

Market research


on trust in banks &
use of financial services in Uzbekistan

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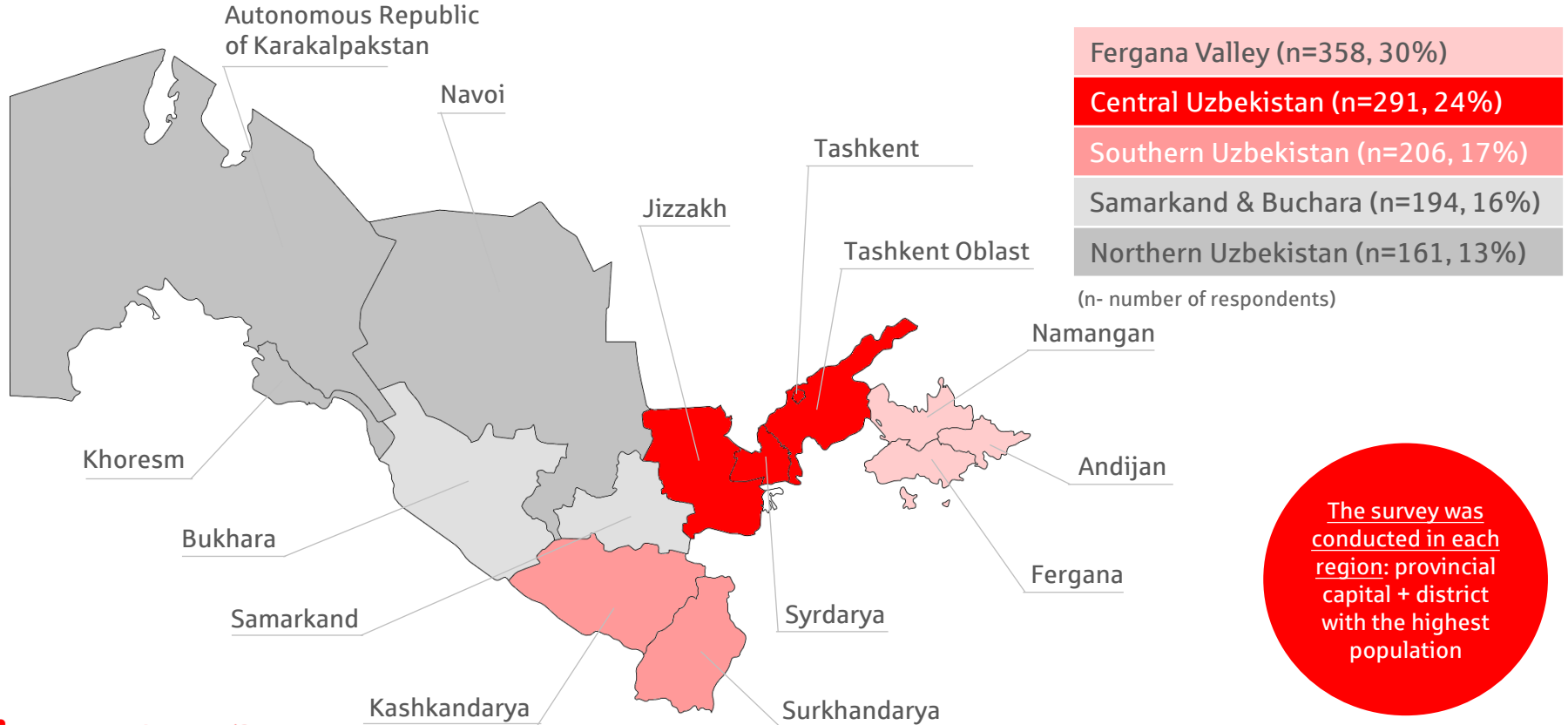


Agenda

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- I. Introduction
 - II. Study results
 - I. Financial situation, attitude and behavior
 - II. Image of the financial sector & trust in banks
 - III. Use of banks & banking products
 - IV. Customer satisfaction and loyalty
 - V. Financial Literacy
 - VI. Additional survey: Insurance sector
 - III. Management Summary
 - IV. Appendix

Introduction

Regional Interview Distribution of the Market research (weighted)



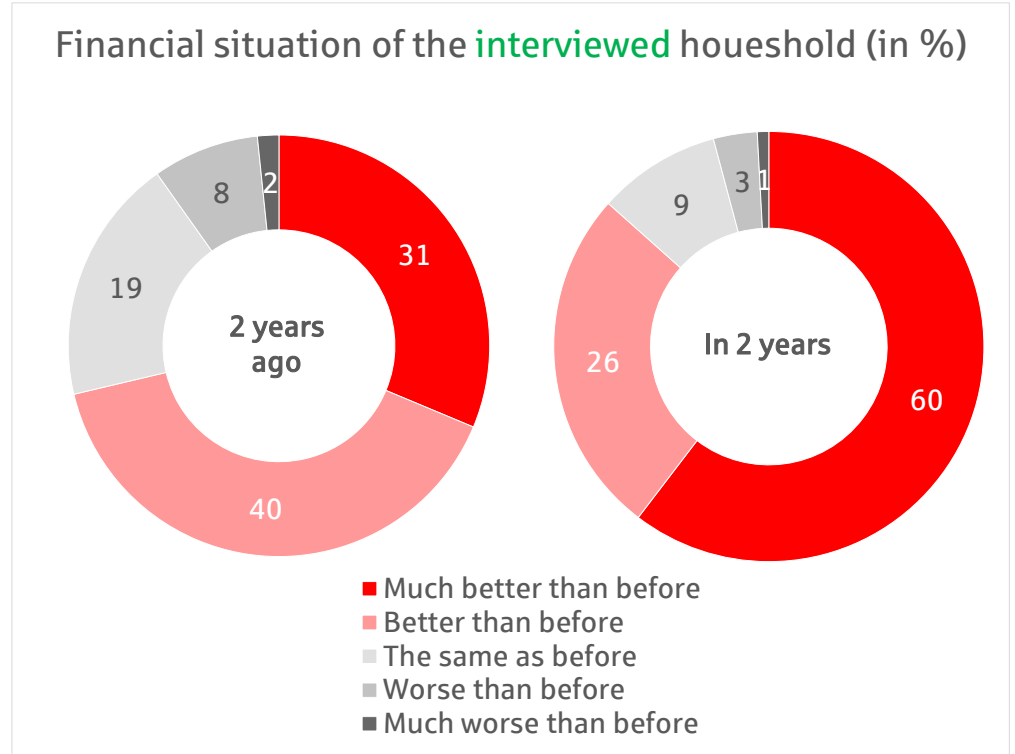
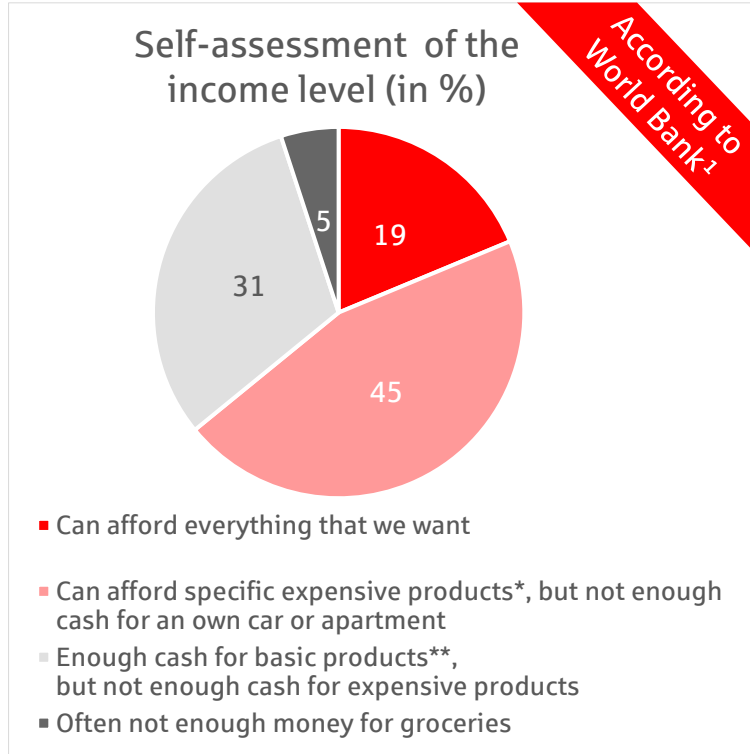
The survey was conducted in each region: provincial capital + district with the highest population

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Financial Situation

Positive developments of the financial situation



*fridge, TV, ** groceries, clothes, school fees

Rather positive attitude of respondents towards money and financial decisions



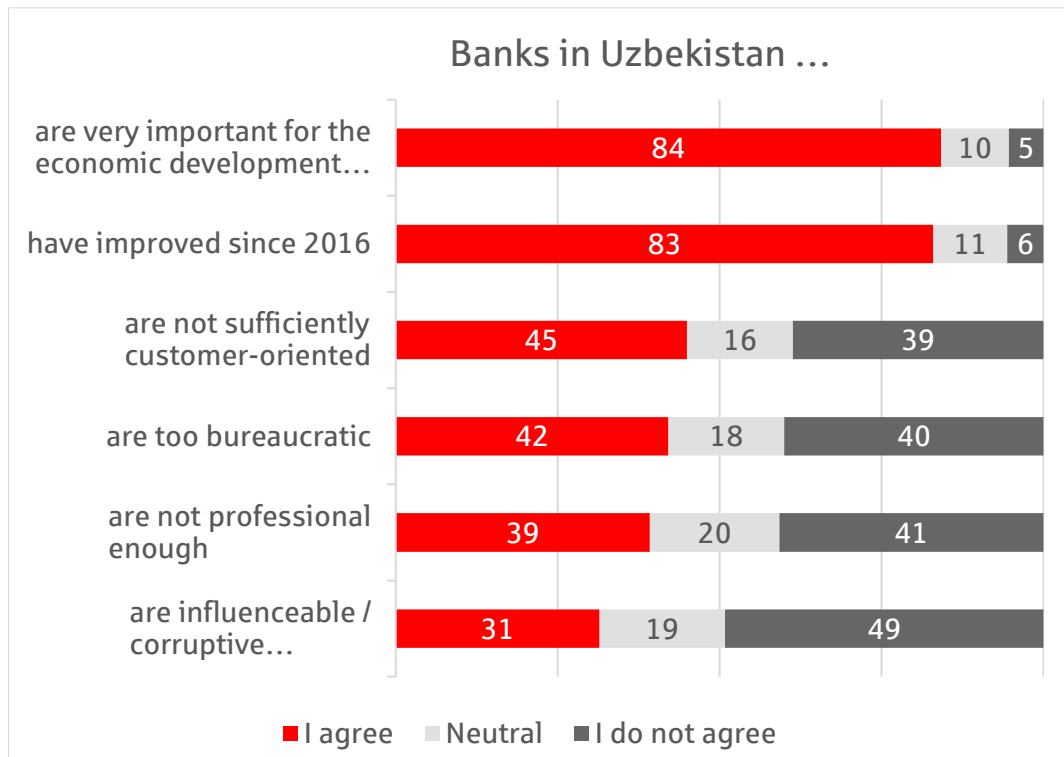
in %

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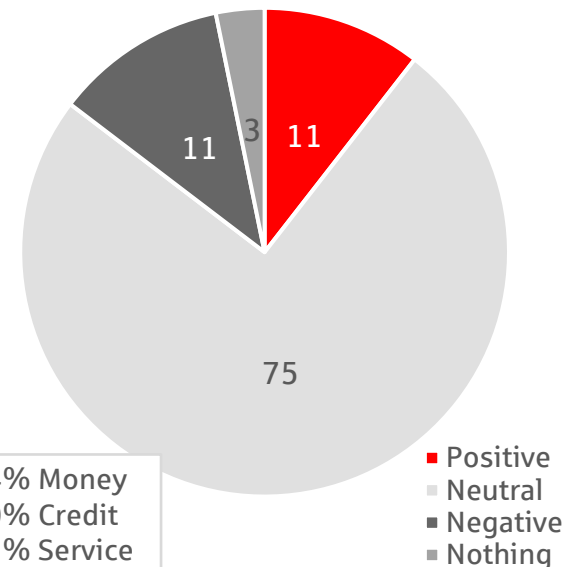
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Image of the financial sector

Rather positive perception of Uzbek banks, but increase potential



What comes first to you mind when thinking about banks in Uzbekistan?



54% Money
20% Credit
13% Service
9% Others

Basis: all entries

in %

Image of the financial sector

Many positive changes in the banking sector are perceived

What clients say*

Products & Conditions

- Number of loans with benefits increased
- Issuing microcredits
- Introducing new credit lines (for purchasing houses, apartments, cars)
- Introducing online-loans

Customer service

- Supporting low-income households
- Removing the requirement to bring the income documentation (confirmation from the employer)



Infrastructure

- Setting up devices for electronic queues
- Upgrading of already existing and opening of new branches
- Setting up ATMs
- Implementing bank usages
- Eliminating problems with cash
- Simplifying money transfer

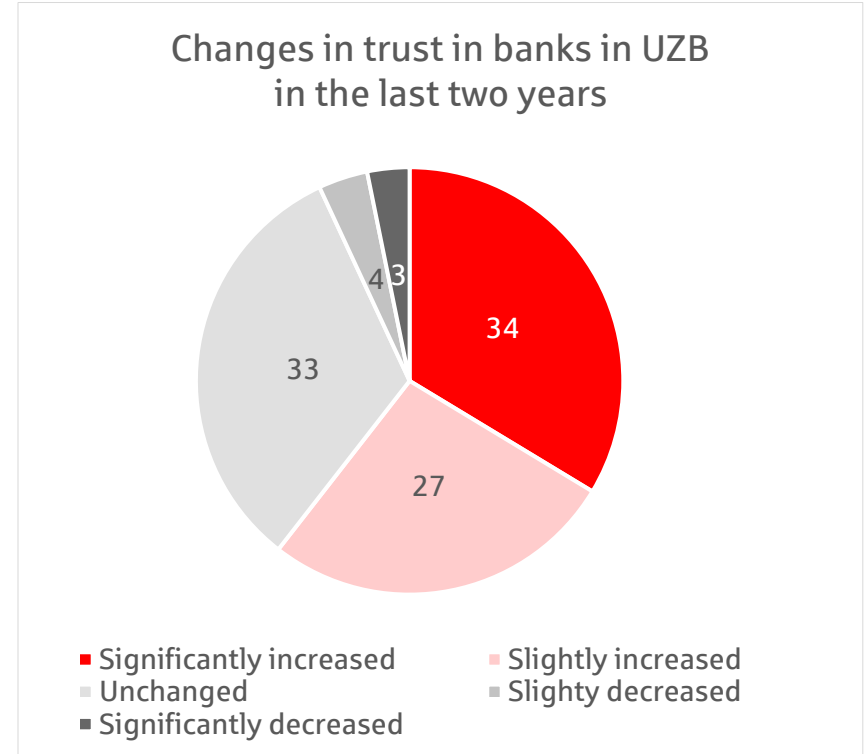
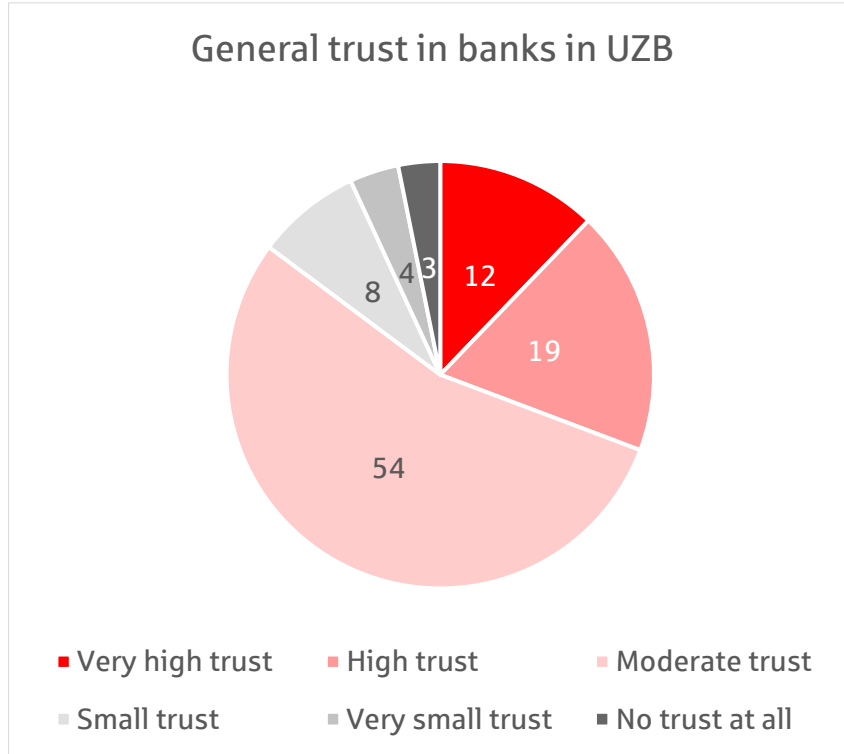
In general

- Developing contacts & exchange on experiences with banks in industrial countries
- Intensified competition between the banks
- Eliminating the black market for currency exchange and cash payouts

Note: the points listed are statements made by customers as part of the focus groups. These statements do not necessarily correspond to reality; they solely reflect customer perceptions.

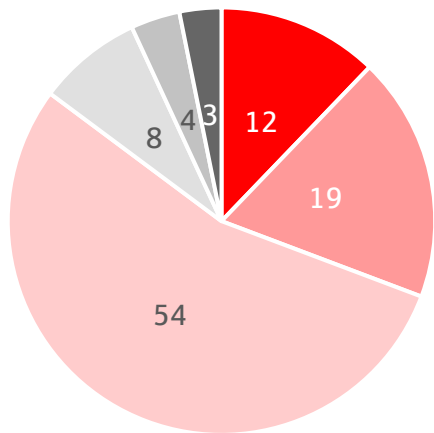
General trust in banks

Moderate to high trust with a significant increase within the last 2 years



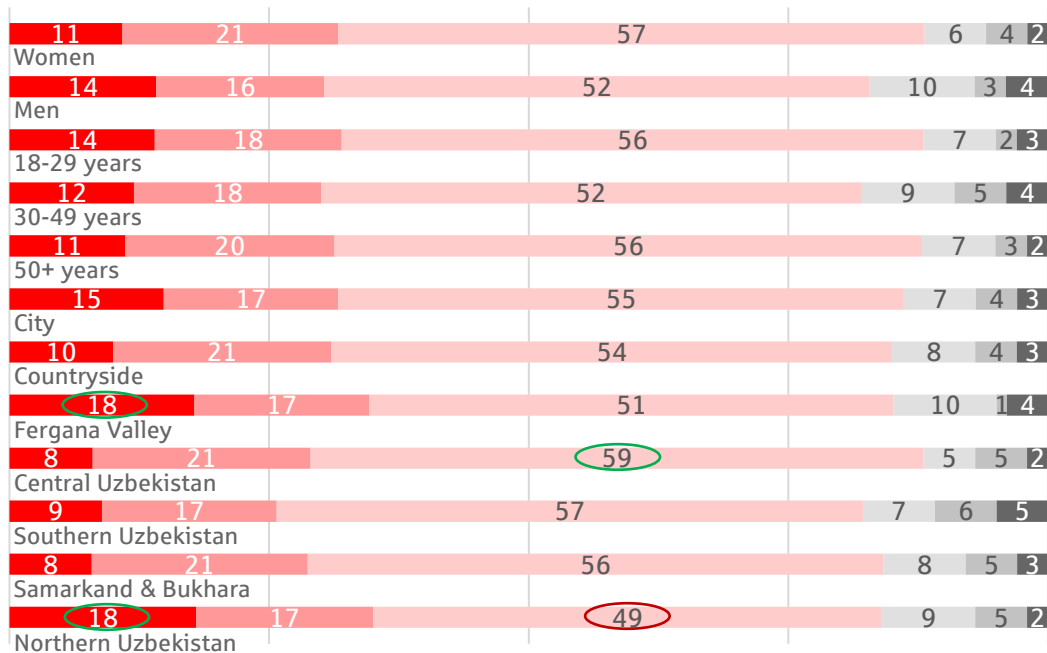
Indicators for general trust in banks, by groups of different criteria

General trust in banks in UZB (in %)



- Very high trust
- High trust
- Moderate trust
- Low trust
- Very low trust
- No trust at all

By subgroups (in %)

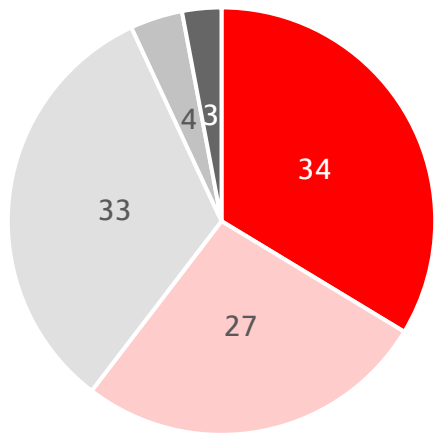


○ ≥ 5 percentage points compared to the overall market
 ○ ≤ 5 percentage points compared to the overall market

in %

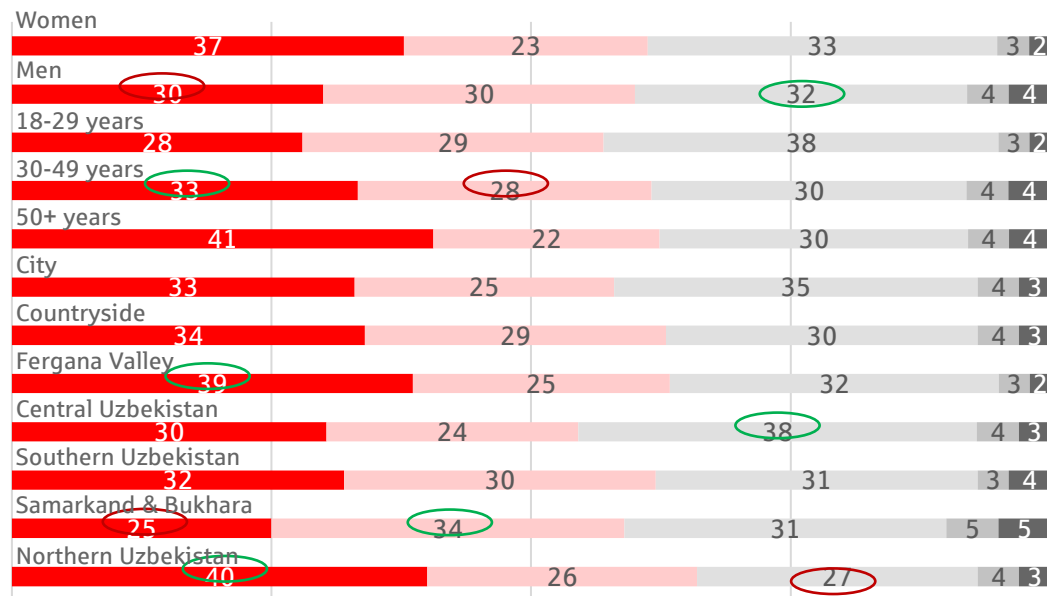
Changes in indicators of general trust in banks by groups of different criteria

Changes in trust in banks in UZB within the last 2 years (in %)



- Significantly increased
- Slightly increased
- Unchanged
- Slightly decreased
- Significantly decreased

By subgroups (in %)



- ≥ 5 percentage points compared to the overall market
- ≤ 5 percentage points compared to the overall market

in %

General trust in banks

Building trust in a bank:

Lowering the
interest rate for
loans

Improving service
(Shortening queues,
providing advice on
banking services and
complete information,
etc.)

Avoiding
bureaucracy and
corruption

Top 3
Trust
factors

Trust in banks

Trust levels in banking



Basic trust

- Protecting the customer's money / keeping it safe
- Protecting the customer's private data

Financial solidity



Trust in integrity

- No disclosure of financial data or disclosing it only to the extent required by law
- Protecting financial data from unauthorized data access and external attacks

Data protection



Functional trust

- Executing payment orders correctly
- Providing account statements with correct content
- Issuing functional cards

Professional processing of banking transactions



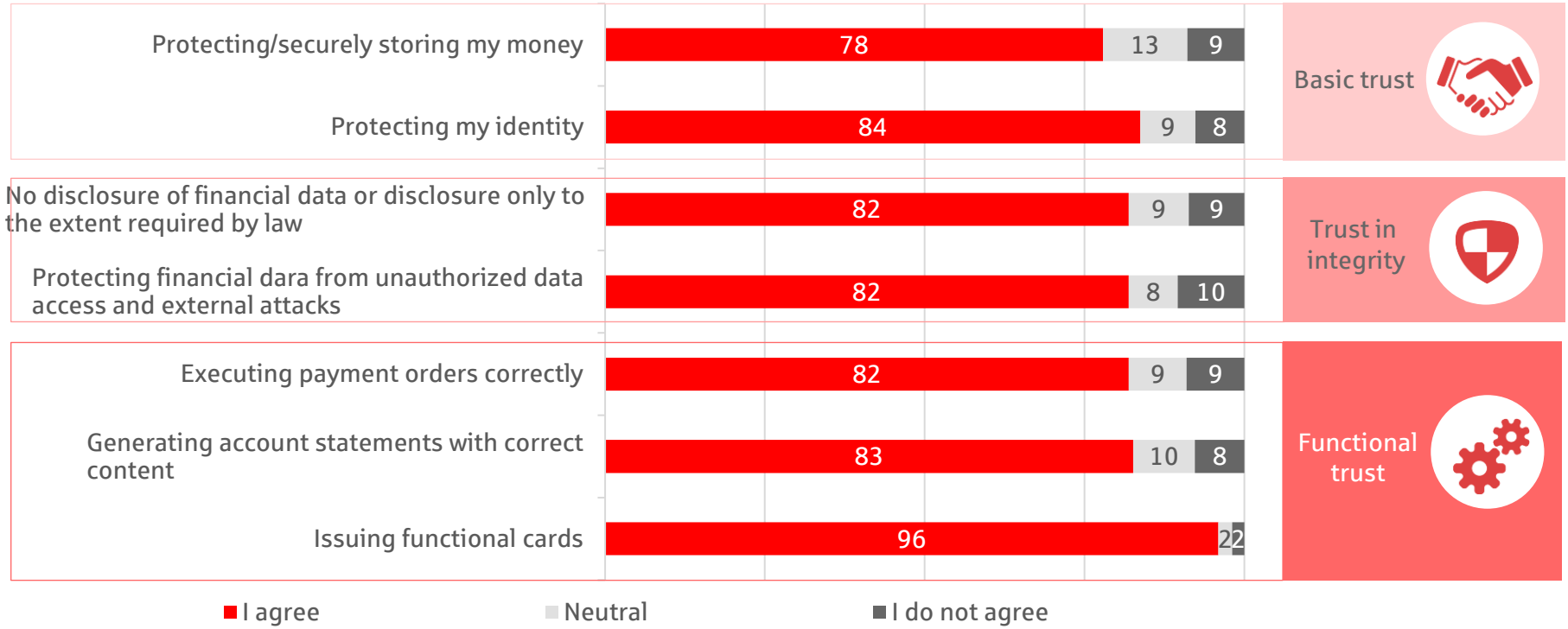
Strategic trust

- Recommending / transmitting products that best fit the needs / situation of the customer (even if less money for the bank)
- Informing about banking fees / being fully transparent and warn about indebtedness, informing about conflicts / consequences

Kundenbezogene
Wahrung der Interessen

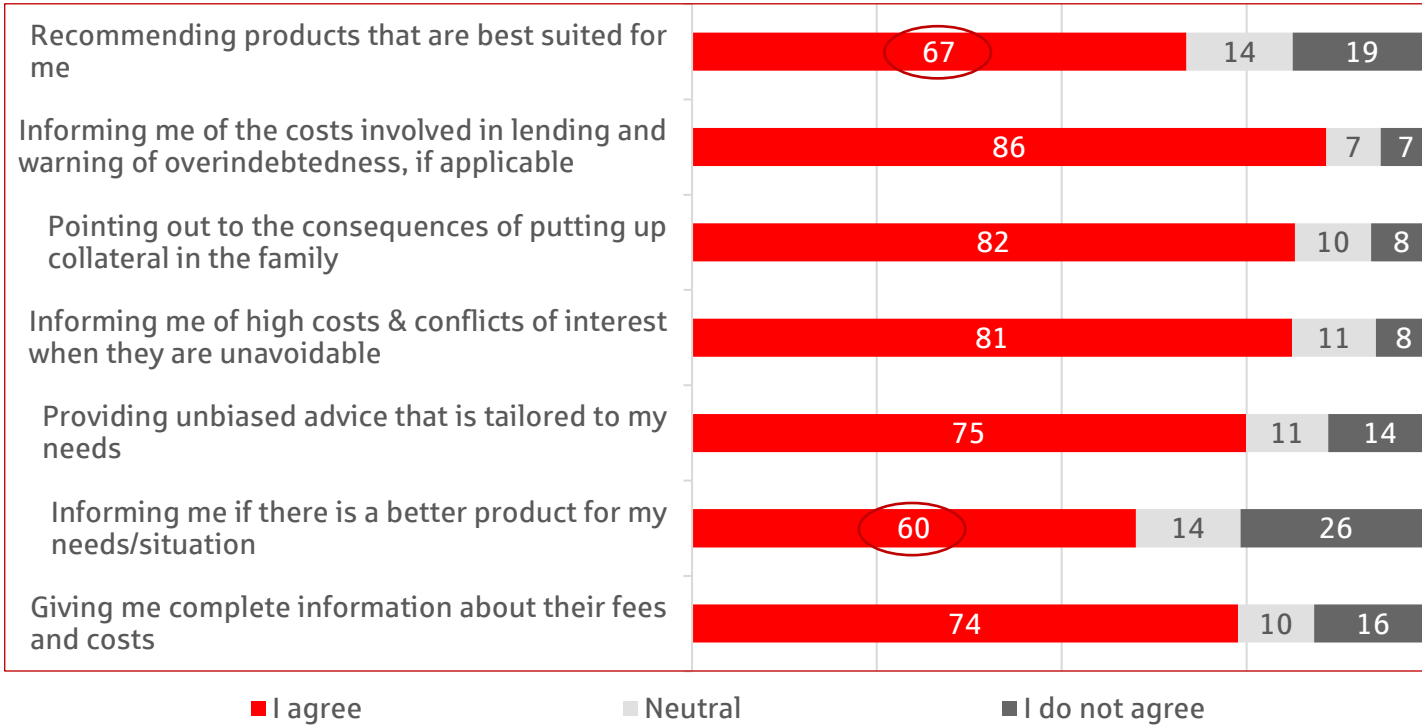
Trust in banks 1/2

Respondents' view on all aspects of social, loyalty, and practical trust (in %)



Trust in banks 2/2

Respondents' opinion on recommending products that meet customer needs (in %)



Strategic
trust

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Almost every respondent uses at least one bank

The background of the slide features a close-up, low-angle shot of the Uzbekistan national flag waving against a clear blue sky. The flag's colors are blue, white, and green, with a white crescent and twelve stars on the blue field.

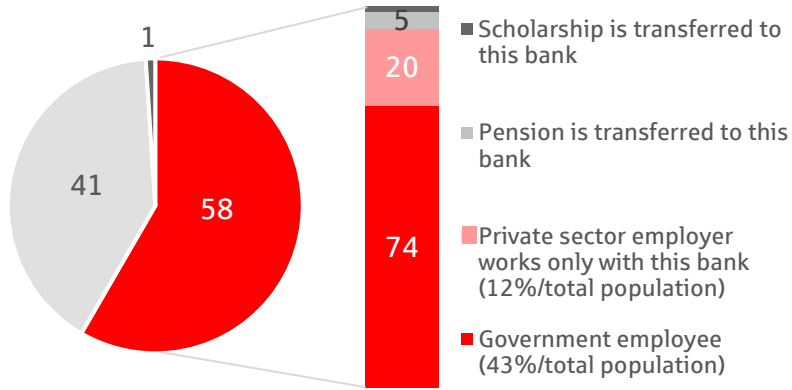
98% of respondents
use financial products

On average,
2 banks are
used per
respondent

Deciding for a main bank & card

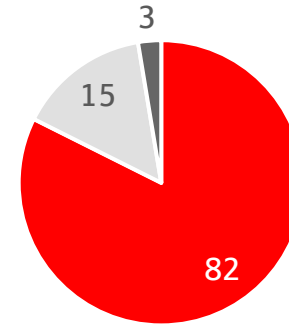
In most cases, the main bank is not freely chosen, usually the card issuing bank is chosen on a salary basis

Deciding for a main bank (in %)



- I did not have any choice and have to use this bank
- I chose this bank by myself
- Someone else from my family chose this bank for me

Card & Payment (in %)



- Yes, I have a card for my bank account and use it to pay in stores/whenever I can
- Yes, I have a card for my bank account, but I withdraw most of my money and pay cash in stores
- No, I do not have a card for my bank account and only get cash at the counter of a bank branch

Clients are afraid of taking loans because of:

What clients say*

High interest rates

Necessary documents, bureaucracy

Afraid of not being able to pay back on time

Problems in obtaining a loan

According to non-bank customers: loans are available only to those who work for the state and earn a high salary.

Bad Service (long queues)

Provision of Additional documents

Delay (in the processing of documents) or even refusal to approve the loan

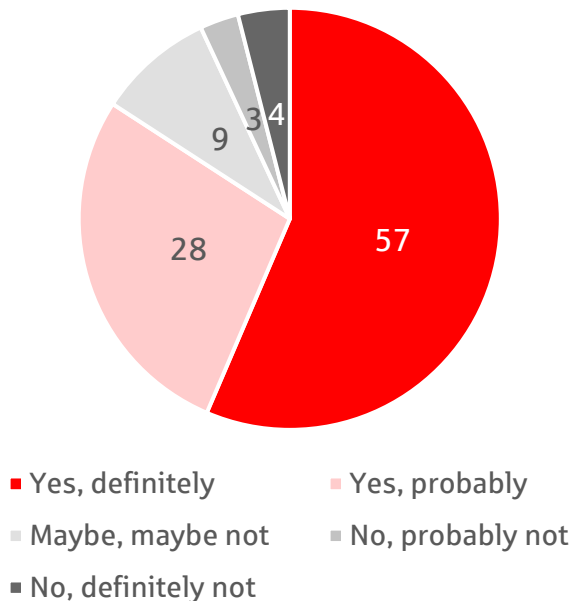
Especially the case with very low-interest loans

*Note: the points listed are statements made by customers of the focus groups. These statements do not necessarily correspond to Reality; they solely reflect customer perceptions.

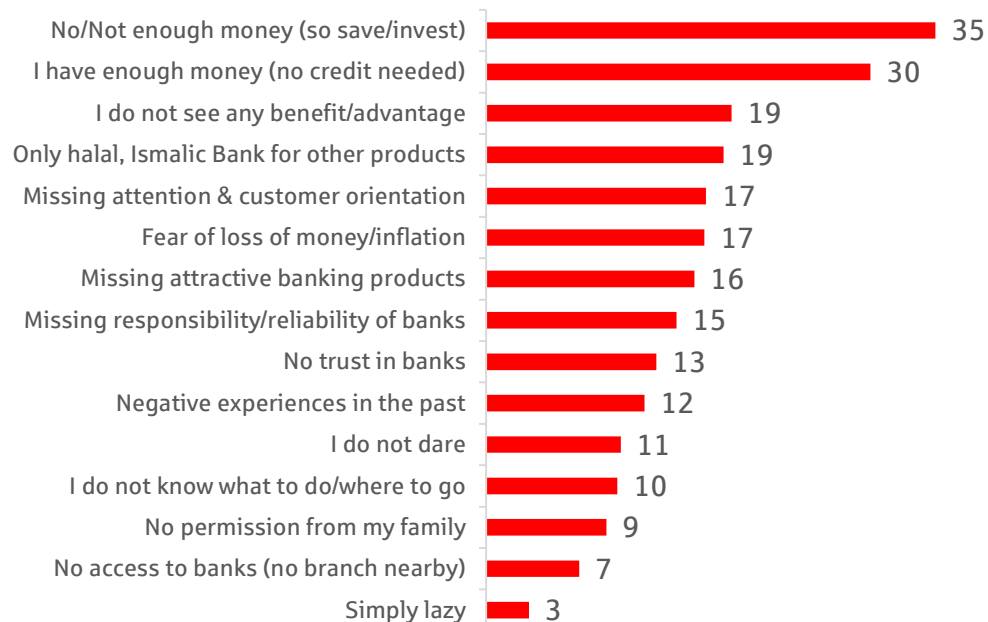
Using other banking products

Many people are interested in using other banking products

Potential use of other banking products (in %)

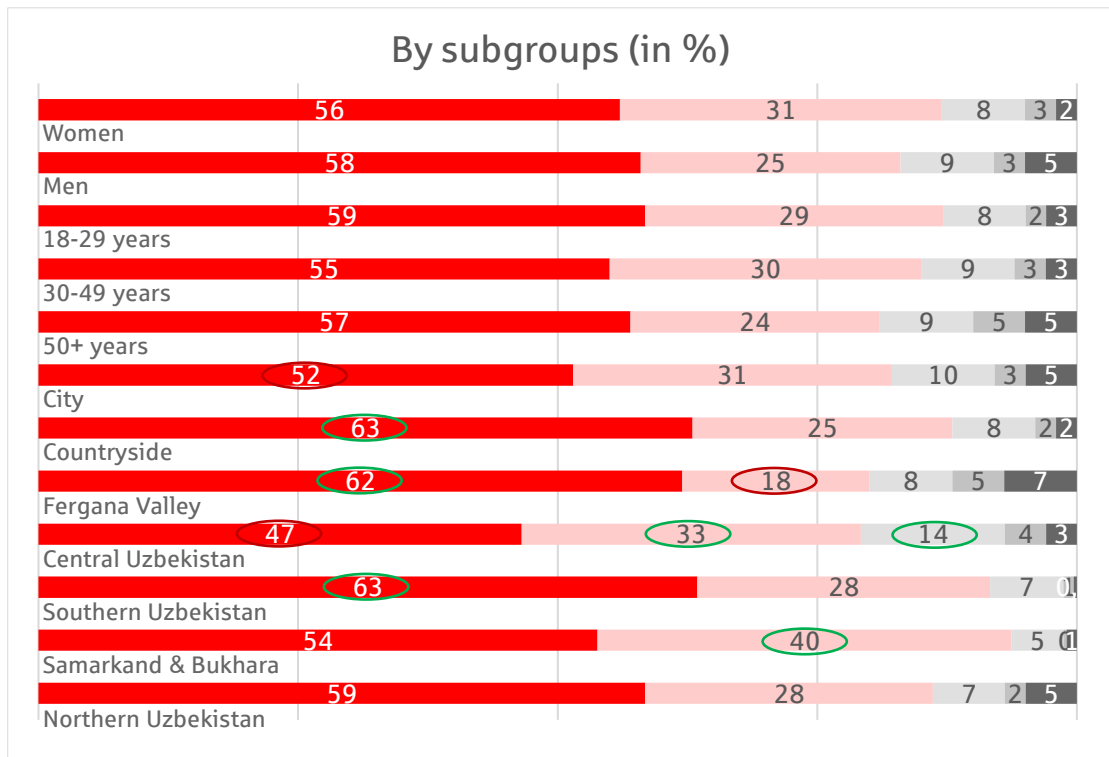
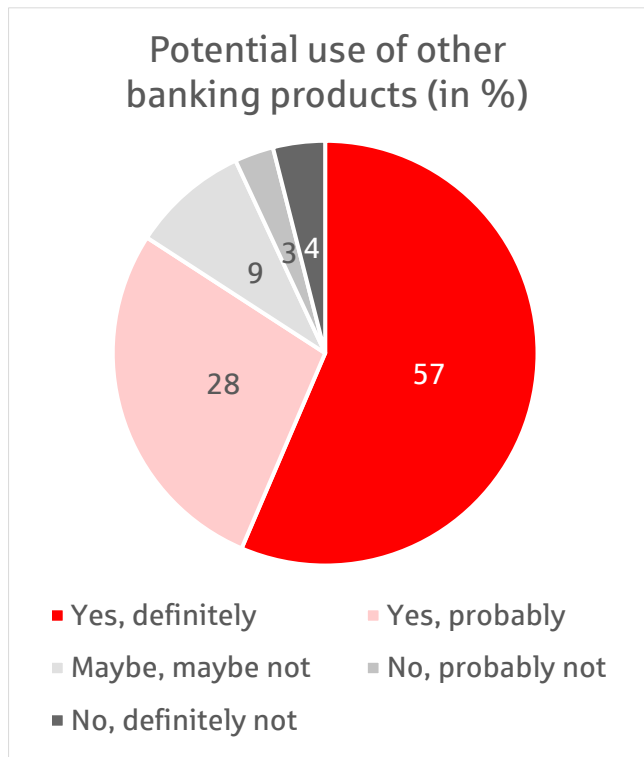


Which of the following reasons do you personally agree with?
I refuse to use other financial products because... (in %)



Using additional banking products by subgroups

Higher interest in products available in rural areas, Fergana Valley & Southern UZB



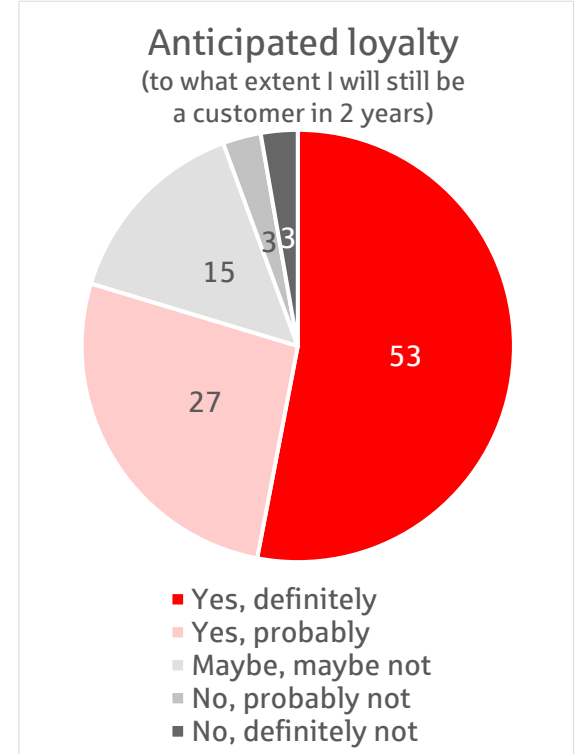
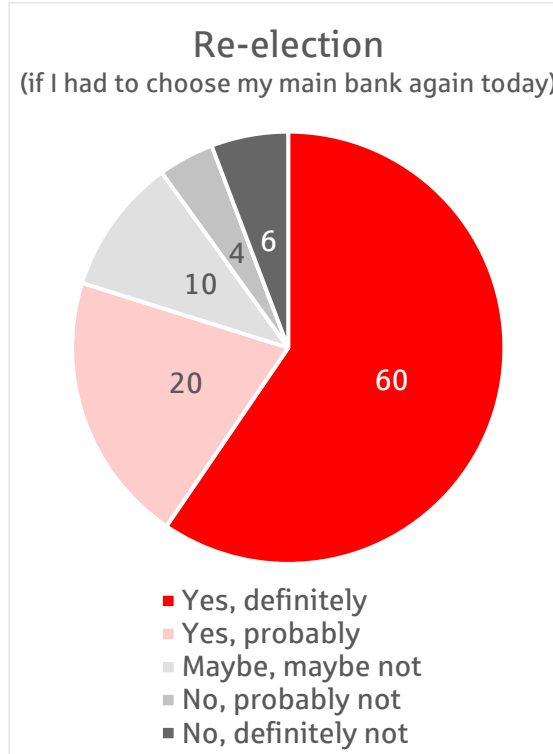
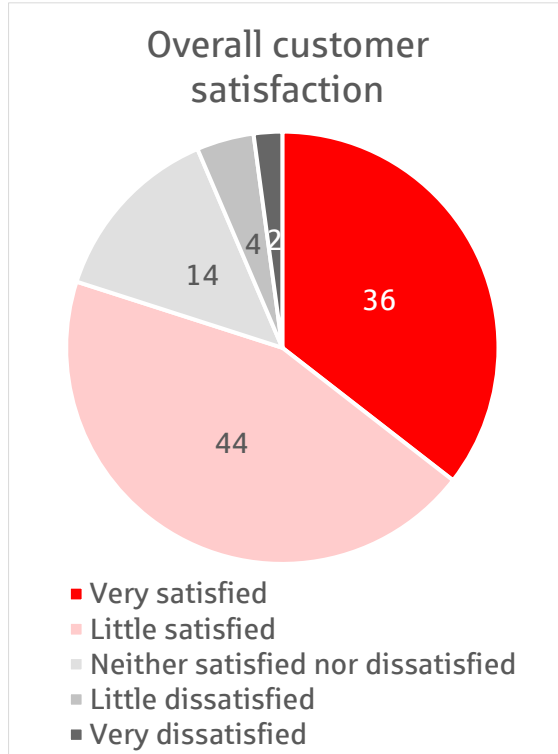
63 >=5 percentage points compared to the overall market
52 <=5 percentage points compared to the overall market

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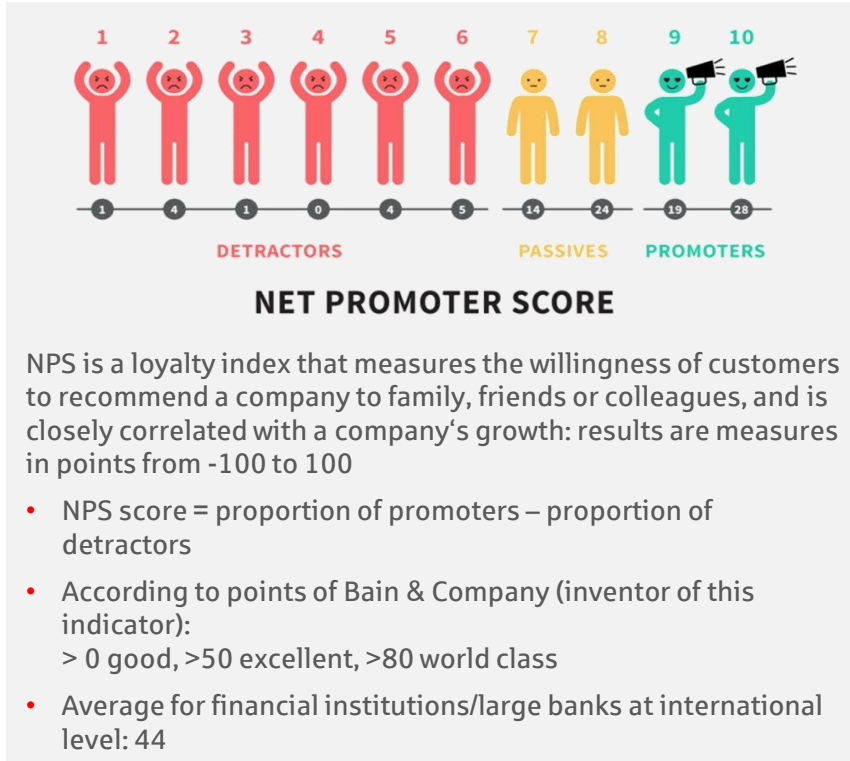
Customer satisfaction & -loyalty KPIs

Generally high level of satisfaction and loyalty among bank customers (>75%)



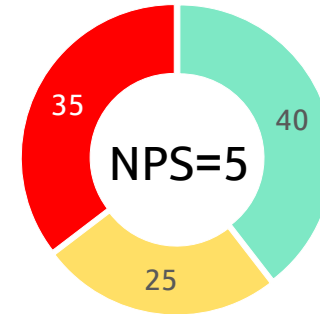
Net Promoter Score (NPS)- Indicator for the level of customer loyalty

Positive NPS for the Uzbek banking sector



On a scale of 0-10, how likely are you to recommend your main bank to a friend or colleague?

- Results of respondents' answers to this question (in %)



■ Promoters ■ Passives ■ Detractors

NPS indicator showed: 40%-35% = 5 points

What some dissatisfied customers say about banking services:

1. High interest rates for loans
2. No trust in banks
3. Poor service, including low qualifications of bank staff, poor advice and guidance to customers on financial products and services offered by the bank
4. No need for **banking products**
5. Insufficient amount of money (income for loan repayment)
6. Fear of losing money

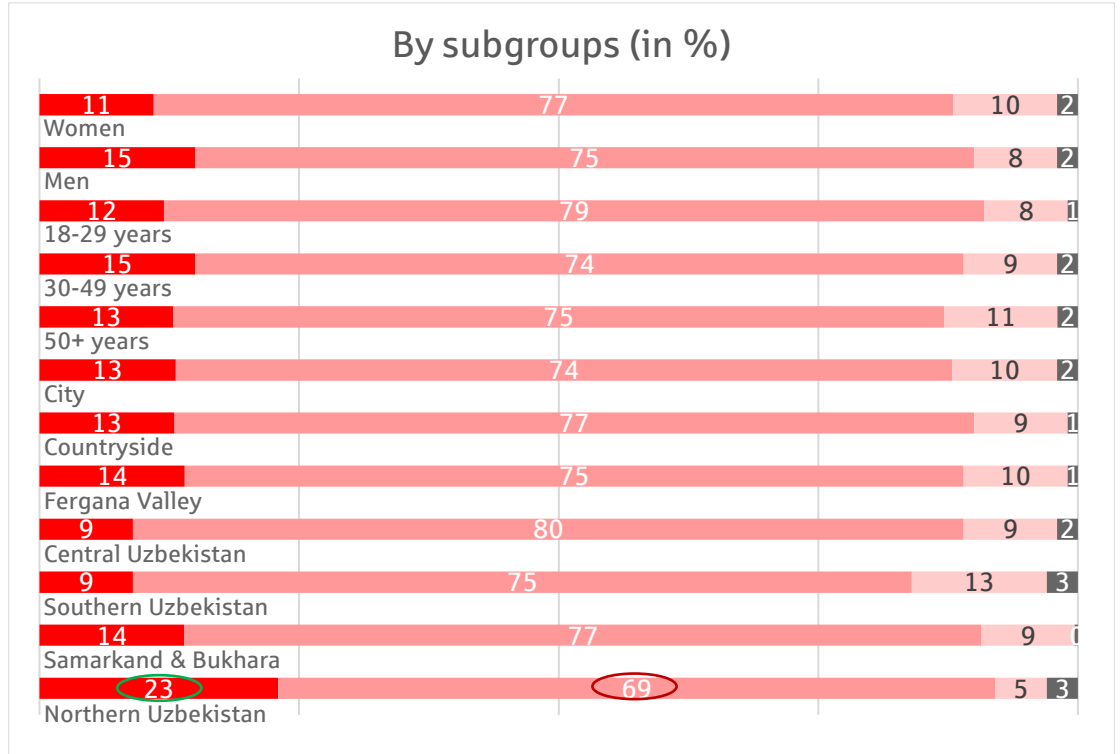
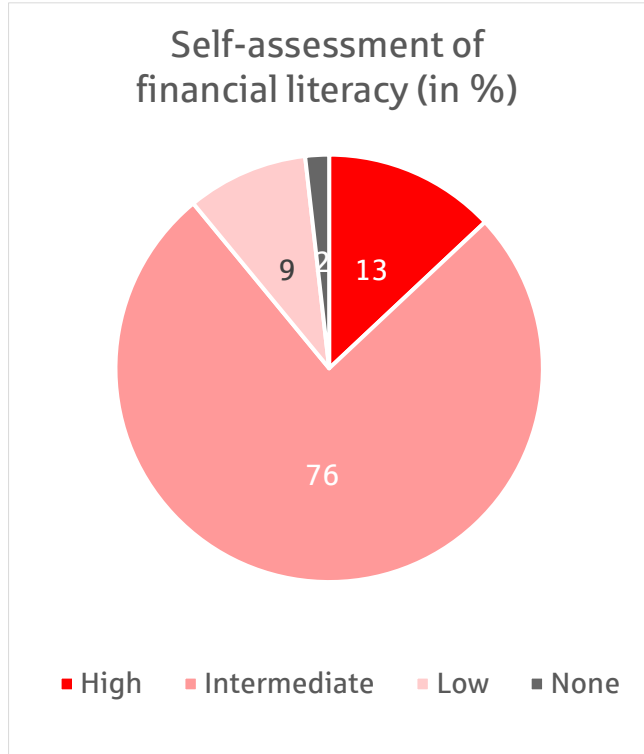


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Financial literacy

High self-assessment of financial knowledge & experience

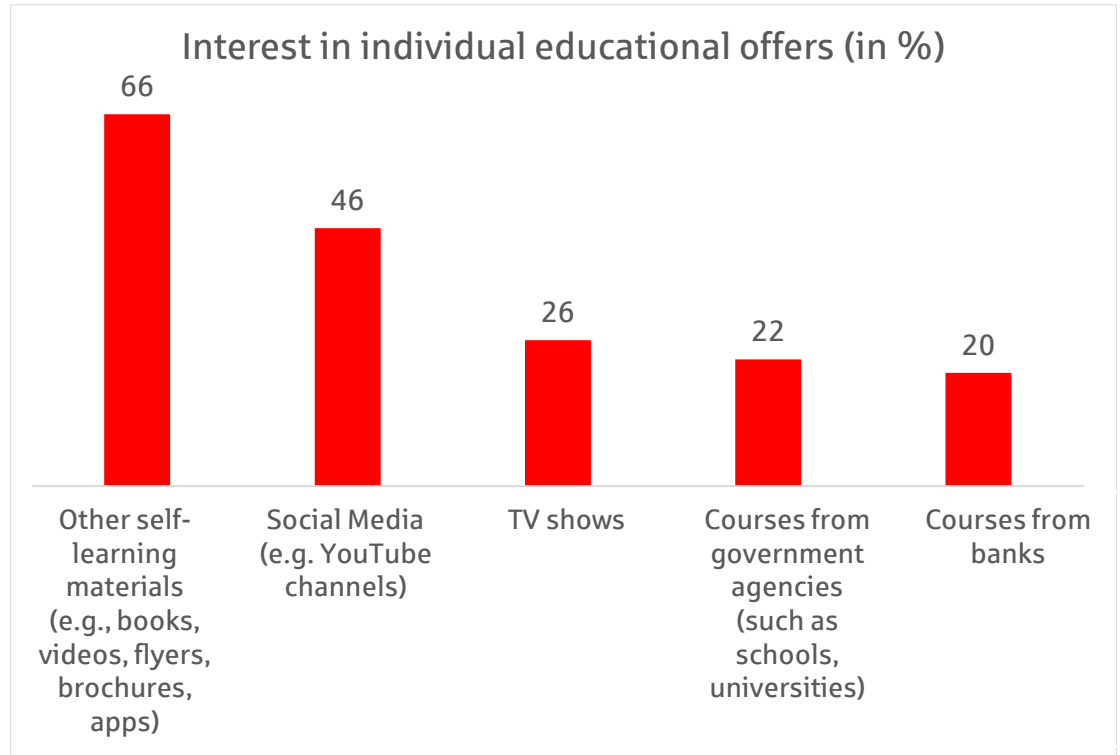
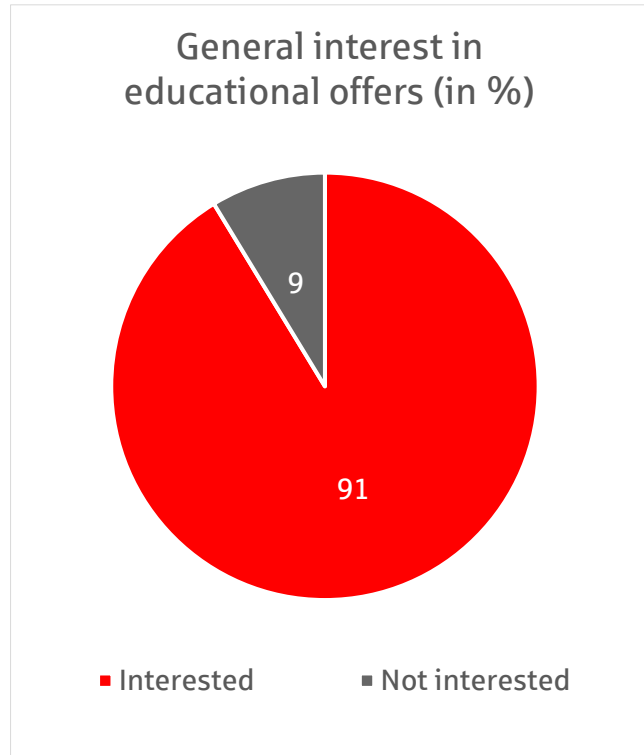


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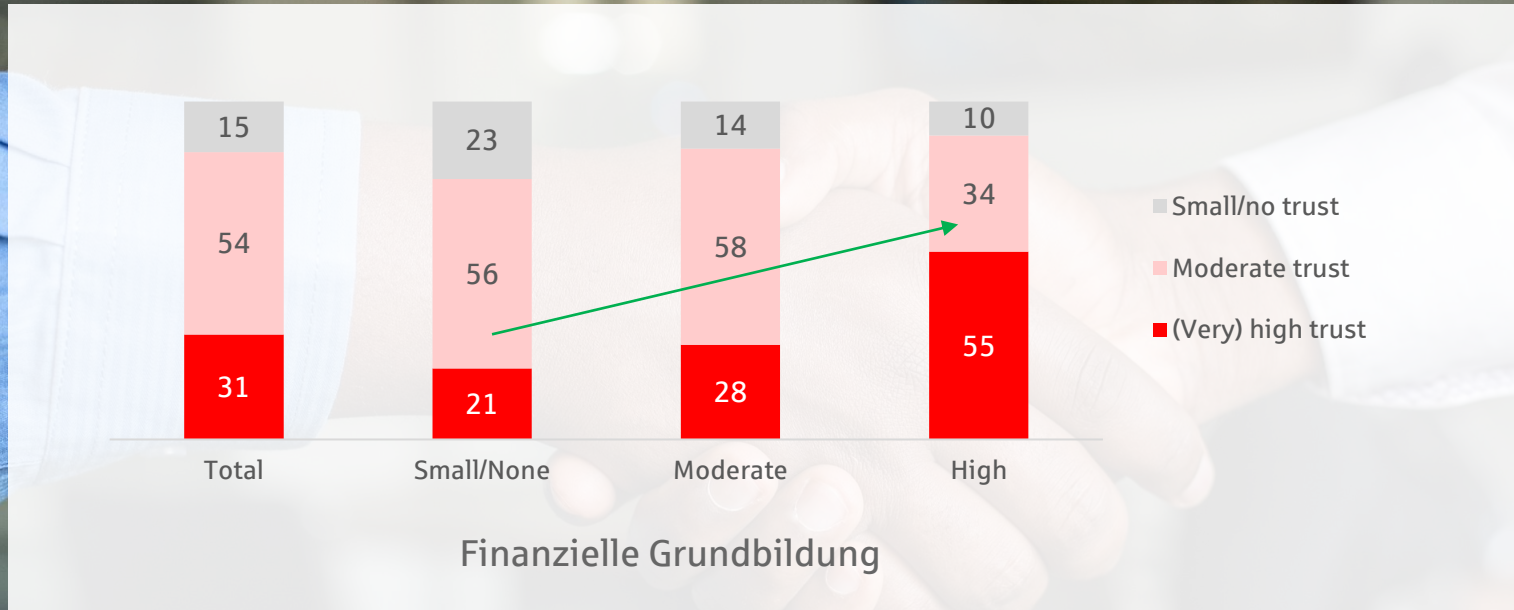
Financial literacy training offers

Very high interest in offers, especially in self-learning materials



Correlation between financial literacy & trust in banks

The higher the financial knowledge, the higher the trust in banks



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Management Summary

1/2

I. Financial situation, attitude & behavior

- The market survey confirms a positive development of the financial situation of the Uzbek population
- In general, financial worries & fears are few. The population acts with confidence and calmness in financial relationships
- In dealing with money, "saving for consumption" and "making high profit, forgetting about risk (security)" are sometimes the case

II. Image of the financial sector & confidence in banks

- From the perspective of the Uzbek population, banks are an important economic factor for the country. Many positive changes are perceived since the reforms in the banking sector in the last 5 years, especially in terms of products/conditions and infrastructure - which is also reflected in a neutral image
- The image is nevertheless damaged by cases of a lack of customer orientation, unnecessary bureaucracy, low professionalism and persistent corruption, which continue to take place in practice
- Trust in the Uzbek banking sector is moderate to high
- The banking sector has seen a significant increase in trust among the population over the past 2 years
- The top 3 factors to build trust in a bank are lowering interest rates on loans, improving customer service and reducing bureaucracy, and fighting corruption
- Regarding the various trust levels, basic, integrity and functional trust are at a good level, while in the case of strategic trust there is scope for optimization (potential), particularly in terms of customer orientation (product recommendation).

Management Summary

2/2

III. Using banks & banking products

- Account penetration for payment transactions is close to 100%, with state-owned banks dominating as expected
- A debit card is included in almost all accounts and is also largely used by customers for cashless payment transactions
- Fears and reservations exist with regard to other investment or credit products, mainly due to negative experiences in the past
- There is a willingness to use other banking products. Rejection is mainly related to the personal financial situation, where there is either a lack of financial resources (too little money) or simply no need (too much money)
 - Above-average willingness to use other banking products in rural areas, the Fergana Valley & southern Uzbekistan

IV. Customer satisfaction & loyalty

- According to the study results, overall satisfaction & loyalty of Uzbek banking customers are good, but with room for improvement
- Willingness to recommend as the highest measure of customer loyalty - measured with the Net Promoter Score (NPS) - is good for the Uzbek banking market with potential for improvement (compared to the global industry benchmark)
- Customer satisfaction with individual aspects is good for the total market, but also has room for improvement; social commitment hardly plays a role at
- Note: Despite good satisfaction ratings for the total market (Ø), there are differences at the level of individual banks

V. Financial literacy

- Self-assessment of basic financial education is surprisingly high
- Interest in financial literacy courses is nevertheless very high, especially for location- and time-independent courses
- The market study confirms the need for basic financial education to build trust in the banking sector

Thank you.



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