

# Survey on Small and Medium-Sized Enterprises' Credit Conditions for Second Quarter 2019

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

The Hong Kong Monetary Authority (HKMA) published today (July 25) the results of Survey on Small and Medium-Sized Enterprises (SMEs)' Credit Conditions for the second quarter of 2019.

Regarding SMEs' perception of banks' credit approval stance relative to 6 months ago, 81 per cent of respondents perceived similar or easier credit approval stance in the second quarter of 2019, whereas 19 per cent of respondents perceived more difficult credit approval stance, broadly similar to the results of the previous quarter (Chart 1 in the Annex).

Of those respondents with existing credit lines, 93 per cent reported that banks' stance on existing credit lines was easier or unchanged in the second quarter of 2019, slightly up from 90 per cent in the previous quarter (Chart 2 in the Annex). 7 per cent of respondents reported tightened banks' stance on existing credit lines in the second quarter of 2019, as compared to 10 per cent in the previous quarter.

The Survey also gauged the results of new credit applications from SMEs. 2.2 per cent of respondents reported that they had applied for new bank credit during the second quarter of 2019. Among respondents who had already known their application outcomes, 87 per cent reported fully or partially successful applications, down from 97 per cent in the previous quarter; the proportion of respondents who reported fully successful applications increased to 61 per cent from 55 per cent in the previous quarter (Chart 3 in the Annex). The proportion of respondents who reported unsuccessful application increased from 3 per cent to 13 per cent. It should be noted that owing to a small sample size (i.e. 2.2 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 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)).