"COVID-19 AND BANK PERFORMANCE: A COMPARATIVE ANALYSIS OF ISLAMIC AND CONVENTIONAL BANK"

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A Project submitted to Department of Management Studies, Bahria Business School, Bahria University – Karachi Campus, in partial fulfillment of the requirement for BS A&F Degree

BS (ACCOUNTING & FINANCE)

SPRING -2022

Bahria University Karachi Campus

Project Approval Statement:

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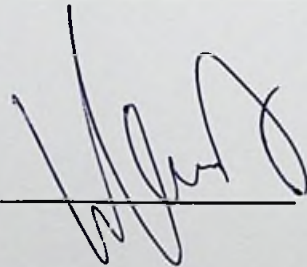
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I, hereby, declare that no portion of the work referred to in this project has been submitted in support of any application for another degree or qualification of this university or any other institution of learning.

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ACKNOWLEDGEMENT

First, we are thankful to Allah, who is the holder of our breaths, without His orders nothing is possible. We would like to express our gratitude to all the faculty and relevant staff of Accounts & Finance Department – Bahria University Karachi. In completing our project, we took help and guidelines of some respected people, who deserve our appreciation and we are thankful to them. We would like to show our deepest gratitude to **Sir Muhammad Asif,** Project Supervisor, Bahria University for giving us helpful guidelines for this project through numerous suggestions, guidance, and encouragement all the times during our Project writing. We cannot complete this Project without his consistent advice. Our Project Coordinator **Dr. Muhmmad Rao Rashid** as well as our Dean and our H.O.D who gave us this golden opportunity to do this project on the Topic: **"Covid-19 and bank performance: A comparative analysis of Islamic and conventional bank."** This has also helped us by the existence Research we undertook due to which we explored many newer things which will be helpful in our practical and work life. We would also like to thank our classmates who gave valuable comments and suggestions on this proposal which inspired us to improve our report. We would also like to thank our parents who helped and supported us during these hard times and motivated us a lot in finalizing this project within the limited time frame. We are thankful to all those who have directly and indirectly provided us with guidance us in completing this report.

Abstract

This study aims to determine and compare the financial stability of banks during the crisis which is still being debated by taking the period before and after the covid 19 pandemics. The study is a comparison of Islamic and Conventional Banking system of Pakistan as they are impacted by a global pandemic. To find out and compare the performance of conventional banks with Islamic banks and the resilience of conventional banks and Islamic banks to shocks. What and How the pandemic effected both sectors of the banking industry in Pakistan. The measures banking industry is taking to combat these uncertain situations. As a result of this study, we examine the impact of COVID-19 on the performance of Islamic and commercial banks in countries with a dual-banking system, as well as whether Islamic banks outperform their commercial counterparts. The influence on banking performance and how the banking sector responds to the pandemic (COVID-19) crisis are also examined. Islamic and commercial banks' financial performance is compared in this study to establish the profitability of both sectors. Islamic and commercial banking's risk-absorbing capabilities are also examined. For that variables that includes Total assets (T.A), return on assets (ROA), Earning per Share (EPS), Cash and cash equivalent to total assets (CCE), Deposits to Total Assets (DTA), Islamic Bank (IB), and Covid-19 (Covid) are some of the performance measures available. This study compares and contrasts the financial results of Pakistani conventional and Islamic banks. Islamic and conventional banks are included in this study for the five-year period beginning in 2016 and ending in 2020. We find that Islamic banks tend to be more stable in facing financial challenges due to the COVID-19 pandemic compared to conventional banks. The performance of conventional banks was very good in the period before the COVID-19 pandemic. However, when the coronavirus pandemic began to be reported, there was a huge decline in performance. Conventional bank recovery efforts have not been able to return to the original track. Conventional bank performance is slowing down and it tends to be difficult to return to its original performance value (before the COVID-19 outbreak).

Key words: *Islamic Banking, Commercial Banking, Covid-19, Banking performance, and Financial Performance.*