BANCA D'ITALIA
EUROSISTEMA

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# The Euro Area Bank Lending Survey

## MAIN RESULTS FOR ITALIAN BANKS[1]

Q2 2025 and outlook for Q3 2025

**In the second quarter of 2025, credit standards for loans to firms eased slightly** on account of greater competition. The overall terms and conditions for loans to firms became more favourable through a reduction in banks' lending rates, partly as a result of lower margins on less-risky loans. According to the banks interviewed, global uncertainty and any related trade tensions had no significant impact on credit supply policies.[2] **Credit standards on loans to households remained unchanged for loans for house purchase, while they tightened for consumer credit**. As for the overall terms and conditions, they were eased for the former but tightened for the latter. For the current quarter, credit standards are expected to remain unchanged both for loans to firms and for those to households.

**Firms' demand for loans rose**, mainly as a result of the fall in interest rates. The expansion in demand, which mainly concerned large firms, reflected higher financing needs for fixed investment, inventories and working capital, and debt refinancing. **Households' demand increased slightly for loans for house purchase and remained unchanged for consumer credit**. In the current quarter, the demand for loans to firms and households is expected to remain broadly stable.

**The conditions for banks' access to funding improved**, especially for short-term deposits and medium- to long-term debt securities. In the current quarter, changes in credit access conditions are expected to be limited.

**In the second quarter of 2025, the share of non-performing loans (NPLs) and other credit quality indicators had a restrictive impact only on the supply policies for consumer credit**. Banks expect an accommodative effect on credit standards for this category of loans in the current quarter.

**In the first half of 2025, banks reported an easing of credit standards for the service sector**. In the current half-year period, they expect to keep credit standards unchanged.

In the twelve months ending in June, climate change contributed to the easing of supply policies and to the increase in the demand for loans granted to green firms and to those in transition. For brown firms, banks reported a negative impact on credit standards and loan applications.[3] Banks also reported a positive effect on credit supply policies and on the demand for mortgage loans for medium and high energy performance buildings. They expect similar effects over the next twelve months.

**Changes in banks' excess liquidity held with the Eurosystem did not affect credit standards and loan volumes in the first six months of 2025**. Banks do not expect any significant effects to emerge during the second half of the year.

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[1] Thirteen of the main Italian banking groups took part in the survey, which ended on 1 July. For a detailed description of the various items, see the questionnaire administered to banks. The results for the euro area are available on the ECB's website (www.ecb.europa.eu).

[2] In this round of the survey, banks provided additional information regarding the impact of global uncertainty and any related trade tensions on their credit standards and on firms' demand for loans.

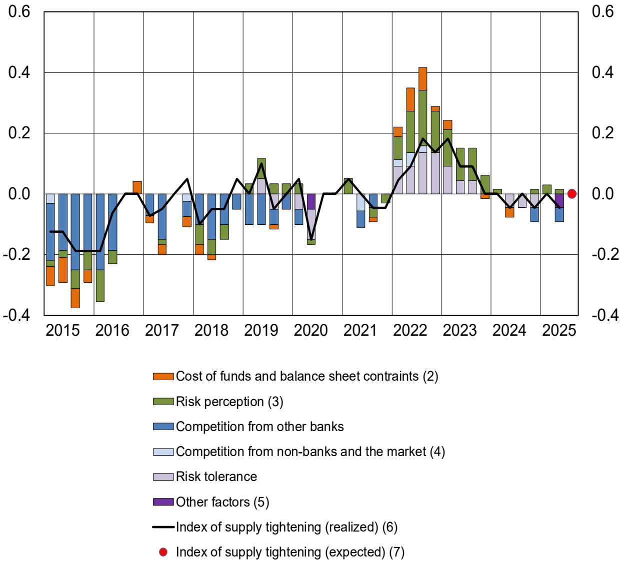
[3] Green firms are those that operate in sectors that contribute little to climate change; firms in transition are those that contribute strongly to climate change and are making significant progress in the transition; and brown firms are those that highly contribute to climate change and have not yet started or have so far made only little progress in the transition.

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

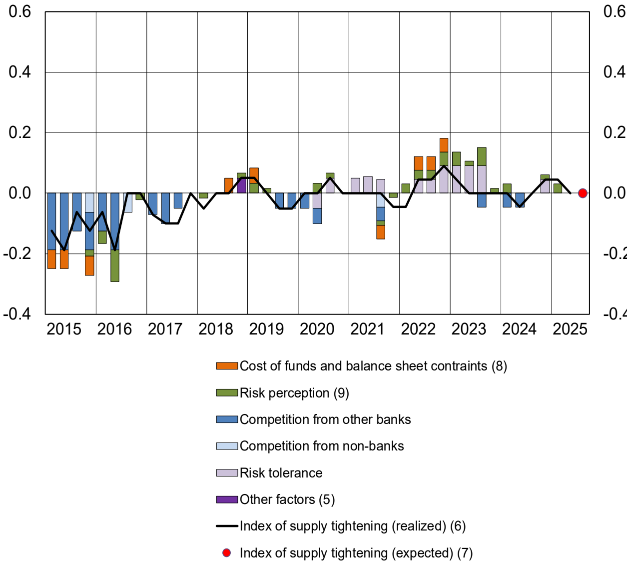
## (a) Credit supply

*Tightening (+)/easing (-)*

Firms



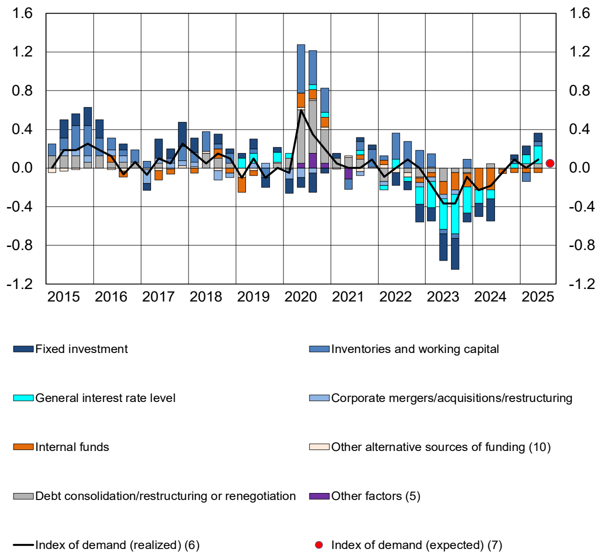

Households for house purchase



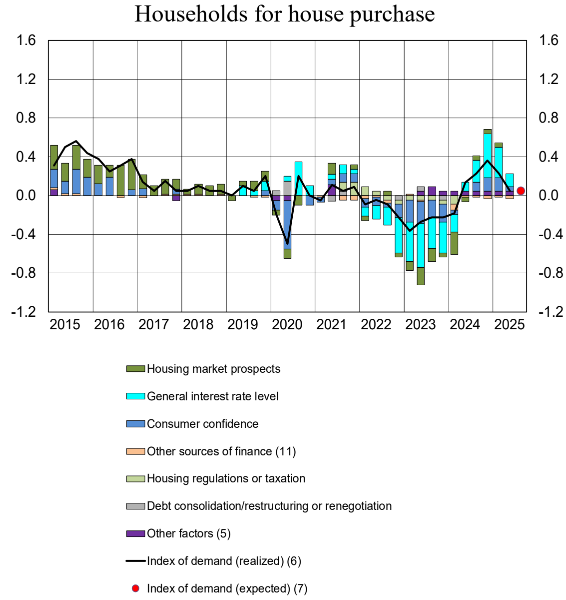

## (b) Credit demand

*Expansion (+)/restriction (-)*

Firms




Households for house purchase




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) Average of additional factors contributing to changes in banks' credit standards or loan applications. – (6) Refers to the quarter ending at the time of the survey. – (7) Forecasts prepared in the previous quarter. – (8) Since April 2022, average of the following factors: bank's capital position; bank's ability to access market financing; and bank's liquidity position. – (9) Average of the following factors: general economic situation and outlook; housing market prospects; and borrowers' creditworthiness. – (10) 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. – (11) Average of the following factors: self-financing of house purchase with savings; loans granted by other banks; and other sources of external funding.