

Determinants of Dividend Pay-Out Ratio of Listed Commercial Banks in Sri Lanka

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ABSTRACT

Introduction – This research study has been carried out to identify the determinants of dividend pay-out in listed commercial banks in Sri Lanka in order to fill the gap using information from listed commercial banks in Sri Lankan context.

Design/Methodology/Approach – This study was incorporated with the determinants of dividend pay-out as return on equity, return on assets, return on assets, earnings per share, firm growth and financial leverage, while the firm size is standing as a control variable. The research has adopted a quantitative research method and study selected 10 listed commercial banks during the period of 2015 to 2019. And also Panel Estimated Generalized Least Square (EGLS) (Cross-section random effects) regression method is used to analyse the collected secondary data.

Findings – Based on the key findings of the study, Earnings Per Share is negatively significant and financial leverage and firm size are positively insignificant towards dividend pay-out. And also it is proved that the preceding year dividend payment is also influenced the current year dividend pay-out.

Conclusion - The final result emphasizes that the overall model is statistically significant and the researcher is concluded that considered determinants are influencing the firms' dividend policy and also recommended that there is a need of dividend policy makers should be emphasized at large on profitability that influences the dividend policy out to listed commercial banks hence enhancing the shareholder value.

Keywords: *Dividend pay-out, Dividend Policy, Determinants, Profitability, Firm Size, Growth, Leverage*