

KINSTELLAR

Navigating the  
Regulatory Landscape:  
An Overview of  
Banking as a Service

This publication is a guide to the banking as a service (“BaaS”) regulations in Kinstellar’s jurisdictions, offering insights into compliance essentials, emerging trends, and how to thrive in this dynamic environment.



UZBEKISTAN

OVERVIEW OF KEY AREAS 

## Definitions

API	Application Programming Interface
EBA	European Banking Authority
EIOPA	European Insurance and Occupational Pensions Authority
EMD	Directive 2009/110/EC on the taking up, pursuit and prudential supervision of the business of electronic money institutions
FoE	Freedom of Establishment
FoS	Freedom of Service
MiFID2	Directive 2014/65/EU on markets in financial instruments
PSD2	Directive (EU) 2015/2366 on payment services in the internal market

### 01. What is status of the BaaS market?

BaaS is not explicitly regulated under Uzbek law. To date, we have not identified a similar model or any regulatory guidance in this area.

However, the market shows a strong commitment to the digitalisation of banking and financial services, such as payments and e-money. Uzbek banks are actively promoting digital banking by offering user-friendly e-banking applications and adjusting the pricing of digital services.

In addition there are payment organisations, which are non-bank legal entities authorised to provide payment services on the basis of a special license issued by the Central Bank of the Republic of Uzbekistan (the “**CBU**”). These organisations are predominantly fintech companies that provide e-payment services and, in partnership with banks, can provide a limited range of e-banking services, such as instalment payments, e-wallets and loan repayment.

According to the Registry of Payment Organisations maintained by the CBU, there are currently 49 such payment organisations in Uzbekistan.

Furthermore, banks and payment organisations are authorised to offer payment services to customers via payment agents and subagents (see item 3.7 for more information). This ecosystem supports the growth and development of digital banking and financial services in Uzbekistan.

## 02. Who is the relevant regulator of banking/financial services?

The CBU is the supervisory authority for the banking/financial market in Uzbekistan, particularly, in aspects such as monetary policy, currency regulation, payment system, licensing and regulation of banking and microcredit activities.

The official webpage: <https://cbu.uz/en/>

On the other hand, the Ministry of Economy and Finance of Uzbekistan (the “MoEF”) functions as the supervisory authority for matters related to the state budget, tax, and customs policy. It also oversees non-banking financial activities. This includes, among others, the services and activities of investment intermediaries as well as health and pension insurance providers.

The official webpage: <https://www.imv.uz/en>

Given that specific regulations for BaaS arrangements are not in place, the general rules of the pertinent sector laws would apply. Consequently, if a BaaS provider offers regulated services, such as payment services, e-money, credit, or other financial services, the company would fall under the supervision of the respective regulatory authority responsible for that particular activity.

## 03. What are the main pieces of legislation in relation to banking/financial services?

Below is a list of pertinent legislative acts, each of which regulates various aspects and types of banking/financial services:

- Law No. ZRU-580 “[o]n banks and banking activities” dated 5 November 2019;
- Law No. ZRU-578 “[o]n payments and payment systems” dated 1 November 2019;
- Law No. ZRU-573 “[o]n currency regulation” dated 22 October 2019;
- Law No. 360-II “[o]n guarantees for the protection of citizens’ deposits in banks” dated 05 April 2002;
- Law No. 530-II “[o]n bank secrecy” dated 30 August 2023;
- Law No. ZRU-387 “[o]n the securities market” dated 3 June 2015;
- Law No. ZRU-730 “[o]n insurance activities” dated 3 June 2015;
- Law No. ZRU-30 “[o]n the protection of information in the automated banking system” dated 04 April 2006;
- Law No. ZRU-792 “[o]n electronic commerce” dated 29 September 2022;
- Decision of the Board of the CBU No. 3431 “[o]n approval of the regulations on the procedure for licensing the activities of payment systems operators and payment organisations” dated 11 August 2023.

## 04. What is the time length for obtaining a banking/financial services license?

The timeline for obtaining various financial services licenses from the relevant regulator is as follows:

- **Banking License:** within 33 days from the date of submitting the relevant application to the CBU with all required documents;
- **License for operating a payment system:** within 33 days from the date of submitting the relevant application to the CBU with all required documents;
- **License for operating a payment organisation:** within 33 days from the date of submitting the relevant application to the CBU with all required documents;
- **License for operating as an investment intermediary:** within 20 business days from the date of submitting the relevant application to the MoEF (via electronic system “License”) with all the required documents.
- **Insurance License:** within 20 business days from the date of submitting the relevant application to the Agency for Development of the Insurance Market under the MoEF (via electronic system “License”) with all the required documents.

## 05. Are there any specific BaaS regulations?

There are no specific BaaS regulations in Uzbekistan.

## 06. Are there any specific guidelines on BaaS published by the regulator?

In Uzbekistan, there are no specific guidelines for BaaS. Its potential implementation would be governed by existing laws, depending on the type of service offered through BaaS, and in line with the respective regulator’s guidelines.

## 07. Are financial institutions allowed to use financial agents?

In Uzbekistan, banks and payment organisations can use payment agents and subagents for the provision of payment services in particular. Payment agent is a non-bank legal entity, which has entered into an agency agreement with a bank or payment organisation for the provision of payment services.

The provision of these services is subject to the following conditions:

- The payment agent or subagent must act on behalf of a bank or payment organisation.
- The customer must be provided with a document that verifies the provision of the payment service and includes all necessary details.
- The payment agent collects compensation based on the terms of the agreement with the bank or payment organisation, while the payment subagent does so according to the agreement with the payment agent.

Bank and payment organisations are obliged to keep a registry of their payment agents and subagents.

Furthermore, financial institutions can use investment intermediaries – non-bank entities, professional participants in the securities market who carry out transactions and operations with securities on behalf and at the expense of clients. The license for operating as an investment intermediary is issued by the MoEF. Commercial banks and insurance companies can also act as investment intermediaries without obtaining a separate license.

## 08. Are there any restrictions on the use of the agents by a foreign passported financial institution?

We are not aware of any restrictions preventing foreign banks or financial institutions from entering into agency agreements with Uzbek entities for their representation in local arrangements, subject to bank secrecy, personal data protection and other confidentiality requirements. Nonetheless, specific restrictions apply to employing payment agents and subagents for delivering payment services within Uzbekistan (see item 3.7 above).

Under Uzbek law, payment agents and subagents can only be used by duly licensed banks and payment organisations. Foreign entities cannot offer payment services or use payment agents and subagents in Uzbekistan without obtaining the relevant license as per Uzbek legislation.

To operate in Uzbekistan, foreign banks must establish a subsidiary in accordance with Uzbek law requirements and register it with the CBU to receive a banking license.

To provide payment services in Uzbekistan, foreign entities can also establish a payment organisation in Uzbekistan and obtain the necessary license from the CBU.

There are no restrictions for the use of investment intermediaries by foreign financial institutions.

## 09. Are there any regulations on outsourcing?

While there are no specific regulations on outsourcing, Uzbek law does not prohibit outsourcing certain operational activities of banks and other financial organisations. These activities may include certain actions that require IT/tech specialisation, such as ATM technical support and the development of applications and fintech products. However, this is subject to restrictions and requirements outlined in the relevant acts of legislation, including those relating to bank secrecy, trade secrets, personal data protection, protection of information in the automated banking system and other relevant requirements. In this respect, service providers would need to sign non-disclosure agreements with the relevant bank or financial institution.

## 10. Are there any sandboxes/hubs organised by the regulator?

We are not aware of any BaaS-dedicated sandboxes/hubs organised by the regulator. However, the following regulations on setting up regulatory sandboxes for financial services and securities markets have been adopted:

- **Regulations on the procedure for creating a special legal regime in the field of financial services by the CBU** (approved by the CBU Resolution dated 10 April 2022, registration No. 3391)

The Regulations determine the procedure for the creation, abolition and functioning of a “regulatory sandbox” for new financial transactions, technologies and services (the “Financial Service(s)”).

In order to implement a regulatory sandbox, a Financial Service must meet one of the following criteria: (1) it is new to the country’s Financial Services market; (2) its consumer qualities have been improved compared to existing Financial Services; (3) there are restrictions or inaccuracies in the legislation that prevent the provision of such Services.

An application for the implementation of a regulatory sandbox can be submitted by a legal entity - a resident of Uzbekistan, introducing new Financial Services.

- **Regulations on the procedure for providing a special legal regime “Regulatory Sandbox” in the field of the securities market** (approved by NAPP Order No. 104 dated 26 December 2023)

The “sandbox” is intended to provide access to the local securities market for foreign investors. Its participants will be foreign investment banks, brokers, custodians and other investment intermediaries.

Only legal entities with a license to operate in the securities market of one of the foreign jurisdictions recognised in Uzbekistan are allowed to work within the sandbox.

The list approved by the National Agency for Prospective Projects of Uzbekistan (the “NAPP”) includes 38 foreign jurisdictions: Australia, Austria, Armenia, Belgium, Great Britain, Hungary, Germany, Hong Kong, Greece, Georgia, Denmark, Ireland, Iceland, Spain, Italy, China, Canada, Republic of Korea , Latvia, Lithuania, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, Singapore, Slovenia, Slovakia, USA, Turkey, Finland, France, Czech Republic, Sweden, Switzerland, Estonia and Japan.

Investment intermediaries will be able to work according to their profile without a local license, as well as to open a branch or subsidiary in Uzbekistan.

## 11. Are there any other specifics that should be considered when providing BaaS?

Given the absence of a thorough regulatory framework, it is advisable for interested entities to consult with legal experts, and if necessary, the CBU, prior to initiating the implementation of BaaS.



If you're looking to delve deeper into how current national and EU regulations could affect your fintech business, our team at Kinstellar is here to help. With a unique blend of legal acumen and a keen eye for commercial opportunities, we're ready to assist you every step of the way!

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