

# Belarus

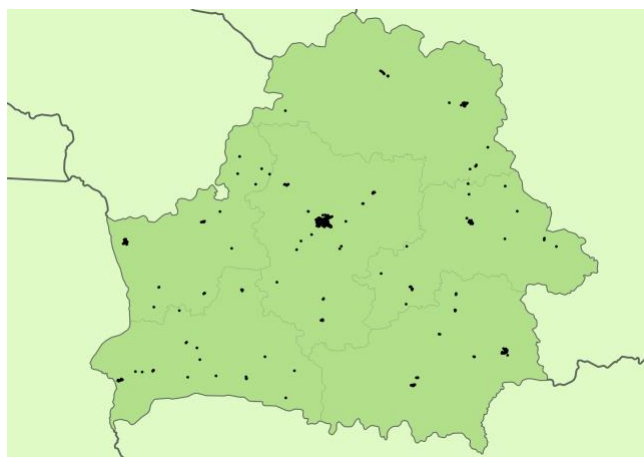
The EBRD announced on 4 April 2022 that, following the invasion of Ukraine, its Board of Governors had formally suspended Belarus's access to EBRD funding for projects or technical cooperation.

Banks covered by the survey account for around 74 per cent of total banking assets in Belarus, the majority of which are owned by domestic banks (Chart 1).<sup>1</sup> More than 80 per cent of the banks surveyed expect their branch networks to shrink over the next five years, the highest percentage in Eastern Europe and the Caucasus (EEC) (Chart 2).<sup>2</sup>

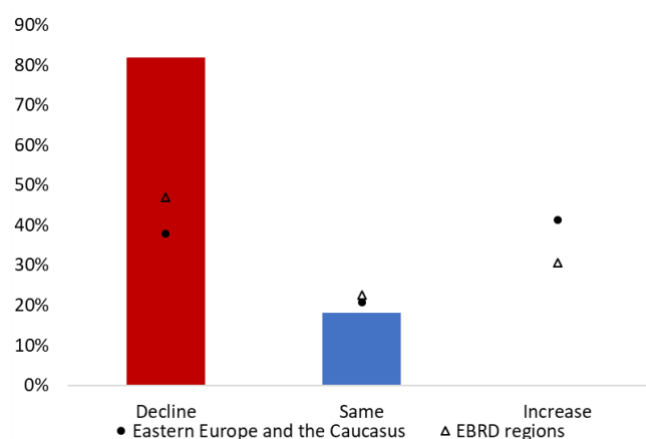
Almost all banks surveyed in Belarus report having specific social policies and targets in place, while close to 65 per cent of them say they have explicit environmental policies and targets (Chart 3). The share of Belarusian banks that undertake corporate governance, social, environmental or climate change impact assessments prior to lending to small and medium-sized enterprises (SMEs) is below the average in the EEC and EBRD economies (Chart 4). Notably, a far smaller proportion of Belarusian banks undertake environmental or climate-change assessments than in the EEC and the EBRD economies, on average.

More than 70 per cent of banks surveyed in Belarus provide loans to help improve the energy efficiency of SMEs, corporate clients and commercial real estate (Chart 5). In contrast, only 36 per cent of banks provide loans to improve the energy efficiency of residential housing. Although this is in line with the EEC average, it is much lower than the average share in the EBRD economies.

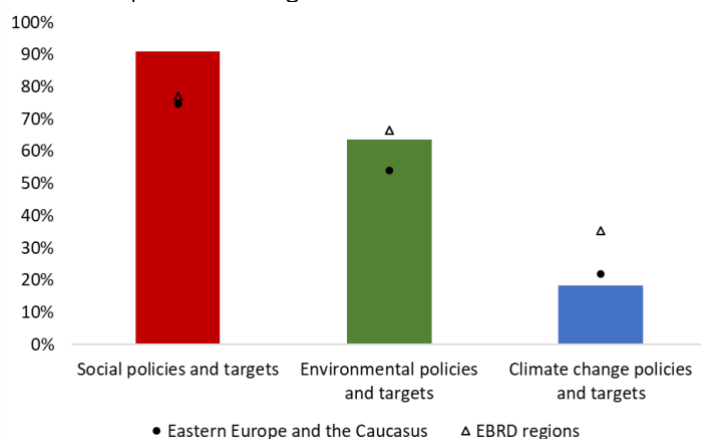
**Chart 1** Branch presence of surveyed banks



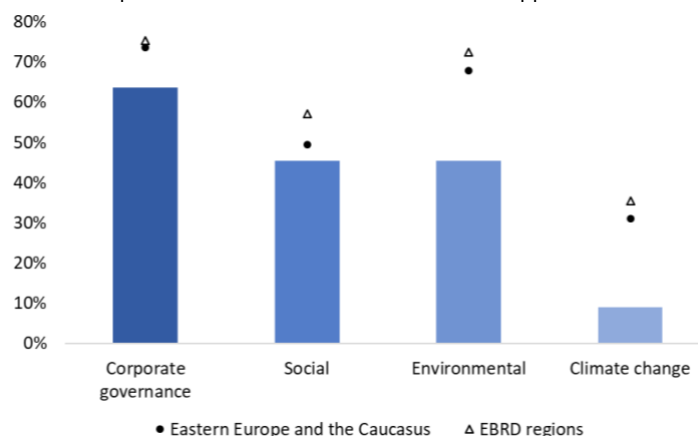
**Chart 2** Branch network expectations, next five years



**Chart 3** ESG policies and targets



**Chart 4** Impact assessment of SMEs before loan approval



<sup>1</sup> Domestic banks account for 70 per cent of these banking assets.

<sup>2</sup> Bars in Charts 2, 3, 4, 5, 7 and 8 refer to the percentage share of banks in Belarus.

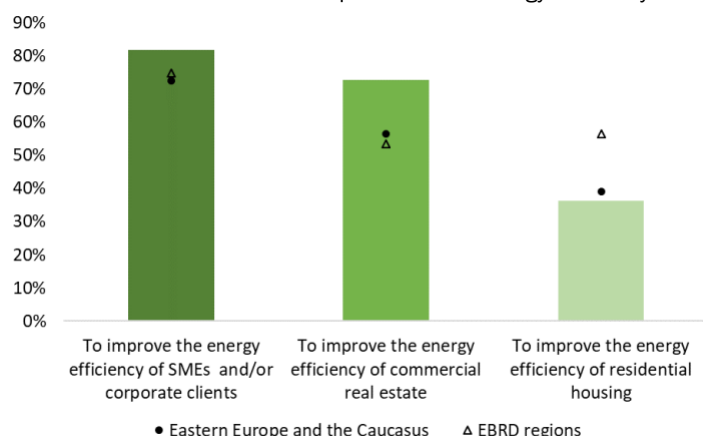
When it comes to the uptake of most digital technologies, the Belarusian banks surveyed are either ahead of or on a par with the average of their peers in the EEC economies (Chart 6). Just under 75 per cent of Belarusian banks already use digital wallet solutions, the highest share in the EEC region. In addition, 55 per cent of banks surveyed report putting distributed ledger technology, such as block chain in smart contracts, to commercial use. This stands in sharp contrast to the EEC and EBRD regions as a whole, where only 8 per cent and 4 per cent of banks, respectively, report using this technology.

Of the banks surveyed in Belarus, 82 per cent are concerned about information technology (IT) security and regulatory uncertainty in the fintech space, while 36 per cent would like to invest more in fintech, but are too financially constrained to do so (Chart 7). None cite any difficulty in establishing links with fintech companies.

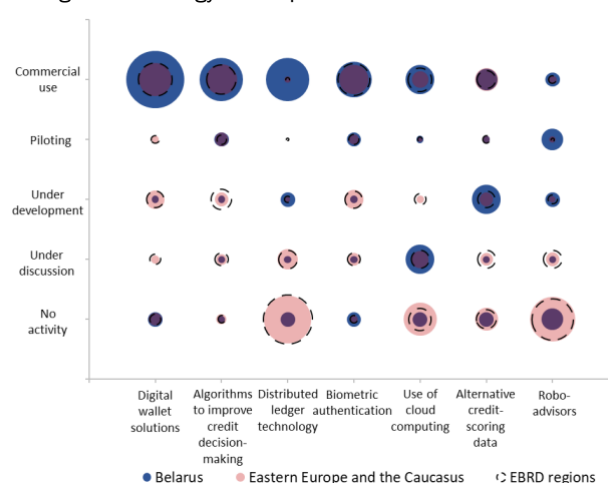
Almost three-quarters of Belarusian banks accept online loan applications from SMEs. This is substantially more than in other EBRD economies, where typically only half of surveyed banks do so. On the retail lending front, only a small minority of banks say they face strong competition from internet banks and non-bank online lenders, while 40 per cent of banks see non-bank finance companies as strong competitors.

In Belarus, insufficient demand for credit and a lack of creditworthy customers are the most frequently cited constraints on lending to innovative research and development-intensive industries such as IT, chemicals and pharmaceuticals (Chart 8). While credit demand is a common constraint among banks surveyed in all EEC economies, a lack of creditworthy customers is reported by 40 per cent of Belarusian banks, 10 percentage points higher than the EEC average. While almost all Belarusian banks provide loans to innovative industries, on average, these account for less than 10 per cent of all loans issued by these banks (by volume).

**Chart 5** Prevalence of loans to improve clients' energy-efficiency

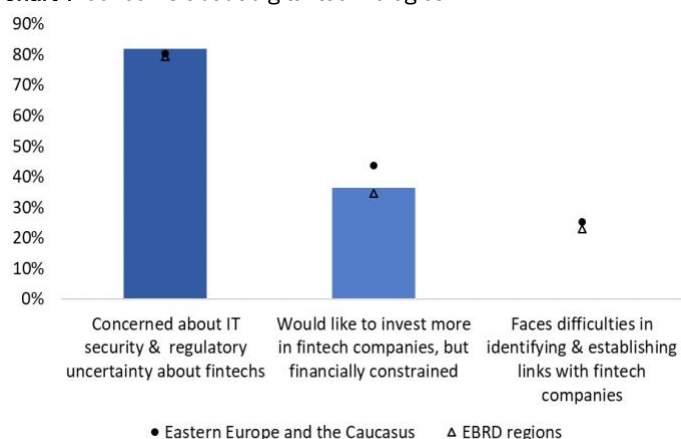


**Chart 6** Digital technology development and use



Note: For each digital technology, the size of the bubble is proportional to the share of banks that report using the technology at that level of advancement.

**Chart 7** Concerns about digital technologies



**Chart 8** Constraints on lending to innovative industries

