

**BANKING PROFITABILITY AND INFLATION:
EMPIRICAL EVIDENCE FROM PAKISTAN.**



SUBMITTED BY

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Abstract

Pakistan has 31 banks in total, out of which, four banks are foreign banks and five are working in public sector, whereas; 22 are private local banks. Pakistani six-banks are doing the major share of business around the country. It is also associates that the six major banks have about fifty seven percent of deposits, whereas; fifty three percent advance economy. This study examines whether the standard variables in regard to profitability of banks alike such as Risk, Inflation, Cost, Liquidity, Bank size and Banking Sector Development can explain the variation in profitability of the banks. The current study answers all the areas and can provide a base for future research on profitability. To achieve the objective of current study, data of 15 banks for years 2005 to 2015 has been selected. Inflation is the major factor behind the increasing trend in Bank's profitability and envisage that it greatly impact the income of the Bank.

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