

Methodology of the survey evaluation

The methodology used in evaluating a questionnaire on development of lending market is based on the methodologies used in other countries. However, it was tailored to specific conditions of functioning of the Slovak lending market, availability of statistical data and structure of the questionnaire. The aim is to give a picture of the main trends in credit market as a whole. The objective is to express views banks as they were listed in the questionnaire, not the views of the NBS.

The responses of individual banks are presented in aggregate form according to the following three principles:

Principles 1. Responses are weighted by volume of loans granted by the respective bank in the given sector and of the given type (by currency the contractual maturity). Such a presentation of the results enables a view on the credit market as a whole, what is the aim of this survey. If the answers were not weighted by the volume of loans and only number of banks were taken into account, it would be rather a look on a individual institutions. For the evolution of credit market it is important to know what is the market share of a bank, which has made a concrete decision on its credit standards and thus which part of the credit market will be affected by this decision.

The precise calculation of the weights of responses for individual market segments is provided the following table:

Categories of loans	The question in the questionnaire	Source	Statistical sectors
Enterprises total	3, 4, 10	V (NBS) 3 – 12	11 (non-fin. enterprises), 122b (Money market funds), 123 (other fin. intermediaries), 124 (fin. institutions), 125 (insurances and pension funds), 141 a 142 (self-employers), 2 (non-residents)
Large enterprises - loans in SKK up to 1Y	2, 9	V (NBS) 33 – 12	
Large enterprises - loans in FC up to 1Y	2, 9	V (NBS) 33 – 12	
Large enterprises - loans in SKK over 1Y	2, 9	V (NBS) 33 – 12	
Large enterprises - loans in CM over 1Y	2, 9	V (NBS) 33 – 12	
Small and medium enterprises - loans in SKK up to 1Y	2, 9	V (NBS) 33 – 12	
Small and medium enterprises - loans in FC up to 1Y	2, 9	V (NBS) 33 – 12	
Small and medium enterprises - loans in SKK over 1Y	2, 9	V (NBS) 33 – 12	
Small and medium enterprises - loans in FC over 1Y	2, 9	V (NBS) 33 – 12	
Households total	7, 8, 10	V (NBS) 3 – 12	
Housing loans	6, 9	V (NBS) 7 – 12	
Other loans to households	6, 9	V (NBS) 7 – 12	

- The calculation of the weights of individual banks is based on the average gross value of all loans for the respective loan category and the respective time period
- The volume of loans to businesses was not in the evaluation questions No. 2 and 9 divided between large enterprises and loans to SMEs, since these data are not available; the breakdown of loans by currency and maturity was kept
- The loans to companies included also loans to non-residents, since these loans are provided primarily to enterprises
- The allocation of loans to households for housing loans and other loans included the credits only in SKK and without loans with 0% interest rate, but they constitute the majority of loans to households
- If a bank indicated in the responses that the respective type of loans is not granted, they were assigned weight 0

Principle 2. Answers of the banks are evaluated using the net percentage which is calculated as the difference between the percentages of responses (weighted in accordance with the principle 1) reflecting the opposite trend changes. E.g. net percentage share of banks reported easing of credit standards, is calculated as the difference between the weighted percentage of banks reporting easing of credit standards and the weighted percentage of banks reporting tightening of credit standards. Banks, which have not seen any change, do not enter the calculation.

Principle 3. In calculating the net percentage under the principle 3, the responses such as "eased considerably" and "eased somewhat" were not differentiated. It can be expected that the assessment of the direction of change (mitigation - tightening) is easier than to express its size. Should we take into account the magnitude of the change, the conclusions could be biased due to different scales based on subjective principles that banks use for evaluation. Hence, in order to offer the truest picture there was no difference between the answers expressing the magnitude of the change under consideration. If, however, this was significant, this information is given in verbal description of the presented results.