

Republic of North Macedonia

It can be said that 2021 was a year of gradual recovery after the first pandemic blow. However, the economic recovery was challenged by new Covid varieties that imposed occasional health care measures. In the second half of the year, the risks related to the disturbance in the global supply chains, the increased prices of energy products and mainly, the increased inflation rate, became more pronounced.

In 2021, to ease the financial conditions and further support the domestic economy, the National Bank continued to loosen the monetary policy and has declined the key interest rate to the historically lowest level of 1.25%. The average inflation was 3.2% while unemployment rate was 15,2%.

On December 31, 2021, there were 15 deposit-taking institutions in the country, 13 banks - 12 private and one state owned and two savings houses. 10 banks were owned by foreign shareholders and the number of subsidiaries of foreign banks was five. Participation of foreign capital in total banks capital was 76,29 %. Shareholders from the European Union were prevailing, with the highest participation in total capital and reserves of shareholders from Greece (23,5%), Slovenia (16,1%), and Austria (11,2%).

The banking network was spread throughout almost all cities in the country and consisted of 388 business units with 5.755 employees.

The qualification structure of employees in the banking sector and bank productivity, measured by the assets created by one employee noted further improvement.

In 2021 the lending activity accelerated, reaching a credit growth of 8.3% that was supported by the increase of deposits by 7.1%. Banks and saving houses have also paid attention to raising awareness about green finances. At the end of 2021, the level of non-performing loans was 3.2%.

The citizens have increasingly used digital channels to make payments, especially payment cards and mobile applications for electronic initiation of credit transfers.

The total number of payments made in 2021 in the country recorded an annual growth of 26.7% with realized 176 million transactions. Participation in contactless payments with payment cards in 2021 grew by 5.9%, reaching 83.7 % in total card payments at physical points of sale.

The solvency of the banking system improved. As of 31 december 2021, the capital adequacy ratio equaled 17.3%, which is by 0.6 percentage points higher compared to the end of 2020. In 2021, the domestic banking system reported higher operating profit (by 26.2%), compared to the previous year.

Indicators of return on equity and assets were 12,9 % and 1,5 % accordingly.

In 2021, despite all the challenges, the Macedonian banking system has successfully managed the risks and remained the main pillar of financial stability in the country.