



# Consumer Lending in Ukraine Surveying the Landscape

Alex Kutsenko  
FINREP Expert

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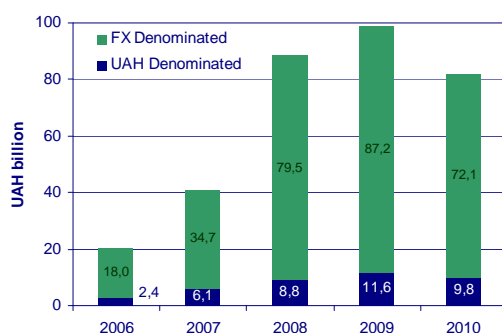
Kyiv, Ukraine

## Consumer Lending in Ukraine Pre-Crisis Landscape

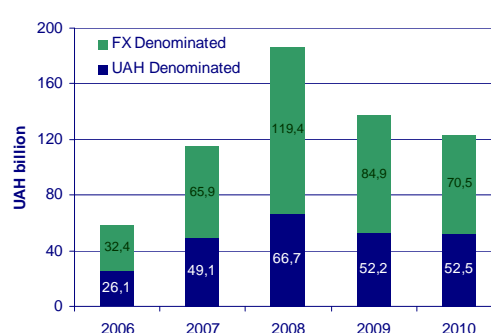
### - Large Portion of FX-Denominated Loans

Country	Year			
	2007	2008	2009	2010
Bulgaria		57,2	58,7	
Czech Republic		21,8	21,2	21,6
Latvia		89,5	92,1	92,7
Poland		35,0	33,3	
Romania	45,9	43,7	42,8	
Russia		30,2	29,9	28,5
Slovak Republic		17,4	2,0	1,5
Turkey		27,0	24,9	25,8
Ukraine	51,5	60,3	52,6	48,2

### Outstanding Mortgage Loans

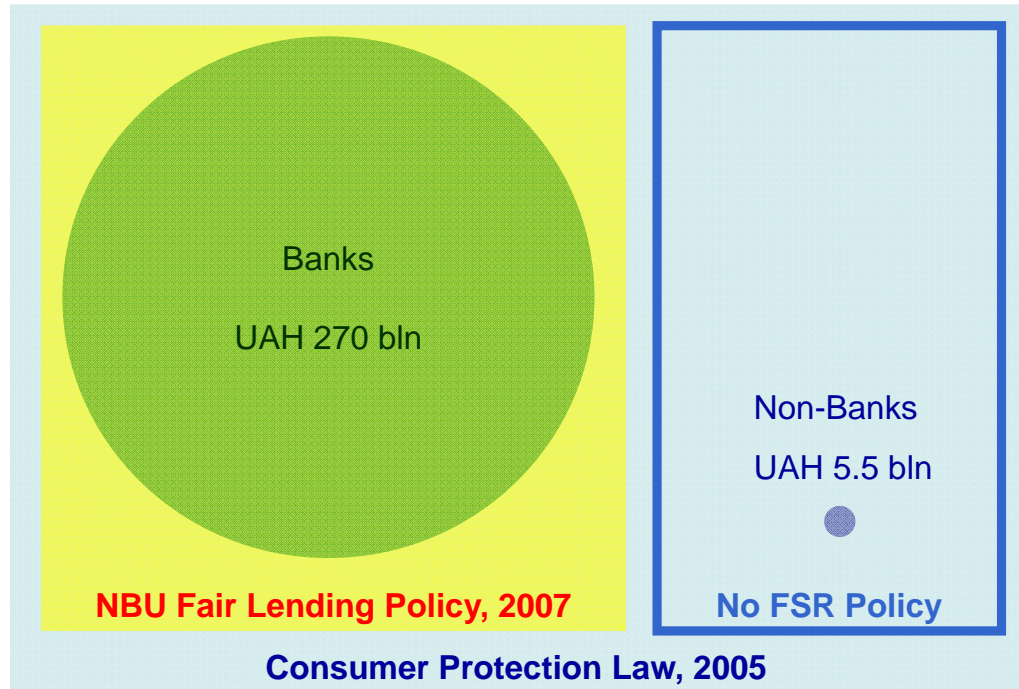


### Outstanding Consumer Loans



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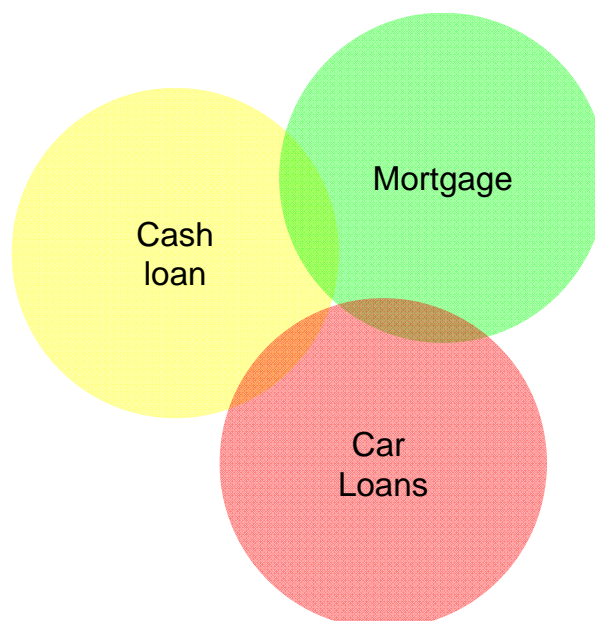
## - Banks Dominate the Market



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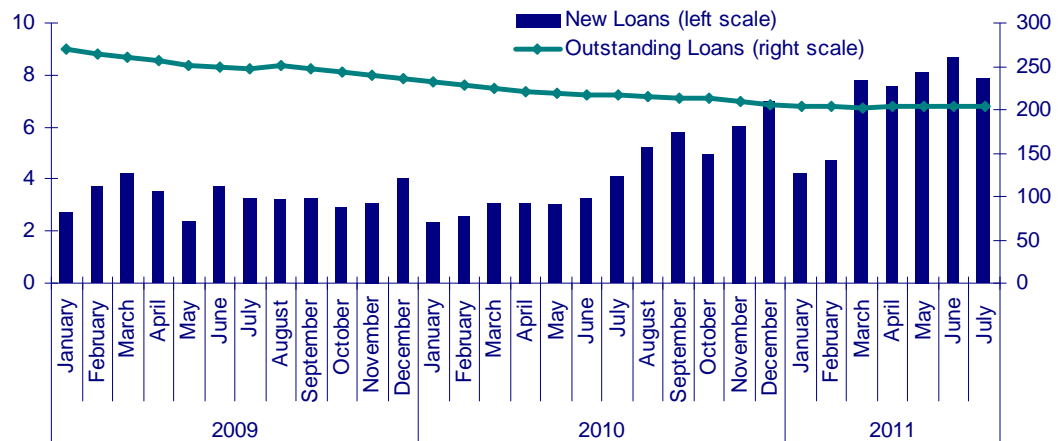
## - Consumer Loan Products Overlap and Unclear



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# Consumer Lending in Ukraine Recent Trends and Statistics

## New Household Loans by Ukrainian Banks (Retail and Mortgage), UAH billion



### Is Credit Crunch Over?

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# Consumer Lending in Ukraine Post-Crisis Landscape

- **Domestic Currency Focus**
  - Eliminates FX Risk for New Borrowers
  - Still No Solution for Existing FX Borrowers
- **More Unregulated Institutions**
  - Both Financial and Non-Financial: Retailers and Dealers
  - Banks Still Dominate the Market
- **Poor Consumer Disclosure**
  - Pre-Contract Notification
  - Cost of a Loan

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# Consumer Lending in Ukraine

## How Did the Market Change?

### - **Developments**

- Focus on Domestic Currency Lending
- Higher Cost of Borrowing, Real Cost Still Unclear
- Non-Bank Lenders, Outside Consumer Disclosure

### - **Old Problems**

- Credit Histories Ignored, Poor Credit Assessment
- Shadow Economy, Difficult to Proof Financial Capacity
- Insurance from Associated Companies



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# Consumer Lending in Ukraine

## What Needs to Be Done?

### - **Make Even Play Ground**

- FSR Needs to Introduce the Implementing Policy

### - **Eliminate Loopholes**

- NBU Needs to Revisit its Real Rate and Cost of Credit Policy to Eliminate Any Artificial Excuse for Avoidance

### - **Launch Public Awareness Campaign**

- No Matter How Good a Law Is, It Does Not Work If Public Is Unaware



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