THE JOURNAL OF RESEARCH REVIEW

P-ISSN: 3006-2632	E-ISSN: 3006-2640
Vol. 2. No. 02 (April-June) 2025	Page 08-46

A Comparative Study Of The Implementation Of Corporate Governance Legal Frameworks In The Banking Sector Of Pakistan: Insights From Emerging Economies

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Abstract: *This study aims to address the implementation of 'Corporate Governance' (CG) legal frameworks and CG practices in Pakistan's banking sector. The objective is to develop a powerful implementation of the Corporate Governance Regulatory Framework (CGRF) to enhance good CG practices in the banking sector of Pakistan to avert hindrances. The immense failure of some globally recognized companies, including banks, has given rise to the need for CG, and it has gained attention over time. CG, a system of directions and control for corporations, is a mechanism to safeguard companies from frequent failures. Good CG practices ensure disclosure, accountability, responsibility, transparency and independence of directors for better outcomes in undertakings. After the tsunami of privatization of State-Owned Enterprises (SOEs) from the 1990s due to big corporate collapse and banking scandals, the Government of Pakistan (GOP) has established legal frameworks along with regulatory and supervisory bodies to oversee and control the functions of banks. Despite the existence of various regulatory bodies, the banking sector in Pakistan yet faces challenges due to significant gaps in enforcement and implementation mechanisms. The legal frameworks for regulating CG practices in different states are diverse due to variations in the legal and cultural networks, but there are also similarities. This comparative study utilizes the doctrinal method of research with qualitative approach and comparative analysis using textual and contextual analysis to analyze the data for precise and accurate results. This study carries out a textual and contextual analysis of CG legal frameworks and their implementation in public and private banking companies of Pakistan under the insights from other developing and developed jurisdictions like India and the UK, and sorts some recommendations on the basis of the guidelines obtained from the legal frameworks of banks in India and the UK. The outcomes of the study tend to rehabilitate the corporate sector of Pakistan by paving the way for the progressive accomplishment of corporate errands, specifically in the banking sector of Pakistan.*

Keywords: Corporate Governance: Corporate Law: Legal Frameworks: Banking Sector Reforms: Corporate Collapse: Board of Directors (BOD): Corporate Governance Regulatory Framework (CGRF): Securities and Exchange Commission of Pakistan (SECP): Banking Companies of Pakistan.

Introduction

1. INTRODUCTION

1.1 Background of the Study

In an era where financial stability is paramount to rehabilitate the corporate sector of Pakistan, Corporate Governance (CG) has emerged as the bedrock of trust, transparency, and accountability in the banking sector of Pakistan (Aduma, 2024). The catastrophic collapse of some renowned financial institutions has accentuated the pressing need for robust CG legal frameworks that ensure the integrity of banking operations for better performance and corporate stability. Pakistan's public and private banking sector, like many emerging economies, faces an inconsistency; despite a sufficiently compatible regulatory structure, gaps in enforcement and implementation continue to undermine the efficacy of CG in the public and private banks of Pakistan (Aftab et al., 2023).

As economies grow increasingly interconnected, Pakistan also have to refine its CG legal frameworks by drawing insights from both the regional counterparts like India and established financial pivots like the UK. This comparative study seeks to disentangle the strengths and weaknesses of Pakistan's CG regulatory frameworks to sort some policy interventions that may bridge the implementation gaps to eliminate the inconsistencies in CG laws and practices, invigorating the banking sector of Pakistan against financial crises so that corporate collapse could be averted (Hopt, 2024).

CG was introduced about 50 years ago to ensure high quality of transparency, accountability, disclosures and responsibility for building of the element of trust with investors and the community. This term first emerged in the US in 1970 to direct the companies to behave themselves and later on gained prominence from the UK since the 1980s. the foundations of the CG are based on the core concept of "separation of ownership and control" by Berle and Means, introduced in 1932 to reformate the corporations (Jan et al., 2023). However, defining CG is very difficult due to its cultural and linguistic variations, yet Philosophers like the Cadbury Report, Thomas Clark, Monks and Minow, and John Farrar have encapsulated comprehensive definitions of CG, as a framework for directing and controlling companies, relating to power exercise, legitimacy, and corporate accountability for effective accomplishment of corporate errands. It also encompasses systems, cultures, procedures, and organizational structures that have capacity to provide immense support for corporate rehabilitation (Fatima, 2016). The Organization for Economic Co-Operation and Development (OECD) defines CG as "procedures and processes that specify the distribution of rights and responsibilities among different participants in an organization, such as board, managers, shareholders, and other stakeholders, and lays down the rules and procedures for decision-making."

CG is a most important aspect of corporate success as companies are directed and controlled under the CG legal frameworks. Some internationally recognized big companies like Enron, Tyco, WorldCom, Volkswagen, and some banks like Mehran gate scandal had to suffer from the global financial crisis due to the weak implementation of CG legal frameworks. The OECD, and Sir Adrian Cadbury have provided narrow definitions of CG, as the structure that preferably specifies the ways of stakeholders for the effective allocation of rights and obligations. Overall, CG is most essential for accountability, transparency, fairness, disclosure, and to win the investor trust in financial markets to ascertain the corporate errands in most effective and compatible way (Fatima, 2016; Arif et al., 2023).

In recent years, trust of the investors has been shaken due to many reasons and in order to ensure its restoration for growth of corporate sectors, policymakers have developed and introduced policies and procedures by promulgating Corporate Governance Codes (CCGs) on national level. For this purpose, best international practices and international CG guidelines were also considered to build ideal CG legal frameworks. Disclosure is a significant element of transparency in CG and The Basel Committee on Banking Supervision (2005) has regarded it as the heart of CG, as it makes corporate sector more accountable (Ahmed et al., 2024).

In Pakistan, keeping in view the prime need to rehabilitate the corporate sector of Pakistan, the GOP took several initiatives to establish various regulatory bodies by replacing the existing bodies that were regulating to corporate sector of Pakistan. Hence, after establishment under an Act in 1997, the Security and Exchange Commission of Pakistan (SECP) started to develop a CCG in collaboration with Institute of Chartered Accountants of Pakistan (ICAP) from 1998 and later on it was implemented as Pakistan's first CCG in 2002 which was subsequently revised in 2012 and 2017, and 2019 (Fatima, 2016). This code was specified for listed companies of Pakistan. CCG, 2013 was specifically enforced and implemented to regulate the CG in public sector companies of Pakistan. Banking companies were mainly regulated by the State Bank of Pakistan (SBP), besides the SECP and Pakistan Stock Exchange (PSX), as being registered as company and listed with PSX (Arif et al., 2023; Ahmed et al., 2023).

However, the mere development of rules, regulations, procedures, and policies are not sufficient for effective ascertainment of the desired outcomes in the corporate sector until robust implementation is ensured to eliminate inconsistencies in CG laws and practices (Jan et al., 2023). These inconsistencies are the main cause of the shaken trust of the investor. Profound CG practices are the foremost drive of any legal and regulatory framework, which can only be achieved with the true and robust implementation with true spirit and not just adopting a tick-box approach, but with practical implementation under intimation to concern regulatory bodies. In order to measure the strength of any legal and regulatory framework for a CG system's performance capability can be measured through its compliance level in the relevant organization (Arslan & Alqatan, 2020).

In this regard, stakeholder awareness is also essential to bring good CG practices in the corporations. The lack of implementation in the existing CG mechanisms demands greater transparency and stakeholder involvement. In order to ensure effective implementation of CG legal frameworks, there must be shared roles instead of only regulators for compliance by the companies (Arslan et al., 2019).

This study examines and evaluates the frequent inconsistencies in the CG laws and practices in the banking sector of Pakistan that are frequently causing for the corporate vulnerabilities ultimate result for corporate collapse in this foremost sector of Pakistan. This study has also articulated the compatibility of existing CG legal frameworks for the banking sector of Pakistan. This study involves the doctrinal method of research which has qualitative analysis of banking sector of Pakistan within last 10 years from January 1, 2015 to December 31, 2024. Theoretical foundations of the study are based on the specified domain of CG legal frameworks for banking sector in Pakistan, and the evaluation is conducted with reference to conceptual and theoretical models advanced by important CG theories.

Banks are financial institutions that operate under international capital standards, providing services such as accepting deposits, disbursing loans, wealth management, currency exchange, and safe deposit chests. They operate with transparency and effective risk management to uphold stakeholder trust (Mufti et al., 2023). The banking sector in Pakistan has undergone significant transformations due to frequent regulatory reforms and a growing emphasis on governance dynamics (Bagh et al., 2017; Botha, 2024). However, complexities persist, and banking companies in Pakistan face diversified challenges. An overview of banking sector of Pakistan can be had from the below given tables and chart:

Table-1.1

Public Sector Banks in Pakistan

S.No.	Bank Name	Type	Headquarters	Website
1	State Bank of Pakistan (SBP)	Central Bank which also works as regulatory body of Public and Private Banking sector of Pakistan	Karachi	www.sbp.org.pk

2	National Bank of Pakistan (NBP)	Commercial Bank	Karachi	www.nbp.com.pk
3	The Bank of Punjab (BOP)	Commercial Bank	Lahore	www.bop.com.pk
4	The Bank of Khyber (BoK)	Commercial Bank	Peshawar	www.bok.com.pk
5	Sindh Bank Limited	Commercial Bank	Karachi	www.sindhbank.com.pk
6	First Women Bank Limited (FWBL)	Specialized Bank	Karachi	www.fwbl.com.pk
7	Zarai Taraqiati Bank Limited (ZTBL)	Specialized Bank	Islamabad	www.ztbl.com.pk
8	The Punjab Provincial Cooperative Bank Limited (PPCBL)	Specialized Bank	Lahore	www.ppcbl.com.pk
9	SME Bank Limited	Specialized Bank	Islamabad	www.smebank.org
10	Industrial Development Bank of Pakistan (IDBP)	Specialized Bank	Karachi	

Source: Created by Author's own.

Table-1.2

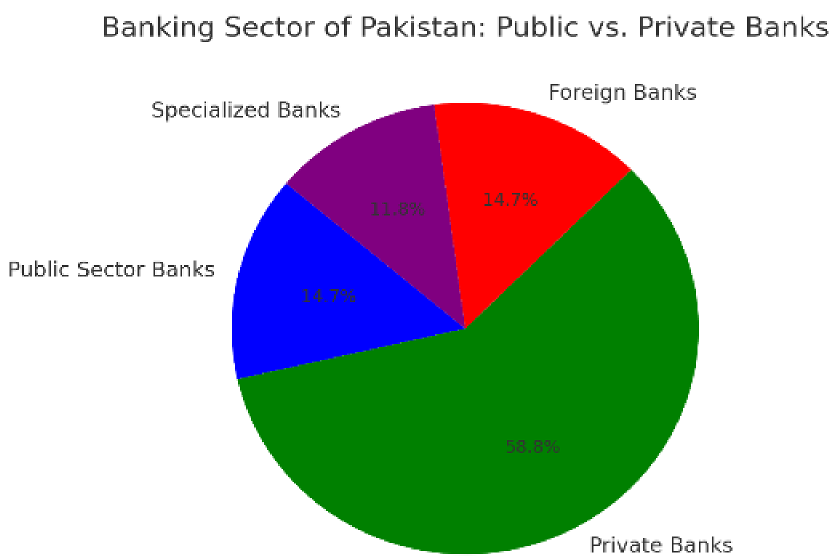
Private Sector Banks in Pakistan

S. No	Bank Name	Headquarters	Website
1	Habib Bank Limited (HBL)	Karachi	www.hbl.com
2	United Bank Limited (UBL)	Karachi	www.ubldigital.com
3	MCB Bank Limited	Lahore	www.mcb.com.pk
4	Allied Bank Limited (ABL)	Lahore	www.abl.com
5	Askari Bank Limited	Rawalpindi	www.askaribank.com
6	Meezan Bank Limited	Karachi	www.meezanbank.com
7	Bank Alfalah Limited	Karachi	www.bankalfalah.com
8	Bank Al Habib Limited	Karachi	www.bankalhabib.com
9	Standard Chartered Bank (Pakistan) Limited	Karachi	www.sc.com/pk
10	Faysal Bank Limited	Karachi	www.faysalbank.com
11	JS Bank Limited	Karachi	www.jsbl.com
12	Summit Bank Limited	Karachi	www.summitbank.com.pk
13	Bank of Punjab (BOP) (Privatized but government-majority owned)	Lahore	www.bop.com.pk

14	Bank Islami Pakistan Limited	Karachi	www.bankislami.com.pk
15	Soneri Bank Limited	Karachi	www.soneribank.com
16	Silk Bank Limited	Karachi	www.silkbank.com.pk
17	Dubai Islamic Bank Pakistan Limited	Karachi	www.dibpak.com

Source: Created by Author's own.

Graph-1.1



Source: Created by Author's own.

To address these issues, the appraisal of existing CG legal frameworks and governance dynamics is necessary to sort out the inconsistencies in the CG laws and practices within the banking sector of Pakistan that are affecting the performance of the banking sector of Pakistan (Berhad, 2022). The banking sector in Pakistan has been chosen for study due to its significant contribution to CG. India, a British colony, and the UK are chosen for comparative study due to their easy accessibility and English-speaking regulations. India, the country from which Pakistan emerged, shares the same history as Pakistan, making it interesting to analyze developments on CG there (Hussain et al., 2022; Ahmed et al., 2024). In order to obtain the better outcomes, stakeholder awareness about the benefits of implementing robust CG legal frameworks is also important, as it helps bring sound CG practices in the organizations of all sectors (Das, 2021). Lastly, the legal framework of Pakistan is compared with that of a developed country, making it a valuable comparison for understanding the challenges faced by banking entities in Pakistan.

In the modern era, the benchmark of information disclosure has been transformed, with shareholders and other stakeholders demanding clear, transparent, and quality information for decision-making (Javed et al., 2024). Stakeholders, particularly shareholders, investors, and creditors, probe firms' management to assess their business model and information disclosures to investigate the disclosure quality for level of CG practices (Khan et al., 2025). Corporations are expected to disclose their financial and non-financial information as clear, transparent, and comprehensively as possible. Annual Reports of the companies, including banking companies are progressively incorporated to portray the real image of the companies, but the quality of the information disclosed is critical since investors rely on the information contained in these published reports of the companies (Muhammad, 2022).

The increasing demand for transparency and disclosure from shareholders and other stakeholders has placed greater responsibility on directors to implement rigorous CG standards to ensure good CG practice in the corporations by ensuring robust implementation of CG legal frameworks under intimation to the concerning regulatory bodies (Jaffry et al., 2007; Niazi et al., 2019). The role of the Board of Directors (BOD) is also of pivotal importance in this regard as over the past few years, stakeholders have evolved their expectations regarding CG practice, recognizing the board as more responsible for the effectiveness of the overall CG process in the companies. An effective monitoring system is needed to check and balance management, and management actions should be monitored through the board of directors for effective outcomes to ensure progressive accomplishments of the company errands (Pandey et al., 2024).

The efficiency and monitoring capability of the board of a company can be heightened through the independence of the directors, diversity, personal and professional abilities of the board of directors. The relevant CCGs offers a description of the board through board composition and structure guidelines, providing scope for further investigation to judge the performance of the company (Saeed et al., 2024).

In the corporate world, the importance of CG and disclosures, whether these are voluntary or mandatory, has increased intensely over the last decades. Corporate disclosure encompasses various types of disclosures, such as Corporate Social Responsibility (CSR), Environmental Disclosure, CG disclosure, and the disclosures related to Corporate risks (Pratiwi & Haryono, 2023).

The banking sector of Pakistan is mandatory to analyze for the smooth functioning of the overall financial system in the corporate sector of Pakistan, as it directly deals with families, and individuals and provides the "financial lubrication" to the economy of the state of Pakistan (Munawar et al., 2024). Poor or ineffective CG practices in the banking sector of Pakistan can lead to a loss of confidence in the capital market. The dilemma also suggests an inability of banks maintain its performance in the corporate sector and frequently pose systemic risks to society. The reliability and security of the banking sector are keys to financial stability, and poor CG practices in the public and private banking sector of Pakistan affects the entire economy as a whole (Sarun, 2016; Zaman et al., 2022). Hence, to sum up, it is concluded that this study examines the implementation of CG legal frameworks and CG practices in Pakistan’s banking sector.

Despite existing regulatory mechanisms, enforcement gaps are frequently hindering the stability and performance of the banking sector of Pakistan (Zaman et al., 2022). As emphasized from the incidents of international corporate failures, this research underscores the role of CG to ensuring transparency, accountability, and risk mitigation in the corporations to safeguard them from multiple harms. The study employs a qualitative, doctrinal approach to analyze CG frameworks in Pakistan’s public and private banking sectors, comparing them with India and the UK. By identifying best practices and regulatory gaps, this research proposes actionable reforms to strengthen Pakistan’s banking governance. The findings contribute to the broader discourse on CG, offering policy recommendations for sustainable banking practices in emerging economies (Muhammad, 2022).

The banking sector in Pakistan has been chosen for study because banks contribute considerably to CG in Pakistan. India has been chosen for comparative study because India, like Pakistan, was a British colony and, therefore, follows the standard laws and legal system. Naturally, this includes the UK. Further, the regulations, laws, and rules in these two jurisdictions, namely, India and the UK, are all easily accessible and in English. It enables the researcher to analyze the respective legal frameworks in the jurisdictions more accurately. Also, India is the country from which Pakistan emerged and shares the same history, so it would be interesting to see the developments on CG there. Lastly, the UK is a developed country, so it would be helpful to compare the legal framework of Pakistan with that of a developed country.

1.2 Research Problem

The foremost issue faced by the Pakistani 'corporate sector' is the improper enforcement and implementation of the Corporate Governance (CG) legal frameworks, as the regulators need to uphold the principles of CG with esteemed implementation (Khan & Kamal, 2024). The regulators may communicate and promote an effective awareness campaign amongst Pakistan's civil society and corporate community about the advantages of good CG practices and the adverse effects of their desertion (Abbas, 2017; Arif et al., 2023). The persistent ignorance by the regulators and the management and frequent political interference in public sector entities is the primary cause of this improper adherence to CG practices (Fatima, 2016). Despite enacting the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOEs Act, 2023), the SOEs face concerns regarding the implementation due to numerous inconsistencies (Javed et al., 2024; Khan et al., 2023).

This study aims to articulate the implementation of CG legal frameworks and identify areas for improvement to eliminate hurdles in the robust implementation of CG legal frameworks and CG practices in the banking sector of Pakistan. The frequent inconsistencies in CG laws and practices in the public and private sector companies, especially the banking companies of Pakistan are frequently causing for corporate vulnerabilities and collapses. This study has compared Pakistan's CG legal frameworks with the CG legal frameworks of India and the United Kingdom (UK) to seek possible improvements and to sort recommendations accordingly.

1.3 Research Objectives

This study is focusing on the following mentioned core objectives: -

i) To analyze the existing Corporate Governance (CG) legal frameworks in Pakistan's banking sector.

ii) To investigate the inconsistencies in the Corporate Governance (CG) legal frameworks and CG practices in the banking sector of Pakistan.

iii) To execute a comparative analysis of the existing Corporate Governance (CG) legal frameworks in banks in India and Pakistan.

iv) To conduct a comparative analysis of the existing Corporate Governance (CG) legal frameworks in banks in the United Kingdom (UK) and the CG legal frameworks in Pakistani banks.

v) To examine the paramount lessons from the Corporate Governance (CG) legal frameworks for banks from India and the UK for the CG legal frameworks in the banking sector in Pakistan.

1.4 Research Questions

This study responds to the below-listed research questions to provide valuable insights to academic researchers, policymakers, and other stakeholders: -

i) What are the existing Corporate Governance (CG) Legal Frameworks in Pakistan's banking sector?

ii) What are the prominent inconsistencies in the Corporate Governance (CG) Legal Frameworks and CG practices in Pakistan's banking sector?

iii) What are the existing Corporate Governance (CG) Legal Frameworks in banks in India, and how does it compare with the CG legal frameworks in banks of Pakistan?

iv) What are the existing legal frameworks for Corporate Governance (CG) in banks in the United Kingdom (UK), and how do they compare with the legal frameworks of CG in banks in

Pakistan?

v) What can be learned from the legal frameworks of Corporate Governance (CG) in banks from India and the UK regarding the legal frameworks of CG in Pakistan's banking sector?

1.5 Significance of the Study

Corporate Governance (CG) has attained international importance (Khan et al., 2025) because of frequent financial crises and corporate scandals due to many inconsistencies, which are a vibrant demonstration of CG's failure in the corporate world (Baporikar, 2021). Insiders, whether firm management, directors, or public officials, may expropriate enterprises at the expense of investors and other stakeholders. In today's worldwide market, organizations with brittle and inefficient CG frameworks are likely to suffer severe repercussions in addition to financial scams. Consequently, there is a more significant requirement to implement CG legal frameworks to ensure good CG practices in corporate entities (Arif et al., 2023).

The study will assist the banking sector of Pakistan in framing CG policies with robust implementation for reformed and improved CG practices more effectively. Continuous research studies in the banking sector and CG practices are essential for better outcomes. The present study will fill some of these gaps. Apart from this, the captioned study is significant for: -

1- A banking customer because customers may benefit from proper implementation and improvement of CG practices in banks.

2- The banking industry of Pakistan is essential because banks can perform their CG practices better.

3- The regulators (PICG, SBP, PSX and SECP) and policymakers of the banking industry of Pakistan may be able to know about prominent gaps and problems in the regulations and policies of CG and to know how regulations and policies for CG in banks can further be improved for the progressive accomplishment of the banking errands.

4- The global banking community will be informed about the banks of Pakistan and may also use such CG practices globally.

5- The outcomes of the study will pave the way for the progressive accomplishment of the banking errands by eliminating the inconsistencies in the existing CG laws and CG practices and improving the CG legal frameworks according to the recommendations on the basis of lessons from international best practices learnt by comparative analysis.

2. REVIEW OF LITERATURE

2.1 Theoretical Framework & Review of Previous Research

Corporate Governance (CG), a system of direction a control to public and private sector companies, has been adopted in the developing and developed economies of the world for the effective rehabilitation of the corporate sector to ensure the transparency, accountability, disclosure, a responsibility. It is also mandatory to win the investor confidence and trust. Good CG practices always make the companies prominent and stable averting from various vulnerabilities (Hussain et al., 2025).

Prior to the ‘corporate collapse, the concepts of CG existed and were implemented in corporations to govern firms, but the term CG was not in use (Khan & Kamal, 2023). In recent years, there has been a surge of global interest in redressing concerns about CG practices to rehabilitate corporations effectively (Saeed et al., 2024). The ‘Combined Code of the UK articulates three consecutive reports: the ‘Cadbury Report,' the ‘Greenbury Report,' and the ‘Hampel Report’ (Alam et al., 2024).

The Cadbury Report (1992) published the findings of the Committee on ‘Financial Aspects of CG.' The Greenbury Report (1995) examined directors' privileges, pay, and allowances. The Hampel Committee

Report (1998) discussed the same issues as the Cadbury and Greenbury reports. It is divided into CG principles, directors' roles, responsibilities and duties, pay and privileges, investor roles, and accountability mechanisms (Malik & Rana, 2019).

In order to ensure a regulated system of companies for transparency, accountability and disclosure for the increasing of investor confidence in the financial system, and improving overall market competence the contribution of government is also essential. CG in financial and non-financial firms has gained sufficient attention due to identification of numerous cases of accounting manipulation and frequent corporate failures at the end of the 20th century (Muhammad, 2022; Hussain et al., 2025). The circumstances forced to various countries to develop their own Corporate Governance Codes (CCGs) and structural legal frameworks to serve public interests by safeguarding the corporate sector. International Monetary Institutions are also pressing the countries to develop and implement individual country-specific CCGs so that corporate sectors could be functioned smoothly (Watto et al., 2020).

As far as the implementation of the CG legal frameworks is concerned, two different approaches have been adopted to implement CCGs: hard regulations as emphasized in the Sarbanes-Oxley Act, 2002 and soft regulations as enunciated in the UK combined Corporate Governance Code and OECD Principles of CG, which are also called the G-20 principles (Fatima, 2016; Hussain et al., 2025). This study investigates the compatibility of existing CG legal frameworks for public and private sector banking companies alongwith the impact of the Pakistani CCGs on Governance Disclosure Quality (GDQ) and firm performance within the Pakistani listed banking companies to observe the inconsistencies in the CG laws and practices (Khan et al., 2025).

The Basel Committee on Banking Supervision (BCBS) is one of the major platforms regarding banking regulatory matters and sets the benchmark in prudential banking regulations. The BCBS issued Principles for Enhancing Corporate Governance, 2010 to promote sound CG practices in the banking sector. The role of stress testing has evolved since the financial crisis of 2008, and the Basel Committee addressed basic flaws in stress testing practices by designing and developing the Principles for sound stress testing practices and supervision, 2009. The United Nations Conference on Trade and Development (UNCTAD) Guidelines on Good Practice on Corporate Governance Disclosure were published in 2006 by the UNCTAD which advocates the boundaries to emphasize that what organizations should disclose about their CG practices (Muhammad, 2022). The World Bank's Corporate Governance Team provides advice on CG-related policy to the financial and capital markets, focusing on good CG practices in emerging economies likewise Pakistan by providing technical assistance and leadership, as well as assisting with engagement with standard-setting bodies like the OECD, Financial Stability Board (FSB), and Basel Committee on Banking Supervision (Farooq et al., 2025).

The Reports on the Observance of Standards and Codes (ROSC) Initiative was launched in 1999 to promote greater financial stability through the development, dissemination, adoption, and implementation of international CG standards and codes at both domestic and international levels to promulgate good CG practices in the corporations. As part of this initiative of ROSC, the World Bank has established an innovative program to make CG legal frameworks more strengthen in its member states (Bashir et al., 2024). In 2005, the World Bank assessed Pakistan's Corporate Governance Framework, in continuation of this program and finally concluded that policymakers, regulators, and standard setters in Pakistan are highly aware of the importance of good CG and that compliance with the Code has been improving despite initial resistance, which was a positive symbol and proof of improvement in Pakistani corporations from public and private sectors (Zaman et al., 2022).

CG was started to flourish in the UK since 1980s when CG was at its initial stages. The UK Corporate Governance Code, introduced in 1998, was developed by the Hampel Committee and continuously reviewed by the Financial Reporting Council (FRC) UK. The current UK Corporate Governance Code, 2018, applies on the corporations in the UK on or after January 2019 and are playing crucial roles in promoting good CG practices and ensuring financial stability (Khan et al., 2025; Hussain et al., 2025).

Similarly, another ideal CG legal framework can be seen in the Mauritius when “The National Code of Corporate Governance for Mauritius”, first published in 2003 and revised in 2016, is a comprehensive CG legal framework to regulate the CG related affairs in the companies of Mauritius. This CCG of vital importance outlines eight CG principles that are equally applicable to all organizations, including CG structure, board and committee structure, procedures for the appointment of directors, duties and responsibilities of directors, remuneration and performance, risk governance and internal control, reporting with integrity, audit, and relations with shareholders and other key stakeholders (Zafar et al., 2024). The Code also provides specific guidelines for various sectors, such as banks, companies listed on stock exchange, family-owned unlisted companies, statutory bodies, groups and subsidiaries, holders of a "Category 1" global business license, and management companies. This most comprehensive code has helped to promulgate good CG practices in these companies of Mauritius due to lesser inconsistencies in CG legal frameworks and CG practices (Zafar & Muhammad, 2022).

The Organization for Economic Cooperation and Development (OECD) is an international organization that actively promotes good CG practices and provide continuous assistance to the governments in tackling challenges related to CG. The OECD Principles, issued in 1999, mainly focuses on six main areas: ensuring the basis for effective CG legal frameworks, rights and equitable treatment of shareholders and key ownership functions, institutional investors, stock markets, and other intermediaries, stakeholder role in CG, disclosure and transparency, and the duties and responsibilities of the Board of Directors (BOD) (Zaman et al., 2022).

The OECD Corporate Governance Committee has developed a methodology with the World Bank corporation to assess the implementation of the G20/OECD Principle of Corporate Governance in a jurisdiction. The ultimate purpose of the Assessment Methodology is to identify the strengths and weaknesses in CG and provide recommendations for improving CG and firm performance (Muhammad, 2022).

The Global Reporting Initiative (GRI) is an independent international organization that assists businesses and other sustainability reporting organizations in understanding and disclosing their impacts, and was established in 1997. The GRI launched its first version of guidelines in 2000 and later expanded its standards to include topics such as tax (2019) and waste (2020). The GRI Standards cover topics ranging from anti-corruption to waste, conceptional health and safety to tax, water to emission, and apply to any sector, including oil, gas, coal, agriculture, and fishing (Muhammad, 2022).

While discussing the CG structure and legal frameworks in Pakistan, it has been reviewed from the existing literature that CG structure of Pakistan is heavily influenced by the shareholding model, with shareholders' interests being the dominant focus on CG practices. Pakistan has its origin in common-law as it was under the British regime until its inception in 1947 (Hussain et al., 2025). It has been heavily influenced by the United Kingdom and South African CG reforms. First comprehensive Company Ordinance was issued in 1984 to establish the rules, regulation, and CG purposes for the Pakistani companies, while the Security and Exchange Ordinance (SEO) was issued in 1989 to protect investor interests. In 1999, the Security and Exchange Commission of Pakistan (SECP) was established under an Act to oversee and govern stock exchanges in the Pakistan, leading to the issue of the first CCG in March 2002 (Verma & Kalwani, 2023; Zafar et al., 2024).

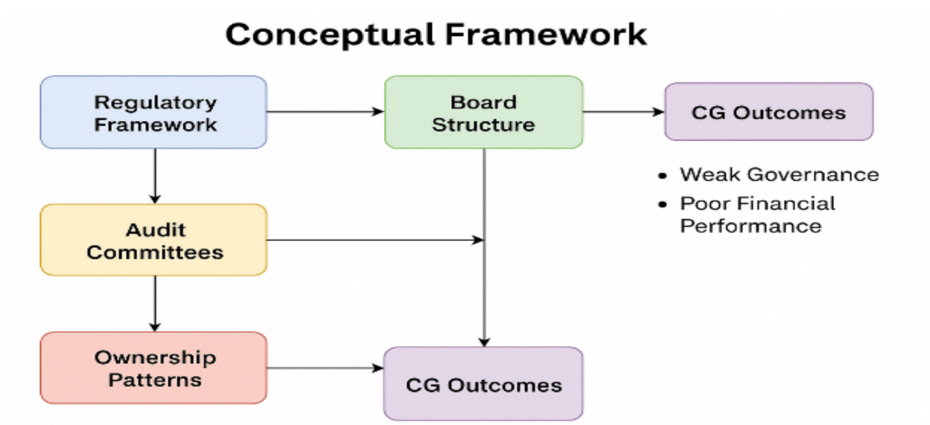
The CCG, 2002 is vastly influenced by UK CG regulation, as many developing countries, including Pakistan, take inspiration from these regulations. Pakistan's G legal frameworks can be divided into two parts; External and Internal CG legal frameworks. The External CG legal framework refers to controls implemented on organizations from external regulatory bodies, like the State Bank of Pakistan (SBP), the Security and Exchange Commission of Pakistan (SECP), and the Pakistan Stock Exchange (PSX)

(Khan et al., 2024). The Internal CG legal framework refers to mechanisms by which companies and organizations in Pakistan are governed from the inside, that mainly includes the Banking Company Ordinance, 1962, as amended up to 2011, the SBP Prudential Regulations of Corporate / Commercial Banking, Companies Act, 2017, and the CCGs (Jan et al., 2023; Arif et al., 2023).

The Pakistani external CG legal framework of the corporate sector of Pakistan consists of key enforcement and financial regulatory bodies, as well as legislative laws that apply to Pakistani companies (Wagdi et al., 2021). The State Bank of Pakistan (SBP) was established in May 1948 and began operations on July 01, 1948. The SBP provided comprehensive guidelines for the commercial banking companies and required them to establish CG mechanisms to reduce the risk of failures in banking sector of Pakistan. The SECP was established by the Government of Pakistan (GOP) in 1997 and became fully operational on January 01, 1999. The SECP embodies the power of both investigation and enforcement, aiming to improve CG practices in corporate sector of Pakistan through the legal and regulatory frameworks. The Pakistan Stock Exchange (PSX) was established after independence from the British Empire, with the names of Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSX) being established to fulfill the growing demands of the financial sector of Pakistan (Hussain et al., 2025; Farooq et al., 2025).

“The Companies Act, 2017” is a legislation that contains the most significant reforms for the corporate sector of Pakistan, aimed at synchronizing CG laws with internationally recognized CG standards to boost the corporate sector of Pakistan. It covers various areas of CG like stakeholder rights and obligations, distribution of power among directors, voting power, meetings and proceedings, Board of Directors (BOD), and Audit in the companies (Arif et al., 2023). The Act also provides illustrations of Memorandum of Association (MOA) and Articles of Association (AOA), which persistently provides the assistance to companies. According to this latest legislation to regulate the companies in Pakistan more effectively, it has also been emphasized that if a company departs or diverts from its MOA, the Board of Directors of that respective company might be held accountable and penalized for this breach (Ullah et al., 2023).

Diagram- 2.1



Source: Created by Author’s own.

CCG, 2002 has several sections, including the representation and percentage of independent and non-executive directors in the board and its audit committee, encouraging the separation for the role of CEO and Chairman, formation and activities of an audit committee, board of director's training, and board and audit committee meetings (Singh & Rastogi, 2023; Alam et al., 2024). Initially, it faced criticism from the Pakistani corporate sector, who believed that complying with provisions of this code would be hard and expensive for the companies, and that the implementation would be a challenge due to the lack of local expertise in the area of CG. However, despite these challenges, the Code has injected international CG into the corporate sector of Pakistan and laid down the foundations of a new era of CG reforms in Pakistan. An unusual majority of companies adopted this Code despite their initial concerns about its drafting and implementation in the corporations (Arslan et al., 2019).

Then revised CCG was introduced the minimum benchmarks regarding CG standards to bring stability and consistency to CG practices and improve transparency and timely disclosure requirements for effective accomplishment of the state errands to reformate the corporate sector of Pakistan (Jan et al., 2023). The primary objective of these revisions was to enhance access to all stakeholders and to ensure the effective protection of the rights of investors, particularly minority shareholders. In July 2014, the SECP introduced minor amendments to specific provisions of the revised CCG to improve its practicality for listed companies of Pakistan and to encourage better compliance by corporate sector of Pakistan. This was another CG reformative step by GOP and the regulators (Fatima, 2016).

The CCG, 2017 was again enforced and implemented with the aim to strengthen CG system in the Pakistani organizations and to ensure stability in CG practices within Pakistani companies. It includes reducing the allowable directorship in listed companies of a director from 7 to 5, amplifying independent directors' presence and strengthening their role by mandating at least two independent directors or one-third of the total board of directors (whichever is higher). It also makes mandatory at least one female director in board composition, which contributes to reinforcing gender diversity in board composition (Muhammad, 2022).

The Pakistan Stock Exchange Listing Regulations also play an important role in structuring the CG in corporate sector of Pakistan as it provides protections to investors and ensures transparency in the stock exchange. Listing regulations bridge the gap between domestic and international corporate laws, providing a level playing field for national and international firms (Zeb et al., 2018).

Pakistan has a unique CG structure with a robust CG legal framework, making it the second in South Asia to implement reforms to promote sound CG practices to make the corporate sector of Pakistan more strengthening. However, many families still control the CG structure of these firms. While discussing the theoretical foundations and conceptual frameworks of CG, it based on the theories like Agency Theory, Shareholders theory, stakeholder theory, and signaling theory (Jan et al., 2023; Arif et al., 2023; Hussain et al., 2025).

The theoretical landscape of CG is multifaceted, reflecting the complex relationships among stakeholders, institutions, and regulatory structures. Among the foundational perspectives, Agency Theory remains the most influential, emphasizing the conflict of interest between shareholders (principals) and management (agents), necessitating CG mechanisms to align divergent interests, to regulate the corporate sector (Hussain et al., 2025). In contrast, Stewardship Theory has also a prominent place and posits that managers in the corporations are inherently motivated to act in the best interests of the owners of the companies, thus advocating for trust-based, empowering robust CG systems rather than control-heavy structures. Stakeholder Theory, as an important theory, inflates the CG focus to include multiple stakeholders, such as employees, customers, and the community; emphasizing ethical accountability and sustainable performance for the progressive accomplishment of the company objectives (Muhammad, 2022; Singh & Rastogi, 2023).

Furthermore, Resource Dependency Theory also play its role with sufficient implications to reformate the CG in the corporations and suggests that boards serve as strategic resources by linking the firm with its external environment, securing critical assets and information for survival and competitiveness. Institutional Theory also adds yet another dimension by exploring how cultural norms, legal frameworks, and societal expectations shape CG practices across different regions and sectors to rehabilitate the corporations (Arif et al., 2023).

More freshly, Political and Legal Theories have gained traction, particularly in emerging economies of the world, as it highlights that how CG mechanisms are shaped by state structures, regulatory capacity, and institutional reforms to reformate the corporations for better outcomes. Collectively, these theories offer a holistic theoretical foundation and conceptual framework for evaluating the effectiveness of CG in the corporations, particularly within context-sensitive environments such as public and private banking sectors of Pakistan (Singh & Rastogi, 2023; Khan et al., 2024). The level of implementation of these CG theories in banking sector of Pakistan can be had from below given Table and Graphs, with rating values on a scale of 1 to 5:

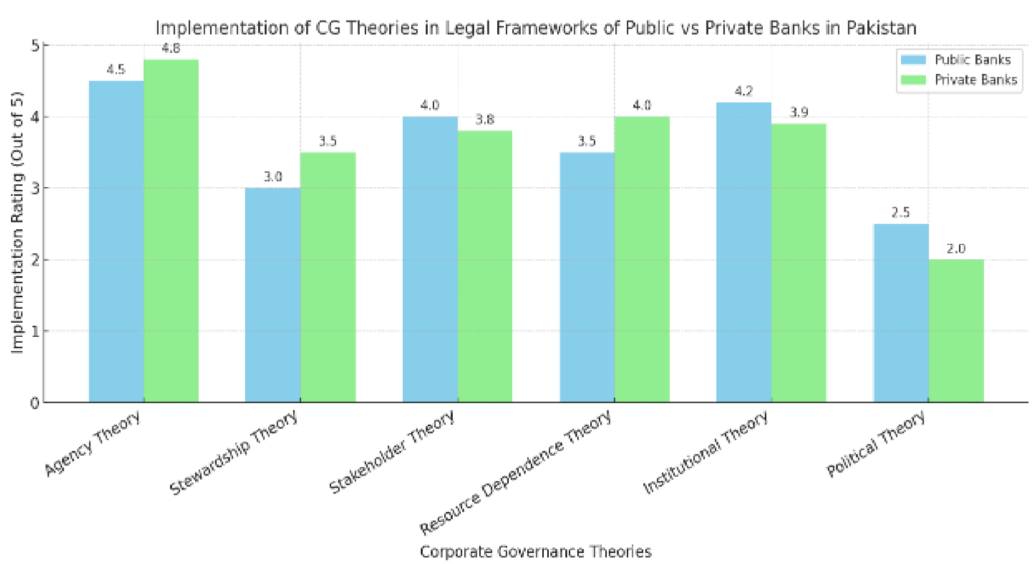
Table- 2.1

Implementation Levels of Core Corporate Governance (CG) Theories in the Legal Frameworks of Public and Private Banks in Pakistan

CG Theory	Public Banks	Private Banks	Observation
Agency Theory	4.5	4.8	This theory has strong implementation in both sectors due to its sufficient emphasis on accountability and board control mechanisms.
Stewardship Theory	3.0	3.5	For adoption f this theory, Private sector banking companies of Pakistan are slightly better at promoting managerial trust and intrinsic motivation.
Stakeholder Theory	4.0	3.8	In order to exercise the domains of this theory, Public sector banking companies of Pakistan emphasizes broader social responsibilities due to State-owned Enterprises (SOEs).
Resource Dependence	3.5	4.0	This theory is attracted in Private sector banks of Pakistan as Private banks are more strategic in leveraging external board ties.
Institutional Theory	4.2	3.9	Institutional Theory is attractive for public sector /SOEs banks of Pakistan as Public sector banks align more with regulatory and cultural expectations.
Political Theory	2.5	2.0	Minimal influence overall; limited integration into current CG structures.

Source: Created by Author's own.

Graphs-2.1



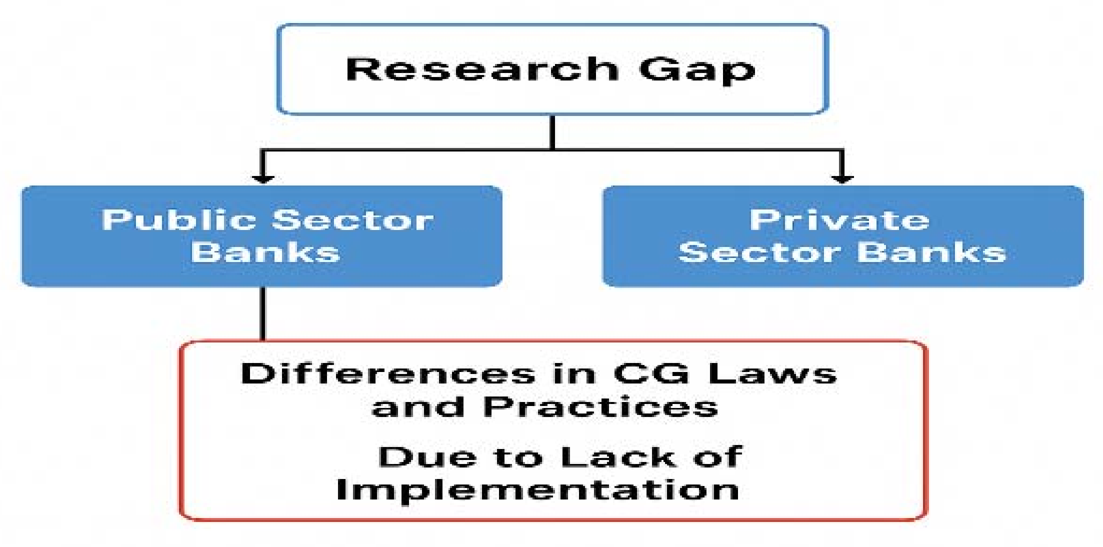
Source: Created by Author's own.

Despite of several efforts of the GOP and the regulators regarding enforcement and implementation of sufficiently robust CG legal frameworks in public ad private banks of Pakistan, the robust implementation still lacks due to many reasons which is continuously hindering the performance and stability in banks and leading poor CG practices. The elements of transparency, disclosure, and accountability have become a challenge for the banking sectors of Pakistan due to lacks in implementation of CG legal frameworks as role of CG in shaping the performance and sustainability of banks, a critical gap persists (Muhammad, 2022). Although private banks are comparatively better than that of public sector banks, yet the inconsistencies in CG laws and practices are also there due to many reasons as several empirical studies have noted that discrepancies between the stated CG policies and their enforcement mechanisms are contributing to inefficiencies, weak oversight, and poor transparency within banking organizations (Alam et al., 2024).

Moreover, although board structures, audit committees, and ownership configurations are legally mandated to ensure accountability, the prevailing practices often reflect politicization, regulatory capture, and institutional inertia, especially in state-owned and privatized banks. These inconsistencies undermine stakeholder trust and hinder the development of a robust CG culture in the banking companies of Pakistan. Comparative analyses of public and private sector banks have further demonstrated that while Islamic and conventional banks in Pakistan adhere to similar CG codes, their application varies significantly, leading to uneven performance outcomes and ethical dilemmas due to structural weakness within the regulatory and institutional architecture (Arslan et al., 2019).

This review of extensive literature highlights that there is an urgent need for context-specific reforms, enhanced compliance mechanisms to ensure robust implementation of CG legal frameworks to avert corporate failures (Arif et al., 2023; Hussain et al., 2025). Hence, this study aims to address this gap by critically examining the extent and causes of these inconsistencies, their implications on CG quality, and their broader impact on the financial health and ethical integrity of banking companies of Pakistan so that banking companies could be reformatted with robust CG practices for the progressive accomplishments of the banking sector of Pakistan.

Diagram – 2.2



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This study aims to examine the CG Laws and CG practices in the public and private banking sector of Pakistan. A comprehensive review of literature discloses that although Pakistan adopted CG guidelines in 1990s that was far later than emerging English economies, yet, Pakistan stood at top in the list of those developing countries that have best CG legal frameworks. The compatibility of CG legal frameworks of the public and private sector companies of Pakistan is also satisfactory but the lacks in implementation are giving rise to poor CG practices.

This study also highlights the need for comprehensive time-framed studies and a literature gap in CG laws and practices. Keeping in view the importance and pivotal role of the banking sector of Pakistan to develop a strengthened economy with financial stability, by eliminating the poor CG practices are the main reasons behind selecting this sector from corporate world of Pakistan for this research. By examining CG laws and CG practices in the public and private banking sector of Pakistan, the research aims to contribute for the betterment of the economy of the state.

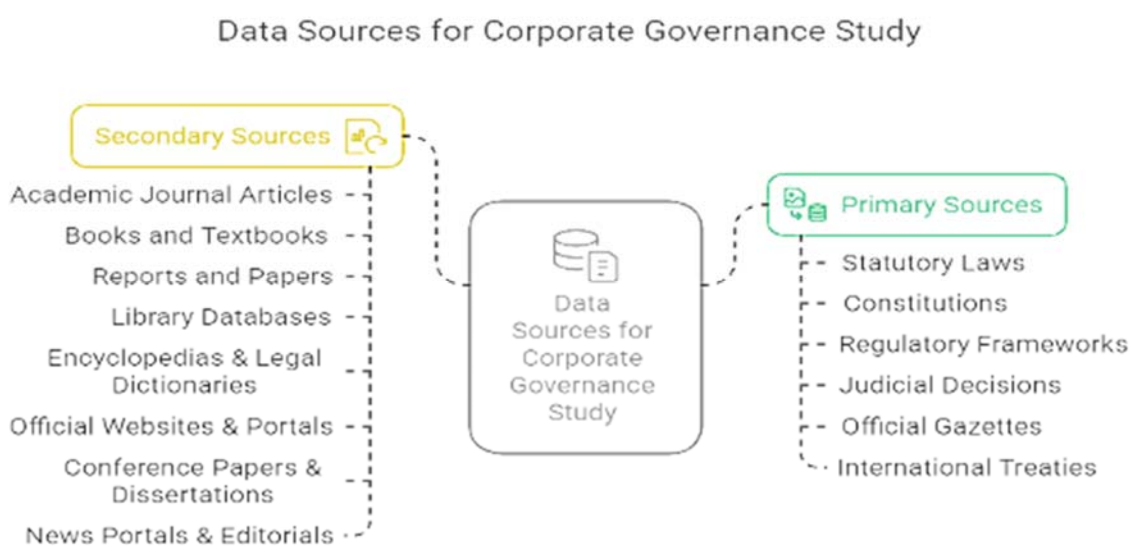
3. RESEARCH METHODOLOGY

The research employed a doctrinal research methodology, integrated with a qualitative design, and comparative analysis to establish coherence between the relevant literature and empirical insights derived from collected data using primary and secondary sources of data. This methodological approach facilitated a comprehensive analysis of CG legal frameworks for public and private sector banking companies of Pakistan for precise and accurate outcomes. It is a most powerful tool for the accomplishment this study with precise results.

The primary data sources include the Statutes, Legislative Enactments, Regulatory instruments, and CG codes and guidelines from Pakistan, India, and the United Kingdom (UK). These sources were precisely examined to expose the structural, regulatory, and jurisprudential gradations of each jurisdiction.

In parallel, the methodology incorporated the textual and contextual analysis of documented materials from both primary and secondary sources, which included legal libraries, online databases, official publications, and scholarly articles from journals, text books, interpretations. The study was executed in three consecutive stages, each building systematically upon the previous one.

Diagram-3.1



Source: Created by Author's own.

3.1 Stage One: Collection of Legal Data from Primary Sources of Data

In the very initial phase, the researcher systematically retrieved and analyzed primary legislative texts as mentioned in the below given table. This included downloading and cataloging relevant laws, rules, regulations, and guidelines on CG legal frameworks operative within Pakistan, India, and the UK. This stage of the study intended to articulate the existing legal structure of CG in the Pakistan, India, and the UK and establish a foundational understanding of the available CG regulatory bodies in corporate sectors of Pakistan, India, and the UK. Furthermore, it incorporated the evaluation of various regulatory instruments issued by regulatory bodies like the SECP, the Financial Conduct Authority of UK, and the Securities and Exchange Board of India (SEBI).

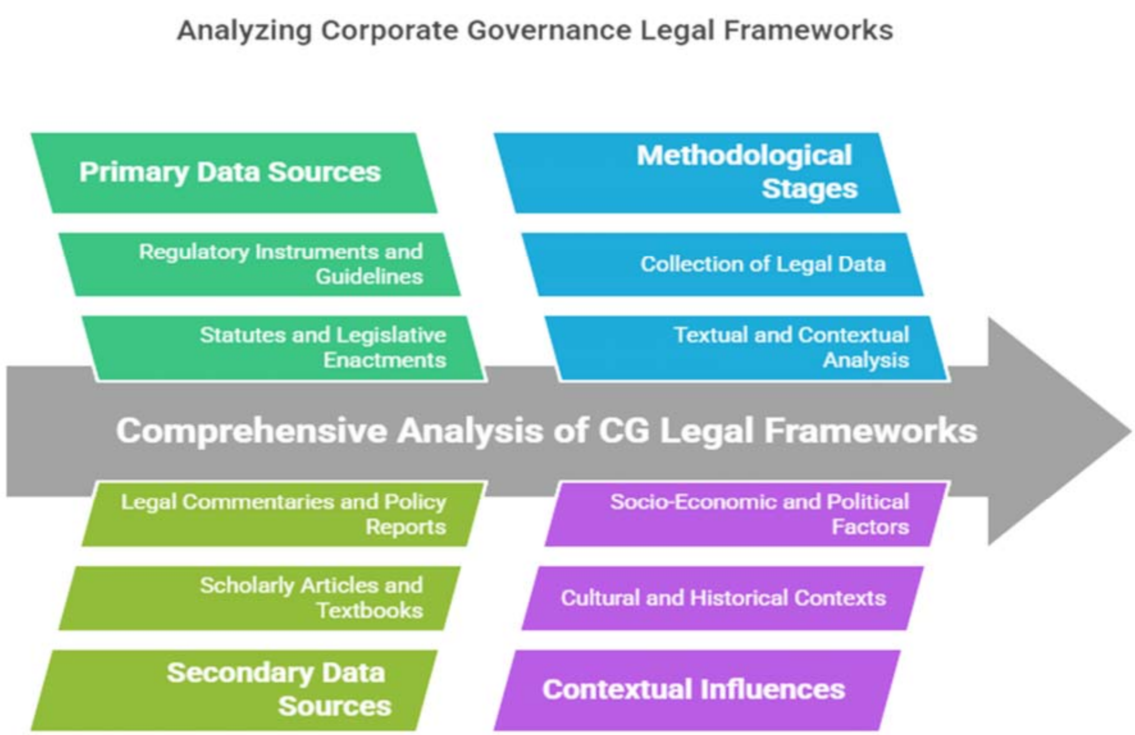
3.2 Stage Two: Secondary Data Collection and Review of Literature

The second phase of this study involved the collection and analysis of secondary data, focusing on scholarly interpretations and theoretical perspectives on CG to evaluate their impacts and implication levels in corporate sectors. For this purpose, the researcher consulted with a wide array of academic resources that mainly includes peer-reviewed journal articles, textbooks, encyclopedias, legal commentaries, and policy reports. These were extracted from digital academic databases like Google Scholar, JSTOR, Hein Online, and institutional libraries that are online available.

3.3 Stage Three: Textual and Contextual Analysis of Data

The final stage of this study involved the textual and contextual analysis of the synthesized data to carry out a comparative analysis. At this point, the research integrated insights from the primary legal texts and secondary literature to evaluate the doctrinal consistency, legal effectiveness, and practical enforcement and implementation of existing CG legal frameworks in the banking sectors of Pakistan, India, and the UK. Special attention was also given by the researcher to the cultural, historical, socio-economic, and political contexts that influence the development and implementation of CG laws and principles in the above-mentioned three jurisdictions, considered as part of this innovative study.

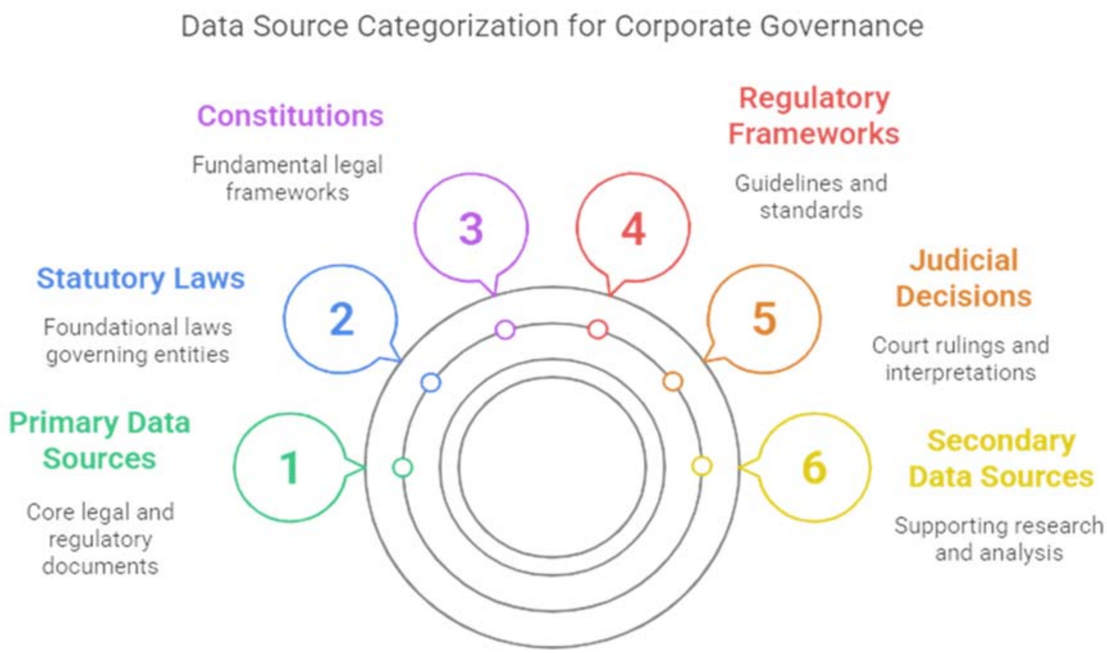
Diagram- 3.2



Source: Created by Author's own.

Below mentioned table and graphical representation depicts the clear picture:

Diagram-3.3



Source: Created by Author' own.

Table-3.1

Categorization of Primary and Secondary Data Sources For this Study

Category	**Data Source**	**Examples / Explanation**
Primary Sources of Data	Statutory Laws	• Companies Ordinance, 1984 (Pakistan) • Companies Act, 2017 (Pakistan) • Companies Act 2013 (India) • Companies Act 2006 (UK)
	Constitutions	• Constitution of Pakistan 1973 • Constitution of India 1950 • UK Constitutional Documents
	Regulatory Frameworks	• SECP CG Codes • SBP Prudential Regulations • FCA Handbook (UK) • SEBI Guidelines (India)
	Judicial Decisions / Case Law	• Superior Court judgments (SC/HC Pakistan, India, UK Courts) related to CG in companies. • SECP actions, or banking practices.
	Official Gazettes / Notifications	• Gazette of Pakistan / India / UK for CG-related rules and amendments.
	International Treaties and Conventions (if referred)	• OECD Principles of Corporate Governance /G20 • Basel Reports
Secondary Sources	Academic Journal Articles	▪ Journal of Business Law ▪ Pakistan Journal of Legal Studies ▪ SECP Working Papers
	Books and Textbooks	▪ Corporate Governance: Principles, Policies, and

		Practices; ISBN-10. 0198702752; ISBN-13. 978-0198702757; Edition. 3rd; Publisher. Oxford University Press ▪ Corporate Governance: Principles, Policies and Practices 5th ed. Bob Tricker. ISBN13: 9780192885456. ▪ Legal commentaries on CG
	Reports and Papers	▪ World Bank ROSC Reports ▪ OECD Country Reports ▪ IMF Policy Notes
	Library Databases	▪ JSTOR ▪ Hein Online ▪ Westlaw ▪ LexisNexis ▪ SECP Digital Library ▪ Google Scholar ▪ Other Online databases
	Encyclopedias & Legal Dictionaries	▪ *Halsbury's Laws of England* ▪ *Encyclopedia of Corporate Governance*
	Official Websites & Portals	▪ www.secp.gov.pk ▪ www.sbp.org.pk ▪ www.fca.org.uk ▪ www.sebi.gov.in ▪ Official websites of other banks of India, Pakistan, and UK.
	Conference Papers & Dissertations	▪ University repositories (e.g., IBA, LUMS, NUST, Oxford, Cambridge) ▪ HEC Research Respiratory. ▪ Shodhganga Thesis Reservoir (India)
	News Portals & Editorials (limited use)	▪ DAWN, The News (Pakistan) ▪ The Hindu Business Line (India) ▪ Financial Times (UK) – when relevant

Source: Created by Author' own.

4. DATA ANALYSIS, RESULTS, AND DISCUSSIONS

The banking sector of any state is reasonably more important as compare to the other sectors of the state as this sector provides the "financial lubrication" to the economy of the state, which is completely "fuelled" by this prominent financial sector (Zaman et al., 2014). This sector is effectively performing for the effective accomplishment of the state errands to make Pakistan more stable in the map of world, but weak implementation of CG legal frameworks is causing for poor CG practices in the banking sector of Pakistan leading to a loss of the confidence in the capital market. Basel committee on banking supervision, 2005, Feldioreanu and Seria, 2015, have regarded the situation as risk of corporate collapse being an inability of banks to manage their assets and liabilities, including deposits and circumstances poses systemic risk to the society. The reliability and security of the banking sector are keys to financial stability so their conduct is crucial and weak implementations of CG legal frameworks in the banking sector of Pakistan is affects the entire economy as a whole (Basel, 2015).

4.1 Data Analysis

In order to analyze the data obtained from Primary and Secondary sources, the researcher has unitized doctrinal method of research with qualitative approach with textual and contextual analysis of data. The researcher considered the banking sector of Pakistan and made his evaluations on the basis of information regarding frim performance and CG compliance from 01/01/2015 to 31/12/2024 (10 years). The researcher has carried out a comparative study of the Banking Sector of Pakistan, a most prominent and important sector upon which the whole economy and other corporate sectors deeply relies, with the banking sectors of India, and the UK and then public sector banks of Pakistan have comparatively been analyzed with private Pakistani bank. Because banks participate sufficiently for the progressive accomplishment of the remaining corporate sector wings of a state, hence this sector is of much importance.

For effective accomplishment of the study with precise results observing all ethical considerations, the researcher has analyzed the data from the Statutes, Codes of CG, regulatory documents, legal fragments Annual Reports of the banks from the Pakistan, India, and the UK, and international reports of benchmarking importance like OECD guidelines/G20 rules, OECD reports, world Bank reports, International Monetary Fund (IMF) and Transparency International Reports in the sequence of three consecutive phases as mentioned below:

This study has involved the below mentioned phases to carry out a comprehensive comparative analysis of the CG legal framework of the banking sector of Pakistan with the CG legal frameworks of India, and the UK: -

Phase 1:

In this phase of the study, the researcher examined the CG legal frameworks of banking sector of Pakistan, enforced and implemented by the GOP/regulatory bodies during the period of this study that is from the start of the year 2015 till ending of the year 2024.

Phase 2:

In this second phase of the study, the researcher carried out the comparative analysis of Pakistani banks with the banks of India and the UK has carried out.

Phase 3:

The researcher has syntheses the data to learn lesson for Pakistan from the CG laws and practices of identical and emerging economies, besides best international practices and CG guidelines. While analyzing the CG Legal frameworks of Pakistan, the researcher extracted the data from SBP regulations, SECP guidelines, the Banking Companies Ordinance 1962, Prudential Regulations, Companies Act, 2017, and other official instructions, and directions time to time issued by the regulators, some core themes were included for CG compliance level analysis, risk management, board composition, disclose, transparency and accountability.

4.1.1 Existing CG Legal Frameworks for Banking Sector of Pakistan:

The existing CG Legal Frameworks for the banking sector of Pakistan are listed below:

4.1.1.1 Primary Legislation

- **4.1.1.1.1 Banking Companies Ordinance, 1962**:

It is a foundational Law that ensures regulations in banking operations, licensing, and governance mechanisms by empowering the SBP to oversee compliance and enforce penalties for banks' non-compliance/violations.

- **4.1.1.1.2 Companies Act, 2017**:

This act, the primary legislation regulating the corporate sector of Pakistan, has repealed the Companies Ordinance, 1984, and governs corporate entities, including the banking sector. It mandates board responsibilities, audit committees, and shareholder rights for the progressive accomplishment of corporate errands.

4.1.1.2 State Bank of Pakistan (SBP) Regulations

4.1.1.2.1 SBP Corporate Governance Regulations, 2015:

It defines board composition, mandating a minimum of 1/3 independent directors, risk management protocols, and internal controls in Pakistan's banking sector.

4.1.1.2.2 Fit and Proper Test Criteria (SBP Circulars):

It ensures directors and executives meet competency, integrity, and experience standards to avert any irregularity or account in Pakistan's banking sector.

4.1.1.2.3 Prudential Regulations (Series M and S):

These regulations are very important as they address capital adequacy, liquidity management, and credit risk to align with Basel standards and ensure effective regulations in Pakistan's banking sector.

4.1.1.3 The Securities and Exchange Commission of Pakistan (SECP) Guidelines

4.1.1.3.1 Code of Corporate Governance, 2017:

The code mandates transparency in financial reporting, executive compensation disclosures, and audit committee independence for the improvements in CG practices.

4.1.1.3.2 Public Sector Companies (Corporate Governance) Rules, 2013:

This CG code applies to public sector /SOEs from the banking sector of Pakistan, emphasizing accountability and board evaluation processes to avert any illegality.

4.1.1.4 Adoption of International CG Standards

4.1.1.4.1 Basel III Framework Implementation (SBP Guidelines):

These Basel-III guidelines have been adopted to strengthen capital buffers, leverage ratios, and stress testing in the banking sector of Pakistan for the effective accomplishment of corporate errands in this sector of prime importance.

4.1.1.4.2 Anti-Money Laundering (AML) Act, 2010:

This act requires banks to implement AML/Counter Financing of Terrorism (CFT) measures, including customer due diligence, to ensure regularities in Pakistan's banking sector.

4.1.1.5 Supplementary Directives and Circulars

4.1.1.5.1 SBP Circular No. 03/2018:

This circular enhances board independence by mandating term limits for directors and separating CEO/Chairman roles.

4.1.1.5.2 SBP Guidelines on Internal Controls (2019):

These guidelines focus on operational risk management, cybersecurity, and fraud prevention in Pakistan's banking sector.

4.1.1.5.3 SECP Directive on ESG Disclosures (2021):

These SBP directives encourage (but do not mandate) environmental, social, and governance reporting in Pakistan's banking sector.

4.1.1.6 Key Focus Areas in Existing CG Legal Frameworks of the Banking Sector of Pakistan

4.1.1.6.1 Board Accountability:

It requires independent directors, audit committees, and conflict-of-interest policies.

4.1.1.6.2 Risk Management:

Alignment with Basel-III guidelines, liquidity coverage ratios, and stress testing.

4.1.1.6.3 **Transparency**:

Financial reporting, executive pay disclosures, and shareholder engagement.

4.1.1.6.4 **Compliance**:

Penalties for non-compliance, including fines and license revocation.

In order to understand the myth, the Thematic Breakdown is as under

4.1.1.7 Board Composition

With reference to Circular No. 03/2018, issued by the SBP to ensure compliance in banking sector of Pakistan, mandates at least 1/3rd independent directors. But according to the SBP Annual Report of 2022, its noncompliance was reported by the 40% Pakistani banks. The outcome of the implementation remained unsatisfactory during the tenure. This lack of implementation caused for poor CG practices. The lacks in implementation were due to many reasons,

4.1.1.8 Risk Management.

Risk Management is an important factor to safeguard the banking companies from the frequent corporate vulnerabilities. An effective risk management mechanism depicts the robust implementation of CG legal frameworks in the companies. Basel-III Standards also deals with the issue risk management to make the banking companies more capable for risk mitigation. But according to the Stability Report, 2023, issued by the SBP the ratio of adoption of Basel-III Standards by the Pakistani banks was recorded 25%. only, which is unsatisfactory. These results show the lacks in implementation of these standards due to many reasons and causing to enhance poor CG practices within the banking sector of Pakistan.

4.1.1.9 Transparency

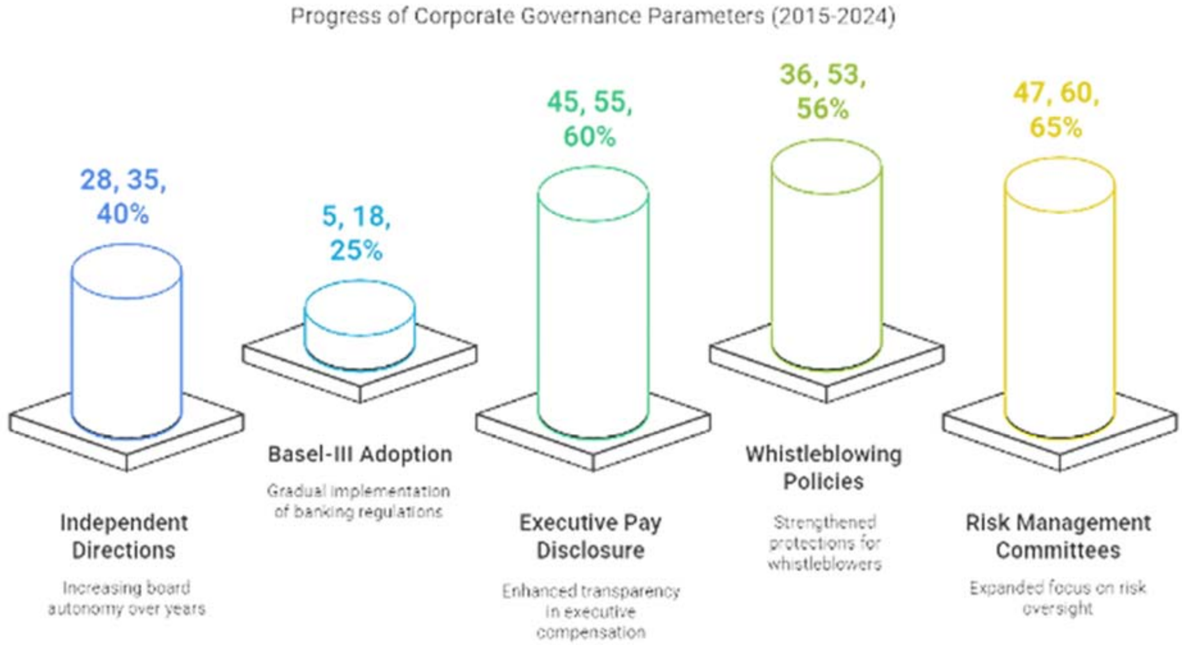
Transparency is a compulsory factor for good CG and robust implementation of CG Legal frameworks in companies, especially in banking sector, being fundamental Institutions to win investor trust by its effective disclosures. But according to SECP Compliance Audit Report of 2021, 60% of banks disclosed executive pay inadequately, which is astonishing and depicts lacks in implementation of CG Legal frameworks in banking sector of Pakistan. Compliance Matrices of Pakistani bank, recorded during the period from start of year 2015 till ending of year 2024 are tabulated below:

Table: 4.1

S. No.	**Parameters**	**2015 To 2019**	**2019 To 2023**	**2023 To 2024**
1	Independent Directions	28%	35%	40%
2	Basel-III Adoption	5%	18%	25%
3	Executive Pay Disclosure	45%	55%	60%
4	Whistleblowing Policies	36%	53%	56%
5	Risk Management Committees	47%	60%	65%

Source: Created by Author's own.

Diagram- 4.1



Source: Created by Author's own.

4.1.2 Phase II: Comparative Analysis of Pakistani banks with the Banking Sectors of India and the UK

4.1.2.1 India:

In order to analyze the CG Legal frameworks and CG practices in the banking of sectors of India the researcher has analyzed the data, retrieved from the Reserve Bank of India (RBI), Corporates Act, 2013, and SEBI CG guidelines. Upon the analysis there found stricter enforcement and implementation in this banking sectors which have promoted the good CG practices as compare to the banking sector of Pakistan. Board Composition and its independence, Risk Management, and Transparency ratio is comparatively higher than Pakistani banks which shows good CG Practice.

According to the Master Circular, 2020, issued by The RB1, 50%. independent directors mandated for private banks in India. As far the as the whistleblowing policies are concerned, these policies compliance 90% according to SEBI report, 2023, whereas this ratio in Pakistan was 55%.

4.1.2.2 UK

In order to analyze the CG legal frameworks and CG practices in the banking sector of an emerging English economy of the world, the UK, the researcher has analyzed the UK CCG, 2018, Prudential Regulation Authority (PRA) frameworks, which emphasizes the shareholder engagement and ESG Integration. Key highlights of the

analysis is as under.

- Lends / ratios of Compliance of CG legal framework is comparatively highest from Pakistan and India. In the bank of UK, with 100% Basel-III adopted and 95% Whistleblowing Policies.
- The factors of risk management, transparency and disclosure in the banks of UK are higher than banking sector of Pakistan and India. 100% of the UK banks maintain dedicated risk Committees whereas this ratio in Pakistan is 65%.
- According to FTSE 100 Report of 2023, the element of Gender Diversity, there are 33% female

board members in the banks of UK. whereas same in Pakistan and India is 12% and 18% respectively.

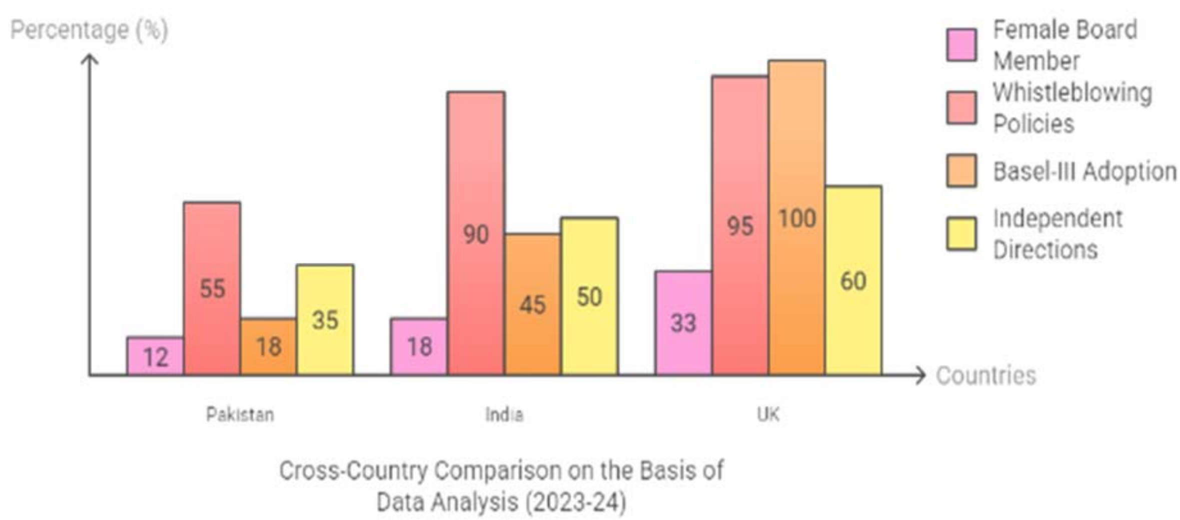
Table-4.2

Cross-Country Comparison on the Basis of Data Analysis. 2023-24

S. No.	Parameters	Pakistan	India	UK
1	Independent Directions	35%	50%	60%
2	Basel-III Adoption	18%	45%	100%
3	Whistleblowing Policies	55%	90%	95%
4	Female Board Member	12%	18%	33%

Source: Created by Author's own.

Graph-4.1



Source: Created by Author's own.

4.1.3 Phase III: Lessons learnt from Implementation jurisdiction for Pakistan

The above data analysis has shown that the Pakistani banking sector, is observing Comparatively lowest CG practices due to the frequent Lacks in the effective implementers of CG Legal frameworks, as Compere to the India and the UK. The date of inception of Pakistan and India is Similar with almost identical settings. But Indian banks have higher compliance ratio. The UK banking sector has higher CG practices from both Pakistan and India. Synthesizing data from India and the UK Banks, gaps in the CG Legal frameworks of Pakistan have a been mapped for actionable solutions that includes the adoption of gender diversity, quota and enhancing regulatory penalties.

4.1.4 Results

The implementation of CG legal frameworks in the banking sector of Pakistan reveals some deficiencies in the effective implementation of CG legal frameworks and weak regulatory oversights by the regulators of Pakistani corporate sector. The enforcement mechanisms found particularly weak and these inconsistencies in the CG laws and practices in the banking sector of Pakistan are causing for frequent increase ion poor CG practices in the banking sector of Pakistan. The average ratio of

Regulatory Penalties for non-compliance by Pakistani banking companies is mere *0.2% of bank profits* whereas a stark contrast to India's rigorous enforcement of same penalties is 3% of bank profits, which has ambitious the element of accountability with reduction in malfeasance. The main causes due to which the Banking Sector of Pakistan is facing hindrances in robust implementation of CG legal frameworks which are causing for inconsistencies in CG Laws and Practices in this sector, are the frequent Political interference, fragmented regulations across federal and provincial jurisdictions. Overlapping mandates between the SECP and the SBP often dilute accountability in this sector. Furthermore, insights from stakeholder engagements also highlight the instances regarding lacks of transparency in board appointments, with over 40% of directors in Pakistani banks which had reportedly linked to political or familial networks in corporate sector of Pakistan. These challenges are frequently undermining merit-based CG in the banking sector of Pakistan and the outcomes are in the shape of poor CG practices due to these reasons. These flaws in the effective implementation of CG laws for good CG practices are continuously hindering alignment of the banking sector of Pakistan with international benchmarks like the OECD/G20 Principles of CG.

In contrast, upon comparatively analyzation of this sector from an international perspective, taking the similar and emerging economies under consideration for the effective accomplishment of this study, these international case studies offer actionable solutions. The UK's *principle-based CG framework*, allows flexibility for banks to innovate while adhering to core ethical standards and has nurtured robust implementation of CG legal framework in the banking sector of the UK which is compatible to an extent that good CG practices can be seen at high ratio. The analysis has evidenced by a *22% increase in stakeholder trust* in UK banks since 2018 till the ending period of this study.

Similarly, India's shift to stringent penalties (3% of bank profits) reduced non-compliance incidents by *35% within last two years*. According to the report of World Bank, 2023, Pakistan's penalties: 0.2% of profits vs. India's 3%; The UK Finance Report, 2022 discloses that the UK's principle-based approach correlated with 22% trust increase; whereas according to the SECP Annual Report, 2023, 40% of Pakistani bank directors have political/familial ties. This synthesis of data-driven comparisons and context-specific recommendations provides a roadmap for policymakers and aligns with global best practices.

For Pakistan, adopting a hybrid model (merging principle-based aspirations with rule-based enforcement) could mitigate fragmentation and the effective rehabilitation of banking sector can be ensured with robust implementation of CG legal frameworks to eliminate inconsistencies in CG laws and practices. Consolidation in the existing rate of non-compliance penalties to at least 1.5% of profits, coupled with depoliticizing regulatory bodies, may align Pakistan with India's success trajectory. These reforms, supported by centralized oversight and mandated disclosures of political affiliations in board appointments, could elevate CG standards to enhance investor confidence and financial stability in the banking sector of Pakistan. These rehabilitations may be productive for other sectors of Pakistan, that are directly or indirectly connected with the banking sector of Pakistan.

Besides confronting the CCG, banks must follow the SBP's Prudential Regulations and the Banking Ordinance of 1962 (Rammal, 2010). Nonetheless, requirements for banks are more stringent and thorough than those for other public-listed corporations (Sarun, 2016). Simply put, MOF, SECP, and SBP are the entities supervising the implementation and administration of the CG legal framework in Pakistan (Rehman et al., 2024).

5. Discussion

Weak enforcement and implementation of CG legal frameworks, political interference, and fragmented regulations are the core challenges to banking sector of Pakistan which are responsible for poor CG practices and reflect systemic issues pervasive in emerging economies. The 0.2% regulatory penalties on bank profits, dwarfed by India's penalties ration of *3%* on bank profit, exemplify a “compliance-efficacy gap” where lax enforcement undermines CG legal frameworks. This aligns with Nigeria and Bangladesh, where politicized boards and disjointed oversight bodies similarly erode accountability. For instance, Nigeria’s SEC reported in the year 2022, a *32%* drop in investor confidence due to regulatory overlaps, mirroring Pakistan’s SBP and SECP redundancies. These matches highlight a broader trend: without robust deterrence, CG legal frameworks remain capable for productive outcomes, and shows a satisfactory level of their compatibility. Political interference in the formation of boards and concerns related to the independence of directors in the banking sector of Pakistan further amplify risks, contrasting sharply with the UK’s success in leveraging shareholder activism to depoliticize CG. This difference is making the UK banking sector more prominent with regard to the implementation of CG legal framework in the banks of UK.

The divergent strategies of India and the UK has offered actionable insights for the policymakers of Pakistan to regulate the banking sector ensuring robust implementation of CG legal frameworks. India’s rule-based penalty escalation to 3% of profits slashed non-compliance by *35%* which is adheringly proving that financial deterrence drives accountability and gives productive outcomes for the stability of company. Hence, “Deterrence have power to reformate and stabilize the companies.” Meanwhile, the UK’s principle-based approach is also prioritizing ESG innovation and stakeholder engagement which correlates with a *22%* rise in public trust and 15% higher ESG compliance in banks.

For Pakistan, a hybrid model merging India’s punitive rigor with the UK’s adaptive principles may be productive to bridge the existing gaps and inconsistencies in CG laws and practices its enforcement gap. For example, coupling 3% penalties with mandatory ESG disclosures may rehabilitate the CG implementation as seen in Kenya’s 2023 reforms, would align penalties with ethical benchmarks. This dual approach addresses fragmentation while fostering accountability. Frequent inconsistencies in the CG laws and practices due to weak implementation of CG legal frameworks in the banking sector of Pakistan because of these reasons, is affecting the performance of banking sector of Pakistan.

The Current Legal Provisions from the CG legal frameworks for the banking sector of Pakistan that are regulating the CG practices in the banking sector of Pakistan are tabulated below in Table-6.

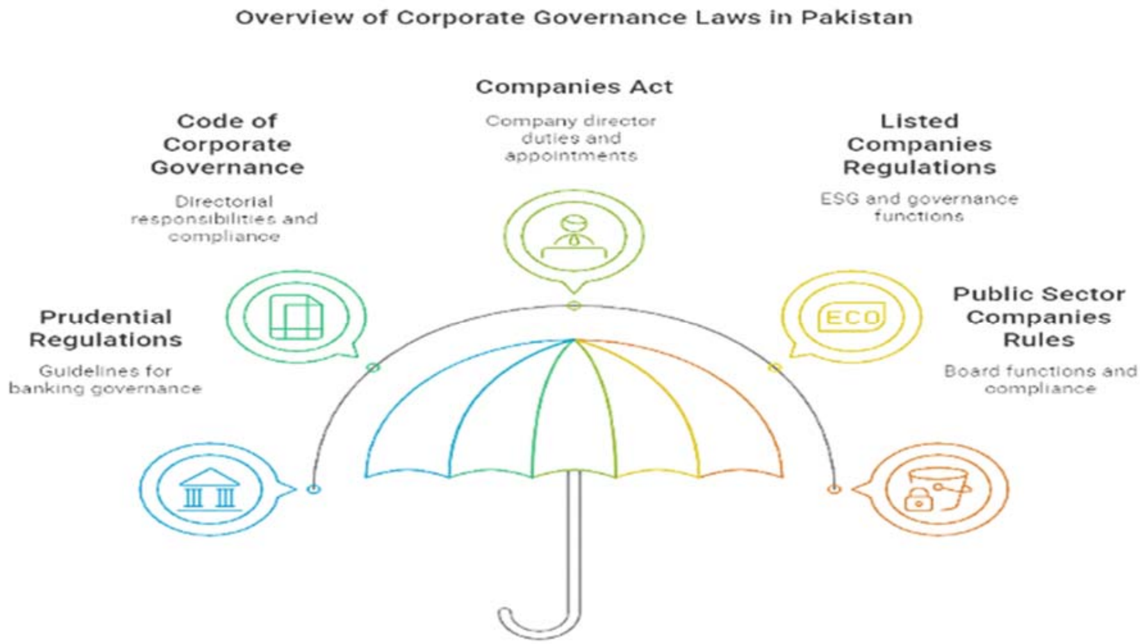
Table-5.1 **Current Legal Provisions from CG Laws in Pakistan**

Source: Created by Author’s Own.

Sr. #	**Title of Law/ Rule/ Regulation**	**Main Points in the Law/ Regulation**
1	‘Prudential Regulations for Corporate/Commercial Banking Regulation G-1’ (SBP)	Regulation G-1 ‘Corporate Governance/Board of Directors and Management’. Regulation R-5 Monitoring
2	‘Code of Corporate Governance, 2017’ (SECP)	i. CCG 2012 was replaced by CCG 2017 to strengthen CG practices in corporations. It was subsequently replaced in 2017. Later, in 2019, CCG regulations were issued with the addition of a 'comply or explain' approach as a non-mandatory provision for corporations. ii. All listed companies shall ensure compliance with the Code of Corporate Governance (CCG). iii. The Board of Directors' responsibilities, powers and functions include corporate social responsibility (CSR) initiatives and other philanthropic activities, including donations, charities, contributions and similar payments.

		iv. All listed companies shall publish and circulate a statement outlining their compliance status and annual reports. 'CHAPTER II: Number of Directorships and Composition of Board' 'CHAPTER III: Board of Directors, its Members and Meeting of Board [Section 10]: Responsibilities of the Board and its members [Section 10A]: The role of the Board and its members is to address sustainability risks and opportunities.'
3	'Companies Act, 2017' (The Government of Pakistan).	i. '[Section 204]: Duties of directors. (2) A company director shall act in good faith to promote the Company's objectives for the benefit of its members as a whole, in the best interests of the Company, its employees, shareholders, the community and the environment. ii. [Section 153]. Appointment and Removal of Directors Ineligibility of certain persons to become director iii. [Section 156] Compliance with the Code of Corporate'
4	'The Listed Companies (Code of Corporate Governance) Regulations, 2019' (SECP)	**i.** 'Applicable to listed companies and all other entities. The functions of the Board of Directors include environmental, social, and governance aspects, as well as health and safety aspects, in business strategies that promote sustainability. This includes, but is not limited to, corporate social responsibility initiatives and other philanthropic activities, donations/contributions to charities and other social causes.
5	Public Sector Companies (Corporate Governance) Rules, 2013 (SECP)	i. '[Section 5]: Responsibilities, powers and functions of the Board ii. [Section 6]: Meetings of the Board read with (S22 (1a)) iii. [Section 8]: Performance evaluation iv. [Section12]: Formation of Board Committees v. [Section 13]: Chief Financial Officer, Company Secretary and Chief Internal Auditor – appointment and removal vi. [Section 15]: Requirement to attend Board Meetings vii. [Section 16]: Financial Reporting viii. [Section 17]: Directors' report to the Shareholders' ix. '[Section 20]: Responsibility for financial reporting and corporate compliance x. [Section 21]: Audit Committee xi. [Section 22]: Internal Audit xii. [Section 23]: External Auditor xiii. [Section 24]: Compliance with Rules [Section 25]: Penalty for contravention of the rules

Diagram-5.1



Source: Created by Author's Own.

5.1 Comparative Analysis of Corporate Governance (CG) legal Frameworks

5.1.1 India:

The Companies Act 2013 (New Companies Act), a replacement of the Companies Act 1956, is the primary source of the CG legal framework in India, which includes the constitution of the BOD, board meetings, independent directors, general meetings, audit committees, related party transactions, and disclosures in the financial statements. However, India's CG framework is also a derivative of international laws and best international CG practices (Das, 2021).

The Securities and Exchange Board of India (SEBI) is a significant regulatory body for corporations in India. The Standard Listing Agreement is for those companies which are listed in SEBI. The Institute of Chartered Accountants of India (ICAI) develops accounting standards that offer direction on the presentation of financial data (Das & Dey, 2016).

In compliance with the New Companies Act, the secretarial standards are issued by the Institute of Company Secretaries of India (ICSI). The ICSI has released Secretarial Standards, effective from July 1, 2015, on 'Meetings of the BOD (SS-1)' and 'General Meetings (SS-2)'. According to Section 118 (10) of the New Companies Act, every Company other than one person must follow the secretarial standards of ICSI regarding general and Board meetings (Joshi & Kansil, 2023). Every Company should have at least one resident director on its Board; Nominee Directors are not considered Independent Directors; the Board of every listed Company and every class of companies mentioned thereunder should and can appoint Independent Directors and Women Directors. The New Act also establishes prescribed committees within the Indian corporations, including audit, nomination and remuneration, stakeholder interest, and CSR committees (Pandya & Shah, 2024).

The SEBI amended the Listing Agreement under the vision of a proposed mechanism to enhance compliance standards of CG practices among the listed entities and make them disclose periodic reports on financial and commercial transactions, directors' remuneration, and their compliance with laws and regulations (Singh & Rastogi, 2024).

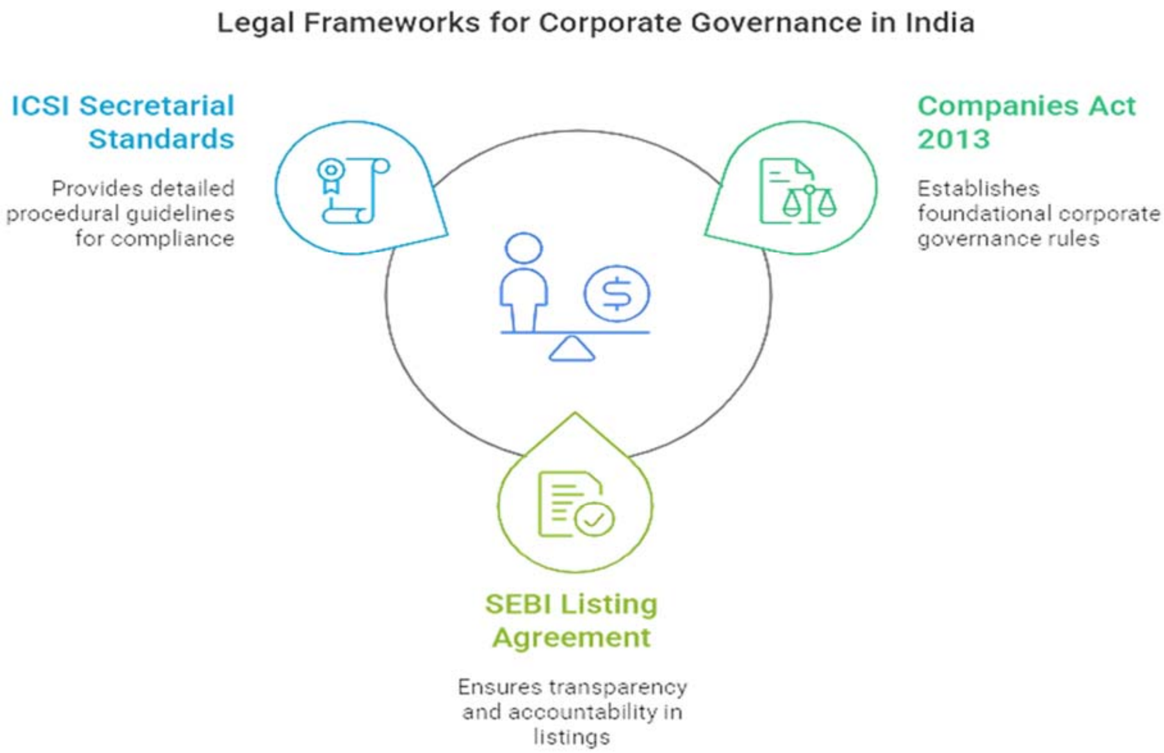
Table 5.2

CG Legal Frameworks in banking Sector of India

Sr. #	Title of Law/ Rule/ Regulation	Main Points in the Law/ Regulation
1	‘Companies Act 2013’	i. ‘[Section 149(8) and Schedule IV thereof]. Qualifications for Independent Directors, along with the duties and guidelines for Professional conduct. ii. [Section 149(1)] Mandatory appointment of one (1) woman director on the Board of Listed Companies. iii. Mandatory establishment of specific committees. Like Corporate Social Responsibility Committee {Section (135)}, Audit Committee {Section 177(1)}, Nomination and Remuneration Committee {Section 178(1)}, and Stakeholders Relationship Committee {Section 178(5)}’
2	‘Listing Agreement by the Securities and Exchange Board of India (SEBI)’	i. ‘[Corporate governance principles [clause 49 (i)] In this part, SEBI outlines and clarifies the duties of the Board, corporations' obligations to safeguard stakeholders' interests, and shareholders' and other stakeholder groups' rights. According to this, disclosures must be made transparently and by all applicable accounting rules, both financial and non-financial. ii. Compliance Certificate on Corporate Governance [clause 49 (x) and (xi)] SEBI mandates that corporations get the Compliance Certificate on Corporate Governance from either the Company's auditor or a Practicing Company Secretary by the listing agreement's modified clause 49. This certificate will be a separate component of the annual report and will be presented to the stock exchange in addition to the annual report. The Institute of Company Secretaries of India (ICSI) issued the secretarial standards’
		i. ‘According to Section 118 (10). Every Company other than a single person is obligated to follow the secretarial standards of ICSI regarding general and Board meetings.’

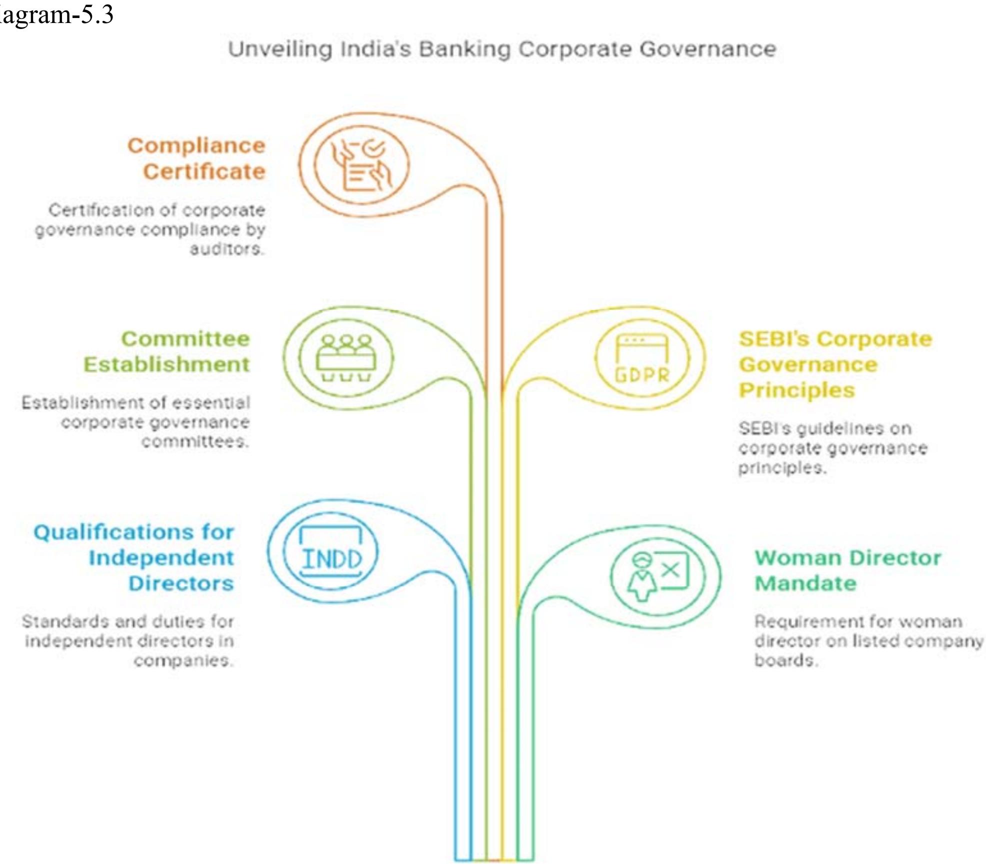
Source: Created by Author’s Own.

Diagram-5.2



Source: Created by Author's Own.

Diagram-5.3



Source: Created by Author's own.

5.1.2 The United Kingdom (UK):

The primary legislation for all sorts of corporations in the UK is the Companies Act, 2006 ("Companies Act"), which is a primary source for the provisions of all fundamental requirements about CG practices, including the regulations of BOD, audit committee, and shareholders' rights and responsibilities (Aduma, 2024).

Under section 172 of the Companies Act, the directors have to perform in good faith for and in the best interest of the shareholders, observing six statutory factors. One is the strict adherence to the consequences of any "long-term" decision to safeguard the UK's marketplace from risks (Botha, 2024).

A unique feature of exemplary CG practices in the UK is the "comply or explain" element, which can be traced in a non-statutory code of governance principles, the UK Corporate Governance Code, 2018 (CG Code). This code is maintained by the Financial Reporting Council (FRC) in the UK. It is responsible for promoting and encouraging the best CG practices in corporations in the UK, ensuring a reliable and flexible atmosphere for premium-listed companies under the listing rules (Aduma, 2024).

The CG Code, 2018, will be replaced by the UK Corporate Governance Code, 2024, at the dawn of 2025 (Hopt, 2024).

Table-5.3

CG Legal Frameworks in banking Sector of the UK

Sr. #	Title of Law/ Rule/ Regulation	Main Points in the Law/ Regulation
1.	Companies Act, 2006	i. Section 172. The directors have to perform in good faith for and in the best interest of the shareholders.
2.	Corporate Governance Code, 2018	i. The "comply or explain" element can be traced in a non-statutory code of governance principles.
3.	UK Corporate Governance Code, 2024	i. Effective from 2025 by replacing the existing Code of Corporate Governance, 2018.

Source: Author's Own.

Diagram-5.4

Source: Created by Author's own.

6. Findings

- There are inconsistencies in CG laws and practices in the banking sector of Pakistan due to frequent political interference which is causing for poor CG practices.
- Regulatory oversights and deterrence policies in enhancing the penalties rates on bank profit may enhance the level of implementation. Dual oversight by SBP and SECP on the banking sector of Pakistan also create regulatory redundancies to some extent and also costing Pakistan to an estimate of more than $119 million annually.
- Pakistan's regulatory penalties on non-compliance at the rate of 0.2% of bank profits are 70% weaker than India's penalties which are at the rate of 3%. These low rates are also reducing deterrence to banking sector of Pakistan, which is directly affecting the CG practices. India's 3% penalty model boosted compliance by 35%, demonstrating effective deterrence.
- Patriarchal norms limit female board representation to under 10%, hindering decision-making quality in the banking sector of Pakistan.
- The UK's principle-based CG and shareholder activism has increased stakeholder trust in banks by 22% which has strengthened the CG in banks of the UK.

7. Conclusion

As this study seeks to strengthen the CG legal framework in Pakistan's banking sector by robust implementations of CG legal frameworks to make corporate entities more accountable, raise shareholder trust, attract capital, and improve financial performance. The research has addressed the compatibility of existing CG legal frameworks for banking sector of Pakistan, considering regulatory impact assessments for a robust implementation of CG legal framework to improve CG practices in the corporate sector, specifically in banking sector of Pakistan, through recommendations from the CG legal framework in India and the UK. Changing enforcement mechanisms may enhance CG implementation and enforcement since the court and capital market can contribute to system improvement.

The role of an effective, and independent Boards of Directors (BODs) are essential in encouraging and promoting the best CG practices in corporations. The diversity, size, and makeup of BODs may improve their ability to monitor and comprehend the progressive accomplishment of corporate errands. However, the size of BODs may influence their efficacy, with smaller boards better monitoring and fostering openness and honesty.

This research has examined CG Laws and Practices in the banking sector of Pakistan, specifically the link between CG laws and firm performance. The banking sectors of Pakistan and India are being regulated by the regulatory bodies and sufficiently compatible CG legal frameworks, since the same day of their inception. Both countries were established from the colonies of British empire in 1947 and both started the functionality on same day but the level of CG in the banking sector of Pakistan is comparatively lower than that of the India and high level of CG practices can be seen in the banks of UK which is comparatively higher from Pakistan and India. Frequent inconsistencies in the CG laws and practices in the banking sector of Pakistan due to frequent political interference, improper board composition, lacks in independence for directors, and other reasons, are putting the CG practices at stake. These poor Cg practices may cause to enhance the corporate vulnerabilities in the banking sector of Pakistan. This study provides valuable insights for the regulators, policymakers, academic researchers and other stakeholders so that effective rehabilitation can be made possible for the effective accomplishment of the corporate errands to rehabilitate the banking sector of Pakistan. Robust implementation of existing CG legal frameworks may rehabilitate this sector upto the level of India, and the UK. The research's outcomes may provide valuable insights for authorities like policymakers, stakeholders, and regulatory organizations to strengthen corporate standards in Pakistan's corporate sector. The outcomes may also benefit local and international stakeholders in promoting CG practices in their enterprises.

8. Recommendations

In order to enhance ratio of good CG practices in the banking sector of Pakistan, the following recommendations may be proved as valuable insights for policymakers, regulators, and other stakeholders:

1. Regulators like SBP and SECP should adopt the utilization of modern scientific technologies, including Artificial Intelligence (AI) tools, to strengthen the implementation and monitoring of CG frameworks in banking sector of Pakistan.
2. Regulators must eliminate the frequent Political interference in the affairs of banking sector of Pakistan, especially in public sector banks on the eve of board appointments must be curtailed. Elimination of such corrupt practices is foundation to restoring transparency, disclosure, institutional autonomy, and regulatory stability in the banking sector of Pakistan.
3. Lessons Learnt from identical and emerging international economies like India and the UK can help to bring enhanced consistency and trust in the mechanisms of CG in banking sector of Pakistan. For instance, the UK's principle-based model and shareholder activism have significantly improved accountability and public trust there and this adoption may be reformative for the banking sector of Pakistan to safeguard it from corporate collapse at later stage.
4. The existing rate of penalty upon non-compliance is 0.2% which is too low and weak to deter non-compliance. Following India's lead in enforcing stronger penalties could significantly boost compliance and act as a reform driver for the banking sector of Pakistan. It may be used as an immediate catalyst to ensure to eliminate inconsistencies in CG laws and practices in the banking sector of Pakistan.
5. Publishing regular reports on fines and sanctions against banks by the regulatory bodies and banking companies itself on their official websites will increase public accountability and reinforce the seriousness of CG obligations and will eliminate the existing inconsistencies in CG laws and practices in the banking sector of Pakistan.
6. Regulators must adhere such policies and guidelines with strict compliance by the banking companies that Directors and board members should undergo quarterly professional training to strengthen their understanding and execution of CG responsibilities.
7. Banking companies should be required to run awareness campaigns to educate internal and external stakeholders about the importance and benefits of good CG practices, ensured by robust implementation of CG legal framework in banking sector of Pakistan. In this regard, all banking companies must be bound to publish their detailed participation in awareness companions.
8. The overlapping regulatory roles of SBP and SECP are enhancing the burden of costs besides other complications, so these must be reviewed and streamlined to avoid redundancies and reduce the annual financial burden estimated at over $119 million.
9. In order to address the issue of gender imbalance in the composition of board, the regulators of banking sector of Pakistan should ensure the enforcement of diversity laws that promote inclusive and effective decision-making for sufficient improvements in CG in banking sector of Pakistan as currently sector is functioning with women holding less than 10% of board

positions.

10. Adaption of the UK's principle-based governance approach by the regulators in the banking sector of Pakistan may cope with issue of implementation of CG laws in this sector to combine with proactive shareholder engagement, to rebuild stakeholder trust and create a more accountable banking system in Pakistan.

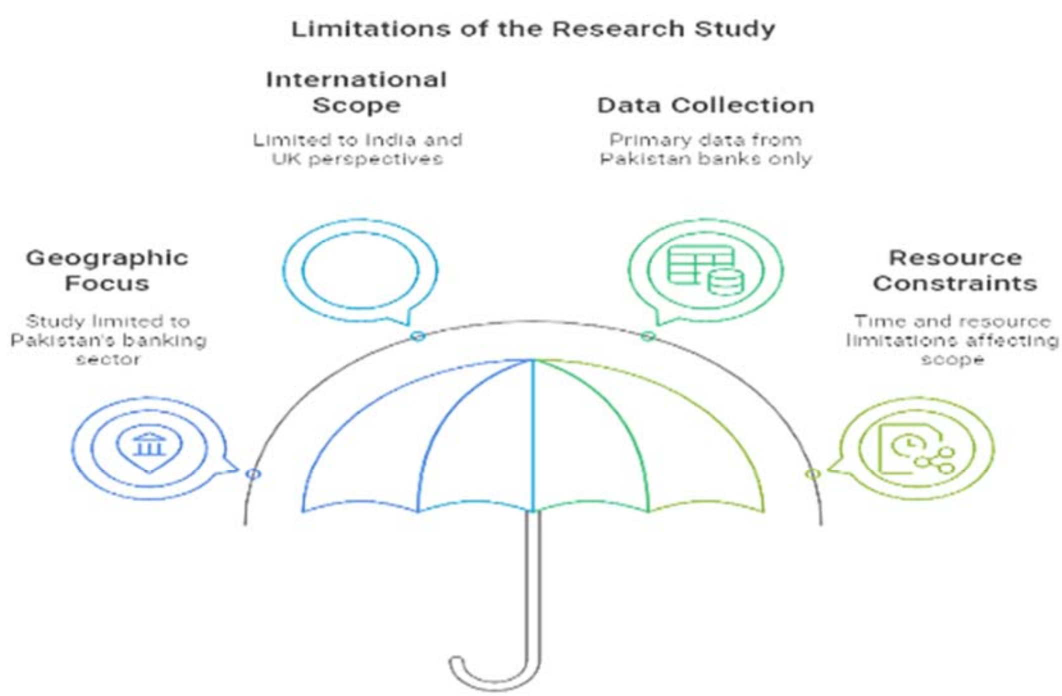
9. Implications of the Study

This study provides profound insights for the improvement and promotion of good CG practices in Pakistani banks to eradicate inconsistencies in the existing CG laws and practices in banking sector of Pakistan to strengthen the transparency and responsibility. It is mandatory to enhance investor confidence, foreign direct investment, and for the stability of overall financial systems. The study may be a helping hand for the policymakers and stakeholders to fill the gaps with a comparison of the Pakistani legal framework of CG with India and the UK, which can be helpful in guiding policy not only in Pakistan but also in the other developing countries, facing analogous challenges. Finally, the research may conceive a more stabilized and structural banking system aligned with international standards toward the progressive accomplishment of corporation errands in Pakistan. This research may also be a guideline for other institutions in Pakistan besides banks.

10. Limitation of the Research

- This study has focused on the legal frameworks of CG for banks in Pakistan. Further research was required but could not be undertaken due to the limited focus of this topic and other limitations, such as time and resources.
- Data was collected for this research from the baking sector of Pakistan alone as the only banks in Pakistan have been chosen for this research. This study does not include other corporate sectors of Pakistan.
- As far as the international perspective of this study is concerned, it is limited to the India, and the UK as emphasised above, due to the limited focus of this topic and other limitations, such as time and resources.

Diagram-10.1



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