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“The New Paradigm in SME Finance: Evidence from Turkish Banks”

Tuesday, October 15th, 2013
From 12.00pm to 1.30pm

At the Salle des Conseils (ground floor)
of the Warocqué School of Business and Economics
Université de Mons – UMONS

Abstract:
Over many decades, numerous cross-country studies and policy papers have argued that banks are not interested in lending to small and medium-sized enterprises (SMEs). In recent years the visible transformation in the way that many banks are conducting business with SMEs suggests that a paradigm shift is taking place in SME finance. This country study contributes to the newly emerging literature on the subject by providing evidence on how this transformation is taking place in the Turkish banking sector. Contrary to the relationship lending theory, the findings revealed that the large banks not only allocating a bigger share of their loan portfolio to this sector but are also reaching down to the smaller SMEs more than the small banks are doing. The majority of banks are currently using credit scoring and other techniques based on hard information for loan assessment. However, branch banking and client visits remain very significant for SME banking in Turkey.

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