

**Senior Loan Officer Opinion Survey on Bank Lending Practices**  
**at Large Japanese Banks (April 2000)**

*Explanatory Notes:*

- Unless otherwise noted, figures represent the number of respondents selecting each option.
- Figures in angle brackets < > represent the weight of each option, either 1 to 5 or 1 to 3.
- Figures in parentheses ( ) represent percentage of respondents selecting each option.
- The "Average" is calculated by multiplying the share of respondents selecting each option by the weight of each option, then adding up the result.

**Demand for Loans (Questions 1-6)**

1. How has demand for loans from borrowers (firms, local governments, and households) changed over the past three months (apart from normal seasonal fluctuations)?

	Substantially stronger <5>	Moderately stronger <4>	About the same <3>	Moderately weaker <2>	Substantially weaker <1>	Total Average
Firms	0	6	30	12	2	50
	( 0% )	( 12% )	( 60% )	( 24% )	( 4% )	<b>2.80</b>
Local governments	4	10	24	11	1	50
	( 8% )	( 20% )	( 48% )	( 22% )	( 2% )	<b>3.10</b>
Households	1	9	32	7	0	49
	( 2% )	( 18% )	( 65% )	( 14% )	( 0% )	<b>3.08</b>

2. How has demand for loans from firms changed over the past three months? Please give a breakdown by industry and firm size.

	Substantially stronger <5>	Moderately stronger <4>	About the same <3>	Moderately weaker <2>	Substantially weaker <1>	Total Average
All industries						
Large firms	0	7	29	12	2	50
	( 0% )	( 14% )	( 58% )	( 24% )	( 4% )	<b>2.82</b>
Medium-sized firms	1	3	32	13	1	50
	( 2% )	( 6% )	( 64% )	( 26% )	( 2% )	<b>2.80</b>
Small firms	0	7	29	10	4	50
	( 0% )	( 14% )	( 58% )	( 20% )	( 8% )	<b>2.78</b>

	Substantially stronger <5>	Moderately stronger <4>	About the same <3>	Moderately weaker <2>	Substantially weaker <1>	Total Average
Manufacturing						
Large firms	2	3	31	13	1	50
	( 4% )	( 6% )	( 62% )	( 26% )	( 2% )	<b>2.84</b>
Medium-sized firms	0	0	40	9	1	50
	( 0% )	( 0% )	( 80% )	( 18% )	( 2% )	<b>2.78</b>
Small firms	0	5	30	13	2	50
	( 0% )	( 10% )	( 60% )	( 26% )	( 4% )	<b>2.76</b>

Nonmanufacturing	Substantially stronger <5>	Moderately stronger <4>	About the same <3>	Moderately weaker <2>	Substantially weaker <1>	Total Average
Large firms	0	8	29	12	1	50
	( 0% )	( 16% )	( 58% )	( 24% )	( 2% )	<b>2.88</b>
Medium-sized firms	0	4	33	11	2	50
	( 0% )	( 8% )	( 66% )	( 22% )	( 4% )	<b>2.78</b>
Small firms	0	8	28	11	3	50
	( 0% )	( 16% )	( 56% )	( 22% )	( 6% )	<b>2.82</b>

Of which:

Construction and real estate	Substantially stronger <5>	Moderately stronger <4>	About the same <3>	Moderately weaker <2>	Substantially weaker <1>	Total Average
Large firms	0	4	35	9	2	50
	( 0% )	( 8% )	( 70% )	( 18% )	( 4% )	<b>2.82</b>
Medium-sized firms	0	4	36	6	4	50
	( 0% )	( 8% )	( 72% )	( 12% )	( 8% )	<b>2.80</b>
Small firms	0	9	32	6	3	50
	( 0% )	( 18% )	( 64% )	( 12% )	( 6% )	<b>2.94</b>

Finance and insurance	Substantially stronger <5>	Moderately stronger <4>	About the same <3>	Moderately weaker <2>	Substantially weaker <1>	Total Average
Large firms	1	6	30	10	3	50
	( 2% )	( 12% )	( 60% )	( 20% )	( 6% )	<b>2.84</b>
Medium-sized firms	0	2	36	8	3	49
	( 0% )	( 4% )	( 74% )	( 16% )	( 6% )	<b>2.76</b>
Small firms	0	5	29	8	6	48
	( 0% )	( 10% )	( 60% )	( 17% )	( 13% )	<b>2.69</b>

Other nonmanufacturing	Substantially stronger <5>	Moderately stronger <4>	About the same <3>	Moderately weaker <2>	Substantially weaker <1>	Total Average
Large firms	0	6	33	10	1	50
	( 0% )	( 12% )	( 66% )	( 20% )	( 2% )	<b>2.88</b>
Medium-sized firms	0	2	35	10	3	50
	( 0% )	( 4% )	( 70% )	( 20% )	( 6% )	<b>2.72</b>
Small firms	0	5	31	10	4	50
	( 0% )	( 10% )	( 62% )	( 20% )	( 8% )	<b>2.74</b>

3. How has demand from households for housing and consumer loans changed?

	Substantially stronger <5>	Moderately stronger <4>	About the same <3>	Moderately weaker <2>	Substantially weaker <1>	Total Average
Housing loans	3 ( 6% )	9 ( 18% )	33 ( 67% )	4 ( 8% )	0 ( 0% )	49 <b>3.22</b>
Consumer loans	1 ( 2% )	5 ( 10% )	30 ( 61% )	13 ( 27% )	0 ( 0% )	49 <b>2.88</b>

4.a. If demand for loans from firms has increased at your bank (that is, the answer to question 2, "All industries" is either 4 or 5), to what factors do you attribute this increase? (Please rate each possible reason using the following scale: 3=important, 2=somewhat important, 1=not important.)

	Large firms	Medium-sized firms	Small firms
	Average	Average	Average
(1) Customers' sales increased	1.50	1.75	1.43
(2) Customers' fixed investment increased	1.50	1.75	1.29
(3) Customers' funding from other sources became difficult to obtain	1.00	1.00	1.14
(4) Customers' internally-generated funds decreased	1.33	1.50	1.71
(5) Customers' borrowing shifted from other sources to your bank	2.00	1.00	1.29
(6) Decline in interest rates	1.33	1.25	1.71
(7) Other factors	1.67	1.00	1.33
Number of banks responding	6	4	7

4.b. If demand for loans from firms has decreased at your bank (that is, the answer to question 2, "All industries" is either 1 or 2), to what factors do you attribute this decrease? (Please rate each possible reason using the following scale: 3=important, 2=somewhat important, 1=not important.)

	Large firms	Medium-sized firms	Small firms
	Average	Average	Average
(1) Customers' sales decreased	1.71	2.21	2.36
(2) Customers' fixed investment decreased	1.92	2.29	2.21
(3) Customers' funding from other sources became easy to obtain	1.23	1.14	1.14
(4) Customers' internally-generated funds increased	1.77	1.57	1.50
(5) Customers' borrowing shifted from your bank to other sources	1.69	1.29	1.14
(6) Rise in interest rates	1.15	1.00	1.07
(7) Other factors	2.25	1.75	1.50
Number of banks responding	14	14	14

5.a. If demand for loans from households has increased at your bank (that is, the answer to question 3 is either 4 or 5), to what factors do you attribute this increase? (Please rate each possible reason using the following scale: 3=important, 2=somewhat important, 1=not important.)

	Housing loans	Consumer loans
	Average	Average
(1) Increase in housing investment	1.82	1.17
(2) Increase in household consumption	1.00	1.67
(3) Decrease in income	1.00	1.33
(4) Decline in interest rates	1.82	1.33
(5) Other factors	2.33	1.00
Number of banks responding	12	6

5.b. If demand for loans from households has decreased at your bank (that is, the answer to question 3 is either 1 or 2), to what factors do you attribute this decrease? (Please rate each possible reason using the following scale: 3=important, 2=somewhat important, 1=not important.)

	Large firms	Medium-sized firms
	Average	Average
(1) Decrease in housing investment	1.75	1.17
(2) Decrease in household consumption	1.00	2.46
(3) Increase in income	1.00	1.33
(4) Rise in interest rates	1.00	1.25
(5) Other factors	2.50	2.50
Number of banks responding	4	13

6. How are demand for loans from borrowers (firms, local governments, and households) likely to change over the next three months (apart from normal seasonal fluctuations)?

	Increase substantially <5>	Increase somewhat <4>	Remain about the same <3>	Decrease somewhat <2>	Decrease substantially <1>	Total Average
Firms	0	10	37	3	0	50
	( 0% )	( 20% )	( 74% )	( 6% )	( 0% )	<b>3.14</b>
Local governments	1	4	39	5	1	50
	( 2% )	( 8% )	( 78% )	( 10% )	( 2% )	<b>2.98</b>
Households	1	8	36	4	0	49
	( 2% )	( 16% )	( 74% )	( 8% )	( 0% )	<b>3.12</b>

**Lending Policies (Questions 7-13)**

7. Over the past three months, how have your bank's credit standards for approving applications from firms and households changed?

	Eased considerably <5>	Eased somewhat <4>	Remained basically unchanged <3>	Tightened somewhat <2>	Tightened considerably <1>	Total Average
Large firms	2	7	40	1	0	50
	( 4% )	( 14% )	( 80% )	( 2% )	( 0% )	<b>3.20</b>
Medium-sized firms	7	12	31	0	0	50
	( 14% )	( 24% )	( 62% )	( 0% )	( 0% )	<b>3.52</b>
Small firms	16	7	27	0	0	50
	( 32% )	( 14% )	( 54% )	( 0% )	( 0% )	<b>3.78</b>
Households	16	13	20	0	0	49
	( 33% )	( 27% )	( 41% )	( 0% )	( 0% )	<b>3.92</b>

8. Over the past three months, how have the terms and conditions of loans to firms changed? (Please assign each term a number between 1 and 5 using the following scale: 5=eased substantially, 4=eased somewhat, 3=remained basically unchanged, 2=tightened somewhat, 1=tightened considerably.)

	Large firms	Medium-sized firms	Small firms
	Average	Average	Average
(1) Maximum size of credit lines	3.10	3.22	3.29
(2) Spreads of loan rates over your bank's cost of funds (wider spreads = tightened, narrower spreads = eased)	3.04	2.96	2.96
(3) Premiums charged on riskier loans	2.92	2.92	2.90
(4) Collateralization requirements	2.98	2.96	2.94
(5) Others	3.00	3.00	3.00
Number of banks responding	49	49	49

9. Over the past three months, how has your bank changed the spreads of loan rates over your bank's cost of funds?

For firms with	Increased <3>	Remained basically unchanged <2>	Decreased <1>	Total Average
High ratings	2	32	15	49
	( 4% )	( 65% )	( 31% )	<b>1.73</b>
Medium ratings	5	41	3	49
	( 10% )	( 84% )	( 6% )	<b>2.04</b>
Low ratings	16	33	0	49
	( 33% )	( 67% )	( 0% )	<b>2.33</b>

10.a. If your bank has eased its credit standards or its terms and conditions for loans to firms over the past three months (as described in questions 7 and 8), what were the important factors that led to the change? (Please rate each possible reason using the following scale: 3=important, 2=somewhat important, 1=not important.)

	Large firms	Medium-sized firms	Small firms
	Average	Average	Average
(1) An improvement in your bank's asset portfolio	1.22	1.26	1.22
(2) A more favorable or less uncertain economic outlook	1.56	1.37	1.39
(3) An improvement in industry- or firm-specific problems	1.44	1.37	1.30
(4) More aggressive competition from other banks	2.22	2.42	2.17
(5) More aggressive competition from non-banks	1.33	1.58	1.48
(6) More aggressive competition from capital markets	1.78	1.21	1.04
(7) An increased tolerance for risk	1.11	1.26	1.30
(8) Others	3.00	1.50	2.33
Number of banks responding	9	19	23

10.b. If your bank has tightened its credit standards or its terms and conditions for loans to firms over the past three months (as described in questions 7 and 8), what were the important factors that led to the change? (Please rate each possible reason using the following scale: 3=important, 2=somewhat important, 1=not important.)

	Large firms	Medium-sized firms	Small firms
	Average	Average	Average
(1) An deterioration in your bank's asset portfolio	1.00	n.a.	n.a.
(2) A less favorable or more uncertain economic outlook	2.00	n.a.	n.a.
(3) A worsening of industry- or firm-specific problems	2.00	n.a.	n.a.
(4) Less aggressive competition from other banks	2.00	n.a.	n.a.
(5) Less aggressive competition from non-banks	2.00	n.a.	n.a.
(6) Less aggressive competition from capital markets	1.00	n.a.	n.a.
(7) A reduced tolerance for risk	1.00	n.a.	n.a.
(8) Others	n.a.	n.a.	n.a.
Number of banks responding	1	0	0

11. Over the next three months, how are your bank's credit standards for firms and households likely to change?

	Ease considerably <5>	Ease somewhat <4>	Remain basically unchanged <3>	Tighten somewhat <2>	Tighten considerably <1>	Total Average
Large firms	2	8	37	3	0	50
	( 4% )	( 16% )	( 74% )	( 6% )	( 0% )	<b>3.18</b>
Medium-sized firms	8	19	23	0	0	50
	( 16% )	( 38% )	( 46% )	( 0% )	( 0% )	<b>3.70</b>
Small firms	17	17	16	0	0	50
	( 34% )	( 34% )	( 32% )	( 0% )	( 0% )	<b>4.02</b>
Households	20	18	11	0	0	49
	( 41% )	( 37% )	( 22% )	( 0% )	( 0% )	<b>4.18</b>

12. Over the next three months, how are your bank's terms and conditions of loans to firms likely to change? (Please assign each term a number between 1 and 5 using the following scale: 5=ease substantially, 4=ease somewhat, 3=remain basically unchanged, 2=tighten somewhat, 1=tighten considerably.)

	Large firms	Medium-sized firms	Small firms
	Average	Average	Average
(1) Maximum size of credit lines	3.02	3.23	3.29
(2) Spreads of loan rates over your bank's cost of funds (wider spreads = tightened, narrower spreads = eased)	2.96	2.86	2.80
(3) Premiums charged on riskier loans	2.77	2.77	2.69
(4) Collateralization requirements	2.92	2.88	2.81
(5) Others	3.00	3.00	3.00
Number of banks responding	49	49	49

13. Over the next three months, how does your bank intend to change the spreads of loan rates?

For firms with	Increase <3>	Remain the same <2>	Decrease <1>	Total Average
High ratings	4	33	12	49
	( 8% )	( 67% )	( 25% )	<b>1.84</b>
Medium ratings	13	33	3	49
	( 27% )	( 67% )	( 6% )	<b>2.20</b>
Low ratings	28	21	0	49
	( 57% )	( 43% )	( 0% )	<b>2.57</b>

(Footnotes)

1) Households do not include small firms owned and run by individuals.

2) Local governments include administrations of prefectures and cities, as well as their directly managed businesses such as public transportation, water, electricity and gas utilities, hospitals, and others.

3) Definitions of firm size are as follows.

Large: Corporations with capital of Y1 billion and over with more than 300 regular employees (wholesaling and services firms capitalized at Y1 billion and over with more than 100 regular employees; and retailing, food and beverage services firms capitalized at Y1 billion and over with more than 50 regular employees).

Small: Corporations with capital of Y300 million or less or with 300 regular employees or fewer (wholesaling firms capitalized at Y100 million or less with 100 regular employees or fewer; retailing, food and beverage services and other services firms capitalized at Y50 million or less with 50 regular employees or fewer [100 or fewer for services firms] ).

Medium-sized: Corporations which fall between the above two categories.

4) Rating in questions 9 and 13 refers to the banks' internal ratings. These are broad ratings as indicated below.

High: AAA-BBB for domestic ratings of long-term corporate bonds.

Medium: BB-B for domestic ratings of long-term corporate bonds.

Low: CCC or lower for domestic ratings of long-term corporate bonds.