

Rome, 23 July 2019

## The Euro Area Bank Lending Survey

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

Q2 2019 and outlook for Q3 2019

**Credit standards for new loans to firms** tightened moderately in the second quarter of 2019, reflecting a slight deterioration on banks' risk perception; those for **loans to households for house purchase** remained unchanged (Figure 1.a). For the current quarter, banks expect credit standards to ease slightly for new loans to firms and to tighten a little for mortgage loans to households.

**Credit demand** from both **firms** and **households** rose moderately (Figure 1.b). For firms, the expansionary contribution of fixed investment and the low interest rate environment more than offset the slight negative impact of recourse to alternative sources of funding. For households, demand was supported by the positive contribution stemming from the outlook for residential housing and the low interest rates. Looking forward, firms' demand for loans is expected to remain unchanged, that of households to strengthen.

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<sup>1</sup> Ten of the main Italian banking groups took part in the survey, which ended on 2 July 2019. A more detailed analysis of these results will be included in the Bank of Italy's next Economic Bulletin, which will be published on 18 October 2019.

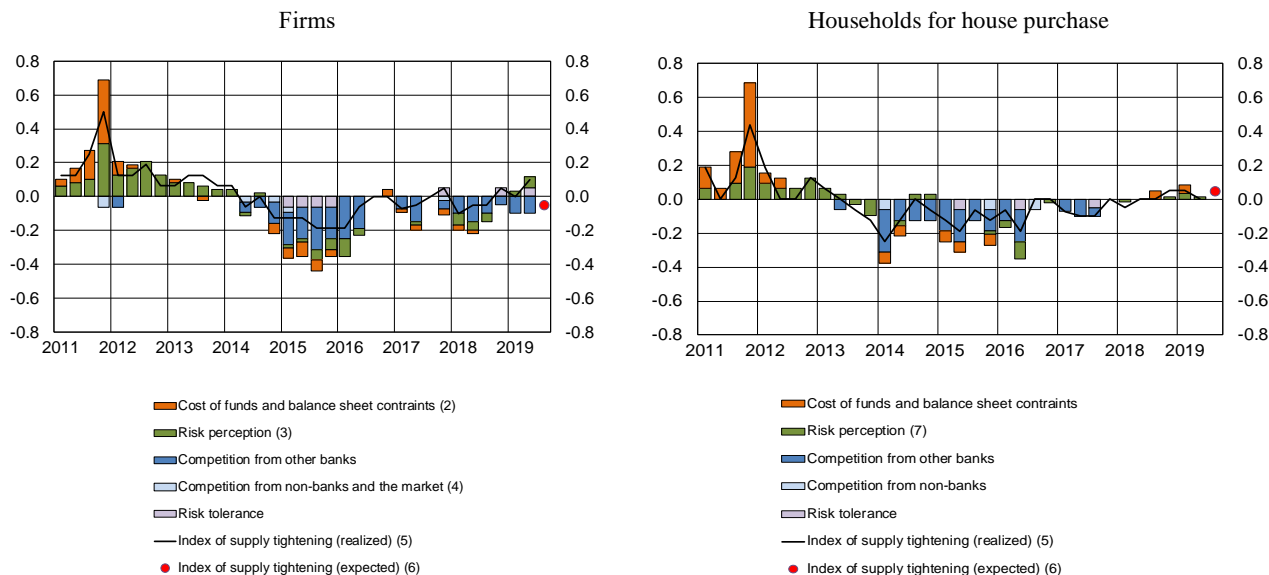
The results for the euro area are available on the ECB's website ([www.ecb.europa.eu](http://www.ecb.europa.eu)).

**Figure 1**

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

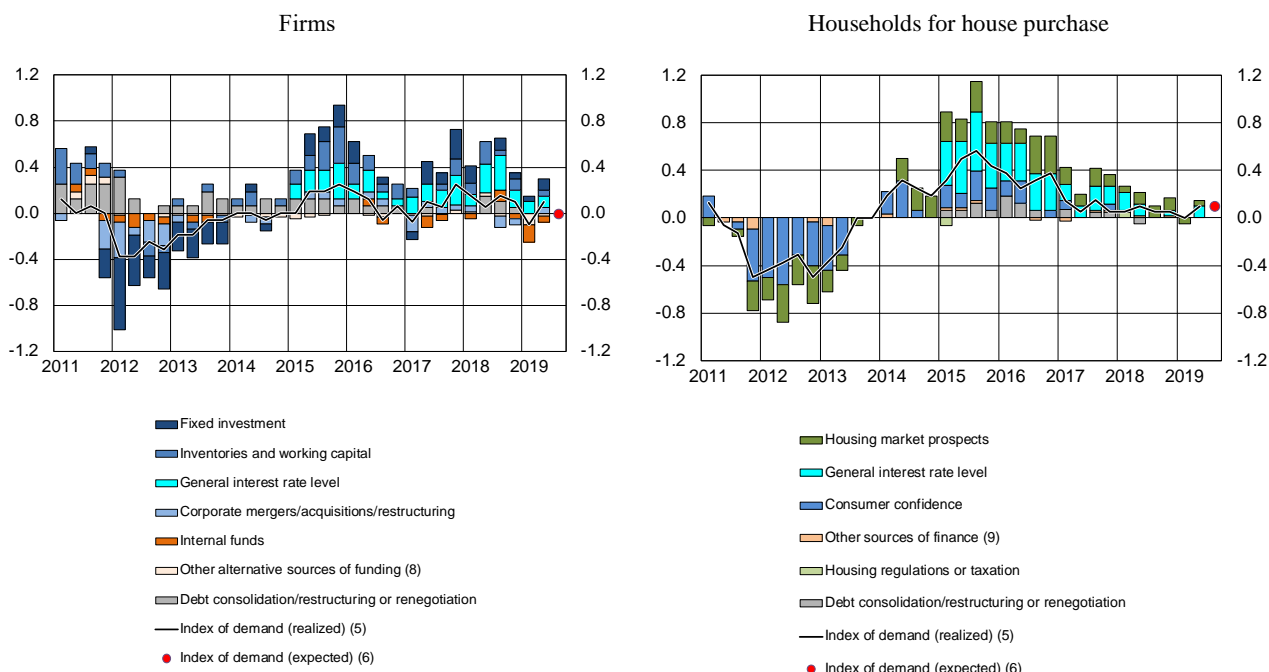
### (a) Credit supply

Tightening (+)/easing (-)



### (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.