

Table 1

SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES  
AT SELECTED LARGE BANKS IN THE UNITED STATES  
(Status of policy as of January 1997)

(Number of banks and percent of banks answering question)  
(By volume of total domestic assets, in \$billions, as of September 30, 1996<sup>1</sup>)

**Questions 1-11** ask about **commercial and industrial loans** at your bank: Questions 1-5 deal with changes in your bank's lending policies over the past three months, and questions 6-11 deal with changes in demand over the same period. 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 been eased or tightened 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--to large, middle-market, and small firms changed?

a. Standards for large firms (annual sales of more than \$250 million)

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.8	1	3.3	0	0.0
Remained basically unchanged	49	89.1	25	83.3	24	96.0
Eased somewhat	5	9.1	4	13.3	1	4.0
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>

b. Standards for middle-market firms (annual sales of \$50 million to \$250 million)

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.8	1	3.3	0	0.0
Remained basically unchanged	52	92.9	27	90.0	25	96.2
Eased somewhat	3	5.4	2	6.7	1	3.8
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>56</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>

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1. As of September 30, 1996, 30 respondents had domestic assets of \$15 billion or more; combined assets of these banks totaled \$1.3 trillion, compared to \$1.5 trillion for the entire panel of 57 banks, and \$3.8 trillion for all domestically chartered federally insured commercial banks.

c. Standards for small firms (annual sales of less than \$50 million)

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	54	94.7	28	93.3	26	96.3
Eased somewhat	3	5.3	2	6.7	1	3.7
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>57</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>

2. For applications for C&I loans or credit lines--other than those to be used to finance mergers and acquisitions--from large firms that your bank currently is willing to approve, how have the terms of those loans changed over the last three months? (Please assign each term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Maximum sizes of credit lines	3.04	3.18	3.08
Costs of credit lines	3.18	3.23	3.12
Spreads of loan rates over base rates	3.33	3.50	3.12
Loan covenants	3.15	3.23	3.04
Collateralization requirements	3.07	3.03	3.12
Other	3.02	3.03	3.00
<b>Number of banks responding</b>	<b>55</b>	<b>30</b>	<b>25</b>

3. For applications for C&I loans or credit lines--other than those to be used to finance mergers and acquisitions--from middle-market firms that your bank currently is willing to approve, how have the terms of those loans changed over the last three months? (Please assign each term a number between 1 (tightened considerably) and 5 (eased considerably) as in question 2.)

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Maximum sizes of credit lines	3.02	3.03	3.00
Costs of credit lines	3.11	3.07	3.15
Spreads of loan rates over base rates	3.38	3.50	3.23
Loan covenants	3.13	3.13	3.12
Collateralization requirements	3.05	3.00	3.12
Other	3.04	3.03	3.04
<b>Number of banks responding</b>	<b>56</b>	<b>30</b>	<b>26</b>

4. For applications for C&I loans or credit lines--other than those to be used to finance mergers and acquisitions--from small firms that your bank currently is willing to approve, how have the terms of those loans changed over the last three months? (Please assign each term a number between 1 (tightened considerably) and 5 (eased considerably) as in question 2. )

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Maximum sizes of credit lines	3.07	3.07	3.07
Costs of credit lines	3.09	3.00	3.19
Spreads of loan rates over base rates	3.11	3.11	3.11
Loan covenants	3.06	3.04	3.07
Collateralization requirements	3.02	2.96	3.07
Other	3.02	3.00	3.04
Number of banks responding	54	27	27

5. If your bank 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 1-4), how important were the following possible reasons for the change? (Please respond to either A or B or both as appropriate.) (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

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

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
A deterioration in your bank's current or expected capital position	1.17	1.33	1.00
A less favorable economic outlook	1.67	2.00	1.33
A worsening of industry-specific problems	1.33	1.67	1.00
Less aggressive competition from other commercial banks	1.00	1.00	1.00
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.00	1.00	1.00
Reduced tolerance for risk	1.50	2.00	1.00
Other	1.50	1.00	2.00
Number of banks responding	6	3	3

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

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
An improvement in your bank's current or expected capital position	1.10	1.06	1.17
A more favorable economic outlook	1.27	1.22	1.33
An improvement in industry-specific problems	1.20	1.17	1.25
More aggressive competition from other commercial banks	2.63	2.67	2.58
More aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.93	2.00	1.83
Increased tolerance for risk	1.20	1.11	1.33
Other	1.03	1.00	1.08
Number of banks responding	30	18	12

6. For large firms, how has demand for C&I loans (actual extensions of credit as opposed to undrawn lines) changed over the past three months (apart from normal seasonal variation)?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	1	1.9	1	3.7	0	0.0
Moderately stronger	7	13.5	5	18.5	2	8.0
About the same	39	75.0	19	70.4	20	80.0
Moderately weaker	5	9.6	2	7.4	3	12.0
Substantially weaker	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>52</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>

7. If demand for C&I loans by large firms strengthened or weakened over the past three months, how important were the following possible reasons for the change? (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, and 3=very important.)

A. If stronger demand (answer 1 or 2 to question 6), possible reasons:

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Customer inventory financing needs increased	1.50	1.33	2.00
Customer investment in plant or equipment increased	1.63	1.50	2.00
Customer internally generated funds decreased	1.13	1.00	1.50
Customer borrowing shifted from other sources to your bank because these other sources became less attractive	1.13	1.17	1.00
Customer merger or acquisition financing increased	2.50	2.33	3.00
Other	1.00	1.00	1.00
<b>Number of banks responding</b>	<b>8</b>	<b>6</b>	<b>2</b>

B. If weaker demand (answer 4 or 5 to question 6), possible reasons:

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Customer inventory financing needs decreased	1.40	1.00	1.67
Customer investment in plant or equipment decreased	1.40	1.00	1.67
Customer internally generated funds increased	1.80	1.50	2.00
Customer borrowing shifted from your bank to other sources because these other sources became more attractive	2.40	2.00	2.67
Customer merger or acquisition financing decreased	1.80	1.50	2.00
Other	1.00	1.00	1.00
<b>Number of banks responding</b>	<b>5</b>	<b>2</b>	<b>3</b>

8. For middle-market firms, how has demand for C&I loans (actual extensions of credit as opposed to undrawn lines) changed over the past three months (apart from normal seasonal variation)?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	1	1.8	1	3.4	0	0.0
Moderately stronger	8	14.5	6	20.7	2	7.7
About the same	39	70.9	17	58.6	22	84.6
Moderately weaker	6	10.9	4	13.8	2	7.7
Substantially weaker	1	1.8	1	3.4	0	0.0
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>29</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>

9. If demand for C&I loans by middle-market firms strengthened or weakened over the past three months, how important were the following possible reasons for the change? (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, and 3=very important.)

A. If stronger demand (answer 1 or 2 to question 8), possible reason:

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Customer inventory financing needs increased	1.67	1.43	2.50
Customer investment in plant or equipment increased	2.00	1.86	2.50
Customer internally generated funds decreased	1.33	1.29	1.50
Customer borrowing shifted from other sources to your bank because these other sources became less attractive	1.56	1.71	1.00
Customer merger or acquisition financing increased	2.11	2.00	2.50
Other	1.00	1.00	1.00
<b>Number of banks responding</b>	<b>9</b>	<b>7</b>	<b>2</b>

B. If weaker loan demand (answer 4 or 5 to question 8), possible reasons:

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Customer inventory financing needs decreased	1.57	1.60	1.50
Customer investment in plant or equipment decreased	2.14	2.20	2.00
Customer internally generated funds increased	1.43	1.20	2.00
Customer borrowing shifted from your bank to other sources because these other sources became more attractive	1.43	1.40	1.50
Customer merger or acquisition financing decreased	1.43	1.40	1.50
Other	1.00	1.00	1.00
<b>Number of banks responding</b>	<b>7</b>	<b>5</b>	<b>2</b>

10. For small firms, how has demand for C&I loans (actual extensions of credit as opposed to undrawn lines) changed over the past three months (apart for normal seasonal variation)?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	12	22.2	7	25.9	5	18.5
About the same	38	70.4	17	63.0	21	77.8
Moderately weaker	3	5.6	2	7.4	1	3.7
Substantially weaker	1	1.9	1	3.7	0	0.0
<b>Total</b>	<b>54</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>

11. If demand for C&I loans by small firms strengthened or weakened over the past three months, how important were the following possible reasons for the change? (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, and 3=very important.)

A. If stronger demand (answer 1 or 2 to question 10), possible reasons

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Customer inventory financing needs increased	1.91	1.83	2.00
Customer investment in plant or equipment increased	2.00	1.83	2.20
Customer internally generated funds decreased	1.27	1.50	1.00
Customer borrowing shifted from other sources to your bank because these other sources became less attractive	1.55	1.83	1.20
Customer merger or acquisition financing increased	1.18	1.17	1.20
Other	1.00	1.00	1.00
<b>Number of banks responding</b>	<b>11</b>	<b>6</b>	<b>5</b>

B. If weaker loan demand (answer 4 or 5 to question 10), possible reasons

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Customer inventory financing needs decreased	1.25	1.33	1.00
Customer investment in plant or equipment decreased	1.75	2.00	1.00
Customer internally generated funds increased	1.25	1.33	1.00
Customer borrowing shifted from your bank to other sources because these other sources became more attractive	1.25	1.33	1.00
Customer merger or acquisition financing decreased	1.00	1.00	1.00
Other	1.00	1.00	1.00
<b>Number of banks responding</b>	<b>4</b>	<b>3</b>	<b>1</b>

**Questions 12 and 13** ask about **commercial real estate loans** at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate: Question 12 deals with changes in your bank's credit standards over the past three months, and question 13 deals with changes in demand over the same period. If your bank's credit standards have not changed over the past three months, please report them as unchanged even if the standards are either restrictive or accommodative relative to longer-term norms. If your bank's credit standards have been eased or tightened 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 standards as changes in standards.

12. Over the past three months, how have your bank's credit standards for approving applications for commercial real estate loans changed?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	4	7.3	2	7.1	2	7.4
Remained basically unchanged	46	83.6	24	85.7	22	81.5
Eased somewhat	5	9.1	2	7.1	3	11.1
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>

13. Over the past three months, how has the demand for commercial real estate loans changed (apart from normal seasonal variation)?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	1	1.8	1	3.6	0	0.0
Moderately stronger	15	27.3	9	32.1	6	22.2
About the same	32	58.2	14	50.0	18	66.7
Moderately weaker	7	12.7	4	14.3	3	11.1
Substantially weaker	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>

**Questions 14 and 15** ask about **residential mortgage loans** at your bank: Question 14 deals with changes in your bank's credit standards over the past three months, and question 15 deals with changes in demand over the same period. If your bank's credit standards have not changed over the past three months, please report them as unchanged even if the standards are either restrictive or accommodative relative to longer-term norms. If your bank's credit standards have been eased or tightened 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 standards as changes in standards.

14. Over the past three months, how have your bank's credit standards for approving applications from individuals for mortgage loans to purchase homes changed?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	3.8	0	0.0	2	7.4
Remained basically unchanged	51	96.2	26	100.0	25	92.6
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>

15. Over the past three months, how has demand for residential mortgages to purchase homes changed (apart from normal seasonal variation)?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	10	18.9	7	26.9	3	11.1
About the same	36	67.9	14	53.8	22	81.5
Moderately weaker	7	13.2	5	19.2	2	7.4
Substantially weaker	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>

**Questions 16-21** ask about **consumer lending** at your bank: Questions 16-18 deal with changes in your bank's willingness to make, and in its credit standards for, consumer loans over the past three months; question 19 deals with changes in demand over the same period; and questions 20 and 21 deal with changes in loan terms over the same period. 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 been eased or tightened 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.

16. Please indicate your bank's willingness to make consumer installment loans now as opposed to three months ago.

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Much more	2	3.9	0	0.0	2	7.4
Somewhat more	2	3.9	1	4.2	1	3.7
About unchanged	42	82.4	20	83.3	22	81.5
Somewhat less	5	9.8	3	12.5	2	7.4
Much less	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>

17. Over the past three months, how have your bank's credit standards for approving applications for credit cards from individuals or households changed?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	2	4.3	1	4.5	1	4.2
Tightened somewhat	16	34.8	11	50.0	5	20.8
Remained basically unchanged	27	58.7	10	45.5	17	70.8
Eased somewhat	1	2.2	0	0.0	1	4.2
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

18. Over the past three months, how have your bank's credit standards for approving applications for consumer loans other than credit card loans changed?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	12	24.0	7	30.4	5	18.5
Remained basically unchanged	36	72.0	16	69.6	20	74.1
Eased somewhat	2	4.0	0	0.0	2	7.4
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>50</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>

19. Over the past three months, how has demand for consumer loans of all types changed (apart from normal seasonal variation)?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	1	2.0	0	0.0	1	3.7
About the same	41	80.4	18	75.0	23	85.2
Moderately weaker	9	17.6	6	25.0	3	11.1
Substantially weaker	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>

20. Over the past three months, how has your bank changed the following terms on new or existing credit card accounts for individuals or households? (Please assign each term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Credit limits	2.78	2.77	2.79
Spreads of interest rates charged on outstanding balances over market rates	2.91	2.91	2.92
Minimum fractions of outstanding balances required to be repaid each month	3.00	3.00	3.00
Other	3.00	2.95	3.04
<b>Number of banks responding</b>	<b>46</b>	<b>22</b>	<b>24</b>

21. Over the past three months, how has your bank changed the following terms on consumer loans excluding credit card loans? (Please assign each term a number between 1 (tightened considerably) and 5 (eased considerably) as in question 20.)

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Maximum maturities	2.98	2.87	3.07
Spreads of loan rates over market rates	2.90	2.96	2.85
Minimum required down payments	3.02	3.00	3.04
Other	2.98	2.96	3.00
Number of banks responding	50	23	27

**Questions 22-26** ask about **home equity loans** (defined to include takedowns under home equity lines of credit or junior liens secured by 1-4 family residential properties) at your bank.

22. Over the past three months, how have your bank's standards for approving applications from individuals for home equity loans changed?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	42	87.5	22	95.7	20	80.0
Eased somewhat	5	10.4	1	4.3	4	16.0
Eased considerably	1	2.1	0	0.0	1	4.0
Total	48	100.0	23	100.0	25	100.0

23. Over the past three months, how has your bank changed the following terms on home equity loans? (Please assign each term a number between 1 (tightened considerably) and 5 (eased considerably) as in question 20.)

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Spreads of loan rates over market rates	3.04	3.04	3.04
Maximum loan-to-value ratios	3.16	3.00	3.32
Maximum maturities	3.02	3.00	3.04
Fees	3.10	3.04	3.16
Other	3.00	3.00	3.00
Number of banks responding	49	24	25

24. Nationwide, the outstanding amount of home equity loans on banks' books grew rapidly in the last three months of 1996. Whether or not you bank has experienced rapid growth in these loans over this period, to what extent have the following factors boosted home equity loans currently on your bank's books? (Please rate each factor using the following scale: 1=not at all or only slightly, 2=some-what, 3=considerably.)

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Encouraging specific customers to shift from unsecured consumer loans to home equity loans	1.67	1.67	1.68
Entering the market for low- or no-equity home equity loans	1.33	1.17	1.48
Easing other terms or standards for home equity loans	1.31	1.21	1.40
Increased demand for home equity loans	1.73	1.75	1.72
Securitizing a reduced fraction of these loans	1.02	1.04	1.00
Other	1.14	1.29	1.00
Number of banks responding	49	24	25

25. If your bank is following policies designed to increase its home equity lending (for example, by encouraging shifts from unsecured loans or by easing terms or standards on home equity loans), what have been the reasons? If your bank has not pursued such policies please skip this question. (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
The riskiness of unsecured consumer loans has increased, making the risk-adjusted yield of home equity loans relatively more attractive	1.90	1.93	1.88
Competition has driven down yields on unsecured consumer loans, making the risk-adjusted yield of home equity loans relatively more attractive	1.39	1.33	1.44
Home equity loans have become easier to securitize, making them a more liquid asset	1.23	1.40	1.06
Other	1.42	1.40	1.44
Number of banks responding	31	15	16

26. If increased demand has boosted home equity loans at your bank, what have been the reasons? If your bank has not experienced increased demand for these loans please skip this question. (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

	All Respondents	\$15.0 and over	Under \$15.0
	Mean	Mean	Mean
Increased credit needs by customers	1.70	1.56	1.86
Debt consolidation by customers	2.00	1.81	2.21
Reduced availability of other forms of household credit	1.00	1.00	1.00
Other	1.33	1.31	1.36
Number of banks responding	30	16	14

**Questions 27-33** ask about the use of **credit scores** by your bank for **small business lending**. By “credit scores” we mean scores generated by an internally developed credit scoring model or scores purchased from a vendor. The term “credit score” is more inclusive that just the applicant’s credit rating, which may be used as part of the overall evaluation process with or without the generation of a credit score.

27. Does your bank use credit scores when making small business loans?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Yes, usually or always	22	40.7	9	33.3	13	48.1
Yes, sometimes	16	29.6	13	48.1	3	11.1
No	16	29.6	5	18.5	11	40.7
<b>Number of banks responding</b>	<b>54</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>

If your bank does not use credit scoring models for small business lending (answer 3 to question 27), skip questions 28-33

28. For which of the following does your bank use credit scores? (Please indicate all that apply.)

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Automatically approving high quality applicants	16	43.2	11	50.0	5	33.3
Automatically rejecting low quality applicants	16	43.2	10	45.5	6	40.0
As part of the evaluation process of loans not automatically approved or rejected	33	89.2	21	95.5	12	80.0
Setting loan terms	5	13.5	2	9.1	3	20.0
Evaluation of existing loans	15	40.5	9	40.9	6	40.0
Other	1	2.7	1	1	0	0.0
<b>Number of banks responding</b>	<b>37</b>		<b>22</b>		<b>15</b>	

29. What is your source for small business credit scores?

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Your bank developed its own credit scoring model	7	18.4	5	22.7	2	12.5
Your bank purchases scores or purchased a model	25	65.8	12	54.5	13	81.3
Other	6	15.8	5	22.7	1	6.3
<b>Number of banks responding</b>	<b>38</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>

30. For what size loans are credit scores used for automatic approval or rejection of loan applications? If your bank does not automatically approve or reject loans based on credit scores, please skip this question. (Please indicate all that apply.)

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Less than \$10,000	12	57.1	7	58.3	5	55.6
\$10,001 to \$25,000	14	66.7	8	66.7	6	66.7
\$25,001 to \$50,000	13	61.9	7	58.3	6	66.7
\$50,001 to \$100,000	7	33.3	4	33.3	3	33.3
More than \$100,000	3	14.3	2	16.7	1	11.1
<b>Number of banks responding</b>	<b>21</b>		<b>12</b>		<b>9</b>	

31. For what size loans are credit scores used in any part of the approval/evaluation process? (Please indicate all that apply.)

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Less than \$50,000	29	82.9	18	85.7	11	78.6
\$50,001 to \$100,000	23	65.7	14	66.7	9	64.3
\$100,001 to \$250,000	20	57.1	13	61.9	7	50.0
\$250,001 to \$500,000	6	17.1	4	19.0	2	14.3
More than \$500,000	4	11.4	2	9.5	2	14.3
<b>Total</b>	<b>35</b>		<b>21</b>		<b>14</b>	

32. Have any small business loans originated by your bank been securitized? (Exclude any loans collateralized by real estate.)

	All Respondents		\$15.0 and over		Under \$15.0	
	Banks	Pct	Banks	Pct	Banks	Pct
Yes, but only SBA-guaranteed loans	2	5.3	2	9.1	0	0.0
Yes, including loans that do not carry SBA guarantees	0	0.0	0	0.0	0	0.0
No	36	94.7	20	90.9	16	100.0
<b>Total</b>	<b>38</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>

33. If your bank has securitized any small business loans, has the application of credit scores to these loans facilitated their securitization? (Exclude any loans collateralized by real estate.)

	All Respondents		\$15.0 and over	
	Banks	Pct	Banks	Pct
Yes, a great deal	0	0.0	0	0.0
Yes, somewhat	0	0.0	0	0.0
Only slightly	1	50.0	1	50.0
Not at all	1	50.0	1	50.0
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>