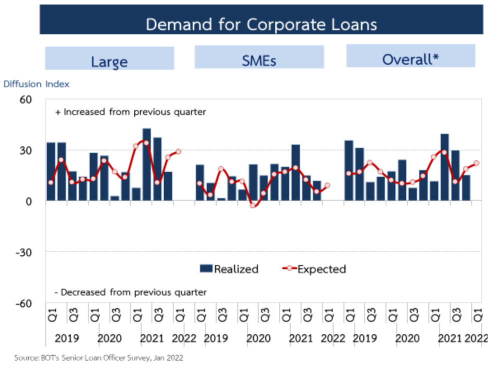
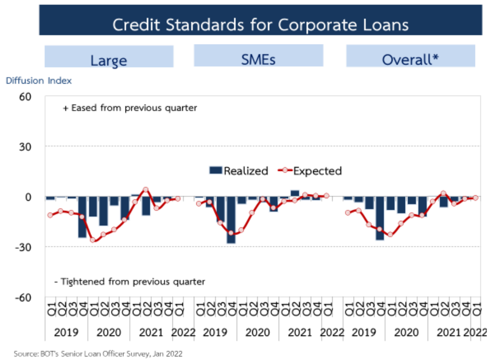
ธนาคารแห่งประเทศไทย
BANK OF THAILAND

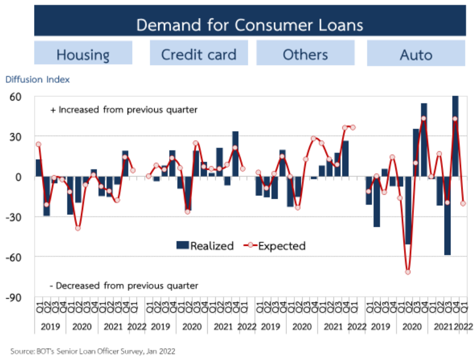
Senior Loan Officer Survey

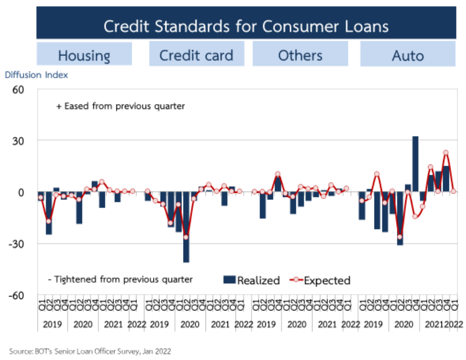
[1/]

Quarter 4 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, January 2022

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

- **Corporate loan demand** in Q4 2021 continued to expand from the previous quarter mainly among services businesses, both large corporates and SMEs. These businesses demanded more working capital given the resumption of economic activities after the relaxation of containment measures and the country reopening to foreign tourists. Loan demand for fixed asset investment rebounded this quarter after periods of contraction, in order to expand businesses or improve business operations thanks to the recovery in business confidence *(Figures 1, page 2).* In addition, large corporates demanded more loans for mergers and acquisitions (M&A) and exports in line with improving export outlook *(Figures 2, page 2).* For Q1 2022, loan demand from large corporates and SMEs in all sectors would continue to increase for working capital and exports, as well as investment in fixed assets, thanks to improving economic prospects. Large corporates would still demand more funds for M&A, which would be mainly financed through bank loans as some financial institutions expected a higher cost of bond financing going forward.
- **Credit standards for corporate loans** in Q4 2021 and Q1 2022 would be largely unchanged from the previous quarter, both for large corporates and SMEs, given concerns over business risk as the economy has just began to recover. This was in line with deteriorating credit quality of both large corporates and SMEs. As a result, some financial institutions raised the margin for high-risk borrowers and applied stricter loan covenants. However, credit quality would improve in Q1 2022 on the bank of the economic recovery. This would consequently increase financial institutions' willingness to lend to businesses of all sizes and sectors, while loan approval rates would also edge up in most financial institutions
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Consumer loans: Demand for consumer loans would continue to expand. Financial institutions would continue to ease credit standards.

- **Consumer loan demand** in Q4 2021 expanded in all categories due mainly to improved consumer confidence in line with the economic recovery *(Figures 3, page 2).* In particular, demand for auto-leasing loans increased as businesses offered more promotions to boost auto sales that were affected by the outbreak in the previous period. Credit card and other personal loans also continued to increase from households with insufficient savings to support consumption. Nevertheless, temporary relaxation in LTV measures, effective on Oct 21, 2021, has not led to a pronounced increase in housing loan demand. For Q1 2022, consumer loan demand would continue expanding in almost all categories driven by improving consumer confidence. However, demand for auto-leasing loans would decline where some financial institutions anticipated a falling demand for autos caused by the Omicron outbreak. Regarding housing loan, temporary relaxation in LTV measures would improve demand especially among customers with ability to afford additional debt.
- **Credit standards for consumer loans** were eased further in Q4 2021, in line with improving economic prospects after the relaxation of containment measures, especially auto-leasing loans where higher competition among auto-leasing lenders was also observed. In Q1 2022, credit standards for consumer loans would be largely unchanged given that overall credit quality would not improve. Despite that, financial institutions anticipated higher loan approval rates and greater willingness to lend in all loan categories on the back of the economic recovery *(Figure 4, page 2).*

Monetary Policy Strategy Division, Monetary Policy Department, Monetary Policy Group

31 January 2022

[1/]Source : [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]

Fig 1 : Demand for investment in fixed assets rebounded in Q 4 2021

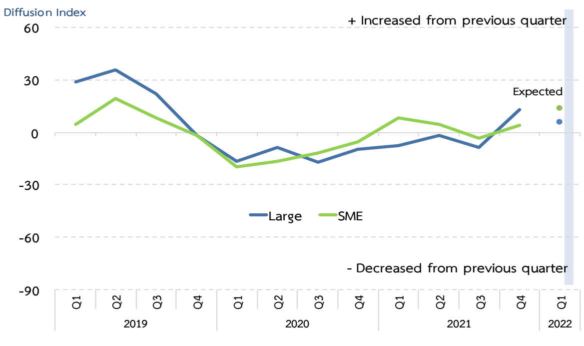


Fig 2: Demand for export credits would continue to rise

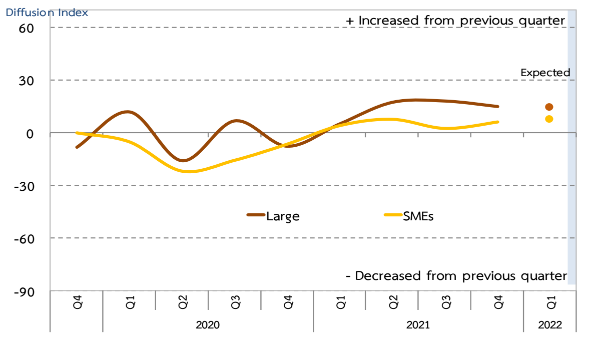


Fig 3: Improved consumer confidence resulted in higher loan demand

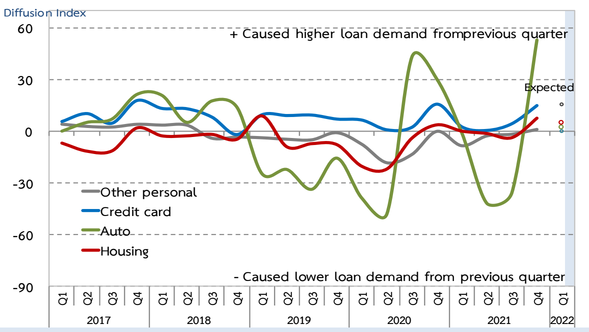
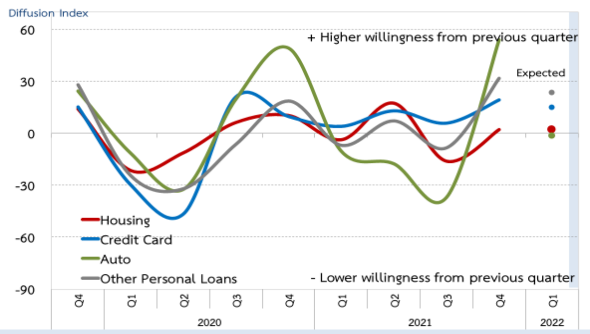


Fig 4: Willingness to lend would increase in almost all loan categories



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 Q4 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 98.0 percent of total credits in the financial system. Responses were received between 27 December 2021 and 19 January 2022.**

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	*or*	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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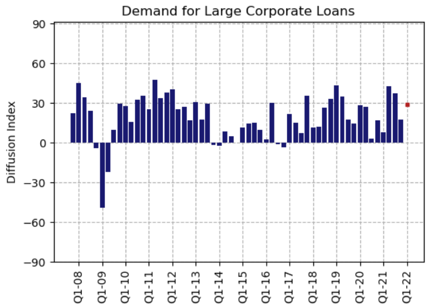
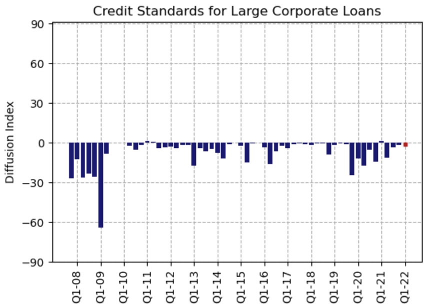
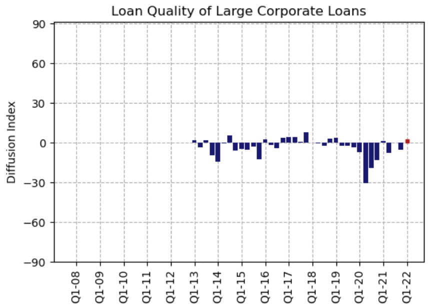
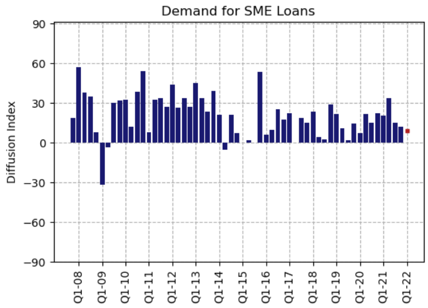
Appendix: Past survey results for each loan category

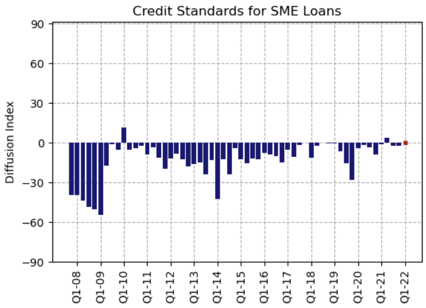
The past results presented here include the demand for loans, credit standards, and loan quality. The survey results were collected from Q4 2007, except results on loan quality which started in Q1 2013 and auto-leasing loans which started in Q3 2014.

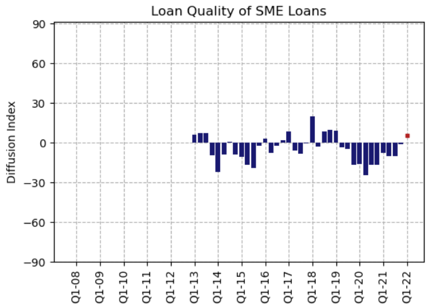


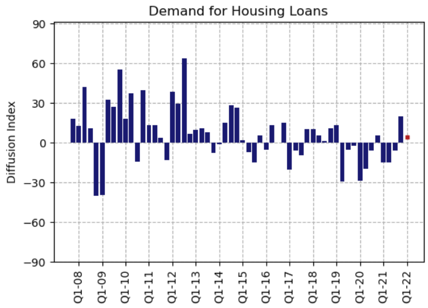


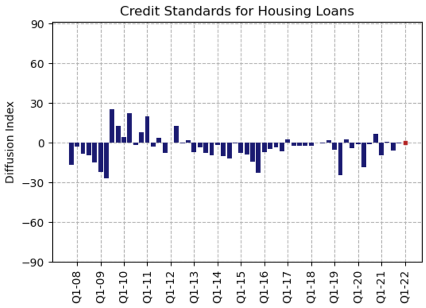


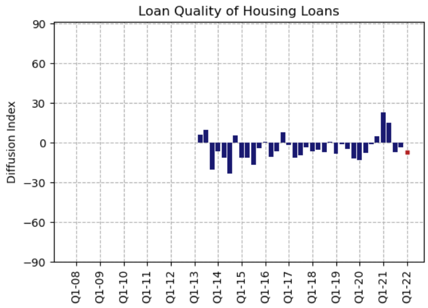


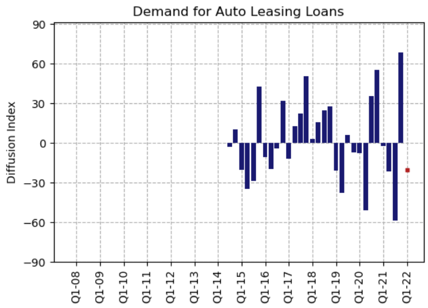


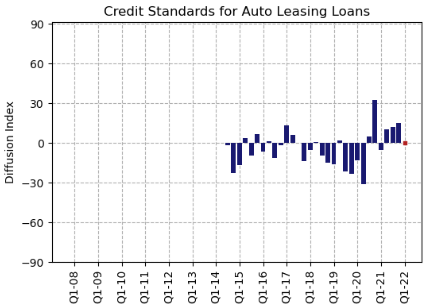


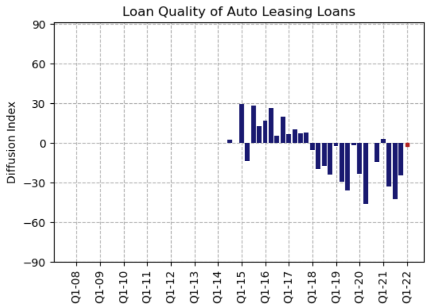


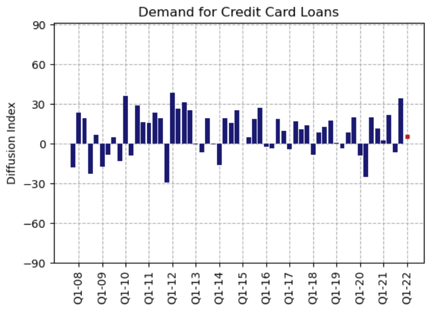


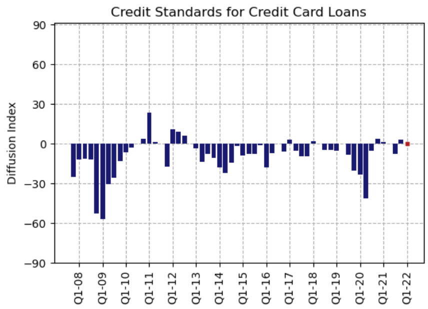


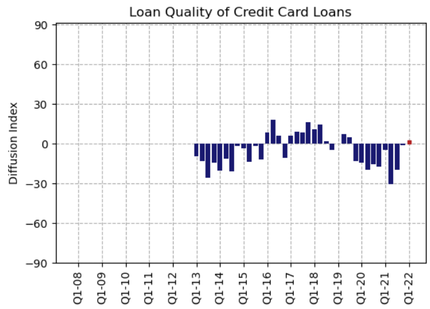


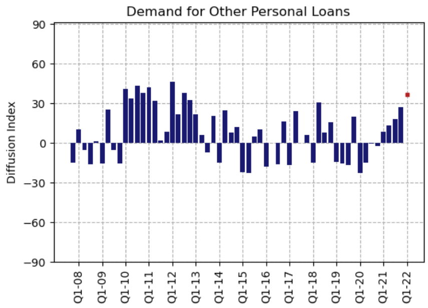


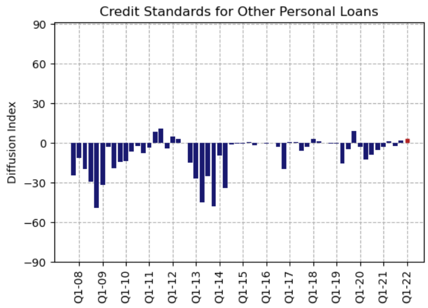


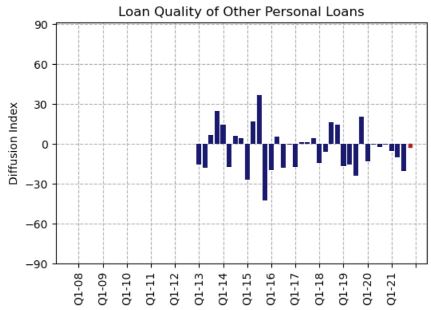

Demand for Credit Card Loans
Diffusion Index


Credit Standards for Credit Card Loans
Diffusion Index


Loan Quality of Credit Card Loans
Diffusion Index


Demand for Other Personal Loans
Diffusion Index


Credit Standards for Other Personal Loans
Diffusion Index


Loan Quality of Other Personal Loans
Diffusion Index