

## Accepted Manuscript

Borrowing beyond Borders: Foreign Assets, Lender Choice, and Loan Pricing  
in the Syndicated Bank Loan Market

Joel F. Houston, Jennifer Itzkowitz, Andy Naranjo

PII: S0929-1199(16)30348-0  
DOI: doi:[10.1016/j.jcorpfin.2016.12.002](https://doi.org/10.1016/j.jcorpfin.2016.12.002)  
Reference: CORFIN 1129

To appear in: *Journal of Corporate Finance*

Received date: 14 February 2016  
Revised date: 7 December 2016  
Accepted date: 8 December 2016



Please cite this article as: Houston, Joel F., Itzkowitz, Jennifer, Naranjo, Andy, Borrowing beyond Borders: Foreign Assets, Lender Choice, and Loan Pricing in the Syndicated Bank Loan Market, *Journal of Corporate Finance* (2016), doi:[10.1016/j.jcorpfin.2016.12.002](https://doi.org/10.1016/j.jcorpfin.2016.12.002)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

## Borrowing beyond Borders: Foreign Assets, Lender Choice, and Loan Pricing in the Syndicated Bank Loan Market

Joel F. Houston<sup>a</sup>, Jennifer Itzkowitz<sup>b</sup>, and Andy Naranjo<sup>c</sup>

Latest Version: June 12, 2016

---

### Abstract

This paper examines the ability of firms to overcome cross-country barriers to borrowing through foreign asset connections. We find that firm-level foreign assets are an important mechanism in reducing the boundary between borrowers and lenders and thereby enhancing capital access in the syndicated loan market. Our results suggest that firms with foreign assets are more likely to select a foreign lead lender and that the corresponding loans have better pricing terms. And, more specifically, we find that the location of the foreign assets strongly predicts the foreign lender's location. These results support the hypothesis that foreign presence helps reduce information barriers that arise across borders.

*Key words:* Syndicated loans, multinational firms, loan pricing, foreign assets, integration, international banking

*JEL Classification:* F23, F34, F36, G01, G15, K40

---

Correspondence Information: <sup>a</sup>John B. Hall Professor of Finance, [joel.houston@warrington.ufl.edu](mailto:joel.houston@warrington.ufl.edu), Tel: (352)392-7546, Warrington College of Business, PO Box 117168, Gainesville, FL 32611-7168; <sup>b</sup>Associate Professor, [jennifer.itzkowitz@shu.edu](mailto:jennifer.itzkowitz@shu.edu), Tel: (973)761-9103, Stillman School of Business, 400 South Orange Ave, South Orange, NJ 07079; <sup>c</sup>Emerson/Merrill Lynch Professor of Finance & Chairman of the Department of Finance, Insurance, and Real Estate, [andy.naranjo@warrington.ufl.edu](mailto:andy.naranjo@warrington.ufl.edu), Tel: (352) 392-3781, Warrington College of Business, PO Box 117168, Gainesville, FL 32611-7168.

Download English Version:

<https://daneshyari.com/en/article/5093140>

Download Persian Version:

<https://daneshyari.com/article/5093140>

[Daneshyari.com](https://daneshyari.com)