



## FIRDAVS TOLIBZODA

*Tajikistan is experiencing a dynamic transformation in its financial sector, marked by increased foreign capital, strengthened regulation, and a growing focus on green and inclusive finance. With solid macroeconomic fundamentals and strong performance indicators, the country is emerging as an attractive destination for international investors.*

CHAIRMAN

### NATIONAL BANK OF TAJIKISTAN

**TAJIKISTAN HAS SEEN A REMARKABLE SURGE IN FOREIGN CAPITAL IN RECENT YEARS, ESPECIALLY IN THE BANKING SECTOR. WHAT LEGAL GUARANTEES AND STRUCTURAL REFORMS ARE IN PLACE TO ATTRACT AND PROTECT FOREIGN INVESTORS?**

Tajikistan has made consistent strides in building a competitive, secure, and transparent investment climate—particularly in the financial sector. At the core of this effort is the Investment Law, which, under Article 7, guarantees the equal rights of foreign and domestic investors. It also offers a critical safeguard against expropriation by explicitly prohibiting the nationalization of foreign-owned assets.

The National Bank of Tajikistan has implemented reforms that make it easier for international investors to enter the banking market. Licensing procedures are clearly defined and time-bound—applications for new banking licenses are processed within a maximum of three months. The minimum charter capital for new banks is set at 80 million somoni (approximately \$7.3 million), which is among the lowest thresholds in the region. These factors position Tajikistan as one of the more accessible and agile markets for financial services investment.

As of the end of 2024, the country's banking landscape included 65 licensed financial institutions: 15 traditional banks, one Islamic bank, one non-bank financial institution, 22 micro-credit deposit organizations, three microcredit institutions, and 23 small credit funds. Among these, 13 institutions operate with full or partial foreign capital, originating from jurisdictions such as the United States, Switzerland, Germany, Iran, Singapore, the Netherlands, China, Japan, and others. The increase in foreign equity participation—from 8% in 2019 to 28% by end-2024—signals a growing trust in the regulatory environment and reflects the government's proactive investor engagement strategy.

**\_BIOGRAPHY** HE OVERSEES THE COUNTRY'S MONETARY POLICY, FINANCIAL SECTOR REGULATION, AND BANKING SYSTEM DEVELOPMENT. WITH A STRONG BACKGROUND IN ECONOMICS AND PUBLIC ADMINISTRATION, HE HAS LED REFORMS TO ENHANCE FINANCIAL STABILITY, IMPROVE TRANSPARENCY, AND EXPAND ACCESS TO FINANCE. UNDER HIS LEADERSHIP, THE NATIONAL BANK HAS ADVANCED GREEN FINANCE, ISLAMIC BANKING, AND INTERNATIONAL COOPERATION, REINFORCING TAJIKISTAN'S POSITION.

## COULD YOU SHARE SOME INSIGHTS ON THE FINANCIAL HEALTH AND PERFORMANCE OF TAJIKISTAN'S BANKING SECTOR IN 2024?

The sector's performance in 2024 was exceptionally strong, marking a new chapter of growth, resilience, and profitability. Total foreign investment into financial institutions reached \$5.1 billion—a 77% rise compared to 2023. This increase was largely driven by deposits and credit lines from non-residents, indicating renewed international confidence in the Tajik banking system.

Net income across the sector hit 1.25 billion somoni, up 24.6% year-on-year. Financial performance ratios are also solid: the Return on Assets (ROA) stood at 2.6%, and Return on Equity (ROE) reached 13.9%, indicating that the sector is not only profitable but well-managed.

Moreover, the capital adequacy ratio—a key indicator of financial system strength—averaged 21.8% across institutions, significantly exceeding the regulatory minimum of 12%. Liquidity indicators were similarly strong, with the current liquidity ratio reaching 78.3%, almost 2.5 times higher than the required threshold. These figures underscore the banking sector's preparedness to absorb potential shocks while supporting economic growth.

Importantly, non-performing loans (NPLs) have declined significantly. At the end of 2024, NPLs accounted for only 7.1% of total loans, down from 12.5% in recent years and 46.8% in 2016. This improvement reflects stricter credit underwriting standards, enhanced supervision, and the growing maturity of Tajikistan's financial institutions.

## WHAT STRATEGIC STEPS HAS THE NATIONAL BANK TAKEN TO SUPPORT GREEN FINANCING AND SUSTAINABLE DEVELOPMENT?

The National Bank of Tajikistan is fully aligned with the country's green transition goals as outlined in the National Strategy for the Development of a Green Economy (2023–2037) and international frameworks like the Paris Agreement. We recognize that the financial sector must be a key enabler of climate-smart and sustainable investments.

*“TAJIKISTAN'S FINANCIAL SECTOR IS ENTERING A NEW ERA OF STABILITY, GROWTH, AND TRANSPARENCY. THROUGH TARGETED REFORMS, ROBUST OVERSIGHT, AND STRATEGIC GLOBAL PARTNERSHIPS, WE ARE BUILDING A RESILIENT BANKING ECOSYSTEM THAT ATTRACTS LONG-TERM INVESTMENT AND SUPPORTS SUSTAINABLE DEVELOPMENT ACROSS THE ECONOMY.”*

To this end, we are facilitating green financing through policy frameworks and capacity building. Tajik financial institutions are collaborating with global partners such as the EBRD, IFC, and ADB to attract funding for renewable energy, sustainable agriculture, and resilient infrastructure. We are also supporting the creation of new green financial instruments, including green credit lines and project-specific guarantees.

In addition, the expansion of Islamic banking has supported ethical investment. As of December 2024, the country hosts one full Islamic bank and three Islamic windows, which have collectively mobilized over 138 million somoni in deposits and financing. This model is gaining popularity among investors seeking alignment with both sustainability and ethical principles.

## WHAT EFFORTS ARE BEING MADE TO IMPROVE TRANSPARENCY, DEPOSIT INSURANCE, AND ASSET LEGALIZATION TO STRENGTHEN THE FINANCIAL ECOSYSTEM?

Strengthening transparency and depositor confidence has been central to our regulatory mission. The National Bank publishes detailed data on ownership structures, capital flows, and financial health indicators for every licensed financial institution. This is part of a broader effort to bring Tajikistan's supervisory framework in line with international best practices.

We have also expanded the country's deposit insurance scheme. As of March 2023, legislative amendments increased the insured limit to 35,000 somoni and broadened the scope of eligible depositors to include sole proprietors, micro-enterprises, and non-profit organizations. These changes significantly boost public trust in the financial system, particularly among small savers and entrepreneurs.

Another important development has been the extension of the Law on the Legalization of Assets and Funds. Originally adopted to encourage repatriation and formalization of domestic wealth, this policy has already resulted in over 8 billion somoni being injected into the formal financial system. The extended deadline now runs through 2026, offering more citizens and businesses the opportunity to declare their assets and participate in the nation's growth story.

Taken together, these reforms are creating a safer, more open, and more competitive financial sector—one that not only fuels domestic development but also attracts sustained interest from global investors.