ABSTRACT
In this study, a fixed effect panel logit regression model and a split population survival time model are used to investigate the impact of bank fundamentals and economic conditions on bank failures and survival time from 1999 to 2011 in 11 East Asian markets. The empirical results show that strong bank fundamentals, including capital adequacy, asset quality, management, and profitability and liquidity, as well as desirable economic conditions measured by GDP growth rates, inflation rates, and real interest rates, reduce the failure probability of East Asian banks. In addition, the survival time of banks is primarily described by the measures of economic conditions, and the bank fundamentals exerted marginal effects.

Keywords: bank failure, bank fundamentals, panel model, split-population survival time model

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