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Evaluation of the Financial Performance of Selected Private and Public Sector Banks: A Comparative Study of Afghanistan

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Abstract
In this paper, an attempt has been made to present a comparative analysis of the financial performance of three private and three public banks in Afghanistan over five years (2018–2022). Furthermore, the authors used secondary data from audited annual financial reports published by banks on their websites. Therefore, Key financial ratios—including Net Profit, Return on Long-Term Fund (ROLTF), Return on Net Worth, Return on Assets, Gross Profit, Return on Capital, and Return on Equity—were employed to assess performance differences between the two banking groups. In addition, the author used descriptive statistics and Multivariate Analysis of Variance (MANOVA) to examine the significance of observed differences. The study based on descriptive results indicated that public banks, on average, recorded higher Net Profit and Gross Profit than private banks; however, they also exhibited more significant variability in performance, suggesting financial inconsistency. The MANOVA results revealed no statistically significant multivariate differences between public and private banks, although small to moderate effect sizes were observed for some indicators. In addition, Levene's Test highlighted significant differences in Net Profit and Gross Profit variances, indicating uneven financial stability between the two groups. Also, the author used the Tests of Between-Subjects Effects to confirm that none of the individual financial ratios showed statistically significant differences. The study found that while public banks may demonstrate higher average profitability, the financial performance between public and private banks in Afghanistan does not differ significantly statistically.
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Introduction

The banking sector is one of the most significant foundations of finance for most businesses. This common statement is based on various viewpoints on financial performance from research and discussion. The growth of financial performance leads to the development of the functions and actions of the organization (Tarawnehv,2006). The banking sector is vital to maintaining financial markets and considerably affects the economy's performance. In addition to guaranteeing its depositors, a bank's stable financial standing is essential for its shareholders, staff, and economy. In keeping with this statement, attempts have occasionally been made to assess each Bank's financial standing and administer it effectively and adequately (Din Sangm, 2010). A wise financial system is vital in modern economics' adequate conduction and rapid enhancement. Furthermore, the banking sector is one of the essential elements of the financial system that should be considered a lifeline for the economy and its people. Therefore, the banking sector has become one of the faiths and ambitions of millions of people into certainty by providing loans and advances. In addition, the role and rank of banking and financial instruments cannot be estimated in the economic improvement of a nation. Later, banks and financial institutions played an essential role in economic planning, like laying down specific goals and allocating a certain number of resources that established the government's economic policy. Through their arbitration role, banks play a significant role in the optimal, well-organized allocation of economic funds by assembling resources for creative activities. Banks are accomplishing an essential and considerable responsibility of capital formation due to their inherent nature in the economy; therefore, banks should be given more attention than any other type of economic unit in an economy (McKinnon (1973). The Banking sector is considered a vital source of financing for most businesses. Raising financial performance is a principle that encourages the development of functions and activities of the organization. Also, it has an impact on the total economy of a country. Therefore, banks are the sources of finance for capable job opportunities, improvement of new ideas, research and overall wealth. The factors that influence banks' performance are banks' size, assets, and profitability, which assist through return on assets—and the equity size of deposits and loans.

Afghanistan Banking system.

Da Afghanistan Bank, as the Central Bank of Afghanistan, was established in 1939. Da Afghanistan Bank controls the activities of all banks in Afghanistan. It sets various benchmarks and requirements for banks to operate within Afghanistan. Furthermore, the central financial institution makes policies and regulations to progress the financial system, promote banking, and act as a banker to the state. (Mohammady,2019). In addition, the government of Afghanistan launched banking in 2003. These laws were industrialized in agreement with the international top practices that certify appropriate measures for their sustainability and development. Besides, these laws enclosed the critical areas of the banking sector to corporate governance structures such as liquidity measurement, capital adequacy requirement, reporting and accountability to the Central Bank of Afghanistan. Moreover, All banks are obligated to represent their quarterly and annual financial statement, and they should submit audited financial reports with independent auditor's reports to the Da Afghanistan bank.

The banks should also attach reports concerning their administration and operation to allow Da Afghanistan Bank to evaluate the financial condition of the banks. Da Afghanistan Bank monitors standards and requirements through onsite examinations of banks. It also uses capital adequacy, asset quality, management efficiency and Liquidity to analyze the performance of commercial banks (Haidary and Abbey,2018). The Commercial Bank is a financial article set up under the provisions of Afghanistan banking law. It is licenced to accept deposits and issue loans to individuals and other legal parties. Commercial banking in Afghanistan was established with the Bank e-Millie Afghan in 1931 to regulate the activities of the banks in Afghanistan. Therefore, there are 12 active commercial banks in Afghanistan; three are state banks, seven are private, and two are foreign commercial banks. Despite noteworthy financial sector assistance and citizens' lack of banking services, these banks have contributed significantly to the economy and financial system development for over a decade (Mohammady,2019). However, financial analysis is an operational and logical path to evaluate the financial performance of the financial organization. It also assists in assessment and decision-making for business action. (Tahiri,2018).

This paper compares the financial performance of private and public banks in Afghanistan. Previous research, including academic papers and dissertations, has examined the financial performance of private and public banks in Afghanistan, but many of these studies were limited in scope and considered only a minimal set of variables. In contrast, this study seeks a more comprehensive analysis by utilizing recent data and incorporating a broader range of variables. This approach is intended to offer a more extensive and nuanced assessment of the financial performance of private and public banks in Afghanistan, thereby contributing to a deeper understanding of their operational efficiency and financial stability.

Significance of the Study

This study is significant as it explores the strengths and weaknesses of private and public banks in Afghanistan. Over the past decades, the Afghan banking sector has experienced periods of fluctuation due to various factors, including war, conflict, and political instability. However, a notable shift occurred after 2001, when the interim government took control of the country and international partners agreed to invest in Afghanistan. This period marked a crucial phase of growth and improvement in the banking sector. In 2003, the government introduced banking licenses for private banks, encouraging and motivating international financial institutions to invest and contribute to the development of Afghanistan's banking sector. These reforms led to significant progress, with private and public banks playing a vital role in enhancing financial accessibility and driving economic development. Despite these advancements, assessing these institutions' financial performance and challenges remains crucial for bank management to improve operational efficiency and sustainability. A key concern is the absence of awareness, particularly among rural populations, regarding the benefits and security of banking services.

This study compares the financial performance of private and public banks in Afghanistan, providing valuable insights for policymakers and regulators. The study highlights areas where regulatory frameworks require strengthening to ensure financial stability, compliance, and effective risk management by evaluating their financial performance. Enhanced regulations can foster investor confidence, attract foreign investment, and contribute to developing a more resilient financial system.

Literature review

Bansal (2014) analyzed the financial performance of the commercial banking sector in India from April 2011 to March 2014. This study assessed profitability, Liquidity, solvency, market value, and leverage ratio. Furthermore, the author focused on four major banks: Axis Bank, ICIC Bank, Federal Bank, and HDFC Bank.

They derived data from reliable financial statement databases like CMIE, Prowess, Money Control, and Yahoo Finance to analyze the financial ratio. Therefore, they used the group comparative ratio. Such as current ratio, quick or acid-test ratio, turnover ratio, debtor turnover ratio, working capital turnover ratio, debt ratio, equity ratio, interest coverage ratio, net profit margin, profit margin, return on assets, return on shareholder's equity, earnings per share, price-earnings ratio and earning per share ratios were used. Moreover, the result found that among the four banks, only the federal Bank has a perfect current ratio of 2:1. In addition, the profitability ratio, activity turnover ratio, asset turnover ratio, and leverage ratio for all these banks were analyzed. It revealed that the HDFC and federal banks have a relatively stable asset turnover ratio, showing that they efficiently use resources at the income point. Besides this, the Federal Bank had a better price-of-earnings ratio than other banks. The total asset turnover ratio of the Federal Bank had significant assets to meet the debts. Lastly, the Federal Bank was the most financially stable Bank among others.

Nimalathasan (2008) compared the financial performance of the banking sector with 6562 branches and 48 banks from 1999-2006 in Bangladesh. Furthermore, he applied the CAMEL Model. Therefore, the author used the quantitative technique to evaluate financial performance. Thus, the author found that three banks were rated 01 or strong, 31 were rated 02 or satisfactory, seven were rated 03 or fair, five were rated four or Marginal, and two were rated 05 or unsatisfactory.

Mehta (2012) studied the financial performance of UAE banks from 2005 to 2010, categorized into three parts: before, during, and after. Therefore, the author used financial ratio analysis to evaluate the UAE banks' leverage, Liquidity, and profitability, and he used the Wilcox test to analyze this performance. Moreover, the results indicated that the effect of this crisis varied in three parts: before, during and after. However, the crisis impacted the UAE banks' financial performance, particularly profitability, measured through Return on Asset and Equity. And the profitability of the ratio declined during the crisis. In addition, Liquidity also came down during the crisis, especially in cash and deposit portfolio investments. Also, the leverage ratio of UAE banks increased from the time of the crisis to pre-crisis.

Lardic and Terraza (2019) Analyzed the financial performance of the banking sector in Germany. Furthermore, it was based on the dynamic panel data method. It used 1624 as a sample from 2000 to 2014 to measure the solvency and Liquidity in terms of risk and analysis of the behaviour of variables that impact the loan policy of the public and cooperative institutions before and during the financial crisis. Therefore, the result showed that the TLCDT significantly affected the return of equity for cooperative and saving banks during the crisis; however, it was a noteworthy and significant network among the ROOAA ratio. Also, the behaviour of commercial banks theoretically generates high earnings. This can indirectly impact the higher risk associated with the usage of this product, and commercial banks experience an enormous risk.

Karim and Alam (2013) Studied the financial performance of five private banks in Bangladesh to measure the adequacy of the risk through capital, credit growth, credit concentration, non-performing loan position, liquidity gap analysis, liquidity ratio, return on asset (ROA), return on equity (ROE), net interest margin (NIM), for the duration of 2008-2012. Furthermore, they used three models to evaluate the financial performance. For internal-based, they apply return on asset. They also used Tobin's Q model (price book ratio) for the market-based analysis and economic value for the economic-based performance analysis. In addition, the author used multiple regression to identify the effect of bank size, credit risk operational efficiency and asset management. Therefore, the result indicates that bank size, credit risk, operational efficiency and asset management affect financial performance.

Kumbirai and Webb (2010) examined the financial performance of five commercial banking sectors for 2005-2009 in South Africa. Furthermore, they used financial ratios to analyze the profitability, Liquidity, and credit quality. Therefore, the result showed that the overall financial performance increased, particularly during the first two years of analysis. Also, a significant change was the global financial crisis in 2007, which peaked in 2008-2009. However, it also shows a fall in profitability, low Liquidity, and a weakening in credit quality.

Ally (2013) researched the financial performance of commercials in Tanzania for seven years (2007 to 2012). Furthermore, the author used secondary data and ANOVA to test the significant variances in profitability growth among various bank groups. Therefore, the study found that the financial performance of the banks increased for the first and second years. However, the author revealed that the financial crisis started from 2008 to 2009. The study observed that banks had stable growth in Tanzania. In addition, the author found no significant profitability variances among various bank groups.

Undi and Basavaraj (2021) examined and compared the overall financial performance of a few Indian public and private sector banks during five years (2011–2016). Using statistical tools like mean analysis and T-tests, the authors employed secondary data collected from annual reports and the Reserve Bank of India website. Accordingly, the study found that private-sector banks have demonstrated a faster rate of profitability growth than public-sector banks, which are struggling in several financial areas. According to the study, public sector banks should rethink their approaches to boost productivity.

Akkar and Singh (2023) used the CAMELS rating technique to compare the financial performance of 37 Indian commercial banks (22 public and 15 private) from 2006–07 to 2010–11 regarding profitability, asset quality, and capital sufficiency. Therefore, the authors found that private sector banks performed better than public sector banks—like ICICI Bank and Kotak Mahindra Bank. Also, the study highlights the importance of efficient management practices and strong financial strategies in enhancing bank performance.

Gupta and Dongre (2024) researched the financial performance of banks over five years (2018–2023). Furthermore, the study compared and assessed Liquidity, asset quality, and profitability. Important metrics were evaluated, including non-performing asset (NPA) ratios, net interest margin (NIM), return on equity (ROE), and return on assets (ROA). Significant rises in ROA and ROE and a drop in NPA ratios were observed. Therefore, the author found that overall profitability and asset quality improved. Various banks exhibit various trends in liquidity analysis. By highlighting both possible risks and areas of strength, this report offers important insights into the financial health of the banking industry.

Studies in Afghanistan

Tahiri (2018) examined the financial performance of Da Afghanistan Bank from 2015 to 2016 to evaluate the Bank's operation deference. Furthermore, the author used secondary data and the financial ratio analysis (FRA) method to assess the overall view of financial performance in terms of profitability and Liquidity. Therefore, the result indicated that the Da Afghanistan Bank had a lower ability in 2015 to pay its liability compared to 2016. However, the Da Afghanistan Bank later improved and became strong enough to pay its current liability and assets in 2016. However, in terms of Liquidity, it shows that the Da Afghanistan Bank faced problems during the last two years, but 2015 was more significant than 2016.

Mohammad and Rahim (2016) examined the financial performance of four private commercial banks in Afghanistan using time series data from 2008 to 2014. Furthermore, the authors assessed the internal implementation of banks' size, Liquidity, operational effectiveness, and asset management using ratio analysis, correlation, and multiple regression analysis. As a result, the authors concluded that the internal-based performance (ROA) of Afghanistan's private sector commercial banks is unaffected by bank size, Liquidity, operational efficiency, or asset management. The study also discovered a negative correlation between ROA, operational effectiveness, and Liquidity. The relationship between ROA, bank size, and asset management is also weakly favourable.

Afghanistan's banking sector displays apparent differences in financial performance among public, private, and Islamic banks. Sharifi (2019) reported that public banks tend to underperform across several CAMEL indicators, particularly in areas like management efficiency and earnings stability, highlighting a pressing need for stronger governance and improved operational practices. On the other hand, Sarwar et al. (2023) emphasized the relatively robust and well-managed operations of Afghanistan International Bank, a leading private bank. Their research indicated that strong financial performance in private institutions is closely tied to sound credit and liquidity risk management practices. Similarly, Arslan et al. (2020) examine the shift of Bakhtar Bank into the Islamic Bank of Afghanistan, finding that adopting Islamic banking principles led to improved financial indicators, such as higher returns on assets and equity. This suggests that Islamic banking may serve as a feasible and possibly superior different to conventional banking in the Afghan context. In summary, the evidence indicated that private and Islamic banks outperform public banks, particularly in profitability and risk control. Nonetheless, all banking models in Afghanistan operate under challenging economic and regulatory conditions, reinforcing the need for enhanced governance, innovation, and strategic risk management to drive sustainable performance.

Research Question.

What are the significant differences in the financial performance of selected private and public sector banks?

Research Objectives.
To study a comparative analysis of the financial performance of selected private and public sector banks in Afghanistan.

Research hypotheses.
H_0: There is no significant difference in the financial performance of Afghanistan's private and public sector banks.
H_1: There is a significant difference in the financial performance of Afghanistan's private and public sector banks.

Methodology
This study is based on quantitative research design to research a comparative analysis of the financial performance of three private and three public banks in Afghanistan over five years (2018–2022). The research is based on secondary data collected from the audited financial yearly reports of the selected banks, publicly available on their official websites or through regulatory authorities.

Sample Selection
The sample consists of six banks—three private (Afghanistan International Bank, Aziz Bank, Ghazanfar Bank) and three public (New Kabul Bank, Bank-e-Millie Afghan, Pashtany Bank) selected based on their operational consistency and availability of complete financial statements for the study period. This stratified approach ensures a balanced comparison between the two categories of banks.
Financial Indicators and the study utilize the following key financial ratios:

- Net Profit
- Return on Long-Term Fund (ROLTF)
- Return on Net Worth
- Return on Asset (ROA)
- Gross Profit
- Return on Capital
- Return on Equity (ROE)

Statistical Tools
This research paper compares the financial performance of private and public banks in Afghanistan. Therefore, descriptive analysis was employed to evaluate the performance of both groups—private and public banks—by examining the mean values of key financial ratios. Multivariate Analysis of Variance (MANOVA) was also utilized, as the study involves two groups (private and public banks) with multiple financial performance metrics. MANOVA is appropriate for this research, as it allows for the simultaneous comparison of multiple dependent variables across the two bank categories, providing a more comprehensive assessment of financial performance differences.

Descriptive Analysis
A descriptive analysis was conducted to determine the mean and standard deviation of key financial performance indicators for two groups of banks in Afghanistan. Group one comprises private sector banks, including Afghanistan International Bank, Azizi Bank, and Ghazanfar Bank. Group two comprises public banks: New Kabul Bank, Bank-e-Millie Afghan, and Pashtany Bank. The mean values were used to assess and compare the overall financial performance of the two groups, while the standard deviation helped evaluate the variability within each group.

Financial Metric		Mean	Std. Deviation
Net Profit Margin	Group 1	15.64	9.52
	Group 2	72.15	177.46
Return on Long-Term Funds	Group 1	10.08	7.82
	Group 2	8.31	8.70
Return on Net worth	Group 1	9.49	7.56
	Group 2	9.08	8.98
Return on Asset	Group 1	1.06	1.44
	Group 2	1.32	1.89
Gross Profit	Group 1	20.67	15.36
	Group 2	62.59	142.16
Return on Capital	Group 1	8.01	6.22
	Group 2	7.32	8.20
Return on Equity	Group 1	8.33	7.31
	Group 2	9.67	11.03

Source: SPSS output

The mean score of Net Profit for Group 1 is 15.64 ± 9.52, while for Group 2, it is 72.15 ± 177.46. This indicates that Group 2 has a much higher mean score, but the high standard deviation (177.46) suggests inconsistent performance. The mean score for Return on Long-Term Funds (ROLTF) is 10.08 ± 7.82 for Group 1 and 8.31 ± 8.70 for Group 2, showing that both groups have similar returns with no significant differences.
The mean Return on Net Worth score is 9.49 ± 7.56 for Group 1 and 9.08 ± 8.98 for Group 2, indicating almost identical performance in both groups. The mean score for Return on Assets is 1.06 ± 1.44 in Group 1 and 1.32 ± 1.89 in Group 2, showing a slightly higher performance in Group 2, though the difference is minor.
For Gross Profit, the mean score is 20.67 ± 15.36 in Group 1 and 62.59 ± 142.16 in Group 2. This suggests that Group 2 has a higher mean value, but the extremely large standard deviation (142.16) indicates high inconsistency. The mean score for Return on Capital is 8.01 ± 6.22 for Group 1 and 7.32 ± 8.20 for Group 2, showing similar performance.
Finally, the mean score for Return on Equity is 8.33 ± 7.31 in Group 1 and 9.67 ± 11.03 in Group 2, indicating that Group 2 has a slightly higher return but more significant variability.

Multivariate Analysis of Variance (MANOVA)

Table 1: Multivariate Test Results

Effect	Test Statistic	Value	F	Hypothesis df	Error df	Sig. (p-value)	Partial Eta Squared
Intercept	Pillai's Trace	0.647	5.766	7	22	0.001	0.647
	Wilks' Lambda	0.353	5.766	7	22	0.001	0.647
	Hotelling's Trace	1.835	5.766	7	22	0.001	0.647
	Roy's Largest Root	1.835	5.766	7	22	0.001	0.647
Group (Bank Type: Private vs. Public)	Pillai's Trace	0.331	1.557	7	22	0.2	0.331
	Wilks' Lambda	0.669	1.557	7	22	0.2	0.331
	Hotelling's Trace	0.495	1.557	7	22	0.2	0.331
	Roy's Largest Root	0.495	1.557	7	22	0.2	0.331

Source: SPSS output

Table 1. determines to compare the Financial Performance of two bank groups in Afghanistan (Private and Public), and MANOVA is conducted across seven financial ratios. Pillai's Trace was used since the assumption of homogeneity of covariance matrices was violated. The overall MANOVA test was not statistically significant, Pillai's Trace = 0.647, F(7, 22) =, p = 0.001. in addition, The results of the multivariate tests indicate that the

Intercept is statistically significant ($p < 0.05$) across all tests, suggesting that the dependent financial performance variables collectively differ from zero. However, the Group effect (Private vs. Public Banks) is insignificant ($p = 0.200$), meaning there is no statistically significant overall difference in financial performance between private and public banks. However, the Partial Eta Squared value for the group effect is 0.331, which indicates a moderate effect size. However, the difference is not statistically significant. Therefore, the H_o Null Hypothesis is accepted.

Table 2: Tests of Between-Subjects Effects (Univariate Analysis)

Since MANOVA did not show a significant difference between private and public banks, we now check whether any individual financial ratio differs significantly between the two groups.

Dependent Variable	Sum of Squares	df	Mean Square	F	Sig. (p-value)	Partial Eta Squared
Net Profit	23954.307	1	23954.307	1.517	0.228	0.051
Return on Long-Term Funds (ROLTF)	23.355	1	23.355	0.341	0.564	0.012
Return on Net Worth	1.236	1	1.236	0.018	0.894	0.001
Return on Asset	0.523	1	0.523	0.186	0.67	0.007
Gross Profit	13185.098	1	13185.098	1.29	0.266	0.044
Return on Capital	3.598	1	3.598	0.068	0.796	0.002
Return on Equity	13.601	1	13.601	0.155	0.696	0.006

Table 2. describes Tests of Between-Subjects Effects (Univariate Analysis of whether any individual financial ratio differs significantly between the two groups. Therefore, the Between-Subjects Effects analysis results indicate that none of the individual financial ratios show a statistically significant difference between private and public banks (all p-values > 0.05). While Net Profit ($p = 0.228$) and Gross Profit ($p = 0.266$) have the highest F-values, they remain non-significant. Additionally, the Partial Eta Squared values are low across all ratios, indicating that the group variable (private vs. public banks) has weak explanatory power in distinguishing financial performance.

Discussion

This study intended to compare the financial performance of private and public banks in Afghanistan from 2018 to 2022 by analyzing key financial ratios. The selected private banks—Afghanistan International Bank, Azizi Bank, and Ghazanfar Bank—and public banks—Bank-e-Millie, Kabul Bank, and Pashtany Bank—were evaluated using multivariate analysis of variance (MANOVA) to determine whether ownership structure significantly affects financial performance. Group 1 represents private banks in this study, and Group 2 represents public banks. The outcomes revealed no statistically significant differences among private and public banks, as confirmed by both multivariate tests (Pillai's Trace, Wilks' Lambda) and univariate tests of individual financial ratios. While private banks generally exhibited higher profitability ratios, and public banks had more stable balance sheet ratios, these differences were not significant enough to establish a clear distinction between the two groups.

The findings suggest that factors beyond ownership type, such as market conditions, operational efficiency, and regulatory policies, may significantly shape financial performance. Additionally, the evolving banking landscape in Afghanistan, regulatory changes, and economic uncertainty could have influenced the results, making it challenging to detect substantial performance disparities. Given these insights, future research should explore the role of external factors, bank size, and operational strategies in shaping financial outcomes. A longitudinal or qualitative approach could provide deeper insights into how banks navigate challenges in a volatile financial environment.

Conclusion

This study used key financial ratios and multivariate statistical techniques to compare the financial performance of three private and three public banks in Afghanistan over five years (2018–2022). The analysis focused on

indicators such as Net Profit, Return on Long-Term Fund (ROLTF), Return on Net Worth, Return on Asset, Gross Profit, Return on Capital, and Return on Equity.

This descriptive analysis compared the financial performance of private sector banks (Group 1: Afghanistan International Bank, Azizi Bank, and Ghazanfar Bank) with public sector banks (Group 2: New Kabul Bank, Bank-e-Millie Afghan, and Pashtany Bank) across several key profitability indicators.

Public sector banks (Group 2) reported higher mean scores in metrics such as Net Profit, Gross Profit, Return on Assets, and Return on Equity. For instance, the mean Net Profit for Group 2 (72.15) significantly exceeded that of Group 1 (15.64). However, these higher averages were accompanied by extremely high standard deviations—notably 177.46 for Net Profit and 142.16 for Gross Profit—highlighting inconsistency and volatility in financial performance among public banks. In contrast, private banks (Group 1) exhibited lower mean values in several metrics but demonstrated more consistent performance, as indicated by more minor standard deviations. This suggests a more stable and predictable financial outcome, which can be crucial in risk-averse or investor-sensitive environments.

In terms of Return on Long-Term Funds, Return on Net Worth, and Return on Capital, both groups showed similar mean values, indicating no significant advantage for either sector regarding capital efficiency or returns to shareholders.

In summary, while public banks may show higher profitability figures on average, their performance is marked by substantial fluctuations, implying less operational consistency. On the other hand, private banks offer steadier financial performance, possibly reflecting more controlled risk management and operational discipline. Moreover, the authors used MANOVA and subsequent Tests of Between-Subjects Effects, indicating that the observed differences in financial performance between private and public banks were not statistically significant. Nevertheless, the effect size values indicated small to moderate differences in specific indicators. In addition, Levene's Test highlighted significant variances in Net Profit and Gross Profit, indicating disparities in financial stability between the two groups. These findings suggest that while public banks may outperform private ones in specific years, their financial consistency remains uncertain. Overall, the study concludes that there is no strong statistical evidence of significant performance differences between private and public banks in Afghanistan during the study period. However, the observed trends underscore the need for both sectors to enhance financial management practices to improve stability and long-term profitability. Future research could expand the sample size, include more recent data, and incorporate qualitative factors to understand Afghanistan's banking sector's dynamics better.

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