18th January 2022

10th Students' Research Symposium 2021/2022 (SRS)

ABSTRACTS

"Crafting Financial Strategies for the Next Normal"

Organized by

DEPARTMENT OF FINANCE
FACULTY OF COMMERCE AND MANAGEMENT STUDIES
UNIVERSITY OF KELANIYA
SRI LANKA

10th Students' Research Symposium 2021/2022

"Crafting Financial Strategies for the Next Normal"

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Faculty of Commerce and Management Studies

University of Kelaniya

Sri Lanka

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ISSN 2279-3097

10th Students' Research Symposium

"Crafting Financial Strategies for the Next Normal"

Responsibilities of the content of abstracts included in this publication remain with the respective authors.

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Message from the Dean of the Faculty of Commerce and Management Studies

I would like to extend my warmest wishes to all participants of the Students' Research Symposium 2021/2022, organized by the Department of Finance, Faculty of Commerce and Management Studies, University of Kelaniya for the 10th consecutive year.

The Faculty of Commerce and Management Studies has been one of the pioneer Faculty at the University of Kelaniya which has taken numerous efforts to improve the research culture of its academic members and undergraduates. I am confident that the 10th Students' Research Symposium 2021/2022 will play an important role in encouraging the research culture in the University of Kelaniya while further strengthening the successful journey of the Faculty. I hope that the findings of this symposium will support to uplift the level of the country’s businesses and economy which faced numerous challenges due to pandemic and the economic crisis. Further, I believe that this symposium will provide an opportunity for final year undergraduates of the Department of Finance to showcase their presentation and research skills at a common academic forum and disseminate new knowledge to society at large.

Furthermore, I highly appreciate the staff and the students for their contribution, confidence, and dedication to make this event a success. Moreover, I congratulate all the undergraduates who will be presenting their research findings in the symposium and wish all the success to the 10th Students' Research Symposium 2021/2022.

Dr Narada Fernando
Dean
Faculty of Commerce and Management Studies
University of Kelaniya

Message from the Head of the Department of Finance

As the Head of the Department of Finance (Dfin), it gives me immense pleasure in issuing a message for the 10th Students' Research Symposium 2021/2022 (SRS) organized by the Department of Finance, Faculty of Commerce and Management Studies of the University of Kelaniya. The main objective of SRS is to provide an opportunity for fourth-year undergraduates of the Dfin to come together and share their research work in a safe environment. Dfin provides a supportive environment in which students can present their research findings and receive feedback from the faculty members. It was interesting to notice that this year there were a number of research studies done focusing on the Covid 19 pandemic.

Dfin is committed to fostering a research culture since it is an innovative and proactive academic department. Dfin believes that organizing SRS could develop students' critical thinking, communication and time management skills that are necessary to become an industry-ready graduates.

I wholeheartedly congratulate and wish the 10th SRS to be a success. I take this opportunity to thank all the students and staff members who were involved in research projects and organizing the SRS.

Prof Ruwan Abeysekera
Head
Department of Finance
Faculty of Commerce and Management Studies
University of Kelaniya

Message from the Chairman of the Research Council

It gives me great pleasure to send this message on behalf of the 10th Student Research Symposium organized by the Department of Finance of the Faculty of Commerce and Management Studies of University of Kelaniya.

Organizing a research symposium for the 10th consecutive time is not an easy endeavor. Organizing this symposium for the 10th time means that this research event has become a part of the research culture of the Faculty of Commerce and Management Studies.

Writing research abstracts and presenting them provide necessary training to the students in writing reports, public speaking and publicly defending of research findings. This training cannot be given by the normal classroom lectures.

Therefore, participating at this symposium with the timely theme of "Crafting Financial Strategies for the Next Normal" which includes mainly covid 19 impact on Economy and Business will be a memorable event for the students presenting their research for the first time.

Research Council of University of Kelaniya promotes research culture in the university, high quality publications and interdisciplinary approach to research. Starting point of high-quality research is student research symposia of this nature. Abstract of a symposium is a condensed form of a research report. It briefly includes the reason why the research was conducted, how the research was conducted, the methods used, results, conclusion etc. Therefore, this conference prepares students for writing full papers in future.

I praise the leadership of Dr. Narada Fernando and Prof. Ruwan Abeysekara in providing opportunities to the students. I wish you all a very fruitful symposium.

Senior Prof. Kapila Seneviratne
Chairman
Research Council
University of Kelaniya

Message from the Coordinator of the Dissertation and Symposium

It gives me immense pleasure to welcome you to the 10th Students' Research Symposium 2021/2022 at the Department of Finance, Faculty of Commerce and Management Studies. The Department of Finance initiated the SRS in 2012 as the first-ever Students' Research Symposium at the Faculty of Commerce and Management Studies. This year, by continuing the tradition of transforming knowledge for the betterment of business and society, SRS is unfolding as a virtual symposium for the 10th consecutive year under the theme of "Crafting Financial Strategies for the Next Normal". It creates a platform for 126 undergraduates at the Department of Finance to share knowledge and expertise on the business management discipline and their application in various sectors in order to create a positive impact on business and society at large.

This time a considerable number of research are linked with the Covid – 19 and its impact on the business and economy. The keynote speech of the SRS was delivered by Dr. Ruwani Fernando on a timely topic. The success of the 10th SRS 2021/2022 depends on the contribution and the commitment of many parties including the organizing committee, university administration, speakers, scholars, researchers and presenters. While extending a deep sense of gratitude to them, I wish SRS a successful journey ahead.

Mr Asitha Gunasekara
Coordinator, Dissertation and Symposium
Department of Finance
Faculty of Commerce and Management Studies
University of Kelaniya

Keynote from the Keynote Speaker SRS 2021/2022

Climate Change, Climate Finance, and Finance research in the next normal

The theme of the students' Research Symposium "Crafting Financial Strategies for the next normal is current and exciting. From my keynote, I discussed the contemporary issue of climate change and how finance research could contribute to crafting financial strategies in the next normal. Currently, businesses are becoming increasingly aware of climate change and the environment, and thereby the research in finance its attention on this novel and the vibrant area in the next decades. Today, it is essential to incorporate sustainability in crafting business strategies in the next normal and to maintain a good corporate social responsibility. My speech flows on the areas of; what is climate change? Why Climate change is a problem? Who Causes Climate Change? about COPE 26, what is climate finance, and What areas emerged under climate finance? And Where Does Climate Finance Research Go from Here?

What is Climate change?

Climate change is distracting national economies and affecting our lives. 2019 is considered the second warmest year on record and we have experienced the warmest decade (2010- 2019) ever recorded. Records further show that Carbon dioxide (CO_2) levels and other greenhouse gases in the atmosphere rose to new records in 2019. The world has warmed by 1°C on average compared to the temperature in preindustrial times. It is expected to rise further from 2 to 4°C expected by 2100. It is projected to drop greenhouse gas emissions by about 6 percent in 2020 due to the current COVID-19 pandemic, however, this is a temporary improvement, and the conditions will change once the global economy begins to recover from the pandemic. Thus, all the nations require urgent action to address the climate emergency.

Why Climate change is a problem?

Climate change has dramatic effects in the forms of sea-level rise and weather-related natural devastations, such as storms, droughts, heatwaves, floods, and heavy rainfall. As the global temperature has increased, so has the number of reported natural disasters.

Let's look at how climate change affects businesses and financial decision-making in the next normal. The costs of climate risks for investors are difficult to measure. Mark Carney, the former chair of the Financial Stability Board (FSB), stated that investors have to face possibly significant losses due to the consequences of climate change in terms of physical risks, transition risks, and liability risks which may be an issue for financial stability. Thus, the effect of climate risks may lead to a reassessment of the firms' assets such as property, plants, and equipment and to increased operational costs, such as insurance costs, relocation costs and businesses might face lower profits and issues with debt repayments in near future.

Therefore, several recent finance research emphasizes that climate risk affects the valuing of stocks, bonds, and real estate and a majority of institutional investors believe that climate risk is an important concern to develop financial strategies in the next normal.

Who Causes Climate Change?

The 50 least developed countries are thought to have contributed 1% of the greenhouse gases that have caused global warming. The USA, the EU and China alone have contributed around 60%. The below chart clearly shows the contribution by each continent to the global warming.

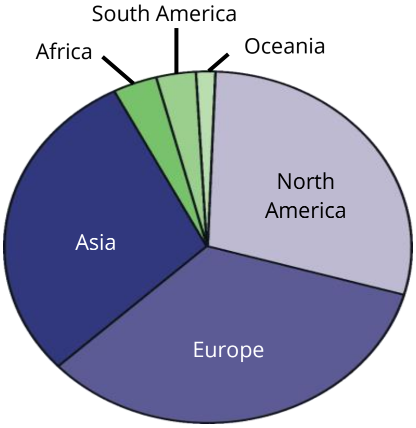

Figure 1

If you are planning to conduct a research by linking with climate change, the above chart gives you interesting facts to choose the context of a study. The corporate finance issues could be linked with the climate change or climate risk focusing on the continents which causes for global warming at a large scale.

About COPE 26

November 2021, COP 26th was held, also known as the UN Climate Change Conference. Hosted by the UK in Glasgow. 197 countries (parties) have signed up to the United Nations Framework Convention on Climate Change (UNFCCC). Every time the member nations meet it is called a COP, which stands for Conference of the Parties. They look at the current state of the climate and discuss the actions they will take to address climate change. The UNFCCC aims to prevent human activity from causing dangerous levels of climate change. The Paris Agreement, adopted in 2015, aims to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels. The agreement also aims to strengthen the ability of countries to deal with the impacts of climate change, through appropriate financial flows, a new technology framework, and an enhanced capacity building framework.

What is climate finance?

Climate finance refers to local, national, or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change (By UNFCCC). As the climate emergency exaggerates, the public and private sectors are needed to address the increasing threat of climate change. Further, stakeholders around the world need to take action and invest in investment solutions that could mitigate climate change impacts. Organizations around the world should pave the way to a low-carbon economy by lowering greenhouse gas emissions. They should focus on access to clean energy solutions. Capital is needed to direct low-carbon emission businesses to mitigate the effects of climate change. The role of corporate leaders in the next normal is needed to find solutions for climate adaptation and reduce global greenhouse gas emissions, thus the need for climate finance is more urgent now than ever before.

The private and public sectors play a crucial role in climate finance. The businesses expect to generate positive, measurable social and environmental impact alongside a financial return via their impact investments. Currently, organizations are focused on investing in climate solutions-based financial strategies that, in many cases, yield above market rate returns, depending on asset class and fund selection. Mobilizing capital from investors will be a challenge for corporate leaders to address the climate crisis.

What areas emerged under climate finance?

Next, after searching the top finance journals I have come across that the review of financial studies has identified the following area as the emerging and researchable area linked with climate finance and climate change.[1]

- Linking trends in global temperatures to **firm and industry cash flows**
- **Modeling valuations** of vulnerable sectors to a warming climate
- Efficiency of capital markets and climate
- **Agency, governance, and general incentive problems** that might distort corporate climate risk management

[1] https://academic.oup.com/rfs/article/33/3/1011/5735309

- The risks of stranded assets for **energy and carbon-intensive firms and industries**
- Understanding a firm's **climate risk exposures based on corporate disclosures** or environmental ratings by public/private agencies

Where Does Climate Finance Research Go from Here?

Finally, the following areas could be highlighted for future researchers in finance to plan their research works connecting with climate risk and climate finance. As researchers, we all have responsibilities for supporting the authorities to achieve the goals of reducing global warming through research findings and communicating the results to practitioners and to policymakers.

- Corporate and financial innovations related to climate change
- Pricing of climate risks in financial assets
- Uncertain social cost of carbon
- Beliefs and climate change risks
- Short-termism and corporate emissions

Dr Ruwani Fernando
PhD (New Zealand)
Keynote Speaker
Students' Research Symposium 2021/2022

The Impact of Micro-Financial Support on The Growth of SMEs (With Special Reference to Rathnapura District)

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ABSTRACT

Introduction: The main objective of the study was to examine the impact of micro-financial support on the growth and development of SMEs.

Design/Methodology/Approach: In this study, the researcher used a quantitative approach. The primary data were collected by using structured questionnaires and 140 SME holders in Rathnapura District were used as the sample. Financing of SMEs, financial literacy skills, development of management skills and marketing facilitation were chosen as the independent variables and growth and development of SMEs was the dependent variable for the study. Descriptive statistics, Correlation and Regression analysis were used to analyze the collected data.

Findings: Based on the regression analysis result, it can be concluded that there is no significant impact of financing of SMEs and marketing facilitation on the Growth and development of SMEs. Further, there is a positive significant impact of financial literacy and development of management skills on the Growth and development of SMEs.

Conclusion: Microfinance institutions should organize seminars and workshops to train SMEs on financial literacy and managerial skills.

Keywords: *SME holders, Micro financial support, Growth and development of SMEs, Entrepreneurship*

Impact of Covid-19 Pandemic to The Resilience of Commercial Banks in Sri Lanka Before and During the Pandemic

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ABSTRACT

Introduction: A resilient banking sector, according to the Basel Committee study, is one that has a high capacity to resist shocks caused by various financial and economic crises. This research study was undertaken to investigate the Impact of covid-19 pandemic to the resilience of Commercial banks in Sri Lanka before and during the pandemic.

Design/Methodology/Approach: The sample of the study consist with ten commercial banks in Sri Lanka and use secondary data those data was collected over the period of 2019 to 2020 from Colombo Stock Exchange. There are three variables use to determine the impact of covid-19. Those are Capital adequacy, Liquidity and Profitability. Descriptive test, Normality test, Correlation test has been tested through StataSE13 application. Paired t test and Wilcoxon sign rank test respectively use as parametric test and non-parametric test.

Findings: This study identified that there is no significant impact to capital adequacy, liquidity, and profitability from covid-19 pandemic.

Conclusion: The final result emphasizes that the overall model is not statistically significant, and researcher conclude that there is no significant impact from covid-19 pandemic to the resilience of commercial banks in Sri Lanka before and during the pandemic.

Keywords: *Covid-19, Resilience, Capital adequacy, Liquidity, Profitability*

Factors Affecting in Introducing Micro-Insurance for The Self-Employed People in Kurunegala District

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ABSTRACT

Introduction: The objective of this study is to examine the factors that affect the enhancement of outreach of Micro Insurance Services available for the self-employment sector in the Kurunegala district. The concept of micro-insurance is more prevalent in third world countries and the need for financial services for the poor is now universally accepted. Micro Finance (MFI) was launched to provide a formal risk protection scheme and minimize poor household facilities and the idea of micro-insurance was born.

Design/Methodology/Approach: The study used deductive approach. The study employed a survey questionnaire to collect the data and the sample consist with 113 respondents. Willingness to pay, accessibility, affordability, and consumer trust were used as the factors affecting introduction of micro-insurance schemes.

Findings: Willingness to pay, accessibility, affordability, consumer trust in income has significant positive effect on the implementation of micro-insurance. The hypotheses were tested using simple regression analysis, and all alternative hypotheses were accepted, and null hypotheses were rejected.

Conclusion: The study relevels that industry professionals and insurance companies need to pay attention to the factors such as willingness to pay, accessibility, affordability, consumer trust in deciding their micro-insurance schemes. Thus, insurance companies can introduce new eye-catching insurance schemes to eliminate or mitigate the impact of these barriers.

Keywords: *Micro Insurance, Self Employed People, Affordability, Consumer trust in insurance, Implementing of micro insurance*

Study of Employees' Perception Towards E-Banking: With Special Reference to The Bank of Ceylon Branches in Kurunegala District

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ABSTRACT

Introduction: This study is aimed to attain a depth understanding of bank employees' perceptions towards the implications of e-banking. This study investigates on implications that can be used to measure the usefulness of e-banking, banking employees' perception towards them and factors affecting those perceptions with special reference to Bank of Ceylon branches in Kurunegala district.

Design/Methodology/Approach: Seven variables were identified as perception measurements of E-banking and structured questionnaire was used for data collection. Convenience sampling technique was used to select the sample. Descriptive statistics, One Sample T-test and One Way ANOVA statistical tests were used to test hypotheses.

Findings: The results show that BOC employees perceive that the use of e-banking has significant positive impact on the bank's efficiency and effectiveness, customer satisfaction, overall cost, profitability, market effects and security. Younger and educated employees who holding higher positions in branch hierarchy have a significant positive perception towards E-banking.

Conclusion: Banks should be assigned younger and educated employees as digital product introducers to the customers and recruited young and educated employees.

Keywords: *E-banking, Perception, Implications, Bank of Ceylon, Bank employees*

Determinants of Financial Performance of listed Insurance Companies in Sri Lanka

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ABSTRACT

Introduction: Due to the intangible nature of insurance products and the lack of transparency in the market, the criteria that affect the financial performance of an insurance company are complex. As a result, the financial performance of insurance companies is important to various stakeholders, such as insurers, insurance intermediaries, and policymakers. The purpose of this study is to investigate the factors that determine the financial performance of insurance companies in Sri Lanka.

Design/Methodology/Approach: The sample consists of 5 listed insurance companies, including both of life and non-life insurance companies in Sri Lanka, over 2015-2020. The analysis includes five variables which internal factors are liquidity ratio, leverage ratio, asset turnover, and external factors are the growth of the economy and interest rate. The financial performance is measured using return on asset (ROA) and return on equity (ROE). Descriptive statistics and regression models were used to analyze the data set through Stata-13 Software.

Findings: This study's findings emphasize that there is a significant negative relationship between the liquidity, leverage, and interest rate on return on equity (ROE) of the listed insurance companies in Sri Lanka. In addition to that, asset turnover and growth of the economy have a significant positive relationship between the return on equity (ROE) of the listed insurance companies in Sri Lanka.

Conclusion: The managers need to monitor liquidity and leverage internally to achieve higher financial performance while facing external shocks.

Keywords: *Insurance companies, Sri Lanka, Determinants, Financial performance, Panel data*

A Comparative Evaluation Between the Economic Crisis (2008) and the Covid-19 Impacts in the Stock Market

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ABSTRACT

Introduction: This study determines the most influenced crisis between the economic crisis (2008) and the COVID-19 pandemic in the share market performance.

Design/Methodology/Approach: The study sample consists of six Asian countries, and the data were collected from 2006 to 2008 for the economic crisis and from June 2018 to June 2021 for the COVID-19. This study has been used the positivist research paradigm, deductive approaches, and quantitative research methods to track down the most influenced crisis. Regression analysis (based on the ARIMA model), Descriptive analysis, and ARIMA model (for forecasting) were employed to analyze the data. Log returns of each country have been used as the dependent variable, while Lags of the log-returns and dummy variable (Pres-crisis and during the crisis) have been used as the independent variables.

Findings: Both crises had shown a negative impact on the share market. However, based on the study results among the two crises, the economic crisis had created a significant negative impact compared to the COVID-19 pandemic. Furthermore, During the economic crisis period (2008), DSEX had shown the highest negative impact where NEPSE in the COVID-19 recession. ASPI is the least affected index during both phases among the six indices. However, according to the ARIMA model, future ASPI returns will be negative.

Conclusion: The final result emphasizes that both crises have negatively affected the share market performance while the economic crisis had created the highest impact. Therefore, there is a negative relationship between the crisis and the share market performance.

Keywords: *The economic crisis (2008), The COVID-19, Share market, Middle-lower Income, Asian countries, ARIMA*

The Impact of Covid 19 Pandemic on Financial Performance: Evidence from Life Insurance Companies in Sri Lanka

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ABSTRACT

Introduction: The COVID 19 pandemic has severely impacted the national economy and business financial performance. This study aims to examine whether there is a significant difference in the financial performance of Life Insurance companies in Sri Lanka before and during the COVID 19 Pandemic and identify the impact of COVID 19 on the financial performance (ROA) of Life Insurance companies**.**

Design/Methodology/Approach: The sample is 6 life insurance companies listed under the Colombo Stock Exchange. The sample includes quarterly observations from 2019 to 2021. The Wilcoxon signed-rank test and Panel Regression methods are used to analyze the data.

Findings: According to the result of the Wilcoxon signed-rank test, ROA, Revenue and GWP Growth are statistically different before and during the COVID period. The Panel Regression Results show that the differential effect of COVID 19 on ROA during the COVID period is positive.

Conclusion: COVID 19 has significantly impacted the financial performance of Life Insurance companies. The positive differential effect of COVID 19 on ROA shows that the profitability is recovering from the setback.

Keywords: *COVID 19, Financial Performance, ROA, Life insurance sector, Sri Lanka*

Impact of Dividend Policy on Firm Value: With Special Reference to Banking Sector

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ABSTRACT

Introduction: This research study, the impact of dividend policy on firm value in Sri Lankan banking sector.

Design/Methodology/Approach: The sample of the study consist of highest market capitalization ten banks listed in Colombo Stock Exchange and the data was collected over the period of 2016 to 2020 to determine the impact of dividend policy on firm value in Sri Lankan banking sector. Market value of bank represent the dependent variable of the study and yearly dividend payment of banks represent the independent variables of the study. Panel data regression model is used as is has cross section and time series nature of data.

Findings: Based on the results of the analysis among selected variables for the study dividend policy has positive significant relationship with firm value and it derived dividend policy has significant impact on firm value in Sri Lankan banking sector.

Conclusion: The final results of the model derived dividend policy has significant impact on firm value in Sri Lankan banking sector. The findings of the study will guide decision makers of the banks, potential investors, academics, and other stakeholders for making their strategic planning, profit allocation and making decisions on managerial implication of banking sector.

Keywords: *Dividend policy, Firm value, Listed banks, Panel Data*

Macroeconomic Variables & Dividend Policy: Evidence from Colombo Stock Exchange

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ABSTRACT

Introduction: This research study determines the Macroeconomic variables and dividend policy; Evidence from Colombo Stock Exchange.

Design/Methodology/Approach: The study based on a quantitative approach used secondary data for the descriptive statistics and the multiple regression techniques Radiance factors that influence dividend pay-out and dividend per share has been one of the most difficult experiments facing financial economists. The study sought to understand and test the relationship between dividend pay-out and dividend per share of firms listed at the Colombo Stock Exchange and macroeconomic variables that included: inflation, exchange rates, money supply, GDP Growth. The objective of this study was to identify the effects of these macroeconomic variables and their influence the dividend policy and to estimation relationship between them. The data was analyzed using a regression on the dividend paid out as the dependent variable against independent variables which were inflation rates, GDP Growth rates, exchange rates and money supply.

Findings: The results indicate that there are both short and long-run fundamental relationships between dividend policy and macroeconomic variables. These findings contest the validity of the semi-strong version of the efficient market hypothesis for the Sri Lankan share market and have ideas for investors, both domestic and international.

Conclusion: The study objective was to establish effects of macroeconomic variables on the dividend policy of firms listed at the Colombo Stock exchange. Accordingly, the study analyzed 10-year variations of the macroeconomic variables in the listed companies on the CSE and made several conclusions.

Keywords: *CSE, Dividend policy, Macroeconomic, Dividend per share, Dividend pay out*

Factors Determine the Demand for Microinsurance Among Low-Income Households in Galle District

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ABSTRACT

Introduction: Microinsurance is the product that concerns low-income households in the world. This study provides a summary of the research of factors determining the demand for microinsurance among low-income households in the Galle district. The purpose of this study is the analysis and identify which are the factors impacting the demand for microinsurance among low-income households.

Design/Methodology/Approach: The research is quantitative and regression analysis is used to find out the relationship between factors. The sample size is limited to the 250 low-income households in the Galle district and the random sample method used. Primary data are collected through well-designed questionnaires online and printed; the data were analyzed by using SPSS 23 software.

Finding: This research discloses that age, gender, marital status, occupation, income, expenditure, educational level, number of children in the family, knowledge about microinsurance trust on microinsurance are determining the demand for microinsurance. This study gives more information about major factors that determine the demand for microinsurance among low-income households and provides some recommendations for getting decisions about increasing the population of microinsurance in the Galle district.

Conclusion: Based on research findings it is proved that low-income householders have microinsurance for a certain level and the majority do not aware. Therefore, the insurance companies who target the low-income householders must focus on the methods of popularizing the brand and promotional activities to get higher involvement of them.

Keywords: *Microinsurance, Low-Income, Galle, Demand Factors*

The Determinants of Life and General Insurance Demand in Sri Lanka

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ABSTRACT

Introduction: The main purpose of this study is to identify how macroeconomic, demographic, and socioeconomic factors affect the life and general insurance demand in Sri Lanka and the most significant factors affecting life and general insurance demand in Sri Lanka.

Design/Methodology/Approach: Income, education, inflation, urbanization, and finance sector development are used as independent variables and life and general insurance density are the dependent variables of this study. This research uses secondary data, and the sample of this study is the years 2000 to 2019. These data are collected from different sources. analyzing method of this study is multiple regression analysis

Findings: Income, urbanization has a significant effect on life insurance demand in Sri Lanka. Income, urbanization, and finance sector development have a significant effect on the general insurance demand in Sri Lanka. Education and inflation are insignificant for both life and general insurance demand in Sri Lanka.

Conclusion: Income level and urbanization have a significant effect on both life and general insurance demand in Sri Lanka. So, increasing income levels and urbanization will be helpful for increase the insurance demand of the country. Also, insurance companies can focus on high-income people and people who live in urban areas to increase their insurance product sales. Developing the finance sector of the country will help develop the general insurance industry of the country.

Keywords: *Life insurance demand, General insurance demand, Sri Lanka, Insurance density, Insurance penetration*

Effect Of Financial Performance on Share Prices During the Covid-19 Pandemic: Special Reference to The Listed Bank, Financial, And Insurance Sector in Sri Lanka

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ABSTRACT

Introduction: COVID-19 is a major health emergency recognized around the world. The investors invest in various types of investment avenues such as shares, treasury bonds, treasury bills, debentures etc. Among these instruments, investment in company shares is an attractive way of profitable investment as far as the capital market is concerned. Most of the stakeholders are mainly concerned about the share price of the entity in the process of resource allocation. Hence this study examines the effect of financial performance on share prices during the COVID 19 pandemic.

Design/Methodology/Approach: This study used panel data consisting of 20 listed banks, financial and insurance sector in Sri Lanka covering the period from 2018 to 2020 at the Colombo Stock Exchange. Return on assets, return on equity, return on investment, earnings per share were used as financial performance measures and used two control variables: Board size and Firm Size. The study employed Ganger Causality test to find the effect of financial performances on the selected companies share prices.

Findings: The study reveals that financial performance variables are Granger-cause average share price at its levels of significance during the COVID 19 pandemic consistent with the literature.

Conclusion: This study can assist the banking, finance, and insurance sector in Sri Lanka to get a better understanding of financial performance on the share price during a pandemic. Stakeholders and bank managers will be able to use the results and findings from the results of this study and they can make more reliable and effective decisions during a pandemic.

Keywords: *Share Price, Financial performance, listed banks, financial and insurance sector, COVID pandemic*

Impact of Ownership Structure of Companies on Firm Financial Performance: A Comparative Study of Food Beverages and Tobacco Firms Listed in Colombo Stock Exchange in Sri Lanka

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ABSTRACT

Introduction: Foreign direct investment (FDI) is an investment in controlling ownership of a business in one country by a firm operating in another country. This research has been conducted to identify any relationship between foreign direct investments and the firm financial performance of Food Beverages and Tobacco industry firms listed in the Colombo Stock exchange in Sri Lanka.

Design/ Methodology/ Approach: The study sample consists of nineteen Food, Beverages and Tobacco companies listed in the Colombo Stock Exchange from 2015 to 2020. Ownership structure measured through the percentage of Non-Resident shareholdings was considered the independent variable, whereas the firm performance measured through return on equity was considered the dependent variable. Firm size, Financial Leverage, Sales Growth, and current ratio were used as the control variables. Descriptive analysis, Correlation analysis, and panel data regression were used to analyze the data in the study.

Findings: The results revealed that the ownership structure of firms has an insignificant impact on firm performance. However, results indicate that firm size has a significant negative impact on ROE. But sales growth and financial leverage show a significant positive impact on the performance of listed Food, Beverage, and Tobacco firms in Colombo Stock Exchange in Sri Lanka.

Conclusion: The results of the study indicate that ownership concentration does not have a significant effect on firm performance of listed firms in the F&B sector in Sri Lanka.

Keywords: *Ownership concentration, Firm performance, Return on equity, Firm size*

The Impact of Intellectual Capital on Firm Value: A Comparative Study of Consumer Services Companies and Capital Goods Companies Listed in CSE

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ABSTRACT

Introduction: In modern economic era, Intellectual capital is a key competitive advantage for a company. This study was undertaken with the purpose of investigating the impact of Intellectual Capital on Firm value in Consumer Service Sector & Capital Goods Sector companies listed in Colombo Stock Exchange (CSE).

Design/Methodology/Approach: This study is for the period of 2015 to 2020 based on the sample of 25 companies in Consumer Service Sector and 20 companies in Capital Goods Sector. Dependent variable for the study was Firm value and independent variable for model 01 was intellectual capital and the independent variables for model 02 were capital employed efficiency, human capital efficiency & structural capital efficiency. Based on the research objectives, the study is tested as two regression models using random effect regression model.

Findings: The findings of the study evident that, the intellectual capital has a significant impact on firm value in both consumer service sector and capital goods sector. When consider about component wise impact, capital employed efficiency has a significant impact on firm value and human capital efficiency and structural capital efficiency have not a significant impact on firm value in both sectors.

Conclusion: The results conclude that the overall model is statistically significant in both sectors, and there is an impact of intellectual capital on firm value in Consumer Service Sector & Capital Goods Sector in CSE Sri Lanka.

Keywords: *Intellectual capital, Capital employed efficiency, Human capital efficiency, Structural capital efficiency, Firm value*

Factors Affecting on Financial Stability of SMEs' During Covid 19 Pandemic: With Special Reference to Colombo District

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ABSTRACT

Introduction: In the developing countries, Small and Medium-sized Enterprises (SMEs) are considered as the backbone as their role in economies are vital and large due to their significant Contribution in Gross Domestic Production. The study focuses on identifying the factors that affect to the financial stability of the small and medium enterprises in Western Province Sri Lanka during the Covid-19 pandemic**.** The research objectives are based on the key highlights of the research problem and aims at identifying the impact of firms' profitability, liquidity and leverage on financial stability of SMEs' in Sri Lankan context during the Covid 19 pandemic.

Design/Methodology/Approach: The research is based on quantitative approach and used 14 SMEs in Colombo district as the sample. The study has collected both the primary and secondary data and has utilized the two approaches, questionnaire and interviews for primary data collection and financial statements of the firms for secondary data collection.

Findings: The research findings based on regression analysis indicate a significant impact of profitability, liquidity, and leverage on financial stability of SMEs in Colombo district, Sri Lanka during the Covid 19 pandemic.

Conclusion: To conclude it was noted that SMEs need to have a healthy working capital in order to run their business in the short term and they are in a dire need of support from financial institutions and government to go ahead. Thus, it is vital to protect SMEs during this kind of a challenging time as they provide a significant contribution to the countries' economy,

Keywords: *Financial stability, Profitability, Liquidity, Leverage, SME (Small and medium Enterprises)*

Impact of Covid 19 Pandemic to the Working Capital Management Practices of Manufacturing Firms in Sri Lanka

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ABSTRACT

Introduction: The Purpose of this study is to examine the Impact of the COVID 19 pandemic on the working capital management practices of manufacturing firms in Sri Lanka.

Design/Methodology/Approach: The sample includes 49 companies out of 56 companies from the capital goods, materials, consumer durables, and apparel sectors that were listed in the Colombo Stock Exchange over the period of 2019 to 2022 to determine the impact of COVID 19 pandemic to the working capital management practices. The study is conducted as quantitative research with the deductive research approach. The sample has been selected using the solving formula. The working capital management was measured using the cash conversion cycle, average collection period, average payable period, and the inventory conversion period, and the firm's performance was measured using the return on asset. The Wilcoxon Sign Rank test is used to analyze the data.

Findings: After analyzing the before and after pandemic situation, the average collection period and return on assets have a significant impact on the manufacturing companies in this pandemic period while the cash conversion cycle, average payable period, and inventory conversion cycle have no significant impact.

Conclusion: According to the results, the average collection period and the return on assets has made a statistically significant impact because of this COVID 19 while cash conversion cycle, average payable period, and inventory conversion period shows no significant impact due to this pandemic situation in the manufacturing companies listed in CSE.

Keywords: *COVID 19 impact, Working capital management, Manufacturing sector, Firm performance, Colombo Stock Exchange*

Impact of Intellectual Capital on Financial Performance of Insurance Industry Sri Lanka

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ABSTRACT

Introduction: The aim of this study is to identify the impact of intellectual capital on the financial performance of Insurance corporations in Sri Lanka, as there is a lack of studies in this industry though it is a major component of the Economy.

Design/Methodology/Approach: The research methodology is a quantitative approach, where the secondary data were gathered from the period of 2016 to 2020 by taking twenty major Insurance companies covering more than 60% of the market capitalization.

Findings: According to the multiple regression analysis undertaken through STATA software, it was found that Structural Capital Efficiency (SCE) and Physical Capital Efficiency/ the Capital Employed Efficiency (CEE) have a significant impact on the dependent variable, Asset Turnover Ratio (ATO), while Human Capital Efficiency (HCE) does not have a significant impact. The efficiency of capital investment is measured by CEE and found to be the most significant predictor of financial performance.

Conclusion: The results depicted a greater impact of capital employed efficiency on financial performance compared to other intellectual capital constituents. These findings would be both conceptually and practically appealing for Insurers to apply knowledge management practice in their institutions. Also, this study would provide some information to the stakeholders and potential investors to assess the value-creating capabilities of selected insurance companies and help decision-makers be aware of the importance of intellectual capital as a key factor that can enhance a firms' ability to maintain its competitive position

Keywords: *Intellectual capital, Human capital efficiency, Physical capital efficiency, Structural capital efficiency, Financial performance, Insurance companies*

Effect of Financial Literacy on Firm's Performance of Micro-Enterprises in Sri Lanka (With Special Reference to Gampaha District)

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ABSTRACT

Introduction: The purpose of this study is to determine the relationship between financial literacy and the firm's performance of micro-enterprises. This study focused on how financial literacy factors such as financial knowledge, financial behaviour and financial attitude affect the firm's performance of micro-enterprises in Sri Lanka.

Design/Methodology/Approach: The quantitative approach was used to carry out the research and data were collected from 150 micro-enterprises located in the Gampaha District. In this study, the main source of the data gathering approach was questionnaires. Descriptive statistics, independent sample T-test, ANOVA test, and multiple regression were used to analyze the survey data using the SPSS software.

Findings: The study findings demonstrate that financial knowledge, financial behaviour and financial attitude significantly impact the firm's performance of the micro-enterprises. The study's adjusted R square is 84.4 per cent which indicates that the financial literacy elements in this study explain 84.4 per cent of financial literacy on a firm's performance.

Conclusion: According to the research findings, financial literacy has a bigger impact on microenterprises' performance. As a result, the researcher proposes that the efforts be expanded to offer micro-entrepreneurs a higher degree of financial literacy through training and skill development.

Keywords: *Financial literacy, Financial knowledge, Financial behaviour, Financial Attitude micro enterprises, Firm's performance*

A Study of Awareness and Usage of E-Banking Services Among Women with Special Reference to Kundasale Division, Kandy

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ABSTRACT

Introduction: This research study investigates the awareness and usage of e-banking services among women in Kundasale division, Kandy district.

Design/Methodology/Approach: For this purpose, nine hypotheses were proposed and tested. In this study, Usage of e-banking services is measured by the eight components; Demographic factors, awareness, convenience, security, cost effective, perceived risk, attitude, Knowledge, and accessibility. Moreover, researcher has examined the impact of demographic factors to the awareness to e-banking services. Sample size comprises of 214 respondents from women who lived in Kundasale division, Kandy District. Sample was selected using convenience sampling technique and data was collected through primary sources. To collect the primary data, questionnaire was used. The statistical methods of Regression analysis were used for the testing of the research hypotheses.

Findings: According to the results, among demographic factors, age, marital status, monthly income level and occupation have significant impact on women's awareness on e-banking services. But only age, income level and occupation have significant impact on women's usage on e-banking services. When considering other factors affecting the usage, convenience, attitude, and knowledge were the significant factors.

Conclusion: The final results emphasize that from the demographic factors age, income level and occupation were the most significant factors affecting the usage and awareness of e-banking services among women. Women with higher income levels and form younger ages are having comparatively higher levels of usage of e-banking services. In addition to demographic variables only three factors (convenience, attitude, knowledge, and accessibility) are having significant impact on the awareness and usage while security, cost effectiveness and perceived risk are not having significant impact on the awareness and usage of e-banking services among women in Kundasale Division, Kandy. This study suggests the increase of awareness programs on e-banking among women in Sri Lanka.

Keywords: *E-banking, Women, Awareness and Usage, Kundasale Division*

Service Quality, Customer Satisfaction and Loyalty: A Study on Life Insurance Industry in Sri Lanka

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ABSTRACT

Introduction: Insurance Industry is becoming one of the high growing Industry in Sri Lanka and quality of the product is very important factor in this service-oriented industry. Satisfied customers lead to repeat purchase and brand loyalty. The objective of this study is to identify the relationship among service quality, customer satisfaction and customer loyalty in life insurance industry in Sri Lanka.

Design/Methodology/Approach: Population of the study is policy holders of life insurance companies in Sri Lanka and 200 policy holders in five life insurance companies were selected as sample. Service quality used as the independent variable, customer loyalty as dependent variable and customer satisfaction as intermediary variable in the study. Study focused on two relationships and, as the intermediary variable, customer satisfaction represents the dependent variable with service quality and independent variable with customer loyalty. Therefore, both relationships were observed using correlation and regression analysis.

Findings: The analysis revealed that the customer satisfaction mediates the relationship between service quality and customer loyalty. Service quality is positively related with customer satisfaction, there is a positive relationship between customer satisfaction and customer loyalty. Most effective independent variable on customer satisfaction is responsiveness. When considering each measurement of service quality with customer satisfaction, only tangibility and responsiveness show the positive relationship with customer satisfaction and only those two were significant at the significant. But when the service quality is taken as a composite variable there is a positive relationship.

Conclusion: There is a positive relationship between service quality and customer satisfaction and there is a positive relationship between customer satisfaction and customer loyalty in life insurance industry in Sri Lanka.

Keywords: *Service quality, Customer satisfaction, Customer loyalty, Life insurance, Sri Lankan insurance industry*

The Impact of Capital Structure on Firm Performance

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ABSTRACT

Introduction: The purpose of this analysis is to look at and investigate through empirical observation the impact of capital structure on firm performance. This study examines the impact of capital structure on firm performance of the material business sector in Sri Lanka.

Design/Methodology/Approach: Data were gathered from 16 material firms from 2012 to 2020. This study used statistical methods such as Descriptive analysis, Correlation analysis, and Regression analysis to analyze financial data of the preceding nine years. The data were collected from the referring nine years' annual reports. This analysis used Capital structure affection for the firm performance, Equity to assets ratio used as independent and ROA ratio as the dependent variables. To work out the relative significance of capital structure variables on firm performance analysis, control variables such as size, growth, liquidity have been used.

Findings: In this research, Equity Asset was recorded as a significant positive relationship with ROA. And Firm Growth was recorded as a significant relationship with ROA. However, Firm size and Liquidity were recorded as having an insignificant relationship with ROA. This study used Panel Data Analysis to gather data to assess the impact of capital structure on the firm performance through the STATA package.

Conclusion: According to overall statistical results the relationship between the capital's structure and the Firm Performance shows that there is a positive relationship.

Keywords: *Capital structure, Firm performance, Material sector, Equity to assets, ROA*

Impact of Reinsurance on Financial Performance of General Insurance Companies in Sri Lanka

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ABSTRACT

Introduction: The purpose of the study is to identify the impact of reinsurance on the financial performance of general insurance companies in Sri Lanka. It will help firms to take reinsurance decisions to enhance their profitability and company performance.

Design/Methodology/Approach: The study based on a quantitative approach used secondary data for the penal regression model. Entire general insurance companies are considered for the population, where 10 general insurance companies are used as the sample for the study.

Findings: It was found that the reinsurance demand, firm size, underwriting risk has a positive impact on the financial performance of general insurance companies in Sri Lanka.

Conclusion: Based on the finding of this study return of assets in general insurance companies in Sri Lankan Insurance industry should focus on the reinsurance demand, firm size, and underwriting risk variables. These three factors have a significant impact on return on assets in general insurance companies in Sri Lanka.

Keywords: *Reinsurance, General insurance company, Financial performance, Panel data regression, Sri Lanka*

The Impact of Portfolio Management on Banks' Profitability: With Special Reference to Commercial Banks in Sri Lanka

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ABSTRACT

Introduction: The impact of portfolio management and profitability of Commercial Banks in Sri Lanka has not adequately addressed in the previous literature. There are a few studies which have provided specific information about the impact of portfolio management and corporate performance on commercial banks in Sri Lanka. However, the investigation of the investment in long-term financial investment, loans and liquidity assets on bank's profitability is an unexplored area. Therefore, this study attempts to address this research gap by examine the relationship between portfolio management and profitability of Commercial Bank in Sri Lanka.

Design/Methodology/Approach: The study used data from 8 banks of the listed commercial banks covering a period of 8 years from 2013 to 2020. A simple random sampling technique is used for this study. This research used secondary data. The study used return on the investments in liquidity assets, invest in loans and invest in long-term financial instrument as the measurement of the independent variables (portfolio management) and Return on assets and Return on investment are used as the proxies for the dependent variable. Panel regression employed to investigate the issue.

Findings: Result appears that the long-term investment has significant impact on ROA and return on loan has significant impact on ROE. The results indicate the long-term investment and loan portfolios of the banks contributing significantly for the banks' overall profitability.

Conclusion: This study facilitates banks in making decisions with regards to their portfolio management. Fundamentally, these research findings are important for bank managers, academic researchers, and industry player to identify the impact of a portfolio management on bank performance of a Sri Lankan Commercial Banks.

Keywords: *Financial performance, Portfolio management, Return on assets, Return on equity, Loan portfolio, Long-term investment, Liquidly assets*

Return Spillovers Among Equity Markets with Relate to Covid-19 Pandemic: Evidence from Asian Region

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ABSTRACT

Introduction: This study aims to investigate equity market return spillover effects among three Asian countries namely, Sri Lanka, China, and India.

Design/Methodology/Approach: The weekly closing prices were considered from the period starting from January 2015 to December 2021. This study uses the VAR and GARCH models to investigate spillover effects among the selected three equity markets.

Findings: In the pre-pandemic episode there is an Uni-directional spillover flowing from China to Sri Lanka and own return spillover effects from Sri Lanka. This result has been confirmed by both VAR and GARCH model and further by Granger Causality test. When analyzing the results during the pandemic, there are significant statistical evidence for Uni-directional return spillover flowing from China to India according to both models employed in this study.

Conclusion: When analyzing pre-pandemic and during pandemic, China shows strong influential impact towards the other Asian equity markets under study implying that other countries' returns are dependent upon the return of Chinese stock market. India and Sri Lanka do not show any influence towards other equity market.

Keywords: *Stock returns, Spillovers, GARCH, Asian countries, COVID-19, VAR*

Impact of Dividend Announcement on Share Prices in Colombo Stock Exchange

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ABSTRACT

Introduction: Dividend announcement plays a potential role in seeking investment by various investors. Investors who are interested in buying shares primarily consider stock price, risk, leverage, company dividends, profitability, and other factors. The share price is very important to make a decision regarding buying and selling shares. As well as the Dividend announcement is a crucial factor influencing investor decision-making. This study was undertaken due to the inconclusive findings regarding the impact of dividend announcement on share price in the Sri Lankan context.

Design/Methodology/Approach: The standard event study methodology was used to examine the stock market response to dividend announcements for the event period of 21 days which is 10 days prior to the announcement date, 10 days after the announcement date, and the announcement date. Both event study method and regression analysis methods were applied to analyze collected data in relation to computing the abnormal return, excess return, cumulative average abnormal return, and t values surrounding the dividend announcement day.

Findings: The finding shows that Dividend Announcements lead to positive market reactions towards Market Prices in the Colombo Stock Exchange.

Conclusion: When using the descriptive analysis, the dividend announcements show a significant impact on the share prices. As a result, it can be concluded that dividend announcements lead to positive market reactions.

Keywords: *Dividend announcement, Stock prices, Abnormal return, Colombo Stock Exchange*

A Study on the Impact of Internet Banking on Customer Satisfaction: Evidence from a Bank of Ceylon Branches in Matara District

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ABSTRACT

Introduction: There are some key factors that have an important impact on customer satisfaction with regarding the internet banking. Internet banking has become one of the essential banking services and give banks a competitive advantage. This study is aimed to study the impact of internet banking on customer satisfaction with special reference to Bank of Ceylon Branches in Matara District.

Design/Methodology/Approach: The study based on the quantitative approach. The Bank of Ceylon customers in Matara District are considered as the population, where 100 Customers are used as sample for the study. A questionnaire was used for data collection. Regression analysis was used in hypotheses testing.

Findings: The internet banking service quality variables such as efficiency, privacy and security, responsiveness and communication have significant positive impact and reliability has not significant but has the positive impact on the customer satisfaction.

Conclusion: Finally conclude these all variables are having positive relationship with customer satisfaction and explore the customer satisfaction level is very high. Further identify reliability has not significant but has positive impact on customer satisfaction.

Keywords: *Internet banking, Bank of Ceylon, Matara District, Customer satisfaction*

Barriers in Progressing Micro Insurance Scheme in Self Employment: With Special Reference to North Central Province

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ABSTRACT

Introduction: The primary goal of this research is to identify the major barriers or variables that influence the implementation of microinsurance schemes in the north-central province, with a focus on the self-employment sector.

Design/Methodology/Approach: Based on the literature review, the conceptual framework was formulated with independent variables and a dependent variable. Independent variables selected for the study are willing to pay, trust in insurance, accessibility, simplicity, and flexibility. The dependent variable is the implementation of microinsurance. Questionnaires were distributed to collect data in two districts of Northcentral Province. The study followed the simple random sampling method for data collection. The sample size was 140. Descriptive statistics and linear regression models were used for data analysis and SPSS was used as statistical software to analyze the data.

Finding: According to the findings willingness to pay and trust in insurance significantly influence the implementation of microinsurance.

Conclusion: This research help develop microinsurance programmes in Sri Lanka which are not developed at the moment.

Keywords: *Microinsurance, self-employment, affordability, client trust, poverty*

The Impact of Board Meetings Frequency on Firm Performance

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ABSTRACT

Introduction: The purpose of this study is to investigate the impact of Board Meetings Frequency on Firm Performance in capital goods sector firms listed on Colombo Stock Exchange (CSE).

Design/Methodology/Approach: Data were collected from 17 capital goods sector firms from 2015 to 2020. Panel Regression has been used as analyzing technique. Board meeting frequency, audit committee meeting frequency, remuneration committee meeting frequency and related party transaction committee meeting frequency were used as independent variables and Return on Assets (ROA) and Return on Equity (ROE) were used as dependent variables. As control variables, Firm size and board size were used.

Findings: According to the data analysis, Board meeting frequency shows a marginally significant positive impact on ROA and a positive significant impact on ROE. Related party transaction committee meeting frequency is the only variable that has a significant impact on both ROA and ROE.

Conclusion: The study fulfills the existing research gap. Therefore, Board meetings impact on the firm performance after controlling for other effects. Future studies can consider qualifications and years of service of the board members and ratio of board attendance on the effectiveness of the various committee meetings.

Keywords: *Board meeting, Corporate governance, Firm performance*, *Committee meetings frequency*

Impact of Non-Interest Income on the Financial Performances of Banks in Sri Lanka

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ABSTRACT

Introduction: The focus of this study is to evaluate the impact of non-interest income on the financial performances of banks.

Design /Methodology/Approach: This is a quantitative study. Data were gathered among 11 Sri Lankan banks from 2010 to 2020 to analyze the impact of non- interest income on the financial performance. The dependent variable of the study, financial performance was measured by using Return on assets ratio. In order to calculate non-interest income, net commission and fee income has taken as a ratio of operating income. Firm size and the Capital adequacy ratio have been selected as controllable variables of the study.

Findings: Results depicted that there is a negative impact of non-interest income on the financial performances of a bank. Total loans and capital adequacy ratio have shown a statistically significant positive impact.

Conclusion: In the Sri Lankan context, it is seemed to be that there is a negative influence of non- interest income on the financial performances of banks. Hence, it is suggested to introduce some programmes those can diversify the financial markets by relevant authorities such as Central Bank of Sri Lanka.

Keywords: *Non-interest income, Capital adequacy ratio, Overhead cost ratio, Firm size, Total loans*

The Impact of Microfinance on Women Empowerment

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ABSTRACT

Introduction: This research study identifies the impact of microfinance on women's empowerment in Colombo district, Sri Lanka.

Design/Methodology/Approach: A sample of 200 women who are engaged in taking microcredit via official, non-official, rural cooperatives, and self-help groups were selected through convenience sampling for data collection. Descriptive statistics were used to data were analyzed using SPSS software.

Findings: The results confirm that microfinance has a significant positive impact on women's empowerment. Furthermore, the variables of women engaging in an income-earning activity, age of the women, and most valuable asset owned in the household have a positive significant effect on the level of women empowerment in the study area.

Conclusion: The final result emphasizes that there is a significant positive impact on women's empowerment with income-earning activity, age, and most valuable asset. Further, it was found that there is no significant effect on education, the number of children, and the Marital status of women's empowerment.

Keywords: *Women empowerment, Microfinance, Sri Lanka*

Relationship Between Customer Satisfaction and Services of Marketing 7 Ps: A Study Conducted on Sri Lanka Insurance Corporation

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ABSTRACT

Introduction: This research has a main purpose of studying how the 7Ps of service marketing mix affect customer satisfaction focusing on examining this relationship in the context of Sri Lanka Insurance Corporation.

Design/Methodology/Approach: The approach for the study was quantitative and the author adopted the survey strategy to collect primary data from the selected sample of 100 SLIC customers. A questionnaire that covered both demographic aspects and variable aspects was designed by the author. The questionnaire comprised 28 statements designed according to the five-point Likert scale method. According to the literature, seven elements of the service marketing mix namely, product, price, place, promotion, physical evidence, people, and process were identified as independent variables.

Findings: According to the statistical analysis conducted, only product, place, people, and process have shown a significant relationship to customer satisfaction. Price, promotion, and physical evidence were rejected by the analysis. Therefore, at SLIC, customer satisfaction is mainly affected by product, place, people, and process elements.

Conclusions: The customer satisfaction of SLIC customers are mainly influenced by the features of the products offered, branch network, employee attributes and operational procedures. Hence it is advisable to enhance the productivity and user-friendliness of those elements.

Keywords: *Product, Price, Place, Promotion, Physical evidence, People, Process, Customer satisfaction*

Impact of Financial Literacy on Personal Financial Management: Evidence from Government Teachers in Kandy Education Zone, Sri Lanka

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ABSTRACT

Introduction: When existing in a world which is more financially driven rather than more trade driven, the quality of life depends upon the individual's capacity to manage his/her financial affairs. Compared to industrialized nations, developing countries have a significantly lower financially informed populace. Consequently, financial education programs have risen in popularity. This study aims to examine the impact of financial literacy on personal financial management of government teachers in Kandy zone, Sri Lanka using investments and savings, spending patterns, debt management and retirement planning as the proxies of financial literacy.

Design/Methodology/Approach: This study used the quantitative approach through distributing questionnaires to collect data and the random sampling technique was exercised in selecting a sample of 254 government teachers in Kandy zone as respondents. The data was analyzed by using the multiple regression analysis and SPSS software was utilized.

Findings: The results of the study were evident enough to prove that financial literacy in all the aspects of savings, investments, spending patterns, debt management and retirement planning shows a positive and a significant impact on personal financial management. Spending patterns showed the highest impact on the personal financial management of teachers.

Conclusion: The study findings make a guidance to future researchers to develop other variables that are related to teachers' personal financial management behaviour. Thus, this study contributes both to the practice and knowledge domain.

Keywords: *Financial literacy, Investments and savings, Debt management, Spending pattern, Retirement planning.*

Exploring the Effectiveness of Microfinance in Promoting Microenterprises Growth: Special Reference with Gampaha District

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ABSTRACT

Introduction: Access to microfinance is necessary to create an economic environment that enables Micro-Enterprises to grow and prosper. Therefore, the researcher wants to find out the factors that would contribute to this. This research study explores the effectiveness of microfinance in promoting microenterprises growth from the Gampaha District evidence.

Design/Methodology/Approach: The researcher has purposively selected four microfinance institutions in Gampaha, and data were gathered based on the twelve in-depth interviews through a semi-structured questionnaire.

Findings: The findings reveal that Microfinance Institutions (MFIs) provide microcredit to existing businesses rather than start-ups. Further, they provide mainly financial services overlooking non-financial services. Moreover, they prefer to use individual lending over group lending. MFIs use business expansions, income and profitability, employability, and asset growth as the yardsticks to measure the effectiveness of microfinance programmes.

Conclusion: The findings will help the development of microfinance institutions and achieve microenterprises owners' objectives

Keywords: *Microfinance, Micro-Enterprises, Microfinance institutions, Micro-credit, Lower-income people, In-depth interviews*

The Impact of Risk Management on the Financial Performance of Listed Insurance Companies in Sri Lanka

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ABSTRACT

Introduction: Risk, if not adequately managed, can lead to the demise of most businesses, particularly those whose core business is risk management on a day-to-day basis. Risk management should therefore be at the heart of an organization's operations, with risk management techniques integrated throughout the whole organization's processes, systems, and culture. Thus, the goal of this research is to determine the impact of risk management strategies used by Sri Lankan insurance companies on their financial performance.

Design/Methodology/Approach: The study employed an exploratory research design, with 28 registered insurance companies in Sri Lanka as the target population. Secondary data was employed in the study. 15 insurance companies were contacted for secondary data. Secondary data was gathered over a six-year period from 2015 to 2020 using published sources as well as data from IRCSL's financial statements. Panel regression analysis was used in the research. Underwriting risk, market risk, liquidity risk, and operational risk were used as proxies for risk management whereas the return on asset is the proxy for financial performance. The firm size was used as a moderating variable and the type of insurance as the control variable.

Findings: Underwriting risk, market risk, operational risk showed a significant and positive relationship with the return on assets ratio and the moderating effect of firm size on the relationship between liquidity and financial performance also show a positive and significant impact. Liquidity risk showed a significant negative relationship with the return on assets.

Conclusion: The study suggests that Sri Lanka's listed insurance companies should consider reducing their costs and claims through appropriate estimating pricing and valuation techniques. Furthermore, insurance companies should provide sufficient diversification of the insurance policy portfolio in order to earn higher premiums that can cover other losses when they occur. The findings imply that good management of a firm's operations results in lower operating expenses, which leads to an increase in the proportion of net premiums to total assets, which improves a firm's performance. To cut expenses and improve financial performance, insurance companies should employ efficient operations management procedures.

Keywords: *Risk management, Risk factors, Insurance industry, Financial performances.*

Value Relevance of Accounting Information on Stock Price of Manufacturing Firms: Empirical Evidence from Sri Lanka

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ABSTRACT

Introduction: Relevance of accounting information acts a main role to meet information needs of users to make their financial decisions. This study attempts to address the value relevance of Accounting Information (Earning per share, Net Asset Value per share) on stock price with special reference to manufacturing sector companies listed in Colombo Stock Exchange in Sri Lanka.

Design/ Methodology/ Approach: This study considers accounting information as independent variable while stock price is considered as dependent variable. Financial details collected from the published annual reports of thirty-five manufacturing companies in ten years from 2012 to 2021 are used for the study. Using GMM model as analysis tool it reveals that there is value relevance of accounting information on stock price.

Findings: Finally, this study concludes that there is value relevance of accounting information on stock price. Which means earnings per share is positively and significantly effects on stock price and net assets value per share has negative effect on stock price of manufacturing sector companies listed in CSE.

Conclusion: The conclusion can summaries as value relevance of accounting information has significant impact on share price and significantly correlated with share price. The result of this study contributes to enhance knowledge of intended users and provide useful information

Keywords: *Accounting information, Earnings per share, Net asset value per share, Relevance, Stock market price*

Impact of Corporate Social Responsibility Practices to the Financial Performance in the Licensed Banks in Sri Lanka

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ABSTRACT

Introduction: Corporate social responsibility (CSR) is a relatively new idea that has a significant impact on organizations. Nowadays, many organizations are focused on CSR activities to enhance their business reputation. The aim of this study is to investigate the impact of corporate social responsibility practices on the financial performance of licensed banks in Sri Lanka.

Design/Methodology/Approach: This study is based on a set of sampling methods, with the group consisting of ten banks. Secondary data was gathered for ten years from 2011 to 2020 through annual reports and other banks publications. For data analysis techniques, regression and correlation analysis methods are used. ROE, ROA, and EPS are used as dependent variables and CSR expenses as the independent variable.

Findings: It was found there is an impact of corporate social responsibility activities on the financial performance of the licensed banks in Sri Lanka. Furthermore, the study results that one independent variable has no significant impact on the financial performance of banks. In the study there are nine hypotheses are related to sub-variables, Community & Social expenses, Education expenses, Other CSR expenses, ROE, ROA, and EPS are independent and dependent variables respectively.

Conclusion: The Community & Social Expenses has a very significant impact on the financial performance of listed banks. Further, bank’s spending on education and other CSR activities are also having a moderate impact to the financial performance. Hence it is important for listed banks to have a good approach to CSR activities to improve financial performance.

Keywords: *Corporate Social Responsibility (CSR), Financial Performance (FP), Return on Equity (ROE), Return on Asset (ROA), Earning Per Share (EPS)*

Impacts of Debt financing decisions on Firms financial performance: Empirical study on listed material and consumer service companies in Sri Lanka

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ABSTRACT

Introduction: The purpose of this study is to examine the impacts of debt financing decisions on firm financial performance in listed consumer service and material companies in Sri Lanka. This is done through investing and evaluating the debt financing decisions of listed consumer service and material companies in Colombo Stock Exchange.

Design/ Methodology/Approach: The research approach is based on empirical research, drawing from annual financial statements for the period from 2014/2015 to 2020/2021. Return on assets, Short-term debt to total assets, Long-term debt to total assets, Total debt to total assets, Firm size in material and consumer service companies are considered as variables in this study. Moreover, Panel regression models use to analyze the relationship between debt financing decisions and firm financial performance.

Findings: The finding revealed that there is a significant negative relationship between Long-term debt to total assets, Short-term debt to total assets and Return on assets in consumer service companies. Moreover, there is a significant positive relationship between Long-term debt to total assets and return on assets in material companies. However, Total debt to total assets are negatively and significantly impacts the Return on assets.

Conclusion: The results of this study suggest that the Debt financings are positively and negatively impact the Firms financial performance in the listed consumer service and material companies in Sri Lanka.

Keywords: *Short- term debt to total assets, Long- term debt to total assets, Total debt to total assets, Return on assets, Listed companies*

Firm Performance During Covid-19 Outbreak Evidence from S&P SL20 Companies

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ABSTRACT

Introduction: Covid-19 pandemic is a one of main challenge faced by entire world in this century. With the general knowledge about the Covid-19 pandemic most of them know that every economic system had subjected to fall from 2019 November onwards. Sri Lanka economy also highly threat by this pandemic from 2020 March onwards. So, it is important to know how top performing listed entities in Sri Lanka able to manage these impacts from the Covid-19 pandemic.

Design/Methodology/Approach: Hence study focus on S&P SL20, sample of this study limited to 20 observations with two time periods 2019 as before Covid-19 pandemic and 2020 financial year as during the Covid-19 pandemic in Sri Lankan context. Using Regression analysis & Paired T test overall investigation conducted.

Findings: The overall regression model is significant, and it ensures that there is 75% describing ability of ROA by the explanatory variables of the model. Further paired t test statistics conclude that Firm size, Leverage levels, Debt repayment ability, Liquidity positions are not significantly difference but ROA has a significant mean difference during the Covid-19 pandemic period compare with the pre-Covid period.

Conclusion: In overall, sectors like travel & tourism, imported related manufacturing industry are not safe havens for the investments as a wise investor. But telecommunication sector, health sector and export related companies are much suitable companies for future investments until the effects of the pandemic gain under fully control.

Keywords: *Covid-19 Pandemic, Performance, Return on assets, Firm size, S&P SL20 companies*

Study of Youth Adoption Towards the Digital Wallets Utilization During Covid-19 Pandemic

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ABSTARCT

Introduction: The objective of this study is to identify the factors influencing the youth adoption towards the digital wallet utilization during the COVID-19 pandemic.

Design/Methodology/Approach: This study mainly focused on final year management undergraduates of University of Sri Jayewardenepura, University of Colombo & University of Kelaniya. To achieve the research objectives, the researcher gathered data from 320 management undergraduates representing above three universities. The researcher used stratified random sampling method to collect data from the relevant sample. A self –administrative questionnaire was used as data collection instrument in this study. Preliminary Analysis (Normality, Multicollinearity, and Validity & Reliability), ANOVA, Regression Analysis & Correlation analysis were used for data analyzing. SPSS was used as statistical software to analyze the collected survey data.

Findings: The ANOVA test revealed that four variables including Customer Awareness, Perceived ease of use, Perceived Usefulness & Social Influence are significantly affected to the youth adoption towards the digital wallet utilization. Further, there is no significant impact of Perceived Risk on youth adoption towards the digital wallet utilization. The correlation analysis mentioned that all five independent variables have strong positive correlation with the dependent variable which is youth adoption.

Conclusion: The findings demonstrate that customer awareness of digital wallets needs for the youth adoption. Finally, researcher recommend some recommendations to increase customer awareness of the youth adoption towards digital wallets and relevant government authorities, banks & financial institutions should take necessary actions to promote those contactless transactions method during this pandemic situation. Future researchers to overcome existing limitations and expand these studies to variety of areas.

Keywords: *Youth adoption, Customer awareness, Perceived usefulness, Social influence, Perceived risk, PEOU, Digital wallets, COVID-19*

Factors Affecting Clothing Sector Small Scale Business Performance Under Covid 19: Evidence from Colombo District Sri Lanka

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ABSTRACT

Introduction: This study examines factors affecting the small-scale clothing business performance under COVID 19.

Design/Methodology/Approach: This study used small clothing business performance as the dependent variable. The price, quality, openness economy and presence of the branded store are used as the independent variables. The Simple and Multiple Linear Regression models were used to analyze the data.

Findings: The findings of the study show that the clothing sector small business performance has a negative significant impact on price. The quality has a positive significant impact on the clothing sector small business performance. The Openness economy and the presence of branded store has a negative significant impact on the clothing sector small business performance.

Conclusion: The findings of this study show that during COVID 19, the demand for clothing SMEs is elastic. Further, clothing SMEs are threatened by international competition.

Keywords: *COVID 19, SMEs, Colombo, Clothing business*

The Impact of The Covid 19 Outbreak on Listed Tourism Stocks in Sri Lanka

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ABSTRACT

Introduction: This research study has been carried out to determine the impact of COVID 19 outbreak on Sri Lankan Listed Tourism Stocks.

Design/Methodology/Approach: This research has been used Event Study Method to analyze the data. The study has been selected 20 listed firms from tourism sector incorporating observations from August 2019 to June 2020. Further regression analysis is used to identify the relationship between the government responses for COVID 19 and stock returns of tourism firms.

Findings: As per the analyzed results, the COVID 19 pandemic did bring a short-term negative impact on the tourism industry. The tourism industry had negative impact but along with the timeline they can recover it. Government responses and Stock returns have negative relationship. COVID 19 government responses make negative impact on tourism stocks. But it is not significant.

Conclusion: The final results emphasize that there is an impact of COVID 19 pandemic on tourism stocks values. The empirical results can be used for future researchers to conduct a comparative study of concerning government responses to the COVID 19.

Keywords: *COVID 19, Tourism industry, Event study method, Stock market, Abnormal return, Sri Lanka*

Analyzing The Impact of Customers' Behavioural Intention to The Use of Mobile Banking in Sri Lanka

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ABSTRACT

Introduction: Providing of different types of facilities is an essential factor towards the attractiveness of the customers in banking industry in Sri Lanka. This study attempts to identify the factors that influence the customer's behavioral intention to use mobile banking applications in Sri Lanka.

Design/Methodology/Approach: This study observed s Perceived risk, Trust, Ease of use, Usefulness, and the Relative advantage as independent variables with behavioral intention to use mobile banking applications as the dependent variable. This is a quantitative study, and the sample will select according to the convenient sampling technique and a self-administered questionnaire will use for the purpose of collecting data. Correlation analysis and Regression analysis were used to analyze the collected data.

Findings: According to the R-square value in regression analysis 42.90% of variation in customers' behavioral intention the o use mobile banking is affected by the change in independent variables. According to moderator analysis, age has become a significant moderator on the relationships between perceived trust, perceived usefulness, and perceived ease of use with customers' behavioral intention to use mobile banking in Sri Lanka.

Conclusion: The result emphasizes that the overall model is statistically significant, the researcher concludes that perceived usefulness is the only variable, which reported a significant impact t customers' behavioral intention to use mobile banking and age has no significant moderation impact on the relationships between perceived risk and relative advantages with the dependent variable.

Keywords: *Banking, Intention, Use, Mobile, Customers.*

Impact of Customer Satisfaction and Service Quality on Motor Insurance Demand

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ABSTRACT

Introduction: Motor insurance is a mandatory according to Sri Lankan law. Therefore, this is highly profitable sector in the insurance companies. This is biggest and fastest growing in general insurance portfolio. This research study determines the impact of motor insurance demand in the companies according to customer satisfaction and service quality.

Design/Methodology/Approach: After reviewing the literature thoroughly researchers identified five main factors which are tested by the previous research done in this regard. Those are Tangibility, Reliability, Responsiveness, Assurance and Empathy. 200 customers have been captured from five companies in Deraniyagala division and the data were collected by means of a structured questionnaire via Google Forms. Statistical Package for the Social Science (SPSS 23) was used as the key analysis tool. Multiple regression analysis was performed to test the study hypothesis.

Findings: The results of data analysis, three independent variables are statistically significance and accepted the hypotheses by correlation and regression analysis. But two variables are rejected. The final result emphasizes that the reliability, responsiveness and assurance are statistically significant, and tangibility and empathy are not significant.

Conclusion: There is a positive relationship between tangibility and empathy and negative relationship between reliability, responsiveness, and assurance.

Keywords: *Customer satisfaction, Service quality, Motor insurance, Determinant, Financial strength*

Covid 19 and Financial Performance-Evidence from Companies Listed in Colombo Stock Exchange

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ABSTRACT

Introduction: The COVID-19 pandemic has had a significant economic impact not only to Sri Lanka but also around the world. One of the effects of the COVID-19 pandemic on Sri Lankan's Gross domestic production (GDP) growth is fall in 16.4% in the second quarter of 2020 once pandemic started to spread in Sri Lanka. (CBSL, 2020). The purpose of this study is to see how the COVID-19 pandemic has affected the financial performance of companies listed in the Colombo Stock Exchange.

Design/Methodology/Approach: The sample consists of 143 firms, which are split into fifteen sectors proportionately. The data are collected over 2019/20 financial statements as per before the Covid 19 and 2020/21 financial statements as per during the Covid 19. The variables are profitability ratio, leverage ratio, short-term activity ratio, and liquidity ratio which are used to check whether there is a statistically significant difference between before and during the Covid 19 pandemic. Data are evaluated through the Wilcoxon Singed rank test between two sets of paired data.

Findings: Based on the result, there is a statistically significant difference in the profitability of the companies during the Covid 19 pandemics when compared to before Covid 19 pandemics. And leverage ratio, short-term activity ratio, and liquidity ratio are not statistically significant difference with the Covid 19.

Conclusion: As per the results of the analysis, Covid 19 pandemic has significantly impacted to the profitability of the companies listed in the Colombo Stock Exchange. There is no significant impact of the Covid 19 pandemic to the leverage, Liquidity, and short-term activity ratio of the companies.

Keywords: *Covid 19 impact, Firm performance, Current ratio, Liquidity ratio, Return on Assets, Activity ratio, Profitability*

Impact of Covid 19 Crisis on Women Entrepreneurs in Kurunegala District Getting Benefited from Microfinance Institutions

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ABSTRACT

Introduction: COVID 19 which spread all over the world as a global crisis became a threat to the global economy. From micro-entrepreneur to large-scale industrialists have to pivot their activities and lifestyle as per the pandemic. Thus, this article examines and summarizes the impact of the COVID 19 crisis on women entrepreneurs. The purpose of this study is to identify the real impact of COVID 19 along with the lockdown on women entrepreneurs who sought assistance from microfinance institutions.

Design/Methodology/Approach - The study followed the thematic analysis in the qualitative approach. Primary data adopted from 20 interviews resulted in four themes regarding the study. The population of the study was the women microentrepreneurs in the Kurunegala district of Sri Lanka who was benefited from micro-financial services. Primary data was collected through 20 structured interviews from the same population.

Findings: The result of this study indicate how women entrepreneurs deal with COVID 19 pandemic in running their business activities. Accordingly, four main themes have identified the impact on business performance, financial difficulties faced by the effect of micro-credit, and the impact due to support from the government.

Conclusion: The study concluded that the majority of the women entrepreneurs believed that they were disadvantaged by the COVID 19 pandemic mainly due to lockdown and curfew in the country. However, entrepreneurs engage in online businesses found that they were usefully managed their operations during the lockdown and curfew period.

Keywords: *Women entrepreneurship, microfinance, Government support, COVID 19, Sri Lanka*

The Impact of Inflation on the Development of the Financial Sector in Sri Lanka

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ABSTRACT

Introduction: This study examines the impact of inflation on the development of the financial sector (financial institutions, financial markets) as a whole in Sri Lanka.

Design/ Methodology/ Approach: The sample period is from 1980 to 2019. And the investigates the impact of inflation on the development of the financial sector in the short run and long run. Regression and Correlation approaches were utilized to accomplish this. The idea of financial development has been measured using the financial development index provided by IMF, Inflation, according to the study's conclusions, can have a negative influence on the financial sector in the short and long run. Government spending, trade openness, external stability, and the degree of economic activity were used as control variables in the model's development. The ARDL model is used to determine whether there is a relationship between inflation and financial sector development because of it can be used to evaluate both stationarity in level I and stationarity in 1st deference I variables. And Various diagnostic tests will be run to determine the created model's goodness of fit.

Findings: In the short run, the magnitude of the influence is large for the dependent variable. In long term, Inflation will not affect the development of the financial sector.

Conclusion: The final result emphasized that the short-term relationship between inflation and financial sector development is negative and statistically significant. And the long-term relationship between inflation and financial sector development is negative but not statistically significant.

Keywords: *Financial sector development, Inflation, Sri Lanka, ARDL Model (Auto Regressive Distributed Lag)*

The Impact of Microfinance on Poverty Alleviation (With Special Reference to Kaluthara District)

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ABSTRACT

Introduction: The purpose of this study is to analyze the impact of microfinance on poverty alleviation in the Kalutara district. The study focused on how loan facility, Saving Facility, Member's ability and training affect poverty alleviation.

Design/Methodology/Approach: To achieve the research objectives, the researcher collected data from 150 customers of microfinance institutes in the Kalutara district. This study used the stratified random sampling technique. Questionnaires were used as the main source of the data collection method in this study. Descriptive Statistics, independent sample T-Test, and ANOVA test were used for data analysis and SPSS was used as statistical software to analyze the survey data.

Findings: The findings revealed that factors including loan facility, Saving facility, and Training affect poverty alleviation.

Conclusion: This study fills empirical and practical gaps. Microfinance institutions must concentrate on loan facilities, saving facilities, and training to alleviate poverty.

Keywords: *Poverty alleviation, Microfinance, Sri Lanka, Micro loan, Saving, training*

Relationship Between Exchange Rate and Stock Market Performance in Sri Lanka Before the Covid-19 Period

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ABSTRACT

Introduction: This research study examines the Relationship Between Exchange Rate and Stock Market Performance in Sri Lanka Before Covid-19 Period.

Design/Methodology/Approach: The sample of the study is ten years of monthly data of All Share Price Index (ASPI) and Exchange Rates. The sample period is from April 2009 to March 2019. Dependent variable is ASPI, and the independent variable is the Exchange Rate (USD). Unit root test, Johansen cointegration test and Granger causality test are used to analyze the data.

Findings: According to the results, no long-run relationship between the Exchange Rate and ASPI is found. The Granger Causality Test shows a marginally significant relationship between the ASPI and Exchange Rate.

Conclusion: The final result emphasizes that the relationship between Exchange Rate and ASPI is weak.

Keywords: *Exchange rate, Stock price, Cointegration, Sri Lanka, CSE*

The Impact of Dividend Policy on Stock Price Volatility: Evidence from Manufacturing Sector and Capital Good Sector in Sri Lanka

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ABSTRACT

Introduction: This study investigated the impact of dividend policy on stock price volatility in manufacturing sector and capital good sector listed in Colombo stock exchange in Sri Lanka using panel data regression.

Design/Methodology/Approach: Data gathered from 12 manufacturing and 12 capital good sector from 2011/12 to 2020/21. Descriptive statistic, Correlation analysis and Panel data regression employed to identify the relationship between the predictor variables and dependent variable. Dividend yield a (Dy_t, DY_{t-1}) and Pay Out Ratio (POR_t, POR_{t-1}) were used as independent variables and Firm size and Asset growth were used as control variables. Stock Price Volatility (PVOL) was use as dependent variable in this study.

Findings: In manufacturing sector enterprises in Sri Lanka, DY_t and POR_{t-1} is positively significant at the 5% probability level and POR_t and Growth is negatively significant, further, DY_{t-1} are negatively insignificant, and Size is positively insignificant at this study. According to the overall panel regression model. In Sri Lanka, there are four variables are significant variables affecting manufacturing enterprises after using random effect model. DY_t has a significant negative connection with PVOL in Sri Lankan capital goods companies, according to the overall panel regression model. In Sri Lankan capital goods companies, DY_{t-1}, POR, POR_{t-1}, Size, Asset growth are all positively insignificant when it comes to PVOL. In addition, the similarities, and differences of PVOL adopted by manufacturing and capital goods sector organizations in Sri Lanka explored in this study.

Conclusion: The research fills a gap in the literature and achieves the study's goals. Future research on dividend policy will benefit from these insights.

Keywords: *Dividend policy, Stock price volatility, Panel data regression, Random effect model*

The Impact of Financial Literacy on Performance of Small and Medium Enterprises in Anuradhapura District

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ABSTRACT

Introduction: The performance and growth of Small and Medium-Sized Enterprises (SMEs) have throughout the nations, been of great concern to, among development economists, entrepreneurs, government, venture capital firms, financial institutions, and non-government organizations. This study aims to investigate the impact of financial literacy on performance of Small and Medium Enterprises in Anuradhapura district.

Design/Methodology/Approach: This is a quantitative study done on using deductive approach. The study selected a sample 100 SMEs as using simple random sampling technique and data were collected using a structured questionnaire. Multiple Regression was used as the analysis technique and SPSS was used as the analyzing tool.

Findings: As per the results of the study, all the independent variables: Bookkeeping skills, Financial planning, and Fixed assets management show a significant positive relationship with the performance of SMEs in Anuradhapura district. Thus, the research findings support to conclude that there is a significant positive impact of overall financial literacy on performance of SMEs in Anuradhapura district.

Conclusion: This study concludes that it is crucial for SMEs to pay their attention more on improving knowledge on financial literacy related areas such as bookkeeping skills, financial planning, and fixed assets management as they can make a huge impact on performance of their businesses. Moreover, the study contributes both in practice and knowledge domain.

Keywords: *Financial literacy, Performance, Bookkeeping skills, Fixed assets management*

The Impact of Lending Methods on the Bank Performance in Sri Lanka

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ABSTRACT

Introduction: The purpose of this paper is to examine the impact of lending methods on the bank performance in Sri Lanka.

Design/Methodology/Approach: Data for 05 Listed Commercial Banks from 2011 to 2020 Data are summarized and analyzed using and detailed statistics.

Findings: Bank-specific deposits and credit rating factors have contributed significantly and positively to performance, and active spending management has had a significant and positive impact on commercial banks' lending practices. The activism of the commercial bank has a significant and natural impact. The statement further states that the horticulture rate and the market rate, which have a significant and positive impact on performance among the macroeconomic criteria for the economic growth rate, are significant and positive for the performance of commercial banks.

Conclusion: By considering industry specific variable of industry growth and stock return, this study provides some interesting new insights for a better understanding of the mechanisms that determine the performance of commercial banks in Sri Lanka.

Keywords: *ROA, ROE, Stock return, Industry growth, Commercial banks*

The Impact of Ownership Concentration on Firm Performance: Evidence from Listed Hotels in Colombo Stock Exchange

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ABSTRACT

Introduction: Ownership concentration is the major internal component in the corporate governance to control the agency issue. The concentration of ownership acts as an invisible hand in improving the firm performance. The purpose of this study is to investigate the impact of ownership concentration on firm performance of listed hotels on Colombo Stock Exchange in tourism sector in Sri Lanka.

Design/Methodology/Approach: The sample of the study consist with twenty-one listed hotels on Colombo Stock Exchange for a time period of 2014 to 2020. The independent variable of ownership concentration measured through percentage of shares held by largest shareholder of the company whereas dependent variable of firm performance was measured through return on asset. Firm size, Financial Leverage and Firm age used as the control variables. Descriptive analysis, Correlation analysis and Panel data regression used to analyze the data in the study.

Findings: The results revealed that ownership concentration has negative insignificant impact on firm performance measured through ROA. However, results indicate that firm age has negative significant impact on ROA. But firm size and financial leverage showed negative insignificant impact on firm performance of listed hotels in Colombo Stock Exchange in tourism sector of Sri Lanka.

Conclusion: The results of the study indicate that ownership concentration does not have significant effect on firm performance of listed hotels in tourism sector of Sri Lanka

Keywords: *Ownership concentration, Firm performance, Return on Asset, Firm size, Financial leverage*

Factors Affecting Demand for Life Insurance in Sri Lanka

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ABSTRACT

Introduction: This research study examines the factors that influence the demand for life insurance in Sri Lanka.

Design/Methodology/Approach: Factors affecting the demand for life insurance have been analyzed using secondary data from the annual reports of CBSL, IBSL and the World Bank from 1990 to 2019. The dependent variable for the study was life insurance density, while the independent variables were Income level, Inflation, Urbanization, Social security, Youth dependency & Life expectancy. Multiple regression analysis method was used for data analysis.

Findings: According to the research results, income level and social security from the selected independent variables showed a significant positive relationship with the demand for life insurance. Also, young dependency and life expectancy have had a significant negative impact on the demand for life insurance. Excluded from the backward stepwise process because urbanization and inflation did not show a strong link with life insurance consumption.

Conclusion: This study shows that socio-economic factors have a significant impact on the demand for life insurance in Sri Lanka. Accordingly, the future of the life insurance market will depend on the behavior of those factors.

Keywords: *Life insurance demand, Socio-Economic factors, Penetration, Life expectancy, Urbanization, Young dependency*

An Analysis for Factors Affecting Switching Behaviour of Customer in General Insurance Industry in Sri Lanka

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ABSTRACT

Introduction: The purpose of this study is to identify the factors affect for customer switching in general insurance industry. To achieve this goal 120 questionnaires were distributed among customers who are the general insurance policyholders in Sri Lanka. This study is based on four factors that are affect to customer switching behavior and these factors were extracted from the literature.

Design/Methodology/Approach: This study is based on four factors affecting customer switching behaviour extracted from the literature. Customer switching is the dependent variable and Customer satisfaction, Switching cost, Customer loyalty, and Service quality are the independent variables. 120 questionnaires were distributed among customers who are the general insurance policyholders in Sri Lanka in order to collect data.

Findings: The findings of this study disclosed that most important factors that are affect to the customer switching are, customer satisfaction and customer loyalty and the least important factors are, switching cost and the service quality.

Conclusion: Insurance companies able to analyze the business with considered factors and predict the customer switching in near future. Researcher has identified customer satisfaction highly affect for the customer switching in general insurance industry referring regression analysis. Therefore, insurance companies have to give their more attention to satisfy customers.

Keywords: *Customer switching, Customer satisfaction, Switching cost, Service quality, Customer loyalty*

Value Relevance of Accounting Information and Stock Price Reaction of the Listed Companies in Sri Lanka

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ABSTRACT

Introduction: This research study examines the impact of accounting information on stock prices and find out the relationship between value relevance of accounting information (earning per share, dividend per share, net asset value per share, return on equity) and the share price.

Design/Methodology/Approach: The Sample of the study consist with 90 listed companies from Colombo Stock Exchange and these 90 companies are comprised Finance, Banking, Insurance, Manufacturing and Hotel sectors. Also, the data was collected over the period of 2011 to 2020 to determine the relationship between the accounting information and share price. Share price is the dependent variable of this study. Independent variables were Earnings per share, Dividend per share, Net Asset Value per share and Return on Equity. Descriptive Analysis, Correlation Analysis and Regression Analysis methods were used for data analysis. Finally, E-Views 11 version software was equipped in this study.

Findings: Based on the result of the study among selected variables for the study Earnings per share, Dividend per share, Net asset value per share were shown a significant positive relationship with share price. Return on equity shown negative relationship with share price. Further, all independent variables (EPS, DPS, NAVPS, ROE) are statistically significant with share price.

Conclusion: The final result emphasizes that the overall model is statistically significant of all independent variables, and findings support for the shareholders, people who are expect in the companies and the study provided the value of the using of accounting information for a company. Therefore, the study recommended that keep up the consistency of the financial stability of an organization.

Keywords: *Accounting information, Earnings per share, Dividend per share, Net asset value per share, Returns on equity*

The Environmental Disclosure Practices and Firm Performance: Evidence from Manufacturing Sector in Sri Lanka

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ABSTRACT

Introduction: This research study aims to identify how the environmental disclosure practices influence the firm performance with the moderating effect of environmental performance.

Design/Methodology/Approach: The Sample of the study consist with of 15 listed companies in manufacturing industry in Sri Lanka which will mainly focus on the financial years of 2014 to 2020. Also, it is expected to collect data relating to environmental disclosure with the help of an environmental disclosure index developed by Peter M Clarkson and the data was collected from the annual reports and the sustainability reports of the companies in the sample. Correlation and Regression analysis were used to test whether there is a direct relationship between the environmental disclosure and the firm’s financial performance. Further, an interaction effect of regression analysis was performed to study the moderating effect of environmental performance on the direct relationship between environmental disclosure and firm market value.

Findings: As per the findings of this study it was revealed that there is an insignificant positive relationship between environmental disclosure and ROE as well as an insignificant negative relationship between environmental disclosure and ROS. Therefore, it can be concluded that there is no systematic relationship between environmental disclosure and firm performance. Moreover, no significant moderating effect of environmental performance was identified from this research study.

Conclusion: The results indicated that there was no systematic relationship between the environmental disclosure and firm performance since the correlation is not significant. As an additional analysis, a panel regression was run, and it also indicated a positive relationship between environmental disclosure with respect to the ROE and ROS.

Keywords: *Corporate Social Responsibility (CSR), Environmental disclosure, Environmental performance, Financial performance*

Impact of Corporate Governance on The Firm Performance: A Study of Listed Companies in Sri Lanka

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ABSTRACT

Introduction: The main objective of this study is to examine whether there is any relationship between corporate governance and the firm performance.

Design/Methodology/Approach: This study uses data from 32 companies listed in the Colombo Stock Exchange (CSE) from 2019 to 2020. The Annual Reports of applicable companies in the corresponding year are used to collect data. Board Size, CEO duality and proportion of non-executive directors are considered as the independent variables. The dependent variable is the firm performance (EPS, ROA and ROE). The control variables are firm size (SIZE), the number of years a given firm's stock has been traded on CSE (AGE) and leverage (LEV) of the firm. The analysis is mainly carried out using Multiple Regression.

Findings: Regression results show that Board Size is negatively associated with firm performance. Additionally, the attendance of outside directors has a negative impact on the performance. Further, there is a positive relationship between leadership structure and firm performance.

Conclusion: Larger Board Size is unfavorable for a company and CEO duality enhances the firm performance.

Keywords: *Corporate governance, Board of directors, CEO duality, Proportion of non-executive directors, Colombo Stock Exchange*

Adoption to E-Banking Services by Banking Customers: With reference to Licensed Commercial Banks in Colombo District

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ABSTRACT

Introduction: This study investigates factors influencing of Adoption of E-banking by Banking Customers in Sri Lanka with special reference to Colombo District. Accordingly, this study aims at examining the impact of subjective norms, the customer attitude and perceived behavioral control towards E banking on customer adoption in Sri Lanka.

Design/Methodology/Approach: This study employs descriptive research design techniques in gathering, analyzing, interpreting, and presenting the information. Also, study has used convenient sampling technique with a sample of 200 mobile banking users in Colombo district and the data is collected through a questionnaire.

Findings: It has resulted a positive significant impact on customer adoption by e-banking by Subjective Norms and Perceived Behavioral Control with R-square value of 0.572%. The results and the findings of the study shows which variables have impact on customer adoption towards E Banking and how the age has been impacted on adoption towards e-Banking in Sri Lanka.

Conclusion: This study can be contributed to increase the adoption for E Banking Services in Sri Lanka.

Keywords: *E-banking, Subjective norms, Customer attitude, Perceived behavioral control, Adoption*

Effect of Ex-Ante Risk Management on Financial Stability During Covid 19 Pandemic: Evidence from Food, Beverage & Tobacco Sector Firms in Sri Lanka

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ABSTRACT

Introduction: With the covid 19 outbreak around the globe, scholars have paid attention to investigate whether firms can ensure their financial stability during the COVID-19 pandemic by having ex-ante risk management. Thus, this study aims to identify the effect of ex-ante risk management on financial stability of food, beverage, and tobacco sector firms in Sri Lanka during the covid 19 pandemic.

Design/Methodology/Approach: The researcher has used a sample of 21 listed companies in food, beverage, and tobacco sector to assess the impact of risk awareness and risk management tools disclosed in annual reports. Data has been gathered using secondary sources and quarterly figures of 2019, 2020 and first two quarters of 2021 have been used for the analysis.

Findings: According to the study findings, firms that disclose their risk management tools declares that they have boosted asset utilization and liquidity during the Covid 19 epidemic when compared to before the pandemic. Furthermore, the researcher discovered that inventory management is the most effective risk management tool for ensuring financial stability for businesses during Covid 19 pandemic.

Conclusion: The study concludes that there is a significant connection between ex-ante risk management and financial stability. COVID-19 epidemic has a significant impact on the financial wellness of firms. The outcome of the research points out the usefulness of ex-ante risk management in order to mitigate risks in the case of a pandemic. Thus, the study contributes both in practice and knowledge domain.

Keywords: *Ex-ante risk management, Financial stability, Risk awareness, Risk management tools*

Dividend Policy and Firm Performance of Banking and Finance Companies in Sri Lanka

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ABSTRACT

Introduction: Companies' dividends are considered significant because of the information value of dividends. This study focuses on relationship between dividend policy and firm performance of banking and finance sector companies listed in Colombo Stock Exchange.

Design/Methodology/Approach: The Sample of 20 banking and finance sector companies was selected based on Market Capitalization, Dividend Declaration and Availability of Annual Reports for 10-year time period. Regression, Correlation Analysis and Descriptive Statistic were used to analyze the data. Econometrics Views (E-Views) Statistical package was used to analyze the data.

Findings: The findings indicate that there is no significant relationship between EPS and Firm Performance and there is a significant relationship between DPO, DPS and Firm Performance.

Conclusion: As per the results of the analysis it can be concluded that dividend pay-out ratio and dividend per share have significant impact on performance and there is no significant relationship between earning per share and performance of Banking and Finance sector companies in Colombo Stock Exchange in Sri Lanka.

Keywords: *Dividend policy, Firm performance, Earning per shares, Dividend pay-out, Dividend per share.*

The Impact of off-Balance Sheet Activities on Bank Risks: Evidence from Licensed Commercial Banks of Sri Lanka

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ABSTRACT

Introduction: Off-Balance Sheet activities (OBS) such as Guarantees and bonds, FX sales and purchases, acceptances, letter of credits, undrawn credit lines, underwriting facilities have become essential income sources for banks. The main objective of this study is to examine the impact of OBS activities on the bank risks of licensed commercial banks in Sri Lanka.

Design/Methodology/Approach: The summation of OBS activities is the independent variable, and Credit risk, Market risk, Liquidity risk, Capital adequacy risk, Leverage risk, and Revenue growth risk are the dependent variables. Six different regressions were conducted. This study was based on secondary data and data were collected from eleven licensed commercial banks for the period 2011-2020.

Findings: OBS activities impact on banking risks of licensed commercial banks in Sri Lanka. Further, OBS activities positively impact on liquidity risk, leverage risk and revenue growth risk. But OBS activities do not impact on credit risk, market risk and capital adequacy risk.

Conclusion: It was concluded that OBS activities impact bank risks of licensed commercial banks in Sri Lanka. Thus, it is recommended for policymakers to develop appropriate strategies and policies to enhance the performance of the banks through dealing with OBS activities more to generate high income by giving their consideration to relevant risks.

Keywords: *Off balance sheet activities, Banking industry, Banking risks, Licensed commercial banks*

Corporate Social Responsibility: Business Response to Covid-19 Pandemic in Sri Lanka

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ABSTRACT

Introduction: This study attempts to explore business responses to the COVID-19 pandemic to support their vital stakeholders including internal (employees) as well as external (customers, and communities) stakeholders and society as a whole through CSR initiatives on a large scale.

Design/Methodology/Approach: This is a qualitative research which based on secondary data. The study population include the all the listed companies in the CSE in Sri Lanka and top 25 companies selected as sample group using Judgmental sampling method. The present research on the contemporary phenomenon considered multi-items as authentic data sources such as press releases, newsletters, letters to shareholders and company annual report that retrieved from the company's respective website in the research line up. Secondary data was extracted from multi-items using data collection sheet. In this study, applying the manual content analysis method and qualitative data coding technique and research outcomes are presented in the figures and tables with adequate descriptions.

Findings: The outcomes of this research report that sampled companies show respect to their stewardship relations between employees, customers, and communities during the COVID-19 pandemic through CSR initiatives.

Conclusion: The Corporations have contributed to several activities toward the stakeholders such as employees, customers, community, and society during the pandemic period. Present study adds new knowledge on CSR concept on financial and productivity during a crisis situation and encourages to corporation's response to the stakeholders and society during this kind of hardest situations.

Keywords: *COVID-19 pandemic, Corporate Social Responsibility, Stakeholder theory, Business response, Corporate philanthropy*

Impact of Claim Management on Profitability of Listed Insurance Companies in Sri Lanka

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ABSTRACT

Introduction: This research study determines the impact of claim management on profitability of listed insurance companies in Si Lanka.

Design/Methodology/Approach: The study based on a quantitative approach used secondary data for the descriptive statistics and the multiple regression techniques. All insurance companies in Sri Lanka were considered for the population, where listed insurance companies were used as sample of the study. Return on Assets (ROA) was taken as a dependent variable and Expense Ratio (EX), Combined Ratio (CR), LATR, NIIR and Net claim consider as independent variables.

Findings: The appropriate model that has selected for this study was the random effect model. The findings in this study have found that ROA, which is a measure of profitability, has a direct relationship with expense ratio, but an indirect relationship with net claim. And liquid asset technical reserve and combined ratio are no relationship with ROA. Net premium has an indirect relationship with a loss ratio.

Conclusion: The results of the study indicate that there was a significant relationship between expense ratio and ROA, and NII ratio and ROA, and NC and ROA in the listed insurance companies in Sri Lanka. The study recommends that claims managers in the Sri Lankan insurance industry must effectively manage their claim process. In addition to that, carefully attention must also be given to administrative cost, underwriting cost, which is capable of reducing company's profit margin.

Keywords: *Claim management, Profitability, Listed insurance companies, Policyholder, Premium*

The Impact of Free Cash Flow on Capital Expenditure of Listed Companies un CSE (With Special Reference to the Capital Goods Sector)

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ABSTRACT

Introduction: Free Cash flow can be considered as one of the major implications of the financial strength of a company. Companies in their introductory stage allocate a higher portion from their funds into capital expenses because they are in the infant stage and need growth. Therefore, they have to increase their capacity level more and more by investing funds in profitable projects. Even though, there are large number of studies have been conducted in developed and developing countries on this topic, no research study conducted in capital goods sector in Sri Lanka. Therefore, this study attempts to examine the impact of free cash flow on capital expenditure of listed companies in the capital goods sector in CSE.

Design/Methodology/Approach: The sample of the study consist with 25 companies from capital goods sector in Colombo Stock Exchange and the data was collected over the period of 2011 to 2020. Capital expenditure was taken as dependent variable and free cash flow was taken as the main independent variable and dividends, depreciation, and total assets were considered as control variables. The study used panel data regression and descriptive statistic to analyze the data.

Findings: The study revealed that the free cash flow has a significant negative impact on capital expenditure in companies listed in the capital goods sector in Colombo Stock Exchange. In contrast, dividend, depreciation, and total assets have a significant positive impact on capital expenditure in companies listed in the capital goods sector in Colombo Stock Exchange.

Conclusion: The final result emphasizes that there is a significant negative impact of free cash flow on capital expenditure in listed companies in Capital Goods sector in Sri Lankan context.

Keywords: *Capital expenditure, Capital goods sector, Free cash flow, Colombo Stock Exchange*

Covid-19 Pandemic and Industry Group Performance of the Colombo Stock Exchange

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ABSTRACT

Introduction: This research study examines the impact of the lockdown announcement imposed by the government on the different leading industry groups of the CSE such as Health Care Equipment and Services, Banks, Energy, Capital Goods, Transportation, etc.

Design/Methodology/Approach: Event study methodology has been employed to analyze the data. Lockdown declaration day has been considered as the event date for this study. The study has taken a 40-trading day event window, i.e., 20 trading days before and 20 trading days after the date of the announcement. Secondary data is used in the study and the same is collected from the CSE data library. Using MS-Excel, three models have applied for analysis-mean-adjusted, market-adjusted, and risk-adjusted abnormal return.

Findings: In the initial lockdown analysis, on the date of announcement, all the industries show negative abnormal returns under the mean adjusted abnormal return model. Three industry groups (Energy, Consumer services and Insurance) show positive impressive abnormal return at a significant level under the market adjusted abnormal return model.

Conclusion: Most of the sectors performed positively and gained abnormal returns after the announcement of lockdown. It showed that these sectors steeply recovery after falling down the market index. That indicates, investors were confident that the impact was occur due to the abnormal situation of the market and not due to the fault or issue of these industries. Based on the findings, investors may decide to hold their investments in the stock market that has recovered during the period. This is the first study to analyze the impact of the announcement of lockdown due to Covid-19 on the industry group performance using the event study method in the context Colombo Stock Exchange.

Keywords: *Abnormal return, Event study, Industry group indices, Colombo stock exchange, Covid-19, Expected return*

Factors Affecting on Effective Cash Flow Management During Covid 19 Pandemic: With Special Reference to The Listed Companies in Sri Lanka

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ABSTRACT

Introduction: This research provides an overview of the complete visibility of the factors which affect the effective cashflow management of selected listed companies of Sri Lanka during the pandemic of Covid-19. The aim of this study is to identify the factors affecting on effective cash flow management during Covid 19 pandemic in the listed companies in Sri Lanka.

Design/Methodology/Approach: The study used mixed method, a combination of quantitative and qualitative approaches and secondary data were collected taking 15 listed companies in CSE as the sample for the study. The sample of companies were selected from the retail sector based on their stated capital. Accordingly, 15 companies that have the highest stated capital in the retail sector have been selected.

Findings: The study findings show that all the independent variables: Operational activity management, Investment and Financing strategies, Support from banks and other financial institutions, and Management skills on cash management have a significant impact on the cash flow management of listed companies in Sri Lanka.

Conclusion: To conclude, if the management needs to improve the cash flow of the company, they need to focus on operational activity management, investment and financing strategies, support from banks and other financial institutions, and management skills on cash management to gain a healthy cash flow.

Keywords: *Cashflow management, Covid 19 pandemic, Sri Lanka, Listed companies*

E-Banking and Financial Performance of Commercial Banks in Sri Lanka

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ABSTRACT

Introduction: Advancement of the Information and Communication Technology (ICT) and rapid increase in the usage of ICT in financial markets can be identified as one of the main reasons behind this increased complexity and competition. In fact, ICT helps to deliver variety of banking services to the clients at a relatively lower cost. Only a limited number of studies have been conducted in Sri Lankan context to identify the impact of e-banking for profitability of banks in Sri Lanka. Hence, this study critically investigated the impact of e-banking on bank performance in Sri Lanka.

Design/Methodology/Approach: To investigate the impact of e-banking for financial performance of the commercial banks in Sri Lanka, this study selected five systematically important commercial banks in Sri Lanka. The sample is composed of three private and two state-owned banks. The data was gathered over the period of 2012 to 2020 in relation to number of ATMs, fee and commission income, total assets, number of branches, PBT and covid impact based on the published annual reports of each bank. Furthermore, this study gathered information relating to e-banking services of each bank from the bank's websites to investigate the extent of e-banking services which banks have adopted. This study used both descriptive and statistical techniques to investigate the impact of e-banking on bank performance.

Findings: Results suggest that e-banking has significantly improved the bank performance in Sri Lank over 2012 to 2020 and covid have negative impact with PBT.

Implications: This study discovered that e-banking increases the bank performance by offering value added products and services through ICT banks take remedial actions to develop mobile banking, it positively affects to improve the bank performance Additionally, the study can also be extended to evaluate whether e-banking has helped to improve bank performance especially in rural areas. Further, this study found that total assets and number of branches have affected to increase the financial performance of commercial bank.

Keywords: *Bank performance, Commercial banks, E-banking, Profit before tax, Covid-19*

The Impact of E-Banking on Customer Satisfaction in Sri Lankan Banking Industry

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ABSTRACT

Introduction: E-banking concept came to the society in mid-1990 but Sri Lanka took more time to adept this concept and today it has become a trend. Therefore, banks should more consider customer satisfaction in e banking. Hence this study was conducted with main objective of examining the impact of e banking on customer satisfaction in Sri Lankan banking industry.

Design/Methodology/Approach: A questionnaire was used to collect data from the customers and convenient sampling technique was used. Therefore, customers are selected from the systemically important banks and 150 customers filled the questionnaire and 25 customers from each bank were selected randomly. Five service quality dimensions (Reliability, Responsiveness, Assurance, Tangibility and Empathy) are independent variables and customer's satisfaction is the dependent variable.

Findings: Reliability, assurance and tangibility are significant with customer satisfaction with e banking. But responsiveness and empathy are not significant with customer satisfaction with e banking. However, over all model significant at 1% level and there is a strong relationship between dependent and independent variables.

Conclusion: It leads to conclude that customers are satisfied with the service provided in e banking. Banks should give more consideration on reliability assurance and empathy. As well, bankers should get another effort to improve that satisfaction and become they are loyal.

Keywords: *Banking industry, SERQUAL model, Systemically important banks, Customer satisfaction*

The Impact of Working Capital Management on the Performance of Manufacturing Companies During the Covid -19 Pandemic

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ABSTRACT

Introduction: The study aims to find out the factors and strategies for the business organizations in terms of cash flows management to ensure the proper control over the working capital management of the businesses during the Covid-19 pandemic.

Design/Methodology/Approach: This research has adopted the quantitative research approach. This study can be classified as a spectator-independent investigation that proceeds through hypothesis and deduction. Also, this research study is classified as descriptive research.

Findings: There is a relationship between account receivable management and firm performance during the COVID 19 pandemic. As well as it has revealed that, there is a relationship between Payables Settlement Period and Firm Performance during Covid-19 period. Also, there is a relationship between Cash Conversion Cycle and firm performance during Covid-19.

Conclusion: In relation to the objective, the results of the regression model show that, two out of three proxies to working capital management are significant predictors of firm performance and further the impact of working capital management on firm performance has increased after the pandemic. Therefore, the study concludes that Covid-19 has a significant impact on the relationship between working capital management and firm performance measured by Return on Capital employed. Further, there is a significant negative association between Receivables management as a proxy for firm performance and Receivables Collection Period.

Keywords: *Working capital, Covid-19, Cash conversion cycle, Account payable management, Account receivable management.*

The Impact of Covid19 Pandemic on The Profitability of the Insurance Industry in Sri Lanka

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ABSTRACT

Introduction: The main purpose of conducting this research is to examine the effect of COVID-19 pandemic on the profitability of the insurance industry in Sri Lanka. At present COVID-19 pandemic is very crucial to the profitability of any industry. As a consequence, it is expected that this impact transposes into the nature and methods of insurance risky ventures, and thus drastically change the business models of the insurance industry both in the short and long run. Despite the abundance of predictions and potential implications, the literature lacks investigations that target the short-run economic impact of the COVID-19 pandemic on the insurance industry.

Design/Methodology/Approach: The analysis is based on 10 insurance companies listed on the Colombo Stock Exchange and the study is based on secondary data over a period of the past four years from 2018 to 2021. Correlation, Regression analysis, and Descriptive statistics were applied in the analysis. Firm size, Premium growth, Solvency ratio, Confirmed COVID Cases, Reinsurance dependency, Inflation, GDP Growth were used as firm-specific factors and ROA was used to measure the profitability of the firm.

Findings: The study shows that there is a significant impact exists the between COVID-19 pandemic and the insurance industry's profitability.

Conclusion: The study provides directions for the management of the insurance sector of Sri Lanka in relation to its profitability dimensions during a pandemic. The proactive actions were taken by the insurance companies during the Covid-19 appreciated and it is highlighted how sensitive the profitability indicators for the chosen strategies.

Keywords: *COVID-19, Insurance industry, Profitability, Sri Lanka, Regression analysis*

An Analysis of Barriers Towards Customer Intention to Use Mobile Banking Service in Sri Lanka: With Special Reference to Galle City

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ABSTRACT

Introduction: This research provides an analysis of barriers towards customer intention to use Mobile Banking service in Sri Lanka with special reference to Galle City. The purpose of this paper is to analyze the impact of each barrier (usage barrier, value barrier, risk barrier, traditional barrier and image barrier) on customer intention to use Mobile Banking service.

Design/Methodology/Approach: Descriptive research design was used to find out the relationship between barriers and customer intention to use Mobile banking service and research strategy is quantitative. Non- probability purposive sampling method is used, and sample is 250 banking customers in selected 5 licensed commercial banks. Primary data was collected by distributing questionnaire via online and collect data was analyzed by using SPSS 23 package.

Findings: Hypothesis on tradition barrier, usage barrier, image barrier and risk barrier were supported while only the hypothesis on value barrier was rejected.

Conclusion: Tradition barrier, usage barrier, image barrier and risk barrier negatively and significantly impact on customer intention to use mobile banking service excluding value barrier which is insignificant. Mobile banking non- users' intention to use mobile banking is impacted by these barriers relatively higher level than users' intention to use mobile banking service in Sri Lanka.

Keywords: *Mobile banking, Customer intention, Innovation resistance theory, Usage barrier, Value barrier, Image barrier, Risk barrier, Traditional barrier*

Impact of Investor Attention to the Covid-19 Crisis on Stock Returns; Evidence of Asian Stock Markets

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ABSTRACT

Introduction: Investor attention may impact stock prices, according to various theoretical and empirical research. This study examines the investor attention and response to the Covid-19 pandemic in the Asian stock market. Also, as the secondary objective, this research examines the negative impact of investors' enhanced attention to COVID-19 on stock market returns is likely to be strong whether in countries with higher uncertainty avoidance culture or lower uncertainty avoidance culture.

Design/Methodology/Approach: Ten Asian countries were selected namely, China, India, Pakistan, Bangladesh, Japan, South Korea, Sri Lanka, Indonesia, Singapore, and Vietnam. This research has used Panel data analysis, Descriptive statistics, Correlation analysis, and Regression analysis.

Findings: According to the study's findings, the investor attention has a negative relationship with the stock market returns.

Conclusion: Overall, the findings have substantial implications for attention theory because they show that increased investor attention to an unfavorable shock, even if it originates in the health sector, results in poor financial market returns.

Keywords: *Investor attention, Asian stock markets, Uncertainty avoidance index, Google search volume, Covid-19, Stock market returns*

Impact of the Covid-19 Pandemic on the Level of Non-Performing Loans in the Banking Sector of Sri Lanka

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ABSTRACT

Introduction: The aim of this research is to investigate the impact of the Covid-19 pandemic of the level of non-performing loan in the Banking sector of Sri Lanka. The choice of this study was driven by the importance of non-performing loans that proved to be a major problem of the financial system.

Design/Methodology/Approach: This study tried to find evidence as to whether the covid-19 pandemic is contributing to the increase in level of non-performing loans. For this analysis, over which a multiple regression analysis as performed. Secondary data from the banking sector were used in the analysis was performed.

Findings: Results of the regression analysis depicted a significant positive impact from the credit growth to the level of non-performing loans. Also results showed a significant impact from the Covid-19 on the level of non-performing loans in the banking sector.

Conclusion: With the spread of the covid-19 virus, banking sector has been severely impacted as a result of deteriorated purchasing power of the people leading to credit defaults.

Keywords: *Non-performing loans, Covid-19, Economic crisis, Credit growth, Profitability*

A Study on Service Quality and Its Effects on Customer Satisfaction in Online Banking in Kaduwela Region

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ABSTRACT

Introduction: The purpose of the study is to analyze the service quality and its effects on customer satisfaction in online banking in Kaduwela region. Service quality in online banking is most important to the banking sector because service quality highly contributes most to the customer satisfaction in online banking. Further, this study explores the level of customer satisfaction on online banking through the service quality in online banking and explores the influence of the service quality factors in E-SERVQUAL model on customer satisfaction in online banking.

Design/Methodology/Approach: A sample of 200 online banking users who live in Kaduwela region, were selected as research sample. Research used primary data for the data collection. The collected quantitative data were analyzed using SPSS with descriptive analysis techniques. The final version after conducted data analysis of the E-SERVQUAL model for measuring online banking service quality dimensions (Efficiency, Reliability, Security & Privacy, Responsiveness and Empathy) with total of 34 questions.

Findings: Findings show that the level of customer satisfaction was 88.67%, it states the high level in customer satisfaction. Results show that, according to the personal correlation analysis, all the dimensions have significant and positive relationship on customer satisfaction in online banking. According to regression estimates, two dimensions (Efficiency and Security & Privacy) were statistically significant with customer satisfaction while three dimensions (Reliability, Responsiveness and Empathy) were insignificant.

Conclusion: Results show that service quality is significantly influence the customer satisfaction.

Keywords: *Online banking, Service quality, SERVQUAL, Customer satisfaction*

Impact of Firm Characteristics and Macroeconomic Variables on Liquidity Risk of Listed Commercial Banks in Sri Lanka

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ABSTRACT

Introduction: In this study, researcher make an effort to identify the nature of the impact of firm characteristics and macroeconomic variables on liquidity risk of banking sector in Sri Lanka by using 9 listed commercial banks.

Design/Methodology/Approach: The study is a basic research and it aims to conduct a quantitative research by using deductive approach and designed on casual research by empirically testing the impact of 9 independent variables on liquidity risk of listed commercial banks in Sri Lanka and used Random-Effect Panel data Regression method to analyze the data.

Findings: Leverage, Net Interest Margin, Bank Size, Interest Rate and Exchange Rate show a significant impact on Liquidity Risk of Listed commercial banks in Sri Lankan context and at the same time; Capital Adequacy Ratio, Non-Performing Loans, Return on Assets, and Inflation show an insignificant impact.

Conclusion: Findings of this paper will help banks' managers to reduce liquidity risk and keep their banks at a better liquidity position.

Keywords: *Liquidity risk, Firm characteristics, Macroeconomic factors*

The Impact of Risk Management on Firm Profitability: With Special Reference to the Commercial Banks in Sri Lanka

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ABSTRACT

Introduction: Banks are crucial to the sustainability of any economy because they facilitate business, trade, and the efficient deployment of idle funds. Banks also play an important role in implementing government monetary policies. However, banks' incapacity to satisfy their intermediation commitments exposes the financial system to some risk. Thus, this study aims to identify the effect of risk management on firm profitability in Commercial banks in Sri Lanka.

Design/Methodology/Approach: The research population is commercial banks in Sri Lanka and the study covered a period of 10 years from 2011 to 2020. Based on the market capitalization and relevance to the Sri Lankan context, 12 Domestic Licensed Commercial Banks were recognized as the sample for this study. Return on Assets and Return on Equity were utilized to assess financial performance in the study. Nonperforming advances, net interest income to total assets, loan to deposit and cost to income ratios were used to measure the impact of credit risk, market risk, liquidity risk and operational risk respectively. Further, descriptive statistics, correlation and regression analyses were applied to analyze the data

Findings: According to the regression analysis all independent variables had a significant impact on commercial banks' financial performance except loan to deposit ratio which represent the Liquidity risk. It had a positive insignificant impact on ROE. Moreover, still the same variables show a significant positive impact on ROA.

Conclusion: According to the findings, banks should strike a healthy balance between financial risk management methods and financial performance by employing appropriate market, credit, liquidity, and operational risk management practices that will protect their banks' safety while also yielding positive profits.

Keywords: *Financial performance, Credit risk management, Liquidity risk management, Market risk management, Operational risk management*

The Study of Awareness and Knowledge of Fintech Among Management Undergraduates in State Universities in Sri Lanka

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ABSTRACT

Introduction: FinTech is become a catchword in the world and has reached its maturity in recent years. Academia is one of the valuable stakeholders of FinTech system. Therefore, its involvement into the development and usage of financial technology is very much imperative. Just as management students represent an important segment of FinTech products and services users. From this point of view, this research aims to investigate the FinTech knowledge and awareness level among management students.

Design/methodology/Approach: Descriptive statistics are used to analyze the level of awareness and knowledge of undergraduates regarding FinTech. Inferential statistical tools, independence sample t-test and one-way ANOVA were used to analyze the impact of the demographics of respondents on their level of knowledge about the practices and terms used in FinTech. Correlation was applied to measure the difference and relationship between variables.

Findings: FinTech emerged around the over the world and reached its peak in recent years. The management undergraduates of state universities in Sri Lanka cannot overlook this phenomenon and they need to be aware of this innovative and emerging industry.

Conclusion: This clearly shows that management students have different levels of knowledge about FinTech. Overall, their knowledge of FinTech is low. But as management undergraduates, it is essential to have adequate knowledge of FinTech as they look forward to entering these fields in the future.

Keywords: *Awareness, Knowledge, FinTech, Management undergraduates*

Impact of Firms Specific Factors & Macroeconomic Factors on Debt Financing: Evidence from Capital Goods, Consumer Service and Foods Beverage & Tobacco Sectors in Sri Lanka

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ABSTRACT

Introduction: The purpose of this study is to identify the impact of firms' specific factors and macroeconomic factors which determine the level of debt financing over equity financing of the capital goods, consumer service, and food, beverage, and tobacco sectors in Sri Lanka.

Design/Methodology/Approach: Pecking order theory, agency theory, and trade off theory were taken to explain the relationship between debt financings. The population of the research is twenty sectors and two hundred and twenty-five non-financial companies listed on the Colombo stock exchange (CSE) in Sri Lanka. This study is only focusing on 3 sectors, including 15 non-financial companies, selected for the sample, based on the market capitalization, and using annual reports from the year 2011 to 2020 as the sample period of this research. A Panel Regression was performed using the E-Views 10 and Stata 13 software to analyze the calculated ratios for each factor.

Findings: Based on the findings of a study involving several variables, the firm's leverage is negatively related to its performance and interest rates, but agency cost of debt, tangibility, liquidity, sales growth, non-debt tax shield, and inflation rate are all positively related to leverage. Furthermore, it found that firm performance and interest rate number have a negative significant effect on the dependent variable, liquidity, inflation rate have a positive significant effect on the dependent variable, while all other variables are insignificant to the model. Agency cost, tangibility, sales growth, non-debt tax shield, firm age, and size of the firm are not in line with the hypotheses developed.

Conclusion: Evidence from past research is found to be proven with the results generated. This study contributes to enhancing the existing literature through analyzing the impact of factors on debt financing in non-financial companies listed in Sri Lanka.

Keywords: *Debt financing, Firm specific factors, Macroeconomic factors, Pecking order, Trade off*

The Factors Affecting on Usage of Cash Deposit Machines: With Special Reference to Elpitiya Area

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ABSTRACT

Introduction: More recently, E-Banking, or financial services via electronic systems spread more among customers due to information technology improvement & through competition between banks. This study aims to investigate the factors affecting on usage of cash deposit machines in Elpitiya area in Sri Lanka. The Technology Acceptance Model (TAM) was used to fulfill the intention of the research.

Design/Methodology/Approach: The study used simple random sampling as the sampling technique and related data were collected using a questionnaire. A random sample of 250 respondents were selected and distributed the questionnaire both as hard copies and Google forms where yielded a 100 percent response rate. Dependent variable for the study was Usage of cash deposit machines & there were three independent variables namely, Perceived ease of use, Perceived usefulness, Security & privacy and Reliability. This study used Correlation test, Multicollinearity test, Regression test, and Descriptive statics for analysis.

Findings: The findings show that all the independent variables, perceived ease of use, perceived usefulness, security & privacy and reliability have a significant effect on usage of cash deposit machines. At the same time, perceived usefulness is the most influencing factor for the Cash Deposit Machine usage in Elpitiya city.

Conclusion: The study findings make a guidance to future researchers to find out other variables that are related to Cash Deposit Machine usage. Thus, this study contributes both to the practice and knowledge domain.

Keywords: *Cash deposit machines, Technology Accepting Model (TAM), CDM Users, Self-service technology adoption*

Perceived Risk Factors Affecting Consumers' Online Insurance Policy Purchase Behaviour

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ABSTRACT

Introduction: This paper examines the relationship between four factors of consumers' perceived risk and consumers' online life insurance policy purchase intentions.

Design/Methodology/Approach: A questionnaire was used to collect data, and regression analysis was used to test the hypotheses. A total of 110 respondents have contributed to the survey, and data were quantitatively analyzed via IBM SPSS Statistics 23.

Findings: The findings suggest that consumers perceived risks when purchasing a life insurance policy online. All the four perceived risk factors have a significant negative influence on consumer online life insurance policy purchase intention.

Conclusion: This research gives useful information to insurance companies in online activities and hopes that the findings of this study can help insurance companies to formulate strategies to reduce risks in online purchasing. The development of online shopping has led to some challenges. This issue appears because many insurance companies who do online activities do not understand the main factors contributing to consumers' perceived risk. Studies on consumers' perceived risks toward online life insurance policy purchase intentions are still inconclusive. Thus, this paper fills the gap in the research area.

Keywords: *Online purchasing, Security, life insurance policy, Online consumer Behaviour*

Financial Stability and Economic Growth: Evidence from South Asian Region

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ABSTRACT

Introduction: This study investigates the impact of financial stability on economic growth in south Asian region. For this purpose, researcher had employed panel data analysis for the period of 2010 to 2020 and for 6 south Asian countries.

Design/Methodology: To measure the impact on economic growth study used Gross Domestic product as the dependent variable and Ratio of regulatory capital to risk-weighted assets, Ratio of non-performing loans to gross loans, Ratio of liquid assets to total assets and Ratio of return on assets used as independent variables. Financial depth, Consumer Price Index, Population and Trade openness used as control variables. Researcher used fixed effect model for analysis data.

Findings: The study revealed there is no significant impact between the Ratio of regulatory capital to risk-weighted assets, Ratio of non-performing loans to gross loans, Ratio of liquid assets to total assets on GDP. Ratio of return on assets has negative impact on GDP. Population and Trade openness have positive significant relationship to the Gross Domestic product. Consumer price index shows insignificant impact to the Gross Domestic Product. Financial depth shows significant negative relationship to the gross domestic product.

Conclusion: This study concludes there is no significant impact from financial stability on economic growth in south Asian countries.

Keywords: *Financial stability, Economic growth, Asian region*

Stock Market Performance During the Covid 19 Pandemic in Sri Lanka

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ABSTRACT

Introduction: With the covid 19 pandemic eruption, Sri Lankan economy began to collapse. Stock Market ranks among the best indicators of a country's economic condition. This study focuses on identifying the impact of the covid 19 pandemic on performance of Colombo Stock Exchange.

Design/Methodology/Approach: In this study monthly values of All Share Price Index (ASPI) and USD Exchange rate were used as independent variable; the monthly Total Return Index (TRI) value was also used as dependent variable to measure the Colombo Stock Exchange performance. Monthly data from March 2017 to February 2020 were used to show stock market performance before the covid 19 pandemic and monthly data from March 2020 to December 2020 were used to show Colombo Stock Exchange performance during the period of the covid 19 pandemic.

Findings: The stock market performance during the Covid 19 pandemic was not the same as the stock market performance before the covid 19 pandemic. And the findings conclude that Covid 19 pandemic is negatively affecting the performance of the stock market.

Conclusion: The study concludes that the performance on the Colombo Stock Exchange has declined due to the covid 19 pandemic, and the future researchers have an opportunity to improve the study using death rates etc. as well as independent variables for the study.

Keywords: *Stock market performance, Total return index, All share price index, US dollar exchange rate*

ISSN 2279-3097
9 772279 309702