



Apr 23rd, 9:00 AM - 4:00 PM

The Integration of Banking Systems in the EC

Heidi Munson

Illinois Wesleyan University

Margaret Chapman, Faculty Advisor

Illinois Wesleyan University

Follow this and additional works at: <http://digitalcommons.iwu.edu/jwprc>

Munson, Heidi and Chapman, Faculty Advisor, Margaret, "The Integration of Banking Systems in the EC" (1994). *John Wesley Powell Student Research Conference*. 36.

<http://digitalcommons.iwu.edu/jwprc/1994/posters/36>

This Event is brought to you for free and open access by The Ames Library, the Andrew W. Mellon Center for Curricular and Faculty Development, the Office of the Provost and the Office of the President. It has been accepted for inclusion in Digital Commons @ IWU by the faculty at Illinois Wesleyan University. For more information, please contact digitalcommons@iwu.edu.

©Copyright is owned by the author of this document.

THE INTEGRATION OF BANKING SYSTEMS IN THE EC

Heidi Munson and Margaret Chapman*, Department of Economics, IWU.

The 1993 Second Coordinating Banking Directive outlined the plan for integrating banking systems in the European Community (EC). Banks are free to branch wherever they want in the EC, and must abide by the rules of their home country. The purpose of this paper is to predict which countries' banks will be most profitable after integration; specifically, those countries whose banks have previous experience operating in an atmosphere of minimal regulation should be most profitable after integration. Bank profits of EC countries are tested to determine their relationship to various regulation variables, using data from 1985 to 1989. The paper concludes that those countries' banks which were less heavily regulated were most profitable, confirming the hypothesis.