

PRESS RELEASE

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Results of the January 2019 euro area bank lending survey

- Credit standards broadly unchanged for loans to enterprises and housing loans
- Firms' and households' demand for loans higher, but banks expect some moderation in demand
- Banks' non-performing loans have tightening impact on credit standards

[Credit standards](#) – i.e. banks' internal guidelines or loan approval criteria – [for loans to enterprises](#) remained broadly unchanged in net terms in the fourth quarter of 2018, according to the January 2019 bank lending survey (BLS). Broadly unchanged credit standards for loans to enterprises (with a net percentage of -1%) in the fourth quarter follow a net easing (net percentage of -6%) in the previous quarter. This is in line with the expectations reported by banks in the previous survey round. [Credit standards for loans to households for house purchase](#) also remained broadly stable (with a net percentage of -1%, compared with -2% in the previous round), and [credit standards for consumer credit and other lending to households](#) tightened slightly (with a net percentage of 2%, compared with 1% in the previous round). Given the extended period over which credit standards have been easing, bank lending conditions continue to support loan growth. Competitive pressures continued to contribute to an easing of credit standards for loans to enterprises and housing loans, while lower risk perceptions contributed to an easing of credit standards only for housing loans. Banks' cost of funds and balance sheet constraints made a broadly neutral contribution to credit standards across all loan categories. In addition, banks' risk tolerance contributed to a tightening for loans to enterprises. For the first quarter of 2019, banks expect a slight tightening of credit standards for loans to enterprises and housing loans, and broadly unchanged credit standards for consumer credit and other lending to households.

[Banks' overall terms and conditions](#) – i.e. the actual terms and conditions agreed in loan contracts – continued to ease in the fourth quarter of 2018.

Net demand continued to increase across all loan categories in the fourth quarter of 2018, but banks expect some moderation in demand over the next three months. The net increase in [demand for loans to](#)

[enterprises](#) was driven by the low general level of interest rates, fixed investment, inventories and working capital, merger and acquisition activity and debt refinancing/restructuring. [Net demand for housing loans](#) continued to be driven mainly by the low general level of interest rates and favourable housing market prospects, while consumer confidence had a smaller positive impact. In addition, the low general level of interest rates and financing needs for spending on durable consumer goods were the main contributors to the net increase in demand for [consumer credit and other lending to households](#).

Euro area banks continued to adjust to regulatory and supervisory action in the second half of 2018 by further strengthening their capital positions. At the euro area level, banks reported a tightening impact on their credit standards and a widening of loan margins for both housing loans and consumer credit. For loans to enterprises, the impact of supervisory or regulatory action was reportedly more muted, with a small net tightening impact on credit standards and a broadly neutral impact on loan margins.

With regard to the impact of non-performing loans (NPLs) on banks' lending policies, euro area banks reported that their NPL ratios had a tightening impact on their credit standards for loans to enterprises and housing loans over the past six months. Over the next six months, they expect a net tightening impact of their NPL ratios on credit standards across all loan categories. Banks' NPL ratios affected their lending policies over the past six months mainly through their impact on access to market financing.

The bank lending survey, which is conducted four times a year, was developed by the Eurosystem in order to improve its understanding of banks' lending behaviour in the euro area. The results reported in the January 2019 survey relate to changes observed in the fourth quarter of 2018 and expected changes in the first quarter of 2019, unless otherwise indicated. The January 2019 survey round was conducted between 7 and 28 December 2018. A total of 147 banks were surveyed in this round, with a response rate of 100%.

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Notes:

- A report on this survey round is available at https://www.ecb.europa.eu/stats/ecb_surveys/bank_lending_survey/html/index.en.html. A copy of the questionnaire, a glossary of BLS terms and a BLS user guide with information on the BLS series keys can also be found on that web page.
- The euro area and national data series are available on the ECB's website via the Statistical Data Warehouse (<http://sdw.ecb.europa.eu/browse.do?node=9691151>). National results, as published by the respective national central banks, can be obtained via https://www.ecb.europa.eu/stats/ecb_surveys/bank_lending_survey/html/index.en.html.
- 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, 2016 (<http://www.ecb.europa.eu/pub/pdf/scpops/ecbop179.en.pdf>).

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