
Impact of Basel accord capital regulation on profitability of Pakistani commercial banks

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Abstract

This study examines the influence of Basel capital requirements on the profitability of Pakistani commercial banks from 2007-2016. By using the static and dynamic panel data techniques this study analyzes the impact of Basel II and III capital requirements on the financial performance of commercial banks of Pakistan. According to the findings of this study, Basel capital regulations have increased the profitability of banking sector of Pakistan. The results of this study also indicate that impact of capital regulation on profitability is different in Basel II and Basel III. Basel II capital regulations have increased the performance while Basel III has not affected the financial performance of Pakistani banks.
