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**Dissertation or Applied Business Project**

**Task 2 – Dissertation or Applied Business Project Report**

**Dissertation or Applied Business Project Title: The Impact of Financial Regulations on Investment Strategies in the Banking Sector**

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# Abstract

With the frequently growing landscape of financial services, financial regulations have emerged as the transformative force to control and guide the banks. This research focuses on assessing and addressing the impacts of financial regulations on the investment decisions and strategies of banks. The financial regulations may impose unnecessary restrictions and demands on the banks, which might result in decreased returns due to less business. On the other hand, it might also be possible that these financial regulations provide a healthy work atmosphere for helping the banks generate more profit. A mixed research methodology is employed, integrating the thematic analysis, descriptive statistics, and regression analysis for better exploring how regulatory requirements like liquidity ratios, capital adequacy, compliance costs, and leverage limits impact the investment decisions, financial stability, and overall performance of the banks. The research findings demonstrate that the UK’s banking industry maintains strong capital adequacy and liquidity that align with the regulatory requirements using a conservative strategy for efficient financial risk management. These findings also demonstrate potential trade-offs among financial stability, regulatory compliance, and profitability. This research concludes that financial regulations are necessary to reduce financial risks and ensure financial stability with improved profitability and growth. This research also addresses the need for a dynamic regulatory framework for better accommodating the growing banking sector nature with compromising financial performance and growth. Further, it provides potential future research avenues to conduct and proceed with this research.

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# Chapter 1: Introduction

# Introduction

This is the first chapter of this dissertation, where I introduce this whole research dissertation, which focuses on analyzing the impacts of financial regulations on the banking sector’s investment strategies. This research is based on the analysis of the impact of financial regulations on the adopted investment strategies by the banking industry. It will conduct a detailed analysis of the changes that can be posed by the financial regulations on the decision-making abilities, risk management processes, and the bank’s profitability. In this, a detailed background research will be provided along with the addressed research problem. Then the main aim and objectives of this research will be discussed along with the research questions focused on attaining set objectives. Then a rationale will be provided for this research along with addressing its significance. Finally, the structure of this dissertation will be presented.

## Background Information

The banking sector plays a pivotal role in the worldwide economy which acts as the key intermediate in the overall financial system by enabling the allocation of suitable capital, offering desired credit, and providing many other financial services (Batrakova & Snisarenko, 2022). A great level of efficiency and stability in the banking industry is essential for any country’s overall development and economic growth. The globalized financial crisis in 2008 addressed some most critical vulnerability in the banking sectors that led to worldwide economic disruptions and addressed a critical need for the development of an inclusive revaluation of the financial regulatory frameworks. There were global financial regulations, such as the **Basel Committee on Banking Supervision (BCBS) introduced Basel I, Basel II, and Basel III, Financial Stability Board (FSB) standards, Dodd-Frank Wall Street Reform, Bank Secrecy Act (BSA), Sarbanes-Oxley Act (SOX)** were specified for the banking sector to systematically check the associated risks and financial stability. Financial regulations are very important for the banking sector to develop effective investment strategies along with effectively managing the risks and increasing profitability.

Financial regulations are very significant for the banking sectors recognized by the relevant regulatory bodies for ensuring an adequate level of efficiency, transparency, and stability of the bank’s financial system. These financial regulations are developed with the intention of protecting the customers, preventing associated risks, and maintaining an appropriate level of market integrity. The regulatory framework of the banking sector is quite large and comprises several directives, such as liquidity ratios, capital adequacy, and leverage limits (Drábek, 1995). These financial regulations are enforced by the applicable regulatory bodies, including Financial Supervisory Authorities, National Central Banks, and BCBS (Basel Committee on Banking Supervision).

The financial regulations significantly influence the investment decisions and strategies of the banking sector. Perhaps the most significant impact on the banking sector’s investment strategies is the realignment of the return or risk profiles. The banking sector always focuses on utilizing thrillinginvestment strategies that need higher leverage and can be easily exposed to complicated financials that ultimately lead to dealing with the risks systematically. However, most of the banks are forced to restructure their balance sheets to better respond to the strict regulatory limitations. The banking investment patterns largely experienced difficult trade assets to strengthen corporate bonds and expense derivatives.

Huang & Lin, (2024) addressed regulatory bodies facilitated a number of stringent financial regulations to enhance the stability and resilience of the overall banking sector. These regulations comprise rigorous liquidity standards, high capital requirements, improved risk management processes, and inclusive stress testing processes. However, these financial regulations are mainly developed to prevent future financial crises and systematically mitigate the associated risks but they also significantly enhance the adopted investment strategies by the banking sector.

## Research Problem

The deployment of novel and more rigorous financial regulations has significantly transformed the operating atmosphere of the banking sector. The banking organizations need to struggle to comply with the applicable regulatory requirements due to which they face critical issues or challenges to maintain competitiveness and profitability. The investment strategies of banking organizations or institutions are one of the most crucial areas impacted due to these financial regulations (Dasgupta, 2023). The regulatory constraints largely influence the kinds of assets in which the banks make investments, risk appetite, and ultimate portfolio management approach.

Thus, this research mainly seeks to efficiently explore the precise impact of financial regulations on the banking sector’s investment strategies. It also intends to recognize how the regulatory changes can reshape the investment portfolio of the banks, the opportunities & challenges due to these changes, and the overall impact on the financial stability and performance of the banks.

## Aim and Objectives

### Aim

This research mainly aims to conduct a detailed investigation of the main impacts of financial regulation on the banking sector’s investment strategies along with providing best practices and insights to optimize the investment strategies.

### Objectives

This research has the following key objectives.

* Analyze the key financial regulations applicable to the banking sector to understand their specific provisions and requirements.
* Explore how the financial regulations reformed the banking sector’s investment strategies.
* Address the key issues or challenges faced by the banks to adapt the investment strategies following regulatory requirements.
* Analyze the imposed financial and operational constraints by these regulations and how they impact the bank’s profitability and overall growth [(Begenau&Landvoigt, 2021)](https://doi.org/10.1093/restud/rdab088).
* Suggest best practices that banks should adopt for successfully navigating the regulatory landscape and enhancing their investment decisions.
* Provide vital insights to bank stakeholders and managers for aligning their investment strategies as per regulatory requirements.

## Research Questions

This research will answer the following research questions to address the set research objectives.

* What are the main financial regulations that were introduced after the financial crisis of 2008?
* How the financial regulations influence the bank’s investment decisions and adopted strategies?
* What challenges might be faced by the banks to adapt their investment strategies following the financial regulations?
* What impacts are posed by the financial regulations on the risk & return profiles of banks’ investment portfolios?
* How do the liquidity requirements impact the bank’s decisions for asset allocation?
* What are the best practices that can be adopted by the banks in navigating the regulatory landscape along with optimizing investment strategies?

## Research Rationale

The financial crisis that occurred in 2008 revealed significant vulnerabilities in the globalized banking system that led to the most severe economic consequences across the world. The involved regulatory bodies have introduced many rigorous financial regulations to enhance the resilience and stability of the financial sector. These financial regulations were essential for preventing future financial crises but they intensely changed the bank’s operating atmosphere, especially in terms of investment strategies (Mohsin Jadah et al., 2020). Thus, an effective understanding of these financial regulations and their impacts on the bank’s investment strategies is very important for many reasons, such as balancing profitability U& compliance, ensuring financial stability, adapting to the varying regulatory landscape, recognizing best practices, enhancing risk management, and support industry knowledge. Thus, this research mainly focuses on bridging the gap between the banking sector’s investment decisions & strategies and regulatory compliance. This research will provide the most actionable research insights by conducting a thorough analysis of the impact of financial regulations on the bank’s investment strategies.

## Research Significance

This research is mainly focused on assessing the impacts of financial regulations on the investment strategies of the banking sector. The significance of this research mainly lies in its potential to provide a detailed analysis of the intersection between the banking sector’s investment strategies and financial regulations. This research will compose several meaningful contributions to the existing body of knowledge related to this research area (Rushchyshyn et al., 2021). This research improves the currently available knowledge and understanding of the impact of the regulatory landscape on the banking sector’s investment decisions and adopted strategies. This understanding will help the policymakers and practitioners in better assessing the efficacy of the financial regulations to promote better investment strategies and financial stability. This research will suggest best practices to the banks for improving their investment portfolios and adhering to the applicable regulatory requirements. The obtained research insights will help the bank stakeholders and managers in improving their decision-making abilities. This research will also contribute to realizing a more effective and balanced regulatory atmosphere by addressing the presented opportunities and challenges by the financial regulations to better support market proficiency and financial stability. These research insights will also be helpful for the banks in strengthening their risk management frameworks to lead to a more resilient financial environment. Ultimately this research holds immense potential for improving the understanding of the impacts of financial regulations on the banking sector’s investment strategies.

## Summary of results

This research used descriptive statistics, regression, and thematic analysis to provide a better understanding of the impacts of financial regulations on the bank’s profitability and investment decisions. The research results demonstrate a moderate level of net interest margins and return on equity, recommending that the profitability of banks be inhibited by strict regulatory requirements. This research addressed compliance costs adversely influencing the bank’s financial stability and profitability, highlighting trade-offs between financial performance and regulatory requirements. Further, the obtained results highlighted the significance of liquidity management on the bank’s profitability driven by the conservative approaches.

## Research Structure

This research dissertation comprises six different chapters, including an introduction, literature review, research methodology, results & findings, discussion, and conclusion.

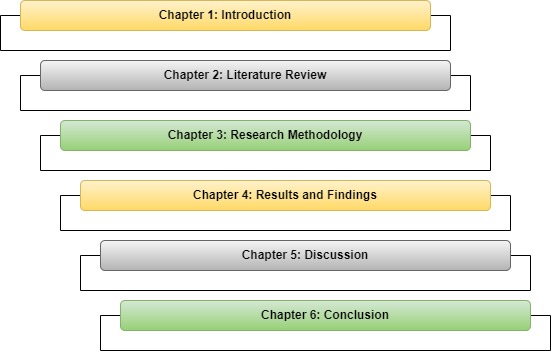


Figure 1: Research structure

**Chapter 1: Introduction**

This chapter critically introduces the chosen research topic, including the discussion of background information, problem statement, aim & objectives, research questions, research rationale, research significance, and structure of the research report.

**Chapter 2: Literature Review**

This chapter conducts a detailed review of the relevant and previously published journal articles and industry reports to gain a an effective awareness of this study topic. This chapter also helps to analyze the used concepts, theories, and models in existing research (Sun, 2020). Here the gaps in existing literature will be recognized and addressed in this research.

**Chapter 3: Research Methodology**

This chapter will discuss the chosen research methodology, such as qualitative or quantitative research methodology. Then the chosen research design, research approach, research philosophy, and research strategy will be discussed along with the data collection and analysis methods. Then the applicable ethical considerations of this research will also be discussed.

**Chapter 4: Results and Findings**

This chapter will present the obtained results in a clear and well-structured manner through the appropriate charts, graphs, and tables. Then a detailed discussion of the obtained research findings will be provided while addressing how the financial regulations influence the investment strategies of the banks.

**Chapter 5: Discussion**

This chapter will provide a comprehensive interpretation of the obtained results in the previous chapter while linking back to the research objectives and questions. The obtained findings will be compared with the existing research to highlight the differences, similarities, and novel insights. The practical implications for the banks will also be discussed to enable them to optimize their investment strategies concerning the regulatory landscape.

**Chapter 6: Conclusion**

This chapter concludes this whole research by summarizing all the activities, obtained results, and findings (Urbanek, 2013). The contribution of this research to the existing body of academic knowledge will be reflected. The practical recommendations will be provided for the bank managers, stakeholders, and policymakers along with potential suggestions to conduct future research.

# Conclusion

This chapter has critically introduced this research based on addressing the impacts of financial regulations on the banking sector’s investment strategies. It clearly outlined the background and context of this research while addressing the need to understand the relationship between investment strategies, and financial regulations. Further, the problem statement, aim & objectives, research question, research rationale, research significance, and research report structure are discussed.

# Chapter 2: Literature Review

# Introduction

This is the second chapter of this research, which focuses on conducting a detailed review of the existing and relevant literature on this research topic. It will provide a thorough investigation of the current knowledge body related to the financial regulations for the banking sector and their impact on the bank’s investment decisions and strategies. First, this chapter will provide a detailed overview of the main financial regulations that were introduced after the financial crisis of 2008, including their rationale behind implementation, objectives, and provisions. After that, this chapter will deeply delve into the posed impacts of these financial regulations on the investment behaviors of the banks, including liquidity management, asset allocation changes, and risk-taking strategies. Further, this chapter will address the opportunities and challenges that arise due to the corresponding regulatory atmosphere. It will also showcase the faced obstacles by the banks to comply with the stringent regulatory standards while maintaining competitiveness and profitability. Moreover, the best practices and strategies that should be adopted by the banks will be presented for optimizing their investment decisions. The gaps in existing literature will be recognized throughout this chapter to demonstrate the need for further investigation.

## Conceptual Framework

A conceptual framework has been developed based on the obtained findings from the conducted literature review to guide the banking sector in aligning their investment decisions and strategies as per the regulatory requirements. This conceptual framework comprises three main variables, independent variables (financial regulations), dependent variables (investment strategies), and moderating variables (bank characteristics and market conditions).

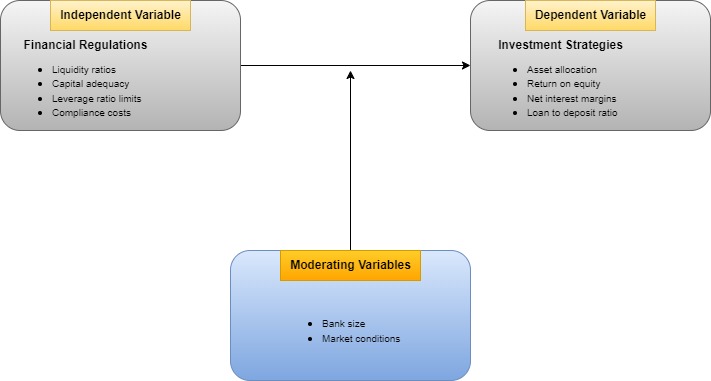


Figure 2: Conceptual framework

Financial regulations have both direct and indirect impacts on the investment strategies of the banks. It can directly influence a bank’s investment strategies by impacting the bank’s capital adequacy, liquidity ratios, compliance costs, and leverage ratio limits and indirectly influence the investment strategy by impacting the bank’s asset allocation, return on equity, net interest margin, and loan-to-deposit ratio. The moderating variables like market conditions and bank size can significantly moderate the relationship between these independent and dependent variables.

## Theoretical framework

This research study integrated four main theories, namely regulatory theory, investment strategy theory, risk management theory, and financial intermediation theory to develop a robust theoretical framework for exploring the impact of financial regulations on the bank’s investment decisions and strategies.

* **Regulatory theory** focuses on explaining the rationale behind the importance of financial regulations and their envisioned impacts on the efficiency and stability of the market. This theory addresses that financial regulations are important for protecting customers, preventing market failures, and ensuring financial stability. In this research, this theory is used to explain how the UK industry follows rigorous regulatory requirements in shaping its strategic investment decisions.
* **Investment strategy theory** offers vital insights into how banks can optimize their investment portfolio and adjust investment strategies accordingly to respond the regulatory constraints. This theory emphasized the significance of strategic asset allocation, diversification, and risk-attuned returns for reducing financial risks and increasing profitability. It guides banks in balancing the generated returns while adhering to the financial regulations that influence their overall allocation of assets and investment behaviors.
* **Risk management theory** provides effective concepts and tools to better assess the risk management by the banks under the pressure of regulatory requirements. This theory offers a robust framework to better understand financial risk management, including the financial market risks, credit risks, liquidity risks, and operational risks adhering to the regulatory commands. It offers vital insights into how the UK banking industry safeguards financial stability adhering regulatory landscape.
* **Financial intermediation theory** focuses on contextualizing the influence of financial regulations on the comprehensive intermediation activities of the banks and their precise role in the financial system. This theory investigates how financial regulations influence mediation banking activities, including deposit and lending activities. It provides an explanation of how the UK banking industry navigates the associated challenges related to the regulatory requirement to fulfil the transitional functions.
* **Compliance theory** focuses **on** investigating the potential mechanisms using which the banking institution can adhere to the imposed financial regulations and guidelines by external financial authorities. It discusses potential strategies and procedures adopted by banks to ensure an adequate level of compliance with the applicable financial regulations and avoid penalties.

This research integrates these theories to provide a better understanding of how financial regulations can shape the investment strategies of banks while balancing their profitability, stability, and regulatory compliance goals.

## Literature Review

### Global Financial Crisis 2008

The worldwide financial crisis still continuing, there are tremendous efforts have been made to research and analyze its causes. These crises started with the United States subprime mortgage sector and largely loose the policy between 2002–2004. There was a higher yield due to low interest rates that posed global imbalances. This imbalanced environment coupled with other factors like extreme leverage, lax lending standards, and risk under pricing ultimately led to the frequent spread of the worldwide financial markets (Aliber & Zoega, 2019). Following the Lehman failure, there were drastic changes in the external atmosphere that caused capital outflow and needed urgent monetary and fiscal policy responses. The buffer is realized through the banking system’s dynamic provisioning against adverse financial shocks or crises along with realizing a strong balance sheet with transparent bank operations to avoid any type of crisis in the local and worldwide banking system. This research addressed that the banking sector can shield the financial system by gradually opening the capital account along with adopting robust regulatory and monetary actions to prevent future financial crises and caused impacts. This research suggested effective measures and ways to develop financial regulations for maintaining an adequate level of financial stability and avoiding financial imbalances.

### Financial crisis and regulatory reform

Miele & Sales, (2011) state that globalization can bring many benefits like a well-organized allocation of capital and goods with the effectual divergence strategies to manage risks. However, in the late 1990s, it resulted in a universal imbalance in both the financial and real markets. This imbalance mirrors the discrepancy between the current accounts in the United States and account surplus in other nations. The financial crisis was the result of the interaction of financial innovations and economic factors. However, before many years of this crisis, many worldwide imbalances were recognized. In the United States, uncertainties were developed in some economic sectors, which resulted in the sharp increment of the debt of the household sector and the real estate bubble. Some profound changes like mechanisms of credit risk transfer, innovation, and shadow-banking systems largely impacted the financial sector. The strength of market infrastructure was not compatible with the increased growth of the financial sector activities. This research critically addressed the causes of the financial crisis with a focus on the relevant measures. The FSB (Financial Stability Board) developed a roadmap and the Basel Committee, sanctioned by the G20 leaders explained a robust plan for strengthening the banking sector regulations (Miele & Sales, 2011). The Basel Committee intends to promote a highly resilient banking system to optimize the ability of the banking sector to absorb economic and financial shocks. The research addressed that there are still gaps in financial regulations that need worldwide responses in three areas, including regulatory capital, incentives & transparency, and connectivity between intermediates.

### Overview of financial regulations in the banking sector

Sun, (2020) states financial regulations represent the set of rules and regulations to govern financial institutions or organizations, including investment firms, insurance companies, and banks. These financial regulations are mainly designed to protect customers, effectively maintaining the financial system’s integrity, and ensuring financial stability. Financial regulations play a pivotal role in the banking sector to ensure solvency, foster trust, and mitigate the risks that might lead to a financial crisis. After the financial crisis of 2008, various regulatory bodies introduced many financial regulations, such as the BCBS (Basel Committee on Banking Supervision) introduced Basel I, Basel II, and Basel III, FSB (Financial Stability Board) standards, Dodd-Frank Wall Street Reform, BSA (Bank Secrecy Act), SOX (Sarbanes-Oxley Act), etc. These financial regulations have the most profound impacts on the operations of the banking sector, including liquidity management, capital adequacy, compliance costs, risk management, and strategic planning. However the implementation of these financial regulations strengthens banks’ operations and prevents any future financial crisis but these regulations also pose several challenges for the banks, such as operational adjustments, compliance costs, and requirements of technological up gradations (Sun, 2020). The research findings addressed that the financial regulations can maintain integrity, stability, and proficiency of the banking sector along with mitigating risks, protecting customers, and promoting fair competition.

### Evolution of banking regulations since the financial crisis

Sironi, (2018) argues that after the financial crisis of 2008, the regulatory reform process has taken place in the banking sector with the intention to increase the robustness and resilience of the financial system. The introduced financial regulations and regulatory changes after the financial crisis of 2008 focused on three main objectives, such as improving the individual bank’s resilience, improving the financial system’s resilience, and minimizing the risk of bearing the cost of a future financial crisis. This paper conducted a critical investigation of the deficiencies in the regulatory landscape of the banking sector, addressed by the global banking crisis of 2008 through a comprehensive analysis of the Basel III reform, its goals, technical features, and timings. This research addressed the current modifications in the Basel III reform, which is often referred to the Basel IV, which provides novel requirements related to the policies of bank resolution, i.e. TLAC (total loss-absorbing capacity) and MREL (minimum required eligible liabilities). Then both of these regulatory reforms were comprehensively analyzed and their impact on the banking sector was addressed supporting the empirical evidence. The provided evidence demonstrates that the banking sector registered a significant increment in the quality and amount of equity capital, attained via the liquidity and capital increase (Sironi, 2018). It also led to a decrement in the likelihood of future large banking crises and defaults and bank’s incentive to take excessive risks. These reforms can also decrease the probability of a future crisis by facilitating bail of the mechanisms of banking liabilities with the support of taxpayers through government bailouts.

### Role of financial regulations in the banking sector

Igbinosa et al., (2017) address the banking sector as a vital segment of the overall financial system, which is mainly engaged in the intermediation of finance and credit facility extension to the responsible customers on a long-term and short-term basis. Recently, the Nigerian banking sector has undergone some financial developments and regulations. The witnessed financial developments and regulations in Nigeria are due to the critical need to strengthen the banking system and other unhealthy factors. This research mainly aims to critically examine the imposed financial regulations and their impacts on the performance of the Nigerian banking sector. The main focus of this research is on determining the precise impact of the financial reforms on the bank’s performance and assessing the nexus between the performance of the banking sector and capital adequacy. This research used time-series data during the period 1993 to 2014 and a unit root test is used as the analytical tool for determining the variable’s stationary state. Further, an ECM (error correction method) and Johansson co-integration statistical methods are used for establishing both long-term and short-term dynamic relationships between the exogenous and endogenous variables. The obtained research findings demonstrate a significant impact of financial regulations on the performance of the banking sector (Igbinosa et al., 2017). This research advises the CBN (Central Bank of Nigeria) to regularly publicize the posed impacts by the financial reforms and regulations on the Nigerian Bank’s performance. Moreover, this research addressed that most of the financial regulation policies should be long-term to attain the confidence of shareholders, stakeholders, and the public in the banking sector of Nigeria.

### Role of capital adequacy ratio on the deposit and lending behaviour of banks

[Narmeen et al., (2018)](https://doi.org/10.26710/jafee.v4i1.343) state that the economy of any country depends on that country’s financial sector. The banking sector plays a significant role in driving the savings of the public in realizing productive investment ultimately leading toward economic growth. The existing research addresses a gap between the demand and supply in credit growth. The economic environment changes can significantly impact the capital of banks and may also affect the loan’s demands. The economic environment damage could pose losses for the banks that may reduce the capital of the banks. Thus, this research mainly focuses on bridging this gap and addressing the influence of the capital adequacy ratio on the lending and deposit behavior of the banks along with maintaining a sufficient level of capital reserve. The risk-based capital ratio and leverage ratio are used for examining the capital adequacy ratio. This research used a panel data methodology, including a sample of 25 banks, and the required research data was collected from secondary sources (Narmeen et al., 2018). These research findings will help banks and other financial organizations to determine sufficient capital adequacy ratios and make correct decisions to take deposits and issue loans. This research demonstrated that the capital adequacy ratio poses a significant impact on the changes in loans and bank capital.

### Role of leverage ratio to enhance bank’s capital regulation

According to Pfeifer & Pikhart, (2019), the financial crisis of 2008 exposed several deficiencies in the banking regulatory capital separated by the risks of weighted assets indicating insufficient capability of the denominator in the mean of risk-weighted assets for addressing the systemic risk development. The Basel III reform substantially responded to this financial crisis by redefining and extending the requirements of capital for the risk-weighted assets and introducing a leverage ratio setting related to the total exposure. The capital requirements primarily increased via an active utilization of the macro prudential capital buffers. The existing research addressed the impact of leverage ratio in regulating the capital of banks but they did not consider the adverse impact on the bank’s capital due to the deterioration of the bank’s asset quality. Thus, this research aims to assess the role of leverage ratio in the enhancement of capital regulation of the banks. It emphasized including the leverage ratio in the regulatory reform package as the non-risk weighted measure. It also focuses on discussing the role of leverage ratio as both macro prudential and macro prudential measures. Addressed the role of macro prudential authority in lowering the CCyB (countercyclical capital buffer) to zero instantly. Further, this research explored the complementary relationship between leverage ratio and bank capital by defining the diverse responses of the associated cyclical development with the changes in a bank’s asset quality (Pfeifer &Pikhart, 2019). This research used a panel regression methodology to conduct a survey of the selected countries. The research results demonstrated that the banks with low capital adequacy are relatively more capable of increasing the capital ratio during financial stress and the pro-cyclicality of the leverage ratio is lower as compared to the capital ratio.

### Impact of liquidity requirements on the bank’s profitability

El Moslemany et al., (2021) argue that the banking sector plays an important role in modern-day trade as it poses a significant impact on the overall economy of a country. The increased globalization led to attention to the significance of both non-financial and financial institutions. The growth and success of the banks are based on the following strategies to gain a competitive edge. These strategies are structured in the format of the performed activities by banks in their routine business transactions. The existing research addressed liquidity as the lifeblood of the banks; as it represents the bank’s ability to meet the short-run financial commitments by readily converting their assets into cash. However, the precise impacts of the liquidity requirements on the profitability of banks are overlooked. Thus, this research mainly aims to conduct an investigation of the relationship between the liquidity requirements (LIQR-liquidity asset ratio, BDR-basic defence ratio, CASR-cash ratio, CURR-current ratio) and profitability of banks (ROA-return on assets, NIM-net interest margin, ROE-return on equity) for the banking industry in Egypt, including both private and public banks. This research used a quantitative research methodology by gathering secondary data (panel data) during the period 2013 to 2019 from the bank’s official websites to assess and validate the research hypotheses. Further, pooled regression is used along with the random effect and fixed effect data analysis methods and statistical tools for analyzing the gathered research data (El Moslemany et al., 2021). The obtained research results addressed that the liquidity requirements have a significant relationship with the bank’s profitability in Egyptian banks. However, this relationship can both positively and negatively influence a bank’s profitability as per the used indicators to measure liquidity and profitability.

### Influence of liquidity management on the financial performance of banks

According to Farai Don, (2019), the recent trends in the worldwide financial era pose noteworthy impacts on the banking sector, especially the crucial need for robust liquidity management in the banking organizations. Liquidity represents the ability to generate desired cash for paying the financial obligations. The existing research addressed the role of liquidity management in the bank’s financial performance but they did not address the factors that contribute to improving liquidity management. Thus, this research mainly aims to address the impact of efficient liquidity management on the bank’s financial performance along with addressing the factors, such as liquidity management approaches, asset liability mix, and market & liability changes to strengthen the bank’s economic atmosphere. This research adopted a mixed research methodology to include the vital insights of both quantitative and qualitative methods. A sample of 5 most leading banks, namely ZB Bank, FBC Bank, Commercial Bank of Zimbabwe, Standard Chartered Bank of Zimbabwe, and First Capital Bank of Zimbabwe was taken. These research findings addressed a robust and positive relationship between the financial presentation of banks and liquidity management. However, there is a trade-off found between the bank’s profitability and liquidity that poses declined profit margins during the considered period (Farai Don, 2019). Therefore, this research addressed the requirement of a holistic liquidity management approach by all the involved stakeholders.

### Role of investment policy of the bank’s investment portfolio

According to Zverev et al., (2021), the increasing investment activities of the organizations related to the banking sector realize significant conditions to secure asset diversification and obtain additional income sources along with maintaining an effective liquidity level. The stock market’s instability and economic crisis largely impact the bank’s investment policies & strategies, investment portfolio quality, and investment transaction scope. This research mainly aims to conduct a detailed analysis of the Russian bank’s investment mechanisms for characterizing the investment policies and associated risks with various investment activities for determining financial instrument criteria in the considered Russian banking institution’s investment portfolios. This research used comparative, regulatory, analytical, and statistical techniques in describing the structure, dynamics, and composition of the bank’s investment portfolios and involved risks during the formation of the bank’s investment policies. The research findings demonstrated that the performance, liquidity, and stability of the banking organizations are based on the quality and structure of the bank’s investment portfolios. Further, this research addressed that the efficiency improvement of banks’ investment strategies is the key area to strengthening banks’ competitive positions in the index of the national banking system (Zverev et al., 2021). Moreover, specific directions are suggested to realize an efficient collection of the instruments related to the stock market for the inclusion of the bank’s investment portfolio in the conditions of higher uncertainty and volatility of the financial market.

### The banking sector’s investment strategy concerning financial market instability

Zhurakhovska, (2023) states that the financial market is globally characterized by a higher level of instability caused due to external factors by the global geopolitical conflict’s aggravation. The banking sector plays a vital role in regulating the efficiency of the financial market. The current worldwide trends pose a noteworthy impact on the finance market, thus directly impacting the banking sector. It demands regular revision and improvements in the bank’s investment strategies. The existing research majorly fails to address prioritized areas of bank’s investment strategies. Thus, this research mainly aims to recognize and address the most prioritized areas of the banking sector’s investment strategies in the context of the instability of the financial market. This research used statical and economic analysis methods, namely vertical and horizontal analysis to make predictions based on the retrospective data using the radar method and comparison method. The analysis of Ukranian bank’s investment activity trends realizes a ground for determining the characterization of banks through lower investment activities and the banks mainly make investments in the government securities. The comparison of German and Ukrainian banks’ investment portfolios disclosed a higher dependency on the geopolitical event’s volume, whereas the German banks reflect higher stability. The findings demonstrate both general and specific directions of the investment strategies of the banks in the setting of the instability of the financial market to further strengthen financial inclusion (Zhurakhovska, 2023). The obtained research results and insights can be used by the bank management and state managers to increase the efficacy of the bank’s investment approach in the long run. Future research can focus on developing a robust investment business model for the banks concerning the sustainability development ideologies through the leading Ukrainian banks.

### Impact of financial regulations on the bank’s risk and return profiles

Masindi & Singh, (2022) argues that the banking industry largely supports economic development and growth. The previous research studies addressed various financial regulations introduced after the financial crisis of 2008 and their impact on the overall performance of the banks. However, they did not put much emphasis on addressing the impact of those financial regulations on the bank’s risk and return profile. Thus, this research mainly aims to conduct a complete investigation of the influence of financial rules & regulations on the bank’s risk and return profile. This research has taken a sample of 33 African banks and the research data related to the continent’s major economies, such as Egypt, Nigeria, and South Africa to ensure that the regulatory development is appropriately analyzed. Panel data modeling, error correlation modeling, and co integration are used to analyze using reviews statistical software. An unbalanced panel of commercial banks is used in this study for estimating a model with both ROA and ROE as the profitability proxies. The research findings addressed that a highly supervised, regulated, and stable banking sector is needed for the sustainable growth of the banking sector. The statistically irrelevant and negative capital adequacy ratio represents the reflection of the bank’s unacceptable risk profile (Masindi & Singh, 2022). Moreover, this research also suggests adjustments in the inflation rate to improve the overall return profile and profitability of the banks. Some most significant policy implications are suggested for the bank’s policymakers and regulators related to the supervisory and regulation frameworks.

### Role of financial regulations to improve the banking sector’s investment strategies

Khan et al., (2020) state that the financial system is more comprehensive than just the financial organizations or institutions that extend credit and enable payments. This research addressed that there is outstanding growth in the economy of Bangladesh due to its export-run development approach, women empowerment, and foreign remittances. Despite these, socio-economic conditions, environmental pollution, and climate change cause vulnerabilities for the nation. Over the past two decades, the CSR (corporate social responsibility) practice and its reporting by the organizations has increased but still, there is a major absence of effective regulatory guidelines for the CSR practices. Thus, this research mainly aims to examine whether Bangladeshi banks embrace CSR processes adhering to the issued regulatory strategies by the central bank. This research conducted 21 semi-structured interviews of the bank managers and from other published sources. The research findings address that CSR actions are largely prompted by the financial regulations that ultimately contribute to maintaining good relationships with the involved stakeholders (Khan et al., 2020). These financial regulations entirely shape the investment strategies of banks by maintaining financial stability and promoting economic growth.

### Practices can be adopted by banks to navigate the regulatory landscape

Adeoye et al., (2024) argue that the evolution of Fintech (financial technology) has largely transformed the worldwide financial landscape by providing innovative solutions to challenge the conventional banking system and adopting investment strategies. The existing research did not conduct a comprehensive analysis of the association of regulatory compliance and taxation that hinders the opportunities and challenges in this dynamic ecosystem. Thus, this research mainly aims to conduct a comprehensive exploration of the connection of taxation, Fintech, and regulatory compliance to better address the opportunities and complexities related to the bank’s dynamic ecosystem. An inclusive range of technologies, such as machine learning, artificial intelligence, and block chain are comprised in Fintech to better streamline financial services and expand financial market access. This research investigated various adopted strategies by the regulatory and government bodies for addressing Fintech taxation, including international cooperation and legislative reforms. Adherence to regulatory compliance while adopting investment strategies is a critical challenge for banks because they need to carefully navigate the maze of standards and rules across the respective jurisdictions. The compliance requirements are comprehensive, ranging from the AML (anti-money laundering) regulations to the consumer data protection laws that pose legal and operational challenges for the financial market (Adeoye et al., 2024). This research addresses the most effective strategies to navigate the regulatory landscape while emphasizing the significance of regulatory engagement, proactive risk management, and technological solutions. The obtained research findings addressed that businesses and governments can unlock the whole potential of banks by adopting an agile regulatory framework and embracing digital transformation along with protecting financial integrity and stability.

### Insights for stakeholders and managers to align the bank’s investment strategies with regulatory requirements

Mejia-Escobar et al., (2020) addressed that climate change represents the greatest threat to humans. Sustainability plays an important role in avoiding any critical issues caused by climate change. In the past decade, the banking sector faced increasing climate and responsibility concerns that represent major drivers for developing novel financial business models engrossed on realizing sustainable banking. There is a major research gap related to the inability to provide vital insights for aligning the bank’s investment strategies with the bank’s regulatory landscape. This research mainly aims to conduct a detailed analysis of the literature related to SFP (sustainable financial products) with an efficient understanding of the research trends and status quo. This research carried out a detailed and systematic literature review to cover all aspects, such as financial regulations, regulatory requirements, investment strategies, and banking sustainability (Mejia-Escobar et al., 2020). The research results addressed that the support of government and regulatory bodies via social & environmental policies, green protocols, and investment policies can strengthen the bank’s ecosystem. The research findings canbe used by bank managers, policymakers, and other involved stakeholders in broadening the available opportunities to navigate the regulatory landscape along with attaining sustainable finances.

## Research Gaps

This research identifies several research gaps based on the conducted literature review. Miele & Sales, (2011), addressed the interaction between the economic factors and financial innovations leading toward the financial crisis but they did not provide a discussion of the impact of the enduring financial innovations, such as block chain and Fintech on the current regulatory framework’s efficacy. Sun, (2020) and Igbinosa et al., (2017) addressed the influence of financial regulations on diverse regions, worldwide and Nigerian context, correspondingly, still they failed to provide a comparative analysis investigating how the regional differences regarding to implementation of regulatory requirements on the banking sector’s financial stability. Pfeifer &Pikhart (2019) critically emphasized the precise role of the leverage ratio in the regulation of bank capital but did not provide a detailed analysis of the unintentional consequences of the regulatory requirements. Sironi (2018) discussed Basel III and its emergence across the banking sector but there is a need for longitudinal studies to better address the impacts of these financial reforms on the banking sector. Zhurakhovska (2023) and Zverev et al. (2021) provided a detailed investigation of the bank’s investment strategies in the unstable financial markets but there is a fewer research on the dynamic adjustment of the bank’s investment portfolios for better responding to the unexpected financial crisis. Khan et al. (2020) examined the impact of financial regulations on CSR practices but it would be better if further research considered the integration of regulatory compliance with CSR practices for enhancing overall ethical standards and sustainability of the banking sector. Adeoye et al. (2024) provided a detailed investigation of the connection of Fintech, regulatory compliance, and taxation but there is a need for further research to suggest best practices for the bank in effectively navigating the arising challenges to comply with the regulatory measures. Also, the conducted literature review did not sufficiently cover the influence of digital transformation on regulatory compliance for the banking sector. There is a need for more research to provide a better understanding of digital platforms or tools for enhancing the efficiency of regulatory compliance. Moreover, further research needs to justify the role of organizational and cultural factors within the banks to shape their responses to regulatory changes.

# Conclusion

This section presented a detailed analysis and investigation of the vital aspects related to financial regulations and their evolution and impact on the banking sector and their investment decisions & strategies. This chapter covered multiple critical themes, including the impacts of the financial crisis of 2008, the need for financial regulations, the emergence of financial regulations, comprehensive regulatory compliance of the banking industry, the relationship between the regulatory needs and the bank’s business operations, key factors regulate bank’s investment decisions and strategies, best investment strategies for banks, practices for navigating the regulatory landscape, insights for aligning investment strategies with the regulatory requirements, and so on. Further, it discussed the research gaps from the conducted literature review and developed a conceptual framework to guide the alignment of the bank’s investment strategies as per the regulatory requirements.

Chapter 3: Research Methodology

# Introduction

This chapter is based on the discussion of adopting research methodology by providing a comprehensive analysis of the applied methods in the research. It includes a discussion of the used techniques, procedures, and principles for collecting and analyzing data in ultimately generating answers to the research questions and other vital research insights. This chapter mainly intends to delineate the ultimate research strategy and key steps for addressing the considered research problem. It will also provide the rationale behind the selection of specific methods and techniques while addressing how this selection aligns with the research aim and objectives. This chapter will discuss the research methodology, philosophy, approach, design, and strategy. It will discuss the ethical considerations for ensuring the validity and rigor of this research.

# Research Methodology

Research methodology refers the way to explain how a researcher aims to carry out the research. It can be an organized and logical strategy for resolving the considered research problem while ensuring that valid and consistent research results are obtained aligning with the research aim and objectives. It also comprises the details of the data and sources from where the desired research data is collected. It also helps to give legitimacy to the research and provide scientifically feasible research findings (Editorial Team, 2024). The researcher has several options, such as quantitative, qualitative, and mixed research methodologies as per the requirements of the research. The type of research methodology doesn’t much matter, as the main focus is on the requirement of the collected data, whether the data is needed in words, numbers, or both.

Phair &Warren, (2021) addressed that the Saunders’ **research onion** model can provide a well-organized strategy to design the research works. Saunder’s research onion defines the diverse decisions that need to be made by the researchers during the development of an effective and suitable research methodology. It comprises many layers and each layer represents a distinct stage of the developing research process. This model critically discusses and regulates the research viewpoint, research strategy, research approach, time horizon, choices, and techniques or methods.

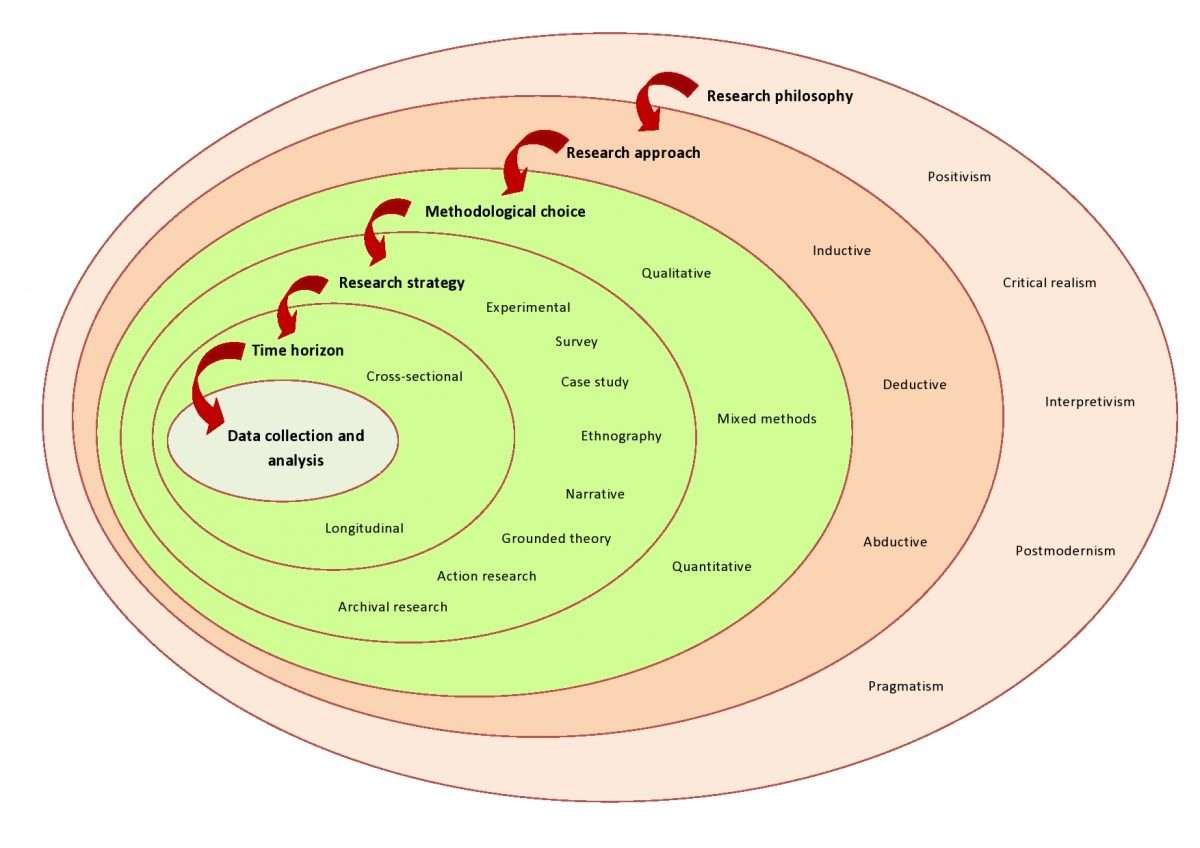


Figure 3:Research onion model

[Source: (Phair & Warren, 2021)]

## Research Philosophy

According to Jansen, (2024), research, philosophy represents the foundation of any research study as it defines the set of beliefs on which the research is developed. This research mainly emphasizes on investigating the impacts of financial regulations on the banking sector’s investment strategies using a mixed research methodology. Bella &Voparil, (2020) use the pragmatism research philosophy as the provisional concept to emphasize the significance of the practice-oriented approaches to produce the inter subjective research knowledge. The use of this research philosophy helps to refine the understanding of complex research concepts while adding critical thinking based on experience. The chosen research philosophy for this research is **Pragmatism** with the integration of both ontological and epistemological points of view (Maarouf, 2019). This research philosophy is categorized based on the practical strategy that focuses on the real-world implications and outcomes of this research. It can provide a solid framework to conduct the research leading to meaningful changes and actionable insights.

### Justification

The selected pragmatism research philosophy is appropriate for this research as it is helpful for the research focuses on multifaceted and complex issues. The influence of the financial regulations on the banking sector’s investment strategies is very complex and comprises both actionable and practical insights. It is pluralistic strategy facilitates an integration of both ontological and epistemological perspectives to present an inclusive understanding of this research problem. It can offer a better understanding of the quantitate aspects of this research, such as regulatory compliance and performance metrics as well as the quantitative aspects like experiences and perspectives of the banking professionals.

**Gap analysis**

However, the pragmatism research philosophy realizes the potential of both qualitative and quantitative methodologies but it may pose a risk of over-dependency on the qualitative findings with insufficient quantitative evidence to support the research conclusions. Also, it emphasizes on the practical outcomes instead the theoretical outcomes. Further, it focuses on specific research contexts due to which the researcher may struggle to recognize vital research themes and patterns that can be generalized across diverse contexts.

## Research Approach

The research approach represents well-structured plans or procedures selected by the researchers in their respective research studies for collecting, analyzing, and interpreting the research data. The research approach has a pivotal role in the research as it guides the whole research work from the formation of the research questions to the interpretation of the obtained research results. The research approach comprises an overarching strategy for integrating the diverse components or elements of the overall research in a coherent and logical manner (Conaty, 2021). For this research work, an **adductive research approach** is selected due to its higher flexibility and capability of producing novel insights via an iterative procedure to reasoning between empirical data and theory.

### Justification

The adductive research approach is selected because it mainly focuses on providing explanations considering the most surprising observations through the integration of both deductive and inductive research approaches. This approach is useful for this research because the considered research field is pretty much dynamic and complex and new phenomena and patterns often emerge in the banking sector. Also, it helps in exploring new research areas and generating novel hypotheses along with providing a detailed understanding of the research context by adding depth in the context of quantitative research findings through qualitative secondary data. Moreover, it facilitates continual refinement of the research theories and hypotheses that lead to more credible and robust conclusions.

## Research Strategy

The research strategy is another important layer of this research onion model. It includes the details of how the research could be conducted following the specified research aim and objectives. It represents a step-by-step procedure for giving a specific direction about the thought process of the researcher. In this research, a **mixed methods sequential explanatory design strategy** is selected to provide a inclusive understanding of the considered research problem by gathering and analyzing quantitative data followed by qualitative data (secondary) for elaborating the quantitative findings (Edmonds & Kennedy, 2017).

### Justification

This research approach is selected because using this approach, the large-scale quantitative data can be integrated with the richer insights obtained from qualitative methodology. The use of this dual approach can significantly disclose vital trends and patterns related to the financial regulations in the banking sector supported by depth and context. This research approach provides seamless availability and accessibility over the secondary research data. Also, this research approach can largely improve the consistency and validity of this research by cross-verifying the research findings considering multiple data types and sources. Moreover, this research strategy can provide a sequential analysis to better explain how financial regulation influences the banking sector’s investment strategies from both contextual and numerical perspectives.

## Choices

In this research, both qualitative and quantitative research data (secondary data) will be used to realize the insights related to both data sources for better examining the precise impacts of the financial regulations on the financial sector’s investment decisions and investment strategies.

## Time horizon

The key focus of this study is on investigating the influence of financial rules & regulations on the investment decisions and strategies of the banking sector. A cross-section approach is used for data collection at a single point to realize a better understanding of the current perceptions and practices within the banking sector while capturing the latest perspectives and trends.

## Data Collection Methods

In this research, secondary research data is collected from both qualitative and quantitative data sources. The collection of both qualitative and quantitative secondary data will provide an in-depth understanding of this research by realizing the vital insights from both qualitative and quantitative methodologies. The mixed research methodology realizes the potential of both qualitative and quantitative methods to offer a nuanced and richer understanding of this research (Mathur, 2022). In this research, an SLR (systematic literature review) method is used to realize a highly transparent and structured process to recognize and evaluate the relevant and existing research studies for enhancing the research rigor and reproducibility. This method helps in systematically recognizing, evaluating, and synthesizing all the relevant studies.

Using this method, about 50 relevant academic research and journal articles were selected. After the first review of chosen jorunals about 20 research papers were rejected because they somewhere lacked to follow the considered research context in this research topic. Further, in the second iteration, about 15 research papers were rejected due to the methods and techniques were not efficient and also they were not entirely aligned to address the impact of financial regulations on the bank’s investment strategies. Finally, the 15 most suitable and relevant research papers were selected for the literature review process, and from this process, we collected the desired quantitative and qualitative secondary data in the forms of financial metrics & regulatory variables and different research themes, respectively.

### Justification

The systematic literature review methodology is an effective and rigorous method that is helpful in critically analyzing and synthesizing the existing research studies related to this research topic. This method is selected for several reasons, such as it offers a detailed overview of the previously published research papers or journal articles for better addressing the impacts of the financial regulations on the banking sector’s investment strategies (Editorial Team, 2024). By critically reviewing the existing literature, SLR helps to recognize the gaps present in currently available research knowledge that is helpful in better contextualizing the obtained research findings. It helps in ensuring validity and consistency throughout the data collection process by reducing biases in the collection and interpretation of literature. Also, it helps in correctly recognizing and analyzing the latest patterns and trends in the existing research studies to offer key research insights related to the most prevailing models and theories that ultimately contribute to the development of a robust research framework.

## Data Analysis Methods

As this research comprises both quantitative and qualitative research secondary data, so we need to employ both qualitative and quantitative data analysis methods. Both qualitative and quantitative analysis methods offer unique strengths and they offer a more nuanced and richer understanding of this research area when both of the data analysis methods are used together.

For the analysis of quantitative secondary research data, we used descriptive statistics and regression data analysis methods, whereas, for the qualitative secondary research data, a thematic data analysis method was used for recognizing and reviewing the key themes or patterns within the collected qualitative research data (Andrew, 2017). The use of integrated data analysis methodology helps provide a better understanding of the impacts of financial regulations on the financial sector’s investment strategies. The qualitative research method offers context and depth to this research, whereas quantitative methods offer statistical generalizability and rigor for this research.

### Justification

The selection of individual data analysis methods for both quantitative secondary research data and qualitative secondary research data is very useful for this research to better analyze and extract vital insights from the data. The use of descriptive statistics provides a detailed overview of the collected quantitative research data by summarising the key metrics like mean, mode, median, frequency distribution, and standard deviation for providing a better understanding of the general trends and characteristics within the collected data. Further, it facilitates a comparative analysis of data by summarizing the data across diverse groups, such as banks or regulatory environments. The use of regression analysis helps to better recognize and quantify the relationships between the considered independent variable (financial regulations) and dependent variable (Investment strategies). Further, it also helps in testing the research hypotheses.

The use of the thematic data analysis method helps in realizing a rich and thorough understanding of the qualitative secondary data by recognizing the recurring patterns and themes along with providing novel insights to inform both practice and theory (Naeem et al., 2023). The obtained research themes from thematic analysis could be used in interpreting and contextualizing the quantitative research findings.

# Ethical Considerations

The ethical considerations refer to paramount factors for any research study in ensuring the validity, integrity, and societal value of the research. In this section, we will discuss the applicable ethical considerations related to this research based on examining the impacts of financial regulations on the banking sector’s investment decisions and strategies. The following ethical considerations are applicable to this research.

* **Data source credibility**: This research needs to ensure the reliability and credibility of the used sources for secondary data collection. The research needs to validate the credibility of the used secondary data sources ensuring that these sources are reliable and reputable. The data timeliness should be considered and any outdated data should not be used because it might lead to inaccurate conclusions. So, it should be ensured that the collected data must be relevant & recent and from authorized sources only to maintain data integrity throughout the research.
* **Data accuracy and integrity**: This research should ensure the adequacy and consistency of the collected secondary research data. It needs to cross-check and validate the research data from different sources for validating data accuracy. Further, it should be ensured that the used research data is comparable and consistent across diverse sources to avoid any discrepancies and ensure a consistent analysis.
* **Ethical use of data**: This research also needs to confirm that the gathered secondary research data needs to be used responsibly and ethically throughout the research. For this purpose, this research should also ensure that the collected data can only be used for the intended purposes within the decided scope of data use. Also, any misuse of research data, such as data manipulation and misinterpretation of research findings should be avoided.
* **Data privacy & confidentiality**: This research should protect the confidentiality and privacy of any sensitive information contained by the gathered secondary data (Sng et al., 2016). For this purpose, this research needs to anonymize the secondary data by removing any personal identifier and protecting the individual or organization’s privacy. It also needs to comply with the applicable data protection regulations and laws along with ensuring that all the confidentiality agreements are well-maintained and respected.
* **Intellectual property & copyright**: This research should avoid plagiarism and respect intellectual property rights. It also needs to properly cite all the sources from where secondary research data is collected and credit should be given to the original data providers and authors. This research also needs to adhere to the licensing agreements and copyright laws to ensure all the necessary permissions.
* **Ethical approval**: This research needs to take ethical approval before using the secondary data. For this purpose, the research proposal needs to be succumbed to the relevant ethical review committee or board for approval and to ensure that the used secondary data comply with the applicable ethical standards. Also, all the documentation and communication with the ethical review committee should be efficiently maintained efficiently.

# Conclusion

In this chapter, we laid out a solid framework to investigate the influence of financial protocols or regulations on the banking industry’s investment strategies using the mixed research methodology. Here we have provided a comprehensive explanation of the selected research philosophy, approach, strategy, data collection, and analysis methods with the justification of the choices supported by the research onion model. Further, all the applicable ethical considerations applicable on this research are addressed.

Chapter 4: Results and Findings

# Introduction

This section comprises the outcomes obtained from this study based on the examination of the impacts of financial regulations on the banking industry’s investment strategies. In this chapter, a detailed analysis of the collected data will be delivered via both qualitative and quantitative methodologies adhering to the mixed research methodology (Jamal Zeidan, 2012). It will offer a nuanced understanding of how financial regulations pose effects on the banking sector’s investment decisions and strategies through a systematic presentation and interpretation of data. A thorough investigation of the collected data will be provided to reveal meaningful insights and patterns. This chapter will form a solid base for subsequent chapters, discussions, and conclusions.

# Results and Findings

## Results

### Descriptive Statistics

According to the developed conceptual framework for this research, the financial regulations, such as liquidity ratio (LR), leverage ratio limits (LRL), capital adequacy (CA), and compliance costs (CC) represent the independent variables, whereas the investment strategies, such as asset allocation (AA), return on equity (ROE), net interest margins (NIM), and loan-to-deposit ratio (LDR) represent the dependent variables (Meliza et al., 2024). The moderating variables, such as bank size and market conditions can significantly influence the influence of the independent variables on the dependent variables. Here, I considered the UK’s banking industry to demonstrate the impacts of independent variables on the dependent variables and how moderating variables regulate these impacts to control its investment strategies and overall profitability.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Variable** | **Mean** | **Median** | **Std. Dev.** | **Min.** | **Max.** |
| Liquidity ratios | 25.95 | 25.95 | 5.44 | 22.1 | 29.8 |
| Capital adequacy | 13.85 | 13.85 | 1.91 | 12.5 | 15.2 |
| Leverage ratio limits | 4.6 | 4.6 | 0.99 | 3.9 | 5.3 |
| Compliance costs | 23.75 | 23.75 | 7.71 | 18.3 | 29.2 |
| Asset allocation | **Loans**: 65  **Cash**: 12.5%  **Securities**: 30% | **Loans**: 65  **Cash**: 12.5%  **Securities**: 30% | **Loans**: 14.14  **Cash**: 3.53%  **Securities**: 7.07% | **Loans**: 55%  **Cash**: 10%  **Securities**: 25% | **Loans**: 75%  **Cash**: 15%  **Securities**: 35% |
| Return on equity | 9.9 | 9.9 | 3.39 | 7.5 | 12.3 |
| Net interest margins | 3.1 | 3.1 | 0.56 | 2.7 | 3.5 |
| Loan-to-deposit ratio | 73.5 | 73.5 | 12.02 | 65.0 | 82.0 |
| Bank size | 850 | 850 | 141.42 | 750 | 950 |
| Market conditions | **Interest rates**: 2%  **GDP growth**: 1.7% | **Interest rates**: 2%  **GDP growth**: 1.7% | **Interest rates**: 0.70%  **GDP growth**: 1.13% | **Interest rates**: 1.5%  **GDP growth**: 0.9% | **Interest rates**: 2.5%  **GDP growth**: 2.5% |

Table 1: Descriptive statistics

## Regression Analysis

In this research, I used a multivariate regression model to conduct regression analysis to present a better explanation of the association between the independent and dependent variables. It mainly aims to provide an analysis of the influence of independent variables on the dependent variables (Farai Don, 2019).

### Regression Equations

In this research, I will conduct multiple linear regressions for each of the considered dependent variables using the below-illustrated general form:

Where,

Yi = Dependent variables (i.e., ROE, AA, LDR, NIM)

= Intercept

, ….., = Coefficient for the independent and moderating variables

= error term

**Assumptions**

* The dependent variables and independent variables share a linear relationship.
* The made observations are not dependent on each other.
* The error variable is constant across all the independent variables.
* The error term is ordinarily distributed.

The following results have been attained through the conducted regression analysis using statistical software.

1. **Asset Allocation**

*AA = 5.5 + 0.9 (LR) – 0.2 (CA) + 0.3 (LRL) – 0.4 (CC) + 0.5 (Market Conditions) + 0.6 (Bank Size) + ϵ*

* **Interpretations**
* The liquidity ratio poses a positive and significant impact on the asset allocation of banks that denotes high liquidity of banks leads toward improvement asset investments.
* The compliance costs adversely impact the bank’s allocation of available assets, indicating low compliance costs can increase liquid assets (Jeon & Oh, 2023).
* Bank size and market conditions haveapositive relationship with asset allocation, addressing that large bank size and feasible market conditions can increase liquidity investments.

1. **Return on Equity**

*ROE = 7.5 + 0.3 (LR) + 1.1 (CA) - 0.3 (LRL) + 0.2 (CC) + 0.5 (Market Conditions) + 0.2 (Bank Size) + ϵ*

* **Interpretations**
* Capital adequacy positively influences the return on equity, indicating that banks with higher capital incur more profits (ThonseHawaldar et al., 2022).
* The leverage ratio limit posed a slight negative influence on the ROE.
* The market conditions pose a moderate & positive impact, addressing that feasible economic condition can boost return on equity.

1. **Loan-to-Deposit Ratio**

*LDR = 85 - 0.3 (LR) + 0.3 (CA) + 0.2 (LRL) – 0.6 (CC) + 0.5 (Market Conditions) + 0.3 (Bank Size) + ϵ*

* **Interpretations**
* The compliance poses a significant and negative influence on LDR, addressing that high regulatory cost might decrease the bank’s tendency to lend.
* Leverage ratio limits pose a positive impact on LDR, recommending fewer limiting leverage requirements increase bank lending (Ariyaningrum&Sriyono, 2023).
* The market conditions positively impact LDR; addressing that good market conditions can enhance the LDR.

1. **Net Interest Margins**

*NIM = 3.5 - 0.1 (LR) – 0.2 (CA) - 0.4 (LRL) + 0.2 (CC) - 0.5 (Market Conditions) + 0.1 (Bank Size) + ϵ*

* **Interpretations**
* The leverage ratio limits pose a negative impact on the net interest margins, recommending that the strict leverage requirements might decrease net interest margins.
* The compliance cost positively impacts network interest margin, addressing that high costs can increase the bank’s margins.
* The market conditions adversely impact net interest margins, indicating that the infeasible market conditions might decrease the bank’s profit margins (Chaudron et al., 2020).

### Thematic Analysis

A detailed thematic analysis has been conducted for this research to identify the key themes to address the latest trends and patterns related to the evolution of financial regulations and their impact on the bank’s investment decisions and strategies. It comprises six phases that are illustrated below.

**Phase 1: Familiarization with the research data**

This is the first phase of thematic analysis, where the researcher needs to deeply immerse in the collected data to become familiar with it and its content. In this research, the reviewed research papers, journal articles, and other industry reports are read to familiarize them with the underlying financial regulations, financial metrics, and investment strategies (Naeem et al., 2023). During this phase, the initial observations and ideas were noted down and a comprehensive understanding of the research data and primary thoughts about the potential research themes were developed.

**Phase 2: Generation of the initial codes**

At this phase of thematic analysis, the researcher needs to systematically code the most interesting and prevailing data features in a well-organized and meaningful manner. These codes refer to the tinniest units of the meaningful data. During this phase, the key aspects of the collected data are identified and labeled that are relevant to the research questions. Here a list of the primary codes is obtained (Varma et al., 2022).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Research Article 1** | **Research Article 2** | **Research Article 3** | **Research Article 4** | **Research Article 5** |
| **Title**: Why banks need adequate capital adequacy ratio? A study of lending &deposit behaviors of the banking sector of Pakistan | **Title**: THE IMPACT OF LIQUIDITY RISK ON PROFITABILITY IN THE EGYPTIAN-BANKING SECTOR | **Title**: Empirical assessment on financial regulations and Banking Sector Performance | **Title**: A panel data analysis into the impact of regulations and supervision on the African banking profitability and risk profile | **Title**: Fintech, taxation, and regulatory compliance: Navigating the new financial landscape |
| **Citation**: Narmeen, S., Saba, I., Kouser, R., & Khurram, H. (2018). Why do banks need an adequate capital adequacy ratio? A study of lending & deposit behaviors of the banking sector of Pakistan. *Journal of Accounting and Finance in Emerging Economies*, *4*(1), 1–16. https://doi.org/10.26710/jafee.v4i1.343 | **Citation**: El Moslemany, R., El-Sherif, Y., & El-Mohr, S. (2021). THE IMPACT OF LIQUIDITY RISK ON PROFITABILITY IN THE EGYPTIAN BANKING SECTOR. *International Journal of Economics, Business and Management Research*, *5*(3). <https://ijebmr.com/uploads/pdf/archivepdf/2021/IJEBMR_717.pdf> | **Citation**: Igbinosa, S., Sunday, O., & Babatunde, A. (2017). Empirical assessment on financial regulations and Banking Sector Performance. *Journal of Central Banking Theory and Practice*, *6*(3), 143–155. https://doi.org/10.1515/jcbtp-2017-0024 | **Citation**: Masindi, N., & Singh, P. (2022). A panel data analysis into the impact of regulations and supervision on the African banking profitability and risk profile. *Journal of Economics and Business*, *5*(2). https://doi.org/10.31014/aior.1992.05.02.410 | **Citation**: Adeoye, O.B. *et al.* (2024) ‘Fintech, taxation, and regulatory compliance: Navigating the new financial landscape’, *Finance &amp; Accounting Research Journal*, 6(3), pp. 320–330. doi:10.51594/farj.v6i3.858. |
| * Capital adequacy ratio | * Liquidity requirements | * Financial regulations | * Cost-to-income ratio | * Financial technology |
| * Leverage ratio | * Liquidity asset ratio | * Technological innovations | * Banking legislation | * Digital assets |
| * Lending growth | * Net interest margin | * Regulatory processes | * Liquidity risks | * Legislate reforms |
| * Bank equity | * Return on equity | * Capital adequacy | * Financial ratios | * Taxation reform |
| * Equity change | * Return on assets | * Bank verification number | * Financial statements | * Technological innovation |
| * Risk-weighted ratio | * Liquid asset to deposit | * Regulatory framework | * World development indicators | * Anti-money laundering regulations |
| * Liquidity ratio | * Financing deposit ratio | * Ordinary least squares | * Bank’s risk & return profiles | * Tax compliance and obligations |
| * Risk-based capital ratio | * Liquidity coverage ratio | * Monetary policy rate | * Non-performing loan ratio | * Data protection regulations |
| * Chane in deposits | * Net stable funding ratio | * Return on equity | * Real gross domestic product | * Regulatory compliance |
| * Bank size | * Basic defense ration | * Endogenous and exogenous variables | * Loan loss reserve ratio | * Online banking |

Table 2: Coding table

**Phase 3: Building themes**

In this phase, the developed initial codes are critically examined and organized into relevant and effectual themes. These themes represent comprehensive patterns that capture significant information about the research data concerning the research questions. During this phase, similar codes are grouped together and organized into overarching themes (Varma et al., 2022). Here a set of the main themes and sub-themes is developed. It is ensured that the relationship between the developed themes and initial codes is properly visualized using suitable code metrics.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Theme 1: Capital adequacy and its influence on bank’s behaviors** | **Theme 2: Liquidity management and bank’s profitability** | **Theme 3: Financial regulations and bank’s performance** | **Theme 4: Regulatory supervision and bank’s profit and risk profiles** | **Theme 5: Fintech in the modern banking landscape** |
| * Regulatory requirements | * Liquidity ratios | * Regulatory frameworks | * Credit risk assessment | * Regulatory technologies |
| * Market confidence | * Lending rates | * Compliance requirements | * Supervisory intensity | * Digital transformation |
| * Cost of capital | * Liquidity | * Macro prudential policies | * Capital adequacy | * Innovation |
| * Asset quality | * Loan-to-deposit ratio | * Credit growth | * Market oversight | * Cost efficiency |
| * Dividend policies | * Cash reserves | * Market discipline | * Profit allocation | * Cyber security compliance |
| * Risk-weighted assets | * Profit margins | * Financial stability | * Loan provisions | * Competitive dynamics |
| * Stress testing | * Asset liability | * Banking consolidation | * Cross-border supervisory organization | * Digital identity |
| * Internal capital adequacy assessment process | * Credit commitment | * Bank profitability | * Corporate governance | * Data privacy |
| * Capital raising methods | * Cost management | * Regulatory changes | * Bank ratings | * Legacy systems |
| * Banking sector stability | * Digital banking | * Operational risk management | * Data and technology management | * Risk management |

Table 3: Theme building

**Phase 4: Reviewing themes**

This is an important phase of thematic analysis, one needs to carefully ensure that each of the themes must correctly reflect relevant data and answer the specified research questions. For this research, this phase comprises several steps, such define & refine themes, review, validity check, and thematic mapping. Each of the selected themes comprises significant data to address and answer the research questions and demonstrate consistency and coherency with this research. Further, each of the themes correctly demonstrates the extracted meanings from the collected data. Thematic mapping visualizes the key relationships between the selected themes and their sub-themes to realize a clear articulation of the research findings. For example,

* Theme 1 (capital adequacy) significantly influences Theme 4 (risk management & profitability) as the high capital value can significantly reduce the bank’s risks and increase profitability (Elviani& Sumarna, 2024).
* Theme 2 (liquidity management) directly impacts Theme 3 (bank performance), as liquidity management directly influences the financial stability and regulatory compliance of the bank.
* Theme 3 (regulatory compliance) with Theme 5 (digital transformation Fintech)m as any new digital technologies in the banking sector need updated regulatory compliance measures.
* Theme 4 (risk & profitability supervision) influences Theme 1 (capital adequacy) and Theme 2 (liquidity management), addressing risk management under regulatory pressure.

# Conclusion

This section provided the obtained research outcomes and findings during this research. It first provided descriptive statistics considering all the considered independent, dependent, and moderating variables based on minimum value, maximum value, mean, median, and standard deviation,. Then it provided regression analysis for all dependent variables and addressed the impacts of both independent and moderating variables. Then it provided the findings obtained from thematic analysis, encompassing four segments, namely data familiarization, initial code generation, themes building, and reviewing themes.

Chapter 5: Discussion

# Introduction

This section mainly focuses on presenting a detailed discussion of the results and findings obtained from this research to demonstrate the influence of financial regulations on the bank’s investment strategies. It will present an inclusive discussion of the obtained results from the conducted descriptive analysis and regression analysis for the UK’s banking industry along with the findings of thematic analysis resulting from the collected data and literature review. Further, this chapter will validate the obtained key findings aligning with the research objectives and questions.

# Discussion

## Descriptive Statistics

The descriptive statistics provided a comprehensive summary of the collected research for the UK’s banking industry considering several variables, such as capital adequacy, liquidity ratios, compliance costs, leverage ratio limits, return on equity, asset allocation, LDR, net interest margin, market conditions, and bank size.

Vetter, (2017) addressed that the UK’s banking industry focuses on maintaining an effective **capital adequacy ratio** to expand the ability to absorb financial losses and continue lending & deposit behaviors during financial crises and economic downturns. The addressed **liquidity ratio** of this banking industry indicates a strong position in the financial market with enough liquid assets for encompassing short-run obligations. The standard deviation is lower which addresses consistency to comply with the regulatory requirements. The presented data addresses **compliance costs** that establish noteworthy operational expenses. The mean value of the compliance cost is higher, addressing the requirement of a significant amount of investment for meeting the regulatory standards.

According to Kurniawan et al., (2020), the **leverage ratio** of the bank remained within the regulatory limits, addressing a balanced strategy to manage the debt levels as their equity. The conservative leverage strategy of this bank aligns with the regulatory expectations for reducing the associated financial risks. The descriptive statistics demonstrated a moderate level of **return on equity** that denotes a balanced approach of the bank to produce returns and manage an appropriate level of capital reserves. The **asset allocation** of the UK’s banking industry demonstrates a robust strategy using a sensible distribution between the lower-risk and higher-yield assets. The obtained mean value of the bank’s asset allocation addresses a moderate level of risk appetite of this bank, which is consistent with the applicable regulatory requirements. Endri et al., (2020) addresses that the obtained results demonstrated **LDR** within the acceptable range of limits, demonstrating a prudent strategy of the bank to balance the deposits with loans while ensuring that the bank has sufficient liquidity to efficiently utilize its funds for lending purposes. The **net interest margins** reveal a moderate value that reflects the bank efficiently manages the expenses and income incurred from interests. The **bank size** of the UK’s banking industry demonstrated a competitive edge in the UK’s financial market in terms of the allocation of resources for better risk management and compliance management. The **market conditions** demonstrate a significant impact on the bank’s strategic decisions, especially within the volatile economic atmospheres.

## Regression Analysis

The conducted thematic analysis provided a critical exploration of the association between the dependent variables and independent variables with the moderating variables.

The regression analysis results demonstrated a positive association between the bank’s asset allocation strategy and liquidity ratio. The high liquidity ratio directed by the financial regulations lets the banks maintain a specific amount of the lower-risk liquidity assets (Toyofuku, 2024). It validated the research objective that regulatory liquidity requirements pose a direct impact on the bank’s investment strategies. The conducted regression analysis exposed a negative & significant relationship between the net interest margins and leverage ratio limits. The strict leverage restrictions imposed by financial regulations might diminish the ability of banks to increase their returns via high leverage, influencing the bank’s interest margins. This research finding aligned with the research objective that financial regulations impact the profitability of banks.

Fernando, (2024) demonstrates that capital adequacy demonstrated a positive and significant relationship with the return on equity, which addresses that the banks with high capital reserves could efficiently leverage their financial potential for generating returns. However, the market conditions significantly moderate this relationship, addressing that the economic factors impact the bank’s profitability. The compliance costs share a negative relationship with the LDR, denoting that the associated higher costs with regulatory compliance might restrict the available funds of banks for lending purposes. It demonstrated that regulatory compliance increases the financial burden on the banks and impacts the bank’s core lending and deposit activities.

## Thematic Analysis

**Phase5: Naming & defining themes**

After the identification of the initial codes and review of themes, I have attained a refined list of the most significant and relevant research themes. In this phase, I mainly focus on naming and defining the selected research themes. I first extract the incurred data and meaningful insights from each of the selected themes to make sense of the data for this research (Peterson, 2017). Then after defining these themes, I provide a clear, concise, and straightforward name for each research theme.

**Phase 6: Write-up**

The selected themes for this research provide a detailed comprehensive understanding related to the impact of financial regulations in shaping the bank’s strategic decisions.

**Theme 1: Capital adequacy and its influence on bank’s behaviors**

Capital adequacy refers to the measure to address the bank’s capital availability, which is addressed as the percentage of the risk-weighted credit. This research theme demonstrates how capital adequacy requirements influence the different aspects of a bank’s behaviors, such as deposit and lending behaviors, including risk management approaches, lending practices, and overall strategic planning. The financial regulations in the banking sector direct the banks to maintain a specific level of capital adequacy for bolstering the financial losses by adjusting the capital structures and prioritizing secure investments complying with the regulatory standards (Ashraf et al., 2016). A higher capital adequacy enables the banks to improve their capability to facilitate financial losses to ultimately enhance financial stability. It makes the banks remain more conservative about their lending practices to avoid any extra capital charges and retain their earning to build solid capital buffers. Thus, the banks need to efficiently manage their growth aspirations as per the regulatory landscape to ultimately enhance their investment strategies, impacting the overall economic growth.

**Theme 2: Liquidity management and bank’s profitability**

Liquidity management represents a proactive procedure to ensure that the bank has enough cash on hand to meet all of its financial compulsions. It is a key component related to the bank’s financial performance as it directly influences the working capital of the banks. This research theme emphasizes how liquidity management impacts the overall profitability of banks, particularly under regulatory requirements. The Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) want banks to embrace a satisfactory amount of exceptional quality assets. Effective liquidity management enables banks to balance their liability and asset maturities (Sulieman Alshatti, 2014). The imposed rigorous liquidity requirements by the financial regulations amend the LDR ratio by either raising deposit rates or decreasing lending rates. This theme addresses that the banks should diversify their funding sources to mitigate the associated liquidity risks. This theme implies that banks need to continually adjust their liability and asset management approaches to remain profitable and compliant in the financial market.

**Theme 3: Financial regulations and bank’s performance**

Financial regulations represent the rules and regulations under which financial firms, such as banks, insurance firms, brokers, and credit unions need to operate in the financial industry. This theme focuses on critically exploring the impact of financial regulations on the overall performance of the banks, including operational efficiency, profitability, and competitive edge. The regulatory compliance comprises specific costs related to compliance auditing and reporting. The adoption of the most sophisticated risk management methods significantly changes the bank’s risk tolerance behavior and allocation of assets (Besong et al., 2022). International banks also face more challenges to comply with the diverse regulatory requirements of governments that significantly impact the bank’s decision-making abilities, particularly related to new market entry and overseas expansion. This research theme reflects that the banks should align their business models with the corresponding regulatory atmosphere and efficiently meet the relevant regulatory requirements for ultimately improving the overall operational efficiency of the banks.

**Theme 4: Regulatory supervision and bank’s profit and risk profiles**

The regulatory supervision represents the written rules for defining an acceptable behavior for financial institutions, such as banks. The regulatory supervision of banks represents the enforcement of financial regulations to enhance their risk management strategies and profitability. Effective regulatory inspection may lead the banks to adopt more effective and conservative risk management approaches that significantly impact the bank’s profitability by avoiding high-return and high-risk investments(Barth et al., 2004). The banks can maintain effective risk management frameworks to influence their strategic decisions related to operational risks, asset quality, and exposure to the financial market. The lending practices of banks are strengthened through the obtained guidance for better classification of assets and requirement provisions. Further, it also impacts the bank’s focus on developing robust risk strategies to enhance overall risk-taking behaviors. Effective regulatory supervision can efficiently adjust the allocation of banking capital to lower the risks and return assets for better alignment with regulatory needs and expectations.

**Theme 5: Fintech in the modern banking landscape**

Fintech refers to the technology-driven innovations within the financial sector by widen the economy and controlling the central bank’s monetary policies. This research theme focuses on exploring the associated opportunities and challenges with the evolving digital transformation, particularly Fintech innovation in the financial industry. The increased digital transformation across the financial sector has the RegTech solutions for streamlining compliance business operations and improving the banking sector’s regulatory reporting (Godbole, 2024). However, this digital transformation offered significant benefits to this industry but it also poses data security and privacy risks that address a critical need to comply with robust data protection measures to improve the security and privacy aspects of the financial industry. This research theme emphasizes a crucial need for banks to navigate the regulatory requirements while balancing digital innovation across all the processes.

# Conclusion

This chapter presented a critical discussion of the attained research outcomes and findings throughout this research. It first discussed the results from descriptive statistics by providing a detailed summary of all the independent, dependent, and moderating variables. Then it discussed the findings from regression analysis by addressing the association between the considered dependent variables and independent variables while addressing their impacts. Then the findings of the thematic analysis are provided based on the themes naming & defining and write-up phases of this thematic analysis.

Chapter 6: Conclusion and Recommendations

# Conclusion and Recommendations

## Conclusion

This research offered a critical discussion of the impacts of financial regulations on investment decisions and adopted investment strategies by the financial associations, particularly by banks. It provided a detailed understanding related to the role of diverse regulatory measures, such as liquidity management, capital adequacy, compliance costs, and leverage limits in influencing the strategic decisions and financial performance of the banks.

This research provided descriptive statistics and regression analysis for the UK’s banking industry of the UK to demonstrate how this bank maintains robust capital adequacy ratios and liquidity requirements, demonstrating a traditional strategy of risk management while ensuring compliance with the regulatory landscape. This strategy is well-aligned with the importance of financial stability but it limits the ability of banks to grab potential high-return and high-risk investment opportunities.

Further, the regression analysis reflected relationships between the bank’s key performance indicators and regulatory variables. The obtained research results emphasized trade-offs between regulatory compliance and the bank’s profitability; strict liquidity requirements & leverage ratios and high compliance costs compromise the bank’s profitability and overall growth.

The conducted thematic analysis demonstrates key qualitative research insights to address the precise role of financial regulations in shaping the bank’s deposit and lending behaviors beyond the quantitative attributes. It exposed that financial regulations not only impact the profitability and financial stability of banks but also impact their decision-making abilities and strategic culture. It addressed a need for a dynamic regulatory framework for efficiently adapting to the growing landscape of the banking sector along with promoting financial growth and stability without compromising innovation and evolution.

Thus, this research concluded that financial regulations pose the most profound impacts on the bank’s investment strategies. They need to balance the evolving regulatory requirements and compliance with the pursuit of their profitability and deliberate growth.

## Limitations

However, this research offered a comprehensive exploration of the impacts of financial regulations on the banking sector’s investment decisions and strategies but this research also poses a few limitations that are illustrated below.

* This research mainly focused on the UK’s banking industry, which may limit the generalizability of this research finding to other regions and other countries’ banking industries because they operate under different market conditions and regulatory requirements.
* This research depends on only the publicly available data, which might limit this research to capturing all vital aspects of the internal decision-making and strategic operations of the UK’s banking industry.
* The conducted regression analysis is based on the made assumptions that might not capture all the aspects and intricacy of the interactions between the financial regulations and investment strategies of the UK’s banking industry.
* The regulatory requirements related to the banking sector are continuously evolving, which might make this research finding outdated or infeasible.
* This research mainly emphasizes on the regulatory factors and largely overlooked the other external factors, such as competitive dynamics and economic conditions that also pose significant impacts on the investment strategies of banks.

## Recommendations

Based on the obtained research findings and limitations, future research should consider the following research avenues to further proceed with this research.

* Future research needs to focus on including a more comprehensive range of the banks, including both small-scale and large-scale to better capture the variety of responses related to the impacts of financial regulations on investment strategies (Huang & Tan, 2024).
* Future research should focus on conducting longitudinal studies to explore the long-term impacts of the financial regulations and regulatory changes on the bank’s investment strategies and overall growth and profitability.
* Future research should broaden the digital transformation across this research area to demonstrate how Financial Technology (FinTech) and Regulatory Technology (RegTech) impact the ability of banks to comply with the regulations to enhance their investment decisions and strategies.
* Future research should include other external factors, such as competitive dynamics, technological advancement, and economic conditions to provide a more nuanced understanding related to how they contribute to shading bank’s investment strategies (Ofoeda et al., 2022).
* Future research can also focus on developing robust predictive models for better assessing the impacts of financial regulations while enabling the banks to predict and prepare for any substantial consequences due to regulator changes or financial regulations.

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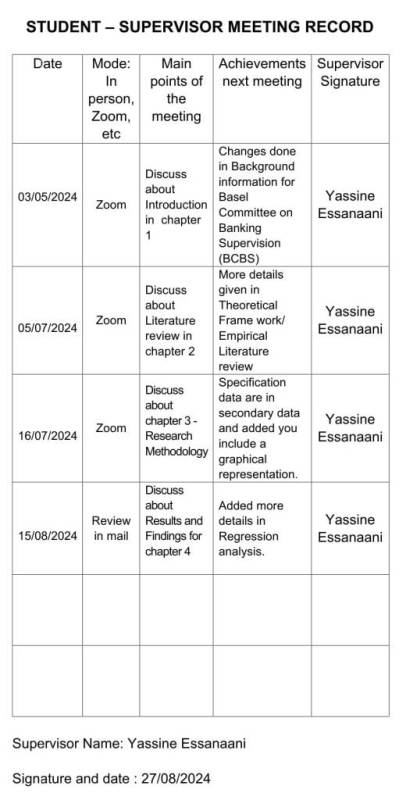
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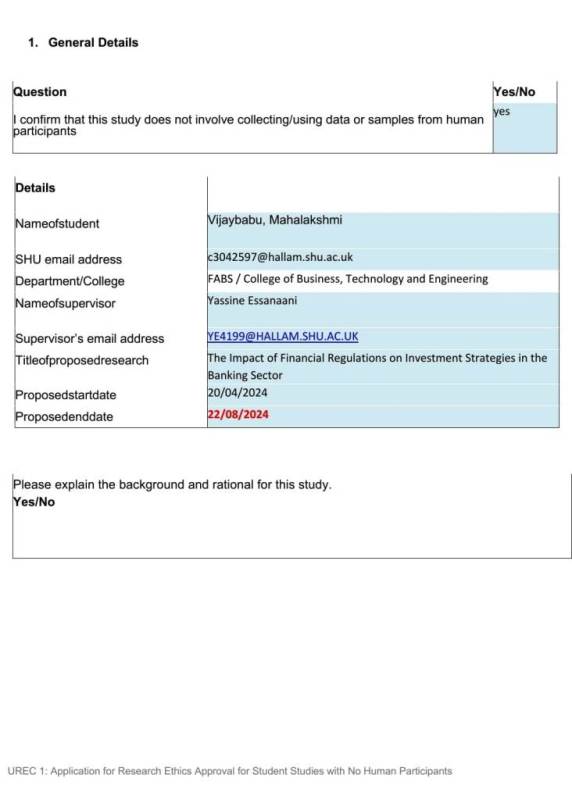
# Appendix

## Appendix I: Student Supervisor Contact Form



## Appendix II: Ethics Form Approved







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