

**Is Joint Liability Lending More
Efficient than Individual Lending?:
A Theoretical and Experimental
Analysis**

by

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Contents

List of Tables	iii
List of Figures	iv
Abstract	v
Declaration	vii
Acknowledgements	viii
1 Introduction	1
2 A Comparison of the Performance of Joint and Individual Liability Lending Schemes	7
2.1 Introduction	7
2.2 Setting	12
2.3 Individual liability versus joint liability lending: a theoretical comparison	15
2.3.1 Individual liability lending as a benchmark	15
2.3.2 Joint liability under complete information	17
2.3.3 Joint liability under incomplete information	32
2.4 Welfare comparison	39
2.5 An experimental comparison of joint liability and individual liability lending scheme	41
2.5.1 Experimental design	45
2.5.2 Experimental procedures	47
2.5.3 Results	49
2.5.3.1 An overview of loan repayment	50
2.5.3.2 Comparing individual and joint liability lending	52
2.6 Conclusion	54
3 An Alternate Joint Liability Lending Scheme	56
3.1 Introduction	56

3.2	Setting	58
3.3	An alternate joint liability lending scheme	60
3.3.1	An alternate scheme with complete information	62
3.3.2	An alternate scheme with incomplete information	70
3.3.2.1	Separating equilibrium	73
3.3.2.2	Pooling equilibrium	76
3.4	Welfare comparison	78
3.5	An experimental comparison of an alternate and a traditional joint liability lending scheme	80
3.5.1	Experimental design	80
3.5.2	Experimental procedures	82
3.5.3	Results	83
3.5.3.1	An overview of loan repayment	83
3.5.3.2	Traditional versus alternate joint liability lending	85
3.6	Conclusion	87
4	The effect of cost, monitoring and communication on joint liability lending performance	89
4.1	Introduction	89
4.2	Cost, Monitoring, and Communication	92
4.2.1	Cost of loan repayment	92
4.2.2	Monitoring	95
4.2.3	Communication	99
4.3	Experimental design	101
4.4	Experimental procedures	102
4.5	Results	103
4.5.1	Cost of loan repayments	103
4.5.2	Monitoring	106
4.5.3	Communication	111
4.6	Conclusion	114
5	Conclusion	116
	Bibliography	118

List of Tables

2.1	Theoretical predictions for individual and joint liability lending	47
2.2	Logistic estimation of continuation probabilities: Individual and Joint liability lending	51
3.1	Logistic estimation of continuation probabilities: traditional and alternate joint liability lending	84
4.1	Treatment manipulations	102
4.2	Logistic estimation of continuation probabilities: $c = \$E40$ and $c = \$E45$	104
4.3	Logistic estimation of continuation probabilities: monitoring versus no monitoring with $c = \$E45$	107
4.4	Logistic estimation of continuation probabilities: monitoring versus no monitoring $c = \$E40$	110
4.5	Logistic estimation of continuation probabilities: variations in communication protocol	112

List of Figures

2.1	Joint liability under complete information	31
2.2	Joint liability under incomplete information	39
3.1	An alternate joint liability under complete information	71
3.2	An alternate joint liability under incomplete information	78
4.1	Impact of repayment costs on strategic default decisions	93
4.2	Equilibria under both complete and incomplete information	98

Abstract

This thesis aims to compare loan repayment decisions under individual and joint liability lending schemes using game theoretical models and laboratory experiments. We find that even under the most unfavourable circumstances joint liability still gains significantly higher repayment rates than individual liability.

We also examine an alternate joint liability scheme that reduces transaction costs. We find that there are potential benefits from adopting this scheme, as it does not undermine the high repayment rates achieved under the traditional scheme.

Lastly, we find that reducing the cost of repayment, allowing for communication and monitoring can improve the repayment rates.

Declaration

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution to Sujiphong Shatragom and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

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