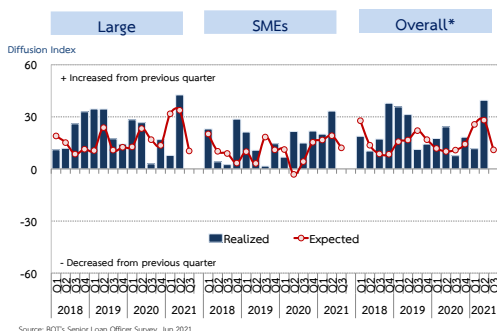
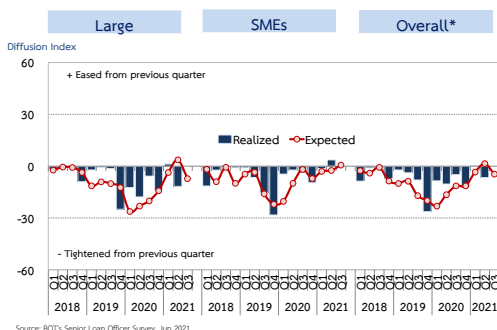




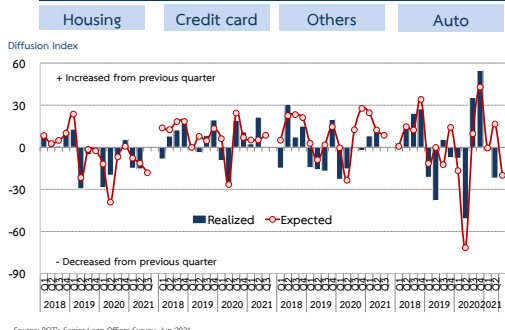
Demand for Corporate Loans



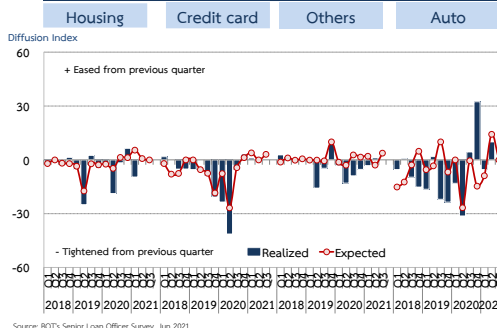
Credit Standards for Corporate Loans



Demand for Consumer Loans



Credit Standards for Consumer Loans



\* The overall index is calculated based on the weighted sum of the index for demand and credit standards for corporate loans for large firms and SMEs.

Source: BOT's Senior Loan Officer Survey, June 2021

**Corporate loans: Overall demand for corporate loans continued to increase. Credit standards were tightened for large corporates but were eased somewhat for SMEs.**

- **Corporate loan demand** in Q2 2021 continued to increase from the previous quarter for both large corporates and SMEs. Loan demand of large corporates increased for working capital purpose in businesses related to petrochemicals and chemicals, utility, and apparel and fashion. Loan demand also increased in export-related businesses in line with improving export outlook (Figure 1 page 2). For SMEs, loan demand increased in several businesses such as hotel and restaurants, commerce, and construction for working capital, internal funding, and inventory build-up purposes. Most SME loan demand was from existing customers who applied for loans mainly through large commercial banks. Nevertheless, overall credit approval rates decreased from the previous quarter, where economic conditions and collateral values were key consideration factors in extending loans. For Q3 2021, loan demand of large corporates and SMEs was expected to continue rising mainly from existing customers for working capital purpose, especially for businesses in services and export sectors, and for project finance.
- **Credit standards for corporate loans** in Q2 2021 were further tightened from the previous quarter. For large corporates, credit standards were tightened in line with heightened risk to economic outlook which would affect collateral values and business performance in some businesses such as hotel and restaurants, and wholesale and retail businesses. Financial institutions thus applied stricter loan covenants and additional collateral requirements. Meanwhile, some financial institutions, especially specialized financial institutions (SFIs), eased credit standards for SMEs slightly in consistent with public measures to provide liquidity support for small entrepreneurs. Financial institutions then eased conditions on loan extension to facilitate liquidity access for SMEs. For Q3 2021, credit standards for large corporate would remain tightened, while remaining easing for SMEs. The new wave of COVID-19 outbreak would result in further economic slowdown and would affect SMEs significantly. Therefore, financial institutions would need to be more flexible in adjusting loan conditions to ensure broad-based liquidity access for SMEs, for both existing and new customers.

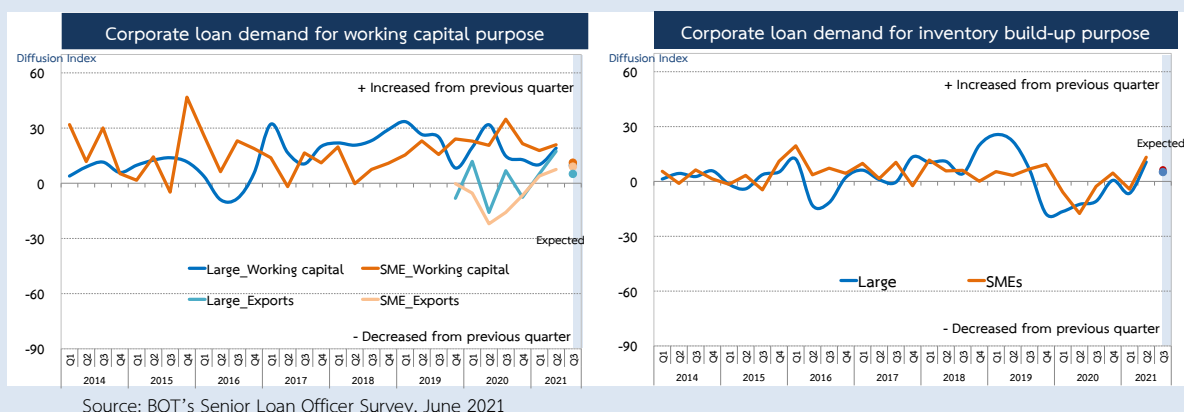
**Consumer loans: Demand for consumer loans declined for housing and auto-leasing loans. Financial institutions eased credit standards for some categories of consumer loans.**

- **Consumer loan demand** in Q2 2021 declined for housing loans as the new wave of COVID-19 outbreak affected consumer confidence. The outbreak also caused real estate developers to slow down new project launches and offer fewer sales promotions. Demand for auto-leasing loans also decreased in line with consumer confidence. However, high-income households with sufficient savings still demanded loans for durable goods somewhat. Meanwhile, demand for other personal and credit card loans continued to rise to support spending and liquidity management among households who had low savings (Figure 2 page 2). For Q3 2021, demand for credit card and other personal loans was expected to increase for spending and liquidity management purposes. Nevertheless, most households would remain cautious in their spending on durable goods.
- **Credit standards for consumer loans** in Q2 2021. Some financial institutions eased credit standards for auto-leasing loans due to slightly lower risk to collateral values among borrowers who made regular debt repayments with stable income flows, as well as loan competition among financial institutions. Meanwhile, credit standards of other financial institutions remained largely unchanged amid concerns over highly uncertain economic conditions which could affect borrowers' creditworthiness. For other personal loans, credit standards were eased slightly for borrowers in middle-to-high income group with stable income flows after having been tightened in earlier periods, and also due to loan competition among financial institutions. For other types of consumer loans, credit standards remained unchanged. For Q3 2021, overall credit standards were expected to be largely unchanged as most financial institutions would remain concerned over the economic outlook and credit risks. However, some financial institutions were expected to continue easing credit standards for other personal loans.

Monetary Policy Strategy Division, Monetary Policy Department, Monetary Policy Group  
30 July 2021

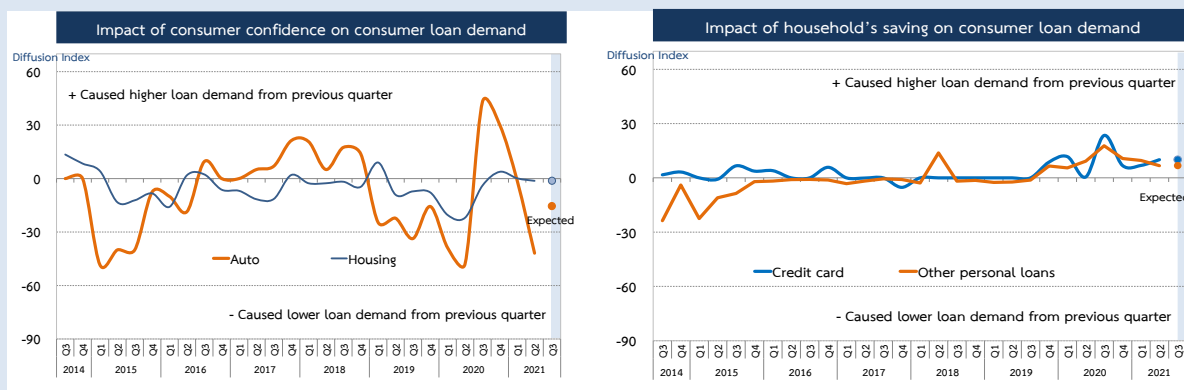
<sup>1</sup>Source : [Image online] available at : [http://www.govopps.co.uk/poll-shows-public-and-political-attitudes-differ-over-payday-loans/loan\\_11975157sml-7/](http://www.govopps.co.uk/poll-shows-public-and-political-attitudes-differ-over-payday-loans/loan_11975157sml-7/)[Accessed on January 2013]

Figure 1 Loan demand of large corporates and SMEs continued to increase mainly for working capital purpose. Meanwhile, loan demand for inventory build-up purpose started to increase.



Source: BOT's Senior Loan Officer Survey, June 2021

Figure 2 Consumer loan demand declined for housing and auto-leasing loans as consumer confidence was affected by the new wave of COVID-19 outbreak. Meanwhile, demand for credit card and other personal loans continued to rise for liquidity management purpose partly as households had low savings.



Source: BOT's Senior Loan Officer Survey, June 2021

Sources: The Bank of Thailand conducts the quarterly **Senior Loan Officer Survey** to obtain views of senior loan officers from financial institutions and from credit card and personal loan companies under supervision (non-banks). The survey helps to enhance the Bank of Thailand's understanding of the prevailing credit conditions and their outlook. The survey covers views on the supply for credit, demand for credit, and outlook for credit approvals in the next quarter. In the Q1 2021 survey, the Bank of Thailand received responses from 27 domestic commercial banks, branches of foreign commercial banks, and specialized financial institutions (SFIs), and from 25 credit card and personal loan companies under supervision (non-banks), covering about 98.6 percent of total credits in the financial system. Responses were received between 2 June 2021 and 14 July 2021.

**Interpretation of the index:** The survey results are presented in a diffusion index (DI) format which varies between -100 and 100. Responses of each financial institution or non-bank are recorded on a 5-level scale, weighted by the institution's market share of outstanding loans for each loan category. The DI is interpreted as follows:

DI	Change from the previous quarter	
+100	Considerable increase in loan demand	Considerable easing in credit standards
+50	Moderate increase in loan demand	Moderate easing in credit standards
0	Unchanged loan demand	Unchanged credit standards
-50	Moderate decrease in loan demand	Moderate tightening in credit standards
-100	Considerable decrease in loan demand	Considerable tightening in credit standards

Detailed survey results, survey form, and previous reports can be accessed through:

<https://www.bot.or.th/English/MonetaryPolicy/EconomicConditions/Pages/CreditCondition.aspx>

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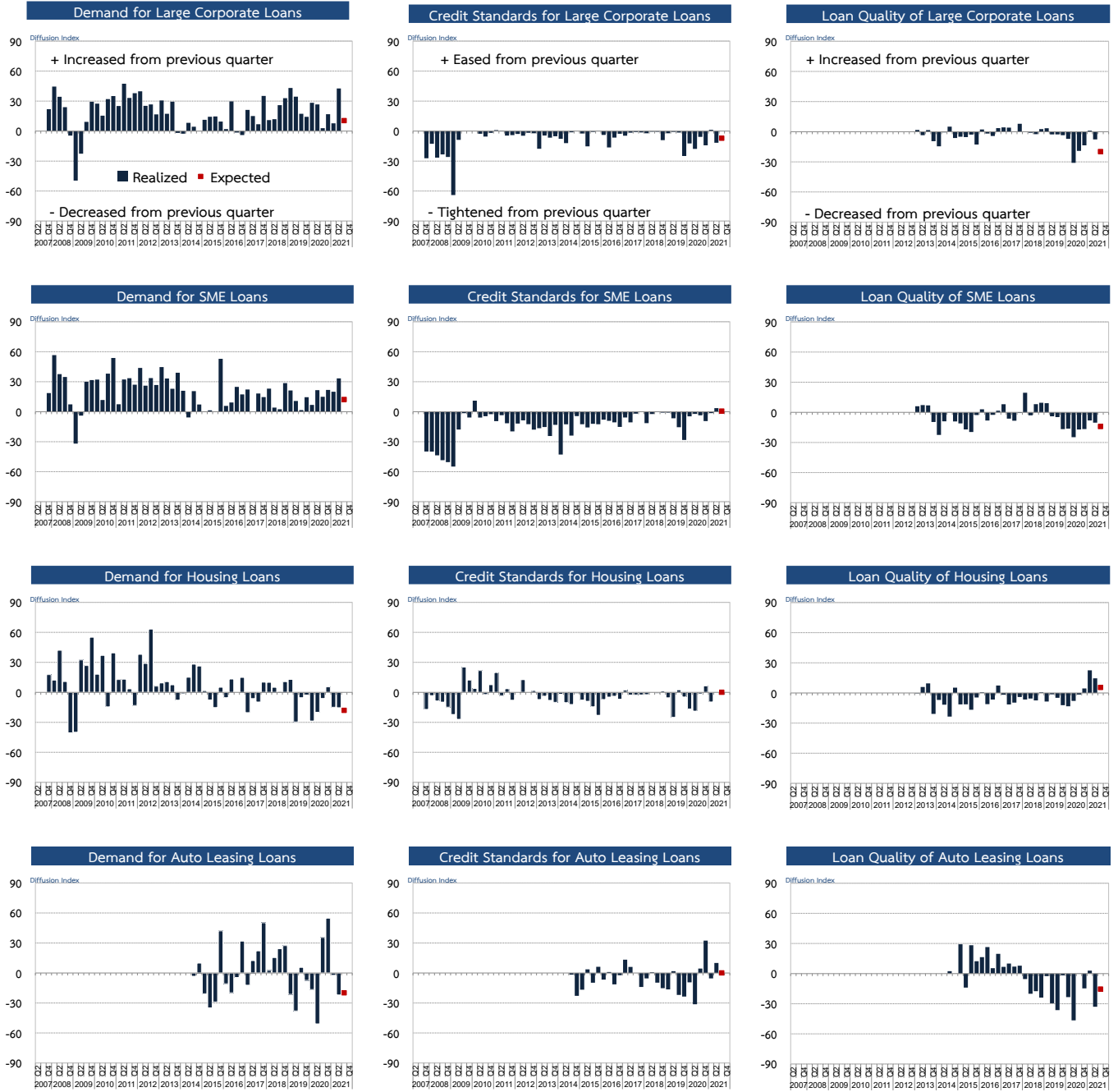
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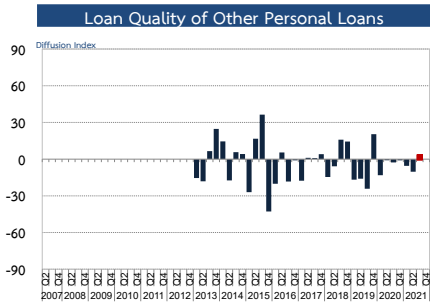
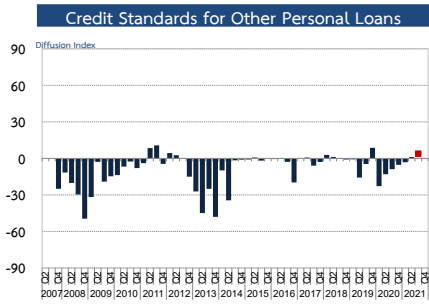
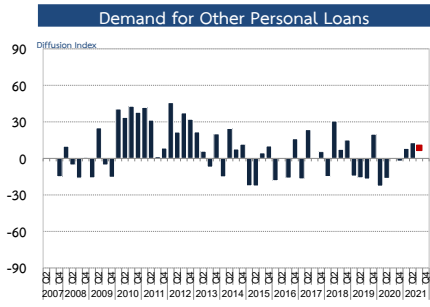
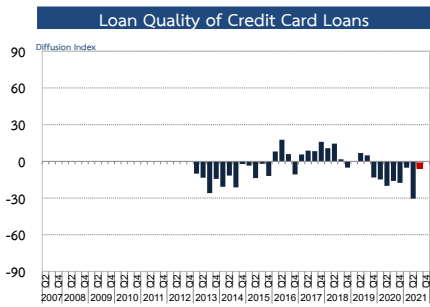
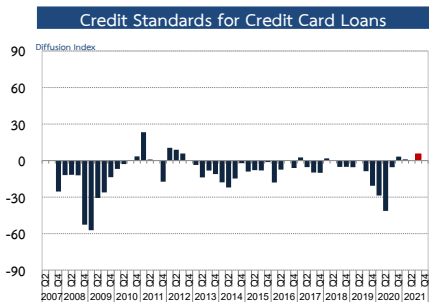
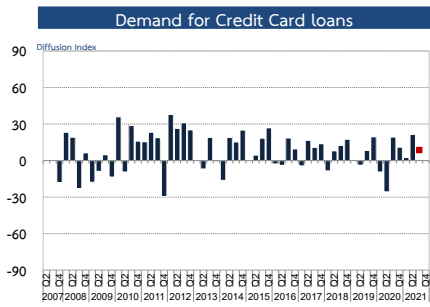
**Disclaimer:** This report does not necessarily reflect the Bank of Thailand's or any one financial institution's view.

The Bank of Thailand uses this report together with information from other sources to analyze the economic conditions.

Appendix: Past survey results for each loan category

The past results presented here include the demand for loans, credit standards, and loan quality. The survey results were collected from Q4 2007, except results on loan quality which started in Q1 2013 and auto-leasing loans which started in Q3 2014.





Source: BOT's Senior Loan Officer Survey, June 2021