

# User guide to the euro area bank lending survey

The euro area bank lending survey (BLS) was launched by the Eurosystem in 2003.<sup>1</sup> Its main objective is to enhance the Eurosystem's knowledge of bank lending conditions in the euro area.<sup>2</sup> It provides information on the lending policies of euro area banks and complements existing statistics on loans and bank lending rates with information on loan supply and demand for enterprises and households. The BLS provides input for the ECB Governing Council's assessment of monetary and economic developments, on which it bases its monetary policy decisions.

The BLS is conducted four times a year and is addressed to senior loan officers of a representative sample of euro area banks. The sample group of banks participating in the survey comprises around 150 banks from all euro area countries, taking into account the characteristics of the respective national banking structures.

## 1 BLS questionnaire

### 1.1 Standard questions

The BLS contains 22 standard questions on past and expected developments: 18 backward-looking questions and four forward-looking questions. In addition, it contains one open-ended question. The questions focus on developments in loans to euro area residents (i.e. domestic and euro area cross-border loans) and distinguish between three loan categories:

- loans or credit lines to enterprises;
- loans to households for house purchase;
- consumer credit and other lending to households.

For all three categories, questions are asked on credit standards for approving loans, credit terms and conditions on new loans, loan demand, the factors affecting loan supply and demand conditions, and the share of loan rejections. The survey questions are generally phrased in terms of changes over the past three months or expectations of changes over the next three months. Survey participants are asked to indicate changes on a five-point scale, indicating in a qualitative way the strength of a tightening or easing or the strength of a decrease or increase: (1) tightened/decreased considerably, (2) tightened/decreased somewhat, (3) basically unchanged, (4) eased/increased somewhat or (5) eased/increased considerably.

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<sup>1</sup> The Eurosystem comprises the ECB and the national central banks (NCBs) of all the countries that have adopted the euro.

<sup>2</sup> 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.

Loan supply factors addressed by the BLS include, in particular, credit standards and credit terms and conditions and the various factors that may have caused them to change.

Credit standards are the internal guidelines or loan approval criteria of a bank. They are applied before negotiations on the terms and conditions of a loan begin and the loan application is approved or rejected.

Credit terms and conditions refer to the terms and conditions of the loan as laid down in the loan contract between the bank (the lender) and the borrower. They include, for instance, the loan margin, the collateral required and the maturity of the loan.

The BLS also includes questions asking banks to assess how specific factors affect the credit standards they apply when approving loans to enterprises and households and how these factors affect the terms and conditions of new loans.

In terms of loan demand and the various factors that may affect it, the BLS focuses on the need of enterprises and households for bank loan financing, irrespective of whether or not a loan is actually granted.

In addition to the questions on loan demand, banks are asked to assess the impact of various factors related to the financing needs of enterprises and households and the use of alternative sources of financing.

The standard questionnaire and a glossary of BLS terms can be found on the [ECB's website](#).

## 1.2 Ad hoc questions

In addition to the standard questions, the BLS questionnaire may contain ad hoc questions on specific topics of interest. The ad hoc questions for the respective survey round are available in Annex 2 of the BLS website report (see Section 4). Compared with the standard questions, the ad hoc questions tend to refer to changes over a longer period of time (e.g. over the past and next six months).

## 2 Aggregation of banks' replies to national and euro area BLS results

The results of the individual banks participating in the BLS sample are aggregated in two steps. In the first step, individual bank results are aggregated to national results for the euro area countries, and in the second step, the national BLS results are aggregated to euro area BLS results.

In the first step, banks' replies can be aggregated to **national BLS results** either by applying an equal weight to the sample banks<sup>3</sup> or, alternatively, by applying a weighting scheme based on the amounts outstanding of loans to non-financial

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<sup>3</sup> In this case the selected sample banks are generally of similar size or their lending behaviour is typical for a larger group of banks.

corporations and households of the individual banks in the respective national samples. Specifically, for France, Malta, the Netherlands and Slovakia, an explicit weighting scheme is applied.

In the second step, since the number of banks in the national samples differs considerably and does not always reflect the respective share in lending to euro area non-financial corporations and households, the national survey results are aggregated to **euro area BLS results** by applying a weighting scheme based on the national shares in the amounts outstanding of loans to euro area non-financial corporations and households.

### 3 BLS indicators

The analysis of the aggregate BLS results focuses on the “**net percentage**”, which is the difference between the share of banks reporting that credit standards applied to loan approval have been tightened and the share of banks reporting that they have been eased. For all questions, the net percentage is determined based on all participating banks that have business in or exposure to the respective loan categories (i.e. they are included in the denominator when calculating the net percentage). This means that banks that are specialised in certain loan categories (e.g. they only grant loans to enterprises) are only considered in the aggregation for these categories. All other participating banks are included in the aggregation of all questions, even if a bank replies that a question is “not applicable” (“N/A”). This harmonised aggregation method has been introduced by the Eurosystem in the April 2018 BLS. It has been applied to all euro area and national BLS results in the current BLS questionnaire, including backdata.<sup>4</sup> For the standard BLS questions this has led to small revisions overall, whereas there have been larger revisions for some ad hoc questions, owing to a higher number of “not applicable” replies by banks.

A positive net percentage indicates that a larger proportion of banks has tightened credit standards (“net tightening”) over the past three months, whereas a negative net percentage indicates that a larger proportion of banks has eased credit standards (“net easing”). Likewise, the term “net demand” refers to the difference between the share of banks reporting an increase in loan demand (i.e. in bank loan financing needs) over the past three months and the share of banks reporting a decline. Net demand will therefore be positive if a larger proportion of banks has reported an increase in loan demand, whereas negative net demand indicates that a larger proportion of banks has reported a decline in loan demand.

In addition to the “net percentage” indicator, the ECB also publishes an alternative measure of banks’ responses to questions related to changes in credit standards and net demand. This measure is the weighted difference (“**diffusion index**”) between the share of banks reporting that credit standards have been tightened and the share of banks reporting that they have been eased. Likewise, regarding the demand for

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<sup>4</sup> The non-harmonised historical data are different from the harmonised data mainly because of a heterogeneous treatment of “N/A” replies and of specialised banks across questions and countries. Historical non-harmonised BLS data are published for discontinued BLS questions and ad hoc questions.

loans, the diffusion index refers to the weighted difference between the share of banks reporting an increase in loan demand and the share of banks reporting a decline. The diffusion index is constructed in the following way: lenders who have answered “considerably” are given a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The interpretation of the diffusion indices follows the same logic as the interpretation of net percentages.

## 4 BLS website report

The responses to the standard and ad hoc questions in the BLS questionnaire are analysed in the BLS website report, which is published four times a year (in January, April, July and October) on the [BLS website](#). It provides an overview of the development of bank lending conditions in the euro area and in the five largest euro area countries (Germany, Spain, France, Italy and the Netherlands) based on the standard and ad hoc BLS questions for the respective survey round.<sup>5</sup>

In the assessment of survey balances for the euro area, net percentages between -1 and +1 are generally referred to as “broadly unchanged”. For the country results, net percentage changes are reported in the website report in a factual manner, as different sample sizes across countries imply that answers of a single bank have a different impact on the magnitude of the net percentage changes.

The report also provides detailed tables on the euro area results for each question (see Annex 1 for the standard questions and Annex 2 for the ad hoc questions).

In addition to the ECB publication, some NCBs publish their national survey results. Links to the national BLS results, as published by the respective NCBs, can be found on the [ECB's website](#).

## 5 BLS data in the ECB Statistical Data Warehouse

**BLS time series data** are available on the ECB's website via the ECB's [Statistical Data Warehouse](#) (SDW).

BLS data are structured in the SDW according to categories: “supply” and “demand” questions for the three loan categories covered by the BLS; and the category “ad hoc” questions, which is divided further into the specific ad hoc questions.

The data are disseminated to the SDW at the same time as the BLS website report is published on the ECB's website.

Please see the [BLS release calendar](#) for more details.

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<sup>5</sup> Results for the ad hoc questions are reported only for the euro area for confidentiality reasons.

BLS data are disseminated to the SDW for the euro area aggregate and for most euro area countries.<sup>6</sup> For the euro area, detailed aggregate series are available for both the standard and ad hoc questions, while for the euro area countries net percentages and/or diffusion index results are available for the standard questions only.

In addition, the historical BLS dataset containing non-harmonised BLS data for discontinued BLS questions and ad hoc questions can also be found in the SDW.

## 6 BLS series keys

BLS series keys are used to describe the underlying data in a compact way. Each dimension of a series key is separated by a dot “.” in ECB series keys and has a specific meaning. For example, the series key below represents the net percentage change in credit standards (over the past three months) for the approval of loans to euro area enterprises:

BLS.Q.U2.ALL.O.E.Z.B3.ST.S.BWFNET

The detailed **coding structure** for the BLS series keys can be found in Tables 1 and 2 below and in the [SDW](#).

The historical BLS dataset follows the same coding structure.

The **time period** of the quarterly results in the SDW refers to the publication date of the BLS, e.g. both backward-looking and forward-looking data for the April 2018 BLS are published in the SDW as “2018-Q2” data.

Detailed BLS **metadata** information can be found in the [SDW](#).

**Table 1**  
Main BLS aggregation methods

Aggregation level	Net percentage	Diffusion index
Euro area	BWFNET	BWDINX
Country	FNET	DINX
Country-weighted results <sup>7</sup>	BFNET	BDINX

<sup>6</sup> BLS results for Finland (both standard and ad hoc questions) are confidential and, therefore, not disseminated to the SDW.

<sup>7</sup> For France, Malta, the Netherlands and Slovakia a weighting scheme is applied at the national level (see Section 2).

**Table 2**

Series codes of main euro area net percentage BLS series for standard questions

Series key	Short description
<a href="#">BLS.Q.U2.ALL.O.E.Z.B3.ST.S.BWFNET</a>	Change in credit standards for loans to enterprises (past 3 months)
<a href="#">BLS.Q.U2.ALL.SME.E.Z.B3.ST.S.BWFNET</a>	Change in credit standards for loans to small and medium-sized enterprises (SMEs) (past 3 months)
<a href="#">BLS.Q.U2.ALL.LE.E.Z.B3.ST.S.BWFNET</a>	Change in credit standards for loans to large enterprises (past 3 months)
<a href="#">BLS.Q.U2.ALL.O.E.Z.B3.TC.S.BWFNET</a>	Change in terms and conditions for new loans to enterprises (past 3 months)
<a href="#">BLS.Q.U2.ALL.O.E.SME.B3.TC.S.BWFNET</a>	Change in terms and conditions for new loans to SMEs (past 3 months)
<a href="#">BLS.Q.U2.ALL.O.E.LE.B3.TC.S.BWFNET</a>	Change in terms and conditions for new loans to large enterprises (past 3 months)
<a href="#">BLS.Q.U2.ALL.O.E.Z.B3.RA.D.BWFNET</a>	Change in the share of rejected applications for loans to enterprises (past 3 months)
<a href="#">BLS.Q.U2.ALL.O.E.Z.B3.ZZ.D.BWFNET</a>	Change in demand for loans to enterprises (past 3 months)
<a href="#">BLS.Q.U2.ALL.SME.E.Z.B3.ZZ.D.BWFNET</a>	Change in demand for SME loans (past 3 months)
<a href="#">BLS.Q.U2.ALL.LE.E.Z.B3.ZZ.D.BWFNET</a>	Change in demand for loans to large enterprises (past 3 months)
<a href="#">BLS.Q.U2.ALL.Z.H.H.B3.ST.S.BWFNET</a>	Change in credit standards for loans to households for house purchase (past 3 months)
<a href="#">BLS.Q.U2.ALL.Z.H.C.B3.ST.S.BWFNET</a>	Change in credit standards for loans for consumer credit and other lending to households (past 3 months)
<a href="#">BLS.Q.U2.ALL.O.H.H.B3.TC.S.BWFNET</a>	Change in terms and conditions for loans to households for house purchase (past 3 months)
<a href="#">BLS.Q.U2.ALL.O.H.C.B3.TC.S.BWFNET</a>	Change in terms and conditions for loans for consumer credit and other lending to households (past 3 months)
<a href="#">BLS.Q.U2.ALL.Z.H.H.B3.RA.D.BWFNET</a>	Change in the share of rejected applications for loans to households for house purchase (past 3 months)
<a href="#">BLS.Q.U2.ALL.Z.H.C.B3.RA.D.BWFNET</a>	Share of rejected applications for consumer credit and other lending to households (past 3 months)
<a href="#">BLS.Q.U2.ALL.Z.H.H.B3.ZZ.D.BWFNET</a>	Change in demand for loans to households for house purchase (past 3 months)
<a href="#">BLS.Q.U2.ALL.Z.H.C.B3.ZZ.D.BWFNET</a>	Change in demand for consumer credit and other lending to households (past 3 months)

These series keys can be inserted in the SDW search field in order to obtain BLS time series data. You may replace any of the BLS series code dimensions with “.” to obtain a larger selection of data (i.e. data for all euro area countries) instead of a specific series.

The example below can be used to extract data on credit standards for loans to enterprises for all euro area countries and the euro area, together with all possible aggregation methods (i.e. net percentages, frequencies and diffusion indices):

[BLS.Q.?.ALL.O.E.Z.B3.ST.S.?](#)

Please submit a [statistical information request](#) in case you have any questions on the BLS.