

DANMARKS NATIONALBANK

9 JANUARY 2019

LENDING SURVEY, 4TH QUARTER 2018

Tightening credit standards for private customers

In Danmarks Nationalbank's lending survey, banks and mortgage credit institutions reply that they have tightened their credit standards for private customers in 4th quarter 2018. In addition, the credit mortgage institutions have experienced decreasing demand from private customers. Hence, the replies indicate that both supply and demand for loans for private customers have decreased.

Banks' and mortgage credit institutions' credit standards affect the supply of loans for private customers. 6 out of 21 participants – with a total market share of almost 40 per cent – reply that they have tightened credit standards for private customers.

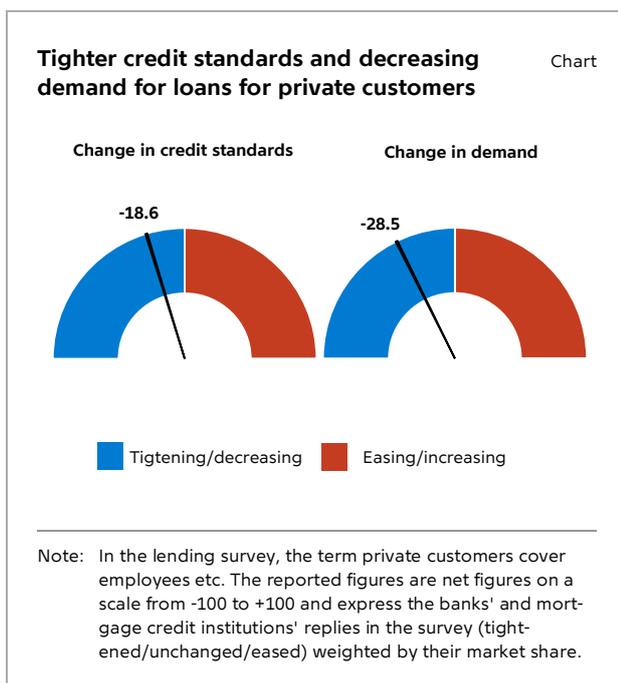
Several institutions reply that the tightening of credit standards mostly has been affected by the risk assessment of their customers. Furthermore, several institutions reply that their willingness to take risks has decreased.

To the question on how banks and mortgage credit institutions have changed their terms over the quarter, several participants reply that they have tightened "Other terms and conditions". This covers for example loan-to-value and debt-to-income thresholds. Prices and collateral requirements have on the other hand not been subject to changes overall.

Some banks and mortgage credit institutions comment that the tightening has affected loans for cooperative housing – in particular in Copenhagen and Aarhus. The Danish Financial Supervisory Authority, FSA, reported in June that cooperative housing buyers are often granted loans with a high risk. The FSA stated in the wake of their analysis that banks and mortgage credit institutions should be cautious.¹

According to the mortgage credit institutions, the demand for loans to private customers has decreased. However, this tendency does not appear to have been affecting the banks, as no banks report decreasing demand, and a few banks have experienced an increase in demand. Due to the mortgage credit institutions' large market share, the survey answers suggest an overall decrease in demand.

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¹ The Danish Financial Supervisory Authority, Mange risikobetonede lån til andelsboligkøbere, June 2018 ([link](#)). (in Danish only)