> Monday, June 14th, 2022
14:00 - 15:30

LEM-ECONOMICS & FINANCE

IÉSEG SCHOOL OF MANAGEMENT

EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY

'BANKS' EFFICIENCY DECOMPOSITION, ENGAGEMENT IN SECURITIZATION AND PRODUCTIVITY GAINS'

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ABSTRACT

This study analyzes the relationship between loan securitization and the efficiency of financial conglomerates applying a two-step approach. First, we model a bank's activity using a data envelopment analysis framework with two joint technologies in which loans are an intermediate output. These technologies generate operating and interest income and allow the decomposition of a bank's overall income efficiency by its respective capacity to generate such incomes. Second, we estimate a TOBIT panel data model to analyze a bank's propensity to engage in securitization activities relative to its income inefficiencies and other exogenous indicators. Our dataset contains 53 Brazilian financial conglomerates from June 2001 to December 2012. Our findings suggest that income from securitization transactions is positively associated with efficiency in generating interest income but not associated with operational efficiency.

Keywords: loan sales, data envelopment analysis, bank efficiency, shadow banking, credit risk, emerging markets
JEL Codes: G21, G32, G33, N16, N26

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