



CREDIT REPORT APRIL 2021

Association of Serbian Banks

Credit Bureau



УДРУЖЕЊЕ БАНАКА СРБИЈЕ
ASSOCIATION OF SERBIAN BANKS

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INSTEAD OF AN INTRODUCTION

Seventeen Years of the Credit Bureau in Serbia

For 17 years, the Credit Bureau has been an integral part of banking operations in Serbia, as well as of the everyday life of nearly all individuals and companies in our country. As such, it has become well known to many, but there is still a need to clarify the role of the Credit Bureau, and its developmental paths, in the country and abroad.

The Credit Bureau is a register of liabilities of individuals and legal entities towards banks and other financial service providers, including the information on the regularity of settling such liabilities. The significance of the Credit Bureau and credit information for the banks is manifold, with a highest level of attention dedicated to the use of Credit Bureau Reports as basic elements of every Credit Report System.

Today, the Credit Bureau is an integral part of the banking, financial and legal infrastructure in our country, and a part of the procedures and daily credit processes in banks. Still, it is important to note that it is only one of the necessary elements in the process of granting loans, or providing other services, and that banks use many other sources of data and information, aside from the Credit Bureau Reports. What differentiates Credit Bureau Reports from other sources of information is their role and the principles of this credit information system. The system is characterised by the principle of reciprocity, the scope of all service providers, the comprehensiveness of data on liabilities and regularity of settlement, and, most importantly, the correctness and up-to-date nature of the data. Due to this, the Credit Bureau, as the most efficient mechanism for solving the problem of information asymmetry on the credit market, expressed via negative selection and moral hazard, contributes to the allocation of resources towards the most optimal projects and sustainable credit growth.

Moreover, it is important to note the matter of ownership of the data on client liabilities and their regularity in settlement. In the Credit Bureau's system, the banks own their clients' data on obligations and their settlement. The bank, as the source of such data, has the singular possibility, right, and obligation to change or edit the data, and this obligation is also defined in the Law on the Protection of Financial

Service Users. This characteristic of the Credit Bureau has two key features. Firstly, since the data on the Credit Bureau Reports originate from the banks, the accuracy and up-to-date nature of the data is secured. Secondly, based on the accurate and up-to-date data, the bank can independently decide on granting a service.

A comparative analysis of credit bureaus points towards this credit information exchange system bringing much more significant advantages for banks, bank clients, and credit activity, in comparison to credit report systems based on different principles. It is also significant that the Credit Bureau thus secures a prompt harmonisation of data and Credit Bureau Reports with the state on the credit and banking market, bank migration, risk analysis or new regulatory demands for banks, both in individual and mass Credit Bureau Reports. These advantages, i.e., the mentioned characteristics of the Credit Bureau System have an end goal of enabling decision-making based on accurate, reliable, thorough, and complete data on clients' obligations towards banks and other service providers, as well as on the regularity of their settlement.

Data on financial obligations of clients are the cornerstone of Credit Bureau Reports and can be divided into positive and negative. Positive data refers to information on service use (i.e., granted loan amount, instalment amount, repayment period, start of repayment date, end of repayment date, outstanding debt, etc.). Negative data refers to defaults in settling of obligations. Noted default is measured in the number of days that an obligation has been matured but outstanding. With regards to individuals, default is a matured and outstanding liability of 60 days or more, and with regards to legal entities and entrepreneurs 15 days or more. Negative data particularly include the date of default, number of days in default, amount defaulted, and the maximum amount defaulted. When it comes to default in settling obligations, we differentiate between current and historical default, i.e., the default which was present during the use of a service, but where the client returned to regular repayments. It is important to note that the Credit Bureau data, both positive and negative, are featured for three years for individuals and five years for legal entities and entrepreneurs, counting from the moment of the final repayment of obligations for a specific service (loan repayment, closing an account, etc.). Positive and negative data, alike, have analytical value for assessing the credit and financial ability of clients, with the decision depending on the decision of each individual bank.

Although there are not many relevant sources on the operation of credit bureaus, some conclusions and comparisons can still be made. Most often there are different assessments and analyses made by international institutions which observe the operations of credit bureaus, mostly through loan access. A wider scope of a higher quality of client data lead to better access to loans, which is particularly important for micro, small, and medium enterprises. Building good credit history is undoubtedly an important factor in acquiring financial assets, as well as meeting the conditions for financing individuals and legal entities. Many analyses and reports of the World Bank, the European Bank for Reconstruction and Development, or the Organisation for Economic Cooperation and Development show that the Credit Bureau significantly contributes not only to loan access, but to a plethora of other aims important to the banking and credit market. There are many such aims: regulatory, analytical, informing the public, etc., but here we can also point out the experiences from the current pandemic, where credit bureaus worldwide implemented in their reports the official measures of assistance for individuals and the economy (moratorium, relief measures, guarantee programmes, etc.). Our Credit Bureau did the same.

The main goals of the Credit Bureau's operations remain rapid reaction ability, adaptability to new market or regulatory demands, and a constant broadening of services and users, with the most dominant components of credit reporting being the risk component and the debt component. Both are equally important for achieving sustainable credit and economic growth in our country, which is expected in the coming period. A Credit Report System which boasts equally well-developed, comparative, mutually complementary and linked credit bureaus for individuals and legal entities, as is the case in Serbia, certainly have significant comparative advantages for achieving the listed goals.

Note: The original Serbian text was published in Svet bankarstva magazine in May 2021, and was translated for the purpose of this report.

CREDIT BUREAU IN NUMBERS – 30.4.2021

139,540

- Number of housing loans

3.1

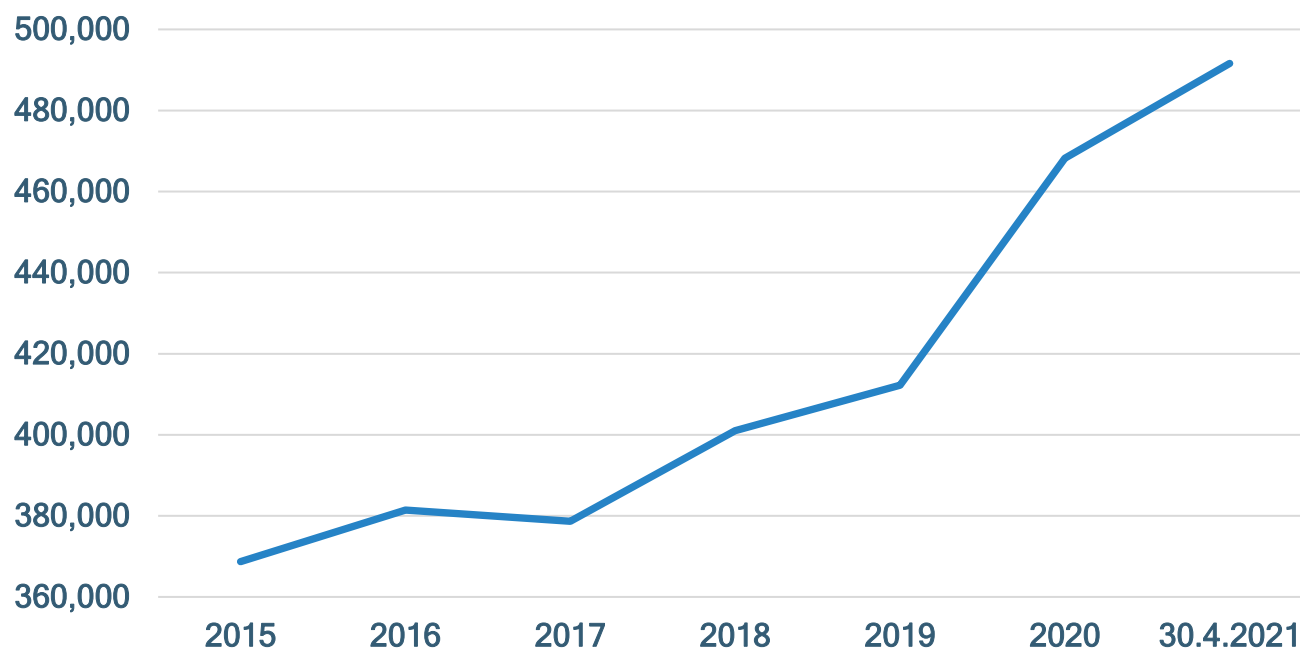
- Average number of loans granted to legal entities

32.5 %

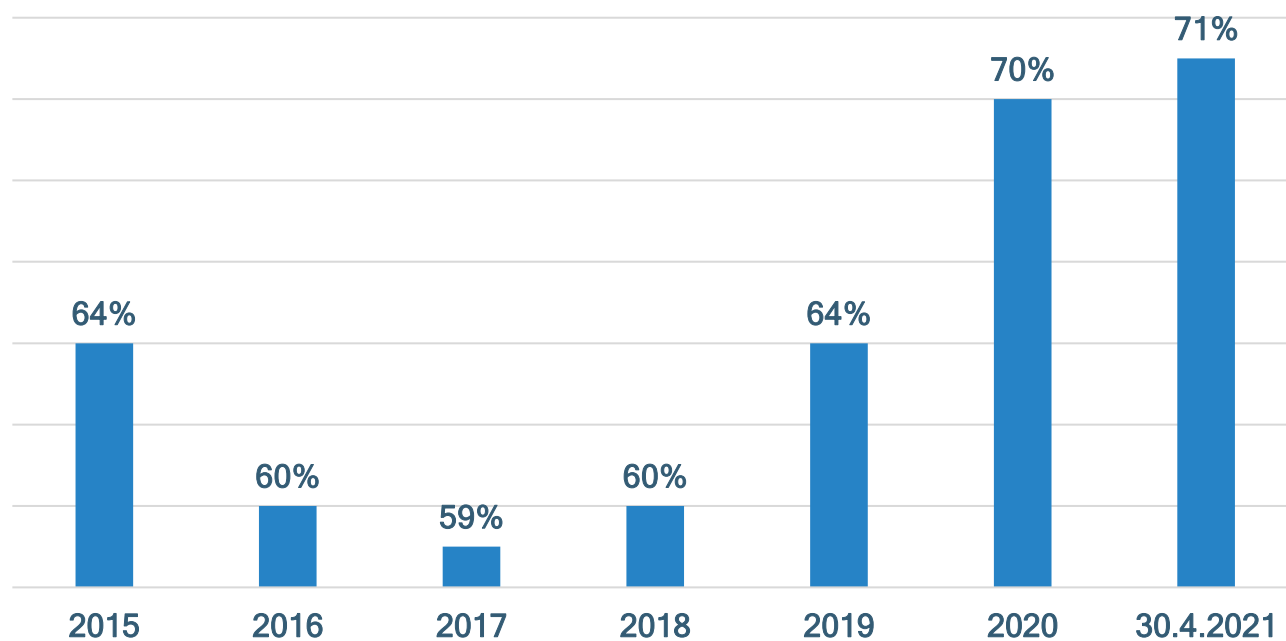
- Share of used amount in the approved amount in respect of natural persons' credit cards

LOANS IN GRAPHS

Balance of debt on account of housing loans (in RSD mill.)

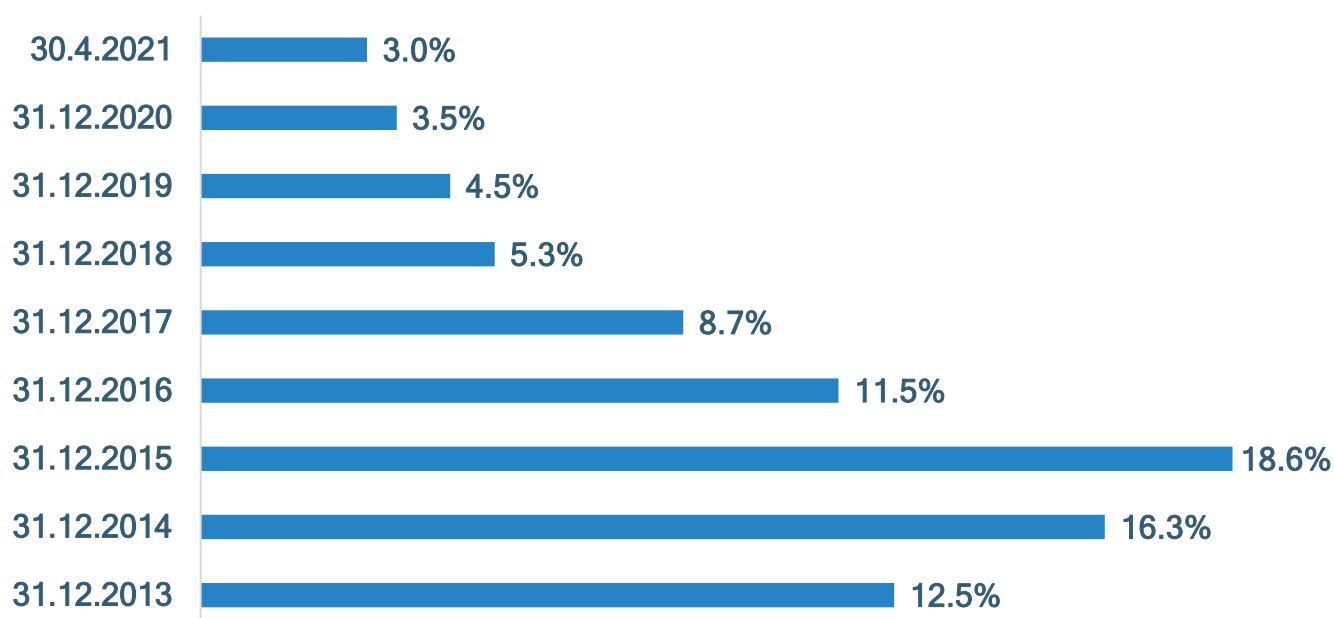


Share of long-term loans in total loans granted to entrepreneurs

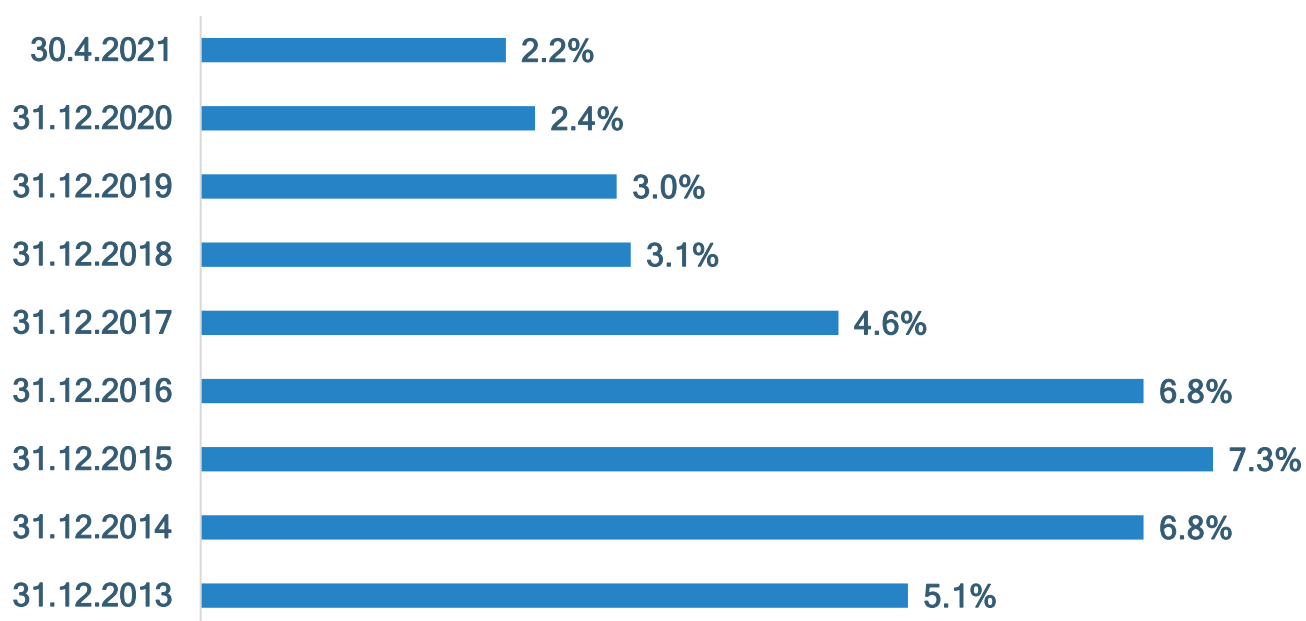


CREDIT DEFAULT* IN GRAPHS

Share of default* in total bank loan debt



Share of default* in retail loan debt



**Note: Default in case of legal entities and entrepreneurs refers to matured liabilities outstanding over 15 days and in case of individuals over 60 days*

STATISTICAL ANNEX 1

Debt in respect of bank loans (in RSD mill.)

Credit user	30.4.2020	31.3.2021	30.4.2021	Index	
	1	2	3	4(3/1)	5(3/2)
Legal entities	1,503,635	1,635,502	1,660,850	110.5	101.5
Entrepreneurs	53,235	63,240	64,957	122.0	102.7
Retail	1,079,634	1,219,813	1,233,025	114.2	101.1
Total	2,636,504	2,918,555	2,958,832	112.2	101.4

Retail debt by type of loan (in RSD mill.)

Type of loan	30.4.2020	31.3.2021	30.4.2021	Index	
	1	2	3	4(3/1)	5(3/2)
Cash	509,146	573,998	579,190	113.8	100.9
Consumer	13,997	17,498	17,507	125.1	100.1
Other	55,064	61,878	61,816	112.3	99.9
Mortgage and renovation	431,416	490,654	497,685	115.4	101.4
Agricultural	70,010	75,785	76,826	109.7	101.4
Total	1,079,633	1,219,813	1,233,024	114.2	101.1

Share of default* in loan debt

Credit user	30.4.2020	31.3.2021	30.4.2021
	1	2	3
Legal entities	4.7%	3.7%	3.5%
Entrepreneurs	5.5%	3.6%	3.5%
Retail	2.3%	2.2%	2.2%
Total	3.7%	3.1%	3.0%

*Note: Default in case of legal entities and entrepreneurs refers to matured liabilities outstanding over 15 days and in case of individuals over 60 days

STATISTICAL ANNEX 2

State of retail debt (in RSD mill.)

Leasing contracts	30.4.2020	31.3.2021	30.4.2021	Index	
	1	2	3	4(3/1)	5(3/2)
Number of leasing contracts	4,658	5,282	5,325	114.3	100.8
Number of users	4,240	4,717	4,753	112.1	100.8
Debt outstanding	6,845	7,572	7,640	111.6	100.9
Number of defaulted leasing contracts	733	704	689	94.0	97.9
Share of default in debt outstanding	6.6%	5.6%	5.5%		

Current accounts	30.4.2020	31.3.2021	30.4.2021	Index	
	1	2	3	4(3/1)	5(3/2)
Number of current accounts	7,488,324	7,833,558	7,863,337	105.0	100.4
Number of users	5,162,385	5,386,389	5,400,616	104.6	100.3
Overdraft - total sum	46,773	43,686	43,418	92.8	99.4
Number of defaulted current accounts	248,313	248,150	246,021	99.1	99.1
Share of defaults in total overdraft	9.9%	9.7%	10.2%		

Credit cards	30.4.2020	31.3.2021	30.4.2021	Index	
	1	2	3	4(3/1)	5(3/2)
Number of credit cards	1,344,220	1,272,640	1,264,789	94.1	99.4
Number of users	1,049,380	1,006,074	1,000,501	95.3	99.4
Total credit limitation	93,373	90,748	90,473	96.9	99.7
Amount utilized	31,924	29,618	29,436	92.2	99.4
Number of defaulted credit cards	53,124	61,767	59,705	112.4	96.7
Share of default in the amount utilized	10.9%	12.1%	12.2%		

STATISTICAL ANNEX 3

Retail loans (in RSD mill.)

As of	Cash	Consumer	Other	Mortgage and renovation	Agricultural	Total
30.4.2020	509,146	13,997	55,064	431,416	70,010	1,079,633
31.5.2020	514,796	14,339	55,848	435,463	70,999	1,091,445
30.6.2020	529,841	15,513	58,978	441,080	73,967	1,119,379
31.7.2020	539,723	16,530	60,381	448,161	75,762	1,140,557
31.8.2020	548,518	17,151	61,901	452,754	77,381	1,157,705
30.9.2020	559,512	17,753	63,529	458,377	78,809	1,177,980
31.10.2020	563,622	18,088	63,144	463,720	78,806	1,187,380
30.11.2020	565,683	18,059	62,424	467,995	78,250	1,192,411
31.12.2020	568,417	17,972	62,084	473,908	78,034	1,200,415
31.1.2021	567,080	17,638	61,289	477,974	77,469	1,201,450
29.2.2021	569,178	17,535	61,429	483,912	78,116	1,210,170
31.3.2021	573,998	17,498	61,878	490,654	75,785	1,219,813
30.4.2021	579,190	17,507	61,816	497,685	76,827	1,233,025

Loans to legal entities and entrepreneurs (in RSD mill.)

As of	Legal entities	Entrepreneurs	Total
30.4.2020	1,503,635	53,235	1,556,870
31.5.2020	1,518,356	54,955	1,573,311
30.6.2020	1,540,609	57,584	1,598,193
31.7.2020	1,552,465	58,689	1,611,154
31.8.2020	1,567,223	59,896	1,627,119
30.9.2020	1,600,951	61,515	1,662,466
31.10.2020	1,597,083	62,354	1,659,437
30.11.2020	1,601,757	62,635	1,664,392
31.12.2020	1,605,519	63,545	1,669,064
31.1.2021	1,576,215	62,797	1,639,012
29.2.2021	1,620,832	62,442	1,683,274
31.3.2021	1,635,502	63,241	1,698,743
30.4.2021	1,660,850	64,957	1,725,807

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