

Relationship between investment on IT assets and profitability in financial sector

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ABSTRACT

In recent years, information technology is vital part of any organizations without IT there is no possibility to doing the business. Financial institutions are concentrated on investment on IT assets to improve the profitability and sustaining in the market. This study has been undertaken concerning to examine the relationship between IT investment and profitability.

The research study's conceptualization framework has been developed by the variables such as Investment on IT assets as independent variable and Profitability as dependent variable. Net profit margin and return on assets were used to measure of profitability and computer hardware and software was used to measure of IT investment in this study. Secondary data were used in this study. Judge mental sampling has been used as sampling method to collect the data from 40 listed companies in Colombo Stock Exchange. Collected data were presented in table of Correlation through Bivariate analysis.

IT investments are expressed positive relationship with net profit margin of the financial institutions. And IT investment is expressed positive relationship with return on assets. Totally, there is positive relationship was found between the IT investment and profitability of the financial institutions based on the correlation analysis. The research has enabled to understand about the relationship bet been Investment on IT assets and Profitability and the result helpful and benefits to the financial institutions and related to others.

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