EUROPEAN CENTRAL BANK
EUROSYSTEM

Press release

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Results of the September 2025 survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets (SESFOD)

- Overall credit terms and conditions remained largely unchanged between June 2025 and August 2025, with some instances of tightening driven by balance sheet availability
- Demand for lending against collateral increased across all asset classes except asset-backed securities and high-quality non-financial corporate bonds
- Resources and attention devoted to managing concentrated credit exposures somewhat increased

Price and non-price credit terms and conditions remained largely unchanged between June 2025 and August 2025, with a slight tightening of non-price terms across banks and dealers and non-financial corporations. Price terms eased slightly for hedge funds, insurance companies, investment funds and sovereigns. Balance sheet availability was the main explanation given for tightening pressures, followed by the financial strength of counterparties. However, for price terms, these tightening pressures were offset by easing pressures from general market liquidity and competition from other institutions. Looking ahead, none of the respondents indicated that they expected a change in overall credit terms for any of the counterparty types in the fourth quarter of 2025 (Chart 1).

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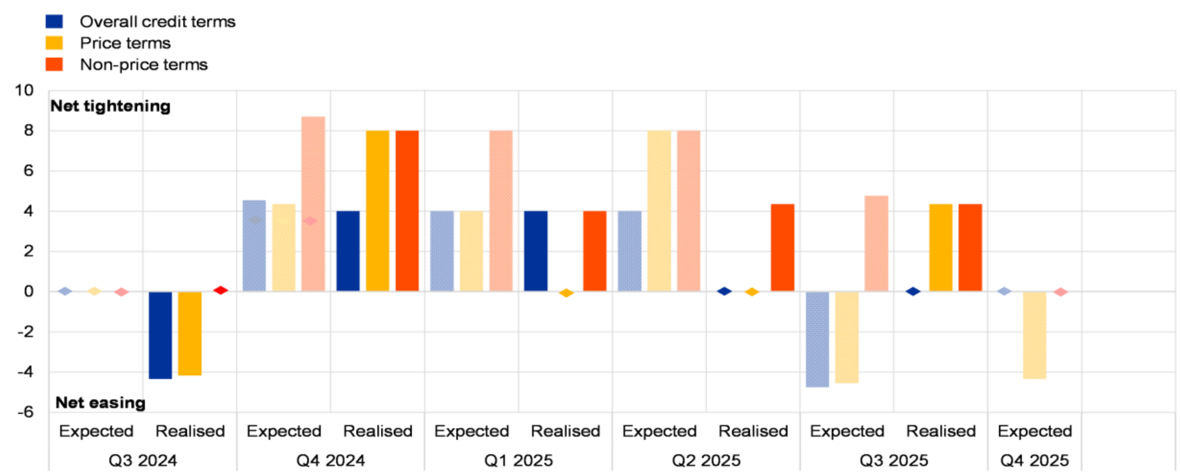
Chart 1

Expected and realised quarterly changes in overall credit terms and price/non-price terms offered to counterparties across all transaction types

(net percentages of survey respondents)



Source: ECB.
Note: Net percentages are calculated as the difference between the percentage of respondents reporting “tightened somewhat” or “tightened considerably” and the percentage reporting “eased somewhat” or “eased considerably”.

Turning to financing conditions for secured funding, demand for funding increased across all collateral types except asset-backed securities and high-quality non-financial corporate bonds. Furthermore, financing rates/spreads increased for funding secured against government bonds and equities, while they remained mostly unchanged for other collateral types. Maximum maturities of funding, demand for funding and haircuts remained largely unchanged as well.

Against the background of broadly unchanged credit terms and conditions for various types of non-centrally cleared over-the-counter (OTC) derivatives, including initial margin requirements, survey respondents pointed out a few changes regarding liquidity and valuation disputes. Valuation disputes lasted longer than before for credit and commodity derivatives. Furthermore, while liquidity and trading remained basically unchanged for most types of derivatives, it deteriorated somewhat for equity derivatives. Overall, for both securities financing and derivatives, resources and attention devoted to managing concentrated credit exposures increased somewhat.

Please note that the data from all previous rounds of the survey have been made available on the ECB Data Portal. The data can now be accessed, retrieved and visualised more easily.

The results of the September 2025 SESFOD, the underlying detailed data series and the SESFOD guidelines are available on the ECB’s website, together with all other SESFOD publications.

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The SESFOD is conducted four times a year and covers changes in credit terms and conditions over three-month reference periods ending in February, May, August and November. The September 2025 survey collected qualitative information on changes between June 2025 and August 2025. The results are based on the responses received from a panel of 26 large banks, comprising 14 euro area banks and 12 banks with head offices outside the euro area.

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