"John W. Ryan for Most Significant Contribution to Community Banking Research" Award Announced

PRESS RELEASES

"John W. Ryan for Most Significant Contribution to Community Banking Research" Award Announced

September 29, 2022
|
Download PDF
Share:

The Community Banking Research Conference research committee is pleased to announce the selection of **“Bank Loan Markups and Adverse Selection**” as the paper chosen for the "John W. Ryan Award for Most Significant Contribution to Community Banking Research" as part of the 2022 Community Banking Research Conference.

The authors of the winning paper are:

- Mehdi Beyhaghi, Federal Reserve Bank of Richmond;
- Cesare Fracassi, University of Texas at Austin and
- Gregory Weitzner, McGill University, Montreal, Canada.

Here is a summary of their paper from the 2022 Conference Volume:

The authors analyze market power in local U.S. corporate loan markets. They find that, in contrast to typical theories of competition, loan markups are higher in regions in which more banks operate. They provide evidence that this result is driven by asymmetric information across banks, which becomes exacerbated as the number of banks increases. They also provide causal support for the role of adverse selection by showing that markups drop following a shock to large banks’ lending capacities, which reduces asymmetric information in local lending markets. Their findings suggest that adverse selection is an important driver of market power in local bank markets and has implications for antitrust policy.

Related Topics
Research, Community Banking

Related Posts