

COMPETITION IN THE BANKING SYSTEM OF THE BALKAN COUNTRIES COMPARED TO THE EUROZONE, WORLD AND HIGH INCOME COUNTRIES

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Abstract

The development of the transition economies feels the need of promoting through the banking sector. Competition in the banking market has a positive influence on economic development, although the appropriate size of the competition in this market is debatable in the literature. Through comparative analysis and cluster technique, we put banking market of Balkan countries opposite to the World, Eurozone and high income countries, to better understand the development of this sector dimension. This analysis attempts to shed further light on the level of competition for these countries and to help regulatory authorities in developing appropriate policies, which must withstand strong globalizing trends. Results show that the Albanian banking market has more similarities with the banking market of Romania and Croatia. These countries remain away from Eurozone, high income countries and the world. The latter ones are almost always classified in a separate group with Macedonia and Montenegro. There has been a growing trend of divergence between the countries after the crisis until 2010, but last year of the period under consideration has a fall of them.

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