

**"THE EFFECT OF PRIVITIZATION ON THE FINANCIAL PERFORMANCE  
OF PAKISTANI BANKING INDUSTRY"**



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**Final Project Report**

**Masters in Business Administration**

**Department of Management Sciences**

**Bahria University, Islamabad**

**2010**

## **ABSTRACT**

This project is undertaken to carry out a comparative performance analysis of public and private sector banks. This study is under taken to find compare the two sectors of the banking industry to identify how they differ in light of the financial institutions privatization that Pakistan has undergone since the start of 1990s. This study utilizes the CAMEL framework to analyze the performance of banks. The CAMEL framework encapsulates all the different aspects in the performance of a bank. Many studies have been undertaken globally using CAMEL as a performance measure of a bank. The project implements the CAMEL framework in Pakistan's context. This project analyzes the performance of four banks: "National Bank of Pakistan Limited (NBPL)" and "Bank of Punjab Limited (BOPL)" which are government owned banks Habib Bank Limited and United Bank Limited which are privately owned banks from 2005 to 2009 so that the effect of privatization can be measured relative to the public banks. The project showed that Habib Bank was the best performing bank in terms of CAMEL rating and National Bank Limited. The private sector banks have decreasing non performing loans, improved efficiency of employees, and improved return on investments with better intellectual capital due to unbiased hiring. The public sector banks have improved liquidity positions and improved capital adequacy ratios. In the end the project identifies some areas where the public and private sector banks can improve to maximize their performance.

## ACKNOWLEDGEMENTS

We are extremely thankful to our supervisor Mr. Gulzar Khawaja and Mrs. Huma Ayub who was our commercial banking teacher for being of great assistance during the project. Lastly, we would like to thank everyone who supported and helped us in any respect during the completion of the project.

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