

# Results of the Survey on Credit Conditions (ECC)

Third Quarter 2019



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

The Survey on Credit Conditions (ECC) is a qualitative quarterly survey conducted by the BCRA in order to gather additional information on the performance and trends observed in the bank credit market. The information obtained supplements the set of quantitative statistical data more readily available to this institution, aimed at achieving a better understanding of the factors that impact on the evolution of loans granted by the financial system

This survey is conducted on a sample of institutions consulted about the evolution of their credit supply and the demand for credit they have to face. The performance of loans to companies and to households is analyzed, focusing on any changes recorded during the quarter in progress against the immediately preceding quarter, and on any changes expected to occur in the next three months.

This report discloses the results for the third quarter of 2019, obtained from the survey conducted from September 16 to September 30, 2019.

The historical results obtained to date and the methodological details of the survey are made available to the public together with this report. To access this material, click [here](#).

Report published on October 16, 2019.

Data for the fourth quarter of 2019 will be published in January 2020.

*The answers given by institutions do not necessarily match the vision of the Central Bank of Argentina or of its authorities*

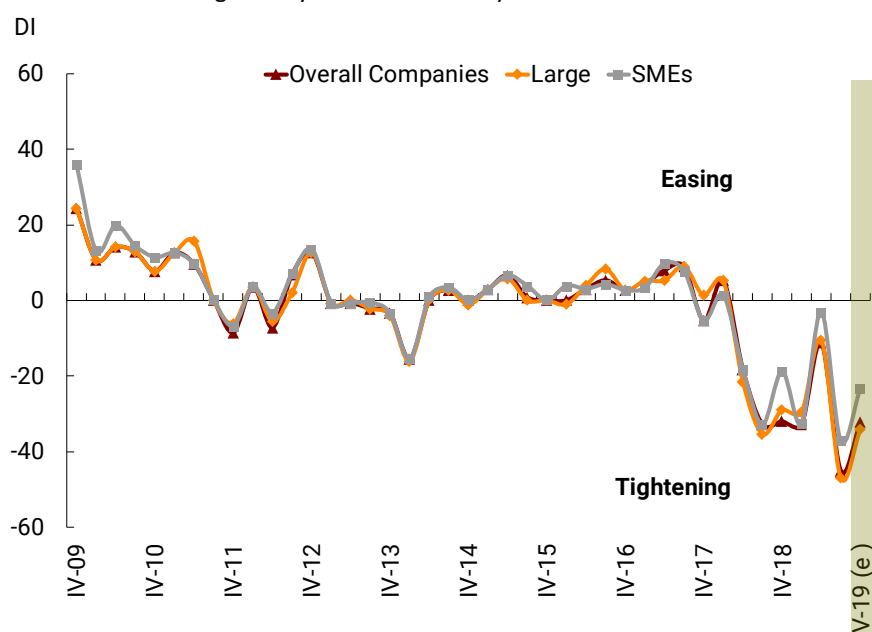
# 1. Loans to Companies

## Supply – Credit Standards / Terms and Conditions

1.1 On the basis of the answers obtained from participating banks, in the third quarter of 2019, there was a significant tightening of the credit standards associated with loans to companies against the immediately preceding period. The Diffusion Index<sup>1</sup> (DI) stood at -45.1%<sup>2</sup> for overall companies (see Chart 1 and Annex). This tightening scenario was observed in large companies and, to a lesser extent, in small and medium sized enterprises (SMEs). Out of the twenty-one (21) banks that answered this item, the fourteen (14) institutions that tightened their credit standards for companies in the third quarter mentioned the deterioration of the economic context (both current and expected) as well as the increased risk of the credit portfolio as the main factors behind their movement on the margin. The other institutions remained neutral in this respect in the third quarter of the year.

**Chart 1 | Companies – Credit Standards Evolution**

Diffusion Index weighted by institution and by answer - In %

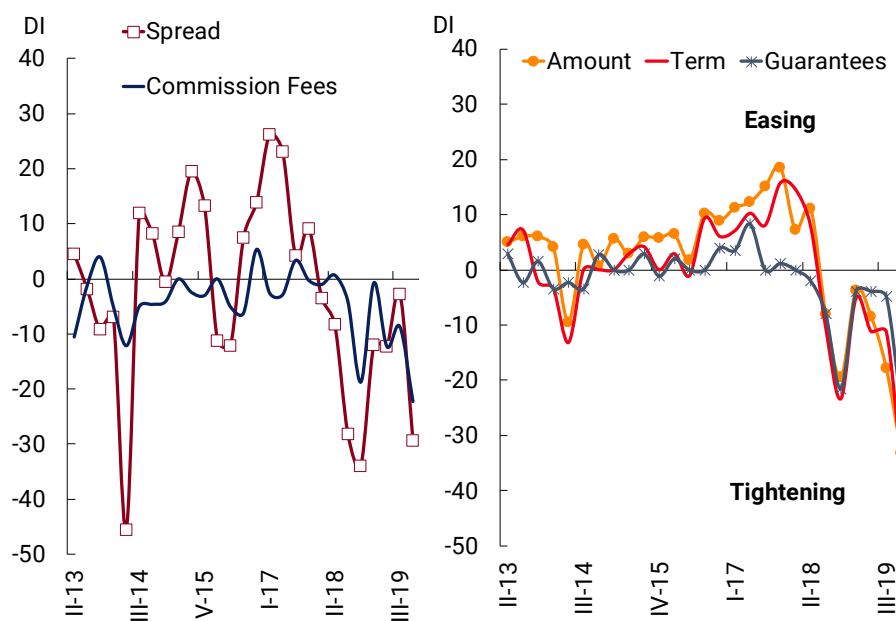


<sup>1</sup> Based on answers obtained when conducting the ECC survey, indicators are built that serve to become aware of the market main trends in aggregate. Particularly, the so-called Diffusion Index (DI) is prepared as a global indicator of evolution of the variable under analysis, built as the difference between the percentage of answers showing a positive evolution (answers "Moderately more easing" and "More easing") minus the percentage of negative answers ("Moderately more tightening" and "More tightening"). This index weights the answers taking into account each institution's share in the stock of credit (of the sample of surveyed banks), and the intensity of the response (0.5 factor for "Moderately ..." answers, and 1 for "More..." answers). DIs may obtain values within a -100 / +100 range.

<sup>2</sup> In general, DIs (in absolute values) lower than or equal to 5 are considered to be an "unchanged" or "neutral" condition, values from 5 to 10 are considered to be "slightly" changed or biased condition; from 10 to 20, "moderately" changed; from 20 to 50 "significantly" changed and over 50, "widely diffused".

1.2 In the third quarter of the year, a significant tightening was observed in most terms and conditions applied to credit requests to be approved for companies: spreads on the cost of funding, commission fees charged to companies, maximum amounts and terms for granting as well as requirements for guarantees (see Chart 2).

**Chart 2 | Companies – Terms and Conditions Evolution**  
Diffusion Index weighted by institution and by answer – In %



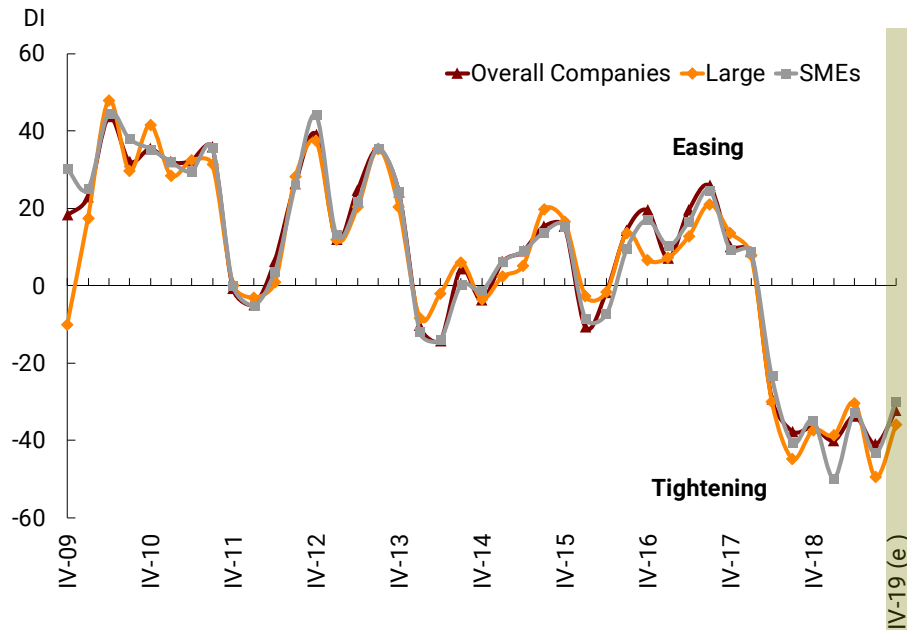
1.3 Based on the answers of the aggregate of participating banks, a new significant tightening is expected for the fourth quarter of 2019 in the credit standards associated with loans to companies (DI for overall companies of -32.2%) (see Chart 1), and this situation would mainly involve large companies as well as medium and long term financing (over one year).

## Perceived Demand

1.4 During the third quarter of 2019, the ensemble of institutions participating in the survey perceived a significant contraction of companies' demand for credit (DI for overall companies of -40.9%) (see Chart 3), in line with the performance observed in the previous five quarters. According to the institutions that perceived a drop in credit demand in the quarter under analysis (15 in total), this performance mainly resulted from the interest rate context as well as from the contraction of sales and investments in fixed assets. The drop observed in the period involved all sizes of companies and all financing terms (even though it has been more intense in terms over one year).

**Chart 3 | Companies. Credit Demand Evolution**

Diffusion Index weighted by institution and by answer – In %

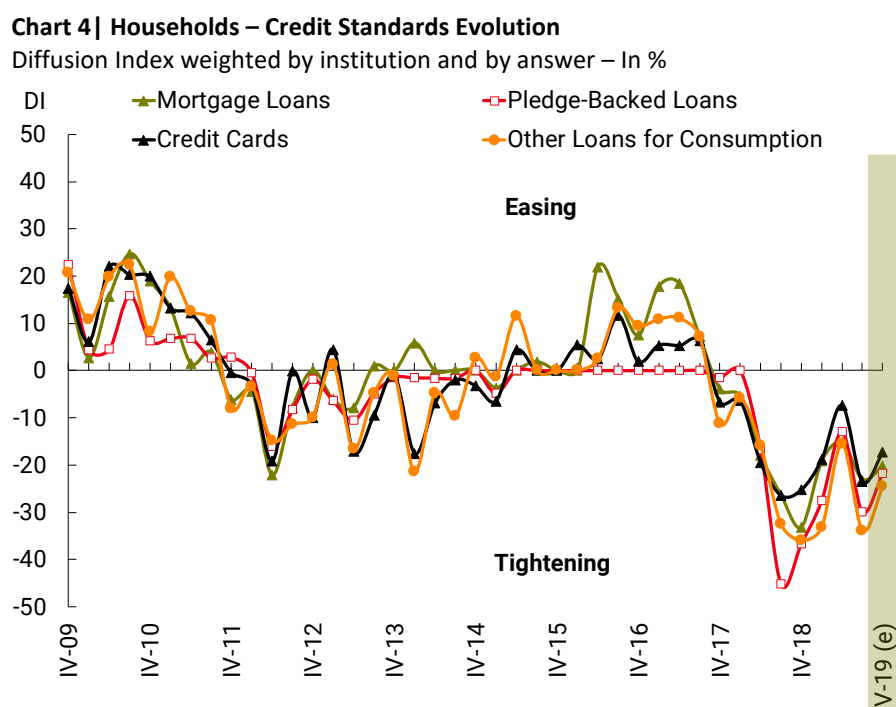


1.5 The aggregate of the surveyed institutions expects a significant drop of companies' demand for credit by the end of 2019 (DI for overall companies of -32.1%). This scenario would involve both large companies and SMEs and all financing terms.

## 2. Loans to Households

### Supply – Credit Standards / Terms and Conditions

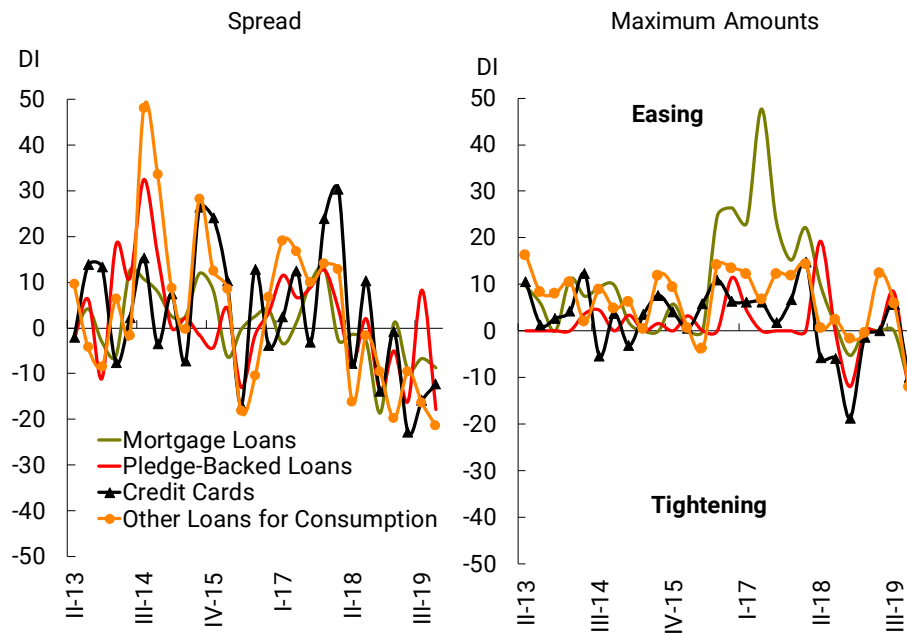
2.1 During the third quarter of 2019, the banks participating in the survey pointed to a significant tightening of credit standards in all lines for households (see Chart 4). According to such institutions, the main factors explaining this evolution include the deterioration of the economic situation, the increased risk of the credit portfolio and the significant tightening related to institutions' level of capital.



2.2 Based on the answers received from the banks participating in the survey, a trend towards a tightening of the terms and conditions applicable to loans for households was observed during the third quarter of 2019: (i) the spreads on the cost of funding widened significantly in other loans for consumption and, with a lesser intensity, in the remaining lines (see Chart 5); (ii) the commissions fees charged by banks went up significantly in credit cards even though the rise was less significant in pledge-backed loans, in other loans for consumption and in mortgage loans; (iii) the maximum loan amounts tightened moderately in almost all credit lines to households; (iv) the maximum terms for loan granting shortened slightly in credit cards, other loans for consumption and mortgage loans, while this evolution was even more intense in pledge-backed loans; (v) the requirements for guarantees did not record changes (remained neutral) in all credit lines for households during the period.

**Chart 5 | Households – Terms and Conditions Evolution**

Diffusion Index weighted by institution and by answer – In %



2.3 The banks participating in the survey anticipate that, by the end of 2019, the standards for approval of nearly all credit lines for households will tighten significantly (see Chart 4), except for credit cards, which would show a moderate tightening.

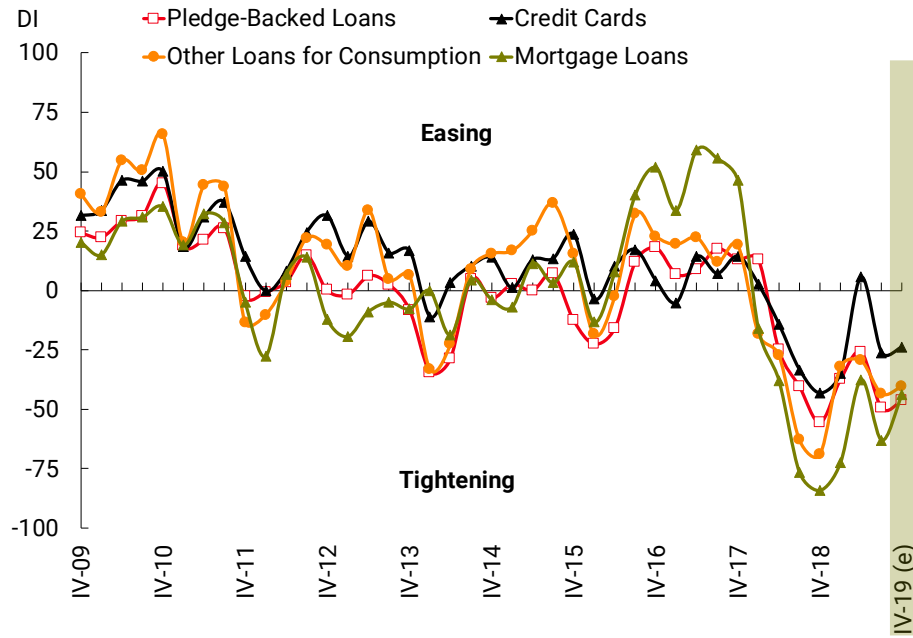
### Perceived Demand

2.4 Based on the answers of the survey, the institutions perceived a widely diffused drop in the demand for mortgage loans in the third quarter of 2019 (DI of -63%) against the previous quarter, mainly due to the decreasing investment in housing and the unappealing interest rate context. In turn, the demand for pledge-backed loans, other credits for consumption and credit cards contracted as well, even though to a lesser extent (see Chart 6).

2.5 For the fourth quarter of 2019, the banks participating in the survey anticipate a significant drop in the demand for credit in all lines for households, mainly pledge-backed loans (DI of -46.3%) and mortgage loans (DI of -43.7%).

### Chart 6 | Households – Credit Demand Evolution

Diffusion Index weighted by institution and by answer – In %





# Annex

## Loans to Companies

		Diffusion Index * - ln %																										
		I-13	II-13	III-13	IV-13	I-14	II-14	III-14	IV-14	I-15	II-15	III-15	IV-15	I-16	II-16	III-16	IV-16	I-17	II-17	III-17	IV-17	I-18	II-18	III-18	IV-18	I-19	II-19	III-19
<b>A. Changes in approval standards (questions 1 and 5).</b>																												
<b>Overall Companies</b>	Quarter	-0,7	-0,7	-2,2	-3,4	-15,4	0,0	2,7	0,0	2,9	6,6	0,8	0,0	0,0	3,0	5,3	2,7	4,4	7,9	8,9	-5,4	5,2	-18,2	-32,9	-32,1	-32,9	-11,3	-45,1
	Expected Next Quarter	-1,6	1,6	1,9	0,1	-0,8	-2,0	-9,5	0,0	2,8	0,0	0,0	14,8	14,2	1,1	11,1	10,1	3,4	6,6	10,8	-0,4	2,4	-17,1	-28,0	-13,6	-31,8	-4,8	-32,2
<b>Large Companies</b>	Quarter	-0,7	0,0	-2,2	-4,1	-16,1	0,0	2,7	-1,1	2,9	5,8	0,0	0,0	-1,1	3,9	8,2	2,7	5,2	5,2	8,9	1,3	5,2	-21,5	-35,4	-29,0	-29,6	-10,5	-47,0
	Expected Next Quarter	-0,1	1,6	1,9	-0,6	-0,8	-2,0	-9,5	-4,1	2,7	0,0	0,0	11,9	11,4	1,0	11,1	6,7	3,4	7,4	10,8	-0,4	0,0	-20,2	-23,0	-22,9	-29,1	-4,0	-34,1
<b>SMEs</b>	Quarter	-0,7	-0,7	-0,6	-3,4	-15,4	0,9	3,4	0,0	2,9	6,6	3,8	0,0	3,9	3,0	4,2	2,7	3,3	9,8	7,8	-5,4	1,3	-18,2	-32,9	-18,8	-32,7	-3,1	-37,2
	Expected Next Quarter	-1,6	1,6	1,2	0,1	-0,8	-2,0	-9,5	0,0	2,8	0,0	0,0	15,3	16,3	4,7	11,1	10,2	3,4	6,6	12,0	-0,3	2,4	-17,1	-28,0	-15,4	-35,3	3,3	-23,3
<b>Up to 1 year</b>	Quarter	-0,7	0,0	-3,8	-3,4	-15,4	0,7	2,7	0,0	2,9	5,8	0,1	0,0	2,8	3,0	4,2	2,7	3,3	9,8	7,8	-6,4	5,2	-20,7	-26,2	-19,7	-31,9	-3,1	-29,7
	Expected Next Quarter	-1,6	1,6	1,9	0,1	-0,8	-2,0	-8,2	0,0	2,8	0,0	0,0	9,3	14,2	1,1	11,1	6,8	0,7	5,8	13,4	-0,4	-0,7	-9,0	-20,4	-13,6	-32,4	3,3	-22,3
<b>Over 1 year</b>	Quarter	-2,1	1,5	-6,5	-4,1	-17,3	3,4	1,1	0,0	1,6	3,7	0,9	0,0	1,7	4,5	1,1	5,7	4,4	9,8	8,9	2,0	5,2	-14,3	-44,1	-32,1	-34,4	-14,5	-43,7
	Expected Next Quarter	-1,6	1,6	1,2	-2,4	-2,3	-2,0	-8,2	0,0	0,1	0,0	0,0	12,3	15,4	4,7	10,5	10,6	3,4	5,8	10,8	-0,4	1,6	-17,1	-38,0	-23,8	-33,5	-4,8	-34,1
<b>B. Changes in Terms and Conditions (question 4)</b>																												
<b>Spread on cost of funding</b>																												
Overall Companies	Quarter	4,6	-1,9	-9,2	-6,8	-45,5	12,0	8,2	-0,6	8,5	19,5	13,3	-11,2	-12,1	7,5	13,9	26,3	23,1	4,2	9,2	-3,4	-8,3	-28,1	-34,0	-11,9	-12,3	-2,7	-29,4
Large Companies	Quarter	-1,5	-1,9	-9,2	-4,3	-43,7	12,0	8,2	-0,6	8,5	19,5	13,3	-9,2	-12,1	9,4	11,0	29,2	23,1	1,6	9,2	-3,4	-8,3	-28,1	-38,3	-21,2	-14,8	-2,7	-33,6
SMEs	Quarter	4,6	2,3	-9,2	-6,2	-43,8	14,5	6,5	-0,6	8,5	20,1	18,3	-13,3	-12,1	9,9	13,9	29,0	23,1	10,4	9,2	-2,5	-1,0	-28,1	-36,8	-11,9	-12,3	2,9	-29,4
<b>Commission fees and other charges</b>																												
Overall Companies	Quarter	-10,5	-1,2	4,0	-5,0	-12,1	-5,0	-4,6	-4,1	0,0	-2,4	-3,0	0,0	-5,1	-6,2	5,4	-2,6	-2,9	3,4	-0,2	-1,0	0,7	-4,0	-18,7	-0,7	-12,3	-8,7	-22,3
Large Companies	Quarter	-10,5	-1,2	4,0	-5,0	-12,1	-6,6	-4,6	-4,1	0,0	-2,4	-1,2	0,0	-5,1	-6,2	5,4	-6,0	-6,1	0,0	-0,2	-9,2	-8,2	-4,0	-18,7	-0,7	-16,8	-8,7	-22,3
SMEs	Quarter	-10,5	-2,7	4,0	-5,0	-12,1	-5,0	-4,6	-4,1	0,0	-2,4	-3,0	0,0	-5,1	-5,6	8,9	0,9	0,4	6,8	-0,2	-8,2	-1,0	-4,0	-18,8	-0,7	-12,3	0,0	-20,3
<b>Maximum amounts</b>																												
Overall Companies	Quarter	5,0	6,0	6,0	4,1	-9,5	4,6	0,7	5,6	2,9	5,8	5,7	6,4	1,7	10,2	8,9	11,2	12,2	15,1	18,5	7,2	11,1	-8,1	-19,6	-3,8	-8,5	-17,9	-33,2
Large Companies	Quarter	5,0	5,3	5,3	6,8	-7,4	4,6	5,7	8,6	5,8	5,8	5,7	6,9	-1,1	10,2	8,9	13,0	12,2	11,7	18,5	10,6	11,1	-16,6	-19,6	2,2	-12,0	-15,9	-38,0
SMEs	Quarter	5,0	6,0	2,3	4,1	-6,1	8,0	0,7	5,6	3,5	6,4	3,5	6,4	4,9	8,2	8,9	11,2	10,3	15,1	17,4	12,5	11,1	-17,3	-19,6	-3,8	-7,2	-7,7	-31,7
<b>Term</b>																												
Overall Companies	Quarter	4,5	7,2	-2,2	-3,4	-13,2	0,0	0,0	0,0	2,9	4,2	0,0	2,9	-1,1	9,4	6,0	7,1	10,3	8,1	15,8	14,6	7,9	-10,5	-23,4	-5,2	-11,2	-11,2	-35,0
Large Companies	Quarter	1,8	4,4	-5,2	-3,4	-26,9	0,0	6,8	0,0	2,9	4,2	0,0	2,9	-1,1	6,6	9,0	10,5	13,5	13,2	20,8	18,9	7,9	-10,5	-23,4	-5,2	-18,1	-7,1	-36,0
SMEs	Quarter	5,4	8,0	2,2	-3,4	-12,4	3,4	0,0	0,0	2,9	1,9	0,0	2,9	1,1	9,4	4,0	7,1	9,8	10,8	12,6	11,7	9,0	-10,3	-26,2	-4,2	-8,1	-7,1	-32,7
<b>Guarantees required</b>																												
Overall Companies	Quarter	2,9	-2,3	1,6	-3,4	-2,3	-3,4	2,7	0,0	0,0	2,9	-1,2	2,0	0,0	0,0	4,0	3,5	8,3	0,0	1,2	0,0	-2,0	-8,0	-21,6	-3,9	-3,9	-4,9	-24,9
Large Companies	Quarter	2,9	-1,5	0,7	-4,1	-2,3	-3,4	2,7	0,0	0,0	2,9	0,0	2,0	0,0	0,0	4,0	0,0	5,1	0,0	1,2	0,0	-2,0	-16,5	-20,7	-3,9	-12,0	-13,1	-25,9
SMEs	Quarter	2,9	-2,3	2,2	-2,7	-2,3	-3,4	2,7	3,6	2,9	3,8	-0,3	2,0	0,0	2,7	1,9	3,5	8,3	3,5	0,0	8,2	-2,0	-7,0	-21,6	-6,8	-6,7	-4,9	-25,8
<b>C. Changes in credit demand (questions 6 and 9)</b>																												
<b>Overall Companies</b>	Quarter	12,0	24,8	35,6	24,4	-10,2	-14,2	4,4	-3,7	6,3	9,0	15,5	15,4	-10,6	-1,8	14,4	19,6	7,2	19,8	25,9	10,2	8,8	-29,2	-37,6	-36,7	-40,0	-33,6	-40,9
	Expected Next Quarter	34,5	22,7	26,0	11,5	19,6	9,7	4,2	10,6	8,7	13,4	11,0	11,0	11,4	13,1	23,2	19,8	23,1	19,5	22,5	15,2	12,8	-29,5	-37,2	-23,6	-21,2	-4,6	-32,1

\* Weighted by institution and by answer

