

# Regional Disparities of the Japanese Banking Performance

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## Abstract

The purpose of the paper provides a model of stochastic frontier production that incorporates a panel structure into the cross section data of banking firms and analyzes the regional structure of banking performance. The paper examines whether the disparities in the Japanese regional banking performance of fiscal year 1999 exist and analyzes what are causes of disparities across regions. The paper finds out that there exist the regional disparities in banking inefficiency and the cause may be due to the knowledge disparity for manipulating the banking technology.