Product & (https://www.ssrn.com/)Services

Subscribe

Browse

Rankings

Blog ₹

Contact

Q

Ä (https://papers.ssrn.com/sol3/ShoppingCar

Download This Paper (Delivery.cfm/SSRN_ID593862_code358088.pdf?abstractid=593862&mirid=1)

Submit

paper

а

Open PDF in Browser (Delivery.cfm/SSRN_ID593862_code358088.pdf?abstractid=593862&mirid=1&type=2)



Add Paper to My Library

Share: **f**

y 🖾 &

Loan Commitments and Private Firms

22 Pages

Posted: 22 Sep 2004

Sumit Agarwal (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=352406)

National University of Singapore

Souphala Chomsisengphet (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=352435)

Government of the United States of America - Office of the Comptroller of the Currency (OCC)

John C. Driscoll (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=173992)

Board of Governors of the Federal Reserve System

Date Written: April 2004

Abstract

Bank lending is an important source of funding for firms. Most loans are in the form of credit lines. Empirical studies of line demand have been complicated by their use of data on publicly traded firms, which have a wide menu of financing options. We avoid this problem by using a unique proprietary data set from a large financial institution of loan commitments made to 712 privately-held firms. We test Martin and Santomero's (1997) model, in which lines give firms the speed and flexibility to pursue investment opportunities. Our findings are consistent with their predictions. Firms facing higher rates and fees have smaller credit lines. Firms with higher growth commit to larger lines of credit and have a higher rate of line utilization. Firms experiencing more uncertainty in their funding needs commit to smaller credit lines. Almost all firms convert unused credit line portions into spot loans and take out new lines.

Keywords: Bank loan commitment; credit lines, private firms

JEL Classification: G21, G31, E44

Suggested Citation >

Show Contact Information >



Download This Paper (Delivery.cfm/SSRN_ID593862_code358088.pdf?abstractid=593862&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN_ID593862_code358088.pdf?abstractid=593862&mirid=1&type=2)

32 References

1. R B Avery, A N Berger

Loan commitments and bank risk exposure

Journal of Banking and Finance , volume 15 , issue 1 , p. 173 - 192 Posted: 1991

Crossref (https://doi.org/10.1016/0378-4266(91)90045-n)

2. A N Berger, G F Udell

Some evidence on the empirical significance of credit rationing

Journal of Political Economy, volume 100, p. 1047 - 1077 Posted: 1992

Crossref (https://doi.org/10.1086/261851)

3. A N Berger, G F Udell

We usersocking that left diagram for the Bake of the site work. We was additional cookies to analyze, improve, and personalize our content and your digital experience. For more information, see our Cookie journal of Business, you'me 68, p. 355 82 Posted 1993 Policy (https://www.elsevier.com/legal/cookienotice)

Journal of Banking and Finance, volume 22, p. 613 - 673 Posted: 1998 Crossref (https://doi.org/10.1016/s0378-4266(98)00038-7) Load more 0 Citations Fetch Citations Do you have negative results from your research you'd like to share? Submit Negative Results (https://www.ssrn.com/index.cfm/en/Negative-Results/) Paper statistics DOWNLOADS 304 ABSTRACT VIEWS 2,732 184,093 13 Citations References PlumX Metrics (https://plu.mx/ssrn/a/? Related elournals ssrn_id=593862) Board of Governors of the Federal Reserve System Research Series (https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=671301) Follow **①** Recommended Papers The Determinants and Implications of Corporate Cash Holdings (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=225992&rec=1&srcabs=593862&pos=1) By Tim C. Opler (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=17751), Lee Pinkowitz (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=44180), ... The Cash Flow Sensitivity of Cash (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=345840&rec=1&srcabs=593862&pos=2) By Heitor Almeida (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=49859), Murillo Campello (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm? per_id=107816), ... Why Do U.S. Firms Hold so Much More Cash than They Used to? (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=927962&rec=1&srcabs=593862&pos=3) By Thomas W. Bates (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=41842), Kathleen M. Kahle (https://pa per_id=14305), ... View more >

RANK

Feedback 🗘

Submit a Paper > (https://hq.ssrn.com/submissions/CreateNewAbstract.cfm)

SSRN Quick Links	~
SSRN Rankings	~
About SSRN	~
f (https://www.facebook.com/SSRNcommunity/) in (https://www.linkedin.com/company/493409? trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%. ✓ (https://twitter.com/SSRN)	2Cidx%
(http://www.elsevier.com/)	
Copyright (https://www.ssrn.com/index.cfm/en/dmca-notice-policy/) Privacy Policy (https://www.elsevier.com/legal/privacy-policy) Terms and Conditions (https://www.ssrn.com/index.cfm/en/terms-of-use/)	
All content on this site: Copyright © 2023 Elsevier Inc., its licensors, and contributors. All rights are reserved, including those for text and data mining, Al training, and similar technologies. For all open access content, the Creative Commons licensing terms apply.	
We use cookies to help provide and enhance our service and tailor content.	
To learn more, visit Cookie Settings.	*
(http://www.relx.com/)	
(https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true)	