

PERFORMANCE EVALUATION AND IMPACT OF ISLAMIC BANKING ON ECONOMIC DEVELOPMENT OF PAKISTAN

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A Project submitted to Department of Management Studies, Bahria Business School, Bahria University – Karachi Campus, in partial fulfillment of the requirement for BS A&F Degree



BS (ACCOUNTING & FINANCE)

FALL-2023

Bahria University Karachi Campus

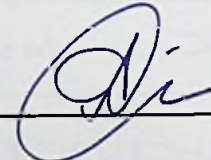
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I hereby certify that the above candidate's final year project (FYP) has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted a plagiarism test of this FYP using HEC-prescribed software and found a similarity index on page # vii that is 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.

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BS (Accounting & Finance)

Spring-2023

Bahria University, Karachi Campus

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2	25/Sept	Cubical	Discuss Introduction	(Signature)
3	7/Oct	Cubical	Discuss literature Review.	(Signature)
4	17/Oct	Cubical	Research Method	(Signature)

Progress Satisfactory

Progress Unsatisfactory

Remarks: _____

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Date: 12-December-2023

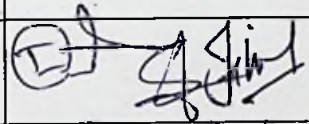
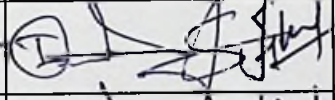
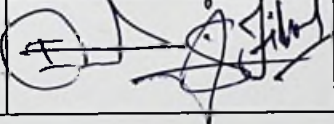
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Note: Students must attach 1st & 2nd half progress report at the end of FYP spiral copies.

2nd Half Semester Progress Report & Thesis Approval Statement

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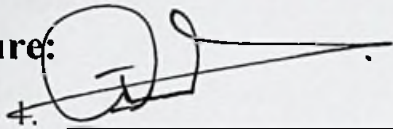
Supervisor Student Meeting Record

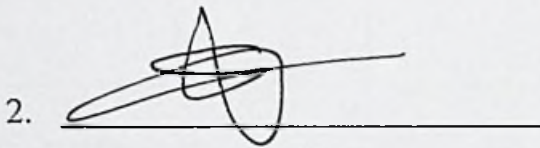
No.	Date	Place of Meeting	Topic Discussed	Signature of Student
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2	12/Nov	Virtual	Discussed discussion	
3	5/Dec	Virtual	Discussed conclusion	

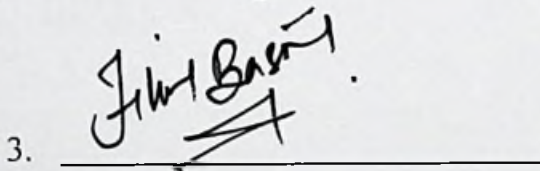
DECLARATION OF AUTHENTICATION

I, hereby, 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.

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1.  _____

2.  _____

3.  _____

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ABSTRACT

This research investigates the performance of Islamic banking in Pakistan, focusing on its contribution to economic growth and stability. Utilizing a comprehensive dataset spanning from 2005 to 2020, the study employs Ordinary Least Square (OLS) model to analyze the relationships between deposits, investment, financing, and economic growth. The findings reveal significant positive impacts of deposits on the economy. Moreover, the study underscores the positive role of Islamic banking in fostering financial inclusion and its resilience during economic downturns, as evidenced by its performance during the global financial crises.

The research contributes valuable insights for policymakers, financial experts, and regulators in evaluating the economic dynamics of the nation. As Islamic banking continues to grow in popularity, understanding its performance becomes crucial. Recommendations include refining performance measurement tools, fostering innovation in financial products, and addressing regulatory gaps to sustain the sector's growth. Policymakers are urged to incentivize financial inclusion, support Islamic microfinance organizations, and maintain a supportive regulatory environment. With ongoing efforts and collaboration, the study envisions a robust and sustainable Islamic banking sector that significantly contributes to Pakistan's economic prosperity.

Keywords: Islamic banking, economic growth, financial stability, deposits, financing, investing, performance evaluation, financial inclusion, Sharia-compliant finance.