

Snap | 9 April 2024

## ECB bank lending survey shows no immediate lending pickup

The bank lending survey for the eurozone shows continued muddling through, with credit standards easing slowly but demand for loans remaining slow. This means that investment is set to remain subdued in the months ahead and shows that tight monetary policy is still having a restrictive effect



View of the ECB Tower in Frankfurt am Main, Germany

The April bank lending survey shows that bank lending is set to continue to flatline in the current weak economy with high rates. Last quarter's survey showed a marked improvement in expectations of loan demand, which did not really materialise. The first quarter outcomes show that net loan demand remained negative, with low demand for fixed investment and high interest rates as the main drivers. The expectations for the second quarter have also moderated a bit, indicating that the bank lending environment is set to remain very subdued in the months ahead.

Credit standards continue to ease slowly, with large differences visible between the main countries. In Germany, standards have eased only slightly in recent quarters, while in France and Italy, the moves have been more notable.

Recently, it has become clear that the impact of the recent record rate hikes from the European

Central Bank has already faded when looking at the bank lending channel. The small declines in lending that were seen mid-2023 have been followed by a cautious recovery for both households and non-financial corporates. This indicates that the biggest impact of rate hikes on lending are behind us. Today's bank lending survey shows that there is no quick recovery in the making either, though. For the ECB, this means that easing rates will be relevant for an investment recovery in the second half of the year.

## Author

### Bert Colijn

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.