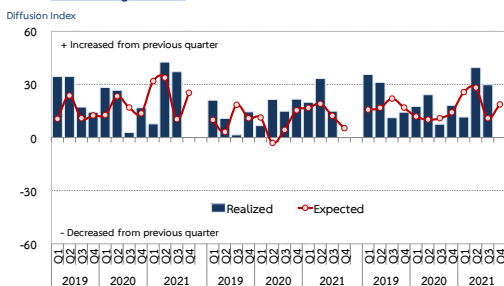




Demand for Corporate Loans

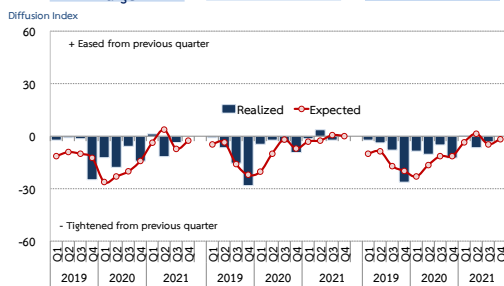
Large SMEs Overall*



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

Credit Standards for Corporate Loans

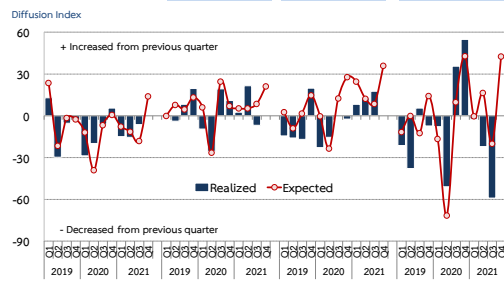
Large SMEs Overall*



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

Demand for Consumer Loans

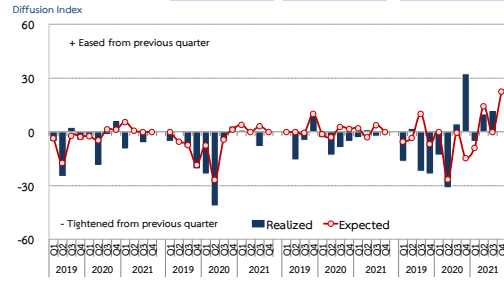
Housing Credit card Others Auto



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

Credit Standards for Consumer Loans

Housing Credit card Others Auto



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

* 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, October 2021

Corporate loans: Overall demand would continue to increase, while credit standards would be largely unchanged.

- Corporate loan demand in Q3 2021 continued to expand from the previous quarter mainly among manufacturers, both large corporates and SMEs. These businesses demanded more working capital and export credits (Figures 1 and 2, page 2) in line with improving export outlook, but demanded less credit for fixed asset investment. In addition, large corporates demanded more loans for mergers and acquisitions (M&A) as well as project finance. For Q4 2021, loan demand from large corporates and SMEs would continue to increase, particularly large corporates. Commercial businesses would require more working capital given the resumption of economic activities after the relaxation of containment measures. Businesses in tourism-related services would need liquidity to maintain operations, while manufacturing businesses would continue to require more working capital and export credits (Figure 2 page 2). Demand for M&A loans and project finance would increase in the energy and petrochemical sectors to support domestic and foreign investment. Meanwhile, loan demand for investment in fixed assets would continue to contract.

- Credit standards for corporate loans in Q3 and Q4 2021 would be largely unchanged from the previous quarter, both for large corporates and SMEs. Despite that, some financial institutions raised the margin for high-risk borrowers, and applied additional collateral requirements and stricter loan covenants. This was in line with deteriorating credit quality of SMEs and services businesses. Nevertheless, improving economic prospects in Q4 2021 would increase financial institutions' willingness to lend, especially to new borrowers in services and manufacturing sectors. Loan approval rates would also edge up slightly among businesses of all sizes.

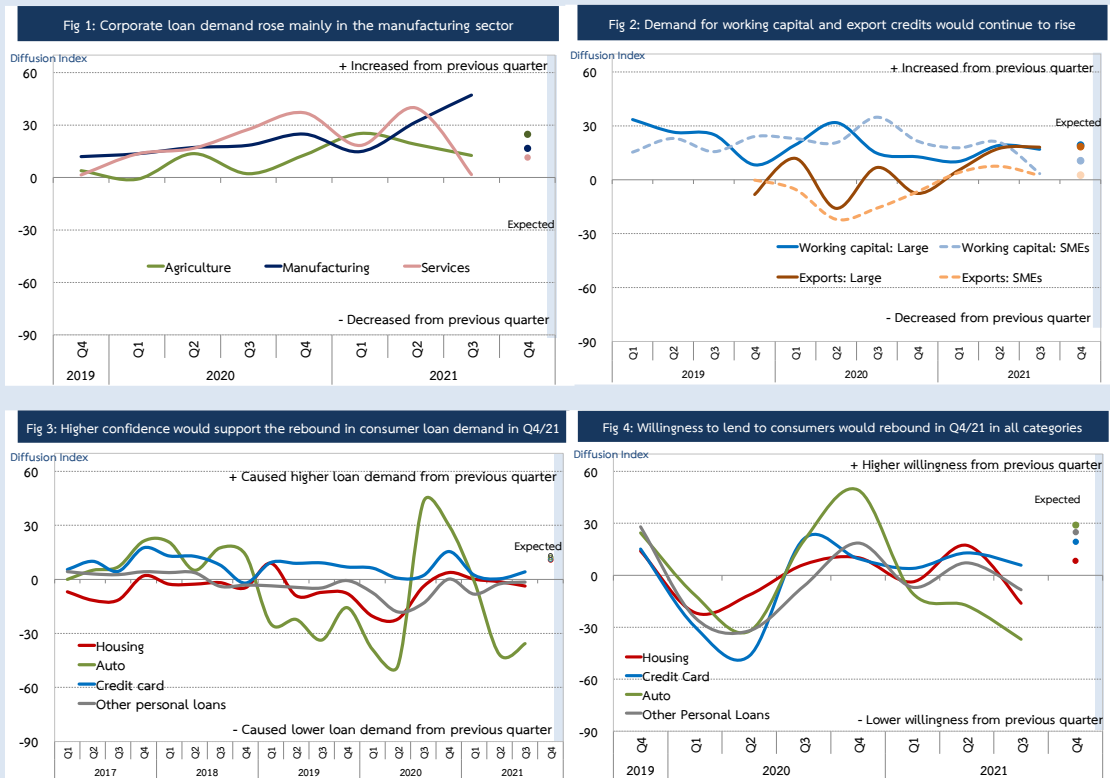
Consumer loans: Demand for consumer loans would rebound in Q4 2021. Financial institutions would continue to ease credit standards for auto-leasing.

- Consumer loan demand in Q3 2021 declined in most categories, especially auto-leasing loans. This was mainly attributed to deteriorated consumer confidence caused by the outbreak. Higher competition among auto-leasing lenders also led to falling demand for auto-leasing loans for some financial institutions. Other personal loans saw a slight increase in loan demand from households with insufficient savings to support liquidity management and consumption. For Q4 2021, consumer loan demand would rebound in all categories, driven by the recovery in consumer confidence thanks to the relaxation of containment measures (Figure 3 page 2). Demand for auto-leasing and housing loans would also increase thanks to improving market prospects and sales promotions. Some financial institutions nevertheless expected some households to remain cautious in their spending in order to cushion against future uncertainties on the outbreak.

- Credit standards for consumer loans. In Q3 2021, financial institutions modestly tightened credit standards for credit cards, housing and other personal loans. This was due to the impact of the outbreak on economic risks and borrowers' creditworthiness. In Q4 2021, credit standards for these three loan categories would remain largely unchanged thanks to the slower deterioration of credit quality. Financial institutions also expected to see higher loan approval rates and greater willingness to lend on the back of the economic recovery (Figure 4 page 2). Regarding auto-leasing loans, financial institutions would continue easing credit standards, especially collateral requirements, due to higher competition among lenders, despite the deterioration of credit quality in Q3.

Monetary Policy Strategy Division, Monetary Policy Department, Monetary Policy Group
29 October 2021

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



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 Q3 2021 survey, the Bank of Thailand received responses from 26 domestic commercial banks, branches of foreign commercial banks, and specialized financial institutions (SFIs), and from 26 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 6 September and 18 October 2021, before the Bank of Thailand announced the temporary relaxation of LTV measure on 21 October 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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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.

