

“Performance of Banking Industry and its effects on GDP- The case of Pakistan”



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“Department of Management Sciences”

“Bahria Institute of Management and Computer Sciences”

“Bahria University Islamabad”

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“No doubt Allah is the main source of knowledge and wisdom. It is a great blessing of Almighty Allah, that He enables me because of His Holy Prophet (peace is upon him) I am presenting my humble contribution for distribution of knowledge. I bow my head before Almighty Allah who gave me courage, knowledge and confidence and to carry on Project and enabled me to accomplish this Project and granted me with His Mercy, Blessing and help throughout the stages of this internship report.”

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Abstract

“The purpose of this research is to examine the relationship between bank-specific and macro-economic indicator over bank performance by using data of ten Pakistani banks including five conventional banks and five Islamic banks over the period 2010-2014. Dependent variable taken for this study is Return on assets, Return on Equity to measure the Banking Sector”

“Performance and independent variable taken for this study including specific factors (Size, Capital, Loan, Deposits, Expenses, Credit Risk and Liquidity) and macroeconomic factors (Gross Domestic Product, Foreign Direct investment and Inflation). This paper uses the correlation and regression method to investigate the impact of size, loans, capital, deposits, liquidity, credit risk, expenses, economic growth, inflation and foreign direct investment on major performance indicators. The empirical results have found strong evidence that both internal and external factors have a strong influence on the performance.”

“A result of study denotes that credit risk, expenses and inflation have indirect link with the bank performance, whereas size of bank, capital, deposit and loan have a significant positive relation with bank's performance and liquidity have insignificant positive relation with Performance of bank. This study reveals the positive insignificant relation between GDP and performance but significant relation between FDI and performance and indirect relation between inflation and profitability. The results of the study are of value to both academics and policy makers.”

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