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Banking Privatization and Profitability in Pakistan: A Time Series Analysis

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Abstract
Determining the effect of bank privatization on its profitability is the main goal of this study. In this study, we demonstrate how some Pakistani banks' efficiency increased as a result of bank privatization. Here, we outlined how privatization affected both employee and customer services and performance. There has been a significant improvement in Pakistan's performance, productivity, efficiency, and profitability since the process of privatization, but there have also been some setbacks in the country's banking industry, such as theft of taxes and threats to national security. In this essay, we attempt to ascertain the actual outcome of Pakistan's privatization of the banking sector. Here, we gather MCB bank and ABL bank pre- and post-data. The efficiency and profitability of Pakistani banks have increased since the privatization of the banking sector. Numerous banks have not had a significant impact from privatization.
Keyword: Bank privatization, Efficiency, Profitability
JEL Codes: D24, G21, G32

1. INTRODUCTION

The selling of state-owned businesses to private companies and individuals is a common practice in privatization (Brada, 1996). The term privatization, however, has a much broader meaning that refers to limiting the role of the government and advancing certain methods and policies to strengthen the free market economy. The term "denationalization" is often used to refer to the previous meaning of privatization, which is the selling of state-owned firm assets and shares to the private sector (Savas, 1889). Denationalization and privatization are often confused and used synonymously in the literature (Aktan, 1995). In actuality, denationalization is one kind of privatization. Government positions and duties can also be eliminated or reduced by using other methods. The term "privatization" has a broad definition that includes any approach or program intended to strengthen the free market and reduce the influence of government on the national economy (Stiglitz, 2002). "Privatization is defined as the occurrence of shifting duty for undertaking channel or open assistance to private area businesses that manage for private advantage or to private non-benefit accumulation (the state legislature). In a broader sense, privatization refers to the transfer of any administrative function, including accumulating legal requirements via enforcement, to the private sector (Boyer and Meidinger 1985). The economic reform process, which began in the 1980s in both devolved and devolving nations, now requires the privatization of state-owned firms. It was related to changing the government's role in the process of economic expansion. The highlighted privatization idea comes from observations made in several nations. Due to the inefficient use of scarce resources brought on by too many intrinsic issues, the financial impact was growing.

The term "privatization" often refers to the transfer of state authority over an enterprise's management. Simply said, privatization is the process of reducing the role of the government and boosting the role of business. Increasing profitability and efficiency indicates a poorly functioning business. Today, the privatization of government-owned businesses is a widespread procedure used to transfer these businesses to the private sector. The government, banks, and investors all gain from privatization. The government must privatize the organization if it is consistently losing money. Because investors have more faith in the private sector and have the potential for greater rewards in the form of profits and other opportunities, the government is protected from having to absorb greater losses. Although the process of privatization has gone through various stages, large-scale privatization was completed in 1990, the year the government announced privatization. The government created the privatization commission in 1991. In a single year, the privatization commission privatized 115 organizations.

i. All nationalized banks have been privatized, and the insurance industry will follow suit.

ii. The unit that was a monopoly of the public sector and tied to banks was likewise privatized.

2. HISTORICAL BACKGROUND

The process of privatization involves three basic phases.

2.1. PRE-NATIONALIZATION STAGE

On June 3rd, 1947, the partial arrangement was announced, and it was decided that the autonomy would begin to bear fruit on August 15th. 3496 commercial locations of Indian planned banks had 487 jobs in the region that would become Pakistan

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in March 1947. Due to a real concern for a seamless transition, the Reserve Bank of India, which is India's central bank, decided to continue playing a role in the new country of Pakistan until September 30, 1948. The decision was made to assist Pakistan in addressing the management and technical issues related to the functioning of the mid bank as well as the quick stronghold. The events that followed autonomy seriously strained the political ties between the two regions, and a decision was made when it became clear that Pakistan, a freshly established state, may continue to be exposed to serious threats without authority over its coin and monetary system. In Pakistan, administrative services were severely constrained and limited. The banks that had registered offices in Pakistan traded them for ones in India. There were just two Pakistani banks: Australasia Bank, which had been operating in Pakistani territory since June 1947, and Habib Bank, which moved its office from Bombay. To regain their faith, the Pakistani government has provided specialized offices. The managing account associations Pakistan Ordinance 1947 finally gave a three-month suspension to any bank objecting due to a hasty withdrawal of stock. In any event, the circumstance didn't suggest a change. The Imperial Bank of India closed most of its business locations after being named by the Reserve Bank of India as the operator for the Government of Pakistan's operations.

2.2. NATIONALIZATION STAGE

On January 1, 1974, the State Bank of Pakistan and fourteen commercial banks were nationalized by the People's Party Government led by the late Mr. Zulfiqar Ali Bhutto by the Nationalization Act of 1974. Fourteen Pakistani commercial banks were operating throughout the country and in a few other countries as of December 31, 1973, thanks to an extension system. These joint stock savings societies were combined under the Banking Company Act. The banks with poorer financial standing were combined with the institutions with strong foundations. The following five large keeping money organizations were created as a result of bank mergers in 1978's (Siddiqi, H. Asrar 1978).

- Habib Bank Limited
- United Bank Limited
- National Bank of Pakistan
- Muslim Commercial Bank Limited
- Allied Bank Limited.

The goal of nationalization was to prevent the concentration of wealth in a select few. The advantages and drawbacks of widespread societal accountability are continuing to be debatable since the nationalization of the banks.

2.3. POST PRIVATIZATION STAGE

The quantity and value of privatization transactions have increased during the last 10 years. The average number of transactions each year was only a few in the 1980s, but by the late 1990s, it had increased to over 500. Global total returns increased from $30 billion in 1990 to $145 billion in 1999, totaling US$850 billion between 1990 and 1999. The size of the returns, mostly from open offers of expansion enterprises in member states of the European Union, are explained by improved nations (Mahboobi, 2000). The privatization process continued by region from 1990 to 2000 (US $ in Billions), with global privatization movements from 1990. Over the past two decades, huge chunks of the global accounting system have been transferred from state to private ownership, and a lot more is gradually prepared to be sold soon. Pakistan decided to replace its open-division banks to transition from a state to a business economy to keep up with global developments. Two factors stand out as being particularly important in the explanations for the transition from the state to the market economy. First, overwhelming and circumstantial evidence began to mount suggesting that state possession was not operating as planned. The second element was a gradually emerging realization that this mattered and that strengthening the fiscal environment promoted budgetary progress. Pakistan recently closed down two banks, namely Muslim Business Bank and Allied Bank of Pakistan, and is currently closing down more state-owned institutions.

3. METHOD OF PRIVATIZATION

There are three privatization techniques:

3.1. SHARE ISSUE PRIVATIZATION

The most typical method of privatization in this case is the sale of shares on the stock market.

3.2. ASSETS SALE PRIVATIZATION

Auctions are typically used to sell the company, or a portion of the company, to the investor. The winning bidder at an auction can buy an organization's assets.

3.3. VOUCHER PRIVATIZATION

By really transferring assets to the broader public through voucher privatization, a genuine sense of involvement is created.

3.4. WHY DO WE NEED PRIVATIZATION?

Privatization helps the economy thrive by increasing output, making better use of resources, improving governance, and creating more jobs. Profit-making organizations within state-owned businesses may generate profits as a result of market conditions, such as monopolies or government concessions, but they do so at the expense of the customer, who must pay a price over the going rate for the good or the service. Only via competition between private sector businesses does the average customer benefit from cheaper costs and better services, as has been shown in the banking industry. More factors call for privatization.

3.4.1. IMPROVE PERFORMANCE

The goal of bank privatization is to increase bank productivity. When banks are privately owned, they will strive for greater financial success.

3.4.2. PROMOTE COMPETITION

The promotion of competition among the many banks is another reason for privatizing banks. Private property owners make every effort to raise the deposits.

3.4.3. CAREFUL LENDING

In the nationalized banks, managers were not careful in lending. The recovery of loans also becomes very difficult. So, banks are privatized.

3.4.4. FUNDS FOR SOCIAL SECTORS

The government collects the funds by selling the banks. The collected money is being sent to set up schools and hospitals for the welfare of the public.

3.4.5. POLITICAL PRESSURE

The nationalized banks were working under political pressure. Politicians were getting loans and were not ready to repay them. So banks were privatized.

3.4.6. DELAY IN SERVICE

The complaints about the service like delays in home remittances dispatch of cheques, drafts, and inefficient counter services were on increase. So it is decided to privatize the banks.

3.4.7. BAD DEBTS AND WRITTEN-OFF LOANS

The loans of nationalized banks were going on bad debts and very large sums had been written off. So banks were privatized to eliminate bad debts and write-off loans.

3.4.8. INCREASE IN PROFIT

The nationalized banks were not earning enough profits. So banks were privatized to increase profit. For example, the profit of the Allied bank of Pakistan increases up to 268% within one year.

3.4.9. INCREASE IN DEPOSITS

The managers and employees of nationalized banks were not struggling enough to increase deposits. But after privatization, they are showing great efficiency and improving currency deposits.

3.4.10. INCREASE IN LOANS

The nationalized banks could not show the proper rate of lending to the right people, so they were privatized. After privatization, the lending rate of Allied bank increases to 31% just within one year.

3.4.11. QUICK DECISION

Due to delays in decisions about the recovery of loans the financial intuitions were suffering losses. After privatization, banks started to take quick and bold steps for the recovery of loans.

3.4.12. COMPETITION

Privatization promotes healthy competition among the various banks in respect of deposits, loans, interest, and services. So, their efficiency is improved.

4. LITERATURE REVIEW

Beck and Fretwell (1995) conducted a global examination of privatization. They cite the lack of focus on academic literature policy and its effects on labor or employee performance as an example. According to this paper's observations in India, Pakistan, and Turkey, state-owned businesses had a 35 percent overstaffing problem at the beginning of 1990. Additionally, this essay makes the case that having too many employees burdens the company and drives up some direct costs that result in a decline in profit. However, following the privatization process, performance has improved.

Jones (1994) conducted a second research that compares the actual post-privatization of 12 sizable corporations, many of which are from the banking industry and are located in countries including Malaysia, Britain, Chile, and Mexico. No instance when all employees completely lost money to the business was seen for this investigation. Additionally, performance has improved overall as a result of the privatization process.

This investigation was carried out by Verbrugge from banks all across the world (Verbrugge, 1999). The 65 banks that were completely or partially privatized between 1981 and 1996 were included in this analysis. Consider the pre- and post-privatization performance of 5 improving nations and 32 banks that collect for budgetary coordination and infrastructure (OECD) nations. The study's findings lead to an average improvement in employee performance and bank profitability. In general, out of 65 banks, the performance of 37 banks is reflective of the usual improvement in the performance of the banks.

The banks whose performance is in poor condition must essentially become privatized, according to Clarke and Cull's report from 2002. This further indicates that political factors may have been significant in the privatization of banks. Greater worker bargaining strength, for instance, reduces the likelihood of privatization. Later, Fiduciario and Fondo worked on this topic, and he provided his viewpoint on it. And the Fiduciario Foundation helped the World Bank and the Inter-American Development Bank partially embrace this hypothesis. Except for all 15 provinces for which data is accessible and given, fewer than half of their banks are present. And this notion receives some preliminary backing from the Fondo Fiduciario as well as completion through privatization before the Fondo Fiduciario commencement. In this essay, the privatization process has several provisions that may have an impact on how privatized banks behave going forward. The future of privatized banks is promising, and it is predicted that their future conduct will put them in a position to easily attain the results they desire. This essay also explains how, in many instances, certain nations guaranteed the transfer of certain assets to privatized banks, while on the other hand, monetary services contracts provided the private banks with a reliable source of income and also explained why there was less pressure to increase profits. And on the other side, this essay also illustrates how strengthening banks' lending capacities would likely prevent asset guarantees from expanding. This article also discusses banks that transfer loans to the agricultural and mining departments before transferring the remaining loans to other organizations and discusses the subpar quality of loans in this industry. The primary topic covered in this essay is how the privatization process has improved the performance and productivity of banks.

Mukherjee (2002) investigated the relationships between important companies to determine how well 68 Indian Bank employees performed. They used factors including net benefits, advances, income, and premium spread to calculate the bank employees' yield. Also take into account some research factors, such as total assets, banks' acquisitions, operating expenses, personnel numbers, and bank branches. The goal of this article is to have good effects and an improvement in performance and profitability. It also makes arguments about the performance of employees as well as the performance of banks.

Sam et al., (2000) focused on the productivity of the privatised firm and, to a lesser extent, on the type of aids it uses to transmit information about the employees' performance and services. After Ghana's banks were privatised, he spoke with the clients how the performance of the workers, aides, and products had changed. The article's major argument is that the privatised organisation provided better services than the state one, because nationalised organisations lack the owner personnel interest found in private organisations.

Luca (1997) gave evidence about the international labor organization and giving explanation of privatization and reorganization of initial utilities provide in Africa America and Asia and Europe also evaluate the overall impact of the privatization on the level of the employment environment and identify that factor which provides utilities to the winning companies. But employees are not satisfied in some cases but the positive impacts can be achieved after the privatization process in all above mentioned countries.

Clarke (2003) another study of Clark et al utilizing the combination of overall country gave argument that the privatized banks increase the overall increase in the performance of the employees. Privatization of the state owned enterprises and the banks generate lower revenue than the direct sale of goods and services to the investor of the country where environment is weak. At last find that the gain is reduced in the performance of the banks employees can be stable if the foreign banks are not contributed in the privatization process.

Abid et al., (2003) describe about inside the saving money segment of the bank and the efficiency of the employees center concern of both scholastics and bank authorities. Various studies have gave various method of the measurement of the pre efficiency of fiscal establishments, to distinct the various elements that commit to power of fiscal framework, and to prescribe the courses to achieve the associate gathering productivity.

Sunita (1998) study which contain analysis of privatization from the world bank technical paper no 396.in this paper evaluate the special effects of the privatization on labor and conduct analysis of the mechanism that government can used to reduced in the political and social cost of the labor management after the privatization. This technical paper find positive result from this analysis and the overall performance of the employees is increased from the pre to the post privatization period.

Johnson (2001) checking the proof from the United States about the privatization process of the banking sector. This study clearly explain about the privatization is not necessary need in large scale public sector and provide proof regarding privatization result from few companies. This paper argue that the state the state own employees are actually in advantage in the long term from private sector of management. And the private employees don’t have. This paper describe that privatization is not necessary in public sector due to the state own enterprises provide better result.

Guryev and Megginson (2005) study gives the evidence that the privatization truly work for both privatized firms and privatizing economy as an entire. Although privatization is ordinarily is the more outcome more profit and some time also reduction in employment level efficiency and the performance of the company is increased. In the privatized firm the negative impact not everywhere reasonable. This paper also argue that privatization some of the time did not work correctly for the firm or economy as entire, if the firm is not in an ideal spot.

Boubarki and Cosset (1998) study which is conducted by the Boubarki and cosset in this study investigate three years normal post privatization performance and the analysis of certain ratios and the proportions to the three years preprivatization performance and analysis of certain ratios esteem for 79 associations from 21 developed nations giving the same outcome about that post privatization managing efficiency and the employee performance gain is enhanced. In this study researcher unmistakably illustrate that the pre and post privatization notable enhancement might be actual performance of employees.

Joshi (2002) study of describe the findings on the international labor organization in this examination use the five countries as an example. The countries are including (Bangladesh, India, Nepal, turkey and sirilanka) as base of the example. This paper see that how grounds of the privatization and planning for the privatization process effect social cost and the worker distruptiction. This paper conflict that the achievement of the privatization depends upon the effectiveness of the strategy of a social dialogue between the employees and the owner of the business. And this paper also included that the world bank improvement research group Washington are gave the new view of the privatization process is explaining in this paper that the privatization is restructure the public enterprises may lead to group layoff but the number of unnecessary worker indefinite in advance. This paper evaluate labor being without job by compare with the level of the employment across entities with the different degree of the public owner ship.

Hodge (1996) study is most emphasized on the profitability of banks, the efficiency of banks and the services of the banks after the privatization process. The scope of this study is the quality of the services the banks provide after privatization. No direct work is done in this study. He interview different customer about the recent change in the services and product of the banks after the privatization. And the response of the costumer has positive views about the bank privatization and the service of quality also increase. Hodge study argue that the privatization is good thing for developing countries. And the customer is satisfied from the services after the privatization.

Nawaz (2002) study see views of different customer after the privatization process the privatized banks gave more attention to the providing the best services to the customer and gave more relaxation to the customer. The services which is provided after the privatization process of banks is included such as (atm card), debit credit card etc… which gave the best level of services to the customer.

Levine (1997) long discussion that the financial literature whether the customer services play an important role in the in the development and the expansion of the company. Conclusions of some paper prove that performance the services provided to the system plays a superior role in the expansion of the company. These papers also clarify that due to privatization process there is an increase in the economic growth and the services of the customer. Privatization gave positive impact and customer services are increased.

Souza and Megginson (1999) study 78 companies 10 from improving or developed nation and 15 from improved nations over the time of 1990-94on the topic of customer services of employees. The discoveries of the study are explaining enhancement in the post-privatization period. This study shows that that there is major change in pre and the post privatization period.

Shleifer (2000) using data from 92 countries and evaluate whether the state owned ownership of banks impact on the level of the customer services. The main focus in the progress is the banks after privatization the services of the customer and of production. Find that the state owned enterprises is broad especially in the poor countries and those countries that gave little attention to the customer. This paper shows that overall growth in the customer services is increased will increases after the privatization process.

Boehmer (2003)(2005) inclusive information set of bank privatizations in 101 countries throughout the period 1982-2000, test the investment and political components that to influence administration's choice and services of the customers to privatize a state claimed bank, in both improving and improved nations. Their discoveries explain that in improving nations, a bank privatization is more probable to bring down the nature of the nation's keeping money division of banks, the more traditional the nation's government is, and the more responsible the government is to its individuals. These paper findings indicate that in the developing countries the bank privatization is most likely to slow the quality of country banking sector and services.

Bruno (1989) financial privatization is clarified in wide sense might be explanation as the conversion of the investment framework subsequently of movements of the administration which change the organizations that control investment face to face times and manner. What's more moreover stated in this paper the privatization has positive effect of the customer services. And also explain about Economic changes have all in all taken in three structures on the initial stage of the nation. Development from sensitive state negotiation to flat state negotiation in the economy which proposed investor nations for example the UK and Spain

5. RESEARCH METHODOLOGY

The collection of procedures known as a methodology allows researchers to keep track of or observe the minimal suppositional link between the variables on both a qualitative and quantitative level. In this study, two different types of data were used. Quantitative data is based on numbers, whereas qualitative features are based on theoretical conditions. The secondary data has been improved in this study report. The research on the effects of privatization on bank profitability is being transformed into a case study scenario. This planned study project is suggested to the Pakistani bank privatization process. The influence of privatization and the performance of Pakistani banks are the topics covered in the case study. This study reveals how privatization affects the banking industry's profitability. The majority of this material is based on qualitative data. This information was gathered from a variety of sources, including the internet, books, and other publications. It is essential that the instrument we utilise in this study to evaluate an employee's performance be work-related. After the banks were privatised, a variety of performance metrics were employed to evaluate staff performance. Management by objectives is the first technique we may use to evaluate an employee's performance. In this strategy, the employee's task's aim is expressly stated in the job description, enhanced the action planning that describes how these goals are attained. The second instrument employed in this type of employee performance measurement by several raters is the 360-degree feedback. With this kind of measuring, supervisors and employees at the same level are questioned completely about the employee or person being accessed. The visual rating scale is another technique used to assess employee performance. With this technique, the quantity of work, knowledge of the job, correctness of work, and attendance are used to assess employee performance. The instrument to evaluate performance on which the employee is assessed on the necessary behaviour to successfully carry out a task is the behavior-anchored rating scale. The number of meetings with the managers multiplies this method. The critical incident approach in this method requires the person evaluating an employee's performance to retain a written account of all incidents, both good and bad. The incident is then used for evaluation and to determine the outcome. A written statement regarding the employee's strengths and weaknesses is prepared using another tool called the simple appraisal approach.

Employee productivity has significantly increased after Pakistan's banks were privatised. The hiring process is merit-based, and qualified candidates are chosen for the positions where workers are responsible for the bank's commercial development. Because they are aware that banks offer significant incentives for achieving goals if loan and deposit numbers are higher than the prior year. Following the privatization of the banking industry in Pakistan, privatised banks help employees by offering cutting-edge technologies. The employee can facilitate and handle the entire management by employing the most recent technologies. After privatization, educated people choose bank positions because they provide greater amenities and perks. There is no idea of job descriptions under the nationalisation of the banks, but following privatization, there is a concept of the right person in the right place at the right time. After banks were privatised, overstaffing was managed and the best people were selected for the appropriate positions. After privatization, the working atmosphere in the banks is considerably better, which motivates the staff.

5.1. IMPACT OF PRIVATIZATION OF BANKS ON CUSTOMER SERVICES?

The actual impact that bank privatization has on customer service. For this aim, we are employing the internet survey method to measure the real outcome of the customer services before and after privatization is raised or lowered. In this survey approach, client conversations are conducted instead of any numerical work. After seeing many interviews, we learned that the real outcome was the privatization of Pakistan's banking industry, which resulted in an uptick in services. After the interviews, the client mentions advantages. And if we compare the real results of the before and after privatization, the banking industry in Pakistan has had a stronger influence and growth during the post privatization process. The degree of customer satisfaction is the second metric we may use to gauge how well consumers are being served. It indicates how many clients are happy with your goods and services. Since Pakistan's banking industry was privatised, customers are better happy. The data from Pakistan's banking sector's privatization shows that there is now greater rivalry among banks, and those institutions are putting more effort into promoting their deposits and loans and offering top-notch services. To help consumers, the bank offers extra services for this reason. Customer relationship officers are now known as customer facilitate officers, and they play a crucial role in helping the customer since both educated and ignorant individuals currently use banks' services. Acro guides Give all bank clients instructions on how to create accounts, keep them active, check their balances, make cash withdrawals, and get bank statements. Following the privatization process (CRO), new bank personnel are given guidelines on how to interact with customers and deliver the best services possible. People now rely more on the services of the privatised banks as a result of the banking staff's attitude. Customers lock their valuables in bank lockers since more individuals rely on the privatised bank services. In these modern times, when business and completion are booming, privatised banks provide priority accounts to clients and entrepreneurs alike. However, if we look at the process' overall results, privatization has increased output, productivity, and employee and customer happiness. This essay offers convincing proof that customer service has improved and expanded since Pakistan's banking industry underwent privatization. And if we want to gauge whether the services offered to customers have improved or declined, one technique we may use to gauge the outcome is customer feedback.

Table 1: Profitability of MCB bank before and after privatization

Year	Assets	Liabilities	Profitability
Before			
1987	28639448962	1245373010	237007
1988	28372861417	1366534320	434318
1989	32498907390	1521194070	94066
1990	36293868893	1546714470	614464
1991	45201306582	1613439310	339307
After			
1997	150095138000	145308743	238782
1998	149725757000	144891057	3991180
1999	158584818000	153481705	568950
2000	332366080000	169122320	734729
2001	187055394000	189168372	1108176

The table, which was derived from MCB Bank's annual reports, demonstrates how the bank's liabilities have been steadily declining since privatization. After the privatization, assets and earnings are rising. This indicates that, compared to nationalisation, the efficiency of the banks is substantially higher after privatization. In particular, MCB is doing well in the banking industry following the privatization process.

This table, which includes assets, liabilities, and earnings, was obtained from the ABL banks' annual reports. After privatization, the bank's performance is improving, and more people have deposits, demonstrating the public's confidence in the banking sector. Earnings and assets are rising while liabilities are falling. However, there is a tiny decline in profits in the ABL profit.

Table 2: Profitability of ABL before and after privatization

Years	Assets	Liabilities	Profit
Before			
1987	14314818312	13953449322	46158444
1988	16210838131	1583246874	50072267
1989	19147221546	18749673578	53106711
1990	23318741411	22901018544	61174899
After			
1996	63439110000	62049715	69869000
1997	72403650000	70888232	73664000
1998	89358167000	86356261	63734000
1999	106926331000	103913881	82524000

6. CONCLUSION & RECOMMENDATIONS

After doing this little investigation and analysing the data, I made several critical conclusions that I wish to share. My research has led me to the conclusion that bank privatization is advantageous and benefits all bank members. The efficiency, productivity, and profitability of banks have all increased since Pakistan's banking industry was privatised. In this study, Muslim Commercial Bank and Allied Bank are used as two banks as examples. The productivity and profitability of both banks grew following the privatization, but their performance before to the privatization was not very excellent. Prior to privatization, there were issues with these two banks' performance and productivity, including overstaffing, political pressure, a lack of attention to detail in the lending process, delays in services, a slow write-off of bad debts, and a difficulty in making timely decisions. Because the private sector has individual employee interests, when banks are moved to private ownership, profitability rises. Another factor contributing to the growth in profitability, in my opinion, is the fact that, following privatization, banks are now functioning in a market that is competitive and have developed the skills necessary to achieve high profitability at low cost. But if we look at the big picture, privatization has been helpful for every sector in Pakistan, not only the banking industry. Additionally, I advise that privatization be carried out because it produced positive results and was purposeful for the Pakistani economy. Until there is support from key stakeholders, high-quality corporate governance is applied, a superior environment is created, and there is legal backing, encouraging policies for profit maximisation and effective performance cannot be made. My research on scholarly publications led me to the conclusion that overall employee performance had increased. Additionally, no instances of workers of the company causing the company to completely lose money have been discovered, particularly after privatization. The privatization analysis from the World Bank is included in Kikeri's (1998) research. He also conducted an analysis of the methods that may be utilised to reduce the political and social costs. Kikeri expressed the opinion in this article that performance increased following the privatization process. The services that are offered by the bank to the consumer are better now than they were before the banking sector in Pakistan was privatised. According to Hodge in 1996, the majority of studies concentrate on the banks' profitability and the services they continue to offer after they are privatised. In this study, no direct or numerical work is done for this goal, although the researcher did interview several customers after the banks were privatised and found that the services were of higher quality. Another research by Asmat Nawaz on customer service and whether or not it increases or decreases customer satisfaction was published in 2002. In his essay, he makes the case that the degree of satisfaction has improved since banks were privatised.

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