

Interbank Market, Stock Market, and Bank Performance in East Asia^{*}

報告要旨

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This paper investigates the roles of the stock markets and the interbank markets in measuring bank performance in Malaysia and Thailand. There is little work on the question of whether financial markets have fulfilled the function of the assessment and discipline of banks in East Asian countries, though this question has been explored in relation to advanced countries. The stock price of individual banks can reflect bank's risk profile and the interbank loans to the domestic banks which have higher risk and bad performance may decline. This functioning should be important from the view of the maintaining and strengthening domestic banking systems in East Asia. This paper examines whether the interbank borrowings and the stock prices of domestic commercial banks respond to bank risks and performances in Malaysia and Thailand. The analysis employs panel regression techniques. The regression results suggest that interbank borrowing was affected by bank risk variables since the crisis in Thailand. In Malaysia, the regression shows that bank risk influenced each bank's stock price in 1997 and 1998. The result for Thailand suggests that the bank risk and cost affected bank stock prices after the crisis in Thailand.

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