



Bank Of Zambia

CREDIT MARKET MONITORING REPORT 2017





Credit Market
Monitoring Report
• CMMR •

2017

LIST OF CONTENT

Definitions	9
Preface	11
Executive Summary	14
1 Introduction	21
2 Demand for Credit	23
3 Credit Supply	27
3.1 Overall Credit Supply	27
3.2 Households and Individuals	34
3.3 Businesses - Small	40
3.4 Agriculture - Small	42
3.5 Agriculture - Large	44
3.6 Business - Large	46
3.7 Government	48
3.8 Other End-Users	50
4 Financial Inclusion	54
4.1 Credit Supply to Women	54
4.2 Credit Supply to the Youth	55
4.3 Credit Supply to Rural Areas	56
5 Debt Stress	58
5.1 Quality of Loan Book	58
5.2 Contracting Loan Book	59
5.3 Concentration of Loan Disbursements and Outstanding Loan Amounts	61
6 Conclusion	66

LIST OF TABLES

Table 1-1	Credit Providers	21
Table 2-1	Demand for Credit – Number of Loan Applications	23
Table 3-1	Credit Supply – Number of Loan Disbursements	27
Table 3-2	Credit Supply - Number of Loan Disbursements by Credit Products	27
Table 3-3	Credit Supply - Disbursements by Product (Kwacha)	28
Table 3-4	Proportion of Disbursements by Institution Type (Kwacha)	29
Table 3-5	Proportion of Disbursements by Institution Type (Number)	30
Table 3-6	Total Disbursements by End-User (Kwacha)	30
Table 3-7	Total Disbursements by End-User (Number)	31
Table 3-8	Total Disbursements by Province (Kwacha)	31
Table 3-9	Total Disbursements by Province (Number)	32
Table 3-10	Total Disbursements by Rural/Urban (Kwacha)	32
Table 3-11	Total Disbursements by Rural/Urban (Number)	32
Table 3-12	Access by Women (Kwacha)	33
Table 3-13	Access by Women (Number)	33
Table 3-14	Access by Youth (Kwacha)	33
Table 3-15	Access by Youth (Number)	34
Table 3-16	Disbursement by Income Category (Kwacha)	34
Table 3-17	Disbursement by Income Category (Number)	35
Table 3-18	Disbursements of Unsecured Credit by Loan Tenure (Kwacha)	35
Table 3-19	Disbursements of Unsecured Credit by Loan Tenure (Number)	35
Table 3-20	Disbursement by Product Type (Kwacha)	37
Table 3-21	Disbursement by Product Type (Number)	37
Table 3-22	Disbursement by Collection Method (Kwacha)	38
Table 3-23	Disbursements of Unsecured Credit—Purpose of Borrowing (Kwacha)	38
Table 3-24	Disbursement of Unsecured Credit —Purpose of Borrowing (Number)	39
Table 3-25	Disbursements of Unsecured Credit by loan size (Kwacha)	39
Table 3-26	Disbursements of Unsecured Credit by loan size (Number)	39
Table 3-27	Disbursements by Enterprise Size (Kwacha)	41
Table 3-28	Disbursements by Enterprise Size (Number)	41
Table 3-29	Disbursement by Product Type (Kwacha)	42
Table 3-30	Disbursement by Product Type (Number)	42
Table 3-31	Disbursement by Farm Size (Kwacha)	43
Table 3-32	Disbursement by Farm Size (Number)	43
Table 3-33	Disbursement by Product Type (Kwacha)	43
Table 3-34	Disbursement by Product Type (Number)	44
Table 3-35	Disbursement by Farm Size (Kwacha)	44
Table 3-36	Disbursement by Farm Size (Number)	44
Table 3-37	Disbursement by Product Type (Kwacha)	45
Table 3-38	Disbursement by Product Type (Number)	45
Table 3-39	Disbursement by Business Size (Kwacha)	46
Table 3-40	Disbursement by Business Size (Number)	47

LIST OF TABLES (CONTINUED)

Table 3-41	Disbursement by Product Type (Kwacha)	47
Table 3-42	Disbursement by Product Type (Number)	48
Table 3-43	Disbursement to Government (Kwacha)	48
Table 3-44	Disbursement to Government (Number)	49
Table 3-45	Disbursement by Product Type (Kwacha)	49
Table 3-46	Disbursement by Product Type (Number)	49
Table 3-47	Disbursement to Other End-Users (Kwacha)	51
Table 3-48	Disbursement to Other End-Users (Number)	51
Table 3-49	Disbursement by Product Type (Kwacha)	52
Table 3-50	Disbursement by Product Type (Number)	52
<hr/>		
Table 4-1	Access by Women (Kwacha)	54
Table 4-2	Access by Women (Number)	54
Table 4-3	Access by Women (Number)	55
Table 4-4	Access by Youth (Kwacha)	55
Table 4-5	Access by Youth (Number)	55
Table 4-6	Access by Youth as a portion of End-User Types	56
Table 4-7	Total Disbursements by Rural/Urban (Kwacha)	56
Table 4-8	Total Disbursements by Rural/Urban (Number)	56
<hr/>		
Table 5-1	Age Analysis	58
Table 5-2	Non-Performing Loans according to Credit End-User Categories (90 days late or more)	59
Table 5-3	Non-performing Loans according to Credit Products	59
Table 5-4	Total Book by Product (Kwacha)	60
Table 5-5	Total Book by Product (Number)	61
Table 5-6	Credit Supply - Number of Loan Disbursements by Credit Products	62
Table 5-7	Credit Supply - Value of Loan Disbursements by Credit Products	62
Table 5-8	Total Disbursements by End-User (Number)	62
Table 5-9	Total Disbursements by End-User (Kwacha)	63
Table 5-10	Total Outstanding Loans by End-User (Number)	63
Table 5-11	Total Outstanding Loans by End-User (Kwacha)	64

LIST OF FIGURES

Figure 0-1	Share of Credit Market by Financial Intermediaries	14
Figure 0-2	Indicators of Zambia's Credit to the Private Sector (2016)	15
Figure 0-3	Disbursements by End-User	16
Figure 0-4	Gross Loan Book by End-User	17

Figure 2-1	Demand for Credit – Households and Individuals	23
Figure 2-2	Demand for Credit – Business Large	24
Figure 2-3	Demand for Credit – Business Small	24
Figure 2-4	Demand for Credit – Agriculture Large	25
Figure 2-5	Demand for Credit – Agriculture Small	25

Figure 3-1	Disbursements Value by Product Type	28
Figure 3-2	Disbursements Number by Product Type	29
Figure 3-3	Average Loan Size by Income	36
Figure 3-4	Disbursements by Product Type	37
Figure 3-5	Disbursements by Product	40
Figure 3-6	Disbursements by Product Type	46
Figure 3-7	Disbursements by Product Type	47
Figure 3-9	Disbursements by Product Type	50
Figure 3-10	Disbursements by Product Type	50

Figure 5-1	Total Value of Credit Book by Product	60
Figure 5-2	Total Number of Loans in Credit Book by Product	61

LIST OF APPENDICES

Appendix 1	Overall Credit Market Data	69
Appendix 2	Credit Market Data – Households and Individuals	72
Appendix 3	Credit Market Data – Small and Medium Businesses	75
Appendix 4	Credit Market Data – Large Businesses	76
Appendix 5	Credit Market Data – Small Agriculture	76
Appendix 6	Credit Market Data – Large Agriculture	77
Appendix 7	Credit Market Data – Government	78
Appendix 8	Credit Market Data – Other Credit Services End-Users	79
Appendix 9	Credit Market Data – Financial Inclusion Statistics	80
Appendix 10	Credit Market Data – Quality of the Loan Book	81
Appendix 11	Rural and Urban Classification (List of Districts)	87

DEFINITIONS

1. Small Agriculture	Smallholder farmers - up to 5 hectares. Small emergent farmers - between 5-20 hectares Large emergent farmers - between 20-50 hectares
2. Large Agriculture	Medium farms to extra-large farms (> 50 hectares) Large farms owned by foreign investors/non Zambian citizens
3. Small Businesses	Single person businesses (may have 1 or more unpaid employees) Businesses with 1-100 paid employees apart from owner
4. Large Businesses	Businesses with >100 employees
5. Households and Individuals	Refers to all households and individuals engaged in personal and household activities
6. Government	Refers to government bodies such as the central government, local governments, parastatals and statutory bodies
7. Other End-Users	Refers to all other credit end-user categories not accounted for in the above categories, and includes banking institutions, non-bank financial institutions, embassies, affiliated companies, non-resident individuals and entities
8. Mortgage agreements	Refers to credit transactions secured by a pledge of immovable property (i.e. titled land, house, building, or permanent structure)
9. Leases and asset-backed credit	Refers to credit transactions secured by movable property or assets, i.e. vehicle, equipment, or any other asset

10. Revolving credit facilities	Refers 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
11. Unsecured loans	Refers 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 a structure is deemed an unsecured loan if it is granted without an asset that is on hold as security should the borrower default on payment
12. Youth	Refers to individuals between 18 and 35 years at time of entering into a credit agreement
13. Banks	Licensed banks on the Bank of Zambia register
14. Building societies	Non-bank financial institutions largely involved in providing housing finance
15. Micro Finance Institutions - Small business development	Microfinance institutions with 80% or more of their loan books in SMEs loans
16. Micro Finance Institutions - Other	Microfinance institutions with 80% or more of their loan books in consumer loans
17. Other NBFIs	Non-bank financial institutions that are not part of the above categorization
18. 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 were based on areas according to the address of the borrower. If such information was not available, the classification was based on credit granted according to the location of the credit-granting branch.

PREFACE

1. The Credit Market Monitoring Report presents an overview of Zambia's credit market with particular focus on access to credit and debt stress. It analyses the level of credit disbursement, the size of the credit book and debt performance according to defined credit end-user categories. The objective of the report is to provide credit market stakeholders with aggregated credit data to promote market development. It is based on quarterly credit returns submitted by credit providers operating under the supervisory ambit of the Bank of Zambia (BoZ). This report provides credit information from 1 January 2017 to 31 December 2016 to 31 December 2017. The formal Zambian credit market comprises the banking and the non-bank financial institutions (NBFIs) sectors. As at 31 December 2017, the banking sector comprised 17 banks while the NBFIs sector comprised 47 credit providers.
2. The BoZ collects credit information from licensed credit providers on a quarterly basis using credit returns. 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 the loan book 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 the report is to:



Disseminate qualitative and quantitative credit data to stakeholders in the credit market;



Track and measure credit activity;



Assist the BoZ and credit providers to monitor credit trends and identify financial distress for specific sectors and credit end-user categories;



Assist in the formulation of regulatory interventions that could support effective and appropriate credit policy; and



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.

¹ Disbursements are the cumulative flow of new loans in the quarter, while the loan book is the stock of loans measured at the end of the quarter.

3. The report analyses the credit market across three main dimensions:

-
- 1 Product-type (mortgages, revolving credit, secured loans, and unsecured loans);

 - 2 End-user category (households, large businesses, small businesses, large agriculture, small agriculture, government, and other end-users); and

 - 3 Institution-type (banks, microfinance institutions, building societies, savings and credit institutions, leasing finance institutions and other financial businesses).

4. The report also provides a brief overview of credit performance in Zambia, examining credit performance across three dimensions: by credit provider, by credit product type, and by credit end-user. In addition, an overview of the financial inclusion data collected as part of the credit return, focusing on access for women, and youth is also provided in the report.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

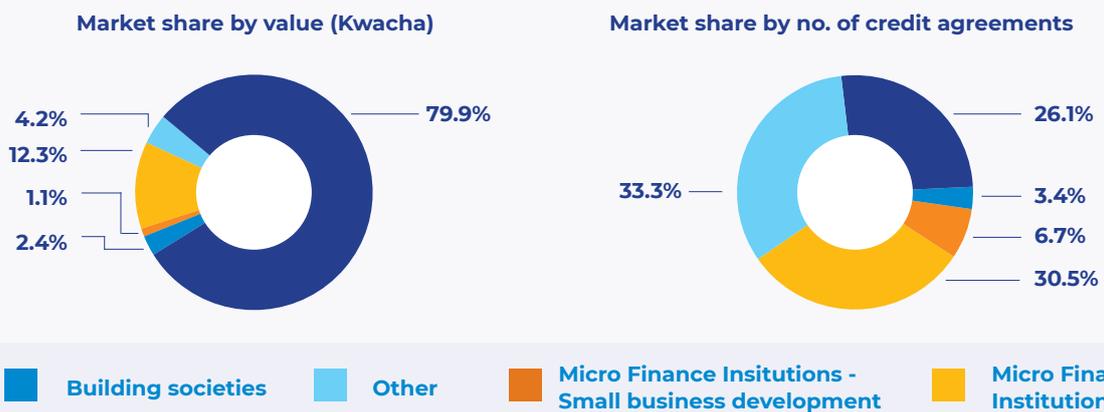
Introduction

1. The Credit Market Monitoring Report presents an overview of Zambia’s credit market with a focus on access to credit and debt stress. It analyses the level of credit disbursement, the size of the credit book and debt performance according to credit end-user categories. The objective of the report is to provide credit market stakeholders with aggregated credit data 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 report provides credit information for the four quarters to 31 December 2017.

Credit Service Providers in the Market

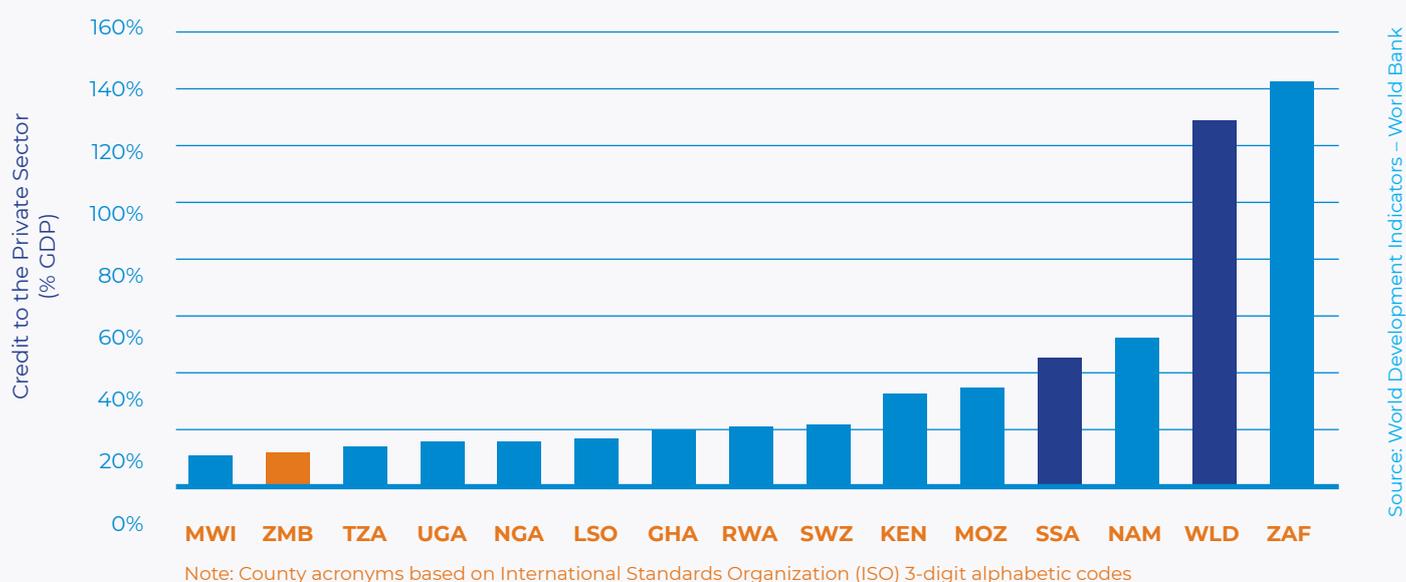
2. The formal Zambian credit market comprises the banking and the non-bank financial institutions (NBFIs) sectors. As at 31 December 2017, the banking sector comprised 17 banks while the NBFIs sector comprised 47 financial institutions.
3. Commercial banks accounted for 79.9% of total assets of financial service providers under the supervision of the BoZ and provided most of Zambia’s credit. Although most credit (by value) was provided by commercial banks, other financial intermediaries provided credit to some market segments that could not be easily serviced by banks. For example, microfinance institutions predominantly extended credit to households and small businesses. In this regard, because microfinance loans tended to be small in value but of a higher volume, financial institutions - other and microfinance institutions provided a higher number of credit agreements in the market (63.8% the total number of credit agreements) compared to banks (26.1%). Figure 0-1 shows this supply-by-value versus supply-by-number disparity.

Figure 0-1 · Share of Credit Market by Financial Intermediaries



4. Based on the available 2016 World Development Indicators, the amount of credit in the Zambian economy is low compared to other countries. Credit to the private sector comprised only 12.0% of GDP in 2016 (compared to the Sub-Saharan Africa (SSA) average of 45.6% and the world average of 130.1%). In 2015, only 4.8% of Zambians borrowed from financial institutions, which was significantly lower than the SSA average (6.3%) and the world average (10.7%).
5. Given that credit plays an important role in facilitating both economic growth and reducing poverty, the analysis of credit market trends creates a basis upon which to design appropriate credit policy interventions aimed at spurring the supply of credit to desired levels. Figure 0-2 shows credit flows to the private sector in Zambia, comparing it to selected neighbouring countries, the sub-Saharan African, and world averages.

Figure 0-2 • Indicators of Zambia's Credit to the Private Sector (2016)



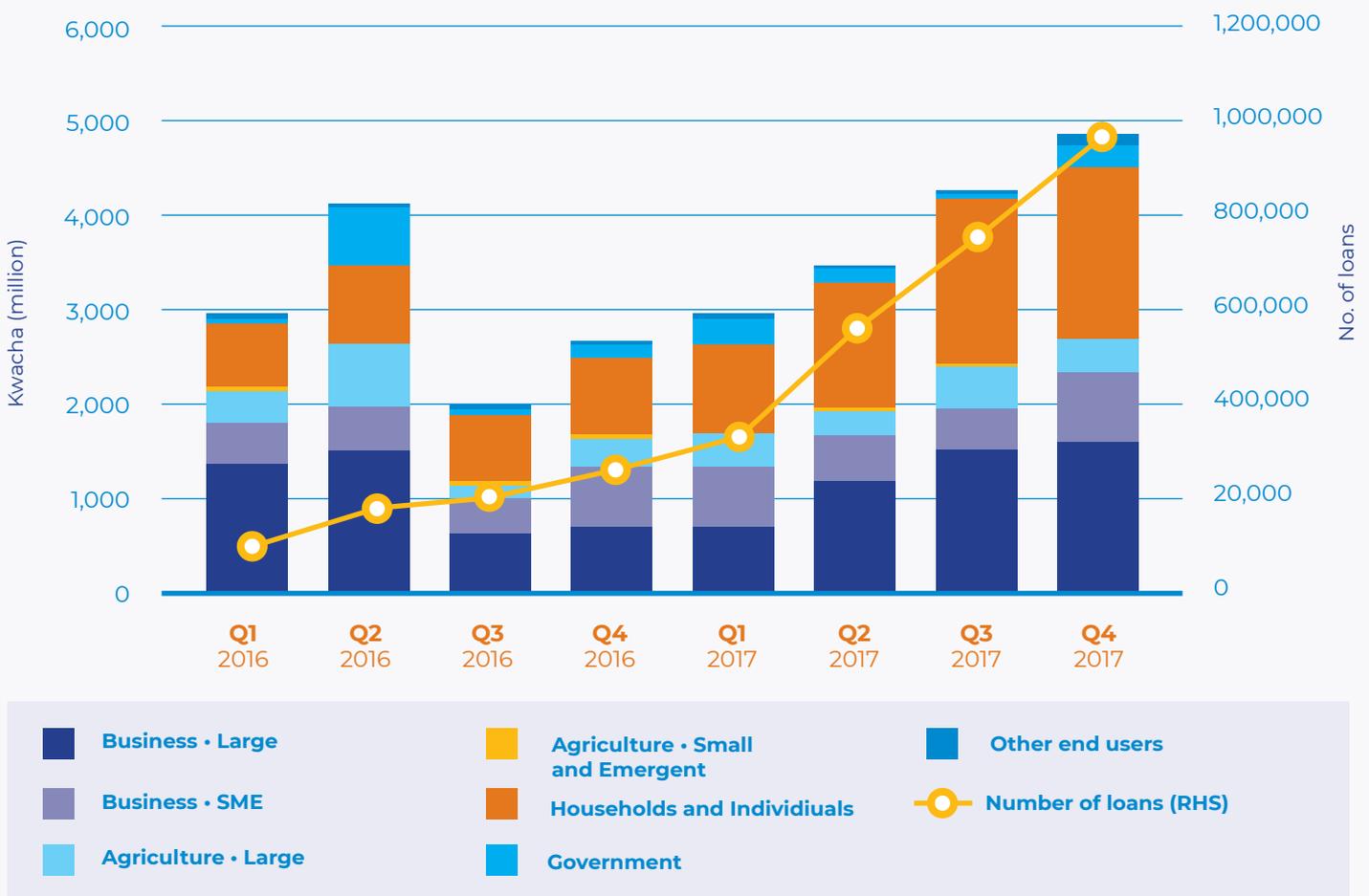
Overview of the Credit Market

Credit Disbursements

6. After a decline in credit disbursements in 2016, credit extension began to recover in 2017. Credit disbursements rose consistently over the year, with disbursements by value increasing by 82.1% between end-December 2016 and end-December 2017. Despite persistent high lending rates, credit data shows that lending volumes began to recover in response to increased liquidity as a result of the easing of monetary policy during 2017. The BoZ reduced the monetary policy rate by 525 basis points and the statutory reserve ratio by 1,000 basis points. At end-December 2017, the monetary policy rate and the statutory reserve ratios stood at 10.2% and 8.0% (end-December 2016: 15.5% and 18.0%), respectively.

- Credit disbursements by number of loans also increased over the same period. The increase in the number of credit disbursements was explained by the continued rise in unsecured loans, resulting from continued growth in the high-turnover, low-value mobile lending credit. These credit products have facilitated credit flow to rural areas through mobile network operators and their agents (Figure 0-3).

Figure 0-3 • Disbursements by End-User Category



End-User and Credit Product Disbursement Concentration

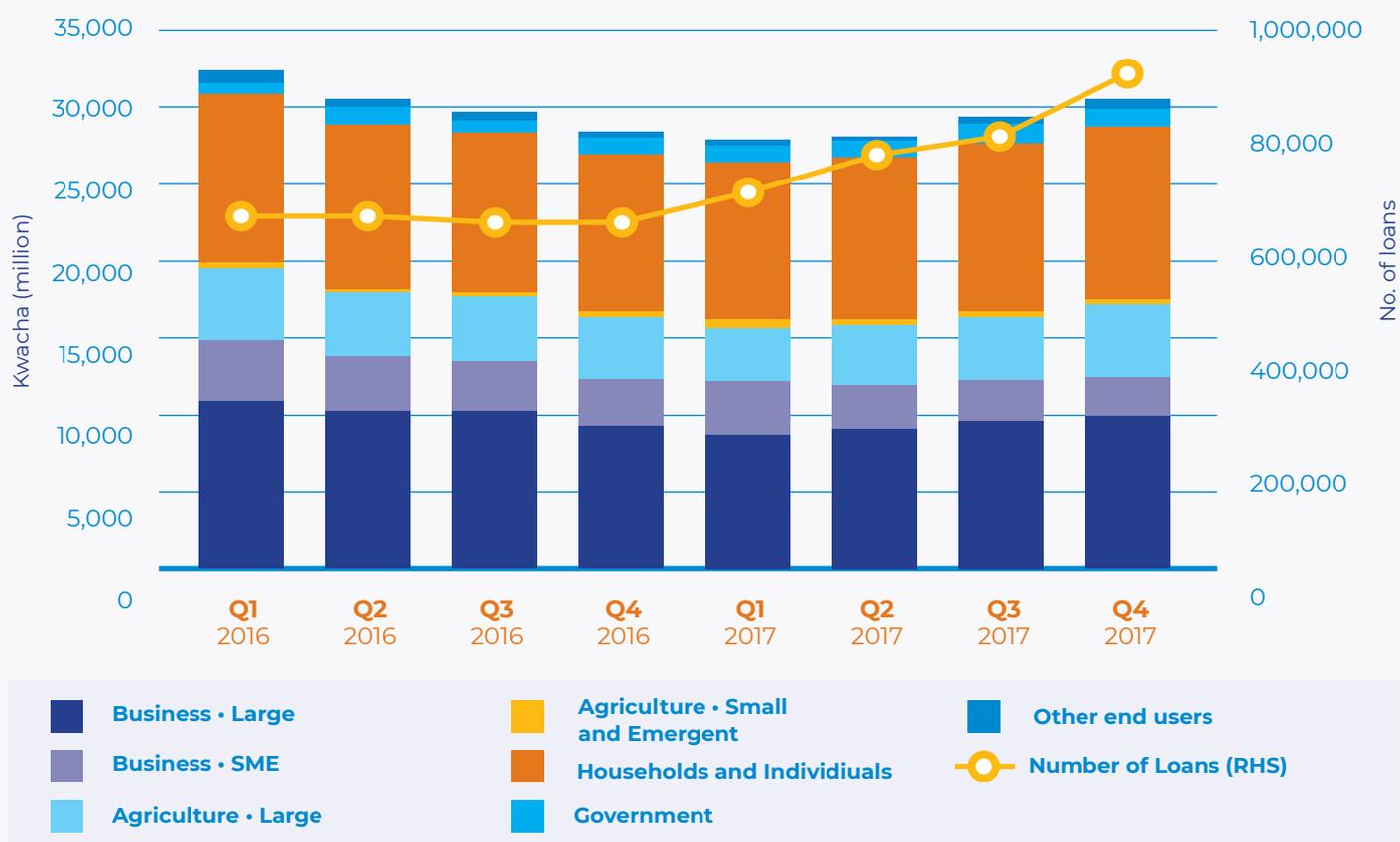
- In terms of credit end-user categories, the household and individuals accounted for the largest proportion of credit disbursements by both number and value. Households accounted for 96.7% of the total number of loans disbursed and 37.2% of the total value of credit disbursed in 2017. Unsecured lending, which accounted for the largest proportion of credit disbursed to households (89.7%), was mostly obtained for unspecified purposes (54.2%). Other purposes for which household credit obtained was utilized were home improvements (12.3%), school fees (12.0%), and living expenses (9.5%).

9. The second largest end-user category was large-businesses which accounted for 32.6% of total disbursements by value. However, by number, this end-user segment accounted for 0.1% of total disbursements due to the high values of individual loans under the category. This end-user group mainly accessed revolving credit which accounted for 42.4%, followed by leases and other asset-backed loans which accounted for 32.4% of disbursements.

Outstanding Loan Book

10. The gross loan book² increased by 7.0% in 2017 in contrast to a decline of 11.1% recorded in 2016 (Figure 0-4). The growth in the size of the outstanding loan book was consistent with the easing of monetary policy during 2017. However, the growth in the loan book was still less than the growth in total assets and capital indicating that although lending was slowly recovering, the risk appetite of credit providers remained subdued as they were still not keen to expand their loan portfolios rapidly but instead applied much of their investible funds to the purchase of Government securities.

Figure 0-4 • Gross Loan Book by End-User



² Gross loan book is the value of outstanding loans as at a particular date before deducting allowances for loan and lease losses while the net value the loan book is the outstanding loan amount after deducting allowances for loan and lease losses.

Debt Stress Indicators

11. Despite the improvement in lending, debt stress indicators continued to show a deteriorating trend. Non-performing loans as a proportion of total gross loans increased to 12.0% at end-December 2017 from 10.7% at end-December 2016. The large business and large agriculture credit end-user categories recorded the largest deterioration debt stress indicators, weakening to 12.2% and 21.0% from 7.9% and 15.9%, respectively. Aggregated across the market, allowances for loan and lease losses as a percentage of the gross loan book increased to 8.8% at end-December 2017 from 7.4% at end-December 2016.

Financial Inclusion

12. The financial inclusion data collected as part of the credit return focused on access to credit for women, youth and borrowers in rural parts of the country. This was because these credit end-users have lower access to financial services. The Zambia FinScope Survey of 2015 revealed that the level of financially excluded female adults was higher at 42.5% compared to the male counterparts which stood at 38.8%. Similarly, the survey showed that 56.5% of youths were financially excluded compared to 43.5% for adults. The Zambia FinScope survey also revealed that financial exclusion in rural parts of Zambia was 49.8%, significantly greater than in urban areas where the financial exclusion level was 29.7%. Collection and analysis of credit data on these priority credit end-user categories therefore allows for evidence-based policy formulation and subsequent evaluation of the impact of policy implementation.
13. Going by the absolute value and number of credit disbursements, access to credit by these priority credit end-user categories improved in 2017 compared to 2016 despite quarter-on-quarter fluctuations.

Access by Women

14. Access to credit by women improved between 2016 and 2017. Out of the total value of credit disbursements in 2017, 12.5% was to women compared to 10.5% in 2016. A review of quarter-by-quarter movements showed more stable lending to women in 2017 than in 2016, but with a flat trend. As a proportion of the value of credit provided to households and individuals, women received 27.2% compared to 26.9% in 2016. As a proportion of small agricultural lending and small business lending, women received 9.9% and 19.9% compared to 5.1% and 18.2% respectively, in 2016.

³ Allowance for Loan and Lease Losses (ALLL) is an accumulated amount of provisions for loans and lease losses as at particular date. When lenders add to ALLL each quarter (through Loan Loss Provisions) this indicates an expectation of more trouble in their portfolio. When the lender takes away from ALLL (through negative Loan Loss Provisions) this is an indication that the lender is more optimistic about their portfolio and expects fewer non-performing assets.

Access by the Youth

15. Out of the total value of credit disbursements in 2017, 14.1% was to the youths, increasing from 12.4% in 2016. Quarter-by-quarter movements showed a slight deterioration in the fourth quarter when the value of credit disbursements to the youth decreased to 13.9% from 14.3% recorded in the third quarter. As a proportion of the total number of credit agreements, the proportion of loans received by the youth increased to 50.7% in 2017 from 28.4% in 2016. The wide disparity in the proportion of credit disbursement by number compared to the proportion of credit disbursement by value shows that the average loan values obtained by this credit end-user group were low with an average loan size being K5,905.60. As a proportion of total credit to households, the youth received 33.7% of the total value of household disbursements in 2017 down from 39.30% in 2016.

Access by Small Medium Enterprises

16. Lending to SMEs improved in 2017. Out of the total value of credit disbursements in 2017, 14.0% was to SMEs. In terms of number, SMEs accounted for only 3.2% of the total number of disbursements. Although this number may seem low, it should be noted that the high-frequency mobile credit transactions to households skewed the analysis. Nevertheless, after households, SMEs still accounted for the second largest category of borrowers by number with an average loan size of circa K26,000.
17. Lending to SMEs continued to be challenging in 2017. Credit providers faced a number of challenges in lending to this category, including how to deal with their high levels of informality and the lack of traditional collateral for loans. Therefore, even after the easing of monetary policy in 2017, lending to SMEs was still subdued. The challenges associated with lending to SMEs underscores the need for the BoZ and other stakeholders to provide these businesses with more financial education to enable them to utilise the moveable property collateral registry, and improve their financial accounting and record-keeping practices.

Geographical Distribution of Credit

18. Credit disbursements were concentrated in Lusaka and Copperbelt provinces. In 2017, these two provinces accounted for 75.0% of total credit disbursements by value and 66.6% of the total number of loans disbursed (2016: 78.5% and 57.0%).
19. By value, credit disbursements to rural end-users increased to 12.5% in 2017 from 10.7% in 2016. In terms of the number of credit agreements, the proportion of credit disbursements to rural districts increased to 24.6% in 2017 from 21.0% of disbursements in 2016. The increase in the proportion of credit to rural areas was attributable to a new high-volume, low-value mobile credit product and the supporting network and distribution infrastructure.

SECTION 1

INTRODUCTION

1. INTRODUCTION

1. The Credit Market Monitoring Report presents an overview of Zambia's credit market with particular focus on access to credit and debt stress. It analyses the level of credit disbursement, the size of the credit book and debt performance according to credit end-users. The objective of the report is to provide credit market stakeholders with aggregated credit data 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). This report provides credit information from 1 January 2016 to 31 December 2017. The formal Zambian credit market comprises the banking and the non-bank financial institutions (NBFIs) sector. As at 31 December 2017, the banking sector comprised 17 banks while the NBFIs sector comprised 47 credit providers (Table 1-1).

Table 1-1 • Credit Providers

Type of Institution	Number of Institutions			
	Q1	Q2	Q3	Q4
Commercial Banks	17	17	17	17
Non-Bank Financial Institutions				
Leasing Finance Institutions	4	4	4	4
Building Societies	4	3	3	3
Savings and Credit Institutions	1	1	1	1
Microfinance Institutions	37	37	36	34
Development Finance Institutions	1	1	1	1
Financial Businesses	4	4	4	4
Sub-total	51	50	49	47
Grand Total	68	67	66	64

2. The BoZ has been collecting credit information from licensed credit providers since the first quarter of 2016 using the credit returns. The 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 the loan book at the end of each quarter. Data on credit agreement size, credit performance and credit maturity is also collected using the returns. The data from the returns is aggregated across the market. This report covers credit information for four quarters to 31 December 2017.

⁴ Disbursements are the cumulative flow of new loans in the quarter, while the loan book is the stock of loans measured at the end of the quarter

SECTION 2

DEMAND FOR CREDIT



2. DEMAND FOR CREDIT

3. Demand for credit, as measured by the number of credit applications, continued on an upward trend in 2017. The number of loan applications increased to 6,146,344 in 2017 from 1,226,687 in the previous year with the trajectory replicated in the quarter-on-quarter movements. Demand for unsecured loans was particularly high as there was a marked increase in loan applications for this type of credit product (Figure 2-1). The broad increase in loan demand was largely due to the easing of monetary policy that began in February 2017. In terms of end-users, the demand for credit was mainly driven by households and individuals which accounted for 97.8% of applications compared to 93.9% in 2016 (Table 2-1).

Figure 2-1 • Demand for Credit – Households and Individuals

No. of applications

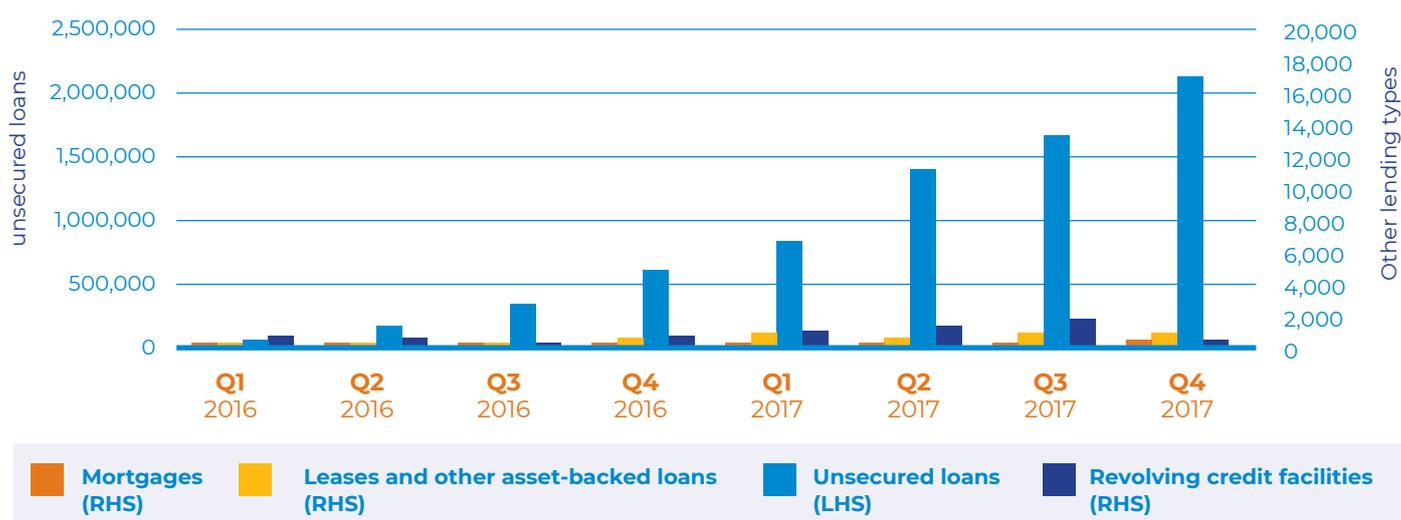


Table 2-1 • Demand for Credit – Number of Loan Applications

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Business- Large	934	224	197	356	517	1,294
Business- SME	69,951	26,363	32,530	30,688	42,735	132,316
Agriculture- Large	406	50	51	77	135	313
Agriculture- Small and Emergent	2,491	106	130	110	159	505
Households and Individuals	1,152,210	824,118	1,406,416	1,665,832	2,115,048	6,011,414
Government	50	8	6	65	38	117
Other end users	645	161	61	23	140	385
Total	1,226,687	851,030	1,439,391	1,697,151	2,158,772	6,146,344

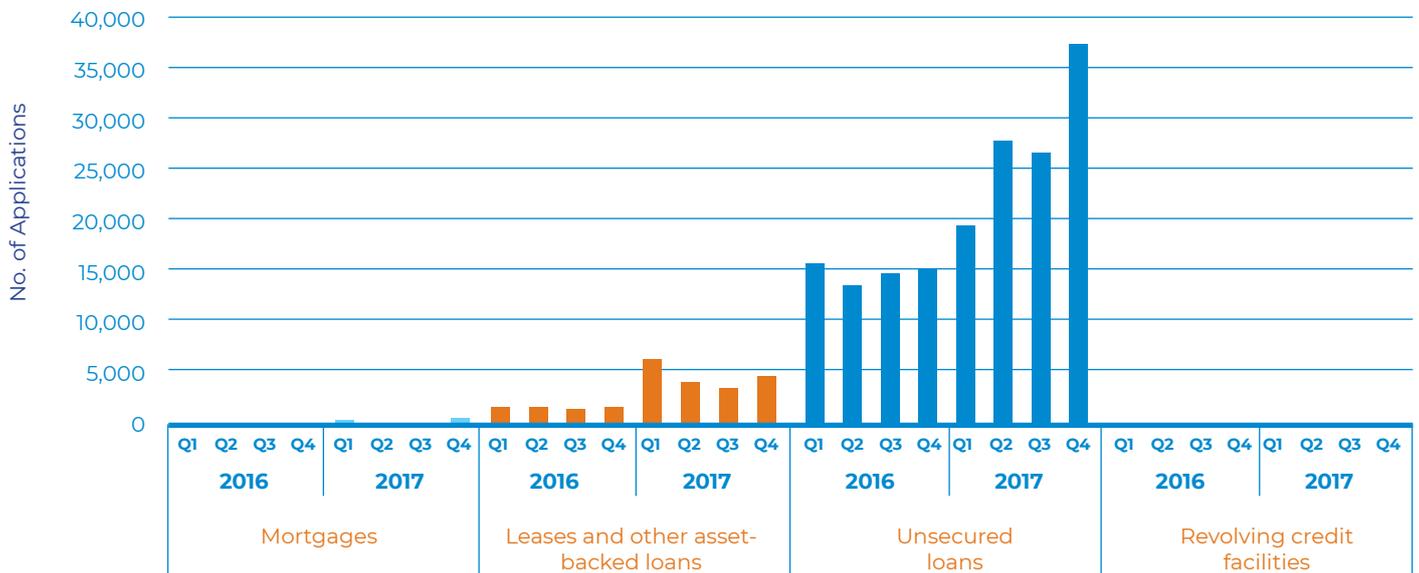
4. The demand for credit in the households and individuals end-user category was mainly in the form of unsecured loans (Figure 2-1) and was particularly driven by a new short-term loan product offered in connection with mobile network operators called mobile credit transactions. Hence, this took an upward trend during the year.

5. Regarding the large businesses end-user category, demand rose across most credit product types. Revolving credit applications were the highest, followed by leases and other asset-backed loans and then mortgages (Figure 2-2). SME applications were primarily for unsecured credit, leases and other asset-backed lending. There were very few mortgage or revolving credit applications from the SMEs (Figure 2-3).

Figure 2-2 • Demand for Credit – Business Large



Figure 2-3 • Demand for Credit – Business Small



- In the small and large agriculture end-user categories, credit applications were, as expected, concentrated in leases and other asset-backed loans. Due to the risky nature of lending to the agriculture end-user category, credit providers preferred extending credit in form of leases and asset-backed loans which had in-built credit risk mitigants. Small agriculture firms, however, also had high demand for un-secured facilities (Figure 2-4 and Figure 2-5).

Figure 2-4 • Demand for Credit – Agriculture Large



Figure 2-5 • Demand for Credit – Agriculture Small



SECTION 3

CREDIT SUPPLY

3. CREDIT SUPPLY

3.1 Overall Credit Supply

7. Total credit disbursements in terms of the number and value of loans continued an upward trend in 2017. The total number of credit disbursements increased by more than threefold to 2,629,606 credit contracts compared to 731,116 in 2016 (Table 3-1). The increase was driven by a new short-term loan product offered in connection with mobile network operators called mobile credit transactions which took an upward trend during the year.

Table 3-1 • Credit Supply – Number of Loan Disbursements

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Business Large	1,225	227	329	428	406	1,390
Business Small	69,186	16,739	20,230	20,867	25,402	83,238
Agriculture Large	441	79	80	140	126	425
Agriculture Small	3,157	587	313	249	268	1,417
Household & Individuals	655,861	313,093	539,668	740,370	949,630	2,542,761
Government	401	21	12	54	60	147
Other End-Users	847	163	62	23	53	301
Total	731,118	330,909	560,694	762,131	975,945	2,629,679

8. In line with demand, the largest volume of loan disbursements was for unsecured credit which accounted for 98.8% (2016: 93.6%) of the total number of loan contracts in 2017. Leases and other asset-backed loans was the other credit product which accounted for 1.5% (Table 3-2).

Table 3-2 • Credit Supply - Number of Loan Disbursements by Credit Products

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	4,295	629	504	550	713	2,396
Leases & Asset-backed Loans	35,233	10,334	9,872	9,032	10,094	39,332
Unsecured Loans	684,155	319,551	549,928	751,935	964,404	2,585,818
Revolving Credit Facilities	7,427	395	390	614	734	2,133
Total	731,110	330,909	560,694	762,131	975,945	2,629,679

9. In terms of credit disbursements by value, unsecured lending products accounted for 40.0% of total disbursement while leases and other asset-backed loans accounted for 22.5% of the total credit disbursed during the year (Table 3-3). The relatively high proportion of the total Kwacha value of disbursements taken by leases and asset-backed loans (compared to their proportion of number disbursed) showed the preference of the credit providers to underwrite more secure, larger and fewer credit products as a risk management strategy.

10. The quarter-on-quarter movements showed the total value of credit disbursements rising, reporting a 14.4% increase during the fourth quarter of 2017, with revolving credit facilities reporting the highest rise of 66.6% to K1,123.8 million from K674.5 million recorded in the third quarter (Table 3-3 and Figures 3-1 and 3-2).

Table 3-3 · Credit Supply - Disbursements by Product (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	2,740,168,623	768,488,015	699,845,087	964,545,099	773,918,995	3,206,797,196
Leases & Asset-backed Loans	3,707,417,609	786,515,506	788,097,156	904,919,870	1,020,473,292	3,500,005,825
Unsecured Loans	3,151,481,011	1,076,228,514	1,506,704,122	1,707,161,082	1,946,677,759	6,236,771,477
Revolving Credit	2,074,735,120	328,570,005	469,218,971	674,506,205	1,123,782,953	2,596,078,133
Total	11,673,402,668	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999	15,539,652,632

11. The significant growth in revolving credit disbursements in the fourth quarter of 2017 showed that lenders were increasingly willing to supply credit to businesses to meet their working capital requirements. However, the magnitude of the increase in revolving credit was above the steady pace of the general recovery in credit supply observed over the previous seven quarters and suggests that the significant growth was probably more transitory than structural.

Figure 3-1 · Disbursements Value by Product Type

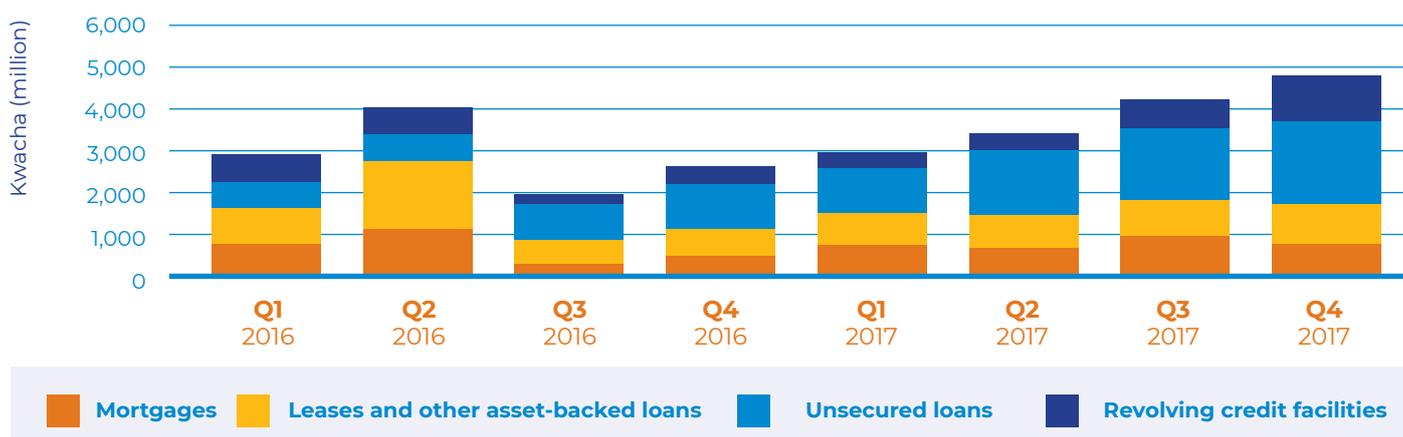
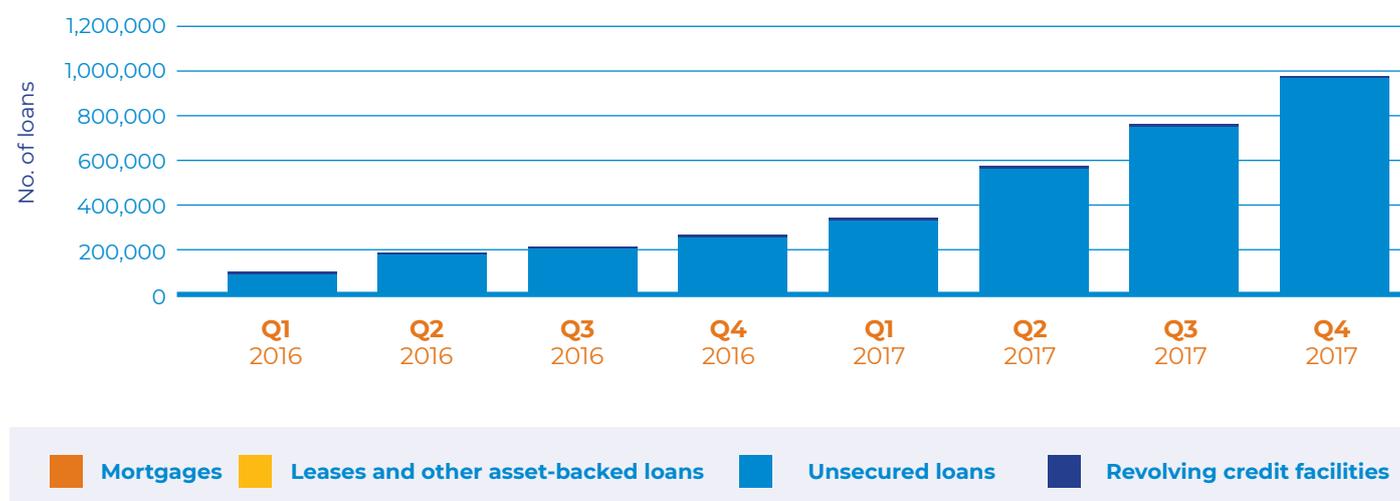


Figure 3-2 • Disbursements Number by Product Type



12. During the year, commercial banks accounted for the largest proportion of loan disbursements by value, accounting for 75.3% (2016: 77.1%) of disbursements against 24.7% for NBFIs. This trend was consistent throughout the year. The NBFIs, on the other hand, accounted for the largest proportion of disbursements in terms of the number of loan disbursements, accounting for 97.7% (2016: 93.3%) of all credit agreements in the year (Table 3-4 and Table 3-5). Characteristically, commercial banks provide fewer but higher-value credit facilities, whereas NBFIs grant many but low-value credit facilities. This difference is, in part, explained by the fact that commercial banks have high operating costs because of their relatively larger sizes and therefore require a higher revenue per loan in order to be profitable. In the case of NBFIs (especially microfinance institutions) their level of operating costs is lower because they are smaller and are therefore able to disburse more loans. In some cases, this is achieved through group loan guarantee schemes, which allow them to be profitable even with a lower revenue per loan. Mobile lending is an example of a low-cost loan strategy, one which has driven the significant rise in the number of loans in the “Other NBFIs” sector.

Table 3-4 • Proportion of Disbursements by Institution Type (Kwacha)

	2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	2017
Banks	77.1%	75.4%	73.8%	75.3%	76.9%	75.3%
Building Societies	2.9%	1.9%	2.6%	3.5%	2.2%	2.5%
Enterprise lending MFIs	3.7%	3.5%	3.3%	2.3%	2.7%	2.9%
Consumer lending MFIs	12.3%	15.1%	16.5%	14.5%	12.9%	14.7%
Other NBFIs	4.0%	4.2%	3.7%	4.5%	5.4%	4.5%

Table 3-5 · Proportion of Disbursements by Institution Type (Number)

	2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	2017
Banks	6.6%	3.0%	2.5%	2.2%	1.8%	2.3%
Building Societies	3.7%	1.4%	1.2%	1.1%	0.7%	1.1%
Enterprise lending MFIs	7.9%	3.5%	2.3%	1.4%	1.7%	2.2%
Consumer lending MFIs	29.8%	22.7%	15.3%	11.3%	9.3%	14.7%
Other NBFIs	52.0%	69.4%	78.8%	84.0%	86.5%	79.7%

13. Households and individuals received the largest proportion of disbursements by both value (37.7%) and number of disbursements (96.7%) in 2017. The large businesses end-user category consistently received the second largest portion of lending, followed by SMEs and large agricultural farms. Lending to government was quite volatile, but has, in some quarters, received significant lending (Table 3-6 and Table 3-7). However, the growth in the value of less risky lending to households may indicate that the risk appetite for credit providers was still low.
14. It is noteworthy that contrary to the general rising trend in credit disbursements, the proportion of credit disbursements to agriculture firms declined over the year. The proportion of loan disbursements to large agriculture firms in 2017 stood at 7.3% of total disbursements by value compared to 12.4% in 2016. Similarly, loans to the small agriculture credit end-users declined to 0.3% of disbursements by value in 2017 compared to 0.8% in 2016. This end-user group consistently had the lowest credit supply between 2016 and 2017 (Table 3-6).

Table 3-6 · Total Disbursements by End-User (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Business - Large	4,191,139,100	899,522,458	1,188,857,083	1,504,154,161	1,583,736,653	5,176,270,355
Business - Small	1,893,208,751	542,708,989	456,072,932	437,283,115	746,914,575	2,182,979,612
Agriculture - Large	1,446,012,684	235,039,106	291,047,372	464,628,908	356,347,310	1,347,062,696
Agriculture - Small	88,347,529	7,504,513	8,667,972	16,869,852	14,188,301	47,230,638
Households & Individuals	3,055,578,276	947,772,303	1,341,329,691	1,760,259,378	1,809,482,248	5,858,843,620
Government	892,148,689	258,864,153	156,344,101	56,411,565	254,704,581	726,324,401
Other end-users	110,828,440	68,390,517	21,546,187	11,525,276	99,479,330	200,941,310
Total	11,677,263,467	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999	15,539,652,632

Table 3-7 • Credit Supply – by End-User (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Business Large	1,225	227	329	428	406	1,390
Business Small	69,186	16,739	20,230	20,867	25,402	83,238
Agriculture Large	441	79	80	140	126	425
Agriculture Small	3,157	587	313	249	268	1,417
Household & Individuals	655,861	313,093	539,668	740,370	949,630	2,542,761
Government	401	21	12	54	60	147
Other End-Users	847	163	62	23	53	301
Total	731,118	330,909	560,694	762,131	975,945	2,629,679

15. In terms of geographical distribution, credit disbursements were concentrated in Lusaka and Copperbelt provinces. In 2017, these two provinces together accounted for 75.0% (2016: 78.5%) of disbursements by value and 66.6% (2016: 57.0%) by number of loans disbursed (Tables 3-8 and 3-9). The distribution of credit was in line with the geographical distribution of the commercial banks and NBFIs branches in the country. The existence of economic activities, road, information communication technology and other facilitative infrastructure play a part in attracting credit providers to an area. Greater parts of the eight provinces that have low proportions of credit disbursement are rural areas which do not have infrastructure to attract credit service providers.

Table 3-8 • Total Disbursements by Province (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Lusaka	7,444,202,297	1,682,543,038	1,719,454,221	2,218,197,859	2,593,097,762	8,213,292,879
Central	660,727,567	154,047,841	161,960,367	318,289,765	275,018,736	909,316,709
Copperbelt	1,725,502,275	627,902,592	987,165,965	926,813,601	889,384,965	3,431,267,122
Eastern	197,901,190	51,841,830	89,868,373	85,047,353	89,478,419	316,235,975
Luapula	138,825,911	38,149,633	51,831,080	56,705,588	59,021,743	205,708,045
Muchinga	88,926,166	18,058,591	24,512,195	26,140,799	42,159,168	110,870,753
Northern	172,457,202	49,697,673	66,229,706	76,605,005	69,906,886	262,439,270
N/Western	269,439,537	84,293,377	130,704,694	134,317,111	515,919,520	865,234,702
Southern	848,262,149	214,571,576	182,331,707	340,654,274	271,420,844	1,008,978,400
Western	130,514,430	38,695,890	49,807,029	68,360,902	59,444,956	216,308,776
Total	11,676,758,722	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999	15,539,652,632

16. Credit disbursements by number of loans, increased substantially for each province over the year. This was attributed to a new high-volume, low-value mobile credit products in the NBFIs sector that was not geographically concentrated to the main commercial centres of Lusaka and Copperbelt provinces. The large increase in lending in North Western was driven by a small number of high-value loans to large businesses made by one bank (Table 3-9).

Table 3-9 · Total Disbursements by Province (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Lusaka	139,557	70,553	118,618	167,910	215,013	572,094
Central	61,036	25,166	39,690	52,039	70,605	187,500
Copperbelt	276,993	134,727	241,955	350,166	453,407	1,180,255
Eastern	21,214	9,388	14,785	20,074	24,777	69,024
Luapula	50,939	16,838	31,066	22,492	26,316	96,712
Muchinga	38,132	15,065	23,103	25,545	36,050	99,763
Northern	35,806	15,660	25,622	33,470	39,573	114,325
N/Western	39,433	18,574	31,546	44,335	54,903	149,358
Southern	50,181	18,871	25,307	33,840	41,695	119,713
Western	17,822	6,067	9,002	12,260	13,606	40,935
Total	731,113	330,909	560,694	762,131	975,945	2,629,679

17. The proportion of credit disbursements by value to borrowers in rural areas rose marginally to 12.5% in 2017, from 10.9% in 2016. The number of credit disbursements to borrowers in the rural districts increased to 24.6% in 2017 from 21.0% in 2016 (Table 3-10 and 3-11).

Table 3-10 · Total Disbursements by Rural/Urban (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Rural	1,249,570,611	431,844,374	444,384,129	581,407,715	489,717,442	1,947,353,659
Urban	10,424,328,891	2,527,957,667	3,019,481,208	3,669,724,541	4,375,135,557	13,592,298,972
Total	11,673,899,503	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999	15,539,652,632

Table 3-11 · Total Disbursements by Rural/Urban (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Rural	153,771	111,638	162,428	145,447	228,620	648,133
Urban	577,342	219,271	398,266	616,684	747,325	1,981,546
Total	731,113	330,909	560,694	762,131	975,945	2,629,679

18. Out of the total value of credit disbursements in 2017, 12.5% was to women, up from 10.5% in 2016. However, a review of the quarter-by-quarter movements showed a declining trend to 12.4% in the fourth quarter from 11.3% in the second (Table 2-12). A similar declining trend was observed in the proportion of the number of credit disbursements to women which decreased to 16.4% in the fourth quarter from 19.2% in the first quarter (Table 2-13).

Table 3-12 • Access by Women (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Total Disbursement	11,673,402,668	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999	15,539,652,632
Disbursement to women	1,220,238,932	334,073,906	471,681,952	536,346,658	604,948,730	1,947,051,246
Portion of disbursement accessed by women	10.5%	11.3%	13.6%	12.6%	12.4%	12.5%

Table 3-13 • Access by Women (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Total Disbursement	731,106	330,909	560,694	762,131	975,945	2,629,679
Disbursement to women	128,619	63,566	102,366	121,394	159,948	447,273
Portion of disbursement accessed by women	17.6%	19.2%	18.3%	15.9%	16.4%	17.0%

19. Out of the total value of credit disbursements in 2017, 14.1% was to the youth. This outcome was an improvement from 12.5% recorded in 2016. A review of the quarter-by-quarter movements showed that after an initial increase in the proportion of the value of loan disbursements to the youth to 15.7% in the second quarter, the proportion steadily declined in the subsequent two quarters to end at 13.9% in the fourth quarter of 2017 (Table 3-14). In terms of the number of credit agreements, the proportion for the youth increased to 52.2% in fourth quarter from 45.7% in the first quarter (Table 3-15).

Table 3-14 • Access by Youth (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Total Disbursement	11,673,402,668	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999	15,539,652,632
Disbursement to the youth	1,453,025,291	365,993,316	542,617,979	606,013,815	676,282,662	2,190,907,772
Portion of disbursement accessed by the youth	12.4%	12.4%	15.7%	14.3%	13.9%	14.1%

Table 3-15 · Access by Youth (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Total Disbursement	731,106	330,909	560,694	762,131	975,945	2,629,679
Disbursement to the youth	207,378	151,226	294,025	377,681	509,648	1,332,580
Portion of disbursement accessed by the youth	28.4%	45.7%	52.4%	49.6%	52.2%	50.7%

3.2 Households and Individuals

20. The households and individuals segment relates to all households and individuals, engaged in personal and household activities.
21. Credit disbursements to households and individuals accounted for the largest proportion of disbursements during the year by both value and number of disbursements, accounting for 37.7% and 96.7%, respectively. This was attributed to the fact that the majority of borrowers in this end-user category are employed and obtained salary-backed credit which is perceived by credit providers to be very low risk.
22. By value, loan disbursements to households and individuals increased by 92.0% to K5,585.8 million in 2017. Credit extensions to this end-user category increased across all income brackets during the year but most significantly in the high income bracket above K6,000 (Table 3-16). The rising trend was also observed in the number of loan disbursements to households and individuals (Table 3-17). The rising trend was attributed to an increase in the volume of unsecured credit products. Unsecured credit products were the predominant form of credit received by this credit end-user category (Table 3-20). As with 2016, the increase in the number of loan disbursements was largely driven by mobile credit transactions.

Table 3-16 · Disbursement by Income Category (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Income ZMW 0 - ZMW 2000	260,619,921	78,132,587	156,337,704	154,454,686	189,492,756	578,417,733
Income ZMW 2001 - ZMW 4000	660,257,964	144,464,498	210,740,011	316,044,826	313,018,267	984,267,602
Income ZMW 4001 - ZMW 6000	629,809,848	161,439,296	221,354,943	376,330,148	339,375,455	1,098,499,842
Income above ZMW 6000	1,500,009,900	563,735,922	752,897,034	913,429,718	967,595,769	3,197,658,442
Total	3,050,697,634	947,772,303	1,341,329,691	1,760,259,378	1,809,482,248	5,858,843,620

Table 3-17 · Disbursement by Income Category (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Income ZMW 0 - ZMW 2000	311,306	217,204	419,037	283,635	543,390	1,463,266
Income ZMW 2001 - ZMW 4000	219,570	45,951	65,468	216,243	185,133	512,796
Income ZMW 4001 - ZMW 6000	60,268	21,438	25,444	221,475	200,249	468,606
Income above ZMW 6000	64,436	28,501	29,718	19,017	20,858	98,094
Total	655,580	313,093	539,668	740,370	949,630	2,542,761

23. In terms of tenure, both the value and number of unsecured credit disbursements generally increased across tenures during 2017, with a notable increase recorded in the number of loans with tenures of up to three months largely due to a significant increase in the number of short term mobile credit agreements. However, on a quarter-on-quarter basis, both the value and number of longer term loans decreased in the fourth quarter (Tables 3-18 and Table 3-19).

Table 3-18 · Disbursements of Unsecured Credit by Loan Tenure (Kwacha)

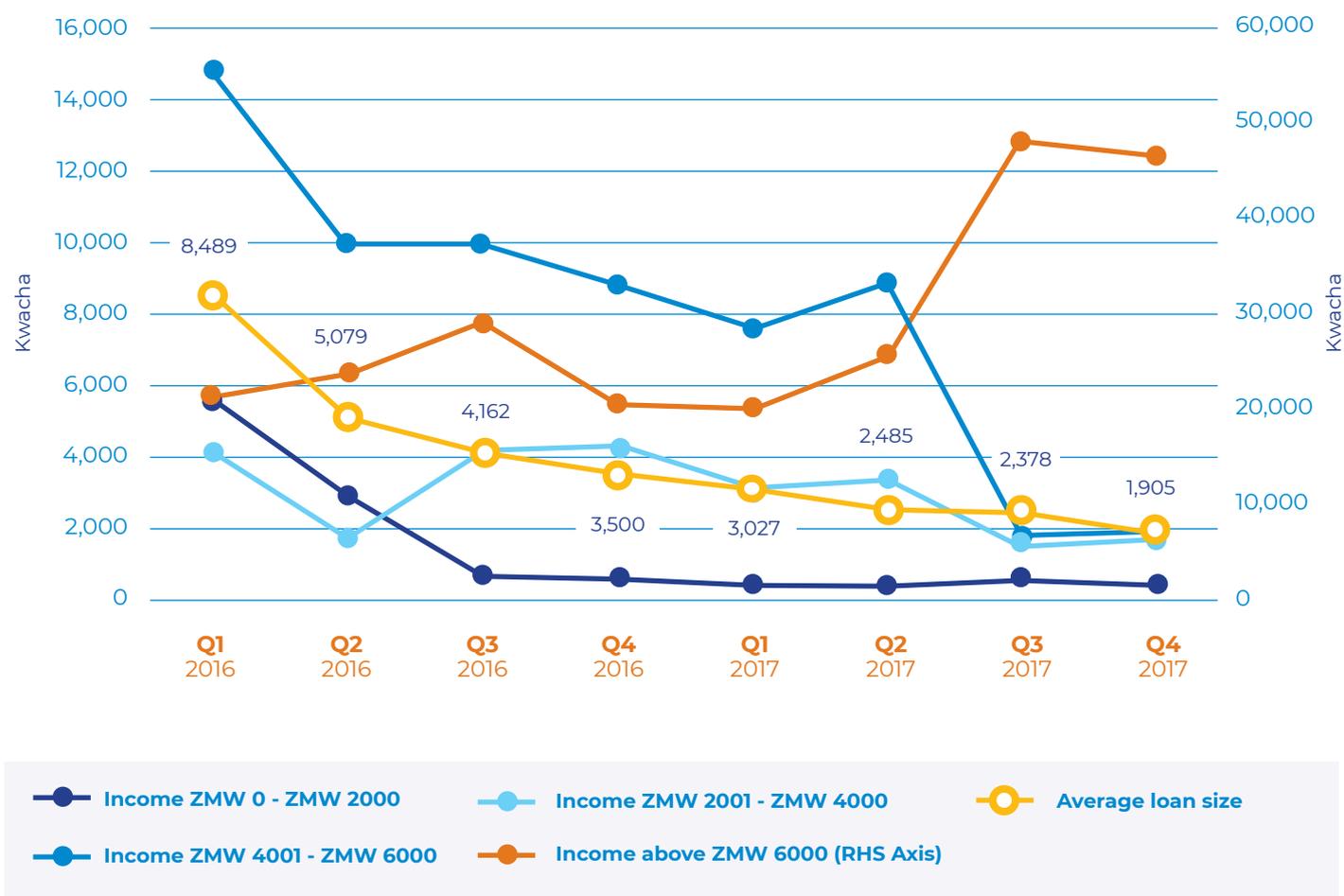
	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
0 to 3 months	273,658,875	106,968,794	147,513,402	186,854,699	256,796,297	698,133,193
4 - 6 months	52,294,032	11,813,135	16,617,311	14,250,142	95,407,987	138,088,576
7 - 12 months	161,949,779	39,142,161	39,221,103	50,706,850	46,952,664	176,022,777
13 - 48 months	1,053,031,774	255,477,083	409,304,658	472,385,960	441,982,020	1,579,149,721
More than 48 months	1,091,921,050	346,394,442	574,708,436	859,768,528	759,572,556	2,540,443,963
Total	2,632,855,511	759,795,616	1,187,364,910	1,579,611,573	1,600,711,525	5,127,483,624

Table 3-19 · Disbursements of Unsecured Credit by Loan Tenure (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
0 to 3 months	517,724	271,470	491,435	688,976	900,373	2,352,254
4 - 6 months	10,184	2,448	5,965	2,756	3,645	14,814
7 - 12 months	21,762	7,350	4,538	4,178	4,364	20,430
13 - 48 months	67,737	14,821	18,896	20,009	18,868	72,594
More than 48 months	30,075	12,807	15,695	20,127	18,560	67,189
Total	647,482	308,896	536,529	736,046	945,810	2,527,281

24. The average size of loans to households and individuals reduced during 2017. The average loan size dropped to K1,905 in 2017 from K3,500 in 2016. The decrease was attributed to the significant growth in the number of low-value loans at the low-income end of the market. Contrary to the general decline in the average loan size, the average loan size for higher-income individuals recorded a sharp increase in 2017, demonstrating the preference of credit providers for extending mainly salary-linked larger loans primarily to these lower-risk individuals (Figure 3-3).

Figure 3-3 · Average Loan Size by Income



25. Credit disbursements in the household and individuals end-user category was concentrated in the unsecured loan product which accounted for 88.5% and 99.6% in terms of the value and number of disbursements, respectively (Table 3-20, Table 3-21 and Figure 3-4). Most of the unsecured loans were either payroll-based or from a salary-receiving account, both of which are generally perceived to carry less credit risk.

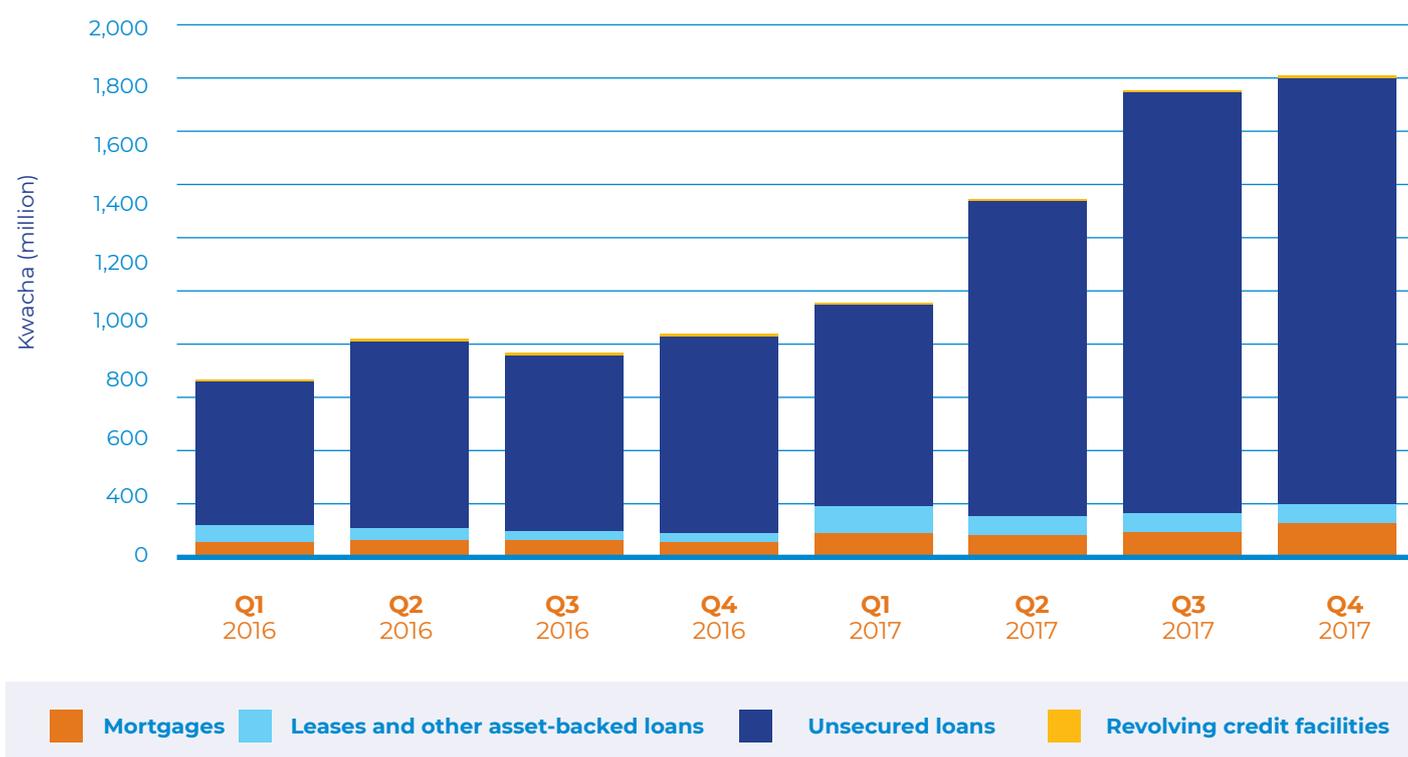
Table 3-20 • Disbursement by Product Type (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	219,559,668	83,565,808	77,782,897	83,660,487	121,550,255	366,559,447
Leases and Other asset-backed loans	182,169,573	102,005,357	72,487,338	79,231,182	74,683,403	328,407,280
Unsecured loans	2,632,855,511	759,795,616	1,187,364,910	1,579,611,573	1,600,711,525	5,127,483,624
Revolving credit facilities	21,197,222	2,405,522	3,694,546	17,756,136	12,537,065	36,393,269
Total	3,055,781,975	947,772,303	1,341,329,691	1,760,259,378	1,809,482,248	5,858,843,620

Table 3-21 • Disbursement by Product Type (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	1,104	347	223	247	378	1,195
Leases and Other asset-backed loans	5,063	3,736	2,756	2,795	3,107	12,394
Unsecured loans	647,826	308,896	536,529	736,046	945,810	2,527,281
Revolving credit facilities	1,606	114	160	309	335	918
Total	655,599	313,093	539,668	739,397	949,630	2,541,788

Figure 3-4 • Disbursements by Product Type



26. In terms of collection methods, payroll-collection based lending accounted for the highest proportion by both value and number of loan disbursements. Payroll collection based credit accounted for 51.7% of disbursements by value to household and individuals in 2017. Salary-backed lending, which includes payroll collection based lending is largely considered less risky and less costly to administer was the most preferred collection method amongst credit service providers in 2017 (Table 3-22).

Table 3-22 • Disbursement by Collection Method (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
From employer payroll	2,072,334,379	626,188,726	702,765,856	908,107,813	790,407,626	3,027,470,021
From salary receiving bank account	826,583,503	169,627,107	350,207,447	528,807,484	802,775,461	1,851,417,499
Other means of collection	156,009,887	151,969,215	285,944,188	323,344,080	216,299,161	977,556,644
Total	3,054,927,768	947,785,048	1,338,917,491	1,760,259,378	1,809,482,248	5,856,444,165

27. Tables 3-23 and 3-24 show disbursements of unsecured loans in terms of both value and number according to the purpose for which credit was obtained. The data shows that on average, credit for home improvement and construction (12.3%), paying educational fees (12.0%), living expenses (9.5%) and businesses (5.6%) accounted for a significant proportion of credit disbursements in the year under review. However, credit obtained for 'other reasons' not specified accounted for the highest proportion at 52.1%.

Table 3-23 • Disbursements of Unsecured Credit—Purpose of Borrowing (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Home improvements/ construction	424,321,605	105,165,391	159,160,668	178,342,117	197,585,186	640,253,362
Purchase of land	24,513,551	7,102,196	10,739,332	18,385,419	9,739,461	45,966,408
Purchase of vehicle	18,562,519	8,960,390	13,061,103	38,647,050	34,295,035	94,963,579
Education fees	452,883,941	178,472,004	216,708,940	228,217,631	191,724,531	815,123,106
Business	55,065,025	41,428,479	63,674,281	85,923,346	94,868,255	285,894,362
Farming	31,103,157	11,977,010	14,934,432	18,171,538	16,238,392	61,321,372
Medical or funeral expenses	124,999,453	7,762,517	17,004,623	25,055,884	35,161,661	84,984,685
Living expenses	307,945,939	44,262,200	89,543,855	142,918,124	152,772,026	429,496,205
Other purpose	1,193,460,320	354,665,429	602,537,675	843,950,464	868,326,978	2,669,480,546
Total	2,632,855,511	759,795,616	1,187,364,910	1,579,611,573	1,600,711,525	5,127,483,624

Table 3-24 · Disbursement of Unsecured Credit —Purpose of Borrowing (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Home improvements/ construction	17,845	22,871	6,838	7,721	7,293	44,723
Purchase of land	634	245	374	726	425	1,770
Purchase of vehicle	715	450	534	1,220	924	3,128
Education fees	75,763	38,870	53,232	66,271	113,219	271,592
Business	35,694	21,316	38,388	140,784	188,486	388,974
Farming	2,311	802	801	896	1,077	3,576
Medical or funeral expenses	40,871	762	36,087	82,452	151,739	271,040
Living expenses	229,036	54,376	108,011	311,232	382,511	857,103
Other purpose	244,958	169,205	292,264	124,744	100,120	686,333
Total	647,826	308,896	536,529	736,046	945,794	2,527,265

28. In the 2017, unsecured credit disbursements by value were concentrated in loans of above K50,000, accounting for 40.9%. However, in terms of number of loans, the unsecured credit disbursements only accounted for 0.8% of the total loans disbursements in 2017. In terms of number of loans disbursed, the loan size category of below K2,000 accounted for the highest percentage at 91.5% in 2017 (Tables 3-25 and 3-26).

Table 3-25 · Disbursements of Unsecured Credit by loan size (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
ZMW 0 - ZMW 2,000	184,138,560	77,561,622	120,392,731	149,111,307	187,700,119	534,765,778
ZMW 2,000 - 5,000	166,873,675	54,145,341	43,614,421	50,136,183	63,335,935	211,231,881
ZMW 5,000 -10,000	254,749,060	74,957,785	64,222,692	78,751,755	69,087,320	287,019,552
ZMW 10,000 - 50,000	1,145,513,285	316,284,530	484,400,934	587,412,801	574,401,345	1,962,499,609
Above ZMW 50,000	881,580,932	236,846,338	453,710,278	683,446,413	706,186,807	2,080,189,836
Total	2,632,855,511	759,795,616	1,166,341,056	1,548,858,459	1,600,711,525	5,127,483,624

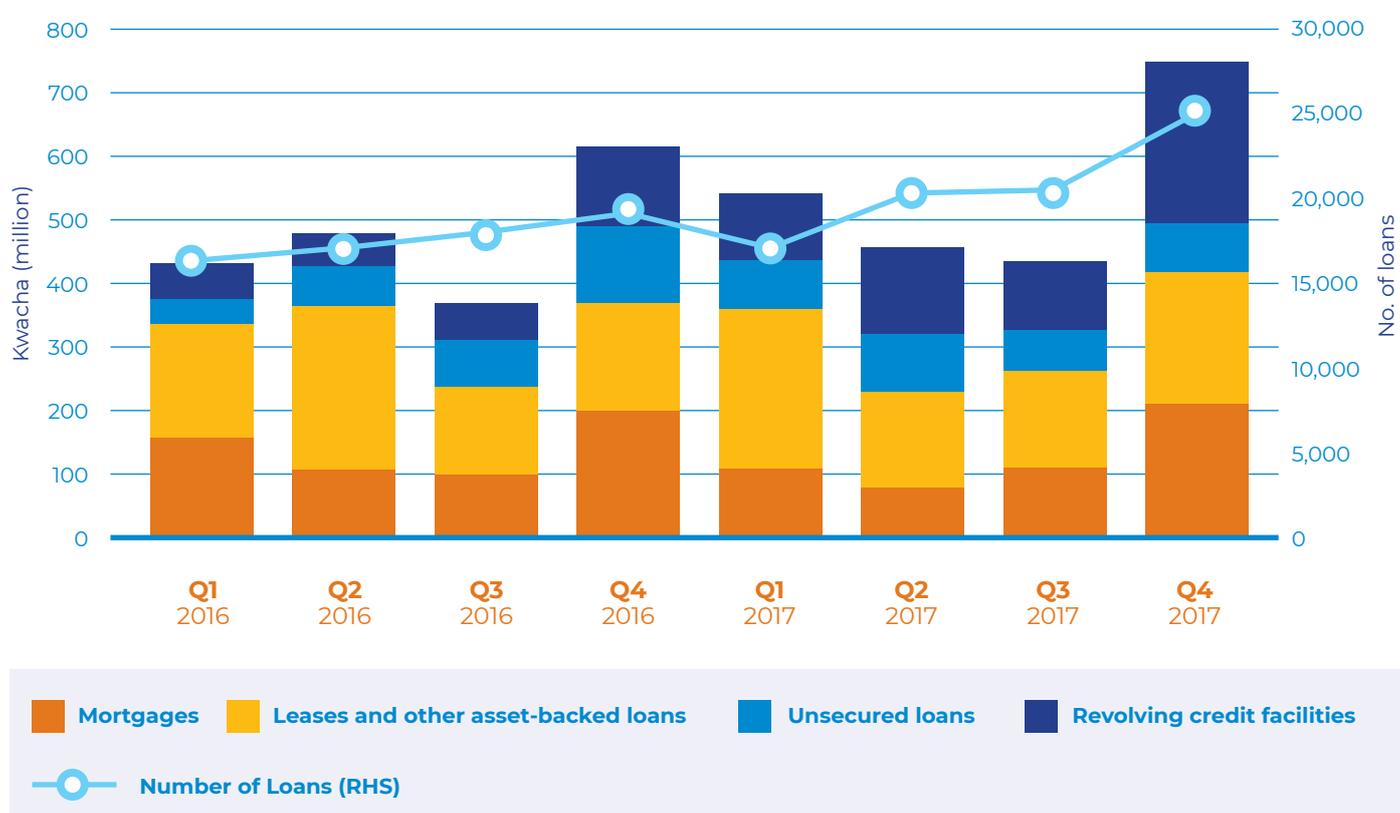
Table 3-26 · Disbursements of Unsecured Credit by loan size (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
ZMW 0 - ZMW 2,000	498,698	263,844	485,400	678,607	884,722	2,312,573
ZMW 2,000 - 5,000	45,570	17,526	14,646	15,637	20,242	68,051
ZMW 5,000 -10,000	36,649	10,110	9,256	10,190	9,831	39,387
ZMW 10,000 - 50,000	55,670	15,023	22,600	24,781	23,965	86,369
Above ZMW 50,000	11,239	2,393	4,627	6,831	7,050	20,901
Total	647,826	308,896	536,529	736,046	945,810	2,527,281

3.3 Business - Small

29. Small and medium-sized businesses are single person businesses with 1 to 100 paid employees excluding the owner. Loan disbursements to this segment of borrowers increased by 15.4% in 2017. Disbursements in value terms rose by 15.3% to K2,183.5 million in 2017 (Figure 3-5 and Table 3-27). The rise was in line with improvements in credit conditions, but the recovery in disbursements was not as consistent as other credit end-user categories. SME lending is generally considered as one of the more-risky lending types, as such, it is not clear if the improvement observed in the fourth-quarter of 2017 will continue in 2018.

Figure 3-5 · Disbursements by Product



30. Credit disbursements increased across all of the firm size categories in 2017 except for the 11-20 and 21-51 employee firms, where a reduction in value of credit disbursement was recorded. Firms with >100 employees received the highest credit growth of 75.1% in the year under review. However, during the year there was no consistent pattern across business sizes to suggest that firm size could provide an advantage in obtaining credit. As an example, firms with 11-20 employees received the most credit in the first, second, and third quarters, but saw lending fall significantly in the fourth quarter. Businesses with 5-10 employees, on the other hand, saw this trend inverted (Table 3-27).

Table 3-27 · Disbursements by Enterprise Size (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Group loan ⁵	244,282,140	76,884,930	68,452,731	43,826,411	69,625,208	258,789,279
Single person SME	247,466,602	70,471,252	77,241,035	83,142,386	98,457,424	329,312,096
1-4 People employed	153,524,721	37,498,804	59,223,710	38,771,278	46,862,908	182,356,700
5-10 People employed	249,603,257	55,422,152	57,583,785	104,924,264	164,773,667	382,703,869
11-20 People employed	407,908,806	114,784,519	139,119,910	43,572,835	71,322,082	368,799,345
21-50 People employed	362,015,723	94,762,247	34,603,892	70,789,916	60,100,789	260,256,844
51-100 People employed	229,352,957	93,087,986	20,141,049	52,256,026	235,772,499	401,257,559
Total	1,894,154,205	542,911,889	456,366,112	437,283,115	746,914,575	2,183,475,692

31. The group loans and single person SME categories accounted for the highest proportions in terms of number of credit disbursements under small business end-user category, accounting for 53.0% and 33.9% in 2017, respectively (Table 3-28). Lending to the larger business sizes in the SME end-user category had low-volume but high-value lending that was more consistent with large business credit end-users.

Table 3-28 · Disbursements by Enterprise Size (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Group loan	42,770	9,506	10,867	9,655	14,078	44,106
Single person SME	14,652	4,532	6,628	8,800	8,263	28,223
1-4 People employed	9,290	1,868	1,886	1,621	2,005	7,380
5-10 People employed	1,847	583	663	605	884	2,735
11-20 People employed	783	164	136	111	81	492
21-50 People employed	224	43	29	46	49	167
51-100 People employed	124	43	36	29	42	150
Total	69,691	16,739	20,245	20,867	25,402	83,253

32. In terms of type of credit product accessed by business small end-user group, leases and other asset backed loans accounted for the highest proportion of lending in the year under review at 34.9% in 2017 (2016: 38.9%). Revolving credit facilities and mortgages were the second and third largest lending product types at 27.8% and 22.8%, respectively. In terms of the number of disbursements, the proportion of unsecured loans remained the highest throughout the year (Tables 3-29 and 3-30).

⁵ These are loans given to organised groups of people and are usually secured by members of the group.

Table 3-29 · Disbursement by Product Type (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	559,547,293	107,811,636	77,158,499	105,661,931	206,458,058	497,090,124
Leases and Other asset-backed loans	738,644,305	248,710,343	148,917,068	153,576,001	210,234,754	761,438,166
Unsecured loans	299,268,705	78,894,929	93,815,308	66,229,961	78,346,462	317,286,659
Revolving credit facilities	296,693,931	107,494,982	136,475,237	111,815,223	251,875,301	607,660,742
Total	1,894,154,234	542,911,889	456,366,112	437,283,115	746,914,575	2,183,475,692

Table 3-30 · Disbursement by Product Type (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	1,005	547	304	286	696	1,833
Leases and Other asset-backed loans	8,250	6,327	4,161	3,629	4,709	18,826
Unsecured loans	59,759	19,274	27,788	26,513	37,182	110,757
Revolving credit facilities	937	215	277	260	148	900
Total	69,951	26,363	32,530	30,688	42,735	132,316

33. Challenges for credit providers in the provision of credit to SMEs included the fact that these businesses were mostly informal setups, with most of them not owning traditional collateral for loans and having inadequate or poor record keeping. It is envisaged that the implementation and utilisation of the moveable property collateral registry, coupled with the current efforts to enhance financial education, will reduce these challenges going forward.

3.4 Agriculture - Small

34. The small agriculture end-user category comprises emergent farmers with farm sizes of up to 50 hectares.
35. Credit disbursements to the small agriculture end-user category accounted for an average of 0.3% of total disbursements in value and 0.05% in number of credit disbursements in 2017. This end-user category consistently received the lowest credit throughout the year. Credit disbursements to small agriculture borrowers fell to K47.2 million in 2017 from K88.5 million in 2016 (Table 2-31). As volume of lending to small farmers is comparatively low, credit to this end-user category tends to exhibit volatility.
36. Credit disbursements by number of loans disbursed to small agriculture end-user group also fell to 1,417 in the year 2017 from 3,156 in the previous year (Table 2-31).

37. Credit disbursements to farmers with farm sizes of 5 to 20 hectares accounted for the highest proportion in terms of value of loans disbursed while small holder farmers with farm sizes of up to 5 hectares accounted for the highest number of loan disbursements (Table 3-31 and 3-32).

Table 3-31 · Disbursement by Farm Size (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Group loan to farmer group	18,294,154	121,939	61,574	3,752,325	5,162,428	9,098,266
Smallholder up to 5 hectares	20,131,344	2,931,645	2,641,208	2,552,600	2,693,348	10,818,801
Small emergent farmer - Between 5-20 hectares	23,078,966	2,412,221	3,539,359	811,700	6,282,524	13,045,804
Large emergent farmer - Between 20-50 hectares	26,995,450	2,038,708	2,425,831	9,753,227	50,000	14,267,766
Total	88,499,913	7,504,513	8,667,972	16,869,852	14,188,301	47,230,638

Table 3-32 · Disbursement by Farm Size (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Group loan to farmer group	96	28	6	20	5	59
Smallholder up to 5 hectares	2,400	418	231	181	206	1,036
Small emergent farmer - Between 5-20 hectares	614	135	70	43	56	304
Large emergent farmer - Between 20-50 hectares	46	6	6	5	1	18
Total	3,156	587	313	249	268	1,417

38. In terms of credit product types, mortgages accounted for the highest amount in value while leases and other assets backed loans accounted for the highest proportion of disbursements by number of loans disbursed (Table 3-33 and Table 3-34). This is because mortgages characteristically have high values and these high-value credits are usually accessed by few (probably higher-income) borrowers.

Table 3-33 · Disbursement by Product Type (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	35,507,161	3,937,269	4,786,745	13,404,422	11,165,921	33,294,357
Leases and Other asset-backed loans	42,015,732	2,371,858	2,684,600	3,310,430	2,603,800	10,970,688
Unsecured loans	9,135,261	1,100,386	661,626	-	107,480	1,869,492
Revolving credit facilities	1,841,759	95,000	535,000	155,000	311,100	1,096,100
Total	88,499,913	7,504,513	8,667,972	16,869,852	14,188,301	47,230,638

Table 3-34 · Disbursement by Product Type (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	110	12	7	8	21	48
Leases and Other asset-backed loans	1,311	307	270	239	200	1,016
Unsecured loans	1,725	266	31	-	43	340
Revolving credit facilities	11	2	5	2	4	13
Total	3,157	587	313	249	268	1,417

3.5 Agriculture - Large

39. The large agriculture end-user category includes farmers with farm sizes larger than 50 hectares. Credit disbursements to this category accounted for 8.7% of total disbursements in value and 0.02% in number of credit disbursements in the year under review. On quarter-to-quarter movements, the value of disbursements to the large agricultural end-user category was relatively stable in 2017 with an upward trajectory (except for the fourth quarter), unlike in 2016 which showed a high level of volatility. Large agricultural borrowers tend to be few in number but have very high credit exposure, so individual bank lending decisions influence the aggregate figures as evidenced by the inconsistent trends in lending by farm size (Table 3-35 and 3-36).

Table 3-35 · Disbursement by Farm Size (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Medium farms (51 - 200 ha)	190,658,525	11,194,473	108,970,967	46,430,197	16,980,841	183,576,478
Large farms (201 - 500 ha)	409,631,860	90,475,650	65,179,642	231,411,544	137,547,005	524,613,841
Extra Large farms (above 500 ha)	809,981,041	133,368,983	116,896,763	186,787,167	201,819,464	638,872,376
Farms owned by foreign investors/non-Zambian citizens	35,741,258	-	-	-	-	-
Total	1,446,012,683	235,039,106	291,047,372	464,628,908	356,347,310	1,347,062,696

Table 3-36 · Disbursement by Farm Size (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Medium farms (51 - 200 ha)	96	6	12	3	7	28
Large farms (201 - 500 ha)	238	46	30	97	49	222
Extra Large farms (above 500 ha)	98	27	38	40	70	175
Farms owned by foreign investors/non-Zambian citizens	9	-	-	-	-	-
Total	441	79	80	140	126	425

40. A review of credit disbursements by credit product type showed that credit disbursements to the large agriculture end-user category were, by value, concentrated in mortgages, leases and other asset-backed loans and revolving credit facilities, accounting for an average of 24.4%, 27.2% and 47.6%, respectively in 2017. This is because large farmers usually access high-value credit from credit providers, who would always require collateral such as real-estate for risk management purposes. Hence, un-secured credit forms a very small proportion of lending to this end-user group.
41. Leases and other asset-backed loans are usually obtained to fund the purchase of farm machinery such as tractors and irrigation equipment and are then used as collateral against the facility. Revolving credit is generally obtained to fund working capital requirements and is often backed by personal guarantees by the owners of the farms. In 2017, revolving credit made up 27.2% of total disbursements (Table 3-37 and Figure 3-6).

Table 3-37 • Disbursement by Product Type (Kwacha)

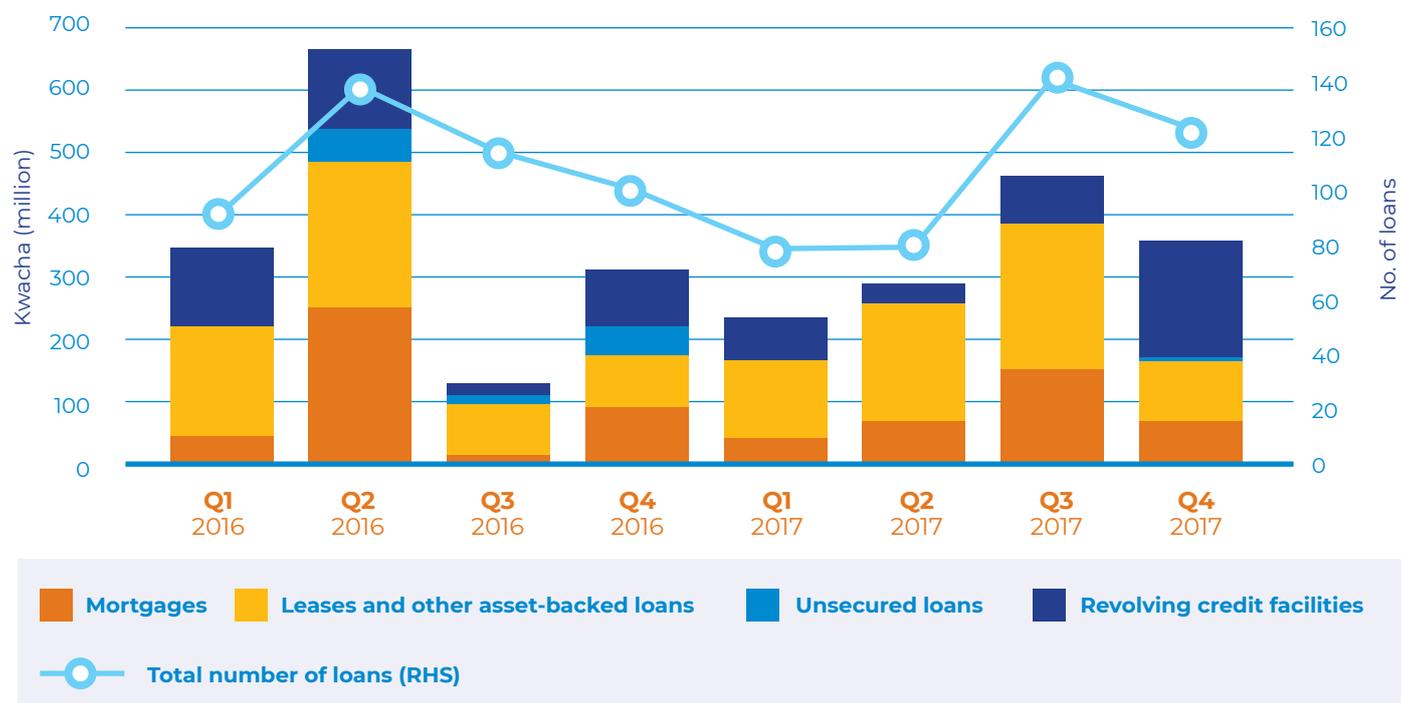
	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	406,686,772	42,533,478	68,217,399	150,357,805	67,935,725	329,044,408
Leases and Other asset-backed loans	566,506,621	122,380,478	188,771,850	233,686,925	95,968,635	640,807,888
Unsecured loans	113,971,264	-	744,901	1,717,000	7,941,000	10,402,901
Revolving credit facilities	358,848,026	70,125,150	33,313,222	78,867,177	184,501,951	366,807,499
Total	1,446,012,683	235,039,106	291,047,372	464,628,908	356,347,310	1,347,062,696

42. Similarly, by number of disbursements, credit disbursements by product type were skewed towards leases and other asset-backed loans, revolving facilities and mortgages accounting for an average of 59.1%, 26.8% and 12.0% respectively in 2017 (Table 3-38).

Table 3-38 • Disbursement by Product Type (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	44	9	12	17	13	51
Leases and Other asset-backed loans	321	58	56	97	40	251
Unsecured loans	26	0	2	1	6	9
Revolving credit facilities	50	12	10	25	67	114
Total	441	79	80	140	126	425

Figure 3-6 • Disbursements by Product Type



3.6 Business - Large

43. The large business end-user category captures non-agricultural enterprises with over 100 employees (although the end-user category captures businesses processing agricultural output). Similar to the large agricultural borrowers, large business borrowers also tended to be few in number but received a large portion of the total credit (Tables 3-39 and 3-40) in value terms. In 2017, credit disbursements to large businesses accounted for 33.3% of total credit disbursements in value and 0.1% in number of credit disbursements.

44. In terms of firm size, businesses with more than 500 employees received the highest disbursements in terms of both value and number of disbursements.

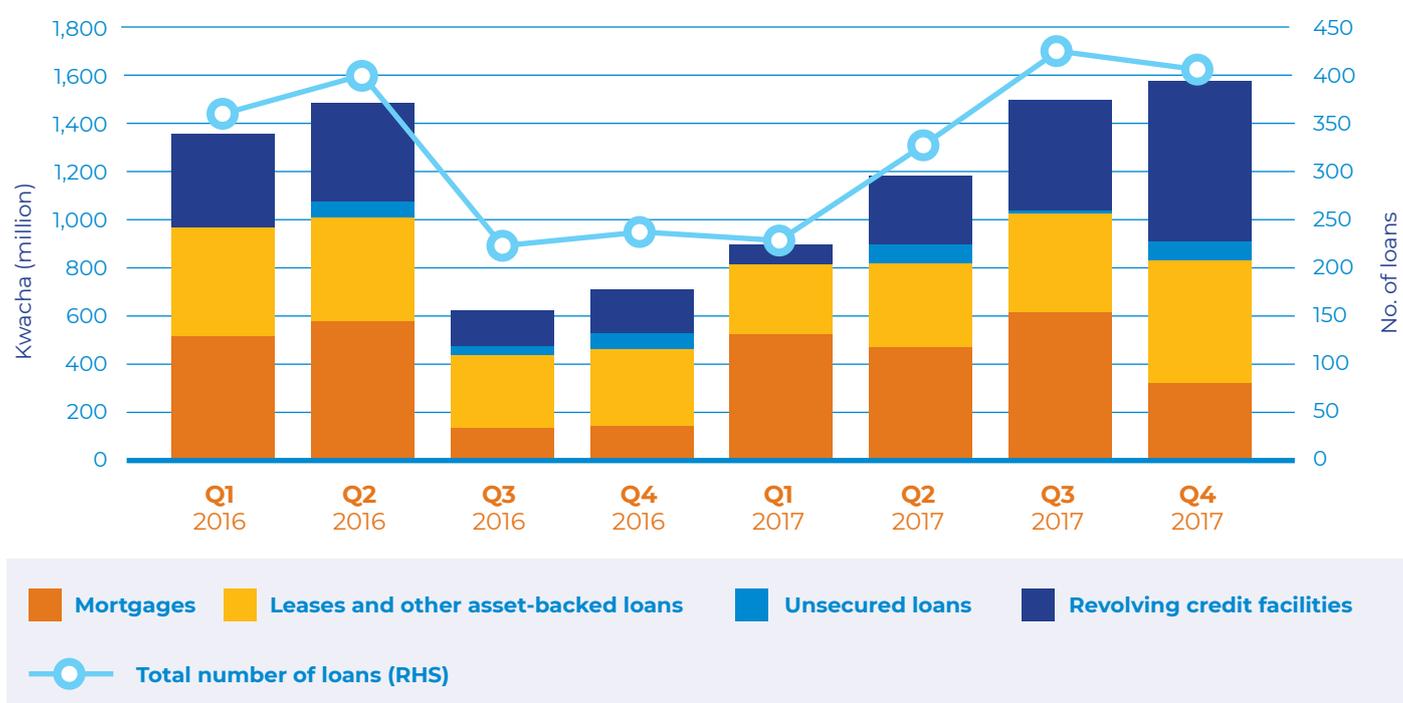
Table 3-39 • Disbursement by Business Size (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Businesses with 101-300 employees	1,811,445,949	255,002,804	384,168,527	596,686,481	413,837,937	1,649,695,750
Businesses with 300 to 500 employees	906,680,592	88,606,415	97,185,316	264,362,196	175,244,839	625,398,767
Businesses with more than 500 employees	1,361,146,027	555,913,239	707,503,239	643,105,484	994,653,876	2,901,175,839
Total	4,079,272,568	899,522,458	1,188,857,083	1,504,154,161	1,583,736,653	5,176,270,355

Table 3-40 • Disbursement by Business Size (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Businesses with 101-300 employees	509	103	171	129	140	543
Businesses with 300 to 500 employees	133	8	10	78	33	129
Businesses with more than 500 employees	502	116	148	221	233	718
Total	1,144	227	329	428	406	1,390

Figure 3-7 • Disbursements by Product Type



45. Large businesses mainly borrow in structured credit products such as secured loans and leases, mortgages, and revolving credit (Table 3-41 and Table 3-42).

Table 3-41 • Disbursement by Product Type (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	1,369,439,200	530,199,823	468,899,546	608,506,991	316,841,801	1,924,448,162
Leases and Other asset-backed loans	1,433,760,254	281,595,288	353,412,372	423,154,129	513,645,408	1,571,807,198
Unsecured loans	229,613,905	541,627	71,602,378	10,655,548	81,980,007	164,779,560
Revolving credit facilities	1,161,531,741	87,185,720	294,942,787	461,837,494	671,269,436	1,515,235,436
Total	4,194,345,100	899,522,458	1,188,857,083	1,504,154,161	1,583,736,653	5,176,270,355

Table 3-42 · Disbursement by Product Type (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	174	55	43	47	33	178
Leases and Other asset-backed loans	717	139	191	273	219	822
Unsecured loans	39	3	60	3	27	93
Revolving credit facilities	302	30	35	105	127	297
Total	1,232	227	329	428	406	1,390

3.7 Government

46. The Government end-user category captures credit extension to Central Government, Local Government, parastatals, and statutory bodies, but excludes Government securities. Lending to the Government is often driven by a small number of large credit agreements.
47. Credit disbursements to the Government end-user category accounted for 4.7% of total disbursements in value and 0.01% in number of credit disbursements in 2017. Credit disbursements to Government tended to be infrequent and quarter-specific depending largely on borrowing requirements (Table 3-43). Central Government accounted for 89.7% of the value of total lending to Government in 2017 (Table 3-44). The category comprises low-risk borrowers and, hence, credit providers are willing to disburse large amounts of unsecured credit which account for the high proportion of unsecured loans in this end-user category in terms of both value and number of loans in 2017.

Table 3-43 · Disbursement to Government (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Central Government	669,050,000	235,001,962	150,000,000	49,037,000	217,360,000	651,398,962
Local Government	182,308,375	14,731,838	3,779,451	4,293,166	11,217,192	34,021,648
Parastatals	30,861,655	8,340,483	525,535	525,535	-	9,391,554
Statutory Bodies	9,928,658	789,870	2,039,114	2,555,864	26,127,390	31,512,238
Total	892,148,689	258,864,153	156,344,101	56,411,565	254,704,581	726,324,401

Table 3-44 • Disbursement to Government (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Central Government	6	2	1	41	48	92
Local Government	366	12	4	6	11	33
Parastatals	15	5	1	1	0	7
Statutory Bodies	14	2	6	6	1	15
Total	401	21	12	54	60	147

48. Credit disbursements to the Government end-user category were predominantly in the form of unsecured lending (Table 3-45 and Table 3-46 and Figure 3-8).

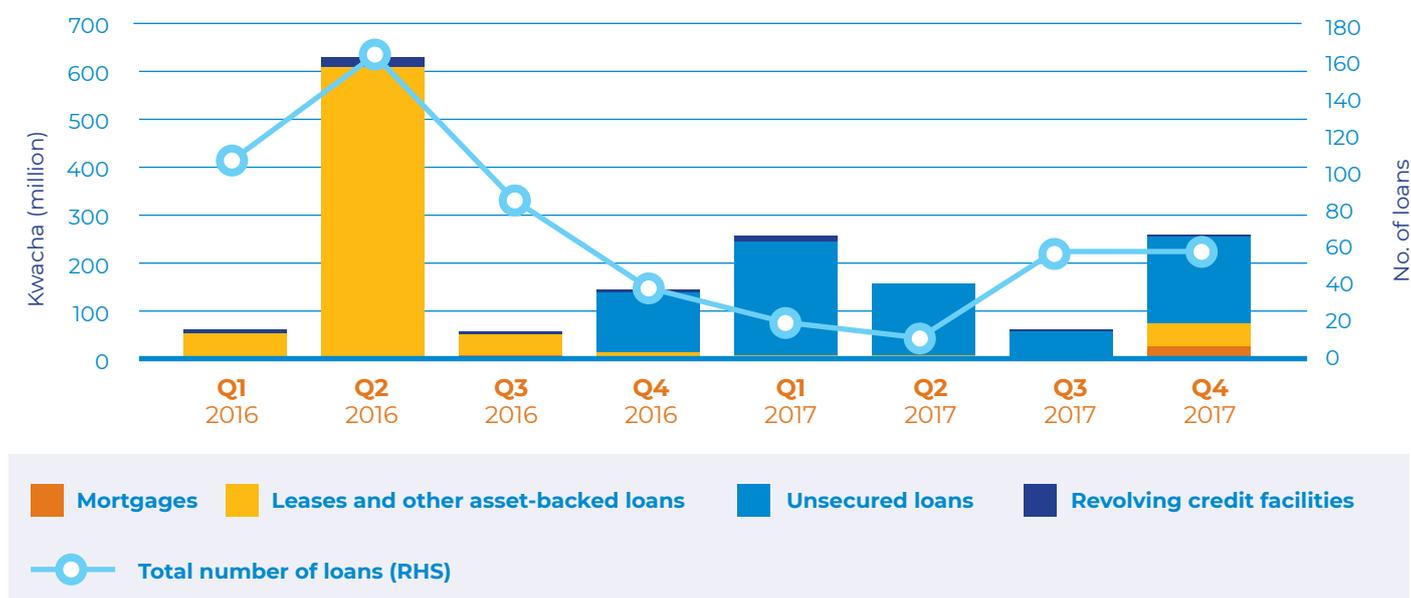
Figure 3-45 • Disbursement by Product Type (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	9,986,007	390,000	3,000,000	90,000	26,127,390	29,607,390
Leases and Other asset-backed loans	729,408,241	7,538,918	3,344,101	5,974,565	50,217,192	67,074,776
Unsecured loans	125,391,010	235,016,840	150,000,000	48,947,000	177,360,000	611,323,840
Revolving credit facilities	27,363,431	15,918,396	-	1,400,000	1,000,000	18,318,396
Total	892,148,689	258,864,153	156,344,101	56,411,565	254,704,581	726,324,401

Figure 3-46 • Disbursement by Product Type (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	4	1	1	1	1	4
Leases and Other asset-backed loans	372	9	10	11	12	42
Unsecured loans	5	2	1	40	46	89
Revolving credit facilities	20	9	-	2	1	12
Total	401	21	12	54	60	147

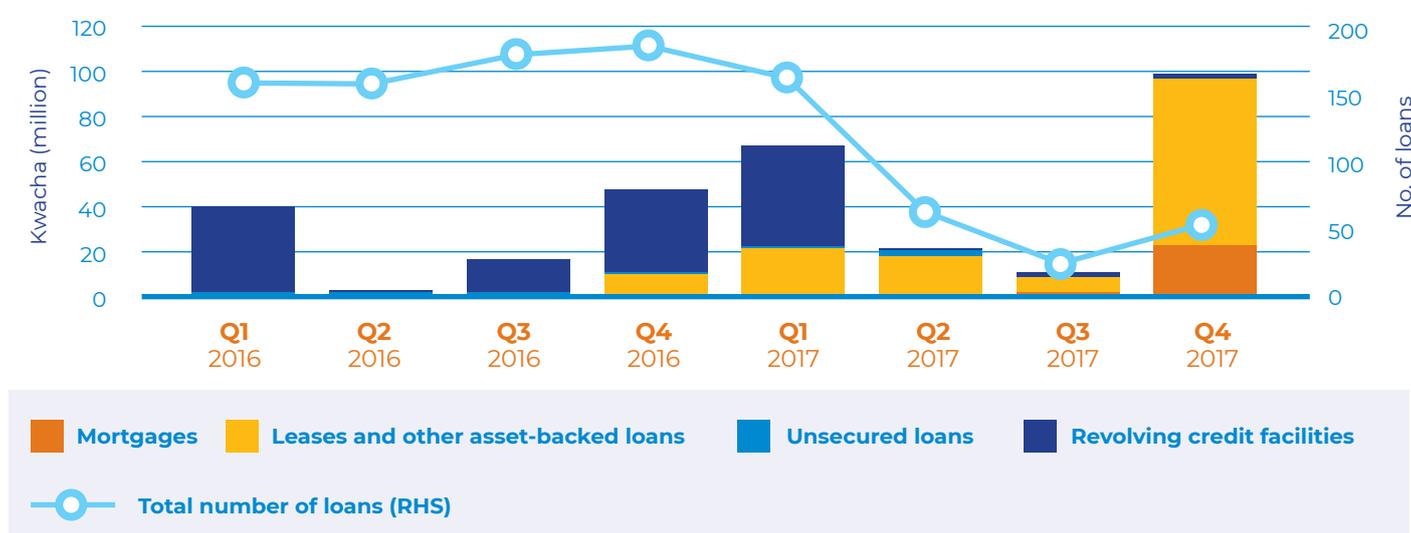
Figure 3-8 · Disbursements by product type



3.8 Other End-Users

49. The ‘Other end-user’ category captures all other borrowers that do not fall into any specific end-user category. Credit disbursements to ‘other end users’ accounted for 1.3% of total value of disbursements and 0.01% of the total number of credit disbursements in 2017. Credit disbursements were inconsistent over the year, with the first and fourth quarter showing large disbursement flows, but very little in the second and third quarters (Figure 2-9). In the fourth quarter, credit disbursements grew to K99.5 million from K11.5 million in the third quarter (Table 3-47). This increase was a result of a few large inter-bank transactions and lending to the “All others” category.

Figure 3-9 · Disbursements by product type



50. Table 3-47 and Table 3-48 show disbursements to the other end-user category according to the type of institutions to which this credit was supplied by the value of loans and the number of loans disbursed, respectively.

Table 3-47 • Disbursement to Other End-Users (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Non-profit organisations	11,179,260	550,799	4,451,774	3,212,921	2,481,164	10,696,658
Other banking institutions	76,632,368	50,116,164	-	-	51,048,448	101,164,612
Non-bank financial institutions	7,795,207	13,862,490	-	4,452,346	1,600,000	19,914,836
Embassies and international org.	107,358	-	-	-	-	-
Affiliated companies	-	-	-	-	-	-
Non-resident individuals	-	-	-	-	-	-
All others	13,290,946	3,861,064	17,094,413	3,860,009	44,349,718	69,165,204
Total	109,005,138	68,390,517	21,546,187	11,525,276	99,479,330	200,941,310

Table 3-48 • Disbursement to Other End-Users (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Non-profit organisations	30	3	57	11	12	83
Other banking institutions	6	2	0	0	1	3
Non-bank financial institutions	14	6	0	4	2	12
Embassies and international org.	3	0	0	0	0	-
Affiliated companies	-	0	0	0	0	-
Non-resident individuals	-	0	0	0	0	-
All others	633	152	5	8	38	203
Total	686	163	62	23	53	301

51. On average, leases and other asset-backed lending accounted for the largest proportion of disbursement in terms of value, while the unsecured loans had the highest proportion according to number of disbursements. Table 3-49 and Table 3-50 show disbursements to the other end-user category in terms of the value and number of loans disbursed.

Table 3-49 • Disbursement by Product Type (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	-	50,000	-	2,863,463	23,839,845	26,753,308
Leases and Other asset-backed loans	15,179,618	22,116,164	18,773,008	5,986,637	73,120,100	119,995,909
Unsecured loans	4,643,343	879,116	2,515,000	-	231,285	3,625,401
Revolving credit facilities	89,182,177	45,345,237	258,179	2,675,176	2,288,100	50,566,692
Total	109,005,138	68,390,517	21,546,187	11,525,276	99,479,330	200,941,310

Table 3-50 • Disbursement by Product Type (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	4	1	1	1	1	4
Leases and Other asset-backed loans	372	9	10	11	12	42
Unsecured loans	5	2	1	40	46	89
Revolving credit facilities	20	9	0	2	1	12
Total (Number)	401	21	12	54	60	147



SECTION 4

FINANCIAL INCLUSION

4. FINANCIAL INCLUSION

52. The financial inclusion data collected as part of the credit return focused on access to credit by women, youth and borrowers in rural parts of the country. This is because these end-users have lower access to financial services. The Zambia FinScope survey of 2015 revealed that the level of financially excluded female adults was higher at 42.5% compared to the male counterparts which stood at 38.8%. Similarly, the survey showed that 56.5% of the youth were financially excluded compared to 43.5% for adults. The Zambia FinScope survey also revealed that financial exclusion in rural parts of Zambia was 49.8%, significantly greater than in urban areas where the financial exclusion level was 29.7%. Collection and analysis of credit data on these priority end-user categories, therefore, is intended to allow for evidence-based policy formulation and subsequent evaluation of the impact of policy implementation.
53. In 2017, access to credit by these priority end-user categories improved in terms of both absolute value and absolute number of credit disbursements. However, the increases were not significant to result in rising their proportion to the total credit disbursed in the year.

4.1 Credit Supply to Women

54. The value of credit disbursement to women improved in 2017, increasing to 12.5% of the total value of disbursements from 10.4% in 2016 (Tables 4-1). However, the proportion of disbursements marginally declined in terms of credit flow by number of loans granted (Table 4-2).

Table 4-1 • Credit Access by Women (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Total Disbursement	11,673,402,668	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999	15,539,652,632
Disbursement to women	1,220,238,932	334,073,906	471,681,952	536,346,658	604,948,730	1,947,051,246
Portion of disbursement accessed by women	10.5%	11.3%	13.6%	12.6%	12.4%	12.5%

Table 4-2 • Credit Access by Women (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Total Disbursement	731,106	330,909	560,694	762,131	975,945	2,629,679
Disbursement to women	128,619	63,566	102,366	121,394	159,948	447,273
Portion of disbursement accessed by women	17.6%	19.2%	18.3%	15.9%	16.4%	17.0%

55. As a proportion of credit provided to households and individuals, women received 27.3% in the year under review compared to 29.0% in 2016. As a proportion of small agricultural lending and small business lending, women received 14.9% and 22.3% respectively in 2017 (Table 4-3).

Table 4-3 • Credit Access by Women by Type of Credit (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Portion of total agriculture credit to women	15.8%	19.8%	34.3%	9.2%	9.9%	14.9%
Portion total business credit to women	18.7%	13.9%	26.2%	22.1%	19.9%	22.3%
Portion of total households credit to women	29.0%	27.1%	28.1%	26.7%	27.2%	27.3%

4.2 Credit Supply to the Youth

56. Credit disbursement to the youth showed an improvement during the year under review. Out of the total value of credit disbursements in 2017, 14.1% was to the youth, an improvement from 12.4% in 2016. Quarter to quarter movements showed that the value of credit disbursements reduced to 13.9% in the fourth quarter of 2017 compared to 14.3% in the third quarter. In terms of the number of credit disbursements, it increased to 50.7% in 2017 from 28.4% the previous year (Tables 4-4 and 4-5).

Table 4-4 • Access by Youth (Kwacha)

	Total	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Total Disbursement	11,673,402,668	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999	15,539,652,632
Disbursement to the youth	1,453,025,291	365,993,316	542,617,979	606,013,815	676,282,662	2,190,907,772
Portion of disbursement accessed by the youth	12.4%	12.4%	15.7%	14.3%	13.9%	14.1%

Table 4-5 • Access by Youth (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Total Disbursement	731,106	330,909	560,694	762,131	975,945	2,629,679
Disbursement to the youth	207,378	151,226	294,025	377,681	509,648	1,332,580
Portion of disbursement accessed by the youth	28.4%	45.7%	52.4%	49.6%	52.2%	50.7%

57. As a proportion of credit provided to households and individuals, the youth received 32.3% in quarter four, while the youth received 9.3% and 14.2% of total

credit extended in the small agricultural and small business end-user categories, respectively (Table 4-6). In terms of trajectory, the proportions of lending to the youth showed some stability, but variation across quarters remained.

Table 4-6 · Access by Youth as a portion of End-User Types

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Portion of total agriculture accessed by the youth	10.5%	18.7%	11.4%	6.5%	9.3%	8.6%
Portion total business credit accessed by the youth	12.0%	9.7%	18.2%	14.5%	14.2%	15.4%
Portion of total households accessed by the youth	39.3%	32.8%	36.5%	33.0%	32.3%	33.7%

4.3 Credit Supply to Rural Areas

58. Credit disbursements going to rural end-users (by value) increased by 17.0% in 2017, with proportions improving to 12.5% from 10.7% in 2016. In terms of the number of credit agreements, the proportion of credit to rural districts increased to 24.6% from 21.0% of disbursements in 2016 (Table 4-7 and 4-8).

Table 4-7 · Total Disbursements by Rural/Urban (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Rural	10.7%	14.6%	12.8%	13.7%	10.1%	12.5%
Urban	89.1%	85.4%	87.2%	86.3%	89.9%	87.5%

59. The increase in the credit to rural areas was attributed to a new high-volume, low-value credit product (mobile credit lending transactions) in the NBFIs sector which allowed the flow of credit to the rural areas through agents of mobile network operators, a development that was made possible through developments in mobile telephone technology and the penetration of mobile phones into the rural areas. Aside from this development, the level of credit flow to rural areas remained low when compared to urban areas because of the existence of more economic activities, better road access and other facilitative infrastructure in urban areas which played a significant role in attracting more credit providers to the urban areas compared to rural areas.

Table 4-8 · Total Disbursements by Rural/Urban (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Rural	21.0%	34.0%	29.0%	19.0%	23.4%	24.6%
Urban	79.0%	66.0%	71.0%	81.0%	76.6%	75.4%

SECTION 5

DEBT STRESS

5. DEBT STRESS

60. This section presents an assessment of debt stress within Zambia's credit market. Debt stress levels have implications for the stability of financial service providers and are an important input into the functioning and stability of the market as a whole. This assessment is based on information collected through the credit returns and therefore excludes assessment of other risk categories.

5.1 Quality of Loan Book

61. The financial sector saw a deterioration in loan performance and an increase in debt stress during 2017. This was due to lagged effects of economic challenges and persistently high lending rates. Debt stress was evidenced by a rise in non-performing loans. Offsetting the reduction in loan performance, lenders began to reverse the downward trend in their gross lending after five quarters of decline.
62. Despite declining loan performance, the financial sector remained resilient to credit stress on account of high loan-loss reserve and regulatory capital ratios which stood at 71.6% and 25.1%, respectively, which were well above regulatory minimums. As at end-December 2017, the non-performing loans ratio for the financial sector had risen to 12.0% from 10.7% at end of 2016 (Table 5-1).

Table 5-1 • Age Analysis

	31 Dec - 2016	31 Mar - 2017	30 Jun - 2017	30 Sep - 2017	31 Dec - 2017	% Change (Y-on-Y)
Portion of book: Current (%)	70.7%	73.2%	77.8%	78.7%	76.8%	9.0%
Portion of book: 1-59 Days late (%)	11.5%	8.0%	6.0%	6.6%	8.5%	-26.0%
Portion of book: 60-89 Days late (%)	7.2%	6.9%	5.0%	2.5%	2.7%	-62.0%
Portion of book: 90-119 days late (%)	1.1%	1.4%	1.1%	1.1%	1.2%	15.0%
Portion of book: 120-179 days late (%)	1.9%	2.2%	1.8%	0.9%	1.2%	-38.0%
Portion of book: 180+ days late (%)	7.8%	8.4%	8.4%	10.3%	9.6%	23.0%
Total: 90 days or over	10.7%	12.0%	11.3%	12.2%	12.0%	12.0%

63. In terms of end-user categories, SMEs and small and emergent farmers accounted for the highest levels of non-performing loans at 26.9% and 27.2%, respectively at end-December 2017 (Table 5-2).

**Table 5-2 · Non-Performing Loans according to Credit End-User Categories
(90 days late or more)**

	31 Dec - 2016	31 Mar - 2017	30 Jun - 2017	30 Sep - 2017	31 Dec - 2017
Households and Individuals	9.8%	5.5%	6.1%	13.2%	7.4%
Business - Small	26.9%	26.1%	24.8%	25.7%	21.7%
Agriculture - Small and Emergent	27.2%	18.4%	16.5%	25.5%	29.0%
Agriculture - Large	15.9%	16.5%	15.1%	18.6%	21.0%
Business - Large	7.9%	12.0%	11.3%	13.6%	12.2%
Government	0.9%	0.6%	1.0%	1.0%	1.3%
Other end users	9.8%	5.5%	6.1%	13.2%	7.4%

64. In terms of credit products, mortgages and unsecured loans accounted for the highest levels of non-performing loans in the year (Table 5.3).

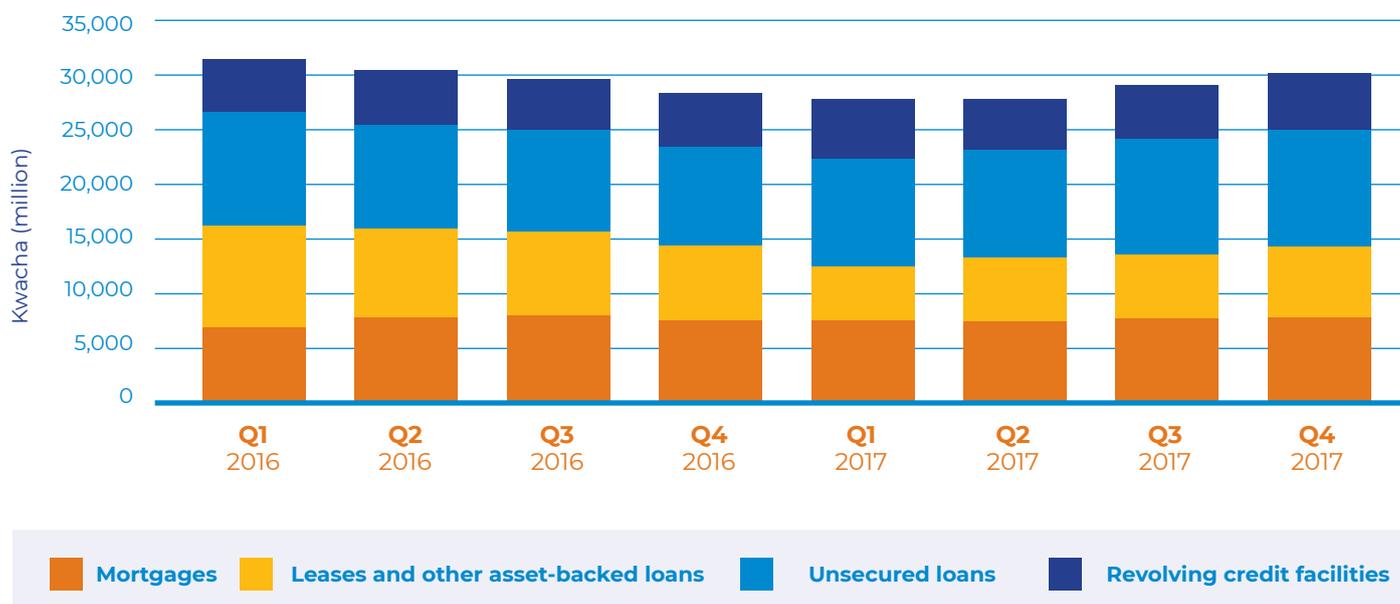
Table 5-3 · Non-performing loans according to Credit Products

	31 Dec - 2016	31 Mar - 2017	30 Jun - 2017	30 Sep - 2017	31 Dec - 2017
Mortgages	17.8%	18.4%	17.5%	19.6%	19.1%
Leases and Other asset-backed loans	6.5%	11.7%	9.5%	11.6%	11.2%
Unsecured loans	9.9%	9.7%	8.5%	8.0%	7.9%
Revolving credit facilities	6.8%	7.2%	8.9%	10.2%	10.3%

5.2 Contracting Loan Book

65. The loan book recovered in 2017 after declining in the year 2016. At the end-December 2017, the loan book stood at K30,370.6 million, compared to K28,378.6 million at the year-end 2016 (Figure 5-1).

Figure 5-1 • Total Value of Credit Book by Product



66. The recovery in the loan book was largely a result of a consistent and sustained easing of monetary policy. The loosening of monetary policy stance, undertaken since February 2017 supported the turn-around in the trajectory of outstanding loan book. The recovery, however, remained nascent as lending institutions still had limited risk appetite, evidenced by their increasingly large holdings of Government securities and loan growth in generally less risky lending categories such as salary-backed loans.

67. The recovery in the gross book occurred across most credit product types. Particularly, there were significant increases in unsecured credit and leases and other asset back loans, consistent with increased lending to less risky households and collateralised large corporates. The value of outstanding unsecured loans increased from K9,026.7 million to K10,546.0 million over the year 2017. Mortgages and revolving credit also saw stabilisation or increases in outstanding loans.

Table 5-4 • Total Book by Product (Kwacha)

	31 Dec - 2016	31 Mar - 2017	30 Jun - 2017	30 Sep - 2017	31 Dec - 2017
Mortgages	7,793,061,066	7,743,764,451	7,704,977,897	7,983,653,780	8,202,535,840
Leases and Other asset-backed loans	6,753,875,706	5,051,808,465	5,906,306,667	5,736,828,500	6,317,303,115
Unsecured loans	9,026,732,981	9,584,263,987	9,557,178,297	10,508,307,039	10,545,972,910
Revolving credit facilities	4,804,921,009	5,493,303,820	4,640,103,463	4,994,898,982	5,303,762,383
Total	28,378,590,762	27,873,140,723	27,808,566,324	29,223,688,301	30,369,574,248

68. The number of loans outstanding similarly began to recover, albeit at a slower rate. The numbers of loans outstanding at end-December 2017 increased to 905,422 from 643,600 in the final quarter of 2016 (Figure 4-2 and Table 5.5). The aggregate increase in outstanding loans by number is primarily because of growth in household and mobile lending. It is expected that the number of loans in the outstanding book to recover more slowly than the value of the book because of the dynamics in provisioning, loss, and write-off processes.

Figure 5-2 • Total Number of Loans in Credit Book by Product

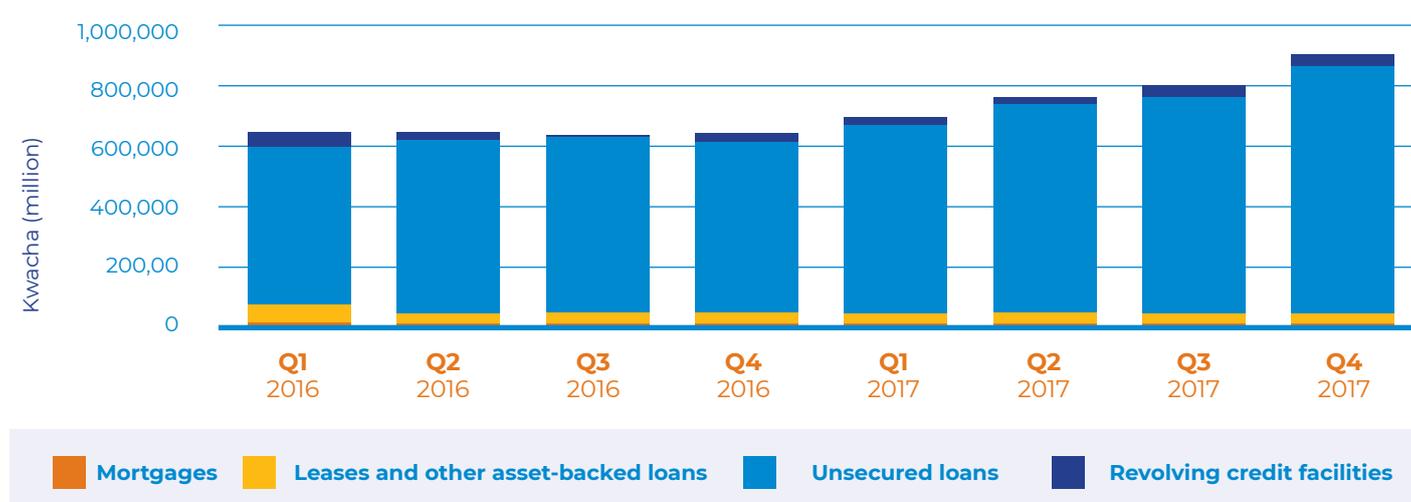


Table 5-5 • Total Book by Product (Number)

	31 Dec 2016	31 Mar 2017	30 Jun 2017	30 Sep 2017	31 Dec 2017
Mortgages	11,299	11,761	9,985	8,164	8,728
Leases and Other asset-backed loans	34,349	33,356	34,871	34,572	33,440
Unsecured loans	567,662	625,172	696,148	723,823	823,501
Revolving credit facilities	30,290	25,950	23,250	36,204	39,753
Total (Number)	643,600	696,239	764,254	802,763	905,422

5.3 Concentration of Loan Disbursements and Outstanding Loan Amounts

69. In 2017, credit supply was generally concentrated in terms of type of credit product, end-user category and geographical distribution. In terms of credit products, unsecured loans accounted for the highest proportion at 98.8% and 40.0% based on number of credit disbursements and value of disbursements, respectively (Table 5-6 and Table 5-7).

Table 5-6 • Credit Supply - Loan Disbursements by Credit Products (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	2,740,168,623	768,488,015	699,845,087	964,545,099	773,918,995	3,206,797,196
Leases and Other asset-backed loans	3,707,417,609	786,515,506	788,097,156	904,919,870	1,020,473,292	3,500,005,825
Unsecured loans	3,151,481,011	1,076,228,514	1,506,704,122	1,707,161,082	1,946,677,759	6,236,771,477
Revolving credit facilities	2,074,735,120	328,570,005	469,218,971	674,506,205	1,123,782,953	2,596,078,133
Total	11,673,402,668	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999	15,539,652,632

Table 5-7 • Credit Supply - Loan Disbursements by Credit Products (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Mortgages	4,295	629	504	550	713	2,396
Leases and Other asset-backed loans	35,233	10,334	9,872	9,032	10,094	39,332
Unsecured loans	684,155	319,551	549,928	751,935	964,404	2,585,818
Revolving credit facilities	7,427	395	390	614	734	2,133
Total	731,110	330,909	560,694	762,131	975,945	2,629,679

70. In terms of end-user categories, households and individuals accounted for the highest percentage at 97.3% and 37.2% for number and value of disbursements, respectively (Table 5-8 and Table 5-9).

Table 5-8 • Total Disbursements by End-User (Number)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Business – Large	1,225	227	329	428	406	1,390
Business – SME	69,186	16,739	20,230	20,867	25,402	83,238
Agriculture – Large	441	79	80	140	126	425
Agriculture – Small	3,157	587	313	249	268	1,417
Households & Individuals	655,861	313,093	539,668	740,370	949,630	2,542,761
Government	401	21	12	54	60	147
Other end-users	847	163	62	23	53	301
Total	731,118	330,909	560,694	762,131	975,945	2,629,679

Table 5-9 • Total Disbursements by End-User (Kwacha)

	Total 2016	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017	Total 2017
Business – Large	4,191,139,100	899,522,458	1,188,857,083	1,504,154,161	1,583,736,653	5,176,270,355
Business – SME	1,893,208,751	542,708,989	456,072,932	437,283,115	746,914,575	2,182,979,612
Agriculture – Large	1,446,012,684	235,039,106	291,047,372	464,628,908	356,347,310	1,347,062,696
Agriculture – Small	88,347,529	7,504,513	8,667,972	16,869,852	14,188,301	47,230,638
Households & Individuals	3,055,578,276	947,772,303	1,341,329,691	1,760,259,378	1,809,482,248	5,858,843,620
Government	892,148,689	258,864,153	156,344,101	56,411,565	254,704,581	726,324,401
Other end-users	110,828,440	68,390,517	21,546,187	11,525,276	99,479,330	200,941,310
Total	11,677,263,467	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999	15,539,652,632

71. Similarly, the outstanding loan amount at end-December 2017 was concentrated in the households and individuals category, accounting for 88.6% and 37.6% in terms of number and value of outstanding loans respectively (Table 5-10 and Table 5-11).

Table 5-10 • Total Outstanding Loans by End-User (Number)

	31 Dec 2016	31 Mar 2017	30 Jun 2017	30 Sep 2017	31 Dec 2017
Business – Large	5,494	3,817	4,614	4,396	5,720
Business – SME	71,820	71,601	71,453	63,463	89,356
Agriculture – Large	1,503	1,193	1,334	1,364	1,359
Agriculture – Small	4,511	5,737	3,822	2,813	5,322
Households & Individuals	557,688	612,384	681,779	729,083	801,880
Government	930	908	861	961	1,088
Other end-users	1,667	642	449	683	697
Total	643,613	696,282	764,312	802,763	905,422

Table 5-11 · Total Outstanding Loans by End-User (Kwacha)

	31 Dec 2016	31 Mar 2017	30 Jun 2017	30 Sep 2017	31 Dec 2017
Business – Large	9,550,116,822	9,019,511,937	9,382,212,113	9,914,389,065	9,952,575,018
Business – SME	3,185,070,263	3,300,158,628	2,893,320,074	2,508,766,975	2,739,992,992
Agriculture – Large	3,743,127,438	3,643,704,930	3,503,870,346	3,897,534,100	4,382,679,277
Agriculture – Small	164,358,401	257,696,714	325,530,106	212,186,552	263,332,164
Households & Individuals	10,376,172,043	10,348,239,343	10,547,410,498	11,115,416,619	11,424,284,928
Government	1,003,955,536	1,044,197,069	1,014,151,346	1,301,638,614	1,134,859,637
Other end-users	354,125,672	260,065,065	142,755,552	273,756,377	471,850,232
Total	28,376,926,173	27,873,573,687	27,809,250,035	29,223,688,301	30,369,574,248

72. Notwithstanding the fact that most of the unsecured loans and loans under households and individuals were salary-backed, the levels of concentration posed a risk to the stability of the financial system. This is because potential adverse developments affecting the employment sector could result in significant losses with adverse implications for the soundness of the financial system.



SECTION 6

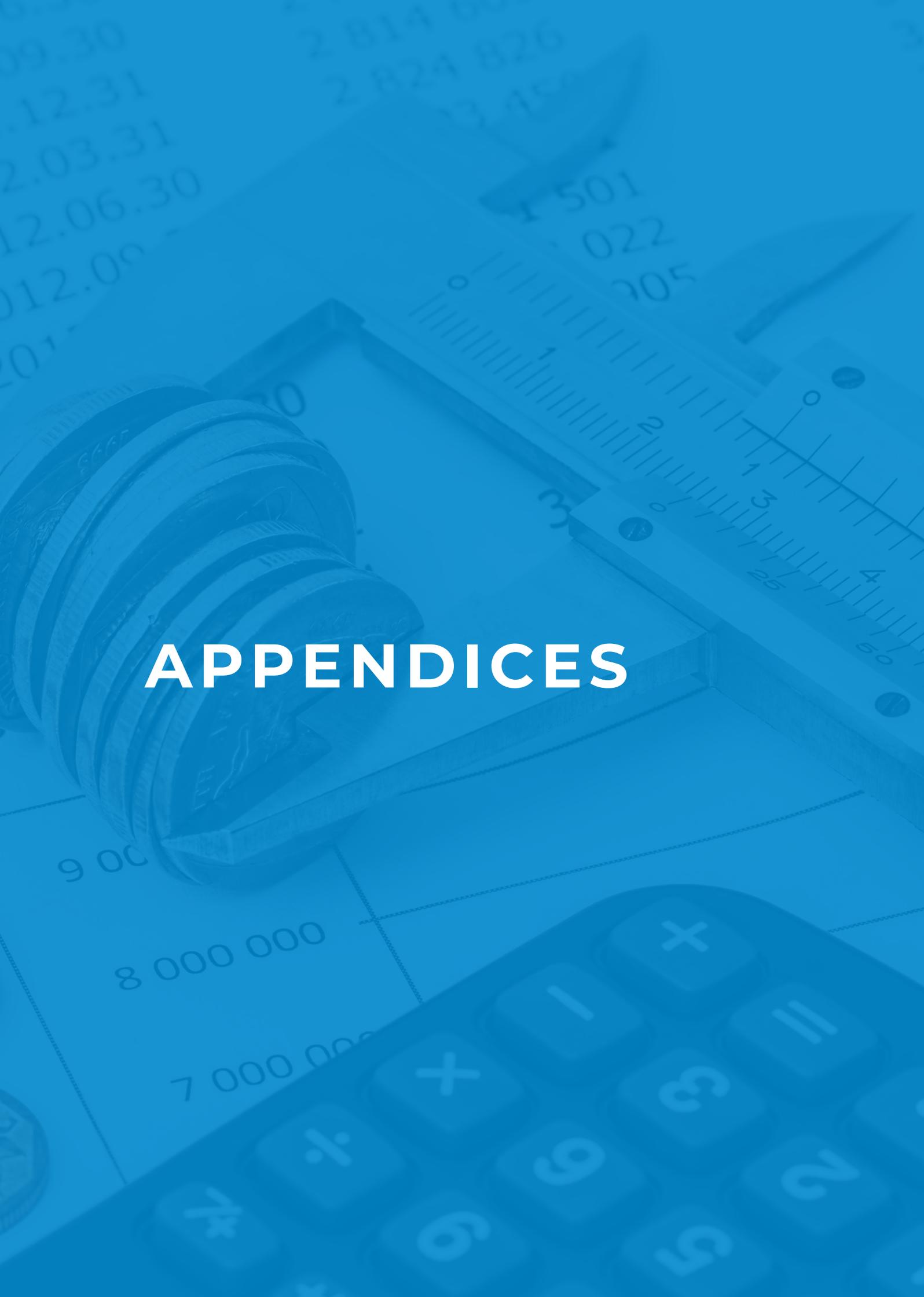
CONCLUSION

6. CONCLUSION

73. Overall, credit disbursements continued to rise in 2017, both in terms of the value and the number of loans. After five quarters of continuous reductions, the outstanding loan book also began to grow in the latter half of 2017. Data showed that the credit risk appetites of lenders remained subdued, but monetary and liquidity easing appeared to spur an increase in lending, albeit slowly.
74. The value of credit disbursements was concentrated in the Copperbelt and Lusaka Provinces at 71.6% of total credit disbursements. Except for Lusaka, credit disbursements by number of loans increased substantially for each province over the year. This was attributed to a new high-volume, low-value mobile credit product in the NBFIs sector that opened up opportunities for lending to rural areas.
75. In terms of credit end-user categories, the household and individuals' end-user category accounted for the largest proportion of credit disbursement at 97.3% and 37.2% in terms of number and value of credit disbursed. A review of data collected on the usage of the credit obtained under the category indicated that 12.0% was utilized to pay school fees, 10.0% on living expenses, 54.0% on unspecified purposes while the rest was for purposes spread amongst medical expenses, vehicle acquisition, home improvement, land acquisition and business.
76. The credit data obtained also showed that unsecured loans accounted for the highest proportion of credit disbursed both by value and number of loans with a significant rise during the year. The increase in credit disbursement of unsecured loans was attributed to the mobile credit product and a strengthening of lending to individuals and households.
77. As regards the priority end-user categories, on average, 12.5% of the total loans disbursed during the year in terms of value, was disbursed to women while 14.1% was to the youth, with both priority segments exhibiting growth trajectories quarter by quarter.
78. Access by small businesses in the year on average showed a rising trajectory. Out of the total value of credit disbursements in 2017, 14.0% was to small businesses while in terms of number of disbursements, small businesses accounted for 3.2%.
79. The challenges that credit providers faced in lending to small and medium-size businesses included how to deal with their high levels of informality and their inability to provide traditional collateral for loans.

These challenges underscore the need for the BoZ and other stakeholders to provide SMEs with more financial education to enable them to utilise the moveable property collateral registry, and improve their financial accounting and record-keeping practices.

80. Debt stress was high as indicated by the percentage of loan outstanding for more than 90 days of 11.9%. This was partly attributed to the lagged impact of the recent economic challenges and of high lending rates. Non-adherence to credit underwriting standards by some credit providers was also a factor.
81. The BoZ will continue to collect and publish credit market information in order to facilitate credit market development. This report and the dataset supporting it are available on BoZ's website.



APPENDICES

Appendix 1 • Overall Credit Market Data

Demand for Credit • Number of Loan Applications

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Large Business	224	197	356	517
Small Business	26,363	32,530	30,688	42,735
Large Agriculture	50	51	77	135
Small and Emergent Agriculture	106	130	110	159
Households and Individuals	824,118	1,406,416	1,665,832	2,115,048
Government	8	6	65	38
Other end users	161	61	23	140
Total	851,030	1,439,391	1,697,151	2,158,772

Credit Supply • Number of Loan Disbursements

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Large Business	227	329	428	406
Small Business	16,739	20,230	20,867	25,402
Large Agriculture	79	80	140	126
Small and Emergent Agriculture	587	313	249	268
Households and Individuals	313,093	539,668	740,370	949,630
Government	21	12	54	60
Other end users	163	62	23	53
Total	330,909	560,694	762,131	975,945

Credit Supply • Disbursements by Product (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	768,488,015	699,845,087	964,545,099	773,918,995
Leases and Other asset-backed loans	786,515,506	788,097,156	904,919,870	1,020,473,292
Unsecured loans	1,076,228,514	1,506,704,122	1,707,161,082	1,946,677,759
Revolving credit facilities	328,570,005	469,218,971	674,506,205	1,123,782,953
Total (Kwacha)	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999

Credit Supply • Number of Loan Disbursements by Credit Products

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	629	504	550	713
Leases and Other asset-backed loans	10,334	9,872	9,032	10,094
Unsecured loans	319,551	549,928	751,935	964,404
Revolving credit facilities	395	390	614	734
Total	330,909	560,694	762,131	975,945

Proportion of Disbursements by Institution Type (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Banks	75,4%	73,8%	75,3%	76,9%
Building Societies	1,9%	2,6%	3,5%	2,2%
Enterprise lending MFIs	3,5%	3,3%	2,3%	2,7%
Consumer lending MFIs	15,1%	16,5%	14,5%	12,9%
Other NBFIs	4,2%	3,7%	4,5%	5,4%

Proportion of Disbursements by Institution Type (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Banks	3,0%	2,5%	2,2%	1,8%
Building Societies	1,4%	1,2%	1,1%	0,7%
Enterprise lending MFIs	3,5%	2,3%	1,4%	1,7%
Consumer lending MFIs	22,7%	15,3%	11,3%	9,3%
Other NBFIs	69,4%	78,8%	84,0%	86,5%

Total Disbursements by End-User (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Large Business	899,522,458	1,188,857,083	1,504,154,161	1,583,736,653
Small Business	542,708,989	456,072,932	437,283,115	746,914,575
Large Agriculture	235,039,106	291,047,372	464,628,908	356,347,310
Small and Emergent Agriculture	7,504,513	8,667,972	16,869,852	14,188,301
Households and Individuals	947,772,303	1,341,329,691	1,760,259,378	1,809,482,248
Government	258,864,153	156,344,101	56,411,565	254,704,581
Other end users	68,390,517	21,546,187	11,525,276	99,479,330
Total	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999

Total Disbursements by End-User (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Large Business	227	329	428	406
Small Business	16,739	20,230	20,867	25,402
Large Agriculture	79	80	140	126
Small and Emergent Agriculture	587	313	249	268
Households and Individuals	313,093	539,668	740,370	949,630
Government	21	12	54	60
Other end users	163	62	23	53
Total	330,909	560,694	762,131	975,945

Total Disbursements by Province (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Lusaka	1,682,543,038	1,719,454,221	2,218,197,859	2,593,097,762
Central	154,047,841	161,960,367	318,289,765	275,018,736
Copperbelt	627,902,592	987,165,965	926,813,601	889,384,965
Eastern	51,841,830	89,868,373	85,047,353	89,478,419
Luapula	38,149,633	51,831,080	56,705,588	59,021,743
Muchinga	18,058,591	24,512,195	26,140,799	42,159,168
Northern	49,697,673	66,229,706	76,605,005	69,906,886
North-Western	84,293,377	130,704,694	134,317,111	515,919,520
Southern	214,571,576	182,331,707	340,654,274	271,420,844
Western	38,695,890	49,807,029	68,360,902	59,444,956
Total	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999

Total Disbursements by Province (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Lusaka	70,553	118,618	167,910	215,013
Central	25,166	39,690	52,039	70,605
Copperbelt	134,727	241,955	350,166	453,407
Eastern	9,388	14,785	20,074	24,777
Luapula	16,838	31,066	22,492	26,316
Muchinga	15,065	23,103	25,545	36,050
Northern	15,660	25,622	33,470	39,573
North-Western	18,574	31,546	44,335	54,903
Southern	18,871	25,307	33,840	41,695
Western	6,067	9,002	12,260	13,606
Total	330,909	560,694	762,131	975,945

Total Disbursements by Rural/Urban (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Rural	431,844,374	444,384,129	581,407,715	489,717,442
Urban	2,527,957,667	3,019,481,208	3,669,724,541	4,375,135,557
Total	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999

Total Disbursements by Rural/Urban (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Rural	111,638	162,428	145,447	228,620
Urban	219,271	398,266	616,684	747,325
Total	330,909	560,694	762,131	975,945

Access by Women (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Total disbursements	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999
Disbursements to women	334,073,906	471,681,952	536,346,658	604,948,730
Portion of total disbursements accessed by women	11,3%	13,6%	12,6%	12,4%

Access by Women (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Total disbursements	330,909	560,694	762,131	975,945
Disbursements to women	63,566	102,366	121,394	159,948
Portion of total disbursements accessed by women	19,2%	18,3%	15,9%	16,4%

Access by Youth (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Total disbursements	2,959,802,040	3,463,865,337	4,251,132,255	4,864,852,999
Disbursements to youth	365,993,316	542,617,979	606,013,815	676,282,662
Portion of total disbursements accessed by youth	12,4%	15,7%	14,3%	13,9%

Access by Youth (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Total disbursements	330,909	560,694	762,131	975,945
Disbursements to youth	151,226	294,025	377,681	509,648
Portion of total disbursements accessed by Youth	45,7%	52,4%	49,6%	52,2%

Appendix 2 • Credit Market Data - Households and Individuals**Disbursement by Income Category (Kwacha)**

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Income ZMW 0 - ZMW 2000	78,132,587	156,337,704	154,454,686	189,492,756
Income ZMW 2001 - ZMW 4000	144,464,498	210,740,011	316,044,826	313,018,267
Income ZMW 4001 - ZMW 6000	161,439,296	221,354,943	376,330,148	339,375,455
Income above ZMW 6000	563,735,922	752,897,034	913,429,718	967,595,769
Total Kwacha disbursed	947,772,303	1,341,329,691	1,760,259,378	1,809,482,248

Disbursement by Income Category (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Income ZMW0 - ZMW 2000	217,204	419,037	283,635	543,390
Income ZMW 2001 - ZMW 4000	45,951	65,468	216,243	185,133
Income ZMW 4001 - ZMW 6000	21,438	25,444	221,475	200,249
Income above ZMW 6000	28,501	29,718	19,017	20,858
Total number of loans disbursed	313,093	539,668	740,370	949,630

Disbursements of Unsecured Credit by Loan Tenure (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
0 to 3 months	106,968,794	147,513,402	186,854,699	256,796,297
4 - 6 months	11,813,135	16,617,311	14,250,142	95,407,987
7 - 12 months	39,142,161	39,221,103	50,706,850	46,952,664
13 - 48 months	255,477,083	409,304,658	472,385,960	441,982,020
More than 48 months	346,394,442	574,708,436	859,768,528	759,572,556
Total	759,795,616	1,187,364,910	1,583,966,180	1,600,711,525

Disbursements of Unsecured Credit by Loan Tenure (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
0 to 3 months	271,470	491,435	688,976	900,373
4 - 6 months	2,448	5,965	2,756	3,645
7 - 12 months	7,350	4,538	4,178	4,364
13 - 48 months	14,821	18,896	20,009	18,868
More than 48 months	12,807	15,695	20,127	18,560
Total	308,896	536,529	736,046	945,810

Disbursement by Product Type (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	83,565,808	77,782,897	83,660,487	121,550,255
Leases and Other asset-backed loans	102,005,357	72,487,338	79,231,182	74,683,403
Unsecured loans	759,795,616	1,187,364,910	1,579,611,573	1,600,711,525
Revolving credit facilities	2,405,522	3,694,546	17,756,136	12,537,065
Total	947,772,303	1,341,329,691	1,760,259,378	1,809,482,248

Disbursement by Product Type (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	347	223	247	378
Leases and Other asset-backed loans	3,736	2,756	2,795	3,107
Unsecured loans	308,896	536,529	737,019	945,810
Revolving credit facilities	114	160	309	335
Total	313,093	539,668	740,370	949,630

Disbursement by Collection Method (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
From employer payroll	626,188,726	702,765,856	908,107,813	790,407,626
From salary receiving bank account	169,627,107	350,207,447	528,807,484	802,775,461
Other means of collection	151,969,215	285,944,188	323,344,080	216,299,161
Total (Kwacha)	947,785,048	1,338,917,491	1,760,259,378	1,809,482,248

Disbursements of Unsecured Credit—Purpose of Borrowing (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Home improvement/incremental home construction	105,165,391	159,160,668	178,342,117	197,585,186
Purchase of land	7,102,196	10,739,332	18,385,419	9,739,461
Purchase of vehicle	8,960,390	13,061,103	38,647,050	34,295,035
Education fees	178,472,004	216,708,940	228,217,631	191,724,531
Business	41,428,479	63,674,281	85,923,346	94,868,255
Farming	11,977,010	14,934,432	18,171,538	16,238,392
Medical or funeral expenses	7,762,517	17,004,623	25,055,884	35,161,661
Living expenses	44,262,200	89,543,855	142,918,124	152,772,026
Other purpose	354,665,429	602,537,675	843,950,464	868,326,978
Total (Kwacha)	759,795,616	1,187,364,910	1,579,611,573	1,600,711,525

Disbursement of Unsecured Credit —Purpose of Borrowing (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Home improvement/incremental home construction	22,871	6,838	7,721	7,293
Purchase of land	245	374	726	425
Purchase of vehicle	450	534	1,220	924
Education fees	38,870	53,232	66,271	113,219
Business	21,316	38,388	140,784	188,486
Farming	802	801	896	1,077
Medical or funeral expenses	762	36,087	82,452	151,739
Living expenses	54,376	108,011	312,205	382,511
Other purpose	169,205	292,264	124,744	100,120
Total	308,896	536,529	737,019	945,794

Disbursements of Unsecured Credit by loan size (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
ZMW 0- ZMW 2 000	77,561,622	120,392,731	149,111,307	187,700,119
ZMW 2,1K- ZMW 5K	54,145,341	43,614,421	50,136,183	63,335,935
ZMW 5,1K - 10K	74,957,785	64,222,692	78,751,755	69,087,320
ZMW 10,1K - 50K	316,284,530	484,400,934	587,412,801	574,401,345
Above 50K	236,846,338	453,710,278	683,446,413	706,186,807
Total	759,795,616	1,166,341,056	1,548,858,459	1,600,711,525

Disbursements of Unsecured Credit by loan size (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
ZMW 0- ZMW 2 000	263,844	485,400	678,607	884,722
ZMW 2,1K- ZMW 5K	17,526	14,646	15,637	20,242
ZMW 5,1K - 10K	10,110	9,256	10,190	9,831
ZMW 10,1K - 50K	15,023	22,600	24,781	23,965
Above 50K	2,393	4,627	6,831	7,050
Total	308,896	536,529	736,046	945,810

Appendix 3 • Credit Market Data - Small and Medium Businesses

Disbursements by Enterprise Size (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Group loan	76,884,930	68,452,731	43,826,411	69,625,208
Single person SME	70,471,252	77,241,035	83,142,386	98,457,424
1-4 People employed	37,498,804	59,223,710	38,771,278	46,862,908
5-10 People employed	55,422,152	57,583,785	104,924,264	164,773,667
11-20 People employed	114,784,519	139,119,910	43,572,835	71,322,082
21-50 People employed	94,762,247	34,603,892	70,789,916	60,100,789
51-100 People employed	93,087,986	20,141,049	52,256,026	235,772,499
Total Kwacha disbursed	542,911,889	456,366,112	437,283,115	746,914,575

Disbursements by Enterprise Size (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Group loan	9,506	10,867	9,655	14,078
Single person SME	4,532	6,628	8,800	8,263
1-4 People employed	1,868	1,886	1,621	2,005
5-10 People employed	583	663	605	884
11-20 People employed	164	136	111	81
21-50 People employed	43	29	46	49
51-100 People employed	43	36	29	42
Total number of loans disbursed	16,739	20,245	20,867	25,402

Disbursement by Product Type (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	107,811,636	77,158,499	105,661,931	206,458,058
Leases and Other asset-backed loans	248,710,343	148,917,068	153,576,001	210,234,754
Unsecured loans	78,894,929	93,815,308	66,229,961	78,346,462
Revolving credit facilities	107,494,982	136,475,237	111,815,223	251,875,301
Total	542,911,889	456,366,112	437,283,115	746,914,575

Disbursement by Product Type (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	547	304	286	696
Leases and Other asset-backed loans	6,327	4,161	3,629	4,709
Unsecured loans	19,274	27,788	26,513	37,182
Revolving credit facilities	215	277	260	148
Total	26,363	32,530	30,688	42,735

Appendix 4 • Credit Market Data – Large Businesses

Disbursement by Business Size (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Businesses with 101-300 employees	255,002,804	384,168,527	596,686,481	413,837,937
Businesses with 300 to 500 employees	88,606,415	97,185,316	264,362,196	175,244,839
Businesses with more than 500 employees	555,913,239	707,503,239	643,105,484	994,653,876
Total Kwacha disbursed	899,522,458	1,188,857,083	1,504,154,161	1,583,736,653

Disbursement by Business Size (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Businesses with 101-300 employees	103	171	129	140
Businesses with 300 to 500 employees	8	10	78	33
Businesses with more than 500 employees	116	148	221	233
Total number of loans disbursed	227	329	428	406

Disbursement by Product Type (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	530,199,823	468,899,546	608,506,991	316,841,801
Leases and Other asset-backed loans	281,595,288	353,412,372	423,154,129	513,645,408
Unsecured loans	541,627	71,602,378	10,655,548	81,980,007
Revolving credit facilities	87,185,720	294,942,787	461,837,494	671,269,436
Total	899,522,458	1,188,857,083	1,504,154,161	1,583,736,653

Disbursement by Product Type (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	55	43	47	33
Leases and Other asset-backed loans	139	191	273	219
Unsecured loans	3	60	3	27
Revolving credit facilities	30	35	105	127
Total	227	329	428	406

Appendix 5 • Credit Market Data – Small Agriculture

Disbursement by Farm Size (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Group loan to farmer group	121,939	61,574	3,752,325	5,162,428
Smallholder up to 5 hectares	2,931,645	2,641,208	2,552,600	2,693,348
Small emergent farmer - Between 5-20 hectares	2,412,221	3,539,359	811,700	6,282,524
Large emergent farmer - Between 20-50 hectares	2,038,708	2,425,831	9,753,227	50,000
Total Kwacha disbursed	7,504,513	8,667,972	16,869,852	14,188,301

Disbursement by Farm Size (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Group loan to farmer group	28	6	20	5
Smallholder up to 5 hectares	418	231	181	206
Small emergent farmer - Between 5-20 hectares	135	70	43	56
Large emergent farmer - Between 20-50 hectares	6	6	5	1
Total number of loans disbursed	587	313	249	268

Disbursement by Product Type (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	3,937,269	4,786,745	13,404,422	11,165,921
Leases and Other asset-backed loans	2,371,858	2,684,600	3,310,430	2,603,800
Unsecured loans	1,100,386	661,626	-	107,480
Revolving credit facilities	95,000	535,000	155,000	311,100
Total	7,504,513	8,667,972	16,869,852	14,188,301

Disbursement by Product Type (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	12	7	8	21
Leases and Other asset-backed loans	307	270	239	200
Unsecured loans	266	31	-	43
Revolving credit facilities	2	5	2	4
Total	587	313	249	268

Appendix 6 • Credit Market Data – Large Agriculture**Disbursement by Farm Size (Kwacha)**

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Medium farms (51 - 200 hectares)	11,194,473	108,970,967	46,430,197	16,980,841
Large farms (201 - 500 hectares)	90,475,650	65,179,642	231,411,544	137,547,005
Extra Large farms (above 500 hectares)	133,368,983	116,896,763	186,787,167	201,819,464
Farms owned by foreign investors/non Zambian citizens (any size),	-	-	-	-
Total Kwacha disbursed	235,039,106	291,047,372	464,628,908	356,347,310

Disbursement by Farm Size (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Medium farms (51 - 200 hectares)	6	12	3	7
Large farms (201 - 500 hectares)	46	30	97	49
Extra Large farms (above 500 hectares)	27	38	40	70
Farms owned by foreign investors/non Zambian citizens (any size),	-	-	-	-
Total number of loans disbursed	79	80	140	126

Disbursement by Product Type (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	42,533,478	68,217,399	150,357,805	67,935,725
Leases and Other asset-backed loans	122,380,478	188,771,850	233,686,925	95,968,635
Unsecured loans	-	744,901	1,717,000	7,941,000
Revolving credit facilities	70,125,150	33,313,222	78,867,177	184,501,951
Total	235,039,106	291,047,372	464,628,908	356,347,310

Disbursement by Product Type (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	9	12	17	13
Leases and Other asset-backed loans	58	56	97	40
Unsecured loans	-	2	1	6
Revolving credit facilities	12	10	25	67
Total	79	80	140	126

Appendix 7 • Credit Market Data – Government**Disbursement to Government (Kwacha)**

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Central Government	235,001,962	150,000,000	49,037,000	217,360,000
Local Government	14,731,838	3,779,451	4,293,166	11,217,192
Parastatals	8,340,483	525,535	525,535	-
Statutory Bodies	789,870	2,039,114	2,555,864	26,127,390
Total Kwacha disbursed	258,864,153	156,344,101	56,411,565	254,704,581

Disbursement to Government (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Central Government	2	1	41	48
Local Government	12	4	6	11
Parastatals	5	1	1	-
Statutory Bodies	2	6	6	1
Total number of loans disbursed	21	12	54	60

Disbursement by Product Type (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	390,000	3,000,000	90,000	26,127,390
Leases and Other asset-backed loans	7,538,918	3,344,101	5,974,565	50,217,192
Unsecured loans	235,016,840	150,000,000	48,947,000	177,360,000
Revolving credit facilities	15,918,396	-	1,400,000	1,000,000
Total	258,864,153	156,344,101	56,411,565	254,704,581

Disbursement by Product Type (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	1	1	1	1
Leases and Other asset-backed loans	9	10	11	12
Unsecured loans	2	1	40	46
Revolving credit facilities	9	-	2	1
Total	21	12	54	60

Appendix 8 • Credit Market Data – Other Credit Services End-Users**Disbursement to Other End-Users (Kwacha)**

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Non-profit organisations	550,799	4,451,774	3,212,921	2,481,164
Other banking institutions	50,116,164	0	0	51,048,448
Non-bank financial institutions	13,862,490	0	4,452,346	1,600,000
Embassies and international organisations	0	0	0	0
Affiliated companies	0	0	0	0
Non-resident individuals and entities	0	0	0	0
All others	3,861,064	17,094,413	3,860,009	44,349,718
Total Kwacha disbursed	68,390,517	21,546,187	11,525,276	99,479,330

Disbursement to Other End-Users (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Non-profit organisations	3	57	11	12
Other banking institutions	2	0	0	1
Non-bank financial institutions	6	0	4	2
Embassies and international organisations	0	0	0	0
Affiliated companies	0	0	0	0
Non-resident individuals and entities	0	0	0	0
All others	152	5	8	38
Total number of loans disbursed	163	62	23	53

Disbursement by Product Type (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	50,000	-	2,863,463	23,839,845
Leases and Other asset-backed loans	22,116,164	18,773,008	5,986,637	73,120,100
Unsecured loans	879,116	2,515,000	-	231,285
Revolving credit facilities	45,345,237	258,179	2,675,176	2,288,100
Total	68,390,517	21,546,187	11,525,276	99,479,330

Disbursement by Product Type (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	1	1	1	1
Leases and Other asset-backed loans	9	10	11	12
Unsecured loans	2	1	40	46
Revolving credit facilities	9	-	2	1
Total	21	12	54	60

Appendix 9 • Credit Market Data – Financial Inclusion**Access by Women (Number)**

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Portion of total agriculture accessed by women (%)	19,81%	34,29%	9,22%	9,89%
Small businesses	13,91%	26,21%	22,15%	19,94%
Portion of total household credit accessed by women (%)	27,10%	28,07%	26,66%	27,25%

Access by Youth as a portion of End-User Types

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Portion of small total agriculture accessed (%)	18,66%	11,42%	6,50%	9,33%
Portion of total small business credit accessed (%)	9,71%	18,19%	14,47%	14,21%
Portion of total household credit accessed (%)	32,84%	36,53%	33,05%	32,27%

Total Disbursements by Rural/Urban (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Rural	14,59%	12,83%	13,68%	10,07%
Urban	85,41%	87,18%	86,33%	89,94%

Total Disbursements by Rural/Urban (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Rural	33,74%	28,97%	19,08%	23,43%
Urban	66,26%	71,03%	80,92%	76,57%

Appendix 10 • Credit Market Data – Quality of the Loan Book

Age Analysis

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Portion of book: Current (%)	73,15%	77,76%	78,71%	76,80%
Portion of book: 1-59 Days late (%)	7,99%	6,00%	6,57%	8,48%
Portion of book: 60-89 Days late (%)	6,89%	4,98%	2,49%	2,72%
Portion of book: 90-119 days late (%)	1,38%	1,14%	1,09%	1,23%
Portion of book: 120-179 days late (%)	2,22%	1,77%	0,89%	1,15%
Portion of book: 180+ days late (%)	8,39%	8,36%	10,26%	9,61%
Total: 90 days or over	11,98%	11,27%	12,24%	11,99%

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

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Large Business	12,04%	11,26%	13,64%	12,22%
Small Business	26,13%	24,77%	25,73%	21,69%
Large Agriculture	16,46%	15,09%	18,64%	21,04%
Small and Emergent Agriculture	18,39%	16,46%	25,50%	28,98%
Households and Individuals	6,98%	7,20%	6,74%	6,86%
Government	0,64%	1,00%	0,99%	1,27%
Other end users	5,54%	6,06%	13,23%	7,43%

Non-performing loans according to Credit Type

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	18,36%	17,50%	19,62%	19,05%
Leases and Other asset-backed loans	11,67%	9,53%	11,56%	11,18%
Unsecured loans	9,71%	8,47%	7,96%	7,86%
Revolving credit facilities	7,23%	8,89%	10,21%	10,28%

Total Book by Product (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	7,743,764,451	7,704,977,897	7,983,653,780	8,202,535,840
Leases and Other asset-backed loans	5,051,808,465	5,906,306,667	5,736,828,500	6,317,303,115
Unsecured loans	9,584,263,987	9,557,178,297	10,508,307,039	10,545,972,910
Revolving credit facilities	5,493,303,820	4,640,103,463	4,994,898,982	5,303,762,383
Total	27,873,140,723	27,808,566,324	29,223,688,301	30,369,574,248

Total Book by Product (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	11,761	9,985	8,164	8,728
Leases and Other asset-backed loans	33,356	34,871	34,572	33,440
Unsecured loans	625,172	696,148	723,823	823,501
Revolving credit facilities	25,950	23,250	36,204	39,753
Total	696,239	764,254	802,763	905,422

Total Outstanding Loans by End-User (Number)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Large Business	3,817	4,614	4,396	5,720
Small Business	71,601	71,453	63,463	89,356
Large Agriculture	1,193	1,334	1,364	1,359
Small and Emergent Agriculture	5,737	3,822	2,813	5,322
Households and Individuals	612,384	681,779	729,083	801,880
Government	908	861	961	1,088
Other end users	642	449	683	697
Total	696,282	764,312	802,763	905,422

Total Outstanding Loans by End-User (Kwacha)

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Large Business	9,019,511,937	9,382,212,113	9,914,389,065	9,952,575,018
Small Business	3,300,158,628	2,893,320,074	2,508,766,975	2,739,992,992
Large Agriculture	3,643,704,930	3,503,870,346	3,897,534,100	4,382,679,277
Small and Emergent Agriculture	257,696,714	325,530,106	212,186,552	263,332,164
Households and Individuals	10,348,239,343	10,547,410,498	11,115,416,619	11,424,284,928
Government	1,044,197,069	1,014,151,346	1,301,638,614	1,134,859,637
Other end users	260,065,065	142,755,552	273,756,377	471,850,232
Total	27,873,573,687	27,809,250,035	29,223,688,301	30,369,574,248

Allowance for losses by End User

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Large Business	9,0%	8,5%	8,1%	8,9%
Small Business	16,3%	18,5%	19,3%	16,7%
Large Agriculture	7,6%	8,6%	10,1%	11,6%
Small and Emergent Agriculture	14,6%	14,6%	26,2%	14,9%
Households and Individuals	6,2%	6,8%	6,5%	6,5%
Government	0,1%	0,2%	0,2%	0,2%
Other end users	5,1%	6,8%	7,1%	5,4%

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

Allowance for losses - Institution types

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Gross Value of the debtors book (ZMW)	22.622.355.922	22.448.106.284	23.576.043.931	24.266.454.934
Allowance for loan losses (ZMW)	1.695.442.257	1.724.911.434	1.779.878.461	1.933.331.488
Banks	7,49%	7,68%	7,55%	7,97%
Gross Value of the debtors book (ZMW)	614.111.541	624.415.801	705.832.345	740.920.490
Allowance for loan losses (ZMW)	72.189.547	91.029.201	100.073.613	103.158.331
Building Societies	11,76%	14,58%	14,18%	13,92%
Gross Value of the debtors book (ZMW)	327.609.804	328.251.872	264.360.300	345.423.289
Allowance for loan losses (ZMW)	15.911.058	16.345.678	11.270.867	20.482.685
Micro Finance Institutions - Small business development	4,86%	4,98%	4,26%	5,93%
Gross Value of the debtors book (ZMW)	2.977.501.006	3.196.189.147	3.443.726.470	3.728.052.213
Allowance for loan losses (ZMW)	249.080.050	240.084.992	248.866.986	280.226.510
Micro Finance Institutions - other	8,37%	7,51%	7,23%	7,52%
Gross Value of the debtors book (ZMW)	1.331.562.450	1.211.603.219	1.233.717.245	1.288.723.322
Allowance for loan losses (ZMW)	287.132.607	341.777.145	340.330.391	328.925.091
Other	21,56%	28,21%	27,59%	25,52%
Total Gross Value of debtors book (ZMW)	27.873.140.723	27.808.566.324	29.223.680.291	30.369.574.248
Allowance for loan losses (ZMW)	2.319.755.519	2.414.148.451	2.480.420.318	2.666.124.105
Net Book (ZMW)	25.553.385.204	25.394.417.873	26.743.259.973	27.703.450.143
Allowance as percentage of gross book (%)	8,32%	8,68%	8,49%	8,78%

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

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	14,0%	13,1%	13,7%	14,8%
Leases and Other asset-backed loans	5,2%	5,4%	6,3%	5,2%
Unsecured loans	7,7%	8,1%	7,5%	7,6%
Revolving credit facilities	4,2%	6,5%	4,9%	6,2%

Portion of the value of each end user's book that is 90 days and more late

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Large Business	12,04%	11,26%	13,64%	12,22%
Small Business	26,13%	24,77%	25,73%	21,69%
Large Agriculture	16,46%	15,09%	18,64%	21,04%
Small and Emergent Agriculture	18,39%	16,46%	25,50%	28,98%
Households and Individuals	6,98%	7,20%	6,74%	6,86%
Government	0,64%	1,00%	0,99%	1,27%
Other end users	5,54%	6,06%	13,23%	7,43%

Portion of the value of each institution type's book that is 90 days and more late

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Banks	11,1%	10,2%	11,9%	11,5%
Building Societies	14,7%	18,4%	17,3%	17,1%
Micro Finance Institutions - Small business development	4,1%	4,4%	4,4%	5,0%
Micro Finance Institutions - other	7,3%	6,4%	6,4%	7,1%
Other	38,6%	41,9%	33,8%	20,6%

Portion of the value of each product type's book that is 90 days and more late

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Mortgages	18,4%	17,5%	19,6%	19,0%
Leases and Other asset-backed loans	11,7%	9,5%	11,6%	11,2%
Unsecured loans	9,7%	8,5%	8,0%	7,9%
Revolving credit facilities	7,2%	8,9%	10,2%	10,3%

Age analysis of non-performing loans - Business Large

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Portion of book: Current	74,56%	77,73%	79,14%	78,59%
Portion of book: 1-29 days late	2,85%	4,53%	3,85%	3,90%
Portion of book: 30-59 days late	0,85%	0,97%	0,99%	2,30%
Portion of book: 60-89 days late	9,69%	5,51%	2,38%	2,99%
Portion of book: 90-119 days late	1,64%	1,43%	1,99%	1,08%
Portion of book: 120-179 days late	1,82%	1,32%	0,85%	1,55%
Portion of book: 180 and more days late	8,58%	8,52%	10,80%	9,60%
Total	9.019.511.937	9.382.212.113	9.914.389.065	9.952.575.018

Age analysis of non-performing loans - SME

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Portion of book: Current	63,66%	67,56%	66,39%	68,94%
Portion of book: 1-29 days late	4,41%	4,47%	4,55%	5,75%
Portion of book: 30-59 days late	2,77%	1,38%	1,75%	2,10%
Portion of book: 60-89 days late	3,03%	1,82%	1,58%	1,52%
Portion of book: 90-119 days late	1,61%	1,24%	0,89%	1,03%
Portion of book: 120-179 days late	10,16%	8,87%	0,45%	0,89%
Portion of book: 180 and more days late	14,36%	14,66%	24,39%	19,77%
Total	3.300.158.628	2.893.320.074	2.508.766.975	2.739.992.992

Age analysis of non-performing loans - Agriculture Large

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Portion of book: Current	74,76%	77,40%	66,91%	65,49%
Portion of book: 1-29 days late	5,31%	4,99%	5,85%	4,79%
Portion of book: 30-59 days late	1,08%	0,15%	1,03%	1,24%
Portion of book: 60-89 days late	2,39%	2,36%	7,58%	7,44%
Portion of book: 90-119 days late	2,99%	0,65%	0,98%	2,68%
Portion of book: 120-179 days late	1,15%	0,15%	1,77%	2,04%
Portion of book: 180 and more days late	12,32%	14,30%	15,89%	16,31%
Total	3.643.704.930	3.503.870.346	3.897.534.100	4.382.679.277

Age analysis of non-performing loans - Agricultural Small

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Portion of book: Current	69,35%	70,10%	57,31%	58,11%
Portion of book: 1-29 days late	7,84%	11,79%	11,70%	11,16%
Portion of book: 30-59 days late	2,98%	0,40%	4,17%	0,47%
Portion of book: 60-89 days late	1,44%	1,26%	1,31%	1,27%
Portion of book: 90-119 days late	4,17%	1,36%	1,22%	1,37%
Portion of book: 120-179 days late	3,13%	2,75%	1,96%	2,37%
Portion of book: 180 and more days late	11,09%	12,35%	22,32%	25,24%
Total	257.696.714	325.530.106	212.186.552	263.332.164

Age analysis of non-performing loans - Households and Individuals

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Portion of book: Current	73,82%	81,53%	84,48%	83,01%
Portion of book: 1-29 days late	7,44%	5,24%	6,24%	7,62%
Portion of book: 30-59 days late	5,81%	1,03%	1,61%	1,66%
Portion of book: 60-89 days late	5,95%	5,01%	0,92%	0,86%
Portion of book: 90-119 days late	0,60%	1,13%	0,50%	1,02%
Portion of book: 120-179 days late	0,64%	0,89%	0,67%	0,62%
Portion of book: 180 and more days late	5,73%	5,18%	5,56%	5,22%
Total	10.348.239.343	10.547.410.473	11.115.416.619	11.424.284.928

Age analysis of non-performing loans - Government

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Portion of book: Current	80,68%	71,00%	93,12%	66,18%
Portion of book: 1-29 days late	0,45%	8,15%	5,25%	5,39%
Portion of book: 30-59 days late	0,36%	0,92%	0,57%	26,50%
Portion of book: 60-89 days late	17,87%	18,92%	0,06%	0,66%
Portion of book: 90-119 days late	0,07%	0,03%	0,06%	0,13%
Portion of book: 120-179 days late	0,11%	0,48%	0,41%	0,36%
Portion of book: 180 and more days late	0,46%	0,50%	0,51%	0,78%
Total	1.044.197.069	1.014.151.346	1.301.638.614	1.134.859.637

Age analysis of non-performing loans - Other

	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Portion of book: Current	68,24%	81,77%	57,11%	75,74%
Portion of book: 1-29 days late	5,10%	5,90%	5,62%	2,23%
Portion of book: 30-59 days late	0,79%	1,09%	5,84%	3,43%
Portion of book: 60-89 days late	20,33%	5,17%	18,20%	11,17%
Portion of book: 90-119 days late	0,05%	0,00%	0,00%	0,00%
Portion of book: 120-179 days late	0,24%	0,01%	3,85%	0,16%
Portion of book: 180 and more days late	5,25%	6,05%	9,38%	7,27%
Total	260.065.065	142.755.552	273.756.377	471.850.232

Appendix 11 • Rural and Urban Classification (List of Districts)

Used to classify credit granted to rural and urban areas in the return pages to follow.

Rural	Urban
Central Province	
Chibombo	Kabwe
Kapiri Mposhi	
Mkushi	
Mumbwa	
Serenje	
Copperbelt Province	
Lufwanyama	Chililabombwe
Masaiti	Chingola
Mpongwe	Kalulushi
	Kitwe
	Luanshya
	Mufulira
	Ndola
Eastern Province	
Chadiza	Chipata
Katete	
Lundazi	
Mambwe	
Nyimba	
Petauke	
Luapula Province	
Chienge	Mansa
Kawambwa	
Milenge	
Mwense	
Nchelenge	
Samfya	
Lusaka Province	
Chongwe	Lusaka
Kafue	
Luangwa	
Muchinga Province	
Chama	Mafinga
Chinsali	
Isoka	

Rural	Urban
Mpika	
Nakonde	
Northern Province	
Chilubi	Kasama
Kaputa	
Luwingu	
Mbala	
Mporokoso	
Mpulungu	
Mungwi	
North-Western Province	
Chavuma	Solwezi
Ikelenge	
Kabompo	
Kasempa	
Mufumbwe	
Mwinilunga	
Zambezi	
Southern Province	
Gwembe	Choma
Itezhi Tezhi	Livingstone
Kalomo	
Kazungula	
Mazabuka	
Monze	
Namwala	
Siavonga	
Sinazongwe	
Western Province	
Kalabo	Mongu
Kaoma	
Lukulu	
Senanga	
Sesheke	
Shang'ombo	



Bank Of Zambia

BANK OF ZAMBIA - HQ

 Bank of Zambia Bank Square Cairo Road
P.O. Box 30080
LUSAKA

 (+260) 211 399300/228903-20
 221722/237070
 pr@boz.zm

