**Financial gradualism and banking crises in North**

**Africa region: an investigation by a panel logit model**

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### **Abstract**

In order to overcome the troubles of the crisis in the seventies, North African countries have adopted financial liberalization policies to enhance their economic growth. Moreover, these policies have affected the stability of their banking systems. The purpose of this study is to test the impact of financial liberalization on the probability of appearance of banking crises which covers a sample of four countries of the North Africa region during the period 1970-2003 by using a panel logit model. The empirical analysis of this study suggests that (a) the degree of financial liberalization impact significantly the occurrence of banking crises in the countries of the region, (b) the order of financial liberalization between internal and external financial liberalization is also crucial for the emergence of banking crises.

**Keywords**: financial liberalization, banking crises, North African countries, panel logit model, order of financial liberalization, degree of financial liberalization.

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