

DIMITRA LOUKIA KOLIA

University of Macedonia, Greece

SYMEON PAPADOPOULOS

University of Macedonia, Greece

A COMPARATIVE ANALYSIS OF THE BANKING INTEGRATION IN THE EUROPEAN UNION, THE EUROZONE AND THE UNITED STATES.

Abstract:

This paper investigates the evolution of the efficiency and the progress of banking integration in the European Union by checking for convergence among the banks of European and Eurozone countries and contrasting the results with those of the United States banks. Our data sample consists of aggregate balance sheet and income statement data from 3,393 banks, throughout the period 2013-2015. For the purposes of our survey we use a two-step approach. Initially, we use the two-stage semi-parametric double bootstrap DEA method of Simar, L., & Wilson, P. W. (2007), which absorbs the effects of the possible integration barriers in the measurement of efficiency. In the next stage of our analysis, we apply the panel data model of Phillips, P. C., & Sul, D. (2007), in order to investigate the process of banking integration by testing for convergence and for convergent clusters in banking efficiency. Based on our results, we may conclude that in all banking groups efficiency has slightly improved during the reported period and that there is no evidence of convergence across banking sectors in the European Union, the Eurozone nor in the United States. Nevertheless, we find indicators of club convergence in the reported sample and also our results seem to provide supporting evidence that although United States banking efficiency develops more sharply during the reported period, Eurozone banking is nearer to convergence than banking sectors of the European Union and the United States. On the other hand, the subgroups of retail and commercial United States banks are closer to convergence than those of Eurozone banks.

Keywords:

integration, data envelopment analysis, convergence, banking, efficiency