

Rome, 20 January 2015

THE EURO AREA BANK LENDING SURVEY

MAIN RESULTS FOR ITALIAN BANKS:¹

Q4 2014 and outlook Q1 2015

In the fourth quarter of 2014 the **credit standards on loans to firms and households** eased very slightly, mainly thanks to the improvement in the banks' liquidity situation and the increased pressure of competition from other intermediaries (Figure 1).

The improvement in lending policies translated above all into a narrowing of lending margins.

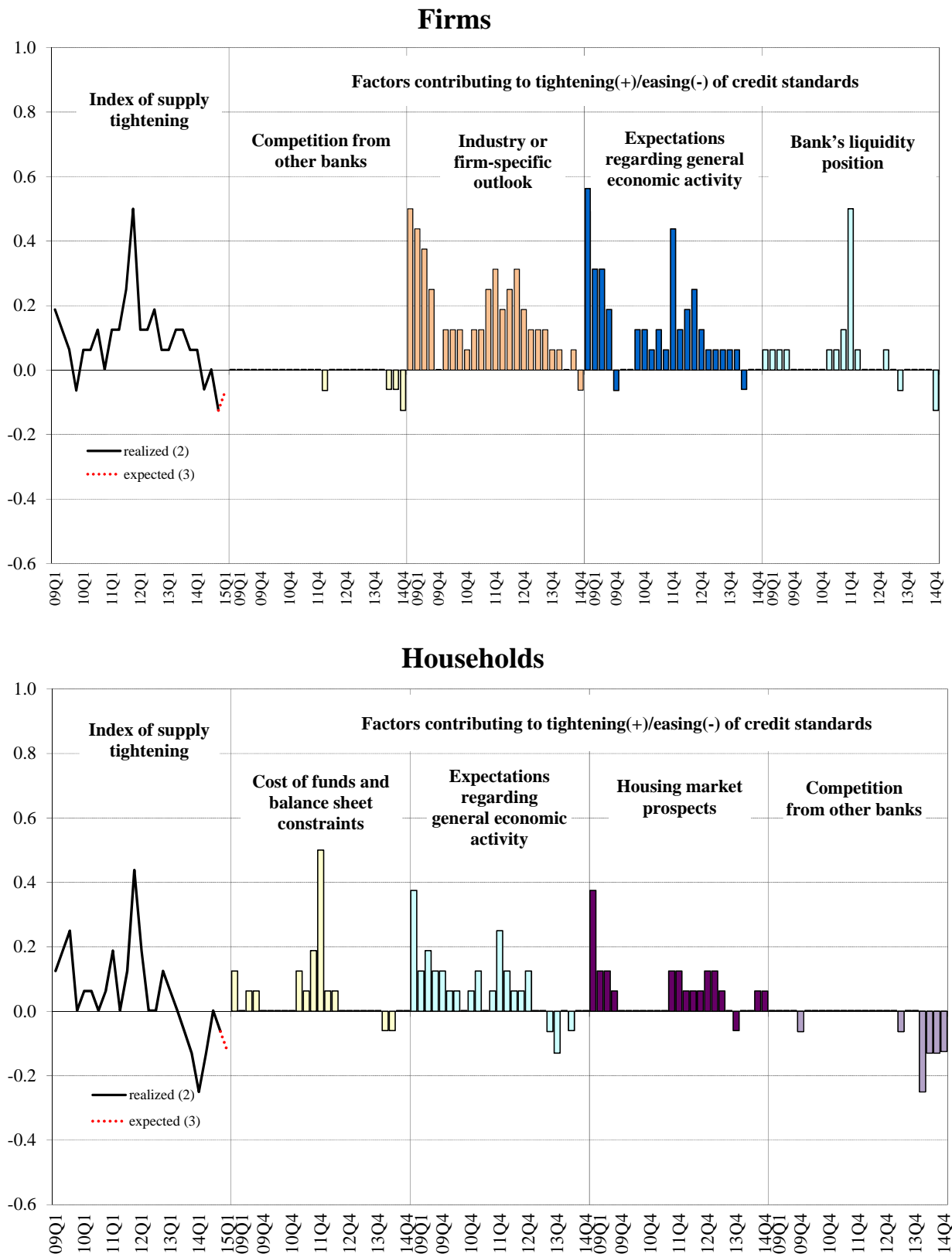
For the current quarter banks expect there to be a further slight easing of credit standards on loans to both firms and households.

According to banks' assessments, **firms' demand for loans** has remained stable, while that of **households** has increased. Applications for loans on the part of firms are expected to have remained unchanged in the current quarter and those for loans for house purchase to have expanded further.

¹ Eight of the main Italian banking groups took part in the survey, which ended on 30 December 2014. The results for the euro area are available on the ECB's website at www.ecb.int. A more detailed comment on the results will be made in the Bank of Italy's *Economic Bulletin*, No. 2, 2015, to be published on 17 April.

Figure 1

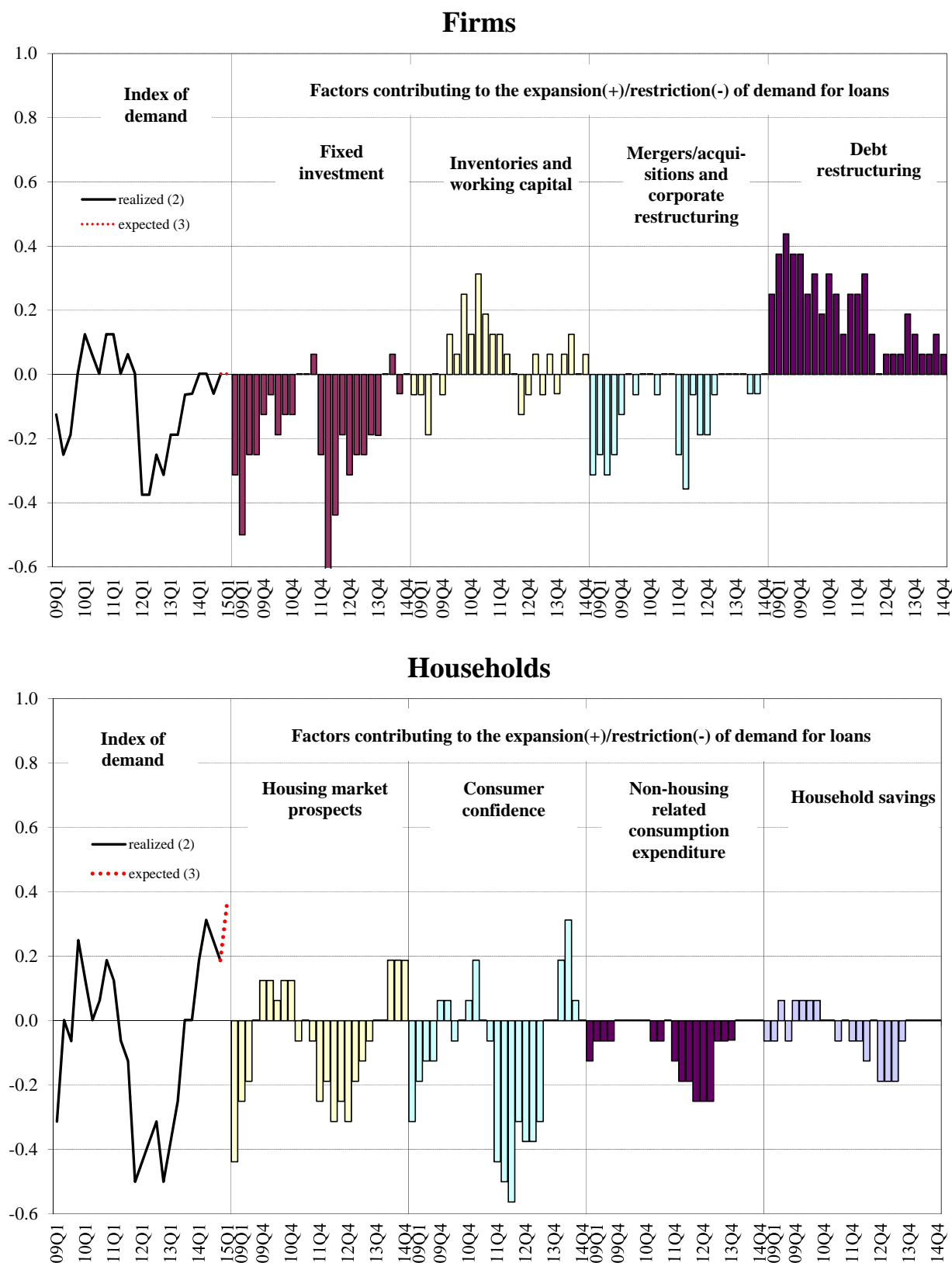
Supply conditions and main contributing factors (1)



(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.