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*Capital Structure And Firm Performance: A Comparative Study Between  
Islamic Banks And Conventional Banks*



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## **ABSTRACT**

This study is conducted to identify the impact of capital structure on firm performance in Islamic and conventional banks of Pakistan. This study has considered optimum capital structure as an independent variable. Whereas, financial and non-financial performance are considered as dependent variables. In this research, the major emphasis was on proving the significant relationship amongst optimum capital structure and financial & non-financial performance of Islamic and conventional banks of Pakistan. To prove this relationship, a survey has been conducted through a structured questionnaire regarding this literature, in which employees associated with the Islamic and conventional banks of Pakistan have been requested to share their experiences regarding optimum capital structure and its impact on financial and non-financial performance within their banks. Then, to identify the results on data gathered through the responses by the respondents, statistical instruments have been used. Several statistical instruments used in this study includes descriptive frequencies, reliability, correlation, regression, ANOVA, and coefficients to conduct the analysis within this study. Results of the statistical instruments have shown that there is a significant impact of optimum capital structure on financial and non-financial performance of Islamic and conventional banks of Pakistan. Conclusively, it can be said that optimum capital structure has higher impact on financial and non-financial performance of Islamic banks in comparison to conventional banks of Pakistan.

**Key words:** Capital Structure, Optimum Capital Structure, Firm Performance, Financial Performance, Non-Financial Performance, etc.

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