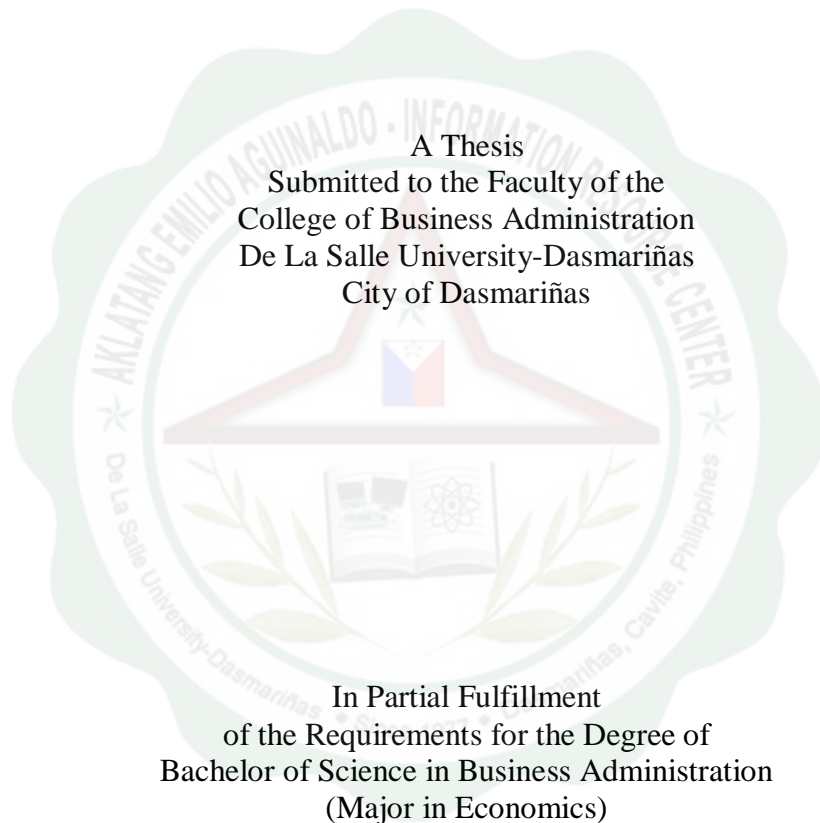


**IMPACT OF BANKING LIBERALIZATION  
ON PHILIPPINE DOMESTIC BANKS'  
CREDIT SUPPLY**

A Thesis

Submitted to the Faculty of the  
College of Business Administration  
De La Salle University-Dasmariñas  
City of Dasmariñas



In Partial Fulfillment  
of the Requirements for the Degree of  
Bachelor of Science in Business Administration  
(Major in Economics)

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## ABSTRACT

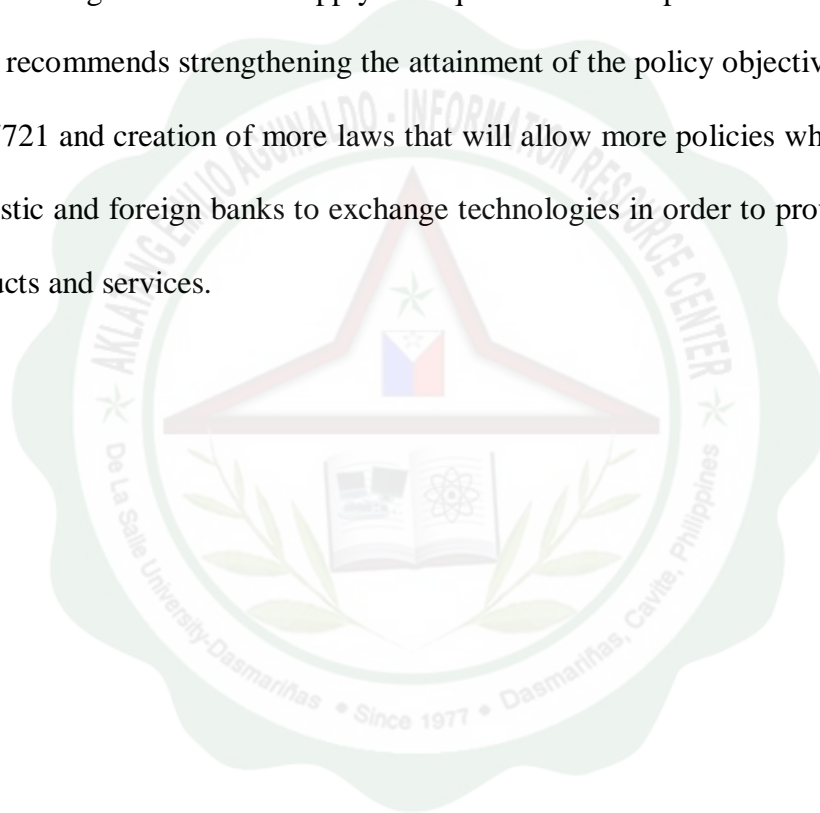
**CONDES, P, R., Impact of Banking Liberalization on Philippine Domestic Banks' Credit Supply.** Bachelor of Science in Business Administration (Major in Economics), De La Salle University-Dasmariñas, City of Dasmariñas, March 2010. Adviser: Mr. Romano Angelico T. Ebron.

This study investigated the impact of banking liberalization on Philippine domestic banks' credit supply. Specifically, it aimed to (a) describe and analyze the total assets, capital, deposit, and lending rate performance of private domestic banks and government banks relative to foreign banks; (b) compare the credit supply performance of private domestic banks and government banks relative to foreign banks; and (c) evaluate the impact of banking liberalization on Philippine domestic banks' credit supply. The findings of the study covered the period 1994-2007.

The study employed pooled regression analysis using the data of foreign and domestic banks. Specifically, it utilized both the actual amounts and ratios of each variable. Domestic banks are composed of government and private domestic banks, while foreign banks are composed of foreign bank branches and foreign banks subsidiaries. Results showed that domestic bank deposit, domestic bank capital, bank lending rate, foreign bank credit supply, foreign bank capital, foreign bank deposit, and foreign bank total asset significantly affect domestic bank credit supply. Results also indicated that domestic bank credit supply is inversely affected

by lending rate. Likewise, results also showed the rejection of the null hypothesis that domestic bank credit supply is directly affected by foreign bank deposit.

The study depicted that banking liberalization compels domestic banks to become more efficient. Hence, domestic bank credit supply is relatively higher than that of foreign bank credit supply as required in the Republic Act No. 7721. The study recommends strengthening the attainment of the policy objectives of the R.A. No. 7721 and creation of more laws that will allow more policies which encourage domestic and foreign banks to exchange technologies in order to provide improved products and services.



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