

LIQUIDITY RISK MANAGEMENT IN BANKING SECTOR: AN EMPIRICAL STUDY OF KARACHI BASED 5 LEADING BANKS

BY

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A thesis presented to the Department of Management Sciences, Bahria University Karachi Campus, in partial fulfillment of the requirements of the MBA degree



FALL, 2016

Bahria University Karachi Campus

MBA Thesis

2nd Half-semester Progress Report & Thesis Approval

Supervisor-Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
5	15-7-2016	Faculty cubicle	Discussion of Literature Review.	<u>Farhan</u>
6	18-8-2016	Faculty cubicle	Discussion of Data Analysis	<u>Farhan</u>
7	25-9-2016	Faculty cubicle	Results & Recommendations	<u>Farhan</u>

APPROVAL FOR EXAMINATION

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Supervisor's Signature: Asma Date: _____

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AKNOWLEDGMENT

First of all I want to thank Almighty Allah for the strength given to me to complete this thesis/ project in given time. For this research study, I want to thank my supervisors and my teachers who believed in me for performing this research study. Their support and help throughout my research study assisted me in every step. Without their support, the research study would not have been possible. I also want to thank my friends and families who have been a huge source of continuous help and motivation, who helped me throughout my project with their full support.

Abstract

Purpose: This study is performed with an aim to analyze the impact of liquidity risk management on the financial and overall performance of the financial institutions focusing on the banking sector of Pakistan.

Research Methodology: This research thesis study is primarily is secondary in nature. In this research study secondary data is employed to perform the analysis and interpret the results. This research thesis study is explanatory in nature. In this research study independent variables are used to explain the dependent variable. The targeted population of the current research thesis study is the banking sector of Pakistan that is operating within the geography of Pakistan licensed under the central bank of Pakistan. In this research study probabilistic random sampling technique is employed that include the selection of the segment of the population based on certain pre defined benchmarks. The sample size of the current research thesis study is consisting of top five banks that are operating in Karachi with significant market share. In this study data is collected for the period of 10 years from 2007 to 2014. In this research study multivariate regression statistical technique is employed to analyze the impact of selected independent variables on the liquidity risk of the firm.

Findings of the Research: In this research study panel regression statistical technique is employed to analyze the impact of selected independent variables on the liquidity risk of the firm. It is evident from the study that there is a significant impact of investment to total assets ratio, banks size and return on equity ratio on the liquidity of the banking firms in Pakistan. It has further revealed that all the significant variables inversely determine the liquidity of the selected banks in the country while there is no significant impact of debt to equity ratio and gross advance to total assets on the liquidity of the listed banks in Pakistan.

Practical Implications: This research study has value findings to assist in improving the liquidity risk management practices in the banking sector of Pakistan

Keywords: Liquid Assets, Debt to equity ratio, liquid

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