

**THE IMPACT OF INTEREST RATE SPREAD ON
FINANCIAL PERFORMANCE OF THE LISTED
COMMERCIAL BANKS IN SRILANKA**



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ABSTRACT

The objective of this study is to examine the impact of the interest rate spread of financial performance on listed commercial bank in Sri Lanka. For this study, the researcher selected 25 listed commercial bank in Sri Lanka. This research is based on secondary data. Data will be obtained from the CSE's financial reports and websites for the period 2015-2019. STATA, a regression analysis method used to analyze the impact of variables on data analysis. Return on Assets (ROA) was considered as proxies for financial performance.

The conceptual model is developed based on existing literature. Using the Random Impact Model, the listed commercial bank in Sri Lanka's data study sets were used to investigate the impact of the interest rate spread of financial performance listed commercial bank in Sri Lanka. The random effect model was selected using the Hausman test results. There is insufficient study in Sri Lanka to identify the impact of interest rate spread on financial performance. This research helps to fill this gap. Stakeholders and managers will be able to use the results of the study and find out the results of this study so they can make more reliable and effective decisions.

The findings of this research show that the interest rate spread of the Bank of Sri Lanka, have a positive impact on the return on assets and the type of ownership has a negative impact on the return on assets. The findings of this study help decision makers to understand the importance of interest rate a key factor that can increase the ability of firms to maintain their competitive edge.

Keywords: Interest rate spread, Financial Performance, Return on Assets, and type of ownership

TABLE OF CONTENT

ACKNOWLEDGEMENT	I
ABSTRACT.....	II
TABLE OF CONTENT	III
LIST OF TABLE	VIII
LIST OF FIGURES	IX
ABBREVIATIONS	X
CHAPTER ONE	1
INTRODUCTION	1
1.1 BACKGROUND OF THE STUDY	1
1.2 STATEMENT OF THE PROBLEM.....	3
1.3 RESEARCH QUESTIONS	4
1.4 OBJECTIVE OF THE STUDY.....	4
1.5 SIGNIFICANCE OF THE STUDY	4
1.6 SCOPE OF THE STUDY.....	5
CHAPTER TWO	6
LITRETURE REVIEW	6
2.1 INTRODUCTION	6
2.2 THEORETICAL VIEW	6
2.2.1 Interest rate	6
2.2.2 Commercial Banks	9
2.2.3 Financial Performance.....	10
2.2.4 Profitability	10

2.2.5 Interest Rates and Financial Performance	10
2.2.6 Interest Rate Spread.....	11
2.2.7 Interest rate spread measurement	11
2.2.8 Types of ownership of Bank.....	13
2.3 EMPIRICAL VIEW	14
2.4 CHAPTER SUMMERY	19
CHAPTER THREE	20
CONCEPTUALIZATION AND OPERATIONALIZATION	20
3.1 INTRODUCTION	20
3.2 CONCEPTUALIZATION MODEL	20
3.2.1 Independent Variable.....	21
3.2.2 Interest Rate Spread.....	21
3.2.3 Dependent Variable	23
3.2.4 Moderate Variable	24
3.3 OPERATIONALIZATION	25
3.4 CHAPTER SUMMERY	25
CHAPTER FOUR.....	27
METHODOLOGY	27
4.1 INTRODUCTION	27
4.2 STUDY SETTINGS, DESIGN	27
4.2.1 Study setting	27
4.2.2 Study design.	28
4.3 STUDY POPULATION AND SAMPLE	28
4.3.1 Population.....	28
4.3.2 Sampling	28
4.4 DATA COLLECTION	29

4.4.1 Method of Data Collection	30
4.5 METHOD OF DATA PRESENTATION	30
4.6 METHOD OF DATA ANALYSIS AND EVALUATION	31
4.6.1 Panel Data Analysis.....	31
4.6.2 Unit root test	31
4.6.3 Diagnostic Test.....	32
4.7 MULTIPLE REGRESSION ANALYSIS	33
4.7.1 Random effect (RE) Vs. fixed effect (FE) mode.....	33
4.8 DESCRIPTIVE ANALYSIS	35
4.9 LINEAR CORRELATION ANALYSIS.....	35
4.10 HYPOTHESIS TESTING	36
4.11 CHAPTER SUMMARY	37
CHAPTER FIVE	38
DATA PRESENTATION AND ANALYSIS	38
5.1 INTRODUCTION	38
5.2 DATA PRESENTATION	38
5.3.1 Descriptive Analysis.....	38
5.3.2 Stationary of Data.....	42
5.3.3 Correlation Analysis.....	43
5.3.4 Diagnostic Test.....	45
5.3.5 Regressions Analysis.....	47
5.4 HYPOTHESIS TESTING	49
5.5 SUMMARY.....	50
CHAPTER SIX.....	51
DISCUSSION	51

6.1 INTRODUCTION	51
6.2 DISCUSSION ON DESCRIPTIVE ANALYSIS.....	51
6.2.1 Descriptive Statistics for Independent Variable	51
6.2.2 Descriptive Statistics for Dependent Variable Return on Assets	52
6.2.3 Descriptive Statistics for moderate variables	52
6.3 RELATIONSHIP BETWEEN INTEREST RATES SPREAD ON THE FINANCIAL PERFORMANCE	52
6.3.1 Relationship between Interest Rate spread and Return on Asset	52
6.3.2 The impact of moderate variables (type of ownership bank) relationship between Interest rate spread and Return on Asset ratio of listed commercial bank in Sri Lanka.	53
6.4 IMPACT OF INTEREST RATES SPREAD ON THE FINANCIAL PERFORMANCE.....	53
6.4.1 Impact of Independent variable (interest rates spread) on the financial performance	53
6.4.2 Impact of Moderate variable (type of ownership) on the financial performance	54
6.5 SUMMARY.....	55
CHAPTER SEVEN	56
CONCLUSIONS AND RECOMMENDATIONS	56
7.1 INTRODUCTION	56
7.2 CONCLUSIONS	56
7.3 RECOMMENDATION.....	57
7.4 LIMITATIONS	58
7.5 FOR FUTURE RESEARCH OPPORTUNITIES	58
7.6 ETHICS OF THE RESEARCH	59
7.7 SUMMARY.....	59

REFERENCES60

APPENDICES64