

SOURCES AND METHOD LENDING SURVEY

Financial Statistics
Money, Banking and National Accounts

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Lending Survey

- 0 Administrative Information about the Statistical Product
- 1 Contents
- 2 Time
- 3 Accuracy
- 4 Comparability
- 5 Accessibility
- 6 Supplementary Documentation

0 ADMINISTRATIVE INFORMATION ABOUT THE STATISTICAL PRODUCT

0.1 Name

Lending survey.

0.2 Subject Area

Balance sheets and flows of the MFI sector
Money and credit market.

0.3 Responsible Authority, Offices, Person, etc.

Danmarks Nationalbank, Statistics, Money, Banking and National Accounts Statistics

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0.4 Purpose and History

The purpose of the survey is to shed light on changes in banks' and mortgage banks' credit policy and the factors driving the changes.

The survey is conducted on a quarterly basis, and the first results are available for the 4th quarter of 2008.

0.5 Users and Application

The lending survey conducted by Danmarks Nationalbank is a qualitative statistical survey supplementing the existing quantitative statistics for credit institutes' actual lending and interest rates. The results of lending survey contribute to an increased understanding of the Danish credit market, by illustrating changes in the credit institutions' credit policy, loan conditions and terms. The survey is used to analyze the supply of and demand for credit, growth in lending, business cycle, financial stability, etc.

The users are banks, mortgage banks, Danmarks Nationalbank, ministries, professional and industrial bodies, etc.

0.6 Sources

The population consists of the largest Danish banks and mortgage banks, i.e. the banks in the Danish Financial Supervisory Authority's groups 1 and 2 and the five largest mortgage banks. It covers about 80 per cent of lending to households and the corporate sector. The population is representative of the Danish credit market, and the survey thus provides an adequate macroeconomic picture of the credit situation. The results are published for the population as a whole, for the banks in groups 1 and 2, and for the mortgage banks. The population is adjusted once a year prior to the 2nd quarter survey.

0.7 Legal Authority to Collect Data

The statistics are collected on a voluntary basis and according to agreement between the reporting institutions and Danmarks Nationalbank.

0.8 Response Burden

The burden lies with the reporting institutions and is considered to be small compared with that of the quantitative statistics.

0.9 EU Regulation

No EU regulation exists. In the Euro Area the national central banks collect similar statistics on a voluntary basis.

1 CONTENTS

1.1 Description of Contents

The statistics are qualitative and are conducted using questionnaires which are completed by the credit manager of each participating institution. The survey focuses on the development in the credit policy of the institutions, i.e. whether it has become easier or more difficult for borrowers to obtain loans. Also the factors contributing to changes in the credit policy of the institutions are dealt with, as well as the way in which the institutions have implemented the changes via their credit conditions and terms. Furthermore the survey deals with changes in the demand for loans from existing and new customers respectively. The purpose is to establish whether changes in total lending are determined by supply or demand. Finally, the survey deals with changes in default rates and losses given default on loans. From time to time the survey may be supplemented by ad hoc questions.

1.2 Statistical Concepts

The survey consists of two standard questionnaires concerning corporate lending and lending to households, respectively. Each questionnaire consists of five questions: 1) changes in the institutions' credit policy; 2) factors contributing to changes in the credit policy; 3) changes in the institutions' credit conditions and terms; 4) changes in loan demand from respectively new and existing customers; and 5) changes in default rates and losses given default.

The questions concerning corporate lending cover total lending to corporations producing goods or non-financial services. In addition, corporate lending includes lending to sole proprietors and agriculture.

The survey solely comprises Danish credit institutes and lending to corporations and households.

Definitions

- **Credit standards** are the internal guidelines or criteria determining the credit institutions' lending policies. The standards include both the written and the implemented policies.
- **Small and medium-sized corporations** are defined as corporations with annual net turnover of less than DKK 150 million and fewer than 250 full-time employees in accordance with the definition of reporting classes in the Danish Financial Statements Act of 2001.

- **Financing costs** and any restrictions caused by the credit institution's balance-sheet constraints relate to the institutions' capital adequacy, cf. Basel II, their liquidity risk, cf. section 152 of the Danish Financial Business Act, and their access to funding in the money and bond market.
- **Conduct of competitors** relate to competition from other credit institutions. This may be competition from other banks/mortgage banks as well as other types of credit institutions. With regard to lending to corporations, the competition may also be in the form of the corporations' own market funding, e.g. issuance of shares or corporate bonds.
- **Risk assessment** refer to how expectations of the economic development have affected and will affect the institutions' credit standards. For corporations, expectations of the development in specific industries and changes in risks related to the collateral pledged by borrowers can be included. For lending to households, expectations of the development in the housing market can also be included.
- **Risk appetite** relates to the risks that the credit institutions are willing to take.
- **Conditions and terms** refer to the specific assumptions agreed between the borrower and the lender.
- **Price-related terms and conditions** comprise the credit institutions' fees and margins, i.e. the premium added to the lender's own financing costs.
- **Collateral requirements.** For lending to corporations this item comprises guarantees, liability and company charge. For lending to households the item can include the loan-to-value ratio of properties.
- **Other terms and condition** relate to the amount and maturity of the loans, etc.
- **Demand for loans** means the total of loans demanded by borrowers. New customers are corporations or households having no relations with the institution, while existing customers are corporations or households already having one or more relations with the institution. For loans to corporations, the assessment must also include changed utilisation of credit lines.
- **Default rates and losses** given default are defined in accordance with the applicable accounting rules.

Compilation method

The results of the survey are presented as net balances, by assigning to each answer of a credit institution a value and then weighing the value according to the institution's share of total lending to corporations and households respectively.

- **The net balance** is calculated by the formula: $\text{Net balance} = \sum s_i \cdot v_i$, where s_i is the value of respondent i 's answers, and v_i is the weight of respondent i . The scale runs from -100 to +100.

2 TIME

2.1 Reference Period

The statistics are prepared on a quarterly basis.

2.2 Date of Publication

The statistics are published on the 8th banking day of the month after the end of the reference period, i.e. 6th banking day in January, April, July and October.

2.3 Punctuality

The statistics are usually published without delay in relation to the scheduled date.

2.4 Frequency

New data is published every quarter.

3 ACCURACY

3.1 Overall Accuracy

The statistics are based on information collected from the largest Danish credit institutions. The accuracy of the statistics is therefore dependent on the accuracy of the reports delivered by the institutions. The coverage being approx. 75 per cent of loans to households and approx. 85 per cent of loans to corporations, the overall accuracy of the statistics is considered to be good.

3.2 Sources of Inaccuracy

The statistics are based on data collected from a sample of the total population of credit institutions. During the control and publishing phases several manual procedures are conducted which involve risks of errors.

Danmarks Nationalbank sets out guidelines for the credit institutions' reporting, but there is a risk that the guidance is interpreted differently by

the institutions and therefore may lead to non-consistent reporting. The institutions are asked to ignore seasonal fluctuations/variations when answering the questionnaires.

Since the statistics are qualitative there is no grossing up.

3.3 Measures of Accuracy

The statistical uncertainty is not calculated.

4 COMPARABILITY

4.1 Comparability over Time

No previous compilations exist for comparison.

4.2 Comparability with other Statistics

Danmarks Nationalbank on a monthly basis publishes the statistics Balance sheets of banks and mortgage banks and Statistics on interest rates of banks and mortgage banks. These quantitative statistics on actual lending and interest rates are applicable for comparisons with the qualitative data of the Lending survey.

4.3 Coherence between Provisional and Final Statistics

Only final figures are published.

5 ACCESSIBILITY

5.1 Forms of dissemination

Published quarterly via:

www.nationalbanken.dk

<http://nationalbanken.statbank.dk>

www.statbank.dk

5.2 Basic material: Storage and Usability

No special storage of the basic material takes place.

5.3 Documentation

See [Reporting guidelines](#).

5.4 Other Information

See Facts about Danmarks Nationalbank's lending survey and the actual questionnaires concerning [corporate](#) lending and [households](#) respectively.

See [Danmarks Nationalbank's Lending Survey – New Statistics for Changes in Banks' and Mortgage-Credit Institutions' Credit Policies](#), Danmarks Nationalbank, Monetary Review, 1st quarter 2009, page 81.

6 SUPPLEMENTARY DOCUMENTATION

None.

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