

Credit Access and SME Investment

Seyit Mümin Cilasun

TCMB, Turkey

seyitmccilasun@gmail.com

Yusuf Emre Akgündüz

Sabancı University, Turkey

emre.ahgunduz@sabancıuniv.edu

Fatih Yılmaz

drfatihy@gmail.com

Abstract

This paper studies how a tightening in domestic credit markets, motivated by global developments (e.g., the Fed tapering in mid-2013), might have been reflected on the performance of the most vulnerable firms group to credit conditions, Small and Mediumsize enterprises (SMEs). More specifically, we analyze SMEs' credit access, investment, and growth performance during this time. Our findings show that the tightening in global capital in 2013 significantly affected the SMEs' credit access in 2013. However, the real effects of this tightening on SMEs' investment and growth performances were observed with a one-year lag, in 2014. These negative effects gradually declined and bounced back to normal by 2016.

Keywords: Sme, firm dynamics, investment, access to finance

JEL Codes: c55, D22, L25