

# Tajikistan

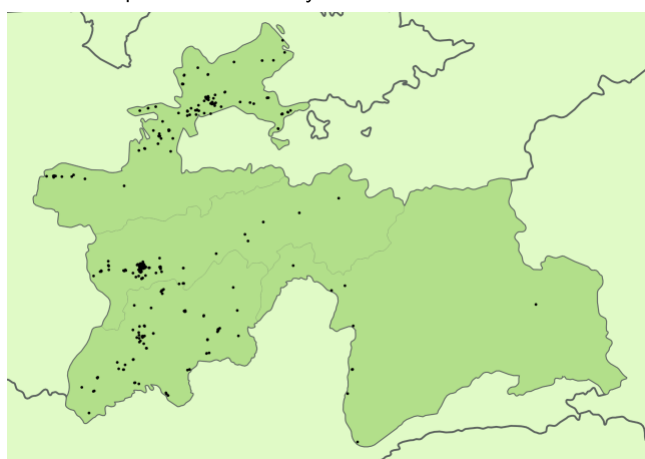
Banks covered by the survey in Tajikistan account for approximately 70 per cent of the country's total banking assets, most of which are owned by domestic banks.<sup>1</sup> Foreign bank branches are present only in the larger cities (Chart 1). Just over 70 per cent of Tajik banks expect their branch network to grow over the next five years, 20 percentage points and 40 percentage points above the Central Asian and EBRD regional averages, respectively (Chart 2).<sup>2</sup>

Although only a small minority of the Tajik banks surveyed have explicit policies and targets on climate change in place, more than half of them cite climate change risk as an explicit part of risk management, while fewer undertake climate change-related impact assessments when lending to small and medium-sized enterprises (SMEs) (Charts 3 and 4). In addition, between 86 per cent and 100 per cent of banks surveyed in Tajikistan have explicit policies and targets for environmental and social issues, one of the highest shares in Central Asia. However, when lending to SMEs, only a few undertake corporate governance impact assessments, almost half the share, on average, of the Central Asian and EBRD regions.

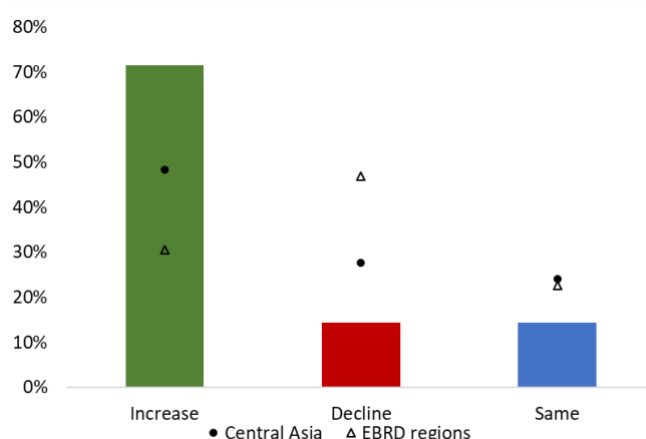
The share of Tajik banks providing loans to improve residential, SME and corporate clients' energy efficiency, meanwhile, is just below the average for Central Asia. In contrast, while more than 60 per cent of banks surveyed in Central Asia and 50 per cent of banks polled in the EBRD regions provide loans for commercial real estate, the same is true for just a small minority of banks in Tajikistan.

On average, the banks surveyed in Tajikistan are slower than banks elsewhere in Central Asia and the EBRD regions in taking up and using most digital technologies (Chart 5). Close to 60 per cent of Tajik banks have launched the use of digital wallet solutions commercially, while just over 40 per cent use biometric authentication. Although the share

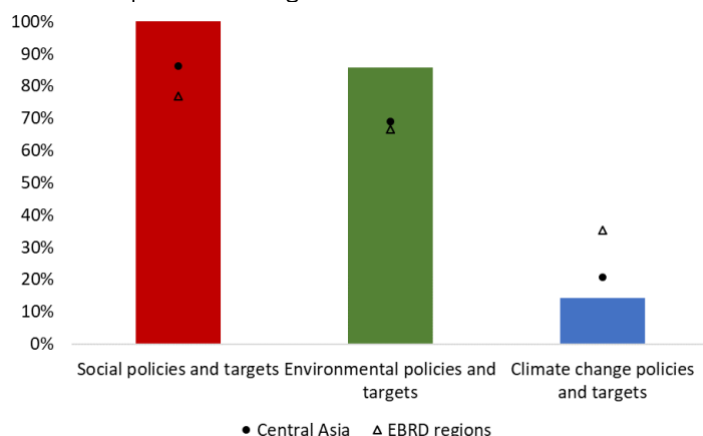
**Chart 1** Branch presence of surveyed banks



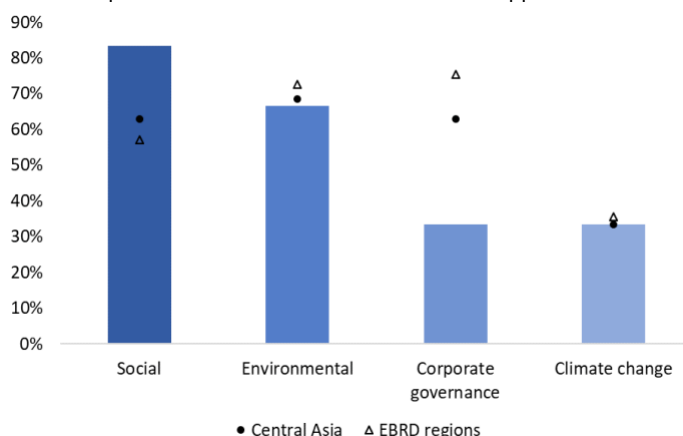
**Chart 2** Branch network expectations, next five years



**Chart 3** ESG policies and targets



**Chart 4** Impact assessment of SMEs before loan approval



<sup>1</sup> Domestic banks account for 94 per cent of these banking assets

<sup>2</sup> Bars in Charts 2, 3, 4, 6 and 8 refer to the percentage share of banks in Tajikistan.

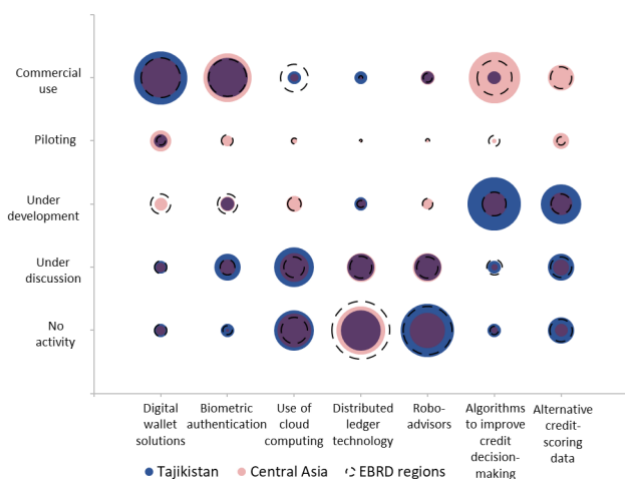
of banks that have adopted these technologies is higher than or on a par with the average in Central Asia and the EBRD regions more broadly, Tajik banks lag severely in the adoption of algorithms to improve credit decision-making or the use of alternative credit-scoring data.

All Tajik banks surveyed report being concerned about information technology (IT) security and regulatory uncertainty in the fintech space, almost 25 percentage points higher than the average in Central Asia (Chart 6). More than 40 per cent of banks in Tajikistan also say they would like to invest more in fintech companies, but are too financially constrained to do so.

Half of banks in Tajikistan accept online loan applications for SMEs, 15 percentage points below the average of the Central Asian economies. Inefficiencies in the lending process are also evident in the average number of hierarchical approval layers involved in lending to SMEs (Chart 7). Loan applications typically go through 2.5 decision-making layers prior to approval, on average, in Tajikistan, compared with a Central Asian average of 2.1.

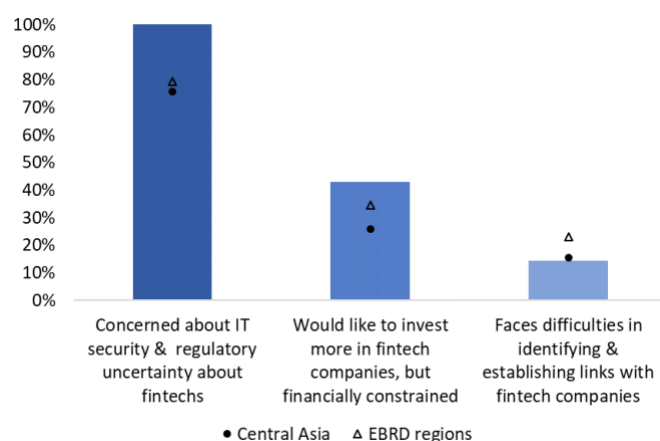
The survey reveals that around 70 per cent of Tajik banks lend to innovative industries. However, some banks identified a lack of creditworthy customers and insufficient demand for credit as the main constraints on lending more to innovative research and development (R&D)-intensive industries such as IT, chemicals and pharmaceuticals (Chart 8).

**Chart 5** Digital technology development and use

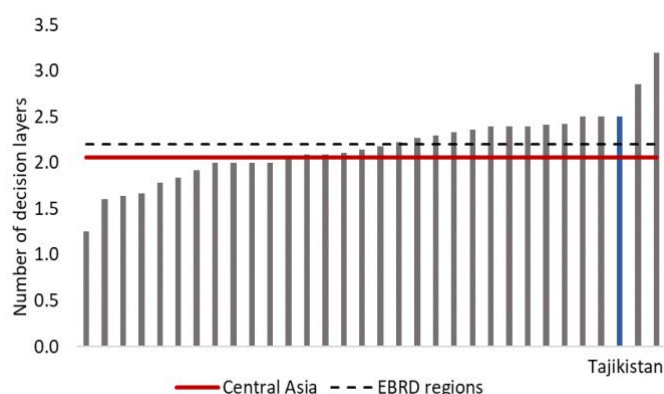


Note: For each digital technology, the size of the bubble is proportional to the share of banks that report using the technology at that level of advancement.

**Chart 6** Concerns about digital technologies



**Chart 7** Typical number of decision layers, SME lending



**Chart 8** Constraints on lending to innovative industries

