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### Strategies of Azerbaijan Banking Sector for Covid-19 Pandemic in the Context of Crisis Management

Nuri Huseyn

International Master and Doctorate Center, Azerbaijan State University of Economics, University in Baku, Azerbaijan

Corresponding Author: Nuri Huseyn

#### Abstract

This article summarizes the current level of knowledge and correlates published materials regarding the consequences of the COVID-19 pandemic in the banking industry. The aim is to understand how the banking sector can cope with complex crises and to determine how complex crises challenge management practices in the banking sector. Thus, we observed how the banking system struggled with these difficulties experienced in an uncertain period that humanity had never faced. We analyzed whether the banking system entered the pandemic more resilient and well-capitalized than before the crisis, and summarized the lessons that banks learned.

In this study, we tried to reveal how the banking sector,

which plays an important role in the economy, behaves, what steps it takes, what it does for its customers and aid activities in the country. 28 banks were included in the study. First of all, let's take a look at the assets and capital of these banks and their donations to the Coronavirus Support Fund. Prices are expressed in Azn.

Statistics are based on the latest results published by banks. These figures are subject to change after the study period. Campaigns and their details can be changed, added or exported. In addition to the banks listed above, other banks may have taken new decisions. Therefore, we need to know that the research results are based on the information obtained during the research.

**Keywords:** 2008-2009 Crisis, Transcaucasia, GDP, Bank Crisis, Currency Crisis

#### 1. COVID-19 pandemic

The coronavirus pandemic is unlike any other pandemic in history because globalization and the interconnection between countries have a significant impact in this situation. After all, the virus is spreading much faster now. (Mas-Coma, Jones, & Marty, 2020). While globalization has a positive impact on economic growth and employment, the negative impact of the large number of confirmed COVID-19 cases can show its dark side during a pandemic. (Farzanegan, Feizi, & Gholipour, 2020). Even developed countries had problems in providing health services during the pandemic process, and underdeveloped countries were very surprised by this situation. (Shrestha *et al.*, 2020). More globalized countries are affected more quickly and with greater impact due to stronger human interactions through travel and migration. (Zimmermann *et al.*, 2020) The COVID-19 pandemic has affected almost all countries, and the rapid transmission of the virus has put pressure on the health and economic system. This crisis also presented an opportunity for new services to emerge or improve existing services in the delivery sector, such as food delivery services, platforms that mediate online meetings, online stores or courier services. In this period when digital technologies and micro-level enterprises spread rapidly, all online stores and services gained more. (Karabag, 2020). Social distancing affects the entire society and people now need more social and emotional closeness to get through these difficult times more easily. (Ventriglio, Watson, & Bhugra, 2020). In addition, the World Health Organization (2020) takes the impact of the crisis on people's mental health very seriously. Banks are an important pillar of the economy and the management strategies they adopt will affect the recovery of the economy after the pandemic. Banks play an important role in the economic world as they facilitate domestic and foreign trade. A major disruption to this system will affect society as a whole. Trust in this area is crucial for the functioning of the banking system and economy. (van Esterik-Plasmeijer & van Raaij, 2017). The importance of banks for economic and social welfare is beyond doubt. (Berger, Molyneux, & Wilson, 2020<sup>[12]</sup>; Liang & Reichert, 2020). They are the main capital providers and financiers of the economy, companies and individuals.

To mitigate the negative impact of the COVID-19 pandemic, European and national authorities have made many complex decisions. (Alao, B. B., & Gbolagade, O. L. (2020)<sup>[5]</sup>.

The global financial system has so far survived the pandemic, thanks to the greater flexibility afforded by the G20 reforms and a swift, decisive and bold international policy response. Banks and FPAs, especially the CCPs, have endured well and have

been able to largely absorb the shock rather than magnify it. However, key funding markets suffered acute stress in March 2020, forcing authorities to take decisive action to maintain the supply of finance to the real economy, provide economic assistance, address US dollar funding shortfalls and support market functioning. Without these interventions, the stresses in the markets would likely continue and well increase.

## **2. The Impact of the Covid-19 Pandemic on the Azerbaijan Banking Sector and Evaluation of the Measures Taken Against the Pandemic Activities in the Finance Sector in Azerbaijan during the Covid-19 Process**

According to experts, this year's global public debt could exceed 101 percent of GDP, up 19 percent from last year, according to the International Monetary Fund (IMF). For comparison, in Azerbaijan this figure is five times less than the world average. The IMF uses the following tools to give crisis-affected countries time to take action: Poverty Reduction and Growth Trust (PRGT), stand-by agreements (SBA), stand-by credit mechanism (SCF), extended funding mechanism (EFF), extended credit mechanism (ECF), flexible credit limit (FCL), reserve and liquidity limit (PLL), rapid financing instrument (RFI) and rapid credit mechanism (RCF). Developed countries as well as G20 countries, the World Bank, Asian Development Bank and other international organizations have provided aid to countries in economic difficulties. Azerbaijan relied more on domestic resources to combat the COVID-19 epidemic and did not prefer external borrowing. International rating agency Moody's cites the country's foreign exchange reserves as the main guarantor of macroeconomic stability in Azerbaijan. The country's socio-economic development forecasts for this 2020 show oil prices as \$55 per barrel, while the average oil price in the first six months of the year was \$38. However, the decrease in Azerbaijan's foreign exchange reserves since the beginning of the year has not reached 100 million dollars.

The stability of the manat and the 3% inflation rate are both positive in terms of macroeconomic stability and economic forecasts, while also reducing the impact of the pandemic on the social situation of vulnerable groups. (<https://ahik.org/2021/09/az%C9%99baycanda-covid-19-pandemiyasi-mudd%C9%99ind%C9%99-z%C9%99r%C9%99rc%C9%99kmis-sah%C9%99l%C9%99r-uzr%C9%99-durum-t%C9%99hlil-v%C9%99-h%C9%99mkarlar-ittifaqlarinin/>)

### **State support programs in the fight against the epidemic: Azerbaijan is the leader in terms of the volume of funds allocated to the economies of the region**

On March 19, 2020, President Ilham Aliyev signed an instruction on measures to reduce the negative impact of the coronavirus pandemic on the Azerbaijani economy, macroeconomic stability, employment and entrepreneurship in the country. To minimize the negative consequences of the pandemic, 1 billion manats were allocated to the Council of Ministers and four working groups were set up to assess the impact. In order to maintain macroeconomic stability in the country and to provide employment in a short time, the socio-economic and financial situation of the country was examined, and suggestions were made for taking necessary additional measures, including state support for

entrepreneurship. The main aspects of state programs covering these recommendations have already been announced. The short launch of this program is commendable and its implementation now requires a great deal of perseverance. Because we are talking about the implementation of a state support program with a large financial capacity in order to prevent the destruction of the developed and shaped sectors of the country's economy over the years. As a result of the timely decisions of the state, it will be possible to prevent possible losses in many areas where the crisis has not deepened. The program covers all areas affected by the pandemic. We are at the forefront of the volume of support programs. The total volume of state support programs is 2.5 billion manats, which is 3% of Azerbaijan's GDP. Due to the size of the economy, there is no such support package in the fight against the pandemic in the CIS or the region. In terms of the volume of regional economies, Azerbaijan is the leader in terms of the ratio of allocated funds to GDP. For example, despite heavy losses, Italy and Spain allocated less than 1 percent of GDP to fight the epidemic. If we look at the CIS countries, this figure is 0.3 percent in Russia, the strongest economy in the region, 1.5 percent in Turkey, 0.7 percent in Belarus, 0.9 percent in Ukraine, Georgia and Armenia. 2 percent, 1 percent in Kyrgyzstan, 1.5 percent in Uzbekistan. In most Eastern European countries, this figure ranges from 0.3 to 0.7 percent.

(<https://www.fhn.gov.az/newspaper/?az/news/view/8741/1>) All these issues were organized comprehensively and quickly at the state level. These processes were initiated by the Order of the President of the Republic of Azerbaijan dated March 19, 2020 "On a series of measures to reduce the negative impact of the coronavirus (COVID-19) pandemic and the consequent sharp fluctuations in the world energy and stock markets on the economy of the Republic of Azerbaijan, macroeconomic stability, employment and entrepreneurship". Based on this Order, at the center of the package of measures prepared by the Council of Ministers was a vulnerable group of people working in the areas affected by the epidemic. First, 600,000 unofficial, low-income low-income workers who were unemployed and lost their income due to the special quarantine regime twice in April-May 2020 (in regions where the strict quarantine regime was subsequently applied, and 6 times in total), A lump sum payment (190 manat) of 450 million manats in total was made. These payments were predominantly made through banks, and the technical aspects and procedures of this very broad process were quickly determined, and payments were made in coordination with ABA member organizations and relevant government agencies.

It should not be forgotten that the cost of preparing these payment cards for 600,000 people was covered by the banks. Banks also made a joint decision to run operations without cash commissions, regardless of which bank the ATM used for payment cards issued to vulnerable groups during the initial enforcement of the restrictions.

Another area was the payment of part of the salaries of workers in the affected areas by the state, financial support to individual entrepreneurs and tax incentives for the protection of economic activity. Within the scope of the measure package, it was decided to provide financial support to entrepreneurs, as well as an additional 300,000 individual (micro) entrepreneurs, in order to pay part of the salaries of 300,000 employees (with employment contracts)

working in the regions and clusters affected by the pandemic. Banks also provided direct support to control the payment and expenditure of these funds to entrepreneurs. Overall, financial support to employees in the affected areas amounted to 246 million manats, while financial support to individual micro-entrepreneurs was 112.2 million manats. Financial support was provided to 217.5 thousand employees in the first stage, 243.3 thousand in the second stage, 9.3 thousand employees in 10 districts in the third stage, and 174.3 thousand employees in the fourth stage for the payment of a certain part of their salaries. Thus, more than 358 million manats of financial support was provided to entrepreneurs in 2020.

In addition, "On the Improvement of the State Mechanism for Supporting the Development of Entrepreneurship in the Republic of Azerbaijan "On Amending the Decree of the President of the Republic of Azerbaijan dated July 31, 2018 and numbered 224" by the President of the Republic of Azerbaijan dated June 4, 2020 and attention should also be paid to the Decree No. 1052 and the rules established by the Cabinet of Ministers of the Azerbaijan Republic for its implementation to provide subsidies and state guarantees to entrepreneurs.

According to the above-mentioned rules, within the scope of the measures of the Ministry of Economy of the Republic of Azerbaijan, existing loans of entrepreneurs affected by the pandemic are subsidized up to 10% for 12 months, up to 1 billion manat, 500 million manat (state guarantee up to 60%) to enterprises in the relevant fields and new soft loans amounting to subsidies up to half of the loan interest are also provided. It should be noted that during the development and implementation of these rules, the ABA Presidency and relevant Expert Groups work in close cooperation with relevant government agencies. According to the above-mentioned rules, within the scope of the measures of the Ministry of Economy of the Republic of Azerbaijan, existing loans of entrepreneurs affected by the pandemic are subsidized up to 10% for 12 months, up to 1 billion manat, 500 million manat (state guarantee up to 60%) to enterprises in the relevant fields and new soft loans amounting to subsidies up to half of the loan interest are also provided. It should be noted that during the development and implementation of these rules, the ABA Presidency and relevant Expert Groups work in close cooperation with relevant government agencies. (<https://bbn.az/pandemiya-dovrund%C9%99-az%C9%99rbaycan-iqtisadiyyatindahansi-isl%C9%99r-gorulumusdur/>)

### Challenges Faced by Banks

One of the main factors causing recession, one of the components of domestic demand, was the decline in consumption and investment. Namely, while the real volume (consumption) of the consumer market increased by 2.6% in the January-June period last year, it decreased by 6.4% in the same period of the previous year. Funds directed to fixed capital decreased by 2.7% compared to the same period of the previous year. Retail trade turnover decreased by 1.9% in real terms, with 6.9% in non-food products. Paid services to the population decreased by 19.2%. The real turnover of the catering sector decreased by 45.6% due to the decline in consumer activities and the implementation of the quarantine regime.

Fixed capital investments. 5956.2 million manats, or 2.7 percent less than in the corresponding period of 2019, were

allocated to fixed assets in January-June 2020. While the volume of investments in the oil and gas sector increased by 17.5 percent, the volume of funds for the non-oil and gas sector decreased by 15.5 percent. 3501.8 million manats or 58.8% of the funds directed to fixed capital are domestic funds. 3577.3 million manats, or 60.1% of the funds directed to fixed capital, were directly spent on construction and installation works.

### Government support to banks

By the Decree of the Cabinet of Ministers of the Republic of Azerbaijan dated April 4, 2020 "On a set of measures to reduce the negative impact of the coronavirus (COVID-19) pandemic and the consequent sharp fluctuations in world energy and stock markets on the economy, macroeconomic stability, employment and entrepreneurship in the Republic of Azerbaijan" The Action Plan for the implementation of paragraph 10.2 of the Decree of the President of the Azerbaijan Republic dated March 19, 2020 No. 1950 was approved.

Employment and social assistance support has a special place in the three areas of the Action Plan and covered the following areas:

- Protection from unemployment risk and social protection of public sector workers;
- Protection and social protection of private sector workers from the risk of unemployment;
- employment and social protection of the unemployed and dismissed;
- Strengthening the social protection of vulnerable groups.

The "2019-2030 Employment Strategy of the Republic of Azerbaijan", approved by the Decree of President Ilham Aliyev, set strategic goals to minimize unemployment and strengthen the labor market. The coordinating body for the implementation of the strategy - the Ministry of Labor and Social Protection (with the participation of the relevant state institutions, the National Confederation of Entrepreneurs (Employers) and the Confederation of Trade Unions of Azerbaijan) developed an Action Plan for 2020-2025 and was approved by order of the President of the Republic of Azerbaijan dated February 13, 2020.

### 3. Examining the Measures Taken in the Azerbaijan Banking Sector during the Covid-19 Period Financial measures taken by banks

Approved by the decision of the Cabinet of Ministers of the Republic of Azerbaijan dated April 4, 2020 and numbered 135, "On a set of measures to reduce the negative impact of the coronavirus (COVID-19) pandemic and the consequent sharp fluctuations in world energy and stock markets on the economy of the Republic of Azerbaijan, macroeconomic stability, employment and entrepreneurship" in accordance with paragraph 3 of Part III of the Action Plan on the implementation of paragraph 10.2 of the Decree of the President of the Azerbaijan Republic of March 19, 2020 No. 1950 "About the Central Bank of the Republic of Azerbaijan" in order to reduce the possible negative effects of the Corona (COVID-19) virus on the banking sector Board of the Central Bank of the Azerbaijan Republic in accordance with Article 22.0.17 of the Law of the Azerbaijan Republic.

## General provisions

1.1 This Regulation was approved by the Decree of the Cabinet of Ministers of the Republic of Azerbaijan dated April 4, 2020 and numbered 135, "To reduce the negative impact of the coronavirus (COVID-19) pandemic and the consequent sharp fluctuations in the world energy and stock markets on the economy of the Republic of Azerbaijan, macroeconomic stability, employment and entrepreneurship, prepared in accordance with paragraph 3 of Part III of the Action Plan on the implementation of paragraph 10.2 of the Decree of the President of the Azerbaijan Republic of March 19, 2020 No. 1950, to reduce the possible negative effects of the Corona (COVID-19) virus on the banking sector, The classification of loans and risk groups in local branches of banks (hereinafter referred to as banks) determines the capital adequacy ratio and the order of calculation.

1.2 The definitions used in this Regulation have the meaning provided by the "Rules for the classification of assets and the creation of special reserves to cover possible losses", "Rules for calculating the capital and adequacy of the bank" and other normative acts of the Central Bank of the Republic of Azerbaijan (hereinafter - the Central Bank).

1.3 The requirements of Part 2 of this Regulation also apply to non-bank credit institutions.

## Classification of loans

2.1 Classification category of loans granted to legal entities with subsidized loan interest and persons engaged in entrepreneurial activities without forming a legal entity, in accordance with the 8th measure of article A of part I of the Action Plan, approved by the Resolution of the Cabinet of Ministers of the Azerbaijan Republic dated April 4, 2020 and numbered 135s, the subsidy does not deteriorate from the date of payment until April 1, 2021, regardless of the financial situation of the borrower.

2.2 As of March 1, 2020, in the category of satisfactory classification and in accordance with measure 8 of article A of part I of the Action Plan, approved by the Resolution of the Cabinet of Ministers of the Republic of Azerbaijan dated April 4, 2020 No. 135s, classification category of loans granted to legal entities whose loan interest is subsidized, and to persons engaged in entrepreneurial activities without forming a legal entity, if the subsidy does not deteriorate from the date of payment until April 1, 2021.

2.3 As of March 1, 2020, if preferential loans in the satisfactory classification category and at the expense of Government-established institutions are restructured before 30 September 2020, the pre-restructuring classification of the loan will not deteriorate until 1 April 2021.

## Risk groups of loans

3.1 Business loans in national currency, which are given to medical equipment and equipment manufacturers and whose use is confirmed by documents, belong to the risk group of 20 percent (twenty) (coefficient 0.2) until April 1, 2021.

3.2 Sub-clauses 9.3.8.2-ci, 9.3.8.3-ci, 9.3.9.1-ci, 9.3.9.2-ci, 9.3.10.1-ci and 9.4-ci of

"Principles for calculating the bank's capital and adequacy" not to be implemented until 1 January 2021 for risk groups. (<http://www.e-qanun.az/framework/44967>)

## Financial and social measures taken by banks

### The Central Bank has decided to take additional measures to support the population and business in the context of the coronavirus pandemic.

To support entrepreneurs affected by the pandemic, loans provided by credit institutions to private businesses operating in the pandemic-affected sectors of the economy, including entrepreneurial individuals, as determined by the Ministry of Economy, by 1 March 2020 restructuring of loans of satisfactory quality and subsidized by the government has been possible. Banks can extend the maturity of these loans upon the request of the entrepreneurs and mutual agreement. In this case, the quality of the loan did not deteriorate until 30 September 2020, regardless of the borrower's financial situation and the loan restructuring.

At the same time, until March 1, 2020, it is planned to create opportunities for restructuring of business loans of satisfactory quality and at the expense of state funds. As a result of this event, around 10 thousand businessmen were able to benefit from a discount on the 1 billion manat business loans provided by the Entrepreneurship Development Fund. To support individuals (not engaged in entrepreneurial activities), opportunities were created for the restructuring of mortgage loans at the expense of the Mortgage and Credit Guarantee Fund of the Republic of Azerbaijan. As a result of this measure, approximately 23,000 borrowers were able to take advantage of 1.1 billion manats of mortgage loans. The loans were restructured at the request of the borrowers. The quality of such loans, which were granted before 1 March 2020 and were satisfactory, did not deteriorate if they were restructured until 30 September 2020.

At the same time, it was decided to reduce the risk ratios in this loan category from 100% to 50% in order to encourage banks to lend at their own expense. In the event that business and consumer loans (main or interest debt) are fully or partially delayed, credit institutions will be advised not to collect interest, penalties and other payments from the borrower until 30 September 2020, and in this case, the borrower's credit history is not impaired. During this period, credit institutions will continue to calculate interest on the principal debt, allowing the borrowers to pay the credit institutions.

Measures were envisaged to reduce the regulatory burden in order to create the conditions for the implementation of these measures, ensure the sustainability of financial services for businesses and the public, and increase the lending opportunities of banks using the airbags accumulated in the past. To this end, it is planned to reduce the total capital requirements of banks by 1% until the end of the year. At the same time, a number of other regulatory requirements that put pressure on banks' capital were delayed until the end of the year.

In order to increase access to credit resources in some sectors of the economy, the risk level of loans to medical equipment and equipment manufacturers would be reduced from 100% to 20% so that banks could lend to this area at lower cost and with less capital. Reducing the service fees charged from banks in interbank payment systems to 50% by 30 September 2020 to promote non-cash payment services and reduce costs, taking into account the negative impact of declining economic activity, declining business and household incomes on the use of payment services, and in addition to similarly lowering the tariffs for payment

services provided to bank customers, measures were taken to reduce the payment card acceptance tariffs of entrepreneurs to 50%.

The decline in economic activity in the context of the pandemic also negatively affected the volume of insurance premiums in the insurance market. On the other hand, minimizing physical contact between the insured and insurers resulted in limited access to insurance services. Considering this situation, measures were envisaged to ensure the continuity of insurance services and to protect the rights of the insured. Insurers were advised to postpone the payment of insurance premiums until 30 September 2020 for insured persons directly affected by the quarantine regime within the scope of voluntary insurance contracts and to provide insurance services with the effective use of electronic tools. Relevant regulatory exemptions were applied to insurance companies until the end of the year regarding delays in payment of insurance premiums of insured persons directly affected by the quarantine regime.

The Central Bank also planned to take measures to reduce the negative impact of the coronavirus pandemic on capital market participants. To this end, the impact measures in case of breach of capital obligations by investment companies have been extended until January 1, 2021, and the publication of annual audit reports by investment companies and the stock market until September 30, 2020. At the same time, the release of reports of issuers whose securities are publicly traded and traded in the regulated market has been extended by one month. At the same time, the National Deposit Center does not charge investors until 30 September 2020 for the registration of transactions with stocks and bills and repo transactions in the secondary market, The Baku Stock Exchange has been advised not to apply listing rates on corporate bonds from issuers until January 1, 2021 and to minimize the number of documents required for the placement of securities through public offerings.

These measures will reduce the regulatory burden on the capital market participants, optimize the investor's transaction costs, and make the secondary market transactions more flexible in the GDDS market. The generally planned measures ensured the continuity of financial services to businesses and the population during a pandemic, continued lending to the economy, and protection of the rights of financial service consumers. (<https://www.cbar.az/press-release-2580/mrkzi-bank-koronavirus-pandemiyasi-sraitind-halinin-v-biznesin-dstklmsi-istiqamtind-lav-tdbirlr-bard-qrar-qbul-etmisdir>)

## Evaluation of Measures Taken by the Azerbaijan Banking Sector

### The role of banks

The issues I mentioned above are based on the contribution of banks to the creation and subsequent implementation of measures, rules and mechanisms by government agencies and regulators. However, from the beginning of these processes, banks began to take various measures based on international experience and to adapt to the characteristics of the local market. The first of these was that entrepreneurs were given a 1-3 month grace period in loan payments, that is, a restructuring application. While this process is costly for banks (credit quality deteriorates during restructuring and reserves need to be created), these steps were taken due to the demands of time. At the same time, possible measures were taken to implement this process remotely. In addition,

in-bank procedures were developed and implemented to ensure security in transactions that could only be carried out at bank branches.

### During the Corona Period of Azerbaijan Banks

In this study, we tried to reveal how the banking sector, which plays an important role in the economy, behaves, what steps it takes, what it does for its customers and aid activities in the country. 28 banks were included in the study. First of all, let's take a look at the assets and capital of these banks and their donations to the Coronavirus Support Fund. Prices are expressed in Azn.

**Table 1:** Donations made by banks to the Support Fund for the Fight Against Coronavirus

List of banks	Assets	Capital	Donation amount in the fund
Access Bank	897 mln	94 mln	250.000
AFB Bank	574 mln	79 mln	
Azerturk Bank	347 mln	55 mln	100.000
International Bank of Azerbaijan	9 bln	1.3 bln	2.000.000
Premium Bank	642 mln	127 mln	500.000
Azerbaijan Industrial Bank	916 mln	97 mln	250.000
Bank BTB			150.000
Gunay Bank	215 mln	64 mln	100.000
Capital Bank	4,4 bln	470 mln	500.000
Mughan Bank	660 mln	87 mln	200.000
Nahchivan Bank	232 mln	83 mln	50.000
Pakistan Bank	10 mln	9,7 mln	
Bank Respublika	1,4 bln	77,8 mln	200.000
Express Bank	33,8 mln	114 mln	150.000
Bank of Baku	381 mln	64 mln	150.000
VTB Bank	157 mln	60 mln	
Xalg Bank	2,4 bln	419 mln	500.000
Pasha Bank	4,7 bln	475 mln	500.000
Rabite Bank	730 mln		150.000
Turan Bank	489 mln	74 mln	100.000
Unibank	752 mln	111 mln	220.000
Yapikredi Bank	517 mln	58 mln	
YeloBank	484 mln	67 mln	150.000
Ziraat Bank	227 mln	67 mln	25.000

In addition to the support of the Corona Virus Support Fund, some banks also supported the Self-Employment Program established by the President of the Republic of Azerbaijan, Mr. Ilham Aliyev. It is known that 8 banks support this program so far.

These are:

1. International Bank of Azerbaijan
2. Capital Bank
3. Pasha Bank
4. Access Bank
5. Bank Respublika
6. Rabite bank
7. Turan Bank
8. Yelo Bank

### Results

This article contributes to academic research in the field of management by focusing on recent pandemic issues, exploring banking strategies applied during complex crises. To provide a better understanding of the economic consequences of the COVID-19 pandemic, we analyzed the differences between the 2008-2009 crisis and the crisis

caused by the pandemic. The banking system has always been at the center of crises, both in 2008 and in the 1930s, but this time it is different because we now face a crisis of systemic health problems. In previous crises, banks were seen as part of the problem, but this time they are perceived as part of the solution. This approach increases the role of banks in the coronavirus crisis and the strategies adopted by banks affect the entire economy. The pandemic has completely changed the world economy and has greatly affected most businesses.

As it is known, quarantine regime was applied in our country until 20 April 2020 to protect against coronavirus. During this time, many companies and banks adapted their activities to this. Increasing flexibility in working hours, banks have replaced many working areas with working from home (remote). The banks, which also have a presence in the digital medium, did not lag behind the trends there. Especially many banks participated in the #Evdedal campaign. Some did not lag behind the digital trend with posts, some with videos. Almost all of the banks surveyed have been successful and active in digital media during this period.

The real issue is the decisions banks make against their customers. During this period, the most used campaign ended with a 3-month free extension of expired cards. The banks in question implemented this campaign.

1. AFB Bank
2. International Bank of Azerbaijan
3. Bank BTB
4. Gunay Bank
5. Nahchivan Bank
6. Express Bank
7. VTB Bank
8. Xalg Bank
9. Pasha Bank
10. Rabite Bank

One of the campaigns attracted particular attention. Access Bank offered special services to its customers aged 65 and over. With a single call, these customers were offered a range of banking services without leaving their home.

One of the most important points for bank customers is loan payments. Some banks have taken a number of decisions about loan repayments. It's not like canceling or delaying loans. The banks listed below will provide individual support to customers trying to repay their loans. Those who have difficulties in paying their loans can get personal support by contacting the banks. These include non-payment of default interest, extensions and discounts. (Also provides the possibility to convert foreign currency loans into national currency). These are not fixed; they will be determined individually with customers experiencing difficulties. Some banks have said they are considering this, but no decision has yet been made. (For example, Turan Bank, AFB Bank etc.)

One of the main services that banks offer is mortgage related. It should be noted that AG Bank has taken a number of mitigating measures regarding mortgage payments. In this period, the interest on the principal against delays is canceled.

In addition, some banks have taken measures against commercial loans. NBC Bank suspended penalties for small and medium business loans. Bank of Baku offers business owners free e-commerce service for 3 months. Finally,

Pasha Bank offered shopping mall tenants discounts in March and April 2020 rents to support business sustainability and prevent or minimize surpluses.

Another campaign is that no commission fee is charged for cash withdrawals made at POS terminals. These banks are:

1. Access Bank
2. Capital Bank

In addition, some banks have taken unique and specific steps. For example, on April 7, the International Bank of Azerbaijan provided a series of free banking services to healthcare workers. In addition, retirees will be able to receive from ATMs and post offices of all banks within 2 months. Express Bank and VTB Bank supported many families in financial difficulties by sharing on digital channels.

We briefly reviewed some Azerbaijani banks during the coronavirus period. What measures have been taken and what are being considered. However, according to this research, it is useful to convey two main points to you.

Statistics are based on the latest results published by banks. These figures are subject to change after the study period.

Campaigns and their details can be changed, added or exported. In addition to the banks listed above, other banks may have taken new decisions. Therefore, we need to know that the research results are based on the information obtained during the research. (<https://markzone.az/azerbaycan-banklari-korona-muddetinde-sektor-arasdirmasi/>)

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