



## DONORS PRINCIPALS IN TAJIKISTAN

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### **PRESS RELEASE**

09 March 2006

## **The Tajik banking sector improved, it's time to open a bank account!<sup>1</sup>**

Under the guidance of the National Bank and with the support of International institutions, the banking sector has significantly improved during the last 3 years.

The sector has consolidated with minimum capital requirements raised to \$5 million at 1<sup>st</sup> January 2006, and there are now fewer banks, but they are better and more solid.

In a presentation to the Principal's Meeting of donors on February 9<sup>th</sup> 2006, Mr. Fernand Pillonel, representative of the European Bank for Reconstruction and Development, urged the international community to open bank accounts in the Tajik banks and use the banking sector for all their financial transactions: "It's a great time to abandon the post-conflict practice of handling and transferring cash privately. This practice presents risks, is outdated and unprofessional. If EBRD has enough trust in the Tajik banks to lend them \$20 million, you should trust them to open your office account and your personal account."

In his presentation of the major banks of the country, Mr. Pillonel described Orien Bank, as the biggest one; AgroInvestBank and Amonat Bank as having extended networks in all the regions and villages; Tajik Soderat Bank, as modern and very commercial; TajPrombank, as very well managed and prudent; Eshkhat Bank from Khujand as a growing one with EBRD capital; and the First Micro Finance Bank as also fast growing with foreign capital and a European manager.

A promising sign is the entrance of new foreign banks in the market. The First Microfinance Bank was opened in 2004, and a Kazakh bank opened an office in 2005. Soon banks from Russia, Pakistan, and Turkey will also become active in Tajikistan, provided that all barriers on foreign currency operations are lifted. Several International Financial Institutions (European Bank for Reconstruction and Development, International Finance Corporation, Asian Development Bank, Aga Khan Development Network, and Kreditanstalt für Wiederaufbau) have already lent or invested \$30 million to different Tajik banks to develop credit in the national economy. As a result, the Tajik banks have become more reliable and are improving their service and products.

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<sup>1</sup> The full presentation held on the topic during the Principals Meeting on 09 February can be found at [http://www.untj.org/donors/minutes/Presentation\\_on\\_Tajik%20banking\\_sector.ppt](http://www.untj.org/donors/minutes/Presentation_on_Tajik%20banking_sector.ppt)

The next steps of development of the Tajik banking sector are to continue to strengthen by attraction of additional capital and foreign investment, and to build trust with the population so to attract deposits and be able to lend more funds in the economy of the country. Indeed, a solid and competitive banking sector is a pre-condition for economic growth.

Trust is the key word in banking - trust that the money is safely deposited in the bank, without risk or fiscal harassment. The international community can contribute to build this trust.