

Abstract

The thesis discusses the topic of foreign bank participation in transition economies. First part presents theoretical considerations about foreign bank entry and their empirical support. The main focus is then on the empirical investigation of the possible relation between the degree of foreign bank participation and the availability of credit across transition countries. Combining responses from a survey of firms operating in 38 transition economies with data on the degree of foreign bank participation, we derived some interesting conclusions. The analysis suggests that conditions for obtaining credit seem to be better in economies having higher share of foreign banks within countries of Central and Eastern Europe. The opposite conclusion was derived for countries of Commonwealth of Independent States; there economies with higher foreign presence tend to perceive conditions of financing as more problematic. Moreover, it was shown that enterprise size, its ownership and sector within which operates also matter when drawing conclusions on the effects on foreign bank on the availability of credit. Additionally, we identified that the share of state-owned banks and the effectiveness of domestic banking sector are other determinants of credit accessibility.