

Rome, 23 October 2018

## **The Euro Area Bank Lending Survey**

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

Q3 2018 and outlook for Q4 2018

In the third quarter of 2018 **credit standards for the approval of loans to firms** eased slightly, while standards for loans to **households for house purchase** were unchanged (Figure 1.a). The average spreads applied to loans to both firms and households continued to narrow, while spreads for riskier loans slightly widened. For the current quarter, banks expect lending standards to remain broadly unchanged.

**Credit demand by firms** continued to grow (Figure 1.b). The growth in demand was mainly related to the low level of interest rates, to the needs related to fixed investment and to debt refinancing/restructuring or renegotiating operations. The **demand by households for mortgage loans** increased moderately, reflecting the favourable outlook for the housing market. According to banks, the demand for loans should continue to expand in the current quarter as well.

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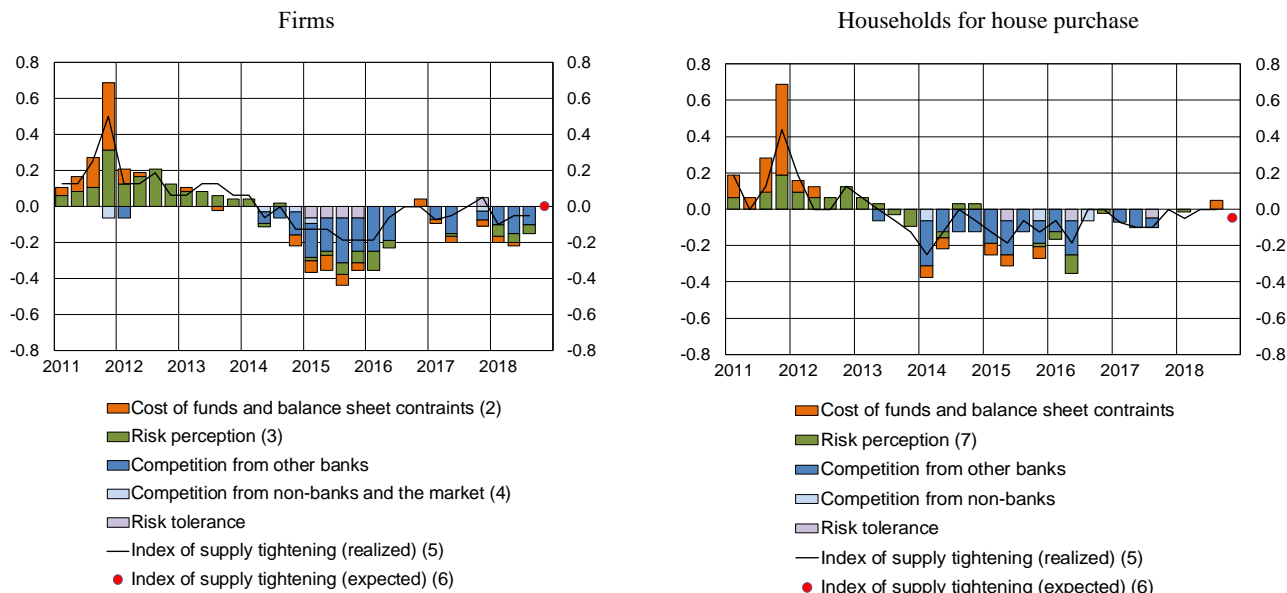
<sup>1</sup> Ten of the main Italian banking groups took part in the survey, which ended on 1 October 2018. A more detailed analysis of these results will be included in the Bank of Italy's next Economic Bulletin, which will be published in January 2019. The results for the euro area are available on 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)

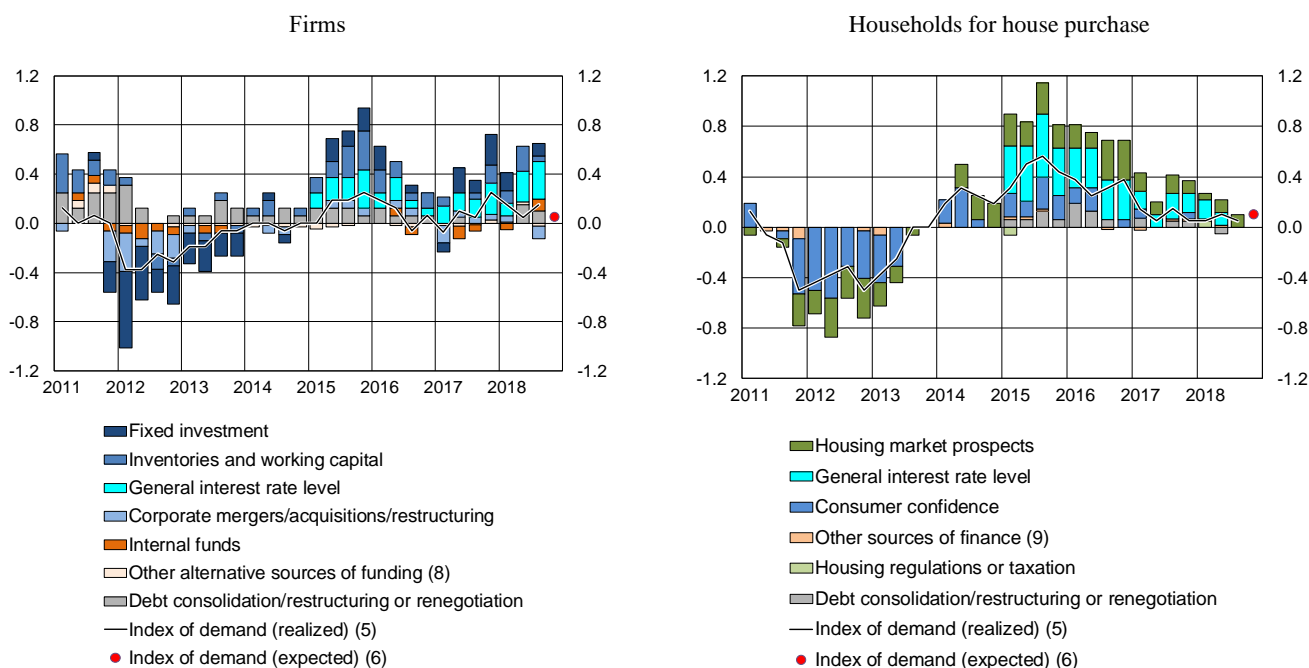
### (a) Credit supply

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.