During the past economic recession, the number of loans granted by banks to non-financial companies in Spain notably fell. At the same time, Spain also registered high unemployment rates. The winning article has examined to what extent the first factor—related to business finance—is able to explain the second. Reduced credit has been a general occurrence in developed countries, which is why the reply to this question is of huge international interest.

A basic part of the article is the possibility of distinguishing between the effects of behaviour in loan supply and demand. In a recession, companies tend to have less profitable business opportunities, which is why the risk may increase and credit demand may fall. In order to isolate effects on the supply side, the article explores the fact that those banks subject to intervention during the recession for solvency reasons (savings banks mainly), reduced the granting of loans to a substantially greater extent that other entities in the years prior to intervention. The empirical methodology used compares performance in employment during the recession between two types of companies: those which, at the start of the recession, held loans with banks that were subsequently intervened, and those that were only financed with other banks. The hypothesis that is contrasted is based on the fact that the former suffered greater credit restrictions than the latter, consequently entailing greater unemployment.

On the demand side, given that both company groups were not equally profitable and solvent, the winning article covers a broad range of indicators in order to compare very similar companies, in their position as borrowers. For the first time in similar investigations, these include indicators on the company’s credit track record, obtained from the Risk Data Centre of the Bank of Spain.

This empirical analysis, based on data taken from almost 170,000 companies between 2006 and 2010, reaches the following conclusions, amongst others:

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• A quarter of the decrease in employment suffered by companies holding a debt with banks that were subsequently intervened was precisely due to this intervention.

• The same results are obtained if both types of bank are defined according to the level of exposure to the real estate sector, instead of considering whether or not they were subsequently intervened.

• Recourse to commercial credit did not alleviate the credit restrictions imposed on companies holding a debt with subsequently intervened entities.

• Unemployment rates due to exposure to subsequently intervened entities were much higher amongst companies with a worse credit track record, and nearly exclusively affected companies that held a debt with more than one bank.