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COMPARISON OF ECONOMIC DEVELOPMENT AND BANKING LOAN ACTIVITIES ON A CASE OF CROATIAN COUNTIES

Abstract:

Banking credit policy is an important pillar of the economic development of a country as well as countries narrower territorial units. Regional development is often based on comprehensive government and municipal policy, geographical and demographic characteristics, statistical classification, a role of different government agencies but also of a financial institutions business policy. The goal of this paper is to compare level of economic development with a banking loan activities in case of Croatian counties. The paper is analysing banking loan activities based on loan to deposit ratio, relative size of banking loan activities on a county level as well as currency and type of a loan structure of banking loan portfolio. Indicators of banking loan activities are compared with counties economic development using non-hierarchical k-means cluster analysis. Research in a paper is looking for an answer to what extent are seen similarities of economic development of Croatian counties and total banking loan activities. In this sense paper is comparing two methodologies, regional development measurement and characteristics of banking loan business.

Keywords:

regional development, banking loans, regional financial intermediation, counties, Croatia

JEL Classification: G21, O16, R10