

**A COMPARATIVE ANALYSIS OF CAPITAL STRUCTURE  
BETWEEN BANKING INDUSTRY AND INSURANCE INDUSTRY  
SRI LANKA**



By

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## ABSTRACT

This study focuses to identify significant difference in capital structure between banking industry and insurance industry Sri Lanka during 2008 to 2017 (10 years) financial year. The variables used for the study are equity capital, debt capital and debt equity ratio. For the study purpose, the data has been collected from the secondary source from the annual reports of the selected banks and insurance companies.

Annual reports were used to collect the data and Statistical Package for Social Science (SPSS 22.0) and Excel 2010 were used to present, analyze and evaluate data. Descriptive statistics, independent sample t- test and index number trend series analysis are used to analyze the data.

Based on the finding according to the descriptive statistics, compare average level of equity capital between banking and insurance industry, banking industry maintain high level of average level of equity capital compare with insurance industry. And also average level of debt capital was high in banking industry compare with insurance industry. According to the independent sample t-test there is a significance difference in average level of equity capital and average level of debt capital between banking industry and insurance industry. Furthermore, the finding of the study is more useful to financial managers of the banks and insurance companies for taking sound decision on their capital structure.

**Keywords: Equity Capital, Debt Capital, Debt Equity Leverage Ratio**

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