Abstract

This thesis provides an empirical insight on the frontier efficiency estimation methods in banking and their sensitivity toward the change in definition of particular characteristics in the techniques used. The two methods, stochastic frontier approach (SFA) and deterministic data envelopment analysis (DEA) are compared over several variations, results of which are supported by the meta-regression part including 32 studies on the USA and 14 on the transitional countries. The main findings of this study include: the efficiency score is highly dependent on the methodological design, the largest variation in the estimated scores of SFA and DEA are due to Fourier-flexible functional form application, and the rank order correlation between these methods raises with an increase of the homogeneity degree in the sample. JEL Classification C13, C61, G21, L25, P27 Keywords Bank Efficiency, Stochastic Frontier Approach, Data Envelopment Analysis, Meta-Regression Analysis

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