

Rome, 1 February 2022

The Euro Area Bank Lending Survey

MAIN RESULTS FOR ITALIAN BANKS¹

Q4 2021 and outlook for Q1 2022

In the fourth quarter of 2021, **the credit standards for loans to firms** eased slightly, owing to a lower perception of risk (Figure 1.a). The credit standards for **loans to households** – for house purchase or consumer credit – also became more relaxed. The **terms and conditions** on approved loans were, however, slightly stricter across all segments, in particular with higher margins for the riskier loans. In the current quarter, the credit standards applied to firms and households are likely to remain unchanged.

There was **an increase in demand for bank loans on the part of firms and households** (Figure 1.b.), mainly reflecting the greater need for inventories and working capital, the improvement in consumer confidence, changes in the tax regime for the property market, and greater spending on durable consumer goods. In the current quarter, the increased demand for credit on the part of firms is expected to come to a halt, while that of households is likely to continue.

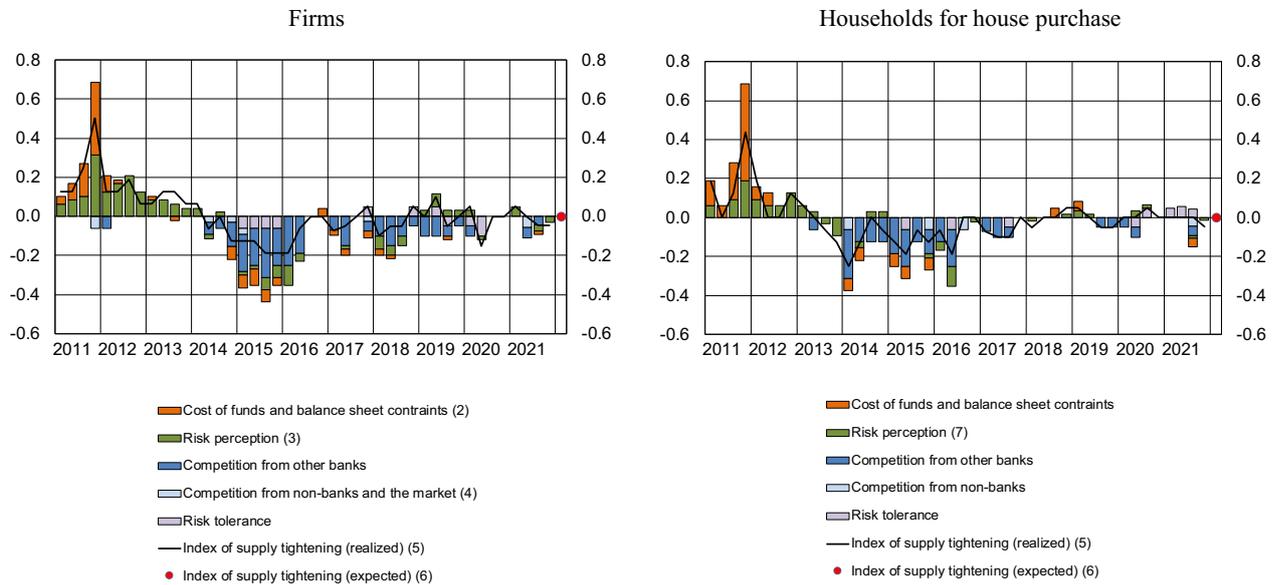
¹ Thirteen of the main Italian banking groups took part in the survey, which ended on 11 January. There will be a more detailed discussion of these results in the Bank of Italy's Economic Bulletin, 2, 2022, due to be published in April 2022.

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

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

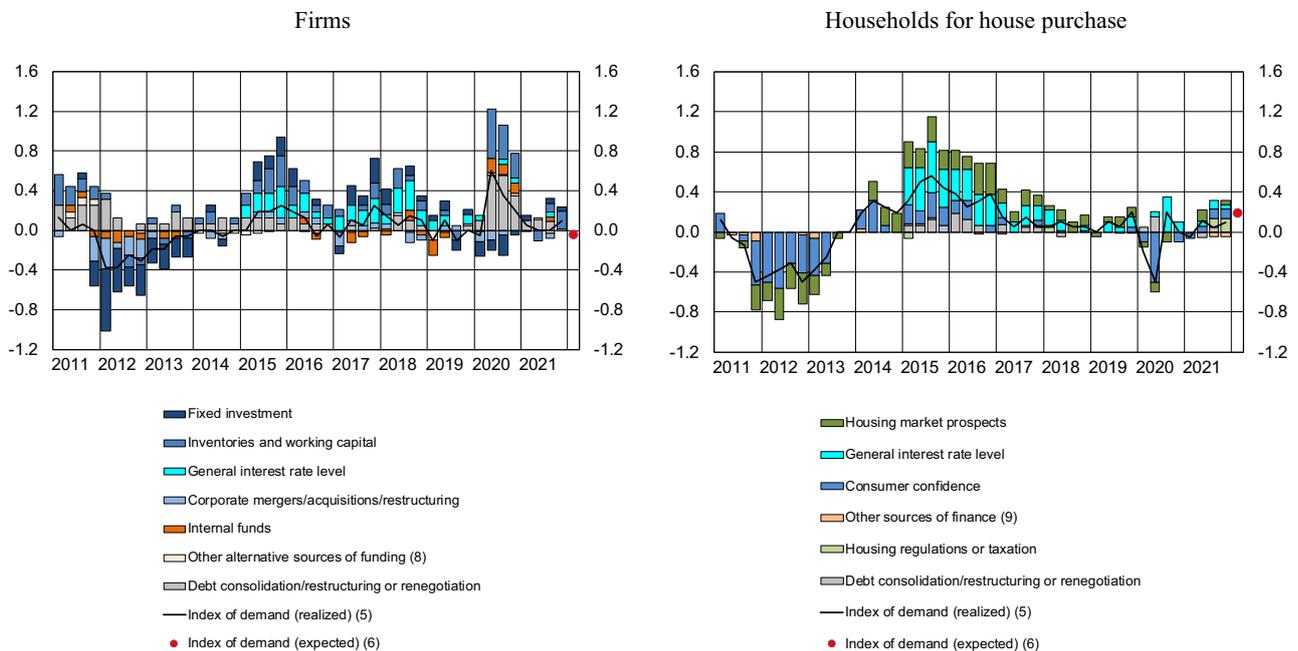
(a) Credit supply

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.