

National Banking Sector Linkages: Did the Global Financial Meltdown Strengthen or Weaken the Linkages?

Abstract:

This paper uses a vector auto-regression moving average (VARMA) as well as Granger-causality Wald test to examine the linkages among the major banking sectors in the international markets. My findings show that the US national banking sector has directional influence over the eight other major national banking sectors including: France, Germany, Switzerland, UK, Australia, Hong Kong, Japan, and Canada. Furthermore, the influence that the US national banking sector exerts on the other major banking sectors appears to diminish after the financial meltdown occurred on September 15, 2008.
