

Abstract

The research aims to measure the Iraqi private banking sector efficiency for the period 2007-2011, after the implementation of financial liberalization and banking procedures in Iraq and using the stochastic frontier analysis (SFA) method and determined efficient banks, in addition to determine banking sector efficiency in general, to achieve the goals of the research, we application SFA on 20 private Iraqi bank data for the period 2007 to 2011 by using two models : the pooled and random effects model using production function in bank sector, the results showed that Iraq Trade bank is the best bank, which achieved the highest percentage efficiency for investments and loans outputs and the Iraqi banking sector has achieved increasing efficiency ratios during the period 2007-2011 for investments and loans outputs'. The results also showed for production function in bank sector the inefficiency term is statistical significance for investment and loan output in both models ,and for loan output in random effects but not significance in pooled model.