



## NATIONAL BANK OF KAZAKHSTAN

### **Survey of banks: the share of bank approval of loan applications to businesses increased in the 4<sup>th</sup> Quarter, 2023**

***Comment by Director of the NBK Financial Stability and Research Department  
Olzhas Kubenbayev on the results of a survey of banks on lending for Q4,2023***

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

According to the survey results for the Q4, there was a slight decrease in the demand for loans from business entities quarter to quarter (q/q), primarily attributed to small and medium-sized businesses.

This decline was largely influenced by suspension of funding under government programs and reduced marketing activity by banks following re-evaluation of their lending strategy for small business entities. Consequently, loan applications by small businesses decreased by 10% q/q to 739 thousand, while medium-sized businesses experienced a 26% q/q decrease to 5.8 thousand loan applications.

Moreover, the demand for loans from large businesses slightly increased in Q4 due to the activation of large business entities in fulfilling annual plans and addressing credit resource costs. As a result, total loan applications from large businesses increased by 6% q/q to 180.

Loan approval rates improved across all business entity types in the reporting quarter, reaching 36% for small businesses, 43% for medium-sized businesses, and 76% for large businesses.

Corporate sector lending conditions remained consistent compared to the previous quarter. At the same time, some large banks noted a slight decrease in interest rates for some products.

In the next quarter, most banks anticipate a slight increase in demand for loans from businesses, driven by expectations of further reductions in credit resource costs and strategic development plans for the small-business segment by certain large banks.

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

According to Q4 results, the demand for loans from individuals slightly increased for all retail lending products, except for mortgage loans.

Decreased demand for mortgage loans, particularly in large banks, was attributed to tightened credit conditions and reduced marketing promotion efforts. Consequently, credit applications for mortgage loans declined by 15% q/q to 215 thousand.

Meanwhile, consumer loans with collateral experienced a slight increase in demand, which, in their opinion, was influenced by the implementation of a scoring model and an improved application review procedure. This led to a 15% q/q increase in loan applications, totaling 36 thousand.

The surge in demand for unsecured consumer loans during the reporting quarter can be attributed to improvements in the application review process and the prevalence of online

products from previous quarters. Bank products remained unchanged in Q4, resulting in a 10% increase in the number of loan applications to 21.1 million compared to the third quarter.

The continued positive dynamics of demand for car loans is explained by further increase in the number of participating banks in this segment, an expansion of the list of partners, respectively, products subsidized by car dealerships for the market. Consequently, the number of applications for car loans increased by 16% q/q to 923 thousand.

In Q1, 2024, banks anticipate a slight decrease in demand for mortgage and car loans, while the demand for consumer loans is expected to continue.

19 second-tier banks participated in the [survey of banks](#) on lending for the 4<sup>th</sup> Quarter of 2023. The survey is conducted by the National Bank on a quarterly basis in order to assess changes in the supply and demand of credit resources.

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