



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

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Results of the April 2017 euro area bank lending survey

- Increasing demand and eased lending conditions have been supporting loan growth
- The ECB's APP has had an easing impact on credit terms and conditions
- The ECB's negative deposit facility rate has had a positive impact on lending volumes
- Current level of credit standards still tighter compared with the historical range since 2003

Credit standards for loans to enterprises eased slightly in net terms in the first quarter of 2017, according to the April 2017 bank lending survey (BLS). The net easing (-2%) of credit standards – i.e. banks' internal guidelines or loan approval criteria – follows a net tightening of 5% in the previous quarter and was broadly in line with expectations in the previous survey round. Competitive pressure was the main factor behind the net easing of credit standards on loans to enterprises. Credit standards on loans to households for house purchase also eased (a net percentage of -5%, compared with 1% in the previous quarter). For the second quarter of 2017, banks expect a slight net tightening of credit standards for loans to enterprises and unchanged credit standards for housing loans.

The net easing of banks' overall terms and conditions on new loans (i.e. the actual terms and conditions agreed in the loan contract) continued across all loan categories, mainly driven by a further narrowing of margins on average loans.

Net demand continued to increase across all loan categories. Inventories and working capital and the general level of interest rates were important positive contributors to demand for loans to enterprises in the first quarter of 2017. Net demand for housing loans continued to be mainly driven by the low general level of interest rates and favourable housing market prospects.

With respect to the impact of the ECB's expanded asset purchase programme (APP), euro area BLS banks continued to report a positive impact of the APP on their liquidity position and market financing

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conditions over the past six months, but a negative impact on their net interest margins. Responding banks indicated that they have mainly used the additional liquidity related to the APP to grant loans. The net easing impact of the APP continued to be stronger for terms and conditions than for credit standards.

The ECB's negative deposit facility rate, while having a negative impact on banks' net interest income, is assessed by banks to have a positive impact on their lending volumes.

Finally, euro area banks still assess their current level of credit standards for loans to enterprises and housing loans to be tighter compared with the historical range since 2003. At the same time, euro area banks assess their current level of credit standards on loans to enterprises to be broadly comparable to the shorter benchmark covering the period since the second quarter of 2010.

The BLS, which is conducted four times a year, was developed by the Eurosystem in order to improve the understanding of banks' lending behaviour in the euro area. The results reported in the April 2017 survey relate to changes in the first quarter of 2017 and expectations of changes in the second quarter of 2017, unless otherwise indicated. The April 2017 BLS was conducted between 16 and 31 March 2017. With 139 banks (out of 140 sample banks) participating in the survey, the response rate was 99%.

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Notes:

- The survey report is available on the ECB's website under [Statistics > ECB surveys > Bank lending survey](#).
- Data series for the aggregate national and euro area results are available via the [ECB's Statistical Data Warehouse > ECB surveys > Bank Lending Survey](#). Links to the national results as published by the respective national central banks are available via the bank lending survey section on the main ECB website.
- For more detailed information on the bank lending survey, see Köhler-Ulbrich, P., Hempell, H. and Scopel, S., "[The euro area bank lending survey](#)", Occasional Paper Series, No 179, ECB.