

## Cautious increases in eurozone bank lending will do little to support growth

Tentative improvements show that monetary easing in the eurozone is having an effect but that more needs to be done for investment to undergo a more meaningful recovery in 2025



Eurozone bank lending: more pussycat than tiger. Berlin's Potsdamer Platz is pictured

Bank lending in the eurozone showed some improvement in September as non-financial corporates saw a strong increase in month-on-month lending, and lending to households continued its cautious accelerating trend. Still, this kind of monthly data is volatile and annual growth rates remain very subdued at 1.1 and 0.7% growth, respectively, for corporates and households. While this is increasing, it is only comparable to levels seen in 2015-16. We were seeing faster growth in bank lending before 2023. Needless to say, this is not yet translating into a buoyant investment rebound.

The European Central Bank recently released its bank lending survey, which showed some tentative improvements in the lending environment. Banks did not tighten credit standards for the first time in over two years, and demand for borrowing is cautiously improving, especially for households. This indicates that the start of the cutting cycle is starting to show some early signs of impact on the early parts of the lending channel.

The ECB has taken note of the weak recovery in bank lending. At the moment, it looks like the ECB

is rushing towards a neutral rate as concerns about economic growth have taken over from inflation fighting. With bank lending muted but showing cautious signs of improvement, the ECB is likely to take today's data release as encouragement that taking their foot off the monetary brake further will have an impact on the prospect of improving economic activity.

## 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 [www.ing.com](http://www.ing.com).