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The Impact of Bank Specific Factors on Investment Decisions

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Abstract: The main purpose of this study is to analyze the impact of bank specific variables on investment decision on commercial banks in Pakistan. The data collected from 15 commercial banks was selected from the Pakistan Stock Exchange. The data of the variables are collected from the secondary sources like from the annual reports and State Bank of Pakistan website. It covers a period from 2008 to 2018. Result shows that a negative relationship exists between investment and firm Size, a positive association exists among the investment and return on assets. A positive weak relation exists between the investment and exchange rate. A negative weak association exists between investment and Inflation. The findings from this research would provide an understanding of the various decisions to be made by investors based on the prevailing factors and the eventual outcomes for each decision and would identify the most influencing factors on the company's investors' behavior on how their future policies and strategies will be affected since investment decisions by the investors will determine the company's strategy to be applied.

Key Words: Investment, Total Assets, Non-Interest Income, Return on Assets, Profit Before Tax, Exchange Rate, Inflation Rate

1. Introduction

In the development of a kingdom, financial sector shows a very important part to contribute in the growth and development. According to Esam (2013) [1] that the fall-down & minimum growth in the developing of a country is blocked due to the financial sector, that's why when countries need development they must adopt first financial institutions. These institutions are the backbone of the economy and have the main factor of country economic efficiency. Financial institutions consist of different firms, which is somewhere some association in between, such as banking firms, insurance firms, development institutions, money market and stock exchange. Banks is one of the most regulated sectors among financial institutions and contributes much more in the building of economy and in the development of a country. Each country has a central Bank which regulates and governor the financial system. Such as State Bank of Pakistan, that regulates the commercial banking system in the country. As per the work of [3], they derived from the work that for the market risk the Capital of any organization or firm, the Quality of assets of firms, the Earning position and situation of a firm, the Liquidity position and status of an organization are more sensible to that risk which is exist in the market. For the reflection purposes to show and highlights the market or firm position, performance of the firms, stock, the conditionality of the firm, the operational position and soundness of work and the regulatory and regulations of the firm and market [3]. In the development of a country economy the financial institutions like the commercial banks play an important role as performing the intermediaries' functions. The activities of banking business is to receiving the surplus funds from the individuals and groups through different

account like the current/demand account, fixed account and profit and loss account deposits, or if required the finance then borrow from different banks or from other sources, after that using that funds for allowing the loan fully or half of the total funds, providing advances and other credit facilities to public and organization, and also make investment in different type of securities for the generation of return [4]. The interest rate which pays to depositor is different from the rate which the bank receives from the creditor. Because the rate of receiving is higher than the rate which banks give to their depositors. The changed between these both rates creates some spread and this spread known as the interest margin [5].

Many of the factors derive the investment and many of the factors sustaining from investing. The important and highlighted factors are the market characteristics and behaviors, how the market behaves or the market is good for investors or not, is the market is in investor favor. These are the things which is very important for investor to know about the market behavior and characteristics. The risk portfolio for investor is also necessary. Investor needs to know about the risk portfolio that how much risk are associated with the investment where they want to invest. Also need to evaluate the portfolio that he/she or organization selected that how much risk is with it. Along with these things the investor also needed to get information about the accounting. Accounting information about the market and portfolio is the important aspect. The mood blunder indications that irrespective of accounting evidence, investors are swayed by sunk cost reflections and irregular risk predilections for gain/loss circumstances. As per the work of Nicole (2012) [6], the study is conducted on the examination and analysis of factors that effecting and influencing the decision and intensity of the investor in investment, factors that changing the behavior of investor. Recommended that traditional wealth extension conditions are significant to investors, even the investor of the may use and engage in different ways in the form and selection of stock in which they want to invest. In current scenario the most important and crucial is the operation situation of the local market and international, the market behavior, the record of the environmental and also need to focused on the ethical appearance and gesture posture of the firm and need deep consideration [6].

Numerous researchers investigated the area of the investment decision of specific organization and individual as well. Most of them stated that the investment decision is component of many factors, like the characteristics of an existing market, the behavior of an individual toward an investment portfolio, along with this they mostly stated about the accounting information. The investigation results by Nicole (2012) [6], they conducted study on the area of behavior that is related to individual decision of investment. They conclude from the work that that traditional wealth – expansion measures are significant to stockholders and investors, fluctuating however investors pay miscellaneous measures when picking stocks. They also need to tack a survey of local governmental policies, the operation of international, the environmental record and the health of the organization. After looking all of these aspects the investor then need to take any decision. As different recommendation and the suggestion are provided by the financial advisors and other peoples as like some of the recommendation is provided by the houses brokerages, along with this some of the suggestions are provided by the Brokers who deal in individual stocks and assets, some of the key points and suggestion are highlighted by the family members, co-workers are also put some of the recommendation go basically ignored.

1.1. Problem Statement

Investors make technical and fundamental analysis of their investment in order to create efficient portfolios of their investment. Thus it is very important to know the information flow that the practitioners and contributors provide to the market. Providing the range and limit for stock portfolio in the market from the numerical data, other important financial news and the suggestion, gossips and other important points that is socially circulating in society. For an investor who invest in the market are very difficult to investigate and process it in the examination point of view all of these information. That's why it is very important that they need to look and judge the main factors that effect on the investment, and the main and valuable news that is directly related to the investment and stock [9]. As per the work of the Parimaluckanthi et al. (2015) [10], they provided the information and suggestion that the wealth and finance of the investors might increases and boost when they fell free to getting risk. Because it is common to see that the high risk will always high return, if the investors fell free and decrease the level of the hates to risk then they will get high return and also can able to make easily and quick decision about the investment. In contrast of this the evidence and work of the Riley and Chow stated that not only the hate to risk can increase the wealth, but this will also increase the level of the income of the investors and also increase the age and education as well in the market. On the other aspect of the investment decisions the work that is conducted by the Bakara (2016) [8], they highlighted from the study that not only these things can boost the wealth and return, instead of all these thing the investor also can investigate on other perspective as well like to know the level of dividend, that is the stock able to

gain dividend or not, how much is the return from specific portfolio that I making investment in it, all of these consideration are also putting the investors to making decision. Much of the past works are also conducted on this problem, as from the past the old theory that is adopted, stated that individuals and investors are not the fool that they just put the investment in any portfolio or in stock, they agents or investigating the date and information which is available in the market deeply.

1.2. Research Objective

To investigate the impact of bank specific factors on investment decision.

2. Literature Review

Scholars and practitioners supported that growth and development of financial sector play a vital role in the development of the economy and economic growth [11]. Hamza (2015) [9] stated that low level of growth and development in least developing and under developing countries is due to non development and contracting strategies of financial markets. That's why the under-developing nations required to implement financial liberalization strategies in order to comprehend real economic progress and expansion. The elimination of all financial suppressive strategies and plans which is considered in the financial market like static interest rates, the credit procedures and the restricted polices for lending is develop the financial sectors and creates different competition in the financial market, which make a road for competitive deposit and saving and for lending rates, and finally thus leading to competitive deposit and lending rates and refuge the technique for the growth and expansion of financial sector, and thus economic growth and development [4].

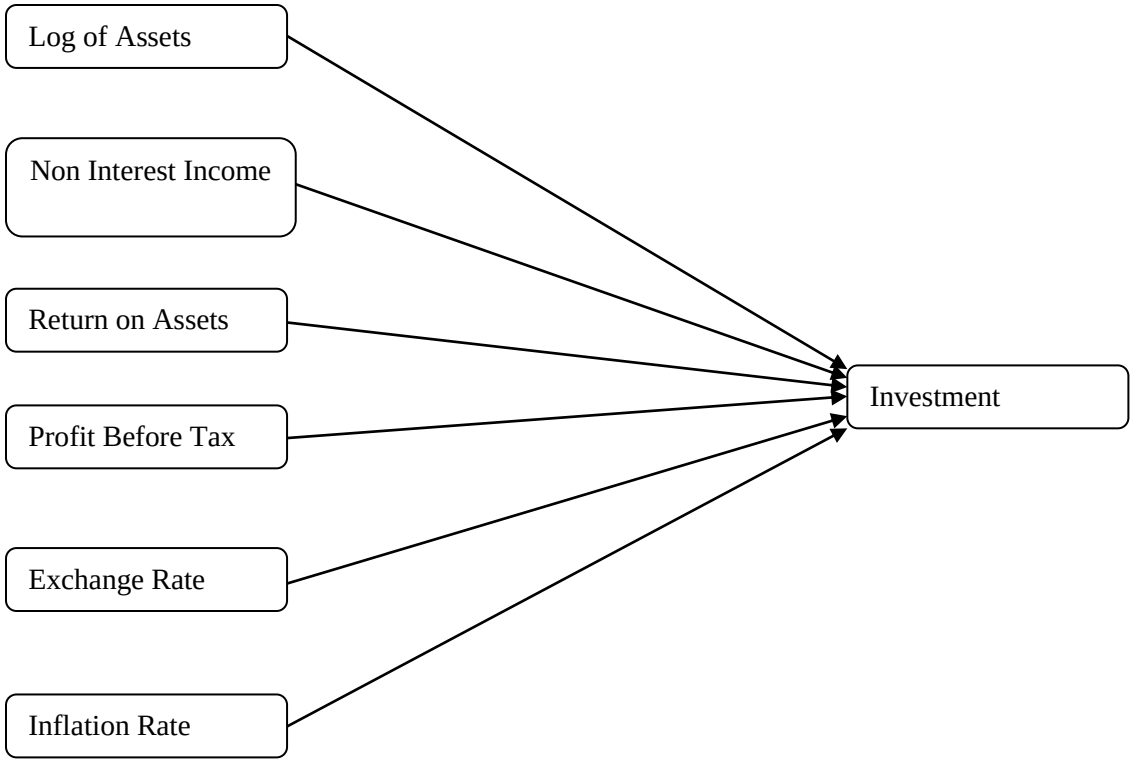
According to Abdelsalam (2016) [12] indicate some of the similar factors. The work of his study categories the factors and element are into indicators like industry specific indicators and the other is Macro- Economic indicators. Basically these indicators reflect the whole market and the factors. As looking to the previous work the [12, 6], backed with the same categories and stated from the work that the performance and operation did not effect a single factor, it is the combination of many factors that disturbed the performance and outcome of the financial institutions, banks and firms. Thus these factors are categories and divided into two classes, the internal factors that affect the banks internally and the other is the external factors which effects the performances of the banks externally. Numerous of the researcher investigates the area of the investment decision of specific organization and individual as well. Most of them stated that the investment decision is component of many factors, like the characteristics of an exist market, the behavior of an individual toward an investment portfolio, along with this they mostly stated about the accounting information. The character error expressions that irrespective of accounting material, investors are partial by destroyed cost reflections and irregular risk predilections for gain/loss circumstances.

According to the work of [9], they revealed from the data that creating a specific investment portfolio, it is very necessary for the management of director to looking all of the aspect of the stock like looking the security quality and insurance related with stock that investor going to buy, the risk diversification of the industrial area and the geographical importance, the tax of the stock which is related with it either direct or indirect attached with that stock, the interest position and the maturities of the stock which is putted by investor in portfolio. (Velmurugan et al., 2015) [13] has analyzed that commercial banks investments act as a cushion between liquid assets and loans. As a result, banks can use liquid assets to increase liquidity and it resulted into increased loans and advances. Also in periods of excess liquidity and less demand for loans, investments help to absorb excess liquidity. Meutia (2016) [1] has asserted that the banking industry, like any other oligopolistic industry, is composed of firms that aim at maximizing their earnings, liquidity and safety. Study conducted by the Abdelsalam (2016) [12], he conduct study on Jordan banks on the specific factors in the period of 2000-2006. The take seven years' data, the outcome indicates the most internal factors which they state that is Loan to total Assets ratio, also show that deposit ratio, the capital structure ratio, the ratio of Non-operating expenditures and the operating expenditures ratio. A study of AHMED (2013), [11] they originate from the study they stated that there is a negative association among the Credit size and the bank loan which influence the performance of the banks. They also demonstrate from the study that the size of the bank s and the interest rate has optimistic and significant association related with the performance of banks. In the numerous of the countries the works are conducted for the investigation of factors that affect the performance of the sector of banks. All of the works carries many of the factors that affect the performance of the banks [14].

An investigated study conducted by the Yasir (2014) [5], from which the derived the result, the result state that the collected factor in the model has some of the impact of the ROA of the bank. The study is conducted on the Jordan banks to examine the bank specific factors. In the study of Parimaluckanthi (2015) [10] he employed correlation and multivariate regression analysis expected at examining the performance and investment of the Malawi listed firms for the period of 2009-2012. The outcomes of conducted investigated study show that management efficiency, liquidity and the Bank size has significant positive impact on the bank Performance and investment., while the other factor like the capital adequacy ratio has negative and insignificant effect. The results of the study indicate that liquidity risk, capital adequacy and the cost efficiency ratio are selected among other variables. These variables have positive impact while the size of the bank and the bank deposit has negative and insignificant effect of the bank Performance and investment. Moreover, as [8] highlights, the requirement for recognizing factors of Performance and investment. In the financial business has not ever been predominant: "As banks move into the twenty-first century, they should concentrate like never before on making new floods of income so as to investor esteem. Critical to this exertion is the need to evaluate and break down the Performance and venture of the bank's present clients, connections, administrations, and items. These things will only investigation to think about the clients that why and for what they battling. Banks can decide these things, realizing what one clients as exhausted affiliations and which likely clients to follow". The support that coordinated this work was that the more prominent the bank holding organization, the more impermeable it is droops in the outside circumstance as controlled by genuine development in (GDP) net local items. Bigger financial administrations organizations welcome a wide scope of advantage by highlight of economies of scale, gathered certain data and mastery just as the assets required to proceed with their improvements into outside commercial centers where blockades to access might be extreme for littler players in the market. For instance, as per [1], "Past investigations of the determinants of fixation have proposed different clarifications with respect to why a few firms develop and accomplish enormous size. These incorporate economies of scale or extension, effectiveness increases achieved through size, the selection of passage dissuading methodologies, or the activity of different types of market power".

Esam (2013) [2] noticed that an efficient firm performance is good and higher than an inefficient one firm, which links with stock prices and reflects the market price of that specific firm, the reflection in price will increase the Performance. It is directly thinkable when the cost is low and output of that stock is high or it is possible when the customers are highly satisfied, or the price of the stock is higher which improve the Performance and return of that stock and also improve the prices of that stock. As per the work of Abdelsalam (2016) [12] has analyzed that in the 1991 the Indian market show the change when the reforms structure is made in it. After the reform it is permitted that all of the banks are needed clear the credit and make the best investment rules and regulation. From the perception of the banks, Internal Revenue Service (IRS) illustrations the extra cost of borrowing loan that the banks get on to perform intermediation actions among borrowers and fund financiers. The IRS is also a premium for the risk that the banks accept; it recompenses for loan insolvent/defaults and for risk linked to cost of money. As such, IRS as a degree of bank competence and factor of intermediation fee and effectiveness of the banks has strained increasing consideration of investigators and representatives in current years in Bangladesh. It takes been pragmatic that the financial structures in emerging countries show larger IRS as compare to those in established countries [6].

2.1. Frame Work of Study



3. Research methodology

3.1. Population and Sample Size

As per the completion of study it is very important to target some specific area and sector. The current study focused on the banking sector of Pakistan. The banking sector in Pakistan includes private commercial and public sector banks are included in the population. But it is very difficult to collect data from all of these banks therefore sample of the study is confined to only fifteen private commercial banks operating in Pakistan.

3.2. Data Source

The data was collected from 15 commercial banks listed in Pakistan Stock Exchange. The data of the variables are collected from the secondary sources i.e. from annual reports of concerned bank and website of the State Bank of Pakistan. Data of all study variables are collected from 2008 to 2018.

3.3. Model

The study employed following econometric techniques to investigate the bank specific factors as determinants of investment in commercial banks of Pakistan.

$$INV = \alpha + \beta_1 SZ + \beta_2 NII + \beta_3 ROA + \beta_4 PRT + \beta_5 ER + \beta_6 IF + \varepsilon_i$$

Where

INV = INVESTMENT (***Total Investment / Total Assets)***

SZ = LOG OF TOTAL ASSETS

NII = NON-INTEREST INCOM (***Total Operating Income – Interest Income/Total Assets)***

ROA = RETURN ON ASSETS (***Net Profit after Tax/ Total Assets)***

PRT = PROFIT BEFORE TAX (**Net Profit before Tax/ Total Assets)**

ER = EXCHANGE RATE (***Exchange Rate with US Dollar)***

IF = INFLATION RATE (**Annual Inflation)**

4. Data Analysis

4.1. Descriptive Statistics

Table 1: Descriptive Statistics

	Investment	*Size*	*Non-Interest Income*	*ROA*	*Profit before Tax*	*Exchange Rate*	*Inflation rate*
Mean	0.2660	19.039	33829644.0039	0.007	0.0112	100.8152	0.0889
Median	0.0849	19.533	26178999.9899	0.008	0.0111	103.0000	0.0860
Mode	0.1353	17.304	2528223.9654	-0.012	-0.0147	78.5000	0.1200
Standard Deviation	0.6968	1.6550	35602395.8269	0.024	0.0357	16.3016	0.0486
Kurtosis	19.954	0.9497	2.6658	47.44	40.2496	0.6382	-0.2409
Skewness	4.5312	-0.8335	1.6456	4.866	3.9302	0.8636	0.6782
Minimum	-0.024	13.213	29673.9776	-0.071	-0.1519	78.5000	0.0290
Maximum	4.2088	21.830	182536839.977	0.239	0.3254	139.9070	0.1960
Count	165.00	165.00	165.0000	165.0	165.0000	165.0000	165.00

The result is derived from the 15 banks data for the period of 2008-2018, the outcome highlighted that the value of mean for INV is (0.2660) and the outcome of standard deviation is 0.6968, for period of 11 years, Medium is 0.0849. This significance expressions the unpredictability in the INV variables. That in what way abundant the mean of INV is unbalanced in the banking areas? The Min value is -0.0248 and Max 4.2088.As the outcome of Std. Dev is 0.6968 and total reflection and observation is 165. The consequences value of Skewness for INV is 4.5312, Kurtosis value is 19.9549, and for the purpose of probability of data which is collected are done, that whichever the facts is feasible or not. Currently the result from data show positive skewed effect.

The outcome demonstration that the mean for SIZE is 19.0394 and the value of standard deviation for this is 1.6550 for the eleven years data. The maximum significance value of the SIZE is 21.8305 and the lower most significance values decreases up to 13.2130, the Misplaced remark is 0. The outcome number value of Skewness for SIZE is -0.8335, the facts affect illustrations the negative skewed crosswise outcome. The outcome of Kurtosis value is 0.9497. The Mode Value is 17.3040. And Total Observation is 165.

The investigation of data and the outcome highlight that the mean for ***Non-Interest Income*** indication the value for mean is 33829644 and the standard deviation for this is 35602395 for the Eleven-year data. In the result, the highest value of ***Non-Interest Income*** is 182536839 and the lowest value fall up to 29673. The Skewness value is for ***Non-Interest Income*** ratio is 1.6456, kurtosis value is 2.6658, and the data outcome and consequences result

shows the positive skewed side outcome and consequences result. The Mode Value is 2528223. And Total Observation is 165.

The outcome and consequences result show that the mean for ROA is 0.0076 and the standard deviation for this is 0.0249 for the Eleven Years' data. The highest value of the ROA is 0.2393 and the lowest value fall up to -0.0781, Kurtosis value is 47.4480. The Skewness value is for ROA is 4.8664, the data outcome and consequences result shows the positive skewed side outcome and consequences result. The Mode Value is -0.0122. And Total Observation is 165.

Outcome and consequences result show that the mean for profit before tax PBT is 0.0112 and the standard deviation for this is 0.0357 for the Eleven Years' data. The highest value of the PBT is 0.3254 and the lowest value fall up to -0.1519. Kurtosis is 40.2496. The Skewness value is for PBT is 3.9302, the data outcome and consequences result shows the positive skewed side outcome and consequences result. The Mode Value is -0.0147 and Medium is 0.0111. And Total Observation is 165.

The mean for ***Exchange Rate*** is (100.8152), Medium is 103 and the standard deviation for this is (16.3016) for the Eleven Years' data. The highest value of the ***Exchange Rate*** is 139.9070 and the lowest value fall up to 78.5000, and the observation missing consisting 0. The Skewness value is for ***Exchange Rate*** is 0.8636, the data outcome and consequences result shows the a little positive skewed side outcome and consequences result. The Kurtosis value is 0.6382. While the Mode value is 78.5000 and total observation is 165.

The analysis outcome and consequences result demonstration that the mean for Inflation show the value is 0.0889 and the standard deviation for this is 0.0486 for the Eleven-year data. In the outcome and consequences result, the highest value of the Inflation is 0.1960 and the lowest value fall up to 0.0290. The Skewness value is for Inflation is 0.6782, the data outcome and consequences result shows the positive skewed side outcome and consequences result. The kurtosis value is -0.2409.

4.2. Correlation analysis

Table 2: Correlation Analysis

	Investment	*Size*	*Non-Interest Income*	*ROA*	*Profit before Tax*	*Exchange Rate*	*Inflation rate*
Investment	1						
Size	-0.359636897	1					
Non-Interest Income	-0.161038368	0.730319931	1				
ROA	0.02052173	0.137952862	0.209397347	1			
Profit before Tax	0.003079544	0.134044372	0.200628768	0.969536691	1		
Exchange Rate	0.016790902	0.149055803	0.124743314	-0.010539248	0.020650597	1	
Inflation rate	-0.033539103	-0.149131056	-0.117609374	-0.089229285	-0.123450465	-0.75100139	1

Correlation analysis is employed in this study to evaluate the relationship among the variables. Total seven variables are included in this study. Where INV is dependent variable and the six Non-Interest Income, ROA, Profit

before Tax, Exchange Rate, Size and Inflation rate is our independent variables. The value of the correlation coefficient is state that all the variables have effect on the depended variables. The value between INV and Size is -0.359636897 a Negative relationship exists among the INV and Size, the correlation among the INV and NII is -0.161038368, a Negative correlation exists among the dependent and independent variable. The association is Negative. The value of correlation among the INV and ROA is 0.02052173; a Positive association exists among the INV and ROA. INV has Positive association also with PBT variables the value of the relationship is stated as 0.003079544. A very weak relation exists among the variables. Exchange Rate has positively correlating the INV. The calculated value is 0.016790902. A positive weak relation exists among the INV and Exchange rate. In last variable has negative association with INV. The value of the Inflation show -0.033539103. Negative weak association exists among the INV and Inflation. So, from the outcome and consequences results it is concluded that three variables have positive weak correlation with INV and the three variables has Negative correlation with INV, but it is proved that Some relation exist between the Dependent variable and independent variables. A total number of 165 observation are calculated in this analysis.

4.3. Regression Analysis

Table 3: Regression Estimates

Summary Output

Regression Statistics	
R Square	**0.2671**
Adjusted R Square	**0.1355**
F Test	**5.2847**
Standard Error	**0.6478**

R square of study is 26.71 percent, it shows explanatory power of independent variables to explain dependent variable. F-Statistics shows model fitness and it is above the required range.

4.4. ANOVA Analysis of Variance study:

Table 4: ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	6.0000	13.3072	2.2179	5.2847	0.0001
Residual	158.0000	66.3088	0.4197		
Total	164.0000	79.6160			

Table: 5

	Coefficients	Standard Error	t Stat	P-value
Intercept	4.3925	0.9994	4.3953	0.0000
Size	-0.2229	0.0450	-4.9559	0.0000
Non-Interest Income	0.0000	0.0000	5.8883	0.0608
ROA	10.1997	8.4095	5.2129	0.0270
Profit before Tax	-6.4417	5.8531	-2.1006	0.0128
Exchange Rate	0.0008	0.0048	3.1699	0.0453
Inflation rate	-1.1839	1.6001	-4.7399	0.0105

The result indicates different result like it shows the Coefficient. Value, the Std. Err. Vale the T values the value of the P-value statistics, and other value as well. The Coefficient. Vale of the three-variable (SIZE, PBT and INFLATION) show that there is negative association and influence on other variables, the three-variable (Non-Interest Income, ROA and Exchange rate) stated the positive association and influence in the model. The "T" value of the SIZE, PBT and INFLATION value is negative in contrast of Non-Interest Income, ROA and Exchange rate is positive impact. SIZE value of Coefficient is -0.2229, std. Err. Is 0.0450, the T ratio value is -4.9559 and the P statistics value is 0.0000. The NII Coefficient value is 0.0000, std. Err. Is 0.0000, T ratio value is 5.8883and P-value is 0.0608. The ROA variable coefficient value is 10.1997, std. Err. Is 10.1997, T value is 5.2129 and P-value is 0.0270. PBT coefficient value is -6.4417, std. Err. Is 5.8531, T ratio -2.1006 and P ratio value is 0.0128. Exchange rate has value of 0.0008, std. Err. Value is 0.0048, t ratio value is 3.1699, P value is 0.0453. The Inflation variable coefficient value is -1.1839, the Std. Err. Is 1.6001, T ratio value is -4.7399 and the P value is 0.0105. Other values are also stated in bottom of table. The derived value is stated that the alpha value is less than 0.05; a significant result shows the analysis. So, for alpha accept H1 and Reject H0.

The stated table shows that, one-unit increase in Size will influence on the INV by -0.2229 units negatively, Size has negative effect on the INV. Whenever the level of Size increased its effects on INV negatively. The NII has Zero effect on INV, one-unit changes in the level of NII, changed the INV by 0.0000. The level of NII Zero effect on INV. ROA has positive effect on INV, one-unit change in the level of ROA, were changed the INV by 10.1997. The ROA has positive relation with INV. The PBT has Negative effect on the INV the stated value is -6.4417. One-unit increased in the level of PBT, changed the level of INV by -6.4417 unit. PBT has negative association. Exchange rate has positive value of 0.0008. One-unit increase in the Exchange rate, changing the level of INV by 0.0008 positively. The Exchange rate will increase the level of INV. Inflation has negative effect on the INV. One-unit. Change In the Inflation will change the level of INV by -1.1839 units. The Inflation has Negative relation with INV.

The p-value shows the significance of the variable that the variable is significant in study or not. And it shows that either the study accepts or reject null hypothesis or accept or reject H1 (alternative hypothesis). Different results are derived from the primary data. As coefficient explains above, some of variable shows negative impact and some show positive impact and association with Dependent variable. Basically, the positive and negative Coefficient (β) means the outward and downward flow of the slop. Negative coefficient value indicates that the slop is downward and positive coefficient shows the upward movement of the slop.

For the significance of the variables the p-values are derived in organization. The p-value of the Size is 0.0000, the result shows the significant value. The value of the p is less than 0.05, so, the study accepts the H1 for Size and Reject H0, the p-value of the NII is 0.608, the result is show p-value is more than 0.05, that's why for NII accepted the H0 and reject the H1. The p-vale for ROA is 0.0270, which is less than 0.05, accept the H1 and reject H0. Whenever the ROA level increasing in the organization, it decreased the Investment. The p-value for PBT is 0.0128, the value is significant value is less than 0.05, so, the study accepts the H1 and rejects the H0. Whenever the PBT increasing the Investment also increasing. The p-value of EXCHANGE is 0.0453; the p-value is less than 0.05.

The EXCHANGE show significant result. That's why for EXCHANGE accepts the H1 and rejects H0. Increasing INFLATION indicates that the expenses are increasing which cause low Investment. The p-value of the INFLATION is 0.0105; the value is less than 0.05, result show significant result. So, for INFLATION accepts the H1 and Reject the H0. These are the value of the "P" generated from the analysis after putting the primary data. For significance measuring a standard is stated. Whenever the p-value for a variable is less than 0.05, so it's mean that the variable is significant and accept the H1 (alternative hypothesis), while if the p-value for a variable is more than 0.05 (p-value>0.05), so the result of the variable is insignificant and Accept the H0 (null hypothesis).

Mostly the researchers show the 95% confidence interval in their studies. This 95% interval shows the real confidence in the analysis. Mostly work underlay it that this best coefficient interval. After the analysis estimation and outcome, the interval may be 95% but in contrast of this if the interval dose not consist "Zero", it ultimately effect on the P-value, mean that then your P-value will be 0.05 or lesser than 0.05. These intervals we estimate in the analysis for confidence. In case of, whenever the T distribution at the level of 95% is almost near or round about the Mean, then the P-value will be on 5%. It will show that the significance level is on 5%. It means that the possibility of considering an effect as intense as the solitary you are receiving, so this will consequently show that the T value will higher as we think, but only in the Random effect only because of no affection of the variables. The 5% confidence interval or lesser than 5% interval automatically show that the investigator needs to reject the null Hypothesis of the study and accept the alternative one.

Significant result shows the p-value. The goodness of model is depending on the value of R it specifies that your model is fit or not for study. The value of the R is 0.4088 (40.8%). In table highlighted the derived vale of R, in contrast of this value of the R square (R^2) which indication the variations in the study variable. That variation which occurs in arrears to alternative variable. Up to how much level and extend the value and facts of R^2 effects on other variables. The derived output value and figure of the R^2 is 0.1671. it mean its response up to and interpretation is 16.7% of the entire growing variation Job satisfaction, and this facts demonstrate about the model of the study that its fit for study. Another value from outcome of analysis which is derived is notorious as the Adjusted R^2 this also the important part of the study because this will also effects on the study variables, data and other facts that is related to study. As discussed that it is much important because this value which derives from primary analysis is also adjust for section of population. After the analysis the outcomes and consequences facts and figures highlights that adjusted R^2 is 0.1355 and this is less than the R^2.

5. Conclusion

The main purpose of this study is to analyze the impact of bank specific variables on investment decision on commercial banks in Pakistan. The data collected from 15 commercial banks was selected from the Pakistan Stock Exchange. The data of the variables are collected from the secondary sources like from the annual reports and State Bank of Pakistan website. It covers a period from 2008 to 2018. Result shows that a negative relationship exists between investment and firm Size, a positive association exists among the investment and return on assets. A positive weak relation exists between the investment and exchange rate. A negative weak association exists between investment and Inflation. The findings from this research would provide an understanding of the various decisions to be made by investors based on the prevailing factors and the eventual outcomes for each decision and would identify the most influencing factors on the company's investors' behavior on how their future policies and strategies will be affected since investment decisions by the investors will determine the company's strategy to be applied.

5.1. Future direction

The current study is conducted on just a short time period. The result of this study is generalized; this result will not be considered to take it generally. That's why it is very important to investigate the current topic more widely. To take more sample from population and large time period. Also needed to get other factors that affects the Performance of banks and the investment Decision'.

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