“The domestic credit allocated to the private sector in percentage of GDP is varying across time and countries without any obvious trend.”

Definition:
Multiple indicator:
- Share of bank credit allocated to the private sector
- Existence of alternative credit systems other than bank credit

Domestic credit for the private sector refers to the financial resources provided for the private sector, such as credits, purchase of non-participating securities, trade credits and other accounts that establish a repayment obligation. Public credit is included in some countries.

The alternative finance systems of bank credit may concern investments in venture capital and micro-credit allocated to those that are excluded from the conventional banking system.

Precautions / Notes:
Alternative finance is not well defined and it could be financing from external sources other than banks or stock and bond markets. It can include fundraising via online platforms.


The development of Small and Medium Enterprises finance systems for productive and innovative activities (micro-credit, venture capital, incentives, etc.) is one of the objectives for setting up efficient banking services.

In the Mediterranean region, the share of domestic credit allocated to the private sector in 2017 varied a lot across the countries, from 23% in Libya to 106% in Spain and reaches about 200% in Cyprus. Trends over time are differ across countries.

In the Mediterranean Southern countries, an average of 39% of the adult population have a formal bank account in a financial institution or used a credit card and 30% of women have a such account (Global Findex database). An average of 9% of the adult population had a credit in the past years from financial institution or used a credit card.

Sources: International Monetary Fund, World Bank Database and OECD, 2019.