Date: September 4, 2020

To

The Editor

Etikonomi

Subject: Submission of the revised manuscript for publication

Dear Sir,

I, as corresponding author on behalf of the co-author, would like to submit our research manuscript for the consideration of publication in your esteemed journal. The manuscript is titled “**Nonlinearity of Competition-Stability Nexus: Evidence from Bangladesh**”. In this manuscript, we have examined the nonlinear impact of bank competition on bank stability in Bangladesh for a period 2009-2017.

Analyzing nine years data of reveals some significant and unique findings, which can be applied for formulating strategies for sustainable banking growth and stability. Our paper contributes to the existing literatures by analyzing the nonlinear impact of competition on financial stability using a panel threshold methodology developed by Hansen (1999) and to address the endogeneity issues we apply threshold model introduced by Seo and Shin (2016). To our best knowledge; it is still not well addressed empirically in the literature. We show that although competition fosters stability but the intensity is less in higher competition. In addition, our study is based on a fast-growing emerging economy, Bangladesh, which is also characterized as a bank dependent financial system. I believe the uniqueness of the research design and impactful findings make this paper worthy to publish in your esteemed journal.

However to improve the revised manuscript as per the guidance of the reviewer in this revised version of the manuscript, we have addressed all the suggestions given by the reviewer. We have review the whole paper, incorporated more literature and improve the interpretation of the result.

With the submission of this manuscript I would like to confirm that the mentioned manuscript has not been published, accepted for publication, or under editorial review for publication elsewhere.

Sincerely yours,

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**N.B.:** The Authors’ details and Declarations are attached in the next page.

Title: **Nonlinearity of Competition-Stability Nexus: Evidence from Bangladesh**

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**Declarations**

**Declaration of original submission:** The manuscript has not been previously published in its current form or a substantially similar form and is not currently under review by another journal.

**Availability of data and materials:** The datasets used and/or analyzed during the current study are available from the corresponding author on reasonable request.

**Competing interests:** The authors declare that they have no competing interests.

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**Authors' contributions:** Both authors contributed equally to this paper and all authors have read and approved the manuscript.

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