

## Net Interest Margin of Cooperative Banks in Low Interest Rate Environment

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**Abstract :** This paper deals with the impact of decrease in interest rates on the performance of commercial and cooperative banks in the Eurozone measured by net interest margin. The analysis was performed on balanced dataset of 268 commercial and 726 cooperative banks spanning the 2008-2015 period. We employed Fixed Effects estimation panel method. As expected, we found a negative relationship between market rates and net interest margin. Our results suggest that the impact of negative interest income differs across individual banking business models. More precisely, those cooperative banks were much more hit by the decrease of market interest rates which might be due to their ownership structure and more restrictive business regulation.

**Keywords :** cooperative banks, performance, negative interest rates, risk management

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