# A Survey of Lendıng Relatıonshıp Between Smes and Banks

Ayşe Altıok Yılmaz
Department of Management
Bahçeşehir University
İstanbul, Turkey
ayse.yilmaz@eas.bau.edu.tr

*Abstract*- **The aim of this study is to examine the lending relationships between banks and SMEs. Numerous authors have investigated the importance of banking relationships in lending to small businesses. A major issue is the relative difficulty in obtaining meaningful information and accurately assessing the credit worthiness of such borrowers. For this reason, many authors have examined the influence of this relationship on various aspects of line of credits made in different countries but up to date no studies has been conducted in lending relationship of SMEs with banks in Turkey. This may be because of the data insufficiency of SMEs. This research aims to fill that gap by looking at the determinants of SME lending conditions by using the survey results of SMEs.The factors that affect the dependent variables (the interest rate and the credit line volume) is tested by using the ordinary least squares (OLS) regression analysis. The data is obtained by the questionnaires conducted by 204 SMEs. The results for credit interest rate reveals that age, financial distress, duration of relationship, recent ownership change and location significantly affect the interest rate given by the most actively worked bank. The empirical results suggest that close and long-lasting relationship is desirable for firms. Firms with long-lasting bank relationships fare better than other enterprises in terms of interest rates, and credit availability.**

*Keywords*- **Lending relationship, SME, banking sector, OLS, Survey**

IJBAMR

*This is an open access article under the CC BY-SA 4.0 license (https://creativecommons.org/licenses/by-sa/4.0/)*