



“Local Finance and Local Growth: Macro and Micro Evidence from China”

(in English)



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Abstract:

The establishment of city commercial banks in Chinese cities provides a unique opportunity to study the finance and growth nexus at the city level. Using 2001-2010 panel data for all the cities in China (excluding Lhasa), we find that, surprisingly, the establishments of city commercial banks significantly reduced local city's economic growth, industrial growth, and total loan growth, which is contrary to the argument that these smaller banks serve the local economy better by having advantages of lending to SMEs. To explore the reason, using bank efficiency measures, we find that these newly established city commercial banks are quite inefficient, even compared to the “big four” state owned banks. The inefficiency might be due to local government's influence on its local banks.



Biography:

Chunyang Wang is now an assistant professor in HSBC Business School, Peking University. He received his PhD degree in Economics from the University of Minnesota. His main research field is financial intermediation. His work has been appeared in journals such as European Economic Review.

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Time: 1:30 - 3:00 pm
Venue: WYL314, Dorothy Y. L. Wong Building

All Are Welcome

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