Abstract

Abstract of thesis entitled "Competition in Chinese Banking System: An Empirical Analysis Based on Panzar-Rosse Model", submitted by Liu, Xiao Lu (M-A7-6803-1) for the degree of Master of Social Sciences at the University of Macau in December 2009.

The competition condition in banking system of China has become hot topic for years. Especially after 2000, with the relaxation of banking regulations and China's entry into the WTO, the competition condition has become more and more fierce. This thesis analyzes the evolution of competitive conditions of Chinese banking system and its changing trend from 2000 to 2008, based on a widely used estimation technique, Panzar-Rosse model. The empirical results suggest that the market structure in Chinese banking industry is monopolistic competition and the trend of the competition degree is rising. Empirical results also show that competitive pressure is higher after 2003, since many financial banks established their joint-stock company. Furthermore, this research also uses the concentration ratio index and finds there are positive relationships between concentration degree and competition condition.

Keywords: Chinese banking system, competition condition, Panzar-Rosse model