***Credit & Banking exam 9 January 2016***

Question 1: Information sharing : P&P 2000

1. In case of loan rates increasing over time. Which type of information sharing is used? Give the underlying calculation and explain the intuition.
2. In case of heterogeneity between the types of borrowers in loan rates in second period. Give the intuition for the type of information sharing used.

Question 2:

1. describe the differences between monitoring and advising in case advising doesn’t affect the pledgeable income
2. what is the necessary condition concerning advising such that advising doesn’t affect the pledgeable income
3. Make a graph with (i) when firms hire a monitor, (ii) when firms hire an advisor. A are the assets of the firm.
4. Make a graph and explain which firms make use of an advisor, a monitor, an advisor and monitor at the same time.

Question 3: Double bank runs

1. Explain the concept of double bank runs
2. How to test double bank runs and whether a firm does liquidity risk management. Credit registry available with the loans granted and loan applications.
3. literature findings concerning double bank runs and liquidity risk management.

Question 4:

1. explain theories linking banking competition and financial stability
2. … banking competition and individual banking stability. Describe regression model and what data must be used.