



Seminari di Economia

Giovedì 2 febbraio 2023

Ore 12:00 – Aula Anfiteatro

Facoltà di Scienze Economiche Giuridiche e Politiche - Viale Sant'Ignazio 17

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The Real Effects of Bank Supervision: Evidence from On-Site Bank Inspections

con Paolo Angelini, Francesca Lotti, Andrea Passalacqua

Abstract. The paper shows that bank supervision reduces distortions in credit markets and generates positive spillovers for the real economy. By exploiting the quasi-random selection of inspected banks in Italy, the study reveals that financial intermediaries are more likely to reclassify loans as non-performing after an audit. Moreover, they change their lending policies as the composition of new lending shifts toward more productive firms. As a result, productive firms invest more in labour and capital, while underperforming firms are more likely to exit the market. Taken together, the results show that bank supervision is an important supplement to regulation in improving credit allocation.