

CREDIT IN THE EUROZONE: TOWARDS A TIGHTENING OF CREDIT STANDARDS, TARGETING HOUSEHOLDS BUT LIMITED IN SCOPE

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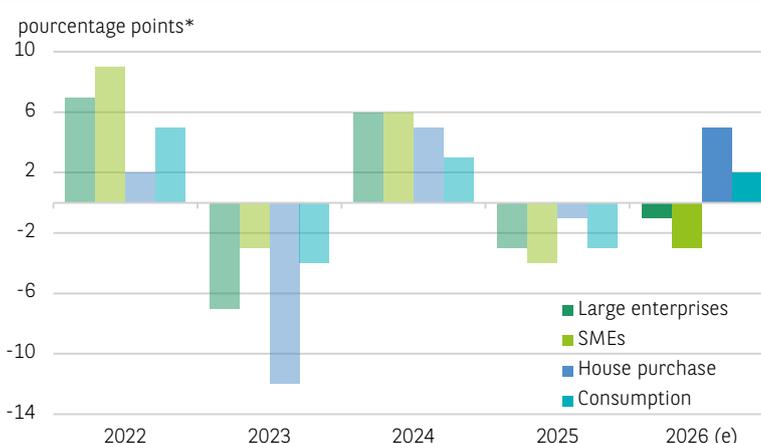
According to the ECB's Bank Lending Survey (BLS), some banks in the Eurozone may tighten their credit standards for households more significantly in 2026 than in 2025. The reason for this is the more constraining calculation of regulatory capital requirements. In contrast, the tightening would be less severe for corporations. This desynchronisation is unusual. It tends to illustrate the effect of the ramp-up of the output floor, which would particularly affect housing loans. However, the effect would remain very limited: only one in ten banks is considering to change its standards. New loans to households and corporations would keep their momentum largely unchanged.

Between 15 December 2025 and 13 January 2026, the ECB surveyed the 140 largest banks in the Eurozone on the effect of recently approved, implemented or forthcoming regulatory or supervisory actions on their credit standards¹. Among those planning to tighten their standards over the next 12 months, households would be hit harder than corporations. For example, 10% of banks expect a slight tightening for housing loans, 3% a strong tightening and 1% a slight easing. The net percentage of banks expecting further tightening in 2026 is much higher than the net percentage observed in 2025 (12% and 7%, respectively). The same applies to consumer loans. On the contrary, the tightening of credit standards for corporations in 2026 is expected to be less than that observed in 2025.

Historically, changes in credit standards for households and corporations have moved in the same direction. Therefore, the desynchronisation expected for 2026 is unusual. It tends to demonstrate the initial noticeable effects of the ramp-up of the output floor. The latter leads to an increase in regulatory capital requirements, particularly in relation to housing loans. More generally, the entry into force of CRR3 – the European translation of the finalised Basel III Accord – on 1 January 2025 will lead to higher regulatory capital requirements, which is likely to tighten credit standards². The banks surveyed by the ECB also mention the impact of higher liquidity requirements in order to comply with regulatory liquidity ratios, particularly due to geopolitical uncertainties.

However, only one in ten banks is considering to change its credit standards due to the new prudential requirements. The impact would therefore be very limited. It could be confined to banks whose housing loans represent a significant portion of their portfolio, or to those that would accept a slowdown in the growth of their housing loan portfolio because it is less strategic. Ultimately, new loans would remain largely buoyant: since June 2025, the cumulated monthly flows of new loans over 12 months has increased, on average and a year-on-year basis, by 30% for housing and 10% for corporation loans.

IN 2026, CREDIT STANDARDS FOR LOANS TO HOUSEHOLDS WILL BE (SLIGHTLY) MORE IMPACTED BY THE TIGHTENING OF PRUDENTIAL REQUIREMENTS



*Annual change in the percentage of banks responding that regulatory or supervisory actions have tightened or will tighten credit standards, minus the percentage of banks responding that they have eased or will ease credit standards.

SOURCES : ECB, BNP PARIBAS

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1 Credit standards are internal standards at banks which must be met for a credit to be granted before the credit terms and conditions (such as rate and maturity) are even negotiated. The ECB does not publish information on the effect of the prudential requirements on credit terms and conditions.

2 Banks' risk weighted assets (RWA) can no longer be less than a proportion (50% in 2025 and up to 72.5% by 2030) of RWAs resulting from solely applying the standard approach. The advanced approach replaces the standard weightings with weightings from internal models approved by the regulator. Please see, in particular: [Home loans in France: will the new prudential requirements result in interest rate hikes and higher down payments?](#)

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