

Corporate Social Responsibility Disclosure and Financial Performance of Amana Bank in Sri Lanka

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Abstract: Mobile banking has revolutionized the banking sector by offering convenience, accessibility, and efficiency. As digital banking services expand, customer satisfaction has become a crucial factor in determining the success of mobile banking platforms. The primary objective of this study is to examine the impact of mobile banking on customer satisfaction in commercial banks in Sri Lanka. Additionally, the study explores the relationship between key factors such as efficiency, ease of use, reliability, security, and privacy and their influence on customer satisfaction. This research focuses on licensed commercial banks (LCBs) in Sri Lanka, with a sample selected from customers of People's Bank, Hatton National Bank (HNB), and Amana Bank in the Kalmunai branch. A total of 390 mobile banking users participated in the study. Data was collected through a structured questionnaire and analyzed using the Statistical Package for Social Sciences (SPSS). Various statistical methods, including descriptive analysis, correlation analysis, and regression analysis, were employed to assess the relationships between the independent variables and customer satisfaction. The findings indicate that efficiency, reliability, and security have a significant positive impact on customer satisfaction, whereas ease of use and privacy do not show a significant influence. The study highlights the need for banks to enhance efficiency and reliability while addressing security concerns to improve customer satisfaction. Banks should focus on technological advancements, customer awareness, and personalized services to optimize mobile banking experiences. This study provides valuable insights for financial institutions to refine mobile banking strategies, improve service quality, and foster long-term customer trust and engagement in Sri Lanka's banking industry.

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01. Introduction

Corporate social responsibility (CSR) is important in banking and in today's economy, it has become the best way to bring ethical values into banking practices. (Nimsith et al., 2016). CSR is a commitment by businesses to support their employees, their families, and the local community in improving their quality of life and promoting economic growth. CSR involves taking responsibility for the betterment of society by planning for social and economic justice and recognizing the bank's role in the community's welfare. Islamic Financial Institutions (IFIs) have an even greater CSR responsibility than conventional banks because they are expected to set an example as financial intermediaries (Rifas et al., 2023).

The World Business Council for Sustainable Development (1999) defines Corporate Social Responsibility (CSR) as a business's ongoing commitment to act ethically and contribute to economic development while enhancing the quality of life for its workforce, their families, the local community, and society as a whole. CSR is also a strategy for adapting to a changing environment, making good business sense in the context of social investment (Jathurika, 2022). Corporate Social Responsibility (CSR) has become a key part of modern business, showing a company's commitment to ethics, social well-being, and caring for the environment. In the financial sector, CSR helps to build trust with stakeholders and improves the institution's reputation (Tunio et al., 2020). For Islamic Financial Institutions (IFIs), CSR is especially important as it is based on Shariah principles, which focus on social justice, ethical behavior, and the well-being of the community (Rehman, 2020).

Financial performance refers to how well a company is performing in terms of generating revenue, managing costs and achieving profitability. It includes key metrics such as profit margins, return on investment (ROI), earnings per share (EPS) and overall financial health. Financial performance is a key indicator of a company's success and is used by investors, management and other stakeholders to assess the company's stability, growth potential and operational efficiency (Nurdyanzah et al., 2023).

The Islamic banking system was established in the mid-20th century as an alternative to conventional banking, even though the banking industry has been around for a long time. Islamic Financial Institutions (IFIs) are expected to avoid any practices that are prohibited in Islam in all their banking transactions. An economy based on interest and such transactions does not help in promoting social and economic development worldwide (Tarver, 2023). Amana Bank, the only fully-fledged Islamic bank in Sri Lanka, provides a unique context to study the role of CSR in Islamic banking. Unlike conventional banks, Islamic banks are expected to lead by example in ethical financial intermediation. Operating in a multicultural society with diverse religious and cultural expectations, Amana Bank must balance adherence to Islamic ethical principles with broader CSR objectives in the financial sector. This dual obligation highlights the necessity of studying how CSR practices influence its financial performance in this distinct environment.

The relationship between corporate social responsibility (CSR) and financial performance has received significant attention in the global banking industry. However, this relationship is limited in the Islamic banking environment, especially in developing countries such as Sri Lanka. Amana Bank first and only fully Islamic bank in Sri Lanka, offers a unique opportunity to study CSR in Islamic finance. Operating in a diverse society with multiple religions and cultures, Amana Bank must balance following Islamic ethical principles with meeting the general CSR expectations in the financial sector.

1.1 Problem Statement

Corporate Social Responsibility (CSR) is an increasingly important focus in the banking industry, particularly in the expanding field of Islamic banking. CSR refers to the commitment of businesses to operate ethically, contribute to the welfare of society, and minimize any negative impacts on the environment. In the context of Islamic banks, CSR is particularly significant because it aligns with Shariah principles, which emphasize social justice, fairness, financial inclusion, and ethical business practices. As the Islamic banking sector expands globally, interest in understanding the impact of CSR on financial performance has also increased (Chao Ma, 2020). There is limited research on CSR in the context of developing countries like Sri Lanka, while many studies have explored this relationship in developed countries, especially in the Islamic banking sector. In Sri Lanka, CSR's role in Islamic banking is still not fully understood or prioritized, which creates a gap in the existing literature. Therefore, there is a need to examine the relationship between Corporate Social Responsibility (CSR) disclosure and financial performance in Islamic banks in Sri Lanka. Accordingly, this study aims to identify the key factors that affect the financial outcomes of CSR activities and analyze the relationship between them. This study focuses on examining how CSR disclosure affects the financial performance of Amana Bank, the only fully Islamic bank in Sri Lanka. This study helps to fill the knowledge gap in CSR practices in Sri Lanka's Islamic banking sector, offering insights into how CSR disclosure affects financial performance.

1.2 Research Questions

- *Main Question:* Is there any impact of CSR on financial performance of Amana Bank in Sri Lanka?
- *Secondary Question:* Is there any relationship between CSR disclosure and financial performance of Amana Bank in Sri Lanka?

1.3 Research Objectives

- *Main Objective:* To examine the impact of CSR disclosure on the financial performance for the period 2019 to 2023 of Amana Bank in Sri Lanka.
- *Secondary Objective:* To identify the relationship between CSR disclosure and financial performance of Amana Bank in Sri Lanka.

02. Literature Review

The history of Corporate Social Responsibility (CSR) has evolved from early notions of philanthropy to a comprehensive approach integrating social, environmental, and economic responsibilities. Its roots can be traced back to the 18th century with Adam Smith's concept of the "invisible hand," but it gained significant traction during the Industrial Revolution as businesses responded to poor working conditions and social inequality. CSR began formalizing in the mid-20th century, notably with Howard Bowen's 1953 work advocating for corporate responsibility. By the 1970s, CSR practices expanded, incorporating environmental sustainability and ethical labor practices. The concept of the "Triple Bottom Line" in the 1990s further solidified CSR's importance, leading to its widespread adoption today as businesses strive to balance profit with positive social and environmental impacts (Sheham, 2016).

Corporate Social Responsibility (CSR) is the concept that companies should engage with their stakeholders in a way that benefits society. This involves contributing to societal well-being, which fosters positive relationships between businesses and communities (Tunio et al., 2020). CSR has gained global importance as it represents how

companies build relationships with stakeholders for the common good. It goes beyond legal obligations to address social needs. Through CSR, companies actively contribute to social welfare, linking economic, environmental, and social goals to their operations and growth (Tuhin, 2014). CSR is not merely charity or donations but a strategic approach to integrate social responsibility into business practices.

Corporate Social Responsibility Disclosure (CSRSD) helps improve a company's financial performance by creating positive results, such as increased customer loyalty, willingness to pay higher prices, and reduced risks to the company's reputation, especially during tough economic times. The concept of CSR has been evolving for centuries and continues to grow in importance. It plays a crucial role in a company's success because customers increasingly prefer businesses that are responsible both economically and socially (Rehman, 2020).

The concept of social responsibility in Islam or Islamic Corporate Social Responsibility (ICSR) has a broad and fundamental meaning that includes the dimensions of Taqwa (God-consciousness). Rule of law, morality and justice are the cornerstones of ICSR's concept. The ICSR paradigm from the perspective of Islam is an expression of human obedience to God, individually and collectively, by being "kind" to all parties involved. Organizations as groups of individuals must assume roles and responsibilities to contribute to social welfare. Thus, ICSR is a moral and religious initiative based on faith in God, their owners and the resources they use in an organization. The objectives of Islamic social organization are based on Falah (human welfare) and Hayat Taiba (good life). These two goals are the basis of human behavior in social life, and of institutions that assume social responsibility to support the achievement of these goals in the social order (Budi, 2021).

Islamic Corporate Social Responsibility (ICSR) integrates religious, moral, and ethical values into business practices, guided by principles such as God-consciousness (taqwa), justice, social welfare, and transparency. Rooted in Islamic teachings, ICSR emphasizes fairness, the prohibition of harm, and sustainable development, ensuring that business activities benefit society and align with spiritual values. The goals of ICSR are to achieve human welfare (falah) and promote a good life (hayat tayyibah) for individuals and communities, making it both a moral and religious duty for businesses to contribute positively to social well-being (Alshammary, 2024).

Corporate Social Responsibility (CSR) in Islamic banking is deeply rooted in Shariah principles, focusing on ethical, social, and environmental responsibilities. It encompasses activities like Shariah-compliant investments, charitable giving (zakat), profit and loss sharing, transparency, and community development. Islamic banks prioritize ethical investments that promote social justice and avoid harm, while also engaging in environmental stewardship and ensuring fair treatment of employees. CSR in Islamic banking is a holistic approach that aligns financial practices with Islamic values to positively impact society (Yusuf & Bahary, 2015).

Previous studies that explored the link between CSR disclosure and financial performance mainly focused on accounting measures of a firm's performance. A common metric used in these studies is Return on Assets (ROA), which reflects a bank's ability to generate profits efficiently using its assets. Some studies also included Return on Equity (ROE) as an additional measure or to validate the findings. Since ROE is closely related to ROA, it is important to consider both when evaluating a bank's performance. Therefore, this study uses ROA to assess the financial performance of Islamic banks and includes ROE for further validation (Rehman, 2020).

2.1 Hypothesis Development

CSR Disclosure and Return on Assets (ROA)

Numerous studies have explored the relationship between CSR disclosure and return on assets (ROA). For example, Fatur Rahman (2021), in his research titled "Corporate Social Responsibility Disclosure and Islamic Bank Profitability (Evidence from Indonesia)," found a significant positive relationship between CSR disclosure and profitability, as measured by ROA. Similarly, Aziz and Haron (2021) demonstrated a positive correlation between CSR disclosure (CSR D) and financial performance. Hang and Bui (2018) also concluded that higher levels of CSR disclosure positively impact ROA. This study aims to investigate these findings within the context of Amana Bank. Despite the existing literature on the relationship between CSR disclosure and ROA, to the best of the researcher's knowledge, no study has been conducted specifically on Amana Bank in Sri Lanka. Therefore, the first hypothesis is formulated as follows:

H₀: There is no positive relationship between CSR disclosure and Return on Assets (ROA) of Amana Bank.

H₁: There is a positive relationship between CSR disclosure and Return on Assets (ROA) of Amana Bank.

CSR Disclosure and Return on Equity (ROE)

Several studies have examined the connection between CSR disclosure and financial performance metrics such as ROA and ROE. Masrivah and Rijanto (2024) found that CSR is strongly correlated with ROA, to a lesser extent, ROE, suggesting that both metrics can be significantly influenced by CSR disclosure. Additionally, Matuszaka and Rozanskaa (2017) identified a positive relationship between banks' CSR disclosures and profitability, as measured by ROA and ROE. In contrast, Pramudita and Radianto (2024) found no significant impact of CSR on ROE. These findings underline the complex role of CSR disclosure in shaping financial performance indicators. Despite these insights, there is no known research specifically examining the relationship between CSR disclosure and ROE for Amana Bank in Sri Lanka. Consequently, the second hypothesis is developed as follows:

H₀: There is no positive relationship between CSR disclosure and Return on Equity (ROE) of Amana Bank.

H₂: There is a positive relationship between CSR disclosure and Return on Equity (ROE) of Amana Bank.

CSR Disclosure and Earnings Per Share (EPS)

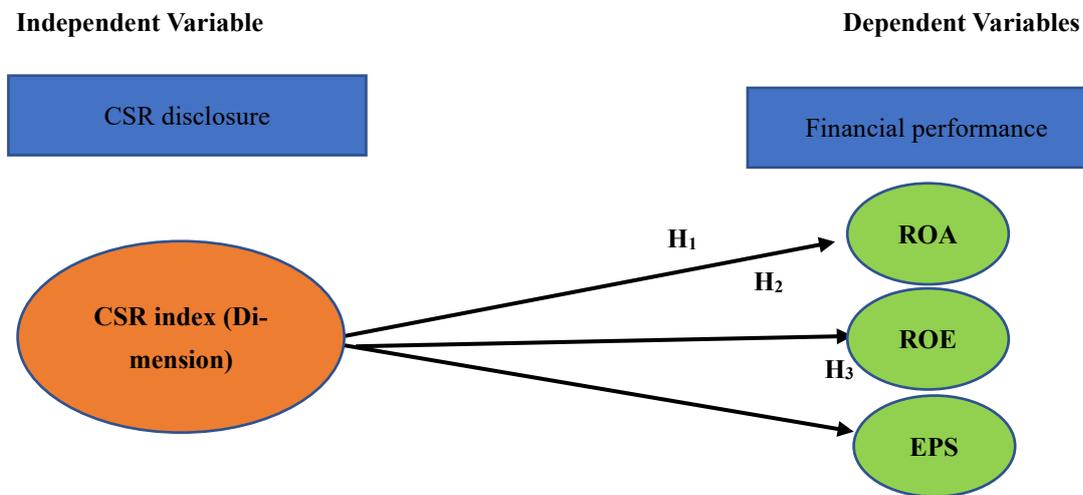
Kamatra and Kartikaningdyah (2015) investigated the impact of CSR on financial performance, including profitability ratios such as ROA, ROE, net profit margin (NPM) and earnings per share (EPS). Their findings revealed that CSR disclosure has a partially significant effect on ROA and NPM but no significant effect on ROE and EPS. While various studies have examined the relationship between CSR disclosure and EPS, no research has specifically addressed this relationship in the context of Amana Bank in Sri Lanka. Thus, the third hypothesis is proposed as follows:

H₀: There is no positive relationship between CSR disclosure and Earnings Per Share (EPS) of Amana Bank.

H₃: There is a positive relationship between CSR disclosure and Earnings Per Share (EPS) of Amana Bank.

03. Methodology

3.1 Conceptual framework



Source: (Dilrukshi et al., 2022; Faturohman et al., 2021)

3.2 Data and Methods

This study adopts a quantitative research approach, which focuses on measuring quantities or amounts through the collection of numerical data. It focused on Islamic banking in Sri Lanka, Amana Bank was selected as it is the one and only fully fledged Islamic bank. Data were collected from secondary sources, including the sustainability reports and annual reports of Amana Bank for the sample period from 2019 to 2023. The study focused on analyzing Directors' reports, balance sheets, and income statements within these annual reports. Additionally, newsletters, news articles, journals, and relevant websites were utilized to supplement the data. To gain a comprehensive understanding of the topic, the researchers also reviewed various books and research papers related to CSR and financial performance.

The collected data were analyzed using mathematical formulas, Microsoft Excel, and IBM Statistical Package for the Social Sciences (SPSS) 25.0 software. The data were presented and examined through figures and tables, which facilitated the testing of correlations, and regression analyses to reach accurate conclusions. Correlation analysis was employed to determine whether changes in one variable were associated with changes in another. Additionally, regression analysis was conducted to describe the nature of the relationship between variables, expressed through a mathematical equation.

04. Results and Discussion

4.1 Correlation Analysis

Table 1: Correlation between Return on Assets and CSRD

		Return on As- sets	CSR Disclosure
Return on Assets	Pearson Correlation	1	.634
	Sig. (2-tailed)		.250
	N	5	5
CSR Disclosure	Pearson Correlation	.634	1
	Sig. (2-tailed)	.250	
	N	5	5

Source: Survey Data

According to the table 1, the Pearson correlation between CSR Disclosure and ROA is 0.634. It shows a moderate positive relationship between Return on Assets and CSRD. The significant value 0.250 is greater than the alpha value 0.05. Therefore, the correlation is statistically not significant.

Table 2: Correlation between Return on Equity and CSRDI

		Return on Equity	CSR Disclosure
Return on Equity	Pearson Correlation	1	.819
	Sig. (2-tailed)		.090
	N	5	5
CSR Disclosure	Pearson Correlation	.819	1
	Sig. (2-tailed)	.090	
	N	5	5

Source: Survey Data

According to the table 2, the Pearson correlation between CSR disclosure and ROE is 0.819, It show a strong positive relationship between Return on Equity and CSRD. The significant value 0.090 is greater than the alpha value 0.05, therefore, the correlation is statistically not significant.

Table 3: Correlation between EPS and CSRD

		Earnings Per Share	CSR Disclosure
Earnings Per Share	Pearson Correlation	1	.785
	Sig. (2-tailed)		.116
	N	5	5
CSR Disclosure	Pearson Correlation	.785	1
	Sig. (2-tailed)	.116	
	N	5	5

Source: Survey Data

According to the table 3, the Pearson correlation between EPS and CSRD is 0.785. It shows a strong positive relationship between EPS and CSRD. The significant value 0.116 is greater than the alpha value 0.05. Therefore, the correlation is statistically not significant.

4.2 Regression Analysis

4.2.1 Simple Linear Regression Analysis (ROA and CSRD)

Table 4: Model Summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.634 ^a	.402	.203	.14351	2.900

a. Predictors: (Constant), CSR Disclosure
b. Dependent Variable: Return on Assets

Source: Survey Data

Generally, the R value is used to illustrate the correlation coefficient relationship between the dependent and independent variable of the study. Therefore, as shown in Table 4, the R value for this study is 0.634, which shows that there is a positive and high correlation between ROA and CSRD. R-squared (Coefficient of Determination) is a statistical technique which used to measure how much variation in outcomes can be explained by variation in the independent variables. In this study R square is 0.402, which means that 40.2% of the variation in ROA is explained by the variation in CSR disclosure.

Table 5: ANOVA Test

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.042	1	.042	2.020	.250b
	Residual	.062	3	.021		
	Total	.103	4			

a. Dependent Variable: Return on Assets

b. Predictors: (Constant), CSR Disclosure

Source: Survey Data

In the ANOVA test, when the p-value 0.250 is greater than 0.05, it indicates an insignificant difference between the levels of the independent variable. This means the relationship is statistically not significant. Therefore, it can be concluded that the independent variable, CSR disclosure is not significant impact on explaining the variations in Return on Assets (ROA) for Amana Bank in Sri Lanka.

Table 6: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
	(Constant)	.032	.419				.076
1 CSR Disclosure	.797	.561	.634	1.42	.250	1.000	1.00

a. Dependent Variable: Return on Assets

Source: Survey Data

According to the Table 6, the B-value of CSR is 0.797 respectively. It means, that when CSR factor increase by one unit, the ROA will increase by 0.797 respectively. Also, when the coefficients are positive impact between the independent and dependent variables. According to this, it is concluded that CSR have positively impact on ROA of Amana Bank in Sri Lanka.

4.2.2 Simple Linear Regression Analysis (ROE and CSR)

Table 7: Model Summary

Model Summary						
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.819a	.670	.560		.81820	2.885

a. Predictors: (Constant), CSR Disclosure

b. Dependent Variable: Return on Equity

Source: Survey Data

Generally, the R value is used to illustrate the correlation coefficient relationship between the dependent and independent variable of the study. Therefore, as shown in Table 7, the R value for this study is 0.819, which shows that there is a positive and high correlation between ROE and CSR. R-squared (Coefficient of Determination) is a statistical technique which used to measure how much variation in outcomes can be explained by variation in the independent variables. In this study R square is 0.670, which means that 67.00% of the variation in ROE is explained by the variation in CSR disclosure.

Table 8: ANOVA Test

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.079	1	4.079	6.092	.090b
	Residual	2.008	3	.669		
	Total	6.087	4			

a. Dependent Variable: Return on Equity

b. Predictors: (Constant), CSR Disclosure

Source: Survey Data

In the ANOVA test, when the p-value is 0.090 greater than 0.05, it indicates an insignificant difference between the levels of the independent variable. This means the relationship is statistically not significant. Therefore, it can be concluded that the independent variable, CSR disclosure, is not significant impact on explaining the variations in Return on Assets (ROA) for Amana Bank in Sri Lanka.

Table 9: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity	Statistics
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.716	2.388		-.300	.78	
	CSR Disclosure	7.892	3.197	.819	2.46	.09	1.00

a. Dependent Variable: Return on Equity

Source: Survey Data

According to the Table 9, the B-value of CSR is 7.892 respectively. It means, that when CSR factor increase by one unit, the ROE will increase by 7.892 respectively. Also, when the coefficients are positive impact between the independent and dependent variables. According to this, it is concluded that CSR have positively impact on ROE of Amana Bank in Sri Lanka.

4.2.3 Simple Linear Regression Analysis (EPS and CSR)

Table 10: Model Summary

Model Summary						
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.785a	.616	.487		.07621	2.764

a. Predictors: (Constant), CSR Disclosure

b. Dependent Variable: Earning Per Share

Source: Survey Data

Generally, the R value is used to illustrate the correlation coefficient relationship between the dependent and independent variable of the study. Therefore, as shown in Table 10, the R value for this study is 0.785, which shows that there is a positive and high correlation between EPS and CSR. R-squared (Coefficient of Determination) is a statistical technique which used to measure how much variation in outcomes can be explained by variation in the independent variables. In this study R square is 0.616, which means that 61.6% of the variation in EPS is explained by the variation in CSR disclosure.

Table 11: ANOVA Test

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.028	1	.028	4.804	.116b
	Residual	.017	3	.006		
	Total	.045	4			

a. Dependent Variable: Earning Per Share

b. Predictors: (Constant), CSR Disclosure

Source: Survey Data

In the ANOVA test, when the p-value 0.116 is greater than 0.05, it indicates an insignificant difference between the levels of the independent variable. This means the relationship is statistically not significant. Therefore, it can be concluded that the independent variable, CSR disclosure, is not significant impact on explaining the variations in Return on Assets (ROA) for Amana Bank in Sri Lanka.

Table 12: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity	Statistics
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.208	.22		-.934	.419	
	CSR Disclosure	.653	.29	.785	2.192	.116	1.00

a. Dependent Variable: Earning Per Share

Source: Survey Data

According to the Table 12, the B-value of CSR is 0.653 respectively. It means, that when CSR factor increase by one unit, the EPS will increase by 0.653 respectively. Also, when the coefficients are positive impact. According to this, it is concluded that CSR have positively impact on EPS of Amana Bank in Sri Lanka.

Table 13. Summarized Correlation Results of the Study

R and P Value	Alpha Value	Hypothesis	Results
R = 0.634 P = 0.250	0.01	H ₀ : There is no positive relationship between CSRD and ROA	Accepted
		H ₁ : There is positive relationship between CSRD and ROA	Rejected
R = 0.819 P = 0.090	0.01	H ₀ : There is no positive relationship between CSRD and ROE	Accepted
		H ₂ : There is positive relationship between CSRD and ROE	Rejected
R = 0.785 P = 0.116	0.01	H ₀ : There is no positive relationship between CSRD and EPS	Accepted
		H ₃ : There is positive relationship between CSRD and EPS	Rejected

Source: Compiled by the Researcher

According to Table 13, the correlation value of 0.634 indicates a moderate positive relationship between CSRD and Return on Assets (ROA). However, since the p-value is greater than 0.05, the null hypothesis (H₀) is accepted, and the alternative hypothesis (H₁) is rejected. Similarly, the correlation value of 0.819 shows a strong positive relationship between CSRD and Return on Equity (ROE). However, due to the p-value being greater than 0.05, the null hypothesis (H₀) is accepted, and the alternative hypothesis (H₂) is rejected. Finally, the correlation value of 0.785 indicates a strong positive relationship between CSRD and Earnings Per Share (EPS). Yet, since the p-value is greater than 0.05, the null hypothesis (H₀) is accepted, and the alternative hypothesis (H₃) is rejected.

Table 14: Summarized Simple Linear Regression Analysis

Independent Variable and Dependent Variable	B Value	Impact
Corporate Social Responsibility Disclosure and ROA	0.797	Positive Impact
Corporate Social Responsibility Disclosure and ROE	7.892	Positive Impact
Corporate Social Responsibility Disclosure and EPS	0.653	Positive Impact

Source: Compiled by the Researcher

According to the Table 14, CSR disclosure (CSRD) was measured to evaluate its impact on the financial performance of Amana Bank. A simple linear regression model was employed to analyze the data. The study found a

positive impact on CSRD and Financial Performance. This suggests that while CSR activities may contribute positive impact on financial performance.

05. Discussion

CSR Disclosure and Return on Assets (ROA)

Numerous studies have examined the relationship between CSR disclosure and Return on Assets (ROA). For instance, Faturohman (2021), in his study titled "Corporate Social Responsibility Disclosure and Islamic Bank Profitability (Evidence from Indonesia)," identified a significant positive relationship between CSR disclosure and profitability as measured by ROA. Similarly, Aziz and Haron (2021) highlighted a positive correlation between CSR disclosure (CSRD) and financial performance, while Hang and Bui (2018) concluded that higher levels of CSR disclosure positively influence ROA. This study investigates these relationships within the context of Amana Bank in Sri Lanka. However, the results of this study reveal a moderate positive but statistically insignificant relationship between CSRD and ROA, indicating that while CSR disclosure has a positive impact, its effect is not substantial enough to be deemed significant.

CSR Disclosure and Return on Equity (ROE)

Several studies have examined the connection between CSR disclosure and financial performance metrics such as ROA and ROE. Masrivah and Rijanto (2024) found that CSR is strongly correlated with ROA, to a lesser extent, ROE, suggesting that both metrics can be significantly influenced by CSR disclosure. Additionally, Matuszaka and Rozanskaa (2017) identified a positive relationship between banks' CSR disclosures and profitability, as measured by ROA and ROE. In contrast, Pramudita and Radianto (2024) found no significant impact of CSR on ROE. These findings underline the complex role of CSR disclosure in shaping financial performance indicators. This study investigates these relationships within the context of Amana Bank in Sri Lanka. However, the results of this study reveal a Strong positive but statistically insignificant relationship between CSRD and ROE, indicating that while CSR disclosure has a positive impact, its effect is not substantial enough to be deemed significant.

CSR Disclosure and Earnings Per Share (EPS)

Kamatra and Kartikaningdyah (2015) investigated the impact of CSR on financial performance, including profitability ratios such as ROA, ROE, Net Profit Margin (NPM) and Earnings Per Share (EPS). Their findings revealed that CSR disclosure has a partially significant effect on ROA and NPM but no significant effect on ROE and EPS. However, the results of this study reveal a Strong positive but statistically insignificant relationship between CSRD and EPS, indicating that while CSR disclosure has a positive impact, its effect is not substantial enough to be deemed significant.

5.1 Conclusion

This study explores the relationship between CSR disclosure and financial performance of Amana Bank in Sri Lanka, with financial performance measured through Return on Assets (ROA), Return on Equity (ROE), and Earnings Per Share (EPS) as the dependent variables, and CSR disclosure as the independent variable. The study focuses on two key objectives: examining the impact of CSR disclosure on financial performance and identifying the relationship between CSR disclosure and financial performance indicators. These objectives aim to provide insights into how CSR activities influence the financial outcomes of the bank. The results of this study reveal a

moderate positive but statistically insignificant relationship between CSR and ROA, indicating that while CSR disclosure has a positive impact, its effect is not substantial enough to be deemed significant. Relationship between CSR and ROE and CSR and EPS has strong positive but statistically insignificant, indicating that while CSR disclosure has a positive impact, its effect is not substantial enough to be deemed significant.

Future studies should aim to include a broader sample size by covering other regions of Sri Lanka and incorporating data from multiple Islamic and conventional banks with Islamic banking windows. Additionally, researchers should consider studying the relationship between CSR disclosure and financial performance across a wider range of financial institutions to improve generalizability. Future research could also focus on incorporating non-financial variables, such as customer loyalty, employee engagement, and social impact, to provide a more comprehensive understanding of the effects of CSR disclosure. Moreover, researchers could develop more sophisticated models to examine additional factors influencing the relationship between CSR disclosure and financial performance. Including variables such as environmental impact, governance practices, and community engagement could improve the predictive value of the model.

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