of the medium-term inflation target.

Press releases prepared in connection with the review of the policy rate contained strengthened macroeconomic analysis and included forward-looking projections on its trajectory. Following each Board meeting where the policy rate was reviewed, the established practice of holding press briefings was continued, and a total of eight press releases were published on the official website.

Within the communication strategy aimed at reducing inflation and keeping it within the projected range, the Central Bank published 24 monthly and quarterly reports, including the main directions of monetary policy, the Monetary Policy Review, and other analytical materials.

In addition, four press briefings on the policy rate and a number of briefings on the main directions of monetary policy and related topics were held with the participation of media representatives. Seminar-trainings were organized for professors, researchers, and students of leading domestic and foreign higher education institutions on the monetary policy transmission mechanism and the main directions of monetary policy.

Specifically, training seminars were held for regional branches of the Central Bank on the study of inflation and inflation expectations, improving the analysis of inflation factors, the importance of these analyses, and the foundations of monetary policy.

Senior officials and responsible staff of the Central Bank participated in nearly 30 television programs, seminars, conferences, and roundtable discussions, where they provided the public with up-to-date information regarding reforms and transformation processes in the monetary, foreign exchange, and banking sectors.

In line with recommendations from technical assistance missions of international financial institutions, the monetary policy section of the Central Bank's official website is being gradually improved.

In addition, for the target audiences of the monetary policy communication strategy, daily money market indices, weekly yield curve updates, and monthly infographics on inflation expectations and perceived inflation are regularly published through the Central Bank's official communication channels.

3.4.2. Strengthening public trust through effective use of communication instruments

Through its communication policy aimed at strengthening public trust, the Central Bank provides broad and detailed information on the measures implemented within its strategic objectives, as well as on ongoing developments and expectations.

The scope and frequency of current communication activities have positively contributed to the growing number of stakeholders who follow the Central Bank's monetary policy, financial stability, and prudential supervision updates.

To ensure that information is received easily and quickly by recipients, periodic surveys are conducted to assess public awareness of the Central Bank's activities, the composition of audiences by sector, the types of texts they read most frequently, and the level of comprehensibility of published reviews and materials.

These surveys show that nearly 70 percent of those who follow Central Bank communications consist of representatives of banks, business entities, educational institutions, and government agencies.

Moreover, according to the survey results, 45 percent of respondents consider the texts easy to understand but requiring basic knowledge, while nearly 60 percent prefer receiving information in written form.

Communication activities during the reporting year were organized based on these survey findings. In particular, special attention was paid to preparing texts in a concise and clear manner, and some statistical information was delivered orally or through presentations via press conferences and interviews.

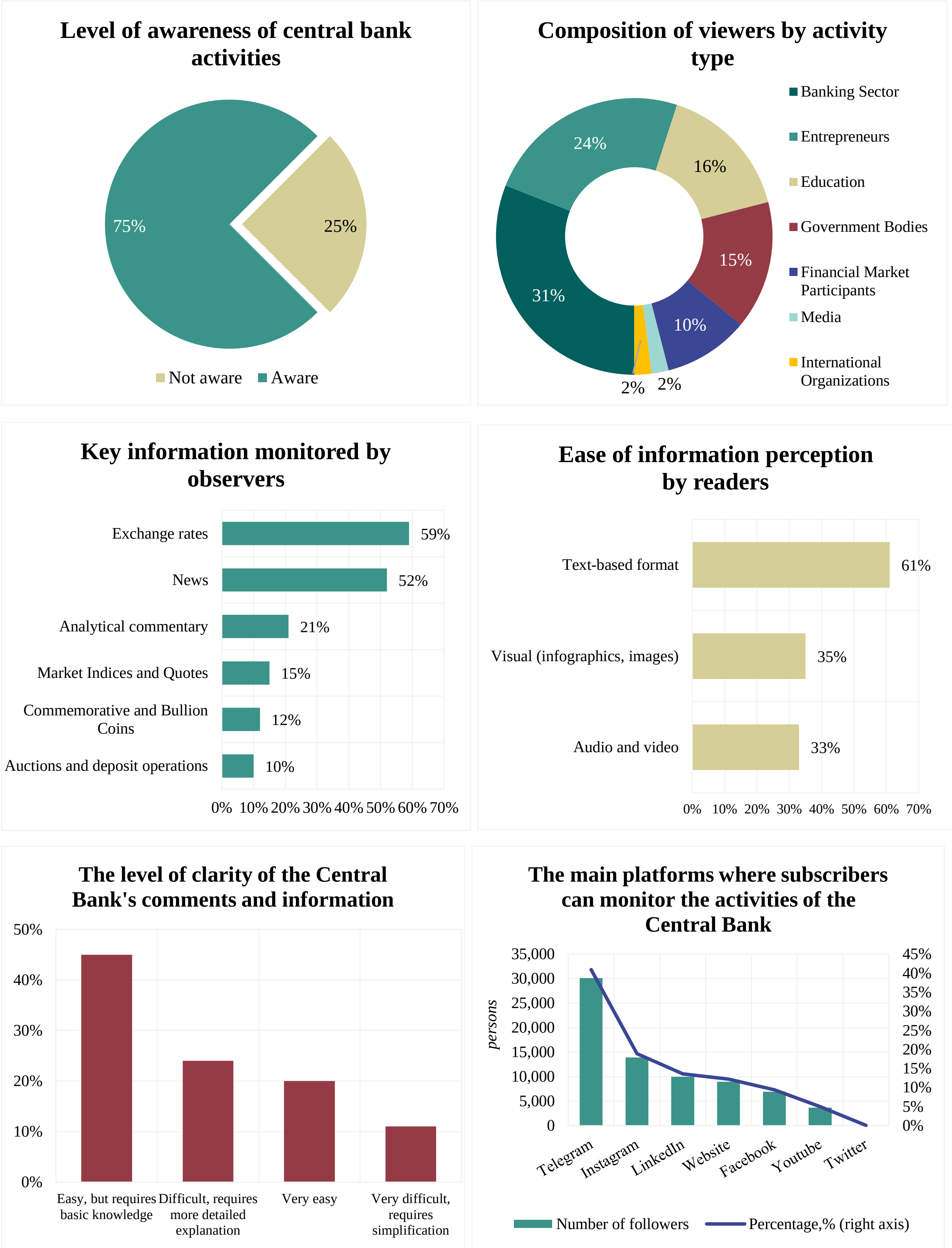
Observations indicate continued positive dynamics in the number of readers engaging with commentary on inflation expectations and perceived inflation — topics critical for monetary policy implementation. Mass media outlets have also begun to provide more comprehensive coverage of press releases and other statements related to the policy rate.

During the reporting year, the Central Bank further enhanced its official interactions with the public — dialogue sessions and media engagements. Alongside traditional approaches to working with various audience segments *(investors, experts and researchers, students, and the general public)*, the Bank also introduced new communication formats.

A noticeable increase has been observed in the number of media outlets referencing Central Bank data, with the volume of publications growing not only within the ".uz" domain but also across foreign media platforms.

Figure 3.4.2

Survey results



Source: Central Bank calculations.

To enhance user convenience and broaden the audience, special attention is devoted to ensuring that information on monetary policy is understandable not only for financial market participants and monetary policy specialists, but also for the general public. Accordingly, efforts are made to communicate such information in simple and accessible language.

These materials are regularly published on official websites, social media platforms, video-hosting channels, and print media, enabling the public to obtain information directly from primary sources.

During the reporting year, public awareness of the Central Bank's activities reached 75 percent. The number of readers and followers on the official website and social media increased by 20 percent over the year, exceeding 2.3 million.

Analytical materials on macroeconomic developments, the balance of payments, international reserves, and other topics presented to the audience are being reflected in the activities of financial market participants — helping business entities refine future plans, obtain necessary market signals, and adjust their behavior accordingly.

In turn, this has stimulated growing interest among the broader public in expanding the scope of the Central Bank's analytical materials and commentaries across other areas of the economy.

IV. DEVELOPMENT OF THE NATIONAL PAYMENT SYSTEM AND BANKING INFORMATION TECHNOLOGIES, INFORMATION SECURITY, AND CYBERSECURITY

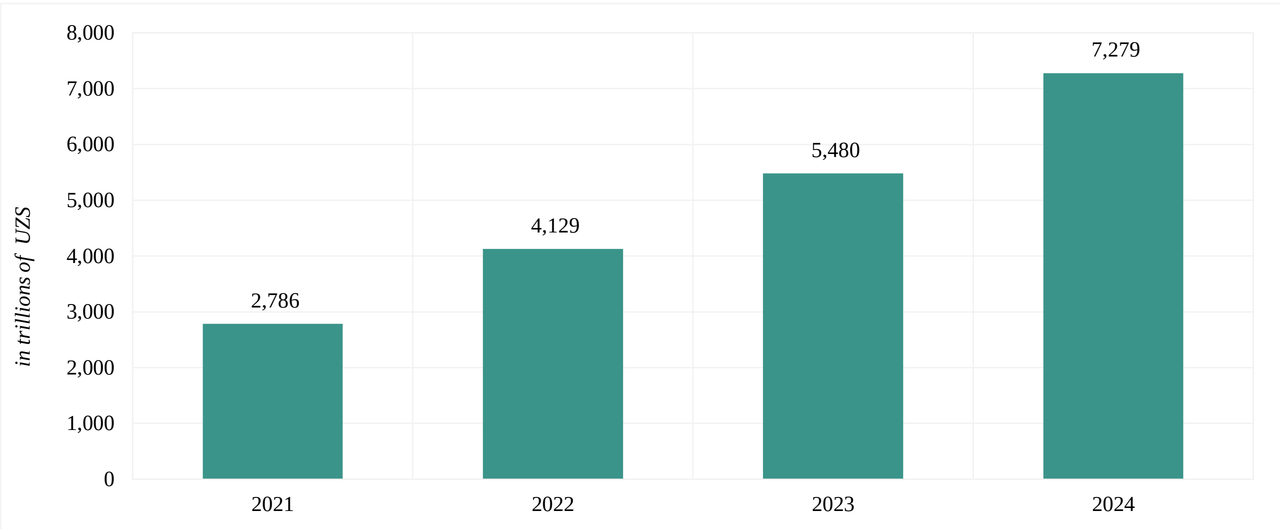
4.1. Payment system activities of the Central Bank

In 2024, within the scope of its statutory mandate and in line with current requirements, the Central Bank continued implementing measures aimed at ensuring the uninterrupted operation of payment systems and improving their infrastructure. These measures were directed, on the one hand, at expanding the scale of non-cash payments, and on the other hand, at preventing cyber threats and fraudulent activities that pose risks to the functioning of payment systems.

During the reporting year, the total volume of transactions processed through the Central Bank's Interbank Payment System increased by **1.3 times** compared to 2023 and reached UZS 7,279 trillion. The average daily transaction volume processed through the system rose from UZS **22.1** trillion in 2023 to UZS **29.2** trillion.

Figure 4.1.1

Volume of transactions processed through the interbank payment system



Source: Central Bank.

The increase in the volume of transactions processed through the Interbank Payment System reflects the overall scale of economic activity, rising economic dynamism, and the expansion of money market operations conducted between the Central Bank and commercial banks.

In 2024, the connection of Eurasian Bank JSC, the National Clearing Center JSC, and the Central Securities Depository JSC to the Central Bank's Interbank Payment System raised the total number of system participants to 39.

In addition, the regulatory framework for licensing and supervising payment system operators and payment service providers was further improved. In particular:

– requirements were introduced stipulating that payment system operators and payment service providers must be established and operate in the form of joint-stock companies, and minimum charter capital thresholds were defined;

– in order to prevent and manage potential risks arising during the provision of payment services, applicants for a payment services license are now required to submit a detailed description of their anti-fraud *(antifraud)* system.

Furthermore, systemically important payment system operators were instructed to conduct a self-assessment of their compliance with international standards — specifically, the Principles for Financial Market Infrastructures *(PFMI)* developed by the Bank for International Settlements *(BIS)* and the International Organization of Securities Commissions *(IOSCO)* — and to publish the results on their official websites.

In addition, during the reporting year, in order to ensure the continuity of payments within the banking system and maintain the liquidity position of commercial banks, the operating hours for processing electronic payments through the Central Bank's Interbank Payment System were revised.

Specifically, the submission of any electronic payment documents was set for the period from 08:00 to 17:00; the submission of electronic payment documents related to interbank money market operations was allowed between 17:00 and 17:30; and the submission of electronic payment documents related to monetary policy operations between the Central Bank and commercial banks was permitted from 17:00 to 18:00.

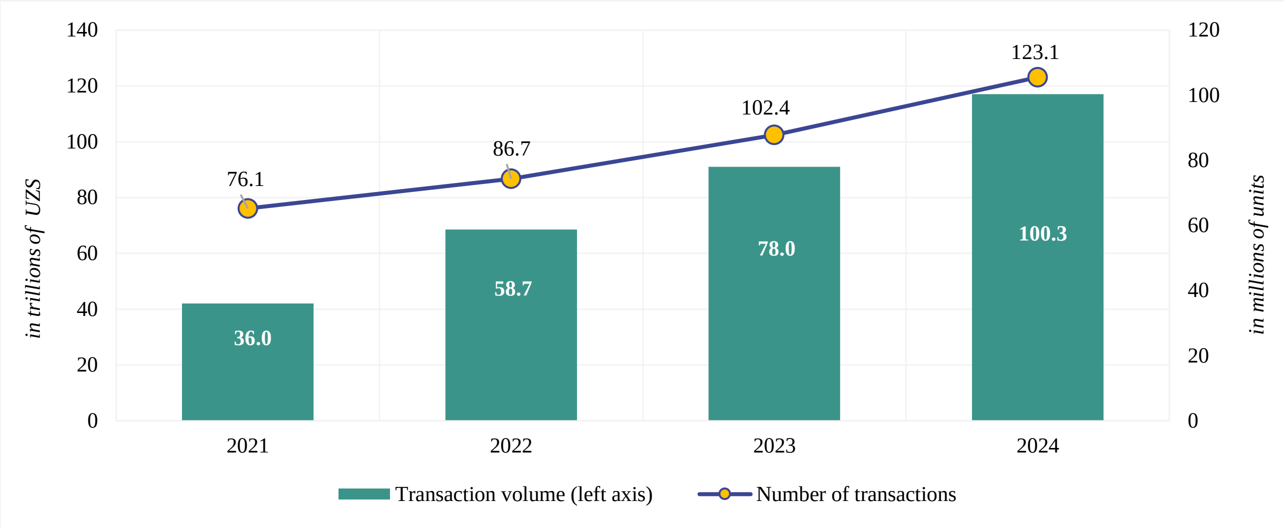
This adjustment, in turn, creates conditions for resolving risks related to potential non-compliance with macroprudential requirements on the sufficiency of funds in correspondent accounts after the completion of interbank settlements, by enabling commercial banks to utilize interbank money market operations and the Central Bank's monetary policy instruments.

The number of banks operating under the unified bank code *(MFO)* technology—which allows customers to access quality banking services through any branch of a commercial bank, thereby supporting the optimization of branch networks and the establishment of compact banking service centers — rose by two and reached **11**.

The software of the **Central Bank Clearing and Settlement System**, specialized in processing retail payments of individuals and legal entities in real time, was upgraded, ensuring the stability and reliability of its operations.

Figure 4.1.2

Performance indicators of the clearing and settlement system



Source: Central Bank.

In 2024, the volume of payments processed through the Central Bank's Clearing and Settlement System amounted to UZS **100.3** trillion, increasing **by 29 percent** compared with 2023, while the number of transactions rose by more than **123** million, growing **1.2 times** year-on-year.

At the same time, special attention was given to expanding the list of institutions authorized to accept payments for goods and services through the system and to introducing convenient and user-friendly payment services for customers.

The number of organizations *(service providers)* connected to the Central Bank's Clearing and Settlement System increased by 3 during the reporting year and reached **51.**

The scale of using the mechanism that transfers the transaction fee *(commission)* for payment services not from consumers but from the beneficiaries receiving the funds continued to expand. In 2024, banks and other payment service providers received approximately UZS **183.2** billion in commissions from beneficiaries for more than **91.4** million transactions processed through this mechanism.

The stable operation of the Central Bank's **Fast Payments System**, which enables legal entities and individual entrepreneurs to conduct payment transactions online on a 24/7 basis, was ensured throughout the year.

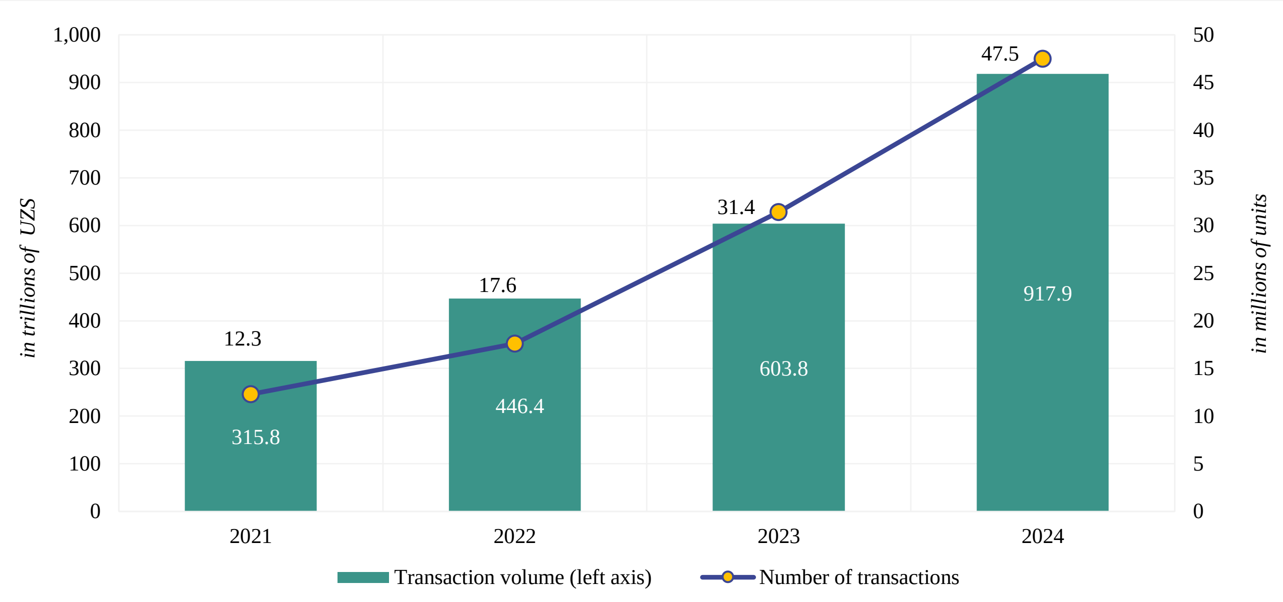
In 2024, the number of **transactions** processed through this system rose **1.5 times** compared with 2023 to reach **47.5** million, while **the total value of payments** also increased **1.5 times**, amounting to UZS **917.9** trillion.

As the scale of payments processed via the Fast Payments System continued to expand, by the end of the reporting year **95** percent of all payment documents of business entities were executed remotely without visiting a bank branch.

Furthermore, the share of transactions executed during **evening and night hours** increased by 10 percentage points compared with 2023 and reached 38 percent of all operations conducted through the system.

Figure 4.1.3

Transactions executed via the fast payments system



Source: Central Bank.

As a result of enabling entities serviced by the Treasury to execute their expenditures — including wage payments, pensions, and social benefits — online through the Fast Payments System on a 24/7 basis, independent of the banking working day, the volume of operations processed through the system has continued to expand.

In particular, in 2024, budget organizations operating within the Treasury system and enterprises within the Central Bank system executed more than 11.9 million payments *(**3.7 times** higher than in 2023)*, amounting to UZS 115 trillion *(**4.8 times** higher than in 2023).*

4.2. Development of Retail Payment Systems Based on Bank Cards

In 2024, particular attention was devoted to expanding the infrastructure of card-based retail payment systems and improving access to existing systems, with the overarching objective of creating more convenient conditions for cashless payments.

In line with Presidential Decree No. PQ-267 dated 18 July 2024, the Central Bank, together with commercial banks and payment system operators, undertook a set of measures to implement the "Social Card" system and fulfill the responsibilities assigned to the banking sector.

Specifically, the functions of a financial agent for issuing and servicing social cards for socially vulnerable population groups were assigned to Aloqabank JSC and Xalq Bank JSC. As part of this process, a dedicated BIN range for social cards was introduced, and the issuance of these cards was launched.

In addition, commercial banks established preferential tariffs for servicing social cards across payment infrastructures, including ATM networks and point-of-sale terminals located at bank branches.

All merchant category codes *(MCC)* associated with payment terminals issued by commercial banks were fully inventoried and aligned with the relevant types of merchant activity. As part of this exercise, more than 254.2 thousand terminals under the Uzcard payment system and approximately 232.2 thousand terminals under the HUMO payment system were reviewed and assigned appropriate MCC codes.

Importantly, MCC codes for payment terminals were determined in accordance with international standards applied by global payment systems such as VISA and Mastercard.

At the same time, a mandatory requirement was introduced whereby commercial banks must assign the correct MCC code to each payment terminal issued to their clients, based on the nature of the merchant's business activity.

In addition, measures were undertaken to enable existing fiscal cash registers used at retail points of sale to accept payments made via the social card. By the end of the reporting year, out of a total of 69.2 thousand fiscal cash registers nationwide, 40.5 thousand units, or 60 percent, had been upgraded to support social card payments.

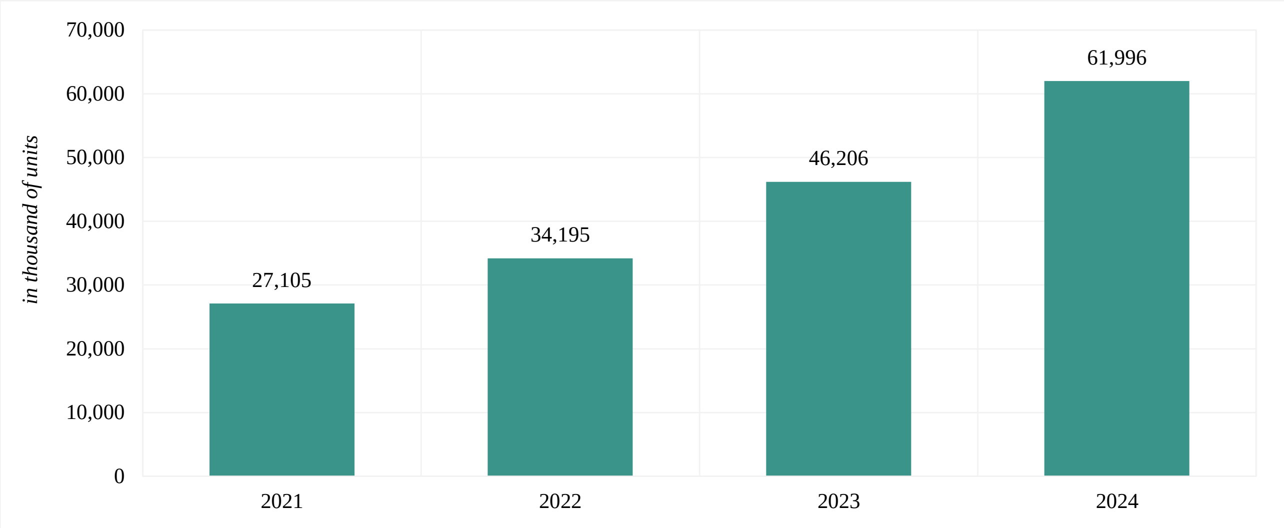
It is noteworthy that, as of 1 December 2024, the disbursement of social benefits through the "Social Card" information system was introduced on a pilot basis in Tashkent city and in the Yangiyol district of Tashkent region.

The expanding use of remote banking services has, in turn, contributed to growing demand for bank cards. In 2024, the number of bank cards in circulation increased by **34** percent, reaching **62.0** million.

The number of **co-badged** bank cards — allowing users to conduct transactions through both domestic and international payment infrastructures — rose nearly **1.5 times** compared to 2023, reaching 4.5 million cards.

Figure 4.2.1

Number of bank cards in circulation



Source: Central Bank.

In 2024, the total value of payments processed through 426 thousand payment terminals increased by **1.2 times** compared to 2023, reaching UZS **326.7** trillion.

The continuous expansion of functionality and infrastructure within retail payment systems, coupled with the emergence of a more competitive market environment, has led to notable structural shifts in the volume of transactions processed through terminals by participants of the national payment systems.

Specifically, in 2024, of the total transactions conducted via payment terminals, Humo terminals accounted for **40.5** percent, while Uzcard terminals accounted for **59.5** percent.

Figure 4.2.2

Number of payment terminals installed by banks

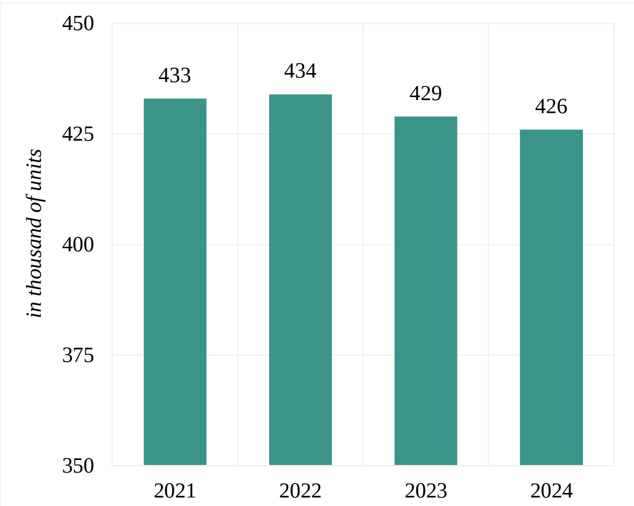
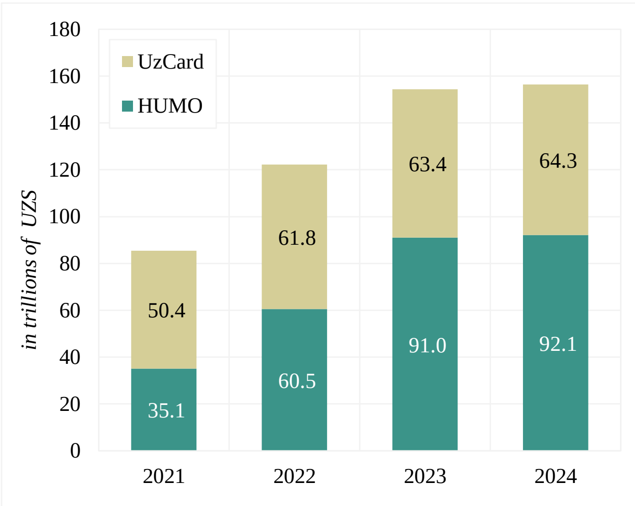


Figure 4.2.3

Transactions processed through payment terminals



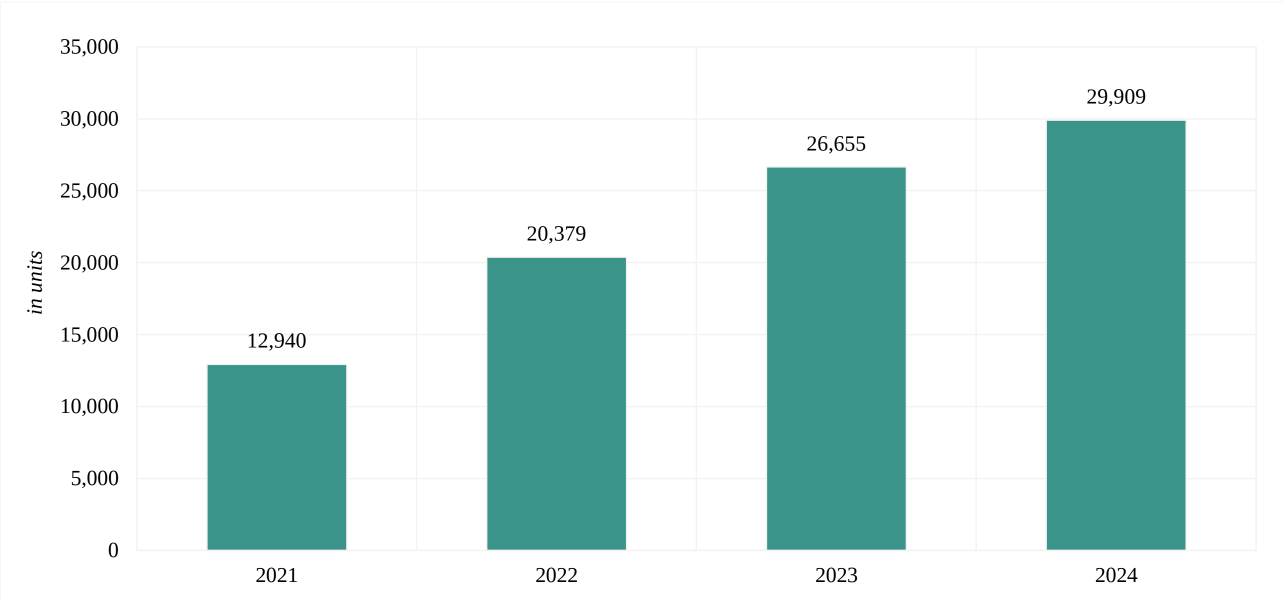
Source: Central Bank.

To enhance user convenience in accessing payment services, the number of ATMs and infokiosks installed at banking infrastructure facilities and tourism sites increased by **12** percent during the reporting year, reaching more than **29.9** thousand units as of 1 January 2025.

Priority attention is being given to expanding the network of self-service devices — such as ATMs, infokiosks, and automated deposit machines — particularly in tourist zones, major infrastructure hubs, and other key social infrastructure locations.

Figure 4.2.4

Number of ATMs and Infokiosks



Source: Central Bank.

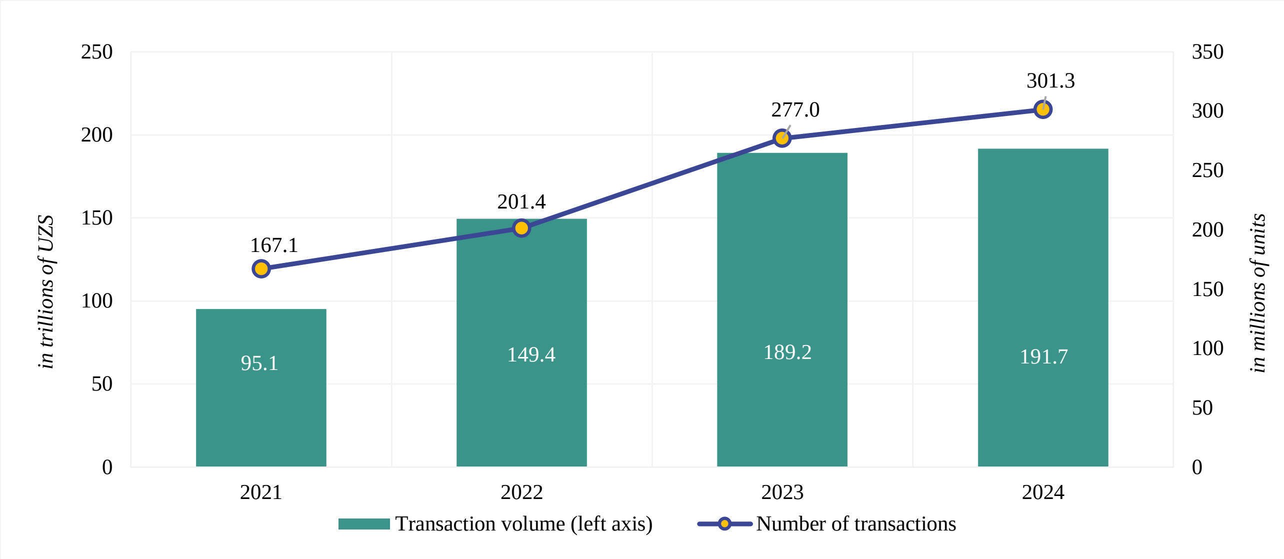
In 2024, the integration of ATM networks between the national payment systems Humo and Uzcard was fully completed, ensuring interoperability and allowing bank card holders to use ATMs across both systems without restriction. During the reporting year, the total value of transactions conducted through ATMs amounted to UZS 191.7 trillion, while the number of transactions reached 301.3 million.

The number of bank clients using remote *(digital)* banking services increased by nearly **1.2 times**, reaching 52.9 million as of 1 January 2025. Of these users, 1.5 million were **business entities**, while 51.4 million were **individual** bank card holders.

Furthermore, the volume of online transactions conducted by individuals through banks' mobile applications grew **1.6 times** during the reporting year, reaching UZS **396.7** trillion.

Figure 4.2.5

Transactions conducted through ATMs



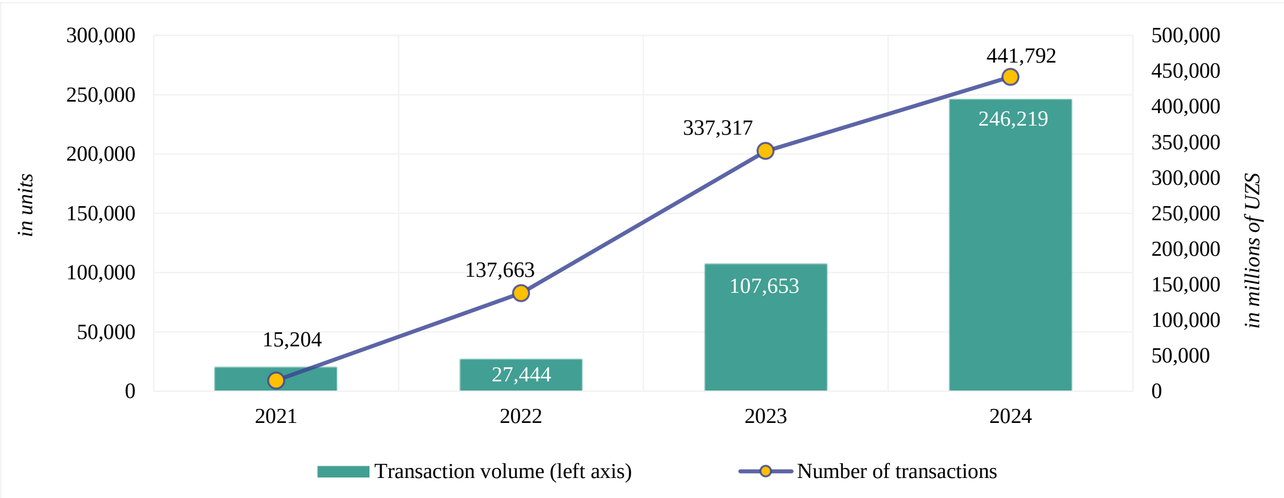
Source: Central Bank.

The volume of **online deposit** operations conducted through mobile applications amounted to UZS 77.8 trillion, **online foreign exchange** *(conversion)* transactions reached UZS 36.3 trillion, **online microloans** totaled UZS 24.4 trillion, and **online loan repayments** reached UZS 29.7 trillion.

Opportunities for the population to perform basic banking services online — such as making deposits, conducting conversion transactions, obtaining microloans, ordering bank cards, and completing identification procedures — continued to expand. For **business entities**, the range of services enabling the acceptance of payments using QR codes, NFC, and other contactless payment technologies, in addition to POS terminals, was also broadened.

Figure 4.2.6

Number and value of transactions processed through the QR-online system



Source: Central Bank.

In particular, in 2024, the number of QR codes issued to business entities through the "QR-online" information system reached approximately **108,000**, while the volume of transactions conducted through this system increased by almost **1.3 times** compared to 2023 and amounted to UZS **441.8** billion.

At the same time, within the framework of expanding contactless payment technologies, the service enabling payments for goods and fee-based services without directly using a bank card through the "HUMO PAY" application continued to be provided via the mobile applications of **20** commercial banks.

Within the scope of developing contactless payment services, the number of entities using the **Tap-to-Phone system** *(which enables accepting payments similarly to a POS terminal)* reached around **3,200** as of 1 January 2025.

In 2024, the volume of transactions conducted using NFC technology increased **1.1 times** compared to 2023 and reached UZS **41.4** trillion.

Furthermore, as of 1 January 2025, the number of commercial banks using **Face ID technology** reached **28**, while the number of payment organizations using this technology reached **15**. As a result, the number of customers completing digital identification through banks' and payment organizations' mobile applications increased by **5.4** million compared to 1 January 2024, reaching **12.2** million by the end of the reporting year.

This upward trend is explained not only by the ability of customers to conduct payments online without visiting a bank, but also by the introduction of remote bank account opening through digital identification systems *(Face ID).*

4.3. Activity of payment institutions in the payment services market

During the reporting year, in order to strengthen competition in the market for payment services, the Central Bank continued issuing licenses to payment organizations, bringing their total number to **44**.

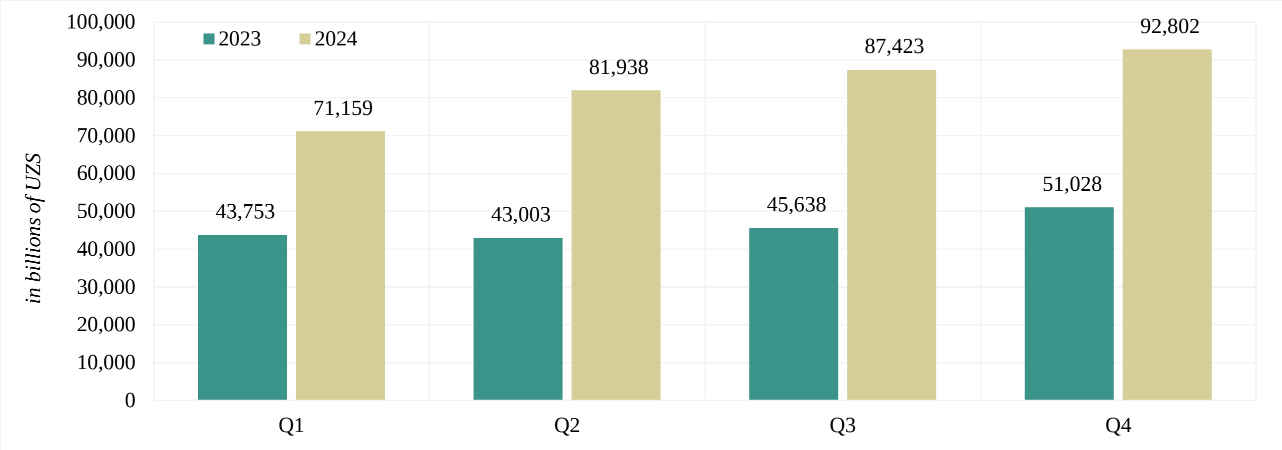
This expansion reflects the growing public demand not only for payment services provided by commercial banks, but also for those offered by payment organizations.

In 2024, the total volume of transactions processed by payment organizations increased by **1.8 times** compared to 2023, reaching UZS 333 trillion.

Over the reporting year, individuals used payment organizations' services to transfer UZS 26.2 trillion for utility payments, UZS 14.8 trillion for mobile operator services, UZS 14.3 trillion for government services, UZS 5.7 trillion for loan repayments, and UZS 5.3 trillion for budget and tax payments.

Figure 4.3.1

Volume of transactions executed by payment organizations in 2023-2024

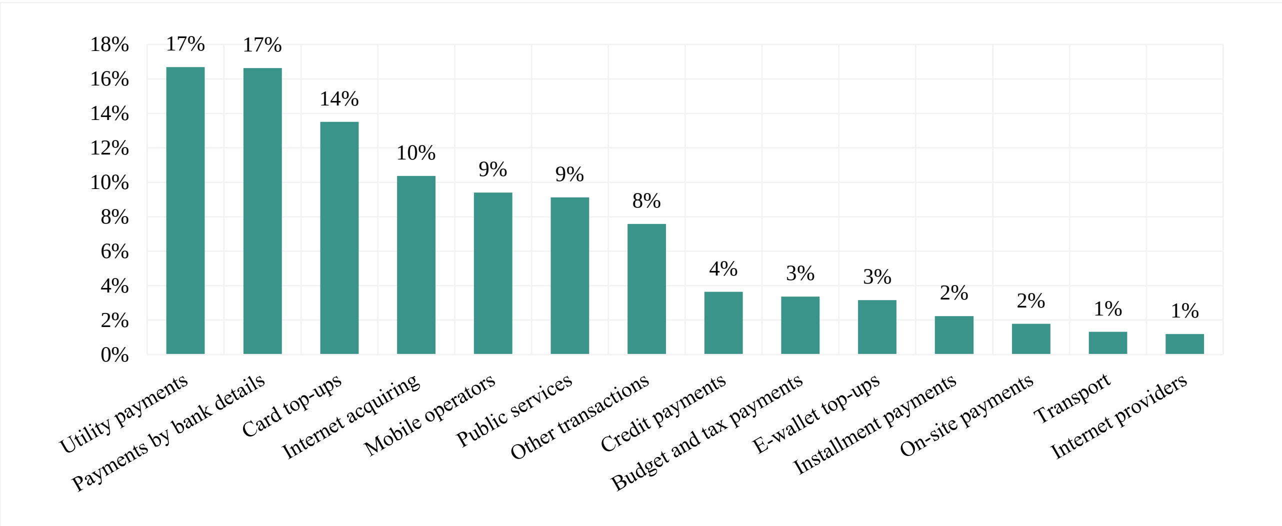


Source: Central Bank.

The introduction of electronic money systems in the payment services market continues to support the expansion of cashless transactions and offers additional convenience for payment service users.

Figure 4.3.2

Composition of payments executed by payment organizations in 2024, by purpose



Source: Central Bank.

As of 1 January 2025, a total of 12 electronic money systems were registered in the Central Bank's official electronic money registry *(the list is available on the official website)*. During the reporting year, the number of electronic wallets opened within these systems increased from 15.6 million to 20.6 million.

In 2024, the number of transactions conducted through electronic money systems increased by 1.3 times compared to 2023, reaching 21.8 million, while their total value amounted to UZS 775 billion.

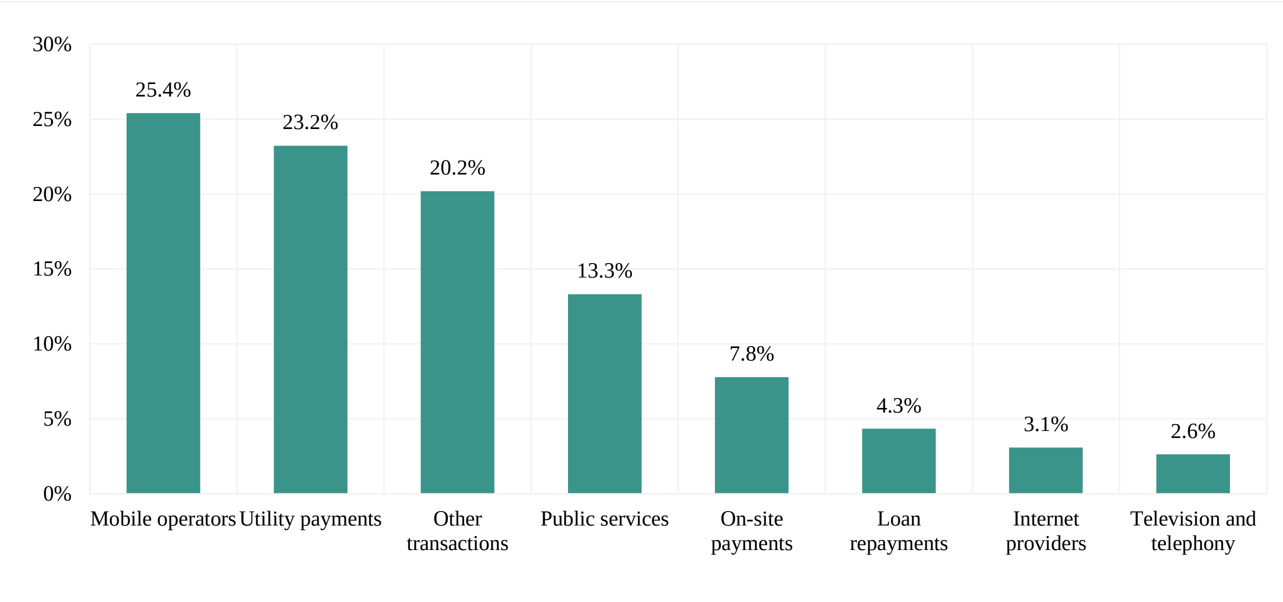
Of the transactions carried out by electronic wallet holders, 92 percent were directed toward payments for goods, services, and works provided by business entities, while the remaining 8 percent consisted of transfers to individuals.

The composition of payments made through electronic money instruments was as follows:25 percent for mobile operator services, 23 percent for utility services, 13 percent for government services, 8 percent for point-of-sale purchases, — with the remainder covering other payment categories.

To provide additional convenience for consumers, the Central Bank authorized, within the framework of the "regulatory sandbox," the provision of cash-withdrawal services to bank card holders at retail and service outlets concurrently with purchases. These services were delivered through the nationwide network of payment agents of "Paynet" JSC, which operates via a virtual cash-desk infrastructure. As a result, in 2024, 23,267 Paynet payment agents provided cash-withdrawal services amounting to UZS 870.5 billion, corresponding to 1,406,230 transactions.

Figure 4.3.3

Composition of payments executed through electronic money systems in 2024, by purpose



Source: Central Bank.

This cash-withdrawal service provided by the payment organization enables cardholders to meet their demand for cash not only through bank cash desks and ATM networks, but also through the nationwide network of "Paynet" JSC payment agents. The service allows customers to withdraw cash within the limits of the agents' daily cash inflows, thereby expanding access points for cash withdrawals across the country.

4.4. Ensuring information security and cybersecurity in payment systems and commercial banks' information infrastructures

During the reporting year, a range of measures were implemented to ensure information security and cybersecurity within the information systems of credit and payment institutions, payment system operators, currency exchanges, and credit bureaus, as well as to prevent offenses committed through digital technologies.

In particular, the "Regulation on Ensuring Information Security and Cybersecurity in the Payment Systems of Payment System Operators and Payment Service Providers and Preventing Offenses Committed Through Digital Technologies" was developed and introduced into practice.

Furthermore, in order to prevent fraudulent activities related to online lending *(microloans)*, a temporary procedure was developed. Under this procedure, restrictions of **up to 48 hours** were introduced to prevent online loans *(microloans)* issued by credit institutions from being misappropriated by fraudsters.

The restrictions set out in the temporary procedure entered into force in November. As a result, by the end of the year, **28,138** cases involving UZS **304.1** billion worth of disbursed funds were returned to the accounts of credit institutions because clients failed to undergo additional identity verification.

As part of the prompt response measures taken on appeals received by the Central Bank from citizens regarding bank card–related fraud, UZS **9.5** billion of funds were successfully blocked in 2024.

In 2024, the Central Bank received **2,502** requests from law-enforcement authorities seeking access — based on legally established sanctions — to bank-secrecy information related to fraudulent transactions involving bank cards.

The Central Bank, in cooperation with commercial banks, payment system operators, payment organizations, and internal affairs bodies, continued implementing measures to block bank cards involved in fraudulent schemes and prevent the transfer of funds from these cards to foreign accounts via mobile applications.

To prevent suspicious *(fraud)* operations involving bank cards and reduce the involvement of individuals' bank accounts and cards in fraudulent schemes, a temporary procedure was introduced under which one individual may hold no more than 5 bank cards per bank and no more than 20 bank cards across all banks.

During the reporting year, Central Bank staff participated in **24** television programs and **6** radio broadcasts to raise public awareness of fraud risks related to bank cards. In addition, to prevent fraudulent activities in the online lending process, Central Bank representatives took part in **2** dedicated television programs and **1** podcast explaining the temporary procedure introduced for this purpose.

Cooperation was established with the international organization Soteryan LLC to strengthen the detection and prevention of cyber threats and to enhance the response to their emerging forms.

In addition, the Central Bank joined OIC-CERT, an organization created to support collaboration on new cybersecurity solutions and to provide assistance to member institutions in the event of cyberattacks, as well as the APWG, an international body focused on combating phishing.

Within the framework of measures aimed at protecting the rights of consumers of digital products *(services)* and strengthening efforts to prevent offenses committed through digital technologies:

– a **centralized anti-fraud system** was introduced on a pilot basis at the Central Bank to detect and prevent suspicious card-related fraud operations, and **34 banks** and **9 payment organizations** were integrated into this system;

– a **monitoring platform** was launched on a pilot basis to track the dissemination of bank card data across online information resources and to ensure ongoing monitoring of such cases;

– in cooperation with banks and international and domestic institutions, training seminars were organized for more than 350 employees working in commercial banks, payment system operators, and payment organizations in the fields of information security, cybersecurity, and card operations.

To prevent citizens from becoming victims of cybercrime and to strengthen efforts to combat cyber offenses by promoting **"cyber hygiene,"** staff of the Central Bank participated in the awareness campaign **"Cyber culture promotion month",** including **36** television programs conducted within the framework of this initiative.

4.5. Introduction of digital technologies and digitalization of operations within the Central Bank system

In 2024, efforts to enhance the Central Bank's digital technology infrastructure and advance the digitalization of its operations were primarily focused on accelerating interoperability in data exchange, acquiring and deploying data-storage servers and communication equipment, modern business-analytics tools, and other software solutions, as well as implementing projects and initiatives involving advanced, high-technology systems.

In particular, within the framework of implementing Presidential Resolution No. PQ-162 of May 24, 2023, "On measures to expand the coverage and quality of digital services and to ensure the digital transformation of sectors, industries, and regions":

– the "Foreign Exchange Operations Accounting Information System" *(FERUZ)*, designed to maintain records of foreign-exchange buy–sell transactions conducted by commercial banks for legal entities and individuals, was introduced;

– the **"Electronic cash management platform",** aimed at facilitating the accounting of cash and correspondent accounts among commercial bank branches, accelerating the redistribution of cash and correspondent balances, enabling a transparent electronic marketplace, and ensuring equal access and participation for all commercial bank branches, was launched;

– the functional capabilities of the Central Bank's National Database of Bank Depositors *(BDMAB)* were further improved.

In addition, pursuant to Presidential Decree No. PF-100 of July 7, 2024, electronic **information exchange** was established between the Central Bank's information systems and the Accounts Chamber's automated "Remote Audit" information system.

As a result of integrating the business-analytics system — designed to enable the use and analysis of data from the Central Bank's "State Register of Credit Information"—with the information system of the Tax Committee, the "TaxData" software platform for data storage was launched.

In accordance with Cabinet of Ministers Resolution No. 251 of April 30, 2024, "On additional measures to ensure the repatriation of assets under foreign trade operations and the fulfillment of tax obligations," the Committee's **"E-Contract"** information system was integrated with the information systems of commercial banks.

Furthermore, information exchange between commercial banks and the Tax and Customs Committees, as well as the Extra-Budgetary Pension Fund under the Ministry of Economy and Finance, regarding electronic payment documents, was enhanced.

A new technological protocol for electronic cooperation between the information systems of the Central Bank of the Republic of Uzbekistan and the interagency integration platform *(IIP)* of the "Digital Government" system was also developed.

Information exchange between the Treasury Committee under the Ministry of Finance and the Central Bank was established to support the servicing of foreign currency accounts.

The Central Bank procured the **"Matrix BI"** system to enable its specialists to utilize and analyze data from the "State Register of Credit Information." Additional software modules—designed to automatically generate reports and analytical outputs — were developed, integrated into the Matrix BI platform, and fully operationalized.

During the reporting year, the **Qlik Sense** business-analytics tool — intended for analyzing data across all Central Bank information systems and databases, generating reports, and creating dashboards — was acquired, implemented, and supported through training programs for analytical staff. This tool is now actively contributing to the enhancement of the Bank's digitalization processes.

The Central Bank developed and introduced **two** new electronic registries into the banking system, bringing the total number of electronic registries provided by the Bank to 124.

These registries are regularly updated based on emerging needs and are disseminated for use within the national payment systems, including by ministries, agencies, commercial banks, and non-bank credit institutions.

Work continued to ensure the uninterrupted functioning of the official website of the Central Bank of the Republic of Uzbekistan *(www.cbu.uz)*, to improve its design and structure, and to expand the ability of users to extract one or multiple datasets simultaneously in visual *(graphical)* format.

For households, businesses, and foreign investors, the volume of open data related to the Central Bank system was expanded in line with principles of transparency and openness. The number of publicly available datasets increased by one, reaching 61, and these datasets are regularly uploaded to the Republic of Uzbekistan's **"Open Data Portal"** in a timely and comprehensive manner.

To ensure the stable and efficient operation of the Central Bank and to upgrade the existing information technology infrastructure, decisions titled "On updating the computer infrastructure of the Central Bank of the Republic of Uzbekistan and procuring data processing and storage equipment" and "On the comprehensive IT-modernization of the Central Bank of the Republic of Uzbekistan's infrastructure" were approved. Significant work was carried out to implement these decisions.

4.6. Introducing and enhancing an efficient and high-technology supervisory system at the Central Bank

During the reporting year, the central bank's efforts to establish an advanced data-management system focused primarily on improving the quality of supervisory reports and strengthening existing analytical capacity.

In this context, implementation of the Automated Data Reporting *(ADR)* project was initiated. Given the complexity and unique nature of the project, it was structured into two phases: (i) "Engagement of Consulting Services" and (ii) "Implementation of the Data Management System and Establishment of a Data Warehouse."

For the first phase of the ADR project, the consulting firm “KPMG Audit” LLC was engaged, together with its partner “Business Reporting — Advisory Group.”

In cooperation with KPMG, the current state of data management practices at the Central Bank was reviewed and analyzed. Based on this assessment, draft documentation for the target data-management framework was developed, including **data-management process** designs aligned with international standards and best practices.

A comprehensive registry of all data received from supervised entities by the Central Bank’s structural units was established. Based on this registry, an **integrated data** model was developed, relying on a unified data dictionary that encompasses all data needs of the Central Bank.

In addition, a “Recommendations for Preparing the Transition to the New Framework for Supervisory Reporting” ***(RegTech)*** project was developed, which sets out guidance for moving to a new centralized and standardized system for collecting regulatory and statistical data from supervised entities of the Central Bank.

The broad range of activities envisaged in this area is reflected in the **“Roadmap for Transforming the Data Management System”,** prepared jointly with KPMG.

At the same time, the Terms of Reference *(ToR)* for introducing the Central Bank’s analytical information system were developed. The ToR defines the core business requirements and the information-technology architecture of the target software solution.

The Terms of Reference includes:

– the development of a unified **“personal account”** *(portal)* that enables **automated data exchange** between the Central Bank and supervised entities through an Application Programming Interface *(API)*, as well as the receipt of assignments issued by the Central Bank and the submission of responses using **electronic signatures;**

– the introduction of software solutions for the effective management of the data management system *(including the data dictionary, reference data, and data quality);*

– the development of a **modern data** warehouse that incorporates all necessary components;

– and the creation of an overarching system that ensures the stable functioning of the above components.

Within the framework of the consulting services project, the company BR-AG conducted seminar-trainings for relevant Central Bank specialists on **data modeling**, including the Data Point Modeling *(DPM)* methodology, as well as on the use of the **"Atome Matter"** information system for maintaining the data dictionary.

In addition, seminars were delivered to Central Bank data specialists by the Czech Republic's KPMG Global Competence Center, during which participants enhanced their knowledge and skills in data management principles, core functions, data and technology architecture, and other concepts in accordance with the international DAMA methodology.

V. CASH CIRCULATION MANAGEMENT

In 2024, cash circulation was shaped by the steady growth of household incomes — including wages, pensions, and other social transfers — as well as the need to further develop cashless payment mechanisms and improve the efficiency of cash usage.

Against this backdrop, priority was given to ensuring the uninterrupted supply of cash in the economy, optimizing the denomination structure of currency in circulation, and expanding the population's access to — and use of — cashless payment instruments through the introduction of digital technologies. Efforts were also directed toward improving cash management processes within the sector.

5.1. Dynamics of cash turnover and structural developments

In 2024, the inflow and outflow of cash continued to follow their long-term trend. Cash turnover through the banking system amounted to UZS 1,010 trillion, representing a 1.2-fold increase compared to 2023.

During the year, cash inflows to bank cash desks increased by 21 percent relative to the previous year. The volume of cash received — UZS 501 trillion — was equivalent to **34.4** percent of GDP, remaining broadly unchanged from the 2023 level.

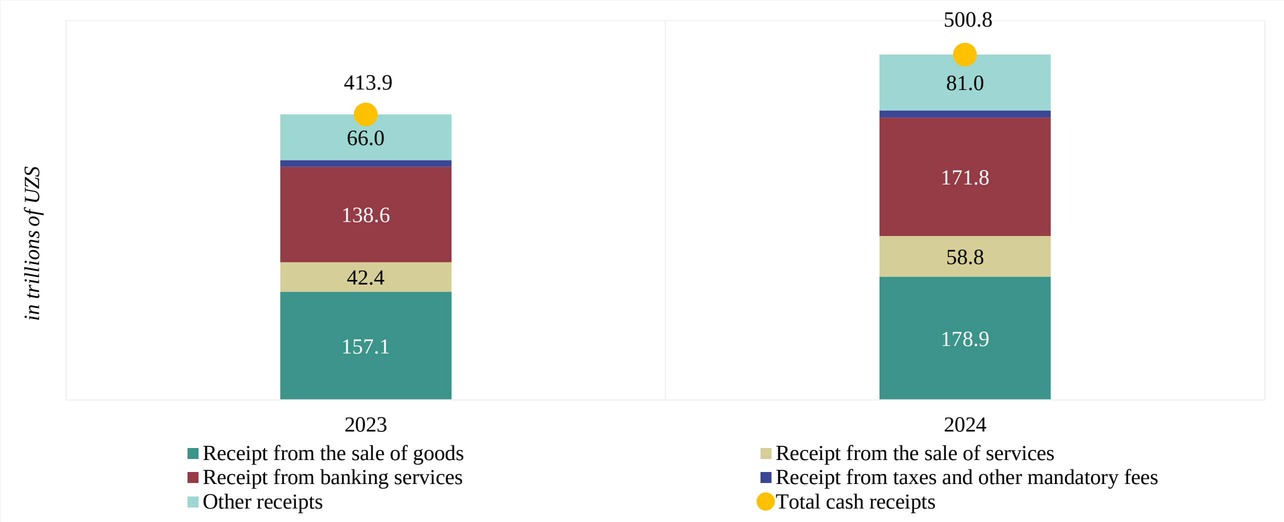
The total volume of cash inflows to bank cash desks increased primarily due to the expansion of cash receipts from key sources. In particular, cash receipts from the sale of goods rose by 13.9 percent, receipts from paid services grew by 38.5 percent, while inflows related to banking services — including household deposits, loan repayments, cash foreign-exchange purchases, and conversion operations —increased by 24.0 percent. Inflows from taxes and other sources expanded by 20.5 percent.

The composition of total cash inflows to bank cash desks shows that receipts from the sale of goods accounted for 35.7 percent, cash receipts related to banking services made up 34.3 percent, inflows from paid services represented 11.7 percent, while receipts from taxes and other sources amounted to 18.3 percent.

The increase in cash inflows to bank cash desks reflects, in turn, the expansion of turnover in goods and paid services across the economy, as well as ongoing improvements in the mechanisms enabling households and businesses to deposit cash at bank branches.

Figure 5.1.1

Dynamics of cash inflows and their composition



Source: Central Bank.

In 2024, the volume of cash withdrawn from banks by households and enterprises increased by 22.1 percent *(or UZS 92.2 trillion)* compared to 2023, reaching UZS **509.6** trillion.

The growth in cash demand was mainly driven by:

– a UZS 36.7 trillion increase in cash withdrawals associated with funds credited to bank cards and subsequent cash-out operations;

– a UZS 27.0 trillion rise in cash foreign-currency purchases from the public, stemming from a 30-percent increase in inbound international remittances;

– an UZS 11.8 trillion increase in cash withdrawn from deposit accounts *(including withdrawals made for the purpose of re-depositing into new savings products);*

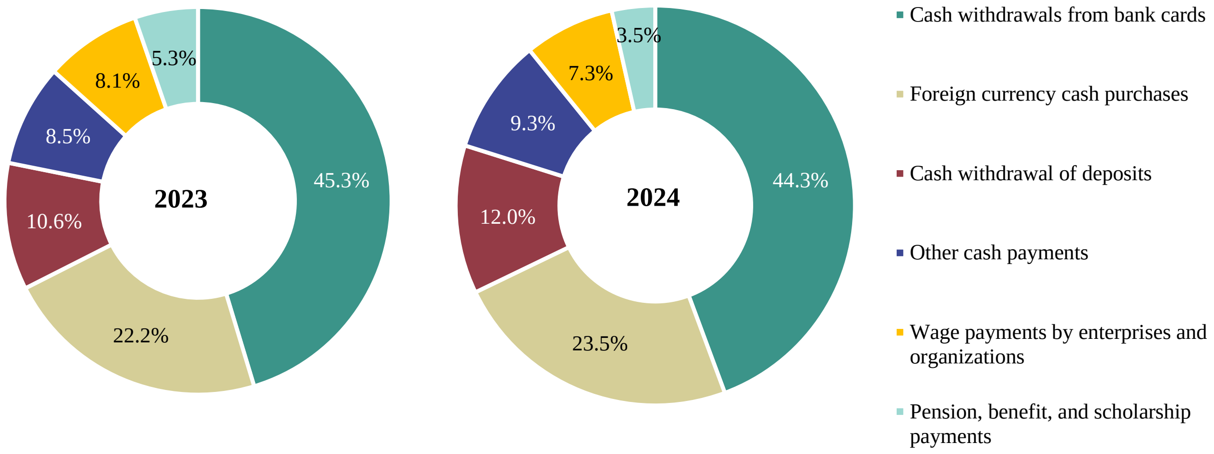
– a UZS 17.2 trillion increase in cash withdrawn by enterprises for purposes other than wages and wage-equivalent payments, within the balances available on their bank accounts.

During the reporting year, the **"Electronic cash management platform"** designed to enable commercial banks to independently manage their cash holdings, was fully launched, thereby reducing the Central Bank's direct involvement in the redistribution of cash among banks.

In 2024, the number of platform users reached 922, of which 20 represented units of the Central Bank, 16 were cash-in-transit institutions, and 886 were branches of commercial banks.

Figure 5.1.2

Distribution of cash disbursement

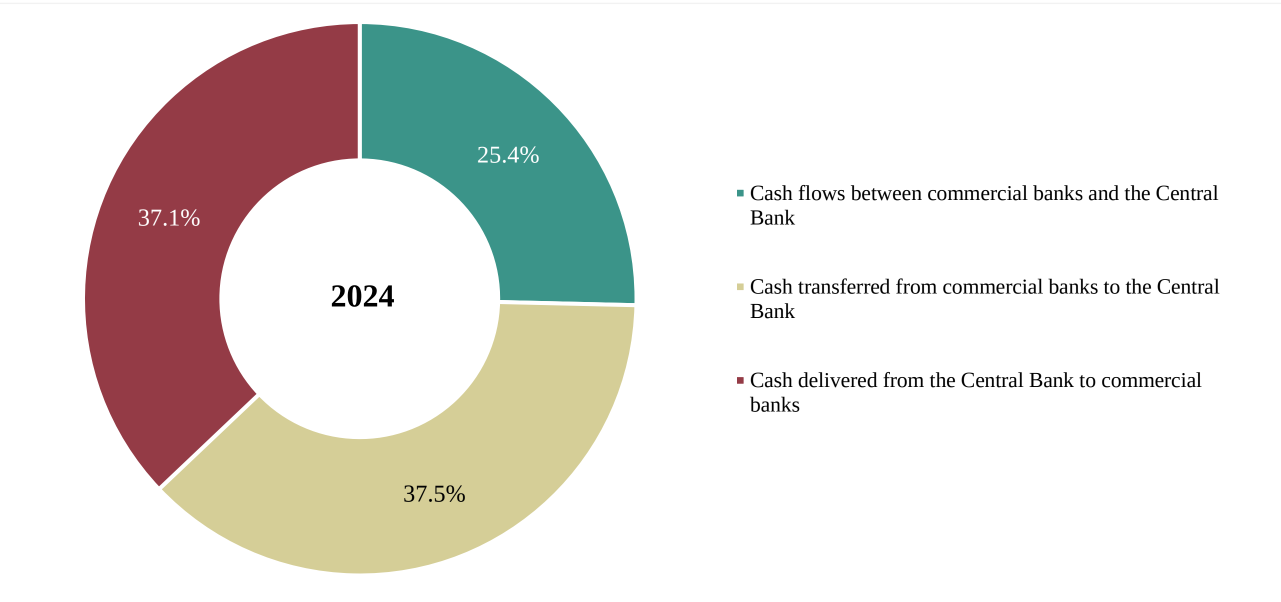


Source: Central Bank.

In 2024, total cash settlements executed through the platform amounted to UZS 148 trillion. Of this volume, UZS 37.5 trillion reflected transactions between commercial banks, while UZS 54.9 trillion represented cash delivered from the Central Bank to commercial banks, and UZS 55.6 trillion represented cash delivered from commercial banks to the Central Bank.

Figure 5.1.3

Cash circulation executed through the “Electronic cash management platform” in 2024



Source: Central Bank.

In addition, in order to optimize the operating costs of commercial banks associated with cash transactions *(cash handling, transportation, storage)* and streamline their service networks, a pilot practice was launched to outsource certain cash operations to the "Republican Cash Collection Service."

Under the outsourcing arrangement:

– cash deposits of bank clients may be accepted and credited to their accounts;

– received cash may be recounted, sorted, packaged, and delivered to banks based on their cash orders;

– and cash and other valuables of bank institutions that do not have secure vaults *(cash processing centers and service branches)* may be stored as a provided service.

In 2024, a total of UZS 350 billion in cash collected from economic entities by seven "Cash Collection Centers" was delivered to commercial banks under this outsourcing mechanism.

Furthermore, end-of-day storage services for cash and valuables were provided to 451 bank branches.

5.2. Currency in circulation and its composition

In 2024, the composition of cash in circulation was further optimized in line with measures aimed at replacing old-series banknotes with new-series banknotes and facilitating cash-based transactions.

As of end-2024, the ratio of cash in circulation *(M0)* to GDP remained at the 2023 level, standing at **3.7** percent, while its share in the broad money supply declined from 21.5 percent to **19.2** percent.

As of January 1, 2024, the volume of cash in circulation *(including cash held in commercial bank vaults)* increased by UZS 10.3 trillion, or 18.5 percent, compared with the corresponding period of 2023.

During the reporting year, the volume of 1,000-soum, 5,000-soum, and 50,000-sum banknotes in circulation decreased by a total of UZS 743 billion, whereas the volume of 2,000-soum, 10,000-soum, 20,000-soum, 100,000-soum, and 200,000-soum banknotes increased by a total of UZS 10.9 trillion.

The volume of coins in circulation grew 1.3 times, while their share in the total stock of currency in circulation remained unchanged at 0.3 percent.

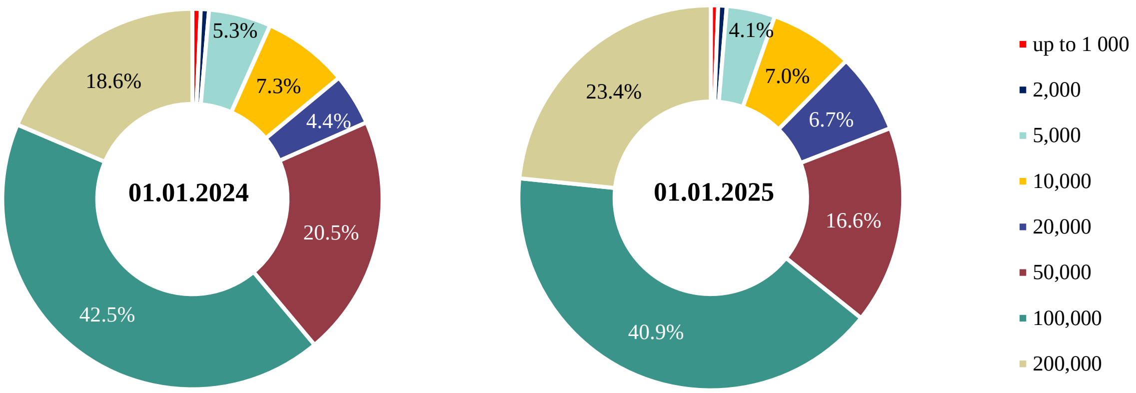
Throughout the reporting year, the process of replacing 5,000-soum, 10,000-soum, 50,000-soum, and 100,000-soum banknotes issued prior to 2021 with new-series notes continued.

In 2024, the share of new-series banknotes increased from 33 to **75** percent for the 5,000-soum denomination, from 36 to **76** percent for the 10,000-soum denomination, from 39 to **75** percent for the 50,000-soum denomination, and from 61 to **82** percent for the 100,000-soum denomination.

As a result, as of January 1, 2025, the share of new-series banknotes *(including the 2,000*-soum, *20,000*-soum, *and 200,000*-soum *denominations issued in 2021–2022)* in the total number of banknotes in circulation increased from 45.6 percent in 2023 to **76.3** percent, while their share in value terms rose from 62.3 percent to 85.5 percent.

Figure 5.2.1

Share of currency in circulation *(banknotes and coins)* by denomination

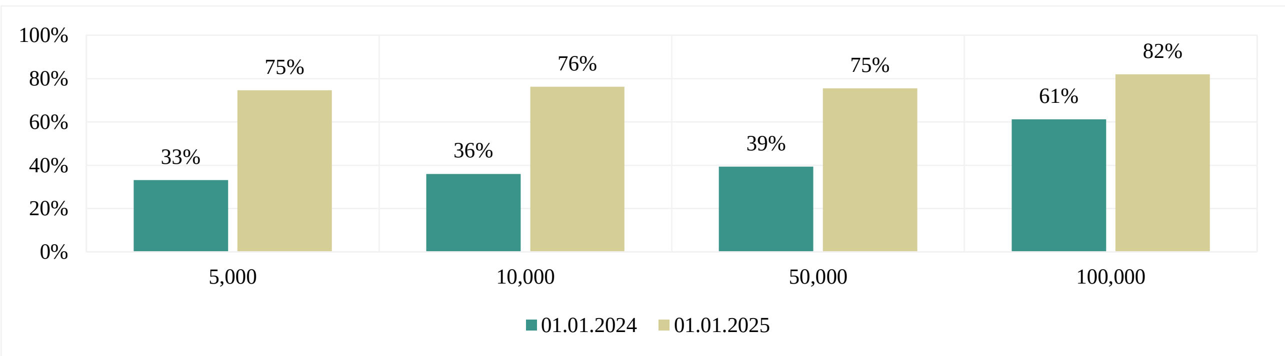


Source: Central Bank.

The increase in the share of new-series and newly introduced high-denomination banknotes in the structure of cash in circulation led to a rise in the total number of banknotes in circulation by 152.1 million units, or 7.5 percent, compared to the beginning of 2024. As a result, the average number of banknotes per capita reached 57.

Figure 5.2.2

Share of new-series banknotes with denominations of 5,000, 10,000, 50,000, and 100,000-soums



Source: Central Bank.

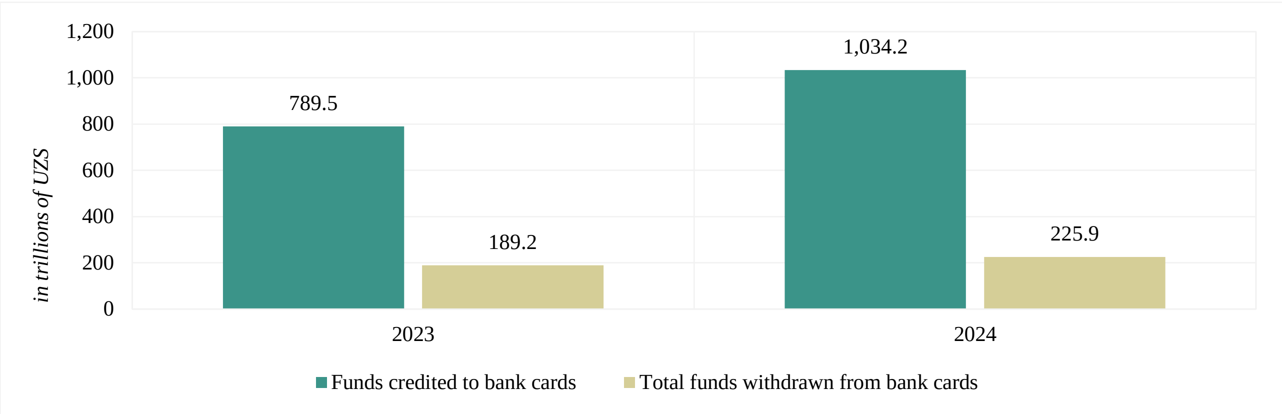
5.3. Transactions conducted using bank cards

The digitalization of payment infrastructures in the economy and the growing adoption of non-cash payments among the population have simultaneously contributed to an increase in the volume of funds credited to bank cards and a strengthening downward trend in cash-out operations from these cards.

In particular, in 2024, inflows to bank cards increased by UZS 244.7 trillion, or **31** percent, compared with 2023. Although the volume of cash withdrawals from bank cards rose by 19.4 percent to UZS 225.9 trillion, the ratio of cash withdrawals to total inflows on bank cards declined from 24.0 percent in the previous year to **21.8** percent.

Figure 5.3.1

Dynamics of cash withdrawals using bank cards

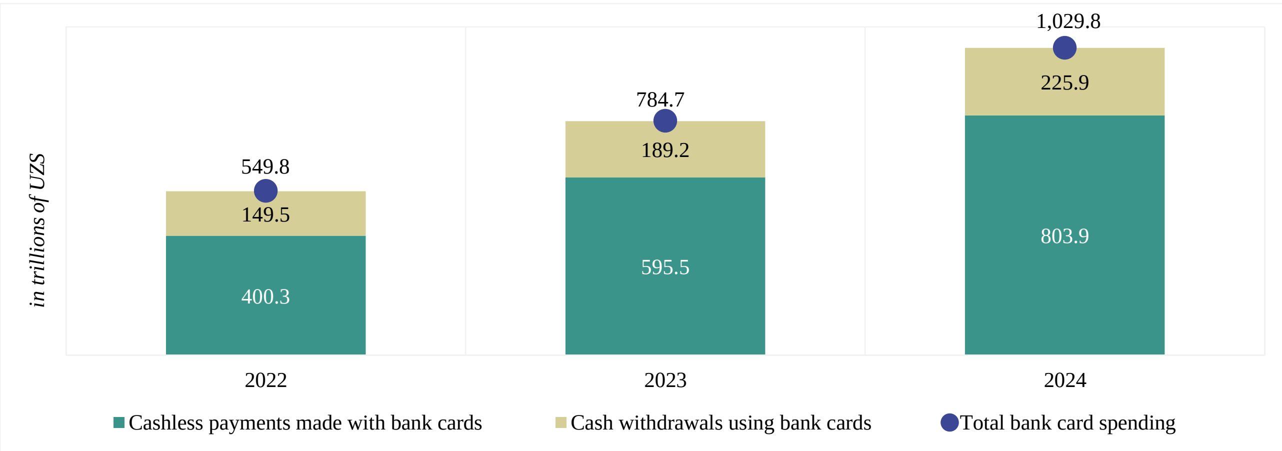


Source: Central Bank.

Structural shifts in the circulation of cash have also been significantly influenced by ongoing measures to promote non-cash payment instruments, particularly the rapid expansion of transactions conducted through mobile banking applications.

Figure 5.3.2

Share of expenditures made from bank cards by source of funds



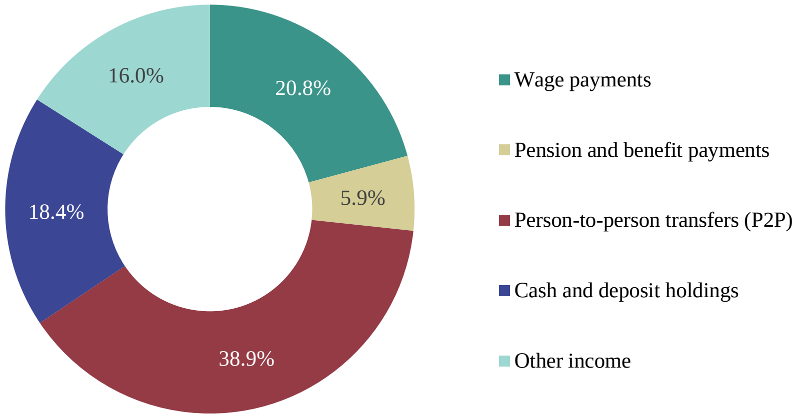
Source: Central Bank.

In 2024, transactions *(outflows)* executed via bank cards amounted to UZS 1,030 trillion, of which **78.1** percent were non-cash operations. This represents a continued upward trend compared with previous years *(72.8 percent in 2022 and 75.9 percent in 2023).*

In the reporting year, the composition of inflows to bank cards reflected a diversified structure. Transfers related to pensions, social benefits, stipends, and wage payments accounted for 26.7 percent of total inflows. Deposits made in cash onto bank cards, together with transfers from savings accounts, constituted 18.4 percent. Other household income sources represented 16.0 percent of total inflows.

Figure 5.3.3

Share of inflows to bank cards by source of funds



Source: Central Bank.

VI. FINANCIAL INCLUSION AND CONSUMER PROTECTION IN BANKING SERVICES

6.1. Enhancing financial inclusion

During the reporting year, efforts to enhance financial inclusion primarily focused on assessing the population’s access to banking services through international cooperation programs and formulating a national strategy for the coming years.

In particular, within the framework of the Asian Development Bank’s **“Inclusive Finance in Uzbekistan”** mission and its technical assistance:

– assessing the outcomes of the National Financial Inclusion Strategy for 2021–2023;

– “2021–2023-yillarga mo‘ljallangan Moliyaviy ommaboplikni oshirish milliy strategiyasi” yakunlarini baholash;

– **surveys were carried out** to evaluate the level of financial inclusion in the country, measure financial literacy, and assess public confidence in the banking system;

– The set of measures required for the development of the National Financial Inclusion Strategy for 2025–2027 was identified.

– 2025–2027-yillarga mo‘ljallangan **moliyaviy ommaboplikni oshirish milliy strategiyasini ishlab chiqish** bo‘yicha amalga oshirilishi lozim bo‘lgan chora-tabdirlar belgilab olindi.

In addition, qualitative research was conducted in five regions of the country *(Khorezm, Surkhandarya, Bukhara, Andijan, and the city of Tashkent)* through **focus group** discussions involving youth, women, and entrepreneurs, aimed at identifying their perceptions of credit institutions and their financial products and services.

In 2024, efforts to advance financial inclusion in the country included active participation in the **Financial Inclusion Alliance’s** Policy Initiative for Eastern Europe and Central Asia. Within this framework, Uzbekistan exchanged experience with regulators from member countries on a range of topics, including innovative solutions, regulatory sandboxes, and related areas.

During the reporting year, Uzbekistan joined the **Women Entrepreneurs Finance Initiative *(We-Fi Code)***, with the Central Bank designated as the national coordinator. The initiative aims to support the development of women’s entrepreneurship and the establishment of gender-disaggregated statistics. The Bank for Development of Entrepreneurship and the People's Bank have joined the initiative as participating institutions.

Going forward, cooperation under this initiative will continue, with plans to launch a platform reflecting gender statistics on women's entrepreneurship and to expand the number of participating banks.

6.2. Improving financial literacy of the population

During the reporting year, the Central Bank intensified efforts to enhance financial literacy among the population, launching new initiatives aimed at promoting entrepreneurship, strengthening cyber-hygiene, expanding the use of microfinance services within the framework of government mandates, and improving financial behavior.

Throughout the year, a total of **16** initiatives — comprising **5** new and **11** ongoing projects — were implemented across 12 regions and the Republic of Karakalpakstan, resulting in **352** educational activities.

The implementation of these projects involved coordinated work with **7** ministries and agencies, **14** regional branches of the Central Bank, and **21** institutions including commercial banks, the foreign exchange exchange, and credit bureaus.

Of these events — conducted in the form of trainings, masterclasses, open lessons, outreach sessions, and public discussions — **82** were organized by the Central Bank headquarters, **136** by regional branches, **3** in cooperation with international organizations, and **131** jointly with commercial banks and other institutions. In total, **255,609** participants took part.

To raise financial literacy among women, youth, community activists, and entrepreneurs, **182** seminar-trainings were held across **157** districts, with participation reaching **16,918** people *(of whom 38 percent were women, 46 percent youth, and 16 percent community activists and entrepreneurs).*

During the reporting year, in cooperation with commercial banks, large-scale public awareness events were organized under the frameworks of Global Money Week and World Savings Day, focusing on strengthening personal financial security. These outreach activities covered a total of **174,877** citizens, of whom **26,722** ***(15 percent)*** were school students.

In partnership with commercial banks and experts from the Agency for Prospective Projects, **2,135** young participants were engaged in master classes aimed at enhancing entrepreneurial skills, teaching safe methods of increasing savings, and raising awareness about financial fraud and pyramid schemes.

As part of the annual nationwide volunteer movement, special training sessions were provided to **200** senior university students specializing in economics, enabling them to deliver practical recommendations on building immunity against cyber threats to **8,804** students from non-economic majors.

Working groups were established together with commercial banks, and two new initiatives were launched: the Financial Literacy Club at the Republican Children's Library in Tashkent, and the Financial Knowledge Center at the National Library named after Alisher Navoi, implemented jointly with Anorbank. These initiatives collectively reached more than **300** children and youth.

As part of the **"Financial Culture"** project aired on the **"Uzbekistan 24"** television channel, **20** broadcast episodes were produced in which bank experts explained key theoretical concepts, recent developments in the banking sector, and practical case studies.

The Central Bank produced **15** video materials aimed at promoting changes in public financial behavior by demonstrating the ease, convenience, and safety of using banking services remotely. This collection of videos represents the first initiative of its kind designed to also reach individuals with hearing impairments within the framework of financial literacy programs.

In addition, the **"Financial Literacy Club"** project, intended for students in grades 5–11, was developed jointly with the Ministry of Preschool and School Education, experts from the Center for Educational Quality Development, and with the financial support of **16** commercial banks. Within this **project, comprehensive teaching materials** — including a student textbook, a methodological guide for teachers, and a workbook for students — were prepared for class groups *(grades 5–7, 8–9, and 10–11)* across **100** schools nationwide, involving **160** teachers.

The educational materials were enriched with practical examples covering topics such as calculating deposit and loan interest, determining personal perceived inflation, safe use of bank cards, selecting banking services and understanding key contractual terms, characteristics of social engineering, and methods of protection against financial fraud.

During the reporting year, several new initiatives aimed at enhancing financial literacy among the population were implemented through international and domestic partnerships.

In collaboration with the **International Organization for Migration**, **two** tailored training programs and **three** specialized manuals were developed and delivered within the projects "Central Asian Labor Migration" and "Safe Migration of Seasonal Workers from Central Asia to the United Kingdom." These initiatives focused on strengthening the financial management skills of prospective labor migrants, improving their personal financial capabilities, and fostering entrepreneurial competencies among returning migrants.

A new capacity-building program was also developed and introduced for senior staff of the **"Inson" social service** centers under the National Agency for Social Protection. The program aims to improve the financial literacy of vulnerable population groups and promote digital platforms that support income generation for low-income households. Relevant training sessions were conducted accordingly.

Through extensive awareness campaigns distributed across digital media — including the Finlit.uz website and official social media channels — creative content was used to promote sound financial behavior, reaching an audience of nearly 5.2 million people. Additionally, outreach through mass media, such as articles published in the Darakchi newspaper and educational segments on the Oriat Dono radio channel, expanded public coverage to almost 2.8 million individuals.

6.3. Protection of consumer rights in the provision of banking services

In 2024, the Service for the Protection of Consumer Rights in Banking Services *(hereinafter — the Service)* placed particular emphasis on studying international best practices in safeguarding the rights and legitimate interests of financial service consumers, enhancing the Service's operational framework in cooperation with international experts, and improving the regulatory procedures governing how banks handle customer complaints.

In this regard, **minimum requirements** applicable to commercial banks were strengthened to improve the procedures for reviewing and managing customer complaints and to enhance banks' accountability in their interactions with consumers of banking services.

Specifically:

– banks are required **to have internal procedures** for handling complaints and to publish these procedures on their official websites;

– a **dedicated structural** unit must be established within the bank to review complaints, with staff entrusted with sufficient authority to conduct an in-depth examination of complaints and **facilitate the resolution of disputes** with consumers;

– an **internal control system** for the review of complaints must be established, and the bank's internal audit function shall be assigned responsibilities within this control framework;

– banks must introduce an electronic information system enabling the registration, receipt, collection, classification, and systematization of complaints using information and communication technologies, as well as the identification and **analysis of systemic deficiencies** based on the issues raised in such complaints.

The practical implementation of these new rules and requirements will ensure that consumer inquiries are reviewed in a more consistent and effective manner. Moreover, the consolidation and analysis of such inquiries will enable banks to identify and eliminate the underlying causes of customer dissatisfaction.

To prevent practices whereby, for various reasons *(pandemic-related factors, temporary unemployment, illness, etc.),* borrowers delayed or partial payments on loans are primarily directed toward settling penalties, fines, and accrued interest, as well as cases where some credit institutions continue to calculate interest and penalties even after courts have issued rulings on debt recovery *(including full early repayment),* the following legal measure was introduced:

The adoption of **the Law of the Republic of Uzbekistan No. 914** stipulates that payments made by borrowers must first be applied to overdue principal debt. It also requires that the accrual of interest and penalties on loans be halted once a court decision on debt recovery has been issued.

These amendments are expected to strengthen borrowers' repayment capacity and enhance the protection of the rights of households and business entities in matters related to loan servicing.

In addition, the increasing number of cases where loans are fraudulently issued in the names of individuals without their knowledge has highlighted the need to further improve the related legal mechanisms.

In view of advanced international practices, and in cooperation with relevant government institutions, a draft law introducing amendments and additions to the Law "On Credit Information Exchange" was prepared **to allow individuals to prohibit the issuance of loans** in their name.

The proposed amendments aim to prevent cases of loans being issued without the knowledge of the individual concerned, while also strengthening the legal framework for the operation of credit bureaus.

The rapid expansion in the demand for digital financial services and the growing number of consumers using such services have further increased the importance of safeguarding consumer rights in this area. In this regard, the advanced practices of several foreign jurisdictions — including Portugal, Ireland, the Philippines, Russia, and Malaysia — were reviewed, and a regulation establishing requirements for interactions with digital financial services consumers was developed.

This regulation defines the minimum scope of information to be disclosed to consumers and the rules for such disclosure, establishes requirements for the digital platforms through which financial services are provided, and outlines the procedures for organizing interactions with consumers and reviewing their complaints when digital financial services are delivered.

To enhance the quality and accessibility of banking services, a "mystery shopper" assessment was introduced in Uzbekistan **in collaboration with Switzerland's Business & Finance Consulting company**.

Between June 24 and July 5, 2024, the assessment covered **73** branches of **15** banks across **five** regions, focusing on the quality of credit services provided to entrepreneurs and individuals.

The assessment revealed that, in several banks, customer-oriented service delivery systems are still not fully established; bank staff do not consistently adhere to service standards; competition for customers across banks remains weak; and many branches lack a strong culture of customer engagement and relationship management.

Based on the identified shortcomings, the Central Bank provided targeted instructions to the management of commercial banks to address these issues and implement corrective measures.

Under the **World Bank's technical assistance missions** aimed at strengthening the protection of financial services consumers, foreign consultants conducted an assessment of the current consumer protection framework. Drawing on the results of this review, a **"Roadmap for 2025–2027"** was approved, outlining priority actions for enhancing supervisory practices in this area, establishing an effective institutional structure, and improving the relevant regulatory framework.

Membership in FinCoNet has enabled the Central Bank to engage in peer learning with regulatory authorities from nine countries *(Spain, Italy, Australia, Ireland, Portugal, Brazil, Russia, Armenia, and Kazakhstan)* responsible for consumer protection in financial services. Through this cooperation, the Central Bank obtained detailed insights into the progress achieved by these jurisdictions in strengthening consumer protection frameworks and identified potential areas for future collaboration.

In addition, within the initiatives organized by the Alliance for Financial Inclusion *(AFI)* in San Salvador and Armenia, the Central Bank participated together with regulators from member countries in discussing pressing issues in financial consumer protection. The parties reached mutual agreement to continue joint analytical work and develop coordinated solutions to address common challenges in this area.

Efforts to promote the information portal on financial services for individuals *("bankxizmatlari.uz")* and ensure the relevance of data available on the platform contributed to a significant increase in usage. As of end-2024, monthly platform users reached 16,000 — an increase of twelvefold compared to the launch period — while monthly page visits amounted to 21,000, representing a tenfold increase since the beginning of the year.

As part of financial consumer protection oversight, the Central Bank, in coordination with its regional branches, conducted compliance inspections at commercial banks' local service outlets to assess adherence to existing regulatory requirements when providing basic banking services. During the reporting year, **1,008** supervisory inspections were carried out across **881** bank service units.

During the reporting year, supervisory inspections identified cases in which bank employees failed to provide complete information on credit and deposit conditions, did not present standard contract templates for these services, and did not adequately ensure acceptance of payments via bank cards. For these violations, **disciplinary measures** were applied to responsible **staff**, including **319** reprimands, **249** financial penalties, **75** warnings, and **4** contract terminations.

In addition, in 2024, together with the relevant state authorities, an assessment was carried out in four large banks with a high volume of customer complaints to examine the state of complaint handling. Based on the results of this review, bank management boards were tasked with critically examining the operations of internal units responsible for complaint handling, addressing systemic shortcomings that lead to complaints, and taking necessary measures to prevent similar deficiencies and errors in the future.

Furthermore, a thematic review was conducted at the KATM Credit Bureau concerning the protection of financial services consumers. To enhance the transparency of credit bureau operations, the following measures were introduced:

– development of an internal procedure for reviewing inquiries and complaints from individuals and legal entities, and its publication on the credit bureau's website;

– establishment of a list of documents and information to be submitted by credit information users when concluding an agreement on credit information exchange;

– explanation, upon request of the credit information subject or users, of the methodology for calculating credit scores and the factors influencing them;

– introduction of practices ensuring that information indicated in the credit report provided to the subject is presented in a clear and comprehensible manner for consumers.

In 2024, a total of **1,580** complaints related to violations of consumer rights in financial services were reviewed. During the examination of issues raised in these complaints, assistance was provided in restoring the rights and legitimate interests of **116** consumers. As a result, funds related to deposits and amounts due to be credited to customer accounts were returned; improperly calculated loan liabilities were annulled; unjustifiably debited amounts from bank cards for loan repayments were refunded; and unlawfully charged banking service fees were recalculated. Overall, these measures helped prevent financial losses amounting to UZS **2.5 billion** for affected consumers.

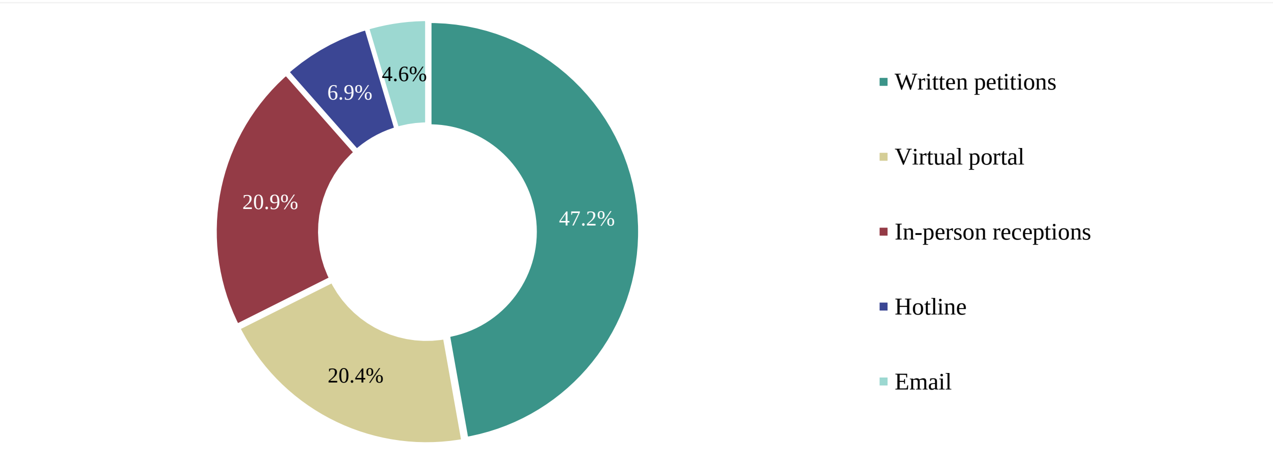
6.4. Handling complaints and inquiries from individuals and legal entities

In 2024, the consideration of petitions submitted by individuals and legal entities within the Central Bank system was ensured in accordance with the requirements of the Law of the Republic of Uzbekistan "On Appeals of Individuals and Legal Entities".

A total of **5,031** petitions were received by the Central Bank's headquarters in 2024. Of these, 20.4 percent were submitted through the Virtual Reception of the President of the Republic of Uzbekistan, 4.6 percent via the Central Bank's official email, 47.2 percent consisted of written petitions delivered directly to the Central Bank or through other ministries and agencies, 6.9 percent were received through the "hotline," and 20.9 percent were submitted during in-person reception meetings

Figure 6.4.1

Distribution of appeals submitted by individuals and legal entities



Source: Central Bank.

Of the 5,031 appeals submitted to the Central Bank, **4,764** *(or 94.7 percent)* were related directly to the activities of commercial banks. These appeals were forwarded, in accordance with established procedures, to the respective commercial banks' headquarters for review, and the Central Bank exercised ongoing monitoring to ensure that applicants received timely responses.

In the reporting year, **4,790** appeals *(95.2 percent)* submitted by individuals and legal entities were addressed and resolved in accordance with the prescribed procedures. A total of 95 appeals *(1.9 percent)* were redirected to other ministries and agencies for consideration, 140 appeals *(2.8 percent)* remained in the process of execution, and 6 appeals *(0.1 percent)* were not reviewed due to their anonymous nature.

Approximately 84.2 percent of the appeals received by the Central Bank concerned issues related to lending, the payment system and cashless settlements, as well as the conduct of bank employees.

Table 6.4.1

Distribution of appeals by issue category

№	**Issue Category**	**Number of Appeals**	*Share (%)*
1.	Bank Loans and Credit Operations	2,991	*59.5*
2.	Payment systems and cashless settlement issues	922	*18.3*
3.	Complaints regarding bank staff conduct	322	*6.4*
4.	Requests for information on banking activities and proposals	184	*3.7*
5.	Issues related to bank cards, terminals, and ATMs	132	*2.6*
6.	Foreign exchange regulation and currency control	115	*2.3*
7.	Bank deposits and other deposit operations	98	*1.9*
8.	Employment-related inquiries	79	*1.6*
9.	Issues related to receiving pension payments	39	*0.8*
10.	Establishment and liquidation of banks and credit organizations	26	*0.5*
11.	Other issues	123	*2.4*
	Total	**5 031**	*100*

Source: Central Bank.

To further address concerns raised by the public, the Central Bank organized 56 mobile receptions in remote, hard-to-reach, and densely populated areas with the aim of examining and resolving issues on site. Particular attention was given to ensuring that concerns raised by citizens were addressed objectively, promptly, and with tangible results, thereby strengthening public satisfaction with these interactions.

Across the 56 mobile receptions, meetings were held with more than 1,000 entrepreneurs, depositors, and citizens. Of the **961** applications related to preferential lending and other banking matters, **733** cases were resolved positively, resulting in the allocation of loans amounting to UZS 178.9 billion. In **219** cases, applicants received detailed explanations, **1** application was redirected to the relevant authority, and in **8** cases, specific instructions were given to responsible officials and placed under monitoring for execution.

This issue continued to receive systematic attention, being reviewed on a quarterly basis at meetings of the Central Bank's Board and on a weekly basis under the chairmanship of the Governor. During these discussions, firm instructions were provided to ensure that matters raised by applicants are resolved on site in accordance with applicable legislation, and to strengthen staff professionalism and personal accountability in addressing citizens' concerns.

In 2024, 475 managers and responsible officials of commercial banks who failed to resolve consumer inquiries lawfully, did not review them within the prescribed timelines, or systematically allowed errors and shortcomings in handling complaints were subjected to disciplinary measures in accordance with the Labor Code and internal labor regulations *(172 reprimands, 289 financial penalties, and 14 dismissals from office).*

Alongside ensuring the timely and high-quality review of appeals, the Central Bank continued to identify systemic issues and shortcomings, and to strengthen the minimum requirements applicable to the activities of credit institutions in their interactions with financial service consumers.

The acceptance of appeals from individuals and legal entities via the Central Bank's official website and mobile application in electronic format, as well as directly through the "Hotline," plays an important role in promptly identifying issues raised in complaints and addressing them effectively.

The overarching objective of the ongoing reforms in the banking system is to expand digital service delivery and offer the population more convenient and higher-quality banking services. Transitioning fully to market-based mechanisms in lending is expected to reduce the number of related complaints and further enhance the efficiency of lending activities.

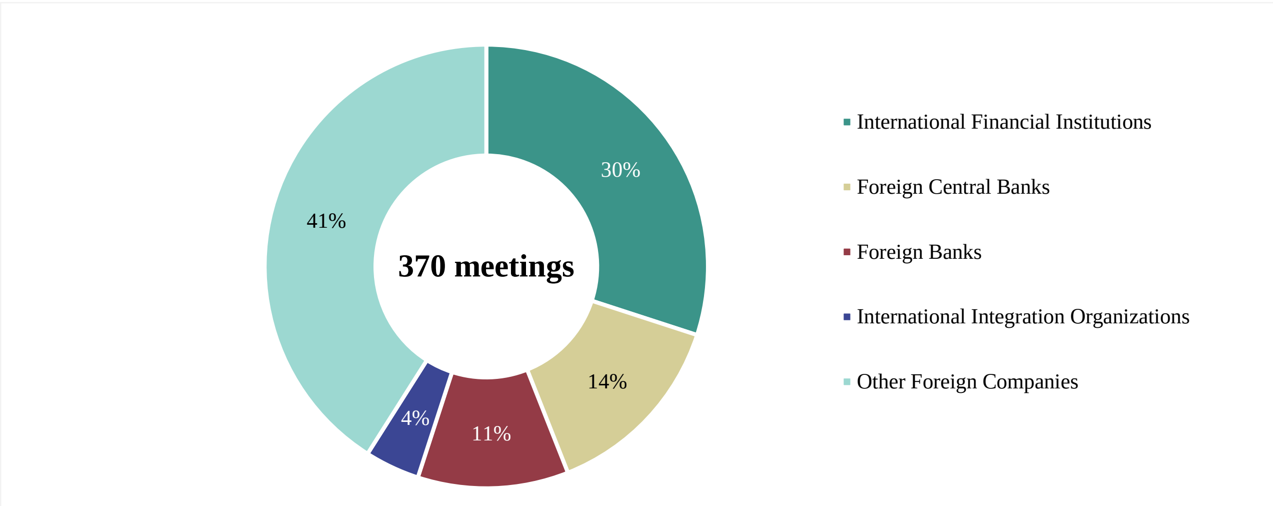
VII. INTERNATIONAL RELATIONS AND COOPERATION

In 2024, the Central Bank continued to expand its international engagement aimed at strengthening its priority areas, including monetary policy, payment systems, foreign reserve management, financial stability, financial literacy and inclusion, human resource development, and the establishment of a regulatory framework for Islamic finance. Throughout the reporting year, a wide range of measures were undertaken to deepen cooperation with international financial institutions, foreign central banks, and other international organizations.

Over the course of the year, nearly 370 meetings *(+18 percent compared to the previous year)* at various levels were held with international financial institutions, foreign central banks, and partner organizations, all directed toward advancing these strategic objectives.

Figure 7.1

Meetings held in 2024



Source: Central Bank.

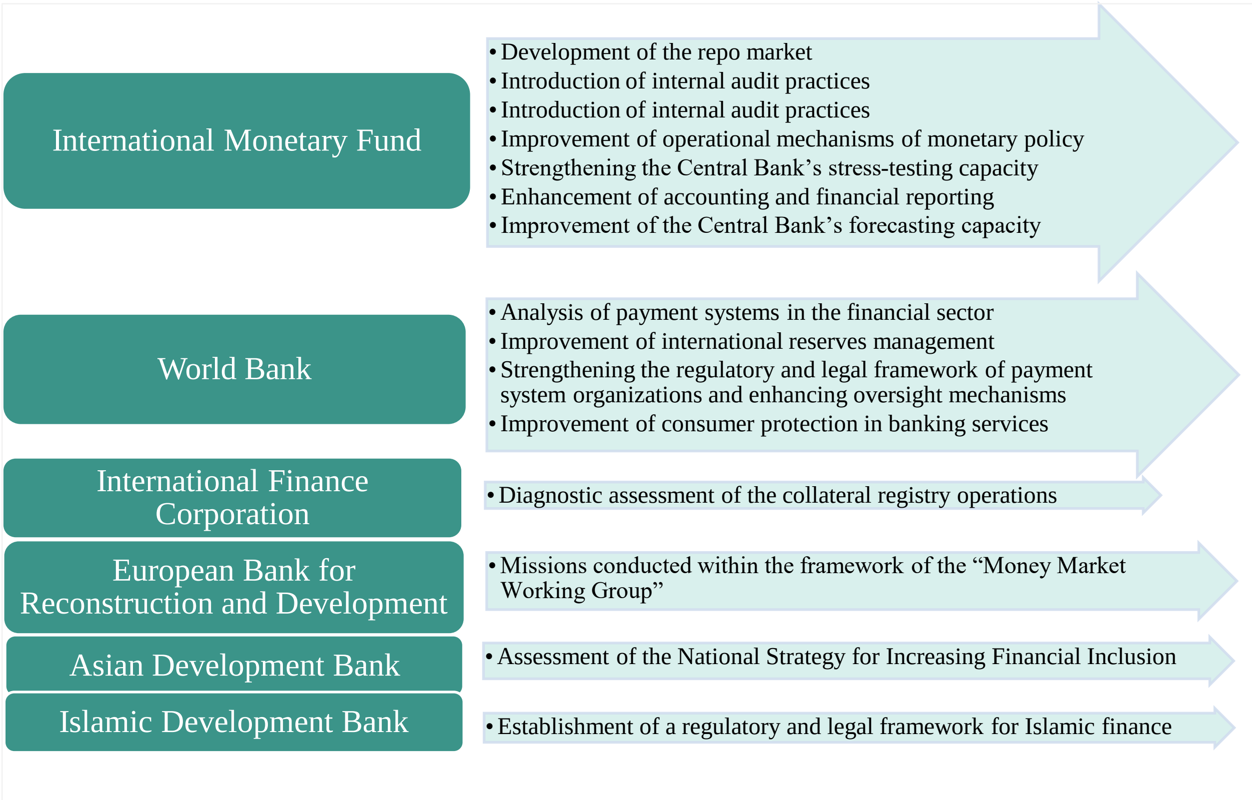
7.1. Cooperation with international financial institutions and foreign central banks

Throughout 2024, a total of 16 technical assistance missions and 6 advisory visits were organized by international financial institutions with the aim of further strengthening the operations of the Central Bank and ensuring the effective implementation of its mandated functions.

These technical assistance programs were directed toward enhancing the Central Bank’s capacity in the areas of monetary policy, internal audit, consumer protection in financial services, payment systems, foreign reserve management, Islamic finance, financial stability, financial literacy and inclusion, monetary operations, and the functioning of the collateral registry.

Figure 7.1.1

Technical assistance missions attracted by the Central Bank from international financial institutions in 2024



Source: Central Bank.

During the reporting year, the preliminary mission of the IMF–World Bank joint Financial Sector Assessment Program *(FSAP)* was received. The mission provided initial assessments on the role of the state in the economy, the compliance of banking supervision with the Basel Core Principles, the level of non-performing loans, and the outcomes of stress testing for evaluating banking sector resilience.

The IMF's mission to Uzbekistan was coordinated within the **framework of Article IV consultations and interim missions**, during which meetings were held with representatives of various government agencies and senior authorities. The discussions focused on current macroeconomic conditions, fiscal policy, financial sector stability, structural reforms, and external sector statistics. Following the consultations, the IMF published its corresponding reports.

During the **IMF and World Bank Spring and Annual Meetings** held in Washington, D.C., follow-up was ensured on bilateral and multilateral agreements reached with international partners.

At the subsequent meeting of the IMF–World Bank **“Swiss Constituency”** held in **Tajikistan**, members exchanged views on macroeconomic developments and outlooks in constituency countries. Furthermore, preliminary agreement was reached to host the next **Constituency meeting in 2026 in the city of Samarkand, Uzbekistan.**

Senior officials of central banks from the **“Swiss Constituency”** also participated in **regional conferences** held in **Austria** and **Kazakhstan**, where monetary policy decision-making, inflation dynamics, and issues related to strengthening regional cooperation were discussed, leading to several new agreements.

Within the framework of the first phase of the reform matrix envisaged under **the Asian Development Bank’s *(ADB)* Inclusive Finance Sector Development *Program*,** the Central Bank ensured the implementation of **nine** tasks assigned to it. In addition, **eleven** tasks under the second phase of the reform matrix—primarily related to enhancing financial inclusion and developing microfinance services—were designated for the Central Bank, with agreement reached to complete their implementation by July 2025.

In addition, with the support of the **ADB**, preliminary measures were agreed to engage **a full-time international expert** to support the reform of **microfinance institutions** in accordance with international principles.

Meetings were held with experts from the **European Bank for Reconstruction and Development** to advance cooperation on **women’s entrepreneurship development, risk management, supply-chain and trade finance.** The Central Bank also hosted **international conferences and seminar-trainings** for specialists of public and private financial institutions operating in the banking and financial sector.

During the reporting year, cooperation with foreign central banks was expanded in line with the needs of the Central Bank’s structural units, and a series of activities were undertaken to enhance staff’s practical skills through international experience-sharing.

Throughout the year, more than **20** foreign central banks engaged in written communications, online meetings, and reciprocal visits at both leadership and expert levels, aimed at exchanging experience.

23 leadership-level visits were conducted to **central banks** in **17** countries **across the region**, during which pressing issues related to monetary policy, banking and payment-system supervision, as well as cybersecurity, were discussed, resulting in **31** agreements reached following these visits.

As a result, Central Bank specialists gained valuable opportunities for professional development and hands-on learning. In particular, during the year, **9** study visits were conducted to foreign central banks, including:

– to the National Bank of Kazakhstan to study digital currency, human resource management, and balance of payments compilation and forecasting;

– to the Swiss National Bank to study monetary policy and balance of payments statistics;

– in the areas of improving the legal framework, payment systems, cybersecurity, and internal audit, study visits were conducted to the Bank of Russia;

– in the areas of microfinance, payment systems, and fintech, study visits were organized to the Central Bank of Azerbaijan.

In addition, 10 **knowledge-exchange events** were held at the Central Bank with the participation of experts from foreign central banks, including:

– joint research seminars with **the Bank of Korea** under the annual Knowledge Sharing Program, covering payment systems and international reserves management;

– a training seminar for specialists of **the National Bank of Tajikistan** on financial inclusion, gender equality, payment systems, and consumer protection in financial services;

– the next technical assistance mission of OGResearch *(Czech Republic)*, organized with the support of **the Swiss National Bank**, on “Developing a Dynamic Stochastic General Equilibrium *(DSGE)* Model for a Central Bank”;

– joint sessions with representatives of **the National Bank of Georgia, the Bank of Russia, and the National Bank of Kazakhstan** on staff performance assessment and the introduction of KPI systems;

– consultations with Bank of Russia experts on further enhancing banking supervision, project management, and process management;

– technical exchanges with the National Bank of Kazakhstan on International Financial Reporting Standards *(IFRS);*

– participation of representatives from the central banks of Kazakhstan and the Kyrgyz Republic in **the Central Asia Microfinance Summit** held in Samarkand.

A number of **international documents were signed** in 2024 with foreign central banks in order to ensure the effective fulfillment of banking-sector tasks and to establish a legal framework for mutual information exchange.

In particular, **5** international documents were concluded in the areas of bank supervision and combating money laundering and the financing of terrorism, including:

– an agreement with the National Bank of the Republic of Tajikistan on the supervision of credit institutions, and an agreement with the National Bank of Kyrgyzstan on bank supervision and on combating money laundering and the financing of terrorism;

– a Memorandum of Understanding on cooperation with the Central Bank of Azerbaijan;

– a memorandum on the establishment of the Council of Central *(National)* Banks of the member states of the Organization of Turkic States, signed in Kyrgyzstan.

7.2. Cooperation with international rating agencies and other financial institutions

In 2024, practical engagement with international rating agencies focused primarily on discussing the authorities' efforts in a wide range of areas, including the country's accession to the World Trade Organization *(WTO)*, overall macroeconomic conditions, external sector statistics, and the orientation of monetary policy.

During the year, issues within the Central Bank's remit were also reviewed in the context of multilateral cooperation with international integration organizations — particularly **the Shanghai Cooperation Organization *(SCO)*, the Commonwealth of Independent States *(CIS)*, the Organization of Turkic States *(OTS)*** — as well as in the process of the country's accession to **the WTO**.

In particular, representatives of the Central Bank took part in a total of **16** meetings and sessions held with these organizations, and the Central Bank submitted its opinions on **9** draft international documents received for review.

In addition, throughout 2024, the Central Bank ensured the implementation of **61** action points within the roadmaps assigned to it under **38** government instructions arising from **high-level and official visits** to foreign countries.

In 2024, within the framework of Uzbekistan's accession to **the World Trade Organization** *(WTO)*, the Central Bank:

– received a total of **16** questions from **the United States, the European Union, the United Kingdom, Switzerland, the Philippines, Indonesia, and Russia** in the course of bilateral negotiations, and provided detailed explanations and written replies in line with the existing banking legislation;

– participated as part of the government delegation in the 8th meeting of the Working Party on the country's accession to the WTO in **Geneva**, ensuring that comprehensive responses were provided to **14** relevant questions raised by WTO member states;

– set out the final position on issues within the Central Bank's mandate, including the authorization of branches of foreign banks in the country, during negotiations held in Washington with representatives **of the U.S. Department of Commerce** on WTO accession;

– participated online in the 9th meeting of the Working Party on the country's accession to the WTO, and during the discussions provided detailed clarifications on **two** questions raised by representatives of **the United States and the European Union.**

Within the framework of Uzbekistan's participation in **the Shanghai Cooperation Organization** *(SCO)*, a total of **eight** expert-level discussions were held throughout the year, and the Central Bank provided its conclusions on **three** draft documents falling within its mandate.

In particular:

– the Central Bank submitted its views on the implementation of the relevant provisions of the Roadmap concerning the gradual increase in the share of **national currencies in mutual settlements** among member states;

– the Central Bank provided its assessments on the draft **Agreement and Concept for the establishment of the SCO Investment Fund**, as well as on the draft **Astana Declaration** prepared as an outcome document of the upcoming SCO Summit.

Within the framework of Uzbekistan's participation **in the Commonwealth of Independent States** *(CIS)*, **three** expert-level discussions were held during the year, and the Central Bank submitted its conclusions on **four** documents within its competence.

Specifically, the Central Bank provided its opinions on the draft **Action Plan for the implementation of the first and second phases** *(2026–2030)* of the CIS Economic Development Strategy until 2030, as well as on the information concerning **the regulatory regime in the field of banking regulation and supervision** in Uzbekistan, to be incorporated into the CIS Executive Committee's annual report prepared based on 2023 results.

Within the framework of Uzbekistan's participation in **the Organization of Turkic States** *(OTS)*, a total of **three** expert-level consultations were held during the year, and **two** documents were reviewed from the perspective of the Central Bank's mandate. In particular:

– the draft **Agreement** on Cooperation in the Field of **Digital Economy** among the OTS member states;

– the **draft Memorandum** on the Establishment of the Council of Central *(National)* Banks of OTS Member States, for which the Central Bank's official opinions were provided.

In addition, in 2024 the participation of Central Bank representatives was ensured in the meetings of the **Intergovernmental Joint Commissions** with Pakistan, Malaysia, and Russia.

Specifically, with the **Russian side**, the Central Bank submitted its opinions on **eight documents** during the year, and held more than **ten** meetings.

These included discussions within:

– the meetings of the **Sub-commission** on Cooperation in Finance and Banking between the Russian Federation and the Republic of Uzbekistan, and the meetings of the **Intergovernmental Commission** on Economic Cooperation, held in Moscow, where issues related to cooperation in the financial and banking sectors were discussed at both the leadership and expert levels.

At the same time, **the Central Bank's** leadership ensured its online participation in **the Plenary Meeting of the Network for Greening the Financial System *(NGFS)*** dedicated to enhancing the environmental sustainability of financial systems by central banks and supervisory authorities.

The **"WE-Finance Code"** *(Financial Code for Women Entrepreneurs)* was introduced **at the Central Bank**, and an event dedicated to supporting women and discussing the related initiatives was held with the participation of representatives from international organizations *(EBRD, ADB, WE-Finance Code Secretariat).*

The Central Bank became a member of **the Basel Consultative Group *(BCG)*** established under the Basel Committee on Banking Supervision *(BCBS).*

Furthermore, the Central Bank accredited the representative office of the **Export–Import Bank of China**, and extended the accreditation certificate of the **Korea Export–Import Bank** representative office.

VIII. HUMAN RESOURCES MANAGEMENT, CAPACITY DEVELOPMENT, INTERNAL CONTROL, AND RESEARCH ACTIVITIES

8.1. Organizational structure

The organizational structure of the Central Bank consists of the central office — comprising **29** departments, **4** services, **1** center, and **2** divisions — as well as 14 regional main branches located in the Republic of Karakalpakstan, the regions, and the city of Tashkent, in addition to **5** subsidiary enterprises.

As of January 1, 2025, a total of 2,183 employees and specialists are employed at the Central Bank's central office and its regional main branches in the Republic of Karakalpakstan, the regions, and Tashkent city, while an additional 2,264 employees and specialists work within the Bank's subsidiary enterprises.

8.2. Developing the human resources management system

In 2024, the human resources management system placed primary emphasis on creating a supportive working environment, recruiting young specialists with modern and forward-looking perspectives, and continuously enhancing staff knowledge and skills through various training seminars organized abroad.

Specifically, recruitment for vacant positions in the Central Bank's headquarters and regional branches was conducted through open competition. Interviews were held with the participation of an expert group composed of experienced Central Bank specialists and broadcast on the YouTube platform, thereby ensuring impartiality, transparency, and equal opportunities for all candidates.

Regular cooperation has been established with leading higher education institutions to fill existing vacancies at the Central Bank. Information on vacancies is posted on the Central Bank's website and social media channels. This practice has also been implemented across institutions under the Central Bank's supervision.

In 2024, nearly 13,000 applications for employment at the Central Bank and its regional branches were received via the Telegram bot. Of these, 4,217 candidates were recommended to proceed to the testing stage, and 323 candidates who successfully passed the required stages were invited for interviews. As a result, a total of 92 candidates were hired.

Within the framework of **the "Special Scholarship" program**, which has become a tradition at the Central Bank, a competition was held in 2024 among 405 talented students from the country's leading higher education institutions studying banking, economics, banking accounting, macroeconomics, statistics, and information technology. A total of **29 outstanding students** were awarded the Central Bank scholarship.

Practical training sessions were organized for scholarship recipients at the Central Bank, enabling them to acquire daily hands-on experience and adapt to the work environment. Each scholarship recipient was assigned a qualified mentor.

Based on the results of practical training in the 2023–2024 academic year, 8 out of 19 winners of the Central Bank’s special scholarship program were recommended by relevant structural units and subsequently hired.

8.3. Activities implemented in staff training and professional retraining

Given the critical role of highly capable and skilled personnel in delivering the Central Bank’s strategic objectives, a set of measures was undertaken in 2024 to enhance staff members’ professional knowledge and strengthen their practical competencies.

In particular, 201 managers and employees of the Central Bank’s headquarters *(an 8 percent increase compared to the previous year)*, as well as 7 employees from regional main departments, gained opportunities to improve their theoretical and practical skills through capacity-building programs organized by international financial institutions.

During the reporting period, foreign partners organized 129 training activities abroad for Central Bank employees, including 88 training courses, 23 seminars, 17 study-visit programs, and 1 long-term training program.

Of the 129 events organized by foreign central banks, international financial institutions, and other organizations, 30 were dedicated to monetary and macroeconomic policy, 18 to the regulation and supervision of credit institutions, 10 to international reserves management, 10 to financial technologies, 9 to information technology, cybersecurity, and data management, 9 to macroprudential policy, 8 to the green economy and sustainable development, and 35 to other areas.

It is noteworthy that 72 percent of the 129 foreign training events attended by Central Bank staff in 2024 were fully financed by partner organizations, 20 percent were partially financed, and 8 percent were fully financed by the Central Bank.

During the reporting period, **187** employees of the Central Bank participated in **40** online training events organized by the World Bank, the central banks of Russia, Türkiye, and Kazakhstan, as well as international financial institutions, in the areas of credit institution regulation and supervision, information technologies, cybersecurity and data management, monetary and macroeconomic policy, and managerial skill development for senior staff.

At the same time, 15 employees of the Central Bank's Main Department of the Republic of Karakalpakstan enhanced their qualifications at the Center for Training and Professional Development in the Fundamentals of Official Correspondence in the State Language, through courses on "Standards of Uzbek and Karakalpak Literary Languages and Conducting Official Correspondence in the State Language."

During 2024, 40 employees from the Central Bank's central office and regional main departments participated in short-term courses organized by the Lawyers' Professional Development Center under the Ministry of Justice.

As of January 1, 2025, a total of **86** Central Bank employees *(including 50 managers and 36 specialists)* hold foreign master's degrees; **26** employees have graduated from the Academy of Public Administration under the President of the Republic of Uzbekistan; and **160** employees have graduated from the Bank–Finance Academy.

Of the **86** employees holding foreign master's degrees, **40** studied in Japan, **20** in the United Kingdom, **8** in Korea, and **18** in other foreign countries in fields such as public policy, economics, finance and banking, MBA programs, and international management.

Currently, **17** employees of the Central Bank are enrolled in master's programs at universities in Japan, the United States, the United Kingdom, Germany, and Spain; **2** employees are enrolled in doctoral *(PhD)* programs; **38** employees are studying at the Bank–Finance Academy; and **5** employees are studying at the Higher School of Business and Entrepreneurship.

It should be noted that all training materials related to both foreign and in-house training programs conducted by the Central Bank are systematically uploaded to the knowledge base of the Central Bank's information portal.

8.4. Enhancing monetary and financial statistics

In 2024, efforts continued to compile financial system statistics, align them with international standards, and expand the scope of published statistical data.

Specifically, the **Review of Other Financial Corporations** and the **Review of Financial Corporations *(Financial System)*** for the Republic of Uzbekistan were introduced for periodic publication on the Central Bank's official website, on the national Open Data Portal, as well as on the IMF's enhanced General Data Dissemination System *(e-GDDS)* and the International Financial Statistics *(IFS)* platforms.

The regular compilation and publication of these new reviews will provide comprehensive statistical information on the development of Uzbekistan's financial system, thereby supporting international financial institutions, foreign investors, and business entities in making long-term strategic decisions.

In addition, the statistical data published on the IMF's Financial Access Survey *(FAS)* platform — which reflects the coverage and inclusiveness of countries' financial systems — were further expanded. Historical time-series data were fully reconstructed and uploaded to the platform.

In 2024, under the IMF Article IV Consultation Report's "Assessment of Data Adequacy for Surveillance", the quality of monetary and financial statistics was assessed as overall "B", meaning that the data submitted to the IMF were deemed **"adequate for surveillance"**.

Within this overall rating, the sub-ratings were as follows: **coverage of data-**"B"; **periodicity and timeliness**-"A"; **range of data categories**-"A/B".

Work has been initiated, in cooperation with IMF experts, to raise the overall "B" rating to "A", and a corresponding action plan has been developed.

In addition, experts from the United Nations Economic Commission for Europe, Eurostat, and the European Free Trade Association conducted an assessment of the processes for compiling, maintaining, and disseminating monetary and external sector statistics — specifically reviewing the regulatory framework, data sources, and the degree of alignment of methodologies with international standards and norms. The assessment resulted in a positive conclusion.

8.5. Analytical and research activities of the Central Bank

During the reporting year, analytical and research efforts primarily focused on examining the rising uncertainties in the global economy driven by emerging phenomena, identifying factors influencing inflation, ensuring financial stability in the country, and assessing various macroeconomic issues related to domestic and external economic developments.

In particular, in 2024, more than 15 fundamental studies were conducted on inflation and prices, financial markets, external economic activity and the global economy, specific sectors of the domestic economy, and the informal economy. The findings of these studies are being used to support decision-making in the areas of monetary, foreign exchange, and banking supervision policies.

Given the necessity to thoroughly analyze inflation drivers and to design an effective monetary policy aimed at containing inflation, analytical work continues on decomposing changes in **consumer prices in Uzbekistan into demand-side and supply-side factors.**

According to the results of this research, the current contributions of demand and supply factors to **overall inflation** are as follows:

demand factors — **49.3** percent, supply factors — **50.7** percent;

in **food price** inflation, demand factors — **49.7** percent, supply factors — **50.3** percent;

in **non-food price** inflation, demand factors — **51.5** percent, supply factors — **48.5** percent;

in **services** inflation, demand factors — **44.7** percent, supply factors — **55.3** percent.

These research results, in turn, make it possible to assess the effectiveness of the economic measures implemented, manage inflation expectations, and mitigate risks associated with increases in consumer prices.

In addition, **the non-accelerating inflation rate of unemployment *(NAIRU)***, which is of significant importance in forming macroeconomic policy and serves as a basis for analyzing the relationship between unemployment and inflation, was estimated.

Assessing the NAIRU level, in turn, provides the opportunity to take timely measures aimed at mitigating inflationary pressures arising from fluctuations in the labor market.

Furthermore, **elasticity analysis of demand for imports and exports of goods and services** was conducted, in which all goods and services were analyzed by dividing them into elastic and inelastic groups, and the extent to which exchange rate fluctuations of the soum affect export and import volumes under these conditions was examined.

When analyzing changes in the price elasticity of demand for imported goods, it was identified that in 2023, the share of goods classified as elastic decreased by 3.7 percentage points compared to 2022, reaching 40.7 percent, while the shares of inelastic and non-permanent goods increased by 2.3 percent and 6.0 percent, respectively.

At the same time, based on the 2023 data, it was concluded that an additional 10-percent devaluation of the exchange rate *(against the US dollar)* could reduce the volume of goods imports by 1.3 percentage points and increase non-gold exports by 2.1 percentage points during this period.

During the research process, special attention was also devoted to assessing the degree of dependence on major raw-material products with the aim of increasing the country’s export potential, as well as analyzing opportunities for diversifying export goods.

In 2024, an analysis of **dependence on raw-material exports and diversification of export goods** was carried out, and the impact of dependence on specific export product types on the national economy was studied.

In addition, research was conducted on how fluctuations in agricultural product **prices affect the profits of producer households**, specifically the impact of declining agricultural product prices on the income of farmers and the part of the population employed in this sector.

Alongside the above-mentioned studies, research was conducted on various internal and external macroeconomic conditions, including:

– assessing the effectiveness of macroeconomic policies implemented in the country;

– evaluating the impact of emerging global economic trends — such as demographic changes, geopolitical developments, and fragmentation processes — on the national economy;

– studying numerous issues related to ensuring the stable functioning of systems amid the expansion of new innovative services in the banking and payment-system markets.

The results of these studies were actively used in the process of economic decision-making.

Furthermore, in order to obtain rapid indicators of economic activity as an alternative to official statistics, the “Economic Activity Index” and “Economic Expectations Index” are being formed through surveys conducted among real-sector enterprises.

8.6. Internal audit and compliance control service activities

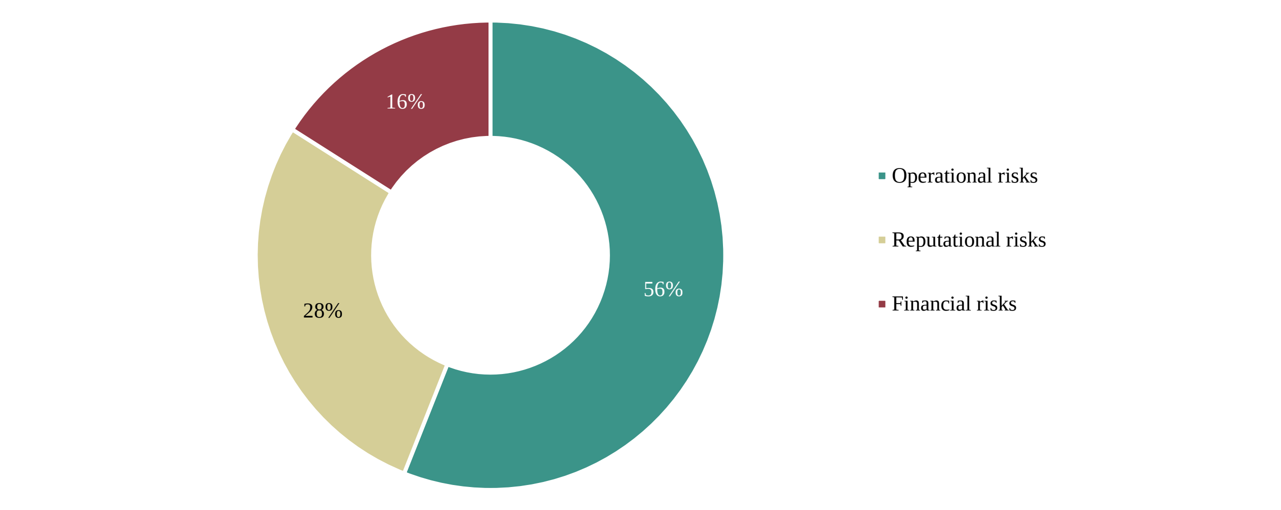
In 2024, work continued on improving the Central Bank’s internal control system in accordance with advanced international practices and standards, with the main focus placed on introducing a risk management system and risk-based internal audit into the Central Bank’s operations.

Specifically, during the reporting year, in line with the “Action Plan for Implementing a Risk Management System at the Central Bank for 2024–2026,” operational, reputational, and financial risks were assessed on the basis of an analysis of work processes related to the Central Bank’s activities, and the Central Bank’s Risk Register was developed.

By the relevant decision of the Central Bank’s Board, an action plan aimed at reducing the impact of these risks on the Central Bank’s activities and lowering their likelihood of occurrence was approved, and measures are currently being taken to ensure its implementation.

Figure 8.6.1

Decomposition of risk types related to the activities of the Central Bank



Source: Central Bank.

In addition, during the reporting year, the main objectives and tasks in the field of risk management at the Central Bank, the principles of risk management, the acceptable levels of risks for the Central Bank, as well as the key processes and organizational structure of risk management were defined within the framework of the **"Risk management policy of the Central Bank of the Republic of Uzbekistan".**

To organize risk management activities based on leading international experience, the Central Bank became a member of **the International Operational Risk Working Group *(IORWG)*** during the reporting year. Within the framework of this membership, international best practices will serve as the basis for further improving the Central Bank's Risk Register and risk management mechanisms.

In turn, in introducing **risk-based internal auditing** at the Central Bank, the functions and responsibilities of the internal audit service were aligned with the requirements of the International Standards for **the Professional Practice of Internal Auditing** *(GIAS)*, based on the recommendations of the International Monetary Fund.

In this regard, the primary objective of the internal audit service was defined as providing the Central Bank's Board and management with impartial, risk-based information concerning the performance of tasks and functions assigned to structural units, the effectiveness of risk management and internal control systems, and the safeguarding of assets.

Risk-based internal audit, unlike traditional internal audit, serves to further enhance the efficiency of the institution's operations by preventing potential problems and deficiencies that may arise in the execution of the organization's tasks and functions, as well as by eliminating shortcomings and vulnerabilities.

In the reporting year, in accordance with the requirements of the International Standards for the Professional Practice of Internal Auditing *(GIAS)*, **a plan for organizing internal audit for 2025–2027** was approved, which envisages conducting a full audit of the effectiveness of risk management processes related to the Central Bank's activities within a three-year internal audit cycle.

This audit plan was developed based on the criteria for assessing risks in the Central Bank's operations, and the list of structural units *(audit objects)* to be audited, along with the audit timelines, was formed considering the level of materiality and relevance of risks in their activities.

In accordance with this audit plan, starting from 2025, through the implementation of audit activities, the effectiveness, adequacy, and execution status of the measures taken to mitigate risks associated with the Central Bank's operations will be regularly assessed. Where necessary, risks will be re-evaluated, and recommendations for further improving risk management will be provided.

Additionally, the **"Program for ensuring and improving the quality of internal audit in the Central Bank"** was adopted, aimed at assessing the compliance of the Central Bank's internal audit function with international standards.

In accordance with this Program, starting from 2025, the methodological approaches of internal audit activities conducted at the Central Bank — as well as the processes of conducting audits, documenting their results, and monitoring audit recommendations — will undergo annual internal assessments and external assessments once every five years.

During the reporting period, with the involvement of the next round of technical assistance from the International Monetary Fund, the knowledge and practical skills of employees of the Central Bank's internal audit service and other structural units on risk management and risk-based internal audit continued to be strengthened.

The scope of remote internal audits of the activities of the Central Bank's regional main administrations was further expanded. Specifically, while 30 percent of audit procedures for regional main administrations were conducted remotely in 2023, this indicator increased to 70 percent in 2024.

The remote audit method not only significantly reduces the costs associated with conducting audits but also enables a broader review of documents related to the activity of the audited entity and more effective supervision of the audit process, thereby contributing to improved quality of internal audit procedures.

During the reporting year, a number of measures were also implemented to enhance the effectiveness of efforts aimed at **preventing corruption** within the Central Bank system.

In addition, the annual conflict-of-interest declarations of employees of the Central Bank's central office, regional main departments, and subordinate enterprises were analyzed, and a **"Conflict of Interest Register"** was formed for the Central Bank system. Measures to prevent the occurrence of conflict-of-interest situations were implemented on an ongoing basis.

In 2024, the Central Bank concluded a total of **180** contracts based on tenders, competitive selections, and direct procurement agreements. During the procurement processes related to these contracts, reviews were conducted to prevent **affiliation, conflicts of interest, and other corruption-related risks** among participating entities.

Furthermore, during the reporting period, information on **105** candidates was reviewed for the purpose of preventing corruption risks in recruitment to the Central Bank. In particular, the review focused on candidates' potential conflicts of interest, their conduct at previous workplaces, integrity and impartiality in performing assigned duties, and the presence of any information indicating involvement in corrupt practices.

In accordance with the restrictions and prohibitions established for public officials under the Law of the Republic of Uzbekistan **"On Conflict of Interest",** the Central Bank introduced a practice of monitoring — through open data sources — whether Central Bank employees and job applicants **engage in entrepreneurial activity** or **hold shares in institutions** under the supervisory authority of the Central Bank.

In cooperation with the Law Enforcement Academy, **1,992** managerial staff members of the Central Bank **completed a distance learning course** via a dedicated electronic platform on the topic "Identifying, addressing, and preventing conflicts of interest."

In collaboration with the Anti-Corruption Agency, informational materials *(table tents, brochures, calendars)* explaining **the legislative requirements related to conflicts of interest** were prepared for Central Bank employees and distributed accordingly.

Additionally, corruption-related risk factors associated with the statutory responsibilities and additional functions assigned to the Central Bank under **legislative acts were assessed through the E-anticor.uz platform.**

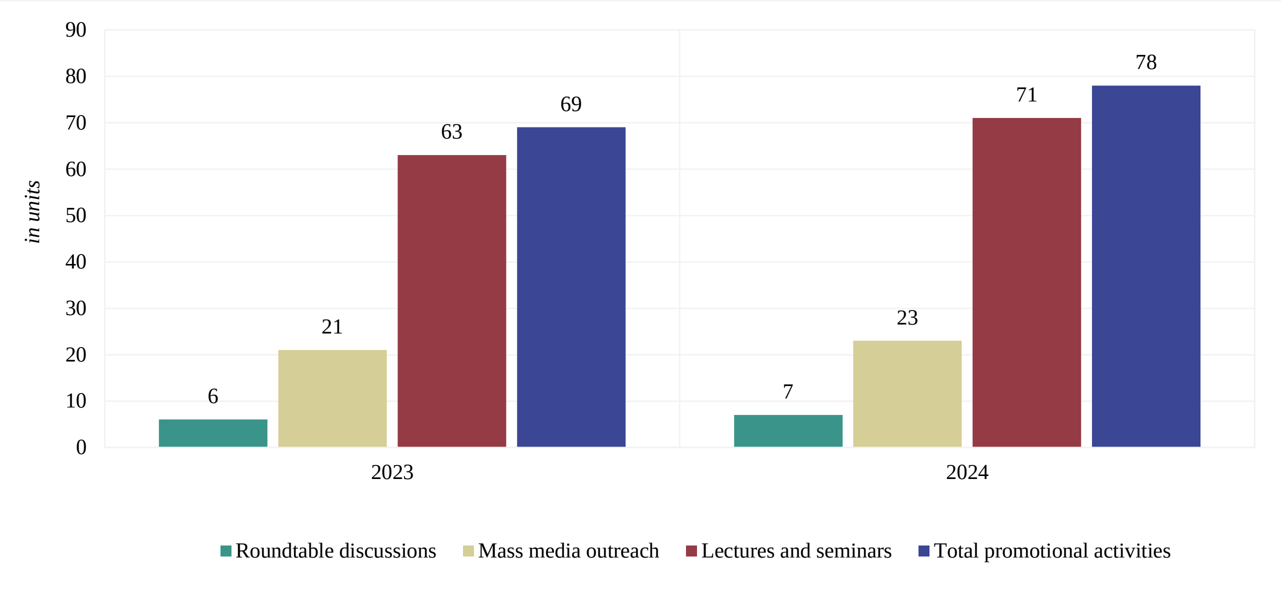
A total of **78** roundtable discussions and training seminars *(6 at the Central Office, 50 at regional main branches, and 22 at subordinate enterprises)* were organized to prevent corrupt practices within the Central Bank system, eliminate underlying causes contributing to such actions, and strengthen employees' legal awareness.

Furthermore, during the reporting year, inspections were conducted in all regional main branches and subordinate enterprises of the Central Bank to assess the implementation of tasks specified in anti-corruption regulations.

During these inspections, training seminars were held to familiarize employees with the essence and requirements of legislation on combating corruption and the Central Bank's internal regulatory acts. Preventive discussions, test assessments, and anonymous surveys were conducted with employees.

Figure 8.6.2

Number of anti-corruption training and awareness-raising events conducted in the Central Bank System in 2023–2024



Source: Central Bank.

During the reporting year, no cases were identified in which employees of structural units committed corruption-related offenses or violated ethical conduct requirements.

In addition, in order to align the regulatory framework in the area with the international standard ISO 37001 on Anti-Corruption Management Systems, the practice titled "Procedures for Accepting Gifts and Hospitality, Gift Valuation, and Disposal Rules by Employees of the Central Bank System in Connection with Their Employment Duties" was introduced into operation.

This document strictly prohibits employees of the Central Bank system from accepting any form of gift or hospitality from entities supervised by the Central Bank or from counterparties under commercial contracts.

Based on the results of the reporting year, the anti-corruption system implemented within the Central Bank was assessed as compliant with high performance requirements under the Anti-Corruption Performance Rating Framework.

IX. APPENDICES

Table 1

Macroeconomic indicators of the Republic of Uzbekistan*

(at current prices)

Indicators	2024	
	Volume, *in billions of UZS*	Real growth, *%*
Gross domestic product (GDP)	**1,454,573.9**	**6.5%**
Industrial output	885,818.9	6.8%
Gross agricultural output	467,041.5	3.1%
Investments in fixed capital	493,652.0	27.6%
Construction output	233,832.9	8.8%
Retail trade turnover	403,431.8	9.9%
Total services	818,428.3	12.9%
Foreign trade turnover (USD million)	65,934.0	3.8%
Exports (USD million)	26,948.2	8.4%
Imports (USD million)	38,985.8	0.8%
Foreign trade balance (USD million)	-12,037.6	x

* Preliminary data of National Statistics Committee

Table 2

Information on export and import operations with Uzbekistan's main trading partner countries in 2024*

Countries	Foreign trade turnover		Export		Import	
	in millions of USD	Share, %	*in millions of USD*	Share, %	*in millions of USD*	Share, %
Total	**65 934.0**	**100.0%**	**26,948.2**	**100.0%**	**38,985.8**	**100.0%**
including:						
China	12,486.7	18.9%	2,054.9	7.6%	10,431.8	26.8%
Russia	11,630.3	17.6%	3,682.9	13.7%	7,947.3	20.4%
Kazakhstan	4,277.8	6.5%	1,452.3	5.4%	2,825.5	7.2%
Türkiye	2,937.3	4.5%	1,169.3	4.3%	1,768.0	4.5%
Korea	2,000.6	3.0%	39.9	0.1%	1,960.8	5.0%
Germany	1,213.9	1.8%	97.5	0.4%	1,116.5	2.9%
Turkmenistan	1,148.2	1.7%	128.2	0.5%	1,020.0	2.6%
Afganistan	1,134.3	1.7%	1,089.3	4.0%	44.9	0.1%
France	1,131.3	1.7%	795.1	3.0%	336.2	0.9%
India	980.4	1.5%	126.8	0.5%	853.6	2.2%
USA	881.7	1.3%	317.4	1.2%	564.3	1.4%
Kyrgyzstan	846.4	1.3%	513.3	1.9%	333.1	0.9%
Tajikistan	702.7	1.1%	552.2	2.0%	150.5	0.4%
UAE	649.7	1.0%	249.6	0.9%	400.1	1.0%
Brasil	589.4	0.9%	163.3	0.6%	426.2	1.1%

* Based on data from National Statistics Committee

Table 3

Number of structural divisions of credit institutions of the Republic of Uzbekistan

	01.01.2024	01.01.2025
1. Credit organisations, total*	**204**	**229**
including:		
Commercial banks, of which:	**35**	**36**
Banks with state ownership	10	9
Other banks	25	27
Non-bank credit organizations, of which:	**169**	**193**
MFIs	84	100
Pawnshops	84	92
Mortgage Refinancing Company	1	1
2. Branches of commercial banks, total	**696**	**288**
3. Banking service centers (service offices and mini-banks)	**1,816**	**1,720**
4. 24/7 Self-service points	**3,723**	**4,447**

* There are no branches of commercial banks and non-bank credit organizations located abroad

Table 4

Main performance indicators of commercial banks of the Republic of Uzbekistan

(as of January 1, 2025)

in billions of UZS

Banks	Assets		Loan portfolio		Capital		Deposits	
	sum	share, *in %*	sum	share, in %	sum	share, in %	sum	share, in %
Total	**769,330**	**100.0%**	**533,121**	**100.0%**	**114,792**	**100.0%**	**308,692**	**100.0%**
Banks with state ownership	503,187	65.4%	366,731	68.8%	70,175	61.1%	154,511	50.1%
Other banks	266,143	34.6%	166,391	31.2%	44,617	38.9%	154,181	49.9%

Table 5

Key Performance Indicators of Commercial Banks in the Republic of Uzbekistan

in billions of UZS

Indicators	01.01.2024			01.01.2025			Nominal growth (decline), %	Real growth (excluding devaluation effect), %
	Total	of which, in foreign currency	Share, %	Total	of which, in foreign currency	Share, %		
Assets	652,157	291,791	44.7%	769,330	316,440	41.1%	18.0%	15.8%
Loan portfolio	471,406	212,036	45.0%	533,121	228,718	42.9%	13.1%	10.9%
Deposits	241,687	72,171	29.9%	308,692	77,458	25.1%	27.7%	26.3%
Capital	97,079	395	0.4%	114,792	413	0.4%	18.2%	18.2%

Table 6

Relative indicators of the banking system of the Republic of Uzbekistan

in billions of UZS

Indicators	01.01.2024			01.01.2025		
	Total	including:		Total	including:	
		banks with state ownership	other banks		banks with state ownership	other banks
Ratio of Assets to Liabilities, %	**117.5%**	**116.7%**	**119.3%**	**117.5%**	**116.2%**	**120.1%**
Assets	652,157	441,562	210,595	769,330	503,187	266,143
Liabilities	555,078	378,483	176,595	654,538	433,012	221,526
Ratio of Loans to Deposits, %	**195.0%**	**268.1%**	**117.7%**	**172.7%**	**237.3%**	**107.9%**
Loans	471,406	333,219	138,186	533,121	366,731	166,391
Deposits	241,687	124,305	117 ,81	308,692	154,511	154,181

Table 7

Classification of Commercial Banks in the Republic of Uzbekistan by Capital Size

Indicators	Total		of which:													
			Up to UZS 100 billion		from UZS 100 to 200 billion		from UZS 200 to 350 billion		from UZS 350 to 500 billion		from UZS 500 billion to UZS 1 trillion		from UZS 1 to 2 trillion		UZS 2 trillion and above	
	Number of banks	Sum, *in billions of UZS*	Number of banks	Share, %	Number of banks	Share, %	Number of banks	Share, %	Number of banks	Share, %	Number of banks	Share, %	Number of banks	Share, %	Number of banks	Share, %
as of January 1, 2024																
Total capital	35	97,079	0	0.0%	4	0.7%	5	1.3%	4	1.9%	2	1.5%	6	8.1%	14	86.5%
including, authorized capital	35	68,643	0	0.0%	1	0.1%	10	3.4%	6	3.4%	4	3.3%	7	13.8%	7	75.9%
as of January 1, 2025																
Total capital	36	114,792	0	0.0%	3	0.4%	0	0.0%	2	0.8%	9	4.6%	7	8.8%	15	85.4%
including, authorized capital	36	83,666	0	0.0%	1	0.1%	2	0.5%	1	0.5%	18	12.2%	4	6.1%	10	80.6%

Table 8

Main performance indicators of banks of the Republic of Uzbekistan, grouped in terms of asset size

(as of January 1, 2025)

in billions of UZS

Indicators	Total		Categorization of commercial banks, ranked in terms of asset size							
			Up to UZS 3 trillion		From UZS 3 to 10 trillion		From UZS 10 to 30 trillion		UZS 30 trillion and above	
	Number of banks	Sum	Number of banks	Sum	Number of banks	Sum	Number of banks	Sum	Number of banks	Sum
Assets										
Assets	36	769,330.4	11	9,054.0	7	45,746.4	10	176,288.0	8	538,242.1
Loans	36	533,121.2	11	3,419.8	7	26,462.6	10	112,748.5	8	390,490.2
Loans to individuals	36	177,532.1	11	673.4	7	14,740.0	10	40,959.2	8	121,159.6
Loans to legal entities	36	355,589.1	11	2,746.5	7	11,722.7	10	71,789.3	8	269,330.6
Short-term loans	36	76,032.7	11	494.0	7	4,523.5	10	13,521.5	8	57,93.7
Long-term loans	36	457,088.5	11	2,925.8	7	21,939.1	10	99,227.1	8	332,996.5
Loans in national currency	36	304,403.2	11	3,100.2	7	19,626.3	10	72,390.5	8	209,286.1
Loans in foreign currency	36	228,718.0	11	319.6	7	6,836.3	10	40,358.0	8	181,204.1
Equity and financial results										
Total capital	36	114,792.4	11	4,637.6	7	8,400.9	10	27,568.0	8	74,185.8
Capital adequacy ratio, *in %*	36	0.2	11	0.5	7	0.	10	0.2	8	0.2
Net Profit	36	6,965.7	11	-191.2	7	1,554.0	10	3,513.8	8	2,089.1
Return on assets, *in %*	36	0.0	11	0.0	7	0.0	10	0.0	8	0,0
Return on equity, *in %*	36	0.1	11	-0.1	7	0.2	10	0.1	8	0,0
Liabilities										
Deposits of individuals	36	122,420.6	11	1,069.3	7	11,991.6	10	37,879.2	8	71,480.5
Deposits of legal entities	36	186,271.7	11	1,994.8	7	11,850.2	10	54,172.8	8	118,253.9

Table 9

Financial Soundness Indicators of banking system of the Republic of Uzbekistan

in billions of UZS

Indicators	December, 2023	December, 2024
Regulatory capital to risk-weighted assets, *%*	**17.5%**	**17.4%**
Total regulatory capital	105,914.5	124,793.2
Risk-weighted assets	603,944.6	718,557.1
Tier 1 capital to risk-weighted assets, *%*	**14.1%**	**14.3%**
Tier 1 capital	84,910.8	102,617.7
Risk-weighted assets	603,944.6	718,557.1
NPLs net of provisions to capital, *%*	**10.8%**	**10.1%**
Nonperforming loans net of provisions	10,515.5	11,556.7
Total regulatory capital	97,079.2	114,792.4
Nonperforming loans to total gross loans, *%*	**3.5%**	**4.0%**
Nonperforming loans	16,621.4	21,185.1
Total gross loans	471,405.5	533,121.2
Return on assets, *%*	**2.6%**	**1.4%**
Net income before taxes	15,155.2	9,654.5
Total assets (on average for the period)	593,184.7	703,257.9
Return on equity	**14.2%**	**6.6%**
Net income after taxes	12,380.0	6,965.7
Capital (on average for the period)	86,923.4	105,182.5
Interest margin to gross income, *%*	**40.8%**	**38.3%**
Interest margin	28,995.8	34,191.8
Gross income	71,049.6	89,311.8
Noninterest expenses to gross income, *%*	**46.2%**	**51.9%**
Noninterest expenses	32,836.1	46,334.7
Gross income	71,049.6	89,311.8
Liquid assets to total assets, *%*	**16.2%**	**18.7%**
Liquid assets	105,421.1	143,550.1
Total assets	652,157.1	769,330.4
Liquid assets to short-term liabilities, *%*	**37.1%**	**42.6%**
Liquid assets	105,421.1	143,550.1
Short-term liabilities	283,846.0	336,726.3
Tier 1 capital to assets, *%*	**14.9%**	**14.9%**
Tier 1 capital	97,079.2	114,792.4
Total assets	652,157.1	769,330.4

Table 10

Non-performing loans of commercial banks of the Republic of Uzbekistan

in billions of UZS

Date	of which:								
	Loans			Non-performing loans			Share of non-performing loans in total loans, *in %*		
	Total	Banks with state ownership	Other banks	Total	Banks with state ownership	Other banks	Total	Banks with state ownership	Other banks
01.01.2024	471,406	333,298	138,107	16,621	13,267	3,354	3.5%	4.0%	2.4%
01.01.2025	533,121	366,731	166,391	21,185	14,344	6,841	4.0%	3.9%	4.1%

Table 11

Profitability indicators of banking sector of the Republic of Uzbekistan

in billions of UZS

Income and expense of banking sector	01.01.2024	01.01.2025
Interest income	86,679.1	111,866.4
Interest expense	57,683.3	77,674.6
Interest margin	**28,995.8**	**34,191.8**
Non-interest income	42,053.7	55,120.0
Non-interest expense	13,272.8	22,619.3
Operating expense	19,563.3	23,715.4
Non-interest income (loss)	**9,217.6**	**8,785.3**
Allowance for probable loan and leases losses	18,413.1	25,939.3
Valuation of non-credit losses	4,645.1	7,383.2
Net profit (Loss) before Tax	15,155.2	9,654.5
Expense regarding income tax	2,775.2	2,690.2
Profit adjustments	0.0	1.4
Net profit (loss)	**12,380.0**	**6,965.7**

Profitability indicators of banking sector	2023-yil	2024-yil
Return on assets (ROA)	2.6%	1.4%
Return on equity (ROE)	14.2%	6.6%
Ratio of net interest income to total assets	4.4%	4.4%
Ratio of net interest income from loans to total loans	6.2%	6.4%
Ratio of net interest income to total liabilities	5.2%	5.2%
Ratio of net interest margin to total assets	4.9%	4.9%

Table 12

Capital adequacy indicators of the banking system of the Republic of Uzbekistan

Indicators	01.01.2024		01.01.2025	
	UZS billion	Share, *%*	*UZS billion*	Share, *%*
Regulatory Tier I capital	84,910.8	80.2%	102,617.7	82.2%
Main capital stock	84,865.9	80.1%	102,396.3	82.1%
Capital surplus	44.9	0.0%	221.5	0.2%
Regulatory Tier II capital	21,003.7	19.8%	22,175.4	17.8%
Total regulatory capital	105,914.5	100.0%	124,793.2	100.0%
Capital adequacy ratio, in %	*17.5%*		*17.4%*	
Tier I capital adequacy ratio, in %	*14.1%*		*14.3%*	

Table 13

Liquidity indicators of the banking system of the Republic of Uzbekistan

Indicators	01.01.2024	01.01.2025
Ratio of high liquid assets to total assets, *in %*	14.9%	17.3%
in national currency, %	*12.9%*	*16.4%*
in foreign currency, %	*17.3%*	*18.7%*
Liquidity coverage ratio, *%* (minimum requirement - 100%)	164.8%	193.8%
in national currency, %	*157.0%*	*178.4%*
in foreign currency, %	*167.9%*	*200.8%*
Net stable funding ratio, *%* *(minimum requirement - 100%)*	111.8%	115.3%
in national currency, %	*111.8%*	*115.4%*
in foreign currency, %	*111.9%*	*115.5%*
Immediate liquidity ratio, *%* (minimum requirement - 25%)	87.4%	112.3%

Table 14

Outstanding loans of commercial banks of the Republic of Uzbekistan by industry

Indicators	01.01.2024		01.01.2025		Compared to last year, %
	UZS billion	Share, %	*UZS billion*	Share, %	
Total loans	**471,406**	**100.0%**	**533,121**	**100.0%**	**13.1%**
Industry	140,152	29.7%	153,389	28.8%	9.4%
Agriculture	47,255	10.0%	50,303	9.4%	6.5%
Construction	12,275	2.6%	12,960	2.4%	5.6%
Trade and services	32,516	6.9%	38,130	7.2%	17.3%
Transport and communication	34,342	7.3%	32,808	6.2%	-4.5%
Development of material and technical base	4,067	0.9%	4,213	0.8%	3.6%
Housing and communal services	2,345	0.5%	2,324	0.4%	-0.9%
Individuals	148,621	31.5%	177,532	33.3%	19.5%
Other sectors	49,833	10.6%	61,463	11.5%	23.3%

Table 15

Classification of deposits and certificates of deposit commercial banks of the Republic of Uzbekistan

in billions of UZS

Date	Total	Terms				
		Demand deposits	from 1 to 30 days	from 31 to 180 days	from 181 to 365 days	Over 1 year
01.01.2024	**241,686.6**	**85,197.6**	**6,300.7**	**30,028.0**	**34,951.7**	**85,208.6**
Share, %	100.0%	35.3%	2.6%	12.4%	14.5%	35.3%
01.01.2025	**308,692.3**	**99,094.0**	**11,667.6**	**32,312.1**	**46,259.8**	**119,358.9**
Share, %	100.0%	32.1%	3.8%	10.5%	15.0%	38.7%

Table 16

Monetary aggregates

Indicators	01.01.2024		01.01.2025		Compared to last year, %
	UZS billion	Share, %	*UZS billion*	Share, %	
Broad money (M2), total	**212,086.1**	**100.0%**	**277,064.6**	**100.0%**	**130.6%**
including:					
currency in circulation (M0)	45,607.7	21.5%	53,328.5	19.2%	116.9%
non-cash funds	166,478.4	78.5%	223,736.1	80.8%	134.4%
including:					
in national currency	164,428.4	77.5%	220,115.7	79.4%	133.9%
in foreign currency	47,657.7	22.5%	56,948.9	20.6%	119.5%

Table 17

Reserve money and its components

Indicators	01.01.2024		01.01.2025		Compared to last year, %
	UZS billion	Share, %	*UZS billion*	Share, %	
Reserve money, total	**82,875.5**	**100.0%**	**90,739.6**	**100.0%**	**109.5%**
including:					
cash outside Central bank	54,628.3	65.9%	64,915.0	71.5%	118.8%
deposits in correspondent bank accounts	25,054.5	30.2%	22,734.2	25.1%	90.7%
required reserves of banks	2,843.5	3.4%	0.0	0.0%	-100.0%
deposits of Central bank customers	349.2	0.4%	3,090.4	3.4%	885.0%

Table 18

Number of bank payment cards issued by commercial banks

Regions	01.01.2024	01.01.2025	Compared to last year, %
Total	**46,205,950**	**61,996,419**	**134.2%**
Karakalpakstan	522,652	2,405,396	460.2%
Andijan	3,279,025	3,834,804	116.9%
Bukhara	696,152	2,427,159	348.7%
Jizzakh	408,518	1,607,896	393.6%
Qashqadaryo	909,870	3,391,066	372.7%
Navoi	457,377	1,510,160	330.2%
Namangan	824,920	2,884,431	349.7%
Samarkand	1,535,589	3,637,466	236.9%
Surkhandarya	538,980	2,440,806	452.9%
Sirdarya	302,747	1,074,576	354.9%
Tashkent	1,171,737	3,171,100	270.6%
Fergana	1,412,217	4,012,900	284.2%
Khorezm	551,101	2,177,565	395.1%
Tashkent city	33,595,065	27,421,094	81.6%

Table 19

Number of payment terminals installed at trade and service outlets

Regions	01.01.2024	01.01.2025	Compared to last year, %
Total	**429,334**	**426,225**	**99.3%**
Karakalpakstan	6,760	21,488	317.9%
Andijan	41,301	24,766	60.0%
Bukhara	9,925	31,727	319.7%
Jizzakh	5,095	13,176	258.6%
Qashqadaryo	12,208	26,671	218.5%
Navoi	7,720	18,152	235.1%
Namangan	9,954	21,230	213.3%
Samarkand	15,315	34,132	222.9%
Surkhandarya	5,397	18,938	350.9%
Sirdarya	3,997	11,710	293.0%
Tashkent	15,269	34,492	225.9%
Fergana	20,173	37,155	184.2%
Khorezm	7,976	20,716	259.7%
Tashkent city	268,244	111,872	41.7%

Table 20

Number of ATMs and infokiosks installed across the regions of the Republic

Regions	01.01.2024	01.01.2025	Compared to last year, %
Total	**26,655**	**29,909**	**112.2%**
Karakalpakstan	566	1,570	277.4%
Andijan	1,629	1,418	87.0%
Bukhara	733	1,790	244.2%
Jizzakh	411	961	233.8%
Qashqadaryo	1,092	1,292	118.3%
Navoi	318	825	259.4%
Namangan	1,076	1,538	142.9%
Samarkand	978	1,875	191.7%
Surkhandarya	744	1,310	176.1%
Sirdarya	226	663	293.4%
Tashkent	1,737	2,780	160.0%
Fergana	1,436	2,332	162.4%
Khorezm	724	1,526	210.8%
Tashkent city	14,985	10,029	66.9%

Table 21

Total value of payments processed through payment terminals

in billions of UZS

Regions	01.01.2024	01.01.2025	Compared to last year, %
Total	**254,719.1**	**326,735.2**	**128.3%**
Karakalpakstan	3,297.8	2,501.3	75.8%
Andijan	14,085.1	15,320.6	108.8%
Bukhara	3,603.4	3,552.8	98.6%
Jizzakh	1,680.3	1,641.1	97.7%
Qashqadaryo	5,429.0	4,366.8	80.4%
Navoi	3,112.4	3,218.2	103.4%
Namangan	3,049.2	2,213.9	72.6%
Samarkand	6,868.8	5,433.6	79.1%
Surkhandarya	2,770.2	2,124.6	76.7%
Sirdarya	1,013.9	1,036.0	102.2%
Tashkent	4,975.7	5,577.3	112.1%
Fergana	6,866.6	7,550.4	110.0%
Khorezm	3,261.5	3,324.4	101.9%
Tashkent city	194,705.4	268,874.2	138.1%