

Press release

27 October 2026

October 2026 euro area bank lending survey

- Further tightening of credit standards for loans to firms and consumer credit, owing to higher risks
- Decline in loan demand across all segments, driven mainly by higher interest rates
- Gradual but sustained increase in demand for loans to finance AI infrastructure

According to the October 2026 bank lending survey (BLS), euro area banks reported a further net tightening of credit standards – banks' internal guidelines or loan approval criteria – for [loans or credit lines to enterprises](#) in the third quarter of 2026 (net percentage of 9% of banks; Chart 1). Banks reported unchanged credit standards for [loans to households for house purchase](#) (net percentage of 0%) and a further net tightening for [consumer credit and other lending to households](#) (net percentage of 14%).

For firms, the net tightening surpassed the expectations reported by banks in the previous survey round (5%). Heightened risk perceptions and banks' reduced risk tolerance remained the main drivers of tighter credit standards, with some banks reporting increasing pressure as a result of geopolitical uncertainty and energy developments. 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 quantitative 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. For housing loans, banks had expected a slight net tightening. Meanwhile, the tightening of credit standards for consumer credit exceeded banks' expectations, owing mainly to lower risk tolerance and heightened risk perceptions. For the fourth quarter of 2026, banks expect credit standards to tighten further for firms and tighten significantly for both housing loans and consumer credit.

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[Banks' overall terms and conditions](#) – the actual terms and conditions agreed in loan contracts – tightened for all loan segments, driven mainly by higher interest rates.

Banks reported a net increase in the [share of rejected loan applications](#) for all borrower groups. The net increase in the share was higher for consumer credit than for loans to firms and housing loans.

In the third quarter of 2026, euro area banks reported a net decrease in [demand for loans or credit lines to firms](#) (net percentage of -6%; Chart 2). This net decline stood in contrast to banks' expectations of an increase in the previous survey round (4%) and followed a small net increase in the second quarter (3%). Loan demand was primarily dampened by the general level of interest rates. Weaker demand for fixed investment among small and medium-sized enterprises and the move towards alternative sources of finance also weighed slightly on loan demand. Some banks reported that uncertainty regarding geopolitical and energy developments continued to suppress corporate loan demand, while upward pressure came from demand for inventories and working capital. When asked about the impact of AI adoption on demand, 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 more pronounced over the coming months.

Banks reported a strong net decrease in [demand for housing loans](#) (net percentage of -27%), which was a more pronounced decline than in the second quarter (-15%) and exceeded the expectations reported by banks in the previous survey round (-12%). Increases in interest rates were the main driver of the decline, followed by falling consumer confidence and worsening housing market prospects. The contribution from interest rates is consistent with policy rate changes being transmitted smoothly to financing conditions. Although substantial, the decline in demand remains well below the peak recorded during the previous rate hiking cycle. [Demand for consumer credit and other lending to households](#) fell slightly (net percentage of -2%), contrasting with banks' expectations in the second quarter that demand would remain unchanged (0%). Developments in interest rates and lower consumer confidence were the main factors behind the decline in demand for consumer credit, followed by subdued spending on durable goods. In the fourth quarter of 2026, banks expect to see more significant declines in demand for housing loans (-36%) and consumer credit (-14%), whereas they anticipate that demand for loans to firms will remain broadly unchanged (-1%).

Euro area banks' access to retail funding, debt securities and money markets decreased further in the third quarter of 2026, while it remained broadly unchanged for securitisations. The deterioration in

access to retail funding, although still moderate, was the largest since the beginning of the series in 2011 and slightly higher than the previous peak in the third quarter of 2023, driven by both short and long-term retail funding. Banks expect access to funding across all sources to deteriorate further over the next three months.

The reduction in the monetary policy asset portfolio of the European Central Bank (ECB) 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 has been slightly positive, with higher net interest income being 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 ratios and other credit quality indicators on their credit standards for loans to firms, housing loans and consumer credit in the third quarter of 2026. This mainly reflected higher risk perceptions. In the fourth quarter of 2026, euro area banks expect credit quality to have a further tightening impact on their credit standards for loans to firms and for consumer credit.

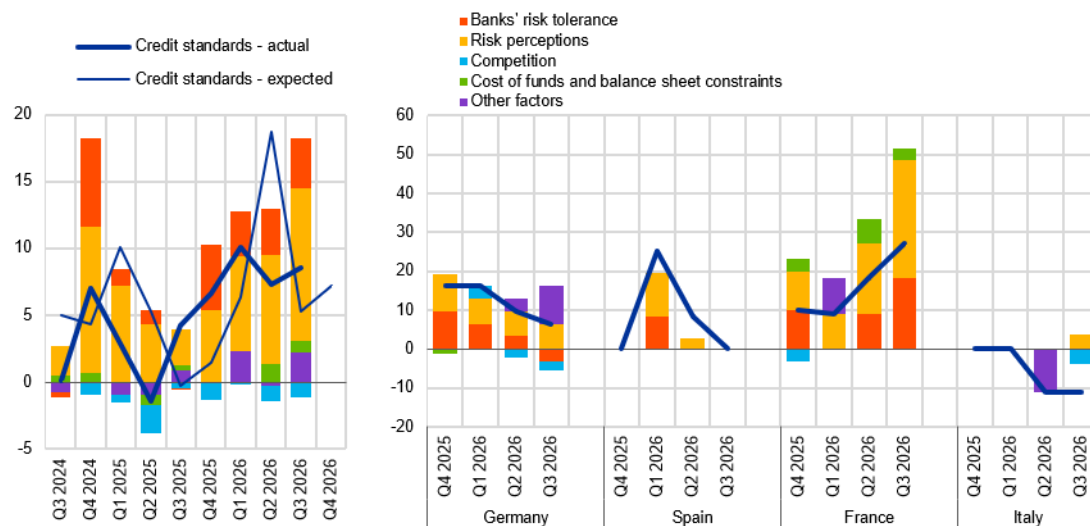
In response to a new question on the impact of digital assets, euro area banks reported that digital assets have contributed slightly positively to their business strategy over the past 12 months. They assessed their impact on the broader financial situation over the same period as neutral. For the next 12 months, banks expect digital assets to have an increasingly positive impact on their business strategy and a negative influence on their retail funding business. Digital assets have had a neutral impact on credit standards over the past 12 months and are expected to ease credit standards for housing loans over the next 12 months.

The quarterly BLS was developed by the Eurosystem to improve its understanding of bank lending behaviour in the euro area. The results reported in the October 2026 survey relate to changes observed in the third quarter of 2026 and changes expected in the fourth quarter of 2026, unless otherwise indicated. The October 2026 survey round 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%.

Chart 1

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

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



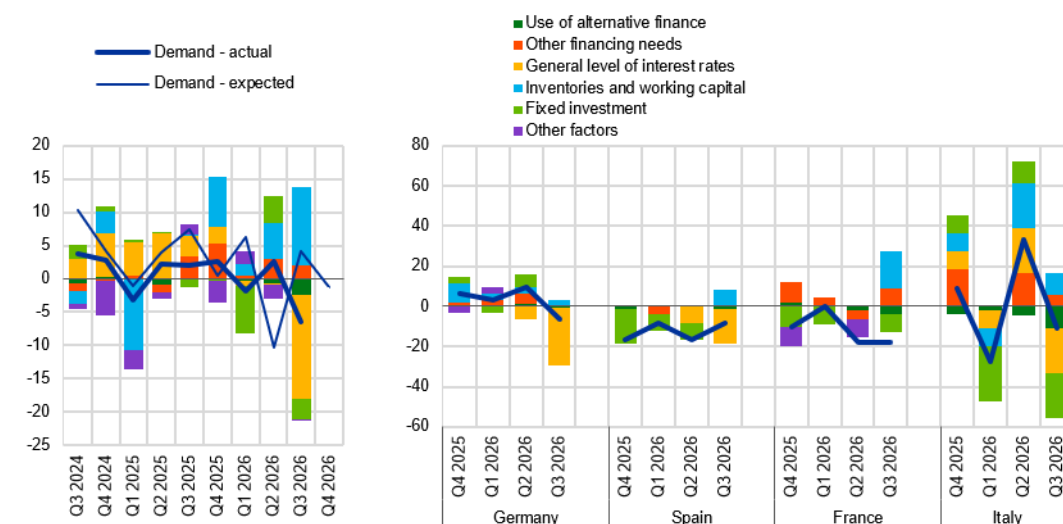
Source: ECB (BLS).

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

Chart 2

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

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



Source: ECB (BLS).

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

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Notes

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

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