

Non-Financial Credit Providers Report

January 2023



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

Executive Summary

Number of PNFCs | The number of non-financial credit providers (PNFCs) reached 451 in August 2022. There was a gross increment of 16 new PNFC and a reduction of 10 providers in the Registry from March 2022 to August 2022 (see Table 1). Other non-financial credit providers (OPNFCs) explained the positive trend observed. On the contrary, non-bank credit card issuers (ETCNBs) fell. As regards the groups' performance, *fintechs* grew the most, reaching 12% of total PNFCs.

Table 1 | Number of PNFCs

Groups	PNFCs (Mar-22)	OPNFCs (only)	OPNFCs & ETCNBs	ETCNBs (only)	PNFCs (Aug-22)
Cooperatives and mutuals	108	78	7	25	110
Sale of household appliances	27	25			25
Fintechs	50	47	7		54
Leasing & factoring	17	18			18
Other chain stores	6	1	2	2	5
Others	237	166	28	45	239
TOTAL	445	335	44	72	451
Owned by financial institutions	6	4		2	6

Source | BCRA.

Total stock of loans | In June 2022, 324 PNFCs (73% of total PNFCs then registered) reported information on their credit portfolios. The total stock of loans surpassed ARS681 billion¹ (see Table 2), 3% less in real terms *vis-à-vis* December 2021, though 13% higher year-on-year (y.o.y.). The drop is mainly explained by a fall in non-bank credit card financing (-5%). Personal loans were the only credit product that increased (+5%).

Table 2 | Credit providers: stock, number and average debt of loans

Amounts and number	Jun-18	Jun-19	Jun-20	Jun-21	Dec-21	Jun-22	% Var. Jun-22/Dec-21
PNFC amount (mill. ARS Jun-22)	856,582	676,120	498,028	600,831	702,097	681,009	-3
Coop. and mutuals	38,256	49,371	45,286	45,250	52,904	44,305	-16
Other chain stores	125,052	94,723	70,419	63,412	61,581	59,390	-4
Fintechs	47,209	36,762	28,831	56,749	88,301	105,910	20
Sale of household appliances	169,212	118,392	76,945	57,992	66,090	54,675	-17
Leasing & factoring	482	8,491	10,469	12,797	11,279	9,036	-20
Others	476,370	368,380	266,077	364,631	421,942	407,692	-3
Credit cards	466,387	380,269	270,862	342,395	383,398	364,633	-5
Other assistances	390,195	295,851	227,166	258,437	318,699	316,375	-1
Average total debt per assistance (ARS Jun-22)	72,813	60,380	51,452	54,038	56,357	48,656	-14
Number of PNFC assistances (in mill.)	11.8	11.2	9.7	11.1	12.5	14.0	12
Credits cards	6.7	6.4	5.6	5.7	5.6	5.6	0
Other assistances	5.1	4.8	4.1	5.4	6.9	8.4	22

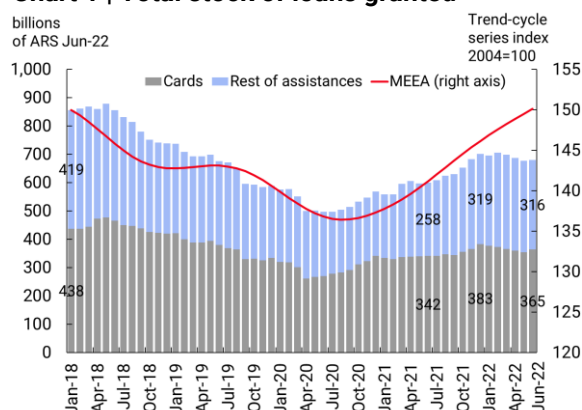
Note: *Other assistances* include financial assistance lines, such as personal, pledge and mortgage loans, and promissory notes. Source | BCRA.

In June 2022, non-bank credit card financing had a 54% share in total financial assistance lines (ARS365 billion) (see Chart 1), 3 percentage points (p.p.) lower compared to December 2021. The stock

¹ Argentine pesos.

of the remaining credit products also decreased during the period, except for personal loans, which followed an upward trend in the first half of 2022. It is worth noting that the latter reached 36% of the total stock of loans granted by PNFCs (ARS246 billion), up 3 p.p. against December 2021.

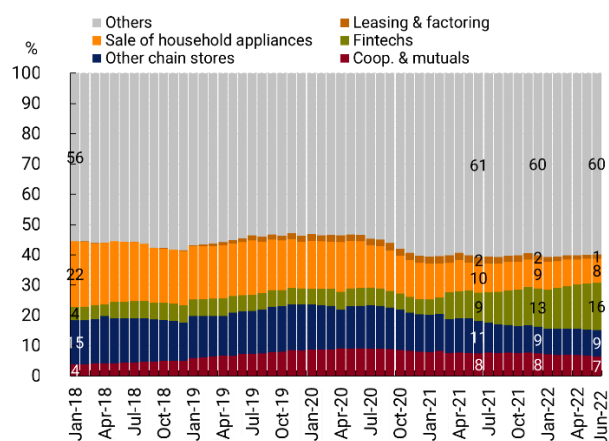
Chart 1 | Total stock of loans granted



Source | BCRA and INDEC.

Stocks of loans by group of providers | The *fintechs* group continued to grow during the first half of 2022, up 20% in constant prices against December 2021, reaching about ARS106 billion in June 2022. The credit portfolios of the other groups shrank, mostly those of *other chain stores* and *sale of household appliances* (see Chart 2).

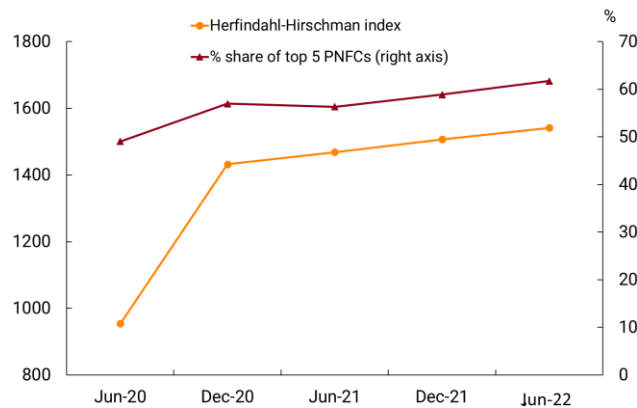
Chart 2 | Share of each group of providers in total stock of loans



Source | BCRA and INDEC.

In the period under analysis, 62% of the total stock of PNFCs' loans was granted by 5 credit providers (see Chart 3); the number of loans granted yielded a similar result.

Chart 3 | Concentration of PCNFs in granted loans



Source | BCRA.

Number of borrowers and average debt per assistance | The number of PCNFs' borrowers reached a record high—over 9.7 million in June 2022, 990,000 more than December 2021 (see Table 3). The number of loans totaled 14 million, showing an increase of 12% during the first half of 2022. Nevertheless, the average debt per assistance dropped 14% in constant terms during the same period, reaching AR\$48,700 as of June 2022 (the historically lowest value since 2018).

Table 3 | Number of PCNF borrowers

Borrowers (thousands)	Jun-18	Jun-19	Jun-20	Jun-21	Dec-21	Jun-22	% Var. Jun-22/Dec-21
Total borrowers (single CUITs)	8,063	8,020	7,080	7,985	8,788	9,774	11
Legal persons	0	20	20	24	25	26	3
Natural persons	8,063	8,000	7,060	7,961	8,763	9,748	11
men	3,970	3,905	3,487	3,876	4,202	4,624	10
women	4,066	4,069	3,553	4,059	4,534	5,076	12
unidentified	27	26	20	26	27	48	77
0-29 years	533	608	539	996	1,431	1,979	38
30-64 years	5,860	5,817	5,123	5,612	5,989	6,448	8
+65 years	1,670	1,575	1,398	1,354	1,343	1,322	-2
Cooperatives and mutuals	323	411	388	383	412	387	-6
Other chain stores	1,469	1,403	1,217	1,041	852	875	3
Fintechs	551	595	523	1,810	2,806	3,880	38
Sale of household appliances	2,396	2,220	1,749	1,397	1,484	1,511	2
Leasing & factoring	5	9	5	1	5	5	-1
Others	5,158	5,112	4,588	4,972	5,138	5,354	4
Exclusive PCNF borrowers (CUITs)	3,146	3,267	2,951	4,044	4,589	5,259	15
Legal persons	0	4	4	5	6	6	4
Natural persons	3,146	3,263	2,947	4,039	4,583	5,253	15
Borrowers without ETCNB credit card assistance (single CUITs)	2,460	2,490	2,179	2,947	3,857	4,814	25
Legal persons	0	1	2	4	4	5	7
Natural persons	2,460	2,489	2,178	2,943	3,853	4,810	25
Borrowers who only have ETCNB credit card assistance (single CUITs)	4,127	4,329	3,950	3,820	3,551	3,391	-4
Legal persons	0	19	18	20	20	21	3
Natural persons	4,127	4,310	3,932	3,800	3,531	3,370	-5

Source | BCRA.

The *others*² group continued to have the greatest share in PCNF loans in June 2022 (48%). In addition, the *fintechs* group explained the positive performance in the period, with a share of almost 31% in total loans (up 6 p.p. against December 2021). *Fintech* companies also showed the greatest number of borrowers, expanding their customer portfolio by about 1 million in the first half of 2022. Most of these

² *Others* stands for a group of PCNFs that could not be classified otherwise because of their heterogeneous characteristic.

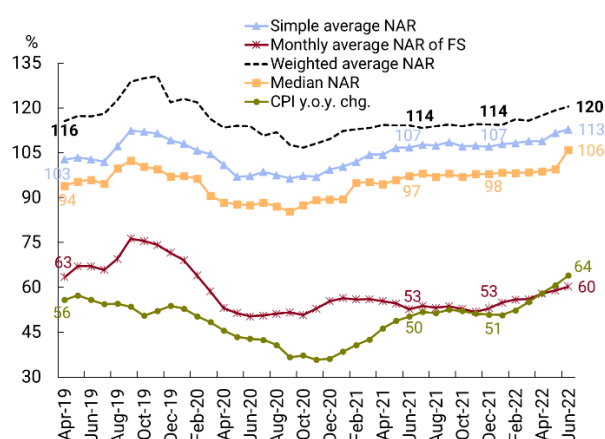
borrowers had no financing from financial institutions (FIs) and mainly belonged to two age segments: young people (up to 29 years old) and adults (30 to 64 years old).

Number of PNFCs reporting the interest rate charged on personal loans | As of June 2022, 61% (226) of companies registered as OPNFCs reported the nominal annual rate (NAR) they charged on personal loans, the weighted average being 120%, up 6 p.p. against December 2021 (see Chart 4).

The rise witnessed during the period under analysis was mainly explained by the NAR charged by the *others* group (126%)—up 12 p.p. against December 2021—and was followed by that charged by *other chain stores* (+7 p.p.), *cooperatives and mutuals* (+6 p.p.) and *sale of household appliances* (+2 p.p.).

The *fintechs* group showed the highest NAR across the series—125% in June 2022. However, this is the only group that slightly decreased the NAR they charged in comparison to December 2021.

Chart 4 | Interest rate charged by OPNFCs on personal loans

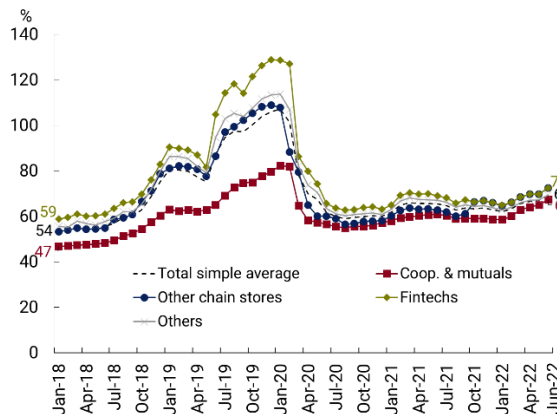


Source | BCRA and INDEC.

Number of PNFCs reporting the interest rate charged on non-bank credit card financing | The simple average compensatory interest rate charged by ETCNBs rose 6 p.p. against December 2021—reaching 72% NAR as of June 2022 (see Chart 5). This rate tended to be close to the cap established by the regulation.

All groups increased their interest rates during the first half of 2022. An in-depth analysis showed that the *fintechs* group reported the highest NAR, up 6 p.p. against December 2021—reaching 73% in June 2022. On the contrary, *cooperatives and mutuals* charged the lowest NAR—up 8 p.p. against December 2021, reaching 67% by the end of June 2022.

Chart 5 | Interest rates charged by ETCNBs by group

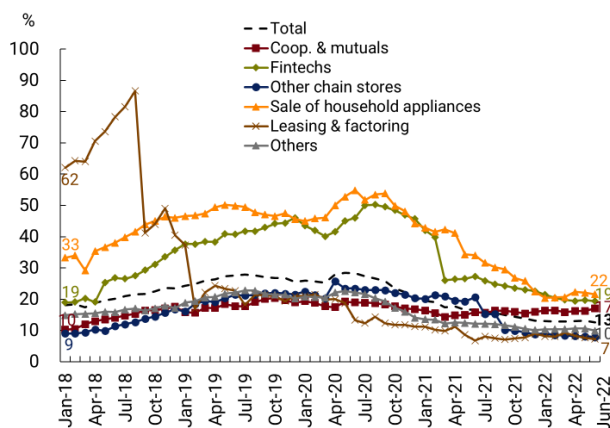


Source | BCRA and INDEC.

Non-performing loans | The non-performance ratio of PNFC loans remained unchanged (13%) during the first half of 2022, above the levels observed in local financial institutions (see Chart 6).

The *sale of household appliances* group had the greatest non-performance ratio in the first half of 2022 (22%), even though it did not show any variation in comparison to December 2021. The level of non-performance of the *others* group was similar during the period, while there was a slight decrease in the *fintechs*, *leasing & factoring* and *other chain stores* groups. Moreover, the non-performance ratio of *cooperatives and mutuals* increased during the period, reaching 17%.

Chart 6 | Non-performance ratios by group



Source | BCRA and INDEC.

Analysis of PNFCs' Borrowers

Number of PNFCs' borrowers by type of person, gender, and age range | The increased number of PNFCs' exclusive borrowers (i.e., with no lending provided by financial institutions) explained the positive performance in the period. They reached to 5.3 million natural and legal persons in June 2022, up 15% against December 2021.

Likewise, both the total number of women and men who borrowed from PNFCs rose: the increase was rather higher for women (540,000) than for men (420,000). Regarding the customers' age, there was

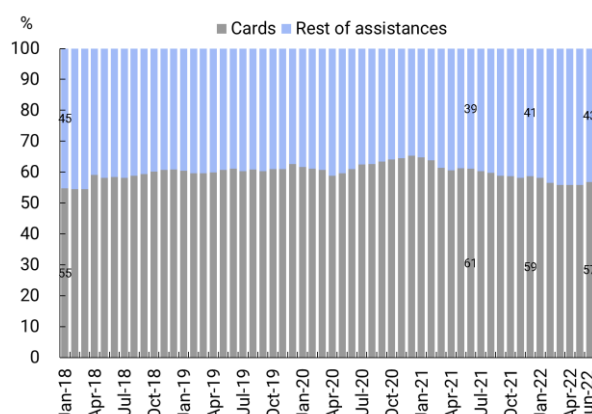
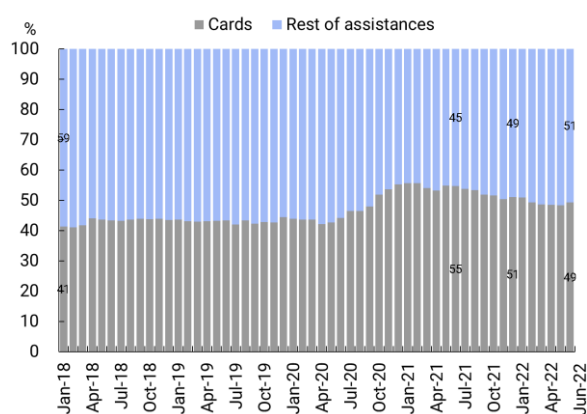
an increase of 550,000 and 460,000 individuals in the segments of young people (up to 29 years old) and adults (30 to 64 years old), respectively, in the first half of 2022. The number of borrowers in the elderly segment (65 years of age and older) continued to fall at a slow pace over the same period.

Stock of loans by type of person | Natural persons (NPs) had the largest share in the total stock of PNFCs' loans: 92% (ARS623 billion) in June 2022. Meanwhile, legal persons (LPs) represented the remaining 8% (ARS57.33 billion). In terms of the composition of the PNFCs' loan portfolio, NP shared borrowers³ continued to have the largest share in PNFCs' financing portfolio (59%). Likewise, 76% of their total stock in June 2022 corresponded to adults (age range 30-64 years old).

Chart 7 | Share in the total stock of loans granted by PNFCs to natural persons

NPs w/ no assistance from Fis (excl. borrowers) (%)

NPs w/ assistance from Fis (shared borrowers) (%)



Source | BCRA and INDEC.

Personal loans had the highest positive performance in the first half of the year, sharing 36% in the total stock of loans granted to shared NPs in June 2022 (almost ARS145 billion), up 3 p.p. against December 2021. In the case of exclusive NPs, personal loans reached 42% of the total stock (around ARS95 billion), up 3 p.p. against December 2021.

It should be noted that, even though PNFC exclusive borrowers were the majority of NPs, shared borrowers explained the year-on-year increase in the stock of financing. This was due to the fact that the average financing stock of PNFC exclusive borrowers significantly decreased, while that of shared borrowers either remained unchanged (in the case of women) or slightly decreased (in the case of men). However, men accounted for the highest percentage of NPs' total debt—51% (more than ARS319 billion) in June 2022. In turn, women showed a positive performance in the same period, increasing their share by 1 p.p. compared to December 2021. They reached 49% by the end of June 2022 (more than ARS303.3 billion), recording the highest value of the entire series.

³ That is, those who have borrowed from both a PNFC and a financial institution (for example, a bank).

Table 4 | Number of PNFCs' borrowers and stock of loans by gender according to debt with financial institutions

Type of borrower		Number of borrowers (mill.)			Stock (billions of ARS Jun-22)			Average stock per borrower (thousands of ARS Jun-22)		
		Jun-21	Jun-22	% annual var.	Jun-21	Jun-22	% annual var.	Jun-21	Jun-22	% annual var.
Women	Exclusive	2.1	2.8	34.5	90.1	111.1	23.4	43.8	40.2	-8.3
	Shared	2.0	2.3	15.3	165.9	192.2	15.9	82.8	83.2	0.5
Men	Exclusive	2.0	2.4	24.6	101.4	112.5	10.9	51.8	46.1	-11.0
	Shared	1.9	2.2	13.9	186.9	206.6	10.5	97.4	94.6	-2.9
Total		7.9	9.7	22.2	544.2	622.4	14.4	68.6	64.2	-6.4

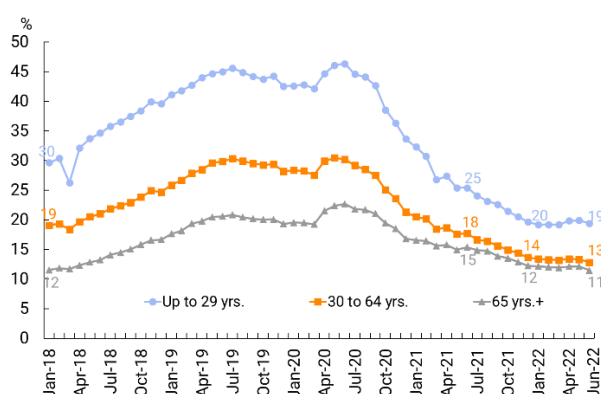
Note: The term "exclusive" refers to those who were only assisted by PNFCs. Therefore, they did not get loans from financial institutions. Source | BCRA and INDEC.

Another characteristic feature observed along the period was a 2-p.p. growth of NPs without a salary account in the PNFCs' portfolio.

Differences in non-performance ratios according to borrowers' attributes | In the first half of 2022, the non-performance ratios of the three age segments decreased (1 p.p. in all cases). Broken down by gender, the non-performance ratios fell by 1 p.p. for women, and remained stable for men. Besides, exclusive NP and LP borrowers had the highest non-performance ratios over the period under analysis. However, they decreased by 2 p.p. and 3 p.p. compared to December 2021 (reaching 19% and 11%, respectively, in June 2022).

The youngest age group reported the highest levels of non-performance throughout the entire series: 19% in June 2022. The elderly (aged 65 and above) evidenced the lowest levels: 11% in June 2022.

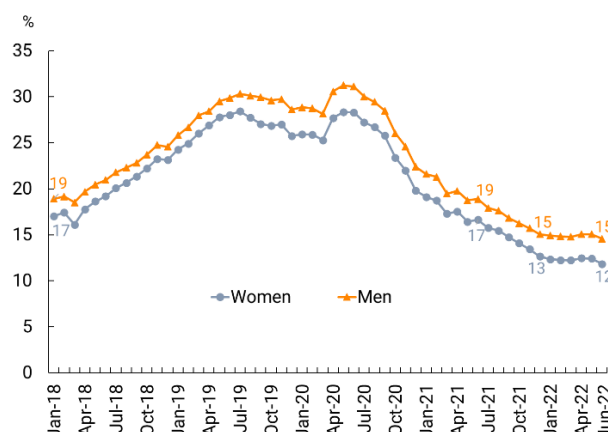
Chart 8 | Share of NPs in the total stock of PNFCs' loans by age and non-performance ratio



Source | BCRA and INDEC.

Women continued to exhibit the best payment behavior, with a non-performance ratio of 12% in the period (see Chart 9), slightly lower than that observed in December 2021. Besides, shared female borrowers reported the lowest ratios—10% in June 2022. In turn, men maintained their non-performance ratio at 15% in the first half of 2022, with shared male borrowers evidencing the highest ratios—22%—in the same period.

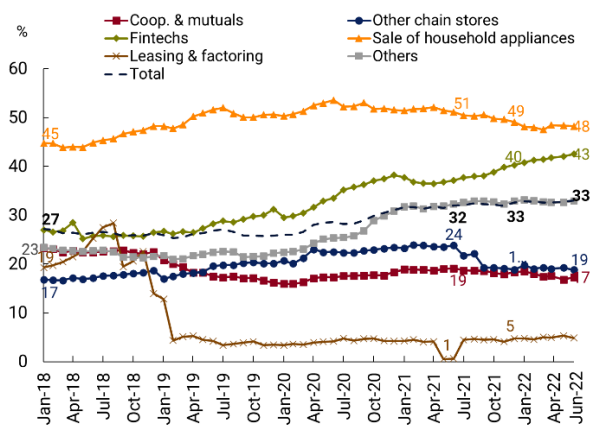
Chart 9 | Non-performance ratio of PNFCs' credit portfolios
By gender



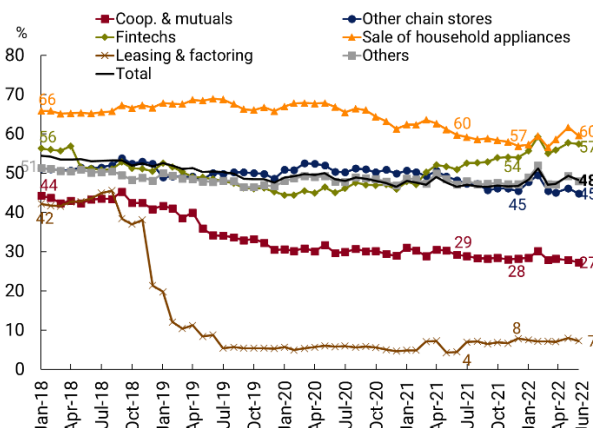
Source | BCRA.

Ratio of lending to borrowers without assistance lines from financial institutions | In the aggregate, the stock of lending to PNFCs' borrowers without financing from financial institutions remained at 33% (see Chart 10). Differences were observed at group level: while the share of *fintech* companies' lending to borrowers without debts from financial institutions increased, this share stayed the same or slid down in all the other groups.

Chart 10 | Ratio of PNFC credit portfolio to NPs
Without debt from FIs (exclusive borrowers)



Without salary account



Source | BCRA.

Debt of PNFCs' Customers with Financial Institutions

Loans from financial institutions to PNFCs' customers | Around 4.5 million shared borrowers were recorded as of June 2022, up 8% against December 2021 (see Table 5). In June 2022, *cooperatives and mutuals* reported the highest share (74%) of shared borrowers in total loans, followed by *other chain stores* (72%), *leasing & factoring* (59%), *others* (57%), *sale of household appliances* (49%), and *fintechs* (43%).

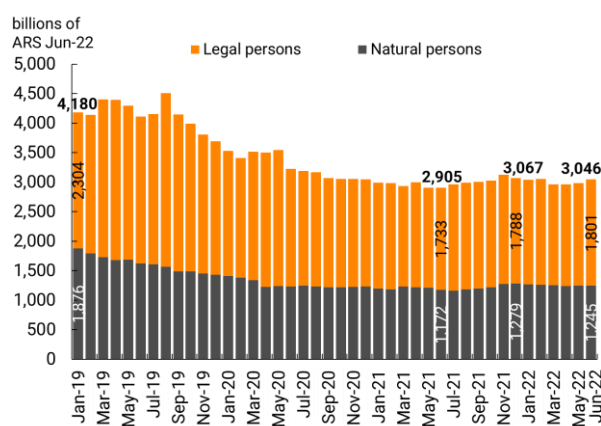
Table 5 | Loans from financial institutions to PNFCs' customers

Amounts and number	Jun-19	Jun-20	Jun-21	Dec-21	Jun-22
Number of borrowers (CUITs) (thousands)	4,753	4,129	3,941	4,199	4,515
Natural persons	4,736	4,112	3,922	4,180	4,495
Legal persons	16	16	19	20	20
Number of assistances (thousands)	10,236	8,515	7,913	8,280	8,814
Amount (millions of ARS Jun-22)	4,108,354	3,221,854	2,905,209	3,066,811	3,046,226
Natural persons	1,624,772	1,233,912	1,172,443	1,278,824	1,245,038
<i>With salary account</i>	1,173,392	891,136	854,416	931,038	911,565
<i>Without salary account</i>	451,380	342,776	318,028	347,786	333,473
Legal persons	2,483,582	1,987,942	1,732,765	1,787,987	1,801,188
Average debt per customer (ARS Jun-22)	864,437	780,327	737,178	730,310	674,629
Natural persons	343,034	300,046	298,913	305,954	276,969
Legal persons	153,667,962	120,862,234	93,004,411	91,494,567	89,242,814

Source | BCRA and INDEC.

As regards the number of loans, they continued to rise, reaching 8.8 million by June 2022, up 6% against December 2021. Contrariwise, there was an insignificant fall in the debt stock in real terms (less than 1%) compared to December 2021.

The stock of loans distribution based on the type of customer was similar to the previous period analyzed: 59% of loans corresponded to LPs (ARS1,800 billion), and the remaining 41%, to NPs (ARS1,200 billion) (see Chart 11). As for the stock of financing to NPs, the ones channeled through non-bank credit cards reached 39%, personal loans represented around 38% as of June 2022, and the rest of assistance lines totaled 23% as of June 2022. These figures were virtually identical to the ones recorded in December 2021.

Chart 11 | Stock of credit from financial institutions to PNFCs' customers

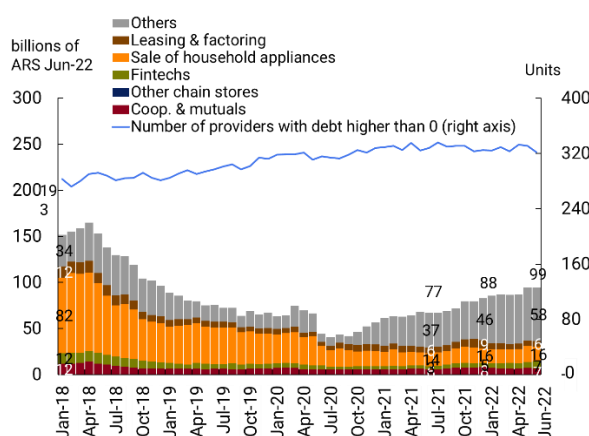
Source | BCRA and INDEC.

Non-performance of shared borrowers | The non-performance ratio for loans granted by the financial system (FS) to PNFCs' customers stood at 3.4% in June 2022, down 1.4 p.p. against December 2021. If compared to the non-performance ratio of PNFCs' total portfolio, it was consistently lower—almost 10 p.p. less in June 2022.

PNFCs' Debt with Financial Institutions

PNFC funding from financial institutions | As of June 2022, the total debt of PNFCs to financial institutions amounted to AR\$99 billion (see Chart 12), increasing 29% y.o.y. and 13% compared to December 2021 at constant prices. The *others* group rose to 58% of the total debt by mid-2022, and was followed by *sale of household appliances* (16%), *fintechs* (7%), *cooperatives and mutuals* (7%), *leasing and factoring* (6%) and *other chain stores* (5%).

Chart 12 | PNFCs' debt with financial institutions



Source | BCRA and INDEC.

Non-performance of PNFCs with financial institutions | The ratio continued to follow a downward trend, reaching 2% in June 2022, 2 p.p. less compared to June 2021. The non-performance ratio of *cooperatives and mutuals*, *fintechs*, and *leasing & factoring* continued to be zero. Finally, the non-performance ratio of the *sale of household appliances* group remained the highest, though recording a significant reduction—standing at 10%, down 12 p.p. in y.o.y. terms.