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ACADEMIC PAPER

Impact of Covid-19 on the Banking Sector of Pakistan

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ABSTRACT

As it is seen that Pakistani banks are working continuously during the whole duration of covid-19 without any interruption, we have conducted this study to evaluate the performance of banks. We have explored in this study the impact of covid-19 on the Banking sector of Pakistan. By analysing banks' performance indicators, we have seen the trends of performance of top Pakistani banks. Ten banks are taken understudy, and six performance indicators such as Return on Assets, Return on Equity, Net income, Total deposits of banks, and Current ratios are examined in detail. The data is taken from the last quarter of 2019 and all four quarters of 2020. The data is collected from financial reports and other published sources. Comparisons have been made among each quarter of the banks which shows that we have to use the method of comparative analysis for this study. The results conclude that Pakistani banks are performing very well during the whole scenario of covid-19, where all other sectors of the economy have collapsed worldwide. Significant performances of the banks have supported the economy of Pakistan well. So, this study is helpful to the analysts, other researchers, and the decision-makers to banks to understand the trends and make their decisions accordingly.

KEYWORDS

Banks, Covid-19, Performance indicators, Return on Assets, Return on Equity, Deposits, Current Ratio, Financial reports, Comparative Analysis.

1. INTRODUCTION

In December 2019, the COVID-19 was out broken in China in Wuhan. It was officially declared a pandemic by WHO on March 11, 2020. The Government of Pakistan founded a committer named the National Coordination Committee (NCC) under the command of the Prime Minister of Pakistan to anticipate the severity. The motive of the committee is the policy decision making of the weak infrastructure of public health. The National Command and Operation Center (NCOC) and the NCC were formed to coordinate the national response of Covid-19.

In different times, the world faced other pandemics (Ferguson et al., 2020). Some major Pandemics are given in Table 1 historically. Due to viral diseases in animals, frequently pandemics occurred since

2000 and afterwards (Madhav et al., 2017). Garrett (2007); Keogh-Brown et al. (2008) and most recently Madhav et al. (2017) and Fan, Jamison, and Summers (2018) argue that there is the probability of global pandemic on a large scale. Ferguson et al. (2020) concluded that COVID-19 is the most severe case in the sense of pandemic after the Spanish flu. Barro (2020) Estimates that everything was less during the Spanish flu than COVID-19b impacts, such as only 36 days of public gathering restriction and closings of educational institutions. But the isolation consisted of 18 days.

TABLE 1 Pandemics and Epidemics History

Name	Time Period	Type/Pre-human host	Estimated Death Toll
Antonine Plague	165-180	Believed to be either smallpox or measles	5 million
Japanese smallpox epidemic	735-737	Variola major virus	1 million
Plague of Justinian	541-542	Yersinia pestis bacteria/rats, fleas	30 to 50 million
Black Death	1347-1351	Yersinia pestis bacteria/rats, fleas	200 million
New World Smallpox Outbreak	1520-onwards	Variola major virus	56 million
Great Plague of London	1665	Yersinia pestis bacteria/rats, fleas	100,000
Italian Plague	1629-1631	Yersinia pestis bacteria/rats, fleas	1 million
Cholera Pandemics 1-6	1817-1923	V. cholerae bacteria	1 million+
Third Plague	1885	Yersinia pestis bacteria/rats, fleas	12 million (China & India)
Yellow Fever	Late 1800s	Virus/Mosquitoes	100,000-150,000 (US)
Russian Flu	1889-1890	H2N2 (avian origin)	1 million
Spanish Flu	1918-1919	H1N1 virus/pigs	40 to 50 million
Asian Flu	1957-1958	H2N2 virus	1.1 million
Hong Kong Flu	1968-1970	H3N2 virus	1 million
HIV/AIDS	1981-present	Virus/chimpanzees	25 to 35 million
Swine Flu	2009-2010	H1N1 virus/pigs	200,000
SARS	2002-2003	Coronavirus/bats, civets	770
Ebola	2014-2016	Ebolavirus/ wild animals	11,000
MERS	2015-present	Corona virus/bats, camels	850

Source: World Economic Forum (2020)

In the short run, such kinds of pandemics severely impact economic activities. The impact ranges from Social distance are the reason for more minor purchases and consumption, small medical and hospitalisation costs, loss of production and labour, and more significant the indirect cost interruption in travelling and services. Many researchers have found out the impact of a pandemic on the economy. Jonung and Roeger (2006) Estimated that due to supply and demand factors, the GDP of the European Union would drop by 1.6 per cent. Barro (2020) Estimates the percentage of death rates during the Spanish pandemic, 2.1 in 1918-1920. Another author found that the 6% decrease in GDP due to the 2.1% death rate decreases private consumption.

In this critical time of social and emotional distress, social media plays a vital role in keeping people updated and occupied, quarantined and homebound. If social media were not present, the youth would have been more stressed while being at home and leaving the busy lives they used to live. Covid-19 worst impacts as a pandemic were predicted by some economists a few years ago. Millions of infected and deaths have been occurred till now. The IMF and World Bank suffered losses as they contacted the global economy by 4.4% and 5.2%, respectively.

Three reasons highlight systematic risk in the banking sector:

i) The access to the capital market is reduced, and the liquidity risk occurred due to the slow economic growth.

ii) Low-interest rates on loans by the government and their regulatory policies cause the loss in intermediation income. However, these measures reduce the default risk and avoidable NPLs significantly increasing. (Ari, Chen, & Ratnovski, 2020).

iii) Financial operations and funds for the financial institution are adversely affected by the strict reduction in intermediation business.

The capital market is becoming significantly unstable due to the negative impact of COVID-19. It is not sure when but these impacts are expected to be continued till the spread of the virus. Global banking M&A outlook 2020 reported that including profitability and valuation all over the banking sector is affected by covid-19.

The primary aspects of being considered are that the information for updating must be integrated with risk parameters. This forward-looking information needs to be carefully analysed given strange covid-19. Default rates must be updated, which requires acquiring any waivers fixed by the system associated with only provisional phenomena of1expiry 1of 1the 1creditworthiness. Recovery rates must be updated on the appropriate time scale to get positive effects. Long term maturities could introduce credit recovery policies from the agreements of differed payments. Incentives for disposals mitigate the risk by aiming for government to take corrective action.

Various European banks in recent years have settled critical operations of disposal for impaired loans, contributing to a majorfall of NPL ratio. The relationship between bank and customer is explained as a “positive discontinuity” as in the Covid-19 scenario, banks' purpose is to digitise themselves and offer the best customer experiences. Strategic priority control controls must be encouraged to adopt by the Banks. However, it is a complex phenomenon as the banks demonstrates1real 1proximity 1with 1their 1customers. There occurred high volatility and instability in the capital market worldwide as the outbreak of COVID-19. As the valuation of banks dropped worldwide, the financial sector suffered a significant loss. Europeans and Asian banks are currently trading on discount levels, while North American banks are still trading at P/NAV with an average of 1.15 x on a regional level.

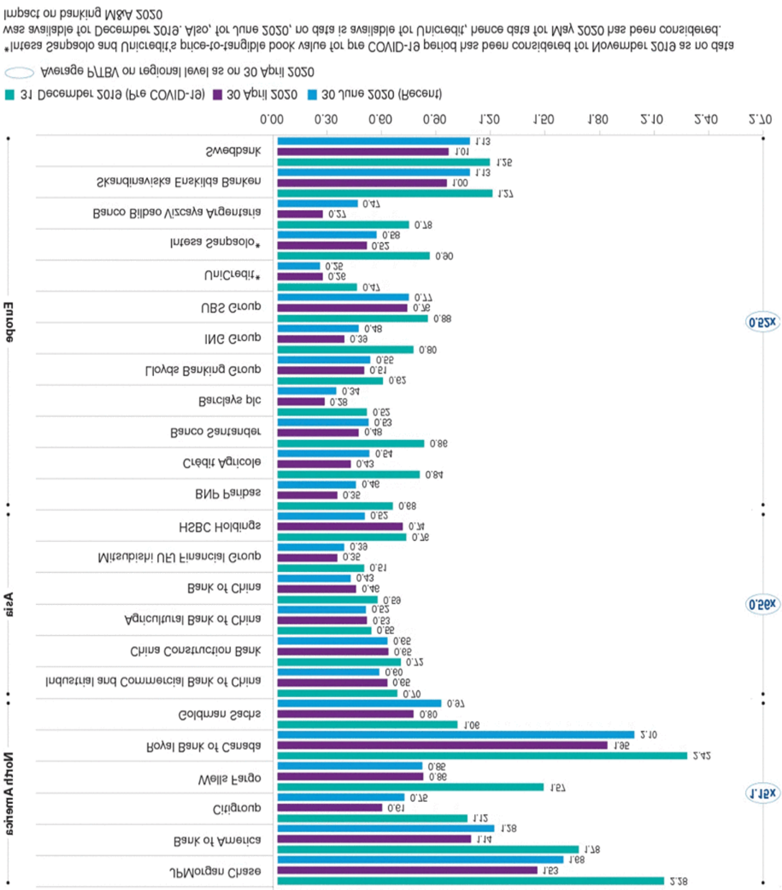

FIGURE 1 Average P/BV on a regional level

Covid-19 also affected the banking stocks. From 101 1 December 12019 1to 130 1 April 12020, nearly all banks faced a price fall in mid-March. 1European 1banks faced a massive decline of 40.18%, which show the adverse impact on the Euro STOXX banks index.

TABLE 2 Banking Measures Adopted by Countries

		Government Credit Guarantees Plan	Moratoriums		Additional Measures for Firms	Additional Measures for Households	Measures for Banks		
		Over GDP	Over Total Credit Portfolio	Type			Credit Loss Provisions Special Treatment	Capital Reliefs	Liquidity Reliefs
Europe	France	14%	n.a.	Mandatory	√	√	√	√	√
	Germany	25%	n.a.	Mandatory	√	√	√	√	√
	Italy	31%	23%	Mandatory	√	√	√	√	√
	Spain	11%	5%	Mandatory	√	√	√	√	√
Other Developed Countries	UK	15%	na	Mandatory	√	√	√	√	√
	US	3%	5%	Mandatory	√	√	√	√	√
Emerging Countries	Brazil	1%	22%	Mandatory	√	√	√	√	√
	Colombia	5%	43%	Mandatory	√	√	√	×	×
	Mexico	0,0%	19,5%	Optional	×	×	√	√	√
	Argentina	0,4%	n.a.	Mandatory	√	√	√	×	√
	Peru	9%	29%	Optional	√	√	√	×	×

TABLE 3 Impact on the banking sector

	POSITIVE	NEGATIVE	CHALLENGES
Monetary policy	Low financial tensions and help financial stability	Lower for longer interest rates: pressure on banking revenues	Scale-down of unconventional measures
Credit guarantee and moratoriums	Burden-sharing. Moderation of dramatic increase in bank losses	Lack of visibility around borrower's' financial health	Execution of guarantees / phase out of support measures. Support to zombie firms. Credit crunch when lifted
Regulatory framework	Mitigate financial impacts and alleviate operational burden. Regulation flexibility	Lack of transparency; Difficult balance between financial stability and regulatory forbearance	Financial stability implications; Too early temporary prudential treatment withdrawal?

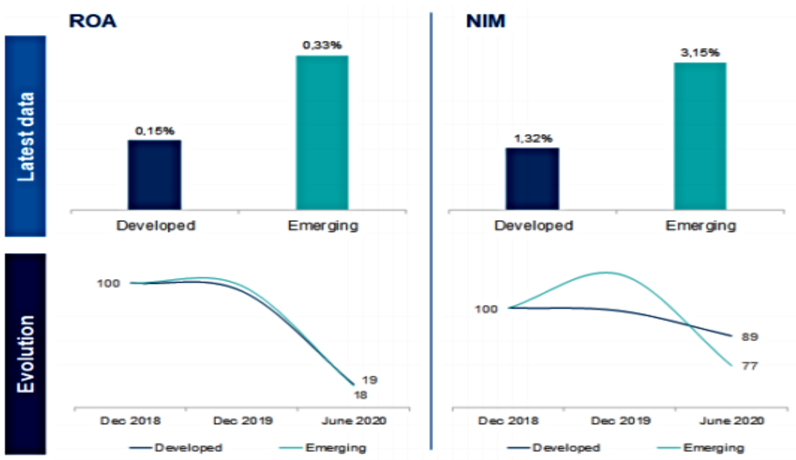

FIGURE 2 Profitability
Source: BBVA Research based on Bank scope

Developed: Spain, France, Germany, Italy, US and UK. Emerging: Colombia, Mexico, Peru, Turkey and Brazil. 5 largest banks in each country on a consolidated basis

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Profitability measures are much higher in EM; NIM, ROA, and other profitability ratios (risk-adjusted NIM, ROE and pre-provision income / ATAs) are 2-4 times higher in emerging countries. Among DM, Spain and USA show higher earnings capacity in 1H20 banks in DM anticipated loan-loss provisions more than in EM. The reduction in profitability was more substantial in EM.

Asset quality: no signs of deterioration so far but NPLs will rise:

FIGURE 3 Asset quality
Source: BBVA Research based on Bank scope

In DM, Italy has the highest ratio, although falling since 2018. In EM, Brazil fares worse than other countries, showing a higher NPL ratio and lower coverage. In DM, CoR and Loan-loss provisions / pre-provision income ratios have increased three times faster than in EM. NPL coverage has improved in all countries and is above 100% in most EM.

Solvency indicators remain comfortable:

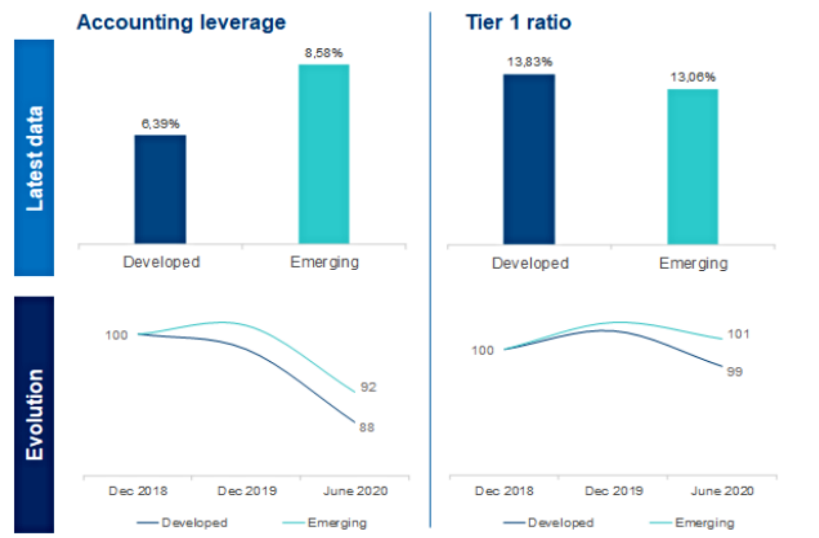

FIGURE 4 Solvency
Source: BBVA Research based on Bank scope

So far, stability in regulatory ratios accounting leverage has increased across the board. EM typically has more equity and higher RWA density, leading to similar regulatory capital ratios. All countries have reduced their RWAs in response to the crisis (strategy or forbearance, or both)

Liquidity: Not an issue, but cash is hoarded:

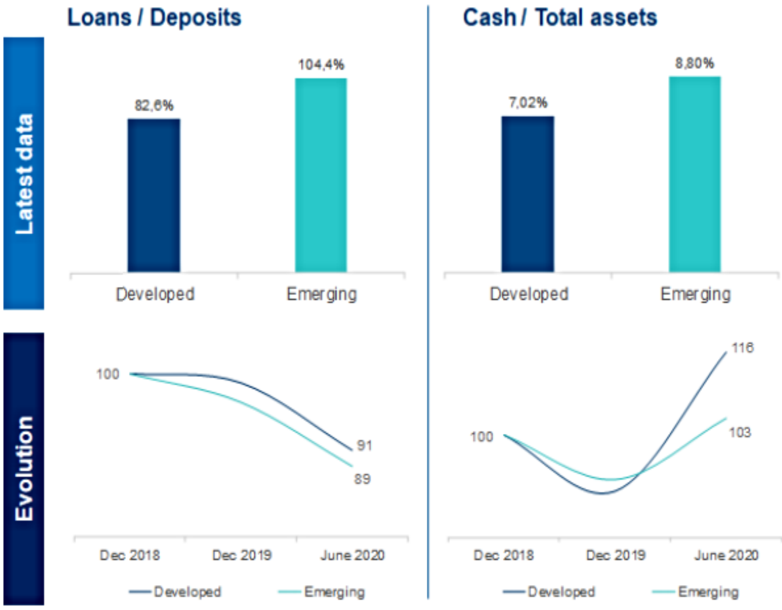

FIGURE 5 Liquidity
Source: BBVA Research based on Bank scope

In Pakistan, the impact of covid-19 is not as much worse than in other countries, which means that results are not uniform. If we have an eye on the effect, we can see 0.4% GDP growth which is significantly negative for the first time since 1952. Only the Banking sector in Pakistan is fortunate enough to be as much affected as all other sectors. The performance of banks is well enough to continue their operation successfully and manage their income and return high. Mid-Year Performance Review MPR reported by the SBP for the banking sectors reveals that banks of Pakistan are operating well, and their performance is well. Even though the banking sector observed an expansion of 7.8% in an environment where covid-19 depressing economy of all over the world. The MPR report stated that SBP policies help the banks protect capital, increasing the ability to absorb the loss and lend. This results in policies introduced by the banks to increase profitability and flexibility. The NPL ratio improved from 8.6% to 9.7% at the end of June 2020.

Moreover, the MPR report added that net 1NPLs measure credit risk over loans ratio marginally increased from 1.7% to 1.9%. Profitability spotted to be improved as it is jumped by 52% on a year-on-year basis. Higher-income, increase in non-income interest, and interest expense has relatively made this improvement. The banking sector seems to be wealthy in this pandemic because of this better profitability. Moreover, there is an increase in capital adequacy ratio from 17% on Dec 19 to 18.7 in June 2020.

The Final analyst states that there are two reasons mainly behind the consistently good performance of the banking sector. In the first case, the implementation of smart lockdown by the government produced good results. At the same time, other countries in this comparison faced more Covid spread and deaths tolls—secondly, the announcement of a relief package by the PM of Pakistan at a righteous time. According to Samiullah Tariq, a financial analyst, the instructions are given by the state bank of Pakistan enable the package to banks that defer the private sector a loan worth 658 billion. Moreover, Rs 216 billion loans were restructured by them. Furthermore, Samiullah stated that the banks' recovery of loans would emerge after June. When the exact amount of NPLs will appear in the financial statements.

Conversely, more than 80% of private sectors that borrow the loan are in a good position now by recovering their losses incurred due to the impacts of the first wase of covid-19. There is an unlikely significant rise in the NPLs. Also, Samiullah stated that governments control the investment portfolio of half of the banks. State bank of Pakistan reduced the policy rate from 12.5% to 7% because of a significant low return on such investments in the last eight months. Most of the banks showed strong growth in the first three-quarters of CY20, but it is observed that there was a slight decline in the profitability last quarter of that year and the first quarter of 2021. He suggested that borrowers get some relief as the banks must reduce the interest rate, further affecting their profitability. As the financial sector is more strengthen with each day of this scenario, the SBP expressed in Monetary Policy Statement that they are confident about this situation for enhancing that the 1st quarter of the fiscal year 2021 is generating more surplus than the first quarter of the last five years. In October, the surplus reached $1.5 billion in the first four months of FY2021, and the deficit is the same as it was in the last year, which was $1.4 billion. Trade balance and remittance supported this span of positive turnaround. In trade, $2 Billion were recovered in September, October and November. The recovery mainly occurred from rice, chemicals, cement, textile, and pharmaceuticals. Strong growth remittances are 26.5% from July-October. These improvements happened from the measures taken by the State Bank of Pakistan and the government of Pakistan, conditions of exchange rates, travelling restrictions, and formal channels to be in more use.

1.1. Objective

To make a comparative analysis of the banking performance of different Pakistani Banks during the period of Covid-19.

1.2. Research Question

What is the comparative analysis performance of Pakistani Banks during Covid-19?

2. LITERATURE REVIEW

This special issue covers various topics, including the influence of COVID-19 on financial markets, the economic impact of COVID-19, the effects of COVID-19 on tourism, and the effect of COVID-19 on trade and GDP growth. Our research focuses on the power of Covid-19 on the Pakistani banking sector and the global banking sector. Many researchers studied the impact of covid-19 on the adverse effects on the financial and economic systems in the last six months. In this context, this special issue illustrates some of the negative repercussions of the COVID-19 epidemic and proposes ideas for further exploration. First, evaluating the persistence of critical macroeconomic indicators due to the current pandemic or another shock would be necessary from a policy standpoint for any country (Sharma, Rath, & Devpura, 2021). As a result, the step-by-step technique for evaluating constancy established by Narayan, Phan, and Liu (2021) that interest rate, GDP, and commodities prices are used as economic variables. Moreover, stock returns are not only the study's variable but also some other like investment, market capitalisation, company value, business cycles are the financial and economic variables of interest in the middle of a pandemic scenario.

A prior study concluded that Pakistani financial banks are performing well and efficiently supporting the country's financial sector. They studied the effect of covid-19 on some of the performance indicators of Pakistani banks. The study results illustrated that the ratio of cost of income in the case of all the banks of Pakistan surpasses the benchmark that is CI< 40%. It means that from 2014 to 2019, the industry average is more than 54%. Moreover, the problems that the banking sector will potentially face are prominent during this study period. Bank's management usually focuses on the efficiency of cost, and it is an essential feature of the internal control of banks. Banks must administer the price, efficiently limiting the operating expenses appropriately, so these problems must be intended to deliver more effectively in the long run.

Studied the socioeconomic impacts of covid-19 on the savings and consumption per capita while evaluating the actions taken by the government. If there were no government safety measures, the virus would cause more harm to the economy. Moreover, the government gave subsidies in the sense of Federal CARES and unemployment insurance which reduced the length of the crisis.

Moeen et al. (2021) Contribute to understanding the economic impacts of COVID-19 in a mid-level developing country and the effectiveness of policy responses. Carlsson-Szlezak, Reeves, and Swartz (2020) Explained the impact of Covid-19 on the international economy. Covid-19 currently has tremendous disruptive potential in financial markets, and those dangers are genuine. Variations in asset prices highlight the substantial uncertainty surrounding this disease, and history warns us against constructing a direct connection between financial market sell-offs and real-economy downturns. The economic sectors, particularly banks, are likely to play a critical role in cushioning the shock by providing much-needed capital. (Steffen & Acharya, 2020).

Demirgüç-Kunt, Pedraza, and Ruiz Ortega (2020) Revealed that the adverse effects of the COVID-19 shock on banks were far more significant and long-lasting than that on corporations and other non-bank financial institutions, reflecting the assumption that banks will absorb at least a portion of the shock to the business sector. Furthermore, bigger banks, public banks, and, to a lesser extent, better-funded institutions had higher drops in stock values, indicating their expected role in dealing with the crisis. Banks with smaller pre-crisis liquidity and oil sector exposure faced more significant losses in returns, reflecting their increased sensitivity to such a shock.

COVID-19 experience has demonstrated that during infectious diseases, medium-to-small businesses require special credit lines, lower interest rates on loans, postponed repayments, and the construction of long-term credit systems. To strengthen intelligent risk control systems, digital transformation must occur at a quicker rate (Wu & Olson, 2020). The potential COVID-19 contagion impact in the financial systems of eight of the most impacted countries: Canada, China, France, Germany, Italy, Spain, the United Kingdom, and the United States.

Wu and Olson (2020) studied that the baking sector needs to support small-medium enterprises. Banks must reduce interest rates, give credit lines, and establish a long-term credit system. Banks provide the facilities o with repayments for medium to small enterprises as the policies of the banking sector save the banking sector from the covid crisis. So, the banking sector has a vital role for the small and medium enterprises to uplift from the situation and make them grow to support the economy. In this way, banking takes part directly and indirectly to support a country's economy. Controlling the risk must be improved and grow faster than before. So that digital transformation is required to be faster and improved.

Demirgüç-Kunt et al. (2020) massively studied the banks of 53 countries. Their study mainly focuses on the banks' balance sheets and daily stock process. The information related to the balance sheet and the everyday stock prices during the covid-19 is the primary concern. The study is contributed in two ways. Firstly, they explore the impact of covid19 on the banking sector, and secondly, they have studied the comparison among banks and corporations which of them are more impacted by covid-19. Different characteristics of banks are taken under observation. The study results show that corporate is highly affected by the covid-19, and the shocks of covid-19 worsen corporate conditions. These effects are long-lasting with corporate.

Moreover, the baking sector is adversely impacted by the covid-19. It is expected that the banking sector has more tendency to absorb shocks than corporate. The stock r3eturns of larger banks, more capitalised banks, and public banks are experiencing a considerable decrease. In this crisis, the banking sector is dealing efficiently with a highly anticipated role.

2.1. Theoretical Framework

A theoretical framework explains the variables of the study.

2.2. Model

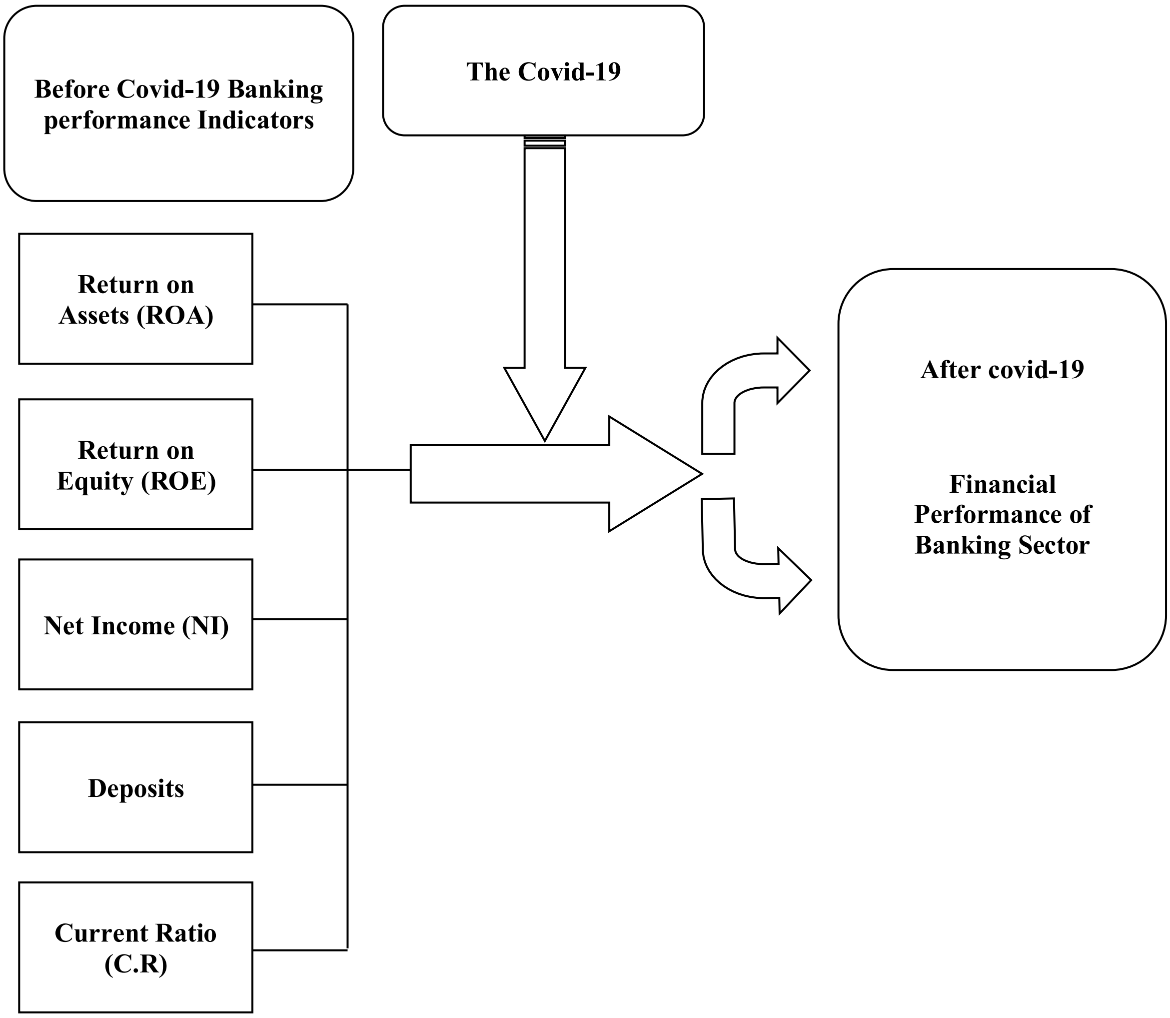

FIGURE 6 Conceptual framework

2.3. Global Network

Today, social media has become a powerful tool to gather people in a single place. Mark Zuckerberg invented a new way to connect people of the world in a single place through Facebook application in 2004. Social media is used by people of all ages (Ortiz-Ospina, 2019). In this pandemic situation, social media is the most powerful thing to spread awareness to tackle this disease by keeping social distance those main concerning instructions by all the governments in the world. The increase of circulating news and trends have shown the statistics of the situation give direction to people to do what is to do next. Today one of the crucial things is that the online application mainly updates people, and they search preferably online rather than sitting in front of TV and radios etc. if we talk about Covid-19, it is mandatory to say that social media is the best source of spread awareness and any new thing that people get to adopt the change. This time is said to be the magic moment (Brands & Gavin, 2020), "for social media as all the activities are cancelled and everyone is bound to stay at home, and many videos like pandemic are being circulated the social media those describe the pandemic situation misleadingly and dramatically". It is difficult for any authority to make people adopt social distancing on a more significant level. In this situation, the role models, actors, advertisements, athletes, and motivational speakers make people believe that self-precautions by wearing masks, social distancing, avoiding unnecessary gathering, and going outside should be left. There are benefits of social media; there are some wrong prospects of social media as it is also a significant source of misinformation. Previously, we saw a lot of false news spread without any research that might be problematic (Di Lorito et al., 2021).

In a report in which Statistics explains users, social apps have increased as Twitter users increased by 12 million and his activity of Facebook also increased. These elements have played their part in right and wrong information during the crisis. "To practice social distancing, social media is playing its part efficiently as the role of social media cannot be ignored in this situation" (Hussain, 2020). The adverse effect of the COVID pandemic turned the world on the path of recession. The long term US government bonds are falling with a sharp spike in the assessment of safe assets. The records are negative 116 basis points. It means that investors pay for US government debt, resulting in higher risk in the mechanical recession model.

Firstly, obtain these risk assets in places with inconsistent impacts of COVID-19. Credit markets are not affected by financing problems with a slight increase in credit spreads. Equity fallout in recent times, but it is elevated still in longer-term history.

Second, as the financial markets are recession indicators, the integration of bear markets and recession does not automatically happen. But consequently, one bear market in actuality among every three such markets is non-recessionary. The financial markets have real risk and are potentially significant to the Covid-19. However, the disparity in asset valuations emphasises the considerable improbability contiguous this epidemic with record vigilance us besides depicting a straight line between the real economy and financial market sell-offs. However, according to some observes, significant issuance is seen in corporate risk. The economic indicators which are most affected are used to understand the adverse negative impact of Covid-19. Results found from previous studies, explained three perspectives of impacts as follow:

The direct impact associated with social distancing and less turn out of consumers leads to the reduction in the consumption of goods that holds the economic prospects in the long term. The indirect impact relates to the real economy affected by the financial markets. The supply-side disruptions led to unemployment, labour demand, and a negative effect on the supply chain as the production stopped due to COVID-19. In particular, Baldwin and Tomiura (2020)explained that economic agents keep waiting to see the conditions of economic incline because there is less confidence in the market.

Baldwin and Tomiura (2020) explained that the flow of income regarding the economy is impacted by COVID-19. Firstly, the reduction of savings and consumption of households does not get paid. Second, the imports are decreased because of less demand by the households. The whole world faces generating less income. Third, the disturbance in managing the supply chain of global and domestic affected by the distress in supply and demand.

Prior research introduced 'shock geometry' to describe aftershocks recovery. He mentioned three recoveries of economic scenario in ascending order.

First, a V-shaped label is introduced, a promising path for the output to quick recovery to pre-crisis.

Second, 'U-shaped' path in which output does not come again to the pre-crisis course but drops rapidly.

Third, L-shaped 'in which the gap between the old and new output paths broaden and growth rates decline.

Notably, a prior study explained economies in recent times after different pandemics (like Spanish influenza in 1918, Asian and Hong Kong Influenza in 1958 and 1968, respectively, SARS 2002) were recovered in V-shaped. At the same time, economic recovery in Covid-19 is predicted to be straightforward. The main reason the social distancing affected the employment is more extensive than was expected. According to Gourinchas (2020) said that 50% in a short period cannot find any work. Furthermore, the recession would happen anyway, no matter what measures are taken to control the situation (Gourinchas, 2020).

Table 2 Provides an overview of the loss in GDP of given countries in different scenarios. It shows the percentage change in GDP of 2020 from a baseline.

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TABLE 4 Regional GDP loss

Country/Region	S01	S02	S03	S04	S05	S06	S07
Australia	-0.3	0.4	-0.7	-2.1	-4.6	-7.9	-2.0
Brazil	-0.3	-0.3	-0.5	-2.1	-4.7	-8.0	-1.9
China	-0.4	-1.9	-6.0	-1.6	-3.6	-6.2	-2.2
India	-0.2	-0.2	-0.4	-1.4	-3.1	-5.3	-1.3
Rest of euro area	-0.2	-0.2	-0.4	-2.1	-4.8	-8.4	-1.9
France	-0.2	-0.3	-0.3	-2.0	-4.6	-8.0	-1.5
Germany	-0.2	-0.3	-0.5	-2.2	-5.0	-8.7	-1.7
South Africa	-0.2	-0.2	-0.4	-1.8	-4.0	-7.0	-1.5
Italy	-0.2	-0.3	-0.4	-2.1	-4.8	-8.3	-2.2
Japan	-0.3	-0.4	-0.5	-2.5	-5.7	-9.9	-2.0
United Kingdom	-0.2	-0.2	-0.3	-1.5	-3.5	-6.0	-1.2
Rest of World	-0.2	-0.2	-0.3	-1.5	-3.5	-5.9	-1.5
Mexico	-0.1	-0.1	-0.1	-0.9	-2.2	-3.8	-0.9
Canada	-0.2	-0.2	-0.4	-1.8	-4.1	-7.1	-1.6
Rest of OECD	-0.3	-0.3	-0.5	-2.0	-4.4	-7.7	-1.8
Rest of oil-producing countries	-0.2	-0.2	-0.4	-1.4	-3.2	-5.5	-1.3
Argentina	-0.2	-0.3	-0.5	-1.6	-3.5	-6.0	-1.2
Russia	-0.2	-0.3	-0.5 -	-2.0 -	-4.6	-8.0	-1.9
Saudi Arabia	-0.2	-0.2	-0.3	-0.7	-1.4	-2.4	-1.3
Turkey	-0.1	-0.2	-0.2	-1.4	-3.2	-5.5	-1.2
United States	-0.1	-0.1	-0.2	-2.0	-4.8	-8.4	-1.5
Other Asia	-0.1	-0.2	-0.4	-1.6	-3.6	-6.3	-1.5
Indonesia	-0.2	-0.2	-0.3	-1.3	-2.8	-4.7	-1.3

Source: Table 10 in McKibbin and Fernando (2021).

There is some crucial short term and long term policy responses as the virus continue to spread; the central banks and other financial institutions should support running the economies in the short time. Outlined hygiene practices state that a highly effective response with a low cost can reduce infection, which results in economic and social costs. The figure below shows that the base-case scenario tells that global economic growth in the first half of 2020 declines sharply and gradually recovers in the other half.

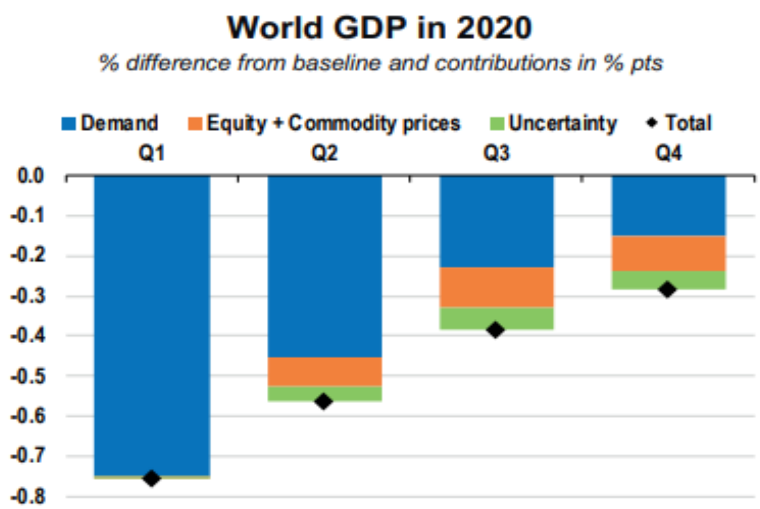

FIGURE 7 World GDP- Contained Outbreak Scenario
Source: OECD calculations using the NiGEM global macroeconomic model.

According to this model, domestic demand will fall by 4% in China and Hong Kong in the quarter of 2020. In the second quarter, it declined by 2% and global equity and prices of non-food items reduced by 10% in the first half of 2020. Ten bps raise the investment risk all over the world. In 2021 it was assumed that all shocks would disappear.

2.4. World GDP Downsize Scenario

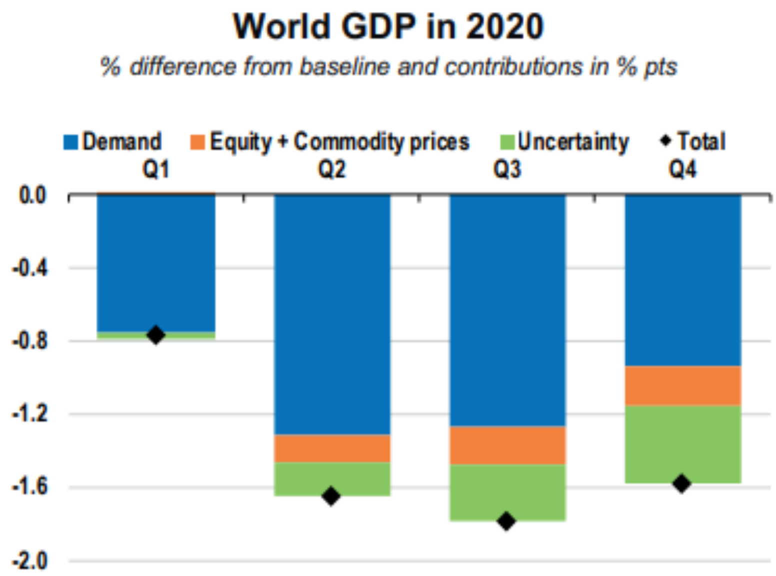

FIGURE 8 World GDP Downsize Scenario
Source: OECD calculations using the NiGEM global macroeconomic model (2021)

According to this model, domestic demand will fall by 4% in China and Hong Kong in the quarter of 2020. In the second quarter, it declined by 2% and global equity and prices of non-food items reduced by 20% in the first half of 2020. 50 bps raise the investment risk all over the world. In 2021 it was assumed that all shocks would disappear.

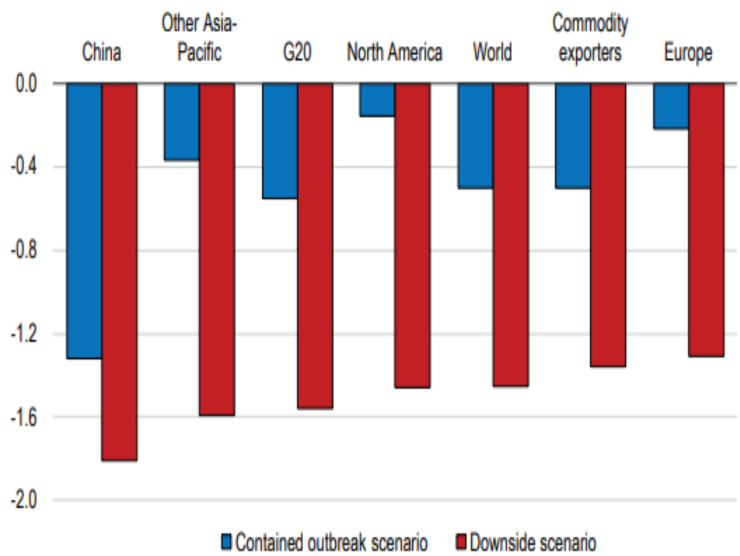

FIGURE 9 Adverse impact on growth across regions Change in GDP growth in 2020 relative to baseline (percentage points)
Source: OECD calculations using the NiGEM global macroeconomic model.

Due to higher uncertainty, low demand and prices of commodities and equity are low. There is a downsized scenario in China centred outbreak cause which spread all over the Asia-Pacific region, Europe and North America.

If we talk about impacts on trade, the following points are necessary to consider.The first thing is that historically, the low economic nations are highly affected by the pandemics caused by post-wars. The covid-19 effect is different from all the previous pandemics.

The most affected nations contribute exports of manufacturing goods about 50% of the world. GDP of the world by 55%

TABLE 5 Large economies and COVID-19

	GDP	Manufacturing	Exports	Manufactured exports	COVID-19 cases
US	24%	16%	8%	8%	0.1%
China	16%	29%	13%	18%	85.2%
Japan	6%	8%	4%	5%	0.3%
Germany	5%	6%	8%	10%	0.2%
UK	3%	2%	2%	3%	0.1%
France	3%	2%	3%	4%	0.2%
India	3%	3%	2%	2%	0.0%
Italy	2%	2%	3%	3%	2.7%
Brazil	2%	1%	1%	1%	0.0%
Canada	2%	0%	2%	2%	

Sources: World Bank's World Databank, WHO.int.

Secondly, the trade will be slowed down if Covid-19 decreases the aggregate demand. In 2008-9, the world faced a massive decline in trade, which was a rapid decline than worldwide growth.

The great depression of 1930 was severe; however, the COVID-19 pandemic seems to be the more serious global crisis. The world faces declining economic growth, trade restrictions, the crash of financial markets, and freezing the monetary system. A huge blow is the fall of demand and supply in the current pandemic. World Bank Group (2020) projected the decline in GDP according to pandemic causes given in the Figure below.

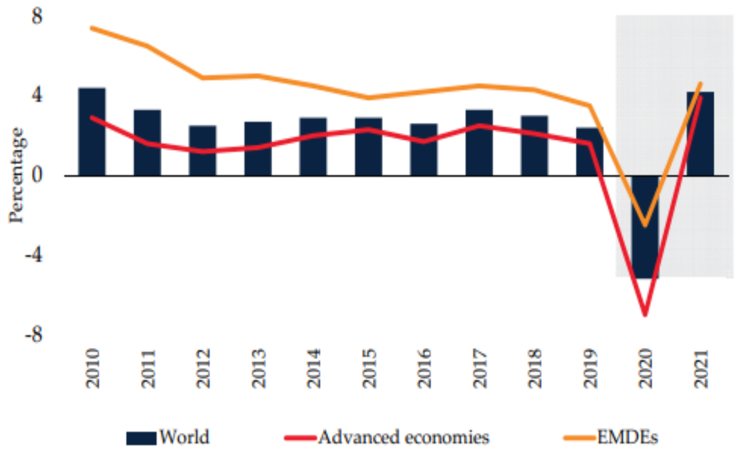

FIGURE 10 Trends in Global GDP growth

This Figure shows the GDP of emerging and developing economies.

It is projected that highly developed economies shrank by 7%. 2.5% declined in the developing and emerging economies. Likewise, international trade is reduced as expected by 13%, which is worse than Second World War.

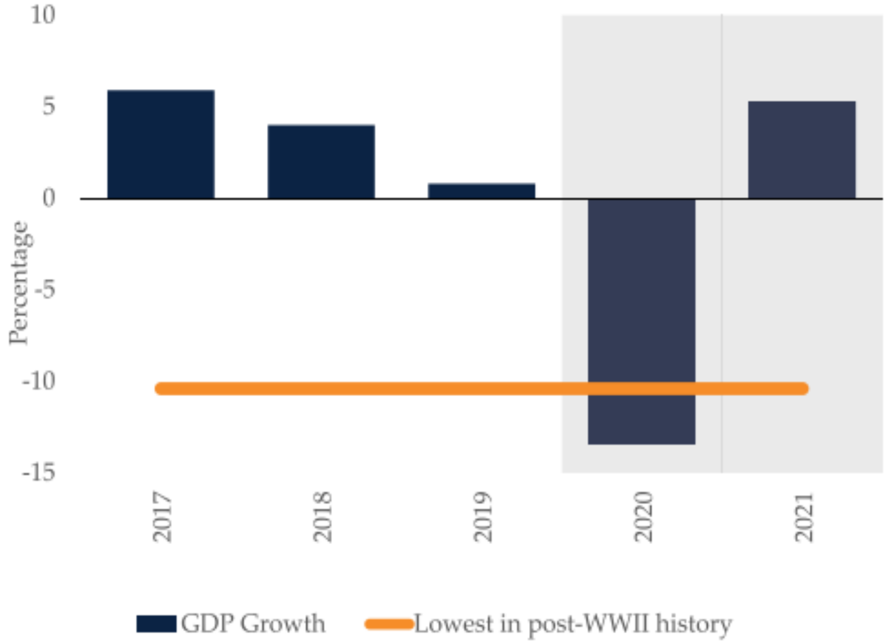

FIGURE 11 Decline in Global GDP growth

Manufacturing production in countries such as Italy, the US, China, Japan, Germany, Korea, Italy, Japan, the US, and Germany is connected. The supply chain is stopped due to the Pandemic. International trade is shrinking because of the low shipment of containers (Figure 6).

FIGURE 12 Shrinking of global trade

3. RESEARCH METHODOLOGY

3.1. Introduction:

This study examines the effect of Covid-19 on the performance of Pakistani Banks. This chapter describes the population, the sources of data and research design. We also study the detailed discussion about the data analysis method. The research methodology is the process to solve the research problem. The problems are solved by assembling, evaluating, and collecting the data. The tools in this study are used in specific research to gather relevant information for the survey. A research methodology can be divided into two parts. Qualitative and Quantitative In our research study, we apply the quantitative research method. We collect data from different sources. The sources of data are of two types. One is the primary source, and the other is the secondary source. In our research study, we are using secondary sources of data.

3.2. Data Collection:

Quarterly Financial statements of the Banks listed under the Pakistan stock exchange will be used. Quarterly reports of four quarters of the Banks listed under PSX are available on the banks' official websites. To analyse the impact on the performance of the banks, the financial performance of the fourth quarter of 2019 and the first-quarter report of 2020 (Pre-COVID -19 period) is compared to the financial performance of the 2nd, 3rd and 4th Quarters.

3.3. Sample Size:

The data was collected from the financial reports of Pakistani banks. The quarterly basis of data was collected from the official websites of 10 banks of Pakistan.

3.4. Level of Measurements:

The level of measurement describes that different values are assigned to the variables for their measurement. The Covid-19 on the following variables of the banking sector is observed, ROA, ROE, Net Profit, Deposits, and Current Ratio. To analyse the impact on the performance of the banks on these variables, the fourth quarter of 2019 and the first-quarter report of 2020 is compared to the 2nd and 3rd quarter financial statements.

TABLE 6 Variable description and Data source Table

Variable Name	Variable key	Description	Source
Return on Assets	**ROA**	ROA is calculated by dividing net income by total Assets	Financial reports of official websites of Banks
Return on Equity	**ROE**	ROE is calculated by dividing net income by total shareholders' equity	Financial reports of official websites of Banks
Net Profit	**NP**	As net income of banks	Financial reports of official websites of Banks
Deposits	**DPs**	Banks total deposit	Financial reports of official websites of Banks
Current Ratio	**CR**	Calculated by dividing your current assets by your current liabilities.	Financial reports of official websites of Banks

4. ANALYSIS AND INTERPRETATIONS

These chapters intended to analyse and interpret banks' financial performance every quarter of mentioned banks during Covid-19.

The data was gathered from the annual reports of banks. The main variables of the study are ROA, ROE, Deposits, Net Profit and current Ratios.

The quarterly data of 10 Pakistani Banks are given in the below Table.

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TABLE 7 Quarterly Data of Performance Indicators

	Bank	Duration	ROA (%)	ROE (%)	Net Income	Deposits	Current Ratio
1	**ABL**	Q4/2019	0.95	12.2	14,112,911,000	1,049,043,032	1.08
		Q1/2020	0.3	3.5	4,017,691,000	1,041,880,546	1.09
		Q2/2020	0.33	3.6	4,395,838,000	1,106,140,323	1.21
		Q3/2020	0.28	3.3	3,996,466,000	1,122,372,447	1.09
		Q4/2020	1.13	13.7	18,0291000000	1,216,678,000	1.09
2	**Al-Falah**	Q4/2019	1.26	15.65	12,696,000,000	7,822,840,000	1.09
		Q1/2020	0.3	3.2	2,821,258,000	755,134,773	1.09
		Q2/2020	0.23	3	2,762,962,000	808,089,714	1.08
		Q3/2020	0.22	2.9	2,747,240,000	820,065,829	1.08
		Q4/2020	0.87	11.55	10,475,000,000	8,817,670,000	1.07
3	**Al-Habib**	Q4/2019	0.9	18.15	11,168,736,000	903,702,782	1.03
		Q1/2020	0.21	4.3	2,859,284,000	990,731,792	1.05
		Q2/2020	0.3	5.8	4,365,735,000	1,041,727,698	1.05
		Q3/2020	0.4	7.7	5,909,882,000	1,089,170,969	1.05
		Q4/2020	1.2	22.3	17,811,536 000	1,099,686,361	1.06
4	**HBL**	Q4/2019	0.5	7	15,499,795,000	2,437,597,169	1.07
		Q1/2020	0.01	1.6	3,177,553,000	2,165,657,043	1.08
		Q2/2020	0.3	4.3	11,080,510,000	2,662,637,431	1.08
		Q3/2020	0.3	3.9	10,083,455,000	2,736,067,754	1.08
		Q4/2020	0.8	11.6	30,913,349,000	2,830,371,390	1.07
5	**BOP**	Q4/2019	1.04	19.55	2,068,000,000	6,910,170,000	1.06
		Q1/2020	0.2	3	1,500,903,000	716,057,288	1.06
		Q2/2020	0.2	3.9	2,148,559,000	805,717,152	1.06
		Q3/2020	0.2	4.2	2,178,349,000	791,410,196	1.05
		Q4/2020	0.71	14.04	1,116,000,000	8,350,680,000	1.05
6	**MCB**	Q4/2019	1.5	16.06	7690000000	1,144,763,000	1.12
		Q1/2020	0.2	3.6	6,519,026,000	1,184,138,883	1.13
		Q2/2020	0.4	3.6	6,690,398 000	1,274,682,178	1.2
		Q3/2020	0.6	5.2	9,725,409,000	1,274,869,726	1.12
		Q4/2020	1.6	19.2	6,102,000,000	1,289,502,000	1.12
7	**Faysal Bank**	Q4/2019	0.26	2.9	1,614,000,000	457,789,000	1.1
		Q1/2020	0.33	3.6	2080000000	460,980,000	1.1
		Q2/2020	0.26	3	1730000000	496,367,000	1.1
		Q3/2020	0.24	2.7	1705000000	514,636,000	1.1
		Q4/2020	0.14	1.66	996000000	540,636,000	1.09
8	**NBP**	Q4/2019	-1.7	-0.22	-521000000	2,198,049,000	1.08
		Q1/2020	0.14	1.74	4,119,000,000	1,953,160,000	1.09
		Q2/2020	0.35	4.3	11,071,000,000	2,339,263,000	1.09
		Q3/2020	0.4	4.1	10,944,000,000	2,174,926,000	1.11
		Q4/2020	0.15	1.65	4,425,000,000	2,418,966,000	1.1
9	**Meezan**	Q4/2019	1.5	30.7	15,232,000,000	932,579,000	1.05
		Q1/2020	0.5	9.3	5505456000	928,389,326	1.05
		Q2/2020	0.48	9.7	6171492000	1,045,419,553	1.05
		Q3/2020	0.48	8.9	6401807000	1,090,544,718	1.05
		Q4/2020	1.7	34.6	22166000000	1,254,431,000	1.05
10	**BOK**	Q4/2019	0.45	9.2	1306039000	182,167,572,000	1.05
		Q1/2020	0.2	2.8	548229000	158,666,249	1.05
		Q2/2020	0.2	3.7	657,944,000	221,126,170	1.06
		Q3/2020	0.15	2.5	446127000	192,999,092	1.06
		Q4/2020	0.7	12.1	2151783000	203,071,658,000	1.06

To analyse the data, comparative study for the quarterly banking systems of Pakistan by testing different performance indicators given in the above table (i.e. ROA, ROE, Total Deposits, Net Income, and current ratio.

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4.1. Analysis of Performance Indicators

Return on assets is calculated as the percentage of net profit over total assets. Usually, the whole financial uses the ROA to check that a bank of any other financial company earns how much profit from its purchases employed in the business.

4.1.1. Allied Bank Limited

Based on the quarterly calculation of ROA, the ROA for the 1st quarter of 2020 is 0.3, and the 2nd quarter is also 0.3 while there is a minimal decrease in the 3rd quarter. According to the ratios of these quarters, we can say that the performance in terms of efficiency is identical for the first two quarters while the performance is decreasing in the next quarter.

If we compare the annual ROA of 2019 before the covid-19 era with the year 2020, the ROA for 2019 is 0.95, and the ROA for 2020 is 1.15. Hence, we conclude that the assets are currently generating more revenue more efficiently than the previous year.

4.1.2. Bank Al-Falah

ROA for the 1st quarter of 2020 is 0.3 and decrease in the 2nd quarter is 0.23. Also, there is a very slight decrease in 3rd quarter that is 0.22. According to the ratios of these quarters, we can say that the performance in terms of efficiency is decreasing with each quarter. If we compare the annual ROA of 2019 before the covid-19 era with the year 2020, the ROA for 2019 is 1.26, and the ROA for 2020 is 0.87. So, it can be seen that last year performance is better than the current year performance with more efficiency.

4.1.3. Bank Al-Habib

The Bank Al-Habib lowest ROA for the 1st quarter of 2020 is 0.21, and the decrease in the 2nd quarter is 0.23. Also, there is a very slight decrease in the 3rd quarter that is 0.22. According to the ratios of these quarters, we can say that the performance in terms of efficiency is increasing with each quarter. If we compare the annual ROA of 2019 before the covid-19 era with the year 2020, the ROA for 2019 is 0.9, and the ROA for 2020 is 0.12. So, it can be seen that the current year performance is better than last year performance with more efficiency.

4.1.4. Habib Bank Limited

The lowest ROA for the 1st quarter of 2020 For HBL is very low0.01. But there is an increase in the 2nd quarter is 0.3. Also, the 3rd quarter's ROA is the same as 0.3. According to the ratios of these quarters, we can say that the performance in terms of efficiency is increasing with each quarter. If we compare the annual ROA of 2019 before the covid-19 era with the year 2020, the ROA for 2019 is 0.5, and the ROA for 2020 is 0.12. So, it can be seen that the current year performance is better than last year performance with more efficiency.

4.1.5. Bank of Punjab

The lowest ROA for all quarters of 2020 is 0.2. According to the ratios of these quarters, we can say that the performance in terms of efficiency is not affected by Covid-19. If we compare the annual ROA of 2019 before the covid-19 era with the year 2020, the ROA for 2019 is 1.04, and the ROA for 2020 is 0.71. So, it can be seen that the current year's performance is declined compared to the last year's performance.

4.1.6. Muslim Commercial Bank (MCB)

MCB has the high ROA in the 3rd quarter, increasing from0.2 in the 1st quarter to 0.6 in the 3rd quarter. MCB is successful in gene ROA for the 1st quarter of 2020But there is a high rating revenue with each month. If we compare the annual ROA of 2019 before the covid-19 era with the year 2020, the ROA for 2019 is 1.5 and, the ROA for 2020 is 1.6. So, it can be seen that the current year performance is significantly better and is not affected by the Covid-19 worst world scenarios.

4.1.7. Faysal Bank Limited

For Faysal, we compare the ROA for all quarters of 2020 and the last quarter of 2019. ROA of 2019 is 0.26 while 1st quarter of 2020's ROA is 0.33. The banking system was performing well, but the consequences of Covid-19 shocks occurred as ROA declined with each quarter till 4th quarter as ROA is 0.14 in this quarter. It can be seen that the current year performance is reduced with each quarter in terms of efficiency.

4.1.8. National Bank of Pakistan

NBP has the ROA for the 1st quarter of 2020 that is 0.14 and is increasing in the 2nd quarter and 3rd quarter that is 0.4. According to the ratios of these quarters, we can say that the performance in terms of efficiency is increasing with each quarter. If we compare the annual ROA of 2019 before the covid-19 era with the year 2020, the ROA for 2019 is negative that is-1.7 and the ROA for 2020 is 0.15. The efficiency of 2020 is far better than 2019, and NBP is performing well in the Covid-19 scenario. So, we can say that the current performance is far better than the previous year in terms of efficiency.

4.1.9. Meezan Bank Limited

ROA with each quarter is increasing as in the 3rd quarter; it is 4.8 which is very high compared to the 1st quarter. If we compare the annual ROA of 2019 before the covid-19 era with the year 2020, the ROA for 2019 is 1.5, and the ROA for 2020 is 1.7. So, it can be seen that the current year's performance is better than the last year's performance with more efficiency.

4.1.10. Bank of Khyber

ROA is 0.2 in 1st and 2nd quarters is 0.2 and declined in the 3rd quarter. So, BOK is facing challenges in 2020 but the overall ROA of 2020 compared to 2019 is much better. The current performance during Covid-19 is better in the current year compared to 2019.

During the Covid-19, productivity is higher as higher ROA is in 2020 compared to 2019. So, in this tenure have increasing demand banks get beneficiary in the market. Moreover, we can say that Banks still perform well enough with each quarter as there is no decreasing or negative impact on ROA. There may be reasons why the ROA of Banks is increasing as the Bank probably uses assets more efficiently.

4.2. Analysis of return on Equity

Return on equity is calculated as the percentage of net profit over shareholder's equity. It directly measures the return to the shareholder. Usually, the whole financial sector uses the ROE to check that a bank of any other financial company earns how much return from the shareholder's equity. ROE primarily concerns assessing profitability that is mainly important to the shareholders, investors, management teams, etc.

TABLE 8 Return on Equity of Banks

	ABL	Al-Falah	Al-Habib	HBL	BOP	MCB	Faysal Bank	NBP	Meezan Bank	BOK
Q4/2019	12.2	15.65	18.15	7	19.5	16.06	2.9	-0.22	30.7	9.2
Q1/2020	3.5	3.2	4.3	1.6	3	3.6	3.6	1.74	9.3	2.8
Q2/2020	3.6	3	5.8	4.3	3.9	3.6	3	4.3	9.7	3.7
Q3/2020	3.3	2.9	7.7	3.9	4.2	5.2	2.7	4.1	8.9	2.5
Q4/2020	13.7	11.55	22.3	11.6	14.04	19.2	1.66	1.65	34.6	12.1

Some questions are difficult to answer when it comes to the satisfaction of investors on what percentages they will be happy to get.

However, considering that the equity is riskier than the debt, return on equity must be higher than the debt should be regarded as reasonable. For example, the 5% interest rate of debenture shows that the percentages of return on equity are about 10% to 15%.

An ROE that must be acceptable, which depends on the rate, is declared by the Board of Directors, previous year rate, and industry rate.

4.2.1. Allied Bank Limited

From the above table, we can see that ROE for the 1st quarter of the year 2020 is 3.5, 2nd quarter is 3.6, and 3rd quarter is 3.3. There is increasing trend from 1st quarter to 2nd quarter and a slight decrease in 3rd quarter. For the annual ROE, the current ROE is higher than the previous year, meaning that ROE for 2020 measures more profitability.

4.2.2. Al-Falah Bank Limited

ROE for the 1st quarter of 2020 is 3.2, the 2nd quarter is 3, and the 3rd quarter is 2.9. There is decrease 2nd quarter as compared to 1st quarter and a slight decrease in 3rd quarter. For the annual ROE, the current ROE is lesser than the previous year, meaning that ROE for 2020 measures a reduction in profitability.

4.2.3. Al-Habib Bank

ROE increased with each quarter in 2020, and the annual ROE of 2020 is much more than 2019. It shows that the post Covid-19 duration has high profitability by using resources provided by investors

4.2.4. Habib Bank Limited

ROE for 2019 is 7% lesser than 2020. For the 1st quarter, 0f 2020 ROE is 1.6, and there is an increase in 2nd quarter and 3rd quarter also experienced a decrease in ROE.

4.2.5. Bank of Punjab

1st quarter ROE is three which increases by 3.9 and 4.2 in the 3rd quarter. The annual return on equity for 2019 is higher than 2020. So, the profitability is affected by covid-19.

4.2.6. Faysal Bank Limited

For Faysal, we compare the ROE of all quarters of 2020 and the last quarter of 2019. The ROE of 2019 is 2.9 while the 1st quarter of 2020's ROE is 0.36, decreasing in the 2nd and 3rd quarters. The banking system was performing well, but there occurred consequences of covid-19 shocks as ROA declining with each quarter till 4th quarter as ROE is 1.6 in this quarter.

4.2.7. National Bank of Pakistan

ROE of last quarter of 2019 is negative, which 0.22 is -. It increases from the 1st quarter of 2020 till 3the rd quarter. Finally, profitability disturbs in the previous quarter.

4.2.8. Meezan Bank Limited

Meezan Bank is one the bank on top which generated the highest profitability. They have had the best ROE ratios for the last few years. Annual return on equity is higher compared to the previous year, and ROE of each quarter of 2020 is increasing compared to the previous quarter. Meezan Bank generates high profitability no matter what the circumstances are prevailing.

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4.2.9. Bank of Khyber

From the above table, we can see that ROE for the 1st quarter of the year 2020 is 2.8, 2nd quarter is 3.7, and 3rd quarter is 2.5. There is increasing trend from 1st quarter to 2nd quarter and a slight decrease in 3rd quarter. For the annual ROE, the current ROE is higher than the previous year, meaning that ROE for 2020 measures more profitability.

4.3. Analysis of Net Income

Net income is called the Net Profit, or Net Earnings. The net earnings of operating activities generate the term net income and other income for a specific period. From the table, we can see that net income with each quarter is increasing, and there is far more net profit at the end of the year 2020 than in 2019.

ABL during Covid-19 has a good performance throughout each quarter. At the end of 2020the high net profit shows the ability of ABL to control the costs employed in operations and significant prices for the provision of goods and services that must be higher than its costs. Therefore, a high ratio can result from Low costs (expenses), efficient management, and robust pricing strategies.

In 2019, the low net profit margin compared to 2020 means that ABL uses an ineffective cost structure and poor pricing strategies. Therefore, a low ratio can result from inefficient management, High costs (expenses), Weak pricing strategies.

Al-Falah has net income decrease with each quarter of 2020. The current year's net income is lesser than the previous year. It means that Al-Falah was affected by the pandemic situation and could not generate high revenue compared to the last duration.

Bank Al-Habib has higher profits every quarter of 2020 and is always preferable to lower profits. The annual net income of 2020 is very high as compared to 2019. Higher profits mean reinvesting in new equipment, eliminating debt, and making payments to shareholders, but higher profits aren't always favourable due to taxable income.

HBL generated a slight decrease in 3rd quarter. The annual net income for the year 2020 is twice the previous year's net income.

BOP is dealing with an increase in net income in 2020 compared to 2019. There is a higher net income in the second quarter of 2020 compared to the 1st and 3rd quarters.

MCB's has higher profits in every quarter of 2020 and is always preferable to lower profits. The annual net income of 2020 is significantly less as compared to 2019. Less profit means decreasing opportunities to reinvest in new equipment.

Faysal Bank is one of those banks most affected by covid-19 in terms of generating higher revenues as there is a decreasing trend every quarter and the annual net income of 2020 is meagre.

NBP has a higher net income in the 2nd quarter of 2020 than the 1st and 3rd quarters. The annual net income of BP is negative, but in 2020 the net income is better than in 2019.

Meezan Bank is in a good position has higher profits in every quarter of 2021 and is always preferable to lower profits. The annual net income of 2020 is very high as compared to 2019. High profit means increasing opportunities to reinvest in new equipment.

BOK is dealing with an increase in net income in 2020 compared to 2019. There is a higher net income in the 2nd quarter of 2020 compared to the 1st and 3rd quarters.

4.4. Analysis of Deposits

In banking sectors, Deposits are a significant financial performance indicator. Hence, we calculated the deposits for FY 2020 during the post corona world to see the trend every quarter. So, deposits of pre-Covid-19 duration such as last quarter of 2019 and all four quarters of FY 2020 have been observed.

ABL deposits were increased annually in 2020 as compared to 2019. The 3rd quarter's deposits increased compared to the 2nd and 1st quarter.

Al-Falah has higher deposits in every quarter of 2020. Annual deposits of 2020 are also higher than the yearly deposits of 2019. Less deposit in 2019 means they might have to take on debt to meet loan demand.

Bank Al-Habib deposits are less in 2019 and the 1st quarter of 2020. Somehow, the bank managed to increase deposits with each quarter gradually.

HBL is dealing with an increase in deposits in each quarter of 2020.

BOP has an increase in net income in 2020 as compared to 2019. There are higher deposits in the 2nd quarter of 2020 than the 1st and 3rd quarters.

MCB has the annual net income of 2020 is higher than that of 2019. High deposits mean increasing opportunities to avoid debt for the costly process of meeting loan demands.

Faysal Bank is one of those banks most affected by covid-19 in terms of generating higher revenues, but there is a gradual increase in every quarter compared to the previous quarter.

NBP Annual deposits for 2020 during the peak of covid-19 are higher than 2019. The 2nd quarter of 2020 has higher stakes than the 1stquarter and 3rd quarter on quarterly analysis.

Meezan Bank's performance is good throughout the whole duration. In the case of deposits, Meezan bank deals with an increase in deposits in 2020 compared to 2019.

BOK has increased deposits from 1st quarter to 2nd quarter and a slight decrease in 3rd quarter. Current deposits are higher than the previous year for the annual deposits, meaning that deposits for the year 2020 measure more profitability by using resources because high costs for debt are saved to meet loan demands.

4.5. Analysis of Current Ratio

The Current Ratio shows that a bank can meet its short term obligations.
Current Ratio = Total Current Assets / Total Current Liabilities
A greater than one current ratio should be good for a good bank. If the current ratio is less than one, the bank should be concerned about its ability to meet its short-term liabilities.

TABLE 9 Current Ratio

Quarters	ABL	Al-Falah	Al-Habib	HBL	BOP	MCB	Faysal Bank	NBP	Meezan Bank	BOK
Q4/2019	1.08	1.09	1.03	1.07	1.06	1.12	1.1	1.08	1.05	1.05
Q1/2020	1.09	1.09	1.05	1.08	1.06	1.13	1.1	1.09	1.05	1.05
Q2/2020	1.21	1.08	1.05	1.08	1.06	1.2	1.1	1.09	1.05	1.06
Q3/2020	1.09	1.08	1.05	1.08	1.05	1.12	1.1	1.11	1.05	1.06
Q4/2020	1.09	1.07	1.06	1.07	1.05	1.12	1.1	1.1	1.05	1.06

ABL has a current ratio higher than1 throughout the whole quarters of 2020. The annual recent ratio performance in 2020 is higher than 2019, which means that the bank handles its short-term obligations more efficiently.

Al-Falah has slightly declined. The current ratio is 2020 but is still higher than 1. The bank is handling

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its short term liabilities in a good way, even in covid-19.

Al-Habib has the same current ratio in three quarters as 1.05. The annual current ratio performance in 2020 is higher as compared to 2019.

HBL has a current ratio of 1.08 in the 1st, 2nd, and 3rd quarters. The annual current ratios for 2019 and 2020 are 1.07. The ability to meet current obligations for HBL in challenging duration is still better.

BOP annual current ratio is 1.05. The bank is performing well as its current ratio is higher than one throughout the quarters.

MCB has the highest ratio among all the banks as it is 1.12 in all the quarters.

Faysal Bank has a current ratio of 1.1 in all quarters 0f 2020 and annually in the current year and previous year. It shows that the bank is consistent with its performance in this scenario.

NBP also has a good ratio of 1.1 or near quarterly and annually. It shows a good sign for NBP to efficiently deal with its current liabilities.

Meezan Bank is dealing well with its current liabilities as it has a quarter and annually current ratio is 1.05.

BOK has a current ratio of 1.05 in 1st and 1.06 in the 2nd and 3rd quarters. The annual current ratios for 2019 and 2020 are 1.05 and 1.06, respectively. The ability to meet current obligations for BOK in Covid-19 duration is still better than the previous year.

5. CONCLUSION

5.1. Discussion of Findings

This chapter consists of the conclusion of our study, in which we explain the finding and discussion of results. We conclude a particular reason if and only if information about all the banks for the financial analysis of the given period can be viewed. So, according to this information, we conclude results in productivity, return on investors' funds, generation of revenue, and the ability to meet current obligations.

During the Covid-19, productivity is higher in ROA of almost all the Banks in 2020 compared to 2019 as Covid-19 has much worse consequences on all the sectors of the economy, not only in Pakistan but all over the world. So, in this tenure have increasing demand banks get beneficiary in the market. Moreover, we can say that Banks still perform well enough with each quarter as there is no decreasing or negative impact on ROA. There may be reasons why the ROA of Banks is increasing as the Bank probably uses assets more efficiently.

In the case of ABL, the current performance is very good than the previous year in terms of efficiency and the use of assets to generate more revenue. The return on assets for Bank Al-Falah is declining due to Covid-19, but the current situation is not too much affected because the bank is managing its assets properly. Moreover, Al-Habib, HBL, and BOP have consistency with return on assets. They must be working on efficiency to get more return to manage their assets to get high productivity. But some other banks like the ROA of Faysal Bank is declining during the Covid-19 period. The bank should have a serious concern about managing its assets properly to produce profits. In light of this discussion, a high return on assets shows that the business successfully utilised the resources provided by its equity investors and its accumulated earnings in generating income. So, during Covid-19, banks can still perform well with the utilisation of assets.

Let's talk about return on equity, some banks like ABL, Al-Habib, NBP, and BOK. They have a higher return on equity has more profitability through the investments provided by the investors. These banks are consistent with their growth, while other banks slightly decline ROE. Return on equity must be a good starting place for developing future estimates of a stock's growth rate and the growth rate of its dividends. The performance and profitability of these banks analyse in a few different ways. Deposits for these banks are on good terms as almost all the banks have enough deposits to move forward to sustainable growth even in the challenging environment of covid-19. They usually have good deposits so that there is no high cost bearing to take debt to meet the liability demand. According to our results, the current ratios for all the banks are favourable for respective banks. For all the banks, the current ratio is higher than one, which shows that these banks have a higher current ratio that is always more favourable and beneficial for a lower current ratio. In this scenario, the banks can more easily make current debt payments.

From the results and conclusion, we have seen that the Banking sector in Pakistan, among the other economic sectors, is thriving in terms of profits, productivity, and efficiently managing debt to deposit ratio. Banks somehow have driven an increase in net income in harsh conditions. After a thorough study and analysis of the financial performance of Pakistani banks, it is observed that banks are consistent with their growth even when all the sectors were declining towards recession. So, in conclusion, there is positive and significant growth performance in the banking sector of Pakistan.

5.2. Crisis as Opportunity

The banking sector has shown a tremendous improvement in the covid-19 duration. Their infrastructure and strategies made the crisis an opportunity to work more efficiently to enhance their growth. It sounds a bit weird, but the banking sector proved that it is true as “crises are opportunities.”

5.3. Practical implication

For those researchers looking forward to the research to see the impact of covid-19 on the banking performance, this research will be helpful for those individuals. They can use this research as the literature review and is beneficial for reference objects. This study gives the idea of comparing different performance measurements to better understand the consequences and the way forwarding steps to be taken. So, this study provides judgment to respond to the pandemic situation quickly beforehand. The sectors like agriculture, manufacturing, service industry and other sectors must take good strategies to maintain their level of liquidity like before the pandemic crisis. Some banks move with excellent recovery strategies to overcome the declining position, and other affected centres must see the recovery strategies to avoid the declining phase.

5.4. Limitation of the study

The data is taken from all quarters 2020 and annually of 2019. More years’ performance can take into account for comparison. Few performance indicators have been studied. Other ratios like solvency and liquidity ratios can be used as performance comparisons.

Conflict of interest

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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