

DANMARKS NATIONALBANK

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LENDING SURVEY, 1ST QUARTER 2022

A number of banks expect tighter credit standards

In Danmarks Nationalbank's lending survey for 1st quarter 2022, 6 both large and medium-sized banks of the 16 surveyed report that they expect to tighten their credit standards for private customers from 1st to 2nd quarter 2022. The banks explain their responses by, among other things, their expectation of a weakening in the economic robustness of the private customers, including the risk of decreasing income after taxes and fixed expenses. The customers' robustness is, among other things, affected by their expenses that increases following increasing interest rates and inflation driven by, among other things, increasing energy prices.

Increased risk of lending

Apart from the banks' expectation of their overall credit standards, the banks also report how they expect a number of factors will affect their credit

standards in the following quarter. Almost half of the banks expect that changes in, among other things, perception of risk and appetite for risk will move credit standards in a tighter direction in the 2nd quarter, which is related to the private customers' increasing expenses. Cost of funding and competition between banks are the other factors that banks report in the lending survey. The banks, more or less, do not expect that these two factors affect their credit standards in the 2nd quarter.

In regards to the corporate customers, half of the surveyed banks expect that perception of risk and appetite for risk will move credit standards in a tighter direction in the 2nd quarter. However, the majority of the banks report that they expect their overall credit standards for corporate customers to be unchanged.

Disagreement on demand from private customers

The banks disagree on how the demand from existing private customers will change from the 1st to 2nd quarter. A third of the surveyed banks expect that the demand decreases following, among other things, the private customers' increasing expenses. But the remaining banks expect that the demand either increases or is unchanged. The demand from existing private customers is, however, expected to decrease, in total, if the responses are weighted by the banks' respective market shares.

The banks also disagree on the demand from corporate customers. However, half of the banks expect that the demand increases from 1st to 2nd quarter.

6 of the 16 largest banks expect to tighten their credit standards from the 1st to 2nd quarter

Expectation of change in credit standards from 1st to 2nd qtr. 2022



Note: In the lending survey, private customers cover 'Employees, pensioners, etc.'.

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