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Uzbek banking sector COVID-19

In light of the spread of coronavirus infection Covid-19 and in addition to quarantine regime, Uzbekistan has undertaken a number of other measures aimed at mitigating risks and maintaining the normal functioning of business activities, including the banking sector. On March 26, 2020, the Central Bank of the Republic of Uzbekistan (the “CBU”) made the following recommendations to all credit organizations:

- ▶ granting a grace period and extending the repayment period until 1 October 2020 to individuals and individual entrepreneurs whose activities were adversely affected by the quarantine on the basis of borrowers’ inquiries; and
- ▶ no penalties will be charged for rescheduling repayments and no claims should be made to satisfy the secured obligations.

We note that the aforementioned measures are of recommendatory nature. At the same time, credit organizations are entitled to make changes to the classification of loans’ quality, which terms of were reconsidered based on the recommendations above. In addition, all credit organizations are encouraged to take as soon as possible the necessary measures with the aim to implement a system of remote consideration of inquiries for rescheduled loans repayments and transfer all customers to remote banking service systems.

Furthermore, CBU has decided to temporarily suspend the operation of cash registers and exchange offices in order to prevent the spread of coronavirus infection in Uzbekistan. In accordance with the Resolution of CBU dated on March 30, 2020, cash registers and currency exchange offices located outside of the banks’ buildings will be temporarily closed, while exchange offices located in bank buildings will continue to operate in routine manner.

The Decree of the President of the Republic of Uzbekistan “On Priority Measures of Mitigating Negative Effects on Sectors of the Economy by the Coronavirus Pandemic and Global Crises” No. UP-5969 dated March 19, 2020 (the “Decree No. UP-5969”) introduces a number of anti-crisis measures to prevent the coronavirus outbreak. In accordance with the Decree No. UP-5969, the Anti-Crisis Fund under the Ministry of Finance of the Republic of Uzbekistan in the amount of UZS 10 trillion (approximately USD 1,048,520,000) has been established to support local entrepreneurs and mitigate the adverse effects of global recession to Uzbek market. Commercial banks will be provided with additional support measures in case of deterioration in the quality of the loan portfolio. The Decree No. UP-5969 also prescribes the uninterrupted functioning of the banking and payment system by providing liquidity in the money market in amount of UZS 1 trillion (approximately USD 103,315,500) and the uninterrupted supply of cash machines with sufficient cash as well as supporting the development of remote banking services.

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