

ABSTRACT

This study aims to examine how COVID-19 has affected the sustainability of Pakistan's banking industry. It is carried out to assess the banking industry's sustainable indicators in CAELS approach which explain Capital adequacy, Asset quality, liquidity Earnings (Profitability) and sensitivity to market risk. The study was conducted using a quantitative approach to determine the pandemic's impact. The data for covid percentage was taken from the World Health Organization's website and data for sustainable indicators have been taken from the State Bank of Pakistan's financial statement analysis of the financial sector from 2017 to 2021. The sample size of selected banks are 10 banks such as Askari Bank LTD, Allied Bank LTD, Bank Al-falah LTD, Habib Bank LTD, National Bank of Pakistan, Faysal Bank LTD, United Bank LTD, MCB Ban LTD, JS bank LTD, and SILK bank LTD. The research reveals a significant relationship between Profitability in terms of non-markup/ interest expense to total income which indicates a positive relationship with covid 19. The correlation of liquidity in terms of investment to total assets indicated a positively significant relationship with Covid-19. Finally, the Capital adequacy ratio in terms of Commitments & contingencies to total equity indicated a negatively significant relationship with covid-19. Besides all other selected variables are non-significant and have no effect from Covid-19.

Keywords: Covid-19, Banking sector, CAEL's rating system, Sustainability, Pandemic.