

# **Banking Efficiency in Colombia: A Review of the Literature**

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Research on banking performance and efficiency has advanced greatly in the past three decades, justified by the importance of a properly functioning financial system to the economy in general. In Colombia, too, banks have been the subject of research studies, though as yet to a lesser extent than in developed countries. The purpose of this paper is to take stock of the works done between 1983 and 2003 that have contributed to public debate on banking efficiency in the country. It is noted that the papers published between 1983 and 1996 are dedicated to the measurement of output efficiency (economies of scale in the financial sector), while investigations of the years 1996-2003 have focused exclusively in the input efficiency (X-efficiency).