

Efinancial Liberalization and Systemic Banking
Crisis: A Meta- Analysis

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EFINANCIAL LIBERALIZATION AND SYSTEMIC BANKING CRISIS: A META- ANALYSIS

Mekki hamdaoui ^{1,a}

Abstract

This study provides systematic analysis of the empirical literature about the relation between financial liberalization and banking crisis by conducting a meta-analysis. To our knowledge, this is the first study based on a meta-analysis as a tool to identify banking crises' origins especially financial liberalization effect. We are interested in explaining heterogeneity of results reported in previous empirical studies studying the importance of specific characteristics of studies, data, methodology and accounting for model uncertainty. Our contribution resides in the use of the BMA approach to determine potential explanatory factors of earlier finding discrepancies. It seems that the sample size plays an important role in explaining divergences in previous results. Thus, the use of multidimensional measures in developing countries tends to reduce significantly the link between financial liberalization and banking crises. Furthermore, we find that some estimation techniques deliver results systematically different from those obtained via other methods. For example, the use of logit approach results in substantially important estimates of the relationship.

Keywords: Financial liberalization; systemic banking crisis; Meta analysis; Bayesian Model Averaging; publication selection bias.

JEL classification: C4; C8 ; F2; F4 ; G2

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1. Introduction

In recent decades, several countries have adopted a new strategy to reform financial markets. At the national level, many government policies based on the control of financial markets (known in the literature

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