

**Technical efficiency of commercial banks in Sri Lanka 2003 - 2014:
a data envelopment analysis**

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The main objective of the study is to measure the technical efficiency of commercial banks of Sri Lanka between 2003 and 2014 by using basic Data Envelopment Analysis (DEA). The data was gathered from various Annual Reports of Central Bank of Sri Lanka. The study mainly used input oriented Charnes and Cooper and Rhodes (CCR) model of basic DEA to measure the technical efficiency of commercial banks. For the analysis, the study used one output variable (profits of commercial banks) and two inputs variables (total assets and shareholders' funds) between 2003 and 2014.

The study found that average technical efficiency score is 0.788 as a ten years average between 2003 and 2014. In 2012, there is no technical inefficiency in commercial banks in Sri Lanka. In other periods, there is technical inefficiency in activities of commercial banks in Sri Lanka, and in 2009, technical efficiency score is very low. In other words, among these study periods, the inefficient of use of inputs was very high in 2009 but the efficient of use of inputs was in 2012 compared to other periods.