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The impact of market structure of the banking sector on the growth of bank loans in the EU after the global financial crisis

The aim of this research is to investigate the issue of asymmetry of the credit market determinants of bank loans (corporate, consumer, and residential mortgage loans) between the CEE-11 countries (Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Rumania) and the other countries (Austria, Belgium, Denmark, Finland, France, Greece, Italy, Spain, the Netherlands, Ireland, Luxembourg, Germany, Portugal, Sweden, United Kingdom, Malta, and Cyprus) after the global financial crisis (GFC) of 2007–09. For the analysis, we used annual bank-level data, which are collected from the Bankscope-Orbis database and interest rates for different loans from the European Central Bank and macroeconomic data on GDP growth. Panel data includes commercial banks, savings banks, and cooperative banks that were operating in the EU countries from the period 2010–2016.

Using the methodology of dynamic panel regression GMM, this study finds differences of the determinants of the growth of loans for two groups of countries after the global financial crisis. Panel data analysis of CEE-11 countries against other EU countries also finds differences between determinants of different types of bank loans.

Keywords: banks, credit growth, concentration, foreign ownership, EU, CEE-11.

JEL: F36; G2; G21; G34; L1.