

Impact of The Fintech on Profitability of Commercial Banks in Sri Lanka

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ABSTRACT

Introduction - In today's rapidly growing world, banks are having an increased rate of competition from other nonfinancial institutions that are providing e-commerce services and financial services to their customers. This research study tries to fill the gap of the limited previous studies that investigate according to existing research studies conducted by various researches related to impact of FinTech on the profitability of the banks.

Design/Methodology/Approach - This study incorporated with Bank profitability through the impact of Financial Technology (FinTech). Purposive Random sampling method was used in choosing the sample. The research has adopted a descriptive research method and the study selected 10 listed commercial banks during the period of 2010 to 2019. Also panel least square (PLS) regression method has initially used to analyse the collected data.

Findings - Based on the analysed results, every variable contains stationarity and analysis has followed a fixed effect model and it includes Investment in IT which is positively significant towards bank profitability whereas total assets is negatively significant. Use of a mobile app and Introduction of an online payment gateway shows positive and negative insignificant relationships respectively.

Conclusion - The final result emphasizes that the overall model is statistically significant, and researcher conclude uptake of Fintech and Profitability of Commercial Banks in Sri Lanka have a significant relationship with bank profitability.

Keywords: *Financial Technology, FinTech, Banking profitability, Online Banking, Investment in technology*