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## HOW PERCEPTIONS OF BANK FINANCING CONSTRAINTS DIFFER AMONG CHARACTERISTICS OF SMEs: EVIDENCE FROM TURKEY

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### **Abstract**

The aim of this study is to identify and compare the differences based on various characteristics (such as size, legal structure and age) of SMEs and their perceptions of some problems related to accessing bank financing. The issues that could be perceived as obstacles by SME executives are high amounts of required collateral, high costs of credits and uncertainties in long term interest rates. In this regard, the research question can be formed as whether a firm' size, age and legal structure differ in terms of perceived bank credit obstacles. The data was collected by face-to-face surveys from one thousand Turkish SMEs in 2011 and 533 of them were investigated with regard to the specified purpose of this study. All of the firms were located in Ankara, Turkey, had gained credit from banks in last three years, and were members of Ankara Chamber of Commerce (ATO). P values from Chi Square and Z tests were used in order to analyze the sample, to find differences between selected factors and to show if the differences are statistically significant or not. The empirical results of the study demonstrate that perceptions of bank loan problems are reduced for older SMEs. However, the findings do not confirm dissimilarities between the different sizes and legal structures of enterprises with respect to their perceived level of bank credit obstacles. This might be the result of the similar effects of regulations of the Turkish government, Basel Committee and Turkish Banking Sector on these firms.

**Keywords:** Financial Constraints, Access to Bank Credit, SMEs, Turkey.

**JEL Classification:** G21, L26, O16.

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