



Journal of Economic Perspectives

ISSN 0895-3309 (Print) | ISSN 1944-7965 (Online)

≡ Menu

When Safe Proved Risky: Commercial Paper during the Financial Crisis of 2007-2009

Marcin Kacperczyk

Philipp Schnabl

JOURNAL OF ECONOMIC PERSPECTIVES
VOL. 24, NO. 1, WINTER 2010
(pp. 29–50)

Download Full Text PDF
(Complimentary)

Article Information

Comments (0)

Abstract

Commercial paper is a short-term debt instrument issued by large corporations. The commercial paper market has long been viewed as a bastion of high liquidity and low risk. But twice during the financial crisis of 2007-2009, the commercial paper market nearly dried up and ceased being perceived as a safe haven. Major interventions by

the Federal Reserve, including large outright purchases of commercial paper, were

This website uses cookies. support both issuers of and investors in commercial paper. We will

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#). ket. Third, we examine the most

important developments during the crisis of 2007-2009. Last, we discuss three explanations of the decline in the commercial paper market: substitution to

Accept

alternative sources of financing by commercial paper issuers, adverse selection, and institutional constraints among money market funds.

Citation

Kacperczyk, Marcin, and Philipp Schnabl. 2010. "When Safe Proved Risky: Commercial Paper during the Financial Crisis of 2007-2009." *Journal of Economic Perspectives*, 24 (1): 29–50.

DOI: 10.1257/jep.24.1.29

Choose Format:



JEL Classification

G01 Financial Crises

G12 Asset Pricing; Trading volume; Bond Interest Rates

G23 Pension Funds; Other Private Financial Institutions; Institutional Investors

G32 Financing Policy; Financial Risk and Risk Management; Capital and Ownership Structure

[Terms of Use](#)

[Privacy Policy](#)

Copyright 2024 American Economic Association. All rights reserved.

This website uses cookies.

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#).

Accept