



Leibniz-Institut für  
Wirtschaftsforschung Halle

# IWH Research Seminar in Economics

Montag, 15. Januar 2018, 14:15 – 15:45 Uhr, Konferenzsaal im Erdgeschoss



## Cutting Out the Middleman – The ECB as Corporate Bond Investor

Professor Dr. Sascha Steffen, Frankfurt School of Finance & Management

We propose a novel mechanism how central bank interventions can affect the real economy: direct corporate debt purchases by a central bank can increase the effectiveness of the bank-lending channel. We test this conjecture in the context of the European Central Bank's Corporate Sector Purchase Programme (CSPP), launched in June 2016, which increases the supply and lowers the cost of capital for eligible, i.e., investment-grade rated, firms. These firms substitute bank term loans with bond debt. Banks with a high share of CSPP-eligible firms in their loan portfolio increase lending to private but not public firms after the announcement of the CSPP. The increase in lending is driven by previously weakly capitalized banks (low Tier 1 ratio and banks from GIIPS countries) consistent with an easing of bank capital constraints through the CSPP.

Wissenschaftlicher Ansprechpartner am IWH:

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