

Rome, 20 October 2015

THE EURO AREA BANK LENDING SURVEY

MAIN RESULTS FOR ITALIAN BANKS¹

Q3 2015 and outlook for Q4 2015

In the third quarter of 2015 **credit standards on loans to firms and households** continued to ease, mainly reflecting greater competitive pressure among banks. The relaxation of business lending conditions can also be attributed to the lower perceived risk linked to the improved outlook for certain sectors or firms (Figure 1).

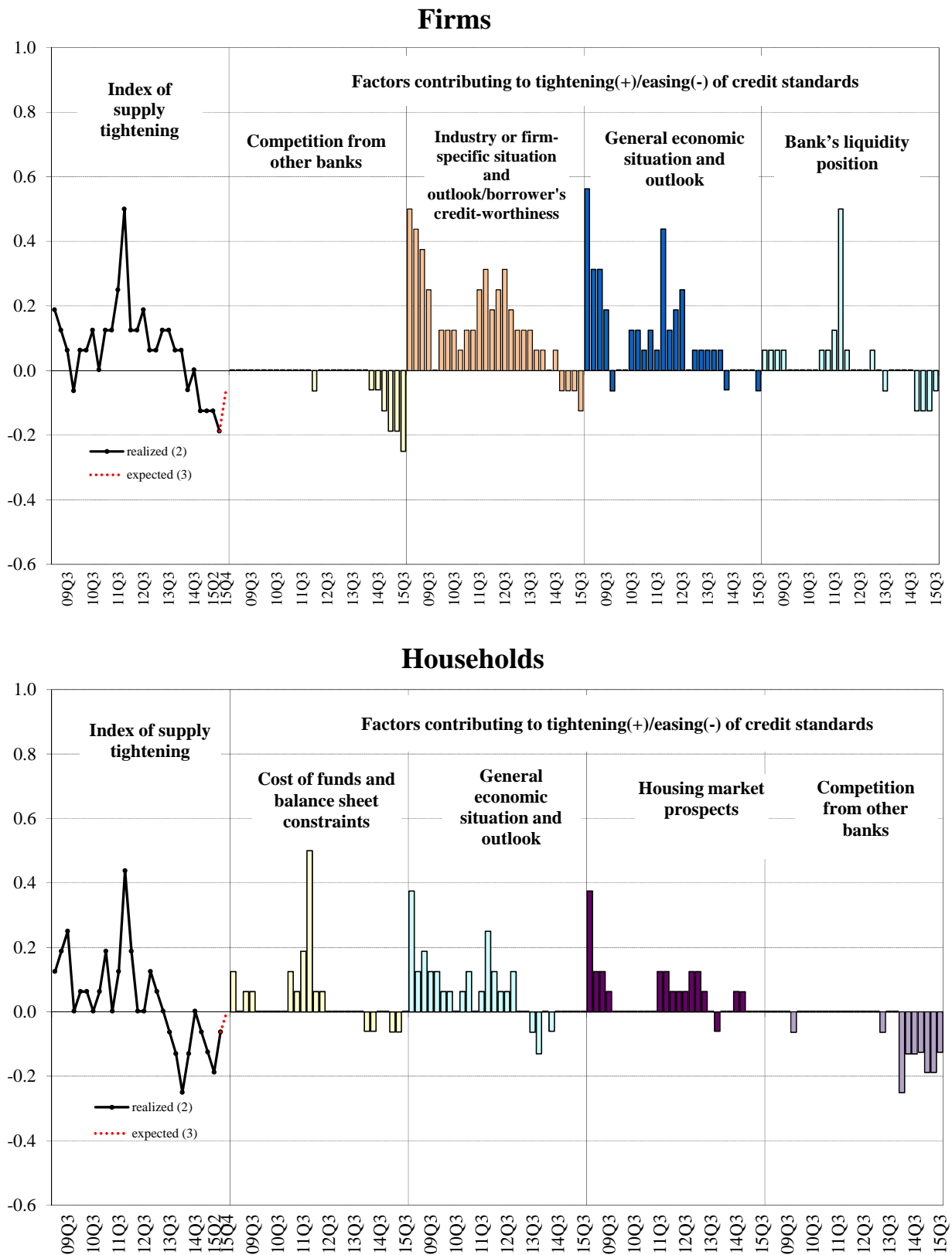
The more favourable lending policies mostly led to a further narrowing of margins on average loans. Banks expect a further slight easing of business lending conditions in the fourth quarter, while credit supply conditions for households should remain unchanged.

According to banks' assessments, **demand for loans by firms and households** increased again in the third quarter compared with the second, and is expected to expand further in the fourth.

¹ Eight leading Italian banking groups took part in the survey, which ended on 30 September 2015. The results for the euro area are available on the ECB's website at www.ecb.int. The results for Italy will be analysed in greater detail in the next issue of the Bank of Italy's *Economic Bulletin* (forthcoming in January 2016).

Figure 1

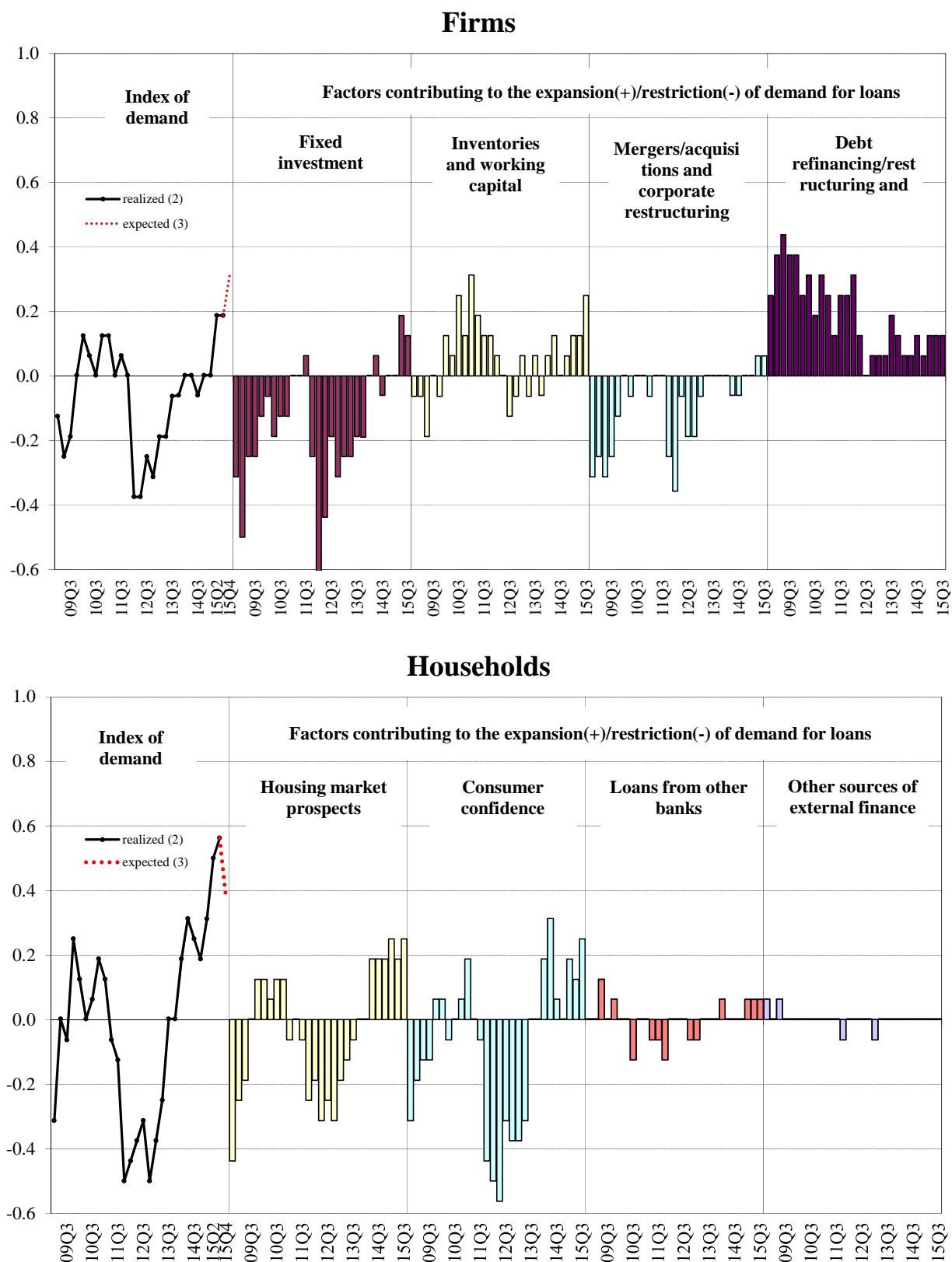
Supply conditions and main contributing factors (1)



(1) Positive values indicate supply restriction compared with the previous quarter. Diffusion indices are constructed on the basis of the following weighting scheme: 1 = tightened considerably, 0.5 = tightened somewhat, 0 = basically unchanged, -0.5 = eased somewhat, -1 = eased considerably. The range of variation of the index is from -1 to 1. – (2) Refers to the quarter ending at the time of the survey. – (3) Forecasts made in the preceding quarter.

Figure 2

Trends in credit demand and main contributing factors (1)



(1) Positive values indicate demand expansion compared with the previous quarter. Diffusion indices are constructed on the basis of the following weighting scheme: 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) Refers to the quarter ending at the time of the survey. – (3) Forecasts made in the preceding quarter.