This paper sheds light on the implications of spatial financialisation, which has been associated with the over and under-extension of credit across and within countries and evolving financial instability. The paper’s primary contribution is to extend in a robust manner a powerful panel data convergence testing methodology to analyse the spatial scale and temporal evolution of Italian regional lending conditions. The paper concludes that financial divergence has broadly increased in Italian regions. As a result the ability of southern regions in Italy to absorb adverse macroeconomic and financial shocks has been weakened. Relevant regional policies have thereby become very important.

This talk is part of the Land Economy Departmental Seminar Series series.