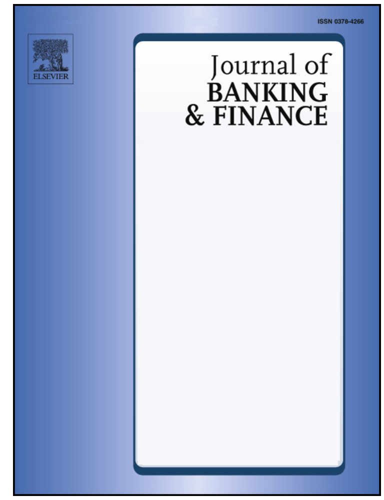
Accepted Manuscript



Credit Rationing and Relationship Lending. Does firm size matter?

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PII: S0378-4266(14)00391-4
DOI: http://dx.doi.org/10.1016/j.jbankfin.2014.12.010
Reference: JBF 4621

To appear in: *Journal of Banking & Finance*

Received Date: 7 July 2011
Accepted Date: 16 December 2014

Please cite this article as: Cenni, S., Monferrà, S., Salotti, V., Sangiorgi, M., Torluccio, G., Credit Rationing and Relationship Lending. Does firm size matter?, *Journal of Banking & Finance* (2014), doi: http://dx.doi.org/10.1016/j.jbankfin.2014.12.010

Credit Rationing and Relationship Lending.

Does firm size matter?

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Using survey based data, we investigate factors influencing credit rationing within a bank-based financial system. We show that rationing depends on various dimensions of the firm-bank relationships and that the effects of relationship lending on rationing are not identical for different firm size groups. Multiple-banking increases the probability of rationing for small and large firms. Debt concentration with the main bank affects positively smaller firms, while the opposite is true for large companies. The length of the relationship with the main bank decreases the probability of rationing for both groups, but more so for large firms endowed with more bargaining power. Finally, the firm-bank spatial proximity, measured by the headquarters' vicinity, does not affect the firm's access to credit.

JEL: G20 G21 G32 L23

Keywords: Credit rationing, Relationship banking, SME, Firm financing, Probit sample selection models