BANCA D'ITALIA
EUROSISTEMA

Rome, 17 January 2017

The Euro Area Bank Lending Survey

MAIN RESULTS FOR ITALIAN BANKS[1]

Q4 2016 and outlook for Q1 2017

Credit standards on loans to firms and households remained unchanged in the fourth quarter of 2016 (Figure 1). Interest rate margins on average loans to firms and households continued to narrow, albeit to a lesser extent. For this quarter banks expect supply conditions to stay as they have been for firms and to improve slightly for households.

Demand for loans by firms remained broadly unchanged while it continued to rise for households (Figure 2). Looking ahead, demand from firms is expected to stay the same while that of households is likely to increase slightly.

There was a decline in the percentage of loan applications from firms and households rejected outright by banks.

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[1] Eight of the main Italian banking groups took part in the survey, which ended on 27 December 2016. The results for the euro area are available on the ECB's website at www.ecb.int. A more extensive discussion of these results will be included in the Bank of Italy's *Economic Bulletin*, No. 1, 2017, due to be published on 20 January 2017.

Figure 1

Supply conditions and main contributing factors (1)

Firms

Households
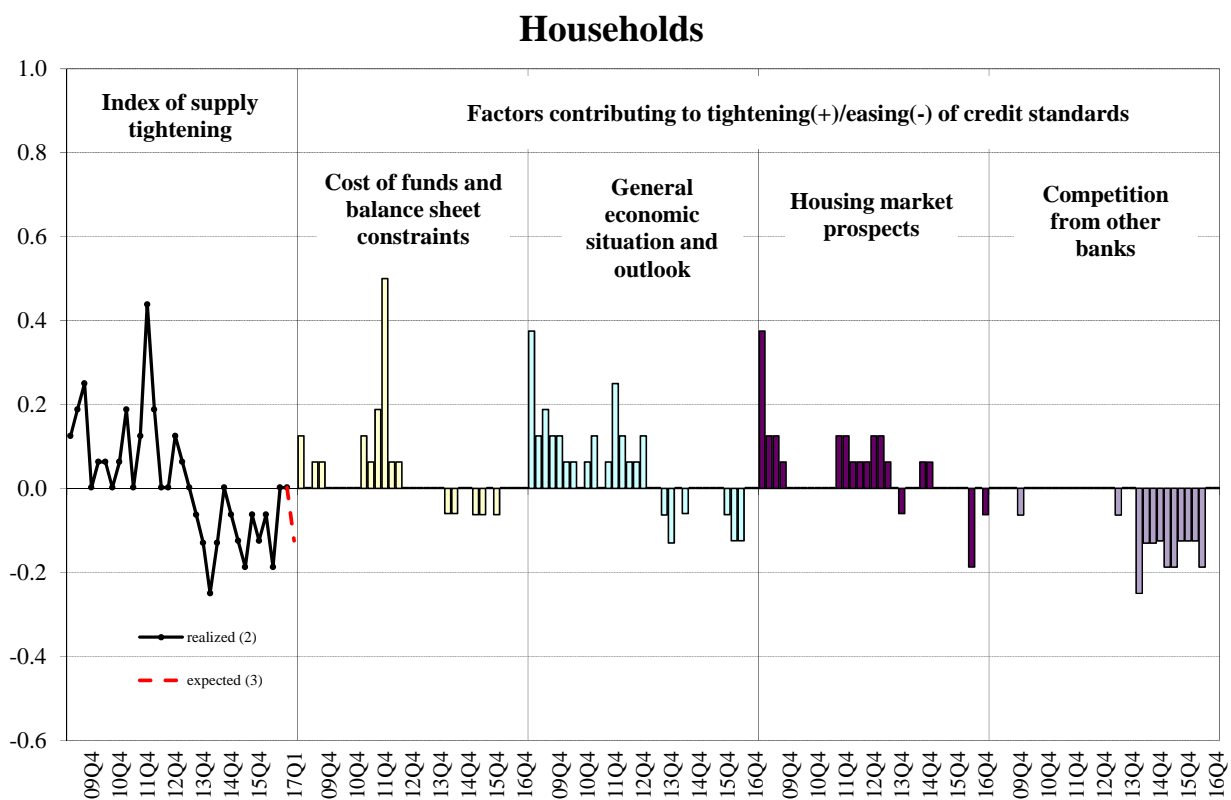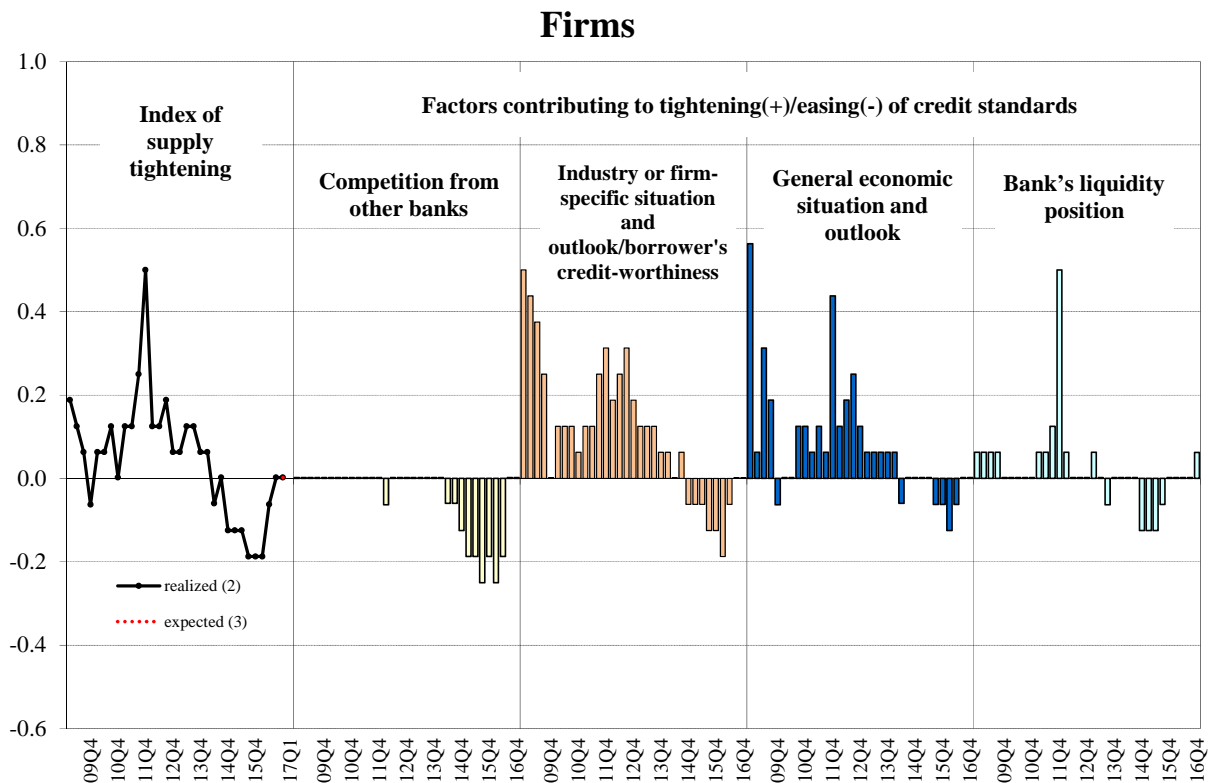
(1) Positive values indicate supply restriction compared with the previous quarter. Diffusion indices are constructed on the basis of the following weighting scheme: 1 = tightened considerably, 0.5 = tightened somewhat, 0 = basically unchanged, -0.5 = eased somewhat, -1 = eased considerably. The range 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
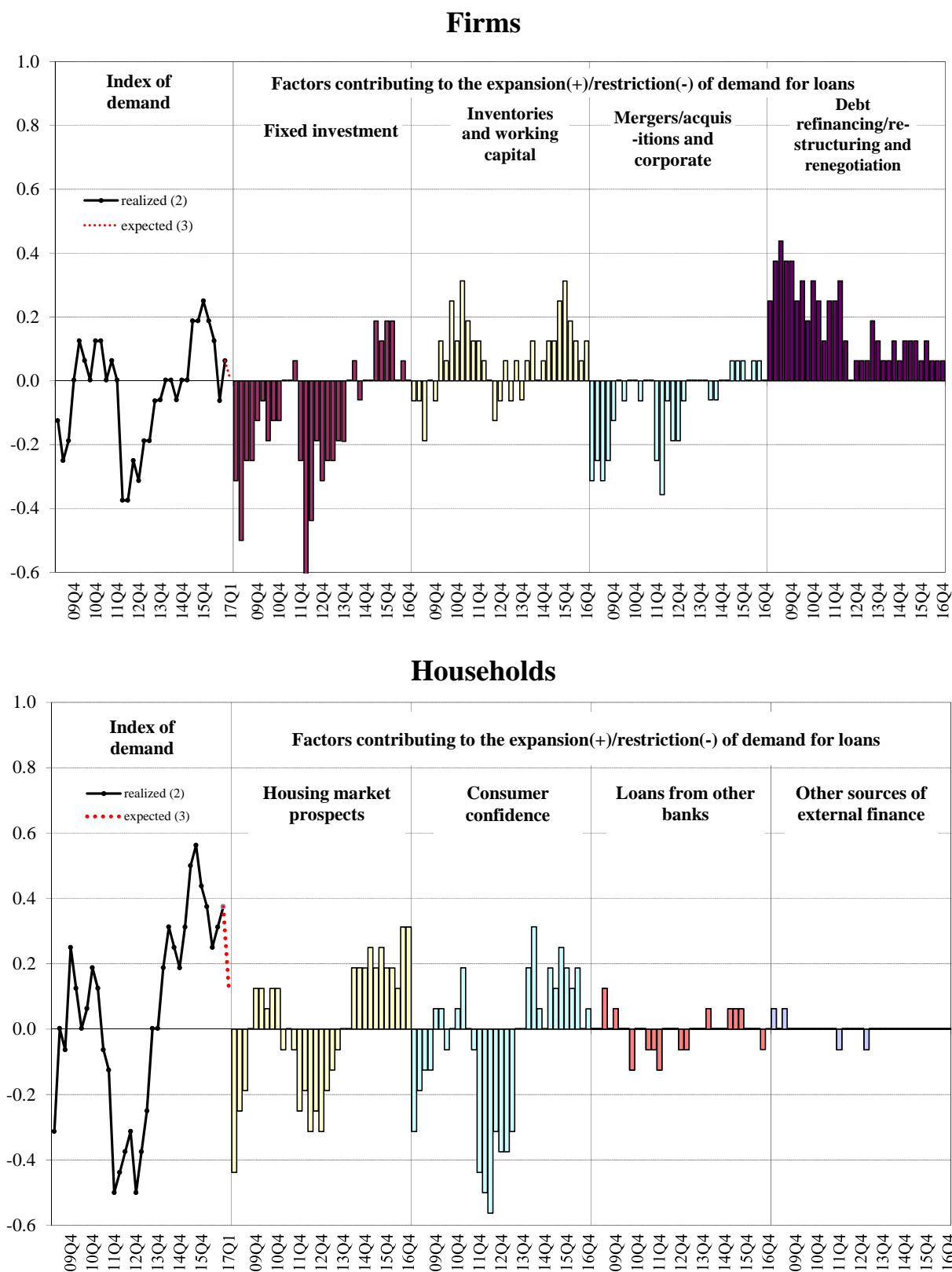
(1) Positive values indicate demand expansion compared with the previous quarter. Diffusion indices are constructed on the basis of the following weighting scheme: 1 = increased considerably, 0.5 = increased somewhat, 0 = basically unchanged, -0.5 = decreased somewhat, -1 = decreased considerably. The 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.