



EUROPEAN CENTRAL BANK

EUROSYSTEM

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Results of the July 2015 euro area bank lending survey

- Continued net easing of credit standards on loans to enterprises
- Net easing of credit standards on loans to households for house purchase
- Further improvement in net demand for loans to enterprises and loans for house purchase
- Additional liquidity from the targeted longer-term refinancing operations (TLTROs) continues to be used for granting loans

In the July 2015 bank lending survey (BLS), euro area banks reported a net easing of credit standards on loans to enterprises in the second quarter of 2015 (a net percentage of -3%, after -10% in the previous quarter), which was stronger than banks' expectations in the previous survey round. Competitive pressures were the main factor behind the easing of credit standards on loans to enterprises. Banks also reported a net easing of credit standards on loans to households for house purchase (-9%, from 2% in the previous quarter), despite having expected a tightening of standards in the previous survey. For loans to households for house purchase, competition was also the main factor contributing to an easing in standards.

Banks continued to ease their terms and conditions on new loans across all categories, mainly driven by a further narrowing of margins on average loans. As with credit standards, the main factor contributing to the easing in terms and conditions was competition.

Net demand for loans to enterprises increased substantially, owing mainly to the general level of interest rates. Fixed investment also contributed to an increase in demand. Net demand for housing loans continued to increase substantially owing to the low level of interest rates and to housing market prospects.

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Regarding euro area banks' access to retail and wholesale funding, access to retail deposit and debt securities financing deteriorated, but access to the money market and securitisation improved.

With respect to the likely impact of ongoing regulatory or supervisory changes, banks report a further strengthening of capital positions and an increase in risk-weighted assets in the first half of 2015 due to an increase in average loans.

Regarding the targeted longer-term refinancing operations (TLTROs) conducted by the Eurosystem, banks continue to report that participation is mainly driven by profitability motives, and the main effect of the TLTROs on credit supply continues to result from changes in terms and conditions, rather than from changes in credit standards.

The BLS, which is conducted four times a year, was developed by the Eurosystem in order to enhance the understanding of banks' lending behaviour in the euro area. The results reported in the July 2015 survey relate to changes in the second quarter of 2015 and to expectations of changes in the third quarter of 2015. The July 2015 BLS was conducted between 9 and 24 June 2015. With 142 banks participating in the survey, the response rate for the July 2015 BLS was 100%.

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Notes:

- The national and euro area data series are available on the ECB's website via the ECB's Statistical Data Warehouse. The survey report is available at <http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html>.
- Detailed data series for the aggregate euro area results are available on the ECB's website via the ECB's Statistical Data Warehouse (<http://sdw.ecb.europa.eu/browse.do?node=9484572>). National results as published by the respective national central banks can be obtained via <http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html#country>.
- From this round onwards, a weighting scheme for the aggregation of national BLS results has been introduced for the Netherlands, based on the amounts outstanding of loans to non-financial corporations and households. This has led to small changes (including backward revisions) in the euro area results.