"In this paper, we study the organizational form of loan syndicates, how banks choose their syndicate partners and how this affects syndicate structure, loan contract terms, and borrower performance as well as banks' profitability. We develop a set of novel measures in terms of the distance in lending expertise with respect to both borrower industry and geographic location between any two lenders and relate these measures to the organizational form of loan syndicates. We find that lead arrangers choose banks that have a similar focus in terms of lending expertise (i.e., close competitors) and give these banks more senior roles in the syndicate. We also find that these more senior syndicate members hold larger loan shares. Meanwhile, borrowers benefit from this organizational design by paying lower interest spreads. These imply that syndicate members that are close to lead arrangers are delegated some monitoring responsibilities and thus can lower the overall loan syndication costs. We do not find, however, the evidence of more effective monitoring from such a strategy based on borrower performance. Instead, borrowers are somewhat more likely to default if syndicate members have a similar focus. Finally, we show that banks that partner with close competitors tend to have higher returns on assets, which interestingly are not a result from higher operating profit margins, but from significant reductions in interest expenses."