



NATIONAL BANK OF KAZAKHSTAN

***Survey of banks: the total number of small businesses' loan applications increased to 786,000***

***Comment by Director of the NBK Financial Stability and Research Department Olzhas Kubenbayev on the results of a survey of banks on lending for Q-I, 2024***

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***Lending to large, medium and small businesses***

According to the survey results for the first quarter, the demand for loans from business entities increased quarter to quarter (q/q) primarily due to large and medium-sized businesses. Demand from small businesses remained consistent with the previous quarter.

Demand from small businesses, among other things, was supported by financing loans under government programs. Furthermore, several banks observed a positive impact of the secured and unsecured scoring products introduced at the end of 2023. Additionally, some banks revised their client risk profile requirements. Consequently, the total number of loan applications from small businesses rose by 6% q/q, reaching 786 thousand.

The demand index for loans from large and medium-sized businesses increased slightly in the first quarter, mainly attributed to a decrease in the cost of credit resources. Moreover, according to certain banks, the recommencement of financing under government programs also positively influenced demand from medium-sized businesses. As a result, the total number of loan applications from medium-sized businesses increased by 7% q/q, to 6.2 thousand. In turn, the number of loan applications from large businesses decreased by 6% q/q and amounted to 169.

The approval rate of loan applications in the reporting quarter decreased for large and medium-sized enterprises, reaching 51% for large businesses and 39% for medium-sized businesses, while the rate for small businesses remained at 35%.

Banks noted a slight easing of lending conditions for the corporate sector due to a moderate reduction in the interest rate. At the same time, there has been a slight tightening of several other conditions in certain banks.

In the next quarter, banks mainly expect a further increase in demand from large and medium-sized businesses, due to the ongoing trend of reducing the cost of credit resources. No change in demand is expected from small businesses.

***Mortgage and consumer loans, car loans***

According to the first quarter results, there was a general increase in demand for individual loans, with the exception of car loans.

Demand for mortgage loans held steady compared to the previous quarter, showing a slight upward trend. Certain banks noted a softening of credit conditions, which had a positive impact on demand for market products. As a result, the number of loan applications increased by 1% q/q, to 216 thousand.

The intensified promotion of credit products in this segment has led to a rise in demand for secured consumer loans. Some banks also noted a slight easing of lending conditions, including some rate reductions. Consequently, the number of applications received increased by 6% q/q, to 38 thousand.

According to banks, the surge in consumer demand for unsecured loans is attributed to robust marketing campaigns and a higher proportion of online lending within specific banks. Therefore, the total number of credit applications reached 21.1 million, reflecting a 10% increase compared to the previous quarter.

Banks note a slight decrease in demand for car loans in the first quarter due to the completion of most promotional products with lower rates and a revision of the risk parameters concerning collateral value. As a result, the number of applications for car loans decreased by 2% q/q, to 903 thousand.

In the second quarter of 2024, banks anticipate a decrease in demand for all types of retail loans due to the expansion of types of loans subject to the requirements for calculating the debt service-to-income ratio.

19 second-tier banks participated in the [survey of banks](#) on lending for the first quarter of 2024. The survey is conducted by the National Bank on a quarterly basis in order to assess the changes in supply and demand for credit resources.

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