

Karlan and Zinman (2008), "Credit Elasticities....", *American Economic Review*, Web Appendix:  
 Price Sensitivity of Takeup: Other Nonlinearities?

	Mean dependent variable (applied = 1):			
	0.18 (1)	0.17 (2)	0.06 (3)	0.06 (4)
Interest Rate <= Lender's Standard Rate for Low Risk (7.75)	-0.01014*** (0.00260)		-0.00233* (0.00125)	-0.00209 (0.00133)
7.75<r<=9.75	<b>-0.01649***</b> <b>(0.00355)</b>		-0.00210** (0.00084)	-0.00189** (0.00092)
9.75<r<=11.75	-0.00393* (0.00223)		-0.00243*** (0.00067)	-0.00226*** (0.00071)
Interest Rate > Lender's Standard Rate for High Risk (11.75)			<b>-0.00322***</b> <b>(0.00071)</b>	<b>-0.00424***</b> <b>(0.00088)</b>
Interest Rate <= Lender's Standard Rate for Medium Risk (9.75)		-0.00084 (0.00275)		
Interest Rate > Lender's Standard Rate for Medium Risk (9.75)		<b>-0.01420***</b> <b>(0.00439)</b>		
Sample	low risk	medium risk	high risk	high risk, prior rate = 11.75
Pseudo R-squared	0.002	0.004	0.002	0.002
Number of observations	6,424	4,896	42,490	35,605

\* p<0.10, \*\* p<0.05, \*\*\* p<0.01.

Each row presents slopes for a different interest rate interval on the demand curve, each column is a sub-sample based on risk category. Bold cells show the slope for the interval of rates directly above the standard (prior) rate for that risk class. The Lender did not make any offers > 11.75 to low risk clients. Probit marginal effects with robust standard errors clustered within branch. Interest rate units in percentage points (e.g., 8.0). For medium risks, small sample sizes prevent us from estimating the slope for 9.75<r<=11.75 (23 obs) and r>11.75 (41 obs) slopes separately. Column 4 drops clients for whom the prior rate might be different than the standard rate for their risk category at the time of the mailer. We do not observe the prior rate directly, but based on the Lender's policy rules we know it can differ from the mailer rate only for a subset of high-risk clients since: a) clients can improve from high risk only after a minimum of six successfully repaid loans; b) lower-risk clients revert to high-risk after 6 months of not borrowing.

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Maturity Elasticity 1st-Stage: Effects on Takeup?

Estimator:	OLS						Probit					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Maturity shown (linear)	-0.001 (0.002)	-0.001 (0.003)	-0.001 (0.003)		-0.001 (0.003)	-0.001 (0.003)	-0.001 (0.002)	-0.001 (0.003)	-0.000 (0.003)		-0.001 (0.003)	-0.000 (0.003)
Maturity shown = 6				-0.012 (0.018)						-0.012 (0.018)		
Maturity shown = 12				-0.007 (0.016)						-0.007 (0.016)		
Interest rate	-0.001 (0.005)	-0.000 (0.006)	-0.001 (0.006)	-0.001 (0.005)	-0.000 (0.006)	-0.001 (0.006)	-0.001 (0.005)	-0.001 (0.006)	-0.001 (0.006)	-0.001 (0.005)	-0.001 (0.006)	-0.001 (0.006)
Income split?		Low	High		Low	High		Low	High		Low	High
Number of observations	3,083	1,431	1,652	3,083	1,431	1,652	3,083	1,431	1,652	3,083	1,431	1,652

\* p<0.10, \*\* p<0.05, \*\*\* p<0.01.

Probit results are marginal effects. Robust standard errors clustered on branch. Sample includes low- and medium-risk clients who received a maturity suggestion. All specifications include controls for loan amount shown, risk, and mailer wave.

Karlan and Zinman (2008), "Credit Elasticities....", *American Economic Review*, Web Appendix:  
 How Big is the Power of Pure Suggestion?

Dependent variable:	1= actual loan is long maturity (1)	1= actual loan is maturity ~= prior maturity (2)
Long maturity (6 or 12) shown on letter	0.135*** (0.037)	
(Maturity ~= prior maturity) shown on letter		0.152*** (0.042)
Pseudo R-squared	0.08	0.08
Number of observations	493	488

\* p<0.10, \*\* p<0.05, \*\*\* p<0.01.

Results are probit marginal effects with standard errors clustered on branch. This table shows more estimates of the impact of our randomly assigned maturity suggestion on maturity choice. The sample frame includes those who received a suggestion (i.e., an example loan featuring a 4-, 6-, or 12-month maturity) and took up a loan with a standard maturity (so thirteen loans with 1 and 18 month maturities are dropped). Column 2 drops the five cases where the last maturity was 1 month. Both probits also include controls for loan amount shown, risk, wave, and the randomly assigned interest rates.

Karlan and Zinman (2008), "Credit Elasticities...", *American Economic Review*, Web Appendix:

More Results on the Maturity Elasticity 1st-Stage: The Power of Pure Suggestion, by Proxies for Financial Sophistication

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Maturity Shown (linear)	0.157*** (0.051)	0.061 (0.049)			0.163*** (0.048)	0.051 (0.064)			0.195*** (0.055)	0.020 (0.048)		
1 = 6-month maturity shown			-0.180 (0.314)	0.096 (0.477)			0.212 (0.348)	-0.281 (0.338)			-0.204 (0.293)	0.202 (0.367)
1= 12-month maturity shown			1.226*** (0.401)	0.484 (0.398)			1.294*** (0.380)	0.379 (0.515)			1.519*** (0.430)	0.175 (0.387)
Proxy:	# prior loans <=median	prior loans > median	# prior loans <=median	prior loans > median	low education	high education	low education	high education	age <=median	age > median	age <=median	age >median
Number of observations	289	204	289	204	220	273	220	273	270	223	270	223

\* p<0.10, \*\* p<0.05, \*\*\* p<0.01.

Sample splits on proxies for relatively less (more) sophistication in odd (even) columns. OLS with linear maturity chosen as the dependent variable, and standard errors clustered on branch. This table shows more estimates of the impact of our randomly assigned maturity suggestion on maturity choice. The sample frame includes those who received a suggestion (i.e., an example loan featuring a 4-, 6-, or 12-month maturity) and took up a loan with a standard maturity (so thirteen loans with 1- and 18-month maturities are dropped). All regressions also include controls for loan amount shown, risk, wave, and the randomly assigned interest rates. Education is predicted from occupation. Comparable results for income splits are shown in Table 8 of the paper.

Karlan and Zinman (2008), "Credit Elasticities...", *American Economic Review*, Web Appendix:

Maturity Elasticities of Loan Demand: Censoring Robustness Checks

	OLS			Tobit			Instrumental Variables					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Maturity (linear)	0.161*** (0.011)	0.168*** (0.009)	0.155*** (0.018)	0.161*** (0.009)	0.168*** (0.011)	0.155*** (0.014)	0.157** (0.062)	0.214*** (0.072)	0.050 (0.126)	0.139*** (0.052)	0.198*** (0.067)	0.058 (0.100)
Interest Rate	-0.035 (0.027)	-0.053** (0.026)	0.011 (0.038)	-0.035 (0.026)	-0.053* (0.029)	0.011 (0.043)	-0.036 (0.029)	-0.041 (0.038)	0.011 (0.038)	-0.046* (0.028)	-0.055 (0.037)	0.011 (0.035)
Log(Loan Amount Shown)	0.443*** (0.047)	0.390*** (0.056)	0.369*** (0.069)	0.443*** (0.038)	0.390*** (0.054)	0.369*** (0.058)	0.445*** (0.061)	0.356*** (0.076)	0.408*** (0.113)	0.447*** (0.067)	0.369*** (0.071)	0.437*** (0.137)
Income split?	No	Low income	High income	No	Low income	High income	No	Low income	High income	No	Low income	High income
1- and 18-month loans in?	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes
N	493	239	254	493	239	254	493	239	254	506	243	263

\* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

Robust standard errors clustered on branch. Log(loan size) is the dependent variable; results are similar for level loan size. The sample frame includes those who received a suggestion (i.e. an example loan featuring a 4-, 6-, or 12-month maturity) and took up a loan with a standard maturity (so thirteen loans with the relatively rare 1- and 18-month maturities are dropped). Here we use categorical measures of suggested maturity as the instrument; results are similar if we use the linear instrument. The "loan amount shown" was in all cases the client's loan size on their most recent prior loan. All specifications also include controls for risk category, mailer wave, the contract interest rate and whether it was valid for one year. High- and low-income are split on median gross income at time of loan approval. Columns 1-3 reproduce the OLS estimates presented in the paper (Table 9, Columns 1-3). Columns 4-6 show tobit results with maturity not instrumented (tobit IV is equivalent to 2SLS in our case). Columns 7-9 reproduce the 2SLS results from the paper (Table 9, Columns 4-6). Columns 10-12 include the relatively rare 1-month and 18-month loans in the sample: there are 13 of these loans.

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Maturity Elasticities of Loan Demand With Additional Controls

	Dependent variable:		Log(Loan Size)			
	(1)	(2)	(3)	(4)	(5)	(6)
Maturity	0.157** (0.062)	0.174** (0.079)	0.214*** (0.072)	0.247*** (0.083)	0.050 (0.126)	0.038 (0.155)
Interest Rate, in pp (e.g., 8.2)	-0.036 (0.029)	-0.017 (0.025)	-0.041 (0.038)	-0.016 (0.036)	0.011 (0.038)	0.004 (0.040)
Log(Loan Amount Shown)	0.445*** (0.061)	0.325*** (0.073)	0.356*** (0.076)	0.255*** (0.087)	0.408*** (0.113)	0.437*** (0.158)
Additional controls?	No	Yes	No	Yes	No	Yes
Income split?			Low	Low	High	High
R-squared	0.52	0.57	0.56	0.56	0.32	0.34
Number of observations	493	493	239	239	254	254

\* p<0.10, \*\* p<0.05, \*\*\* p<0.01.

Columns 1, 3, and 5 are reproduced from Table 9 (Columns 4-6) in the paper. Log(loan size) is the dependent variable, results are similar for level loan size. The sample frame includes those who received a suggestion (i.e., an example loan featuring a 4-, 6-, or 12-month maturity) and took up a loan with a standard maturity (so thirteen loans with 1- and 18-month maturities are dropped). IV specifications use the categorical measures of suggested maturity as the instrument; results are similar if we use the linear instrument. The "loan amount shown" was in all cases the client's loan size on their most recent prior loan. All specifications also include controls for risk category, mailer wave, contract rate and whether it was valid for one year. Additional controls include: quadratic in internal credit score, external credit score, gross income, net income, and age; months since last loan with Lender, number of prior loans with Lender, gender, number of dependents, marital status, rural residence, education, and province. Adding branch fixed effects does not change the point estimates but increases the standard error on the instruments by about 10-20%. Standard errors are corrected for clustering at the branch level. High- and low-income are split on median gross income at time of loan approval.

Karlan and Zinman (2008), "Credit Elasticities . . .", *American Economic Review*, Web Appendix:

The Price Sensitivity of Loan Size, with Contract Rate and Controls Added to the Regressions

Dependent variable:	Loan size, unconditional on any borrowing				Loan size, conditional on borrowed				Log(loan size), conditional on borrowed			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Offer Interest Rate	<b>-4.368***</b> (1.093)	<b>-4.394***</b> (1.146)	-4.863*** (1.338)	-4.563*** (1.427)	<b>-25.876**</b> (12.994)	<b>-33.715***</b> (11.392)	-22.424 (13.766)	-22.098* (11.572)				
Contract Rate			0.316 (1.149)	-0.224 (1.174)			-0.353 (12.206)	-3.905 (9.740)				
Log(Offer Interest Rate)									<b>-0.113**</b> (0.049)	<b>-0.143***</b> (0.041)	-0.112* (0.067)	-0.116** (0.052)
Log(Contract Rate)											0.014 (0.063)	0.005 (0.050)
Rate valid for one year, Indicator Variable			6.327 (14.563)	0.046 (4.898)			-136.788** (55.839)	-135.462*** (40.608)			-0.066* (0.035)	-0.072*** (0.026)
Low Risk	<b>247.238***</b> (21.642)	<b>207.747***</b> (22.760)	250.025*** (16.312)	209.331*** (15.552)	<b>717.636***</b> (83.625)	<b>574.278***</b> (80.030)	714.222*** (78.716)	645.671*** (75.749)	<b>0.354***</b> (0.038)	<b>0.318***</b> (0.043)	0.350*** (0.035)	0.353*** (0.035)
Medium Risk	<b>171.509***</b> (12.890)	<b>120.032***</b> (13.630)	165.941*** (11.071)	108.532*** (12.438)	<b>283.580***</b> (65.931)	<b>245.197***</b> (66.293)	295.979*** (52.444)	319.930*** (56.189)	<b>0.152***</b> (0.049)	<b>0.172***</b> (0.045)	0.154*** (0.033)	0.206*** (0.035)
Second wave	<b>16.442</b> (14.424)	<b>48.842</b> (186.493)	14.074 (11.742)	-100.814 (135.875)	<b>124.251</b> (126.495)	<b>250.307</b> (296.636)	124.545 (123.066)	714.744* (365.693)	<b>0.060</b> (0.070)	<b>0.049</b> (0.184)	0.052 (0.079)	0.283 (0.218)
Third wave	<b>29.524***</b> (10.023)	<b>0.000</b> (0.000)	30.665*** (9.873)	0.000 (0.000)	<b>328.387***</b> (92.765)	<b>175.720</b> (315.502)	330.911*** (107.299)	652.522* (332.264)	<b>0.213***</b> (0.056)	<b>0.085</b> (0.206)	0.222*** (0.070)	0.332 (0.202)
Additional controls?	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
Conditional on borrowing?	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of observations	<b>31,231</b>	<b>28,197</b>	53,178	48,852	<b>2,325</b>	<b>2,304</b>	3,855	3,824	<b>2,325</b>	<b>2,304</b>	3,855	3,824

\* p<0.10, \*\* p<0.05, \*\*\* p<0.01.

OLS estimates. Bold columns are reproduced from Table 4 in the paper. Standard errors clustered on branch. Controls for unconditional specifications include: quadratics in internal credit score, external credit score, and gross income at time of pre-approval (but not net income at time of pre-approval since this is only available for wave 3 individuals), months since last loan with Lender, number of prior loans with Lender, gender, number of dependents, marital status, quadratic in age, rural residence, education, province, and branch. Controls for conditional specifications use income measured at the time of loan approval, and include net income at time of approval as well.

Karlan and Zinman (2008), "Credit Elasticities....", *American Economic Review*, Web Appendix:

More Results on the Extensive Margin: Price Sensitivities of Obtaining a Loan

Dependent variable: Mean(dependent variable)	I= Applied			I=(Obtained loan)		
	0.08 (1)	0.08 (2)	0.07 (3)	0.07 (4)	0.07 (5)	0.05 (6)
Interest Rate in pp terms (e.g., 8.2)	-0.00289*** (0.00047)		-0.01723*** (0.00160)	<b>-0.00262***</b> <b>(0.00041)</b>		<b>-0.01167***</b> <b>(0.00109)</b>
I = (rate > standard for client's risk category)		-0.02996*** (0.00398)			<b>-0.02609***</b> <b>(0.00269)</b>	
Pseudo R-squared	.0445036	.0435623	.0553453	<b>.0504994</b>	<b>.0495049</b>	<b>.0534353</b>
Sample:	Offer4 <= standard	Full	Offer4 > standard	Offer4 <= standard	Full	Offer4 > standard
Number of observations	53,178	53,810	632	53,178	53,810	632

\* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

Columns 1-3 reproduce Table 3, Columns 1-3 in the paper. Each column presents marginal effects from a single probit of a measure of loan takeup on the interest rate offered to the client, and risk category and mailer wave (not shown in table). Robust standard errors reported in parentheses and are clustered within branch. Interest rate coefficients show the change in the proportion taking up from a 100 basis point increase in the monthly interest rate.



Karlan and Zinman (2008), "Credit Elasticities....", *American Economic Review*, Web Appendix:  
 More Results on Heterogeneity by Time Since Last Borrowed

	Dependent variable:		Loan Size
	Mean(dependent variable):	174.65	42.01
		104.11	
	(1)	(2)	(3)
Offer Rate	-6.591***	-2.845***	-12.168***
	(2.278)	(1.056)	(3.121)
Months Since Last Borrowed			-10.540***
			(1.752)
Offer Rate*Months Since Last Borrowed			0.654***
			(0.195)
Implied elasticity	-0.28	-0.55	-0.33
R-squared	.0576468	.0152518	.0621826
Additional controls for demos and credit risk?	yes	yes	yes
Branch fixed effects?	yes	yes	yes
Sample	Borrowed in	Last borrowed	Full
	last 9 months	> 9 months ago	
N	13201	14996	28197

\* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

Column 1 reproduces Table 6, Column 3 from the paper. OLS estimates with standard errors clustered on branch. Months since last loan is defined based on client's history with the Lender (not outside lenders). Controls include: credit risk category mailer wave, quadratics in internal credit score, external credit score, and gross income at time of pre-approval (but not net income since this is only available for wave 3 individuals), number of prior loans with Lender, gender, number of dependents, marital status, quadratic in age, rural residence, education, province, and branch fixed effects.