

Comparative Study on Efficiency of Bank of Ceylon and People's Bank in Sri Lanka

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The current study measures and compares the technical efficiency of Bank of Ceylon and People's Bank in Sri Lanka between 2004 and 2015 by using Data Envelopment Analysis (DEA). The study mainly used input oriented Charnes, Cooper, and Rhodes (CCR) model and Banker, Charnes and Cooper's (BCC) model of DEA. The study selected one output variable (Net profit before taxation) and two inputs variables (Loans and advances, and liabilities). The data was gathered from various Annual Reports of both Bank of Ceylon and People's Bank. The study found that, in general, People's Bank was more efficient than Bank of Ceylon in Sri Lanka, even though Bank of Ceylon was more efficient than People's Bank in 2012 and 2013. The main source of technical inefficiency is scale inefficiency than pure technical inefficiency in both banks.

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