

Press release

28 October 2025

October 2025 euro area bank lending survey

- Small, unexpected net tightening of credit standards for loans to firms
- Credit standards unchanged for housing loans and moderately tighter for consumer credit
- Demand for loans to firms increased slightly, but still weak overall
- Housing loan demand continued to increase strongly

According to the October 2025 bank lending survey (BLS), euro area banks reported a small net tightening of credit standards – banks' internal guidelines or loan approval criteria – for [loans or credit lines to enterprises](#) in the third quarter of 2025 (net percentage of banks of 4%; Chart 1). Banks reported unchanged credit standards for [loans to households for house purchase](#) (net percentage of 0%) and a moderate net tightening for [consumer credit and other lending to households](#) (net percentage of 5%). For firms, the net tightening in the third quarter followed broadly unchanged credit standards in the second quarter. This was unexpected as, in the previous survey round, banks had anticipated that credit standards would remain unchanged. Perceived risks to the economic outlook contributed to tighter credit standards. Banks also cited the current high level of geopolitical uncertainty and trade risks as reasons for discriminating across sectors or firms when issuing new loans, and several banks indicated intensified monitoring and analysis. The small net easing in credit standards for housing loans anticipated by euro area banks in the second quarter of 2025 did not materialise, while the tightening in credit standards for consumer credit was broadly in line with expectations. Risk perceptions of banks were the main drivers of the net tightening for consumer credit. For the fourth quarter of 2025, banks expect credit standards to remain broadly unchanged for firms, tighten slightly for housing loans and tighten further for consumer credit.

[Banks' overall terms and conditions](#) – the actual terms and conditions agreed in loan contracts – remained broadly unchanged for loans to firms, while they eased for housing loans and consumer credit.

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Banks reported a net increase in the [share of rejected loan applications across all loan categories](#), with a more pronounced net increase of rejection rates for consumer credit. The net increase was larger than in the previous quarter. For housing loans, it was the first net increase since the first quarter of 2024.

In the third quarter of 2025, euro area banks reported a slight net increase in [demand for loans or credit lines to firms](#) (net percentage of 2%; Chart 2), but it remained weak overall. This followed a small net increase in loan demand in the previous quarter. The increase was weaker than anticipated by banks in the previous survey round. Loan demand was supported by declining lending rates and by increased financing needs for debt refinancing or debt restructuring, while the impact of fixed investment, inventories and working capital was neutral. Several banks referred to a dampening impact of global uncertainty and the related trade tensions on loan demand. [Demand for housing loans](#) continued to increase substantially in net terms (net percentage of 28%). Improved housing market prospects and declining lending rates were the primary drivers of the sustained increase in housing loan demand. [Demand for consumer credit and other lending to households](#) was broadly unchanged (net percentage of 1%), with declining interest rates and other factors supporting demand being offset by lower consumer confidence. In the fourth quarter of 2025, banks expect unchanged loan demand from firms, a further net increase in demand for housing loans, albeit more moderate than in previous quarters, and a small increase in demand for consumer credit.

Banks' access to retail and wholesale funding remained broadly unchanged in the third quarter of 2025, eased slightly for money markets and securitisations and to a greater extent for debt securities. Over the next three months, banks expect access to improve slightly for retail funding, tighten slightly for money markets, and remain broadly unchanged for debt securities and securitisation.

The reduction in the ECB's monetary policy asset portfolio has had a broadly neutral impact on the market financing conditions and liquidity positions of euro area banks over the last six months, while inducing a further increase in banks' holdings of euro area sovereign bonds. The impact on lending conditions remained muted, reflecting the measured and predictable adjustment of the monetary policy portfolio of the ECB. Banks expect the impact to remain broadly neutral over the next six months.

Euro area banks reported that non-performing loan (NPL) ratios and other credit quality indicators had a small net tightening impact on their credit standards for loans to firms. However, credit standards for housing loans and consumer credit were unaffected. Banks expect a more noticeable tightening

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impact of credit quality indicators on credit standards for loans to firms and consumer credit in the fourth quarter of 2025.

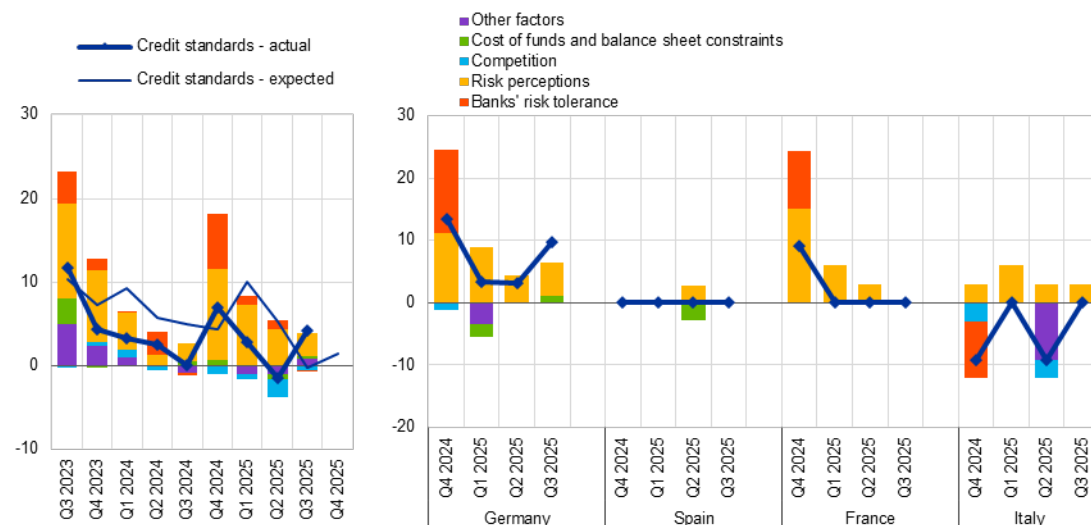
Banks reported a further negative impact of ECB key interest rate decisions on their net interest margins over the past six months, while the impact on volumes turned positive. Banks expect similar, albeit smaller, impacts over the next six months.

The quarterly BLS was developed by the Eurosystem to improve its understanding of bank lending behaviour in the euro area. The results reported in the October 2025 survey relate to changes observed in the third quarter of 2025 and changes expected in the fourth quarter of 2025, unless otherwise indicated. The October 2025 survey round was conducted between 19 September and 7 October 2025. A total of 154 banks were surveyed in this round, with a response rate of 100%.

Chart 1

Changes in credit standards for loans or credit lines to enterprises, and contributing factors

(net percentages of banks reporting a tightening of credit standards, and contributing factors)



Source: ECB (BLS).

Notes: Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The net percentages for "Other factors" refer to an average of the further factors which were mentioned by banks as having contributed to changes in credit standards. Data are [for the euro area](#) and [for the four largest euro area countries](#).

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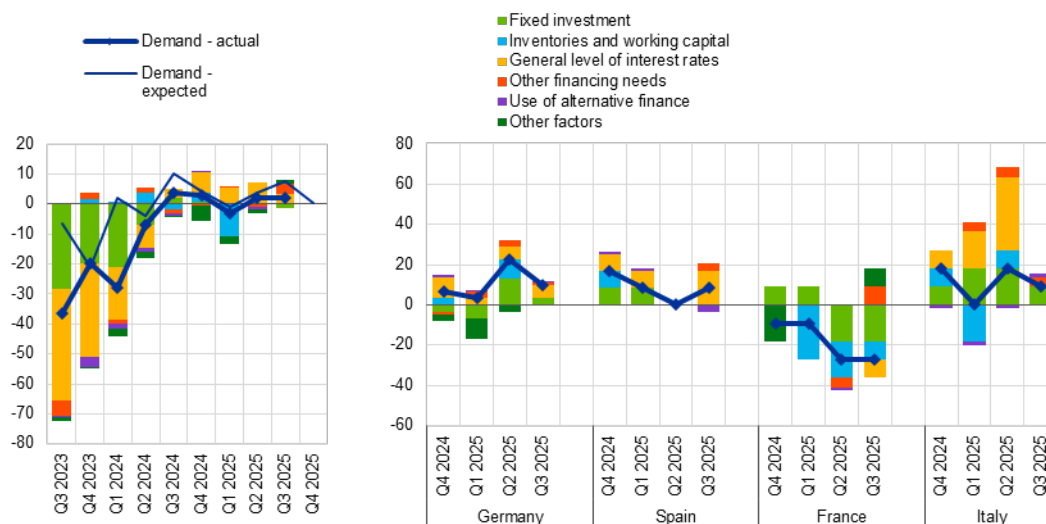
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Chart 2

Changes in demand for loans or credit lines to enterprises, and contributing factors

(net percentages of banks reporting an increase in demand, and contributing factors)



Source: ECB (BLS).

Notes: Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The net percentages for "Other factors" refer to an average of the further factors which were mentioned by banks as having contributed to changes in loan demand. Data are [for the euro area](#) and [for the four largest euro area countries](#).

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Notes

- [A report on this survey round](#) is available on the ECB's website, along with [a copy of the questionnaire](#), [a glossary of BLS terms](#) and [a BLS user guide](#) with information on the BLS series keys.
- **The euro area and national data series** are available on the ECB's website via the [ECB Data Portal](#). [National results](#), as published by the respective national central banks, can be obtained via the ECB's website.
- **For more detailed information** on the BLS, see Köhler-Ulbrich, P., Dimou, M., Ferrante, L. and Parle, C., "[Happy anniversary, BLS – 20 years of the euro area bank lending survey](#)", *Economic Bulletin*, Issue 7, ECB, 2023, and Huennekes, F. and Köhler-Ulbrich, P., "[What information does the euro area bank lending survey provide on future loan developments?](#)", *Economic Bulletin*, Issue 8, ECB, 2022.

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