

Department of Economics
2024-2025
Seminar Series



Monday, September 30, 2024
12:30 PM-1:50 PM
SBS, Room N603

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Building Credit Histories

This paper investigates how new borrowers expand their credit access. In particular, we examine the role that consumers' credit choices, not just repayment behavior, play in building their credit histories. Using credit-bureau data, we document that incumbent lenders typically increase credit limits for borrowers who open additional credit cards. This effect is especially pronounced for new borrowers. Our interpretation of this evidence is that lenders perceive credit offered by other lenders as revealing favorable information about the borrower. We build a novel model consistent with this hypothesis and show that the model's predictions are consistent with the data.

All in-person seminars will be held in the Social and Behavioral Sciences Building, Room N603. For additional information, contact the seminar organizers: Profs. Chang Liu & Eva Carceles-Poveda. Visit our webpage for additional information: stonybrook.edu/economics.

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