

Ownership and Economic Effect of Foreign Bank Entry on performance of banks in Georgia

Metin Mercan

International Black Sea University, Tbilisi, Georgia
mmercan@ibsu.edu.ge

Salavat Sayfullin

International Black Sea University, Tbilisi, Georgia

A successful implementation of an overall reform program will enable Georgian banks to provide intermediation and assist in the country's development from a weak market economy to a mature financial system. The changes for reform are better now than at any time during the last decade. Favorable economic and political conditions and changes in attitude among bank management have created an usual opportunities for development and growth. This study attempts to analyze the econometric analysis of the economic effects of foreign bank presence on banking market. Specifically, to determine which effects dominate whether spillover that could lead to the increase in the profitability and reduction in the overhead costs of domestic banks or competition affects that could lead both to the reduction in the profitability and overhead costs of domestic banks in the banking industry of Georgia economies using firm-level data for the period 1999- 2010.

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