

Edgar Demetrio Tovar-García,
Доктор наук: Universidad Nacional Autónoma de México,
специальность 08.00.00 «Экономические науки»,
доцент кафедры публичной политики
факультета социальных наук НИУ ВШЭ
<https://www.hse.ru/org/persons/75264782>

MARKET DISCIPLINE THROUGH SUBORDINATED DEBT IN MEXICAN BANKS

This article empirically studies market discipline through subordinated debt in Mexico. It assesses whether banks that issued subordinated debt present a lower bank risk in comparison to non-issuing banks. It tests the hypothesis that low-quality banks pay higher interest rates (returns) on subordinated debt and issue fewer securities. I use a sample of 37 banks, 14 of which issued subordinated debt during the period from December 2008 to September 2012. Analyzing these 14 banks as a natural experiment, I use dynamic panel models with the SYS GMM estimator to verify the market discipline hypothesis. The findings do not suggest the presence of discipline induced by subordinated debt holders.

Key words: *market discipline, subordinated debt, bank risk, Mexico.*

JEL Classification: E59; G21; G39.