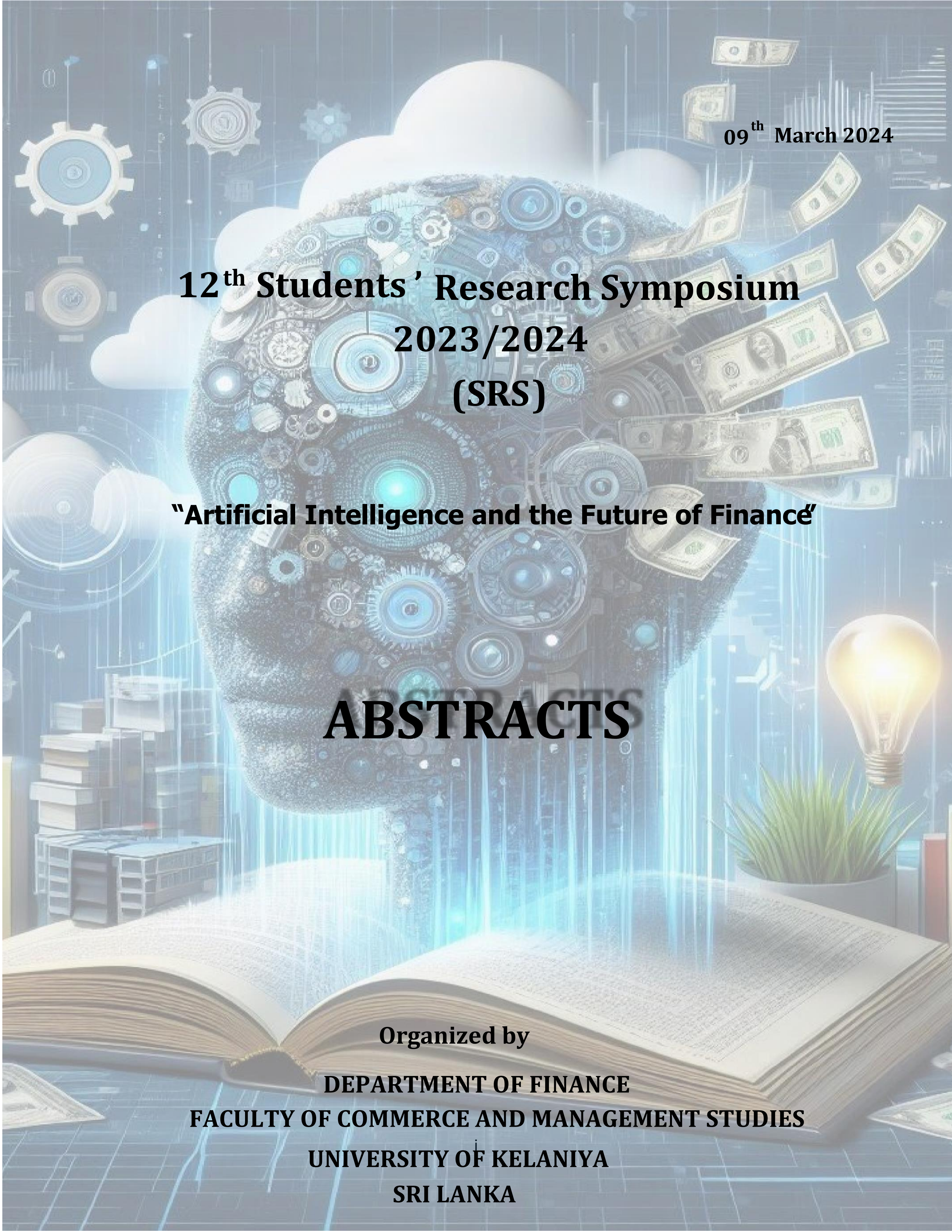

09th March 2024

12th Students' Research Symposium 2023/2024 (SRS)

"Artificial Intelligence and the Future of Finance"

ABSTRACTS

Organized by

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FACULTY OF COMMERCE AND MANAGEMENT STUDIES
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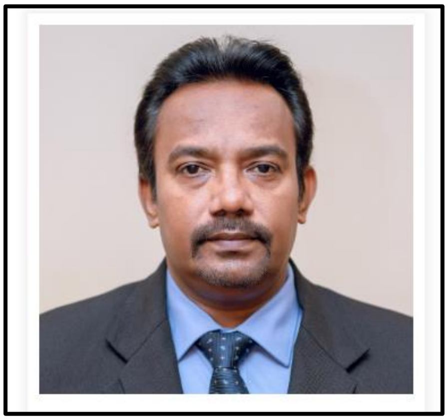
Message from the Dean of the Faculty of Commerce and Management Studies



I would like to extend my warmest wishes to all participants of the Students' Research Symposium 2023/2024, organized by the Department of Finance, Faculty of Commerce and Management Studies, University of Kelaniya for the 12th consecutive year. The Faculty of Commerce and Management Studies has been one of the pioneer Faculty at the University of Kelaniya which has taken numerous efforts to improve the research culture of its academic members and undergraduates. I am confident that the 12th Students' Research Symposium 2023/2024 will play an important role in encouraging the research culture in the University of Kelaniya while further strengthening the successful journey of the faculty. I hope that the findings of this symposium will support to uplift of the level of the country's businesses and economy which faced numerous challenges due to the pandemic and the prevailing economic crisis. Further, I believe that this symposium will provide an opportunity for final-year undergraduates of the Department of Finance to showcase their presentation and research skills at a common academic forum and disseminate new knowledge to society at large. Further, I believe that this symposium will provide an opportunity for final-year undergraduates of the Department of Finance to showcase their presentation and research skills at a common academic forum and disseminate new knowledge to society at large. Furthermore, I highly appreciate the staff and the students for their contribution, confidence, and dedication to make this event a success. Moreover, I congratulate all the undergraduates who will be presenting their research findings in the symposium and wish all the success to the 12th Students' Research Symposium 2023/2024.

Prof. W.M.C.B Wanninayake

Dean

Faculty of Commerce and Management Studies

University of Kelaniya

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Message from the Head of the Department of Finance

As the Head of the Department of Finance (Dfin), it's a great pleasure for me to send a message for the 12th Students' Research Symposium 2023/2024 (SRS) organized by the Department of Finance, Faculty of Commerce and Management Studies of the University of Kelaniya. The main objective of SRS is to provide an opportunity for fourth-year undergraduates of the Dfin to share their research findings with a wider audience. Dfin always encourages students and staff to create a research culture and a supportive environment in which students can present their research findings and receive feedback from the faculty members. It was interesting to notice that this year there were several research studies done focusing on various contemporary issues in finance, banking and insurance and Dfin believes that organizing SRS could develop students' critical thinking, communication, and time management skills that are necessary to become an industry-ready graduate. I wholeheartedly congratulate and wish the 12th SRS to be a success.

I take this opportunity to thank all the students and staff members who were involved in research projects and organizing the SRS.

Dr.J.M.R Fernando

Head

Department of Finance

Faculty of Commerce and Management Studies

University of Kelaniya

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Message from the Chairman of the Research Council

I am pleased to send this message on behalf of the 12th Student Research Symposium organized by the Department of Finance, Faculty of Commerce and Management Studies of the University of Kelaniya. This symposium, organized for the 12th consecutive time, is a symbol of the dedication of the Department of Finance towards the development of students' research skills. This research event has become a part of the research culture of the Faculty of Commerce and Management Studies. I am sure that the timely theme, Artificial Intelligence and the Future of Finance, has attracted much attention from the university community. Writing research abstracts and presenting them provide necessary training to the students in writing reports, public speaking, and publicly defending research findings. This training cannot be achieved through normal classroom lectures. Therefore, participating in this symposium will be a memorable event for the students presenting their research for the first time. The Research Council of the University of Kelaniya promotes research culture in the university, high-quality publications and an interdisciplinary research approach. The starting point of high-quality research is student research symposia of this nature. The abstract of a symposium is a condensed form of a research report. It briefly includes why the research was conducted, how it was conducted, the methods used, the results, the conclusion, etc. Therefore, this conference prepares students to write full papers in the future. I praise the leadership and guidance of Prof. W.M.C.B Wanninayake and Dr.J.M.R Fernando and wish you all a very fruitful symposium..

Senior Professor Kapila Seneviratne

Chairman of the Research Council

University of Kelaniya

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Message from the Coordinator of the Dissertation and Symposium

I warmly welcome you to the 12th Students' Research Symposium 2022/2023 at the Department of Finance, Faculty of Commerce and Management Studies. The Department of Finance initiated the SRS in 2012 as the first-ever Students' Research Symposium (SRS), "Artificial Intelligence and Future of Finance" is particularly appropriate for the field of Finance in the modern business landscape. It creates a platform for 183 undergraduates at the Department of Finance to share knowledge and expertise on the business management discipline and their application in various sectors to create a positive impact on business and society at large. The success of the 12th SRS 2023/2024 depends on the contribution and commitment of many parties including the organizing committee, university administration, speakers, scholars, researchers, and, presenters. While extending a deep sense of gratitude to them, I wish SRS a successful journey ahead.

Mrs.Dhanushka Piyananda

Senior Lecturer

Department of Finance

Faculty of Commerce and Management Studies

University of Kelaniya

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Keynote Speech - SRS 2023/2024

Exposure of the Finance Profession to Artificial Intelligence

Artificial Intelligence (AI) refers to the development of computer systems that can perform tasks that typically require human intelligence. These tasks include learning, reasoning, problem-solving, understanding natural language, speech recognition, and visual perception. AI aims to create machines that can mimic cognitive functions associated with human minds. Artificial Intelligence (AI) stands in a transformative era, widely change in economic and social impact that will reverberate across industries and shift towards new agendas. Indeed, the infusion of AI-driven innovation has already begun reshaping our daily lives and specially in finance sector. Recent trends in AI technology, particularly exemplified by Generative AI, serve to underscore its expansive potential, particularly in the realm of short-term applications. However, this advancement has concurrently sparked renewed in the significant risks inherent in various AI modalities and their deployment.

On the other hand, Generative AI offers many unique possibilities in terms of personal productivity. As they develop, generative AI tools and technologies may be able to offer support across a range of tasks, such as automating report generation, improving risk assessment through Natural Language Processing (NLP), generating summaries, and interacting with diverse data types using natural language, streamlining scenario modelling and predictive analytics by acquiring new skills, writing and testing code, producing insightful summaries, and integrating results with contextual meaning and providing more personalized services for clients or internal stakeholders. Moreover, the rapid change in AI development underscores the necessity of fostering adaptability.

Already finance professionals play a pivotal role in digital transformation, encompassing the adoption, use, and governance of new technology solutions across organizations. Rather than mere scorekeepers, finance professionals are looked to as advocates for change and improvement. When consider, how AI will impact in each level in future the tasks performed by the middle level had decreased due to the automation of their job roles. But the lower and higher level remain constant.

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Looking ahead, the realization of effective accountability necessitates a requisite level of AI literacy. It is incumbent upon finance professionals to acquire a comprehensive understanding of AI's capabilities, limitations, and potential applications within their respective domains. This endeavor may entail fostering closer collaboration among professional accountants, data scientists, and AI specialists to leverage collective expertise and insights. In order to remain at the forefront of advancements in the era of AI, finance professionals must enhance their skill sets. Here are some competencies that will be particularly sought after in the future. All the professionals need to have Data analysis skills, programming languages such as Python, R, SQL and AI and Machine Learning.

The integration of AI in the finance profession offers significant opportunities for innovation, efficiency, and improved decision-making. To fully harness the benefits of AI, finance professionals need to develop AI literacy and skills while being aware of the risks and challenges associated with its use.

Mr. Sandun Fernando

Senior Lecturer

Department of Finance

Faculty of Commerce and Management Studies

University of Kelaniya

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Message from the Editor in Chief

On behalf of the editorial board of the 12th Students' Research Symposium (SRS) organized by the Department of Finance, Faculty of Commerce and Management Studies, University of Kelaniya, I'm delighted to present the SRS proceedings with the theme of "Artificial Intelligence and the Future of Finance". This edition contains the abstracts of the thesis of the 183 fourth-year undergraduates in their academic year 2023/2024 conducted their dissertations on diverse aspects related to Finance, Insurance and Banking sectors. The studies in this proceeding will bring new insights to the theories, methods, and techniques while providing powerful recommendations for further development of the local and the global Finance

I would like to express my sincere appreciation to the supervisors and the examiners of students' dissertations who contributed a lot in terms of presenting a quality outcome from the students. While extending a deep sense of gratitude to them, I wish SRS a successful journey ahead.

Ms. Hashini Fernando

Temporary Lecturer

Department of Finance

Faculty of Commerce and Management Studies

University of Kelaniya

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List of Abstracts

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The Impact of Digital Financial Inclusion on Sustainable Development in Asian Region: The moderating effect of Country-level Governance

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Abstract

Introduction: Digital financial inclusion aims to offer affordable and convenient financial services via digital means, particularly to underserved populations, fostering their integration into the formal financial system. On the other hand, sustainable development focuses on meeting current societal needs without jeopardizing the ability of future generations to meet their own, seeking a balance between economic growth etc. The aim of this research is to explore how the integration of digital financial inclusion initiatives influences sustainable development in the Asian region while examining the potential moderating role of country-level governance on this relationship.

Methodology: This study uses deductive approach and quantitative methods to analyze the data. Data were gathered from 13 countries in the Asian region (Afghanistan, Bangladesh, China, India, Indonesia, Japan, Malaysia, Nepal, Pakistan, Singapore, Sri Lanka, Thailand and Vietnam) as the sample from 2011 to 2021. The dependent and independent variables were sustainable development and digital financial inclusion, respectively. The GDP Growth rate was used to evaluate sustainable development. To measure the level of digital financial inclusion, online account ownership (%) and the percentage of making or receiving a digital payment were used. The moderate variable and control variable were Government effectiveness and Real interest rates, respectively. Descriptive statistics, correlation and panel regression were used to analyze the data.

Findings: The study found that there are disparities between developed and developing countries among the selected samples in the digital financial inclusion measurements which emphasizing the imperative need for tailored economic policies. The main finding of the study is there is a positive impact of the level of digital financial inclusion (made or received a digital payment) on sustainable development in the Asian region. However, the effect of governance as a moderating impact was not significant with both the indicators of the DFI.

Conclusion: The research outcomes underscore critical implications for policymakers, stakeholders, and practitioners striving to advance financial inclusion and sustainable development in Asian countries. Collaborative efforts between governments, financial institutions, and technology providers are essential to broaden the reach of financial services, particularly among underserved communities.

Keywords: Digital Financial Inclusion, Sustainable Development, Country- Level Governance, Real Interest rates

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Achieving Sustainable Development Goals by Implementing the Blue-Green Economic Provisions: An Analysis of Challenges and Opportunities of Sri Lanka

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Abstract

Introduction: The present study explores the potential of incorporating blue-green economic measures to drive sustainable development in Sri Lanka. The objectives encompass a comprehensive examination of policy and regulatory obstacles, economic challenges, and the exploration of potential pathways for both biodiversity preservation and economic expansion.

Methodology: The materials and techniques used in this study are critical to comprehending the research procedure. A qualitative study based on secondary data was carried out, which included a thorough assessment of literature, policy papers, and reports on sustainable development in Sri Lanka. The research framework directed the collection and organization of pertinent data. This method allowed for a thorough analysis of the problems and possibilities related to blue-green economic arrangements. The study's qualitative orientation allowed for a detailed investigation, guaranteeing an extensive understanding of the complex interaction of economic, environmental, and social issues in the Sri Lankan setting.

Findings: The findings indicate the presence of notable challenges in the form of current policies and economic limitations. However, they also shed light on encouraging opportunities to improve biodiversity and promote economic variety. This study undertakes a critical analysis of the obtained results, drawing comparisons to established knowledge in the field and addressing methodological critiques.

Conclusion: The study's conclusions encompass a range of inferred principles, exceptions, theoretical and practical implications, as well as recommendations for future endeavours. The research presented in a comprehensive and structured manner contributes to the discourse on sustainable development in Sri Lanka. It highlights the potential efficacy of blue-green economic provisions in achieving broader developmental goals.

Keywords: Sustainable development; Blue-green economics; Sri Lanka; Challenges; Opportunities

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Women Entrepreneurship in Textile and Apparel Industry: Challenges and Success Factors in Colombo District

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Abstract

Introduction: According to the Upper echelons theory, this study explores the main success factors that influence the women entrepreneurs in the Textile and apparel industry in the Colombo District and the major challenges they face during their business journey.

Methodology: The research shows what makes it hard for women to run businesses in this field and suggests ways to improve things. The study takes a qualitative-inductive approach, using semi-structured interviews with 12 women entrepreneurs who have more than 3 years of experience in the textile and apparel industry in the Colombo District.

Findings : This paper highlights internal success factors such as the need for Independence and passion for forming a business, self-confidence and need for achievement, family and friends support, educational background and technology, and previous occupational experience and external factors such as socio-cultural Factors, government policies, exporting and international markets, participation in women's business networks and mentorship workshops, quality of the product & social media that influence women entrepreneurs in textile and apparel industry.

Conclusion: Moreover, competition and adaptation to fashion trends, lack of business knowledge and technology, work-life balance, and COVID-19 impact were identified as challenges.

Keywords: Women entrepreneurship; Textile and Apparel industry; Challenges; Success factors; Colombo District

The Effect of Risk-Based Capital (Rbc), Net Premium Growth, and Claim Expenses (Claim Ratio) on the Financial Performance of the Life Insurance Companies in Sri Lanka

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Abstract

Introduction & Objectives: The insurance sector stands as a crucial component of Sri Lanka's non-banking financial sector, playing a significant role in bolstering the national economy. The financial stability and performance of Life Insurance Companies are of utmost importance, considering their primary function of risk management and providing protection against financial losses. Therefore, it is essential for these companies to identify the factors influencing their financial performance; and maintain a sound financial condition at any given time to meet their obligations to policyholders. This study seeks to examine the impact of Risk-Based Capital, Net Premium growth, and claim expenses on the financial performance of life insurance companies in Sri Lanka.

Methodology: Data for analysis were sourced from quarterly publications of the Insurance Regulatory Commission of Sri Lanka (IRCSL) covering the period from the 1st quarter of 2016 to the 2nd quarter of 2022. The study focuses on the entire population of 16 IRCSL-approved life insurance companies in Sri Lanka, ensuring an identical sample and population. The analytical approach involves employing time series data regression techniques using EViews 12. The research findings are applicable not only to the Sri Lankan insurance sector but also offer insights for insurance companies operating in the wider Asian region.

Findings & Conclusions: The study reveals that Risk-Based Capital (RBC), Net Premium growth, and Claim expenses significantly impact the financial performance of life insurance companies in Sri Lanka. Notably, Risk-Based Capital and Claim expenses negatively affect financial performance, as measured by Return on Assets (ROA). Conversely, Net Premium growth has a positive influence on the financial performance of life insurance companies, as proxied by ROA. These empirical results provide practical guidance for insurance companies looking to optimize their strategies in the Sri Lankan and broader Asian insurance markets. Finally, this research can be used as a basis for making a policy related decisions for the regulators, investors and customers on financial performance, Risk based Capital, net premium growth and claim expenses.

Keywords: Financial Performance, Risk-Based Capital, Capital Adequacy, Net Premium Growth, Claim Ratio

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The Impact of ESG (Environment, Social, and Governance) Practices on the Financial Performance of Listed Consumer Services Companies in Sri Lanka

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Abstract

Introduction: The impact of Environmental, Social, and Governance (ESG) practices on the financial performance of consumer services companies has taken centre stage in the global corporate landscape. This phenomenon is not unique to Sri Lanka. The aim of this research is to assess the impact of ESG practices on the financial performance of listed consumer service companies in Sri Lanka.

Methodology: This study uses a deductive approach and quantitative methods to analyze the data. Data were gathered from annual reports of 37 consumer service companies listed on the Colombo Stock Exchange (CSE) as the sample from 2017 to 2022.

The dependent and independent variables were financial performance and ESG practices, respectively. ESG disclosure scores were used to measure ESG practices, and both Return on Assets (ROA) and Return on Equity (ROE) were used to measure the financial performance of firms. Descriptive statistics, correlation and panel regression were used to analyse the data.

Findings: The study found a significant impact on ESG practices and firm performance in listed consumer service sector companies in Sri Lanka. These findings contribute to the growing global discourse on ESG practices, guiding the evolving landscape of sustainable business practices.

Conclusion: This research offers actionable insights for policymakers, investors, and corporate leaders. It emphasises that ESG and sustainability reporting are not financial liabilities but strategic assets, paving the way for improved financial performance, stakeholder relationships, and transparency.

Keywords: Environmental; Social and Governance (ESG) practices; Return on Assets (ROA); Return on Equity (ROE); listed consumer service companies, Sri Lanka.

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The Impact of Corporate Governance on Firms' Financial Performance: Evidence from Listed Banks in Sri Lanka

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Abstract

Introduction: Today, corporate governance has become a worldwide issue, and the rapid development of corporate governance compliance can be evidenced in many jurisdictions around the world. This study aims to empirically test the impact of corporate governance on a firm's financial performance.

Methodology: This study collected data from 10 firms listed on the Colombo Stock Exchange for a sample period of eleven years, from 2011 to 2022. Using quantitative approach, this study collected secondary data from the annual reports of the selected companies. Board size, board activism, the number of non-executive directors, board independence, and the gender of the board members were used as the explanatory variables to reflect the corporate governance of the companies selected. Both return on equity and return on assets were used to measure the financial performance of the selected company. Further, firm size was used as the control variable. A series of fixed-effects panel regression models was used in this study to analyze the data.

Findings: The results of the study revealed that there is a significant impact between ROA and the gender of the board members, whereas all the other hypotheses were rejected. In conclusion, this study revealed that the gender of the board members significantly impacts the financial performance of the listed banks in Sri Lanka.

Conclusion: The findings of the study have practical implications for the strategic leaders of the banking industry, as they shall consider women with quality skills, experience, and strong decision-making abilities when making decisions on women's recruitment as board members. Because women are relatively emotional when making decisions, it can affect their financial performance.

KEYWORDS: Corporate governance, Financial performance, Return on equity, Return on Assets, Gender of board members.

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The Influence of Retirement Goals and Risk Perception on Women's Retirement Planning: Evidence from Colombo District, Sri Lanka

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Abstract

Introduction: The absence of sufficient retirement funds for the future livelihoods of numerous individuals, especially those nearing retirement age, exemplifies one of the most pressing issues confronting numerous developing nations. Regrettably, a shortage of readiness can have profound ramifications on Sri Lankan cultures, particularly for women approaching retirement age. This study aims to analyse the issue of retirement planning from a women's perspective to present innovative ideas and propose alternative strategies that can complement previous research and findings.

Methodology: This study employs a quantitative deductive methodology, where primary data was collected through online surveys from 184 workers in Colombo and Gampaha districts in Sri Lanka. The sampling method of the study is the simple random sampling method. The measurement model in this study is validated using the structural equation model (SEM). The SEM assesses the model's fit, the strength of path estimates, as well as the validity and reliability of the construct.

Findings: The findings of this study indicate that an individual's retirement goals, and perception of risk influence their perspective on planning for future retirement, separately gender and district.

Conclusion: This study highlights the importance of future financial plans and readiness for the risk in retirement planning, particularly in enhancing female workers' confidence as they near retirement.

Keywords: Gender, Retirement Planning, Retirement Goals, Risk Perception

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The Impact of Integrated Reporting Quality on the Cost of Equity and the Financial Performance: Empirical Evidence from the Diversified Financial Sector in Sri Lanka

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Abstract

Introduction: The aim of this research is to explore the correlation among financial performance, Cost of Equity (Ke), and Integrated Reporting Quality (IRQ) within the context of listed diversified financial institutions in Sri Lanka.

Methodology: Employing a quantitative approach grounded in positivism philosophy, this study utilizes a sample spanning from 2013 to 2022. The investigation involves a examination of the annual reports of diversified financial companies listed on the Colombo Stock Exchange to gather the necessary data. Additionally, the study employs panel regression analysis to scrutinize the relationship between IRQ, financial performance metrics, and the cost of equity in Sri Lankan diversified financial institutions.

Findings: The statistical analysis, conducted at a 1% significance level, reveals a significant negative correlation between IRQ and Ke. This implies that an increase in integrated reporting quality leads to a reduction in the cost of equity. Positive associations are also identified between IRQ and Return on Assets (ROA) at a 5% significance level and Return on Equity (ROE) at a 1% significance level, validating the reliability of the methodology.

Conclusion: These findings contribute to a more comprehensive understanding of how integrated reporting quality can influence the control of the cost of equity and enhance the financial performance of diversified financial institutions in Sri Lanka.

Keywords: Integrated Reporting; Diversified Financial Institutions; Cost of Equity (Ke); Financial Performance; Return on Assets (ROA); Return on Equity (ROE)

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Impact of the Firm Specific Factors on Share Prices of Diversified Financial Companies in Colombo Stock Exchange

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Abstract

Introduction: The stock exchange is a key measure of a country's economic strength and development. In the distribution Because share prices are random, they play an important role in the market. As a result, many research have been conducted to study various aspects impacting share price. However, in the context of Sri Lanka, there were few study associations that attempted to find this.

Design / Methodology: The most influential factors were chosen in this investigation. response to variations in the Colombo Stock Exchange (CSE) share price, as well as to explore the impact of Those elements have an impact on the share price. This study's sample consisted of 43 Diversified Financials companies and only 20 companies the Colombo Stock Exchange. (CSE) from 2013 to 2023. The independent variables are Earnings per share (EPS), Dividend per Share (DPS) and return on equity (ROE), Price to earnings ratio(P/E), Debt to total assets (DPS). The dependent variable is Share Price (SP). This study analysis has done through Descriptive analysis, Correlation analysis and Regression analysis.

Conclusion: Consequentially, this study was found; there is a significant impact between Share price (SP) with Earning per Share (EPS), Dividend per Share (DPS) Price to earnings ratio(P/E), Debt to total assets ratio and Return on Equity (ROE) respectively further strong positive relationship between Earning per Share (EPS) and Share Price (SP) as well as Dividend per Share (DPS) has strong positive relationship between Share Price.

Keywords: Share price, earning per Share, Dividend per Share, Return on Equity, Price to earnings ratio, Debt to total assets.

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An Exploration into People's Perception and Intention on Using Cryptocurrencies in Sri Lanka

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Abstract

Introduction: This study delves into the determinants shaping the attitudes and intentions of individuals in Sri Lanka towards cryptocurrencies. The research focuses on four dimensions—Financial Knowledge, Technological Knowledge, Performance Expectancy, and Trustworthiness—utilizing a structured questionnaire administered to a randomly selected sample of 385 individuals from the Colombo District.

Methodology: The research methodology involves the random selection of 385 individuals in the Colombo District, with data collected through a meticulously designed structured questionnaire. The study gauges people's attitudes and intentions towards cryptocurrencies based on four key dimensions: Financial Knowledge, Technological Knowledge, Performance Expectancy, and Trustworthiness. The independent variables include Financial Knowledge, Technological Knowledge, Performance Expectancy, and Trustworthiness, while the dependent variable is People's attitude and intention towards cryptocurrencies.

Findings: Surprisingly, the study reveals a negative influence of Financial Knowledge on individuals' attitudes and intentions towards cryptocurrencies. However, Technological Knowledge, Performance Expectancy, and Trustworthiness exhibit positive influences on the same. Those who perceive cryptocurrencies as user-friendly, trustworthy, and beneficial are more likely to harbor favorable attitudes and intentions. Conversely, individuals with limited financial expertise may hold less favorable views on cryptocurrencies. The findings underscore the intricate factors influencing people's perceptions of cryptocurrencies in the context of Sri Lanka.

Conclusion: This research seeks to establish the relationships between Financial Knowledge, Technological Knowledge, Performance Expectancy, Trustworthiness, and individuals' attitudes and intentions towards cryptocurrencies in Sri Lanka. Despite the unexpected negative impact of Financial Knowledge, the positive influences of Technological Knowledge, Performance Expectancy, and Trustworthiness indicate that perceptions are shaped by beliefs in the utility, simplicity, and trustworthiness of cryptocurrencies. The complexity of these factors is emphasized, shedding light on the nuanced nature of public perceptions regarding cryptocurrencies in Sri Lanka.

Keywords: Attitude & intention; Cryptocurrencies; Financial Knowledge; Technological Knowledge; Expectancy; Trustworthiness.

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Environmental Accounting Disclosure and Financial Performance: Evidence from Manufacturing and Service Sector in Sri Lanka

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Abstract

Purpose: The most challenging environmental issues that the world is facing today is the climate change and global warming which stem from business operations. Thus, the corporate sector has an obligation to safeguard the environment. The observation intends to examine the impact of environmental accounting disclosure on the financial performance of manufacturing and services sector companies listed in the Colombo Stock Exchange, Sri Lanka.

Design/Methodology/Approach: The methodology was a quantitative survey approach involving a sample of 28 manufacturing and 17 service companies over consecutive financial years from 2012 to 2022. The technique of content analysis was used to measure the level of environmental accounting disclosure (EAD). The Environmental Accounting Disclosure Index (EADI) was prepared based on the 8 environmental accounting disclosure items.

Findings: Analysis revealed that the level of EAD in the manufacturing sector is stronger than in the service sector. Panel data regression analysis revealed that there is a significant positive impact of EAD on the firm's financial performance of the manufacturing sector, but no significant impact on service sector companies.

Originality: The findings of this study will accommodate for significant policy implications. The corporate sector needs to create the ground for environmental accounting disclosure practices for stakeholder assessment of their performance. Similarly, the effective supervision of the government is important in ensuring the implementation of environmental disclosure that aligns with applicable regulations.

Keywords: Environmental Accounting Disclosure, Content Analysis, Manufacturing sector, Service Sector.

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The Impact of Financial Inclusion on Poverty Level; Evidence from Selected East and Southeast Asian Countries

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Abstract

Introduction - This research studies the Impact of financial inclusion on poverty levels in the East and Southeast Regions.

Methodology - The sample of the study consists of ten East and Southeast Asian countries, and the data was collected from 2013 to 2022 to determine the impact of financial inclusion on poverty levels in the countries belonging to East and Southeast Asian countries. Number of Bank branches per 100,000 adults, Number of ATMs per 100,000 adults, Outstanding deposits with commercial banks (% of GDP) and Outstanding loans from commercial banks (% of GDP) represent the study's independent variables. The poverty headcount ratio represents the dependent variable. Panel data regression model is used as cross-sectional and time series nature of data.

Findings - Based on the results, Findings also revealed that the number of Bank branches per 100,000 adults, the Number of ATMs per 100,000 adults and Outstanding loans from commercial banks (% of GDP) significantly impact the Poverty level in East and Southeast Asian countries and Financial Access dimension has a significant impact on the Poverty Level. In contrast, the financial usage dimension has a partial significance on the poverty level in the East and Southeast Asian Countries.

Conclusion - The final results of the three models derived that the Financial Access dimension significantly impacts the Poverty level. The impact of the Usage dimension is partially significant on the poverty level. The number of Bank branches per 100,000 adults, Number of ATMs per 100,000 adults and outstanding loans from commercial banks (% of GDP) significantly impact the Poverty level in East and Southeast Asian regions. The findings of the study will guide decision-makers of the countries, governments, academics, and other stakeholders in making their strategic planning and effective decisions.

Keywords – Financial Inclusion, Poverty Level, Poverty Headcount Ratio, East Asia, Southeast Asia

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The Impact of Underwriting Risk and Solvency on Profitability -Evidence from Listed Insurance Companies in Sri Lanka

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Abstract

Introduction: Insurance services are currently being integrated into the broader financial industry. Further, it plays an essential role in the country's economy. Profitability is one of the most important objectives of financial management because one goal of financial management is to maximize the owner's wealth. The current study aims to identify the factors that have a bearing on the financial performance and, by extension, the financial stability of the listed Insurance Companies in Sri Lanka.

Methodology: The study explores the impact of solvency and underwriting risk on the profitability of listed insurance companies in Sri Lanka from 2013 to 2022. ROA and ROE are used to measure profitability. The study analyzed 11 insurance companies with a total of 110 observations. Descriptive statistics and regression analysis were conducted using the STATA software.

Findings: The regression results suggest that underwriting risk had a negative and statistically insignificant impact on both ROE and ROA. Further, the study indicates a positive and statistically insignificant impact of solvency on financial performance.

Conclusion: The results indicate that underwriting risk and solvency have a statistically insignificant relationship with financial performance and impact on return on equity and return on assets for listed insurance companies in Sri Lanka. The findings contribute valuable insights to understanding the intricate dynamics between risk, solvency, and financial performance in the context of the Sri Lankan insurance industry.

Keywords: Insurance, Underwriting risk, Solvency, Financial Performance, Sri Lanka

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Adoption Potential of Fintech Services: A Study Based on Employees of the Financial Institutions in Sri Lanka

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Abstract

Introduction: FinTech can be identified as software, mobile applications, or any other technologies designed to enhance and automate conventional financial services for both consumers and enterprises. Sri Lanka which can be identified as a developing country, the adoption of FinTech would be a crucial factor to improve the economy of the country. This study was conducted to address the research problem of the adoption potential of fintech services in Sri Lanka. The main objective of the study is to examine the adoption potential of fintech services by using the perceptions of the employees of financial institutions in Sri Lanka.

Methodology: Performance expectancy, effort expectancy, social influence, facilitating conditions, perceived reliability, added value, self-efficacy and nervousness are the independent variables used in this study and the dependent variable is the actual use of fintech. The data sample of the study is the employees of financial institutions, and the sample size was 384 employees. Data is collected by distributing questionnaires. A regression model is developed to achieve the objective using the SPSS software and further, reliability and validity of the data is investigated using the goodness of fit tests.

Findings: According to the results, performance expectancy, effort expectancy, social influence, facilitating conditions, and perceived reliability have an impact on the actual fintech usage in Sri Lanka, while added value, self-efficacy and nervousness do not have a significant impact on the actual fintech usage in Sri Lanka.

Conclusion: In conclusion, the study envisions that its findings will not only benefit the financial industry in Sri Lanka but also serve as a valuable reference for other sectors. The study aims to be a milestone, providing insights into the adoption potential of fintech services in Sri Lanka that can apply to other developing countries, thereby paving the way for future research in this evolving field. Even factors deemed insignificant in the current context should be monitored, as they may become influential in the future. Collaboration between the public and private sectors is deemed essential to achieve widespread fintech adoption.

Keywords – Fintech adoption, Employees of the financial institutions, Regression

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The Impact of Demographic Factors on Investment Behavior of Employed People in Southern Province Sri Lanka

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Abstract

Introduction: Demographic characteristics encompass a wide range of variables, such as age, gender, socioeconomic status, education, and marital status, among others. These factors significantly influence individuals' decisions on saving, investing, and financial planning. Understanding the impact of Sri Lanka's diverse and changing demographic structure is essential for comprehending how these factors affect investment patterns in the country.

Methodology: This study uses deductive approach and quantitative methods to analyze the data. The sample is selected through a different employment such as full time, part time, and freelancer in Southern Province The researcher also involved in a non-probabilistic sampling technique based on the researcher's convenience. The sample size of 384 is calculated based on the Morgan table. A structured questionnaire used to gather data on identifying the demographic factors affecting the investment behavior. Demographic variables such as age, gender, job position, educational level, income level and work experience used to analyze the investment behavior of employed people.

Findings: Descriptive statistics, correlation analysis and regression analysis have been conducted to identify the impact of demographic factors on investment behavior. As the main finding of the study, it was examined that the job position, income level, education level and work experience are significantly impact on the investment behavior of employed people in the southern province in Sri Lanka.

Conclusion: It is crucial for individuals to acknowledge the importance of these demographic determinants and their possible influence on investment behaviour. Individuals must evaluate their financial objectives, willingness to take risks, and investing preferences considering their employment role, income, education, and professional history. Also, Sri Lanka has the capacity to cultivate a prosperous investment climate by recognizing and resolving the impact of demographic variables on investment patterns.

Keywords: Job Position, Income Level, Educational Level, Work Experience, Investment Behavior

Sustainability Reporting Disclosures and its Impact on Firms' Financial Performance: Evidence from Banking Industry in Sri Lanka

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Abstract

Introduction: In recent years, sustainability reporting has become a common practice of 21st-century businesses. Investor interest in socially responsible investing (SRI) has grown dramatically over the past ten years. Thus, this study aims to examine the effect of sustainability reporting disclosure on the financial performance of banks operating in Sri Lanka.

Methodology: Thirteen License Commercial Banks used as the sample for the study covering the period of 2014 to 2022. This study uses deductive approach and quantitative methods to analyze the data. The sustainability disclosures were analyzed under the categories of economic, environmental and social disclosures. Content analysis was used to collect the data on the sustainability disclosures, and the Global Reporting Initiative (GRI) directions were followed to identify the measurements under the economic, environmental and social disclosures. Return on Assets (ROA) and Return on Equity (ROE) are used as the measurements for financial performance.

Findings: The study reveals that total disclosure significantly impacts both ROA and ROE and social disclosure also significantly impacts ROA and ROE. However, economic and environmental disclosures show an insignificant impact on both the ROA and ROE in Sri Lanka's banking sector.

Conclusion: According to the result social disclosure is the most influencing factor for sustainability reporting practices on the financial performance in the banking industry in Sri Lanka. This means that the commercial banks operating in Sri Lanka pay more attention to sustainability reporting disclosure because of its significant impact on financial performance. Thus, it is crucial that banks prioritize social disclosures over economic and environmental dimensions. This is explained by the fact that social disclosures have a huge impact on the bank's overall financial performance.

Keywords: Corporate governance sustainability reporting, financial performance, GRI index

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The Ownership Structure, and Environmental, Social, Governance (Esg) Disclosure on Firm Performance of Domestic Commercial Banks in Sri Lanka: The Audit Committee as Moderating Variable

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Abstract

Introduction: This study investigated the effect of ownership structure, and environmental, social, and governance (ESG) disclosure on firm performance of Domestic commercial banks in Sri Lanka and audit committees as moderating variables. The ownership structures in this study are Individual and Institutional ownership in Domestic commercial Banks.

Methodology: This research is quantitative and uses secondary data. The sample consisted of Domestic commercial banks in Sri Lanka. This study used legitimacy, stakeholder, and agency theory. The analytical method used was partial least squares structural equation modeling. Over the 2017-2021 period, STATA software and Smart PLS are employed for panel data and Structural Equation Modeling (SEM PLS) analyses.

Findings: Correlation analysis unveils the relationships among variables, and the Variance Inflation Factor (VIF) reassures the absence of severe multicollinearity concerns. The results suggest that the relationship between ESG and Firm Performance is influenced by the presence of an Audit Committee, indicating a moderating effect that enhances the positive impact of ESG on Firm Performance.

Conclusion: This research underscores the evolving landscape of corporate governance and sustainability practices within the Sri Lankan banking sector. As the sector continues to navigate complex challenges, the study provides a foundation for future inquiries, offering a plan for researchers and industry stakeholders to delve deeper into the intricate interrelationships shaping the performance of commercial banks in Sri Lanka.

Keywords: Ownership Structure; ESG Disclosure; Firm Value; Firm Performance; Audit Committee.

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Factors and Challenges Affecting the Success of Women Entrepreneurship; A Study in Salon Industry in Kurunegala District of Sri Lanka

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Abstract

Introduction: Women's entrepreneurship in Sri Lanka grapples with persistent challenges, stemming from intertwined issues that have impeded historical progress. This study aimed to discover the factors and challenges faced by women entrepreneurs in the salon industry in the Kurunegala district.

Methodology: Qualitative methods were used to collect data from interviews with women entrepreneurs in the salon industry. The findings show that a significant obstacle is the limited financial capability of women entrepreneurs, constraining their capacity to invest, expand, and compete effectively.

Findings: Insufficient governmental and regulatory frameworks exacerbate these challenges, as a lack of robust support structures hampers the growth and sustainability of women-led enterprises. The need for more reliable evidence and data is a key contributing factor to these impediments. The absence of comprehensive information, often influenced by societal rules and customs, complicates the development of targeted policies and initiatives addressing the specific needs of women entrepreneurs. More accurate data is needed to ensure the formulation of informed strategies to uplift and empower women in business. The nation's status further compounds the challenges women entrepreneurs face in Sri Lanka as a developing country. Women managing small and medium-sized enterprises (SMEs) confront a complex interplay of financial constraints, regulatory limitations, and a need for more reliable data. This underscores the urgent need for comprehensive and tailored interventions to address these unique challenges.

Conclusion: Bolstering women's entrepreneurship in Sri Lanka requires initiatives encompassing targeted financial support, reforms in governmental and regulatory frameworks, and the generation of reliable data reflecting diverse rules and customs in business environments. By addressing these challenges directly, Sri Lanka can create an environment conducive to the success and sustainability of women-led businesses, contributing to individual economic empowerment and broader societal development.

Keywords: Women Entrepreneurship, Salon Industry, Socio-culture, Educational and Technological, Psychological and Personal, Economical and Legal

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Internationalization of Sme's, and Economic Downturn in Sri Lanka

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Abstract

Introduction & Objectives: Small and Medium-sized Enterprises (SMEs) play a crucial role in the global economy, making substantial contributions to employment, innovation, and overall economic growth. Recognizing SMEs as the backbone of the economy, the Government of Sri Lanka acknowledges their significance, constituting over 75% of the total number of enterprises, providing 45% of employment, and contributing to 52% of Gross Domestic Production. In today's globalized world, the internationalization of SMEs has emerged as a vital factor for economic growth and development. In present, firms Small and Medium Enterprises to remain competitive in the market, internationalization is important. However, various economic indicators, including gross national product, unemployment, interest rates, and exchange rates, have influenced this internationalization. Consequently, the recent economic downturn has also impact on internationalization of Small and Medium Enterprises in Sri Lanka. This study aims to investigate whether there is a significant impact of an economic downturn on the internationalization of SMEs in the country.

Methodology: A quantitative research approach is adopted to measure phenomena based on numerical analysis methods. To address the research question, time series regression analysis is employed to determine the significance of the relationship between economic downturn and SME internationalization. Secondary data are collected through export development information to measure the depended variable of internationalization of small and medium enterprises, and other secondary data are collected to assess key economic indicators such as Gross Domestic Production fluctuations, Unemployment, Interest rate and Exchange Rate in Sri Lanka. The research sample take as consists of all the export-oriented SMEs in Sri Lanka for the study.

Findings & Conclusions: Internationalization of Small and Medium Enterprises is significantly influence by Gross Domestic Production, Unemployment and Exchange Rate with the significance at 5% level. Interest Rate is not a significant factor in the Internationalization of Small and Medium Enterprises. Gross Domestic Production and Exchange Rate positively impact the Internationalization of SME and Unemployment negatively impact with the Internationalization of SMEs in Sri Lanka. Unstable GDP, changes in exchange rates, a shortage of skilled workers, and job migration are major factors affecting the measurable aspects of an economic downturn. Finally, this study findings more important to policy makers and business owners

Keywords: Internationalization, Small and Medium Enterprises, Gross Domestic Production, Economic Downturn, Unemployment

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Factors of Microloan default in Microfinance Institutions- Evidence by Puttalam District, Sri Lanka.

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Abstract

Introduction: The origin of microfinance was combined with micro-credit. The main reason for this is to provide access to financial and banking services to low-income or poor people who have access to financial services. As is quite common in this net capitalization, microfinance loan defaults have also become the main challenge of microfinance institutions. Although financial institutions involved in microfinance have tried to find solutions, there is a lack of an approach to finding solutions experimentally. There is also a lack of theoretical and written literature on this issue. Considering these issues, the main aim of this study is to identify the factors affecting the default of microloans.

Methodology: This study uses deductive and quantitative methods to analyse the data. Data were gathered from 330 micro-loan borrowers from microfinance institutions in Puttalam district, Sri Lanka. The dependent and independent variables were loan default and borrowers' income level, loan amount, loan duration, knowledge of CRIB, borrower age and purpose of the microloan. Descriptive statistics, correlation and panel regression were used to analyse the data.

Findings: The study found a strong positive relationship between the income level of borrowers, borrowed loan amount, duration of the loan and knowledge of CRIB with the loan default. However, there was a weak relationship between borrowers' age and the microloan's purpose for microloan default.

Conclusion: This research offers actionable insights for microfinance institutions and micro-loan borrowers in Sri Lanka.

Keywords: Micro Finance, Micro-Credit, CRIB, Age of Borrower, Income level of Borrower, Microfinance Institutions, Sri Lanka.

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The Impact of Corporate Governance on Firms' Financial Performance: Evidence from Listed Companies in Sri Lanka

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Abstract

Introduction: financial performance is a subjective measure of the accountability of an entity for the results of its policies, operations, and activities quantified for an identified period in financial terms. Thus, having a structured corporate governance mechanism in place within the business organization is helpful for them to enhance their financial performance. This study aims to investigate the impact of features of corporate governance on the financial performance of listed entities in Sri Lanka from the non-financial sector.

Methodology: To achieve the study objective annual data collected from 20 listed companies for the sample period from 2017-2022 were used in conducting the data analysis. Both Return on Asset (ROA) and Return on Equity (ROE) were used as proxies for financial performance indicators while Board Size (BSIZE), Board Composition (BC) and Board Gender (BGENDER), Audit Committee Size (ASIZE) were used as corporate governance indicators. Descriptive analysis, panel regression and correlation techniques were used in analyzing the data.

Findings: The estimation regression analysis findings showed that there is a negative and significant relationship between BC and ROE which is a contradictory finding with that of the previous studies. Also, study findings revealed that there is a significant positive relationship between ASIZE and ROE.

Conclusion: The study finding has practical implications highlighting the fact that listed entities shall think of the size of their audit committee together with the composition as it has a direct impact on financial performance of listed entities.

Keywords: Corporate governance, Financial performance, Board size, Board composition, Board gender, Audit committee size.

Impact of Borrower Characteristics on Micro Loan Default among Fisheries Sector Evidence from Negombo Sri Lanka

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Abstract

Introduction: This research examines the challenges of the microfinance sector with a focus on the alarming microcredit default rate in the fishing industry in Negombo, Sri Lanka. The study identified the main research problem as high incidence of loan defaults, which negatively affects the growth and sustainability of microfinance institutions. The objective is to explore borrower characteristics that influence microloan default and suggest strategies to reduce microloan default.

Methodology: This research follows a quantitative methodology. A structured questionnaire was designed. The questionnaire was collected from 147 microfinance borrowers of Negombo Wallawediya Fishermen's Association through non-probability convenience sampling. SPSS version 23 was used to perform exploratory factor analysis. The findings of this study confirmed six borrower's factors useful in explaining microfinance loan defaults in Sri Lanka. This research examines the characteristics of microcredit defaulting borrowers in the Negombo fisheries sector. The study focuses on key determinants such as size, gender, income, experience, household size and education level to determine the impact of loan default on the Negombo fisheries sector.

Findings: The study found that age, gender, income, experience, household size and education level affect fishermen's late payment. Gender emerges as a critical factor, with women more likely to default on payments than men. Younger borrowers are also more prone to default, suggesting the need for financial education tailored to their needs. Level of education has a modest effect on non-compliance, emphasizing the potential benefits of promoting financial education.

Conclusion: Implications suggest further testing and targeted interventions recommendations include social orders and public policies for credit distribution background checks future research proposals include different data collection methods and sustainability approaches limitations of inclusion questions dependent and qualitative methods in future research and reveals a need for regional variations overall the study provides valuable insights and practical recommendations for stakeholders in the microfinance sector.

Keywords: Microloan; Borrowers Characteristics; Loan default; Fisheries sector

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The Impact of Integrated Reporting Quality on Cost of Equity and Financial Performance: Evidence from Listed Insurance Companies in Sri Lanka

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Abstract

Introduction: This research seeks to empirically establish the connection between Integrated Reporting Quality (IRQ) and the financial performance as well as the Cost of Equity (Ke) within the realm of listed insurance companies in Sri Lanka.

Methodology: Data for the study was extracted from the annual reports of these listed insurance companies, covering the period from 2013 to 2022. The gathered data underwent analysis using statistical tools to assess Integrated Reporting Quality and financial performance and in relation to the cost of equity. The study employs panel regression analysis to explore the interplay between Integrated Reporting Quality (IRQ), financial performance metrics, and cost of equity within the specific context of Sri Lankan insurance companies.

Findings: The findings reveal a statistically significant negative correlation between Integrated Reporting Quality (IRQ) and the cost of equity (Ke) at a 1% significance level. Furthermore, positive relationships are identified between Integrated Reporting Quality (IRQ) and both Return on Assets (ROA) at a 5% significance level and Return on Equity (ROE) at a 1% significance level.

Conclusion: The outcomes of the study offer valuable insights into the role of integrated reporting in evaluating the financial performance and cost of equity within the Sri Lankan insurance sector. Future research endeavors could consider to provide a more comprehensive understanding of the subject. The study holds the potential to assist and inspire insurance organizations to adopt robust Integrated Reporting Quality (IRQ) disclosure practices, benefiting policyholders, regulators, and stakeholders by showcasing governance capabilities and disclosure standards.

Keywords: Integrated reporting quality, Cost of equity, financial performance, Sri Lankan Insurance Companies, Panel Regression

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Impact of Financial Knowledge, Financial Attitude & Internal Locus of Control on Financial Management Behavior Among Young Adults in Sri Lanka: Special Reference to Colombo District

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Abstract

Introduction: The purpose of the study is to evaluate the Impact of Financial Knowledge, Financial Attitude & Internal Locus of Control on Financial Management Behavior among Young Adults in Sri Lanka: Special Reference to Colombo District.

Design / Methodology: The researcher chose Colombo district to conduct the study. In this regard, data was collected from young adults in the Colombo district using a survey questionnaire. Financial knowledge, financial attitude and internal locus of control were employed as independent variables in this study, with financial management behavior as the dependent variable. data were analyzed independently using SPSS software, which included statistical tests such as multicollinearity, reliability, normality, and regression analysis. For all the variables, descriptive statistics were used to determine the mean values of respondents' perspectives.

Findings: According to the study's findings, that internal locus of control has a strong positive effect on the dependent variable, while financial knowledge has a moderate positive effect on the dependent variable. Financial attitude does not have a statistically significant effect on the dependent variable. Cronbach alpha values demonstrate the data is more reliable According to the regression results.

Conclusion: The study investigated the impacts of financial knowledge, financial attitude, and internal locus of control on financial management behavior among young adults. It found that financial knowledge and internal locus of control have significant impacts on financial management behavior, while financial attitude has no significant impact.

Keywords: Financial Knowledge, Financial Attitude, Internal locus of control, Financial management behavior

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The Impact of Overconfidence & Loss Aversion on Investment Decision Making of Individual Investors in Colombo Stock Exchange: The Moderating Role of Gender (Special Reference to Central Province)

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Abstract

Introduction: Within the framework of Conventional Financial Theory, investors are traditionally perceived as rational decision-makers primarily driven by risk-return considerations. In contrast, Behavioral Finance challenges this notion, positing the presence of irrational investors influenced by a myriad of behavioral and psychological factors. This study seeks to explore the impact of two prevalent behavioral factors, Overconfidence and Loss Aversion, on the decision-making processes of individual investors within the Colombo Stock Exchange. Additionally, the moderating role of Gender in these behavioral dynamics is considered.

Methodology: Data for this investigation were collected through a self-administered questionnaire, and the research objectives were primarily analyzed using Correlation analysis and Ordinary Least Square (OLS) regression analysis. The study aims to understand how Overconfidence and Loss Aversion influence investment decision-making, with a specific focus on the moderating role of Gender.

Findings: The study findings reveal that Loss Aversion significantly affects the investment decisions of individuals, underscoring its notable impact. However, the influence of Overconfidence on investment decisions is deemed insignificant. Furthermore, the results suggest that Gender independently holds a significant influence on investment decisions and behavioral biases. Interestingly, when Gender is treated as a moderator, its impact on these variables is found to be statistically insignificant.

Conclusion: In conclusion, this study contributes to the growing field of Behavioral Finance by shedding light on the influence of Overconfidence and Loss Aversion on the investment decision-making of individual investors within the Colombo Stock Exchange. The significant impact of Loss Aversion underscores the importance of recognizing and understanding behavioral factors in financial decision-making. While Overconfidence appears to have limited influence in this context, the role of Gender in shaping investment decisions and behavioral biases is noteworthy, though its moderating effect is deemed insignificant.

Keywords: Behavioral Finance; Overconfidence; Loss Aversion; Investment Decision Making; Gender Differences

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Impact Of Environmental Management Practices on Financial Performance in Sri Lankan Food and Beverage Industry

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Abstract

Purpose: To addresses a crucial gap in understanding the impact of Environmental Management Practices and financial performance in the Sri Lankan food and beverage industry, by focusing on Energy efficiency (EE), Material waste management (MWM) and Water waste management (WWM). The study aims to shed light on how sustainable practices impact the industry's financial outcomes.

Methodology: A quantitative research approach was carried out by using secondary data sources such as annual reports and the Colombo Stock Exchange (CSE) website from the period of 2013 – 2022. Financial performance was measured by using Return on Assets (ROA). The chosen sample of ten companies from the CSE provides a specific focus, ensuring in-depth analysis within the context of the local Food and Beverage Industry.

Findings: Panel data regression revealed that there is a significant and positive impact of MWM on ROA, highlighting that effective Material Waste Management practices significantly contribute to improved Financial Performance among the selected Sri Lankan Food and Beverage companies.

Originality: The study emphasizes the need for businesses to invest in sustainable technologies, energy-efficient equipment, and material waste reduction solutions to enhance both environmental sustainability and financial outcomes.

Keywords: Environmental management practices, Financial Performance, Food, and beverage industry

The Impact of Financial Inclusion on Poverty Level in the South Asian Countries

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Abstract

Introduction - This research studies the Impact of financial inclusion on poverty levels in South Asian countries. Poverty is one of the most critical problems confronting society today.

Methodology - The study sample consists of Five South Asian countries. The data was collected from 2004 to 2021 to determine the impact of financial inclusion on poverty levels in South Asian countries. The number of Bank branches per 100000 adults, Number of ATMs per 100000 adults, Outstanding deposits with commercial banks (% of GDP), and Outstanding loans from commercial banks (% of GDP) represent the study's independent variables. The poverty Headcount ratio represents the Dependent variable. Panel data regression model is used as cross-sectional and time series nature of data through STATA software.

Findings - Based on the results, Findings also revealed that the Number of ATMs per 100000 adults significantly impacts the Poverty level in South Asian countries, and the Financial Access dimension has a partially significant impact on the Poverty Level in South Asian Countries.

Conclusion - The model results derived that the Financial Access dimension partially impacts the Poverty level. The impact of the Usage dimension is not significant on the poverty level. Number of Bank branches per 100000 adults, Outstanding deposits with commercial banks (% of GDP), and Outstanding loans from commercial banks (% of GDP) do not significantly impact the Poverty level in South Asian countries. The study's findings will guide decision-makers of the nations, Governments, academics, and other stakeholders in strategic planning and effective decisions.

Keywords – Financial Inclusion, Poverty, South Asia, Financial Usage, Financial Access

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Impact of Credit Risk on Financial Performance of Domestic Commercial Banks in Sri Lanka

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Abstract

Introduction: The banking sector is an important industry that needs to be secured, as its failure is bound to negatively impact the country's whole economy. The current study examines the impact of credit risk on the financial performance of 12 Sri Lankan domestic commercial banks.

Methodology: This study harnessed advanced panel data techniques to measure the impact of credit risk on financial performance within the context of domestic commercial banks in Sri Lanka from 2012 to 2021. Three distinct estimators pooled ordinary least squares, fixed effects, and random effects models were employed to rigorously examine the impact of credit risk on key financial performance indicators, specifically, return on assets (ROA) and liquidity, using STATA software.

Findings: These findings on a fundamental feature of the banking landscape, revealing a negative association between credit risk and financial performance, notably liquidity and return on assets (ROA), are significant. The demonstrated inverse link highlights the significant impact that non-performing loans (NPLs) can have on the liquidity and profitability of the commercial banks under consideration. Non-performing loans, which pose a high credit risk, hurt a bank's ability to maintain optimal liquidity levels. The negative correlation in liquidity shows that as the load of NPLs grows, banks may face difficulties paying short-term financial obligations. Furthermore, the negative impact extends to return on assets, a fundamental criterion for assessing commercial banks' profitability. The negative relationship between credit risk and ROA suggests that banks' total profitability decreases when non-performing loans increase. This is consistent with recognized financial concepts, showing that a rising proportion of non-performing loans can reduce earnings provided by assets held by banks.

Conclusion: The results facilitate policymakers to prepare better performance targets and enable bank managers to allocate capital more efficiently. Further, the results of this study can be used for the requirements of future researchers and academic students.

Keywords: Non-Performing Loans, Statutory liquid assets, Return on assets, Domestic commercial banks

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Impact of Microloans on Poverty Alleviation Through the Samurdhi Program: With Special Reference to Samurdhi Beneficiaries in Katana Ds Division in Gampaha District

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Abstract

Introduction: Poverty is a global issue affecting children, the elderly, and ethnic minorities and Poverty alleviation aims to improve economic and human capacities and living standards through credit access. Microfinance Institutions (MFIs) offer financial and non-financial services to impoverished individuals, contributing economically to families and society. This study aimed to assess the impact of microloans on poverty alleviation through the Samurdhi program of the Samurdhi beneficiaries in the Katana DS Division in Gampaha District.

Methodology: The dependent variable is poverty alleviation, while the independent variables are loan size and repayment period. Data is gathered by distributing questionnaires to a sample of 371 Samurdhi beneficiaries in the Katana DS Division of the Gampaha District. Descriptive analysis, Correlation analysis, Multiple linear regression analysis, Normality test, Validity tests, and Reliability tests are employed to analyze the collected data using SPSS.

Findings: As per the results, strong positive linear relationship between loan size and poverty alleviation, with a Pearson correlation coefficient of +0.706 and repayment period also showed a positive linear relationship with poverty alleviation, with a correlation coefficient of +0.462. Furthermore, there is a significant impact of microloans on poverty alleviation through the Samurdhi program. Loan size has a positive and significant impact on poverty alleviation. The repayment period has a positive and significant impact on poverty alleviation. The model's adjusted R^2 of 0.621 indicates that all aspects of that loan size and repayment period, independent variables, account for 62% of the variance in poverty alleviation.

Conclusion: Based on the findings, the researcher can conclude that that the Samurdhi program's microloans are a better way to alleviate poverty in the Katana DS Division in Gampaha District. Samurdhi officials should enhance access to microloans for families in the Katana area of Gampaha district. They should select beneficiaries based on need and conduct investigations after granting loans. Financial education on managing loans and starting small businesses can reduce defaults and improve credit tiers.

Keywords - Loan size, Repayment period, Poverty Alleviation, Microloans, Samurdhi Program

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The Impact of Demographic Factors on Investment Decisions: A Comparative Analysis of Private and Public Sector Employees in Western Province, Sri Lanka

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Abstract

Introduction: Investment decision making is a critical step in the investment process. Investors must decide where they will invest their money, their investment objective, the maximum amount of risk they are willing to bear, and the frequency with which they will invest. However, fundamental factors, as well as demographic and psychological factors of investors, may influence investment decisions. This study aims to examine the impact of the demographic factors and investment decision making of both private and public sector employees separately.

Methodology: This study uses deductive approach and quantitative methods to analyze the data. The population for the study is the selected state sector employees and private sector employees in Western province, Sri Lanka and data for the study were collected from 385 respondents. The convenience sampling, subsequent random and proportional sampling techniques were used. The demographic variables such as gender, age, marital status, educational level, income and investment preference were used to examine the impact on the investment decisions. The questionnaires serve as the primary data collection method, pre-tested for reliability and validity.

Findings: In analyzing the impact of demographic factors on investment preferences, objectives, risk tolerance, and frequency, distinct patterns emerged for private and public sector employees in Sri Lanka. While both sectors showed correlations with age, marital status, monthly income, and education, the private sector uniquely emphasized the role of gender in investment decisions. Additionally, disparities in investment objectives, risk tolerance, and frequency were evident, emphasizing the need for sector-specific financial planning strategies to cater to the diverse profiles and preferences of employees in each sector.

Conclusion: In conclusion, this research underscores the nuanced connection between demographic factors and financial choices in both private and public sectors. It emphasizes the need for customized financial strategies tailored to the unique needs of each workforce. The provided recommendations offer practical insights for financial institutions seeking to enhance their services, fostering stronger client relationships by acknowledging and responding to diverse demographic-influences.

Keywords: Demographic Factors, Investment Preference, Investment Objective, Risk Tolerance, Investment Frequency

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Factors Affecting Efficiency in Motor Claim Settlements: Special Reference to a General Insurance Company in Sri Lanka

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Abstract

Introduction Every organization is highly concerned about the efficiency of their work processes to achieve their organizational goals successfully. As per the Motor Traffic Act, With the rising usage of vehicles and mandatory third-party insurance, Sri Lanka's motor insurance market is fiercely competitive. Thus, efficient claims settlement serves as a gateway to customer acquisition, retention, and valuable business insights. Thus, this study focuses on key factors impacting motor claim efficiency based on one of the leading general insurance companies in Sri Lanka.

Methodology: This study uses deductive approach and quantitative methods to analyze the data. Panel regression was used to examine the impact of system quality, information quality, and service quality(independent variables) on the motor claim efficiency (dependent variable). Data was collected by using a structured questionnaire.

Findings: All three variables, system quality, information quality and service quality, show a highly significant impact on the motor claims settlement efficiency, and all were significant at 1% level. Further, study also identifies the challenges faced by the company through the open-ended question used in the questionnaire. The results highlighted that the manual processes, inaccurate information, and inadequate staff allocation are the major roadblocks to efficiency, leading to delays and frustration for customers.

Conclusion: The study reveals that insurance companies should pay more attention to existing levels of efficiency in motor claims settlements by improving the system quality, information quality and service quality. By embracing automation, investing in data quality, and empowering staff with the necessary skills and tools, the issues can be overcome. The benefits of prioritizing efficiency are manifold. A positive claims experience fosters customer satisfaction and loyalty, leading to repeat business and positive word-of-mouth recommendations.

Keywords: Claim settlements Efficiency, Information quality, Motor Insurance, Service quality, System Quality

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Determinants of Environmental Social Governance (ESG) Disclosure and Effect Of integrated reporting on firm performance. A study on listed companies in Sri Lanka

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Abstract

Introduction: Integrated Reporting (IR) is an emerging concept followed by organizations all over the world. The overall objective of the organizations is to know how organization creates value over time. IR indicates the act of quantifying, evolving and being responsible to all stakeholders for the performance of organizations towards their goal of achieving value. The nature of business has drastically changed during the past several years. There is general agreement that the business reporting model needs to go beyond the conventional financial reporting model, which places an emphasis on backward-looking, quantified financial information, in order to satisfy market information needs and provide information necessary for corporate transparency and accountability.

Methodology: CSE has 295 companies representing 20 GICS industry groups as of 30th June 2022 (CSE, 2022). However, the study covers only forty (40) listed companies for the period from 2016 to 2021. The relationship and the effect of integrated reporting on firm performance is examined in this study.

Findings: The results of the Random effect model regression analysis show that IR has insignificant positive impact on ROA, while Risk, Size and Mtb have insignificant impact on ROA. Further, IR, Risk, Size and Mtb have an insignificant impact on EPS at 5% significance level. Based on the correlation analysis, the results show that only IR has a significant positive relationship with ROA at 5% significance level while rest of the variables have insignificant relationship.

Conclusion: The study has an important implication for the management of the companies and other interested parties. Further research can be extended by choosing more time periods of data and choosing other indicators of FP. In this way, IR and its impact on FP have become an important area for research in the recent past and this paper attempts to find out the impact and the relationship between them.

Keywords: Firm Performance, Integrated Reporting disclosure index, Integrated reporting

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Factors and Challenges Affecting the Success of Women Entrepreneurship; A Study in Bakery Products Industry in Northwestern Province of Sri Lanka

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Abstract

Introduction: It is frequently recognized that economic growth and wealth are dependent on entrepreneurship and that the number of women entrepreneurs worldwide has significantly increased. The modern world views entrepreneurship as a potent force that promotes productivity, job creation, and economic expansion. This study aims to determine the critical elements and obstacles that impact the performance of female entrepreneurs in Sri Lanka and their ability to manage their businesses and to provide recommendations for the most effective course of action. The primary goal of this study is to identify and analyse the variables and obstacles that could affect how well women entrepreneurs succeed.

Methodology: This research followed the social constructivism philosophy to examine the real, and this research is conducted as qualitative research in which data, words, images or objects were collected through the methods of interviews, field notes and participant observations in the evaluations. Also, this study is also associated with the inductive approach. In this research, I used the purposive sampling method. The population is Sri Lankan women business owners who have been active in the bakery products industry in the northwestern province of Sri Lanka for over three years. I identified 10 Sri Lankan women business owners active in the Bakery products industry in the northwestern province of Sri Lanka as a sample. The data collection method is conducting interviews. I could identify four main success factors as main themes, and the findings of challenges are detailed as 20 sub-themes from the interviews conducted.

Conclusion: This study goes a step further and explains the factors that influence the success or failure of women entrepreneurs. Hence, it will help women entrepreneurs across Sri Lanka and all stakeholders, like the government, customers, employees, and investors, to make appropriate decisions.

Keywords: Success Factors, Challengers, Women Entrepreneurship, Bakery products Industry, Northwestern Province

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Determinants of Financial Literacy Level of Working Age Females: with Special Reference to Colombo District, Sri Lanka

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Abstract

Introduction: Financial Literacy refers to the knowledge and skills that are necessary to make effective decisions relating to financial matters. This research aims to find the demographical and socioeconomic factors that determine the financial literacy level and their impact on the personal financial literacy of working-aged women in Sri Lanka.

Methodology: This study uses deductive and quantitative methods to analyse the data. Data was gathered from 384 working-age women living in Colombo district. The demographic factors identified as the independent variables of the study are age and marital status, and the identified socioeconomic factors are education, working experience and monthly income level of working-aged women. The financial literacy level of females is determined as the study's independent variable. Descriptive statistics, correlation and panel regression were used to analyse the data.

Findings: The study found that age, education, marital status, working experience, and monthly income have a strong impact on the personal financial literacy of working-aged women.

Conclusion: The research outcomes confirmed critical implications for policymakers and working-aged women in Sri Lanka. Collaborative efforts between governments, financial institutions, and technology providers are essential to broaden the reach of financial literacy levels, particularly among working-aged women.

Keywords: Financial Literacy; Working Aged Women; Colombo District; Demographic Factors; Socioeconomic Factors

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The Impact of Corporate Governance on Firms' Financial Performance: Evidence from Listed Finance Companies in Sri Lanka

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Abstract

Introduction: Corporate governance is a widely regarded core organizational concept that is crucial for the development, sustainability, and competitiveness of businesses. Strong business ethics, sensible policies and processes, and effective monitoring systems are thus regarded as elements of a system of competent corporate governance. The main objective of this study was to investigate the impact of Corporate Governance on the financial performance of listed finance companies in Sri Lanka.

Methodology: Return on Assets (ROA) and Return on Equity (ROE) were used as proxies for firms performance whereas explanatory variables include Board Size, Board Composition, Audit Committee Size, Goard Gender. The sample picked out 20 listed finance companies based on companies with the highest market capitalization in financial statements as of 31st August 2023. The secondary data were collected through the annual report in these listed finance firms. Secondary data were collected using documentary information from the Company's annual report for the period 2018 to 2022. Data analysis was conducted using techniques such as, panel regression, descriptive analysis, and correlation analysis.

Findings: Looking at the overall correlations suggests that factors such as board size, board meetings, board gender, and firm size have more positive impacts on ROA and ROE. And board composition has negative impacts on return on assets. But overall, these variables are not significant impact on ROA and ROE. Understanding the corporate governance mechanisms on financial performance is an important area of interest to academics, practitioners, and regulators.

Conclusion: The empirical result of the study shows that all the CG variables (board size, board independence, and board gender) have positive and insignificant impacts on financial performance at 5% level of significance with the following, respectively. This suggests that board size is essential to achieving board effectiveness and increased firm performance, which is consistent with the findings of earlier studies. This finding is supported with the previous empirical finding of Mohammed Ibrahim and Buhari Baba (2019) who found positive association between board size, board independence, and board gender and firm performance.

KEYWORDS: Corporate Governance, Financial Performance, Return on Equity, Return on Assets, Listed financial companies

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Impact of Macroeconomic Factors and Firm Characteristics on the Financial Performance: Special Reference to Food, Beverage and Tobacco Firms

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Abstract

Introduction: Financial Performance of a firm can be described as a measurement that indicates how well a company perform in a certain period. Further, profitability can show how well a particular firm uses its assets to generate income for the firm. The purpose of the study is to examine the impact of firm characteristics and macroeconomic factors on the financial performance referring listed food, beverage and tobacco firms in Sri Lanka.

Methodology: The population was listed industrial firms in Sri Lanka. The sample was listed food, beverage and tobacco firms in Sri Lanka. Data were collected quantitatively. Panel regression employed to evaluate the hypothesizes. Data analyses were done in two scenarios (prior to Covid 19 and post Covid 19), with four regression models.

Findings: The study revealed that has a weak negative significant impact on the ROE while Sales Growth of the firm has a positive significant impact on the ROA and Sales Growth of the firm has a weak positive impact on the ROE. Nevertheless, from all the macroeconomic factors there is no significant impact on the dependent variables of this study, ROA and ROE despite the impacts from covid-19 pandemic.

Conclusion: The findings of the study will contribute to both academic and practical implications for policymakers, investors, and management who are willing to achieve the firm performance in a challenging post-Covid19 economic landscape.

Keywords: Firm Characteristics, Macroeconomic Factors, Firm Performance

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The Impact of Cognitive and Emotional Behavioral Biases on Stock Investment Decision Making in CSE Sri Lanka: Evidence from Colombo District

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Abstract

Introduction: This research investigates the influence of cognitive and emotional behavioral biases on stock investment decision-making within the Colombo Stock Exchange (CSE). It explores the effects of disposition effect, anchoring, overconfidence, and herding behavior on the investment decisions of individual investors in the Colombo district. The primary objective is to analyze the relationship between these biases and their impact on stock investment choices.

Methodology: Primary data is gathered through a structured questionnaire that includes demographic factors, the dependent variable (investment decision), and independent variables (behavioral biases). The data is collected from a convenient sample size of individual investors in the Colombo district. Analysis of the results is conducted using the SPSS software.

Findings: The collected data yields reliable and significantly valid results. The study employs descriptive analysis, Pearson's correlation analysis, and linear regression analyses. The findings suggest a noteworthy impact of anchoring bias and herding behavior on investment decisions, with a comparatively lesser impact observed for disposition effect and overconfidence bias among individual investors in the Colombo district.

Conclusion: Based on these results, investors are advised to take into account the influence of anchoring and herding behavior for making effective investment decisions. This approach aims to optimize returns while minimizing risks when engaging in stock investment activities on the Colombo Stock Exchange.

Keywords: Disposition Effect; Anchoring; Overconfidence; Herding; Colombo Stock Exchange (CSE).

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Impact of Firm Specific Factors on Financial Performance of Diversified Financials in Sri Lanka: Evidence from CSE listed companies under the category of Diversified Financials

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Abstract

Introduction: Diversified financial companies play a pivotal role in the financial landscape, offering a broad spectrum of services encompassing lending, insurance, asset management, and investment management. The efficient utilization of resources to generate revenues is a key determinant of financial performance, holding immense significance in the current economic climate. This study aims to investigate the influence of firm-specific factors on the financial performance of diversified financial companies listed within the diversified financial sector of the Colombo Stock Exchange (CSE). The research further endeavors to assess the moderating impact of interest rates on the financial performance of these listed companies in Sri Lanka.

Methodology: The research focuses on the top 20 profitable financial companies selected from the pool of 42 listed diversified companies on the CSE. The study employs multiple regression analysis in STATA 17 to examine eight hypotheses relating to firm-specific factors and the moderating impact of interest rates on financial performance.

Findings: The study's overall results indicate significant impacts between firm-specific factors and the financial performance of diversified financial companies listed in the CSE. These firm-specific factors are essential contributors to the observed financial outcomes. Moreover, a noteworthy finding is the substantial impact of interest rates on the financial performance of these diversified financial entities. The research highlights the intricate relationships between these factors and financial performance.

Conclusion: In conclusion, this study provides valuable insights into the dynamics governing the financial performance of diversified financial companies in the CSE. Firm-specific factors emerge as influential contributors to financial outcomes, emphasizing the need for strategic management of these factors. Additionally, the study underscores the significant moderating impact of interest rates on the financial performance of diversified financial companies, further illustrating the multifaceted nature of their financial dynamics.

Keywords: Firm-specific factors; Financial performance; Diversified financial companies.

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Impact of Economic Indicators on Loan Default : Evidence from the Banking Industry In Srilanka

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Abstract

Purpose: The study intends to observe the impact of economic indicators on loan default in Sri Lanka.

Methodology: The study was influenced by the Arbitrage Pricing Theory (APT) and the Credit Portfolio View (CPV) model. A quantitative approach was carried out by taking the population as the banking industry in Sri Lanka. Secondary data for the period of 1998-2022 was collected from the Central Bank (CBSL) website.

Findings: Time series analysis revealed that the lending interest rate, inflation rate, and currency exchange rate have a positive impact on the default rate while a negative impact of economic growth on the default rate. However, higher lending interest rates significantly increase loan default.

Originality: The study recommends that the policymakers, including the CBSL as the main regulatory authority of the financial system to manage the interest rates in a way that benefits the Economy as the high cost of funding has significant shortcomings in the business environment and leading to high credit risk.

Keywords: Loan Default, Economic Indicators, Macro Economic Variables, Banking Industry, Sri Lanka.

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The Nexus Between Financial Inclusion and Economic Development in East Asia

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Abstract

Introduction - This research mainly focusses on find the Nexus relationship between financial inclusion and economic development in East Asian countries from selected countries. From this try to find is there any long run cointegration or is there any causal relationship between financial inclusion and economic development and give the suggestions to policy makers, researchers, and other interested parties.

Design/ Methodology - This study is developed two hypotheses and according to past research chooses 5 variables to measure the financial inclusion (independent variable) and human development index use as the dependent variable to measure the Economic Development. Using financial access survey and world bank indicators collected the data from year 2004 to 2021 and these data tested using Panel ARDL Co-integration Test and Pairwise Dumitrescu Hurlin Panel Causality Test.

Findings – According to MG test results. The coefficient of -0.09706 with a standard error of 0.02216 is statistically significant and negative. It suggests that there is a long-term equilibrium relationship between financial inclusion indicators and economic development. According to Granger causality test result three out of five variables are significant. Accordingly, HDI is homogeneously cause to number of commercial bank branches, outstanding loans & deposits from commercial banks.

Conclusion - According to cointegration results, East Asian countries have a long run cointegration between financial inclusion and economic development. And according to granger causality test results, East Asian countries have a causal relationship between financial inclusion and economic development.

Key words – Financial Inclusion; Economic Development; Nexus Relationship; East Asia; Human development; East Asia.

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The Impact of Credit Rating on Cost of Debt: Evidence from Financial Sector in Sri Lanka

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Abstract

Introduction: Credit rating assessment involves the evaluation of the creditworthiness of an individual, company, government, or other entity. The current study identifies the dynamics between credit ratings and the cost of debt. This study aims to empirically investigate the impact of credit rating on the cost of debt in the Sri Lankan financial sector.

Methodology: The methodology employed in this study is deductive and quantitative. The study is based on Secondary data from 12 banks and 11 diversified financial companies listed on the Colombo Stock Exchange. The study is quantitative research, which uses a deductive approach. Cost of Debt is used as the dependent variable, whereas Credit Rating is the independent variable of this study and is used through the Fitch Ratings. The data was collected from 2017 to 2022. STATA version 13 statistical package data was analyzed using panel data regression.

Findings: The findings depict that the Fitch credit rating is negatively and significantly associated with the cost of debt. Companies with high credit rates were associated with lower costs of debt than companies with low credit rates, as found by the paper using multiple regression techniques.

Conclusion: The study's findings provide policy implications on capital structure for managers in the Sri Lankan setting and other developing economies similar to Sri Lanka, given that external financing plays a critical role in capital structure in the financial sector for publicly traded companies. Further, the findings influence firms to get better credit ratings for a lower cost of debt.

Keywords: Credit rating; Cost of debt; Sri Lanka; Financial Sector

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Impact Of Microloans on Poverty Alleviation Through Samurdhi Program: (Special Reference To Dankotuwa Divisional Secretariat in Puttalam District)

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Abstract

Introduction: Microloan is a significant financial service in the rural economy. It is a powerful tool to enhance the well-being of poor people and societies. Foremost in Sri Lanka, microloans are supplied under Samurdhi program as a major form of social mobilization. The study aims to determine the Impact of Microloans on Poverty Alleviation through the Samurdhi Program of the Samurdhi Beneficiaries in the Dankotuwa Divisional Secretariat in Puttalam District.

Methodology: In this study, the dependent variable is poverty alleviation, while the independent variables are loan size and repayment period. A sample of Three hundred and fifty-five Samurdhi beneficiaries Dankotuwa Division are given a questionnaire to collect data and Multicollinearity, validity, reliability, normality, correlation analysis, and multiple linear regression analysis techniques are employed to analyze the data using SPSS.

Findings: According to the results, no multicollinearity among independent variables is found and loan size and repayment period have a positive relationship with poverty alleviation. Both independent variables (loan size and repayment period) have a statistically significant positive impact on the dependent variable (poverty alleviation). Further, the results revealed that there is a significant impact of microloans on poverty alleviation through the Samurdhi program.

Conclusion: It can be concluded that microloans through the Samurdhi program are more effective for reducing poverty in the Dankotuwa divisional secretariat in the Puttalam district. Based on the findings of this study, the government can design poverty alleviation programs to target the poor people who live in rural areas.

Key words – Micro loans; Poverty Alleviation; Samurdhi Program

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Impact of Capital Structure on Financial Performance of Life Insurance Companies Listed at the Colombo Stock Exchange (Cse) in Sri Lanka

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Abstract

Introduction: The optimal capital structure levels and capital structure decisions that impact how a firm performs have been a great dilemma for many. Capital structure decisions have an impact on the growth and profitability of a firm, as these decisions enable firms to maximize their shareholders' wealth. The major research objective was to determine to identify the impact of capital structure on the financial performance of life insurance companies listed at the CSE in Sri Lanka.

Methodology: The data is obtained from CSE and IRCSL. The study only uses accounting data from listed life insurance companies between 2016 and 2022. The all the life insurance companies listed at the CSE taken as the sample for the analysis. The study used the capital structure as the independent variable and measured using the three most used capital structure indicators such as Total debt ratio (TDR), Debt to Equity Ratio (DER), Leverage (LEV). The dependent variable of this study was financial performance, and it was measured by using Return on Assets (ROA). In addition to the independent and dependent variables, Firm Size (FS) and growth rate (GR) used as the control variable of the research study.

Findings: Total debt ratio was found to influence ROA of insurance firms negatively. Results can be further interpreted as increase in debt in the insurance firms would lead to a lower financial performance. The findings show debt to equity, firm size, and growth rate are all positively and significantly associated with financial performance, while total debt ratio and leverage are not significantly associated with financial performance.

Conclusion: In view of this, it is recommended that life insurance firms that are capable of funding their operations through retained earnings do so and reduce their borrowings, as this will boost their overall performance.

Keywords: Capital Structure; Financial Performance; Life Insurance; Colombo Stock Exchange; Sri Lanka

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Factors Affecting Financial Literacy of Savings Account Holders of Sri Lanka

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Abstract

Introduction: Financial literacy holds a crucial role in guiding consumer financial decisions, with financially literate individuals displaying a higher propensity for savings and future planning while being less susceptible to over-indebtedness. This study focuses on the determinants influencing the financial literacy of savings account holders, recognizing the positive impact of increased savings on the economy and serving as a safeguard against economic downturns and financial crises. Thus, the study focuses on examining the effect of technical, economic, demographic and cultural factors, assessing their impact on the financial literacy of savings account holders.

Methodology: The research methodology involves quantitative techniques, employing both descriptive and inferential statistical analyses. The data collected through questionnaires administered to eligible savings account holders in the Western Province. Data gathered from a sample of 385 respondents analyzed using descriptive statistics, correlation and multiple regression.

Findings: The study found positive impact of Technical, Cultural and Economic Factors on Financial Literacy and they are significant at 1% level. Among demographic factors, age and educational level emerge as significant determinants, while gender and marital status exhibit no discernible impact.

Conclusion: The study emphasizes the importance of financial literacy as a determinant of savings levels, advocating for the integration of financial education programs into formal education curricula. Such programs can enhance financial literacy among savings account holders with long-term and sustainable effects. The findings underscore the significance of understanding basic financial concepts for sound financial decision-making, encouraging policymakers to prioritize financial literacy initiatives.

Keywords: Financial Literacy, Technical factors, Economic factors, Cultural factors, Demographic Factors

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Determinants of Financial Literacy among Youth with special reference to Colombo District, Sri Lanka

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Abstract

Introduction: Financial Literacy refers to the knowledge and skills that are necessary to make effective decisions relating to financial matters. This study aims to identify the impact of financial literacy determinants on the youth population's financial literacy with particular reference to the Colombo district of Sri Lanka.

Methodology: This study uses deductive and quantitative methods to analyse the data. Data was gathered from 384 young people (ages 15 to 29) from the Colombo district. The dependent and independent variables were gender, education level, work experience monthly income and Financial Literacy, respectively. Descriptive statistics, correlation and panel regression were used to analyse the data.

Findings: The study found a significant impact of gender, education level, work experience and monthly income on Financial Literacy. Further, female has more financial literacy than males. When their education level is high, their financial knowledge is also high, and work experience and monthly income also have a positive impact on financial literacy.

Conclusion: The research outcomes confirmed critical implications for policymakers and youth to enhance the financial literacy levels in Sri Lanka. Collaborative efforts between governments, financial institutions, and technology providers are essential to broaden the reach of financial literacy levels, particularly among youth communities.

Keywords: Financial Literacy, Youth population, gender, education level, work experience, monthly income.

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Exploring the Credit Risk Management Practices that improve the Living Standard of Micro Loan Borrowers in Micro Finance Sector. With Special Reference to Thawalama Divisional Secretariate in Galle District

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Abstract

Introduction – Purpose of this study is the identify the Credit Risk Management Practices used in Micro Finance Institution for sustainability of Micro Finance sector as well as improve the Living standard of Micro Loan Borrower in Thawalama Divisional Secretariate in Galle district.

Methodology - This study takes a qualitative – inductive approach, using semi structured interviews with 20 interviewees in Thawalama Divisional Secretariat in Galle District

Findings – This study highlights the Credit Risk Management Practices used in Micro Finance Institution as well as Credit Risk Management Practices that can be used to improve the Living standard of Micro Loan Borrower (Loans are granted on ability to pay, Compulsory Saving, Only Requiring 2-member guarantees, Insurance the loan, Operating Investment account, Flexible Loan Schedule and Distribution of Dividends) Findings will be discussed by linking to the literature also highlight in the study.

Conclusion – Insights derived from the study have the potential to inform policymakers, practitioners, and stakeholders in the Micro Finance sector about strategies that positively impact the socio-economic conditions of borrowers. Furthermore, a nuanced understanding of Credit Risk Management Practices can lead to the formulation of policies that encourage responsible lending, thereby fostering a sustainable and inclusive financial environment. Unlike Previous studies that examined what are Credit Risk Management Practices used to mitigate the Credit Risk for Sustainability of Micro Finance Institution. This study contributes to literature by examining the Credit Risk Management Practices that can be used to improve the Living Standard of Micro Loan Borrowers

Key words – Microfinance, Credit Risk Management Practices, Credit Risk, Micro Loan Borrowers, Living Standard

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Impact of Cryptocurrency on the Stock Market Performance in Sri Lanka: An Empirical Study Based on Ripple (Xrp)

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Abstract

Introduction: In the global financial markets, cryptocurrency has secured a distinct position, especially after its rapid growth and expansion. In recent times, numerous scholars have investigated the relationship between cryptocurrencies and the stock markets in different regions. Over the past three years, Sri Lanka's journey toward recovery from the global pandemic and economic crisis has opened the doors to cryptocurrency, with a growing trend of using it as an alternative investment. This study investigated the impact of cryptocurrency on the stock market performance in Sri Lanka, with a specific focus on XRP (Ripple).

Methodology: The analysis uses the data of XRP price returns, XRP volume, and ASPI returns, as well as S&P SL20 returns for the period 2013-2023. The analytical methods involve time series data regression techniques using E-Views software. The GARCH (1,1) model is employed methodology to evaluate the impact of cryptocurrency on stock market performance in Sri Lanka.

Findings: The results suggest that there is a weak positive relationship between XRP returns and both ASPI returns and S&P SL20 returns. Additionally, ASPI returns, and S&P SL20 returns are not statistically significant indicating that there is no impact of XRP on stock market performance in Sri Lanka.

Conclusion: The research serves as a basis for policy decisions for regulators, investors, and academics regarding the cryptocurrency market. Furthermore, future studies should consider a wider range of cryptocurrencies and explore the impact of Bitcoin Futures to gain a deeper understanding of the connections between cryptocurrencies and stock indices.

Keywords: Cryptocurrency, Ripple (XRP), GARCH, ASPI, S&P Sl20

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The Impact of Firm Performance on Market Capitalization in Listed Insurance Companies in Sri Lanka

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Abstract

Introduction: This research investigates into the relationship between firm performance and market capitalization within Sri Lanka's listed insurance sector.

Methodology: Key financial indicators, including Return on Equity (ROE), Return on Assets (ROA), Capital Adequacy Ratio (CAR), Current Ratio (CR), and Total Assets (TA) as control variables, are examined using a quantitative approach. This study uses a sample 10 years of data of listed Insurance companies in the Colombo Stock Exchange. This study employs fixed effect panel regression method to investigate the relationship between firm performance and market capitalization.

Findings: The findings reveal that Total Assets demonstrate a robust, positive correlation with market capitalization, indicating larger insurers' attractiveness for investment. Notably, ROE emerges as a significant predictor, emphasizing profitability's critical role in assessing growth potential within insurance companies. Conversely, ROA, CAR, and CR do not exhibit statistically significant relationships with market capitalization. The results challenge prevailing hypotheses, indicating that neither profitability nor liquidity substantially influences market capitalization.

Conclusion: In conclusion, this research bridges a crucial knowledge gap within Sri Lanka's insurance sector, offering empirically grounded insights for stakeholders. The findings provide a foundation for subsequent research and actionable implications, guiding future investment strategies, regulatory frameworks, and strategic initiatives.

Keywords: Market Capitalization; Capital Adequacy; Firm Performance; Profitability

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Study of the Use of Financial Technology in Sri Lankan Diversified Financial Sector

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Abstract

Introduction: This research delves into the integration of Financial Technology (FinTech) within financial companies in Sri Lanka, with a specific focus on the influence of organizational culture on technology adoption. The study comprehensively explores key factors impacting the adoption of FinTech, encompassing technological readiness, external influences, and operational resilience.

Methodology: The research examines the adoption and implementation of FinTech in Sri Lankan financial institutions. The central focus is on understanding how organizational culture shapes the incorporation of FinTech tools and systems. The study investigates technological readiness as a cornerstone, emphasizing the companies' preparedness and capabilities to embrace modern technological advancements. Additionally, the research scrutinizes external influences, including regulatory frameworks, market dynamics, and competitive landscapes, as pivotal forces steering FinTech strategies. Operational resilience is also analyzed, uncovering how financial entities navigate internal hurdles and challenges in embracing FinTech solutions.

Findings: In conclusion, this study sheds light on the intricate dynamics involved in the adoption of FinTech within Sri Lanka's financial sector. Organizational culture, technological readiness, external influences, and operational resilience collectively contribute to the successful integration of FinTech among financial entities. Recognizing the role of organizational culture in this process is imperative for understanding the complexities of FinTech adoption in the unique context of Sri Lanka.

Conclusion: In conclusion, this study provides valuable insights into the dynamics governing the financial performance of diversified financial companies in the CSE. Firm-specific factors emerge as influential contributors to financial outcomes, emphasizing the need for strategic management of these factors. Additionally, the study underscores the significant moderating impact of interest rates on the financial performance of diversified financial companies, further illustrating the multifaceted nature of their financial dynamics.

Keywords: FinTech; Sri Lanka; Organizational Culture; Technological Adoption; Financial Sector.

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Financial Inclusion and Governance Quality on Human Development: Evidence from Asia

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Abstract

Purpose: The observation intricates the relationship between financial inclusion, the quality of governance, and their collective impact on human development in Asian countries. The purpose of this study is to analyze the interplay of these factors, considering their dynamic and multifaceted nature.

Methodology: In this comprehensive study, panel regression analysis serves as the principal methodology to explore and dissect the intricate interplay between four distinct dimensions of financial inclusion and six dimensions of governance indicators, all within the context of human development. The dataset encompasses 33 diverse Asian countries, meticulously collected over the period spanning 2017 to 2021, with a robust sample size of 165.

Findings: Leveraging the analytical power of fixed effect regressions on a panel dataset, results include the Number of commercial bank branches per 100,000 adults, Number of ATMs per 100,000 Adults, Regulatory Quality, Rule of Law, and Voice and Accountability are significant determinants. Therefore, financial inclusion and quality of governance significantly affect human development.

Originality: The study's emphasis on the impact of financial inclusion and governance quality on human development underscores the interdisciplinary nature of the study. It bridges the realms of finance, governance, and development studies, offering valuable insights for policymakers, researchers, and practitioners in these fields. The findings of this study could potentially inform strategies for improving both financial systems and governance structures to promote more robust and sustainable human development outcomes.

Keywords: financial inclusion, governance quality, Human Development, Asia

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Impact of Financial Distress on Firms' Performance: Evidence from CSE Food Beverage & Tobacco Industry and Consumer Durable & Apparel Industry

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Abstract

Introduction - Financial distress arises when a corporation cannot meet payment obligations or when cash flow projections indicate that the company will soon be unable to meet its obligations. The Sri Lankan food, beverage, and apparel sectors play significant roles and contribute immensely to the country's GDP. This research aims to determine the significant effect of financial distress on companies listed in the consumer goods industry, food and beverages sector, and apparel sector in Sri Lanka.

Methodology - Data was gathered from annual reports of 20 listed firms of two sectors on CSE from 2012 to 2021. Return on assets was used as the dependent variable, and Altman's Z-score was used as an independent variable to measure financial distress. Liquidity, leverage and net profit margin were used as the control variables. Data were analysed using SPSS, which included statistical tests such as descriptive statistics, multicollinearity, reliability and normality. Also, multiple regression results were used to test hypotheses.

Findings - The study revealed that financial distress significantly affects the financial performance of firms in the apparel sector more than in the food and beverage sector.

Conclusion - Finally, the researcher suggests that stakeholders, including regulatory authorities and researchers, are encouraged by the study to be more attentive to the operations of the apparel sector and the food and beverage sector to improve financial performance in the future.

Keywords: Financial distress, Financial Performance, Food & Beverage, Apparel sector

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Impact of Liquidity Risk Management on Financial Performance of Listed Commercial Banks in Sri Lanka

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Abstract

Introduction: Commercial banks make a major and active contribution to a country's economic prosperity. The licensed commercial banks (LCBs), licensed specialized banks (LSBs), contractual savings institutions, and other financial institutions make up Sri Lanka's financial system.

Methodology: This study illustrates the impact of liquidity risk on the financial performance of listed commercial banks in Sri Lanka that are registered in the Colombo Stock Exchange by analyzing secondary panel data of ten systemically essential banks in the Sri Lankan financial system, considering the sample period from 2013 to 2022. This study examines 10 domestic commercial banks in Sri Lanka. The liquidity risk is the independent variable, whereas the financial performance is the dependent variable. The Cash-deposit ratio, loan-to-deposit ratio, and equity-to-assets ratio measured liquidity risk, and the return on assets ratio measured financial performance. Secondary data was used for this study, and the data was analyzed using the STATA statistical software.

Findings: The findings revealed that there is a negative relationship between the cash-to-deposit ratio and the financial performance of listed commercial banks. Further, the study depicts a positive relationship between the loan-to-deposit and equity-to-assets ratios and financial performance.

Conclusion: The study findings are vital for the banking authorities in their decision-making.

Keywords-: Liquidity, Financial performance, Listed commercial Banks.

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Customer Readiness and Adoption Potential of Fintech in Sri Lanka: An Empirical Investigation using Online Platform Users

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Abstract

Introduction: The term FinTech refers to the usage of new technologies to improve financial services. Rapid growth in technology accelerates the fact that businesses adopt technology to provide better service to their customers. This shift towards fintech adoption is crucial as it not only improves financial accessibility and convenience but also promotes sustainable investments and environmentally friendly projects. The main objective of this study is to investigate the customer readiness and adoption potential of fintech in Sri Lanka. Ultimately, this study aims to contribute to the advancement of the Fintech landscape in Sri Lanka and facilitate the growth of a more inclusive and digitally empowered society.

Methodology: Age, education level, financial literacy, e-readiness and mental preparedness are the independent variables in the study while FinTech usage is considered as the dependent variable. Data are gathered by distributing standardized questionnaires to a sample of 324 online platform users in Sri Lanka. Correlation and regression analysis are the two main techniques used to analyse data using STATA software.

Findings: Correlation analysis showed that there is a strong relationship between the independent variables and the dependent variable. According to the regression analysis results, all the independent variables have positive relationships with Fintech Usage and the R-square value of the model is found to be 42.14%. Further, an index representing the readiness of the people towards adopting fintech is built which can be taken as the base year value for future analysis and the index values showed as 0.000000000292.

Conclusion: According to the results, it can be concluded that each of these variables is impacting the fintech usage and finally, the current fintech readiness in Sri Lanka is low but has a promising future. The age gap shows promising data where the newest generation is using technology more often and the country has a high chance of adopting fintech. Through the findings of this study, we can conclude that Sri Lanka is still adopting technology and therefore moving into fintech will take some time than the other countries.

Keywords: Fintech, Customer readiness, Online users, Index

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Impact of Financial Literacy on Investment Decisions Among Owners of Small and Medium Enterprises in the Colombo District

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Abstract

Introduction: The complexity of the global economy requires active participation in, managing the rising cost of living and investment choices from every individual. Many people are interested in investing in one way or another because they find it fascinating to make decisions and then see the results of those actions. Given the importance of the small and medium-sized businesses to the national economy and its contribution, the study aims to explore the impact of financial literacy on the investment decisions among owners of small and medium-sized businesses in the Colombo District.

Methodology: For this purpose, a structured questionnaire was distributed among 250 small and medium-sized business owners in the Colombo district. Descriptive, correlation and multiple regression analyses were used to analyze the data. To identify the level of financial literacy, financial statement analysis, financial Planning, fixed assets management, and investment evaluation were chosen. Investment decisions is the dependent variable.

Findings: The study found that financial statement analysis, financial planning, fixed assets management, and investment evaluation criteria positively impact investment decisions, and all variables are significant at 1% level. Indicating the importance of increasing financial literacy for better investment decisions.

Conclusion: The study findings suggest that the acceptability and application of financial literacy are crucial in decision-making. Therefore, organizations should be prepared to invest in developing financial literacy capacity. Findings would encourage well-considered decisions and reduce the number of adverse outcomes from investment decisions.

Keywords: Financial Literacy, Financial Statement Analysis, Financial Planning, Fixed Assets Management, Investment Evaluation Criteria, Investment Decisions, Small and Medium Enterprises

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Impact of Bank-Specific Determinants on Financial Performance: With Special Reference to Commercial Banks in Sri Lanka

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Abstract

Introduction: Banks play an important role in a country's financial system, especially during economic downturns. banks are therefore essential for the functioning of economies since they act as financial intermediaries. An effective banking system supports effective payments, boosts savings and investments, and consequently supports rapid economic growth. The purpose of this study is to generate new knowledge by analyzing the impact of internal factors of a bank on the financial performance of commercial banks in Sri Lanka, using share market performance as a proxy.

Methodology: The banking system plays a major part in providing better financial services to the people in a country. This study aims to examine what extent bank internal factors impact the profitability of commercial banks in Sri Lanka. Capital adequacy, Operating cost efficiency, credit risk, and Liquidity, are considered as bank internal factors while return on assets is considered as the profitability measure of this study. Panel data has been collected from published financial statements of thirteen commercial banks listed on the central bank for the period of ten years from 2013 to 2022. The study employs panel regression analysis through STATA software as the primary method for data analysis to investigate the impact and relationship of bank-specific factors on the financial performance of commercial banks, addressing the main research questions.

Conclusion: Commercial banks' financial performance is significantly influenced by the efficiency level of operating cost, and credit risk, with 1% and 5 % significant levels respectively. capital adequacy has a positive and insignificant impact on profitability while liquidity risk insignificant impact on the profitability of commercial banks in Sri Lanka. The finding of this study provides information to present and future investors for making the best decision on which internal factors should be well analyzed when they make investments in the banking sector in Sri Lanka.

Keywords: Financial Performance and Profitability; Commercial Banks; Bank specific determinants; Sri Lanka

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Exploring the Potential of Social Value Creation through Digital Social Innovation in Sri Lanka: Special Reference to Colombo District

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Abstract

Introduction: This study mainly aims to identify the potential social value creation through digital social innovations & relationship between digital innovation and the social impact of social entrepreneurship.

Methodology: This study associates with the inductive method under qualitative research. Moreover, multiple case study technique is use for social entrepreneurs operating in Colombo District for this study. In this research mainly gathered data through the ten in-depth interviews as primary data. Thematic analysis used in analyzing the data.

Findings: In this study, the researcher has found that social entrepreneurs have create social value under economic, social and socio-economic. Entrepreneurs are increasingly moving into digitalization either by transitioning traditional businesses or by setting up of old methods. As competition is getting stiffer with each passing day, the factors enhancing a firm's capability to move in the value creation through digitalization is becoming increasingly important. Therefore, the researcher has found how social entrepreneurs manage new technologies to innovation under technology adoption and marketing strategies.

Conclusion: In conclusion, social entrepreneurship seeks emerging opportunities and try to solve environmental and social problems to maximize value creation in society. Encouraging social entrepreneurs to utilize collaborative digital platforms where they can share knowledge, resources, and best practices. It will be a positive impact to economy system & society with better solutions.

Keywords: Entrepreneurships, Digital Innovation, Social Value Creation

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The Impact of Behavioral Biases on Stock Investment Decisions: Evidence from Kaluthara District in Sri Lanka

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Abstract

Introduction: This research investigates the impact of behavioral biases on individual investors' decisions within the Colombo Stock Exchange, focusing on the Kalutara district in Sri Lanka. The study employs behavioral finance to uncover biases such as anchoring, overconfidence, disposition effect, and herd behavior, examining their collective influence on decision-making. The research addresses a gap by specifically exploring investor biases in the Kalutara district, considering the unique features of the Colombo Stock Exchange.

Methodology: Guided by a positivist research philosophy and employing deductive research logic, the study utilizes a quantitative approach. The conceptual framework includes biases like the disposition effect, overconfidence, anchoring, and herding. The target population consists of individual investors actively participating in the Colombo Stock Exchange, with a representative sample of 103 investors selected through simple random sampling and carefully stratified based on demographic variables. Reliability testing indicates acceptable internal consistency (Cronbach's alpha = 0.634), while validity assessment suggests room for improvement (Cronbach's alpha = 0.490). With an 88% response rate, the demographic profile reveals a predominantly younger investor population, male dominance in stock investment, and a well-educated and diverse sample.

Findings: The analysis of behavioral biases through a rating scale demonstrates a moderate level of explanatory power, with 23.4% of the variability in investment decisions explained by considered biases. The regression model highlights the significance of predictors, with disposition effect and anchoring exhibiting strong associations. Contrary to expectations, overconfidence bias has only a marginal effect, emphasizing the importance of exploring contextual variations. Anchoring bias emerges as the most influential factor, underscoring the need for preferential consideration when examining behavioral biases in the Colombo market.

Conclusion: The study challenges existing literature by identifying anchoring bias as the sole significant factor in investment decisions, emphasizing the importance of tailoring analyses to specific market conditions and demographics for a comprehensive understanding of investor behavior in the Kalutara district.

Keywords: Behavioral Bias, Investment Decision, Stock Market, herding bias, overconfidence bias, anchoring bias, disposition effect

Financial Literacy and Cryptocurrency Investment Decision among Z Generation in Sri Lanka: With Special Reference to University of Kelaniya

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Abstract

Purpose: This study examines the impact of financial literacy on cryptocurrency investment decisions among Generation Z, focusing on students at the University of Kelaniya, Sri Lanka. The purpose of the study is to provide a nuanced understanding of how financial literacy influences the investment choices of Generation Z in the context of the emerging cryptocurrency market.

Methodology: The study employs a quantitative research design using survey instruments to collect data from a sample of students at the University of Kelaniya. The survey includes assessments of financial literacy, subjective and objective measures, as well as cryptocurrency investment decisions. Data are analyzed using structural equation modeling (SEM) in Smart PLS, which allows a comprehensive examination of complex relationships between variables.

Findings: Preliminary results show a significant positive impact of financial literacy on cryptocurrency investment decisions among Generation Z. The study also explores the mediating role of the perceived risk, demographic factors such as gender, departmental affiliation, and income in shaping the relationship between financial literacy and investment choices.

Originality: The study contributes to the existing literature by providing insights into the cryptocurrency investment decisions of Generation Z in a Sri Lankan university context. The findings of the study are expected to inform educational institutions, policymakers, and financial professionals about the importance of enhancing financial literacy among young investors.

Keywords: Financial Literacy, Z generation, Perceived risk, Cryptocurrency Investment Decision

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The Impact of Claims Settlement on Financial Performance: Evidence from Listed Insurance Companies in Sri Lanka

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Abstract

Introduction: Claims settlement is an essential part of an insurance contract because it is critical to both the policyholder and the insurance company. The primary purpose of this study is to empirically investigate the impact of claim settlement on the financial performance of listed insurance companies in Sri Lanka.
Methodology: The methodology employed in this study is deductive and quantitative. The study is based on Secondary data from 11 listed insurance companies from 2013 to 2022. The research has employed ROA as the dependent variable, while underwriting profit, net premium, net claims, and derived claim ratio are the independent variables of this study. Data was tested through descriptive analysis, correlation analysis, and regression analysis under STATA software to analyze the data.
Findings: The research findings show a significant positive relationship between underwriting profit and financial performance, as well as between net claims and financial performance. However, the results also show a negative relationship between financial performance and net premiums and between the derived claims ratio and financial performance in listed insurance companies in Sri Lanka.
Conclusion: The study's findings will be helpful for future academic research and developing a new reporting framework in the context of listed insurance companies in Sri Lanka.

Keywords: Claims Settlement, Financial Performance, Insurance Industry

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Sustainable Development Goals Reporting and Company Performance of Listed Companies in Sri Lankan Service Sector

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Abstract

Introduction: The ability of sustainable development to address urgent economic, social, and environmental concerns while preserving the welfare of current and future generations has led to its evolution into a worldwide imperative. As a developing country, in the Sri Lankan context, the SDGs hold particular relevance due to the country's efforts to overcome poverty, improve healthcare and education, enhance gender equality, and promote sustainable resource management. This study investigated the relationship between Sustainable Development Goals (SDG) reporting and the financial performance of listed companies in the Sri Lankan service sector under two sectors financial and non-financial.

Methodology: Return on Assets and Return on Equity are used as dependent variables to measure the Financial Performance whilst the Sustainable Development Goals Index is used as the independent variable to measure the level of Sustainability Reporting. Firm Size is used as a control variable. Data of 50 service sector companies listed on the Colombo Stock Exchange for the period from 2018 to 2022 using the annual reports of these companies. The data is analyzed using descriptive statistics, correlation analysis and regression analysis employing the STATA software under two sub-sectors financial and non-financial.

Findings: The findings indicate a complicated and nuanced link between SDG focus and company performance in Sri Lanka's service sector. While a positive relationship for financial companies' ROE was shown, it lacked statistical significance. A weak and statistically insignificant negative association is observed for financial companies ROA and Non-financial companies, on the other hand, revealed a statistically significant negative relationship between the weighted SDG index and both ROE and ROA. Further, the regression model revealed that the SDG index has a positive and a negative impact on ROE and ROA respectively for financial companies while the SDG index has a negative impact on both ROE and ROA for non-financial companies.

Conclusion: Traditional financial metrics may not capture all of the long-term advantages of sustainable practices, but short-term costs, industry dynamics, and methodological issues can all have an influence on the connection. To comprehend the complex relationship and to develop solutions for sustainable business practices, further study, comprehensive information, long-term analysis, and industry-specific studies are required. Pursuing sustainability is about setting up a resilient, equal, and successful future for all stakeholders, not simply increasing profits. In conclusion, this study calls for more investigation into the underlying causes and possible long-term advantages of SDG activities in non-financial firms.

Keywords: Sustainable Development Goals, Company Performance, ROA, ROE

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The Disclosures of Sustainable Development Goals: A Study on Top 50 Listed Companies in Sri Lanka

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Abstract

Introduction: The adaptation of Sustainable Development Goals (SDGs) by the United Nations has become the key focus of most nations, organizations, and researchers. This study aims to evaluate and analyze the disclosures pertaining to 17 SDGs within the Sri Lankan context.

Methodology: The study adopts survey methods and content analysis techniques to analyze the corporate discourses of SDGs. 50 top companies listed in CSE were used as the sample based on the market capitalization. The design of the research consists of two main steps. Firstly, content analysis is used to capture the disclosures of SDGs by referring to PWC framework, Global Reporting Initiative (GRI) framework and International integrated Reporting Council (IIRC) framework. The content analysis covered three periods from 2018 to 2020.
Secondly, a survey method is conducted through a semi-structured questionnaire with one open-ended question to take the opinion and the future perspective of the auditors and the employees of those 50 firms covering executive level or above in the finance division
.
Findings: The study found that there is a lack of disclosure of SDGs in the Sri Lankan Context; for example, only 40% of the total companies are disclosing SDGs in their annual reports during the period of 2018 to 2020. The reason is Sri Lankan Firms are in the initial stage of SDG disclosure compared to the European and Global Companies, and there is a lack of knowledge on SDGs in Sri Lankan companies. Further, companies follow some basic measurement approaches, such as GRI in Sri Lanka. The CEOs and Managers of the organizations are likely to adopt these SDGs to increase the value of the organizations. Finally, the auditors are of the opinion that there is a lot more to come in the future with regard to SDGs, and they are also of the opinion that there should be a separate department in an organization.

Conclusion: There are many factors that affect SDG disclosure of an organization, such as lack of knowledge and availability of non–financial guidelines, which are alternatives to the SDGs. Thus, this study calls for the importance of adopting and disclosing the SDGs as they add value to organizations and highlights the need for management commitment and attention to these disclosures.

Keywords: Sustainable Development Goals, GRI Framework, IIRC Framework, PWC Framework

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The Impact of Micro Finance on Improvement of Borrowers' Living Standards; Evidence from Niyagama Divisional Secretariat

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Abstract

Introduction: Microfinance is one of the tools to fill the gap due to the limitations of poor people in accessing conventional and commercial banks. Services provided by Microfinance Institutions (MFIs) include credit savings and insurance services. Many microfinance institutions also provide social intervention services such as training and education, institutional support, health and skills in line with their development objectives. (Khan &, Rahaman, 2007) Microfinance refers to financial services provided to low-income individuals or groups that are typically excluded from conventional banking. Most microfinance institutions focus on offering small working capital loans, sometimes called microloans or microloans. However, many also offer insurance and money transfers, and regulated microfinance banks offer savings accounts. This study is designed to analyze the impact of microfinance on various economic indicators such as quality of life through improvement of living standards and taken by active borrowers from different microfinance banks located in Niyagama Divisional Secretariat in Galle District.

Methodology: The study employs Linear regression analysis through SPSS software as the primary method for data analysis to investigate the impact of Micro Finance on improvement of Borrowers' Living Standards. The presented data are analyzed and interpreted using statistical tools like mean, standard deviation, correlation, regression, and Cronbach's alpha to achieve the results. Primary data collected through questionnaire from 136 respondents.

Findings: The study found that the change in Microfinance Services helps to generate Household Income, Health Status and earn household assets to the clients involved in MF services within Amaragama Grama Niladhari Division.

Conclusion: The study findings revealed that there is a significant positive relationship between microfinance services and living standard of the people. The credit service provided by the MFIs is widely appreciated by its clients. The majority of the clients are agreed with the microfinance services provide to them. It is concluded from the analysis that provision of loan facilities and acquiring the necessary skills on how to manage the funds to generate income and savings serves as a way to improve living standards.

Keywords: Micro Finance; Household Income; Educational Status; Health Status; Ownership to Household Assets

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Impact of Firm Characteristics and Macroeconomic Factors on Financial Performance: A Study of Selected Listed Materials Firms in Sri Lanka

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Abstract

Introduction: The purpose of this study is to explore the interrelationship between firm characteristics, macroeconomic factors, and financial performance of listed material firms in Sri Lanka before and after Covid19 pandemic.

Data methodology: The study used the ex post facto research design. The population comprised all quoted firms on the Colombo Stock Exchange. The sample was restricted to companies in the material firms' sector, selected using cluster sampling method. The study used multiple linear regression as the method of validating the hypotheses. To have a better idea on the impact of the firm characteristics and macro-economic factors on the firm performance study has employed four regression models. Specifically, the study investigates the impact of firm size, leverage liquidity and sales growth rate while macroeconomic factors were interest rate, inflation rate, exchange rate and GDP growth rate. The dependent variables that measure the firm's performance are measured as return on assets (ROA) and return on equity.

Findings: It was concluded that the explanatory variables which are firm characteristics (firm size. Leverage, liquidity, sales growth rate) and macroeconomic factors (interest rate, inflation rate, exchange rate and GDP growth rate) were not significantly associated with the dependent variable of ROA and ROE before and after Covid19 pandemic.

Conclusion: In conclusion, the study concluded that firm characteristics and macroeconomic factors have no significant impact on firm performance in listed material firms in Sri Lanka. For further research variables such as shifts in governance, clearness, and the dynamic business environment could obtain a critical understanding of how firm characteristics and macroeconomic factors impact firm performance.

KEYWORDS: Firm Characteristics, Macroeconomic Factors, Firm Performance, Covid19

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The Impact of the Determinants of Financial Soundness on Firm Performance: Evidence from Listed Finance Companies in Sri Lanka

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Abstract

Introduction: The success and sustainability of finance companies that play a crucial role in the economic development and stability of Sri Lanka rely heavily on their financial soundness, which is measured through indicators such as capital adequacy, asset quality, profitability, and liquidity. However, there is a research gap in understanding the specific impact of financial soundness on LFC's performance within the context of Sri Lanka.

Methodology: This study examines the impact of financial soundness indicators on finance company's ROE and ROA. Study adopts a quantitative research design, utilizing secondary data and panel regression methods. The sample size includes 09 finance companies over a 10-year period (2013-2022) to ensure adequate representation and diversity.

Findings: Higher capital adequacy positively influences ROA but not ROE. Effective NPL management consistently boosts both ROA and ROE. Liquidity has no significant impact, while higher profitability consistently improves both ROE and ROA in listed finance companies in Sri Lanka.

Conclusion: The insights contribute to understanding the crucial dynamics between financial soundness and performance in the Sri Lankan finance sector, offering valuable implications for policymakers and industry stakeholders.

Keywords: Financial Soundness, Capital Adequacy, Asset Quality, Liquidity, Profitability

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Impact of Economic shocks on the Sri Lankan Agriculture sector Output and Employability

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Abstract

Introduction - This study investigates how economic shocks affect Sri Lanka's service industry, which is a crucial part of the country's growing economy. The study concentrated on important service sectors, including real estate and ownership dwelling, financial services, insurance, trade and retail trade, transportation, storage, and communication. The study aims to understand how macroeconomic variables in the service sector, such as employment and output, are affected by economic shocks, such as changes in interest rates, exchange rates, and inflation.

Methodology – This study utilizes secondary data obtained from various sources. Using a time series data set, the study examined the variables such as inflation rates, exchange rates, and fertilizer imports against output and employability. The collected data is analyzed using descriptive statistics, correlation analysis, and regression analysis.

Findings & Conclusion – This study provides the influence of economic shocks on macroeconomic variables in the agriculture sector. wherein the inflation rate, exchange rate and fertilizer imports affect output but not the agriculture sector's employability. There are studies that support the findings exhibited in this study based on historical studies. Despite many limitations, this study will provide insightful information highlighting the significance of interest rate stabilization, moderate inflation, and exchange rate stability for long-term growth in the agriculture sector. Additionally, this study closes a significant knowledge gap that is unique to the Sri Lankan agriculture sector and offers a basis for well-informed decision-making in the face of economic uncertainties.

Keywords: Inflation rate, exchange rate, fertilizer imports, GDP, employment, economic shock

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Impact Of Microloans on Poverty Alleviation Through Samurdhi Program: With Special Reference to Samurdhi Beneficiaries in Madamepella Gn Division in Gampaha District

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Abstract

Introduction: The government of Sri Lanka established the "Samurdhi Programme" in 1995 as a national strategy to combat poverty in accordance with Act No. 30 of the Samurdhi Authority. Despite periodic changes in administration, the basic idea of the Samurdhi initiative has persisted, evolving under several names, and is still in use today. Microloans are widely recognized as a powerful tool for empowering individuals and promoting income-generating activities, ultimately contributing to poverty reduction. This study investigates the effectiveness of the Samurdhi Programme in alleviating poverty in Madamepella GN Division, Gampaha District, Sri Lanka.

Methodology: Data is collected from a sample of 256 Samurdhi beneficiary families and the study employs correlation and multiple linear regression analyses to examine the relationships between microloan size, repayment period, and poverty alleviation and to examine the impact of microloan size, and repayment period on poverty alleviation using SPSS.

Findings: Correlation analysis revealed significant positive correlations between each independent variable and poverty alleviation ($r = 0.599$ for loan size and $r = 0.435$ for repayment period), suggesting that larger loans contribute to greater income generation and poverty reduction. According to the regression model, both loan size and repayment period have a positive and statistically significant impact on poverty alleviation. The adjusted R-squared of the regression model is 0.566, indicating that microloan size and repayment period explain approximately 56% of the variance in poverty alleviation among Samurdhi beneficiaries.

Conclusion: These findings suggest that microloans provided through the Samurdhi Program are effective tools for poverty reduction, particularly when combined with appropriate loan sizes and repayment periods. Policymakers and microfinance institutions should have been focusing on giving Samurdhi beneficiaries larger microloans with longer repayment periods. By lowering costs and increasing access to financial services, they should also support financial growth.

Keywords - Loan size, Repayment period, Poverty Alleviation, Microloans, Samurdhi Program

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The Effect of Financial Distress and Accounting Conservatism on Tax Avoidance with Special Reference to the Manufacturing Companies in Sri Lanka

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Abstract

Introduction: Tax avoidance is the activity of managing the company's finances to avoid the larger amount of tax burden legally without violating the prevailing laws. Tax avoidance practices are common and legal for companies. The study aims to examine the effect of financial distress and accounting conservatism on tax avoidance.

Methodology: This study aims to analyze the effect of financial distress (Altman Z-score) and accounting conservatism (conservative accruals) on tax avoidance (book-tax differences) with firm size and audit quality as moderating variables and year of tax rate changed as a control variable. Secondary data used to collect the data from annual financial statements of 20 manufacturing companies listed in the Colombo Stock Exchange during the period of 2011 to 2021. Descriptive statistics, correlation and panel data regression used to analyze the data.

Findings: The study found that financial distress has a significant negative effect on tax avoidance and accounting conservatism has a significant positive effect on tax avoidance, while firm size moderates the effect of financial distress on tax avoidance, and audit quality does not moderate the effect of accounting conservatism on tax avoidance. The study shows that manufacturing companies had a high level of financial distress from 2011 to 2021, thus there were certainly concerns from the creditors and investors that manifested in the supervision of the company's operational activities. Therefore, managers of manufacturing companies try to avoid high-risk policies such as tax avoidance.

Conclusion: Initially, the primary focus for the Sri Lankan tax authority should be on effectively overseeing, closing legal gaps, overseeing tax evasion, and implementing stringent measures in cases of tax avoidance. Additionally, the government needs to establish and strengthen trust, showcasing tangible outcomes to illustrate the efficiency of utilizing tax revenue. Secondly, corporate entities must comprehend and acknowledge their rights and responsibilities concerning tax obligations. These businesses should strive to enhance management capabilities and governance skills to prevent financial strain that could potentially lead to bankruptcy.

Keywords: Financial distress, Accounting conservatism, Tax avoidance

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The Impact of Credit Risk on Financial Performance of Listed Licensed Commercial Banks in Sri Lanka

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Abstract

Purpose: Based on the current crisis in Sri Lanka credit risk appears to be the biggest threat to banks. The substantial portion of non-performing loans on the bank's balance sheet affects its performance and reduces its profitability. This paper aims to analyze the impact of credit risk on the financial performance of listed commercial banks in Sri Lanka.

Methodology: The secondary data from 10 commercial banks in Sri Lanka were collected for the sample period of 2013-2022 referring to their annual reports. Return on Asset (ROA) and Return on Equity (ROE) were used as proxies for financial performance indicators while Non-Performing Loans (NPLs), Capital Adequacy Ratio (CAR), and Loan Loss Provision (LLP) were used as credit risk indicators. The study employed descriptive statistics, panel regression analysis, and correlation analysis for data analysis.

Findings: The study shows that non-performing loans (NPLs) demonstrated a significant impact on ROA and ROE.

Conclusion: The practical implications of the study suggest that banks should aim to maintain adequate capital reserves, implement effective risk management strategies, consider firm size, monitor financial leverage, and engage in continuous research and regulatory compliance. To thrive in a dynamic financial landscape, commercial banks should stay updated on the latest research and industry best practices.

Keywords: Return on Asset, Return on Equity, Non-Performing Loan, Loan Loss Provision, Capital Adequacy Ratio.

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The Impact of Firm Characteristics and Macroeconomic Factors on the Firm Performance: Special Reference to Listed Capital Goods Firms in Sri Lanka

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Abstract

Introduction: This research investigates the dynamic interplay between firm specific characteristics and macroeconomic factors, and their impact on firm performance of capital good firms in Sri Lanka combining with the Covid 19 impact. The study aims to provide a comprehensive understanding of the intricate relationships that shape the performance, growth, and resilience of capital goods firms within the unique economic landscape of Sri Lanka.

Methodology: The population was listed industrial firms in Sri Lanka. The sample was listed capital good firms in Sri Lanka. Panel regression employed to evaluate the hypothesizes. Data analyses were done in two scenarios (prior to Covid 19 and post Covid 19). Firm characteristics are firm size, leverage, liquidity, sales growth. Macroeconomic variables are interest rate, inflation rate, exchange rate and GDP growth rate. Research data were analyzed using multiple regression model.

Findings: Before the Covid, liquidity and sales growth positively affected both ROE and ROA while interest rate and leverage negatively affected to ROE. Further, liquidity and sales growth are positive and significant. Leverage, interest rate, inflation rate, and exchange rate are negatively to ROA. Nevertheless, after the Covid, liquidity and exchange rate positively affected both ROE while only leverage affected negatively on ROA.

Conclusion: Over time, these have impeded the performance of capital-good firms, yet the relationship between these factors and firm characteristics impacts firm performance. Because finance and liquidity decisions fall solely under the manager's control. Thus, it becomes necessary to present data regarding the relationship that exists between macroeconomic variables, firm characteristics, and financial performance in developing countries such as Sri Lanka.

Keywords: Firm Characteristics, Macroeconomic Factors, Firm Performance, Covid19

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Integrated Reporting on Firm Value of Listed Companies in Consumer Staples Sector in Sri Lanka: Analysis of Moderating Effect of External Financing

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Abstract

Introduction: The concept of integrated reporting has arisen as a progressive approach to corporate reporting, merging financial and non-financial data to provide a holistic perspective of a company's value creation and sustainability. The consumer staples sector plays a critical role in the economy of Sri Lanka. By adopting integrated reporting practices, companies in the consumer staples sector can enhance transparency, accountability, and their ability to create long-term value. The primary objective of this research is to analyze the relationship between integrated reporting and firm value among listed companies in the consumer staples sector in Sri Lanka.

Methodology: The target population for this research comprises all the listed companies operating in the consumer staples sector in Sri Lanka. The present study based on secondary data of listed consumer staples sector companies at Colombo Stock Exchange (CSE). The secondary data are collect for the study during the period of eight years (2015 -2022). The data analysis using SPSS version 22.

Findings: In the consumer staples industry of Sri Lanka, integrated reporting has a substantial effect on firm value, according to the study.

Conclusion: The study's implications carry significant importance for the consumer staples industry in Sri Lanka. Due to the adverse relationship between IR and firm value, companies need to rethink their integrated reporting.

Keywords: Integrated Reporting, Profitability, Leverage, Firm Size, Firm Value, External Financing

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Communication of Sustainable Development Goals in Social Media and Stakeholder Engagement in Asian Companies

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Abstract

Introduction: Stakeholder engagement is one of the crucial factors in enhancing the business and communication between the company and the stakeholders is the most important step in building the relationship. This study investigates the connection between the communication of SDG using social media platforms and the stakeholder engagement rate. The necessity for further investigation into sustainable development goals communication via social media (tweets) and engagement of stakeholders, and characteristics of tweets has driven this study and the main aim to comprehend the relationship between those tweets' characteristics (communication of Sustainable Development Goals through social media) and stakeholder engagement.

Methodology: While the dependent variable is the stakeholder engagement rate, the independent variables are Fluency of the messages, Vividness level, Existence of a link, Content type (Communication of SDGs), The industry type of the firm, and Country of the firm. The study focused on Asian companies with the highest market capitalization, utilizing a sample of 84 firms from 11 countries and eight industries. The sample selection involved companies actively using Twitter and communicating at least one of the 17 Sustainable Development Goals (SDGs) in their tweets. The data collection, spanning from January 1, 2023, to September 31, 2023, resulted in 1728 tweets from the selected firms. The Chi-Square Automatic Interaction Detection (CHAID) is adopted to analyze data.

Findings: According to the analysis, identifies tweets about specific countries as the primary predictor of engagement. Notably, tweets about Bangladesh lead to greater stakeholder engagement compared to tweets about other countries. Considerably, the most influential SDGs were identified as Responsible consumption & Products. Incorporating relevant links enhances engagement by providing stakeholders with additional information. The impact of vividness levels, with high vividness posts demonstrating the highest engagement rates. The Information Technology sector has more tweets, indicating that this sector is focusing more on communicating SDGs than other sectors, followed by the FMCG and Financial Services sectors, respectively. China firms focus more on communication of SDGs, as they contribute around 31.1 % of sample countries.

Conclusion: As a conclusion, this study contributes valuable insights into the complex landscape of stakeholder engagement for Asian companies in the context of SDGs. The identified factors and recommendations offer practical guidance for companies aiming to enhance their sustainability communication strategies on social media. As businesses navigate the intersection of digital communication and sustainable development, these findings provide a foundation for informed decision-making and strategic planning.

Keywords: Stakeholder engagement; SDGs; social media; CHAID Analysis; Corporate firms in Asia.

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The Impact of Financial Literacy on Individual Investment Decisions: Mediating Role Of Risk Tolerance With Special Reference to Undergraduates in Western Province, Sri Lanka

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Abstract

Introduction: One of the important elements influencing the financial investment decisions of both individual and institutional investors is financial risk tolerance, which has a significant impact on financial planning and financial counseling. In this study, the researcher investigated the effects of financial literacy on investment decisions with mediating effect of risk tolerance, by using the population of university undergraduates in Sri Lanka.

Methodology: The sample was comprised of 200 undergraduates from four public universities in the western province. The study made use of primary data sources. By using a closed-ended questionnaire, data was gathered. A total of 200 replies were gathered, with 95 percent of them being recorded. Measures of central tendency were used in the study as descriptive statistics to describe the data. Multiple linear regression was used in the investigation. The independent variable was financial literacy, and the dependent variable was investment decisions. Furthermore, risk tolerance was used as the mediating variable.

Findings: The results of the empirical investigation showed that financial risk tolerance is significantly influenced by investment decisions. This study has explored the mediating role of risk tolerance, and it demonstrated that higher levels of financial literacy make undergraduates more tolerant towards risk which in turn makes a better and more satisfying investment decision-making performance.

Conclusion: In this regard, raising undergraduates' financial literacy through a variety of initiatives is likely to raise demand for financial products with diverse risk profiles, which will in turn aid the financial sector's expansion. As a result, this study has several consequences for politicians, financial advisors, and investors. The findings also support the value of financial education programs in raising financial literacy among university undergraduates.

Keywords: Financial Risk Tolerance, Financial Literacy, Investment Decisions

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Impact of Cryptocurrency on the Stock Market Performance in Sri Lanka: An Empirical Study Based on Ethereum

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Abstract

Introduction: Cryptocurrencies are becoming increasingly popular as an investment product with incredible returns and high risks. In recent time, numerous researchers have investigated about the relationship or correlation between cryptocurrencies and the stock market under different factors and situations. However, attention is not drawn to the impact of cryptocurrency and stock markets in the Sri Lankan context. Thus, the purpose of this study is to examine the impact of cryptocurrency on the stock market performance in Sri Lanka. This study specifically focused on Ethereum (ETH), which was ranked as second largest coin of total market capitalization.

Methodology: The analysis uses the data of ETH price Returns, ETH volume, and ASPI Returns, as well as S&P SL20 returns for the period 2015-2023 on a weekly basis. The VEC (03) model is employed in the study's quantitative research methodology to evaluate the impact of cryptocurrency on stock market performance in Sri Lanka.

Findings: According to the results, there is no short-term impact, but there is a long-term impact of cryptocurrency on stock market performance in Sri Lanka. Further, there is a somelevel of impact of Ethereum on ASPI return and S&P SL 20 return.

Conclusion: This study contributes valuable insights to the field, providing a context-specific understanding of how cryptocurrency dynamics, particularly Ethereum, can influence traditional stock market performance in Sri Lanka. The implications of these findings extend to a diverse array of stakeholders, including investors, policymakers, financial institutions, and researchers.

Keywords: Cryptocurrency, Ethereum (ETH), VECM, Stock market, ASPI, S&P SL20 index, COVID-19.

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The Impact of Integrated Reporting Practices on the Firm Value of Insurance Companies in Sri Lanka:Analysis of Moderating Effect of External Financing

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Abstract

Introduction: The aim of this study is to evaluate the impact of integrated reporting practices on the firm value in insurance companies in Sri Lanka by analyzing the moderating effect of external financing.

Methodology: This study use data of 13 Insurance Companies from 2015 to 2022.The study conducted by using panel regression analysis. The data was obtained from the published annual financial reports of the sampled insurance companies. IR was measured by using content analysis and Tobin's Q as a proxy for firm value.

Findings: The results of the regression analysis revealed that IR positively and significantly effects the firm value in insurance companies in Sri Lanka while supporting the findings of the prior literature. When it is higher the disclosure level of IR company, it will earn a relatively higher firm value.

Conclusion: The paper concluded that the IR effects the firm value in Insurance companies in Sri Lanka.

Keywords: Integrated Reporting, Firm Value, External Financing

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Sustainable Development Goal Reporting: Effect of Institutional and Corporate Governance Factors

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Abstract

Introduction: Businesses in today's context are expected to disclose more on the sustainable development goal reporting within their organization. Although there is an increasing trend in the sustainability reporting disclosure in Sri Lanka, this corporate reporting varies in content and quality, and there is a challenge in incorporating SDG goals in the process of sustainability reporting. The main objective of this study is to examine the extent to external institutional factor influence on content and quality of corporate SDG disclosure and examine the extent of corporate governance factors influence on the content and quality of corporate SDG disclosure.

Methodology: Three dependent variables, SDG Acknowledgement, SDG Prioritization and SDG Extent are used while GRI Compliance, Sustainability Assurance CEO Duality and CSR committee are the independent variables. Data of the top 50 listed companies of CSE as at 2023 August are collected for a period from 2021 to 2022. Regression analysis is employed using SPSS to achieve the objective.

Findings: According to the results, GRI Compliance, Sustainability Assurance and CSR committee have a significant positive impact on SDG Acknowledgement while the impact of CEO Duality is insignificant. The same results are obtained from the regression model results developed for the SDG Extent. Further, only GRI Compliance and CSR committee have a positive significant on SDG Prioritization while other variables' impact is insignificant.

Conclusion: According to the study SDG reporting practices are developing trends by external institutional factors and corporate governance factors. The study concludes there is a need for more accurate SDG reporting frameworks that support companies to match their business functions and strategies with SDGs.

KEYWORDS: Sustainable development goals, External institutional factors, Corporate governance factors, Sri Lankan listed companies, SDG reporting.

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The Impact of Integrated Reporting Quality on the Financial Performance of Listed Insurance Companies in Sri Lanka

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Abstract

Introduction: Integrated reporting quality (IRQ) is an emerging concept followed by organizations globally. The purpose of the study is to determine the impact of IRQ on the financial performance of Insurance Companies in Sri Lanka.

Methodology: This study considers 11 Insurance companies listed on the Colombo Stock Exchange (CSE) for the period from 2013 to 2022 as the sample. In this regard, secondary data was collected using annual reports. IRQ was employed as an independent variable in this study, with financial performance as the dependent variable. The data is analyzed using descriptive statistics, correlation analysis, and panel regression analysis using return on assets and return on equity as proxies. Data analysis was conducted using STATA statistical software.

Findings: According to the study found that there is no significant relationship between IRQ and the financial performance of insurance companies in Sri Lanka. Independent variables are not correlated with each other, as per the results of the inter-correlation matrix and VIF values. According to Hausman's test random effect model was selected to assess both return on equity and return on assets. The results of the random effect model regression analysis show that IRQ and growth opportunity does not have impact on ROA. Further, IRQ, and Mtb have an insignificant positive impact on ROE at 5% significance level.

Conclusion: The results of this study will help regulators apply IIRF in the Sri Lankan setting and prepare annual reports. The results have ramifications for policy makers and those who produce annual reports because investor relations significantly affects both market and financial performance.

Keywords: Integrated reporting quality; Financial performance; Return on equity; Return on assets; Insurance industry

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Exploring the Potential of Social Value Creation Through Digital Social Innovation in Sri Lanka: Special Reference to Gampaha District

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Abstract

Introduction: This research explores the potential of social value creation through digital social innovation in Sri Lanka, with a special focus on the Gampaha District. Social entrepreneurship, driven by a combination of entrepreneurial spirit and social innovation, aims to address pressing societal challenges and create innovative solutions. Despite the global attention to social entrepreneurship, there is a dearth of research in the Sri Lankan context, particularly regarding the role of technology in innovation and social value creation.

Methodology: The study adopts a social constructivist paradigm and employs the Case Study Methodology (CSM) to investigate ten social enterprises. The research questions examined include how social value is created through social enterprises and how social entrepreneurs leverage new technologies for innovation.

Findings: The findings reveal that social value creation in Sri Lanka occurs through economic impact, socioeconomic improvements, social impact, community engagement, and innovative solutions. Moreover, the importance of managing new technologies for innovation is evident, with technology adoption, innovation strategies, skills development, and resource constraints emerging as key factors.

Conclusion: This research contributes to the understanding of how social enterprises in Sri Lanka create social value and harness technology for innovation. The findings highlight the need for more support for social entrepreneurs and the integration of digital technologies in their endeavours. The study emphasizes the role of social entrepreneurship in driving positive change and creating social value in Sri Lanka, and the potential for technology to amplify this impact.

Keywords: Social entrepreneurship, Digital social innovation, Social value creation, Technology adoption, Case Study Methodology

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Impact of Integrated Reporting on Firm Value of Listed Companies in Consumer Discretionary Sector in Sri Lanka: Analysis of Moderating Effect of External Financing

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Abstract

Introduction: Integrated reporting is new approach to business reporting that is built around the organization's strategy to create and sustain value in the short, medium and long term. This process results in the production of a periodic integrated report, which according to the framework issued by the IIRC. This study aims to investigate the impact of integrated reporting on firm value of listed companies in consumer discretionary sector in Sri Lanka by considering moderating effect of external financing.

Methodology: This research develops an informative outcome, covering 13 consumer discretionary sector companies listed in the Sri Lankan Stock Exchange from 2015 to 2022. The integrated reporting was measured using content analysis with the support of an integrated reporting developed index and, the firm value was measured by Tobin's Q. In analyzing the data, the study adopted the panel regression using Stata -13 software.

Findings: The study results revealed that integrated reporting has an insignificant positive relationship with firm value, and this relationship is not strengthened in firms with higher needs for external financing.

Conclusion: Sri Lankan consumer discretionary sector companies have failed to gain the benefits of integrated reporting yet.

Keywords: Integrated Reporting, Firm Value, External Financing, Content Analysis

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The Impact o0f Cryptocurrency on the Stock Market Performance in Sri Lanka: An Empirical Study Based on Bitcoin

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Abstract

Introduction: This study examines the impact of cryptocurrency on the stock market performance in Sri Lanka. It is an empirical study based on Bitcoin.

Methodology: The analysis uses the information of Bitcoin and the Stock market indices, ASPI Return, and S&P SL20 Return of Sri Lanka for the period 2010–2023 on a weekly basis. The Generalized Autoregressive Conditional Heteroskedasticity (GARCH) model has been estimated separately for the ASPI Return and S&P SL20 Return time series data using the Maximum Likelihood (ML) method with the Autoregressive Conditional Heteroskedasticity (ARCH) algorithm.

Findings: The empirical results indicate a weak negative relationship between Bitcoin returns and ASPI Returns, suggesting a subtle inverse correlation. In contrast, a weak positive relationship is observed between Bitcoin returns and S&P SL20 returns in the Sri Lankan context. These findings provide insights into the dynamic interactions between Bitcoin and the two stock market indices in Sri Lanka.

Conclusion: This paper makes two significant contributions to the existing body of knowledge. Firstly, it introduces Bitcoin returns as a determinant influencing stock market performance in Sri Lanka. Secondly, it explains the relationships between Bitcoin and both ASPI Return and S&P SL20 Return in the Sri Lankan market context, enriching our understanding of the dynamics between cryptocurrency and traditional stock indices.

Keywords: ASPI Return, S&P SL20 Return, Bitcoin, Cryptocurrency

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The Impact of Service Quality, Customer Satisfaction, and Corporate Image in Building Customer Loyalty in The Sri Lankan Banking Industry

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Abstract

Introduction: The banking industry is experiencing intense competition, necessitating the development of strategies to retain existing customers rather than solely focusing on customer acquisition. Cultivating customer loyalty is crucial for the long-term sustainability of banks. This study investigates the impact of service quality, customer satisfaction, and corporate image on customer loyalty within the Sri Lankan banking sector.

Methodology: A structured questionnaire was employed to gather primary data from 380 bank customers in the Colombo district. Data collection utilized a Likert-type scale questionnaire administered to randomly intercepted customers exiting banks. Descriptive and inferential statistical techniques were applied to analyze the collected data using the SPSS software package.

Findings: The findings reveal a positive and significant impact of service quality, customer satisfaction, and corporate image on customer loyalty. These results imply that banks should prioritize enhancing service quality, ensuring customer satisfaction, and fostering a positive corporate image to cultivate customer loyalty. These findings suggest that banks should focus on improving service quality as a primary strategy for increasing customer loyalty. Banks should also invest in initiatives that enhance customer satisfaction and project a positive corporate image to further boost customer loyalty.

Conclusion: Overall, the study's findings provide valuable insights for banks in Sri Lanka on how to cultivate customer loyalty and achieve long-term success in the increasingly competitive banking landscape.

Keywords: Service Quality; Customer Satisfaction; Corporate Image; Customer Loyalty

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The Influence of Retirement Goals and Risk Perception on Retirement Planning Behaviour; Evidence from Kalutara and Gampaha Districts, Sri Lanka

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Abstract

Introduction: One of the most critical problems that are faced by many emerging countries is the lack of retirement savings for future lives and pre-retires. To express fresh thoughts and suggest an extra approach or workable solution to supplement past research and conclusion, this study will analyze how the retirement goals and risk perception will affect on retirement planning behaviour of individuals in Kalutara and Gampaha district gender wise.

Methodology: Based on the positivism research philosophy and deductive research logic quantitative approach was used to collect the primary data through an online survey of 196 participants. Retirement goals and risk perception are independent variables and retirement planning behaviour is the dependent variable of this study. Using SmartPLS software, Structural Equation Model (SEM) and AMOS regression analysis were used to test the reliability, normality, correlation, multicollinearity, regression analysis, and gender effect in both districts. Descriptive statistics were used to determine the mean values of respondents' perspectives.

Findings: Research findings output that both independent variables (retirement goals and risk perception) had a statistically significant positive relationship with the dependent variable (retirement planning behaviour) in both districts. Cronbach alpha values demonstrate that all data sets are more reliable and as per the VIF values, independent variables are not correlated with each other. Both retirement goals and risk perception are more effective in the retirement planning behaviour of the Gampaha district data set. Gender is also having a significant impact on retirement planning behaviour.

Conclusion: The results highlight that the overall model is statistically significant, and retirement planning behaviour has an impact on retirement goals and risk perception.

Keywords: Retirement Planning Behaviour, Retirement goals, Risk perception, Gender

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The Impact of Integrated Reporting Quality on Cost of Equity and Financial Performance: Evidence from Licensed Commercial Banks in Sri Lanka.

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Abstract

Introduction: This empirical study examines the influence of Integrated Reporting Quality (IRQ) on the Cost of Equity (KE) and financial performance within the context of listed Commercial banks in Sri Lanka spanning the years 2013 to 2022. Despite existing research and literature exploring the link between IRQ, cost of equity, and financial performance in the banking industry, uncertainties persist.

Methodology: The study focuses on the top 10 Licensed Commercial Banks in Sri Lanka that adhere to integrated reporting practices. Adopting a quantitative, deductive approach grounded in positivism philosophy, the research utilizes secondary data. Analysis employs quantitative techniques such as descriptive statistics, correlation analysis, and regression analysis to assess hypotheses formulated in response to the research question. STATA software is employed for data analysis, with panel data utilized for the study.

Findings: The study incorporates three models: the Return on Assets (ROA) model, Return on Equity (ROE) model, and Cost of Equity (Ke) model. The findings, based on various statistical methods, reveal a positive and statistically significant relationship between IRQ and ROA at the 1% significance level. Additionally, a negative and statistically significant relationship is observed between IRQ and ROE in Licensed Commercial Banks in Sri Lanka at the 5% significance level, along with a negative and statistically significant relationship between IRQ and Ke at the 1% significance level.

Conclusion: To enhance Integrated Reporting (IR) practices in Licensed Commercial Banks, recommendations include fostering regular stakeholder engagement, demonstrating value creation through the use of technology, and developing mechanisms for effective communication.

Keywords: Integrated Reporting Quality, Cost of Equity, Financial Performance, Licensed Commercial Banks.

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The Impact of Cognitive and Emotional Behavioral Biases on Stock Investment Decision Making in CSE Sri Lanka: Evidence from Gampaha District

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Abstract

Introduction: Understanding the cognitive and emotional biases that influence investment decisions is crucial, especially in the context of the Colombo Stock Exchange (CSE), which plays a critical role in determining market trends and impacting Sri Lanka's overall economy.

Methodology: This study employs a structured questionnaire. The behavioral biases consider in this study are Disposition Effect, Anchoring Bias, Overconfidence, and Herding Behavior and they are measured through a structured questionnaire with a 5-point Likert scale. The population comprises individual investors in Gampaha, with a sample size of 105 chosen through convenient sampling.

Findings: The model suggests that herding behavior, disposition effect, and anchoring bias have a more pronounced influence as behavioral biases, while overconfidence has a relatively lesser impact on the investment decision-making of individual investors at the Colombo Stock Exchange.

Conclusion: This study reveals a substantial impact of behavioral biases on investment decisions at the Colombo Stock Exchange.

Keywords: Behavioral Finance, Disposition Effect, Anchoring, Overconfidence, Herding

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