

# **The utility of reorganization-system based on Japanese financial system (Mainbank system)**

Tsutomu Tobita

The purpose of this research is following. Firstly, we analyze the situation of supports for poorly managed firms by Banks since Financial crisis in Japan, 1997. Secondly, does Reorganization-system based on Japanese financial system (especially, we call Mainbank system) effect financial structure? And we examine the utility of this system.

This research result is as follows. ①While "bipolarization" phenomenon of company financial structure has occurred, poorly managed firms depend on loan from bank and good managed firms don't depend on it. Good managed firms raise funds from financial markets. (Chapter 2) ②As many banks in Japan were in the management crisis from 1997 to 1999, governmental financial agency, for example Development Bank of Japan and so on, financed for poor managed firms. It had a meaning that the fund helps the raising short-term mobility of the poorly managed firms (Chapter 3) ③Bank loans efficient the raises of short-term mobility of poor managed firms. (Chapter 4) ④It is effective for banks to abandon their claim to poorly managed firms, in order that poorly managed firms may escape from the state of excess liabilities. (Chapter 5) ⑤In Japan, DIP(debtor in possession) finance is effective like the U.S., although there are some problems. (Chapter 6)

It is thought that usefulness is still accepted in reorganization of the poorly managed firms based on the indirect-financing system in Japan. However, the framework of company reorganization of Japan was just reconstructed. So we must analyze scientifically the verification of the efficiency and usefulness. It is necessary to carry out further analysis and examination as a future research subject about many factors of the company reconstruction which is going to aim at reproduction from a decline.