

# ECONOMIC SIGNIFICANCE OF ESTABLISHING THE TASHKENT INTERNATIONAL FINANCIAL CENTRE IN UZBEKISTAN

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## Abstract

This article examines the reasons, stages, and legal foundations for the establishment and development of the Tashkent International Financial Centre, as well as its strengths and weaknesses, opportunities and threats, sources of financing, investor incentives, tax preferences, contemporary trends, institutional structure, and international competitive advantages.

**Keywords:** A financial center, foreign investments, a separate jurisdiction based on English common law, “sandbox” regime, cross-border dispute resolution, a regional treasury center, Islamic finance, financial technologies, family offices, unique selling points.

## Introduction

In the context of the increasingly deepening globalization of the world economy, enhancing the international competitiveness of national economies, expanding export potential, increasing high-technology-based production, and accelerating modernization processes require the attraction of substantial volumes of investment. In this regard, foreign investment plays a crucial role. The effectiveness of attracting foreign capital largely depends on the investment climate of a country and the favorable conditions created for foreign investors.

Moreover, innovation-driven development based on advanced technologies and the pursuit of higher living standards inevitably influence various financial and economic indicators. In recent years, the implementation of comprehensive urban development programs has significantly transformed the appearance and economic landscape of many cities in Uzbekistan, particularly the capital city of Tashkent. These developments demonstrate the government's strong commitment to strengthening the economic and financial capacity of cities while simultaneously modernizing their infrastructure.

In particular, the Tashkent International Financial Centre (TIFC) was established pursuant to the Decree of the President of the Republic of Uzbekistan No. PF-48, dated 30 March 2026, “On the Establishment of the Tashkent International Financial Centre” [1]. According to the Decree, the Centre is authorized to facilitate a wide range of activities, including financial and investment services, banking operations, insurance, securities trading, payment systems,



Islamic finance, green finance, financial technologies (fintech), digital (crypto) assets, auditing, consulting, and legal services. Furthermore, the Decree provides for the establishment of the Tashkent International Commercial Court as an integral component of the Centre's institutional framework.

This initiative represents an important milestone in Uzbekistan's ongoing efforts to integrate into the global financial system, improve the investment environment, and position Tashkent as a competitive regional financial hub capable of attracting international capital, financial institutions, and professional service providers.

## **LITERATURE REVIEW**

In their article "Institutions, International Financial Integration, and Output Growth" published in the *Journal of Economic Behavior & Organization*, Binder, Cheung, Georgiadis, and Sharma examine the interrelationship between institutional quality, international financial integration, and economic growth. The authors argue that effective institutions and a robust legal framework enhance the positive impact of international financial integration on economic performance [2]. Their findings indicate that in countries with high institutional quality, financial integration stimulates investment inflows, increases production capacity, and improves overall economic efficiency. These conclusions are particularly relevant to the establishment of the Tashkent International Financial Centre (TIFC), as they underscore the importance of creating a reliable legal environment, strengthening financial institutions, and adopting international financial standards in Uzbekistan.

In the article "Tax Havens, Offshore Financial Centres and the Current Sanctions Regimes" published in the *Journal of Financial Crime*, Norman Mugarura analyzes the relationship between offshore financial centres, tax havens, and international sanctions regimes [3]. The author emphasizes that while offshore financial centres play a significant role in facilitating global capital mobility and investment flows, they may also increase the risks associated with financial crime, illicit capital movements, and sanctions evasion. The study highlights transparency, effective regulatory oversight, and compliance with international financial standards as critical prerequisites for the sustainable operation of international financial centres. These findings provide valuable guidance for the development of the TIFC, particularly in terms of strengthening compliance systems, enhancing anti-money laundering (AML) mechanisms, ensuring financial security, and reinforcing investor confidence.

Ng and Kwok, in their article "Emergence of FinTech and Cybersecurity in a Global Financial Centre" published in the *Journal of Financial Regulation and Compliance*, investigate the growing role of financial technologies (FinTech) and cybersecurity challenges in global financial centres [4]. The authors argue that while the expansion of digital financial services increases the efficiency and accessibility of financial markets, it simultaneously raises cybersecurity risks. Their research demonstrates that innovation, digital infrastructure, and robust information security systems constitute essential determinants of competitiveness in modern financial centres. These insights are highly relevant for the TIFC, highlighting the need to foster a dynamic FinTech ecosystem, expand digital banking services, and establish a cybersecurity framework aligned with international standards.



In *Capitals of Capital: A History of International Financial Centres, 1780–2005*, Youssef Cassis provides a comprehensive analysis of the historical evolution of international financial centres from the eighteenth to the twenty-first century, focusing on major financial hubs such as London, New York, and Paris [5]. The author concludes that the success of international financial centres is closely associated with economic strength, political stability, a developed banking sector, extensive international trade networks, and a favorable institutional environment. These theoretical perspectives offer an important foundation for the establishment of the TIFC. In particular, they suggest that the development of Tashkent as a regional financial hub requires a legal system consistent with international standards, modern financial infrastructure, and a business-friendly environment capable of attracting global investors.

The legal framework for the establishment of the TIFC was formalized by the Decree of the President of the Republic of Uzbekistan No. PF-48, dated 30 March 2026. The Decree identifies banking, capital markets, insurance, financial technologies (FinTech), Islamic finance, green finance, and digital asset markets as the Centre's key areas of activity. Furthermore, it introduces a special legal regime, international dispute resolution mechanisms, and a broad package of tax incentives aimed at enhancing the Centre's attractiveness to both domestic and foreign investors [1].

During the presentation on the establishment of the Tashkent International Financial Centre, it was emphasized that the Centre could serve as an effective instrument for attracting new forms of investment and promoting sustainable economic growth. According to official projections, by 2030 the TIFC is expected to attract an additional USD 20–25 billion in investment, contribute up to 1 percentage point annually to Uzbekistan's GDP growth, create up to 15,000 highly skilled jobs, and facilitate professional training and capacity building for approximately 10,000 specialists [6]. These anticipated outcomes highlight the strategic importance of the TIFC as a catalyst for financial sector development, investment expansion, and the integration of Uzbekistan into the global financial system.

## **RESEARCH METHODOLOGY**

The study employs a combination of systematic analysis, statistical analysis, and scientific abstraction to investigate the establishment and development prospects of the Tashkent International Financial Centre (TIFC) in Uzbekistan. The application of the scientific abstraction method facilitated the formulation of theoretical conclusions regarding the economic significance of establishing the TIFC and its potential contribution to enhancing the country's investment attractiveness and financial sector development.

Furthermore, the methods of systematic and statistical analysis were utilized to examine the stages of the Centre's development, identify its key trends and characteristics, and assess its institutional and economic foundations. Based on these analytical approaches, the strengths, weaknesses, opportunities, and threats (SWOT) associated with the TIFC were evaluated, providing a comprehensive understanding of its potential role in promoting financial integration, attracting international investment, and strengthening Uzbekistan's position within the global financial system.



## RESULTS AND DISCUSSION

The findings of this study indicate that the legal and functional framework of the Tashkent International Financial Centre (TIFC) is based on three key components.

First, the establishment, objectives, territorial scope, governance structure, and special legal regime of the Centre were defined by the Presidential Decree of the Republic of Uzbekistan No. PF-48, dated 30 March 2026, “On the Establishment of the Tashkent International Financial Centre.”

Second, the draft Constitutional Law of the Republic of Uzbekistan “On the Tashkent International Financial Centre” was submitted for public discussion. The draft law envisages the application of the principles of English common law and equity within the Centre, as well as the establishment of independent judicial and arbitration mechanisms.

Third, the implementation of the Centre’s tax and customs regime requires the introduction of relevant amendments to the Tax Code of the Republic of Uzbekistan and other regulatory and legal acts.

The research findings suggest that the establishment and development of the TIFC can be explained by several interrelated factors. During the presentation held at the level of the Presidential Administration on 25 March 2026, it was emphasized that increasing geo-economic competition for global capital flows necessitates the creation of attractive investment destinations. Uzbekistan’s abundant natural resources, steadily growing economy, and ongoing economic reforms were highlighted as key factors enhancing the country’s attractiveness to international investors. According to official estimates presented during the meeting, by 2030 the TIFC could attract an additional USD 20–25 billion in investment, contribute up to 1 percentage point annually to GDP growth, create up to 15,000 highly skilled jobs, and provide advanced professional training for approximately 10,000 specialists [6].

Based on the research findings, the development of the TIFC can be conditionally divided into five stages.

The first stage began on 21 December 2018, when, during an extraordinary session of the Tashkent City Council of People’s Deputies, the President of Uzbekistan outlined strategic priorities for the socio-economic development of Tashkent. The necessity of developing a strategy to transform Tashkent into a major business and financial hub marked the beginning of the preparatory phase. Subsequently, the Resolution of the Cabinet of Ministers No. 4, dated 4 January 2019, “On Additional Measures to Attract Foreign Direct Investment for Infrastructure Development in Tashkent City,” approved a list of investment projects and priority sectors for attracting foreign investment. In 2020, preliminary recommendations regarding the establishment of the TIFC were developed in cooperation with TheCityUK.

The second stage (2021–2024) may be characterized as a period of relative stagnation. The dissolution of the Capital Market Development Agency of the Republic of Uzbekistan on 1 May 2021 slowed progress toward establishing the Centre. However, from March 2023 onward, Tashkent began to be assessed within the Global Financial Centres Index (GFCI) as an Associate Centre, while efforts were initiated to increase the number of evaluative indicators to the required threshold of 150.



The third stage, covering 2025, represented a period of renewed preparation and conceptual discussions. During this phase, the idea of establishing an international financial centre in Tashkent once again became a subject of active public and policy debate.

The fourth stage, beginning in March 2026, may be described as the phase of establishing the legal and institutional foundations of the Centre. During this period, Presidential Decree No. PF-48 was adopted, and on 1 April 2026 the draft Constitutional Law “On the Tashkent International Financial Centre” was officially published and submitted for public consultation. The fifth stage involves the operational launch of the Centre. At this stage, the effective functioning of regulatory authorities, the judicial system, licensing mechanisms, the stock exchange, and tax and migration incentives becomes crucial for ensuring the Centre’s success. A SWOT analysis reveals several important characteristics of the TIFC.

Among its strengths, the most significant is the introduction of a special legal regime based on a separate jurisdiction applying principles derived from English common law. This framework enhances contract enforcement, dispute resolution mechanisms, and the protection of property rights. Another important advantage is the integration of banking, insurance, capital markets, Islamic finance, green finance, fintech, and digital assets within a single institutional ecosystem, transforming the Centre into an integrated financial platform rather than a conventional business zone.

The principal weakness of the TIFC lies in its status as a newly established institution. Unlike the Dubai International Financial Centre (DIFC) or the Astana International Financial Centre (AIFC), the TIFC currently lacks a long-standing reputation, deep and liquid capital markets, and an extensive body of legal precedents. Furthermore, its practical success will depend less on the formal incentives provided and more on implementation quality, human capital, the expertise of international judges and arbitrators, and the effectiveness of regulatory institutions. In terms of opportunities, Uzbekistan is currently undergoing significant reforms in capital markets, fintech, payment systems, and digital assets. Presidential Decree No. PF-254 of 18 December 2025 established a target of attracting an additional USD 1 billion to the capital market through modern financial instruments, including the issuance of UZS 5 trillion in corporate bonds by 2030. In 2026, the regulatory sandbox regime for capital market innovations was further expanded. These developments provide the TIFC with substantial opportunities to test new financial instruments, listing mechanisms, fintech solutions, and cross-border financial services.

The Centre also faces several threats. External threats include geopolitical uncertainty, increasing costs of global capital, regional competition, and growing investor expectations regarding legal stability. Internal threats relate to potential overlaps between the Centre’s institutions and national regulators, the slow development of judicial practice, and possible delays in attracting international financial institutions, brokers, market-makers, rating agencies, and major professional service providers. The extent to which these challenges are addressed will largely determine the success of the institutional framework envisaged under Presidential Decree No. PF-48.

From the perspective of investors, the TIFC offers a highly attractive package of incentives. Under the provisions of Presidential Decree No. PF-48 and its annexes, Centre participants may fulfil contractual obligations in foreign currencies and digital assets; foreign nationals may



be employed without obtaining separate work permits; employees and their family members are eligible for special visas valid for up to five years; and unrestricted repatriation of capital and income generated within the Centre is guaranteed.

The study further demonstrates that the tax incentives provided within the TIFC are exceptionally favorable. Until 1 January 2076, income derived by Centre authorities and participants from activities conducted within the TIFC is exempt from corporate income tax and social tax. Employment income earned by foreign nationals within the Centre is exempt from personal income tax. Certain properties are exempt from property and land taxes, while imported goods enjoy customs duty exemptions. Income derived from the sale of securities listed on the Centre's stock exchange, as well as dividends and interest generated from such securities, is exempt from taxation. For Uzbek residents employed by Centre authorities and participants, a preferential personal income tax rate of 7% applies. In addition, services provided within the Centre are exempt from value-added tax (VAT).

Nevertheless, several potential challenges remain. First, the effective implementation of tax incentives requires the prompt adoption of comprehensive secondary legislation. Second, extensive incentives may create perceptions of unequal competition between entities operating within and outside the Centre. Third, digital asset markets and international arbitration services are particularly vulnerable to reputational risks.

Three major development trends can be identified. The first is the deepening of capital markets through ambitious fundraising targets established under PF-254. The second involves the expansion of digital innovation and experimental regulatory regimes, including regulatory sandboxes and special legal frameworks for stable tokens. The third concerns the growing importance of Islamic finance and green finance, both of which have been identified as strategic priorities within the TIFC. Consequently, the Centre is being designed not as a traditional offshore financial centre but rather as a specialized regional financial hub operating under a hybrid institutional model.

From a global perspective, the significance of the TIFC currently derives not from its scale but from its strategic geographic location and institutional architecture. Situated at the intersection of Central Asia, the CIS region, the Middle East, and South Asia, the Centre possesses the potential to evolve into a regional hub for cross-border dispute resolution, regional treasury operations, Islamic finance, financial technology (FinTech) services, and international listings. However, achieving this objective will require the rapid development of a comprehensive ecosystem comprising international banks, legal firms, rating agencies, market-makers, and professional service providers.

According to Presidential Decree No. PF-48, the institutional structure of the TIFC consists of four principal components:

- The Council;
- The Financial Services Authority;
- The Administration;
- The Tashkent International Commercial Court.

The Council serves as the Centre's strategic governing body and includes senior government officials as well as independent experts in financial markets, banking, law, and international



financial centre development. This governance model is intended to ensure political support, regulatory coordination, and access to international expertise.

The Financial Services Authority functions as an independent regulatory and supervisory body responsible for adopting sector-specific regulations. The Administration manages participant registration, licensing of non-financial services, property allocation, and related operational activities. The separation of regulatory and operational functions reduces potential conflicts of interest and enhances institutional efficiency.

The Tashkent International Commercial Court represents the Centre's most distinctive institution. Comprising both a Court of First Instance and a Court of Appeal, it operates independently from the national judicial system. The Court adjudicates disputes related to the activities of the TIFC and the International Digital Technology Centre, contractual disputes where parties have chosen its jurisdiction, certain administrative disputes involving foreign investors, and matters related to arbitration proceedings conducted within Uzbekistan. Its decisions are legally binding and enforceable in the same manner as decisions rendered by national courts.

Geographically, the Centre is located in the Shaykhantakhur District of Tashkent, within a designated area surrounding Islam Karimov Avenue and Yangi Tashkent Street. Funding sources include a USD 20 million grant from the Fund for Reconstruction and Development of Uzbekistan in 2026, allocations from the state budget, revenues generated by Centre institutions, participant contributions, and other legally permissible sources.

The TIFC possesses several important competitive advantages. The first is its dual legal model, under which a special legal regime based on English common law principles operates within Uzbekistan's sovereign territory. This institutional arrangement mirrors the successful models adopted by the AIFC and DIFC.

The second advantage is its multi-sector specialization. Unlike many financial centres that focus primarily on banking or securities markets, the TIFC integrates banking, investment services, insurance, fintech, Islamic finance, green finance, payment systems, digital assets, auditing, consulting, and legal services within a single platform, thereby functioning as a comprehensive financial services cluster.

The third advantage is its regional geo-economic position. Located in one of Central Asia's largest markets and closely connected to production networks, transportation corridors, labor resources, and domestic demand, Tashkent possesses the potential to develop into a genuine onshore international financial centre closely linked to the real economy rather than a purely nominal or "paper" financial centre.

The fourth advantage is the strength of its tax, migration, and capital repatriation regime. Extensive tax incentives, preferential visa arrangements, and unrestricted capital mobility create an attractive environment for investors, particularly for professional service firms, holding companies, investment funds, treasury centres, and family offices.

Finally, the fifth advantage lies in the Centre's focus on next-generation financial services. The strategic emphasis placed on fintech, Islamic finance, green finance, and digital assets provides a strong foundation for future international competitiveness. Concurrently, the expansion of regulatory sandbox mechanisms and the introduction of legal frameworks for stable tokens create a favorable environment for financial innovation and technological development.



## CONCLUSION

The Tashkent International Financial Centre (TIFC) represents a new institutional framework designed to transform Uzbekistan's financial system from a predominantly bank-centered model into a diversified and internationally integrated financial ecosystem. The Centre's conceptual strengths are rooted in its special legal regime, independent judicial system, extensive tax incentives, unrestricted capital repatriation mechanisms, and multi-sector specialization encompassing banking, capital markets, insurance, fintech, Islamic finance, green finance, and digital assets.

At the same time, the long-term success of the TIFC will depend not only on its regulatory framework but also on the quality of implementation, the level of international investor confidence, the depth and liquidity of financial markets, and the ability to develop a competitive professional services ecosystem. The effectiveness of regulatory institutions, judicial mechanisms, and market infrastructure will play a decisive role in determining the Centre's future position within the regional and global financial architecture.

Furthermore, the TIFC possesses significant potential to strengthen Uzbekistan's integration into international financial markets, attract foreign investment, facilitate the transfer of advanced financial technologies, and enhance the country's competitiveness as a regional financial hub. The Centre's strategic focus on innovative financial sectors, including fintech, Islamic finance, green finance, and digital assets, is consistent with contemporary global trends in financial market development.

Nevertheless, as a newly established institution, the TIFC has yet to demonstrate its operational effectiveness and establish a solid international reputation comparable to leading global financial centres. Therefore, ensuring regulatory consistency, maintaining transparency, strengthening governance standards, and fostering a favorable investment climate will be critical prerequisites for realizing the Centre's strategic objectives and securing its long-term sustainability. Ultimately, the TIFC should be viewed not merely as a financial infrastructure project, but as a strategic instrument for accelerating Uzbekistan's economic modernization, expanding international financial integration, and promoting sustainable economic growth.

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