ANALYSIS OF THE PRIVATE CREDIT MARKET IN SPAIN

Esther Cáceres, Martin Farias and Gianmarco Ruzzier

BANCO DE ESPAÑA

Clara (Chi) Xu

WHARTON SCHOOL OF THE UNIVERSITY OF PENNSYLVANIA

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Esther Cáceres, Martin Farias and Gianmarco Ruzzier belong to the Financial Stability and Macroprudential Policy Department of the Banco de España. Clara (Chi) Xu is a PhD student at the Wharton School Finance Department. The authors are grateful for the comments received from Sergio Mayordomo, Javier Mencía, Carlos Pérez Montes, Daniel Santabárbara, José María Serena and an anonymous referee. Email for comments: gianmarco(dot)ruzzier(at)bde(dot)es.

Abstract

The private credit market has grown considerably in recent years, establishing itself as an alternative to traditional bank funding. While still representing only a small fraction of total corporate lending, particularly in Spain, developments in the private credit market reflect a growing sophistication and diversification, prompting supervisors to consider closer monitoring to safeguard the stability of the financial system. In Spain, most of the firms that access private credit operate in the technology, communications, industrial and trade sectors. They also tend to be larger firms, but not more profitable or more leveraged. The prevalence of non-bank lenders and foreign capital – particularly from the United States and France – demonstrates the internationalisation of the Spanish market and its interconnectedness with the global financial system. Private credit deals characteristically have larger amounts, longer maturities and higher interest rates than bank loans, along with a different risk profile and greater contractual flexibility. This article explores these dynamics to describe the current state of Spain's private credit market and its implications for financial stability.

Keywords: private markets, private credit, non-bank financial sector, financial stability.

1 Introduction

The private credit market – which encompasses finance typically provided through non-bank loans to non-financial corporations via specialised investment funds – has gained increasing prominence as an alternative source of funding. The success of this market owes, first, to its role as a particularly valuable source of funding for firms that struggle to access traditional sources, such as bank credit. According to a survey conducted by Block, Jang, Kaplan and Schulze (2024), US and European investors in the private credit market believe that they finance companies that banks would not fund. Second, these investment funds have the advantage of specialisation, giving them superior screening and monitoring capabilities than banks, and can offer bespoke loan terms that sometimes better those available from banks (Avalos, Doerr and Pinter, 2025).

The market's growth has been fuelled by the protracted low interest rate environment and regulatory reforms that encouraged banks to hold safer assets on their balance sheets and, consequently, adopt tighter credit standards. Indeed, the private credit market is larger in countries with lower interest rates, less efficient banking systems and, to some extent, more stringent banking regulation (Avalos, Doerr and Pinter, 2025).[1]

The growth in funds intermediated in this market pushed the assets managed by private credit funds to over USD 2.2 trillion globally in 2024, compared with USD 1.2 trillion in the syndicated

1 Chernenko, Erel and Prilmeier (2020) conclude that banking regulation is a key factor driving firms' decision to borrow from non-banks.

loan market and USD 1.8 trillion in the high-yield bond market (PitchBook, 2025). This private credit growth has primarily taken place in the United States and Europe (including the United Kingdom), where it accounts for 7% and 1.6%, respectively, of total corporate lending (International Monetary Fund, 2024). Private credit has also expanded in Asia, although in certain jurisdictions, such as Japan, it is less prevalent than in the United States or Europe (Kuroda, Hasebe, Ito and Ikeda, 2024; Wong, Leung, Wong and Lu, 2024). In Spain, private credit remains in a development phase marked by rapid growth in the volume of funding available. Recent trends in the Spanish market reflect both an increase in the number of deals and a growing diversity of sectors and business profiles.

In addition to its growth, the market's deepening interconnectedness with the banking system – and the associated risks for financial stability – are a source of concern. First, banks' exposure to private markets at several points along the funding chain add complexity to risk assessments, which are typically broken down by product type and tend to underestimate risk concentration. Second, reduced transparency in private markets hampers such risk assessments, which rely on information provided directly by private funds, which in many cases is incomplete and insufficient.

This article provides an overview of developments in private markets, followed by a specific analysis of the private credit market, comparing the United States, the euro area and Spain. Lastly, the article presents a study of the characteristics of the agents participating in Spain's private credit market and of the deals conducted. The aim is to provide a comprehensive picture of a market that, while still small in terms of volume, has the potential to become a major component of Spain's financial ecosystem, with implications for financial stability. According to the findings, the firms accessing private credit in Spain primarily operate in the technology, communications, industrial and trade sectors and tend to be larger, although not more profitable or more leveraged, than others. There is a marked presence of non-bank lenders and foreign capital, particularity from the United States and France, which underscores the internationalisation of the Spanish market and its interconnectedness with the global financial system. Private credit deals characteristically involve larger amounts, longer maturities and higher interest rates than bank loans.

Section 2 analyses the general characteristics of private markets, focusing both on developments in volumes raised by fund type and on the distribution of deals completed by asset type and region. Section 3 discusses patterns in the private credit market, comparing the United States, the euro area and Spain, with a particular focus on the capital invested in private credit funds and its changes over time. Section 4 examines the characteristics of firms accessing private credit in Spain, along with the profile of the lenders in such deals. Lastly, Section 5 presents the conclusions drawn.

2 Private markets: characteristics and evolution

Private markets are markets where assets not listed on public exchanges are traded. They break down into "capital markets", "credit markets" and "real asset markets", and serve as a source of funding for firms throughout their life cycle, constituting an alternative to bank credit. In these markets, investors – mainly large non-banks (such as pension funds and insurance companies), but sometimes also individuals – channel funds to firms either directly or indirectly (with the intermediation of specialised investment funds) and provide funding instruments tailored to each stage of business development.

Firms tap private capital markets to raise funding according to their specific needs in each stage of the life cycle (Arnold, Claveres and Frie, 2024). Early-stage start-ups often turn to venture capital (VC) funds, which supply capital to young firms with high growth potential, but that also carry significant risk and uncertainty. These funds tend to be smaller, they operate with shorter investment horizons and focus on innovative sectors. In later stages, firms access financing from private equity (PE) funds, which manage significantly larger volumes of capital and focus on more mature companies. PE funds tend to acquire majority holdings via leveraged buyouts, with a view to restructuring, streamlining and scaling up these firms. Lastly, PEs and VCs typically exit their investments through strategic mergers and acquisitions (M&As) or initial public offerings (IPOs), enabling investors to realise the value created during the investment period.

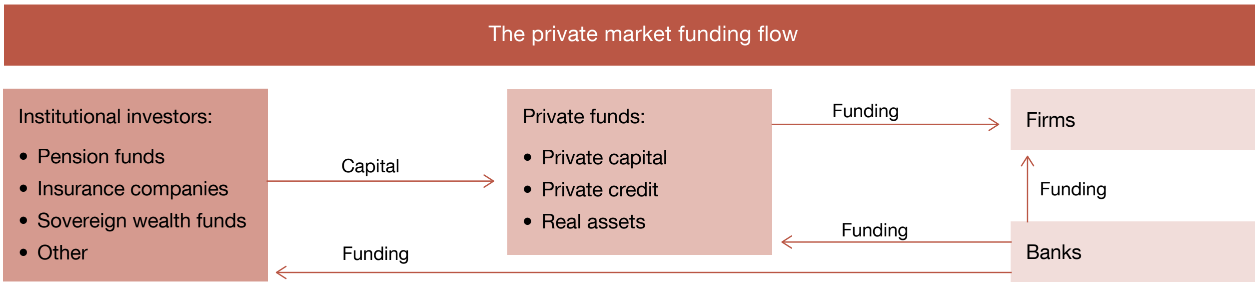
In addition to capital markets, private markets also encompass segments such as private credit and investment in real assets (infrastructure, real estate, commodities and other resources) (Aramonte and Avalos, 2021). Private credit includes loans made directly by non-bank investors, such as specialised funds or insurance companies, to firms seeking funding outside the traditional banking system. Like PE, this type of funding is usually provided to more mature firms. Meanwhile, the real asset segment includes investments in infrastructure, real estate, commodities and natural resources and provides exposure to tangible assets, which typically are less correlated with traditional financial markets.

One of the main distinguishing features of private markets is their regulation, which is lighter than in the banking system. This is because private markets were traditionally viewed as posing less risk to financial stability, largely due to a less pronounced asset-liability liquidity mismatch and more limited retail investor participation. Indeed, most capital in private markets is managed by alternative asset managers through closed-end funds[2] and provided by non-bank institutional investors that are not deposit-taking and do not access central bank funding, meaning they are subject to less regulation. They are often large, highly sophisticated investors, such as pension funds.

Not only have private markets consolidated over the past two decades, they have also seen significant growth. While this growth has broadened firms' funding options across the life cycle, private markets' deeper interconnections with the financial system have amplified the risks they pose to financial stability, creating a need for greater monitoring.

2 Closed-end funds issue a fixed number of shares/units that cannot be redeemed before a specific date, limiting the transformation of liquidity. Some are available only to large institutional investors, while others are listed on public exchanges and open to retail investors.

Figure 1
Private market funding



SOURCE: Devised by authors.

As Figure 1 shows, banks are exposed to risks from these markets through multiple channels. Banks may be exposed both directly, through loans to PE fund investees, and indirectly, through credit facilities extended to the funds themselves or loans to investors in these funds (Aramonte and Avalos, 2021; González and Pérez-Santamarina, 2025; Haque, Jang and Wang, 2025). In addition, funds operating in private markets may themselves be interconnected. For instance, firms backed by PE funds tend to raise financing on the private credit market.[3] In short, while banks' exposures to private markets may appear limited when considered alone, there could be hidden leverage at several points along the funding chain, meaning banks may underestimate the scale of the risks they are taking on. What might appear as a straightforward asset-backed loan could turn out to be a complex set of related exposures that share underlying risk drivers and vulnerabilities, posing a threat to financial stability (Claudia Buch, 2025). This structural complexity and the poor aggregate visibility of total leverage underscore the need for greater transparency in these markets and further study of their functioning and potential risks.

One feature of private markets is that funding deals can involve multiple actors, such as private credit funds, other types of investment funds and even banks. Therefore, it is important to distinguish between the volume of funds raised by the funds (fundraising) and the number of completed deals, since these are different dimensions of the market. Charts 1 and 2 examine both of these dimensions in the United States, the euro area and Spain.

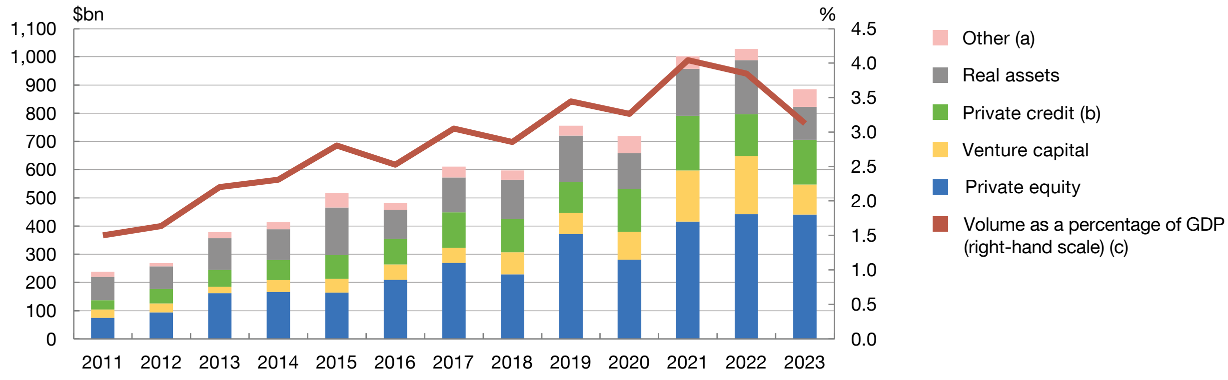
Chart 1[4] shows the volume of funding provided in private markets, proxied by capital investment flows into the main investment fund categories. As can be seen, funding has increased in both the United States and the euro area. In Spain, however, capital levels remain more volatile, reaching their peak in 2021 before falling again in the following years. As for the distribution of capital by private market segment, in 2024 private credit outstripped VC for the second consecutive year in terms of private market fundraising, with USD 197.1 billion and ranking

3 In the United Kingdom, nearly 20% of the debt of PE-backed firms is sourced from the private credit market, compared with around 2% for all firms (Bank of England, 2024).

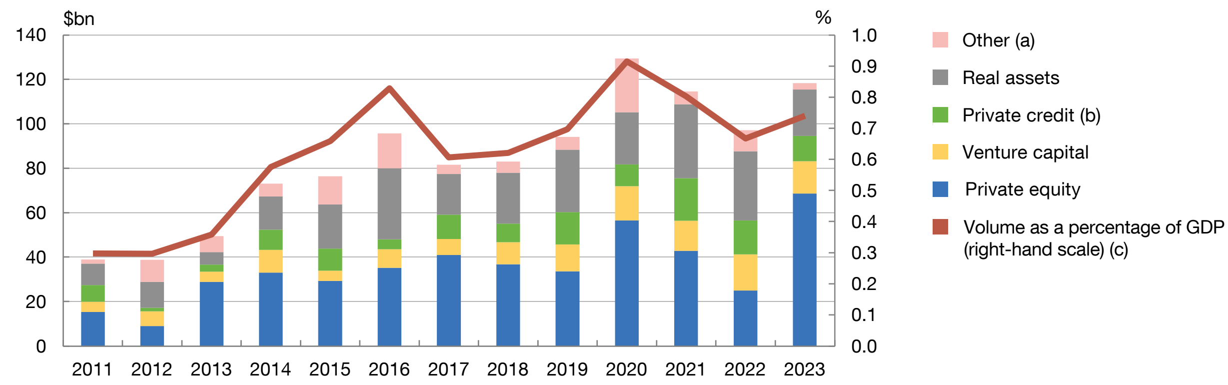
4 In Chart 1 the private credit category excludes PitchBook's "Debt-General" and "CLO securitisations" categories, as these are considered traditional financing (in line with Haque, Mayer and Stefanescu, 2025).

Chart 1
Capital invested in private funds by market category

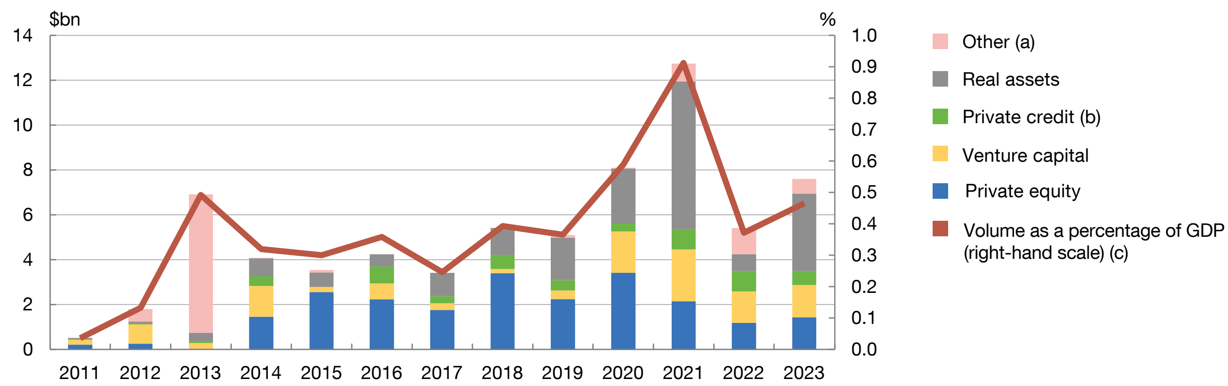
1.a United States



1.b Euro area



1.c Spain

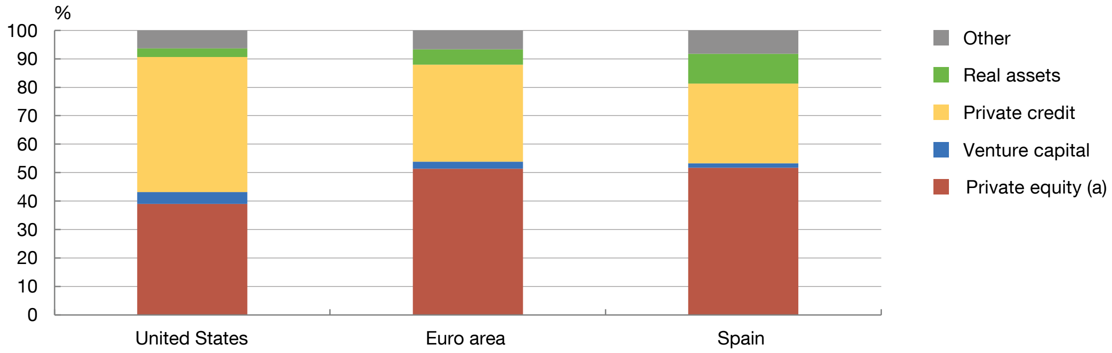


SOURCES: PitchBook and Eurostat.

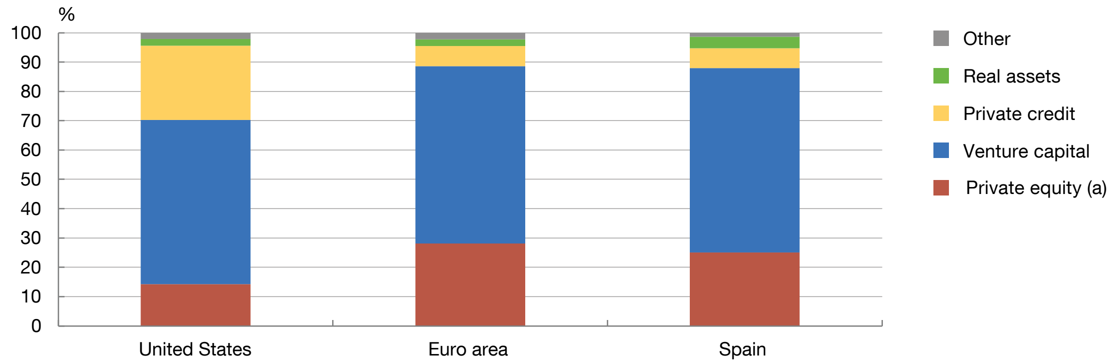
a "Other" includes the "Other", "Coinvestment", "Secondary" and "Fund of funds" categories in PitchBook.
b "Private credit" is the "Debt" category in PitchBook excluding the subcategories of "Debt-General" and "CLO securitisations", which are considered traditional financing rather than private credit in the strictest sense.
c GDP is taken at the end of each year and converted to dollars at the corresponding exchange rate.

Chart 2
Distribution of deals by market type (average 2011-23)

2.a Deal size



2.b Deal numbers



SOURCES: PitchBook and Eurostat.

a Includes M&A deals.

second only to PE (PitchBook, 2025). In the United States, the distribution of financing across fund types has held relatively stable (Chart 1.a), with PE, private credit and real asset funds accounting for the bulk of the total. Developments in the euro area have been more volatile, with other fund categories playing a larger role (Chart 1.b). In Spain, significant market concentration in PE is evident in the early years of the sample, while real asset funds have grown over time (Chart 1.c). Although there has been some increase in investment in the private credit market, it still fluctuates significantly from year to year, suggesting that Spain's private market is less consolidated than that of the United States or the euro area.

The distribution of deals originated in these markets – in terms of deal numbers and deal size – differs across the regions. As Chart 2 shows,[5] in the United States, where private markets are more mature, most of the overall deal size is accounted for by the private credit market, followed by PE. This suggests that the majority of funding is provided to more established or

5 In Chart 2 private credit deals include bonds and credit transactions with banks. PitchBook classifies such deals as private credit when there is an intermediary between the recipient firm and the lending credit institution.

mature firms. Indeed, VC, which engages in funding provided to start-ups, is the least significant market in terms of deal size.

However, looking at the number of deals we find the opposite is true: the number of VC deals is far higher than that of private credit and PE deals combined. This is further evidence that VC funds finance start-ups, which are generally smaller than more mature firms.

In the euro area and Spain, the private credit market has a smaller footprint than in the United States. In both geographical areas the PE deal size is larger, showing very similar levels. In addition, deals involving real assets are more prominent in Spain, representing 10% of the total deal size on average.

As for deal numbers by market type, the VC segment is characterised by a high number of small transactions, which is consistent with its focus on start-ups. By contrast, PE markets present a significantly lower number of deals, but a far higher deal size. Similarly, although the private credit segment represents less than 10% of the total number of deals, it accounts for 28% of deal size, indicating that it typically involves larger deals.

3 The private credit market in the United States, the euro area and Spain

Broadly speaking, the private credit market includes non-bank loans extended by specialised investment vehicles to non-financial corporations.[6] These are usually variable rate loans and can be direct, subordinated,[7] collateralised or special situations credit[8] and are negotiated directly between borrower and lender. Flexibility in the terms of these loans allows firms to access funding tailored to their specific needs.

In the United States, most vehicles providing such funding are closed-ended investment funds (Haque, Mayer and Stefanescu, 2025; Cai and Haque, 2024) that lock in capital for their life cycle, which typically aligns with their average loan portfolio maturity. This helps mitigate liquidity and maturity transformation risks, meaning lower risk to financial stability. As a result, they are subject to lighter regulation than traditional credit institutions. Moreover, these funds are not listed on public exchanges and are not open to retail investors. However, the market's success has led to the emergence of new investment vehicles, some of which offer more frequent redemption windows or retail investor access.

Private credit funds provide financing to an increasingly varied range of industries. Traditionally, manufacturing, technology and telecommunications accounted for the bulk of firms financed

6 In Spain, private credit deals typically involve collaborations with banks.

7 Such as mezzanine debt, a form of hybrid financing that combines features of both debt and equity. It ranks below senior debt in the capital structure and offers higher returns to compensate for the higher risk. Such financing can include convertible instruments and share rights (such as warrants), allowing the lender to profit from the firm's growth. It is often used to fund growth or acquisitions when the aim is to avoid immediate shareholder dilution.

8 Special situations credit refers to loans extended to firms facing unusual or complex circumstances, such as restructuring, financial distress, litigation or extraordinary corporate events.

in this market, but in recent years other sectors, such as health, energy and consumer goods, have become increasingly prominent (Avalos, Doerr and Pinter, 2025). Nevertheless, private credit funds tend to specialise in specific industries, giving them a deeper understanding of borrower needs and characteristics and allowing them to offer more favourable loan terms. This specialisation also enables them to conduct more accurate risk assessments and provide strategic consultancy to the borrower firms.

Chart 3 presents an approximation of private credit volumes based on the flow of capital investment into private credit funds. The chart compares private credit developments, measured in US dollars and as a percentage of GDP, in the United States, the euro area and Spain. In the United States, the sustained growth in total capital raised, which peaked at USD 200 billion in 2021, is consistent with a consolidated market. Conversely, in the euro area, where fundraising also peaked in 2021 (USD 20 billion), there have been no clear trends in terms of total capital raised. Meanwhile, Spain has posted very marked growth, reaching USD 900 million in 2021 and 2022, followed by USD 600 million in 2023. These figures are for capital invested in private credit funds and do not necessarily reflect the total amount of private credit extended to firms. By comparison, new lending to firms by Spanish banks amounted to €376 billion in 2023. Although these figures are not directly comparable, the developments in capital invested in private credit funds indicate a clear growth and consolidation trend in this market in Spain.

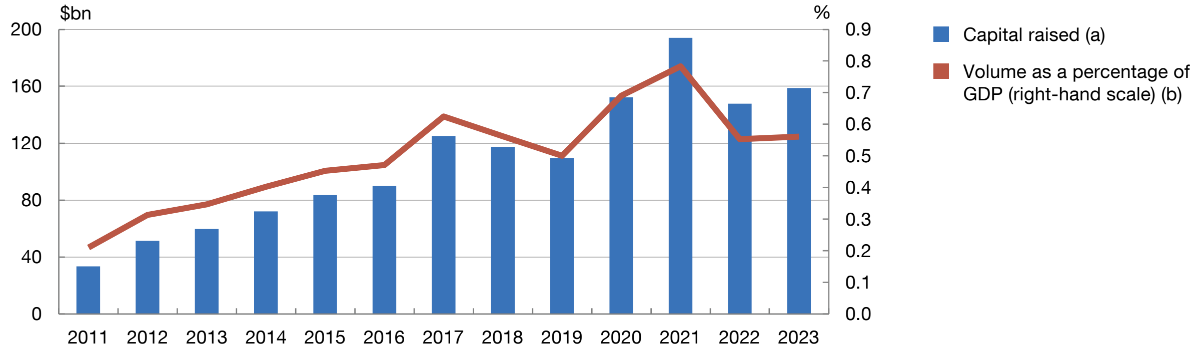
The main sources of capital for private credit funds are institutional investors, which typically have long-term investment horizons and highly predictable liquidity needs. These include pension funds, insurance companies and sovereign wealth funds. Retail investors make up a small but growing share of total fundraising. For instance, business development companies (BDCs) are publicly listed and open to retail investors, and therefore subject to greater disclosure requirements, similar to those applicable to traditional investment funds. In the United States, BDCs are experiencing rapid growth and now account for 20% of the private credit market. Should this trend continue and retail investors – who are typically less sophisticated – gain further prominence, funds may be compelled to broaden their portfolio diversification to reduce idiosyncratic risks, which could erode the competitive advantage of specialisation (Avalos, Doerr and Pinter, 2025).

In addition to their links with institutional investors, private credit funds also have ties to both bank and non-bank financial institutions. For instance, private credit and PE markets are closely interconnected, since many private credit fund managers also manage PE funds.[9] This interconnection makes for greater flexibility in asset management and means firms can be offered integrated financing solutions, combining both credit and equity. Indeed, Block, Jang, Kaplan and Schulze (2024) state that private credit market investors welcome sponsorship by PE funds, which helps with deal quality and deal sourcing and with reducing information costs, allowing private credit lenders to lend more.

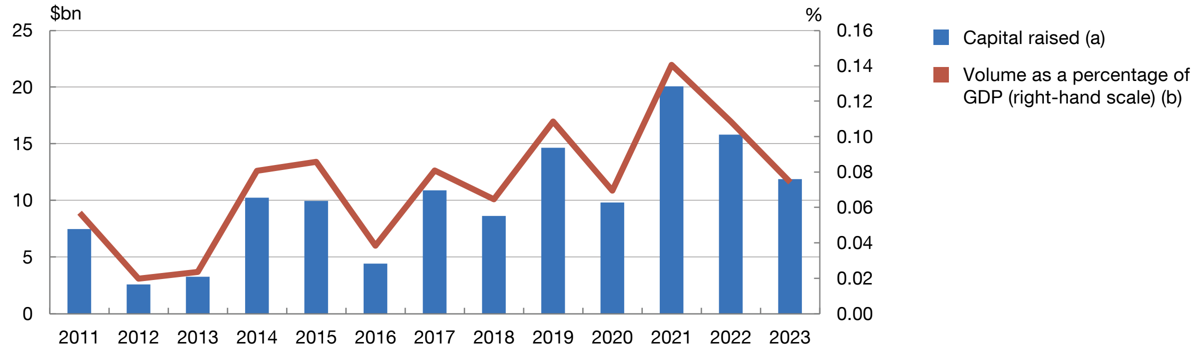
9 In approximately 70% of private credit deals, the borrower firm is backed by a PE fund (International Monetary Fund, 2024).

Chart 3
Capital invested in the private credit market

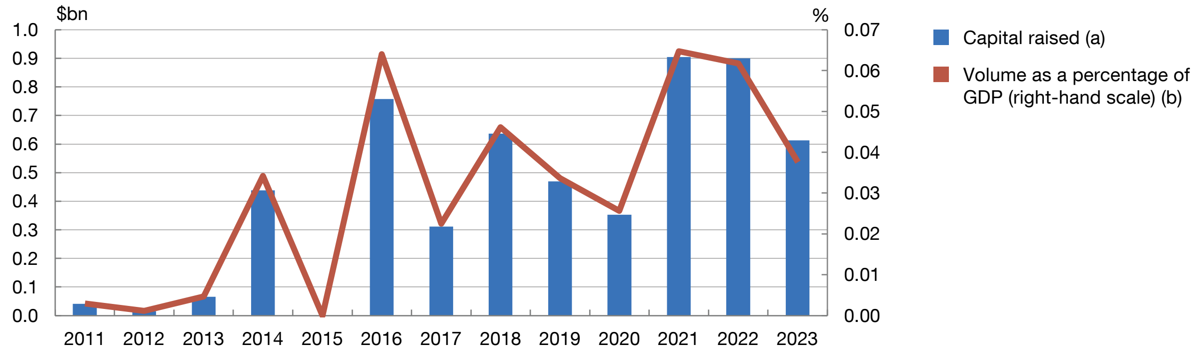
3.a United States



3.b Euro area



3.c Spain



SOURCE: PitchBook.

a Capital invested in funds categorised as “Debt” in PitchBook excluding the subcategories of “Debt-General” and “CLO securitisations”, which we consider traditional funding rather than private credit in the strictest sense.
b GDP is taken at the end of each year and converted to dollars at the corresponding exchange rate.

Despite the growth in size of the private credit market and its deepening interconnectedness with the financial sector, the risks it poses to financial stability appear contained. Banks’ aggregate direct exposure to private credit is low, while that of pension funds and insurers remains relatively small compared with their total assets (International Monetary Fund, 2024;

Federal Reserve Board, 2023). However, it is important to continue monitoring these interconnections and their potential impact on the stability of the financial system.

4 The private credit market in Spain

This section analyses the characteristics of firms that obtain financing in Spain's private credit market and explores the dynamics of these firms in the years immediately before and after loan origination. In addition, the main lenders in this segment are classified by lender type and country of origin. Lastly, the key characteristics of private credit market deals are described.

4.1 Characteristics of firms financed in the Spanish private credit market

Chart 4 compares the sectoral distribution of bank credit and private credit transactions. Private credit-financed firms are identified based on PitchBook data, while bank credit-financed firms are identified using the Banco de España's Central Credit Register (CCR).

In Spain, firms from a range of sectors use the private credit market, but four – technology, communications, industry and trade – account for around 77% of deals (Chart 4.a). Meanwhile, the main recipient sectors of bank credit are industry, trade and construction, suggesting different patterns of sectoral specialisation between the two financing channels.

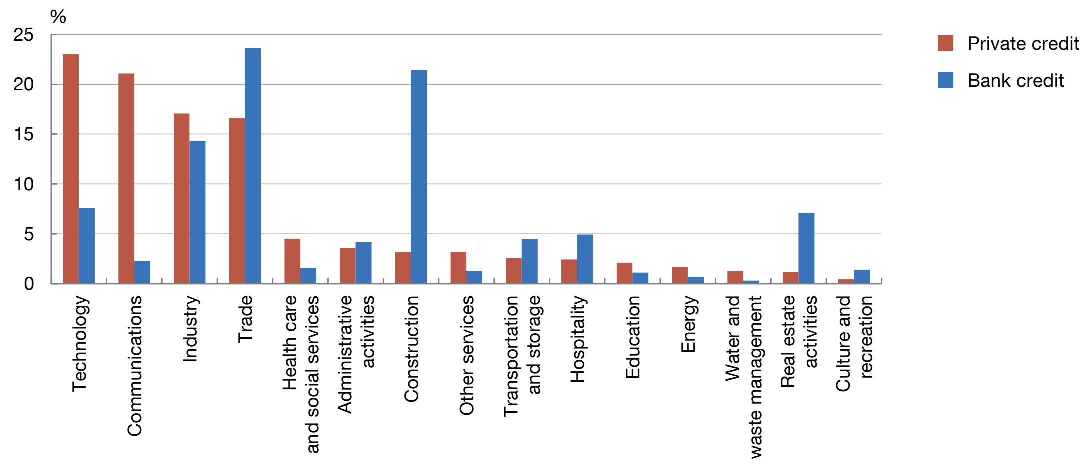
These results suggest that traditional banks tend to primarily finance sectors with tangible assets and more stable cash flows, whereas private credit focuses on sectors with higher fixed and intangible costs. This underscores private credit's role as a complementary – and in some cases substitute – source of funding, one that is potentially more appealing to firms with more ambitious growth profiles or more complex financing needs.

Given the differences observed in the sectoral distribution of firms accessing private credit and bank credit, we also examine whether these firms differ in other relevant characteristics. Table 1 presents the characteristics of the firms included in the Banco de España's Central Balance Sheet Data Office integrated database (CBI), distinguishing three groups: (1) private credit recipients; (2) bank credit recipients; and (3) all CBI firms.[10] As with the sectoral distribution analysis, firms financed through private credit are identified using PitchBook data, while bank-financed firms are identified based on CCR data. In Spain, a total of 528 firms secured private credit funding at some point between 2019 and 2023. By comparison, during that same period 955,893 firms obtained bank funding.

10 The CBI holds balance sheet information for the quasi-universe of Spanish firms and provides an accurate representation of Spain's economic structure.

Chart 4
Sectoral distribution of private credit and bank credit in Spain

4.a Sectors of firms funded by bank credit and by private credit (a)



SOURCES: PitchBook, CCR and DIBE.

a The data represent the average of new deals registered between January 2011 and December 2023. The sectoral distribution is based on new private credit deals identified in PitchBook and new bank credit transactions registered in the CCR. The sectoral classification is based on 2-digit CNAE (Spanish National Classification of Economic Activities) codes and each firm's sector is matched with data from the Banco de España Integrated Directory (DIBE, by its Spanish acronym). The sample excludes deals involving financial sector firms as the lender.

Table 1
Characteristics of CBI firms by type of funding received

	Private credit (a)		Bank credit (b)		CBI (c)	
Characteristics (d)	Average	Standard deviation	Average	Standard deviation	Average	Standard deviation
Asset size	8.34	1.96	5.91	1.72	5.34	2.01
Age	14.87	14.87	15.98	11.10	14.84	11.21
Profitability	-0.10	0.32	0.01	0.24	-0.01	0.31
Leverage	0.66	0.54	0.71	0.82	0.73	1.10
Investment rate	0.04	0.09	0.04	0.12	0.04	0.13
Liquidity	0.18	0.22	0.19	0.22	0.24	0.28
Observations	1,614		2,675,367		4,629,532	

SOURCES: PitchBook, CCR and CBI.

a The sample includes annual data for all firms included in the CBI in the period 2019-23 and that obtained private credit funding on at least one occasion during that period. Firms without a tax identification number in PitchBook are not included in the sample. However, the sample includes around 60% of the principal observed in PitchBook and can therefore be considered representative.
b The sample includes annual data for all firms included in the CBI in the period 2019-23 and that appear in the CCR as recipients of bank funding on at least one occasion during that period.
c The sample includes annual data for all firms included in the CBI in the period 2019-23 irrespective of the type of funding received.
d Asset size is the log of assets, profitability is ROA, leverage is the debt-to-total assets ratio and liquidity is the liquid assets-to-total assets ratio.

A comparison between private credit-financed and bank-financed firms shows that the former are, on average, larger in terms of assets. In addition, private credit recipients are generally younger, less profitable and less leveraged firms. However, their investment and liquidity levels are similar to those of bank-financed firms. Relative to all CBI firms, on average private credit recipients are larger and of a similar age and have comparable investment rates. However, they have lower profitability, leverage and liquidity levels.[11]

Overall, the findings show that although firms accessing private credit tend to be larger than bank-financed firms, they are not necessarily more profitable. One possible interpretation is that the use of private credit is determined more by structural and sectoral characteristics than by firms' greater ability to generate value or by higher risk tolerance on the part of lenders.

4.2 Business dynamics in the years before and after receiving private credit

To analyse the dynamics of firms' key characteristics when they receive private credit funding, Chart 5 shows how firms' assets, profitability and leverage evolve before and after the year they access the private credit market.

In the years prior to receiving the loan, asset levels decline. Conversely, following the injection of funds, asset levels increase steadily, consistent with the use of the funds to finance growth. Meanwhile, firms' profitability remains broadly stable, with average return on assets (ROA) negative throughout the period analysed, with a slight drop in the year the funds are received followed by a moderate recovery. However, the wide interquartile range observed indicates a high degree of heterogeneity across firms accessing private credit. Even more interesting is the case of leverage,[12] which remains virtually unchanged after the funding is received. This is consistent with the levels observed in the CBI sample and with the figures reported in Table 1. Most notably, the interquartile range of leverage narrows in the year following the injection of funds, driven mainly by an increase in leverage among firms in the bottom quartile. However, both the mean and the median show similar patterns and, as total assets grow steadily over the same period (Chart 5.a), this increase in indebtedness does not necessarily translate into higher relative financial risk.

4.3 Typology and residence of private credit lenders in Spain

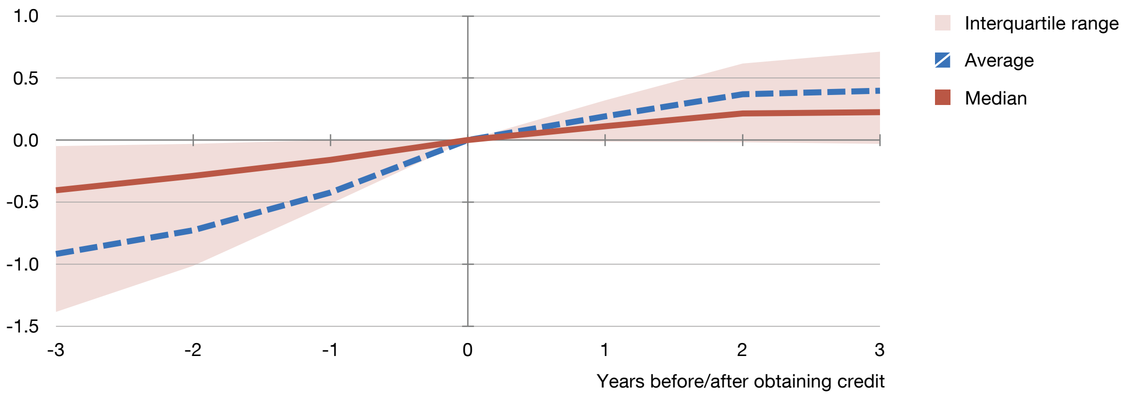
To assess the potential risks that may arise in the private credit market, it is crucial to know what types of firms provide private credit and to compare the possible differences between private credit lenders in Spain and the United States. Table 2 analyses the typology of these firms and presents, in annual average terms over the period 2011-23, the share of total deal size and deal numbers for each type of lender and country of origin, for all private credit deals where the funding was not exclusively provided by banks.

11 These findings are consistent with Chernenko, Erel and Prilmeier (2020), except in terms of leverage. The authors conclude that, compared with borrowers in the traditional banking market, private debt borrowers are less profitable and have higher leverage and higher stock return volatility. Moreover, profitability is typically lower prior to loan origination and their assets experience larger changes around loan origination. In Spain, the lower leverage of firms using private credit may reflect their larger size, which is often negatively correlated with leverage.

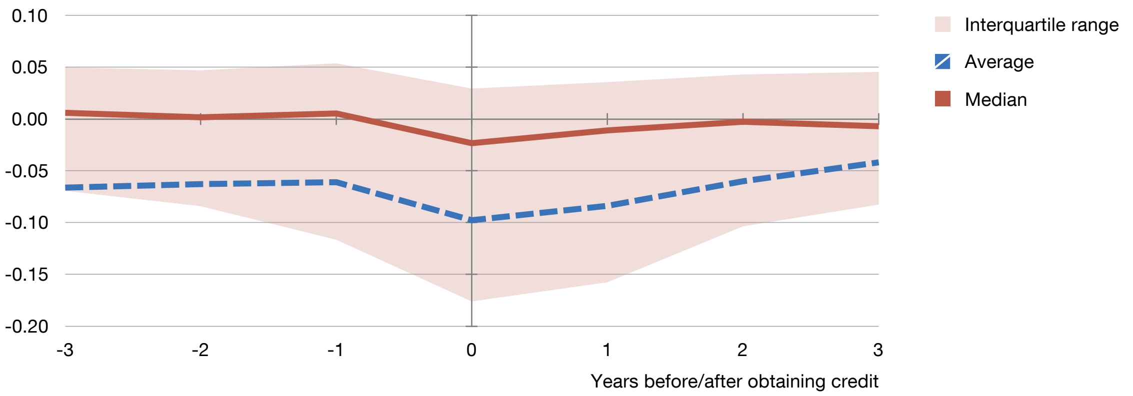
12 The level of a firms' indebtedness as a proportion of its total assets.

Chart 5
Developments in the characteristics of firms receiving private credit funding (a)

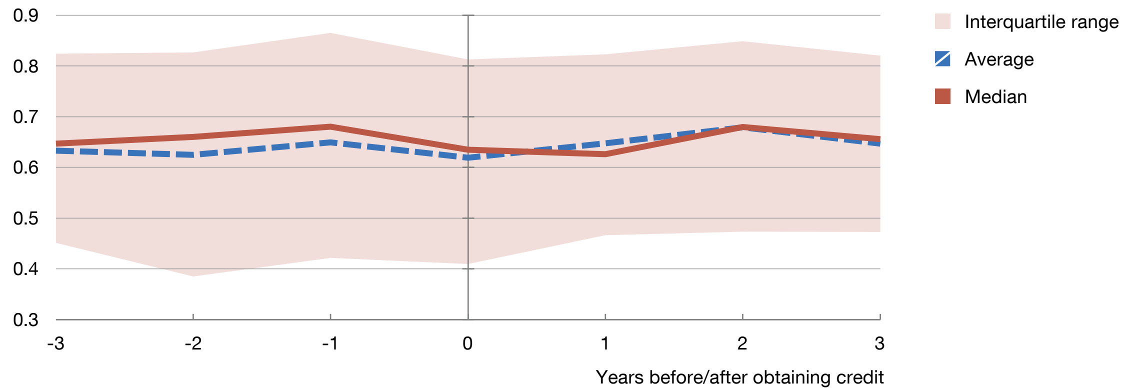
5.a Asset growth



5.b Profitability



5.c Leverage



SOURCES: PitchBook and CBI.

a The charts show developments in the descriptive statistics of the variables in the periods before and after obtaining private credit.

Table 2
Lender type and country of origin in Spain's private credit market (a)

%

	Deal size					
Lender type	Total	Spain	United States	United Kingdom	France	Other
Banks	44.53	14.30	4.47	4.71	7.61	14.75
Investment banks and other financial services institutions	27.44	0.36	12.99	1.27	5.72	8.39
Direct lenders and investment funds	26.31	2.29	11.19	3.06	2.18	8.08
Advisors and service providers	1.71	0.20	0.59	0.24	0.37	1.38
Other	0.06	0.07	0.00	0.00	0.03	0.00
Contribution		17.21	29.24	9.28	15.91	32.60

%

	Deal numbers					
Lender type	Total	Spain	United States	United Kingdom	France	Other
Banks	41.08	16.14	3.58	3.75	5.77	12.85
Investment banks and other financial services institutions	16.06	1.12	7.26	1.63	4.69	3.11
Direct lenders and investment funds	38.68	19.48	7.94	2.39	3.71	3.71
Advisors and service providers	4.08	2.01	0.56	0.51	1.26	1.26
Other	0.41	0.43	0.00	0.00	0.41	0.37
Contribution		39.18	19.35	8.29	15.83	21.30

SOURCES: PitchBook, CBI and authors calculations.

a The data show the average shares, in terms of deal size and deal numbers, of private credit deals involving non-financial corporations from January 2011 to December 2023. All deals involving a credit agreement are included, regardless of whether they are formally categorised as private credit. Deals consisting solely of bond issuances or involving only commercial bank lenders are excluded.

The first column shows that, both in terms of deal size and numbers, throughout the period the majority of loans are granted by entities other than commercial banks. Within this group, investment banks and other financial services institutions, together with direct lenders and investment funds, account for most of the business (53.74% and 54.74% in terms of deal size and numbers, respectively). This shows that private credit is largely intermediated by players outside the traditional banking system. Commercial banks are the second largest group, which evidences the significant degree of interconnectedness between the Spanish banking system and the private credit market.[13] This contrasts with the United States, where most private credit lenders are investment funds (Haque, Mayer and Stefanescu, 2025; Cai and Haque, 2024).

The analysis highlights the complexity of these deals, where different types of financial intermediaries coexist, and reinforces the idea that private credit is not completely separate from – but rather complementary to – the traditional financial system.

13 Loans granted by banks may be direct funding to firms owned by PE funds or part of a syndicated loan involving several lenders.

Table 2 also presents the geographical breakdown of private credit lenders in Spain by type of institution, expressed as the average annual share of deal size and numbers.[14] The data show that 39.18% of deals were arranged with entities domiciled in Spain, although in terms of total volume the figure is lower (17.21%). Within this group of institutions, traditional banks stand out as the main providers of funds. Yet the majority of the funds borrowed come from abroad, especially from the United States[15] (29.24%) and France (15.91%). There is considerable cross-country heterogeneity, but among US lenders the predominant groups are investment banks and other financial services institutions and direct lenders. However, among Spanish and French lenders, traditional banks play a leading role, although investment banks and other financial services institutions also play a significant part.

This high level of foreign involvement reinforces the idea that private credit deals in Spain are complex and sophisticated, entailing collaborations with credit institutions and credit intermediation both by players outside the traditional banking system and by commercial banks in an increasingly globalised environment.

Moreover, although banks account for more than 40% of private credit deal volume and numbers in Spain, Spanish banks' exposure to non-banks – measured as the share of loans, debt securities and other equity instruments vis-à-vis non-bank financial intermediaries (NBFIs)[16] as a proportion of total assets – has remained relatively stable at around 7% since 2017 (7.9% at June 2025). This suggests that, despite the growth in the private credit market, Spanish banks have not significantly increased their aggregate exposure to non-banks. This supports the view that private credit in Spain is complementary to the traditional financial system and does not necessarily entail greater dependence on or vulnerability to non-bank players.

4.4 Private credit deals in Spain

This section compares the characteristics of private credit deals and bank loans in Spain.

As Table 3 shows, on average, private credit deals involve much larger amounts than bank loans; specifically, approximately €104 million for private credit deals compared with around €80,000 for bank loans.[17] If median values are compared the difference narrows significantly, which shows that the average values are strongly influenced by outliers.

Moreover, in line with the findings of Haque, Mayer and Stefanescu (2025), the average maturity of private credit deals (6.67 years) is longer than that of bank loans (1.47 years). In addition,

14 Since these shares are calculated in terms of the aggregate size and total number of deals, they add up to 100 not within each country but considering the set of countries overall.

15 The fact that US lenders have a higher share of volume than of deals suggests that they invest higher volumes in larger firms.

16 NBFIs include money market funds (MMFs), investment funds other than MMFs, insurance companies, pension funds and other financial institutions that are not monetary financial institutions (MFIs). For a more in-depth analysis of how interconnections between the NBFI sector and banks have evolved over time, see Banco de España (2025).

17 These figures are consistent with the findings of other authors, such as Haque, Mayer and Stefanescu (2025) and Cai and Haque (2024).

Table 3
Characteristics of private credit deals in Spain

	CCR (a)				PitchBook (b)			
	Observations ('000s)	Average	Median	Standard deviation	Observations	Average	Median	Standard deviation
Credit (€m)	18,555	0.08	0.01	3.11	899	103.75	2.61	317.13
Term (years)	15,949	1.47	0.25	3.28	186	6.67	6.12	3.56
Interest rate (%)	13,671	3.11	2.50	3.34	94	5.31	4.49	2.71

SOURCES: CBI and PitchBook.

a The sample includes new bank credit deals observed in the CCR in the period 2019-23 (interest rate data available from 2019). The original sample is filtered to include only credit deals with Spanish for-profit firms. In addition, observations where credit is not strictly positive or the term and interest rate data are consistent with measurement errors are discarded.
b The sample includes new private credit deals observed in PitchBook in the period 2019-23. The original sample is filtered to include only credit deals with Spanish firms.

and also in line with the literature, the average interest rate on private credit funding (5.31%) is higher than the average bank lending rate (3.11%).[18]

The marked differences in the characteristics of these transactions could be explained, at least in part, by the differences in the type of firms that access each source of funding and by the fact that they use funding for different purposes.

5 Conclusions

This article reviews developments in private markets, which have expanded across the globe in recent years, focusing on the private credit market. This market has grown considerably and has consolidated its position as an alternative source of funding, especially for firms which, owing to their specific characteristics or needs, struggle to obtain funding from traditional channels. Although the private credit market still accounts for a small proportion of total corporate lending, it has shown positive momentum in recent years, with increased deal numbers, greater sectoral diversification and growing sophistication on the part of the agents involved. All this in an international setting in which private markets have gained in prominence, especially in the United States and, to a lesser extent, in the euro area.

In Spain, the firms accessing private credit funding are mainly in the technology, communications, industry and trade sectors. Moreover, they tend to be larger and less leveraged – although not necessarily more profitable – than those that turn to bank lending. This suggests that private credit is not only geared towards firms with greater capacity to generate value; rather, it is more a question of sectoral and structural specialisation, oriented towards sectors with fewer tangible assets and more complex financing needs. In addition, the high level of participation of foreign investors, especially from the United States and France, underlines both the growing internationalisation of the Spanish market and the

18 Cai and Haque (2024) find a higher spread over a benchmark interest rate for private credit deals than for syndicated loans.

important role played by non-banks in credit intermediation, although in the case of Spanish lenders there is a significant proportion of credit institutions.

Private credit deals characteristically have considerably larger volumes, longer maturities and higher interest rates than bank loans, possibly reflecting both the risk profile and the contractual flexibility that this type of funding offers. Despite its growing interconnectedness with the traditional financial system, risks to financial stability appear to be contained, thanks to the closed structure of the funding, the specialisation of the lenders and the limited direct exposure of banks. Nevertheless, the market momentum and the shift towards greater retail investor participation and more liquid vehicles call for continuous monitoring – and thus increased market transparency – to anticipate potential vulnerabilities.

Overall, the private credit market in Spain represents an opportunity to diversify corporate funding sources, boost the efficiency of the financial system and promote growth in strategic sectors. Although it is still an emerging market, it has the potential to become a key pillar of Spain's financial ecosystem, with significant implications for macroprudential policy and economic stability.

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