

Cost Efficiency of European Cooperative Banks

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Abstract : This paper analyzes recent trends in cost efficiency of European cooperative banks using efficient frontier analysis. Our methodology is based on stochastic frontier analysis which is run on a set of 649 European cooperative banks using data between 2006 and 2015. Our results show that average inefficiency of European cooperative banks is increasing since 2008, smaller cooperative banks are significantly more efficient than the bigger ones over the whole time period and that share of net fee and commission income to total income surprisingly seems to have no impact on bank cost efficiency.

Keywords : cooperative banks, cost efficiency, efficient frontier analysis, stochastic frontier analysis, net fee and commission income

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