



SDI FINAL EVALUATION FORM 1.1

PART 1:

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	2013_BJEMT_5565
Title of the Manuscript:	A Measure of Performance and Efficiency of Commercial Banks in Taiwan: Applying Data Envelopment Analysis and Malmuist Index

PART 2:

FINAL EVALUATOR'S comments on revised paper (if any)	Authors' response to final evaluator's comments
1. <u>Introduction</u>: the objective of the paper is not clear -Efficiency is a measure of performance, then the author has not to use the two terms together. The title of paper has to change - The author does not give an overview about the banking sector in Taiwan. 2. <u>Literature review</u>: the author has to analyse studies about efficiency of banks and especially in the same region 4. <u>Methodology</u>: the author has to precise: * why he uses a non parametric approach * DEA can run under either CRS or VRS, what approach uses by the paper and why? * DEA can be constructed using the input orientation or output orientation. We do not find any information about this in the paper * When, we use DEA, the product of the multiple inputs and outputs must be less than the number of banks. In this study the product is equal 25 more superior than 11. Then the author has to change the number of inputs and outputs. 5. <u>Results</u>: - The author makes confusion between efficiency scores and malmquist scores. The paper analyses efficiency scores but the table concerns malmquist index. -the author has to make comparison with other studies and precise the features of Taiwan banks 6. other remarks -there are some typos. For instance: P1 L4, P1 L11: malmuist (to change by malmquist),	1. The introduction is changed. 2. Some recent literature relating banking industry in Asia is included. 4. The reason we use the DEA as a method to analyze. It based on consideration that the DEA is a deterministic method. It involves the use of linear programming methods to construct a non-parametric piece-wise surface over the data (Coelli, et al, 2005), which represented a production function frontier. Compared with parametric methods, DEA has the advantage that the efficiency measures assume the production function is known. This study uses VRS to analyze the data. Since the CRS assumption is only suitable when all firms are operating at an optimal scale. Constraints on financial or imperfect competition may cause a firm to be not operating at optimal scale. In this study, we use input orientation measures to calculate efficiency indicators. The number of banks is a limitation and listed in conclusion. 5. The two scores are clearly described now. 6. Typing errors are corrected.