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Consumer Credit Performance over the Business Cycle In Colombia: Some Empirical Facts

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This paper studies the behavior of the survival function of accruing loans during the slowdown experienced by the Colombian economy between January-2008 and March-2009 as documented by Alfonso et al. (2013). We use a dataset with information of different vintage loans between July-2007 and March-2014 from a private credit union that operates in Medellín, the second largest city in Colombia, and its metropolitan area. The analysis suggests that the survival function of accruing loans reduces before and during the slowdown event: if the probability of survival at month ten of a consumer credit vintage is below the 97.5% and below 95% at month fifteen, the probability of a future slowdown is not negligible.

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