Online Appendix for Borrowing in an Illegal Market: Contracting with Loan Sharks

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I Reflections on Collecting Data on Illegal Activity

Readers will recognize that collecting data on the activities of loan sharks and their clients involves unique challenges. Clients are unusually vulnerable, and loan sharks associated with transnational crime syndicates are, perhaps, unusually dangerous. While borrowing from a loan shark is not illegal in Singapore, we could not know in advance whether clients engaged in other unlawful activities. We had to protect them from saying anything that could get them in legal trouble or put them at risk from a moneylender. In short, we needed to minimize the potential harm to clients and the risk to everyone on the research side.

We addressed these concerns more easily because, after completing his economics Ph.D., Leong spent a year as a social worker before taking up an assistant professorship. During that year, he made valuable contacts with social service agencies, the Singapore authorities, and individuals involved in the loansharking market. Leong conducted the preparatory work during that period. After joining Nanyang Technological University (NTU) as an assistant professor of economics, he formalized the data collection for this paper. We use ‘we’ throughout the article and often in the appendix, but Leong was entirely responsible for data collection.

Leong was more familiar with the market and milieu than a typical economist would be. After dropping out of high school, Leong’s poor academic standing led him to hang out with the children of society’s poorest members. Many of the people he knew at that time had family members who borrowed from loan sharks and would, themselves, eventually do so.

During his year as a social worker, Leong worked with borrowers and ex-offenders involved in the illegal moneylending market. His numerous conversations with borrowers, ex-offenders, social service agencies, politicians, grassroots agencies, and ex-law enforcement officers gave him a strong base of qualitative knowledge about the market. Nevertheless, the preliminary qualitative research and his ability to return to some of his sources for additional information were essential for the project’s success.

Moreover, we were aware that the situation could change unexpectedly. Therefore, we required enumerators to call their assigned borrowers monthly to check for significant changes, such as more lenders entering the market, and report quarterly to us. We also required them to check for significant changes by talking to at least five people in places frequented by borrowers (e.g., coffee shops where gamblers discussed betting strategies). Finally, they had to reach out to at least ten of their contacts, not part of the study, and ask about the same topic. In 2014, all the enumerators simultaneously reported that the number of lenders operating in the market had fallen significantly.
I.I Personal Safety

The first concern we had to address was personal safety. Common sense and the NTU IRB required that we obtain permission for the study from “the authorities” to ensure that nothing we did could be construed as transgressing the law.

Obtaining permission for the study was not trivial. We cannot provide more detail about the successful attempt (but could describe numerous failures). Leong is legally required to keep this information secret except that the IRB was allowed to verify that the appropriate agency had granted permission for the study. Individuals who want to know which government agency to approach for permission for similar studies should contact the IRB. We do not know whether the IRB would release this information.

Our enumerators told us there were reports that one of the crime syndicates had compiled a master list of borrowers and suggested that we might be able to procure a copy from which we could draw a genuinely random sample. Had we done so, we would have been in legal difficulty if we did not share it with the police and put ourselves at physical risk had we shared it. Consequently, we did not pursue the list.

It was also essential to ensure our enumerators’ safety. This is one reason we recruited individuals who were familiar with the milieu and its rules. We began by contacting social welfare volunteers, ex-offenders, and ex-law enforcement officers. We asked them to introduce us to borrowers, loan sharks, and other individuals who would be comfortable in the settings where they would seek respondents and conduct interviews. Through these contacts, we hired 48 local Singaporeans with experience in the illegal moneylending market as ex-offenders, gamblers, small business owners, and former illegal moneylenders.

Leong regularly accompanied enumerators to the location of the interview. On such occasions, he followed the enumerator’s guidance to ensure his safety and the respondent’s comfort.

I.II Respondent Trust and Safety

We benefited in part from having previously studied illegal activities. Li et al. (2018) relied on interviews with street sex workers. Enumerators sometimes told respondents we had not disclosed any individual’s information to anyone not using the data for academic research as promised to previous respondents.

At the start of each interview, the enumerator informed the respondent about his rights as they related to the study. We told them, for example, that they could drop out and withdraw consent to use the data at any time. Respondents learned that they would retain any payment they had already received if they withdrew from the study.
The structure of the interviews was also critical to the success of the information-collection process. First, the enumerators started by sharing their personal experiences of borrowing from loan sharks, as shared experiences put the borrowers at ease. Second, the enumerators shared the different ways they used to cope with the stress of heavy debt and offered to provide a listening ear to the borrowers at any time. Finally, the enumerators explained the penalties that the researchers would incur and the possible legal actions that respondents could take if the information they provided were ever leaked.

The IRB approved a waiver of the signature acknowledging informed consent. This waiver was essential since almost all borrowers Leong spoke to before conducting the study explained that borrowers would typically not sign any documents because they fear being identified. Thus, we obtained only verbal consent before beginning the interviews.

We consulted with experts, such as lawyers, ex-law enforcement officers, religious volunteers working with borrowers, former illegal moneylenders, grassroots lenders, borrowers, individuals previously imprisoned for helping lenders conduct harassment, who were familiar with the market. They helped design the questionnaire to minimize risk to respondents. To protect the respondents’ identities, we did not collect copies of any government IDs or identifiers. We assigned unique nicknames to each respondent. We did not ask respondents to report any illegal activity. Drug use and gambling are illegal but not in all circumstances. Our enumerators were taught to ask about these practices in a way that did not reveal whether the borrower was engaged in illegal activity. Since some activities performed for a loan shark would be illegal and, therefore, mandatory for us to report, we did not ask for details about such work.

Even then, there was a risk that respondents would be uncomfortable with certain questions. The enumerators were given an interview outline covering the questions they were supposed to ask but had the freedom to keep the interview conversational and therefore depart from the order in the outline. The basic outline is available in the supplementary material for this article.¹

After data collection was complete, the data were anonymized to ensure that no respondent could be traced. The IRB requires the data to be stored in a locked drawer in NTU except when in use. Individuals who want to access the data for replication purposes should write to Leong, who will submit their request to the IRB. All written requests must state that no data will be revealed or used against any respondent. After approval, the researcher would have to be physically present in a room approved by the IRB to conduct the analysis without removing any data.

¹We have only included information from the surveys that were used for this paper.
I.III Sample Design

We discuss sample design in detail in the main body of the paper and do not repeat that information here. Here we underscore two points. Our access and collaboration with knowledgeable participants in the market were essential for designing a valid sample. Second, in retrospect, we were overly concerned about the response rate. While it was sensible to develop a supplementary snowball sample in case our response rate was low, we should have been meticulous about keeping track of who was in the random sample and who was in the supplementary snowball sample.

I.IV Managing the Enumerators

The IRB requires us to ensure that we follow the data collection protocol they approved. To ensure that the enumerators visited the participants rather than making up data, we hired three research assistants. Following each interview, they visited or called the participant and verified that the survey had taken place and no protocols were violated. Leong and Li (when she was in Singapore) supervised all these assistants as they made the calls to each of these individuals. Sometimes a borrower asked to speak with Leong to check if their data would indeed be protected and not distributed or posted publicly. Leong had to explain the legal consequences of what would happen to him if he did not protect their privacy. 457 borrowers requested this information.

After that, the three research assistants had to document what they did and how long they spent before NTU’s finance department would pay them from Leong’s grant. The IRB’s continuing review process required Leong to report back to the IRB every six months on whether any problems arose.

Leong also randomly attended, although admittedly generally at a distance, one or two interviews conducted by different enumerators each day. When there were questions about the survey answers, Leong worked with research assistants, and enumerators to fix them. Furthermore, Leong personally conducted at least one interview daily (accompanied by his head enumerator). All these interviews occurred between 8 pm and 3 am. Our confidence in the data is reinforced by meetings with volunteers affiliated with various organizations regarding 145 individuals in our sample. These callers were verifying that Leong was a genuine academic from NTU collecting the data for academic purposes.

We acknowledge that no matter what processes we have implemented and regardless of all the oversight we have done, there may be some undetected ways in which the interviewers cheated us on some of the surveys. However, Leong has worked with them for at least a decade and established relationships with them by helping them and their families personally.
with their finances, job referrals, and counseling for their children. Since face and reputation are important in Asian culture, enumerators were unlikely to cheat Leong.

II Background on the Southeast Asian Market

Our discussion of loansharking in the Southeast Asian market serves primarily to reassure us and the reader that our results have broader validity than just the study of a single market in a small country. Nevertheless, we think our approach and findings have value in their own right and provide additional details. To the best of our knowledge, we are the first to document the similarities in the illegal moneylending markets across Southeast Asia and China and explain the source of these similarities.

II.I The Nature of the Interviews

We had two goals in conducting these interviews. The first was to determine the broader validity of our study. During the qualitative phase of our study, it became clear that the activity was international. Still, we could not establish to what extent different markets shared characteristics with the Singaporean market. The second was to gain background information about the market’s operation. Although in retrospect, it was probably less important than we thought, we wanted to understand the external constraints on lenders’ behavior which would probably differ if they were employees of an international criminal gang or freelancers.

The interviewers hired by Leong were ex-offenders who were former loan sharks and former borrowers who had previously conducted harassment for loan sharks. They helped determine the list of interviewees using the following objectives: at least two lenders working with the same syndicate, individuals they knew well and trusted and would, therefore, be less likely to lie, and lenders from at least three different syndicates. Since lenders from the same syndicate get the same advice and information from their syndicate, receiving similar responses within a syndicate suggests that the responses are accurate.

It was easier to get respondents from China and Singapore to accept these interviews because the ex-offenders we hired had deep networks there. It was more challenging to get individuals from other countries because the ex-offenders lacked such networks. However, we eventually located interviewees elsewhere.

We interviewed three informants face-to-face. We interviewed each one three to four times at restaurants where we covered the food costs (about S$200) and paid each interviewee S$200. The other interviews were by telephone. Leong listened to the interviews and took
copious notes. For each call, ex-offenders received S$400 to pass on to the respondent. We interviewed each respondent three to five times for one to two hours each time.

In total, we interviewed four former lenders in Singapore, two in Malaysia, thirteen in China, and two with experience in both Singapore and China. We cannot claim our sample is representative. Even what universe the sample is from is unclear. Moreover, the subject matter was extremely sensitive. We did not get information on all questions from all sources.

II.II  The Industrial Organization of the Market

The former lenders agreed that, at a level roughly comparable to wholesale, the illegal moneylending market is oligopsonistic (our word, not theirs). We asked them how many syndicates operated in most Southeast Asian countries (including Singapore) and China. Three former lenders reported 9, two reported each of the remaining integers from 5 to 13, and two reported more than 13 for a mean of 10. All but four agreed that all syndicates operated in all markets. We also asked them the percentage of borrowers transacting with these syndicates. They told us 95% (9), 96% (4), 97% (3) or 98% (3) while 2 did not respond (mean = 96%).

The syndicates have branch offices in all countries in which they operate but are headquartered in China. Their operating model is similar across countries, possibly because transnational law enforcement cooperation means that syndicates must also cooperate transnationally to avoid detection. The two former lenders who operated in both Singapore and China confirmed the cross-border similarities.

The branch offices recruit lenders and provide them with funding, advice, and information. Branch offices lack sufficient manpower for their expanding business operations. Therefore, they are always looking for new lenders. Branches proactively reach out to potential lenders, but potential lenders can also reach branches through existing lenders, the dark web, or underground chat groups. Branches and individuals each initiate roughly half the contacts.

There are few barriers to becoming an illegal moneylender. Lenders are not restricted to specific demographics (including nationality), and do not require any minimum financial standing or pre-existing affiliation with the syndicate. If, for example, a Singaporean wants to become a lender in China, he first must pass a verbal interview and security screening to ensure he is not a law enforcement officer and that he is likely to be successful. If he passes the interview, the syndicate will help him enter China legally. He will be interviewed in China again. If successful, he will be given the necessary resources to start his business there. One former lender told us that a branch office in a major sub-provincial Chinese city
sourced about 40% of its members from overseas.

Our interviewees agreed that new lenders typically receive startup capital of approximately US$36,500 (or S$50,000) in the form of a loan and US$1,400 as an allowance for 3-6 months. This amount is common across all syndicates and new lenders and is available in any currency.

This trial investment establishes if the lender can make it in the market. What the former lenders describe is analogous to the seed money (in the form of a loan with interest) a formal sector venture capitalist might put into a startup.

After 3-6 months, if the lender is successful, he will request additional funds to expand his business. The syndicate and the lender discuss the lender’s past performance and plans and agree on an investment and the syndicate’s share of future profits. While the syndicate’s share can be time-limited, it is usually in perpetuity. Thus, the syndicate is like an investor providing series A venture-capital funding. This process can repeat with additional investment from the syndicate, much like series B venture-capital funding. Typically, series A and B funding take place within a few months. Further funding typically takes longer.

The syndicate acts like an equity holder and provides advice, but the daily running of the business is up to the lender.

None of the former lenders we interviewed left voluntarily. We met someone who claimed to have gone through the interview process and backed out because he got cold feet and who said there had been no repercussions. Consistent with this anecdote, the former lenders repeatedly told us that a lender may leave if he agrees 1) not to take any borrower info/data, 2) not to transact with any of his current borrowers if he leaves and sets up a new business, 3) to compensate the syndicate, 4) to relinquish all claims to the current business, and, of course, 5) not to provide the authorities with information about the syndicate.

Each lender is an independent agent, but branch offices provide substantial help. Branch offices give access to a database of potential customers to lenders, which includes phone numbers, WeChat IDs, and basic characteristics. A lender can typically access information on at least 100,000 borrowers in China, and more than 1,000 in other Southeast Asian countries, a tiny subset of the known population of potential borrowers in any country. Branch offices also provide advice on evading law enforcement, structuring loans to maximize profits, and recovery of loans. Except for interest on the startup loan, the branch offices do not charge additional fees for these services. Information about potential new borrowers is sold in quantities of 3,000 or more at S$15 per potential borrower, making the minimum additional investment S$45,000 for 3,000 new borrowers’ contact information.

With assistance from the branch offices, lenders can move freely across countries. Thus, Singaporean lenders typically move to China or Malaysia if they risk arrest in Singapore.
Or, they may leave the business as discussed above.

II.III The Retail Market

At the retail level, there is competition as measured by the number of lenders, although relational contracting is important as discussed in the main paper. Still, lenders typically do not compete with each other. Syndicates control the market. The lenders they fund receive similar guidelines regarding interest rates, maturity, loan structure, and harassment methods. Competition is also weak because the pool of borrowers exceeds the number of lenders operating in the market. Our informants do not know of any lenders who did not earn a lot of money. Lenders typically begin turning a profit within three months after starting operations.

This raises the question of why lenders do not raise their interest rates. We believe the answer is that borrowers are on their incentive-compatibility constraint, but we recognize that there is a broader literature on credit rationing. Still, as we emphasize, relational contracting supports the contracts.

Lenders across all markets target the same type of borrowers because they have access to the same database and advice from the syndicates. The syndicates have already pre-identified the most profitable borrowers, who are ineligible for loans from legal lenders, with addictions, and who are likely to repay loans with minimal harassment. More than 70% of the leads they provide have some form of substance addiction or are habitual gamblers.

The locations in which lenders operate are also similar across countries. Thus, the former lenders we interviewed waited for potential clients in gambling dens in China and near gambling outlets in Singapore.

III Alternative Explanations

We discuss the plausibility of alternative explanations for observed market changes after the crackdown.

First, it is implausible that the transnational syndicates that fund the lenders reduced funding due to capital controls. Singapore dismantled all forms of capital controls many years before our data period. Furthermore, lenders’ local operations did not need external funds to maintain their current business level, as more than 90% of all locally issued loans were repaid in full with late fees within a short period.

Second, the economic climate is also an implausible alternative explanation. Singapore’s GDP per capita experienced steady growth from 2009-2015 (see Figure 1). A simple regres-
sion test shows that its GDP growth per capita did not exhibit a trend break coinciding with the enforcement increase. Therefore, it is unlikely that borrowers were unusually short of funds after 2014 or anticipated a change in the income growth rate that would lead them to borrow more currently. Similarly, it is unlikely that lenders (or their suppliers) suddenly faced a higher opportunity cost of capital.

A third potential argument is that borrowers with addictions were given worse loan terms over time as their behavior intensified. These addictions resulted in higher risk and higher interest rates that coincided with enforcement. We do not document any decrease in the likelihood of eventual repayment. This is not surprising. In this market, borrowers can always choose to do illegal work (unaffected by addictions) for lenders to clear debts, although as we document in the main body of the text, few do so. According to ex-lenders, they prefer that borrowers do illegal work as payment, which is more valuable than cash repayments. We have also previously documented that borrowers also acknowledge that lenders have offered them illegal work as an alternative to cash repayments.

Finally, we do not have direct evidence on illegal-moneylending-related corruption cases. However, over the past decade, Transparency International (2020) has consistently ranked Singapore as one of the ten least corrupt countries globally. For the past five years, Gallup (2020) has ranked Singapore first in the world for law and order. The number of cases
brought by the Corrupt Practices Investigation Bureau (CPIB) in Singapore for any form of public corruption is very low (approximately twenty each year). And the police force that oversees the illegal moneylending market is only a small subset of the government. We cannot rule out police corruption by loan sharks since it is always possible that the CPIB overlooked this form of corruption or was unable to gather sufficient evidence. Nevertheless, given Singapore’s impeccable standing regarding law and order, we know of no evidence supporting the view that such corruption is widespread.

IV Supplementary Literature Review

There are several differences between the literature on informal lending e.g., Banerjee (2003), Kaboski and Townsend (2012), Berg et al. (2013), and Islam et al. (2015), and our study. First, the literature on informal lending often explores how the market failure of the formal sector inhibits development and studies the role of the informal market in addressing this failure. Moneylenders are often described as “professional moneylenders,” suggesting a rather different role from that played by the loan sharks studied in our paper. In fact, professional moneylenders are often tolerated if not legal. No government tolerates or supports illegal moneylending run by large crime syndicates.

Second, in the literature on informal lending, borrowers are mainly farmers and (very) small business owners. The governments hope that microfinance schemes will stimulate investment by these borrowers. In contrast, borrowers in the illegal moneylending market borrow to finance their consumption and addictions, e.g., drug use and gambling. While the borrowers in both our study and the prior literature have limited or no access to formal sector credit, the reasons are different. In our setting, the formal sector is well developed. Our borrowers are excluded because of their past behavior, not because there is no formal sector. Related to this, the policy concern in the existing literature is how to expand access to credit. Expanding credit access in order to finance gamblers and addictions is not, to our knowledge, an objective of government policy anywhere. Lastly, to the best of our knowledge, our study is the first that provides detailed loan-level data in the literature on informal lending and illegal moneylending.

There is a sense in which our setting is closest to the payday loans market. Allcott et al. (2021) report that a typical payday loan costs the borrower 15 percent interest over two weeks, implying an annual percentage rate close to 400 percent without compounding, similar to what we observe. The literature on this market mainly measures how restricted loan access affects borrowers. Results are mixed: some studies find that access to payday loans worsens borrowers’ economic hardship by causing increases in missing bill payments...
(Melzer, 2011), loan defaults and bank overdrafts (Gathergood et al., 2019), and filing for bankruptcy (Skiba and Tobacman, 2019); while other studies find that access to payday loans is beneficial to borrowers by alleviating financial distress following natural disasters (Morse, 2011) and reducing other forms of high-interest credit such as bounced checks or bank overdrafts (Morgan et al., 2012; Bhutta et al., 2016). The first key difference with our setting is that, while the payday loans market is regulated by law, the illegal moneylending market is an illegal market run by large crime syndicates. The second key difference is that our borrowers cannot access payday loans. Finally, there is no underwriting or collateral for loans in our market. Our study also differs from the literature on payday loans by providing more detailed information about borrowers and loan characteristics, such as borrowers’ borrowing and spending patterns, conditions under which borrowing occurs, and harassment conducted for loan repayments.

Our study connects to the literature investigating behavioral biases and imperfect information about borrowing costs among high-interest loan borrowers. Karlan et al. (2019) suggest that the market vendors in their study may suffer from time-inconsistent preferences, such as present bias (Laibson, 1997). Allcott et al. (2021) show that borrowers of payday loans are present biased. In addition, they find that borrowers appear to learn from experience and eventually become sophisticated about their time-inconsistent preferences. Bertrand and Morse (2011) show that disclosing interest costs and the likelihood of repeat borrowing to first-time payday loan borrowers results in less borrowing. Stango and Zinman (2016) find that credit card issuers offer different APRs to borrowers. Borrowers actively searching for lower APRs pay less than the non-active borrowers, implying the importance of information collection to the borrowers. Our paper adds to this literature by showing that borrowers in the illegal lending market may also exhibit hyperbolic discounting.

Lastly, this study builds on the strand of literature that relates to collecting sensitive information in the social sciences. This is an established challenge, as documented by Karlan et al. (2016) who detail strategic misreporting by respondents when trying to solicit sensitive financial information. Parker and Souleles (2019) compare the accuracy of information from revealed preferences to self-reported information. Using an economic policy of stimulus payments, they show that self-reported spending propensities are quite informative about revealed spending preferences. Blattman et al. (2017) take another approach by hiring market insiders to help identify and persuade a sensitive population of criminally engaged men to participate in their study. Our paper contributes to this literature by detailing a method to effectively solicit truthful responses to private questions from a sensitive population.
V Figures and Tables

Figure 2: Events Studies

Panel A. No borrower or lender fixed effects

Note: Footnotes below panel D.
Panel B. Borrower fixed effects

Note: Footnotes below panel D.
Panel C. Lender fixed effects

Note: Footnotes below panel D.
Panel D. Borrower-Lender fixed effects

Notes: All estimates control for year dummies.
1. Repay by borrowing from family include both immediate family and relatives.
2. Default refers to whether the borrower repaid in full and on time.
3. Lender requested work for him refers the the situation where lenders asked lenders to work for him in the event of default.
Table 1: **The Effect of Borrowing History on Loan Terms**

<table>
<thead>
<tr>
<th></th>
<th>Log of Loan Amount</th>
<th>Nominal Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Never borrowed from this lender before</td>
<td>-0.291***</td>
<td>-0.268***</td>
</tr>
<tr>
<td></td>
<td>(0.034)</td>
<td>(0.032)</td>
</tr>
<tr>
<td>Times previously borrowed from this lender</td>
<td>0.039***</td>
<td>0.025***</td>
</tr>
<tr>
<td></td>
<td>(0.004)</td>
<td>(0.004)</td>
</tr>
<tr>
<td>Year dummies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Condition when borrowing</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Reason for borrowing</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>N</td>
<td>11008</td>
<td>10990</td>
</tr>
<tr>
<td>R² Within</td>
<td>0.602</td>
<td>0.646</td>
</tr>
<tr>
<td>R² Between</td>
<td>0.263</td>
<td>0.323</td>
</tr>
<tr>
<td>R² Overall</td>
<td>0.315</td>
<td>0.396</td>
</tr>
</tbody>
</table>

1 Estimates based on regressions with borrower-lender fixed effect.
2 ***p < 0.01, **p < 0.05, *p < 0.1.
Table 2: **The Effect of Repayment History on Loan Terms**

<table>
<thead>
<tr>
<th></th>
<th>Log of Loan Amount</th>
<th>Nominal Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) (2) (3)</td>
<td>(4) (5) (6)</td>
</tr>
<tr>
<td>Lag 1: Time to repay (months)</td>
<td>-0.018***</td>
<td>0.005</td>
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<tr>
<td></td>
<td>(0.007)</td>
<td>(0.037)</td>
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<tr>
<td>Lag 1: Default</td>
<td>-0.059***</td>
<td>0.016</td>
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<tr>
<td></td>
<td>(0.017)</td>
<td>(0.091)</td>
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<tr>
<td>Lag 1: Repaid Eventually</td>
<td></td>
<td>0.154***</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.034)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.175</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.186)</td>
</tr>
<tr>
<td>Year Dummies</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Yes</td>
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<td></td>
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<tr>
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<td>5434</td>
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<td>R² Within</td>
<td>0.689</td>
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<td>0.936</td>
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<tr>
<td>R² Between</td>
<td>0.218</td>
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</tr>
<tr>
<td></td>
<td>0.214</td>
<td>0.740</td>
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<tr>
<td></td>
<td>0.741</td>
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<tr>
<td>R² Overall</td>
<td>0.395</td>
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<tr>
<td></td>
<td>0.387</td>
<td>0.849</td>
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<tr>
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<td>0.848</td>
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</tbody>
</table>

1 Estimates based on regressions with borrower-lender fixed effect.
2 ***p < 0.01, **p < 0.05, *p < 0.1.
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