Contents

1 Introduction 1

2 Theoretical Background 9

2.1 Groups as intermediaries 9

2.2 Financial intermediation and signalling 12

2.3 Financial intermediation and reputation 14

2.4 The potential of sorting behaviour 16

2.5 The vitality of incentives 17

3 Data 23

3.1 Credit profile 25

3.2 Loan-specific variables 27

3.3 Social collateral and self-disclosure 27

3.4 Group characteristics 29

Bibliografische Informationen
http://d-nb.info/1006360913

digitalisiert durch DEUTSCHE NATIONAL BIBLIOTHEK

4 Probit Models of Loan Performance 33

4.1 Single-equation probit models 33

4.2 Potential omitted variable bias 35

4.3 Group selectivity or self-selection? 38

5 Bivariate Probit Models 45

5.1 Why not a matching method? 45

5.2 Bivariate probit with sample selection 47

5.3 Results 52

5.4 Validity of the instruments 57

5.5 Robustness check with alternative measures of the dependent variable 59

5.6 Heterogeneity in the group effect 60

5.7 Methodological shortcomings 67

6 Conclusion 73

Bibliography 85