
[Access this article at Elsevier](#)

[Access this article at REPOSITORIO BANREP](#)

Keep in mind

In the journal Essays on Economic Policy (ESPE) - we disclose the results and policy proposals that arise from academic research carried out at the *Banco de la República*. When you read us, always keep in mind that the content of our articles, as well as the analyzes and conclusions derived from them, are the sole responsibility of their authors. The material disclosed in our ESPE magazine does not compromise or represent the opinion of *Banco de la República* or that of its Board of Directors.

AUTHOR OR EDITOR

[Martha López](#)

AUTHORS AND/OR EDITORS

[Tenjo-Galarza, Fernando Zárate-Solano, Héctor M.](#)

Publication Date:
Sunday, 1 of June 2014

Abstract

In this paper we investigate the impact of rapid credit growth on ex ante credit risk. We present microeconometric evidence of the positive relationship between rapid credit growth and deterioration in lending portfolios: Loans granted during boom periods have higher probability of default than those granted during periods of slow credit growth. In addition, given their importance for macroprudential policy, we evaluate the effectiveness of the implementation of the countercyclical loan provisions. We find a negative relationship between the amplitude of credit cycles and this kind of macroprudential tool.