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Title: Basel regulations and banks' efficiency: The case of the Philippines

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Highlights

- The Philippine commercial banks exhibit substantial cost inefficiencies averaging to 25% of total costs.
- Higher capital requirement (pillar 1) tends to improve the cost efficiency.
- More powerful supervisors (pillar 2) can adversely affect the cost efficiency of the banks.
- Market discipline (pillar 3) is not significant in explaining cost efficiency of the banks.
- Other potential correlates of inefficiency are risk and asset quality and bank-specific variables.