Credit Determinants and Their Impact on Firm's Growth in Colombia

Working Paper No. 67 AUTHOR OR EDITOR Carlos Andrés Quicazan Diana Fernandez Dairo Estrada
In recent years, credit growth has been accelerated recording higher levels of credit as a percentage of GDP, compared to previous years in some countries of Latin America. In Colombia, credit to GDP indicator had increased almost 10 percentage points in the last ve years. For this reason, it is interesting to study the behavior in Colombia analyzing credit boom episodes, and the possible impacts on the economy. This paper provides an econometric analysis of economic determinants of credit portfolio as a percentage of GDP, in order to nd the level of this indicator which is supported by its determinants. We found that Interbank rate, National-debt-to-GDP, Household-consumption-to-GDP and the level of investment-to-GDP are the main determinants of credit portfolio-to-GDP.On the other hand, we determine the level of commercial credit-to-GDP that is consistent with its determinants. Then we evaluated how this indicator of nancial deepening aects rms growth rate in Colombia.

The results suggest in Colombia the portfolio to GDP ratio is not signicantly above from its consistent level at ends to 2011. It was also found the eect of nancial deepening in business growth is positive and quite signicant. Also as expected the eect of being in debt depends heavily on the sector to which the rm belongs.In general being in debt increased the rm´s rate growth and brings an externality that aects not indebted rms. This open the debate if macro prudential measures that aect all types of portfolio are more damaging than those that specialized.

Fuente: https://www.banrep.gov.co/en/estabilidad-tema-67