



## Monograph Review

# EFFICIENCY ASSESSMENT OF COMMERCIAL BANKS IN BULGARIA

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The monograph presented for publishing, authored by Sergey Rumyanov Radukanov is a serious theoretical and applied development, dedicated to an indisputably current topic, concerning a real, important and pressing economic problem: the problem of the efficiency of banks in Bulgaria, which has been barely developed by the specialized literature in Bulgaria particularly, on a micro-level (i.e. specific institutions' level).

The studied topic has many aspects and requires raising a wide range of questions, concerning various sides of the banking activity.

Originality of studying these problems by the present monograph consists in combination of the theoretical point-of-view and concepts with the practical questions of the efficiency of banks in Bulgaria.

The subject of the study focuses on the specifics of its research and assessment.

The main goal of the monograph is to uncover the opportunities for assessment of the efficiency of banks on the basis of official public information.

The monograph „Efficiency assessment of commercial banks in Bulgaria” is a unique and creative achievement, which renders its considerable effect upon the state of the knowledge, application of the innovative analytical methods, based on modern mathematical instruments and guidelines for further research when assessing the efficiency of banks on the basis of official public information.

The monograph developed is structurally sound, has the required logical consistency when exploring the respective questions, and the underlying clever combination of theoretical and practical and applied aspects of the studied problems is showing through.

The tasks set by the author were clearly and definitely formulated:



- Outlining of the theoretical viewpoints and the evolution of opinions on the efficiency as economic category;
- Presentation of certain debatable questions, concerning bank efficiency;
- Argumentation of the input parameters (criteria), upon which the assessment of the efficiency of the bank as a specific enterprise is based;
- Argumentation of a system of parameters for external analysis of the efficiency;
- Building up of a model for assessment of the bank efficiency;
- Empirical testing of the model developed on the basis of the officially published and publicly accessible information.

The beginning of the presentation includes the theoretical foundations of the bank efficiency (Chapter One). Proceeding from this basis is the model for its assessment proposed by the author (Chapter Two). The research ends with an empirical testing of the problem, which permits drawing of the respective summarizations and conclusions (Chapter Three).

The author is very well acquainted with the condition and the degree of elaboration of the problem in the specialized economic literature, as well as with the practical achievements in the field studied by him. He bases his development on a rich and diverse range of literary sources. The monograph logically structured in three chapters comprises a list of references, including 147 titles. Literary sources have been used in good faith and have been accurately quoted. The author demonstrates his abilities to systematize and critically rationalize the existing scientific theses or practical problems and using this basis to defend his opinion in a well substantiated manner.

An agreeable feature is the striving of the author where possible or required, to intensify the debatable nature of the development. Regarding some questions he presents different opinions and viewpoints of certain authors, a feature imparting a better marked explorative nature to his work.

The monograph is well shaped in stylistic aspect. The text of the presentation is clear, and the style - compact, accurate and grammatically sound. Thus, the results from the research are presented logically and intelligibly.

The monograph is properly structured from the point-of-view of the methodology, using modern mathematical instruments, the results have been discussed and analysed to a high degree of scientific competence. The research presents an innovative problem, which certainly provides a quite valuable view upon the questions, related to the efficiency assessment of banks in Bulgaria.

Systematization and summary performed of the views of the authors working on the problems of bank efficiency can be positively evaluated in terms of the advantages, disadvantages and opportunities for application of various approaches and models for its assessment. The specific features and characteristic specifics of the efficiency of the commercial banks are outlined on the basis of the comparative analysis done.



A very good mark deserves the original approach in the justification of criteria for assessment of bank efficiency. It is based on the concept of the bank as specific enterprise, regarded as a combination of three inter-related units: 1) provision of the necessary resources for implementing its activity (input); 2) actual production and 3) marketing of the products created (output). This substantiates the three points-of-view, on the basis of which the bank efficiency is analysed – resource efficiency, cost efficiency and market efficiency.

The author presents his own model for assessment of the bank efficiency through using of official public information. His deduction is based on the „analysis-synthesis” dependency. The model is based on a system of suitably selected indicators, having the required information significance. Initially, every individual efficiency criterion is subjected to quantity analysis using these indicators. Then, using the synthesis method, summarizing evaluation of its level according to the respective criteria is given by means of introduction of specific measuring indicators, called by the author „index of resource efficiency”, „index of cost efficiency” and „index of market efficiency”. These three indexes are synthesized in a final assessment, which finds its quantity expression in the „integral index of efficiency” proposed by him.

The striving of the author to construct its own development upon the research of a broad base of real data is not to be left without mention. To this end, he performs testing of the presented model for external analysis of the bank efficiency, which proves its practical applicability. The research is performed using a broad empirical material from the operation of twenty-four commercial banks in Bulgaria for a period of seven consecutive years. This imparts a strong practical orientation to the monograph.

The monograph „**Efficiency assessment of the commercial banks in Bulgaria**” is useful for scientific researchers, doctoral students and students in the field of efficiency assessment of banks in Bulgaria, as well as for broad range of people interested in the different sides of banking activity.

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