

OeNB Report 2025/I: Bank Lending Survey – Weak economy slows down lending

Austrian results of the January 2025 euro area bank lending survey

Gerald Hubmann¹

Bank lending in Austria has been adversely affected by the recession observed since mid-2022 and the subdued growth outlook for 2025. Enterprises' demand for bank loans once more declined in Q4 2024. This continued a trend that has been ongoing for more than two years. Moreover, in contrast to previous survey rounds, the participating banks are more pessimistic about the future, expecting another small decline in demand in Q1 2025, mostly because of a drop in the financing need for fixed investment. Financing needs for inventories and working capital have also been decreasing somewhat since Q2 2024.

Survey results have also indicated rising risk levels since 2022. As a result, Austrian banks have comprehensively tightened their credit standards for loans to enterprises, particularly for loans to real estate enterprises. This is also reflected in the number of loan applications from enterprises that have been rejected by banks. In fact, we have seen a rising trend in rejections since 2022, with small and medium-sized enterprises getting more rejections than large enterprises.

Household demand for loans for house purchase increased somewhat in Q4 2024 and is expected to continue to rise in Q1 2025. This confirms a moderately increasing trend observed since early 2024, which originated in a historical low in demand and has been driven by the return of falling interest rates.

Note: The full report in German can be found at [OeNB Reports](#).

¹ Oesterreichische Nationalbank, Business Cycle Analysis Section, gerald.hubmann@oenb.at.