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# The Banking Regulation Review: Kazakhstan

Events in 2020 resulted in the Kazakh economy, in particular the financial sector, having to face the combined challenge of a continued reduction in oil prices and the outbreak of covid-19. However, according to the Agency for Regulation and Development of the Financial Market (AFR), the negative impact of these challenges on the Kazakh banking sector was not as severe as expected. In 2020, annual lending to the Kazakh economy amounted to 14.6 trillion tenge, which was a 5.5 per cent increase on the previous year. With the help of state business support programmes, annual lending to small and medium-sized enterprises (SMEs) increased by 7.1 per cent to 4.2 trillion tenge. The level of non-performing loans decreased from 8.1 per cent to 6.8 per cent in 2020.<sup>2</sup> The covid-19 crisis is still not over and time is yet to test the stability of the Kazakh banking system.

The Kazakh banking services market is represented by various players, including banks, organisations that perform certain types of banking operations (banking organisations), payment services providers and microfinance organisations (MFOs). In line with the global trend, fintech companies are also becoming crucial players in the market. Banks operating in Kazakhstan include local banks (conventional and Islamic) and subsidiaries of foreign banks operating as Kazakh legal entities under Kazakh law. Following recent law amendments, foreign banks can now carry out banking business not only through their subsidiaries but also through branches, which was previously prohibited. There are currently 26 banks in Kazakhstan;<sup>3</sup> of these, 15 banks have foreign participation, including 12 subsidiary banks, and one bank is 100 per cent owned by the state. The top five banks by assets are Halyk Bank, Sberbank, Kaspi Bank, Forte Bank and Bank CenterCredit.<sup>4</sup>

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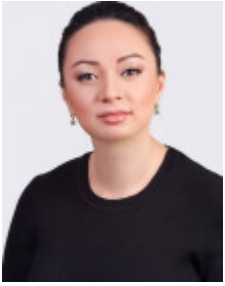
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## Locations

[KAZAKHSTAN](#)

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