
Q1 2020 overview of creditors sector

At the end of the first quarter of 2020 there were 47 creditors not associated with credit institutions, 11 creditors associated with credit institutions, and 9 credit intermediaries operating in the market.

The uncertainty caused by the spread of the Covid-19 virus has made consumers less active in taking new consumption loans. Signings of new consumption loan contracts were 9% lower in the first quarter than the average for 2019. The number of contracts for asset purchases with instalment payments was down 22% and car lease contracts were down 15%. Unsecured small loans classed as other monetary credit were affected least by the crisis, as only 6% fewer such contracts were signed in the first quarter.

Key indicators	Q4 2019	Change	Q1 2020
Stock of consumer loans	1 162 mln €	?	1 176 mlrd €
Number of contracts	507 538 tk	?	516 595 tk
of which new contracts	199 067 tk	?	182 568 tk
Net interest income	27,6 mln €	?	31,9 mln €

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As fewer contracts than usual were signed, the growth in the aggregate loan portfolio for consumption loans from creditors also slowed. The loan stock of creditors grew by 2.9% on average in each quarter in 2019, but in the first quarter of 2020 the growth was less than half that at 1.2%, or 13 million euros, and at the end of March the loan stock stood at 1.18 billion euros.

The reduction in loans issued in the first quarter did not lead to any changes in the division of the market between creditors. The market share of creditors associated with credit institutions remained at 81% of the stock of the loan portfolio of the sector, or 955 million euros.

The impact of the coronavirus crisis on the quality of the loan portfolio of creditors was not yet reflected in the reporting for the first quarter, as the minimum period that passes before a loan is classed as overdue is 30 days.

Creditors not associated with credit institutions had 13.7 million euros of overdue loans. The share of such loans in their portfolio increased over the quarter from 5.8% to 6.2%. Creditors associated with credit institutions had 1.8 million euros of overdue loans, or 0.2% of their portfolio.

Main development trends and risks

- The uncertainty caused by the spread of the coronavirus was expressed in the loan market in the first quarter only in some decline in loans issued.
- Businesses from other countries showed less interest in entering the market for creditors and credit intermediaries than in previous quarters. Local shops and other companies outside the financial sector, whose main business is selling goods or services to consumers and that do not have previous experience of the financial sector, continued to show interest in entering the market.
- The most serious risk for creditors remains their compliance with requirements for responsible lending. Responsibility for meeting the requirements for responsible lending lies with the managers of the creditor and the creditor must confirm the information submitted by the customer. This means that one risk point for creditors is how available, comprehensive and accurate information on the consumer is.
- The spread of the coronavirus has temporarily increased the risk of consumers losing their incomes or having their incomes reduced and in consequence suffering payment difficulties.

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