

Rome, 20 July 2021

The Euro Area Bank Lending Survey

MAIN RESULTS FOR ITALIAN BANKS¹

Q2 2021 and outlook for Q3 2021

In the second quarter of 2021, the **credit standards for loans to firms** and the **general terms and conditions** applied stayed unchanged (Figure 1.a). **Credit standards applied to loans to households for house purchase** also remained stable, as were the related **terms and conditions**. For the current quarter, banks expect credit supply policies to stay the same for both loans to firms and mortgage loans.

The growth in **credit demand from firms** observed since the outbreak of the pandemic crisis came to a halt (Figure 1.b), reflecting the end of the contribution linked to the funding of inventories and working capital, and of the smaller contribution, registered in the first three months of 2021, of investment. **Households' demand for mortgage loans** increased. For the current quarter, banks expect a slight rise in credit demand from firms and no change in households' demand for mortgage loans.

¹ Nine of the main Italian banking groups took part in the survey, which ended on 29 June. A more extensive discussion of these results will be included in the Bank of Italy's *Economic Bulletin*, 4, 2021, due to be published in October 2021.

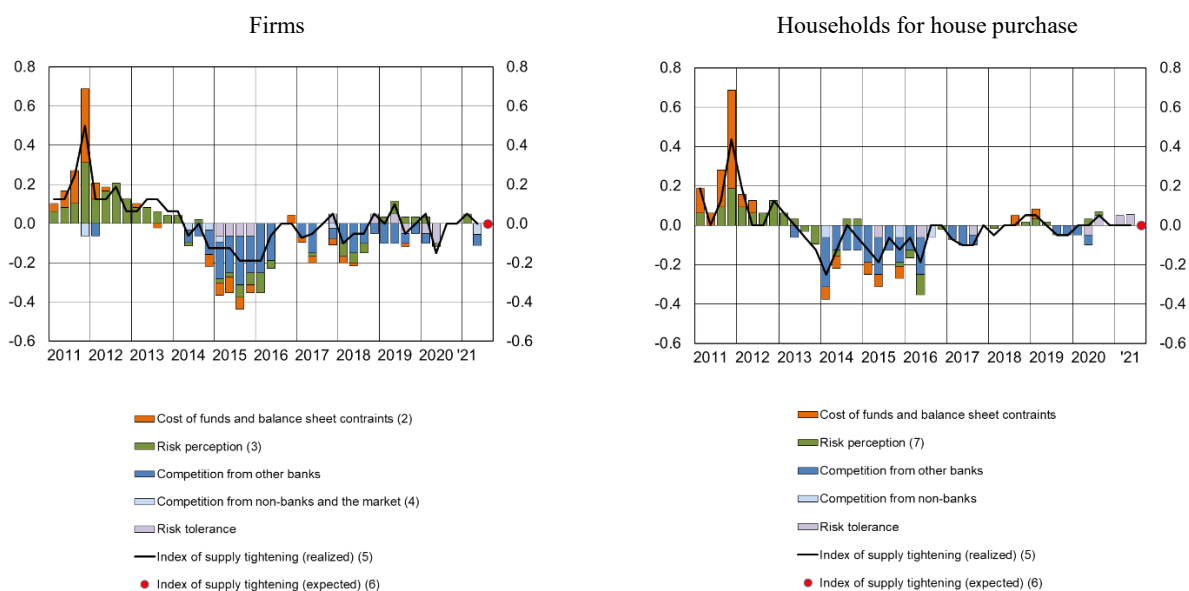
The results for the euro area are available on the ECB's website (www.ecb.europa.eu).

Figure 1

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

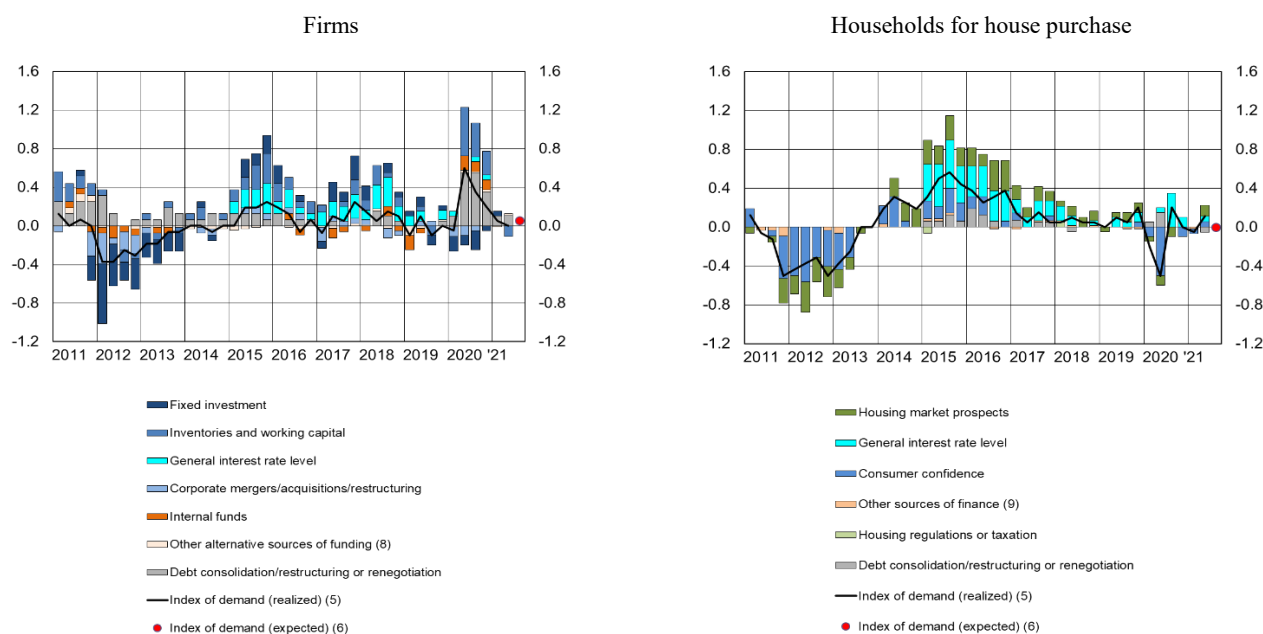
(a) Credit supply

Tightening (+)/easing (-)



(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.