

Financial Comparison of Foreign Schedule Banks: Chapter Bangladesh

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Abstract - The banking industry of Bangladesh is a mixed one comprising nationalized, private and foreign commercial banks. Many efforts have been made to explain the performance of these banks. Understanding the performance of bank requires knowledge about the profitability. Indeed, the performance evaluation of foreign commercial banks is especially important today because of the fierce competition. The banking industry is experiencing major transition for the last two decades. It is becoming an imperative for banks to endure the pressure coming from both domestic and external factors and prove to be profitable. For this reason, we are work on financial performance of foreign bank and compare the banks. So, we can understand about the financial position of foreign bank in Bangladesh. The study tries to analyze the Financial Performance with Comparison of selected Foreign Schedule Banks in Bangladesh by using some analytical ratio calculation methods in financial applications. The objective is to identify the overview of foreign bank and their historical background and the key factors of ratios analysis that help to financial compare with each other.

Keywords: Foreign Bank, Ratio Analysis, Private Commercial Banks, Operating Income.

JEL Codes: M1, M0, G20, G21.

I. INTRODUCTION

Commercial bank is the main stream of financial system of any economy. As financial intermediary commercial banks play a very important role by transferring fund from surplus unit to deficit unit and thus boost up the economic development. But we should not forget that whatever role is played by banks or whatever business banks are involved in, that they do business with general peoples' money. So stakeholders of commercial banks should get proper information about the banks' operating decision, risk level, profitability, deposit and loan products, in short about all the aspects of a bank (Samina 2012). The banking industry of Bangladesh is a mixed one comprising nationalized, private and foreign commercial banks. Many efforts have been made to explain the performance of these banks. Understanding the performance of bank requires knowledge about the profitability. Indeed, the performance evaluation of foreign commercial banks is especially important today because of the fierce competition. The banking industry is experiencing major transition for the last two decades. It is becoming an imperative for banks to endure the pressure coming from both domestic and external factors and prove to be profitable. For this reason we are work on financial performance of foreign bank and compare the banks. So we can understand about the financial position of foreign bank in Bangladesh. The history of Foreign commercial banks (FCBs) in Bangladesh dates back to our pre-independence period. After liberation, the new government nationalized the banks, based and having operations in the erstwhile, "East Pakistan". However, the foreign banks here continued their operation in Bangladesh as branches of their parent groups without being incorporated locally. Today, in Bangladesh, there are nine FCBs, most of which are regional players. Only two foreign banks, out of nine, are truly global in terms of their size, scale and breadth of operation across the globe, though one of the regional banks has established itself strong as an emerging markets player in Asia, Africa and the Middle East (Rashid, Financial Express, May 09, 2012).

Research Questions:

This research proposed to investigate the following research questions:

1. Is the foreign banking sector of Bangladesh maximizes their profit day by day?
2. What is the current financial position of foreign banking sector in Bangladesh?

II. LITERATURE REVIEW

Several studies have found that the entry of foreign banks can bring potential benefits in terms of better resource allocation and higher efficiency (Levine, 1996; Walter and Gray, 1983; Goldberg and Saunders, 1981; Gelb and Sagari, 1990). Moreover, the study of Levine (1996) had mentioned that allow the entry of foreign banks may (i) enhance domestic financial development by promote improvement of domestic financial infrastructure and financial policy, (ii) improve a country’s access to international capital markets, (iii) improve the financial services quality in domestic bank by stimulate bank competition and subsequently encourage the domestic banks implement more advance banking skills and technology. However, the foreign banks entry has certain disadvantages too. According to Stiglitz (1993), the entry of foreign bank can bring impact to domestic banks in term of potential costs. The researcher found that domestic banks have to incur more costs in order to compete with foreign banks by applying more advance banking skills and technology. In addition, the results of Claessens et al (2001) shown that the foreign banks entry has brought certain risks to domestic banks by making the competition more intense and thereby reduce the earnings of domestic banks. The literature on bank efficiency found that foreign banks showed lower efficiency than domestic banks, especially in developed countries (Hasan et al., 1996; Mahajan et al., 1996; Kraft et al., 2006; Havrylchyk, 2006). While, there are still have certain foreign banks from other countries able to operate more efficiently than domestic banks in other developed countries (Berger et al., 1999). This indicates that the empirical findings have been ambiguous and inconclusive. Athanasoglou et al, (2006), profitability is believed to be influenced by both endogenous and exogenous factors. The endogenous factors are firm specific factors that result from the decisions and policies of management. Examples of such factors are efficiency, profitability, liquidity, and capital structure and asset quality ratios. The exogenous factors are industrial structural factors such as ownership, market concentration and stock market development and other macroeconomic factors. Capital is the ratio of book value of equity to total assets (Equity/ TA). The past literatures have proven that bank efficiency is associated with equity-to-total asset ratio (Kaparakis et al., 1994; Esho, 2001; Chou et al., 2002; Chan and Liu, 2006). Profits are defined to be the ratio of total revenue to total assets. Referring to literature search, return to asset (ROA) is more commonly used on research of bank efficiency in measuring the profitability of banks compare to return to equity (ROE). Therefore, in this study, researcher will choose to use Return on Investment (ROA)in measuring the profitability of the banks (Ong Tze San,2011).

III. METHODOLOGY

This is empirical study and in this study we apply secondary sources of data which was designed to identify the research questions by conducting a study that have investigated the financial data and calculate the ratios and shows the comparison on selected foreign banks in Bangladesh.

Data Collection and Sample

In this study we collected data from various office documents of selected foreign banks and in sample we select three foreign banks on random sampling basis. And the selected foreign banks are Citibank NA, Standard Chartered Bank Bangladesh, Al-Falah Bank.

Foreign Schedule Banks in Bangladesh:

According to the Bangladesh Bank list there are nine schedule commercial foreign bank operating there operation in Bangladesh.

Table 1: Operated Foreign Schedule Banks in Bangladesh

Foreign Bank Name	History & Short Briefing
Bank Alfalah Limited	Bank Alfalah Limited is a private bank in Pakistan owned by the Abu Dhabi Group. Bank Alfalah Limited was incorporated as a Public Limited Company on June 21, 1992 under the companies Ordinance 1984. Its banking Operations commenced from November 1, 1997. The Bank is owned and operated by the Abu Dhabi Group and is the sixth largest Bank in Pakistan. Bank Alfalah conducts business through a network of 471 branches across 163 cities in Pakistan with an international presence in Afghanistan, Bangladesh, Bahrain and a representative office in the UAE. The Bank provides financial solutions to consumers, corporations, institution and governments through a broad spectrum of products and services, including corporate and investment banking, consumer banking and credit, securities brokerage, commercial, SME, agri-finance, Islamic and asset financing. Bank Alfalah looks ahead with optimism at the future – it aims to continue investing in its core strengths to provide ‘best in class’ products and services to it diverse range of clients. On the 16th of May, 2005 Bank Alfalah

	formally took over the Bangladesh operations of Shamil Bank of Bahrain for US \$17.88 million and renamed it to Bank Alfalah. This was the first branch of the bank outside Pakistan. The bank is currently operating through 648 branches(as on December 30, 2014) including 480 Conventional, 157 Islamic Banking and 11 Overseas/International branches in Afghanistan, Bangladesh and Bahrain, with the registered office at B.A.Building, I.I.Chundrigar, Karachi. Some of the main branches are located in all of the major cities including: Chakwal, Hyderabad, Lahore, Kasur, Islamabad, Gawadar, Peshawar, Faisalabad, Quetta, D.I.Khan, Rawalpindi, Sargodha, Sheikhpura,Sukkur, Sialkot, Multan, Murree, Jhelum, Attock District, Gujranwala, Mirpur Khas, Lodhran, D.G.Khan, Mian Channu, bahawalnagar, bahawalpur, Sahiwal, Khanewal and Many Other Cities all over Pakistan...
Standard Chartered Bank	Standard Chartered Bank has a history of more than 150 years. The name “Standard” stems from the two original banks from which it was founded-“Chartered Bank” of India, Australia and China and “Standard Bank” of British South Africa. SCB BD (officially M/S Standard Chartered Bank Bangladesh Pvt. Ltd.) is a banking and financial services company headquartered in Dhaka, Bangladesh and a wholly owned subsidiary of Standard Chartered. Standard Chartered has been operating in Bangladesh for over a hundred years.After the partition of the subcontinent in 1947, Bangladesh became East Pakistan, thereafter Standard Chartered Bank started its business in 1948, in the port city of Chittagong. Standard Chartered Bank is doing well in Bangladesh. Debit card fee is at least 690 BDT (inclusive of 15% VAT) per year. Account maintenance fee for savings account is 690 BDT (inclusive of 15% VAT) which is taken as 345 BDT (inclusive of 15% VAT) each six months (usually on January 1 and June 30).Standard Chartered Bank is currently promoting Saadiq Banking. Standard Chartered Bank Bangladesh has recently, as of January 2014 eased the procedure of getting International Credit Card and have come into competition by providing Visa and Master cards.
National Bank of Pakistan	National Bank of Pakistan (NBP) is a major Pakistani commercial bank with headquarters in Karachi. Although state-owned, it operates as commercial bank, while still continuing to act as trustee of public funds and as the agent to the State Bank of Pakistan in places where SBP does not have a presence, as SBP is the major share holder of NBP. 1949 National Bank of Pakistan (NBP) was established under the National Bank of Pakistan Ordinance of 1949 and was government-owned. NBP acted as an agent of the central bank wherever the State Bank did not have its own branch. It also undertook government treasury operations. Its first branches were in jute growing areas in East Pakistan. Offices in Karachi and Lahore followed.1971 NBP acquired Bank of China's two branches, one in Karachi and one at Chittagong. At separation of East Pakistan NBP lost its branches there. NBP merged with Eastern Mercantile Bank and with Eastern Bank Corporation.
State Bank of India	State Bank of India (SBI) is an Indian multinational, public sector banking and financial services company. It is a government-owned corporation with its headquarters in Mumbai, Maharashtra. On 1st April, 2017, State Bank of India, which is India's largest Bank merged with five of its Associate Banks (State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore) and BharatiyaMahila Bank with itself. This is the first ever large scale consolidation in the Indian Banking Industry. With the merger, State Bank of India will enter the league of top 50 global banks with a balance sheet size of 33 trillion, 278,000 employees, 420 million customers, and more than 24,000 branches and 59,000 ATMs. SBI's market share will increase to 22 percent from 17 per cent. It has 198 offices in 37 countries; 301 correspondents in 72 countries. The company is ranked 232nd on the Fortune Global 500 list of the world's biggest corporations as of 2016. It has branches in Singapore, Moscow, Colombo, Dhaka, Frankfurt, Hong Kong, Tehran, Johannesburg, London, Los Angeles, Male in the Maldives, Muscat, Dubai, New York, Osaka, Sydney, and Tokyo. It has offshore banking units in the Bahamas and Bahrain, and representative offices in Myanmar, Bhutan and Cape Town.
Habib Bank Limited	Habib Bank Limited was the first commercial bank to be established in Pakistan in 1947. Over the years, HBL has grown its branch network and become the largest private sector bank with over 1,600 branches and 1,700 ATMs globally and a customer base exceeding eight million relationships.
Commercial Bank of Ceylon	CBC can trace its history back to 1920 when Eastern Bank, a British overseas bank, opened a branch in Ceylon. In 1957, Chartered Bank (another British overseas bank; see below) acquired Eastern Bank but ran it separately. Four years later, the Government of Ceylon forbade foreign banks to accept deposits from Ceylonese nationals. In response, Eastern Bank incorporated its branch under the name, Commercial Bank of Ceylon and took 40% of the equity. CBC got Mercantile Bank of India's branches in Kandy, Galle and Jaffna as part of a deal that would remove the government's limit on deposit taking in Mercantile's remaining branches in Colombo and Pettah. The branches actually transferred in 1973. (HSBC had acquired Mercantile in 1959.) Then in 1971 Eastern bank amalgamated with Chartered Bank, which four years later merged with Standard Bank to form Standard Chartered Bank. In 1997 Standard Chartered divested itself of its 40% stake in CBC. DFCC Bank (formerly Development Finance Corporation of Ceylon) acquired 29.5%. In 2004, CBC acquired Credit Agricole Indosuez's two branches in Bangladesh at Dhaka and Chittagong to become the first Sri Lankan private bank to establish operations outside the country.(Banque Indosuez had opened its branches in Bangladesh in 1980.) Also in 2003, the IFC bought 15% of the bank's share capital from Sri Lanka Insurance Corporation.
Citibank NA	Citibank is the consumer division of financial services multinational Citigroup. Citibank was founded in 1812 as the City Bank of New York, later First National City Bank of New York. Citibank provides credit cards, mortgages, personal loans, commercial loans, and lines of credit. The bank has a total of 2,649 branches in 19 countries, including 723 branches in the United States and 1,494

	<p>branches in Mexico. The U.S. branches are concentrated in six metropolitan areas: New York City, Chicago, Los Angeles, San Francisco, Washington, D.C., and Miami. In 2016, the United States accounted for 70% of revenues and Mexico accounted for 13% of revenues. Aside from the U.S. and Mexico, most of the company's branches are in Poland, Russia, India and the United Arab Emirates.</p> <p>Citibank's private-label credit card division, Citi Retail Services, issues store-issued credit cards for such companies as: Sears, ConocoPhillips, ExxonMobil, The Home Depot, Staples Inc., and Shell Oil.</p> <p>As a result of the financial crisis of 2007–2008 and huge losses in the value of its subprime mortgage assets, Citigroup, the parent of Citibank, was bailed out by aid from the U.S. Treasury. On November 23, 2008, in addition to an initial investment of \$25 billion, a further \$20 billion was invested in the company along with guarantees for risky assets of \$306 billion. By 2010, Citibank had repaid the loans from the Treasury in full, including interest, resulting in a net profit for the U.S. government.</p>
HSBC (The Hong Kong and Shanghai Banking Corporation Ltd.)	<p>HSBC Holdings PLC is a British multinational banking and financial services holding company, tracing its origin to a hong in Hong Kong. It is the world's seventh largest bank by total assets and the largest in Europe with total assets of US\$2.374 trillion (as of December 2016). It was established in its present form in London in 1991 by The Hongkong and Shanghai Banking Corporation Limited to act as a new group holding company. The origins of the bank lie mainly in Hong Kong and to a lesser extent in Shanghai, where branches were first opened in 1865. The HSBC name is derived from the initials of the Hongkong and Shanghai Banking Corporation. The company was first formally incorporated in 1866. The company continues to see both the United Kingdom and Hong Kong as its "home markets".</p> <p>HSBC has around 4,000 offices in 70 countries and territories across Africa, Asia, Oceania, Europe, North America and South America, and around 37 million customers. As of 2014, it was the world's sixth-largest public company, according to a composite measure by Forbes magazine. HSBC is one of the oldest banking groups in the modern world. It is the largest bank in Hong Kong, and operates branches and offices throughout the Asia Pacific region, and in other countries around the world. HSBC opened its first branch in Bangladesh in 1996.</p>
Woori Bank	<p>Woori Bank, a part of the Woori Financial Group, is a bank headquartered in Seoul, South Korea. The bank changed its name in 2002, and includes the former Commercial Bank of Korea, Hanil Bank, and Peace Bank. It was known from 1999 through 2002 as Hanvit Bank.</p>

Source: Office Information File

IV. THE FINDINGS AND ANALYSIS

Financial Performance

Profit and Loss Account: Table: 2

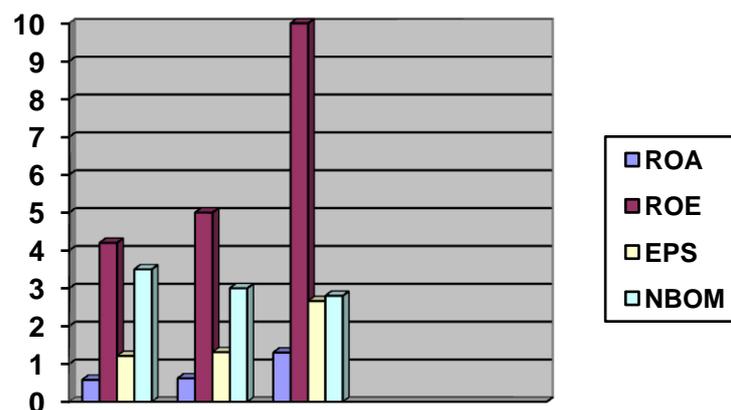
Citi Bank NA

	2014-15	2016-17	2018-19
PROFIT AND LOSS ACCOUNT			
Interest Income / Profit on Investment	12,442,964,209	9,415,110,321	14,029,067,499
Interest / Profit Paid on Deposits and Borrowings	(7,672,887,094)	(4,997,333,463)	(8,906,622,116)
Net Interest / Net profit on Investments	4,770,077,115	4,417,776,859	5,122,445,383
Investment income	1,819,365,941	1,327,007,467	2,789,919,779
Commission, Exchange and Brokerage	1,249,074,628	1,265,885,691	1,769,286,388
Other Operating Income	721,605,043	745,471,737	857,064,973
Total Operating Income	8,560,122,727	7,756,141,753	10,538,716,523
Salaries and Allowances	2,027,332,040	1,785,458,682	2,846,791,183
Rent, Taxes, Insurance, Electricity, etc	438,739,311	360,503,632	601,600,416
Legal Expenses	24,718,198	10,635,276	24,576,045
Postage, Stamp, Telecommunication, etc	56,256,858	54,839,586	80,017,694
Stationery, Printing, Advertisements, etc.	219,303,117	272,479,618	201,469,360
Chief Executive's Salary and Fees	15,937,836	14,438,440	15,046,921
Directors' Fees	890,000	890,000	1,145,000
Auditors' Fees	756,750	504,000	1,071,750
Depreciation and Repair of Bank's Assets	507,138,743	439,182,630	655,357,809
Other Expenses	701,792,998	620,699,666	975,630,311
Total Operating Expenses (B)	3,992,865,850	3,559,814,530	5,402,706,489
Profit / (loss) Before Provision (C=A-B)	4,567,256,877	4,196,327,222	5,136,010,034
Provision for Loans and Advances / Investments	(2,644,021,721)	(710,000,000)	(1,540,000,000)

Provision for Off-Balance Sheet Exposures	(160,500,000)	--	-
Other Provision	-	(18,000,000)	-
Total Provision (D)	(2,804,521,721)	(728,000,000)	(1,540,000,000)
Total Profit / (loss) Before Taxes (C-D)	1,762,735,156	3,468,327,222	3,596,010,034
Provision for Income Tax	(1,000,000,000)	(1,450,000,000)	(1,531,252,396)
Net Profit After Taxation	762,735,156	2,018,327,222	150,182,944
Appropriations			(1,381,069,452)
Statutory Reserve	352,547,031	693,665,445	2,214,940,582
General Reserve	-	-	-
	352,547,031	693,665,445	719,202,007
Retained Surplus	410,188,125	-	-
			719,202,007
Earnings Per Share (EPS)	1.21	3.19	1,495,738,575
			2.66

Source: Financial Statement Year 2012, 2013, 2014

Ratio Analysis of Citibank NA



Ratios	2014-15	2016-17	2018-19
ROA	0.58%	0.62%	1.3%
ROE	4.2%	5%	10%
EPS	1.21%	1.31%	2.66%
Net Banking Operating Margin	3.5%	3%	2.8%

The table 2 shows that in the initial period the ROA of Citibank was much unexpected. Time trend suggest that the bank needs to increase their utilization of assets to pile up the ratio. The ROE EPS of this bank was very optimistic.

Profit and Loss Account: Table 3

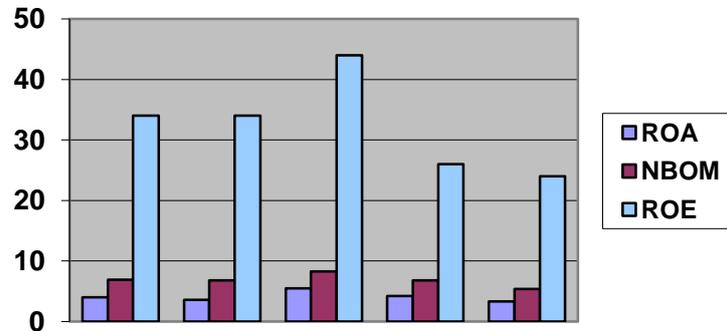
Standard Chartered Bank Bangladesh

	2014 (taka)	2015(taka)	2016(taka)	2017 (taka)	2018(taka)	2019 (taka)
Interest Income	14,186,305,628	18,549,124,098	18,239,841,982	15,571,836,947	13,666,780,012	12,149,179,980
Interest Expense on Deposits and Borrowings	4,955,082,555	7,500,538,781	8,491,778,111	6,221,277,393	3,785,529,594	2,646,696,776

Net Interest Income	9,231,223,073	11,048,585,317	9,748,063,871	9,350,559,554	9,881,250,418	9,502,483,204
Income From Investments	1,382,282,538	1,563,695,973	4,145,976,392	6,888,356,351	6,005,472,934	4,728,105,762
Commission, Exchange and Brokerage	5,725,100,761	5,868,658,889	6,442,642,059		5,960,740,620	5,815,877,464
Other Operating Income	10,220,376	4,363,725	53,212,469	971,317,496	23,153,213	28,317,528
Total Operating Income	16,348,826,748	18,485,303,904	10,641,830,920	13,987,958,618	11,989,366,767	10,572,300,754
Salaries and Allowances	2,111,462,016	2,244,497,218	20,389,894,791	23,338,518,172	21,870,617,185	20,074,783,958
Rent, Taxes, Insurance, Lighting, etc.	354,074,843	382,382,598	2,236,108,581	2,646,107,321	3,708,743,027	3,453,709,734
Legal Expenses	33,859,161	9,888,814	442,585,455	442,585,455	551,170,116	627,721,104
Postage, Stamp, Telegram and Telephone	177,676,455	219,424,205	29,67 0,501	41,666,999	56,221,063	83,937,261
Auditors' Fee	575,000	575,000	229,128,265	216,191,453	242,960,094	208,726,889
Printing, Stationery and Advertisement	226,388,426	237,708,885	575,000	1,150,000	1,150,000	1,150,000
Chief Executive Officer's Salary	9,373,366	15,089,172	221,595,516	244,443,785	250,969,389	305,186,020
Repair, Maintenance and Depreciation	528,558,962	552,379,177	13,929,123	13,526,214	20,765,094	39,598,962
Other Expenses	1,330,167,113	1,065,341,379	594,487,618	649,486,213	558,877,713	525,868,612
Total Operating Expenses	4,772,135,343	4,727,286,446	1,136,666,643	1,102,454,985	1,273,432,403	1,169,770,559
Profit Before Provisions	11,576,691,405	13,758,017,458	4,904,746,702	5,493,876,146	6,664,288,899	6,415,669,141
Provisions for Loans and Advances and Off Balance Sheet Exposures	896,606,065	896,606,065	15,485,148,089	17,844,642,026	15,206,328,286	13,659,114,817
Profit After Provision Before Tax	10,587,115,231	12,861,411,393	1,568,589,820	627,216,861	643,779,513	1,294,797,704
Provisions for Tax	4,385,715,770	5,445,483,827	13,916,558,269	17,217,425,165	14,562,548,773	12,364,317,113
Current Tax Expense	4,681,826,275	5,127,766,109	5,466,236,396	5,969,881,102	5,319,784,954	
Deferred Tax Expense/(Income)	(296,110,505)	317,717,718	73,675,754	(523,018,147)	(60,541,912)	4,817,978,620
Profit After Tax	6,201,399,461	7,415,927,565	5,446,862,955	5,446,862,955	5,259,243,042	(461,985,313)
			8,376,646,119	11,770,562,210	9,303,305,731	4,355,993,307
			5,466,236,396	5,969,881,102	5,319,784,954	8,008,323,806

Source: Financial Statement Year 2011, 2012, 2013, 2014, 2015, 2016

Ratio Analysis of Standard Chartered Bank



Ratios	2014	2015	2016	2017	2018
ROA	4%	3.6%	5.5%	4.2%	3.3%
Net bank operating margin	6.9%	6.8%	8.3%	6.8%	5.4%
ROE	34%	34%	44%	26%	24%

The table 3 shows that in the initial period the ROA of standard chartered bank was much unexpected. Time trend suggest that the bank needs to increase their utilization of assets to pile up the ratio. The ROE EPS of this bank was very optimistic.

Profit and Loss Account: Table 4

Bank Alfalah Limited

	2015	2016	2017	2018
Mark-up/return/interest earned	44,298,178	46,079,918	43,961,060	55,378,477
Mark-up/return/interest expensed	25,687,485	27,500,056	27,066,229	33,505,003
Net mark-up/interest income	18,610,693	18,579,862	16,894,831	21,873,474
Provision against loans and advances-net	1,864,510	1,848,535	954,563	1,447,931
Provision for diminution in the value of investments	2,459,294	1,708,833	94,797	85,897
Bad debts written off directly	5,696	1,164	4,288	5
	4,329,294	3,558,532	1,053,648	1,533,833
Net mark-up/interest income after provision	14,281,193	15,021,330	15,841,183	20,339,641
Non mark-up/interest income				
Fee, commission and brokerage income	2,148,239	2,536,717	2,800,461	3,120,035
Dividend income	191,708	349,061	482,567	492,348
Income from dealing in foreign currencies	1,115,417	1,309,703	1,535,808	2,042,957
Gain on sale of securities – net	140,093	1,328,000	1,588,895	1,058,167
Unrealized (loss)/gain on revaluation of investments classified as held for trading – net	(11,053)	1,511	8,465	160,098
Other income	1,783,309	1,756,348	<u>1,862,498</u>	<u>2,162,836</u>
Total non mark-up/interest	5,367,713	7,281,340	8,278,694	9,036,441
	19,648,906	22,302,670	24,119,877	29,376,082
Non mark-up/interest expenses				
Administrative Expenses	13,832,096	15,204,036	17,288,779	20,261,215
(Reversal)/Provision Against off-Balance Sheet Obligations	-	(22,005)	2,100	38,453
Provision Against Other Asset	183,161	130,504	(162,621)	356,486

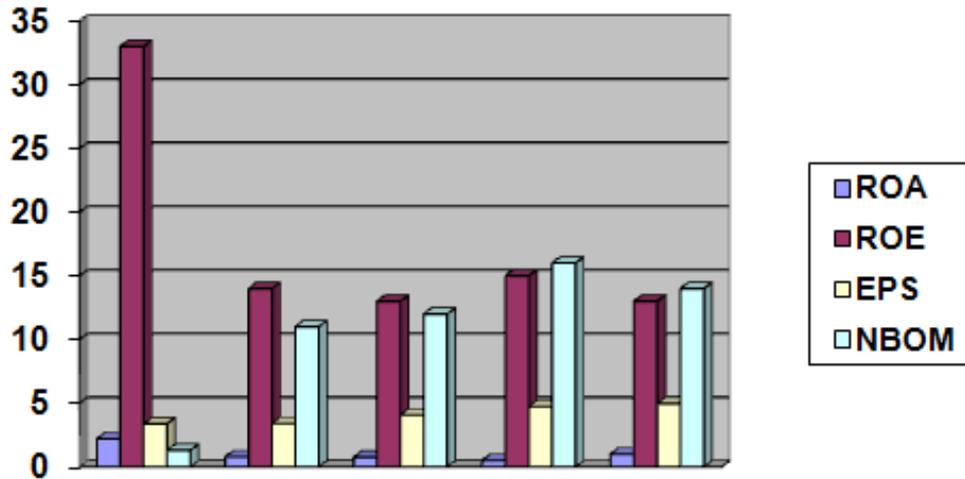
Other Charges	199,931	206,933	184,408	206,362
Total non Mark-up/Interest Expenses	14,215,188	15,519,468	17,312,666	20,862,516
	5,433,718	6,783,202	6,807,211	8,513,566
Extra Ordinary/Unusual Items	-	-	-	-
Profit before taxation	5,433,718	6,783,202	6,807,211	8,513,566
Taxation				
• Current	3,263,249	3,141,90	2,400,321	3,122,512
• Deferred	(1,377,661)	(754,828)	(159,060)	(288,216)
• Prior years	45,000	(160,000)	(110,000)	38,419
	1,930,588	2,227,081	2,131,261	2,862,715
Profit after taxation	3,503,130	4,556,121	4,675,950	5,640,851
Inappropriate Profit Brought Forward	2,415,860	5,248,059		
Transferred from surplus on revaluation of Fixed Assets – Net of Tax	29,695	29,695		
Profit Available for Appropriation	5,948,685	9,833,875		
Basic / Diluted Earnings Per Share	<u>2.60</u>	<u>3.38</u>	3.41	4.08

	2019	2018
Mark-up/Return/Interest Earned	57,244,690	61,458,407
Mark-up/Return/Interest Expensed	28,474,468	32,810,722
Net mark-up/Interest Income	28,770,222	28,647,685
Provision against loans and advances-net	1,082,506	2,150,209
Provision for diminution in the value of investments	100,766	136,691
Bad Debts written off Directly	-	-
	1,183,272	2,286,900
Net mark-up/interest income after provision	27,586,950	26,360,785
Non mark-up/interest income		
Fee, commission and brokerage income	4,667,987	4,384,496
Dividend income	584,805	514,401
Income from dealing in foreign currencies	1,120,736	1,379,097
Gain on sale of securities – net	1,681,621	1,606,751
Unrealized (loss)/gain on revaluation of investments classified as held for trading – net	109	229,063
Other income	812,755	727,212
Total non mark-up/interest	8,868,013	8,841,020
	36,454,963	35,201,805
Non mark-up/interest expenses		
Administrative expenses	23,423,218	21,956,115
(Reversal)/provision against off-balance sheet obligations	(7,508)	1,066
Provision against other asset	310,765	(162,621)
Other charges	<u>329,789</u>	184,408
Total non mark-up/interest expenses	22,597,735	17,312,666
	12,604,070	8,513,566
Extra ordinary/unusual items	-	-
Profit before taxation	12,604,070	8,513,566
Taxation		
• Current	4,689,525	5,008,992
• Deferred	871,038	(495,545)
• Prior years	(437,312)	567,813
	5,123,251	5,081,260
Profit after taxation	7,899,908	7,522,810

Basic / diluted earnings per share	4.96	4.73
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Source: Financial Statement Year 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018

Ratio Analysis of Alfalah Bank



Ratios	2014	2015	2016	2017	2018
ROA	2.2%	0.78%	0.76%	0.48%	0.89%
ROE	33%	14%	13%	15%	13%
EPS	3.38	3.41	4.08	4.73	4.96
Net Banking Operating Margin	1.3%	11%	12%	16%	14%

The table 4 shows that in the initial period the ROA of Alfalah bank was much unexpected. Time trend suggest that the bank needs to increase their utilization of assets to pile up the ratio. The ROE EPS of this bank was very optimistic.

V. FINANCIAL COMPARISON

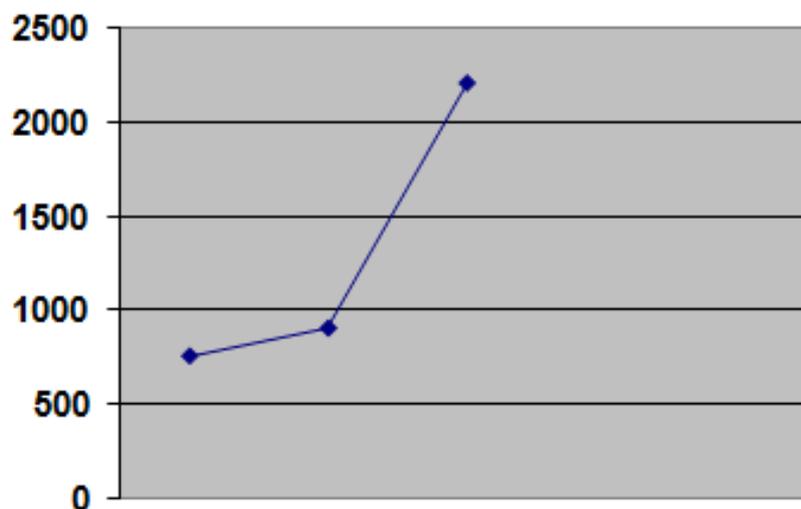


Figure 1: Citibank Net Profit

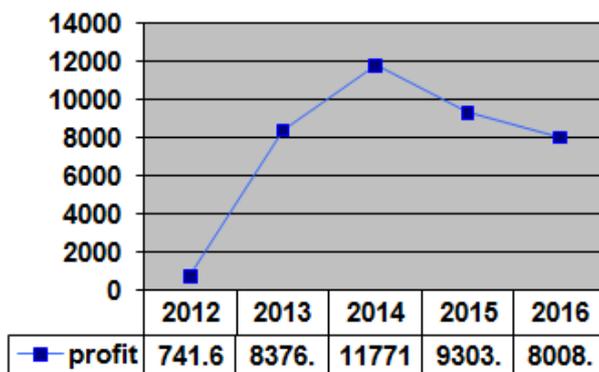


Figure 2: Standard Chartered Bank Net Profit

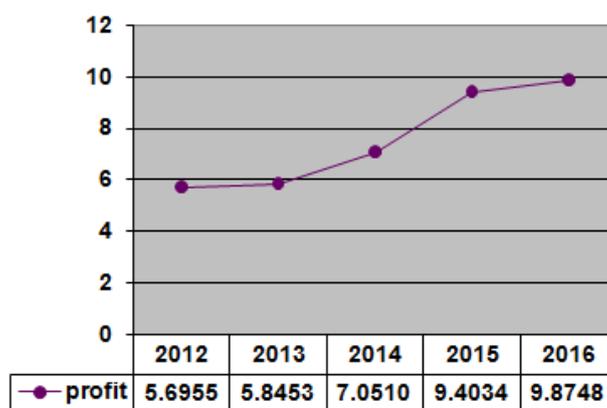


Figure 3: AL-Falah Bank Net Profit

According to net profit amount of Citi Bank, Standard Chartered Bank and Al – Falah Bank the study shows that the Standard Chartered Bank is in the first place among the three banks. And Al-Falah Bank is in the last place. Last year standard Chartered Bank had made more or less BDT 8008.3238 million where City Bank had made more or less BDT 2214.494 million and AL-Falah had made more or less BDT 9.8748 million.

In the above chart the study shows that net profit standard chartered Bank fluctuates from year to year. It does very well in 2014 but from the last two year the amount of profit is decreasing. Now a day the bank not runs well. In this form City Bank is in the high position because the profit amount of city bank is increasing day by day. So the customer satisfaction of city bank is high from other two banks.

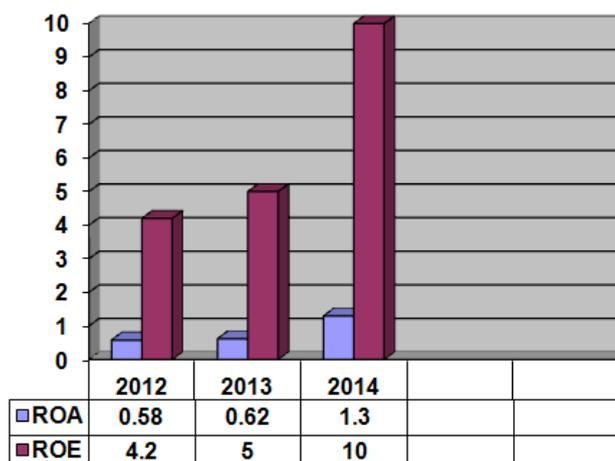


Figure 4: Citibank Ratio

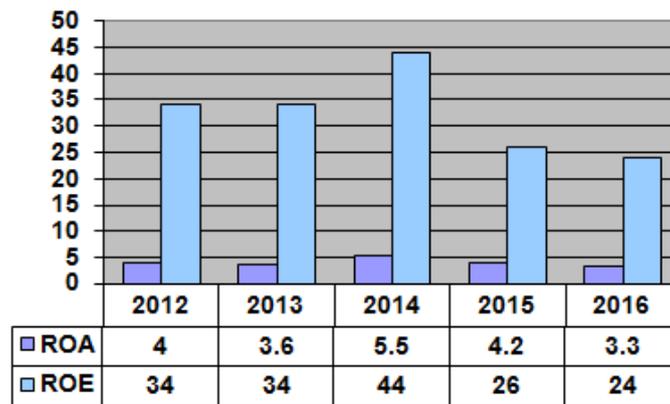


Figure 5: Standard Chartered Bank Ratio

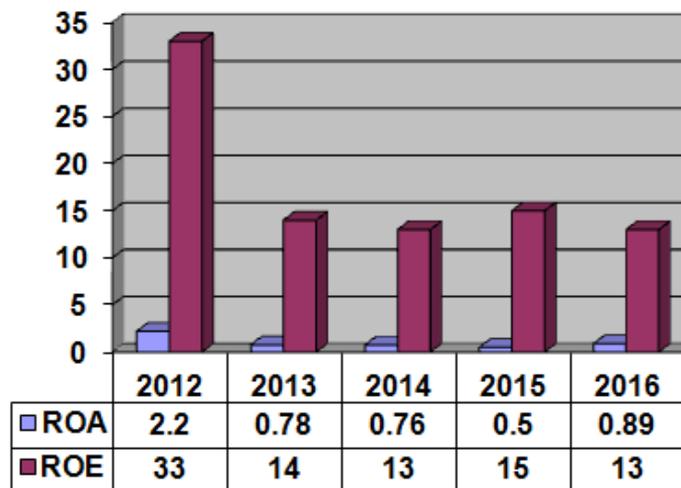


Figure 6: Al-Falah Bank Ratio

VI. CONCLUSION

This study found that in 2014 the ROE of Citibank was 10%, in 2016 Standard Chartered Bank was 24% and Al Falah Bank was 13%. This is showed that Standard Chartered Bank is in the 1st position. The Bench mark of ROE is 13.50%. On the basis of Bench mark the Standard Chartered Bank doing well more than the two banks. Citibank is very optimistic. But AlFalah bank is faced much unexpected result of ROE. In 2014 the ROA of Citibank was 1.3%, in 2016 Standard Chartered Bank was 3.3% and Al Falah Bank was 0.89%. This is showed that Standard Chartered Bank is in the 1st position. On the basis of Bench mark all the banks are faced much unexpected result of ROA. The Bench mark of ROA is 11%. Time trend suggest that these banks need to increase their utilization of assets to pile up the ratio. The study shows that the ratio of the three banks and represents that rate of ROE % ROA is increasing year to year of Citibank. It is not fluctuated very much. But the ROA & ROE of Standard Chartered Bank fluctuates from year to year. It does very well in 2014 but from the last two year the Return on Equity (ROE) & Return on Asset (ROA) are decreasing.

VII. SUGGESTION FOR FUTURE STUDY

Firstly, it is recommended to include technical efficiency, scale efficiency and allocate efficiency in future study. Furthermore, the future research may include foreign financial companies, foreign merchant banks and foreign Islamic banks in order to obtain a more accurate situation and precise results that can represent the whole Bangladesh foreign financial industry. In addition, future researchers are encouraged to apply different analytical models, such as parametric, Econometric in their research. By using the different models, they can justify whether the efficiency scores generated by different frontier models. Besides, future researchers may choose more banks' inputs and outputs. This could help minimize sampling error by increasing possible input and output variables and be able to generate different results. On the other hand, future researchers may select other

variables that differ from this study. In this study, the researcher used bank specific variables as independent variable to determine the determinant of bank efficiency. Future researcher may use macro environment variables such as regulatory, bank type, geographical region and ownership. Finally, future study may include longer sampling periods to make sure that the result for the determinant of bank efficiency is more accurate and reliable.

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1. Annual Report Standard Chartered Bank 2012 (page79-82)
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3. Annual Report Standard Chartered Bank 2014(page 89-20)
4. Annual Report Standard Chartered Bank 2015(page 89-20)
5. Annual Report Standard Chartered Bank 2016 (page 81-85)
6. Annual Report Alfalah Bank 2012 (page 83-85)

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8. Annual Report Alfalah Bank 2014 (page 83-85)
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Citation of this Article:

SK. Kamrul Hassan, Md. Shahriar Parvez, "Financial Comparison of Foreign Schedule Banks: Chapter Bangladesh" Published in *International Research Journal of Innovations in Engineering and Technology - IRJIET*, Volume 6, Issue 5, pp 1-13, May 2022. Article DOI <https://doi.org/10.47001/IRJIET/2022.605001>
