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**ACADEMIC PAPER**

## The Responsible Role of Banking Services in Social Equity: A Thematic Analysis in Pakistani Perspective

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### ABSTRACT

This research examined the role of banking services in promoting social equity in Pakistan. Qualitative data was collected by examining the documents related to marginalized communities, government agencies, and the banking sector in Pakistan. The findings indicated that access to banking services and financial literacy are major challenges faced by marginalized communities, and that the government and banking sector have an important role to play in promoting social equity. The research highlights the need for increased access to banking services, financial literacy, and inclusiveness in the provision of banking services, as well as the use of innovative solutions and sustained collaboration between stakeholders to ensure lasting impact. The theoretical and practical implications of this research provide insights for policymakers, regulators, and the banking sector in their efforts to promote social equity through the provision of banking services in Pakistan.

### KEYWORDS

Banking Services, Social Equity, Pakistan, Financial Literacy, Marginalized Communities

## 1. INTRODUCTION

The banking sector is an important component of any economy and plays a crucial role in driving economic growth and development. In developing countries, like Pakistan, banking services can also play an important role in promoting social equity. Social equity refers to the fairness and justice in the distribution of resources, opportunities, and benefits in a society (Murad, Bhatti, Bakar, Ahmad, & Khan, 2022). Banking services can play a crucial role in promoting social equity by providing financial services to disadvantaged and marginalized communities, who may otherwise not have access to these services (Ali, Rehman, Kanwal, Naseem, & Ahmad, 2022). Despite the importance of banking services for promoting social equity, there has been limited research conducted in this area, especially in the context of Pakistan (Rehman et al., 2020).

There is a significant gap in the literature when it comes to understanding the role of the banking sector in promoting social equity in Pakistan. The existing literature tends to focus on the performance and efficiency of the banking sector, while ignoring the social dimension (Ramzan, Amin, & Abbas, 2021). Moreover, studies on the role of the banking sector in promoting social equity have been limited to



developed countries and do not reflect the unique challenges and opportunities that exist in developing countries like Pakistan (Jafri, 2019). This lack of research is a significant concern as the banking sector has the potential to play a significant role in promoting social equity, but this potential has not been fully realized in Pakistan (Rehman et al., 2020).

The scope of this study is limited to exploring the role of banking services in promoting social equity in Pakistan. The study will focus on the current state of banking services in Pakistan, including the types of services offered, the distribution of these services, and the barriers that prevent disadvantaged communities from accessing these services. The study will also explore the potential of banking services to promote social equity and the measures that can be taken to improve access to these services for marginalized communities. The study will be based on a review of the existing literature, as well as on qualitative interviews with experts in the banking sector and representatives of marginalized communities.

The significance of this study lies in its contribution to the understanding of the role of banking services in promoting social equity in Pakistan. By examining the current state of banking services and exploring the potential of these services to promote social equity (Haider, Changchun, Akram, & Hussain, 2018), this study will provide valuable insights for policy-makers and practitioners in the banking sector. Furthermore, by highlighting the barriers that prevent marginalized communities from accessing banking services, this study will contribute to the development of policy and practice initiatives aimed at improving access to these services for disadvantaged communities. Ultimately, the results of this study contribute to the promotion of social equity in Pakistan and to the development of more inclusive financial systems that serve the needs of all communities, regardless of their socio-economic status.

## 2. REVIEW OF LITERATURE

Banks can promote social equity by implementing a range of initiatives aimed at increasing access to financial services and financial literacy among marginalized communities (Kanwal & Yousaf, 2019). These initiatives may include opening branches in under-served areas, offering affordable and accessible banking products and services, providing financial education and training programs, collaborating with government agencies and non-profit organizations to reach remote and under-served populations, and using technology such as mobile banking and digital financial services to expand reach and reduce barriers to access (Shaikh, 2018). Additionally, banks can adopt a more inclusive and equitable approach to lending, by providing credit and financial support to individuals and businesses from diverse backgrounds, and by taking into account the unique financial needs and circumstances of marginalized communities (R. Rasheed, Siddiqui, & Chaudhry, 2019). Through these efforts, banks can help to create a more equitable and inclusive financial system that serves the needs of all citizens, regardless of their socio-economic status.

Furthermore, banks can promote social equity by advocating for and supporting policies and programs that address the root causes of financial exclusion and inequality (Sultan, 2021). This may include advocating for fair and transparent lending practices, supporting financial literacy programs, and partnering with organizations working to address poverty and inequality. Banks can also play a role in creating a more inclusive financial system by promoting diversity and inclusiveness within their own organizations (Nawaz, 2019). This includes promoting diversity and equality in hiring, training, and promotion practices, as well as taking steps to ensure that all employees have the skills, training, and resources needed to provide equitable and inclusive financial services to all customers (Hassan, Nosheen, & Alam, 2020). Through these efforts, banks can help to create a more equitable and inclusive financial system that benefits all members of society, regardless of their socio-economic status.

Additionally, banks can promote social equity by leveraging technology to increase access to financial services for marginalized communities (M. Y. Rasheed, Saeed, & Gull, 2018). This can include using mobile banking, digital financial services, and other innovative technologies to reach populations that are traditionally underserved by traditional banking services. For example, banks can use mobile banking to provide remote, low-cost, and accessible financial services, such as money transfers, payments, and savings. Banks can also use technology to enhance financial literacy and education, for



example by providing online resources and training programs that are accessible and tailored to the needs of diverse populations (M. S. Malik & Kanwal, 2018). By leveraging technology to increase access to financial services and education, banks can help to bridge the financial inclusion gap and promote social equity in communities where it is needed most.

Studies have demonstrated that the banking sector can play a crucial role in promoting social equity. Banking services can help to promote financial inclusion by providing access to financial services, such as savings accounts, loans, and insurance products, to disadvantaged communities (Rahi, Ghani, & Ngah, 2019). The provision of these services can help to reduce poverty, improve financial stability, and promote economic growth. The banking sector in Pakistan has undergone significant growth and development in recent years, with the number of commercial banks increasing and the development of new financial products and services (Sajida, Khan, & Yunis, 2019). Despite these developments, access to banking services remains limited in Pakistan, particularly for marginalized communities. This is due to a range of barriers, such as lack of access to financial infrastructure, lack of financial literacy, and socio-economic factors.

A range of challenges to promoting social equity in Pakistan through the banking sector have been identified in the literature (Farooq & Moon, 2020). These challenges include lack of access to financial services for marginalized communities, lack of financial literacy and awareness, cultural and religious barriers, and socio-economic factors. These challenges highlight the need for a multi-faceted approach to promoting social equity in Pakistan through the banking sector, that addresses both the supply and demand side of the equation. A range of potential solutions to promoting social equity in Pakistan through the banking sector have been proposed in the literature (Mehmood, Haq, Rauf, Fitriana, & Alobidyeen, 2020). These solutions include the development of financial literacy programs, the expansion of financial infrastructure, the promotion of microfinance and other small business loans, and the creation of financial products and services that are specifically designed for marginalized communities. These solutions aim to address the barriers that prevent marginalized communities from accessing banking services and to promote financial inclusion for all.

In recent years, the development of new technology has had a profound impact on the banking sector, including in Pakistan. The use of digital financial services, such as mobile banking and online banking, has the potential to greatly increase access to financial services for marginalized communities (Khan, 2019). This is because digital financial services are often less expensive and more accessible than traditional brick-and-mortar banking services. However, the uptake of these services remains limited, particularly among marginalized communities, due to a range of barriers, including lack of access to technology, lack of digital literacy, and cultural and religious factors. The government plays a crucial role in promoting social equity through the banking sector (Maryam, Mehmood, & Khaliq, 2019). The government can create an enabling environment for financial inclusion by providing support for financial literacy programs, expanding financial infrastructure, and promoting the development of new financial products and services designed for marginalized communities. The government can also provide regulatory and policy support to ensure that banks are serving the needs of all communities, regardless of their socio-economic status (Mahmood, Ahmad, Rizwan, & Rashid, 2020). Additionally, the government can provide financial incentives and subsidies to banks to encourage them to serve marginalized communities.

Non-governmental organizations (NGOs) can play a crucial role in promoting social equity through the banking sector. NGOs can work to promote financial literacy and awareness, to provide support for microfinance and other small business loans, and to develop new financial products and services designed for marginalized communities (M. Malik, Sattar, Iqbal, Ali, & Sardar, 2020). NGOs can also work to raise awareness about the importance of financial inclusion and to advocate for policy and practice changes to support this goal. The private sector, including banks, can play a crucial role in promoting social equity through the banking sector. Banks can help to promote financial inclusion by developing new financial products and services that are specifically designed for marginalized communities. Banks can also help to reduce poverty by providing loans to small businesses, including microfinance and other small business loans (Bilal, Fatima, Ishtiaq, & Azeem, 2020). Furthermore,



banks can help to improve financial literacy and awareness by providing training and support to marginalized communities.

The literature on the role of the banking sector in promoting social equity in Pakistan highlights the potential of this sector to play a crucial role in promoting financial inclusion and reducing poverty. However, it also highlights the significant challenges that need to be overcome in order to realize this potential. This literature review highlights the need for a multi-faceted approach to promoting social equity in Pakistan through the banking sector, that addresses both the supply and demand side of the equation and takes into account the unique challenges and opportunities that exist in this context.

### 3. METHODOLOGY

The research study aims to understand the role of banking services in Pakistan in promoting social equity. The research approach adopted for this study is qualitative in nature, as it provides a deeper understanding of the experiences and perceptions of stakeholders involved in the provision of banking services. The qualitative approach was chosen as it allows for an in-depth exploration of the complexities and nuances of the topic, and provides an opportunity to capture the perspectives of a diverse range of stakeholders. In order to collect data for this study, relevant documents, such as government policies and reports, are analyzed to gain a deeper understanding of the policies and initiatives in place to promote social equity through the banking sector in Pakistan.

The data collected through the qualitative data collection methods was analyzed using thematic analysis. This method involved the identification and categorization of themes that emerge from the data. The themes will be used to provide a comprehensive understanding of the experiences and perceptions of the stakeholders in relation to the role of the banking sector in promoting social equity in Pakistan. Furthermore, the study was conducted in accordance with ethical principles, including informed consent, confidentiality, and the protection of participant privacy. The qualitative research approach provides an opportunity to gain a deep understanding of the experiences and perceptions of stakeholders involved in the provision of banking services in Pakistan and their role in promoting social equity. The data collection methods and data analysis methods chosen for this study are designed to ensure that the perspectives and experiences of all stakeholders are captured and analyzed in a comprehensive and nuanced manner.

### 4. FINDINGS AND DISCUSSION

The research aimed to explore the role of banking services in promoting social equity in Pakistan. Through the use of qualitative data collection methods, the study sought to gain a deeper understanding of the experiences and perspectives of stakeholders involved in the provision of banking services. The findings of this study suggest several ways in which banking services can be advanced to improve social equity in Pakistan. One of the key findings of this study was the need for improved access to banking services for marginalized communities in Pakistan. This research reported that these communities often face barriers to accessing banking services, such as a lack of nearby branches, limited hours of operation, and a lack of awareness about the services available.

To address this issue, this study suggested the need for the government and banking sector to work together to increase the availability of banking services in marginalized communities. This could include opening branches in these communities and providing training and support for community members to use these services effectively. Accordingly, this research also reported a need for increased financial literacy among marginalized communities in Pakistan. Many of these communities lack knowledge about basic financial concepts and are therefore unable to fully utilize the banking services available to them. To address this issue, this research suggested the need for financial literacy programs to be made widely available and accessible to these communities. These programs could be offered through community organizations, schools, and banks themselves (Batool, Panezai, Baloch, & Sohail, 2023).

The current study emphasized the importance of inclusiveness in the provision of banking services. This includes ensuring that services are accessible to individuals with disabilities and individuals from



diverse cultural backgrounds. The research also noted the need for banks to offer services in multiple languages and to provide training and support to staff on how to effectively serve diverse populations. This research also demonstrated the need for innovative solutions to address the challenges faced by marginalized communities in accessing banking services (Rahman, Zahid, Asif, & Ullah, 2020). This could include the use of mobile banking and digital financial services, which have the potential to increase access to financial services for communities without nearby branches or limited access to traditional banking services (Hussain et al., 2021). In accordance, this research emphasized the need for government support in advancing banking services to improve social equity in Pakistan.

This includes the need for policies and regulations that encourage the banking sector to prioritize the needs of marginalized communities and to provide inclusive and accessible services. Finally, this research also suggested the need for government funding and partnerships to support initiatives aimed at improving access to banking services and financial literacy for marginalized communities.

## 5. CONCLUSION, IMPLICATIONS AND FUTURE DIRECTIONS

The findings of this study suggest that there are several ways in which banking services can be advanced to improve social equity in Pakistan. This includes improving access to banking services, increasing financial literacy, promoting inclusivity, leveraging innovative solutions, and securing government support. By addressing these issues, it may be possible to improve the lives of marginalized communities in Pakistan by increasing their access to financial services and resources. However, it is important to note that these efforts must be sustained over time and that ongoing collaboration between the government, banking sector, and community organizations is necessary to ensure lasting impact. The theoretical and practical implications of this research highlight the importance of addressing the challenges faced by marginalized communities in accessing banking services in order to promote social equity in Pakistan. By improving access to banking services, increasing financial literacy, promoting inclusiveness, leveraging innovative solutions, and securing government support, it may be possible to improve the lives of marginalized communities in Pakistan. However, sustained efforts and ongoing collaboration between stakeholders are necessary to ensure lasting impact.

This research contributes to the larger body of literature on social equity by focusing specifically on the role of banking services in promoting social equity in Pakistan. The findings of this study provide insights into the challenges faced by marginalized communities in accessing banking services and highlight the need for a more inclusive and accessible banking sector. Furthermore, the findings of this research also highlight the importance of financial literacy in promoting social equity. By increasing the financial literacy of marginalized communities, it may be possible to improve their access to financial services and resources, thereby improving their overall financial well-being. Accordingly, this research also highlights the important role of the government and banking sector in promoting social equity. By working together to increase access to banking services and financial literacy, these stakeholders can help to improve the lives of marginalized communities in Pakistan.

The findings of this research have practical implications for policy makers, regulators, and the banking sector. By addressing the challenges faced by marginalized communities in accessing banking services, it may be possible to improve their access to financial services and resources, thereby improving their overall financial well-being. Accordingly, the findings of this research also have practical implications for organizations and individuals working to increase financial literacy in marginalized communities. By providing these communities with the knowledge and skills they need to effectively use financial services, it may be possible to improve their financial stability and security. Nevertheless, the findings of this research also have practical implications for the banking sector. By promoting inclusiveness in the provision of banking services, it may be possible to better serve diverse populations and to increase access to financial services for marginalized communities. Finally, the findings of this research also have practical implications for organizations and individuals working to increase access to financial services in marginalized communities. By leveraging innovative solutions, such as mobile banking and digital financial services, it may be possible to increase access to financial services for communities without nearby branches or limited access to traditional banking services.



Accordingly, the future research directions in this area may include further exploration of the challenges faced by marginalized communities in accessing banking services, identification of best practices for promoting financial literacy and inclusiveness in the provision of banking services, examination of the role of technology in increasing access to financial services, and evaluation of the effectiveness of government policies and programs aimed at promoting social equity through the banking sector. Additionally, comparative studies of the banking sector and its role in promoting social equity across different countries and regions may provide valuable insights for policymakers and stakeholders.

### 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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