Loan Guarantees, Bank Lending and Credit Reallocation

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Effects of loan guarantees on bank lending

Lending to firms important in 2020: cash-flow + uncertainty shock

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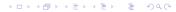
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- ▶ My suggestions: additional perspectives to increase impact

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Did guarantees helped weak banks lend?
What happened to weakest firms (not eligible)?

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Note that loan repayments is only the strongest form of crowding out:

- ▶ Non-guaranteed loans could have been issued absent intervention
- ▶ Potentially much larger than 10-15 cents

Smaller comments

- ▶ Focus on total commitments: What about actual borrowing? In the US draw-downs moved much more than commitments
- ▶ Sum stats: report number of banking relationships/main bank share