

Press release

27 January 2025

Survey on the Access to Finance of Enterprises: firms report lower interest rates but a small decline in bank loan availability

- Firms reported declining bank interest rates on loans, although indicating a slight further tightening of other lending conditions.
- There was a slight increase in the bank financing gap compared with the previous quarter as firms reported a small reduction in bank loan availability and no change in the need for bank loans.
- Firms' inflation expectations increased slightly, with their median expectations for annual inflation in one, three and five years all standing at 3.0%, 0.1 percentage points higher across all three horizons.
- Nearly half of the firms surveyed see the ECB's inflation target at 2% and these firms have lower inflation expectations than those believing the target to be significantly higher.

In the most recent round of the Survey on the Access to Finance of Enterprises (SAFE), euro area firms reported a decrease in interest rates on bank loans (a net -4%, compared with a net 4% reporting an increase in the previous quarter), although a net 22% (30% in the previous quarter) observed increases in other financing costs (i.e. charges, fees and commissions) (Chart 1).

In this survey round, firms reported a small decline in the availability of bank loans in the fourth quarter of 2024 (a net -2%, down from a net 1% reporting an increase in the previous quarter) (Chart 2). At the same time, firms indicated no change in the need for bank loans, compared with 2% reporting a decrease in the third quarter of 2024. This led the financing gap – an index capturing the difference between the need for and availability of bank loans – to increase for a net 1% of firms, compared with a net 2% of firms reporting a decrease in the previous survey round. Looking ahead, firms expect small improvements in the availability of external financing over the next three months.

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More firms perceived the general economic outlook to be the main factor hampering the availability of external financing than in the previous survey round (a net percentage of -22%, compared with -20%). A net 8% of firms indicated that their perception of banks' willingness to lend, which may reflect banks' risk aversion, had improved further (up from 6%).

A net 6% of enterprises reported an increase in turnover over the last three months, down from 7% in the previous survey round, with a net 11% of firms remaining optimistic about developments in the next quarter. An increased percentage of firms saw a deterioration in their profits compared with the previous survey round (a net percentage of -14%). The survey indicates that the net percentage of firms reporting an increase in cost pressures continued to decline.

Firms continued to expect the increase in their selling prices and wages to moderate over the next 12 months (Chart 3). Selling prices were expected to increase by 2.9% on average (down from 3.0% in the previous survey round), while the corresponding figure for wages was 3.3% (down from 3.5% in the previous round).

Firms' inflation expectations increased slightly, bringing a halt to the previous declines (Chart 4). Median expectations for annual inflation in one, three and five years all stood at 3.0%, thus increasing by 0.1 percentage points for all three horizons. For inflation in five years, fewer firms reported balanced risks (33%). The increase in the percentage of firms seeing upside risks (51%, up from 46%) was similar to the rise in the share of those perceiving risks to the downside (16%, up from 12%).

To better understand firms' awareness of and attention to inflation developments, a new set of ad hoc questions was introduced in this survey round. Firms were asked about the factors they believe influenced inflation in 2024, their level of attention to actual inflation, and how this attention has shifted compared with a year ago. Firms cited non-labour input costs rather than wage costs or profits as the primary factor influencing inflation in 2024. Additionally, firms were asked about the inflation target set by the European Central Bank (ECB). Nearly half of the firms surveyed see that target at 2%, and these firms have lower inflation expectations than those believing the target to be significantly higher than 2%.

The report published today presents the main results of the 33rd round of the SAFE survey for the euro area. The survey was conducted between 20 November and 18 December 2024. Firms were asked about conditions over the three-month period from October to December 2024. The sample comprised 5,393 enterprises in the euro area, of which 4,997 (93%) had fewer than 250 employees.

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Notes

- The [report](#) on this SAFE survey round, together with the [questionnaire](#) and [methodological information](#), is available on the [ECB's website](#).
- Detailed data series for the individual euro area countries and aggregate euro area results are available on the [ECB Data Portal](#).

Chart 1

Changes in the terms and conditions of bank financing for euro area enterprises

(net percentages of respondents)



Base: Enterprises that had applied for bank loans (including subsidised bank loans), credit lines, or bank or credit card overdrafts. The figures refer to pilot 2 and rounds 30 to 33 of the survey (October-December 2023 to October-December 2024).

Notes: Net percentages are the difference between the percentage of enterprises reporting an increase for a given factor and the percentage reporting a decrease. The data included in the chart refer to Question 10 of the survey.

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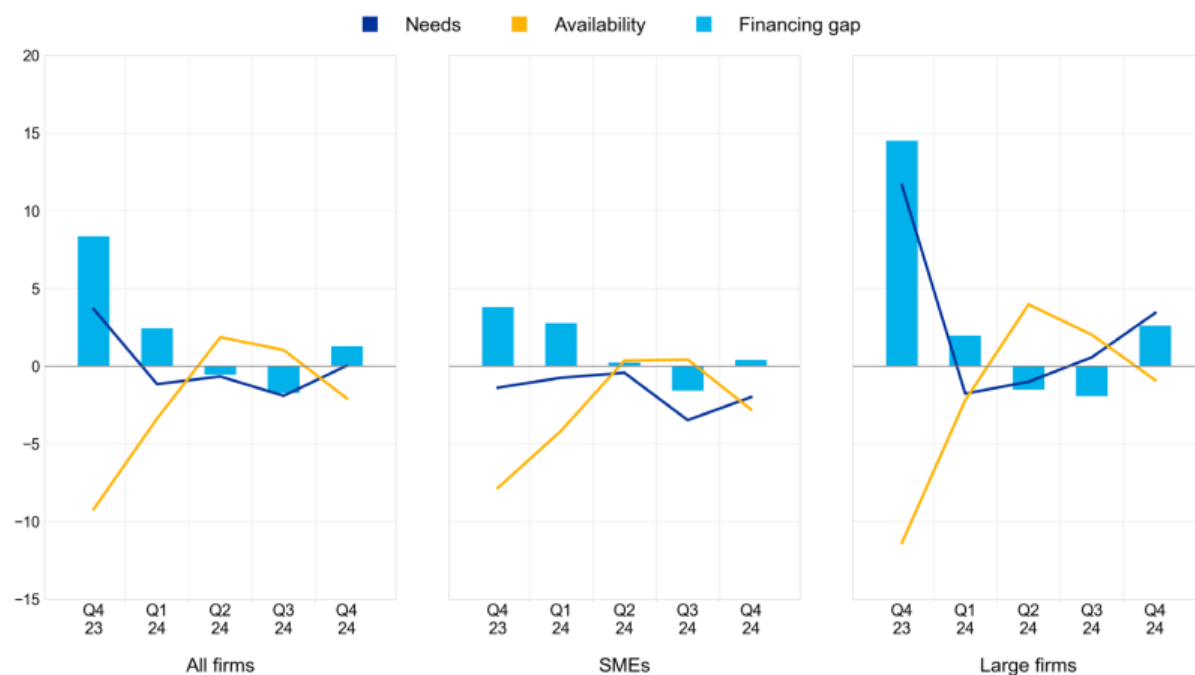
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Chart 2

Changes in euro area enterprises' financing needs and the availability of bank loans

(net percentages of respondents)



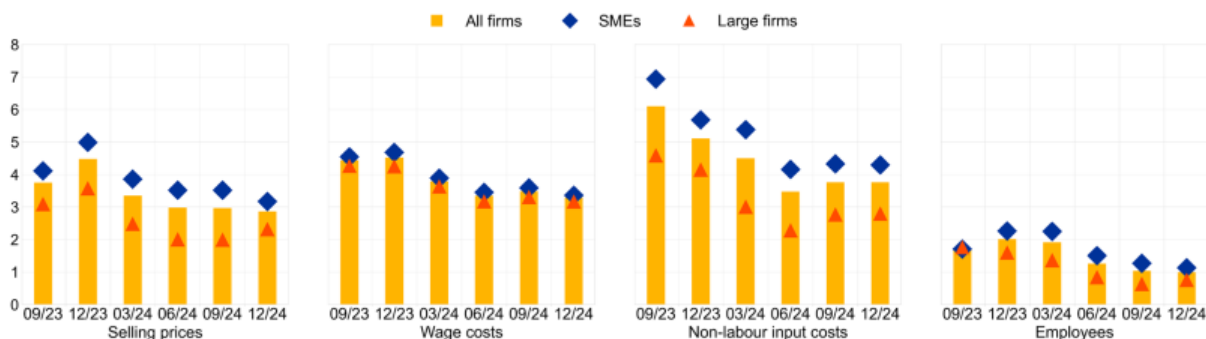
Base: Enterprises for which the instrument in question is relevant (i.e. they have used it or considered using it). Respondents replying "not applicable" or "don't know" are excluded. The figures refer to pilot 2 and rounds 30 to 33 of the survey (October-December 2023 to October-December 2024).

Notes: The financing gap indicator combines both financing needs and the availability of bank loans at firm level. The indicator of the perceived change in the financing gap takes a value of 1 (-1) if the need increases (decreases) and availability decreases (increases). If enterprises perceive only a one-sided increase (decrease) in the financing gap, the variable is assigned a value of 0.5 (-0.5). A positive value for the indicator points to a widening of the financing gap. Values are multiplied by 100 to obtain weighted net balances in percentages. The [data](#) included in the chart refer to Questions 5 and 9 of the survey.

Chart 3

Expectations for selling prices, wages, input costs and employees one year ahead, by size class

(percentage change over the next 12 months)



Base: All enterprises. The figures refer to rounds 29 to 33 (April-September 2023 to October-December 2024) of the survey, with firms' replies collected in the last month of the respective survey waves.

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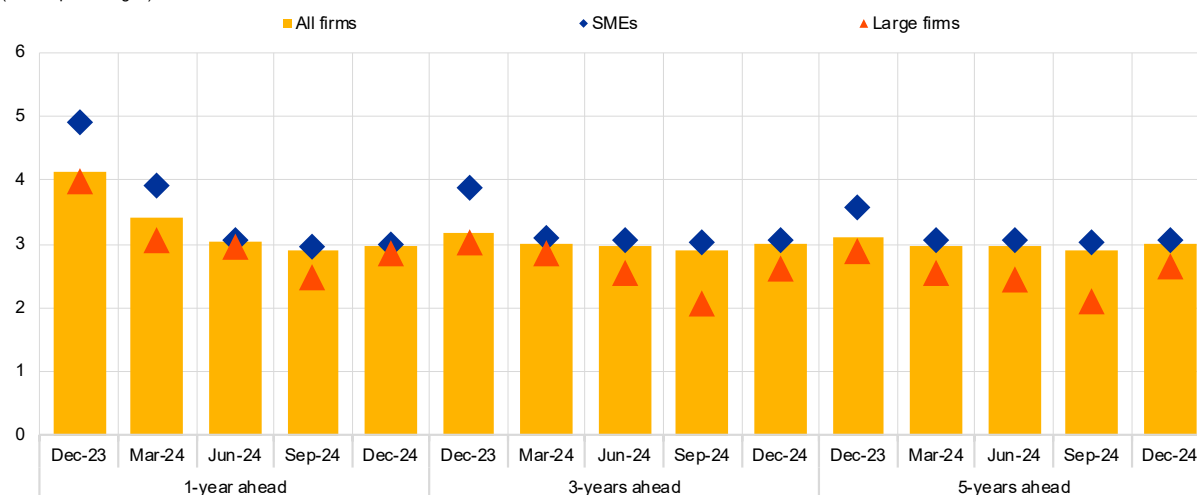
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Notes: Weighted average euro area firm expectations of changes in selling prices, wages of current employees, non-labour input costs and number of employees for the next 12 months using survey weights. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 34 of the survey.

Chart 4

Firms' median expectations for euro area inflation by size class

(annual percentages)



Base: All enterprises. The figures refer to pilot 2 and rounds 30 to 33 (October-December 2023 to October-December 2024) of the survey, with firms' replies collected in the last month of the respective survey waves.

Notes: Survey-weighted median of euro area firms' expectations for euro area inflation in one year, three years and five years. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 31 of the survey.

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