EUROPEAN CENTRAL BANK

EUROSYSTEM

The euro area bank lending survey

Third quarter of 2026

October 2026

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1 Overview of results

In the bank lending survey (BLS) for the third quarter of 2026, euro area banks reported a further net tightening of credit standards for loans or credit lines to firms (net percentage of banks of 9%; see Chart 1 and Overview table).[1] The October 2026 BLS was conducted between 21 September and 6 October 2026. The net tightening was slightly higher than in the second quarter (7%) and larger than expected by the banks (5%), standing slightly above the historical average (8%). Heightened risk perceptions and lower risk tolerance remained the main drivers of tighter credit standards, with some banks reporting tightening pressure stemming from geopolitical uncertainty and energy developments. Across the largest euro area countries, banks in France and Germany reported tighter credit standards for firms, while credit standards eased in Italy and remained unchanged in Spain. For the fourth quarter of 2026, banks expect a further net tightening of credit standards for loans to firms (7%). In a dedicated question on the importance of new lending to finance firms' adoption or development of artificial intelligence (AI), banks indicated that they are still adapting their lending practices to the growing use of these technologies. Most reported that they had not yet introduced specific criteria for assessing AI-related lending within their credit standards. A small number noted that AI adoption and its associated risks increasingly feature in qualitative borrower assessments, with IT firms subject to the closest scrutiny.

Banks reported broadly unchanged credit standards for housing loans and a further net tightening of credit standards for consumer credit (net percentages of 0% and 14% respectively; see Chart 8, Chart 12 and Overview table). Banks' lower risk tolerance and heightened risk perceptions had a tightening impact on housing loans and consumer credit. Across the largest euro area countries, credit standards for housing loans eased in Germany and remained unchanged in Spain, France and Italy. For consumer credit, credit standards in Germany remained unchanged, while they tightened in France, Italy and Spain. For housing loans, banks had expected a small net tightening (2%) which did not materialise, while the tightening of credit standards for consumer credit exceeded banks' expectations (11%). For the fourth quarter of 2026, banks expect credit standards to tighten significantly for housing loans (10%) and consumer credit (16%), which would be the highest since the third quarter of 2023 if realised.

Banks reported a net decrease in loan demand for firms in the third quarter of 2026 (net percentage of -6%; see Chart 6 and Overview table). The net decline stood in contrast to banks' expectations of an increase (4%) and followed the small net increase in the second quarter (3%). Loan demand was primarily dampened by the impact of the general level of interest rates. Weaker demand for fixed investment

[1] The results reported in the October 2026 survey relate to changes observed during the third quarter of 2026 and expectations for the fourth quarter of 2026. The survey was conducted between 21 September and 6 October 2026. A total of 159 banks were surveyed in this round, with a response rate of 100%. In addition to the results for the euro area as a whole, this report contains the results for the four largest euro area countries in terms of GDP (i.e. Germany, Spain, France and Italy).

among small and medium-sized enterprises (SMEs) and the shift towards alternative sources of finance also weighed slightly on loan demand. Some banks reported that uncertainty about geopolitical and energy developments is still weighing on corporate loan demand. Demand for inventories and working capital continued to exert upward pressure on loan demand, while financing related to debt refinancing and restructuring also made a small positive contribution. Demand for loans to firms declined across all the largest euro area countries. For the fourth quarter of 2026, banks expect loan demand to be broadly unchanged (-1%). In response to a dedicated question on the significance and impact of the adoption of AI, several banks indicated that they expect a gradual but sustained increase in loan demand to finance digital infrastructure, particularly data centres. Banks also reported that their current and prospective AI-related lending is more likely to target infrastructure providers than software developers or firms adopting AI, with this focus expected to become sharper over the coming months.

Banks reported a strong net decrease in demand for housing loans, which was more pronounced than in the previous quarter, whereas demand for consumer credit decreased slightly (net percentages of -27% and -2% respectively; see Chart 11, Chart 14 and Overview table). For housing loans, the reported net decrease was the most pronounced since the third quarter of 2023 and was stronger than banks had expected (-12%). The decrease was mainly driven by developments in interest rates, followed by diminishing consumer confidence and worsening housing market prospects. Consumer credit demand declined slightly further, primarily reflecting the higher level of interest rates and lower consumer confidence, as well as weaker spending on durable goods. Banks had anticipated unchanged demand for consumer credit in the second quarter (0%). For the fourth quarter of 2026, banks expect a further, stronger net decline in demand for housing loans (-36%) and consumer credit (-14%).

Euro area banks' overall credit terms and conditions tightened for loans to firms, housing loans and consumer credit, driven mainly by higher interest rates. Margins on average loans narrowed across all segments, reflecting the increase in market reference rates. For loans to firms and consumer credit, the net tightening was driven also by wider margins on riskier loans. Collateral requirements, maturity, loan size and covenants also contributed to a slight tightening of terms and conditions for loans to firms.

Banks reported a net increase in the share of rejected loan applications for all counterparts. The net increase in the share was higher for consumer credit (10%) than for firms and housing loans (5%).

The October 2026 BLS contained the following ad hoc questions:

- Euro area banks' access to retail funding, debt securities and money markets deteriorated further in the third quarter of 2026, while it remained broadly unchanged for securitisations. The deterioration in access to retail funding, while still moderate (9%), was the strongest since the start of the series in 2011 and slightly higher than the previous peak in the third quarter of 2023 (7%), driven by both short-term and long-term retail funding. Banks expect access to

funding across all four categories to deteriorate further over the next three months.

- The reduction in the European Central Bank (ECB) monetary policy asset portfolio has had a mildly negative impact on euro area banks' market financing conditions and liquidity positions over the last 12 months, while prompting a further increase in their holdings of euro area sovereign bonds. The impact on bank profitability was slightly positive, as higher net interest income was partially offset by small capital losses. Banks expect these effects to persist over the coming 12 months. They also reported a tightening impact on lending conditions across all loan categories, which they expect to increase over the next 12 months.

- Euro area banks reported a net tightening impact of non-performing loan (NPL) ratios and other credit quality indicators on their credit standards across all loan categories in the third quarter of 2026. Banks indicated that higher risk perceptions, and, to a much smaller extent, pressure stemming from supervisory or regulatory requirements, lower risk tolerance, and costs related to capital position and balance sheet clean-up operations contributed to the net tightening of credit standards. In the fourth quarter of 2026, euro area banks expect a further tightening impact of credit quality on their credit standards for loans to firms and for consumer credit.

- In response to a new question on the impact of digital assets on banks' financial situation, business strategy and credit standards, euro area banks reported that digital assets have made a small positive contribution to their business strategy over the past 12 months (net percentage of 2%), while the impact on the broader financial situation over the same period was reported as neutral. For the next 12 months, banks expect an increasingly positive impact on their business strategy (12%, see Chart 21 and Table 18), whereas digital assets are expected to exert a negative influence on euro area banks' retail funding business. Banks indicated that digital assets have had a neutral impact on their credit standards over the past 12 months and that they are expected to ease credit standards for housing lending over the next 12 months.

Overview table

Latest BLS results for the largest euro area countries

(net percentages of banks reporting a tightening of credit standards or an increase in loan demand)

	Enterprises						House purchase						Consumer credit					
	Credit standards			Demand			Credit standards			Demand			Credit standards			Demand		
Country	Q2 26	Q3 26	Avg	Q2 26	Q3 26	Avg	Q2 26	Q3 26	Avg	Q2 26	Q3 26	Avg	Q2 26	Q3 26	Avg	Q2 26	Q3 26	Avg
Euro area	7	9	8	3	-6	-1	9	0	6	-15	-27	2	12	14	5	-2	-2	0
Germany	10	6	5	10	-6	5	7	-4	4	-30	-37	7	11	0	2	-21	-4	6
Spain	8	0	9	-17	-8	-6	10	0	13	-30	-40	-7	0	8	10	0	-8	-6
France	18	27	6	-18	-18	-5	13	0	2	-13	-25	3	31	38	1	0	-8	-3
Italy	-11	-11	10	33	-11	3	0	0	1	0	0	10	9	27	5	27	0	10

Notes: "Avg" refers to averages calculated over the period since the beginning of the survey, excluding the most recent round. Owing to the different sample sizes across countries, which broadly reflect the differences in the national shares in lending to the euro area non-financial private sector, the size and volatility of the net percentages cannot be directly compared across countries.

Box 1

General notes

The BLS is addressed to senior loan officers at a representative sample of euro area banks, representing all euro area countries and reflecting the characteristics of their respective national banking structures. The main purpose of the BLS is to enhance the Eurosystem's knowledge of bank lending conditions in the euro area.[2]

Detailed tables and charts based on the responses provided can be found in Annex 1 for the standard questions and Annex 2 for the ad hoc questions. In addition, BLS time series data are available on the ECB's website through the ECB Data Portal – see also the notes to charts throughout this report.

Detailed explanations on the BLS questionnaire, the aggregation of banks' replies to national and euro area BLS results, the BLS indicators and information on the BLS series keys are available on the ECB's website in the BLS user guide. A copy of the BLS questionnaire with the standard questions and a glossary of BLS terms can also be found on the ECB BLS webpage.

[2] For more detailed information on the bank lending survey, 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, also 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.

2 Loans to enterprises

2.1 Further tightening of credit standards

Euro area banks reported a further tightening of credit standards for loans or credit lines to firms in the third quarter of 2026 (net percentage of banks of 9%; see Chart 1 and Overview table).[3] The October 2026 BLS was conducted between 21 September and 6 October 2026. The net tightening was slightly higher than in the second quarter (7%) and larger than expected by the banks (5%), standing slightly above the historical average (8%) and well above the average since 2014 (3%).[4] Across the largest euro area countries, banks in France and Germany reported tighter credit standards for firms in the third quarter, while credit standards remained unchanged in Spain and eased in Italy (see the next paragraph for further details). For France, the reported net tightening was the highest since the first half of 2023. The net tightening for euro area firms was slightly larger for loans to SMEs compared with loans to large firms (11% and 8% respectively; see Chart 2). This particularly reflected a further tightening for loans to SMEs in France, and to a lesser extent in Germany. Across maturities, banks reported a slightly stronger net tightening of credit standards for short-term loans than for long-term loans (10% and 8% respectively). The net tightening for short-term loans was significantly stronger than that reported in the second quarter (2%), while for long-term loans the net tightening was broadly unchanged compared with the second quarter (7%).

Heightened risk perceptions and banks' lower risk tolerance remained the main factors contributing to tighter credit standards (see Chart 1 and Table 1). This is consistent with a persistently high degree of risk aversion, and follows the pattern observed since the end of 2025. Some banks reported that they remained cautious in their lending habits owing to geopolitical developments and volatility in energy markets. In terms of perceived risks, banks referred to a tightening impact of both the industry-specific or firm-specific situation (19%) and the general economic outlook (13%). Banks' cost of funds and balance sheet constraints as well as competition had a broadly neutral impact on credit standards in the third quarter of 2026. In a dedicated question on the importance of new lending to finance firms' adoption or development of AI, banks indicated that they are still adapting their lending practices to the growing use of these technologies. Most reported that they had not yet introduced specific criteria for assessing AI-related lending within their credit standards. A small number noted that the adoption of AI and its associated risks increasingly feature in qualitative borrower assessments, with IT firms subject to the closest scrutiny. Banks in France, Germany and Italy reported higher perceived risks as contributing to tightening pressures. Banks in France also reported lower risk tolerance as a significant driver of net tightening,

[3] Credit standards are the internal guidelines or loan approval criteria of a bank. Owing to different sample sizes across countries, which broadly reflect the differences in the national shares in lending to the euro area non-financial private sector, the size and volatility of the net percentages cannot be directly compared across countries.

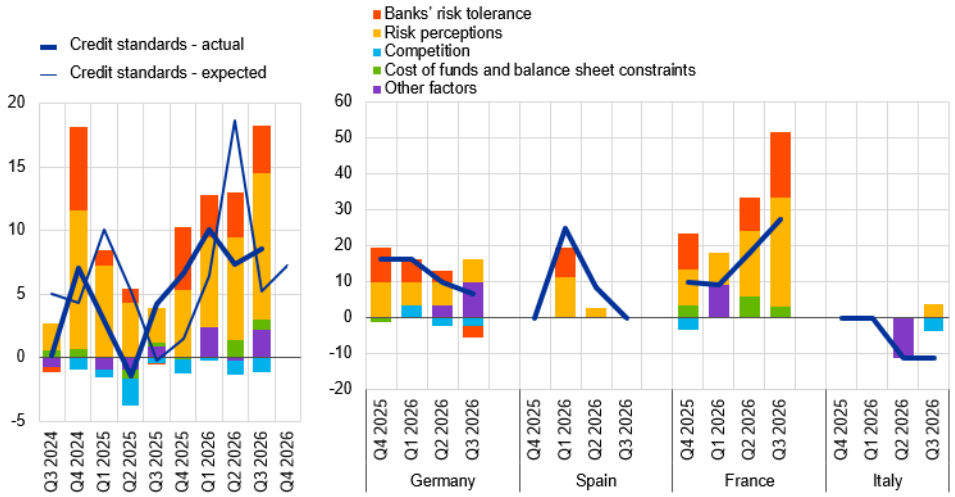
[4] The difference between the average since 2003 and the average since 2014 is attributable to several exceptional tightening periods that took place after the start of the BLS in 2003. These include, in particular, the global financial crisis and the sovereign debt crisis.

consistent with the further strong net tightening impact of banks' NPL ratios and other indicators of asset quality on credit standards for firms (see Section 5.3). Banks in Germany cited other factors as having an additional negative impact on their credit standards. By contrast, higher risk tolerance and competition added easing pressures for banks in Germany. Credit standards eased in Italy as a result of stronger competitive pressures from other banks, despite worsening risk perceptions. In Spain, credit standards remained unchanged, with banks referring to no specific drivers.

Chart 1

Changes in credit standards applied to the approval of loans or credit lines to enterprises, and contributing factors

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

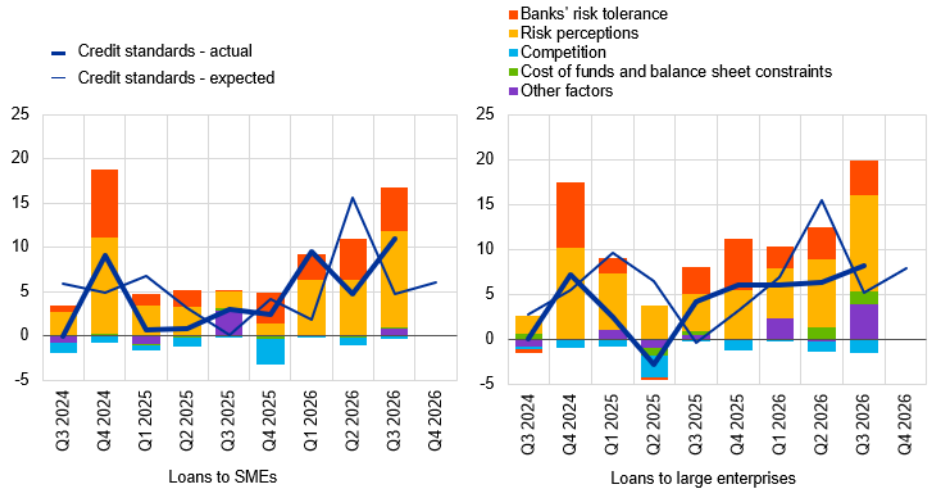


Notes: "Credit standards - actual" are changes that have occurred, while "Credit standards - expected" are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position"; "Risk perceptions" is the simple average of "general economic situation and outlook", "industry or firm-specific situation and outlook/borrower's creditworthiness" and "risk related to the collateral demanded". "Competition" is the simple average of "competition from other banks", "competition from non-banks" and "competition from market financing". 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. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

Chart 2

Changes in credit standards applied to the approval of loans or credit lines to SMEs and large enterprises, and contributing factors

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



Notes: See the notes to Chart 1. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: loans to SMEs and loans to large enterprises.

For the fourth quarter of 2026, banks expect credit standards for loans to firms to tighten further at a moderate pace (net percentage of 7%). Banks expect a slightly stronger net tightening of credit standards for loans to large firms than for loans to SMEs (8% and 6% respectively). They also expect credit standards to tighten more strongly for long-term loans than for short-term loans (8% and 6% respectively). Banks in Germany, France and Italy expect a net tightening of credit standards for firms in the fourth quarter of 2026, whereas banks in Spain expect unchanged credit standards.

Table 1

Factors contributing to changes in credit standards for loans or credit lines to enterprises

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	1	1	-1	-1	8	11	3	4
Germany	0	0	-2	-2	6	6	3	-3
Spain	0	0	0	0	3	0	0	0
France	6	3	0	0	18	30	9	18
Italy	0	0	0	-4	0	4	0	0

Note: See the notes to Chart 1.

2.2 Terms and conditions tightened further, driven mainly by higher lending rates

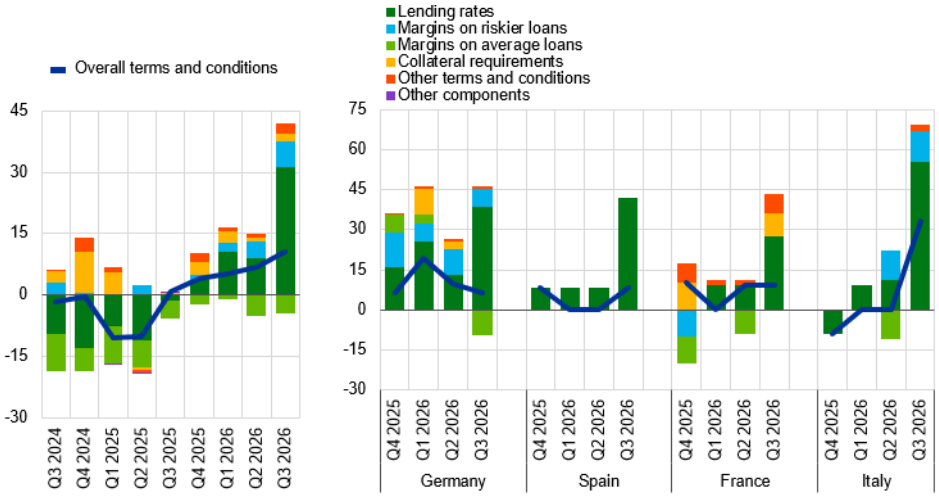
Euro area banks' overall credit terms and conditions tightened further for new loans to enterprises in the third quarter of 2026 (net percentage of 11%; see Chart 3 and Table 2), driven mainly by higher interest rates.[5] The tightening contribution of higher lending rates is in line with the ongoing transmission of past ECB rate hikes and the upward repricing that occurred in September. In addition to higher lending rates, wider margins on riskier loans also contributed, whereas margins on average loans narrowed consistent with an increase in the market reference rates of loans to firms. Collateral requirements, maturity, loan size and covenants also contributed slightly to the tightening of terms and conditions for loans to firms. Banks across all four largest euro area countries reported a net tightening of overall terms and conditions, reflecting the impact of rising lending rates. In Germany, wider margins on riskier loans also contributed, whereas margins on average loans narrowed. Banks in France reported that collateral requirements and other terms and conditions related to maturity, loan size and covenants also had a tightening impact. In Italy, the reported tightening in overall terms and conditions was the first since the first quarter of 2024. This was mainly on account of higher lending rates and wider margins on riskier loans but also related to other terms and conditions, such as maturity limits. Banks reported a similar net tightening of overall terms and conditions for loans to SMEs and large firms (9% for both; see Chart 4), with lending rates having the most significant tightening impact on overall terms and conditions, followed by the widening of margins on riskier loans. Similar to the second quarter, margins on average loans had an easing impact only for SMEs, while they had an unchanged effect on overall terms and conditions for loans to large firms.

[5] Terms and conditions are the actual terms and conditions agreed in the loan contract. The historical net percentage average of overall terms and conditions for loans to firms since 2015, when the series was introduced, stands at 0%.

Chart 3

Changes in terms and conditions on loans or credit lines to enterprises

(net percentages of banks reporting a tightening of terms and conditions)



Notes: "Overall terms and conditions" are the actual terms and conditions agreed in the loan contract. "Lending rates" was introduced in April 2024. "Margins" are defined as the spread over relevant market reference rates. "Other terms and conditions" is the simple average of "non-interest rate charges", "size of the loan or credit line", "loan covenants" and "maturity". The net percentages for "Other components" refer to an average of the further terms and conditions components which were mentioned by banks as having contributed to changes in overall terms and conditions. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

Table 2

Changes in terms and conditions on loans or credit lines to enterprises

(net percentages of banks)

	Overall terms and conditions		Banks' lending rates		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	7	11	9	31	-5	-4	4	6
Germany	10	6	13	39	0	-10	10	6
Spain	0	8	8	42	0	0	0	0
France	9	9	9	27	-9	0	0	0
Italy	0	33	11	56	-11	0	11	11

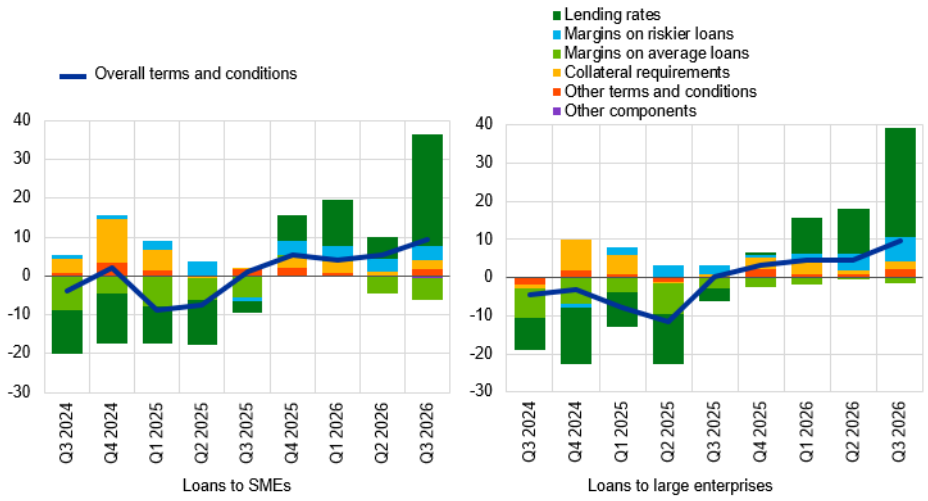
Note: See the notes to Chart 3.

Higher risk perceptions were the main driver of the overall net tightening of terms and conditions for euro area firms (see Table 3). Unlike in the second quarter of 2026, banks reported that decreasing risk tolerance, particularly with regard to industry-specific or firm-specific conditions and the broader economic outlook, also contributed to the tightening. The effect was the strongest since the second half of 2023. Moreover, cost of funds and balance sheet constraints were also cited as having a moderate tightening impact for the first time since the third quarter of 2023, mainly reflecting market financing constraints. Across the four largest euro area countries, banks in France, Germany and Italy reported a tightening impact from perceived risks. In France, banks reported the largest tightening impact from risk perceptions since the fourth quarter of 2020, with a particularly large contribution from the industry-specific or firm-specific situation. Competition from other banks had an easing effect according to banks in Germany and France.

Chart 4

Changes in terms and conditions on loans or credit lines to SMEs and large enterprises

(net percentages of banks reporting a tightening of terms and conditions)



Notes: See the notes to Chart 3. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: loans to SMEs and loans to large enterprises.

Table 3

Factors contributing to changes in overall terms and conditions for loans or credit lines to enterprises

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	1	4	-4	-2	4	11	0	4
Germany	0	4	-4	-2	9	8	0	-3
Spain	0	3	0	0	0	0	0	0
France	3	6	-6	-3	0	27	0	18
Italy	0	0	-4	0	0	7	0	0

Notes: The net percentages for these questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage of banks reporting that it contributed to an easing. "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position". "Perception of risk" is the simple average of "general economic situation and outlook", "industry or firm-specific situation and outlook/borrower's creditworthiness" and "risk related to the collateral demanded". "Pressure from competition" is the simple average of "competition from other banks", "competition from non-banks" and "competition from market financing". Aggregate series for "cost of funds and balance sheet constraints", "perception of risk" and "pressure from competition" were discontinued from the first quarter of 2022, when detailed sub-factors were introduced. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

2.3 Rejection rates increased further

Banks reported a further net increase in the share of rejected loan applications for firms (net percentage of 5%, see Chart 5). The net increase was slightly lower than in the previous quarter (6%).[6] The increase was slightly higher for SMEs than for

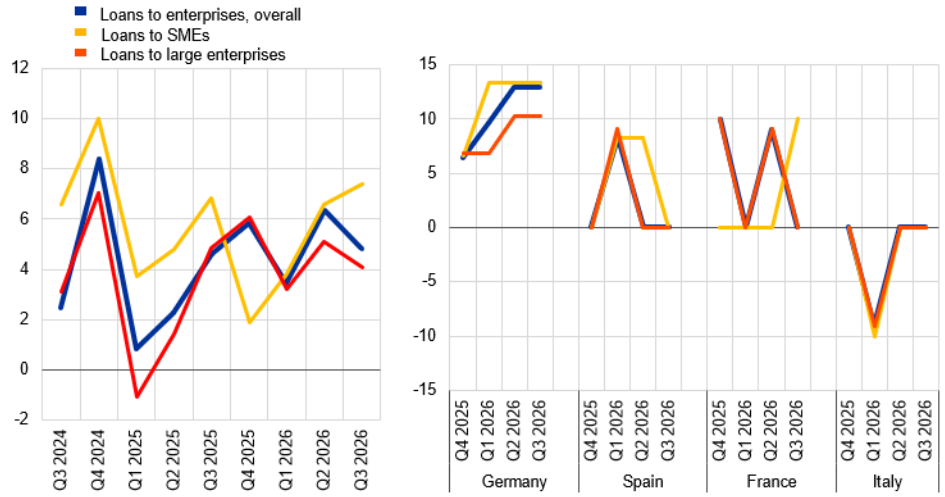
[6] The historical net percentage average since 2015 stands at 3%.

large firms (7% and 4% respectively). For SMEs, banks in France and Germany indicated an increase in the share of rejected loan applications, while banks in Spain and Italy reported no change. For large firms, banks in Germany reported a further net increase in the share of rejected loan applications, while banks in France, Spain and Italy reported no change.

Chart 5

Changes in the share of rejected loan applications for enterprises

(net percentages of banks reporting an increase)



Notes: Share of rejected loan applications relative to the volume of all loan applications in that loan category. The breakdown by firm size was introduced in the first quarter of 2022. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

2.4 Demand for loans to firms declined

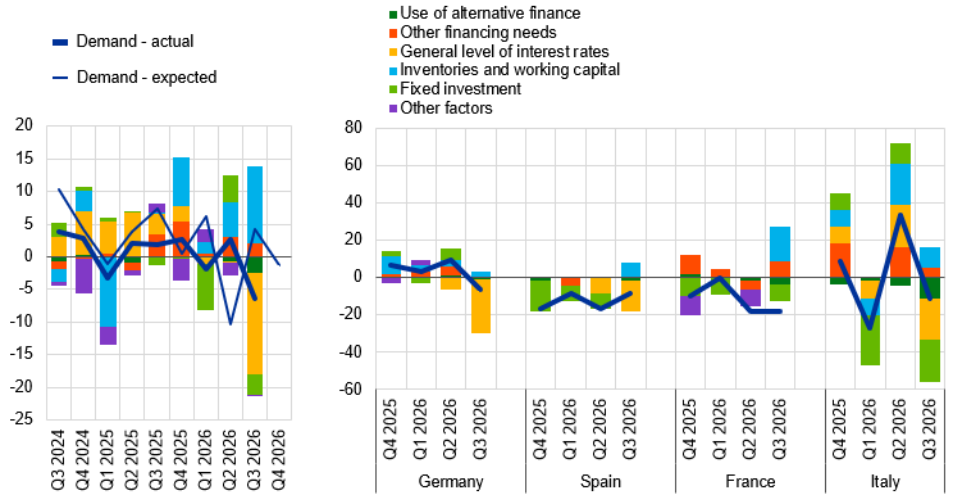
Banks reported a net decrease in loan demand for firms in the third quarter of 2026 (net percentage of -6%; see Chart 6 and Overview table).[7] The net decrease stood in contrast to banks' expectations of a moderate increase (4%), following the small and unanticipated net increase in loan demand in the second quarter (net percentage of 3%). The reported moderate decline in firms' loan demand in the third quarter is also consistent with the lower momentum of the annual growth in loans to firms in August and September (latest available observation). Few banks continued to refer to a negative impact of geopolitical and energy developments on firms' loan demand, albeit to a smaller extent than in previous rounds. Demand for loans to firms decreased across the largest euro area countries. Across firm sizes, demand for loans decreased only for SMEs (net percentage of -8%) while it remained broadly unchanged for large firms (-1%, see Chart 7). Loan demand increased marginally for short-term loans (2%), while it declined for long-term loans (-9%).

[7] Loan demand refers to the bank loan financing need of enterprises and households at the bank. The historical net percentage average demand for loans to firms since 2003 stands at -1%. Since 2014 the average net increase in loan demand for firms has been 4%.

Chart 6

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)

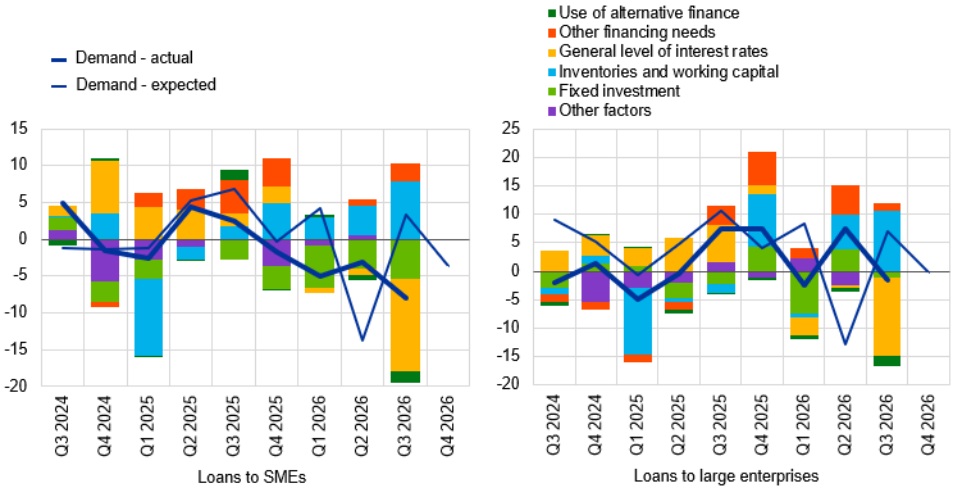


Notes: "Demand - actual" represents changes that have occurred, while "Demand - expected" represents changes anticipated by banks. Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". "Other financing needs" is the simple average of "mergers/acquisitions and corporate restructuring" and "debt refinancing/restructuring and renegotiation". "Use of alternative finance" is the simple average of "internal financing", "loans from other banks", "loans from non-banks", "issuance/redemption of debt securities" and "issuance/redemption of equity". 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. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

Chart 7

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

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



Notes: See the notes to Chart 6. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: loans to SMEs and loans to large enterprises.

The net decrease in loan demand was primarily driven by the impact of the general level of interest rates (see Chart 7 and Table 4). The dampening effect of interest rates was the strongest reported since the first quarter of 2024. The reported lower demand for firms also reflected weaker demand for fixed investment, as well as the

shift towards alternative sources of financing. Banks reported declining demand for SMEs and broadly unchanged demand for large firms. Fixed investment contributed negatively to loan demand only for SMEs, whereas the contribution to loan demand by large firms was broadly neutral (see Chart 7). The main factor supporting loan demand was related to inventories and working capital for both SMEs and large firms. Other financing needs related to debt refinancing and restructuring also contributed positively to corporate loan demand, albeit only slightly. Across the four largest euro area countries, the decline in loan demand owing to the general level of interest rates was driven by Germany, Italy and Spain. Loan demand was also dampened by fixed investment according to banks in Italy, while the use of alternative sources of finance also had a smaller negative effect. French banks reported a decline in loan demand mainly owing to reduced fixed investment. The positive contribution of inventories and working capital was reflected by banks across all four largest euro area countries.

Table 4

Factors contributing to changes in demand for loans or credit lines to enterprises

(net percentages of banks)

	Fixed investment		Inventories and working capital		Other financing needs		General level of interest rates		Use of alternative finance	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	4	-3	5	12	3	2	0	-15	-1	-2
Germany	6	0	3	3	5	0	-6	-29	1	-1
Spain	-8	0	0	8	0	0	-8	-17	0	-2
France	0	-9	0	18	-5	9	0	0	-2	-4
Italy	11	-22	22	11	17	6	22	-22	-4	-11

Note: See the notes to Chart 6.

For the fourth quarter of 2026, banks expect loan demand to be broadly unchanged (net percentage of -1%). Banks expect a further increase in short-term loans (11%), which, if it materialised, would mark the largest rise since the third quarter of 2022. By contrast, demand for long-term loans is anticipated to decline only slightly. In response to a dedicated question on the significance and impact of the adoption of AI, several banks indicated that they expect a gradual but sustained increase in loan demand to finance digital infrastructure, particularly data centres. Banks also reported that their current and prospective AI-related lending is more likely to target infrastructure providers than software developers or firms adopting AI, with this focus expected to become sharper over the coming months. Loan demand is expected to decline for SMEs but remain unchanged for large firms (-4% and 0% respectively). Across the four largest euro area countries, banks in Germany expect a net increase in corporate loan demand, while banks in Spain and France expect a further net decrease. In Italy, loan demand is expected to be unchanged for the fourth quarter of 2026.

3 Loans to households for house purchase

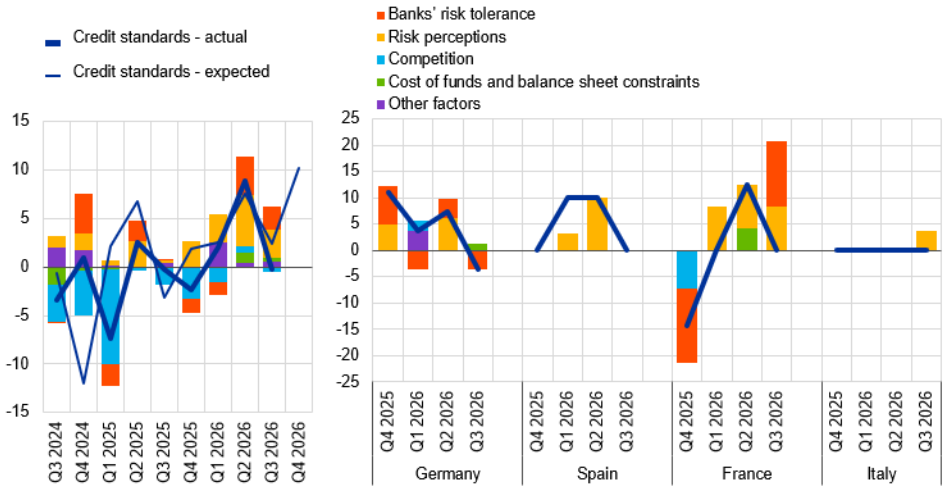
3.1 Unchanged credit standards

Banks reported unchanged credit standards for housing loans in the third quarter of 2026 (net percentage of 0%; see Chart 8 and Overview table).[8] In the previous quarter banks had expected a small net tightening for housing loans (2%). Across the largest euro area countries, credit standards for housing loans eased in Germany and remained unchanged in Spain, France and Italy.

Chart 8

Changes in credit standards applied to the approval of loans to households for house purchase, and contributing factors

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



Notes: "Credit standards - actual" are changes that have occurred, while "Credit standards - expected" are changes anticipated by banks. 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". "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position" (the aggregate series was discontinued from the first quarter of 2022, when detailed sub-factors were introduced). "Risk perceptions" is the simple average of "general economic situation and outlook", "housing market prospects, including expected house price developments" and "borrower's creditworthiness". "Competition" is the simple average of "competition from other banks" and "competition from non-banks". 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. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

Risk tolerance and risk perceptions had a small tightening impact on credit standards (see Chart 8 and Table 4). Banks' heightened risk perceptions, driven by a worsening of the general economic situation and housing market prospects, as well as lower risk tolerance, had a small tightening impact on housing loans. Competition, as well as banks' cost of funds and balance sheet situation, continued to have a neutral impact. Banks in Germany reported a small easing impact on credit standards for housing loans owing to banks' higher risk tolerance, whereas credit

[8] The historical net percentage average of credit standards for housing loans since 2003 stands at 6%. Since 2014 it has been 2%.

standards remained unchanged in Spain, France and Italy. Banks in France reported risk perceptions and banks' risk tolerance as having a tightening effect, while banks in Italy reported only risk perceptions. Banks in Spain mentioned no notable impact from any particular factor.

In the fourth quarter of 2026, euro area banks expect a significant tightening of credit standards for housing loans (net percentage of 10%). Across the four largest euro area economies, the expected tightening will be driven primarily by banks in France, with further tightening reported by banks in Spain and Italy, while banks in Germany anticipate unchanged credit standards, consistent with recent movements in long-term yields.

Table 5

Factors contributing to changes in credit standards for loans to households for house purchase

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	1	0	1	-1	5	3	4	2
Germany	0	1	0	0	6	0	4	-4
Spain	0	0	0	0	10	0	0	0
France	4	0	0	0	8	8	0	13
Italy	0	0	0	0	0	4	0	0

Note: See the notes to Chart 8.

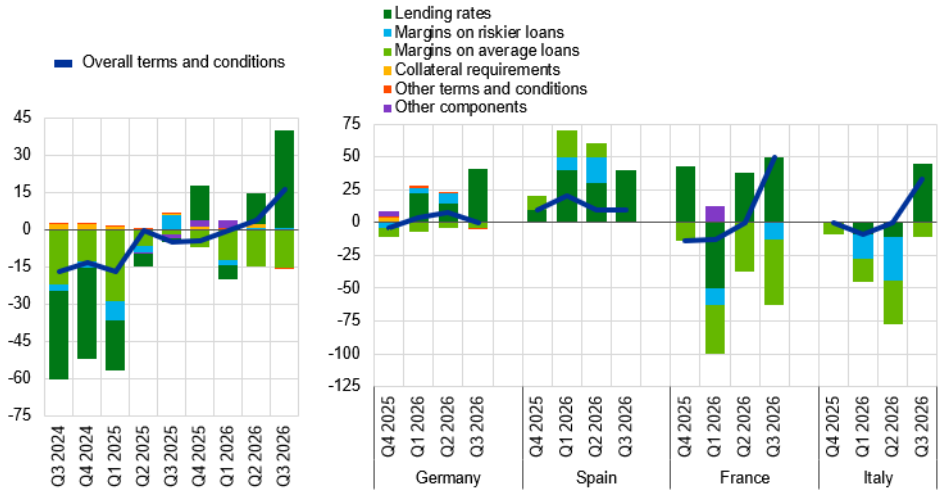
3.2 Tightening of terms and conditions

Euro area banks reported a strong net tightening of overall credit terms and conditions for housing loans in the third quarter of 2026 (net percentage of 16%; see Chart 9 and Table 6). This was the highest tightening reported since the third quarter of 2023. Developments in lending rates were the driver of the tightening, while narrower margins on average loans had an easing effect. Among the largest euro area countries, a net tightening was reported by banks in France, Italy and Spain, reflecting higher lending rates. Margins on average loans narrowed in France and, to a lesser extent, in Italy and Germany, reflecting the high pressure on lending rates stemming from the rapid increase in reference rates, especially for longer maturities. Margins on riskier loans also decreased for banks in France. Banks in Germany indicated unchanged overall terms and conditions, with the tightening impact from higher lending rates being offset by a small easing effect from margins on average loans and other terms and conditions.

Chart 9

Changes in terms and conditions on loans to households for house purchase

(net percentages of banks reporting a tightening of terms and conditions)



Notes: "Overall terms and conditions" are the actual terms and conditions agreed in the loan contract. "Lending rates" was introduced in April 2024. "Margins" are defined as the spread over relevant market reference rates. "Other terms and conditions" is the simple average of "loan-to-value ratio", "other loan size limits", "non-interest rate charges" and "maturity". The net percentages for "Other components" refer to an average of the further terms and conditions components which were mentioned by banks as having contributed to changes in overall terms and conditions. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

Table 6

Changes in terms and conditions on loans to households for house purchase

(net percentages of banks)

	Overall terms and conditions		Banks' lending rates		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	4	16	12	39	-15	-15	0	1
Germany	7	0	15	41	-4	-4	7	0
Spain	10	10	30	40	10	0	20	0
France	0	50	38	50	-38	-50	0	-13
Italy	0	33	-11	44	-33	-11	-33	0

Note: See the notes to Chart 9.

In the third quarter of 2026, competition continued to have a strong net easing impact on terms and conditions, while risk perceptions, banks' risk tolerance, cost of funds and balance sheet constraints, as well as other factors, had moderate tightening effects (see Table 7). A net easing impact of competition was reported by banks in France and Germany, whereas banks in Italy and Spain reported a neutral impact. Banks' risk tolerance and risk perceptions had a net tightening impact only in France, among the largest euro area economies, while risk tolerance had a net easing impact in Germany and risk perceptions had a neutral effect in the other three larger euro area economies. In Germany, France and Spain banks reported cost of funds and balance sheet constraints as adding tightening pressures, with the diminished ability to access market financing being particularly prominent in the first two countries. Additionally, higher capital needs and costs related to banks' capital position were indicated as a factor driving up cost of funds and balance sheet

constraints in Spain and Germany, while constraints related to banks' liquidity position contributed to a small tightening impact in Germany.

Table 7

Factors contributing to changes in overall terms and conditions on loans to households for house purchase

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	3	5	-13	-16	4	6	3	5
Germany	2	10	0	-4	7	0	7	-7
Spain	0	3	-10	0	20	0	0	0
France	13	8	-25	-50	0	25	0	25
Italy	0	0	-22	0	0	0	0	0

Notes: The net percentages for these questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage of banks reporting that it contributed to an easing. "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position" (the aggregate series was discontinued from the first quarter 2024, when detailed sub-factors were introduced). The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

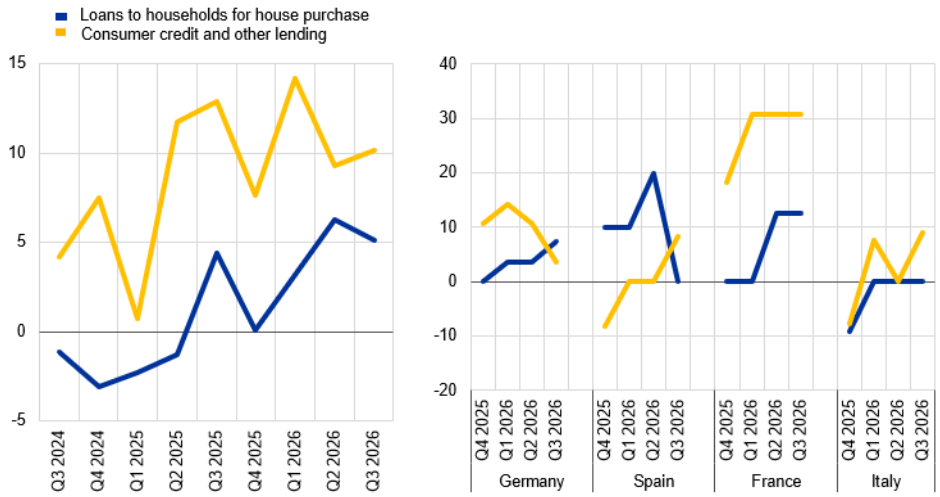
3.3 Rejection rates for housing loans increased further

Banks reported a further net increase in the share of rejected housing loan applications in the third quarter of 2026 (net percentage of 5%; see Chart 10). This increase compares with a historical average of 4% since 2015. Across the four largest euro area countries, banks indicated a further net increase in the share of rejections in Germany and France, while the share remained on net unchanged in Italy and Spain.

Chart 10

Changes in the share of rejected loan applications for households

(net percentages of banks reporting an increase)



Notes: Share of rejected loan applications relative to the volume of all loan applications in that loan category. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

3.4 Loan demand contracted strongly

Banks reported an increasingly strong net decrease in demand for housing loans in the third quarter of 2026 (net percentage of -27%; see Chart 11 and Overview table).[9] This is the most pronounced decrease since the third quarter of 2023 and was stronger than banks had expected (-12%). A net decrease in demand was reported in Germany, Spain and France, while demand remained unchanged in Italy.

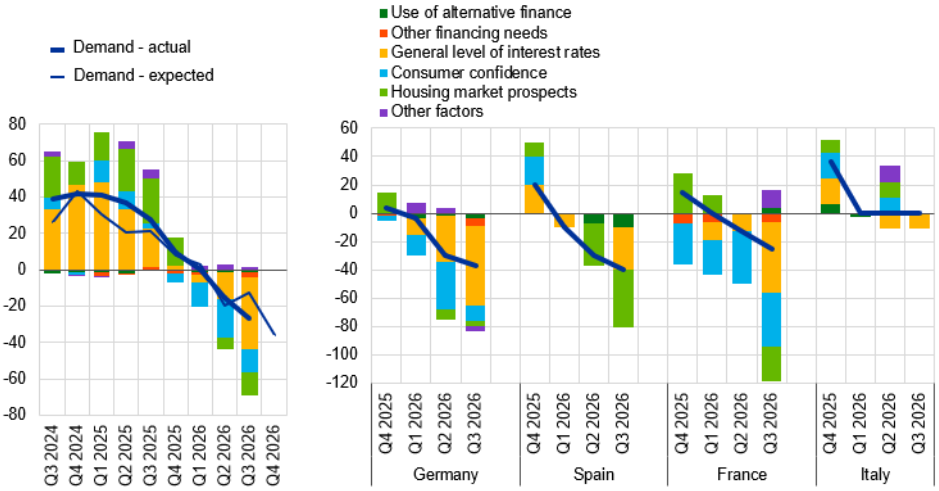
Rising interest rates, declining consumer confidence and worsening housing market prospects weighed on demand for housing loans (see Chart 11 and Table 8). Developments in interest rates added substantial downward pressures to changes in housing loan demand and contributed increasingly negatively for the third consecutive quarter. The contribution (-39%) was the strongest since the third quarter of 2023. Banks in all four largest euro area countries indicated dampening effects stemming from this factor, with more than half of the banks in both Germany and France citing a negative contribution to housing loan demand from the general level of interest rates. Diminishing consumer confidence continued to have a dampening effect on demand for housing loans, which was also reported by banks in Germany and France, while it had a neutral impact in Spain and Italy. Housing market prospects had a negative effect on demand for housing loans in Spain, France and Germany, with a neutral effect in Italy.

[9] The historical net percentage average of demand for housing loans since 2003 stands at 2%. Since 2014 the average net increase of housing loan demand has been 7%.

Chart 11

Changes in demand for loans to households for house purchase, and contributing factors

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



Notes: "Demand - actual" represents changes that have occurred, while "Demand - expected" represents changes anticipated by banks. 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". "Other financing needs" is the simple average of "debt refinancing/restructuring and renegotiation" and "regulatory and fiscal regime of housing markets". "Use of alternative finance" is the simple average of "internal finance of house purchase out of savings/down payment", "loans from other banks" and "other sources of external finance". 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. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

In the fourth quarter of 2026, banks anticipate a further and sharper net decline in demand for housing loans (net percentage of -36%). Among the four big euro area economies, banks in France, Germany and Spain foresee a net decline. The expected decline in France (-88%) would be particularly pronounced by historical standards, if materialised, and paralleled since the series began in 2002 only by the decline reported in the fourth quarter of 2022. In Italy, housing loan demand is expected to remain unchanged.

Table 8

Factors contributing to changes in demand for loans to households for house purchase

(net percentages of banks)

	Housing market prospects		Consumer confidence		Other financing needs		General level of interest rates		Use of alternative finance	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	-6	-12	-21	-13	0	-3	-15	-39	-1	-1
Germany	-7	-4	-33	-11	0	-6	-33	-56	-1	-4
Spain	-30	-40	0	0	0	0	0	-30	-7	-10
France	0	-25	-38	-38	0	-6	-13	-50	0	4
Italy	11	0	11	0	0	0	-11	-11	0	0

Note: See the notes to Chart 11.

4 Consumer credit and other lending to households

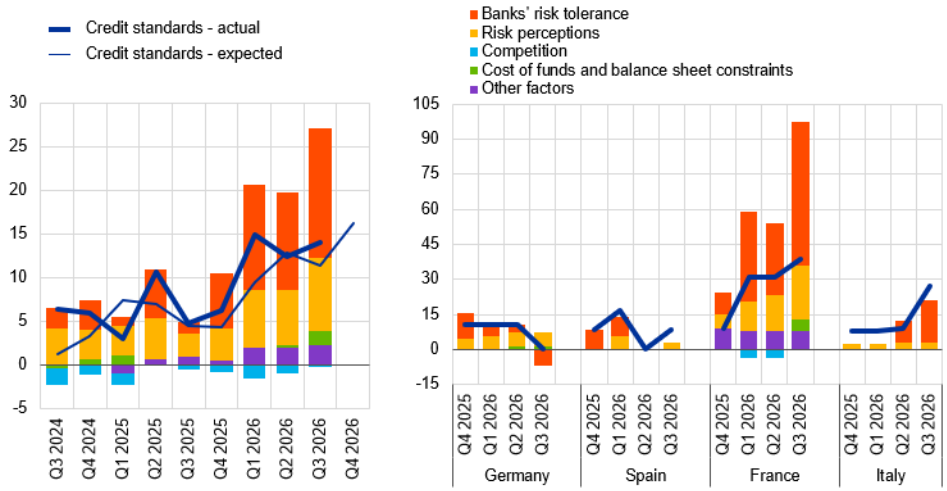
4.1 Credit standards continued to tighten

Banks reported a continued tightening of credit standards on consumer credit and other lending to households in the third quarter of 2026 (net percentage of 14%; see Chart 12 and Overview table).[10] The net tightening was slightly higher than in the previous quarter (12%), continuing an uninterrupted sequence of tightening that started in the second quarter of 2022, and exceeded banks' expectations in the previous quarter (11%). Credit standards tightened in France, Italy and Spain while remaining unchanged in Germany. In Spain, the tightening followed a quarter in which credit standards were unchanged, while in France and Italy credit standards tightened at a faster pace compared with the previous quarter.

Chart 12

Changes in credit standards applied to the approval of consumer credit and other lending to households, and contributing factors

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



Notes: "Credit standards - actual" are changes that have occurred, while "Credit standards - expected" are changes anticipated by banks. 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". "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position" (the aggregate series was discontinued from the first quarter of 2022, when detailed sub-factors were introduced). "Risk perceptions" is the simple average of "general economic situation and outlook", "creditworthiness of consumers" and "risk on the collateral demanded". "Competition" is the simple average of "competition from other banks" and "competition from non-banks". 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. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

The main drivers of the net tightening of credit standards for consumer credit were banks' lower risk tolerance and heightened risk perceptions (see Chart 12 and Table 9). The higher risk perceptions were driven mainly by concerns about borrowers'

[10] The historical net percentage average of credit standards for consumer credit and other lending to households since 2003 stands at 5%. Since 2014 it has been 4%.

creditworthiness (17%), and to a lesser extent by the general economic outlook (8%). Banks' cost of funds and balance sheet constraints had a small tightening effect while competition had an overall neutral impact. In France, the net tightening of credit standards was driven for the third consecutive quarter mainly by banks' lower risk tolerance – with more than half the banks in France reporting lower risk tolerance – followed by heightened risk perceptions. With regard to risk perceptions, which have made the largest contribution since the start of the series in 2002, borrowers' creditworthiness made the largest contribution (46%) while the general economic outlook also drove a substantial impact (23%). In Italy, banks' risk tolerance also played a prominent role, whereas heightened risk perceptions were indicated as a relevant factor in Italy and Spain.

In the fourth quarter of 2026, euro area banks expect credit standards for consumer credit and other lending to households to tighten further (net percentage of 16%). Banks expect a net tightening across all four largest euro area economies.

Table 9

Factors contributing to changes in credit standards for consumer credit and other lending to households

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	0	2	-1	0	6	8	11	15
Germany	1	1	0	0	6	6	4	-7
Spain	0	0	0	0	0	3	0	0
France	0	5	-4	0	15	23	31	62
Italy	0	0	0	0	3	3	9	18

Note: See the notes to Chart 12.

4.2 Terms and conditions tightened further

Banks' overall terms and conditions applied when granting consumer credit and other lending to households tightened further in the third quarter of 2026 (net percentage of 19%, see Chart 13 and Table 10). Lending rates and, to a lesser extent, margins on riskier loans had a tightening impact, while margins on average loans narrowed. Overall terms and conditions tightened across the four largest euro area economies, with lending rates largely acting as the main tightening force. Margins on riskier loans also contributed in France and Italy. In Germany, the tightening impact on lending rates was only partially offset by easing effects from margins on average and riskier loans.

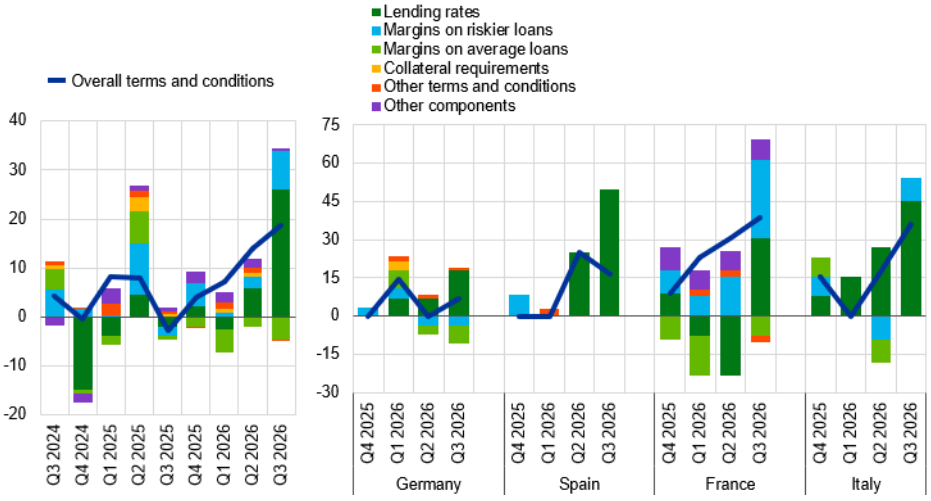
Higher risk perceptions, cost of funds and balance sheet constraints, as well as banks' lower risk tolerance, contributed to the tightening of overall terms and conditions, while competition had an easing impact (see Table 11). Banks in France reported a lower, but still pronounced, tightening effect from both banks' risk

perceptions and risk tolerance. In Germany, risk perceptions had an equally strong tightening effect, while improved risk tolerance contributed positively for the first time since the second quarter of 2021. Cost of funds and balance sheet constraints – mainly related to access to market financing – had a tightening effect in Germany and France, while capital constraints and costs related to banks' capital position exerted some tightening pressure in Spain and Italy. Competition had an easing impact in Germany and France, while it had a neutral impact in Spain and Italy.

Chart 13

Changes in terms and conditions on consumer credit and other lending to households

(net percentages of banks reporting a tightening of terms and conditions)



Notes: "Overall terms and conditions" are the actual terms and conditions agreed in the loan contract. "Lending rates" was introduced in April 2024. "Margins" are defined as the spread over a relevant market reference rate. "Other terms and conditions" is the simple average of "size of the loan", "non-interest rate charges" and "maturity". The net percentages for "Other components" refer to an average of the further terms and conditions components which were mentioned by banks as having contributed to changes in overall terms and conditions. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

Table 10

Changes in terms and conditions on consumer credit and other lending to households

(net percentages of banks)

	Overall terms and conditions		Banks' lending rates		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	14	19	6	26	-2	-4	2	8
Germany	0	7	7	18	-4	-7	-4	-4
Spain	25	17	25	50	0	0	0	0
France	31	38	-23	31	0	-8	15	31
Italy	18	36	27	45	-9	0	-9	9

Note: See the notes to Chart 13.

Table 11

Factors contributing to changes in overall terms and conditions on consumer credit and other lending to households

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	2	5	-4	-9	8	5	12	4
Germany	4	7	-4	-7	4	4	4	-4
Spain	8	6	0	0	0	0	0	0
France	3	8	-8	-23	23	15	38	23
Italy	0	3	-9	0	0	0	0	0

Notes: The net percentages for these questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage of banks reporting that it contributed to an easing. "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position" (the aggregate series was discontinued from the first quarter of 2024, when detailed sub-factors were introduced). The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

4.3 Rejection rates increased slightly

Euro area banks reported a further net increase in the share of rejected loan applications for consumer credit (net percentage of 10%, see Chart 10 above). The reported increase was broadly in line with the rise reported in the previous quarter (9%) and was still higher than the historical average (4%). Approval rates have fallen almost continuously since the second quarter of 2022, the only exception being the first quarter of 2025 when they remained unchanged. This points to heightened scrutiny of consumer credit and other lending across the euro area. A net increase in the share of rejections was reported across all the larger euro area economies. Banks in France have consistently reported pronounced increases in rejection rates in this category since late 2024, with almost one-third of banks now reporting an increase in rejections, which is consistent with the increasing tightening pressures from credit quality developments in this segment (see Section 5.3).

4.4 Demand for consumer credit continued to decrease slightly

Banks reported a further small decrease in demand for consumer credit and other lending to households (net percentage of -2%; see Chart 14 and Overview table). Consumer credit demand declined at the same pace as in the preceding quarter, with the drop in demand being slightly stronger than anticipated by banks (0%). Demand declined in Germany, Spain and France, and remained unchanged in Italy.

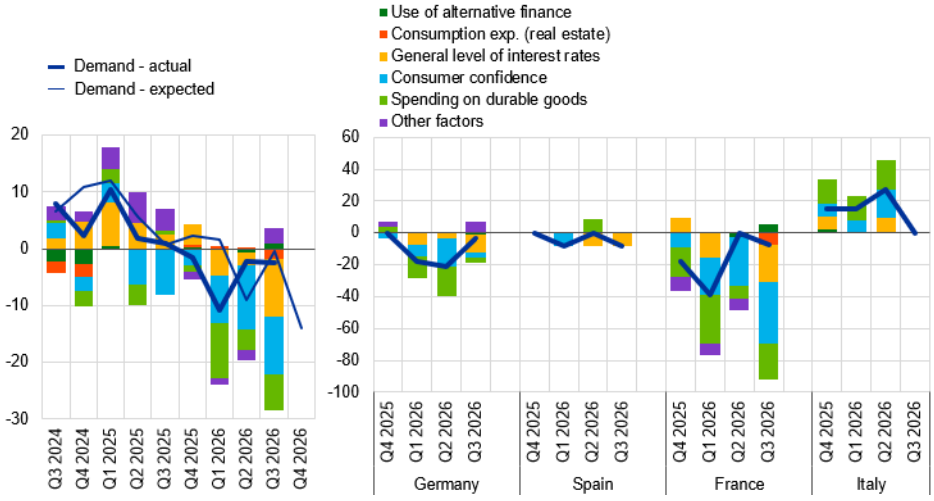
Lower consumer confidence and developments in interest rates were the main drivers of the decline in demand, followed by subdued spending on durable goods and, to a lesser extent, consumption expenditures (see Chart 14 and Table 12). The general level of interest rates dampened consumer credit demand in Germany,

France and Spain. In France, weaker consumer confidence was the main negative driver, whereas spending on durable goods and consumption expenditures also played a dampening role with the use of alternative finance providing a small offsetting effect. Similarly, in Germany, consumer confidence and spending on durable goods also had a negative impact.

Chart 14

Changes in demand for consumer credit and other lending to households, and contributing factors

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



Notes: "Demand - actual" represents changes that have occurred, while "Demand - expected" are changes anticipated by banks. 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". "Use of alternative finance" is the simple average of "internal financing out of savings", "loans from other banks" and "other sources of external finance". "Consumption exp. (real estate)" denotes "consumption expenditure financed through real estate-guaranteed loans". 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. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and four largest euro area countries.

For the fourth quarter of 2026, banks expect lower loan demand for consumer credit and other lending to households (net percentage of -14%). Demand for consumer credit is expected to decrease in Germany, Spain and France, while it is expected to remain unchanged in Italy.

Table 12

Factors contributing to changes in demand for consumer credit and other lending to households

(net percentages of banks)

	Spending on durable goods		Consumer confidence		Consumption exp. (real estate)		General level of interest rates		Use of alternative finance	
Country	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026	Q2 2026	Q3 2026
Euro area	-4	-7	-11	-10	0	-2	-2	-10	-1	1
Germany	-18	-4	-18	-4	0	0	-4	-11	0	-1
Spain	8	0	0	0	0	0	-8	-8	0	0
France	-8	-23	-31	-38	0	-8	0	-23	-3	5
Italy	18	0	18	0	0	0	9	0	0	0

Note: See the notes to Chart 14.

5 Ad hoc questions

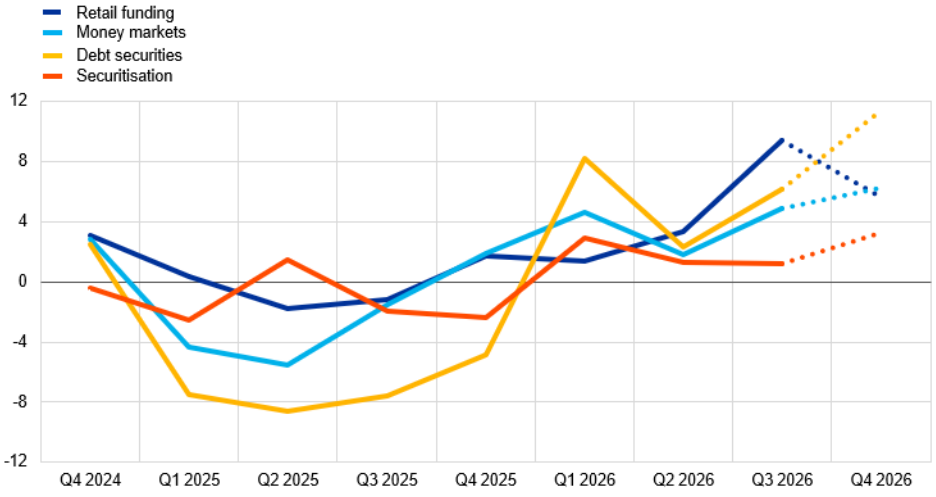
5.1 Banks reported a further deterioration in access to retail funding, debt securities, and money market instruments

Euro area banks' access to retail funding, debt securities, and money markets deteriorated further in the third quarter of 2026, while it remained broadly unchanged for securitisation (Chart 15 and Table 13). The deterioration in access to retail funding, while still moderate (9%), was the strongest since the beginning of the series in 2011 and slightly higher than the previous peak in the third quarter of 2023 (7%), driven by both short-term and long-term retail funding. Banks reported a decrease in access to money market funding and signalled unchanged access to securitisation markets.

Chart 15

Changes in banks' access to retail and wholesale funding

(net percentages of banks reporting a deterioration in access)



Notes: Net percentages are defined as the difference between the sum of the percentages of banks responding "deteriorated considerably" and "deteriorated somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". "Retail funding" is the simple average of "short-term deposits (up to one year)" and "long-term deposits (more than one year)" and other retail funding instruments; "Money markets" refers to the interbank unsecured money market and is the simple average of "very short-term money market (up to one week)" and "short-term money market (more than one week)"; "Debt securities" is the simple average of "short-term debt securities (e.g. certificates of deposit or commercial paper)" and "medium to long-term debt securities (incl. covered bonds)". "Securitisation" is the simple average of "securitisation of corporate loans", "securitisation of loans for house purchase" and "ability to transfer credit risk off balance sheet". The last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: changes in banks' access to retail and wholesale funding.

In the fourth quarter of 2026, banks expect access to all four funding categories to become more difficult. The net deterioration in access to funding in the fourth quarter is expected to be stronger than in the third quarter across all segments except retail funding. If realised, the deterioration in funding through debt securities would be the highest since the first quarter of 2023. Euro area banks also anticipate a deterioration in the access to money markets, retail funding and securitisation.

Table 13

Changes in bank access to retail and wholesale funding

(net percentages of banks reporting a deterioration in access)

	Retail funding			Money markets	Debt securities			Securitisation
	Total	Short-term	Long-term		Total	Short-term	Medium to long-term	
Q2 2026	3	3	3	2	2	3	2	1
Q3 2026	9	10	9	5	6	7	5	1
Q4 2026	6	5	6	6	11	9	14	3

Notes: See the notes to Chart 15. The last period shows expectations indicated by banks in the current round.

5.2 Small tightening pressure from the reduction in the ECB's monetary policy asset portfolio[11]

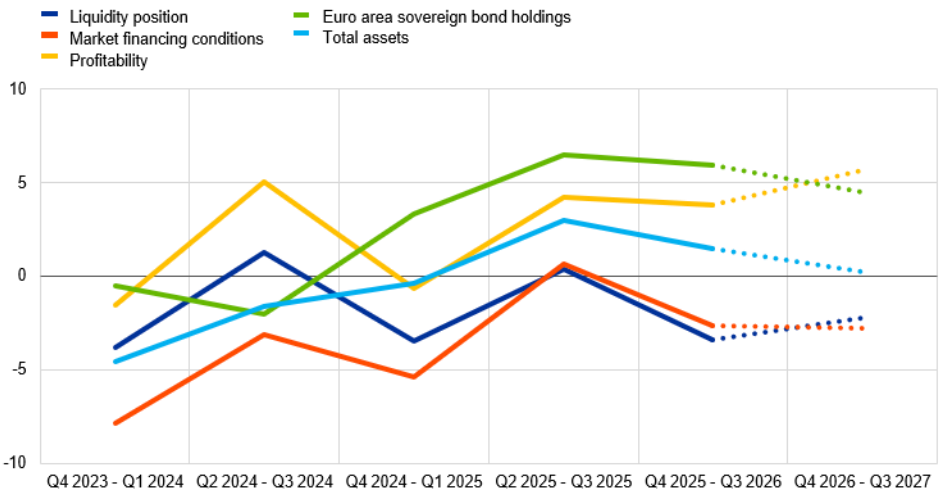
The reduction in the ECB's monetary policy asset portfolio has had a small negative impact on euro area banks' liquidity position, market financing conditions and capital ratio over the past 12 months (net percentages of -3%, -3% and -2%; see Chart 16 and Table 14). The slight deterioration in market financing and slight worsening of liquidity positions during the period spanning the fourth quarter of 2025 and the third quarter of 2026 follow a six-month period in which the impact of changes in the ECB's monetary policy asset portfolio was assessed by banks as broadly neutral. A moderate increase in euro area sovereign bond holdings associated with the reduction in the monetary policy asset portfolio was also reported. The impact on total assets was broadly neutral. Bank profitability improved slightly for the second consecutive reporting period. The reported increase in net interest income is the second largest since the series started in 2015. This increase was partially offset by small capital losses. The reduction in the monetary policy asset portfolio also had a small negative impact on banks' capital ratios.

[11] Banks were asked to assess the impact, over the past six months and next six months, of the ECB's monetary policy asset portfolio on their assets, liquidity positions, overall market financing conditions, profitability and capital position, as well as their lending policies and lending volumes. Changes in the ECB's monetary policy asset portfolio may result from net asset purchases or other transactions, including reinvestments of principal payments from maturing securities purchased, and may be related to the ECB's asset purchase programmes (APP), the pandemic emergency purchase programme (PEPP), Outright Monetary Transactions (OMT), and the Transmission Protection Instrument (TPI). Banks were asked to consider both direct and indirect effects of the changes in the ECB's monetary policy asset portfolio.

Chart 16

Overview of the impact of the ECB's monetary policy asset portfolio on euro area banks' financial situations

(net percentages of banks reporting an increase or improvement)



Notes: The net percentages are defined as the difference between the sum of the percentages for "increased/improved considerably" and "increased/improved somewhat" and the sum of the percentages for "decreased/deteriorated somewhat" and "decreased/deteriorated considerably". The last period denotes expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of the ECB's monetary policy asset portfolio on euro area banks' financial situation.

Over the next 12 months, euro area banks expect the reduction in the ECB's monetary policy asset portfolio to have a further impact on their financial situation. Banks anticipate a moderate positive impact on their profitability, which would once again balance a positive impact from net interest income and a negative impact from capital losses. Banks also expect to continue increasing their sovereign bond holdings. The anticipated impact on their financing and liquidity position is slightly negative, while their capital ratios are expected to continue to deteriorate over the course of the next 12 months.

Table 14

Impact of the ECB's monetary policy asset portfolio on euro area banks' financial situation

(net percentages of banks reporting an increase or improvement)

	Assets		Liquidity position	Market financing conditions	Profitability			Capital ratio
	Total	Of which: Euro area sovereign bond holdings			Total	Owing to: net interest income	Owing to: capital gains/losses	
Q4 2025 - Q3 2026	1	6	-3	-3	4	6	-3	-2
Q4 2026 - Q3 2027	0	5	-2	-3	6	7	-3	-5

Notes: See the notes to Chart 16. The breakdown for net interest income was introduced from the first quarter of 2020, substituting the breakdown for the net interest margin. The last period denotes expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of the ECB's monetary policy asset portfolio on banks' financial situation.

Euro area banks reported a moderate tightening impact from the reduction of the ECB's monetary policy asset portfolio on their lending conditions (see Chart 17 and

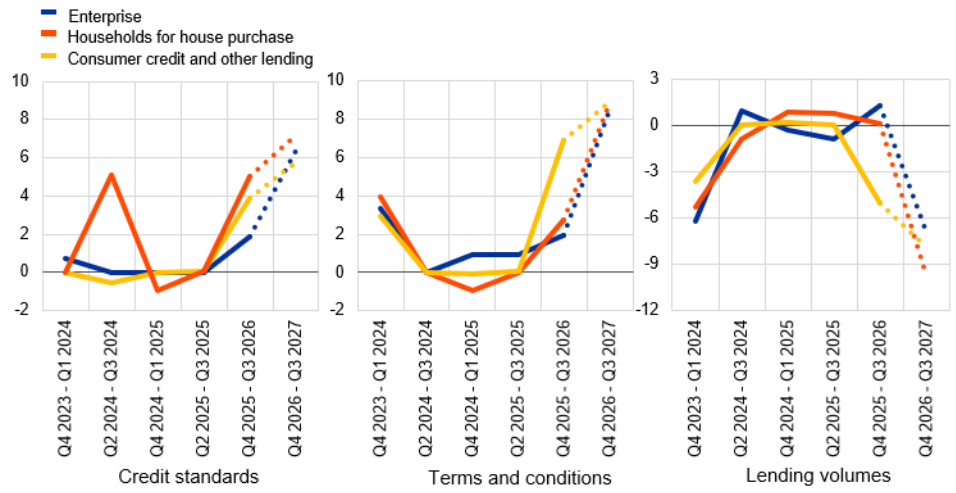
Table 15). Banks reported a tightening impact on credit standards and terms and conditions across all loan categories for the first time in two years. Banks also reported a negative impact on loan volumes for consumer credit, compared with a broadly neutral impact on loans to firms and housing loans.

Over the next six months, banks expect the reduction in the ECB's monetary policy asset portfolio to have an overall negative and stronger impact on lending conditions across all three lending segments.

Chart 17

Impact of the ECB's monetary policy asset portfolio on bank lending

(net percentages of banks reporting a tightening or increase)



Notes: The net percentages are defined as the difference between the sum of the percentages for "tightened/increased considerably" and "tightened/increased somewhat" and the sum of the percentages for "eased/decreased somewhat" and "eased/decreased considerably". The last period denotes expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: impact of the ECB's monetary policy asset portfolio on credit standards, terms and conditions, and lending volumes.

Table 15

Impact of the ECB's monetary policy asset portfolio on bank credit standards, terms and conditions and lending volumes

(net percentages of banks reporting a tightening/an increase)

	Credit standards		Terms and conditions		Lending volumes	
	Q4 2025 - Q3 2026	Q4 2026 - Q3 2027	Q4 2025 - Q3 2026	Q4 2026 - Q3 2027	Q4 2025 - Q3 2026	Q4 2026 - Q3 2027
Loans to enterprises	2	6	2	9	1	-7
Loans to households for house purchase	5	7	3	9	0	-10
Consumer credit and other lending to households	4	6	7	9	-5	-8

Notes: See the notes to Chart 17. The last period denotes expectations indicated by banks in the current round.

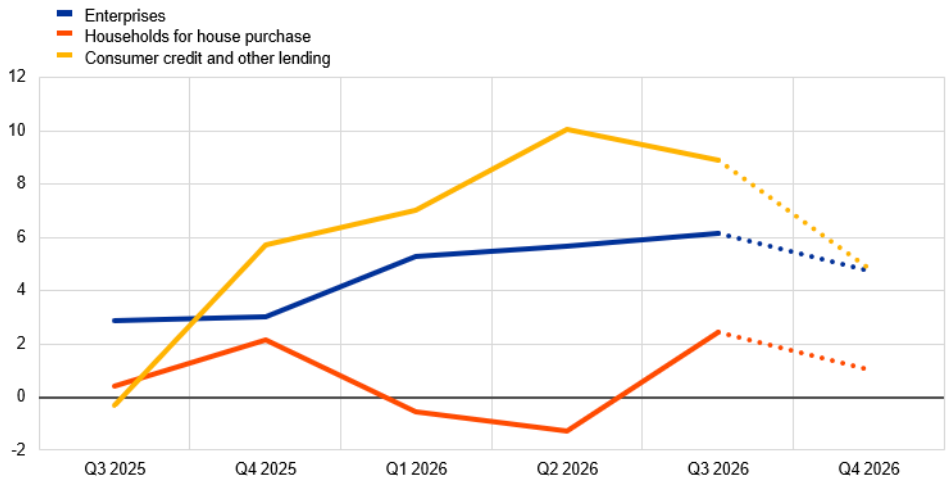
5.3 Risks to credit quality had a net tightening impact on credit standards for loans[12]

Euro area banks reported a tightening impact of NPL ratios and other credit quality indicators on credit standards for loans to firms (net percentage of 6%), housing loans (2%) and consumer credit (9%) in the third quarter of 2026 (Chart 18 and Table 16). The net tightening effect of credit quality risks on credit standards for loans to firms and for consumer credit was broadly in line with the previous quarter, but higher for housing loans, with the impact in the previous quarter having been broadly neutral. For consumer credit, the net tightening effect was stronger than expected (5%). By contrast, the tightening impact of credit quality indicators was slightly below expectations for firms and in line with expectations for housing loans.

Chart 18

Impact of banks' NPL ratios and other credit quality indicators on credit standards

(net percentages of banks reporting a tightening impact)



Notes: Net percentages are defined as the difference between the sum of the percentages of banks responding "contributed considerably to tightening" and "contributed somewhat to tightening" and the sum of the percentages of banks responding "contributed somewhat to easing" and "contributed considerably to easing". The last period shows expectations indicated by banks in the current round. The frequency of the question was decreased to annual (from biannual) from the third quarter of 2026 onwards. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of banks' NPL ratios and other indicators of credit quality on credit standards.

[12] Banks were asked to assess the impact of non-performing loan (NPL) ratios and other indicators of credit quality on their credit standards and the factors through which NPL ratios and other indicators of credit quality affected their credit standards. As of the January 2026 BLS, the question refers to the impact on credit standards, while the impact on terms and conditions was discontinued. The NPL ratio is defined as the stock of gross non-performing loans on banks' balance sheets as a percentage of the gross carrying amount of loans. "Other indicators of credit quality" include, for example, Stage 2 loans (underperforming loans that have seen a significant increase in credit risk since initial recognition) and loans in early arrears (loans for which payment is overdue for more than 30 and up to 90 days). Changes in credit standards may be caused by changes in banks' credit quality, changes in regulation or changes in a bank's assessment of credit quality, even where indicators have remained unchanged.

Table 16

Impact of banks' NPL ratios and other credit quality indicators on credit standards

(net percentages of banks reporting a tightening impact)

	Q2 2026	Q3 2026	Q4 2026
Loans to enterprises	6	6	5
Loans to households for house purchase	-1	2	1
Consumer credit and other lending to households	10	9	5

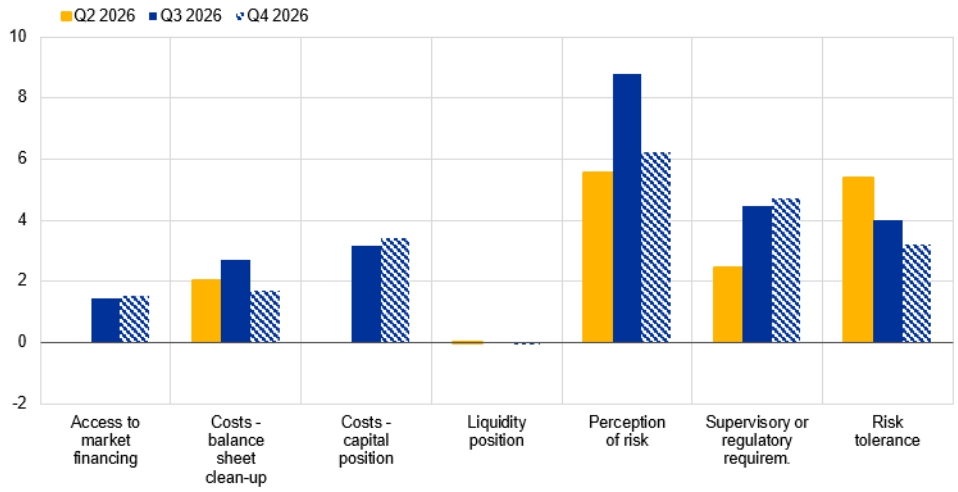
Notes: See the notes to Chart 18. The last period shows expectations indicated by banks in the current round.

Banks indicated that risk perceptions (9%) remained the main driver, followed by pressure related to supervisory or regulatory requirements (4%) and risk tolerance (4%), with costs related to the capital position (3%) and costs related to balance sheet clean-up operations (3%) also contributing to the net tightening of credit standards. Other factors, such as costs related to access to market financing and banks' liquidity positions, had a broadly neutral impact. The contribution of risk perceptions, pressure related to supervisory or regulatory requirements and costs related to the capital position was higher than in the previous quarter

Chart 19

Impact of factors through which NPL ratios and other credit quality indicators affect banks' credit standards for enterprises and households

(net percentages of banks reporting a tightening impact)



Notes: See the notes to Chart 18. The last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of factors through which NPL ratios and other indicators of asset quality affect banks' policies on lending to enterprises and households.

In the fourth quarter of 2026, euro area banks expect credit quality risks to have a further tightening impact on credit standards for loans to firms and consumer credit, while no change is expected for housing loans. Banks anticipate that all factors, except for liquidity positions, will have a tightening impact, with the most prominent being risk perceptions and pressure related to supervisory or regulatory requirements.

Table 17

Impact of factors through which NPL ratios and other credit quality indicators affect banks' credit standards for enterprises and households

(net percentages of banks reporting a tightening impact)

	Q2 2026	Q3 2026	Q4 2026
Costs related to banks' capital position	0	3	3
Costs related to balance sheet clean-up operations	2	3	2
Supervisory or regulatory requirements	2	4	5
Access to market financing	0	1	2
Liquidity position	0	0	0
Perception of risk	6	9	6
Banks' risk tolerance	5	4	3

Notes: See the notes to Chart 18. The last period shows expectations indicated by banks in the current round.

5.4 The reported impact of digital assets on banks has been contained over the past 12 months, but is expected to increase over the next 12 months[13]

In a new ad hoc question, banks reported on the impact of digital assets on their financial situation, business strategy and credit standards over the past 12 months, as well as their expectations for the next 12 months.

Euro area banks reported that digital assets have made a small positive contribution to their business strategy over the 12 months (net percentage of 2%), while the impact on the broader financial situation over the same period was reported as neutral (see Chart 20 and Table 18).

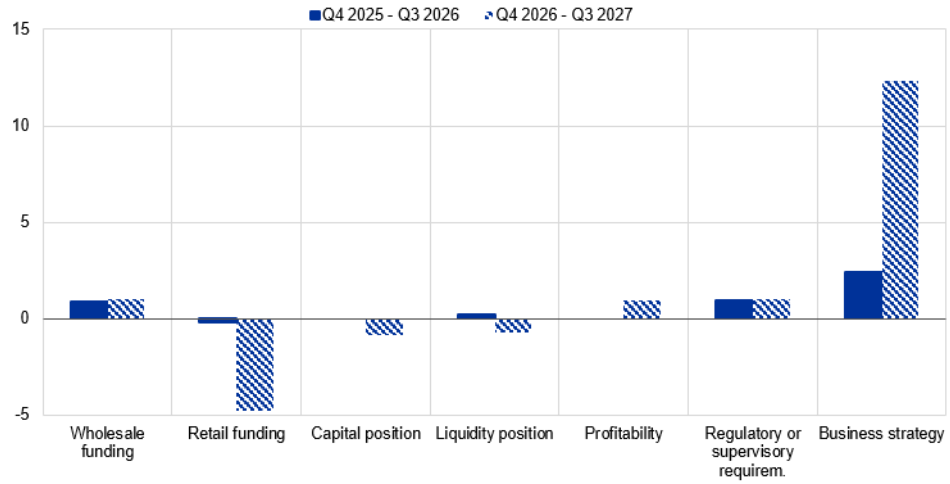
Banks expect digital assets to have an increasingly positive impact on their business strategies in the next 12 months (12%) (see Chart 20 and Table 18), despite a moderately negative impact on retail funding.

[13] The October 2026 survey questionnaire included for the first time an annual ad hoc question on the impact of digital assets on banks' financial situations and business strategies, as well on their credit standards for loans to enterprises and households. Digital assets can be broadly split into unbacked crypto-assets (such as bitcoin), 'tokenised' assets (i.e. digital representations of traditional financial assets) and stablecoins (assets backed by and pegged to traditional assets, e.g. pegged to an official currency such as the US dollar, euro or other currencies). Banks' financial situation involves wholesale and retail funding, capital and liquidity positions, profitability and fulfilment of regulatory or supervisory requirements. Retail funding is defined as funding via deposits held by non-financial corporations and households. Banks' business strategy should take into account the extent and speed of digitalisation of the bank, which may also include the issuance of its own stablecoins.

Chart 20

Impact of digital assets on banks' financial situation and business strategy

(net percentages of banks reporting a positive impact)



Notes: Raw net percentages were reversed so that net percentages are defined as the difference between the percentages for "very (somewhat) positive impact" and the percentages for "very (somewhat) negative impact". "Regulatory or supervisory requirem." refers to fulfilment of regulatory and supervisory requirements. The last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of digital assets on banks' financial situation and business strategy.

Table 18

Impact of digital assets on banks' financial situation and business strategy

(net percentages of banks reporting a positive impact)

	Q4 2025 - Q3 2026	Q4 2026 - Q3 2027
Wholesale funding	1	1
Retail funding	0	-5
Capital position	0	-1
Liquidity position	0	-1
Profitability	0	1
Ability to fulfil regulatory or supervisory requirements	1	1
Business strategy	2	12

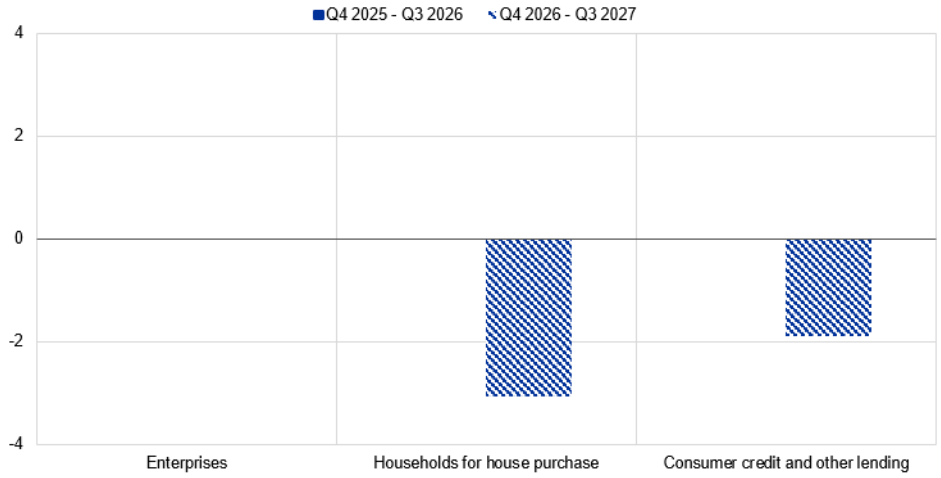
Notes: See the notes to Chart 20. The last period shows expectations indicated by banks in the current round.

Banks indicated that digital assets have not had any impact on their credit standards over the past 12 months, but are expected to ease credit standards for loans to households over the next 12 months (see Chart 21 and Table 19).

Chart 21

Impact of digital assets on banks' credit standards

(net percentages of banks reporting a tightening impact)



Notes: Net percentages are defined as the difference between the percentages for "contributed considerably (somewhat) to a tightening" and the percentages for "contributed considerably (somewhat) to an easing". The last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of digital assets on banks' credit standards.

Table 19

Impact of digital assets on banks' credit standards

(net percentages of banks reporting a tightening impact)

	Q4 2025 - Q3 2026	Q4 2026 - Q3 2027
Loans to enterprises	0	0
Loans to households for house purchase	0	-3
Consumer credit and other lending to households	0	-2

Notes: See the notes to Chart 21. The last period shows expectations indicated by banks in the current round.

Annexes

See more.

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For specific terminology please refer to the ECB glossary (available in English only).

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