



EUROPEAN CENTRAL BANK

EUROSYSTEM

**João Sousa\***

Head of Monetary Analysis Division

\*with input from C. Marchini, S. Scopel, T. Vlassopoulos, A. Vozinos

# Funding and Capital Markets: the European Scenario

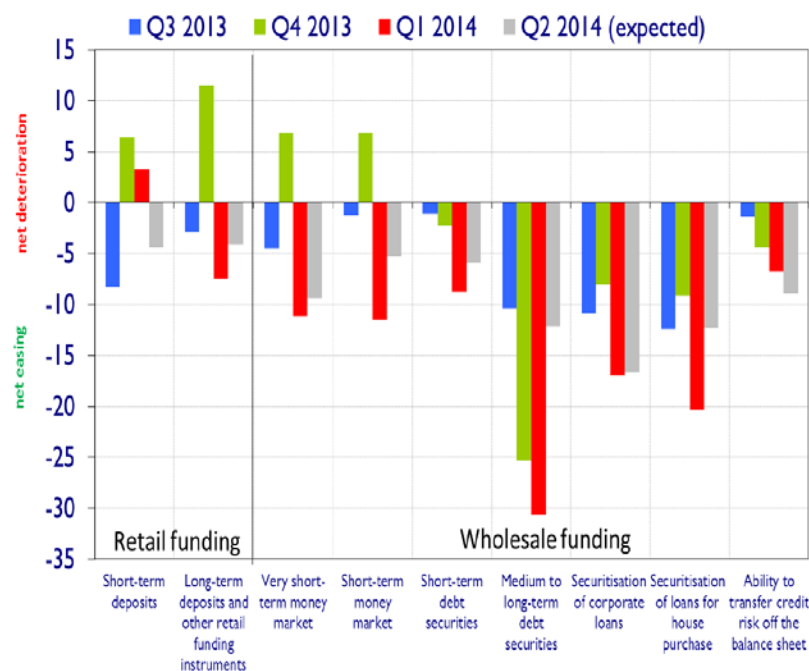
## Bank Funding and Lending

The views expressed are those of the presenter and do not necessarily reflect the position of the ECB.

7 May 2014

# A. Bank access to funding improving and funding costs declining

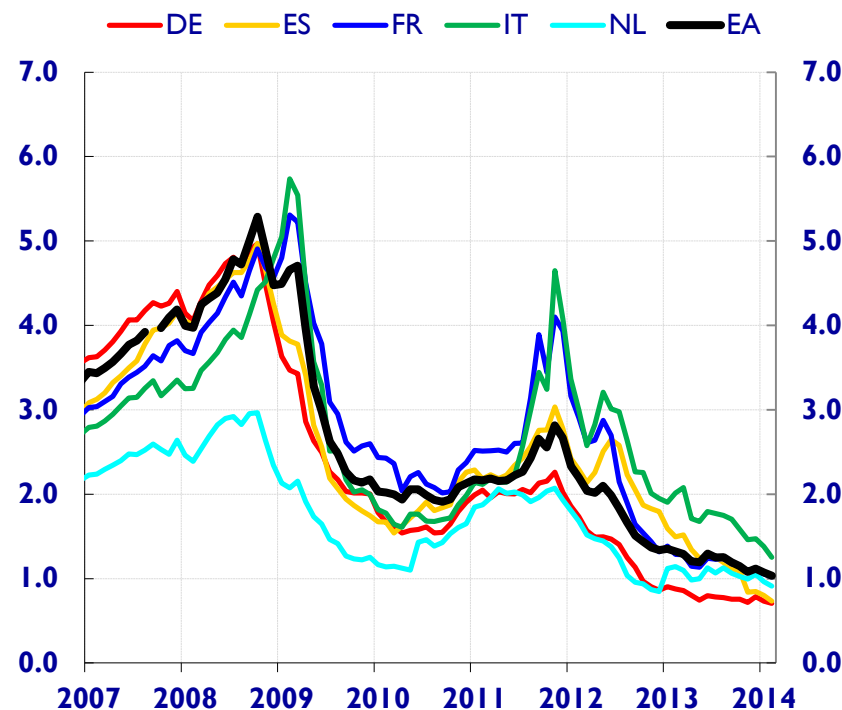
**Country contributions to the changes in access to funding over the past three months as reported in the BLS (net percentages of banks reporting deteriorated market access)**



Source: ECB.

Notes: The net percentages are defined as the difference between the sum of the percentages for “deteriorated considerably” and “deteriorated somewhat” and the sum of the percentages for “eased somewhat” and “eased considerably”. Latest observation: 2014Q1.

**Bank’s composite of cost of bank debt financing (composite cost of deposit and non-secured market debt funding; percentages per annum)**

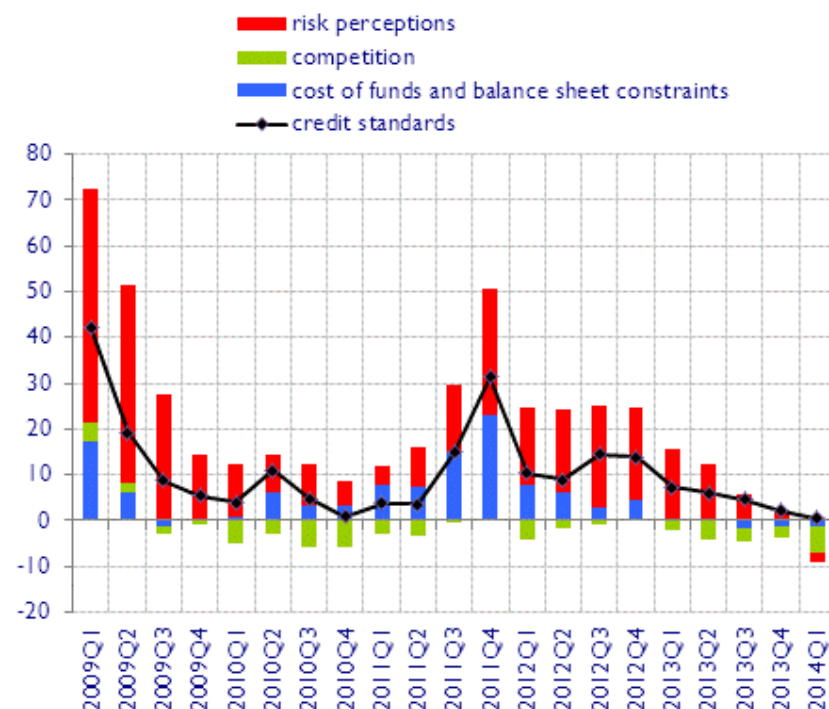


Sources: ECB, Merrill Lynch Global Index and ECB calculations.

Notes: Deposit rates and cost of market-based debt financing are weighted using outstanding amounts taken from BSI statistics. Latest observation: February 2014.

# B. Bank credit conditions for non-financial corporations stabilising

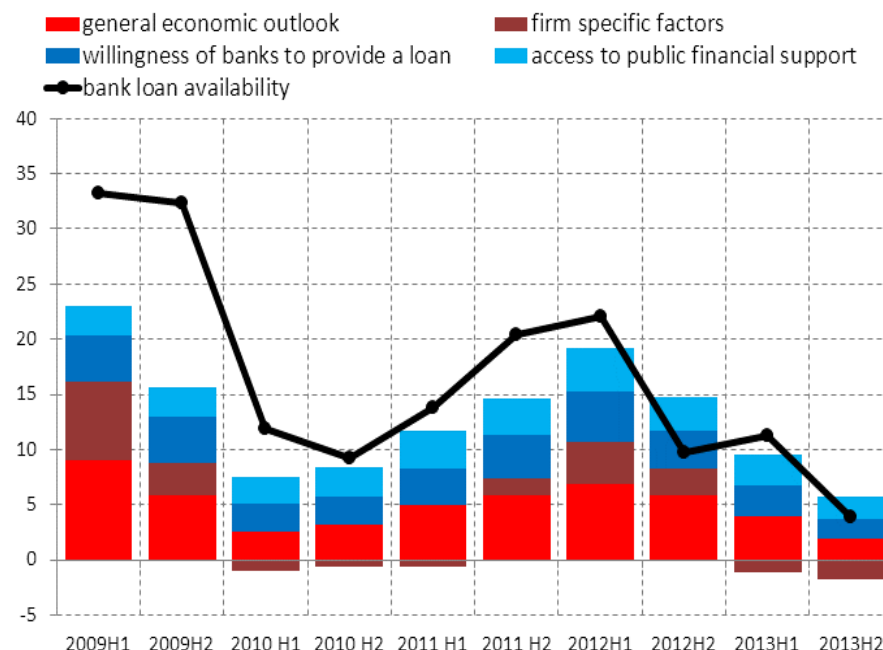
**Factors contributing to a tightening of credit standards for loans to NFCs** (average net percentages per category)



Source: ECB (BLS).

Notes: Cost of fund and balance sheet constraints as unweighted average of “capital position”, “access to market financing” and liquidity position”; Risk perception as unweighted average of “exp. economic activity”, “industry-specific risk” and “risk on collateral demanded”; Competition as unweighted average of “bank competition”, “non-bank competition” and “competition by market financing”.

**Factors affecting the deterioration in the availability of external financing to SMEs** (net percentages; all inverted)

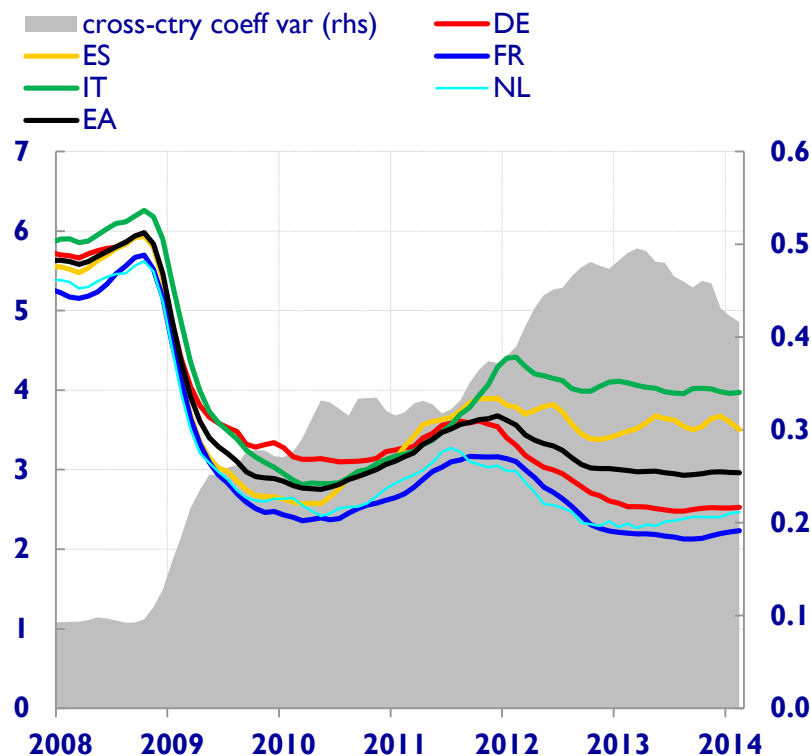


Source: ECB (SAFE).

Notes: Firm-specific factors as unweighted average of “firm-specific outlook”, firm’s own capital” and “firm’s credit history”.

# C. Bank lending rates to non-financial corporations remain elevated in some jurisdictions. Bank loans to NFCs declining, securities issuance providing some relief

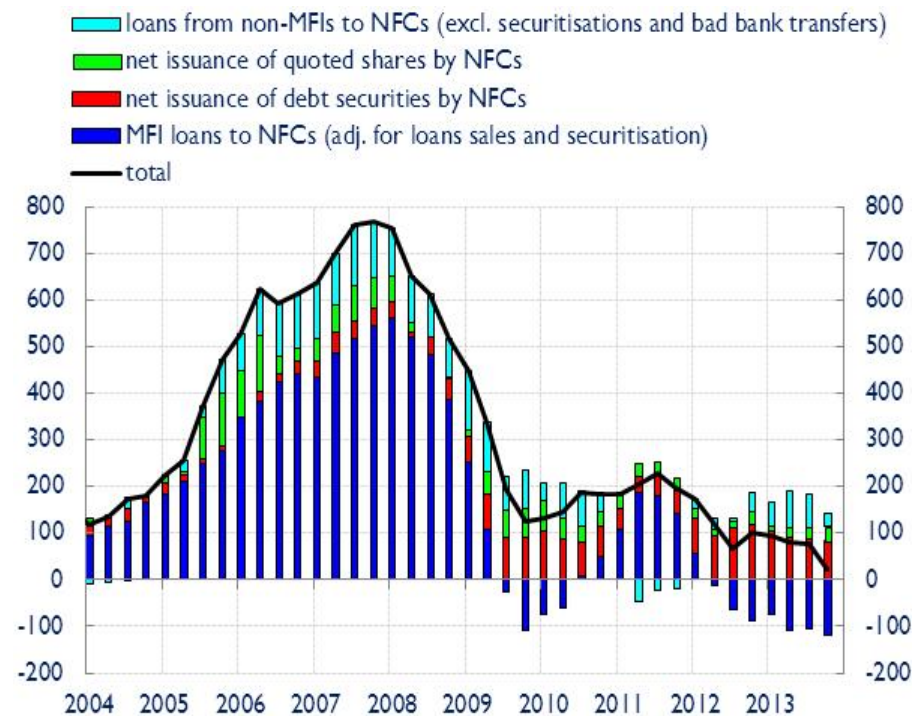
**Composite indicator of the cost of borrowing for NFCs**  
(percentage changes per annum; three-month moving averages)



Sources: ECB.

Note: The composite indicator of the cost of borrowing is calculated by aggregating short- and long-term rates using a 24-month moving average of new business volumes. The cross country coefficient of variation is calculated over a fixed sample of 12 euro area countries. Latest observation: February 2014.

**NFCs' total external financing**  
(EUR billions; four-quarter flows)



Sources: Eurostat, ECB (EAA).

Notes: non-MFI loans comprise loans from OFIs and ICPFs to NFCs excluding loan securitisations and loan transfers to bad banks. Latest observation: 2013Q4.