

# Survey on Small and Medium-Sized Enterprises' Credit Conditions for Fourth Quarter 2018

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

The Hong Kong Monetary Authority (HKMA) published today (February 19) the results of Survey on Small and Medium-Sized Enterprises (SMEs)' Credit Conditions for the fourth quarter of 2018.

Regarding SMEs' perception of banks' credit approval stance relative to 6 months ago, 78 per cent of respondents perceived similar or easier credit approval stance in the fourth quarter of 2018, compared with 77 per cent recorded in the previous quarter (Chart 1 in the Annex). 22 per cent of respondents perceived more difficult credit approval stance relative to 6 months ago in the fourth quarter of 2018, as compared to 23 per cent in the previous quarter.

Of those respondents with existing credit lines, 84 per cent reported that banks' stance on existing credit lines was easier or unchanged in the fourth quarter of 2018, down from 98 per cent recorded in the previous quarter (Chart 2 in the Annex). 16 per cent of respondents reported tightened banks' stance in the fourth quarter of 2018, up from 2 per cent in the previous quarter.

The Survey also gauged the results of new credit applications from SMEs. 3.8 per cent of respondents reported that they had applied for new bank credit during the fourth quarter of 2018. For respondents who already know their application outcomes, 94 per cent reported fully or partially successful applications, unchanged from the previous quarter; the proportion of respondents that reported fully successful applications dropped to 57 per cent from 83 per cent in the previous quarter (Chart 3 in the Annex). The proportion of respondents that reported unsuccessful application remained unchanged at 6 per cent. It should be noted that owing to a small sample size (i.e. 3.8 per cent of surveyed SMEs), the results on 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 (SMEs)' 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 about 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 a 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 that occurred over the Survey period, which can make the results 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 inter-quarter changes (e.g. "tighter", "similar" or "easier") without providing information about the magnitude of these changes.

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