EUROPEAN CENTRAL BANK

EUROSYSTEM

Survey on the Access to Finance of Enterprises in the euro area

Second quarter of 2025

July 2025

Contents

1 Overview of the results

This report presents the main results of the 35th round of the Survey on the Access to Finance of Enterprises (SAFE) in the euro area, which was conducted between 30 May and 27 June 2025. In this survey round, firms were asked about changes in the period between April and June 2025. Altogether, the sample comprised 5,367 firms in the euro area, of which 4,924 (92%) had fewer than 250 employees.[1]

Overall, the survey results indicate that the monetary policy easing cycle is continuing to drive down the bank interest rates charged to firms, while indicating a slight tightening of other lending conditions. A net 14% of firms reported lower bank interest rates, after a net 12% in the previous quarter (**Chart 1** in Section 2). This drop was driven by large firms (31%, from 26% in the previous quarter), while a net 2% of small and medium-sized enterprises (SMEs) reported an increase in interest rates (from a net 1% reporting a decrease in the previous quarter). However, both large firms and SMEs indicated a further slight net tightening of other loan conditions, relating to both other financing costs and collateral requirements.

An estimated indicator of firms' financing conditions, which shows no further tightening compared with the previous quarter, confirms lower pricing conditions for firms (Chart A in this section). The indicator reflects firms' perceptions of price terms and conditions of financing, including changes in bank interest rates and other bank-related costs such as charges, fees and commissions.[2] During this survey period, the indicator continued its sharp decline from the peak in 2023, reaching zero. This rapid decrease underscores the ongoing reduction in interest rates, even though firms continue to perceive tight conditions related to other borrowing costs imposed by banks. A breakdown by firm size reveals heterogeneity in responses, with the further easing in financing conditions driven by large firms, while SMEs continue to face tightening pressures.

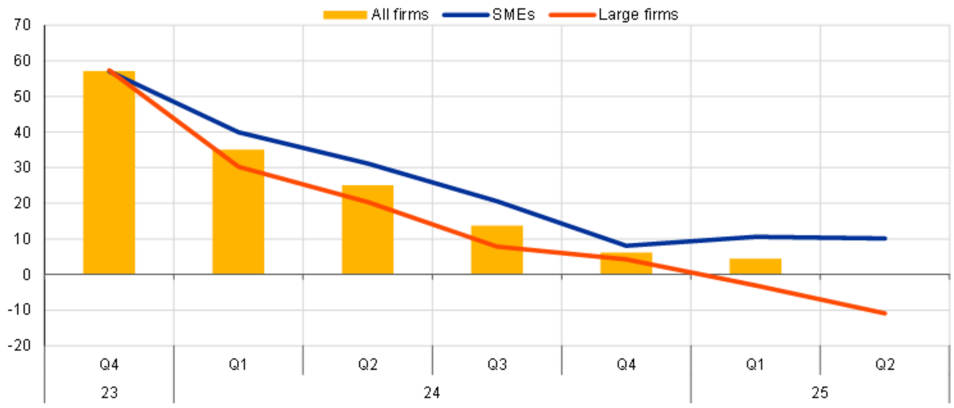
1 See Annex 3 for details of methodological issues relating to the survey.

2 The indicator is derived from a factor analysis covering changes in: (i) price terms and conditions for bank loans (changes in interest rates and other costs of bank loans); (ii) non-price terms and conditions (changes in collateral requirements) for loans; (iii) the financial position of firms (in terms of changes in profits, credit history and own capital); and (iv) firms' perceptions of changes in the willingness of banks to provide credit. The reported indicator is one of three main principal components and relates mainly to price terms and conditions. The other two indicators relate, respectively, to non-price terms and conditions for loans and to the financial position of the firm. The methodology used to compute this indicator has been updated from that presented in the box entitled "Financing conditions through the lens of euro area companies", *Economic Bulletin*, Issue 8, ECB, 2021. The revised approach includes updating the factor analysis at each wave using all available historical data and calculating each indicator as a linear combination of the underlying variables. This combination is subsequently rescaled to a range of -100 to 100 by dividing it by its theoretical maximum. In each survey round the most recent value is reported, while the historical data are maintained as they are.

Chart A

Change in price terms and conditions as perceived by euro area firms

(weighted scores)



Base: Firms that applied for a bank loan. The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: Indicator derived from factor analysis. For details of the analysis see footnote 2. The indicator is based on replies on the changes in the previous three months (as from the first survey round for which quarterly replies have been available). The aggregate indicators are the average of firm-level scores, weighted by size, economic activity and country. Positive values indicate a deterioration in firms' financing conditions. The individual scores have a range of between -100 and 100.

Firms reported broadly unchanged needs for and availability of bank loans (Table 1, columns 2, 6, and 10 at the end of this section and Chart 2 in Section 2). In the second quarter of 2025, slightly fewer firms indicated a reduction in the need for bank loans (a net 1% compared with a net 4% in the previous quarter), while a net 1% of firms reported improved bank loan availability (up from 1% reporting a decline in the previous quarter). As a result, the euro area bank loan financing gap indicator – an index capturing the difference between changes in needs and availability – was broadly unchanged (a net -1%, as in the previous quarter). Looking ahead, firms expect a further improvement in the availability of bank financing over the next three months.

Financing from external and internal sources is primarily directed toward fixed investment, as well as the replenishment of inventories and working capital (Chart 4 in Section 2). Fixed investment was identified as the most common use of financing, alongside inventory restocking and working capital needs, with 39% of firms citing both purposes. Overall, large firms were more likely than SMEs to report using external financing for their fixed investments and inventory restocking.

Firms continued to perceive the general economic outlook to be the main factor hampering the availability of external financing (Chart 6 in Section 2). In the second quarter of 2025, a net 17% of firms reported that a deterioration in the general economic outlook had negatively impacted external financing availability, an improvement from the net 21% reported in the first quarter of 2025. Firms also reported a worsening impact of their firm-specific outlook on financing availability.

Firms continued to report an increase in banks' willingness to lend (Chart 7 in Section 2). On balance, 6% of firms reported an improvement in banks' willingness to lend, unchanged from the previous survey round and with the same net balance for SMEs and large firms.

A higher share of firms reported applying for bank loans compared with the previous survey (Chart 8 in Section 2). In the second quarter of 2025, bank loan applications rose to 23%, up 4 percentage points from the previous quarter. The most common reason reported by firms for not applying for a bank loan was the amount of internal funds at their disposal, which firms considered sufficient to finance their business plans.

The percentage of firms reporting obstacles to obtaining a bank loan remained low. Among firms that considered bank loans relevant for their firm, 5% faced obstacles when seeking to obtain a loan. The figure was unchanged from the previous quarter (**Table 1**, columns 11 and 12 in this section, and **Chart 9** in Section 2).

Over the past three months, relatively few firms reported an increase in turnover, and expectations for the next quarter have become less optimistic. A net 8% of euro area firms indicated higher turnover in the second quarter of 2025, up from 6% in the previous quarter (**Chart 10** in Section 3). This improvement on the previous quarter was primarily driven by SMEs. However, firms, particularly large ones, have less optimistic turnover expectations for the third quarter of 2025.

Meanwhile, firms continued to report a deterioration in profits. A net 13% of firms indicated a decline in profits in the second quarter of 2025, compared with a net 16% in the first quarter. This decline in profits was more pronounced among SMEs than among large firms.

The share of financially vulnerable firms remained low and stable compared with the previous quarter (Chart 11 in Section 3). Only 3% of firms experienced significant difficulties in managing their businesses and servicing their debts during this period.

Few firms reported an increase in investment over the past three months, while firms remain optimistic about future investment (Chart 12 in Section 3). A net 3% of firms indicated a rise in investment in the second quarter of 2025, down from a net 5% in the previous quarter. For the third quarter of 2025, a net 10% of firms expect an increase in investment. Across size classes, the net share of large firms expecting to increase investment declined from 22% in the previous survey round to 17% in this round, while the net share for SMEs stood at 6%.

In this survey round two sets of ad hoc questions were introduced. The first set examines the impact of recent trade tensions, specifically the announcements of tariffs imposed by the United States, on the business strategies of euro area firms. The second set concerns firms' investment in artificial intelligence.

Firms reported considerable challenges posed by trade tensions. According to the survey results, 22% of firms reported a high impact, 31% reported a medium impact and 47% reported a low impact. Among firms exporting to the United States, 34% reported being highly impacted by trade tensions, compared with 19% among firms not exporting to the United States.

Survey replies reveal the efforts of euro area firms to adapt to changing trade dynamics. Strategies such as refocusing sales within domestic and EU markets (38%), diversifying into non-EU markets (21%) and restructuring supply chains highlight the agility with which firms are responding to these challenges. Approximately 30% of firms report delays or shortages in supply chains so far or expected over the next 12 months and/or the need to seek alternative suppliers. This is indicated independently by firms' exports to the US showing that disruption might transmit indirectly through global supply chain. US exporters and manufacturing firms are more likely to report the need to redirect sales to domestic or EU markets.

Investing in artificial intelligence technologies (AI) was reported by 34% of firms, with an average of 5.6% of overall investment. The share of firms investing in AI is higher for large firms and firms in the service sector. Firms indicating higher overall investment in the past three months and expecting higher investment in the next three months are also more likely to be investing in AI, as is the case for those using more internal funds.

Firms' expectations for selling prices over the next 12 months declined, alongside moderating expectations for wage growth and non-labour input costs (Charts 13–15 in Section 3). Selling prices are expected to increase by 2.5% on average, down from 2.9% in the previous survey round. Similarly, expectations for wage increases fell to 2.8%, compared with 3.0% previously. Across firm size classes, SMEs continued to report higher expectations for selling prices, wages and non-labour input costs than large firms, while employment growth expectations remain more closely aligned across size classes. By sector, average selling price expectations in services declined to levels similar to those seen in the trade and construction sectors, while expectations in industry remained lower. The decline in average wage growth expectations was driven primarily by the industry and construction sectors. Additionally, firms revised their expectations for non-labour input costs over the next 12 months downwards to 3.4%, from 4.0% in the previous round. Employment growth expectations, meanwhile, remained unchanged at 1.3%.

Firms' median inflation expectations decreased to 2.5% for the one-year-ahead horizon, down from 2.9%, while remaining unchanged at 3% for longer horizons (Chart 17 in Section 3.4). Across size classes, large firms reduced their median one-year-ahead inflation expectations to 2.2%, down from 2.7%, while SMEs report a decrease to 2.9% from 3.0%. For the three-year horizon, inflation expectations remained largely unchanged, with SMEs reporting 3.1% and large firms a slight increase to 2.6%. Revisions in the expectations for the five-year horizon showed a divergence across firm size classes. SME revised their expectations downwards to 3.2%, compared with 3.8% in the previous survey round. By contrast, large firms revised their expectations upwards, forecasting inflation at 2.9% (from 2.5%).

The majority of firms, albeit fewer than in the previous wave, continue to indicate upside risks to long-term inflation expectations (Chart 18 in Section 3.4). With regard to inflation over the next five years, more firms perceived the risks to the outlook as broadly balanced (33%, up from 30%), while the percentage of firms seeing upside risks decreased (52%, down from 55%), leaving the share of firms seeing downside risks unchanged (14%).

Table 1

Latest developments in SAFE country results for euro area firms

(net percentages and percentages of respondents)

	Needs				Availability				Financing gap (bank loans)		Financing obstacles		Vulnerable firms	
	Bank loans		Credit lines		Bank loans		Credit lines							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Q1 2025	Q2 2025	Q1 2025	Q2 2025	Q1 2025	Q2 2025	Q1 2025	Q2 2025	Q1 2025	Q2 2025	Q1 2025	Q2 2025	Q1 2025	Q2 2025
Euro area	-4	-1	4	7	-1	1	-1	2	-1	-1	5	5	4	3
BE	4	-1	13	4	2	-3	4	-2	2	2	6	3	8	3
DE	-10	-8	-1	10	-13	-6	-8	-5	2	2	6	6	4	2
IE	4	3	5	19	12	3	6	14	-5	-5	4	2	3	6
GR	15	14	19	11	16	14	5	5	3	0	13	10	3	2
ES	-5	-6	9	9	4	14	3	13	-4	-12	6	3	2	2
FR	-2	4	5	3	-3	-2	-7	-5	1	3	5	4	3	5
IT	7	7	11	6	8	6	8	9	0	0	3	4	5	2
NL	-23	-16	-7	-3	0	-1	5	3	-11	-8	2	3	4	2
AT	-6	-8	-1	3	3	6	0	8	-4	-10	6	4	6	2
PT	-8	-5	2	3	10	6	12	3	-11	-4	5	6	2	2
SK	-2	-4	3	13	1	5	4	1	-3	-7	5	7	6	4
FI	0	9	13	12	-17	-16	0	-14	11	12	9	16	3	6

Notes: For the “financing gap”, see the notes to **Chart 2**; for “financing obstacles”, see the notes to **Chart 9**; for “vulnerable firms”, see the notes to **Chart 11**. “Q1 2025” refers to round 34 (January-March 2025) and “Q2 2025” refers to round 35 (April-June 2025). Financing obstacles and vulnerable firms refer to the percentages of respondents, while the other indicators in the table are expressed in net percentages.

2 Firms' financing conditions

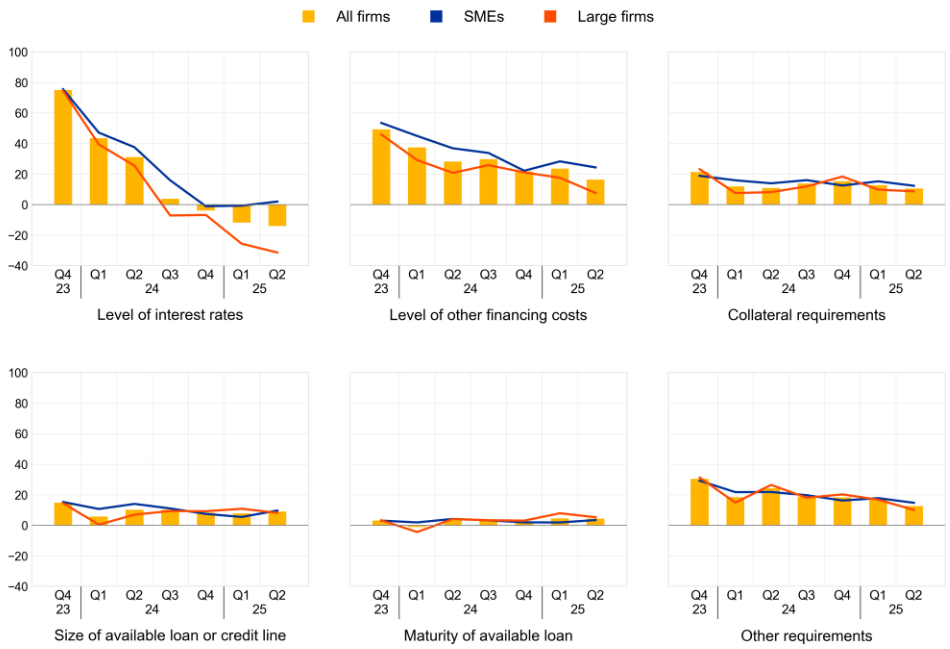
2.1 Firms continued to report a decline in the interest rates on bank loans

Firms reported a further decline in bank interest rates, although they continued to indicate a tightening of other loan conditions (Chart 1). In the second quarter of 2025, a net 14% of firms reported a decrease in bank interest rates, up from a net 12% in the previous quarter. Notably, a higher net percentage of large firms observed a decline in interest rates (31%, from 26%), whereas a net 2% of SMEs reported an increase in rates. At the same time, a smaller percentage of firms reported increases in other financing costs, such as charges, fees and commissions (a net 16%, from 24% in the first quarter of 2025), as well as in collateral requirements (a net 11%, from 13% in the first quarter of 2025). Across size classes, large firms were less likely than SMEs to report stricter collateral requirements.

Chart 1

Changes in the terms and conditions of bank financing for euro area firms

(net percentages of respondents)



Base: Firms that had applied for bank loans (including subsidised bank loans), credit lines, or bank or credit card overdrafts. The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: Net percentages are the difference between the percentage of enterprises reporting an increase for a given factor and the percentage reporting a decrease. The data included in the chart refer to Question 10 of the survey.

2.2 Broadly unchanged availability and needs for bank loans left the bank loan financing gap virtually unchanged

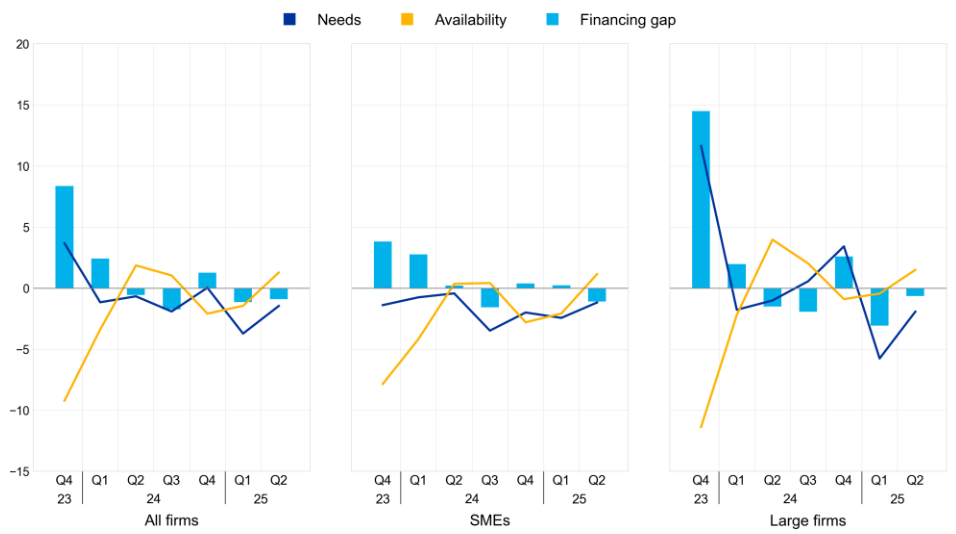
Firms reported broadly unchanged needs for bank loans (Chart 2). In the second quarter of 2025, slightly fewer firms indicated a reduction in their need for bank loans (a net 1%, compared with 4% in the previous quarter). Large firms were slightly more likely to report a reduction in bank loan needs (a net 2%, down from 6%) compared with SMEs (a net 1%, down from 2%).

The availability of bank loans remained broadly unchanged (Chart 2). The net percentage of firms reporting an increase in the availability of bank loans was 1% (compared with a net 1% indicating a decline in the previous quarter). However, SMEs reported a smaller increase in loan availability relative to large firms. These developments are consistent with the broadly unchanged credit standards highlighted in the euro area bank lending survey during the same period. The bank loan financing gap indicator – an index capturing the difference between changes in needs and availability – remained broadly stable at a net -1% compared with the previous quarter). Both SMEs and large companies reported that the availability of bank loans exceeded their needs, resulting in a slightly negative financing gap.

Chart 2

Changes in euro area firms' financing needs and the availability of bank loans

(net percentages of respondents)



Base: Firms for which the instrument in question is relevant (i.e. they have used it or have considered using it). Respondents replying "not applicable" or "don't know" are excluded. The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: The financing gap indicator combines both financing needs and the availability of bank loans at firm level. The indicator of the perceived change in the financing gap takes a value of 1 (-1) if the need increases (decreases) and availability decreases (increases). If firms perceive only a one-sided increase (decrease) in the financing gap, the variable is assigned a value of 0.5 (-0.5). A positive value for the indicator points to a widening of the financing gap. Values are multiplied by 100 to obtain weighted net balances in percentages. The data included in the chart refer to Questions 5 and 9 of the survey.

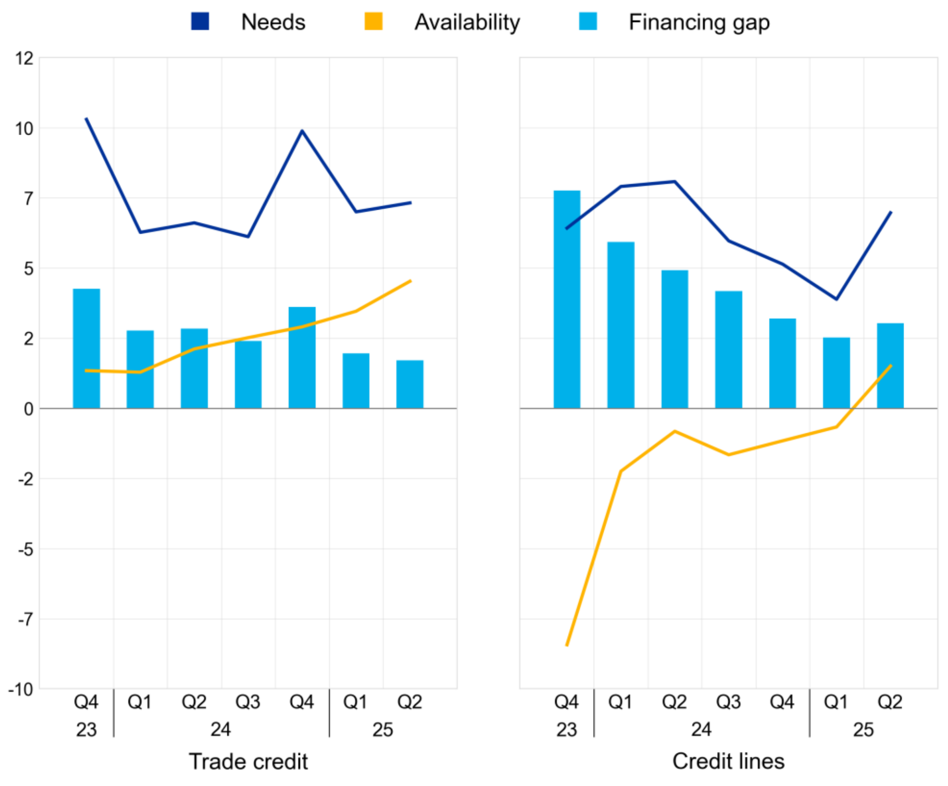
Firms reported higher need for trade credit amid increased availability (Chart 3). A net 7% of companies indicated a higher need for trade credit, unchanged from the previous quarter. Meanwhile, a net 5% of firms (up from a net 3% last quarter) noted an increase in trade credit availability.

Firms also reported an increased need for credit lines, while availability edged up slightly (Chart 3). In this survey round, a net 7% of firms signalled an increased need for credit lines, compared with a net 4% in the first quarter of 2025. Notably, for the first time since the end of 2023, a slight improvement in credit line availability was observed, with a net 2% of firms reporting increased access.

Chart 3

Changes in euro area firms financing needs and the availability of trade credit and credit lines

(net percentages of respondents)



Base: Firms for which the instrument in question is relevant (i.e. they have used it or have considered using it). Respondents replying "not applicable" or "don't know" are excluded. The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: For a description of the indicator, see the notes to Chart 2. The data included in the chart refer to Questions 5 and 9 of the survey.

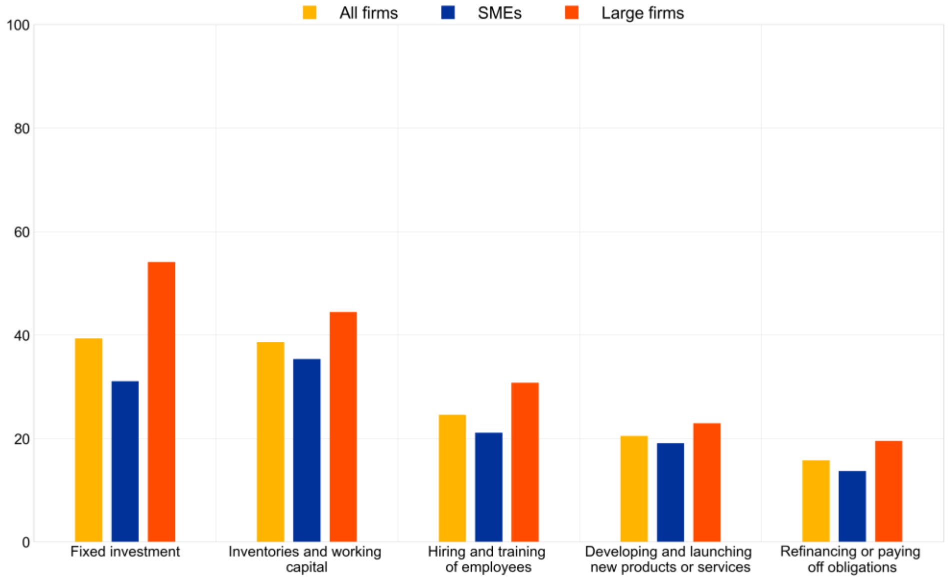
2.3 Firms used financing primarily for fixed investment and for inventories and working capital

Financing from external and internal sources was primarily directed towards fixed investment, as well as the replenishment of inventories and working capital (Chart 4). Fixed investment was highlighted as the most common use of financing, alongside inventory restocking and working capital needs, with 39% of firms citing both purposes. Overall, large firms were more likely than SMEs to report using external financing for these purposes.

Chart 4

Purpose of financing as reported by euro area firms

(percentages of respondents)



Base: All firms. The figures refer to the round 35 of the survey (April-June 2025).
Notes: The data included in the chart refer to Question 6A of the survey.

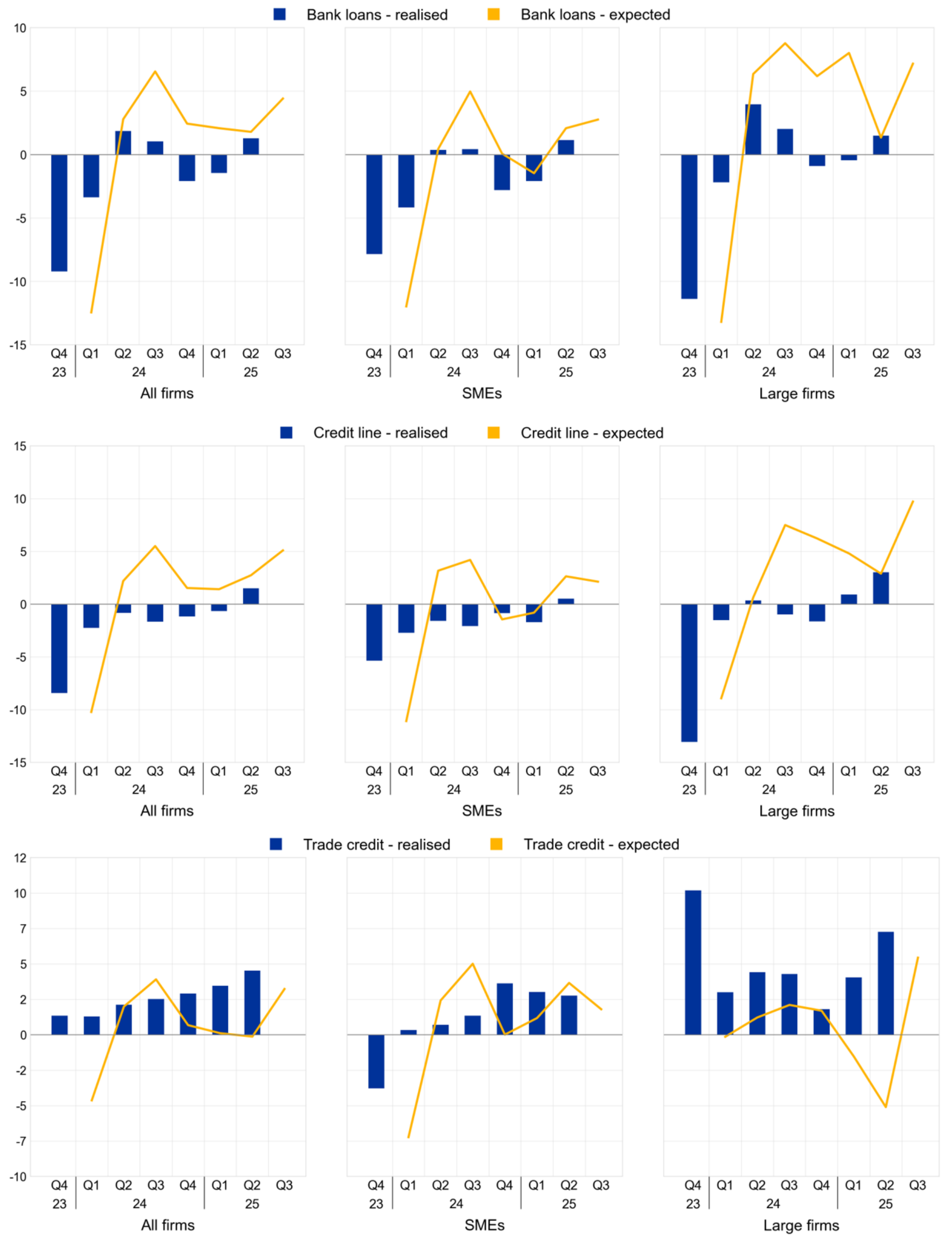
2.4 Firms expect an improvement in the availability of external financing

Looking ahead, firms expect the availability of external financing to improve slightly over the next three months, slightly more than in the previous round (Chart 5). A net 4% of firms expect easier access to bank loans, while a net 5% foresee improved availability of credit lines. Additionally, firms expect trade credit availability to improve. Compared with SMEs, large firms expect greater improvements across all three financing sources, reflecting their stronger business conditions.

Chart 5

Changes in euro area firms' expectations regarding the availability of financing

(net percentages of respondents)



Base: Firms for which the instrument in question is relevant (i.e. they have used it or have considered using it). The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: See the notes to Chart 1. The data included in the chart refer to Questions 9 and 23 of the survey. The expectation line has been shifted forward by one period to allow for direct comparison with realisations.

2.5 Enterprises perceived the general economic outlook as negatively affecting the availability of external finance

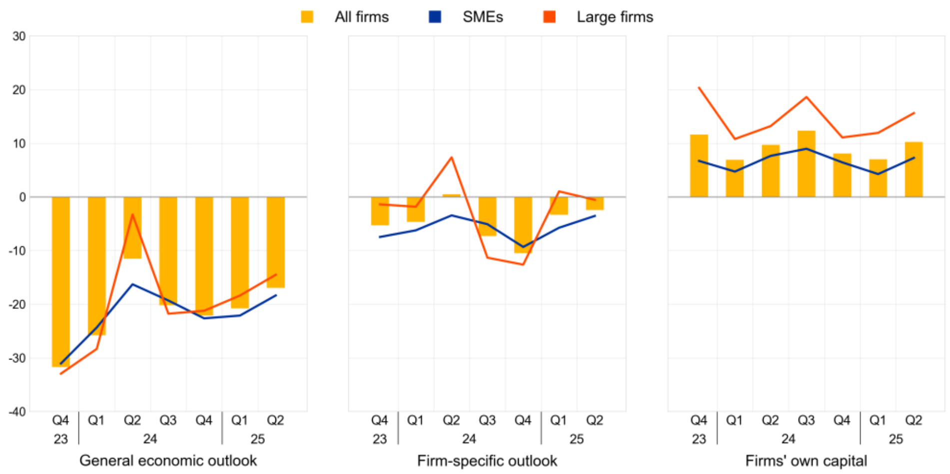
Firms continued to view the general economic outlook as the primary factor constraining the availability of external financing (Chart 6). In the second quarter of 2025, a net 17% of firms reported that a deterioration in the general economic outlook had negatively impacted external financing availability, an improvement from a net 21% in the first quarter of 2025. SMEs remained more pessimistic than large firms, with a net 18% of SMEs reporting reduced availability due to the general economic outlook, compared with a net 15% of large firms. A net 2% of firms indicated that their firm-specific outlook – measured in terms of sales and profits – constrained the availability of external financing, a figure broadly unchanged from the net 3% reported in the previous survey round. While SMEs continued to perceive a deterioration in this area (a net 4%), large firms reported no change in the previous three months.

On a more positive note, firms signalled further improvements in the influence of their own capital position on external financing availability, with a net 10% reporting a positive impact, up from a net 7% in the previous quarter. Creditworthiness also remained a supportive factor, with a net 12% of firms citing its positive impact, although it was down slightly from a net 14% in the prior quarter (Chart 7).

Chart 6

Changes in factors that have an impact on the availability of external financing for euro area firms (general economic outlook, firm-specific outlook and firms' own capital)

(net percentages of respondents)



Base: All firms. The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: See the notes to Chart 1. The data included in the chart refer to Question 11 of the survey.

Firms continued to report an increase in banks' willingness to lend (Chart 7). Overall, a net 6% of firms noted an improvement in banks' lending attitudes, broadly unchanged from the previous survey round. This percentage was the same among SMEs and large firms. Additionally, firms indicated that business partners were increasingly willing to provide trade credit, with a net 8% reporting improvements, up from a net 7% in the previous round. This increase in trade credit availability was reported consistently across all firm size categories.

Chart 7

Changes in factors that have an impact on the availability of external financing for euro area firms (firm's credit history, willingness of banks to lend and willingness of suppliers to provide trade credit)

(net percentages of respondents)

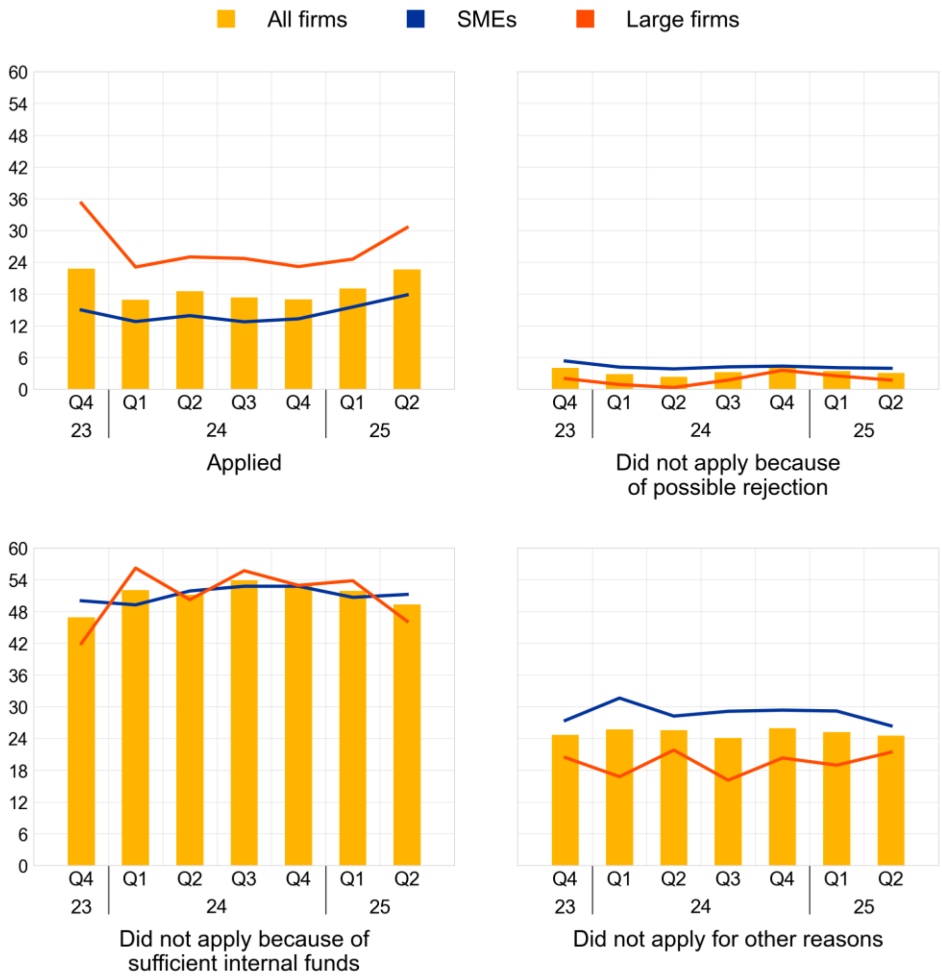
Base: All firms; for the category "willingness of banks to lend", firms for which at least one bank financing instrument (credit line, bank overdraft, credit card overdraft, bank loan or subsidised bank loan) is relevant. The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: See the notes to Chart 1. The data included in the chart refer to Question 11 of the survey.

2.6 More firms applied for bank loans, with a small reduction in overall financing obstacles

A higher share of firms reported applying for bank loans compared with the previous survey round (Chart 8). In the second quarter of 2025, the share of firms submitting loan applications rose to 23%, marking a 4 percentage points rise from the previous quarter. This increase was observed across all firms, with SMEs at 18% and large firms at 31%. Additionally, 3% of firms felt discouraged from applying for bank loans, a figure unchanged from the previous quarter. The most common reason firms gave for not applying remained having sufficient internal funds to support business plans (49%, from 52% in the previous quarter).

Chart 8
Applications for bank loans by euro area firms

(percentages of respondents)



Base: Firms for which bank loans (including subsided bank loans) are relevant. The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: The data included in the chart refer to Question 7A of the survey.

The percentage of firms reporting obstacles to obtaining a bank loan remained low (Chart 9). Among firms that considered bank loans relevant for their enterprise, 5% faced obstacles when seeking to obtain a loan, with no changes reported since the previous quarter. This result was consistent across different size categories and across the various components of the indicator such as high costs, limited amounts received, loan application rejections and discouragement from applying. Discouraged borrowers (i.e. firms that did not apply for bank loans even if they needed them) continued to represent the largest portion of firms facing financing obstacles, accounting for 3% of all firms.

Chart 9

Obstacles to obtaining a bank loan

(percentages of respondents)

Base: Firms for which bank loans (including subsidised bank loans) are relevant. The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: Financing obstacles are defined here as the total of the percentages of firms reporting (i) loan applications that resulted in an offer that was declined by the enterprise because the borrowing costs were too high, (ii) loan applications that were rejected, (iii) a decision not to apply for a loan for fear of rejection (discouraged borrowers), and (iv) loan applications for which only a limited amount was granted. The data included in the chart refer to Questions 7A and 7B of the survey.

3 The economic situation of euro area firms

3.1 Few firms reported increased turnover, while cost pressures declined slightly

Over the last three months, on balance, few enterprises reported an increase in turnover (Chart 10). A net 8% of euro area firms indicated higher turnover in the second quarter of 2025 (from a net 6% in the first quarter of 2025). The improvement on the last quarter was due to SMEs, since a net 4% indicated an increase in turnover while a net 2% indicated a decrease in the previous quarter. Conversely, the net percentage of large firms reporting an improvement went down from 20% to 16%. Looking ahead, firms are optimistic about future turnover, but less than they were in the previous quarter: a net 23% expect an increase over the next three months, down from a net 30% in previous quarter, with a net 19% of SMEs and a net 31% of large firms (from 24% and 41% respectively).

Firms continued to signal a deterioration in profits. On balance, a net 13% of euro area firms reported a decline in profits, (from a net 16% in the first quarter of 2025). The decline was more widespread among SMEs (a net 15%, compared with a net 8% of large firms).

Firms continued to report increasing cost pressures, including for materials, energy, and labour costs, but less than in the previous quarter. A net 50% of firms indicated an increase in labour costs in the second quarter of 2025 (down from 60% in the first quarter of 2025). Similarly, the net percentage of firms experiencing rising material and energy costs decreased to 45%, from 59%. Both large firms and SMEs reported labour and material and energy cost increases less than in the previous wave.

Compared with all other production-related costs, a low net share of firms reported increasing interest expenses. A net 1% of firms reported higher interest expenses, following 8% in the previous quarter. Across size classes, a net 3% of SMEs saw a rise in expenses, compared with 3% of large firms indicating instead a decrease.

Chart 10

Changes in the economic situation of euro area firms

(net percentages of respondents)

Base: All firms. The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: See the notes to Chart 1. The data included in the chart refer to Question 2 of the survey.

Over the past three months, the share of financially vulnerable enterprises remained low and similar to that reported for the previous quarter (Chart 11). According to the financial vulnerability indicator, which provides a comprehensive assessment of firms' financial health, only 3% of euro area firms faced significant challenges in managing their operations and servicing their debts during this period, down from 4% in the previous quarter.[3] Among SMEs, 3% of firms were classified as financially vulnerable, compared with 2% of large firms. Over the same quarter, the proportion of financially resilient firms – those better positioned to withstand adverse shocks – stood at 5%, with large firms slightly more likely than SMEs to fall into this category.

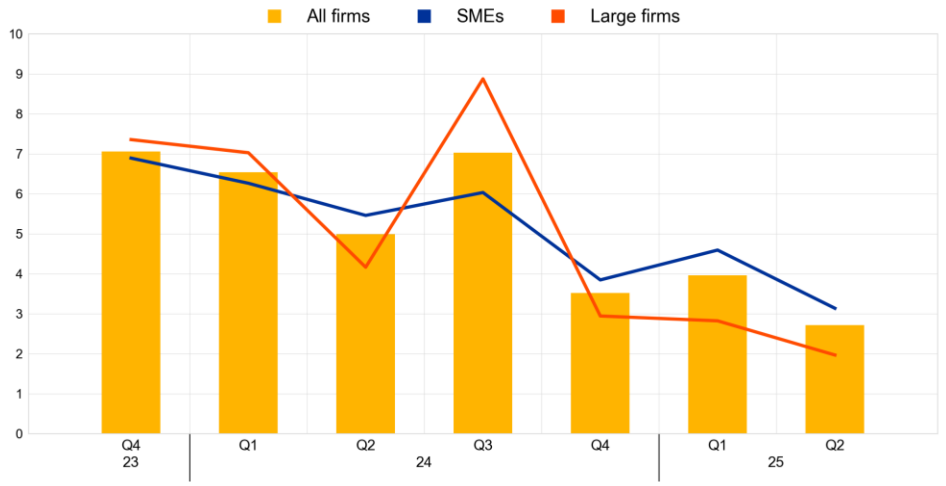
[3] Vulnerable firms are defined as firms that simultaneously report lower turnover, decreasing profits, higher interest expenses and a higher or unchanged debt-to-assets ratio, while financially resilient firms are those that simultaneously report higher turnover and profits, lower or no interest expenses and a lower or no debt-to-assets ratio. See the box entitled "Distressed and profitable firms: two new indicators on the financial position of enterprises", *Survey on the Access to Finance of Enterprises in the euro area, October 2017 to March 2018*, ECB, June 2018.

Chart 11

Vulnerable and financially resilient firms in the euro area

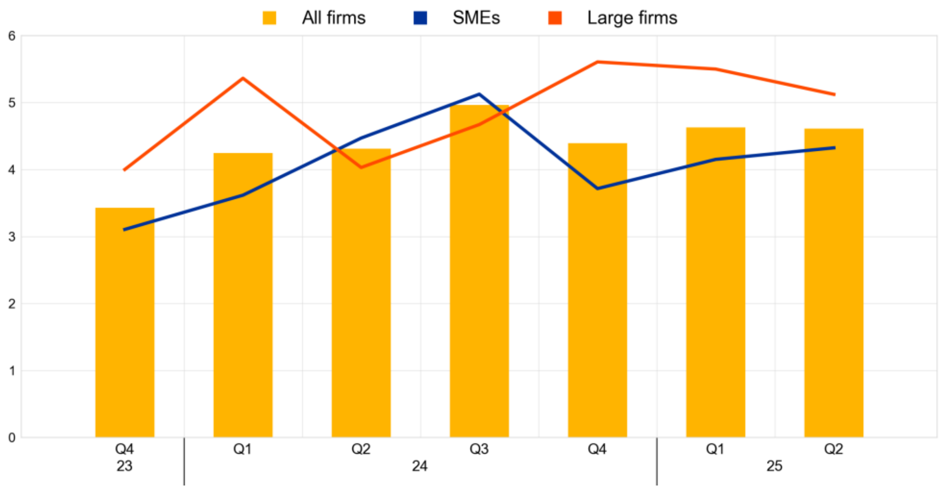
a) Vulnerable firms

(percentages of respondents)



b) Financially resilient firms

(percentages of respondents)



Base: All firms. The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: For a definition of "vulnerable firms" and "resilient firms", see footnote 3. The data included in the chart refer to Question 2 of the survey.

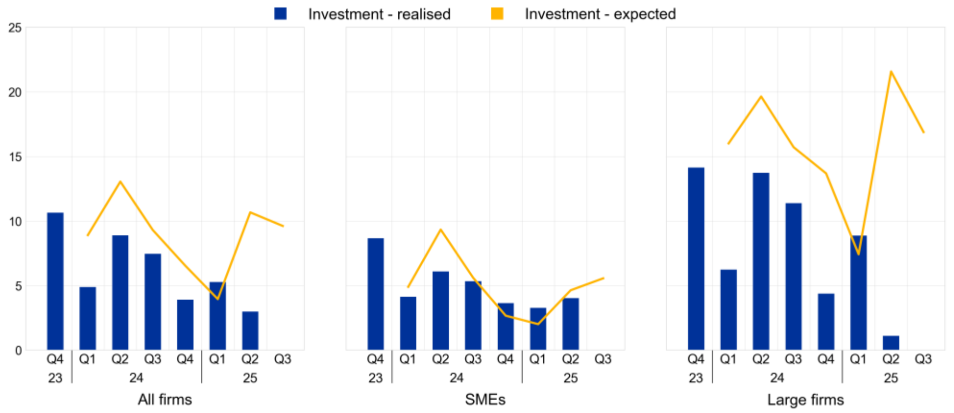
3.2 Investment activity increased slightly, with optimistic expectations for the third quarter of 2025

Few firms reported an increase in investment over the past three months (Chart 12). A net 3% of firms indicated a rise in investment in the second quarter of 2025 (after a net 5% in the previous quarter). For SMEs, the net percentage of firms reporting an increase in investment was slightly higher than in the previous quarter (a net 4%, after a net 3%), whereas for large firms the net percentage indicating an increase in investment fell to 1%, from 9% in the previous quarter. Looking ahead, firms remained relatively optimistic about investment over the next quarter, although slightly less so than in the previous quarter (a net 10% expecting an increase, from a net 11% in the previous quarter). In particular, the net share of large firms expecting to increase investment fell from 22% in the last survey round to 17% in this round, while the net share was 6% for SMEs (down from a net 5% in previous quarter).

Chart 12

Changes in realised and expected fixed investments of euro area enterprises

(net percentages of respondents)



Base: All firms. The figures refer to pilot 2 and rounds 30 to 35 of the survey (October 2023-December 2023 to April-June 2025).
Notes: See the notes to Chart 1. Bars refer to developments over the preceding three months and lines to expectations over the next three months. The data included in the chart refer to Questions 2 and 26 of the survey. The question on expected investments was first included in the questionnaire covering the second and third quarters of 2023.

Box 1
Impact of trade tensions and US tariffs on euro area firms

This box examines the impact of recent trade tensions, specifically the United States' tariff announcements, on the business strategies of euro area firms. To better understand how firms perceive and respond to these trade-related developments, a new set of ad hoc questions was introduced. First, the survey asked firms to assess the intensity of the impact of trade tensions on their activities on a scale from 1 (low) to 10 (very high). Second, firms were prompted to identify specific implications of US tariffs or the adoption of similar measures by other countries for their business, so far and over the next 12 months. Firms were prompted to select from a range of potential effects and corresponding actions, including delays or shortages in supply chains, increased competition from non-EU countries, the need to search for alternative suppliers, the need to increase sales to domestic markets (their own country) or other EU countries, and the need to increase sales to non-EU countries.

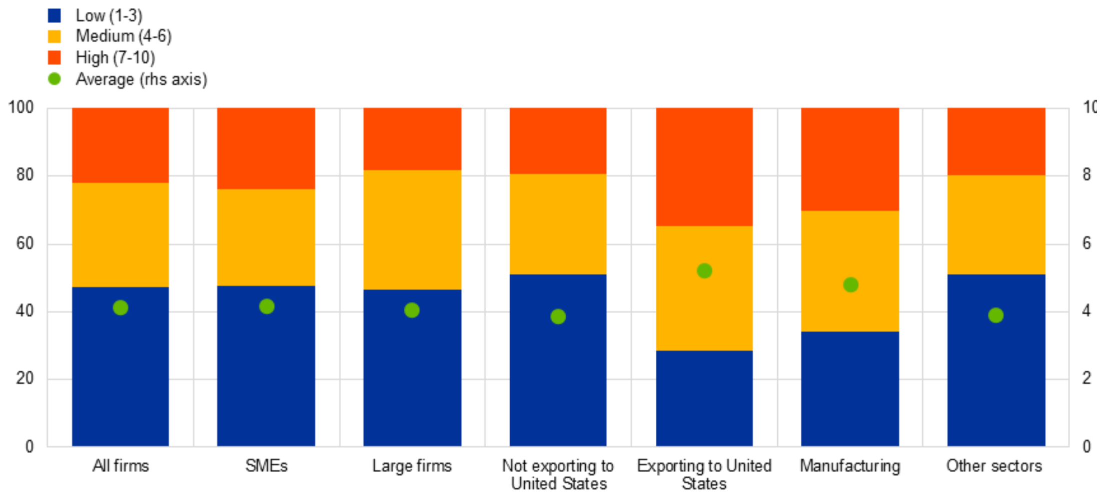
The survey results underscore the considerable challenges posed by trade tensions and US tariffs and reveal the efforts made by euro area firms to adapt to changing trade dynamics.

According to the survey results, the intensity of the impact by trade tensions varies significantly across firms (Chart A). When categorising responses into three groups – low impact (replies between 1 and 3), medium impact (4-6), and high impact (7-10) – 47% of firms reported a low impact, 31% reported a medium impact, and 22% reported a high impact. These percentages, however, differ based on firm characteristics.

Chart A

Relevance of trade tensions

(percentages of respondents and averages)



Base: All firms. The figures refer to round 35 of the survey (April-June 2025).
Notes: The chart shows the distribution and the survey-weighted averages of the relevance of trade tensions on firms, measured from 1 to 10 (highest) across types of firms. The data included in the chart refer to Question QA2_2025Q2.

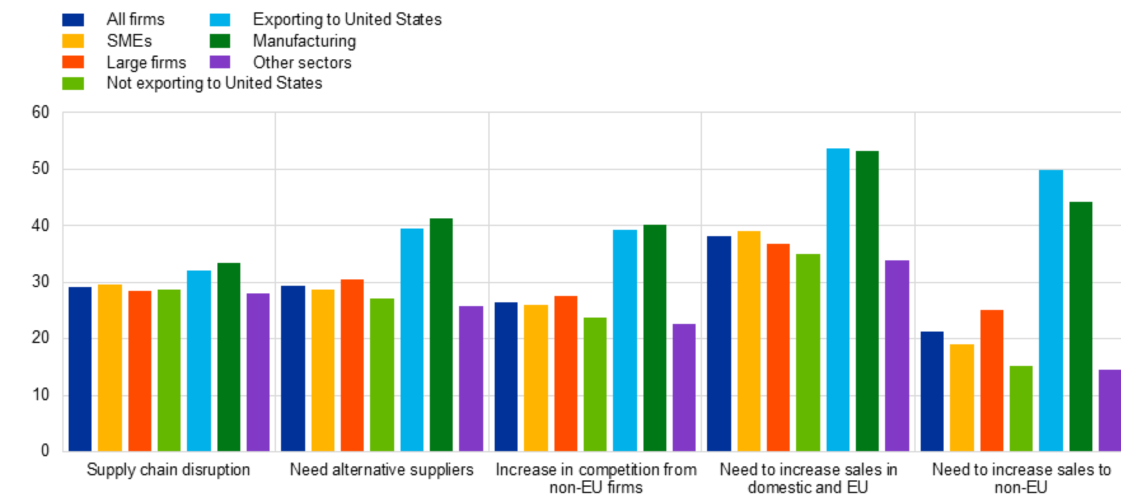
As expected, firms exporting to the United States and those in the manufacturing sector are particularly exposed. Among firms exporting to the United States (representing 17% of the overall sample), 35% reported being highly impacted by trade tensions, compared with just 19% among firms not exporting to the United States. Similarly, the manufacturing sector appears to be most affected, with 30% of firms in this sector experiencing a significant impact. This highlights the disproportionate vulnerability of export-oriented and manufacturing firms to US tariff increases.

In response to these challenges, firms have adopted – or are planning to adopt – various adjustment strategies (Chart B). Most notably, 39% of firms indicated that their primary approach is to increase sales within domestic and EU markets. This strategy is particularly prevalent among US exporters and manufacturing firms, with slightly more than 50% of these firms emphasising the need to refocus their sales' efforts toward these regions. Additionally, US exporters are also signalling that they are actively looking to diversify sales into non-EU markets as a way of offsetting the impact of higher US tariffs or the adoption of similar measures by other countries. Approximately 30% of firms expressed concerns regarding delays or shortages in supply chains. Interestingly, supply chain disruptions do not appear to correlate strongly with whether a firm exports to the United States, suggesting that such disruptions may transmit indirectly through global supply chains. In addition, firms indicated a need to seek alternative suppliers, a trend expected to persist over the next 12 months, with US exporters and manufacturing firms more likely than the average firm to report the need for this search. This probably reflects their efforts to mitigate the likely higher import costs and the complexities associated with cross-border supply chains, which might have been exacerbated by US tariffs.

Chart B

Implications of trade tensions for firms' strategy over the next twelve months

(percentages of respondents)



Base: All firms. The figures refer to round 35 of the survey (April-June 2025).
Notes: The chart shows the share of firms reporting different types of implications of the trade tensions on firms' strategy so far and over the next twelve months. The data included in the chart refer to Question QA3_2025Q2.

The findings underscore the considerable challenges posed by trade tensions and US tariffs.

Box 2

Investment in artificial intelligence technologies by euro area firms

This box presents the results of two ad hoc questions on euro area firms' investments in artificial intelligence (AI) technologies. The survey first asked firms if they have ever invested or are currently investing in these technologies. It then asked them to indicate the percentage of their total investment devoted to AI over the past twelve months.

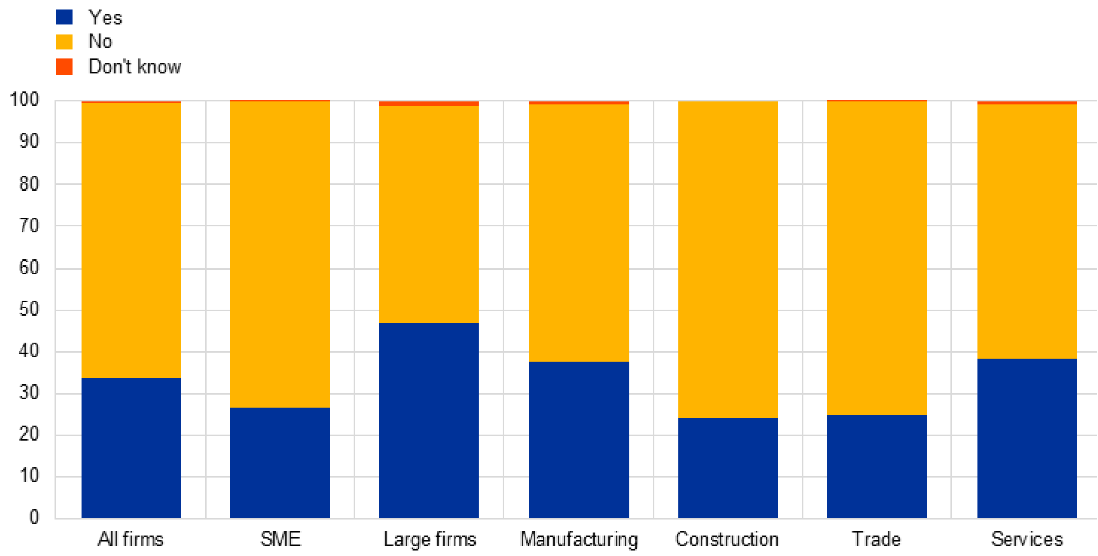
The survey results show that 34% of all firms have invested in AI technologies at some point in the past (Chart A). This percentage reaches 47% for large firms and 38% for firms in the manufacturing and services sectors. Only a small percentage (1%) of firms replied "do not know" to this question.[4]

4 Although not directly comparable, the survey results align with Eurostat statistics, which report that approximately 13% of euro area firms and 41% of large firms used AI technologies in 2024.

Chart A

Share of firms investing in AI

(percentages of respondents)



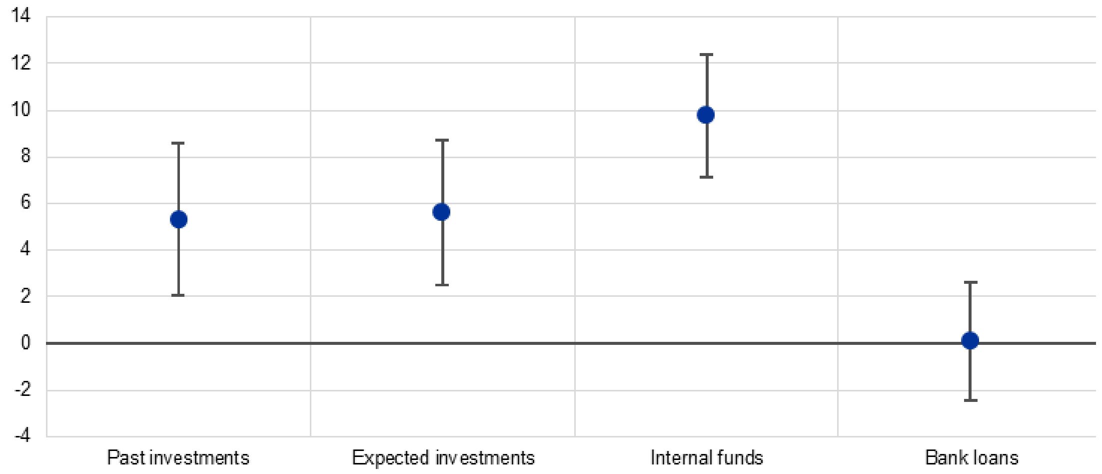
Base: All firms. The figures refer to round 35 of the survey (April-June 2025).
Notes: The chart shows the share of replies (yes, no, don't know) to Question QB1_2025Q2 across types of firms.

Firms which increased overall investment in the past three months or expect to increase it in the next quarter are also more likely to have invested in AI technologies (Chart B). A regression analysis helps identify the characteristics of firms investing in AI. Beyond size and sectoral differences already highlighted in the main statistics, the analysis shows that those reporting that they have increased overall investment in the past three months, or are expecting to increase it in the next quarter, are also more likely to have invested in AI technologies. Regarding the sources of funding, firms that consider the use of internal funds relevant for their business are more likely to invest in AI, while there is no difference in the case of bank loans.

Chart B

Characteristics of firms investing in AI

(percentages)



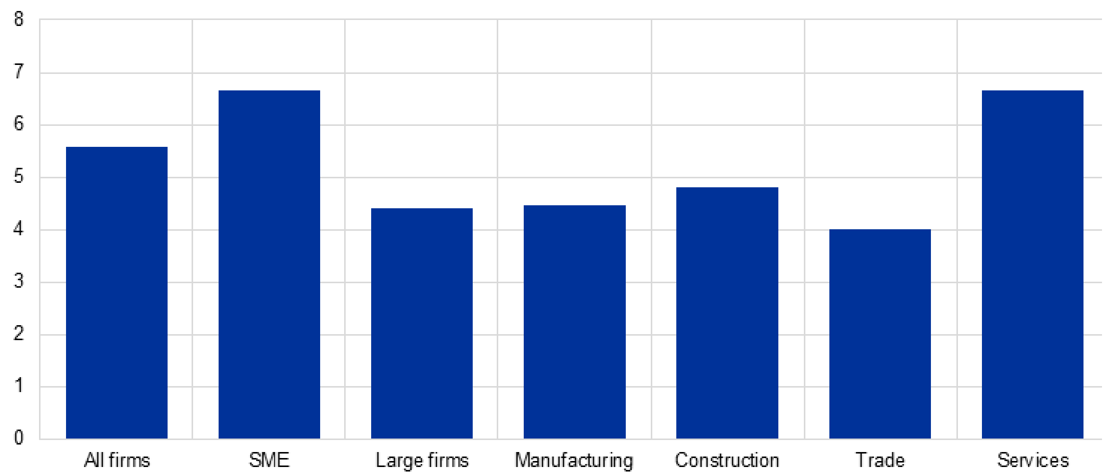
Base: All firms. The figures refer to round 35 of the survey (April-June 2025).
Notes: The chart shows the coefficients of a regression whose dependent variable is a dummy equal to 1 for firms that report that they have invested in AI technologies. The covariates include the dummy “Past investments” (“Expected investments”) equal to 1 if the firm reported that it had increased (or expects to increase) overall investment in the past (next) quarter, the dummy “Internal funds” (“Bank loans”) equal to 1 for firms that consider internal funds (bank loans) as a source of funding. Controls for size, sector and country and survey weights are also included.

Finally, focusing on firms that have invested in AI technologies in the past, on average the percentage of overall investment accounting for AI is 5.6% for all firms, higher for SMEs (6.7%) than for large firms (4.4%) and higher for firms in the service sector (6.7%, Chart C) compared with other sectors.

Chart C

Percentage of investment in AI in the last twelve months

(percentages of overall investment)



Base: Firms reporting they had invested in AI technologies. The figures refer to round 35 of the survey (April-June 2025).
Notes: The chart shows the average percentages of overall investments accounting for investments in AI technologies, across firm types, Question QB2_2025Q2.

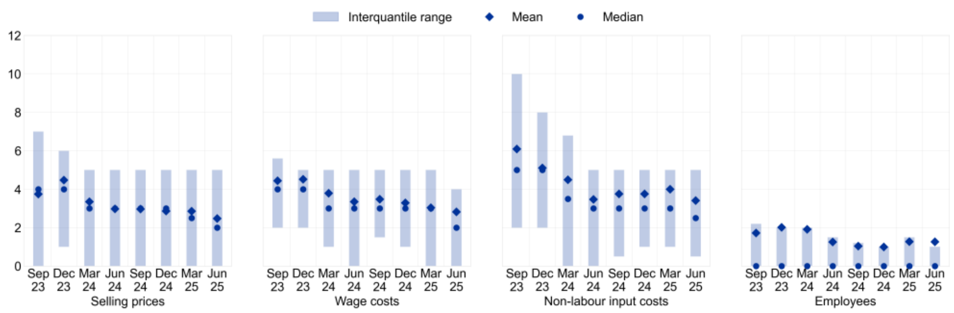
3.3 Firms’ expectations regarding selling prices and wage growth moderated

Firms’ expectations for selling price increases declined, accompanied by a moderation in expected wage growth (Chart 13). Firms expected their selling prices to rise by 2.5%, on average, over the next 12 months, down from 2.9% in the previous survey round. The dispersion of selling price expectations remained stable, with almost one-third of firms in the survey expecting selling prices to remain unchanged or to decline over the next year.[5] Expectations for wage increases have dropped to 2.8%, on average, down from 3.0% in the previous survey round, driven by lower wage expectations in the industry and construction sectors.

Chart 13

Expectations for selling prices, wages, input costs and employees one year ahead

(percentages changes over the next 12 months)



Base: All firms. The figures refer to rounds 29 to 35 (September 2023 to June 2025) of the survey, with firms’ replies collected in the last month of the respective survey waves.
Notes: Mean and median euro area firm expectations of changes in selling prices, wages of current employees, non-labour input costs and number of employees for the next 12 months, along with interquartile ranges, using survey weights. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 34 of the survey.

Firms lowered their expectations for non-labour input costs growth over the next year (Chart 13). The expected average increase in non-labour input costs is 3.4%, down from 4.0% in the previous survey round, reflecting lower energy prices. In the current survey round, the distribution of firms’ expected average increase in non-labour input costs widened, mainly reflecting greater divergence in cost pressures across SMEs.

On average, firms continue to expect employment growth to increase by 1.3% over the next year, while the median firm expects zero growth (Chart 13). Firms’ employment growth expectations remained unchanged on average at 1.3%, while the median firm continues to expect zero growth. This reflects the fact that the distribution of expected changes in staffing levels is skewed to the upside, with some firms expecting larger increases while most expect modest increases or no change.

Across firm sizes, SMEs continue to report higher expectations for selling prices, wages and non-labour input costs than large firms (Chart 14). On

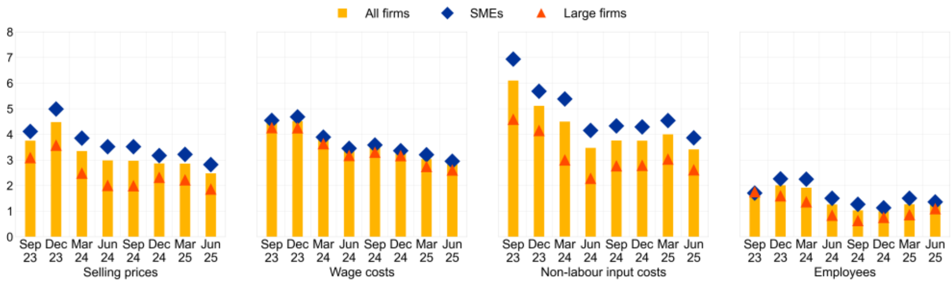
5 The share of firms expecting non-positive selling price changes was 32%, unchanged since March 2025 and slightly higher than the 29% recorded in both December 2024 and September 2024. This was after 34% in June 2024, 33% in March 2024, 24% in December 2023 and 30% in September 2023.

average, SMEs expect greater increases than large firms, both in their selling prices (2.8%, compared with 1.9% for large firms) and in non-labour input costs (3.9%, compared with 2.6% for large firms). SME expectations for wage costs over the next year stand at 3.0%, slightly lower than the 3.2% in the previous survey round, while for large firms the figure has dropped to 2.6%, down from 2.7%. Employment growth expectations for the next 12 months have decreased slightly for SMEs (1.4%, down from 1.5% in last survey round), while large firms have become slightly more optimistic (1.1%, up from 0.9% in last survey round).

Chart 14

Expectations for selling prices, wages, input costs and employees one year ahead, by size class

(percentage changes over the next 12 months)



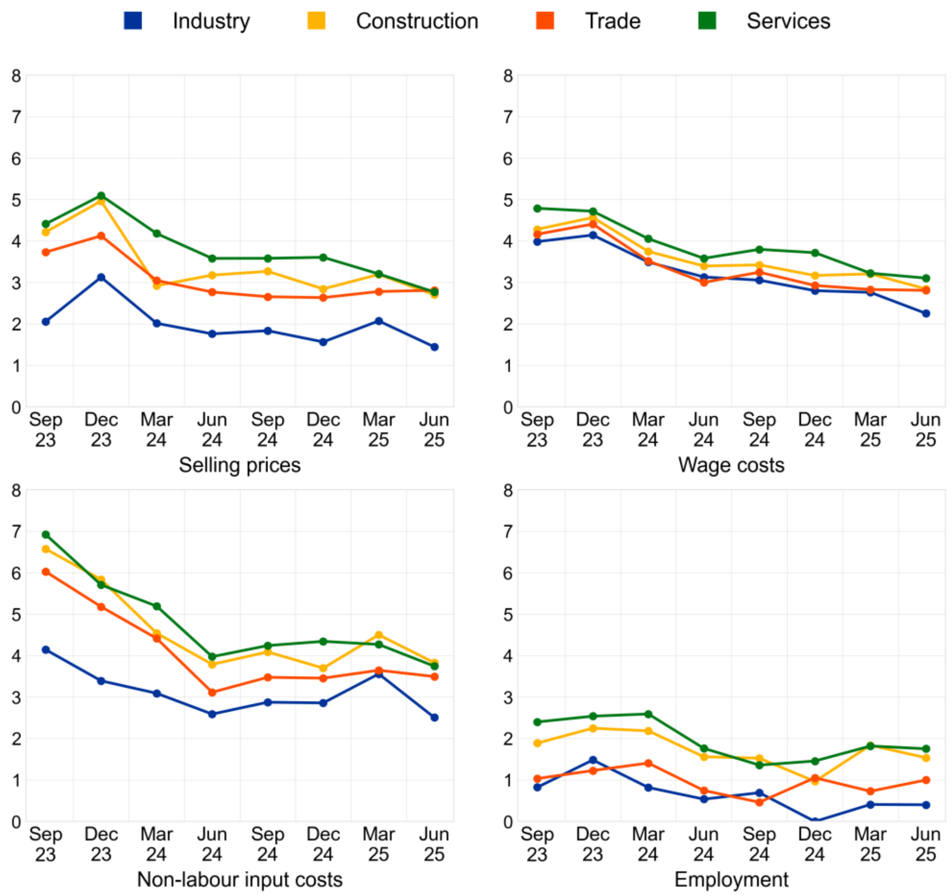
Base: All firms. The figures refer to rounds 29 to 35 (September 2023 to June 2025) of the survey, with firms' replies collected in the last month of the respective survey waves.
Notes: Weighted average euro area firm expectations of changes in selling prices, wages of current employees, non-labour input costs and number of employees for the next 12 months using survey weights. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 34 of the survey.

Across sectors, selling price, wage growth and non-labour input cost expectations for services have converged with expectations in the trade and construction sectors, while remaining lower in the industry sector (Chart 15). Firms in the service sector expect their selling prices to rise by 2.8% (down from 3.2% in the previous survey round), as do firms in the trade (2.8%, unchanged) and construction (2.7%, down from 3.2%) sectors, all higher than the 1.4% reported in the industry sector. Wage cost expectations in services declined slightly to 3.1% (down from 3.2%) but remained higher than expectations in the construction and trade sectors (both at 2.8%). Regarding non-labour input costs, firms in the services sector report lower expectations at 3.7%, similar to expectations in the construction and trade sectors, which anticipate increases of 3.8% and 3.5% respectively. These figures represent a decline from the previous expectations of 4.5% for construction and 3.6% for trade. In terms of employment growth, expected increases were larger in the services and construction sectors (1.8% and 1.5% respectively) but more modest in industry and trade.

Chart 15

Average expectations for selling prices, wages and input costs one year ahead, by sector

(percentage changes over the next 12 months)



Base: All firms. The figures refer to rounds 29 to 35 (September 2023 to June 2025) of the survey, with firms' replies collected in the last month of the respective survey waves.
Notes: Mean euro area firm expectations of changes in selling prices, wages of current employees, non-labour input costs and number of employees for the next 12 months, along with interquartile ranges, using survey weights. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 34 of the survey.

3.4 Firms' inflation expectations decreased for the one-year-ahead horizon, while remaining broadly unchanged for longer-term horizons

Euro area firms' median inflation expectations decreased to 2.5%, from 2.9% for the one-year-ahead horizon, and remained at 3.0% for the three and five-year horizons (Chart 16). The median and modal values of firms' one-year-ahead inflation expectation declined from 2.9% and 3.0% to 2.5% and 2.0% respectively, accompanied by a reduction in the dispersion of firm-level expectations. Across size classes, large firms reported a notable decrease in their median one-year-ahead inflation expectations, dropping to 2.2% from 2.7% in the previous survey round. Meanwhile, SMEs reported a more modest decline, with their median expectations edging down to 2.9%, from 3.0% (**Chart 17**).

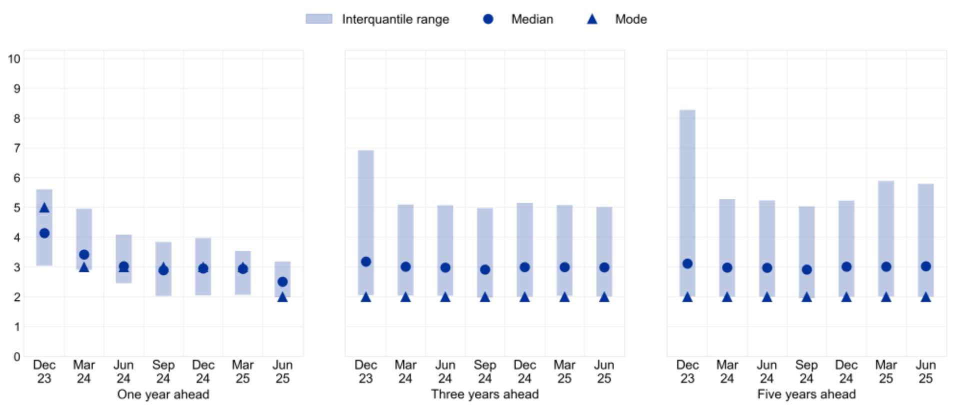
For the three-year horizon, inflation expectations remained largely unchanged, with SMEs remaining at 3.1% and large firms signalling a slight increase to 2.6%, up from 2.5% in the previous survey round. However, revisions in expectations for the five-year horizon showed a divergence across firm size classes. SMEs revised their expectations downward at 3.2%, compared with 3.8% in the previous survey round. By contrast, large firms revised their expectations upwards, forecasting inflation at 2.9%, compared with 2.5% in March.

Across sectors, firms reported decreasing inflation expectations at the one and three-year horizons, while changes were mixed for the five-year horizon. Since the previous survey round, five-year-ahead expectations have decreased from 3.6% to 3.2% for the construction sector. They stayed unchanged at 3.1% for services but increased slightly for the industry and trade sectors, from 2.8% to 2.9% and 3.0% to 3.1% respectively.

Chart 16

Firms' expectations for euro area inflation at different horizons

(annual percentages)

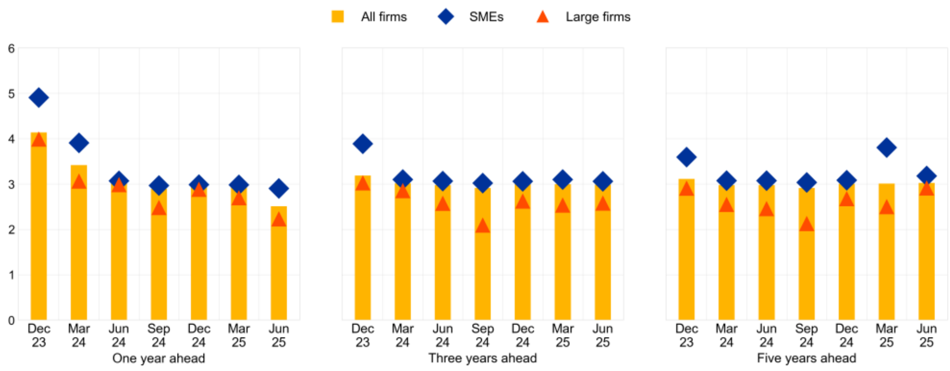


Base: All firms. The figures refer to pilot 2 and rounds 30 to 35 of the survey (December 2023 to June 2025).
Notes: Survey-weighted median, mode and interquartile ranges of firms' expectations for euro area inflation in one year, three years and five years. Quantiles are computed by linear interpolation of the mid-distribution function. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 31 of the survey.

Chart 17

Firms' median expectations for euro area inflation by size class

(annual percentages)



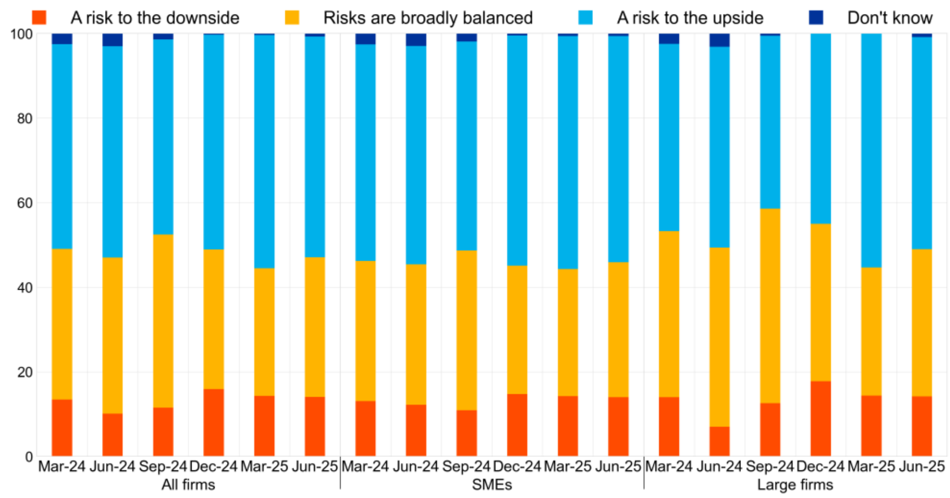
Base: All firms. The figures refer to pilot 2 and rounds 30 to 35 (December 2023 to June 2025) of the survey, with firms' replies collected in the last month of the respective survey waves.
Notes: Survey-weighted median of euro area firms' expectations for euro area inflation in one year, three years and five years. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 31 of the survey.

The majority of firms, albeit fewer than in the previous wave, continued to indicate upside risks to long-term inflation expectations (Chart 18). In total, 33% of firms perceived the risks to their inflation outlook over the next five years as being broadly balanced (up from 30% in the previous survey round). Conversely, the proportion of firms seeing upside risks decreased (52%, down from 55% in the previous survey round), leaving the share of firms seeing downside risks unchanged at 14%. For both large firms and SMEs, risks remain tilted to the upside (53% and 50% respectively, down from 55% for both), with the share of large firms reporting upside risks decreasing more noticeably.

Chart 18

Firms' perceived risks for euro area inflation five years ahead, by firm size

(weighted percentages)



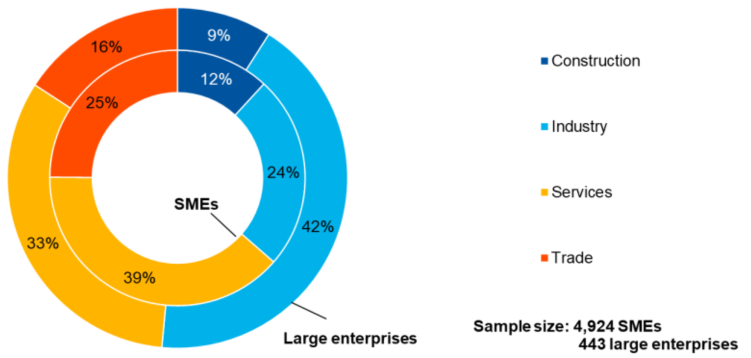
Base: All firms. The figures refer to rounds 30 to 35 (March 2024 to June 2025) of the survey.
Notes: Survey-weighted percentages of firms' subjective inflation outlook over the next five years. The statistics are computed after trimming firms replying to Question 31 on the five-year ahead scenario at the country-specific 1st and 99th percentiles and does not consider firms that answered "don't know" in Question 31 on the five-year-ahead scenario. The data included in the chart refer to Question 33 of the survey.

4 Annexes

4.1 Annex 1
Descriptive statistics for the sample of firms

Chart 19
Breakdown of firms by economic activity

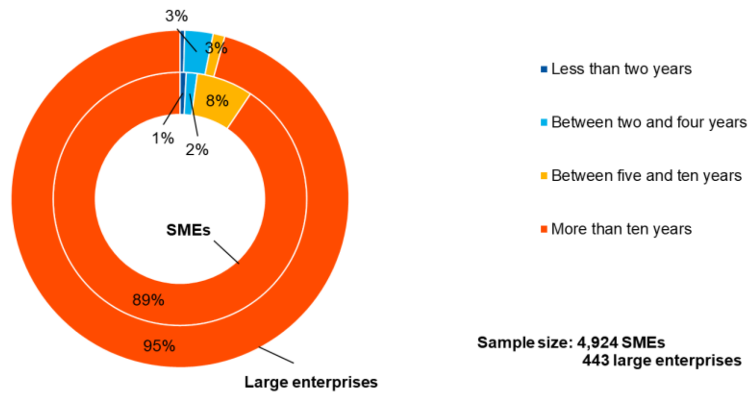
(unweighted percentages)



Base: The figures refer to round 35 of the survey (April-June 2025).

Chart 20
Breakdown of firms by age

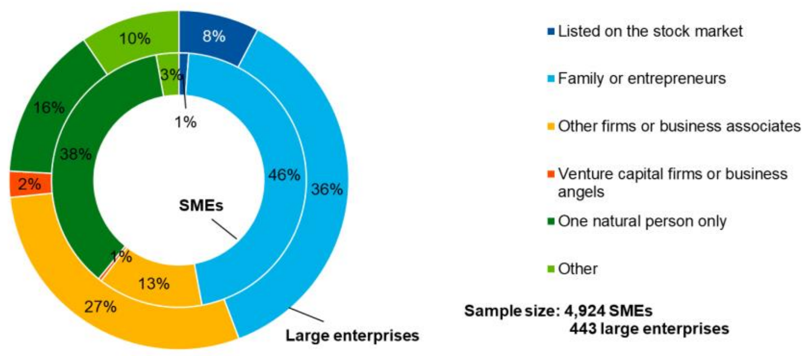
(unweighted percentages)



Base: The figures refer to round 35 of the survey (April-June 2025).

Chart 21
Breakdown of firms by ownership

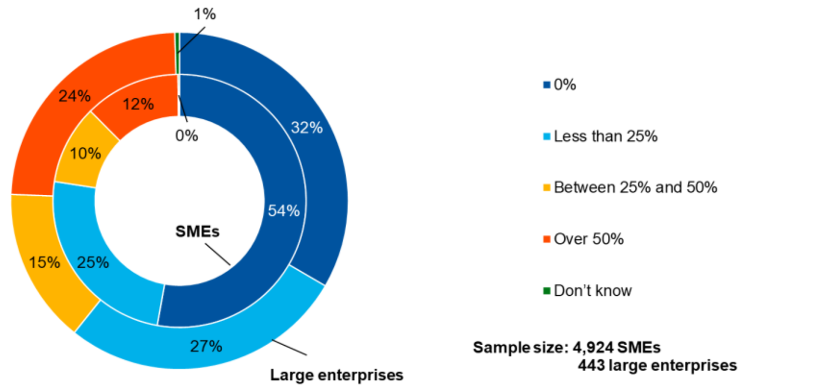
(unweighted percentages)



Base: The figures refer to round 35 of the survey (April-June 2025).

Chart 22
Breakdown of firms by exports

(unweighted percentages)



Base: The figures refer to round 35 of the survey (April-June 2025).

4.2 Annex 2
Methodological information on the survey

For an overview of how the survey was set up, the general characteristics of the euro area firms that participate in the survey and the changes introduced to the methodology and the questionnaire over time, see the "Methodological information on the survey and user guide for the anonymised micro dataset", available on the ECB's website.[6]

In this round a short questionnaire was used with the same format as in the Q2 2024 and Q4 2024 waves, with the exception that Question Q6A was asked for the three-month reference period.

Question D3 was modified for firms which are part of the panel, so that if they answer 99 – DK/NA, the interview is not automatically stopped and, instead, respondents are asked whether they are still active in the sector they had entered at the time of the last interview.

Three ad hoc questions were added in Q2 2025 on trade tensions and US tariffs:

1. What percentage of your company's total turnover in 2024 is accounted for by exports of goods and services to the United States?
2. How significant do you perceive the impact of trade tensions to be on your firm?
3. What are the implications for your business so far and over the next 12 months of the increase in tariffs by the United States and the adoption of similar measures by other countries?

Two ad hoc questions were added in Q2 2025 on AI:

1. Have you ever invested, or are you currently investing, in AI technologies?
2. What percentage of your firm's overall investment was allocated, on average, to AI technologies in the last 12 months?

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6 "Survey on the access to finance of enterprises – Methodological information on the survey and user guide for the anonymised micro dataset", ECB, July 2025.

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For specific terminology please refer to the ECB glossary (available in English only).

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