JAN 29
Lauren Ashcraft

Several US banks are allegedly considering offloading their X loans

Article

The news: Multiple Wall Street banks allegedly plan to sell up to $3 billion of debt tied to Elon Musk's 2022 acquisition of X (formerly Twitter), per Reuters.

Morgan Stanley, **Barclays**, and **Bank of America**—three major lenders with X deals—have not yet responded to Reuters for comment.

The details: Though Elon Musk has denied reports of X's financial instability, one of the platform's major sources of revenue hasn't bounced back under its new leadership. X has faced continued **advertiser pullbacks** stemming from Musk's controversial changes to the platform, such as reducing content moderation.

And it hasn't rebounded since losing over 115,000 users after the US presidential election, further alarming its lenders.

What this means for banks: It's common for banks to offload long-term loans to free up capital. However, this potentially souring deal has emerged as a major risk, tying up capital for multiple big banks. According to The Wall Street Journal, banks expect to sell their X loans for between 90 and 95 cents on the dollar—which is the "worst buyout deal for banks since the 2008 recession," according to Business Insider, but could still help mitigate potential losses.

Our take: This lending experience underscores the risks of relying heavily on a borrower's reputation or personal wealth rather than the financial viability of the project itself. Additionally, the outcome of this sale could serve as a cautionary tale for banks evaluating loans in high-profile acquisitions, particularly deals headed by Elon Musk.

Though, Musk's leadership position in President Trump's administration could tempt banks to consider future opportunities to build or strengthen their relationship with the billionaire.

This article is part of EMARKETER's client-only subscription Briefings—daily newsletters authored by industry analysts who are experts in marketing, advertising, media, and tech trends. To help you start 2025 off on the right foot, articles like this one—delivering the latest news and insights—are completely free through January 31, 2025. If you want to learn how to get insights like these delivered to your inbox every day, and get access to our data-driven forecasts, reports, and industry benchmarks, schedule a demo with our sales team.