



Issues and Challenges Faced by Conventional Banks in Pakistan

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In the name of Allah, Most Gracious, Most Merciful

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ABSTRACT

Banking sector plays a vital role in economic growth of Pakistan. Government can use banks to increase investments and manage inflation and there are multiple things that it can do to control economy through banking sector of Pakistan. This research follows a descriptive approach and a sample size of twenty bank employees is set for the purpose of this research. Moreover, its a combination of qualitative and quantitative data and focuses over the challenges that banks are facing as a result of consumer financing, law and order situation and in general. This report does also gives an idea about how banks could meet these challenges. Moreover, this study also focuses over policies that are defined for banks by SBP and to what extent banks are actually implementing those policies and what are the impacts over banking sector for not following these policies diligently. Unfortunately, it is identified that policies and circulars of State Bank of Pakistan are not implemented in an efficient manner in most of the banks and it create multiple problems for banks such as security issues, loss of customer to foreign or other local commercial bank etc. Findings of this research tells that, bank staff not updated about the products, staff not present on desk to support customer on time, bank server down and employees involved in unlawful practices, are the most critical issues faced by conventional banks in Pakistan. However, during this study it has been identified that bank customers are also reluctant and dissatisfied when availing services and products of these local banks because of security threat due to branch location. Customers are also subject to frustration due to hidden charges by banks. Interestingly many of the problems are also faced by banks due to its staff members as well, such as, incompetent employees with no proper knowledge about the product, not following rules and regulations properly as defined by bank etc. Similarly, this study is very much influenced with the reports of State Bank of Pakistan and BMP (Banking Mohtasib Pakistan). Therefore, the scope of this research also defines the complaints by customer and how these complaints could be solved by banks in order to compete with foreign banks operating in Pakistan. Moreover, this research contributes to literature review since, the SBP policies are been defined previously but there proper following by banks places a question mark and this research critically analyses implementation of SBP policies.

TABLE OF CONTENTS

1. INTRODUCTION.....	1
1.1. Objective of the Study.....	1
1.2. Background.....	1
1.3. Scope And Limitations of this Research.....	2
1.4. Problem Statement.....	2
1.5. Research Question.....	3
1.6. Significance of the Study.....	3
1.7. Definitions.....	3
1.7.1. Consumer Financing.....	3
1.7.2. Law and Order Situation.....	4
2. LITERATURE REVIEW.....	5
2.1. Minimum Standards for Consumer Financing Activities.....	5
2.2. Challenges from Consumer Financing.....	7
2.3. Defining Consumer Finance.....	10
2.4. Customer Dealing.....	11
2.4.1. What is a Customer Dealing?.....	11
2.4.2. Background.....	11
2.4.3. Customer Dealing in Banking Sector.....	12
2.4.4. Types of Customers in Banks.....	13
2.5. Stress Due to Workload on Bank's Employees.....	14
2.6. Frequent Bank Robberies as in News.....	15
2.7. Relationship Between Political Instability and Private Investment.....	16
3. RESEARCH DESIGN AND METHODOLOGY.....	17
3.1. Research Design.....	17
3.2. Research Methodology.....	17
3.3. Instruments and Sampling.....	17
3.4. Treatment of the Data.....	17
4. PRESENTATION ANALYSIS AND FINDINGS.....	19
4.1. Growth of Consumer Financing in Pakistan.....	19
4.2. A Change in Banking Sector.....	23

4.3. Challenges Faced Due to Privatization of Commercial Banks.....	25
4.4. Decline and Revival in Some Segments of Consumer Financing.....	26
4.5. Issues Faced by Banks Due to Consumer Financing.....	28
4.5.1. Major Challenges to Banks.....	30
4.5.1.1. Observations on Service Culture in Commercial Banks.....	30
4.5.1.2. Analysis of Systematic Issues.....	31
4.6. Challenges to Banks Due to Poor Law and Order Situation.....	36
4.6.1. The Hidden Costs of a Robbery or Violent Incident.....	39
4.7. Further Findings of this Research.....	41
5. CRITICAL DEBATE.....	49
6. CONCLUSION.....	51
7. RECOMMENDATIONS.....	52
7.1. How Violent Activities or Bank Robberies can be Avoided in Pakistan?.....	52
7.1.1. Always Remain Committed.....	52
7.1.2. Always Keep Bank Staff Mentally and Physically Prepared to Face any Such Violent Incident.....	52
7.1.3. Proper Training and Supervision to All Bank Officials.....	53
7.1.4. Indulge in Continuous Monitoring and Reviewing Process.....	54
7.1.5. Outliving a Bank Robbery or Other Crime Activities.....	54
7.1.6. What Measures to Take After Bank Robbery or Other Crime Activities.....	54
7.2. Recommendation for Challenges Faced by Banks Due to Consumer Financing.....	55
7.3. Recommendation for Solving System Related Issues.....	55
8. BIBLIOGRAPHY.....	58
9. APPENDICES.....	60