

Abstract

Impact of Macro Economic Factor on the Profitability of Commercial Banks in Sultanate of Oman

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This research examines the **(Impact of Macro Economic Factor on the Profitability of Commercial Banks in Sultanate of Oman)**. By using the data between the periods 2007-2016. This analysis is done using the profitability ratio of selected commercial banks in Oman whose data are obtained from financial statements of the banks. These banks are listed with the Muscat Securities Market(MSM) and the data obtained from the financial statements are the Secondary source of data used by the researcher. As result, there is a positive relationship between GDP growth, Inflation and bank profitability. The researcher also observed that the banking sector in Oman exists in a perfectly competitive and challenging environment owing to the current economic condition of the country under study. The researcher has used some of the important profitability ratios such as Return on assets (ROA), Return on equity (ROE) Expense & Income Ratio (EXINR), Logarithm of Total Assets (LogTA), Deposit to Total Assets Ratio (Dep to TA) and Loan and Advance to deposit Ratio (LA to Dep) as determinants of profitability.

Key Words: Return on Assets, Return on Equity, Profitability, Gross Domestic Product, Banking Sector in Oman, coefficient of correlation, Regression Analysis.