

Impact of Liquidity Management on Financial Performance With Special Reference to Sri Lankan Commercial Banks

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Abstract

Liquidity is considered as one of vital factor in any business. This study investigates the impact of liquidity management on financial performance with special reference to Sri Lankan commercial banks. There have been number of studies regarding liquidity management and profitability in developed countries but less number of studies found in Sri Lankan context on relationship between liquidity and financial performance of Sri Lankan commercial banks. This research is focused on identifying the relationship between liquidity management and performance of Sri Lankan commercial banks. The analysis is based on 12 commercial banks listed in the Colombo Stock Exchange over a period of past eight years from 2012 to 2019. Data are collected from secondary data in the annual reports. Multiple regression method is used to analyze data and used E-Views statistical software in this study. The findings of the study explain about liquidity management and financial performance of commercial banks in Sri Lanka.

Keywords: Commercial Banks, Liquidity, Performance