

Using a unique identification methodology, we show that easing collateral requirements has economy-wide effects on firms' real outcomes through increased credit. These effects benefit all firms, not just those with newly eligible collateral. By categorizing banks based on their pre-reform loan portfolios, we compare banks with varying exposures to the change in collateral constraints but otherwise similar loan portfolios. We introduce a bank-level metric for firms' real outcomes, calculated as a loan-weighted average across borrowers, which enables us to use the same identification for both credit and real effects. The impacts on credit, investment, productivity, and dividends are large.