



BANK FOR INTERNATIONAL SETTLEMENTS

# Changes in banks' business models and their impact on bank lending: an empirical analysis using credit registry data

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# Main characteristics of the research project

- Joint project under the auspices of the Consultative Council for the Americas (CCA):
  - The working group has produced a total of 6 papers
  - 5 papers used credit register data (BR, CH, CO, MX, PE) inspired by a common protocol (same modelling strategy and similar data definition)
  - 1 summary paper (BIS): data highly confidential, use of meta analysis techniques
  - Novelty of the project: use of credit register data to evaluate impact of bank-specific characteristics on lending
    - Focus on domestic credit. Project complement the analysis of the IBRN (cross-border spillover of monetary policy actions and macroprudential tools)



## Objective of the working group

Understand how bank-specific characteristics influence loan supply in the main Latin America economies, including their responses to shocks.

## Main questions

1. What is the role of bank characteristics in influencing the supply of credit?
2. How do bank characteristics affect the reaction of bank lending to monetary policy and global shocks?



## Research strategy

- Firms with multiple banking relationships allows the use of bank and firm\*time fixed effects to absorb firm specific demand shifts
- Classification of bank characteristics:
  - Main indicators: size, capital, liquidity
  - Risk profile
  - Revenue mix (comercial vs universal business model)
  - Funding composition (volatile vs stable)
  - Profitability
- Response to shocks:
  - Monetary policy
  - Global shocks (risk, liquidity, economic and policy uncertainty and commodity prices)

