

CLASSIFICATION ON THE OWNERSHIP BASIS:

Banks can be classified on the basis of the criteria that how and by whom they are owned.

Following are the classification in this case.

Public Sector Banks:

Such banks work under the direct control and authority of the government. These are also owned by the government. The chief executive of such banks is appointed directly by the Federal government. These banks provide finances for the development schemes launched by the government at priority finances in Pakistan Habib Bank, National Bank etc., are the examples of public sector banks.

Private Sector Banks:

These banks are controlled by individuals or private organizations. Such banks are under the direct ownership of private organization or cooperatives. An important difference between public sector and private sector banks is the degree of influence faced by the banks from the government or politicians. Public sector banks are sometimes forced to finance government projects which have only the personal interests of ruling party and which are by no means profitable (e.g., yellow cap Taxi Scheme, House project of former (P.M.) MCB, ABL are the examples of private sector banks.