Title : **DETERMINANTS OF BANKING PROFITABILITY IN UK BANKS BETWEEN 2008-2018**
Subject Area : Finance
Word Count : 8000

Abstract

This research aims to investigate the determinants of Banking Profitability in UK banks between 2008-2018 and how does this change the preferences of customers. What evolutions occurred in the banking sector of the U.K. which have altered the customer's minds in relation to investment in banks rather in other secured investment options. This research will try to identify those determinants through which the profitability of UK banks has increased through primary researches and authentic sources.

1. Introduction

1.1. Background

In the past few decades, the banking industries, in general, have undergone profound developments, with technological innovations and inexorable globalisation driving forces continuing to create both growth opportunities and challenges for bank managers to remain profitable in this increasingly competitive environment. The influence of different variables may be important in the interpretation of income was calculated using a variety of linear models. According to (Athanasoglou, 2006) these studies were important in demonstrating the feasibility of performing a practical study of the determinants of bank competitiveness, but the complex and competitive nature of the economic climate in which they operated is overlooked by some of the methods used in these studies. The studies to date have mainly considered determinants of bank and/or industry profitability in choosing the variables used without internal consistency in some instances; however, work on the potential influence of the macroeconomic environment has been deficient because of the limited timescale of the panels used in the calculation

Other factors that have limited research to date include the absence of sufficient descriptions and/or accountability of some of the characteristics of the bank profits in the econometric methodology used in the study, which indicate that estimates obtained in these studies may have been partial or incoherent (Athanasoglou, 2006) research have amply shown the potential of models to better understand what drive earnings in financial services organisations serve the purpose of the study.

The overall objective of this study is to create adequate research on banking profitability in UK banks between 2008 to 2018. Compared to the internal facets of their respective companies as a measure of competitiveness by calculating their return on assets. The analysis analysed peer-reviewed, science and organisation's literature in general and in the UK, in particular, to classify recent developments in financial assets organisations, which assess the viability and provide an acceptable context for creating a clear econometric model to examine bank data. According to (Goddard, 2004) , there remains a small quantity of analyses, given increasing research into determinants of bank profitability, to explore the basic relationship between corporate size and its effect on profitability. These authors state that "Earlier experiments on growth dynamics on the one side and benefit on the other, have evolved independently and adopted different methodological methodologies.

However, certain theoretical reasons indicate that these two measures of performance are strongly related; few researchers checked specifically for analytical ties between growth and income (Goddard, 2004). In the past, there was no greater need to identify determinants of profitability in the banking industry: "As markets step into the 21st century, they must rely more than ever on creating additional income sources in order to provide shareholders with interest. The necessity to evaluate and analyse the profitability of the existing bank's customers, relationships, services, and goods is essential to this effort. It is only by these analyses that firms may determine which clients they are vying for, which commercial collaborations they are forming and which prospective markets they are pursuing. The rationale with this study was that the larger the holding firm, the less impervious it will be to decreases in the economic economy when calculated by actual GDP growth. Larger financial services firms have a wide variety of advantages attributed to economies of scale, combined tacit experience and expertise, along with resources needed to grow further in international markets, where entry barriers can be prohibitive for smaller players in the market.

According to (Goddard, 2004), for example, "previous studies of concentration determinants have given various reasons as to why some businesses are growing and growing large. These involve economies of scope or complexity, productivity gains produced through quantity, adoption, or practice of certain types of industry force. Likewise, as noted earlier, a variety of studies have shown that bank data can be used to analyse the determinants of productivity. Furthermore, work has to date also shown that finance companies are one of the strongest sites to measure the results of different aspects of profitability, such as technical innovation. Banks have made significant advances in physical, as well as in financial innovations during the last two decades and the wider field of industry, which comprises banking, Depository and No depository Financial Institutions, is the most computer technology-intensive sector in the UK. (Scott, 2011)

Keywords: GDP, Innovation, Profitability, Growth, Use of Technology. 21st Century.