

DETERMINANTS OF NON PERFORMING LOANS: A STUDY OF EMPLOYEE PERCEPTION IN THE BANKING SECTOR OF PAKISTAN

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of the MBA degree



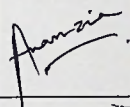
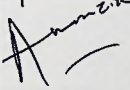
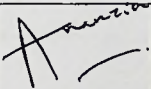
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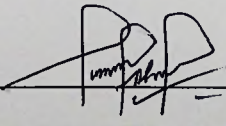
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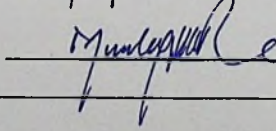
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ABSTRACT

Purpose: The purpose of this dissertation is to make critiques about the factors other than macro economics determinants in the public as well as private banking sector of Pakistan. Although many studies highlight macro economics factors owing to which the non performing loans are increased and vice versa. However, the social, political and managerial elements have grave effects on non performing loans. Hence, the key purpose of this study is to enlighten what effects NPLs in addition to macroeconomics determinants.

Methodology/ Sample: Using the non probability sampling method, 150 respondents have been selected from all banks connected with the loan business and operating in Karachi, Pakistan. All banks branches have been selected from Karachi as the metropolis is the hub of business and all banks operators are present here. A well-structured questionnaire used for data collection. Hard & Soft copies of has been used for gathering data from the respondents. Primary data has been collected using descriptive research methodology. Data has been integrated using SPSS statistical tools.

Findings: There is a significant relationship of Bank specific factors, Socio-Political factors and Weakness of banking sector with non performing loans as proved by the on sample t-test. The bank specific factors has a moderate direct correlation with non performing loans, political and social factors have a strong correlation with Non Performing loans, similarly weakness of borrowing sector have a strong direct correlation with non performing loans.

Practical Implications: The finding of this dissertation is equally significant for public, private and foreign banks of Pakistan. As, these institutions may get valuable insight from this research study and may improve their business by overcoming the highlighted shortcomings. The study highlights various shortcomings in the social, political, and managerial and also those factors attached with the key borrowing sectors which need attention of governmental executives and policy makers etc to improve the pointed out flaws from the institutions & society.

Key Words: Bank Specific Factors, Descriptive Statistics, Borrowing Sectors, Determinants, Non- Performing Loans, Cultural Factors.

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