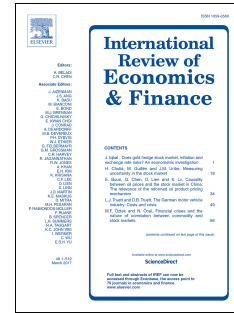


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Does higher bank concentration reduce the level of competition in the banking industry? Further evidence from South East Asian economies

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Does higher bank concentration reduce the level of competition in the banking industry?**Further Evidence from South East Asian Economies****Habib Hussain Khan**

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Abstract

The level of bank concentration has increased significantly in the Association of South East Asian Nations (ASEAN) due to structural reforms undertaken in the banking sector, raising concerns about its potential negative impact on bank performance. In this paper, we empirically test the impact of bank concentration on competition in ASEAN using several indicators. The evidence indicates that the increase in the level of concentration has reduced bank competition and this finding is robust to employing several alternative measures of concentration and competition and empirical models. We discuss the policy implications of the findings.

JEL Code: F36; G2; L1

Keywords: Concentration; Competition; Banking, Reforms, Panzar-Rosse H-statistic, Lerner Index; Boone Indicator

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