

# Taskforce on SME Lending holds its inaugural meeting

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

The joint Taskforce on SME Lending established by the Hong Kong Monetary Authority (HKMA) and the Hong Kong Association of Banks (HKAB) held its inaugural meeting today (September 5). The meeting was co-chaired by Deputy Chief Executive of the HKMA Mr Arthur Yuen and the Chairperson of the HKAB, Ms Luanne Lim, and was attended by representatives of the HKMA, the HKAB and 14 banks that are active in small and medium-sized enterprise (SME) lending (Note).

The meeting discussed issues related to SME lending and property mortgage lending, including common issues identified in individual cases of SMEs or members of the public who encountered difficulties in obtaining or maintaining bank financing, feedback from the commercial sector, as well as ways to further strengthen communication between the banking industry and the commercial sector. Highlights of the discussion include the following:

1. SME support measures: The participating banks stated that they would ensure the ongoing effective implementation of the nine SME support measures that were launched previously, and would continue providing the necessary financing and support for the sustainable development of SMEs.
2. Risk appetite: The participating banks indicated that they had not changed and would not change their risk appetite towards SME financing and related credit approval standards.
3. Be accommodative and treat customers fairly: Since the establishment of the Taskforce on 23 August, the HKMA and banks have up to yesterday (September 4) received around 70 enquiries and cases from different industry sectors, including general enquiries and opinions related to SME and mortgage lending, cases received and referred by the HKMA to banks for follow-ups, as well as requests received through the banks' Credit Approval Review Arrangements. These cases include claims that information provided by the banks were not sufficiently clear, requests for banks' review of credit approval decisions, claims that banks' credit approval processing time was too long, and requests for continuation of the relief measures such as principal moratorium or partial principal repayment. Some good practices in the banking industry were also shared at the meeting, such as increasing transparency (e.g. setting out clearly the documentation requirements and disclosing the considerations behind credit approval decisions and arrangements for credit approval review), and enhancing credit approval efficiency (e.g. streamlining the credit application processes) and customer experience (e.g. providing suitable services to different types of customers based

on their needs).

4. Manpower and resources: The participating banks committed to allocating sufficient manpower and resources to review requests made to the banks' Credit Approval Review Arrangements, and to strive to reply to the customers within one month under normal circumstances. During the process, the banks will communicate with the customers in an accommodative manner.
5. Residential mortgage loan approval process: To enhance the transparency and efficiency of the mortgage approval process and improve the customer experience for residential mortgage loan applications, the participating banks committed to informing applicants of the outcome within 14 days after receipt of all the necessary documents, so as to allow customers sufficient time for making appropriate arrangements.

The Taskforce agreed that it is necessary for banks to maintain consistent and effective risk management to safeguard depositor interests. As such, for cases of prolonged non-repayment despite relief or restructuring provided, banks will inevitably take appropriate actions while ensuring such actions are implemented and communicated to the customers in an accommodative manner.

In addition, the Taskforce discussed ways to further promote banks' support for the development, upgrade and transformation of SMEs. In this connection, the HKMA and the banking industry will continue to maintain close communication with the commercial sector, and will organise related seminars and other activities in the coming two months to assist SMEs to improve their productivity through better use of data and technology. Details of the events will be announced in due course.

The Taskforce was jointly established by the HKMA and the HKAB in August this year to further strengthen the related work for supporting SMEs in obtaining bank financing at both the individual case and the industry levels. This includes setting up a mechanism to review individual cases of SMEs encountering difficulties in obtaining or maintaining bank financing, with the HKMA referring cases to the relevant banks for handling. Where common issues are identified among the cases, the Taskforce will work out appropriate solutions for adoption across the banks. Furthermore, the Taskforce will continue enhancing the communication among the HKMA, the banking industry and commercial sector, so as to understand the financing needs of SMEs in a timely manner and to provide better support for SMEs' development, update and transformation.

Note: Bank of China (Hong Kong), Bank of Communications (Hong Kong), Bank of East Asia, China CITIC International, China Construction Bank (Asia), Citibank, Dah Sing Bank, DBS Bank (Hong Kong), Hang Seng Bank, The Hongkong and Shanghai Banking Corporation, Industrial and Commercial Bank of China (Asia), OCBC Bank (Hong Kong), PAO Bank, and Standard Chartered Bank (Hong Kong).