THE EXCHANGE RATE EXPOSURE AND STOCK PERFORMANCE OF PAKISTAN BANKING INSTITUTION

Dr. Muhammad Zia ur Rehman[1], Muhammad Mohsin[2] and Sajjad Ahmad Baig[3]

Abstract

The stock market plays a central role to uplift the financial status of the corporations, and there are direct influences of the stock exchange fluctuation on the stock market for performing multiple business activities. The main objective of this study is to scrutinize the exchange rate disclosure, along with the financial returns of Pakistani banking institutes. The global investment community adds value to the new existing markets; that's why the fluctuation of market and capitalization returns were increased speedily as it is discussed in this paper. The amplified market model is directly linked with such kinds of relationships. In this study, approximately, top ten banks from the private and public sectors are selected, which are both kinds of banks, Islamic and conventional banking systems. It is estimated that there would be high market returns of banks with the continuous change in return benchmarks as well as the exchange rates. As in the view of the short and long run, the performances of the banking sector in the KSE 100 Index have impacts upon the antecedents. In this paper, all results of every bank are discussed separately. All these results display the diverse kinds of tendencies towards the returns of the bank in the long and short term. Not even every currency is exposed to the highest exchange rate for all of the banks; conversely, JPY, GBP, and USD are indicators of the performance of the stock exchange. The market members like financial specialists, merchants, intermediaries, and controllers give their viewpoints about the high unpredictability in the stock exchange. The members not only consider the unpredictability of stock exchange as the mega proportion of the risks but they are also worried about intemperate instability which shows variance in stock returns, having no specific earmarks for joining any significant news about the market basics or firm.

Keywords: Banking Sectors, Exchange Rate, Stock Performance, Return Benchmarks.

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[1]Assistant Professor, Department of Management Sciences, National Textile University, Faisalabad, Pakistan.
Email: zia.msfin@iiu.edu.pk

[2]PhD Scholar, College of Business Administration, Liaoning Technical University, Liaoning, China.
Email: mohsinlatifntu@gmail.com

[3]Associate Professor, Department of Management Sciences, National Textile University, Faisalabad, Pakistan.
Email: sajjad.baig@gmail.com

Introduction

Banking sector has fundamental risks that may cause failure in operations of the bank. In 1974, the failure of Franklin National Bank and Bankhaus (ID) Herstatt forced the regulators to reconsider the exchange rate risks as these two megabanks were collapsed due to the exchange rate transactions in which they were directly or indirectly involved. The regulators launched some measures of decreasing the potential risks which were linked with the operations of foreign currency by monitoring all transactions of foreign currency with cumulative open positions.

During the finalizing time of transaction and period for initiating transaction of the foreign currency, the cash flow of the firm may cause risks of foreign exchange in the short run. Following the previous scenario, the banking sectors deal with the global business as well as investment activities, tending more towards foreign exchange. This study would highlight all exchange rate risks, encountered by the leading Pakistani banks along with its influences upon the performance of the banking sector in the stock exchange markets. This study would also present all statistical data analysis at the individualistic and collective levels of the exchange rate. Obadan (2006) explained that exchange rate plays the role of a bridge among the prices of divergent countries which enable traders to compare the prices directly. The exchange rate fluctuation seriously affects the import and export of any country via exchange rate or relative price of goods.

This paper is divided into different sections. Section I demonstrates a short introduction about the topic by highlighting the implication of the study. Section II would elaborate on all the previous studies in the context of the exchange rate risks for the banks. Section III is the methodology part to discuss all methods of a statistical analysis, based on the foreign exchange risks for the banks. Section IV represents the results.

Literature Review

Several studies corroborate the association of fluctuations in the exchange rate and multinational companies. But there are no specific experimental findings, about hazardous exchange rate, encountered by all banks, superficially, the banks of Pakistan. The research works are inadequate to authenticate this connection, but there are some studies which show the validity of the empirical findings, related to the exchange rate risks. The most quoted companies of developing countries are import dependent which affect the stock market negatively and intensively affect the foreign exchange rate on stock market (Alaba, 2002). Grammatikos et al. (1986) Ayub and Masih (2013) evaluated the positions of the foreign currency for the US banks in setting up a portfolio in accordance with the foreign exchange rate risks and interest rate. The US banks adopted monthly positions in five key currencies (the Canadian Dollar, British Pound, the US Dollar, Japanese Yen, German Mark, and Swiss Franc) for trading, spanning time period of 1976-1981. The analyzers utilize these monthly positions (Shapiro, 1975; Butt et al., 2010). They concluded that foreign currency position might have

impacts on safety and smoothness of operating system of banks, the US Banks may mitigate the issues considerably by choosing the optimum locations for the foreign currencies. In the viewpoints of the researchers, the distinct banks are taken as outliers, encountering the financial crisis, such banks prone more towards high risks by speculating the foreign currency in the market.

The exposure of the US multinational firm is estimated by Jorion (1990) as a foreign exchange hazards. The conclusion shows that there is an excellent difference among exchange rate and stock returns systematically when the association between multinationals is displayed. He concentrated on exposing the determinants of the exchange rate. Moreover, he also found that the value of the dollar and stock returns are positively correlated. Without international operations, the exposure had no specific difference across the domestic firms. In the viewpoint of Jorion (1990), according to the Arbitrage Pricing Theory, there would be the value of exchange rate conceptually. Hedging transactions of foreign currency influence the cost of capital in domestic firms with minimum exposure to risks. Choi et al. (1992) designated the different multifactor model to evaluate the banks for risk disclosure. Primarily, they introduced three components of the model in the literature which have an influential impact on the banking institutions; such elements include the market return, exchange rate, and interest rate. A considerable alternative way used for the calculation of the coefficient of the factors is an optimized behavior model of the global banking institution. The regression model implementation use two dummies, dummy variable of money-center bank and post-October 1979-time dummy variable.

They presented the standardized results for an interest rate as well as market returns along with the new results of the exchange rate, which are entirely dependent on the observations during the specific time period. Afterward, Leahy (1994) utilized the data of five foremost financial institutes for the foreign exchange position in order to calculate the exchange rate for the bank position and forecast movement, particularly; they employed logit and multinational logit valuation models. Later on, they suggested that logit assessment is far superior to unsystematic forecasting, providing evidence to substantiate premium risk, varying according to the time, it is closely associated with the position, assumed by the active participants. Particular corporations of the US and Japan are clenched by banks, following the present flow of study which explored the exchange rate influences on those corporations by using cross-sectional data analysis techniques on a daily basis Kasman et al. (2011).

The gathering information from March 1997 to February 2001 was accomplished. Observational consequences of GARCH-M model uncovered the market hazard is a necessary factor for the unpredictability of the bank return and loan cost in long as well as short run. They demonstrated that there is no impact of long haul loan fees and swapping scale on the arrangement of bank returns Ryan and Worthington (2002). At the end of the day, this examination demonstrated no particular proof to relate the swapping scale varieties with the arrangement of bank returns. Alternately, the greater part of the examinations substantiates the impressive connection between bank returns and swapping scale, which are alluded in this paper. As it is examined in the previous examinations, related

to the conversion scale presentation on banks give the opposite outcomes, which should be mindful fastidiously. In this specific circumstance, Hahm (2004) and Yao et al.(2018) considered the effect of the conversion standard alongside the loan cost on the financial organizations of Korea before the emergency timeframe tentatively. This examination was led specially to assess the Korean financial foundations for the hazard presentation in the immediate just as an aberrant way Abdalla and Murinde (1997). They researched the affectability of Korean banks in correspondence with the arrangement of profits, trade rates, and loan costs by utilizing three elements model. Ostensible spot conversion scale was utilized in this examination paper to compute the estimation of the nearby cash as indicated by the estimation of outside money. This examination explored the sensitivities of previously mentioned three elements with the utilization of qualities every month for assessing the profits of the banks for time spreading over from 1990 to1997 Levine and Zervos (1998).

They additionally demonstrated that there is an immediate presentation of the vendor and business banking foundations to the outside trade and financing cost dangers. Similarly, the trader and business banking establishments demonstrated introduction to the outside trade and loan fee chances in various sub-timespans adversely. In a nutshell, they closed their important discoveries that erratic development in remote swapping scale and loan fees effects which affect Korean financial foundations in the immediate and roundabout way as the devaluation of the Korean financial organizations realized the money related emergency in Korea by presenting higher loan fees (Ahmad & Jan, 2017). The coefficients are increasingly significant measurably and negative swapping scale, in 7 of the 14 cases, OLS results likewise demonstrated that the bank's all out to return was emphatically identified with comprehensive market execution and trade rates. The aftereffects of the GARCH model recommended that the normal contingent yield had a negative and considerable relationship with the presentation to the swapping scale in 5 of the 14 cases. What's more, they contended that flightiness in financing costs and remote capriciousness is the most significant deciding component for the unconventionality of contingent bank yields.

According to our survey reports, this facet of research was not investigated extensively in the 1990s, although some have empirical evidence. Some studies have suggested the risk of changing interest rates for banks, precisely for the US and other advanced countries. Though other research emphasizes the interest rate risks and exchange rate in companies or multinational companies in the developed economies, but in developing countries, there is the risk of foreign exchange. The degree of change in banks as the only variable which is discussed in some studies, but this study has a great contribution in the specific literature with the additional dimension, especially in the case of Pakistan; it also provides strong grounds for the future studies in this particular domain.

Hypothesis Development
H1: There is a significant relationship between exchange rate exposure and bank stock prices.

Material and Methods

The data sampling consists of 9 top listed banks of Pakistan. The values of all banks are taken for almost 6 years from 2012 to 2017 (monthly data). The sample of the enlisted banks are given in below table.

Table1
Listed Banks Sample

Name of Bank	**Abbreviation**
Allied Bank Limited	ABL
Bank AL-Habib Limited	HBL
Bank Alfalah Limited	BAL
United Bank Limited	UBL
Faisal Bank Limited	FBL
National Bank of Pakistan Limited	NBP
Meezan Bank Limited	MBL
The Bank of Punjab Limited	BOP
Muslim Commercial Bank Limited	MCB

The rate of exchange risk is fundamental determinants to expect banks to return as a result of short and long-run impacts. For this reason, we have connected with a technique, known as Augmented Market Model, which is utilized by Merikas (1999). We additionally utilized the KSE 100 files as a substitute for market return in AMM (Chamberlain, 1997; Jorion, 1998; Maigua & Moun, 2016; Mohsin et al., 2017; Naseem et al., 2018). In this paper, the profits of the financial business are talked about as an autonomous controlled variable to sectorial wellsprings' inconsistency in the particular bank yields. To appraise the introduction to the swapping scale, four respective trade rates were utilized in an immediate statement and a general conversion standard.

S0= NEER
S1= RS/US$
S2= RS/GBP
S3= RS/EURO
S4= RS/JPY

In this study, we assume that all fluctuations in expected exchange rates in stock prices are reflected, so changes in stocks are not affected by this change. Concerning unforeseen changes as demonstrated by Ahmad and Jan (2017) in this study would estimate the real modification in the exchange rate as a measure of the unexpected variation in it (Qayyum & Kemal,2006).

Model

To calculate the change in return of exchange rate due to rate of exchange's fluctuations, we indicate every bank return *Ri,t,* as, market yield as, bank yields as and rate of exchange as *S (0,1,2,3*). We will calculate the predictable constraints through reducing return of the different banks in the remaining of the dependent variables. In order to elucidate this, we have assumed the following links.

$$Ri,t = \beta 0 + \beta 1\ Rmar,t + \beta 2\ Rsec,t + \beta 3\ S0,t + \beta 4\ S1,t + \beta 5\ S2,t + \beta 6\ S3,t + \beta 7\ S4,t + e \quad ....(1)$$

$$Ri,t = \beta 0 + \beta 1\ Rmar,t\text{-}1 + \beta 2 Ri,t\text{-}1 + \beta 3 Rsec,t\text{-}1 + \beta 4\ S0,t\text{-}1 + \beta 5\ S1,t\text{-}1 + \beta 6\ S2,t\text{-}1 + \beta 7\ S3,t\text{-}1 + \beta 8\ S4,t\text{-}1 + e \quad .....(2)$$

Test for Stationary (Augmented Dickey-Fuller)

In this study ADF test is used to check stationary of time series data for which this study is much concerned. This version of stationary is known as expanded version of stationary test Aydemir and Demirhan (2009). The increased (ADF) statistic, the more negative and there would be more probability of refutation of the supposition that unit root exists in the data is in form of time series (Raza et al., 2017). The most of the variables are static and unified to the level, as shown below in table 1. We use the OLS regression technique to measure the mandatory coefficients.

Table 2
Results of Augmented Dick-Fuller Test (ADF)

Variables	**t- statistics**	**Variables**	**t- statistics**
NEER	-7.84*	HBL	-8.92*
US$	-5.4*	BOP	-7.78*
GBP	-6.28*	FBL	-7.84*
EURO	-6.27*	MCB	-7.18*
JPY	-6.5	MBL	-7.06*
Bank index	6.23	NBP	-7.22*
KSE100	-6.92*	UBL	-6.55*
BAL	-7.73*	ABL	-7.28*

The significant level at 1%,5% and 10% Indicate *,**,*** respectively.

In table 3, we analyzed the overview of the statistics for the bank trial, the KSE100 index to determine the return of exchange rate. The overview of the statistics shows that the unpredictability (measured via the standard deviation) is greater for NEER. The average yield is greater r for the Punjab bank, but with a negative value with low figures for NEER. The remaining indicators have

revealed that the data is assorted because the normality is due to the fact that the most of variables are negative.

Table 3
Results of Descriptive Statistics

Variables	Average	Std-Dev	skewness	kurtosis	Jarque- Bera	Prob.
NEER	0.14	1.41	-0.16	3.19	0.37	0.829
US$	0.58	1.37	2.61	9.51	180.65	0
GBP	0.17	2.76	-0.42	5.23	14.69	0
EURO	0.49	2.56	-0.16	2.86	0.34	0.842
JPY	0.85	2.91	0.81	4.05	9.76	0.007
KSE 100	0.53	9.32	-2.16	10.8	205.79	0
UBL	-0.32	14.4	-1.27	6.73	92.95	0
MBL	0.05	12.12	0.44	6.25	29.44	0
MCB	0.98	14.94	-1.19	5.97	37.48	0
BAL	-2.76	15.03	-0.91	5.57	25.9	0
HBL	0.69	12.15	-1.02	4.07	13.74	0.001
BOP	0.78	18.61	-0.59	4	6.21	0.044
NBP	-0.82	14.51	-0.36	2.93	1.42	0.491
FBL	2.25	12.38	-1.19	5.21	27.49	0
ABL	0.29	13.89	-0.17	3.37	0.66	0.717
Bank Index	1.55	8.84	-0.91	4.36	13.45	0.001

Results

In the results section, we are going to accomplish the result of the banks for the return of market which is perceived by the fluctuation of return set of benchmarks and exchange rate. Results of all banks are explained below individually. The table#4 explained the results of short run regression analysis and the table#5 defined the results of long run regression analysis.

Allied Bank Limited

The momentary reliance of ABL offers long run significant measurably for coefficients of -*2.110* while the short run effect of Euro is inconsequential. The momentary effect of the is -*4.140*, and is *1.480*, equally are extensively huge. The satisfactory symbol of two betas is fascinating in light of the fact that is all banks productivity normal for two money-related measures. The alternative hypothesis

is accepted that ABL stock prices and exchange rate are related to each other. The estimation of bank returns is additionally assessed by the presentation of the financial file with the estimation of *1.175*.

Bank Alfalah Ltd

The transient position of is *GBP 1.153*, which indicates that a rate power point score in *GBP* will expand the bank's arrival by *1.150%.* Accordingly, bank has a nearly high hold in *GBP*. The long haul evaluation of the bank's presentation is proficient with the beta estimation of - *3.490*. The beta demonstrates that the energy about the USD against the nearby cash can lessen the arrival of the bank's offers. In the long haul, the KSE 100 files decidedly predicts the bank's arrival and, for the time being, both the KSE100 file and the financial record are the bank's yields with the measurement estimation of *0.593* and - *0.4092* separately. The deleterious estimation of the financial list offers speculators multifaceted chances to adapt to the generally safe portfolio.

Table 4
Results of Short Run Regression Analysis

	C	**NEER**	**US$**	**GBP**	**EURO**	**JPY**	**KSE100**	**Bank Index**
ABL	4.035 (2510)	-0.362 (-0.235)	-4.140 (-3.414)	0.247 (0.355)	-1.278 (-1.544)	1.486 (2.556)	-0.235 (-1.081)	1.175 (4.959)
BAL	-3.109 (-2.3364)	1.665 (1.3338)	0.208 (0.2053)	1.153 (1.9380)	0.086 (0.1213)	0.534 (1.0793)	0.676 (3.711)	0.825 (4.1076)
HBL	-0.499 (-0.3466)	2.279 (1.6684)	1.134 (1.0250)	1.857 (2.853)	-2.255 (-2.9007)	1.572 (2.9015)	-0.046 (-0.2314)	1.098 (4.9951)
BOP	-0.819 (-0.3374)	-0.155 (-0.0675)	-0.750 (-0.4024)	1.944 (1.7717)	-0.283 (-0.2161)	-0.956 (-1.0469)	0.053 (0.1581)	0.888 (2.3966)
FBL	-1.8286 (-1.098)	2.0968 (1.327)	-0.134 (-0.105)	0.2435 (0.3234)	-0.576 (-0.635)	1.4708 (2.3477)	0.4138 (1.7957)	0.6695 (2.6327)
MCB	2.264 (2.1299)	1.076 (1.0665)	-0.5573 (-0.6821)	-0.475 (-0.9881)	0.0308 (0.0537)	0.1757 (0.4392)	0.6472 (4.3983)	0.8724 (5.3718)
NBP	-1.5054 (-1.2369)	3.3409 (2.8920)	-0.2864 (-0.3062)	0.6672 (1.2120)	-0.4397 (-0.6688)	1.6765 (3.6600)	0.8054 (4.7799)	0.7585 (4.0790)
UBL	0.08665 (0.0653)	0.7414 (0.5906)	0.6649 (0.6602)	0.1595 (0.2781)	-0.7441 (-1.0831)	0.4108 (0.8512)	0.6667 (3.7515)	0.8547 (4.4166)
MBL	1.2607 (0.9295)	-1.3061 (-1.0101)	-0.6494 (-0.6203)	1.2687 (2.0591)	-0.7637 (-1.0380)	-0.2734 (-0.5333)	0.1303 (0.6912)	0.704 (3.3826)

Parentheses shows the value of t-statistic.

Table 5
Results of Long Run Regression Analysis

	C	NEER(-1)	US$(-1)	GBP(-1)	EURO(-1)	JPY(-1)	KSE100(-1)	Bank Index(-1)
ABL	1.5897 (0.7166)	-2.0524 (-0.9824)	-1.0465 (-0.6245)	0.0810 (0.0828)	-2.1160 (-1.8018)	0.4573 (0.5604)	-0.0575 (-0.1778)	0.5188 (1.7544)
BAL	1.2502 (0.5547)	-1.5173 (-0.7136)	-3.4965 (-2.0312)	0.2900 (0.2794)	-0.5690 (-0.4572)	-0.0188 (-0.0219)	0.5936 (1.727)	-0.4092 (-1.3196)
HBL	0.2245 (0.1116)	0.0492 (0.0259)	-0.2728 (-0.1776)	0.3157 (0.3411)	-0.5096 (-0.4591)	-0.2091 (-0.2739)	0.0321 (0.1047)	-0.2206 (-0.7978)
BOP	1.1039 (0.4607)	-1.8931 (-0.8375)	-5.1863 (-2.834)	0.1313 (0.119)	-1.9691 (-1.4884)	1.8593 (2.043)	1.0303 (2.8194)	0.0131 (0.0396)
FBL	2.3028 (1.1483)	-1.4935 (-0.7893)	-1.8240 (-1.1907)	1.7967 (1.9453)	-3.1665 (-2.8593)	0.4955 (0.6504)	0.6957 (2.2745)	-0.5697 (-2.0645)
MCB	5.0933 (2.3161)	-1.7724 (-0.8541)	-4.3810 (-2.6079)	0.7363 (0.7269)	-2.1850 (-1.7991)	0.0795 (0.0951)	-0.0190 (-0.0565)	0.0828 (0.2736)
NBP	3.22371 (1.4338)	-2.8340 (-1.3303)	-0.5245 (-0.304)	-0.7803 (-0.7504)	-2.3805 (-1.9092)	0.0822 (0.0958)	0.7578 (2.20026)	-0.4514 (-1.4528)
UBL	2.0170 (0.8549)	0.1892 (0.0852)	-3.1874 (-1.7852)	1.1366 (1.091)	-1.5707 (-1.2569)	0.7756 (0.892)	0.3396 (0.9851)	-0.1777 (-0.5649)
MBL	1.4024 (0.8124)	-0.6538 (-0.4014)	-0.3813 (-0.2891)	-0.2831 (-0.356)	-0.2428 (-0.2254)	-1.1657 (-1.7776)	0.2469 (0.9377)	0.1111 (0.4676)

Parentheses shows the value of t-statistic.

Bank AL-Habib Limited

The momentary reliance of Al Habib offers significant measurably for *GBP, EURO* and *JPY* with coefficients of *1.850*, *- 2.250* and *1.570* correspondingly. The yields of the banks will increment, at whatever point the pound devalues, *EURO* the rises and the *JPY* deteriorates and the other way around. These outcomes uncovered that the banks have differing sorts of liabilities and resources for these monetary forms. Furthermore, the estimation of these monetary forms will be high and low, the remainder of the pointers will change, and the presentation of the securities exchange can be one of them. The estimation of bank returns is additionally assessed by the presentation of the financial file with the estimation of *1.098*.

The Bank of Punjab Limited

The momentary reliance of BOP offers significant measurably for *USD* and *JPY* with beta

values of *1.850* and - *5.180* correspondingly. The yields of the banks will increment, at whatever point the pound devalues, the *USD* rises and the *JPY* deteriorates and the other way around. These outcomes uncovered that the banks have differing sorts of liabilities and resources for these monetary forms. In the points of view of the present moment, the influence of *GBP* is critical with a coefficient estimation of *1.940*, proposing that the overflowing in *GBP* achieve the addition in bank's benefits. The arrival of the bank is foreseen via extended run effect of KSE 100 Index; in any case, the bank record is adding to the bank returns in the present moment with a beta estimation of *0.880*.

Faisal Bank Limited

The transient introduction of the bank in JPY is *1.470*, which demonstrates that 1% expansion of significant worth in the JPY, a high hold JPY. In the possibility of long haul, the GBP Euro is *– 3.160* and beta value estimation of *1.790*. The coefficients are delineating that the expansion of significant worth in GBP and Euro against neighborhood cash possibly will reduce and enlarge the stock returns of bank. As time goes on, KSE 100 and bank list is meaningfully determining the arrival of saves money with the beta value regard *0.690* and - *.560* exclusively. The negative estimation bank file is giving an upgraded opportunity to the financial specialists to bargain portfolio with generally safe. In the short run, both bank list and KSE100 is envisioning the arrival of manages an account with a coefficient estimation of *0.410* and *0.660* independently. The negative estimation of bank file is giving the financial specialists an extension opportunity to bargain portfolio with generally safe.

Muslim Commercial Bank Limited

The long-run introduction of the bank in USD and EURO are - *4.380* and - *2.180* which implies that 1% expansion of significant worth in the USD and would make the profits of bank decay by *4.380* and *2.180%* individually. For the momentary skyline, the presentation of swapping scale isn't critical measurably. With regards to the present moment, KSE 100 and bank list is decidedly gauging the arrival of manages an account with beta value regard *0.640* and *0.870* independently.

National Bank of Pakistan Limited

The rate of Euro is highly impacted factor for National Bank of Pakistan in long run. The coefficient value of NBP is -*2.380* appearing expanded estimation of Euro which is surely affected the executions of banks performance while the momentary influence of NEER and JPY are huge measurably. The estimates of coefficient values are *3.340* and *1.670* and the encouraging sign of the two beta values suggests that the bank's benefits are emphatically depended upon the nominal exchange rate and JPY presentation. The KSE I00 and bank file rundown are emphatically adding to the profits of bank in the present moment with beta value regard *0.80* and *0.750* independently.

United Bank Limited

The long term divulgence of the bank in USD is - *3.180*, which recommends that 1% expansion of significant worth in the USD would make the arrival of bank reduction by *3.180%.* The transient effect of the bank's benefits is inappreciable. For the time being, KSE 100 and bank return is foreseeing profits of managing an account with a coefficient estimation of *0.660* and independently.

Meezan Bank Limited

The JPY of Meezan Bank limited -*1.160* is gone sensitive as time goes on. The stock benefits of Meezan bank minimize due to JPY in juxtaposition to neighborhood referenced coefficients. The GBP is *1.260* which is numerically effective for the bank performance. The benefit of the bank is anticipated by the short-run effect record of bank; in any case, the bank list is decidedly adding to the profits of managing an account with a coefficient estimation of *0.704*.

Conclusion

The fundamental target of this examination is to inspect the introduction of the remote swapping scale as far as the profits of Pakistani financial establishments. We have picked those ten banks, including all Islamic and customary financial frameworks which have proprietorship in people in general just as the private part. In the system of short and long haul, the bank's market returns are foreseen in change of profits benchmarks for example KSE100 list, set of trade rates and banking area returns. The Augmented Market Model (AMM) holds to speak to these connections. Table 3 delineates the impact of trade rates, introduction (short run) in like manner Table 4 speaks with the impacts of these factors (long run). We have outlined the consequences of each bank autonomously. The displayed outcomes are blend of short and long run time cloths bank restores that may have a few vulnerabilities and cause to impact the other monetary firms in the typical feeble financial conditions. There isn't discovered solitary cash to the most astounding trade chance presentation in all banks in spite of the fact that, USD, GBP and JPY are explanation of the stock execution of our inspected all bank.

Recommendation and Limitation of Study

In the proposed study, issues of bank returns and trade rates exposures have been talked about, however it isn't altogether encasing all parts of the trade rates exposures. In spite of the fact that there are a few inadequacies to portray the marvel of trade rates and its effect on bank returns. In this investigation, the varieties have been unveiling in short and long run yet it is uncertain whether to dispense it in banking segment's advantages and liabilities structures or the board styles or comprehensive assets. It is recommended in future investigation to be progressively centered around

these specific angles generally.

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