

LOW OR NEGATIVE INTEREST RATES
AND BANK PROFITABILITY IN JAPAN

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《SUMMARY》

We explore the impact of low or negative interest rate environment on banks' profitability using a panel dataset of 122 banks in Japan over the period from 2009 to 2020 and dynamic panel models estimated by system GMM. We find that low or negative interest rates reduce banks' profit(ROA or ordinary profit). However, we also find that the effect of negative interest rates on banks' profit is weaker compared to an environment of positive rates.

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