

BANKING EFFICIENCY AND EUROPEAN INTEGRATION. IMPLICATIONS OF THE BANKING REFORM IN ROMANIA

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Abstract:

The aim of this study is to analyze the influence that the European integration process has had over the banking efficiency levels in those countries which have recently experienced more intensely the European integration process. For this purpose we have analyzed, using stochastic frontier models (SFA), applied to panel data, bank efficiency levels of a sample of 240 banks from 12 countries during the period 2000 to 2008. The results sustain the hypothesis that the European integration process has significantly improved the efficiency levels in these countries. However, the improvements haven't appeared simply by the accession to the EU, but have appeared during the process. In order to illustrate the results, we have analyzed the banking system in Romania in the context of the European integration, a country which because of the delay in the initiation of the reforms, despite belonging to the EU, it hasn't still recorded the essential improvements in banking efficiency associated to this process that the other new members have already experienced.

Keywords: banking efficiency, European integration, stochastic models, banking reform.

JEL codes: C11, C73, F15, F36, G14, G21