



**Abstract of Diploma Thesis**

**Analysis of Banking Sector of Bangladesh  
(Central and Commercial Banks)**

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### **Abstract**

The banking industry has been playing an essential role in the growth and development of an economy. The function of the banking sector is to taking of funds from the account of the depositors and to lend the money to the borrowers as well. In this dissertation, the researcher has highlighted the role of the banking industry of Bangladesh in the country's economy. In this context, the researcher has developed five set of objectives, which would be addressed throughout the paper. In order to derive the conclusion, the researcher would conduct both the quantitative and the qualitative analysis. For successfully accomplish the quantitative research, this project paper is a shot to supply of the performance of the Banking Sector of Bangladesh over 10 years (2007-20016) amount. The paper includes analysis of knowledge for 10 years concerning branch enlargement, deposit assortment, loan readying, productivity, profitability, restrictive necessities etc. During this study, the researcher applied financial ratios like profitability ratio, investment ratio, and capital market ratios of Bangladesh Bank as central bank of Bangladesh and another 3 banks performance. The data is collected from the annual report of different banks to check the efficiency. This analysis and evaluation is trying to provide with appropriate information to measure the performance of the overall banking sector of our country.

**Key words:** Financial institutions, Loans, Capital, Rate of interest, Primary qualitative research, Secondary quantitative research etc.

### **Objectives**

The research objectives of the paper are highlighted in the following, with which the researcher can derive the conclusion of the study.

- In order to review the implemented reform policies so that the implication of the reform policies on the banking operations of Bangladesh can be measured.

- In order to measure the effect of the financial performance of the banking processes both before as well as after the reform implementation. In this context, how the reform policies improve the performance can also be analysed.
- In order to recognize the limitations of the Bangladesh banking industry and therefore, propose the recommendations for the purpose of better performance of the banking sector.
- As a result, the operation of the Bangladesh banking industry can be improved by minimizing the loopholes and other shortcomings.
- In order to find out the role of the banking industry of Bangladesh on the economy of the country. Therefore, the contribution of the Bangladesh banking industry in the GDP growth of the economy would be analysed.
- In order to determine the impact of micro-financing on the economy of Bangladesh. As a result, the impact of Micro financing of Bangladesh on rural people of the country can be identified.

### **Research Questions**

The research questions of the paper are:

- What are the major reform policies of the banking sector of Bangladesh?
- What is the effect of the financial performance of the banking sector both before and after? The reform implementation?
- What are the limitations of the Bangladesh banking industry and what are the recommendations for mitigating the loopholes?
- What is the impact of Bangladesh banking industry on the economy of the country?

### **Main Methodology**

The research will be quantitative in nature. The review of the topic is based on a critical review of secondary data. The same will be collected from annual reports, journals, and publications of commercial banks of Bangladesh. Furthermore, information gathered from various department's databases is used to complement the existing literature to enrich the secondary published data to reach a conclusion. The thesis has covered the pre-reform stage to post-reform stage and its impact on the current performance of the commercial banking sector of Bangladesh. For the purpose of

the research, I have included the period from 1985 to 1990 as a pre-reform stage, and then 1990 to 2011 as a post-reform stage.

The data is collected from Bangladesh Bank as the central bank, Dutch Bangla Bank Ltd., Commercial Bank of Ceylon PLC and BRAC Bank. The qualitative data to be used in the study comprises deposit growth, capital growth, loans advances, profitability, liquidity, credit growth etc. to analyse the financial performance of the banks. Thereby, the performance of the banks during the pre-reform stage and post-reform stage is analysed and evaluated to reach a conclusion with recommendations for better performance based on the existing reforms. The research will also take into consideration various reform measures taken so far and any problem areas that the banking sector needs to concentrate on.

### **Conclusion:**

After the analysis, it can be observed that the NPL rate of the commercial bank is high, which would have a negative effect on their performance level. As a result, the government of the country requires to improve the infrastructure of the reform policies and effective steps have to be taken against defaulters. Also, the interest rate is not in a good percentage that can attract customers to make a big volume of deposit. Government should focus in this sector to increase the interest rate. Also, commercial banks can have a separate section to analyse the financial statement of the bank to know the financial status as liquidity, profitability and other ratios. This study also suggests to concentrate on loan rescheduling and focus on risk management and internal control. Therefore, it can be recommended that the people from the rural areas require to take loans from the private banks. On the other hand, the people with a per day lower wage rate less than Rs. 2 would be eligible to take loans or would borrow money from the Grameen banks. In this context, the government also requires to increase the awareness of the people.

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