

589 Views | 37 CrossRef citations to date | 0 Altmetric

Original Articles

Economy-wide corruption and bad loans in banking: international evidence

Rajeev K. Goel & Iftekhar Hasan

Pages 455-461 | Published online: 24 Jan 2011

Cite this article <https://doi.org/10.1080/09603107.2010.532112>

Sample our
Economics, Finance,
Business & Industry Journals
>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

Full Article Figures & data References Citations Metrics

Reprints & Permissions [Read this article](#)

Abstract

This study investigates the effects of economy-wide corruption on bad loans across a large sample of countries. The evidence reveals that greater corruption is associated with more bad loans. The study also finds that countries with higher corruption have higher bad loans per capita.

We Care About Your Privacy

We and our 842 partners store and/or access information on a device, such as unique IDs in cookies to process personal data. You may accept or manage your choices by clicking below, including your right to object where legitimate interest is used, or at any time in the privacy policy page. These choices will be signaled to our partners and will not affect browsing data. [Privacy Policy](#)

We and our partners process data to provide:

Use precise geolocation data. Actively scan device characteristics for identification. Store and/or access information on a device. Personalised advertising and content, advertising and content measurement, audience research and services development.

[List of Partners \(vendors\)](#)

I Accept

Essential Only

Show Purpose



This research was conducted when Dr. Goel was visiting the Bank of Finland. We are grateful to the bank for its hospitality and to the participants of XVIII 'Tor Vergata' conference on money, banking and finance, and Finlawmetrics 2010 for comments. Michael Naretta provided useful research assistance. The views expressed, however, are our own.

Notes

¹ A widely accepted definition of corruption takes it to be the abuse of public office for private gain.

² The behaviour of the central bank has also been taken elsewhere to capture banking-sector institutional quality (Huang and Wei, [2006](#); Arnone et al., [2007](#); Hasan and Mester, [2008](#)).

³ Year-to-year comparisons of the index, however, are problematic (see www.transparency.org for details). Consequently, we conduct a single-year cross-country study.

⁴ The raw corruption indices have been transformed to unbind them (for consistency with the underlying assumptions of estimation methodology) and for ease of interpretation (higher post-transformation indices values imply greater corruption).

⁵ A positive association between bad loans and corruption has been noted elsewhere, albeit with mixed results.

⁶ Details

⁷ As noted in the literature, the presence of corruption in an economy is often associated with the presence of corruption. The presence of corruption is often associated with the presence of corruption.



Related

Corruption and Banking Stability: Evidence from Emerging Economies >

Tudorel Toader et al.

Emerging Markets Finance and Trade

Published online: 13 Feb 2018

Corruption, nonperforming loans, and economic growth: International evidence >

Tran Hung Son et al.

Cogent Business & Management

Published online: 1 Mar 2020



Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up



✕