

# **IMPACT OF FINTECH & MONETARY POLICY ON LIQUIDITY CREATION: EVIDENCE FROM PAKISTAN'S BANKING SECTOR**

**BY**

|                        |              |
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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)  
SPRING-2024  
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# PROJECT APPROVAL STATEMENT

## DECLARATION OF AUTHENTICATION

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**Project Title:** *Impact of Fintech and Monetary Policy on Liquidity Creation: Evidence from Pakistan's Banking Sector*

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:** 15/7/24

**Supervisor's Name:** ASAD ALI

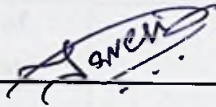
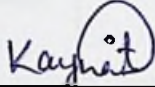
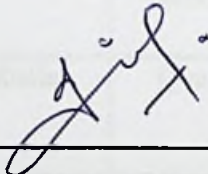
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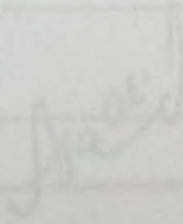
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| No. | Date | Place of Meeting | Topic Discussed | Signature of Student  |
|-----|------|------------------|-----------------|---|
| 1.  |      |                  |                 |    |
| 2.  |      |                  |                 |  |
| 3.  |      |                  |                 |  |
| 4.  |      |                  |                 |   |

Progress Satisfactory

Progress Unsatisfactory

Remarks: Student Progress is Satisfactory

Signature of Supervisor: 

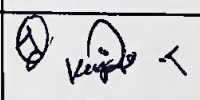
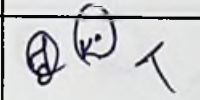
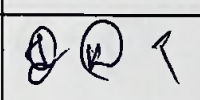
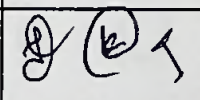
Date: 15/12/24

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

|                             |   |
|-----------------------------|---|
| <b>Name of Student(s)</b>   | Javeria Arshad, Tahreem Tanveer, Kaynat Imtiaz  |
| <b>Enrolment No.</b>        | 02-112202-026, 02-112202-042, 02-112202-012   |
| <b>Thesis/Project Title</b> | Impact of Fintech and Monetary Policy 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   | 13.02.2024 | Sir's Cubicle    | Topic for FYP   |   |
| 2   | 20.02.2024 | HOD Office       | Contents of the report and discussion of each chapter in detail |  |
| 3   | 27.02.2024 | Sir's Cubicle    | Queries related to Chapters 1 and 2                             |  |
| 4   | 05.03.2024 | Sir's Cubicle    | Detailed discussion related to the first three chapters.        |  |

Progress Satisfactory

Progress Unsatisfactory

Remarks: Student Progress is Satisfactory

Signature of Supervisor: 

Date: 15/7/24

Name of Supervisor: Asad Ali

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

|                             |  |
|-----------------------------|--|
| <b>Name of Student(s)</b>   | Javeria Arshad, Tahreem Tanveer, Kaynat Imtiaz   |
| <b>Enrolment No.</b>        | 02-112202-026, 02-112202-042, 02-112202-012  |
| <b>Thesis/Project Title</b> | Impact of Fintech and Monetary Policy on Liquidity Creation: Evidence from Pakistan's Banking Sector |

Supervisor Student Meeting Record

| No. | Date       | Place of Meeting | Topic Discussed                                  | Signature of Student |
|-----|------------|------------------|--|----------------------|
| 1   | 26.04.2024 | Faculty Lounge   | Discussion related to the remaining two chapters | A K T                |
| 2   | 30.04.2024 | Sir's Cubicle    | Ran the tests and discussed the interpretations  | A K T                |
| 3   | 07.05.2024 | Q-307            | Discussed the correction of errors               | A K T                |

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## ABSTRACT

The study examines the impact of FinTech and monetary policy on liquidity creation. 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 2004-2023. The index formation is used for data collection of FinTech. The findings suggest that FinTech has a positive significant impact on liquidity creation in Pakistan. It means that the higher FinTech among conventional banks results in the liquidity creation. The more the banks uses FinTech, the more the banks create liquidity and boost economic growth. The findings of the study align with the financial intermediation 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:** Liquidity Creation, Fin-Tech, Monetary Policy