

Rome, 20 April 2021

## The Euro Area Bank Lending Survey

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

Q1 2021 and outlook for Q2 2021

In the first quarter of 2021, the **credit standards for loans to firms** underwent a slight tightening associated with a greater perception of risk on the part of banks (Figure 1.a). The **credit standards applied to loans to households for house purchase** remained substantially unchanged. Banks eased slightly the **general terms and conditions** applied to loans for firms, specifically by extending payment deadlines; those for home mortgage loans remained stable. For the current quarter, banks expect credit supply policies to remain unchanged for both firms and households.

**Credit demand from firms** increased moderately and to a lesser extent than in the preceding quarters (Figure 1.b), owing to needs connected in part with fixed investment and in part with debt refinancing and renegotiation. **Households' demand for mortgage loans** fell slightly, reflecting the decline in consumer confidence. For the current quarter, banks expect a small increase in demand for business loans and for home mortgage loans.

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<sup>1</sup> Ten of the main Italian banking groups took part in the survey, which ended on 26 March 2021. A more extensive discussion of these results will be included in the Bank of Italy's Economic Bulletin, 3, 2021, due to be published in July 2021.

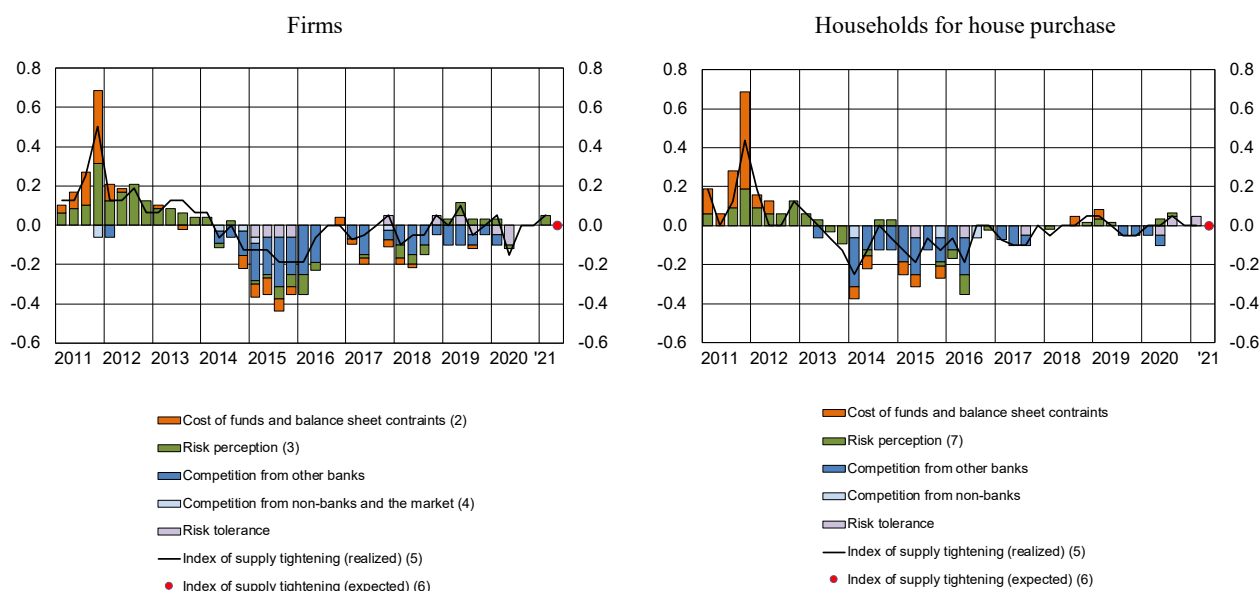
The results for the euro area are available on the ECB's website ([www.ecb.europa.eu](http://www.ecb.europa.eu)).

**Figure 1**

## Supply conditions and trends in credit demand in Italy (1)

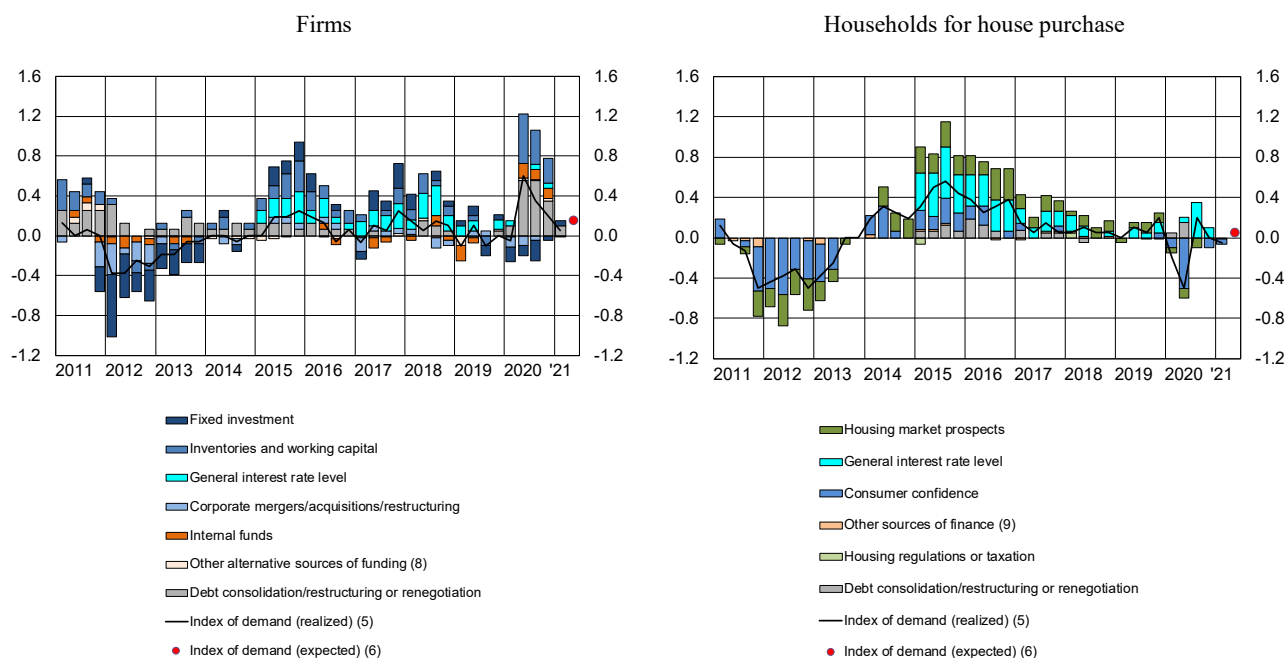
### (a) Credit supply

Tightening (+)/easing (-)



### (a) Credit demand

Expansion (+)/restriction (-)



Note: (1) For the general indices, positive values indicate supply restriction/demand expansion compared with the previous quarter; for the factors, positive values indicate a contribution to supply restriction/demand expansion compared with the previous quarter. The diffusion indices are constructed on the basis of the following weighting scheme: for supply conditions, 1=tightened considerably, 0.5=tightened somewhat, 0=basically unchanged, -0.5=decreased somewhat, -1=decreased considerably; for demand, 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) Average of the following factors: bank's capital position; bank's ability to access market financing; and bank's liquidity position. – (3) Average of the following factors: general economic situation and outlook; industry- or firm-specific situation and outlook; and risks associated with collateral. – (4) Average of the following factors: competition from non-banks and competition from other financing sources. – (5) Refers to the quarter ending at the time of the survey. – (6) Forecasts prepared in the previous quarter. – (7) Average of the following factors: general economic situation and outlook; housing market prospects; and borrowers' creditworthiness. – (8) Average of the following factors: loans granted by other banks; loans granted by non-banks; issues/redemptions of debt securities; and issues/redemptions of equity. – (9) Average of the following factors: self-financing of house purchase with savings; loans granted by other banks; and other sources of external funding.