

Results of the Survey on Credit Conditions (ECC)

Fourth Quarter 2020



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 fourth quarter of 2020, obtained from the survey conducted from December 14 to January 6 of 2021.

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 January 21, 2021.

Data for the first quarter of 2021 will be published in April 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)

Fourth Quarter 2020

Companies

- During the fourth quarter of 2020, according to the aggregate of institutions participating in the survey, credit standards remained unchanged for overall companies against the third quarter but, in the case of small and medium-sized enterprises (SMEs), the standards eased slightly. In turn, for the first quarter of 2021, banks anticipate that credit standards will ease slightly for overall companies and predict a higher intensity for SMEs and some tightening for large companies.
- Based on the answers received, from October to December, a bias towards easing was observed for the terms and conditions in the case of spreads in all types of companies (mainly in SMEs) while, for the remaining terms and conditions, no significant changes were observed against the third quarter of 2020.
- By 2020 year-end, the aggregate of institutions participating in the survey reported that perceived demand for credit from companies (overall companies) remained unchanged against the previous quarter (with a bias towards a moderate tightening in demand from large companies and a moderate easing in the case of SMEs). For the first quarter of 2021, the aggregate of institutions taking part in the survey anticipates no changes in credit demand for overall companies (both large companies and SMEs).

Households

- During the fourth quarter of 2020, the ensemble of banks surveyed did not point to a change of bias in terms of credit standards for the lines offered to households against the previous quarter (except for a moderate tightening in mortgage loans). On the basis of the answers received, for the first quarter of 2021, the institutions anticipate that these standards will exhibit an evolution similar to that of the last quarter of 2020.
- As regards the terms and conditions, the answers received from the ensemble of institutions participating in the survey have shown a bias towards easing in the spreads of all credit lines for households; such easing was more marked in the case of credit cards. The remaining terms and conditions did not experience significant changes, except for commission fees for credit cards and other loans for consumption, which have eased slightly.
- During the last quarter of 2020, the aggregate of institutions perceived an increase in the demand for credit in all lines for households (except for mortgage loans), with a sharp increase in the case of loans for consumption and credit cards. For the first quarter of 2021, the demand for credit is expected to go up in the lines for consumption.

1. Loans to Companies

Supply – Credit Standards / Terms and Conditions

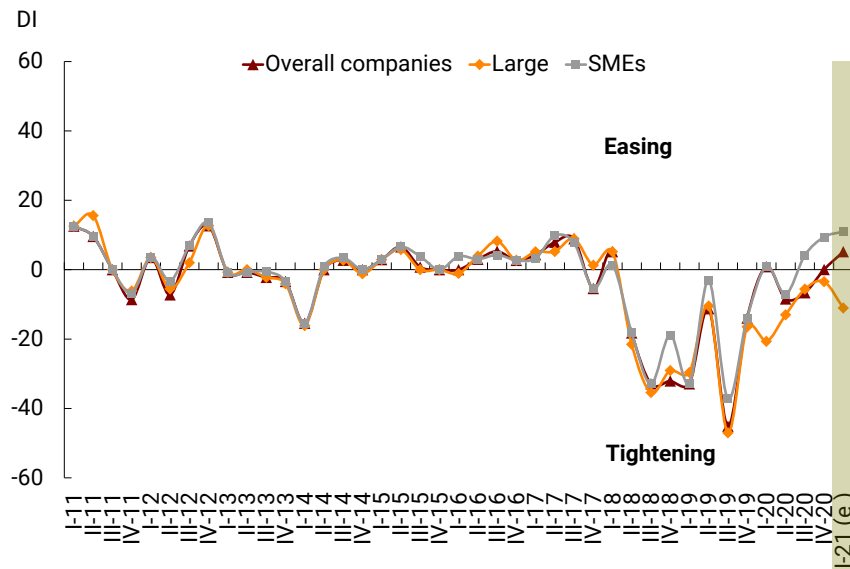
1.1 During the last quarter of 2020, the aggregate of institutions participating in the survey reported no changes in the credit standards related to loans to companies – overall— against the third quarter of 2020. The Diffusion Index (DI)¹, which compiles such credit standards, stood at 0%² for overall companies during the period (see Chart 1 and Annex), after recording a slight tightening in the previous two quarters.

- In the case of large companies, a neutral position was observed from October to December 2020 in the credit standards of loans to companies, after 10 consecutive quarters of tightening (even though with different levels of intensity). In turn, a slight easing was noticeable in the small and medium-sized enterprises (SMEs).
- Out of a total of twenty-one (21) financial institutions that provided an answer for this point, only one (1) institution tightened its credit standards on the loans to companies over the period –overall companies— and considered that the worsening of the general economic context and the situation of the sector to which the company belongs, added to an increase in the credit portfolio risk, were the main factors resulting in such evolution on the margin. Two (2) institutions reported that they had eased credit standards and stated that the regulatory changes implemented by the BCRA, the improvement of the sector where they operate and the increasing competition were the main reasons behind such trend. The other eighteen (18) institutions stood at a neutral position during the quarter.

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".

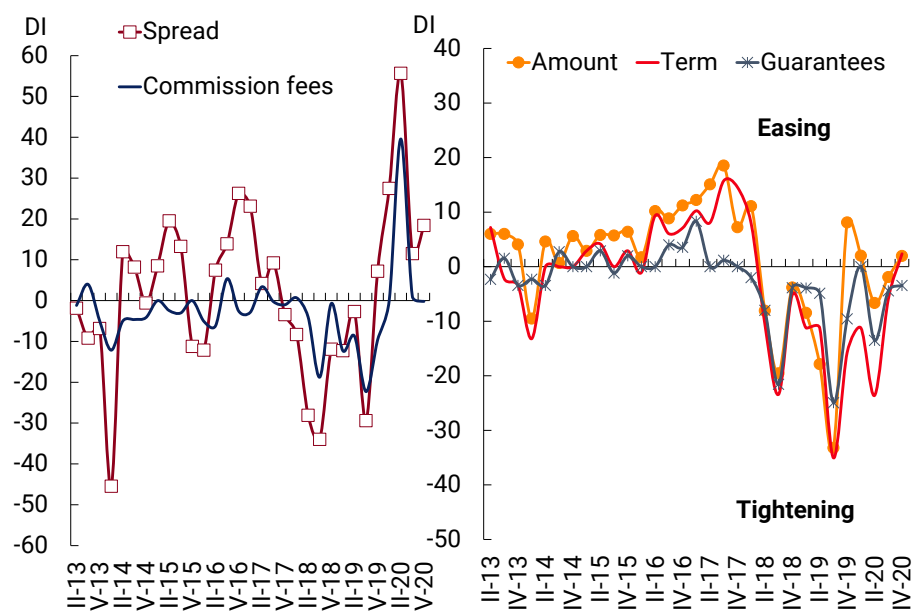
Chart 1 | Companies. Credit Demand Evolution
Diffusion Index weighted by institution and by answer - In %



1.2 Considering the terms and conditions applicable to approved requests for loans granted to companies during the last three months of 2020, the ensemble of institutions participating in the survey reported a heterogeneous evolution for overall companies. On the one hand, a moderate bias towards easing was noticeable in the spreads on the cost of funding –spread narrowing– (see Chart 2), a trend that had been observed since 2019 year-end (though with different levels of intensity). On the other, the remaining contractual terms and conditions for the aggregate of institutions (commission fees, maximum amounts for loan granting, terms and requirements of guarantees/collaterals) remained unchanged during this period.

1.3 Based on the answers received, the ensemble of the participating financial institutions would exhibit a bias towards a slight easing in terms of credit standards associated with loans to companies during the first quarter of 2021 (DI for overall companies of 5.2%) (see Chart 1). In turn, the answers anticipate a higher intensity in the case of SMEs and a moderate tightening for large companies.

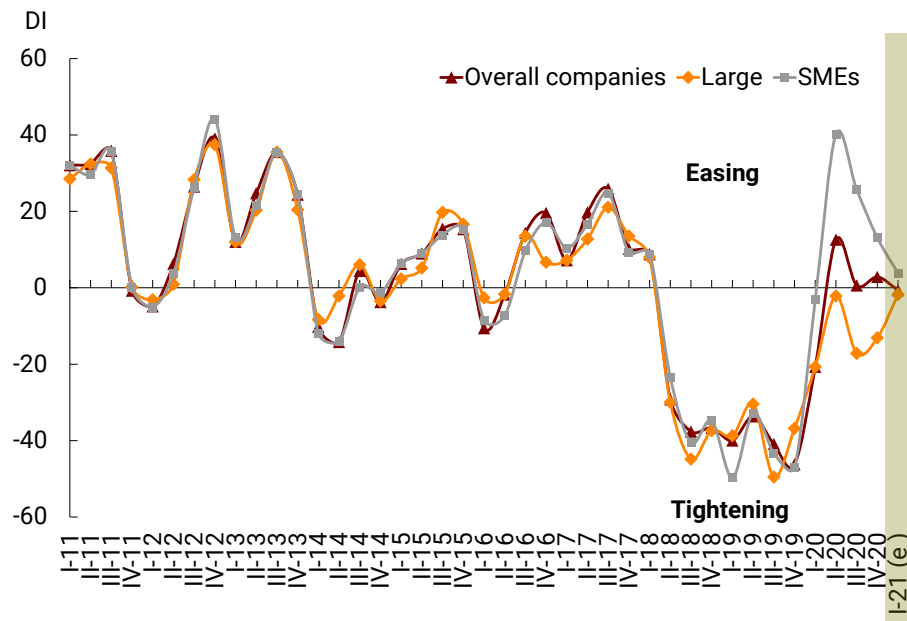
Chart 2 | Overall companies. Terms and Conditions
Diffusion Index weighted by institution and by answer - In %



Perceived Demand

1.4 During the last quarter of 2020, the answers received from the ensemble of the participating institutions indicated a neutral position in the credit demand from companies (DI for overall companies of 2.9%) (see Chart 3), in line with the bias observed in the previous quarter. If companies are broken down by size, a moderate increase was observed in the demand for credit from SMEs (DI of 13.1%) while, in the case of large companies, credit demand fell moderately (DI of -13.1%). The five (5) institutions perceiving a rise in credit demand during the quarter for overall companies reported that this performance was mainly due to the decrease in the interest rate. In turn, the three (3) institutions that reported a reduction in credit demand from companies mainly related such drop 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 For early 2021 and on the basis of the answers received, the aggregate of the institutions surveyed would not expect any changes in the companies' credit demand against the last quarter of 2020 (DI for overall companies of -0.6%), a situation that would also include large companies (DI of -1.7%) and SMEs (DI of +3.8%).

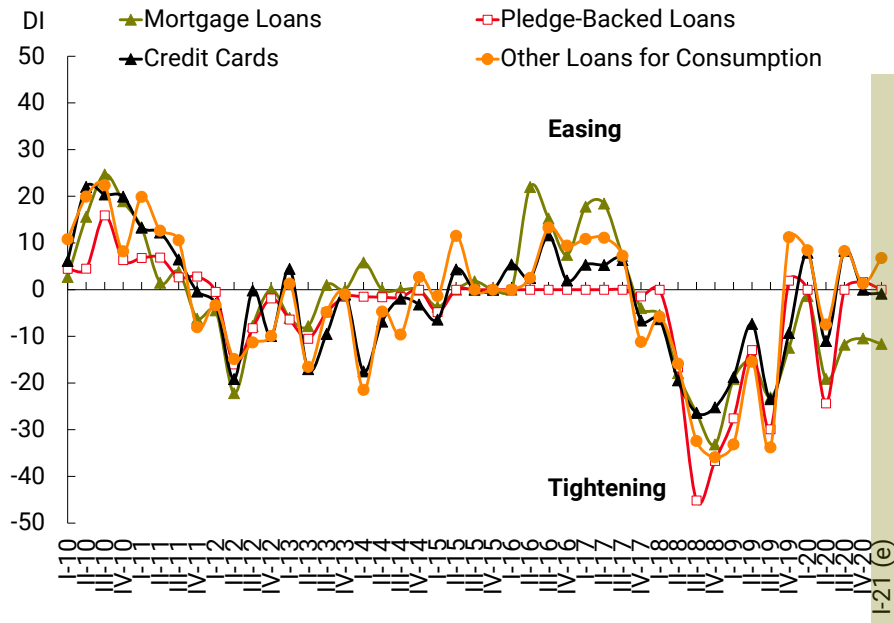
2. Loans to Households

Supply – Credit Standards / Terms and Conditions

2.1 During the last quarter of 2020, the aggregate of institutions surveyed did not report changes, against the previous quarter, in the credit standards associated with pledge-backed loans, credit cards and other loans for consumption, while mortgage loans continued tightening moderately (see Chart 4).

Chart 4 | Households. Credit Demand Evolution

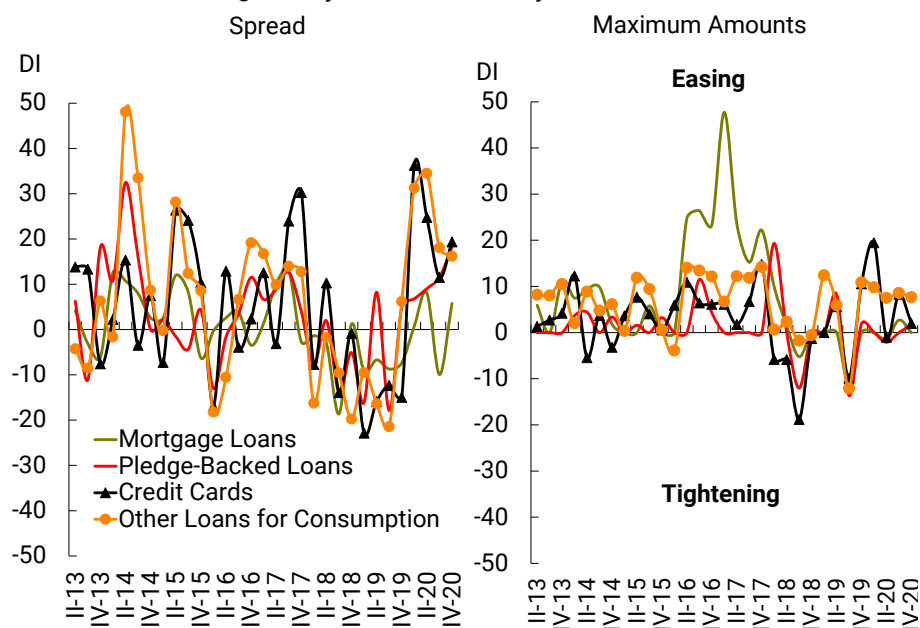
Diffusion Index weighted by institution and by answer - In %



2.2 Based on the answers received from participating institutions, a certain bias towards easing was observed in the terms and conditions of loans to households from October to December 2020. In turn, the spreads on the cost of funding eased, though with different levels of intensity, in all lines for households over the period (see Chart 5). Commission fees contracted slightly for credit cards and other loans for consumption, while they remained unchanged for other credit lines. The maximum amounts of loans eased slightly for other loans for consumption and stood unchanged in the other lines in this segment of debtors. Finally, guarantee/collateral requirements and terms exhibited no changes in the credit lines for households.

Chart 5 | Households. Evolution of the Terms and Conditions

Diffusion Index weighted by institution and by answer - In %



2.3 The aggregate of financial institutions surveyed anticipates that, in the first quarter of 2021, the standards for approval of credit cards transactions and pledge-backed loans would remain unchanged (DI of -0.9% and 0.0%, respectively) while the standards for other loans for consumption would ease slightly (DI of 6.8%) and would tighten moderately in the case of mortgage loans (DI of -11.6%) (see Chart 4).

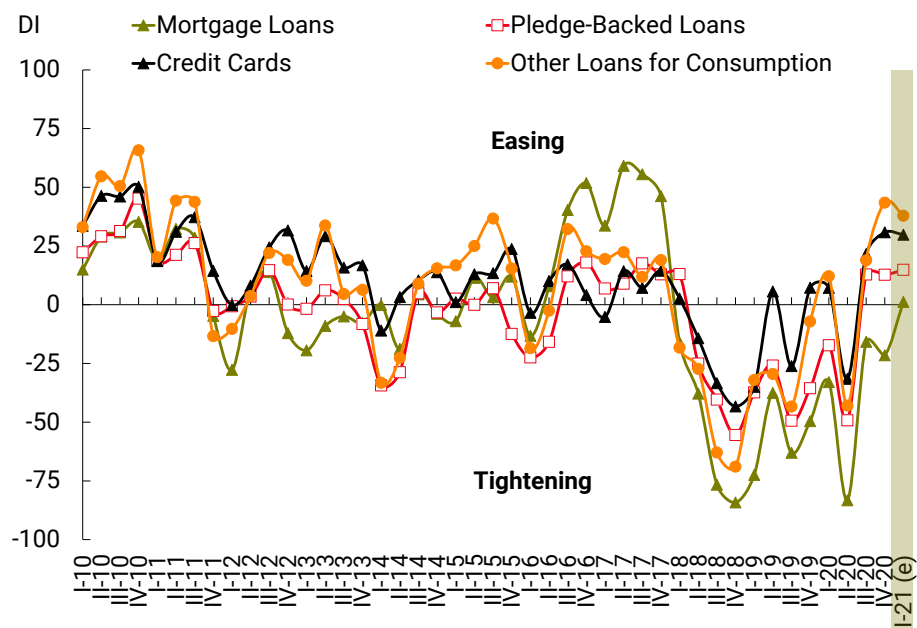
Perceived Demand

2.4 During the last quarter of 2020, the aggregate of participating institutions perceived a rise in the demand for loans –though with different levels of intensity– in almost all lines for households (except for mortgage loans). They reported that this evolution was mainly related to more attractive interest rates and, especially, to the increase of households’ consumption. This hike was sizable in the case of other loans for consumption and credit cards (DI of 43.5% and 30.8%, respectively) and it was moderate in the case of pledge-backed loans (see Chart 6). In turn, the demand for mortgage loans contracted significantly during the last quarter of 2020 (DI of -21.5%) in line with the evolution observed in previous quarters.

2.5 For the first quarter of 2021, the ensemble of financial institutions participating in the survey anticipates a significant increase in the demand for credit of other loans for consumption and credit cards transactions, but this increase would be less intense for pledge-backed loans. Finally, credit demand would remain unchanged in the case of mortgages.

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
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
	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
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
	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
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
	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
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
	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
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
	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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
	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

* Weighted by institution and by answer Overall

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
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
	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
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
	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
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
	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
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
	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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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	0.0	-1.7	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
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
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
C. Changes 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
	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
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
	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
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
	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
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
	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

* Weighted by institution and by answer