EURO AREA BANK LENDING SURVEY

Features of the survey

The Eurosystem has conducted the bank lending survey for the euro area since January 2003. The main objective is to improve the Eurosystem's knowledge of the role of credit in monetary transmission and so add to the information on which monetary policy analysis and assessment are based. The survey is addressed to senior loan officers, e.g. chairmen of credit committees at or just below Board level, and is conducted four times a year. The ample group of banks participating in the survey comprises over 150 banks from all euro-area countries. For Italy the sample includes 13 banking groups, accounting for more than two-thirds of the Italian lending market.

The questionnaire asks the respondents to assess the behaviour of banks on issues such as credit standards for approving loans and credit terms and conditions. It also asks for an assessment of the conditions affecting credit demand. The questionnaire consists of 22 questions regarding loans to enterprises and households: the first part contains nine questions on loans or credit lines to enterprises, and the second part has thirteen questions on loans to households. For households, the questions distinguish between loans for house purchase and consumer credit/other lending. Senior loan officers are asked to express their opinions on both developments in the last quarter and expectations for the next quarter. At the end of the survey, there is an open question to capture credit market developments that may not have been covered by the other questions. Occasionally, ad hoc questions on specific topics of interest may be added.

Generally speaking, the terminology and concepts used in the questionnaire correspond to those applied for the banking statistics collected by the ECB (see the Compilation Guide included in the Questionnaire).

The answers of the Italian banks are available on the Internet site of the Bank of Italy; those for the euro area are available on the ECB webpage:
http://www.ecb.europa.eu/stats/ecb_surveys/bank_lending_survey/html/index.en.html

Revision of the questionnaire

The questionnaire was revised in April 2015, April 2018, April 2022 and April 2024.

The changes to the questionnaire in April 2015 consisted in the addition of new questions, two for each category of loans, an updating of the existing questions and a revision of the Compilation Guide (included in the survey). The new questions ask how the share of loan applications rejected has changed and what factors affect the terms and conditions of loans.

In April 2018 it was included the option of responding "N/A (not applicable)" to each question.

In April 2022 a more detailed breakdown of the factors contributing to changes in credit standards for loans to households for house purchase and consumer credit was introduced, in line with the question on loans to enterprises. Further, a more detailed breakdown of the factors contributing to changes in credit terms and conditions for loans to firms was included. Finally, a breakdown into firm sizes was included for the question on the factors contributing to demand for loans to firms and for the question on the share of rejected loan applications.

In April 2024, a new item was included in the components of the terms and conditions of loans to firms and households; a greater degree of detail was also introduced among the factors contributing to changes in the terms and conditions of loans to households.

An overview of the changes to the questionnaire is available in the file containing the results.

Methods of aggregation of the answers

For any question, the answers obtained from the intermediaries are summarized through two alterative indexes: the diffusion index and the net percentage. These indicators are substantially equivalent, although they differ in the way they are computed.

For any question, in order to construct the **diffusion index** it is necessary to assign numerical values to the

different possible qualitative answers. The index is the weighted average of these values, with weights equal to the frequency observed for any possible answer. For questions concerning the supply of credit, the values assigned to the qualitative answers are the following: 1 = tightened considerably, 0.5 = tightened somewhat, 0 = basically unchanged, - 0.5 = eased somewhat, - 1 = eased considerably. For questions concerning the demand for credit and the share of rejected applications, the numerical values are the following: 1 = increased considerably, 0.5 = increased somewhat, 0 = basically unchanged, - 0.5 = decreased somewhat, - 1 = decreased considerably. The range of variation of this index is from -1 to +1.

The **net percentage** is the difference between the percentage of answers indicating a change of a given sign (e.g. a "tightening of credit standards" or an "increase in demand") and the percentage of those indicating a change of the opposite sign (a "loosening of credit standard" or a "decrease in demand"). This index can range from -100 to +100. It is directly comparable with the data for the euro area as a whole published by the ECB.

The calculation of the indicators has been slightly modified starting April 2018 with the introduction of a methodology harmonized across the euro area. Both the diffusion indices and the net percentages for all questions in the questionnaire and for the data from previous surveys are calculated on the entire sample of participating banks, including those that choose to respond "N/A (not applicable)" in a given survey; previously, these banks were not included in the calculation. For this reason data published as of April 2018 may differ slightly from those released previously. Time series calculated using the old methodology and discontinued in January 2018 are available, along with the relative questionnaire, in the Methodology and other material section, for consultation.