

"Impact of inflation on banking sector in pakistan."



By:

Munawar abbasi 01-220102-037

MBA

Supervisor:
Khalid Hussain

Department of Management Sciences (GS)

Bahria University Islamabad
2012.

ACKNOWLEDGEMENTS

Prasie is to the one, the Almighty, the merciful and the beneficent, Allah Almighty, who is the source of all knowledge and wisdom, who taught us what we knew not. We also send Dood to the Holy prophet Muhammad (SAW), who is the Allah,s messenger to guide us in affairs of life by his examples and percepts.

My greatest debt is to my parents, who felt the repercussions of my involvement in this research work and always reacted with fully support. I express my heartiest gratitude to our course and thesis supervisor, Sir Khalid Hussain for his guidance, support, and motivation during our work made it possible.

I would like to express my sincere gratitude to Madam Gohar Fathima she is teacher of Management sciences in Bahria university .Madam help me out and support to find the result of variable in my MBA research thesis.

I have deep feelings for the whole of my family. They have always support me, elevated their words and me have floated me in the deep seas of troubles. All of my successes are due to my family support and Dua's.

I am thankful to all my teachers and my class fellows and friends whom cheerfulness and guidance is an asset for me.

ABSTRACT

Inflation has dependably been a concern for the approach producers as it makes questionable matter in the economy that may unfavorably influence budgetary development. There for supporting noninflationary stable investment development has been at the center of macroeconomic strategies in Pakistan like in numerous other advancing nations. The concern with swelling stem not just from the need to keep up in largely macroeconomic solidness, additionally from the way that expansion harms the poor especially hard, as they do not hold adequate expansion supports.

Inflation is presently a huge budgetary issue. Not just it has an impact on nation's economy yet it likewise change the reasoning to normal individual in the nation, the impact of inflation on banks are individuals begin withdrawing their cash from ledgers and attempt to put their cash in solid items or purchase an in number money. It likewise influences, the individuals altered salary, and for example, retired people, and retirees, the healthiest measure of reserve funds today might not have same buying control over the period. This study is interested in how inflation policy impact on banking performance and profitability, and also the effect of inflation on Return on Asset, Return on equity and as well as Profit before tax .

In order to evaluate the effect of inflation on banking industry of Pakistan, I choose four banks from Pakistani banking industry. The banks are MCB, ABL, FBL and askari bank limited.

In this thesis, I hope to answer the following

What is impact of inflation on banks performance?

How inflation affect the Return on asset of every bank?

How inflation effect the Return on Equity of four banks?

How inflation effect the Profit before tax of Mcb, Abl, Fbl and askari bank?

TABLE OF CONTENTS

CHAPTER # 01

INTRODUCTION	-----05
• Background	-----05
• Rational of the study	-----14
• Problem statement	-----14
• Theoretical framework	-----15
• Object of the study	-----15
• Hypothesis development	-----16

CHAPTER # 02

LITERATURE REVIEW	-----17
--------------------------	---------

CHAPTER # 03

METHODOLOGY	-----35
• Sample	-----35
• Sources of Data	-----35
• Procedure	-----35
• Model	-----36
Organizational overview	-----39
• Muslim commercial bank	-----41

- Allied bank Limited----- 43

- Faysal Bank Limited-----45

- Askari Bank Limited-----46

CHAPTER # 04

RESULT AND analysis-----48

DISCUSSION-----64

CHAPTER #05

CONCLUSION -----65

RECOMMENDATION-----66

REFERENCES-----67

List of Table

Headings	Page no
Pakistan's Banking Sector can classify under the following categories	06
Top ten banks in Pakistan by their size of assets	20
Islamic banks share & deposit data	22
GDP, Exchange rates, taxes, import, export stock, prices of commodity and Inflation rates of 2011 and 2012	31
Yearly average inflation Rates of Pakistan from (2000-2011)	39
Muslim commercial banks analysis	48
Allied bank limited analysis	52
Faysal bank limited analysis	56
Askari Bank limited analysis	60

DEDICATION

“This thesis dedicated to our beloved parents, my brothers, respected teacher, and friends who help me, guided me, and always praying for my better future “