

Abstract

The banking industry is considered to be an important source of financing for most businesses. In Ghana, the financial systems tend to evolve around the banking system. This study therefore sought to critically explore the key financial performance indicators in the banking industry. This study made use of secondary data obtained from published annual reports of Ecobank Ghana Limited from 2005-2015.

It was found that the Key Financial Performance Indicators for assessing the financial performance of Ecobank Ghana are:

- Profitability which is measured using the following criteria: Return on Assets (ROA), Return on Equity (ROE) and Cost to Income Ratio (CIR).
- Liquidity performance is measured using Liquid assets to deposit-borrowing ratio (LADST), Net Loans to total asset ratio (NLTA), Net loans to deposit and borrowing (NLDST).
- Asset Credit Quality (Credit Performance) is measured using Loan loss reserve to gross loans (LRGL).

Management of the bank should ensure that Key Performance Indicators are aligned with the specific goals and objectives of the bank.

It was recommended that key performance indicators must be quantifiable. The goal must be stated in concise terms and capable of being measured. A time frame must also be established for all key performance indicators, with key checkpoints at various intervals.