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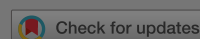
The effects of bank market power in short-term and long-term firm credit availability and investment

Los efectos del poder de mercado bancario sobre el crédito y la inversión empresarial a corto y largo plazo

Santiago Carbó-Valverde, José Manuel Mansilla-Fernández & Francisco Rodríguez-Fernández

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Este artículo investiga los efectos del poder de mercado bancario a corto y largo plazo sobre la disponibilidad de crédito para las empresas, y sobre la inversión corporativa. Nuestros resultados sugieren que un incremento del poder de mercado bancario reduce la disponibilidad de crédito y la inversión de las empresas a corto plazo, pero a largo plazo la inversión empresarial se recupera. Se descubre que la importancia económica de estos resultados es mayor para las pequeñas y medianas empresas que las (otras) grandes empresas.

KEYWORDS: Bank loans bank market power Euler equation firm investment rate risk premium

PALABRAS CLAVE: Crédito bancario poder de mercado bancario ecuación de Euler tasa de inversión empresarial prima de riesgo

SUBJECT CLASSIFICATION CODES: G21 G31 D40

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Notes

1. Berger, Demirgüç-Kunt, Levine, and Haubrich ([2004](#)) offer an extensive overview of the effects of bank concentration on firm financing, particularly for the case of SME financing, and offer a future research agenda as well.
2. Recent empirical papers have shown that the comparative advantage of large banks in hard information technologies do not appear to be monotonically increasing with firm size (see Berger & Black, [2011](#); Berger, Espinosa-Vega, Frame, & Miller, [2005](#); Berger, Frame, & Miller, [2005](#); Frame, Srinivasan, & Woosley, [2001](#)).
3. See also Goddard and Wilson ([2009](#)) and Goddard, Molyneux, Wilson, and Tavakoli ([2007](#)), [2011](#)) for a complete overview of New Industrial Organization approaches as profit hypotheses, as well as different methodological aspects.
4. The acronyms correspond to the Spanish denominations: Asociación Española de Banca (AEB), Confederación Española de Cajas de Ahorros (CECA), and Unión Nacional de Cooperativas de Crédito (UNACC).
5. We thank this suggestion to an anonymous referee and the editor.
6. Recall that substituting $(I/K)_{it} = (I/K)_{it-1} + \Delta(I/K)_{it}$, and $LERNER_{ijt} = LERNER_{ijt-1} + \Delta LERNER_{ijt}$ yields the error-correction mechanism equivalent to the ADL model proposed in model ([3](#)). Additionally, in the error correction mechanism is the adjustment of (I/K) to equilibrium deviations in the previous period, $(I/K)_{it-1} - \beta LERNER_{ijt-1}$.
7. See H
8. This t though it would be include Sargan t of the instrum
9. End to Sargan- Hansen smaller set of instrume the second model is S exogeno



Additional information

Funding

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