

Competition of the financial system in light of globalization

Elona Shehu

FACULTY OF ECONOMICS & INFORMATION TECHNOLOGY, EUT

Eugen Musta

FACULTY OF APPLIED SCIENCES & ECONOMICS, SHLUJ

“MARIN BARLETI UNIVERSITY”

Abstract

In the context of numerous discussions on the competitiveness of the banking system in Albania and abroad, major problems arise on the level of economic and cultural opening of our region and the impact of this opening performance on the banking system. Albania comes from a centuries-old experience of isolation and economic autarky. In the past two decades, progressive opening of markets and borders has created a convergence process of our country to the region and to the European continent. Besides the traditional performance and competition indicators of the banking system, would be worth discussing the question in the context of globalization. The purpose of this paper is to analyze the effect of globalization in general, on competitiveness and performance of banks in Albania compared with the region. Through an individual fixed effect analysis, the article will study the relationship between the concentration index (C3 Index) and performance of banks in Albania and the region and also to the globalization index to each of the countries analyzed. Pattern analysis covers a span of 12 years (2002–2013) with quarterly data. The key variables to be discussed in the study are the following: globalization index (KOP), competitiveness index (C3) and performance indicator (Return on Equity). The Globalization Index is an indicator, which is built on the basis of indicators of economic globalization (weight 36%), social globalization (37%) and political globalization (26%). A significant relationship of globalization to market competition is expected in this article. This paper is expected to open a new path to academic discussion, not only in the context of economic globalization but also to the region's approach to the removal of economic barriers.

Keywords: *Banking industry, Globalizations index, competition, Performance, Albania, Balkan Region*

1. Overview

Albania comes from a centuries-old experience of isolation and economic autarky. In the past two decades, progressive opening of markets and borders has created a convergence process of our country to the region and to the European continent. As a consequence, of the inevitable process of globalization, countries are losing more and more their social, economic and political boundaries. This article deals with the effects of economic globalization on competition within the banking system in Albania and some countries of Balkan Region. Given that banks manage most of the savings to society, their performance has a substantial importance in terms of industrial expansion and economic or social development. In fact, many empirical studies give support to the financial development – economic growth nexus. Like with every market a good level of competition is a sign of a sound system and the banking sector is no exemption. In the quest to measure the level of competition, several studies describe the level of concentration as one of the main determinants in terms of efficiency in the banking system. The structure of the financial market in Albania has changed drastically during the last quarter-century, and empirical studies have found that today in Albania there is a moderate rate of market concentration indicating a good level of competition (Musta & Shehu, 2015). The study follows the theoretical treatment of the relationship that exists between economic globalization and competitiveness of the banking system in Albania. Then the paper continues with empirical data processing, and summarizes in concentrated form the most important findings. At the end of the study the most important findings are listed; these findings are opening the path for further studies and research in the academic field.

1.1 Purpose and objectives

The purpose of this study is to expand the knowledge and understanding of the effect that globalization has on banking sector competition in Albania. It also aims to push further the academic literature on banking industry. This study analyzes the factors determining the scale of competition in the banking system in Albania and comparing against other countries in the region, more specifically with Bulgaria, FYRM and Serbia. Greece was not included into the analysis because of its different historical background and economic development. Also Montenegro was excluded due to lack of data because of the recent status as an independent state¹.

¹ Montenegro declared independence from former Serbia and Montenegro union in July 3, 2006

2. Literature Review

While reviewing the literature for the factors that influence economic it is found that a developed financial sector is the most debated prerequisite. There are quite a few studies researching the link between economic growth, financial sector development and openness to the global markets. Some of them Robinson (1952), King and Levine (1993a), McKinnon (1973), Levine et al (2000), Levine (2004), Rajan & Zingales (1998), etc. support the argument that financial development leads to economic growth. The opposite opinion shared by some other researcher is that the economic growth produces a growing demand for financial services that in turn leads to more financial development. This view is shared by Lucas (1998), Gurley and Shaw (1967), and Jung (1986), Goldsmith (1969). There is also a third position supported by empirical evidence which states that it can be also a case of bidirectional causality between growth and financial development, Blackburn & Huang (1998), Khan (2001), Shan et. Al. (2001). But whatever be the finance – growth nexus the benefit of a good developed financial system to the economy is undeniable. Referring to Rousseau and Sylla, (2001) a healthy financial system has to comply with five main criteria: (i) sound public finances and public debt management, (ii) stable currency, (iii) a variety of banks with local or/and international orientation, (iv) with a central bank providing a stable domestic financial environment and good management of international financial relations, and (v) well-functioning securities market. They provide historical evidences where the establishment of a sound financial system can influence economic development and growth.

In our quest for measuring a well-developed and sound financial system look at the banking sector concentration levels as an indicator of competition. Competition is seen as the main market force leading to efficiency. Claessens and Laeven (2005), the competition is a very important factor of the banking sector as it improves efficiency and the quality of the products supplied. The given level of competition influences also other sectors of the economy. Empirical evidences show that a higher level of competition in the banking sector leads to faster growth of other economic sectors, which depend on banking system funding. The argument is also supported by Deidda and Fattouh (2002). They suggest that developing countries need a high competing banking system, to drive economic growth. On the other hand, Vives (2001) states that high competition motivates banks to take higher risks which increases the chances of failure. That's why he suggests that for developing countries a more moderate level of competition is desirable, because for them is more difficult to maintain stability in the presence of high competition.

As spotted from the literature competition is a very important factor influencing economic growth, but also that it has to be maintained into control in order to have a sound lasting system. That's why it should be measured, but how? Reviewing the literature, it is found that there are several instruments used to measure competition. Bikker and Haaf (2002) analyze and compare 10 of them; CRk, HHI, HTI, RI, ÇI, HKI, U, Hm, Ha, E. and find that some of them perform better on different industries. Some of the most used in practice specially in measuring competition in banking sector are the concentration level indexes HHI (Herfindahl-Hirschman index) and C3. In the World Bank statistical database, it is found that concentration is measured using the C3 concentration index, which show the concentration ratios of the biggest 3 banks according to the share of their assets in the total assets of the banking sector. Concentration refers to the degree of control of economic activity by large firms (Sathye, 2002). The increase in concentration levels could be due to considerable size enlargement of the dominant firm(s) and/or considerable size reduction of the non-dominant firm(s), and vice versa (Athanasoglou et al., 2005).

The openness of the markets today or as is typically referred to as globalization is a factor of influence that cannot be ignored, especially when measuring competition. Referring to the most popular definition, Globalization is the tendency of investment funds and businesses to move beyond domestic and national markets to other markets around the globe, thereby increasing the interconnectedness of different markets. Globalization is not a new phenomenon of our age, and it will be naive to say so. Every person with some modest knowledge in history can recall information on several episodes where economic and cultural interaction between nations belonging to distant geographic regions has been taken place. Let's just mention the "Silk Road", the route connecting Europe with Asia during the Middle Ages, etc. But even though the phenomenon has been present in the past, no one can deny that the scale and influences it has in the economic and social life that it has today in the world has never been so big. This has to do a lot with the big innovations in technology, information and transportation that have made the world so small.

The process of globalization has different implication on the economic performance and behavior of a country depending on its openness and other factors. According to Norris, (2000) Globalization enhances competition; as it allows free entry and exit of foreign banks, integrates national economies, governance, and produces complex relations of mutual interdependence. Same conclusions are given from Amidu & Wilson, (2004). They state that globalization and the quality of institutional structures are a big improvement factor of competition in a country banking sector. But how should globalization be measured? For this purpose, in 2002, Dreher introduced a Globalization Index which was then better defined in

later works from Dreher, Gaston and Martens (2008). The overall index includes the economic, political and social aspect of globalization. To form the index every variable is transformed into an index ranging from 1 to 100, where being closer to 100 means higher level of globalization.

2.1 Hypothesis Development

Considering the literature above this article will further analyze the research question about determining which are the variables that strongly affect the competition level in the banking market within the Balkan region?

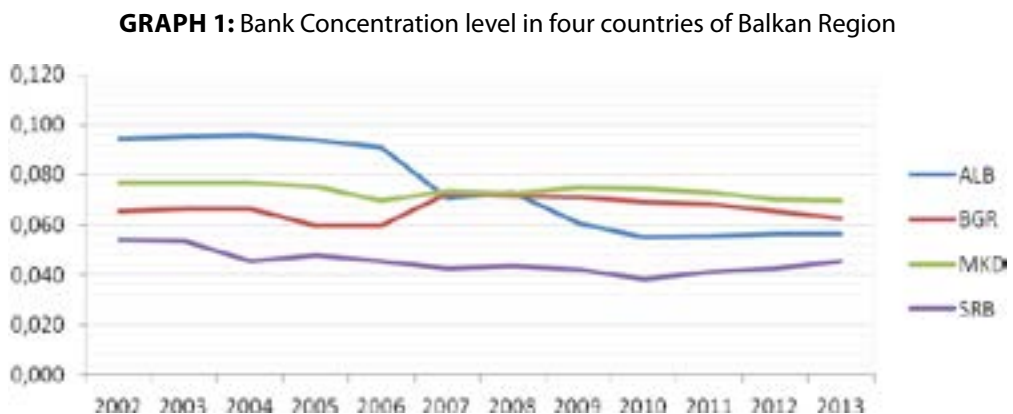
The hypothesis supporting this research question is:

H1. An increase of the level of economic globalization, leads to an increase in the level of competition in its banking sector.

A positive relationship between economic globalization and competition is expected in line with the findings of Norris (2000), Amidu and Wilson (2004), etc. To analyze this hypothesis an empirical analysis is conducted.

2.2 Comparison Overview of the Competition in the Balkan Region

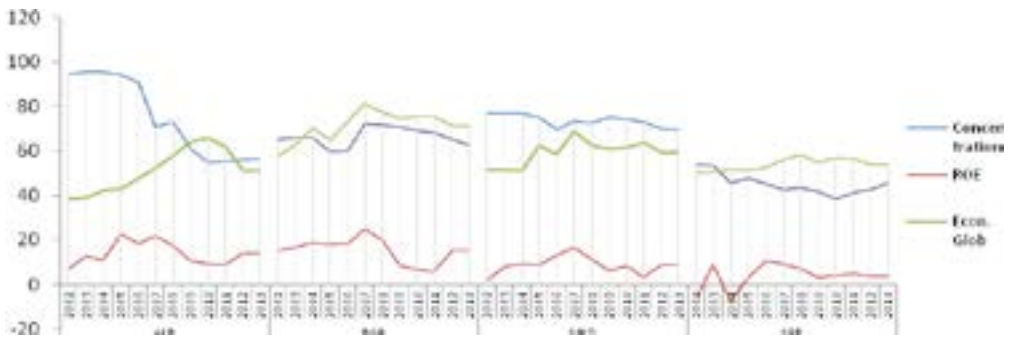
This section is a qualitative comparison analysis between countries in Balkan Region with regards to their competition level, performance and economic globalization level. The graph below shows the concentration level of the banking industry in four countries of the Balkan Region: Albania, Bulgaria, Macedonia and Serbia.



Source: Authors

From the graph above it can be depicted that in overall there has been a constant declining trend in bank concentration, which is an indication of an improvement in bank competition level. Albania has faced a significant declining trend of market concentration and hence an increase in the banking competition during this time. Serbia's concentration level has passed almost through the same path. While Macedonia, has faced a slight decrease of concentration level (a slight increase in competition level). Meanwhile banking system in Bulgaria has faced a decline in concentration (increase in competition) until 2006 and then seems like the trend is continually going through ups and downs.

GRAPH 2: Cross comparison between Albania, Bulgaria, Macedonia and Serbia.



Source: Authors

In the case of Albania (Chart 2) it can clearly be noticed that there is a pattern connecting the globalization index to the concentration level. As the globalization starts to increase a notable drop in concentration levels is depicted. The pattern is followed also by the performance index ROE. The case is not the same for Bulgaria where the concentration levels are moving in the same direction with the globalization, but on the other hand, the performance index is following the previous pattern we've seen with Albania. The same trend linking performance with globalization is also present in the other two charts showing FYRM and Serbia. So far some assumptions can be drawn in attempt to explain the not so strong influence of globalization on market concentration. One for sure must be because the banking sector is so hard to enter and exit which make it not so sensitive in the short-run changes. Another assumption may be because the changes in the globalization index for Bulgaria, Serbia and FYRM are not that big and are missing that convergence effect which may have happened in the case of Albania.

3. Data and Methodology

In this section of the article, a summary of the data design and the methodology used to support the prominence of the hypothesis is indicated. The analysis covers a time frame of 12 years. The reason why the analysis is considered up to year 2013 is related to the availability of the data.

3.1 Data Collection

In this article the relationship between of the economic globalization and performance on the level of the competition is analyzed. In order to have a good analysis, the indicators are chosen based on the literature review analysis. Therefore, the C3 Index is chosen as a proxy to measure competitiveness. This index is considered to be the most appropriate proxy to measure the level of assets concentration within the banking system and therefore the level of competition.

Performance is usually measured using return on equity or return on assets, but not only. In this article ROE is used as the proxy to measure performance of the banking industry, and not ROA, due to the fact that C3 is calculated taking into account the asset concentration level, it leads to a strong multicollinearity problem (between C3 and ROA), which significantly reduces the credibility of the empirical analysis.

Globalization is a wide concept, which includes political, cultural and economic globalization. In this study, only economic globalization is taken into account. This indicator constitutes 36 per cent of the entire globalization indicator computed by KOF². Economic globalization is computed taking into account actual flows, including trade, foreign direct investments (as a percentage of GDP), portfolio investment as a percentage of GDP and income payment and restrictions, including hidden import barriers, mean tariff rate, taxes on international trade (as a percentage of the current revenues) and capital account restrictions. Both, actual flows and restrictions are weighted equally, 50 percent of the overall indicator each.

In this article a comparative analysis between four countries of the Balkan Region is conducted. The countries included in this analysis are: Albania, Bulgaria, Macedonia and Serbia. The initial analysis was wider, but due to the data restriction, the analysis was narrowed into these four countries. The time frame based on which the empirical analysis is computed is a 12-year dataset, from 2002 until 2013. Due to the fact that globalization index is only available until 2013, the dataset end at this year. After the dataset was merged and cleared from the missing values and final dataset of 49 observations was generated.

² Konjunkturforschungsstelle (KOF) globalization index

TABLE 1: Variable Description

Variable	Indicator	Proxy	Abbrev.	Source	Authors	Exp corr.
Explained Variable	Market Competition	C3	Comp	World Bank	Claessens and Laeven (2005), Deidda and Fattouh (2002), Vives (2001), Bikker and Haaf (2002), (Sathye, 2002), (Athanasoglou et al., 2005), etc.	
Explanatory Variables	Performance	Return on Equity	ROE	World Bank	Rousseau & Sylla, (2001), Blackburn & Huang (1998), Khan (2001), Shan et. Al. (2001)	+
	Economic Globalization	Ec.Glob	Ec.Glob	KOF	Amidu & Wilson, (2004), Norris, (2000), Dreher (2002), Gaston and Martens (2008)	+

Source: Authors

Table 1 shows a summary of the variable design, where for each variable the indicator is showed, and for each indicator the best proxy described in the literature review is considered. Last column on Table 1, indicates the expected correlation between explanatory variables with explained variables, according to the theoretical background (refer to authors in column 6)

3.2 Methodology

This quantitative analysis is based on secondary data. According to the fact that a comparison analysis is conducted, the dataset was organized as a panel data. An individual fixed effect model is used in order to estimate not only the effect of economic globalization and performance on market competition, but also other fixed effects. The reason why this is considered to be the most appropriate model relates to the fact that the changes in market concentration is not only and always explained only by these two variables, but there is also a calculated fixed effect which is related to specific conditions of each of the countries taken into account. Therefore, the deterministic equation, which is further computed in this article, is:

$$\text{Log (COMP)} = \beta_0 + \beta_1 \text{ Ec.GLOB} + \beta_2 \text{ ROA} + F_i + D_i + \varepsilon \tag{1}$$

*Where F_i measures the countries specific effect

After checking the variables for normality, it was decided to transform market concentration into logarithmic form, improving in this way the normal distribution. Furthermore, aiming to generate a better comparison between countries, dummy

variables are computed for Bulgaria, Macedonia and Republic of Serbia. These dummies are computed considering Albania the country to be compared.

4. Empirical Findings

In this section empirical results and interpretation on the prominence of the hypothesis are provided. A descriptive statistics table is depicted below aiming to give a better idea on the variables distribution and their correlation to dependent variables.

4.1 Descriptive Summary

Table 2 is a detailed descriptive statistic, which explains not only the overall variation of the variables but also the between and within variation. The within mean variation overtime is zero, indicating that time (t) does not vary within countries. Carefully noticing the logarithmic concentration between countries, it can be stated that the standard deviation between countries is lower compared to the variation of the concentration within countries.

TABLE 2: Descriptive Statistics

Variable		Mean	St.Dev	Min	Max	Skewness	Kurtosis	
t	overall	2007,33	3,54	2002	2013	-----	-----	N = 49
	between		3,60	2002	2013			n=12
	within		0	2007	2007			t-bar=4,08
LogConc	overall	4,15	0,24	3,64	4,56	0,4287	2,873	N = 49
	between		0,09	4,04	4,32			n=12
	within		0,22	3,74	4,50			t-bar 4,08
Ec.Glob	overall	58,58	10,42	38,58	81,38	0,6676	3,480	N = 49
	between		5,96	47,27	65,10			n=12
	within		8,56	45,96	75,15			t-bar= 4,08
ROE	overall	10,41	6,70	-7,54	24,86	0,5865	4,247	N = 49
	between		4,04	5,15	18,08			n=12
	within		5,41	-5,09	21,15			t-bar=4,08
D(BGR)	overall	0,244	0,43	0	1	0,0013	0,4102	N = 49
	between		0,01	0,20	0,25			n=12
	within		0,43	-0,01	1,04			t-bar =4,08
D(MKD)	overall	0,244	0,43	0	1	0,0013	0,4102	N = 49
	between		0,01	0,20	0,25			n=12
	within		0,43	-0,01	1,04			t-bar= 4,08

D(SRB)	overall	0,244	0,43	0	1	0,0013	0,4102	N = 49
	between		0,01	0,20	0,25			n=12
	within		0,43	-0,01	1,04			t-bar= 4,08

Referring to economic globalization, it is noticed that the mean variation between countries is lower compared to the variation within this indicator. The same result stand for the performance indicator, measured here with ROE.

In terms of distribution shape, kurtosis and skewness are also shown in the descriptive statistics table above. Kurtosis checks for how small and sharp the central peak is relative to the standard bell curve. Standard normal distribution is called mesocurtic and equals a kurtosis value of 3. From the data it can easily be noticed that kurtosis for concentration is very close to 3, and globalization is slightly higher than mesocurtic. For ROE’s distribution it can be said that has a slightly higher peak compared to normal distribution.

Meanwhile, skewness is an indicator of the asymmetry and deviation from normal distribution. The negative sign of skewness shows that the distribution observations is left skewed and vice versa. The distribution is approximately symmetric if skewness value varies within the range of (-0,5 to + 0,5). Table 2 shows that Economic Globalization, ROE and logged concentration are almost symmetrically distributed.

TABLE 3: Correlation Matrix

	Log Concent	Ec.Glob	ROE	DBGR	DMKD	DSRB
Log Concent	1,000					
Ec.Glob	-0,124	1,000				
ROE	0,409	0,278	1,000			
DBGR	0,092	0,510	0,420	1,000		
DMKD	0,334	0,039	-0,114	-0,324	1,000	
DSRB	-0,613	-0,256	0,056	-0,324	-0,324	1,000

The correlation matrix indicates a better insight on the relationship between the variables. The correlation coefficient measures the strength of a linear relationship between two variables; the closer the coefficient to one, the higher the correlation between variables and vice versa. From table 3, it can be noticed that concentration is negatively correlated with economic globalization and that the concentration of Serbia is negatively correlated to the concentration level of Albania. While concentration is positively, but weakly correlated to ROE. From the table it can be seen that variables are weakly (0.0-0.4) and moderately (0.4-0.6) correlated with each other, indicating in this was no threat of autocorrelation.

4.2 Individual Fixed Effect Regression

Starting from deterministic equation (1) and the theoretical background the relationship of the explanatory variables into the explained variable is calculated. To generate a better explanation between them, an individual fixed effect regression analysis is used. Table 4 summarizes the regression output. Referring to the R square, it can be said that this regression model explains 78 per cent of the variance of the overall error accounted for by the individual effect. Meanwhile Rho is an indicator, which measure the percentage of variation due to individual specific effect.

TABLE 4: Individual Fixed Effect Regression

Log Conc	Coef.	St. Error	t	P value	95% Conf Interval	
Ec.Glob	-0,013**	0,005	-2,62	0,013	-0,024	-0,003
ROE	-0,005	0,006	-0,92	0,365	-0,017	0,006
DBGGR	0,179*	0,116	1,97	0,099	-0,059	0,417
DMKD	0,081	0,066	1,23	0,229	-0,054	0,217
DSRB	-0,510***	0,076	-6,65	0,000	-0,666	-0,353
Const.	5,065***	0,294	17,20	0,000	4,465	5,664
No. Obs: 49						
R Square: 0,78						
Sigma_u: 0,0647						
Sigma_e: 0,1181						
Rho: 0,2312						

P-values in asteristic; coefficients: * significant at 10%, ** significant at 5%, ***significant at 1%

After conducting the individual fixed effect regression analysis, equation 1 would look like this:

$$\text{Log (CONC)}= 5,06-0,013\text{Ec.GLOB}+ F_i+D_i+ \varepsilon \tag{2}$$

Rewriting the regression equation for competition, knowing that competition is the opposite of concentration, we would have:

$$\text{Log (COMP)}= 5,06+0,013\text{Ec.GLOB}+ F_i+D_i+ \varepsilon \tag{3}$$

The constant coefficient indicates that despite of the explanatory variables, logged concentration will have a value of 5 units; meanwhile economic globalization

coefficient is $-0,013$ and is statistically significant at 5 percent significance level, indicating that under *ceteris paribus* conditions, 1 unit increase in the index of the economic globalization, will lead to a decrease of $0,013$ units in the level of concentration. But knowing that concentration is an indicator for competition, where lower concentration means higher competition, it can be stated that a significant positive relationship between globalization and competition was found. If economic globalization increases, the market will have fewer barriers and therefore the concentration level will decrease, leading in this way into a higher competition. These findings are in line with the theoretical background stated in section 2 of this article.

Further, the coefficient $0,179$ for dummy variable Bulgaria (significant at 10 per cent significance level), indicates that the concentration level of Bulgarian banking system is higher than Albanian one; in average the concentration for Bulgarian banking market will increase by $0,179$ unit more compared to Albanian banking market concentration. Indicating that the banking competition in Albania is on average $0,179$ points higher compared to Bulgarian.

This seems to work the opposite side in the case of Republic of Serbia, where the coefficient $-0,5$ (significant at 1 per cent significance level) indicates that the concentration banking market in Serbia is $0,5$ point lower relative to Albania. This means that Serbian banking market is more competitive than Albanian one. No conclusion can be drawn about the concentration of Macedonian market relative to Albania, due to the non-significant value of the coefficient. The same result counts for performance, which is measured by Return on Equity.

5. Concluding Remarks

To sum up, this article concludes that there is a statistically significant relationship between economic globalization and competition of the banking market in the four countries taken into analysis: Albania, Macedonia, Bulgaria and Serbia. The findings indicate that an increase in the level of economic globalization, leads to a significant decrease in the level of concentration of the banking system and as a result to a positive increase in the level of competition within the banking industry. This findings emphasize the prominence of the hypothesis mentioned at the beginning of this article.

References

Abasogul, O., Aysan, A, et al (2007). Concentration, Competition, Efficiency And Profitability Of The Turkish Banking Sector In The Post-Crisis Period. *Banks and Bank Systems /*

Volume 2, Issue 3, 2007

- Amidu, Mohammed and Wilson, O.S. (2014). Competition in African Banking: Do Globalization and Institutional Quality Matter?
- Beck, Thorsten, Asli Demirguc-Kunt and Ross Levine, «Bank Concentration and Crises», *Journal of Banking and Finance*, 2003.
- Bikker, A.J dhe Haaf, K. (2002). Measures of Competition and Concentration in the Banking Industry: a Review of Literature. Vol 4, 20.
- Blackburn, K., & Huang, V. (1998). A theory of growth, financial development and trade. *Economica*, 65, 107–124
- Dreher, Axel, (2006). Does Globalization Affect Growth? Empirical Evidence from a new Index, *Applied Economics* 38
- Dreher, Axel; Noel Gaston and Pim Martens, (2008). *Measuring Globalization - Gauging its Consequence*, New York: Springer.
- Ferreira, C. (2012). Bank market concentration and efficiency in the European Union: a panel Granger causality approach. 11.
- Hasan, K., & Sanchez, B., & Yu, S. (2010). Financial development and economic growth: New evidence from panel data. *The quarterly review of economics and finance* 51, 88-104
- Huang, H. C., Lin, S. C., 2009. Non-linear finance–growth nexus. *Economics of Transition* 17, 439–466.
- Khan, A. (2001). Financial development and economic growth. *Macroeconomics Dynamics*, 5, 413–433
- King, R., & Levine, R. (1993a). Finance and growth: Schumpeter might be right. *Quarterly Journal of Economics*, 108, 717–738.
- King, R., & Levine, R. (1993b). Finance, entrepreneurship, and growth: Theory and evidence. *Journal of Monetary Economics*, 32, 513–542.
- Levine, R. (1997). Financial development and economic growth: Views and agenda. *Journal of Economic Literature*, XXXV, 688–726.
- Levine, R. (2005). Finance and growth: Theory and evidence. In P. Aghion, & S. Durlauf (Eds.), *Handbook of economic growth*. The Netherlands: Elsevier Science
- Levine, R. 2004. Finance and Growth: Theory and Evidence. NBER Working Paper No. 10766, National Bureau of Economic Research, Cambridge, MA.
- Lucas, R. E. (1988). On the mechanics of economic development. *Journal of Monetary Economics*, 22, 3–42.
- Micco, Alejandro and Panizza, Ugo (2005). Bank Concentration and Credit Volatility
- Musta, E. and Shehu, E. (2015). “Analizë E Konkureshmerise Së Sistemit Bankar Në Shqipëri Sipas Madhësisë Se Bankave”. DSSH 2 Proceedings, UET Press
- Norris, P. (2000) Global governance and cosmopolitan citizens, in J.S. Nye and J.D. Donahue (eds.) *Governance in a Globalizing World*. Washington: Brookings Institution.
- Rajan, R., and L. Zingales. 1998. “Financial Dependence and Growth.” *American Economic Review* 88: 559–86.
- Robinson, J. 1952. “The Generalization of the General Theory.” In *The Rate of Interest and Other Essays*. London: MacMillan.
- Robinson, Joan. 1952. *The rate of interest and other essays*. London: Macmillan.
- Rousseau, Peter L. and Sylla, Richard (2001). *Financial Systems, Economic Growth and Globalization*
- Sathye, M. (2002). The Impact Of Foreign Banks On Market Concentration: The Case Of India. *Applied Econometrics and International Development*. AEEADE. Vol. 2-1

- Shan, J., Morris, A., & Sun, F. (2001). Financial development and economic growth: An egg-chicken problem? *Review of International Economics*, 9, 443–454.
- Shen, C. H., Lee, C. C., 2006. Same financial development yet different economic growth – why? *Journal of Money, Credit and Banking* 38(7), 1907–1944.
- Tushaj, A. (2010), Market Concentration in the Banking Sector: Evidence from Albania. BERG Working Paper Series on Government and Growth. ISBN 978-3-931052-81-2
- Zhuang, J., Guantilake, H., et al. (2009). Financial sector development, economic growth, and poverty reduction: Literature review. ABD economic working papers series nr. 173