

ABSTRACT

The impact of Information Communication Technology (ICT) received much attention during past decades. Early researchers declared that the ICT impact on production and economic development was either very small or non-existent and conforming to Solow's paradox. But the recent studies support the importance of latest technologies. So in this research an effort is made to find the relation between ICT and banks production. Some studies find the impact of ICT in banking sector of Pakistan. But many analyst end up without quantifying the change in production due to the adoption of ICT in banking industry of Pakistan. Therefore to overcome this problem, this research investigates the production change due to the adoption of ICT by employing Cobb-Douglas and Transcendental Logarithmic Production function (Translog production function) using Ordinary Least Square (OLS) and Seemingly Unrelated Regression Estimation (SURE) techniques. Secondary data of 30 banks for the period of 2006-2013 is used for analysis. The study found that most of the ICT surrogates have positive impact on the production of banking sector in Pakistan. So it is recommended that banks should increase investment in those ICT surrogates that are impacting positively the banking sector production in Pakistan.