

# Examining the differences in Profitability Determinants between Foreign and Local Banks in Ghana.

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## **Abstract-**

In a market economy all firms operate on the same level, this paper then focuses on how internal and external factors turn to affect the profitability of Foreign and local bank in Ghana between 1999 to 2009. The approach is to use an unbalance panel data to investigate the relationship. We employed a two styled multivariate regression equation of the same variables for local and foreign banks in Ghana for the period of the study. Our findings suggest that cost management has an inverse relationship with profitability; whiles size of banks does have a positive impact on the profitability of both set of banks. The remaining variables turn to affect profitability in fairly in the same manner irrespective of the bank ownership. We conclude by saying that local banks would have to invest more in cost savings means in providing their banking services not neglecting the fact that they have to grow their asset size to benefit from the economies of scale available in the financial sector of the Ghanaian economy.

Key words: Ghana, Bank Profitability, local, foreign, internal, external variables

## **Paper Type Research**

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