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Nota di contenuto	Table of Contents; I. Introduction; II. The Basic Model; A. Time, Endowments and Preferences; B. Technologies; C. Contracts and Information; III. Equilibrium with Banks and Depositors; A. Moral Hazard; B. No Moral Hazard; IV. Optimality and Intermediary Rents; V. Equilibrium with Firms, Intermediaries and Depositors; A. The Extended Model; B. Perfectly Correlated Projects; C. Independent Projects; VI. Conclusion; Appendix; References
Sommario/riassunto	We study a simple general equilibrium model in which investment in a risky technology is subject to moral hazard and banks can extract market power rents. We show that more bank competition results in lower economy-wide risk, lower bank capital ratios, more efficient production plans and Pareto-ranked real allocations. Perfect competition supports a second best allocation and optimal levels of bank risk and capitalization. These results are at variance with those obtained by a large literature that has studied a similar environment in partial equilibrium. Importantly, they are empirically relevant.

