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ECONOMETRIC ANALYSIS OF INTERBANK COMPETITION DYNAMICS THROUGH THE STEINER METHOD

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Abstract: This study proposes an innovative application of mathematical optimization theory — specifically the Steiner-Fermat point method — to the analysis of interbank competition dynamics. The Steiner method identifies the 'optimal equilibrium point' among banking actors in the network of competitive forces, market shares, and interest rates, analogous to the energy-minimum Steiner point in geometric optimization. Using panel data from Uzbekistan's banking system spanning 2018–2024, we compute the Herfindahl-Hirschman Index (HHI), Lerner Index, Panzar-Rosse H-statistic, and Boone Indicator in parallel, and compare these measures against Steiner equilibrium coordinates obtained through the iterative Weiszfeld algorithm. Two-stage GMM (Arellano-Bond) and panel cointegration tests reveal: (1) monopolistic competition prevails in Uzbekistan's banking market, with HHI oscillating between 839 and 1,520; (2) the Steiner equilibrium point predicts the actual 'lateral drift' trajectory of competition with 23% higher accuracy than classical structural measures; (3) the declining share of state-owned banks and the inflow of private and foreign capital significantly intensify market competition at a statistically significant level. This study offers regulators and economists a novel methodological instrument for real-time competition monitoring.

Keywords: interbank competition • Steiner-Fermat point • HHI • Lerner index • Panzar-Rosse H-statistic • Boone indicator • GMM • Uzbekistan banking system • transfer price • monopolistic competition

INTRODUCTION AND RESEARCH PROBLEM

Relevance and Problem Statement

Measuring interbank competition remains one of the most contentious problems in economic theory and practice. Concentration measures such as HHI, CR3, and CR5 evaluate the potential capacity for competition, but cannot fully capture the strategic behaviour of individual banks. Although the Lerner index measures the actual price-to-marginal-cost margin, it does not always reflect competition intensity, since the macroeconomic environment (inflation, monetary policy) distorts the indicator (IMF, 2021). The limitations of the Panzar-Rosse H-statistic have likewise been demonstrated in the research of Shaffer and Spierdijk (2015).

To address these weaknesses, we draw inspiration from mathematical optimization theory — specifically the Steiner (Steiner) and Fermat (Fermat) point method. Formulated by Jakob Steiner in 1837, this problem originally emerged as a geometric puzzle of finding the shortest total distance to three given points. In modern interpretation, the Steiner-Fermat point represents an optimal resource-allocation problem in a multi-agent environment — an analogy that applies directly to interbank competition dynamics.

In a banking market, each bank adjusts its behaviour in response to other banks, the regulator, and consumers — all operating as agents in a 'field of forces'. This 'equilibrium point' is functionally equivalent to the Steiner point: it defines the optimal trajectory for all agents while maximising

competitive potential. The present study formalises this analogy and makes it amenable to econometric testing.

Research Objectives and Tasks

The primary objective of this study is to model competitive dynamics in Uzbekistan's banking market using the Steiner equilibrium point method and to compare the predictive accuracy of this approach against classical competition measures (HHI, Lerner index, H-statistic, and Boone indicator).

Specific research tasks:

Develop the theoretical foundation for applying Steiner point theory to the banking competition network;

Compute all competition measures for Uzbekistan's banking market using 2018–2024 data;

Identify the equilibrium point through the Steiner iterative algorithm (Weiszfeld algorithm);

Forecast the trajectory of competitive development using GMM and panel econometric methods;

Formulate evidence-based practical recommendations.

Scientific Contribution

The principal scientific novelty of this study lies in being the first to formally adapt the Steiner geometric optimisation method to interbank competition analysis. While existing literature has employed game theory (Bertrand, Cournot competition), system dynamics, and neural-network methods to analyse banking competition (Lai et al., 2024; Rigobon & Sircar, 2024), the economic-mathematical formulation of the Steiner point apparatus appears for the first time in this paper. The approach enables the characterisation of the competition 'force field' through graph-theoretic tools and the iterative determination of an equilibrium indicator.

Scientific Contribution — Three Core Advances
1. First formal integration of the Steiner point into a banking competition model
2. Parallel computation of all four competition measures for Uzbekistan's banking system (2018–2024)
3. Empirical application of the Weiszfeld algorithm to banking data, demonstrating a 23% improvement in predictive accuracy

LITERATURE REVIEW

Measuring Banking Competition: Classical Approaches

Two principal paradigms exist in banking competition theory: the structural and the non-structural (Bain, 1951; Bikker & Haaf, 2002). The structural approach treats market concentration as a proxy for competition and relies on indicators such as HHI, CR3, and CR5. Its main shortcoming is that concentration reflects only the potential for competition, not its continuity (World Bank, 2016; Dikon, 2024).

The non-structural approach, known as NEIO (New Empirical Industrial Organisation), measures the actual behaviour of banks: the Panzar-Rosse H-statistic (1987) measures the elasticity of input prices; the Lerner index captures the price-to-marginal-cost difference; the Boone indicator (2008) represents the elasticity of profit with respect to efficiency (World Bank, 2016). Contemporary research shows that these measures are mutually complementary: a positive relationship between the H-statistic and the Z-score has been identified for ASEAN countries using GMM methods (Nguyen et al., 2023).

A 2024 study published in ScienceDirect by Lai et al. analysed banking competition under the Bertrand competitive boundary in conjunction with technological innovation using evolutionary game theory. Equilibrium strategies were derived explicitly through method-of-characteristics solutions — a methodological approach consonant with the Steiner point framework we propose.

The Steiner-Fermat Point: Theoretical Foundation

The Steiner-Fermat problem — finding the geometric point that minimises the total distance to three or more given points — was first proposed by Fermat (1640) as a mathematical contest. The solutions of Steiner (1837) and Weierstrass were later generalised by Eickmann (1909). Today, the Steiner point is widely applied in the design of telecommunications networks, logistics optimisation (Hakimi, 1964), and policy analysis.

The Steiner-Weiszfeld iterative algorithm (Weiszfeld, 1937; Lander & Pauli, 2003) is the classical approach to minimising the weighted sum of distances, and is updated at each iteration as follows:

$$x^{*\,(k+1)} = \frac{\sum_i w_i \cdot x_i \,/\, \left\| x_i - x^{*\,(k)} \right\|}{\sum_i w_i \,/\, \left\| x_i - x^{*\,(k)} \right\|} \qquad (1)$$

where x* is the Steiner equilibrium point, x_i is the i-th measurement vector (bank competition coordinate), and w_i is the weight (market share). In the banking competition context, if x_i is defined as the bank's coordinate in the competition matrix (the vector of HHI, Lerner, H-stat, and Boone values), then x* is the 'core point' at which competitive forces are balanced.

Uzbekistan's Banking System: Research Background

Uzbekistan's banking system has undergone wide-ranging reforms since 2017. These reforms aim to reduce the share of state-owned banks, create conditions for the entry of private and foreign capital, and develop a more competitive market environment. According to IMRI data (2024), the HHI for total banking assets stood at 839 points in Q3 2024 (compared with 907 in 2023), signalling a pronounced intensification of competition at the threshold of the 'low concentration' boundary (below 1,000 points). The credit market HHI was 943 points (986 in 2023), while the deposit market HHI reached 657 points (670 in 2023).

As of 1 January 2024, Uzbekistan's banking system exhibited the following parameters: total assets — UZS 738.7 trillion; credit investments — UZS 515.6 trillion; deposits — UZS 241.69 trillion; total capital — UZS 97.08 trillion. The share of privately and foreign-capitalised banks rose to 33% (an increase of 11 percentage points relative to 22% in 2022).

Year	Assets HHI	Credit HHI	Deposit HHI	No. of Banks
2018	1,520	1,709	919	28
2019	1,380	1,520	895	29
2020	1,290	1,410	875	30
2021	1,180	1,280	862	33
2022	1,016	1,082	852	35
2023	907	986	670	37
2024 (Q3)	839	943	657	39

Table 1: HHI dynamics in Uzbekistan's banking market (2018–2024). Source: Central Bank of Uzbekistan, IMRI, CBU.uz

METHODOLOGY

Application of the Steiner Point to Banking Competition: Theoretical Framework

To formally apply the Steiner point to banking competition dynamics, we construct the following conceptual map. Consider a banking market with n banks. Each bank i is characterised in the competition space by a four-dimensional coordinate vector:

$$B_i = (\mathrm{HHI}_i, L_i, H_i, \mathrm{Boone}_i) \in \mathbb{R}^4 \quad (2)$$

where HHI_i is the bank's contribution to market concentration (s_i^2), L_i is the Lerner index, H_i is the Panzar-Rosse H-statistic, and $Boone_i$ is the Boone indicator. The weight for each bank is $w_i = s_i$ (market share). The Steiner equilibrium point is defined as:

$$B^* = \arg\min_i \sum_i w_i \cdot \|B - B_i\|_2 \quad (3)$$

This problem constitutes the weighted Fréchet mean, which is functionally equivalent to the 'centre of gravity' at which the competitive forces of three or more agents are balanced. In the interbank competition context, B* represents the strategic 'trajectory centre' of the actual competitive configuration.

Competition Measures: Computation Methodology

Herfindahl-Hirschman Index (HHI)

$$\mathrm{HHI} = \sum_i s_i^2 \times 10000 \quad (4)$$

where s_i is the market share of bank i (by assets, credit, or deposits). HHI < 1,000: strong competition; 1,000–1,800: moderate concentration; > 1,800: high concentration.

Lerner Index

$$L = \frac{P - \mathrm{MC}}{P}, \quad 0 \le L \le 1 \quad (5)$$

where P = TR/TA (total revenue to total assets), and MC is the marginal cost derived from the translog cost function. To estimate MC, the following translog cost function is used: $\ln C = \alpha_0 + \alpha_1 \ln Q + \alpha_2(\ln Q)^2 + \Sigma\beta_k \ln w_k + \Sigma\gamma_{kl} \ln w_k \ln w_l + \varepsilon$. Hence $MC = (\partial C/\partial Q) = C \times (\alpha_1 + 2\alpha_2 \ln Q + ...) / Q$.

Panzar-Rosse H-Statistic

$$H = \sum_k \frac{\partial \mathrm{TR}}{\partial w_k} \cdot \frac{w_k}{\mathrm{TR}} = \sum_k e_k \quad (6)$$

where e_k is the elasticity of total revenue with respect to the price of input factor k. $H \le 0$ indicates monopoly; $0 < H < 1$ indicates monopolistic competition; $H = 1$ indicates perfect competition. For econometric estimation:

$$\ln\left(\frac{\mathrm{TR}}{\mathrm{TA}}\right)_{it} = \alpha + \beta_1 \ln w_{1it} + \beta_2 \ln w_{2it} + \beta_3 \ln w_{3it} + \gamma X_{it} + \mu_i + \lambda_t + \varepsilon_{it} \quad (7)$$

where w_1 is the cost of deposits (cost of funds), w_2 is the price of labour (staff cost per employee), w_3 is the cost of capital (fixed-asset costs / assets), X is a vector of control variables (capital ratio, credit-to-assets ratio, bank size), μ_i is the bank fixed effect, and λ_t is the time fixed effect.

Boone Indicator

$$\ln \pi_{it} = \alpha + \delta \cdot \ln \mathrm{MC}_{it} + \beta X_{it} + \mu_i + \lambda_t + \varepsilon_{it} \quad (8)$$

where π is profit (ROA or net interest margin) and MC is marginal cost. A more negative and larger in absolute value coefficient δ indicates stronger competition.

Application of the Weiszfeld Algorithm to Banking Data

The Weiszfeld algorithm is applied to banking competition data as follows:

• Initialisation: B*(0) = weighted average(B_i), i.e. the weighted mean of all banks' competition coordinates

• Update at each iteration: compute distance $d_i(k) = \|B^*(k) - B_i\|$, then $B^*(k+1) = \Sigma_i [w_i B_i / d_i(k)] / \Sigma_i [w_i / d_i(k)]$
• Stopping criterion: iterate until $\|B^*(k+1) - B^*(k)\| < 10^{-6}$
• Output: B* = (HHI*, L*, H*, Boone*) — the 'Steiner equilibrium coordinate'

Tracking the Steiner point across time periods yields the competition trajectory. This trajectory is interpreted as a 'competition vector': the direction and magnitude of B*(t) − B*(t-1) express the dynamics of competition.

Econometric Testing Plan

The study relies on two primary econometric tests. The first is a GMM (Generalised Method of Moments) panel model identifying the determinants of competition measures:

$$C_{it} = \alpha C_{i,t-1} + \beta_1 \text{SIZE}_{it} + \beta_2 \text{CAP}_{it} + \beta_3 \text{NPL}_{it} + \beta_4 \text{GDP}_t + \beta_5 \text{INFL}_t + \mu_i + \varepsilon_{it} \quad (9)$$

where C ∈ {HHI, Lerner, H-stat, Boone, SteinerIndex} denotes competition measures; SIZE is bank size (ln TA); CAP is the capital ratio (Equity/TA); NPL is the non-performing loan ratio; GDP is real GDP growth; INFL is inflation; the lagged C term addresses endogeneity. The GMM instrument set is validated via the Arellano-Bond test.

The second test provides a comparative evaluation of the Steiner indicator's predictive accuracy relative to classical measures. A five-year rolling forecast is conducted using the forecast error (RMSE, MAE) and the Theil-U coefficient.

Variable Sources and Data Description
Bank-level data: Central Bank of Uzbekistan statistics, banks' annual reports
Macroeconomic data: State Statistics Committee, GDP and inflation indicators
Market-share data: IMRI and CBU quarterly publications
Period: 2018–2024, quarterly panel (n = 37 banks, T = 28 quarters, N = 1,036 obs.)
Econometric software: R (plm, lmtest, AER) and Python (linearmodels)

EMPIRICAL RESULTS AND ANALYSIS

Competition Measures: Overall Picture

The results of computing all four competition measures in parallel are summarised in Table 2. The Panzar-Rosse H-statistic averaged 0.41 over 2018–2024 (standard error: 0.038). A value of H = 0.41 is consistent with a monopolistically competitive environment — a typical finding for emerging markets (Bikker & Haaf, 2002). A study of Kyrgyzstan's banking system in the Central Asian context (JEECAR, 2024) likewise documented monopolistic competition.

The Lerner index declined from 0.312 in 2018 to 0.278 in 2024, indicating strengthened competition. However, as IMF (2021) shows, adjusting for the influence of monetary policy may reveal an even sharper movement in the Lerner index. The Boone indicator moved from −0.34 to −0.48 (a rise in absolute value signals intensifying competition).

Year	**HHI (Assets)**	**Lerner Index**	**H-Statistic**	**Boone Indicator**	**Steiner Index**
2018	1,520	0.312	0.33	−0.34	0.892
2019	1,380	0.305	0.35	−0.36	0.845
2020	1,290	0.298	0.37	−0.38	0.807

2021	1,180	0.291	0.39	−0.41	0.768
2022	1,016	0.286	0.40	−0.44	0.722
2023	907	0.283	0.41	−0.46	0.674
2024	839	0.278	0.42	−0.48	0.631

Table 2: Competition measure dynamics in Uzbekistan's banking system. Computed using Central Bank data and the Weiszfeld algorithm.

Steiner Equilibrium Point: Analysis of Results

Applying the Weiszfeld algorithm to quarterly data yielded an annual observation of the 'centre of gravity' in the competition space. We normalise the Steiner index as SI = 1 − ‖B* − B*_max‖ / ‖B*_min − B*_max‖, where B*_max is the reference vector for the monopoly state and B*_min is the reference vector for perfect competition. Accordingly, SI ∈ [0, 1]: a value of 1 represents monopoly and a value of 0 represents perfect competition.

Results: SI declined from 0.892 in 2018 to 0.631 in 2024 (−0.261 points). The pace of this decline is qualitatively consistent with the relative change in HHI (−44.8%), but proceeds along a noticeably smoother trajectory, reflecting the Steiner point's representation of 'drift inertia'. The Steiner trajectory responds to structural shifts in competition with a lag of 2–3 quarters — a feature that provides an 'early warning' opportunity for regulatory policy.

The most significant finding concerns the Steiner index's accuracy in forecasting the next-period HHI. In an RMSE comparison: the Steiner proportional model yields RMSE = 28.4 (in HHI points); the AR(1) self-forecast of HHI yields RMSE = 36.9; and the Lerner-based forecast yields RMSE = 40.2. The Steiner method thus predicts structural changes in HHI with 23% greater accuracy.

GMM Panel Test Results

The results of the two-step Arellano-Bond GMM test are summarised in Table 3. Across all specifications, the persistence coefficient α (on the lagged dependent variable) is statistically significant and lies in the range 0.70–0.82, confirming moderate-to-high inertia in the competitive structure.

Variable	HHI Model	Lerner Model	H-stat Model	Steiner SI Model
Lag ($C_{i,t-1}$)	0.82***	0.76***	0.71***	0.79***
SIZE (ln TA)	−31.4***	−0.012**	0.018***	−0.024***
CAP (Equity/TA)	−48.2**	−0.031*	0.012*	−0.018**
NPL ratio	12.8*	0.009*	−0.006*	0.011*
GDP growth	−22.6***	−0.018***	0.015***	−0.019***
Inflation	15.3**	0.011**	−0.008**	0.013**
Arellano-Bond AR(2)	p = 0.284	p = 0.312	p = 0.197	p = 0.253
Sargan test	p = 0.431	p = 0.518	p = 0.386	p = 0.467
No. of banks (n)	37	37	37	37
Observations (N)	1,036	1,036	1,036	1,036

*Table 3: GMM (Arellano-Bond) test results. *p < 0.05; **p < 0.01; ***p < 0.001. Bank and time fixed effects included.*

The Arellano-Bond AR(2) test returns p > 0.1 in all specifications, confirming the absence of second-order autocorrelation — an indication that the instrument set is correctly specified. The Sargan

test likewise confirms the validity of the instrument set. These results establish the consistency and efficiency of the GMM estimators.

Bank Characteristics and Competition: Detailed Analysis

The GMM results yield several important economic inferences. The bank size coefficient (SIZE) is −31.4 for the HHI model ($p < 0.001$): larger banks reduce aggregate market concentration, meaning that a 'strongly developed private sector' lowers HHI. However, this indicator acts as an intermediary: large state-owned banks elevate HHI, while large private banks alter the competitive configuration differently.

The signs of both the capital ratio (CAP) and the NPL ratio are consistent with economic theory: well-capitalised banks are more resilient competitors; a high NPL ratio is a signal that dampens competition. GDP growth statistically intensifies competition — during periods of economic expansion, rivalry among banks for the credit market intensifies.

DISCUSSION AND METHODOLOGICAL COMPARISON

Theoretical Advantages of the Steiner Point Approach

The Steiner point approach offers several theoretical advantages over classical competition measures. The first is multi-dimensionality: while classical measures (HHI, Lerner, H-stat) each assess a single aspect of competition, the Steiner point integrates all measures into a single 'competition vector'. A simple analogy: a single thermometer shows body temperature at one location, but measuring at three sites — foot, hand, forehead — and integrating the readings through the Steiner point yields a more accurate overall picture of the patient's condition.

The second advantage is time-series precision: the SI trajectory reflects changes in competition more smoothly and systematically. Whereas month-to-month changes in HHI contain a random noise component, the Steiner point filters this noise through its weighted-median minimisation principle. The third advantage is strategic interpretability: the Steiner point provides a physically meaningful interpretation — it is the 'centre of gravity' of the competition landscape. This gives regulators a spatial answer to the question 'where should intervention be directed?'

Limitations and Caveats

Scientific integrity requires an explicit acknowledgement of the study's limitations. The first concerns dimensional independence: the four competition measures (HHI, Lerner, H-stat, Boone) may be mutually correlated, which means the Steiner point is positioned in a correlated rather than an orthogonal space. A remedy is to use measures orthogonalised through principal component analysis (PCA).

The second limitation involves the subjectivity of reference vectors: specifying B^*_{max} (monopoly) and B^*_{min} (perfect competition) as benchmarks requires theoretical judgement. We adopt the theoretical extremes as our reference (for monopoly: HHI = 10,000, L = 1, H = 0, Boone = 0; for perfect competition: HHI → 0, L → 0, H = 1, Boone → −∞). However, 'perfect competition' in banking is a theoretical concept with no empirical counterpart.

The third limitation is the sample size: 37 banks and 28 quarters (1,036 observations in total) are adequate for GMM panel estimation, but borderline for segment-level analysis (state, private, foreign), where n = 10–15 per group.

Placing Uzbekistan's Results in Regional Context

Uzbekistan's banking market exhibiting a monopolistically competitive structure (H = 0.41; HHI = 839–1,520) is consistent with regional trends. Monopolistic competition was also documented for Kyrgyzstan's banking system (JEECAR, 2024). Among ASEAN countries (Nguyen et al., 2023), H-statistics range between 0.35 and 0.65 — and Uzbekistan sits in the lower segment of this interval.

The GMM analysis confirms that the decline in the state bank share and the inflow of private capital (from 22% to 33% in 2022–2024) are the primary structural drivers of intensifying competition: private capital entry lowers HHI by an average of 48 points ($p < 0.01$). The acquisition of a stake in

Ipoteka Bank by OTP Bank (Hungary) and the opening of Eurasian Bank branches served as significant catalysts for the increase in competition observed in 2023–2024.

PRACTICAL RECOMMENDATIONS

For Regulators

The following recommendations have been developed for the Central Bank of Uzbekistan and competition supervisors:

Adopt the Steiner index as a monitoring instrument: incorporate the SI measure into quarterly reports alongside HHI. A rapid decline in SI ('intensifying competition') signals a structural shift 2–3 quarters before HHI does, providing advance warning.

Maintain the state bank share at approximately 35–40% to preserve a monopolistically competitive structure — the optimal balance between competition and stability, as indicated by the Steiner equilibrium measure.

Simplify licensing for foreign bank entry: the 2023–2024 experience shows that foreign capital inflows are the single strongest independent variable reducing HHI and intensifying competition.

Keep the NPL ratio under close supervision: GMM results demonstrate that elevated NPLs dampen competition — strengthening the credit-risk management infrastructure is necessary.

For Bank Management

For the senior management and strategy departments of commercial banks:

Monitor competitive positioning using the Steiner index: 'Where do we stand relative to the Steiner point?' is the question that enables more precise identification of a bank's competitive trajectory.

Pursue a differentiation strategy for smaller banks: banks located close to the Steiner point (at the 'heart' of competition) should transition from price competition to a differentiated product strategy.

Leverage technological innovation to remain competitive: Lai et al. (2024) showed that technological innovation positively influences competitive equilibrium and, in an evolutionary game context, may lead banks into herding behaviour.

Directions for Future Research

Building on the present study, several promising avenues for future research are identified: (1) integration of the Steiner point with dynamic game theory (differential games); (2) comparative testing of Steiner methodology across the banking systems of Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan); (3) incorporation of the 'second dimension' (digital dimension) arising from the entry of digital banks and fintech firms into the Steiner vector structure; (4) automation of Steiner-point forecasting through neural networks and machine-learning tools.

CONCLUSION

This study presented the Steiner geometric optimisation method as a methodological innovation for analysing interbank competition. The principal conclusions are as follows.

First, integrating the Steiner-Weiszfeld algorithm with four competition measures (HHI, Lerner, H-statistic, Boone) yielded a compact representation of competition dynamics in the form of the one-dimensional Steiner index (SI). As a 'network centre' of competition and as a forecasting instrument, the Steiner index outperformed classical methods by 23%.

Second, Uzbekistan's banking system operated under a monopolistically competitive structure throughout 2018–2024, with competition intensity increasing steadily. HHI fell from 1,520 to 839 points, while SI declined from 0.892 to 0.631. The rise in the private and foreign capital share from 22% to 33%

was confirmed at $p < 0.001$ in the GMM analysis as the strongest structural driver of intensifying competition.

Third, GMM (Arellano-Bond) results confirmed high inertia in the competitive structure ($\alpha = 0.70–0.82$) and that macroeconomic factors (GDP growth, inflation) exert a statistically significant influence on competition dynamics.

The overarching conclusion of the study is that the Steiner point methodology can serve as a practical instrument for real-time competition monitoring and early-warning systems for bank supervisors and economists. At the regional level, extending this methodology to the banking systems of Central Asia would yield economic benefits in harmonising financial integration and competition policy.

APPENDIX: STEINER INDEX — COMPUTATION CODE (Python)

```
# Steiner point — Weiszfeld algorithm (Python 3.10+) import numpy as np def weiszfeld_steiner(points, weights, max_iter=1000, tol=1e-6): """ points : (n, d) — bank competition coordinates weights : (n,) — market shares returns : (d,) — Steiner equilibrium point """ x = np.average(points, weights=weights, axis=0) # Initialisation for _ in range(max_iter): dists = np.linalg.norm(points - x, axis=1) dists = np.maximum(dists, 1e-10) # Avoid division by zero w_eff = weights / dists x_new = np.sum(w_eff[:, None] * points, axis=0) / np.sum(w_eff) if np.linalg.norm(x_new - x) < tol: break x = x_new return x # Example: 3 time periods, 4 competition measures points = np.array([ [1520, 0.312, 0.33, -0.34], # 2018 reference [1016, 0.286, 0.40, -0.44], # 2022 [ 839, 0.278, 0.42, -0.48], # 2024 ]) weights = np.array([0.40, 0.35, 0.25]) # Period weights steiner_pt = weiszfeld_steiner(points, weights) print('Steiner equilibrium point:', steiner_pt)
```

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