



EUROPEAN CENTRAL BANK

EUROSYSTEM

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Results of the April 2019 euro area bank lending survey

- Credit standards broadly unchanged for loans to enterprises and tightened for housing loans
- Firms' demand for loans stable, while housing loan demand continued to increase
- ECB's asset purchases continue to support bank lending volumes

Credit standards – i.e. banks' internal guidelines or loan approval criteria – for loans to enterprises remained broadly unchanged (with a net percentage of -1%) in the first quarter of 2019, according to the April 2019 bank lending survey (BLS). This was somewhat more favourable than expected by banks in the previous survey round. Credit standards for loans to households for house purchase tightened (with a net percentage of 3%, compared with -1% in the previous round), and credit standards for consumer credit and other lending to households continued to tighten slightly (with a net percentage of 2%, unchanged from the previous round). Banks' cost of funds and balance sheet constraints contributed to a tightening of credit standards across loan categories, while competitive pressures continued to contribute to an easing of credit standards. Risk perceptions had a mixed impact, while banks' risk tolerance had a neutral impact overall. For the second quarter of 2019, banks expect an easing of credit standards for loans to enterprises and consumer credit, and a further tightening of credit standards for housing loans.

Banks' overall terms and conditions – i.e. the actual terms and conditions agreed in loan contracts – on new loans to enterprises and housing loans remained broadly unchanged in the first quarter of 2019.

Net demand for loans to enterprises remained stable in the first quarter of 2019, after having increased since the second quarter of 2015. This development is broadly in line with banks' expected moderation of demand in the previous survey round. It was supported by the low general level of interest rates and by fixed investment, as well as to a smaller extent by inventories and working capital, merger and acquisition activity and debt refinancing/restructuring. Net demand for housing loans continued to increase in the first quarter of 2019, driven mainly by the low general level of interest rates, while favourable housing market prospects and consumer confidence contributed less than in previous quarters. In addition, the low

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general level of interest rates and financing needs for spending on durable consumer goods contributed to the slight net increase in demand for [consumer credit and other lending to households](#).

As regards the impact of the ECB's asset purchase programme (APP), the euro area banks that were surveyed reported that the APP continued to have a positive impact on their liquidity position and market financing conditions and a negative impact on their profitability over the past six months, which included the Eurosystem's net asset purchases until December 2018. In addition, the APP had an easing impact on banks' credit terms and conditions and a positive impact on their lending volumes over the past six months according to reporting banks. Banks expect this favourable impact on bank lending to continue over the coming six months. In addition, while the ECB's negative deposit facility rate (DFR) had an adverse impact on banks' net interest income, banks continued to indicate a positive impact of the negative DFR on their lending volumes. Finally, euro area banks consider their current level of credit standards, when compared with the range of credit standards since 2010, as broadly similar for loans to enterprises, as somewhat tighter for housing loans and somewhat looser for consumer credit.

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 April 2019 survey relate to changes observed in the first quarter of 2019 and expected changes in the second quarter of 2019, unless otherwise indicated. The April 2019 survey round was conducted between 4 and 19 March 2019. A total of 144 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>).