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**UNIVERSITY OF MACAU**  
**FACULTY OF BUSINESS ADMINISTRATION**

BANKING COST EFFICIENCY IN CHINA:  
AN OWNERSHIP AND TIME SERIES COMPARISON



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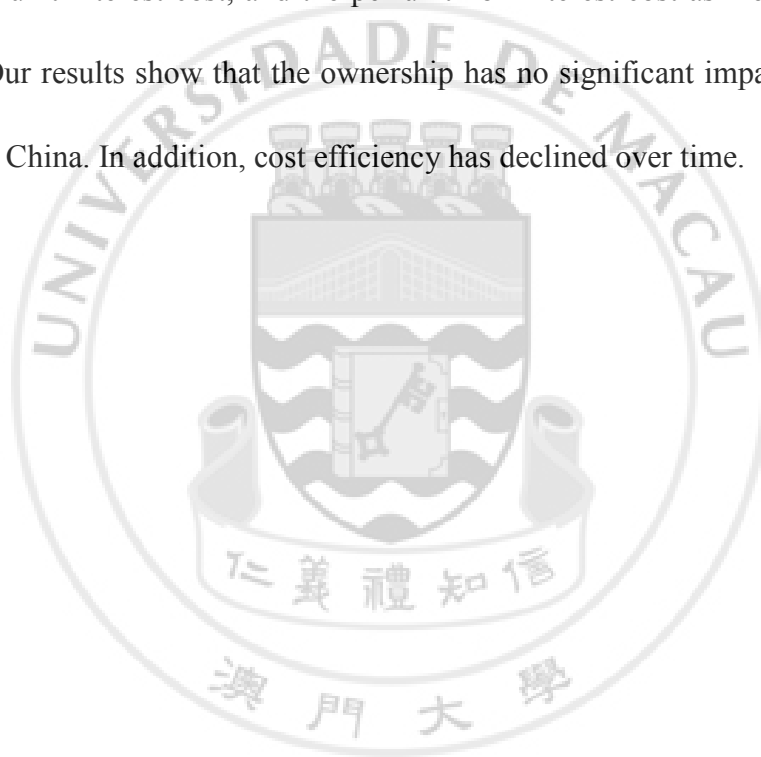
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## Abstract

After China entered WTO (World Trade Organization) in 2001, the operating environment for Chinese banks has become more competitive. This thesis investigates Chinese banks' cost efficiency during the period 2001 to 2009. Specifically, we examine whether there is any significant difference in the cost efficiency due to ownership and over time. Using regression analysis, we consider the per unit total cost, the per unit interest cost, and the per unit non-interest cost as measures of cost efficiency. Our results show that the ownership has no significant impact on the cost efficiency in China. In addition, cost efficiency has declined over time.



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## Table of Contents

<b>Chapter 1: Introduction .....</b>	<b>1</b>
<b>Chapter 2: Background of the Chinese banking system .....</b>	<b>3</b>
<b>Chapter 3: Literature Review .....</b>	<b>7</b>
<b>Chapter 4: Methodology and Dataset .....</b>	<b>12</b>
4.1 Methodology.....	12
4.2 Data .....	16
Table 1 .....	17
Table 2 .....	19
<b>Chapter 5: Analysis and Discussion of Empirical Results .....</b>	<b>20</b>
5.1 The per unit total costs.....	20
Table 3 .....	22
5.2 The per unit interest cost.....	23
Table 4 .....	24
5.3 The per unit non-interest cost .....	24
Table 5 .....	25
<b>Chapter 6: Conclusion .....</b>	<b>27</b>
<b>References .....</b>	<b>29</b>