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COMPETITIVE CONDITIONS IN THE TURKISH BANKING SYSTEMS

Abstract:

In this paper, we investigate competition in Turkish banking sector over the period 2003- 2012. In order to understand the competitive condition in Turkish banking sector, we use the well-known Panzar-Rosse model based on a nonstructural estimation of the H-statistic by employing the quarterly panel data set. The empirical evidences indicate that the Turkish banking sector operates under conditions of monopolistic competition. Therefore, although there have been growing structural changes in the Turkish banking sector since 2000s, there is no remarkable change in the market structure of the Turkish banking sector and it can still be characterized by the monopolistic competition.

Keywords:

Competition, H-Statistic, Panzar-Rosse Model, Turkish Banking Sector

JEL Classification: D00, G28, L10