

RESEARCH STUDENT SEMINAR

Tuesday 11 December 2018
15:30 – 16:30

**SEERC Conference Room,
Proxenou Koromila Building**

“Bank Capital and Liquidity Creation in Europe”

By
Mr George Kladakis,
PhD student
Management School, TUoS

ABSTRACT

This paper aims to provide evidence on the relationship between bank capital and liquidity creation in Europe as well as to examine liquidity creation and its drivers over time. We use data on 557 Western and Eastern European banks which we split by size and by region (Central & North, South and South-East Europe) from 2005 to 2017 and perform panel data regressions with bank fixed effects. We find a negative effect of bank capital on liquidity creation across all bank size classes and regions, apart from South EU for which we find a positive effect. We also document a significant increase of almost 50% of bank liquidity creation over this period. We attribute this increase to the need for banks to maintain their profitability by providing less risky illiquid loans.

The seminar series is open to all members of *staff and students* of CITY and to any *externals* that wish to attend.