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

20.04.2021

Evolution in loan and deposit markets in March 2021

Loans market

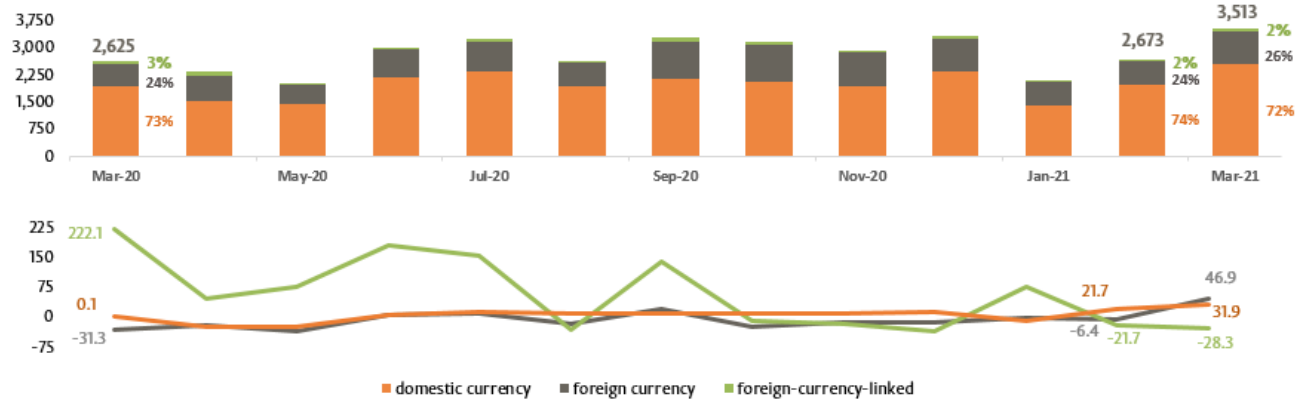
In March 2021, new loans extended[1] by banks totaled MDL 3,512.9 million, recording an increase by 33.8 percent compared to March 2020.

The structure of loans granted (Chart 1) in the reporting month evolved as follows:

- 72.3% represent loans extended in domestic currency, which totaled MDL 2,539.7 million (+28.2% compared to the previous month and +31.9% compared to March 2020);
- 26.2% represent loans extended in foreign currency, whose volume, recalculated in MDL amounted MDL 921.0 million (+ 41.1% compared to the previous month and + 46.9% compared to March 2020);
- 1.5% represent foreign-currency-linked[2] loans, which amounted MDL 52.2 million (+33.0% compared to the previous month and -28.3% compared to March 2020).

Chart 1

Dynamics of new loans extended, million MDL (top chart) and annual growth rate of new loans extended by banks, % (lower chart)

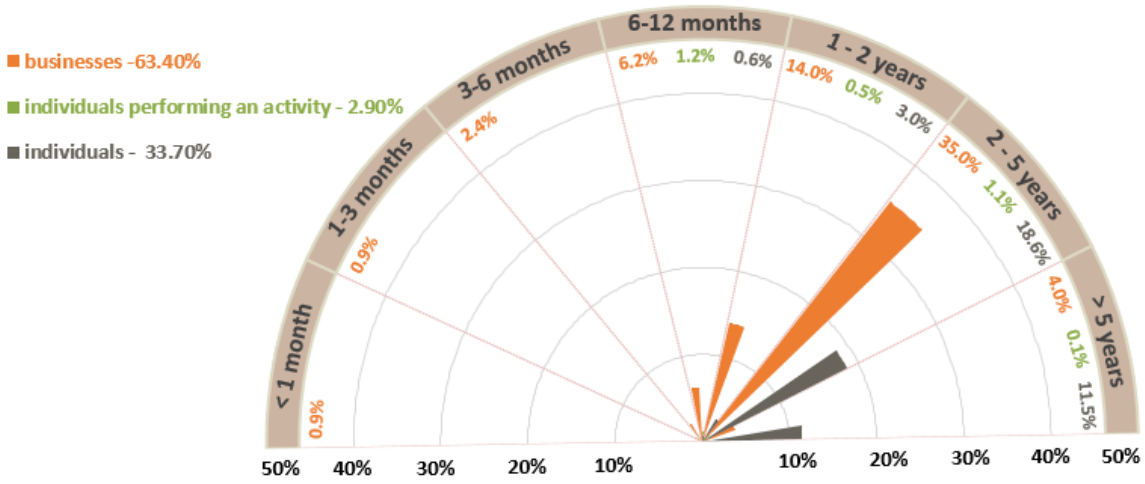


Source: NBM report on average rates and volumes of new loans and new deposits attracted for March 2021.

In terms of maturity (Chart 2), loans with terms from 2 to 5 years recorded the highest demand of 54.7% of total extended loans. The share of businesses' loans with this term constituted 35.0%in total amount of extended loans .

Chart 2

New loans extended by maturity and their structure, %



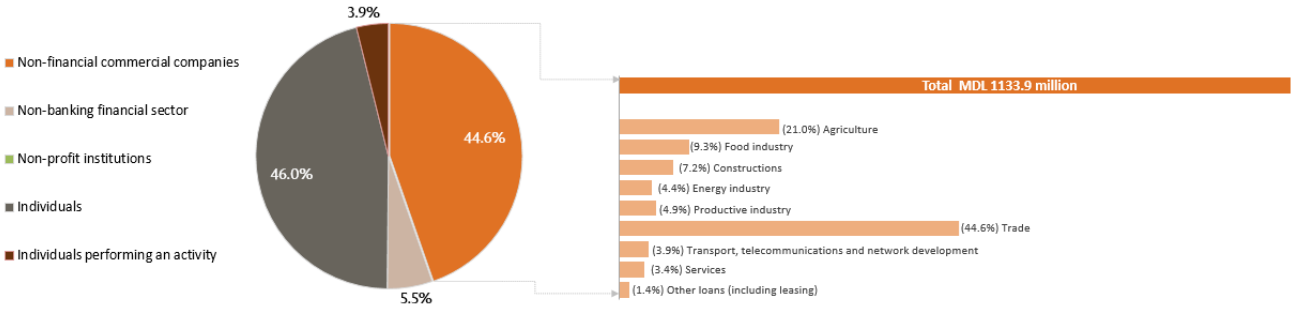
Source: NBM report on average rates and volumes of new loans and new deposits attracted for March 2021.

Domestic currency loans (Chart 3) were mainly represented by loans extended to businesses (50.2%). Non-financial commercial companies held a share of 44.6% of total loans extended in domestic currency (44.6% of which belong to trade).

Foreign currency loans were mainly requested by non-financial companies (93.5 percent), and the largest share (61.2%) belongs to trade.

Chart 3

Domestic currency loans by business sectors, %



Source: NBM report on average rates and volumes of new loans and new deposits attracted for March 2021.

The average rate on new loans extended in domestic currency constituted 7.23%, for those in foreign currency - 4.15%, and on foreign-currency-linked loans - 4.45%.

Compared to the previous month, the average rate evolved as follows:

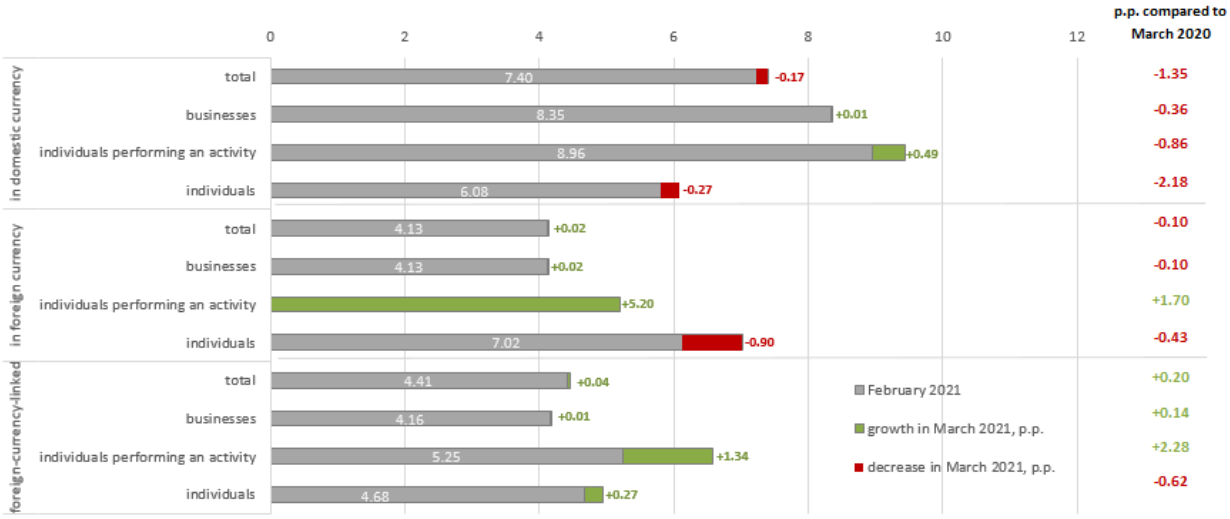
- on domestic currency loans decreased by 0.17 percentage points (p.p.). Businesses received loans at an average rate of 8.36%, individuals performing an activity[3] – at a rate of 9.45%, while individuals - at a rate of 5.81% (Chart 4);
- on foreign currency loans it increased by 0.02 p.p. Businesses received loans at an average rate of 4.15%, individuals performing an activity - at a rate of 5.20%, while individuals - at a rate of 6.12%.

— on foreign-currency-linked loans it increased by 0.04 p.p. Businesses received loans at an average rate of 4.17%, individuals performing an activity - at a rate of 6.59%, while individuals - at a rate of 4.95%.

Compared to the similar period of the previous year, the interest rate on domestic currency loans decreased by 1.35 p.p., on those in foreign currency 0.10 p.p., while on foreign-currency-linked loans increased - by 0.20 p.p.

Chart 4

Weighted average rates on new loans, %

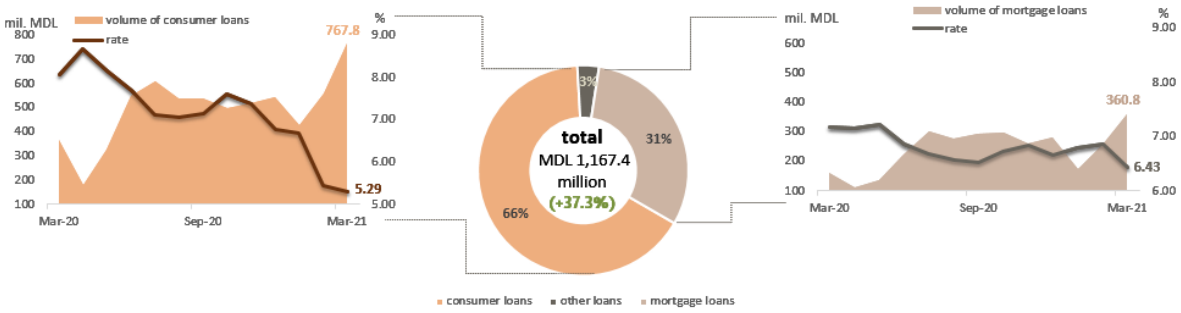


Source: NBM report on average rates and volumes of new loans and new deposits attracted for March 2021.

In March 2021, the volume of domestic currency loans extended to individuals, , increased compared to the previous month by 37.3% and totaled MDL 1,167.4 million (Chart 5). The average rate on these loans decreased by 0.27 pp.

Chart 5

Domestic currency loans extended to individuals



Source: NBM report on average rates and volumes of new loans and new deposits attracted for March 2021.

From the perspective of the purpose of newly extended loans, consumer loans held the largest share (65.8%) and were granted at an average rate of 5.29% (-0.14 p.p. compared to the previous month and -2, 78 p.p. compared to March 2020).

The average rate on mortgage loans decreased by 0.44 p.p. compared to the previous month and decreased

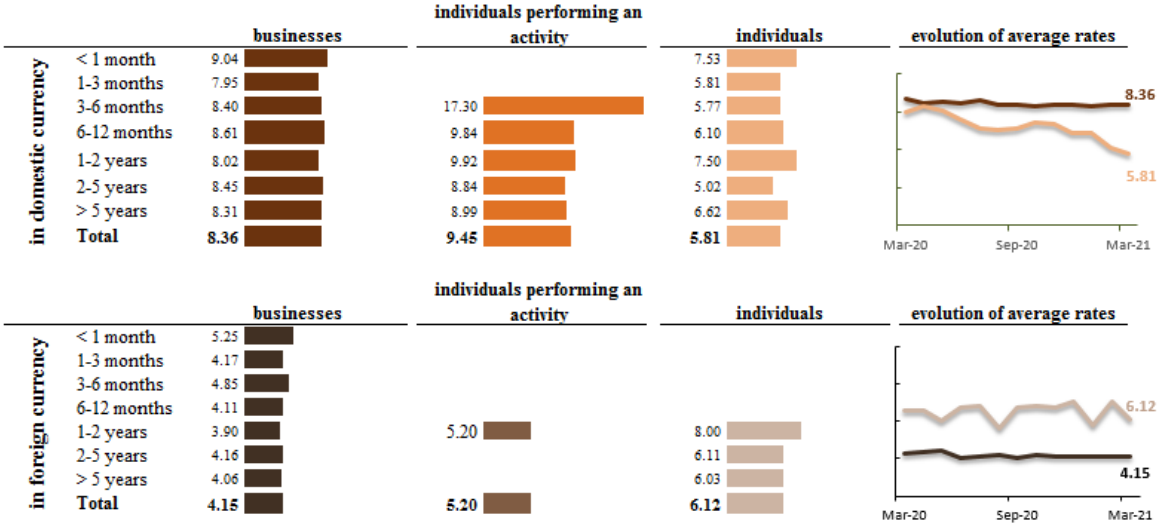
by 0.75 p.p. compared to March 2020.

It should be noted that 97.0% of all mortgage loans were extended in domestic currency. Consumer loans were also extended mainly in domestic currency (99.2% of total consumer loans).

Domestic currency loans (Chart 6) with maturity of 2 to 5 years, being the most requested in the reporting month, were extended at an average interest rate of 6.81 % (8.45% on businesses loans, 8.84% on individuals performing an activity loans, and 5.02% on individuals' loans).

Chart 6

Average rates on extended loans, by maturity, %



Source: NBM report on average rates and volumes of new loans and new deposits attracted for March 2021.

The highest average rate on domestic currency loans was recorded on loans with maturity up to 1 month, amounting 9.01% (businesses loans - 9.04%, individuals' loans - 7, 53%, while individuals performing an activity did not apply for loans with maturity of up to 1 month).

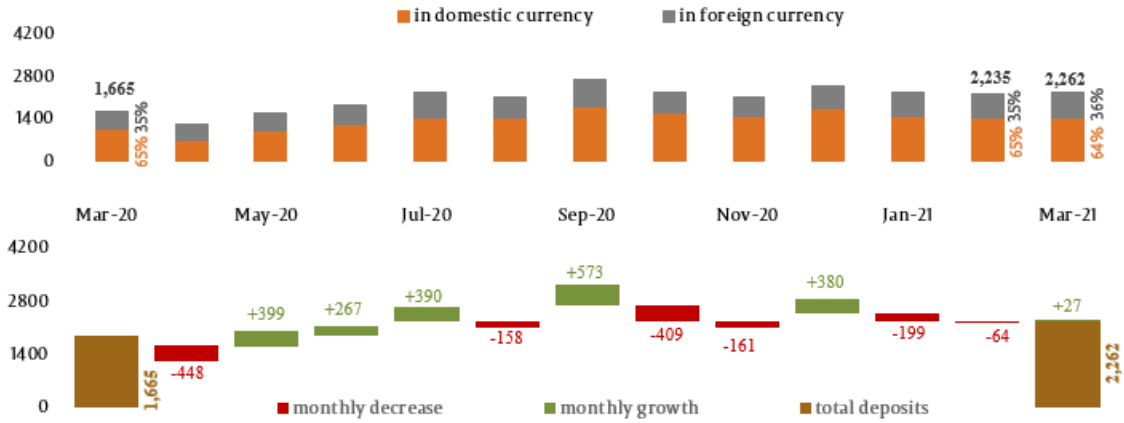
Loans in foreign currency with terms of 2 to 5 years (which had the highest volume in the reporting month) were extended at an average rate of 4.17% (businesses loans at a rate of 4.16%, individuals' loans - 6.11%, while individuals performing an activity did not apply for loans with this repayment maturity (Chart 6)).

Deposits market

In March 2021, the new term deposits totaled MDL 2,261.6 million, increasing by 35.8% compared to March 2020 (Chart 7).

Chart 7

Dynamics of term deposits (upper chart) and their change from the previous month (lower chart), million MDL



Source: NBM report on average rates and volumes of new loans and new deposits attracted for March 2021.

The volume of new term deposits constituted:

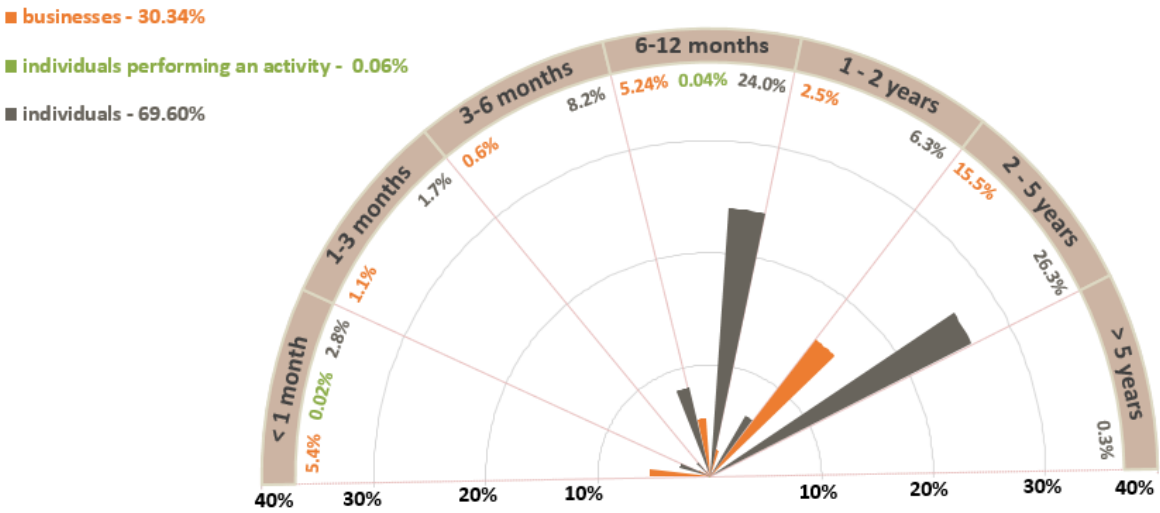
- in domestic currency - MDL 1,451.0 million (-0.7% compared to the previous month and +33.2% compared to March 2020);
- in foreign currency recalculated in MDL – MDL 810.6 million (+4.9% compared to the previous month and + 40.8% compared to March 2020).

The share of deposits attracted in the domestic currency constituted 64.2%, of those in foreign currency - 35.8%.

Individuals' deposits (Chart 8) represented the largest share of total deposits of 69.6% (40.0% represent domestic currency deposits and 29.6 % foreign currency deposits).

Chart 8

New term deposits placed by maturity and their structure, %



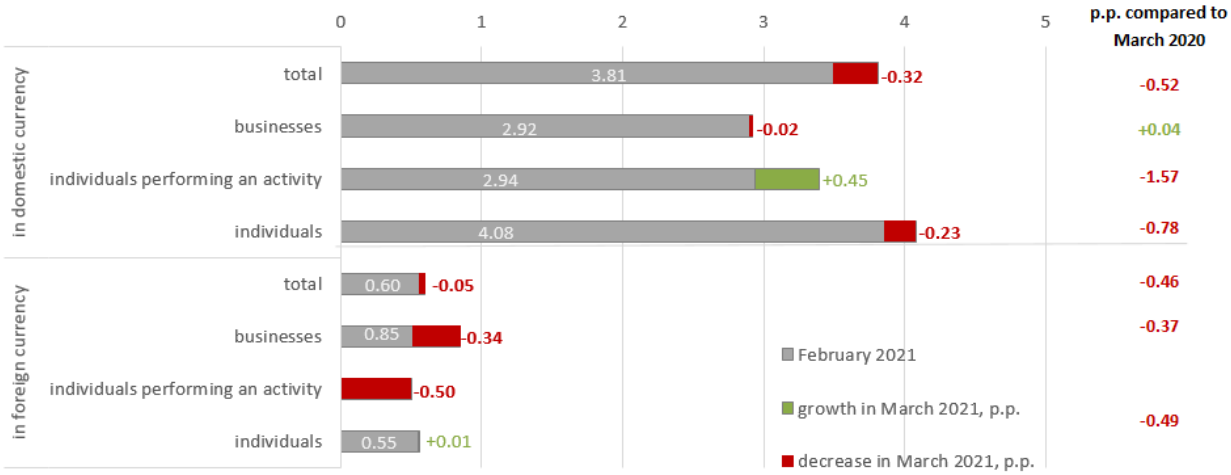
Source: NBM report on average rates and volumes of new loans and new deposits attracted for March 2021.

In terms of maturity, the highest demand was recorded for deposits with terms from 2 to 5 years which held 41.8% of all term deposits (26.3 % - individuals' deposits).

The average interest rate on domestic currency term deposits constituted 3.49%, and on those in foreign currency - 0.55%.

Chart 9

Weighted average rates on new term deposits, %



Source: NBM report on average rates and volumes of new loans and new deposits attracted for March 2021.

Compared to the previous month, the average rate has evolved:

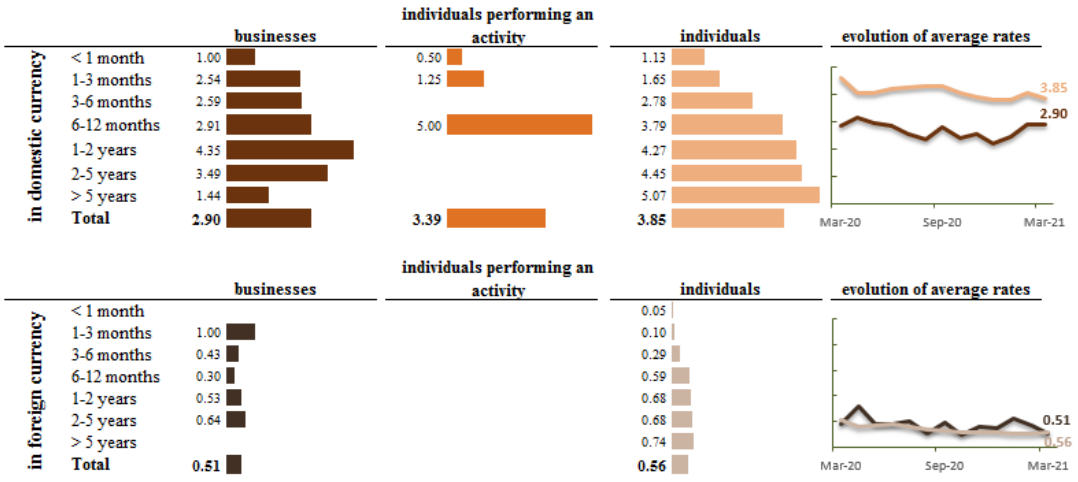
- on domestic currency deposits it decreased by 0.32 p.p. Businesses placed their deposits at an average rate of 2.90%, individuals performing an activity - at a rate of 3.39%, while individuals – at a rate of 3.85%;
- on foreign currency deposits it decreased by 0.05 p.p. Businesses placed their deposits at an average rate of 0.51%, individuals - at a rate of 0.56%, and individuals performing an activity did not place any new deposits in foreign currency.

Compared to March 2020, the average interest rate on domestic currency deposits decreased as well that on foreign currency deposits (Chart 9).

Domestic currency deposits with maturity from 2 to 5 years, which recorded the highest demand in the reporting period, were attracted at an average interest rate of 4.0% (businesses deposits – at a rate of 3.49%, and individuals' deposits – at a rate of 4.45 % (Chart 10).

Chart 10

Average interest rates on new term deposits, by maturity, %



Source: NBM report on average rates and volumes of new loans and new deposits attracted for March 2021.

In the case of foreign currency deposits, the most attractive were those with terms from 2 to 5 years, which were placed at an average interest rate of 0.68% (businesses placed their deposits at a rate of 0.64 percent, and individuals - at a rate of 0.68%).

The highest average interest rate on domestic currency deposits was recorded:

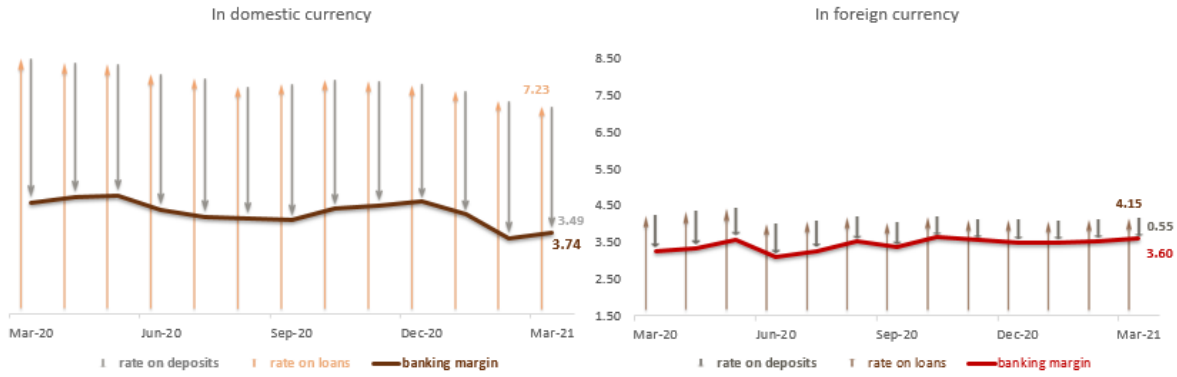
- on businesses deposits with terms from 1 to 2 years (4.35%);
- on deposits of individuals performing an activity with terms from 6 to 12 months (5.0%);
- on individuals deposits with terms over 5 years (5.07%).

The highest average interest rate on foreign currency deposits was recorded:

- on businesses deposits with terms from 1 to 3 months (1.0%);
- on individuals deposits with terms over 5 years (0.74%).

The interest rate margin on domestic currency transactions was 3.74 p.p., while on those in foreign currency - 3.60 p.p.

Chart 11
Bank interest margin, p.p.



Source: NBM report on average rates and volumes of new loans and new deposits attracted for March 2021.

The interest rate margin on domestic currency transactions increased by 0.15 pp. compared to the previous month and decreased by 0.83 p.p. compared to March 2020 (Chart 11).

The interest margin on foreign currency transactions increased by 0.07 pp. compared to the previous month and by 0.36 p.p. compared to March 2020.

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1. The information is reflected according to the Guidelines on the preparation and presentation of interest rate reports applied by banks in the Republic of Moldova, approved by DEB of the NBM no. 331 of 1.12.2016, Official Monitor of the Republic of Moldova no.441-451 of 16.12.2016, with subsequent amendments and completions.

2. Loans attached to the exchange rate, according to the Regulation on the open foreign exchange position of

the bank, approved by DAB of the NBM no. 126 of 28.11.1997, Official Monitor of the Republic of Moldova no. 112-114 / 198 of 14.10.1999, with subsequent amendments and completions, represent the assets whose balances, according to the conditions established in the corresponding contracts concluded by the bank, change according to the evolution of the Moldovan leu exchange rate against the currency to which it is attached.

3. The individual performing an activity, according to the Guidelines on how to complete by the licensed banks the Report on monetary statistics, approved by DEB of the NBM no. 255 of 17.11.2011, Official Monitor of the Republic of Moldova no.206-215 of 02.12.2011, as subsequently amended and supplemented, operates within associations of persons without legal personality and are producers of goods and / or services for the market, namely , sole proprietorships, peasant households, patent holders, notaries, lawyers, bailiffs, etc.

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