
Abstract

Using 2793 bank observations from eight countries for the 1994-2005 period, this paper has analysed the operating performance of Asian banks before and after Asian financial crisis by using Panel data regression and financial and economic ratios. We compared banks performance in different types of ownership and examined how the productivity of these banks differed. We also examined the home-field advantage and global advantage hypothesis suggested by Berger (2001). In addition, our paper is the first paper to test whether the pattern of home-field advantage and global advantage would change over time.

Overall, all the sampled bank performance worsened in the post-crisis period. In addition, non-performing loan provisions to total assets of all banks increased in the post-crisis period. Higher non-performing loan provisions was a signal of higher risk and associate negatively with bank profits. Overheads expenses of foreign banks increased significantly during the post-crisis period.

We have an interesting findings suggest that foreign banks, possessing global advantage, were more cost efficient than domestic banks in developing countries. In contract, domestic banks, possessing home-field advantage, were more cost efficient than foreign banks in developed countries. Moreover, our study found that the pattern of home-field advantage could be stable over time. However, the pattern of global advantage was changed. No global advantage on foreign banks was found after the recovery from the financial crisis. The improvement of state-owned and domestic production efficiency may due to the implementation of bank restructuring programmes and government financial support during the financial crisis.

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