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JANUARY 2021 BANK LENDING SURVEY IN SPAIN

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ABSTRACT

According to the Bank Lending Survey, during 2020 Q4, both in Spain and in the euro area there was a slight contraction in the credit supply, linked to banks' higher risk perceptions, against a background of a worsening economic outlook, which was also reflected in lower demand for loans. These trends were recorded in most of the segments analysed. In a similar vein, according to the banks responding, the NPL ratio contributed in both areas to a slight tightening of credit standards in loans to firms and consumer credit and other lending to households. In 2020 H1, credit standards and the terms and conditions on loans with government guarantees eased considerably in both areas, while a contraction was observed in the supply of loans without guarantees in the same period. Furthermore, applications for loans with guarantees rose robustly between January and June, both in Spain and in the euro area, owing to firms' higher liquidity needs in those months and the need to build up precautionary liquidity buffers, while the demand for loans without guarantees dropped significantly.

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

JEL classification: E51, E52, G21.

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Main results

This article presents the results of the January 2021 Bank Lending Survey (BLS), which provides information on credit supply and demand conditions in 2020 Q4, and on the outlook for 2021 Q1.[1] This round includes ad hoc questions on access to retail and wholesale funding markets, the impact of regulatory and supervisory actions, the influence of banks' NPL ratios on their lending policies, changes in loan supply and demand by economic sector, and their breakdown between loans with government guarantees, implemented in the context of the COVID-19 crisis, and other loans without these guarantees.[2] 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.[3]

The survey results show that, in 2020 Q4, there was a slight contraction in the credit supply in both areas, owing to banks' increased risk perceptions, linked to the worsening outlook for the general economic situation and for the solvency of borrowers and specific sectors. That affected credit standards and the loan terms and conditions applied to most of the segments analysed. The only exceptions were, in Spain, the segment of loans to households for house purchase, in which supply remained flat, and, in the euro area, the segment of consumer credit and other lending to households, in which the terms and conditions applied remained unchanged (see Table 1 and Chart 1).

In Spain loan demand decreased slightly between October and December in all segments. In the euro area loan applications from firms and from households for

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 This biannual question was included for the first time in the survey and, consequently, refers to the first and second halves of 2020 and the projections for the first half of 2021.

3 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.

Table 1
BANK LENDING SURVEY
Main results. January 2021

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

SOURCES: Banco de España and ECB.

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

consumer credit and other lending also fell, while applications from households for house purchase rose slightly (see Chart 1).

For 2021 Q1, Spanish banks expect credit standards to tighten again in the loans to firms segment and to remain unchanged in lending to households, while in the euro area loan supply is expected to continue to contract for all types of lending. Turning to demand, in Spain loan applications from firms and from households for house purchase are expected to decline and applications from households for consumer credit and other lending are expected to remain unchanged. Conversely, in the euro area demand for loans to firms and demand for consumer credit and other lending to households are expected to increase, while loans to households for house purchase are expected to decline slightly.

In response to the first of the ad hoc questions included in the survey, Spanish banks reported that in 2020 Q4 access to retail markets remained unchanged, whereas euro area banks indicated that they improved slightly. Euro area banks perceived a widespread improvement in wholesale markets, whereas Spanish banks observed greater heterogeneity (see Chart A.1).

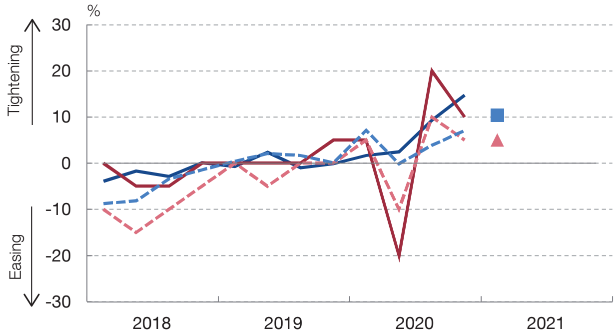
Chart 1

SLIGHT TIGHTENING OF LOAN SUPPLY AND FALL IN DEMAND, IN ALMOST ALL SEGMENTS ANALYSED, IN 2020 Q4

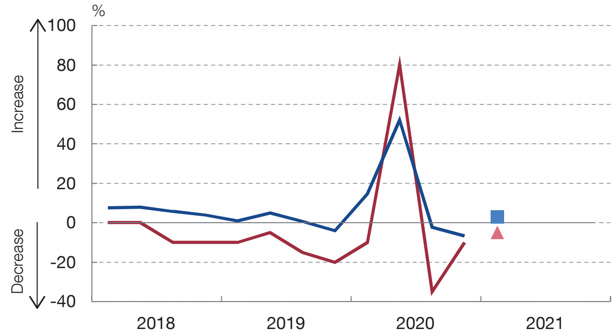
In 2020 Q4 the loan supply tightened slightly in both areas, which affected both credit standards and the terms and conditions applied to most segments analysed (except, in Spain, loans to households for house purchase, which remained unchanged, and, in the euro area, consumer credit and other lending to households, in which the terms and conditions applied remained stable). Loan demand declined somewhat in Spain across all segments. In the euro area applications from firms and from households for consumer credit and other lending also decreased, while households' applications for loans for house purchase rose slightly.

1 LOANS TO NON-FINANCIAL CORPORATIONS

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

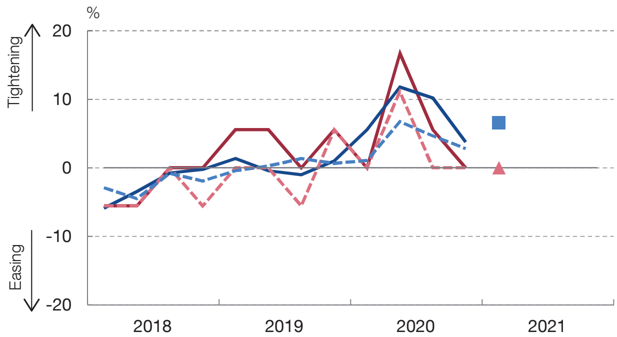


1.2 CHANGE IN DEMAND (b)

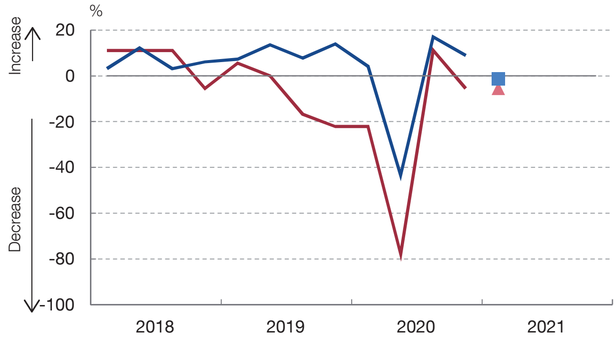


2 LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

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

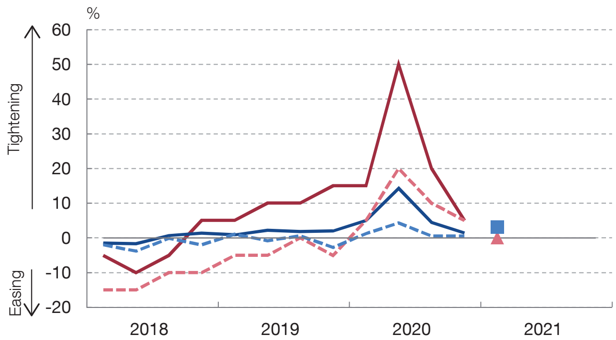


2.2 CHANGE IN DEMAND (b)



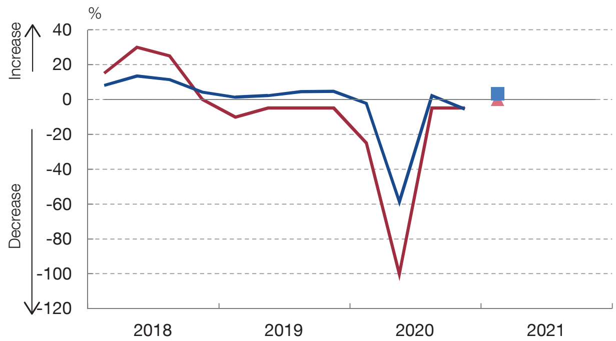
3 CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

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



CREDIT STANDARDS. SPAIN
CREDIT STANDARDS. EURO AREA
FORECAST CREDIT STANDARDS. SPAIN
FORECAST CREDIT STANDARDS. EURO AREA
TERMS AND CONDITIONS. SPAIN
TERMS AND CONDITIONS. EURO AREA

3.2 CHANGE IN DEMAND (b)



SPAIN
FORECAST. SPAIN
EURO AREA
FORECAST. EURO AREA

SOURCES: Banco de España and ECB.

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.

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The banks in both areas indicated that the effect, during 2020, of regulatory and supervisory actions on capital, leverage and liquidity contributed to an increase in total assets (and, in the euro area, also in risk-weighted assets) and in capital levels, and to a slight easing of their funding conditions. Furthermore, these measures prompted the credit supply to contract slightly in both areas (see Chart A.2).

Turning to the impact of the NPL ratio on lending policy, banks in both areas indicated that the observed and expected changes in this ratio led to a tightening of the credit supply in loans to firms and consumer credit and other lending to households in 2020 H2 (see Chart A.3). It is anticipated that these effects will possibly continue both in Spain and in the euro area during 2021 H1.

With regard to credit supply by economic sector during 2020 H2, according to the replies received, in both areas there was a slight tightening of the credit standards and of the terms and conditions applied in all branches of activity, which was generally sharper in Spain than in the euro area. Loan demand declined in Spain across all sectors, while in the euro area as a whole the changes were very small and included both rises and falls.

Lastly, banks in both areas stated that, in 2020 H1, both credit standards and the terms of conditions applied to loans with government guarantees eased notably, whereas the supply of loans without government guarantees contracted during the same period. In 2020 H2, the changes in credit supply for guaranteed loans were negligible in the case of the euro area and non-existent in Spain. By contrast, the credit supply for loans without guarantees tightened slightly again, albeit more moderately than in H1. As for demand, lending in the form of guaranteed loans rose sharply between January and June, in Spain and in the euro area, owing both to the higher liquidity needs experienced by firms in this period and for precautionary reasons, whereas demand for loans without guarantees fell off sharply. In H2, applications for guaranteed loans declined and applications for loans without guarantees increased moderately in Spain, whereas the changes in the euro area were not very significant.

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 credit standards for loans in the non-financial corporations segment tightened again in 2020 Q4, albeit to a lesser extent than in the previous quarter, and that loans both to large firms and to SMEs were affected. The breakdown by maturity reflects this same pattern in long and short-term loans. The main explanation for the contraction of the credit supply are heightened risk perceptions, linked to the worsening outlook both for the general economic situation and the solvency of borrowers and specific sectors (see Chart 2).

The overall terms and conditions on new loans also tightened slightly in 2020 Q4, mainly on account of banks' increased risk perceptions and lower risk tolerance. A more detailed analysis reveals a slight increase in the margins on both average and riskier loans, a decrease in loan volumes and an increase in collateral requirements (see Chart 2). The breakdown by firm size shows that the overall terms and conditions of new loans tightened moderately in lending to SMEs and to large firms. The percentage of rejected loan applications increased slightly in 2020 Q4.

According to the responses received, demand for loans from firms fell between October and December for the second consecutive quarter. The breakdown by size and by maturity both show the same downward pattern. Based on the responses received, applications decreased mainly as a result of lower fixed capital investment, firms' diminished liquidity needs for financing inventories and working capital, and smaller financing needs for mergers and acquisitions (see Chart 3). By contrast, the increase in debt restructuring contributed to a slight increase in loan applications.

Loans to households for house purchase

According to the banks surveyed, credit standards for loans to households for house purchase in Spain remained broadly unchanged in 2020 Q4. This stems from a combination of opposing effects, as while the higher cost of funds and balance sheet constraints had a somewhat tightening impact on loan supply, strong competition between banks led to a degree of easing. The overall terms and conditions on these loans have also undergone little change. A more detailed analysis reveals that both margins (on average and riskier loans) and the other terms and conditions (collateral, volume, maturity, non-interest rate charges) remained unchanged. Lastly, there was a slight increase in the percentage of loan applications rejected.

Banks perceived a small decline in demand for housing loans in 2020 Q4, mostly owing to the drop in consumer confidence and, to a lesser extent, to the deterioration in housing market prospects. And this, despite the slightly favourable effect associated with low interest rates and higher debt restructuring (see Chart 3).

Consumer credit and other lending to households

Credit standards for consumer credit and other lending tightened somewhat in 2020 Q4, continuing the pattern observed since end-2018, albeit more moderately on this occasion (see Chart 1). As in the case of loans to firms, according to the

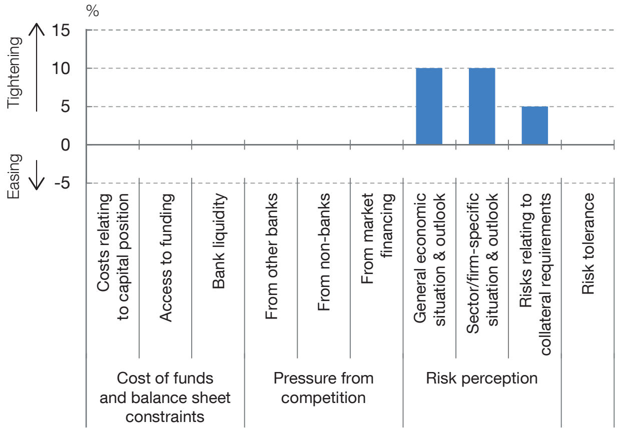
Chart 2

IN SPAIN INCREASED RISK PERCEPTIONS LED TO A TIGHTENING OF THE LOAN SUPPLY IN 2020 Q4

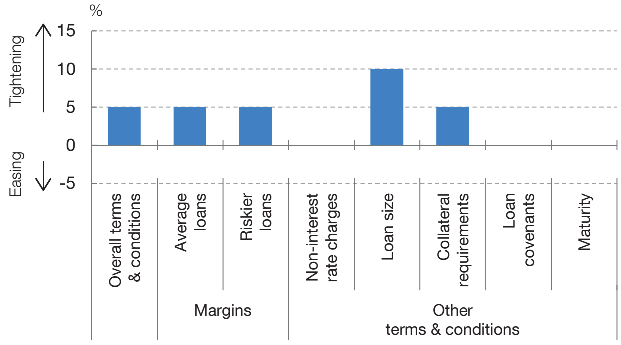
Increased risk perceptions against a background of deterioration both in the general economic situation and the solvency of borrowers and specific sectors were the main explanation for the tightening of credit standards on loans to firms and households for consumer credit and other lending. The terms and conditions on new loans tightened in these segments and remained unchanged in loans to households for house purchase.

1 LOAN SUPPLY: NON-FINANCIAL CORPORATIONS

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

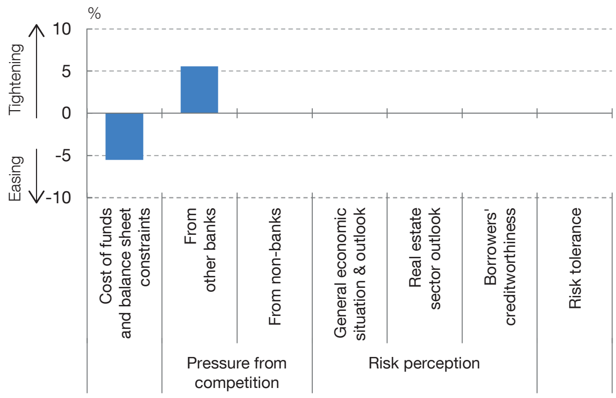


1.2 CHANGES IN LOAN TERMS AND CONDITIONS (b)

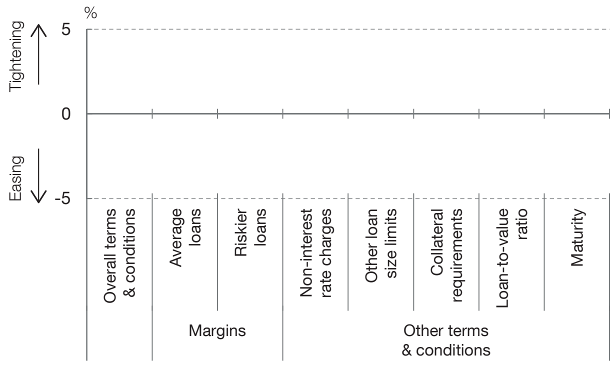


2 LOAN SUPPLY: HOUSEHOLDS FOR HOUSE PURCHASE

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

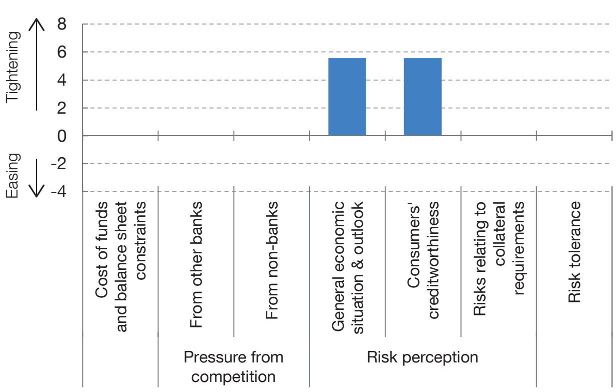


2.2 CHANGES IN LOAN TERMS AND CONDITIONS (b)

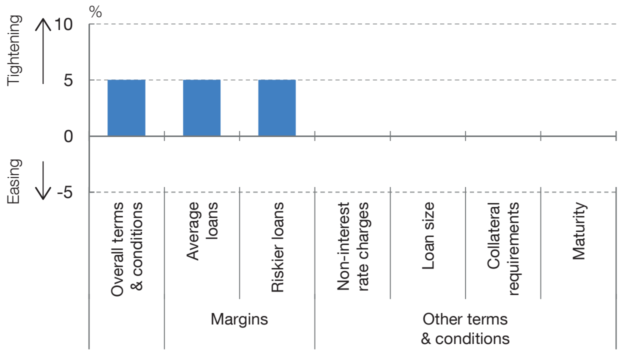


3 LOAN SUPPLY: CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

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



3.2 CHANGES IN LOAN TERMS AND CONDITIONS (b)



SOURCES: Banco de España and ECB.

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.

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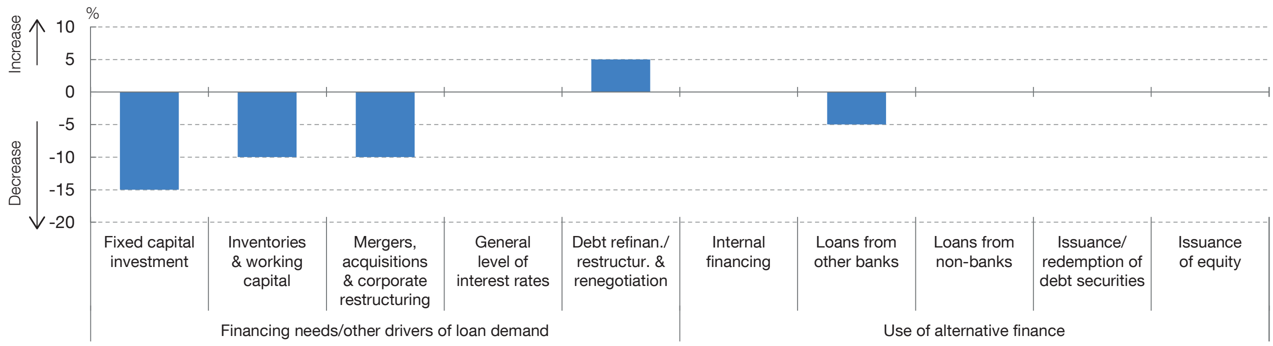
Chart 3

THE DROP IN SPENDING AND THE DETERIORATION OF THE ECONOMIC SITUATION EXPLAIN THE LOWER DEMAND FOR LOANS IN 2020 Q4

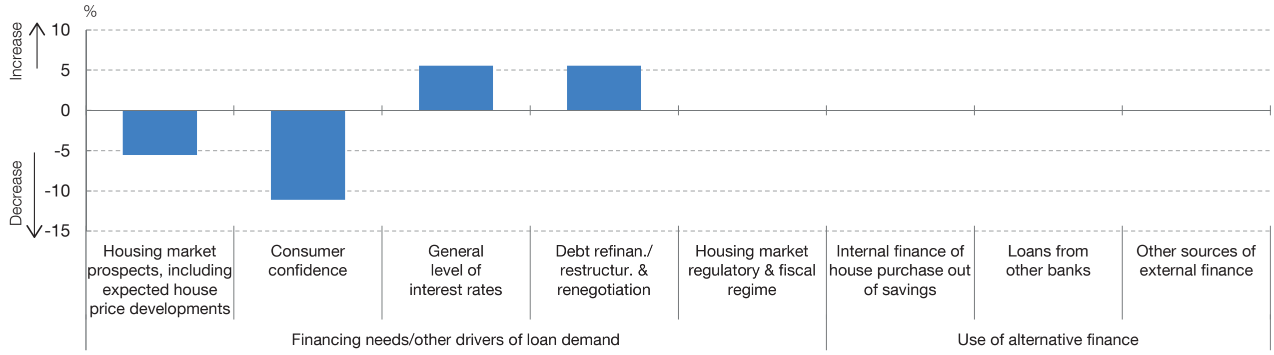
Loan demand from firms decreased mainly as a result of lower fixed capital investment and diminished needs for financing inventories and working capital and also mergers, acquisitions and corporate restructuring. Demand also declined in the segment of loans to households for house purchase on account of the worsening prospects for this market and lower consumer confidence, a factor which, together with the drop in spending on durable consumer goods, explains lower applications for consumer credit and other lending.

1 FACTORS AFFECTING THE CHANGE IN DEMAND FOR LOANS (a)

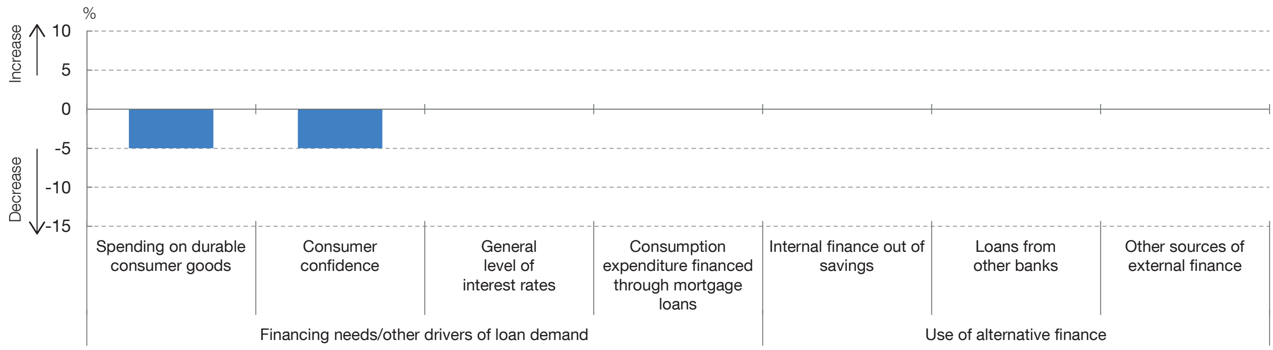
1.1 DEMAND FOR LOANS TO NON-FINANCIAL CORPORATIONS



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.

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banks' responses higher risk perceptions, relating to the deterioration of the general economic outlook and the decline in the perceived creditworthiness of borrowers, were the main factor affecting the supply of consumer credit and other lending (see Chart 2). The overall terms and conditions also tightened somewhat, primarily as a result of higher perceived risk and lower risk tolerance among banks, which resulted in higher margins both on average and riskier loans. All other terms and conditions remained broadly unchanged. The percentage of rejected loan applications rose again in 2020 Q4.

Demand for loans in the consumer credit and other lending segment fell slightly in 2020 Q4. According to the banks surveyed, this was mainly due to a decline in consumer confidence and a fall in spending on durable consumer goods (see Chart 3).

Ad hoc questions

Spanish banks perceived no significant change in access to retail funding markets in 2020 Q4 (see Chart A.1). But they saw some improvement in access to wholesale funding markets, specifically money markets and debt securities markets, together with a moderate deterioration in the capacity to transfer credit risk off the balance sheet, while access to the securitisation market remained unchanged.

According to the banks surveyed, regulatory and supervisory action on capital, leverage and liquidity gave rise to a slight increase in total assets (although not risk-weighted assets) and capital levels in 2020 (see Chart A.2). In addition, this action eased their funding conditions, slightly tightened their credit standards on loans to households (both segments) and widened the margins on consumer credit and other lending to households.

As regards the impact of NPL ratios on lending policy, the banks surveyed highlighted that in 2020 H2 the change observed and expected in these ratios contributed to a slight tightening of the loan supply, in loans to firms and in consumer credit and other lending to households (see Chart A.3). The main drivers behind this change were banks' heightened risk perceptions and, to a lesser extent, the higher cost of funds and banks' lower risk tolerance.

In response to the question on loan supply and demand by economic sector, the banks reported that in 2020 H2 both credit standards and loan terms and conditions underwent widespread tightening, albeit more so in retail, construction and real estate. Demand fell in all sectors, but most sharply in retail and real estate.

Lastly, the banks surveyed reported that the credit standards and terms and conditions on loans to firms and the self-employed under the COVID-19-related government guarantee programme eased in 2020 H1, especially for loans to SMEs and sole proprietors. Conversely, in the same period, credit standards tightened for loans without guarantees, as did loan terms and conditions, albeit to a lesser extent (see Chart A.5).[4] In 2020 H2 the loan supply for loans with guarantees remained unchanged, whereas credit standards for loans without guarantees continued to tighten, albeit more moderately than in H1. In terms of demand, the guarantee programme explains the growth in firms' loan applications in 2020 H1, in response to the need to meet their liquidity shortfalls and build up precautionary liquidity buffers. By contrast, demand for loans without guarantees collapsed in H1 (see Chart A.6). In 2020 H2 applications for loans with guarantees fell, while applications for loans without guarantees rose slightly.

Outlook

For the current quarter, the Spanish banks surveyed anticipated that credit standards on loans to firms would tighten somewhat, while those on loans to households would see no major changes (see Table 1 and Chart 1). On the demand side, banks expected that loan applications from firms and from households for house purchase would continue to decline, while those from households for consumer credit and other lending would remain unchanged.

The banks surveyed envisaged a stable outlook for their access to funding, both on retail and most wholesale markets, in 2021 Q1. The exception was the debt securities market, where they expected access to improve slightly (see Chart A.1).

As a consequence of the regulatory and supervisory action on capital, leverage and liquidity, the banks surveyed anticipated that total and risk-weighted assets and capital levels would rise in 2021 (see Chart A.2). They expect this action to continue to ease their funding conditions and to contribute to some tightening of credit standards in both household lending segments, and to a widening of margins in consumer credit and other lending to households. By contrast, they also believe this action could lead to some degree of easing of the loan supply for lending to large firms.

For 2021 H1, the banks surveyed expected their NPL ratios to have a slightly tightening impact on credit standards for loans to firms and consumer credit and other lending to households, but no impact on the terms and conditions in any of the three segments (see Chart A.3). The reasons given for this expected tightening of credit standards were primarily banks' heightened risk perceptions and, to a lesser

4 For more details in this respect, see Alves et al., "The role of the public guarantee programme in the recent buoyancy in lending to the self-employed and non-financial corporations", Box 1 of "Recent developments in financing and bank lending to the non-financial private sector", Analytical Article, *Economic Bulletin* 4/2020.

extent, their lower risk tolerance, high regulatory pressure and their higher costs related to balance sheet clean-up.

Banks expect to see little change in loan supply and demand by economic sector in 2021 H1. They highlighted just a slight tightening of supply in retail and construction and a small drop in loan applications in those sectors (see Chart A.4).

Lastly, the banks surveyed expected no change in 2021 H1, compared with 2020 levels, in either the credit standards or the terms and conditions for loans granted under the government guarantee programme. They expect to see a very small increase in demand for these loans (see Charts A.5 and A.6).

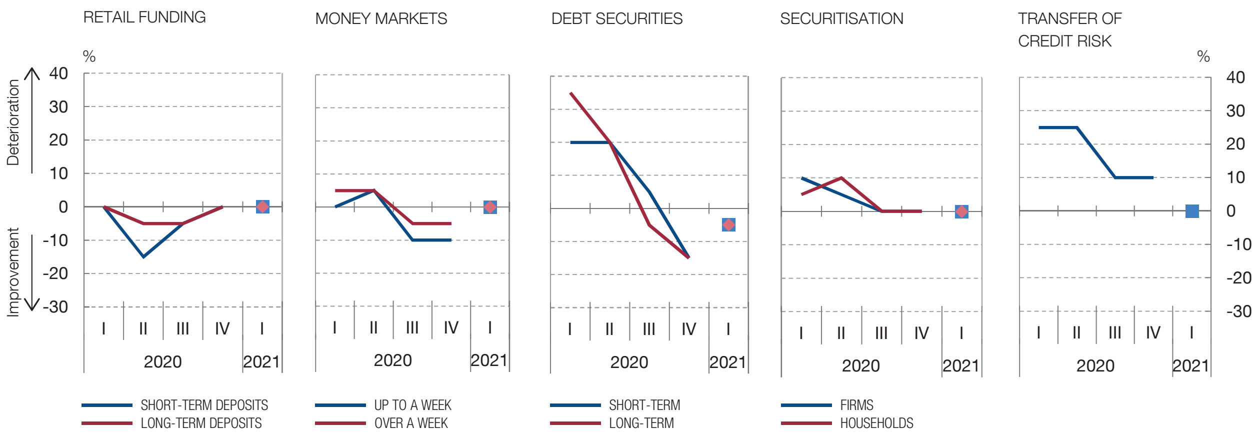
19.1.2021.

Chart A.1

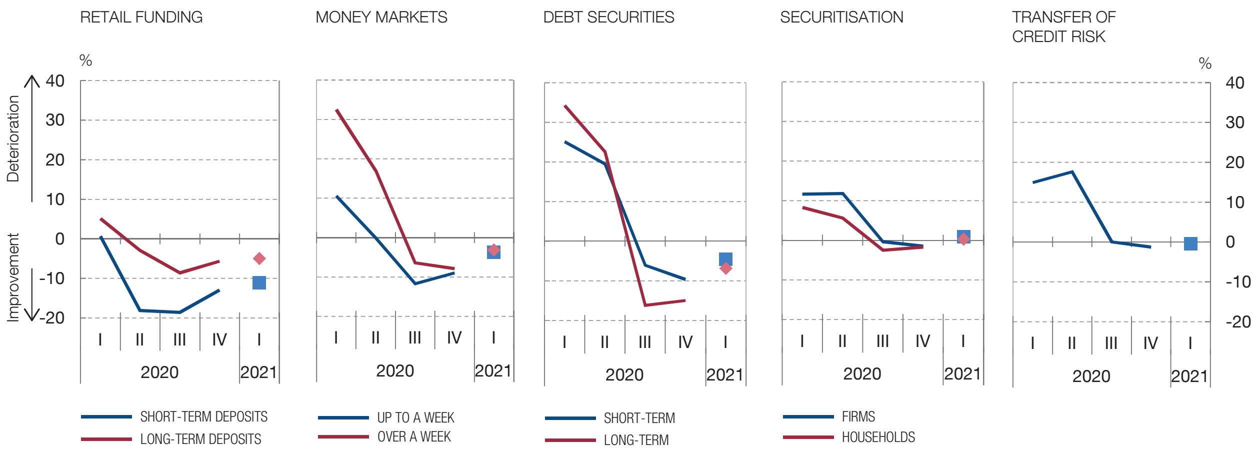
ACCESS TO FUNDING MARKETS REMAINED UNCHANGED OR IMPROVED, BOTH IN SPAIN AND THE EURO AREA, IN ALMOST ALL CASES, IN 2020 Q4

In 2020 Q4, access to retail funding markets remained unchanged in Spain and improved slightly in the euro area overall. Euro area banks perceived a widespread improvement in access to wholesale funding markets, while in Spain it was more uneven, with some improvement in money markets and debt securities markets, a moderate deterioration in the capacity to transfer credit risk off the balance sheet, and no significant change in access to the securitisation market.

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

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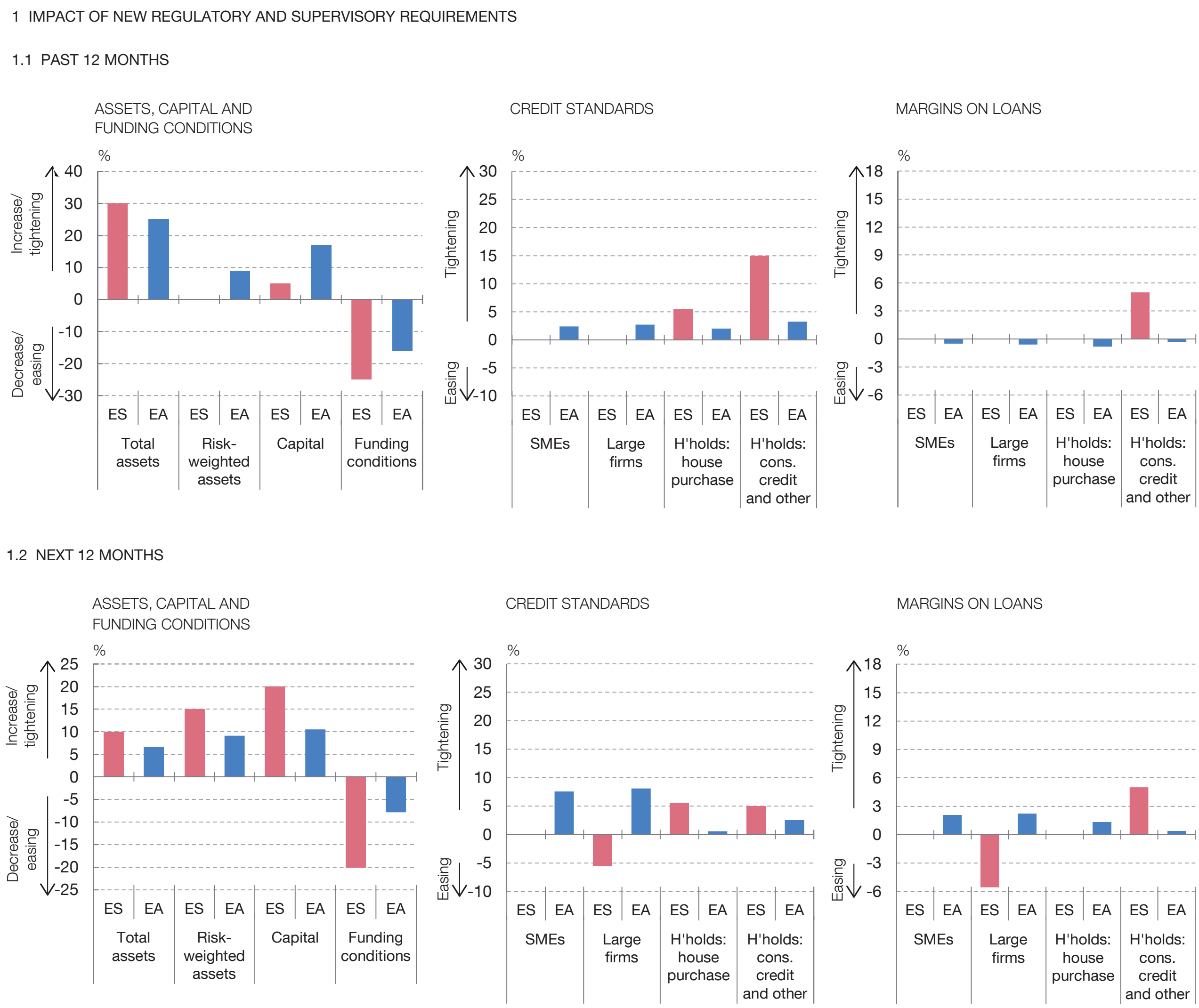
Chart A.2

REGULATORY ACTION HAS DRIVEN UP BANKS' ASSETS AND STRENGTHENED THEIR CAPITAL POSITIONS BOTH IN SPAIN AND THE EURO AREA, AND HAS HELPED IMPROVE THEIR FUNDING CONDITIONS (a)

Spanish and euro area banks reported that regulatory action had contributed to an increase in their total assets (and, in the case of the euro area banks, also their risk-weighted assets) in 2020, and in their capital levels, and to a slight easing of their funding conditions. The action also prompted some tightening of credit standards, which was slightly more intense in the household segment in Spain, as well as an increase in margins on consumer credit and other lending to households in Spain. Looking forward, they expect regulatory action to continue to drive up their assets and capital levels and to improve their funding conditions, and that this will ultimately translate into an easing of credit standards and margins on loans to large firms in Spain.



SOURCES: Banco de España and ECB.

a Indicator = percentage of banks reporting an increase or tightening (as appropriate), less the percentage of banks reporting a decrease or easing (as appropriate), with considerable changes weighted by 1 and minor changes weighted by 1/2.

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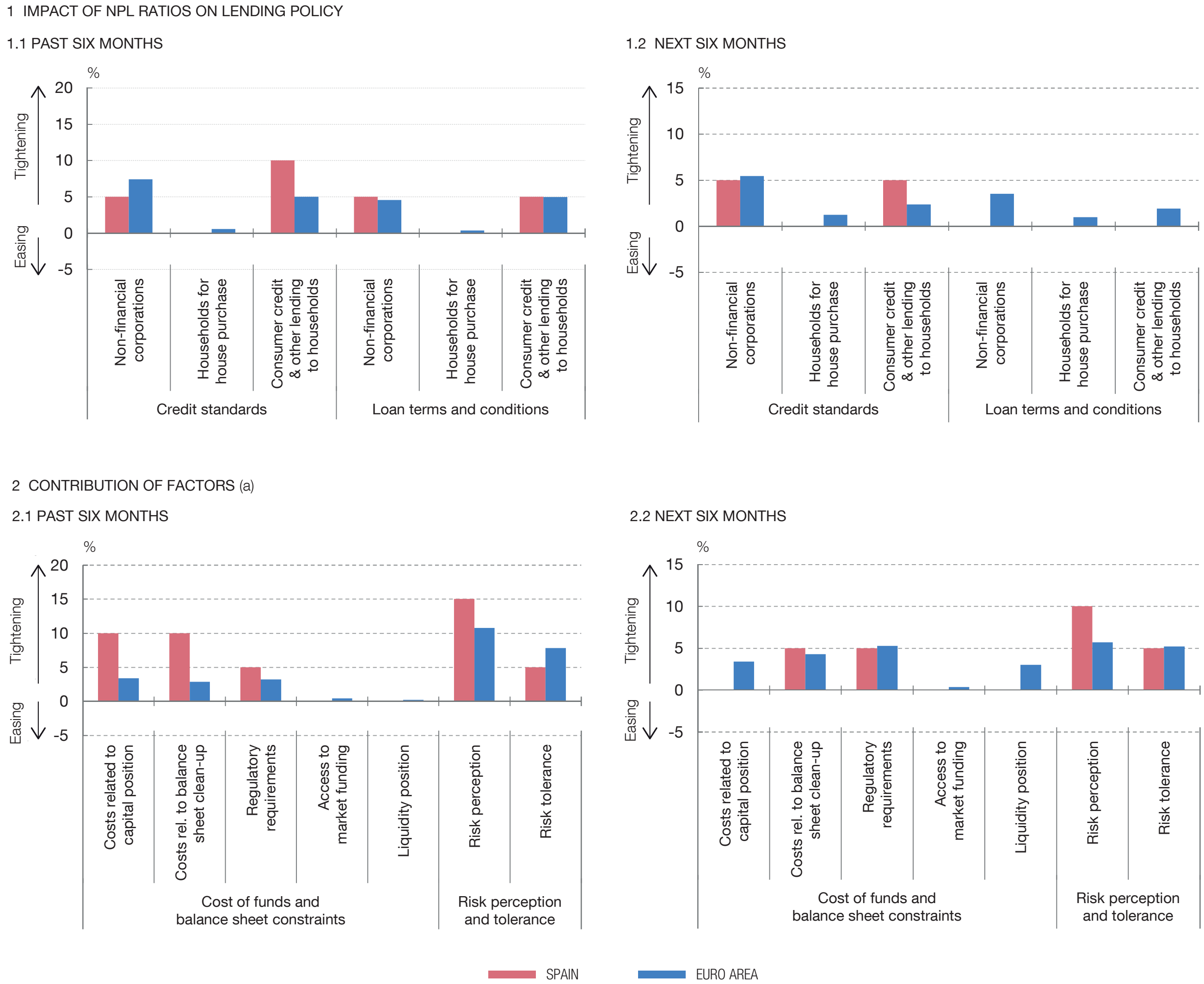
Chart A.3

NPL RATIOS PROMPTED A SLIGHT TIGHTENING OF THE LOAN SUPPLY, BOTH FOR LOANS TO FIRMS AND CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

Spanish and euro area banks reported that NPL levels in 2020 H2 had a tightening impact on loan supply, for loans to firms and for consumer credit and other lending to households. Banks in both areas anticipated that these effects could continue in 2021 H1.



SOURCES: Banco de España and ECB.

a Indicator = percentage of banks reporting that this has made a considerable contribution to the tightening of credit standards × 1 + percentage of banks reporting that it has made some contribution to the tightening × 1/2 – percentage of banks reporting that it has made some contribution to the easing of credit standards × 1/2 – percentage of banks reporting that it has made a considerable contribution to the easing x 1.

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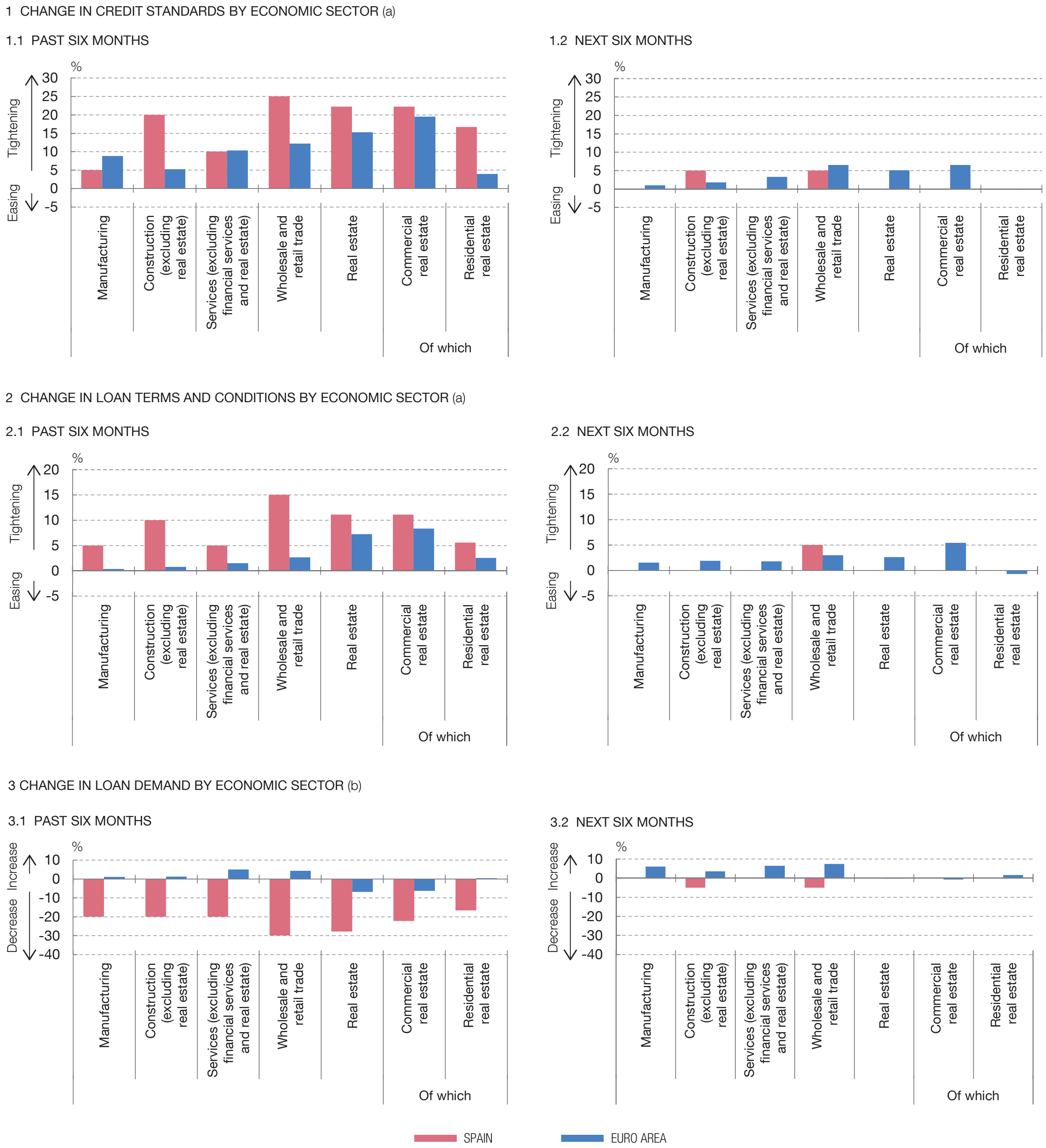
Chart A.4

TIGHTENING OF LOAN SUPPLY IN ALL ECONOMIC SECTORS IN SPAIN AND THE EURO AREA; WIDESPREAD DECLINE IN LOAN DEMAND IN SPAIN

In 2020 H2 credit standards and loan terms and conditions tightened slightly in all economic sectors, both in Spain (in general somewhat more markedly) and in the euro area. Loan demand fell in all sectors in Spain, while in the euro area overall it recorded very low increases/decreases by sector.



SOURCES: Banco de España and ECB.

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 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.

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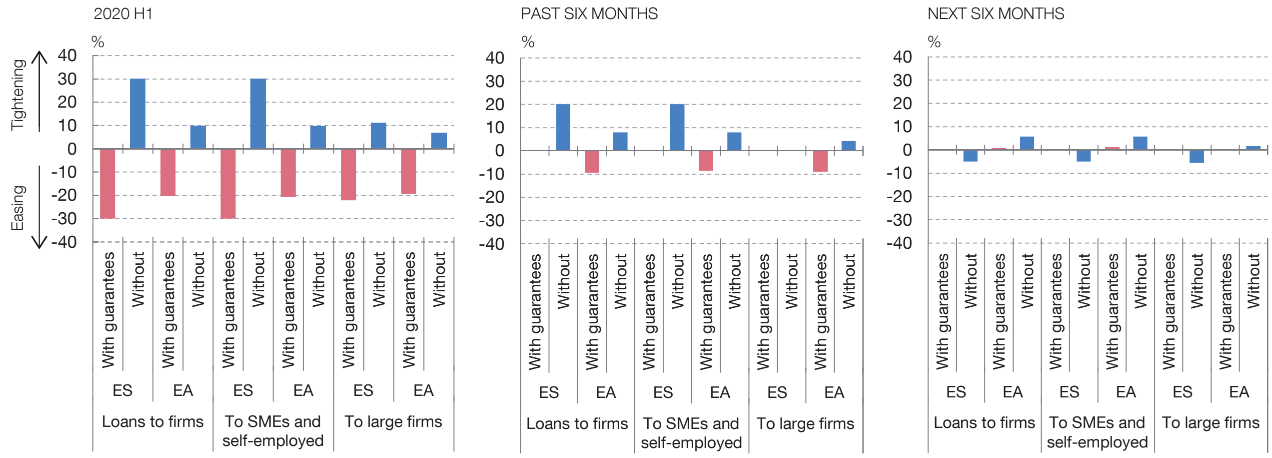
Chart A.5

EASING OF LOAN SUPPLY FOR LOANS GRANTED UNDER THE GOVERNMENT GUARANTEE PROGRAMME

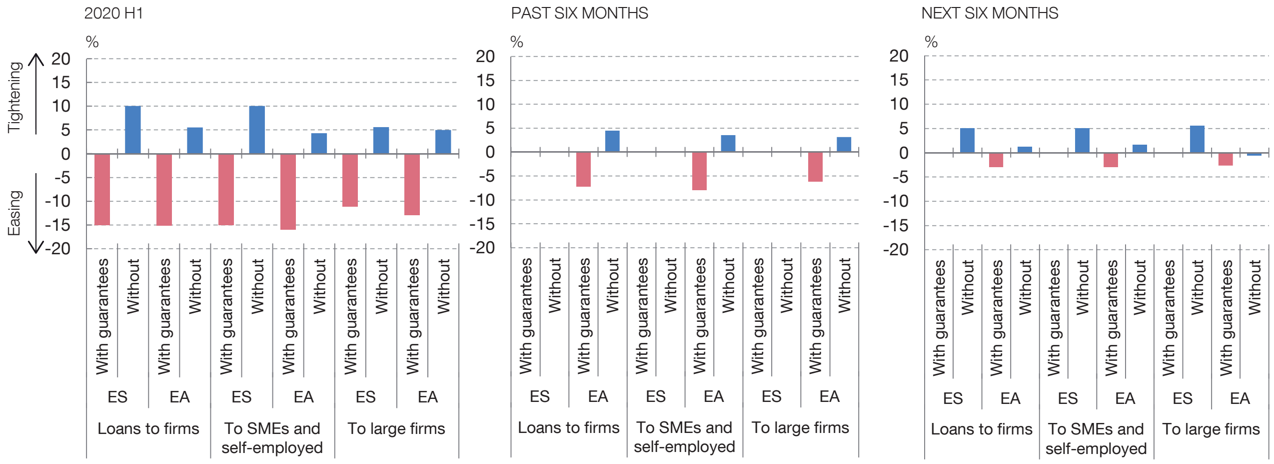
Credit standards and terms and conditions on loans with guarantees eased in 2020 H1, both in Spain and the euro area, while in the case of loans without guarantees the loan supply tightened in that period. In H2 the loan supply for loans with guarantees underwent no further changes in Spain and continued to ease, albeit moderately, in the euro area, whereas credit standards and terms and conditions on loans without guarantees continued to tighten in both cases, albeit more moderately than in H1.

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

1.1 CHANGE IN CREDIT STANDARDS



1.2 CHANGE IN LOAN TERMS AND CONDITIONS



SOURCES: Banco de España and ECB.

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.

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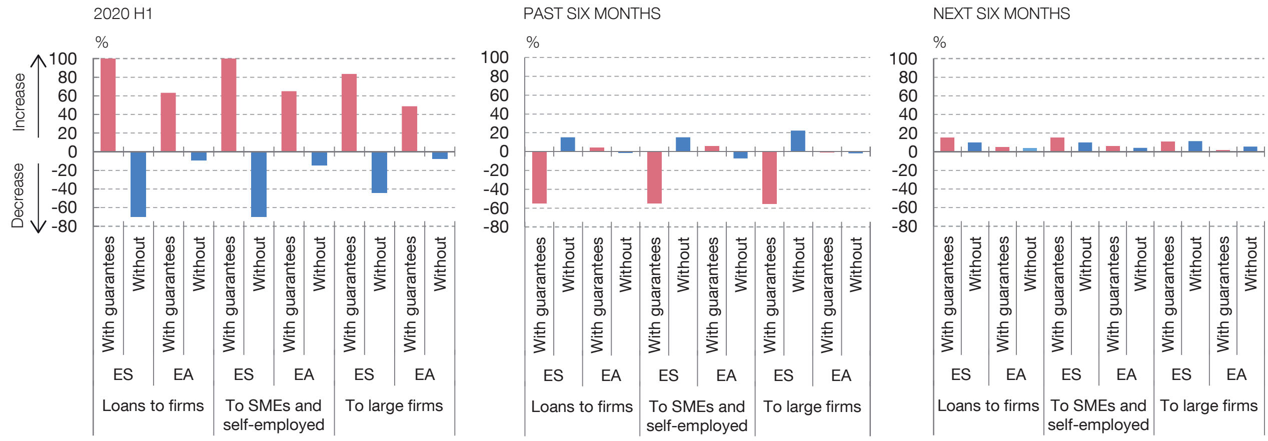
Chart A.6

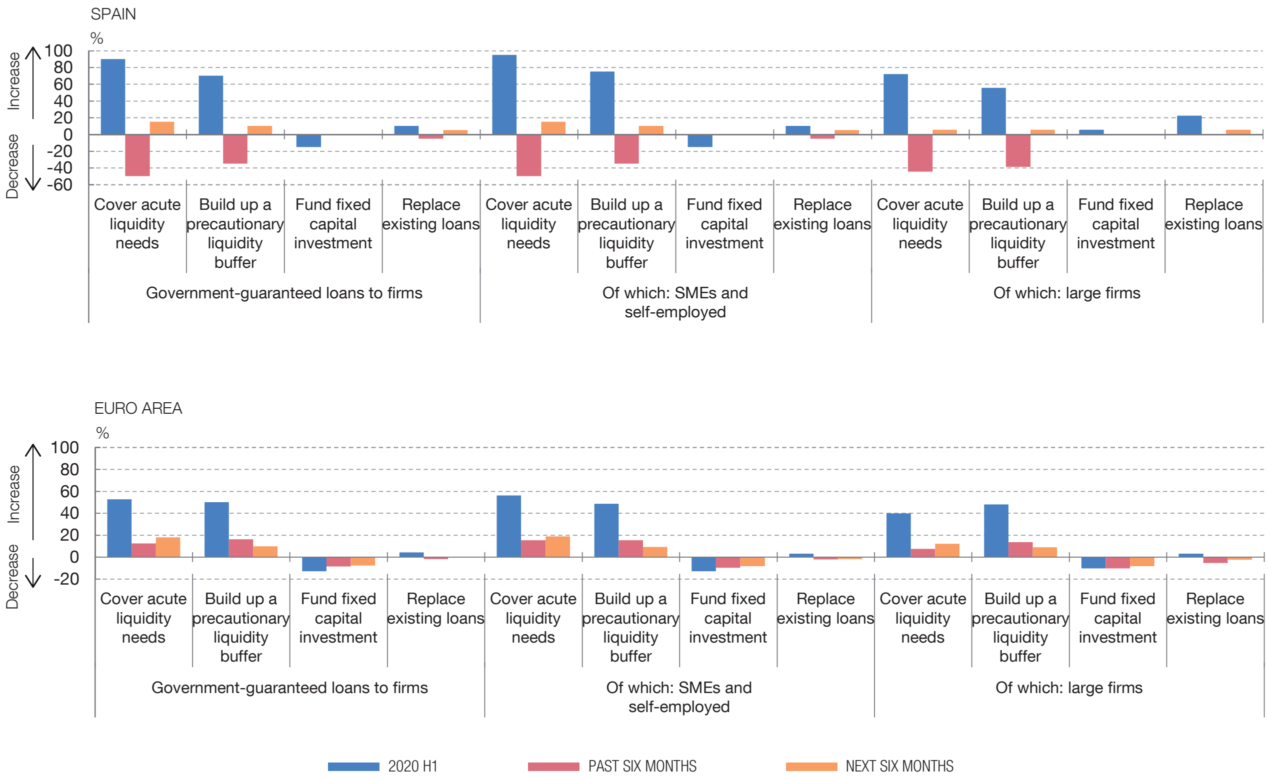
SHARP INCREASE IN DEMAND FOR LOANS WITH GUARANTEES IN 2020 H1, OWING TO FIRMS' HIGHER LIQUIDITY NEEDS AND FOR PRECAUTIONARY REASONS

Demand for loans with guarantees rose sharply in 2020 H1, both in Spain and the euro area, owing to firms' growing liquidity needs and the build-up of liquidity buffers, while demand for loans without guarantees collapsed. In H2, applications for loans with guarantees fell in Spain, while those for loans without guarantees rose moderately; in the euro area, the changes were only minor.

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



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



SOURCES: Banco de España and ECB.

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 made a considerable contribution to increasing demand × 1 + percentage of banks reporting that it has made some contribution to increasing demand × 1/2 – percentage of banks reporting that it has made some contribution to reducing demand × 1/2 – percentage of banks reporting that it has made a considerable contribution to reducing demand.

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