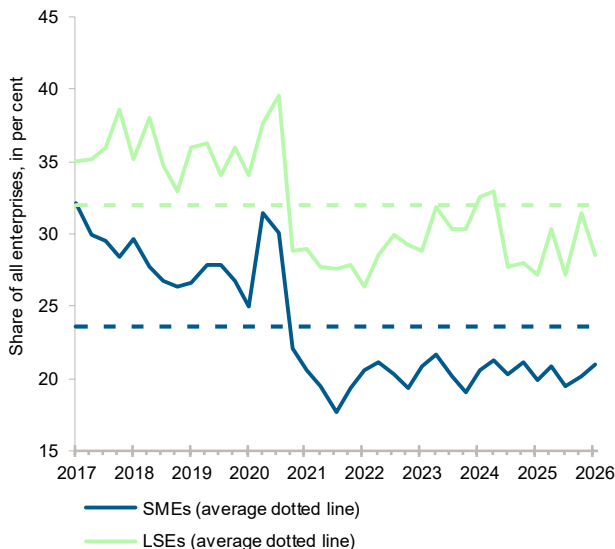


# Hardly any easing in access to credit

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- Corporate demand for credit is barely moving. The share of enterprises engaged in credit negotiations has been fluctuating around a below-average level in both size classes for quite some time. The muted interest in bank loans in the first quarter, however, also argues against an abrupt increase in financing needs as a result of higher energy prices.
- Large-scale as well as medium-sized enterprises continue to face stringent requirements in their efforts to obtain credit. New highs in the credit hurdle were not reached despite the current war-related deterioration in the economic and risk situation.

Share of enterprises in loan negotiations

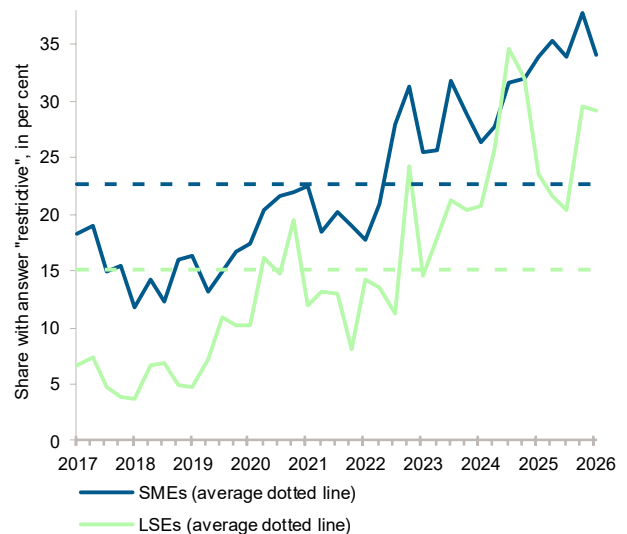


Source: KfW Research, ifo Institut

## Firms remain cautious about taking up credit

The wait for a significant revival in credit demand continues in the first quarter of 2026. While the share of small and medium-sized enterprises (SMEs) that spoke with banks about loans rose slightly for the second consecutive time (+0.8 pp), at 21% the proportion of SMEs interested in credit remained clearly below the long-term average. A combination of structural and cyclical factors is likely responsible. On the one hand, fiscal impulses improved sentiment up to the outbreak of war in the Middle East but they failed to visibly stimulate corporate investment activity.<sup>1</sup> On the other hand, a recent special survey for the KfW SME Panel shows that SMEs' willingness to use a bank loan to finance investment has fallen to its lowest level in ten years.<sup>2</sup> Among large-scale enterprises (LSEs), following the interim high in the previous quarter, the share of firms in credit negotiations fell again to 28.6% (-2.9 pp). The low figures also allow a positive interpretation, as they do not yet provide evidence of potential economy-wide liquidity bottlenecks as a result of the energy price surge.<sup>3</sup>

KfW-ifo Credit Constraint Indicator: How did banks conduct themselves in loan negotiations?



## Hardly any easing of restrictive lending policy

After the KfW-ifo Credit Constraint Indicator for SMEs reached a new record high at the end of 2025, a somewhat smaller share of mid-sized firms – 34% (-3.8 pp) – now reported difficult credit negotiations. Among larger, credit-interested enterprises, 29.1% perceived the behaviour of financial institutions as restrictive. The decline in the credit constraint indicator for this size class is negligible at 0.3 pp. The difficult economic and risk environment continues to be seen as a key driver of banks' caution. Over the course of last year, the ratios of non-performing loans for non-financial corporations overall, and especially for SMEs, rose markedly. And improvement is not in sight for now. Insolvency activity<sup>4</sup> picked up again in March. In addition, the economic outlook for Germany has clouded as a result of the Iran war. We therefore reduced our GDP forecast for 2026 in April from 1.5 to just 0.9%.<sup>5</sup> In this uncertain environment, new highs of the credit constraint indicator cannot be ruled out, especially if loans are increasingly sought to cover unplanned higher costs.

## The KfW-ifo Credit Constraint Indicator in figures

Share in per cent		Quarter / Year					Vq.	Vj.
		Q4/24	Q1/25	Q2/25	Q3/25	Q4/25		
<b>Credit constraint</b>								
Manufacturing	SME	33.4	33.2	35.7	34.5	35.1	0.6	1.7
	LSE	35.5	20.8	19.6	15.5	28.3	12.8	-7.2
Construction	SME	24.8	29.6	26.8	27.6	29.6	2.0	4.8
	LSE	28.0	33.3	20.2	37.0	31.3	-5.7	3.3
Wholesale trade	SME	36.7	36.8	41.0	37.9	35.6	-2.3	-1.1
	LSE	21.6	27.8	24.5	21.1	41.7	20.6	20.1
Retail trade	SME	37.2	33.5	35.3	45.6	45.2	-0.4	8.0
	LSE	36.2	20.4	31.5	32.7	49.7	17.0	13.5
Services	SME	31.6	35.0	36.2	33.3	41.4	8.1	9.8
	LSE	27.9	27.0	20.2	21.6	20.3	-1.3	-7.6
<b>Germany</b>	<b>SME</b>	<b>32.0</b>	<b>33.8</b>	<b>35.2</b>	<b>33.9</b>	<b>37.8</b>	<b>3.9</b>	<b>5.8</b>
	<b>LSE</b>	<b>31.9</b>	<b>23.6</b>	<b>21.5</b>	<b>20.4</b>	<b>29.4</b>	<b>9.0</b>	<b>-2.5</b>
<b>Share of enterprises</b>	SME	21.1	19.9	20.9	19.5	20.2	0.7	-0.9
<b>in loan negotiations</b>	LSE	28.0	27.2	30.3	27.2	31.5	4.3	3.5

Source: KfW Research, ifo Institute

Explanations and abbreviations:

S(mall and) M(edium-sized) E(nterprises).

L(arge-)S(cale) E(nterprises).

Change in percentage points q(arter)-o(ver)-q(arter).

Change in percentage points on prior-year quarter.

### On the construction and interpretation of the KfW-ifo Credit Constraint Indicator

The Credit Constraint Indicator has been surveyed on a quarterly basis since 2017 as part of the ifo economic surveys following a methodological revision. Credit constraint shows the percentage of enterprises that describe banks' position in loan negotiations as 'restrictive'. In order to ensure that estimates of banks' lending propensity are based on enterprises' original experiences, only those enterprises are surveyed that previously reported having conducted loan negotiations with banks in the preceding three months. The development of this percentage can then be interpreted as an indicator of changes in demand for bank loans.

The evaluation of the survey findings for the KfW-ifo Credit Constraint Indicator is broken down by size classes and sectors. Each month about 9,000 enterprises from trade and industry, construction, wholesale, retail and services (without the banking and insurance sectors or the state) are polled on their business situation, among them some 7,500 SMEs. Enterprises are generally classed as small to medium-sized if they employ a workforce of not more than 500 and record an annual turnover not exceeding EUR 50 million. For a more accurate analysis, however, these quantitative distinctions have to be drawn more narrowly for retail trade (maximum annual turnover of EUR 12.5 million), the building and the construction industry (up to 200 employees) and services (maximum annual turnover of EUR 25 million). All enterprises that exceed at least one of these thresholds are classed as large-scale enterprises.

<sup>1</sup> Wanke, S. (2026) Stuck in the Strait of Hormuz; KfW-ifo SME Barometer: March 2026, KfW Research.

<sup>2</sup> Gerstenberger, J. (2026), Bereitschaft Bankkredite zu nutzen, sinkt weiter – kleine KMU besonders zurückhaltend, (*Willingness to use bank loans continues to decline – small SMEs particularly reluctant* – in German only), Focus on Economics No. 543, April 2026, KfW Research.

<sup>3</sup> Körner, J. (2026), Uncertainty and the energy price shock are slowing the revival in lending, Credit Market Outlook April 2026, KfW Research.

<sup>4</sup> Müller, Steffen (2026), IWH-Insolvenztrend April 2026, (*IWH insolvency trend* – in German only), Press release 12/2026.

<sup>5</sup> Schumacher, D. (2026) Ein hartnäckiger Energiepreisschock, (*A persistent energy price shock* – in German only), Economics in Brief No. 260, KfW Research.