

# DANMARKS NATIONALBANK

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LENDING SURVEY, 2ND QUARTER 2019

## Banks are increasing competition for the robust corporate customers

In Nationalbanken's lending survey for the second quarter of 2019, 4 of the 17 surveyed banks report that competitors' behaviour contributes to easing credit standards towards corporate customers. The 4 banks are both medium and large and together constitute 21 per cent of total lending to corporate customer.

### The fierce competition seems to continue

It is far from new, that the surveyed banks report increasing competition for the robust corporate customers. In fact, the banks have reported that competitors' behaviour has contributed to easing credit

standards against corporate customers in all quarters since 2013. Several banks state that the competitive pressure is mainly driven by the small and medium-sized banks. At the same time, 3 banks expect the competitive pressure to continue in the third quarter.

The tough competition from especially the medium-sized banks is confirmed by data from the statistics for bank and mortgage credit. In recent years, lending to businesses from the medium-sized banks has increased by 1.5 per cent, while lending by large banks has increased by 0.5 per cent. At the end of May, medium-sized banks' share of total lending to corporate customers was 22 per cent, while the large banks' share accounted for 69 per cent.

### Several factors can increase competition

Unlike in the past, medium-sized banks no longer report increasing borrowing demand from new corporate customers. This trend is expected to continue in the following quarter. A Stagnant loan demand at the same time as low interest margins can limit banks' core earnings, which can ultimately contribute to even tougher competition.

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