

[other lending to households](#) increased in the fourth quarter of 2019, driven by the low general level of interest rates, consumer confidence and increased spending on durable goods.

Euro area banks reported that regulatory or supervisory action continued to have a strengthening impact on their capital positions in the second half of 2019, as well as a tightening impact on credit standards across all loan categories (with further tightening expected over the next six months).

Respondent banks also reported that non-performing loans (NPLs) had a small tightening impact on credit standards for loans to enterprises and consumer credit in the second half of 2019 (and a broadly neutral impact on credit standards for housing loans). Risk perceptions and risk aversion were the main drivers of the tightening impact of NPL ratios.

As regards the impact of the third series of targeted longer-term refinancing operations (TLTRO-III), euro area banks reported that they used TLTRO-III liquidity largely for the purpose of granting loans to the non-financial private sector. Given the attractive conditions surrounding TLTRO-III operations, the profitability motive has been the most important reason for banks to participate so far. As regards their lending policies, banks reported that TLTRO-III operations had a net easing impact on their terms and conditions in the second half of 2019, with a smaller easing impact on credit standards and a positive net impact on lending volumes.

The euro area 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 2020 survey relate to changes observed in the fourth quarter of 2019 and expected changes in the first quarter of 2020, unless otherwise indicated. The January 2020 survey round was conducted between 6 and 27 December 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>).

European Central Bank

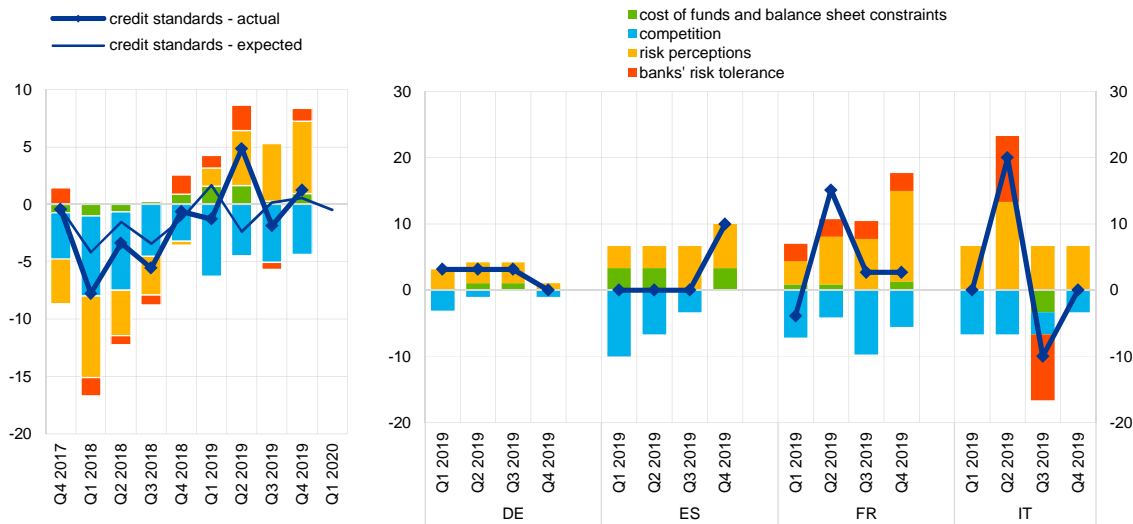
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Chart 1

Changes in credit standards for loans or credit lines to enterprises and contributing factors

(net percentages of banks reporting a tightening of credit standards and contributing factors)



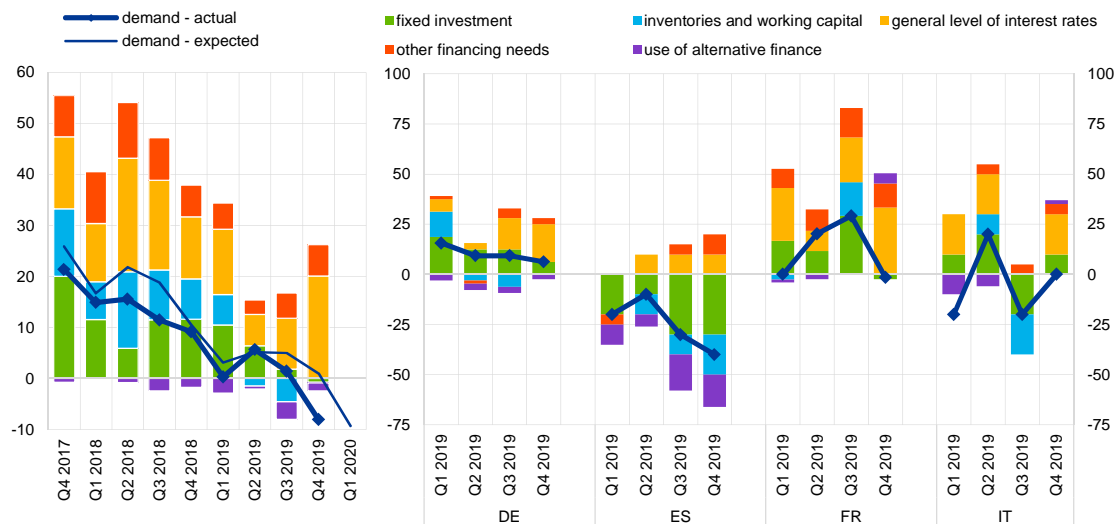
Source: ECB (BLS).

Notes: Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably".

Chart 2

Changes in demand for loans or credit lines to enterprises and contributing factors

(net percentages of banks reporting an increase in demand and contributing factors)



Source: ECB (BLS).

Notes: Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably".

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