BANCA D'ITALIA
EUROSISTEMA

Rome, 26 April 2017

The Euro Area Bank Lending Survey
MAIN RESULTS FOR ITALIAN BANKS[1]
Q1 2017 and outlook for Q2 2017

In the first quarter of 2017, credit standards for loans to firms and households eased slightly (Figure 1), reflecting the improvement in the balance sheets of credit institutions and greater competitive pressure in the banking sector. For the current quarter, financial intermediaries expect credit standards for firms to be slightly less favourable and to remain substantially unchanged for households.

Demand for loans by firms fell moderately while it continued to increase for households (Figure 2). In the current quarter, demand from both firms and households is likely to grow.

The percentage of loan applications from firms and households that were completely rejected by banks declined further.

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[1] Seven of the main Italian banking groups took part in the survey, which ended on 6 April 2017. A more extensive discussion of these results will be included in the Bank of Italy's *Economic Bulletin*, 3, 2017, due to be published on 14 July 2017. The results for the euro area are available on the ECB's website at www.ecb.int.

Figure 1

Supply conditions and main contributing factors (1)

Firms

Households
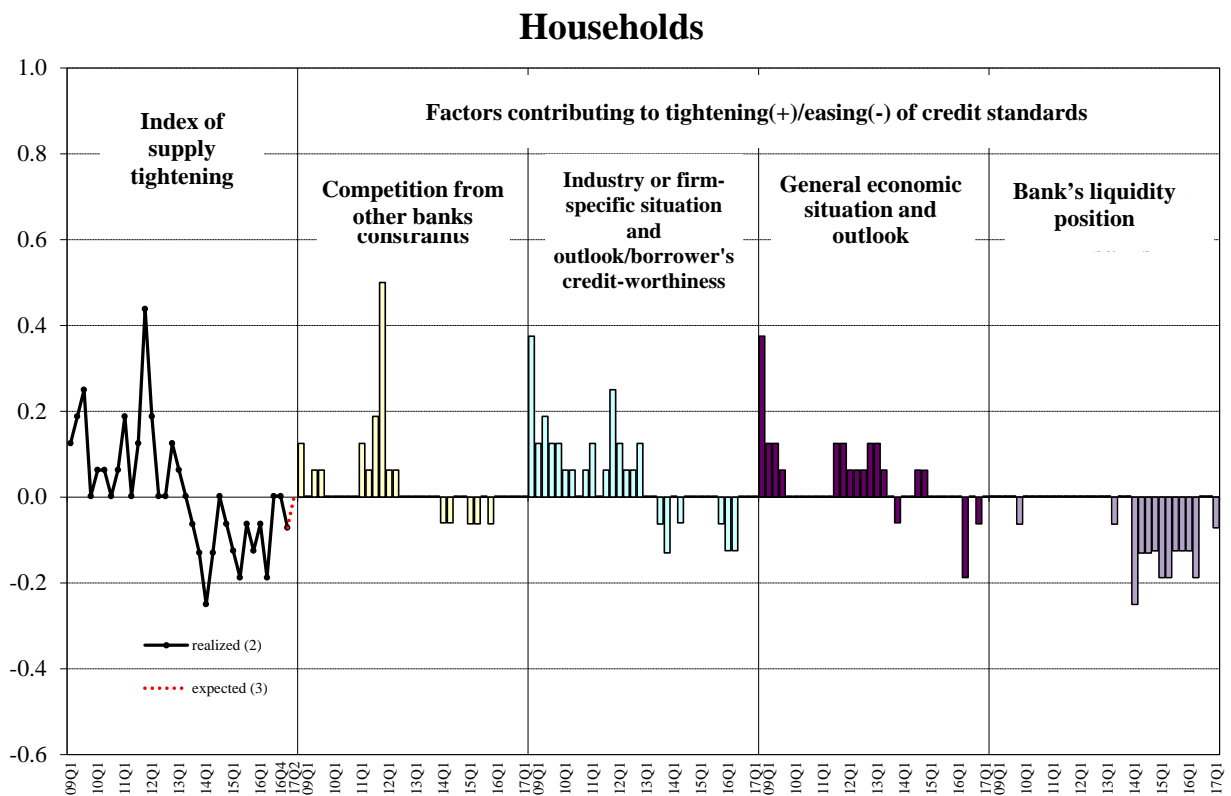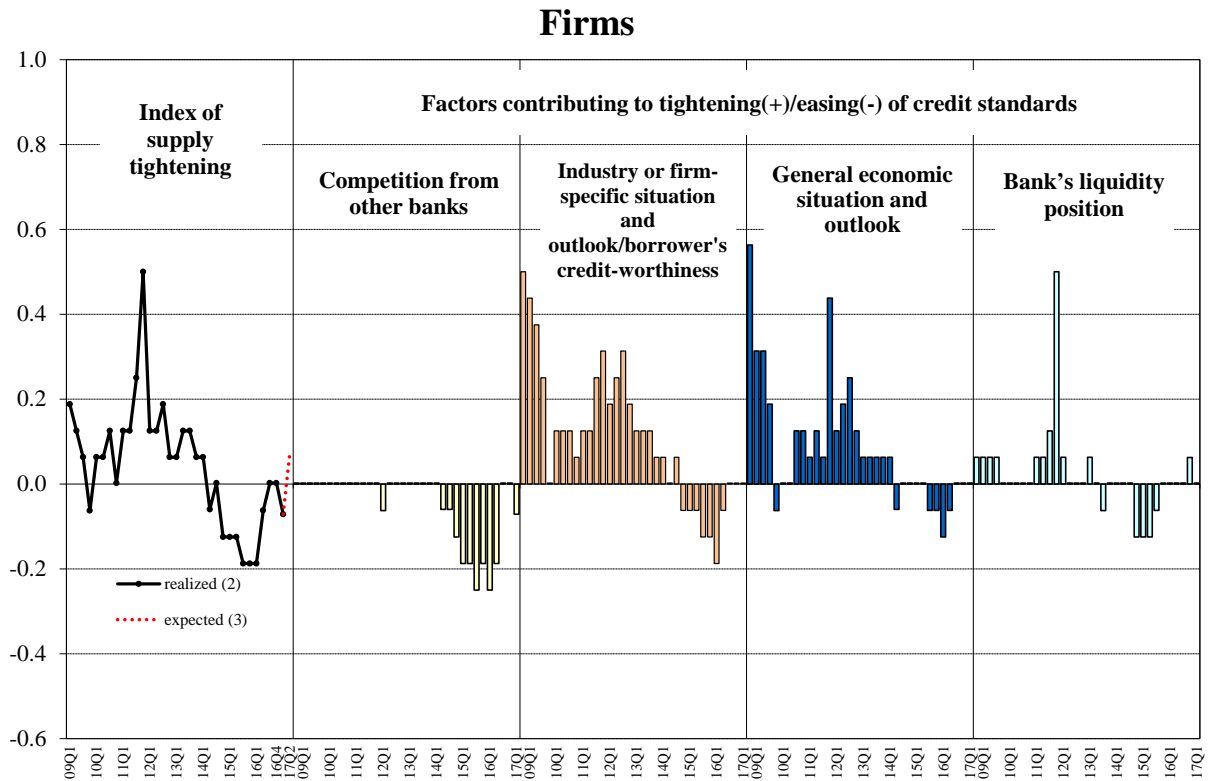
(1) Positive values indicate supply restriction compared with the previous quarter. Diffusion indices are constructed on the basis of the following weighting scheme: 1 = tightened considerably, 0.5 = tightened somewhat, 0 = basically unchanged, -0.5 = eased somewhat, -1 = eased considerably. The range of variation of the index is from -1 to 1. – (2) Refers to the quarter ending at the time of the survey. – (3) Forecasts made in the preceding quarter.

Figure 2

Trends in credit demand and main contributing factors (1)

Firms

Households
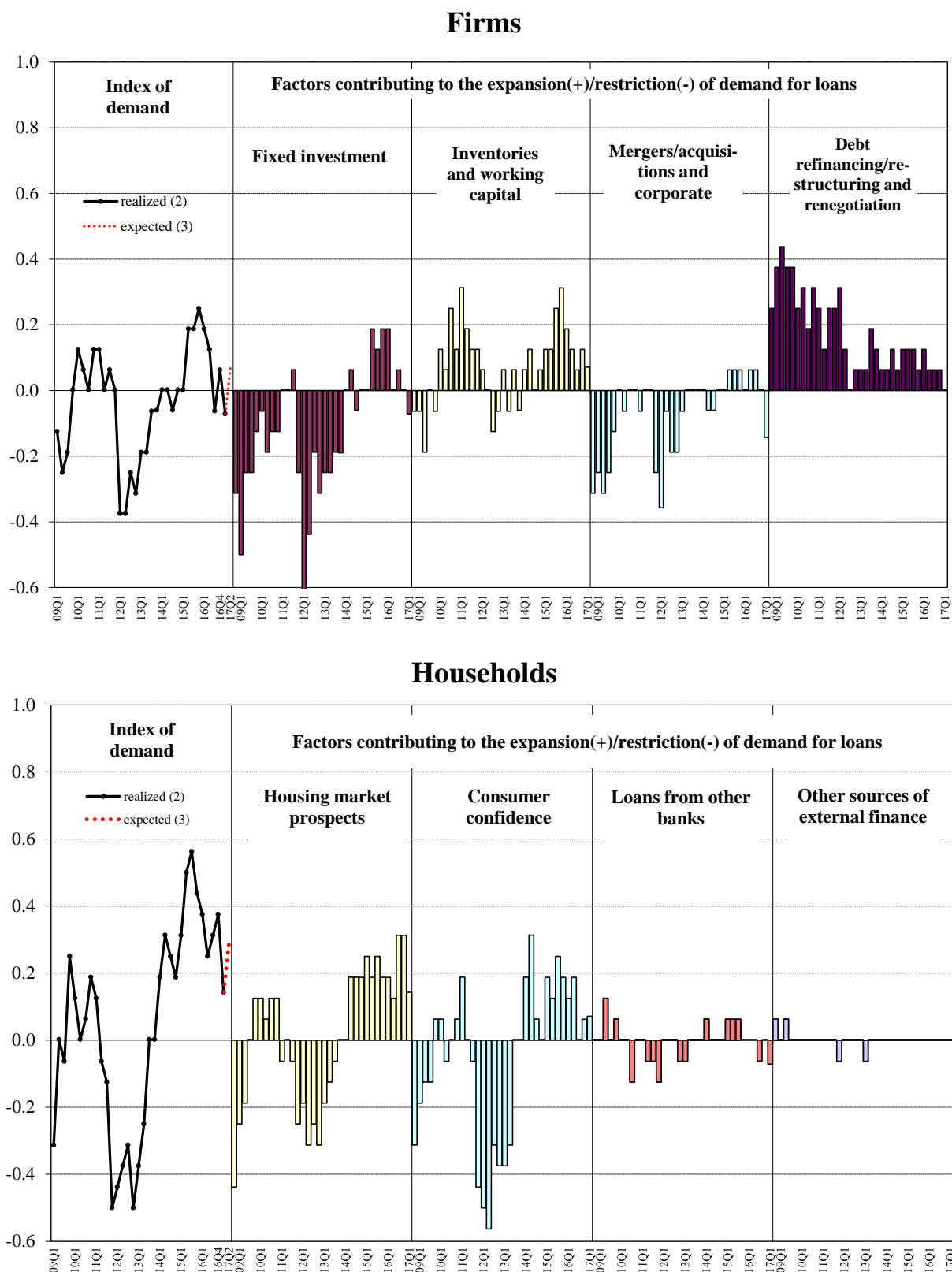
(1) Positive values indicate demand expansion compared with the previous quarter. Diffusion indices are constructed on the basis of the following weighting scheme: 1 = increased considerably, 0.5 = increased somewhat, 0 = basically unchanged, -0.5 = decreased somewhat, -1 = decreased considerably. The range of variation of the index is from -1 to 1. – (2) Refers to the quarter ending at the time of the survey. – (3) Forecasts made in the preceding quarter.