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Abstract

Podpiera (2006) found that compliance with Basel Core Principles (BCP) in banking provisions has a direct positive effect on bank performance. Using Non-performing Loans (NPL) ratio and Net-Interest Margin (NIM) as indicators of bank performance, his panel data from 1998 to 2002 with 65 different countries proved that higher compliance results in better bank performance and soundness. This paper is a reexamination of this relationship in a more recent time period from 2006 to 2010 when another global financial crisis took place. I found evidence that the positive relationship between BCP compliance and bank performance continues to be true.
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