

**IMPACT OF TECHNOLOGICAL ADVANCEMENT ON THE
FINANCIAL PERFORMANCE OF BANKING INDUSTRY IN
SRI LANKA**



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ABSTRACT

This study was attempted to investigate the impact of technological advancement on financial performance of banking industry in Sabaragamuwa province. The objectives of this study is to identify the impact of mobile banking innovation on financial performance of banking industry in Sabaragamuwa province, to identify the impact of internet banking innovation on financial performance of banking industry in Sabaragamuwa province, to identify the impact of debit and credit cards innovation on financial performance of banking industry in Sabaragamuwa province, to identify the impact of ATM banking innovation on financial performance of banking industry in Sabaragamuwa province and to examine whether the financial performance and technological advancement vary among the banks. In this study literature part explained independent variables, dependent variable and the relationship between those variables clearly defined by using previous literature reviews.

Conceptual model is developed based on the existing literature. This study was implemented with five variables. Mobile banking innovation, Internet banking innovation, Debit and credit cards innovation and ATM banking innovation are identified as independent variables. Financial performance in banking industry is the dependent variable of the study.

This research study was implemented in Sabaragamuwa province and the 200 respondents were selected from banking employees those who are working as branch managers, Assistant managers, Executive officers, banking assistant and other staff. All selected respondents are participated to the survey and stratified random sampling technique used to select the sample. The data used in this study is primary data obtaining through questionnaire. Data were collected from five commercial banks namely Bank of Ceylon, Hatton National Bank, Peoples bank, Sampath bank and Commercial bank. The collected data were analyzed by using descriptive statistics, correlation analysis, regression analysis and ANOVA analysis using SPSS 19.0. Measurement of the data was five point likert scales.

Based on the findings of the study, it can conclude that mobile banking innovation, debit and credit cards innovation and ATM banking innovation are significant impact on financial performance of the banking industry. And also mobile banking innovation is the most influencing factor on the financial performance of banking

industry in Sabaragamuwa province. When consider the technological advancement is positively correlated with the financial performance in banking industry. Mobile banking innovation and ATM banking innovation have strong positive correlation with financial performance in banking industry. Internet banking innovation and Debit and Credit cards innovation have moderate positive correlation with financial performance in banking industry. Further, financial performance and technological advancement were not varying among the banks in Sabaragamuwa province.

The study recommended that banks must be focused in terms of their needs and using the right technology to achieve goals, rather than acquiring technology. Government participation in ensuring focused telecommunication industry must be visible to reduce or remove avoidable cost of implementing technology innovation. Regulatory authorities like Central Bank of Sri Lanka must stipulate standards for the banks to follow to avoid making banking sector a dumping ground for the outdated technological infrastructures.

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