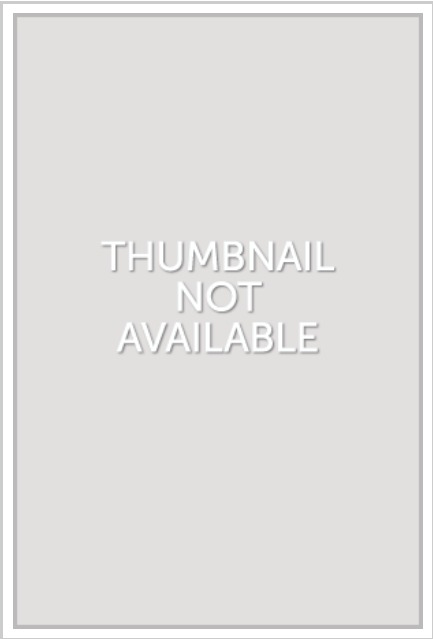


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Finance and Economics Discussion Series: Small Business Loan Turndowns, Personal Wealth and Discrimination (Paperback)

By Ken Cavalluzzo, John Wolken

Bibliogov, United States, 2013. Paperback. Book Condition: New. 246 x 189 mm. Language: English . Brand New Book ***** Print on Demand *****.Using newly available data from the Federal Reserve, we examine the impact of personal wealth on small business loan turndowns across demographic groups. Information on home ownership, home equity, and personal net worth excluding the business owner s home, in combination with data on the personal credit history of the principal owner, the business credit history of the firm, a rich set of additional explanatory variables, and information on the competitiveness of local banking markets, contributes to our understanding of the credit market experiences of small businesses across demographic groups. We find substantial unexplained differences in denial rates between African American-, Hispanic-, Asian-, and white-owned firms. We also find that greater personal wealth is associated with a lower probability of loan denial. However, even after controlling for personal wealth, large differences in denial rates across demographic groups remain. Further, consistent with Becker s classic theories (1957), we find some evidence that African American-denial rates increase with lender market concentration.

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