Published on (https://www.bnm.md)

20.03.2019

Developments in loan and deposit markets in February 2019

In February 2019, new loans[1] extended by banks totalled MDL 2,508.2 million, recording an increase of 44.2%, compared to February 2018.

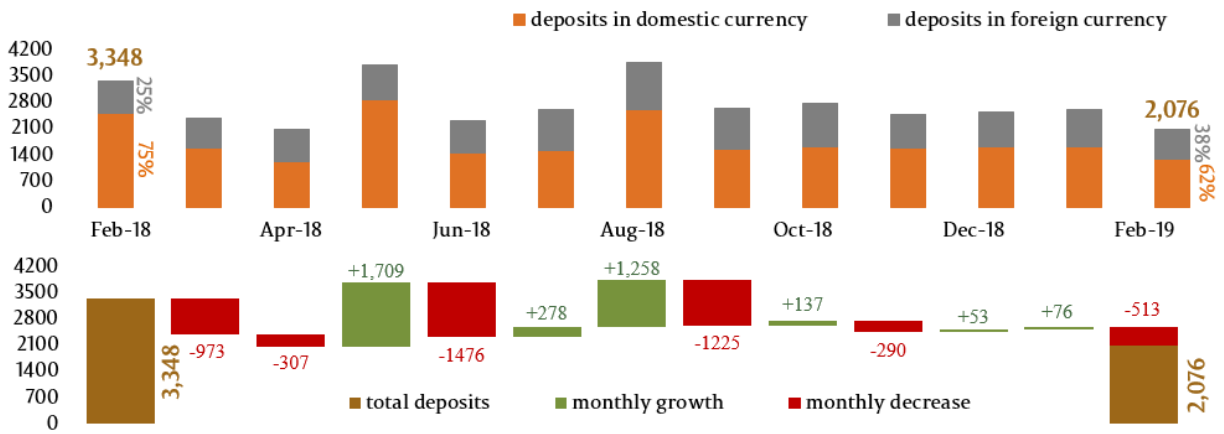
Domestic and foreign currency loans accounted for 71.6% and – 28.4%, respectively, of total loans extended (Chart 1 below).

Domestic currency loans totalled MDL 1,795.4 million (+23.2% compared to the previous month and +63.5% compared to February 2018 (Chart 1 below)).

Foreign currency loans recalculated in MDL, totalled MDL 712.8 million (+7.6% compared to the previous month and +11.2% compared to February 2018 (Chart 1 below).

Chart 1

Dynamics of new loans, mln, MDL (chart above) and the annual growth of the new loans extended by banks, % (chart below).

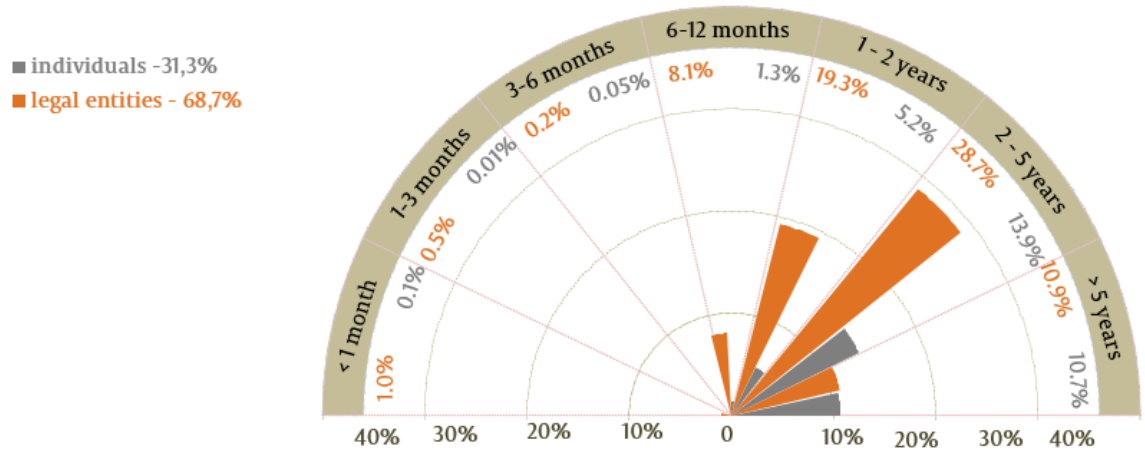


Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

It should be mentioned that, in terms of maturity, loans with maturity ranging from 2 to 5 years recorded the highest demand (42.7% of total loans extended), out of which the largest share of 28.7% was held by legal entities (Chart2).

Chart 2

Total new loans extended, by maturity terms and shares held, %



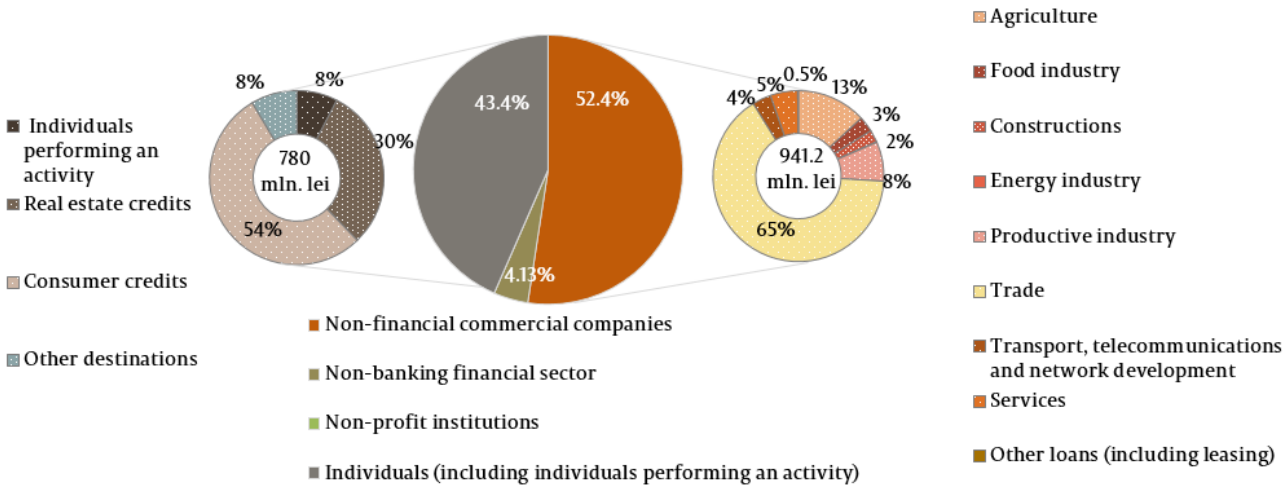
Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

Domestic currency loans were mainly represented by non-financial commercial companies' loans holding a share of 52.4% (65.2% belong to trade companies), as well as loans extended to individuals[2], (43.4%) (Chart 3).

Foreign currency loans were mainly extended to non-financial commercial companies (93.1%), of which loans extended to trade companies accounted for the largest share (76.4%).

Chart 3

Domestic currency loans broken down by business sectors, %.

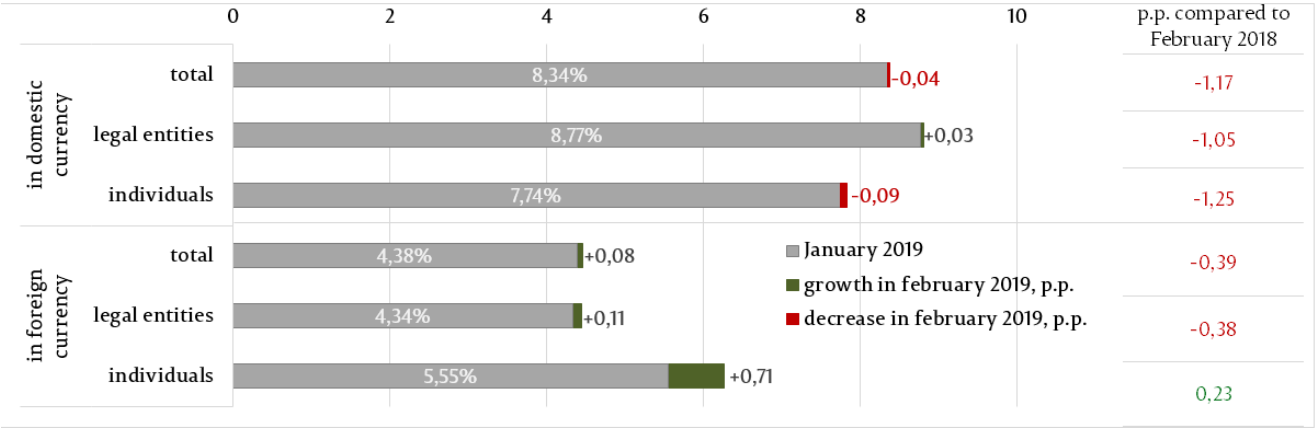


Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

New loans were extended at an average interest rate of 8.30% (domestic currency loans) and - 4.46% (foreign currency loans).

Chart 4

Weighted average interest rates on new loans, %



Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

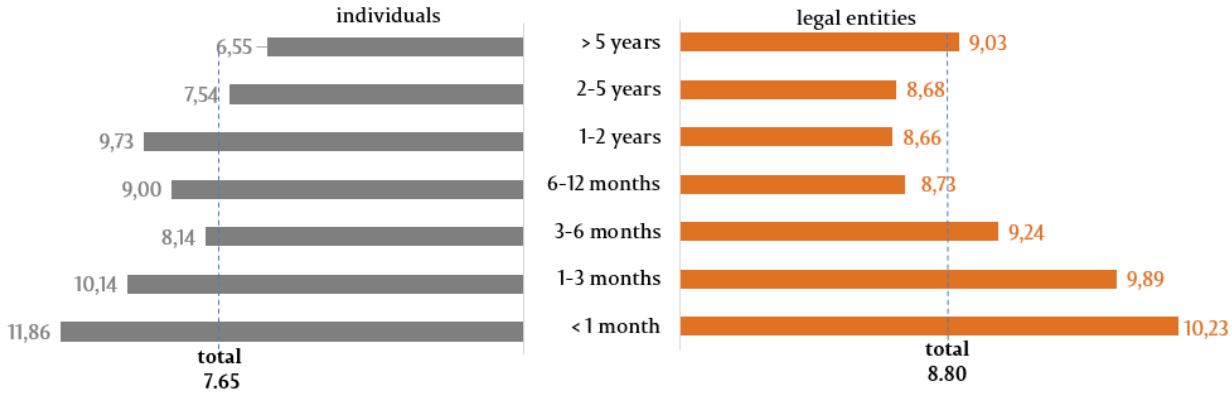
Average interest rate on domestic currency loans decreased by 0.04 pp. compared to previous month, recording levels of 7.65% (individuals' loans) and 8.80% (legal entities loans) (Chart 4).

Average interest rate on foreign currency loans increased by 0.08 pp. compared to January 2019, recording levels of 6. 26% (individuals' loans) and 4.45% (legal entities loans).

Year-on-year average interest rates on loans recorded a total decrease of 1.17 pp. (domestic currency loans) and 0.39 pp. (foreign currency loans).

Chart 5

Average interest rates on new domestic currency loans, by maturity terms, %



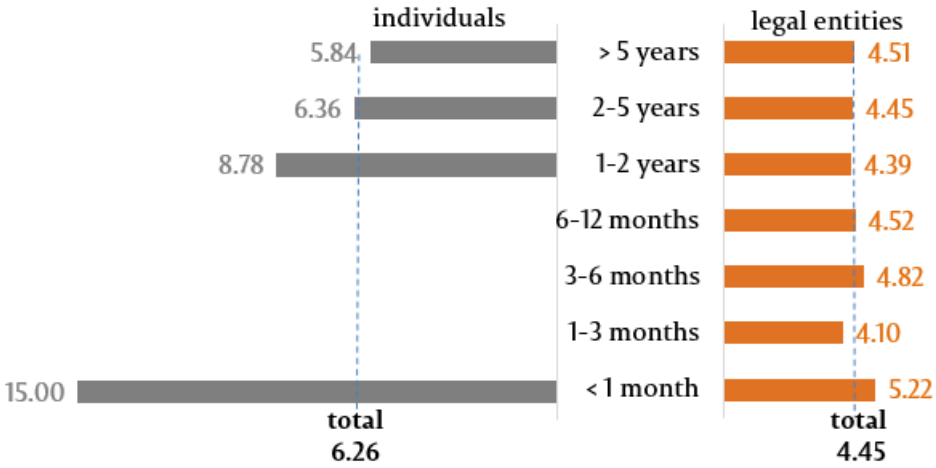
Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

Domestic currency loans with maturity ranging from 2 to 5 years recorded the highest demand in the reporting month and were extended at an average interest rate of 8.17% (8.68% on legal entities loans, 7.54% on individual's loans) (Chart 5).

The highest average interest rate on loans extended in domestic currency was registered on loans with maturity of up to 1 month (10.48%), 11.86% - on individuals' loans and 10.23% - on legal entities loans. (Chart 5)

Chart 6

Average interest rates on foreign currency loans, by maturity terms, %



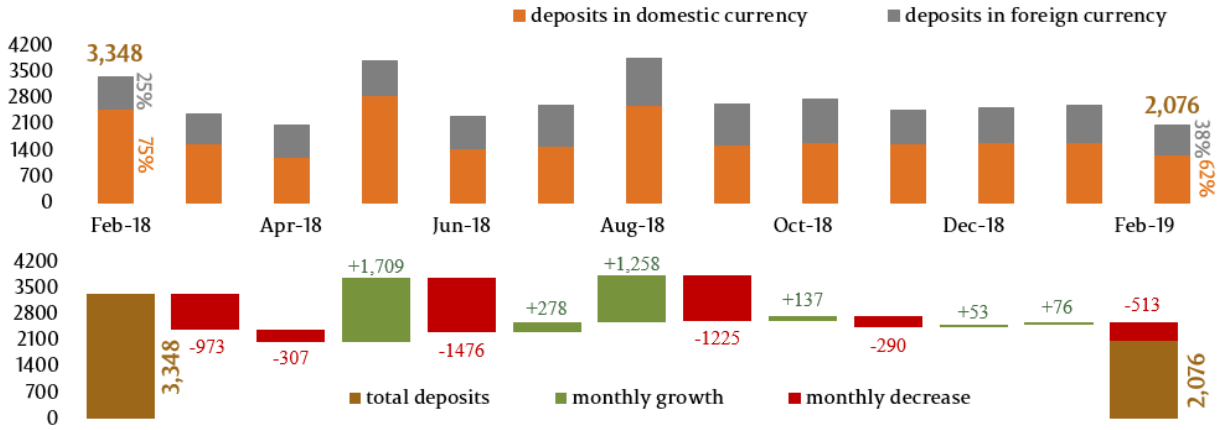
Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

Foreign currency loans with maturity ranging between 2 and 5 years, recorded the highest demand and were extended at an average interest rate of 4.47% (individuals' loans – at 6.36%, legal entities loans – at 4.45%) (Chart 6)

In February 2019, new term deposits totalled MDL 2,075.7 million, recording a decrease of 38.0% compared to February 2018.

Chart 7

Evolution of new term deposits (upper graph) compared to statistics of the previous month (lower graph), mil. MDL



Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

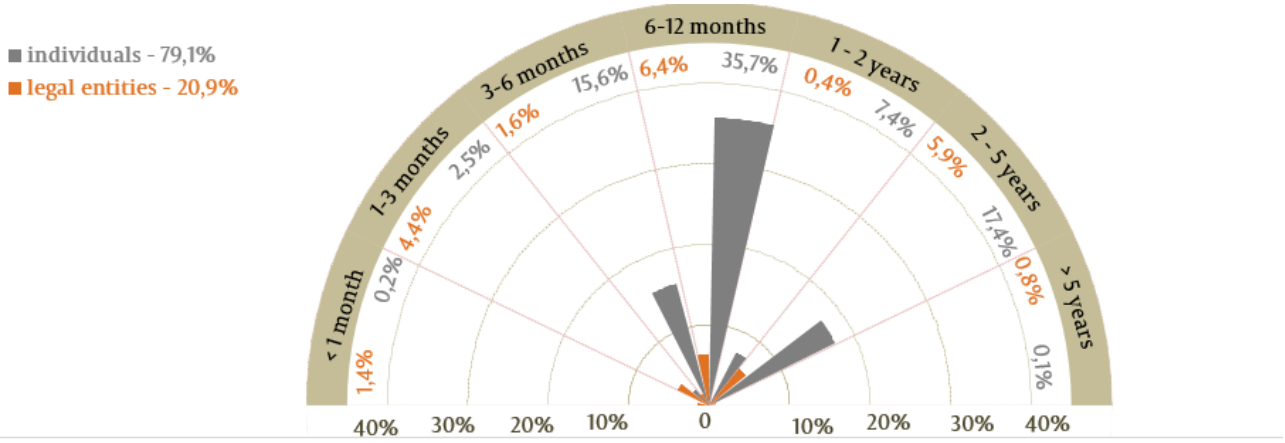
Domestic currency deposits totalled MDL 1,285.4 million (-19.3% compared to the previous month and -48.8% compared to February 2018).

Foreign currency deposits, recalculated in MDL, totalled MDL 790.3 million (-20.7% compared to the previous month and -5.8% compared to February 2018).

Domestic currency deposits accounted for a share of 61.9%, while foreign currency deposits – 38.1% of total deposits.

Chart 8

Total deposits, by maturity terms and shares held, %



Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

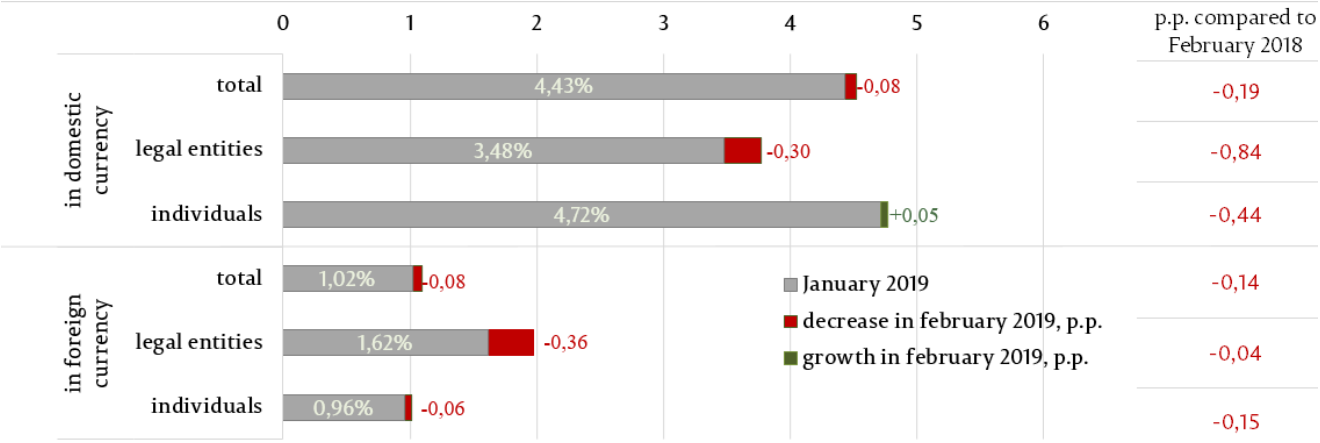
In February 2019, deposits were mainly represented by individuals' deposits – 79.1% (of which 45.3% - domestic currency deposits and 33.8% - foreign currency deposits).

In terms of maturity, the highest demand was recorded for deposits placed for a period ranging from 6 to 12 months (42.1% of total term deposits). The largest share was held by individuals' deposits (35.7% of total deposits placed).

New term deposits were placed at an average interest rate of 4.35% (domestic currency deposits) and -0.94% (foreign currency deposits).

Chart 9

Average interest rates on new term deposits, %



Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

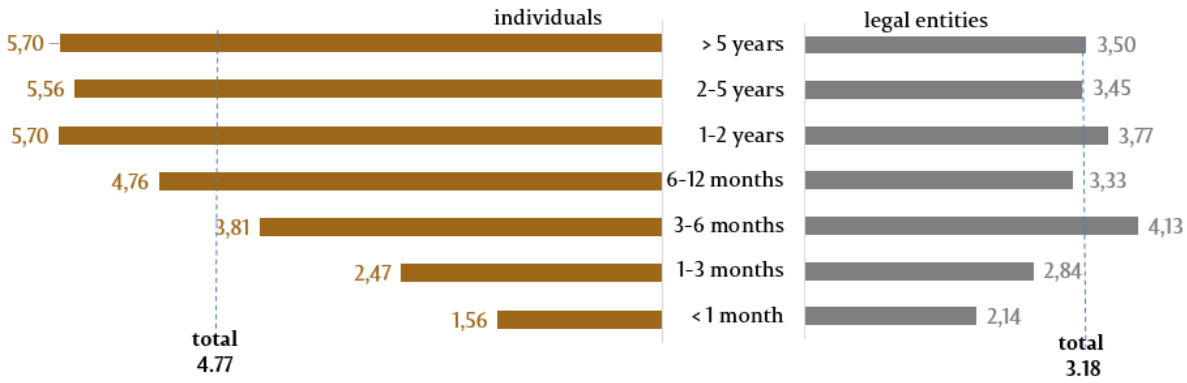
Average interest rate on new term deposits in domestic currency decreased by 0.08 pp. compared to the previous month. Individuals' deposits were placed at an average interest rate of 4.77%, while legal entities deposits – at 3.18%.

Average interest rate on new term deposits in foreign currency decreased by 0.08 pp. compared to January 2019. Individuals' deposits were placed at an average interest rate of 0.90%, while legal entities deposits – at 1.26%.

Year-on-year, average deposit interest rates decreased. Thus, average interest rate on domestic currency deposits decreased by 0.19 pp. (individuals' deposits - by 0.44 pp., legal entities deposits - by 0.84 pp.). Average interest rate on foreign currency deposits decreased by 0.14 pp. (individuals' deposits decreased by 0.15 pp., legal entities deposits increased by 0.04 pp.).

Chart 10

Average interest rates on domestic currency deposits, by maturity terms, %



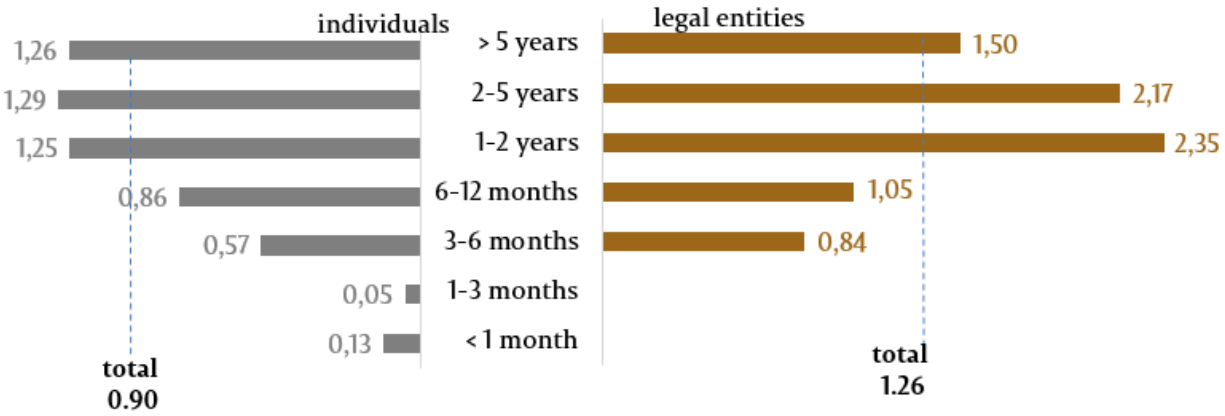
Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

Domestic currency deposits with maturity ranging from 6 to 12 months, which recorded the highest demand in the reporting period, were placed at an average interest rate of 4.52% (individuals' deposits – 4.76%, legal entities deposits – 3.33%) (Chart 10) whereas the foreign currency was placed at an average interest rate of 0.88% (individuals' deposits – 0.86%, legal entities deposits– 1.05%) (Chart 11).

The highest average interest rate on domestic currency deposits was recorded for individuals' deposits with maturity ranging from 1 to 2 years and over 5 years (5.70%), and legal entities deposits with maturity from 3 to 6 months (4.13%) (Chart 10)

Chart 11

Average interest rates on foreign currency deposits, by maturity terms, %



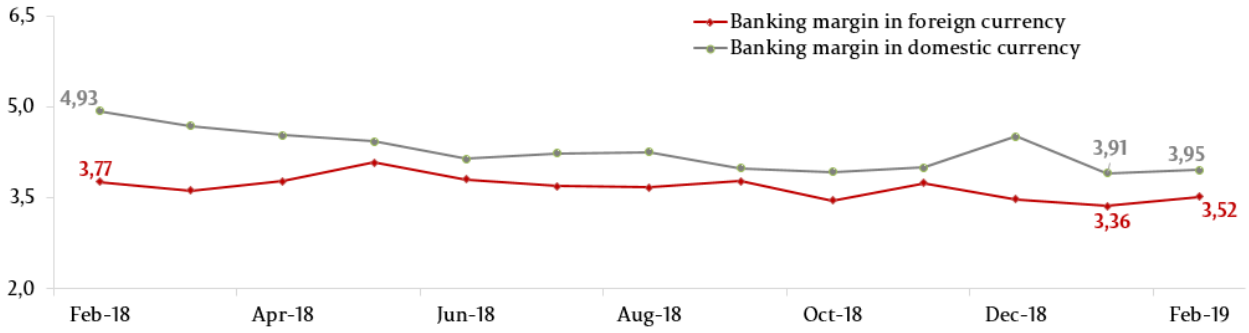
Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

The highest average interest rate on foreign currency deposits was recorded for individuals' deposits with maturity ranging from 2 to 5 years (1.29%), and legal entities deposits with maturity from 1 to 2 years (2.35%).

Bank interest margin recorded 3.95 pp. (in domestic currency) and 3.52 pp. (in foreign currency).

Chart 12

Bank interest margin, p.p. annual



Source: NBM report on average lending interest rates extended by banks and new term deposits for February 2019.

Bank interest margin on domestic currency operations increased by 0.05 pp. compared to the previous month and by 0.98 pp. compared to February 2018.

Bank interest margin on foreign currency operations increased by 0.16 pp. compared to the previous month and decreased by 0.25 pp. compared to February 2018.

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1. The data are presented according to the Guidelines on Preparation and Presentation of Reports on Interest

Rates applied by banks in the Republic of Moldova, approved by the Decision of the Executive Board of the NBM no. 331 of 01 December 2016, which were published in the Official Monitor of the Republic of Moldova no.441-451 of 16 December 2016, with subsequent amendments and completions.

2. Including individuals performing an activity.

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