

Rome, 21 January 2020

The Euro Area Bank Lending Survey

MAIN RESULTS FOR ITALIAN BANKS¹

Q4 2019 and outlook for Q1 2020

Credit standards for new loans to firms remained unchanged in the fourth quarter of 2019 (Figure 1.a). The expansionary effect of the competitive pressures from other banks offset the moderately restrictive effect exerted by the perception that risks are increasing. The **credit standards applied to new loans to households for house purchase** continued to ease slightly. The **overall terms and conditions** remained largely stable for loans to firms while they improved slightly for loans to households. For the current quarter, banks expect credit standards to remain unchanged for both firms and households.

Credit demand from firms was broadly unchanged (Figure 1.b); low interest rates were reported to have an expansionary effect. **Households' demand for mortgage loans** increased slightly. For the first quarter of 2020, firms' demand for loans is expected to strengthen, that of households to remain unchanged.

¹ Ten of the main Italian banking groups took part in the survey, which ended in December 2019. A more detailed analysis of these results will be included in the April 2020 issue of the Bank of Italy's Economic Bulletin.

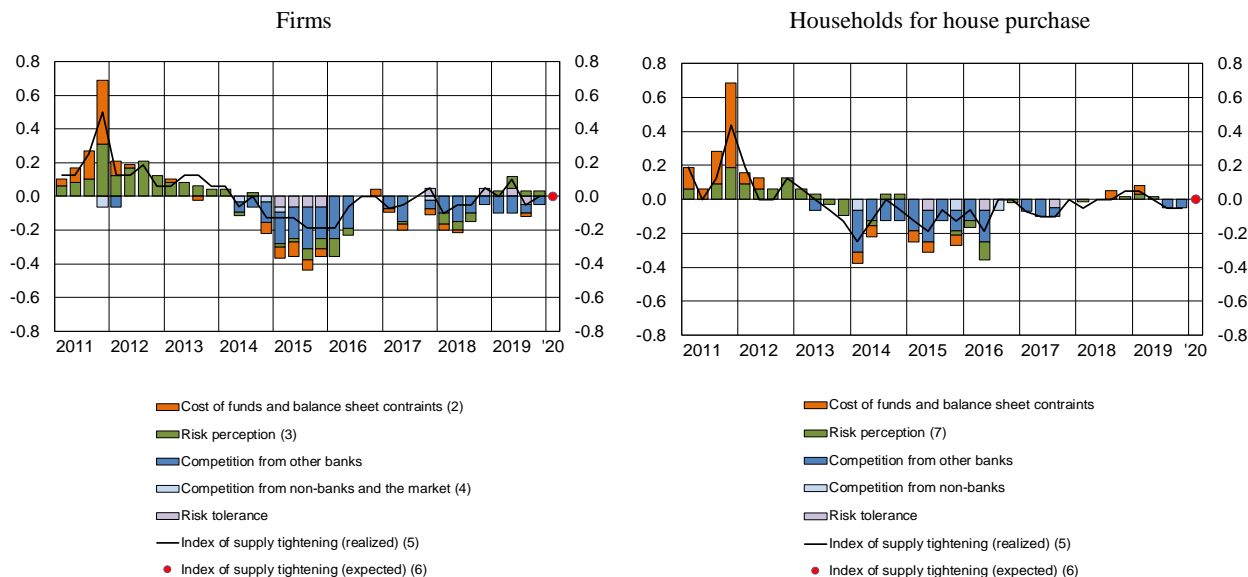
The results for the euro area are available on the ECB's website (www.ecb.europa.eu).

Figure 1

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

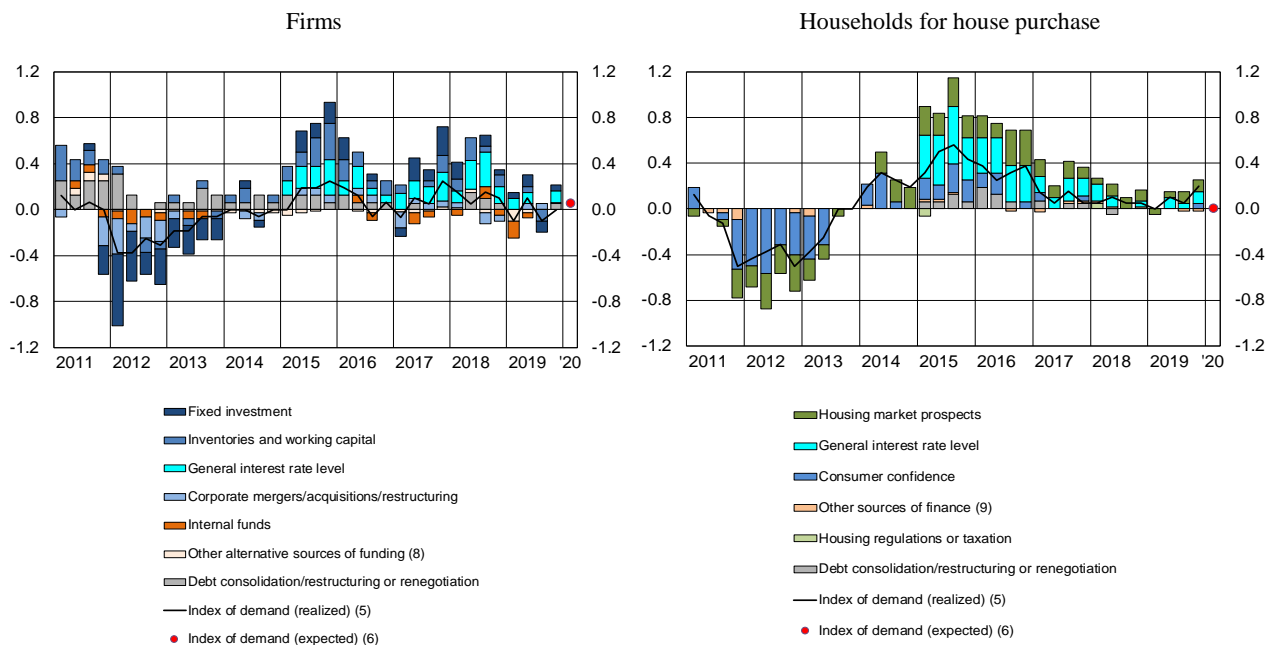
(a) Credit supply

Tightening (+)/easing (-)



(b) 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.