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Nota di contenuto	Contents; I. Introduction; Figures; 1. Change in the ratio of credit to GDP, 2003-2007; II. The Model; Tables; 1. Expected Payoffs in Different States; III. Model Analysis; A. Full Information; B. Equilibria with Partial Information and Two Bank Types; Pooling; Separating; A parameterized example; C. Separating Equilibrium with Partial Information and a Continuum of Bank Types; 2. The Value Function for Different Types: Separating Equilibrium; IV. Extensions; A. Investment in Loan Technology; 3. Credit Volumes and Bank Characteristics for a Continuum of Types 2. Investment Decision Starting From and Ending at Pooling EquilibriaB. Pervasive Moral Hazard and Low-Credit Outcomes; 3. Investment Decision Starting From and Ending at Separating Equilibria; 4. Separating Equilibrium with Low Credit Volume; V. Summary and Conclusions; 5. Pooling Equilibrium with Low Credit Volume; References; Appendix; I: Expected Loan Losses in a Pooling Equilibrium; II: Regularity Conditions on the Objective Function with a Continuum of Bank Types
Sommario/riassunto	The volume of credit extended by a bank can be an informative signal of its abilities in loan selection and management. It is shown that, under asymmetric information, banks may therefore rationally lend more than they would otherwise in order to demonstrate their quality, thus negatively affecting financial system soundness. Small shifts in technology and uncertainty associated with new technology may lead to large jumps in equilibrium outcomes. Prudential measures and supervision are therefore warranted.