

Rome, 26 October 2021

The Euro Area Bank Lending Survey

MAIN RESULTS FOR ITALIAN BANKS¹

Q3 2021 and outlook for Q4 2021

In the third quarter of 2021, the **credit standards for loans to firms** eased a little, owing to greater competition among banks and lower perceived risk. Supply conditions for **loans to households for house purchase** were unchanged. Competitive pressures helped to improve the **terms and conditions** applied to loans granted to all sectors. For the current quarter, credit standards for loans to firms are expected to tighten moderately, while those for household lending are expected to ease a little.

Demand for loans from firms remained stable (Figure 1.b). **Household demand for mortgage loans** increased again, mostly reflecting greater consumer confidence and low interest rates. For the current quarter, banks expect that demand for credit from firms and from households for mortgage loans will strengthen.

¹ Thirteen of the main Italian banking groups took part in the survey, which ended on 4 October. A more extensive discussion of these results will be included in the Bank of Italy's *Economic Bulletin*, 1, 2022, due to be published in January 2022.

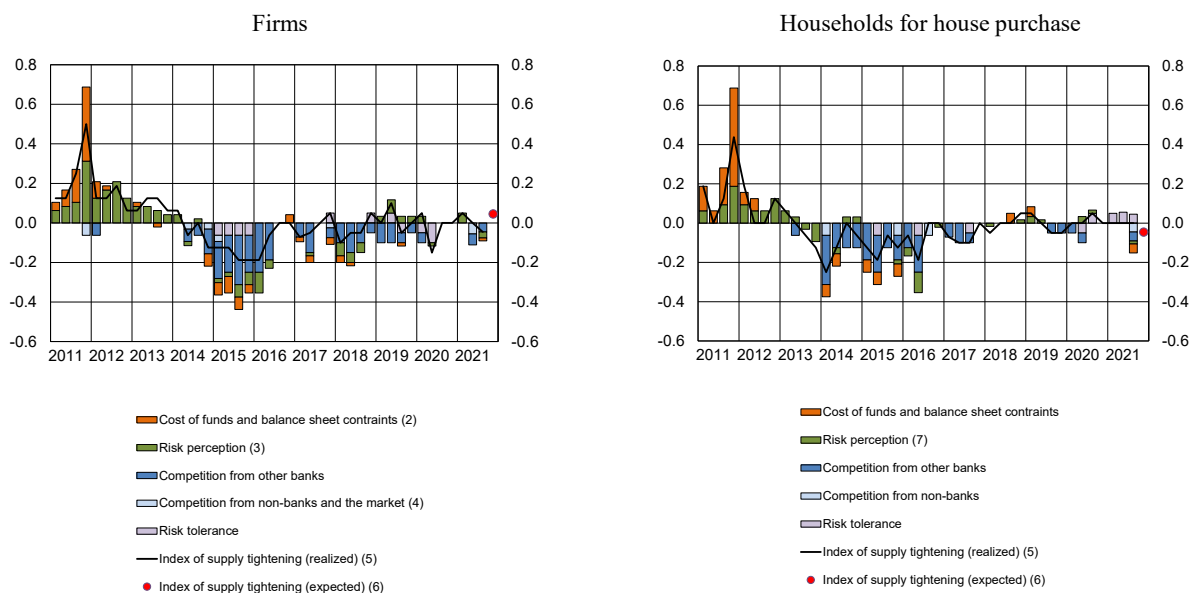
The results for the euro area are available on the ECB's website (www.ecb.europa.eu).

Figure 1

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

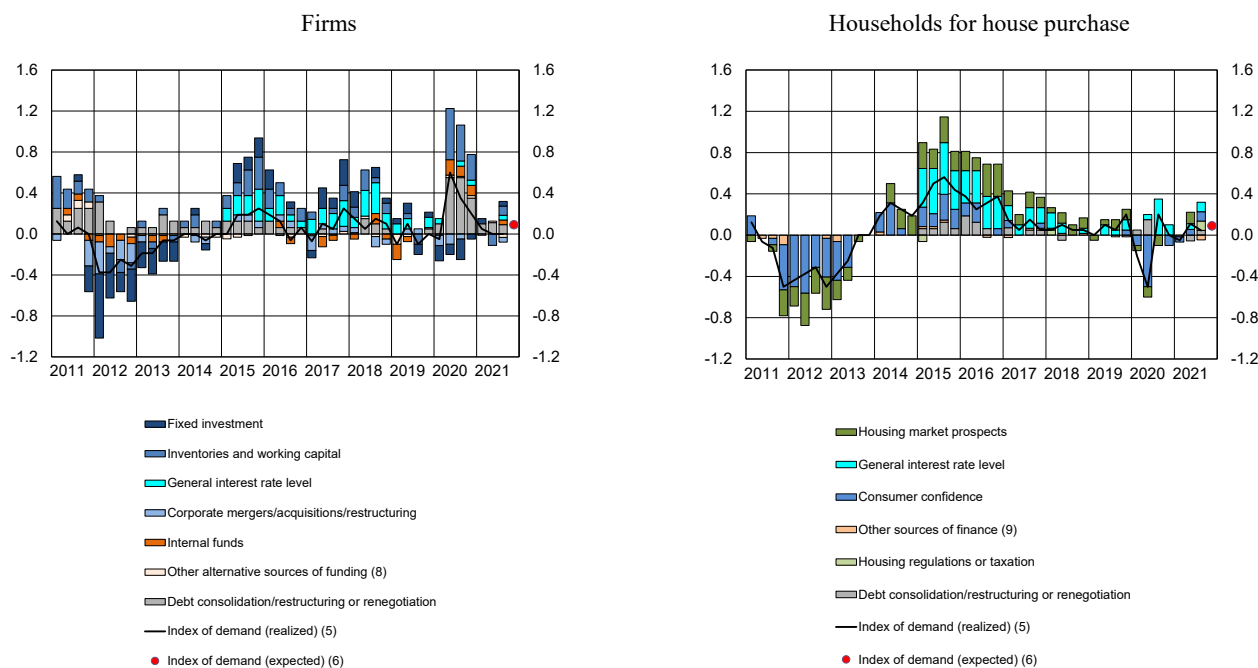
(a) Credit supply

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.