



EUROPEAN CENTRAL BANK

EUROSYSTEM

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# PRESS RELEASE

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## Results of the July 2019 euro area bank lending survey

- Credit standards tightened for loans to enterprises amid concerns about the economic outlook
- Loan demand increased across all loan categories
- Access to funding by euro area banks continued to improve

[Credit standards](#) – i.e. banks' internal guidelines or loan approval criteria – [for loans to enterprises](#) tightened in the second quarter of 2019 (with a net percentage of 5%) according to the July 2019 bank lending survey (BLS), while banks had expected a slight net easing in the previous survey round. [Credit standards for loans to households for house purchase](#) remained broadly unchanged (net percentage of reporting banks at -1%, after 3% in the first quarter of 2019), and [credit standards for consumer credit and other lending to households](#) continued to tighten (with a net percentage of 4%, increasing from 2% in the previous round). Lower risk tolerance and, for loans to enterprises, heightened risk perceptions, accompanied by higher cost of funds and balance sheet constraints, contributed to the tightening of credit standards across loan categories, while competitive pressures continued to contribute to an easing of credit standards. For the third quarter of 2019, banks expect credit standards to remain unchanged for loans to enterprises and housing loans, and to ease for consumer credit.

[Banks' overall terms and conditions](#) – i.e. the actual terms and conditions agreed in loan contracts – tightened in the second quarter of 2019 for new loans to enterprises, while they remained unchanged for housing loans and eased for consumer credit.

Net [demand for loans to enterprises](#) increased in the second quarter of 2019, in line with expectations and consistent with the buoyancy of corporate demand for credit since 2014. It was supported by the low general level of interest rates and fixed investment, albeit to a lesser extent. M&A activity also contributed to the expansion in demand. The contribution coming from the accumulation of inventories and the recourse to working capital was marginally negative for the first time since 2013. [Net demand for housing loans](#) continued to increase in the second quarter of 2019, driven mainly by the low general level of

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interest rates, with increased contributions from positive housing market prospects, increased consumer confidence, new regulatory and fiscal regimes of housing markets in some jurisdictions and favourable debt renegotiations compared to previous quarters. For [consumer credit and other lending to households](#), the low general level of interest rates and spending on durable goods contributed positively to demand, although to a decreasing degree. A rebound in consumer confidence, which had faltered in the previous quarter for the first time since the second quarter of 2014, helped to prop up demand for consumer credit.

Banks reported in net terms that access to wholesale funding continued to improve in the second quarter of 2019 for debt securities and to a smaller extent also for money markets, while access to securitisation improved slightly. Banks also indicated an improvement in retail funding for the second quarter of 2019.

Euro area banks continued to strengthen their capital position against the backdrop of regulatory or supervisory actions in the first half of 2019. At the euro area level, banks reported a tightening impact on their credit standards across all loan categories, with further tightening expected for the next six months. Regarding the impact of non-performing loan (NPL) ratios on credit standards, banks reported a tightening for all loan categories in the first half 2019, although the impact was less pronounced than in the previous semester for loans to enterprises and housing loans. Risk perceptions and risk aversion were the main drivers of the tightening impact of NPL ratios.

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 July 2019 survey relate to changes observed in the second quarter of 2019 and expected changes in the third quarter of 2019, unless otherwise indicated. The July 2019 survey round was conducted between 17 June and 2 July 2019. A total of 144 banks were surveyed in this round, with a response rate of 99%.

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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](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](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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