ABSTRACT

Liquidity can be defined as the ability of a financial institution to meet all the legitimate demands for funds (Yeager and Seitz 1989). Liquidity is very important variable for financial sector. The aim of this study is therefore to identify determinants of commercial banks liquidity in Pakistan. Sample of 24 banks in Pakistan used, covering period (2006-2015).Two measures of liquidity estimated in this study (liquid assets to total assets) and (total loans to total deposits). Through Ninebanks specific factors, affecting banks liquidity were selected and analyzed. The results of panel data regression analysis showed that ROA,CAP, TLA, T-deposits NPLTA, CAR, operating and financial expenses, Capital adequacy ratio has statistically significant impact on banks liquidity.

Key Words: Bank Liquidity, Static panel, OLS, GLS, Pakistan