



EUROPEAN CENTRAL BANK

EUROSYSTEM

# PRESS RELEASE

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## Results of the January 2016 euro area bank lending survey

- Further improvements in borrowing conditions for businesses and a return to an easing of standards for housing loans
- Competitive pressures remain the main driver of the easing in conditions
- Further increase in demand for loans across all loan categories but particularly by businesses
- Ongoing strengthening of banks' capital positions and reduction in risk-weighted assets in response to regulatory or supervisory changes

In response to the January 2016 bank lending survey (BLS), euro area banks reported a continued net easing of credit standards on loans to enterprises in the fourth quarter of 2015 (a net percentage of -4%, as in the previous quarter), which was slightly less pronounced than banks' expectations in the previous survey round. Competitive pressures were the main factor behind this easing. Banks reported a return to a net easing of credit standards on loans to households for house purchase (a net percentage of -7%, after 5% in the previous quarter), while they had expected broadly unchanged standards in the previous survey. Competitive pressures remained the main driving factor behind the improved credit 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 across all loan categories continued to rise, especially for loans to enterprises. The low general level of interest rates contributed most to the increase in loan demand. For loans to enterprises, financing needs for working capital and fixed investment were further contributors to stronger demand. For housing loans, consumer confidence and housing market prospects additionally underpinned loan demand.

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Regarding euro area banks' access to retail and wholesale funding, access to money markets deteriorated, as did access to debt securities financing but less so, while access to securitisation improved.

With respect to the likely impact of ongoing regulatory or supervisory changes, in the second half of 2015 banks reported a further strengthening of their capital positions and a reduction in risk-weighted assets, predominantly related to riskier loans.

Regarding the targeted longer-term refinancing operations (TLTROs) conducted by the Eurosystem, banks reported a considerably lower participation in the recent TLTROs largely on account of the absence of funding constraints. Banks reported that participation continued to be mainly driven by profitability motives and that the TLTROs' main effect on credit supply continued to be reflected in changes in credit terms and conditions, rather than 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 January 2016 survey relate to changes in the fourth quarter of 2015 and to expectations of changes in the first quarter of 2016. The January 2016 BLS was conducted between 8 and 30 December 2015. With 141 banks participating in the survey, the response rate was 100%.

**For media queries, please contact Stefan Ruhkamp, tel.: +49 69 1344 5057.**

**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>.