

NORGES BANK'S SURVEY OF BANK LENDING

**Somewhat higher household credit
demand**

2019 Q2
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THE SURVEY WAS CONDUCTED IN THE PERIOD
26 JUNE 2019 – 9 JULY 2019



NORGES BANK

Norges Bank's quarterly bank lending survey is a qualitative survey of banks' credit standards and their assessments of credit demand. The ten largest banks in the Norwegian credit market participate in the survey: DNB, Nordea, Danske Bank, Handelsbanken, Sparebank 1 SR-bank, Sparebank 1 Østlandet, Sparebank 1 SMN, Sparebank 1 Nord-Norge, Sparebanken Vest and Sparebanken Sør. The survey was conducted for the first time after 2007 Q4.

The questions distinguish between lending to households and lending to non-financial enterprises. Banks are asked to specify changes in credit demand, credit standards and conditions from the previous quarter to the quarter that has just come to an end. They are also asked to compare the quarter that has just come to an end with their expectations with regard to the next quarter. The questions are answered by ticking one of five responses: up a lot, up a little, same, down a little, down a lot. The responses are converted into a numerical scale ranging from +2 to -2 in the charts in this survey. If all the banks in the survey have answered that credit demand is up a little, the resulting figure for credit demand will be 1. If all the banks report that credit demand is up a lot, the resulting figure will be 2. The responses are aggregated and weighted to reflect the size of each bank's average loan volume for the past couple of years.

Some changes have been made to the questions in the survey and the way the results are reported, effective from 2016 Q3. Changes are minor and have not led to a break in the data series. Norges Bank's Staff Memo 17/2016 "[Banks' reports of demand and credit standards since 2008: results from Norges Bank's Survey of Bank Lending](#)" provides an account of the insights gained from the lending survey.

Norges Bank's Survey of Bank Lending 2019 Q2

Household credit demand increased somewhat in 2019 Q2, while credit demand from non-financial enterprises was approximately unchanged. Credit standards for both households and non-financial enterprises were unchanged. Lending rates increased in both segments, in line with higher funding costs. For both households and enterprises in Q3, banks expect minor changes in credit demand, credit standards, loan conditions and margins on loans.

Lending to households

Overall household demand for residential mortgages increased somewhat in 2019 Q2 (Chart 1). Demand for first-home mortgages and fixed-rate loans showed a slight rise (Chart 3). Minor changes in demand for residential mortgages are expected in Q3.

Banks reported unchanged credit standards for households in Q2 (Charts 2 and 4). There were no changes to the individual factors affecting credit standards, and loan conditions were virtually unchanged (Charts 5-8). Only minor changes are expected ahead. A number of banks nevertheless reported the new debt register as a factor that can lead to changes in credit standards.

Banks reported that both lending rates and funding costs increased in Q2. With approximately equal increases in both lending rates and funding costs, margins on lending remained unchanged (Charts 9 and 10). Lending rates are expected to increase somewhat ahead (Chart 9), reflecting the increase in the policy rate in June.

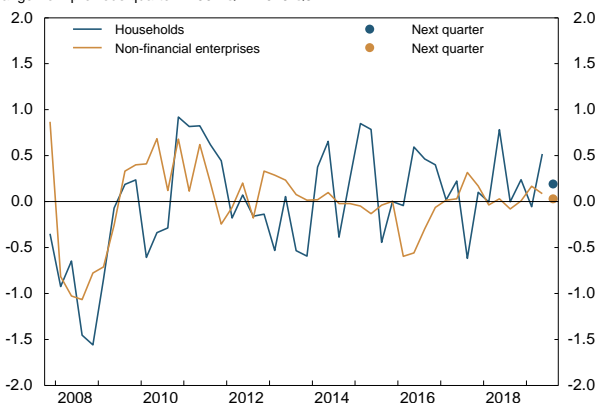
Lending to non-financial enterprises

Overall credit demand from non-financial enterprises was approximately unchanged in 2019 Q2 (Chart 1). Banks also reported unchanged demand for fixed-rate and commercial real estate loans and that the credit line utilisation rate was unchanged (Chart 11). No changes are expected ahead.

Banks reported unchanged credit standards for enterprises in Q2 (Charts 2 and 12). There were no changes in the individual factors affecting credit standards, and loan conditions were virtually unchanged (Charts 13-16). No changes are expected ahead.

Banks reported higher lending rates for loans to enterprises in Q2 and somewhat higher funding costs (Charts 17 and 18). Lending margins were unchanged. Banks reported somewhat stronger competition in Q2, but expect no further changes in Q3. Looking ahead, banks expect a slight increase in lending rates and funding costs (Chart 17).

Chart 1 Credit demand from households¹ and non-financial enterprises². Change from previous quarter.³ 2007 Q4 - 2019 Q3



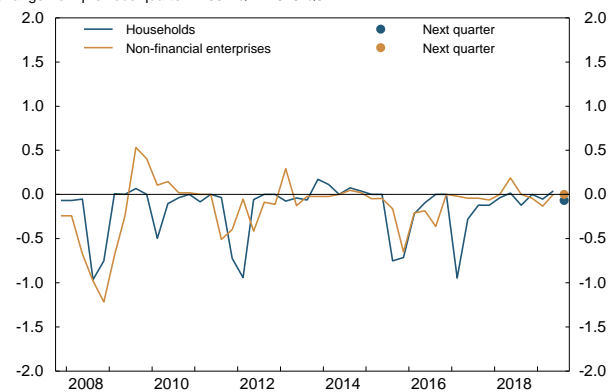
¹ Residential mortgages.

² Total credit to non-financial enterprises.

³ 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.

Source: Norges Bank

Chart 2 Credit standards for households¹ and non-financial enterprises². Change from previous quarter.³ 2007 Q4 - 2019 Q3



¹ Residential mortgages.

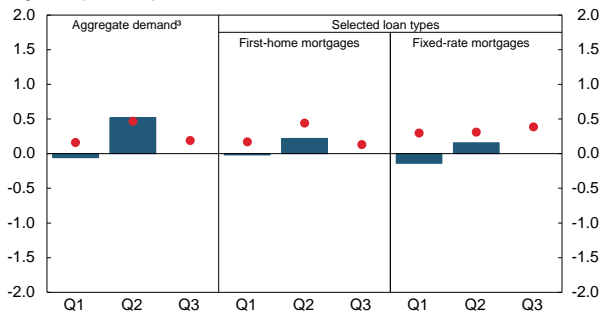
² Total credit to non-financial enterprises.

³ 2/1 = Much/Somewhat easier to obtain credit,

0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.

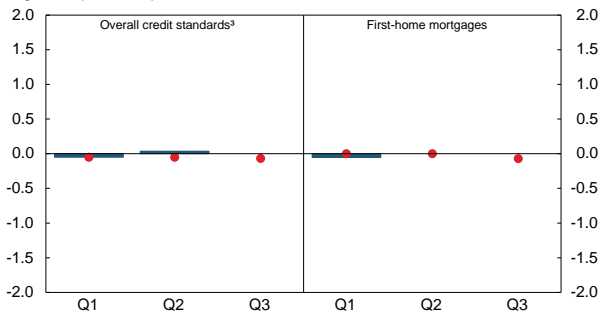
Source: Norges Bank

Chart 3 Household residential mortgage demand.¹
Change from previous quarter.² 2019 Q1 - 2019 Q3



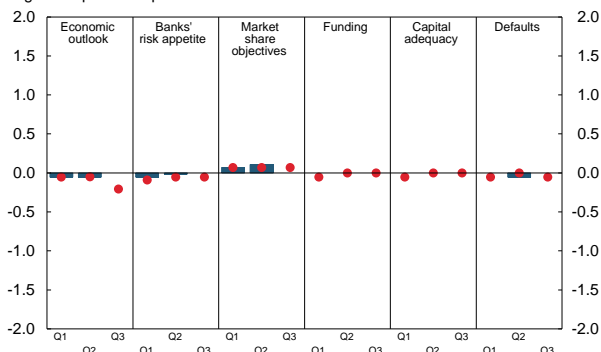
¹ Blue bars show reported developments for the relevant quarter.
Red dots show expected developments, reported the previous quarter.
² 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.
³ Aggregate demand refers to the sum of demand for first-home mortgages, fixed-rate mortgages and all other residential mortgages (the latter is the largest component).
Source: Norges Bank

Chart 4 Credit standards for households.¹
Change from previous quarter.² 2019 Q1 - 2019 Q3



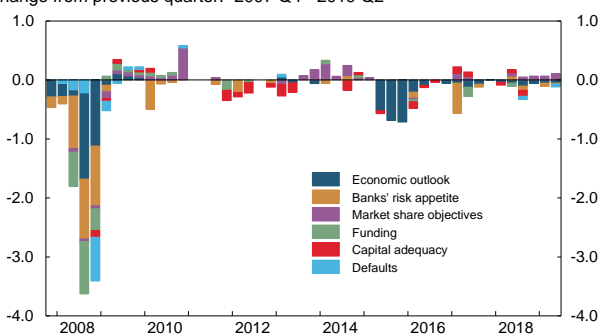
¹ Blue bars show reported developments for the relevant quarter.
Red dots show expected developments, reported the previous quarter.
² 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.
³ Overall credit standards refers to credit standards for first-home mortgages and all other residential mortgages (the latter is the largest component).
Source: Norges Bank

Chart 5 Factors affecting credit standards for households.¹
Change from previous quarter.² 2019 Q1 - 2019 Q3



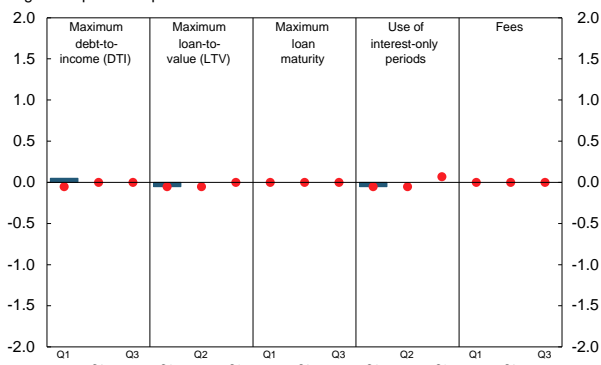
¹ Blue bars show reported developments for the relevant quarter.
Red dots show expected developments, reported the previous quarter.
² 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.
Source: Norges Bank

Chart 6 Factors affecting credit standards for households.¹
Change from previous quarter.² 2007 Q4 - 2019 Q2



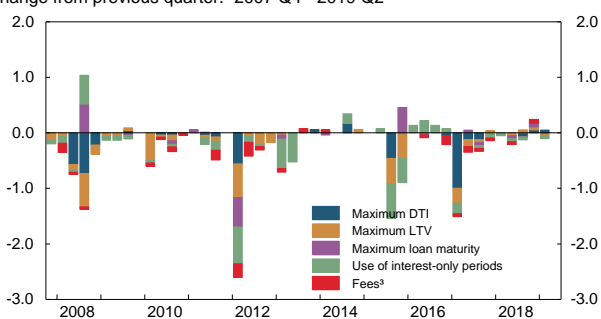
¹ Total response in a quarter from all banks for all six factors.
If all banks responded "much easier to obtain credit" on all factors, the resulting figure would be 12.
² 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.
Source: Norges Bank

Chart 7 Loan conditions for households.¹
Change from previous quarter.² 2019 Q1 - 2019 Q3



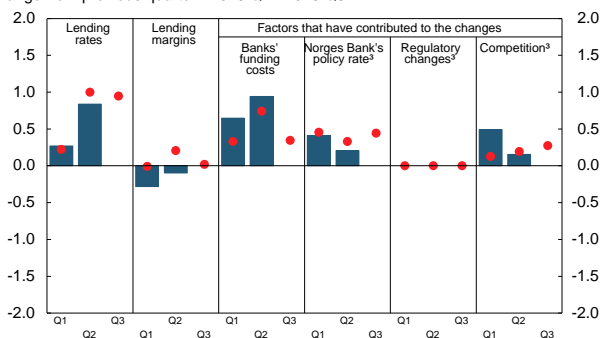
¹ Blue bars show reported developments for the relevant quarter.
Red dots show expected developments, reported the previous quarter.
² 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.
Source: Norges Bank

Chart 8 Loan conditions for households.¹
Change from previous quarter.² 2007 Q4 - 2019 Q2



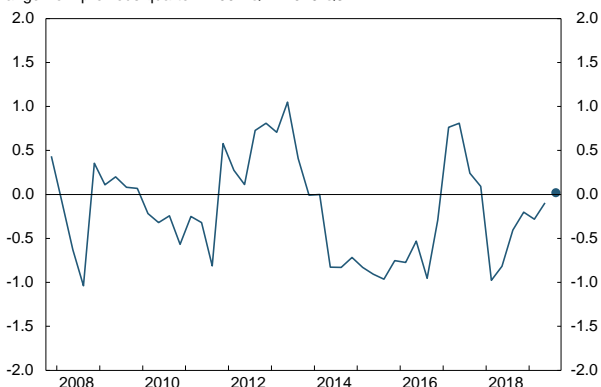
¹ Total response in a quarter from all banks for all five factors.
If all banks responded "much easier to obtain credit" on all factors, the resulting figure would be 10.
² 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.
³ As higher fees make it harder to obtain credit, the fee series has been negativised.
Source: Norges Bank

Chart 9 Lending rates and lending margins.¹ Lending to households.
Change from previous quarter.² 2019 Q1 - 2019 Q3



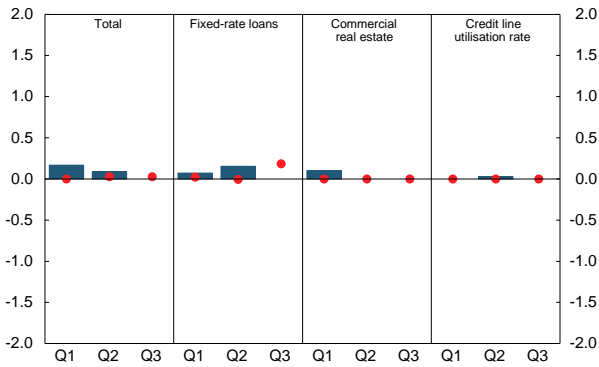
¹ Blue bars show reported developments for the relevant quarter.
Red dots show expected developments, reported the previous quarter.
² 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.
³ For Norges Bank's policy rate, expected developments only. Increase in Regulatory changes and Competition means stricter regulation and tougher competition, respectively.
Source: Norges Bank

Chart 10 Margin on total residential mortgage loans to households.¹
Change from previous quarter.² 2007 Q4 - 2019 Q3



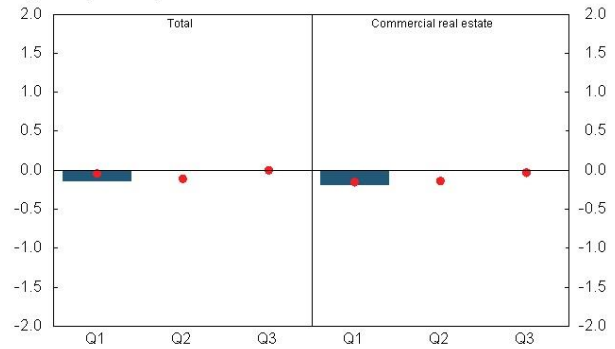
¹ The blue line shows reported developments in the relevant quarter.
The blue dot shows expected developments for the next quarter.
² 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.
Source: Norges Bank

Chart 11 Credit demand from non-financial enterprises.¹
Change from previous quarter.² 2019 Q1 - 2019 Q3



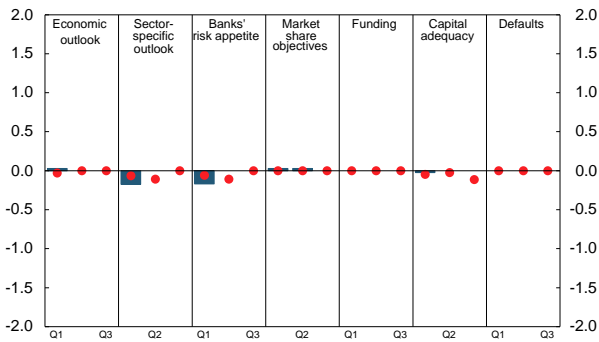
¹ Blue bars show reported developments for the relevant quarter.
Red dots show expected developments, reported the previous quarter.
² 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.
Source: Norges Bank

Chart 12 Credit standards for non-financial enterprises.¹
Change from previous quarter.² 2019 Q1 - 2019 Q3



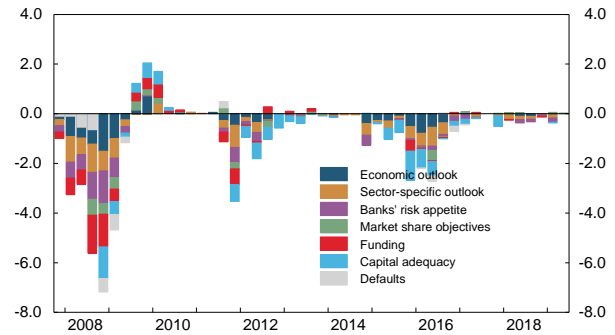
¹ Blue bars show reported developments for the relevant quarter.
Red dots show expected developments, reported the previous quarter.
² 2/1 = Much/Somewhat easier to obtain credit,
0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.
Source: Norges Bank

Chart 13 Factors affecting credit standards for non-financial enterprises.¹
Change from previous quarter.² 2019 Q1 - 2019 Q3



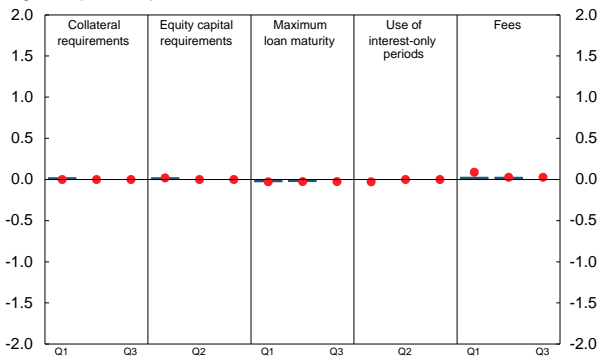
¹ Blue bars show reported developments for the relevant quarter.
Red dots show expected developments, reported the previous quarter.
² 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.
Source: Norges Bank

Chart 14 Factors affecting credit standards for non-financial enterprises.¹
Change from previous quarter.² 2007 Q4 - 2019 Q2



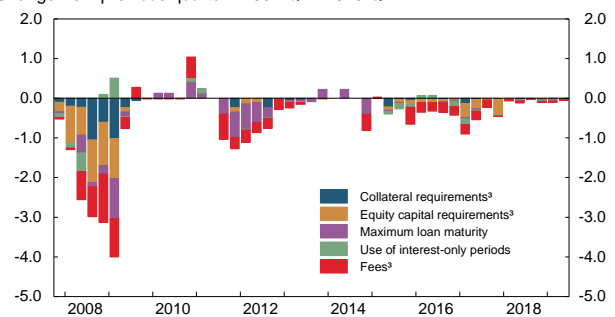
¹ Total response in a quarter from all banks for all seven factors.
If all banks responded "much easier to obtain credit" on all factors, the resulting figure would be 14.
² 2/1 = Much/Somewhat easier to obtain credit,
0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.
Source: Norges Bank

Chart 15 Loan conditions for non-financial enterprises.¹
Change from previous quarter.² 2019 Q1 - 2019 Q3



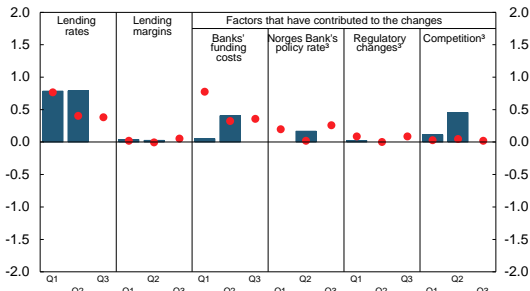
¹ Blue bars show reported developments for the relevant quarter.
Red dots show expected developments, reported the previous quarter.
² 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.
Source: Norges Bank

Chart 16 Loan conditions for non-financial enterprises.¹
Change from previous quarter.² 2007 Q4 - 2019 Q2



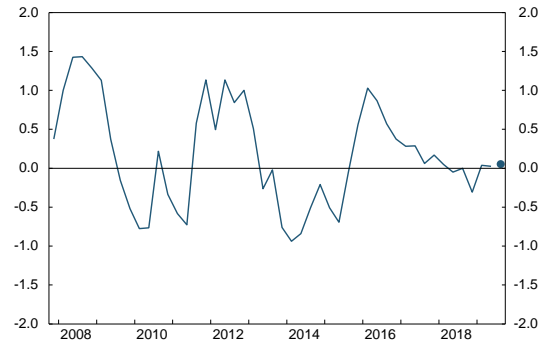
¹ Total response in a quarter from all banks for all five factors.
If all banks responded "much easier to obtain credit" on all factors, the resulting figure would be 10.
² 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.
³ As an increase in the ³-series makes it harder to obtain credit, these series have been negativised.
Source: Norges Bank

Chart 17 Lending rates and lending margins.¹ Loans to non-financial enterprises. Change from previous quarter.² 2019 Q1 - 2019 Q3



¹ Blue bars show reported developments for the relevant quarter.
Red dots show expected developments, reported the previous quarter.
² 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.
³ For Norges Bank's policy rate, expected developments only.
Increase in Regulatory changes and Competition means stricter regulation and tougher competition, respectively.
Source: Norges Bank

Chart 18 Margin on total loans to non-financial enterprises.¹
Change from previous quarter.² 2007 Q4 - 2019 Q3



¹ The blue line shows reported developments in the relevant quarter.
The blue dot shows expected developments for the next quarter.
² 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.
Source: Norges Bank