

Journal of Chinese Economic and Business Studies >  
Volume 10, 2012 - Issue 3

3,064 84

0

Views CrossRef citations to date Altmetric

Original Articles

Bank profitability and GDP growth in China:  
a note

Yong Tan &amp; Christos Floros

Pages 267-273 | Received 12 Jul 2011, Accepted 08 Jan 2012, Published online: 16 Jul 2012

Cite this article <https://doi.org/10.1080/14765284.2012.703541>

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 &amp; data

References

Citations

Metrics

Reprints &amp; Permissions

Read this article

## Abstract

This article examines the effect of GDP growth on bank profitability in China over the period 2003–2009. The one-step system GMM estimator is used to test the persistence of profitability in the Chinese banking industry. The empirical findings suggest that cost efficiency is positively related to bank profitability, while lower profitability can also be explained by higher taxes paid by banks. In addition, there is a negative relationship between GDP growth and bank profitability. Furthermore, the results show that (1) the

## About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our [Privacy Policy](#).

Accept All

Essential Only

Settings

# Notes

1. It accounts for 66% of total financial assets and 17.5% of GDP (as of 2006).
2. The factors include asset turnover ratio, ratio of long-term debt to short-term debt, overdue loan ratio, stagnant loan ratio, lost loan ratio, core capital ratio, capital adequacy ratio, capital risk ratio, asset profitability ratio, and capital profitability ratio.
3. Logarithm of GDP is used as the indicator of economic growth.
4. The bank-specific variables include size, capitalization, liquidity, cost efficiency, credit risk, non-traditional activity. The inflation, unemployment rate and GDP growth rate are used as the macroeconomic determinants.
5. The bank-specific variables mainly include technical efficiency, liquidity, capitalization, etc, while the macroeconomic variables include concentration, GDP growth, inflation, volatility of interest rate, etc.
6. Correlation among variables is tested through the correlation matrix and shows that there is no multicollinearity problem in our sample; these results are available upon request.

## Related research

People also read

Recommended articles

Cited by  
84

### About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our [Privacy Policy](#).

Accept All 

Essential Only

Settings



## 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



Copyright © 2024 Informa UK Limited   Privacy policy   Cookies   Terms & conditions

Accessibility



Taylor & Francis Group  
an informa business

Registered in England & Wales No. 3099067  
5 Howick Place | London | SW1P 1WG

### About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our [Privacy Policy](#).

Accept All

Essential Only

Settings