Impact of Privatization of MCB Bank on Non Performing Loan

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Abstract:
This research investigates the Impact of Privatization of MCB Bank on Non Performing Loan. Data were collected from various secondary sources, ie- SBP Annual reports, MCB Bank annual reports. Data were analyzed by using SPSS-21 version.
The results indicates that MCB bank Limited has taken seriously the matter and it seemed that proper follow up for recovery and disposal of bad debts which depicted from the graph but after 2008 it surged again the logic and reason for such heavy accumulation was sudden rise in rate of interest under the directives of central bank to combat the liquidity crisis emerged in the financial market after emergence of global financial crisis which created a panic in public to withdraw their deposits from banking system.
Keywords: Impact of Privatization, Non Performing Loan

Introduction:
Non Performing Loans (NPL)

Definition: According to IMF a loan is considered a non performing loan in which either principal or interest is over due by 90 days.

Review of literature
According to Heffaman (1996) Bank plays the role of intermediary between savers and investors. Different organizations advertising different money related administrations about stores. Also advances over an economy.

Beck (2001) characterizes bank similarly as an monetary organization which may be locked in over the business of request and supply about subsidizes.

Bossone (2001) contends that banks are interesting sort from claiming fiscal mediators. Concerning illustration they give particular fund should Components of generation. Eventually Tom's perusing extending credit offices from their liabilities debt with the individuals parts who need aid primed to consent for terms. Also states once use about credit.

Rose 1997 contends that business banks assume heading adrift What's more prevailing part as a monetary organization done practically of the economies.

Greuning and Bratanovic (2003) investigated that business banks (CBs) assume a paramount part particularly in the developing economies Similarly as those get with capital business. Toward greater part is constrained or no regulate right in the least.

Njanike (2009) contends that those customary part of An bank may be stretching out credits which are real bit of their stakes.

Havrilisky and Boorman (1994) examination researchers investigated that premium earned ahead advances is a significant procuring hotspot about income era of banks.

Reed Also Gill (1989) reasoned that around 85% about wage of business banks’ may be created starting with investment ahead advances. As stated by Saunders Furthermore Cornett (2005) loans are the significant part for banks’ possessions Also unfortunately Non performing loans will be a enormous issue that's the reason it is not a simple occupation to banks. (Chhimpa J, 2002) Concerning illustration cited over (Upal, 2009). As stated by Waweru What's more Kalam, (2009) business banks uncover themselves of the dangers for default from borrowers because of those nature for benefits of the business. Concerning illustration for every Hennie (2003) , he contended that any advance which may be not generating wage may be called non performing credit. Caprio Furthermore Klingebiel (1996), cited to Fofack (2005) also bring underpinned Hennie, they have also same definition from claiming non performing credits Similarly as whatever credit which will be unpaid principal What's more intestatelet for ninty times alternately that's only the tip of the iceberg What's more likewise these advances need aid unmoving pulley stakes which don't produce pay for long time period i. E 90 times no less than. Those haul Non performing Loan, awful advances What's more harmed credits would utilized to defaulted advances Furthermore might utilized interchangeably. These are Additionally termed Similarly as issue loans as for every Berger and de Young, (1997). As stated by Bexley Also Nenninger, 2012 these loans (NPLs) need aid approached Similarly as poisonous advantages on the bank’s books. Berger What's more de junior 1997 investigated that fiscal execution from claiming banks Might adversely be influenced by non performing credits which consumes pay and also capital at last.
Nonperforming loans bring way sway Furthermore need aid nearly connected with saving money crises Likewise for every Kroszner (2002) clinched alongside Waweru Also Kalami (2009). Greenidge and Grosvenor (2010), said that the measure from claiming non-performing advances will be a magic piece in the running Also progression for money related Also saving money crises. Advantages nature is measured for giving establishments through extent about non-performing credits What's more Previously, both Creating and created globe NPLs are connected with disappointment What's more fiscal emergency as for every Guy (2011). Louzis et al (2011) opined that Non performing loans would promptly cautioning signs about approaching saving money emergency. As stated by Boudriga et al, 2009 it is An huge challenge for controllers Comprehensively on wrist bindings contaminated portfolio at base level in spite of constant catch up.

Non Performing Loans

<table>
<thead>
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<th>Year</th>
<th>Series1</th>
<th>Series2</th>
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**Comments:**

MCB bank Limited has taken seriously the matter and it seemed that proper follow up for recovery and disposal of bad debts which depicts from the graph but after 2008 it surged again the logic and reason for such heavy accumulation was sudden rise in rate of interest under the directives of central bank to combat the liquidity crisis emerged in the financial market after emergence of global financial crisis which created a panic in public to withdraw their deposits from banking system.

Over all performance remained quite satisfactory in initial period.

**Conclusion:**

...amount of non-performing loans is a key part in the running and progression of financial and banking crises. Assets quality is measured in lending institutions through magnitude of non-performing loans and in both developing and developed world NPLs are associated with failure and financial crisis MCB Bank witnessed the decline in the ratio over the period that is proof of their strong & in time foresight and lesser reliance on debts for increasing their asset base. The assets were financed by the equity which was raised also in compliance to Basel-II accord

**References**


Casey, J.-P. and Lannoo, K.(2005) 'Capital adequacy vs. liquidity requirements in banking supervision in the EU', CEPS Policy Briefs No. 84, pp.1-10. 224


