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THE JULY 2021 BANK LENDING SURVEY IN SPAIN

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## ABSTRACT

According to the Bank Lending Survey, in 2021 Q2 the changes in credit standards were negligible in Spain and in the euro area, while loan applications increased across the board in the two areas. Compared with prior quarters, these more favourable developments in loan supply and demand appear to be the result of an improved macroeconomic context. The responding banks in the two areas consider that the non-performing loan ratio led the supply of credit to firms to tighten somewhat in 2021 H1, whereas it barely had an impact on the supply of loans to households. Lastly, in 2021 H1 the supply of loans with public guarantees barely changed in Spain, while in the euro area it eased slightly. The demand for this type of lending decreased in the same period in the two areas.

**Keywords:** funding, credit, loan supply, loan demand, credit standards, terms and conditions on loans, financial markets.

**JEL classification:** E51, E52, G21.

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### Main results

This article presents the results of the July 2021 Bank Lending Survey (BLS), which provides information on credit supply and demand conditions in 2021 Q2 and on the outlook for Q3.<sup>1</sup> This round includes ad hoc questions on: (i) developments in access to wholesale and retail market financing; (ii) the impact of the NPL ratio on banks' lending policies; (iii) changes in loan supply and demand by economic sector; and (iv) the impact of loans guaranteed by governments, in the context of the coronavirus pandemic, on loan supply and demand. This first section discusses the main results obtained from the replies by the ten Spanish banks participating in the survey and compares them with the results for the euro area overall. The subsequent sections present a more detailed analysis of the results for Spain.<sup>2</sup>

The survey results show that in 2021 Q2 credit standards<sup>3</sup> remained unchanged in Spain and in the euro area for all types of lending. This follows the tightening observed in prior quarters, linked to banks' heightened concerns about risks in the wake of the COVID-19 crisis. This change in trend is probably a result of the improved macroeconomic outlook, which has interrupted the deteriorating pattern of banks' risk perceptions. The terms and conditions<sup>4</sup> on loans eased across the board in the euro area, while in Spain they eased in the two loans to households segments (loans for house purchase and consumer credit and other lending) and tightened slightly in loans to enterprises (see Table 1 and Chart 1). In step with the recovery in economic activity, in the three segments analysed demand for loans increased between April and June 2021, after it had fallen in previous quarters.

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1 The Banco de España has published these results on its website (<http://www.bde.es/webbde/en/estadis/infoest/epb.html>), in tandem with the publication of this article and with the ECB's publication of the results for the euro area. Also available on this website are the time series of the aggregate indicators by bank, relating to the standard questionnaire, along with additional information about the BLS. A more detailed analysis of the results for the euro area as a whole can be found in the ECB's regular notes on its website (<http://www.ecb.int/stats/money/lend/html/index.en.html>).

2 The analysis of the results conducted in this article is based on "diffusion indices", which are calculated with a weighting based on the degree of improvement/worsening or of easing/tightening reported by each bank in its replies, unlike indicators calculated in terms of net percentages, which do not factor in this weighting. This methodology is applied to the entire time series.

3 Credit standards refer to banks' internal guidelines or loan approval criteria.

4 Terms and conditions on loans mean banks' actual terms and conditions (interest rate, loan size, maturity, collateral requirements, etc.) agreed in the loan contract.

Table 1

**BANK LENDING SURVEY****Main results. July 2021**

	Credit standards	Overall conditions on new loans	Loan demand
Spain			
Past three months			
Non-financial corporations	Unchanged	Tightening	Increase
Households for house purchase	Unchanged	Easing	Increase
Consumer credit and other lending to households	Unchanged	Easing	Increase
Forecast for next three months			
Non-financial corporations	Unchanged	(a)	Increase
Households for house purchase	Unchanged	(a)	Increase
Consumer credit and other lending to households	Unchanged	(a)	Increase
Euro area			
Past three months			
Non-financial corporations	Unchanged	Easing	Increase
Households for house purchase	Unchanged	Easing	Increase
Consumer credit and other lending to households	Unchanged	Easing	Increase
Forecast for next three months			
Non-financial corporations	Tightening	(a)	Increase
Households for house purchase	Unchanged	(a)	Increase
Consumer credit and other lending to households	Unchanged	(a)	Increase

**SOURCES:** Banco de España and ECB.

**a** The survey does not include questions on expected changes in loan terms and conditions.

For 2021 Q3, Spanish banks expect credit standards to remain stable across the board. Meanwhile, their euro area counterparts expect them to remain unchanged in the two loans to households segments and to tighten slightly in the loans to enterprises segment. Banks in both areas believe that demand will continue to grow across all segments.

In the first of the ad hoc questions included in the survey, banks reported that in 2021 Q2 access to retail funding improved in the euro area, while in Spain it improved in the case of short-term deposits and worsened in that of long-term ones. Banks in both areas perceived that access to wholesale markets remained stable or improved, depending on the segment; the stronger pick-up in debt securities markets is worth noting (see Chart A.1).

Regarding the impact of the NPL ratio on lending policy in 2021 H1, banks in both areas reported that it had contributed moderately to the tightening of loan supply in the loans to enterprises segment, but that it had had virtually no impact on the other segments (see Chart A.2). In Spain and in the euro area, the NPL ratio is expected to have virtually zero impact on loan supply in 2021 H2.

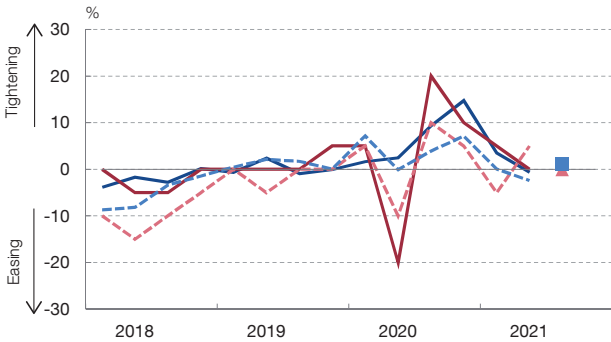
Chart 1

**STABILITY IN CREDIT STANDARDS IN 2021 Q2 AND AN ACROSS-THE-BOARD INCREASE IN DEMAND**

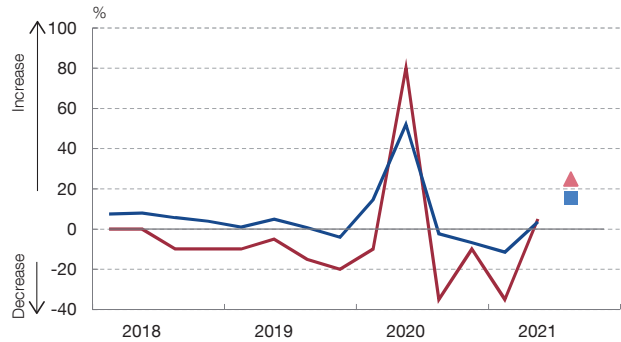
Credit standards remained unchanged in Spain and in the euro area in 2021 Q2. The terms and conditions for loans eased across the board in the euro area, while in Spain they eased in the two households segments and tightened slightly in loans to enterprises. Loan demand appears to have increased across the board in both areas. For 2021 Q3, both Spanish and euro area banks anticipate that supply will remain stable (except for loans to enterprises in the euro area, which are expected to tighten slightly) and that demand will continue to rise in all segments.

**1 LOANS TO NON-FINANCIAL CORPORATIONS**

1.1 CHANGE IN CREDIT STANDARDS AND IN LOAN TERMS AND CONDITIONS (a)

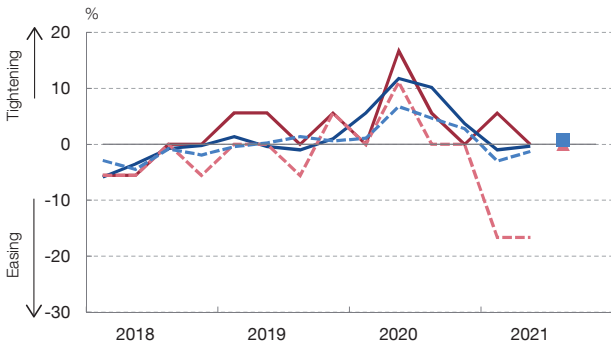


1.2 CHANGE IN DEMAND (b)

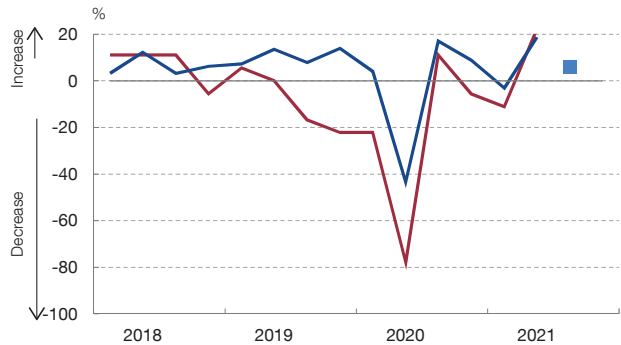


**2 LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE**

2.1 CHANGE IN CREDIT STANDARDS AND IN LOAN TERMS AND CONDITIONS (a)

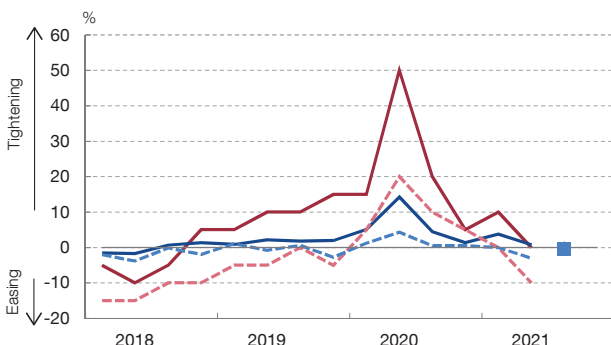


2.2 CHANGE IN DEMAND (b)



**3 CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS**

3.1 CHANGE IN CREDIT STANDARDS AND IN LOAN TERMS AND CONDITIONS (a)



3.2 CHANGE IN DEMAND (b)



— CREDIT STANDARDS. SPAIN      — CREDIT STANDARDS. EURO AREA  
- - - TERMS AND CONDITIONS. SPAIN      - - - TERMS AND CONDITIONS. EURO AREA  
▲ FORECAST CREDIT STANDARDS. SPAIN      ■ FORECAST CREDIT STANDARDS. EURO AREA  
▲ FORECAST. SPAIN      ■ FORECAST. EURO AREA

**SOURCES:** ECB and Banco de España.

- a** Indicator = percentage of banks that have tightened their credit standards or terms and conditions considerably × 1 + percentage of banks that have tightened their credit standards or terms and conditions somewhat × 1/2 – percentage of banks that have eased their credit standards or terms and conditions somewhat × 1/2 – percentage of banks that have eased their credit standards or terms and conditions considerably × 1.
- b** Indicator = percentage of banks reporting a considerable increase × 1 + percentage of banks reporting some increase × 1/2 – percentage of banks reporting some decrease × 1/2 – percentage of banks reporting a considerable decrease × 1.



Regarding loan supply by economic sector, according to the replies received, credit standards and terms and conditions tightened slightly between January and June 2021 in the two areas. This is consistent with the loan supply developments that banks reported in 2021 Q1 for the loans to enterprises segment. In the euro area, this tightening affected almost all sectors, while in Spain it only affected services, trade and non-residential real estate activities (see Chart A.3). Loan demand fell in Spain in practically all sectors (except for residential real estate activities). However, in the euro area as a whole, quite widespread, albeit small, increases were observed.<sup>5</sup> For 2021 H2, Spanish banks expect the terms and conditions on loans to ease slightly, whereas, depending on the sector, euro area banks foresee them tightening or easing moderately. Banks in the two areas expect demand to increase across the board.

Lastly, Spanish banks reported that in 2021 H1 the supply of loans with public guarantees remained unchanged, whereas euro area banks indicated that the credit standards and the terms and conditions on these loans eased slightly (see Chart A.4). As regards loans to enterprises and the self-employed without public guarantees, loan supply did not change significantly in either of the two areas, except for credit standards for loans to SMEs and the self-employed, which tightened slightly in Spain. Between January and June both areas saw a decline in demand for loans with and without government guarantees, which was particularly acute in the case of the former (see Chart A.5).

## Supply and demand conditions in Spain

### Lending to non-financial corporations

A detailed analysis of the Spanish banks' replies to the standard questionnaire reveals that, after tightening in the three preceding quarters, credit standards for loans in the non-financial corporations segment remained stable in 2021 Q2. The breakdown by maturity also evidences the stability of credit standards. Meanwhile, by firm size, credit standards for loans to larger firms eased slightly, but remained unchanged in lending to SMEs. Loan supply's stability stems from factors operating in opposite directions: the slight easing resulting from banks' sound liquidity position was offset by their lower risk tolerance, which prompted a slight tightening (see Chart 2). In line with credit standards, the percentage of rejected loan applications did not change significantly either.

The overall terms and conditions on new loans tightened slightly between April and June 2021, resulting in a small increase in the margins on average and riskier loans,

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<sup>5</sup> The apparent discrepancy shown by the results for this ad hoc question, in relation to both supply and demand, compared with the results in 2021 Q2 (stable supply and higher demand) is due to the ad hoc question referring to the first half of the year and being highly influenced by developments in Q1.

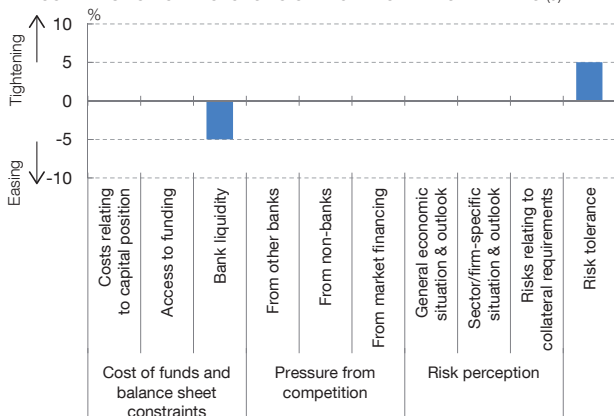
Chart 2

## STABILITY IN CREDIT STANDARDS ACROSS ALL SEGMENTS IN SPAIN IN 2021 Q2 AND HETEROGENEOUS DEVELOPMENTS IN MARGINS

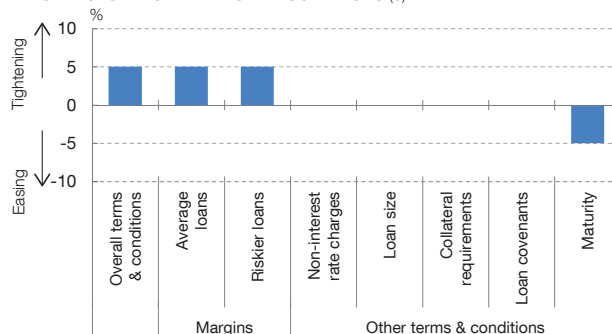
All the factors appear to have had very little or no impact on credit standards, contributing to their stability between April and June. As regards loan terms and conditions, margins (on both average and riskier loans) seem to have risen slightly in the loans to enterprises segment. By contrast, margins on average loans to households (both for house purchase and in consumer credit and other lending) appear to have decreased slightly.

### 1 LOAN SUPPLY: NON-FINANCIAL CORPORATIONS. SPAIN. 2021 Q2

#### 1.1 CONTRIBUTION OF FACTORS TO CHANGE IN CREDIT STANDARDS (a)

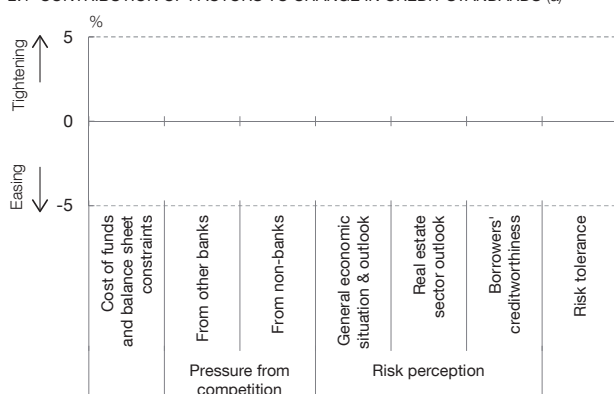


#### 1.2 CHANGES IN LOAN TERMS AND CONDITIONS (b)

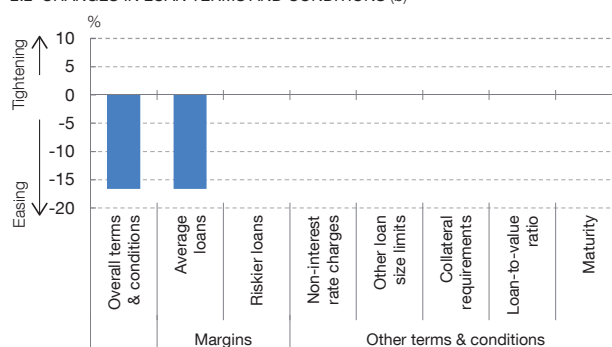


### 2 LOAN SUPPLY: HOUSEHOLDS FOR HOUSE PURCHASE. SPAIN. 2021 Q2

#### 2.1 CONTRIBUTION OF FACTORS TO CHANGE IN CREDIT STANDARDS (a)

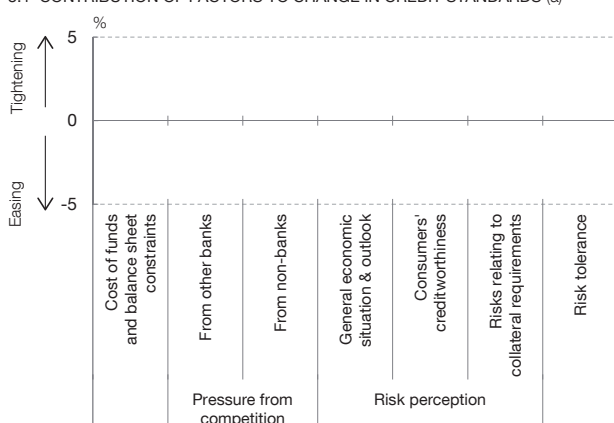


#### 2.2 CHANGES IN LOAN TERMS AND CONDITIONS (b)

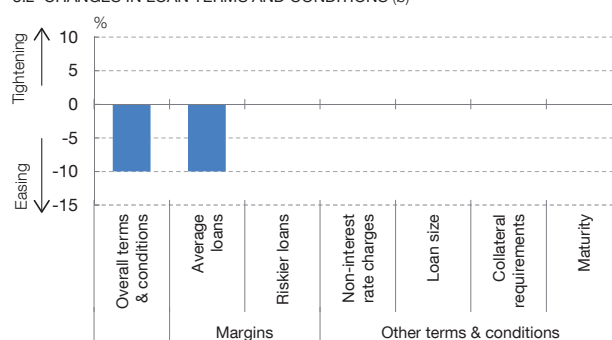


### 3 LOAN SUPPLY: CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS. SPAIN. 2021 Q2

#### 3.1 CONTRIBUTION OF FACTORS TO CHANGE IN CREDIT STANDARDS (a)



#### 3.2 CHANGES IN LOAN TERMS AND CONDITIONS (b)



SOURCES: ECB and Banco de España.

- a Indicator = percentage of banks reporting that the factor has contributed considerably to the tightening of credit standards × 1 + percentage of banks reporting that it has contributed somewhat to the tightening of credit standards × 1/2 – percentage of banks reporting that it has contributed somewhat to the easing of credit standards × 1/2 – percentage of banks reporting that it has contributed considerably to the easing of credit standards.
- b Indicator = percentage of banks that have tightened their terms and conditions considerably × 1 + percentage of banks that have tightened their terms and conditions somewhat × 1/2 – percentage of banks that have eased their terms and conditions somewhat × 1/2 – percentage of banks that have eased their terms and conditions considerably.



attributable to banks' lower risk tolerance (see Chart 2). Conversely, terms to maturity were extended. The breakdown by firm size shows that margins increased both in lending to SMEs and to large firms.

According to the replies received, demand from firms picked up slightly, interrupting the downward path of the last three quarters. The breakdowns by firm size and by maturity show that demand grew mostly among SMEs and for long-term loans, while demand for loans among large firms and loans with shorter maturities continued to decline somewhat. According to the banks, the higher number of loan applications was mainly due to the increase in debt restructuring transactions and, to a lesser degree, the favourable impact associated with the low interest rate level (see Chart 3). Conversely, smaller financing needs for fixed asset investment, the lower number of mergers and firms' greater use of internal funds all contributed to a slight drop in loan applications.

### Loans to households for house purchase

Credit standards for loans to households for house purchase remained unchanged in Spain in 2021 Q2, in a setting in which none of the factors analysed appeared to have a significant influence. In particular, unlike in the previous quarter, risk perception no longer contributed to the tightening of credit supply. This could indicate lower macroeconomic uncertainty. In keeping with these developments, the share of loan rejections also remained unchanged.

These loans' overall terms and conditions were eased somewhat, mainly as a result of the strong competition within this segment and, to a lesser extent, lower financing costs and the increased availability of funds. A more detailed analysis reveals that there was a reduction in margins on average loans, whereas other terms and conditions remained stable (margins on riskier loans, collateral, loan size, maturity and non-interest rate charges).

Banks perceived a significant rise in the demand for funds for house purchase between April and June, chiefly as a result of increased consumer confidence, low interest rates, the bright housing market outlook and, to a lesser extent, debt refinancing and renegotiation transactions (see Chart 3). Conversely, amid the strong competition, loans granted by other banks contributed to a slight drop in applications at the banks surveyed.

### Consumer credit and other lending to households

Credit standards for consumer credit and other lending remained broadly unchanged during 2021 Q2, thus breaking the trend of continued tightening dating back to end-



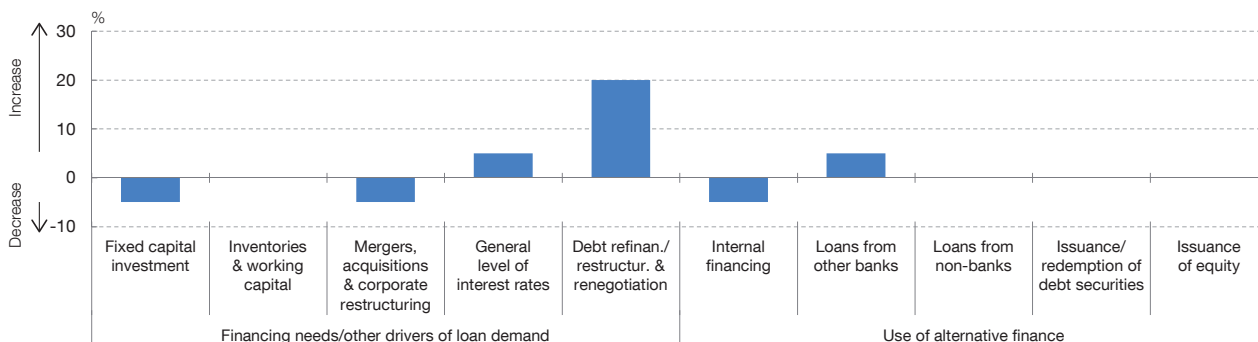
Chart 3

**THE INCREASE IN DEMAND FOR LOANS IN SPAIN IN 2021 Q2 IS MAINLY ATTRIBUTABLE TO FIRMS' DEBT REFINANCING AND TO GREATER CONSUMER CONFIDENCE**

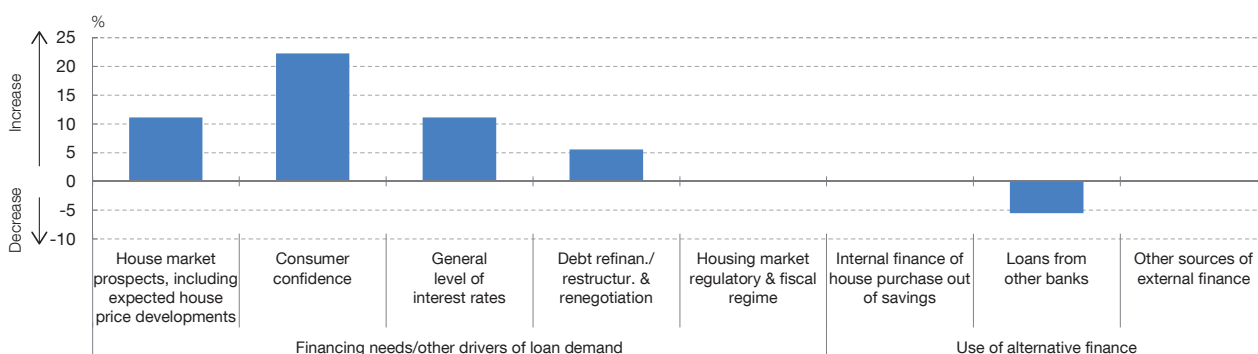
Demand for loans rose across the board in Spain in 2021 Q2. In the loans to enterprises segment, it was mainly due to the increase in debt restructuring transactions and, to a lesser degree, the low interest rate level. This factor also prompted a rise in applications for loans to households (both for house purchase and in consumer credit and other lending), although the main factor explaining the increase in demand in these two segments was greater consumer confidence.

1 FACTORS AFFECTING THE CHANGE IN DEMAND FOR LOANS. SPAIN. 2021 Q2 (a)

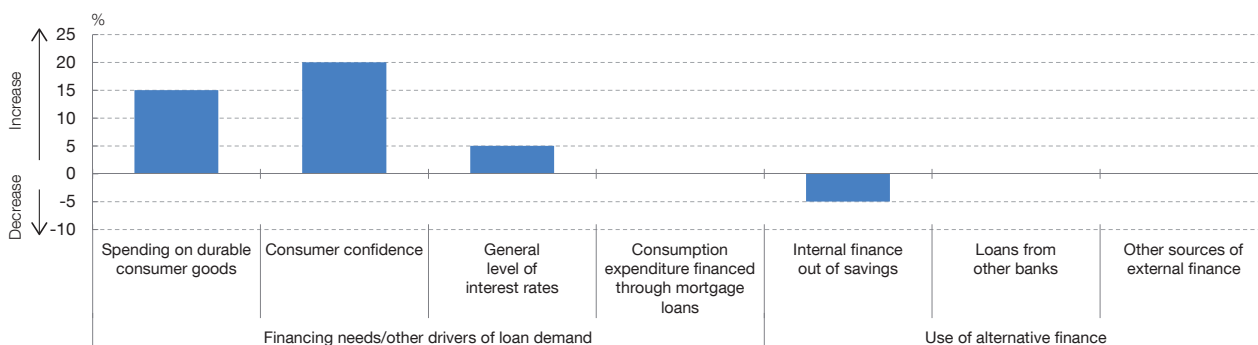
1.1 DEMAND FOR LOANS TO NON-FINANCIAL CORPORATIONS



1.2 DEMAND FOR LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE



1.3 DEMAND FOR CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS



SOURCES: Banco de España and ECB.

a Indicator = percentage of banks reporting that the factor has contributed considerably to increasing demand × 1 + percentage of banks reporting that it has contributed somewhat to increasing demand × 1/2 – percentage of banks reporting that it has contributed somewhat to reducing demand × 1/2 – percentage of banks reporting that it has contributed considerably to reducing demand.



2018, the intensity of which had admittedly waned in recent quarters. According to the responses received, this was due, as in the loans for house purchase segment, to the stable performance of all the factors analysed. Likewise, the percentage of rejected loan applications did not change significantly between April and June.

The overall terms and conditions on this type of credit eased somewhat, as evidenced by a decline in the margins on average loans. According to the responding banks, this is the result of increased competitive pressure and, to a lesser degree, lower financing costs and the greater availability of funds.

Demand for loans in the consumer credit and other lending segment rose significantly in 2021 Q2. Based on the responses received, this would be due mainly to greater consumer confidence, an increase in spending on consumer durables and, to a lesser extent, low interest rates (see Chart 3). This increase in applications was partially offset by the impact of the greater use of internal financing (savings), which slightly reduced demand for credit in this segment.

## Ad hoc questions

During 2021 Q2 Spanish banks saw some improvement in access to retail funding in the short-term deposits segment and some deterioration in the long-term deposit segment (see Chart A.1). Access to wholesale funding held stable or improved, depending on the segment; the most favourable developments were notably in the long-term securities market.

Banks pointed out that the NPL ratio had virtually no impact on the supply of credit during 2021 H1, except in loans to enterprises. In this segment, it led to a slight tightening of the terms and conditions on loans, owing both to the need to comply with regulatory requirements and to some banks' lower risk tolerance (see Chart A.2).

In the question on changes in loan supply and demand by sector, the banks surveyed reported that, in 2021 H1, they tightened credit standards and the terms and conditions on loans,<sup>6</sup> particularly in services and trade and, to a lesser extent, in non-residential real estate activities (see Chart A.3). This is probably because of the larger impact of the COVID-19 crisis on these sectors, which has raised banks' risk perception to a greater extent. Between January and June, demand fell slightly across all sectors, except for residential real estate activities, which grew somewhat.

Lastly, banks reported that during 2021 H1, the supply of government guaranteed loans to firms and the self-employed remained stable, whereas credit standards

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<sup>6</sup> The tightening of standards evidenced by this ad hoc question occurred in 2021 Q1 since, as discussed above, in Q2 credit standards remained stable in the loans to enterprises segment.

were slightly tightened for loans without government guarantees to SMEs and the self-employed and remained virtually unchanged for loans to large corporations (see Chart A.4). Regarding loan demand, there was a widespread decline in applications, sharper in the case of guaranteed loans (following the surge in these loans in 2020 to meet firms' liquidity needs) than in loans that do not benefit from a government guarantee. This decline appears to be due mainly to firms' lower acute liquidity needs and the falling demand for precautionary liquidity buffers (see Chart A.5).

## Outlook

Looking ahead to the current quarter, the responding Spanish banks expect credit standards to remain stable across all segments (see Table 1 and Chart 1). On the demand side, banks expect a broad-based increase in applications.

As for access to funding markets, in the retail market Spanish banks expect the long-term deposit segment to continue deteriorating somewhat in 2021 Q3, and the short-term deposit segment to remain broadly unchanged. In wholesale markets, the improvement in the debt securities and securitisation segments is expected to continue. Meanwhile, the ability to transfer credit risk off the balance sheet will deteriorate somewhat and the money markets will remain stable (see Chart A.1).

Banks do not expect the NPL ratio will affect the credit standards or the terms and conditions on loans during 2021 H2 in any of the segments (see Chart A.2).

In terms of credit market developments in 2021 H2 by economic sector, banks expect a slight easing of supply across virtually all productive sectors, which would be greater in the case of real estate activities associated with residential property (see Chart A.3). A broad-based increase in loan demand is expected across the different sectors.

Lastly, the responding banks do not believe that the supply of government guaranteed loans will change in 2021 H2, whereas they anticipate a slight easing of credit standards for loans without government guarantees to large corporations and a slight tightening of the terms and conditions on loans both in this segment and in lending to SMEs and the self-employed (see Chart A.4). On the demand side, they expect applications for government guaranteed loans to continue declining in 2021 H2 and those for loans with no such guarantees to increase (see Chart A.5).

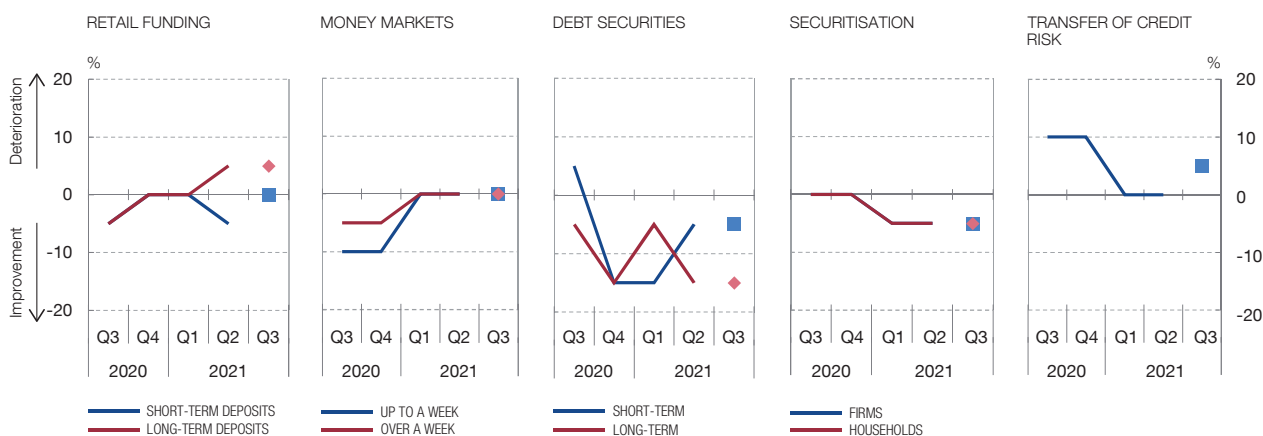
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Chart A.1

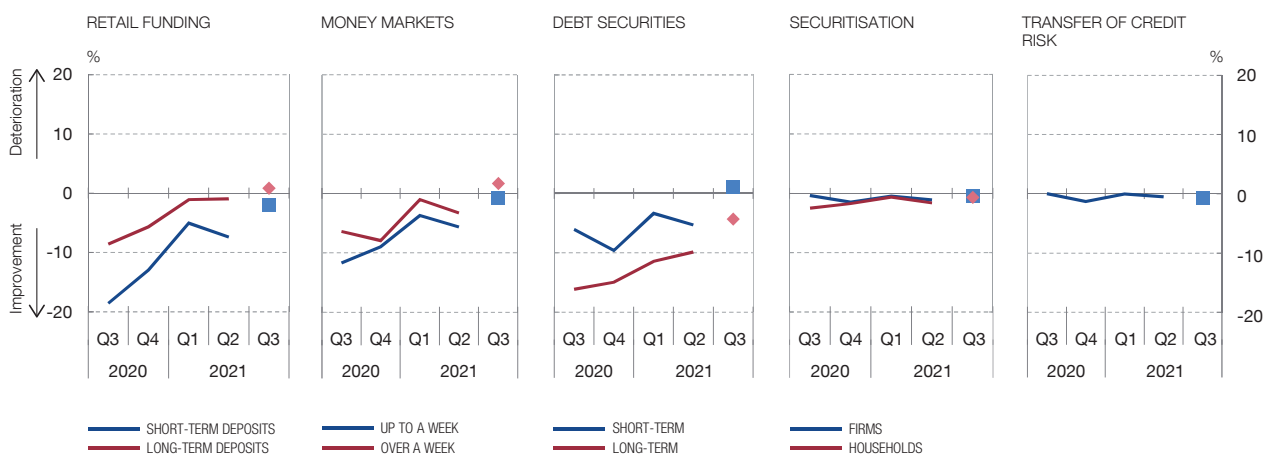
**ACCESS TO FUNDING MARKETS REMAINED STABLE OR IMPROVED IN NEARLY ALL SEGMENTS, BOTH IN SPAIN AND IN THE EURO AREA, IN 2021 Q2**

In 2021 Q2 access to retail funding improved slightly in the euro area, while in Spain it improved in the case of short-term deposits and worsened somewhat in that of long-term ones. In the wholesale markets, banks in both areas perceived stability or improvement, depending on the segment; the stronger pick-up in debt securities markets is worth noting.

1 ACCESS TO FUNDING. SPAIN (a) (b)



2 ACCESS TO FUNDING. EURO AREA (a) (b)



SOURCES: Banco de España and ECB.

- a Indicator = percentage of banks that perceived a considerable deterioration in their market access × 1 + percentage of banks that perceived some deterioration in their market access × 1/2 – percentage of banks that perceived some improvement in their market access × 1/2 – percentage of banks that perceived a considerable improvement in their market access × 1.
- b ♦, ■ = forecast.



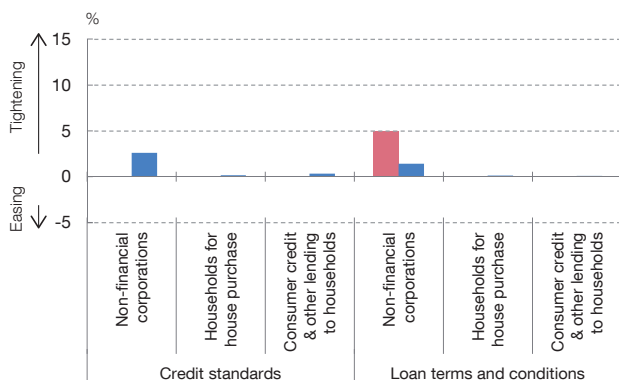
Chart A.2

**THE NPL RATIO APPEARS TO HAVE CONTRIBUTED TO SOME TIGHTENING IN THE LOAN SUPPLY, BOTH IN SPAIN AND IN THE EURO AREA, IN 2021 H1**

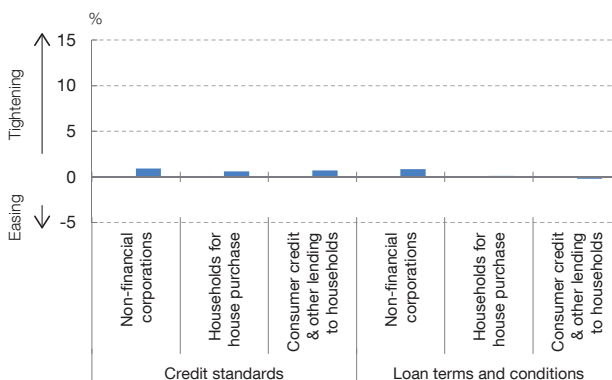
Banks in both areas reported that the NPL ratio in 2021 H1 contributed to a slight tightening in supply in the loans to enterprises segment, with virtually no impact on the other segments. The outlook for H2 suggests that, in Spain, this ratio will have no impact on any of the segments analysed.

1 IMPACT OF NPL RATIO ON LENDING POLICY

1.1 PAST SIX MONTHS

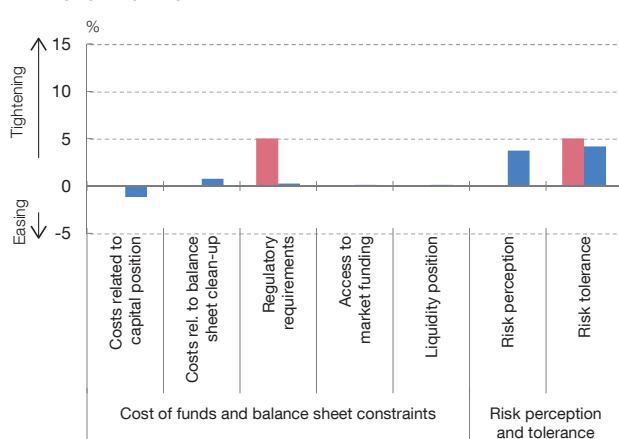


1.2 NEXT SIX MONTHS

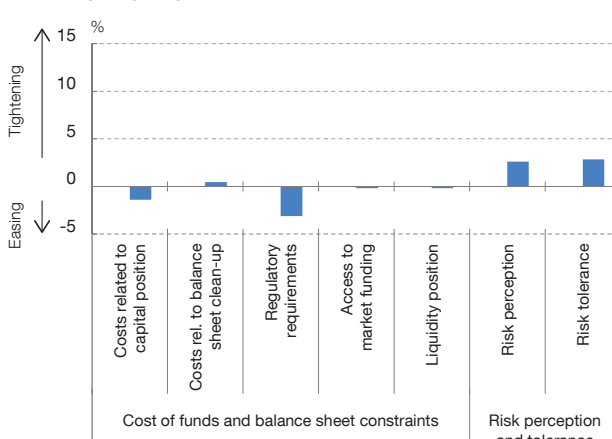


2 CONTRIBUTION OF FACTORS (a)

2.1 PAST SIX MONTHS



2.2 NEXT SIX MONTHS



■ SPAIN ■ EURO AREA

SOURCES: ECB and Banco de España.

a Indicator = percentage of banks reporting that this has contributed considerably to the tightening of credit standards × 1 + percentage of banks reporting that it has contributed somewhat to the tightening × 1/2 – percentage of banks reporting that it has contributed somewhat to the easing of credit standards × 1/2 – percentage of banks reporting that it has contributed considerably to the easing × 1.



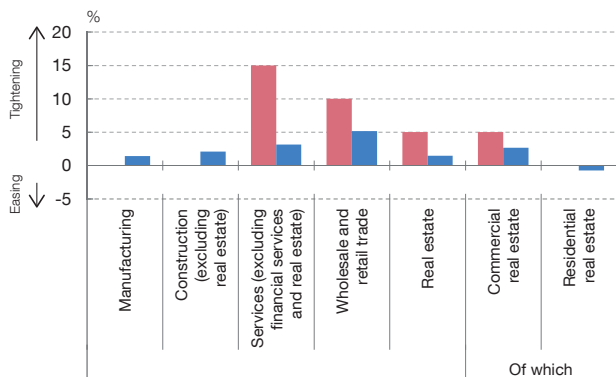
Chart A.3

**IN 2021 H1, THE TIGHTENING OF LOAN SUPPLY WAS MORE INTENSE IN THE SERVICES AND TRADE SECTORS IN SPAIN AND THE EURO AREA. DEMAND DECREASED IN SPAIN AND INCREASED SLIGHTLY IN ALL SEGMENTS IN THE EURO AREA**

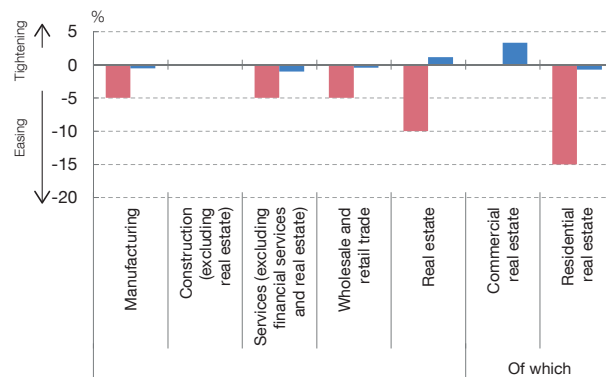
During 2021 H1, credit standards and terms and conditions tightened slightly in both areas, affecting most sectors. The tightening was more intense in sectors whose activity was more affected by the crisis (such as services, trade and non-residential real estate activities), especially in the case of Spain. Loan demand fell in Spain in all sectors while, in the euro area, it increased slightly in nearly all segments of activity.

1 CHANGE IN CREDIT STANDARDS BY ECONOMIC SECTOR (a)

1.1 PAST SIX MONTHS

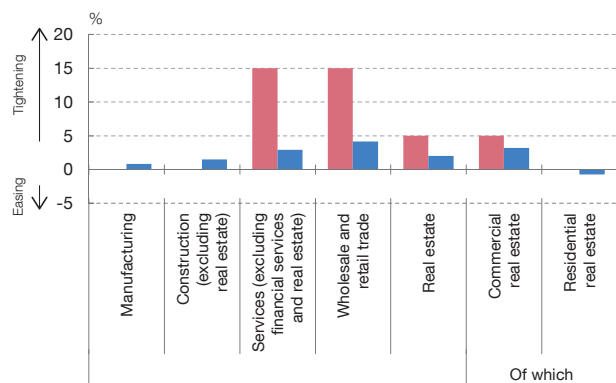


1.2 NEXT SIX MONTHS

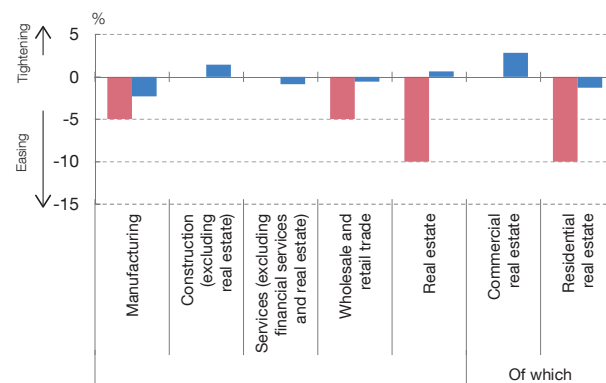


2 CHANGE IN LOAN TERMS AND CONDITIONS BY ECONOMIC SECTOR (a)

2.1 PAST SIX MONTHS

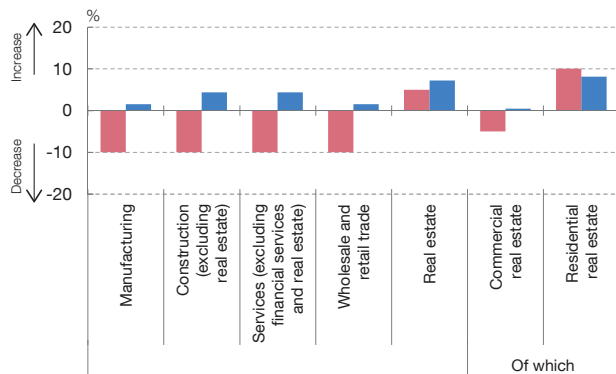


2.2 NEXT SIX MONTHS

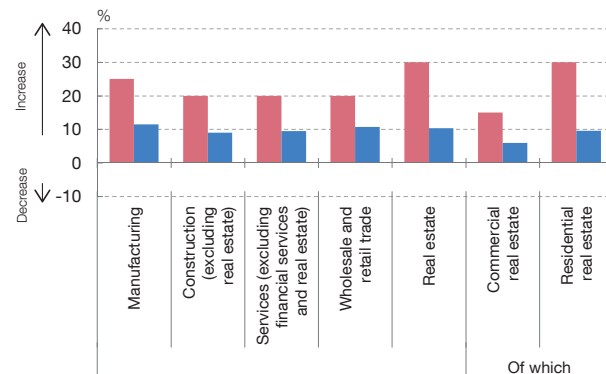


3 CHANGE IN LOAN DEMAND BY ECONOMIC SECTOR (b)

3.1 PAST SIX MONTHS



3.2 NEXT SIX MONTHS



■ SPAIN ■ EURO AREA

SOURCES: ECB and Banco de España.

- a Indicator = percentage of banks reporting that they have tightened their credit standards or terms and conditions considerably × 1 + percentage of banks reporting that they have tightened their credit standards or terms and conditions somewhat × 1/2 – percentage of banks reporting that they have eased their credit standards or terms and conditions somewhat × 1/2 – percentage of banks reporting that they have eased their credit standards or terms and conditions considerably.
- b Indicator = percentage of banks reporting a considerable increase × 1 + percentage of banks reporting some increase × 1/2 – percentage of banks reporting some decrease × 1/2 – percentage of banks reporting a considerable decrease × 1.



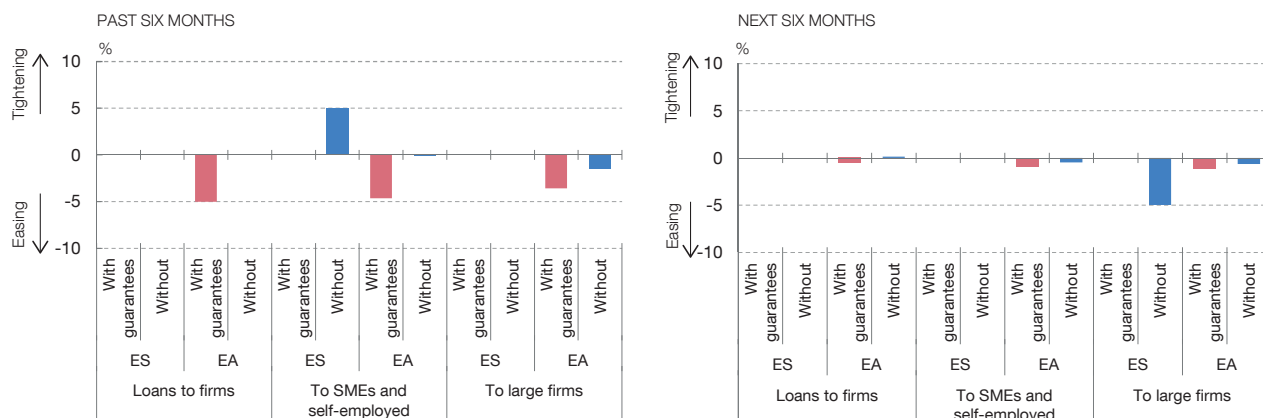
Chart A.4

### THE SUPPLY OF LOANS GRANTED UNDER THE GOVERNMENT GUARANTEE PROGRAMME CONTINUED TO EASE IN THE EURO AREA AND BARELY CHANGED IN SPAIN IN 2021 H1

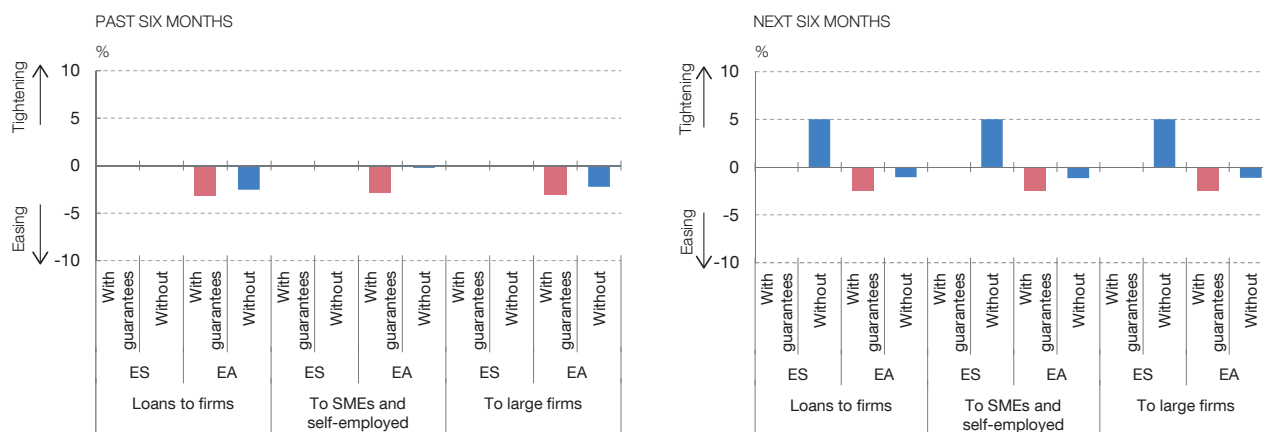
In 2021 H1 the supply of loans with public guarantees remained unchanged in Spain, whereas in the euro area the credit standards and terms and conditions on these loans eased slightly. As regards loans without a guarantee, Spain saw a slight tightening of the credit standards for loans to SMEs and the self-employed, and stability in loans to large firms.

#### 1 LOANS TO FIRMS WITH AND WITHOUT COVID-19-RELATED GOVERNMENT GUARANTEES (a)

##### 1.1 CHANGE IN CREDIT STANDARDS



##### 1.2 CHANGE IN TERMS AND CONDITIONS ON LOANS



SOURCES: ECB and Banco de España.

a Indicator = percentage of banks that have tightened their credit standards or terms and conditions considerably × 1 + percentage of banks that have tightened their credit standards or terms and conditions somewhat × 1/2 – percentage of banks that have eased their credit standards or terms and conditions somewhat × 1/2 – percentage of banks that have eased their credit standards or terms and conditions considerably × 1.

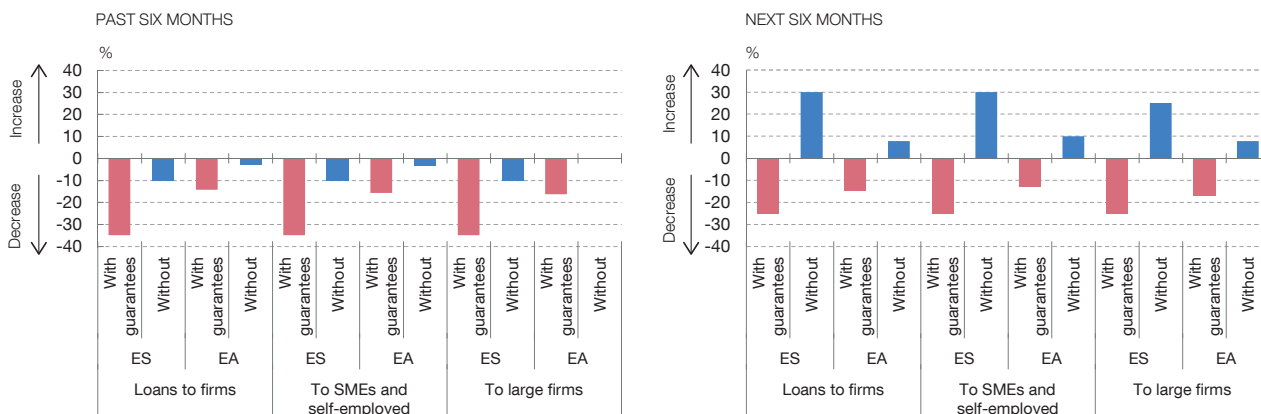


Chart A.5

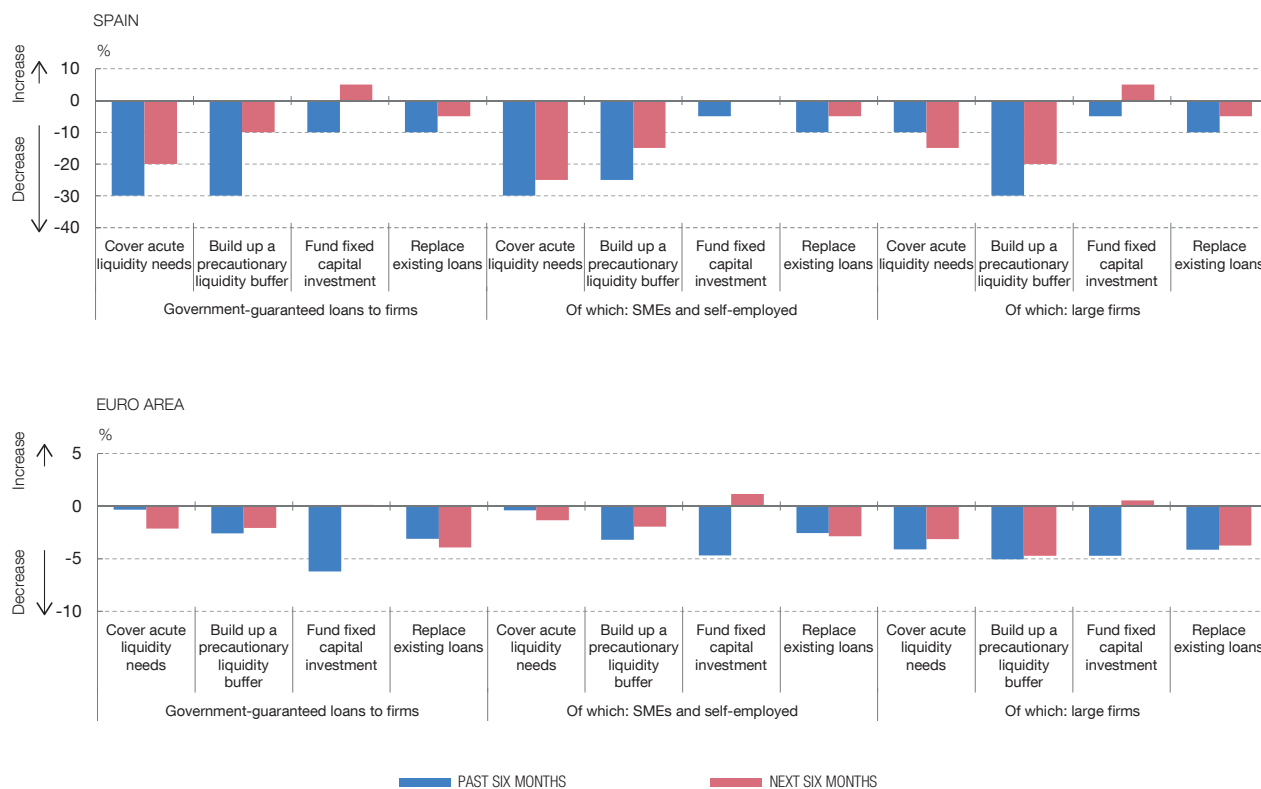
**IN 2021 H1 DEMAND FOR LOANS WITH GOVERNMENT GUARANTEES DECREASED IN BOTH AREAS**

Between January and June both areas saw a decline in demand for loans with and without government guarantees, which was particularly acute in the case of the former. The main factors behind the decline in applications for loans with government guarantees in Spain would be firms' lower acute liquidity needs and the decline in demand for precautionary liquidity buffers.

1 CHANGE IN DEMAND FOR LOANS WITH AND WITHOUT COVID-19-RELATED GOVERNMENT GUARANTEES (a)



2 REASONS FOR APPLYING FOR LOANS WITH COVID-19-RELATED GOVERNMENT GUARANTEES (b)



SOURCES: ECB and Banco de España.

- a Indicator = percentage of banks reporting a considerable increase × 1 + percentage of banks reporting some increase × 1/2 – percentage of banks reporting some decrease × 1/2 – percentage of banks reporting a considerable decrease × 1.
- b Indicator = percentage of banks reporting that the reason has contributed considerably to increasing demand × 1 + percentage of banks reporting that it has contributed somewhat to increasing demand × 1/2 – percentage of banks reporting that it has contributed somewhat to reducing demand × 1/2 – percentage of banks reporting that it has contributed considerably to reducing demand × 1.

