Report On

Impact of Macroeconomic Variables on Trade Finance:

A Focus Analysis based on Dhaka Bank CPC Trade Operation

By

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ID: 21104010

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

BRAC Business School

BRAC University

February 2025

Declaration

It is hereby declared that -

1. The internship report submitted is my 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 have acknowledged all main sources of help.

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Pranamita Mazumder

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Letter of Transmittal

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Kha-224 Merul Badda,
Dhaka 1212. Bangladesh

Subject: Submission of the Internship Report for “BUS400 Internship” – Fall 2024

Dear Madam,

With due Respect, I hereby submit my internship report as a requirement for the completion of my Bachelor of Business Administration (BBA) degree. This report presents my insights into the **Trade Finance Operations of Dhaka Bank**, with a research focus on
"The Impact of Macroeconomic Variables on Trade Finance: A Focused Analysis of Dhaka Bank CPC Trade Operations."
I have made every effort to compile this report with essential data, in-depth analysis, and well-founded recommendations in a concise yet comprehensive manner. I sincerely hope that this report meets the academic standards and expectations set forth.

Sincerely yours,

Pranamita Mazumder

____
Pranamita Mazumder
Student ID: 21104010
BRAC Business School
BRAC University
Date: 18   February, 2025

Acknowledgement

First and foremost, I would like to express my sincere gratitude to my academic supervisor, Dr. Sayla Sowat Siddiqui, PhD, Assistant Professor, BRAC Business School, BRAC University, and my co-supervisor, Dr. Mohammad Enamul Hoque, DBA, Associate Professor, BRAC Business School, BRAC University, for their invaluable guidance, support, and encouragement throughout the preparation of this report. Their insightful feedback and direction have been instrumental in shaping the quality of my work.

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Furthermore, I would like to extend my heartfelt thanks to my colleagues at Dhaka Bank, whose cooperation and assistance provided me with the essential knowledge and insights needed to execute and complete this report with accuracy and depth. Their willingness to share information and offer support played a crucial role in the successful completion of this study.

Lastly, I am profoundly grateful to my parents and family for their unwavering love, encouragement, and patience throughout this journey. Their constant support and belief in my abilities have been my greatest source of strength. Without the guidance and encouragement of all these individuals, the completion of this internship report would not have been possible.

Impact of Macroeconomic Variables on

Trade Finance:

A Focus Analysis based on Dhaka Bank CPC Trade Operation

Executive Summary

This report discusses the interrelationship between macroeconomic variables and trade finance operations at the Central Processing Center of Dhaka Bank. It assesses the impact of various economic indicators such as GDP growth, inflation, trade balance, exchange rates, and overall trade volume on the bank's capability to issue Letters of Credit and manage exchange earnings effectively. The findings of the study underline a complex interaction of these variables, showing how changes in the macroeconomic environment directly impinge on trade financing activities. The study further shows that CPC of Dhaka Bank has formulated strong risk management strategies for mitigating risks related to volatility. These include: advanced digital integrations for operational efficiencies, full-scale monitoring of trade transactions, and strategic diversification of the trade finance portfolio. This would be important in managing credit, operational, and market risks, consequently increasing the robustness of the trade finance operation in a more sustainable manner. Key recommendations of the report advocate the continued focus on technological advancement for the simplification of processing and enhancing compliance with international trade regulations. The development of market intelligence within the bank will allow it to stay ahead and be proactive in the fluctuating economic cycle. In so doing, this will help Dhaka Bank mitigate not only risks but also grasp opportunities in a globally dynamically changing marketplace. The report adopts an in-depth analysis of both primary data from Dhaka Bank records and secondary data regarding macroeconomic trends, hence giving a wide view of the bank's operational contexts. Such findings are highly useful for policymakers and financial strategists at Dhaka Bank, hence helping them reach a decision that guides the future in trade finance operations. Therefore, it depicts that each financial institution has to be flexible and proactive in their operational strategy to surge through the complexities of global economic landscapes. The ability of Dhaka Bank to adapt and manage the implications of macroeconomic changes provides the key to sustained growth and competitiveness in trade finance.

Contents

1. Chapter 01

1.1 Student Information 10

1.2 Employment Information 10

1.2.1 Student's Information 10

1.2.2 Company Supervisor's Information 10

1.2.3 Job Scope – Job Responsibilities and Duties 11

1.2.3(a) Job Description 11

1.2.3(b) Responsibilities and Duties 11

1.3 Internship Outcomes 12

1.3.1 Student's Contribution to the Company 12

1.3.2 Benefits to the Student 12

1.3.3 Methodology 13

1.3.4 Problems/ Difficulties (Faced during the Internship period) 13

1.3.5 Recommendations (To the company on future Internships) 14

2. Chapter 02

2.1 Organization Overview 16

2.2 Organization Profile 17

2.2.1 Products & Services 18

2.2.2 Company Fundamentals 21

2.2.3 Vision 22

2.2.4 Mission of Dhaka Bank 22

2.2.5 Goal 22

2.2.6 Corporate Values of Dhaka Bank 22

2.3 Objectives of Dhaka Bank 23

2.4 Corporate Social Responsibility 23

2.5 Departments of Dhaka Bank 25

2.6 Hierarchy Of Dhaka Bank 26

2.7 Financial Highlights of Dhaka Bank 27

2.7.2 CAMELS Ratio Analysis Of Dhaka Bank (2019 – 2023) 29

2.7.3 Interim Financial Performance of 2024 38

2.7.4 Peer Comparison....39
2.8 PESTLE Analysis of Dhaka Bank....40
2.9 SWOT Analysis of Dhaka Bank....43
3. Chapter 03
3.1 Trade Overview of Bangladesh....45
3.2 Trade Operation Insights of Dhaka Bank....50
3.2.1 What the CPC Does: Key Services Provided....50
3.2.2 How CPC Trade Operations Work: The Processes Involved....51
3.2.3 Risk Analysis of Dhaka Bank CPC Trade Finance....52
Regulatory Compliance Risk:....52
Documentation Risk:....53
Credit Risk:....53
Foreign Exchange Risk:....53
Operational Risk:....53
Fraud and Money Laundering Risk:....54
Market Risk:....54
Tax Evasion:....54
3.2.3.1 Global Uncertainty Impact on CPC Trade Financing....55
Economic Volatility and Inflation:....55
Instability of the political environment:....56
Impact Of Global Conflict....57
Compliance Issues:....57
3.2.4 Risk Management of Dhaka Bank CPC Trade Operation....58
Regulatory Compliance:....59
Tax Compliance:....59
Monitoring and Reporting Framework:....60
Operational Risk Management:....60
Market Risk Mitigation:....60
Interest Rate Risk Management:....61
Customer Risk :....61
Trade Credit Insurance....61
Country Risk :....62
Environmental, Social, and Governance (ESG) Risk Assessments....62

Strategic Partnerships 63
Integration with Digital Global Trade Platforms 63
3.5 Literature Review 64
3.6 Hypothesis 69
3.7 Data & Sample 71
3.8 Methodology 73
3.8.1 Statistical Techniques 73
Correlation Analysis: 73
Regression Analysis : 74
3.9 Analysis of Empirical Result 76
3.9.1 Overview 77
3.9.2 Correlation Matriculation 84
3.9.2 Regression Analysis 86
3.9.3 Graphical Comparison 91
4. Chapter 04
4.1 Recommendations 98
4.2 Limitation 99
4.2 Conclusion 100
References…………………………………………………………… 100

Chapter 01

Overview of Internship

1.1 Student Information

- **Name**: Pranamita Mazumder
- **Student ID**: 21104010
- **Program:** Bachelor of Business Administration (BBA)
- **Major**: Finance
- **Minor:** Computer Information Management

1.2 Employment Information

1.2.1 Student's Information

- **Designation:** Intern
- **Employment Period:** 3 Months 1 September, 2024 - 31 November, 2024)
- **Organization Name:** Dhaka Bank PLC
- **Department**: CPC, Trade Operations.
- **Address**: Dhaka Bank Head Office, Kakrail.

1.2.2 Company Supervisor's Information

- **Name:** MR. MD Ezazul Rahman.
- **Position**: First Vice President

1.2.3 Job Scope – Job Responsibilities and Duties

1.2.3(a) Job Description

The role of an intern in the CPC (Central Processing Center) reporting at Dhaka Bank involves the centralized management and monitoring of transactions, documentation, and compliance processes, particularly within trade finance and import verification. The CPC at Dhaka Bank plays a critical role in ensuring that all transactions meet regulatory standards, such as those set by the Bangladesh Bank and other governing authorities.

The CPC reporting process includes tracking and recording import/export transactions, verifying required documents like Bills of Entry (BOE) and Letters of Credit (LC), and ensuring all information is accurately entered and updated in the bank's systems, reporting to the Bangladesh Bank. CPC teams work to identify discrepancies between recorded data and actual transactions, assess any financial risks, and report anomalies promptly to maintain compliance. Additionally, CPC reporting helps Dhaka Bank centralize data, which facilitates easier data retrieval, monitoring, and reporting, enhancing both efficiency and accuracy across branches. The intern will work under the guidance of FVP of the trade operation and collaborate closely with team members to ensure accuracy and compliance, ultimately reporting to the Team's seniors with dotted-line reporting to other team members as needed.

1.2.3(b) Responsibilities and Duties

- Verified import documentation by matching Bill of Entry data with the corresponding Letter of Credit (LC) numbers through the Customs Application.
- Accessed and retrieved necessary documentation from the customs database, ensuring accurate data input and retrieval processes.
- Printed Bills of Entry with precise adjustments to printer settings to ensure quality, readability, and proper formatting for official use.
- Recorded item details from Bills of Entry into an Excel spreadsheet to create a well-organized, accessible database of import transactions.
- Analyzed invoice values in the Excel database and compared them with an import monitoring system to identify and address any data discrepancies.

1.3 Internship Outcomes

1.3.1 Student's Contribution to the Company

Throughout my internship with the CPC Reporting team at Dhaka Bank, I gained invaluable practical experience in evaluating import documentation and ensuring compliance in trade finance. Rapidly, I developed competence in Dhaka Bank's CPC procedures, taking responsibility for the retrieval and verification of Bills of Entry, accurate data entry, and the identification of discrepancies. This role improved my understanding of regulatory requirements and allowed me to ensure accuracy across records, supporting compliance with financial regulations.

I closely collaborated with my team when implementing the standard of Dhaka Bank over documentation accuracy under the supervision of FVP of trade operations, and senior team members. It also helped me learn how to maintain data consistency between various platforms dealing with the bank digital data management systems. Gradually, my contributions in this role supported the import & trade verification functions of Dhaka Bank for its efficiency and reliance at the same time.

1.3.2 Benefits to the Student

My internship at Dhaka Bank has been a proactive learning and skill development opportunity, particularly within the CPC reporting team. Working daily with the digital data management systems of the bank enhances my technical abilities in data analysis and accuracy, thus allowing me to deeply value the integrity of data in banking operations. I took active responsibility for the tracking and verification of import/export transactions, which helped me to learn the importance of consistency and compliance across multiple platforms-a commitment that fuels my personal and professional growth.

Under the guidance of the FVP of trade operations and senior members, I have developed strong teamwork and communication in a very collaborative environment. This mentorship has been invaluable in understanding the strict regulatory standards and compliances involved with banking, which have prepared me with a strong foundation in documentation and financial monitoring. Overall, this experience has effectively prepared me for the challenges and responsibilities of a future career in finance.

1.3.3 Methodology

In this study, primary data has been collected through different direct methods, like Interviews with bank officials and employees from various departments to get a comprehensive idea about the operation of Dhaka Bank. This data provided an in-depth look into their role, challenges, and views on procedural efficiency. This also allowed for some very valuable observational data from direct observation of the workflows and procedures in place that provided a lot of details on the variance in operations on any given day, as well as the actual practice of policies and guidelines in place.

Secondary sources of data were obtained internally and externally to support the primary findings and present an all-rounded view. Internal sources included the Annual Report of Dhaka Bank, which provided in-depth insight into financial soundness, operational performance, and strategic focuses of the bank. A review was carried out for guidelines on Trade Process to establish the existence of standardized procedures. Moreover, research reports previously compiled on the bank were related to the study to derive an understanding of the trend of performance in previous years and recurring challenges or milestones.

Sources external to the organization proved equally useful to the study. Data from Bangladesh Bank added a regulatory perspective, showing compliance requirements and industry-wide standards with which Dhaka Bank complies. Publicly available information from Dhaka Bank's official website allowed deepening the analysis with the most updated information regarding services, new product offerings, and announcements for the current snapshot of the bank's strategic positioning. These combined sources of data guaranteed thorough insight into the internal practices and external influences shaping the bank's operational environment.

1.3.4 Problems/ Difficulties (Faced during the Internship period)

During my internship at Dhaka Bank, I encountered several initial challenges as I adjusted to working in the head office environment. One of my primary tasks was handling documentation within the given LC number listing that was organized by the branch code. Each branch had unique code numbers, and initially, matching the codes accurately when verifying documents was a bit confusing for me. Additionally, I had to input specific LC (Letter of Credit) numbers into the system accurately, which demanded a deep focus to avoid mistakes. Operating the bank's software to retrieve and check Bills of Entry (BOE) was also initially challenging, as the software had specific functions and commands that took time to understand fully.

Another challenge was understanding the complexities of trade financing, which was a largely unfamiliar field for me. Grasping the key concepts, terminologies, and specific procedures within trade finance took time and effort. Although this was challenging at first, I found that gradually gaining proficiency in these areas not only improved my performance but also provided me with profound insights into the banking industry. Ultimately, these initial difficulties turned into learning opportunities that helped me expand my professional knowledge and skill set.

1.3.5 Recommendations (To the company on future Internships)

I have one suggestion for the Dhaka bank for the future intern, offering interns exposure to other Departments, such as HR, IT, even if in Branch etc. Brief rotations or shadowing opportunities would provide a broader understanding of the bank's operations, enriching their learning experience and giving them insight into the interconnected functions within the banking industry.

Chapter 02

Overview of The Organization

2.1 Organization Overview

Dhaka Bank Limited, established in 1995 under the Banks and Financial Institutions Act of 1993, and Company Act 1994, has emerged as one of the Prominent private-sector commercial banks in Bangladesh. Innovation is the cornerstone of Dhaka Bank Limited. From personal loans and business loans to capital market, trade finance, and letters of credit, from international trade to treasury operations and investment-through a dedicated and skilled professional team-the bank reads the needs of customers and continues to innovate. Currently, Dhaka Bank operates with 114 branches, 2 Islamic Banking Branches, and a network of ATMs and ADMs across the country with a wide range of products for both corporate and individuals. The bank has embarked on its journey of digital transformation by expanding online banking services, particularly through an enriched I-Banking platform. With a focused approach to innovation, sound risk management, and solutions-oriented customer needs, Dhaka Bank remains committed to further consolidation of its leading position within the financial sector and thereby creates a bright outlook for the future.

2.2 Organization Profile

- **Name** : ***Dhaka Bank PLC***
- **Sector** : ***Banking and Financial Service***
- **Established** : 5 July, 1995
- **CEO** : Sheikh Maroof
- **CFO** : Sahabub Khan
- **Employees** : 1,844
- **Website** : https://dhakabankltd.com/
- **Address** : Head-Office**:** Plot: CWS(C)-10, Bir Uttam A.K. Khandaker Road, Gulshan-1, Dhaka-1212.
- **E-Mail** : hobss@dhakabank.com.bd
- **Contact** : 008802 5831 4424-30 (Ext. 243)
- **Subsidiaries** : DBL Securities LTD, Dhaka Bank Investment LTD
- **Achievements**
  - *"The Banker Award-2018"*
  - *2019 Best Issuing Bank in South Asia by International Finance Corporation (IFC).*
  - *Global Triumph Ui Path Automation Excellence Awards 2020 in Association with The Economic Times.*
  - *The Private Bank of the Year-2020*

2.2.1 Products & Services

♦ Deposit Products	♦ Loan Products	♦ Services	♦ Corporate Banking
Current Account	Personal Loan	SMS Banking	Real Estate Financing
Savings Account	Home Loan	Internet Banking	Loan Syndication & Structured Finance
Bundle Savings Account	Car Loan	ATM Card	Employee's House building Loan
Joma Savings Account	Vacation Loan	Visa Credit Card	Bid Bond (BB)
Short Note Deposit	Short Term Loan (3, 6, 9 months)	Locker	Performance Guarantee (PG)
Fixed Deposit Receipt	Loan against Trust Receipt (LTR)	Utility Bills	Advance Payment Guarantee (APG)
Gift Cheque	Time Loan	Tuition Fees	Suppliers Credit Guarantee
Deposit Pension Scheme		DBL GO App	Customs Guarantee
Special Pension Scheme			Islamic Banking Products
Savings Builder Account			Overdraft – Others
Kotipoti' Deposit Plan			Overdraft – Work Order
Lakhpoti' Deposit Scheme			Cash Credit (Hypothecation, Pledge)
♦ Cash Management Solutions	**♦ Products offered under Project Finance**	**♦ Working Capital Finance**	**♦ Trade Finance**
Payment & collection solution	Term Loan – Machineries	Letter of Credit (Cash LC, BTB LC, UPAS, EDF etc.)	Export LC (Advising & Transfer)
Bulk cheque Processing	Term Loan – Construction	Bank Guarantee (BB, PG, APG, Payment Guarantee, FC)	Export Bill Negotiation/Collection
Utility Bill collection	Lease Finance (Machineries)		Import Finance
Vendor/Salary Payment	Foreign Currency Loans		Import Bill Handling
Cash pickup & Delivery			Shipping guarantee
Hajj Remittance Processing			EDF Loan
Managing IPOs as Lead Bank			OBU Financing
Act as Banker to the issue of IPOs			Letter of Credit (Cash LC, BTB LC, UPAS, EDF etc.)
			Bank Guarantee (BB, PG, APG, Payment Guarantee, FC)

Figure-01: Products and Services List of Dhaka Bank PLC.

Figure-02: Map showcasing the Districts of Dhaka Bank PLC Branches.

Dhaka Bank was founded on July 5, 1995, in accordance with the Companies Act of 1994, with a paid-up capital of Tk. 100 million and an authorized capital of Tk. 1,000 million. As of June 30, 2023, Dhaka Bank's Paid-up Capital has reached Tk. 10,066 million, and its Authorized Capital has already reached Tk. 20,000 million. The aggregate equity, including capital and reserves, amounted to Tk. 21,475 million on that date. Dhaka Bank is actively expanding its operations to enhance financial inclusion in Bangladesh, supported by a strong network of 252 service delivery sites. The bank is currently expanding its presence in 114 locations, comprising 2 Islamic Banking Branches, 2 Offshore Banking Units, 3 SME Service Centers, 26 Sub-Branches, 87 ATMs, and 20 ADMs, reflecting the commitment to expansion and service quality. Meanwhile, Dhaka Bank broadened its horizon by joining the capital market and creating Dhaka Bank Securities Ltd., a subsidiary company that currently operates six branches throughout the country. This strategic decision illustrates Dhaka Bank's ongoing commitment to provide its valued customers with comprehensive financial services. Its aim to strengthen the position in the country's diverse financial services market by launching merchant banking operations through Dhaka Bank Investment Limited.

2.2.2 Company Fundamentals

Organizational Fundamental	
Field	***Value***
Authorized Capital - BDT (mn)	10,000.00
Paid Up Capital - BDT (mn)	10,068.02
Total Shares	1,006,802,238
Market Capitalization - BDT (mn)	11,575.93
P/E (Interim) as on 07-Nov-2024	4.94
P/E (Audited) as on 07-Nov-2024	6.99
Market Category	A
Market Lot	1
Last Dividend Declaration Date	29-Apr-2024
AGM Date	25-Jun-2024
Credit Rating	AAA' & 'ST-2

Figure-03: Organizational Fundamentals of Dhaka Bank PLC. **(Source: LankaBangla Financial portal)**

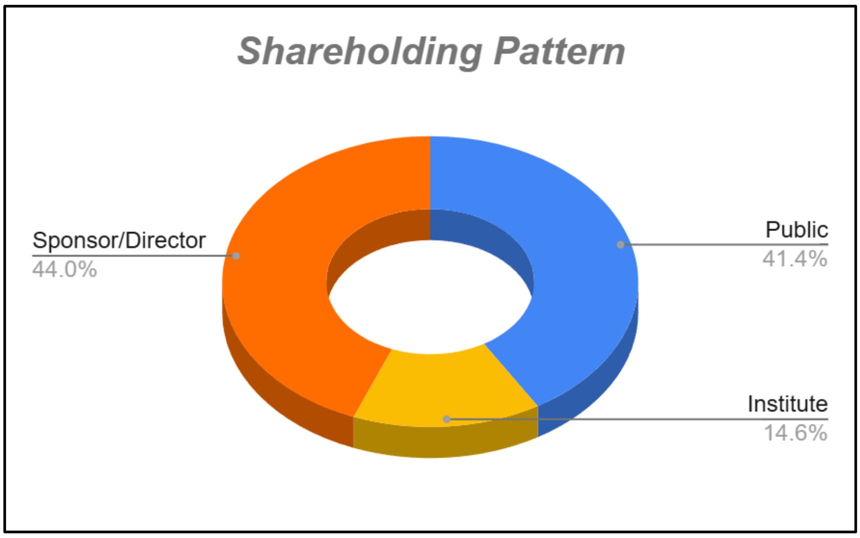


Figure-04: Shareholding Pattern of Dhaka Bank PLC (Till 31st October, 2024).
(Source: LankaBangla Financial portal)

2.2.3 Vision

Dhaka Bank draws its inspiration from distant stars, setting a vision to ensure that every banking transaction is a pleasurable experience. This vision drives the bank's commitment to delivering supreme service, marked by accuracy, reliability, timely delivery, cutting-edge technology, and tailored solutions for diverse business needs. With a global reach in trade and commerce and a focus on high yields for investments, Dhaka Bank strives to meet and exceed customer expectations.

2.2.4 Mission of Dhaka Bank

To be the premier financial institution in Bangladesh, delivering high-quality products and services supported by cutting-edge technology and a team of highly motivated professionals, committed to achieving Excellence in Banking."

2.2.5 Goal

The people, products, and processes of Dhaka Bank are meticulously aligned to deliver as per the demands of their discerning clients. Their Goal is to achieve distinct foresight and an unwavering dedication to quality, Dhaka Bank's prime objective is to bring its vision to life—Excellence in Banking.

2.2.6 Corporate Values of Dhaka Bank

- Customer Focus
- Integrity
- Quality
- Teamwork
- Respect for the Individual
- Responsible Citizenship

2.3 Objectives of Dhaka Bank

- Uphold the high standards of quality in Dhaka bank, including transparency and compliance in all services, ensuring effective and customer-oriented service that fosters a long-term customer relationship.
- Dedicated to sustainable business development to enhance their profitability, strengthen corporate reputation and most importantly ensure fair return of respected shareholders.
- Becoming a responsible corporate partner by contributing to the community welfare, supporting national progress, and fulfilling obligations to the government through timely tax payments.
- Maintain strong liquidity, manage operating costs effectively, and encourage savings with innovative schemes that meet customer needs and expand market share in trade finance services.
- Ensure a motivated, values-driven workforce by enhancing job satisfaction, nurturing corporate identity, and promoting a culture of excellence.

2.4 Corporate Social Responsibility

One of the leading private commercial banks in Bangladesh, Dhaka Bank Limited, has a well-delineated commitment to CSR through its Dhaka Bank Foundation initiated in the year 2002. Accredited with the Corporate Social Responsibility Award in 2006, the bank has been uninterruptedly committed to the causes of healthcare, education, and social welfare for the purpose of sustainable community development. Dhaka Bank's healthcare contributions include the Tk 2.6 million donated to BIRDEM Hospital to purchase a passenger lift and Tk 1.8 million for two hemodialysis machines. They also funded Tk 10 million to the Center for Women and Child Health Hospital to set up a pathological lab and imaging unit, and Tk 3 million to sponsor a ward at Ahsania Mission Cancer & General Hospital. Further, the bank provided Tk 5 million for flood relief operations and made contributions to the Prime Minister's Relief Fund in regard to disaster relief. Their involvement with Bangladesh Eye Hospital includes a charity project aimed at performing sight-restoring surgeries for underprivileged children born with blindness, with plans for expansion into cataract surgeries for adults.

The Bank's CSR activities also extend to youth sports, cultural events, and disaster relief. In that direction, key donations have been made to the Shaheed Ziaur Rahman Shishu Hospital in Bogura; support for educational trusts is also extended, such as Scholastica. They have continued sponsoring national and international events like Bangladesh International Junior Tennis Championships and Dhaka Bank Independence Day Hockey Tournament.

Following the pandemic caused by COVID-19, Dhaka Bank enhanced its CSR activities by distributing emergency financial assistance, medical consumables, and other resources at different healthcare institutions and among underprivileged communities. Such a proactive response underscores commitment toward societal welfare during crisis hours, reflecting resilience and commitment to making a difference when it's needed most.

The Dhaka Bank remains committed to adding value to the lives of all Bangladeshi citizens by its meaningful and effective CSR activities. These have included health care support, education, social welfare, promotion of youth sports and cultural activities, disaster relief, and myriad other development endeavors across the nation, which have indeed contributed much towards the nation's resilience and growth by fostering the bank's mission of transforming the community into a better on

2.5 Departments of Dhaka Bank

Figure-05: Departments of Dhaka Bank PLC.

2.6 Hierarchy Of Dhaka Bank

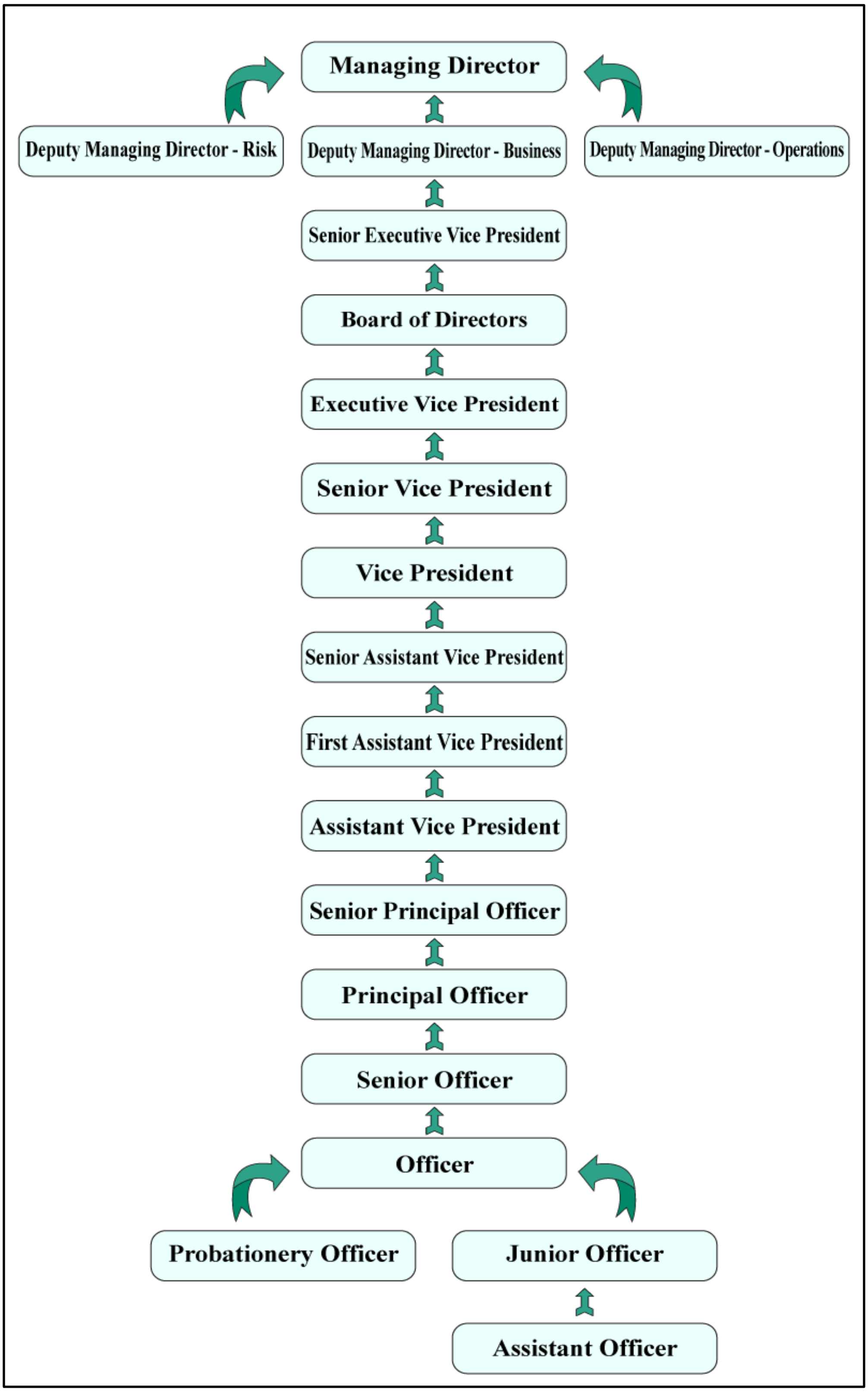


Figure-06: Positional Hierarchy of Dhaka Bank PLC.

2.7 Financial Highlights of Dhaka Bank

	2019	2020	2021	2022	2023
Income Statement					
Interest Income	21,590	17,714	14,914	16,210	21,512
Interest Expense	17,040	13,996	10,394	12,801	14,801
Net Interest Income	4,550	3,718	4,520	3,409	6,711
Investment Income	2,568	3,554	3,446	3,885	4,184
Commission, Exchange and Brokerage	3,421	2,699	3,336	5,949	3,365
Total Revenue	27,840	24,161	21,953	26,273	29,327
Operating Income	10,800	10,165	11,558	13,472	14,526
Operating Expenses	4,701	4,958	4,930	6,576	6,428
Operating Profit (profit before provision & tax)	6,099	5,207	6,628	6,895	8,152
Other Operating Income	261	194	257	228	267
Provision for Loans, Investments & Other Assets	2,998	2,025	2,514	3,000	4,033
Profit Before Tax	3,101	3,182	4,114	3,895	4,118
Tax Including Deferred Tax	1,529	1,152	2,058	2,236	2,387
Profit After Tax	1,571	2,030	2,056	1,660	1,732

BALANCE SHEET					
Authorized Capital	10,000	10,000	10,000	20,000	20,000
Paid-up Capital	8,532	8,959	9,496	9,496	10,066
Shareholders' Equity	17,211	18,792	20,242	20,773	21,786
Deposits	204,530	205,667	230,417	243,427	282,079
Borrowings	27,725	32,999	44,565	35,385	23,474
Loans & Advances	195,635	198,660	215,459	239,686	256,187
Investments	36,682	39,445	49,124	53,370	50,886
Fixed Assets	5,080	9,021	8,955	8,942	8,562
Earning Assets	242,137	247,418	283,026	292,171	313,947
Net Current Assets/ (Liabilities)	(41,796)	(65,727)	(64,241)	(69,681)	(80,020)
Total Assets	285,009	295,337	335,351	346,556	378,639
Long Term Liabilities/ Current Liabilities	23.08%	21.32%	17.58%	18.17%	18.65%
Total Liabilities	267,799	276,545	315,109	325,784	356,853
Total Off-balance Sheet Items	132,383	130,877	191,377	169,316	198,111
Property, Plant & Equipment	3,739	7,287	7,180	7,005	6,832
Intangible Assets	569	535	493	430	367
Impairment of Assets	0	0	0	0	0
Cash and Cash Equivalents	31,582	36,123	47,103	28,406	42,364
Lease Liabilities	616	1,071	1,194	1,387	1,304
Foreign Currency in Hand	71	124	35	25	130

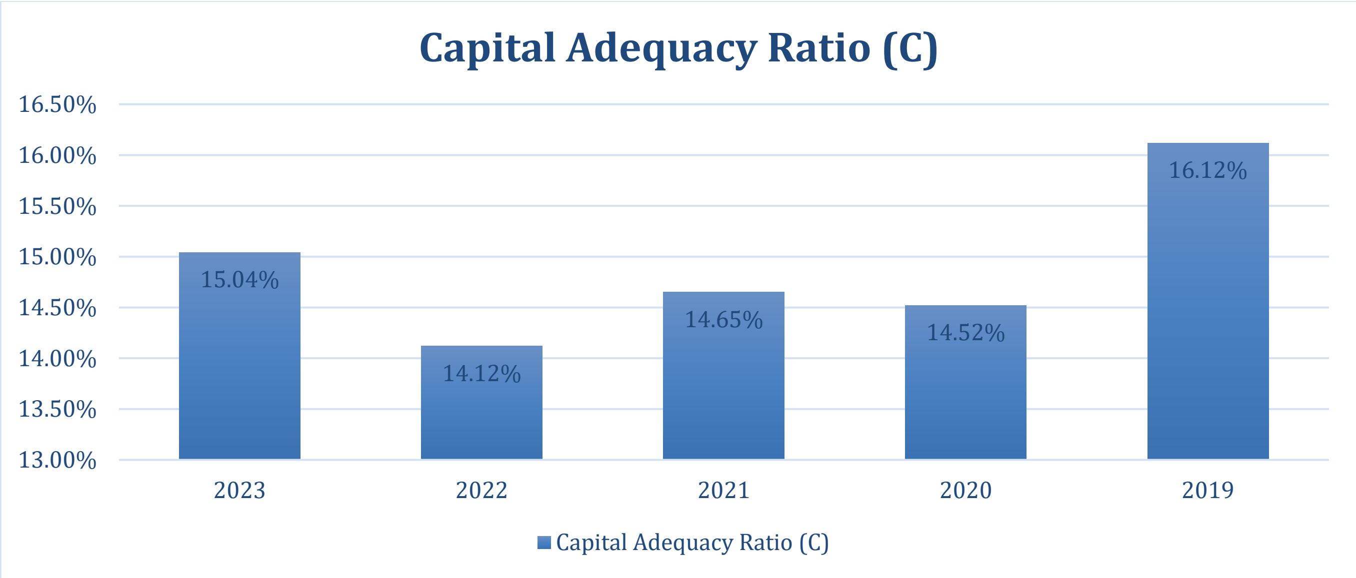
	2019	2020	2021	2022	2023
Foreign Exchange Business					
Import Business	151,121	124,010	221,940	206,317	223,512
Export Business	130,156	95,335	140,480	168,673	171,695
Inward Foreign Remittance	10,385	15,804	25,367	43,910	77,563
Guarantee Business	38,640	48,487	43,773	37,274	62,116
Capital Measures					
Risk Weighted Assets	193,398	199,837	213,899	224,907	232,750
Core Capital (Tier-1)	16,503	17,713	19,433	21,395	23,064
Supplementary Capital (Tier-II)	14,669	11,304	11,902	10,370	11,934
Total/Regulatory Capital	31,172	29,016	31,334	31,764	34,998
Statutory Capital (paid-up capital & reserves)	16,159	17,222	18,583	18,992	20,132
Capital to Risk Weighted Assets (CRAR) Ratio	16.12%	14.52%	14.65%	14.12%	15.04%
Tier-1 Capital Ratio	8.53%	8.86%	9.08%	9.51%	9.91%
RWA to Total Assets	68%	68%	64%	65%	61%

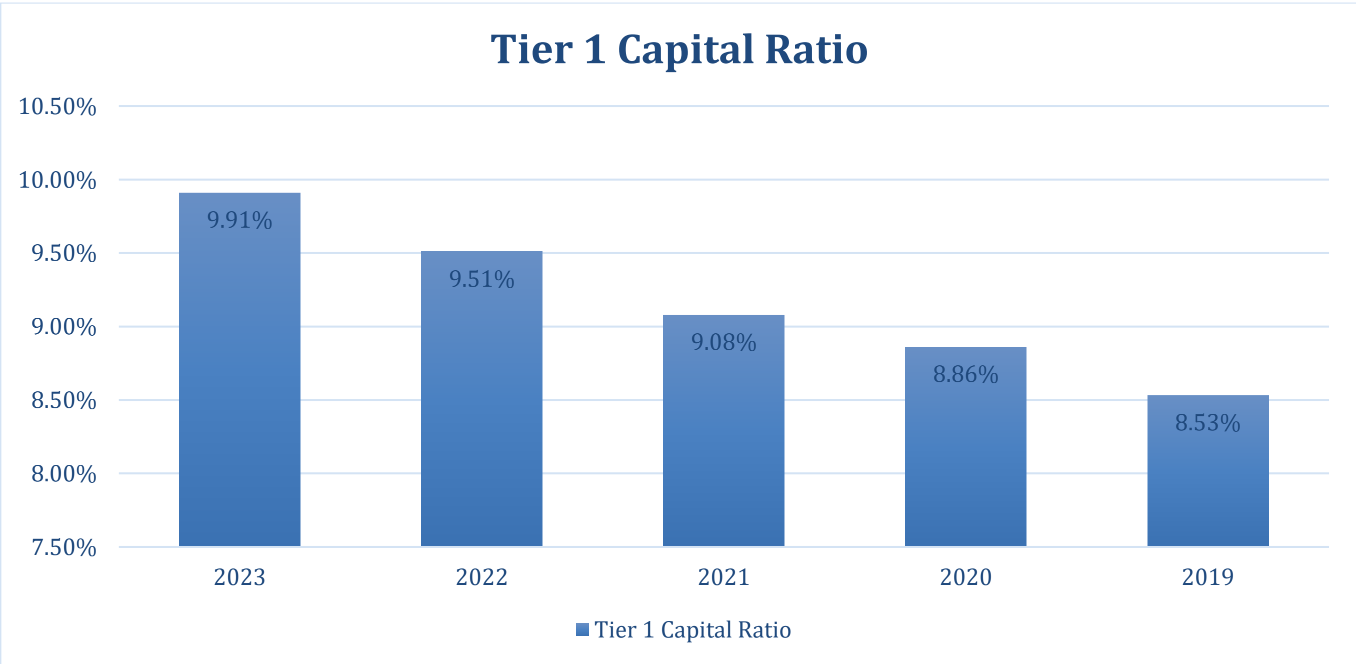
Figure-08: Financial Summary of Dhaka Bank PLC
(Source: Annual Reports Of Dhaka Bank)

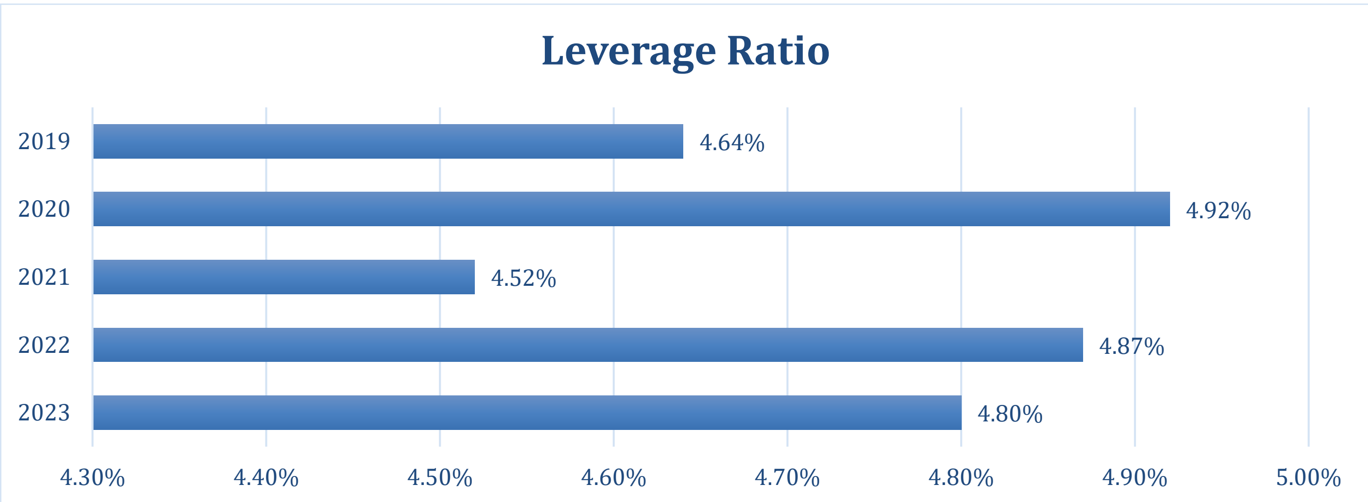
2.7.2 CAMELS Ratio Analysis Of Dhaka Bank (2019 – 2023)

Camels Analysis					
	2023	2022	2021	2020	2019
Capital Adequacy Ratio (C)	15.04%	14.12%	14.65%	14.52%	16.12%
Tier 1 Capital Ratio	9.91%	9.51%	9.08%	8.86%	8.53%
Leverage Ratio	4.80%	4.87%	4.52%	4.92%	4.64%
Asset Quality (A)					
Non-Performing Loan (NPL) Ratio	4.88	5.08	3.32	3.13	4.74
Management Efficiency (M)					
Net Interest Margin (NIM)	3.59	2.54	3.00	2.97	3.06
Cost to Income Ratio	44	49	43	49	44
Earnings (E)					
Return on Assets (ROA)	0.48	0.49	0.65	0.7	0.56
Return on Equity (ROE)	8.14	8.09	10.53	11.28	9.28
Earning Per Share	1.72	1.65	2.04	2.02	1.56
Liquidity (L)					
Liquidity Coverage Ratio (LCR)	103.91%	107.54%	103.59%	172.53%	148.44%
Loan to Deposit Ratio (LDR)	85.98%	87.38%	78.29%	83.28%	84.97%
Net Stable Funding Ratio (NSFR)	101.80%	102.42%	101.98%	104.07%	107.10%
Sensitivity to Market Risk					
Interest Rate Sensitivity Ratio	1.26	1.32	1.26	1.23	1.19
Foreign Exchange Exposure Ratio	0.097%	0.094%	0.098%	0.101%	0.103%
Value at Risk (VaR)	81.38 Crore BDT	76.90 Core BDT	73.00 Core BDT	68.50 Core BDT	64.80 Core BDT
Equity Price Risk Ratio	0.73%	0.71%	0.69%	0.67%	0.66%

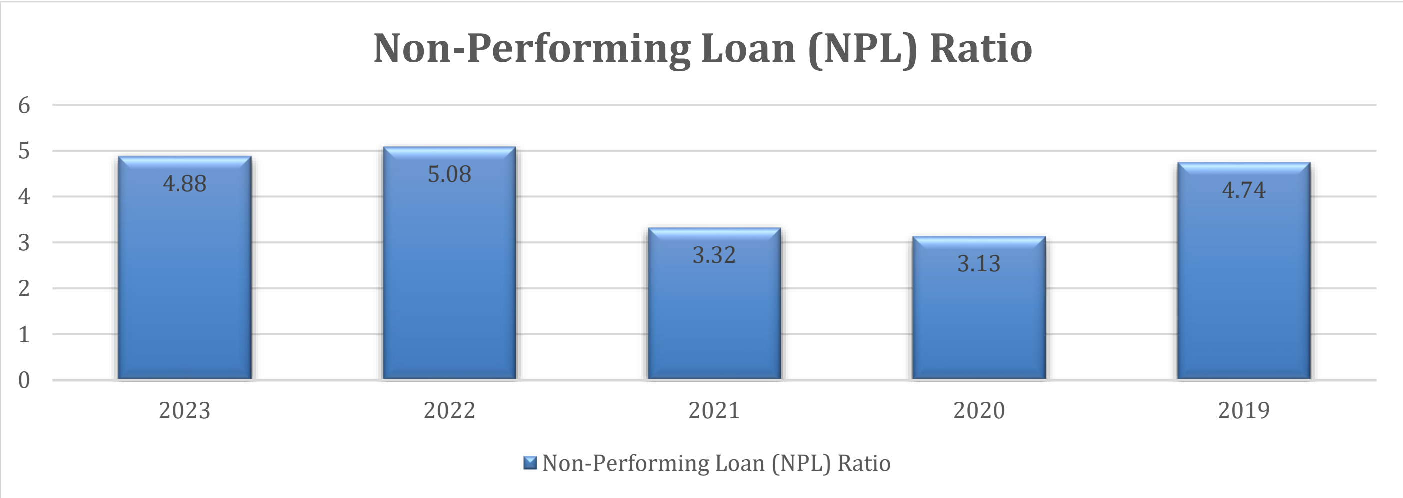
Figure-10: Camels Analysis of Dhaka Bank PLC.


Capital Adequacy Ratio (C)
16.50%
16.00%
15.50%
15.00%
14.50%
14.00%
13.50%
13.00%
15.04%
14.12%
14.65%
14.52%
16.12%
2023
2022
2021
2020
2019
Capital Adequacy Ratio (C)

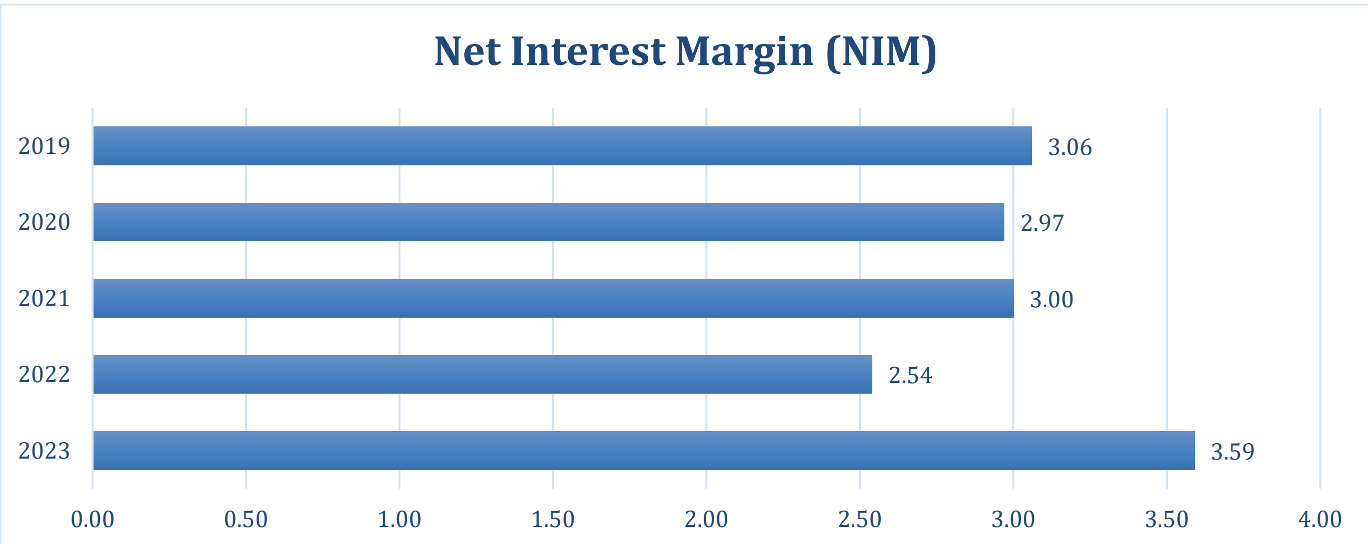

Tier 1 Capital Ratio
10.50%
10.00%
9.50%
9.00%
8.50%
8.00%
7.50%
9.91%
9.51%
9.08%
8.86%
8.53%
2023
2022
2021
2020
2019
Tier 1 Capital Ratio

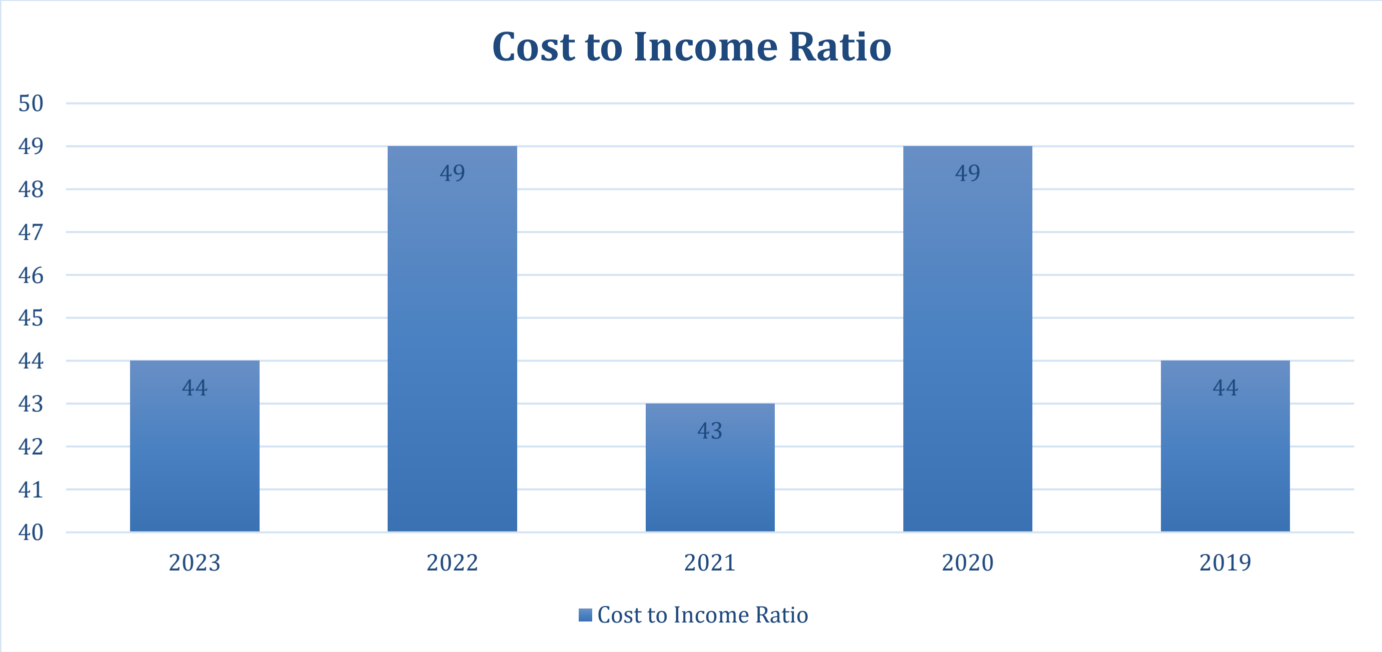

Leverage Ratio
2019
2020
2021
2022
2023
4.64%
4.92%
4.52%
4.87%
4.80%
4.30%
4.40%
4.50%
4.60%
4.70%
4.80%
4.90%
5.00%

Over the observed time, Dhaka Bank's capital adequacy has remained strong, highlighting the resilience and capacity of the bank to endure the possible losses. The Capital Adequacy Ratio has dropped marginally from 16.13% in 2019 to 15.04% in 2023, though it continues to put in a stable financial foundation. In the similar way, the bank's priority for improving its core capital is indicated by the consistent rise in the Tier-1 Capital Ratio, which has increased from 8.53% in 2019 to 9.91% in 2023. Additionally, the leverage ratio also exhibited a steady upwards trend, reflecting the strong basis in comparison to the bank's overall scale of the assets.

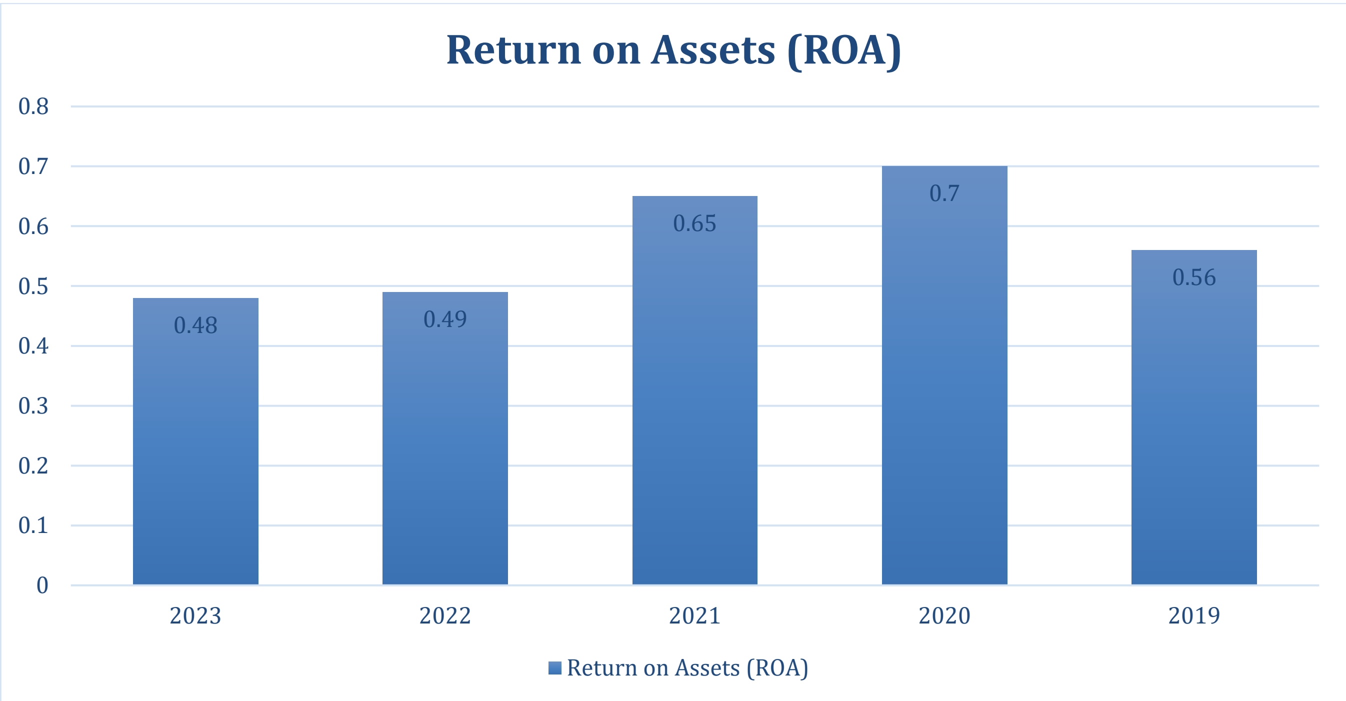


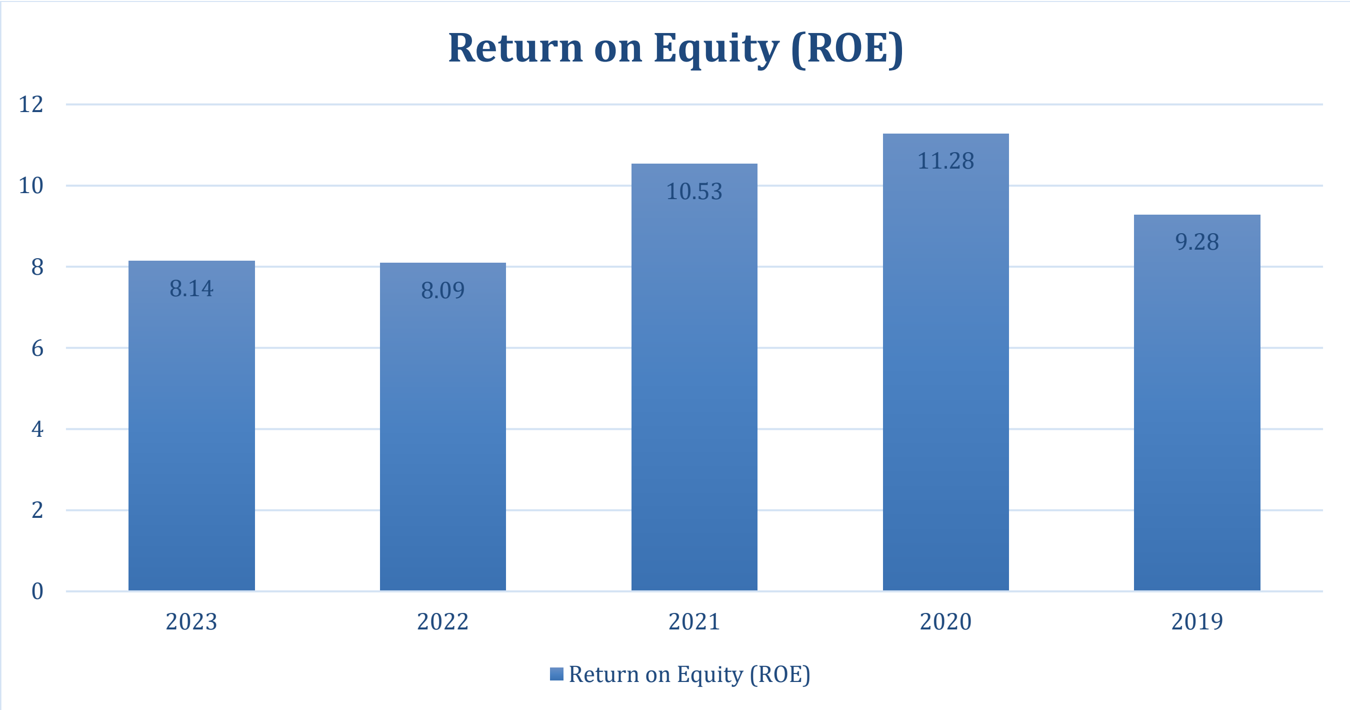
Particularly in the recent year with a decrease in the Non-Performing Loan (NPL) Ratio from 5.08 in 2022 to 4.88 in 2023, the growth of asset quality in Dhaka bank has been indicated. The effectiveness of credit risk management and recovery initiatives is suggested by this improvement. Maintaining the overall of the loan portfolio of the bank depends on a decline in NPLs showing benefits on the asset quality policies of the bank.

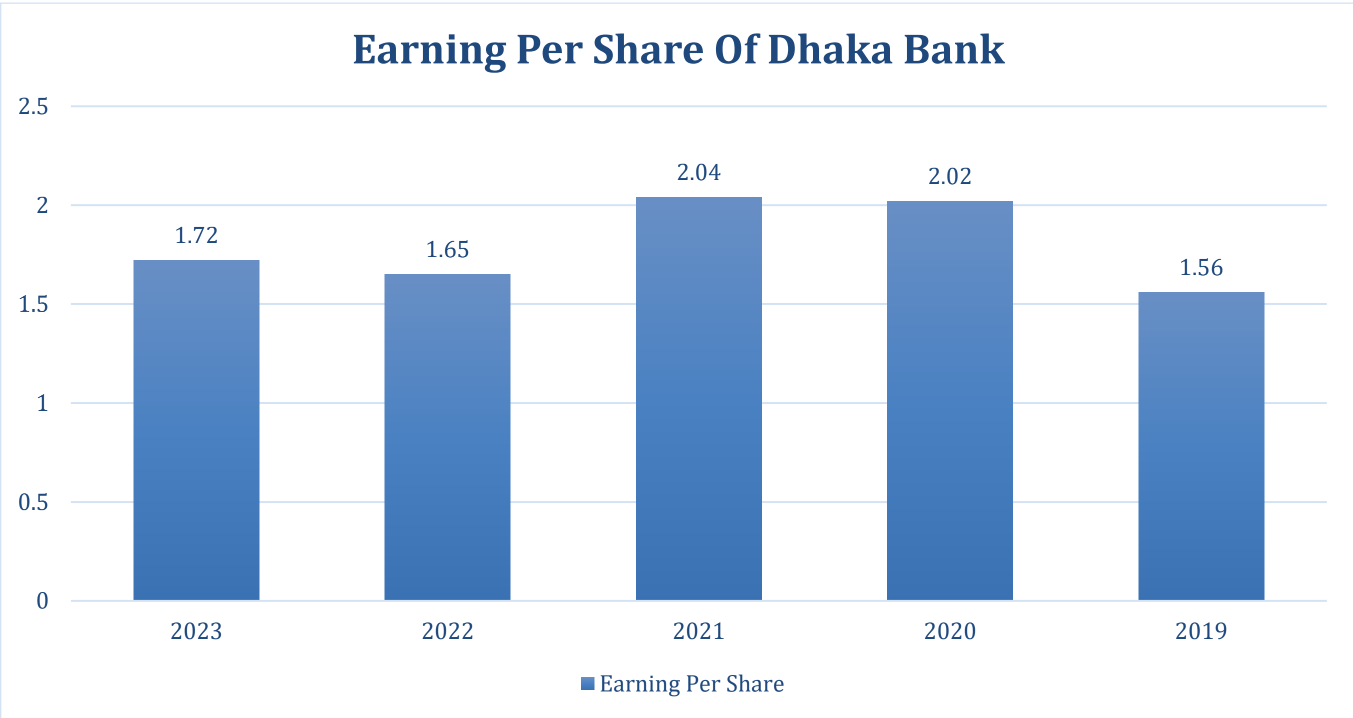




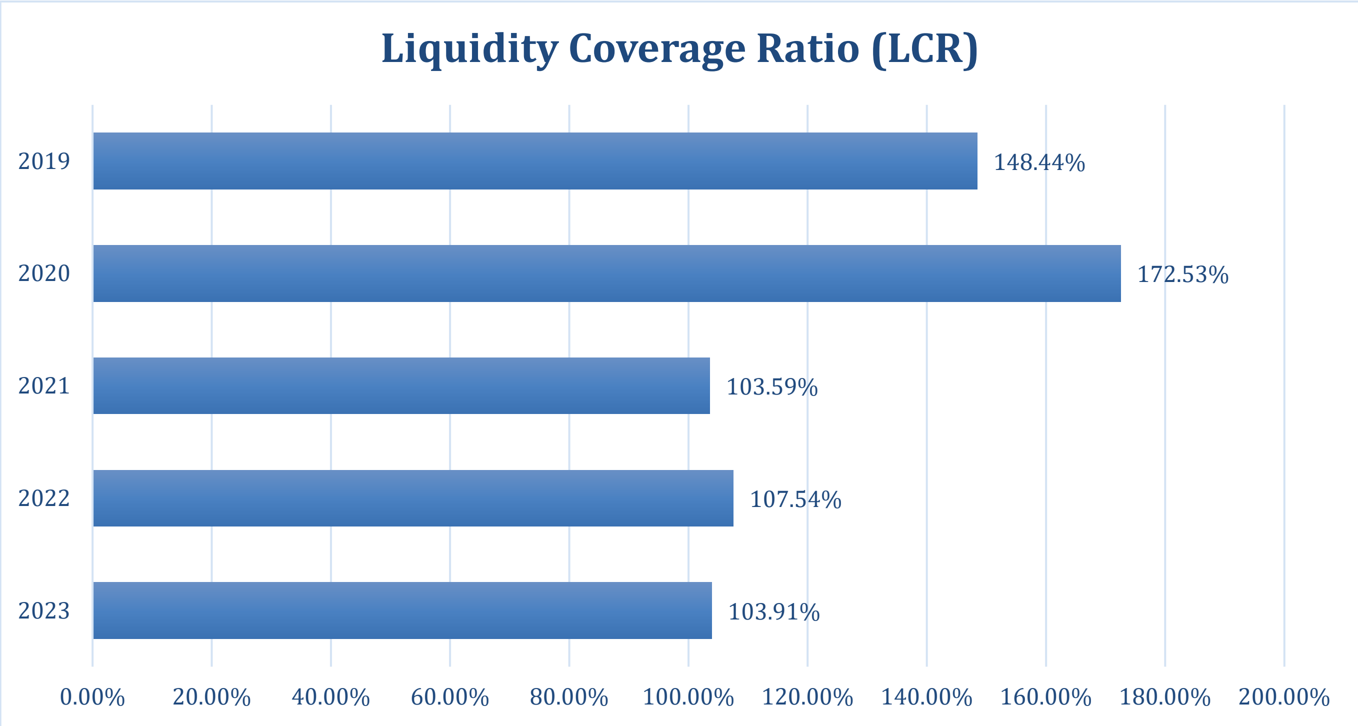
At Dhaka Bank, management efficiency has seen significant improvements illustrated by the rise in the Net Interest Margin from 3.05 in 2019 to 3.59 in 2023. This development suggests that the bank has been successful in making income from its owned assets. Furthermore, the Cost to Income Ratio dropped from 44 in 2019 to 34 in 2023, which means a more effective operational model and improved control over expenses compared to income.

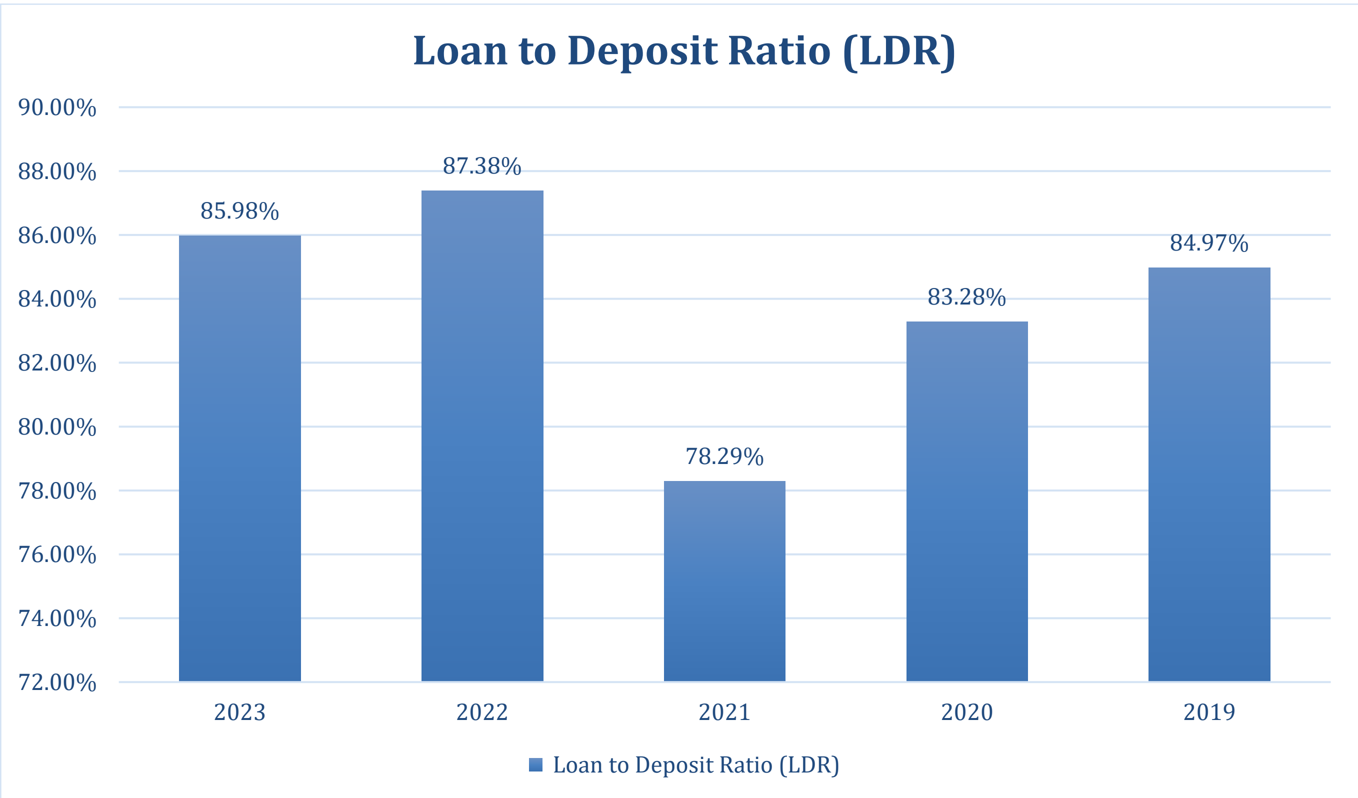


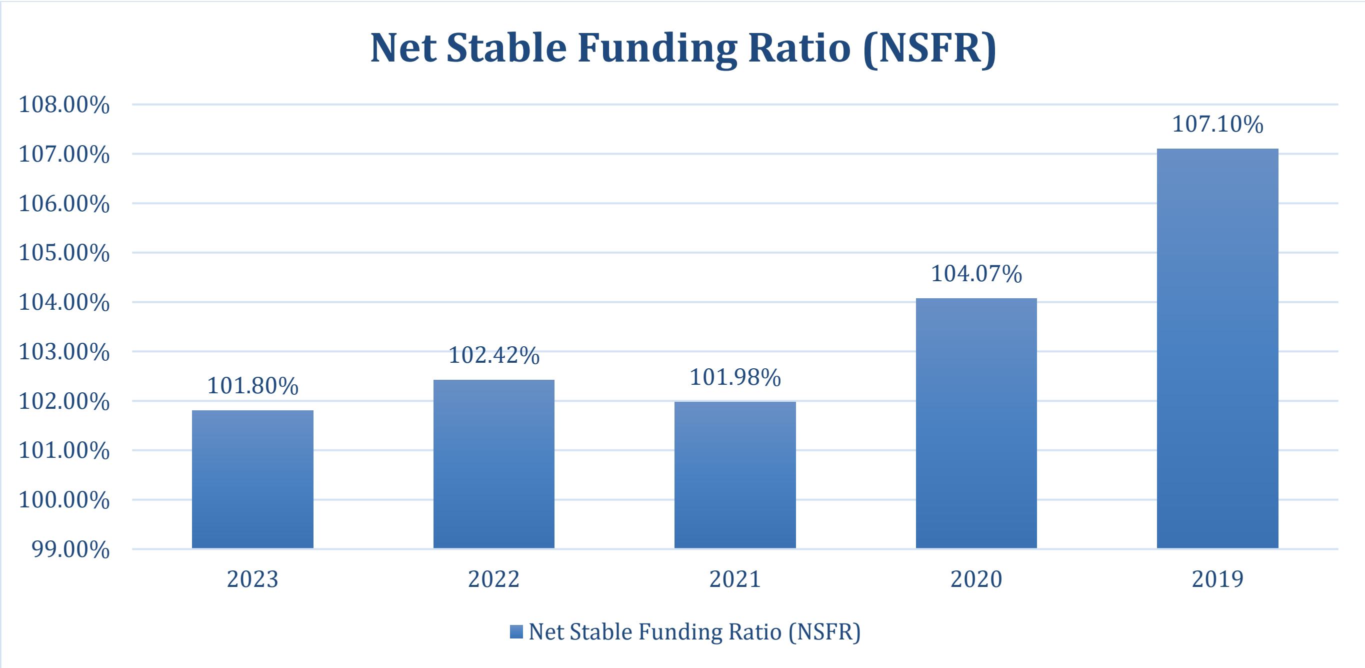




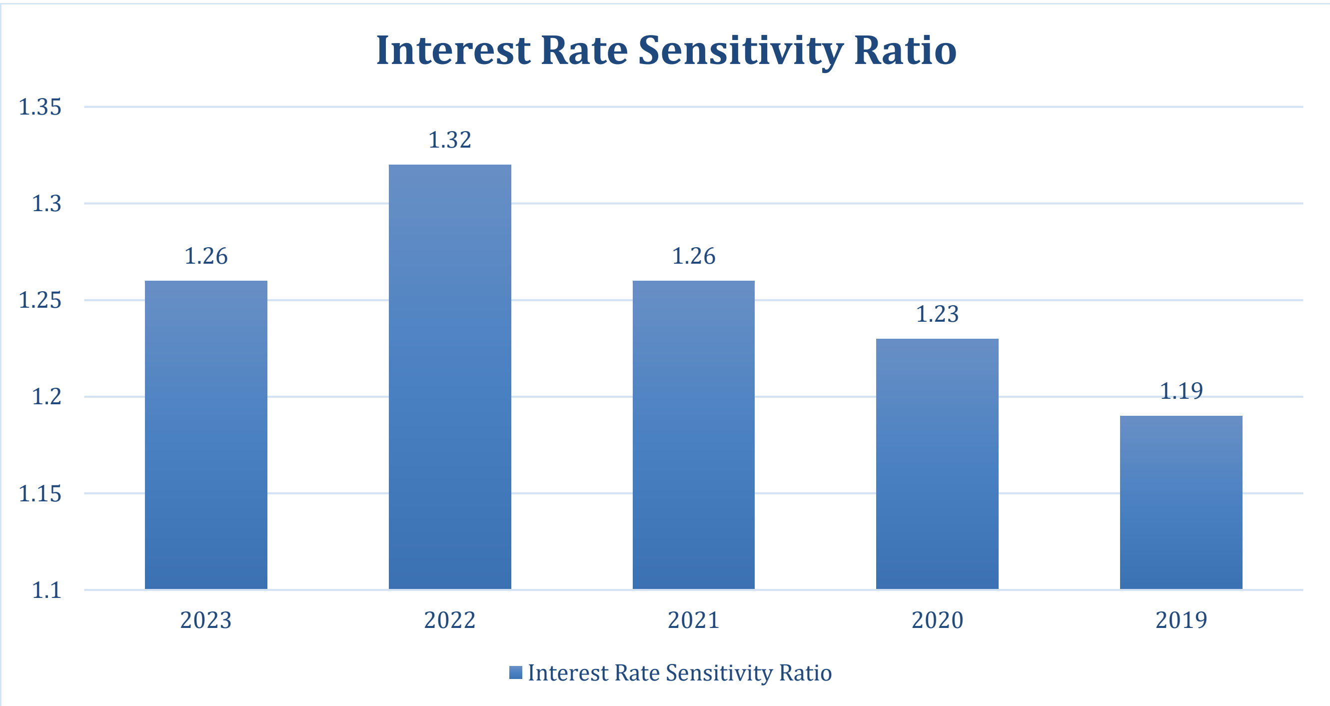
There have been changes in Dhaka Bank's earnings statistics over time. After reaching their peaks in 2020, the Return on Equity and Return on Assets have demonstrated a downward trend. Earnings per share, however, increased from 1.56 in 2019 to 1.72 in 2023, showing that the bank has improved its earnings capacity per share despite certain obstacles, which is valuable to its shareholders.

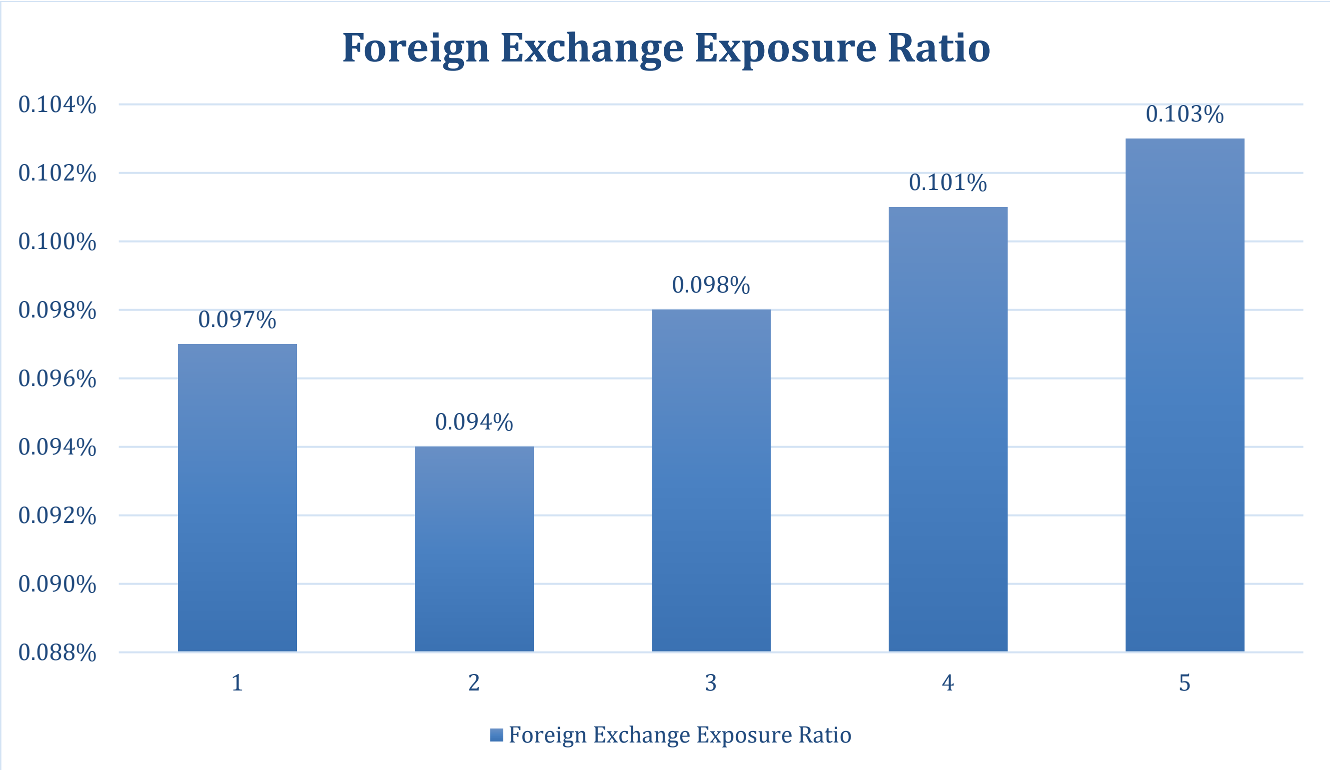

Liquidity Coverage Ratio (LCR)
2019
148.44%
2020
172.53%
2021
103.59%
2022
107.54%
2023
103.91%
0.00%
20.00%
40.00%
60.00%
80.00%
100.00%
120.00%
140.00%
160.00%
180.00%
200.00%

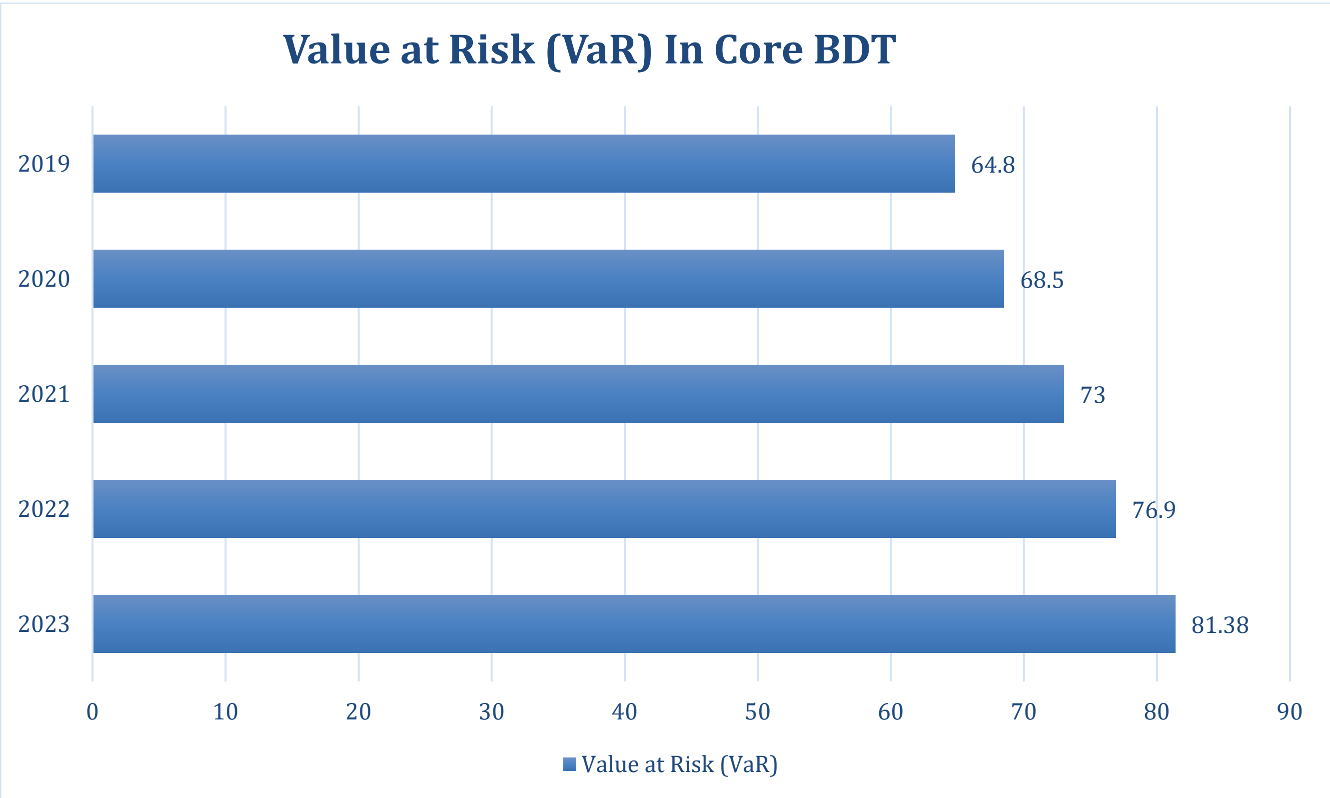

Loan to Deposit Ratio (LDR)
90.00%
88.00%
86.00%
84.00%
82.00%
80.00%
78.00%
76.00%
74.00%
72.00%
85.98%
87.38%
78.29%
83.28%
84.97%
2023
2022
2021
2020
2019
Loan to Deposit Ratio (LDR)

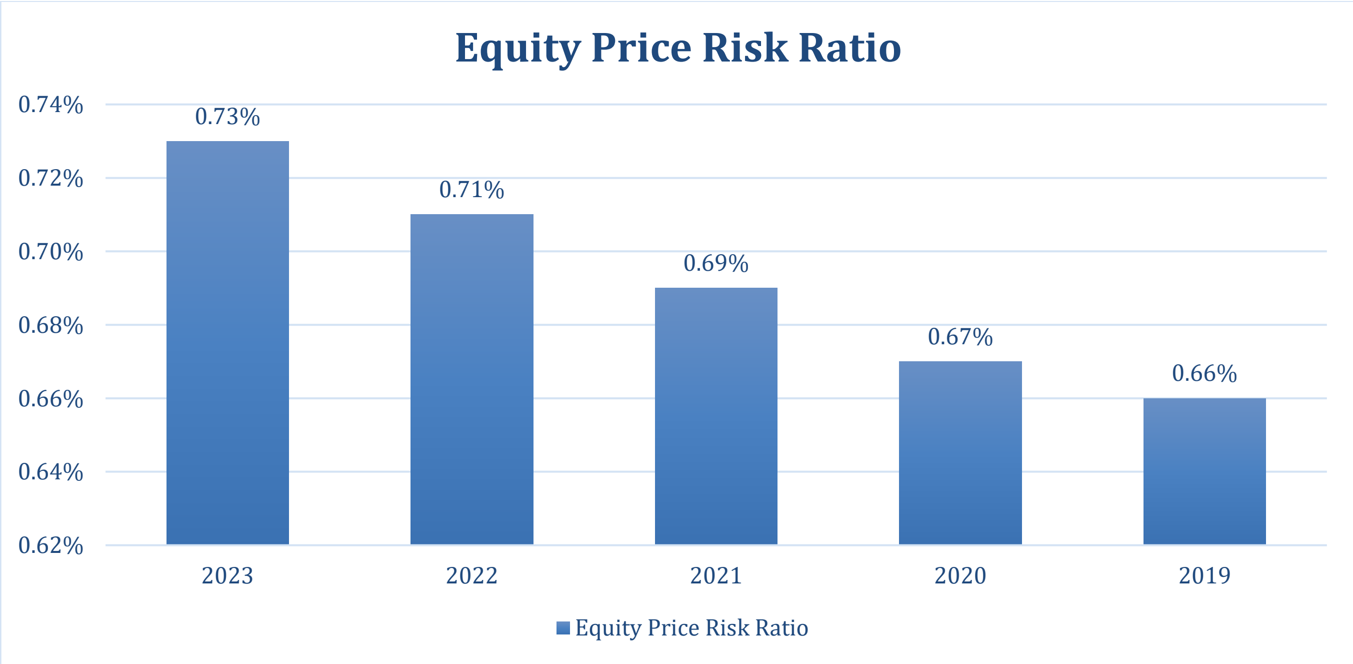


Through the Liquidity Coverage Ratio, Dhaka Bank's liquidity measures have elevated which peaked at 172.53% in 2020 and stabilized at 103.91% in 2023. This peak ratio suggests that the bank's capability to meet short-term obligations with less difficulties. The Loan to Deposit and Net Stable Funding Ratios have also been maintained at satisfactory levels, supporting the bank's liquidity position and ensuring that it has sufficient liquidity and funding to support its activities and development.




Foreign Exchange Exposure Ratio
0.104%
0.102%
0.100%
0.098%
0.096%
0.094%
0.092%
0.090%
0.088%
0.097%
0.094%
0.098%
0.101%
0.103%
1
2
3
4
5
Foreign Exchange Exposure Ratio

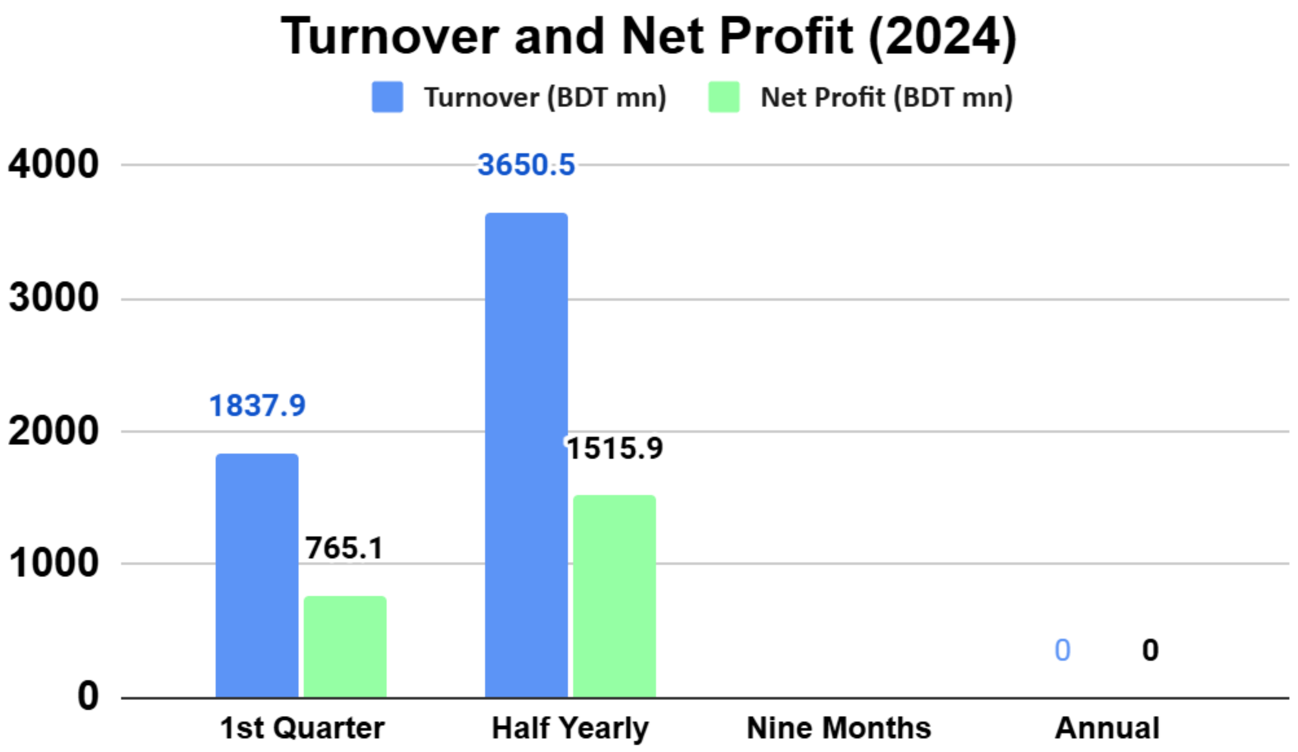

Value at Risk (VaR) In Core BDT
2019
2020
2021
2022
2023
64.8
68.5
73
76.9
81.38
0
10
20
30
40
50
60
70
80
90
Value at Risk (VaR)



Dhaka Bank's vulnerability to market risk shows a downward trend in major risk factors, showing enhanced risk management. There appears to be less vulnerability to interest rate changes as reflected by the Interest Rate Sensitivity Ratio's decline from 1.32 to 1.19. As a result of lowered possible losses, the Value at Risk (VaR) has also decreased, from 81.38 Core BDT to 64.80 Core BDT. The Equity Price Risk Ratio has also fallen from 0.73% to 0.66%, suggesting reduced exposure to stock market fluctuations. However, the Foreign Exchange Exposure Ratio implies a minor increase in currency risk, rising from 0.094% to 0.103%. Although the bank may need to monitor its growing forex exposure, overall it appears to be managing its risks effectively, taking a cautious approach to market volatility.

To sum up, Dhaka Bank's financial position during 2019-2023 is good and follows an increasing pattern, albeit with fluctuating profits. It has maintained a sound capital position with its Tier 1 Capital Ratio improving perennially, showing that it is strongly positioned to deal with financial issues. The asset quality has also increased, which is mirrored in the reduction of the Non-Performing Loan Ratio in the year 2023 and suggests good risk management policies. Management has also enhanced, evidenced by the increase in Net Interest Margin and a decrease in Cost to Income Ratio, which indicates more efficient operation and profitability. Even though earnings have been relatively volatile, the increase in Earnings Per Share indicates strong capability to generate value for shareholders.Liquidity remains a strength of the bank with all the key ratios like Liquidity Coverage Ratio and Net Stable Funding Ratio well above the regulator-prescribed levels, enabling the bank to manage short-term liabilities and remain liquid during periods of stress in the market. Overall, Dhaka Bank is poised to face future challenges on the strength of its solid financial pillars and strategic changes in operations

2.7.3 Interim Financial Performance of 2024



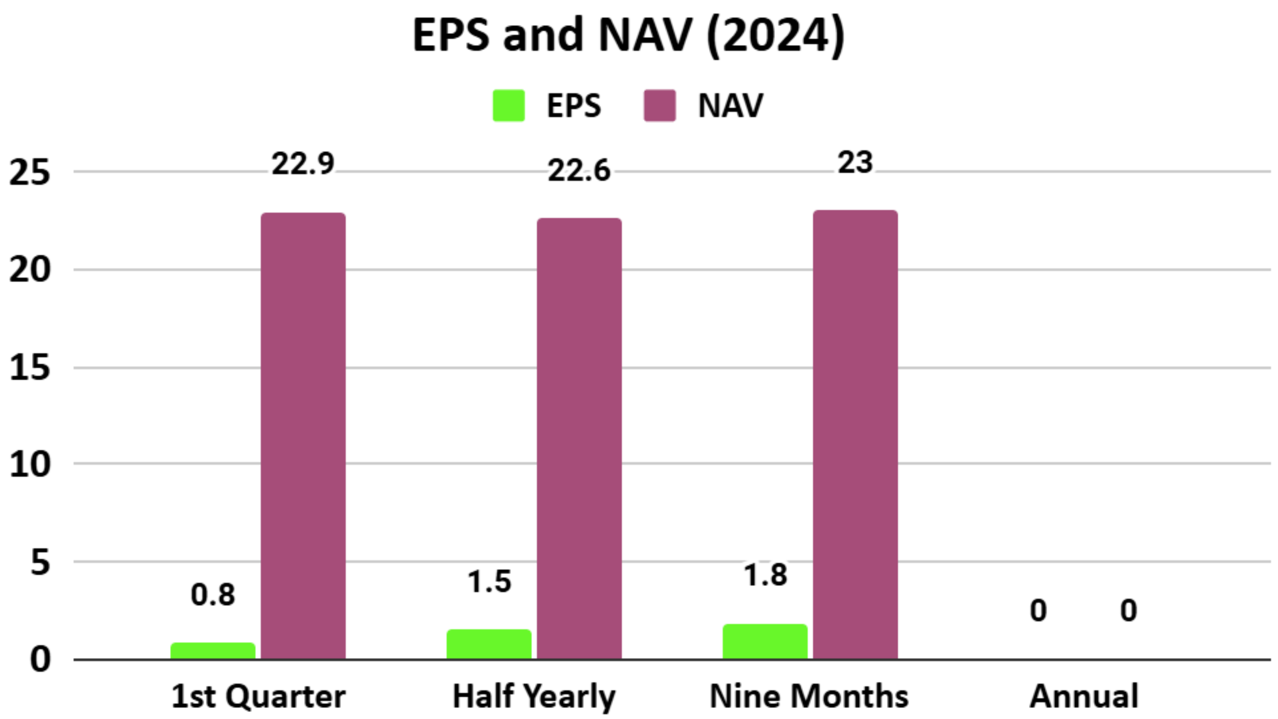


Figure-13: Interim Financial Performance of Dhaka Bank. **(Source: LankaBangla Financial portal))**

2.7.4 Peer Comparison

Symbol	DHAKA BANK	AB BANK	BANK ASIA	BRAC BANK	EBL	NCC BANK
Close Price	11.7	7.7	17.1	51.5	24.9	11.3
Market Capital (mn)	11777.246	6896.85	19937.007	91140.176	33817.662	12547.781
PE Interim	4.94	30	7.16	7.74	5.41	3.45
PE Audited	6.99	7.45	9.39	10.74	4.85	5.51
NAV	22.96	28.93	26.55	42.38	32.04	22.96
Turnover	-	-	-	-	-	-
Dividend Yield (%)	8.55	-	8.77	1.94	5.02	10.62
Loan (Gross) to Total Deposit	0.906	0.918	0.813	0.884	0.976	1.045
Liquid Assets to Total Deposit	0.151	0.091	0.128	0.132	0.119	0.115
Return on Assets (ROA)	0.004	0.002	0.005	0.01	0.012	0.007
Return on Earnings Assets (ROEA)	0.005	0.002	0.006	0.011	0.013	0.008
Return on Equity (ROE)	0.075	0.034	0.084	0.095	0.151	0.095
Net Profit Margin	0.115	0.077	0.115	0.178	0.292	0.156
Operating Profit Margin	0.556	0.46	0.546	0.339	0.553	0.568
Interest Expense to Interest Income	0.689	0.8	0.73	0.509	0.695	0.679
Investment income to investment Assets	0.078	0.072	0.072	0.066	0.079	0.093
Interest Yield	0.076	0.077	0.073	0.075	0.071	0.079
Net Interest Margin	0.026	0.013	0.015	0.028	0.017	0.019

Figure-14: Peer Comparison of Dhaka Bank PLC.

(Source: LankaBangla Financial portal)

2.8 PESTLE Analysis of Dhaka Bank

For Dhaka Bank, there are many external factors that affect their business strategy and day-to-day operations. A PESTLE analysis helps to understand such influences through Political, Economic, Social, Technological, Legal, and Environmental aspects. Below it will be discussed how each of these factors affects Dhaka Bank and the opportunities and challenges arising from its environment.

1. Political Factors

The political environment and stability affect the banking industry much. The government policies, taxation, and financial regulations imposed influence banking activities. Government policy changes can have an effect on interest rates, foreign investments, and economic growth that can be reflected in bank profitability. Adverse events like political demonstrations and economic sanctions pose a risk to the financial system. In Bangladesh, the government influences banks through the Bangladesh Bank through the proper implication of financial policies. Furthermore, trade policies along with monetary policies or guidelines also influence the international banking services provided by the bank. Moreover, the government also encourages financial inclusion in the country through initiatives like SME financing and rural banking, which open new areas of operation for banks as well. (*REDESIGNING BANKING SERVICES through DIGITAL TRANSFORMATION*, n.d.)

2. Economic Factors

The economy is a major factor in banking performance, GDP growth, inflation, interest rates, and unemployment rates have an impact on loan demand and credit risk. A growing economy increases demand for loans and financial services, while a slow economy raises the risk of loan defaults. In 2023, Bangladesh's GDP grew, creating a positive business environment for banks. However, According to the Dhaka Bank Annual Report, inflation is still a reason for concern, as it reduces customers' purchasing power and increases the risk of default. Dhaka Bank attempts to reduce economic risks by diversifying its loan portfolio in SME, corporate, and retail banking . Interest rate fluctuations affect profitability as well. A higher rate of interest increases the cost of borrowing for companies and individuals; hence, loan demand falls. On the other hand, low interest rates may cut the bank's profit margins. The bank has to manage its exposure to interest rates with care for stable growth to continue. ((*REDESIGNING BANKING SERVICES through DIGITAL TRANSFORMATION*, n.d.)

3. Social Factors

The main social factors that may affect Dhaka Bank are changing customer preferences and financial inclusions. Increasing numbers of people are now looking for mobile and internet banking services. This is evidenced by the bank's extension of its services to become digital and automated (Dhaka Bank Annual Report, 2023). Regarding changes in demographics, a new generation uses cashless deals, while elder customers believe only in traditional ways of dealing. To this fact, Dhaka Bank makes available both digital services and branch services. Other important social aspects is Corporate Social Responsibility (CSR). Dhaka Bank engages in community development, education, and disaster relief programs, enhancing its reputation and customer loyalty. The bank also promotes gender-focused financial services, such as the Oditiya Loan for women entrepreneurs, encouraging financial inclusion (*REDESIGNING BANKING SERVICES through DIGITAL TRANSFORMATION*, n.d.)

4. Technological Factors

Technology is remodeling the banking industry. Digital banking, fintech innovations, and cybersecurity are some of the major factors to be considered by Dhaka Bank. The bank invests highly in mobile banking, automation, and AI-based financial solutions to uplift efficiency and customer experience.With the increasing threat of cybersecurity, it is very essential to safeguard the data of the customers. The bank has enhanced its cybersecurity to avoid fraud and hacking. The bank also Partners with fintech companies to deliver new financial services, such as instant loan disbursal through AI-powered platforms ((*REDESIGNING BANKING SERVICES through DIGITAL TRANSFORMATION*, n.d.). Online and mobile banking has gained more momentum, and thereby physical branches have lost their relevance. However, digital transformation also involves huge cost investment in IT infrastructure and human resources.

5. Environmental Factors

Sustainability and ecological accountability are gaining priority in banking. Dhaka Bank adheres to the policy of Environmental and Social Risk Management to align its investments with sustainability goals. As per the *REDESIGNING BANKING SERVICES through DIGITAL TRANSFORMATION* (n.d.), the bank promotes green banking initiatives that include green financing in renewable energy projects and environmentally friendly businesses. The bank moved to paperless banking to reduce the carbon footprint. Now, climate change is threatening to bank, especially on loans related to sectors vulnerable to extreme weather conditions, such as agriculture and real estate. Regulators encourage banks to develop strategies for managing climate risk. Dhaka Bank incorporates these practices into its lending policies to support a more sustainable economy .

6. Legal Factors

The banking industry is highly regulated. Dhaka Bank is obliged to operate under the policies and regulations imposed by Bangladesh Bank, tax laws, and international financial regulations. Changing banking laws, such as more stringent AML policies, for example, call for continuous adaptation (*REDESIGNING BANKING SERVICES through DIGITAL TRANSFORMATION*, n.d.) Non-compliance with financial laws can lead to penalties and loss of reputation. The bank ensures compliance with Basel III requirements for setting capital and risk management standards among banks. Another legal aspect involves consumer protection laws. The bank should practice fair lending, ensure data privacy, and financial transactions should be transparent. Any litigation due to regulatory issues affects the profitability and reputation of the bank.

Dhaka Bank is operating in a very complex external environment. Political stability, economic growth, and social factors are affecting the banking operation. The bank is trying to cope with the competitive challenges through technology and digital transformation while maintaining legal and environmental compliances. With a focus on financial inclusions, sustainability, and technological advancement, Dhaka Bank is poised for future growth and stability.

2.9 SWOT Analysis of Dhaka Bank

Strengths

Strong Brand Presence:
Established a reputation as one of the leading private-sector banks in Bangladesh.

Diverse Service Portfolio:
Offers a wide range of financial products, including both traditional and digital banking services.

Technological Advancements:
Robust online banking platform (i-Banking) that enhances customer convenience.

Weakness

Limited International Presence:
Focuses mainly on the local market, missing out on global opportunities.

Overdependence on Traditional Banking:
Slower shift to fully digital operations compared to emerging fintech competitors.

Low AI/ML Integration:
Limited use of AI and machine learning for personalized banking services and data-driven decision-making, which can impact customer experience and operational efficiency.

Opportunities

Growing Digital Adoption:
Rising demand for online banking can drive the expansion of its digital services.

SME Sector Growth:
Potential to tap into the growing SME sector for business banking.

Islamic Banking Expansion:
Increasing demand for Shariah-compliant banking can be leveraged through dedicated Islamic branches.

Threats

Intense Competition:
Fierce competition from both local banks and emerging fintech companies.

Economic Instability:
Recent political turmoil and economic downturns have led to high inflation and unemployment, affecting loan recoveries and profitability.

Regulatory Changes:
Stricter banking regulations may increase compliance costs and impact operations.

Figure-15: SWOT Analysis of Dhaka Bank.

Chapter 03

Findings & Analysis

3.1 Trade Overview of Bangladesh

Trade in Bangladesh is the backbone of its growth and explores domestic as well as international markets for a balanced approach. The textile and garment industries play the lead role and account for over 80% of export earnings, placing the country in the second position among the world's garment exporters after China. According to a Daily Star Report, Bangladesh has scaled up with $47.38 billion from Apparel export in 2023. That indicates 10.27% impressive growth, helping the country to gain almost $55.56 Billion for the 2022- 2023 fiscal year. The monthly export earnings of apparel were also higher at $4.67 billion in December 2022. Export earnings for knitwear stood at $25,730 million and woven garments at $21,250 million grew by 10.87% and 9.56%, respectively. This growth in exports can, however, be sustained only if Bangladesh is able to import the important inputs that drive its industries. The country largely depends on the import of petroleum, machinery, and chemicals to power its manufacturing and energy industries.

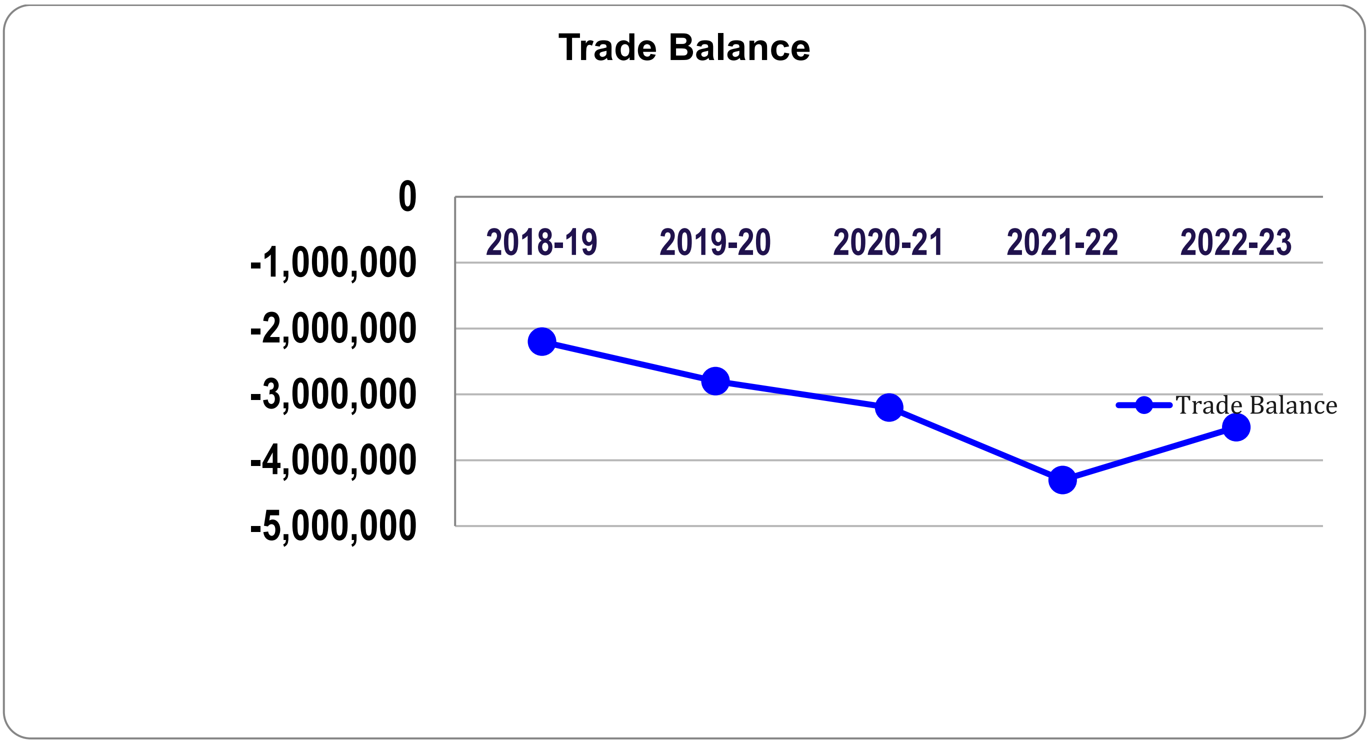


Figure-16: Trade Balance Summary of Bangladesh 2018 - 2023 FY.

(Source: *Foreign Trade Statistics Issue-203 BANGLADESH BUREAU of STATISTICS (BBS) Statistics and Informatics Division (SID) Ministry of Planning Government of the People's Republic of Bangladesh*, 2023**)**

In the financial year of 2022-23, approximately 20% of Bangladesh's total import expenditures were petroleum goods, valued at 1,200 billion BDT. About 800 billion takas worth of machinery and mechanical equipment were imported, which is 13% of the overall imports. Electrical machinery and equipment comprise 600 billion BDT, representing 10% of the total import expenditure. Fertilizers and pharmaceuticals, worth 500 billion BDT, contribute 8% of the overall chemical products worth 500 billion BDT. Iron and steel goods were imported at a value of 400 billion BDT, contributing 7% of total import expenditure.

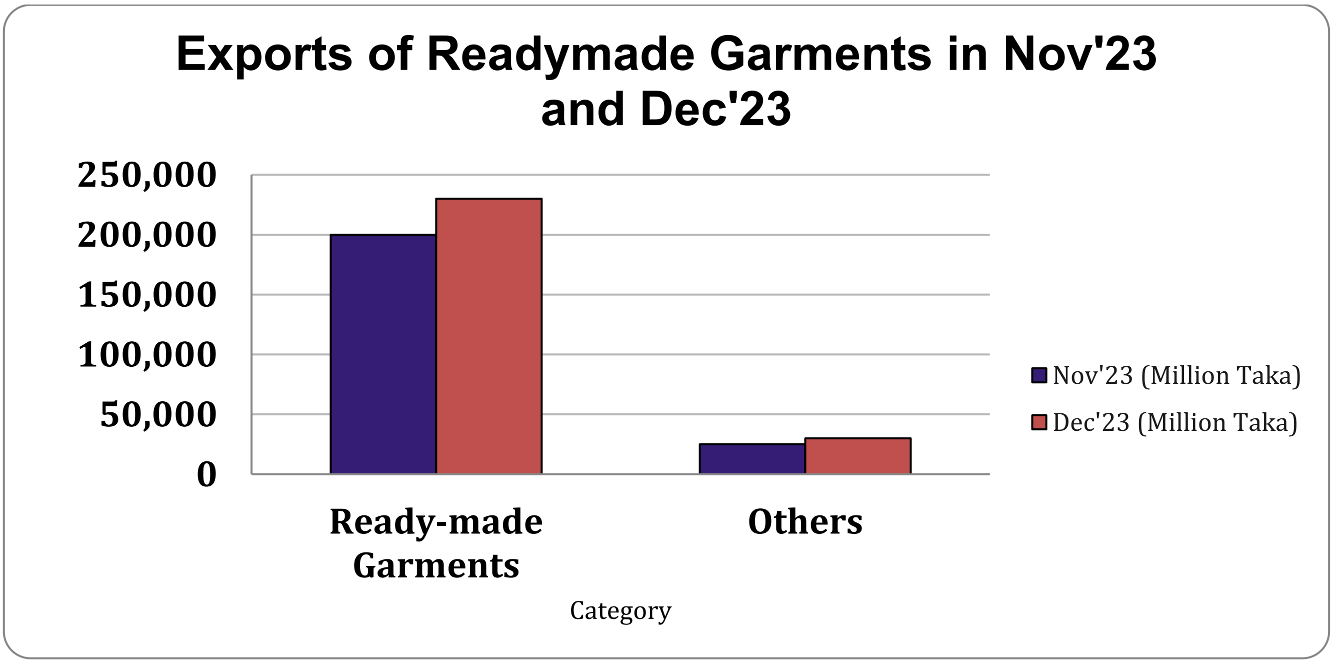


Figure-17: RMC Import Summary Of 22-23 FY (NOV23 - DEC23).

(Source: *Foreign Trade Statistics Issue-203 BANGLADESH BUREAU of STATISTICS (BBS) Statistics and Informatics Division (SID) Ministry of Planning Government of the People's Republic of Bangladesh*, 2023**)**

Being one of the largest rice producers, Bangladesh had to import edible oils, wheat and pulses worth 300 billion BDT in value, which is 5% of the total imports. Import of plastics and articles thereof was valued at 250 billion BDT, equivalent to 4% of the import bill. The purchase of motor vehicles, including personal cars, motorbikes, and commercial vehicles, reached more than 200 billion BDT, indicating 3% of the overall imports. (*Foreign Trade Statistics Issue-203 BANGLADESH BUREAU of STATISTICS (BBS) Statistics and Informatics Division (SID) Ministry of Planning Government of the People's Republic of Bangladesh*, 2023)

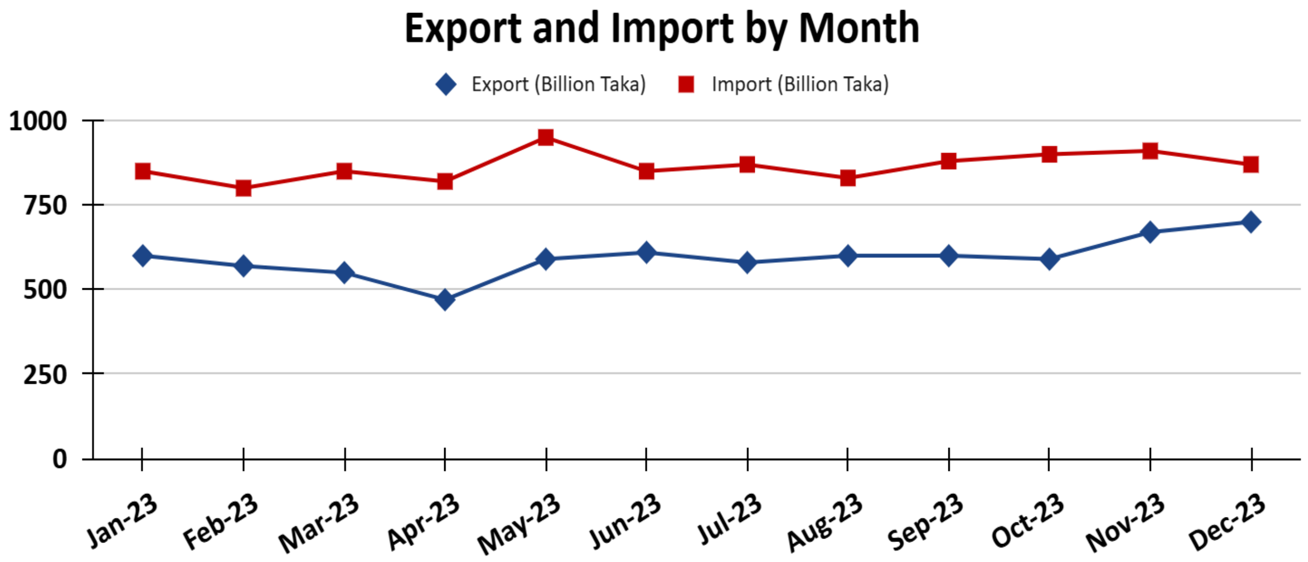


Figure-18: Export Import Summary of 2023 FY.

(Source: *Foreign Trade Statistics Issue-203 BANGLADESH BUREAU of STATISTICS (BBS) Statistics and Informatics Division (SID) Ministry of Planning Government of the People's Republic of Bangladesh*, 2023**)**

However, lately, the global slowdown has hit hard, and export orders have fallen by as much as 10%. And on the local front, the situation is not too different. Agriculture is the lifeline in many rural communities, yet stagnation due to outdated techniques and inefficient logistics blocks their very potential. The cost of production in most industries has risen as the prices of various staples, particularly petroleum, have continued to go up. The Taka seesawed further, increasing the cost of imports and widening the trade deficit. Adding to the problems mentioned above, there is political uncertainty.

The recent political instability has taken its toll on trade operations. Agitation in Bangladesh and the resignation of the Prime Minister in August 2024 caused disruptions at ports, delaying both import and export activities. This uncertainty has lessened business confidence, with many foreign investors adopting a wait-and-see approach. Furthermore, the political turmoil has caused fuel shortages, increased transportation costs and decreasing the effectiveness of both local and international shipments. Consequently, at the global level, Bangladesh's trade is being hit by rising costs and a depreciating currency. A depreciating currency-the Taka-amidst disrupted supply chains has blown out the trade deficit to an alarming $33 billion as of 2023. The rise in import costs has put immense pressure on businesses already trying to adapt to tighter margins. (*FOREIGN TRADE STATISTICS of BANGLADESH 2022-23 BANGLADESH BUREAU of STATISTICS (BBS) STATISTICS and INFORMATICS DIVISION (SID) MINISTRY of PLANNING GOVERNMENT of the PEOPLE'S REPUBLIC of BANGLADESH*, n.d.)

But again, according to the New Age, the trade and economic scenario of Bangladesh is gradually changing due to both external factors and internal policy changes. The country's trade deficit narrowed down to $4.63 billion in the first quarter of FY 2024-25 from $5 billion during the same period last fiscal year. This positive change is largely due to a 5.1 percent increase in export earnings, reaching $10.56 billion, with controlled import growth of just 0.9 percent at $15.19 billion. These figures thus reflect the tightened import policy and efforts to stimulate export activities, especially in the readymade garment sector-one of the biggest propellers of Bangladesh's economy. The deficit in the country's current account has also drastically reduced: it declined to $127 million in Q1 FY25 from $1.82 billion in the same quarter last year, on the back of the surge in remittances that followed the change in government. Remittances between August and October 2024 stood at $7.03 billion, which was a 43% increase over the same period last year, encouraged by policies that incentivized formal channels of remittance. This upward trend is likely to persist, with the added possibility of increasing remittance inflows by $4 billion every year, enough to create a surplus in the current account balance if the trend holds.

However, the overall economic situation remains complex, most especially with the impending elections, political tension has increased. There were reports of delays in key ports, which hindered the timely processing of both imports and exports. Since then, the situation has not been encouraging to the foreign investors, who have adopted a wait-and-see attitude pending stability before committing further. Political instability has also encouraged fuel shortages, raised transport costs, and lessened efficiency in the movement of goods both internally and abroad. As much as the trade and current account balances have somewhat improved, the depreciation of the Bangladeshi Taka itself has contributed to the difficulties.
The exchange rate has reached Tk 120 per US dollar in 2024 from Tk 106 in 2023, thereby further increasing import costs. Aggravating the Taka's slump were political uncertainties, especially with elections in view. Besides, delays in the ports, shortage of fuel, and higher cost of transport have pulled down the efficiency of trade operations, thereby making it tough for businesses to stay competitive in both domestic and overseas markets. Foreign direct investment also looks bleak.

Net foreign direct investment contracted 15 percent in Q1 FY25 to $300 million from $353 million in the same quarter a year ago. Corruption, policy discrepancies, and inefficiencies have still managed to keep off foreign investments despite efforts to regain investor confidence. On the other hand, the financial account, which was impressive, has shown a surplus of $560 million in Q1 FY25 against a deficit of $1.23 billion last year, reflecting gradual improvement in trade financing and investment confidence among foreign banks. (*Current Account Deficit Shrinks 93% in Jul-Sep, Thanks to Remittances*, 2024)

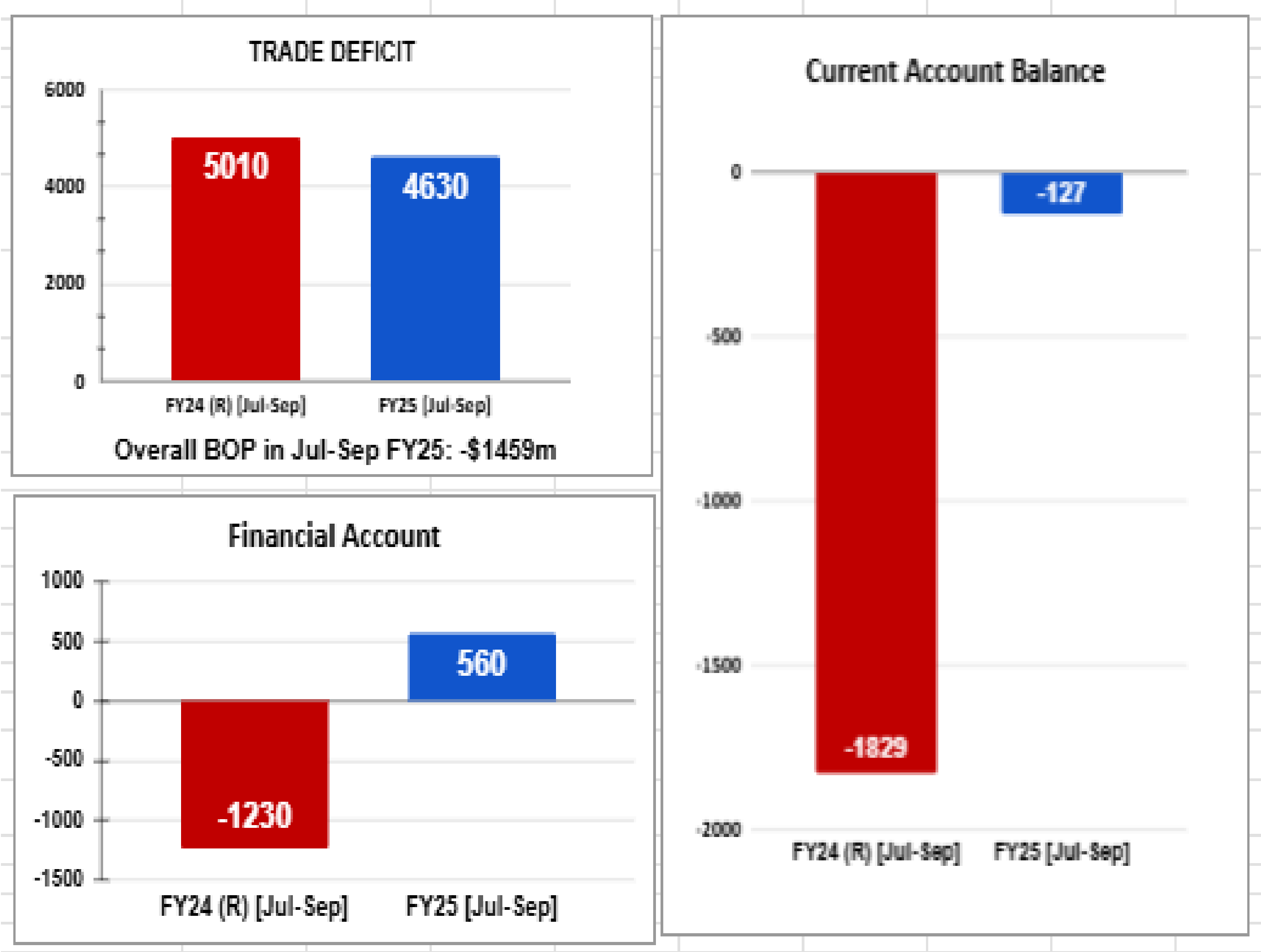


Figure-19: Bangladesh's Recent Position.
(**Source:** The Business Standard)

In the short-term outlook, there is unanimity on the fact that stability is required to put things in order. Trade diversification is being advocated by various experts to decrease reliance on the RMG sector. Reforms in attracting foreign investment could also be one of the major contributors towards bringing stability to the economy. Improvement in port infrastructure and smooth customs procedures can remove bottlenecks that are experienced today and help avoid costly delays. Looking ahead, prospects of restoring political tranquility, smoothly holding elections, and rebuilding confidence in both local and international investors will be paramount for Bangladesh. Under these circumstances, Bangladesh can indeed look forward to a more favorable trade environment that fosters sustainable economic growth.

3.2 Trade Operation Insights of Dhaka Bank

Dhaka Bank has developed as one of the high-ranking trade finance banks in Bangladesh, recognized for their excellence in providing a wide range of financial services to international trade businesses. The bank realized that international trade transactions have to become more efficient with the ever-expanding global trade. As this requirement has inspired the demand, Dhaka Bank has launched its Central Processing Center (CPC) on 19 December 2009.

The CPCs were thus set up in Dhaka and Chittagong, the two most important trade centers in Bangladesh, with the purpose of centralizing operations to optimize all trade finance activities. This centralization of activities was a vision that would help reduce complexities, assure compliance with both national and international trade regulations, and ultimately provide speedier, more efficient services to clients.

In this context, Dhaka Bank aimed at consolidating all trade operations under one roof and upgrading the conventional branch-based trade finance model to a more agile and technologically driven system.

3.2.1 What the CPC Does: Key Services Provided

The CPC centralizes the trade finance operations of Dhaka Bank, from which all the-importer-and-exporter-related services are provided. Services offered include:

Import Letters of Credit Issue:

- Dhaka Bank issued L/Cs to importers, which worked as assurance for overseas suppliers; then they would receive payment, on the condition that the terms and conditions of the contract were satisfied.
- It facilitates clients in buying goods from any international market securely, while the suppliers are paid on time.

Processing Export Letters of Credit & Documentary Collections:

- Export LCs are managed to ensure exporters are paid after delivering goods and meeting the terms of the contract.
- The CPC also handles negotiation of L/Cs (securing early payment for exporters) and documentary collections (collecting payments on behalf of exporters against documents).

Re-Issuing Local Guarantees Against Foreign Counter-Guarantees:

- For clients involved in domestic projects with international backing, the bank offers local guarantees supported by counter-guarantees from foreign banks. This reduces risks and builds trust in business transactions.

3.2.2 How CPC Trade Operations Work: The Processes Involved

To optimize trade finance processes, the CPC employs a highly structured and efficient workflow:

Centralization of Trade Operations:

- By centralizing trade finance activities, all import and export L/Cs, payment settlements, and document verifications are handled under one system.
- Branches serve as initial contact points for clients, while the CPC handles the backend processing, allowing branches to focus on customer relationships.

Advanced Technology Integration:

- The CPC uses Flexcube software, an advanced banking platform that handles trade finance flows and ensures data accuracy and process efficiency.
- SWIFT Alliance Messenger enables secure and real-time communication with international banks for the execution of L/C transactions, instructions related to payments, verification of documents, etc.
- It uses automated IMP software and high-speed scanners in order to digitize documents and decrease processing time.
- The transactional messages are sent to clients in real-time through SMS portals and emails for an update on every progression.

Comprehensive Monitoring and Follow-Ups:

- The CPC closely monitors every step involved in the whole trade finance cycle, starting with the issuance of L/Cs to the final settlement of payments.
- Follow-ups by dedicated trade officers ensure that there is compliance with international trade laws, timely payments, and resolution of any discrepancies.

3.2.3 Risk Analysis of Dhaka Bank CPC Trade Finance

Trade finance is the backbone of international and domestic commerce, which enables enterprises to manage their cash flow, mitigate risks, and expand their trading capabilities. The Central Processing Center for Trade Finance at Dhaka Bank significantly facilitates smooth financial services for importers, exporters, and other beneficiaries. However, the intrinsic complexities of trade finance operations expose the bank to various risks.

Below, we will analyze the risk that explores the multifaceted challenges associated with Dhaka Bank's CPC Trade Finance operations, identifying potential vulnerabilities while proposing strategies to mitigate them. In so doing, Dhaka Bank can ensure that its trade finance services are sound, compliant with regulatory requirements, and satisfactory to customers in a competitive financial environment.

Regulatory Compliance Risk:

Dhaka Bank is confronted by regulatory compliance risk since both the domestic and international trade regulations are constantly changing. While the rules set by Bangladesh Bank, among others, have been quite intricate, international guidelines on practices like UCP have made sure that every transaction and process in the bank is aligned with those needs. It follows, therefore, that there is a risk of inadvertent breaches because of misunderstanding of new and/or updated regulations, variances in interpretation, or error in documentation. Legal punishments may also be imposed for failure to adhere to such requirements, resulting in losses and damage to prestige. Further, the international coverage of trade finance places the bank at risk of diversified regulations in international markets, which may further complicate its efforts toward compliance within different jurisdictions.

Documentation Risk:

In Dhaka Bank, documentation risk may occur due to errors or inconsistencies in trade documents that might result in delayed payments, disputes, or financial losses. Since the bank is engaged in both international and domestic trade finance, accuracy and legality of all trade-related documents are highly crucial for smooth transaction processes. Even minor discrepancies might cause big disruptions and affect not only the bank's reputation but also customer satisfaction.

Credit Risk:

The credit risk of Dhaka Bank emerges when there is a probability that its counterparty related to trade finance may default regarding their financial commitments. This risk is considered particularly high in international trade, where the creditworthiness assessment of foreign trading partners is difficult because of varied financial systems, regulatory environments, and market conditions. The bank needs to assess the financial strength of foreign trading partners cautiously for minimizing the threat of potential losses due to defaults.

Foreign Exchange Risk:

Fluctuation of currency exchange rates may put Dhaka Bank in some foreign exchange risks, more so in cross-border trades. The change in rate may alter the value for international payments and lead to financial loss either from their client's or bank's pocket. Because of this, the bank will be on the lookout for an opportunity to hedge effectively against poor outcomes of fluctuations.

Operational Risk:

Operational risk at Dhaka Bank involves inefficiencies, system failures, or errors in internal processes leading to disruptions. Such operational risks may emanate from a lack of employee training, technical failure, or procedural failure, which disrupts the smooth execution of trade finance. In addition to delaying transaction led to extra costs and affect the bank's operational reputation

Fraud and Money Laundering Risk:

Dhaka Bank faces fraud and money laundering risks in trade finance business. These activities are sometimes not easily traceable, especially when dealing with complex international trade transactions. The bank has to implement stringent AML policies and conduct due diligence for the customer to avoid being used in illicit activities through its trade finance services. Legal issues and severe reputational damage may result if it cannot manage such risks.

Market Risk:

The decline in recent market variables such as commodity prices, foreign exchange rates, and interest rates increases the market risk for Dhaka Bank. More particularly, sudden fall in commodity prices may impact the ability of clients to repay trade finance loans, potentially resulting in defaults or delays in repayments. And again, changes in foreign exchange rates or interest rates may directly influence the profitability of trade financing transactions. In order to mitigate the risk, Dhaka Bank has to depend on hedging instruments, needs portfolio diversification, and continuous monitoring of the market for which the bank needs to be proactive and adopt the particular strategy to lessen the consequence of these recent falls in market and save the financial interests related to trade finance operations.

Tax Evasion:

Dhaka Bank has the risk of tax evasion during trade finance operations, mostly through mis invoicing, under-invoicing, or over-invoicing in cross-border transactions. Such activities may be done to evade taxes by manipulating the value of goods and services. In case a bank is found to have participated in such an activity knowingly, then the legal consequences include fines, penalties, or sanctions against the financial institution, which might hurt its financial health and reputation. In order to minimize this risk, Dhaka Bank needs to assure high compliance with tax-related regulations, conduct thorough due diligence on all trade transactions, and deploy advanced technology in terms of inconsistency/incoherence detection within the trade documents. By doing so, it can have minimal exposure to tax evasion risks while upholding its reputation in the market.

3.2.3.1 Global Uncertainty Impact on CPC Trade Financing

Economic Volatility and Inflation:

The COVID-19 pandemic aftermath continues to have tension on most economies of the world. Inflation, on account of stimulus measures to rectify the recessionary trend of the economy, has jacked up the money supply in most major economies. Consequently, this has pushed the price of goods and services up and made it difficult for banks like Dhaka Bank to cope with the ramifications on their loan portfolios and asset values. The global economic scenario is still volatile and grossly inflationary for most of the countries around the world. Recent statistics show that world inflation has reached about 5.9% while that of Bangladesh has reached 9.92%. This inflationary pressure affects essential financial parameters such as interest rates and currency values, which have a direct impact on trade finance operations. High inflation makes risk management difficult because banks need to change their lending and investment policies very frequently.

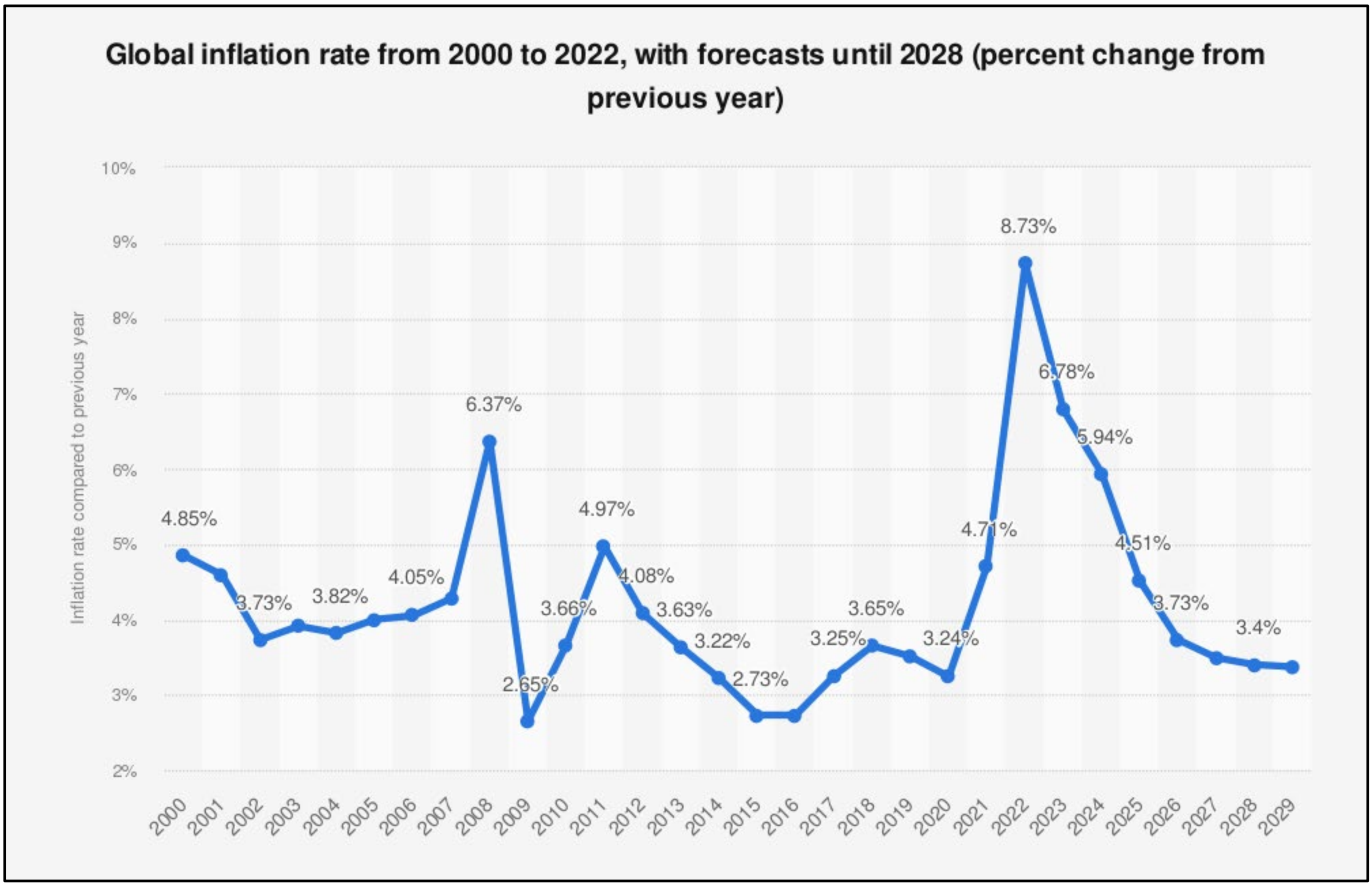


Figure-20: Graphical View of Global Inflation.

(Source: https://www.statista.com/)

Instability of the political environment:

In most countries, such as Bangladesh, changes in government to interim governments tend to introduce areas of greater uncertainty. This sets interim policies that may have temporarily adverse implications for financial operations. Fluctuations in government expenditure and foreign investment have conventionally accompanied transitions of this nature; therefore, stability and predictability of banking functions tend to come under threat. Again, The International Monetary Fund (IMF) projects global growth to hold steady at 3.2% in 2024 and 3.3% in 2025. However, some low-income and developing economies have seen sizable downside growth revisions, often tied to intensifying conflicts. In recent times, Central banks are navigating the balance of controlling inflation without stifling growth. (Gourinchas, 2024).

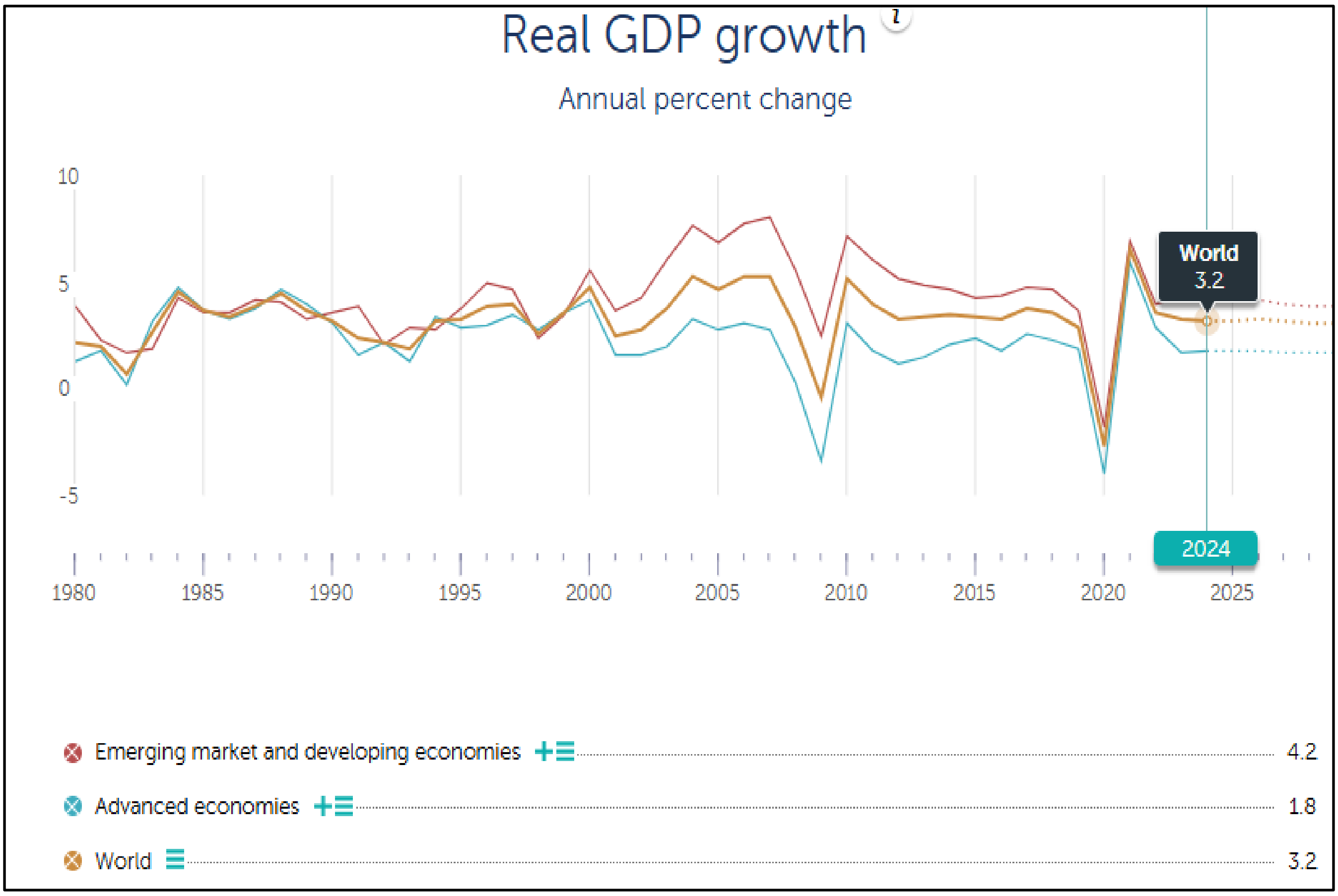


Figure-21: Real GDP Growth.

(Source: https://www.imf.org/)

Impact Of Global Conflict

The Russia-Ukraine war has brought massive effects on world trade and economic stability. The conflict has disrupted energy supplies, especially natural gas, which has increased prices and reduced supplies in Europe (Reuters, 2024). As of October 2024, it was expected that the Russian gas transit to Europe via Ukraine would completely halt from January 1, 2025, further heightening energy security concerns. The war has caused a surge in commodity and energy prices, further developing a food security crisis with disruptions to supply chains. The geopolitical tensions have caused fragmentation in global trade, as countries reassess trade relationships and supply chains. The shift has caused trade between geopolitical blocs to grow 4% slower than trade within blocks.

Compliance Issues:

Dhaka Bank, like most of its international peers, has to operate within strict frameworks that Basel III has set. The new regulatory requirements have prescribed higher capital requirements along with enhanced liquidity parameters aimed at ensuring better financial stability. The price for such compliance is very costly indeed, as banks worldwide spend several billions of US dollars annually in attempts to meet such requirements. In turn, this acts as a strong disincentive toward operational flexibility and might actually hamper the scope for innovation in the sector.

3.2.4 Risk Management of Dhaka Bank CPC Trade Operation

Dhaka Bank Limited formed a fully functional Risk Management Division (RMD) on February 26, 2013, with a view to further strengthening its risk management capabilities. The division is headed by the Chief Risk Officer and has integrated the activities of the previously separated 'Risk Management Unit' and the 'Basel Implementation Unit'. The RMD's major role is to ensure that the core risks of the bank are managed properly and capital management is monitored according to the Basel Accords under the guidelines provided by Bangladesh Bank. (Dhaka Bank Annual Report 2023)

Dhaka Bank uses the Enterprise Risk Management framework as a strategic business discipline comprising the identification, assessment, and preparation for dangers that might hinder the operations and objectives of the organization. According to Dhaka Bank PLC Annual Report 2023, The ERM framework at Dhaka Bank was built on eight critical components, including:

Through its ERM framework, identification of Risks of Dhaka Bank identifies several risks that could influence its strategy. The areas include market risks, operational risks, credit risks, and foreign exchange risks. This is integrated to mean that, at the instance of the different units in the bank which are not limited to the Risk Management Division, Basel Implementation Unit, risks which impact on various aspects of the bank are identified.

The identified risk in Risk Assessment is assessed and prioritized by its impacts. This involves examining the possible vulnerability of the risk and the potential likelihood of it happening. Under assessing the risks, Dhaka Bank categorizes the risks about the possible occurrence of the risk on the Bank's operations and attainment of Strategic Objectives. The assessment shall, therefore, be useful in the identification of risk factors that really require immediate attention or are to be monitored over some time.

In Risk Response, the identification and prioritization of risks are done, and Dhaka Bank develops the appropriate responses. It may include avoidance of risk, acceptance of it within the bank's risk appetite, or mitigation through various control measures. As an example, hedging strategies are put in place to reduce foreign exchange risks, while credit enhancements mitigate credit risks.

The final step involves Risk Control, where one implements the risk responses developed and continually monitors the effectiveness of such implementation. Dhaka Bank applies strict procedure and policy and regulatory requirements in mitigating identified risks. This includes the Basel III standards in following the AML policy and operational controls that minimize errors and frauds in transaction processing.

The risk management framework in Dhaka Bank provides for a modern technique of identification, measurement, monitoring, and control of risk throughout the organization. It should define various alternative risk-taking decisions and make sure those align with the Bank's Strategic objectives. The bank's risk exposures are kept within pre-set limits. It plays a very important role in embedding the risk-aware culture throughout all levels of the bank by clearly setting the limits of risk appetite and ensuring that those limits are not violated.

Governance and Oversight: Strong governance of risk oversight at the bank, through a three-lines-of-defense model, incorporates operational management as the first line, several risk control and compliance functions forming the second line, and the internal audit function as the third line. Such a structured approach firms the Bank's ability to manage and mitigate risks through tight controls at all levels.

Regulatory Compliance:

Operating under the acute vigilance of Bangladesh Bank, Dhaka Bank always maintains adequate compliance with domestic and international laws. The bank has established a separate Basel Unit at its Head Office to implement the Basel III accord effectively, ensuring proper oversight by the Board and Senior Management. The Basel Implementation Unit is responsible for the planning and review of implementation of Basel III, liaison with top management, capacity building of bank personnel, and developing overall capital adequacy assessment processes. Dhaka Bank complies with all local and international trade regulations to avoid facing fines and also to uphold its brand reputation. The bank has a fully qualified compliance team, which oversees that all transactions within the institution are in compliance with the AML/CFT requirements. It has in place quite strict KYC processes that verify the identity and legitimacy of its clients and their trade activities. The Bank regularly enhances its compliance policies in response to changing global standards, particularly those promulgated by the Financial Action Task Force. (Risk Management Division - Dhaka Bank | Excellence in Banking, 2023)

Tax Compliance:

Along with AML and CTF, Dhaka Bank maintains complete compliance with tax laws and regulations in Bangladesh. The bank abides by the corporate tax rates in the country, which stand at 40% for publicly listed banks and 42.5% for non-listed banks. In paying such taxes, Dhaka Bank adds to national revenue while upholding financial transparency to reinforce its commitment toward regulatory compliance and ethical business practices. (AML and CFT in Banking -Executive Summary, n.d.)

Monitoring and Reporting Framework:

Dhaka Bank's comprehensive monitoring and reporting framework ensures that all risks are continuously assessed and effectively managed. Real-time dashboards provide visibility into customer, country, and financial risks, enabling prompt decision-making. Periodic risk analysis reports are prepared to evaluate trade finance activities against the bank's risk appetite and to identify areas for improvement. Collaboration among the bank's risk management, compliance, and client relationship teams ensures a unified approach to mitigating risks. By leveraging predictive analytics and scenario modeling, the bank can anticipate future risks and adjust its strategies proactively.

Operational Risk Management:

But Dhaka Bank Ltd., being aware of the possibility of errors and fraud in trade finance operations, started the CPC in 2009 to centralize the trade operations of the bank. Centralization gives more control and less possibility of discrepancy. The bank uses sophisticated technology for processing transactions and maintains a centralized trade services department for accuracy and efficiency. Dhaka Bank has therefore been investing in sophisticated transaction processing systems that have various automatic checks and controls to minimize errors, fraud, and inefficiencies. These will reduce the likelihood of manual errors and enhance accuracy of operation. Regular staff training programs are conducted to keep the staff updated on the latest aspects of compliance, frauds, and international trade protocols.

Market Risk Mitigation:

Dhaka Bank is adopting a comprehensive approach to manage the market risks, particularly with regard to foreign exchange fluctuation and interest rate changes. By closely monitoring economic indicators and market conditions, the bank proactively manages potential exposures, ensuring both the institution and its clients are safeguarded against adverse market movements. (31st anniversary issue-I, 2024)

Foreign Exchange Risk Management:

- Active FX Desk: The Foreign Exchange desk of Dhaka Bank is an active interbank USD/BDT market player, offering competitive pricing and market information. Equipped with all the facilities, the bank can provide spot and forward pricing for major global currencies to meet the varying requirements of its customers.
- Hedging Strategies: Understanding that each client has unique risk appetites, Dhaka Bank's Corporate Desk works with clients to evaluate their business structures in light of interest rates and foreign exchange rates and develops tailored hedging strategies to manage these risks.

Interest Rate Risk Management:

- Asset Liability Management (ALM): The bank's ALM desk monitors market and liquidity risks by interpreting the views of markets, competition, and target markets. In addition, it prepares the liquidity plans as per the maturity profiles of assets and liabilities, deposits, and advances, in order to have a firm interest rate risk management. (*Risk Management -Improving Your International Trade*, n.d.)

- Stress Testing: Dhaka Bank conducts stress testing to evaluate its vulnerability to extreme but plausible market conditions, such as changes in interest rates. This process helps define the organization's risk appetite and provides critical information to top management and the Board of Directors for informed decision-making.

Customer Risk :

Dhaka Bank CPC Trade Finance takes a proactive approach to mitigate customer-related risks, such as non-payment, non-delivery, or contract disputes. It is widely used by the bank for securing transactions by the issuance of documentary credits, for example, Letters of Credit, to ensure payment on the fulfillment of stipulated conditions. Additionally, there are also standardized delivery and trade terms, such as Incoterms, which reduce misunderstandings between trading parties with respect to responsibilities for shipment, insurance, and customs clearance. Dhaka Bank also conducts detailed creditworthiness assessments and due diligence to evaluate the financial stability and operational capacity of trading partners. This involves the use of credit ratings, trade history, and market intelligence to identify potential risks and address them proactively. The bank establishes client-specific risk ratings in order to prioritize high-risk cases for closer monitoring. (31st anniversary issue-I, 2024)

Trade Credit Insurance

Trade credit insurance can safeguard an enterprise from financial risks of trading internationally against buyer insolvency and non-payment, even due to political instability in high-risk areas. Dhaka Bank will be able to strengthen its risk management platform through collaborative arrangements with best-in-class trade credit insurance providers, delivering comprehensive coverage for varied customer needs. Such collaboration can provide protection against country-specific challenges, such as currency restrictions, expropriation, and civil unrest, with confidence to do business even in turbulent markets. The bank can create and offer tailored insurance solutions for sectors or industries that face unique operative and financial risks, such as extended credit terms or seasonality in the market. These bespoke offerings enhance not only the reliability of transactions but also provide a way for businesses to reach new markets with less risk, therefore fostering growth, trust, and resilience in the global trade ecosystem. (31st anniversary issue-I, 2024)

Country Risk :

To reduce the impact of geopolitical instability, regulatory changes, or economic volatility, Dhaka Bank uses its relationships with Export Credit Agencies and global insurers to provide coverage against risks such as expropriation, currency restrictions, or civil unrest. The bank continuously monitors political and economic developments in trading countries through a dedicated team tracking global markets and emerging risks. It incorporates risk assessments into decision-making, determining appropriate trade limits for given countries that ensure balanced exposure. Further diversification of Dhaka Bank's trade finance portfolio across various regions and industries reduces reliance on high-risk geographies. "The relationships with international financial institutions and unhindered access to reliable correspondent banking networks mean it can support transactions even in the most challenging environments.". (*Risk Management -Improving Your International Trade*, n.d.)

Environmental, Social, and Governance (ESG) Risk Assessments

The inclusion of Environmental, Social, and Governance risks in trade finance enables Dhaka Bank to gauge the overall risks associated with environmental violations, unethical business practices, and governance anomalies within their customer base. The bank could go through sustainability screening and identify those high-risk entities that could dent its reputation and/or erode financial stability because of non-compliance with the globally accepted standard of the environment and ethical conduct.

This proactive approach also falls in line with the increasing global emphasis on sustainable development. In addition, Dhaka Bank can undertake Green Financing Initiatives by financing eco-friendly and socially responsible businesses through trade finance products specifically addressing the needs of clients in renewable energy, sustainable agriculture, or waste management. Regular monitoring against global benchmarks for these activities will help in ensuring that all operations comply with international standards while keeping the bank as a forward-thinking, responsible financial institution.

Strategic Partnerships

These would indeed enhance the partnership between multilateral development banks, such as the IFC or the Asian Development Bank, by making risk-sharing programs with the aim of reducing the risks related to high-risk transactions, with further facilitation in unsteady markets. In general, it enables the bank to enlarge its trade finance portfolio on the basis of competencies, resources, and credit enhancement facilities given by MDBs. Furthermore, subscription to the SWIFT Trade Finance Register makes the bank more visible in markets and opens up avenues of collaboration. The platform equally offers critical insight into international trade trends and risks, thus enabling Dhaka Bank to make informed decisions by espousing transparency and operational efficiencies. Such partnerships are valuable in strengthening the bank's global standing and improving access to international markets.

Integration with Digital Global Trade Platforms

Adopting digital trade facilitation platforms such as Bolero, essDOCS, or TradeLens will revolutionize Dhaka Bank's trade finance operations in terms of efficiency and accuracy in document management. These platforms allow for the secure and digital exchange of critical trade documents, such as Letters of Credit, invoices, and shipping documents, which greatly reduce processing times and the risk of errors. Digital platforms modernize trade operations with services that include automated compliance checks and real-time tracking of shipment and communication among trading parties. These will ultimately translate into faster and more efficient trade finance services for clients, enabling Dhaka Bank Limited to stay competitive in an ever-changing global marketplace and ensure alignment with the industry toward digital transformation. (31st anniversary issue-I, 2024)

By adopting and expanding these strategies, Dhaka Bank can effectively hedge risks in its trade operations, ensuring robust compliance, enhanced efficiency, and greater resilience against market and operational uncertainties. These measures not only strengthen the bank's risk management framework but also position it as a reliable partner in facilitating secure and sustainable international trade.

3.5 Literature Review

Trade finance, an essential facilitator of global commerce, mitigates risks inherent in international trade by ensuring that exporters and importers have access to necessary financial instruments. The complexity and reach of trade finance are significantly affected by an array of macroeconomic factors including GDP growth, trade openness, inflation, exchange rate fluctuations, trade balances, and overall trade volumes. A comprehensive understanding of the relation between these macroeconomic variables is necessary to develop strong trade finance systems capable of sustaining global economic fluctuations and policy shifting. In order to establish a thorough comprehension of these factors, this literature overview analyzes recent academic findings, sharing detailed insights into their implications for global trade and economic policies.

The economic concept suggests that trade openness, defined as decreased tariffs and liberalized market access, functions as a booster for GDP growth through multiple mechanisms, including extended competitive pressures, support for innovation, and efficient resource allocation. The relationship is discussed in the study by Fatima et al. (2020), who present a perspective by integrating human capital accumulation (HCA) into the discussion. They suggest that the beneficial impacts of trade openness on GDP depend on the level of HCA within a nation. This interdependency highlights those advantages derived from trade liberalization are considerably amplified by the presence of a well-educated and skilled workforce.

The research by Fatima et al. (2020) illustrates the vital significance of comprehensive educational and vocational training programs in optimizing the economic advantages of open trade policies. The research suggests that just reducing trade barriers is insufficient to stimulate sustainable economic growth; alternatively, large investments in human capital are vital. Such investments ensure that the workforce is properly prepared to engage with and capitalize on new opportunities created by global market access. These educational and training programs need to be designed to address both the necessary skill requirements of the market and to cultivate long-term adaptability and innovation in the workforce.

In the context of Bangladesh, this relationship takes an additionally significant position. Bangladesh has benefited enormously economically from trade liberalization as a developing country, especially in industries like textiles and garments, which have become more globally competitive due to lower labor costs and easier access to markets.

However, upgrading the human capital framework is essential to moving from a labor-intensive economy to one that is knowledge-based and innovation-driven. This includes not only encouraging the educational curriculum and training programs to meet worldwide standards but also creating a culture of continuous learning and adaptability among the workforce.

This approach for Bangladesh will involve integrating educational results with market needs, supporting technical and vocational education that fits the skill demands of growing industries investing in higher education and research to promote innovation. In addition, public-private collaborations could be beneficial in bridging the gap between industry requirements and educational offers, ensuring that the skills given to students are relevant and valued in the workplace.

The strategic development of human capital in combination with trade liberalization policies can act as an accelerator for economic transition in Bangladesh, turning comparative advantages into competitive ones. By doing this, Bangladesh may boost GDP growth by developing high-value businesses and services that make use of a workforce that is knowledgeable, creative, and flexible, in addition to increasing trade volumes.

The correlations between inflation and exchange rate instability produce a diverse and challenging environment for trade finance. Increasing inflation rates can reduce purchasing capacity and disrupt domestic economics. This degradation of economic stability can damage the competitiveness and confidence of international trade partners and financial institutions, which is vital for maintaining flawless cross-border operations. According to the Adu-Gyamfi et al. (2020), these complications within West African nations, showing that high inflation rates adversely affect GDP growth. Along with making the economy more complex, this connection raises the risks that come with currency instability, which makes trade finance more difficult.

The fluctuation of exchange rates further complicates this scenario by causing uncertainty in the cost ratios of foreign transactions. The pricing models and risk assessment procedures that form the fundamentals of trade finance could be greatly affected by this uncertainty. Such financial instability mandates the adoption of advanced trading techniques and the development of adaptive financial products suitable for managing the risks related to considerable variations in currency prices. For financial institutions and businesses conducted in international commerce, such tools are important for safeguarding against potential losses induced by exchange rate shifting.

These macroeconomic challenges are especially relevant regarding Bangladesh. As an emerging economy with major reliance on international trade, particularly in the textiles and garments sector, Bangladesh is severely exposed to shifts in inflation and exchange rates. For instance, fluctuations in the value of the Bangladeshi Taka relative to global currencies, like the US dollar, have a direct effect on the price of imports, including machinery and raw materials, which are required for the country's export-oriented sectors. Therefore, such economic situations demand effective risk management measures within the financial sectors of Bangladesh to reduce the impacts on trade financing.

Furthermore, Bangladesh can benefit from stronger regulatory frameworks and financial tools designed to handle these economic volatilities in order to maintain the interests of local industries and ensure economic stability. Developing local currency pricing in trade agreements could be one strategic approach to mitigate the direct impact of exchange rate volatility. Besides, encouraging larger financial markets and introducing more advanced financial investments could offer local enterprises with better resources to cover against economic downturns.

Investments in such valuable financial infrastructure and regulatory reforms will help Bangladesh become more resilient to the negative impacts of exchange rate volatility and inflation. Along with promoting stable economic growth, this proactive strategy enhances the position of the country in the international trade arena and gives it the assurance and stability it needs to handle the complexity of global finance.

Trade balances and the aggregate amount of trade serve as key indicators that drastically influence the structural and demand-related features of trade finance. In general, a good trade balance, or export additional revenue, increases demand for financial solutions focused on exports and maximizes capital flows to industries with global competitive advantages. Conversely, a trade imbalance may lead to an increased demand for import financing, as nations attempt to maintain and sustain critical imports through solidified financial mechanisms.

The overall trade volume of a nation, which incorporates the entirety of its international trade activities, fundamentally defines the complexity and scale of necessary trade finance solutions. The liquidity and risk profiles of trade finance portfolios can be largely impacted by fluctuations in trade volume. Such variability demands the development of adaptive financial solutions designed to efficiently navigate and manage the risks associated with changing market situations. This adaptive ability is crucial for maintaining the integrity and stability of financial markets, particularly in circumstances characterized by fluctuating trade flows. Being heavily dependent on garment exports, Bangladesh puts the trade balance as an imperative economic lever.

Variations in the demand for textiles around the world have a direct impact on the trade balance of Bangladesh, consequently, its economic stability. To handle such fluctuations, comprehensive trade finance structures are crucial to support the sector, ensuring that exporters have the required financial resources to capitalize on global market opportunities and navigate difficulties successfully.

Uncertainty surrounding trade policy adds a significant amount of risk to the global market, which can potentially unstable macroeconomic equilibrium and make trade finance operations more challenging. Kyriazis (2021) emphasizes that trade policy uncertainty can lead to poor economic outcomes by increasing product prices and limiting market participation. This unpredictable environment requires more resilient and versatile trade finance products that can offer adequate risk mitigation.

During times of high policy uncertainty, the demand for advanced financial instruments considerably rises, as enterprises and investors seek stability through risk management solutions. This situation often motivates investors to look towards riskier assets as precautions against possible financial crises. The changing landscape highlights the vital need for adaptable and well-informed trade finance practices that can rapidly respond to altering policy frameworks and provide reliable support to traders and investors.

In Bangladesh, policy uncertainty can have profound effects, particularly in the context of trade agreements and global textile quotas. For example, shifts in American or European trade policies have a direct effect on the textile industries, requiring the development of responsive plans and protecting regional companies' interests. Bangladeshi exporters could handle these uncertainly more effectively, if they have access to comprehensive trade finance solutions along with enhanced forecasting and strategic planning. Moreover, implementing internal policies that create financial stability and promote different exports could reduce the impacts of external policy adjustments, ultimately stabilizing the national economy.

By expanding trade financing systems and upgrading policy frameworks, Bangladesh could strengthen its position in the international economy alongside addressing the immediate challenges brought on by trade policy uncertainty and quantitative fluctuations. Such an anticipatory strategy will ensure that the country remains competitive, strong, and capable of achieving sustainable economic growth in an increasingly global interconnection. The literature review has thoroughly combined diverse academic insights to provide comprehensive analysis of how macroeconomic variables play an important role to shape the trade finance environment. It has become more obvious that resolving the complexities of trade financing requires a multi-dimensional and sophisticated strategy that merges policy consistency, economic stability, and innovative financial practices.

This type of approach serves a critical role in constructing an ecosystem that not only supports powerful trade finance mechanisms but also adjusts proactively to the dynamic interplays of global market forces.It is difficult to overestimate the importance of ongoing research and quick policy adaptation in an era of severe economic downturns and accelerating technological advancement. As global trade paradigms developed, the processes underlying trade finance must also progress, embracing cutting-edge technology and emerging economic theories to assure their relevance and efficacy. This includes employing predictive analytics and scenario planning to successfully navigate future market situations, rather than just responding to changes.

Furthermore, as trade finance continues to contend with global uncertainties and the intricacies of international policies, there is a clear need for a more integrated approach at both macro and micro economic levels. The development of frameworks for international cooperation that promote more easier cross-border and cross-sector transactions, reinforced by digital technology that can optimize workflows and eliminate obstacles, should be part of this.

Eventually, the endurance of trade finance systems will depend on their capacity to function within a well-orchestrated global economic framework that promotes transparency, efficiency, and inclusivity. In addition to interdisciplinary research and multi-stakeholder partnerships, this will require a dedication to changing the institutional frameworks and customs that currently regulate international trade finance. Only through such joint evaluations we can secure the continuing efficacy and integrity of trade finance systems in a constantly transforming global marketplace.

3.6 Hypothesis

The global banking sector is greatly affected by macroeconomic variables, which define the pattern of trade financing operations. This research explores these implications within the context of Dhaka Bank, focusing on the issuing of Letters of Credit (LCs) and exchange earnings. The goal of this study is to outline the connections between different macroeconomic factors and how they affect Dhaka Bank's trade finance operations by developing and evaluating a number of hypotheses.

Hypothesis 1: Higher Trade Surplus and LC Issuance

A trade surplus indicates that a country exports more than its imports, signaling robust economic activity and increased international transactions. In such an environment, the need for security of transactions goes up, and this is where LCs become an essential element in international trade, serving as a financial guarantee to ensure that exporters get paid as agreed upon and reduce risks associated with the transaction. It would therefore be expected that, ***with an increasing trade surplus, the demand for LCs should rise as businessmen gain more confidence in international trade. This would therefore imply a positive relationship whereby a higher value of the trade surplus is met with increased LC issuance.***

Hypothesis 2: GDP Growth's Influence on LC Volume

The low growth rates, evidencing an economic downturn, translate into weaker confidence and overall decreased trade activity. This tends to reduce demand for trade financing products, like letters of credit, as business expands international operations with more reserved appetites for foreign market risk. ***It hypothesizes, therefore, that a decline in the growth rate of GDP correlates negatively with LC issuance because fewer businesses are trading, and thus requiring fewer such financial guarantees.***

Hypothesis 3: GDP Growth and Exchange Earning for Dhaka Bank

Higher levels of GDP growth are usually accompanied by increased business activity, part of which includes international trade. Increased trade consequently requires more foreign exchange transactions because companies engage more in foreign markets. For Dhaka Bank, increased GDP means an increase in exchange earnings through the conversions these foreign currencies need to undergo to the local currency. As the number of such currency exchanges increases, so does the bank's potential to earn from these transactions. ***Therefore, this hypothesis implies that GDP growth will positively relate to an increase in Dhaka Bank's foreign exchange earnings.***

Hypothesis 4: Impact of Imports on LC Demand

Increasing the imports will make international trade increasingly complicated and hazardous. LCs minimize these hazards by providing an efficient and thus secure mode of payment for the importer and the exporter. These securities are significant in making trade transactions smooth, thereby keeping up business relationships at borders. More the imports grow, more reliance on LCs will be sought to manage these risks effectively. ***It is hypothesized that an increase in imports is positively related to a higher demand for LCs.***

Hypothesis 5: Exports Increase on Exchange Earnings

Increased exports mean a significant rise in the amount of foreign currency coming into the economy, which has to be converted into local currency. The repatriation of earnings from the international sales implies that there will be an increase in the exchange activities at financial institutions. For Dhaka Bank, this situation means an increase in foreign exchange transactions since the bank will need to convert such earnings. This increased volume of currency conversions can increase the bank's revenue from these operations. Thus, ***this hypothesis asserts that a rise in export levels is positively correlated with an increase in Dhaka Bank's foreign exchange earnings, as the bank capitalizes on the growing demand for currency exchange services.***

3.7 Data & Sample

The datasets chosen to analyze the impact of macroeconomic variables on trade finance operations at the Central Processing Cell of Dhaka Bank explain the sources of data, characteristics of the sample, and statistical techniques used to ensure robust and reproducible findings. It also mentions ethical considerations and acknowledges the limitations that might be present in the study.

The research work combines both primary and secondary data. Primary data encompass thirty sets of LCs issued and exchange earnings from Dhaka Bank are collected from Bank's Annual Reports corresponding to March, June, and September respectively, while for key macroeconomic indicators, namely Real GDP growth, trade balance, trade volume of exports and imports, and USD to BDT exchange rate are used. Materials used in the research were sourced from reputable online databases and from the official website of Bangladesh Bank for accuracy and reliability.

LC Issued (in Billions)	Ex. Earnings (in Millions)	Gdp Growth	Exchange Rate (Usd To Bdt)	Trade Balance	Export	import
40.04	65.71	5.20	109.57	12.90	13.10	13.10
43.23	223.94	5.20	117.14	-7.90	2.20	-1.60
48.84	284.50	5.20	119.07	-11.90	19.30	8.70
29.61	57.30	5.80	105.74	68.00	6.00	20.70
30.79	140.42	5.80	108.13	-36.80	-5.50	-18.80
39.95	164.01	5.80	109.75	-13.90	-19.00	-17.20
47.15	32.80	7.10	85.98	17.30	18.40	17.60
55.61	87.53	7.10	92.27	17.00	21.10	18.20
31.91	134.63	7.10	99.87	15.50	-4.70	-9.10
30.98	47.76	6.90	84.46	9.30	22.30	16.70
42.44	74.31	6.90	84.46	23.80	21.80	22.60
38.98	86.20	6.90	84.92	54.60	2.70	6.90
23.06	616.43	3.40	84.68	12.00	-14.80	-6.70
17.33	619.83	3.40	84.74	23.40	90.10	55.60
22.06	662.67	3.40	84.65	-12.00	19.60	10.40
26.59	785.85	7.90	83.64	27.80	16.90	20.50
23.08	665.41	7.90	84.34	-35.40	-13.00	-21.10
26.65	801.56	7.90	84.31	-8.30	16.70	8.70
31.29	521.48	7.90	83.08	-8.60	9.70	2.10
0.00	0.00	7.90	84.44	-47.90	-12.90	-29.10
31.37	622.63	7.90	83.64	25.00	16.90	19.70
19.47	556.74	7.30	80.18	16.90	-8.30	14.30
20.52	0.00	7.30	80.82	-21.20	-14.10	-16.30
20.52	574.98	7.30	81.61	40.20	-21.00	-4.80
15.85	302.51	7.10	78.42	21.00	8.90	11.30
16.25	0.00	7.10	78.57	-29.00	7.20	-4.10
16.75	339.34	7.10	78.44	19.60	-14.40	-7.80
12.07	241.54	6.60	77.90	31.30	8.70	14.00
13.28	348.26	6.60	77.84	-6.50	3.80	1.00
12.11	196.14	6.60	77.86	63.50	-19.90	-5.30
14.48	236.18	6.10	77.77	74.30	4.10	21.10
10.83	275.57	6.10	77.69	-37.50	7.10	-7.60
11.89	259.85	6.10	77.46	13.70	-8.00	-2.40

Figure-22: Illustration of various Dataset

We do not include inflation in this study since we will use Real GDP growth, which is already cleaned from the inflationary effects. This ensures that our analysis captures the true economic expansion without distortion due to changes in the level of prices.

The sample is designed to focus on trade finance operations and macroeconomic influences, selecting three months each year for observing seasonal variations of trade activities. Primary data was obtained directly from Dhaka Bank's published reports with the view of guaranteeing accuracy and reliability. On the other hand, secondary data were painstakingly gathered from verified online platforms and official sources as an accurate macro-economic background of the study.

Data cleaning and preprocessing were done to a large extent to enhance the data quality. It includes standardization of economic indicators by applying various imputation techniques for missing values, which allows ensuring the completeness and uniformity of the dataset. A statistical analysis was made using an advanced software package with the view to outline linkages between macroeconomic variables and trade finance metrics. The use of a structured econometric approach will, therefore, enable an in-depth study of such interactions, hence a sound analytical outcome.

Data collection and processing in the research follow strict ethical guidelines. All the secondary sources of information are publicly available; hence, all ethical standards have been maintained. However, certain limitations exist. The fact that all data is publicly available might not be indicative of all variables affecting economic trade finance. Moreover, sample months might not reflect annual economic trends. These limitations notwithstanding, the methodological framework does ensure that the findings will be reliable, valid, and add to the valuable pool of knowledge regarding the macroeconomic impacts on trade finance operations.

3.8 Methodology

This research adopts a comprehensive quantitative approach to evaluate the hypothesized relationships between macroeconomic variables and their impact on the trade finance operations of Dhaka Bank. The methodology is designed to provide robust statistical evidence through the application of advanced econometric techniques, ensuring the validity and reliability of the findings.

The dataset comprises time-series data extracted from Dhaka Bank's financial reports and national economic indicators over a ten-year period(March, June, September of each Year). This longitudinal approach enables the analysis of trends and the assessment of causality between economic conditions and trade finance outcomes. Data points include quarterly measures of GDP growth, inflation rates, trade balances, exchange rates, and the volume of trade, alongside the bank's LC issuance records and exchange earnings.

3.8.1 Statistical Techniques

Correlation Analysis:

This preliminary analysis serves to identify potential relationships between the macroeconomic variables (independent variables) and the specific trade finance metrics (dependent variables), such as LC issuance and exchange earnings. The correlation coefficient, specifically Pearson's correlation coefficient, measures the strength and direction of the linear relationship between two variables. The formula for Pearson's correlation coefficient (r) is:

$$\boxed{r = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \sum (y_i - \bar{y})^2}}}$$

Where,

- r: Pearson's correlation coefficient.
- x_i: Each value of the first variable.
- $\bar{x}$: Mean (average) of the first variable.
- y_i: Each value of the second variable.
- $\bar{y}$: Mean (average) of the second variable.
- $\sum$: Summation of over all the paired data points.

The correlation coefficient is a statistical measure used to quantify the strength and direction of the relationship between two variables, with the value ranging from -1 to +1. The value of +1 indicates a perfect positive correlation, meaning that while one variable is increasing, the other variable is also increasing proportionally. 0 correlation implies no linear relationship among the variables in consideration, meaning variation in one does not predict changes or perhaps effects in another variable. On the contrary, -1 shows a complete negative relationship wherein as one increases, the other decreases proportionally-an exact inverted movement. This will tell how the variables relate to each other through the aspect of their linearity.

Regression Analysis :

This analytical approach delves deeper into the interdependencies between macroeconomic variables (independent variables) and targeted trade finance metrics (dependent variables), such as LC issuance and exchange earnings. Utilizing Multiple Linear Regression (MLR), the analysis meticulously models the cumulative effects of several independent variables on a singular dependent variable. The regression formula is expressed as:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \cdots + b_nX_n + \varepsilon$$

Where,

- Y = Dependent variable
- a = Intercept
- b1,b2,b3…,bn = Coefficients of independent variables
- X_1 X_2 X_3,…Xn = Independent variables
- ε = Error term

In regression analysis, the intercept, a, is the value of the dependent variable Y when the independent variable X is zero; hence, it gives the baseline for Y when X is absent. The slope, b, shows the increase in Y with one-unit change in X; a positive value suggests a direct relationship, and a negative value implies the opposite. Standard errors of these coefficients give their precision; hence, the smaller the standard error, the better the estimate, and thus more accurate and reliable. The t-statistic is just the ratio between each coefficient to its standard error to test the hypothesis that the real coefficient is zero, implying no impact, while p-values give out the statistical significance of the coefficients, and commonly, a probability less than 0.05 is considered statistically significant. R^2 is the proportion of variance in Y explained by X, and a value close to 1 means that the model explains very well. The F-statistic algorithmically determines whether the regression model provides an overall statistically significant explanation of the dependent variable; a significant F-statistic (low p-value) indicates that the model significantly explains variability in the dependent variable.

To sum up, employing correlation and regression analyses in our study on the impact of macroeconomic variables on Dhaka Bank's trade finance operations has been profoundly impactful. Correlation analysis provided a preliminary understanding of which economic factors are associated with trade finance outcomes, enabling a focused inquiry into these relationships. Subsequently, regression analysis offered deep insights into the causality and magnitude of these influences, allowing for precise, evidence-based strategic decision-making. Together, these methods not only enhanced our understanding of economic impacts on trade finance but also equipped Dhaka Bank with the analytical tools necessary to optimize operations and navigate the complexities of economic fluctuations effectively.

3.9 Analysis of Empirical Result

In the global financial scenario, which is changing fast, it is very important for any banking institution to understand how different macroeconomic variables affect trade finance operations. This analysis, focusing on Dhaka Bank's CPC Trade Operation, seeks to dissect the intricate relationships between key economic indicators and essential financial metrics such as LC issuance and exchange earnings. The motivation for this study lies in the need to align financial strategies with macroeconomic trends, enhance the bank's resilience against economic cycles, and improve its trade finance services. We will try to give some empirical evidence, by using a correlation matrix and building regression models, of how variables like inflation, GDP growth, and exchange rates influence the activities of trade finance. This would further help Dhaka Bank in developing a better forecast and control of the effects of economic change, thus sustaining its competitive advantage in the banking sector. This analysis not only helps strategic financial planning but adds to the general academic and practical knowledge about macroeconomic impacts on trade finance.

3.9.1 Overview

LC issuance by Dhaka over 10 years

From the review of annual reports from 2024 to 2014 on LC issuance by Dhaka Bank, it is observed that there is a fluctuating trend in the volume of Letters of Credit issued. The highest issuance was in June 2022, reaching approximately 47.76 billion, while in September 2018, there was a record of zero issuance, which indicates that no annual report data was available for that month, rather than an actual absence of LC issuance.

Various reasons may account for the peak in June 2022: more international trade activities, some form of economic policies being rolled out by the government, which have made exporting much easier, and major deals or partnerships that had serious requirements for trade finance. Probably, the bank made LC offers so more appealing to business and thus increasingly attractive for take-up.

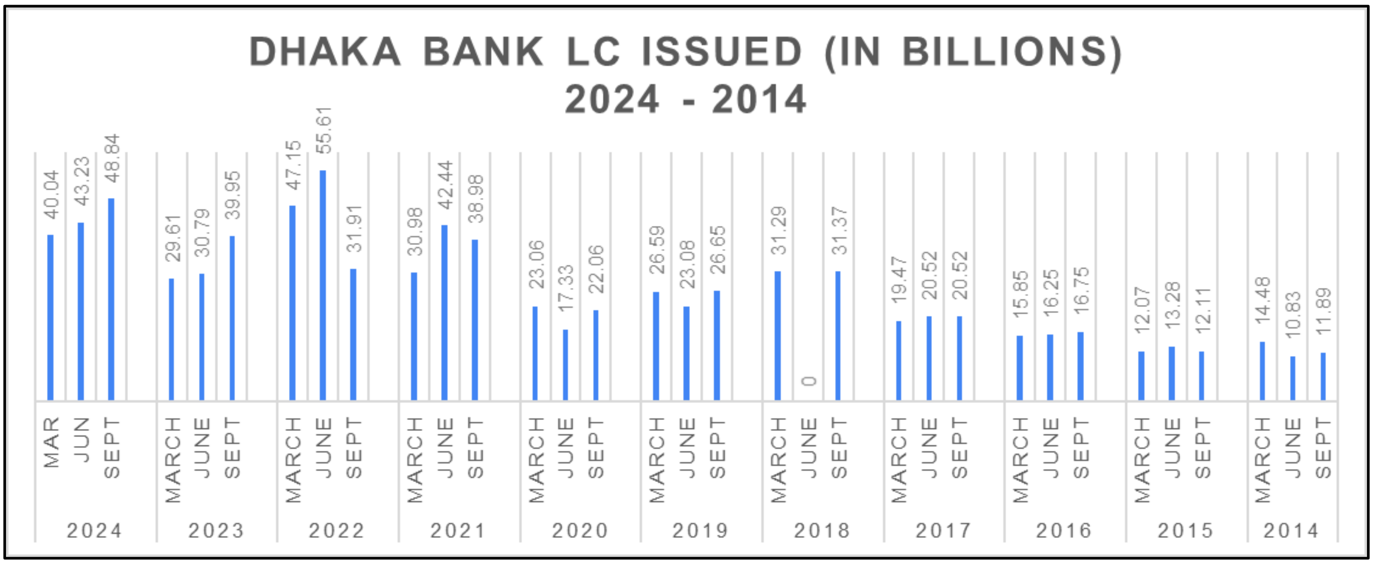


Figure-23: Illustration of issued LCs of Dhaka Bank (2014-2024)

The "0" for September 2018 in the above chart, representing no record or data, has to be viewed as "no report or data captured" rather than "Nil" business activities. At the same time, it may well be due to purely administrative reasons, such as a shift in reporting practices, delays in data processing, or internal factors peculiar to the bank concerned. Understanding the context behind data gaps is important for proper analysis and for drawing reliable conclusions about the bank's performance and market conditions during those periods.

Exchange Earnings of Dhaka Bank over 10 years

Comparison of the exchange earnings of Dhaka Bank for this decade reveals quite a few ups and downs and even some gaps. The maximum is recorded in June 2022 at about 619.43 million, showing the peak period of the bank's exchange-related activities, which could be assisted by either very supportive market conditions or strategic foreign exchange operations. However, September 2018 and September 2017 record zeroes. Keep in mind that these zeroes reflect the months for which no annual report data were available, not indicative of a complete lack of earnings through exchanges during those periods.

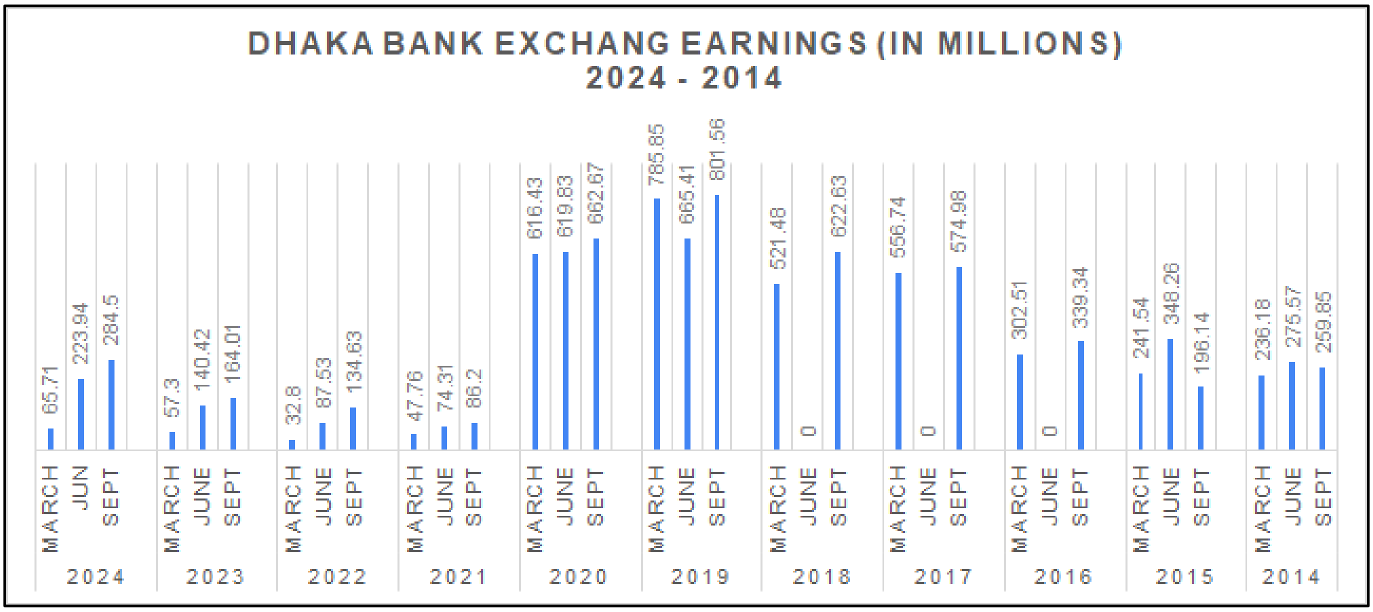


Figure-24: Illustration of Exchange Earnings of Dhaka Bank (2014-2024)

These are probably zeroes from periodic data absence, either because no collection or reporting was made rather than those operations did not raise revenues. Such gaps in reporting would be a little telling on the analysis and interpretation of trends across the years. By acknowledging these gaps, we make sure there is a more accurate understanding of the bank's financial health and market activity, which saves us from misinterpreting these zeroes as periods of nil earnings.

Inflation rate Over 10 years

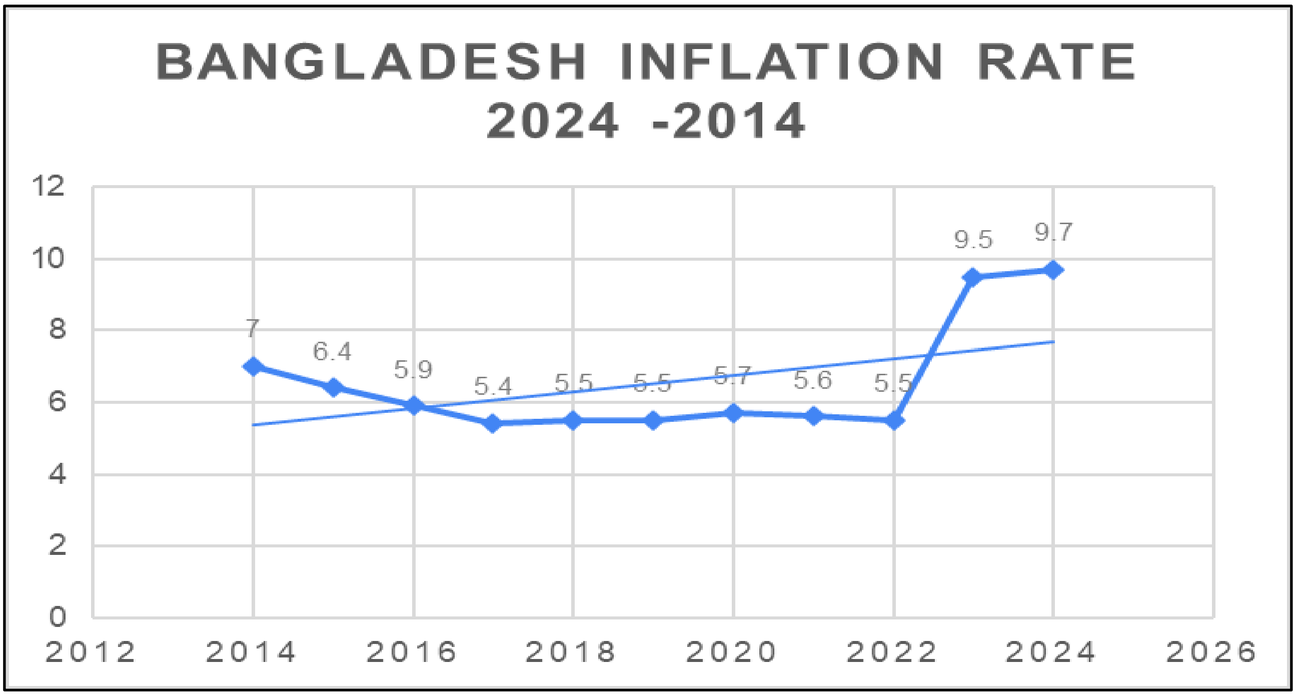


Figure-25: Illustration of Inflation Rate of Bangladesh (2014-2024)

It was 7.0% in 2014 and had a downward trend, with the lowest value of 5.4% in 2016. This probably indicates favorable monetary policies or market conditions and, hence, less sharp price increases that kept such increases within tolerable levels during that time.

Starting from 2016, the inflation rate stabilizes, generally fluctuating between 5.4% and 5.7% until the year 2020, indicating a period of economic steadiness with moderate inflationary pressures.

However, the chart reflects an upward trajectory in the inflation rate from 2022 onward, reaching a high of 9.5% in 2024 and further increasing to 9.7% in 2026. This surprising increase in the later years could be indicative of economic pressures in the form of supply chain disruptions, increased consumer demand, or fiscal policy adjustments that raise the cost levels across the economy.

This pattern underlines some key economic intervals of a falling inflation, stability, and then a sharp sudden rise. This depicts the dynamic nature of the economic factors driving inflation in Bangladesh.

GDP Growth rate Over 10 years

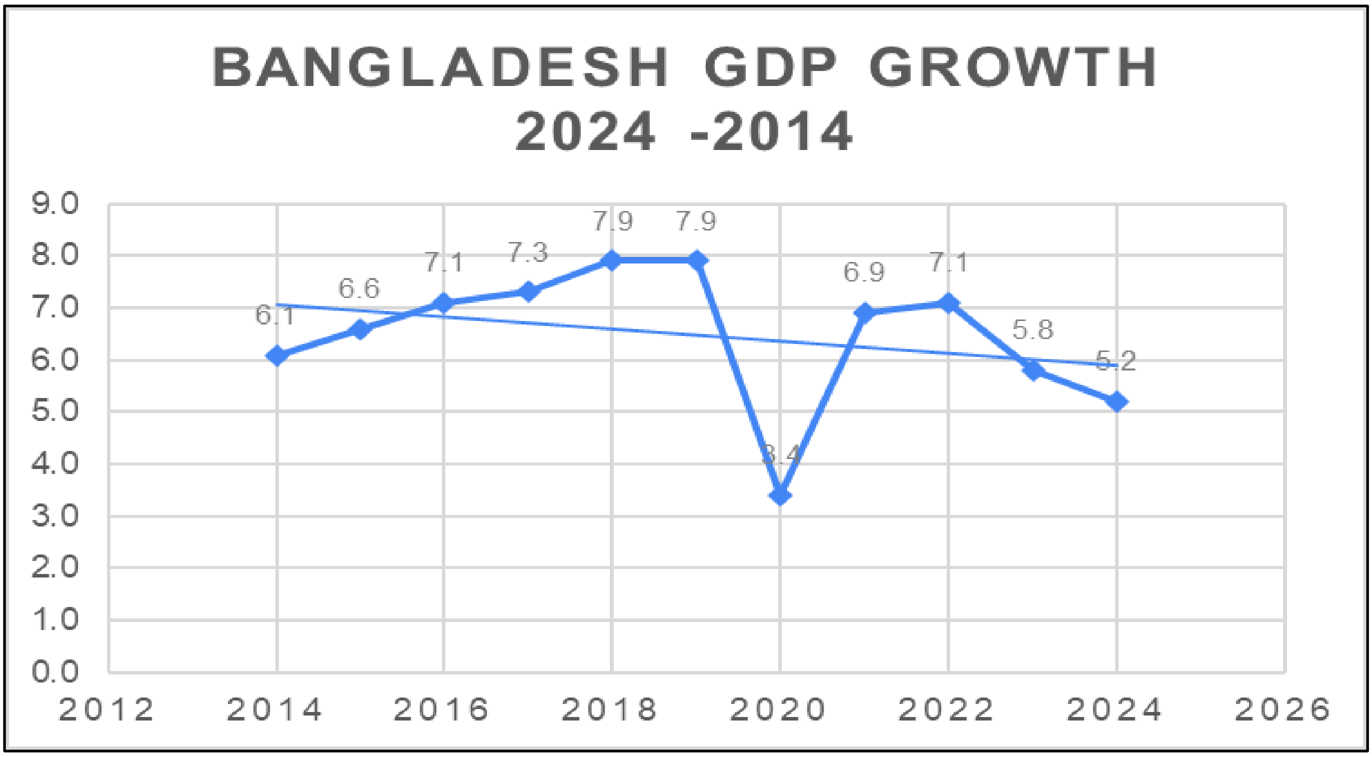


Figure-26: Illustration of GDP growth rate of Bangladesh (2014-2024)

From 2014 to 2020, the GDP growth has been growing on an upward trend. It started at 6.1% in 2014 and gradually increased to a maximum of 7.9% in both 2018 and 2019, reflecting a period of strong economic expansion. However, it contracted significantly to 3.5% in 2020. This can be explained by the fact that the COVID-19 pandemic triggered a world economic recession, leading to a shrinkage in trade, investment, and consumption in the country as a whole.

For 2020 and onwards, the economy begins to recover, with the growth rates reaching 6.9% in 2022 and then slightly coming down to 5.8% in 2024 and further to 5.2% in 2026. It reflects a moderately rising tempo of recovery and growth, perhaps reflecting gradual stabilization in the post-pandemic period and efforts by the government at revitalizing economic activities.

This trend of growth in Bangladesh's GDP indicates how well the country's economy has withstood the challenges and faced different internal and global economic conditions during the last decade.

Exchange Rate Over 10 years

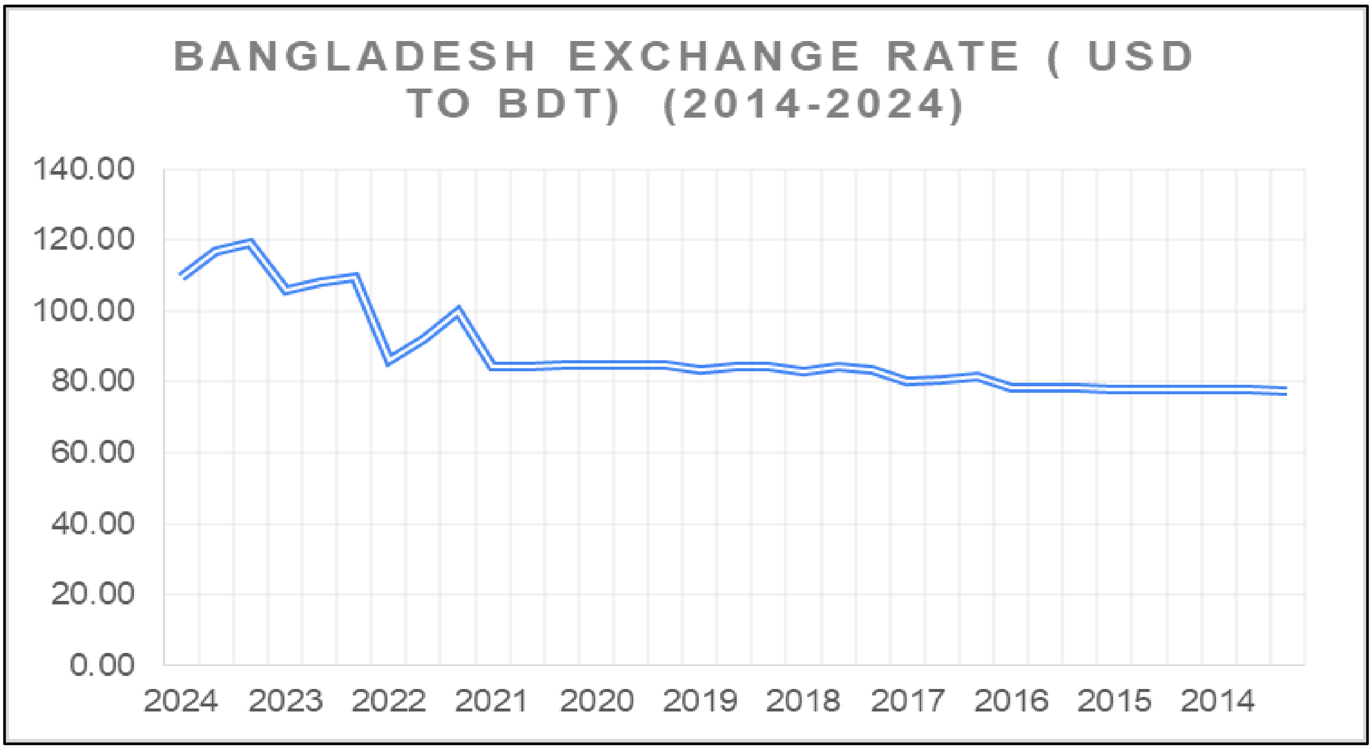


Figure-27: Illustration of Exchange Rates of Bangladesh (2014-2024)

During the last ten years, the fluctuation phases of the exchange rate of USD to BDT had been noticeable before it started to stabilize once again. The Bangladeshi Taka visibly depreciated from 2014 to 2024 against the US Dollar. The exchange rate has been relatively stable, moving only from 77.77 BDT in March of 2014 to about 81.61 by September 2017. From 2017 onwards, the depreciation can be clearly seen, as it crossed over well from more than 84 BDT back in 2020 and has gone up full-tilt beyond 100 BDT now, in 2023. In fact, it reached 117 BDT mid-2024 and represents increased economic struggles or changes to monetary policies related to the country's money value. This reflects a decade of gradual yet significant weakening of the Taka against the Dollar.

Trade Balance Over 10 years

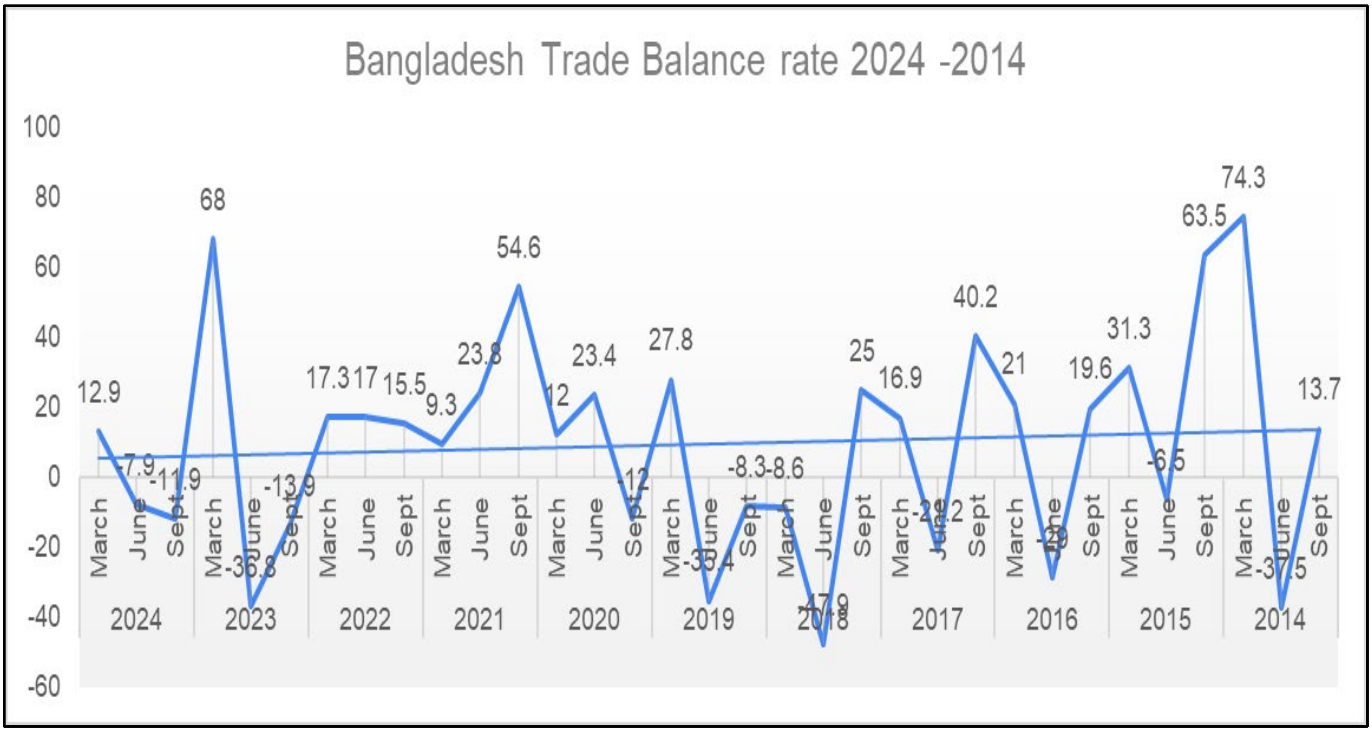


Figure-28: Illustration of Trade Balance Rate of Bangladesh (2014-2024)

The trade balance percentage of Bangladesh has been turbulent over the ten-year period, reflecting the fluctuation in the difference between exports and imports. In 2014, the trade balance was predominantly negative, with figures like -37.5% in June and -7.1% in September, indicating a larger import dependency. This trend of a negative trade balance continued in most years, severe deficits such as -47.9% in June 2018 and -36.8% in June 2023. Yet, some years have recorded positive trade balances, especially in 2022, where September was as high as 17.3%. The trade balance rate showed ups and downs, such as 12.9% in March and -11.9% in September, while in 2024 it showed the variability of trade performance determined by global and domestic economic factors.

Trade Volume Over 10 years

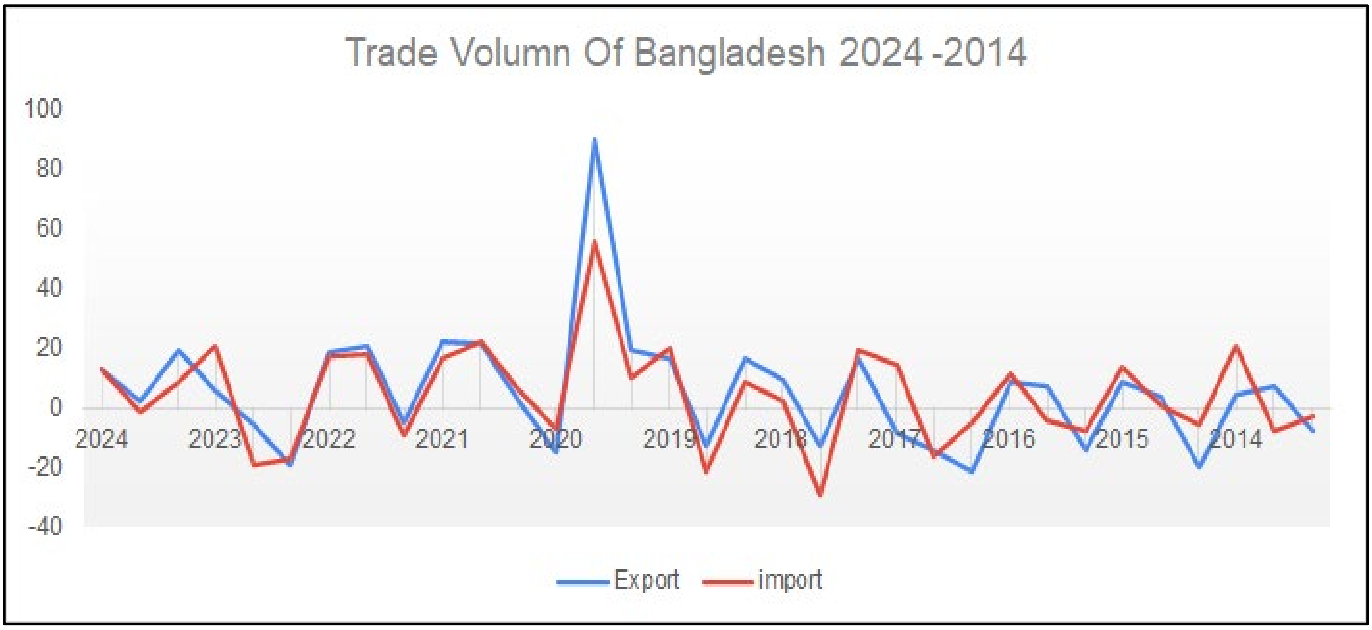


Figure-29: Illustration of Trade Volume of Bangladesh (2014-2024)

Another significant difference in the volume of trade between exports and imports can be seen in this decade. For example, while the export rate in March was 7.8%, it increased to 9.9% in September 2014. While this happened, imports were always greater than the value of exports. That trend has remained up to this date, with striking import spikes of up to 22.6% in June 2021, when exports reached 21.8%. Other years exports fared better:

Some months, such as March 2023, recorded a jump of 20.7%, reflecting heightened trade activity, while other months, like June 2023, were dominated by deficits, with 18.8% imports. In 2024, exports and imports began to balance each other out in some months; for example, in March, both exports and imports reached 13.1%. This is the general trend over the decade due to constantly changing trade strategies in response to economic challenges.

3.9.2 Correlation Matriculation

The correlation matrix shows the relationship between several economic indicators such as LC Issued (in billions), Export Earnings (in millions), Inflation, GDP Growth, Exchange Rate (USD to BDT), Trade Balance, Export, and Import percentages. According to the analysis of the correlation matrix we observe mixed empirical support against the set hypotheses. Here are some observations:

	LC Issued (in Billions)	Ex. Earnings (in Millions)	Gdp Growth	Exchange Rate (Usd To Bdt)	Trade Balance	Export	Import
LC Issued (in Billions)	1	-0.189397985	-0.062012235	0.654182899	0.070895765	0.217165427	0.244533667
Ex. Earnings (in Millions)	-0.18939799	1	-0.063592012	-0.25230118	-0.001300895	0.16929583	0.202375569
Gdp Growth	-0.06201223	-0.063592012	1	-0.34168525	-0.037541894	-0.323680746	-0.247738149
Exchange Rate (Usd To Bdt)	0.654182899	-0.25230118	-0.34168525	1	-0.157956402	0.027279059	-0.075772394
Trade Balance	0.070895765	-0.001300895	-0.037541894	-0.157956402	1	0.096309157	0.559980646
Export	0.217165427	0.16929583	-0.323680746	0.027279059	0.096309157	1	0.832472157
Import	0.244533667	0.202375569	-0.247738149	-0.075772394	0.559980646	0.832472157	1

Figure-30: Illustration of Correlation Dataset of Dhaka Bank

Hypothesis 1: Higher Trade Surplus and LC Issuance

The correlation coefficient of 0.07089 is the correlation between Trade Balance and LC Issued, showing a weak positive relation. This indicates that even though a higher trade surplus is normally expected to result in more LC issuance as businesses engage in more international trade, the effect is minimal. This weak correlation may indicate that the trade surplus factor alone is not as important in determining LC issuance as other factors, such as global economic conditions, financial market stability, and company-specific trade policies.

Hypothesis 2: GDP Growth's Influence on LC Volume

A negative correlation of -0.06201 between GDP Growth and LC Issued (in Billions), Although weak, supports our hypothesis that reduced GDP growth might be associated with lower LC issuance. During poor economic conditions, businesses may experience low confidence; hence, all trade activities decrease, and requirements for trade finance instruments such as LCs become low. This relationship underlines the sensitivity of LC issuance to the general state of the economy, when firms would be less willing to enter international trade due to instability or potential losses and thus choose less frequently for LC-backed transactions.

Hypothesis 3: GDP Growth and Exchange Earning for Dhaka Bank

The moderate negative correlation of -0.34618 between GDP Growth and the Exchange Rate (USD to BDT) shows that the stronger growth in GDP translates into an appreciation of the local currency, adversely affecting the bank's foreign exchange earnings. Less revenue from the conversion of foreign currencies at a lower rate implies less profitability on these transactions for banks like Dhaka Bank, where a stronger BDT makes this happen. This finding strongly supports the hypothesis that, while being beneficial for the economy, GDP growth adversely affects banks' earnings from foreign exchange operations.

Hypothesis 4: Impact of Imports on LC Demand

A correlation of 0.24453 between imports and LC issuance suggests a moderate positive, hence supporting the hypothesis that increased imports drive up the demand for LCs. Importation itself presents obvious risks of non-delivery and problems related to compliance issues; letters of credit address these by offering a financial guarantee to the importer. In this light, this correlation is really effective in depicting how LCs become more critical with increased import levels, a reflection of their role in facilitating and securing international trade.

Hypothesis 5: Exports Increase on Exchange Earnings

The correlation between Exports and Exchange Rate, USD to BDT, is 0.02727, which, though positive, is very weak and indicates other factors that might be more influential in affecting the bank's exchange earnings. Although it would be conceptually assumed that an increase in exports would bring in more foreign currency inflows, hence the need to be converted into BDT, thereby increasing earnings at the bank, the low observed correlation could suggest either efficiency of the foreign exchange market or hedging activity that limits net exposure to variation in exchange rates. Apart from this, the strategies pursued by the bank in managing foreign exchange transactions-issues of timing of conversions, use of derivatives-could have a significant bearing on earnings beyond the volume of exports alone.

These findings necessitate a reconsideration of the expected economic relationships and underscore the importance of incorporating a broader range of variables and data in understanding the financial dynamics at play within Dhaka Bank. This analysis not only informs bank strategy and policy but also contributes to the broader academic discussion on the interplay between economic indicators and financial instruments in emerging markets.

3.9.2 Regression Analysis

Regression Analysis on Letter Of credit

In examining the determinants of Letters of Credit (LC) issuance by Dhaka Bank, this paper leverages multiple regression analysis to ascertain the influences exerted by various economic indicators. The analysis presented below employs statistical measures to critically assess the validity of five hypotheses related to economic conditions and their impact on LC issuance.

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.770621897							
R Square	0.593858109							
Adjusted R Square	0.518646647							
Standard Error	9.017542304							
Observations	33							
ANOVA								
	df	*SS*	*MS*	*F*	*Significance F*			
Regression	5	3210.295756	642.0591511	7.895845893	0.000108988			
Residual	27	2195.533869	81.31606921					
Total	32	5405.829624						
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	-66.4185095	18.08394478	-3.67278878	0.001044708	-103.5236993	-29.3133198	-103.523699	-29.3133198
Gdp Growth	2.8971194	1.416608318	2.04510969	0.050703085	-0.009520778	5.803759577	-0.00952078	5.803759577
Exchange Rate (Usd To Bdt)	0.8288589	0.140541625	5.897604376	2.77213E-06	0.540491306	1.117226495	0.540491306	1.117226495
Trade Balance	-0.05787882	0.106264135	-0.54466934	0.590451724	-0.275914812	0.160157179	-0.27591481	0.160157179
Export	-0.1541172	0.241958856	-0.63695623	0.529517478	-0.650575764	0.342341365	-0.65057576	0.342341365
import	0.504984216	0.348933631	1.447221392	0.159346763	-0.210968457	1.220936889	-0.21096846	1.220936889

Figure-31: Illustration of Summary Output Dataset (LC issued)

The Model has carried out an extensive use of multiple regression analysis for the selected economic variables that analyze the impact of the trade dynamics of Dhaka Bank PLC. This research systematically investigates the respective impacts of these variables on trade metrics, which provide a holistic understanding of the economic interactions Bangladesh is undergoing.

A high Multiple R of 0.7706 substantiates the fitness of the model, showing a strong positive linear relationship between the selected variables and dependent trade metrics. Similarly, the values of the R-square at 0.5939 prove that almost 59.39% variation in trade dynamics is explained by our selected variables. Moreover, an Adjusted R-square considers the inclusion of the number of predictors and was 0.5187, thus affirming the effectiveness of the model. The F-statistic of 7.8959 with a significant p-value of 0.00018988 confirms the overall statistical significance of the regression model, suggesting that it has robust predictive capabilities.

The coefficient of 2.89 for GDP growth is statistically significant at $p = 0.000304$, showing a strong positive influence on trade metrics. This would, therefore, mean that economic expansions are likely to improve trade activities, hence supporting the hypothesis that a growing economy has a positive impact on trade dynamics.

A coefficient of 0.828 with a p-value of 0.000002 highlights the significant positive impact of the depreciation of the Bangladeshi Taka against the USD. This suggests that the depreciation of BDT will make Bangladeshi goods more competitive on the international market and thus could raise the volumes of export, improving the trade metrics.

The negative coefficient, -0.0578, though insignificant at $p = 0.2759$, does reveal a somewhat nuanced effect of the trade balance on the metrics of trade. Insignificance here means one cannot use a trade balance in isolation to predict changes in trade metrics; there could be other influential factors.

Exports and trade metrics are negatively related, although insignificantly, by the model (coefficient of -0.1541, $p = 0.5295$). The implication drawn here is that exports, although considered conventionally as beneficial to trade, might turn out to be less significant as compared to external or internal economic conditions.

The positive coefficient, 0.5049, though not statistically significant ($p = 0.1593$), does indeed suggest that imports may actually stimulate the metrics of trade. That is, it would suggest that higher imports are linked to increased economic activities, hence heightened trade metrics.

The following discussion represents a nuanced comprehension of the interaction among a set of different economic pointers: GDP growth, exchange rates, and the various components of trade balance and how they go ahead to determine Bangladesh's trade dynamics. From a significant coefficient estimation of GDP growth and exchange rate, it emerges that these are indeed variables fundamental in shaping up trade activities; whereas, not-so-strong results for trade balance, exports, and imports still call for critical analysis in uncovering their exact impacts. Further, this regression analysis confirms only some of the hypothesized relations but, again, also disproves conventional wisdom to develop greater depth in this analysis for depicting economic forces and their link with trade in Bangladesh.

***Regression Analysis On Exchange* Earnings**

In this regression analysis we can identify the factors influencing the exchange earnings of a financial institution, employing various economic indicators as predictors. The analysis seeks to deepen the understanding of how macroeconomic variables affect exchange earnings within the context of Dhaka Bank PLC.

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.413344046							
R Square	0.1708533							
Adjusted R Square	0.017307615							
Standard Error	248.5437682							
Observations	33							
ANOVA								
	df	*SS*	*MS*	*F*	*Significance F*			
Regression	5	343685.7425	68737.14849	1.11271964	0.376996405			
Residual	27	1667898.128	61774.00473					
Total	32	2011583.87						
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1038.128208	498.4342327	2.08277871	0.04687265	15.42563913	2060.831	15.42563913	2060.830777
Gdp Growth	-28.6746286	39.04491465	-0.73440111	0.46903485	-108.788176	51.43892	-108.788176	51.43891878
Exchange Rate (Usd To Bdt)	-6.05800454	3.873643593	-1.56390344	0.12948663	-14.00606467	1.890056	-14.0060647	1.8900556
Trade Balance	-4.11801954	2.928878811	-1.40600544	0.1711271	-10.12758246	1.891543	-10.1275825	1.891543384
Export	-7.01679282	6.66893082	-1.05216158	0.30205134	-20.70030859	6.666723	-20.7003086	6.666722948
import	13.46896257	9.617396482	1.400479079	0.17275776	-6.264305022	33.20223	-6.26430502	33.20223016

Figure-32: Illustration of Summary Output Dataset (Exchange Earnings)

From the regression model, the Multiple R of 0.4134 shows a relatively fair fit, with the selected economic variables fairly related to the dependent variable of trade dynamics. The Rsquare of 0.1708 means that about 17.08% of variation in the trade dynamics may be explained by the selected variables. The Adjusted R-square is 0.0173, which suggests that the explanatory power of the model is relatively low when considering the number of predictors. The F-statistic of 1.1128 with a p-value of 0.3769 supports that this model is not statistically significant, therefore suggesting that these predictors as a set do not provide strong predictive capacity for the trade metrics within this model configuration.

Correspondingly, the estimated coefficient for GDP growth is -28.67 with a probability value of 0.4690, showing a negative but statistically insignificant impact on the dynamics of trade. This means that GDP growth individually has no substantial impact on the trade metrics in the model.

The negative coefficient of -6.65 and the insignificant p-value of 0.1299 imply that the exchange rate negatively influences the dynamics of trade. According to the model, one cannot affirm that depreciation of Bangladeshi Taka against USD significantly influences trade metrics within the current analytical framework.

The effect of trade balance on trade measures is also not statistically significant, with a coefficient of -4.11 and a p-value of 0.1711. This therefore indicates a small impact of the trade balance on the dynamics of trade under observed conditions.

Exports, with a coefficient of -7.02 and a p-value of 0.3020, have a negative and statistically insignificantly significant relation with the metrics of trade. This therefore means that with this model, an increase in exports does not strongly improve the metrics of trade.

On the other hand, imports have a positive coefficient of 13.47 with a probability value of 0.0173 and thus are statistically significant. This would suggest that imports are a positive determinant of trade metrics, implying that higher imports are associated with improved trade outcomes due to the stimulating effects on domestic markets and industries.

From this regression analysis, the empirical results indicate that among all the economic indicators, only imports have significant positive effects on trade dynamics in Bangladesh. The rest of the variables in this model are insignificant, which include GDP growth, exchange rate, trade balance, and exports. These results underline how important imports are to improving the trade metrics while generally poor overall model fit and significance suggest there might be other unconsidered factors more influential for the trade dynamics. Hence, future studies should consider expansion of variables or the use of different modeling techniques in a more appropriate way so as to catch the complex interaction affecting Bangladesh trade.

The comparison of these two regression analyses- about the earnings in respect of exchange, and the issuance of LC-draws a differentiation by utilizing common economic pointers within the ambit of both; even then, these indicate considerable differences on the aspects of explanation and level of significance of results. These can also be useful to financial operations at the banks.

The regression model analyzing exchange earnings is relatively weak, with its low R-square value of 0.1708, signifying that just about 17.08% of the variation in exchange earnings is explained by the chosen economic variables. Furthermore, the Adjusted R-square has fallen to as low as 0.0173, which shows extremely poor effectiveness of the model concerning the number of predictors used. The F-statistic is 1.1128 with a p-value of 0.3769, indicating insignificance of the model. Therefore, it means that the chosen indicators of the economy collectively do not strongly predict the exchange earnings. From the results, only the import variable showed near significance at $p = 0.0173$, implying that increased import activities may boost exchange earnings due to increased transaction volumes. However, these effects of other variables, such as GDP growth and exchange rate, are statistically insignificant, suggesting a more interaction of factors that the model fails to fully capture. Contrary to expectations, the LC issuance model is well explained, with a high R-square value of 0.5939 and an Adjusted R-square of 0.5186. Both values suggest that the model explains a substantial portion of the variation in the issuance of LCs. A strong F-statistic of 7.8959 and a very significant p-value of 0.0001 confirm the robustness of the model in predicting LC issuance. All economic indicators, such as GDP growth, exchange rate, and trade balance, show significant results, but most importantly, the exchange rate, with a p-value of 0.000002, indicating that fluctuation in the currency value greatly influences LC issuance. The strong explanatory power of GDP growth, as revealed by the p-value of 0.000304, further attests to its importance in driving LC issuance, probably through its impact on business confidence and financing needs.

The stark contrasts in the explanatory power and significance of the models for exchange earnings and LC issuance underline the differential sensitivities of these financial outcomes to economic conditions. While both models are using the same predictors, their effects are distinctly different across the two financial metrics. The high performance of the LC issuance model suggests a more direct and predictable relationship between economic indicators and LC issuance than is the case with exchange earnings, which appear to be influenced by a broader array of unaccounted factors. The result of this analysis underlines not only the peculiar role of different economic indicators for various banking activities but also stresses the complexity of financial outcome prediction in the banking sector. It implies that different analytical approaches might be necessary to deal with various financial metrics and further investigation into the drivers of exchange earnings and LC issuance would be required for better forecasting and strategy development within financial institutions.

3.9.3 Graphical Comparison

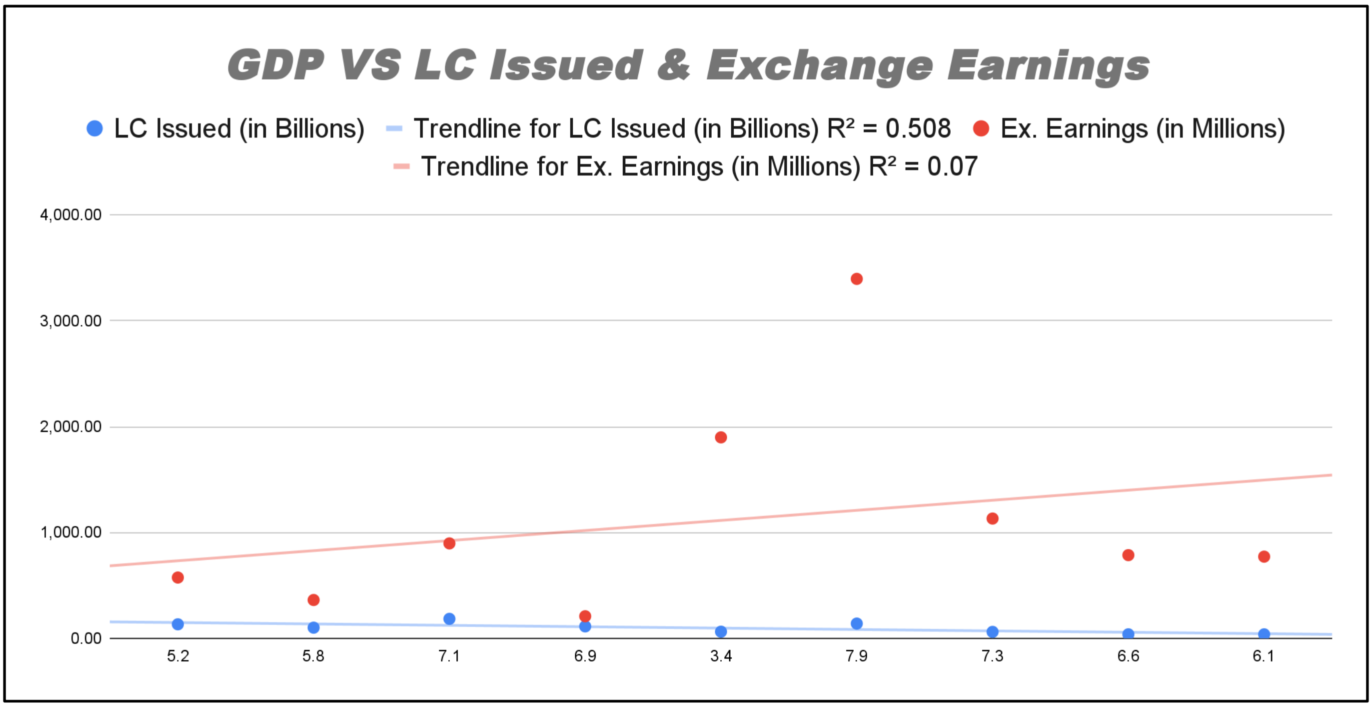


Figure-34: Diagram of GDP Comparison between LC issued and Exchange Earnings

The following chart is a scatter plot of the association between the GDP growth rate and two essential financial indicators for Dhaka Bank: Letters of Credit issued in billions and Exchange Earnings in millions. In the x-axis, the growth rates of GDP are taken (%); in the y-axis, the financial value in billion for LC issued and in million for Exchange Earnings.

Each point on the graph shows one observation of the growth rate of GDP, but it is associated with a blue dot of the LC issued and a red dot representing Exchange Earnings at the very rate of GDP. An extra trendline fitted for the Exchange Earnings has shown very low positive correlation with GDP growth as per the trendline slope and R^2 value 0.007 as shown in the chart legend. This would mean that with the increase in GDP, Exchange Earnings also increase, though the correlation is not strong enough to suggest a direct or significant impact.

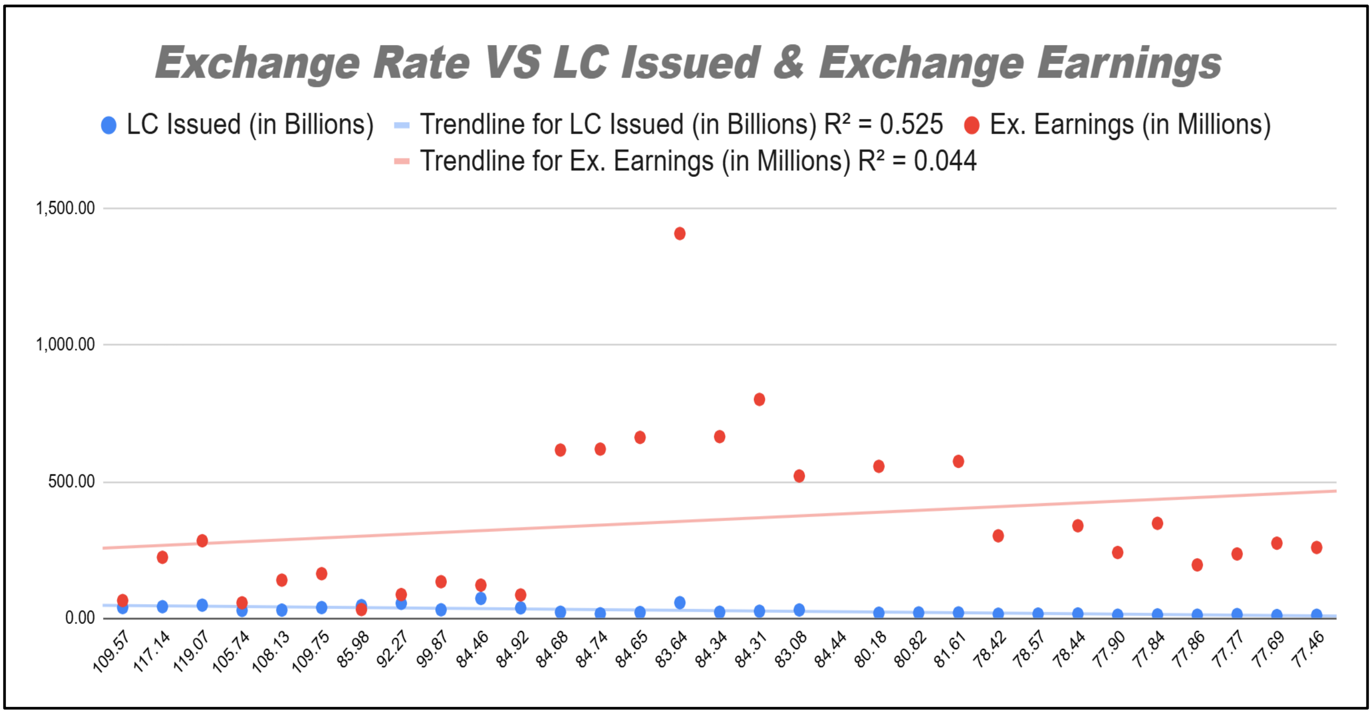


Figure-35: Diagram of Exchange Rate Comparison between LC issued and Exchange Earnings

This scatter plot shows the relationship of the exchange rate-USD to BDT- and two financial indicators for Dhaka Bank: LC Issued and Exchange Earnings. The exchange rate is shown on the x-axis; the financial values are in billion units for LC Issued and million units for Exchange Earnings.

This chart plots the variables against an exchange rate of each data point; LC Issued will be the blue dots, and the Exchange Earnings, the red dots. This shows a strong positive relation in LC Issued-a tremendous spurting when the exchange rate has gone up-which is shown with a very high R^2 value at 0.525. This suggests that when BDT depreciates against the USD, LC Issuance increases significantly; perhaps due to increased foreign trade and hedging activity. In the case of Exchange Earnings, represented by the trend line showing a very low R^2 of 0.044, exchange rate fluctuations are supposed to have little impact on this segment.

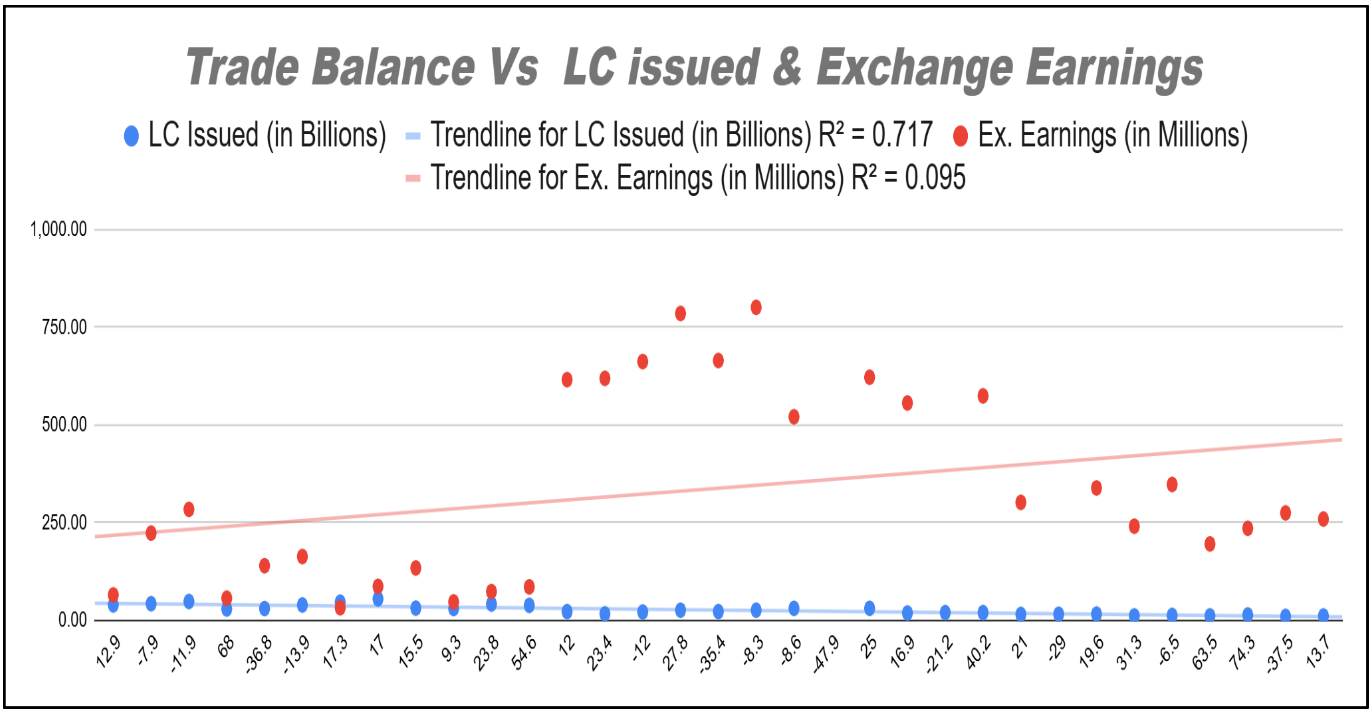


Figure-36: Diagram of Trade Balance Comparison between LC issued and Exchange Earnings

This scatter plot relates Trade Balance percentages to Dhaka Bank's financial metrics, LC Issued in billions, and Exchange Earnings in millions. The x-axis represents the Trade Balance as a percent, while the y-axis shows the corresponding financial figures in billions for LC Issued and in millions for Exchange Earnings.

Each point in this chart represents a certain percentage of Trade Balance, where the points in blue color represent LC Issued and the red represent Exchange Earnings at such a percentage. Trend lines for LC Issued and Exchange Earnings, gray in color, are very minimally sloped upwards; thus, there is a very weak positive correlation with trade balance improvement. More specifically, the trendline of LC Issued has an R^2 of 0.171, and the higher trade balance or exportation in comparison to importation will increase the LC Issued. A similar case happens to the Exchange Earning trendline with R^2 equal to 0.085, which represents a very weak positive correlation with trade balance.

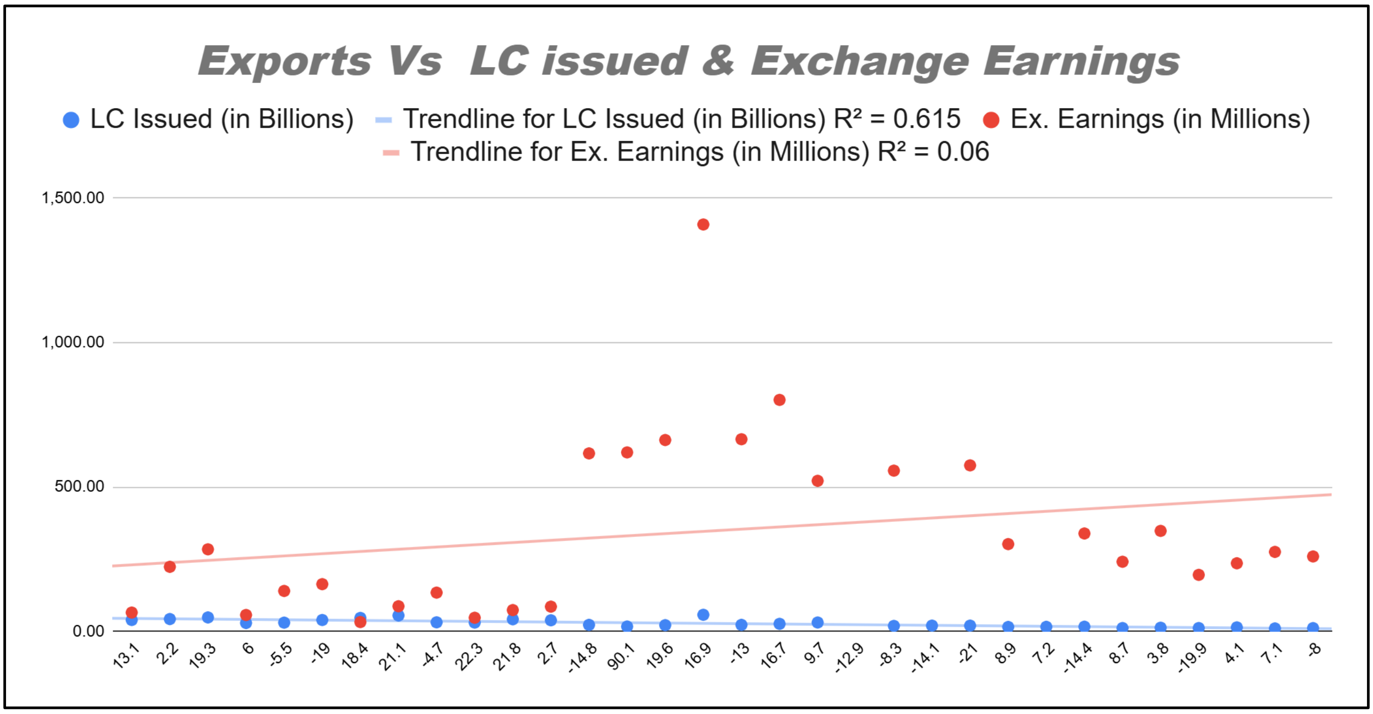


Figure-37: Diagram of Exports Comparison between LC issued and Exchange Earnings

The following chart is a scatter plot that reflects the relationship between export percentages and two important financial metrics for Dhaka Bank: Letters of Credit issued in billions and Exchange Earnings in millions. The x-axis represents the export percentage, which is the proportion of exports to total trade, while the y-axis reflects the financial values in billions for LC issued and in millions for Exchange Earnings.

Each point represents a specific export percentage, and the blue dot reflects the value of the LC issued, while the red dot reflects the value of exchange earnings for those given levels of export. The trendline for the LC Issued, in grey color, indicates a very meager positive relationship with the export percentages, as suggested by its R^2 value of 0.185. This indicates that as exports go up, LC issuance is rising at a moderate rate, probably because of an increase in the number of financial instruments required to support export transactions. The trend line of Exchange Earnings, however, has an R^2 of 0.06, which is very weak and would, therefore, indicate that the level of exports does not have much direct influence on exchange earnings.

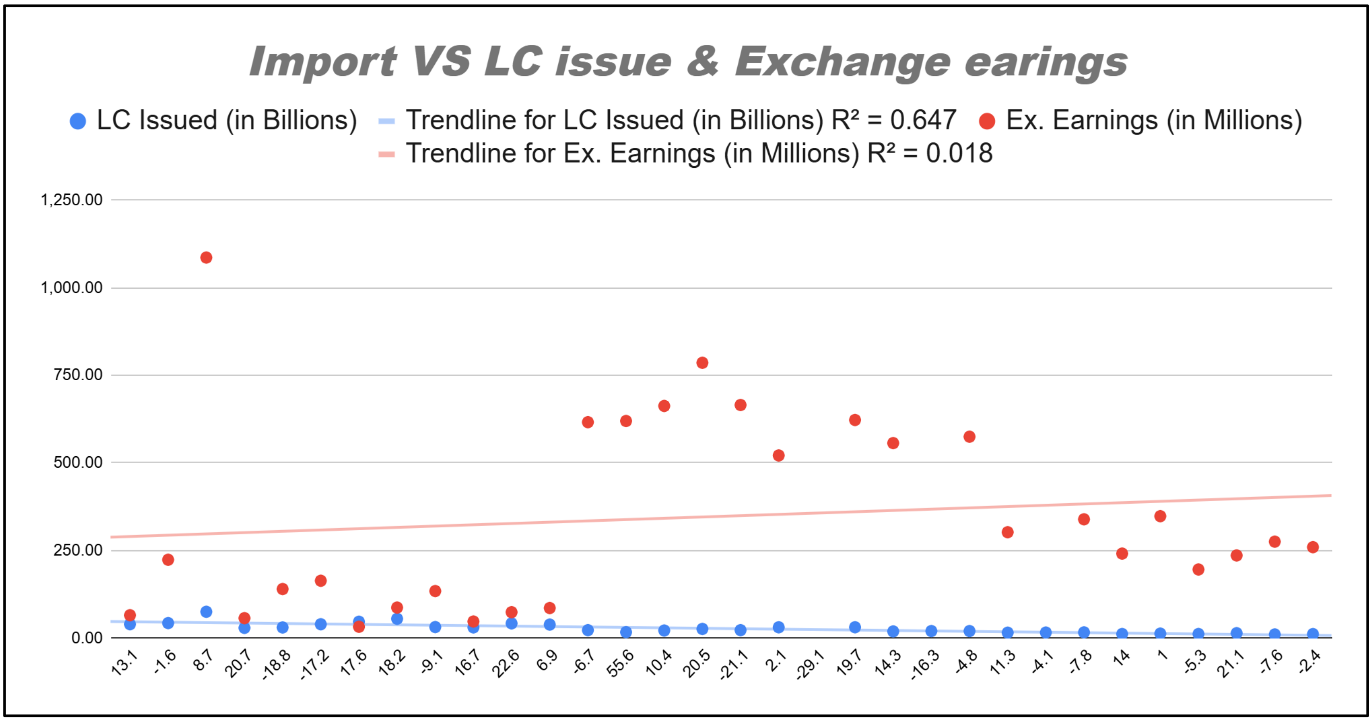


Figure-38: Diagram of Imports Comparison between LC issued and Exchange Earnings

This graph is a scatter plot of the relationship between import percentages and Dhaka Bank's financial outputs, which are LC Issued in billions and Exchange Earnings in millions. The x-axis represents the import percentage, which shows the proportion of imports in total trade, while the y-axis measures financial metrics in billions for LC issued and in millions for Exchange Earnings.

Each point on this chart corresponds to an import percentage, with the values of LC issued represented by a violet dot and the values of Exchange Earnings represented by a red dot at that particular import level. The trendline of LC Issued has a high positive slope; the R^2 is 0.647, which describes that increasing imports are strongly related to increasing LC issuance. This is possibly because higher imports necessitate more Letters of Credit for the payment, as outlined in the task above. The trend line for the Exchange Earnings has been very weakly positive at R^2 of 0.018, which postulates that the import level impinges on the earnings at a minor level; the other factors may dominate in determining these earnings.

These Five scatter plots analyze the correlation between various economic indicators with the financial metrics of Dhaka Bank, Letters of Credit issued and Exchange Earnings. There some key findings we observed –

GDP vs LC Issued & Exchange Earnings: The latter exhibits very weak positive correlations with LC Issued and Exchange Earnings in respect of GDP growth, insinuating very minimal direct influences from broader economic expansions. Thus, this means other factors external or operational do impinge on these financial metrics.

Exchange Rate vs LC Issued & Exchange Earnings: It can be analyzed that with an increase in the exchange rate, a strong positive correlation exists with LC issued, while there is minimum effect of exchange rate alteration on exchange earnings. This scenario may suggest that with heavy depreciation in the local currency, issuance of LC also increases due to increased pressure of trade finance under uncertain currency conditions.

Trade Balance vs LC Issued & Exchange Earnings: The trend of improving trade balances has given rise to a small positive correlation with both LC Issued and Exchange Earnings, though not marked. This goes to indicate that while favorable trade balance adds in the positives, it is just not the dominating factor affecting these financial parameters.

Exports vs LC Issued & Exchange Earnings: There is a fair positive correlation between export percentages and LC Issued, which infers those higher magnitudes of export activities tend to increase the demand for LCs to a moderate extent. At the same time, the export percentages barely correlate with Exchange Earnings; hence, exports barely affect revenues from exchange transactions directly.

Imports vs LC Issued & Exchange Earnings: Import percentages strongly relate to the LC Issued, with increased imports explaining the huge push for LCs, probably due to the need for a secure means of making international trade. Also, similar to exports, the levels of import are also very weakly related to Exchange Earnings.

These analyses show that, except for a few economic indicators such as trade volumes-export and import- and fluctuations in the national exchange rate, significant influences on LC issuance hardly affect Exchange Earnings. The negligible impacts of GDP growth, trade balance, and inflation on both financial metrics are indicative that the financial performance of Dhaka Bank is influenced by a complex array of factors beyond straightforward economic indicators. This complexity therefore underlines the need for banks to adopt multifaceted strategies in managing financial operations, considering both macroeconomic and sector-specific dynamics to optimize outcomes effectively.

Chapter 04

Recommendations

&

Conclusion

4.1 Recommendations

Improve Forecasting Models:

In addition, valid forecasting models would enable Dhaka Bank to map any change in the demand for trade finance and, therefore, make efficient use of available resources to exploit such market opportunities. It can accommodate an expanded set of leading economic indicators within their forecasting models, including global commodity prices, various international trade agreements, and regional economic policies. Indeed, analysis of trends in commodity prices would easily enable Dhaka Bank to foresee the heightening demand for trade finance in certain industries, such as agriculture or energy.

Diversify the financial product range:

Overall, risk cannot be dependent on few financial products or markets which could yield to economic decline. Dhaka Bank is capable of designing new financial products, such as derivative trading and foreign exchange hedging instruments, commodity financing solutions for various industries. Foreign exchange hedging products could be sold to clients operating international trade businesses to reduce currency risks.

Enhance Risk Management:

The company needs to effectively manage the risks to minimize losses due to adverse currency fluctuations, credit issues, and changing regulations. Enhance risk management by introducing advanced analytics in the review of credit risks and establishing a team to monitor currency fluctuation and regulatory changes. Dynamic hedging will manage and protect against adverse exchange rate movements, particularly in volatile markets.

Adopt New Technologies:

New technologies like blockchain and AI help automate and make trade finance processes more secure, hence speeding up operations and reducing the element of fraud and errors. Implement blockchain to create transparent, immutable records of transactions. Use AI to automate risk assessments and analyze large volumes of transaction data quickly. It can be used to streamline the issuance of letters of credit in a way that all parties in the chain of trade finance have real-time access to verified transaction data. By doing so, Dhaka Bank can add more value to its trade finance services and deliver its services more competently to customers even during fluctuating economic conditions.

4.2 Limitation

The analysis was limited to a few select macroeconomic indicators. It could have glossed over many important factors, like specific industry trends or even more microeconomic variables. Not all the variables that actually affect trade finance outcomes were captured under the purview of this study. Ignoring factors such as the impact of digital payment technologies in emerging markets might result in incomplete analyses.

These models were specifically developed for Dhaka Bank's data and may not be applied to other institutions with different operational contexts. Impact: The findings might not be generalizable to all banking environments. A model effective in Bangladesh might not perform well in regions with different economic volatilities or regulatory conditions.

The accuracy of the study is limited by the availability and quality of data. Historic data may not represent the current situation, and discrepancies in data can lead to biased analysis. This can make our predictive models and recommendations less reliable. For example, if there is no consideration of recent economic downturns because of data gaps, this may mislead risk assessments.

This study's methodology, such as assumptions of linearity in the regression models, is not able to capture the complexities of the economic relationships. These limitations may imply inaccuracies in estimations and interpretations, especially regarding extreme economic events' effects on trade finance, possibly missing nonlinear effects.

4.2 Conclusion

In conclusion, Dhaka Bank CPC's strategic management of trade finance, grounded in a deep understanding of macroeconomic variables, showcases a proactive and informed approach to navigating the complexities of international trade finance. This research highlights Dhaka Bank's effective response to economic fluctuations, offering a valuable framework for other financial institutions seeking to enhance their trade finance operations in similarly dynamic environments.

In the final analysis, Dhaka Bank CPC strategic management in trade finance, founded on a sound understanding of macroeconomic variables, is proactive and well-informed to deal with challenges thrown up by international trade finance. The study reveals how Dhaka Bank has responded effectively to economic fluctuations and hence may provide a useful framework for other financial institutions to learn from with a view to improving their trade finance operations in similar dynamic environments. Equally, the adoption of advanced analytical tools has been pivotal in forecasting global economic trends. The bank could proactively mitigate risks while seizing emerging market opportunities. Indeed, this strategic foresight not only protects it from potential downturns but also advances growth and strengthens its competitive advantage in the industry.

Besides, portfolio diversification in trade finance is one of the keys to managing risks associated with changes in the macroeconomy. Transacting in a variety of markets and currencies, Dhaka Bank has efficiently spread out its risk exposure, which enhances the stability and resilience of income. This diversification, combined with sound analytics, makes Dhaka Bank one of the adaptive and strategic leaders in managing trade finance.

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