

Box 2

The structure of loans to the non-financial private sector as at end-1998

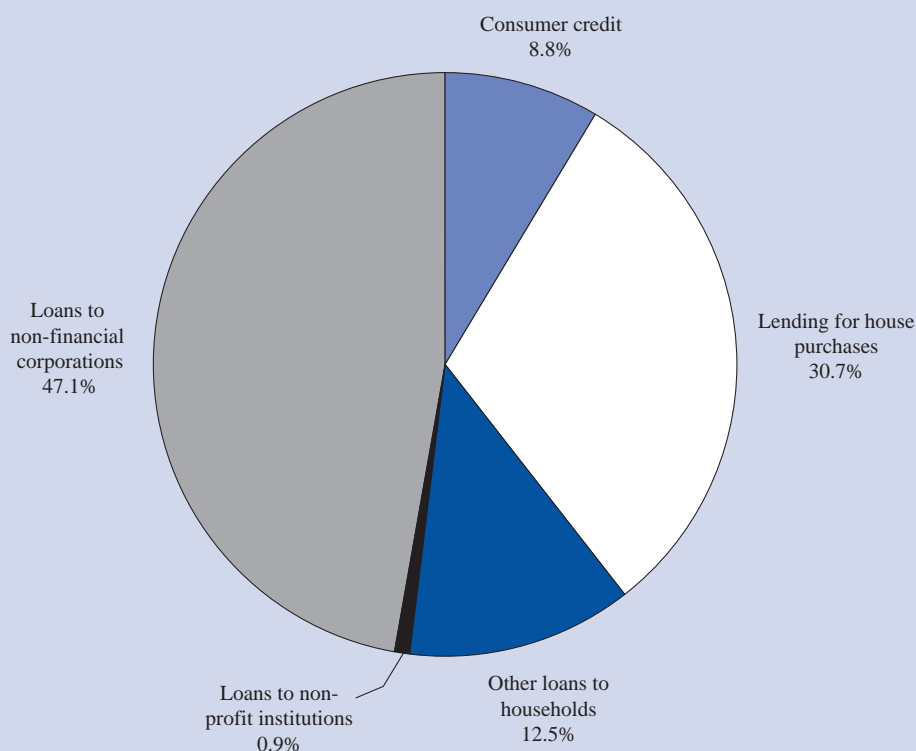
In March 1999 the first set of data which provide an insight into the composition of MFI lending to euro area residents by sector, type and maturity at issue became available. This set of data is compiled on a quarterly basis by the Eurosystem. At this point in time, however, only data on the structure of MFI loans to the non-financial private sector are available and these only for end-1998. These data are reported in Table 2.5 in the "Euro area statistics" section of this Monthly Bulletin.

At the end of 1998 loans to households accounted for 52.0% of the total value of outstanding loans from the MFI sector to the non-financial private sector, with the share of loans to non-financial corporations amounting to 47.1%. Non-profit institutions serving households (such as consumers' associations, charities, social, cultural, recreational and sports clubs, trade unions and political parties, etc.) held the remaining 0.9% of the total value of loans. For households, an additional breakdown by type of loan is available (see the chart below). This shows that loans for house purchases (normally at a maturity of over five years) play an important role in the euro area. At end-1998 they accounted for about 30.7% of total loans to the non-financial private sector. The share of loans classified as consumer credit stood at around 8.8%. Other loans to households (mainly for business or educational purposes, or to consolidate household debt) accounted for 12.5% of total loans to non-financial corporations and households.

With regard to the maturity composition of MFI loans to the non-financial private sector it is notable that loans with a maturity at issue of more than one year accounted for the largest share. This is the case both for households and for non-financial corporations. Loans with a maturity at issue of more than five years represented 50.1% of loans classified as consumer credit, 95.0% of loans for house purchases and 48.9% of loans to non-financial corporations. This confirms that the current low level of medium and longer-term retail bank lending rates may be having a significant stimulative effect on the demand for credit, in particular in those euro area countries which, in the past, had experienced considerably higher long-term interest rates.

MFI loans to the non-financial private sector

(December 1998, not seasonally adjusted, as a percentage of total)



Source: ECB.