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Developments in loan and deposit markets in November 2020

In November 2020, new loans[1] extended by banks totalled MDL 2,920.5 million, recording an increase of 0.5% compared to November 2019.

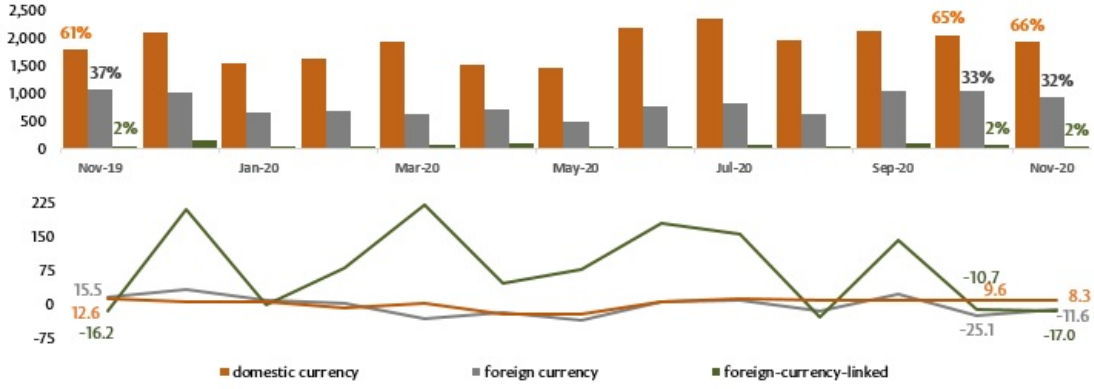
The share of loans extended in domestic currency totalled 66.1%, in foreign currency - 32.1%, while the share of foreign-currency-linked[2] – loans amounted - 1.8 % (Chart 1, upper chart).

The amount of loans extended in domestic currency constituted MDL 1,929.5 million (-5.7% compared to the previous month and +8.3% compared to November 2019 (Chart 1, lower chart)).

The amount of loans extended in foreign currency recalculated in MDL , totalled MDL 938.2 million (-10.3% compared to the previous month and -11.6% compared to November 2019 (Chart 1, lower chart)).

The amount of foreign-currency-linked loans amounted to MDL 52.9 million (-18.2% compared to the previous month and -17.0% compared to November 2019 (Chart 1, lower chart)).

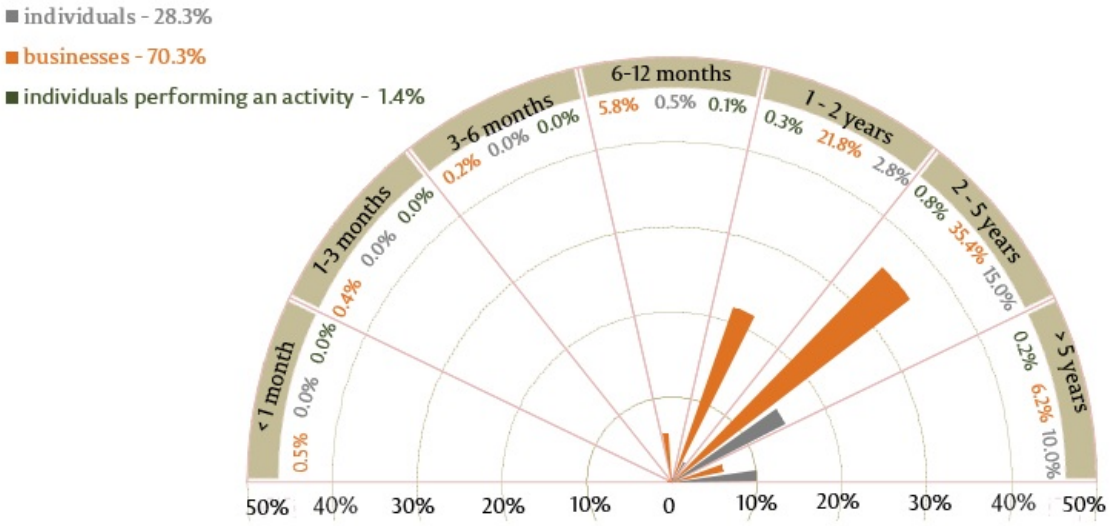
Chart 1
Dynamics of new loans extended, million lei (upper chart) and the annual growth rate of new loans extended by banks,% (lower chart)



Source: NBM report on average rates and volumes of new loans and new deposits attracted for November 2020.

It should be mentioned that, in terms of maturity, loans with maturity ranging from 2 to 5 years recorded the highest demand (51.2 % of total extended loans), out of which the largest share of 35.4% of the total loans was held by businesses (Chart 2).

Chart 2
New loans extended by maturity and their structure,%

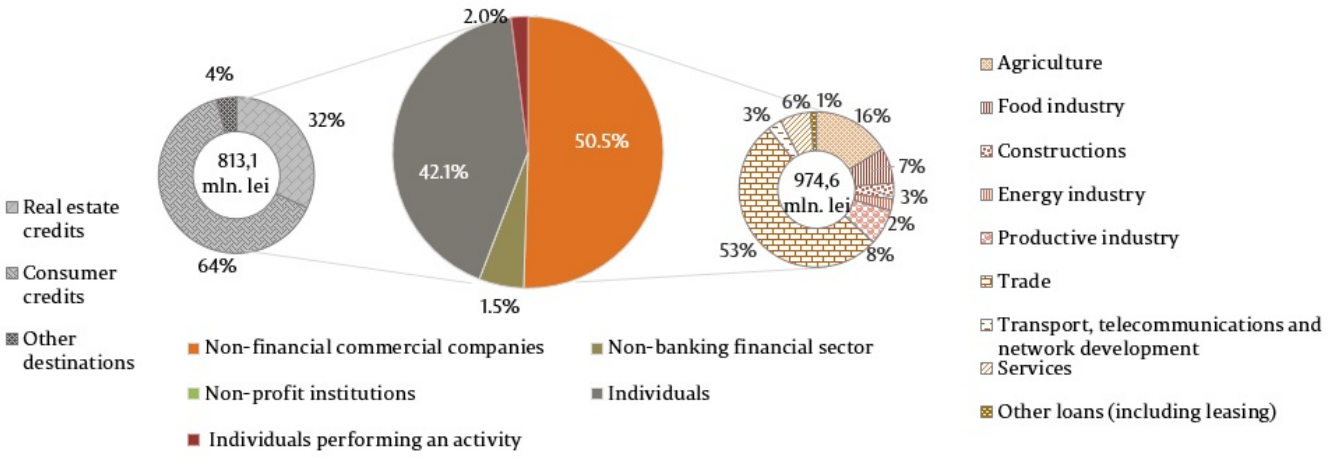


Source: NBM report on average rates on new loans and new deposits in the banking system for November 2020.

Domestic currency loans were mainly represented by loans extended to businesses (55.9 %), including loans extended to non-financial commercial companies holding a share of 50.5 % (52.5% of which belong to trade) (Chart 3).

Foreign currency loans were mainly requested by non - financial commercial companies (95.0%), and the largest share (68.4%) belongs to trade.

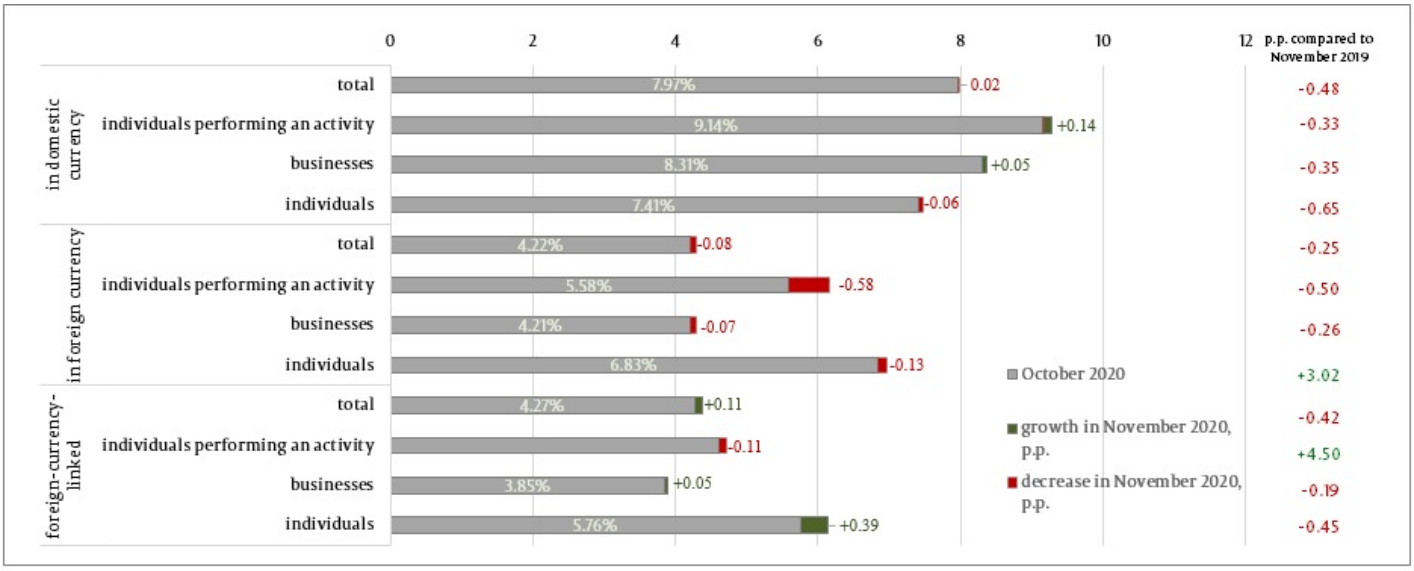
Chart 3
Domestic currency loans by business sectors, %



Source: NBM report on average rates on new loans and new deposits in the banking system for November 2020.

New loans in domestic currency were extended at an average interest rate of 7.95%, the loans in foreign currency - 4.14%, and foreign-currency-linked loans- 4.38%.

Chart 4
Weighted average interest rates on new loans, %



Source: NBM report on average rates and volumes of new loans and new deposits attracted for November 2020.

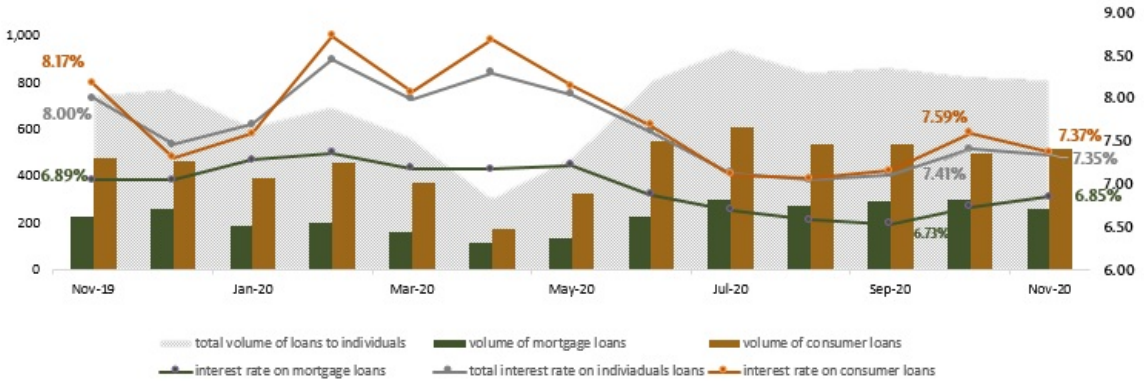
The average interest rate on domestic currency loans decreased by 0.02 percentage points (pp) compared to the previous month. Individuals received loans at an average rate of 7.35 %, businesses - at a rate of 8.36%, while individuals performing an activity[3]- with a rate of 9.29% (Chart 4).

The average interest rate on foreign currency loans decreased by 0.08 pp compared to October 2020. Individuals received loans at an average rate of 6.70 %, businesses - at a rate of 4.14%, while individuals performing an activity – at a rate of 5.0 %.

The average rate on foreign-currency-linked loans increased by 0.11 pp compared to October 2020. Individuals received loans at an average interest rate of 6.14%, businesses- at a rate of 3.90 %, while individuals performing an activity – at a rate of 4,50%.

Compared to the similar period of the previous year, the interest rate on domestic currency loans decreased by 0.48 pp, on foreign currency - by 0.25 pp and on foreign-currency-linked loans- by 0.42 pp.

Chart 5
Volume (million lei) and average rates on loans in domestic currency extended to individuals (%)



Source: NBM report on average rates and volumes of new loans and new deposits attracted for November 2020.

The volume of loans in domestic currency extended to individuals in November 2020 decreased compared to the previous month by 1.9 pp and totalled MDL 813.1 million (Chart 5).

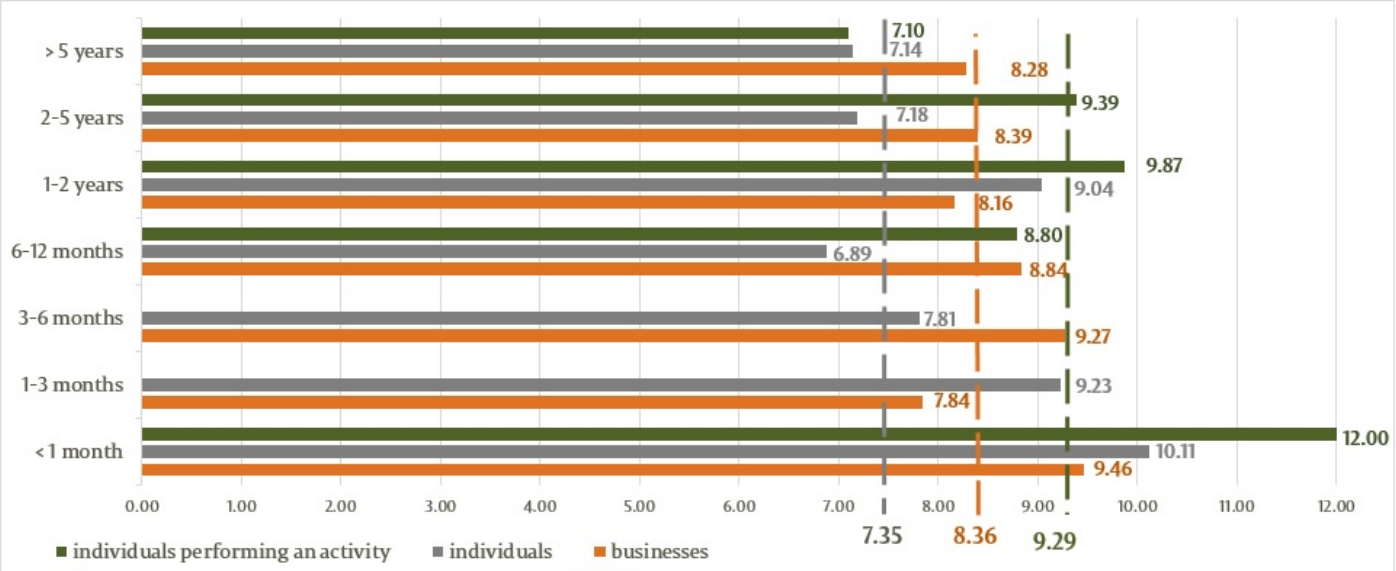
The average rate of domestic currency loans extended to individuals in the same period, decreased by 0.06 pp and

constituted 7.3%.

From the perspective of the purpose of loans extended, consumer loans held the largest share (64.0%). Compared to the previous month, the average rate on consumer loans decreased by 0.23 pp, and on real estate loans increased by 0.12 pp. Compared to last year, the average rate on consumer loans decreased by 0.80 pp, and on real estate loans - by 0.19 pp.

It should be noted that the share of real estate loans in the domestic currency in total real estate loans was 99.0 % (1.0 % were foreign-currency-linked loans) and that of consumer loans in domestic currency in total consumer loans - 98.7 % (1.2 % were foreign-currency-linked loans).

Chart 6
Average rates on loans extended in domestic currency, by maturity,%

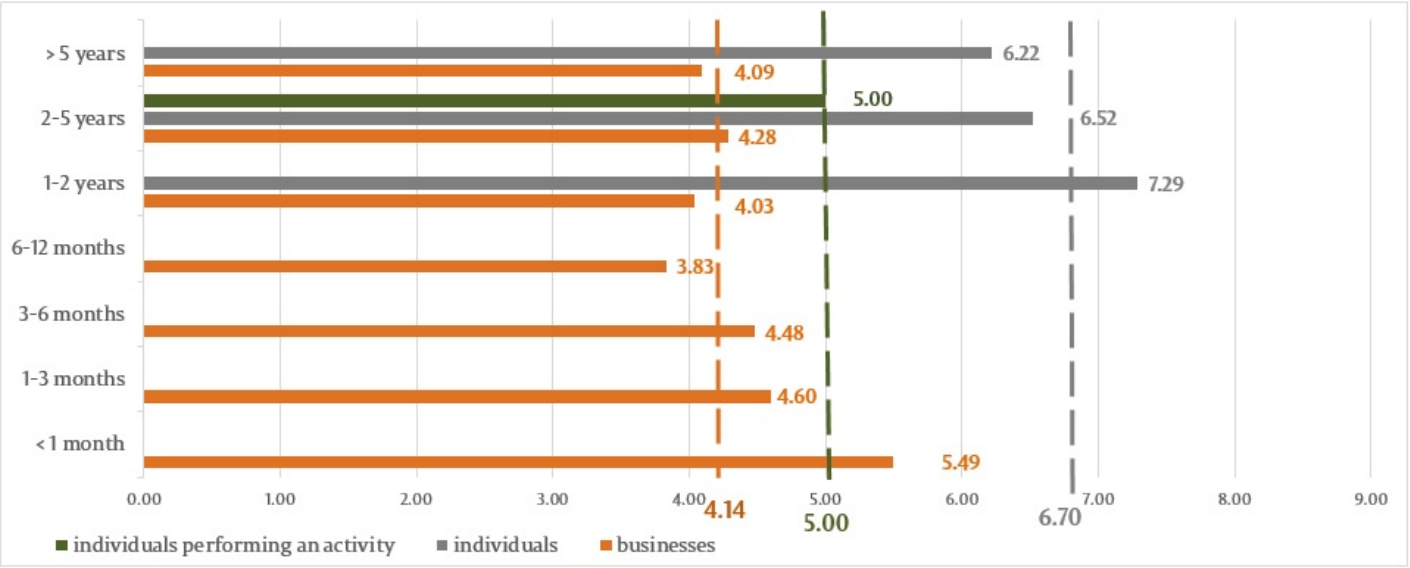


Source: NBM report on average rates and volumes of new loans and new deposits attracted for November 2020.

In the reporting month domestic currency loans with maturity from 2 to 5 years recorded the highest demand and were extended at an average interest rate of 7.92 % (8.39% on businesses loans, 7.18 % on individuals' loans, and 9.39% on loans of individuals performing an activity), (Chart 6).

It should be mentioned that the highest average interest rate on extended domestic currency loans was registered on loans with maturity up to 1 month, and amounted 9.47 % (9.46 % businesses loans, 10.11 %- on individuals' loans, while individuals performing an activity - 12.0 % (Chart 6).

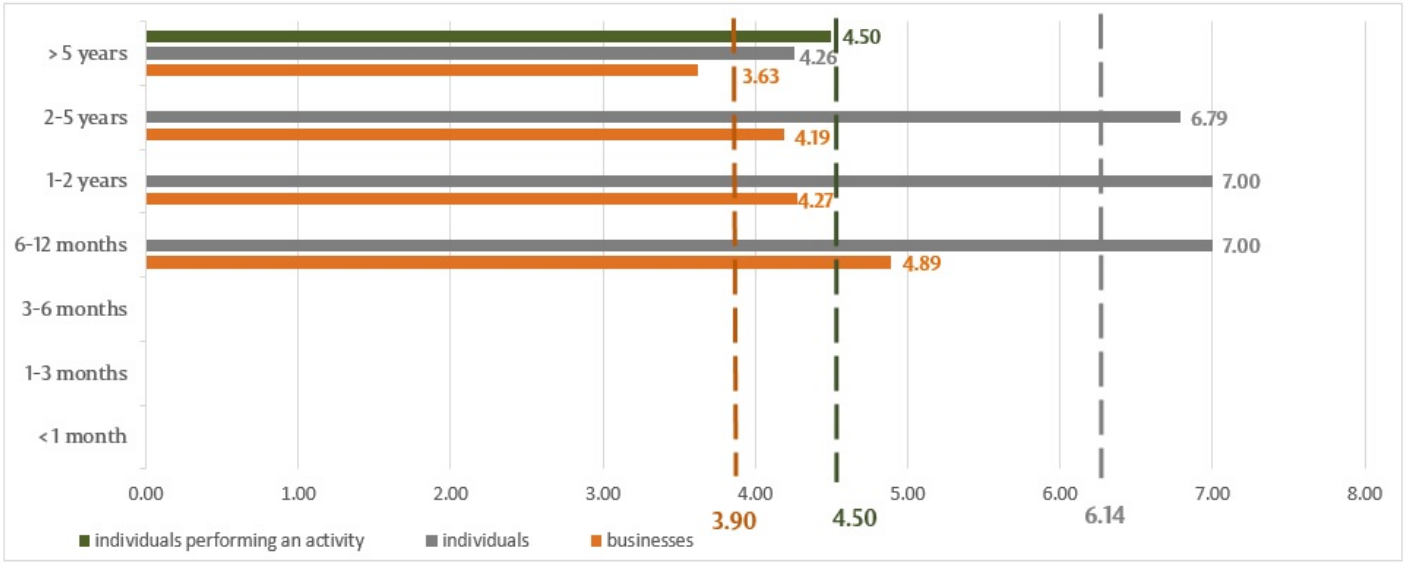
Chart 7
Average rates on loans extended in foreign currency, by maturity, %



Source: NBM report on average rates and volumes of new loans and new deposits attracted for November 2020.

The most attractive loans in foreign currency, with terms from 2 to 5 years, were extended with an average rate of 4.28 %, individuals were extended loans with an average rate of 6.52 %, legal entities - with a rate of 4.28 %, and individuals who practice activity - with a rate of 5.0 % (Chart 7).

Chart 8
Average rates on loans foreign-currency-linked, by maturity, %

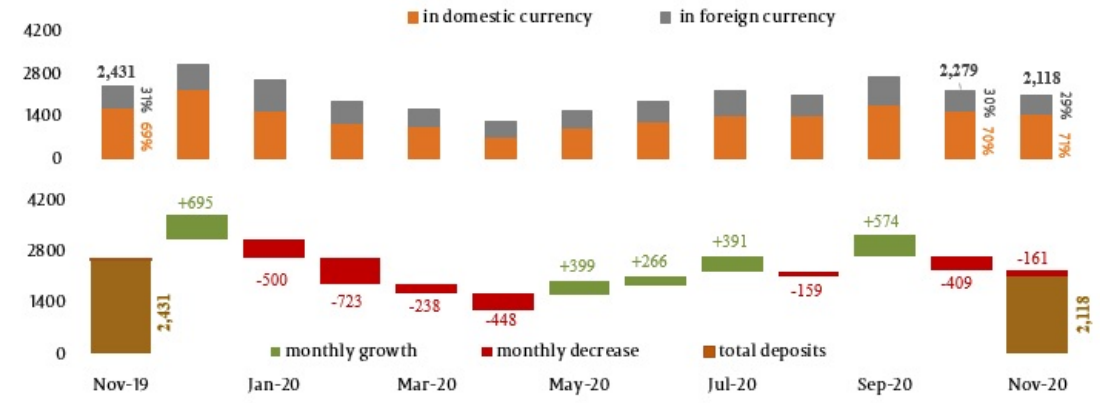


Source: NBM report on average rates and volumes of new loans and new deposits attracted for November 2020.

The most attractive foreign currency loans, with maturity from 2 to 5 years were extended at an average interest rate of 5.80 %, where loans to individuals were granted with an average interest rate of 6.79 %, loans to businesses – with an average rate of 4.19 %, while individuals performing an activity did not apply for foreign-currency-linked loans (Chart 8).

In November 2020, the new term deposits totalled MDL 2 117.9 million, decreasing by 12.9 % compared to November 2019 (Chart 9).

Chart 9
Dynamics of term deposits (upper chart) and change from the previous month (lower chart), million lei



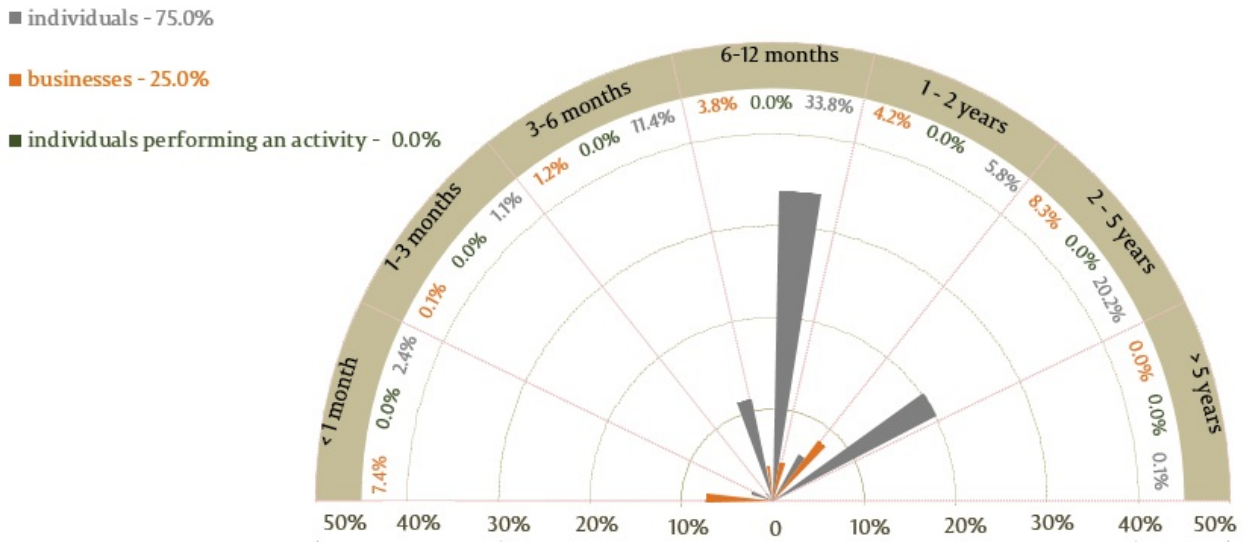
Source: NBM report on average rates and volumes of new loans and new deposits attracted for November 2020.

Domestic currency deposits totalled MDL 1,513.4 million (-4.8% compared to the previous month and -9.8% compared to November 2019).

Foreign currency deposits recalculated in MDL totalled MDL 604.5 million (-12.2% compared to the previous month and -19.8% compared to November 2019).

Domestic currency deposits accounted for a share of 71.5%, while foreign currency deposits - 28.5%.

Chart 10
New term deposits placed by maturity and their structure, %



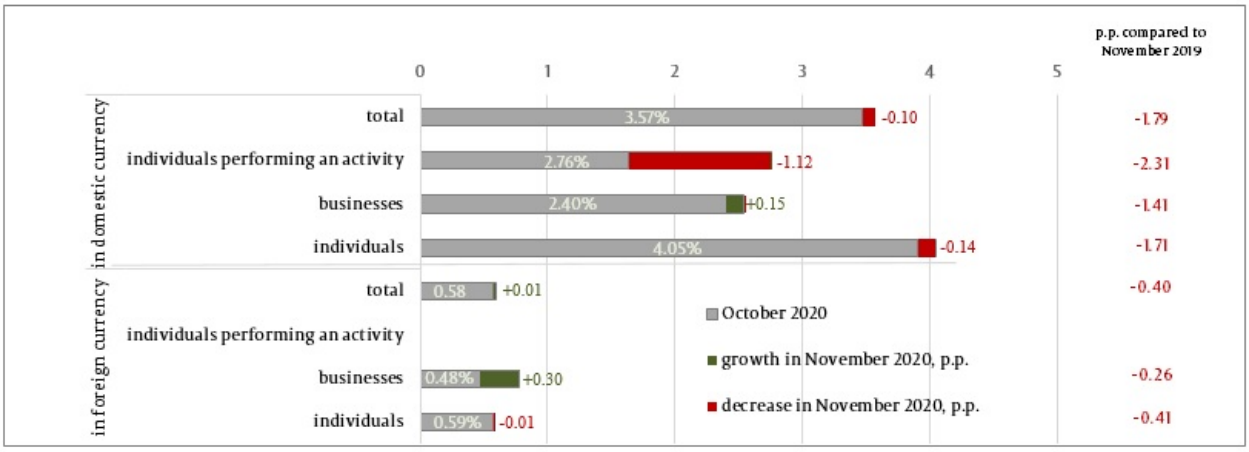
Source: NBM report on average rates and volumes of new loans and new deposits attracted for November 2020.

In November 2020, individuals' deposits represented the largest share of total deposits - 75.0% (of which 48.6% represent domestic currency deposits, and 26.4% - foreign currency deposits).

In terms of maturity, the highest demand was recorded for deposits with terms from 6 to 12 months (37.6% of total term deposits). It is worth mentioning that by categories of clients, a significant share of deposits was held by individuals (33.8% of total deposits).

The average interest rate on domestic currency term deposits constituted 3.47%, and on those in foreign currency - 0.59 %.

Chart 11
Weighted average rates on new deposits, %



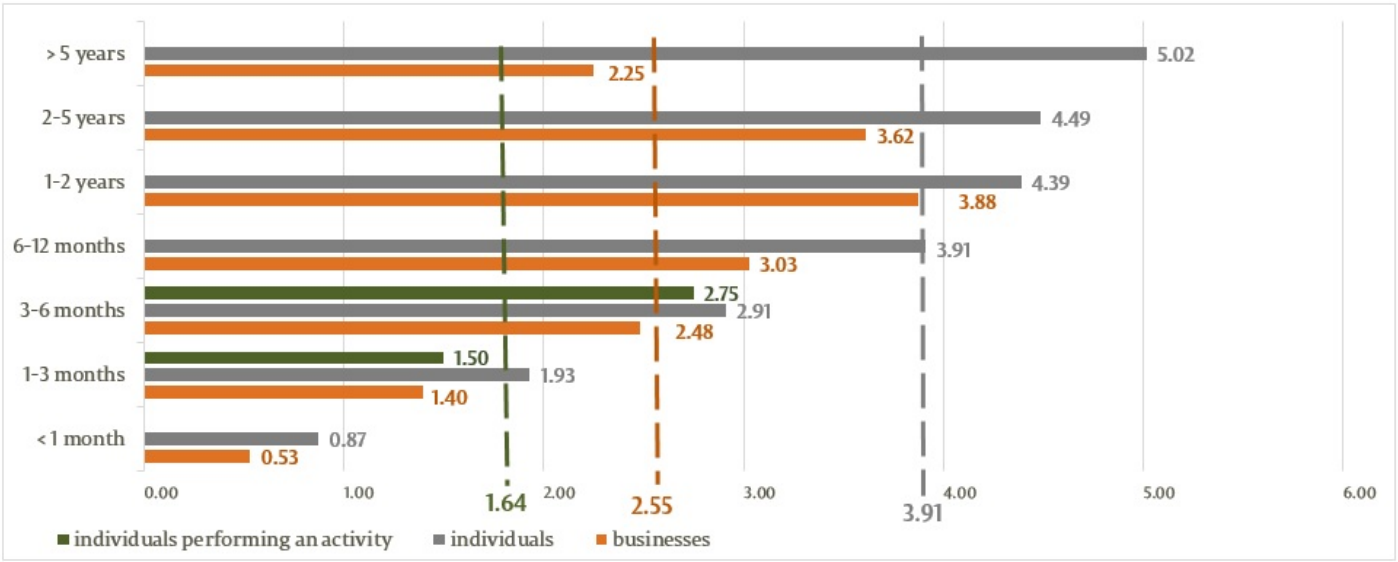
Source: NBM report on average rates and volumes of new loans and new deposits attracted for November 2020.

The average interest rate on new domestic currency term deposits decreased by 0.10 pp compared to the previous month. Individuals placed their deposits at an average rate of 3.91 %, businesses – at an average rate of 2.55 %, while individuals performing an activity – at an average interest rate of 1.64 %.

The average interest rate on new foreign currency term deposits increased by 0.01 pp compared to October 2020. Individuals placed deposits at an average rate of 0.58 %, businesses – at an average rate of 0.78 %, while individuals performing an activity did not place any new deposits in foreign currency.

Compared to the similar period of the previous year, the average interest rate on domestic currency deposits decreased by 1.79 pp (the average rate on individuals' deposits decreased by 1.72 pp, on businesses deposits - by 1.41 pp, and on deposits of individuals performing an activity decreased by 2.31 pp). The average interest rate on foreign currency deposits decreased by 0.40 pp (the average rate on individuals' deposits decreased by 0.41 pp , on businesses deposits by 0.26 pp , while individuals performing an activity did not place any foreign currency deposits during the reference period nor in November 2019).

Chart 12
Average interest rates on domestic currency deposits, by maturity, %



Source: NBM report on average rates and volumes of new loans and new deposits attracted for November 2020.

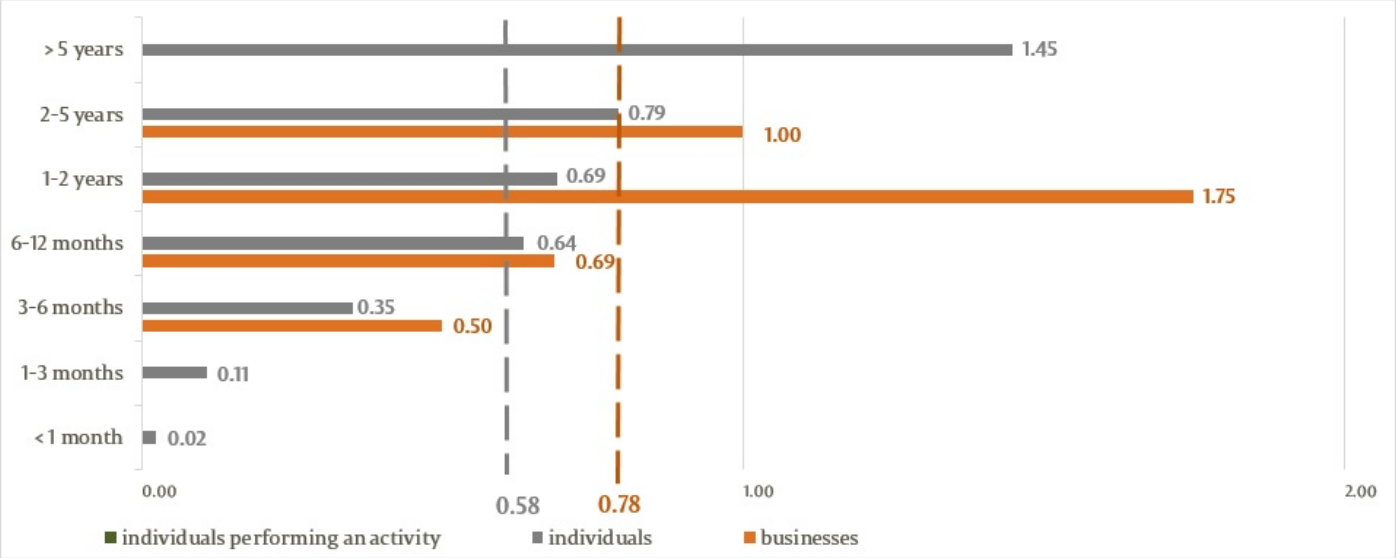
Domestic currency deposits with maturity from 6 to 12 months, which recorded the highest demand in the reporting period, were attracted at an average interest rate of 3.81 % (individuals' deposits – at a rate of 3.91 % , businesses deposits– at a rate of 3.03 %, and individuals performing an activity did not place any new deposits in foreign currency (Chart 12).

In the case of foreign currency deposits, the most attractive are being also those with terms from 6 to 12 months, at an

average interest rate of 0.64 % (individuals placed their deposits at a rate of 0.64 % , and businesses – at a rate of 0.69 %) (Chart 13).

It should be noted, that the highest average rate on domestic currency deposits was recorded for the term deposits of individuals with maturity over 5 years (5.02%), and those of businesses, with maturity from 1 to 2 years (3.88 %). Individuals, performing an activity benefited from the highest average rate on deposits with maturity from 3 to 6 months, and this was 2.75 % (Chart 12).

Chart 13
Average interest rates of foreign currency deposits, by maturity, %

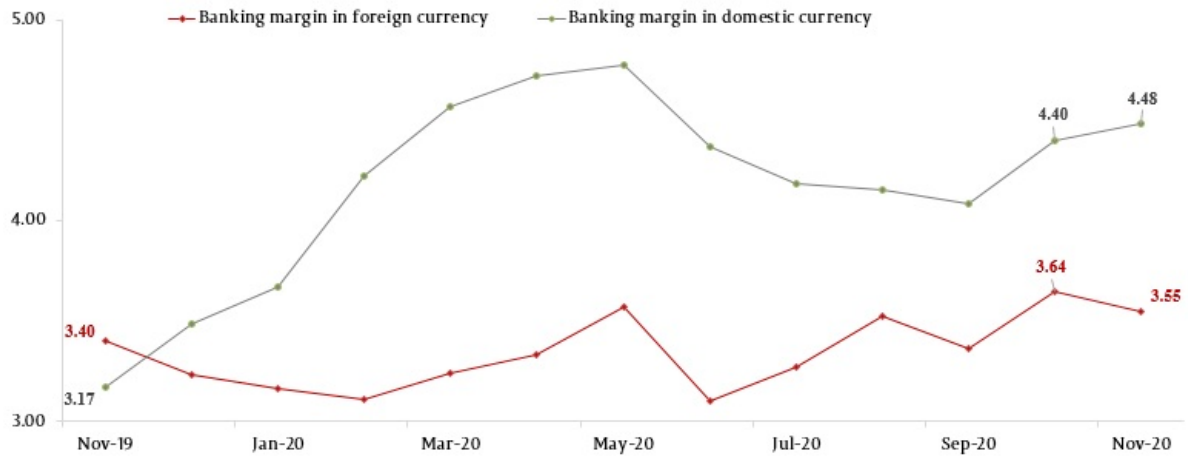


Source: NBM report on average rates and volumes of new loans and new deposits attracted for November 2020.

The highest average interest rate on foreign currency deposits of individuals (1.45 %) was recorded for deposits with maturity over 5 years and of businesses (1.75 %) was recorded for deposits with maturity from 1 to 2 years.

Interest rate margin on domestic currency transactions constituted 4.48 pp, while on those in foreign currency amounted 3.55 pp.

Chart 14
Bank interest margin, annual pp



Source: Report of the NBM on average rates of new loans and deposits recorded in the banking system in October 2020.

The interest rate margin on domestic currency transactions increased by 0.08 pp compared to the previous month and by 1.31 pp compared to November 2019 (Chart 14).

The interest margin on foreign currency transactions decreased by 0.09 pp compared to the previous month and increased by 0.15 pp compared to November 2019.

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1. The data of this report is presented according to the Guidelines on Preparation and Presentation of Reports on Interest Rates applied by banks in the Republic of Moldova, approved by Decision No 331 of 1 December 2016 of the Executive Board of the NBM, Official Monitor of the Republic of Moldova, No 441-451 of 16 December 2016, with further amendments and completions..

2. Loans foreign-currency-linked, according to the Regulation on the open currency position of the bank, approved by Decision of the Executive Board of the National Bank of Moldova No 126 of 28.11.1997, Official Monitor of the Republic of Moldova no. 112-114/198 of 14.10.1999, with further modifications and completions, refer to the assets which balance, according to the conditions established in the relevant contracts concluded by the bank, shall be modified depending on the evolution of the exchange rate of Moldovan currency against the attached exchange rate.

3. Individuals performing an activity, according to the Guidelines on the drafting by the licensed banks of the Report on monetary statistics, approved by Decision of the Executive Board of the NBM no. 255 of 17.11.2011, Official Monitor of the Republic of Moldova no. 206-215 of 02.12.2011, with further modifications and completions, work in associations without legal personality and are producers of goods and/or services for market, and namely, individual enterprises, farms, patent holders, notaries, lawyers, bailiffs, etc."

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