

Moldova

The banks surveyed in Moldova account for 95 per cent of the country's total banking assets, with more than half of them domestic owned. Bank branches are concentrated in the capital, Chisinau (Chart 1).

Moldovan banks' perception of the court system diverges from the averages of economies in eastern Europe and the Caucasus (EEC) and the EBRD regions more widely. Close to 78 per cent of Moldovan banks believe the court system is able to enforce its decisions. At the same time, however, no banks believe it to be fair and impartial. In contrast, just over half of the banks surveyed in the EEC and the EBRD regions say their courts are able to enforce their decisions. Meanwhile the average perception of the courts as fair and impartial in the EEC and EBRD economies is just over 30 per cent and 40, respectively.

Only a small minority of the Moldovan banks surveyed report having climate change-related policies and targets in place, while 44 per cent have social and environmental policies and targets (Chart 3).¹ These shares are much lower, on average, than in the EEC and EBRD economies more broadly. When lending to small and medium-sized enterprises (SMEs), all of the Moldovan banks surveyed say they undertake corporate governance-related impact assessments, more than 25 percentage points above the EEC and EBRD averages (Chart 4). However, only a few banks surveyed in Moldova say they conduct climate change-related impact assessments, below the EEC and EBRD regions, on average.

Meanwhile, just over 80 per cent of Moldovan banks provide specific loans to improve the energy efficiency of commercial real estate, SMEs and/or corporate clients, above that of EEC or EBRD economies, on average (Chart 5). Conversely, Moldova has one of the lowest shares in the EBRD regions when it comes to the provision of loans to improve the energy efficiency of residential housing.

Chart 1 Branch presence of surveyed banks

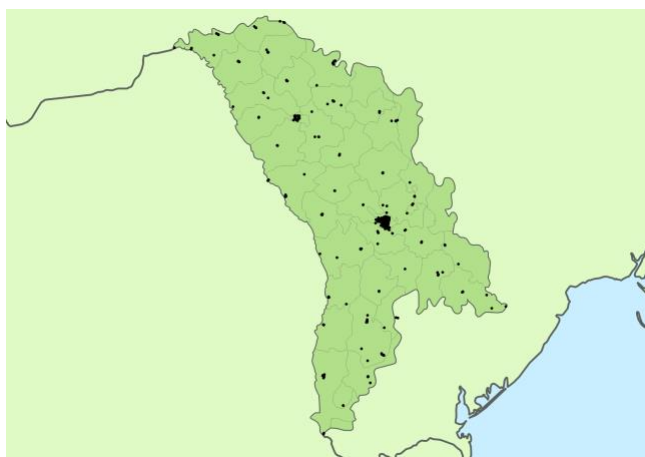


Chart 2 Branch network expectations, next five years

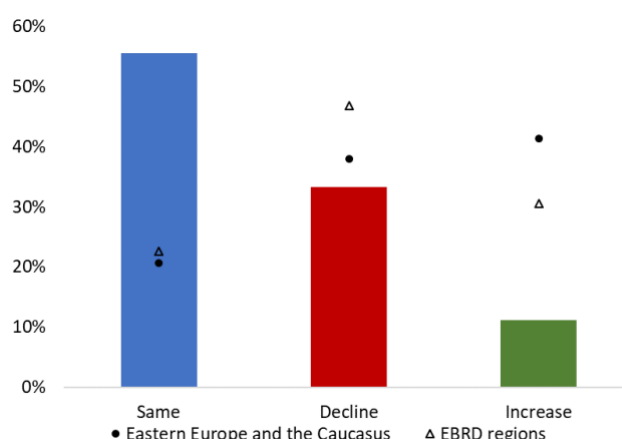


Chart 3 ESG targets and policies

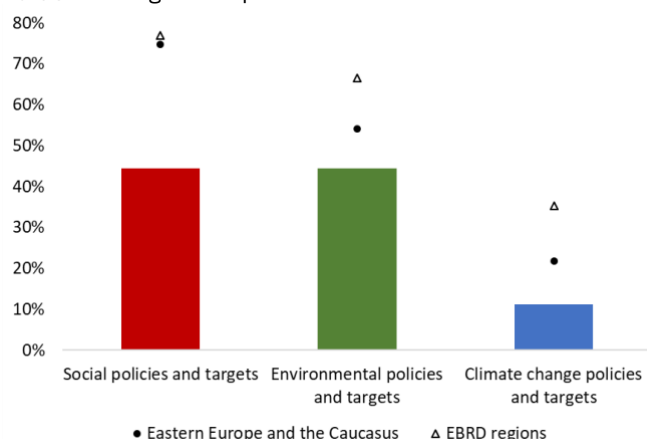
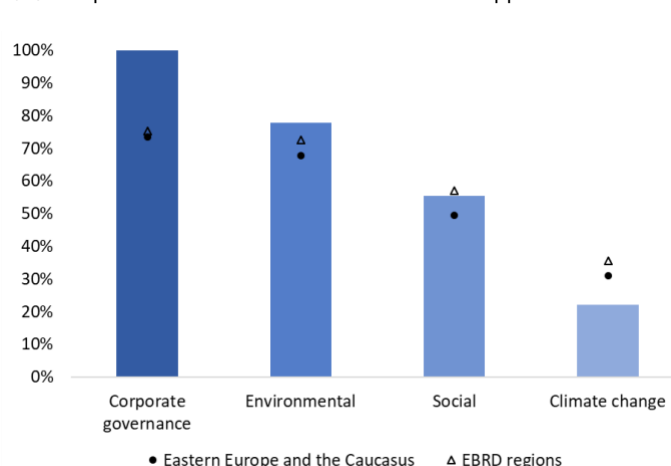


Chart 4 Impact assessment of SMEs before loan approval



¹ Bars in Charts 2, 3, 4, 5, 7 and 8 correspond to the percentage share of banks in Moldova.

Turning to the uptake and use of digital technologies in banking, two-thirds of Moldovan banks say they already use biometric authentication for customer identification on a commercial basis (Chart 6). Similarly, about 44 per cent of banks say they have launched commercially the use of algorithms to improve credit decision-making. However, Moldovan banks lag their EEC and EBRD peers, on average, on the uptake of all other digital technologies, such as alternative credit-scoring data, digital wallet solutions and the use of cloud computing.

Only 22 per cent of banks accept online applications for SME loans, while across the EEC and EBRD economies, on average, this share is about 50 per cent. In retail lending, 43 per cent and 78 per cent of banks say they face strong competition from non-bank online lenders and non-bank finance companies, respectively (Chart 6). Most Moldovan banks report concerns about information technology (IT) security and regulatory uncertainty in the fintech space (Chart 7). Moreover, 67 per cent face difficulties in establishing links with fintech companies, almost three times the proportion of banks voicing this concern across the EBRD economies, on average.

Close to 80 per cent of banks in Moldova lend to innovative research and development-intensive industries such as IT, chemicals and pharmaceuticals. The main constraints on lending to these innovative industries are varied, with banks citing six different factors (Chart 8).

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

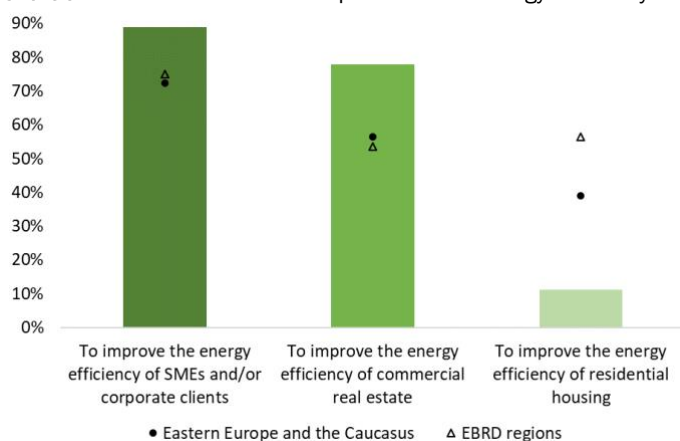
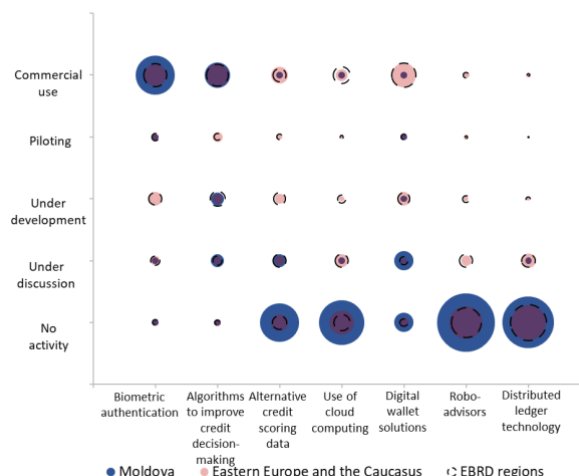


Chart 6 Digital technology development and use



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

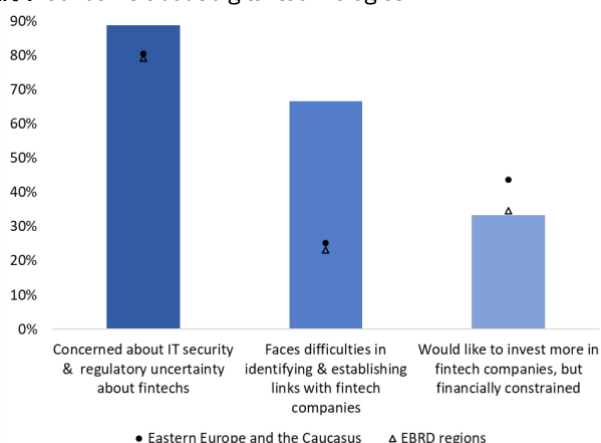


Chart 8 Constraints on lending to innovative industries

