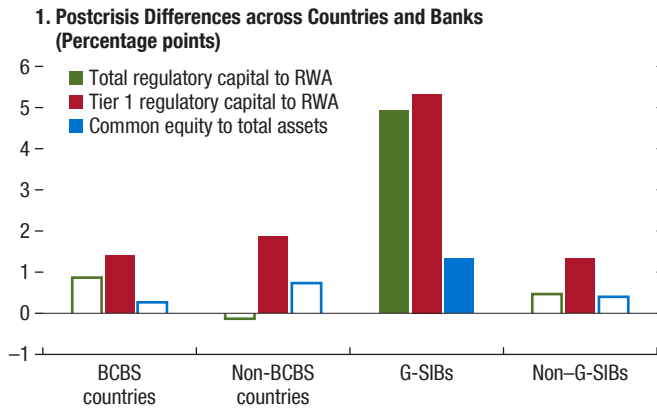
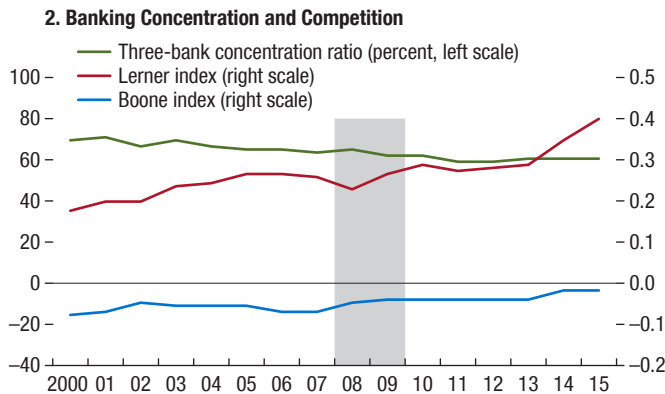


Figure 2.6. Banking Concentration and Competition and Capital Buffers of G-SIBs

Thickening of capital buffers has been notable for systemic banks.



Concentration within the banking sector has fallen slightly, although competition has not picked up.



Sources: World Bank, Global Financial Development Database; and IMF staff calculations.

Note: In panel 1, each bar represents the coefficient of the post-global financial crisis (GFC) dummy variable, that is, the difference in means in the postcrisis period (2010–17) relative to the precrisis period. Solid bars indicate that the coefficients are statistically significant at the 10 percent level. Panel 2 shows the medians across all countries in the sample. The Lerner index is a measure of bank markups, the difference between output prices and marginal costs (estimated from a translog cost function). A higher value is associated with lower competition. To express it in percentage points, the Lerner index was multiplied by 100. The Boone indicator is a competition measure based on the elasticity of bank profits to marginal cost. A more negative value is consistent with greater competition because inefficient banks are punished more harshly through lower profits. The shaded area refers to the GFC. BCBS = Basel Committee on Banking Supervision; G-SIBs = global systemically important banks; RWA = risk-weighted assets.