

The selected abstracts below alert readers to studies on CEEC topics published in other OeNB publications. For further details see www.oenb.at.

The Bulgarian Financial Sector

Zoltan Walko

This paper gives a comprehensive overview of the financial sector in Bulgaria. While the primary focus lies on the banking sector as the main channel of financial intermediation, capital markets for Bulgarian assets are analyzed as well. After a brief description of the turbulent historical development of the banking sector, its main features today are presented. An in-depth analysis of the structure of assets and liabilities is then followed by an investigation of the role of foreign exchange. The present study confirms that the share of foreign currency-denominated domestic claims in total domestic claims on nonbanks has increased and that the share of foreign currency-denominated deposits in total domestic deposits of nonbanks has decreased. To explain these observations the study refers to the ongoing real appreciation process against the backdrop of the currency board arrangement which has been in place since mid-1997. Next, the development of profitability, capital adequacy and asset quality is explored. Finally, a special section is devoted to the role of Austrian banks in Bulgaria, which have a market share of about 11.5% and enjoy high profitability.

Published in Financial Stability Report 8.

Credit and Deposit Interest Rate Margins in Four New EU Member States

Zoltan Walko

Thomas Reininger

Austrian banks' subsidiaries in Central and Eastern Europe deliver a higher contribution to their banking groups' overall pre-tax profit than their relative share in assets would suggest. One widespread explanation for this is that the margins between credit and deposit rates are higher in the Central and Eastern European countries than in Austria or the euro area. This paper presents an overview of the margins in four Central European new EU Member States and analyzes the major differences in the structure of deposit, lending and overall margins compared with the euro area and Austria.

Published in Financial Stability Report 8.