

Press release

24 May 2022

Results of the March 2022 survey on credit terms and conditions in euro-denominated securities financing and over-the-counter derivatives markets (SESFOD)

- Overall credit terms and conditions offered by banks to counterparties tightened slightly from December 2021 to February 2022, mostly ahead of Russia-Ukraine conflict
- Market participants reported mixed results for financing conditions in securities financing markets, along with slightly deteriorating credit conditions and liquidity in OTC derivatives markets
- Longer term, market participants reported tighter overall terms and conditions for securities financing and OTC derivatives transactions

The responses contained in the March 2022 summary mainly cover the period preceding the Russian invasion of Ukraine. Therefore, they only reflect the impact of this geopolitical development to a limited degree.

Overall credit terms and conditions offered by banks to counterparties tightened slightly over the period from December 2021 to February 2022. While price terms became tighter across the board, non-price terms were more restrictive for non-financial corporations only. This tightening continues the trend reported in the previous three quarters and is broadly in line with expectations expressed in the previous survey. Looking ahead, respondents to the March survey expected a further tightening of price and non-price terms for all types of counterparty over the period from March to May 2022.

Turning to securities financing transactions, survey responses for financing conditions were mixed. This was reflected in net percentages of participants reporting a slightly higher maximum amount and maximum maturity of funding for most types of euro-denominated collateral, and in slightly increasing rates/spreads for funding against most collateral types. Haircuts applied to euro-denominated collateral had increased slightly or were unchanged for all types of collateral. Respondents reported

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stronger demand for funding against government bonds, but weaker demand for funding against most other collateral types.

As for non-centrally cleared over-the-counter (OTC) derivatives, respondents reported that initial margin requirements had increased slightly for many types of OTC derivative, and that liquidity and trading had deteriorated for many OTC derivative types over the December 2021 to February 2022 review period.

Specific questions included in the March 2022 survey looked into the longer-term trend by asking respondents to compare credit terms and conditions observed in early March 2022 with those reported in the previous year (i.e. in early March 2021). Compared with the previous year, overall terms and conditions for securities financing and OTC derivatives transactions had tightened across all counterparties. In net terms, credit standards for secured funding had also tightened. Survey respondents reported that non-price conditions in OTC derivatives markets were unchanged for all types of derivative relative to the previous year.

The [March 2022 SESFOD survey](#), the underlying detailed [data series](#) and the [SESFOD guidelines](#) are available on the ECB's website together with all other [SESFOD publications](#).

The SESFOD survey is conducted four times a year and covers changes in credit terms and conditions over three-month reference periods ending in February, May, August and November. The March 2022 survey collected qualitative information on changes between December 2021 and February 2022. The results are based on responses from a panel of 27 large banks, comprising 14 euro area banks and 13 banks with head offices outside the euro area.

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