

Rome, 19 July 2022

The Euro Area Bank Lending Survey

MAIN RESULTS FOR ITALIAN BANKS¹

Q2 2022 and outlook for Q3 2022

In the second quarter of 2022, the **credit standards for loans to firms** tightened, reflecting in particular a greater perception of risk (Figure 1.a). The **terms and conditions** also became stricter, especially through an increase in margins. The credit standards for **loans to households** – mortgage loans and consumer and other credit – tightened slightly; the terms and conditions were considerably stricter, reflecting higher market interest rates. For the current quarter, banks expect credit standards for loans to firms to tighten further, while those for loans to households should remain unchanged.

The **demand for bank loans on the part of firms** has held stable overall (Figure 1.b): the increase in applications for loans to meet the need for working capital was offset by the decline caused by the postponement of investment decisions. **Households'** demand for mortgage loans fell slightly and that for consumer credit rose. Banks expect loan applications from firms to remain unchanged in the quarter, while those from households are expected to increase moderately only for consumer loans.

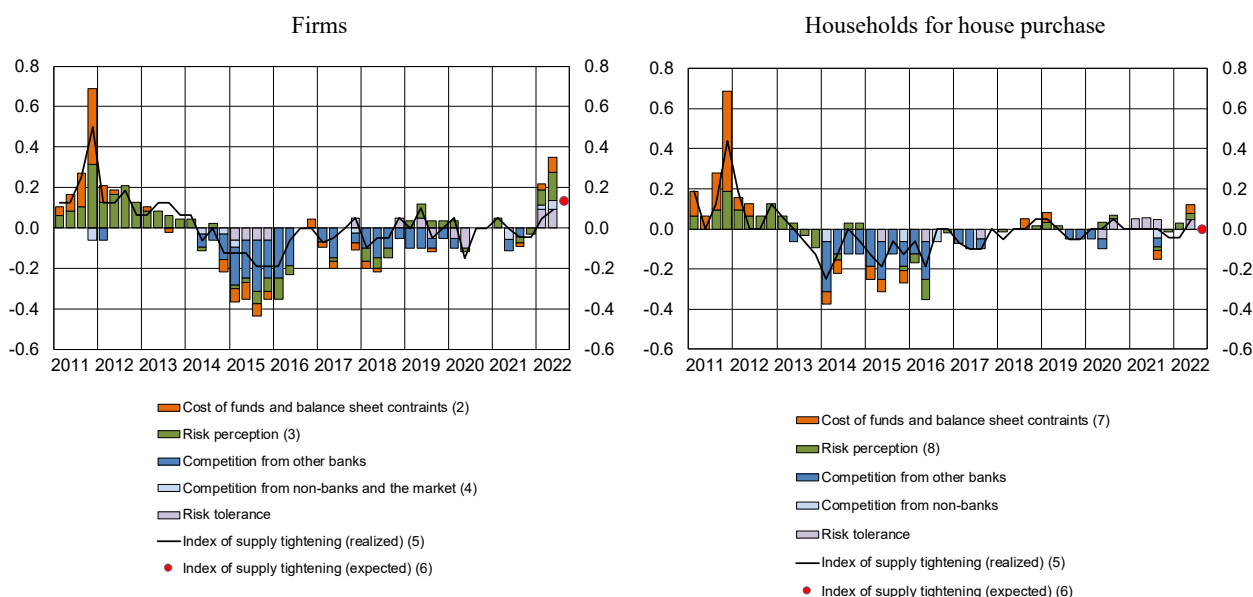
¹ Thirteen of the main Italian banking groups took part in the survey, which ended on 28 June. There will be a more detailed discussion of these results in the Bank of Italy's Economic Bulletin, 4, 2022, due to be published in October 2022.

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)

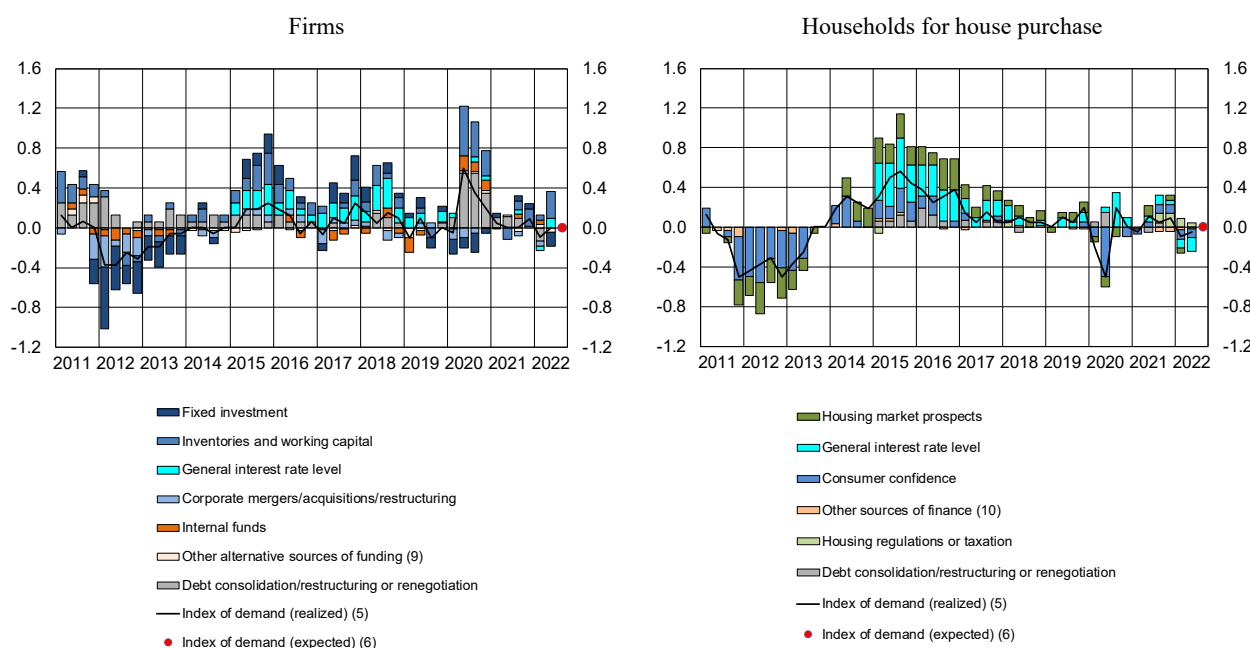
(a) Credit supply

Tightening (+)/easing (-)



(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) Since April 2022, average of the following factors: bank's capital position; bank's ability to access market financing; and bank's liquidity position. – (8) Average of the following factors: general economic situation and outlook; housing market prospects; and borrowers' creditworthiness. – (9) 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. – (10) Average of the following factors: self-financing of house purchase with savings; loans granted by other banks; and other sources of external funding.