

The Effect of Digitalization on the Profitability of Islamic Banks in Pakistan



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ABSTRACT

The main purpose of this study was to investigate the effect of digitalization on the profitability of Islamic banks in Pakistan. Islamic banking is emerging at good pace in past few decades so in this study we will explore that how digital banking can optimize Islamic banking in Pakistan and this study will explore the digital banking structure of Islamic banking and it will be help full for the investors and for the banks to formulate promotional strategies and for the regulator as well. This study is quantitative in nature and it was conducted through annual reports of concerned banks. Islamic banks of Pakistan were taken. Time duration was five years from 2015 to 2019 and quarterly data was taken. The data was analyzed through regression. The findings of the study showed that the profitability of Islamic banks in Pakistan is fully affected by ATMs and number of branches and partially affected by (IBFT) interbank funds transfer, (OBU) online banking users, (DC) debit cards and (OBP) online bill payments where the leverage and firm size was taken as controlled variables.

Keywords: Islamic banking, digital banking in Pakistan, online banking instruments.