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BANKS AND SOCIETY: WHO SERVES WHOM?

Abstract
This paper adds a new dimension to the financialization research. The research question is how the contribution of banks to national economic performance compares with the share of national wealth appropriated by banks. In order to quantify it, I put forward a novel set of metrics. It embraces aspects such as: banks' propensity to lend to non-financial enterprises, bank lending contribution to investment in fixed assets by non-financial companies, a cross-sector comparison of profitability and average wages, the share of banks in total taxes paid by corporations nationwide, etc. Each metric is composed by one or more indicators derived from publicly accessible statistical sources, thus ensuring transparency and replicability. I apply the metrics to Russian banking industry in the period of 1991–2020, and arrive at a number of counter-intuitive findings, such as banks flourishing and displaying record profitability while the rest of the economy melts down in the 1990s, or the trend reversing along with a creeping nationalization of the banks after 1998. Overall, one might argue that it is the economy (and society) at large that serves the banking industry, rather than the other way around, as it should be.

Key words: *financialization, banks, society, contribution.*

JEL codes: E60, G21, G28, P34

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Introduction

The initial motivation for this paper comes from classical institutional approaches to banking business and bankers (Veblen, 1904; 1923; Commons, 1934). Critical approaches were subsequently elaborated by heterodox (non-mainstream) schools of thought, culminating in the research of financialization and its socio-economic effects (Epstein, 2005; Krippner, 2005; Assa, 2017; Marois, 2012; Sawyer, 2013; Bezemer, 2014; Arcand et al., 2015). Financialization is understood as the strengthening of relative positions of the banking and financial sector within the economy and the expansion of financial firms into new areas. Financialization has involved the economy of all industrialized countries and many emerging markets.

Heterodox writings oppose the mainstream theories regarding the role of banks in economic innovation and growth, etc. 'finance – growth nexus'. The point is to challenge the cornerstone idea about beneficial nature of *any* banking / financial activity, by removing a positive bias and looking critically at what banking actually contributes to the society, in a broad sense. The contribution of banks is seldom examined consistently with that of other firms because it is implied that banks are not regular firms. Statistical conventions have further obfuscated the entire matter. What used to be a deduction form the disposable income of firms and households suddenly started being regarded as a positive contribution to the generation of GDP, a fee for useful service rendered, a reward for risk, etc.

This paper, therefore, poses an unpopular research question and suggests an unexplored way of tackling it. I put forward a set of metrics [jointly] meant to gauge various aspects of the contribution that commercial banks make to economy and society. Hopefully, it will trigger a professional discussion of the subject. Next section briefly outlines the state-of-the-art in terms of research publications. Section 3 explains how the contribution of banks can be assessed. Section 4 shows the results of empirical application of my concept to the data on one particular country (Russia), and offers a brief discussion of results. Finally, Section 5 concludes.

1. Literature review

There is an abundant, and constantly growing, body of literature on the finance – growth nexus. Given that in the absolute majority of non-Anglo-Saxon countries banks are the prevailing form of a financial intermediary, the research question relates to the causality between the size of the banking industry, on one side, and economic and social development and growth, on the other. A consensus about the instrumentality of banks and the unquestionable benefits of their activity for the rest of the economy (King & Levine, 1993; Levine & Zervos, 1998; Allen & Gale, 2000; Beck et al., 2000; Levine et al., 2000; Berger et al., 2004) has taken strong roots in university textbooks. Policy advice coming from the World Bank, International Monetary Fund and various other corners was also grounded in this assumption or, rather, axiom.

Empirical results of studies of finance-growth nexus greatly depend on research design. There is the perennial issue of endogeneity which can dilute much of the positive effect of financial development for economic growth. Authors who choose to understate endogeneity are likely to overstate the benefits of financial activity (Valíčková et al., 2015). Such a choice goes beyond methodology, given the ideological and doctrinal background of mainstream research in economics and finance.

At an earlier stage of the debate there have been dissenting views on the direction of causality, i.e., whether it is the expanding banking industry that promotes growth, or vice versa (Rajan & Zingales, 1998). These views were rejected and marginalized. However, recent evidence suggests that the direction of the causality *can* be reverse, particularly in the case of non-Western economies with specific features. In post-communist Russia, it is economic growth that leads loans, and not the other way around, while the role of bank loans in initiating economic growth was limited (Ono, 2012). In the early 1990s in Russia, start-up banks mushroomed while the rest of the economy collapsed, and post-1998 economic recovery was not impeded by private banks demise (Vernikov, 2017). One might well suspect a reverse causality between the two.

Mainstream economists have long avoided to criticize banks and bankers, perhaps, as Robert Shiller wrote ironically, because *«it pays to flatter businesspeople, whose support is useful to economists' careers»* (Shiller, 2019, p. xvii). The mainstream 'pro-bank' view remained unchallenged until the powerful financial crisis of 2008. Since then, there has been a boom of heterodox views and schools which study controversial effects of bank activity and excessive financialization. The veil of sacrality has been lifted from banking. More and more authors view banking as just one of the sectors of the domestic economy: *"…the business of finance is not that different to other businesses"* (Nesvetailova & Palan, 2020), although many banking and financial houses are highly profitable, often due to excessive market power and political leverage.

A large part of bank assets is, in fact, intra-financial, while only a small portion of the activity is related to productive investment in the enterprise sector (Turner, 2017). That is certainly different from what Joseph Schumpeter (1961) envisaged a century ago when writing about a pivotal role of banks in promoting innovation and thereby encouraging economic development. Financial entities largely serving themselves can be taken for another yet feature of financialization. Other popular concepts of financialization define "the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies" (Epstein, 2005, pp. 3–4); "the dominance of finance over industry,… accompanied by rising inequality of income and wealth" (Sawyer, 2016, p. 96); "a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production" (Krippner, 2005, p. 174); "increasing financial capital in non-financial firms and the involved shift in operational objectives", "the relative increase of financial assets in the balance sheets of non-financial firms" (Heise, 2023, p. 969). Banks and other financial entities reallocate resources from productive activities in their own favor (Deidda, 2006); that also applies to human resources (Tobin, 1984). While economists have been [predictably] reluctant to explore the perils of excessive bank size, profitability and power, the

research of financialization and its effects emerged on the agenda of scholars in adjacent fields such as sociology, geography, anthropology, culturology, etc. (Hall, 2010; Wójcik, 2011). In 2020, the Routledge Handbook on financialization included 40 (!) papers on its different aspects (Mader et al., 2020).

The discourse regarding banks and banking becomes increasingly critical, and the language of papers written by accomplished economists, including Nobel Prize winners, becomes harsh. Joseph Stiglitz (2010) blames stakeholders of American leading banks for greed, recklessness, irresponsibility and cynicism, which led to the 2008 crisis. Describing bankers and banking, Stiglitz uses such expressions as: "the follies of their [Western banks'] lending practices" (p. 19), "growth was based on a pile of debt that supported unsustainable levels of consumption" (p. 21), "I criticize—some might say, vilify—the banks and the bankers and others in the financial market" (p. 22); "[poor Americans] were able to continue their consumption binge, …, and lenders could enjoy record profits based on ever-mounting fees" (p. 30); "the financial sector has attempted to shift blame elsewhere" (p. 36); "the financial sector bears the major onus for blame" (p. 38).

Relying on more recent data, scholars revert to well-studied effects which long remained 'sacred cows', such as the finance – growth nexus. Calculations for 65 countries suggest that financial debt (measured as credit to the private sector over GDP) might have a tentative watershed at around 80–100%, after which the positive impact for economic growth fades away. There might be such a thing as 'too much finance'. The main transmission channel of this effect is via growth of financial fragility and economic instability when financial sector overgrowths its optimal size in a given economy (Arcand et al., 2015). Post-Keynesians argue that financialization contributes to the inherent instability of capitalist economy, since "the fragility of the financial system is related to the ratio of debt payments to operations income for the various sectors and the extent to which units are dependent upon refinancing their positions in long assets in smoothly functioning short-term financial markets" (Minsky, 1975, p.160). Cross-country empirical studies develop this

tradition of measuring the financial fragility within the post-Keynesian framework (Karwowski et al., 2020).

Increased financial fragility and banking crises are probably only a part of the story. 'Too much finance' problem is identified after control for endogeneity, output volatility, banking crises, institutional 'quality', or differences in banking regulation and supervision. It is supposed to be mostly relevant for developed economies with already great financial depth, and less so to emerging markets (Arcand et al., 2015, p. 106, 136–137, 141). At the same time, for emerging markets like Russia the tentative threshold over which financial development starts hurting economic growth might be lower than 100% as in developed countries, due to particular institutional features (Vernikov & Kurysheva, 2024).

In terms of the impact of the size of the financial sector on economic growth or volatility, financial system size, especially non-intermediation services, "may stimulate growth at the cost of higher volatility for high-income countries" (Beck et al., 2014, p. 62).

Economists have repeatedly claimed that the penetration of financial services in the household sector contributes to welfare, prosperity, and equality. On that basis, financial access was considered as an essential benchmark of development, and financial inclusion was promoted on national level and internationally. The banking industry has learned to use the momentum of financial inclusion in its favour, pushing credit to customers and fostering debt-driven consumption. In fact, the dominant consumerist version of financial literacy programs is influenced by commodity sign production, and eventually contribute to civic irresponsibility, inequality and disengagement, rather than other way around (Arthur, 2012). Loans aimed at increased consumption, including that of everyday luxuries and other non-essentials, may grow even amidst socio-economic turmoil (Rajan, 2010; Kurysheva & Vernikov, 2023). Bankers have convinced the populaces that it is absolutely 'normal' to live beyond means.

The statistical treatment of banks' role and contribution is essential. The treatment of banking as just another productive economic sector is relatively recent. It results from the 1968 reform

of national accounts statistics standards: bank's interest incomes on loans that had been treated as transfers, were reclassified as remuneration for productive services. It triggered a 'financialization of GDP' in countries like US or UK, i.e. a growing share of financial services and insurance in the value-added on a national level (Assa, 2017).

Another trend in contemporary financialization research is to explore moral and ethical dimensions of banking which economists have thus far carefully avoided. One of such issues is whether banking remains a service industry or it puts the society at its own service. Discussing this matter revives a century-old tradition set by American institutionalists. Thus, Thorstein Veblen blamed the habits of thought that made the financiers' gains generally out of touch with the benefits for the whole community (Veblen, 1904). In a similar vein, John Commons (1934) called for the institutional regulation of the baking capitalism to restrict the bargaining power of financiers.

A detailed discussion of the banks' contribution to social welfare, and the sign of such a contribution, remains a research gap, in my opinion. Very few, if any, attempts to assess it numerically have been undertaken. This paper follows up on the article that proposes a novel set of metrics featuring the relevance of the banking industry for Russia in the time frame of 1991-2016 (Vernikov, 2017). This time, the focus is not on institutional change, but rather on the documentation of the industry's preference position within the economy. It places the research question within the context of financialization research while firmly remaining in the domain of Economics, despite ethical and moral implications similar to those introduced by Veblen and Commons.

2. Assessing the contribution of banks

Quantitative methods of evaluating the banking industry as a whole, as opposed to microlevel bank data, mostly focus on financial depth and financial access. The commonly used metrics of financial depth include ratios of bank assets, or loans, or loans to non-financial private sector, to country's annual GDP. Financial access covers features such as availability of bank infrastructure (number of

branches, sub-branches and ATMs) weighted by population and the penetration of bank services (accounts, payment cards, deposits, loans, etc.). Both these dimensions are meaningful and informative if one wishes to assess the industry size. As far as penetration is concerned, it rather reflects the interest of the industry itself than that of the users of its services.

My interest is meanwhile to look at the contribution of the banking as an industry. The concept of contribution is vague and unpopular in academic literature, due to methodological ambiguity. In a matter like this, it is good to combine quantitative methods with qualitative ones, not to get misled. Nevertheless, some quantification is indispensable, in order to put the theorizing a slightly more solid ground. To address this challenge, I start from the set of indicators featuring banking industry (Vernikov, 2017) and re-arrange them to focus on the specific research question of this paper (Annex). Metrics work best in a combination and not on a stand-alone basis. All of them are either directly available from open-source statistical publications, or have a simple transparent formula of calculation.

The indicators of size are quite straightforward: NUM (the number of operating banks) and three alternative ways of measuring financial DEPTH (total assets, total loans, and loans to non-financial private sector to GDP for the period).

The group of ‘bank contribution’ metrics includes some common ones along with a few novel ones proposed by this author. The former includes LTA (loans-to-assets ratio, i.e. banks’ commitment to lend to non-financial private sector companies), LDR (loans-to-deposits ratio, i.e. banks’ capability to transform household savings into real sector investment), ROE (return on bank equity, i.e. banking business profitability), and LTINV (loans-to-investment, the share of domestic bank loans within all sources of investment into fixed assets).

LTA displays banks’ commitment to lend to non-financial private sector companies. Abnormally low share of loans in total bank assets may indicate banks’ irrelevance and failure to perform their core mission. I emphasize loans to non-financial companies rather than total loans that would also include loans to financial

institutions, state agencies, households, etc. Joseph Schumpeter saw a difference between 'productive loans' and 'productive interest' (Schumpeter, 1961, pp. 157–158, 178) that foster innovation, and the 'secondary wave' (Schumpeter, 1961, p. 226) of credit that finances consumption growth, overinvestment and speculation.

LTINV may not be a universal gauge, but at least some central banks, including those of China and Russia, calculate and publish it. LTINV denotes the role of banks in financing fixed assets investment. Here comes the trickier part. VALUEADDED (share of banking and finance in domestic value added), ROAGAP (return on assets of banks compared to non-financial companies), LONGTERM (lending to non-financial companies for tenors over 3 years), PROFIT (share of banks in all profits earned by the corporate sector), WAGE (gap between average bank wage and national average), TAX (share of banking in tax revenue), PROFITTAX (share of banking in corporate profit taxes paid), and, finally, APPROPR (resources appropriated by banks relative to GDP).

VALUEADDED is a surprisingly unclaimed metric. While being more or less easily discoverable from national accounts statistics, the contribution of banking and finance (often aggregated with insurance) to the creation of GDP is seldom used to illustrate financialization or structural change. The use of VALUEADDED renders banking a treatment similar to any other sector of the national economy, all its particularities notwithstanding.

ROAGAP compares return on assets of banks and non-financial companies and shows the gap between the two. The direction of change in this indicator matters more than its precise reading at any point in time.

LONGTERM adds a dimension to bank lending. I approximate 'productive lending' by longer-term lending to non-financial companies for tenors over 3 years on the assumption that longer-term loans are more likely to serve investment purpose, whereas short-term lending goes to finance working capital, trade etc.

PROFIT (share of banks in the total amount of profit earned by the corporate sector) may dissipate or confirm the hypothesis that banks appropriate an ever-growing slice of the total pie. Yearly

fluctuations are significant due to loan loss provisioning or release of early made provisions, so averages for longer periods would be more informative.

WAGE (gap between average bank wage and national average) gauges the excess of wages in the banking sector over average wages in the economy. Despite well-known theoretical apologies of high wages and compensations in the banking sector, I still believe that WAGE deserves a consideration. Work conditions in the banking industry are very favourable, so it might be regarded unfair to have an excessively wide gap with wage in sectors with much harsher and unattractive conditions, especially if the gap tends to widen over time. When banks gain market power and political clout, WAGE can be expected to grow.

TAX and PROFITTAX (share of banking in all tax revenue and in corporate profit taxes paid) help to evaluate banks as corporate citizens. As in the case of ROAGAP, the direction of change matters, while cross-country comparisons are impaired by the difference in institutional settings.

APPROPR (resources appropriated by banks relative to GDP) offers a view of the relative (to GDP) number of resources that banks appropriate and spend on themselves in the course of their regular activity. It includes running costs (personnel costs, etc.) plus profits less profit tax actually paid. Each of these items is reflected in every bank's profit-and-loss statement, so the calculation of this indicator can be transparent and technically uncontroversial. I see it worthwhile to complement bank profits with the other resources which banks incur. Banking generates both benefits and costs. When talking about costs in the context of banking, it is usually referred to bank bailout costs, but such events are irregular, while banks consume resources continuously. Personnel costs are essential in all service sectors, and even more so in the banking industry where there may be very little fixed assets and material expense. Banks lavishly remunerate personnel, which is partly captured by the metric WAGE. In comparison to WAGE, APPROPR is more comprehensive and also gives an alternative view by relating to GDP. APPROPR correlates statistically with value-added numbers provided by

national accounts statistics. The advantage of APPROPR, however, is that it aims specifically at banks and can be traced down to micro-level data for individual banks, whereas value-added is computed once a year in a highly aggregated form combining banks, other financial intermediaries and insurance, which might blur the trend in banking alone. It would be useful to compare respective datasets for a number of countries and a number of consecutive years.

Some of these indicators were calculated for Russian banking sector in 1991-2016 (Vernikov, 2017), i.e. before the COVID pandemic and the subsequent political developments which produced, among other things, lesser availability of data for key banks. Calculations were impaired by unavailability of banking statistics in the beginning of the observation period[†] and closer to its end, albeit for different reasons. There is no publicly available credit register. Data are excessively aggregated. Changes of methodology and series breakages are frequent.

3. Some results and discussion

The index of banks headcount and the GDP index can go in opposite directions (Fig. 1). In the early 1990s, while the ‘real’ economy of Russia collapsed, banking and quasi-banking entities flourished. Certainly, transformation decline is an extraordinary development on which conventional economic theory has little to say. But empirical evidence of that kind suggests that: (a) banks and bankers successfully pursue their own interests which may or may not be synchronized with those of the remaining economy; and (b) one cannot take for granted the textbook version of finance-growth nexus. A decade later, a mass-scale exit of private banks did not preclude the economy from growing. Again, reverse causality may be hard to prove here.

[†] Central Bank published its first monthly survey of the banking sector in 2002, with statistical series starting from July 1, 1998, at best.

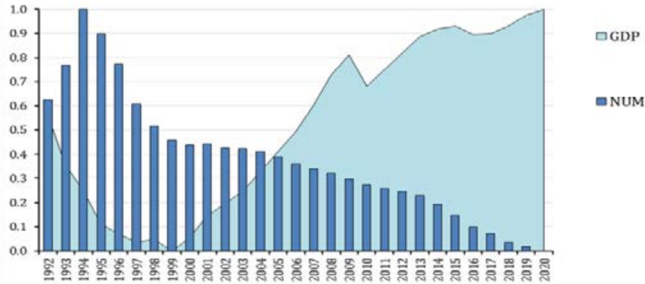

Figure 1. Diverging trends between the number of banks and GDP (Russia)
Source: author's calculation

The financialization of post-communist Russian economy is reflected in Fig. 2. The share of finance and insurance in GDP grew from 0.4% in 1991 to 5.2% in 2023. The figure of 5.2% might appear as somewhat humble in comparison with many industrialized countries. However, it already exceeds the share of agriculture, forestry, hunting and fisheries (3.7%). The share of manufacturing industries currently stands at 13.7%, and has been on a declining path.

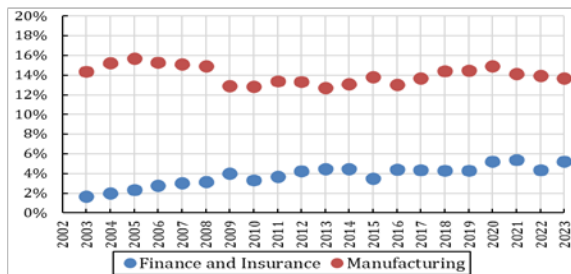

Figure 2. Value-added of banking, finance and insurance (blue) and manufacturing (red), in % of annual GDP
Source: Rosstat data

On a normalized scale, different measures of financial depth perform largely consistently, despite the fact that some of them are

stock indicators (banks assets, loans), and others are flow indicators (value added, GDP). Since 2014, deleveraging takes place, which is reflected in stagnant indicators of financial depth and even a slight downward trend. It results from a combination of factors domestically and internationally. It also might suggest that the country's banking industry has reached an adequate size in a natural way, while forcing its expansion can take the system off-balance.

Banks remain the main external source of investment finance for non-financial enterprises, which remain predominantly self-financed. Hardly 10% of all investment into fixed assets is financed by bank loans (Fig. 3). Prior to 2022, the share of foreign banks could rise to several percents, but lately this source of financing has dried up, and firms can only borrow from domestic banks.

Figure 3. Share of bank loans within all sources of investment into fixed assets, in %
Source: Central Bank of Russia

We now come to profitability. The share of banks in total profits earned by the country's companies may reach 13%, in a good year (Fig. 4), which is a multiple of their share within total output. Russian banks display (abnormally) high profitability because they operate on very fat margins. Banks' return-on-capital and return-on-assets is also high. It is also informative to compare bank profits with the profits earning in the manufacturing sectors (Fig. 5), given the role of manufacturing in technological, economic and military sovereignty. Both metrics are volatile and not really aligned. In a bad

year for manufacturing, banks may report good profits, reflecting favourable conditions in the financial market.

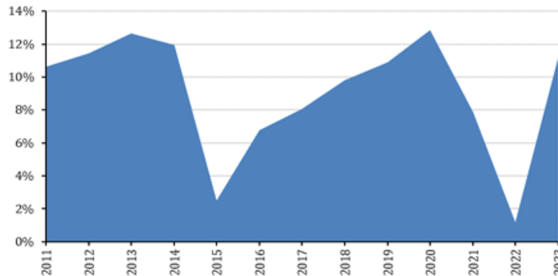

Figure 4. Share of banks in total profit earned by the corporate sector, in %
Source: author's calculation based on Rosstat data

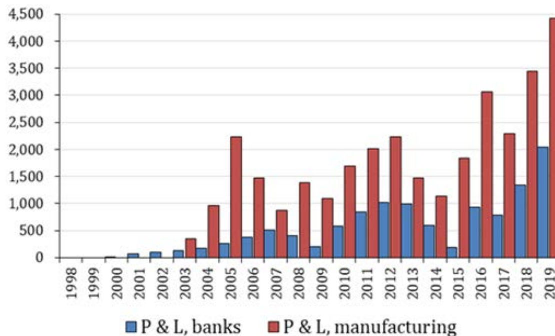

Figure 5. Bank profits vs. Manufacturing profits, in RUB bn
Source: Rosstat data

Interestingly, state-owned banks are not necessarily less profitable than private banks, at least in the Russian setting, as long as if they can enjoy market power based on a high market share (Mamonov & Vernikov, 2017).

The methodology and accuracy of wage metrics is challengeable, but it does not justify disregarding them altogether. The trend,

predictably, is clear: bank wages growth outpaces that in other sectors (Fig. 6) and bears no relation with comparative employment hardship.

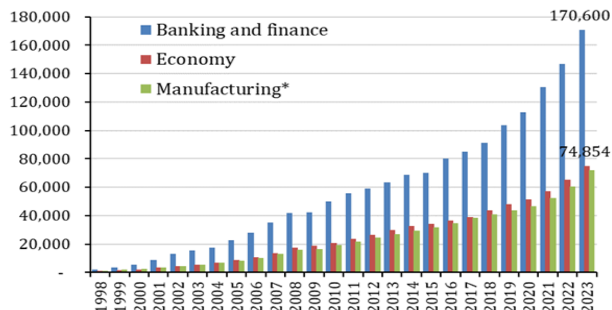

Figure 6. Average nominal monthly wage, in RUB
Source: author's calculation based on Rosstat data

Two separate metrics I earlier introduced to measure the excess of average wage in banking over that in the economy in general and in manufacturing (Vernikov, 2017), perform erratically. Their turning points can, however, signal about a shift in a broad balance within the Russian economy and society. I assume that a drive to promote productive growth and contain the appetite of bankers would depress the readings of both indicators. Empirical testing is a task for the future.

Last but not least, the novel metric APPROPR (resources appropriated by banks relative to GDP) grew to 3.5% of GDP in 2023. Its readings are lower than the shares of financial activities in GDP by value-added, probably due to non-inclusion of financial activities other than banking; taxation, etc. I am currently calibrating the metric APPROPR in order to use it as an alternative gauge of financialization.

The interpretation of statistical data is far from being methodologically – and ideologically – neutral. Most importantly, it depends on prior assumptions whether what we observe is a *contribution* or a *deduction*. For instance, statisticians have abandoned the view that bank profits and staff costs are to be treated

as funds diverted from the non-financial economy and an expense covered by it. Doubts still remain in this respect. Further, in matters of employment, one may ask whether the growth of bank staff is a contribution to overall employment and reduction of unemployment, or, conversely, a distortion of the labour market. Valuable human resources are deviated from some sectors and drawn into banking industry where average earnings are much higher. Statistically, it looks good on a macro level. Less so on meso- and micro-levels. It is not accidental that James Tobin, a Nobel Prize winner in Economics, wrote that *"all university educators know that finance is engaging a large and growing proportion of the most able young men and women in the country. ... We are throwing more and more of our resources, including the cream of our youth, into financial activities remote from the production of goods and services, into activities that generate high private rewards disproportionate to their social productivity"* (Tobin, 1984, pp.1, 14). Tobin, certainly not a Marxist, here distinguishes between employment in financial activities and in productive sectors, and doubts about the social productivity of finance. If so, then we have, actually, a zero-sum game, where sectors compete for resources of all kinds. When banking industry gets more of something, other sectors get less of it. A mainstream economist would disagree with such an approach. That is where heterodox economics comes in.

This author would refrain from criticizing Russian commercial banks for, supposedly, underperforming as lenders to the corporate sectors and especially to manufacturing firms, which is a commonplace notion in the local expert community. It is a subtle point. Long-term investment lending is not necessarily the job of commercial banks, particularly deposit-taking ones. Overloading their portfolios with long-term investment loans would be a recipe for disaster.

What is actually missing is a network of industrial development institutes, as well as markets for capital. A cause for concern may be that financialization has involved households, and banks' consumer lending has been growing too fast, kind of recklessly, until the regulator started paying attention and slowed it down.

The wide margins and the impressive profitability of Russian banks contrasts with the sacrifice the society has to make by bailing out failed banks so that insured depositors get repaid. At one point, the country's deposit insurance system became technically insolvent, and borrowed funds from the central bank (Vernikov, 2023). Just like in the United States (Stiglitz, 2010), Russian banks have developed excellent skills in privatizing profits and socializing losses.

Conclusion

Mainstream economic theory has long kept a veil of sacrality on banks and banking. The widespread belief has been that any kind of banking and financial activity is beneficial for growth and prosperity, hence, it should be promoted, liberalized, etc. That belief was converted into policy advice generously spared on developing countries and post-communist transition economies. While alternative, more balanced and critical views on banking have existed for more than a century, since the time of classical American institutionalists, such views have been effectively marginalized in the academia. Only after the two most recent financial crises, heterodox economists have returned to the agenda the question about banks' contribution to economy and society. Researchers of financialization and its effects have been largely critical with respect, blaming banks for many deficiencies and even calling for the containment of financialization. Treating band as ordinary businesses and assessing their overall contribution to, or deduction from, national welfare has become one of the avenues for exploration. I contribute to it by suggesting a novel set of statistical metrics, ranging from banks' propensity to lend to non-financial enterprises, to the proportion of social resources appropriated by banks. My approach is illustrated by data on Russian banking industry since 1991. It shows that financialization has advanced significantly over the past 3 decades. Russian banks have consistently redistributed national welfare in their favor, although most metrics perform in a non-linear way. It also yields a number of counter-intuitive findings, such as banks flourishing and displaying record profitability while the rest of the economy melts down in the 1990s. While domestic banks remain

marginally relevant as investment finance provider, they appropriate a high portion of national income, unmatched by bank contribution in terms of financing, tax payment, dividends, etc. Is the society not serving the banking industry, rather than the other way around, as one might expect from a service sector?

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***Annex**. Indicators featuring the relevance of banking industry within a national economy*

Symbol	Name	Formula
	Industry-level statistics	
NUM	Number of banks with a valid license	Number of credit institutions less the number of non-bank lending institutions, year-end data
DEPTH-1	Financial depth -1	Bank assets / GDP, for the period*
DEPTH-2	Financial depth -2	Bank loans / GDP
DEPTH-3	Financial depth -3	Bank loans to non-financial private sector / GDP
	Bank contribution	
VALUEADDED	Share of banking and finance in national value added	Value added in banking and finance / GDP created in all economic sectors
LDR	Loans-to-deposits ratio	Loans to non-financial companies and households / Funds raised from non-financial companies and households
ROE	Return on average equity (ROAE) of banks	Bank yearly profit / ((Equity on January 1 + Equity on December 31)/2)
ROAGAP	Return on assets (ROAA) of banks compared to non-	Return on average assets (ROAA) of non-financial companies less ROAA of banks

	financial companies	
LTA	Banks' propensity to lend	Loans to non-financial companies / Total assets
LTINV	Financing of fixed assets investment	Bank loans / all investment in fixed assets by national large and medium-sized companies
LONGTERM	Banks' propensity to lend long-term	Loans to non-financial companies for tenors over 3 years / Loans to non-financial companies
PROFIT	Share of banks in total profit earned by the corporate sector	Financial result of banks / Financial result of all domestic corporates
WAGE	Gap between bank wage and national average	Average wage in banking and finance / Average wage in the economy
TAX	Share of financial sector in tax revenue of the consolidated budget	Tax revenue from financial activities / Total tax revenue from economic activity
PROFITTAX	Share of financial sector in profit tax paid by the corporate sector	Profit tax collected from financial activity / Total profit tax revenue
APPROPR	Resources appropriated by banks relative to GDP	(Bank profits + Bank staff costs – bank profit tax paid) / GDP
	Control	
GDP	Real GDP index	

Сажетак
Овај рад додаје нову димензију истраживању феномена финансијализације. Главно истраживачко питање је какав је допринос банака националном економском учинку у поређењу са уделом националног богатства које банке присвајају. Да бих квантификовао ово питање, изнео сам нови скуп метрика. Ове мере обухватају аспекте као што су: склоност банака да кредитирају нефинансијска предузећа, допринос банкарских кредита улагањима у основна средства нефинансијских компанија, међусекторско поређење профитабилности и просечних плата, учешће банака у укупно плаћеним порезима од стране корпорација широм земље, итд. Свака метрика је састављена од једног или више индикатора изведених из јавно доступних статистичких извора, чиме се обезбеђује транспарентност и поновљивост истраживања. Примењујем одабране мере на руску банкарску индустрију у периоду од 1991–2020. године и долазим до бројних контраинтуитивних налаза, као што су следећи закључци: неке банке цветају и показују рекордну профитабилност док се остатак привреде топи током 1990-их, или се тренд преокреће заједно са пузећом национализацијом банака након 1998. године. Све у свему, могло би се рећи да су привреда (и друштво) у целини оно што служи банкарској индустрији, а не обрнуто како би и требало да буде.

Кључне речи: *финанцијализација, банке, друштво, допринос.*

JEL klasifikacija: E60, G21, G28, P34