

# **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 finale 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*