

Table 2

Senior Loan Officer Opinion Survey on Bank Lending Practices at Selected Branches and Agencies of Foreign Banks in the United States ¹

(Status of Policy as of July 2020)

Questions 1-6 ask about commercial and industrial (C&I) loans at your bank. Questions 1-3 deal with changes in your bank's lending policies over the past three months. Questions 4-5 deal with changes in demand for C&I loans over the past three months. Question 6 asks about changes in prospective demand for C&I loans at your bank, as indicated by the volume of recent inquiries about the availability of new credit lines or increases in existing lines. If your bank's lending policies have not changed over the past three months, please report them as unchanged even if the policies are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing policies as changes in policies.

1. Over the past three months, how have your bank's credit standards for approving applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—changed?

	All Respondents	
	Banks	Percent
Tightened considerably	2	9.1
Tightened somewhat	11	50.0
Remained basically unchanged	9	40.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100

2. For applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—that your bank currently is willing to approve, how have the terms of those loans changed over the past three months?

a. Maximum size of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	2	9.1
Tightened somewhat	6	27.3
Remained basically unchanged	14	63.6
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	9	40.9
Remained basically unchanged	13	59.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100

c. Costs of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	2	9.1
Tightened somewhat	11	50.0
Remained basically unchanged	9	40.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100

d. Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	1	4.5
Tightened somewhat	11	50.0
Remained basically unchanged	7	31.8
Eased somewhat	3	13.6
Eased considerably	0	0.0
Total	22	100

e. Premiums charged on riskier loans

	All Respondents	
	Banks	Percent
Tightened considerably	4	18.2
Tightened somewhat	11	50.0
Remained basically unchanged	7	31.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	1	4.5
Tightened somewhat	8	36.4
Remained basically unchanged	12	54.5
Eased somewhat	1	4.5
Eased considerably	0	0.0
Total	22	100

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	1	4.5
Tightened somewhat	7	31.8
Remained basically unchanged	14	63.6
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100

h. Use of interest rate floors (more use=tightened, less use=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	1	4.5
Tightened somewhat	5	22.7
Remained basically unchanged	16	72.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate.)

A. Possible reasons for tightening credit standards or loan terms:

a. Deterioration in your bank's current or expected capital position

	All Respondents	
	Banks	Percent
Not important	15	88.2
Somewhat important	2	11.8
Very important	0	0.0
Total	17	100

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	4	22.2
Very important	14	77.8
Total	18	100

c. Worsening of industry-specific problems (please specify industries)

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	7	41.2
Very important	10	58.8
Total	17	100

d. Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)

	All Respondents	
	Banks	Percent
Not important	14	82.4
Somewhat important	3	17.6
Very important	0	0.0
Total	17	100

e. Reduced tolerance for risk

	All Respondents	
	Banks	Percent
Not important	7	41.2
Somewhat important	8	47.1
Very important	2	11.8
Total	17	100

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not important	8	47.1
Somewhat important	7	41.2
Very important	2	11.8
Total	17	100

g. Deterioration in your bank's current or expected liquidity position

	All Respondents	
	Banks	Percent
Not important	13	76.5
Somewhat important	3	17.6
Very important	1	5.9
Total	17	100

h. Increased concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	All Respondents	
	Banks	Percent
Not important	14	82.4
Somewhat important	2	11.8
Very important	1	5.9
Total	17	100

B. Possible reasons for easing credit standards or loan terms:

a. Improvement in your bank's current or expected capital position

Responses are not reported when the number of respondents is 3 or fewer.

b. More favorable or less uncertain economic outlook

Responses are not reported when the number of respondents is 3 or fewer.

c. Improvement in industry-specific problems (please specify industries)

Responses are not reported when the number of respondents is 3 or fewer.

d. More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)

Responses are not reported when the number of respondents is 3 or fewer.

e. Increased tolerance for risk

Responses are not reported when the number of respondents is 3 or fewer.

f. Increased liquidity in the secondary market for these loans

Responses are not reported when the number of respondents is 3 or fewer.

g. Improvement in your bank's current or expected liquidity position

Responses are not reported when the number of respondents is 3 or fewer.

h. Reduced concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

Responses are not reported when the number of respondents is 3 or fewer.

4. Apart from normal seasonal variation, how has demand for C&I loans changed over the past three months? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

	All Respondents	
	Banks	Percent
Substantially stronger	4	18.2
Moderately stronger	7	31.8
About the same	4	18.2
Moderately weaker	5	22.7
Substantially weaker	2	9.1
Total	22	100

5. If demand for C&I loans has strengthened or weakened over the past three months (as described in question 4), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate.)

A. If stronger loan demand (answer 1 or 2 to question 4), possible reasons:

a. Customer inventory financing needs increased

	All Respondents	
	Banks	Percent
Not important	5	55.6
Somewhat important	4	44.4
Very important	0	0.0
Total	9	100

b. Customer accounts receivable financing needs increased

	All Respondents	
	Banks	Percent
Not important	3	33.3
Somewhat important	6	66.7
Very important	0	0.0
Total	9	100

c. Customer investment in plant or equipment increased

	All Respondents	
	Banks	Percent
Not important	7	77.8
Somewhat important	2	22.2
Very important	0	0.0
Total	9	100

d. Customer internally generated funds decreased

	All Respondents	
	Banks	Percent
Not important	1	11.1
Somewhat important	3	33.3
Very important	5	55.6
Total	9	100

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	Percent
Not important	7	77.8
Somewhat important	2	22.2
Very important	0	0.0
Total	9	100

f. Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive

	All Respondents	
	Banks	Percent
Not important	7	77.8
Somewhat important	2	22.2
Very important	0	0.0
Total	9	100

g. Customer precautionary demand for cash and liquidity increased

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	1	9.1
Very important	10	90.9
Total	11	100

B. If weaker loan demand (answer 4 or 5 to question 4), possible reasons:

a. Customer inventory financing needs decreased

	All Respondents	
	Banks	Percent
Not important	5	71.4
Somewhat important	1	14.3
Very important	1	14.3
Total	7	100

b. Customer accounts receivable financing needs decreased

	All Respondents	
	Banks	Percent
Not important	5	71.4
Somewhat important	1	14.3
Very important	1	14.3
Total	7	100

c. Customer investment in plant or equipment decreased

	All Respondents	
	Banks	Percent
Not important	4	57.1
Somewhat important	1	14.3
Very important	2	28.6
Total	7	100

d. Customer internally generated funds increased

	All Respondents	
	Banks	Percent
Not important	7	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	7	100

e. Customer merger or acquisition financing needs decreased

	All Respondents	
	Banks	Percent
Not important	4	57.1
Somewhat important	2	28.6
Very important	1	14.3
Total	7	100

f. Customer borrowing shifted from your bank to other bank or nonbank sources because these other sources became more attractive

	All Respondents	
	Banks	Percent
Not important	3	42.9
Somewhat important	2	28.6
Very important	2	28.6
Total	7	100

g. Customer precautionary demand for cash and liquidity decreased

	All Respondents	
	Banks	Percent
Not important	5	71.4
Somewhat important	0	0.0
Very important	2	28.6
Total	7	100

6. At your bank, apart from seasonal variation, how has the number of inquiries from potential business borrowers regarding the availability and terms of new credit lines or increases in existing lines changed over the past three months? (Please consider only inquiries for additional or increased C&I lines as opposed to the refinancing of existing loans.)

	All Respondents	
	Banks	Percent
The number of inquiries has increased substantially	1	4.5
The number of inquiries has increased moderately	7	31.8
The number of inquiries has stayed about the same	8	36.4
The number of inquiries has decreased moderately	3	13.6
The number of inquiries has decreased substantially	3	13.6
Total	22	100

Questions 7-8 ask about commercial real estate (CRE) loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential properties. Question 7 deals with changes in your bank's standards over the past three months. Question 8 deals with changes in demand. If your bank's lending standards or terms have not changed over the relevant period, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's standards or terms have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.

7. Over the past three months, how have your bank's credit standards for approving applications for CRE loans or credit lines changed?

	All Respondents	
	Banks	Percent
Tightened considerably	4	28.6
Tightened somewhat	5	35.7
Remained basically unchanged	5	35.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100

For this question, 5 respondents answered "My bank does not originate CRE loans."

8. Apart from normal seasonal variation, how has demand for CRE loans or credit lines changed over the past three months? (Please consider the number of requests for new spot loans, for disbursement of funds under existing loan commitments, and for new or increased credit lines.)

	All Respondents	
	Banks	Percent
Substantially stronger	0	0.0
Moderately stronger	1	7.1
About the same	5	35.7
Moderately weaker	6	42.9
Substantially weaker	2	14.3
Total	14	100

Question 9 asks you to describe the current level of lending standards at your bank relative to the range of standards that has prevailed between 2005 and the present, a period which likely encompasses a wide range of standards as seen over a credit cycle. For each of the loan categories listed below, please use as reference points the points at which standards at your bank were tightest (most restrictive or least accommodative) and easiest (most accommodative or least restrictive) during this period.

9. Using the range between the tightest and the easiest that lending standards at your bank have been between 2005 and the present, for each of the loan categories listed below, how would you describe your bank's current level of standards relative to that range? (Please respond using the following scale: **1 = near the easiest level that standards have been during this period, 2 = significantly easier than the midpoint that standards have been during this period, 3 = somewhat easier than the midpoint that standards have been during this period, 4 = near the midpoint that standards have been during this period, 5 = somewhat tighter than the midpoint that standards have been during this period, 6 = significantly tighter than the midpoint that standards have been during this period, 7 = near the tightest level that standards have been during this period.**) If a different time frame (other than between 2005 and the present) would better encompass the most recent period over which your bank's standards have spanned the range of easiest to tightest, please indicate that reference range in the comment box below.

A. C&I loans or credit lines:

a. Syndicated or club loans (large loans originated by a group of relationship lenders) to investment-grade firms (or unrated firms of similar creditworthiness)

	All Respondents	
	Banks	Percent
Near the easiest level	0	0.0
Significantly easier than the midpoint	1	4.8
Somewhat easier than the midpoint	2	9.5
Near the midpoint	9	42.9
Somewhat tighter than the midpoint	9	42.9
Significantly tighter than the midpoint	0	0.0
Near the tightest level	0	0.0
Total	21	100

b. Syndicated or club loans to below-investment-grade firms (or unrated firms of similar creditworthiness)

	All Respondents	
	Banks	Percent
Near the easiest level	0	0.0
Significantly easier than the midpoint	1	4.8
Somewhat easier than the midpoint	2	9.5
Near the midpoint	5	23.8
Somewhat tighter than the midpoint	7	33.3
Significantly tighter than the midpoint	4	19.0
Near the tightest level	2	9.5
Total	21	100

c. Non-syndicated loans to large and middle-market firms (annual sales of \$50 million or more)

	All Respondents	
	Banks	Percent
Near the easiest level	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	0	0.0
Near the midpoint	7	41.2
Somewhat tighter than the midpoint	6	35.3
Significantly tighter than the midpoint	3	17.6
Near the tightest level	1	5.9
Total	17	100

d. Non-syndicated loans to small firms (annual sales of less than \$50 million)

	All Respondents	
	Banks	Percent
Near the easiest level	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	0	0.0
Near the midpoint	4	30.8
Somewhat tighter than the midpoint	5	38.5
Significantly tighter than the midpoint	2	15.4
Near the tightest level	2	15.4
Total	13	100

B. Loans or credit lines secured by commercial real estate:

a. For construction and land development purposes

	All Respondents	
	Banks	Percent
Near the easiest level	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	1	7.1
Near the midpoint	4	28.6
Somewhat tighter than the midpoint	1	7.1
Significantly tighter than the midpoint	3	21.4
Near the tightest level	5	35.7
Total	14	100

b. Secured by nonfarm nonresidential properties

	All Respondents	
	Banks	Percent
Near the easiest level	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	0	0.0
Near the midpoint	3	20.0
Somewhat tighter than the midpoint	4	26.7
Significantly tighter than the midpoint	6	40.0
Near the tightest level	2	13.3
Total	15	100

c. Secured by multifamily residential properties

	All Respondents	
	Banks	Percent
Near the easiest level	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	0	0.0
Near the midpoint	4	28.6
Somewhat tighter than the midpoint	4	28.6
Significantly tighter than the midpoint	4	28.6
Near the tightest level	2	14.3
Total	14	100

Question 10 requests feedback on any other issues you judge to be important but are not addressed in this survey.

1. As of March 31, 2020, the 22 respondents had combined assets of \$1.8 trillion, compared to \$2.9 trillion for all foreign-related banking institutions in the United States. The sample is selected from among the largest foreign-related banking institutions in those Federal Reserve Districts where such institutions are common. [Return to text](#)

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