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Monetary policy tightening, accounting information comparability and bank borrowing

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ABSTRACT

This paper empirically tests the effect of accounting information comparability quality characteristic on the scale, the cost and the credit term structure of bank borrowing of the listed companies as well as whether accounting information comparability can affect the bank credit financing of the listed companies in the period of monetary policy tightening by utilising the data during 2005 to 2015 in Chinese A-share market. This study finds that: Firstly, the higher of the accounting information comparability, the more of the scale of bank borrowing acquired, the lower of the cost of bank borrowing; Secondly, agent cost hypothesis and the signal transmission hypothesis exist simultaneously in the credit term structure of listed companies in China. For the listed companies with short-term credit structure, improving accounting information comparability will help extending that credit term structure, supporting the agent cost hypothesis. For the listed companies with long-term credit term structure, improving accounting information comparability will reduce that credit term structure, which provides the empirical evidence of the signal transmission hypothesis. Thirdly, in the monetary tightening period, improving accounting information comparability could effectively increase the amount of bank borrowing acquired, reduce the cost of bank borrowing and extend credit term structure (the listed companies with short-term credit structure). For the listed companies with long-term credit term structure, the listed companies with much higher accounting information comparability will weaken the motivation of releasing the 'higher quality' signal to the capital market, that is to say, the signal transmission effect is very likely to be constrained in the monetary tightening period. The conclusions of this paper enrich the economic consequences research of the accounting information comparability and expand the research on the interaction between macroeconomic policies and micro-financial behaviour of the corporate. Our results open up new horizons for the banks, the financial decision of listed companies and government department making decision.

KEYWORDS

Accounting information comparability; bank borrowing scale; bank borrowing cost; credit term structure; monetary policy tightening

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1. Introduction

Information asymmetry extends to the entire capital market, which is also the main cause of credit rationing in the credit market (Jaffee & Russell, 1976; Stiglitz & Weiss, 1981). However, the quality of accounting information directly affects the efficiency of capital market allocation. High-quality accounting information can effectively alleviate the financing constraints of enterprises, reduce the degree of information asymmetry between banks and enterprises, enhance the creditworthiness of enterprises to obtain bank borrowing, and affect the terms of credit contracts, including the scale of bank borrowing, interest rates, loan terms and mortgage conditions, etc., (Beatty et al., 2010; Biddle & Hilary, 2006; Li & Dai, 2016; Li & Wang, 2011).

In the existing studies, earnings management level (Dechow et al., 2002; Jones, 1991), accounting information robustness (Basu, 1997; Ball & Shivakuma, 2005, Khan & Watts, 2009), accounting information transparency (Cui, 2004) and accounting information comparability (De Franco et al., 2011) are used to measure accounting information quality. As the 'promoting quality characteristics' in the structure of quality characteristics of useful financial information (FASB, 2010), accounting information comparability can help information users identify and compare the similarities and differences between different economic matters in order to guide the optimal allocation of resources. However, due to the difficulty in measuring accounting information comparability from the company level, the empirical study which uses of accounting information comparability to measure the quality of accounting information is relatively later. De Franco et al. (2011) constructed an effective measurement model for accounting information comparability based on FASB's definition of comparability and initiated the empirical study of accounting information comparability based on the company level.

The existing research about the economic consequences of the accounting information comparability found that accounting information comparability could reduce the risks and costs assessed by participants in equity capital market, bond and CDS market (De Franco et al., 2011; Kim et al., 2013) restrain accrual earnings management behaviour and reduce the risks of stock price crash (Xu & Liu, 2014; Jiang, 2015). Therefore, from the perspective of information completeness, the improvement of accounting information comparability can transmit positive signals to the capital market, improve the status and trust level of enterprises in the capital market and help to reduce the risks and costs of capital market participants. Therefore, in the debt contract, comparable accounting information can reduce the costs of information collection and processing and help creditors to make subsequent debt decisions after comparing in the same industry. Based on incomplete contract theory and information asymmetry theory, we believe that on the basis of the comparable accounting information from the debtors, the creditor can make a reasonable judgement and evaluation on the robustness factors affecting the security of claims, such as the asset quality and the solvency of debtors, and make requirements and restrictions and other contractual provisions in the debt contract.

In the capital market of China, bank borrowing accounted for 36.24% of total liabilities on average in the debt structure of non-financial-listed companies from 2005 to 2015 according to the statistics of CSMAR database. In the total assets structure of the company, bank borrowing accounted for 19.00% of total assets on average. As a result, bank borrowing is more important compared with the corporate bonds and commercial

credit. According to the superiority theory of bank loans in the comparison theory between bank loans and corporate bonds, compared with the advantage of corporate bonds, the uniqueness of bank services lies in that they can lend to enterprises flexibly and repeatedly. As creditors, banks have relatively strong ability to collect information and can effectively process information and supervise the credit granting enterprises. Banks pay more and more attention to the quality of the accounting information in the procession of credit decision-making (Liao, 2007; Rao & Hu, 2005; Yao & Xia, 2009) and high-quality accounting information can enhance the credibility of enterprises to obtain bank loans (Bharath et al., 2008; Biddle & Hilary, 2006; Wang & Pang, 2016). On the other hand, from the perspective of information demanders and based on the incomplete contract theory and information asymmetry theory, decision-makers generally need to select similar enterprises from the same industry or the best enterprises in the same industry to provide more information. FASB Concept No. 8 (2010) defines the accounting information comparability as the second level in the hierarchy of useful financial information quality characteristics: the improving the quality characteristics. The goal of accounting information comparability is to 'help information users identify and compare the similarities and differences of different economic matters, thus guiding the optimal allocation of resources'. Whether accounting information comparability of the loan enterprises is useful in the credit decision of the banks in China and what kinds of impact it will have are worth further studying. Does accounting information comparability help to increase the credit scale of listed companies, reduce the cost of bank borrowing, and affect the structure of credit terms? The existing literature is rarely involved. On the other hand, according to the monetary policy credit transmission theory, the tightening monetary policy affects the bank borrowing scale and credit term structure of Chinese-listed companies (Duan & Guo, 2012; Rao & Jiang, 2013; Ye & Zhu, 2009). Could the accounting information comparability play a positive role in the credit resource allocation in the tightening of monetary policy in China?

Therefore, this paper makes use of the data of China's A-share-listed companies from 2005 to 2015. Firstly, it investigates the influence of accounting information comparability on bank borrowing scale, borrowings cost and credit term structure of listed companies. Secondly, since the theory of credit transmission theory of monetary policy was proposed (Ashcraft, 2006; Kashyap et al., 1993; Kashyap & Stein, 2000), the study found that the risk of debt default increased, and the bank credit scale and term structure obtained by enterprises decreased during the period of monetary policy tightening (Duan & Guo, 2012; Rao & Jiang, 2013; Ye & Zhu, 2009). At the same time, banks pay more attention to the quality of accounting earnings in their credit decisions during the period of tightening monetary policy. Companies with better information disclosure quality and high accounting conservatism can obtain more bank borrowing at lower borrowings costs (Li et al., 2015; Li & Wang, 2011; Rao & Jiang, 2011). Consequently, we further investigate the influence of accounting information comparability on bank borrowing scale, borrowings cost and credit term structure during the period of monetary policy tightening and verify whether the quality characteristics of accounting information comparability can alleviate the impact of monetary policy tightening on bank credit of listed companies.

Research findings of this paper: (1) the high of the accounting information comparability, the more of the scale of bank borrowing and the lower of the cost of bank borrowing of the listed companies; (2) agent cost hypothesis and the signal transmission

hypothesis exist simultaneously in the credit term structure of listed companies in China. For the listed companies with short-term credit structure, improving accounting information comparability will help extending their credit term structure, supporting the agent cost hypothesis. For the listed companies with long-term credit term structure, improving accounting information comparability will reduce their credit term structure, which provides the empirical evidence of the signal transmission hypothesis; (3) In the monetary tightening period, improving accounting information comparability could effectively increase the scale of bank borrowing acquired, reduce the cost of bank borrowing and extend credit term structure of the listed companies with short-term credit structure. For the listed companies with long-term credit term structure, the listed company with much higher accounting information comparability will weaken the motivation of releasing the 'higher quality' signal to the capital market, that is to say, the signal transmission effect is very likely to be constrained in the monetary tightening period.

The possible contributions of this paper are:

- (1) Different from the previous studies examining the influence of accounting information comparability on financing costs in equity capital market (De Franco et al., 2011), bond and CDS market (Kim et al., 2013), this paper studies the influence of quality characteristics of accounting information comparability on bank borrowing of listed companies. It can provide further evidence to support bank loan superiority theory which belong to bank loan and corporate bond comparison theory (Diamond, 1991) which is based on the advantage that banks can effectively process information and supervise credit granting enterprises, pay more and more attention to the quality of corporate accounting information in the bank credit decision-making process and can effectively use the quality characteristics of accounting information comparability. Simultaneously, we comprehensively consider the influences of accounting information comparability, accounting robustness and accrued earnings quality on the characteristics of different levels of accounting information quality in the bank credit decision-making, it founds that compared with accounting robustness and accrued earnings quality, accounting information comparability as the 'promoting quality characteristics' of accounting information (FASB, 2010) has a significant impact on bank credit, can alleviate agency conflicts between the management of listed companies and creditor banks, reduce agency costs, and provide possible empirical evidence for 'accounting information comparability plays a more important role in credit contracts'.
- (2) In the research content, firstly, we examine the influences of accounting information comparability on bank borrowing from three aspects that are bank borrowing scale, borrowings costs and credit term structure, which enriches the research literature about the economic consequences of accounting information comparability; secondly, we incorporate monetary policy, accounting information comparability and bank borrowing into a research framework to examine the role of accounting information comparability in the macroeconomic policy and micro-enterprise behaviours. In this paper, we found that during the period of monetary policy tightening, banks allocate more credit resources and lower borrowings cost to listed companies with high accounting information comparability, longer term credit allocation to the short-term credit structure of listed companies with high

accounting information comparability which provide new empirical evidence and research perspective for the research on the transmission mechanism of monetary policy to micro-enterprise behaviours.

- (3) The paper provides empirical evidence to support the simultaneous existence of signal transmission hypothesis and agency costs hypothesis in Chinese-listed companies. The empirical evidence of agency costs hypothesis in China's credit term structure has been found by the previous study (Zhong et al., 2016). The results of this study indicate that the signal transmission hypothesis in the debt maturity structure theory of western countries also exists in the credit term structure of Chinese-listed companies which enriches the theoretical research on the debt maturity structure of Chinese-listed companies.

The remainder of the paper is organised as follows: Section 2 introduces a literature review and theoretical analysis. Section 3 describes the research design. Section 4 presents empirical results and analysis. Section 5 presents robustness test. Section 6 concludes.

2. Literature review and theoretical analysis

2.1. *Accounting information comparability, bank borrowing scale and bank borrowing cost*

Under the incomplete contract theory, the standard or completeness of the debt contract determines the respective risks of stakeholders. When making credit decisions and credit contracts, banks are affected by the information cost and default risk of evaluating the qualifications of the borrowing enterprises (Zhong et al., 2016). Therefore, given the expectation of information asymmetry, rational creditors expect debtors to provide high-quality financial information to prevent problems, such as moral hazards and adverse selection. According to the usefulness view of decision-making for accounting information, high-quality accounting information can not only meet the decision-making needs of those seeking information from financial reports but also reduce moral hazards and information asymmetry (Beatty et al., 2010; Fama & Jensen, 1983). Thus, accounting information and its quality play an important role in the conclusion and implementation of credit contracts between banks and enterprises and become an important channel to alleviate the information asymmetry between enterprises and banks, as well as an important basis for banks to evaluate the default risk of enterprises (Rao & Hu, 2005; Yao & Xia, 2009). Existing studies have found that high-quality accounting information can enhance the credit worthiness of enterprises to help them obtain bank loans, reduce credit risks and effectively alleviate financing constraints (Bharath et al., 2008; Biddle & Hilary, 2006; K. Wang et al., 2016).

In current practice and in this study, the following methods are used to measure the quality of accounting information. First, the method considering earnings management level uses the modified Jones (1991) model to calculate the controllable accounting profit measurement (Dechow, 2002; Yang et al., 2012; Li, 2016). Second, according to accounting information conservatism, proxy variables for accounting conservatism are calculated based on the accounting earnings – earnings inverse regression model proposed by

Basu (1997) (Ball & Shivakumar, 2005; Givoly & Hayn, 2000; Pan & Han, 2016; Khan & Watts, 2009; Rao & Jiang, 2011). Third, accounting information transparency directly uses the evaluation results of relevant evaluation institutions, such as PricewaterhouseCoopers' Opacity Index, as the data for accounting information transparency or for construction of the measurement indicators of accounting information transparency, such as voluntary information disclosure level, accounting earnings quality and analyst forecasts (Cui, 2004; Zhong et al., 2016).

Comparability is one of the characteristics of accounting information quality. Empirical research on accounting information comparability at the company level, a level at which comparability is difficult to measure, was performed by De Franco et al. (2011). Based on Basu' (1997) accounting earnings-income model, they constructed and proved the effectiveness of a method for measuring accounting information comparability by calculating the value of accounting information comparability of all the portfolios of companies i and j in the industry.

Research on the economic consequences of accounting information comparability has shown that improving accounting information comparability could provide securities analysts with higher-quality accounting information, which would help improve the accuracy of earnings forecasts, restrain accrual earnings management and reduce the risk of stock price crashes (Xu & Liu, 2014; De Franco et al., 2011; Jiang, 2015). The improvement of accounting information comparability can promote the accuracy of management performance forecasts (Chen et al., 2015). Analysts tend to interpret financial reports with a high degree of accounting information comparability (Qu & Bi, 2016). Jiang, Shen & Li, (2017) found that accounting information comparability helps overcome market friction and promote enterprise innovation.

In terms of financing, De Franco et al. (2011) argue that increased accounting information comparability can reduce the cost of information collection and processing for investors as well as the risk and cost of value assessment for participants in the equity capital market. Kim et al. (2013) believe that accounting information comparability helps reduce the uncertainty of perceived risk to participants in the bond and CDS markets, thus reducing the cost of debt financing. Yang et al. (2015) think that improved comparability of financial reports can reduce the systemic risk in the capital market and improve stock liquidity, and they provide empirical evidence that the improved comparability can significantly reduce the cost of equity capital. Therefore, from the perspective of information completeness, the improvement of accounting information comparability can send positive signals to the capital market, improve the status and trust of enterprises in the capital market, and help reduce the risk and cost to capital market participants.

In China's capital market, bank borrowing still plays an important role when considering corporate equity financing and bond financing. When comparing bank loans and corporate bonds (Diamond, 1991), consideration from the perspective of information asymmetry theory mainly supports the superiority of bank loans. That is, compared with enterprises issuing corporate bonds, banks can more effectively process information and supervise credit granting to enterprises. First, compared with corporate bonds, bank loans are unique in that they can be lent to businesses flexibly and repeatedly. Generally, the term of bank loans is much shorter than that of corporate bonds. Banks usually take a series of continuous loans to closely evaluate the qualification and default risk of borrowing enterprises. In the process of continuous credit risk assessment, banks need

much information support for decision-making. Second, compared with investors in the bond market, banks, as creditors, have a relatively stronger ability to collect information. It is precisely because banks can effectively process information and supervise credit granting enterprises that banks increasingly pay attention to the quality of enterprise accounting information in the credit decision-making process (Liao, 2007; Rao & Hu, 2005; Yao & Xia, 2009), and high-quality accounting information can enhance the creditworthiness of enterprises for obtaining bank loans (Biddle & Hilary, 2006; Bharath et al., 2008; Wang et al., 2016). Third, according to incomplete contract theory and information asymmetry theory, from the perspective of decision-makers seeking information, similar enterprises from the same industry or the best enterprises in the industry are generally selected to provide more information. FASB Concept Bulletin No. 8 (2010) defines accounting information comparability as the second level in the hierarchy of characteristics of useful and high-quality financial information. The goal of accounting information comparability is to 'help information users identify and compare the similarities and differences of different economic matters, so as to guide the optimal allocation of resources'. Therefore, accounting information with comparability can help creditors make comparisons in the same industry and subsequently make debt decisions. On the basis of the comparability of the debtor's accounting information, the creditor can make a correct judgement and evaluation of the robustness factors affecting the security of the creditor's rights, such as the debtor's asset quality and solvency, and make relevant requirements, restrictions and other provisions in the debt contract.

Accordingly, to analyse the above three aspects: the information demand of 'unique' banking services, the importance of enterprise accounting information quality in bank credit decision-making, and the significance of accounting information comparability under incomplete contracts, it is worth further study to determine how the accounting information comparability of loan enterprises affects bank credit decision-making in China. We anticipate that in decision-making concerning China's bank credit financing, improving accounting information comparability will help reduce the credit risk of banks, increase the credit scale of listed companies, improve the accuracy of bank value evaluation and thus reduce the cost of bank borrowing. Based on this, research hypothesis 1 is proposed:

H1: Under the same conditions, the higher the accounting information comparability is, the larger the scale of bank borrowing acquired of listed companies, and the lower the cost of bank borrowing.

2.2. Accounting information comparability and credit term structure

The credit term structure plays an important role in the credit contracts signed by banks and loan enterprises, as do the scale and cost of bank loans. The theory of corporate debt maturity structure mainly includes the agency cost hypothesis, tax hypothesis, signal transmission hypothesis and liquidity risk hypothesis. Chinese researchers have carried out in-depth theoretical analysis and empirical tests on the influencing factors of debt maturity structure considering the hypotheses of agency cost, tax shield effect and information asymmetry. Most studies support the agency cost hypothesis of debt

maturity structure (Braclay & Smith, 1995; Myers, 1977; Xiao et al., 2005), and Xiao et al. (2015) found empirical evidence for this and the tax hypothesis but not for the signal transmission hypothesis among Chinese-listed companies.

Based on agency cost theory, Myers (1977), Barnea et al. (1980) studied the maturity structure of corporate debt. They believed that shortening the debt maturity could reduce the agency cost caused by conflicts of interest between shareholders and creditors. Under the agency cost hypothesis, when the degree of information asymmetry between banks and enterprises is low, the supervision cost of banks will decrease, banks will be more inclined to issue long-term loans, and the credit term structure of enterprises will become longer (Ding & Jing, 2013). In contrast, when the degree of information asymmetry between banks and enterprises is high, banks will be more inclined to grant short-term credit and shorten the term structure of enterprise credit due to the high credit risk and the high cost of information required for the qualification evaluation of the borrowing enterprises. Bharath et al. (2008) found that the lower the quality of accounting information is, the greater the credit risk faced by enterprises, the higher the cost of bank borrowing, and the stricter the loan term; even a mortgage may be required. Improving the quality of information disclosure helps reduce the degree of information asymmetry between banks and enterprises (Li & Wang, 2011). According to the existing literature and the above analysis, the enhancement of accounting information comparability can reduce the information asymmetry between

Chinese-listed companies and banks and increase the scale and reduce the cost of bank loans. We expect that the improvement in the accounting information comparability of listed companies will also have a certain impact on their credit term structure.

In the financing structure of listed companies in China, bank borrowing plays a more important role than corporate bonds and commercial credit. According to the statistics of China's nonfinancial-listed companies in the China Stock Market & Accounting Research (CSMAR) database, from 2005 to 2015, the mean value of bank loans in total liabilities was 36.24%, and in the structure of corporate assets, the mean value was 19.00%. Thus, bank borrowing are not only the main form of company liabilities but also the main source of external financing. At the same time, the mean value of bank credit term structure, that is, long-term loans, of Chinese-listed companies was 25.9%. However, in the sample group whose long-term borrowings ratio is higher than the mean, the mean long-term borrowings ratio was 61.89%. In the sample group whose long-term borrowing ratio is lower than the mean, the mean long-term borrowing ratio was only 4.9%. The credit term structure of listed companies varies greatly. Therefore, the length of bank credit term structure of listed companies in China cannot be generalised and should be studied considering different groups.

For listed companies with a short-term credit structure, banks as credit suppliers play a dominant role in the relationship between credit supply and demand. According to the agency cost hypothesis of debt maturity structure, for banks, the longer the loan term is, the higher the cost of bank supervision on corporate default, the greater the credit risk, and the higher the agency cost. According to incomplete contract theory and information asymmetry theory, decision-makers seeking information generally choose similar enterprises or the best enterprises in the same industry for more information. Accounting information comparability, as a quality characteristic enhancing the usefulness of financial information, helps external investors, creditors and other information seekers identify

accounting information and compare it with those of other listed companies in the same industry, thus improving the quality of the accounting information of the listed companies. The higher the accounting information comparability is across listed companies, the more helpful the information will be for banks to use to compare the asset quality, solvency and financial risks in the same industry, reduce the cost of information collection and evaluation, and optimise the credit term structure. Thus, for listed companies with a short-term credit structure, improving accounting information comparability will enhance their credit standing for obtaining long-term loans and help extend their term credit structure. Therefore, we propose research hypothesis 2a:

H2a: As their accounting information comparability increases, the credit term structure will become longer for listed companies that have a short-term credit structure.

On the basis of information asymmetry theory, Flannery (1986) created the debt maturity structure theory of signal transmission. The hypothesis is as follows: Because of information asymmetry, investors cannot identify company quality. Therefore, to transmit the positive signal of “high quality, good prospects for development” to the capital market, high-quality companies will choose short-term debt to show that they are higher quality than other companies, which will reduce the cost of information asymmetry. The signal transmission hypothesis of debt maturity structure suggests, in essence, that the demand side plays a leading role in the relationship between supply and demand. In other words, companies choose a debt maturity structure to alleviate the problems caused by information asymmetry and send positive signals to the capital market. Based on a sample study of American-listed companies, Custodio et al. (2013) verified that factors of information asymmetry had a certain impact on the shortening of the companies’ debt maturity structures.

Compared with the quality characteristics of accounting conservatism and accrued earnings quality, accounting information comparability helps banks select similar enterprises or the best enterprises in the industry to facilitate credit decision-making and guide the optimal allocation of credit resources. Therefore, listed companies with high accounting information comparability have better-quality accounting information that is more transparent and more helpful in delivering high-quality signals to the capital market. However, information asymmetry generally exists in the capital market. For listed companies, regardless of the quality and transparency of accounting information, as ‘investors cannot identify the high and low quality of the company’ (Flannery, 1986), we expect listed companies with high accounting information comparability to be motivated to highlight their high-quality characteristics. That is, the higher their accounting information comparability is, the more listed companies tend to increase their short-term debt and shorten the term structure of credit. Hence, for the credit term structure of a listed company, the demand side plays a leading role in the relationship between credit supply and demand. According to the signal transmission hypothesis of the debt maturity structure, we expect listed companies with high accounting information comparability to prefer financing in the form of short-term borrowing to shorten their credit term structure and thereby transmit a signal of their high quality to the capital market. Based on this, we propose research hypothesis 2b:

H2b: As their accounting information comparability increases, the credit term structure will become shorter for listed companies that have a long-term credit structure.

2.3. Accounting information comparability and bank borrowing in the period of monetary policy tightening

According to the credit transmission theory of monetary policy, during a period of monetary policy tightening, banks reduce the amount of credit issued, and the ability of enterprises to obtain bank credit financing decreases. Studies have found that monetary policy can not only influence the real economy through monetary channels but also regulate it by influencing bank loans to enterprises (Ashcraft, 2006; Kashyap & Stein, 2000; Kashyap et al., 1993). Bank credit is an important source of financing for Chinese companies. The empirical results of Ye & Zhu (2009) show that during a period of monetary policy tightening, the allocation efficiency of credit funds decreases, and the amount of enterprise credit financing decreases significantly. Rao & Jiang (2013) found that during the period of monetary policy tightening, Chinese enterprises also faced a financing environment of declining availability and scale of bank credit.

Li et al. (2015) found that in periods with different monetary policy, banks pay attention to different qualities of accounting earnings in their decision-making processes concerning credit provision. In periods of monetary policy tightening, banks pay more attention to the quality of accounting earnings. Rao & Jiang (2011) tested whether improving accounting conservatism helps increase enterprises' bank borrowing during periods of monetary policy tightening. In a period of monetary policy tightening, the risk of debt default increases, and banks are reluctant to lend to enterprises, which intensifies the level of financing constraints. When making credit contracts, banks pay more attention to the quality of accounting information provided by enterprises and strengthen loan risk management. Li & Wang (2011) found that in periods of monetary policy tightening, companies with better-quality information disclosure could obtain more bank loans at a lower borrowing cost. The higher the quality of listed companies' accounting information is, the better the quality of information disclosure. Therefore, we expect that in a period of monetary policy tightening, improved accounting information comparability will help increase the scale and reduce the cost of bank borrowing for listed enterprises. Based on this, we propose research hypothesis 3a:

H3a: In the period of monetary policy tightening, the higher the accounting information comparability is, the larger the scale and the lower the cost of bank borrowing for listed companies.

The credit transmission mechanism of monetary policy affects not only the scale of enterprises' bank borrowing but also the maturity structure of debt. Duan & Guo (2012) found that tightening monetary policy would reduce the overall debt maturity structure of enterprises. Zhong et al. (2016) studied the influence of monetary policy on the credit term structure of enterprises and found that the tighter monetary policy is, the shorter the credit term structure of enterprises is. In China's credit market, during periods of monetary policy tightening, banks are reluctant to lend to enterprises, the scale of loan financing is

reduced, and the credit term structure for enterprises is shortened. According to the agency cost hypothesis and signal transmission hypothesis of the debt maturity structure and following the analysis above, the comparability of accounting information affects enterprises' credit term structure. Is this still true in periods of monetary policy tightening?

According to the above analysis and based on the agency cost hypothesis, for listed companies with a short credit term structure, the improvement of accounting information comparability can help obtain long-term loans and extend the credit term structure. Comparable accounting information can 'help information users to identify and compare the similarities and differences of different economic matters, so as to guide the optimal allocation of resources' (FASB, 2010). When there is 'reluctance to lend' during a period of monetary policy tightening, banks pay more attention to the quality of information provided by enterprises when making credit decisions and credit contracts due to the increased risk of debt default (Li & Dai, 2016; Li et al., 2015). During such periods, high comparability helps creditor banks compare the accounting information across enterprises in the same industry, make a correct judgement, formulate contract terms and make a more 'prudent' debt decision on the debtor's asset quality and solvency as well as other robustness factors that affect the security of the creditor's rights. Because it is more difficult for enterprises to obtain long-term loans, the term structure of credit will be shortened (Duan & Guo, 2012; Zhong et al., 2016). Zhong et al. (2016) found that improvement in information transparency can alleviate the impact of monetary policy tightening to a certain extent: during a period of monetary policy tightening, the higher the information transparency of an enterprise is, the more long-term loans it can obtain and the longer the credit term structure of those loans. For this reason, in a period of monetary policy tightening, higher-quality accounting information indicates greater transparency of a company's information. We expect that this may alleviate the impact of tight monetary policy on the term structure of credit and allow the company to play a positive role in adjusting the allocation of credit resources in China. Therefore, we expect that for listed companies with short credit term structure, in a period of monetary policy tightening, having highly comparable accounting information will help listed companies obtain more long-term loans and extend their credit term structure. Therefore, we propose research hypothesis 3b:

H3b: For listed companies with a short-term credit term structure, the higher the accounting information comparability is, the longer the credit term structure will be in periods of monetary policy tightening.

According to the signalling hypothesis of debt maturity structure, investors cannot identify company quality because of information asymmetry. To transmit the positive signal of 'high quality and good development prospects' to the capital market, high-quality companies will choose short-term debt to show that they are higher quality than other companies and reduce the cost of information asymmetry (Flannery, 1986). Compared with the quality characteristics of accounting conservatism and accrued earnings, accounting information comparability, as a quality-enhancing characteristic in the hierarchy of useful financial information, better helps banks select similar enterprises or the best enterprises in the same industry to facilitate credit decision-making and guide the optimal allocation of credit resources. Therefore, for listed companies with a long

credit term structure, a higher quality of accounting information can transmit a signal of high quality to the capital market. Such enterprises will prefer short-term financing and a short credit term structure (H2b research). However, in a period of monetary policy tightening, the liquidity pressure and risks associated with short-term borrowing undertaken by high-quality companies increase dramatically, which may weaken the positive signal of undertaking short-term borrowing. As a result, the significant negative relationship between accounting information comparability and credit term structure proposed in H2b may be affected. In other words, the motivation of listed companies with high accounting information comparability to release their 'high-quality' signal to the capital market may weaken in a period of monetary policy tightening; that is, the effect of the signal transmission is constrained or even nonexistent. Accordingly, we propose research hypothesis 3c:

H3 c: For listed companies with a long credit term structure, the impact of accounting information comparability on the credit term structure is weakened in periods of monetary policy tightening.

3. Research design

3.1. Sample and data

In view of the particularities of the financial industry, the sample in this paper is composed of nonfinancial firms listed in the Chinese A-share Shanghai and Shenzhen Stock Exchanges during the period 2005–2015. ST companies, negative owners' equity, initial public offering (IPO) companies and companies with missing data are excluded. To avoid endogeneity problems, all the data for the independent variables are considered with a time lag. The final sample period of this paper is from 2006 to 2015, with 8333 observations. The industry classification is based on the industry classification of listed companies issued by the China Securities Regulatory Commission in 2012. The data of this paper mainly come from the CSMAR database, the Wind financial information database and the Ruisi database.

3.2. Definition of variables

3.2.1. Dependent variables

This paper studies the effect of accounting information comparability on corporate bank borrowing from three aspects: bank borrowing scale, bank borrowing cost and bank credit term structure.

(1) Bank borrowing scale (Loan)

This paper uses the sum of short-term borrowings, long-term borrowings and noncurrent liabilities due within 1 year to measure the total amount of bank borrowing obtained by a company. To eliminate the impact of company size on its total bank borrowing, the total

bank borrowing divided by the total final assets is standardised to represent the bank borrowing scale.

(2) Bank borrowing cost (IR)

We measure the bank borrowing cost by the subsidiary account of the ‘interest expense’ item in the notes to the financial statements divided by the total amount of bank borrowing in the current period. The calculation formula is as follows:

$$IR_{it} = \text{Interest expense}_{it} / \text{Loan}_{it}$$

where Interest expense is interest expense and Loan is the sum of the short-term borrowings, long-term borrowings and noncurrent liabilities due within one year, that is, the total amount of bank borrowing.

(3) Bank credit term structure (Creditstru)

This paper measures the bank credit term structure of listed companies according to the proportion of long-term borrowings to the sum of short-term and long-term borrowings. According to the bank borrowing data from the CSMAR database of Chinese-listed companies from 2005 to 2015, the full sample can be divided into two groups according to the mean credit term, namely, the group with a short-term credit structure and the group with a long-term credit structure, to test the effect of accounting information comparability on the short-term and long-term credit structures, respectively.

3.2.2. Main independent variable – accounting information comparability

Following De Franco et al. (2011), we measure accounting information comparability using data for 16 consecutive quarters, adjust the effect on accounting earnings as a result of the implementation of the new accounting standards in 2007, and use Basu (1997) model to control the effects of earnings recognition conservatism, that is, the asymmetry between the recognition of good news and bad news.

First, we estimate Equation (1) of the interaction term of the dummy variable for stock returns and calculate:

$$Earnings_{it} = \alpha_i + \beta_i Return_{it} + \chi_i Neg_{it} + \gamma_i Neg_{it} \times Return_{it} + \varepsilon_{it} \quad (1)$$

where

Earnings is the adjusted accounting earnings of company *i* in period *t*.

We adjust the pre- and post-2007 earnings because of the implementation of the new accounting standards in 2007 in China. The earnings of 2006 are calculated on the basis of the original earnings plus investment earnings. The earnings from 2007 to 2015 offset the fair value gains and losses that they included.

Re *turn* is the stock price return of company *i* in period *t*. *Neg* is defined as a dummy variable; if the annual stock return is negative, it equals one; otherwise, it equals zero. Under the framework in Equation (1) $\hat{\alpha}$, $\hat{\beta}$, $\hat{\chi}$ and $\hat{\gamma}$ proxy for the accounting function *f()* for company *i*, and we use the estimated accounting functions of company *i* and company *j* to predict what their earnings would be if they had the same return (i.e., if they experienced the same economic events, *Return*). We use the two estimated accounting

functions for each company with the economic event of a single company under the framework in Equation (2) and Equation (3), where $E(Earnings)$ is the predicted accounting earnings of company i given company i 's function and company i 's return in period t , and $E(Earnings)$ is the predicted accounting earnings of company j given company j 's function and company j 's return in period t .

$$E(Earnings_{ijt}) = \hat{\alpha}_i + \hat{\beta}_i \text{Re turn}_{it} + \hat{\chi}_i \text{Neg}_{it} + \hat{\gamma}_i \text{Neg}_{it} \times \text{Re turn}_{it} \quad (2)$$

$$E(Earnings_{ijt}) = \hat{\alpha}_j + \hat{\beta}_j \text{Re turn}_{it} + \hat{\chi}_j \text{Neg}_{it} + \hat{\gamma}_j \text{Neg}_{it} \times \text{Re turn}_{it} \quad (3)$$

The accounting information comparability between companies i and j (Comp) during period t is defined as the negative value of the average absolute difference between the predicted earnings using company i 's and company j 's functions, calculated by the following equation (4):

$$\text{Comp}_{ijt} = -\frac{1}{16} \times \sum_{t=3} |\cdot E(Earnings_{ijt}) - E(Earnings_{ijt})| \quad (4)$$

where

Comp is the accounting information comparability for each company i -company j combination for j companies within the same industry in year t . Higher values indicate higher accounting information comparability. However, according to Cooper and Cordeiro (2008), adding too many companies may cause noise that affects the assessment results when investors evaluate accounting information comparability; therefore, it is more helpful to compare the accounting information of the top 4–6 companies in the same industry. Hence, we rank all j values of *Comp* for each company i from highest to lowest and calculate the average *Comp* of the four company j 's with the highest comparability with company i (*Comp4*) during period t and the mean *Comp* for all companies in the same industry as company i during period t (*Compa*). We measure the accounting information comparability at the company level by using *Compa* and *Comp4*, and we choose *Comp4* to test robustness. All the independent variables (*Compa*, *Comp4*) and dependent variables (*Loan*, *IR*, *Creditstru*, *Longcredit*, *Shortcredit*) are winsorised at the 1st and 99th percentiles to mitigate the effect of outliers.

3.2.3. Monetary policy

Following Lu & Yang (2011), we measure monetary policy as follows: $\text{mp} = \text{growth rate of M2} - \text{growth rate of GDP} - \text{growth rate of CPI}$. According to the CSMAR database, the 5 years with small mp values during the sample period, namely, 2006, 2007, 2008, 2010 and 2011, are taken as the period of monetary policy tightening. The 5 years with high mp values are 2009, 2012, 2013, 2014 and 2015 and are considered the periods of monetary policy easing.

3.2.4. Control variables

According to Booth et al. (2001), Ye & Zhu (2009), and Deng et al. (2016) and other studies on the factors influencing bank borrowing, we select debt assets ratio (*Lev*), firm size (*Size*), net cash flows from operating activities (*CFO*), commercial credit (*TC*), growth rate of total assets (*Growth*), return on net equity (*Roe*), total asset turnover (*Turnasset*), fixed asset ratio

(*Fixasratio*), equity concentration (*First*), accrual earnings management (*Accrual*), a dummy variable for issue bonds (*Bond*), a dummy variable for equity refinancing (*Stock*), a dummy variable for cash dividend (*Cashdiv*), year (*Year*) and industry (*Ind*) as control variables. Table 1 presents the detailed definitions of the control variables.

3.3. Model

First, following Booth et al. (2001), Ye & Zhu (2009), and Deng et al. (2016) concerning factors affecting bank borrowing, we use the following regression model (5) to test the effect of accounting information comparability on the bank borrowing scale, bank borrowing cost and bank credit term structure of Chinese-listed companies.

$$\begin{aligned} Loan_{it}/IR_{it}/Creditstr_{uit} = & \alpha + \beta_1 Comp_{i,t-1} + \beta_2 Lev_{i,t-1} + \beta_3 Size_{i,t-1} + \beta_4 CFO_{i,t-1} + \beta_5 TC_{i,t-1} \\ & + \beta_6 Growth_{i,t-1} + \beta_7 Roe_{i,t-1} + \beta_8 Turnasset_{i,t-1} + \beta_9 Fixasratio_{i,t-1} \\ & + \beta_{10} Shrctr_{i,t-1} + \beta_{11} Accrual_{i,t} + \beta_{12} Bond_{i,t-1} + \beta_{13} Stock_{i,t-1} \\ & + \beta_{14} Cashdiv_{i,t-1} + \sum Year + \sum Ind + \varepsilon \end{aligned} \quad (5)$$

Second, according to the bank borrowing data from the CSMAR database of Chinese-listed companies from 2005 to 2015, the full sample can be divided into two groups according to the mean credit term: companies with a short-term credit structure and companies with a long-term credit structure. This paper tests the effect of accounting information comparability on listed companies with short-term and long-term credit structures using regression model (5) according to the agency cost of the credit structure hypothesis and signal transmission hypothesis.

Finally, to investigate whether accounting information comparability can alleviate the effect of monetary policy tightening on the bank borrowing scale, borrowings cost and credit term structure of listed companies, we divide our sample into two groups according to the dummy variables of monetary policy: the period of monetary policy easing and the

Table 1. Definition and measure of control variables.

Variable	Definition	Measure method
Lev	Debt assets ratio	The ratio of total liabilities to total assets
Size	Firm size	The natural logarithm of firm's total assets
CFO	Internal cash flow	Net cash flows from operating activities
TC	Commercial credit	Referring to the practice of Zhengfei Lu & Deming Yang (2011), commercial credit is defined as (accounts payable + notes payable + accounts received in advance)/total assets
Growth	Growth rate of total assets	The ratio of total ending assets minus total beginning assets to total beginning assets
Roe	Return on net equity	The ratio of net profit to the balance of shareholders' equity
Turnasset	Total asset turnover	The ratio of operating income to average assets
Fixasratio	Fixed asset ratio	The ratio of net fixed assets to total ending assets
Shrctr	Equity concentration	The sum of the shareholding ratios of the top five major shareholders
Accrual	Accrual earnings management	Discretionary accruals calculated from the modified Jones model
Bond	Dummy variable of issue bonds	If the company issues bonds, the value is one, and zero otherwise
Stock	Dummy variable of equity refinancing	If the company carries out equity refinancing, the value is one, and zero otherwise 0
Cashdiv	Dummy variable of cash dividend	If the company pays a cash dividend, the value is one, and zero otherwise

period of monetary policy tightening, and test the effect using the above regression model (5).

4. Empirical results and analysis

4.1. Summary statistics

Table 2 presents the summary statistics for major variables: bank borrowing scale (Loan), bank borrowing cost (IR), bank credit term structure (Creditstru, Longcredit, Shortcredit) and accounting information comparability (Compa, Comp4).

In the full sample, the mean of the bank borrowing scale (Loan), which is the proportion of total bank loans to total assets, is 0.22. The median of the bank borrowing scale is 0.208, and the maximum value is 0.630, indicating that bank credit is still the main source of financing for Chinese-listed companies. The average bank borrowing cost is 0.081, with a maximum value of 0.986 and a minimum value of 0.003, indicating that there is a wide gap between the borrowings costs of Chinese-listed companies. The average value of the credit term structure (Creditstru) of listed companies is 0.299. After grouping companies by the mean, the mean of the long-term credit term structure sample is 0.647, and the minimum value is 0.304. The mean value of the short-term credit structure sample is only 0.073, and the highest value is 0.291. For accounting information comparability, the mean of the average Compijt of the four company j 's with the highest comparability with company i (Comp4) and the mean of Compijt for all companies in the same industry as company i (Compa) in all the samples are 0.032 and 0.008, respectively. The minimum value of Compa is 0.099, and the maximum value is 0.010, indicating that there is a wide gap between the minimum and maximum. The accounting information comparability of listed companies in China needs to be further improved.

4.2. Multiple regression analysis

4.2.1. Accounting information comparability, bank borrowing scale and borrowings cost of listed companies

Columns (1) and (2) of Table 3 show the regression results of the accounting information comparability and bank borrowing scale of listed companies, and columns (3) and (4) show the regression results of accounting information comparability and bank borrowing cost. The results in columns (1) and (2) show that the coefficient on Compa and Loan is 0.511 and the coefficient on Comp4 and Loan is 0.897; both are significantly positive. This shows that there is a significant positive correlation between accounting information comparability and bank borrowing scale. That is, the higher a listed company's accounting information comparability is, the greater the scale of bank borrowing it obtains. The test

Table 2. Descriptive statistics of main variables.

Variables	N	Mean	P50	SD	Min	Max
Loan	8333	0.220	0.208	0.159	0.000	0.630
Compa	8333	-0.032	-0.028	0.016	-0.099	-0.010
Comp4	8333	-0.008	-0.005	0.007	-0.044	-0.001
IR	7093	0.081	0.060	0.115	0.003	0.986
Creditstru	7611	0.299	0.181	0.321	0.000	1.000
Longcredit	3007	0.647	0.631	0.222	0.304	1.000
Shortcredit	4604	0.073	0.016	0.092	0.000	0.291

Table 3. Results of regression for effect of accounting information comparability on bank borrowing scale and bank borrowing cost.

	Loan		IR	
	(1)	(2)	(3)	(4)
Cons	-0.094*** (-3.65)	-0.090*** (-3.49)	0.093*** (3.21)	0.093*** (3.22)
Compa	0.511*** (5.75)		-0.212* (-1.93)	
Comp4		0.897*** (4.75)		-0.498** (-2.24)
Lev	0.714*** (79.65)	0.713*** (78.94)	-0.073*** (-5.89)	-0.074*** (-5.97)
Size	0.005*** (3.70)	0.004*** (3.29)	-0.000 (-0.27)	-0.000 (-0.28)
CFO	-0.139*** (-8.90)	-0.139*** (-8.96)	0.041* (1.88)	0.041* (1.87)
TC	-0.689*** (-60.90)	-0.688*** (-60.74)	0.090*** (5.29)	0.090*** (5.29)
Growth	0.000*** (12.05)	0.000*** (12.03)	-0.000*** (-2.61)	-0.000*** (-2.63)
ROE	0.011** (2.52)	0.011** (2.57)	-0.005** (-2.52)	-0.005** (-2.53)
Turasset	0.001 (0.35)	0.000 (0.16)	0.001 (0.61)	0.002 (0.64)
Fixasratio	0.064*** (8.80)	0.064*** (8.78)	-0.023** (-2.32)	-0.023** (-2.33)
Shrctr	-0.000*** (-4.13)	-0.000*** (-4.16)	0.000 (0.70)	0.000 (0.69)
Accrual	-0.008 (-1.34)	-0.008 (-1.22)	0.009 (1.63)	0.009 (1.59)
Bond	-0.003 (-0.69)	-0.002 (-0.63)	0.009** (2.30)	0.009** (2.28)
Stock	-0.011*** (-3.26)	-0.011*** (-3.25)	0.002 (0.36)	0.002 (0.37)
Cashdiv	0.003 (1.31)	0.003 (1.40)	-0.005** (-1.98)	-0.005* (-1.92)
Year	Control	Control	Control	Control
Industry	Control	Control	Control	Control
Adj R2	780.88***	773.19***	10.16***	10.20***
F	0.672	0.671	0.037	0.037
N	8333		7093	

The coefficients are reported with t-statistics in parentheses, robust to heteroskedasticity with errors.

***, **, and * denote statistical significance at the 1%, 5%, and 10% level in a two-tailed test, respectively.

results in columns (3) and (4) show that the coefficients on Compa and IR are -0.212 and that the coefficients on Comp4 and IR are -0.498; both are significantly negative. This shows that there is a significantly negative relationship between accounting information comparability and bank borrowing cost. That is, the higher the accounting information comparability is, the lower the borrowings cost, supporting Hypothesis 1: the higher the accounting information comparability is, the larger the scale and the lower the cost of bank borrowing acquired by listed companies. In addition, we find that in the four regression models in Table 3, the effect of accrual on the scale and cost of bank borrowing is nonsignificant, which shows that the quality characteristic of accounting information comparability has a more significant effect on the scale and cost of bank borrowing than the quality characteristic of accrued earnings.

4.2.2. Accounting information comparability and bank credit term structure

Columns (1) and (2) of Table 4 present the effect of accounting information comparability (Compa and Comp4) on listed companies with a short-term credit structure. In this group, the coefficients on Compa and Comp4 are 0.397 and 0.805, respectively, at the 1% significance level, indicating that short-term credit structure is significantly positively related to accounting information comparability. Improving their accounting information comparability will significantly extend listed companies' credit term structure, supporting hypothesis 2a. That is, as the supplier in the credit relationship, banks play a leading role in the supply and demand relationship. For listed companies with short-term credit structure, improving their accounting information comparability can enhance their credit standing for obtaining long-term loans, and their credit term structure will become longer. This result means that accounting information comparability is an important factor that can affect the bank credit term structure when the bank is dominant in the credit relationship.

Table 4. Effect of accounting information comparability on bank credit term structure.

	Shortcredit		Longcredit	
	(1)	(2)	(3)	(4)
Cons	−0.515*** (−16.69)	−0.517*** (−16.84)	0.714*** (8.14)	0.697*** (7.98)
Compa	0.397*** (3.81)		−0.887*** (−3.72)	
Comp4		0.805*** (3.85)		1.429*** (−2.88)
Lev	0.127*** (13.48)	0.128*** (13.53)	−0.198*** (−6.31)	0.200*** (−6.35)
Size	0.026*** (17.12)	0.026*** (17.24)	−0.003 (−0.74)	−0.002 (−0.42)
CF	0.021 (1.15)	0.023 (1.24)	0.200*** (3.44)	0.207*** (3.56)
TC	−0.132*** (−9.72)	−0.132*** (−9.74)	0.124*** (3.08)	0.121*** (3.00)
Growth	−0.000 (−0.05)	−0.000 (−0.07)	−0.000*** (−11.22)	0.000*** (−11.10)
ROE	0.004 (1.46)	0.004 (1.45)	−0.003 (−0.12)	−0.005 (−0.21)
Turasset	−0.011*** (−5.79)	−0.012*** (−5.90)	−0.048*** (−4.26)	0.046*** (−4.14)
Fixasratio	0.032*** (3.64)	0.032*** (3.58)	−0.000 (−0.02)	−0.000 (−0.01)
Shrctr	−0.000*** (−4.63)	−0.000*** (−4.62)	0.001*** (3.56)	0.001*** (3.49)
Accrual	0.014 (1.34)	0.014 (1.38)	0.000 (0.01)	−0.000 (−0.02)
Bond	−0.005 (−0.96)	−0.005 (−0.93)	0.005 (0.33)	0.004 (0.29)
Stock	0.006 (1.44)	0.006 (1.42)	−0.004 (−0.35)	−0.004 (−0.39)
Cashdiv	0.006** (2.04)	0.006** (2.04)	0.025*** (2.88)	0.025*** (2.83)
Year	Control	Control	Control	Control
Industry	Control	Control	Control	Control
Adj R2	0.165	0.166	0.171	0.169
F	27.562	27.720	180.508	180.244
N	4604		3007	

The coefficients are reported with t-statistics in parentheses, robust to heteroskedasticity with errors.

***, **, and * denote statistical significance at the 1%, 5%, and 10% level in a two-tailed test, respectively.

Columns (3) and (4) of Table 4 present the effect of accounting information comparability (Compa and Comp4) on listed companies with long-term credit structures (Longcredit). In this group, the coefficients on Compa and Comp4 are -0.887 and -1.429, respectively, at the 1% significance level, indicating that long-term credit structure is significantly negatively related to accounting information comparability. Improving their accounting information comparability can significantly reduce the credit term structure for listed companies with a long-term credit structure, supporting hypothesis 2b. Listed companies with high accounting information comparability will shorten their credit term structure to send a positive signal of their high quality to the capital market, which provides empirical evidence of the signal transmission hypothesis of debt term structure. This result means that listed companies as the demander in the credit relationship are dominant in the credit relationship, and listed companies with high accounting information comparability tend to reduce their credit term structure.

4.3. Monetary policy tightening, accounting information comparability and bank borrowing

4.3.1. Monetary policy tightening, accounting information comparability, bank borrowing scale and bank borrowing cost

Table 5 presents the effect of accounting information comparability on bank borrowing scale and cost during the period of monetary policy tightening. Table 5 shows that the coefficients on accounting information comparability (Compa, Comp4) and bank borrowing scale (Loan) are significantly positive (0.559, 1.042) during the period of monetary policy tightening, while the coefficients on accounting information comparability (Compa, Comp4) and bank borrowing cost (IR) are significantly negative (-0.219, -0.493). During the period of monetary policy tightening and in the context of bank lending, although the risk of debt default increases, improving their accounting information comparability can still significantly increase the bank borrowing scale and reduce the bank borrowing cost of listed companies. The results show that during the period of monetary policy tightening, banks allocate more credit resources to listed companies with high accounting information comparability, and such companies can obtain bank borrowing at a lower cost. To some extent, improving accounting information comparability can alleviate the adverse effects of monetary policy tightening on the borrowings scale and cost of listed companies.

4.3.2. Monetary policy tightening, accounting information comparability and credit term structure

Table 6 presents the effect of accounting information comparability on the listed companies with short-term and long-term credit structures in the period of Monetary policy tightening.

Columns (1) and (2) of Table 6 show that the coefficients on accounting information comparability (Compa and Comp4) and short-term credit structure are significantly positive (0.424, 0.981). The results provide empirical evidence for the hypothesis that in the sample group of companies with a short-term credit structure, improving accounting information comparability during the period of monetary policy tightening will help

Table 5. Effect of accounting information comparability on bank borrowing scale and bank borrowing cost during the period of monetary policy tightening.

mp = 1	Loan		IR	
	(1)	(2)	(3)	(4)
Cons	−0.197*** (−4.63)	−0.194*** (−4.63)	0.131*** (3.07)	0.132*** (3.07)
Compa	0.559*** (4.10)		−0.219* (−1.92)	
Comp4		1.042*** (3.68)		−0.493* (−1.83)
Lev	0.718*** (52.64)	0.720*** (51.14)	−0.025 (−1.56)	−0.026 (−1.61)
Size	0.010*** (4.49)	0.009*** (4.43)	−0.003 (−1.19)	−0.003 (−1.20)
CFO	0.178*** (−6.13)	0.177*** (−6.06)	0.035 (1.40)	0.035 (1.37)
TC	0.684*** (−39.13)	0.683*** (−39.00)	0.078*** (3.33)	0.078*** (3.33)
Growth	0.000 (0.58)	0.000 (0.74)	−0.000 (−1.26)	−0.000 (−1.39)
ROE	0.003 (0.55)	0.004 (0.63)	−0.005 (−1.25)	−0.005 (−1.27)
Turasset	−0.005 (−1.36)	−0.005 (−1.49)	0.008** (2.22)	0.008** (2.25)
Fixasratio	0.060*** (5.15)	0.059*** (5.01)	0.036*** (−2.99)	0.035*** (−2.96)
Shrctr	0.000*** (−2.75)	0.000*** (−2.80)	0.000 (0.16)	0.000 (0.19)
Accrual	−0.011 (−0.47)	−0.009 (−0.40)	0.034 (1.58)	0.033 (1.54)
Bond	−0.003 (−0.62)	−0.003 (−0.55)	0.005 (0.94)	0.005 (0.92)
Stock	−0.002 (−0.39)	−0.002 (−0.50)	0.001 (0.11)	0.001 (0.13)
Cashdiv	0.010*** (3.15)	0.010*** (2.97)	0.013*** (−3.17)	0.012*** (−3.08)
Year	Control	Control	Control	Control
Industry	Control	Control	Control	Control
Adj R2	0.663	0.663	0.053	0.037
F	227.47	212.67	4.62	4.55
N		3457		2944

***, **, and * denote statistical significance at the 1%, 5%, and 10% level in a two-tailed test, respectively.

obtain long-term borrowings, extend the credit term structure and, to a certain extent, alleviate the effect of monetary policy tightening on the credit term structure.

Columns (3) and (4) of Table 6 show that the coefficients on accounting information comparability (Compa and Comp4) and long-term credit structure are negative and nonsignificant. This indicates that companies in the sample group with long-term credit structure with high accounting information comparability will reduce the transmission of positive signals through undertaking short-term borrowing because of the increased liquidity pressure and risk associated with such borrowing during the period of monetary policy tightening. The effect of accounting information comparability on the credit term structure is weakened, as the coefficient is no longer significant. These results provide empirical evidence for the hypothesis that listed companies with high accounting information comparability will have weaker motivation to release the signal of high quality to the capital market during the period of monetary policy tightening.

Table 6. Effect of accounting information comparability on bank credit term structure during the period of monetary policy tightening.

mp = 1	Shortcredit		Longcredit	
	(1)	(2)	(3)	(4)
Cons	−0.588*** (−11.36)	−0.592*** (−11.53)	0.719*** (5.19)	0.713*** (5.16)
Compa	0.424*** (2.67)		−0.418 (−1.09)	
Comp4		0.986*** (3.36)		−0.715 (−0.90)
Lev	0.139*** (9.26)	0.141*** (9.35)	−0.104** (−2.11)	−0.105** (−2.13)
Size	0.027*** (10.74)	0.028*** (10.90)	−0.007 (−1.03)	−0.006 (−0.97)
CF	0.031 (0.84)	0.033 (0.90)	0.301*** (2.79)	0.302*** (2.81)
TC	−0.102*** (−4.63)	−0.102*** (−4.64)	0.137** (2.13)	0.135** (2.10)
Growth	0.002 (1.62)	0.002 (1.53)	0.001 (1.10)	0.001 (1.05)
ROE	0.009 (1.59)	0.009 (1.60)	−0.120*** (−2.71)	−0.120*** (−2.73)
Turasset	−0.016*** (−4.92)	−0.017*** (−4.98)	−0.029* (−1.71)	−0.029* (−1.67)
Fixasratio	0.052*** (3.82)	0.050*** (3.69)	0.008 (0.22)	0.009 (0.25)
Shrctr	−0.000** (−2.57)	−0.000*** (−2.67)	0.001** (2.15)	0.001** (2.13)
Accrual	0.041 (1.32)	0.043 (1.37)	0.078 (1.33)	0.078 (1.32)
Bond	−0.000 (−0.05)	−0.000 (−0.04)	−0.004 (−0.19)	−0.004 (−0.22)
Stock	0.006 (0.87)	0.006 (0.83)	0.017 (0.96)	0.018 (0.98)
Cashdiv	0.012*** (2.82)	0.012*** (2.71)	0.030** (2.20)	0.030** (2.22)
Year	Control	Control	Control	Control
Industry	Control	Control	Control	Control
Adj R2	0.163	0.164	0.147	0.147
F	11.99	12.09	7.30	7.29
N	1980	1980	1240	

***, **, and * denote statistical significance at the 1%, 5%, and 10% level in a two-tailed test, respectively.

5. Robustness test

5.1. The effect of accounting conservatism quality characteristics

Previous research has found that accounting conservatism, as one of the quality characteristics of accounting information, plays an important role in alleviating agency conflicts between company management and creditors in debt contracts (Ball & Shivakumar, 2005). The higher its accounting conservatism, the easier it will be for a company to obtain new loans and ease financing constraints (Zhang & Wang, 2013). Therefore, we add the accounting conservatism variable on the basis of model (5); that is, when controlling the other quality characteristics of accounting information, namely, accrued earnings quality and accounting conservatism. In this way, we verify the robustness of the results concerning the effect of accounting information comparability on the bank borrowing scale, borrowings cost and credit term structure. We follow the C-score model of Khan & Watts

(2009) to measure accounting conservatism. The larger the value of the C-score is, the higher the reliability of accounting information.

5.1.1. Accounting information comparability and bank borrowing: the effect of accounting conservatism

Table 7 presents the regression results of accounting information comparability (Compa and Comp4) and bank borrowing scale (Loan), borrowings cost (IR) and credit term structure (Shortcredit, Longcredit) based on model (5) and adding the accounting conservatism variable. The results show that Compa, Comp4 and Loan are still significantly positively correlated; Compa, Comp4 and IR are still significantly negatively correlated; Compa, Comp4 and Shortcredits are still significantly positively correlated; and Compa, Comp4 and Longcredits are still significantly negatively correlated. The test results show that after controlling the accounting conservatism variable, the original conclusion is still valid: the higher the accounting information comparability is, the higher the bank borrowing scale and the lower the borrowings cost, which further verifies hypothesis 1. The higher the accounting information comparability is, the longer the term structure of listed companies with a short-term credit structure, and the shorter the term structure of listed companies with a long-term credit structure; this further verifies hypotheses 2a and 2b.

In addition, the results show that the coefficients on accrual are not significant in all regression groups in Table 7. The coefficients on accounting conservatism (C-score) and bank borrowing scale are significant but small. Accounting conservatism (C-score) no longer has a significant effect on the bank borrowing cost and credit term structure. Accounting information comparability has the most significant influence on the credit contract when accounting information comparability, accounting conservatism and accrued earnings quality are considered comprehensively. This provides empirical evidence for the quality-enhancing characteristic of accounting information comparability and supports the hypothesis that of the three levels of information quality considered, accounting information comparability plays the most important role in credit contracts.

5.1.2. Monetary policy tightening, accounting information comparability and bank borrowing: the effect of accounting conservatism

Table 8 presents the regression results of accounting information comparability (Compa and Comp4) and bank borrowing scale (Loan), borrowings cost (IR) and credit term structure (Shortcredit, Longcredit) based on model (5), adding the accounting conservatism variable during the period of monetary policy tightening.

Columns (1) and (2) of Table 8 show that during the period of monetary policy tightening, the coefficients on accounting information comparability (Compa and Comp4) and bank borrowing scale (loan) are still significantly positive (0.576, 1.094). Columns (3) and (4) of Table 8 show that the coefficients on accounting information comparability (Compa and Comp4) and bank borrowing cost (IR) are still significantly negative. The results in columns (1) to (4) of Table 8 after controlling the accounting conservatism variable are consistent with the empirical results in Table 5. This provides empirical evidence supporting the hypothesis that during periods of monetary policy tightening, improving accounting information comparability can significantly increase the scale and reduce the cost of bank borrowing for listed companies and to some extent

Table 7. Results of regression analyses for effect of accounting information comparability, accounting conservatism and bank borrowing.

	loan		IR		Shortcredit		Longcredit	
Cons	0.110*** (−4.15)	0.106*** (−3.99)	0.112*** (3.81)	0.114*** (3.86)	0.524*** (−16.53)	0.526*** (−16.69)	0.722*** (7.94)	0.704*** (7.78)
Compa	0.505*** (5.68)		−0.212* (−1.94)		0.402*** (3.85)		0.892*** (−3.74)	
Comp4		0.884*** (4.68)		0.507** (−2.28)		0.817*** (3.91)		1.434*** (−2.89)
Lev	0.714*** (79.46)	0.714*** (79.15)	0.065*** (−5.09)	0.065*** (−5.16)	0.128*** (13.48)	0.128*** (13.53)	0.197*** (−6.26)	0.199*** (−6.30)
Size	0.006*** (4.16)	0.005*** (3.86)	−0.001 (−0.56)	−0.001 (−0.57)	0.026*** (16.93)	0.026*** (17.07)	−0.003 (−0.80)	−0.002 (−0.48)
CF	0.138*** (−8.83)	0.138*** (−8.83)	0.027 (1.09)	0.027 (1.08)	0.022 (1.20)	0.024 (1.29)	0.197*** (3.39)	0.204*** (3.51)
TC	0.690*** (−60.82)	0.690*** (−60.65)	0.094*** (5.65)	0.094*** (5.65)	0.132*** (−9.73)	0.132*** (−9.75)	0.131*** (3.27)	0.128*** (3.19)
Growth	0.000*** (12.09)	0.000*** (12.06)	0.000*** (−3.27)	0.000*** (−3.30)	−0.000 (−0.04)	−0.000 (−0.06)	0.000*** (−11.24)	0.000*** (−11.12)
ROE	0.011** (2.52)	0.011** (2.57)	0.004** (−2.47)	0.004** (−2.47)	0.004 (1.44)	0.004 (1.42)	−0.002 (−0.10)	−0.004 (−0.19)
Turasset	0.001 (0.32)	0.000 (0.13)	0.001 (0.37)	0.001 (0.40)	0.011*** (−5.76)	0.011*** (−5.87)	0.049*** (−4.38)	0.047*** (−4.26)
Fixasratio	0.063*** (8.61)	0.063*** (8.58)	0.043*** (−4.65)	0.043*** (−4.67)	0.031*** (3.52)	0.031*** (3.45)	−0.001 (−0.05)	−0.001 (−0.04)
Shrctr	0.000*** (−4.04)	0.000*** (−3.98)	0.000 (0.98)	0.000 (0.97)	0.000*** (−4.59)	0.000*** (−4.58)	0.001*** (3.58)	0.001*** (3.51)
Accrual	−0.008 (−1.29)	−0.007 (−1.18)	0.009 (1.33)	0.008 (1.29)	0.014 (1.44)	0.015 (1.48)	0.000 (0.02)	0.000 (0.00)
Bond	−0.003 (−0.65)	−0.002 (−0.59)	0.009** (2.26)	0.009** (2.24)	−0.005 (−0.94)	−0.005 (−0.91)	0.005 (0.32)	0.004 (0.29)
Stock	0.003 (1.18)	0.003 (1.27)	−0.005* (−1.78)	−0.005* (−1.71)	0.005 (1.35)	0.005 (1.33)	−0.002 (−0.20)	−0.003 (−0.25)
Cashdiv	0.011*** (−3.27)	0.011*** (−3.25)	0.002 (0.37)	0.002 (0.38)	0.006** (2.03)	0.006** (2.02)	0.026*** (2.93)	0.026*** (2.87)
Cscore	0.001*** (−2.96)	0.001*** (−2.93)	0.000 (0.63)	0.000 (0.61)	−0.001 (−1.30)	−0.001 (−1.32)	0.000 (0.12)	0.000 (0.08)
Year	Control	Control	Control	Control	Control	Control	Control	Control
Industry	Control	Control	Control	Control	Control	Control	Control	Control
Adj R2	0.670	0.669	0.034	0.034	0.166	0.166	0.171	0.170
F	750.90	753.64	10.11	10.16	26.84	26.99	176.03	175.75
N	8311		7074		4592		3000	

***, **, and * denote statistical significance at the 1%, 5%, and 10% level in a two-tailed test, respectively.

alleviate the adverse effect of monetary policy tightening on the borrowings scale and cost of listed companies. Furthermore, we find that accrual and C-score have no significant effect on the scale and cost of bank borrowing during the period of monetary policy tightening when accounting information comparability, accounting conservatism and accrued earnings quality, which represent different levels of accounting information quality, are considered comprehensively. Compa and Comp4 have a significant effect on the scale and cost of bank borrowing during the period of monetary policy tightening.

Columns (5) and (6) of Table 8 show that the coefficients on accounting information comparability (Compa and Comp4) and short-term credit structure (Shortcredit) are still significantly positive during the period of monetary policy tightening, which is consistent with the empirical results in Table 6. In addition, this provides empirical evidence that improving accounting information comparability will help listed companies with a short-term credit structure extend their credit term structure during periods of monetary policy

Table 8. Results of regression analyses for effect of accounting information comparability, accounting conservatism and bank borrowing in the period of monetary policy tightening.

	Loan		IR		Shortcredit		Longcredit	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Cons	0.195*** (−4.23)	0.194*** (−4.25)	0.143*** (2.78)	0.145*** (2.78)	0.571*** (−10.33)	0.576*** (−10.49)	0.794*** (5.12)	0.793*** (5.10)
Compa	0.576*** (4.19)		−0.215* (−1.89)		0.424*** (2.67)		−0.362 (−0.93)	
Comp4		1.094*** (3.76)		−0.488* (−1.83)		0.985*** (3.35)		−0.641 (−0.80)
Lev	0.717*** (51.08)	0.718*** (50.86)	−0.024 (−1.41)	−0.025 (−1.46)	0.141*** (9.22)	0.143*** (9.30)	−0.092* (−1.81)	−0.093* (−1.82)
Size	0.010*** (4.31)	0.009*** (4.27)	−0.003 (−1.23)	−0.003 (−1.24)	0.027*** (10.20)	0.027*** (10.35)	−0.009 (−1.33)	−0.009 (−1.30)
CF	0.177*** (−6.12)	0.177*** (−6.05)	0.034 (1.38)	0.034 (1.35)	0.029 (0.80)	0.031 (0.86)	0.300*** (2.79)	0.301*** (2.81)
TC	0.682*** (−39.14)	0.680*** (−39.01)	0.077*** (3.31)	0.077*** (3.32)	0.103*** (−4.64)	0.103*** (−4.65)	0.136** (2.13)	0.135** (2.10)
Growth	0.000 (0.59)	0.000 (0.74)	−0.000 (−1.20)	−0.000 (−1.32)	0.002 (1.63)	0.002 (1.54)	0.001 (1.18)	0.001 (1.14)
ROE	0.003 (0.60)	0.004 (0.67)	−0.005 (−1.25)	−0.005 (−1.27)	0.009 (1.62)	0.008 (1.62)	0.123*** (−2.79)	0.123*** (−2.80)
Turasset	−0.005 (−1.39)	−0.005 (−1.52)	0.008** (2.22)	0.008** (2.25)	0.016*** (−4.93)	0.017*** (−4.99)	−0.028* (−1.66)	−0.028 (−1.63)
Fixasratio	0.060*** (5.17)	0.059*** (5.03)	0.036*** (−3.00)	0.035*** (−2.96)	0.052*** (3.82)	0.050*** (3.69)	0.008 (0.21)	0.009 (0.24)
Shrctr	0.000*** (−2.75)	0.000*** (−2.79)	0.000 (0.16)	0.000 (0.20)	0.000*** (−2.59)	0.000*** (−2.69)	0.001** (2.18)	0.001** (2.17)
Accrual	−0.011 (−0.47)	−0.009 (−0.39)	0.034 (1.58)	0.033 (1.54)	0.041 (1.29)	0.042 (1.34)	0.080 (1.36)	0.080 (1.35)
Bond	−0.003 (−0.58)	−0.003 (−0.51)	0.005 (0.93)	0.005 (0.92)	−0.000 (−0.04)	−0.000 (−0.04)	−0.004 (−0.19)	−0.004 (−0.22)
Stock	0.011*** (3.15)	0.010*** (2.97)	0.013*** (−3.20)	0.013*** (−3.11)	0.012*** (2.79)	0.011*** (2.67)	0.029** (2.16)	0.029** (2.18)
Cashdiv	−0.002 (−0.39)	−0.003 (−0.50)	0.001 (0.12)	0.001 (0.15)	0.006 (0.90)	0.006 (0.85)	0.018 (0.96)	0.018 (0.98)
Cscore	−0.002 (−0.10)	0.000 (0.02)	−0.012 (−0.56)	−0.013 (−0.59)	−0.018 (−0.87)	−0.017 (−0.84)	−0.091 (−1.09)	−0.094 (−1.13)
Year	Control	Control	Control	Control	Control	Control	Control	Control
Industry	Control	Control	Control	Control	Control	Control	Control	Control
Adj R2	0.659	0.659	0.041	0.041	0.163	0.164	0.148	0.148
F	217.30	207.71	4.50	4.52	11.67	11.77	7.15	7.14
N	3456		2944		1980		1240	

***, **, and * denote statistical significance at the 1%, 5%, and 10% level in a two-tailed test, respectively.

tightening. Furthermore, improving the accounting information comparability will to a certain extent alleviate the effect of monetary policy tightening on the credit term structure.

Columns (7) and (8) of Table 8 show that the coefficients on accounting information comparability (compa and comp4) and long-term credit structure (Longcredit) are still nonsignificant during the period of monetary policy tightening, which is consistent with the empirical results in Table 6. The results provide further empirical evidence that listed companies with high accounting information comparability will have weaker motivation to release the signal of high quality to the capital market during periods of monetary policy tightening.

In conclusion, after controlling the accounting conservatism variable, the results of the robustness test still support the original conclusions. (1) The higher the accounting

information comparability, the greater the scale of bank borrowing acquired, and the lower the borrowings cost. Thus, by improving their accounting information comparability, listed companies with a short-term credit structure can enhance credit term structure, and listed companies with a long-term credit structure can significantly reduce their credit term structure. (2) Furthermore, improving their accounting information comparability can significantly increase the scale and reduce the cost of bank borrowing for listed companies, and for listed companies with a short-term credit structure, it can extend their credit term structure. To a certain extent, improving their accounting information comparability will also alleviate the adverse effect of monetary policy tightening on the bank borrowing of listed companies during periods of monetary policy tightening. (3) Finally, listed companies with a long-term credit structure and high accounting information comparability will have weaker motivation to release the signal of high quality to the capital market during periods of monetary policy tightening.

5.2. Cluster adjustment

This study considers mixed sample data. A given listed company appears several times during the sample period, which may cause correlation between observations in consecutive years. Therefore, first, we apply cluster adjustment to the estimated variance to verify the robustness of the above empirical test results.

Table 9 shows that accounting information comparability is still significantly positively related to the bank borrowing scale and negatively related to the borrowings cost after cluster adjustment. This further supports hypothesis 1. For listed companies with a short-term credit structure, accounting information comparability is significantly positively correlated with credit term structure, further supporting hypothesis 2a. For listed companies with a long-term credit structure, accounting information comparability is significantly negatively correlated with credit term structure, further supporting hypothesis 2b.

Table 10 presents the cluster adjustment regression results between accounting information comparability and the sample grouped by bank borrowing scale, borrowings cost and credit term structure during the period of monetary policy tightening. In columns (1) and (2), during the period of monetary policy tightening, accounting information comparability (Compa, Comp4) is significantly positively correlated with the bank borrowing scale (Loan); in columns (3) and (4), accounting information comparability (Compa, Comp4) is negatively correlated with the bank borrowing cost (IR). These results are consistent with the test results in Table 5 and provide further empirical evidence for the hypothesis that improving the accounting information comparability of listed companies can to some extent alleviate the adverse effect of monetary policy tightening on the borrowings scale and the borrowings cost during periods of monetary policy tightening.

Columns (5) and (6) of Table 10 present the sample of companies with a short-term credit structure. During the period of monetary policy tightening, accounting information comparability (Compa, Comp4) and short-term credit structure (Short Credit) are significantly positively correlated, which is consistent with the results in Table 6. This provides further support for the hypothesis that improving the comparability of accounting information will help extend the credit term structure of listed companies with short-term credit structure during periods of monetary policy tightening.

Table 9. Results of cluster adjustment regression for accounting information comparability and bank borrowing.

	Loan		IR		Shortcredit		Longcredit	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Compa	0.511*** (4.33)		−0.212* (−1.76)		0.397*** (3.13)		−0.887*** (−2.87)	
Comp4		0.897*** (3.48)		−0.498** (−2.07)		0.805*** (2.97)		−1.429** (−2.17)
R2	0.672	0.671	0.037	0.037	0.173	0.173	0.180	0.180
F	393.7***	392.02	7.17***	7.14***	17.47***	19.78***	74.55***	74.78***
N	8333		7093		4064		3007	

***, **, and * denote statistical significance at the 1%, 5%, and 10% level in a two-tailed test, respectively.

Table 10. Results of cluster adjustment regression for accounting information comparability and bank borrowing during the period of monetary policy tightening.

	Loan		IR		Shortcredit		Longcredit	
mp = 1	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Compa	0.559*** (3.25)		−0.192** (−2.42)		0.423*** (2.77)		−0.417 (−0.87)	
Comp4		1.042*** (2.88)		−0.445** (−2.54)		0.986*** (2.79)		−0.715 (−0.71)
R2	0.663	0.663	0.080	0.081	0.178	0.179	0.171	0.171
F	134.23	124.45	7.23***	7.29***	12.02***	12.09***	7.52***	7.51***
N	3457		2944		1980		1240	

***, **, and * denote statistical significance at the 1%, 5%, and 10% level in a two-tailed test, respectively.

Columns (7) and (8) of [Table 10](#) present the sample of companies with a long-term credit structure. During the period of monetary policy tightening, accounting information comparability (Compa, Comp4) and long-term credit structure (LongCredit) are significantly negatively correlated, which is consistent with the results in [Table 6](#). This provides further support for the hypothesis that the signal transmission of listed companies with a long-term credit structure is likely to be constrained during periods of monetary policy tightening.

5.3. Substitution variables

5.3.1. Bank borrowing scale

In this paper, we use the sum of short-term borrowings, long-term borrowings and noncurrent liabilities due within one year to measure the total amount of bank borrowing obtained by a company. To avoid the influence of different measurements on the empirical results, we use the excess bank borrowing index adjusted by the industry mean method to measure the bank borrowing scale. Jiang and Li (2005) found that the debt ratio of companies differed significantly across industries. Therefore, using Deng et al. (2016) as a reference, we first calculate the average bank borrowing of the industry by considering the weighted average of assets to determine the target bank borrowing of a company according to formula (6); then, according to formula (7), the excess bank borrowing of the company are obtained by subtracting the actual bank borrowing from the target bank loan estimated in formula (6).

Table 11 reports the impact of accounting information comparability on the scale of excess bank borrowing under monetary policy tightening. Columns (1) and (2) of Table 11 show that the accounting information comparability (Compa, Comp4) of listed companies is significantly positively correlated with the scale of excess bank borrowing obtained (Eloan), which again provides empirical evidence supporting the hypothesis that the higher their accounting information comparability is, the larger the bank borrowing scale of listed companies. Columns (3) and (4) show that in the period of monetary policy tightening, the accounting information comparability (Compa, Comp4) of listed companies and the scale of excess bank borrowing obtained (Eloan) are still significantly positively correlated. Therefore, in the period of monetary policy tightening, improving their accounting information comparability can increase the bank borrowing scale of listed companies and may to some extent alleviate the adverse impact of monetary policy tightening on the borrowings scale.

$$Tloan_{it} = \sum_{i=1}^n (Loan_{it} \times Asset_{it}) / \sum_{i=1}^n Asset_{it} \quad (6)$$

$$Eloan_{it} = Loan_{it} - Tloan_{it} \quad (7)$$

5.3.2. Bank borrowing cost

We test the robustness of the cost of bank borrowing by using the current interest expense in addition to the total amount of bank borrowing in the previous period as an alternative variable. Table 12 reports the robustness results of the impact of accounting information comparability on bank borrowing cost and the relationship between accounting information comparability and bank borrowing cost under the period of monetary policy tightening.

The results in columns (1) and (2) show that accounting information comparability is still significantly negatively correlated with the cost of bank borrowing. The results in columns (3) and (4) show that in the period of monetary policy tightening, the relationship between accounting information comparability and the cost of bank borrowing of listed companies is still significantly negative, which verifies the robustness of the above research conclusion. That is, the higher the accounting information comparability is, the lower the bank borrowing cost of listed companies. In the period of monetary policy

Table 11. Results of regression for accounting information comparability and excessive bank borrowing during the period of monetary policy tightening.

	Eloan			
	Full sample		Monetary policy tightening	
Compa	0.417*** (4.68)		0.542*** (3.91)	
Comp4		0.762*** (4.14)		0.998*** (3.40)
Adj R2	0.660	0.653	0.653	0.653
F	640.45***	742.88***	205.01***	193.32***
N	8373		3457	

The coefficients are reported with t-statistics in parentheses, robust to heteroskedasticity with errors.

***, **, and * denote statistical significance at the 1%, 5%, and 10% level in a two-tailed test, respectively.

Table 12. Results of regression for accounting information comparability and substitution variables of borrowings cost during the period of monetary policy tightening.

	Full sample		Monetary policy tightening	
Compa	-0.172*** (-2.19)		-0.200*** (-2.14)	
Comp4		-0.274*** (-1.78)		-0.497** (-2.58)
Adj R2	0.070	0.070	0.080	0.080
F	296.63***	296.55***	8.23***	8.29***
N	6945		2905	

The coefficients are reported with t-statistics in parentheses, robust to heteroskedasticity with errors.

***, **, and * denote statistical significance at the 1%, 5%, and 10% level in a two-tailed test, respectively.

tightening, accounting information comparability should be improved to allow listed companies to obtain bank borrowing at a lower cost, which may to some extent alleviate the adverse impact of monetary policy tightening on the bank borrowing cost.

5.3.3. Monetary policy

The measurement indicator of monetary policy mp is a key variable affecting this study, and the accurate measurement of this indicator directly affects the robustness of the results. Therefore, following Li & Wang (2011), Rao & Jiang (2013), we consider factors such as the deposit and loan reserve rates and market interest rate when measuring monetary policy. Relying on the quarterly 'China's Monetary Policy Implementation Report', we conduct a macro analysis with three general monetary policy tools: deposit reserve ratio, open market operations and rediscount rate.

The legal deposit reserve ratio, open market operations and rediscount rate are three general tools of monetary policy. Therefore, they are taken as an important basis for analysing the changes in monetary policy on a macro level. In 2006, the People's Bank of China raised the deposit reserve ratio several times. The monetary policy was also tightened in 2007, with the deposit reserve ratio rising from 9% at the beginning of the year to 14.5% at the end of the year. In 2008, the subprime mortgage crisis occurred in the US, and the People's Bank of China adjusted the deposit reserve ratio many times. In the first half of the year, the deposit reserve ratio was raised from 14.5% to 17.5%, and in the second half, it was reduced by approximately 1%. In 2009, the People's Bank of China issued a notice to remove the restrictions on the size of bond issuance in the bond market and implemented a loose monetary policy. In 2010 and 2011, the People's Bank of China gradually raised the deposit reserve ratio and implemented a tight monetary policy. In 2012, China's economy generally slowed down. At the same time, affected by the new orientation of unlimited monetary policy easing in developed economies, the People's Bank of China reduced the deposit reserve ratio and the benchmark interest rate of deposits and loans twice after 24 February, and monetary policy tended to be looser. In 2013, the People's Bank of China fully liberalised the control on loan interest rates, abolished the lower limit of 0.7 times the loan interest rate for financial institutions, relaxed the control on the discount rate of bills, eliminated the upper limit on the loan interest rate of rural credit cooperatives, and continued to implement a loose monetary policy. In 2014, the interest rate of China's money market showed a downward trend. Under the influence of the rediscounting interest rate set by the People's Bank of China to lead the discount rate downward, the overall interest rate of the bill market fluctuated

downward. Meanwhile, in April and June 2014, the People's Bank of China implemented directional benchmarks, and in November, it adopted an asymmetric approach to cut the benchmark interest rates of loans and deposits and further promote the market-oriented reform of interest rates. In 2015, in response to the slowing of the economy and the wild fluctuation of the stock market, the People's Bank of China lowered the deposit reserve ratio and the benchmark interest rate for deposits and loans several times, while the interest rate went down to maintain a loose monetary environment.

The macro analysis of monetary policy changes by the three monetary policy tools, namely, legal deposit reserve ratio, open market operations and rediscount rate, is consistent with the measurement of monetary policy (mp) by Lu & Yang (2011). The years 2006, 2007, 2008, 2010 and 2011 are defined as the period of monetary policy tightening, while 2009, 2012, 2013, 2014 and 2015 are defined as the period of monetary policy easing.

6. Conclusion

This paper empirically tests the effect of accounting information comparability on the scale, cost and credit term structure of bank borrowing for listed companies. This paper also considers whether accounting information comparability can affect the bank credit financing of listed companies in periods of monetary policy tightening by utilising the data from 2005 to 2015 in the Chinese A-share market. Through empirical research, we can reach the following conclusions:

- (1) Accounting information comparability quality is useful in bank loan decision-making. The higher an enterprise's accounting information comparability is, the greater the scale of bank loans it acquires, and the lower the cost of its bank loans.
- (2) The agency cost hypothesis and the signal transmission hypothesis exist simultaneously in the credit term structure of listed companies in China. For listed companies with a short-term credit structure, improving accounting information comparability will help extend the credit term structure, supporting the agency cost hypothesis. For listed companies with a long-term credit term structure, improving accounting information comparability will reduce the credit term structure, which provides empirical evidence of the signal transmission hypothesis.
- (3) In a period of monetary policy tightening, improving accounting information comparability could effectively increase the amount of bank loans acquired and reduce the cost of bank borrowing. This indicates that during a period of monetary policy tightening, banks allocate more credit resources and lower borrowings costs to listed companies with high accounting information comparability. The accounting information comparability may to some extent alleviate the impact of tight monetary policy on the credit financing of listed companies¹.
- (4) In a period of monetary policy tightening, for listed companies with a short-term credit term structure, improving the accounting information comparability can help extend their credit term structure. For listed companies with a long-term credit term structure, having higher accounting information comparability will weaken the motivation to release the signal of higher quality to the capital market².

The conclusions of this paper open up a new perspective for decision-makers in banks, listed companies, government departments and further academic research.

- (1) Accounting information comparability, a quality-enhancing characteristic of accounting information, is irreplaceably useful in bank credit decision-making (concerning scale, cost and term structure). Of accounting information comparability, accounting conservatism and accrued surplus, representing three levels of the quality characteristics of accounting information, accrued earnings quality has no significant effect on the size, cost and term structure of bank borrowing; accounting conservatism has a significant impact on bank credit scale, but with a very small coefficient, and no significant relationship with borrowings cost and credit term structure; while accounting information comparability has a significant effect on bank borrowing, cost and term structure. Clearly, accounting information comparability is useful by enhancing the quality characteristics of accounting information at all levels. Accounting information comparability can to a certain extent alleviate agency conflicts between the management of listed companies and bank creditors, reduce agency costs, and play a more important role in credit contracts. Therefore, banks, as credit providers, consider the accounting information comparability of listed companies 'first and foremost' in decision-making concerning credit evaluation and when comparing listed companies within the same industry to guide credit resources reasonably, optimise credit allocation, and improve the validity of credit decisions.
- (2) For listed companies, improving accounting information comparability not only enhances the scale of bank loans obtained and reduces bank borrowing costs but also optimises the credit term structure on the whole. The credit term structure of Chinese-listed companies are characterised by polarisation. Approximately 40% of listed companies have an average long-term borrowing ratio of 65%; for approximately 60% of listed companies, the average long-term borrowing ratio is just 7%. We find that the comparability of accounting information has different effects on listed companies with short-term and long-term credit structures. Therefore, for listed companies in general, the improvement in accounting information comparability not only increases the efficiency of credit allocation but also contributes to optimising the credit term structure and alleviating its polarisation.
- (3) The statistical data of accounting information comparability show that the difference between the minimum and maximum values of accounting information comparability is large, which indicates that the comparability of accounting information quality among Chinese-listed companies needs to be further improved. At the same time, many studies consider that the information environment of Chinese-listed companies is poor and the accounting information quality is inferior (Jin & Myers, 2006; Piotroski et al., 2015). In view of the important influence of accounting information comparability on credit resource rationing, relevant policy-making departments are recommended to further improve accounting policies and measures to strengthen enterprises' accounting information comparability, improve the comparability across Chinese-listed companies, and improve the information environment.

- (4) Companies with better-quality information disclosure obtain more bank loans when monetary policy is tightened, and when the financing demand increases, they obtain more bank loans at a lower cost (Li & Wang, 2011). Improving accounting information comparability could effectively increase the amount of bank borrowing acquired, reduce the cost of bank borrowing and extend the credit term structure (for listed companies with a short-term credit structure), which is also the case during periods of monetary policy tightening. Therefore, to a certain extent, the improvement in the accounting information comparability of listed companies is likely to imply an improvement in the quality of accounting information disclosure. The use of accounting information comparability to measure the quality of information disclosure is worthy of future study.

Notes

1. In our research, we also empirically tested the relationship between the accounting information comparability and bank borrowing scale and borrowing cost during the period of monetary policy easing. This study finds that the accounting information comparability is significantly positively correlated with the bank borrowing scale during the periods of monetary policy tightening and monetary policy easing. In the period of monetary policy tightening, the correlation between the accounting information comparability and bank borrowing costs is still significantly negative, but in the period of monetary policy easing, the correlation is not significant. A further difference test shows that there is no possible evidence that the accounting information comparability has a significant impact on the bank borrowing scale or bank borrowing cost of listed companies during the periods of monetary policy tightening and monetary policy easing.
2. Similarly, we also empirically tested the relationship between the accounting information comparability and the short and long credit term structures during the period of monetary policy easing. For listed companies with a short credit term structure, accounting information comparability is significantly positively correlated with the credit term structure during the periods of monetary policy tightening and easing. However, a further difference test provides no possible evidence that the accounting information comparability has a significant impact on the credit term structure of listed companies in the periods of monetary policy tightening and monetary policy easing. For listed companies with long credit term structure, the relationship between accounting information comparability and term structure of credit is not significant in the period of monetary policy tightening but is significantly negative during the period of monetary policy easing. The test results show that in the period of monetary policy easing, a company with high accounting information comparability will engage in short-term borrowing to signal its high quality to the capital market and affect the term structure of credit. In the period of monetary policy tightening, due to the increased liquidity pressure and risk caused by short-term borrowing, listed companies with high accounting information comparability have less motivation to release signals by undertaking short-term borrowing, which provides probable empirical evidence to further verify the conclusions in Table 6. A further difference test shows no possible evidence that accounting information comparability has a significant impact on the credit term structure of listed companies in the periods of monetary policy tightening and monetary policy easing.

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