



CREDIT DEMAND SURVEY REPORT

September 2023

STATISTICS DEPARTMENT

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Executive summary

To guide monetary policy decisions, the Bank of Uganda (BOU) uses several statistical information namely, developments in money supply and credit aggregates, the balance on transactions between Uganda and the rest of the world, interest and exchange rates, government revenue and expenditure, economic growth, and price indicators, and forecast of selected indicators. The credit demand survey (CDS) is one of the sources of information on perceptions of borrowers on the domestic credit market conditions and near-term expectations. The survey targets a sample of business entities located within the Kampala metropolitan area that are engaged in various economic activities and are likely to borrow and/or have considerable experience with Uganda's credit market. This survey was intended to assess the credit demand conditions and drivers during the quarter to September and outlook for the period to December 2023. The data collection exercise was conducted from 28th August to 15th September 2023. The survey received a total of 98 responses out of the 115 business entities purposively targeted, representing a response rate of 85.2 percent, an improvement from the 82.4 percent response received in 2023Q2.

The findings reveal that 10.2 percent of entities applied for loans during 2023Q3, a decline from 18.2 percent who applied in the three months to June 2023 – an indication of higher lower effective credit demand. The outlook over the next three months to December 2023, indicates that 17.3 percent intend to borrow, a reduction from the 25.3 percent that had shown intentions to borrow in the quarter to September 2023 as recorded in the last survey. On the other hand, loan approvals improved to 80.0 percent during 2023Q3 from 50.0 percent during 2023Q2 however, only 12.5 percent receiving approval for the entire amount applied for. The main purpose of borrowing was cited as meeting business operations expenses, business expansion and purchase of inventory. Most loans were secured with collateral assets in the form of land, accounts receivables, buildings, and machinery & equipment. Commercial banks remain the dormant source of credits to SMEs and this trend is anticipated to continue in the near-term. The net satisfaction with services provided by supervised Financial Institutions (SFIs) declined largely due to stringent requirements.

Overall, the findings indicate that the credit demand declined in 2023Q3 but is expected to gradually improve in the near-term as business activities continue to recover and prices stabilize.

1. Introduction

To guide monetary policy decisions, the Bank of Uganda uses several macroeconomic statistics, indicators, and near-term outlook of the economy. Key among these is the developments and perception of conditions in the credit market, which can be utilized to gauge the level of effective demand – an indicator of the impact of monetary policy on economic agents. The quarterly Credit Demand Survey (CDS) is intended to gather information on the perception of selected small and medium sized enterprises (SMEs) that are likely to borrow on the prevailing credit market conditions. This CDS report supplements the Bank Lending Survey (BLS), which focuses on the perception of the credit suppliers with demand-side information from SMEs on credit outturn and near-term outlook¹. The survey was conducted by Statistics Department targeting SMEs from various sectors located within the Kampala metropolitan area that are likely to borrow from Uganda’s credit market². It gathers perceptions from the borrowers’ perspective on credit demand conditions, the fundamental drivers, and quality of services provided by BOU Supervised Financial Institutions (SFIs)³. In addition, the CDS explores the factors underpinning reported changes in credit conditions, including price and non-price lending terms and conditions as well as other credit market developments that aid or hinder access to credit from formal financial institutions.

The findings from the CDS provide market sentiments that is useful to gain in-depth explanation of the changes in stocks of credits derived from the monthly quantitative data submitted by SFIs. The quarterly BLS and CDS are conducted simultaneously over the same period to ensure consistency that facilitates comparisons. The credit channel is considered an important medium for monetary policy transmissions and assessment of the impact of policy actions, especially in countries with underdeveloped financial markets. These opinions coupled with analytical insights

¹ The quarterly Bank Lending Survey (BLS) gathers perceptions from depository institutions supervised by BOU (i.e., commercial banks, credit institutions and microfinance deposit taking institutions) to assess the perceptions on credit supply terms and conditions.

² The survey covers a sample of small and medium sized business entities engaged in various productive economic activities, which operates within Kampala and its neighbouring districts of Mukono, Wakiso, and Mpigi. The sample does not include individuals and households even though they constitute a large segment of Uganda’s credit market that borrows to finance personal consumption and investments.

³ The supervised financial institutions comprise of Commercial banks, Credit institutions, and Microfinance deposit taking corporations that are licensed and regulated by the Bank of Uganda.

from macroeconomic statistics (namely, external, fiscal, monetary, and real sector), support evidence-based monetary policy decisions.

This report presents the findings of the CDS for 2023Q3, which covers the outturn for the period to end September 2023 and outlook for the three months to December 2023. The analyses are based on the share of response received for each question relative to the total that responded. To ensure trend analysis and comparability of results, the structure of this CDS questionnaire has been kept the same over the last nine surveys. Similarly, the same sampling method, frame, and enumeration team have been used for data collection.

1.1. The Macroeconomic Environment

Macroeconomic conditions continue to improve as inflation abates, and exchange rate remains stable despite spat of volatility. The downside risk to recovery is likely to arise from the commodities market, relative interest rates, and the effect of rainfall on agriculture production with potential ripple effect on the economy. Information from the depository corporations survey indicate that real private sector credit has begun to pick-up as business activities improve in most sectors of the economy. The recent volatilities in the foreign exchange market were largely driven by information on the World Bank's lending to Uganda. In part, to support economic recovery, the Bank of Uganda has begun to ease monetary policy with the reduction in the Central Bank Rate (CBR) by 50 basis points to 9.5 percent in the August 2023 meeting. The rise in oil prices poses concern for inflation, which present down-side risks to lending rates and the credit markets. The prospects for improved macroeconomic conditions are evidenced in the loan approval despite a reduction in the number of loan applications in the three months to September 2023.

The near-term outlook for inflation is for a gradual reduction although downside risks remain high. This coupled with the high inflation in advanced economies, oil price volatility, and weak recovery of the global economy could filter into terms and conditions in the credit markets. There is optimism for higher agriculture production in the second season following the resumption of

rainfall. This is likely to have a positive influence on food prices, exports, and enhance performance of credits in Agriculture Sector.

The rest of this report is structured as follows: Section 2 present the sampling and data collection methods while the findings from the survey are detailed in Section 3. Finally, Section 4 offers conclusions and recommendations.

2. Methodology

The CDS is designed to gather information on credit demand conditions from a representative sample of SMEs within the Kampala metropolitan area. The survey methodology comprises of sampling, data collection, processing, and analysis as well as report writing.

2.1. Sample Selection

The sample was drawn from a register of business establishments in and around Kampala city extracted from the Uganda Bureau of Statistics (UBOS) enterprise register for 2010⁴. This UBOS database comprised of data on 2,725 business establishments collected country wide. The focus on the Kampala metropolitan areas is driven by concentration of SMEs that are likely to borrow from the local formal financial institutions and to reduce the cost of data collection. In this quarter's CDS, a sample of 115 entities were drawn at a 95.0 percent confidence level with an error margin of 5 percent using a two-stage approach. In the first stage, entities were categorized according to economic activities based on the International Standard Industrial Classification (ISIC), Rev.4 with the sample distributed across ISIC based on proportional allocation. In the second stage, entities within each economic sector were selected using simple random sampling method.

The field activities conducted from 28th August to 15th September 2023 targeted a total of 115 entities. Questionnaires were delivered to all the entities targeted; however, no response was received from 17 entities.

⁴ The list of enterprises in the register is regularly revised by UBOS as information becomes available or following a census exercise.

2.2. Data collection

The data collection activities were conducted by a team of trained enumerators through face-to-face interviews with the management of the sampled business entities. In cases where an electronic response couldn't be shared, a printed copy of the survey questionnaire was provided for enterprise's management to complete within an agreed timeframe. Information in the completed returns were captured into a Microsoft Access database system designed for the CDS and exported to Excel for further analyses. Supervision of field activities, data cleaning, analysis, and preparation of this report was conducted by the team from Monetary Statistics and Data Dissemination (MS&DD) Division.

3. Findings

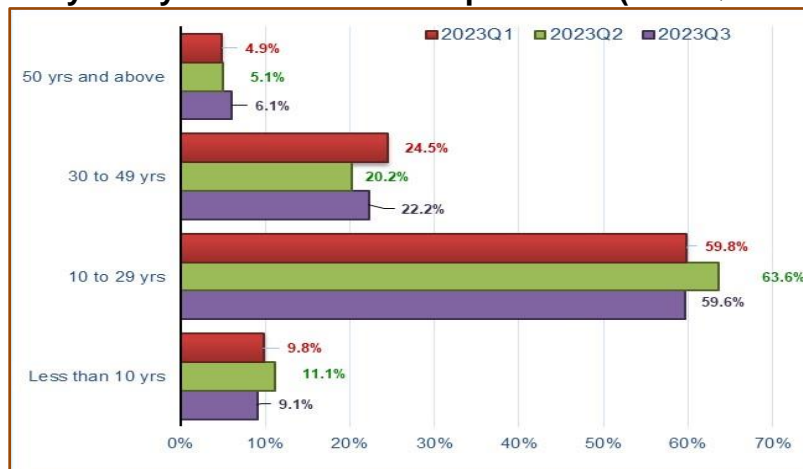
3.1. Response rate

The survey received a total of 98 responses out of the 115 business entities that received the questionnaire, representing a response rate of 85.2percent. The non-response (14.8 %) was due to delays to complete the questionnaire within the stipulated time and refusal to participate in the survey by some entities.

3.2. Profile of respondents

The survey findings indicate that 63.6 percent and 59.6 percent of the sampled entities have been in business for 10 to 29 years in 2023Q2 and 2023Q3, respectively as illustrated in Figure 1. This was followed by entities that have been in business for the last 30 to 49 years with 20.2percent in 2023Q2 and 22.2 percent in 2023Q3. Entities that have been in business for 50 years and above were the least sampled and their share in the response in 2023Q3 was 6.1 percent. The distribution of responses is consistent with the survey design that targets newly established small and medium sized entities which are more likely to borrow from the domestic financial institutions to meet their working capital requirements, restocking goods, and for financing business expansion. These entities are therefore more suited to provide accurate information on their current borrowing intentions and near-term expectation of credits.

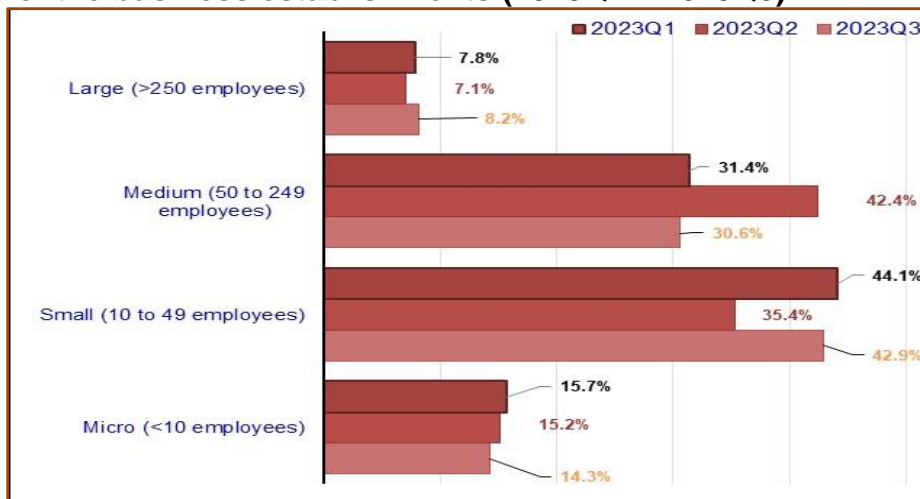
Figure 1: Response by and years in Business Operations (2023Q1 – 2023Q3)



Source: Bank of Uganda

The levels of employment increased in the micro and small-scale entities, suggesting gradual pick-up in economic activities. The share of employment increased to 42.9 percent in 2023Q3 from 35.4 percent in 2023Q2 for the small sized businesses entities employing between 10 and 49 workers⁵. The share of employees in the medium sized entities employing 50 to 249 workers however, decreased from 42.4 percent in 2023Q2 to 30.6 percent in 2023Q3. The details are illustrated in Figure 2. Most of these respondents are SMEs that rely on credits from the domestic financial institutions to cover costs of initial capital investments, working capital, and finances for business expansion.

Figure 2: Size of the business establishments (2023Q1 – 2023Q3)

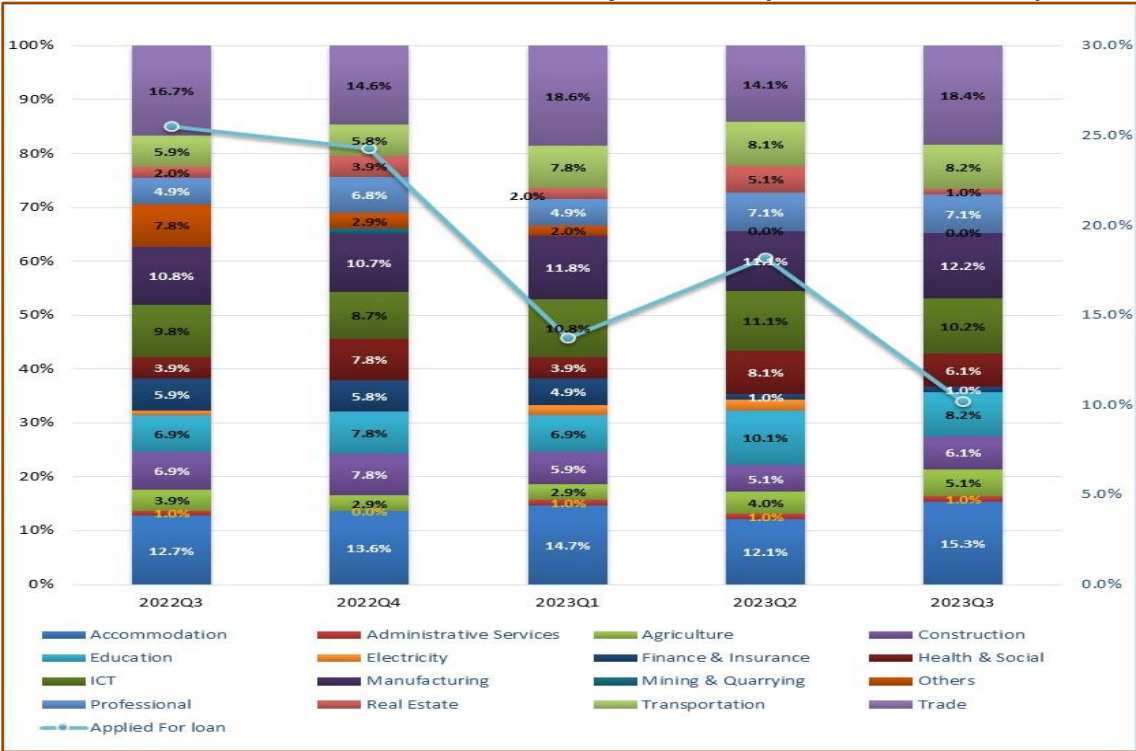


Source: Bank of Uganda

⁵ This categorization framework is based on the Organization of Economic Cooperation and Development (OECD) definition of small-sized enterprises.

In terms of the economic activities (sectors) of the entities that responded, the findings indicate that most of the respondents were involved in wholesale and retail trade, provision of accommodation, Information and communication technology (ICT), and manufacturing, with a share of 18.4 percent, 15.3 percent, 10.2 percent, and 12.2 percent, in 2023Q3, respectively, from the share of 14.1 percent, 12.1 percent 11.1 percent and 11.1 percent for the same economic activities , respectively in 2023Q2. The other sectors with significant shares in response in 2023Q3 include Education (8.2%), transportation (8.2%), professional services (7.1%), construction (6.1%), health & social services (6.1%), and agriculture (5.1%) as illustrated in Figure 3.

Figure 3: Economic Sector Distribution of Respondents (2022Q3 – 2023Q3)



Source: Bank of Uganda

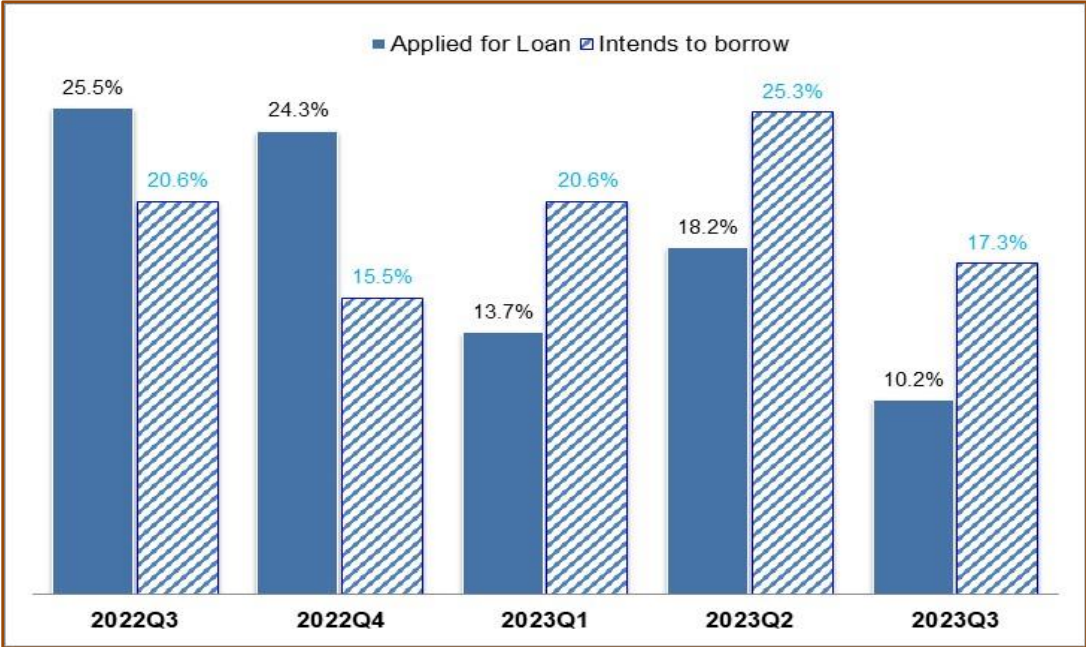
3.3. Loan applications

The share of respondents that applied for loans during the quarter is used as an indicator of effective credit demand. The findings indicate that 10.2 percent of the respondents applied for a loan in 2023Q3, a decrease of 8.0 percent in effective credit demand compared with the share reported in the 2023Q2 survey. This outturn in credit demand was 15.1 percent lower than the

expectation of 25.3 percent for 2023Q3 from the previous survey results. The decrease in loan applications is an indication of the lingering effects of the global tight monetary policy implemented since June 2022 that has led elevated lending rates.

The outlook for the next three months to December 2023, suggests gradual recovery of loan application with 17.3 percent of the entities indicating that they intend to borrow, a decline from the 25.3 percent expectation in the three months to September 2023. Overall, there are expectations for increased private sector borrowings as the inflationary pressures recedes and the central bank lowers the CBR. The details are illustrated in Figure 4⁶. The main reasons cited for the low credit demand outturn in comparison with the expectation from previous survey include sufficient capital to run the business, low levels of business activity, existing debt service obligations, availability of funding from other sources such as related companies or shareholders and unfavourable (high) interest rates.

Figure 4: Percentage of Loan applications and expected applications (2022Q3 – 2023Q3).



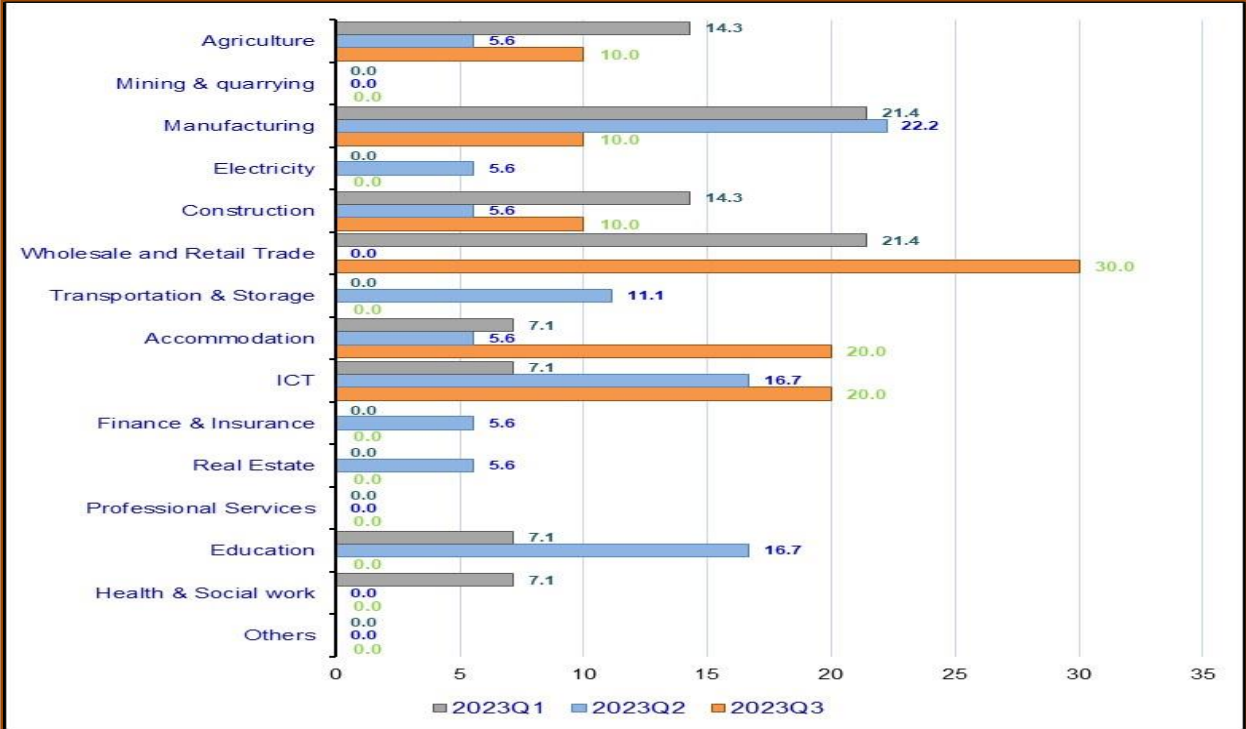
Source: Bank of Uganda

⁶ There has been a weak correlation between the planned or intended loan applications and actual outturn mainly because of the uncertain economic conditions induced by the lagged effects of Covid-19 pandemic and external supply disruptions caused by the Russian war in Ukraine.

The distribution of effective credit demand (loan applications) by economic activities during 2023Q3, reveal that the largest share was for entities in the Wholesale and Retail trade activities accounting for 30.0 percent, an improvement from the previous quarter. The others such as Accommodation and ICT sector recorded shares of joint loan applications of 20.0 percent in 2023Q3 as illustrated in Figure 5.

The sectors that recorded growth in loan applications in 2023Q3 were Wholesale and Retail trade, Accommodation services, Agriculture, Construction, and ICT expanding by 30.0 percent, 14.4 percent, 4.4 percent, 4.4 percent, and 3.3 percent, respectively. The sectors that registered noticeable declines in loan applications in 2023Q3 were Education (16.7%), Manufacturing (12.2%), Transportation & storage (11.1%), Finance & Insurance (5.6%), and Real estate (5.6%), which indicates near-term lower demand for credits from schools, manufacturing needs, reduced borrowing for transportation and real estate services⁷.

Figure 5: Sectoral Distribution of effective credit demand (2023Q1 - 2023Q3).



Source: Bank of Uganda

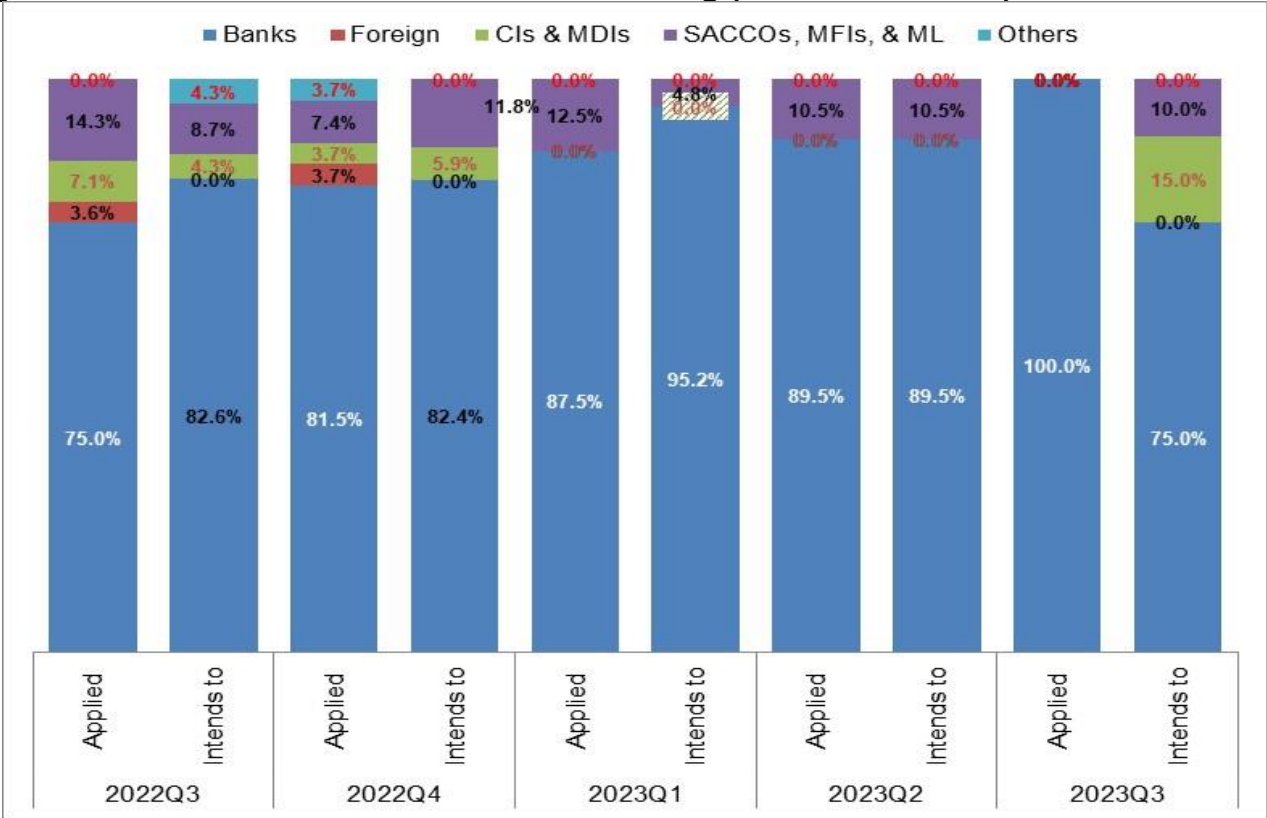
⁷ This is based on the economic sector categorization of the number of loan applications for entities that responded to the survey. It is not the same with the information on the stock of credits to the private sector reported in the monthly monetary and credit aggregates statistics due to differences in amount applied for and approved.

3.4. Sources of financing

In terms of sources of credit, commercial banks (CB) continue to be the major source of financing accounting for 100.0 percent of loan application from the SMEs that responded in 2023Q3. There were no recorded borrowings from Credit Institutions (CIs), Microfinance Deposit Taking Institutions (MDIs) and the other financial corporations (OFCs) comprising of Savings and Credit Cooperatives (SACCOs), Non-deposit taking microfinance institutions (MFIs) and Money lenders (ML). The outturn is close to the anticipated institutional choice they intended to borrow from during 2023Q3 in the last survey, except for loans from OFCs. The trend has increased in the last three quarters where commercial banks have taken more share of the credit market from other financial institutions. The dominance of commercial banks in the credit market could be attributed to the fact that they mobilize deposits from the public at low rates, have access to international markets, have large branch network, have access to credit reference database, and have large capital base which lowers their cost of intermediation compared to other institutions.

The near-term outlook indicates that 75.0 percent of the entities surveyed are likely to borrow from commercial banks and followed by Credit Institutions (CIs) and Microfinance Deposit Taking Institutions (MDIs) with 15.0 percent. The remaining 10.0 percent indicated that they are likely to borrow from either SACCOs, MFIs or MLs. There was no respondent who indicated that they are likely to source credits from foreign sources in the quarter to December 2023 as illustrated in Figure 6.

Figure 6: Sources⁸ of current and future financing (2022Q3 – 2023Q3)



Source: Bank of Uganda

An in-depth analysis based on firm size reveals that establishments which had been in operation for 10 to 29 years expect to source financing from commercial banks accounting for 61.1 percent. Those establishments whose operations were less than 10 years, between 30 and 49 years, 50 years were each 5.6 percent. Turning to non-bank financial institutions, older establishments with 10 to 29 years were the largest share of borrowers accounting for 11.1 percent of the market share. Similarly, establishment with 10 to 29 accounted for the largest share of loans from other financial institutions as shown in Table 1. The main reasons cited for the choice of commercial banks over non-bank depository corporation included good and lasting business relations, faster processing of the loan, and confidentiality with respect to collateral presented. Newly established entities (<10 years) have indifferent preferences for borrowing from commercial banks and non-bank depository corporations.

⁸ Commercial Banks (CB), Foreign Sources (FS), Non-bank Financial Institutions (NBFIs) and Other Financial Corporations (OFCs)

Table 1: Future financing per size of business and years in operation

Financing sources	Years in operation/Size	Large	Medium	Small	Micro	Total	Response (%)	Total Response (%)
Commercial banks	<10 years				1	1	5.6	
	10 to 29 years	1	6	3	1	11	61.1	
	30 to 49 years				1	1	5.6	
	> 50 years		1			1	5.6	77.8
Non-bank financial Institutions ¹	<10 years				1	1	5.6	
	10 to 29 years			2		2	11.1	16.7
Other financial Institutions ²	<10 years						0.0	
	10 to 29 years			1		1	4.2	5.6

Total of respondents: 17

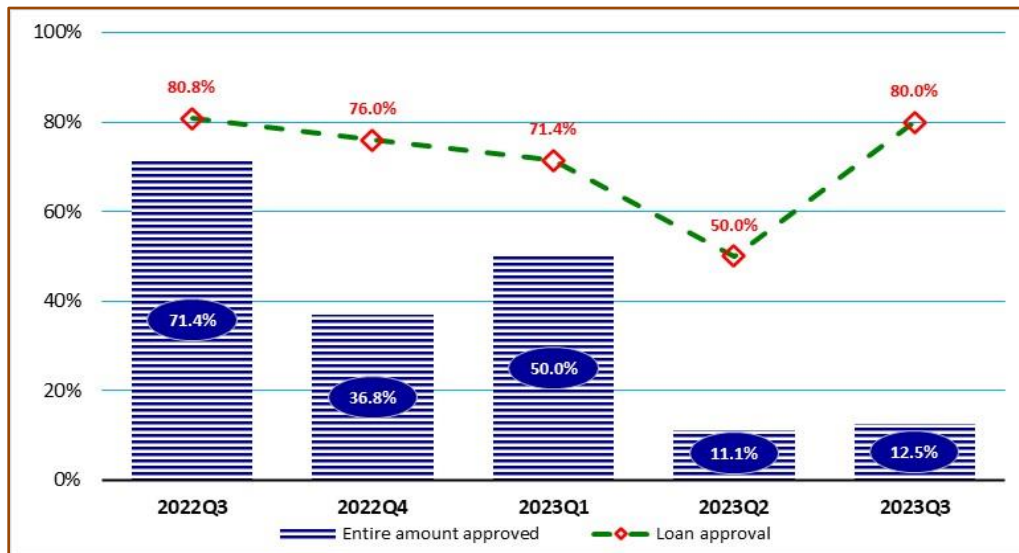
1. Credit Institutions (CIs) & Microfinance Deposit-taking Institutions (MDIs)
2. SACCOs, MFIs, Money Lenders, etc.

Source: Bank of Uganda

3.4. Loan approval and disbursements

In terms of loan approval, the findings indicate that the loan approval rates improved to 80.0 percent in 2023Q3 from the 50.0 percent for 2023Q2 registered in the last survey findings as shown in Figure 7 (i.e., the green dotted lines). The loan approval rate recovered from its lowest level, suggesting reduction in risk aversion among lenders. Consistent with the approval rate, the share of respondents whose entire amount of loan applied was disbursed increased to 12.5 percent in 2023Q3 from 11.1 percent in 2023Q2. The reasons cited by the respondents who applied for a loan but did not receive approval for the full amount were; businesses have running loans, slow recovery of business activities, and low value for collateral asset presented to the financial institution. This is in line with the slowed tightening of credit standards to enterprises by banks as reported in the Bank Lending Survey (BLS) for the quarter to September 2023. They continue to approve only a fraction of the loan requested despite improvement in approval rate.

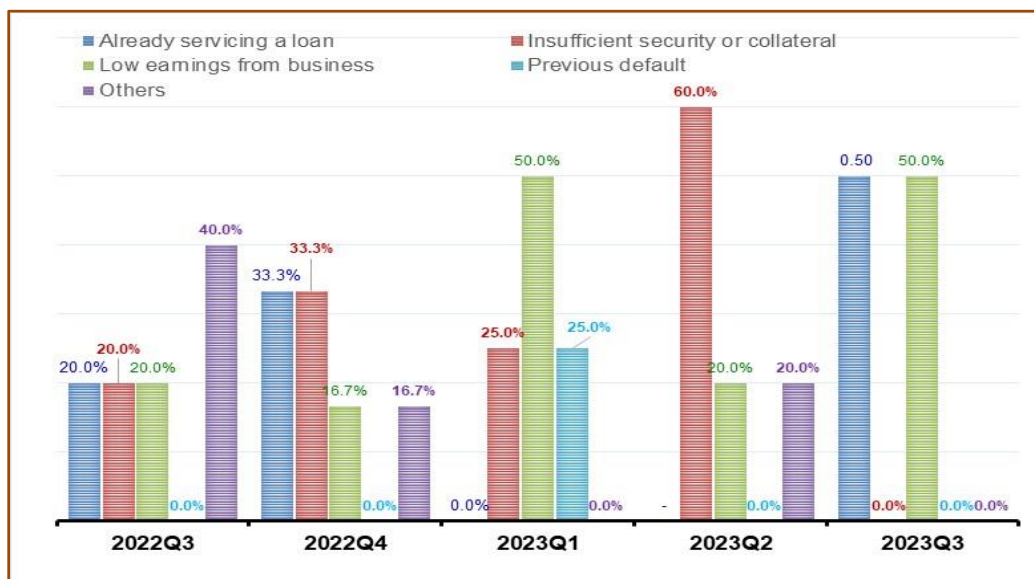
Figure 7: Trends in loan approvals (2022Q3 – 2023Q3).



Source: Bank of Uganda

In 2023Q3, the reasons cited for not accessing credit applied for include low earnings from business (50.0%) and already servicing a loan (50.0%) as illustrated in Figure 8. This suggests that most small and medium-sized entities’ level of indebtedness coupled with low cashflows from their business activities limits their ability to borrow from financial institutions in Uganda.

Figure 8: Reasons for not accessing credits (2022Q3 – 2023Q3).



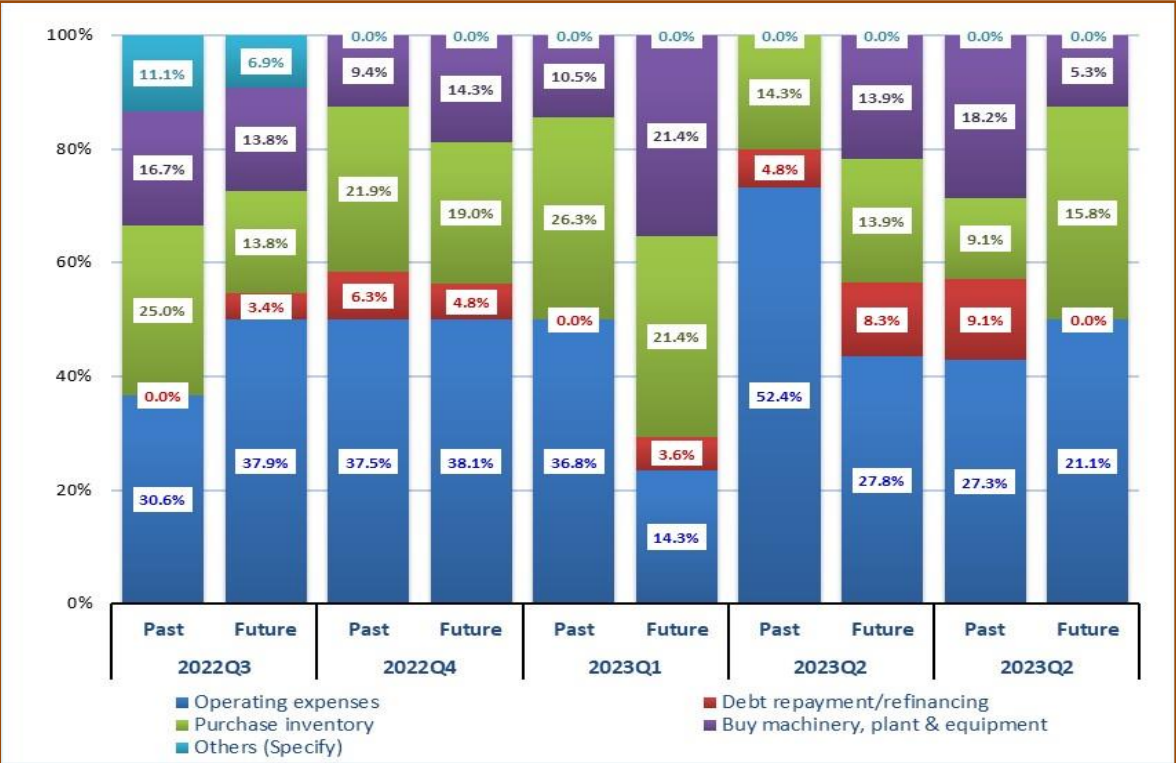
Source: Bank of Uganda

The survey also sought to establish how firms that accessed credit utilized the borrowed funds. The results reveal that during 2023Q3, 27.3 percent of respondents used borrowed funds to

meet operating expenses, a decrease of 25.1 percent from the 52.4 percent usage recorded in 2023Q2. The evenly distribution of borrowed funds across activities indicate that most entities borrow to meet operational expenses and to buy machinery, plant, and equipment. The other major uses of the borrowed funds in 2023Q3 were purchase of inventories (9.1%), and debt repayment (9.1%). The trend is expected to continue into the future except for lower debt repayments as illustrated in Figure 9.

Turning to the expected future usage over the next three months, 21.1 percent of firms indicated that they are likely to use the proceeds of borrowings to meeting business operating expenses. The other anticipated future uses of credit are purchase of inventory (15.8%), and acquisition of machinery, plants & equipment (5.3%). The relatively high anticipated utilization of borrowed funds for business operating expenses, and acquisition of machinery, plants & equipment suggests a recovery of business confidence in the near-term.

Figure 9: Use of the borrowed funds (2022Q3 – 2023Q3).

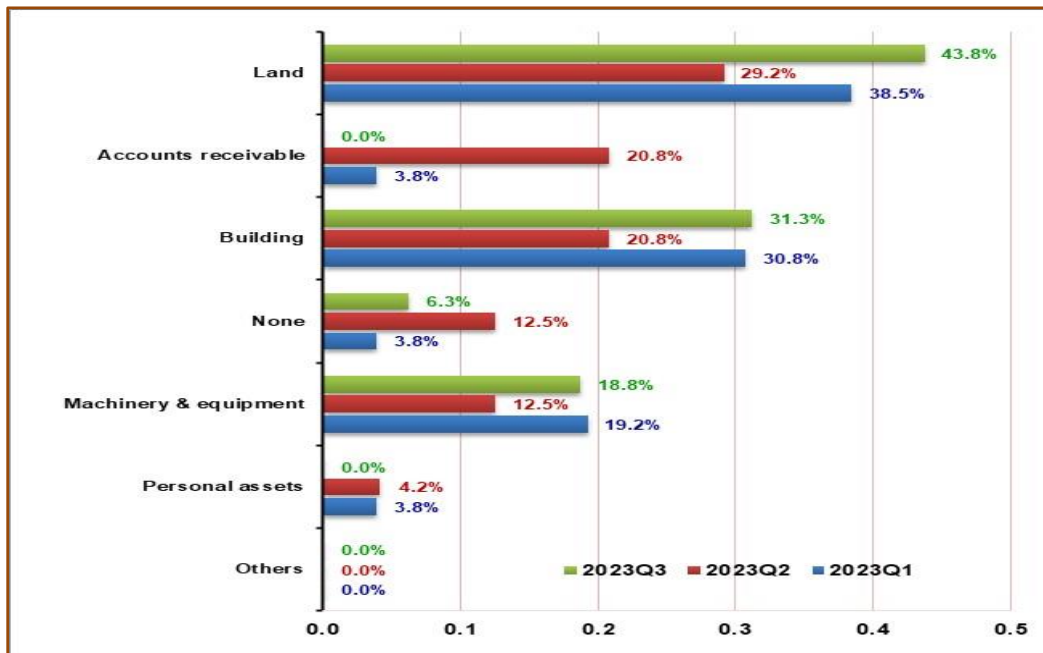


Source: Bank of Uganda

3.5. Loan processing

Overall, 28.0 percent of the respondents indicated that it took them up to 30 days to acquire credit from most financial institutions. In terms of collateral requirements, 43.8 percent of the respondents indicated that they used land to secure the loan while 31.3 percent relied on buildings and 18.8 percent on machinery and equipment. This implies that the level of collateralization with non-liquid assets /non-financial assets increased to 93.8 percent in 2023Q3 from 66.7 percent, indicating that the risk of liquidation of such securities is likely to be a challenge in case of distress to SFIs (see, Figure 10). Furthermore, the collateral requirements vary across economic activities and sizes of business entities. In terms of size of entity, the results indicate that SMEs largely use land and building as collateral, while micro entities rely on accounts receivables and land.

Figure 10: Percentage of collateral options for approved credits (2023Q1 -2023Q3)

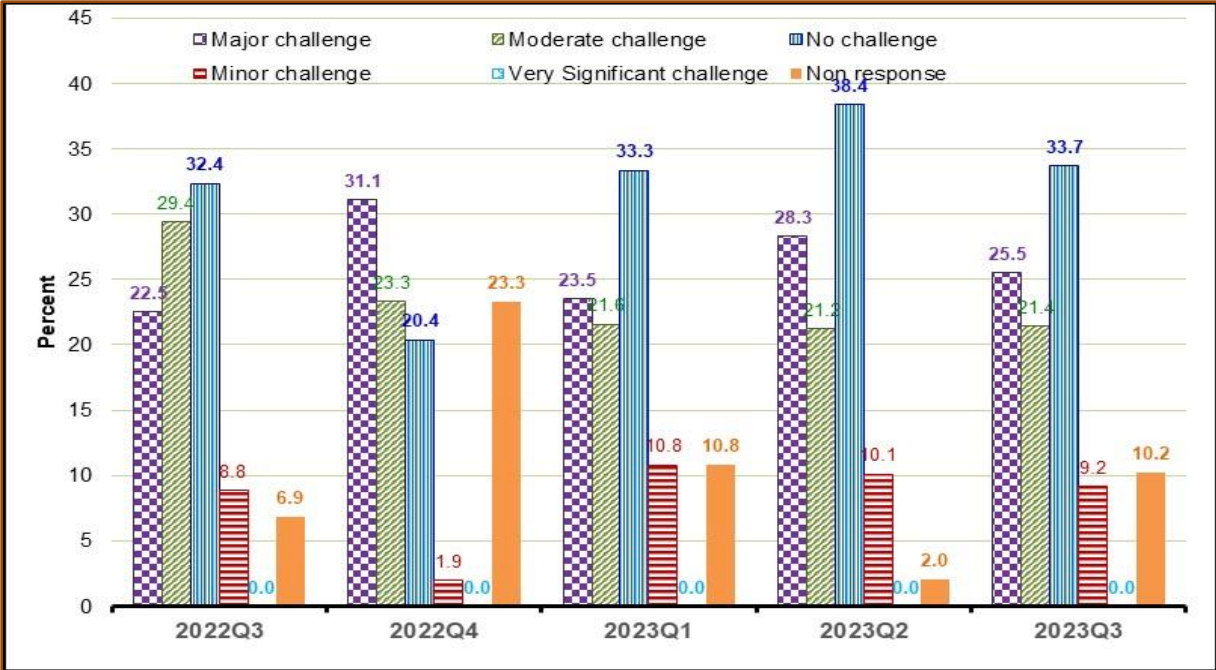


Source: Bank of Uganda

On the ease of accessing credit, 33.7 percent of respondents indicated that they have no challenges in 2023Q3, a decline from the 38.4 percent recorded in the previous survey as illustrated in Figure 11. On the other hand, 25.5 percent, 21.4 percent, and 9.2 percent of entities indicated that they face major, moderate, and minor challenges, respectively. This is a general deterioration from the ranking of ease of access to credits compared with the last survey. There

was no entity that reported to have faced very significant challenges during 2023Q3 as was the case in the last four quarters.

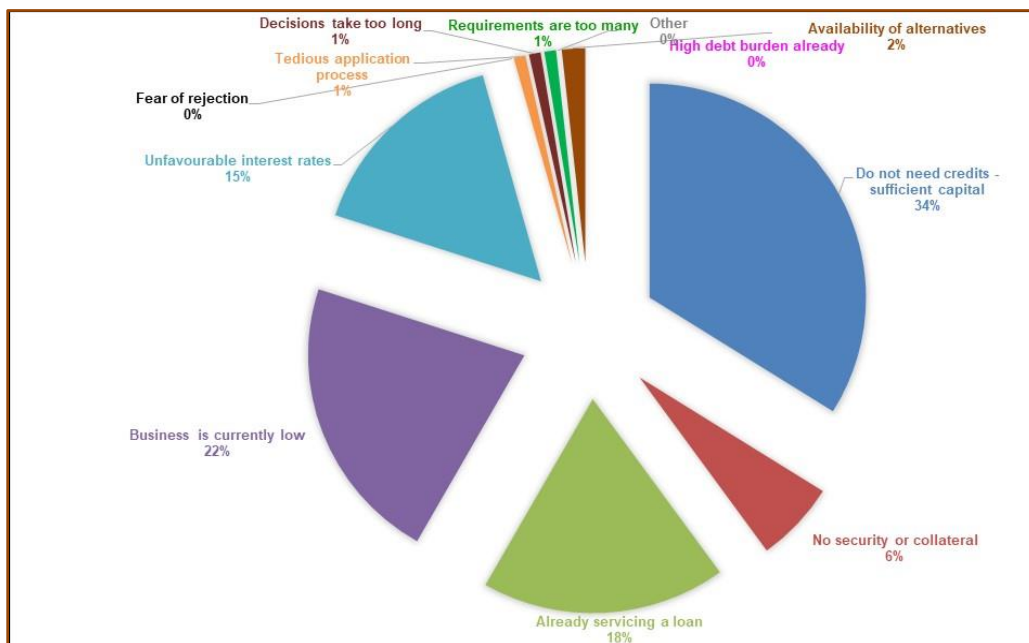
Figure 11: Ease of access to credits rating (2022Q3 – 2023Q3)



Source: Bank of Uganda

The reasons cited for not borrowing during 2023Q3 were that the entities do not need credit as they already have sufficient funds to meet their requirements (33.9%), business is currently low (21.7%), already servicing a loan (18.3%), and they consider the current lending rates to be unfavourable (15.7%) as illustrated in Figure 12. Other reasons include unfavourable interest rates, unavailability of security or collateral, availability of alternative sources of funding, too many requirements from the SFIs to access credit, tedious application process, and that the decisions take too long. No entity indicated high existing debt burden and fear of rejection to be affecting them as reasons for not borrowing in 2023Q3.

Figure 12: Reasons for not borrowing during 2023Q3.



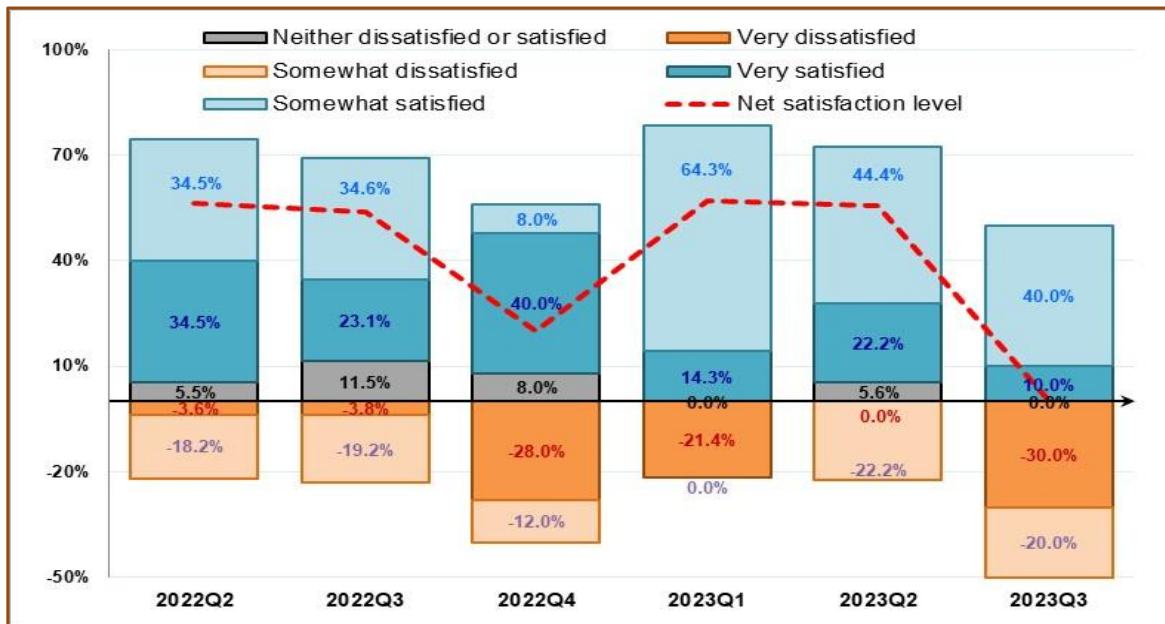
Source: Bank of Uganda

3.6. Customer contentment with financial services

The net contentment of entities with financial services provided dropped to 0.0 percent in 2023Q3 from 55.6 percent during 2023Q2 as illustrated in Figure 13 (dotted line). In terms of satisfaction ratings, it indicates that 10.0 percent were very satisfied with the loan application process during 2023Q3, a decline from the 22.2 percent recorded for 2023Q2. The share of entities that were somewhat satisfied with the quality of services provided by the SFIs declined to 40.0 percent during 2023Q3 while none of the entities surveyed indicated that they were neutral. The main reasons cited for satisfaction was the automation and improved loan application processes.

The share of somewhat dissatisfied entities decreased to 20.0 percent in 2023Q3 while 30.0 percent indicated that they were very dissatisfied with the services. The main reasons cited for the dissatisfaction with SFIs services were bureaucracy and the stringent requirements for collateral, especially from commercial banks.

Figure 13: Level of satisfaction with services provided by FI (2022Q2 – 2023Q3)



Source: Bank of Uganda

4. Conclusion and Recommendations

4.1. Conclusion

Statistics Department conducted the 2023Q3 credit demand survey to gather perceptions of selected SMEs within the Kampala metropolitan areas to assess the demand-side conditions, near-term outlook, and quality of services offered by the SFIs. The findings revealed that credit demand was low in 2023Q3 signified by the number of loan applications. The outlook indicates that credit demand is likely to gradually recover in the next three months to December 2023. Respondents expect improvement in business activities ahead of the festive season and reduction in lending rates given that inflation has begun to abate. The findings of the CDS are consistent with those of the Bank Lending Survey for FY2023/24Q1 in terms of both current conditions and near-term outlook.

The loan approval rate improved during 2023Q3, which indicate reduced risk aversion among lenders. The entities that received loans during the quarter utilized them to finance operating expenses, buy machinery, plant & equipment, for purchase of inventory and business expansion. These indicate optimism for recovery and planned increase of production of goods and

services. Commercial banks were the dominant source for credits to the entities. Most entities expect this trend to continue but with other financial corporations taking quarter of the market share in the three months to December 2023. In terms of collaterals, the findings indicate that Land, Buildings and Machinery & equipment were the main form of securities provided for loans taken. There was a decline in net satisfaction with the quality of services provided by the SFIs in 2023Q3 largely attributed to bureaucracy and the stringent requirements for collateral for loan applications. There is expectation for a gradual recovery in demand for credit and is likely to continue in the next three months, other factors constant.

4.2. Recommendations

The findings revealed that credit demand declined in 2023Q3 but is anticipated to gradually recover in 2023Q4 as economic conditions improve, inflation abates, and interest rates reduce. Inflation remains high in some industrialised economies; oil prices and financial markets remain volatile with the risk of a pass through to the domestic economy. The credit market remains vulnerable despite its recovery in the recent past. There is need to continue monitoring the credit demand conditions and expectations to provide information for evidenced-based decisions.

Appendix 2: Questionnaire

BANK OF UGANDA



STATISTICS DEPARTMENT

CREDIT DEMAND SURVEY QUESTIONNAIRE FOR FIRMS IN UGANDA.

Name of Firm:

Name of Contact person:

Title.....

Location:

Telephone: E-mail: Stamp.....

Introduction

The credit demand survey is conducted by the Research and Policy Directorate of the Bank of Uganda (BOU) to understand the credit demand conditions of firms within the Ugandan credit market. The main objectives of the survey are to:

- i. Assess demand for credit in the economy, and
- ii. Determine factors that affect credit demand.

THE QUESTIONNAIRE

Instructions

Please fill in the questionnaire by ticking (✓) the relevant box or writing in the space provided, where applicable

A1. In which major sector is your firm? *Single response only*

- | | |
|---|--|
| <input type="checkbox"/> Agriculture, forestry, and fishing | <input type="checkbox"/> Real estate activities |
| <input type="checkbox"/> Wholesale and retail trade | <input type="checkbox"/> Electricity, gas, and air conditioning |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Human health and social work activities |
| <input type="checkbox"/> Information and communication | <input type="checkbox"/> Manufacturing |
| <input type="checkbox"/> Mining and quarrying | <input type="checkbox"/> Accommodation and food services |
| <input type="checkbox"/> Transportation and storage | <input type="checkbox"/> Others (specify)..... |
| <input type="checkbox"/> Administrative and public defence services | |
| <input type="checkbox"/> Education | |
| <input type="checkbox"/> Professional, scientific, and technical services | |
| <input type="checkbox"/> Finance and insurance activities | |

A2. Current Number of employees.....

A3. In the past three months (**July - September 2023**), did you apply for a loan or overdraft from a financial institution?

Yes

No **GO TO B1**

A4. Which institution did you apply to? **Multiple responses possible**

Commercial banks in Uganda

Non-bank financial institutions in Uganda (i.e., Credit Institutions & Microfinance Deposit Taking Institutions)

Other financial Institutions in Uganda (i.e., SACCOs, Microfinance institutions, money lenders, etc.)

Foreign sources/non-residents

Other (specify).....

A5. What was the purpose of the loan? **Multiple responses possible**

Business expansion/new venture

Purchase inventory

Operating expenses

Buy machinery, plant & equipment

Debt repayment/refinancing

Others (Specify).....

A6. Was the loan you applied for, approved?

Yes

No **GO TO A10**

A7. Did you get the entire amount you applied for?

Yes **GO TO A10**

No

A8. What percentage of the amount applied for was approved and disbursed?

A9. What were the reasons for not accessing the entire amount? **Multiple responses possible**

Insufficient security or collateral

Already servicing a loan

Low earnings from business

Other.....

Previous default

A10. From the date of application, how long did it take the financial institution to process your loan or provide feedback on your application? **Single response only**

Up to 7 days

up to 30 days

Up to 14 days

More than 30 days

up to 21 days

Cannot recall/Don't know

A11. What kind of collateral was required, if any? **Multiple responses possible**

None

Personal assets (Specify.....)

Land

Accounts receivable

Building

Others (Specify).....

Machinery and equipment

A12a. Referring to the financial institutions that you borrow from, to what extent are you satisfied with their services? **Single response only**

- Very dissatisfied
- Somewhat dissatisfied
- Neither dissatisfied or satisfied
- Somewhat satisfied
- Very satisfied

A12b. If either very dissatisfied or very satisfied in **A12a** above, please explain

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B1. Do you intend to borrow from any financial institution in the next three months (**October - December 2023**)?

- Yes
- No **GO TO B5**

B2. Which kind of financial institution do you plan to borrow from? **Multiple responses possible**

- Commercial banks in Uganda
- Non-bank financial institutions in Uganda (i.e., Credit Institutions & Microfinance Deposit Taking Institutions)
- Other financial Institutions in Uganda (i. e., SACCOs, microfinance institutions, money lenders, etc.)
- Foreign sources/non-residents
- Other (specify).....

B3. Why do you prefer to borrow from the entity in **B2** above? **Multiple responses possible**

- | | |
|--|---|
| <input type="checkbox"/> Existing relationship with lender | <input type="checkbox"/> Access (proximity/understanding of system) |
| <input type="checkbox"/> Cost (interest rate) | <input type="checkbox"/> Possibility of success |
| <input type="checkbox"/> Quick processing of loan | <input type="checkbox"/> No collateral requirement |
| <input type="checkbox"/> Confidentiality | <input type="checkbox"/> Other (specify)..... |

B4. What is the intended purpose of the loan? **Multiple responses possible**

- | | |
|---|--|
| <input type="checkbox"/> Business expansion/new venture | <input type="checkbox"/> Purchase inventory |
| <input type="checkbox"/> Operating expenses | <input type="checkbox"/> Purchase machinery, plant & equipment |
| <input type="checkbox"/> Debt repayment/refinancing | <input type="checkbox"/> Other (Specify)..... |

B5. If you do not intend/plan to apply for a loan in the next three months (**October - December 2023**), please provide reason(s)? **Multiple responses possible**

- | | |
|--|---|
| <input type="checkbox"/> Do not need a loan, current capital is sufficient | <input type="checkbox"/> Interest rates not favourable |
| <input type="checkbox"/> Do not have security or collateral | <input type="checkbox"/> Cannot get a loan because of my credit history |
| <input type="checkbox"/> Already servicing a loan | <input type="checkbox"/> I think the request may be rejected |
| <input type="checkbox"/> Business is currently low | <input type="checkbox"/> Raise finance from other sources |

- Lost major source of income
- Application process too difficult
- Decisions take too long

- Requirements are too many
- Existing debt burden already too high
- Other.....

B6. To what extent is access to credits from Ugandan financial institutions a challenge to your business operations? **Single response only**

- No challenge
- Minor challenge
- Moderate challenge
- Major challenge

B7. What are the major challenges?

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Thank you