

Determinants of Profitability in Commercial Banks in Sri Lanka

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The main purpose of this research study was to explore factors which follow Influence to determine profitability of commercial banks in Sri Lanka. During this period of 2011 – 2015 the Sri Lankan central bank presented new rules for amalgamation for financial institutions. In the perspective banking amalgamation valuing particular bank is having contemporary importance in that period. The focus of this study is mainly to get idea about determinants of commercial bank profitability in Sri Lanka. There are several factors which are impact to commercial bank profitability, only considered about internal quantitative factors which are influence to commercial bank profitability. But there are several factors which impact on commercial banks as internal and external. To identify internal quantitative factors which are impact to commercial bank profitability, got Return on asset (ROA) as profitability proxies that one is dependent variable of that research and also Banks capital and total Banks deposits. Those two considered as independent variables. To run linear regression and other programs used secondary data of 08 listed commercial banks and 02 semi government banks over 10 years' quarterly data. Outs come of this study are, according to model there is a significant and positive relationship in between banks capital and banks total deposits with return on assets.

Keywords: Commercial bank, Profitability, Internal quantitative factors, ROA