

Rome, 19 January 2016

THE EURO AREA BANK LENDING SURVEY

MAIN RESULTS FOR ITALIAN BANKS¹

Q4 2015 and outlook for Q1 2016

In the fourth quarter of 2015 the **credit standards on loans to firms and households** continued to ease, mainly reflecting ongoing competitive pressure among banks. With respect to firms, the lower perceived risk associated with the improved outlook for specific sectors and businesses also contributed to this improvement (Figure 1).

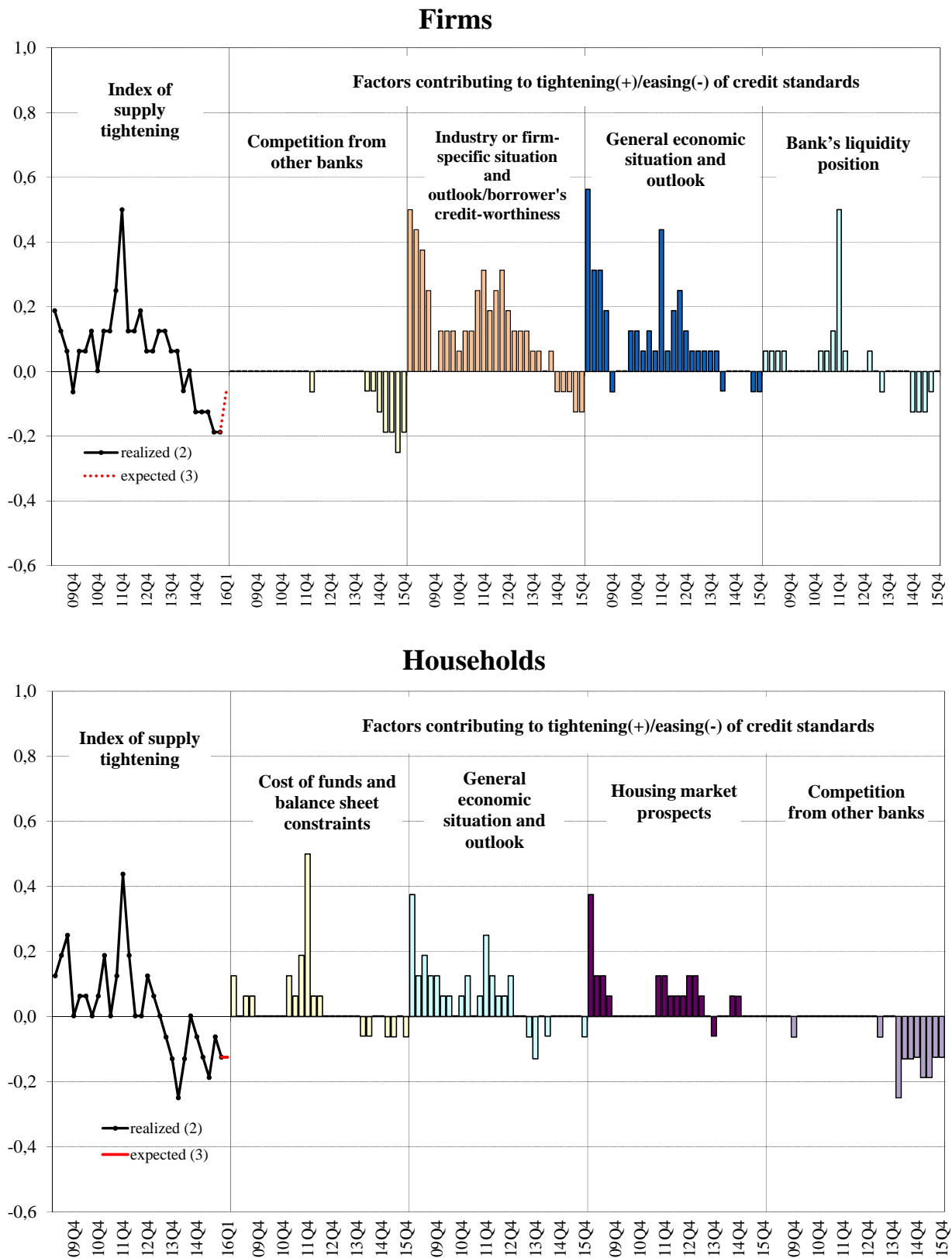
The more favourable lending policies for the most part led to a further narrowing of interest rate margins on average loans. For the present quarter, banks expect supply conditions to ease further, albeit slightly, for both loans to businesses and to households.

According to banks' assessments, **demand for loans by firms and households** increased over the previous quarter and is expected to continue to rise in the current quarter (Figure 2).

¹ Eight of the main Italian banking groups took part in the survey, which ended on 30 December 2015. 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. 2, 2016, to be published in April 2016.

Figure 1

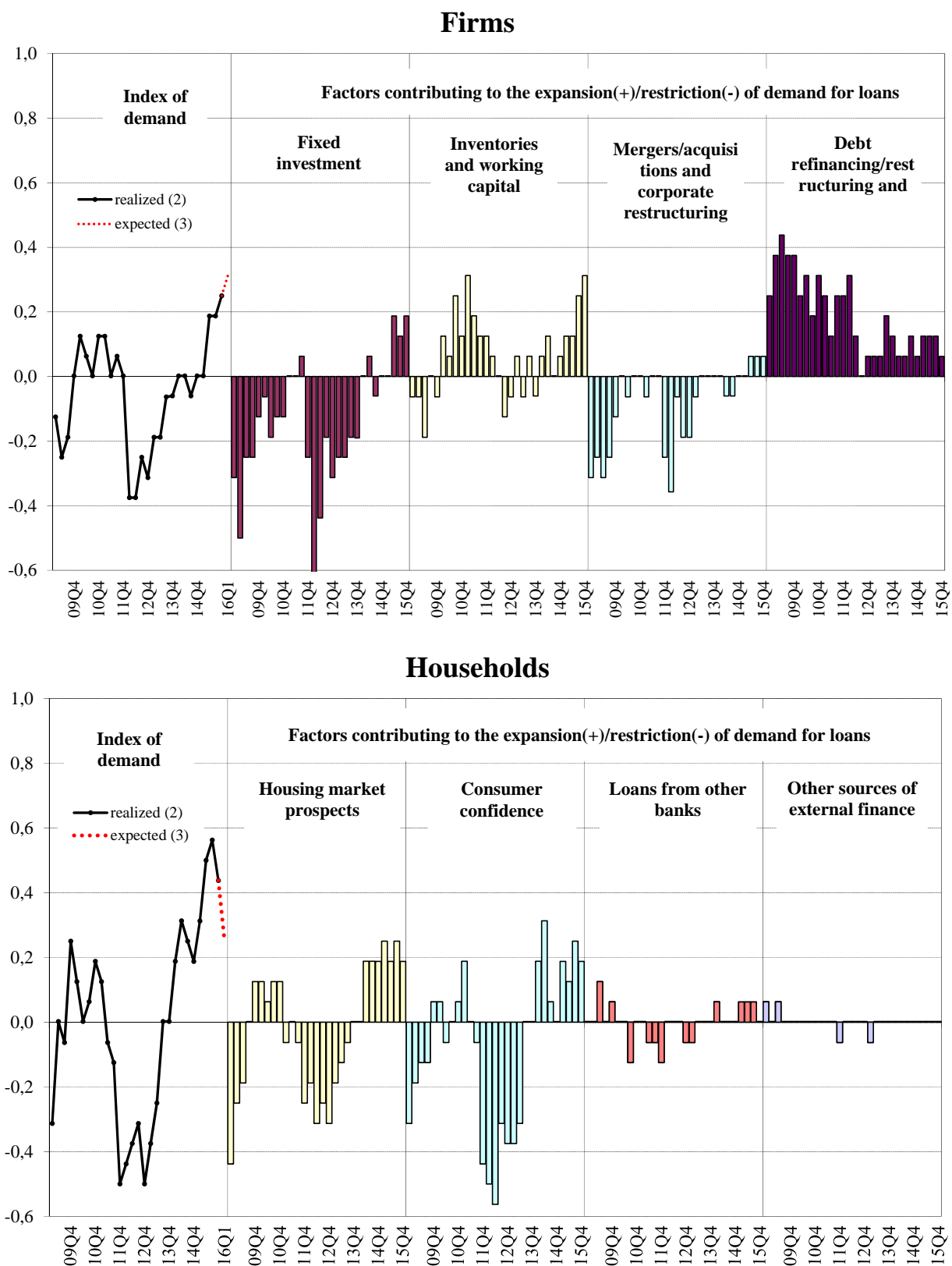
Supply conditions and main contributing factors (1)



(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.