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社會科學學院
FACULDADE DE CIÊNCIAS SOCIAIS
FACULTY OF SOCIAL SCIENCES

亞太經濟與管理研究所
Academia de Economia e Gestão para a Ásia-Pacífico
Asia-Pacific Academy of Economics and Management

CELEBRATING 40TH ANNIVERSARY OF THE UNIVERSITY OF MACAU

Seminar on Economics:

Money, Credit and Imperfect Competition Among Banks

Ieng Man NG

Ph.D. Candidate (Economics)
Australian National University

17 Nov 2021, 11:00 – 12:00

SCAN FOR ZOOM

Abstract:

Using micro-level data for the U.S., we provide new evidence—at national and state levels—of a positive (negative) relationship between the standard deviation (coefficient of variation) and the average in bank lending-rate markups. In our quantitative theory, bank market power in lending is endogenous to monetary policy as an equilibrium phenomenon. The model rationalizes the empirically observed relationships between the dispersion measures and the average of loan-rate markups. Banks need not be welfare-improving if inflation is sufficiently low. At low inflation, banks tend to extract more markup rent from existing loan customers, instead of competing for loan customers. Normatively, under a given inflation target welfare gains arise if a central bank can use additional liquidity-provision (or tax-and-transfer) instruments to offset banks' market-power incentives.

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