

IMPACT OF BOARD CHARACTERISTICS ON BANK PERFORMANCE: EVIDENCE FROM COMMERCIAL BANKS LISTED IN CSE.

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Abstract

This study aims to determine the Impact of Board Structure on the Performance of Commercial Banks listed on the Colombo Stock Exchange. To get efficient Performance through the best corporate governance the full list of licensed commercial banks listed in CSE was selected as the sample. The data is collected from 2012 to 2021 from the annual reports, audited financial statements, websites & CSE websites. They are all secondary data sources. This study uses the company's performance based on the following financial performance measures: return on assets (ROA) and return on equity (ROE) and board structure consisting of board size, board independence, executive directors, board meetings, gender diversity and advanced education of the board. Bank asset size and bank age were used as the control variables in this study.

Many of the studies discovered how board characteristics impact firm performance, but very few studies were done for the banking sector in Sri Lanka. The regression modelling was done for identifying the relationships between board characteristics and bank financial performance. The study's findings suggest that the frequency of board meetings, gender, advanced education and board independence have a positive substantial influence on ROE & ROA. And board size has a negative substantial influence on ROE & ROA. But there is no significant relationship between the size of the board and bank performance. Additionally, the asset size of the bank and the age of the bank have a positive and significant impact on ROA & ROE. This study contributes to the literature on corporate governance and bank performance by providing the framework that affects the relationship between board structure and bank performance in the context of listed commercial banks. The findings of the study are important for policymakers, investors, regulators, and other bankers of the country. Commercial banks would put more attention on the structure and quality of the board to improve their performance

Keywords: *Corporate governance, Board characteristics, Bank performance, listed commercial banks, Board size, Board independence, Executive directors, Number of board meetings, Gender diversity, Advanced education on board, ROA, ROE, Firm size, Firm age.*