

NEW LAW ON BANKS AND BANKING ACTIVITIES: KEY CHANGES

■ General information

On 16 January 2026, the President signed the new Law of the Republic of Kazakhstan “On Banks and Banking Activities in the Republic of Kazakhstan”¹ (the “**Banking Law**”), as well as the accompanying Law “On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on the Issues of Regulation and Development of the Financial Market, Communications and Bankruptcy”² (the “**Amendments Law**”), introducing a number of significant changes.

The new Banking Law, which entered into force on 19 March 2026, replaces the Law “On Banks and Banking Activities” dated 31 August 1995³ and establishes an updated regulatory framework for banking activities in Kazakhstan.

Banking Law introduces a comprehensive overhaul of the existing model of banking regulation, including requirements for licensing and banking activities, such as corporate governance, risk management and supervisory mechanisms, and also strengthens the protection of consumers of financial services.

A number of provisions are of a conceptual nature and reflect a shift in the regulator’s approach to the resilience of the banking sector, the development of competition and the implementation of digital financial solutions.

As follows from the approach adopted by the developer of the Banking Law - the Agency for Regulation and Development of the Financial Market (the “**Agency**” or the “**Authorised Body**”) - the changes introduced by the new Banking Law are systemic in nature and are aimed at the comprehensive modernisation of banking regulation and supervision.

The proposed changes collectively cover six key areas of reform, including:

- 1) Enhancement of banking regulation;
- 2) Modernisation of the licensing framework;
- 3) Expansion of the Islamic banking model;
- 4) Strengthening the protection of consumers of financial services;

¹ Law of the Republic of Kazakhstan dated 16 January 2026 No. 258-VIII “On Banks and Banking Activities in the Republic of Kazakhstan”, as amended.

² Law of the Republic of Kazakhstan dated 16 January 2026 No. 259-VIII “On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on the Issues of Regulation and Development of the Financial Market, Communications and Bankruptcy”, as amended.

³ Law of the Republic of Kazakhstan dated 31 August 1995 No. 2444 “On Banks and Banking Activities in the Republic of Kazakhstan”, repealed.

- 5) Development of bank insolvency resolution mechanisms;
- 6) Establishment of a modern digital financial infrastructure and regulation of digital assets.

An overview of the key changes is set out below.

■ Reform of the Licensing Regime

The licensing framework in force prior to the enactment of the Banking Law was based on a universal banking licence, under which banks were subject to uniform prudential requirements regardless of the scale and structure of their activities.

One of the key changes is the introduction of a differentiated banking licensing model, providing for a distinction between a universal banking licence and a basic banking licence, as well as more detailed regulation of the procedures for obtaining, reissuing and changing the type of banking licence (including transitions between basic and universal licences).

The introduction of a basic banking licence is intended to facilitate market entry for new participants, while applying proportional regulatory requirements commensurate with the scale and nature of their activities.

A basic banking licence differs from a universal licence in terms of a limited scope of permitted operations and a distinct regulatory regime.

The Law establishes quantitative and operational restrictions applicable to holders of a basic banking licence, including limits on total assets, as well as restrictions on certain types of banking operations.

Where the established threshold for total assets is exceeded, a bank holding a basic banking licence is required to comply with prudential requirements, as well as risk management, accounting and reporting requirements applicable to banks with a universal banking licence, and, within the timeframes prescribed by law, either convert its basic banking licence into a universal one or bring its activities into compliance with the established limits.

At the same time, the Banking Law provides more detailed regulation of the procedures for obtaining, reissuing and changing the type of banking licences, including requirements for risk management and internal control systems, as well as the timeframes for the Authorised Body's review of applications.

■ Expansion of the Islamic Banking Model

The Banking Law expands the model for conducting Islamic banking by allowing banks holding a universal banking licence to carry out Islamic banking operations without the need to establish a separate Islamic bank.

The legislation provides for mandatory organisational and accounting segregation of Islamic banking within the structure of a universal bank.

Prior to submitting an application for a licence to conduct Islamic banking operations, a bank is required to allocate dedicated assets for such operations in the prescribed amount, as

well as to ensure the separate accounting of assets and liabilities related to Islamic banking operations from the bank's other assets and liabilities.

Islamic banking operations must comply with the principles of Islamic finance, including the mandatory establishment of a Shariah supervisory board responsible for ensuring that operations and products comply with applicable legal requirements.

The purpose of these changes is to promote the development of Islamic banking and to expand the range of Islamic banking operations within the existing banking system.

Development of Digital Financial Infrastructure

A significant set of changes introduced by the Amendments Law affects the Law on Payments and Payment Systems⁴ and is aimed at establishing a national digital financial infrastructure as a foundation for the further digitalisation of the financial sector.

At the legislative level, the concept of a national digital financial infrastructure is introduced, with the National Bank designated as its operator. This infrastructure integrates key components of the payment market, including the national payment system, interbank transfer and settlement systems, mobile payments and payment cards, the open banking system, an identification data exchange centre, a unified QR payment mechanism, as well as the digital tenge platform.

The Law clarifies the requirements applicable to electronic banking services provided through mobile applications and remote access systems, including the possibility of establishing business relationships with clients without their physical presence, subject to remote identification and authentication using components of the national digital financial infrastructure. At the same time, banks are required to use such components when conducting interbank mobile payments and transfers, digital tenge transactions, remote biometric authentication of clients, and managing client consents for the provision of payment services by third-party providers.

Separate regulations are introduced for the digital tenge, which is recognised as a digital form of the national currency and legal tender. The exclusive right to issue, circulate and redeem the digital tenge is vested in the National Bank, while banks and other financial institutions participate in servicing users and processing transactions in digital tenge in accordance with procedures established by the regulator, including through the digital tenge platform.

For the first time at the legislative level, an open banking framework is established, providing data exchange between banks and other payment service providers based on client consent, using centralised authentication and consent management mechanisms.

Taken together, these changes establish a more centralised and unified model of payment infrastructure with the participation of the National Bank, aimed at enhancing the resilience of payment circulation and reducing operational and technological risks.

⁴ Law of the Republic of Kazakhstan dated 26 July 2016 No. 11-VI "On Payments and Payment Systems", as amended.

■ Development of Bank Insolvency Resolution Mechanisms

The new Banking Law introduces a modern framework for the resolution of bank insolvency. A key change is the establishment of a three-tier crisis management model comprising an enhanced supervision regime, a financial recovery regime and a bank insolvency resolution regime.

The primary objective of these measures is to ensure timely state intervention in the event of a bank's financial distress, while minimising the need for state support, which is permitted only for systemically important banks in exceptional circumstances.

The enhanced supervision regime is applied by decision of the Agency and is aimed at preventing the deterioration of a bank's financial condition. Within this regime, the regulator is authorised to intensify supervision, request reporting, conduct inspections and impose restrictions on certain operations.

The financial recovery regime is introduced where there is a material deterioration in a bank's financial position and предусматривает the implementation of a recovery plan, restrictions on payments to shareholders and management, enhanced control over transactions, as well as the possibility of restructuring and replacement of management.

The resolution regime is applied where insolvency or a threat of insolvency is established and provides for the appointment of temporary administration, capital reduction measures, restructuring of liabilities, transfer of assets and liabilities, as well as the forced sale of the bank.

Taken together, these mechanisms establish a последовательную crisis management framework aimed at protecting the interests of depositors and creditors, reducing systemic risks and preventing the need for state support.

■ Enhancement of Banking Regulation

The Banking Law strengthens regulatory requirements for corporate governance and expands the Agency's supervisory toolkit, with particular emphasis on governance quality, the management of conflicts of interest and the financial soundness of banks.

- **Enhancement of Corporate Governance in Banks**

The Law revises the approach to the regulation of key management functions. Heads of risk management, internal audit and compliance functions are equated to senior managers, and are therefore subject to qualification and fit and proper requirements established by the Agency, as well as internal vetting procedures applicable upon appointment to such positions.

At the same time, the requirements applicable to independent directors are further detailed. The Law establishes a set of independence criteria, including restrictions related to shareholding in the bank, receipt of remuneration, the existence of business and other relationships with the bank and its related parties, as well as involvement in the management of affiliated entities. A maximum tenure for independent directors is introduced (not exceeding nine consecutive years), along with an obligation for the Agency to regularly assess compliance with the applicable requirements.

- **Measures to Maintain Financial Stability**

In order to enhance financial stability, the Law expands the application of reasoned judgment (i.e. a substantiated professional opinion of the Authorised Body used as a basis for supervisory measures) in the Agency's supervisory practice.

The Authorised Body is empowered to recognise certain bank employees as holding senior management positions, which entails the application to them of the relevant qualification and fit and proper requirements, as well as to assess the compliance of members of the board of directors with independence criteria, with the possibility of applying supervisory measures.

In addition, the scope of persons recognised as related parties of the bank is expanded to include cases of actual or contractual influence over the bank's decision-making, thereby strengthening the control over conflicts of interest and risks of concealed control.

Conclusion

The Banking Law establishes a comprehensively updated model of banking regulation, focused on financial stability, proportionality of regulatory requirements and the digitalisation of the financial sector.

A significant portion of the new provisions will be implemented on a phased basis, taking into account the need for the adoption of additional secondary legislation.

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