Šetření úvěrových podmínek bank leden 2013

Česká národní banka
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BANK LENDING SURVEY – JANUARY

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Financial Stability Department

Monetary and Statistics Department
Monetary Policy and Fiscal Analyses Division

CZECH NATIONAL BANK

I. INTRODUCTION AND SUMMARY

The quarterly CNB survey of credit terms and conditions (Bank Lending Survey) captures banks' perceptions about credit standards, terms and conditions for approving loans, and non-financial corporations' and households' demand for loans, including the main underlying factors.

The third round of the survey, the results of which are summarised in this document, covers the evolution of the above aspects of the credit market from banks' perspective in 2012 Q4 and banks' expectations in these areas for 2013 Q1. The third round was conducted at the end of November. Eighteen banks, accounting for more than 90% of the bank credit market, took part in the survey.[1]

In general, the survey reveals that in 2012 Q4 banks tightened their credit standards overall for corporate loans and eased them for loans for house purchase, while leaving them unchanged for consumer credit. As regards corporate loans, the tightening of standards was due mainly to perceptions of the risks associated with the outlook for economic activity in some industries and in the economy as a whole. This led to higher collateral requirements and more careful monitoring of loan size and maturity when approving loans. As for loans for house purchase, the main factor behind the easing was pressure of competition from other banks, reflected mainly in a decrease in the average margin. The perceived demand for loans increased slightly compared to the previous quarter in all segments under review. In the case of corporate loans, this was chiefly due to demand for financing of mergers and acquisitions. As regards loans to households, expectations of a VAT increase (loans for house purchase) and financing of spending on durable goods had a positive effect (consumer credit).

In 2013 Q1, banks expect credit standards to tighten further for corporate loans and to ease for loans for house purchase. According to banks, demand for corporate loans and loans for house purchase should decline, while demand for consumer credit is expected to rise.

II. CREDIT STANDARDS AND DEMAND FOR LOANS

II.1 NON-FINANCIAL CORPORATIONS

Credit standards for **loans to non-financial corporations** recorded a further tightening corresponding to a net percentage (NP)[2] of 37% of the credit market (see Chart 1). The tightening applied to loans to both large enterprises and small and medium-sized enterprises, and to long-term loans rather than short-term ones. Banks thus tightened their standards more than they had expected in the previous round of the survey (NP 19%). The tightening of standards was due mainly to perceptions of the risks associated with the outlook for some industries and corporations (e.g. construction) and the general economic situation. It also reflected the costs associated with banks' capital position and newly also the risks arising from the assessment of required collateral. Banks increased their collateral requirements; monitored

[1] Four large banks, three medium-sized banks, three small banks, three foreign bank branches and five building societies took part in the survey. The questionnaire contained 17 standard questions. Data in Excel files, along with the questionnaire, a glossary and methodological guidelines, are available on the CNB website (http://www.cnb.cz/en/bank_lending_survey/index.html). Questions regarding the survey can be e-mailed to bls@cnb.cz.

[2] A positive (negative) net percentage indicates an overall tightening (easing) of standards/conditions or an overall increase (decrease) in demand.

more carefully loan size and maturity when assessing industry concentration risk and – to a lesser extent – increased their margins. An NP of 22% of the credit market is expecting standards to tighten further in 2013 Q1, especially in the large enterprises segment. Standards should again be tightened more for long-term loans than for short-term loans.

Compared to the previous quarter, slightly higher demand was recorded for loans to non-financial corporations (long-term loans exclusively), corresponding to an NP of 17% of the credit market (see Chart 3). The expectations of a contraction in demand recorded in the previous round of the survey thus failed to materialise. The above increase reflected a rise in demand for financing of mergers and acquisitions, as well as an inflow of customers from banks withdrawing from this segment. On the other hand, lower needs for fixed investment financing are having an adverse effect on demand. Given the temporary nature of the current growth factors and the expected tightening of standards, banks predict that demand for all types of corporate loans (NP -21%), except short-term loans, will decline in 2013 Q1.

II.2 HOUSEHOLDS

In 2012 Q4, credit standards for **loans for house purchase** recorded an easing corresponding to an NP of 28% of the credit market (see Chart 4). The easing was mainly due to pressure of competition from other banks, which outweighed a negative outlook for the residential property market. Banks' average margins fell overall, but margins on riskier loans saw a slight increase. Other steps towards an easing of the terms and conditions for approving loans included a reduction in collateral requirements and a decline in non-interest charges.

In line with expectations in the previous round of the survey, the perceived demand for loans for house purchase rose slightly compared to the previous quarter (NP 21% of the credit market; see Chart 6). According to some respondents, it was favourably affected by advertising campaigns and the related migration of clients from other banks. Another factor fostering demand mentioned by banks was the effect of the expected (and subsequently implemented) VAT increase in January 2013, which motivated developers to sell property and sign house purchase loan agreements before this date. By contrast, higher non-housing-related consumption expenditures and falling consumer confidence had an adverse effect on demand for loans for house purchase. The credit market expects credit standards to ease further in 2013 Q1, although not across the board (NP -7%), amid lower demand for loans for house purchase (NP -19%).

Turning to **consumer credit**, credit standards did not change in 2012 Q4 as expected, and banks did not identify any factors contributing to an increase/decrease (see Chart 7). The situation as regards the terms and conditions for approving credit was also stable, except for a rise in the margin on riskier loans (see Chart 8). The perceived demand for consumer credit recorded a quite broadly perceived modest rise in 2012 Q4 (NP 51% of the credit market; see Chart 9). According to the respondents, the main explanatory factors were higher needs for financing of spending on durable consumer goods and migration of clients from competing banks. However, demand for consumer credit has long been dampened by low consumer confidence. For 2013 Q1 most banks expect credit standards for consumer credit to remain broadly unchanged and demand for such credit to rise in a small part of the credit market (NP 9%).

A large part of the credit market (NP 53%) saw a rise in demand for loans from **sole traders** amid an easing of the credit terms and conditions in this segment (NP 23%). However, banks do not expect this trend to continue in the coming period.

SUPPLY AND DEMAND CONDITIONS FOR LOANS TO NON-FINANCIAL CORPORATIONS

Chart 1 Changes in credit standards applied to loans to non-financial corporations (questions 1, 2 and 6) (net percentage, positive value = tightening, negative value = easing)

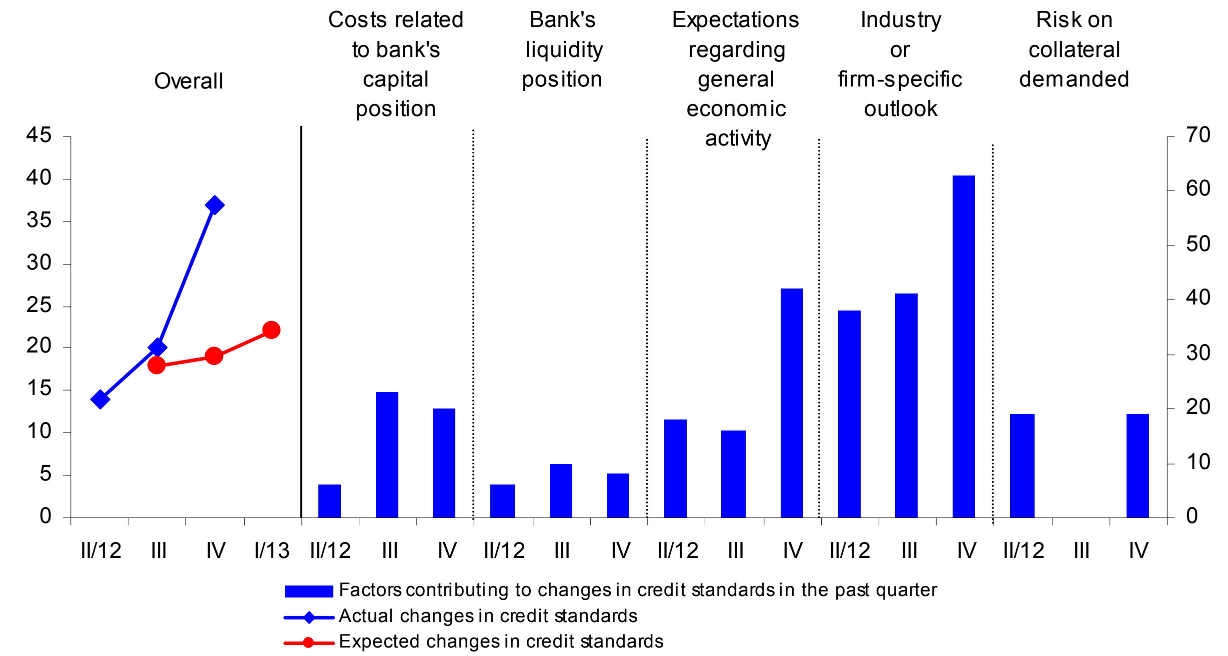


Chart 2 Changes in terms and conditions for approving loans to non-financial corporations (question 3) (net percentage, positive value = tightening, negative value = easing)

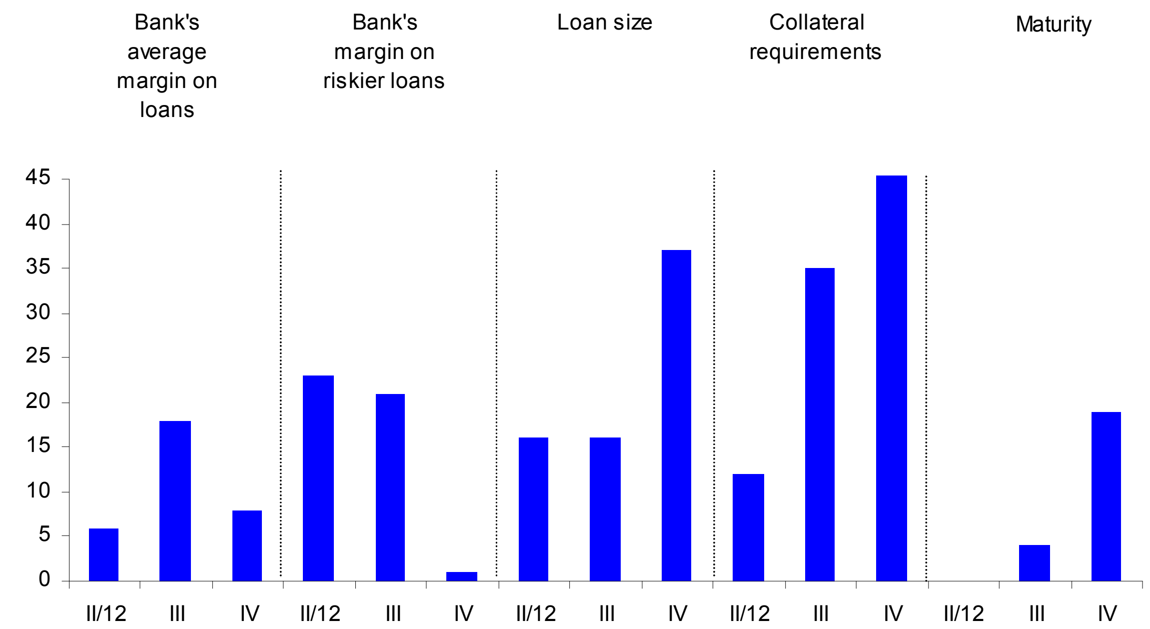
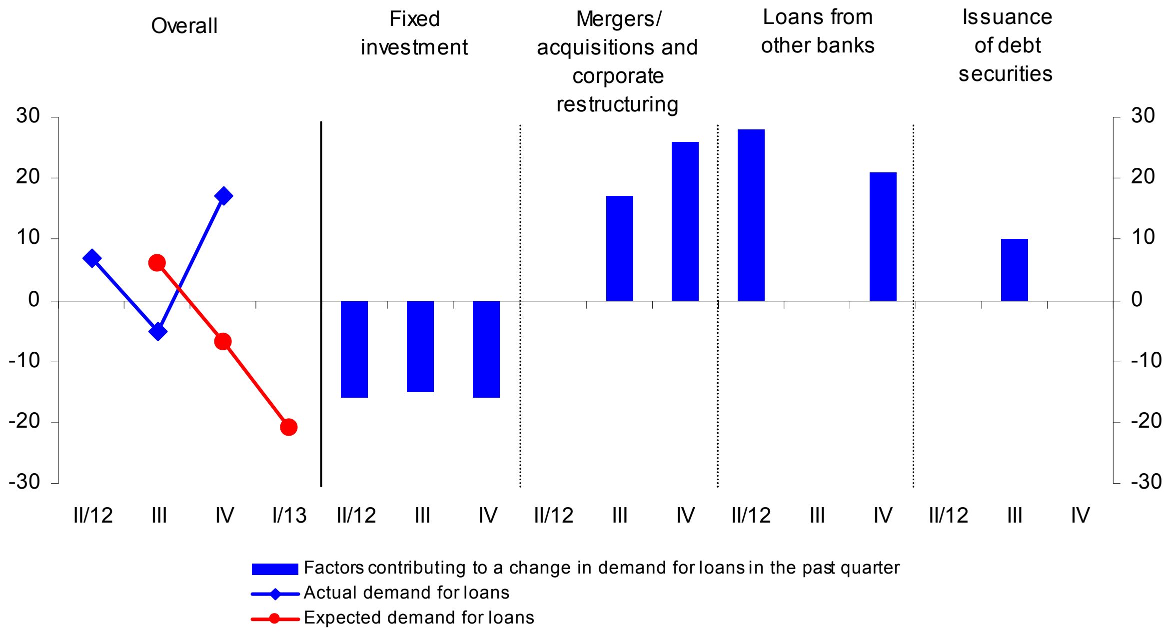


Chart 3 Changes in non-financial corporations' demand for loans ([questions 4, 5 and 7]) (net percentage, positive value = demand growth, negative value = demand decrease)



SUPPLY AND DEMAND CONDITIONS FOR LOANS FOR HOUSE PURCHASE

Chart 4 Changes in credit standards applied to loans for house purchase ([questions 8, 9 and 16]) (net percentage, positive value = tightening, negative value = easing)

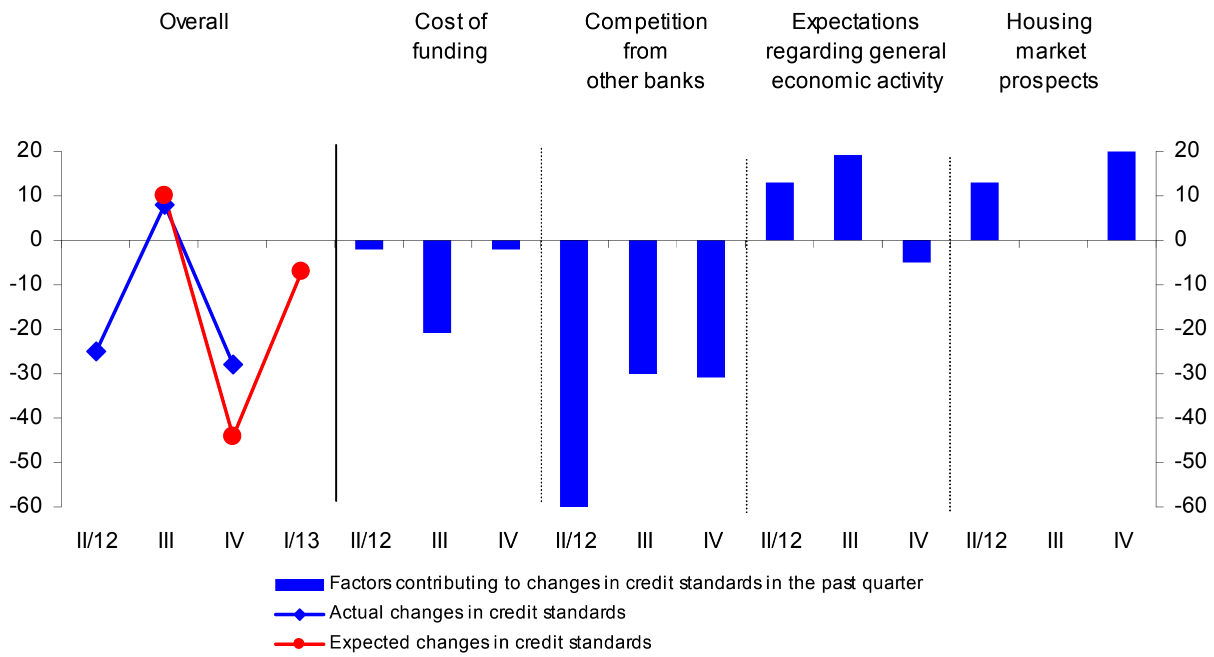


Chart 5 Changes in terms and conditions for approving loans for house purchase ([question 10](#)) (net percentage, positive value = tightening, negative value = easing)

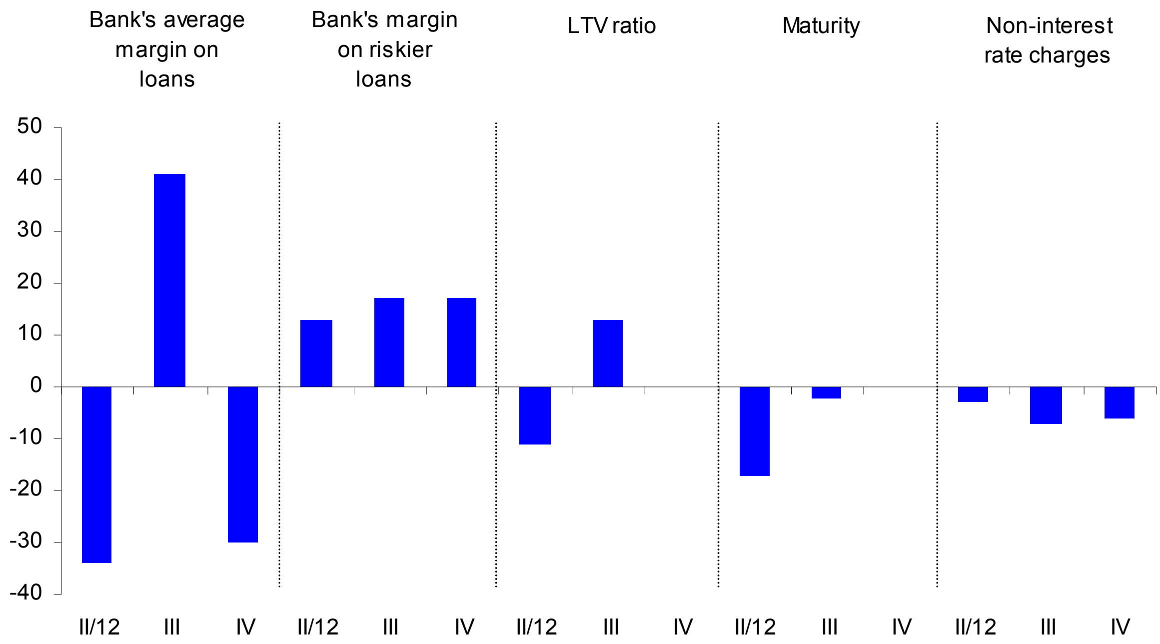
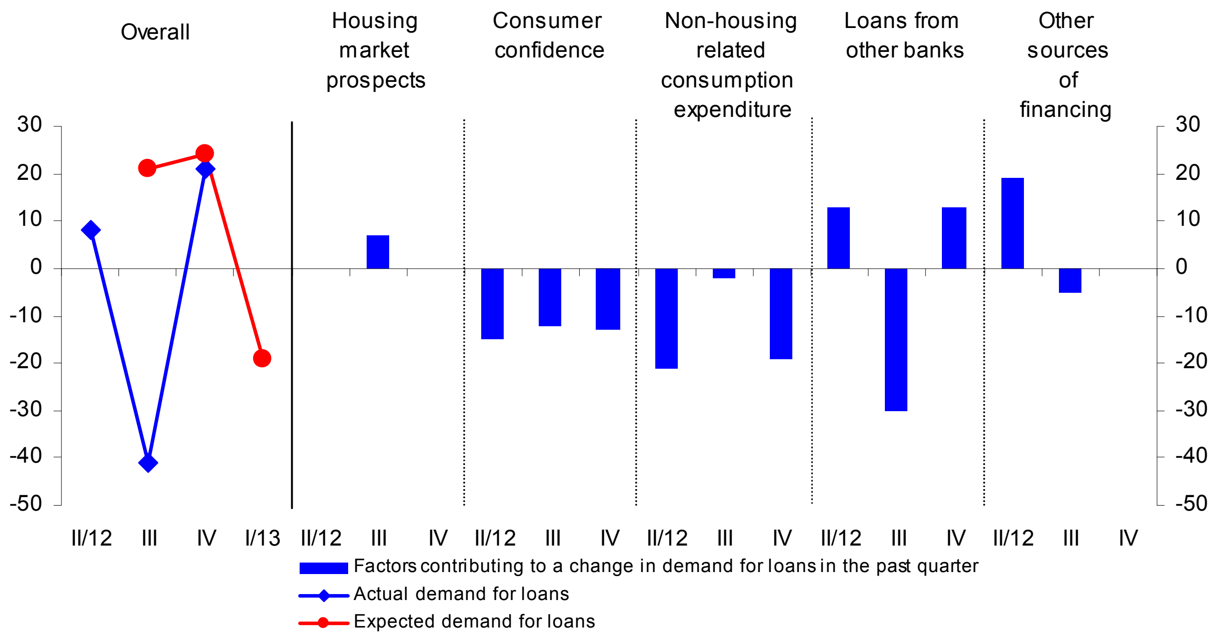


Chart 6 Changes in households' demand for loans for house purchase ([questions 13, 14 and 17](#)), (net percentage, positive value = demand growth, negative value = demand decrease)



SUPPLY AND DEMAND CONDITIONS FOR CONSUMER CREDIT

Chart 7 Changes in credit standards applied to consumer credit (questions 8, 11 and 16)
(net percentage, positive value = tightening, negative value = easing)

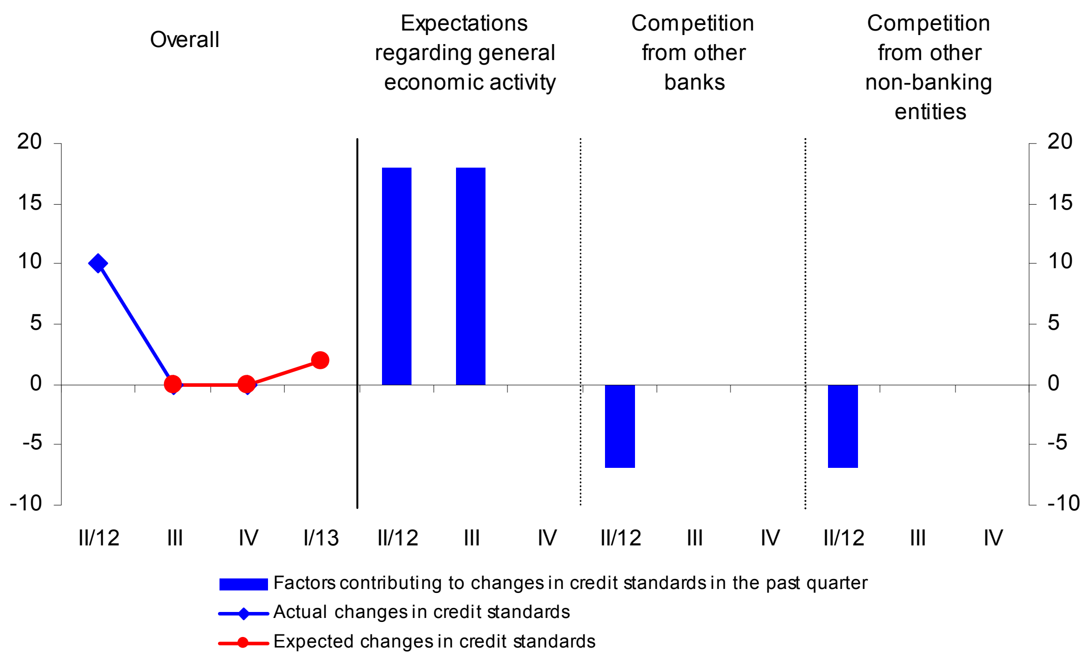


Chart 8 Changes in terms and conditions for approving consumer credit (question 12)
(net percentage, positive value = tightening, negative value = easing)

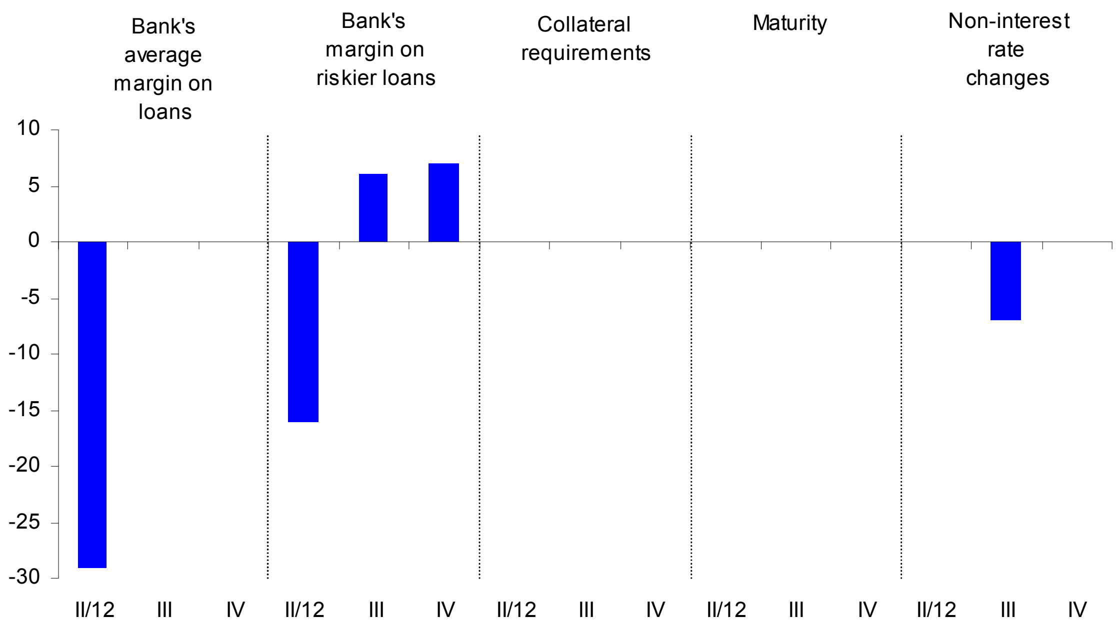


Chart 9 Changes in households' demand for consumer credit (questions 13, 15 and 17)
(net percentage, positive value = demand growth, negative value = demand decrease)