

THE DETERMINANTS OF CREDIT LINES: EVIDENCE FROM JAPAN

By TOMOHITO HONDA

《SUMMARY》

This paper empirically examines the determinants of credit lines in Japan, using a unique dataset for the Japanese public corporations during the period 2004-2017 to find the following. First, an increase in a firm's cash flows and its demand for capital expenditure lead to an increase in the probability of the firm's use of credit lines. Second, a firm that establishes a closer relationship with a bank is more likely to have credit lines than a firm without such a relationship. Furthermore, this paper examines the determinants of overdrafts, one of other forms of loan commitments, to find that a firm is less likely to be endowed with overdrafts when it has smaller cash flows or maintains a stronger relationship with the primary bank.

(Hitotsubashi University)