

Results of the Survey on Credit Conditions (ECC)

First Quarter 2021



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

About the use of inclusive language in the Spanish version of this report

The Central Bank of Argentina is committed to encouraging the use of a non-discriminatory language that promotes the acceptance of all gender identities. It should be noted that all those who have contributed to this report acknowledge that language influences on ideas, feelings, ways of thinking, as well as principles and core values.

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 first quarter of 2021, obtained from the survey conducted from March 15 to March 30.

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 April 15, 2021.

Data for the second quarter of 2021 will be published in July 2021.

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

Survey on Credit Conditions (ECC)

First Quarter 2021

Companies

- During the first quarter of 2021, according to the aggregate of institutions participating in the survey, credit standards associated with loans to companies —overall and large— remained unchanged but, in the case of SMEs, standards eased moderately. In turn, for the second quarter of 2021, the ensemble of banks does not anticipate sizable changes in credit standards for overall companies and predicts a moderate easing for SMEs, and a slight tightening for large companies.
- As regards the terms and conditions applied to credits approved for companies, no significant changes were observed against the last quarter of 2020 in the aggregate of banks surveyed, except for a moderate easing in the spreads on the cost of funding.
- During the first quarter of 2021, the ensemble of companies participating in the survey reported that perceived companies' demand for credit (for overall and large companies) remained neutral with a moderate bias towards an increase in demand from SMEs. For the second quarter of the year, the aggregate of institutions taking part in the survey anticipates a slight increase in credit demand in the case of overall companies, which would also be reflected in large companies and would extend more intensely to SMEs.

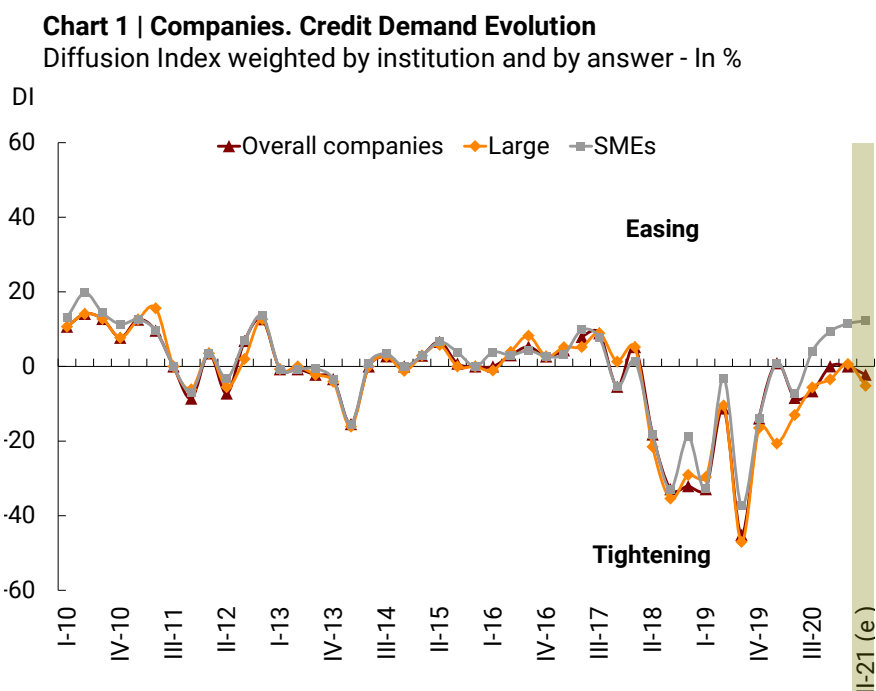
Households

- During the first quarter of 2021, the ensemble of banks surveyed pointed to a moderate easing of their credit standards in other loans for consumption, a neutral position in the case of mortgage and pledge-backed loans and a slight tightening for credit cards. For the second quarter of the year, institutions anticipate a scenario of easing for other loans for consumption and pledge-backed loans, and a neutral position for other credit lines.
- As regards the terms and conditions applicable to loans approved, the ensemble of institutions participating in the survey kept a bias towards easing in the spreads of all credit lines for households; such easing was more intense in the case of loans for consumption and credit cards. Commission fees and maximum amounts for loan granting exhibited a mixed performance among credit lines for households during the period.
- During the first quarter of 2021, the aggregate of institutions perceived a rise of demand for other loans for consumption and pledge-backed loans, while the demand for other credit lines remained unchanged. For the second quarter of 2021, demand is expected to go up for all household credit lines (except for mortgage loans, for which no changes are anticipated).

1. Loans to Companies

Supply – Credit Standards / Terms and Conditions

1.1 During the first quarter of 2021, the ensemble of institutions participating in the survey reported a neutral position (unchanged) in terms of the credit standards related to loans to companies against the fourth quarter of 2020. The Diffusion Index (DI)¹ stood at 0%² for overall companies (see Chart 1 and Annex). A similar performance was observed in the previous quarter for the aggregate of institutions. In turn, large companies continued to exhibit a bias towards a neutral position for credit standards during the period, while a moderate easing was observed in small and medium-sized enterprises (SMEs).



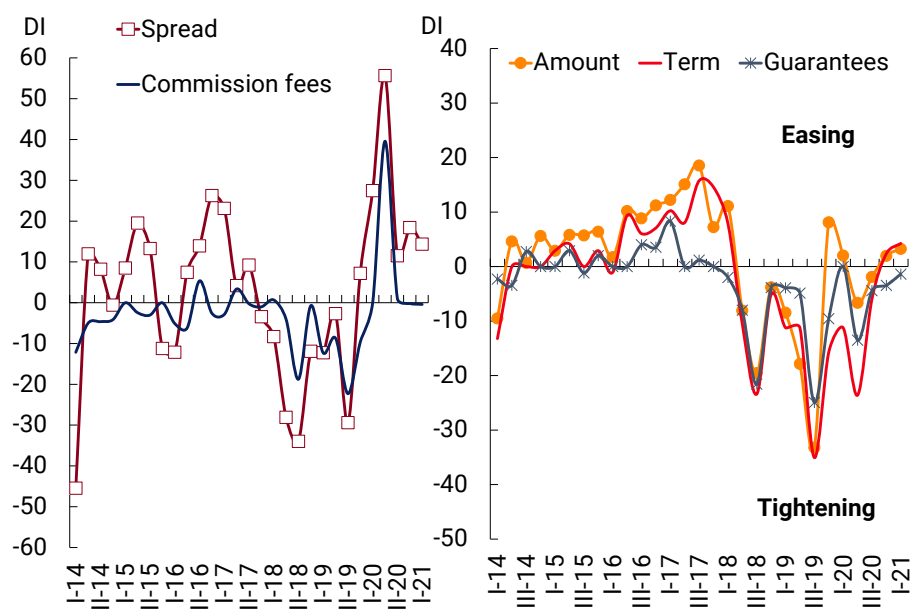
1.2 Considering the terms and conditions applied to credit lines for companies during the first three months of 2021, the ensemble of institutions participating in the survey reported a moderate easing in the spreads on the cost of funding –spread narrowing– for overall

¹ 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.

² 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".

companies (see Chart 2), in line with the evolution of recent quarters. In turn, commission fees, amounts and maximum terms for loan granting, as well as requirements for guarantees/collaterals remained unchanged during this period for overall companies.

Chart 2 | Overall companies. Terms and Conditions
Diffusion Index weighted by institution and by answer - In %

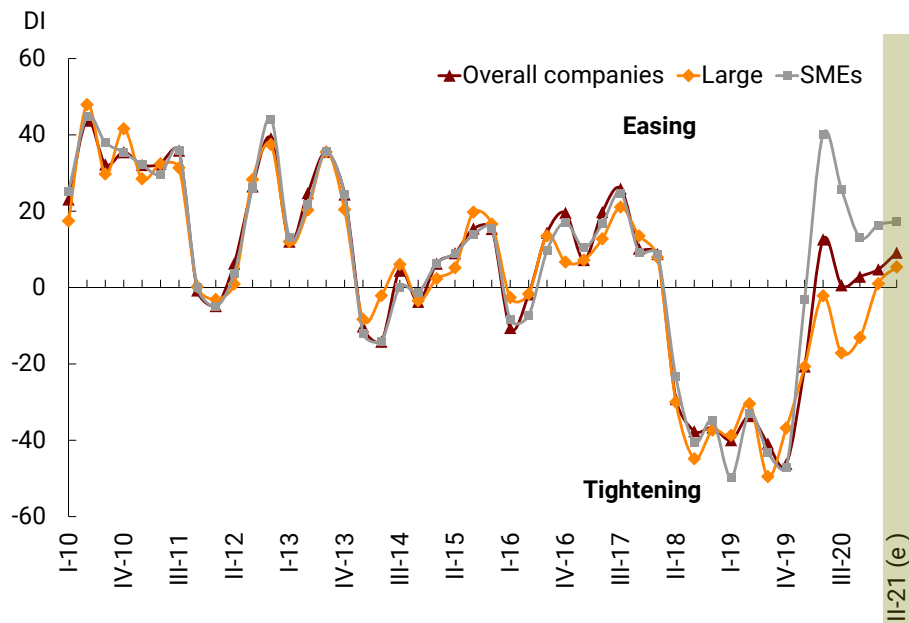


1.3 The aggregate of the participating banks would not make significant changes to credit standards associated with loans to companies during the second quarter of 2021 (DI for overall companies of -2.2%) (see Chart 1); the answers anticipate a moderate easing for SMEs and a slight tightening for large companies.

Perceived Demand

1.4 During the first quarter of 2021, the ensemble of the participating institutions reported a neutral bias in the credit demand of companies (DI for overall companies of 4.8%) in line with the bias observed in the previous two quarters (see Chart 3). If companies are broken down by size, a moderate rise was observed in credit demand by SMEs (DI of 16.4%), thus keeping the rising trend of recent quarters, though with a different intensity. In the case of large companies, demand remained without sizable changes (after two consecutive quarters of moderate drops). The six (6) institutions perceiving an increase in credit demand for overall companies identified a decrease in the interest rate and higher investments in fixed assets as the main factors behind the evolution of the period. In turn, four (4) institutions reported a drop in credit demand of companies, mainly related to a contraction of sales and of investments in fixed assets.

Chart 3 | Companies. Evolution of credit demand
Diffusion Index weighted by institution and by answer - In %



1.5 Based on the answers received, the aggregate of the institutions surveyed expects a slight increase in the companies' credit demand for the second quarter of 2021 (DI for overall companies of 9.1%), which would also be reflected in large companies (DI of 5.4%) and would extend more intensely to SMEs (DI of 17.3%).

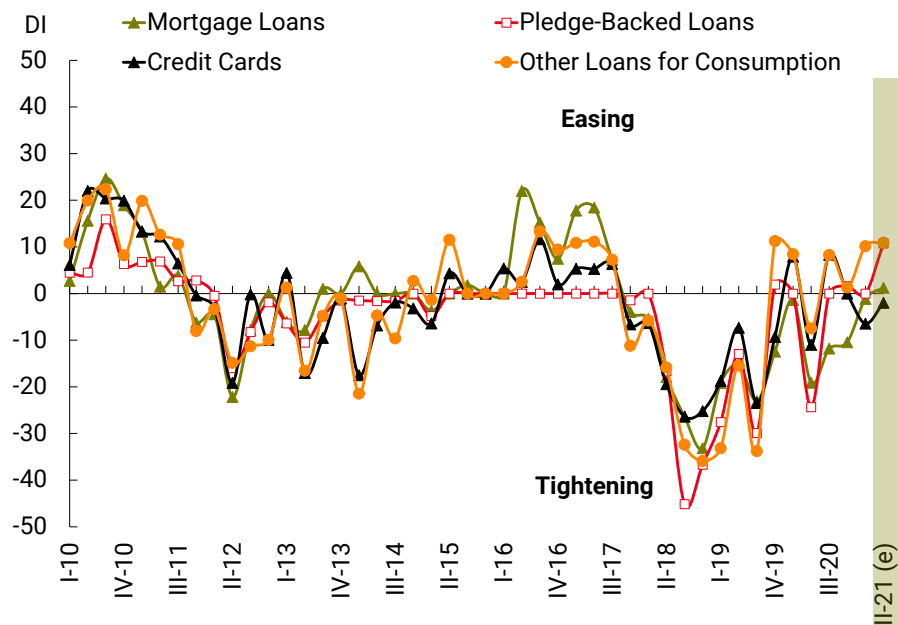
2. Loans to Households

Supply – Credit Standards / Terms and Conditions

2.1 During the first quarter of 2021, the aggregate of institutions surveyed pointed to a moderate easing of credit standards associated with other loans for consumption, a neutral position in pledge-backed and mortgage loans (after exhibiting a moderate tightening in the immediately preceding three quarters) and a slight tightening for credit cards (see Chart 4).

Chart 4| Households. Credit Demand Evolution

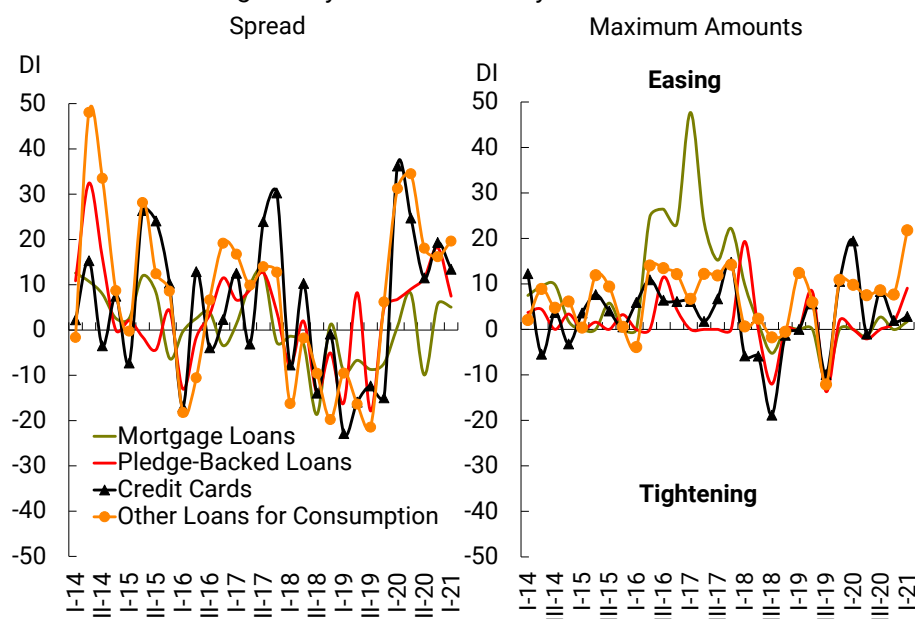
Diffusion Index weighted by institution and by answer - In %



2.2 Based on the answers received from participating banks, a dissimilar performance was observed as regards the terms and conditions of loans to households from January to March 2021. On the one hand, the spreads on the cost of funding eased in all credit lines for households, with a higher intensity in other loans for consumption and in credit cards (see Chart 5). Commission fees contracted slightly in credits for consumption, while they went up moderately for credit cards and remained unchanged for other credit lines. The maximum loan amounts eased significantly for other loans for consumption and, to a lesser extent, for pledge-backed loans, and remained unchanged for mortgage loans and credit cards. There were no sizable changes (neutral position) in the maximum terms for loan granting for all the credit lines for households. Finally, guarantee/collateral requirements eased slightly for other credits for consumption while the remaining lines exhibited no changes.

Chart 5| Households. Evolution of the Terms and Conditions

Diffusion Index weighted by institution and by answer - In %



2.3 The aggregate of banks surveyed anticipates that, in the second quarter of 2021, the standards for approval of other loans for consumption and pledge-backed loans would ease moderately (DI of 10.9% and 10.7% respectively) while, in the case of mortgage loans and credit card transactions, these standards would remain neutral (see Chart 4).

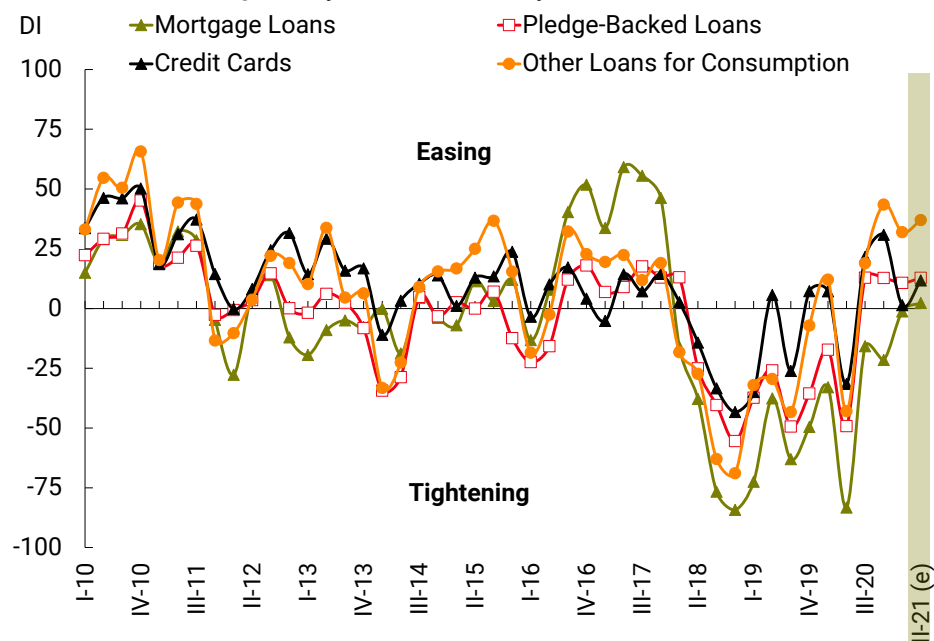
Perceived Demand

2.4 During the first quarter of 2021, the aggregate of participating institutions perceived a significant rise in the demand for other loans for consumption (in line with the trend of recent quarters) and, to a lesser extent, for pledge-backed loans (DI of 32% and 10.7%, respectively) (see Chart 6). This evolution was mainly related to the increase of household consumption and to a higher influx of people at banks. In turn, no changes were observed in the demand for transactions with credit cards and for mortgage loans (after falling during twelve quarters in a row).

2.5 For the second quarter of 2021, the institutions participating in the survey anticipate a rise in the demand for credit –though with different levels of intensity– in almost all lines for households (except for mortgage loans, where no changes are expected).

Chart 6 | Households. Evolution of credit demand

Diffusion Index weighted by institution and by answer - In %



Annex

Loans to Companies

		Diffusion Index* - In %																
		I-17	II-17	III-17	IV-17	I-18	II-18	III-18	IV-18	I-19	II-19	III-19	IV-19	I-20	II-20	III-20	IV-20	I-21
A. Changes in approval standards (questions 1 and 5).																		
Overall Companies	Quarter	4.4	7.9	8.9	-5.4	5.2	-18.2	-32.9	-32.1	-32.9	-11.3	-45.1	-13.9	0.9	-8.4	-6.6	0.0	0.0
	Expected Next Quarter	3.4	6.6	10.8	-0.4	2.4	-17.1	-28.0	-13.6	-31.8	-4.8	-32.2	1.6	-18.7	-21.9	-13.6	5.2	-2.2
Large Companies	Quarter	5.2	5.2	8.9	1.3	5.2	-21.5	-35.4	-29.0	-29.6	-10.5	-47.0	-16.5	-20.7	-13.0	-5.6	-3.4	0.7
	Expected Next Quarter	3.4	7.4	10.8	-0.4	0.0	-20.2	-23.0	-22.9	-29.1	-4.0	-34.1	1.6	-25.9	-14.1	-5.6	-11.0	-5.2
SMEs	Quarter	3.3	9.8	7.8	-5.4	1.3	-18.2	-32.9	-18.8	-32.7	-3.1	-37.2	-13.9	0.9	-7.1	4.1	9.4	11.5
	Expected Next Quarter	3.4	6.6	12.0	-0.3	2.4	-17.1	-28.0	-15.4	-35.3	3.3	-23.3	9.4	11.7	-17.7	-5.8	11.0	12.3
Up to 1 year	Quarter	3.3	9.8	7.8	-6.4	5.2	-20.7	-26.2	-19.7	-31.9	-3.1	-29.7	-4.4	0.9	-0.6	4.1	-3.4	8.1
	Expected Next Quarter	0.7	5.8	13.4	-0.4	-0.7	-9.0	-20.4	-13.6	-32.4	3.3	-22.3	12.5	10.1	-16.8	-4.3	-1.7	6.2
Over 1 year	Quarter	4.4	9.8	8.9	2.0	5.2	-14.3	-44.1	-32.1	-34.4	-14.5	-43.7	-16.8	-2.3	-24.9	0.7	10.4	11.5
	Expected Next Quarter	3.4	5.8	10.8	-0.4	1.6	-17.1	-38.0	-23.8	-33.5	-4.8	-34.1	2.1	-6.6	-31.4	-18.2	10.1	10.5
B. Changes in Terms and Conditions (question 4)																		
Spread on cost of funding																		
Overall Companies	Quarter	23.1	4.2	9.2	-3.4	-8.3	-28.1	-34.0	-11.9	-12.3	-2.7	-29.4	7.2	27.5	55.7	11.5	18.4	14.4
Large Companies	Quarter	23.1	1.6	9.2	-3.4	-8.3	-28.1	-38.3	-21.2	-14.8	-2.7	-33.6	-4.7	22.7	44.0	1.2	5.9	14.0
SMEs	Quarter	23.1	10.4	9.2	-2.5	-1.0	-28.1	-36.8	-11.9	-12.3	2.9	-29.4	13.6	43.5	58.9	4.2	23.8	25.5
Commission fees and other charges																		
Overall Companies	Quarter	-2.9	3.4	-0.2	-1.0	0.7	-4.0	-18.7	-0.7	-12.3	-8.7	-22.3	-9.6	0.0	39.6	1.0	-0.2	-0.4
Large Companies	Quarter	-6.1	0.0	-0.2	-9.2	-8.2	-4.0	-18.7	-0.7	-16.8	-8.7	-22.3	-9.6	0.0	38.6	1.0	-7.6	-0.4
SMEs	Quarter	0.4	6.8	-0.2	-8.2	-1.0	-4.0	-18.8	-0.7	-12.3	0.0	-20.3	-10.8	0.0	40.6	1.0	-0.2	7.7
Maximum amounts																		
Overall Companies	Quarter	12.2	15.1	18.5	7.2	11.1	-8.1	-19.6	-3.8	-8.5	-17.9	-33.2	8.1	2.0	-6.7	-1.9	2.0	3.2
Large Companies	Quarter	12.2	11.7	18.5	10.6	11.1	-16.6	-19.6	2.2	-12.0	-15.9	-38.0	1.3	2.0	-15.2	-1.9	2.0	3.2
SMEs	Quarter	10.3	15.1	17.4	12.5	11.1	-17.3	-19.6	-3.8	-7.2	-7.7	-31.7	4.2	12.4	2.6	10.8	11.3	16.0
Term																		
Overall Companies	Quarter	10.3	8.1	15.8	14.6	7.9	-10.5	-23.4	-5.2	-11.2	-11.2	-35.0	-15.7	-11.2	-23.6	-6.0	2.4	4.3
Large Companies	Quarter	13.5	13.2	20.8	18.9	7.9	-10.5	-23.4	-5.2	-18.1	-7.1	-36.0	-15.7	-11.2	-26.7	-6.0	-2.4	4.3
SMEs	Quarter	9.8	10.8	12.6	11.7	9.0	-10.3	-26.2	-4.2	-8.1	-7.1	-32.7	-16.6	5.7	-14.4	7.1	15.7	15.7
Guarantees required																		
Overall Companies	Quarter	8.3	0.0	1.2	0.0	-2.0	-8.0	-21.6	-3.9	-3.9	-4.9	-24.9	-9.6	0.0	-13.5	-4.4	-3.5	-1.4
Large Companies	Quarter	5.1	0.0	1.2	0.0	-2.0	-16.5	-20.7	-3.9	-12.0	-13.1	-25.9	-6.4	0.0	-12.5	-10.7	-3.5	-1.4
SMEs	Quarter	8.3	3.5	0.0	8.2	-2.0	-7.0	-21.6	-6.8	-6.7	-4.9	-25.8	-9.6	7.2	-12.5	-2.5	2.0	6.8
C. Changes in credit demand (questions 6 and 9)																		
Overall Companies	Quarter	7.2	19.8	25.9	10.2	8.8	-29.2	-37.6	-36.7	-40.0	-33.6	-40.9	-46.2	-20.7	12.6	0.6	2.9	4.8
	Expected Next Quarter	23.1	19.5	22.5	15.2	12.8	-29.5	-37.2	-23.6	-21.2	-4.6	-32.1	14.4	-5.2	1.1	-10.4	-0.6	9.1

* Weighted by institution and by answerOverall

Loans to Households

		Diffusion Index * - In %																
		I-17	II-17	III-17	IV-17	I-18	II-18	III-18	IV-18	I-19	II-19	III-19	IV-19	I-20	II-20	III-20	IV-20	I-21
A. Changes in approval standards (questions 10 and 14)																		
Mortgage Loans	Quarter	17.8	18.4	7.2	-4.0	-5.4	-17.9	-26.4	-33.2	-19.2	-15.2	-23.1	-12.5	-1.4	-19.1	-11.8	-10.5	-1.2
	Expected Next Quarter	17.2	7.1	24.2	1.8	-0.9	-2.3	-20.7	-19.7	-10.8	2.0	-20.3	-1.0	-0.6	-5.2	-5.4	-11.6	1.2
Pledge-Backed Loans	Quarter	0.0	0.0	0.0	-1.4	0.0	-16.6	-45.2	-36.7	-27.5	-12.9	-29.9	1.9	0.0	-24.3	0.0	1.6	0.0
	Expected Next Quarter	0.0	-1.5	0.8	0.9	1.4	-1.3	-33.7	-31.9	-33.6	-6.1	-21.8	1.9	-1.1	1.3	-6.1	0.0	10.7
Credit Cards	Quarter	5.3	5.3	6.3	-6.6	-6.3	-19.4	-26.4	-25.2	-18.7	-7.3	-23.5	-9.3	7.9	-11.0	8.3	0.0	-6.5
	Expected Next Quarter	4.3	8.0	6.7	1.0	5.8	-5.6	-21.3	-23.4	-21.3	-1.4	-17.3	18.2	26.1	-6.4	6.3	-0.9	-2.0
Other Loans for Consumption	Quarter	10.9	11.1	7.3	-11.2	-5.8	-15.9	-32.4	-35.9	-33.2	-15.4	-33.8	11.2	8.4	-7.5	8.3	1.3	10.2
	Expected Next Quarter	-0.4	-1.5	11.8	5.9	-1.4	-12.0	-29.1	-31.4	-29.5	3.8	-24.6	29.3	18.1	2.8	9.7	6.8	10.9
B. Changes in terms and conditions applied (question 13)																		
Spread on cost of funding																		
Mortgage Loans	Quarter	1.4	10.0	13.0	-2.7	-1.4	-3.1	-18.6	1.2	-9.2	-6.7	-8.7	-7.4	0.7	8.1	-9.9	5.8	5.1
Pledge-Backed Loans	Quarter	6.6	8.9	12.6	4.0	-7.9	2.0	-13.9	-5.1	-16.1	8.3	-17.9	4.9	6.8	9.0	11.5	18.2	7.5
Credit Cards	Quarter	12.5	-3.1	23.9	30.3	-7.7	10.3	-13.9	-0.9	-22.9	-15.9	-12.4	-15.0	36.2	24.7	11.5	19.3	13.4
Other Loans for Consum.	Quarter	16.7	9.9	14.0	12.8	-16.2	-1.8	-9.5	-19.8	-9.5	-16.4	-21.4	6.2	31.2	34.5	18.1	16.2	19.6
Commission fees and other charges																		
Mortgage Loans	Quarter	0.0	-3.0	0.0	0.0	0.0	0.0	-13.4	0.0	-5.6	0.0	-8.4	-9.6	0.0	15.2	0.0	0.0	0.0
Pledge-Backed Loans	Quarter	0.0	-4.1	0.0	0.0	6.0	0.0	-12.0	0.0	-7.7	0.0	-13.7	-13.8	0.0	21.0	0.0	0.0	0.0
Credit Cards	Quarter	-2.0	7.9	-26.1	-6.3	-5.6	-13.5	-27.7	-8.6	-16.4	-33.8	-21.3	-16.7	-15.8	4.9	0.0	9.9	-16.0
Other Loans for Consum.	Quarter	-5.7	-2.8	0.0	0.0	-5.3	-1.1	-18.9	-0.5	-5.4	-5.5	-15.2	-9.7	-9.8	15.0	0.0	9.9	9.7
Maximum amounts																		
Mortgage Loans	Quarter	47.7	23.6	15.2	22.2	9.9	1.4	-5.2	0.0	0.0	0.0	-11.5	0.0	0.0	-1.5	2.7	0.0	1.7
Pledge-Backed Loans	Quarter	0.0	0.0	0.0	0.0	19.3	0.0	-12.0	0.0	0.0	8.3	-13.7	1.9	0.0	-2.1	0.0	1.6	9.1
Credit Cards	Quarter	6.1	1.8	6.7	14.7	-5.8	-5.9	-18.8	-1.3	0.0	5.6	-9.9	10.6	19.5	-1.0	8.3	2.0	2.8
Other Loans for Consum.	Quarter	6.7	12.2	11.8	14.2	0.7	2.4	-1.7	-0.5	12.4	5.9	-12.1	10.9	9.8	7.5	8.6	7.7	21.8
Term																		
Mortgage Loans	Quarter	37.0	20.5	2.5	13.7	-5.4	-6.6	-8.5	0.9	0.0	0.0	-9.9	0.0	0.0	0.0	0.0	0.0	0.0
Pledge-Backed Loans	Quarter	0.0	0.0	0.0	0.0	0.0	0.0	-12.0	0.0	0.0	0.0	-13.7	0.0	0.0	0.0	0.0	0.0	0.0
Credit Cards	Quarter	9.4	0.0	0.0	0.0	0.0	-0.5	-7.8	0.0	0.0	0.0	-9.6	0.0	0.0	0.0	0.0	0.0	2.4
Other Loans for Consum.	Quarter	0.0	0.0	11.5	0.0	0.3	-1.4	-10.8	-2.7	-1.1	0.0	-9.6	0.0	-4.8	-3.0	0.0	0.0	0.0
Guarantees required																		
Mortgage Loans	Quarter	4.6	0.0	6.5	11.1	0.0	0.0	-8.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.7	0.0	0.0	0.0
Pledge-Backed Loans	Quarter	0.0	0.0	0.0	0.0	0.0	-3.3	-12.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit Cards	Quarter	0.0	0.0	0.0	0.0	0.0	0.0	-8.7	0.0	0.0	0.0	0.0	0.0	0.0	-0.8	0.0	0.0	0.0
Other Loans for Consum.	Quarter	-0.6	5.0	0.6	-5.9	5.8	6.0	-10.3	-0.5	0.0	0.0	0.0	3.0	0.0	8.2	-1.6	0.0	9.8
C. Charges in credit demand (questions 15 and 18)																		
Mortgage Loans	Quarter	33.7	59.2	55.6	46.3	-16.0	-37.8	-76.6	-84.2	-72.5	-37.6	-63.0	-49.5	-33.0	-83.3	-15.8	-21.5	-1.2
	Expected Next Quarter	59.2	64.1	49.4	14.9	10.3	-34.0	-54.3	-20.7	-36.6	-19.2	-43.7	-24.0	-19.3	-31.2	-14.2	1.2	2.3
Pledge-Backed Loans	Quarter	6.9	8.9	17.6	13.0	13.0	-25.1	-40.4	-55.4	-37.3	-25.9	-49.4	-35.6	-17.3	-49.2	12.9	12.7	10.7
	Expected Next Quarter	-2.7	2.8	3.4	20.0	0.0	-26.6	-51.3	-19.8	-31.4	-20.5	-46.3	-8.9	-10.8	-4.2	2.9	14.9	12.8
Credit Cards	Quarter	-5.2	14.3	7.2	14.5	2.6	-14.2	-33.4	-43.3	-34.9	5.6	-26.1	7.3	7.2	-31.5	21.6	30.8	1.4
	Expected Next Quarter	25.1	11.1	11.0	-5.7	9.7	-12.4	-18.8	-11.6	-15.8	7.5	-23.8	24.1	20.4	2.5	18.7	29.8	11.8
Other Loans for Consumption	Quarter	19.5	22.4	11.9	19.0	-18.3	-27.3	-62.9	-69.0	-32.0	-29.5	-43.4	-7.1	12.1	-43.0	18.9	43.5	32.0
	Expected Next Quarter	25.0	26.3	25.1	15.1	15.9	-14.3	-45.3	-19.5	-30.2	3.3	-40.3	24.1	7.9	18.1	22.8	37.9	37.0

* Weighted by institution and by answer