



How Lending Standards Affect Consumers - Finance & Lending Overview

Even before the pandemic materialized, banks and finance companies were already starting to tighten lending standards. The low rate environment for the months leading up to the pandemic culminated into a flurry of new loans for homes and automobiles. As the pandemic took hold throughout the country, banks and lenders modified their loan requirements in order to compensate for lost wages and drops in small business revenue.

The Federal Reserve tracks loan activity via the Senior Loan Officer Opinion Survey, which details lending practices among banks and lenders nationwide. In its most recent survey of banks and lenders released in January, the Fed found that a net share of banks are easing standards for credit cards and some auto loans.

Economists and market analysts place a considerable amount of importance on loan qualifications, especially during times of economic contraction. It is expected that a continued low rate environment along with easing lending standards might help foster an economic rebound.

Source: Federal Reserve Senior Loan Officer Opinion Survey

PlanRock offers financial planning tools, investment portfolios, various levels of advice, and full-service support. Please contact 800-677-6025 or go to www.PlanRock.com for more information about how we can help you reach your goals.

© PlanRock Investments, LLC. The content above is available for use only by authorized subscribers, clients and where permissible as such. This content is not authorized for resale. Past performance does not guarantee future results. The sources we use are believed to be reliable, but their accuracy is not guaranteed.