

Impact of Electronic Banking on Bank Financial Performance: Evidence from Commercial Banks in Sri Lanka

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ABSTRACT

Introduction - Electronic Banking offers many advantages to banks and customers making them comfortable with ease and faster services. With the advancement and rapid increase in the usage of Information and Communication Technology (ICT) in financial sector, Sri Lankan Banks also have adopted electronic banking to deliver their services which has an impact towards the performance of the banks. Nevertheless, little research paid attention on the impact of E-banking on the performance in Sri Lankan context and hence, this study aims to examine the impact of E-banking on bank financial performance.

Design/Methodology/Approach - This study adopted an explanatory research design. The researcher has selected the variables such as Electronic card banking, Accessibility of Mobile Banking, Net fee & Commission Income, Number of ATM and Bank size as independent variables and financial performance as the dependent variable. Data were collected via Annual reports & websites. The study used ten commercial banks from 2010 to 2019. The results were analysed using E-views.

Findings – As per the analysis, impact of Electronic Card Banking (ECB), Net Fee Commission Income (NFCI) and Electronic Banking on bank financial performance were significant. However, impact of Accessibility of Mobile Banking, Number of ATM and bank size on bank performance were insignificant,

Conclusion – It is concluded that there is an impact of Electronic Banking on Bank Financial Performance. to move in and adopt various innovations in their operation to shore up their performance. Thus, it is recommended to policymakers to develop appropriate strategies and policies to boost the performance in the Sri Lankan Banking System by considering electronic innovations.

Keywords: *Electronic Banking, Financial Performance, Electronic card Banking, Mobile Banking, Net fee and commission income, ATM, Bank Size*