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Comments on:
**“The effect of the market structure and the
competitive framework of the EU for financial
stability” by Małgorzata Pawłowska**



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Comments on:

“The effect of the market structure and the competitive framework of the EU for financial stability”

Research objective:

- Do market structure and competitive framework affect the soundness of EU banks?
- Focus on competition and market concentration
- Do competition and concentration affect banks' risk taking?



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Findings:

- EU-27 still not homogeneous banking market
- Competition has positive effect on financial stability in EU-15
- Market power has instead a positive effect in EU-12
- Size of the banking industry affects stability



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Questions:

- Should we limit expansion of banking industry? Is there an optimal size? Do deviations from this size matter?
- Why not estimating a full model? Adding a dummy (EU15 vs EU12) interacting with regressors may shed light on geographical differences
- What are the differences, and the economic rationale, for each of the regressions 1-4?