
Q3 2020 overview of creditors sector

In the third quarter of 2020 there were 45 creditors not associated with credit institutions, 11 creditors associated with credit institutions, and 9 credit intermediaries operating in the market.

The rate at which new loans were issued by creditors increased in the third quarter. The 175,000 new contracts that were signed was 15% more than the 153,000 in the second quarter. However, the average for 2019, before the Covid-19 crisis, was 200,000 contracts each quarter.

Key indicators	Q2 2020	Change	Q3 2020
Stock of consumer loans	1 162 mln €	?	1 170 mln €
Number of contracts	515 202 tk	?	501 362 tk
of which new contracts	152 822 tk	?	175 185 tk
Net interest income	25.2 mln €	?	25.0 mln €

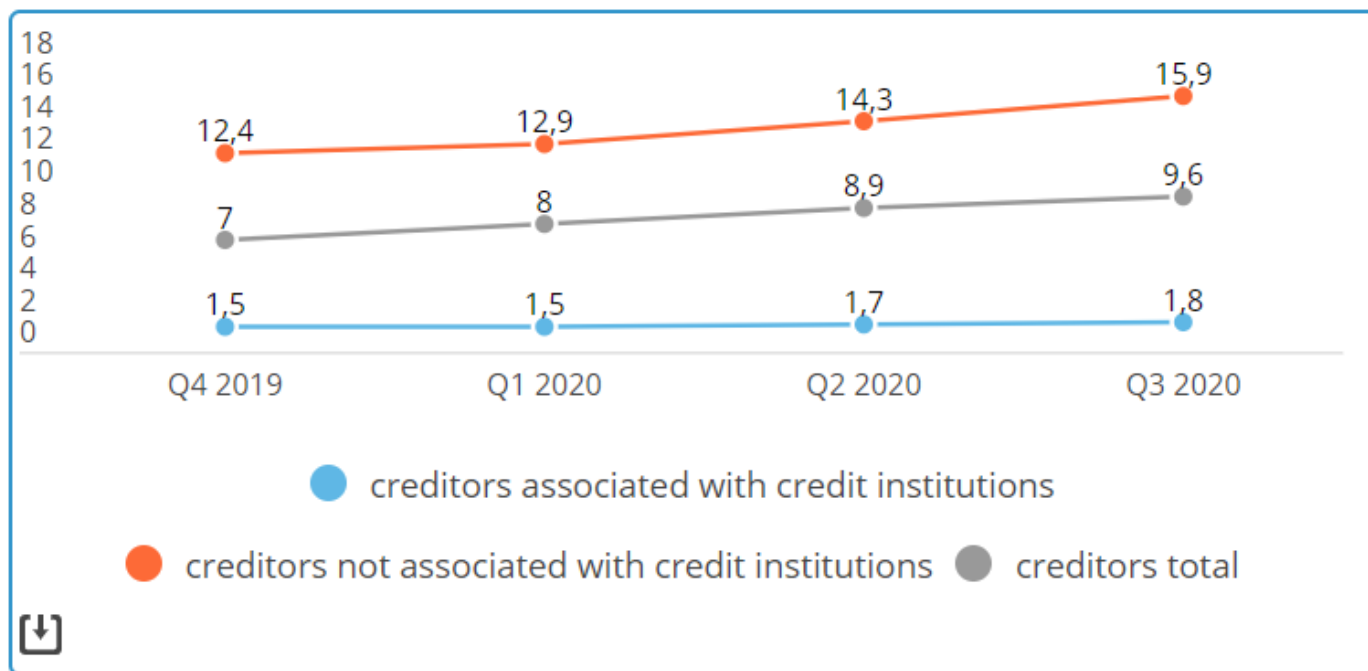
Fewer new contracts were signed during the Covid-19 crisis. At 81%, the largest part of the contracts signed in the third quarter were unsecured small loans, or other monetary credit, and 141,000 such contracts were signed. This was followed by 29,000 contracts for instalment payments, or 16% of the total, and 5000 vehicle leases, or 3%.

The number of new loan contracts has risen for all types of loan. The number of new instalment loan contracts reached its pre-crisis level, while around 90% as many contracts for other types of loan were signed as before the crisis. An exception is leases of other assets, where only 21% as many contracts were signed as before the crisis.

Increased borrowing activity meant that the aggregate loan portfolio of consumer loans issued by creditors was 0.6% larger in the third quarter at 1.17 billion euros at the end of September.

The quality of the loan portfolio worsened somewhat in the third quarter. Some 9.6% of loans issued by creditors were overdue, totalling 48,000 contracts. In the second quarter, 8.9% were. Unsecured small loans were overdue most, as 14.9% of such contracts were overdue, while vehicle leases were overdue least, as 0.5% of such contracts were.

Share of the number of loan contracts overdue as at 30.09.20



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Main development trends and risks

- Lending activity increased among creditors and the number of loans issued during the quarter rose to almost its pre-crisis level.
- The quality of the loan portfolio deteriorated as the general state of the economy worsened. The share of the loan portfolio of creditors not associated with credit institutions that was overdue reached 15.9% of the number of loans, while 1.6% of the loans issued by creditors associated with credit institutions were overdue. The second wave of the Covid-19 crisis has again increased the risk of consumers losing their incomes or having their incomes reduced and in consequence suffering payment difficulties or using loans to replace their income.

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