

Revolving Credit to SMEs: The Role of Business Credit Cards

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SME access to credit

1. Focus: Business credit cards
2. Micro implications
3. Macro implications

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Main comment: push the envelope on applications

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- Optionality, control rights, dynamics
- Insurance (commitment) vs. relationship/monitoring (discretion)
- Banks and non-banks are involved

Micro Implications: Market Power

Key finding: high borrowing rates driven by **market power**

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Advice: Push the envelope, explain source of markups - low substitutability btw banks vs. non-banks?

Caveat: need strong assumptions given data limitations

- No loan-level rate data: largely ignore risk-based pricing
 - No lender id: forced to pool lenders into groups
- crude picture of contracting and market structure

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 - Push link with substitutability between banks and non-banks