



Leibniz-Institut für  
Wirtschaftsforschung Halle

# IWH Research Seminar in Economics

Montag, 11. Juli 2016, 14:15 – 15:45 Uhr, Konferenzsaal im Erdgeschoss



## Show Me Yours and I'll Show You Mine: Sharing Borrower Information in a Competitive Credit Market

Ralph De Haas, Ph.D., European Bank for Reconstruction and Development, London  
(gemeinsam mit Matteo Millone, VU University Amsterdam und Jaap Bos, Maastricht University)

We exploit detailed data on approved and rejected small-business loans to assess the impact of a new credit registry in Bosnia and Herzegovina. Our findings are threefold. First, mandatory information sharing tightens lending at the extensive margin as more applications are rejected. These rejections are based increasingly on hard information – especially positive borrower information from the new registry – and less on soft information. Second, lending standards also tighten at the intensive margin: Information sharing leads to smaller, shorter and more expensive loans. Third, the tightening of lending along both margins improves loan quality, in particular for first-time borrowers. This suggests that a reduction in adverse selection is an important channel through which information sharing affects loan quality.

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