

DANMARKS NATIONALBANK

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LENDING SURVEY, 2ND QUARTER 2018

Competitors' behaviour affects the banks' credit standard

In Danmarks Nationalbank's lending survey 2nd quarter 2018, 6 out of 17 responding banks report that the behaviour of competitors has contributed to an easing of their credit standards for corporate customers. The 6 banks consist of medium-sized as well as large banks. Together they represent 37 per cent of the total corporate lending from the banks included in the survey.

The medium-sized banks again report an increase in demand from new corporate customers, especially from small and medium-sized firms. The latter at the

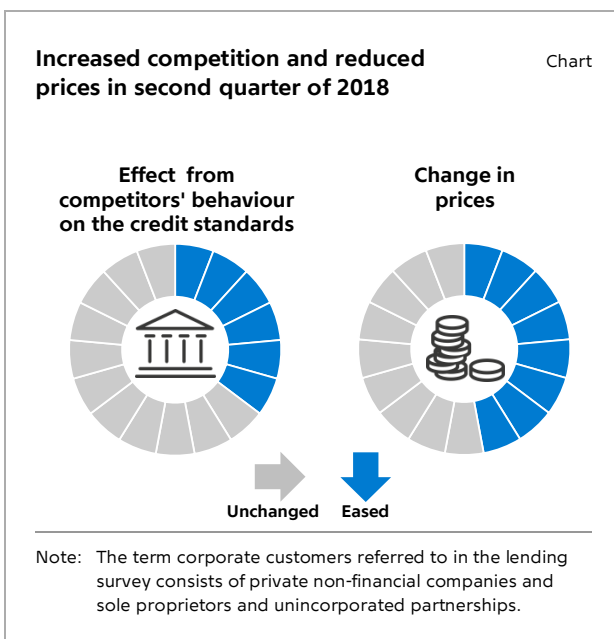
expense of the large banks who are reporting a decline in demand from this particular customer group.

One of the parameters that the banks – especially the medium-sized – can change to attract customers, is the price. In total, 8 banks report an easing of prices in 2nd quarter 2018. Of the 8 banks, 5 expect further easing of prices in the 3rd quarter.

It is not the first time that banks report increased competition. In fact, banks – again especially the medium-sized – have reported almost every quarter since the beginning of 2013 that the behaviour of competitors has contributed to an easing of their credit standards.

The banks' overall credit standards for corporate customers have been gradually eased over the same period – more prevalent among the medium-sized than the large banks.

The increased activity of the medium-sized banks is confirmed by figures from the statistics for banking and mortgage lending. In the recent year, lending to corporate customers from the medium-sized banks has increased by kr. 2.6 billion (2.2 per cent), while the large banks' lending is reduced by kr. 11.1 billion (3.4 per cent). The large and medium-sized banks constitute 64 per cent and 25 per cent of the total lending from banks to corporate customers, respectively.



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