

Commercial banks operate in an environment of risk and asymmetric information. It is the structure and risk management of commercial banks that impact profitability of commercial banks. Structure is a term used to describe the number of banks and size whereas risk management involves managing non-performing loans, capital adequacy ratios and liquidity of banks. Data on a sample of 30 Chinese commercial banks and 26 Pakistan commercial banks is collected for the period of 2004 to 2010 to investigate the impact on commercial banks' profitability of the two independent variables i.e. structure and risk management between China and Pakistan. We use SPSS to estimate the models and compare the results of the two countries.

The empirical results suggest that structure and risk management influence the profitability of banks. This research is useful for policy making and knowledge sharing between the two countries finance researchers.