

# Survey on Small and Medium-Sized Enterprises' Credit Conditions for first quarter 2018

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) published today (May 16) the results of Survey on Small and Medium-Sized Enterprises (SMEs)' Credit Conditions for the first quarter of 2018.

Regarding SMEs' perception of banks' credit approval stance relative to 6 months ago, 77% of respondents perceived similar or easier credit approval stance in the first quarter of 2018, broadly similar to the result of the previous quarter (Chart 1 in the Annex). Some 23% of respondents perceived more difficult credit approval stance in the first quarter of 2018, as compared to 24% in the previous quarter.

Of those respondents with existing credit lines, 88% reported that banks' stance on existing credit lines was easier or unchanged in the first quarter of 2018, largely similar to the result of the previous quarter (Chart 2 in the Annex). The proportion of respondents reporting easier banks' stance declined to 14% from 22% in the survey of the previous quarter. Some 12% of respondents reported tightened banks' stance in the first quarter of 2018, slightly down from 13% in the previous quarter.

The Survey also gauged the results of new credit applications from SMEs. Some 2.9% of respondents reported that they had applied for new bank credit during the first quarter of 2018. Of those with known application outcomes, 91% reported fully or partially successful applications, with the proportion of respondents reporting fully successful applications decreasing to 50% from 70% in the survey of the previous quarter (Chart 3 in the Annex). The proportion of respondents reporting unsuccessful application increased from 4% to 9%. It should be noted that owing to a small sample size (i.e. 2.9% of surveyed SMEs), the results of new credit applications from SMEs could be prone to large fluctuations. Care should be taken when interpreting the survey results.

## About Survey on Small and Medium-Sized Enterprises' Credit Conditions

In light of the importance of SMEs to the Hong Kong economy and concerns about potential funding difficulties facing SMEs over the past few years, the HKMA has appointed the Hong Kong Productivity Council (HKPC) to carry out this Survey, starting from the third quarter of 2016. This Survey is conducted on a quarterly basis, covering some 2 500 SMEs from different economic sectors each time. The results of this Survey can help monitor the development of SMEs' access to bank credit from the demand-side perspective.

The results of this Survey should be interpreted with caution. Similar to other opinion surveys, views collected in this Survey may be affected by changes in sentiment due to idiosyncratic events occurring during the time of conducting the Survey, which can make the results more prone to fluctuations. Readers are advised to interpret the results together with other economic and financial information. In addition, views collected are limited to the expected direction of periodic changes (e.g. "tighter", "similar" or "easier") but not the magnitude of difficulties.

Detailed tables and technical information of this Survey are published in the website of the HKPC ([smecc.hkpc.org](http://smecc.hkpc.org)).