

# Differential Effects of unconventional monetary policy on Japanese syndicated loan contracts

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## Abstract

We investigate effects of monetary policy on Japanese syndicated loan contracts using data from 2000 through 2016 when the monetary policy is almost stuck at zero bound in Japan, and Bank of Japan introduced many unconventional monetary policy measures including forward rate guidance, asset purchases and programs. Evidence presented show that both pricing term (loan spread) and non-pricing term (maturity) of the loan contract are affected by monetary policy shocks. In particular, the effect is not uniform among borrowers in the non-pricing term even after controlling the cyclicity in loan contracts. A response to a monetary policy shock associated with a decrease in long term interest rates is significant only in the borrower group with access to bonds.

*JEL classification:* E43, E52, G21

*Keywords:* Syndicated Loans, Monetary policy, Loan maturity, Loan spread

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