



The Role of Regional Banking Groups in Fostering Banking Competition

Dr. Florian Léon
University of Luxembourg

Executive Summary

The banking systems in Africa have witnessed dramatic transformations over the two past decades with the expansion of regional banking groups (also called Pan-African Banks). These new actors are and will be important players in the sub-Saharan African banking markets. This dramatic change raises the question of its consequences for the development and functioning of financial systems in Africa. A recent study reveals that the penetration of regional banks goes hand-in-hand with increased competition among banks in West Africa. In this scenario, Multilateral Development Banks (MDBs) can play an important role as catalysts for private investments in various ways (project design, policy advice, co-investor, insurance, etc.). The “protective umbrella” provided by MDBs is a sign of creditworthiness to private sector investors.