



BANK of ZAMBIA

2021 Credit Market Monitoring Report

**Performance of the Zambia Credit Market
with a focus on Credit to Women, the Youth, and
Rural Areas**



Preface

The Credit Market Monitoring Report presents an annual overview of Zambia's credit market with particular focus on access to credit and quality of the outstanding loans. It analyses the level of credit disbursement, the size and quality of outstanding loans according to defined credit end-user categories. This report has also looked closely at the level of credit to women, the youth, micro, small & medium enterprises (MSMEs) and rural areas. The objective of the report is to provide the credit market with aggregated credit data¹ to promote market development. It is based on quarterly credit returns submitted by the credit providers operating under the supervisory ambit of the Bank of Zambia (BoZ). The formal Zambian credit market comprises the banking and the non-bank financial institutions (NBFIs) sectors. As at 31 December 2021, the banking sector comprised 18 banks while the NBFI sector comprised 50² credit providers (**Table 1**).

The BoZ has been collecting credit returns from licensed credit providers since the first quarter of 2016. These returns contain data on the number and value of credit disbursements within a quarter, as well as on the number of loans and the value of outstanding loans at the end of each quarter. The returns also contain data on credit agreement size, credit performance, and credit maturity. The tables and graphs in the report are built from aggregating the returns across the market. The purpose of this report is to:

- (i) Disseminate qualitative and quantitative credit data to stakeholders in the credit market;
- (ii) Track and measure credit activity;
- (iii) Assist the BoZ and credit providers to monitor credit trends and identify financial distress for specific sectors and credit end-user categories;
- (iv) Assist in the formulation of regulatory interventions that could support effective and appropriate credit policy; and
- (v) Enable credit providers to perform peer and sector analyses, update their borrower and market risk models, and design new products. This should result in improved decision-making and market functioning.

The report is an analysis of the credit market across three main dimensions as follows:

- (i) Credit product-type (mortgages, revolving credit, secured loans, and unsecured loans);
- (ii) Credit end-user category (households, large businesses, small businesses, large agricultural businesses, small agriculture, government, and other end-users); and
- (iii) Credit provider (banks, microfinance institutions, building societies, savings and credit institutions, leasing finance institutions and other financial businesses).

The report provides a brief overview of credit performance in Zambia and gives a general outlook of credit across these dimensions. The report also includes an overview of the financial inclusion data by focusing on access to credit for women and youths.

¹ This data includes the number and value of credit disbursements within a quarter, as well as on the number of loans and the value of the of outstanding loans at the end of each quarter. Data on credit size, performance and maturity is also collected. Credit disbursements are cumulative flows of loans in the quarter, while the outstanding loans is the stock of loans measured at the end of the quarter. The data is aggregated across the market and is available on the BoZ website <http://www.boz.zm/credit-market-monitoring-reports.htm>.

² The analysis contained in this report is based on information submitted by 18 banks and 40 NBFIs. Ten NBFIs did not submit the credit market monitoring return as at end December 2021 because they had not yet started operations after obtaining their licences.



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Definitions

- 1. Banks** Commercial banks licensed by the Bank of Zambia and subject to the provisions of the Banking and Financial Services Act.
- 2. Building Societies** Non-bank financial institutions largely involved in providing housing finance.
- 3. Financial System** The financial system comprises financial intermediaries, markets, and infrastructure whose core tasks include financial intermediation, transmission of payments, pricing of instruments and the appropriate redistribution of risks.
- 4. Households and Individuals** The Households and Individuals segment relates to all households and individuals, engaged in personal and household activities.
- 5. Government** The Government segment refers to Government bodies such as central government, local government, parastatals, and statutory bodies.
- 6. Large Businesses** Businesses with 101 or more employees.
- 7. Large Agriculture** Medium farms to extra-large farms (more than 50 hectares). Large farms owned by foreign investors/non-Zambian citizens.
- 8. Leases and asset-backed credit** Leases and asset-backed credit products refers to credit transactions secured by movable property or assets i.e., vehicle, equipment, or any other asset.
- 9. Micro Finance Institutions (small business development)** Microfinance institutions licensed by the Bank of Zambia and subject to the provisions of the Banking and Financial Services Act that have at least 80 percent of their loan books in MSMEs loans.
- 10. Micro Finance Institutions – other** Microfinance institutions licensed by the Bank of Zambia and subject to the provisions of the Banking and Financial Services Act that have at least 80 percent of their loan books in consumer loans.
- 11. Mortgage agreements** Mortgage agreements refers to credit transactions secured by a pledge of immovable property (i.e., titled land, house, building, or permanent structure).
- 12. Other End-Users** The Other End-Users refers to all other credit end-user categories not accounted for in the above categories, and include banking institutions, non-bank financial institutions, embassies, affiliated companies, non-resident individuals and entities.

13. Other NBFIs	Non-bank financial institutions that are not part of the above categorization.
14. Revolving credit facilities	Revolving credit facilities refer to facilities where a borrower may access a credit line up to a pre-approved limit. Repayment is made periodically and may include a minimum instalment.
15. Rural/Urban	Credit granted to entities resident in rural and urban areas by province. The rural and urban classification is in Appendix 11. Rural and urban classifications was based on areas according to the address of the borrower. If such information was not available, classification was based on credit granted according to the location of the credit-granting branch.
16. Small Agriculture	<p>Smallholder farmers with up to five hectares. Small emergent farmers - between 5-20 hectares.</p> <p>Large emergent farmers - between 20-50 hectares.</p>
17. Small Businesses	<p>Single person businesses (may have one or more unpaid employees).</p> <p>Businesses with 1-100 paid employees, apart from the owner.</p>
18. Unsecured loans	Unsecured loans refer to term loans which are not secured by a pledge of immovable or movable property, or assets. For example, a loan granted to a household for building a house incrementally or for improving an existing structure is deemed an unsecured loan if it is granted without collateral.
19. Youth	For the purposes of this report, youth refer to individuals between 18 and 35 years at time of entering into a credit agreement.

Executive Summary

1. In 2021, the value of outstanding loans grew by 3.6 percent to K53.2 billion. Credit growth was at the same rate with the 2021 growth in GDP thereby indicating the supportive role that credit played to economic growth. The growth in outstanding loans was primarily driven by a 42.5 percent increase in credit disbursements to K42.4 billion compared to K29.7 billion disbursed in the previous year.

2. The increase in credit disbursements in 2021 followed a rise in economic activities in the domestic economy that were influenced by a global economic recovery after many countries lifted the restrictive public health measures in the wake of the implementation of COVID-19 vaccination programmes. Domestic economic activity was boosted by the Targeted Medium Term Refinancing Facility (TMTRF) under which financial services providers obtained funding from the Bank of Zambia (BoZ) for onward lending. Disbursements under the TMTRF amounted to K5.9 billion in 2021 and represented a 179.9 percent increase compared to 2020 level of disbursements.

3. The noted general increase in credit disbursements was reflected in a higher supply of credit to all credit end-user categories in 2021. The largest increase in the supply of credit was a K3.93 billion to households followed by a K3.92 billion to corporates. The third highest increase in credit disbursements was a K1.93 billion to the agriculture-large credit end-user category followed a K1.74 billion to the micro, small and medium enterprises (representing a 64.8 percent rise to K4.4 billion). The K42.1 million increase in credit supply to the agriculture-small ranked fifth while the K862.5 million to the Government ranked sixth. The least increase in credit disbursements was a K87.9 million to all other credit users.

4. The general increase in credit disbursements also translated into higher credit flows to the priority credit-end user categories of women and youths. The value of loans disbursed to women increased by 63.3 percent to K3.7 billion and led to an 8.8 percent (2020: 7.7 percent) rise in the proportion of credit to women. The value of loans disbursed to the youth similarly rose by 83.3 percent to K4.0 billion resulting in the proportion of credit to the youth rising to 9.5 percent (2020: 7.4 percent) of the total credit disbursements for 2021.

5. It should be noted that the flow of credit to women and the youths was, largely, in the form of digital credit³, group loans and other micro loans that non-bank credit providers are specialised in providing. In fact, non-bank credit providers accounted for 70.1 percent of the value of loans issued to women and 70.8 percent of the value of credit to the youth. This observation was in line with the general trend showing that NBFIs were the largest provider of credit to households and individuals. This fact demonstrated that NBFIs were important vehicles for expanding financial inclusion. However, even though credit to women and youths grew in absolute terms over the five years to end-2021, the proportion of total credit received by these priority credit end-users remained low and in fact decreased. This trend raised questions about the effectiveness of various

³ Digital credit is characterised by small loan values, large volumes of transactions and shorter loan processing times through customers' mobile money accounts.

programmes that were expected to have positively impacted the flow of credit to these priority credit end-users.

6. A review of the geographical distribution of loans indicated that the value of credit disbursements to rural districts increased by 83.3 percent to K3.5 billion. Consequently, the proportion of credit that went to the rural areas increased to 8.4 percent (2020: 6.5 percent) but remained significantly lower when compared to the proportion of credit that went to urban areas. Credit distribution was highly concentrated in Lusaka province which accounted for 74.1 percent of the total value of credit disbursements followed by Copperbelt province at 9.4 percent. The least amount of credit went to Muchinga, Luapula, and Western provinces that each received less than 1.0 percent of the total value of credit disbursed.

7. NBFIs accounted for 58.8 percent (2020: 58.8 percent) of the value of credit disbursements to rural districts compared to 41.2 percent (2020: 42.2 percent) by commercial banks. The substantial proportion of credit to rural areas from non-bank credit providers was on account of their superior credit distribution networks in these areas, a fact that demonstrated that they were an important vehicle for expanding access to credit and other financial services.

8. In terms of the quality of loans, the stock of non-performing loans at end-December 2021 declined by 44.4 percent to K4.1 billion from K7.3 billion at end-December 2020. The decrease in NPLs was attributed to refinancing of loans amounting to K3.0 billion under the TMTRF as well as improvements in loan recoveries. The average loans recovery rate⁴ per quarter improved to 12.1 percent (2020: 10.1 percent) resulting in an average of K10.1 billion loans recovered per quarter (2020: K5.6 billion). The increase in the average value of loans recovered in 2021 was largely on account of a 61.8 percent increase in loan recoveries in the business-large credit end-user category to an average of K2.8 billion per quarter (2020: K1.7 billion) and a 39.3 percent increase in loans recovery in the business-small credit end-user category to K626.3 million per quarter (2020: K449.7 million). As a result of these developments, the ratio of NPLs to total gross loans declined to 7.6 percent at end December 2021 from 14.2 percent at the end-December 2020.

9. To enhance the efficiency and effectiveness of the credit market, two important credit support infrastructures, namely, the Credit Reference Bureau and Moveable Property Collateral Registry System were operational in 2021. Both registries assisted credit providers to minimise credit risk by checking credit histories of potential borrowers as well as perfecting security interests of moveable properties as a credit risk mitigation measure. Due to on-going sensitisations about the benefits of these credit-support infrastructures, there was a noble increase in their usage by financial service providers from the time the registries were established. However, much remained to be done to convince utility companies and money lenders about the benefits that accrue from using the registries.

10. Looking ahead over the period to end 2025, one factor that has the potential to compensate for any issues with the effectiveness of programmatic interventions for expanding access to credit is the advent of financial technology that is creating opportunities for delivering credit through digital channels. Financial technology holds the promise of overcoming the constraints associated

⁴ Formula for estimating the loans recovery rate: $\frac{(\text{Opening gross loans} + \text{Total credit disbursements}) - (\text{Closing gross loans})}{\text{Opening gross loans}}$

with the traditional channel of delivering credit through physical branches. In this regard, digital credit has immense potential to make credit more accessible to women, youth, and rural areas.

11. Financial service providers should, therefore, continue to explore and seize opportunities for cost-effective delivery of credit that are being created by financial technological developments.

12. On its part, the Government should consider reviewing the effectiveness of its women and youth empowerment programmes with a view to recalibrating these priority credit end-users to improve their capacity to obtain longer term credit at lower interest rates.



Chapter 1 - Introduction

1. The report highlights the performance of the domestic credit market in 2021. It discusses credit disbursements, the credit distribution channels, and the quality of the credit stock.

2. In 2021, the performance of the credit market in Zambia was adversely impacted by several events including the COVID-19 pandemic, a high rate of inflation, a depreciating foreign exchange rate as well as persistently high interest rates. Below are brief discussions on some cross-cutting issues that had a bearing on the performance of the credit market.

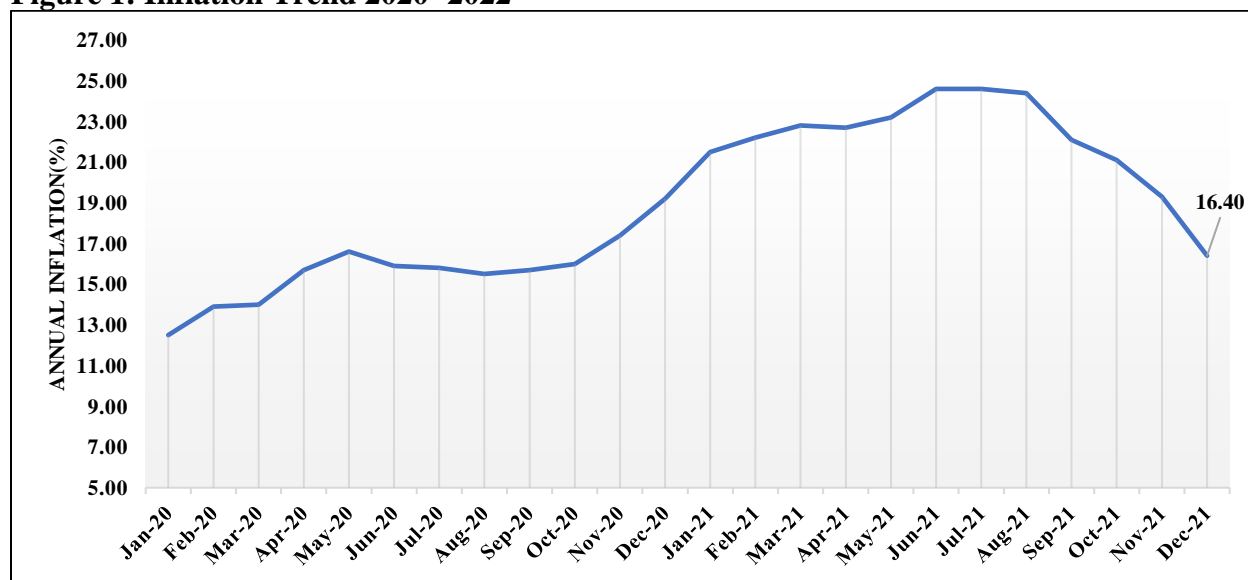
COVID-19 Impact

3. Even though by end 2021, the worst of the COVID-19 pandemic was over, the pandemic had led to a notable increase in the level of hospitalisation and rate of death in Zambia as well as around the world. To curb the spread the virus, in 2021 the Government maintained the restrictive public health measures that were first introduced in 2020. In this regard, economic activity remained subdued thus exacerbated the credit risk spectrum.

Inflation

4. Zambia recorded an elevated annual inflation rate of 22.1 percent in 2021 compared to 15.7 percent for 2020. The high inflation rate raised the cost of doing business and effectively reduced the disposable incomes of households and individuals thereby adversely impacting their ability to service loans (Figure 1).

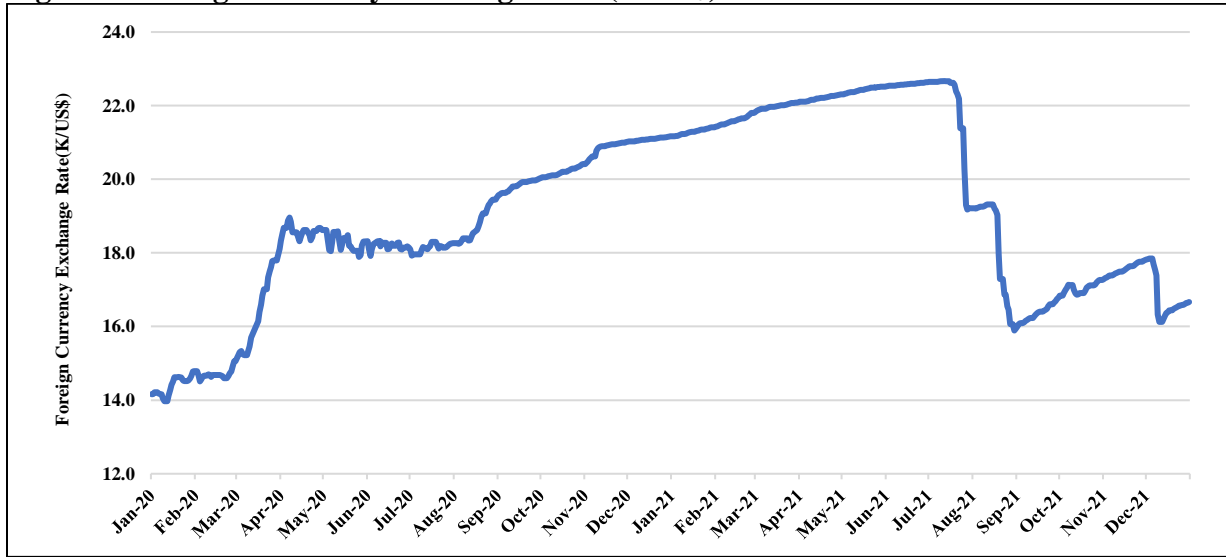
Figure 1: Inflation Trend 2020 -2022



Exchange Rates

5. The exchange rate between the Zambian Kwacha and the US dollar was volatile in 2021. The Kwacha had depreciated to K22.74/US\$ by mid-July 2021 from K21.46/US\$ at end-December 2020 (Figure 2).

Figure 2: Foreign Currency Exchange Rate (K/US\$)

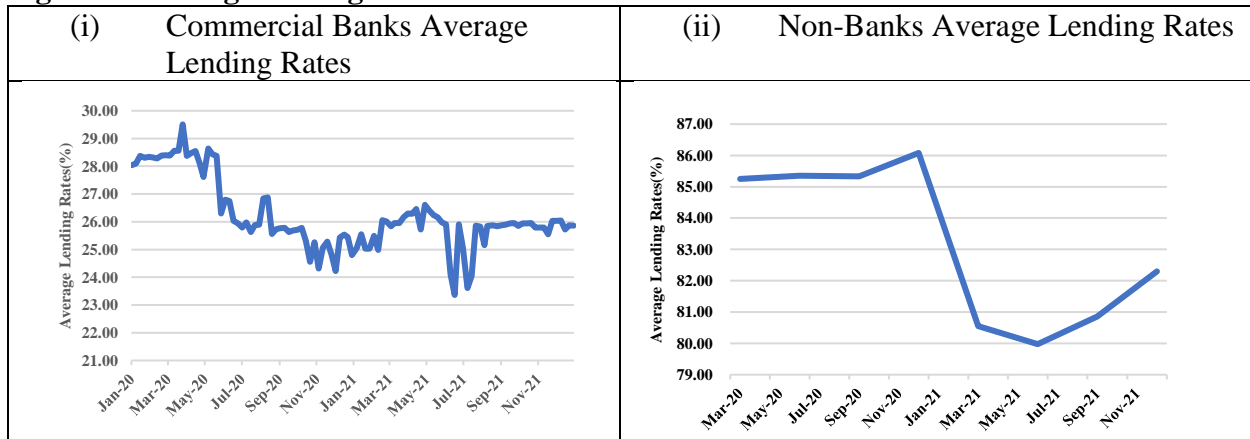


6. After the August 2021 general elections, the Kwacha appreciated sharply to close the year at K16.6/US\$. The volatility in the exchange rate created challenges for some borrowers. At the height of the depreciation of the Kwacha, some borrowers with foreign currency loans faced difficulties in consistently and timely servicing their loans. Some borrowers sought to convert their foreign currency loans to local currency to ease the burden of servicing their loans.

Interest Rates

7. Interest rates in the financial sector remained stable. Minor adjustments arose from the movements in the Monetary Policy Rate. The availability of cheaper funding under the Targeted Medium Term Refinancing Facility had a moderating influence funding disbursed by the Bank of Zambia in 2021. The average cost of borrowing declined in both the banking and the non-banking financial institutions sectors. The average lending rates declined by 1.0 percentage points to 25.7 percent in the commercial bank sector while interest rate declined by 4.6 percentage points to 80.9 percent in the NBFIs sector (Figure 3).

Figure 3: Average lending Rates



Settlement of Government Arrears

8. As early as January 2021, Government had begun to dismantle arrears to financial service providers related to delayed remittance of civil servants' loan instalments. By end-December 2021, the Government had cleared all the arrears. This development not only contributed to the improvement in the quality of outstanding loans as at end December 2021 but also provide financial service providers with the liquidity to underwrite new loans.

9. As at end-December 2021, there were 17 licensed commercial banks and 125 licensed non-bank financial institutions that were providing credit to the market. The number of licensed commercial banks declined to 17 from 18, following the acquisition of Cavmont Bank Plc in February 2021 by Access Bank Zambia Limited. Of the 17, ten were subsidiaries of foreign banks, three were locally owned private banks and four were partially owned by the Government of the Republic of Zambia. The banking sector continued to be dominated by subsidiaries of foreign banks in terms of total assets, loans, deposits as well as profit before tax (PBT). On the other hand, the number of licensed non-bank financial institutions (NBFIs) increased by nine to 125 in 2021 from to 116 in 2020 as new license issuances exceeded cancellations. The cancellations were due to voluntary surrender of licenses and failure to operate.

10. The rest of the report is organised as follows: Chapter 2 discusses structure of the credit market in Zambia followed by Chapter 3 that presents the performance of the Targeted Medium Term Refinancing Facility. Chapters 4 and 5 discuss the demand and supply of credit, respectively while Chapter 6 analyses the level of access to credit by priority end-user categories and Chapter 7 discusses the quality of the outstanding gross loans. The report ends with a concluding section that also offers suggestions of measures that can be taken to improve the flow of credit to priority credit end-user categories.



Chapter 2– Structure of the Zambian Credit Market

11. This chapter discusses the structure of the credit market which is under the supervisory ambit of the Bank of Zambia. The chapter also discusses the size of the overall credit market comprising credit to both the private sector as well as to the Government (excluding Government securities).

Credit Service Providers in the Market

12. At the end of December 2021, the credit market comprised 67 credit providers in the banking and the NBFIs sectors. The banking sector comprised 17 banks while the NBFIs sector comprised 50 credit providers (Table 1)⁵.

Table 1: Credit Providers

Type of Institution	Number of Institutions in 2021			
	Q1	Q2	Q3	Q4
Commercial Banks	17	17	17	17
Non-Bank Financial Institutions	45	46	47	50
<i>Leasing Finance Institutions</i>	2	2	2	2
<i>Building Societies</i>	2	2	2	2
<i>Savings and Credit Institutions</i>	1	1	1	1
<i>Microfinance Institutions⁶</i>	35	35	35	38
<i>Development Finance Institutions</i>	1	1	1	1
<i>Financial Businesses</i>	4	5	6	6
Total	62	63	64	67

13. The credit services providers distribute credit services through a network of branches and agents to all provinces of Zambia. In 2021, the total credit market registered a net decline in the number of branches and agents to 608 from 611 recorded in 2020. The decrease was attributed to commercial banks that registered closure of five branches while the NBFIs registered two new branches.

14. The five commercial bank branches that closed were one each in the Copperbelt, Southern, and North-western provinces while two branches were closed in Lusaka province. The NBFIs sub-sector recorded a new branch each in Lusaka and the Copperbelt provinces.

15. In addition to the physical credit distribution networks, some financial service providers also had digital distribution channels. As at end of 2021, there were three non-bank digital credit providers, and some commercial banks had also begun to disburse loans via online banking platforms.

16. The expansion of the credit distribution channels both physical and digital contributed to serving segments of the population that were previously underserved thereby reducing the

⁵ <http://www.boz.zm/financial-institutions.htm> provides a list of institutions under each institution type.

⁶ The movement in the MFIs subsector in Q1 to Q2 was due to one new licence, in Q2 to Q3, one new licence issued, while Q3 to Q4, three new licenses.

financial access gaps (see detailed discussion in chapter 7). There remained a large presence of money lenders who were providing credit services to the financial sector.

Credit Market Support Infrastructure

17. During 2021, there were two credit market support infrastructures, namely, the Credit Registry System and the Moveable Property Collateral Registry System. The Credit Reporting Act, 2018 governed the operations of the Credit Registry System while the legal framework for the Moveable Property Collateral Registry System was the Moveable Property (Security Interest) Act, 2016. The performance of these two systems is discussed below.

Credit Registry System

18. The Credit Reporting Act mandates all licensed credit providers, such as banks, microfinance institutions, leasing, and financial businesses, building societies, money lenders, utility companies, and retail stores to submit credit information to a credit registry. The optimal utilisation of credit reference services reduces information asymmetry in the provision of credit services by helping credit providers to obtain a better understanding of borrowers prior to making a credit decision. In this regard, the effectiveness and efficiency of the credit registry is dependent on its optimal utilisation.

19. The utilisation of the credit referencing system has been on increasing trajectory since its establishment. As at end 2021, the number of credit providers that submitted credit data to the credit reference agency (CRA) increased to 73 institutions from 70 recorded at the end-2020. The institutions that submitted credit data comprised 18 commercial banks, one leasing institution, 32 microfinance institutions, two building societies and 20 money lenders. The number of accounts submitted to the CRA decreased by 25.7 percent to 149.8 million⁷ from 201.7 million at end-2020. The decrease was due to a 29.8 percent decrease in mobile credit data submissions to 124.8 million. Excluding the number of accounts for digital credit, the number of traditional credit accounts submitted to the CRA increased by 6.3 percent to 24.4 million.

20. However, the BoZ observed that some credit providers were not consistent in using the credit reference system due to failure to resolve technical challenges that impeded their submission of credit data. It was also observed that due to the shift to prepaid meters for domestic consumers, utility companies no longer had any need to submit credit data to the CRA. The same applied to retail stores to the extent that all sales were on a cash basis. These factors to some extent limited the utilisation of the credit reference system.

Moveable Property Collateral Registry

21. The Moveable Property Collateral Registry System (MPRS) was established to help credit providers to secure their financial interest in moveable assets pledged as collateral for loans. Through the Banking and Financial Services (Classification and Provisioning of Loans) Directive, 2022, credit providers also obtain relief for loan loss provisions on loans secured under the MPRS.

⁷The high volumes are due to digital loans which are small loan tickets characterized with shorter tenors ranging from a few days to two weeks. They traditionally have a high turnover over time.

22. During 2021, the total number of activities recorded on the MPRS increased by 82.6 percent to 6,814 from 1,186 in 2020. The increase was attributed to the general rise in the number of collateral items registered. The proportion of utilisation of the MPRS was highest in Lusaka province (51.4 percent), followed by the Central (24.3 percent) and Copperbelt provinces (11.2 percent). Utilisation from outside of these three provinces was low at 13.1 percent but had registered a slight improvement from 12.9 percent recorded in 2020.

23. However, compared to the values and volumes of credit transactions in the financial sector, the utilisation of the MPRS remained low and was indicative of the need for more efforts to increase awareness among financial service providers on the benefits and opportunities that the MPRS system presented to extend credit services to the underserved and marginalised segments of the Zambian population.

Types of Credit Products Delivered

24. The Zambian credit market has a wide range of credit products. However, this report discusses credit products that are broadly categorised as follows:⁸

- Mortgages;
- Leases and other asset-backed loans;
- Unsecured loans; and
- Revolving credit facilities.

Credit End-Users

25. This report also discusses the demand and supply of credit according to the following categories of credit end-users:⁹

- Large agricultural farms;
- Small and emergent agricultural farms;
- Large business enterprises;
- Micro, small, and medium size enterprises;
- The Government (made up of Central Government, local government, parastatals, and statutory bodies).
- Households and individuals; and
- All other credit end-users not specifically categorised above.

Size of Credit Market

26. The Zambian credit market, as measured by the value of outstanding loans, grew by 3.6 percent to K53.2 billion from K51.5 billion in 2020. The increase in the value of outstanding loans was on account of increased credit supply across the various credit end-user categories. Credit disbursements significantly increased by K12.5 billion (representing a 42.5 percent increase to K42.4 billion) in 2021 compared to a total of K2.8 billion in credit disbursements for the previous year. The largest increase in the supply of credit was a K3.93 billion to households (representing a 65.9 percent rise to K9.8 billion) followed by a K3.92 billion to corporates (representing a 41.7

⁸ See Appendix I for the definitions of the categories of credit products used in this report.

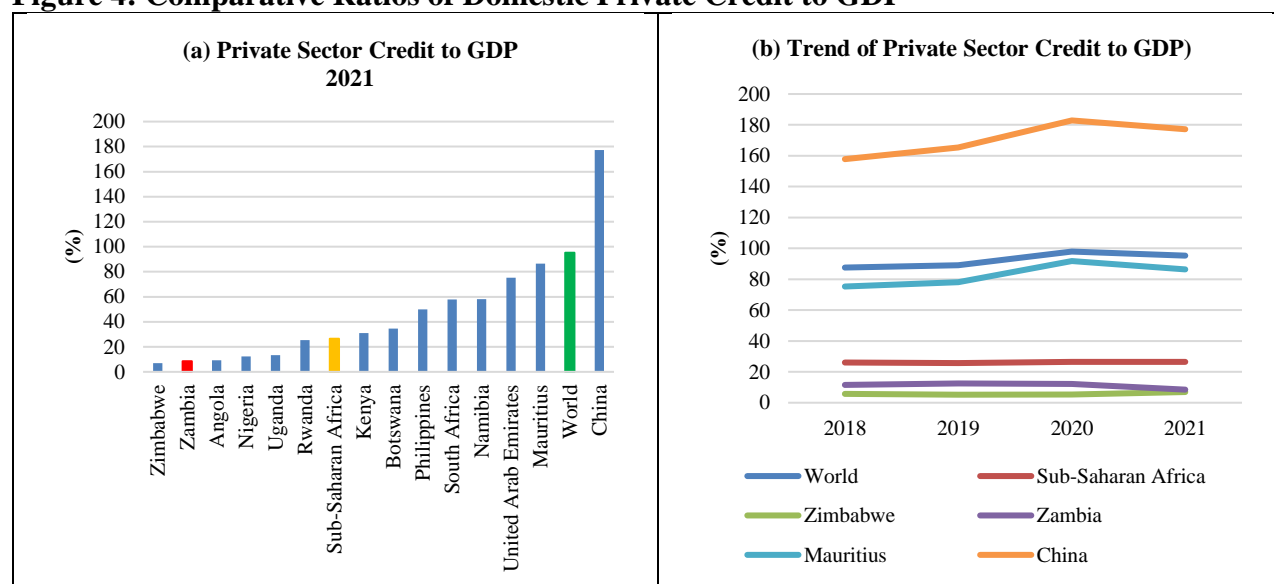
⁹ See Appendix I for the definitions of the categories of credit end-users.

percent increase to K13.8 billion). The third highest increase in credit disbursements was a K1.93 billion to the agriculture-large credit end-user category (representing a 60.1 percent increase to K5.1 billion) followed a K1.74 billion to the micro, small and medium enterprises (representing a 64.8 percent rise to K4.4 billion). The K42.1 million increase in credit supply to the agriculture-small ranked fifth (representing a 41.5 percent increase to K143.4 million) while the K862.5 million to the Government ranked sixth and represented a 10.7 percent increase to K8.9 billion. The least increase in credit disbursements were to all other credit users. These amounted to K87.93 million and resulted in total disbursements of K90.4 million in 2021.

27. The growth was primarily driven by increased lending activities coupled that were supported by the lifting of some COVID-19 containment measures, recovery of global business activities as well as the liquidity support provided by the BoZ through the Targeted Medium Term Refinancing Facility.

28. The ratio of private sector credit to Gross Domestic Product (GDP)¹⁰, however, declined to 11.4 percent from 15.2 percent in the previous year and remained below the Sub-Saharan Africa (SSA) average of 35.6 percent and the world average of 95.2 percent (Figure 4).

Figure 4: Comparative Ratios of Domestic Private Credit to GDP



Source: World Bank, World Development Indicators¹¹

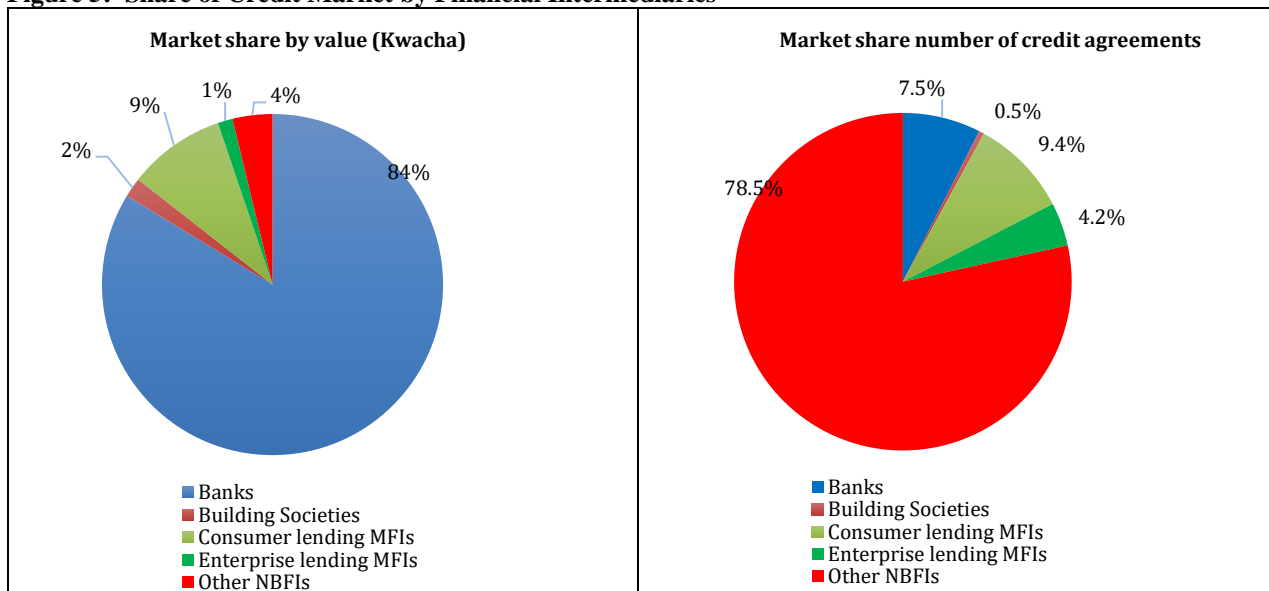
¹⁰ The credit to GDP ratio is used as a proxy measure of financial development and excludes Government lending. Zambia’s level of financial development, relative to other Commonwealth nations is low, and provides scope for improvement. This is based on the premise that economic development is dependent on the easing of financing constraints for firms and households and improving resource allocation through more efficient financial intermediation and consequent financial deepening. Conversely, excessive build-up of private credit can also be a source of financial instability through pro-cyclicality between credit and asset prices. Therefore, credit to GDP serves as an indicator of both financial development and financial stability.

¹¹ <https://databank.worldbank.org/source/world-development-indicators/Series/FD.AST.PRVT.GD.ZS#>

29. The decline in the ratio of private sector credit to GDP was primarily on account of a slowdown in the growth of loans to the private sector to 11.2 percent compared to a 16.8 percent growth in the preceding year. The slowdown in the flow of credit to the private sector was due to a higher demand for credit by the Government which crowded out the private sector. Credit to the Government grew by 133.0 percent. A detailed discussion on credit to the Government is in Chapter 7.

30. Commercial banks accounted for the larger component of the value of loans disbursed at 80.8 percent. Although banks provided the bulk of credit to the Zambian market by value, they only accounted for 7.5 percent of disbursements by volume. NBFIs provided a higher number of loans in the market at 92.5 percent (Figure 5) which were, largely, in the form of digital loans.

Figure 5: Share of Credit Market by Financial Intermediaries





Chapter 3 – Performance of the Targeted Medium Term Refinancing Facility

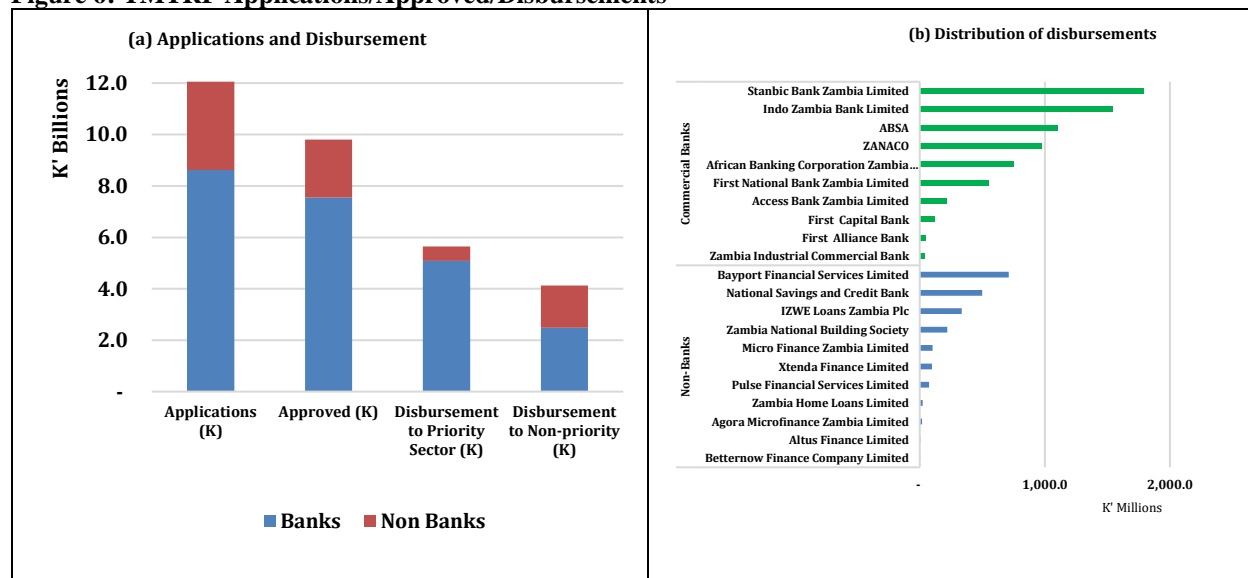
31. In 2020 the BoZ set up a K10 billion Targeted Medium Term Refinancing Facility (TMTRF) to cushion the financial sector from the adverse impact of the COVID-19 pandemic. Under the TMTRF, eligible financial service providers obtained advances at concessional interest rates (Monetary Policy Rate) for onward lending to identified priority sectors of the economy. The TMTRF was a therefore a source of funding that contributed to a reduction in the average lending rates.

32. As of 31 December 2021, the BoZ had received a total of 59 applications for advances under the TMTRF. The value of the applications from 33 financial service providers amounted to K12.05 billion. The financial service providers comprised 14 commercial banks with applications amounting to K8.63 billion and 19 NBFIs with applications amounting to K3.43 billion.

33. Out of the 59 applications, 41 were approved¹², ten were declined because they did not meet the criteria set in the terms and conditions of the TMTRF, two were withdrawn, five were still under evaluation and one was put on hold pending the conclusion of a merger of two commercial banks.

34. As at end-December 2021, the total value of approved applications stood at K9.80 billion comprising K7.55 billion for commercial banks and K2.25 billion for NBFIs (Figure 6).

Figure 6: TMTRF Applications/Approved/Disbursements



35. During the year, the BoZ disbursed K5.93 billion (2020: K3.3 billion) bringing the total disbursements to K9.23 billion at end-December 2021. About K7.14 billion (representing 77.3 percent of total disbursement) was disbursed to ten commercial banks while K2.1 billion (22.7 percent) was disbursed to NBFIs

¹² Out of the 41 approved applications for TMTRF advances, three did not proceed to disbursement of funds as two of offers lapsed and the other was not accepted.

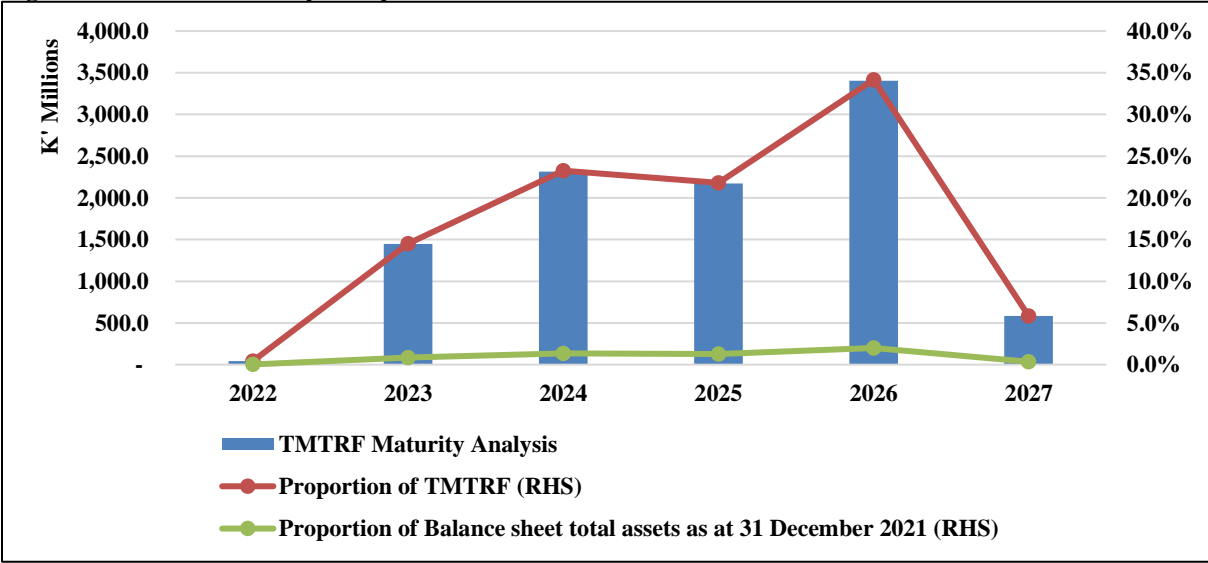
36. In terms of ultimate recipients, individuals and households dominated the number of beneficiaries. As of 31 December 2021, 62,431 customers had benefited from the K9.23 billion of which individuals and households represented 62.6 percent of total number of beneficiaries. These were, largely, customers of NBFIs.

37. As at end-December 2021, financial service providers had utilised K8.5 billion of the total funds obtained under the TMTRF. In terms of utilisation of the funds, approximately K5.5 billion (NBFIs: K1.4 billion and commercial banks: K4.1 billion) was used to issue new loans while K3.0 billion (NBFIs: K670.5 million and commercial banks: K2.4 billion) was used to restructure or refinance existing loans. The funds utilisation by financial service providers increased by 119 percent to K5.5 billion in 2021 from K2.5 billion in 2020 following an increase in the value of loans disbursed to financial service providers.

38. In terms of utilization of the TMTRF, the sectors that benefited the most were individuals and households’ sector (accounting for the largest share at 49 percent) and the construction sector (21 percent). Not much of the funds were channelled to targeted sectors as the agriculture sector only received only 2 percent of funds followed by tourism at 1 percent, with negligible proportions going to the energy and manufacturing sectors.

39. Total funding under the TMTRF represented 5.8 percent of the financial sector total assets. However, the advances were obtained at various times and therefore had different maturity dates. The largest sum of TMTRF advances amounting to K3.4 billion are scheduled to mature in 2026. These represented 2 percent of financial sector assets (Figure 7).

Figure 7: TMTRF Maturity Analysis



40. In this regard, the TMTRF advances are not expected to have significant impact on the liquidity of the financial sector as they mature.

Chapter 4 - Demand for Credit

41. The overall demand for credit, as measured by the number of applications, declined by 9.1 percent to 20,274,655. A notable drop in demand was observed in the Households and Individuals credit end-user category where the number of credit applications decreased by 9.4 percent to 19,876,631 (Table 2). The noted decline in the demand for credit by the Households and Individuals was due to a 11.9 percent dip in the number of applications for digital credit to 18,736,287.

42. Conversely, the number of credit applications by the Business - Small and Agriculture (both Large and Small) credit end-user categories increased by 5.6 percent and 2.8 percent, respectively. The increase in demand could be attributed to the improved business activity and positive economic outlook, which drove small businesses to seek credit to strengthen their working capital levels¹³.

43. Despite the noted decrease in annual demand for credit, the number of loan applications increased by 5.9 percent to 5,099,068 in Q4 2021 from 4,815,690 applications in Q3 2021 (Table 2). This increase was driven by a resurgence in demand by the Households and Individuals, attributed to improved consumer demand recorded in the fourth quarter as economic activity began to post mild improvement.

Table 2: Demand for Credit – Number of Loan Applications

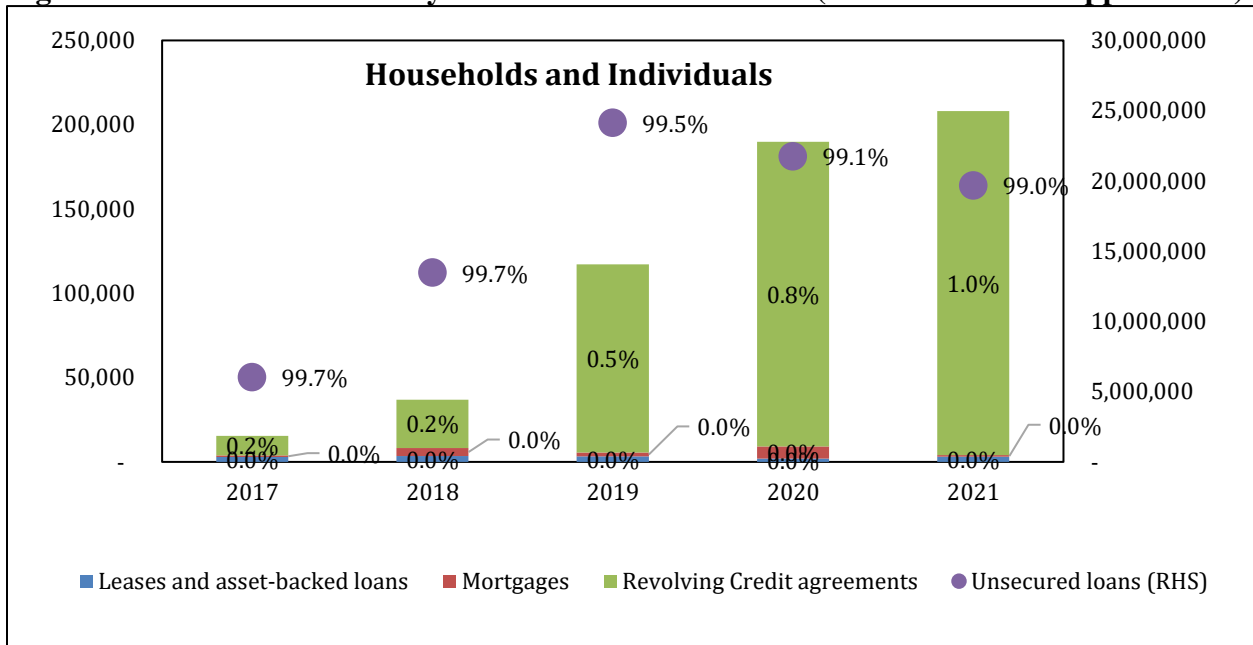
	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Agriculture – Large	337	66	89	75	117	347
Agriculture – Small	2,947	632	379	593	1,425	3,029
Business – Large	1,715	402	358	370	391	1,521
Business – Small	371,090	96,070	100,477	98,461	97,997	393,005
Government	101	29	28	33	12	102
Households and Individuals	21,931,427	5,327,121	4,834,231	4,716,155	4,999,124	19,876,631
All Other	8	11	4	3	2	20
Total	22,307,625	5,671,999	4,935,566	4,815,690	5,099,068	20,274,655

44. In terms of product type, demand for credit remained concentrated in unsecured loans which registered 19,668,522 applications that accounted for 99 percent of the total number of loan applications. The demand for unsecured loans emanated primarily from the Households and Individuals credit end-user category where most loan applications were for low value and high-volume loans, digital loans. After unsecured credit, the distant second highest demand was for revolving credit which registered 204,130 loan applications that represented only 1 percent of total household demand for credit (Figure 8).

45. Demand for credit by large businesses dipped in 2021. The number of loan applications received by financial service providers declined by 18.5 percent to 1,360 compared to 1,669 applications in 2020. In terms of the product break-down, most applications received were in the form of leases and asset backed loans, which accounted for 64 percent of applications, with a total of 974 applications, down from 1,231 applications in 2020 (Figure 9).

¹³ Bank of Zambia Credit Conditions Survey Fourth Quarter 2021.

Figure 8: Demand for Credit by Households & Individuals (Number of Loan Applications)



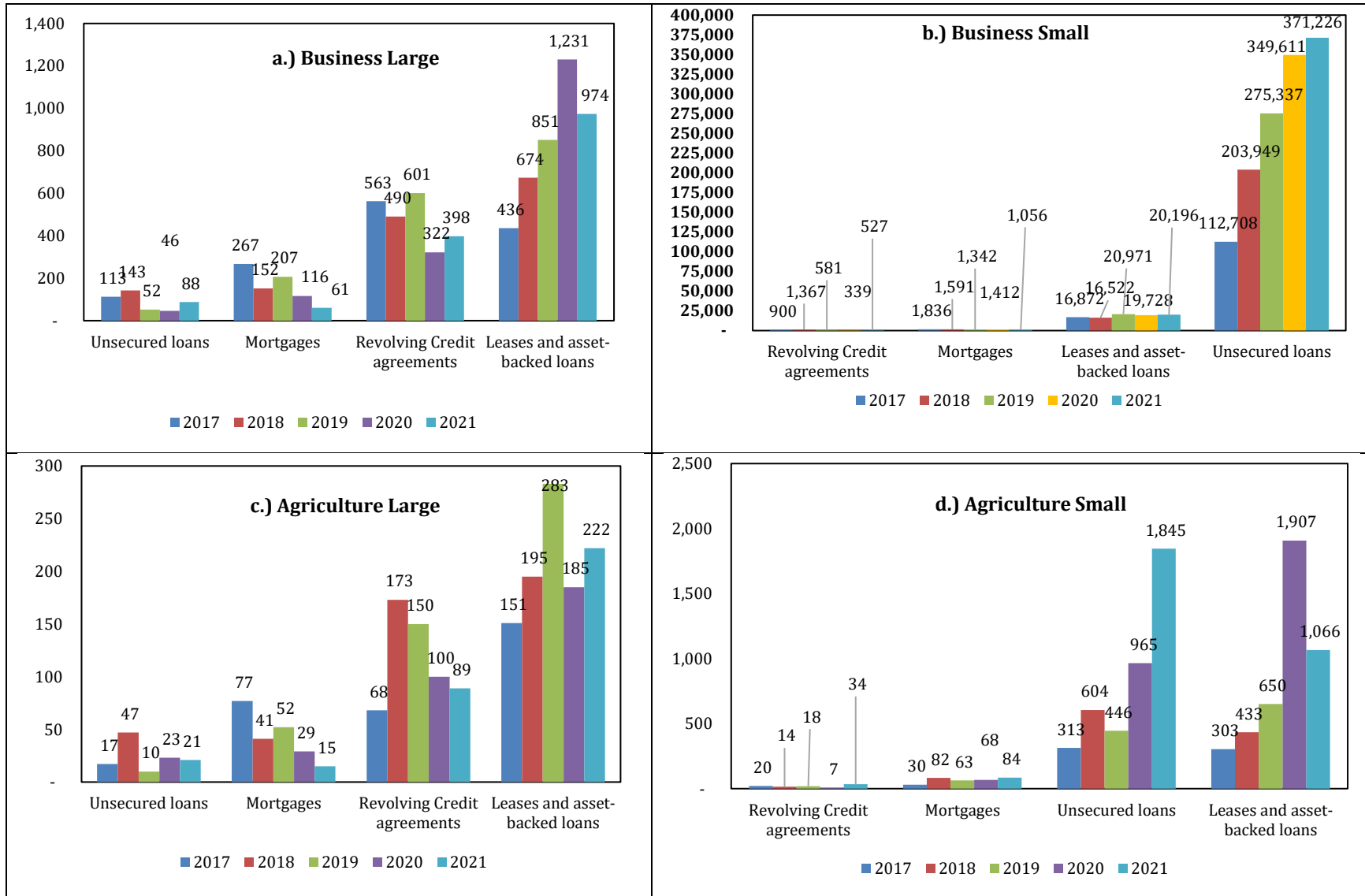
46. Demand for credit from Small Businesses increased by 5.6 percent to 393,005 applications. The increase was primarily in the form of unsecured loans that made up 94.5 percent of the number of loan applications, followed by leases and asset-backed loans that made up 5.1 percent of the number of loan applications by this credit end-user category (Figure 9).

47. The demand for loans by the Agriculture-Large credit end-user category increased by 3.0 percent, with a total of 347 applications received in 2021, compared to 337 applications in 2020. The leases and asset-backed loans remained the dominant credit product with 222 loan applications that represented 64.0 percent of total loan applications, followed by revolving credit (89 applications) with a share of 25.6 percent of total loan applications (Figure 9).

48. The top ranking of the demand for leases and asset-backed loans in the Agriculture-Large credit end-user category was sustained by demand for agricultural equipment by large scale farmers.

49. Similarly, credit demand by the agriculture-small credit end-users recorded an increase of 2.8 percent to 3,029 loan applications up from 2,947 applications in 2020. The rise in the demand for credit was notable in the number of applications for unsecured loans that increased by 91.2 percent to 1,845 applications from 965 applications in 2020 (Figure 9).

Figure 9 Demand for Credit by the Business Large, Business Small, Agriculture Large and Agriculture Small end-users





Chapter 5 - Credit Supply

50. This chapter analyses the supply of credit by type of credit provider, credit product and credit end-user categories.

51. In 2021, total credit supply increased by 42.5 percent to K12.6 billion due to the rise in economic activities after relaxation of COVID-19 containment measures. The rise in credit supply translated into higher credit disbursements to all credit end-user categories. The increase in credit supply was supported by a 33.4 percent increase in the number of loans disbursed to 4,404,065.

Disbursements by Credit Providers

52. In 2021, the commercial banks continued to account for the largest proportion of loan disbursements by value at 80.7 percent, decreasing from 86.1 percent in the previous year. The NBFIs accounted for the remaining 19.3 percent, with consumer lending accounting for 11.4 percent of the Kwacha value of loans disbursed. Commercial banks represented a larger proportion in terms of the value of loans disbursed since they typically issue much higher value loans to large businesses and commercial farmers, compared to NBFIs (Table 3).

Table 3: Proportion of Value of Loan Disbursements by Institution Type (Kwacha)

	2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	2021
Commercial Banks	86.10%	79.26%	85.86%	83.67%	70.52%	80.76%
Building Societies	0.80%	1.36%	0.93%	0.98%	2.30%	1.32%
Consumer lending MFIs	6.30%	11.80%	8.48%	9.06%	18.36%	11.37%
Enterprise lending MFIs	1.90%	2.30%	1.75%	2.33%	4.17%	2.50%
Other NBFIs	4.90%	5.28%	2.98%	3.97%	4.64%	4.05%

53. With respect to the volume of loans disbursed, commercial banks represented only 2.7 percent, whereas the NBFIs accounted for 97.3 percent of loans disbursed. Among the NBFIs, Other NBFIs represented the bulk of credit disbursements at 65.4 percent, since these institutions primarily deal in low value, short-term, and micro loans bulk of which are digital loans. This was followed by consumer lending that made up 27.0 percent of disbursements, enterprise lending MFIs at 4.7 percent and building societies at 0.3 percent (Table 4).

Table 4: Proportion of Volume of Loan Disbursements by Institution Type (Number)

	2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	2021
Commercial Banks	2.40%	1.91%	2.18%	2.88%	4.02%	2.70%
Building Societies	0.20%	0.23%	0.27%	0.17%	0.37%	0.26%
Consumer lending MFIs	20.70%	19.38%	21.97%	26.31%	42.31%	27.01%
Enterprise lending MFIs	4.40%	3.57%	4.58%	4.94%	5.77%	4.66%
Other NBFIs	72.20%	74.92%	70.99%	65.69%	47.53%	65.37%

54. In terms of the average loan size, commercial banks had the highest loan size at K288,179 followed by building societies at K48,629, while consumer lending and enterprise lending MFIs had average loan sizes of K4,048 and K5,158, respectively. Other NBFIs category had an average loan size of K596.

Credit Supply by Product Category

55. The Leases and Other Asset Backed Loans as well as Unsecured Credit supply increased by 85.3 percent and 43.7 percent, respectively (Table 5). However, Revolving Credit and Mortgage facilities declined by 9.5 percent and 10.6 percent, respectively. In terms of share, Leases and Other Assets Backed Loans accounted for 51.6 percent of total value of credit disbursements up from 39.7 percent in 2020. In second place were Unsecured loans at 27.4 percent, while Mortgages and Revolving Credit stood at 11.5 percent and 9.4 percent, respectively.

Table 5: Value of Loan Disbursements by Credit Products Type (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Leases and Other Asset-Backed Loans	11,792,068,421	4,869,513,622	7,229,083,069	6,097,829,161	3,663,111,977	21,859,537,828
Mortgages	5,389,004,922	784,770,987	2,867,869,422	562,793,065	664,247,963	4,879,681,437
Revolving Credit Facilities	4,459,048,765	926,148,523	1,265,121,967	1,027,445,451	767,910,815	3,986,626,757
Unsecured Loans	8,090,067,912	2,593,689,210	3,133,738,056	2,281,720,707	3,617,441,651	11,626,589,624
Total	29,730,190,020	9,174,122,342	14,495,812,513	9,969,788,384	8,712,712,406	42,352,435,645

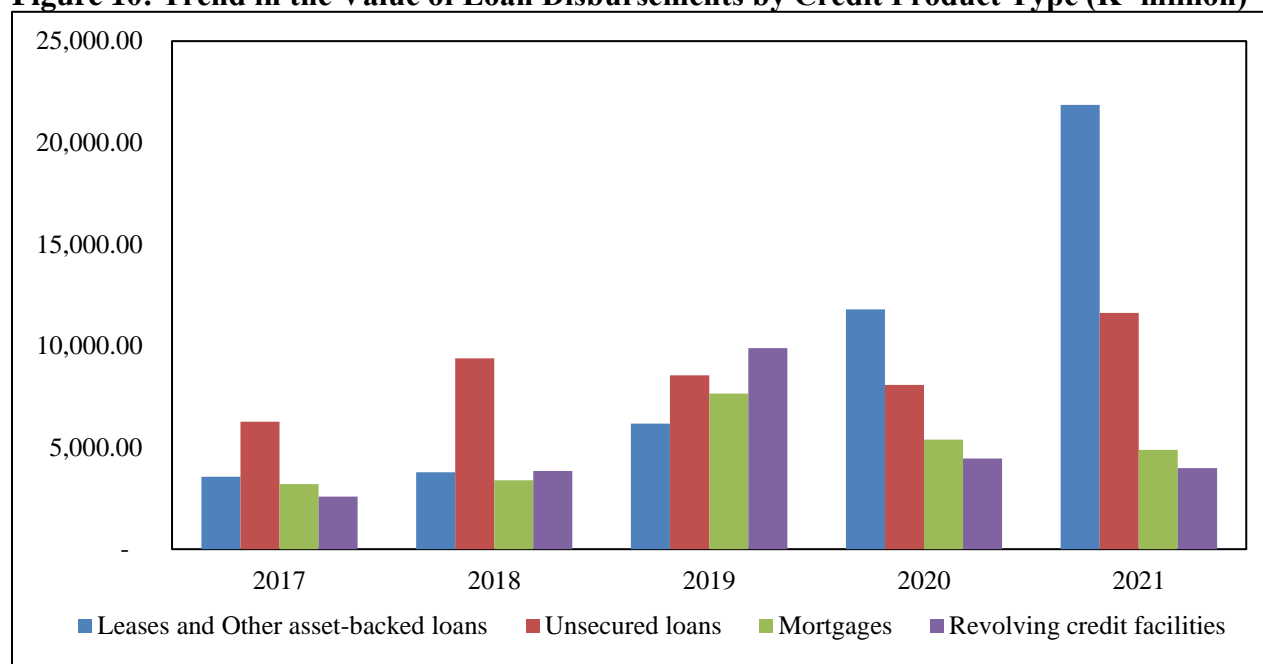
56. The total number of loans disbursed increased by 33.4 percent to 4,404,065. Increases were recorded in all product types (except for mortgages), with revolving credit recording the largest increase of 41.1 percent to 3,783, followed by unsecured credit by 33.7 percent to 4,360,344 loans disbursed (Table 6).

Table 6: Volume of Loan Disbursements by Credit Product Type (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Leases and Other asset-backed loans	33,311	9,220	9,236	9,086	10,151	37,693
Mortgages	2,368	590	526	481	648	2,245
Revolving credit facilities	2,682	1526	745	594	918	3,783
Unsecured loans	3,262,460	1,212,102	1,136,511	990,653	1,021,078	4,360,344
Total	3,300,821	1,223,438	1,147,018	1,000,814	1,032,795	4,404,065

57. Although financial service providers had adopted a less conservative approach to lending, they were still inclined to provide asset-backed credit facilities (Figure 10). In terms of loan size, the average size increased by 6.8 percent to K9,617, on account of the higher proportion of Kwacha value loans disbursed (42.5 percent) compared to the volume (33.4 percent). The average loan size of Leases and Other Asset backed loans and Unsecured Credit increased by 63.8 percent and 7.5 percent to K579,936 and K2,666, respectively. However, the average loan sizes of Mortgages and Revolving Credit facilities declined by 4.5 percent to K2.2 million and 36.6 percent to K1.1 million, respectively.

Figure 10: Trend in the Value of Loan Disbursements by Credit Product Type (K ‘million)



58. The value of digital loans increased by 65.1 percent to K1.0 billion. The increase in the supply of digital credit was attributable to the relaxation and eventual lifting of the COVID-19 public health measures following the rollout of the COVID-19 vaccinations that effectively contained the pandemic. Digital credit providers therefore adopted a less conservative approach to lending.

59. Digital credit recorded a 25.8 percent increase in the volume of loans disbursed to 2,993,150 at end-December 2021 (Table 7). The increase was partly on account of more loans disbursed by the existing financial service providers and a new entrant in the digital credit market. The new entrant disbursed 124,950 loans while the old digital financial service provider disbursed 489,565 more loans compared to the previous year.

Table 7: Values and Volumes of Digital Credit

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Values of Digital Credit (Kwacha)	608,047,000	240,301,840	256,715,390	253,620,020	253,231,606	1,003,868,856
Volumes of Digital Credit (Number)	2,378,635	913,422	812,442	655,354	611,932	2,993,150

60. Although the sector recorded an increase in loans to households and individuals, particularly digital loans, the rejection rate was remarkably high at 79 percent in 2021 (85.8 percent in 2020) because most applicants failed to meet the minimum requirements for accessing credit. Digital credit was disbursed based on the results of the analyses of activity on mobile money and mobile phone accounts. In this regard, credit providers that adopted the financial technology of delivering credit through digital channels overcame the constraints associated with the traditional channel of delivering credit through physical branches. Digital credit, therefore, had immense potential to make credit more accessible to women, youth, and rural areas.

Credit Supply by End-User Category

61. In terms of the share of credit supply by end-user category, the Business-Large end-user category received the largest amount of credit (K13.8 billion) which represented 32.5 percent of the total value of credit disbursements in 2021 (Table 8). Households and Individuals received the second largest amount of credit (K9.8 billion). In this regard, the Households and Individuals credit end-user category registered the highest increase in credit received (65.9 percent) closely followed by the Business-Small credit end-user category (64.8 percent).

Table 8: Value of Loan Disbursements by Credit End-User Category (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021	%
Agriculture- Large	3,209,518,270	437,808,621	2,412,685,620	1,377,902,381	911,440,321	5,139,836,942	60.1
Agriculture- Small and Emergent	101,279,893	25,725,924	24,395,770	43,329,154	49,899,904	143,350,752	41.5
Business- Large	9,711,126,850	3,824,083,942	4,132,948,963	2,725,343,166	3,076,225,928	13,758,601,999	41.7
Business- Small	2,687,506,140	1,118,857,605	1,015,637,613	896,278,207	1,399,049,670	4,429,823,095	64.8
Government	8,082,834,242	1,546,444,206	4,363,855,965	2,883,481,862	151,506,997	8,945,289,030	10.7
Households and Individuals	5,935,452,754	2,200,853,472	2,532,427,666	2,027,621,363	3,084,238,261	9,845,140,762	65.9
Other end users	2,456,010	20,348,414	13,860,918	15,832,255	40,351,325	90,392,911	3,580.5
Total	29,730,174,158	9,174,122,183	14,495,812,513	9,969,788,388	8,712,712,406	42,352,435,490	42.5

62. The increase in credit supply was supported by the increase in volumes of loans disbursed in 2021. The households and individual's credit end-user recorded a 34.1 percent increase to 4,167,250 in the number of loans disbursed in 2021 (Table 9). However, the number of loans to the Agriculture-Large and Business-Large credit end-user categories declined by 5.2 percent and 20.3 percent, respectively.

Table 9: Volume of Loan Disbursements by Credit End-User Category (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Agriculture- Large	363	77	83	67	117	344
Agriculture- Small and Emergent	2,584	794	548	736	1526	3,604
Business- Large	1,669	376	333	320	331	1,360
Business- MSME	188,144	51,197	59,467	56,183	64,534	231,381
Government	86	37	30	16	9	92
Households and Individuals	3,107,953	1,170,945	1,086,550	943,484	966,271	4,167,250
Other end users	22	12	7	8	7	34
Total	3,300,821	1,223,438	1,147,018	1,000,814	1,032,795	4,404,065

Households and Individuals

63. The value of loan disbursements to Households and Individuals grew by 65.9 percent to K9.8 billion from K5.9 billion in 2020. The increase in the value of loans was recorded across all income brackets (Table 10). This was because of the increased appetite for payroll lending after Government cleared the arrears.

Table 10: Value of Loan Disbursements to Households by Income Category (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Income ZMW 0 - ZMW 2000	435,959,647	151,773,931	210,160,697	167,814,136	174,954,744	704,703,509
Income ZMW 2001 - ZMW 4000	912,527,940	513,519,628	409,556,585	370,665,400	443,871,298	1,737,612,911
Income ZMW 4001 - ZMW 6000	1,299,260,516	383,373,383	401,535,392	326,262,688	590,491,043	1,701,662,506
Income above ZMW 6000	3,287,706,826	1,152,185,708	1,511,174,991	1,162,879,136	1,874,921,176	5,701,161,011
Total	5,935,454,929	2,200,852,651	2,532,427,666	2,027,621,360	3,084,238,261	9,845,139,937

64. The steepest increase was recorded in the K2,001 – K4,000 income bracket, which increased by 90.4 percent, with a total of K1.7 billion loans disbursed, up from K912.5 million in 2020. Another sharp increase was reported for the above K6,000 income bracket, which increased by 73.4 percent, with total loans disbursed at K5.7 billion up from K3.3 billion in 2020.

65. The number of loan disbursements also increased by 34.1 percent to 4,167,250 from 3,107,953 in 2020 (Table 11).

Table 11: Volume of Loan Disbursements to Households by Income Category (Number)

	Total 2020	Q1 - 2020	Q2 - 2020	Q3 - 2020	Q4 - 2020	Total 2021
Income ZMW 0 - ZMW 2000	1,329,605	320,142	349,857	282,143	340,239	1,292,381
Income ZMW 2001 - ZMW 4000	1,005,796	523,386	466,408	411,708	347,063	1,748,564
Income ZMW 4001 - ZMW 6000	452,779	154,033	116,228	102,018	98,665	470,944
Income above ZMW 6000	319,773	173,384	154,057	147,615	180,304	655,360
Total	3,107,953	1,170,945	1,086,550	943,484	966,271	4,167,250

66. The bulk of the disbursements went to the income band K2,001 - K4,000 (42.0 percent) followed by the lowest income band K0 – K2,000 (31.0 percent). The least disbursements to the second highest-income band of above K4,001 - K6,000 (11.3 percent). This illustrates how low-income households were able to access a high number of low loans, with an average loan size of K545.3, up from K327.9 in 2020. The low-income households were able to access high volumes of loans through digital credit platforms which accounted for 75.7 percent of the total loans disbursed to low-income households.

67. The total value of loan disbursements to high income households increased by 73.4 percent to K5.7 billion while the volume of loans increased by 34.1 percent 655,360. As a result, the average loan size, declined to K8,699.28 from K10,282.4 in 2020.

68. In 2021, the value of unsecured credit to Households and Individuals increased by 68.2 percent to K8.9 billion (Table 12). In this regard, this credit end-user category received 90.5 percent of the total value of unsecured credit.

Table 12: Value of Unsecured Credit Disbursements to Households by Loan Tenure (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
0 to 3 months	1,702,937,023	666,809,810	727,826,857	775,177,269	935,269,495	3,105,083,431
4 - 6 months	179,439,877	64,823,069	93,278,467	69,986,151	93,916,991	322,004,678
7 - 12 months	305,035,674	107,600,758	101,603,640	141,678,623	235,211,492	586,094,513
13 - 48 months	919,177,021	375,839,665	294,320,289	218,969,118	368,752,370	1,257,881,442
More than 48 months	2,189,943,446	798,616,985	1,040,448,106	609,950,887	1,190,920,301	3,639,936,278
Total	5,296,533,040	2,013,690,286	2,257,477,359	1,815,762,049	2,824,070,649	8,911,000,343

69. In terms of the loan tenure, loans of more than 48 months to maturity accounted for 40.8 percent (2020: 41.3 percent) of unsecured loans to households and continued to represent the largest proportion of the total value of unsecured loans followed by loans with a maximum tenure of three months that represented 34.8 percent (2020: 32.2 percent). The rest of the loans with tenures of more than three months but less than 48 percent accounted for 24.3 percent (2020: 26.5 percent). Overall, there was a shift to loans of not more than three months tenure and away from all the other loan tenures. However, the shift was too small to support drawing any inferences regarding whether there it was driven by any specific underlying factor.

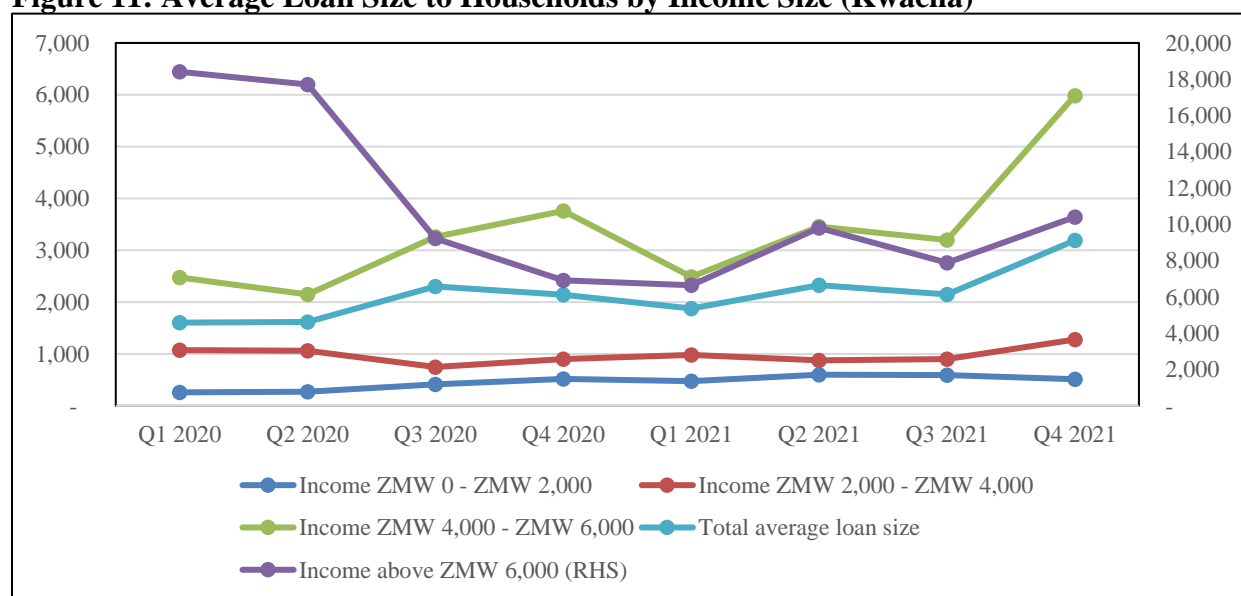
70. In terms of the volume of loans disbursed, loans with a tenure of up to 3 months accounted for the bulk of unsecured loans at 93.4 percent (Table 13). The larger proportion of disbursements by volume of loans with the shortest tenure is explained by micro and digital loans product, with an average loan size of K798.8.

Table 13: Volume of Unsecured Credit Disbursements to Households by Loan Tenure

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
0 to 3 months	2,941,661	1,102,722	1,025,215	881,506	877,718	3,887,161
4 - 6 months	39,138	19,149	19,183	20,191	25,107	83,630
7 - 12 months	31,198	13,713	10,792	16,010	25,555	66,070
13 - 48 months	35,128	14,127	9,179	5,638	12,042	40,986
More than 48 months	55,931	19,073	20,700	18,823	24,204	82,800
Total	3,103,056	1,168,784	1,085,069	942,168	964,626	4,160,647

71. The total average loan size to households and individuals increased to K2,363 in 2021, from K1,910 in 2020. This was because the average loan sizes took an upward trajectory during the year 2021 for the income bracket below K6,000. Loans to low-income households of below K2,000 increased by 66.3 percent to K545.3 in the in 2021, up from K328 in the preceding year. The small loan sizes are attributed to the popularity and ease of access of digital micro loans on the market. Similarly, the average loan sizes of households earning between K2,000 and K6,000 increased by 2.2 percent to K1,550 in 2021 from K1,516 in 2020 (Figure 11). However, the average loan size for income bracket above K6,000 declined by 15.4 percent on account of a higher increase in the volume of loans than the value of loans disbursed.

Figure 11: Average Loan Size to Households by Income Size (Kwacha)



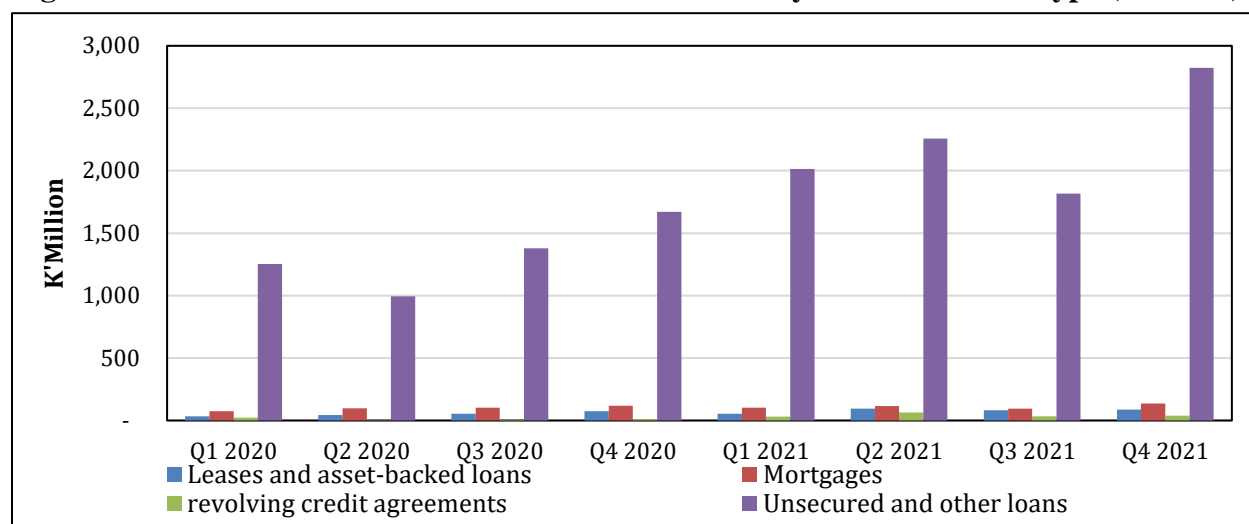
72. By way of product analysis, the increase was recorded across all product types, with the increase recorded in the unsecured loans which increased by 68.2 percent to K8.9 billion and accounted for 90.5 percent of the total value of loans to households and individuals (Table 14, Table 15 and Figure 12).

Table 14: Value of Loan Disbursements to Households by Product Type (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Leases and other asset-backed loans	204,788,637	53,683,948	94,358,507	83,214,871	86,460,960	317,718,287
Mortgages	392,246,817	102,138,624	115,985,444	95,261,393	136,234,677	449,620,137
Revolving credit facilities	41,886,550	31,341,060	64,606,355	33,383,049	37,471,975	166,802,440
Unsecured loans	5,296,532,991	2,013,690,320	2,257,477,359	1,815,762,049	2,824,070,649	8,911,000,377
Total	5,935,454,995	2,200,853,952	2,532,427,666	2,027,621,362	3,084,238,261	9,845,141,241

Table 15: Volume of Loan Disbursements to Households by Product Type (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Leases and other asset-backed loans	2,156	608	707	698	684	2,697
Mortgages	872	279	207	180	236	902
Revolving credit facilities	1,869	1274	567	438	725	3,004
Unsecured loans	3,103,056	1,168,784	1,085,069	942,168	964,626	4,160,647
Total	3,107,953	1,170,945	1,086,550	943,484	966,271	4,167,250

Figure 12: Value of Loan Disbursements to Households by Credit Product Type (Kwacha)

73. Loans to households were collected, largely, through payroll deductions and they accounted for 80.4 percent of the total value of loans while loans collected via other methods accounted for 19.6 percent. In terms of the value of loans, the salary receiving account category accounted for 45.6 percent, while the payroll category accounted for 34.5 percent (Table 16). The trend indicated that financial service providers were shifting loans collection methods slowly from payroll deductions to salary receiving bank account and other methods.

Table 16: Value of Loan Disbursements to Households by Collection Method (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Payroll	2,090,610,445	846,648,974	1,019,043,716	501,269,483	1,066,989,447	3,433,951,620
Salary receiving bank account	2,905,550,030	1,047,736,213	974,928,793	1,032,242,011	1,431,078,212	4,485,985,229
Other	939,294,197	306,468,830	538,455,157	494,109,868	586,170,603	1,925,204,458
Total	5,935,454,672	2,200,854,018	2,532,427,666	2,027,621,363	3,084,238,261	9,845,141,307

74. In terms of volume, loans that are collected via other methods accounted for 74.8 of the total disbursements (Table 17). This is due to the prevalence of digital loans which are disbursed and collected through mobile money services.

Table 17: Volume of Loan Disbursements to Households by Collection Method (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2020
From payroll	85,562	36,730	32,799	14,281	34,445	118,255
From a salary receiving bank account	642,697	203,291	217,496	245,353	267,225	933,365
Other	2,379,694	930,924	836,255	683,850	664,601	3,115,630
Total	3,107,953	1,170,945	1,086,550	943,484	966,271	4,167,250

75. The unsecured loans obtained by households and individuals was used to finance businesses (12.9 percent), living expenses (9.9 percent), to pay for education expenses such as school fees (9.2 percent), home improvement (4.4 percent), and medical and funeral expenses (3.2 percent). Unsecured loans obtained for 'other purposes' accounted for 58.7 percent (Table 18).

Table 18: Value of Unsecured Credit Disbursements to Households by Purpose of Borrowing

	Amounts in Kwacha					
	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Business	430,863,842	282,778,343	373,485,270	181,544,552	309,577,213	1,147,385,378
Education fees	467,637,962	246,673,572	217,412,479	109,670,448	245,968,030	819,724,529
Farming	37,988,689	10,959,539	14,184,890	4,662,128	30,353,639	60,160,197
Home improvement/ construction	245,103,531	78,500,377	140,855,626	46,404,905	125,871,070	391,631,978
Living expenses	629,292,095	225,742,348	210,388,945	219,072,767	222,748,875	877,952,935
Medical or funeral expenses	156,755,892	74,657,748	74,610,808	69,150,522	70,303,095	288,722,174
Other purpose	3,288,868,627	1,084,669,403	1,212,285,042	1,181,811,609	1,749,677,645	5,228,443,699
Purchase of land	23,626,420	4,289,738	6,909,837	1,832,047	58,605,372	71,636,994
Purchase of vehicle	16,396,999	5,418,997	7,344,460	1,613,073	10,965,709	25,342,240
Total	5,296,534,057	2,013,690,066	2,257,477,359	1,815,762,050	2,824,070,649	8,911,000,123

76. The high proportion attributed to 'other purposes' was partially because many unsecured loans were obtained for personal use, without the borrower needing to provide a specific reason to the credit provider.

77. The non-bank financial institutions accounted for 57.8 percent while commercial banks accounted for 42.2 percent of the total loans for 'other purposes. Although there are indications that loans are disbursed to finance others, its observed that loans to finance businesses are on the increasing trajectory while loans to finance living expenses were on a decreasing trend.

78. Due to the general increase in credit disbursed during the year, all categories reported increases year on year, with the steepest increase reported under 'purchase of land' and 'business financing' at 203.2 percent and 166.3 percent, respectively. Loans to finance living expenses recorded the lowest increase at 39.5 percent while loans for remainder of uses recorded more than 50.0 percent increase.

79. With respect to the number of loans per reason for borrowing, 'other purpose' accounted for most credit at 26.5 percent, followed by 'living expenses' and 'medical or funeral expenses' at 25.2 percent and 17.2 percent, respectively (Table 19).

Table 19: Volume of Unsecured Credit to Households by Purpose of Borrowing

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Business	512,857	200,814	185,680	149,282	122,250	658,026
Education fees	466,846	170,144	176,130	140,453	112,587	599,313
Farming	1,847	375	362	173	986	1,896
Home improvement/ construction	9,427	1,912	4,014	1,217	3,065	10,208
Living expenses	912,351	318,928	288,324	244,361	195,674	1,047,288
Medical or funeral expenses	572,630	243,349	203,626	165,350	124,045	736,370
Other purpose	625,612	233,017	226,561	241,120	403,016	1,103,715
Purchase of land	1,091	162	280	142	2665	3,249
Purchase of vehicle	393	83	92	70	338	583
Total	3,103,054	1,168,784	1,085,069	942,168	964,626	4,160,647

80. High value loans above K50,000 were ranked highest by value at 38.8 percent (Table 20) although by volume accounted for only 1.2 percent of the total loans. High value loans of K10,000 – K50,000 were ranked second accounting for 19.9 percent but only accounted for 2 percent in terms of volume.

Table 20: Value of Unsecured Credit Disbursements to Households by Loan Size (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
ZMW 0 - ZMW 2,000	1,015,220,691	367,742,244	369,165,538	351,430,847	335,911,949	1,424,250,578
ZMW 2,000 - 5,000	558,592,985	221,998,322	246,418,274	302,869,685	417,376,072	1,188,662,353
ZMW 5,000 -10,000	473,143,042	199,682,645	224,556,913	257,018,444	385,199,508	1,066,457,511
ZMW 10,000 - 50,000	1,130,467,069	496,963,140	522,809,209	246,614,237	509,563,388	1,775,949,974
Above ZMW 50,000	2,119,110,054	727,304,180	894,527,424	657,828,838	1,176,019,732	3,455,680,174
Total	5,296,533,841	2,013,690,532	2,257,477,359	1,815,762,051	2,824,070,649	8,911,000,590

81. The loans values of no more than K5,000 accounted for 29.3 percent of the value of unsecured loans to households and individuals while in volume, they accounted for 92.7 percent (Table 21). The loans below the value of K10,000 recorded very sharp increases of more than 100 percent.

Table 21: Volume of Unsecured Credit Disbursements to Households by Loan Size (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
ZMW 0 - ZMW 2,000	2,771,466	1,035,010	935,420	774,010	738,902	3,483,342
ZMW 2,000 - 5,000	172,414	68,590	80,408	102,649	123,015	374,662
ZMW 5,000 -10,000	72,958	33,185	37,141	40,669	58,121	169,116
ZMW 10,000 - 50,000	50,201	21,096	22,423	12,154	26,746	82,419
Above ZMW 50,000	36,017	10,903	9,677	12,686	17,842	51,108
Total	3,103,056	1,168,784	1,085,069	942,168	964,626	4,160,647

82. There was an increase in the average loan size to K2,141 from K1,706 in the previous period on account of a 63.1 percent increase in the high value loans above K50,000. Similarly, the average size for loan values not more than K5,000 increased by 26.7 percent to K677 from K535 in 2020. The low value loans were micro and digital loans.

Businesses - Small

83. The Business-Small end-user recorded an increase in both the value and volume of loans disbursed in 2021. The value of loans disbursed increased by 64.8 percent year on year, to K4.4 billion (Table 22), while the number of loans disbursed increased by 23.0 percent to 231,380 loans (Table 23). The supply of credit to small business end-users was on a rising trajectory, indicating that finance for SMEs was slowly becoming available thereby increasing the chances for business expansion.

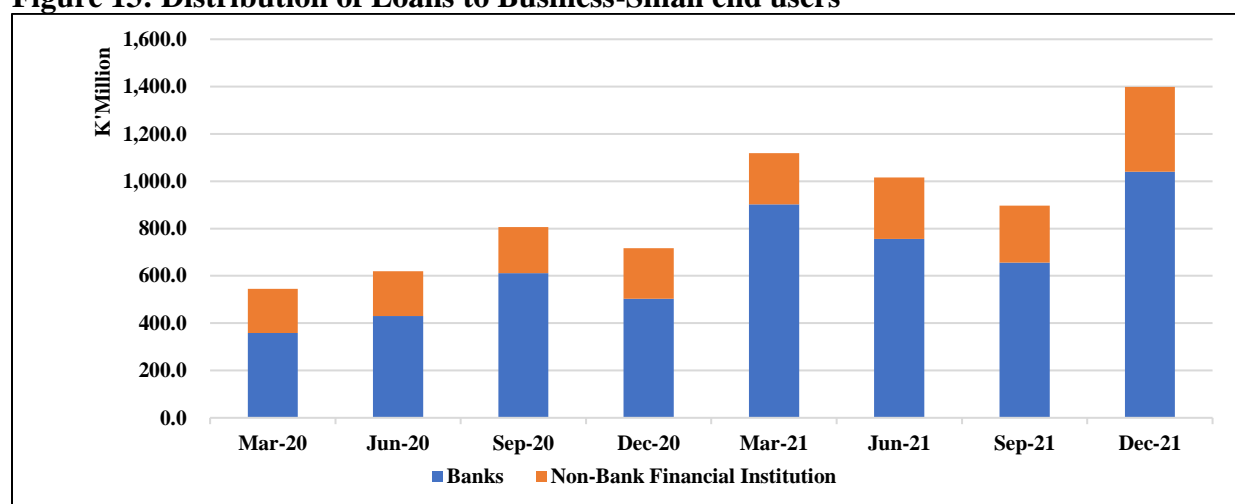
Table 22: Value of Loan Disbursements to Small Businesses by Enterprise Size (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Group loan	561,115,150	191,297,608	179,263,141	149,986,352	205,138,192	725,685,293
Single person MSME	318,157,597	113,621,440	126,828,667	133,626,993	168,129,171	542,206,270
1-4 People employed	298,681,823	38,200,291	51,741,701	42,749,767	50,217,735	182,909,494
5-10 People employed	316,102,602	57,911,899	45,980,078	46,654,836	126,847,302	277,394,115
11-20 People employed	596,183,105	121,066,023	129,504,007	88,021,782	74,663,865	413,255,677
21-50 People employed	318,251,376	227,052,454	172,419,895	143,932,915	426,706,330	970,111,595
51-100 People employed	279,014,983	369,707,754	309,900,123	291,305,562	347,347,076	1,318,260,515
Total	2,687,506,637	1,118,857,468	1,015,637,613	896,278,207	1,399,049,670	4,429,822,959

Table 23: Volume of Loan Disbursements to Small Businesses by Enterprise Size (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Group loan	126,909	38,101	47,260	44,658	51,868	181,887
Single person MSME	42,004	9,960	8,956	8,144	8,965	36,025
1-4 People employed	7,700	1,597	1,697.5	1,651	1,838	6,783
5-10 People employed	9,289	578	647	754	852	2,832
11-20 People employed	1,891	767	797	851	889	3,304
21-50 People employed	267	137	67	99	95	398
51-100 People employed	85	57	42	25	27	151
Total	188,144	51,197	59,467	56,182	64,534	231,380

84. Commercial banks accounted for 75.7 percent of the value of loans and 6.4 percent of the volume of loans disbursed to Business-Small end users while NBFIs accounted for 24.3 percent of the value of loans and 93.6 percent in volumes. The increase in disbursement partly attributed to the interventions made by the Bank through the TMTRF, which provided funding to priority sectors through the commercial banks as well as non-bank financial institutions.

Figure 13: Distribution of Loans to Business-Small end users

85. The bulk of disbursement by commercial banks were to businesses that had more than 20 paid employees while the bulk of loans disbursed by NBFIs were group loans and to single person businesses which typically did not have paid employees.

86. Although the credit market recorded an increase in the supply of credit to Business-small end-users both in value and volume, the market registered a decrease in loan disbursement to small business with number of paid employees of not more than 20. Whereas the value of loans disbursed to this category of end-users declined by 27.9 percent to K873.6 million, the value of credit to businesses with at least 21 employees more than trebled to K2,288.4 million.

87. A similar shift was observed in the volume of loans whereby the number of loans disbursed to small business with number of paid employees of not more than 20 declined by 31.6 percent to 12,919 whereas as the number of loans to businesses with at least 21 employees increased by 56.0 percent to 549.

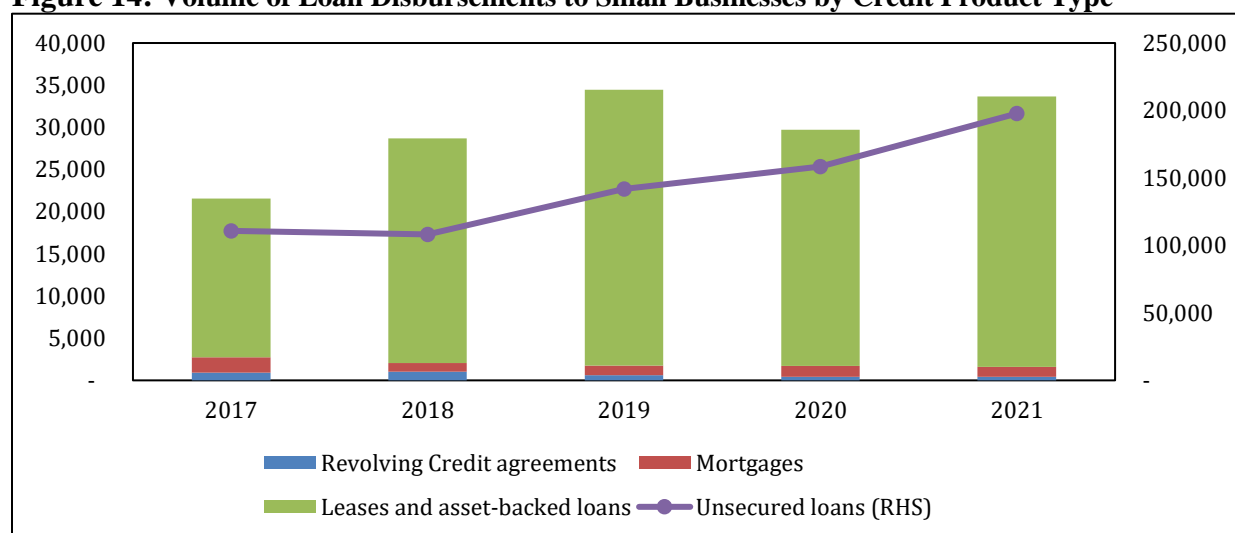
88. In terms of volume of loans, commercial banks allocated more loans to businesses with more than five paid employees while NBFIs allocated more loans to group loans.

89. The preferred loan product type for most Business-Small credit end-users were leases and other asset backed loans which accounted for 59.2 percent of the total value of loans, followed by unsecured loans which accounted for 16.5 percent of the loans. Mortgages accounted for 16.0 percent of the value of loans, and this was a reduction by 25.7 percent in disbursement when compared to 2020. Revolving credit facilities were the least preferred loan type (Table 24 and Figure 14).

Table 24: Value of Loan Disbursements to Small Businesses by Product Type (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Mortgages	954,485,851	156,007,677	281,851,746	120,583,891	150,808,531	709,251,846
Leases and Other asset-backed loans	948,807,799	728,212,215	453,841,045	567,003,927	871,533,694	2,620,590,881
Unsecured loans	422,875,907	134,063,862	179,164,177	128,826,800	287,795,971	729,850,809
Revolving credit facilities	361,337,430	100,573,762	100,780,645	79,863,588	88,911,474	370,129,468
Total	2,687,506,986	1,118,857,515	1,015,637,613	896,278,205	1,399,049,670	4,429,823,003

Figure 14: Volume of Loan Disbursements to Small Businesses by Credit Product Type



90. In terms of the volume of loans disbursed, unsecured loans continued to account for the highest proportion of loans to Business-Small at 85.5 percent (disbursed, largely, by NBFIs), followed by leases and other asset backed loans at 13.9 percent. Both mortgages and revolving credit were unpopular credit facilities which accounted for less than one percent collectively (Table 25).

Table 25: Volume of Loan Disbursements to Small Businesses by Product Type (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Mortgages	1,278	267	273	267	366	1,173
Leases and Other asset-backed loans	28,019	7,882	7,853	7,654	8,662	32,051
Unsecured loans	158,422	42,908	51,247	48,162	55,412	197,729
Revolving credit facilities	425	140	94	100	94	428
Total	188,144	51,197	59,467	56,183	64,534	231,381

Agriculture-Small

91. The value of loans disbursed to the agriculture-small credit end-user category increased by 41.5 percent to K143.4 million in 2021. This increase was recorded across all farm sizes, except for the large emergent farmer. The small holders and small emergent farmers collectively accounted for 70.2 percent of the total value of loans disbursed to small scale farmers. The large emergent farmers category received 21.4 percent of the total disbursement of loans although a 29.3 percent decline was registered in 2021 (Table 26). Group loans accounted for the smallest pie of the disbursement but registered the steepest increase of 190.1 percent. Despite the increase in credit supply to the small-scale farmers, this sector which is the most common occupation for majority of Zambians, still struggled to access finance to support their agricultural activities.

Table 26: Value of Loan Disbursements to Small Agriculture Farms by Farm Size (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2020
Group loan to farmer group	4,181,930	1,767,300	792,990	3,616,260	5,955,613	12,132,163
Smallholder up to 5 hectares	31,774,060	10,091,320	11,368,843	13,437,484	22,182,499	57,080,146
Small emergent farmer - Between 5-20 hectares	21,947,076	2,234,651	4,069,300	26,275,410	10,911,792	43,491,152
Large emergent farmer - Between 20-50 hectares	43,376,881	11,632,634	8,164,637	0	10,850,000	30,647,271
Total	101,279,947	25,725,904	24,395,770	43,329,154	49,899,904	143,350,732

92. The volume of loans disbursed also increased by 39.5 percent to 3,604 loans in 2021 from 2,584 loans in 2020. The credit supply in volume to Group loans and smallholder recorded the highest increases while credit supply to small emergent and large emergent farmers declined (Table 27).

Table 27: Volume of Loan Disbursements to Small Agriculture Farms by Farm Size (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Group loan to farmer group	882	384	166	324	994	1868
Smallholder up to 5 hectares	1,279	367	343	329	454	1,493
Small emergent farmer - Between 5-20 hectares	294	37	37	83	76	233
Large emergent farmer - Between 20-50 hectares	129	6	2	0	2	10
Total	2,584	794	548	736	1526	3,604

93. In terms of the product breakdown, leases and asset backed loans made up 60.9 percent of the value of loans to the agriculture small end-user, at K87.4 million. This was followed by mortgages which made up 30.3 percent of loans at K43.4 million. Revolving credit and unsecured loans made up only 1.6 percent and 7.2 percent of the total value of loans disbursed, respectively (Table 28).

Table 28: Value of Loan Disbursements to Small Agriculture Farms by Credit Product Type (Kwacha)

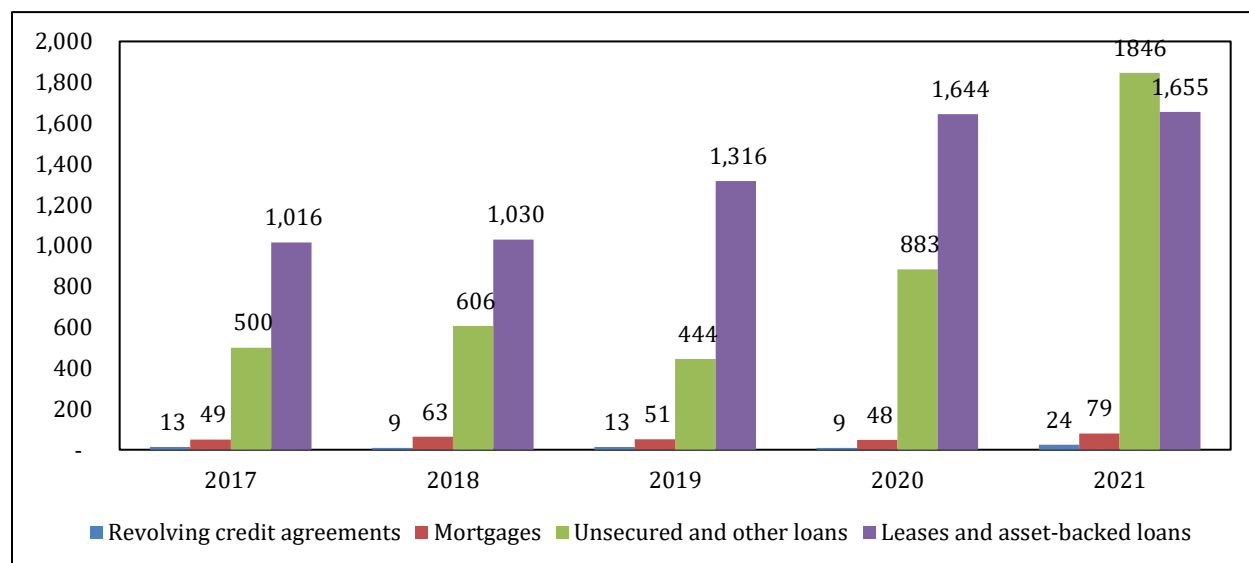
	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Mortgages	35,834,250	13,435,438	3,064,800	22,321,371	4601403.78	43,423,013
Leases and Other asset-backed loans	57,619,423	10,047,490	20,232,980	19,039,770	38,034,387	87,354,627
Unsecured loans	4,182,571	1,767,336	792,990	1,508,260	6,264,113	10,332,699
Revolving credit facilities	3,643,656	475,651	305,000	459,753	1,000,000	2,240,404
Total	101,279,900	25,725,914	24,395,770	43,329,154	49,899,904	143,350,742

94. The volume of loans to Agriculture-Small also increased to 3,604. Unsecured loans represented the highest proportion of loans by volume, at 51.1 percent of loans disbursed (Figure 15). This was followed by leases and other asset backed loans at 45.9 percent, mortgages at 2.2 percent and revolving credit at 0.7 percent (Table 29).

Table 29: Volume of loan Disbursements to Small Agriculture Farms by Product Type

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Mortgages	48	19	18	22	20	79
Leases and Other asset-backed loans	1,644	371	361	432	491	1,655
Unsecured loans	883	385	166	281	1014	1846
Revolving credit facilities	9	19	3	1	1	24
Total	2,584	794	548	736	1526	3,604

Figure 15 Volume of Loan Disbursements to Small Agriculture by Credit Product Type



Agriculture – Large

95. The credit supply to Agriculture-Large end-users increased by 60.1 percent to K5.1 billion from K3.2 billion in 2020. Disbursements to Extra-Large farmers category accounted for 74.4 percent of the total disbursements while disbursements to farms owned by non-Zambian investors accounted for 11.4 percent. Disbursements to agriculture users that own not more than 500 hectares accounted for 13.9 percent of the disbursements (Table 30). All the loans to Agriculture-Large were solely supplied by commercial banks.

Table 30: Value of Loan Disbursements to Large Agriculture Farms by Farm Size (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Medium farms (51 - 200 ha)	32,299,818	65,418,199	500,000	4,696,300	500,000	71,114,499
Large farms (201 - 500 ha)	233,097,000	448,173,000	7,287,131	331,883,188	257,904,756	641,892,376
Extra Large farms (above 500 ha)	2,604,020,650	264,855,803	2,025,665,543	880,974,709	653,035,564	3,824,531,620
Farms owned by foreign investors/non-Zambian citizens	340,101,590	62,717,319	379,232,945	160,348,183	0	602,298,447
Total	3,209,519,058	437,808,621	2,412,685,620	1,377,902,381	911,440,321	5,139,836,942

96. However, the volume of loans disbursed declined by five percent to 344 loans (Table 30). Disbursements to Extra-Large farms accounted for most of the decrease while large farms received an increase by 430 percent to 106 loans compared to 2020 (Table 31).

Table 31: Volume of Loan Disbursements to Large Agriculture Farms by Farm Size (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Medium farms (51 - 200 ha)	15	7	1	2	1	11
Large farms (201 - 500 ha)	20	3	2	42	59	106
Extra Large farms (above 500 ha)	297	63	59	21	57	200
Farms owned by foreign investors/non-Zambian citizens.	31	4	21	2	0	27
Total	363	77	83	67	117	344

97. In terms of the loan product type, Leases and other asset-backed loans accounted for 85.4 percent up from 32.0 percent in 2020 while mortgages accounted for 8 percent down from 17.6 percent in 2020. Revolving credit accounted for 5.3 percent of the disbursement down from 24.6 percent in 2020 (Table 32). The distribution loans by products are indicative that financial services providers are more conservative when lending to the agriculture sector as evidenced by a substantial number in asset backed loans.

Table 32: Value of Loan Disbursements to Large Agriculture Farms by Credit Product Type

	Amounts in Kwacha					Total 2021
	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	
Mortgages	563,539,147	8,900,000	213,043,952	187,824,483	0	409,768,435
Leases and Other asset-backed loans	1,027,010,471	353,627,997	2,133,801,015	1,146,707,430	755,269,738	4,389,406,180
Unsecured loans	830,550,820	0	46,171,554	5,352,535	14,205,438	65,729,527
Revolving credit facilities	788,419,230	75,280,624	19,669,098	38,017,933	141,965,144	274,932,800
Total	3,209,519,668	437,808,621	2,412,685,620	1,377,902,381	911,440,321	5,139,836,942

98. The number of loans declined in all credit product categories, with the steepest absolute decline recorded in the revolving credit category, while mortgages recorded the steepest percentage decline of 67.4 percent. Despite the decrease in the total number of loans, the number of leases and other asset backed loans increased by 55 loans or 28.4 percent each (Figure 16 and Table 33).

Figure 16: Volume of Loan Disbursements to Large Agriculture Farms by Product Type

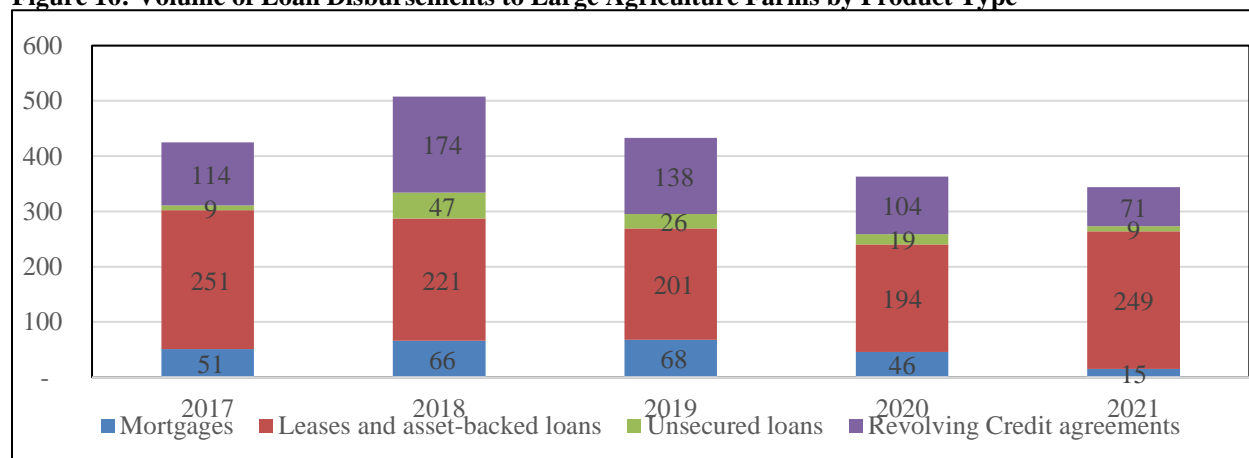


Table 33: Volume of Loan Disbursement to Large Agriculture Farms by Product Type

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Mortgages	46	2	8	5	0	15
Leases and Other asset-backed loans	194	53	64	55	77	249
Unsecured loans	19	0	3	2	4	9
Revolving credit facilities	104	22	8	5	36	71
Total	363	77	83	67	117	344

Business-Large

99. The Business-Large end-user remained the biggest beneficiary of credit, accounting for 32.2 percent of the value of loans disbursed, with a total of K13.6 billion in 2021 up from K9.7 billion in 2020 (Table 34). Commercial banks accounted for the largest share at 97.6 percent of the total disbursements while NBFIs accounted for 2.4 percent only. Loan disbursements to businesses with more than 500 paid employees accounted for 48.5 percent of the total disbursement while disbursements to businesses with at most 300 paid employees account for 32.5 percent.

Table 34: Value of Loan Disbursements to Large Businesses by Business Size (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Businesses with 101-300 employees	4,033,797,200	1,325,324,144	1,619,559,770	867,167,552	617,086,903	4,429,138,368
Businesses with 300 to 500 employees	1,153,195,800	215,766,385	1,749,042,267	258,742,921	365,949,438	2,589,501,010
Businesses with more than 500 employees	4,524,134,700	2,282,993,414	764,346,926	1,472,208,455	2,093,189,588	6,612,738,383
Total	9,711,127,700	3,824,083,942	4,132,948,963	2,598,118,928	3,076,225,928	13,631,377,761

100. Although credit supply to large businesses increased by value, the volume of loans on the other hand, declined by 18.5 percent to 1,360 loans as demand for these loans declined (Table 35). A higher number of loans were disbursed to businesses with more than 500 employees followed by businesses with at most 300 employees.

Table 35: Volume of Loan Disbursements to Large Businesses by Business Size (Number)

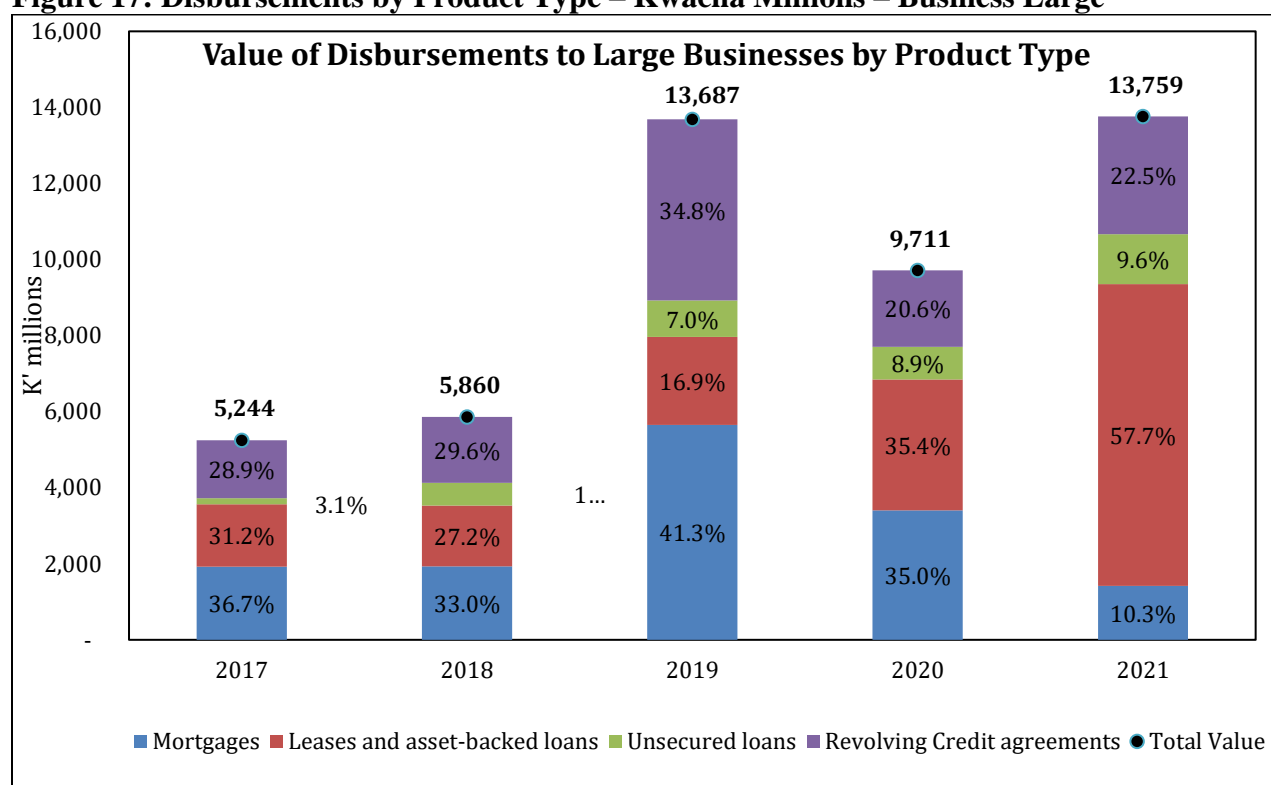
	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Businesses with 101-300 employees	374	91	109	58	71	329
Businesses with 300 to 500 employees	183	44	214	24	34	316
Businesses with more than 500 employees	1,112	241	10	238	226	715
Total	1,669	376	333	320	331	1,360

101. The average loan size for business-large end-users increased by 72.3 percent to K10.0 million from K5.8 million in 2020 indicating increased financing for businesses. The credit market supplied large businesses with loans in form of leases and other asset backed loans which accounted for 57.7 percent of the loans by value, up from 35.4 percent in the previous year. This was followed by revolving credit which accounted for 22.5 percent, with mortgages and unsecured loans accounting for the remaining 10.3 percent and 9.6 percent, respectively (Table 36 and Figure 17).

Table 36: Value of Loan Disbursements to Large Businesses by Product Type (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Mortgages	3,402,809,500	504,289,257	403,859,379	136,801,927	372,603,351	1,417,553,914
Leases and Other asset-backed loans	3,439,517,160	2,498,930,202	2,271,513,323	1,401,056,302	1,761,306,200	7,932,806,028
Unsecured loans	864,178,763	102,389,062	400,129,545	330,166,835	485,104,156	1,317,789,598
Revolving credit facilities	2,004,614,063	718,475,420	1,057,446,716	857,318,101	457,212,222	3,090,452,460
Total	9,711,119,486	3,824,083,942	4,132,948,963	2,725,343,166	3,076,225,928	13,758,601,999

Figure 17: Disbursements by Product Type – Kwacha Millions – Business Large

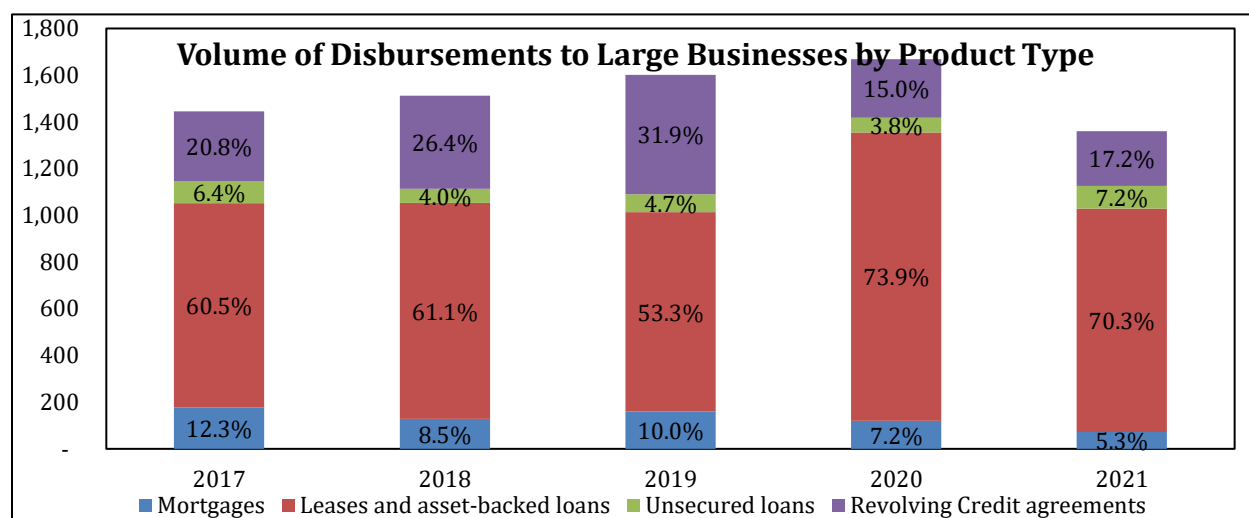


102. In terms of the volumes of the loans, there was a decline in all credit product categories, except for unsecured loans, which increased by 53.1 percent to 98 credit agreements (Table 37). Consequently, the proportion of unsecured credit increased to 7.2 percent from 3.3 percent in the preceding year (Figure 18).

Table 37: Volume of Loan Disbursements to Large Businesses by Product Type (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Mortgages	120	23	16	7	26	72
Leases and Other asset-backed loans	1,234	269	226	232	229	956
Unsecured loans	64	22	22	35	19	98
Revolving credit facilities	251	62	69	46	57	234
Total	1,669	376	333	320	331	1,360

Figure 18: Volume of Loan Disbursements to Large Businesses by Product Type (Number)



Government

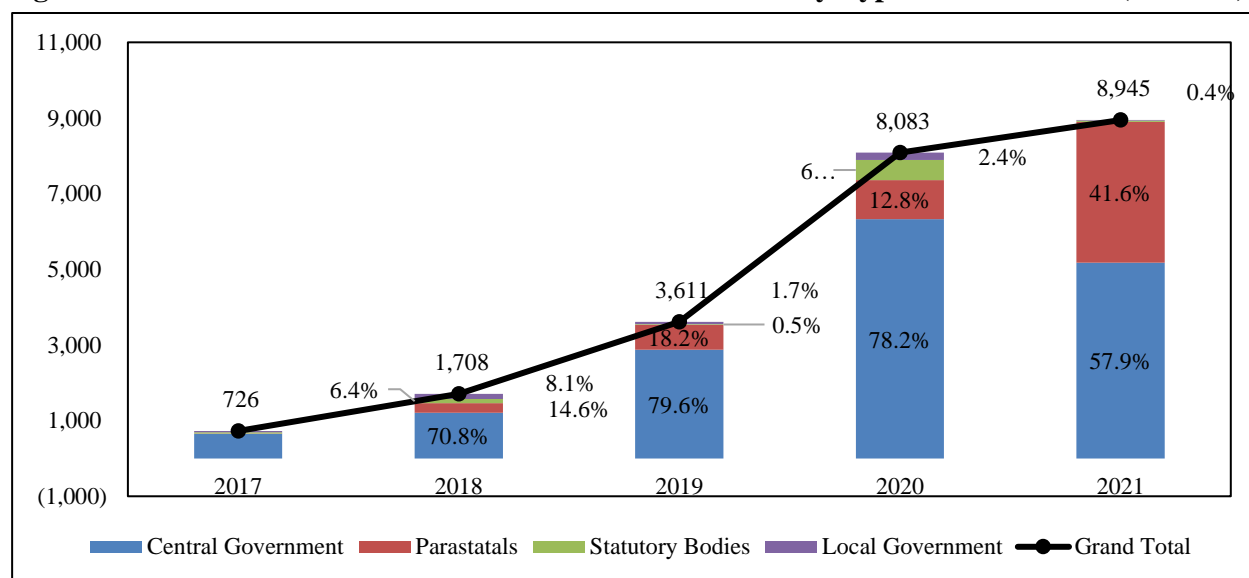
103. Government was the third highest benefactor of the credit supply in 2021, after large business and households, accounting for 32.5 percent and 23.2 percent, respectively. Lending to Government increased by 10.7 percent, to K8.9 billion. Commercial banks supplied about all the loans to the Government in 2021 of which 57.9 percent of the loans were disbursed to the central government while disbursements to parastatals accounted for 41.6 percent. Local Government obtained 0.1 percent of the total disbursements whilst the statutory bodies share accounted for 0.4 percent only (Table 38 and Figure 19).

104. The supply of credit to various Government institutions decreased in value in 2021 except for parastatal organisations. The local government and statutory bodies recorded 94.0 percent and 93.2 percent decreases in value of loans while disbursements to central government declined by 18.4 percent. The disbursements to parastatals increased by 258.3 percent to K3.7 billion in 2021 from K1.0 billion in 2020.

Table 38: Value of Loan Disbursements to the Government (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Central Government	6,322,561,170	863,365,144	2,612,539,515	1,593,534,012	108,346,714	5,177,785,385
Local Government	193,365,000	0	1,000,000	789,960	2,650,000	11,549,600
Parastatals	1,038,203,160	683,079,062	1,750,316,450	1,282,048,250	4,510,283	3,719,954,044
Statutory Bodies	528,703,912	0	0	0	36,000,000	36,000,000
Total	8,082,833,242	1,546,444,206	4,363,855,965	2,883,481,862	151,506,997	8,945,289,030

Figure 19: Value of Loan Disbursements to the Government by Type of Government (Kwacha)



105. The volume of loans disbursed to Government increased on account of the number of loans that were issued to parastatals which increased by 96.0 percent. However, the volume of loans to local government and statutory bodies declined by 78.9 percent and 60 percent, respectively (Table 39).

Table 39: Volume of Disbursements to the Government (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Central Government	35	27	6	2	2	37
Local Government	19	0	1	1	2	4
Parastatals	27	10	23	13	3	49
Statutory Bodies	5	0	0	0	2	2
Total	86	37	30	16	9	92

106. The primary credit product type obtained were leases and other asset-backed loans, which accounted for 72.6 percent of the Kwacha value, up from 72.5 percent in the previous year. A total of K1.8 billion was disbursed as mortgages and accounted for 20.7 percent followed by unsecured loans and revolving credit at 6.6 percent and 0.1 percent, respectively (Table 40).

Table 40: Value of Loan Disbursements to the Government by Product Type (Kwacha)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Leases and Other asset-backed loans	6,114,133,330	1,204,670,750	2,255,291,865	2,880,806,862	150,506,997	6,491,276,474
Mortgages	40,000,000	0	1850064100	0	0	1,850,064,100
Revolving credit facilities	1,257,750,000	0	8,500,000	2675000	1,000,000	12,175,000
Unsecured loans	670,950,912	341773456.1	250000000	0	0	591,773,456
Total	8,082,834,242	1,546,444,206	4,363,855,965	2,883,481,862	151,506,997	8,945,289,030

107. The volume of all credit product types increased due to a 34.0 percent increase in lease agreements to 82 from 61 lease agreements in 2020 (Table 41).

Table 41: Volume of Loan Disbursements to the Government by Product Type (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Leases and Other asset-backed loans	61	35	24	15	8	61
Mortgages	1	0	4	0	0	1
Revolving credit facilities	20	0	1	1	1	20
Unsecured loans	4	2	1	0	0	4
Total	86	37	30	16	9	86



Chapter 6 - Access to Credit by Priority Credit End-Users

108. This chapter discusses the supply of credit to women, youth and rural areas, the credit end-user subcategories that have historically received low levels of credit due to various cultural and socio-economic challenges they face in accessing credit. Over the years, various financial inclusion measures have been implemented to improve the flow of credit to these priority credit end-users. In this regard, the chapter will also evaluate whether the measures implemented to improve access to credit have had the desired impact.

Credit Supply to Women

109. In 2021, credit supply to women increased by 63.4 percent to K3.7 billion. Consequently, the value of credit to women as a proportion of total credit disbursements increased by 1.1 percentage points to 8.8 percent at end-December 2021.

110. Over the five-year period to end-2021, the value of loans disbursed to women grew by 200.7 percent from K1.24 billion in 2016 but the proportion of disbursements in fact declined by 2.0 percentage points to 8.8 percent at end-2021 (Table 42).

Table 42: Value of Loan Disbursements to Women (Kwacha)

	2016	2017	2018	2019	2020	2021
Total Disbursement (ZMW)	11,547,447,871	15,560,032,542	20,403,446,317	32,286,808,731	29,713,042,583	42,221,752,173
Disbursement to Women (ZMW)	1,243,834,023	2,084,750,107	2,830,306,905	2,588,901,487	2,283,035,017	3,740,419,155
Portion of disbursement accessed by women	10.8%	13.4%	13.9%	8.0%	7.7%	8.8%

111. The share of credit to women in various credit end-user categories remained stable other than in the agriculture end-user category where the proportion of credit to women registered 2.2 percentage points increase to 18.0 percent in the five years to end-2021 (Table 43).

Table 43: Value of Loan Disbursements to Women by End-User Category (Value)

	2016	2017	2018	2019	2020	2021
Proportion of households' credit to women	28.6%	27.3%	26.3%	27.2%	27.4%	29.4%
Portion of agricultural credit to women	15.8%	28.4%	13.5%	23.8%	22.7%	18.0%
Portion of business credit to women	18.9%	21.9%	24.2%	27.8%	23.6%	18.0%
Proportion of "all other" credit to women	1.3%	2.8%	0.0%	0.0%	30.9%	25.7%
Grand Total	10.8%	13.4%	13.9%	8.0%	7.7%	8.8%

112. From the review of the statistics, there was no major shift in the proportion of credit to women over the five-year period to end-2021. The statistics suggest that the implementation of women empowerment programmes and other financial inclusion policies have, therefore, not been effective in growing the share of credit to women borrowers and women-led business enterprises.

113. In terms of volume of credit, the total number of loans disbursed increased by 33.4 percent to 4,404,065 in 2021, whereas the number of loans disbursed to women in fact declined by 14.0 percent to 1,045,405. Consequently, the share of loans disbursed to women declined to 23.7 percent from 54.1 percent in 2020 (Table 44).

Table 44: Volume of Loan Disbursements to Women (Number)

	2016	2017	2018	2019	2020	2021
Total Disbursement (Number)	806,231	2,649,001	5,898,820	6,987,759	3,297,098	4,404,065
Disbursement to Women (Number)	152,142	488,243	1,307,825	2,034,581	1,784,220	1,045,597
Portion of disbursement accessed by women	18.9%	18.4%	22.2%	29.1%	54.1%	23.7%

114. At 23.7 percent, the proportion of the number of loans disbursed to women represented a 4.8 percentage point growth in the five-year period to end-2021. Over this period, the number of loans disbursed to women increased by 587.3 percent to slightly above one million. NBFIs accounted for 98.4 percent of the number of loans disbursed to women with the number of digital loans representing 72.9 percent of the total number of loans to women. In this regard, digital credit delivery channels presented an opportunity for women to access low value credit more conveniently. The credit histories that women created in the digital credit segment had the potential to provide them with access to larger credit facilities in the future which would improve the overall proportion of the value of credit supply to this priority credit end-user subcategory.

Credit Supply to Youths

115. In 2021, credit supply to the youth increased by 83.3 percent to K4.0 billion. Consequently, the value of credit to the youth as a proportion of total credit disbursements increased by 2.1 percentage points to 9.4 percent at end-December 2021.

116. Over the five-year period to end-2021, the value of loans disbursed to the youth grew by 180.2 percent from K1.4 billion in 2016 but the proportion of disbursements in fact declined by 2.9 percentage points to 9.4 percent at end-2021 (Table 45).

Table 45: Value of Loan Disbursements to the Youth (Kwacha)

	2016	2017	2018	2019	2020	2021
Total Disbursement	11,547,447,871	15,560,032,542	20,403,446,317	32,286,808,731	29,713,042,583	42,221,752,173
Disbursement to Youths	1,436,683,093	2,310,161,910	3,366,268,628	3,205,421,928	2,196,520,797	4,026,134,286
Portion of disbursement accessed by Youths	12.4%	14.8%	16.5%	9.9%	7.4%	9.5%

117. The share of credit to youths in the agricultural and business credit end-user categories increased by 3.9 and 5.0 percentage points, respectively but declined by 6.2 percentage points in the households credit end-user category (Table 46).

Table 46: Access to Credit by Youth as a Proportion of End-User Category

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Proportion of agricultural credit to youths	10.4%	43.3%	15.2%	87.5%	10.7%	14.3%
Proportion of business credit to youths	12.1%	15.0%	19.7%	30.0%	20.0%	17.1%
Proportion of households' credit to youths	39.2%	33.6%	33.6%	34.7%	27.8%	33.0%
All Other	1.9%	0.3%	0.0%	0.0%	17.2%	17.4%

118. From the review of the statistics, there was no major shift in the proportion of credit to youths over the five-year period to end-2021. The statistics suggest that the implementation of

youth empowerment programmes and other financial inclusion policies have, therefore, not been effective in growing the share of credit to youths and youth-led business enterprises.

119. In terms of volume of credit, the total number of loans disbursed increased by 33.4 percent to 4,404,065 in 2021, whereas the number of loans disbursed to youths increased by a higher proportion of 65.5 percent to 2,316,482. Consequently, the share of the number of loans disbursed to youth increased to 52.6 percent in 2021 from 42.5 percent in 2020 (Table 47).

Table 47: Volume of Loan Disbursements to the Youth (Number)

	2016	2017	2018	2019	2020	2021
Total Disbursement	806,231	2,649,001	5,898,820	6,987,759	3,297,098	4,404,065
Disbursement to Youths	267,882	1,463,531	3,502,799	4,386,228	1,400,072	2,316,482
Portion of disbursement accessed by Youths	33.2%	55.2%	59.4%	62.8%	42.5%	52.6%

120. At 52.6 percent, the proportion of the number of loans disbursed to youths represented a 19.4. percentage point growth in the five-year period to end-2021. Over this period, the number of loans disbursed to youths increased more than eightfold to 2.3 million. NBFIs accounted for 99.2 percent of the number of loans disbursed to youths with the number of digital loans representing 86.2 percent. In this regard, digital credit delivery channels presented an opportunity for youths to access low value credit more conveniently. The credit histories that youth created in the digital credit segment had the potential to provide them with access to larger credit facilities in the future which would improve the overall proportion of the value of credit supply to this priority credit end-user subcategory.

Geographic Distribution of Credit Supply

121. In 2021, total credit disbursements to rural districts increased by 83.3 percent to K3.5 billion resulting in the proportion of credit to rural areas increasing by 1.9 percentage points to 8.4 percent (Table 48). Over the five-year period to end-2021, the value of loans disbursed to rural areas grew by 175.6 percent from K1.3 billion in 2016 but the proportion of disbursements in fact declined by 2.7 percentage points to 8.7 percent at end-2021 (Table 49).

Table 48: Value of Loan Disbursements between Rural and Urban Areas (Kwacha)

	2016	2017	2018	2019	2020	2021
Rural	1,283,620,469.0	1,959,582,600.0	2,633,728,098.0	2,425,378,863.4	1,929,806,463.5	3,537,563,082.5
Urban	10,263,827,401.8	13,600,449,942.0	17,769,718,219.0	29,861,429,867.3	27,783,236,119.2	38,684,189,090.9
Total	11,547,447,870.8	15,560,032,542.0	20,403,446,317.0	32,286,808,730.7	29,713,042,582.8	42,221,752,173.4

Table 49: Proportion of Value of Loan Disbursements to Rural/Urban Areas (Kwacha)

	2016	2017	2018	2019	2020	2021
Rural	11.1%	12.6%	12.9%	7.5%	6.5%	8.4%
Urban	88.9%	87.4%	87.1%	92.5%	93.5%	91.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

122. The available statistics suggests that the rural finance programme and the development of rural infrastructure through rural electrification and installation of communication towers in rural areas have not yet had a discernible impact on the flow of credit to rural areas.

123. It should be noted that NBFIs accounted for 58.9 percent of the credit disbursements to rural districts as they have more access points in rural areas compared to commercial banks. In this regard, NBFIs have the potential to serve as vehicles that can deliver significant amounts of credit to rural areas especially through the provision of products such as digital credit.

Provincial Distribution of Loans

124. The analysis of credit disbursements by province shows that Lusaka province received credit amounting to K31.3 billion that represented 74.1 percent of the total credit disbursements for 2021 (Table 50). In distant second was Copperbelt province that received K3.9 billion or 9.4 percent of total credit disbursements. Luapula, Muchinga and Western provinces each received less than 1 percent of total credit (Figure 19).

125. The profile of credit disbursements remained unchanged over the five-year period because of economic activities that were supported by credit were concentrated in Lusaka and Copperbelt provinces.

Table 50: Value of Loan Disbursements by Province (Kwacha)

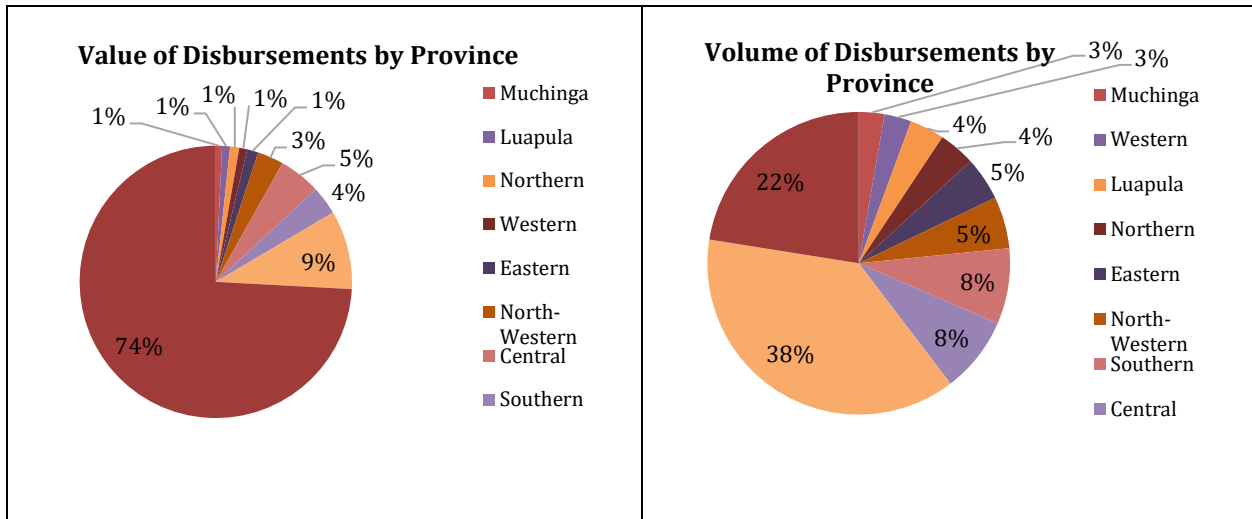
	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Central	769,885,739	369,060,865	770,999,164	527,507,674	429,820,497	2,097,388,199
Copperbelt	3,801,833,410	934,415,832	880,363,572	1,139,858,701	994,007,016	3,948,645,121
Eastern	299,154,239	138,507,420	129,910,310	93,431,242	200,950,477	562,799,449
Luapula	198,238,762	104,264,557	109,508,506	65,799,152	120,785,072	400,357,287
Lusaka	22,699,460,439	6,381,062,995	11,656,107,745	7,355,795,001	5,913,849,858	31,306,815,600
Muchinga	159,307,806	69,702,785	73,938,056	63,458,447	101,467,869	308,567,158
Northern	254,322,803	107,019,258	124,767,156	94,065,071	134,133,676	459,985,161
North-Western	498,480,241	705,612,369	200,759,420	164,898,559	240,766,914	1,312,037,262
Southern	782,170,055	252,982,505	447,776,870	277,649,088	449,990,197	1,428,398,660
Western	267,342,914	111,493,306	101,681,715	60,101,216	123,482,067	396,758,304
Total	29,730,196,408	9,174,121,892	14,495,812,513	9,842,564,151	8,709,253,643	42,221,752,199

126. In terms of the number of loans disbursed, the picture was like that for the value of loans disbursed. Lusaka province accounted for the largest number of loan disbursements followed by the Copperbelt province with Muchinga, Western and Luapula provinces receiving very low volumes of loans (Table 51 and Figure 20).

Table 51: Volume of Loan Disbursements by Province (Number)

	Total 2020	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021	Total 2021
Central	286,733	102,192	94,484	83,146	78,696	358,518
Copperbelt	990,650	312,394	265,552	214,069	198,299	990,314
Eastern	141,339	54,303	53,353	49,957	46,485	204,098
Luapula	104,982	40,928	40,908	37,135	43,712	162,683
Lusaka	978,528	425,649	419,562	378,871	444,172	1,668,254
Muchinga	101,255	34,982	32,484	27,379	25,641	120,486
Northern	129,565	48,943	46,548	40,669	36,081	172,241
North-Western	218,373	70,318	63,931	54,963	54,978	244,190
Southern	243,310	97,094	96,847	85,481	76,568	355,990
Western	102,408	36,635	33,349	29,144	28,163	127,291
Total	3,297,143	1,223,438	1,147,018	1,000,814	1,032,795	4,404,065

Figure 20 Value and Volume of Loan Disbursements by Province





Chapter 7 – Assessment of the Quality of Outstanding Loans

127. This chapter presents an assessment of the quality of the loans as measured by the level of non-performing loans (NPLs).

128. In 2021, the value of outstanding loans grew by 3.6 percent to K53.2 billion. Credit growth was at the same rate with the 2021 growth in GDP thereby indicating the supportive role that credit played to economic growth. The growth in outstanding loans was primarily driven by a 42.5 percent increase in credit disbursements in 2021.

129. In terms of the quality of loans, the stock of non-performing loans at end-December 2021 declined by 44.4 percent to K4.1 billion from K7.3 billion at end-December 2020. The decrease in NPLs was attributed to refinancing of loans amounting to K3.0 billion under the TMTRF as well as improvements in loan recoveries due to the settlement by the Government of its arrears related to delayed remittance of civil servants' loans instalments.

130. The average loans recovery rate¹⁴ per quarter improved to 12.1 percent (2020: 10.1 percent) resulting in an average of K10.1 billion loans recovered per quarter (2020: K5.6 billion). The increase in the average value of loans recovered in 2021 was largely on account of a 61.8 percent increase in loan recoveries in the business-large credit end-user category to an average of K2.8 billion per quarter (2020: K1.7 billion) and a 39.3 percent increase in loans recovery in the business-small credit end-user category to K626.3 million per quarter (2020: K449.7 million).

131. As a result of these developments, the ratio of NPLs to total gross loans decreased by 6.6 percentage points to 7.6 percent at end-December 2021 (Table 52) and was fell below prudential benchmark of 10.0 percent. In this regard, the quality of outstanding loans was considered satisfactory at end-December 2021.

Table 52: Age Analysis of Outstanding Loans

	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	Change (Y-on-Y)
Current	76.0%	78.32%	82.53%	86.26%	85.0%	9.00%
Past due by 1-59 days	8.0%	7.54%	3.43%	2.48%	3.8%	-4.20%
Past due by 60-89 days	1.8%	1.39%	2.92%	2.64%	3.6%	1.76%
Past due by 90-119 days	2.2%	1.34%	1.23%	0.74%	0.6%	-1.59%
Past due by 120-179 days	1.7%	0.88%	0.64%	0.87%	0.8%	-0.90%
Past due by 180day + days	10.4%	10.53%	9.23%	7.01%	6.2%	-4.16%
Total: 90 days or over	14.3%	12.75%	11.11%	8.62%	7.6%	-6.65%

132. Regarding movements in the NPL ratios of credit end-user categories, a notable movement was observed in the Government credit end-user category where the NPL ratio decreased by 7 percentage points to 0.1 percent (Table 53). Other declines in the NPL ratios to levels below the 10.0 percent prudential benchmark were noted in the business-large (8.0 percent) and households and individuals (8.9 percent).

¹⁴ Formula for estimating the loans recovery rate: $\frac{(\text{Opening gross loans} + \text{Total credit disbursements}) - (\text{Closing gross loans})}{\text{Opening gross loans}}$

Table 53: Ratio of Non-Performing Loans by Category of Credit End-User

	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21
Business- Large	12.1%	12.4%	11.1%	9.8%	8.0%
Business- MSME	22.4%	21.1%	20.9%	15.2%	14.0%
Agriculture- Large	23.6%	26.1%	15.6%	16.8%	18.5%
Agriculture- Small and Emergent	23.2%	26.4%	17.5%	20.2%	14.4%
Households and Individuals	10.3%	10.9%	11.9%	10.0%	8.9%
Government	7.1%	5.9%	4.7%	0.1%	0.1%
Other end users	47.7%	34.7%	56.6%	59.6%	59.0%

133. Although there were reductions in the stocks of NPLs in all credit end-user categories, the stock of NPLs in the business-small credit end-user category increased by 2.5 percent (K16.5 million) to K683.5 million at end-December 2021 compared to December 2020. However, this development did not result in a rise in the NPL ratio for the business-small category. To the contrary, the NPL ratio decreased by 8.4 percentage points to 14.0 percent due to a proportionately higher growth in gross loans during the year.

134. The “other” credit end-user category was the only one that recorded a deterioration in the loan quality as its NPL ratio rose by 11.3 percentage points to 59.0 percent. However, considering that the value of outstanding loans in this category amounted to K130.7 million and only represented 0.25 percent of the total outstanding loans, the quality of loans to this credit end-user category was not of policy significance.

135. In terms of product performance, all the credit products registered reductions in their NPL ratios to below the prudential benchmark of 10 percent. Mortgages recorded the lowest NPL ratio of 6.8 percent while leases and other assets backed loans recorded the highest NPLs ratio at 9.2 percent but was still below the prudential benchmark (Table 54).

Table 54: Ratio of Non-Performing Loans by Credit Product Type

	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21
Mortgages	12.7%	13.0%	11.3%	7.7%	6.8%
Leases and other asset-backed loans	16.1%	13.5%	12.7%	9.4%	9.2%
Revolving credit facilities	9.7%	13.9%	9.2%	7.9%	8.4%
Unsecured loans	13.1%	11.3%	10.8%	9.8%	7.5%

Gross loans by Credit end User Category

136. As a result of a 42.5 percent increase in credit disbursements in 2021, the value of outstanding loans grew by 3.6 percent to K53.2 billion. The increase in the outstanding loans was on account of increased credit supply. The largest increase was recorded in the Government credit end-user category where outstanding loans grew by 52.0 percent to K13.8 billion (Table 55). This growth was at the expense of credit to the agriculture-large and business-large credit end-user categories where outstanding loans declined by 39.2 percent and 9.7 percent, respectively, thereby demonstrating the crowding out effect of large Government borrowing.

Table 55: Value of Outstanding Loans by Credit End-User Category (Kwacha)

	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21
Agriculture- Large	6,260,768,897	5,581,921,615	6,667,792,492	5,190,787,112	3,805,146,977
Agriculture- Small and Emergent	142,818,322	130,521,374	174,600,747	199,981,300	230,942,266
Business- Large	17,724,818,994	17,039,545,368	18,607,463,643	16,497,190,619	16,010,334,164
Business- Small	3,643,809,496	3,902,502,709	4,660,480,335	4,384,291,497	4,869,039,611
Government	9,068,887,097	11,736,379,664	14,779,023,066	14,011,415,450	13,786,327,986
Households and Individuals	14,408,930,488	14,669,307,374	14,665,855,137	13,934,623,703	14,366,743,246
Other end users	187,002,471	251,906,310	153,809,584	130,870,335	130,711,719
Total	51,437,035,765	53,312,084,412	59,709,025,004	54,349,160,016	53,199,245,968

Distribution of Volume of Outstanding Loans

137. The number of outstanding loans increased by 200 percent to 4,803,404 loans at end-2021 (Table 56). The increase was due to a 217.3 percent increase to 4,803,404 in the number of outstanding loans in household and individual end-user category. The significant increase in the number of outstanding loans to this credit user category was a result of a higher uptake of high-volume digital loans that have short tenures ranging from a day to a maximum of 30 days.

Table 56: Volume of Outstanding Loans by Credit End-User Category (Number)

	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21
Agriculture - Large	1,003	1,016	919	770	787
Agriculture - Small	3,679	3,332	3,480	2,967	3,875
All Other	308	416	385	377	320
Business - Large	4,822	4,529	4,446	4,443	4,049
Business - Small	135,508	142,154	156,565	171,734	211,024
Government	1,027	1,156	1,119	542	416
Households and Individuals	1,444,467	1498843	1517398	1509946	4,582,933
Total	1,601,808	1,651,446	1,684,312	1,690,779	4,803,404

Quality of Outstanding Loans in the Large Agriculture Credit End-User Category

138. In the agriculture-large credit end-user category, the NPL ratio decreased by 5.1 percentage points to 18.5 percent but was still significantly above the maximum prudential ratio of 10.0 percent. In this regard, the quality of outstanding loans was unsatisfactory at end-December 2021. The reduction in the NPL ratio was a result of a 52.5 percent reduction in the stock of NPLs to K702.6 million due to the impact of the loans that were restructured as part of the BoZ COVID-19 relief measures.

Quality of Outstanding Loans in the Small Agriculture Credit End-User Category

139. In the agriculture-small credit end-user category, the NPL ratio dropped by 8.8 percentage points to 14.2 percent due to a reduction in the stock of NPLs because of the loans that were restructured as part of the BoZ COVID-19 relief measures. Despite a significant drop in the NPL ratio, it was still above the maximum prudential ratio of 10.0 percent. Therefore, the quality of outstanding loans in the agriculture-small credit end-user category was unsatisfactory at end-December 2021.

Quality of Outstanding Loans the Business-Large Credit End-User Category

140. In the business-large credit end-user category, the NPL ratio decreased by 4.1 percentage points to 8.0 percent and fell below the maximum prudential ratio of 10.0 percent. In this regard, the quality of outstanding loans was satisfactory at end-December 2021. The reduction in the NPL

ratio was a result of a 40.0 percent reduction in the stock of NPLs to K1.3 billion due to the impact of loan restructuring as part of the BoZ COVID-19 relief measures and the uptick in economic activity during the year.

Quality of Outstanding Loans the Business-Small Credit End-User Category

141. In the business-small credit end-user category, the NPL ratio decreased by 8.4 percentage points to 14.0 percent. The NPL ratio remained above the maximum prudential ratio of 10.0 percent. In this regard, the quality of outstanding loans to MSMEs was still unsatisfactory at end-December 2021. The reduction in the NPL ratio was a result of a 16.4 percent reduction in the stock of NPLs to K683.5 million due to the impact of loan restructuring as part of the BoZ COVID-19 relief measures and the uptick in economic activity during the year.

Quality of Outstanding Loans in the Government End-User Category

142. The quality of outstanding loans in the Government credit end-user category was satisfactory. The NPL ratio decreased by seven percentage points to 0.1 percent at end 2021 and was way below the 10 percent prudential benchmark. The reduction in the NPL ratio was a result of a combination of a 52.0 percent increase in gross loans to K13.8 billion and a 99.1 percent reduction in the stock of NPLs from K1.2 billion to K11.6 million at end-December 2021. The reduction in the stock of NPLs was due to the Government settling its arrears related to delayed remittance of civil servants' loans instalments.

Quality of Outstanding Loans to Households and Individuals

143. The quality of outstanding loans in the households and individuals credit end-user category was satisfactory. The NPL ratio decreased by 1.4 percentage points to 8.9 percent and fell below the maximum prudential ratio of 10.0 percent. The reduction in the NPL ratio was a result of a 14.3 percent reduction in the stock of NPLs to K1.3 billion.

CONCLUSION

144. The credit market performed better in 2021 compared to 2020 considering the increase in the value and number of loans disbursed, the growth in outstanding gross loans and the improvement in the overall quality of outstanding loans. However, the proportions of credit to women, youths and rural districts remained low and in fact showed some reductions over the five years to end-2021. This trend raised questions about the effectiveness of various programmes that were implemented and expected to positively impact the flow of credit to priority credit end-users.

145. Looking ahead over the period to end 2025, one factor that has the potential to compensate for any issues with the effectiveness of programmatic interventions for expanding access to credit is the advent of financial technology that is creating opportunities for delivering credit through digital channels. Financial technology holds the promise of overcoming the constraints associated with the traditional channel of delivering credit through physical branches. In this regard, digital credit has immense potential to make credit more accessible to women, youth, and rural areas.

146. Financial service providers should, therefore, continue to explore and seize opportunities for cost-effective delivery of credit that are being created by financial technological developments.

147. On its part, the Government should consider reviewing the effectiveness of its women and youth empowerment programmes with a view to recalibrating these priority credit end-users to improve their capacity to obtain longer term credit at lower interest rates.



APPENDICES

Appendix 1 - Overall Credit Market Data

Demand for Credit – Number of Loan Applications				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Agriculture- Large	66	89	75	117
Agriculture- Small and Emergent	632	379	593	1,425
Business- Large	402	358	370	391
Business- MSME	96,070	100,477	98,461	97,997
Government	49	28	33	12
Households and Individuals	5,327,121	4,834,231	4,716,155	4,999,124
Other end users	11	4	3	2
Total	5,671,999	4,935,566	4,815,690	5,099,068

Credit Supply – Number of Loan Disbursements				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Agriculture- Large	77	83	67	117
Agriculture- Small and Emergent	794	548	736	1,526
Business- Large	376	333	320	331
Business- MSME	51,197	59,467	56,183	64,534
Government	37	30	16	9
Other end users	1,170,945	1,086,550	943,484	966,271
	12	7	8	7
Total	1,223,438	1,147,018	1,000,814	1,032,795

Credit Supply - Disbursements by Product (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Leases and Other asset-backed loans	4,869,513,622	7,229,083,069	6,097,829,161	3,663,111,977
Mortgages	784,770,987	2,867,869,422	562,793,065	664,247,963
Revolving credit facilities	926,148,523	1,265,121,967	1,027,445,451	767,910,815
Unsecured loans	2,593,689,210	3,133,738,056	2,281,720,707	3,617,441,651
Total (Kwacha)	9,174,122,342	14,495,812,513	9,969,788,384	8,712,712,406

Credit Supply - Number of Loan Disbursements by Credit Products				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Leases and Other asset-backed loans	9,220	9,236	9,086	10,151
Mortgages	590	526	481	648
Revolving credit facilities	1,526	745	594	918
Unsecured loans	1,212,102	1,136,511	990,653	1,021,078
Total	1,223,438	1,147,018	1,000,814	1,032,795

Proportion of Disbursements by Institution Type (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Banks	79.3%	85.9%	83.7%	70.5%
Building Societies	1.2%	0.8%	1.0%	2.3%
Consumer lending MFIs	11.9%	8.6%	9.1%	18.4%
Enterprise lending MFIs	2.3%	1.7%	2.3%	4.2%
Other NBFIs	5.3%	3.0%	4.0%	4.6%

Proportion of Disbursements by Institution Type (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Banks	1.9%	2.2%	2.9%	4.0%
Building Societies	0.2%	0.2%	0.2%	0.4%
Consumer lending MFIs	19.4%	22.1%	26.3%	42.3%
Enterprise lending MFIs	3.6%	4.6%	4.9%	5.8%
Other NBFIs	74.9%	71.0%	65.7%	47.5%

Total Disbursements by End-User (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Agriculture- Large	437,808,621	2,412,685,620	1,377,902,381	911,440,321
Agriculture- Small and Emergent	25,725,924	24,395,770	43,329,154	49,899,904
Business- Large	3,824,083,942	4,132,948,963	2,725,343,166	3,076,225,928
Business- MSME	1,118,857,605	1,015,637,613	896,278,207	1,399,049,670
Government	1,546,444,206	4,363,855,965	2,883,481,862	151,506,997
Households and Individuals	2,200,853,472	2,532,427,666	2,027,621,363	3,084,238,261
Other end users	20,348,414	13,860,918	15,832,255	40,351,325
Total	9,174,122,183	14,495,812,513	9,969,788,388	8,712,712,406

Total Disbursements by End-User (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Agriculture- Large	77	83	67	117
Agriculture- Small and Emergent	794	548	736	1,526
Business- Large	376	333	320	331
Business- MSME	51,197	59,467	56,183	64,534
Government	37	30	16	9
Households and Individuals	1,170,945	1,086,550	943,484	966,271
Other end users	12	7	8	7
Total	1,223,438	1,147,018	1,000,814	1,032,795

Total Disbursements by Province (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Central	369,060,865	770,999,164	527,507,674	429,820,497
Copperbelt	934,415,832	880,363,572	1,139,858,701	994,007,016
Eastern	138,507,420	129,910,310	93,431,242	200,950,477
Luapula	104,264,557	109,508,506	65,799,152	120,785,072
Lusaka	6,381,062,995	11,656,107,745	7,483,019,238	5,917,308,621
Muchinga	69,702,785	73,938,056	63,458,447	101,467,869
Northern	107,019,258	124,767,156	94,065,071	134,133,676
North-Western	705,612,369	200,759,420	164,898,559	240,766,914
Southern	252,982,505	447,776,870	277,649,088	449,990,197
Western	111,493,306	101,681,715	60,101,216	123,482,067
Total	9,174,121,892	14,495,812,513	9,969,788,388	8,712,712,406

Total Disbursements by Province (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Central	102,192	94,484	83,146	78,696
Copperbelt	312,394	265,552	214,069	198,299
Eastern	54,303	53,353	49,957	46,485
Luapula	40,928	40,908	37,135	43,712
Lusaka	425,649	419,562	378,871	444,172
Muchinga	34,982	32,484	27,379	25,641
Northern	48,943	46,548	40,669	36,081
North-Western	70,318	63,931	54,963	54,978
Southern	97,094	96,847	85,481	76,568
Western	36,635	33,349	29,144	28,163
Total	1,223,438	1,147,018	1,000,814	1,032,795

Total Disbursements by Rural/Urban (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Rural	717,331,071	1,035,458,175	846,317,464	938,456,365
Urban	8,456,790,821	13,460,354,338	9,123,470,924	7,774,256,041
Total	9,174,121,892	14,495,812,513	9,969,788,388	8,712,712,406

Total Disbursements by Rural/Urban (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Rural	320,648	307,575	265,853	248,366
Urban	902,790	839,443	734,961	784,429
Total	1,223,438	1,147,018	1,000,814	1,032,795

Access by Women (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Total disbursements	9,174,121,892	14,495,812,513	9,969,788,388	8,712,712,406
Disbursements to women	828,490,402	947,872,053	787,250,988	1,173,843,385
Portion of total disbursements accessed by wc	9.0%	6.5%	7.9%	13.5%

Access by Women (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Total disbursements	1,223,438	1,147,018	1,000,814	1,032,795
Disbursements to women	278,803	290,552	232,373	243,843
Portion of total disbursements accessed by wc	22.8%	25.3%	23.2%	23.6%

Access by Youth (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Total disbursements	9,174,121,892	14,495,812,513	9,969,788,388	8,712,712,406
Disbursements to youth	919,732,191	1,027,260,667	900,280,992	1,191,923,134
Portion of total disbursements accessed by yo	10.0%		9.0%	13.7%

Access by Youth (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Total disbursements	1,223,438	1,147,018	1,000,814	1,032,795
Disbursements to youth	668,947	694,824	523,537	429,106
Portion of total disbursements accessed by Yo	54.7%	60.6%	52.3%	41.5%

Appendix 2 - Credit Market Data – Households and Individuals

Disbursement by Income Category (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Income ZMW 0 - ZMW 2000	151,773,931	210,160,697	167,814,136	174,954,744
Income ZMW 2001 - ZMW 4000	513,519,628	409,556,585	370,665,400	443,871,298
Income ZMW 4001 - ZMW 6000	383,373,383	401,535,392	326,262,688	590,491,043
Income above ZMW 6000	1,152,185,708	1,511,174,991	1,162,879,136	1,874,921,176
Total Kwacha disbursed	2,200,852,651	2,532,427,666	2,027,621,360	3,084,238,261

Disbursement by Income Category (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Income ZMW0 - ZMW 2000	320,142	349,857	282,143	340,239
Income ZMW 2001 - ZMW 4000	523,386	466,408	411,708	347,063
Income ZMW 4001 - ZMW 6000	154,033	116,228	102,018	98,665
Income above ZMW 6000	173,384	154,057	147,615	180,304
Total number of loans disbursed	1,170,945	1,086,550	943,484	966,271

Disbursements of Unsecured Credit by Loan Tenure (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
0 to 3 months	666,809,810	727,826,857	775,177,269	935,269,495
4 - 6 months	64,823,069	93,278,467	69,986,151	93,916,991
7 - 12 months	107,600,758	101,603,640	141,678,623	235,211,492
13 - 48 months	375,839,665	294,320,289	218,969,118	368,752,370
More than 48 months	798,616,985	1,040,448,106	609,950,887	1,190,920,301
Total	2,013,690,286	2,257,477,359	1,815,762,049	2,824,070,649

Disbursements of Unsecured Credit by Loan Tenure (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
0 to 3 months	1,102,722	1,025,215	881,506	877,718
4 - 6 months	19,149	19,183	20,191	25,107
7 - 12 months	13,713	10,792	16,010	25,555
13 - 48 months	14,127	9,179	5,638	12,042
More than 48 months	19,073	20,700	18,823	24,204
Total	1,168,784	1,085,069	942,168	964,626

Disbursement by Product Type (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Leases and Other asset-backed loans	53,683,948	94,358,507	83,214,871	86,460,960
Mortgages	102,138,624	115,985,444	95,261,393	136,234,677
Revolving credit facilities	31,341,060	64,606,355	33,383,049	37,471,975
Unsecured loans	2,013,690,320	2,257,477,359	1,815,762,049	2,824,070,649
Total	2,200,853,952	2,532,427,666	2,027,621,362	3,084,238,261

Disbursement by Product Type (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Leases and Other asset-backed loans	608	707	698	684
Mortgages	279	207	180	236
Revolving credit facilities	1,274	567	438	725
Unsecured loans	1,168,784	1,085,069	942,168	964,626
Total	1,170,945	1,086,550	943,484	966,271

Disbursement by Collection Method (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
From employer payroll	846,648,974	1,019,043,716	501,269,483	1,066,989,447
From salary receiving bank account	1,047,736,213	974,928,793	1,032,242,011	1,431,078,212
Other means of collection	306,468,830	538,455,157	494,109,868	586,170,603
Total (Kwacha)	2,200,854,018	2,532,427,666	2,027,621,363	3,084,238,261

Disbursements of Unsecured Credit—Purpose of Borrowing (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Business	282,778,343	373,485,270	181,544,552	309,577,213
Education fees	246,673,572	217,412,479	109,670,448	245,968,030
Farming	10,959,539	14,184,890	4,662,128	30,353,639
Home improvement/incremental home construction	78,500,377	140,855,626	46,404,905	125,871,070
Living expenses	225,742,348	210,388,945	219,072,767	222,748,875
Medical or funeral expenses	74,657,748	74,610,808	69,150,522	70,303,095
Other purpose	1,084,669,403	1,212,285,042	1,181,811,609	1,749,677,645
Purchase of land	4,289,738	6,909,837	1,832,047	58,605,372
Purchase of vehicle	5,418,997	7,344,460	1,613,073	10,965,709
Total (Kwacha)	2,013,690,066	2,257,477,359	1,815,762,050	2,824,070,649

Disbursement of Unsecured Credit —Purpose of Borrowing (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Business	200,814	185,680	149,282	122,250
Education fees	170,144	176,130	140,453	112,587
Farming	375	362	173	986
Home improvement/incremental home construction	1,912	4,014	1,217	3,065
Living expenses	318,928	288,324	244,361	195,674
Medical or funeral expenses	243,349	203,626	165,350	124,045
Other purpose	233,017	226,561	241,120	403,016
Purchase of land	162	280	142	2,665
Purchase of vehicle	83	92	70	338
Total	1,168,784	1,085,069	942,168	964,626

Disbursements of Unsecured Credit by loan size (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
ZMW 0- ZMW 2 000	367,742,244	369,165,538	351,430,847	335,911,949
ZMW 2.1K- ZMW 5K	221,998,322	246,418,274	302,869,685	417,376,072
ZMW 5.1K - 10K	199,682,645	224,556,913	257,018,444	385,199,508
ZMW 10.1K - 50K	496,963,140	522,809,209	246,614,237	509,563,388
Above 50K	727,304,180	894,527,424	657,828,838	1,176,019,732
Total	2,013,690,532	2,257,477,359	1,815,762,051	2,824,070,649

Disbursements of Unsecured Credit by loan size (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
ZMW 0- ZMW 2 000	1,035,010	935,420	774,010	738,902
ZMW 2.1K- ZMW 5K	68,590	80,408	102,649	123,015
ZMW 5.1K - 10K	33,185	37,141	40,669	58,121
ZMW 10.1K - 50K	21,096	22,423	12,154	26,746
Above 50K	10,903	9,677	12,686	17,842
Total	1,168,784	1,085,069	942,168	964,626

Appendix 3 - Credit Market Data – Small and Medium Businesses

Disbursements by Enterprise Size (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Group loan	191,297,608	179,263,141	149,986,352	205,138,192
Single person MSME	113,621,440	126,828,667	133,626,993	168,129,171
1-4 People employed	38,200,291	51,741,701	42,749,767	50,217,735
5-10 People employed	57,911,899	45,980,078	46,654,836	126,847,302
11-20 People employed	121,066,023	129,504,007	88,021,782	74,663,865
21-50 People employed	227,052,454	172,419,895	143,932,915	426,706,330
51-100 People employed	369,707,754	309,900,123	291,305,562	347,347,076
Total Kwacha disbursed	1,118,857,468	1,015,637,613	896,278,207	1,399,049,670

Disbursements by Enterprise Size (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Group loan	38,101	47,260	44,658	51,868
Single person MSME	9,960	8,956	8,144	8,965
1-4 People employed	1,597	1,698	1,651	1,838
5-10 People employed	578	647	754	852
11-20 People employed	767	797	851	889
21-50 People employed	137	67	99	95
51-100 People employed	57	42	25	27
Total number of loans disbursed	51,197	59,467	56,182	64,534

Disbursement by Product Type (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Mortgages	156,007,677	281,851,746	120,583,891	150,808,531
Leases and Other asset-backed loans	728,212,215	453,841,045	567,003,927	871,533,694
Unsecured loans	134,063,862	179,164,177	128,826,800	287,795,971
Revolving credit facilities	100,573,762	100,780,645	79,863,588	88,911,474
Total	1,118,857,515	1,015,637,613	896,278,205	1,399,049,670

Disbursement by Product Type (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Mortgages	267	273	267	366
Leases and Other asset-backed loans	7,882	7,853	7,654	8,662
Unsecured loans	42,908	51,247	48,162	55,412
Revolving credit facilities	140	94	100	94
Total	51,197	59,467	56,183	64,534

Appendix 4 - Credit Market Data – Large Businesses

Disbursement by Business Size (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Businesses with 101-300 employees	1,325,324,144	1,619,559,770	867,167,552	617,086,903
Businesses with 300 to 500 employees	215,766,385	1,749,042,267	258,742,921	365,949,438
Businesses with more than 500 employees	2,282,993,414	764,346,926	1,472,208,455	2,093,189,588
Total Kwacha disbursed	3,824,083,942	4,132,948,963	2,598,118,928	3,076,225,928

Disbursement by Business Size (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Businesses with 101-300 employees	91	109	58	71
Businesses with 300 to 500 employees	44	214	24	34
Businesses with more than 500 employees	241	10	238	226
Total number of loans disbursed	376	333	320	331

Disbursement by Product Type (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Mortgages	504,289,257	403,859,379	136,801,927	372,603,351
Leases and Other asset-backed loans	2,498,930,202	2,271,513,323	1,401,056,302	1,761,306,200
Unsecured loans	102,389,062	400,129,545	330,166,835	485,104,156
Revolving credit facilities	718,475,420	1,057,446,716	857,318,101	457,212,222
Total	3,824,083,942	4,132,948,963	2,725,343,166	3,076,225,928

Disbursement by Product Type (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Mortgages	23	16	7	26
Leases and Other asset-backed loans	269	226	232	229
Unsecured loans	22	22	35	19
Revolving credit facilities	62	69	46	57
Total	376	333	320	331

Appendix 5 - Credit Market Data – Small Agriculture

Disbursement by Business Size (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Businesses with 101-300 employees	1,325,324,144	1,619,559,770	867,167,552	617,086,903
Businesses with 300 to 500 employees	215,766,385	1,749,042,267	258,742,921	365,949,438
Businesses with more than 500 employees	2,282,993,414	764,346,926	1,472,208,455	2,093,189,588
Total Kwacha disbursed	3,824,083,942	4,132,948,963	2,598,118,928	3,076,225,928

Disbursement by Business Size (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Businesses with 101-300 employees	91	109	58	71
Businesses with 300 to 500 employees	44	214	24	34
Businesses with more than 500 employees	241	10	238	226
Total number of loans disbursed	376	333	320	331

Disbursement by Product Type (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Mortgages	504,289,257	403,859,379	136,801,927	372,603,351
Leases and Other asset-backed loans	2,498,930,202	2,271,513,323	1,401,056,302	1,761,306,200
Unsecured loans	102,389,062	400,129,545	330,166,835	485,104,156
Revolving credit facilities	718,475,420	1,057,446,716	857,318,101	457,212,222
Total	3,824,083,942	4,132,948,963	2,725,343,166	3,076,225,928

Disbursement by Product Type (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Mortgages	23	16	7	26
Leases and Other asset-backed loans	269	226	232	229
Unsecured loans	22	22	35	19
Revolving credit facilities	62	69	46	57
Total	376	333	320	331

Appendix 6 - Credit Market Data – Large Agriculture

Disbursement by Farm Size (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Medium farms (51 - 200 hectares)	65,418,199	500,000	4,696,300	500,000
Large farms (201 - 500 hectares)	44,817,300	7,287,131	331,883,188	257,904,756
Extra Large farms (above 500 hectares)	264,855,803	2,025,665,543	880,974,709	653,035,564
Farms owned by foreign investors/non Zambian citizens (any size).	62,717,319	379,232,945	160,348,183	-
Total Kwacha disbursed	437,808,621	2,412,685,620	1,377,902,381	911,440,321

Disbursement by Farm Size (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Medium farms (51 - 200 hectares)	7	1	2	1
Large farms (201 - 500 hectares)	3	2	42	59
Extra Large farms (above 500 hectares)	63	59	21	57
Farms owned by foreign investors/non Zambian citizens (any size).	4	21	2	-
Total number of loans disbursed	77	83	67	117

Disbursement by Product Type (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Mortgages	8,900,000	213,043,952	187,824,483	-
Leases and Other asset-backed loans	353,627,997	2,133,801,015	1,146,707,430	755,269,738
Unsecured loans	0	46,171,554	5,352,535	14,205,438
Revolving credit facilities	75,280,624	19,669,098	38,017,933	141,965,144
Total	437,808,621	2,412,685,620	1,377,902,381	911,440,321

Disbursement by Product Type (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Mortgages	2	8	5	0
Leases and Other asset-backed loans	53	64	55	77
Unsecured loans	0	3	2	4
Revolving credit facilities	22	8	5	36
Total	77	83	67	117

Appendix 7 - Credit Market Data – Government

Disbursement to Government (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Central Government	863,365,144	2,612,539,515	1,593,534,012	108,346,714
Local Government	-	1,000,000	7,899,600	2,650,000
Parastatals	683,079,062	1,750,316,450	1,282,048,250	4,510,283
Statutory Bodies	-	-	-	36,000,000
Total Kwacha disbursed	1,546,444,206	4,363,855,965	2,883,481,862	151,506,997

Disbursement to Government (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Central Government	27	6	2	2
Local Government	-	1	1	2
Parastatals	10	23	13	3
Statutory Bodies	-	-	-	2
Total number of loans disbursed	37	30	16	9

Disbursement by Product Type (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Leases and Other asset-backed loans	1,204,670,750	2,255,291,865	2,880,806,862	150,506,997
Mortgages	-	1,850,064,100	-	-
Revolving credit facilities	-	8,500,000	2,675,000	1,000,000
Unsecured loans	341,773,456	250,000,000	-	-
Total	1,546,444,206	4,363,855,965	2,883,481,862	151,506,997

Disbursement by Product Type (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Leases and Other asset-backed loans	35	24	15	8
Mortgages	-	4	-	-
Revolving credit facilities	-	1	1	1
Unsecured loans	2	1	-	-
Total	37	30	16	9

Appendix 8 - Credit Market Data – Other Credit Services End-Users

Disbursement to Other End-Users (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Affiliated companies	0	0	0	0
All others	20,348,414	12,310,918	14,682,255	1,325
Embassies and international organisations	0	0	0	0
Non-bank financial institutions	0	1,500,000	1,050,000	350,000
Non-profit organisations	0	50,000	100,000	0
Non-resident individuals and entities	0	0	0	0
Other banking institutions	0	0	0	40,000,000
Total Kwacha disbursed	20,348,414	13,860,918	15,832,255	40,351,325

Disbursement to Other End-Users (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Affiliated companies	0	0	0	0
All others	12	5	5	3
Embassies and international organisations	0	0	0	0
Non-bank financial institutions	0	1	2	2
Non-profit organisations	0	1	1	0
Non-resident individuals and entities	0	0	0	0
Other banking institutions	0	0	0	2
Total number of loans disbursed	12	7	8	7

Disbursement by Product Type (Kwacha)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Leases and Other asset-backed loans	20,341,000	44,333	-	-
Mortgages	-	-	-	-
Revolving credit facilities	2,007	13,814,152	15,728,027	40,350,000
Unsecured loans	5,407	2,432	104,228	1,325
Total	20,348,414	13,860,918	15,832,255	40,351,325

Disbursement by Product Type (Number)				
	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Leases and Other asset-backed loans	2	1	-	-
Mortgages	-	-	-	-
Revolving credit facilities	9	3	3	4
Unsecured loans	1	3	5	3
Total	12	7	8	7

Appendix 9 - Credit Market Data – Financial Inclusion

Access by Women as a portion of End-User Types

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Portion of total agriculture accessed by women (%)	20.94%	17.35%	12.91%	21.36%
Portion of Small businesses accessed by women (%)	16.50%	18.86%	21.03%	16.49%
Portion of total household credit accessed by women (%)	29.05%	28.86%	29.25%	30.24%

Access by Youth as a portion of End-User Types

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Portion of small total agriculture accessed (%)	14.14%	20.91%	8.50%	16.14%
Portion of total small business credit accessed (%)	17.76%	14.99%	19.00%	16.73%
Portion of total household credit accessed (%)	32.68%	33.77%	35.82%	30.79%

Total Disbursements by Rural/Urban (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Rural	7.82%	7.14%	8.60%	10.78%
Urban	92.18%	92.86%	91.40%	89.22%

Total Disbursements by Rural/Urban (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Rural	26.21%	26.82%	26.56%	24.05%
Urban	73.79%	73.18%	73.44%	75.95%

Appendix 10 - Credit Market Data – Quality of Outstanding Loans

Age Analysis

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Portion of book: Current (%)	78.32%	82.53%	86.26%	86.26%
Portion of book: 1-59 Days late (%)	7.54%	3.43%	2.48%	3.80%
Portion of book: 60-89 Days late (%)	1.39%	2.92%	2.64%	3.56%
Portion of book: 90-119 days late (%)	1.34%	1.23%	0.74%	0.61%
Portion of book: 120-179 days late (%)	0.88%	0.64%	0.87%	0.80%
Portion of book: 180+ days late (%)	10.53%	9.23%	7.01%	6.24%
Total: 90 days or over	12.75%	11.11%	8.62%	7.65%

Non-Performing Loans according to Credit End-User Categories (90 days late or more)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Business- Large	12.37%	11.06%	9.80%	8.04%
Business- MSME	21.14%	20.92%	15.21%	14.04%
Agriculture- Large	26.09%	15.57%	16.82%	18.47%
Agriculture- Small and Emergent	26.36%	17.50%	20.25%	14.36%
Households and Individuals	10.89%	11.94%	10.03%	8.87%
Government	5.85%	4.69%	0.08%	0.08%
Other end users	34.74%	56.59%	59.63%	58.98%

Non-performing loans according to Product

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Leases and Other asset-backed loans	13.04%	11.28%	7.66%	6.79%
Mortgages	13.53%	12.66%	9.44%	9.19%
Revolving credit facilities	13.87%	9.17%	7.89%	8.36%
Unsecured loans	11.30%	10.76%	9.80%	7.49%

Total Book by Product (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Mortgages	10,760,019,726	11,308,695,777	9,758,560,465	10,007,271,387
Leases and Other asset-backed loans	20,469,456,859	22,891,324,103	21,745,068,654	20,321,832,190
Unsecured loans	15,312,071,725	17,560,667,060	15,454,831,093	16,484,441,482
Revolving credit facilities	6,770,535,853	7,948,338,065	7,390,699,795	6,385,700,909
Total	53,312,084,163	59,709,025,004	54,349,160,007	53,199,245,968

Total Book by Product (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Mortgages	7,514	7,288	7,390	7,434
Leases and Other asset-backed loans	43,772	42,315	43,845	42,530
Unsecured loans	1,503,147	1,536,407	1,513,792	4,657,780
Revolving credit facilities	95,465	96,521	124,215	94,217
Total	1,649,898	1,682,531	1,689,242	4,801,961

Total Outstanding Loans by End-User (Number)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Agriculture- Large	1,016	919	770	787
Agriculture- Small and Emergent	3,332	3,480	2,967	3,875
Business- Large	2,981	2,914	2,906	2,618
Business- MSME	142,154	156,565	171,734	211,024
Government	1,156	1,119	542	416
Households and Individuals	1,498,843	1,517,149	1,509,946	4,582,921
Other end users	416	385	377	320
Total	1,649,898	1,682,531	1,689,242	4,801,961

Total Outstanding Loans by End-User (Kwacha)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Agriculture- Large	5,581,921,615	6,667,792,492	5,190,787,112	3,805,146,977
Agriculture- Small and Emergent	130,521,374	174,600,747	199,981,300	230,942,266
Business- Large	17,039,545,368	18,607,463,643	16,497,190,619	16,010,334,164
Business- MSME	3,902,502,709	4,660,480,335	4,384,291,497	4,869,039,611
Government	11,736,379,664	14,779,023,066	14,011,415,450	13,786,327,986
Households and Individuals	14,669,307,374	14,665,855,137	13,934,623,703	14,366,743,246
Other end users	251,906,310	153,809,584	130,870,335	130,711,719
Total	53,312,084,412	59,709,025,004	54,349,160,016	53,199,245,968

Allowance for losses**Allowance for losses by End User**

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Business- Large	9.7%	8.3%	9.0%	7.1%
Business- MSME	14.9%	16.0%	11.8%	10.4%
Agriculture- Large	22.3%	14.6%	11.1%	16.0%
Agriculture- Small and Emergent	21.1%	15.4%	16.8%	14.1%
Households and Individuals	10.6%	10.9%	10.9%	9.7%
Government	1.4%	0.7%	1.1%	1.2%
Other end users	31.5%	47.4%	46.4%	191.8%

Note: As % of end user book, not total book

Allowance for losses - Institution types

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Gross Value of the debtors book (ZMW)	44,695,178,345	50,844,830,181	46,164,870,956	44,534,632,846
Allowance for loan losses (ZMW)	3,824,235,116	3,594,490,098	2,927,618,741	2,666,185,517
Banks	8.56%	7.07%	6.34%	5.99%
Gross Value of the debtors book (ZMW)	789,538,000	835,691,395	863,919,173	988,081,141
Allowance for loan losses (ZMW)	78,486,100	80,844,948	98,558,617	90,360,035
Building Societies	9.94%	9.67%	11.41%	9.15%
Gross Value of the debtors book (ZMW)	635,256,839	662,346,689	644,052,884	749,917,786
Allowance for loan losses (ZMW)	80,170,563	74,971,993	78,912,679	78,019,035
Micro Finance Institutions - Small busines	12.62%	11.32%	12.25%	10.40%
Gross Value of the debtors book (ZMW)	4,931,363,289	5,086,222,721	4,601,406,714	4,917,180,923
Allowance for loan losses (ZMW)	601,187,969	602,188,695	608,525,562	635,356,818
Micro Finance Institutions - other	12.19%	11.84%	13.22%	12.92%
Gross Value of the debtors book (ZMW)	2,260,747,940	2,246,832,177	2,074,910,289	2,009,433,271
Allowance for loan losses (ZMW)	730,738,138	710,274,478	634,350,882	615,962,841
Other	32.32%	31.61%	30.57%	30.65%
Total Gross Value of debtors book (ZMW)	53,312,084,412	59,675,923,164	54,349,160,016	53,199,245,968
Allowance for loan losses (ZMW)	5,314,817,885	5,062,770,212	4,347,966,481	4,085,884,247
Net Book (ZMW)	47,997,266,527	54,613,152,952	50,001,193,535	49,113,361,721
Allowance as percentage of gross book (%)	9.97%	8.48%	8.00%	7.68%

Allowance as a percentage of each product's Gross Book (%)

	Q1 - 2021	Q2 - 2021	Q3 - 2021	Q4 - 2021
Mortgages	8.8%	8.2%	5.3%	6.9%
Leases and Other asset-backed loans	8.4%	6.9%	7.9%	6.8%
Unsecured loans	10.8%	9.6%	10.3%	8.2%
Revolving credit facilities	14.7%	10.9%	6.9%	10.3%

