

[Download](#)
[Other Working Papers](#)

Keep in mind

La serie Borradores de Economía es una publicación de la Subgerencia de Estudios Económicos del Banco de la República. Los trabajos son de carácter provisional, las opiniones y posibles errores son responsabilidad exclusiva del autor y sus contenidos no comprometen al Banco de la República ni a su Junta Directiva.

AUTHOR OR EDITOR

Luis E. Arango /
Lina Cardona-Sosa

The series Borradores de Economía (Working Papers on Economics) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc).

Publication Date

Wednesday the 21th of August, 2019

The opinions contained in this document are the sole responsibility of the authors and do not commit Banco de la República or its Board of Directors.

ABSTRACT

The determinants of the Crédito Fácil Codensa card usage are investigated, using the demographic characteristics of cardholders. This financing mechanism, widely used in Bogotá by people (more than 1.000.000 at the end of the sample period) whose income is in the lower part of the distribution, is used to finance the consumption of semi-durable goods (furniture, household appliances, computers, etc.) and non-durable goods (food, clothing, etc.). We analyze the determinants of the credit quota, the probability of using the card and the value of purchases for the period 2010-2015.

Income, education, age, gender stratum and own housing are determinants of the credit limit along with variables indicating the phase of the cycle, the labor market performance, and the liquidity of the economy represented by the policy rate (proxied by the Interbank Rate, TIB). The probability of purchase is determined not only by the macroeconomic environment, but also by individual variables. Permanent income reduces the likelihood of buying. The amount of monthly purchases is determined by the current interest rate in the month of purchases or usury rate and by individual characteristics such as income, age, education, gender of the individual. There is evidence of liquidity restrictions for people who have a high use of the card limit. However, the decisions of most agents are not that far from the permanent income-life cycle hypothesis.