

## **ABSTRACT**

This study examines the impact of determinants of collateral requirements for small and medium enterprises loans in Pakistan. The data set for this study was obtained from the world development indicator which is prepared by the World Bank, from IMF (International Monetary Funds) and from the credit files of 50 small and medium enterprises and their financial statements from 2012 to 2018. Regression research is utilized in this research for the reason that research wishes to check out the connection associated with different independent variables on single dependent variable that is collateral. The results indicate that older SMEs have strict collateral requirements as compare to younger SMEs. We also found that Medium size firms are likely to pledge less collateral than small size SMEs. Our result shows that the ownership concentration reduces the likelihood of collateral. Our study proved that as the owner experience increases the collateral requirements decreases for the experiences owners. The SMEs with larger loan amount and longer loan maturity have to provide more collateral for their loan security. Our research found that the SMEs operating in big cities have to offer additional collateral. The decision makers may consider these finding for the formulation and execution of the policies to encourage SME financing. The study adds value to the on-going research on determinants of collateral requirements for SMEs.