

The Impact of Electronic Banking on Financial Performance of the Listed Commercial Banks in Sri Lanka

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Abstract

With the current epidemic situation, communication and technology are making a significant contribution to the sustainable development of economies worldwide. The banking and financial industries are now at the tipping stage with the expansion of the Electronic Banking concept. The primary purpose of this study was to determine the impact of electronic banking on the financial performance of the listed commercial banks in Sri Lanka. Thus the study examined the impact of internet banking facilities, automated teller machines (ATM), and the size of the banks on the financial performance. The study planned to cover ten years period from 2011 to 2020 around twenty-four listed commercial banks in Sri Lanka. Based on the availability of Electronic Banking facilities, twelve banks were selected as the sample. The required data was gathered from the published annual reports of each bank, and multiple regression analysis methods were used to analyze the data through the E-views software. The financial performance was measured through the return on assets of the banks and the number of branches. To measure internet banking, net fee & commission income and number of ATMs were used as the indicators, and the size of the banks was used as a control variable. It was measured through total assets and the number of branches. The results showed that there was a significant positive impact of net fee and commission income, ATM distribution, and the number of bank branches on the financial performance except for total assets. Further, the study concluded that compared to the pre-pandemic situation, in the post-pandemic period growth performance of Electronic Banking showed a significant improvement.

Key words: *Electronic Banking, ATM, Return on Assets, Financial Performance*