IDEAS Printed from https://ideas.repec.org/p/cpr/ceprdp/570.html

Corporate Finance in the Euromarkets and the Economics of Intermediation

Author & abstract | Download | 7 Citations | Related works & more | Corrections

Author

Listed:
- Davis, E Philip
- Mayer, Colin

Registered:
- E Philip Davis
- Colin Mayer

Abstract

This paper examines bond and syndicated bank finance in the Euromarkets. It uses a comprehensive data bank on Euromarkets to evaluate alternative theories of financial intermediation. A model is estimated that provides a good description of firms' choice of finance. The paper concludes that Euromarkets are best described by control (`transactions banking') rather than commitment (`relationship banking'). Bank and bond markets are not perfect substitutes, however, even for large companies: the financing of high-risk projects requires the involvement of banks. Banks therefore retain a central function and the operation of bank syndicates is crucial to the financing of large corporations.

Suggested Citation

Davis, E Philip & Mayer, Colin, 1991. "Corporate Finance in the Euromarkets and the Economics of Intermediation," CEPR Discussion Papers 570, C.E.P.R. Discussion Papers.

Handle: *RePEc:cpr:ceprdp:570*

Export reference as HTML

IDEAS is a RePEc service. RePEc uses bibliographic data supplied by the respective publishers.