

# Survey on Small and Medium-Sized Enterprises' Credit Conditions for fourth quarter 2024

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

The Hong Kong Monetary Authority (HKMA) published today (February 3) the results of Survey on Small and Medium-Sized Enterprises (SMEs)' Credit Conditions for the fourth quarter of 2024. According to the survey, SMEs' credit conditions remained broadly stable.

Regarding SMEs' perception of banks' credit approval stance relative to 6 months ago, excluding respondents who answered "no idea/ don't know", 70 per cent perceived a "similar" or "easier" credit approval stance in the fourth quarter of 2024, down from 76 per cent in the previous quarter (Chart 1 in the Annex). 30 per cent perceived a "more difficult" credit approval stance, compared to 24 per cent in the previous quarter. The perception of a more difficult credit approval stance may not necessarily reflect actual difficulties faced by SMEs in obtaining bank credit as the perception could be affected by a number of factors, such as media/news reports, business conditions and opinions of relatives and friends.

Among respondents with existing credit lines, 0 per cent reported a "tighter" banks' stance, down further from 1 per cent in the previous quarter (Chart 2 in the Annex). In this survey, a tighter stance on existing credit lines denotes a range of possible measures or arrangements, such as reducing unused and used credit lines, raising the interest rate, imposing additional collateral requirements, or shortening loan tenor. Therefore, respondents' indication of banks' stance on existing credit lines may not directly reflect banks' supply of credit to SMEs.

The survey also gauged the results of new credit applications from SMEs. 4 per cent of the respondents reported that they had applied for new bank credit during the fourth quarter of 2024. Among the respondents who had already known their application outcomes, 77 per cent reported fully or partially successful applications, down from 79 per cent in the previous quarter (Chart 3 in the Annex).

Owing to small sample sizes of SMEs with existing credit lines (26 per cent of surveyed SMEs) and with new credit applications (4 per cent of surveyed SMEs) during the quarter, the results could be prone to large fluctuations, and hence should be interpreted with care.

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", "no change" 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)).