

### **Abstract**

A three-stage procedure is used to investigate the dynamic behavior of cost efficiencies in commercial banks, measure their economies of scope and scale, and analyze how technological progresses, scope and scale economies, and other economic factors affect cost efficiencies, using panel data from Asian emerging markets over the time period from 1988 to 1999. We also find it interesting that the cost inefficiencies in the emerging markets may well explain the occurrence of the Asian financial crisis.

**Keywords:** Technological Changes; Cost (In)Efficiencies; Scope Economy; Scale Economy; Financial Crisis