STATISTICS

Understanding Credit Markets for Europe

Lending to European households and non-financial corporations: Growth and trends

Key findings from the ECRI Statistical Package 2025

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SUMMARY

- In 2024, loans to EU households and non-financial corporations (NFCs) rose slightly, increasing by 0.67 % compared to 2023.
- Household loans in the EU grew by 0.48 % and NFC loans increased by 0.74 % in 2024.
- Total household loans grew the most in Bulgaria (+22 %), Croatia (+9.4 %), Lithuania (+9.7 %), Hungary (9.4 %), Malta and Romania (+9.2 %). The only drops were registered in Greece (-5.8 %), France -1.9 %), Austria and Cyprus (-1 %).
- NFC loans grew most in Lithuania (+13.3 %), Estonia (+10.7 %), Bulgaria (+10.1 %), Greece (10 %) and Romania (+7.2 %). The highest reductions were registered in Luxembourg (-13.1 %), Ireland (-4.1 %) and Italy (-3.1 %).

ECRI Statistical Package

The ECRI Statistical Package 2025 provides data on outstanding credit granted by monetary-financial institutions (MFIs) to households and non-financial corporations (NFCs) for the period from 1995 to 2024. Credit volumes and annual growth rates are broken down by sector and credit type to enable detailed insights into credit market developments over time and across countries. It comprises 45 countries including the EU Member States, EU candidate states and EFTA countries as well as the US, UK, Japan, Australia, Russia, Mexico and Saudi Arabia.

To purchase the ECRI Statistical Package 2025, please contact alice.orlandini@ceps.eu

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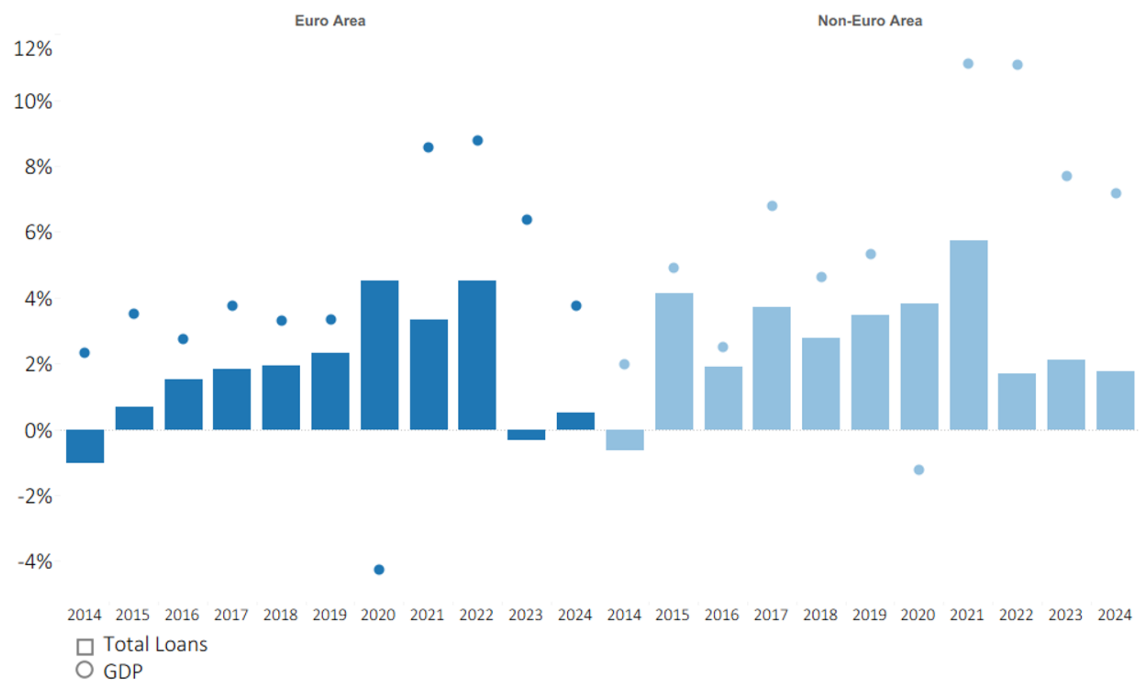
1. Total loans to households and non-financial corporations

In 2024, the volume of outstanding loans to households and non-financial corporations (NFCs) in the EU stands at EUR 13.1 trillion, which is approximately 73 % of the EU's GDP. Compared to 2023, outstanding loans turned positive in nominal terms.

Overall, 86 % of EU loans originate from euro area countries[1] and 14 % from non-euro area countries in 2024. Between 2023 and 2024, the total loan growth rate in the euro area returned positive from -0.32 % to +0.49%. In non-euro area countries, the loan growth rate decreased from +2.1 % to +1.75 % (see Figure 1).

Overall, about 65 % of the total outstanding amount of EU loans is held by the four major EU economies – Germany (24.6 %), France (22 %), Italy (9.7 %) and Spain (8.6 %). The same four countries held around the same amount of total loans in 2023.

Figure 1. Total loan growth and GDP growth (%)



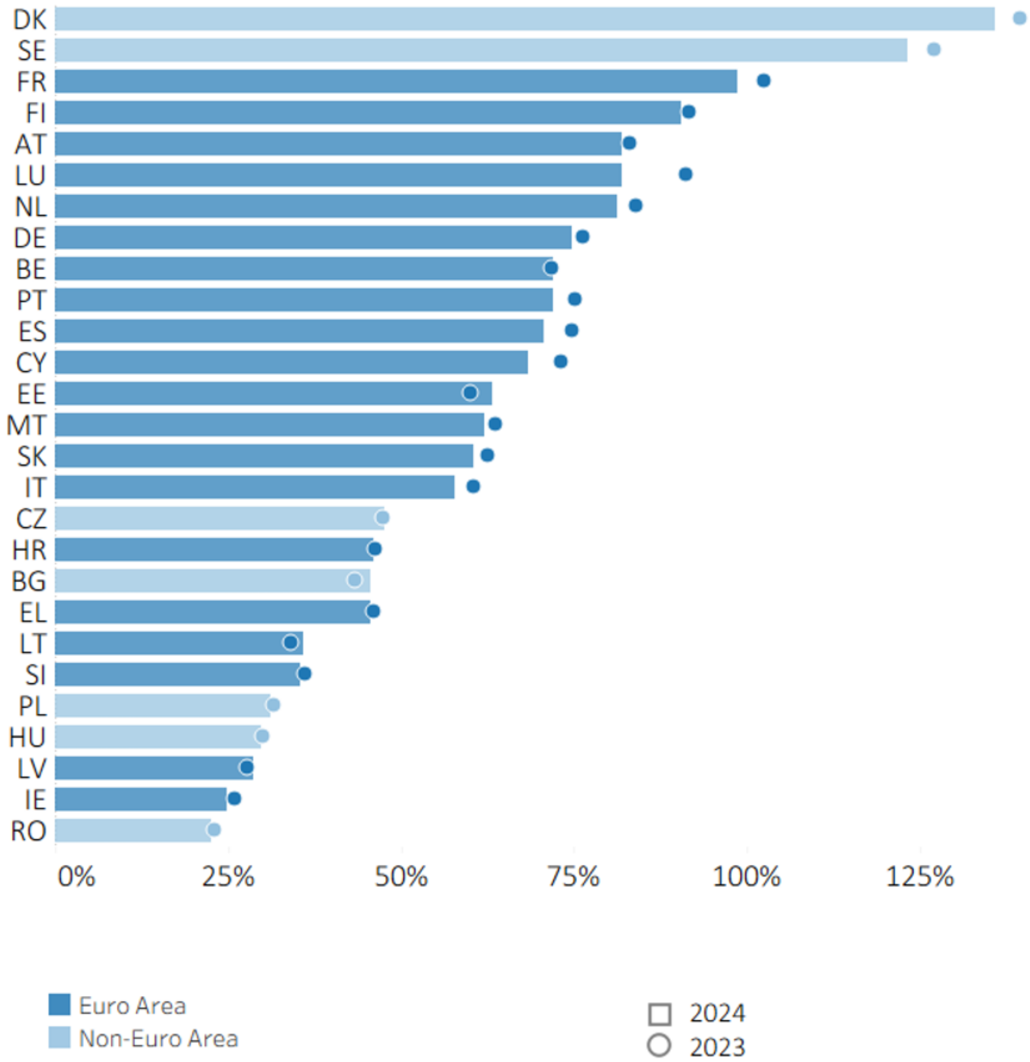
Source: ECRI Statistical Package 2025.

Looking across Member States, indebtedness[2] decreased in many countries in 2024 (see Figure 2). However, some countries experienced an increase in the levels of total loans as a percentage of GDP. Bulgaria (+5.8 p.p.), Estonia (+5.3 p.p.), Lithuania (4.7 p.p.), Latvia (+3.8 p.p.), the Czech Republic (+0.4 p.p.) and Belgium (+0.4 p.p.) saw the greatest increase. Denmark remains the country with the highest level of indebtedness even though it saw a 2.52 p.p. decrease compared to 2023. Among the countries that saw a decrease in their outstanding loans, the most significant declines were observed in Luxembourg (-10.3 p.p.), Cyprus (-6.3 p.p.), Spain (-5.2 p.p.), Italy (-4.4 p.p.) and France (-3.6 p.p.).

[1] The euro area covers 20 EU Member States that have adopted the euro as their official currency, namely: Austria (AT), Belgium (BE), Cyprus (CY), Croatia (HR), Estonia (EE), Finland (FI), France (FR), Germany (DE), Greece (EL), Ireland (IE), Italy (IT), Latvia (LV), Lithuania (LI), Luxembourg (LU), Malta (MT), the Netherlands (NL), Portugal (PT), Slovakia (SK), Slovenia (SI) and Spain (ES).

[2] Total loans as % of GDP.

Figure 2. Total loans as a percentage of GDP, 2023-24



Source: ECRI Statistical Package 2025.

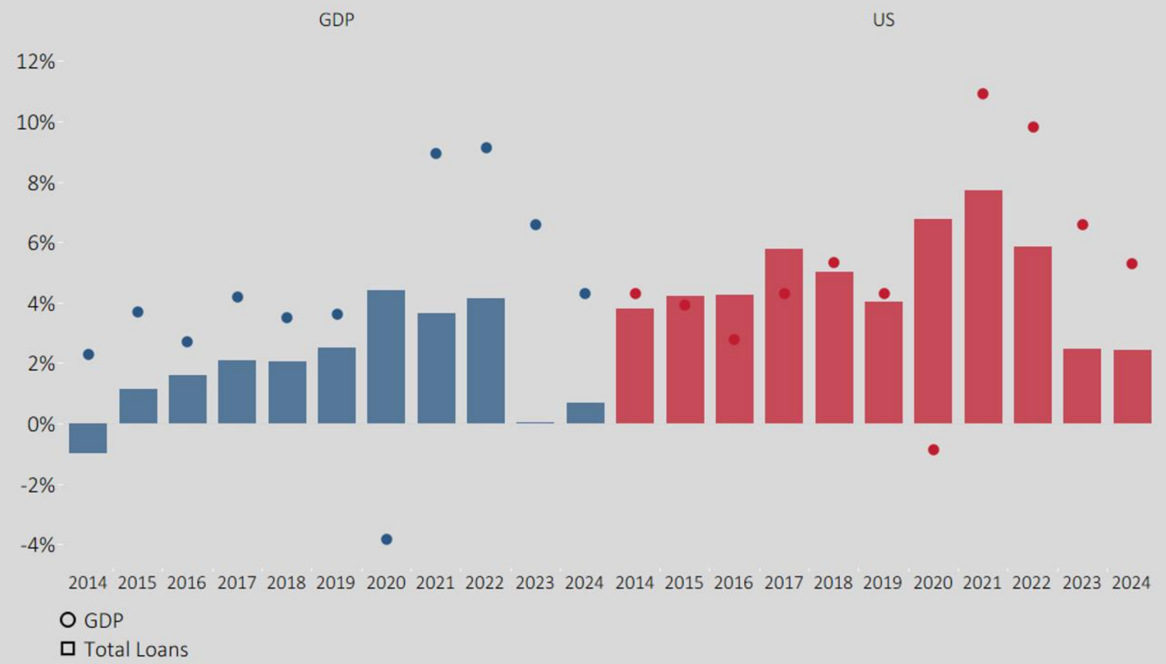
Box 1. Total outstanding loans - the EU vs the US

In 2024, total outstanding loans to households and NFCs amounted to EUR 13.1 trillion in the EU and EUR 42.3 trillion in the US, the equivalent of 73 % and 151 % of GDP.

Between 2014 and 2024, the EU credit market was relatively volatile. It experienced a contraction in 2014, followed by eight years of consistent expansion from 2015 to 2022 (see Figure 3). 2023 saw a very limited expansion, with a slight recovery in 2024, showing an annual growth rate of about 0.7 %. The US credit market has grown steadily but its expansion dropped to a decade low in 2023 and saw a growth rate of only 2.4% in 2024.

Both the EU and US' GDP continued to grow in 2024, although at a slightly slower pace, reaching 4.3 % and 5.3 % respectively.

Figure 3. Total loans and GDP growth



Source: ECRI Statistical Package 2025.

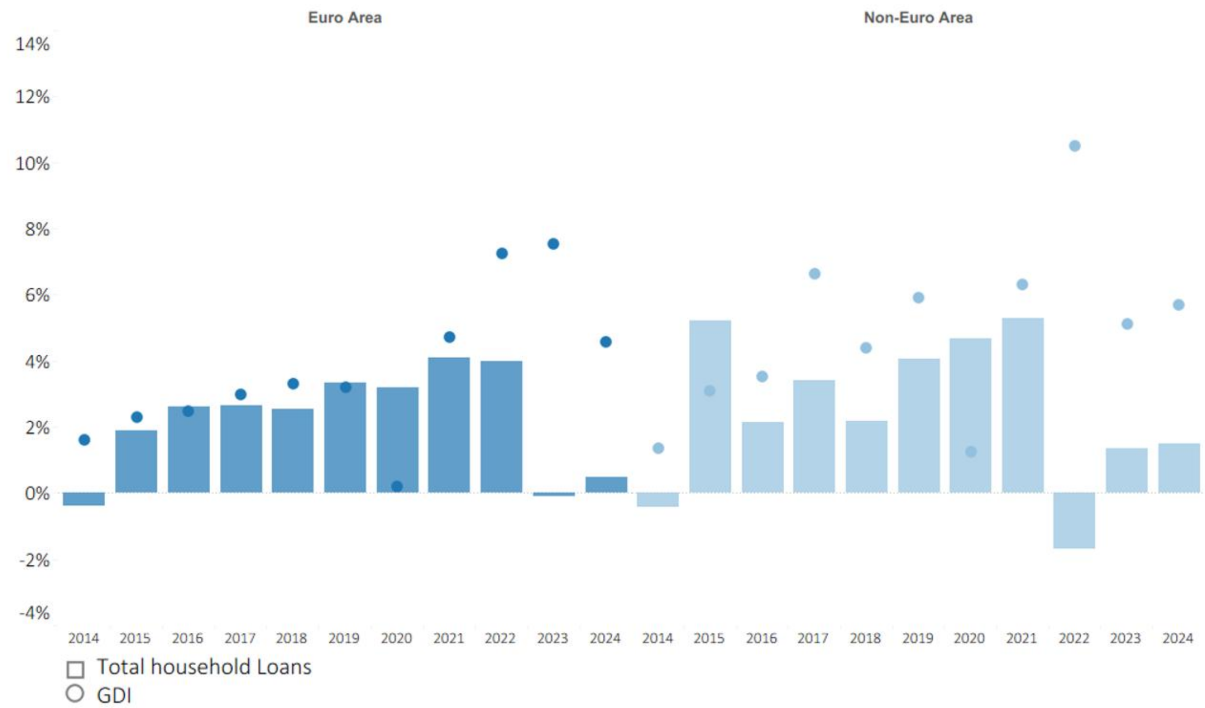
2. Total lending to households

In 2024, total lending to EU households amounted to EUR 7.7 trillion, which is equivalent to about 43 % of the EU's total GDP. Compared to 2023, household loans in the EU slightly increased by 0.62 %.

In 2024, household loans in euro area countries rose to +0.5 %, up from -0.1 % in 2023 (see Figure 4). Although this remains well below the growth levels observed between 2015 and 2022, it marks a reversal from last year's negative evolution. In contrast, non-Euro area countries maintained their growth in 2023, reaching +1.5 % in 2024.

Regarding gross disposable income (GDI), although it has always grown, it has notably fluctuated over the last few years. In 2024 GDI growth rates decreased by 3 p.p. to +4.6 % in the euro area and increased by 0.6 p.p. in non-euro area countries to +5.7 %.

Figure 4. Total loans to households and gross disposable income (GDI) growth, percentage change, 2023-24

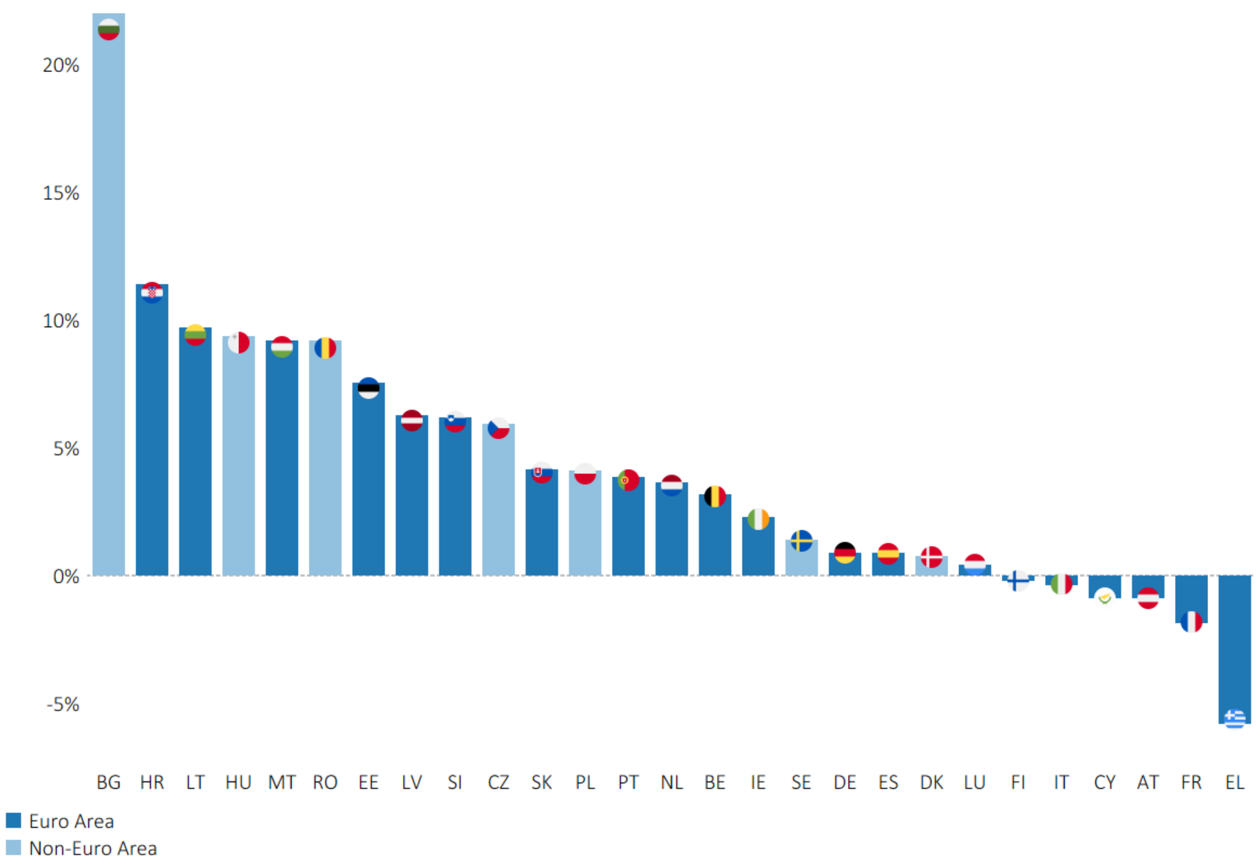


Source: ECRI Statistical Package 2025.

In 2024, total outstanding loans to households increased in 21 Member States: Bulgaria (+22 %), Croatia (+11 %), Lithuania (+10%) and Hungary, Malta and Romania (+9 %) were the Member States with the highest growth rates (see Figure 5).

In contrast, six Member States saw a downturn in their outstanding household loans, including Greece (-6 %), France (-2 %), Austria (-1 %), Cyprus (-1 %) and Finland (-0.2 %) .

Figure 5. Total loans to households, percentage change, 2024

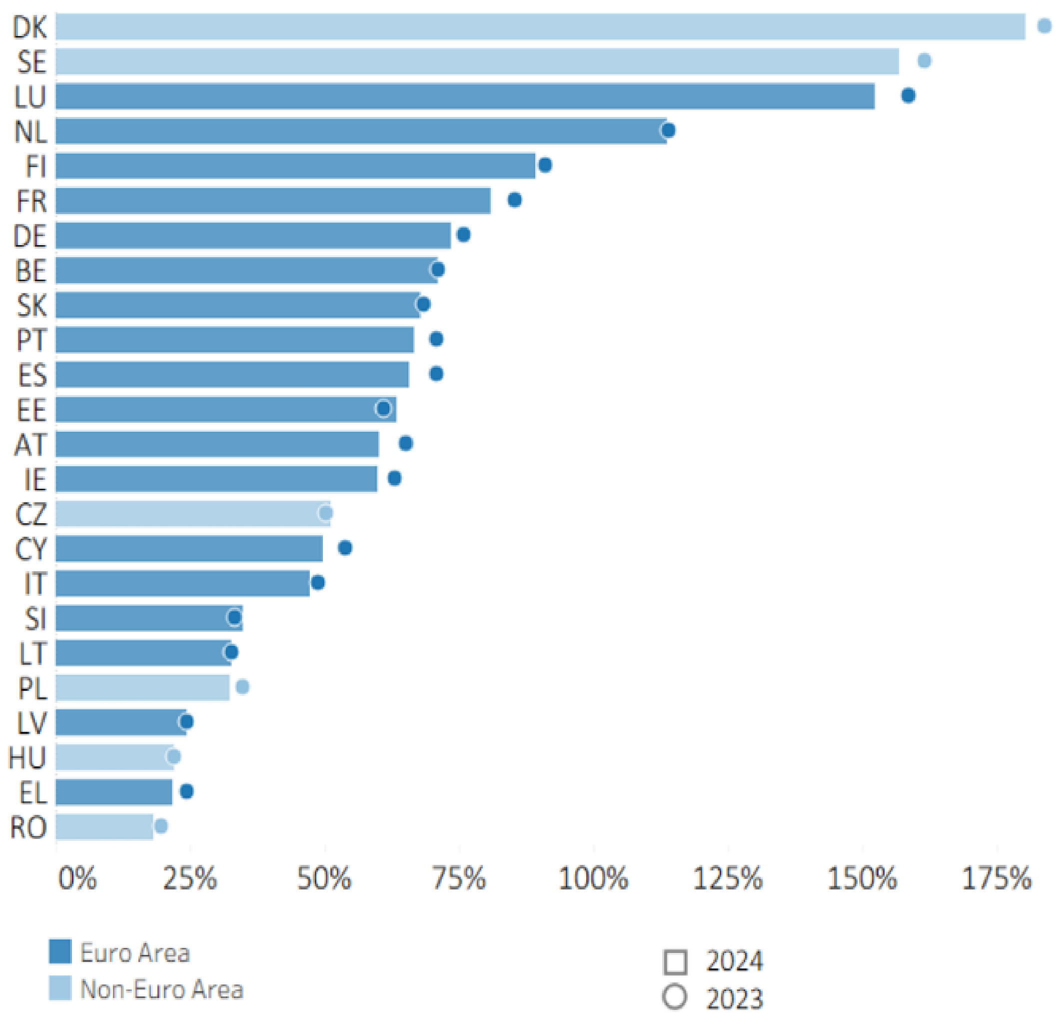


Source: ECRI Statistical Package 2025.

Turning to household indebtedness, in 2024 household loans respectively accounted for 71 % and 73 % of their total GDI in the euro area and non-euro area countries (see Figure 6). Compared to 2023, total household indebtedness dropped for both categories.

Reductions in household loans as a percentage of disposable income were registered in most Member States, with particularly significant cuts in Luxembourg (-6 p.p.), Spain (-5 p.p.), Sweden (-5 p.p.) and Austria (-5 p.p.).

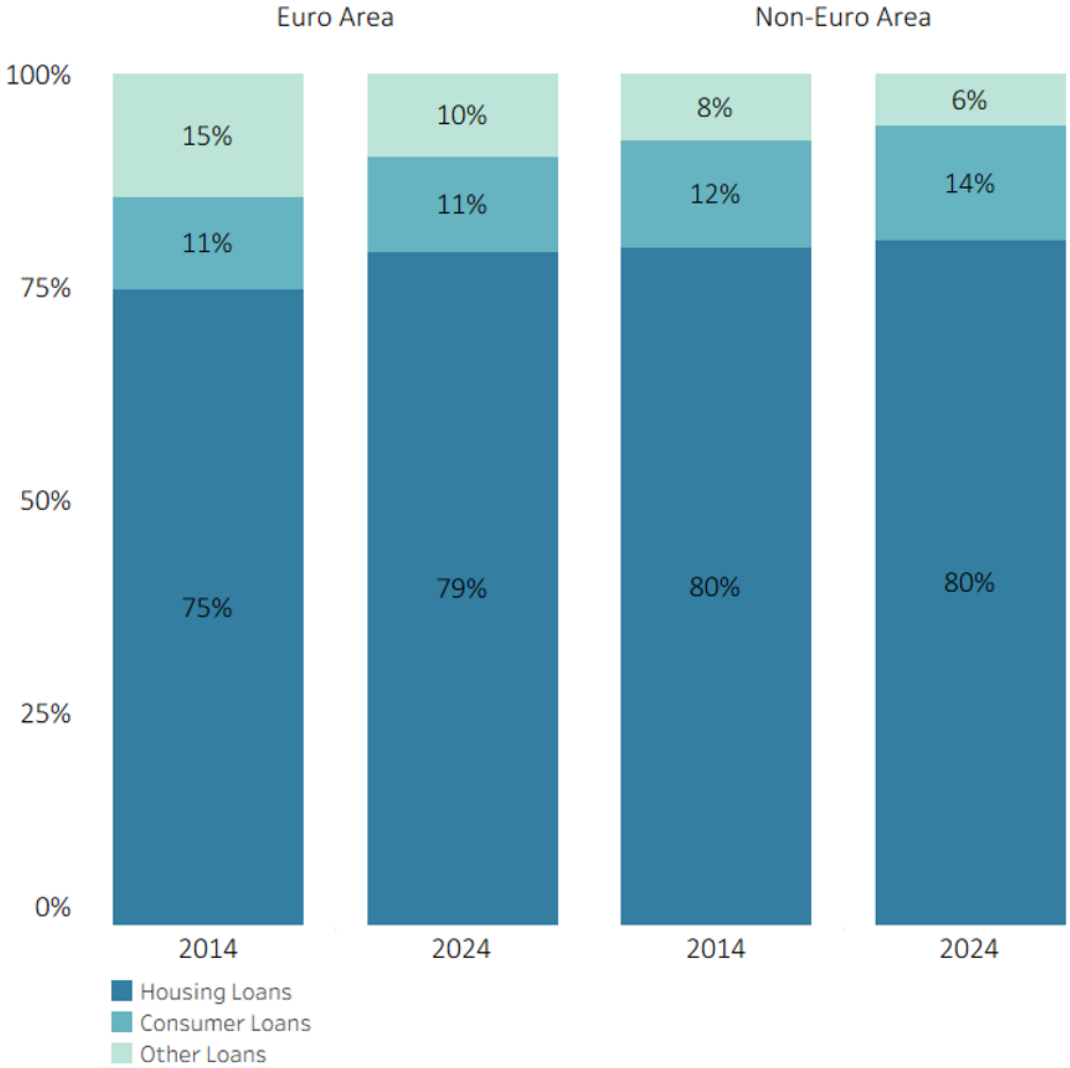
Figure 6. Total loans to households as a percentage of gross disposable income (GDI), 2023-24



Note: For Malta and Bulgaria, the figure reflects households' consumption instead of GDI.
Source: ECRI Statistical Package 2025.

The share of housing loans in the euro area gradually increased in the period between 2014 and 2024, at the expense of other loans (see Figure 7). In 2024, approximately 79 % of household loans in the EU were housing loans. Housing credit also made up around 79% of housing loans in the euro area, while the remaining loans were divided almost equally between consumer loans and other loans. The share of housing loans was ever so slightly higher in non-euro area countries (80 %), while consumer loans accounted for 14 % and other loans at 6 %.

Figure 7. The composition of household loans in 2014 and 2024 as a share of the total amount of loans



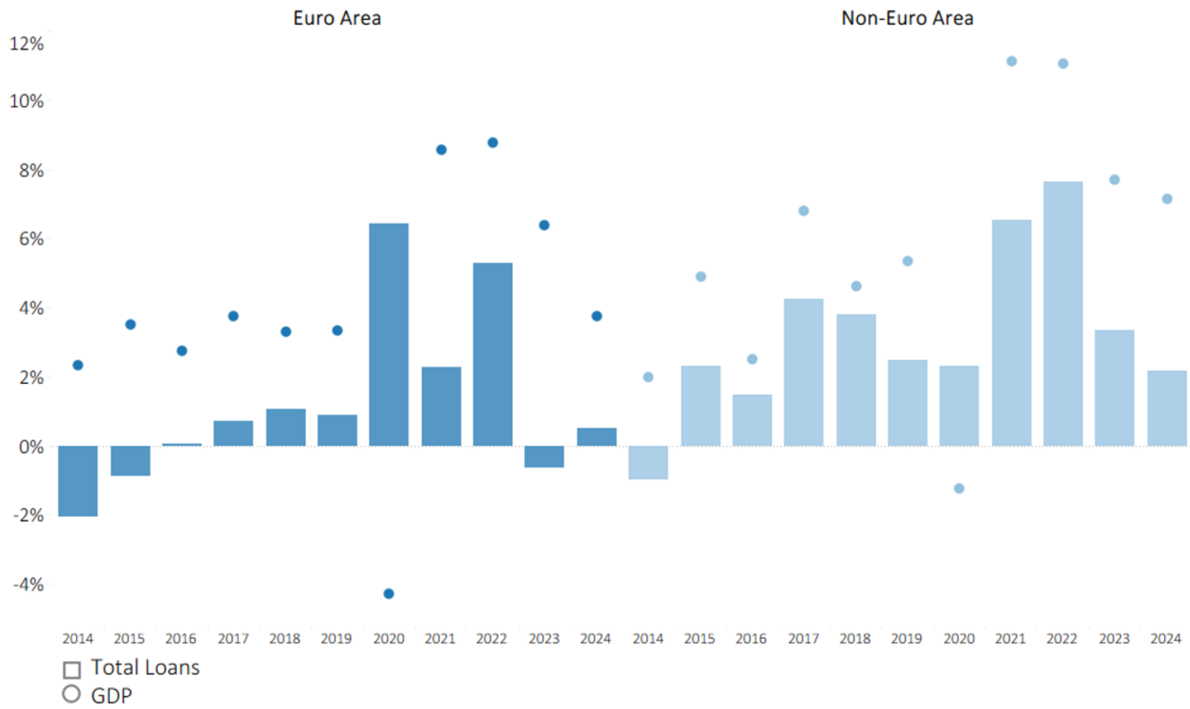
Source: ECRI Statistical Package 2025.

3. Total lending to non-financial corporations (NFCs)

In 2024, total lending to NFCs in the EU reached EUR 5.4 trillion, representing 41 % of all loans and amounting to 30 % of the EU's GDP. Between 2016 and 2022, loans to NFCs in the EU grew steadily, with annual growth rates ranging from 0.2 % to 5.9 %. In 2024, lending to NFCs showed a mild recovery from the slight decline recorded in the previous year, increasing by 0.7 % across the EU (see Figure 8). From

2014 to 2024 it was only in 2020 that NFC lending in non-euro area countries saw slower growth than the euro area. In 2024, this growth reaching 0.5 % in the euro areas and 2.2 % in the non-euro area.

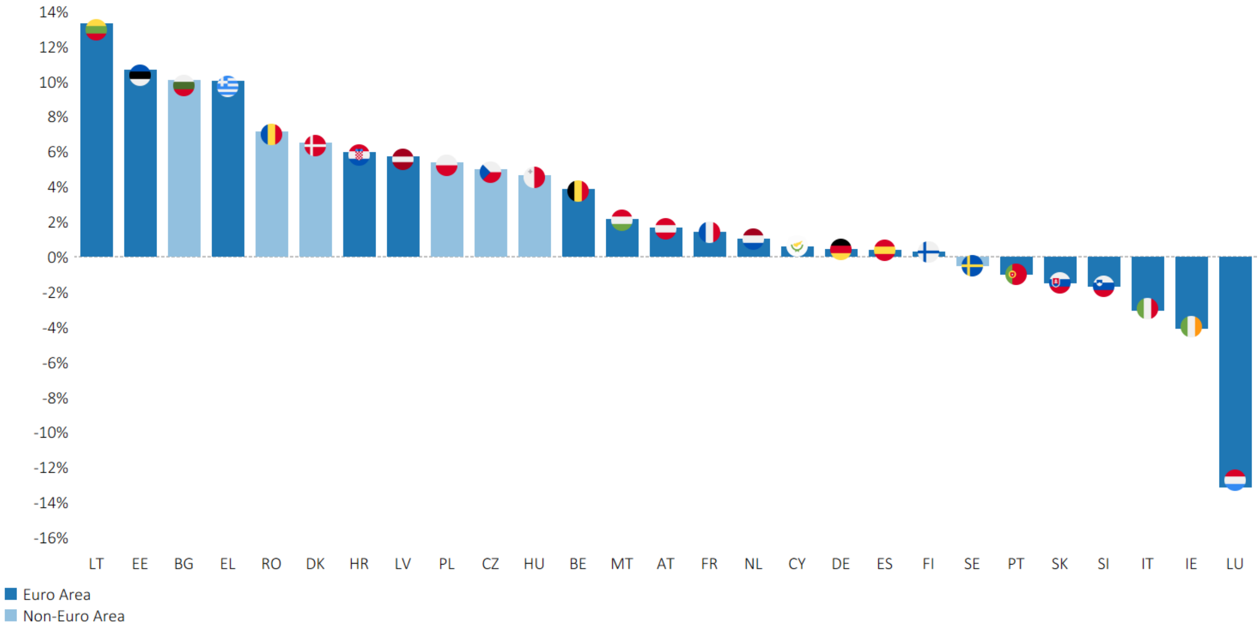
Figure 8. Loans to NFCs as a percentage of GDP



Source: ECRI Statistical Package 2025.

Between 2023 and 2024, NFC loans increased in 20 Member States and decreased in seven Member States (see Figure 9). The highest growth rates were registered in Lithuania (+13 %), Estonia (+11 %), Belgium and Greece (+10 %), Romania (+7 %) and Denmark (+7 %). The largest decreases were registered in Luxembourg (-13 %), Ireland (-4 %) and Italy (-3 %).

Figure 9. Total loans to NFCs, percentage change in 2024



Source: ECRI Statistical Package 2025.

4. The impact of interest rate changes on loan volumes and household over-indebtedness in the EU

This section analyses how changes in interest rates affected loan dynamics in 2024. Specifically, it analyses its effects on households in terms of the volume of new loans, outstanding loans and the degree of household over-indebtedness in the EU.

The objective is to understand how recent monetary policy changes have influenced borrowing behaviour and debt among households.

a. Lending rates and policy rates

By comparing lending rates in the euro area with the European Central Bank's (ECB) policy rates it becomes possible to understand how interest rates impact households and NFCs' loan uptake. As the deposit facility rate (DFR) set by the ECB increased, the rate at which banks deposited money at the central bank also increased, which should have had consequences on household loans. This illustrates the negative correlation between the DFR and reduced household demand for new loans.

The negative correlation between DFR and loan demand can be seen in the figure below (Figure 10). In the EU, inflation started increasing in 2021, peaking at 10.6 % in the euro area in October 2023, to finally reach 2.1 % in October 2025. Because of the increase in inflation, the ECB changed the DFR to curb it. In fact, consecutive increases of the rate were implemented between July 2021 (to 0.00 %) and September 2023 (4.00 %). At the end of 2024, the DFR was at 3 and has since been set to 2 since June 2025.

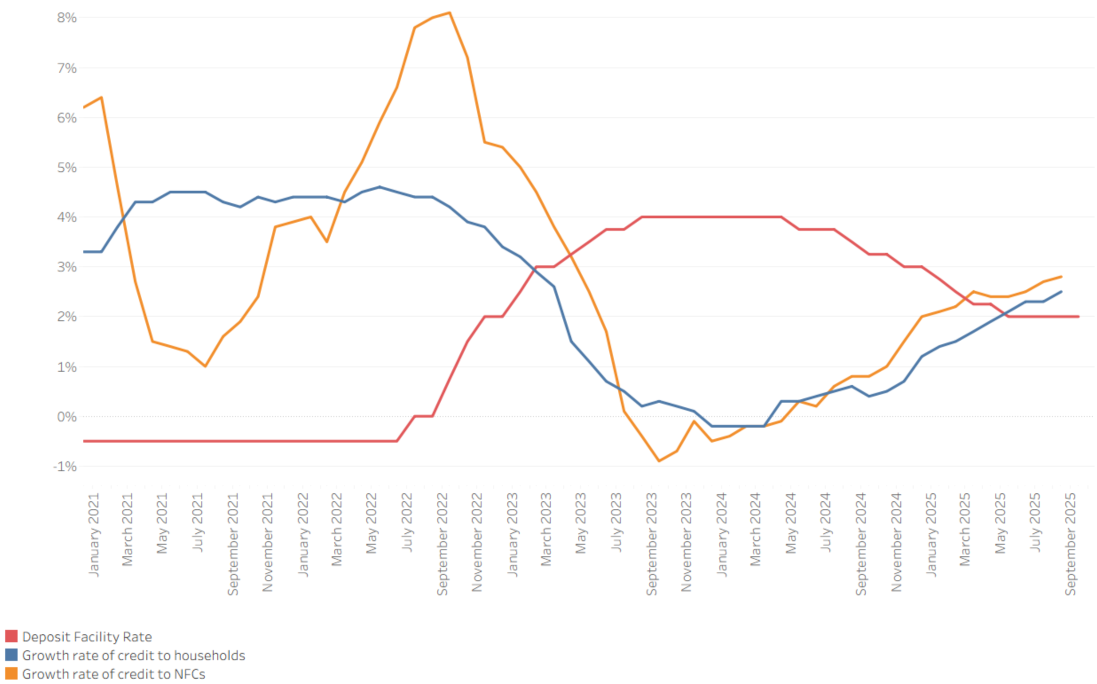
As shown in Figure 10 below, household loans' growth rate quickly decreased as the DFR increased. When the DFR was set at 4, household credit barely saw any growth and even contracted between December 2023 and April 2024. Demand quickly reacted and began to grow following the announcement of the first decrease in the DFR.

NFCs' reaction to increased DFR rates was not as instant as it was for households. While the rate started to increase, a lag period was observed between when the rate increased and changes to demand could be observed. While there was a negative growth rate of loans to NFCs between September 2023 and April 2024, growth has been positive since May 2024. In fact, in the third quarter of 2025, the growth rate for NFCs was 2.4 % in July, 2.7 % in August and 2.8 % in September.

The differences in reaction and growth rates reflect the different borrowing motives between households and firms. Household borrowing is mainly used for housing and consumption purposes and adjust faster but more gradually to the DFR. In contrast, as firms primarily borrow to finance investment, raise inventories, and increase working capital, make their financing decisions more sensitive to changes in loan interest rates and broader economic developments. When financing costs rise, firms are more likely to postpone or cancel investment projects, prolonging the decline in loan demand.

NFCs also benefit from more financial flexibility as they can access alternative funding, allowing them to more effectively manage higher financing costs. However, a firm's size will influence its resilience, with large firms able to tap capital markets and adjust their balance sheets, whereas small and medium-sized enterprises (SMEs) face tighter borrowing constraints and fewer refinancing options, thus leaving them particularly exposed to monetary tightening.

Figure 10: Evolution of the Deposit Facility rate and credit growth rates for households and NFCs (2021-25)



Source: Author's elaboration based on the ECRI Statistical Package 2025 and European Central Bank data.

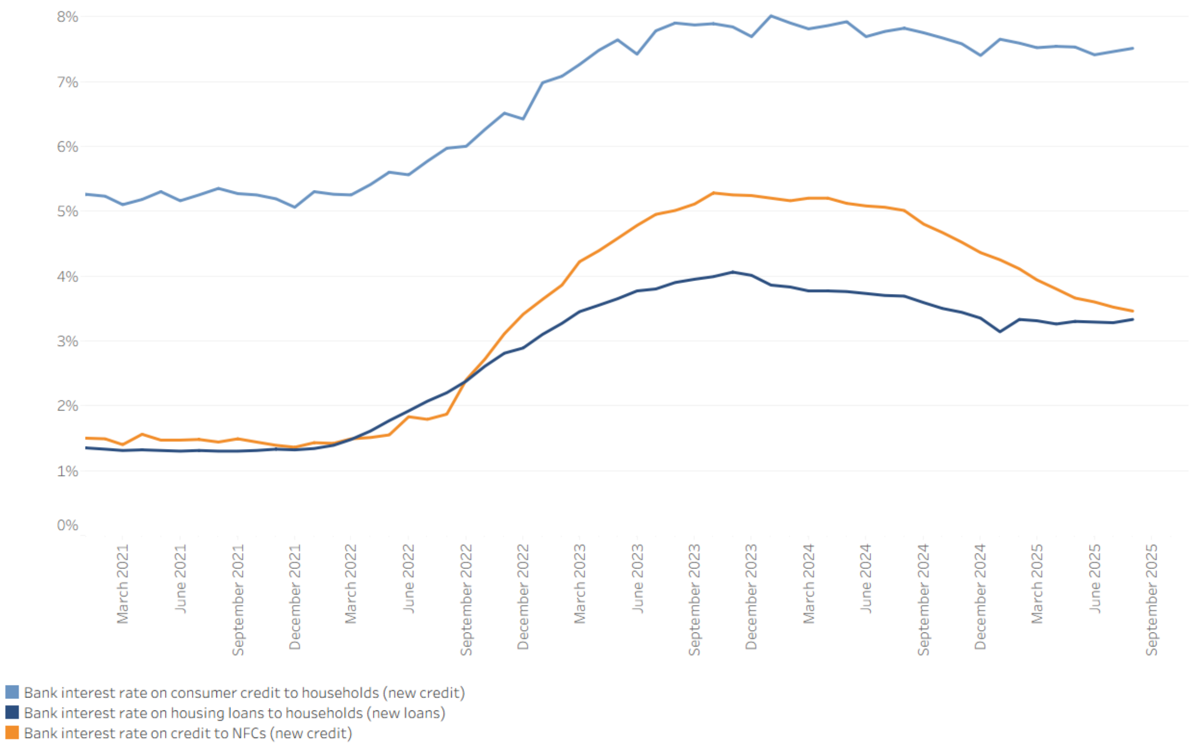
The interest rate on housing and consumption loans has followed similar trends to the DFR (see Figure 11), increasing its alignment with the DFR since in June 2022. The decrease in the DFR has however not been met with an equal decrease in interest rates. While the DFR decreased by 2 p.p. between March 2024 and August 2025, the interest rate for consumption loans has only decreased by 0.3 p.p., from 7.8 % to 7.5 %, highlighting a significant lag in bank interest rates. Compared to when the DFR was last at 2 %, in November 2022, the bank interest rate in the eurozone was at 6.5%. The situation regarding interest rates on housing loans is similar, decreasing by 0.4 p.p. during the same period (from 3.8 % to 3.3 %).

Interest rates on new loans to NFCs rose between March 2022 and October 2023. However, the increase and decrease in the interest rate applied to NFC loans has moved more sharply than those for household credit, more closely mirroring changes in the DFR. In August 2025, the interest rate on new loans to NFCs stood at 3.5 %. This represents a decline of almost 2 p.p. compared to the peak reached in October 2023 but still a percent higher than in November 2022.

Banks have started reporting a moderate net easing of credit standards for household loans for purchasing a home, reflecting stronger competition in the banking sector. This likely reflected banks' efforts to regain market share lost during the previous period of monetary tightening. By contrast, there has only been a limited change to credit standards for consumer credit. Since consumer loans are typically unsecured, they are more sensitive to changes in household income and employment. Persistently high living costs and still-fragile household balance sheets have led banks to adopt a more cautious stance toward riskier borrowers.

The reduced demand for housing loan applications was largely driven by the overall level of interest rates and by weaker consumer confidence.

Figure 11: The evolution of bank interest rates applicable to new household and NFC loans (February 2021-August 2025)



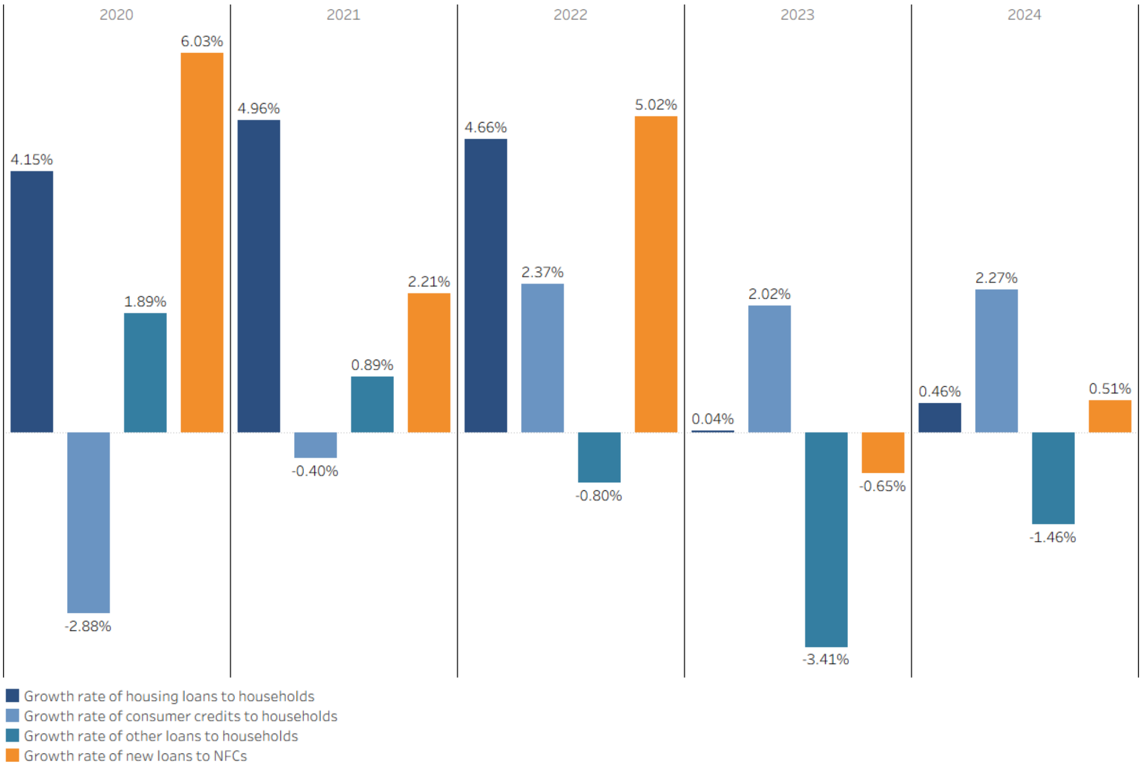
Source: Author's elaboration based on data from European Central Bank data.

The credit growth rates for new loans varied in 2024 (see Figure 12). Consumer credit showed a notable 2.27 % year-on-year increase, suggesting a recovery in household consumption following reduced inflation and more stable levels of disposable income. Loans for home purchases grew at 0.46 %, reflecting a lag in the housing credit following interest rate adjustments. Other purposed loans declined by 1.46 %, indicating weak investment or sector-specific contractions, potentially among small businesses or for non-standard purposes, with banks remaining cautious of riskier or unsecured lending.

From May to December 2024, lending rates continued to decline, yet the stock of loans began to modestly expand, suggesting that supply-side constraints were not intensifying and that credit standards remained broadly unchanged. This recovery in lending coincided with a cooling of inflation and a gradual reduction in policy rates, supporting both banks' willingness to lend and borrowers' renewed demand for credit.

Since April 2025, both lending rates and loan volumes have started to increase, pointing to a strengthening of credit demand and an expansion in credit supply. During the second quarter of 2025, banks have reported a substantial increase in the demand for housing loans and a more modest increase for consumer credit due to improved market prospects and enhanced consumer confidence.

Figure 12: Growth rate of banking credit to households and NFCs in the euro area



Source: ECRI Statistical Package 2025.

b. Effects of increased interest rates on household indebtedness

In the previous section, the evolution of household indebtedness over recent years was analysed per loan category. This section will build on what was observed and will review how current interest rates are impacting households' behaviour.

Starting by observing how housing loans as a percentage of household disposable income (GDI) changed between 2020 and 2024, the figure below shows a general decrease in credit as a share of GDI (see Figure 13). In fact, it was only in 2020 and 2021 that the share of credit to GDI ratio was positive. Since then, growth has been negative, recording the largest decrease of almost 7 % in 2023. Housing credit over GDI decreased by 3.9 % in 2024.

Consumer credit as a share of GDI was negative for the observed period. This indicates that households have spent a decreasing share of their disposable income on credit for consumption, a trend that persisted in 2024 with -2.1 % of consumer credit as a share of disposable income.

Loans for other purposes as a share of disposable income mirrored the trend in housing loans but saw greater volatility, with a decreasing trend that bottomed out more steeply at -10.1 % in 2023. This marked the sharpest decline across all loan types. By 2024, a partial rebound occurred, but still at -5.7 %.

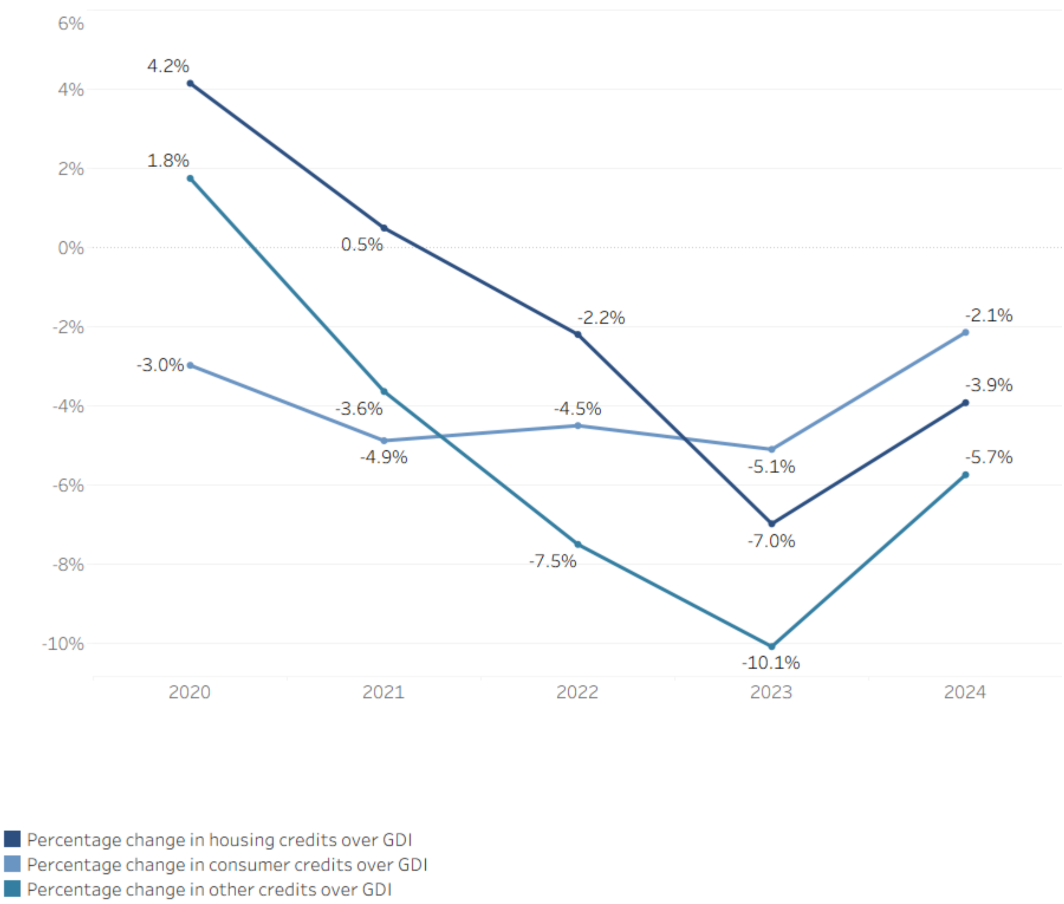
Overall, the data suggest that household borrowing as a share of income has been reduced because of rising interest rates. The reduced decrease observed in 2024 suggests households are gradually adjusting to new interest rates. This development is consistent with the decline in the household saving rate during the second half of 2024, indicating growing confidence in the general economic outlook. As precautionary savings decreased and borrowing began to rise again amid lower interest rates, households have appeared to shift towards the less cautious behaviour that characterised 2023.

As previously stated, consumers seem to be reacting progressively to policy changes. This progressive approach is equally applicable to reducing their credit demand as to increasing it. The evolution that can be observed in the table below is aligned with the general increase in households' disposable income in the euro area and the slow recovery of credit uptake.

Households are not equally exposed to changing interest rates and hence react differently. Borrowers with variable-rate mortgages experienced a rise in repayment costs, while fixed-rate borrowers only notice changes once they take on new loans.

In the EU, lower income households are on average more heavily impacted by interest rate changes than high income households. In 2024, 30 % of the lowest income quintile have variable rate loans, compared to 17 % for the highest. This increases the risk of falling into over-indebtedness and experiencing financial distress.

Figure 13: Evolution of credit as a share of gross domestic income per type of credit, percentage change (2020-24)



Source: ECRI Statistical Package 2025.

To assess whether current household debt levels pose a risk to macroeconomic or financial stability, both household solvency and liquidity must be evaluated. Regarding solvency, data for the euro area show that in 2024 household total assets increased by 5.4 %, while liabilities rose by only 1.1 %. Households are also simultaneously holding assets worth four times their financial liabilities. On the liquidity side, for the largest euro area economies, the debt-service-to-income ratio either declined or remained stable in 2024 compared with 2023.

Although recent trends in household debt appear manageable and even supportive of economic activity, underlying vulnerabilities should not be overlooked. Current solvency and liquidity indicators show a relatively reassuring picture – household assets continue to outpace liabilities and debt-service burdens have remained stable, suggesting that households are generally well positioned to absorb financial pressures.

While household mortgage debt can be a threat to financial or macroeconomic stability, consumer loans are more linked to the problem of over-indebtedness and have other important social and individual problems.

Over-indebtedness

Unlike indebtedness, over-indebtedness lacks a universally accepted definition. Each country tends to adopt its own definition based on its legal and institutional framework. This conceptual ambiguity also explains the absence of dedicated quantitative measures or standardised indicators.

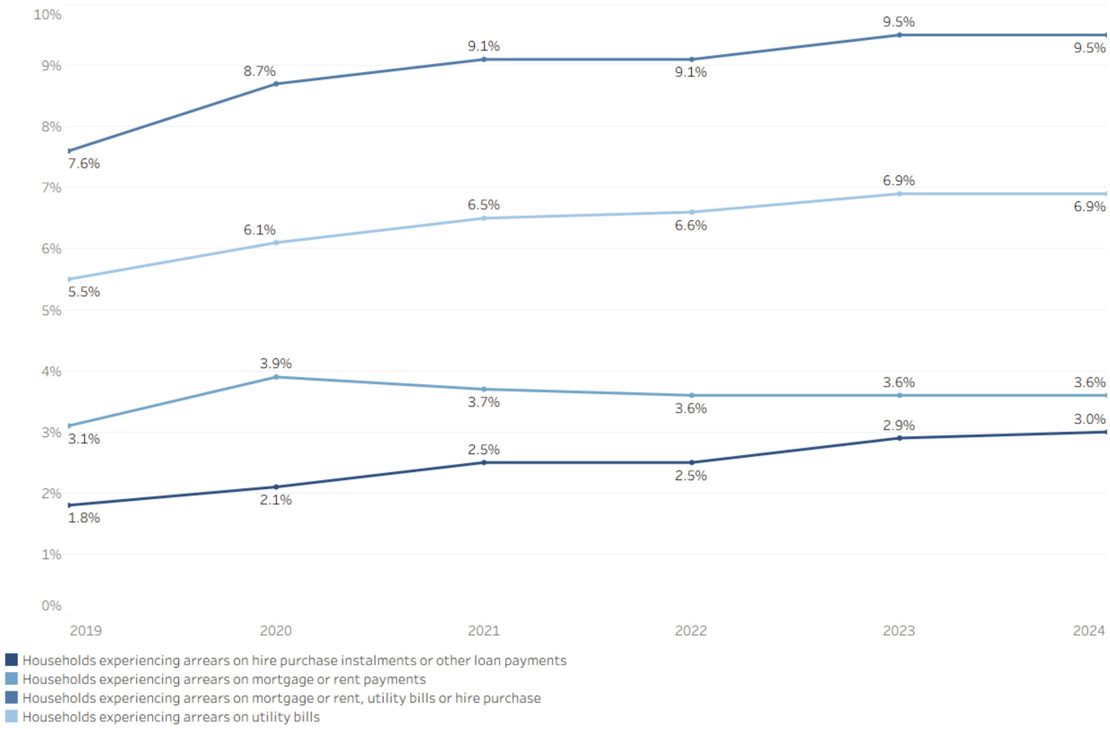
While indebtedness is the level of debt held by households, over-indebtedness implies a situation where debt repayment obligations have become unsustainable and the repercussions extend well beyond the economic dimension, affecting both individual wellbeing and broader social outcomes.

At the EU level, the Consumer Credit Directive (CCD2) and the Mortgage Credit Directive (MCD) include preventive measures that aim to mitigate over-indebtedness. These directives place greater responsibility on lenders to disclose the true cost of borrowing and to assess borrowers' ability to repay, thereby promoting more responsible lending practices.

The evolution of arrears provides insights on household over-indebtedness. Figure 16 shows the gradual rise in arrears in the euro area. Most categories of credit experienced increasing arrears. Arrears on hire purchase moved from 9.5 % to 9.6 %, arrears on utility bills rose from 6.9 % to 7.0 % and mortgage or rent arrears increased from 2.9 % to 3.0 %. This shows that households are facing a slight increase in their liquidity constraints. This growing difficulty in meeting short-term obligations highlights how households with lower financial buffers or income sources have remained vulnerable. Only arrears on hire purchase or other loan payments remained unchanged at 3.6 %.

While the total number of arrears increased, the rise was relatively modest. This may be explained by higher household savings during economically challenging periods. Supporting this interpretation is the decline in the ratio of loans to households' gross disposable income (GDI) and the negative growth rate observed in certain loan categories. This indicates that households generally opted to save more, repay existing debts and avoid taking on new loans. Furthermore, many EU Member States implemented targeted measures to help households cope with the rising cost of living, which likely contributed to the relatively muted impact of inflation on the levels of arrears.

Figure 14: Arrears on household loans



Source: Eurostat

c. Conclusions

Monetary policy plays a fundamental role in ensuring price stability over the medium to long run, which ultimately benefits all sectors of the economy. Stable prices support growth and preserve purchasing power. However, the short-term effects of monetary tightening can be uneven across sectors. Rising interest rates, while necessary to contain inflation, can temporarily reduce credit demand, constrain access to financing, and increase debt servicing costs, especially for more vulnerable borrowers such as households with variable-rate loans or limited financial buffers.

Recognising these short-run drawbacks is crucial for policymakers and financial institutions. It allows them to anticipate distributional impacts and design complementary measures to support vulnerable groups.

In 2024, easing inflation and the gradual reduction of ECB policy rates began to reverse the effects of the previous tightening cycle. Lending rates started to decline and by mid-2024 loan growth stabilised, with a modest recovery emerging in the second half of the year. Consumer credit bounced back as real incomes improved, while mortgage lending recovered more slowly due to delayed adjustments in the housing market.

Household indebtedness remained stable with less liabilities than assets and steady debt-service ratios. However, arrears slightly increased in 2024, indicating pressure on liquidity-constrained households. Overall, while monetary tightening temporarily restrained credit and elevated repayment pressures, household solvency and liquidity was only slightly impacted by changing interest rates on loans.

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