

Description for the general public

The decisions of banks regarding location of their branches are relevant not only for the banks themselves but also for local communities. They co-determine, for example, how easily households can use bank services or how available bank loans are for small local firms. Despite the obvious significance of bank branch location, the motives behind banks' decisions to enter or exit local markets for the Central and East European economies are unknown. Similarly, our knowledge regarding the role of traits of bank branch networks in shaping bank performance in this region is, at best, scarce.

The situation described led us to the decision to investigate two issues using data from the Polish market. First, we intend to find factors encouraging banks to enter local banking markets, we plan to verify how traits of bank branch networks impact on bank performance. and we want to identify drivers of the banks' decisions to exit local banking markets. Second, we will investigate how different changes in local banking markets affect local economic activity and welfare.

We conjecture that the outcome of our research project will be relevant not only for bank managers but also for regulatory bodies and institutions safeguarding consumer rights.