

Institutional and Fiscal Determinants of Non-Performing Loans: Empirical Evidence from the Post-COVID-19 Period

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Abstract

This paper investigates the fiscal, institutional, and macroeconomic determinants of non-performing loans derived from 122 countries globally. Through regression analysis, the results of this paper show that non-performing loans exhibit significant and negative relationships with institutional indicators such as rule of law, government effectiveness, and political stability as well as fiscal indicators such as subsidies and government debt. The one significant positive deterministic variable observed is interest payments. These findings suggest the crucial roles institutional quality and fiscal policy play in controlling the level of non-performing loans in an economy. This paper contributes to the existing literature on NPL determinants and offers policy implications for improving financial stability.

Keywords

Non-Performing Loans, Regression Analysis, Macroeconomic Indicators, Institutional Quality

1. Introduction

In the modern world, the effectiveness of an economy is heavily dependent on the functionality of its banking sector. Credit-based loans make up a large majority of the money supply, and many institutions rely on these loans for funding operations and expansion. When such institutions collapse, their outstanding loans default. Non-performing loans deter lenders from loaning money, threatening the overall stability of the banking system. To that end, the welfare of the banking sector and by extension the economy as a whole can be measured by the percentage of loans that default.

This paper aims to identify the institutional and macroeconomic indicators that drive NPLs, and to evaluate the extent to which these indicators impact NPLs both individually and jointly with other indicators. This paper analyzes these indicators in a post-COVID context, following a period of economic crisis where significant government intervention was necessary to sustain international banking systems. In an environment where economic variables may act differently than they did previously, understanding of NPL indicators offers valuable insight for institutions in helping maintain financial stability of the banking system and the overall economy.

The findings of this study indicate that institutional quality and fiscal policy play an important role in determining the level of non-performing loans across countries. Rule of law, government effectiveness, and political stability have strong statistically significant negative relationships with respect to NPLs. Generally, a stable political environment with effective institutions and a strong government is conducive to decreasing NPLs. Fiscal policy variables, particularly subsidies and government debt, exhibit a negative and statistically significant effect as well. Government intervention, through increasing government spending and lowering taxes and cutting costs for businesses, helps control the quantity of NPLs within an economy. Interest payment is the only variable that shows a positive relationship with NPLs. The more money that needs to be allocated towards interest payments, the less money there is available to support the economy. When analyzed under conditions of an effective government making active fiscal policy changes, however, higher interest payments now become linked with a decrease in NPLs.

Other macroeconomic indicators such as GDP growth, inflation, climate risk, and unemployment, have no significant impact on NPLs. Overall, institutional quality and fiscal policy hold more importance in predicting and limiting NPLs than macroeconomic indicators, especially during the post COVID-19 period.

This paper contributes towards existing literature on NPLs in several important ways. First, this paper adopts a comprehensive cross-country dataset from 122 countries, providing broader and more generalizable insight on the indicators of NPLs. This paper also integrates both macroeconomic and institutional variables for analysis, providing a more extensive understanding of the factors that influence performance and stability of banking systems. Most importantly, this paper offers unique insight into the behavior of NPLs within the post COVID-19 period. Much of the existing literature of NPLs is based on data from before the COVID-19 pandemic. This study specifically focuses on the post-COVID-19 period, a new macroeconomic environment for banking institutions where it becomes important to reassess which factors now drive NPLs.

This paper proceeds as follows: Section 2 provides background information on existing literature. Section 3 highlights the empirical findings. Section 4 concludes the paper.

2. Literature Review

Various methodologies have been used and employed to analyze non-performing

loans, such as regression analysis (Khan et al., 2020; Ozili, 2024), dynamic panel estimation (Beck et al., 2015; Koju et al., 2018), panel data regression (Tanasković & Jandrić, 2015; Ghosh, 2015; Amuakwa-Mensah & Boakye-Adjei, 2015), GMM (Radivojević et al., 2019), ARDL (Kjosevski et al., 2019), and GLS model (Giammanco et al., 2023).

The literature identifies various determinant variables for non-performing loans, including GDP (Umar & Sun, 2018), inflation rate (Adeola & Ikpesu, 2017), lending rate (Morduch, 1999), exchange rate (Tanasković & Jandrić, 2015), liquidity (Kjosevski et al., 2019), housing price index (Ghosh, 2015), stock market capitalization (Beck et al., 2015), broad money to GDP (Adeola & Ikpesu, 2017), government stability (Hakimi et al., 2022), leverage ratio (Serrano, 2021), bank z-score (Ozili, 2019), trade openness (Fan et al., 2024), and retail & corporate lending (Bischof et al., 2022).

Existing studies focus on various countries and regions, such as Pakistan (Khan et al., 2020), China (Umar & Sun, 2018), United States (Ghosh, 2015), Ghana (Amuakwa-Mensah & Boakye-Adjei, 2015), Nigeria (Adeola & Ikpesu, 2017), Republic of Macedonia (Kjosevski et al., 2019), and Bangladesh (Morduch, 1999), as well as groups of countries and regions such as MENA (Hakimi et al., 2022), CESEE (Tanasković & Jandrić, 2015), Latin America (Radivojević et al., 2019), Central Europe (Serrano, 2021), Asia (Giammanco et al., 2023), and transition economies (Kastrati, 2011).

The literature shows that non-performing loans are shaped by both bank-specific and macroeconomic factors. For example, Khan et al. (2020) and Koju et al. (2018) highlight the role of international bank efficiency, profitability, and management practices in reducing NPLs. In contrast, Beck et al. (2015), Tanasković & Jandrić (2015), and Radivojević et al. (2019), emphasize macroeconomic indicators, particularly GDP growth, inflation, and unemployment as a determinant of NPLs. Ghosh (2015) and Ozili (2019) show that external shocks, pausing markets, and institutional collapse can also lead to a higher ratio of NPLs. Meanwhile, Hakimi et al. (2022) and Bischof et al. (2022) suggest that in addition to bank stability, government and political stability can also have a significant impact on NPL quantity.

Within developed countries, indicators of NPLs identified by the literature remain relatively consistent. Beck et al. (2015), Ghosh (2015), and Serrano (2021) show the role of lending rate, specifically the percentage of loans that are high risk or high interest, in determining NPL quantity. Additionally, both Koju et al. (2018) and Ozili (2019) recognize capital adequacy as a strong indicator of NPLs. By contrast, studies analyzing NPLs within developing countries yield mixed conclusions. For instance, Amuakwa-Mensah & Boakye-Adjei (2015) and Kastrati (2011) identify inflation as an indicator for NPLs, while Tanasković & Jandrić (2015) and Kjosevski et al. (2019) explain that inflation is only impactful in certain contexts, Radivojević et al. (2019) and Adeola & Ikpesu (2017) conclude that inflation has no effect on NPLs.

The extensive summary of existing literature on the determinant indicators of NPLs is presented in **Table 1** below.

Table 1. Key studies on indicators of NPLs.

Authors	Year	Key Variable(s)	Country/ Region	Method	Key Findings	Time Period
Khan et al.	2020	ROA, Bank Capital	Pakistan	Regression	Efficiency and capital adequacy reduce NPLs; political interference and poor investment increase NPLs.	2005-2017
Umar & Sun	2018	GDP, SPRS, FXR	China	Regression	GDP and credit quality influence NPLs.	2005-2014
Beck et al.	2015	APR, Stock Market Price & Capital	Global	Dynamic Panel Data	GDP growth, exchange rate, and interest rate contribute to NPLs.	2000-2010
Tanasković & Jandrić	2015	GDP, Inflation, FX	CESEE	Panel Data Regression	GDP and FX reduces NPLs; Inflation has little impact on NPLs.	2006-2013
Ghosh	2015	Industry size	USA	Panel Data Regression	Efficiency, credit quality, balanced portfolios, and careful lending reduce NPLs.	1984-2013
Amuakwa-Mensah & Boakye-Adjei	2015	Credit Risk, FX, Inflation	Ghana	Panel Data Regression	Small bank NPLs impacted by internal factors, large banks NPLs impacted by macro factors.	1998-2009
Radivojević et al.	2019	Unemployment, Household Spending, APR	Latin America	GMM	GDP and household spending have a large impact on NPLs; inflation and capital adequacy have little impact for NPLs.	2000-2015

Continued

Kastrati	2011	Bank Quantity, APR, Judiciary	Transition Economies	Panel Data Regression	GDP, inflation, competition, and market crashes are drivers of NPLs.	1994-2009
Koju et al.	2018	Bank Size, Inefficiency, ROA	MENA	Dynamic Panel Data	Poor management, high risk lending, and low GDP growth increase NPLs.	2003-2015
Adeola & Ikpesu	2017	APR, Broad Money, Inflation	Nigeria	Regression	Lending rate, money supply, and unemployment are NPLs indicators.	2005-2014
Kjosevski et al.	2019	Liquidity, CAR, Herfindahl- Hirschman Index	Republic of Macedonia	ARDL	Capital adequacy increases NPLs; GDP and credit growth decrease NPLs.	2003-2014
Hakimi et al.	2022	Government Stability, Corruption, Board Size	MENA	Threshold Regression	Government and political stability decrease NPLs only to certain thresholds.	2004-2017
Mamoon et al. (2025)	2025	Central Bank Independence, NIM, Government Integrity	Global	Panel Data	Central bank independence and reduced risk decrease NPLs.	1998-2005
Serrano	2021	Leverage, Income, Credit Spread	EU	Panel Data Regression	There is a two-way causality between lending rate and NPLs.	2014-2018
Ozili	2019	Bank Stability & Efficiency, Lerner Competition Index	Global	Regression	Weak supervision and risky lending increase NPLs; efficiency, capital adequacy, and liquidity decrease NPLs.	2003-2014

Continued

Fan et al.	2024	Climate Change, Green Credit	China	Dynamic Panel Data	Climate change increases NPLs through decreased bank performance.	2005-2020
Bischof et al.	2022	Legal Efficiency, APR	Global	OLS Panel Regression	Efficient legal systems and bank stability decrease NPLs.	2007-2016
Giammanco et al.	2023	Government Debt, Price Index, Monarchy	Asia	GLS	Public debt and government ineffectiveness increase NPLs.	2000-2020
Morduch	1999	Subsidies, APR, Interest Income	Bangladesh	Theoretical Model	Subsidies can reduce default risk and NPLs.	1985-1997
Ozili	2024	Inflation, Financial Inclusion, International Trade	Nigeria	Quantile Regression	Inflation and financial inclusion affect GDP growth but not NPLs.	2007-2022

3. Empirical Evidence

Data

Table A1 presents various indicators sourced from the World Bank World Development Indicators. These variables include non-performing loans as a percentage of total gross loans (Bank Loans), GDP growth as an annual percentage (GDP Growth), change in CPI as an annual percentage (Inflation), rule of law (Rule of Law), climate risk as a percentage change in CO₂ emissions excluding LULUCF since 1990 (Climate Risk), interest payments as a percentage of expense (Interest Payments), political stability and absence of violence/terrorism (Political Stability), unemployment as a percentage of total labor force (Unemployment), subsidies and other transfers as a percentage of expense (Subsidies), central government debt as a percent of GDP (Gov Debt), and government effectiveness (Gov Effectiveness). All variable data is taken from the most recent available year in 2022, which reflects the post-COVID-19 time period.

Descriptive Statistics

Table 2 provides descriptive statistics for variables used in the regression analysis. Bank Loans has 122 observations, with a mean of 4.389 and a standard deviation of 4.178, ranging from a minimum of 0.242 to a maximum of 27.704. GDP

Table 2. Descriptive statistics.

Variable	Obs	Mean	Std. Dev.	Min	Max
Bank Loans	122	4.389	4.178	0.242	27.704
GDP Growth	122	4.095	4.408	−19.609	19.793
Inflation	117	10.054	8.883	1.045	72.309
Rule of Law	122	0.134	0.908	−1.7	1.958
Climate Risk	119	216.531	503.013	−70.277	3914.458
Interest Payments	87	7.597	7.381	0.31	41.317
Political Stability	122	0.012	0.797	−2.205	1.25
Unemployment	121	7.076	6.138	0.231	35.359
Subsidies	88	46.193	19.078	6.405	84.994
Gov Debt	44	65.18	42.367	15.393	216.213
Gov Effectiveness	122	0.179	0.898	−1.747	2.049

Growth has 122 observations, with a mean of 4.095 and a standard deviation of 4.408, ranging from a minimum of −19.609 to a maximum of 19.793. Inflation has 117 observations, with a mean of 10.054 and a standard deviation of 8.883, ranging from a minimum of 1.045 to a maximum of 72.309. Rule of Law has 122 observations, with a mean of 0.134 and a standard deviation of 0.908, ranging from a minimum of −1.7 to a maximum of 1.958. Climate Risk has 119 observations, with a mean of 216.531 and a standard deviation of 503.013, ranging from a minimum of −70.277 to a maximum of 3914.458. Interest Payments have 87 observations, with a mean of 7.597 and a standard deviation of 7.381, ranging from a minimum of 0.31 to a maximum of 41.317. Political Stability has 122 observations, with a mean of 0.012 and a standard deviation of 0.797, ranging from a minimum of −2.205 to a maximum of 1.25. Unemployment has 121 observations, with a mean of 7.076 and a standard deviation of 6.138, ranging from a minimum of 0.231 to a maximum of 35.359. Subsidies have 88 observations, with a mean of 46.193 and a standard deviation of 19.078, ranging from a minimum of 6.506 to a maximum of 84.994. Gov Debt has 44 observations, with a mean of 65.18 and a standard deviation of 42.367, ranging from a minimum of 15.393 to a maximum of 216.213. Gov Effectiveness has 122 observations, with a mean of 0.179 and a standard deviation of 0.898, ranging from a minimum of −1.747 to a maximum of 2.049.

Models

To determine the main individual indicators of NPLs, the following cross-section regression model will be applied. Many variables in the dataset are only available for one recent year for most countries. Additionally, this cross-sectional regression allows for broad and global comparisons during the specific economic recovery period.

$$Y_i = \beta_0 + \beta_1 X_i + \varepsilon_i \quad (\text{Equation 1})$$

where Y_i is the dependent variable for observation i , which refers to Bank Loans.

β_0 is the constant term representing the expected value of the dependent variable when the independent variable is zero. β_1 is the coefficient for the independent variable X_i which includes Growth, Inflation, Rule of Law, Climate Risk, Interest Payments, Political Stability, Unemployment, Subsidies, Gov Debt, and Gov Effectiveness individually. The coefficient shows the change in the dependent variable when the independent variable changes by one unit. ε_i represents the error term, which is the difference between actual value and the predicted value from the model.

In addition to the simple regression model, the following multiple regression model will be applied to determine the combined impact of indicators. After estimating several multiple regression models, only the most significant one is reported here.

$$Y_i = \beta_0 + \beta_1 \text{Gov Effectiveness}_i + \beta_2 \text{Subsidies}_i + \beta_3 \text{Interest Payments}_i + \varepsilon_i \quad (\text{Equation 2})$$

where β_1 , β_2 , and β_3 are coefficients for the independent variables Gov Effectiveness, Subsidies, and Interest Payments, respectively. The coefficients show the change in the dependent variable when their associated independent variable changes by one unit. Several combinations of variables were tested, and the model with the most variables where all variables maintained statistically significant coefficients is reported.

4. Findings

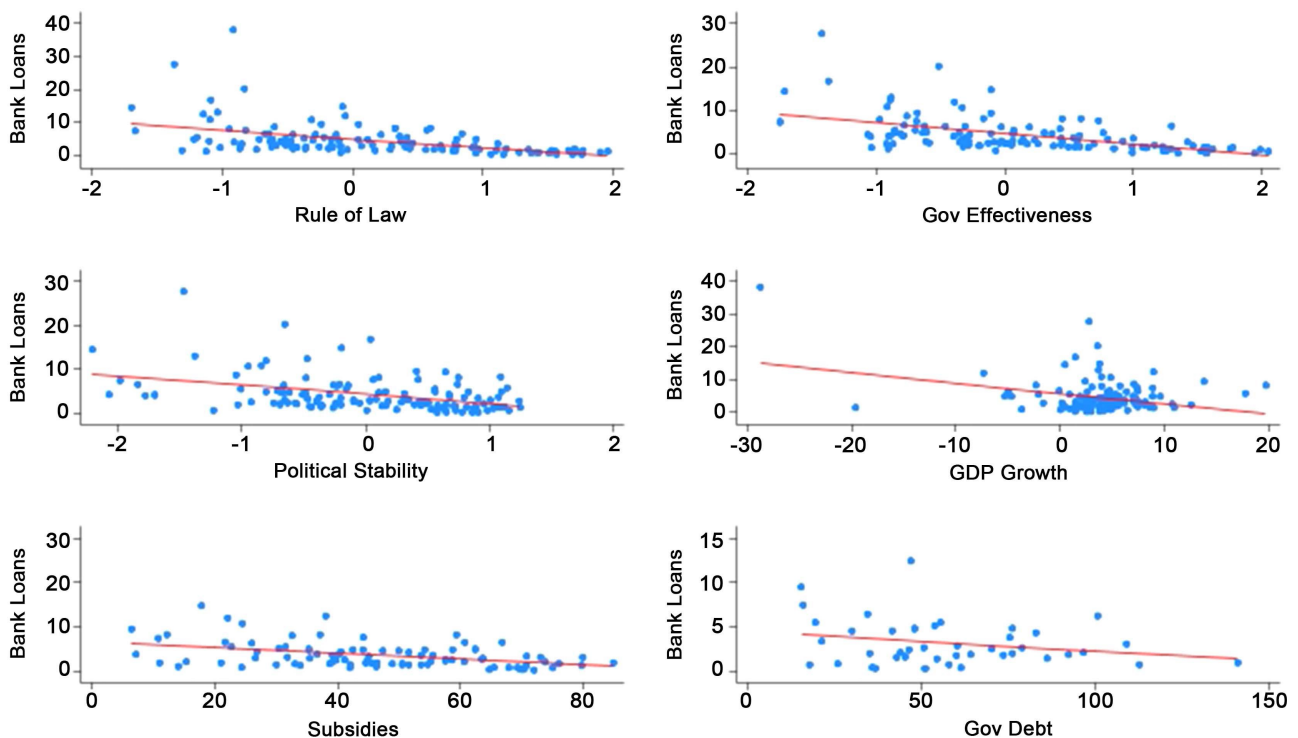


Figure 1. Scatterplot graphics between Bank Loans, Rule of Law, Gov Effectiveness, Political Stability, GDP Growth, Subsidies, and Gov Debt.

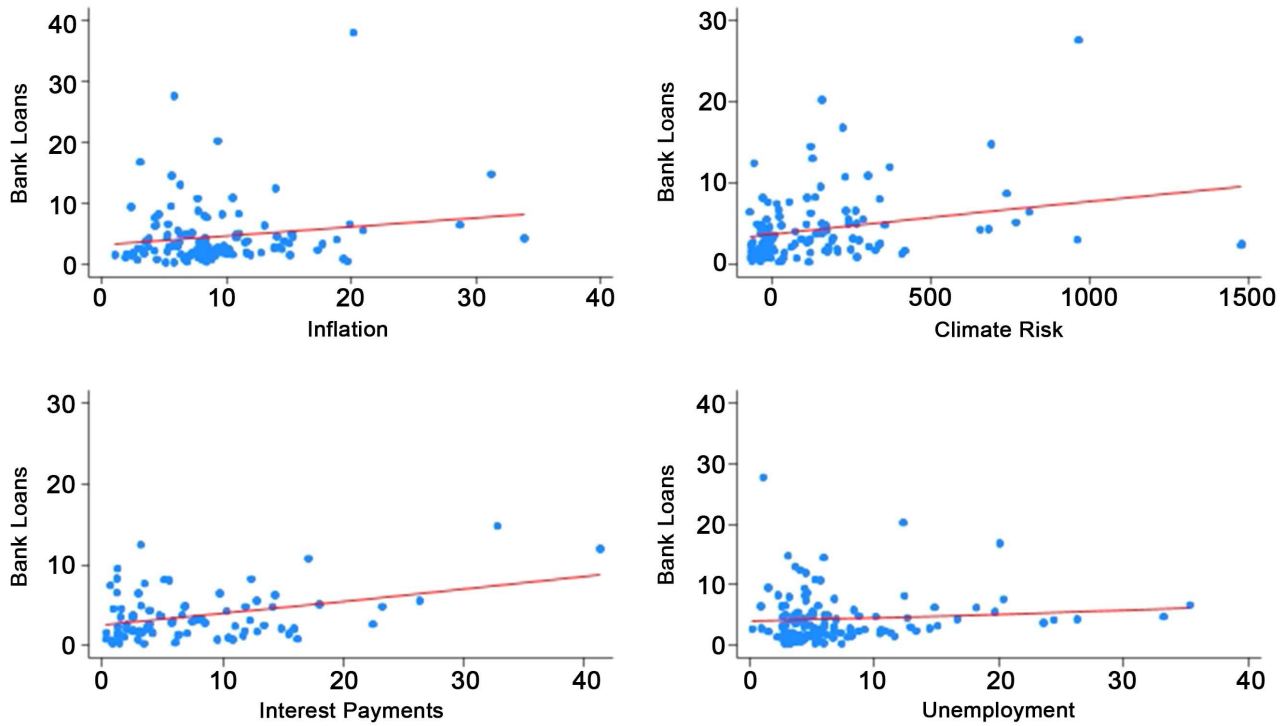


Figure 2. Scatterplot graphics between Bank Loans, Inflation, Climate Risk, Interest Payments, and Unemployment.

A variety of interesting conclusions can be drawn from **Figure 1** and **Figure 2**. **Figure 1** shows the indicators (Rule of Law, Gov Effectiveness, Political Stability, GDP Growth, Subsidies, and Gov Debt) that have negative relationships with NPLs, suggesting that a higher value of these variables leads to a lower level of NPLs. In contrast, **Figure 2** shows the indicators (Inflation, Climate Risk, Interest Payments, and Unemployment) that have positive relationships with NPLs, suggesting that a higher value for these variables correlates with a higher quantity of NPLs.

Table 3. Regression analysis.

(a)			
VARIABLES	(1) NPLs	(2) NPLs	(3) NPLs
Rule of Law	-2.334*** (0.435)		
Gov Effectiveness		-2.565*** (0.439)	
Political Stability			-2.078*** (0.557)
Constant	4.701*** (0.375)	4.847*** (0.380)	4.414*** (0.353)

Continued

Observations	122	122	122	
R-squared	0.257	0.304	0.157	
	(b)			
	(4)	(5)	(6)	
VARIABLES	NPLs	NPLs	NPLs	
Growth	-0.311 (0.243)			
Subsidies		-0.079*** (0.020)		
Gov Debt				-0.022* (0.013)
Constant	5.852*** (1.194)	7.566*** (1.311)	4.396*** (1.013)	
Observations	123	89	42	
R-squared	0.102	0.101	0.058	
	(c)			
	(7)	(8)	(9)	(10)
VARIABLES	NPLs	NPLs	NPLs	NPLs
Inflation	0.072 (0.070)			
Climate Risk		0.003 (0.003)		
Interest Payments			0.152*** (0.056)	
Unemployment				0.058 (0.057)
Constant	3.886*** (0.728)	4.166*** (0.584)	2.430*** (0.474)	4.001*** (0.614)
Observations	118	118	87	121
R-squared	0.015	0.026	0.144	0.007

Robust standard errors in parentheses; ***p < 0.01, **p < 0.05, *p < 0.1.

Table 3(a) presents the result of three different regression models, where the dependent variable is Bank Loans and the independent variables are Rule of Law, Government Effectiveness, and Political Stability. A statistically significant result at one percentage level is marked with (***), the five percentage level is marked with (**), and the ten percentage level is marked with (*). The sign in front of the β coefficient shows whether the independent variable has a positive or negative

impact on the dependent variable. A positive impact is indicated with a “+”, while a negative impact is indicated with a “-”. R-Squared shows the extent to which the independent variable explains the change in the dependent variable.

Column 1 shows the effect of Rule of Law on Bank Loans. The coefficient is negative and statistically significant at one percentage level. The negative sign indicates that as the Rule of Law for a given nation increases, the quantity of non-performing bank loans within that nation decreases. In other words, stronger Rule of Law is linked to better performance of a nation’s banking system. The R-squared value of 0.257 shows that 25% of the variation in the Bank Loans can be explained by Rule of Law. Column 2 and Column 3 present the effect of Government Effectiveness and Political Stability on Bank Loans, respectively. The coefficients are both negative and statistically significant to one percentage point, suggesting that there is negative correlation between these two variables and NPLs. More effective governments with higher political stability result in fewer bank loan defaults.

This relationship can be explained through observation that a nation’s political order and ability to enforce laws is also indicative of the strength of its banking system. Nations that have more stable governments are better able to enforce their policies and control their banking system, thereby decreasing the quantity of NPLs.

Table 3(b) presents the result of three different regression models where the dependent variable is Bank Loans and the independent variables are GDP Growth, Subsidies, and Gov Debt.

Column 4 shows the effect of GDP Growth on Bank Loans. The coefficient is negative and statistically insignificant. Column 5 shows the effect of Subsidies on Bank Loans. The coefficient is negative and statistically significant to one percentage point, suggesting that an increase in subsidies given by a government decreases the amount of bank loan defaults. Column 6 shows the impact of Gov Debt on Bank Loans. The coefficient is negative and statistically significant to ten percentage points. This indicates a weak inverse relation between government debt and bank loan defaults.

Increases in government debt and subsidies are indicators of expansionary fiscal policy. An increase in government debt arises from increased government spending while subsidies largely stem from tax cuts that help lower cost of production. This economic stimulation leads to increased household income, thereby making loans easier to manage and lowering risk of default. Additionally, an increase in government borrowing may increase the total gross loans of an economy without necessarily increasing the quantity of NPLs, leading to a decrease in the value of the variable as a whole.

Table 3(c) shows the result of four different regression models where the dependent variable is Bank Loans and the independent variables are Inflation, Climate Risk, Interest Payments, and Unemployment.

The only statistically significant variable is Interest Payments (Column 9) at one percentage level, suggesting that an increase in interest payments is linked to an increase in NPLs. A higher portion of expense being dedicated to interest payments often means less money contributed towards paying off loan principal,

which may be caused by interest rate increases or poor borrowing habits. Both of these are signs of risky lending, which increases the chance of default.

Table 4. Multiple regression analysis.

VARIABLES	(11) NPLs
Gov Effectiveness	−2.000*** (0.461)
Subsidies	−0.037** (0.017)
Interest Payments	−0.108* (0.053)
Constant	6.676*** (1.304)
Observations	39
R-squared	0.605

Robust standard errors in parentheses; ***p < 0.01, **p < 0.05, *p < 0.1.

Table 4 shows the result of multiple regression analysis examining the combined effect of the most important indicators on NPLs. The result shows that Gov Effectiveness, Subsidies, and Interest have negative and statistically significant effects on NPLs. When all variables are considered, government effectiveness becomes the strongest driver of NPLs. Interest payments now exhibit a negative relationship with NPLs rather than a positive relationship when considered alongside other factors. In countries with effective governments and active fiscal policy changes, a larger portion of government expense being diverted towards interest is a sign of attempts to limit the quantity of NPLs. While higher interest payments individually are usually linked to increases in NPLs, higher interest payments can also result from government spending and activity which assists in decreasing NPLs. To this end, higher interest payments are indicative of proactive institutions and overall greater government effectiveness. When estimated using equation 1, higher interest payments may not necessarily reflect higher debt payments from government institutions. Only when institutional quality and fiscal policy are accounted for do interest payments show their true predictive effect.

5. Conclusion

This paper investigates the macroeconomic and institutional determinants of non-performing loans across 122 countries within a post COVID-19 environment. The results emphasize the importance of the government in maintaining banking stability. Specifically, stronger government effectiveness, political stability, and rule of law significantly reduce NPLs. Subsidies and government debt also

play an important role in mitigating NPLs, while interest payments are a significant positive driver of NPLs. The results also identify the insignificance of some indicators such as GDP growth, inflation, climate risk, and unemployment. The multiple regression analysis model mostly supports the evidence here.

Designing prudent fiscal policy and strengthening institutional frameworks prove effective in minimizing systematic risk of lending, thereby mitigating the effects of NPLs overall. This may involve adjusting fiscal levers such as government spending and tax rates, thereby increasing government debt and subsidies, two variables that have been identified as having a negative effect on NPLs. Ensuring government effectiveness and institutional stability through political policy also proves effective in controlling NPLs quantity.

Future studies could employ panel data methods that account for change in NPLs policy over time by examining the lagged effect of macroeconomic shocks. Once more data of the overall transition and recovery of the global economy from the COVID-19 crisis becomes available, studies could take advantage of the larger dataset to provide more robust empirical evidence. This allows future studies to validate the findings of this study, and to analyze the change in the significance of determinant factors over time. Future studies may also incorporate region-specific datasets to better aid policymakers in targeting strategies that address region-specific conditions and indicators.

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Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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Appendix

Table A1. Definition of the variable.

Symbol	Variable	Definition	Source
Bank Loans (NPLs)	Bank non-performing loans to total gross loans (%)	Bank nonperforming loans to total gross loans are the value of nonperforming loans divided by the total value of the loan portfolio.	WDI World Bank
GDP Growth	GDP growth (annual %)	Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2015 prices, expressed in U.S. dollars.	WDI World Bank
Inflation	Inflation, consumer prices (annual %)	Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services.	WDI World Bank
Rule of Law	Rule of Law: Estimate	Rule of Law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, ranging from approximately -2.5 to 2.5 .	WDI World Bank
Climate Risk	Carbon dioxide (CO ₂) emissions (total) excluding LULUCF (% change from 1990)	Change of emissions (as %) of current year with respect to emissions in the baseline year 1990 emissions of carbon dioxide (CO ₂), one of the six Kyoto greenhouse gases (GHG), from the agriculture, energy, waste, and industrial sectors, excluding LULUCF.	WDI World Bank
Interest Payments	Interest payments (% of expense)	Interest payments include interest payments on government debt—including long-term bonds, long-term loans, and other debt instruments—to domestic and foreign residents.	WDI World Bank
Political Stability	Political Stability and Absence of Violence/Terrorism: Estimate	Political Stability and Absence of Violence/Terrorism measures perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism, ranging from approximately -2.5 to 2.5 .	WDI World Bank
Unemployment	Unemployment, total (% of total labor force) (modeled ILO estimate)	Unemployment refers to the share of the labor force that is without work but available for and seeking employment.	WDI World Bank
Subsidies	Subsidies and other transfers (% of expense)	Subsidies, grants, and other social benefits include all unrequited, nonrepayable transfers on current account to private and public enterprises; grants to foreign governments, international organizations, and other government units; and social security, social assistance benefits, and employer social benefits in cash and in kind.	WDI World Bank

Continued

Gov Debt	Central government debt, total (% of GDP)	Debt is the entire stock of direct government fixed-term contractual obligations to others outstanding on a particular date. It includes domestic and foreign liabilities such as currency and money deposits, securities other than shares, and loans.	WDI World Bank
Gov Effectivness	Government Effectiveness: Estimate	Government Effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies, ranging from approximately -2.5 to 2.5.	WDI World Bank