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**“Corporate Social Responsibility and Operational Key Risk Indicators in Banking Sector”**

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## Abbreviations:

Return on Assets	ROA
Asset Management Efficiency	AME
Cash Position Ratio	CPR
Advances to Deposit Ratio	ADR
NPLs to Capital	NPL
Capital Adequacy Ratio	CAR
Operational Efficiency	OER
Loans Deposit Ratio	LDR
Corporate Social Responsibility	CSR
Micro Finance Banks	MFI
Development financial Institutes	DFI
Key Performance Indicator	KPI
Operational Risk Management	ORM
Social performance indicator	SPI
Operational key Risk Indicators	OKRI
Levin, Lin & Chu	L.L & C
PP - Fisher Chi-square	PP-F& Chi
In, Pesaran and Shin W-stat	Lm. P&S.W
ADF - Fisher Chi-square	ADF-F CHI SQ
R-Square	R-Sq
Adjusted R-Square	Adj. R-Sq
S.E. of regression	SE Reg
Sum squared resid	SSR
F-Statistic	F-St
Mean dependent var	MDV
S.D. dependent var	S.D Dep
Akaike info criterion	AKA CRI
Schwarz criterion	SCH CRI
Durbin-Watson stat	DW test
Panel Unit Root Test	PURT
Hausman-test	H-T

## **Abstracts**

In the modern Era the business is need to be sustainable, not only in financial terms but also ethically so that the customers/ clients remain loyal to the brand. For being sustainable companies were working on their goodwill, as good reputation will impact on the customer's loyalty. Loyal customer's results in better financial sustainability. To remain in the market for long run business need to invest for well-being of social sector in which the company is working. In this study the relationship between CSR and Long term Financial Performance is find out. Return on Asset ratio impact was been checked on asset management efficiency, cash position ratio, advances to deposit ratio, non-performing loans, capital adequacy ratio, operational efficiency, loan deposit ratio and corporate social responsibility. For the purpose of research the banks from Pakistan been used with time series of five years. The panel data is being used in four categories commercial banking, Islamic banking, DFI's and MFI's. As per the test of penal data there is a relationship of asset management efficiency, cash position ratio, advances to deposit ratio, capital adequacy ratio, operational efficiency, loan deposit ratio with ROA return on asset. But no relationship found with NPLs in all the four categories of data. Also in the banking sector the banks which used corporate social responsibly in their corporate governance structure have a positive impact on ROA. The CSR will have a positive impact on long term financial growth and strengthen the results of financial sustainability. This study contributes towards the new key risk indicators of banking sector. Further it will also support in that CSR have a positive impact over long term financial sustainability. The Results explains that Corporate Social Responsibility have a relationship with Return on assets in the long term, it improves the expense efficiency and deposit ratios which help in branding and customers loyalty. The CSR as a moderator effect the results in positive way for banks, Islamic banking, DFIs and MFIs. On the other side CSR can be gauge as key indicator for banking industry as a key risk indicator, as the equation is made for ROA. ROA had a positive relationship with LDR, CPR, AME ADR (Direct relationship) and with OER (Inverse relationship), while negative relationship with CAR ratio. As per data support NPL variable show no relationship with ROA if CSR is used as moderator.