SPRINGER NATURE Link

Log in

Monitoring by financial intermediaries: Banks vs. Nonbanks

Published: September 1994

Volume 8, pages 193–202 (1994) Cite this article



Journal of Financial Services Research

Dianna C. Preece[1] & Donald J. Mullineaux[2]

470 Accesses **54** Citations **3** Altmetric Explore all metrics →

Abstract

Recent empirical evidence indicates that captical markers respond positively to debt-financing announcements in the form of loan agreements. Nonbank firms, prompted largely by technological and telecommunications advances, have also entered the commercial lending market in recent years. This article finds evidence that borrowing firms experience positive abnormal returns upon announcing conclusions of loan agreements with nonbank firms. Our evidence suggests that nonbanks have replicated some of the unique attributes formerly enjoyed only by banks.

This is a preview of subscription content, log in via an institution to check access.

Access this article

Log in via an institution →

Subscribe and save

Springer+ from €37.37 /Month

- Receive 10 units per month
- Download 1 article/chapter for 1 unit
- Get selected eBooks for 7 units
- Cancel anytime

View plans →

Buy Now

Buy article PDF 39,95 €

Price includes VAT (Poland)

Instant access to the full article PDF.

Institutional subscriptions →

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

Capital Markets | Banking | Intermediality | Corporate Finance | Microfinance | Financial Law | Debt Contracting and Financial Intermediation

References

Billett, Matthew, Mark J. Flannery, and Jon A. Garfinkel. “The Effect of Lender Identity on a Borrowing Firm's Equity Return.” Working paper, University of Florida, 1993.

Campbell, Tim, and William Kracaw. “Information Production, Market Signaling, and the Theory of Intermediation.”*Journal of Finance* 35 (December 1980), 863–883.

Diamond, Douglas. “Asset Services and Financial Intermediation.” Center for Research on Security Prices, Working paper, 1986.

Diamond, Douglas. “Financial Intermediation and Delegated Monitoring.”*Review of Economic Studies* 51 (May 1986), 119–152.

Eckbo, Espen. “Valuation Effects of Corporate Debt Offerings.”*Journal of Financial Economics* 15 (May 1986), 119–152.

Fama, Eugene. “Banking in the Theory of Finance.”*Journal of Monetary Economics* 10 (January 1980), 10–19.

Fama, Eugene. “What's Different About Banks?”*Journal of Monetary Economics* 15 (January 1985), 29–36.

Hodgman, Donald,*Commercial Bank Loan and Investment Policy*. Bureau of Economics and Business Research, University of Illinois, Champaign, Illinois, 1963.

James, Christopher. “Some Evidence of the Uniqueness of Bank Loans.”*Journal of Financial Economics* 19, (1987), 217–235.

Kane, Edward, and Burton Malkiel. “Bank Portfolio Allocation, Deposit Variability and the Availability Doctrine.”*Quarterly Journal of Economics* 79, (1965), 113–134.

Leland, Haynes, and David Pyle. “Information Asymmetries, Financial Structure and Financial Intermediaries.”*Journal of Finance* 32, (May, 1977), 371–387.

Lummer, Scott, and John McConnell. “Further Evidence on the Bank Lending Process and the Capital Market Response to Bank Loan Agreements.”*Journal of Financial Economics* 25 (November 1989), 99–122.

Mikkelson, Wayne, and Megan Partch. “Valuation Effects of Securities Offerings and the Issuance Process.”*Journal of Financial Economics* 15, (May 1986), 31–60.

Ramakrishnan, Ram, and Anjan Thakor. “Information Reliability and a Theory of Financial Intermediation.”*Review of Economic Studies* 51 (1984), 415–32.

Wansley, James, Fayez Elayan, and M. Cary Collins.” Firm Quality and Investment Opportunities: An Empirical Investigation of the Information in Bank Lines of Credit.” Working paper, University of Tennessee, 1993.

Author information

Authors and Affiliations

College of Business, University of Louisville, 40292, Louisville, KY
Dianna C. Preece (Assistant Professor of Finance)

Banking and Financial Services, College of Business and Economics, University of Kentucky, 40506-0034, Lexington, KY
Donald J. Mullineaux (DuPont Professor)

Rights and permissions

Reprints and permissions

About this article

Cite this article

Preece, D.C., Mullineaux, D.J. Monitoring by financial intermediaries: Banks vs. Nonbanks. *J Finan Serv Res* **8**, 193–202 (1994). https://doi.org/10.1007/BF01057736

Issue date

September 1994

DOI

https://doi.org/10.1007/BF01057736

Keywords

Empirical Evidence | Unique Attribute | Abnormal Return | Financial Intermediary | Positive Abnormal Return

Search

Search by keyword or author

Navigation

Find a journal

Publish with us

Track your research