Bank Relationships, Credit Extension, and the Macroeconomy

June 3 - 4, 2005, Berlin

Conference organized by the German Institute for Economic Research (DIW Berlin), the Journal of Financial Intermediation (JFI), and the Federal Reserve Bank of Philadelphia

Friday, June 3, 2005

08:45 - 09:15 Registration

09:15 - 09:30 Klaus F. Zimmermann
(Chair of DIW Berlin)
Welcome Address, Introduction

09:30 - 10:45 Axel Weber
(President of Deutsche Bundesbank)
Keynote Speech (1 hour)
Discussion (15 minutes)

10:45 - 11:15 Coffee break

11:15 - 12:45 Session I: Bank Relationships and Contract Design (Chair: Anjan Thakor)

João A.C. Santos (Federal Reserve Bank of New York), and Andrew Winton:
Bank Loans, Bonds, and Information Monopolies Across the Business Cycle
Discussant: Arnoud W. Boot (University of Amsterdam)

Anjolein Schmeits (John M. Olin School of Business, Washington University in St. Louis): Discretionary Contracts, Competition and Bank-Firm Relationships
Discussant: Robert Marquez (University of Maryland)

12:45 - 14:00 Lunch

14:00 - 15:30 Session II: Bank Relationships in Emerging Markets (Chair: Eva Terberger)

Allen N. Berger (Federal Reserve Board), Leora F. Klapper, Maria Soledad Martinez Peria, and Rida Zaidi:
The Effects of Bank Ownership Type on Banking Relationships and Multiple Banking in Developing Economies: Detailed Evidence from India
Discussant: Paul Wachtel (New York University)

Sumon Kumar Bhaumik (Queen’s University Belfast) and Jenifer Piesse:
A Closer Look at Banks’ Behaviour in Emerging Credit Markets? Evidence from the Indian Banking Industry
Discussant: Jan P. Krahnen (University of Frankfurt and Center for Financial Studies Frankfurt)
15:30 – 16:00  Coffee break

16:00 - 17:30  Session III: The Value of Bank Relationships (Chair: Moshe Kim)

Sreedhar Bharath, Sandeep Dahiya, Anthony Saunders (New York University), and Anand Srinivasan:
So What Do I Get? The Bank’s View of Lending Relationships

Discussant: Stuart Greenbaum (John M. Olin School of Business, Washington University in St. Louis)

Andreas Rauterkus (School of Business, Siena College, Londonville, NY):
Are Bank Lending Relationships Always Beneficial? The Case of Germany

Discussant: tba

19:15  Start of boat trip around the center of Berlin (3,5 hours),
Departure/Arrival: Jannowitz-Brücke

Saturday, June 4, 2005

09:00 – 10:30  Session IV: Small Business Loans (Chair: Dorothea Schäfer)

Clara Cardone, Maria-José Casasola (University of Salamanca, Spain), and Margarity Samartin:
The Effect of Banking Relationships on the Financing of SMEs: Empirical Evidence from the Spanish Credit Market

Discussant: Andreas Pfingsten (University of Münster)

Robert DeYoung (Federal Reserve Bank of Chicago), Dennis Glennon, and Peter Nigro:
Borrower-Lender Distance, Credit Scoring, and the Performance of Small Business Loans

Discussant: Elena Carletti (Center for Financial Studies Frankfurt)

10.30 - 11:00  Coffee break

11:00 - 12.30  Session V: Banks and Monetary Policy (Chair: Hans Gersbach)

Yi-Kai Chen, Eric J. Higgins, and Joseph R. Mason (LeBow College of Business, Drexel University, Philadelphia):
Is Bank Efficiency Cyclical? The Relationship Between Economic and Financial Market Conditions and Bank Performance

Discussant: Christopher F. Baum (Boston College)

David Aikman and Matthias Paustian (Center for European Integration Studies, Bonn):
Banks, Their Balance Sheets, and Optimal Monetary Policy

Discussant: Reint Gropp (European Central Bank, Frankfurt)

12:30 - 13:45  Lunch
13:45 - 15:15  Session VI: **Lending Relationships and Market Structure** (Chair: Loretta J. Mester)

Hans Degryse, Nancy Masschelein (National Bank of Belgium), and Janet Mitchell (National Bank of Belgium):  
*SMEs and Bank Lending Relationships: The Impact of Mergers*

Discussant: Manju Puri (Duke University)

Emanuel Barnea (Bank of Israel), Moshe Kim (University of Haifa), and Doron Kliger:  
*Interest Rate Margins: A Decomposition of Dynamic Oligopolistic Conduct and Market Fundamentals*

Discussant: tba

**Program Committee**

Hans Gersbach  
University of Heidelberg and CEPR London

Moshe Kim  
University of Haifa and DIW Berlin

Loretta J. Mester  
Federal Reserve Bank of Philadelphia and Wharton School, University of Pennsylvania

Dorothea Schäfer  
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Eva Terberger  
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**Conference site**

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