Bank of Russia

DETERMINANTS OF THE CREDIT CYCLE: A FLOW ANALYSIS OF THE EXTENSIVE MARGIN

Discussion by

Tatyana Grishina
Alexey Ponomarenko

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- Estimates a set of novel indicators based on credit subaggregates and loan applications.

- Presents some interesting stylized facts about credit developments in Italy.

Do new borrowers pose higher credit risks to banks?

- The default probability may be calculated for different categories of borrowers.

- It would be interesting to see the evolution of the applications' acceptance rate (for different categories of borrowers).

Or is credit to new borrowers benign because concentration of debt burden does not increase?

Related concepts:

- Financial inclusion

- Equilibrium credit growth

- GDP at risk

Financial crisis probability isoquants (à la Minsky)

Debt burden in Sector A

Debt burden in Sector B
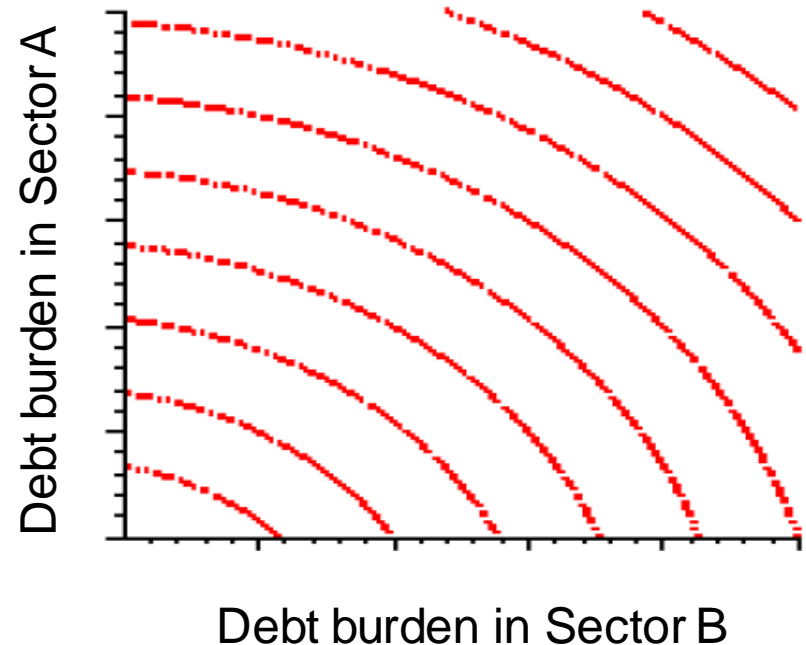
Thank you for your presentation!