

Report On

Analysis of the impact of Foreign Remittance on economy of Bangladesh

By

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An internship report submitted to the Brac Business School (BBS) in partial fulfillment of
the requirements for the degree of
Bachelors of Business Administration (BBA)

Brac Business School (BBS)
Brac University
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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.

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Letter of Transmittal

Letter of Transmittal

Professor Sang H. Lee

Professor of Finance & Dean, Brac Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Internship report submission

Dear Sir,

I am very pleased to submit my internship report on “Analysis of the impact of Foreign Remittance on economy of Bangladesh” at Brac University. The report comprises of all my learnings, experiences and activities acquired from a three month long internship program at City Bank. Furthermore, your guidance has helped me to complete this report successfully.

I hope that my report has been able to fulfil your expectations and reflect my internship experience. Therefore, your consideration for my report is greatly appreciated.

Sincerely yours,

Tasnim Thajuba

19104063

BRAC Business School

BRAC University

Date: April 25, 2023

Non-Disclosure Agreement

[This page is for Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between The City Bank Limited and the undersigned student at Brac University Tasnim Thajuba, 19104063

Acknowledgement

I cannot express enough gratefulness and special thanks to everyone for their continued support and encouragement throughout my internship report and has been a key part for the completion of this report. To start with, I would like to show my immense thankfulness to Allah, the Almighty, to bless me with the ability to prepare the internship report. Special thanks to my supervisor, Professor Sang H.Lee for his continuous effort to support and guide me to make this report more authentic. Furthermore, I would like to appreciate my co-supervisor, Dr. Mohammad Mujibul Haque who was always there when I needed him for more information. Also, Brac University has given me the opportunity to do the internship program and prepare this report, for which I am gratified.

Then, I would take time to show gratitude towards my supervisor, Ms. Rebeka Sultana (Senior Customer Service Manager (SCSM) & Assistant Vice President (AVP), Branch Banking Division) who helped me and guided me entire time. Her guidance helped me to complete my work and learn many new things. Other employees who also instructed me during the internship period was Mr. Imran Hossain Shihab (SCS) and Mr. Ziaur Rahaman (ACS). I would be forever grateful to them for their contribution in internship period which helped me to complete the report. Not to forget to mention thanks to the company, The City Bank Limited, for believing in me and choosing me as a candidate to be a part of this organization for 3 months.

Lastly, I would like to appreciate my family whole heartedly for always supporting me and inspired me to be successful in life.

Executive Summary

The report is comprised of 3 chapters where the Chapter 1 talks about the experience of the internship, Chapter 2 discusses about detailed information about the organization (City Bank) and Chapter 3 examine the main topic of the report that is impact of remittance on economy of Bangladesh. In order to gain more insights and come to a conclusion, regression analysis is conducted and interpretation has been made based on that. However, if more data were available the results could be more accurate depicting real life scenario. Finally at the end, recommendation is given in order to improve the situation and transform the situation for betterment of the economy.

Keywords: Foreign Remittance; GDP of Bangladesh; Economy; City Bank

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List of Acronyms

CBL	City Bank Limited
BOP	Balance of Payment
GDP	Gross Domestic Product
BOM	Branch Operation Manager
SME	Small Medium Enterprise
ToT	Terms of Trade
FDI	Foreign Direct Investment
RMMRU	Refugee and Migratory Movements Research Unit
AVP	Assistant Vice President
SCSM	Senior Customer Service Manager
ACS	Assistant Customer Service
CS	Customer Service

Chapter 1

Overview of Internship

1.1 Student Information

Name: Tasnim Thajuba

ID: 19104063

Program: Bachelor of Business Administration (BBA)

Major: Finance

Minor: Computer Information Management (CIM)

Department: Brac Business School (BBS)

1.2 Internship Information

1.2.1 Period, Company Name, Department/Division, Address

Period - 5 January 2023 - 15 April 2023

Company Name- The City Bank Limited (CBL)

Department/Division - Customer Service (CS) or General Banking

Address- 18 Sonar Bangla Market (1st Floor) Islampur Road, Dhaka Sadar, Kotwali,
Dhaka-1100

1.2.2 Internship Company Supervisor's Information:

Name- Rebeka Sultana

Position- Senior Customer Service Manager (SCSM) & Assistant Vice President (AVP),
Branch Banking Division

Email- rebeka.sultana@thecitybank.com

Contact No.- 01914635317

1.2.3 Job Scope –

In the City Bank, I was mainly assigned in the Customer Service department. During this period, I also worked with some departments in order to learn.

As an intern I had many responsibilities. I had to attend meeting everyday 15 minutes prior the working hours. I had to prepare forms and fill up all the necessary information with seal. I also called the customers in order to confirm their contact number or to remind them to provide documents that are required to fill up the forms. Moreover, I interacted with them and guided them to whom to have a detailed discussion regarding the issues they are facing. Sometimes, I gave them necessary information regarding the queries they had. For example, the documents that are needed to open a new account, show how to operate the ATM machine to active their cards, show where to sign in forms, provide them with general request and authorization letters and others. I also made document sets/ form sets and gave to customer or the employees who asked for it. I took sign in the forms from the manager or BOM (Branch operation manager) and scanned the document so that it could be uploaded to the system. I also gave data entry in the system such as- to input the data in the system for customer visit by a RM (Relation Manager).

I handled the delivery of checkbook and debit cards. Everyday, when the customers came to receive the checkbook, I found the check book from the trunk, took their signs and other information in the document and delivered it to them after being verified by the officer. When the new check books came into the office, I entered the inward register and placed them in the trunk according to the dates. Likewise, for the debit cards I did the same tasks. I placed an instant pack of check book and debit card according to the serial number. I called the customers on a regular basis and informed them to collect their checkbooks and debit cards.

In the cash department, sometimes I helped the team to count the money. I gave a data entry in the register when the prize bond was purchased. I also had the responsibility to give entry in the register when the solvency certificate was given or when FDR receipt was provided to

customers and took their sign. Sometimes, I provided information to customers such as whether there is enough balance in the account for the check to be cleared and to receive the money.

1.3 Internship Outcomes

1.3.1 Student's contribution to the company

I tried to provide quality service to the customers and ensure they are satisfied with the service. With consistent good behavior, I interacted with and provided them with information. Also, I helped the officers or the employees to achieve their target by persuading customers to take credit cards or open current accounts for the organization. I helped the employees to do the work quicker as I helped them to finish most of the work and minimize their work pressure. The sooner the account is completed and opened the happier the customers are. I also ensured the customers get cheque books, debit and credit cards on time. Thus, the amount of inventory is reduced and created space for more new inventory. I also took care of the priority customers and build relationships with them by directly taking their money to the cash department where they didn't have to wait in the long queue. I helped in making analysis such as how many customers closed their account or opened new account and who are the priority customers.

1.3.2 Benefits to the student

This internship opportunity has provided me with a scope to learn and experience new things and brought several positive changes in me. First, It helped me to learn how to work in a professional manner and to deal with pressure. I am enlightened about the environment of banks and how each department operates. My communication skill has improved. Everyday I had to interact with the customers and also with the employees of the organization like manager, officers and other staff. It developed my multi-tasking ability and taught me time management. Among the work pressure, I learned to prioritize my tasks and allocate time for each tasks which enabled me to complete the tasks on time. It developed my technical skills where I learned to use Finacle software to some extent for banking activities. Overall, the things I learned from the organization will aid me in future.

1.3.3- Problems/Difficulties (faced during the internship period)

There are some difficulties that I had to encounter during the period such as-

- The employees or officers had a huge workload for which I could not get guidance and help all the time. I had to learn many things by observing.
- There was no extra device that the interns could use. I could not learn much about how the system works as I did not get any device to operate.
- Sometimes, I had to wait extra hours to complete my work as huge work was assigned.
- Less number of departments compared to other branches so the learning opportunity was low.

1.3.4 Recommendations

There are some recommendations which if taken into consideration, can make the program more effective

- To recruit more interns at the same time so that they get an opportunity to learn and also the workload of the employees is minimized.
- To assign separate computers to interns so that they can learn and work at the same time. Doing the work is more effective than observing.
- To update the devices on regular basis so that the works can be completed faster.
- To incorporate more department in some branches to provide customers with more options to avail service and also provide interns to gain more insights about other

Chapter 2

Organization

2.1 Introduction

The City Bank Ltd. (CBL) is one of the private commercial banks situated in Bangladesh. It was formed in 1983 and its headquarter is in Dhaka. It is a reputed bank which provides variety of products and quality services. It has established its presence in both the national and international markets. It has approximately 132 branches across the country. The portfolio of City Bank includes retail banking, women banking (City Alo) , digital banking service such as City touch app, SME Banking, corporate investment banking, asset management, security and equity brokerage. Currently, it also provides Islamic banking products and services along with the conventional ones. It has 4 subsidiaries- City Bank Subsidiary in Hong Kong, CBL Money Transfer Sdn. Bhd., City Brokerage Limited and City Bank Capital Resources Limited.

City Bank has evolved a lot from its founding in 1983 till now. It has changed from a conventional organization to a company that adopts best practices from around the world and decides to lead the way in technological advancements. The Bank uses milestones toward becoming the most comprehensive bank in the nation in addition to bottom-line results as a measure of success. The CEO and Managing Director of the City Bank is Mashrur Arefin. Since it began operating, it has managed to strengthen its position within the banking industry.

2.2 Overview

2.2.1 History

The City Bank Ltd. is one of the oldest private commercial banks in Bangladesh and it was established as a public limited company in 1983 with the main goal of conducting all types of banking operations. It was started by 13 visionary and passionate local businessmen who bore all risks, encountered all challenges with bravery and because of them the Bank has able been to operate and grow. They had the intention to revolutionize the banking and financial management sectors. These directors began with an initial capital of 3.4 crores taka. During the first year of operation, they made a loss of approximately Tk. 1 lakh (Star Business Report, 2017). However, the situation changed soon and the following year they made a profit of about Tk. 1.2 crore.

The Bank opened its first branch in Dhaka, B.B Avenue Branch. It is an enlisted company in both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). It has opened 10 branches and 1 representative workplace in Malaysia and has 1 subsidiary in Hongkong, establishing its position in international market. In 2008, City Bank made changes in their services and added extra services in the portfolio like updated its logo, launched brokerage business, American express credit cards and City Wallet which is SMS banking service.

2.2.2 Overview of company

City Bank has been established in various locations in order for people to access their service. It has 132 branch nationwide, including a full-service Islamic banking branch. It is worth to be mentioned that it is a real time online bank. There is also alternative delivery method in which the bank is seeking is to make more progress. Currently, it has approximately 64 Cash Deposit Machines (CDS), 338 ATMS, Internet banking, 116 SME Division Office, 7 centres for

Priority customers, 1183 agent office and also call center for customers. Furthermore, it has broadened the range of services it offers. This includes the introduction of mobile app City Touch, iBanking facility, dual currency credit card, Digital Nano loan facility and others. It received many awards such as- In 2022, it was awarded by Asian Development Bank as the 'Leading Partner Bank in Bangladesh' in Trade and Supply Chain Finance Program. In 2018, it was awarded by Finance Asia, Asia's one of the highly reputed financial publication, as 'Best Investment Bank in Bangladesh' and 'Best Bank in Bangladesh'. In 2020, in Sustainability Rating, the Bank has received a rating from Bangladesh Bank as one of the top 10 sustainable banks in Bangladesh. City Bank has gained first mover advantage when they launched dual currency credit card with no other competitor in the market and it has franchise of VISA and MasterCard. The bank has paved its way and joined with American Express and they have give authority to only City Bank to look after the operations in the country.

Vision

The vision of City Bank is to establish themselves as a financial supermarket with a winning culture that provides pleasant experiences for all the stakeholders.

Mission

- Provide a diverse range of goods and services that stand out among others and attract all group of customers.
- By providing an atmosphere where people can thrive and an opportunity to become leaders, it aims to be the "Employer of choice".
- In order to be efficient and effective, it continually develop the process and platforms.
- To confirm and enrich the quality of service and to deal with advance technology, it encourages innovation and automation.

- Ensure that everything is done, taking into consideration of the community, excellent governance, and maintaining compliance in all things that is done.

Through these, the Bank is committed to achieving the Mission of becoming Bangladesh's preferred provider of banking services.

Values

- “Result Driven”
- “Courageous and Respectful”
- “Accountable and Transparent”
- “Engaged and Inspired”
- “Focused on Customer Delight”

Thus, the way they think, perform, and behave is expressed by their values. According to them, when the desired behaviour of the employees is well instructed, they can achieve the stated vision and mission.

Shared Growth

The bank is dedicated toward Shared Growth. This includes joining and helping the Government to accomplish goals for the nation, providing the shareholder value over the longer period of time and having an encouraging, long-term effect on society. Along with meeting the stakeholders needs and wants, the bank, uses a comprehensive plan to make profit.

2.2.3 Products and Services

- **Accounts** – There are current account, saving account, term deposit account, Current account is opened for company and organization. Savings account is opened for individuals or it can be joint account as well. There is new born savings account, senior saving account and also students savings accounts for school and college students. Also, term deposit against savings is available to people who have accounts such as DPS and FDR. Other accounts includes- RMG workers' account, NITA accounts and others.
- **Loans** – It includes variety of loans categories such as- auto loan, home loan, personal loan, car loan for both new and second hand cars, bike loan, student loan, SME loan and secured loan.
- **Debit cards**- City Max American Express Card , Visa card and Master Card
- **Credit cards and pre-paid cards**- for credit card there is American Express and Visa card.
- **Internet banking** – There is City Touch app, Ekhoni Account app, iBanking facilities and others. Through the apps and website, customers can enjoy the services and handle their account from anywhere and anytime. To be specific, they can open new account, transfer funds by using RTGS, BEFTN to all banks in the country, pay all type of bills like credit card bills, mobile bills, utility bills and others, Purchasing air tickets and many other services.
- **Supply chain finance**- The short-term working capital requirement of SME suppliers are financed through supply chain finance solutions. It is a facility of working capital that is connected to the supplier's receivables.
- **Investment banking**- It is for corporate and institutional clients which support in financial and investment goals through product structuring.

- **SME banking-** This service is offered to businesses which are small or medium in size, to assist them to grow. They can be in in any industries which includes- manufacturing, trading, service, agriculture, non-farm and agro based activities.
- **Treasury services and syndication services-** It includes- overnight deposits, Foreign exchange, term deposits, derivatives, government securities investment, and local currency spot and forward facilities.
- **Agent banking-** In order to reach all kinds of people with banking amenities across the country, there is agent banking.
- **City Alo (women banking) –** It is a platform introduced exclusively for women where there is also a cafe.
- **Priority banking with Citygem and Sapphire-** Priority banking is provided to important customers who are very affluent and have high net worth. The customers get customized service, banking privileges and wealth management services.
- **Digital Nano Loan-** Digital Nano Loan is a collateral free loan that has been started by City Bank for the users of Bkash. The users of Bkash who are eligible to apply can request for a loan via bkash app, from 500- 20,000 BDT. This new addition is beneficial for the customers, particularly for unbanked people, as they avail the funding at any time at lower interest rate and via mobile wallet.
- **City Islamic-** It a banking facility which is provided using the Shariah based law in the country. It includes all the service of a bank.

2.3 Management Practices

2.3.1 Leadership Style

City Bank use human centred leadership style (City Bank Annual Report, 2021). This means the company use combination of democratic and participative leadership style. This implies that the organization is very considerate about their employees and put them as priority. The talent strategy of the organization is designed in such a way that enable the employees with critical capabilities to be motivated, satisfied and involved in the organization. The company is concerned about the workforce surroundings and mental well-being and so guide them accordingly. It believes in enhancing their skills in order to be creative, prepared and adapted to the environment. The organization is committed to the progress of the work team and to create an atmosphere where they can feel the attached. So, the organization accept people from all race and society and encourage a culture of diversity and inclusion, authorize them with more power and control in order for them to feel empowered, give recognition to meritorious people and give an opportunity for the workforce to develop themselves. It enables the company to achieve the mission to be the employer of choice and the desire of nurturing a work team who is fully prepared for future. The employer value proposition act as a differentiation strategy for the company.

As a result, the employees are interested to do their work with more dedication which is more impactful and allow the company to be more competitive. The culture of the organization and the leadership style helps to bring digital transformation in the company with more creative, skilled and proactive work team along with modification in the design of the organization and operating model. Furthermore, this leadership style, improve communication and develop

confidence among them. Due to this, decision making has become more quick, implementation of strategies has become smooth and helped them to be more concentrated on the goals and objectives. To be precise, the skilled employees are more creative and can solve problems easily contributing to the progress of the company. Also, the satisfied employees provide top notch service that help them to achieve the vision to be customer delight. Overall, this leadership style helps to achieve the goals and objectives of the company by working towards the mission and vision.

2.3.2 Human resource planning

Company use the technique of human resource planning in order to ensure a stable situation where there is required number of employees and avoid situation such as shortage or surplus of workforce. City Bank limited use proper human resource planning to determine the required number of employees in the organization. It involves prediction on the number of employees the company needs for future, finding the level of skills and capability needed for the employees to be competitive, evaluating the ability, knowledge, skills of the current employees and finally developing strategies in order to fulfil the gap of the organization with the required skills set. As a result, it assists the company to become effective and efficient.

2.3.3 Recruitment and Selection process

The HR division of the City Bank is responsible for the recruitment and selection process.



Figure 1- Selection process of the City Bank Limited

Recruitment

1. Job Posting-

To execute the recruitment process, the city bank use both the internal and external. The techniques for job posting. includes-

Internal Method-

The HR people inform about the vacancies within the organization through a Internal job posting . So, the existing employees can apply for the post, which includes permanent employees, outsource employees and also temporary ones. The job specification is clearly mentioned in the post. Moreover, promotion is also used in order to do recruitment and fulfil a gap.

External Method- The bank use formal job advertisement medium such as newspaper, where people find ways to apply for the position and other details. Furthermore, Internet is also used to aware people and attract them. City Bank use the bank's website in order to aware people about the recruitment. People can apply through online application form from the career page of the website. They post in different online portals like bdjobs in order to reach more number of people. Social media platform such as Facebook and LinkedIn to make the process effective. Important details is mentioned in the advertisement to direct people.

Selection

2. CV sourcing and short listing- It is the initial screening process of selection. Here, the candidates are shortlisted who have applied and are eligible for the job, meeting the specified requirement. Educational history and experience of the candidate is checked and priority is given to those who has additional skills and talents. Next, the selected candidates are approached further for the following step that is written test.

3. Written Test- Next, the selected candidates are approached further for the following step that is the written test. The candidates are tested on their fundamental knowledge and their analytical skills and whether they are perfect fit for the job. The candidates who meet the minimum score of the test are called for an interview session.

4. Interview- In this stage, the candidates have to appear for face to face interview. During the interview session, the interviewer looks for communication skills, ability to handle critical situations, sense of confidence, body language and other attributes.

5. Job offer- After the written test and interview session, the most eligible candidate is chosen and is given the conditional offer letter, which means they will be hired once they pass the medical test.

6. Medical test- Then, the selected candidates have to go for a medical test to check their health condition.

7. Appointment letter- If the candidates pass the medical test, then the appointment letter is given and the candidate becomes the part of the City Bank limited.

2.3.4 Compensation System

The compensation system of the bank is handled by the Human resource department and is approved by the Board. Compensation is proportionate to one's performance, designation in the company, past experience, training acquired and technological know-how. According to the hierarchy of the organizational structure, the pay scale varies. This means the employees who are more experienced and is in a higher position usually gets more salary than the ones who are below them. There are different classification of employees in the bank such as Other than salary the employees also get other monetary and non-monetary benefits such as- medical benefits, festival bonus, several allowance, facility of house building loan, insurance of house building loan, provident fund, group term life insurance, advance salary, financial assistance schemes, car loan facility and others. Thus, the compensation system of the bank ensure that the policy is fair for different ranks.

2.3.5 Training and Development

In City Bank, training is provided to the work force in order to improve their talent and skills, provided that internal training is a vital method. Many events are organized in the organization

such as tailor-made solutions depending on the needs of the employees, specialised learning interventions, training program for compliance, City Foundation program and also for new joiners orientation program is arranged. These trainings are conducted so the work force or new joiners can meet the requirement of various departments which lead to gain competitiveness.

On the job training - Through this training, the employees learn to do the job while doing the job and by using physical set up. They get an experience of visualizing the tasks. It is effective as they get to learn things quickly and is able to perform the task.

City Graduate Trainee Program-The program is mainly for fresh graduates, to make them familiar with the environment of the workplace. It is a yearlong program where the trainees go through several development process to fulfil the talent needs of the bank for future. They are provided with vital soft skills and functional training along with guidance from senior leaders who share their experience.

Orientation program- It is conducted for the new recruits so they know everything about the organization such as what they are expected to do, culture, about the policies and procedure of the bank and other things.

2.3.6 Performance Appraisal System

It is a methodical process where the performance of the employees are measured and compared against the given target performance. For each of the quarters, City Bank set target goals for the employees and at the end the performance of the employees is measured. The employees need to meet or can exceed the target. The employees who gives more effort and bring good business to the company are rewarded and given monetary benefits. The compensation varies depending on the score of each quarter. It can also lead to promotion. As a result, the employees

are motivated to achieve their target and in the process the profit goal of the organization is met.

2.4 Marketing Practice

2.4.1 Marketing Strategy

The Brand and Communication affairs of City bank is responsible for the marketing activities and setting strategy of the bank. The bank uses several marketing strategies to achieve their goals. They use email marketing, digital marketing using social media and other platform, events, campaigns, collaboration in order to attract the target customers by their and also to update the existing customers about new offers they can avail. They use digital screens in every branch to display their offerings that the customer who visit the bank know about the information. In order to retain the existing customers, strong relationship is built with them. At the beginning of the year, priority customers are gifted with calendars. Special offers are given to customers during festivals. The bank target specific group of customers with different products. For example, for people who are concerned about their religion there is City Islamic Banking, to help women there is City Alo, there is also saving account option for students. This helps to focus on particular group of customers and better target them.

2.4.2 Target customers, targeting and positioning strategy

Target customers

City Bank target different customer segment for their product and service. CBL use mass marketing to target their customer, which means their product and service for larger group of people. They target middle to high income group of customers. The main target group include

businessman and people who are doing job and have a stable income. They try to target these of people and try to convince them to open account in order to keep their money or to do transaction, to take loans, to take debit or credit cards etc.

Through SME banking, City Bank target people who have small businesses and aims to grow. It includes- trading, agriculture, manufacturing, services and other sectors. As the service and procedure is flexible it is convenient for these people to take financial support from the bank. Moreover, City Bank targets people with mid-scale businesses through commercial banking that wishes to grow into large company. For example, textile, pharmaceutical, electrical, leather and other industries. Large corporations who are struggling to raise money and who want to raise money for economic development or for expansion, City bank also focus on those. City Bank wants safety so financial assistance is provided to people who are doing jobs and earn at least a specified minimum salary. Nevertheless, service is provided to all the people and groups who need assistance.

Targeting and Positioning Strategy

City Bank do positioning through excellent customer service. Customers are priority to the bank and they try to build strong relationship with them and help them whenever they are in need. Furthermore, the bank distinguish itself from the competitors by providing unique service such as digital banking system. By encouraging tech driven platform such as City Touch application and through their website iBanking (City Live), people can avail any service from anywhere at their convenience. It is available 24/7 and very easy to use. Thus, the positioning strategy helps to build a strong brand name and be in customer's mind. So, next time if customer need any banking service they think of City Bank.

2.4.3 Marketing Channels-

CBL follows different marketing channels in order to aware the customers about their product and services. They use traditional marketing medium such as newspaper and billboards. These channel is used for very long time and has been effective. The advertisement of the bank on front page of the newspaper and also on large billboards grabs people's attention. Along with this, to keep up with the modern world they also use other mediums such as email, social media, PR and Media, telephone, digital platform through their apps and websites and others. People nowadays use all digital mediums and are available there, so, using unique marketing posts and advertisement in these mediums help to attain more people.

2.4.4 Product development and competitive practices

In order to sustain in the market, it is essential to develop new products and services and be competitive in the market. New products such as – City Islamic, City Alo, City Touch, CitymaX has been introduced.

To provide service who are religious the category of City Islamic is has been introduced in the bank. It follows the concept of profit and not interest.

City Alo is the banking service for women that address their specialized needs and facilitate them with convenient transaction. They also get special rate for certain service and benefits such as vouchers and discounts in certain shops, restaurants and beauty salons.

With CitymaxX American Express dual currency debit card people now have the option to do boosting or use it while going abroad. City Touch is a mobile application which people can use for online banking purpose.

Thus, with the new additions and constant innovation, City Bank try to be competitive as different category give customers with more choice than the competitors. It is introduced for catering different needs.

2.4.5 Branding activities..

City Bank is one of the tops banks in Bangladesh. It is renowned to provide best financial service. To do branding, it arranges several campaigns, seminar and workshop. For example, there was a campaign for City Alo Visa debit card. It was given to female who opened new account without any charge. In another example, an agreement was signed between City Bank and Concord Entertainment so that they can do branding and other promotional activities in Fantasy Kingdom. By using the logo, which is shaped like a kite, they want to convey the message that the bank aims to achieve all the goals and aims to fly higher like a kite. Also, with the colour combination of the logo, it tries to grab peoples' attention and position itself into customers' mind. Red and white combination signifies boldness with purity.” With their every category of service the word ‘City’ is attached to it at the beginning. So it people easier for people to remember the brand name. For instance, City Islamic, City Touch, City Alo, City gem etc.

2.4.6 Advertising and promotion strategies

The City Bank use billboards and newspaper to aware the customers about their new product or service offering. It is effective because it helps to target older generation people who are not tech savy or not active in social media. The huge advertisement in the front page of the newspaper seeks attention. Additionally, by using PR and media they do advertisement and engage with customers. For example, Bkash Nano loans by City Bank was heavily promoted

through PR under Meet the Press platform. It got great coverage as most of the known newspaper published it. The bank also use digital platform for content marketing and social media marketing to promote their products. They are active in their facebook and LinkedIn page where they post every details of their product, service, their activities in order to aware people. They provide discount to their customers who use City Bank's debit or credit card so that are encouraged to use the product. To illustrate, people who are active in facebook see they will get 8% savings if they use City Bank AmEX card and book hotel through Agoda they will want to save their hard earned money and would use the incentive. In their website, mobile apps they also display use visual representation to capture people's response. Along with this, they write blogs in their website so that customer is updated about all the events, news coverage and information. In short, the story of the brand is covered by using the blogging technique. Intense email marketing is also used. When a customer opens a new account, their email address is collected and via email they communicate to their customer for promoting new product and service.

All the techniques are effective as it creates brand awareness and keeps the brand at the top of the customers mind.

2.4.7 Critical Marketing issues and gaps

The main gap with the bank is that the tagline of the company is not up to the standard that could be used as a competitive advantage. An impactful tagline would have helped the customers to remember the tagline and could have helped in making the branding more intense.

2.5 Financial Performance and Accounting Practices

2.5.1 Financial Performance

Ratio Analysis

Ratio	Formula	2019	2020	2021
Liquidity Ratio				
Current Ratio	Current Asset / Current Liability	1.005 times	1.058 times	1.426 times
Asset Management Ratios				
Fixed Asset Turnover	Sales/Net fixed assets	5.16 times	4.92 times	4.287 times
Total Assets Turnover	Sales/Total assets	0.091 times	0.084 times	0.075 times
Debt Management Ratios				
Debt Ratio	Total debt/Total assets	0.931 times	0.924times	0.923 times
Profitability Ratios				
Gross Profit Margin	Gross Profit / Sales	33.30%	26.00%	38.84%
Operating Profit Margin	EBIT/Sales	25.48%	23.35%	38.08%
Net Profit Margin	Net income/Sales	7.60%	13.42%	17.31%
Return on Assets (ROA)	Net income/Total assets	0.69%	1.12%	1.29%
Return on Equity (ROE)	Net income/Common equity	10.36%	16.36%	18.24%
Stock Market Ratios				
Earnings per Share (EPS)	Net Income/Total Number of Common Share Outstanding	2.43	4.29	5.148
Price/Earnings	Price per share/Earnings per share	8.68	5.78	5.30

Table 1- Ratio Analysis of City Bank

2.5.1.1 Liquidity Ratio

Liquidity Ratio			
Year	2019	2020	2021
Current Ratio	1.005	1.058	1.426

Table 2 Liquidity Ratio

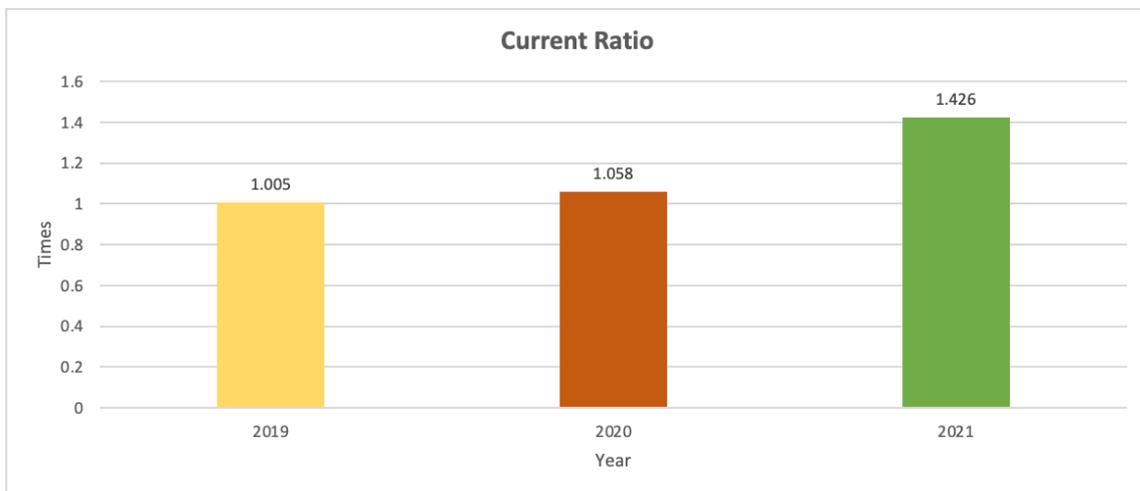


Figure 2 Current Ratio

The current ratio helps us to understand City Banks ability to meet its short term liabilities. As we know that greater than 1 means that the company is successfully being able to meet its debts as it comes due. Thus, from the depicted figure above we can see that in all of the years City Bank was able to maintain a current ratio of greater than 1 indicating that they were indeed able to pay off their debts with the highest being at 2021 which is 1.42 times. Over the years, the current ratio has increased.

2.5.1.2 Asset Management Ratios

Asset Management Ratios			
Year	2019	2020	2021
Fixed Asset Turnover	5.16	4.92	4.287
Total Assets Turnover	0.091	0.084	0.075

Table 3 Asset Management Ratio

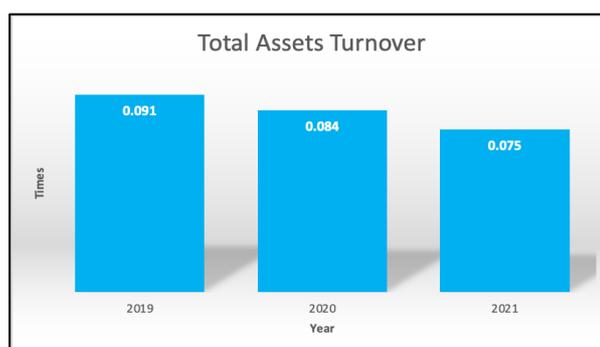
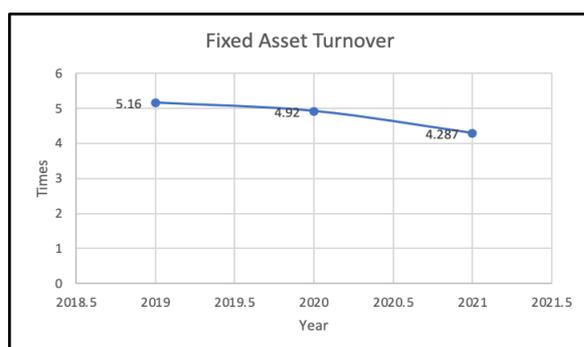


Figure 3 Fixed Asset Turnover

Figure 4 Total Asset Turnover

Fixed Asset Turnover- The fixed asset turnover ratio tells us how efficiently City Bank is utilizing its assets to generate sales. From the figure, we can see that City Bank could successfully utilize its assets in order to drive revenues out of it in the year 2019. However, it shows a downward trend and the ratio declined in the upcoming years which is not a good sign as it is showing that the company is slowly becoming inefficient to properly leverage their assets.

Total Assets Turnover- As we know, higher total asset turnover ratio is a good performance indicator for a company as it implies that the company is efficient in using assets to result in higher sales. However, in City Banks' case it is indicating that the company is not very efficient in using all its asset to generate sales. Furthermore, it can be seen that there is a decline in their

total asset turnover over the years which the company needs to fix in order to generate higher revenues.

2.5.1.2 Debt Management Ratio

Debt Ratios			
Year	2019	2020	2021
Debt Ratio	0.931	0.924	0.923

Table 4 Debt Management Ratio

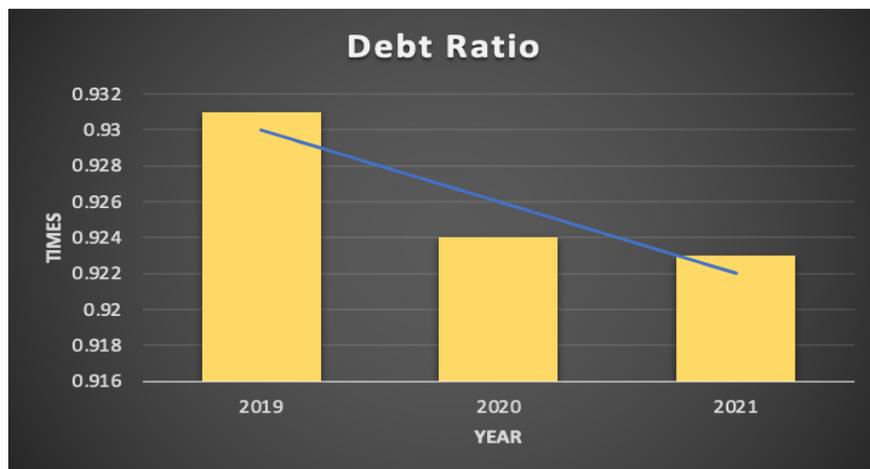


Figure 5 Debt Ratio

Debt Ratio- The debt ratio is very important as it indicates a company's assets in relation to its debt. From the graph, we can clearly say that City Bank has improved their debt ratio over the years, meaning that they have reduced their debts and also have the necessary funds to clear off their debts. The lower the debt ratio, the better it is.

2.5.1.3 Profitability Ratio

Profitability Ratios			
Year	2019	2020	2021
Gross Profit Margin	33.30%	26.00%	38.84%
Operating Profit Margin	25.48%	23.35%	38.08%
Net Profit Margin	7.60%	13.42%	17.31%
Return on Assets (ROA)	0.69%	1.12%	1.29%
Return on Equity (ROE)	10.36%	16.36%	18.24%

Table 5 Profitability Ratio

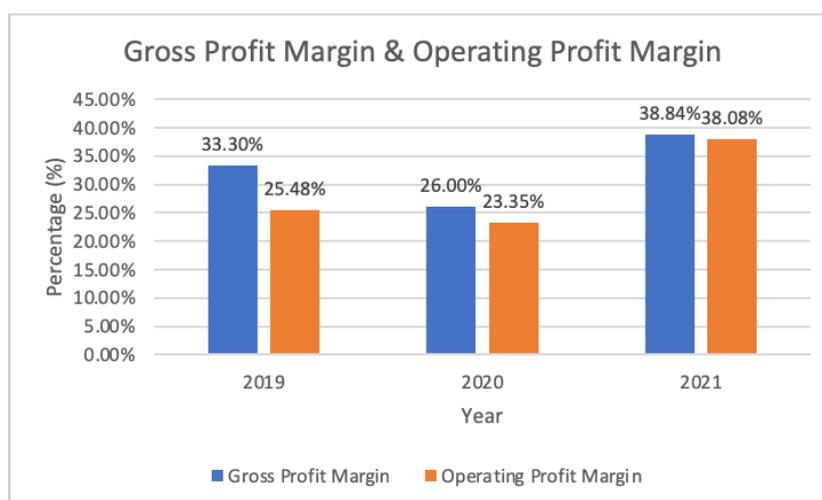


Figure 6 Gross Profit Margin and Operating Profit Margin

Gross profit margin -The gross profit margin indicates how efficient City Banks management is in generating profits. There is fluctuation in the margin during the 3 years. Even though it dropped during 2022, it managed to recover from it in the immediate next year. From the graph it is clear that it generated a higher gross profit margin of 38.84 % in 2021 than in all the other years involved. This is a good performance indication for City Bank.

Operating profit margin- The operating profit margin shows how City Bank can use its operation efficiently to generate profit. The graph shows City Bank drastically improved their margin from 23.35% in 2020 to 38.08% in 2021 which is positive sign for City Bank.

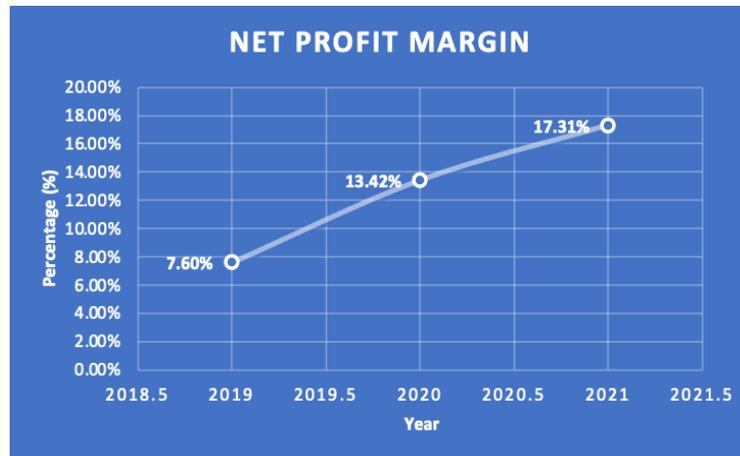


Figure 7 Net Profit Margin

Net profit margin- From the graph, we can easily see the trendline which represents a satisfactory growth in their net profit over the three year period. Thus, City Bank was very efficient in generating profits from their revenue.

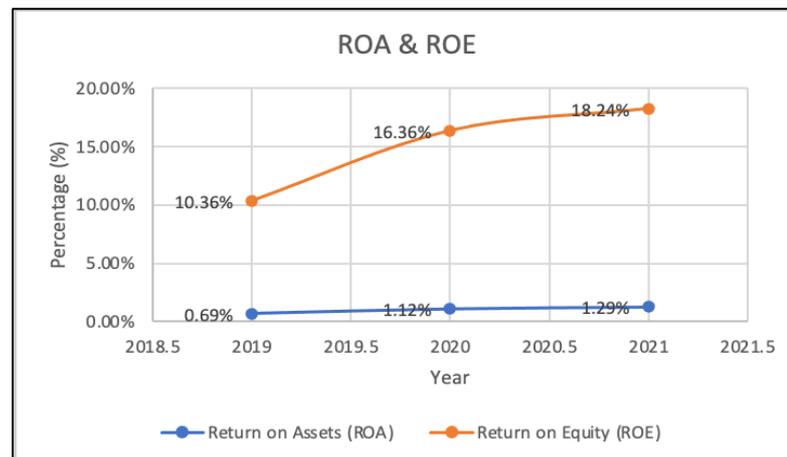


Figure 8 Return on Assets and Return on Equity

Return on Assets- The ROA helps us to know whether a business is both efficient and profitable. So, from the diagram we can see that City Bank maintained a steady Return on their assets over the period. However, the value is not very high which City Bank needs to improve.

Return on Equity- The ROE ratio lets us know how effectively an organization is able to generate profits from equity finance. It is clearly visible that City Bank was indeed very efficient in generating profits from their equity financing which improved even more over the years.

2.5.1.4 Stock Market Ratio

Stock Market Ratios			
Year	2019	2020	2021
Earnings per Share (EPS)	2.43	4.29	5.148
Price/Earnings	8.68	5.78	5.3

Table 6 Stock Market Ratio



Figure 9 Earning Per Share

Earnings Per Share (EPS) - The EPS ratio plays an important role in understanding City Bank's corporate value. The higher the EPS, the more successful is the company in generating

money for each stock of their shares. We can say that City Bank was successful in increasing their corporate value significantly from 2.43 Taka in 2019 to 5.148 taka in 2021.



Figure 10 Price Earning Ratio

Price Earnings Ratio- The P/E ratio helps us to know how much the market will pay for a single stock of City Bank. The graph indicates that there has been a gradual decrease in the amount that the market was willing to pay over the years. This is not a positive sign for City Bank as it means their stock is not being able to attract a higher price in the market.

2.5.1.5 Dupont Analysis

Return on Equity (ROE)-	2019	2020	2021
(Net Income/Sales) X (Sales / Total Assets) X (Total Assets / Common equity)	(2471639958/32529475820) X (32529475820/356953394037) X (356953394037/ 23848900000)	(4364181553/32529475820) X (32529475820/388593904766) X (388593904766/26679267923)	(5494157427/31733822653) X (31733822653/424,914,436,281) X (424,914,436,281/ 30128694969)
Profit Margin X Asset Turnover X Financial Leverage	0.075981548908955 X 0.09113087693 X 14.96728965	0.134160832383188 X 0.08371072068 X 14.5653886	0.173132543377361 X 0.07468285364 X 14.10331369
	10.36%	16.36%	18.24%

Table 7 Dupont Analysis

The Dupont Analysis will help City Bank to figure out in which aspect the company is facing issues and thus can take further actions accordingly to figure out the solution. Over the 3 years, the ROE of the company has risen. This is the main contribution of the profit margin which has increased over the years and made the company profitable. However, the financial leverage has decreased over time. This is not a good indication for the company as, if it starts to lower more, ROE of the company is going to decrease. Even though higher financial leverage means higher risk but the return is greater. Also, the company is less efficient in terms of handling their assets and thus the figure has deteriorated. We can conclude that City Bank should focus to handle their assets efficiently and to improve their asset turnover while balancing their financial leverage. Also, they should maintain their position to control the profitability. These will allow the company to have high ROE.

2.5.2 Accounting Practice

City Bank is a certified institution of ISO 9001-2008, and implements global practices. The financial statements are prepared by following accounting policies such as International Accounting Standard (IAS), International Financial Reporting Standards (IFRS), Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standards (BAS). The bank maintains the estimates of accounting and underlying assumption based on logical reasons and judgement for instance, for provision for loan. They also everything is monitored continuously.

The bank uses the going concern principle while preparing the financial statement which means it is operated on the assumption that the bank will run for foreseeable future. Furthermore, the bank uses the straight line method for depreciation of fixed assets. When the fixed asset is purchased depreciation is charged from that date over the useful life of assets.

2.6 Operations Management and Information System Practices

City Bank's Information technology department has gone through some major changes from its inception. They believe their IT can provide their clients with a wide range of customisable products and services and the implementation of IT can contribute to higher profits for the bank. The IT technology assists them in a lot of key areas within the banking system. To be more precise, there is network equipment, software and hardware in place for the bank to support all the branches of City Bank to operate online, provide internet banking, SMS service, Tele Banking and ATM network. Their IT is helping them to achieve superior performance which results in a better experience of their clients. Furthermore, their IT division is continuously improving their database and application system, server hardware and networking on a daily

basis. This results in City Bank providing a smooth and uninterrupted customer service in all SME centres and branches.

The bank strongly believes in the potential their IT division has in its contributions towards making the company more profitable. Thus, they are always injecting necessary investments within their IT division for up-gradation in their hardware and software related services to improve their centralised online banking system. The excellence operation of the IT division in the bank was able to meet their 2021 objectives through the use of advanced technology, process digitisations, access to analytical tools and etc. In their Islamic Banking a state of the art technological was introduced named “Ababil NG” which made many service integrations flexible for a smoother customer experience. Other systems, such as City Agent Banking system provides solution in easier ways to deliver banking services. Furthermore, Custodial Service Automations was introduced which provided end-to-end custodian banking operations. They introduced Virtual cards for their customers to enable them to do e-commerce transactions almost instantaneously.

The IT had also introduced LMIS (Legal Information Management Systems), where all data related to case files can all be viewed from a single dashboard. This had made significant developments within the company by enhancing transparency, faster decision making process which resulted in ensuring cost efficiency.

Thus, the IT division of City Bank has made significant contributions in the development of the organisation which helped them to achieve their set objectives and make their business operations more effective and efficient.

2.7 Industry and Competitive Analysis

2.7.1 SWOT Analysis:

The “S” in SWOT Analysis stands for Strengths. One of the biggest strengths of City Bank which is also key to the vast empire it has been able to build in the banking sector of Bangladesh today is its relationship with its customers/clients. A relationship that is built on trust and faith in one another since its inception. The specialized knowledge, skills and expertise of its employees, managers, and even board of directors are remarkable and have helped the City Bank reach the heights of success it has today. City Bank strictly abides by the laws and regulations of the banking sector of the country. Every member of the institution strongly practices and complies with the legal protocols and governance. Furthermore, City Bank persistently monitors its financial performance thereby ensuring precautionary measures can be implemented immediately when needed.

The “W” in SWOT Analysis stands for Weaknesses. One significant, yet recoverable, weakness of City Bank is talent retention. Unlike any large financial or even non-financial institution city bank also struggles with retaining talented employees. Such employees always look for better job opportunities in terms of both remuneration and other perks. The employees struggle to achieve their targets and its huge pressure for them resulting them to leave the job. Hence, City Bank must divert its focus on retaining such committed employees by giving them hefty compensations when required, minimizing the pressure as much as possible, recognizing their unique talent and abilities along with welcoming diversity and inclusion amongst its employees.

The increased competitive environment exerts a lot of pressure on their profits as there are hundreds of banks operating in the country. Even though City Bank is a profitable organization but due to competition from both local and foreign companies they are unable to generate higher profits than what they are capable of.

The “O” in SWOT stands for Opportunities. There are several opportunities for City Bank in the industry. A few of the lucrative and sustainable ones are mentioned here. To begin with, city bank must focus its aim on expanding its rural areas, in the form of opening branches, this would ensure that people even in the remotest of regions have access to the banking facilities provided by city bank. This will not only enhance the city bank's goodwill but will also increase

its member subscriptions. Another notable opportunity would be to enhancing the level of customer satisfaction by widening and improving its current set of customer facilities, thereby helping positive word of mouth to be further spread about them. Moreover, expansion of City Bank’s global horizon by opening its franchises in the world banking industry would make it even bigger and accessible to people everywhere.

The “T” in SWOT stands for Threats. Like any other industry, City Bank operating in the banking sector also is vulnerable to potential threats. In the era of globalization today, there is an increased threat from competition from fintech and digital-first banks like HSBC, Standard Chartered Bank etc. which are multinational companies. There is also huge uncertainty in the market due to regulatory variations imposed by Bangladesh Bank all of a sudden. As the bank is a huge organization it would take time for the organization to adapt to the changes.

2.7.2 Porter Five Forces Model:

Porter’s 5 Forces Model, developed by Michael E Porter, analyzes the degree of competition and profitability in the market.

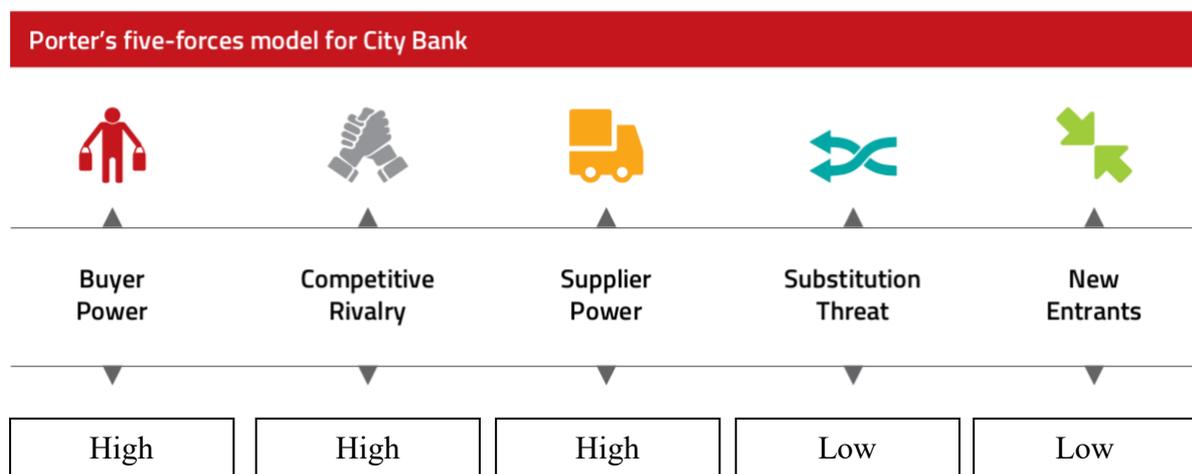


Figure 11 Porter's 5 forces model for City Bank

Bargaining power of buyers: High

The country has a lot of banks operating which means buyers/customers have a lot of options to choose from, i.e., where they will deposit their money, from which bank they will borrow

money and at what interest rate, in which bank will shareholders invest capital, etc. The availability of information and the flexibility to choose any bank providing higher/lower interest rates in terms of deposits and loans makes the clients bargaining power high. There is very little that City Bank can do to attract customers as the clients switching cost to another banks is very low which make it easier for them to choose their own desired banks as they see fit for themselves.

Bargaining power of supplier: High

City Banks is very cautious when it come to suppliers as they are the ones supplying essential resources such as ATM machines, money counting machine, table, chair, AC and others, which helps City Bank to maintain their assured quality. Furthermore, they are usually bound in contracts with their suppliers which means the rate is fixed beforehand and there is no negotiation that City bank can do before the contract expires. Thus, making their suppliers power high as City Bank only considers a few suppliers when it comes to their standards and quality assurance.

Competitive rivalry: High

Not only is the banking industry concentrated with similar banks like Brac Bank and Ebl, but there is also a huge presence of other financial institutions like mutual funds and the emergence of Fintech companies thus increasing the overall competition in the market. The competitors has enticed large number of customers with quality service and lucrative offering. Over the decades, as the banking industry was growing foreign competitors have also emerged in the banking industry of Bangladesh. These foreign banks are fierce competitors and City Bank has to compete intensively to maintain and increase their own market share.

Substitution threat: Low

Banks are arguably the biggest intermediaries in the financial market and do not have any significant substitutes. Even though there are alternative financial services available, there is no direct substitute of the services such as deposit of cash. They are pivotal for the economic growth of a country along with being a main thrust area of government. Thus, the substitution threat is low.

Threat of New entrants: Low

The threat of new entrants is low. This is because entering the banking industry is not easy as it requires huge capital investment, specialized knowledge and expertise, management ability, which are often very difficult to acquire for any new bank willing to enter the cutthroat banking industry.

2.8 Summary and Conclusion

To summarize, it can be said that, City Bank is one of the leading banks in Bangladesh. It is a renowned company and it is increasing its presence in the global market which will make them more popular. It provides variety of products and service and aims to satisfy customers with quality service. They are concerned about their employees and through their compensation system and various training sessions they are motivating their employees and developing their skills. Different group of people are targeted with different product and service range. With effective advertising and promotion techniques it attracted large number of people and build customer base. In terms of financial performance, the company is performing well where liquidity ratio and profitability ratio increased over time while handling debt management ratio effectively. However, they need to concentrate on Asset turnover ratio. They strictly follow the accounting practices. The company should maintain the strengths in order to hold their position in the market while trying to figure out strategies to overcome their weaknesses and threats.

2.9 Recommendation

City Bank can take into consideration the proposed recommendation in order to perform better-

1. According to me, City Bank should renovate all of their branches so that the customers feel the same and are satisfied whichever branch they go. It will act as a value proposition for them.
2. In order to retain the employees they can reduce their workload by lowering their targets which are to be achieved quarterly. They can also shift the target goals to half yearly instead of quarterly. Thus, they can minimize the weakness.
3. They can develop an effective slogan or tagline for the company and market it such a way that it remains in the head of the people.

Chapter 3

Project Part

3.1 Introduction

This section discusses the main topic of how foreign remittance is impacting the Bangladesh economy. After going through several research papers, the summary of the findings is shown in the literature review. Also, the main objective of this section is elaborated along with the method used for the findings. For the report, a regression model is used. In the findings and analysis part, the result will be discussed after doing the regression analysis and other related topics are also discussed. Finally, some recommendations are given based on the findings, for the betterment of the economy.

Remittance is when a person who lives and works in another country, sends money to their families in the home country in order to support them. When remittance is sent it provides the country with foreign currency so it is considered as one of the important sources of earning for Bangladesh. In 2021, Bangladesh ranked as the 7th highest remittance receiver amongst the top 10 recipient countries (Star Business Report, 2022). It is useful in both the macro and micro level. Particularly, at the macro perspective, remittance stabilizes balance of payment by increasing cash flow into the country, boosts foreign exchange reserves, assists in payment of import bills, enhances economic growth which eventually reduces unemployment. Furthermore, at the micro perspective, minimizing poverty, contributes to the household earnings, increases standard of living, encourages investment in productive sectors such as education and businesses and savings.

3.1.1 Literature Review

Many studies and surveys have been conducted to evaluate the relationship between foreign remittance of workers and its effect on the economy of Bangladesh in terms of economic

growth. The studies show mixed results regarding the relationship- most of them shows significant positive relationships, some shows negative while others show both positive and negative.

Chowdhury. (2014) did an analysis on the impacts of remittance on the socio-economic condition of Bangladesh. After analysing several topics he concluded his findings. In the paper, effect of remittance flow in the country has been discussed and found that there is both positive and negative impacts of remittance on the social, cultural, family of the country. Nevertheless, the positive impacts is greater than the negative impacts. It reveals that, there is a strong and positive relationship between remittance and economic development of Bangladesh. So, if the remittance is increased the economic development of Bangladesh is also risen

In another study, Sarkar (2018) conducted a study on relationship between remittance and economic growth in perspective of Bangladesh by using time series analysis and using data from 1995-2016. According to the study, it is discussed that several macroeconomic variable which includes gross savings, gross capital formation and others effect the GDP of Bangladesh. To be precise, it is concluded that, there is a significant relation between remittance and GDP and it is positive in nature.

Majumder and Donghui (2016) studied trade, money supply and remittance on the growth of the economy of Bangladesh. It used the Autoregressive Distributed lag model (ARDL) and also time series analysis based on the Bounds testing method. As per the study, in Bangladesh, there is a positive long run relationship between remittance and economic growth. This implies, the variables have no connection in the short run, however, they move in the same direction in the long run. Also, there is a fast adjustment in the difference between remittance and economic growth.

Rahman (2009) revealed his findings based on the research on how remittance, FDI and export contributes on real GDP of 3 countries India, Pakistan and Bangladesh. Several methods has been used in the study but according to Unit Root Test, remittance has indistinct and insignificant impact on real GDP of Bangladesh. It has been found that, in the short run, there

is a casual effect of FDI, export and remittance on real GDP of the country whereas, there is no significant impact of the 3 variables on real GDP.

Karim & Tiasha (2021) re-evaluated the study on the topic Remittance and economic growth in Bangladesh and gave their insights. Data from 1981-2018 has been used. From the study, it is has been concluded that, there is a significant connection between the remittance and economic growth in the long run and it is negative. It is also discussed, in the short run, the association is positive. In the long run, higher remittance contributes to lower the growth of the GDP because of the moral hazard problem. The amount of remittance is used for consumption which is not as productive as other purpose such as investment.

3.1.2 Objectives:

The main objective of this chapter is-

1. To analyse how remittance impacts the economy of Bangladesh.
2. To find factors affecting BOP of Bangladesh.
3. To identify the factors that affect remittance and take steps to improve it.
4. To learn how City Bank contributes to the growth of remittance.

3.1.3 Significance-

Remittance represents over 6.5% of GDP of Bangladesh and a reduction in the amount of remittance is not good for the country (Tribune Desk, 2021). Due to lower remittance, the families who are dependent on these earnings suffer. Their spending becomes limited. They no longer afford good education for their children or buy goods they could afford with higher money. Their standard of living falls and it does not contribute to lessen poverty. With lower amount of remittance, government struggles to make investments in industrial sectors for development. The country also faces difficulty to pay international payments such as import bills for importing machineries that is used to make export and domestic goods, as foreign reserve becomes lower. The fall in remittance is also somewhat responsible for widening the trade deficit. All these affect the GDP of the country. Eventually the economy suffers, hindering the development prospect of the country.

3.1.4 Limitation-

The main limitation of this report is availability of data. Remittance and GDP data is not available quarterly or monthly. Even though it is available yearly, after certain number of years data could not be found. This is why, the number of observations is low and might not reflect true impact of the independent on dependent variable. Moreover, for the dummy variable situation, data for post covid is also not available so time period for pre covid and during covid was analyzed.

3.2 Methodology

For the report, both qualitative and quantitative methods will be used to collect information-

- **Primary Source-** Discussion with City Bank Customer Service department's employees.
- **Secondary Source-** City Banks's website, Online Articles, Reports, Journal, Annual Report of City Banks, Bangladesh Bank website.
- **Hypothesis Testing-** To do hypothesis testing, Regression is used in order to do inferencing. The independent variable is Remittance (% change) and Real Interest Rate and Dependant variable is GDP Growth Rate of Bangladesh. The data has been collected from Bangladesh bank and world bank website The data set of the hypothesis is 45 years, from 1977-2021.

3.3 Findings and Analysis

3.3.1 Impact of Remittance on economy of Bangladesh

Based on the KNOMAD REPORT, it is derived that, the countries with high income are responsible to send more remittance all around the world (Rahman, 2022) . In Bangladesh, countries such as United States of America, Saudi Arabia, United kingdom, United Arab

Emirates are the top 4 countries to send remittance. Other countries include- Malaysia, Qatar, Kuwait, Italy etc.

There can be both positive and negative impact of remittance on the economy of Bangladesh. When the amount of remittance is increased, families who had little to no income, start to increase their direct consumption. Their purchasing power increases which enables them to enhance their standard of living as they can buy expensive things such as furniture, clothes, electronic devices, land, housing etc. The families can afford better education for their children and send to schools which provide quality education and are costly. According to a survey, when the migrant worker send remittance, the per capita monthly consumption expenditure is greater at Tk 1,538.57 compared to Tk. 572.91 which is the expenditure without remittance (Bidisha, 2021). In addition, Habib (2021) published in an article, the demand for goods and services increased in some areas in Bangladesh due to the impact of remittance on household consumption. Due to remittance, the rural sector of the country is developed. The economic activities are dependent on good harvesting and remittance. So, if good harvesting and remittances is increased, the non farm economic activities increase which rise the rural demand. Sometimes the families use the money to start businesses and women are taking initiative in participating in agricultural activity which is a good investment for the economy of Bangladesh. Eventually, it reduces poverty and also increases employment in the country. Similar to inward remittance, out remittance also contribute to the economy to some extent. In 2021, outward remittance is responsible to contribute 0.02 % on GDP of Bangladesh (Rahman, 2022).

When remittance is entered into the country, it builds foreign reserve which is used to pay for imported goods. Also, Bangladesh is able to do higher investment in infrastructural development. Remittance is recorded in the current account and contributes to stabilize the Balance of Payment (BOP) of Bangladesh. Likewise, outgoing remittances accounted for 0.02 per cent of Bangladesh's gross domestic product (GDP) in 2021.

In contrast, on the negative side, the families become too dependent on the earnings provided by the remitters and might not give effort to work in their own country for earnings. Also, if the workers move abroad the labour supply in the country is lower. The skills of the labour could be used for the development of Bangladesh instead of losing it to other country. It

increases the rate of inflation in the country as the consumption rate increases, increase the price of land and generate social inequality in the country as people do not get the opportunity to visit other countries. (Chowdhury 2014). As a consequence, it slows down the economy and the hampers the opportunity to be competitive in the international markets.

Trend Analysis

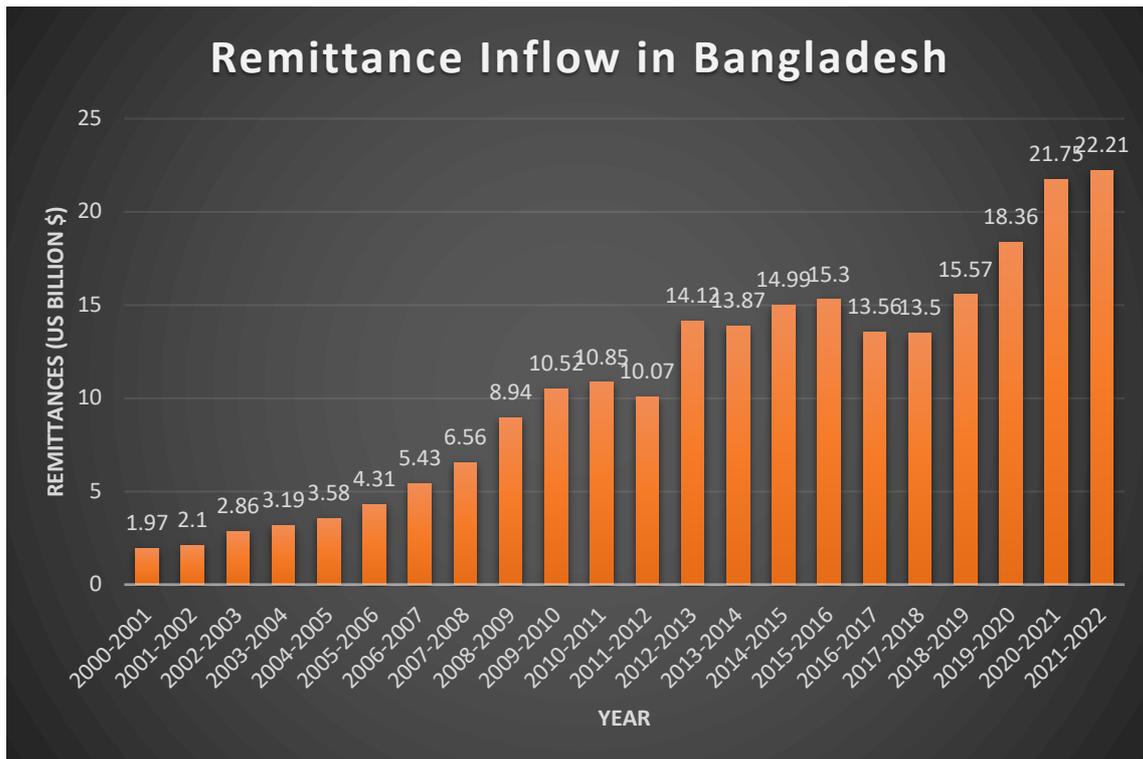


Figure 12 Remittance inflow in Bangladesh from 2000-2021

From the graph, we can see there is an upward trend in remittance of Bangladesh over the years. Also, some fluctuations can be detected in between. Initially, it was low, as many people did not migrated to other countries for work. But the situation has changed and more number of people are moving abroad in search of work and sending remittance into the country. The highest record hit during the pandemic, this is because the government had given some benefits where the mobile financial service could be used to allocate the remittance amount all over the country.

3.3.2 Factors affecting BOP of Bangladesh

Remittance, which is recorded in the current account of BOP, aids the country for a favorable balance of payment or to cover for the deficit of balance of trade. To elaborate, in the year 2008, Bangladesh face a BOP deficit of worth \$5.62 billion due to the difference between import and export, where the export amount was \$13.97 and import amount stood at \$19.59. Nevertheless, in the same year, the country obtained remittance of \$ 9.02 billion which contributed to reduce the BOP deficit of the country and converted the figure to surplus (Rahman, 2009)

There are some other major factors besides remittance that influence the BOP of Bangladesh. The most impactful factors consist of import and export determining balance of trade in current account and Foreign direct investment (FDI) in financial account. It is to be highlighted that, due to lack of diversification in the product portfolio of exported goods Bangladesh is behind the competitors which cause lower level of cash inflow into the country. Furthermore, a rise in import bills cause cash outflow. In FY 2021-2022, the import payment faced a rise of around 1.6% due to rise in import cost (Bhowmick, 2022). During the same period, the BOP of the country was negative due to increased import bills in contrast to inward remittance, receipts of export and settlement of trade credit (Rahman, 2023). Bangladesh recorded to realize a surplus in the current account for 14 years and a deficit in current account for 28 years amid the period 1980 to 2021. This indicates the country is more dependent on imports, lower amount of savings and greater rate of personal consumption. The imbalance between export and import where import is greater than export, cause trade deficit, which as a result cause unfavorable balance of payment. Besides, the international trade competitiveness of the country is connected to the challenges of BOP faced by Bangladesh. Terms of Trade (ToT) can be used to measure the international trade competitiveness. It is found that, ToT of Bangladesh has declined during 1980 and 2020 where the highest amount was in 1985 with 162.26% and the lowest amount was in 2011 with 57.47%. This is mainly because Bangladesh concentrates on exporting more quantity of goods and emphasize less on the quality of goods. Eventually, due to the low quality, the demand decreases and creates an imbalance in trade balance affecting the BOP of the country. Also, it is to be highlighted that the current account balance of Bangladesh as a % of GDP is not that much significant. During the year 1997 to 2020, the highest value amounted to 3.3% during 2009-2010 compared to -3.7% which was the lowest amount during 2017-2018. On average, the value remains 0.6%. Thus, it directs that BOP is affected which also resulted Bangladesh in being less competitive internationally.

In Addition, FDI brings more money into the economy, enriching the Balance of payment surplus and minimizing the deficit. It is an element that covers the capital shortfall by getting foreign capital. In FY 2022, Bangladesh's financial account was \$13.66 billion surplus, where as its current account was \$18.69 billion deficit. So, the current account deficit was adjusted by huge amount by foreign credit and investment and the final BOP amounted to \$5.38 billion deficit (Kibria, 2022). However, Bangladesh struggles to attract FDI and its FDI ranks as one of the lowest in Asia to contribute to the GDP of the country. This is justified with the fact that, in Bangladesh FDI ratio as a portion of GDP is less than 1% compared to Indonesia and India which is 1.8% and 2.4% respectively. Over the years, this amount has dropped in Bangladesh. To put it in figures, the amount was highest in 2013 with rate of 1,7% whereas in 2020, it was below 0.4%. As a result, during 2013 to 2020, the capital account of BOP experienced a downfall from \$725 million to \$213 million (Bhowmick, 2022). This implies the contribution of foreign investment to economic development of the country has reduced.

During the pandemic, there was a surplus in Bop in Bangladesh. In 2020, the country experienced surplus in bop of \$3.098 billion in contrast to 2019 which had deficit of \$204 million. This is mostly due to the surplus in the current account where the arrival of remittance in huge amount was a main factor among other factors. The amount reached highest during mid 2020. Also, as there was pandemic globally, demand for export deteriorated along with import in Bangladesh. During April 2020, the import amount was low and stood at \$2.6 billion and export amount at \$510 million which was the lowest amount. Initially, Bangladesh imports outweighed export and had trade deficit of \$3.8 billion, however, the volume of export improved during the quarter 3 (Q3) of same year and contributed to minimize trade deficit which stood at \$2.0 billion. Even though, during the year, Bangladesh experienced trade deficit but the amount was lower which aided to overall surplus in BOP to some extent. Besides, the country has surplus in their capital account which also helped to achieve surplus in BOP.

3.3.3 Contribution of City Bank on inward remittance

City Bank is one of the top 10 banks that contributes for remittance earning and improve the growth of remittance in the country. Foreign Remittance of city banks facilitates the customer

to transfer their money to a variety of places and the process is convenient and secure. The bank maintains a network of remittance with other major banks in Bangladesh. So the money can be sent anywhere where the person has the account. Those who have account with City Bank, can get the remittance from the branch directly to the account or can get cash, without facing any problem. The person remittance who does not have an account can also remittance from City Bank. In these case, City Bank receives commission as they are helping people to avail the service.

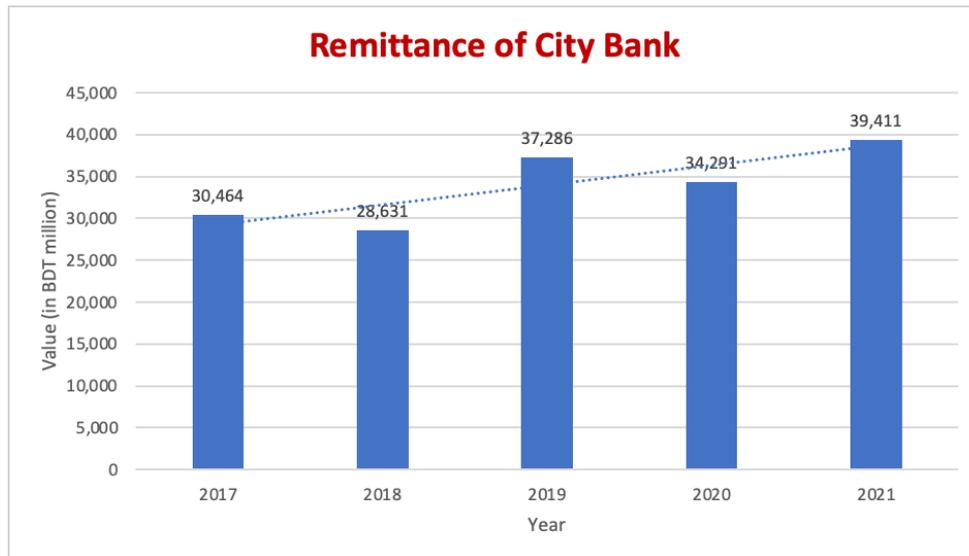


Figure 13- Remittance amount of City Bank from 2017-2021

From the above graph, we can see that there is an upward trend in remittance over the course of 5 years. During 2021, the bank received its amount of BDT 39,411 million due to incentives given by the government and also through the effort of City Bank.

City Bank Remittance % in relation to total remittance			
Year	City Bank Remittance (in BDT million)	Remittance of BD (in BDT billion)	%
2017	30,464,000,000.0	1231560000000.00	2.47%
2018	30,464,000,000.0	1380070000000.00	2.21%
2019	30,464,000,000.0	1543520000000.00	1.97%
2020	30,464,000,000.0	2101310000000.00	1.45%
2021	30,464,000,000.0	1815800000000.00	1.68%

Table 8- City Bank Remittance % in relation to total remittance

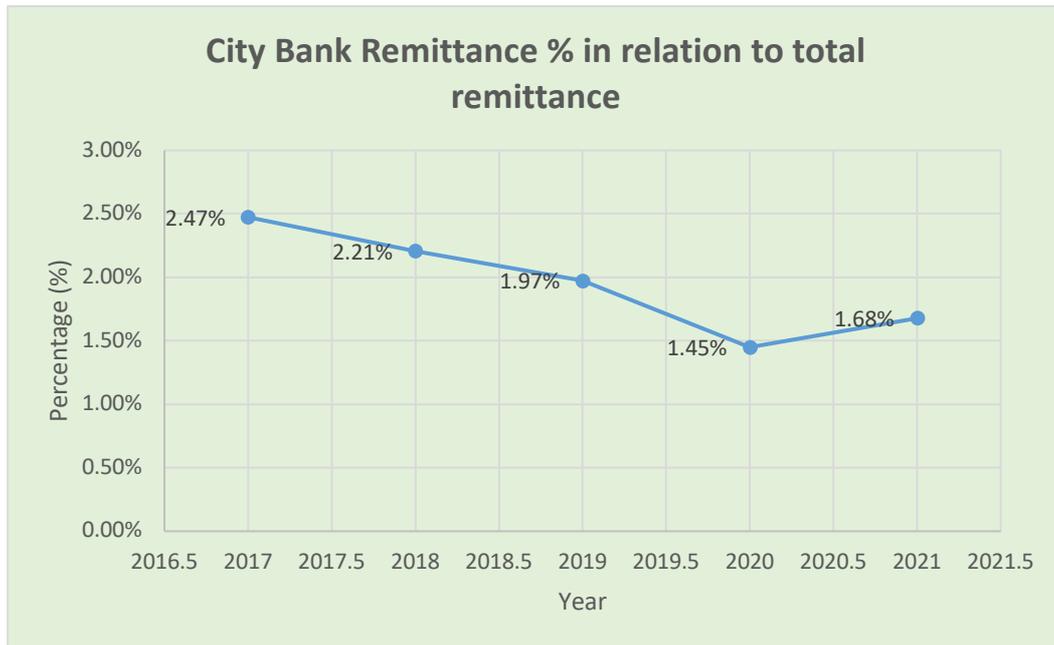


Figure 14 City Bank Remittance % in relation to total remittance

From the above graph, it can be analyzed that even though City bank is effective in increasing the amount of remittance over the years however, they could not effectively contribute to the economy over the recent years. Nevertheless, the bank is recovering from pandemic downfall and regaining the upward trend in 2021. Being in the top ten banks to contribute to remittance, they should put in more effort in order to attract more remittance and try to maintain the performance to hold onto the position. Only then, the figure will be significant and proportionate to the total remittance of the country.

In order to make sure that money is transferred through proper means, city Bank has started a company “CBL Money Transfer Sdn. Bhd” in Malaysia in 2013 which is the 3rd remittance company owned by a bank, residing in Bangladesh. It received more than \$218 million and in year 2020, about \$152 million entered into Bangladesh (Business Inspection Bd, 2021). There are many Bangladeshi workers in Malaysia and it is likely to increase. During FY 20-21, 9.1% earnings was added to the inward remittance of Bangladesh through CBL Money Transfer Sdn.

Bhd. Also, in the next years, about 500,000 Bangladeshi workers are to be hired by Malaysia (Foyez, 2022). The people who are there already there and are likely to go are benefitted through the initiative by City Bank. So, they can easily send more money in Bangladesh and it also facilitates people to open an account in Bangladesh through Malaysian branches of remittance.

They launched the money transfer app “City Remit” which enables people in Malaysia to send money to their home country without the need to go to the remittance company branch. It is secure and the money can be sent immediately. Moreover, to encourage remittance City Bank decided to provide 2% extra incentives if Bangladeshi workers transfer money to Bangladesh through CBL Money Transfer Sdn Bhd from Malaysia (TSB Report, 2022). The remittance can be sent through the app. Currently, it has 13 branches in Malaysia and the company aims to launch more branches in the near future.

For Visa cardholders, City bank is likely to begin direct remittance service. Also, City Bank can give loans to the beneficiary of remittance in the country. Bangladesh Bank only allowed City Bank among all the other banks to use this method. According to the managing director of City Bank, when the scheme was introduced, the bank successfully distributed Tk 110 crore loans to beneficiary of remittance who got remittance worth Tk 1400 crore altogether (Sarkar, 2021).

According to a report, City Bank is looking forward to expanding its operation in Singapore through a subsidiary. The main purpose of this is to help the workers, residing in Singapore, to send remittance to their families. In Singapore there are about 814,000 workers along with 21,000 people who have chosen to migrate in that country. Overall, approximately \$578 million remittance is sent from Singapore to Bangladesh (Business Inspection BD, 2021). The decision of expansion will be beneficial for the bank as well as for the country as it will be convenient for people to remit their earnings.

3.3.4 Factors affecting remittance amount

The amount of remittance entering a country differs according to the number of Bangladeshi working abroad. Nowadays, more people are going abroad for jobs and thus sending money to support their families in the country. However, the amount is not proportionately increasing. According to a report by Daily Star, the amount of remittance in 2021 was \$22.07 when 617209 workers went abroad for jobs. In contrast, 1135873 workers got jobs in other countries in 2022 but instead of remittance inflow amount being doubled than previous year, the amount was 1.5% lower (The Daily Star, 2023).

The reason could be- some people prefer informal channel (Hundi) to send remittance to Bangladesh. Approximately, \$20 billion comes into Bangladesh via hundi (Rahaman, 2022). This is because, it becomes less costly and convenient for remitters to use this process than formal channels such as banks. This means, comparatively, there is less amount of, or no paperwork via hundi and the fees are also insignificant. However, this process goes unrecorded in the Balance of payment and affects the country negatively. Due to Balance of payment deficit resulting from financial account deficit or current account deficit influenced by remittance, the depletion of foreign currency reserve might rise (Byron & Zaman, 2023). This is because, both FDI and remittance brings foreign reserves into the economy.

Furthermore, currently, foreign currency (USD) has appreciated against BDT, this means the remitters get more value for their money. This encourages the remitters to send more money increasing the Balance of Payment of the country and increasing foreign reserve. Along with this, the incentive provided by the government encouraged workers to send more remittance into the country. In 2022, the government provided an incentive to remitters of 2.5% changed from 2%. This significantly impacted the value and enhanced the remittance amount (New Age Business, 2022)

Besides, the cost of recruitment that the workers have to pay affects the amount of remittance sent to their home country. A Bangladeshi worker gets an average salary of Tk 23,093 per month whereas, the cost of recruitment he has to pay is Tk 4.16 lakh on average (The Daily Star, 2023). This indicates, the worker has to wait for a period of time to recover the money that is spent on recruitment. Also, there is no guarantee that the person will get the job after

spending on recruitment and so they remain jobless and cannot send money. Moreover, if the workers get into unskilled jobs, they get low wage and due to this the amount they send in the country is insignificant. As per (RMMRU) the Refugee and Migratory Movements Research Unit, among the workers who went abroad in 2022 78.64% of them were likely to be exploited as they were unskilled (The Daily Star, 2023). Thus, because of these issues, it becomes difficult for the workers to send remittance in Bangladesh and the figure in the country shows a lower balance.

3.3.5 Regression Analysis

Regression Analysis is a method that measures the connectivity among two or more factors. In this report, I will be finding the relation between GDP of Bangladesh and Remittance in presence of other variable through regression analysis. In another situation the regression will be done with 1 year lag effect in order to find the relationship. To run multiple regression analysis in situation 1 and 2, the dependent variable will be GDP growth rate of Bangladesh and the independent variable will be real interest rate and remittance % change. For the analysis of situation 1 and 2, data for 45 years has been collected and used, from 1977-2021.

Microsoft excel has been used and to evaluate the impact and to come to a conclusion interpretation has been made based on different factors.

Problem Statement: The fall in the amount of remittance arise as a matter of concern for the economy of Bangladesh as, it heightens pressure on GDP of Bangladesh and hamper economic prospect.

Research Question- Contribution of Remittance on GDP of Bangladesh in presence of other economic indicator.

Null, H(0) - if the regression is run, that includes GDP Growth rate of Bangladesh and Remittance and Real Interest rate, the result will not show a statistically significant regression model.

Alternative, H(1) - if the is run a regression, that includes GDP Growth rate of Bangladesh and Remittance and Real Interest rate, the result will show a statistically significant regression model.

The following table shows the result after conducting regression analysis between GDP Growth rate of Bangladesh and Remittance and Real Interest rate -

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.328365261							
R Square	0.107823745							
Adjusted R Square	0.065339161							
Standard Error	0.015328791							
Observations	45							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	2	0.001192693	0.000596347	2.5379499	0.091088567			
Residual	42	0.009868816	0.000234972					
Total	44	0.01106151						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.053774752	0.003019982	17.80631598	3.492E-21	0.047680182	0.0598693	0.0476802	0.0598693
Real Interest Rate (%)	-0.014489451	0.040681697	-0.356166347	0.7234989	-0.096588439	0.0676095	-0.096588	0.0676095
Remittances (% change)	-0.01017439	0.004710853	-2.159776606	0.0365462	-0.019681275	-0.000668	-0.019681	-0.000668

Figure 15 -Regression Analysis in Excel

By using the value of Adjusted R-Square (R^2), the goodness of fit of data in the regression model can be measured. It explains how much the independent variables are responsible for the variance % or variation in the dependent variable. In Figure 15, we can see the value of R^2 (R-Square) is 0.0653 (6.53%). This indicates only 6.53% of the GDP growth rate of Bangladesh can be explained by the remittance % change and interest rate. The data points are not capable enough to explain the model and does not fit well in the model. So, there can be other major variables such as consumption rate, employment rate, inflation rate and others that affects GDP growth rate of Bangladesh.

Anova Table-

Significance F- This is the P value and thus it shows whether the model of regression is statistically significant or not. If the significance F (P value) is less than 0.05, then there is a significant relationship between the dependent and independent variables. It is said, the regression analysis is better when the P value is smaller. Here, P value is 0.091 and is greater than 0.05. Thus, we can reject the alternate hypothesis and need to accept null hypothesis. It indicates there is no significant relationship between GDP growth rate and Remittance % and Real Interest rate.

For individual effect, the coefficient can be interpreted.

Coefficient and P value-

The least Square is method is used in order to calculate the coefficient. The equation is-

$$Y = m_1X_1 + m_2X_2 + b$$

Where,

Y is the dependent variable (GDP Growth rate of Bangladesh)

m₁ is the coefficient of X₁

X₁ is the independent variable (Real Interest rate)

m₂ is the coefficient of X₂

X₂ is another independent variable (Remittance % change)

b is the intercept

Here,

$$Y = -0.0145 X_1 - 0.0102 X_2 + 0.054$$

The equation shows, if there is no or zero remittance % and interest rate, then, the GDP growth rate of Bangladesh is expected to be 5.4%. This means, the growth is influenced by other factors.

P values- Here, the P value of remittance % change is 0.0365 (3.65%) and interest rate is 0.7235 (72.35%). The P value of remittance is less than $\alpha = 0.05$ (significance level). It states that there exists a statistically significant relationship between Remittance % and GDP growth rate of Bangladesh. Comparatively, the P value of interest rate is much greater than $\alpha = 0.05$ and cannot be accepted. Thus, it indicates there is no relation between interest rate and GDP growth rate.

Coefficient- The coefficient of both independent variables shows negative with Interest Rate at -0.0145 and Remittance % change at -0.0102. This indicates, there is negative relation between the variables and if the remittance % and interest % is increased, GDP of Bangladesh is likely to fall. However, as P value of Interest rate shows no relationship, it means interest rate does not have an impact on GDP growth rate. So, if remittance is increased by 1%, on average, GDP of Bangladesh will fall by 0.0102%.

Probable Reasons for the relationship-

Overall, from the analysis, it is found that the variables Remittance % and GDP growth rate of Bangladesh are connected and have negative relationships, in presence of other factor. From the observation, we can see that if the remittance % increases, the GDP growth rate of Bangladesh falls. This is could be because, large number of workers or labours are leaving the country. The skills and knowledge that are used abroad could be used in Bangladesh and could contribute to the development of the country. Lack of job opportunity and pay structure in Bangladesh are the main reasons for people to work abroad. For instance, a construction worker could contribute to develop the infrastructure of the country and build bridges and repair roads instead the skills is being used for other countries development. So, lack of human capital hampers economic development of the country with lower working age population. Also, if the families receive good amount of remittance, then the urge to work by other family members reduce. They contribute less in the society and also their demand pattern is changed. Another possible reason could be, the families use the remittance amount without proper planning such as setting up business where he or she has no knowledge and expertise and eventually leading to close down of business. It reduces investment opportunity in the country. Furthermore, according to me, the remittance amount is not being utilized properly and is used in

unproductive purpose which is reducing the economic growth. Maybe the foreign reserve acquired from the remittance is used to pay for import goods that is reducing the demand of domestic goods which as a result decrease production. For instance, if the foreign reserve received from remittance is used to pay for luxurious furniture then people would be more intrigued to buy those instead of the local ones, which reduce their production affecting the GDP. Another reason for the relation to be negative could be the inclusion of data set. If more data were available, the relation could have been positive in the long run, as we can see from the data, in some of the years the GDP growth rate is increasing as Remittance % is increased.

Therefore, according to the regression analysis there exists a negative relation between remittance % change and GDP growth of Bangladesh and moves in the opposite direction.

Situation 2

In this situation, regression will be run with lag in independent variable. This is to analyse the true impact of the variables as, in most cases the impact of independent variables is realized in the following year's GDP.

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.171665363							
R Square	0.029468997							
Adjusted R Square	-0.017873979							
Standard Error	0.015737438							
Observations	44							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	2	0.000308324	0.000154162	0.62245764	0.541617853			
Residual	41	0.010154345	0.000247667					
Total	43	0.01046267						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.049917181	0.003135789	15.91854062	3.7385E-19	0.043584327	0.05625	0.0435843	0.05625
Real Interest Rate (%)	0.008427726	0.041783954	0.201697673	0.841150499	-0.075956681	0.0928121	-0.0759567	0.0928121
Remittances (% change)	0.005147815	0.004844238	1.062667747	0.294151967	-0.004635321	0.014931	-0.0046353	0.014931

Figure 16 Regression Analysis with 1 year lag effect

In this case, both the coefficient of real interest rate and remittance % change is positive which indicates as both the variable increase GDP growth rate of Bangladesh also increases. But, the P value of the variables shows rate higher than the significance levels and implies there is no relationship between real interest rate and remittance % change and GDP growth rate of Bangladesh when 1 year lag effect is used. This is most probably because, till the time the previous year's data of the independent variables is matched with the GDP growth rate of the new year, there are more significant factors that are influencing the recent year's GDP rather the previous year's factor. For example, if in 2024, the GDP growth rate is increased than previous year because the volume of export drastically heighten, then the remittance % change of 2023 would have little to no impact on GDP growth rate of 2024. This is because, a more impactful factor is present that will influence GDP compared to remittance.

3.4 Summary and conclusion

Overall, the literature review section shows mixed findings from people and have multiple opinions. Remittance has both positive and negative impact on the economy. It helps to minimize the BOP deficit of the country and increase foreign reserves. There are also other factors that affect BOP of Bangladesh. Additionally, City bank has taken several measures in order to attract more remittance into the country. The subsidiaries abroad and the plan to open few more made it possible for city bank to be among the top 10 banks that receive highest remittance and the figure to grow over the years. There are many factors such as hundi, recruitment cost, government incentives cause the remittance amount to fluctuate and affects the BOP of the country. Eventually, affecting the country's GDP.

After analysis, it has been found in this report, it can be concluded that as there is a negative relationship between GDP growth rate and remittance %, the other variable can be eliminated which shows no relationship. If the regression is run with only GDP of Bangladesh and Remittance amount, it might show positive relation and might move in the same direction. However, there could be other factors present as economic indicator and thus the results might vary. So, other factor could be used in order to get correct analysis or more number of observation could be used.

In conclusion, even though it is showing negative relationship in this report, strategies could be built in order to control the relationship, minimize the negative impact and transform it into a positive one.

3.5 Recommendation

It is essential that steps should be taken in order to properly utilize the remittance in order to minimize the negative impact on GDP.

The amount of foreign reserve received from remittance should be appropriately used for productive purpose such as importing advanced machinery that can be used to make better quality exported goods instead of importing goods that is not necessary.

Families are needed to be aware to make sure that the amount of remittance is used in proper ways that can contribute to the GDP of the country instead of making a loss which could affect negatively. Training can be provided to the people who live in rural areas such as- training for sewing or basic guidance can be provided so that the money can be used for investment and to start a small business which will run for foreseeable future. If proper guidance is given, the families who have less knowledge but are capable can start online businesses by using the remittance amount as finance, which will contribute to GDP.

The skilled workers should be retained in the country by providing jobs and pay scale according to their standard so that they can work for the development of the country instead of going abroad and sending remittance.

From my perspective, measures should be taken by the government so that more remittance is sent via formal medium such as banks and is recorded in the BOP of Bangladesh. At the same time, they should discourage the transaction through hundi. This could be done, if the cost of transaction through the official channel is reduced and is matched with the unofficial channel.

So, the individuals would want to utilize the official channels if they are benefitting. Government should also focus on enhancing the infrastructure of the financial market such as, mobile banking facility to send money, in order to facilitate people with better service and convenient options. These could contribute to give proper results of remittance and actual analysis could have done.

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Appendix A.

Multiple Regression

Year	GDP Growth Rate (%)	Real Interest Rate (%)	Remittances (% change)
2021	6.94%	3.10%	2.11%
2020	3.45%	4.30%	18.46%
2019	7.88%	5.70%	17.92%
2018	7.32%	3.60%	15.33%

2017	6.59%	4.30%	-0.44%
2016	7.11%	-13.60%	-11.37%
2015	6.55%	5.50%	2.07%
2014	6.06%	6.90%	8.07%
2013	6.01%	5.60%	-1.77%
2012	6.52%	5.30%	40.22%
2011	6.46%	5.10%	-7.19%
2010	5.57%	4.70%	3.14%
2009	5.05%	6.10%	17.67%
2008	6.01%	4.70%	36.28%
2007	7.06%	5.80%	20.81%
2006	6.67%	5.50%	25.99%
2005	6.54%	5.80%	20.39%
2004	5.24%	5.60%	12.23%
2003	4.74%	5.90%	11.54%
2002	3.83%	8.40%	36.19%
2001	5.08%	9.30%	6.60%
2000	5.29%	9.00%	8.84%
1999	4.67%	9.00%	12.42%
1998	5.18%	7.80%	5.23%
1997	4.49%	8.90%	14.18%
1996	4.52%	-5.20%	11.67%
1995	5.12%	5.50%	4.35%
1994	3.89%	9.10%	13.86%
1993	4.71%	13.70%	10.77%

1992	5.44%	11.10%	18.51%
1991	3.49%	11.70%	-1.22%
1990	5.62%	7.80%	2.76%
1989	2.84%	6.00%	-0.74%
1988	2.42%	6.80%	2.11%
1987	3.77%	3.40%	29.76%
1886	4.17%	4.40%	14.69%
1985	3.34%	-6.20%	0.34%
1984	4.80%	3.00%	-22.05%
1983	3.88%	2.40%	22.02%
1982	2.13%	1.20%	38.16%
1981	7.23%	1.10%	12.52%
1980	0.82%	-6.00%	97.89%
1979	4.80%	-2.10%	48.25%
1978	7.07%	-12.30%	46.35%
1977	2.67%	13.90%	320.41%

1 Year Lag Effect

Year	GDP Growth Rate (%)	Real Interest Rate (%)	Remittance
2021	6.94%	4.30%	18.46%
2020	3.45%	5.70%	17.92%
2019	7.88%	3.60%	15.33%
2018	7.32%	4.30%	-0.44%
2017	6.59%	-13.60%	-11.37%

2016	7.11%	5.50%	2.07%
2015	6.55%	6.90%	8.07%
2014	6.06%	5.60%	-1.77%
2013	6.01%	5.30%	40.22%
2012	6.52%	5.10%	-7.19%
2011	6.46%	4.70%	3.14%
2010	5.57%	6.10%	17.67%
2009	5.05%	4.70%	36.28%
2008	6.01%	5.80%	20.81%
2007	7.06%	5.50%	25.99%
2006	6.67%	5.80%	20.39%
2005	6.54%	5.60%	12.23%
2004	5.24%	5.90%	11.54%
2003	4.74%	8.40%	36.19%
2002	3.83%	9.30%	6.60%
2001	5.08%	9.00%	8.84%
2000	5.29%	9.00%	12.42%
1999	4.67%	7.80%	5.23%
1998	5.18%	8.90%	14.18%
1997	4.49%	-5.20%	11.67%
1996	4.52%	5.50%	4.35%
1995	5.12%	9.10%	13.86%
1994	3.89%	13.70%	10.77%
1993	4.71%	11.10%	18.51%
1992	5.44%	11.70%	-1.22%

1991	3.49%	7.80%	2.76%
1990	5.62%	6.00%	-0.74%
1989	2.84%	6.80%	2.11%
1988	2.42%	3.40%	29.76%
1987	3.77%	4.40%	14.69%
1886	4.17%	-6.20%	0.34%
1985	3.34%	3.00%	-22.05%
1984	4.80%	2.40%	22.02%
1983	3.88%	1.20%	38.16%
1982	2.13%	1.10%	12.52%
1981	7.23%	-6.00%	97.89%
1980	0.82%	-2.10%	48.25%
1979	4.80%	-12.30%	46.35%
1978	7.07%	13.90%	320.41%

CONSOLIDATED BALANCE SHEET

as at 31 December 2021

	Notes	2021 Taka	2020 Taka
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)	4	7,083,119,426	5,643,796,101
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	4.a.2	23,142,429,928	16,761,650,690
		30,225,549,354	22,405,446,791
Balance with other banks and financial institutions			
In Bangladesh	5	22,015,096,557	22,811,053,203
Outside Bangladesh		1,144,252,355	4,385,591,848
		23,159,348,912	27,196,645,051
Money at call and short notice			
	6	-	-
Investments			
	7		
Government		48,091,329,448	42,061,653,285
Others		12,498,728,395	9,799,542,962
		60,590,057,843	51,861,196,247
Loans and advances/investments			
Loans, cash credits, overdrafts, etc./investments	8	284,459,122,970	266,897,404,404
Bills purchased and discounted		3,857,679,616	2,370,175,652
		288,316,802,586	269,267,580,056
Fixed assets including premises, furniture and fixtures			
	10	7,402,854,102	6,611,300,802
Other assets			
	11	14,436,059,612	10,169,257,067
Non-banking assets			
	12	783,763,872	1,082,478,752
Total assets		424,914,436,281	388,593,904,766
LIABILITIES AND CAPITAL			
Liabilities			
Bond			
	13	11,690,000,000	11,600,000,000
Borrowings from other banks, financial institutions and agents			
	14	55,926,728,459	59,729,114,844
Deposits and other accounts			
	15		
Current accounts and other accounts		54,975,876,300	45,764,342,149
Bills payable		2,683,162,726	2,289,242,204
Savings bank deposits		72,477,566,128	59,520,636,745
Fixed deposits		152,070,395,538	146,922,088,579
Bearer certificate of deposit		-	-
		282,207,000,692	254,496,309,677
Other liabilities			
	16	42,353,110,820	33,265,393,958
Total liabilities		392,176,839,971	359,090,818,479
Capital/shareholders' equity			
Paid up capital			
	17.2	10,672,059,940	10,163,866,610
Statutory reserve	18	9,167,671,143	8,659,477,813
Share premium	19	1,504,388,797	1,504,388,797
Dividend equalisation reserve	20	530,786,630	530,786,630
Other reserve	21	2,620,296,269	2,835,213,292
Surplus in profit and loss account	22	8,242,246,773	5,809,239,365
Total shareholders' equity		32,737,449,552	29,502,972,507
Non controlling interest	23	146,758	113,780
Total equity		32,737,596,310	29,503,086,287
Total liabilities and shareholders' equity		424,914,436,281	388,593,904,766

The City Bank Limited and its subsidiaries

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2021

	Notes	2021 Taka	2020 Taka
Interest income/profit on investments	26	21,053,274,613	23,264,862,526
Interest paid/profit shared on deposits and borrowings etc.	27	8,726,480,778	14,807,916,208
Net interest income/profit on investments		12,326,793,835	8,456,946,318
Investment income	28	2,862,413,580	3,747,853,965
Commission, exchange and brokerage	29	5,712,723,956	3,935,830,730
Other operating income	30	2,105,410,504	1,580,928,599
		10,680,548,040	9,264,613,294
Total operating income (A)		23,007,341,875	17,721,559,612
Operating expenses			
Salaries and allowances	31	6,330,980,879	5,473,853,873
Rent, taxes, insurance, electricity, etc.	32	632,552,825	554,177,359
Legal expenses	33	30,625,753	35,675,911
Postage, stamp, telecommunication, etc.	34	108,138,815	100,119,256
Stationery, printing, advertisements, etc.	35	421,334,241	221,889,579
Chief executive's salary and fees	36	20,301,212	18,764,419
Directors' fees	37	6,446,544	4,688,093
Auditors' fees		3,590,527	2,983,145
Depreciation and repair	38	1,893,528,557	1,897,929,716
Other expenses	39	1,475,129,022	1,814,557,792
Total operating expenses (B)		10,922,628,375	10,124,639,143
Profit before provision (C = A-B)		12,084,713,500	7,596,920,469
Provision for loans and advances/investments	40	1,757,890,729	376,436,866
Provision for off-balance sheet exposures		749,527,841	170,448,318
Provision for diminution in value of investments		33,327,131	(25,630,424)
Other provision		-	89,379,167
Total provision (D)		2,540,745,701	610,633,927
Total profit before tax (E = C-D)		9,543,967,799	6,986,286,542
Provision for taxation (F)			
Current tax expense	41	4,859,063,030	2,114,350,395
Deferred tax (income)/expense		(809,252,658)	507,754,594
Total provision for tax		4,049,810,372	2,622,104,989
Net profit after tax (G = E-F)		5,494,157,427	4,364,181,553
Net profit after tax attributable to:			
Equity holders of the bank		5,494,124,449	4,364,175,579
Non-controlling interest		32,978	5,974
		5,494,157,427	4,364,181,553
Appropriations			
Statutory reserve		508,193,330	-
Start up fund		87,552,311	-
Coupon/dividend on perpetual bond		297,745,555	-
General reserve		-	-
		893,491,196	-
Retained surplus for the year		4,600,633,253	4,364,175,579
Earnings per share (EPS)	47	5.15	4.09

The annexed notes 1 to 53 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

Figures in Taka

<u>PROPERTY AND ASSETS</u>	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Cash			
In hand (including foreign currencies)	4	5,643,796,101	6,136,396,417
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	4.a.2	<u>16,761,650,690</u>	<u>19,776,258,104</u>
		22,405,446,791	25,912,654,521
Balance with other banks and financial institutions	5		
In Bangladesh		22,811,053,203	19,174,226,133
Outside Bangladesh		<u>4,385,591,848</u>	<u>4,360,632,299</u>
		27,196,645,051	23,534,858,432
Money at call and short notice	6	-	-
Investments	7		
Government		42,061,653,285	36,085,210,195
Others		<u>9,799,542,962</u>	<u>7,563,438,277</u>
		51,861,196,247	43,648,648,472
Loans and advances/investments	8		
Loans, cash credits, overdrafts, etc./investments		266,897,404,404	245,024,807,640
Bills purchased and discounted		<u>2,370,175,652</u>	<u>2,752,926,612</u>
		269,267,580,056	247,777,734,252
Fixed assets including premises, furniture and fixtures	10	6,611,300,802	6,299,251,389
Other assets	11	10,169,257,067	8,627,907,980
Non-banking assets	12	<u>1,082,478,752</u>	<u>1,152,338,991</u>
Total assets		<u>388,593,904,766</u>	<u>356,953,394,037</u>
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Bond	13	11,600,000,000	9,200,000,000
Borrowings from other banks, financial institutions and agents	14	59,729,114,844	45,147,496,824
Deposits and other accounts	15		
Current deposits and other accounts		45,764,342,149	40,869,697,059
Bills payable		2,289,242,204	1,884,096,479
Savings bank deposits		59,520,636,745	46,367,253,617
Fixed deposits		146,922,088,579	157,319,657,916
Bearer certificate of deposit		-	-
		<u>254,496,309,677</u>	<u>246,440,705,071</u>
Other liabilities	16	<u>33,265,393,958</u>	<u>31,625,852,069</u>
Total liabilities		<u>359,090,818,479</u>	<u>332,414,053,964</u>
Capital/shareholders' equity			
Paid up capital	17.2	10,163,866,610	10,163,866,610
Statutory reserve	18	8,659,477,813	8,659,477,813
Share premium	19	1,504,388,797	1,504,388,797
Dividend equalisation reserve	20	530,786,630	530,786,630
Other reserve	21	2,835,213,292	701,793,786
Surplus in profit and loss account	22	<u>5,809,239,365</u>	<u>2,978,918,631</u>
Total shareholders' equity		<u>29,502,972,507</u>	<u>24,539,232,267</u>
Non controlling interest	23	113,780	107,806
Total equity		<u>29,503,086,287</u>	<u>24,539,340,073</u>
Total liabilities and shareholders' equity		<u>388,593,904,766</u>	<u>356,953,394,037</u>

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2020

	Notes	2020	2019
Interest income/profit on investments	26	23,264,862,526	26,924,949,586
Interest paid/profit shared on deposits and borrowings etc.	27	(14,807,916,208)	(16,013,724,643)
Net interest income/profit on investments		8,456,946,318	10,911,224,943
Investment income	28	3,747,853,965	2,361,557,548
Commission, exchange and brokerage	29	3,935,830,730	3,722,530,724
Other operating income	30	1,580,928,599	1,987,642,988
		<u>9,264,613,294</u>	<u>8,071,731,260</u>
Total operating income (A)		17,721,559,612	18,982,956,203
Operating expenses			
Salaries and allowances	31	5,473,853,873	5,447,575,845
Rent, taxes, insurance, electricity, etc.	32	554,177,359	569,270,621
Legal expenses	33	35,675,911	48,751,265
Postage, stamp, telecommunication, etc.	34	100,119,256	91,976,013
Stationery, printing, advertisements, etc.	35	221,889,579	258,473,602
Chief executive's salary and fees	36	18,764,419	18,960,006
Directors' fees	37	4,688,093	4,833,773
Auditors' fees		2,983,145	2,581,060
Depreciation and repair	38	1,897,929,716	1,671,060,493
Other expenses	39	1,814,557,792	2,261,306,283
		<u>10,124,639,143</u>	<u>10,374,788,961</u>
Total operating expenses (B)		10,124,639,143	10,374,788,961
Profit before provision (C = A-B)		7,596,920,469	8,608,167,242
Provision for loans and advances/investments	40	(376,436,866)	(2,599,940,627)
Provision for off-balance sheet exposures		(170,448,318)	(41,344,313)
Provision for diminution in value of investments		25,630,424	(31,120,749)
Other provision		(89,379,167)	70,632,584
		<u>(610,633,927)</u>	<u>(2,601,773,105)</u>
Total provision (D)		(610,633,927)	(2,601,773,105)
Total profit before tax (E = C+D)		6,986,286,542	6,006,394,137
Provision for taxation (F)	41		
Current tax expense		(2,114,350,395)	(3,161,628,378)
Deferred tax income/(expense)		(507,754,594)	(209,603,620)
		<u>(2,622,104,989)</u>	<u>(3,371,231,998)</u>
Total provision for tax		(2,622,104,989)	(3,371,231,998)
Net profit after tax (G = E+F)		4,364,181,553	2,635,162,139
Net profit after tax attributable to:			
Equity holders of the bank		4,364,175,579	2,635,158,749
Non-controlling interest		5,974	3,390
		<u>4,364,181,553</u>	<u>2,635,162,139</u>
Appropriations			
Statutory reserve		-	657,918,701
General reserve		-	-
		-	<u>657,918,701</u>
Retained surplus for the year		4,364,175,579	1,977,240,048
Earnings per share (EPS)	47	4.29	2.59

The annexed notes 1 to 53 form an integral part of these financial statements

17.2 Issued, subscribed and fully paid up:	No. of shares	Figures in Taka	
		2020	2019
Ordinary shares of Taka 10.00 each issued for cash up to 31 December'16	240,463,470	2,404,634,700	2,404,634,700
Ordinary shares of Taka 10.00 each issued for cash to IFC during October'17	46,094,633	460,946,330	460,946,330
Ordinary shares of Taka 10.00 each issued as bonus shares up to 31 December'19	729,828,558	7,298,285,580	7,298,285,580
	<u>1,016,386,661</u>	<u>10,163,866,610</u>	<u>10,163,866,610</u>

The City Bank Ltd. issued 46,094,633 fresh ordinary shares @ Tk. 28.30 each (including a premium of Tk. 18.30 per share) to International Finance Corporation (IFC) on 03 October 2017 after complying with all regulatory requirements.

		2021 Taka	2020 Taka
17.1	Authorised:		
	1,500,000,000 ordinary shares of Taka 10.00 each	<u>15,000,000,000</u>	<u>15,000,000,000</u>
Authorised Share Capital of the Bank has been increase to Taka 15,000,000,000 from Taka 10,000,000,000 by a special resolution dated 28 June 2015.			
17.2	Issued, subscribed and fully paid up:	No. of shares	2020 Taka
	Ordinary shares of Taka 10.00 each issued for cash up to 31 December'16	240,463,470	2,404,634,700
	Ordinary shares of Taka 10.00 each issued for cash to IFC during October'17	46,094,633	460,946,330
	Ordinary shares of Taka 10.00 each issued as bonus shares up to 31 December'20	780,647,891	7,298,285,580
		<u>1,067,205,994</u>	<u>10,163,866,610</u>

The City Bank Ltd. issued 46,094,633 fresh ordinary shares @ Tk. 28.30 each (including a premium of Tk. 18.30 per share) to International Finance Corporation (IFC) on 3 October 2017 after complying with all regulatory requirements.

2019- CBL Ratio		
Ratio Name	Calculation	
Liquidity Ratio		
Current ratio	247777734252/246,440,705,071	1.005
Asset Management/Efficiency Ratios:		
Fixed Asset Turnover	32529475820/6299251389	5.16
Total Assets Turnover	32529475820/356,953,394,037	0.091
Debt Management Ratios:		
Debt Ratio	332,414,053,964/356,953,394,037	0.931
Profitability Ratios:		
Gross Profit Margin	10,832,003,167/32529475820	33.30%
Operating Profit Margin	8,287,151,988/32529475820	25.48%
Net Profit Margin	2471639958/32529475820	7.60%
Return on Assets (ROA)	2471639958/356,953,394,037	0.69%
Return on Equity (ROE)	2471639958/23848900000	10.36%
Stock Market Ratios:		
Earnings per Share (EPS)	2471639958/1016386661	2.43
Price/Earnings	21.1/2.43	8.68

2020- CBL Ratio		
Ratio Name	Calculation	
Liquidity Ratio		
Current ratio	269267580056/254,496,309,677	1.058
Asset Management/Efficiency Ratios:		
Fixed Asset Turnover	32529475820/6611300802	4.92
Total Assets Turnover	32529475820/388593904766	0.084
Debt Management Ratios:		
Debt Ratio	359,090,818,479/388593904766	0.924
Profitability Ratios:		
Gross Profit Margin	8456946318/32529475820	26.00%
Operating Profit Margin	7,596,920,469/32529475820	23.35%
Net Profit Margin	4,364,181,553/32,529,475,820	13.42%
Return on Assets (ROA)	4364181553/388593904766	1.12%
Return on Equity (ROE)	4364181553/26,679,267,923	16.36%

Stock Market Ratios:		
Earnings per Share (EPS)	4364181553/1016386661	4.29
Price/Earnings	24.8/4.29	5.78

2021- CBL Ratio		
Ratio Name	Calculation	
Liquidity Ratio		
Current ratio	402291758695 / 282207000692	1.426
Asset Management/Efficiency Ratios:		
Fixed Asset Turnover	31733822653/7,402,854,102	4.287
Total Assets Turnover	31733822653/424,914,436,281	0.075
Debt Management Ratios:		
Debt Ratio	392176839971/424914436281	0.923
Profitability Ratios:		
Gross Profit Margin	12326793835/31733822653	38.84%
Operating Profit Margin	12084713500/31733822653	38.08%
Net Profit Margin	5,494,157,427/31733822653	17.31%
Return on Assets (ROA)	5,494,157,427/424,914,436,281	1.29%
Return on Equity (ROE)	5494157427/30128694969	18.24%
Stock Market Ratios:		
Earnings per Share (EPS)	5494157427/1067205994	5.148
Price/Earnings	27.3/5.15	5.30