

**A STUDY ON SELECTED INTERNAL FACOTORS AND
ITS IMPACT ON BANKS' PROFITABILITY IN
SRI LANKA**

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ABSTRACT

The aim of this study is to determine the effect of bank characteristic internal determinants on the licensed commercial Banks in Sri Lanka. Internal determinants are like SIZE, DEPOSITS, LOAN and CAPITAL. Secondary data was collected from 10 licensed commercial Banks in Sri Lanka in 2007 to 2011.

The Pearson's Correlation technique was applied to calculate on these variables and used to run the regression model. The estimation result shows that bank size, capital, loan and deposits are significantly and positively influence the bank profitability. For future studies, it is recommended that more sample size and determinant factors can be included in determining the effect on bank profitability. Bank profitability is measured by Return on Assets (ROA) and Return of Equity (ROE) as a function of banks specific determinants.