

# **IMPACT OF BANK COMPETITION ON LIQUIDITY CREATION: EVIDENCE FROM THE BANKING SECTOR OF PAKISTAN**

**BY**

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### 1<sup>st</sup> Half Semester Progress Report

<b>Name of Student(s)</b>	Sara Hashim, Jewairiah Rashid, Khizran Khalid
<b>Enrolment No.</b>	02-112201-006, 02-112201-008, 02-112201-016
<b>Thesis/Project Title</b>	Impact of Bank Competition on Liquidity Creation: Evidence from the Banking Sector of Pakistan

#### Supervisor Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
1	04.09.2023	Sir's Cubicle	Topic for FYP	<i>Jaweria Sara</i>
2	18.09.2023	HOD Office	Contents of the report and discussion of each chapter in detail	<i>Jaweria Sara</i>
3	21.09.2023	Sir's Cubicle	Queries related to Chapters 1 and 2	<i>Jaweria Sara</i>
4	28.09.2023	Sir's Cubicle	Detailed discussion related to the first three chapters.	<i>Jaweria Sara</i>

Progress Satisfactory

Progress Unsatisfactory

Remarks: Student Progress is Satisfactory

\_\_\_\_\_

Signature of Supervisor: *Asad*

Date: 01-02-2024

Name of Supervisor: Asad Ali

**Note:** Students must attach 1<sup>st</sup> & 2<sup>nd</sup> half progress reports at the end of FYP spiral copies

## 2<sup>nd</sup> Half Semester Progress Report & Thesis Approval Statement

<b>Name of Student(s)</b>	Sara Hashim, Jewairiah Rashid, Khizran Khalid
<b>Enrolment No.</b>	02-112201-006, 02-112201-008, 02-112201-016
<b>Thesis/Project Title</b>	Impact of Bank Competition on Liquidity Creation: Evidence from the Banking Sector of Pakistan

### Supervisor Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
1	20.11.2023	Faculty Lounge	Discussion related to the remaining two chapters	<i>Jawaria Sara</i> (R)
2	22.11.2023	Sir's Cubicle	Ran the tests and discussed the interpretations	<i>Jawaria Sara</i> (R)
3	30.11.2023	Q-307	Discussed the correction of errors	<i>Jawaria Sara</i> (R)

# PROJECT APPROVAL STATEMENT

## APPROVAL FOR EXAMINATION

**Candidate's Name:** Sara Hashim

**Enrollment No.:** 02-112201-006

**Candidate's Name:** Jewairiah Rashid

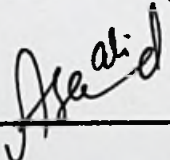
**Enrollment No.:** 02-112201-008

**Candidate's Name:** Khizran Khalid

**Enrollment No.:** 02-112201-016

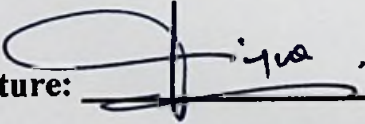
**Project Title:** *Impact of Bank Competition on Liquidity Creation: Evidence from the Banking Sector of Pakistan*

I certify that the above candidate's final year project (FYP) has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted a plagiarism test of this FYP using HEC-prescribed software and found a similarity index on page # vii within the permissible limit set by the HEC for the BS (A & F) FYP. I have also found the FYP in a format recognized by the Department of Management Sciences.

**Supervisor's Signature:** 

**Date:** 01-02-2024

**Supervisor's Name:** ASAD ALI

**HOD's Signature:** 

**Date:** 20-2-24

## DECLARATION OF AUTHENTICATION

At this moment, I declare that no portion of the work referred to in this project has been submitted in support of any application for another degree or qualification of this university or any other institution of learning.

**Student's Signature:**

1. *Janeira*

2. *Janeira*

3. *Br*

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## **ABSTRACT**

The study examines the impact of bank competition on liquidity creation and the mediating role of financial risk management. The simple regression technique is employed to test the hypotheses. The time series data is gathered from the financial statements of the conventional banks in Pakistan from 2004-2022. The Thomson Reuters financial data stream is used for data collection. The findings suggest that bank competition has a positive significant impact on liquidity creation in Pakistan. It means that the higher competition among conventional banks results in the liquidity creation. The more the banks compete, the more the banks create liquidity and boost economic growth. The findings of the study align with the competition stability theory. The State Bank of Pakistan must effectively use the monetary policy rate to control the amount of liquidity creation in the economy. The extremes of liquidity creation, either the highest or lowest, harm the bank's performance and raise the risks for the banks.

**Keywords:** Bank Competition, Liquidity Creation, Monetary Policy

**JEL CODE:** C22, G21, O47