DETERMINANTS OF DIVIDEND PAYOUT IN BANKING SECTORS IN SRI LANKA

Dr. MBM. AMJATH
Senior Lecturer G-I, South Eastern University of Sri Lanka

IL. MARJUN,
South Eastern University of Sri Lanka

ABSTRACT

This non-experimental quantitative study is to investigate the determinants of dividend payout ratio of Licensed Commercial Banks. However, to have a better insight about the research problem, it is enhanced with qualitative factors also. For this study, researcher has taken thirteen private commercial banks out of twenty five as the sample of the study considering the period from 2009 to 2016. The main objective of this study is to investigate determinants of dividend payout in Commercial Banks in Sri Lanka. The value of the adjusted R square was 0.098. From the findings, it was established that 13.3% of variations in dividend payout ratio for 13 Licensed Commercial Banks Listed at the CSE during the Eight years study period from 2009 to 2016 in the four independent variables of the study. Positivity of the values of R shows that the model summary is significant and therefore gives a logical support to the study regression model. Since F calculated was greater than the F critical (3.810>1.43), this showed that the overall regression model was significant and that the results can be used to make inferences of the study. The outcome of the study shows that three determinant factors: profitability and leverage are statistically significant factors and positively related with dividend payout ratio. The result also indicates that the other factor, liquidity statistically significant factors and negatively related with dividend payout ratio in private commercial banks in Sri Lanka.

Key words: Dividend payout, profitability and leverage