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COVID-19 IMPACT ON THE BANKING SECTOR IN BANGLA-DESH

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ABSTRACT

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The banking sector is a vital part of the growth of every economy. Financial markets and organizations worldwide are experiencing the adverse consequences of the COVID-19 pandemic, in every conceivable way. The epidemic causes a number of difficulties for banks, most notably an increase in non-payment amounts. This is expected to be more severe in countries with weaker economies, such as Bangladesh.

The purpose of this paper is to determine the overall effect of Covid-19 on the banking sector of Bangladesh and determine the impact on risk management, capital management such as non-performing loans, expenditure to income ratio, return on equity, and return on assets. Customers' changing preferences as a result of Covid-19 are also an important focus of this study.

In order to accomplish the study's objectives, 33 Bangladeshi bankers were surveyed via an online platform. Microsoft Excel was utilized to analyze and convert the gathered data into a meaningful presentation. The paper also included recommendations based on the study outcomes to mitigate the impacts of Covid-19 on the banking sector of Bangladesh.

Key words
ATM, Bangladesh, Bank, Covid-19, Digital Banking, Interest Rate, Net Interest Margin, Non-performing Loan, ROA, ROE

ABSTRACT
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1 INTRODUCTION

Globalization and increased connectedness between countries are major contributors to the spread of the coronavirus pandemic, which sets it apart from other pandemics that have occurred in the past (Mas-Coma, Jones & Marty 2020). Whereas globalization has a good influence on financial development, the negative aspect of a significant number of positive COVID-19 cases might reveal its dark side during a pandemic virus. Even developed states have fought to offer medical treatment throughout the epidemic, and less developed nations have been overtaken by the crisis (Zimmermann, K.F. et al. 2020). The whole society is impacted by social distance, and in order to navigate these challenging times more successfully, individuals today need more social and emotional connections. In addition, the World Health Organization (2020) is worried about the impact the crisis will have on the emotional well-being of the general population.

Banking institutions play an essential part in the financial system, and the strategies that they use for the handling of crises will have an effect on how quickly the economy heals after a pandemic. Because they act as middlemen in both local and international trade, banks are very important to the functioning of the economy. If there were a significant breach in this framework, the repercussions would be felt all across the whole society. In this scenario, trust is absolutely necessary for the efficient functioning of the financial sector as well as the economy as a whole (van Esterik-Plasmeijer & van Raaij 2017). Nobody denies the importance of banks to a thriving economy and culture. They're vital to keeping the wheels of commerce turning and paying individuals and companies. Owing to the pandemic and the countercyclical financing function that banks are expected to play, financial systems throughout the world were put under stress owing to their characteristics and pre-crisis risks (Demirgüç-Kunt 2020).

The Bangladeshi government has taken some tough decisions in response to the COVID-19 epidemic. Because of the widespread panic that the coronavirus pandemic has produced in Bangladesh, the country's central bank has taken a number of measures to lessen the blow (Aziz 2020). One of the most important actions was for banks to delay debt collection from those whose income had reduced as a consequence of the COVID-19 pandemic. Several companies took use of these strategies to delay debt payments after suffering losses as a result of the COVID-19 pandemic. Borrowers, on the other hand, have delayed payments on their obligations less often than corporations. The economic effects of the epidemic will be felt across the board, as seen by this fact. Because of how banks function, they may have far-reaching effects on the economy and finance as a whole, which can affect both broad

economic patterns and the way individual firms operate. For the reasons stated above, it is crucial to examine how the pandemic has affected the banking industry in Bangladesh.

This study investigates the effects that COVID-19 has had on Bangladesh's banking sector and how it has had an effect on the financial condition of our nation. Additional objectives of the study are:

To ascertain how the COVID-19 emergency scenario may affect Bangladesh's financial institutions. To research the potential effects of pandemic hazards on the banking sector in Bangladesh. To describe how Bangladeshi banks experience substantial unease and mistrust, particularly about customer loan repayments while their financial activities are hampered. To provide alternative tactics with political repercussions and viable solutions to the identified problems.

In this research, the following questions are investigated:

What is the present situation of the banking sector's economy? When it comes to banking, what are the most challenging issues in the era of COVID-19? What are the primary risk factors in Bangladesh's banking industry? Why do banks in our country prefer interacting with customers in person and using paper papers so much? How can we trace the consequences of the COVID- 19 pandemic on banks?

A quantitative research tool will be used to obtain primary data. Scholarly papers, scientific journals, and even individualized webpages will all be mined for secondary data. The goal of the research will be achieved by the creation and evaluation of appropriate survey questions informed by a thorough examination of the appropriate literature. I will construct a survey questionnaire and send it out to respondents as a component of a digital survey. The survey will be sent to 33 bankers from different prominent banks in Bangladesh. The thoughts and views of the bankers will help in the survey's evaluation. Microsoft Excel will be used to examine all of the gathered data and information. The data that has been analyzed will also be used to make different charts and graphs.

2 THEORETICAL FRAMEWORK

Theoretical framework is a summary of relevant literature that will be utilized as a guide in crafting the paper's arguments. The purpose of theories is to explain phenomena, establish relationships, and make predictions. The pre-existing theories in this framework provide credence to this study, demonstrating that the subject of the paper or research is both timely and relevant.

2.1 Covid-19 and Bangladesh

In terms of the current population, Bangladesh ranks seventh globally, and projections indicate that by 2050, the country's population would have more than doubled. Bangladesh's fast urbanization is largely to blame for the country's rising rate of infectious illness cases, and about half of the country's slum residents make their homes in the Dhaka region (Mohiuddin 2020). Compared to many other infectious illnesses, the virus's estimated basic reproductive number is rather high, which means that it has the ability to overwhelm health facilities even in the most industrialized nations (Ahmad 2021). Between 40 and 50 percent of these people relied on loans to cover even the most basic of living costs. There are only around 127,000 hospital beds in the nation, with about 91,000 of them being in government facilities. When the country is shut down, the service and agricultural industries are reportedly losing BDT 33 billion per day (Mohiuddin 2020). Even though this epidemic represents a public health emergency, it is making it difficult for the government to enact fiscal and monetary policies that will allow for steady economic growth. Since Bangladesh's economy is so dependent on the globalized supply networks of foreign fashion labels and human resource exports, it will be hit especially hard by COVID-19. Feelings of apprehension, anxiety, and tension are natural reactions to situations involving actual or potential danger, as well as to periods of transition or the presence of the unknown. That individuals in Bangladesh are worried about contracting the COVID-19 epidemic is a natural and logical response to the current situation.

Despite the country's impressive economic progress in recent years, the most recent official report found that 20.5% of the population was poor or very poor in the fiscal year 2018-2019 (Sakamoto 2020). On June 15th, the Bangladesh branch of Transparency International, a Berlin-based anti-graft watchdog, issued a survey claiming that 23 percent of hospitals had been careless toward comparatively poor patients. Nonetheless, the state-run Bangladesh Institute of Development Studies has issued

a positive forecast, factoring in the economy's rebound since Covid. The report predicted that global poverty will increase to 25.13 percent. According to this theory, metropolitan regions would have a greater poverty rate. On October 15th, Globe's vaccine was included in the World Health Organization's (WHO) preliminary landscape of COVID-19 candidate vaccines (Bangladeshi covid-19 vaccine added to WHO candidate list, 2020). Due to social and economic factors, Bangladesh is one of the nations most in danger from the COVID-19 epidemic and its associated losses. A big portion of the population may fall back into poverty if the economy remains stagnant (Sakamoto 2020).

The possible effects of Covid-19 on the Bangladeshi economy have been met with a variety of interpretations. Concerns about economic growth slowing to just over 2.0% in the recent fiscal year have been voiced by both the World Bank and the International Monetary Fund (IMF). Given the fall or negative growth in wealthy and emerging countries, their projection looks to be probable. There is continued government optimism about future economic development. But the extent of the economic harm in Bangladesh will be determined by how long and widespread COVID-19 lasts and by how successful the government's responses are (Economic ramifications of covid-19 in Bangladesh 2020). The world economy has been profoundly affected by Covid-19. It's not much different in Bangladesh. Dhaka's official paper now says the epidemic will have a major impact on the city's economic policy in the long future, just as the nation prepares to graduate from least developed country status in 2024. In the 2020-21 fiscal year, the government of Bangladesh would pay Tk 55.3 billion in interest on externally-sourced loans. A total of Tk 68.1 bn will be allocated in the fiscal year 2021-22, with a total of Tk 80.9 bn allocated in the following fiscal year (Ahmed 2020). It is estimated that foreign debt in the 2021-22 fiscal would be Tk 5122.9 billion, or 37.9% of the total. Our total debt will amount to around Tk 13,531.5 billion. This sum constitutes 38% of the GDP. Tk 8408.6 billion (or 62.1% of the total) will come from inside the country's borders. The current fiscal year's debt is Tk 11,678.3 billion. This sum constitutes 3.68 percent of GDP. Tk 7355.5 billion, or 63%, is coming from inside the country, while Tk 4322.8 billion, or 37%, is coming from beyond (Khan 2021). The first two months of the shutdown due to COVID-19 were not been any less devastating to the Bangladeshi economy.

After COVID-19, the world as we know it will change irrevocably. Changes in how people shop, conduct business, and live as a result of new interfaces may soon become the standard. Post-pandemic solutions to the novel difficulties we are experiencing as a result of the epidemic may provide the seed for a plethora of new ventures and influence the course of our e-commerce sector in the years to come (Bangladesh economy shows signs of positive growth despite global recession 2020). It is possible to dissect Bangladesh's economic expansion in two ways: first, by looking at the role of exports, private

investment, public investment, and public non-development expenditures. Negative reports from the Western textile industry suggest that exports are not improved until the end of 2021. The private investment will not pick up much in the coming year. Demand for domestic sales would not pick up fast enough to show that new investments will be profitable, and it's too early to invest in increasing export capacity. Also, with interest rate caps in place, banks aren't interested in lending to small businesses or consumers.

According to a recent assessment by the Asian Development Bank, Bangladesh's GDP increase by 6.8% in fiscal 2020-21, whereas the government's aim is 8.2%. The ADB noted that the expansion was due to a steady recovery helped along by a robust manufacturing sector and a strengthening of expansion in export markets. Manmohan Parkash, ADB country director, praised the government's handling of the crisis, praising its use of economic boost and social protection measures (Almonifi 2021). The swift rise in garment orders after the spring shutdowns precipitously dropped demand has been a major contributor to the recovery of the Bangladeshi economy. The country's primary export business, the clothing industry, reports optimism about Christmas orders from the United States and other important markets. With the recovery of remittances from Bangladeshi employees working abroad, the country was able to ease the strains caused by the springtime pandemic shutdown. Also, the Asian Development Bank noted a positive economic recovery. If the present circumstances continue, this GDP growth of 6.8% for the fiscal year ending in June (Yeasmin, S. et al. 2020).

Yet, the recovery's progress is definitely discernible. In addition, difficulties have been present. How the epidemic plays out in the West over the next several months will determine how quickly the region can recover. Everyone must consider that impenetrable question.

2.2 Banking sector of Bangladesh

At the time of independence of Bangladesh in 1971, the country's financial system included two outposts of the old State Bank of Pakistan and seventeen major private banks, two of which were owned by Bangladeshi interests and three by expatriates other than West Pakistanis. The total number of commercial banks were 14. Urban regions were the sole locations for financial services. Soon after declaring independence, the Dhaka office of the State Bank of Pakistan became the country's central bank and was called the Bangladesh Bank. The central bank oversaw monetary policy, loans, exchange rates, and formal foreign exchange assets. At first, the government of Bangladesh seized the complete

domestic financial system, renaming and reorganizing the different institutions. To ensure the continued operation of foreign-owned institutions in Bangladesh, the government has allowed them to do so. The nationalization of the insurance sector opened up a new stream of possible venture capital. In the past, modest private and country accounts were serviced by cooperative credit networks and mail savings agencies. The new financial system was able to set up credit and currency transaction management systems that are at least passably effective. Throughout the 1970s, commerce and the state sector received 75 percent of total loans, making them the main beneficiaries of the credit system. The Government of the People's Republic of Bangladesh seized the twelve banking firms operating in Bangladesh after the country's independence (Banking in Bangladesh 2023).

The financial industry in Bangladesh is regulated in a "dual" fashion. Bank and Financial Institution Division of the Ministry of Finance oversees state-owned commercial banks (SCBs) like Sonali, Rupali, Janata, and Agrani, as well as specialized banks like BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited), Bangladesh Krishi Bank(BKB), and Bangladesh Development Bank Ltd. (BDBL), and some statutory banks like Ansar VDP Unnayan Bank and Karma Sangsthan bank. The Bangladesh Bank, on the other hand, oversees the country's private commercial banks, international banks, and non-bank financial organizations. As of this writing, 61 designated banks operate in Bangladesh. (Bangladesh Bank, n.b)

In 2011, the Bangladesh Bank authorized 28 institutions to offer MFSs (mobile financial services) in an effort to expand access to banking services and encourage greater participation in the formal economy. There are currently 18 institutions that offer smartphone banking. There are a number of major participants in this market, with bKash being the most prominent of them all. Other major actors include NAGAD, Rocket, Pathao, Ajker deal, etc. Approximately USD 120 million are transacted every day between its 40 million daily customers. The majority of Bangladesh's unbanked populace lives in remote regions, which are difficult for institutions to access. MFSs have helped many people with low to moderate incomes, as well as small and medium-sized enterprises (SMEs), gain access to the financial system. This is particularly true for RMG employees. Through its relationships with local private institutions, BKash is also used by expats to transfer money home. In the 9 years since its inception, bKash has amassed more customers than any other mobile banking service in the globe (Mahmood, 2019).

By 1983 international businessmen from Saudi Arabia and Kuwait had brought Islamic finance to Bangladesh. Those who didn't trust the traditional banking system were able to use these services because they were consistent with Islamic principles. According to data compiled by the Bangladesh Bank, the nation is home to eight fully functional Islamic institutions with a total of 1,068 locations. In terms of savings and capital, Islamic banking accounts for 22.72 percent of the total financial industry in the nation. Most Islamic banks in Bangladesh are not Shariah kosher, says Md Yasin Ali, a supernumerary lecturer at the Bangladesh Institute of Bank Management (BIBM). Following Shahriah law at their start, Islamic Bank Bangladesh Ltd. experienced deficits; as a result, they shifted to a more forgiving interpretation of the law and adopted a cost-plus-profit structure. A bank will add a profit to the selling price of a product it purchases on a customer's account under the cost-plus profit loan scheme. The bank will tell the client its expense and profit percentage under this plan. As a result, banks will have more room to trick their clients, which is contrary to Islamic law. Therefore, until appropriate rules are in place, the Bangladesh Bank is not approving any new Islamic institutions (Mahmood 2019).

The Bangladesh Bank acts as the country's national bank, supervising and regulating all Bangladeshi financial institutions. When compared to other central banks around the globe, Bangladesh Bank was the pioneer in establishing a special helpline where customers could voice complaints about their financial experiences. Not only was Bangladesh's central bank the first to release a "Green Finance Policy," but in 2012, the United Nations honored Bangladesh Bank Governor Dr. Atiur Rahman with the title of "Green Governor" in recognition of his pioneering efforts. Fazle Kabir, the present governor of Bangladesh Bank, not only oversees the bank's day-to-day operations but also leads the board of directors. The central bank's offices are located in Motijheel, while subsidiaries can be found in Mymensingh, Motijheel, Sadarghat, Barisal, Khulna, Sylhet, Bogra, Rajshahi, Rangpur, and Chittagong. Maintaining price stability through budgetary and monetary policies, handling the country's foreign currency and gold balance, and governing the financial industry are all responsibilities of the Bangladesh Bank. As a "lender of last choice," it serves as the government's financier and the bankers' bank. Bangladesh Bank, like most other central banks, has a monopoly on the issuance of money and bills; however, the Minister of Finance of the Government of Bangladesh is responsible for issuing one, two, and five taka banknotes and tokens. In addition to these responsibilities, Bangladesh Bank also oversees the country's payment system, stops the spread of counterfeit currency, enforces the Foreign Regulation Act, and governs and supervises the country's banks and non-bank financial organizations (Bangladesh Bank n.b). There is "dual" control in Bangladesh's banking industry, with the Bank and

Finance Institution Section of the Minister of Finance exercising direct control and oversight over certain banks like the state-owned commercial bank, specialty banks, and some statutory banks. The Bangladesh Central Bank is the government agency responsible for overseeing and regulating the country's other banks, including private commercial banks, international banks, and non-bank financial organizations. All sorts of statistical economic and financial statistics can be found in the many journals, study papers, and reports published by Bangladesh Bank. The Yearly Report is the most comprehensive compilation of information about Bangladesh's economy and financial industry.

2.3 Mapping the impacts of the COVID-19 pandemic on the bank

The research on the effects of the COVID-19 epidemic on financial institutions is still in its infancy because the pandemic is so unprecedented. However, the lessons learned from structural financial disasters that have worldwide repercussions, such as the Global Financial Crisis (GFC) of 2008, may be instructive. Economic downturns, pandemics, conflict, political chaos, and natural catastrophes are just some of the exterior systemic events that can have a devastating impact on bank value and performance, potentially leading to bank failure or bankruptcy. The Global Financial Crisis of 2008–2009 is an example of this occurrence; during that time, many people used the term "epidemiology" to describe the spread of instability and financial and economic hardship circumstances within the same financial system, on the assumption that the effects of such a crisis would spread like an epidemic (Caballero & Simsek 2009). Both the intra- and inter-finance system approaches are compared to show how rapidly a systemic economic and financial crisis can expand, both at the outset and as a result of the crisis's detrimental effects. This similarity between the COVID-19 epidemic and other worldwide or large-scale systemic disasters supports the idea that they are infectious. Thus, financial crises are analogous to epidemics of illness and ought to be handled in the same manner (Haldane & May 2011).

Disease pandemics like COVID-19 have far-reaching and variable effects on banking institutions and pose a direct danger to the security of the financial system as a whole (Covid-19 pandemic: Financial Stability Implications and policy measures taken 2020). The graphic depicts a possible impression analysis of the COVID-19 epidemic on financial institutions under a "no policy action" situation. The extended epidemic and ensuing total shutdown could force institutions to collapse. As a global economic shockwave from the closure and community separation actions taken in response to the epidemic, manufacture has ceased, demand for products has fallen, factories and offices are closed (or at

least partially so), transportation and operations have been severely curtailed, and domestic and foreign travel has been severely curtailed (Barua 2020).

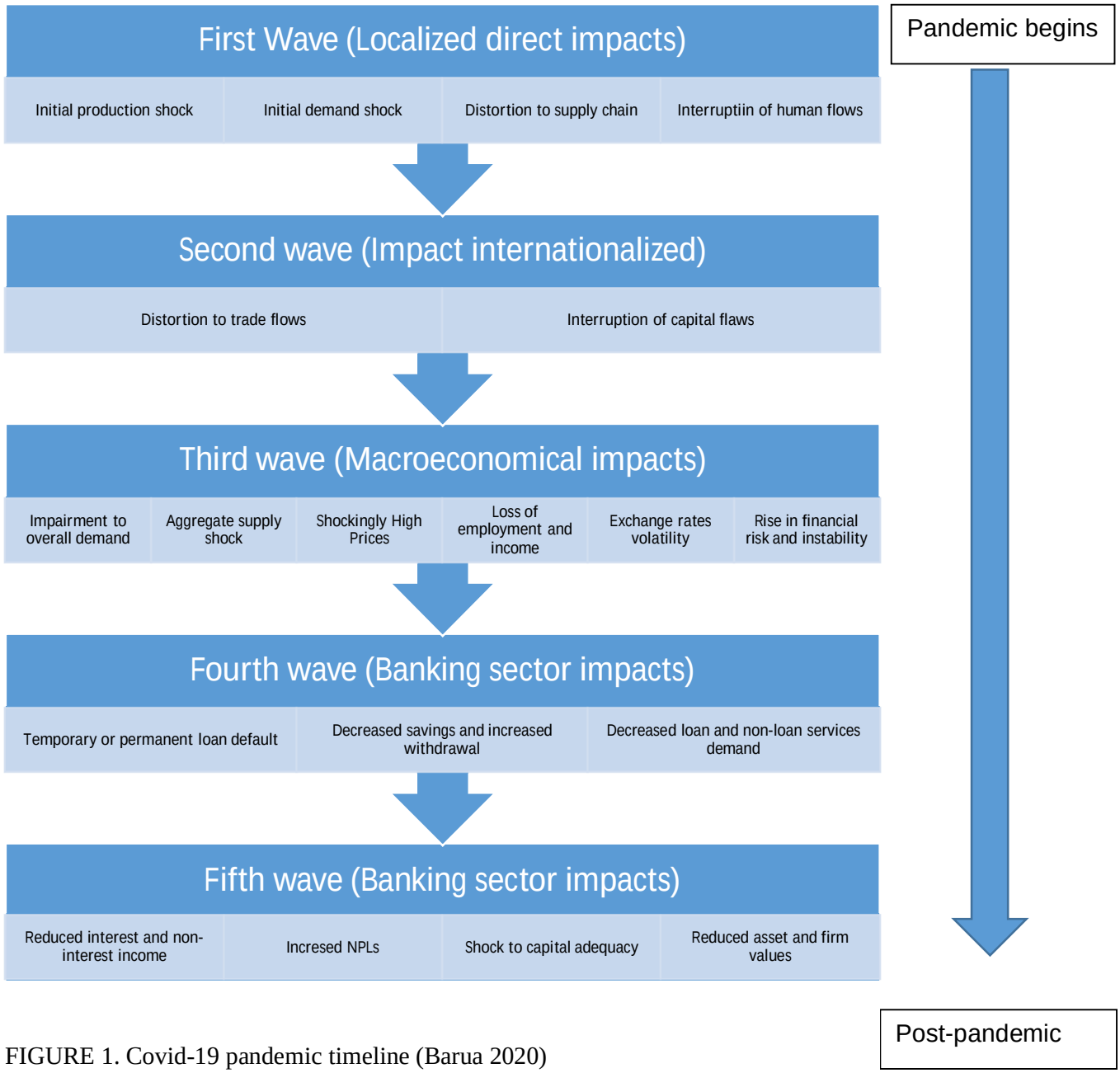

FIGURE 1. Covid-19 pandemic timeline (Barua 2020)

Many of the initial shocks prove to be long-lasting as nations maintain lockdowns and stringent social separation for an extended length of time in an effort to slow the spread of the disease. For instance, to this day, such measures have been extensively and rigorously implemented across essentially all coun-

tries around the globe for more than eight months. Decreased international demand for imports, restricted movement of international shipping and transportation providers, and tighter entrance requirements of products and people enforced by many nations all contribute to a significant disturbance in international commerce as a result of global lockdowns and economic disruptions (Rigden 2020). Major unfavourable macroeconomic effects have already begun to materialize in many countries due to these factors. These include an extended decrease in aggregate consumption and availability, falling prices, massive job losses, detrimental exchange rate motion, and an increase in risk and uncertainty for existing and potential private industry investments.

Individual and business debtors at banks are at a high risk of failure due to the variety of socioeconomic disruptions. Reduced revenue and cash transfers to their debtors due to the economic slowdown and forced closure may lead to a sharp increase in failure risk and rates within the financial industry. As the global economy battles to recover from the epidemic, debtors who are dependent on exports will be hit harder. Small companies, whose survival depends on day-to-day operations and the financial flow they generate, will also feel the full force of these impacts. Small companies also lack the financial backing and buffer needed to weather economic storms. There may be a significant increase in failure rates for banks with a high degree of loan risk, especially in export-oriented sectors and small companies during and after the epidemic. As a result, the general scenario has the potential to raise the credit risk of banks and transform many debtors into deliberate defaulters. Collaterals pledged as security for loans run the risk of losing value in the market, increasing financial institutions' exposure to credit and failure risk (Baret, Celner & O'Reilly, et al. 2020).

Banks may experience cash problems in response to default risk if many customers remove funds to cover essentials like food and medical care. People and businesses have fewer ways to make money because of the epidemic, so they may have to dip into their funds (Baret, Celner & O'Reilly, et al. 2020). People who lose their employment, in particular, will look to their bank accounts for help. If this situation persists for an extended period of time, banks will face a lack of cash that will reduce their ability to give.

Demand for credit is expected to fall as a result of the internal and international economic slowdown, as is occurring in many countries already. Short-term and long-term funding needs fall precipitously as businesses cut back on operations and output, and they would not rise again until the economy as a whole improves. In nations where financing comprises the business inventory of banks, as is the case with many growing and rising economies, this could cause a significant income disruption. Limits in

financing capability encountered by banks due to cash scarcity due to higher withdrawals could exacerbate the issue. Decreased international commerce, foreign currency trading, and transaction services are also expected to decrease interest and other earnings. In order to help their customers to endure the pandemic, banks in many nations have already begun eliminating fees and charges, raising credit card limits, giving mortgage payment breaks, and providing access to set saving accounts (Cheney, Hittner, & Wang, 2020).

Increases in nonperforming loans (NPLs) and a decline in asset quality for banks will be significant outcomes of the effects mentioned so far. If this situation persisted, bank assets and the worth of the institutions themselves would decline. If banks' risk-weighted asset values fall, their capital levels will be insufficient to ensure their long-term viability and stability. Many banks may attempt to use their Tier 1 or 2 stocks to support their running and financial viability, which could lead to a drop in capital sufficiency. Banks all over the world were urged by global authorities to increase their capital reserves after the 2008-2009 financial crisis so that they could weather severe recessions. In order to increase the banking industry's resilience in the face of financial and economic disruptions, the Basel Committee released the Enhanced Capital Adequacy (BASEL-III) Accord (Basel III: Finalising post-crisis reforms 2017). The lessons from the global financial disasters have not been widely absorbed, especially in the new and developing countries where banks are fiercely competitive. Furthermore, moral risks and unfavorable selection issues caused by political interference plague financial markets in many developing and/or rising countries, making them inefficient and stifling innovation and the uptake of cutting-edge technology (Dominguez 2010). Things are expected to get much worse in these nations as a result of the COVID-19 epidemic. This study uses Bangladesh as an example of a developing economy to analyze how the epidemic might affect the country's financial services industry.

2.4 Impact of Covid-19 on capital management

There is a risk that the COVID-19 epidemic will cause a severe economic decline, leading to high unemployment and low levels of reserves and investment. Therefore, this epidemic increases the likelihood of savings outflows, default rates, credit growth decreasing, interest revenue decreasing, and insolvency increasing. In addition, developing nations will have a hard time bouncing back rapidly from the COVID-19 disruption due to poor institutional administration, undeveloped financial markets, and bureaucratic difficulties in policymaking (Wilson 2020). The nation's financial system plays a pivotal role in its economy and is a major contributor to its growth. Central banks have created and applied a

variety of regulatory regimes in order to keep the financial industry stable. Good fiscal administration is often cited as evidence of a nation's economic health. The banking industry is deeply linked with the economy, and the growth of the country as a whole is essential to the success of the banking industry. Customers' ability to return loans is a major source of anxiety and concern for Bangladeshi banks, particularly during times of disruption (Habib 2020).

Capital status is taken into account as a gauge of the banking industry's financial health and stability. If institutions don't have enough cash to cover their hazardous investments, their finances will suffer (Iqbal, Zayed & Shahi, 2021). Banks' profits, profitability, liquidity, NPLs management, and capital management will all be impacted if borrowers do not make acceptable repayments now that Covid-19 has ended, and leniency granted to borrowers amid the epidemic has ended. Virtually all financial institutions saw similarly sluggish income growth to that of a year ago. Money supply and debt repayment issues plague the financial industry. The main causes of financial dissatisfaction are weak administration, poor governance, and political ambition. The coronavirus is causing disruptions in the farming sector of Bangladesh's economy. Farming output loses its marketability and value. Finally, producers suffering significantly loses.

Researchers looking into the effects of Covid-19 on the Bangladeshi finance industry discovered that the virus poses a number of threats to the country's economic and financial system. Enormous monetary damages, increasing NPLs, trade funds, and downward functional profitability have hit Bangladesh's banking industry at a crucial moment. Work productivity among bank workers is seriously diminished suffer (Iqbal, Zayed & Shahi, 2021). The already ailing financial sector in Bangladesh will likely see a rise in nonperforming loans (NPLs) as a result of this pandemic. Pre-Covid non-performing loans and post-Covid NPL are two different stages of bad debt. At present, the regulations of the Bangladesh Bank are required to start things off and tell the truth. It's crucial to get the initial strategy of aid out there in case things fall apart. It is difficult for banks to keep their cash on hand to cover recalled loans and withdrawn assets.

Financial institutions that have sufficient reserves and a history of making a profit will continue to function normally even as the rest of the economy struggles. When looking at the financial industry as a whole, a larger bank would be more resistant to the adverse impacts of the epidemic. In their analysis of the effects of Covid-19 on banks, it was revealed that regardless of the financial danger posed by the epidemic, some authors have also drawn consideration to the automation of the banking industry, the

creation of dynamic, high-quality market portfolios, estimating anticipated losses, and evaluating creditor quality. The financial industry in Bangladesh was hit hard by the COVID-19 epidemic, but it still couldn't manage its credit inventory at its maximum, optimal capacity. They focused particularly on the small and medium enterprise (SME) sector and the retail, wholesale, and manufacturing (RMG) sector. However, the epidemic has impacted foreign businesses, commercial sectors, and the Industrial industry in Bangladesh. Therefore, normal loans will feel the effects of the COVID-19 epidemic, despite the fact that most institutions have diverse loan portfolios (Barua & Barua 2020).

Profitability metrics for powerful and representational banking usually include incomes from organized assets calculated by ROA, incomes from interest after cutting off the interest charges calculated by NIM and profit made from the assets invested by the proprietors, or ROE. A positive ROA shows that a bank can successfully use its assets to produce revenue. Higher ratios indicate greater asset productivity, as stated by the Hong Kong Academy of Banking. An ROE above 1% is deemed an excellent success. The return on assets (ROA) quantifies how profitable a business is relative to its total asset base. One indicator of a successful business is its yield on assets. Wahyudi studied Islamic banks to find out how the Covid-19 epidemic affected the revenue of banks; statistical studies revealed that capital adequacy ratio (CAR), non-performing financing (NPF), fixed deposit receipt (FDR), operational cost ratio to operating income, and inflation were unified at the same moment and affected return on assets (Gitman & Vashist 2012). Researchers who looked at how Covid affected the performance of Islamic banks came to the conclusion that both internal bank metrics like market value and profit margin and external economic indicators like GDP growth, inflation, real interest rates, etc. contribute to a bank's overall efficiency. A bank's effectiveness can be positively or negatively affected by its capitalization level. Capital sufficiency measures, asset quality, return on capital, and other liquidity factors have steadily acquired significance during COVID-19.

The purpose of Almonifi, Rehman, and Gulzar (2021) research is to analyze how COVID-19 affected the Islamic banking results of Saudi Arabia's Al Rajhi Bank. Price-to-earnings ratio, return on invested capital, return on equity, profits per share, capital sufficiency ratio, liquidity ratio, and dividend ratio were some of the main measures used for this evaluation both before and after the epidemic (Almonifi et al. 2021). Five-year periods were chosen for the analysis of variance and the cost-effectiveness ratio. Performance was found to be marginally affected by the current COVID epidemic. There is increasing evidence that COVID-19 could have serious consequences for banking institutions, though most of this research focuses on the developed world. The financial industry in Bangladesh is still the best place to learn about the kind of long-term financing and funding that can help speed up the country's economic

development. Bangladesh ranks among the worst offending nations in Asia and the Pacific due to its overburdened financial infrastructure and high failure rates and bad debts/asset (bad debt) ratio (Dey 2019).

The practice of keeping extra money on hand in order to weather economic downturns. The Basel Committee has released revised recommendations to ensure its success. The unanticipated economic situation prompted an accord to raise the capital sufficiency ratio (BASEL-III) in order to better equip the financial sector to deal with the strained scenario. Particularly in new and rising nations where banks are actively contending, the lessons of big financial disasters remain largely obscure (Dominguez 2010). Further, many new and growing industries in the finance sector are morally tainted and inefficient due to inefficiency, absence of invention and high-tech uptake, insufficient regulation infrastructure. The COVID-19 epidemic threatens to dramatically worsen conditions in these nations. This paper investigates how an epidemic might affect banking activities in Bangladesh for such developing marketplaces.

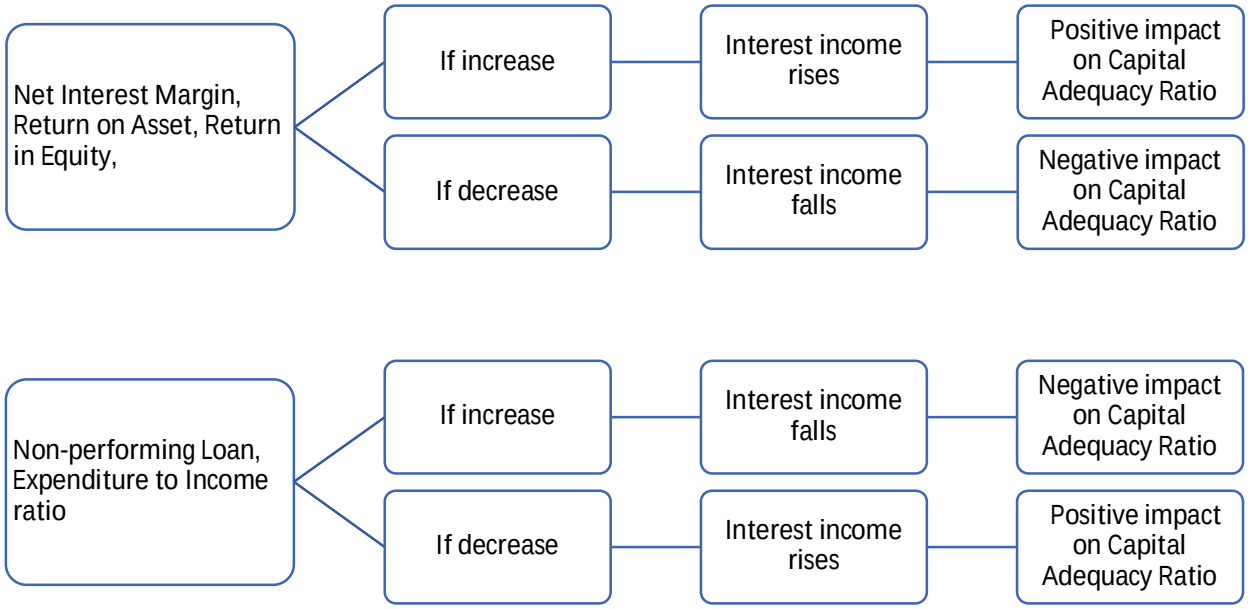

FIGURE 2. Impact on capital adequacy ratio (Hasan & Pareek 2022)

2.5 Impact of Covid-19 on non-performing loans

Bari (2021) analyzed family and business financial situations and their effect on banking activities to study the monetary challenge of banking administration in Bangladesh during the epidemic. Both of the major towns were taken into account. Findings show that private business banks' ranking procedures and success are superior to those of state-owned industrial banks. Businesses of all sizes have stopped or shut down for an indefinite period of time. There is rising anxiety as households and corporations struggle to cope with a cash flow crunch. Nonperforming debts, one of the main sources of credit score problems, were investigated extensively. Several variables were identified as causes, including corporate governance, savings management, financial savings laws, and the degree of government interference. A repurchase rate of 4% and a loan rate of 5% to 8% would provide the ideal environment for Bangladesh Bank to manage robust economic development. During this crucial time of closure, the Bangladeshi banking system is dealing with enormous financial losses, rising non-performing loans, private investment, and declining running earnings (Kumar, Bagchi, & Ray 2021). The employees' ability to perform their regular duties at the business is seriously impaired. Living in constant fear, they go about their daily lives. The effects of the Covid-19 pandemic on Bangladesh's financial sector and the risks faced by the banking industry during the epidemic have been the subject of extensive study.

Travel prohibitions, mandatory closing of non-essential companies, meeting limitations, and forced home-based labor are just some of the extraordinary emergency measures taken in response to the COVID-19 epidemic that emerged in the first quarter of 2020, and Europe is no exception. However, it began wreaking havoc across the globe in the third quarter of 2019. Several debtors had their income cut off entirely or severely diminished after COVID-19 spread. Policymakers have moved swiftly to enact borrower assistance measures. These schemes typically involve interim payment moratoria in ECA, with banks making the ultimate eligibility determinations. Using a combination of immediate and future judicial actions, the insolvency trajectory can be shaved down. Although these actions have helped maintain stable aggregate non-performing loan (NPL) ratios, policymakers and bankers expect that increasing borrowers' distress will lead to new pressures on asset quality in the banking sector. This will be reflected in the earnings, capital, and financial statements of banks (Zunić, Kozarić, & Dželihodžić 2021).

Average Loan Balance, Gross Domestic Product, Loan Loss Provision, and Dummy Variable for Non-Performing Loans Using COVID-19 as a metric, we find that the variable has a delayed impact on NPLs. Due to shifts in accounting handling, especially in the reporting of reorganized credit interest revenue, credit restructuring has a major detrimental impact on the nonperforming loans of banks. They claim that credit restructuring is being carried out in an effort to counter the pandemic's effects on the economy, particularly the micro, small, and medium-sized enterprise sector, which has negatively impacted banking performance in terms of profit, credit quality, and interest income as the industry's primary revenue generators.

Covid-19's effect on NPLs is comparable to that of other crises, such as the one in 1990, but the rate at which NPLs were resolved during this time frame was highly variable. They used a machine learning method to identify NPL indicators before the crisis hit, and they recorded how large and unsolved NPLs worsen recessions after the crisis. An array of deteriorating macroeconomic, institutional, business, and financial sector circumstances cited as indicators of post-COVID-19 NPL risks. The number of debts that went bad during the COVID-19 disaster was relatively high. They cited the financial industry's growth and development since the disasters in 1990 and 2008. As they see it, addressing NPLs is a crucial step toward economic revival. Banks have more liquidity, the prospective IFRS 9 accounting standards can aid NPL identification, and the COVID-19 crisis was not followed by a credit surge, all of which bodes well for NPL settlement compared to the 2008 crisis. However, additional variables may exacerbate the difficulty of NPA settlement, including greater government debt, lower bank profits, and poor business balance sheets (Nopiyani, Sari Sanjaya, & Kartika 2021).

(Gourinchas et al. 2020) used firm-level statistics from seventeen nations to determine COVID-19's effect on the failure rates of small and medium-sized businesses (SMEs). They calculated that 4.6% of private sector jobs would have been lost due to the higher failure rate of small and medium-sized enterprises (SMEs) without government assistance. They conclude that as a consequence, the amount of risky common stock is reduced and nonperforming debts are minimal. From 14.1% to 12% Tier-1 capital percentage. If government aid were restricted to only "at-risk" businesses, it would only cost about 0.8% of GDP. Other, less specific policies, like government-guaranteed loans, can be just as successful, but they can cost as much as 5.8% of GDP in total outlays. Many companies' day-to-day activities and access to capital could be affected by the COVID-19 problem, which is a major external disruption to the EU corporate sector. In order to evaluate the policy reaction, they contrasted important signs from the GFC with the present day. Though numerous strategy movements taken in reaction to the

GFC are still relevant, they conclude that COVID-19 calls for a more nuanced response, with aid directed toward the sectors most severely hit and corporations whose survival worth surpasses their disposal value. Comparable studies empirically evaluate alternative situations and learn from past disasters to improve NPL management. In order to protect financial institutions from perverse motives, they stress in their article the significance of timely and accurate credit loss evaluation. In this regard, they argued that secondary lending markets would be useful and that the BRRD's provisions for bank settlement should be maintained even in the direst of circumstances.

It is anticipated that the banking and financial sector will soon feel the effects of the economic crisis brought on by the COVID-19 epidemic, primarily in the form of a huge rise in non-performing loans due to bank debtors' failure to settle their obligations. Considering present scenario, regulators and managers have implemented a number of measures, the primary goal of which is to ensure that banks can continue financing. It remains challenging to foresee whether bank reserves will be adequate to sustain the impact if the risk of the nonperforming debt materializes. They argue that preventing a repeat of the global financial crisis will depend on putting in place efficient bank crisis management systems, which may involve public involvement. Depending on whether the BRRD is applied or the financial state aid structure under national bankruptcy laws, various conditions for entry to settlement funding and the supply of public assistance are applied. Transfer instruments, such as deposit assurance plans, need to be more adaptable to situations besides pay-outs or straightforward loss payments under resolution if bank crisis management systems are to function effectively.

The global banking system as a whole is feeling the effects of the COVID-19 epidemic. The epidemic causes a cascade of problems for financial institutions, most noticeably rising failure rates. Countries still building up their banking infrastructure are more at risk. In their article, they used Bangladesh as an example of a developing economy and analyzed how the epidemic might affect the financial system there. That the financial industry in Bangladesh previously has a great degree of non-performing loans (NPLs) and that the epidemic is expected to make matters worse is implied. Their research employs a state-created stress testing model to predict the effects of the COVID-19 epidemic on three metrics: firm value, capital sufficiency, and interest income, all under varying NPL shock situations. Individual bank and industry risk-weighted asset prices, capital sufficiency ratios, and interest revenue are all predicted to decrease. Nonetheless, their calculations reveal that bigger financial institutions are more at risk than smaller ones. If NPL disruptions get bigger, the fall across all three dimensions will accelerate at an even faster rate (Barua & Barua 2020).

Worldwide economic decline is a real possibility as a result of the COVID-19 epidemic. Almost no nation can dispute the statistic that is driving the financial repercussions of these illnesses implying a proven appropriate strategy to recover from any upcoming economic field. During and after this pandemic, Bangladesh, like the rest of the world, caves under the pressure of economic inequality. Private sector efficiency and effectiveness were highlighted by Bari (2021). As COVID-19 progressed, the performance of commercial banks surpassed that of state-owned industrial banks. State-owned industrial banks' methods of debt distribution are no longer effective enough to achieve the necessary recovery goal. Furthermore, he discovered that state-owned business institutions are far more likely to be impacted negatively by using all of the contributing variables. The well-known personal loan problem situation in the state-owned industrial banking region of Bangladesh could be improved through the application of effective company governance, the maintenance of openness and accountability in all respects. Also, the management of risks associated with environmentally friendly financial savings, the improvement of administrative efficiency, the successful selling of public assets, and the adoption of modern technological changes. Prior to the COVID-19 outbreak, the banking industry in Bangladesh was already grappling with bad performance (Rahman et al. 2020). They attribute it to factors such as government-mandated loan reorganization, falling profits in a limited interest rate environment, worsening performance across a range of productivity metrics, and the presence of nonperforming loans. They discovered that the bank's solvency is greatly impacted by both social distance and government fiscal assistance.

2.6 Covid-19 impact on customer choices

Bangladesh is an emerging market with a service-based economy; services account for 54% of GDP there, with the banking sector making the largest contribution. In addition, this sector—which includes 43 privates, 9 states, and 9 international commercial banks—is the fastest-growing and largest provider to the economyof the nation, but it was severely disrupted during COVID-19. However, there has been no research done on this topic as of yet. Furthermore, clients of private, state, and foreign banks in Bangladesh all exhibit distinctive patterns of behavior. Thus, there is a lack of research in this field. Accordingly, during Covid-19, it is intriguing to investigate which variables influence consumers' preference of Bangladeshi banks and the mitigating impacts of various banks on this relationship. Thus, the study will be of interest to academics by contributing new ideas to the current literature and to lawmakers by suggesting new policies. Due to the security guarantees provided by Covid-19, clients now favor internet banking over traditional methods Andersen, A.L. et al. (2022). In this way, staff can

guarantee the safety of their client's information while providing high-quality online financial services. In addition, safety is a major priority for clients when selecting a service. Accordingly, consumers' preferences during Covid-19 are influenced by the privacy and security policies of businesses. Because of this epidemic, consumers are increasingly concerned with protecting their personal information (Jalali, Landman, & Gordon 2020). Thus, consumers' preferences for Bangladeshi banks during Covid-19 may be influenced by the level of protection they feel when conducting internet banking.

During Covid-19, some academics highlighted the convenience of ATM kiosks as the top factor in picking a bank, while others emphasized the convenience of nearby locations. In addition, during Covid-19, spacious workplaces were an important factor when choosing a financial institution (Hensher 2020). Since many Covid-19 business operations take place online and depend heavily on ICT, it's important to think about the state of your ICT system. Therefore, since most banks in Bangladesh are implementing ICT in HRM, bank workers in the country will be able to provide improved ICT services during Covid-19. As a result, clients' preferences for Bangladeshi banks during the epidemic may be influenced by the country's improved infrastructure.

Several Covid-19 experts, however, also investigated whether or not the e-banking knowledge of a bank's employees is a factor in customers' decisions since it is difficult for banks to guarantee excellent service without their employees having adequate technical knowledge. This will allow them to transition to using digital payment methods. An additional perk of selecting a bank during Covid-19 is access to online training. For Covid-19, however, a bank's smartphone payment apps may be deciding factors for some customers (Khatun, Mitra, & Sarker 2021). Customers are relying heavily on cutting-edge technologies like FinTech and smart applications, so banks should provide training on these tools to both their staff and clients.

Nonetheless, a number of researchers found that customers were affected by banks' ability to keep their websites up-to-date and simple to use during Covid-19, and that access to helpful customer service representatives around the clock has been also a major factor. Internet financial services, such as electronic fund transfer (EFT) services, are extremely important to customers during Covid-19. Further, during Covid-19, the quality and ease of use of e-services are factors in determining which organizations are chosen (Meher Neger & Burhan Uddin 2020). The standard of e-services has a direct impact on consumers' encounters during the current epidemic.

As a consequence, during Covid-19, clients who prioritized cost-effectiveness in their banking decisions flocked to Bangladeshi banks (Neger & Uddin 2020). During Covid-19, SMEs also anticipated government action to guarantee the bank charged fair rates for its services. During Covid-19, many Bangladeshi consumers favored free or reduced fees for internet financial services. In addition, during Covid-19, consumers chose Bangladeshi institutions that provided quicker service at lower or cheaper prices. Since some banks require exorbitant service charges on loans in Covid-19, which negatively impact customers, customers want reasonable prices with respect to interest rates, SMS charges, and yearly fees from their banks (Pu, G. et al. 2021). Customers anticipated swift managerial action from Bangladeshi institutions during the Covid-19 epidemic because they valued rapid service and safety. Small and medium-sized enterprises (SMEs) in Bangladesh preferred one-stop services when selecting banks, and consumers valued speedy handling of financial services at reduced costs during Covid-19. Since EFTs are not provided by all Bangladeshi state banks, clients look for them at private institutions. Thus, EFT is favored due to the speedy services it provides between institutions and the time it saves clients. In addition, during this epidemic, all clients prefer rapid handling and instantaneous deals.

Due to security worries during COVID-19, consumers anticipate a cashless society. Furthermore, a cashless nation, such as through the use of e-wallets during this epidemic is wanted because of Covid-19. Consumers in a low-income nation like Bangladesh are thinking about smartphone banking as an option for accessing financial services when choosing a bank. As a result, the availability and number of machines to make money at all hours of the day and night are important considerations when deciding which institutions to use during the Covid-19 epidemic, as is mobile banking service. Customers would rather use their credit cards, electronic funds transfers (EFTs), and mobile wallets to make purchases and pay expenses online through a safe website than risk having these services interrupted by the epidemic (Neger & Uddin 2020).

Throughout the Covid-19, (Huterska, Piotrowska, & Szalacha-Jarmużek 2021). identified social distance as the most critical factor when thinking about institutions in Bangladesh. Moreover, consumers of banks and other businesses that rely on regular economic activity during the epidemic have expressed a preference for e-complaint monitoring and online problem-solving tactics, such as the financial sector's novel use of social media for the management of customer complaints. Therefore, government aid can also enable normal business activities during this epidemic by, for example, enacting favorable rules and laws regarding electronic banking and electronic service activities, and providing a public distance on which the organizations can conduct their activities.

Covid-19 research by Rabbi et al. (2021) considered the importance of reliability as a factor for customers; for instance, mobile banking customers favored dependability and speed; integrity is another important factor because so many people now conduct business remotely. In addition, the previous experiences of consumers are an important factor during this epidemic, such as the previous experiences of financial customers. In addition, most businesses are performing operations online during the Covid-19 epidemic, so clients' favorable impressions of e-learning have a significant impact on their financial decisions.

The variations in control and administration, norms and laws, and service attitudes between public and private organizations were investigated by Chu, Wang, and Lai (2019). As a result, customers have varying preferences between private and public banks depending on the type of service they need. During Covid-19, customers favored private banks over public ones due to the former's faster and more dependable services for a charge. Additionally, Narayanamurthy and Tortorella (2021) investigated how organizational distinctions acted as moderators, such as the impact of private versus state banks in Bangladesh on consumers' preferences for banking institutions throughout Covid-19. Therefore, there are primarily two kinds of banks in Bangladesh, with private being the preferred option among clients due to the high quality of service it provides throughout the Covid-19 period. As a result, internal variations among businesses will mitigate the effects of a number of variables on consumers' final decisions.

3 METHODOLOGY

This paper's methodology section explains the approach used for the research. This information enables readers to determine whether the methodology is accurate and reliable. The research methodology chapter defines the sort of research conducted, explains the approaches used, and supports those decisions with references to the literature review. It also provides details on the methods used for data collecting and analysis.

3.1 Research approach

Studies may be classified as either qualitative or quantitative according to the method that was used for the collection of data, the presentation of the data, and the analysis of the data. In qualitative research, the researchers conduct in-depth interviews, focus groups, and participant observations with actual people in order to get an in-depth look at their ideas and activities. Other qualitative research techniques include focus group discussions. In qualitative research, it is possible to do a more in-depth analysis while using a sample size that is on the smaller side. The researcher is given the ability to adjust the sample size in accordance with the requirements of the study, and the data source is considered at every stage of the interviewing process (LoBiondo-Wood and Haber 2017).

The investigation of natural occurrences served as the primary impetus for the development of quantitative research approaches in the natural sciences at an earlier stage. In the social sciences, one of the most important aspects of data analysis is the use of statistical and numerical methods for the results of questionnaires and in-depth interviews (Dawson 2009). Researchers benefit from collecting a large number of samples since it is not difficult to make contact with individuals through the Internet, the mail, or any number of other methods. Quantitative research, on the other hand, places limitations on the researcher, who is expected to delve deeply into the subject matter. The fact that it ignores organizations' sociological and historical aspects, that there are discrepancies in data between research, and that gathering the necessary information is complicated and costly, and the fact that people have little choice in how the data is acquired is the most significant drawbacks of this method.

In this research, quantitative research approach is being utilized to answer the research questions and fulfill the requirement of the research.

3.2 Research design

The research design serves as the study's overall framework. A research plan is a method created to gather, evaluate, and analyze data in order to accomplish the goals of the study. There are several research methodologies. Exploratory, descriptive, casual, hypothesis-testing, and case study analysis are just a few examples of the many diverse forms of research designs. It is differ depending on the issue's level of exploration (the volume of available information), the nature of the study topic, and the usefulness of the research. As study moves from the exploratory phase to the further complex theory testing, there is an improvement in specificity and precision (Sekaran and Bougie 2010).

In this study, descriptive research design is used to achieve the research objectives. Descriptive research designs are more in-depth than exploratory ones. It may be utilized in cases when accuracy is of the utmost importance and where a thorough explanation of the pertinent factors is necessary. This is the case whenever there is a demand for insight into and characterization of an institution's attributes and functioning.

3.3 Data collection and analysis

An approach for acquiring data may be selected based on the kind of research strategy that will be used for the investigation. Comprehensive interviews, participant surveying, and fieldwork are the mainstays of qualitative information collection. These strategies are instances of collecting primary data (information obtained directly from the population of interest). Using primary sources adds credibility to the research and the cost of the effort and materials involved is high. Information that has previously been compiled for other publications is known as secondary data, and it may be found in places like books, journals, newspapers, corporation records, archives, government sources, and websites. Researchers may minimize effort and cost by using secondary data, but they risk missing out on potentially ground-breaking new insights if they rely only on this source.

There are a number of methods for collecting primary information. Researchers often use a variety of techniques, including in-person and telephone interviews, target communities, and surveys (both paper and digital). When people talk to one another directly, it's called a face-to-face interview. In-person

interviews allow the investigator to interact with the participant, read nonverbal signs, and better understand nebulous ideas (Bougie 2016). It is often used in exploratory studies when a thorough familiarity with the subject matter is required. However, if the sample size is huge, the costs might add up quickly.

There are several approaches to crafting interview questions. They might have a defined structure, a loose one, or no structure at all. All that makes them different from other interviewers is the flexibility with which they investigate answers. Due to the researcher's restriction to a list of prepared inquiries, the structured interview approach is not suited to collecting detailed or complex information. Unstructured questions provide more leeway than their more rigid semi-structured and structured counterparts (Hair, Money, Page, & Samouel 2007).

Data may also be gathered by direct observation. During an interview, it refers to the process of gleaning information via the use of one's eyes alone. Observation studies are often used in the field of behavioural research because of the wealth of information they provide (Bougie 2016). Such investigations are most fruitful in regulated environments like academic institutions, professional gatherings, and offices.

In this research both primary and secondary data were used. Questionnaires were the major method of data collection. A total of 33 bankers responds to the survey through an online platform. According to the findings of the study of relevant literature, a two-part questionnaire was developed. The first part of the document focuses on the workers' demographic information, such as their age, gender, job category, and length of service. The second section has 4 sub-sections, namely general understanding, impact on capital management, non-performing loan, and customer choice. These components have the capacity to investigate the influence of Covid-19 on Bangladesh's banking sector. Microsoft Excel was used to evaluate the information gathered in the survey.

4 RESULT AND DISCUSSIONS

The demographic profile of the respondents is included in this chapter and contains information on their age, gender, and job category. This section also delivers a graphical demonstration of the analyzed facts and a summary of the findings.

4.1 Demographic Profile of Respondents

Demography is a scientific discipline that focuses on studying populations using quantitative means. In statistics, groups of people may be isolated and described according to their characteristics at a certain moment. Age, gender, origin, education, profession, earnings, and family status are all examples of general demographics. Demographic data is any information collected on the attributes of a certain group or group of people. It is crucial and useful for researchers to collect demographic data on the people who will be involved in their studies.

TABLE 1. Gender of respondents

Gender	**Number**	**Percentage**
Male	28	85%
Female	5	15%
Total	33	**100**

The table above displays the proportion of male and female participants who participated in the survey. 33 people in total participated, of whom 28 men (85% of the total) and 5 women (15% of the total) were present. The chart indicates that males made up the majority of the participants.

TABLE 2. Age range of respondents

Age Range	**Number**	**Percentage**
Between 21 and 30	6	18.2%

Between 31 and 40	25	75.8%
Between 41 and 50	2	6%
Above 51	0	0%
Total	33	100

The table above displays the age range of survey participants who took part in the study. The largest portion of the 33 respondents, totaling 25 people, were between the ages of 31 and 40. Additionally, 6 and 2 people between the ages of 21-30 and 41-50 made up the second and third largest age groups, respectively.

TABLE 3. Job category of respondents

Job category	**Number**	**Percentage**
Top-level management	0	0%
Mid-level management	14	42.4%
First line officers	14	42.4%
Field officers	5	15.2%
Total	33	100

The above table shows the job categories of all 33 respondents. 14 respondents (42.4%) identified as middle-level managers, and the same proportion (42.4%) identified as first-line officers. The remaining 5 respondents (15.2%) were field officers.

TABLE 4. Service year of respondents

Number of service years	**Number**	**Percentage**
1 – 3 years	5	15.2%
3 – 5 years	6	18.2%
5 – 8 years	10	30.3%
8 – 12 years	8	24.2%
12 years+	4	12.1%
Total	33	100

30.3% of the total respondents had been employed with the bank for 5-8 years, which is the majority of respondents overall. In the survey, 24.2% of participants had been with the bank for 8-12 years, while 18.2% had been there for 3-5 years.

4.2 Data Analysis and Findings

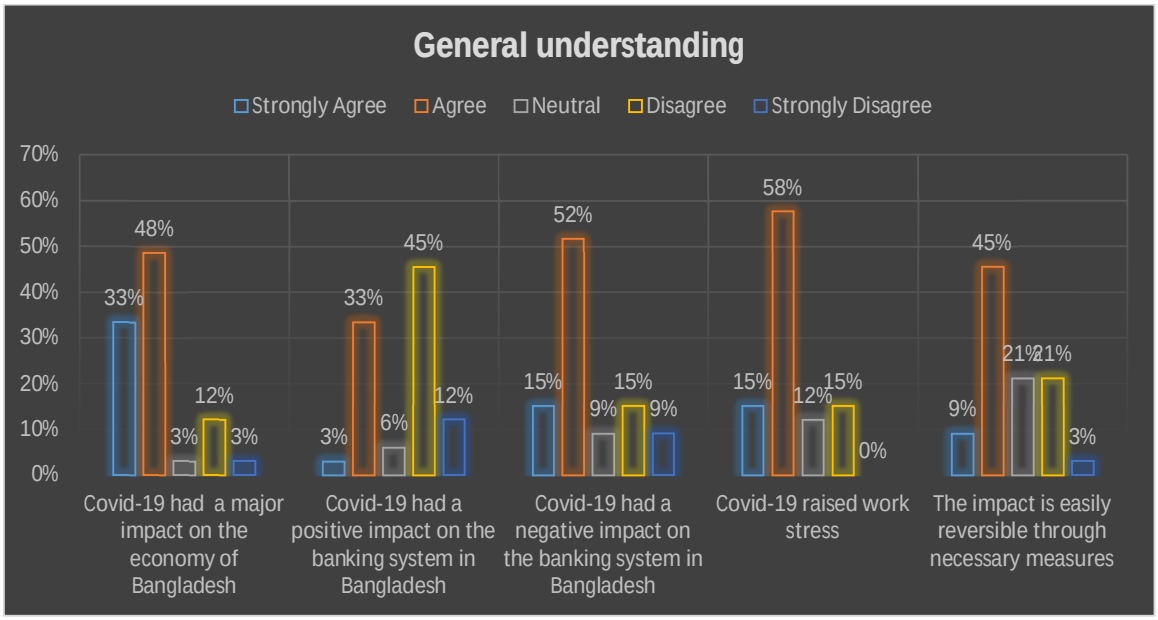

FIGURE 3. General understanding

Although just 3% of the respondents strongly disagree, 33% agree, and 48% think that Covid-19 had an important influence on the economy of Bangladesh. While 33% of respondents believe that Covid-19 has been beneficial to the country's financial industry, 45% of respondents are certain that the opposite is true. The majority (52%) of respondents think that Covid-19 was bad for the financial sector, while just 15% disagree. 58% of respondents believe that Covid-19 increased their job stress, with just 15% disagreeing. In contrast to 21% of respondents who disagree, 45% of respondents are convinced that the effect may be quickly and easily reduced by taking the appropriate steps.

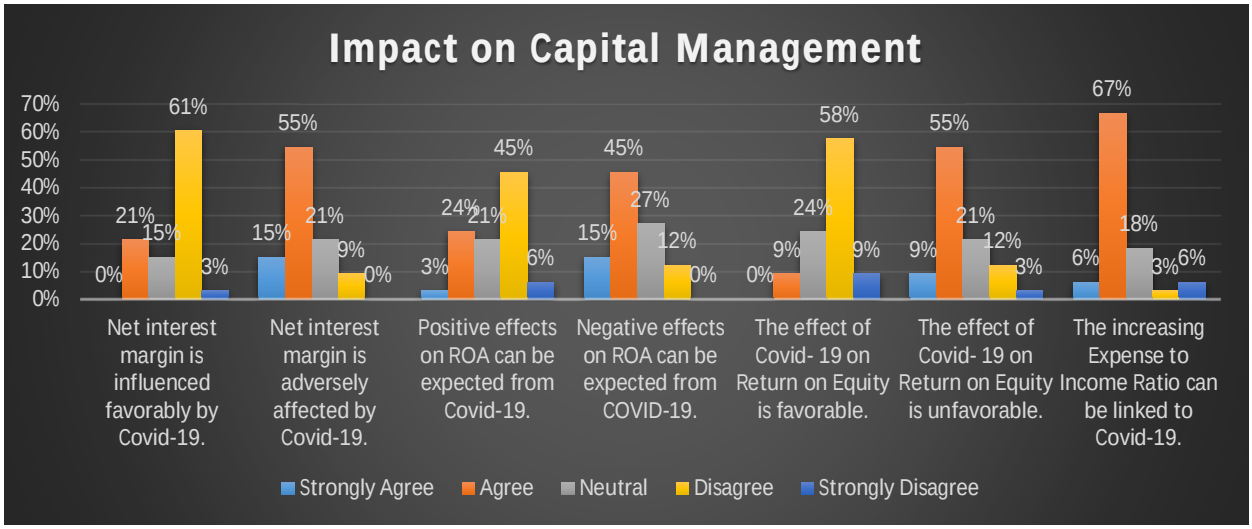

FIGURE 4. Impact on capital management

The above figure shows the results of a study designed to elucidate the impact of Covid-19 on capital management. While some 21% of respondents believe that covid-19 will have a positive effect on their net interest margin, the vast majority (61%) do not. Covid-19 has an adverse effect on the net interest margin, according to 55% of respondents. Only 9% of those surveyed found the opposite to be true. In contrast to the 24% who agree and 3% who strongly agree, 45% of respondents don't think that Covid-19 will have a beneficial impact on return on assets.

Nearly half (45%) of respondents think that Covid-19 have an adverse impact on return on assets, while just 12% disagree. 58% of respondents do not think that Covid-19 has a positive effect on return on equity, while 9% do. The majority, 55%, believe that Covid-19 has an unfavorable impact on return on equity, with 9% strongly agreeing to it; 12% disagree. While the majority of respondents (67%) believe that Covid-19 is to blame for the rising expenditure-to-income ratio, the minority (6%) strongly disagrees.

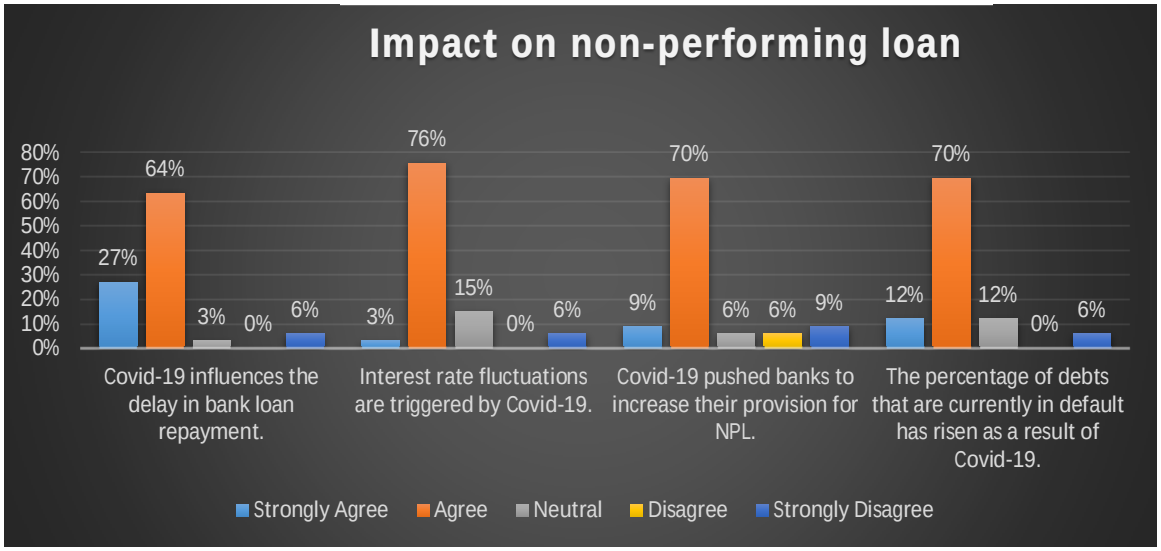

FIGURE 5. Impact on non-performing loan

64% of respondents believe that Covid-19 is a contributing factor to the delay in debt repayment. 76% of those surveyed think that Covid-19 is the cause of interest rate fluctuations. As a consequence of Covid-19, the majority of respondents (70%) believe that provisions for non-performing loans have increased and the ratio of defaulted debt has grown.

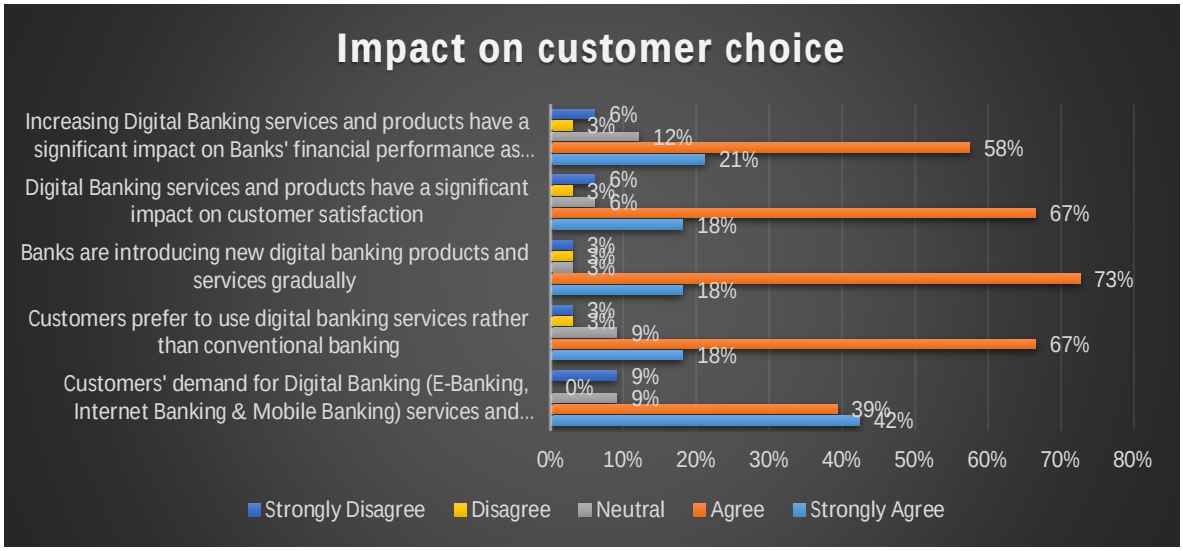

FIGURE 6. Impact on customer choice

42% of respondents found that customer demand for digital banking services and products (including E-Banking, Internet Banking, and Mobile Banking) was rising steadily during the COVID-19 period.

Customers like using digital banking services over traditional banking, according to 67% of respondents. New digital banking goods and services are being introduced progressively, as 73 percent of respondents believe. The majority of respondents, 67%, feel that digital banking services and products have a big influence on consumer satisfaction. The majority of the respondents (58%) believe that banks' bottom lines and overall success are positively affected by the expansion of digital banking services and products.

5 CONCLUSIONS AND RECOMMENDATION

This chapter includes conclusion based on the collected and analysed data. This part also contains the vital suggestions that are essential to enhance the current circumstance that is being evaluated.

5.1 Conclusion

The world economy was severely impacted by COVID-19, and it will surely be remembered as a historic occurrence in the future. It has halted global economic development by causing mass lockdowns, restrictions on civic movement, an interruption in manufacture, a decline in demand of consumer, and the erection of trade barriers between countries. It has hampered the efficiency of all financial sectors, but especially the banking industry. This thesis' primary goal was to examine in what way COVID-19 impacted the banking sectors in Bangladesh. Specifically, the determination of the effect of Covid-19 on risk management, assets management, and customer preference were the objectives of this research.

According to the research, the Covid19 epidemic has had an overwhelming impact on the banking industry. There is already a severe problem with non-performing credits in the financial segment in Bangladesh, and the pandemic has the potential to significantly aggravate this problem. The individual's deposits recently have dropped dramatically. Banking activity remains ongoing throughout the Covid19 period, although interest rates are low. In this scenario, banks have a lack of capital, credit risks rise, individual investments fall, and economic activity is disrupted. The adverse influences of the Epidemic on commercial and economic activity have had a lasting impact on ROA and ROE in the aftermath of Covid. Since borrower payments were irregular as a consequence of regulatory flexibility in credit management during the pandemic, banks' assets invested by extending loan to borrowers unsuccessful to yield the intended returns in the shape of interest. To maintain economic growth, it may be necessary to find a solution to this issue. In Bangladesh, digital technologies such as mobile banking, agent banking, ATM assistance, and so on are being implemented for the benefit of its customers. Clients of the bank could execute their valued transactions using these advanced facilities without worrying about the spread of the Covid19 epidemic. Financial assistance from the government is required to curb the opportunities in the banking industry. Bangladesh's government has taken the initiative to find a solution. The government has offered stimulus measures for the banks and other industries. With the

aid of all relevant parties, Bangladesh's banking industry will hopefully be able to recover from the setback caused by Covid-19.

5.2 Recommendation

The banking sector must revive and transition to a fully digital financial practice. They need to provide a safe, contactless, and standardized financial platform for the business transaction. Since the pandemic aided borrowers while limiting banks' activities in terms of earnings, profitability, liquidity, non-performing loan management, and complete banking performance, it is ultimately everyone's responsibility, including the authorities and the banks, to adjust to the new circumstances in a manner that maximizes the banks' benefits without jeopardizing their customers' interests. The subsequent suggestions, grounded on the research's results, may guide policymakers and regulatory bodies toward ideal future decisions.

The regulatory relaxation already granted to borrowers shouldn't be continued, since banks would not be able to sustain the anticipated long-term losses in profits and profitability. In order to protect their profitability and asset quality, banks need to keep an eye on the stimulus packages loans they have extended. In order to protect provisioning against NPLs and keep capital adequacy ratio (CAR) with capital conservation buffer (CCB), Bangladesh Bank may provide fixed-term feature to banks for a certain period of time during which interest received may be transferred to an income account. Banks should adhere to the austerity policies and rein down wasteful spending to lower the equated monthly installment (EMI) ratio to a more manageable level.

The best way for banks to preserve their long-term financial health is to keep as much of their annual earnings as possible in the form of capital. In most transactions, digital and contactless reimbursement may be used. Black money and corruption will be reduced as a result, and the danger of contracting the virus while inside the body will also be reduced. In order to alleviate the liquidity issue facing many businesses, the government should guarantee lower long-term interest rates.

Banks must upgrade their digital platform to make it user-friendly. The government and centralized agencies in Bangladesh should use cloud computing to run the economy effectively. The government and key agencies of Bangladesh need to make use of cloud computing to handle the country's finances effectively.

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