Abstract
This paper investigates the impact of the SSM’s launch on the market power of banks in the large euro area economies. We employ the Lerner index and the Boone estimator, non-structural measures that capture different aspects of competition. Using the results of the Lerner index, we find evidence of the significant decrease in market power for the ECB supervised entities in Austria, France, Germany and Spain. In a similar vein, the Boone indicator points toward an increase in competition among significant supervised entities of Austria, France, Germany, Italy and Spain. The evidence on changes for the total banking sector are mixed, whereas no significant effect is found for the banks remaining under national supervision. We do not find any support for significant increases in the market power of banks in Italy or Spain, suggesting that large increases in concentration do not necessarily result in anticompetitive conduct.