

## OVERDRAFT FINANCING AND VULNERABILITY DURING THE FINANCIAL CRISIS: A SURVIVAL ANALYSIS FOR EUROPEAN SMES

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### Keywords

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## **Overdraft financing and vulnerability during the financial crisis: A survival analysis for European SMEs**

### **Abstract**

Overdraft facilities have clear benefits for firms helping managers to manage cash flows and working capital. However, there is little evidence regarding the problems that the use of this source of financing could be hiding, or even triggering. Overdraft facilities, besides being an expensive source of financing, could precipitate further financial restrictions during a financial crisis because banks can call in an overdraft on demand. We use a survival analysis to show that time to vulnerability after the burst of the financial crisis in 2009 is shorter for those SMEs with increased needs for overdraft and for those that use overdraft financing.

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