



АГЕНТСТВО РАЗВИТИЯ  
МЕЖДУНАРОДНОГО  
ФИНАНСОВОГО ЦЕНТРА

[www.kyrgyzbusiness.com](http://www.kyrgyzbusiness.com)

## Banking Services for Non-Residents

There are 24 banks and one unincorporated subsidiary of a foreign bank in Kyrgyzstan. Their full list and a brief description of each can be found in the «Kyrgyzstan's Banking System» section of this website.

### Stability of banks

There has not been a single bank failure in Kyrgyzstan since 2010, which can be fully credited to the National Bank's policy to strictly vet license applicants and not allow locally chartered banks to invest into any assets which potentially may be used in 'back-to-back' schemes of draining liquidity through undisclosed encumbrances (which plague the Russian and the Ukrainian banking sectors immensely).

Most local banks do little securities trading (except for government securities) and mainly focus on lending to the local population and businesses which further strengthens their stability.

The Kyrgyz economy is steadily developing and is neither under the risk of sanctions (Kyrgyzstan leads a neutral foreign policy), nor the risk of drop in the price of oil (Kyrgyzstan is a net importer of petroleum products and will only benefit from that).

Loan interest rates in Kyrgyz Soms vary from 20% (commercial lending) to 40% (microcredits) which in conjunction with the exchange rate stability over the past years has allowed and is still allowing the banks to earn a healthy profit and form a «safety pillow» for the future.

The published reports and accounts of the local banks more or less adequately represent the true state of their financials and assets; a bank would go under only if many of its borrowers go under at the same time. Fake asset schemes popular in Russia and Ukraine are not used.

Several domestic banks have notable international owners, such as The European Bank for Reconstruction and Development (EBRD), International Finance Corporation (World Bank group), KfW (the German Development bank), FMO (Dutch Entrepreneurial Development Bank), MercyCorps (USAID-backed), Sawada Holdings (listed Japanese financial and banking business), US-based FINCA International, etc. Two local banks are owned by the Government and are used for servicing budget programs and special purpose lending.

All of this does not, however, guarantee that all the banks doing business in the Kyrgyz Republic will remain solvent in the future. When choosing a bank for opening an account the investor should use

some effort to assess the bank's risks and gather available market information and rumours (Kyrgyzstan is a small country).

## **Non-residents welcome**

Thanks to the absence of exchange controls, Kyrgyz banks have adapted well to serving non-resident clients (although they harbour certain reservations against opening accounts for totally opaque offshore, such as Belize or the Seychelles); they also efficiently convert currencies besides the Som (Eg. Rouble → Yuan).

Many Kyrgyz banks maintain direct correspondent relations with major US clearing banks and high quality EU correspondents.

Kyrgyzstan's financial sector includes banks with Turkish, Korean, Chinese etc. founders which significantly simplifies transactions with those countries in their national currencies.

Reputation of Kyrgyz banks in the international financial markets is quite strong because the country does not have any systemic risk of involvement in money laundering. In the opinion of the FATF, Kyrgyz AML legislation and enforcement practices are adequate to the required international standards and the country does not require current monitoring (conclusion of the Mission in 2014).

## **Opening an account**

To open an account with a Kyrgyz bank you need to put together a rather standard set of documents which must be certified with an apostille (or legalized), and then translated into Russian (which is more practical) or Kyrgyz. Local translation and notarial certification services are readily available.

Translation into Russian and the notarial certification of copies can be done either in Kyrgyzstan itself or in Russia (the countries recognize each other's notariat through application of the Minsk Convention)

Kyrgyzstan is a member of the Vienna Convention introducing the apostille, so documents originating from other members of the Convention are easier to be apostilled than legalized via consulates. Documents from other countries (Eg. the United Arab Emirates which does not recognize the apostille) have to undergo consular legalization.

## **AML and sanctions control**

Kyrgyzstan has implemented all the FATF Recommendations and supports all the generally acceptable standards of control over clients and their financial transactions. The FATF Mission which conducted an evaluation of the Kyrgyz Republic in 2014 concluded that its AML enforcement is adequate and the country does not need further monitoring. Full text of the report can be downloaded [here](#).

Kyrgyz banks are very keen to maintain good relations with their international correspondents and therefore are likely to refuse payment instructions which could be viewed by their US or European correspondent banks as suspicious.

Documentation is required for each transaction (typically in the form of a contract or an invoice).

Although Kyrgyzstan does not officially implement any sanctions apart from those instituted by the

United Nations, Kyrgyz banks in practice refer to all the available sanctions lists when deciding on accepting a client or a payment. They would not open an account for someone on a sanctions list, although politically the country may take no sides in the controversy which led to the sanctions. Maintaining healthy relations with correspondent banks is always a priority.

We constantly monitor Kyrgyz banks as to their efficiency in dealing with non-resident clients and form recommendations to our clients accordingly.