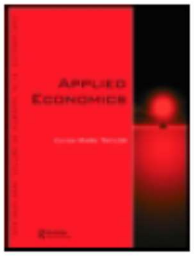

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Has regulatory reform had any impact on bank efficiency in Indonesia? A two-stage analysis

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ABSTRACT
More than a decade following the severe economic crisis 1997, Indonesia has undergone major regulatory changes in its banking industry. This article examines the impact of these regulatory changes on the relative technical efficiency (TE) of the Indonesian banking industry employing data envelopment analysis (DEA) and censored Tobit regression model. Additionally, the bootstrap approach of Simar and Wilson is employed to provide statistical properties to the DEA efficiency score. The findings show that the industry on average is inefficient over the period of analysis. Also, state-owned and foreign-owned banks are found to be more efficient than any other group of banks. Finally, the impact of regulatory reforms is generally positive and statistically significant.

KEYWORDS
Bank efficiency; bootstrap; data envelopment analysis; Indonesia

JEL CLASSIFICATION
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