CREDIT RISK MANAGEMENT IN BANKING SECTOR OF PAKISTAN

BY

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Abstract

The study will investigate the credit risk management and the variables that effect it in conventional and Islamic banks of Karachi. The other variables are some of the ratios of the banks and economic indicators which are essential for managing the credit risk. Time series will be analyzed in the study starting from the time of 1999 till 2019 of 8 different banks comprise of 4 conventional banks and 4 Islamic banks. The Panel least square will be used and EVIEWS will be analyzed to interpret the data. The finding will confirm whether the null hypothesis or alternate hypothesis should be selected. Furthermore, the results will identify which variables are more significant to explain credit risk in the banking sector of Pakistan.

Keywords: *credit risk, credit risk management, conventional banks, Islamic banks, capital to asset ratio, loans to asset ratio, liquidity, net interest margin, inflation, GDP, cost efficiency.*

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