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Bank Competition, Efficiency and Liquidity Creation in Asia Pacific

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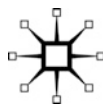
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Preface and Acknowledgments

In 2013, the Asia and Pacific region generated 38 percent of global GDP, accounted for around one-third of the world's exports and continued to be an important feature of the global economic and financial community. In addition, the role of services in Asia Pacific countries has been expanding. The Asia Development Bank's Key Indicators for the Asia and Pacific region for 2014 noted that services have expanded in three-quarters of the region's economies since the year 2000, generating at least half of the GDP in 60 percent of them. The growing importance of the region to the global economy and the rapid advances in banking and finance were key motivators for writing this book.

The work follows on from Professor Xiaoqing (Maggie) Fu's research on competition issues in Asian banking, completed under the supervision of the late Professor Shelagh Heffernan. Professor Fu's ongoing interest in banking matters led to her moving to a position at the University of Macau where she continued to work in related areas, a reflection of this being the joint work she completed with Dr Yongjia (Rebecca) Lin, until recently one of her doctoral students and now a professor at Macau University of Science & Technology. Professors Fu and Lin have discussed and worked on a range of banking matters, together with Professor Philip Molyneux from Bangor University, after various conference and seminar meetings and debated about similar key trends and developments in European and US banking that also influence Asian institutions. Collaboration has evolved over the past few years and one important product of this relationship is this text.

This book investigates three important policy-related issues in Asia Pacific banking, namely:

1. the link between competition and stability in 14 Asia Pacific countries between 2003 and 2010;
2. whether bank shareholder value is influenced by cost and profit efficiency changes over time; and
3. how banks in Asia Pacific create liquidity and whether this is linked to capital generation.

These are important contemporary policy issues given global policy concerns about banking sector fragility and competition issues. Our

text highlights recent methodologies for investigating the aforementioned issues and looks at the limitations of this work. It certainly still remains a challenge to measure competition, value creation, efficiency, liquidity and capital generation in banking systems – this text highlights throughout such challenges.

As in all such endeavors we would not have been able to complete this text without our combined interest in banking sector issues and developments in the Asia Pacific region. More important, of course, are the people who have helped us make this book possible. We owe much to the late Shelagh Heffernan, who had similar interests and provided Professor Fu with excellent guidance and support throughout her studies (as well as after). Professor Heffernan will always be remembered as a kind, generous, and intellectual person and she will be missed. Thanks also to colleagues at the University of Macau, Macau University of Science & Technology, and Bangor University who have provided support and entered into discussions on many of the issues covered in this text. Thanks to Aimee Dibbens at Palgrave Macmillan, who has guided us through the publishing minefield and been swift to advise on a variety of issues. Last but not least, thanks as always go to all our families who put up with our demands and idiosyncrasies during the compilation of this text.