

Rome, 19 July 2016

## THE EURO AREA BANK LENDING SURVEY

### MAIN RESULTS FOR ITALIAN BANKS<sup>1</sup>

Q2 2016 and outlook for Q3 2016

The **credit standards on loans to firms remained basically unchanged** in the second quarter of 2016; however, strong competitive pressure between banks continued to have an expansionary effect. **Lending policies towards households for house purchase eased further**, owing partly to the competitive pressure between banks and partly to the more favourable outlook for the economy and for the property market (Figure 1).

**Interest rate margins on average loans to firms and households continued to narrow.** For the present quarter banks expect supply conditions to stay broadly unchanged.

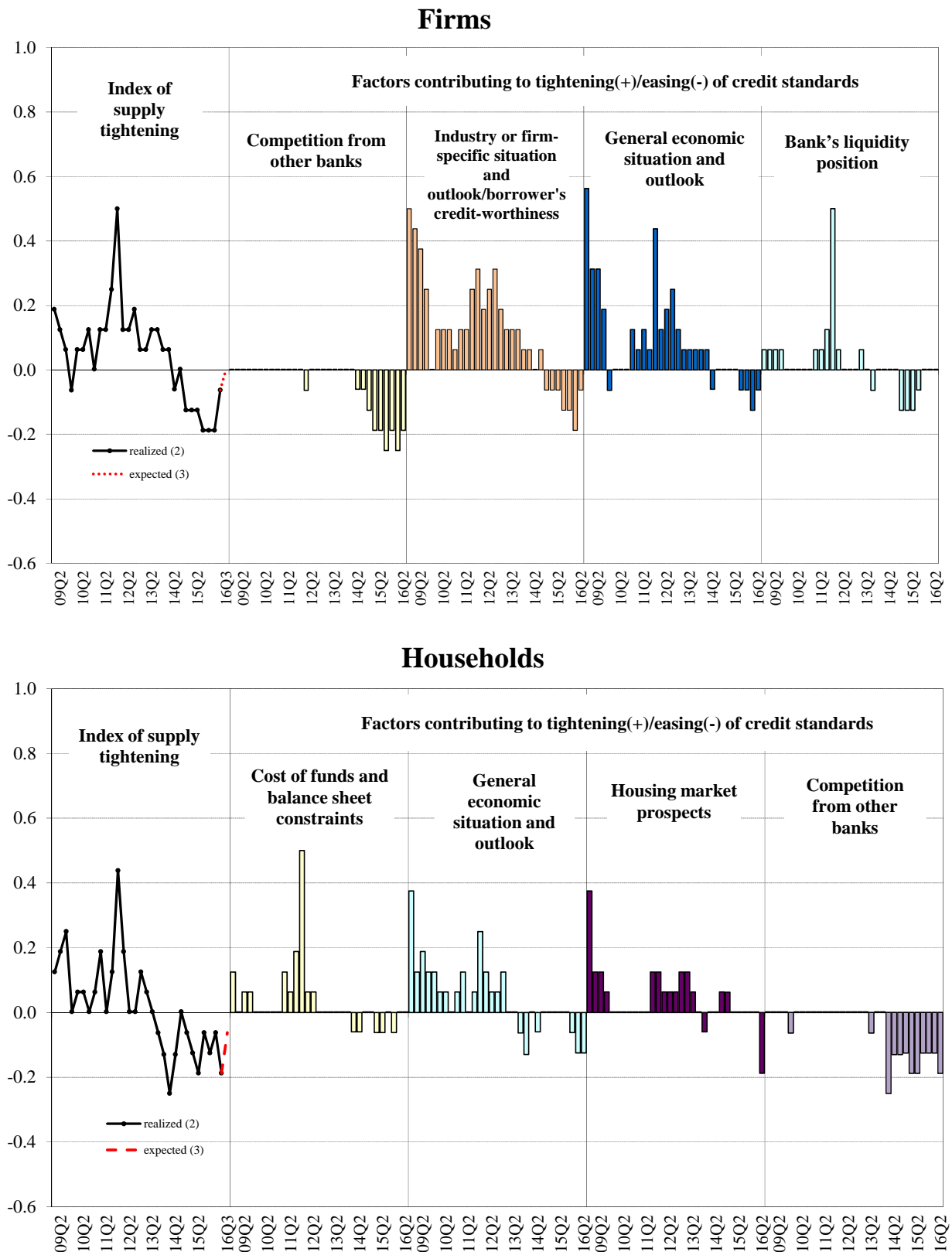
**There was a further, slight increase in demand for loans by firms and households;** it is expected to rise in the current quarter too (Figure 2).

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<sup>1</sup> Eight of the main Italian banking groups took part in the survey, which ended on 29 June 2016. The results for the euro area are available on the ECB's website at [www.ecb.int](http://www.ecb.int). A more extensive discussion of these results will be included in the Bank of Italy's *Economic Bulletin*, No. 4, 2016, to be published in October 2016.

Figure 1

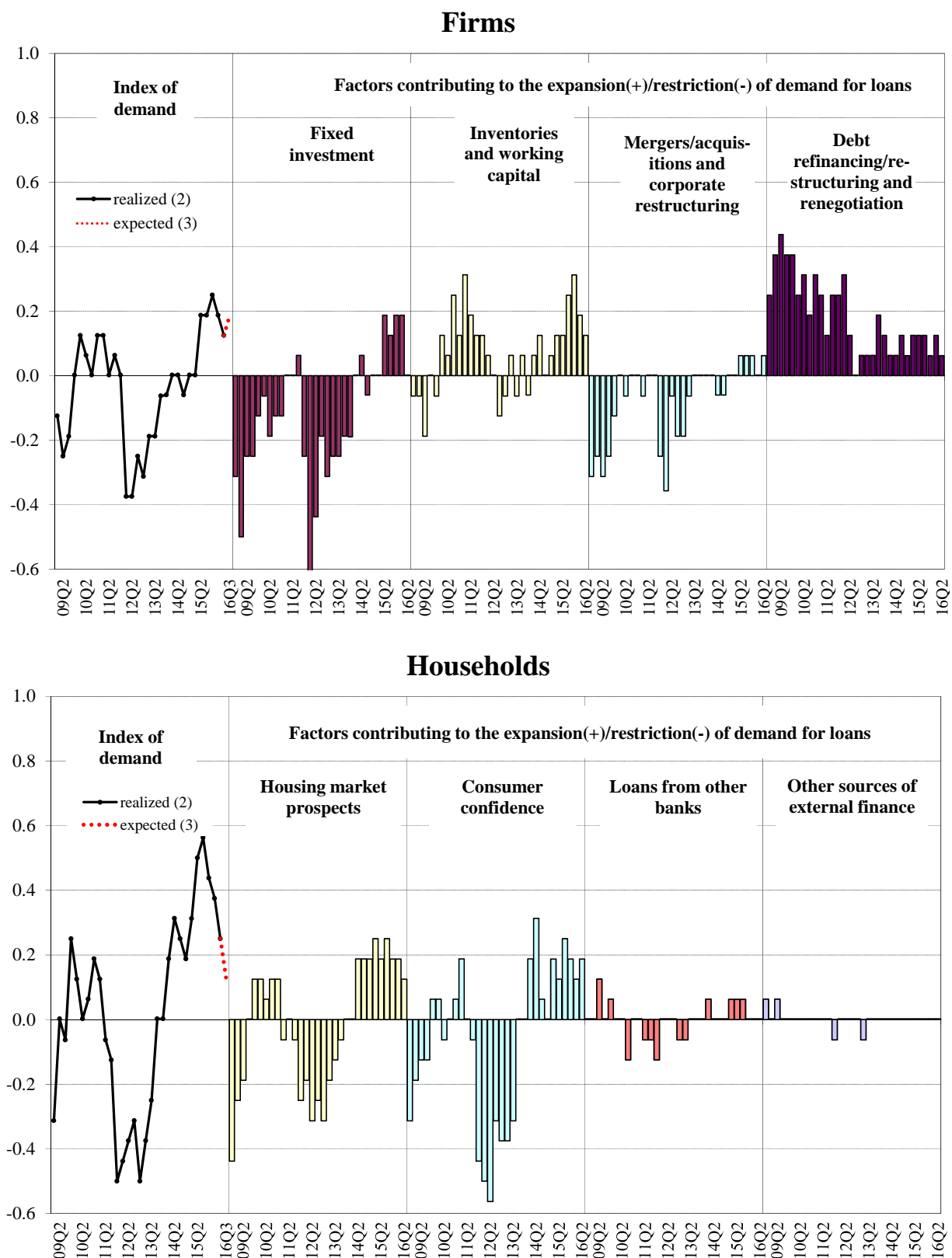
Supply conditions and main contributing factors (1)



(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)**



(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.