

**PRESENTED BY Fawad Ashraf
(MBA) ROLL NO. 299041-015)**

**BANKING SECTOR REFORMS IN PAKISTAN:
AN ANALYSIS OF THE UNFINISHED
AGENDA**

ABSTRACT

In an extension of the study on banking sector reforms in Pakistan, this secondary data-based research describes and analyzes the unfinished agenda and the future prospects of commercial banks in Pakistan.

Pakistan has made significant progress in implementing these reforms. It has achieved a more competitive market structure with the privatization of nationalized commercial banks and significant gains in the form of better supervision and regulation of banking institutions. Performance indicators have shown remarkable improvement. Further reforms in areas such as deposit insurance, e-

banking, risk management techniques, derivatives etc. are still being pursued by the SBP to achieve a more efficient and sound banking system. However, issues regarding supervision, compliance with policies and special treatment of politically backed individuals are still present. Trends of consumer, SME and agricultural financing, consolidation of small banks, supporting fiscal reforms and universal banking are expected to continue in the future.

Today, the reforms remain a work in progress despite being singularly revolutionary in their magnitude, truly home grown and world class in their substance. Stress should be given on good governance, communication of the action plan, diversification of sources of income of banks, foreign training of staff and a more integrated banking sector.

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