

[Home](#) > [Journal of Financial Services Research](#) > [Article](#)

# Do Small Banks have an Advantage in Lending? An Examination of Risk-Adjusted Yields on Business Loans at Large and Small Banks

| Published: April 2004

| Volume 25, pages 233–252, (2004) [Cite this article](#)

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 [partners](#), also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our [privacy policy](#) for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

- > **Store and/or access information on a device**
- > **Personalised advertising and content, advertising and content measurement, audience research and services development**

Accept all cookies

Reject optional cookies

Manage preferences

larger banks. This result suggests that small banks make better choices from the available small business loans and is consistent with the notion that these banks have an information advantage in evaluating credit.



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

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

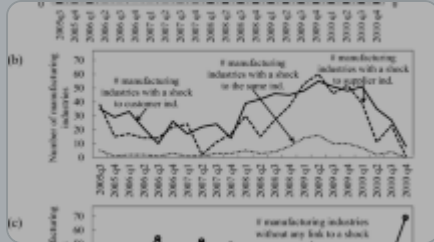
Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

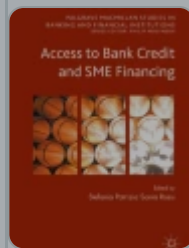
Reject optional cookies

Manage preferences



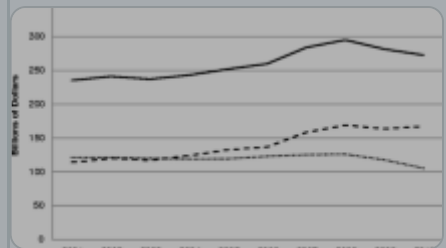
## Spillovers to small business credit risk

Article | 04 January 2020



## The Small Firm Financing Premium in Europe: Where and When Do Small Firms Pay the Most?

Chapter | © 2017



## Supervisory Ratings and Bank Lending to Small Businesses During the Financial Crisis and Great Recession

Article | 25 August 2015

# References

Akhigbe, A., and J. E. McNulty. "The Profit Efficiency of Small U.S. Commercial Banks." *Journal of Banking and Finance* 27 (2003): 207-225.

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

**Accept all cookies**

**Reject optional cookies**

**Manage preferences**

Function Follow Organizational Form? Evidence from the Lending Practices of Large and Small Banks.” NBER Working paper No. W8752, 2002.

Berger, A. N., R. J. Rosen, and G. F. Udell. “The Effect of Market Structure on Competition: The Case of Small Business Lending.” Federal Reserve Bank of Chicago Working paper, WP 2001-10, 2001.

Berger, A. N., A. Saunders, J. M. Scalise, and G. F. Udell. “The Effects of Bank Mergers and Acquisitions on Small Business Lending.” *Journal of Financial Economics* 50 (1998), 187-229.

[Google Scholar](#)

Berger, A. N., and G. F. Udell. “Small Business Credit Availability and Relationship

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

System: Evidence from European Small Business Data.” *Journal of Financial Intermediation* 9 (2000), 90–109.

[Google Scholar](#)

DeYoung, R., W. C. Hunter, and G. F. Udell. “The Past, Present, and Probable Future for Community Banks.” *Journal of Financial Services Research* (2004), this issue.

DeYoung, R., L. G. Goldberg, and L. J. White. “Youth, Adolescence, and Maturity of Banks: Credit Availability to Small Business in an era of Banking Consolidation.” *Journal of Banking and Finance* 23 (1999), 463–492.

[Google Scholar](#)

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Houston, J., and C. James. "Bank Information Monopolies and the Mix of Private and Public Debt Claims." *Journal of Finance* 51 (1996), 1863-1889.

[Google Scholar](#)

James, C. "Some Evidence on the Uniqueness of Bank Loans: A Comparison of Bank Borrowing Agreements, Private Placements and Public Debt Offerings." *Journal of Financial Economics* 19 (1987), 217-235.

[Google Scholar](#)

Jayarathne, J., and J. Wolken. "How Important are Small Banks to Small Business Lending: New Evidence from a Survey of Small Banks." *Journal of Banking and Finance* 23 (1999), 427-458.

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

Mester, L. J. “Banking Industry Consolidation: What's a Small Business To Do?” *Federal Reserve Bank of Philadelphia Business Review* (January/February 1999), 3-16.

Mester, L. J., L. I. Nakamura, and M. Renault. “Checking Accounts and Bank Monitoring.” Federal Reserve Bank of Philadelphia Working paper, WP 01-3R, 2003.

McCoy, J. B. “The Changing Landscape of the Banking Industry.” Federal Reserve Bank of Chicago, *Proceedings of the Conference on Bank Structure and Competition* (1999), 18-22.

McNulty, J. E., A. Akhigbe, and J. A. Verbrugge. “Small Bank Loan Quality in a

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 [partners](#), also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our [privacy policy](#) for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

Accept all cookies

Reject optional cookies

Manage preferences

Peterson, M., and R. Rajan. "The Benefits of Small Business Lending: Evidence from Small Business Data." *Journal of Finance* 49 (1994), 3-37.

[Google Scholar](#)

Peterson, M., and R. Rajan. "The Effect of Credit Market Competition on Lending Relationships." *Quarterly Journal of Economics* (1995), 407-443.

Scott, J. A. "Small Business and the Value of Community Financial Institutions." *Journal of Financial Services Research* (2004), this issue.

Sharpe, S. A. "Assymmetric Information, Bank Lending and Implicit Contracts: A Stylized Model of Customer Relationships." *Journal of Finance* 45 (1990), 1069-

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 [partners](#), also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our [privacy policy](#) for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device
Personalised advertising and content, advertising and content measurement, audience research and services development

- Accept all cookies
- Reject optional cookies
- Manage preferences



Contracting.” *Journal of Banking and Finance* 13 (1989), 367–382.

[Google Scholar](#)

White, Halbert. “A Heteroskedasticity-Consistent Covariance Matrix Estimator and a Direct Test for Heteroskedasticity.” *Econometrica* 48 (1980), 817–830.

[Google Scholar](#)

## Author information

### Authors and Affiliations

Oklahoma State University, USA

### Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

[Banks](#)

[intermediation](#)

[small business lending](#)

## Search

Search by keyword or author



## Navigation

### Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 [partners](#), also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our [privacy policy](#) for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

#### Store and/or access information on a device

#### Personalised advertising and content, advertising and content measurement, audience research and services development

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)

## Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 [partners](#), also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our [privacy policy](#) for more information on the use of your personal data. Your consent choices apply to [springer.com](#) and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

**Store and/or access information on a device**

**Personalised advertising and content, advertising and content measurement, audience research and services development**

[Accept all cookies](#)

[Reject optional cookies](#)

[Manage preferences](#)