PROFITABILITY OF PAKISTAN'S BANKING SECTOR AND COVID-19

BY

SYED AHSAN ALI GARDAZI

73286

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APPROVAL FOR EXAMINATION

Candidate's Name: Syed Ahsan Ali Gardazi Registration No.: 73286

Thesis Title: Profitability of Pakistan's Banking Sector and COVID-19

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Supervisor's Signature: _____ Date: 19-08-2022

Supervisor's Name: Dr. Mubashir Ali Khan

HoD's Signature: _____ Date: _____

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Abstract

Purpose:

To investigate the impact COVID-19 pandemic has had on the profitability of the banking sector of Pakistan.

Methodology & Design:

The analysis was done suing the Autoregressive Distributed Lag (ARDL) bounds testing approach to cointegration. Data was available on the website of State Bank of Pakistan and Pakistan Bureau of Statistics.

Findings:

It has been found that rather than having a negative impact, COVID-19 seems to have had a positive impact on the profitability of the banking sector of Pakistan. This positive impact maybe linked to the policies and programmes started by the government and the regulator to stimulate the economy in the face of the COVID-19 pandemic.

Limitations

Policy decision data needs to be incorporated so that exact effect of each policy can be judged and accurately investigated. This will help the researchers better deduce which policy measures were helpful.

Recommendations

Although ARDL approach is robust with a small dataset, it is recommended to use a large dataset to more accurately come to deduce the relationships between different variables.

Keywords

COVID-19, Autoregressive distributed lag, Banking sector profitability.

TABLE OF CONTENTS

Declaration of Authentication iii

CHAPTER 1 1

INTRODUCTION 1

1.1 Introduction 1

1.2 Background 2

1.3 Research Objectives 4

1.4 Research Questions 4

1.5 Significance of the Study 5

1.6 Scope of the Research 5

1.7 Organization of the Thesis 6

CHAPTER 2 8

LITERATURE REVIEW 8

2.1 Banking Sector's Performance 8

2.2 Determinants of Banking Profitability 8

2.2.1 Non-Performing Loans 8

2.2.2 COVID 19 9

2.2.3 Inflation 9

2.2.4 Liquid Capital 9

2.2.5 Large Scale Manufacturing 10

2.2.6 Government of Pakistan Market Treasury Bills 10

2.3 Relationship between Liquid Capital and Banking Sector's Performance 10

2.4 Relationship between Non-Performing Loans and Banking Sector's Performance 10

2.5 Relationship between Inflation and Banking Sector's Performance 10

2.6 Relationship between Government of Pakistan Market Treasury Bills and Banking Sector's Performance 11

2.7 Relationship between Large Scale Manufacturing and Banking Sector's Performance 11

2.8 Relationship between COVID 19 and Banking Sector's Performance 11
2.9 Summary of Literature Review 12
2.10 Research Hypotheses 13
2.11 Conceptual Framework 14
CHAPTER 3 15
Research Methodology 15
3.1 Research Approach & Type 15
3.2 Research Design 15
3.3 Research Population 16
3.4 Sample Size & Sampling Technique 16
3.5 Research Instrument 17
3.6 Data Collection 18
3.7 Data Analysis Method 18
CHAPTER 4 20
Results 20
4.1 Descriptive Statistics 20
4.2 Stationarity Tests 21
4.3 Lag Structure 23
4.4 Model Specification 24
4.5 Bounds Test 25
4.6 ARDL Model 26
4.6.1 Hypothesis 29
4.7 Diagnostic Statistics 29
4.7.1 Serial Correlation Test 29
4.7.2 Heteroskedasticity Test 29
4.7.3 CUSUM Test and CUSUM of Square Test 30
4.8 Summary of Hypotheses Testing 31
CHAPTER 5 32
Discussion 32
5.1 Discussion 32

5.1.1 Inflation 32
5.1.2 Liquidity 32
5.1.3 Large Scale Manufacturing 32
5.1.4 Non-performing Loans 33
5.1.5 Treasury Bills' Weighted Average Yield 3-Months 33
5.1.6 COVID 33
CHAPTER 6 35
Recommendations and Conclusion 35
6.1 Recommendations 35
6.2 Limitations of the Research 35
6.3 Future Research 36
6.4 Conclusion 36
References 38