



Multimarket Competition and Profitability: Evidence from Ukrainian banking

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Goal of the paper

The aim of this paper is to examine the impact of multimarket competition on bank financial performance in the Ukrainian banking industry from 2009Q1 to 2015Q4.

The results:

- ✓ this paper find that banks are more profitable with higher level of multiple market contacts. Moreover, the effect is stronger when multimarket competitors are highly similar in size and coincide in more competitive markets.
- ✓ the findings imply the anti-competitive effect of multimarket contacts in banking industry. When banks compete with the rivals in multiple markets, they have incentives to cooperate instead of competing aggressively. However, the anti-competitive effect of multimarket contacts could be weakened by exogenous shock such as political conflict.

General remarks

- very important subject, paper relates to other contributions on of multimarket competition in UE (e.g. Coccorese and Pellecchia, 2013 JIM&F)
- good motivation, nicely written, shows that author knows the relevant literature

but I have some questions and suggestions ...

Additional suggestions

Literature review:

- ✓ I suggest to set in order the literature review concerning multimarket competition: prior to the crisis, during the crisis, transition versus advanced economy

The model:

Any structural characteristic of the banking industry, including market power and size may be endogenous in profitability equation. In this respect, OLS-based estimators are biased and inconsistent

- ✓ I suggest to employ GMM with instruments variables



Thank you