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Impact of Corporate Governance on Bank's Performance: A Case Study of Pakistan's Banking Sector

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ABSTRACT

Purpose: *The purpose of this study to examine association between Corporate Governance mechanism and Bank's performance.*

Design/Methodology: *A panel data from 08 Commercial Banks of Pakistan has been taken as a sample size from 2018 to 2024. The required secondary data has been obtained from the published audited financials of the Banks. For examination of the hypothesis a Fixed Effect Regression Model (FEM) was selected based on the results of Variance Inflation Factors (VIF). A Descriptive Statistics has also been performed in this study, which provides the concise overview of dataset including measurement of central tendency.*

Findings: *By employing Fixed Effect Model, statistical evidence was found indicating that BOD size and BOD Independency have positive significant effect on Bank's performance & Bank Size as a control variable which has been measured by log of total assets of the banks, has also strong positive significant impact on Bank's performance. However, an independent variable which is BOD meetings has no significant impact on Bank performance as P-value of this variable is greater than 0.05*

Research Limitations: *This research has certain limitations as the study's results may not be generalized to other countries or industries because the current study considered only the Pakistani Bank sample size based on the availability of data. Moreover, this study may not represent the whole financial industry because it includes all listed and non-listed banks. Hence, the findings may not be applicable to the other industries operating in different business ecosystems.*

Keywords: *Corporate Governance, Bank's Performance, Pakistan, Banking Sector*

INTRODUCTION

The topic "Impact of Corporate Governance on Banks' performance" has a significant impact on all banks, whether they are dealing in Islamic banking or conventional banking. Furthermore, this topic will provide a clear picture for regulators to assess the compliance and performance of banks, enabling them to develop guidelines for improved corporate governance. Evidence suggests that banks with poor governance face more crises and an increased chance of income loss (Basiruddin, & Ahmed, 2019). Basically, corporate governance is a system through which banks & companies are directed and controlled. Corporate governance includes the relationship of a company to its shareholders and society.

The main goal of corporate governance is to protect shareholders and stakeholders from misconduct and fraud (SECP). It plays a key role in improving a bank's performance by ensuring accountability, transparency, and efficiency. Good corporate governance boosts economic efficiency and growth. It may allow external financiers to pay a more premium for companies which have effective governance (Kelifa Kamal, Ashenafi, and Yodit Kassa, 2013). It not only promotes goodwill for banks but also boosts confidence in the financial system (Mohemmad, Fatimoh, 2012).

In this article, the relationship between corporate governance and a bank's performance has been explored. Currently, financial inclusion is rising in Pakistan, especially in Islamic banking. Since 2010, the Islamic banking industry has grown its assets by an average of 25.9%, compared to 14.1% growth in the overall banking sector. Islamic banking has become essential in the country's banking sector, capturing a 20.2% market share in assets and 22% in deposits by the end of December 2022 (Financial Stability Review - 2022, Box 3.2 by State Bank of Pakistan).

A Return on Equity (ROE) has been taken as a tool to measure a bank's performance. This key financial ratio shows how efficiently banks use shareholder equity to generate profit. ROE is calculated by dividing net income by shareholder equity. Investors and stakeholders often use this ratio to assess a bank's performance and financial health.

Problem Statement

The impact of corporate governance on bank performance has been studied in Ethiopia, Bangladesh, Nigeria, India, and Asia overall. However, it has not been explored in Pakistan. This paper aims to add to the growing literature on corporate governance and bank risk exposure. Based on our review of various articles, this paper is one of the first to examine the link between corporate governance and bank performance from a Pakistani perspective. We focus on Board of Director (BoD) size, meeting frequency, and BoD independence. We will analyze whether these factors affect bank performance, treating them as independent variables.

This research aims to fill the gap by investigating the relationship between corporate governance and bank performance. By examining both independent and dependent variables, we hope to identify specific opportunities and challenges.

Research Objective

No one can deny the importance of corporate governance. An effective corporate governance helps banks to manage their credit risk, market risk and operational risk as well. The primary objective of this research is to examine influence of corporate governance on bank's performance, which is being measured through ROE. Evidence suggests that good corporate governance has very insightful impact on bank's performance. Core factors of corporate governance were taken to measure bank's performance. BOD size, BOD meetings Frequency & BOD independency have been taken as an independent variables and Bank size (which is measured by log of total assets of the bank) has been taken as a control variable, while ROE is a Dependent variable.

Corporate Governance, its Evolution & importance

Corporate governance is an institutional framework that includes procedures, laws, and other management frameworks to drive and regulate administration, ultimately meeting the needs of shareholders and other stakeholders. It plays a vital role in ensuring that companies operate effectively, transparently, and with integrity (Arif, Mustapha & Ruhana Isa, 2023). Good corporate governance builds trust in the business community, promoting sustainable economic growth and development. On the other hand, weaknesses in corporate governance can lead to fraudulent activities, damaging financial stability.

In Pakistan's early days, there was no code of corporate governance that catered to the needs of shareholders and stakeholders. Corporate scandals, such as those involving SNGPL, Pakistan Railway, Lucky Cement, Kohinoor Textile Mills, HBL, and Engro Polymer, damaged Pakistan's image and highlighted the need for a business-oriented system (Arif, Mustapha & Ruhana Isa, 2023).

Pakistan's corporate governance is based on the shareholding model, influenced by British law and common law. Before the establishment of the Company Law Commission by the Government of Pakistan, the Securities and Exchange Commission of Pakistan (SECP) was set up in 1999 under the SECP Act. Initially, SECP regulated Non-Banking Financial Institutions, including the Pakistan Stock Exchange, and supervised the issuance of equity and debt securities. Later, the Institute of Chartered Accountants of Pakistan and SECP collaborated to develop a Code of Corporate Governance (CCG) to protect the interests of shareholders and stakeholders (Arif, Mustapha & Ruhana Isa, 2023). In March 2022, SECP introduced the first Pakistan Code of Corporate Governance, aimed at strengthening the regulatory mechanism and its enforcement (Y.Javid & Iqbal, 2010).

The initial draft of the CCG encouraged listed companies and banks to have an independent director and a training program for directors. It also recommended the establishment of an audit committee in listed companies. However, the draft did not require a female director (Khan et al. 2024). The CCG was revised in 2012, after 10 years of implementation. The revised draft made it mandatory to have at least one independent director on the board, which was optional in 2002. Furthermore, it recommended that at least one-third of the board members should be independent. The 2012 CCG also introduced the independence of the audit committee to strengthen the audit mechanism of listed companies and banks. Additionally, it specified that the board chairman and audit committee chairman should not be the same person (Khan et al. 2024).

After implementing the 2012 CCG, SECP reviewed the revised draft and other international codes of corporate governance. They noticed that the revised draft had limitations, such as gender diversity and board expertise. Therefore, SECP revised the 2012 CCG at the end of 2017. The 2017 CCG included a clause on gender diversity, requiring the inclusion of female directors and expertise members in the audit committee. To strengthen the independence of directors, the following clause was added to the 2017 CCG draft: "not less than two members or one-third of the total members should be independent in the board" (Khan et al. 2024).

LITERATURE REVIEW AND DEVELOPMENT OF HYPOTHESIS

This chap is based on the theatrical background, hypothesis development and empirical evidence of variables on the Corporate Governance and bank’s performance in Pakistan.

Theoretical Background

The need of good corporate governance was felt in around the world due to business failure and financial scandals. Many countries around the world faced financial scandals in 90s including America, Canada, Brazil, Germany and Nigeria (mohemmad, fatimoh,2012). The banking institution holds an important position in the stability of the economy of any nation. It plays vital roles on fund mobilization, credit allocation, payment and settlement system.

After reviewing many research papers on Corporate governance, it has been noticed that researchers compared corporate governance based on bank efficiency, bank performance, stability, and CSR disclosure activities. However, these comparisons were made for other countries. This paper, on the other hand, exclusively focuses on the effect of corporate governance on bank performance in Pakistan.

Development of Hypothesis

Board of Director (BOD) Size

For any bank, having a reasonably sized Board of Directors (BOD) is essential to avoid communication barriers and improve performance. Some studies suggest that BOD should be large in size due to the complexity of business, unbalanced information and changing market behavior (Andres and Vallelado (2008) and (Khan and Nitasha Zahid (2019). Some studies show that Banks required proper monitoring and discussion on the issues arising due to market behavior, adoption of different Shariah and accounting standards and changing world wide dynamics (Khan et al. 2024). The theory of resource dependency says that a huge BOD is associated with higher levels of firm performance since a larger board might be better able to form environmental ties and secure essential resources (Molla & Saiful Islam, 2021).

According to De Andres and Vallelado (2008) there is a trade-off between the advantages and disadvantages with regards to board size in terms of human workforce, monitoring and coordination. While huge size of boards or sub committees have greater human workforce but they are less effective due to coordination challenges and process inefficiencies which leads to weaker monitoring (Khan & Nitasha Zahid, 2020). However, some past studies indicate that smaller boards are mainly more effective, as directors can communicate with each other more efficiently and are easier to manage. (Mollah and Zaman, 2015, Rohaida Basiruddina and Habib Ahmed, 2019). Some past studies found negative relationship between BOD size and bank performance, while some found no association between BOD and corporate governance (Khan & Nitasha Zahid, 2020).

Given the critical nature of banking operations and the daily challenges they face; a large BOD is essential to enhance the overall performance of the bank. Additionally, board members' external links and diverse experiences can make a positive contribution to the firm. Therefore, based on previous studies, the first hypothesis of this analysis is as follows

H1: There is a positive relation between BOD size and Bank’s performance.

Board of Director (BOD) Meetings

The frequency of board meetings is very important to understand and resolve the issues arising due to critical nature of banking operations. Further, frequent meetings improve the board’s effectiveness and can help to exchange the new ideas and give best advices to the management (Khan and Nitasha Zahid (2020). Some studies suggest that frequent meetings of BOD during the financial year play a very important role for monitoring the banking operations. The boards who meet frequently, can discharge their responsibilities more efficiently (Rohaida Basiruddina and Habib Ahmed, 2019). However, regular meetings are not good for any bank or firm as it will create negative effect on the firm and decrease the performance of the company along with indicating some trouble in the organization (Khan and Nitasha Zahid (2020).

Based on the above discussion and importance of board meetings, it is essential to meet the board frequently to enhance the overall performance of the bank. In addition, board meetings have external link with the Bank’s performance therefore, based on the previous studies, the second hypothesis of this analysis is as follows:

H2: There is a positive relation between BOD meetings and Bank’s performance.

Board of Director (BOD) Independency

Board independency plays a very crucial role in corporate governance protecting shareholders' rights and holding the CEO and executive management accountable for their decisions. An imperative study has been conducted on commercial banks in Kenya, which states that a certain proportion of independent director has positively impact of bank's performance (Mandu, 2010). An independent board promotes transparency in internal control and financial reporting. Firms with a certain proportion of independent directors on their boards send a positive signal to investors, regulators, and stakeholders.

Some studies suggest that strong board size can improve bank's performance, but they found no relation between bank's performance and independent directors (Mollah et al. 2017). Another studies were conducted to examine private and public sector banks in Bengaluru, India. Their results suggest that board independence and transparency are important for enhancing financial performance (Malini and Kavitha,2021). These evidences collectively suggest that board independence normally supports better financial results in banks but its effectiveness can vary depending on some external factors like regulatory environment, market maturity, and economic stability.

Based on the above discussion and importance of board independency, it is essential to be a certain proportion of independent director to enhance the overall performance of the bank. In addition, board independency has external link with the Bank's performance therefore, based on the previous studies, the third hypothesis of this analysis is as follows:

H3: There is a positive relation between BOD independency and Bank's performance.

To summarize, overall corporate governance has association with bank's performance and we took BOD size, BOD meetings and BOD independency as a independent variables to measure the banks performance.

RESEARCH METHODOLOGY

Sample

To investigate the relationship between Corporate Governance and Bank performance, a sample of 8 prominent Pakistani banks was selected, comprising both Islamic and conventional banks, with most being listed on the Pakistan Stock Exchange (PSX). The sample period is 7 years from 2018 to 2024. The Data collected from annually published financial reports of the commercial banks, which are also available on bank's and PSX's website.

The Banks selected for the sample are as follows;

1. Meezan Bank
2. Bankislami
3. Dubai Islamic Bank
4. Fysal Bank
5. Habib Bank Limited
6. United Bank Limited
7. Allied Bank Limited
8. Bank Al Falah limited

Measurement of Variables

There are total 22 commercials banks in Pakistan including 6 full fledge and 16 conventional banks, offering different products and services to their customer in across the Pakistan. Many stakeholders prefer Islamic banking due to its Shariah Compliant product and services and presence of Islamic banking is growing not only in absolute terms but also strengthening its presence within the overall banking landscape. While many of the people are currently using conventional banking for certain reasons. Since dual banking system are currently in practice in Pakistan, therefore we took 04 bank out of 08 from full fledge Islamic banks and remaining 04 banks from conventional banks for our study.

Dependent Variable

Return of Equity (ROE) has been used as a dependent variable to measure the association between bank's performance and Corporate Governance. ROE is a proxy of bank's performance. ROE is derived from net income by dividing it from shareholder equity, which means that how effectively a bank uses the investor money to generate profit.

The formula for Return on Equity (ROE) is:

ROE=Net Income/Shareholders' Equity×100

Independent Variable

This study uses the BOD size (BDS), BOD meetings (BDM) & BOD independency(BDIND) as an independent variable. In addition, we also used one control variable anticipating that it may affect the overall performance of the banks. We have taken Bank size (BS) as a control variable which has been measured through log of total assets of the banks. The bank size may affect its profitability because larger banks have more resources and capabilities than smaller banks (Molla & Saiful Islam, 2021).

In corporate governance, there is no fixed requirement of BOD size, however at least minimum 07 directors should be on board on every listed company. Similarly, at least 04 directors meeting should be held in a financial year with no gap of 120 days between two consecutive meetings. With regards to Board independency, every listed company must have at least two independent directors or one-third of the total board members, whichever is higher.

Model Specification

To check the effect of corporate governance on bank's performance the basic framework for the panel data regression model is employed:

$$Yit = \alpha + Xit\ \beta + uit$$

Where:

- yit: The dependent variable (e.g. ROE) for entity *i* at time *t*
- α (alpha): Intercept (a constant term across all entities and time)
- Xit: A vector of independent variables (like BOD size, meeting frequency, etc.) for entity *i* at time *t*
- B(beta): A vector of coefficients showing how each independent variable affects Y
- uit: The error term

By using above equation, following specific model is employed for the purpose of this study

$$ROEi = \alpha 0 + \beta 1\ BDSi + \beta 2\ BDMi + \beta 3\ BDINDi + \beta 4\ BSi$$

Where:

- ROE = Return on Equity (dependent variable)
- BDS = Board of Directors Size

- BDM = Frequency of Board Meetings
- BDIND = Board Independence (e.g., proportion of independent directors)
- BS = Size of the bank (control variable, which has been measured by log of total assets of the banks)
- α_0 = Intercept
- β_1, β_2, β_3, β_4 = Coefficients for respective independent variables

RESULTS AND DISCUSSIONS

Descriptive Statistics

Table (01) shows the descriptive statistics that provide general highlights into the characteristics of a studied sample. These statistics provide insight into the central tendency (Mean) and the variability (Standard Deviation) of each variable. In all cases, the standard deviation of each variable does not exceed its respective mean, which shows tight clustering of the data. Further, Descriptive statistics shows that BOD related variables are relatively stable and closely follow the normal distribution, indicating consistency in governance practices. However, ROE shows high variability ranging from 0.46 to 44.69, which may indicate the presence of outliers or exceptional performance in some firms.

Table 01- Descriptive Statistics:

Variables	Mean	Std. Dev.	Minimum	Maximum	Skewness	Kurtosis
ROE	16.232	8.813	0.4600	44.690	1.283	4.611
BDS	8.017	1.167	6.000	10.000	0.6567	2.139
BDM	6.035	1.560	4.000	10.000	0.345	2.331
BDIND	33.551	6.038	24.000	49.000	0.699	4.036
BS	13.113	0.935	11.282	14.900	-0.272	2.102

Correlation

The association between variables used in the study is given below in Table 02, which show strength and direction of relationship between variables. As ROE has a moderate positive relationship with Bank Size and BOD size suggesting that more diversity in Board and bank has large size tend to perform better. However, ROE has moderate negative and low negative relationship with board meeting and board independency that most frequent meeting and more independent variable may tend to decrease profit of the bank.

Table 02- Matrix of Correlation Coefficient:

	ROE1	BS1	BDM	BDIND1	BDS1
ROE1	1				
BS1	0.35	1			
BDM	(0.46)	0.27	1		
BDIND1	(0.29)	0.02	0.39	1	
BDS1	0.48	(0.04)	(0.25)	(0.22)	1

Multicollinearity

The above data does not have a multicollinearity issue, as shown in Table (03) where the Variance Inflation Factor (VIF) values are all below 5. VIF is a measure of how much multicollinearity inflates the variance of a regression coefficient. As a rule, VIF values less than 10 are acceptable, and values less than 5 are desirable.

Multicollinearity is a problem that arises when two or more independent variables in a model are highly correlated. This can cause regression results to be distorted, leading to inflated standard errors and making it difficult to determine which variable is actually affecting the dependent variable.

Table 03 - Variance Inflation Factor

Dependent variable: ROE			
	Coefficient	**Uncentered**	**Centered**
Variable	Variance	VIF	VIF
C	192.5585	309.5763	NA
BS1	0.791471	219.8991	1.09268
BM	0.346072	21.59945	1.330627
BDIND1	0.021105	39.4097	1.214952
BDS1	0.505652	53.34901	1.088496

Multicollinearity will not be an issue in case that the correlation coefficients are lower than 0.80 and VIF not exceed 10 accordingly. The above table (2) shows that the largest pair wise correlation coefficient is 0.48 between Bank performance and BOD size, while all values of VIF are less than 5.

Unit Root Test

A unit root test is conducted especially in time series analysis to check the stationarity of data. Further, it helps determine whether the statistical properties of a dataset, like mean and variance, will remain constant over time period or if they change. To check the stationarity of the data we ensure that value of probability should not be more than 0.05, it value of P is greater than 0.05, we check at 1st difference and at 2nd difference if needed. Stationarity of the data is more important, if data is not stationarity the model may give misleading results. Following Table (04) shows that value of probability of all variables are less than 0.05, which shows the stationarity of data series.

Table 04 – Final Results of Unit Root Test:

Variables	**Levin, Lin & Chu t ***	
	Statistic	**Probability**
Return of Equity (ROE)1	-2.9640	0.0015
BoD Size (BDS)1	-5.3436	0.0000
BoD Meetings (BDM)	-5.8685	0.0000
BoD Independency (BDIND)1	-3.9393	0.0000
Bank Size (BS)1	-4.0473	0.0000

Probability value should not be more than 0.05 for the stationarity of the data, if value of P is greater than 0.05, than the data is checked at 1st difference and at 2nd difference if needed. Following Table (05) shows that the series of data are either stationary at level or at first difference.

Table 05 – The Result of Unit Root Test at Level & 1st Difference:

Variables	Levin, Lin & Chu t *			
	Results of Test Run in Level		Results of Test Run in 1st Diff.	
	Statistic	Probability	Statistic	Probability
Return of Equity (ROE)1	0.6593	0.7452	-2.9640	0.0015
BoD Size (BDS)1	-0.8058	0.2102	-5.3436	0.0000
BoD Meetings (BDM)	-5.8685	0.0000	-	-
BoD Independency (BDIND)1	-0.5812	0.2805	-3.9393	0.0000
Bank Size (BS)1	0.50602	0.6936	-7.7345	0.0000

Explanation of the Results of Unit Root Test

A unit root test was conducted on ROE, BoD size, BoD independency, and Bank size to determine whether the data was stationary at level. It was found that the p-values were greater than 0.05 at level, as shown in Table 05. Consequently, the test was applied at first difference, where the p-values were found to be less than 0.05, indicating that stationarity was achieved at first difference.

The unit root test was also conducted on BoD meetings to assess stationarity at level. A p-value less than 0.05 was obtained, which confirmed that stationarity was present at level

Model Determination & Regression Analysis

The researcher follows different methods for model selection. Normally, Formal test of Hausman is carried out to examine whether the individual-specific effects are correlated with the explanatory variables or not. Hausman Test result shows that the the individual effects are correlated with the independent variables, since the P-value is 0.0000 which means that the result is highly statistically significant. By this, Fixed Effects Model (FEM) will produce valid results than Random Effects Model (REM).

P-value = 0.0000 (< 0.05): which supports the use of the Fixed Effects model.

Regression Analysis

Table 06 -Fixed Effect Regression Results Based on ROE

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-152.2642	16.45959	-9.250788	0.0000
BS1	12.83970	1.127050	11.39231	0.0000
BM	0.829987	0.573208	-1.947969	0.1547
BI1	0.029204	0.088378	0.330449	0.0426
BDS1	3.762828	0.851316	0.896057	0.0251
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.891114	Mean dependent var		16.23268
Adjusted R-squared	0.863892	S.D. dependent var		8.813290
S.E. of regression	3.251472	Akaike info criterion		5.383502
Sum squared resid	465.1710	Schwarz criterion		5.817506
Log likelihood	-138.7380	Hannan-Quinn criter.		5.551764
F-statistic	32.73552	Durbin-Watson stat		1.364966
Prob(F-statistic)	0.000000			

RESULTS AND DISCUSSIONS

The above table demonstrates that R^2 value is 0.8911 indicating that model explains about 89.11% of the variation in the dependent variable. This is a very high value and suggesting that the independent variables are doing an excellent job of explaining the outcome. Adjusted R^2 value shows that all individual predictors are statistically significant. so it still suggests good explanatory strength and indicates that variables are contributing meaningfully. F-Statistic test result indicates the overall significance of the regression model. A high F-statistic shows that the model explains a significant variance. P-value of F-test is 0.0000, which defines that the overall model is highly statistically significant.

The result shows that BOD size has positive significant effect on Bank's performance as 01-unit increase in BOD size will cause 3.7 units increase in Bank's performance. This empirical finding is consistent with Ibrahim Saiful Islam, Rahaman (2021), Hassan and Khan (2021), Adams and Mehran (2005), Tanna et al. (2007) and Soliman and Abdel-Azim (2020).

The above result demonstrates that BOD independency has positive impact on Bank performance. This finding is consistent with Panta and Koirala et al.(2024), (Mandu, 2010) and (Malini and Kavitha,2021) but some studies found no relation between bank's performance and BOD independency (Mollah et al. 2017). However, this study finds no statistically significant impact of BOD meetings on bank's performance as P-value of these variables are greater than 0.05. This finding supports the most of the recent findings such as Taluka et al. (2022), Boadi et al. (2023) and (Khan and Nitasha Zahid (2020).

Regarding Control Variable, Bank Size (which has been measured by log of total assets of the banks) positively effect on Bank's performance. This finding is support by Mustafa (2020), Khagendra and Timsina (2023) and Ibrahim et al., (2021). Bank size (BS1) was included in the model as a control variable to account for the influence that the overall size of a bank might have on its performance. This ensures that any observed effects from board-related variables (such as board size, board meetings, and independence) are not biased or misattributed due to the natural advantages or disadvantages of being a larger or smaller institution. The significant and positive relationship between bank size and ROE confirms that size itself plays an important role in performance, justifying its inclusion in the model.

CONCLUSION

This study aims to investigate the impact of Corporate Governance characteristics (such as BOD size, BOD Meetings & BOD independency & Bank size) on Bank's performance. To check the impact of Corporate Governance on Bank's performance secondary data of 08 Commercial Banks was obtained from the published audited financials of Banks during the period from 2018 to 2024. A secondary dataset from 08 banks has been collected and analyzed using Panel Least Square (PLS). The econometric diagnostics provide evidences that Fixed Effects Model regression is the appropriate estimation to be applied for testing the hypotheses of the study.

Concerning corporate governance structure, we find statistical evidence to conclude that BOD size (BDS), BOD Independency (BDIND) & Bank Size (BS) have a positive significant impact on bank's performance. We also find that BOD Meetings are not linked with the performance of the Banks, which we took as sample of this study. It signifies that the BOD meetings do not guarantee the enhancement of banks' performance. One of the possible reasons which evident from articles that board meeting frequency alone does not necessarily improve bank performance unless accompanied by effective governance, quality participation, and strategic decision-making.

This research has some limitations as the results of this study may not be generalized to other industries or countries because the current study considered only the small sample size based on the availability of data. Moreover, this study may not represent the whole financial industry because it includes all listed and non-listed banks.

Hence, the findings may not be applicable to the other industries operating in different business ecosystems. Although there are certain limitations in this research, this finding could open up the pavement for the concerned bank authority to rethink the corporate governance policy to ensure the accountability of the board of directors. In addition, it would be quite motivating for further study to assess the effect of qualification of board members, women board members having family links with owners, CEO's salary, gender diversity on board and the capital market forces on the corporate governance practices of banks operating in Pakistan.

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