

Report On  
**The Impact of Covid-19 on the Investment Decisions of the  
Investors in Dhaka Stock Exchange**

By

Talash Bin Taher  
18104253

An internship report submitted to the Brac Business School in partial fulfillment of the  
requirements for the degree of  
Bachelor in Business Administration

Brac Business School  
Brac University  
June 2022

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

**Student's Full Name & Signature:**

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**TALASH BIN TAHER**

18104253

**Supervisor's Full Name & Signature:**

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**Sang H Lee**

Professor and Dean, Brac Business School

Brac University

## Letter of transmittal

22<sup>nd</sup> May, 2022

Sang H Lee

Professor and Dean

BRAC Business School

BRAC University

Subject: Internship report on “The Impact of Covid-19 on the Investment Decisions of The Investors in Dhaka Stock Exchange”

Dear Sir,

It is my honor to submit you my internship report on the impact of Covid-19 on the Investment Decisions of The Investors in Dhaka Stock Exchange. This report is prepared based on my three months long internship period in LankaBangla Securities.

The internship report is the final part of the requirement for the completion of the Bachelors of Business Administration (BBA) degree under BRAC Business School of BRAC University. The internship gave an insight on the capital market of Bangladesh. I have implemented my knowledge and best efforts to prepare this internship report. It was as exciting as important to be a part of this learning experience within the Business Development Department of LankaBangla Securities Ltd as an intern.

I am grateful to you for dedicating your valuable time, expertise, guidance and support. I have tried my best to complete the report as per the internship guidelines and standards of BRAC University.

Thank you

Sincerely yours,

Talash Bin Taher

ID-18104253

BRAC Business School

BRAC University

## Acknowledgement

I would like to express my gratitude to my honorable supervisor Mr. Sang H Lee, Professor & Dean of BRAC Business School, BRAC University, who has helped me regarding the research I have conducted and written in the report. He has assisted me through the whole process of making this internship reports and also helped me to understand the report topics thoroughly. I am equally thankful to my co-supervisor Mr. Mohammad Mujibul Haque, Professor & Associate Dean of Brac Business School, Brac University, who provided the required support and response to my queries in constructing this report.

It has been one of the best experiences to work and learn as an intern under LankaBangla Securities Ltd which is the no.1 stock broker in Bangladesh. I would like to express my gratitude towards LankaBangla Securities Ltd for giving me this opportunity to work as an intern. I am also thankful to the organization for allowing me to gather information and assisting me in every possible way throughout this internship period.

My endless thanks to Mr. Md Khandoker Saffat Reza, CEO of LankaBangla Securities Ltd, for creating this dynamic internship program for university students. I would like to thank the supporting and creative team members of Business Development department of LankaBangla Securities Ltd, especially my on-site supervisor Mr. Md Touhidur Rahman Miad, Operation Manager of LBSL(Principal Branch), assisting me and giving me the opportunity to learn about organizational culture and procedural practices of LankaBangla Securities Ltd.

Lastly, my sincere gratitude towards BRAC University for having an internship program for the students of BRAC Business School which truly shapes and prepared us for the corporate world.

## Executive Summary

LankaBangla Securities Ltd, as one of the subsidiaries of LankaBangla Finance Ltd strives on building a better environment within the stock market of Bangladesh. With the internship program, it aimed to teach and educated the fresh talents of Bangladesh to learn more about the stock market and provided the opportunity to be a part of it. Not only this, the reflection of corporate culture was of prime importance by the organization. LankaBangla is ever contributing to the capital market by bringing in talented individuals to serve the market, providing ease of doing business and creating incentives to current and potential investors of Bangladesh. With its advanced technology, LBSL encouraged the importance of technical analysis with one of its best platforms known as LankaBD portal which is open to all and very easy to use. The report focuses on the organization in concern as a medium of Capital market and the behavioral finance of the investors. The report is divided into three chapters as per the BRAC University internship report guideline and standard. The first chapter is the overview of the internship. This part portrays the information regarding the internship of the student, along with the outcomes of the internship such as student's contribution to the company, benefits that student experienced, difficulties faced by the students during their internship period and recommendation toward the internship program. The second chapter is the organization part. This part portrays the overview of LankaBangla Securities Ltd along with the marketing practices, management's practices, accounting practices, operation management and information system practices. Also, includes the analysis regarding the industry and competitiveness. Finally, the third chapter is the project part of the internship report. This part contains that main analysis aspects of the report. This includes the objective of the report, background, methodology, finding and analysis, and recommendation/implementation based on the Impact of Covid-19 in the capital market of Bangladesh and its individual investors.

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# Chapter 1

## 1.1 Student Information

Name: Talash Bin Taher

ID: 18104253

Program: Bachelors of Business Administration (BBA)

Major: Finance

Minor: Marketing

## 1.2 Internship Information

### 1.2.1 Period, Company Name, Department/Division, Address

My internship period at LankaBangla Securities Ltd is for 3 months. So, the agreed-upon internship period is 1<sup>st</sup> February 2022 till 30<sup>th</sup> April 2022. The Company name is LankaBangla Securities Ltd (LBSL) which is a brokerage house and a subsidiary of LankaBangla Finance. I am currently assigned as an intern in the company's Business Development Department. My on-site work location is at the principal branch of LBSL.

The principal branch address is:

City Centre (13th Floor), 90/1 Motijheel Dhaka – 1000

Phone : +880-2-55110940-3

Fax : +880-2-55110944

Email: [elahi@lbsbd.com](mailto:elahi@lbsbd.com)

### 1.2.2 Internship Company Supervisor's Information: Name and Position

My supervisor for my internship period at LBSL is Md. Touhidur Rahman Miad. He is the current Operation Manager of the Principal branch of LBSL.

### 1.2.3 Job Scope – Job Description/Duties/Responsibilities

My responsibilities as an intern in the Business Development Department at LBSL are focused on honing skills in different areas. The duties are as follows:

- Regular research on the capital market (Dhaka Stock Exchange)
- Trading as per clients' instructions

- Practicing different functions in the OMS (New live trading software for LBSL)
- IPO Subscription
- Account opening
- BO Account modify
- Online trading support through unlocking profiles and generating passwords for Trade Xpress (Trade Xpress is the mobile app developed by LBSL for mobile trading)
- Being available to the clients during the trading hour to make buy/sell/modify the order.
- Cross Checking Account holder information before uploading data in iBroker (Cloud platform for account information database)

### 1.3 Internship Outcomes

#### 1.3.1 Student's contribution to the company

The capital market is a very lucrative spot for business. My internship experience till now can be said dynamic. The reason is because of my involvement in different works of different departments getting to learn new things with time. So, my contributions till now are:

- Market analysis and escalation of news and market information to the active traders.
- Assisting in setting up the desired format to trade in the OMS.
- Serving two clients regularly through actively generating orders and modifying/canceling them.
- Scrutinizing account information before submitting it online.
- Serving in the customer service department by providing new client codes and informing the BMS(BO Management System) on relevant changes/updates.
- Modifying account through the CDBL portal and making confirmation in the BOE portal of LBSL.
- Working within another Branch (A.A Bhaban) for two days to modify 150+ BO accounts and make required changes.
- Submitting CSE report.
- Making a report on the update of negative balance accounts daily.
- Receiving calls from different clients and completing their orders regular

ly.

- Make basket order (pre-order) one day before the actual trade begins.

- Cross-checking filled-up account books and then informing the recommended changes to be made.

### 1.3.2 Benefits to the student

My benefits till now due to this internship are numerous and noteworthy. It helped me learn a lot of things considering this to be my maiden first-hand work experience in a corporate firm. It not only helped me build myself professionally by syncing my academic knowledge with the practical job functions but also helped me develop personally in terms of dedication, punctuality, and corporate etiquette that can be used in normal conversation to ensure productivity. As an intern, I couldn't be happier about my experience and the pros till now. The specific benefits of my internship are:

- Gave me a basic idea of the Capital Market of Bangladesh which is favorably relevant to my major.
- The job environment is the biggest benefit for me. The supervisor and every other individual in the firm are very friendly and helpful.
- Helped me get knowledge and expertise on the modern complex software used for trading.
- Improved my number typing skill which is a very important one to ensure efficiency.
- Helped me get familiar with the corporate culture in the context of Bangladesh.
- Helped me collect individual information of corporate clients and investors to open accounts.
- Gave a valuable insight into how one should expect life to be as a middleman in the Bangladeshi Capital Market which is very helpful for me to make future decisions.
- Gave much-needed illustration of how to deal with clients and bring funds.
- Improved my communication skills and built a good relationship with clients where such nature of skills is important for Marketing which is my minor.

As an intern, I expect that these root-level lessons will help me a lot ahead in my career and my ambition and this is where I realize my ultimate benefit.

### 1.3.3 Problems/Difficulties (faced during internship)

In fair words, the number of problems I faced in my internship is few. Regardless, there are some cons which are in almost every work/job we pursue and there is nothing called a perfect job. Keeping this in mind, the problems I faced are:

- The job nature of a trader in Bangladesh is very complicated. Here, the "the client is always right" phrase is often misused, and there is not much to do. A client with a good portfolio has a lot of power over the service providers.
- There is no room for mistakes. Learning in such a rigid environment can be stressful for any beginner.
- The overall mood and condition of the employees heavily depend on the Stock market, which is a volatile one and also slow in terms of Bangladesh.

#### 1.3.4 Recommendations

The internship program of LankaBangla Securities is excellent overall in my opinion. And yet, there are some recommendations I provide for a better experience for both the future interns and the company itself. Firstly, it would be really helpful if the interns are given training on trading and the new software features so that they are better prepared to learn more along the way. Secondly, more knowledge on investment tactics and decisions should also be given to the interns because if they are to be permanent employees, they must think like an investor to make clients and bring funds. Finally, LBSL can arrange a weekly review with the interns, discuss their experiences, and put them to test the things they learn each week.

This addition to the internship program can be fruitful. Meanwhile, I proudly support the notion that the Internship Program of LBSL is up to the standard and helpful for ambitious rookies.

## Chapter 2

### 2.1 Introduction

LankaBangla Securities Ltd was initiated in the year 1997 through a license approved by Bangladesh Bank to be one of the most popular multinational joint-venture financial institutions (LankaBangla Securities, 2022). It is a subsidiary of the parent company LankaBangla which functions fully as a brokerage house. For a long since LankaBangla Securities Ltd is the leading in terms of performance compared to other brokerage houses in Bangladesh.

In terms of financial transparency, LankaBangla has received an award on a national level from the Institute of Chartered Accountants of Bangladesh (ICAB) for Best Published Accounts and Reports (LankaBangla Securities, 2022). In terms of ethics, competence, and sustainability LankaBangla has anchored itself as one of the best financial services in the country. There are

also other subsidiaries of LankaBangla but the brokerage house is a very well-performing and well-known service within the LankaBangla universe.

## 2.2 Overview of the company

LankaBangla Securities Ltd started as Vanik Bangladesh Securities Ltd in its initial year and its functions and services were limited within Chittagong Stock Exchange (CSE) (LankaBangla Family, 2022). It took them only a year to be introduced to the Dhaka Stock Exchange. And right after some years, in the year 2005, it went through a major restructuring of the company and rebranded itself as LankaBangla Securities which is a familiar name within the finance sector of Bangladesh.

### **Vision**

LankaBangla Securities Ltd has a strong vision to become the most efficient and unique platform for Bangladesh Capital Market by connecting people globally to derive the benefit of the underlying economic growth of the country (LankaBangla Securities, n.d.).

### **Mission**

- Cost-effective and efficient brokerage platform.
- Build a trust-based relationship with clients.
- Hub of International Investment.
- Uphold the integrity of the Capital Market
- Research and Analysis
- Continuous process improvement
- One-stop service with state-of-the-art technology

### **Core Values**

The pillar of LankaBangla Group is its core values. It is a value-driven company that strictly adheres to the code of conduct invariably (LankaBangla Finance, n.d.). The guiding principles make LankaBangla what it is today:

- Personal Responsibilities
  - ✓ Establish ethical practices for example by maintaining integrity and devotion.
  - ✓ To protect and flourish the reputation and dignity of the company.
  - ✓ Adapt to acts that provide excellent output by maintaining the top standard.
  - ✓ Being the ambassador for the company.

- Workplace Responsibilities
  - ✓ Treating other members of the company with dignity.
  - ✓ Bolster the diversified and equitable recruitment process of the company.
  - ✓ Ensure a positive work environment.
  - ✓ Do not engage in any side business with rivals/potential competitors.
  - ✓ Maintaining a cost-efficient financial record with the highest accuracy.
  - ✓ Maintain compliance within reporting and operational activities.
  - ✓ Protect the asset and properties that belong to the company.
- Marketplace Responsibilities
  - ✓ Act responsibly and tread carefully with any kind of clients and business partners.
  - ✓ Maintain strict protection of customer data and privacy.
  - ✓ Make honest statements and be transparent about the company's products & services.
  - ✓ Gather relevant intelligence correctly and ethically
- Corporate Citizenship
  - ✓ Ensure contribution to society by supporting all the communities.
  - ✓ Ensuring the safety of the environment.
  - ✓ Maintain cooperation with the government and always be responsive to the general public.

### **Strategic Objectives**

LankaBangla is very clear and specific in its strategic objectives (LankaBangla Finance, 2022)

- Diversifying Portfolio with sustainable innovation.
- Creating convenience for customers.
- People are the business.
- Create a sustainable brand.

#### **2.2.1 Business Overview**

LankaBangla Securities Ltd is a service-based company mainly as it is a brokerage house. There are 16 branches all over the country including Cumilla, Feni, Chattogram, Barisal, and Sylhet (LankaBangla Securities, 2021). The principal branch is in Motijheel City Center along with its corporate office branch.

### 2.2.2 Nature of Business

LankaBangla mainly has service functions but is also advanced in product development. The main functions include live trading client service, app-based platform creation and optimization for clients, account opening and CDBL approval, liaison with a bank for money transactions, daily market analysis, and research. The nature of the business is simple, “Customer is the main priority”. Also, one of the main priorities is to maintain optimization all through the trading platform and the capital market portal which is one of the best in the country.

### 2.2.3 Details of the product and Services

LankaBangla is not only top performing in terms of service but also one of the most popular NBFIs due to its amazing products that have been developed over the years. Their product and services heavily contribute to the Capital Market daily. The products are mainly platform that bolsters the trading facilities and judgment of any particular stock on technical terms.

#### **Brokerage Service**

The main function of LBSL is their brokerage service which is now international (LankaBangla Securities, 2022)

In general, the service includes regular portfolio updates, an opportunity to trade in both CSE and DSE simultaneously, a dedicated Relationship Manager for each client, and execution at the best price. There are services for non-residents and foreign institutional investors also. Non-Residents can trade from any corner of the world and also apply for IPO through an online service. Also, foreign institutional investors can trade from anywhere in the world.

#### **Margin Loan facilities**

LankaBangla Securities provides the opportunity to have margin loans on approved stocks where rigorous assessment is done on eligible items and eligible clients each day. Risk-taking capability and client profile are measured before approving loans.

#### **Trade Xpress**

Trade Xpress by LankaBangla is one of the revolutions of the capital market and the brokerage house itself. It is available on a mobile platform and also on the web where the trade has been made simple and easier with a user-friendly interface. Clients can now trade on both DSE & CSE. The login algorithm and the trading function are very simple so that anyone with an account on LBSL can use them without hassle. The web version is more detailed and is optimal

for advanced users where trading can be done faster than ever. There is also technical analysis available in form of charts, bars, candles, and others. One of the latest and top additions to the company's products, Trade Xpress has become popular rapidly and is now serving thousands of clients.

### **i-Broker**

This platform is one of the most efficient portfolio services offered by LankaBangla (i-Broker, 2022). Here, potential customers can open an account almost instantly where they will get a BO account online, track IPO subscription status, and apply for IPO. There are also other important features like Investment Tax Calculator, Tax Rebate Info, and many more. There is an online payment gateway available if anyone wants to deposit their money online.

### **Market Pulse**

Market Pulse is the monthly publication of the stock market prepared and published by LankaBangla Securities (LB Market Pulse, 2022). Information is accurate and easy to understand. News and analysis are accommodated within the magazine which is simple to the readers yet provides valuable insights.

### **Banik Barta**

Another important newsletter of LankaBangla Securities is the Banik Barta news portal where all the latest relevant information related to the capital market and economy of Bangladesh is available (Banik Barta, 2022). This news portal is heavily customized for the stock markets where the shareholder doesn't have to wander into irrelevant news site to find their desired information.

### **Financial Portal**

Last but not the least, one of the most popular and influential platforms offered in the Capital Market is the financial portal offered by LankaBangla, which is famously known as LankaBangla Portal (LankaBangla Financial Portal, 2022). This portal offers almost all the relevant information required by the investors and traders in the stock market. There is almost all information starting from the index, index movers, Trade Statistics, Gainers & Losers, Daily value & volume, Market map (where all the sectors are displayed individually), and also events calendar within the capital market which includes important announcements, subscription date, General Body Meetings, Record date and the spot market of the listed stock companies. From



this portal, a user can redirect to the technical analysis where the advanced chart and matrix analysis are heavily used. Important information on circuit breakers is also found there. One unique and important feature within the portal is the latest currency rate information which is very useful for non-resident and foreign investors. The money market and Economic Indicator are other important features that are significant in the international domain.

## 2.3 Management Practices

### 2.3.1 Organogram of LankaBangla Securities

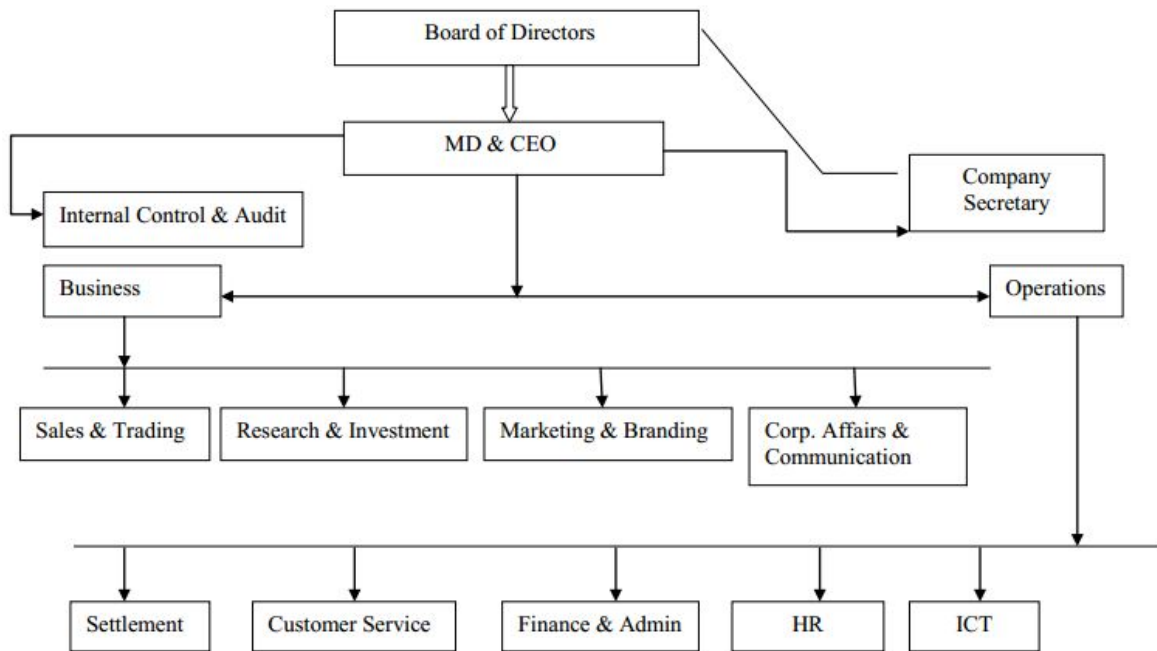


Figure 1: Organogram of LBSL

The Board of directors has:

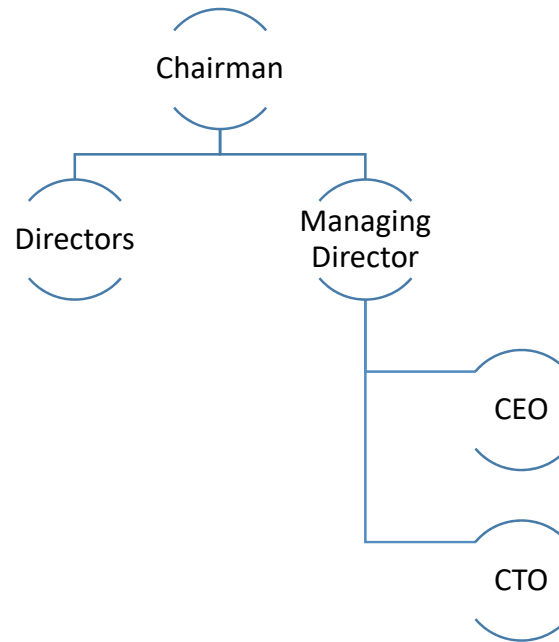
- Chairman
- 4 Directors
- Managing Director
- CEO
- CTO

The CEO and CTO of the company are also the directors of LankaBangla Securities (Board - LBSL, 2022).

And, the Management Team consists of:

- Managing Director
- CEO
- CTO
- Regional Chief
- Head of Operations

### 2.3.2 Organizational Hierarchy of LankaBangla Securities Ltd



*Figure 2: Hierarchy of LSBL*

### 2.3.3 Leadership Style of LankaBangla Securities Ltd

The leadership method in LBSL is very effective and necessary in terms of the nature of business. LBSL follows **a participative leadership** style in maintaining the operations and making key decisions of the Organization.

The business of a brokerage house mainly relies on client service and funding. Trade execution is of priority and for that, each employee is of the highest value as they are serving the clients with funds. One major change in such an organization can affect clients of different nature. That is why, to make major decisions, all kinds of perspectives are required and a large chunk of information needs to be extracted. To make such efforts possible, the leadership method is participative where everyone is involved in the decision-making process. Although, the management has the final say in such matters participation is ensured.

In LankaBangla Securities, a daily meeting is held where market information is shared and employees and managers from each branch must participate in this daily online meeting where they share their regular experiences with the company product and client services. For example, the recent launch of the Trade Xpress trading app has created confusion within the clients of LBSL as it was a new technology to them. To make it clear for the clients, a meeting has been held with 80 members to discuss what steps should be taken to make the user interface simpler. Employees from all branches responded and shared their ideas for coming to a good conclusion and acting upon it. Also, the OMS through which the traders trade in desktop had many bugs initially. A daily meeting for a week was held especially for this matter and all kinds of suggestions were taken into optimizing the software for the next version update. LBSL employees have one key aim to bring new clients and generate a good amount of funds. This very function is not only important and executed by the general executives but also the top officials. The reason is each client matters and every transaction is important here in LBSL. So, in the decision-making process, participative leadership is the optimal way to ensure better solutions.

In my opinion, the pros and cons of participative leadership in LBSL are as follows:

Pros –

- Job satisfaction is highly increased due to such a method. Everyone feels valued and is encouraged to participate regularly.
- Employee retention is increased as employees feel actively involved in key decisions and can cater to their client's needs.
- Teamwork is ensured as everyone is participating. Information from an individual with a different client base helps to make an optimum solution for all.

Cons –

- This process is indeed time-consuming. This is why a daily meeting is ensured so that each day a little portion of time is required to decide on weekly updates.
- The management has to deal with indecision sometimes because opinions from different individuals contradict and coming to a final decision becomes as hard as it gets.

#### 2.3.4 Human Resource Planning Process

The HR department, apart from supervising and maintaining the current workforce, mainly focuses on recruiting new employees and is primarily concerned with the employment cycle. It focuses on the benefits and compensation provided to the employees depending on their qualifications/performances. The whole functional process of hiring and exit interview in LBSL is given below:

- **Joining Procedure:** The joining of an employee is ensured through the collection of joining documents, verifying and cross-checking them. Some documents and formalities fulfill the "Know your employee" criteria which are in the KPE form, nominee form, and gratuity form.
- **Confirmation procedure:** This is for the employees who are on a probation period. After successful completion of the probation term and the positive evaluation form provided by the line manager, the HR department works out the confirmation procedure for that particular employee.
- **Appraisal procedure:** This part of the process is a critical one. A monthly report from the line manager is taken and performance is critically analyzed. Here, the client fund and the number of transactions determine benefits and bonuses for individual employees. There are different key indicators for appraisal in LBSL which includes fund collection, number of trades, the value of trade, CTC, compliance, and so on.
- **Transfer:** The transfer is determined based on two things – Clients and Performance. Also, there are two types of transfer – One is location wise and the other is department wise. HR closely works with branch managers and Chief officials to make the final decision on any type of transfer or new roles.
- **Outsource Employees:** This is one important procedure in the LBSL HR dept. Some traders work under contractual agreements for a while where they generate favorable funds and transactions through their clients.
- **Fraud:** Any type of fraud or unacceptable conduct is reviewed by the HR department which investigates different matters to conclude.
- **Resignation:** The HR department carries out the responsibility of resignation from both ends. One that comes from the employee itself and the other being department decisions.
- **Final Settlement:** This procedure clears out all the obligations mentioned in the joining and confirmation terms.

## 2.4 Marketing Practices

### 2.4.1 Marketing Strategy

LankaBangla Securities Ltd has been the No.1 brokerage firm in Bangladesh for almost 16 years. So, their marketing strategy is heavily based on their business heritage. With that being said, the reputation of the parent company (LankaBangla Finance) is also used wisely in terms of promoting the business. Another key strategy includes the promotion of products and services. A margin loan is provided to the clients which is an important feature introduced in LBSL. The market analysis done in a financial portal of LankaBangla is one of the best marketing strategies for any potential customer to be aware and interested in LankaBangla Securities. The monthly magazine "Market Pulse" is widely popular in the stock market domain which helps attract new customers and be a part of LBSL. Content marketing is very important in terms of the financial portal and the monthly magazine publication. The news portal is also used to make everyone aware of the stock market. Because to be a part of LBSL, one needs to know and be adequately interested in the stock market. Another strategy would be the daily blog of LankaBangla Securities where stock price information and market update are given in a single article. These types of initiatives encourage customer engagement. Finally, awareness programs and seminars on the stock market are held occasionally to make the business and the market reach as many people as possible.

### 2.4.2 Target Customers, Targeting & Positioning Strategy

The target customers would be the business individuals with good funds and government officials who can deposit their earnings and provident fund into the stock market for a higher return. The brand is thus based on the key essence of reliability and simplicity in terms of positioning itself. They also reflect immediate service and provide solutions to clients. The company culture is formal considering the age range of the customers. The average age range of target customers would be 35-65.

### 2.4.3 Marketing Channels

For both products and services, the channel of marketing is highly based on word of mouth. The stock market is something where you ask your client to invest their own hard-earned money. Lucrative ads or app features will never be enough to build that credibility and trust among potential customers. Hence, the experience of current customers matters the most. Their impression of the company determines the possibility of having new clients. Another channel is the active effort of traders to introduce new clients to the company. The company has other incentives for employees who bring in new clients and businesses. So, it is often noticed that

the traders are actively selling their products and services to the general public to engage new customers and new participants in the capital market. Finally, a recently important channel for the past 5-6 years is the social media platform. The products and services along with other CSR activities are highlighted online so that awareness and desire are created among the potential customers.

#### 2.4.3 New product development

LankaBangla Securities is actively involved in new product development and their promotion in increasing the market share by bringing in new clients. The new product development is the Trade Xpress for both desktop and mobile. It is being heavily marketed within the capital market and also on social platforms like Facebook and LinkedIn. The features and simplicity of the app are displayed in short videos and also user manual is provided through video so that customers understand it and have interest in it.

#### 2.4.4 Branding Activities

The branding mainly relies on the parent company LankaBangla Finance. Also, the reputation of the brokerage house itself is very high considering it to be the no.1 in the country for so many years. Different types of sports and charity are sponsored by LankaBangla Securities where they establish a strong brand reputation by being an active part and contributing to the society.

#### 2.4.5 Advertising and Promotion Strategies

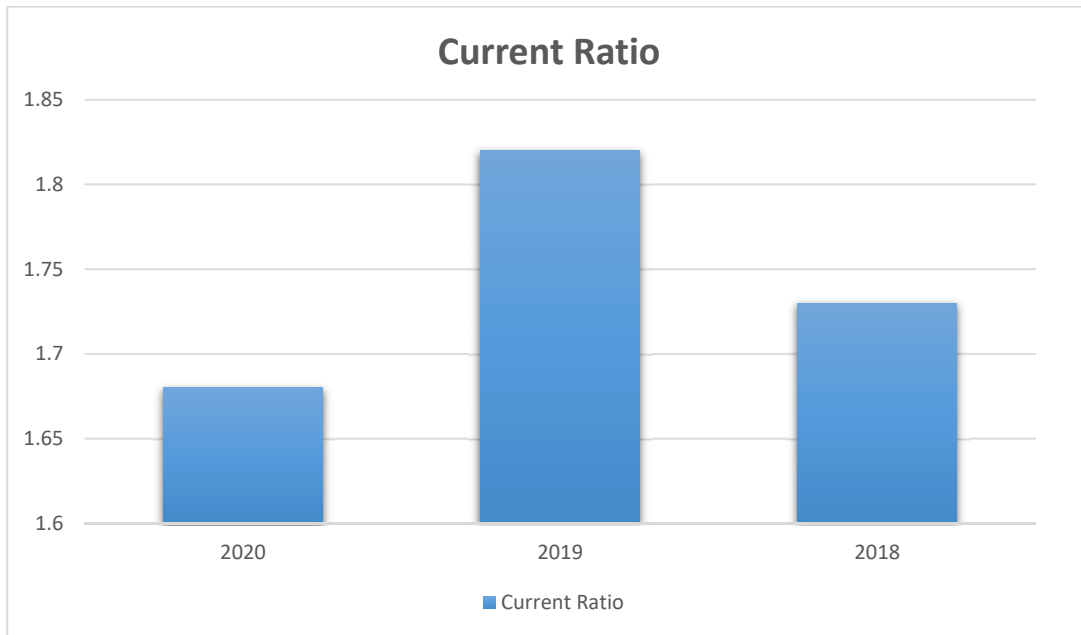
The social media platform is mainly used to advertise externally. Different types of occasions and seminars are shared within the platform to create customer engagement. All types of new products, services, changes within the company, and recreational events are shared through Facebook & LinkedIn. One of the prime reasons is that online trading has become the new thing within the capital market which will introduce young individuals as investors and will also ensure the online presence of the company in a good way.

### 2.5 Financial Performance and Accounting Practices

#### 2.5.1 Financial Performance

The financial performance is based on a ratio calculation that measures performance in terms of liquidity, profitability, leverage, efficiency, and market value of LankaBangla Securities Ltd. The annual reports have been collected from LankaBangla Website and the calculations were done in excel (LankaBangla Finance, 2022). The fiscal year 2020, 2019, and 2018 were taken for analysis respectively.

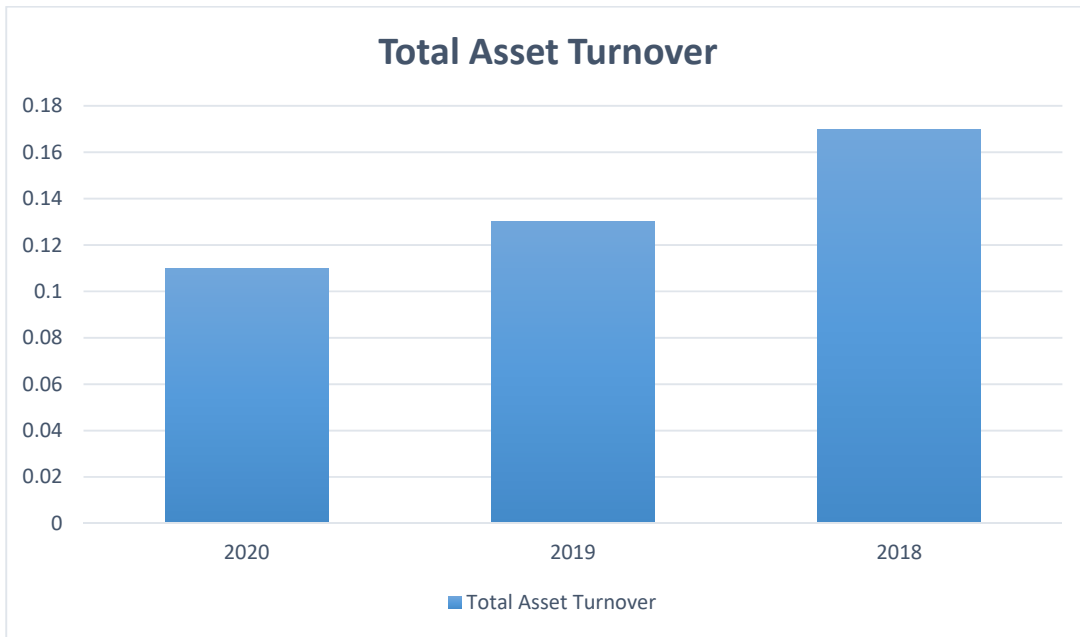
### Current Ratio



*Figure 3: Current Ratio*

Here, we can see that the current ratio for the year 2018 was 1.73 which took a favorable rise up to 1.82 in the year 2019 and then again fell back to 1.68 in 2020. In terms of the industry average and also considering the pandemic period, the current ratio here is considered good.

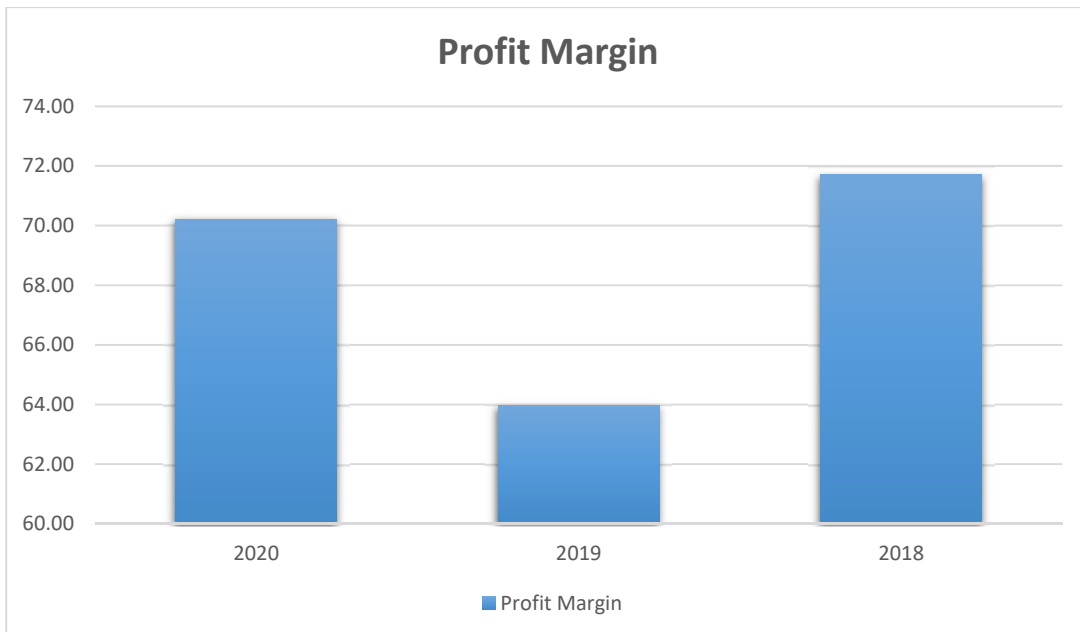
### Total Asset Turnover Ratio



*Figure 4: Total Asset Turnover*

We see a gradual fall in the total turnover ratio as the years passed by where it was 0.17 in 2018, 0.13 in 2019, and the lowest reached 0.11 in 2020.

### Profit Margin



*Figure 5: Profit Margin*



The profit margin was high in 2018 at 71.70 and fell in 2019 to 63.97. The pandemic is one of the major causes of such downfall but within a year the company bounced back to 70.19 as the regular business started in Bangladesh.

### Operating Profit Margin

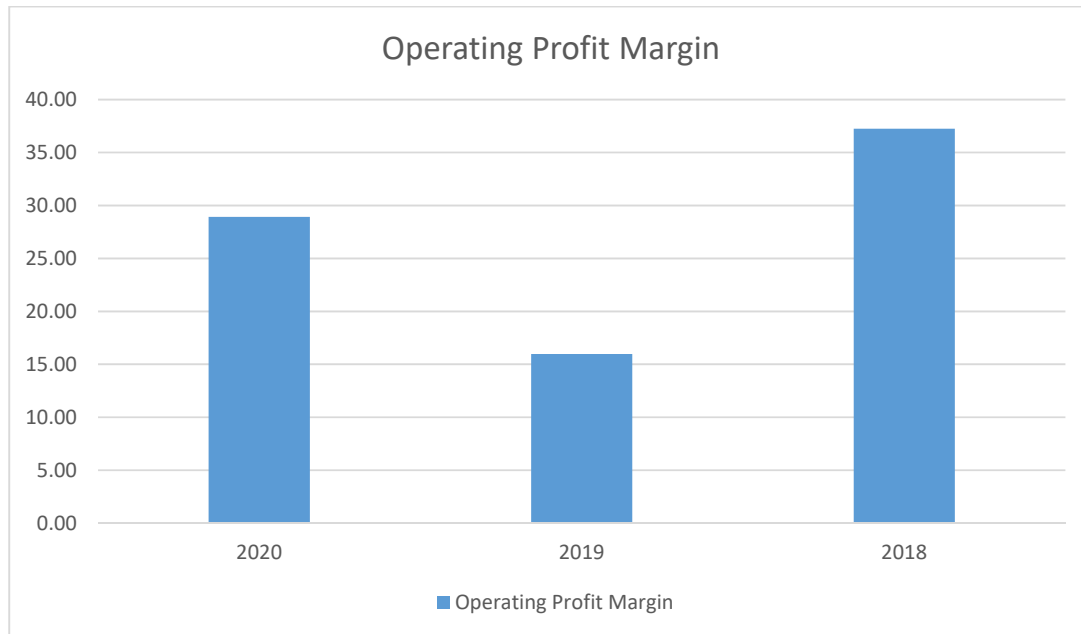
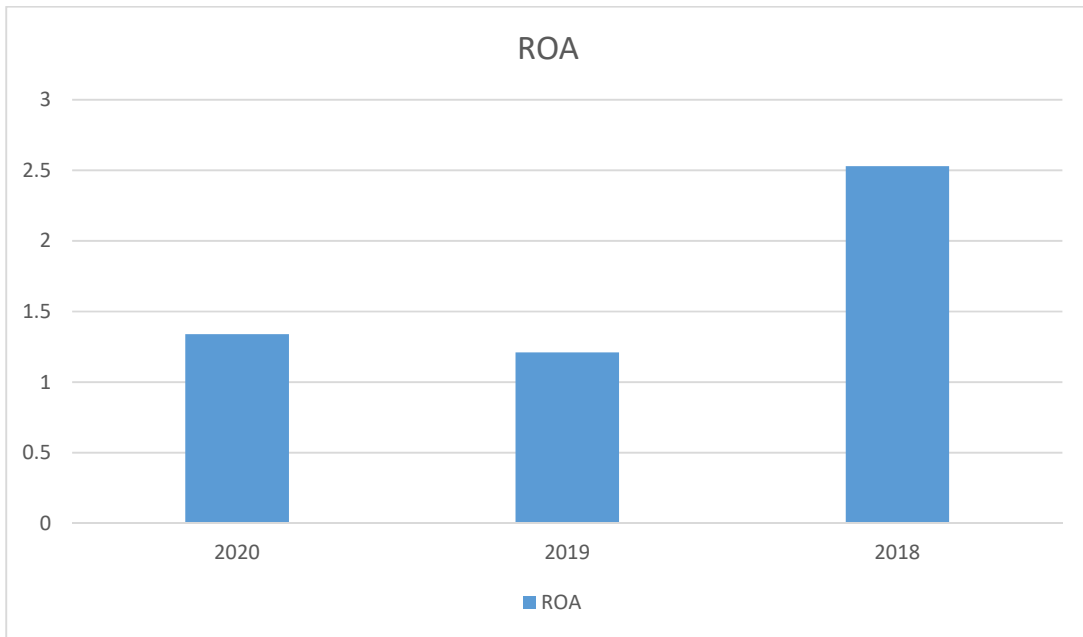


Figure 6: Operating Profit Margin

The operating profit margin figure is similar to the profit margin where it did fall in the year 2019 but got its rhythm back in 2020.

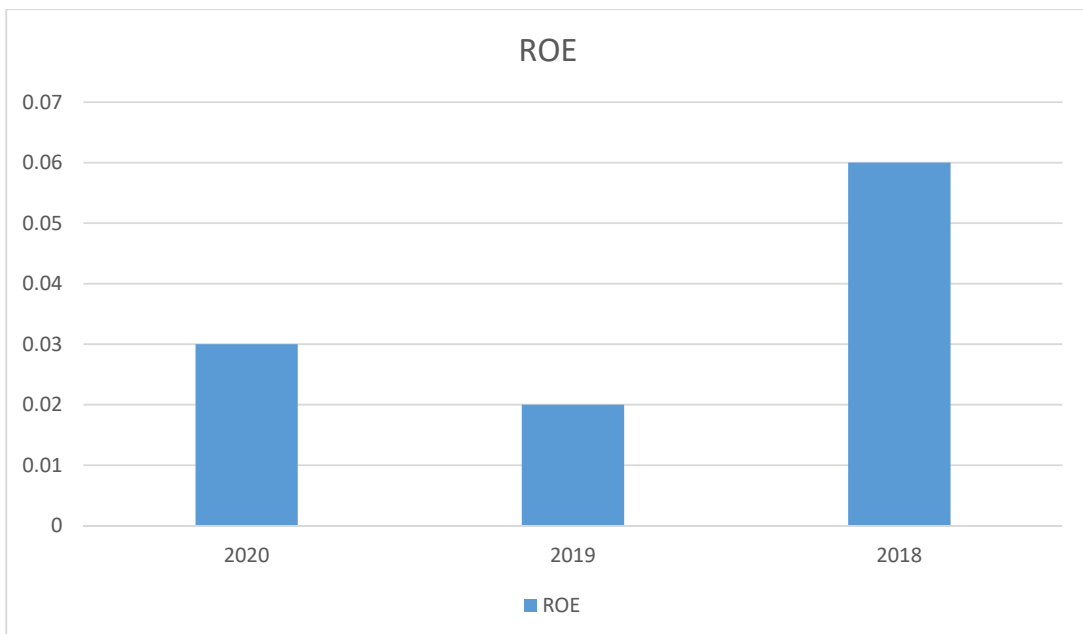
### Return On Assets



*Figure 7: Return on Assets*

The ROA for the year 2018 was 2.53 which was very good compared to the following years where it fell to 1.21 in 2019 and 1.34 in 2020.

### Return On Equity



*Figure 8: Return on Equity*

The return on Equity was 0.06 in the year 2018 which dropped down to 0.02 in 2019 and increased slightly to 0.03 in 2020.

### Debt to Equity Ratio

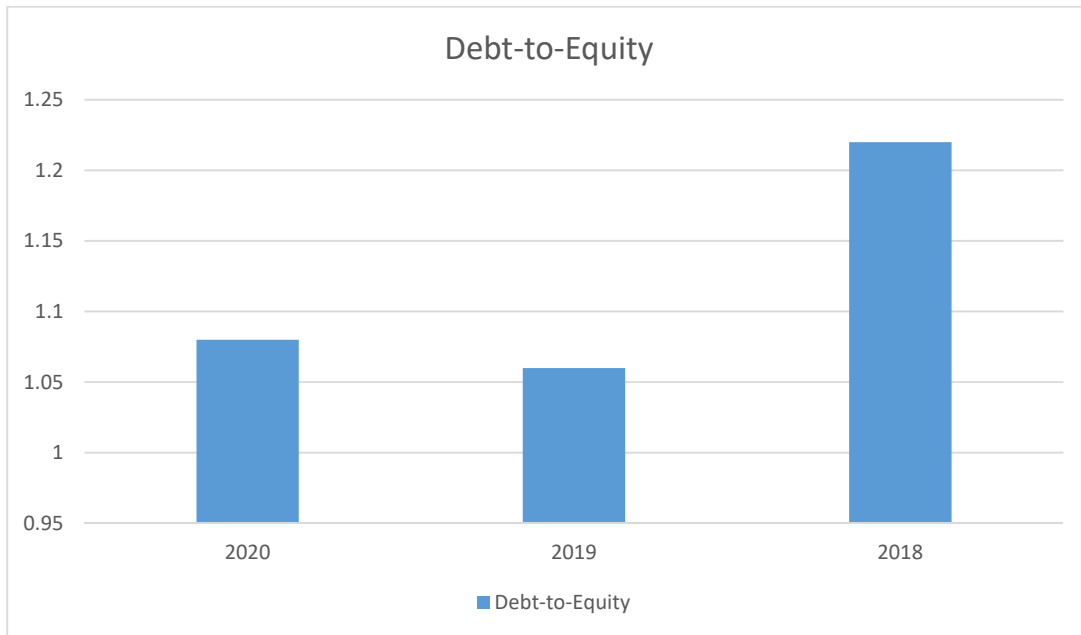


Figure 9: Debt-to-equity ratio

The Financial leverage indicator, the Debt-to-Equity ratio shows that the company had higher financing through borrowing which was 1.22 in 2018, and then fell to 1.06 in 2019 and borrowed slightly more at 1.08 in 2020.

### Earnings Per Share

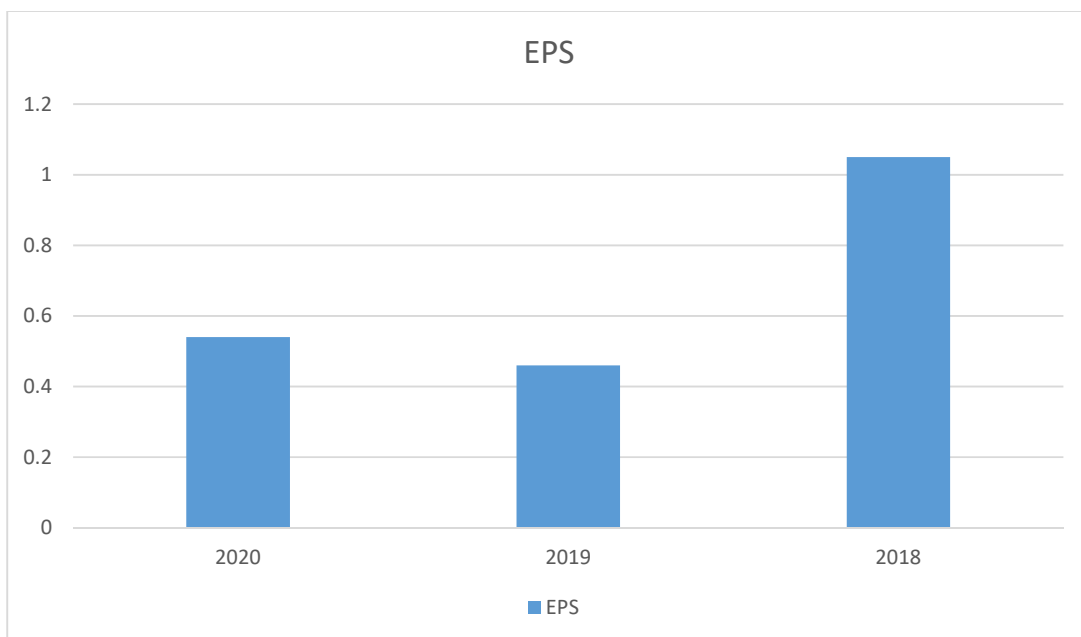


Figure 10: Earnings Per Share

The earnings per share were 1.05 in the year 2018 which dropped downwards to 0.46 in 2019 and slightly increased to 0.54 in 2020.

### 2.5.2 Accounting Practices

- There are two activities in the accounts department in LBSL. They are:
  - a) Branch Activities
  - b) Corporate Finance Activities
- A brokerage firm has the most basic kind of account which is a cash account. It allows clients to buy shares using the money deposited in the account.
- To maintain and record all transactions accurately and comprehensively in a systematic way.
- Investing and capital budgeting includes planning where to place the company's long-term capital assets to generate the highest risk-adjusted returns.
- Deposit the client's money to the bank and provide the requisition slip to the customer.
- Corporate finance is to raise the money that the company needs to operate.
- The primary purpose of corporate finance is to evaluate assets to determine if the company should invest in them.
- To track and manage the asset and decide when it is time to sell the asset, to maximize the return on investment of the asset.

LankaBangla Securities Ltd prepares a financial report by complying with the following :

- Financial Institution Act, 1993
- Financial Reporting Act, 2015
- International Financial Reporting Standards (IFRSs)
- The financial report of LBSL is prepared on the historical cost basis except for land and building which are stated at revalued amount. The depreciation/amortization on fixed assets is done following the IAS 16: Property, Plant, and Equipment. LBSL's Depreciation method is based on a straight-line basis.

### 2.6 Operations Management and Information System Practices

In this digital revolution of recent times, LankaBangla Securities Ltd is very well known to adapt with the technological changes happening around and providing optimized service to the customers. The IT department works relentlessly to make the daily work and information database available at ease. As a joint venture, with the support from Sri-Lankan vendors who

provide IT solutions, LBSL leaps way ahead in the technological competition compared to the other brokerage firms. One of the famous IT vendors is a Sri-Lankan company called DirectFN (DirectFN, 2022). Some of the crucial trading software and database management technology that LBSL provides are:

### 2.6.1 DirectFN Trade Software

This is one of the most crucial and latest desktop software which can be only accessed by the broker of LBSL with appropriate credentials. This is one of the fastest platforms to trade in both CSE & DSE. Previously, the Flex-TP (offered by DSE) was used for a long time to trade until the DirectFN trade came along. The Flex-Tp was fast but it didn't have many features compared to DirectFN trade and also it could only trade in one exchange at a time. So, people who heavily trade in CSE had major problems with this app. Thankfully, the introduction of the new trading software solved a lot of problems. Some of the key features of this software are:

- Trading simultaneously in both CSE & DSE.
- Live index update.
- Order Basket (Save your orders way before the trading hour and then just trade thousands of orders with one click)
- Clear and visible market dept and detail quote.
- SME trading.
- Block Transactions.
- Customizable layout. A trader can customize the whole screen as per his/her preference.
- Super-fast daily client position.
- News and Announcement.
- Historical Chart.
- Order sorting for amending/canceling.
- Customizable watch list (You can create as many watchlists as you want)

### 2.6.2 Trade Xpress

The DirectFN trading software is only meant for brokers. Here, in Trade Xpress, the user interface is very fast simple only for the individual users of the BO Account. This changes the stock market scenario compared to the times when trading was manual. The Trade Xpress has many features for the end consumers:

- Easy to use simple user interface.
- Trading in both the exchanges.
- Buy, Sell, Amend & Cancel options are available.
- Advanced charts and matrix are also available.

### 2.6.3 iBroker

This software system is one of the most crucial features in LBSL. The iBroker helps anyone create an account online easily by providing verified required documents. It is fast, simple and stores thousands of data accurately. Account information can also be modified anytime with the approval of CDBL.

### 2.6.4 BOE (Back Office Enhancement)

Back-office Enhancement is one of the most important IT software for recording data and collecting available information. The accounts department uses it the most. Also, all kinds of account information are stored in BMS, which is also saved in BOE. The client portfolio is also available there, with client ledger reports and branch information. Another crucial function that it offers is the IPO subscription. Users of LBSL accounts apply for IPO through BOE with the help of their agents. The information database system is fast and flawless and is serving the company for years now.

## 2.7 Industry and competitive Analysis

### 2.7.1 Porter's Five Forces

Porter's Five Forces is a strategy that identifies and analyzes five competitive forces that reflect all the traits in every business to determine the strengths and vulnerabilities of a particular company in concern. The five forces are widely used to assess an industry's or market's competitiveness, attractiveness, and profitability.

The Porter's Five Forces within the Capital Market industry are given below:

**Power of Suppliers** – The bargaining power of the suppliers is high because:

- Many brokerage firms offer the same or more amount for similar services. So, there are many choices among institutional investors.
- Some banks work as a supplier who also happens to have brokerage house as a subsidiary. This can result in the high bargaining power of the supplier.

**Power of Customers** – The bargaining power of the customer is very high because:

- The commission rate is the almost same for all the brokerage firms. So, the final service from the company and also the trader is of enormous importance.
- Opening a new BO account in another firm and linking the former portfolio is now easier than before.

**Industry Rivalry** – The competitiveness is slightly high here because:

- There are lots of established and new brokerage firms within the country with a similar commission rate.
- Most investors don't rely on traders for daily trade, so the companies have to go the extra mile to land a client with good funds.
- One huge advantage of LBSL is being the No.1 brokerage firm for years with loyal customers dominating the industry.

**The threat of New Entrants** – The barrier to new entrants is comparatively high because:

- Legal requirements and procedures of CDBL and both of the stock exchanges.
- High entry cost.
- It takes time to grow in a highly volatile market that is existent in the capital market of Bangladesh.

**The Threat of Substitutes** – The threat of substitutes is very low because:

- One still needs to open a BO account in a brokerage house and there is a commission charged on each trade.
- Stock market trading is only available in brokerage houses because banks and other financial institutions don't trade stocks. They do have their portfolio.
- Mutual funds are one substitute for brokerage firms but the profit return is not favorable in terms of Bangladesh. Also, there is more control when one opens an account in a brokerage firm.

### 2.7.2 SWOT Analysis

The SWOT Analysis is one of the most common yet most important analysis tools. It determines a company's Strengths, Weaknesses, Opportunities, and threats domain. The internal environment is represented by the Strength and Weakness whereas the external environment is determined by the Opportunities and Threats. This helps to give a strong overview of the abilities and reach of the company.

### **Strengths –**

- LBSL has been the No.1 brokerage firm in Bangladesh for a considerable amount of time.
- The strong parent company is very popular.
- Strong resources through joint-venture.
- Strong client market share who are also loyal to the company.
- Improved technology with updated software.
- A good number of International Trade compared to competitors.

### **Weaknesses –**

- Heavily depended on the capital market.
- Has to deal with losses while the market is down.
- Rivals are growing substantially. For example – UCB Brokerage.

### **Opportunities –**

- The New DSEX market claims to allow users of the Bkash and Nagad apps to open new BO accounts through their apps. This will ensure new participants in the market and the capital market is expected to grow well with such effect.
- The trade express with some required modifications and updates can increase the number of new clients.

### **Threats –**

- LBSL faces a huge threat from the other growing brokerage firms as they are also having an increased market share.
- The market is volatile and with customers having all of the power, the business is a fragile one. It is hard to land a client but it is very easy to lose one to other firms.
- The projected economic downfall will have a major effect on LBSL as a brokerage firm.

### **Summary and Conclusion**

The overall analysis indicates the contribution of LankaBangla Securities to the stock market by introducing lucrative products and services which make it easier for daily trading and captures new customers. Customer retention is also done through the changes done in the trading method. Now, users have more control over their own invested money and stocks where



they can do the trading themselves. Any investor should not be depended on the trader to complete their trade. They can simply put their order, amend it or even cancel it. Not only this, they can do it at the same time in both the exchanges. These user-friendly technologies provided by LBSL lets the user do trading simply and encourage them in trading more while introducing their peers into the stock market which in turn ensures a higher cash map in the capital market. Furthermore, the service delivered by the accounts department and the traders for each investor is also of value. Here at LBSL, each client is given top service with full attention. They can call at any time of the trading hour and make their desired orders and ask for their daily position. They can also have their portfolio mailed immediately at request. Usually, a brokerage firm like LBSL goes into a rush-hour while trading but the main service lies through serving under pressure.

LankaBangla Securities is also very well known for their accurate market analysis which is helpful for the clients to make better decisions. The financial portal is so efficient and successful that even clients from other brokerage houses use it to analyze their stocks and the market. There are monthly seminars held and also awareness programs are conducted for the clients where they can join such sessions and have in-depth analysis and knowledge of the capital market to make better decisions.

One of the key cons of LBSL is the volatile market of Bangladesh. Also, the historical scams in 2010 and before have been one major reason why many people hesitate to invest in the capital market. Firms like LBSL and such take extreme measures in marketing the capital market so that more investors are encouraged. The capital market also has become very standard and will grow further as new regulations came in. Still, such a regulatory body cannot reach investors on its own. So, LankaBangla Securities play a huge part in increasing the trade value and number of trades within this industry through optimum service and excellent technology.

### Chapter 3

## The Impact of Covid-19 On the Investment Decisions of The Investors in Dhaka Stock Exchange

### 3.1 Introduction

To find a direct relationship between the Covid-19 pandemic and the behavioral finance of the Bangladesh Capital Market, the background of the Capital Market is of significant value. In 2019, almost all the industry was affected by the pandemic. The capital market was no exception. The capital market is mainly driven by the buy/sell decisions of the investors and their psychology. Indeed, the performance of a listed company is one of the main market drivers, yet, due to many decisions from an external source or the forecasted downfall/up-trend of the market, the capital market is vastly volatile due to investor expectations and decisions. Since 2010, the leading indicator of the market bubble was the new BO account registrations that changed the whole scenario of the stock market (The Financial Express, 2017). After that, the stock market crash due to a lack of transparency within the market created a negative impression on the general public of Bangladesh. So, it is very important to establish and analyze the relationship between the investor's decision and external news.

We also know that, among many factors affecting the economy of a country, more specifically the capital market, the investor emotions and decisions are one of the crucial factors that impact the economy. Rational Actor Theory (RAT) assumes that investors mostly act rationally where they maximize their advantage when possible and minimize their risks under difficult situations (Investopedia, 2022). In contrast, this seldom happens. The main cause is the buyer's emotion which we will refer to behavior bias in this chapter. In this part of analysis, our key aim is to find a direct relationship between the Covid-19 period and the buying behavior of the investors in Bangladesh capital market.

### 3.2 Background

The capital market of Bangladesh is prone to various biases that make up the market we know so much more volatile than it should be. The 2010-11 period of the share market is considered to be a scam as the capital market was highly unstable within that duration. Both DSE & CSE suffered from uncertain changes and unstable trends. In 2009, the market was highly positive as it rose to 62% approximately, much higher in 2010 at 83% but then faced a shocking decline of 10% in the first month of 2011 and further went down by 30% in the following month. This stock market crash became viral as one of the biggest scams and government failures in the Bangladesh Capital Market (Wikipedia, 2011). Most recently, we have seen a downfall within the stock market for no valid reason. One external event was about to cause such a downfall in the market that the regulatory body had no choice but to set the circuit breaker to 2% for some stocks to maintain the stability artificially. The answer to why the investors made almost all

the stock buyer-less is because of the Russian invasion of Ukraine. The war is still active but not too intense to affect any national business of the listed companies. The figures and the performance of those stocks were analyzed and no drastic changes were found except the fact that their company value went down due to investor insecurities. The flagship index

DSEX decreased to 114 points within 1 and half hours (Business Insider BD, 2022). The investor bias is so influential that the regulatory body needs to interfere to maintain the stock market stability. The study of such behavior and the solution to them is very much necessary because the impression of the stock market is still negative among Bangladeshi nationals. One of the biggest examples is how banks shy away from investment in the capital market even after being instructed by Bangladesh Bank. Banks are suggested to build up a stable and investment-friendly capital market (Business Insider Bangladesh, 2022)

### 3.3 Objective

#### 3.3.1 Broad Objective

A broad objective defines the ultimate goal for all sorts of studies. The question of why the study is being carried out is answered through the broad objective statement. The broad objective of this report is:

To find a direct relationship of Covid-19 pandemic and the behavioral finance of the Bangladesh Capital Market

#### 3.2.2 Specific Objective

For better understanding, the study should be divided into a few specific objectives for clarity. They are:

- Understanding the basics of the Capital market and its types.
- Scrutinizing the market condition during the peak pandemic period to understand the influence of Covid-19.
- To establish a relationship between buying behavior and pandemic.
- To make a descriptive analysis so that the study is informative.
- To generate interest within the reader towards Capital Market as a result of reading through the report.
- To create awareness among current and potential investors for the general benefit.

To fulfill these objectives, regression analysis will be the prime analysis tool.

### 3.4 Methodology

Successful research requires an effective and efficient methodology. As the behavioral impact is a qualitative variable, the assessment is a qualitative one that will rely on secondary data. Data mainly focuses on the timeline and the price movement of particular stocks. Not all stocks can be represented within the report, only the relevant and market movers will be used for analysis. The overall analysis of DSEX will also be done to give a clear view of the behavioral impact of the stock.

The bias that will be analyzed within this report:

- Loss Aversion Bias
- Herd Behavior Bias

Also, the financial ratio of one or more listed companies will be figured out to find the actual performance of those stocks within that period. The ratios will be based on:

- Profitability
- EPS

To analyze the above metrics, the following analysis will be used:

- Regression Analysis
- Financial Ratio Analysis

Secondary data to be collected from:

- LankaBD Portal (Financial Portal of LankaBangla)
- Annual report of the concerned stock(s).

### 3.5 Findings & Analysis

To find a significant relationship between Covid-19 and Market behavior, two variables are tested under linear regression. They are:

- Period (Pre-pandemic & Pandemic) [Independent Variable]. The significance of this variable is that it defines the pandemic period and records the date in each session to better understand the impact of the Covid-19 and what is the aftermath of the stock value.
- Stock Price (Beximco) [Dependent Variable]

Beximco Ltd is one of the market movers of Capital Market. This is one reason to choose this stock for analysis as it also has the highest volume to bring all types of investors under one umbrella. The rationale here is Beximco has been the top market mover according to LankaBangla Portal for last few years. As of today, the traded value of Beximco in the stock market is around 532 million BDT. It has been the top traded stock since 2018 till now as per daily analysis of stock portals.

The regression analysis is done through SPSS as linear regression to justify if the test is statistically significant.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.953 <sup>a</sup>	.908	.905	.51025

a. Predictors: (Constant), Period

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	77.154	1	77.154	296.339	.000 <sup>b</sup>
	Residual	7.811	30	.260		
	Total	84.965	31			

a. Dependent Variable: Price

b. Predictors: (Constant), Period

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4631.673	267.771		17.297	.000
	Period	-3.346E-7	.000	-.953	-17.214	.000

a. Dependent Variable: Price

Here, the Beta coefficient is  $-0.953$  which indicates there is a perfectly negative relationship between the variables. That is, as time went by since Pandemic, the prices of the stock went down in the same manner.

Here, we can see that the p-value is less than  $0.001$  which means it is significant. Also, the R square is  $.908$  which means  $90.8\%$  change in price can be accounted by Period (Independent Variable). The stock price went down as time went by. In the first months of 2019, the stock price was higher and it gradually fell in March and fell further in July due to the pandemic. So, Covid-19 had an actual impact on the capital market mentality as all the investors were selling it and reducing the price for **loss aversion**.

Now, we do the same analysis in terms of the DSEX index.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.963 <sup>a</sup>	.928	.926	236.74434

a. Predictors: (Constant), Period

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20259114.906	1	20259114.906	361.461	.000 <sup>b</sup>
	Residual	1569340.733	28	56047.883		
	Total	21828455.639	29			

a. Dependent Variable: Index

b. Predictors: (Constant), Period

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2648440.914	139095.806		19.040	.000
	Period	.000	.000	-.963	-19.012	.000

a. Dependent Variable: Index

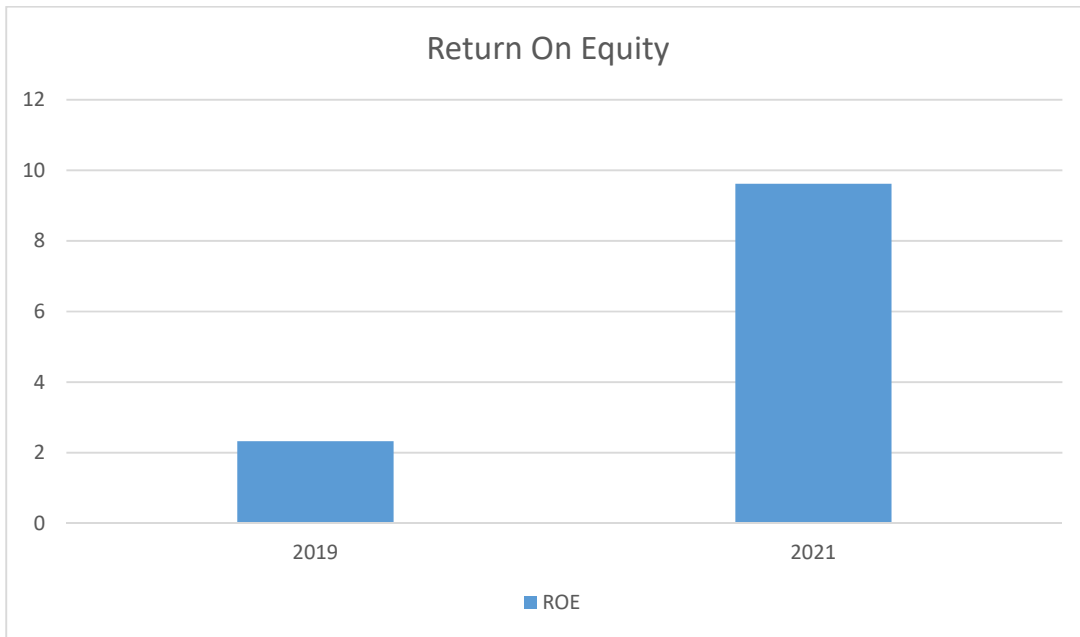
The p-value here is less than 0.001 which means there is good evidence that it is statistically significant. , the R square is .928 which means 92.8% change in DSEX Index can be accounted by Period(Independent Variable). In tandem with Beximco's stock price movement, here we also find a negative relationship as the beta coefficient stands at -.963.

This analysis further shows how the Pandemic had a serious impact on the capital market and the mentality of the investors.

This also explains the **herd behavior bias**. Herd behavior bias means being influenced by a mass movement. At the time of the Pandemic, the Beximco share did fall by a lot, but it recovered within the following year. Holding this stock could have been fruitful in today's context.

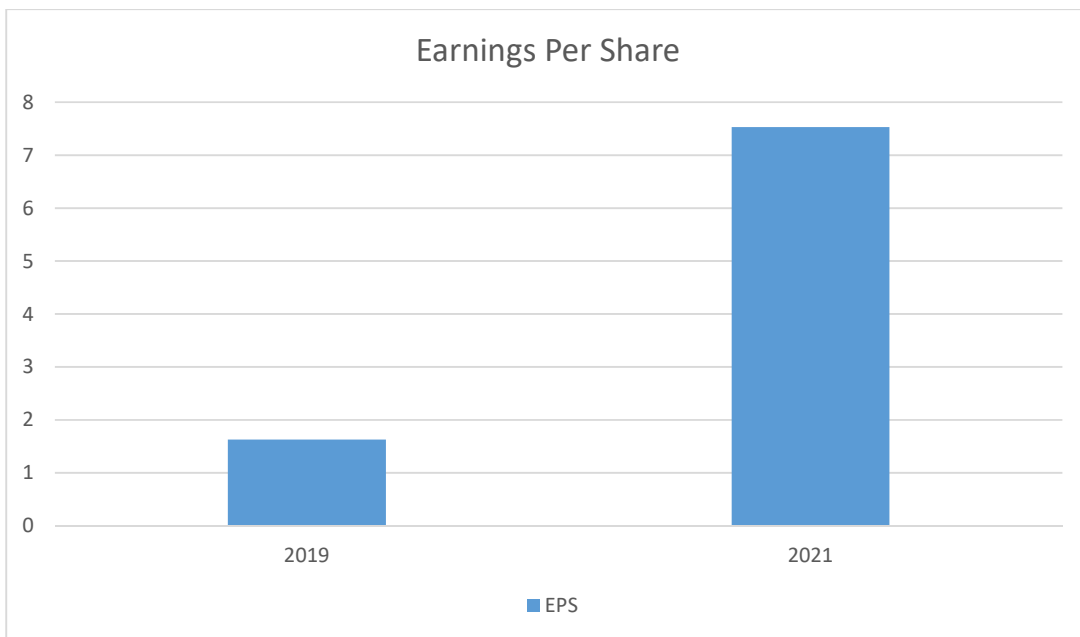
Let us know analyze the company performance of Beximco and see how it contrasts to the pandemic period then against the latest company performance of Beximco in 2021.

Profitability Ratio:



*Figure 11: Return on Equity (Beximco)*

The ROE for the year 2019(Pandemic Period) was 2.33% whereas the ROE for the year 2021 is 9.62%



*Figure 12: Earnings Per Share (Beximco)*

The earnings per share in 2019 was 1.63 which is very low compared to 7.53 EPS of 2021.



The stock's value took a huge rise which was beneficial to the very few investors who did hold the stock by not giving into the biases.

### 3.6 Summary and Conclusion

The capital market of Bangladesh is ever-growing considering the interest of pure finance within the future professionals. Not only this, this market is vastly misunderstood as a place for market manipulation which is far away from truth. There's been significant number of regulations after each negative series of events that compliments in making the market more stable. More importantly, there are new theories and analysis to better understand the market and the price movements within it. With all being said, it is still a fact that no one can ever guarantee the future of a stock and this is applicable to all countries, even the most stable ones. The decision of being an investor must be bolstered by the determination for investing long-term. Well-performing stocks that are credible are good option to start with. Apart from that, considerable period of time and effort is required to be devoted to sustain in this market.

LankaBangla Securities Ltd has been the no.1 stock broker in Bangladesh for a considerable period of time. A way better news is that other brokerage firms are also close in the race which is good for the market. The reason is the introduction to better and newer technologies that help in the analysis to make better decisions. Moreover, being in the stock market under securities firm as a broker is now a lucrative career option for young individuals who can surely put their knowledge and investment into making the market more rational and stable. Several securities firm are now looking to recruit fresh graduates to improve their human resource so that they can understand the market better and also reflect the positive sides of this market.

To sum up, it is very important for every educated individual to make good financial decisions. The capital market is a good place to keep track of the business of several companies, be a part of it and also make some good profit along the way. The stereotype should be mitigated as much as possible. There are events and situations that really affect the stock market, more in terms of Bangladesh as it is a very sensitive one. With rational decision making and endless effort to understand the stock items, one can really contribute to themselves and to the market in a positive manner. If not as a trader, my personal journey with LankaBangla surely gave me incentive to be an investor within the market. The evident efforts and advancement of the intermediaries serving the capital market requires sound financial decision makers that can really bring about a positive impact into the ever-developing Bangladesh.

### 3.7 Recommendations

There have been more critical situations similar to Covid-19 that impacted the financial market of the country. These events are signs of opportunity to the intelligent investor. As we have already discussed, the behavioral finance is a crucial factor in the capital market. It sometimes neglects the opportunities ahead, deprives the rational thinking and instigates the common investors in making the same choices that lead to a market crash. My recommendations focus on the individual investor choices and also the improvement of the quality of capital market of Bangladesh. They are as follows:

- Although it's tough to stick to the rational thinking when things in the capital market go south, the best course of action is to stick with the fundamental analysis and technical analysis of the stock. For this, it is always recommended to invest idle money into the capital market. It is all about timing.
- The goal should always be profit maximization. Many investors, without even realizing adopts the loss minimization approach and focuses more on threats than the opportunities. Such practices always end in disappointing results.
- Fresh graduates having interest in finance should always seek for the opportunity to learn from the stock market and be a part of it. This will be a crucial learning experience for them as everyone has to deal with personal finance later in their lives. More importantly, the knowledge pool within the capital market will be strengthened and this is a what the capital market needs most right now.
- The regulatory body should at no cost entertain unfair practices. It should also try not to interfere more often as the market stability provided by the regulatory bodies ensure temporary stability but is very harmful for the long run.
- Banks and other financial institutions should not shy away from injecting funds within the capital market. The stereotypical mentality of the stock market being a place of "gamble" should be changed through positive results and a stable growing market.
- The process of being an investor should be made easy. For example: One can open BO account through Bkash and they don't need a bank account for that anymore. More of the digital platforms should contribute to the stock market by being a part of it.
- Lastly and most importantly, higher studies should have topics specifically on the stock market of Bangladesh as it is very different than the US market. This will ensure confidence within the young minds so that they choose a career path within the market, or better, be an investor.

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