United International University

Internship Report

On

"Employees' Perceptions on Effectiveness of Credit Risk Management and Its Contribution to Financial Stability in HSBC"

Supervised By

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Letter of Transmittal

11th March, 2026

Dr. Md. Qamruzzaman,

Professor

School of Business & Economics (SoBE)

United International University

Subject: Submission of Internship Report for the completion of BBA degree.

Dear Sir,

With due respect, I am submitting my internship report, prepared as a requirement for completing my undergraduate degree from School of Business & Economics (SoBE), United International University. My report is titled "Employees' Perceptions of the Effectiveness of Credit Risk Management and Its Contribution to Financial Stability in HSBC" I have made my best efforts to make the report specific, coherent, and meaningful, following your guidelines. I am grateful to everyone who provided information and valuable guidance during its preparation. I would be honored if you kindly review the report and allow me the opportunity to address any queries regarding the topic.

Thank you for your guidance and support. I hope for your kind approval of this report.

Sincerely yours,

Afsana Akter Mony

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Certification of similarity index

Declaration of the student

I, Afsana Akter Mony, do hereby declare that this internship report titled “Employees’ Perceptions of the Effectiveness of Credit Risk Management and Its Contribution to Financial Stability in HSBC” is solely my own work, completed during my internship program at HSBC Bangladesh.

I affirm that this report is prepared exclusively to fulfil the requirements for the Bachelor of Business Administration (BBA) degree from the School of Business & Economics (SoBE), United International University. The contents of this report are original, have not been submitted elsewhere, and do not contain any confidential information.

Afsana Akter Mony

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Acknowledgement

I am deeply honored to express my sincere gratitude to all those who have guided and supported me in the successful completion of this internship report. I am profoundly grateful to my internship supervisor Dr. Md. Qamruzzaman, for his constant guidance, encouragement, and insightful suggestions throughout the preparation of this report. His guidance has helped me to get a better understanding on the details of my report. I am also thankful for everyone's aspiring guidance, invaluable constructive criticism and friendly advice during the report writing. I would also like to extend my heartfelt thanks to my line manager, Abdul Wahhab, Head of Business Management, Risk and Compliance Department, HSBC, for his continuous support, practical guidance, and for helping me gain hands-on experience in this department. His advice and encouragement were invaluable in completing this report effectively. Finally, I wish to express my appreciation to all my colleagues and everyone who contributed directly or indirectly to the successful completion of this report.

Executive Summary

This study examines how employees of HSBC Bangladesh perceive the effectiveness of the bank's credit risk management (CRM) practices and how these perceptions influence their view of the bank's overall financial stability. In a banking environment shaped by increasing credit risks, regulatory pressures, and economic uncertainty, effective CRM is essential for maintaining asset quality and ensuring sustainable financial health. The study focuses on five key CRM dimensions risk identification, assessment, monitoring, mitigation, and credit governance and evaluates how employees interpret the effectiveness of these practices within HSBC Bangladesh.

Primary data were collected through a structured questionnaire distributed to 50 employees across different operational units. The responses were analyzed using SPSS for descriptive statistics, reliability testing, correlation, and regression analysis. Secondary financial indicators Return on Assets (ROA), Return on Equity (ROE), Non-Performing Loans (NPL), Net Interest Margin (NIM), and Capital Adequacy Ratio (CAR) from 2019 to 2024 were also examined to validate the survey findings against actual performance trends.

The results indicate that Credit Risk Identification has the strongest positive effect on employees perceived financial stability, highlighting the value employees place on proactive risk detection. Other dimensions of CRM assessment, monitoring, mitigation, and governance show weaker or statistically insignificant relationships with perceived financial stability, although they remain integral to the risk management framework. Trend analysis further supports these perceptions, showing improvements in ROA, ROE, NIM, stable CAR levels, and consistently low NPL ratios.

Overall, the findings suggest that HSBC Bangladesh maintains strong credit fundamentals, and employees view the bank as financially stable due to effective early risk identification and strong governance practices.

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CHAPTER I: INTRODUCTION

Background of the Report

Bangladesh's banking sector has the most significant influence over the Economic stability, economic growth and industrial development. Banks, as important sector of the economy, considered as mediators between depositors and creditors, enabling the effective allocation of financial resources. This intermediation system presents many risks for banks, where credit risk being the most significant. Hence, to maintain the financial stability and sustainable profitability of the banking sector must implement effective credit risk management.

The risk associated with credit is the possibility of a debtor failing to meet their contractual commitments. Effective credit risk management plays a vital role in Bangladesh's banking sector, where loan defaults and non-performing assets continue to create significant challenges for maintaining financial stability. When banks maintain effective credit evaluation, regular monitoring, and proper recovery mechanisms, they are better positioned to minimize default risks and preserve the quality of their assets. Consequently, banks have emphasized credit risk management in both domestic and international markets.

As a notable global bank in the country, HSBC Bangladesh has established a robust system for credit risk assessment, surveillance, and reduction. The bank's credit risk management processes align with the operations of Bangladesh Bank and observe to international banking regulatory principles, including the Basel III framework. These methods are intended to guarantee that the bank sustains enough capital reserves, evaluates its creditworthiness, and effectively maintains its loan exposures to sustain profitability. The analysis of the correlation between HSBC's financial performance and its credit risk management strategies is crucial for understanding the relationship between long-term sustainability and risk governance, given HSBC's diversified portfolio and exposure to both corporate and institutional sectors.

The concept of perceived financial stability refers to employees' assessment of their organization's financial strength, including liquidity, capital adequacy, and long-term sustainability, based on their understanding of internal credit risk management (CRM) practices. When these practices appear effective, employees are more likely to view the institution as stable and well-established.

The internship report primarily focuses on employee perceptions regarding the bank's efficacy in managing credit exposure, loan recovery, and risk monitoring, utilizing primary survey data and secondary financial metrics, including Return on Assets (ROA), Return on Equity (ROE), Non-Performing Loan (NPL) ratios, Net Interest Margin (NIM), and Capital Adequacy Ratio (CAR). It also assesses the degree to which these perceptions align with financial stability. This research aims to offer pragmatic recommendations for HSBC Bangladesh to further improve its credit risk management system, thereby augmenting profitability, ensuring financial stability, and facilitating long-term expansion through these relationships.

Objectives of the Report

The study aims to answer the important question: “How do HSBC Bangladesh employees perceive the effectiveness of credit risk management practices, and how these contribute to the perception of financial stability?”

The definite objectives of this report are as follows:

- To determine and evaluate the perceptions of employees about the practices of managing credit risks in HSBC Bangladesh, such as risk identification, monitoring, mitigation, and governance.
- To analyze the connection between the financial stability perception of the employees and the perception of the effectiveness of credit risk management practices.
- To validate perception-based findings through the analysis of the significant financial performance indicators, including Return on Assets (ROA), Return on Equity (ROE), Non-Performing Loan (NPL) ratios, Net Interest Margin (NIM), and Capital Adequacy Ratio (CAR) ratios, and to assess the consistency of the given indicators with the perception of employees.

Motivation of the Report

The findings will furnish HSBC Bangladesh and other financial institutions with useful insights to consolidate CRM models and improve monitoring and mitigation strategies, as well as to implement enhanced communication and training activities to internalize employee commitment to risk management practices from that motivation the report is constructed. The analysis of employee views renders human and institutional variables pertinent to financial stability, so augmenting conventional financial analysis.

This report is significant since it examines the correlation between credit risk management (CRM) practices and employees' perceptions of financial security at HSBC Bangladesh, an area that has received limited scholarly attention within the Bangladeshi banking sector. This study shifts the focus from the predominantly quantitative research on financial performance in past literature to employee perceptions regarding the effectiveness of risk identification, alleviation, monitoring and governance in maintaining the bank's financial stability. The study emphasizes that employees' perceptions of a bank's CRM system significantly influence their views on organizational resilience, trust, and job efficiency.

In addition, this study contributes to the academic literature by combining the survey data collected to analyze the perception followed by some objective financial indicators such Return on Assets

(ROA), Return on Equity (ROE), Non-Performing Loan (NPL) ratios, Net Interest Margin (NIM) and Capital Adequacy Ratio (CAR) ratios. This is an empirical finding on the practices of credit risk management and its impacts on perceived financial stability.

Scope and limitations of the Report

HSBC Bangladesh, like other banks, implements the rules set by Bangladesh Bank and its own internal policies when it comes to credit risk management (CRM) to make sure that credit exposures are properly established, monitored, and controlled. These practices demonstrate the bank's structural performance and the environment in which it is functioning. They also show how credit-related activities are being controlled and provide stakeholders confidence in the bank's financial stability.

This study will focus on workers' perceptions of the success of CRM activities and their impact on the bank's overall financial health. The study, examining how perceived stability is influenced by internal procedures, governance, and policy execution, provides insight into credit risk management by the employees or individuals engaged in the process.

The scope encompasses financial indicators such as Return on Assets (ROA), Return on Equity (ROE), Non-Performing Loan (NPL) ratios, Net Interest Margin (NIM), and Capital Adequacy Ratio (CAR) ratios for a six-year period from 2019 to 2024. The purpose of these financial metrics is to validation employee impressions and offer a comprehensive overview of the bank's actual financial health along with subjective observations.

Nevertheless, the report will be limited to the data that is accessible to public such as the annual reports, financial statements, regulatory reports, and survey answers completed by the selected employees of HSBC Bangladesh. As such, the results will be limited by the quality and accessibility of these sources of data, on the one hand, and the opinions of the surveyed employees, on the other.

Limitations of the Report

Although this research is valuable in the context of the perceptions of employees on credit risk management and financial stability at HSBC Bangladesh, though this study has certain limitations:

Limited Sample Size:

The research has been carried out using responses of just 50 HSBC Bangladesh employees. HSBC has a limited number of employees who working related to Credit Risk Management. To get relevant information a limited sample size of employees is used. Although it offers valuable information, a more extensive sample from other banks would have yielded more solid and generalized results. The larger sample of respondents could have resulted in a wider range of points of view about credit risk practices.

Sampling Bias:

The convenience and purposive sampling methods were used since participation only involved accessible and willing employees. This could have brought in departmental or personal prejudice. The sampling methods that could have been applied, which are probability-based sampling like stratified or random sampling would have yielded more representative and unbiased sample.

Time Constraints:

The research was conducted in a short time, and this limited the level of analysis. More time, more variables, comparison between foreign and local banks and more sophisticated statistics testing might have been added to enhance the results.

Limited Access to Internal Information:

There was less access to more specific internal credit risk reports, governance documentation and individual insights of the employees because of confidentiality considerations. There were other employees who were reluctant to provide elaborate information regarding risk practices. A greater access would have enabled greater validation of perceptions to internal CRM procedures.

Limited to one institution:

The paper is limited to studying only the HSBC Bangladesh, which is a foreign bank having a distinct business model and risk culture. The findings therefore are not necessarily applicable to the local commercial banks and banks with a different risk management structure. It would have been better to incorporate various banks in comparative analysis.

Overall, the research provides valuable insights about the perceptions of employees and how it impacts financial stability, but in future studies, eliminating these shortcomings will allow to obtain more generalizable re

Definition of Key Terms

- **Credit Risk:** It is the uncertainty of financial loss which is caused when a borrower is unable to meet contractual obligation of the organization.
- **Non-Performing Loan (NPL):** It demonstrate the loan which is not being paid for a specified period, usually the period is considered 90 days and above.
- **Return on Assets (ROA):** It is the financial ratio that measures the how efficiently an organization implement its asset to generate profit.
- **Return on Equity (ROE):** It is a profitability ratio which demonstrate how efficiently the equity is being used in order to generate net income.
- **Capital Adequacy Ratio (CAR):** It is a measurement which indicates the organization's strength and ability of abortion regarding potential losses.

Chapter 2: COMPANY PREVIEW

Company Analysis

Overview and history

Brief History

In 1865, HSBC was founded by a Scottish businessman named Thomas Sutherland based in Hong Kong, who recognized the need for a local bank to facilitate the rapidly growing trade between Asia, Europe, and other regions. The Hongkong and Shanghai Banking Corporation Limited was created with the backing of notable merchants and an initial capital of HKD 5 million, operating primarily from Hong Kong and Shanghai. From its commencement, HSBC's purpose was clear, to act as a bridge between local and international markets, supporting trade and economic growth.

HSBC currently has about 41 million personal, wealth as well as corporate clients in 57 countries and territories. With that over the past 160 years, HSBC has developed its status to become one of the largest and most influential banking and financial services groups in the world. This is a wide network around the world which enables the HSBC to link their clients to their opportunities and enables them to grow internationally by trading, investing, and innovating.

Its mission is to empower individuals and businesses by connecting them with global markets which establishes its purpose *"Opening up a world of opportunity"*. Through its extensive knowledge, international reach, and focus on improvement, HSBC will remain a crucial part of the economic development and growth in the world, and its historical heritage as a reliable financial institution.

Figure 1: HSBC Logo and Tagline

With a strong focus on sustainability, responsible banking and digital transformation HSBC has been govern to facilitate the global transformation to a low-carbon economy By 2025, having over USD 3 trillion of assets under its control, HSBC still has the legacy of being among the most reliable, innovative, and committed financial institutions in the world that were committed to international development.

HSBC opened its first branch in Bangladesh in 1996. It offers a range of financial services in Bangladesh including commercial banking, consumer banking, global payments solutions, trade services, treasury, and custody and clearing. HSBC Bangladesh currently has a network of 14 offices, 40 ATMs, 6 Customer Service Centers, an offshore banking unit, and offices in 8 EPZs, making it the second-largest foreign commercial bank in the country.

Figure 2: HSBC Management Office, Shanta Western Tower, Tejgaon

The values of HSBC Bangladesh are:

1. We value difference- Seeking out different perspectives
2. We succeed together- Collaborating across boundaries
3. We take responsibility- Holding ourselves accountable and taking the long view
4. We get it done- Moving at pace and making things happen

HSBC Bangladesh also has a national network of 29 Automated Teller Machines (ATMs), 7 Sales and Services Centers (including ATM Machines, 6 Easy Pay Machines, phone banking, access to HSBC’s Internet website, and a dedicated officer at the premises, together forming the HSBC Customer Service Centre).

Trend and Growth

HSBC Bangladesh continuously adapts its strategic planning in response to evolving economic conditions and market requirements for example- this year they took one of the biggest strategic moves in Bangladesh by winding down their retail business and exclusively focusing on Corporate and Institutional Banking (CIB). Just like that from the beginning of their journey they have shown different trends, approaches and contentious growth let me highlight some of the significant milestones –

- **Foundation (1865):** HSBC was established by Sir Thomas Sutherland, a Scottish banker, to cater to the rising demand of financial services in the booming trade routes between Europe and Asia.
- **Expansion in Asia (19th-20th Century):** During the late 19th and early 20th centuries, HSBC was active in funding the construction of the Asian trade and infrastructure. The bank grew its presence in other countries in Asia such as India and Malaysia.
- **Global Expansion and Acquisition:** The acquisition of the Household International Inc. in 2003 was one of the most remarkable acquisitions that made HSBC one of the largest financial institutions across the world.
- **Focus on Emerging Markets:** HSBC positioned itself as the World Local Bank, and its target of both advanced and emerging markets. The bank spread its operations in other parts of the world like the Middle East, Latin America, and Africa.
- **Entry into Bangladesh Market:** In 1996, it officially entered into the Bangladeshi market by targeting the corporates and exporters and start becoming the trade finance leader and from there they started growing and never looked back.
- **Record Profit:** Despite winding down one business HSBC has attained record breaking financial performance back in 2024 with a profit of TK1,000 crore.
- **Pioneer of Sustainable Finance:** Partnering with Grameenphone they introduce Sustainability-Linked Loan (SLL).
- **Lead Trade Finance:** In Euromoney Survey HSBC Bangladesh ranked number 1 in Trade Finance Bank in Bangladesh for last 8 times.

Customer mix

HSBC started with three segments of target customers –

- Multinational Corporations (MNCs)
- Large Exporters
- High-net-worth individuals (HNWIs).

In the early 2000s, it started with these three customer segments. However, its core focus has always remained the corporates, institutions and exporters. The retail banking model was niche from the beginning in Bangladesh eventually the top management decided to gradually wind down this segment.

Now in recent time it has become a Corporate and Institutional Bank so its customers are-

- **Multinational Corporations (MNCs):** Currently it's the principal bank for multinational business operating in Bangladesh such as –
  - **FMCG & Retail:** L'Oréal, Unilever Bangladesh, Bata Shoe Company, British American Tobacco (BAT), Nestle Bangladesh etc.
  - **Energy & Technology**: Siemens, Chevron, Samsung C&T, Ericsson etc.
  - **Engineering & Logistics:** Marubeni Corporation, Hyundai Engineering and Sumitomo Corporation.

- **Local Institutional & Public Sector:** For Bangladesh government and mega welfare projects HSBC is the prominent mediator in our country such as –
  - **Government of Bangladesh:** Bangabandhu -1 Satellite's finance was backed by HSBC Bank and there are many more government projects where HSBC plays prominent role.
  - **Financial Institutions**: HSBC is well known for the service of treasury and trade for non-banking organizations. Some the prominent customers are - IDLC Finance, IPDC Finance, and LankaBangla Finance, Grameenphone, Square and many more.
- **RMG Sector:** HSBC currently supporting approximately 10% of the our total trade volume and this business is split into two parties – Importers & Exporters. Some of the customers of HSBC – Ha-Meem Group, Ananta Garments, Inditex (Zara), Primark, Walmart, H&M (the top buyer by volume).

Product/service mix

HSBC provides multiple layers of services with keeping up alignment with their customer requirement some of the notable services are -

- **Wholesale Banking:** For elevating the customer experience and efficiency of the operation HSBC assigns dedicated relationship manager for multinationals and large domestic corporations.
- **Import/Export Finance:** It works as the facilitator for international trade operations and improve cash flow cycle.
- **Guarantees:** HSBC provides advance payment, tender guarantees and many more official services to their trade customers.
- **HSBCnet:** For account access and transaction management it has a global online platform known as HSBCnet.
- **Securities Services:** For institutional investors they provide service like global custody, clearing, and fund administration.

They have some other services as well specially they had many services under Retail & Personal Banking however, which has been discontinued from last year.

Operations

The following are the operations and departments currently in HSBC Bangladesh -

Commercial banking: Commercial banking is a traditional strength of the HSBC Group. HSBC has an offshore banking unit (OBU) license and can therefore also provide foreign currency financing to qualifying customers. In addition, there are 7 business development centers in the country's major 7 EPZ areas including Dhaka, Chittagong, Adamjee, Mongla, Comilla, Karnaphuli and Ishwardi.

Corporate and Institutional Banking: Corporate and institutional banking provides dedicated relationship management services to HSBC's clients in major corporate and financial institutions.

Risk and Compliance: HSBC's unwavering commitment to risk management is integral to its history, safeguarding customer funds, ensuring responsible lending, and fostering economic support. Aligned with its strategic vision, HSBC's Global Risk and Compliance function, led by the Group's Chief Risk and Compliance Officer, oversees a comprehensive risk management framework applied throughout the organization. This framework highlights a shared responsibility of risk whereby the Board is the ultimate ownership of risk. It also makes sure that the risk management involves being embedded at all organizational levels.

HSBCnet: HSBCnet is proprietary computer-based software package that offers customers with an immediate connection into a global computer network of the HSBC Group enabling them to make and receive transactions and receive wide variety of up-to-date information 24 hours per day, 365 days every year.

Trade & Supply Chains: Trade finance and related services are a long-standing core business of HSBC based on the depth and spread of its corporate customer base, highly automated trade processing systems, and extensive geographic reach.

Payments and cash management: Underpinned by the Group's extensive network of offices and capabilities, payments, and cash management assists companies in efficient cash management through the provision of payments, collections, liquidity, and account services.

Custody and clearing: HSBC is a leader in custody and clearing in the Asia Pacific region and the Middle East. The network uses an advanced security clearing system, which was developed in-house and provides round-the-clock online real-time access to clients' securities portfolios.

Investment banking and markets: This division brings together the advisory, financing, asset management, equity securities, private banking, trustee, private equity, and treasury and capital market activities of the HSBC Groups.

Treasury and capital markets: HSBC's treasury and capital markets business ranks among the largest in the world and serves the requirements of supranational, central banks, international and local corporations, institutional investors, and financial institutions as well as other market participants.

SWOT Analysis of HSBC Bangladesh

Strengths

- ✓ **Market share:** In corporate banking and trade HSBC has the highest market share in BD. Following the legacy, they achieved the Euromoney Trade Finance Survey 2026 for the 8^{th} time.
- ✓ **Liability:** Moreover, HSBC's lower total liability, although influenced by its limited branch network, could be viewed as a strategic advantage, signifying a more controlled financial position compared to other banks. The per-branch liability analysis, however, suggests a need for cautious expansion.
- ✓ **Cost-effectiveness:** HSBC demonstrates efficiency in managing operating expenses compared to competitors like Prime Bank. This cost-effectiveness could be leveraged as a competitive edge in the market.

Weaknesses

- ✓ **ATM booths**: With only five ATMs (4 in Dhaka and 1 in Chittagong) in the era of 24/7 banking HSBC lags competitors like Standard Chartered Bank in this aspect
- ✓ **Total Assets:** With a global presence HSBC Bangladesh holds a prestigious position as a multinational bank, but comparatively its total assets in Bangladesh appear lower than some local banks such as Southeast Bank, Dutch Bangla Bank, Dhaka Bank, and Prime Bank. This signals a potential area for growth and strategic investment to bolster its financial standing in the local market.
- ✓ **Number of branches:** HSBC Bangladesh, faces a challenge in comparison to competitors like Prime Bank, Southeast Bank, and Dutch Bangla Bank due to their significantly higher branch networks. Where it has only a total of six branches (4 in Dhaka and 2 in Chittagong),

Opportunities

- ✓ **Product expansion:** A nation with 177.8 million people is a significant market. As people become more industrialized and economically conscious throughout time, there is a chance that new products are opportunities are being created.
- ✓ **Industry key factors:** HSBC is in line with the industry's notable characteristics, which include 24/7 banking, a wide variety of credit options, and ongoing service innovation. The bank distinguishes itself by embracing globalization and exhibiting adaptability to changing market conditions.

Threats

- ✓ **Competition:** Increased competition by other foreign banks is also another threat to HSBC. At present Standard Chartered Bank and CITI Corporation are causing significant threats to HSBC regarding corporate banking respectively.
- ✓ **Compliance:** As foreign bank, HSBC Bangladesh faces pressure to comply with both the national and international regulations.

Industry analysis

Specification of the industry

Banks are the core element of an economy hence it plays a vital role in financial systems, economic development, economic growth any many more. It acts as the intermediary in between the depositors and borrowers. It collects money ad channel those funds into productive investments through loans and deposits. This one business works as a blood line of business expansion, trade activities, industrial growth and overall economic progress. IN Bangladesh this sector is regulated by the Central Bank, Bangladesh Bank. It has the responsibility of sustaining the financial stability, monitoring banking operations, and making sure that banks comply to regulatory regulations and international standards. Bangladesh Bank incorporates with a range of banks, including public commercial banks, private commercial banks, foreign commercial banks, and specialized banks. Each category of bank serves closely similar kind of services under BB regulations but distinct areas of the economy, including corporate clients, small and medium firms, exporters, and individual consumers.

The Bangladeshi banking sector has greatly increased in terms of the number of financial institutions and services; yet, over the past five years, the country and its financial and banking industry have encountered several obstacles. Therefore, notable transformation has been inclined into the banking industry of Bangladesh in order elevate the prominent element of economy. In recent times technological advancement and digital financial services are highly aligning with the banking industry of our country to make the service efficient as it was never before. As Bangladesh has faced financial risk and crime challenges few times before hence, the banks are keenly focusing on improving risk management protocols, upgrading credit assessment frameworks, and elevating regulatory adherence to ensure financial stability and minimizing non-performing loans.

The banking industry is the most significant sector of a country. Despite ongoing challenges, it also encounters unforeseen declines. However, from 2025 to the present, BB has implemented numerous reforms to enhance banking services, and some results are beginning to emerge. Consequently, we anticipate an improved banking industry for our country over time.

Size, trend, and maturity of the industry

In Bangladesh banking industry is presently at a pivotal moment, shifting from a phase of swift, frequently unregulated growth to a stage of rigorous structural reform and digital integration. So let us see the current size, trend, and maturity of the banking industry of our country-

Industry Size: For an economy financial and banking industry is the most prominent sector. Currently Bangladesh has over 16 crore active financial account so the industry size is immense no doubt. According to the World Bank's collection of development indicators, domestic credit to the private sector (as a percentage of GDP) in Bangladesh was reported at 35.81% in 2024. Each year through financial intermediation, lending, investment, and payment services contribution stands in monetary terms billions of dollars in economic value. As of 2025 data Banking sectors holds 88% of financial industry. And by mid-2025, the total assets owned by the financial industry (banks, insurance, NBFIs, and capital markets) were approximately Tk 42.4 trillion (Tk 42.4 lakh crore).

Industry Trend: Bangladesh has faced so many ups and down within these 5/6 years so do the economy of our country as well. Therefore, the trend is really bouncy like-

- The central bank announced standard proposal to liquidate non-bank financial institutions (NBFIs) and combine failed banks which shows an aggressive banking reform trend.
- In order to eliminate political unfair advantage, the interim administration rearranged the leadership of fourteen banks.
- In order to eliminate political unfair advantage, the interim administration rearranged the leadership of fourteen banks.

Since currently the country health is facing turmoil hence, the industry is also facing unexpected changes so the trend is not sustainable for years.

Maturity of the industry: For last 5/7 years numerous underlying problems remained within Bangladesh's banking industry. However, recently after reformation of the country the actual scale of non-performing loans became evident, exposing the actual asset quality which shows fundamental deficiencies and underscoring problems of insufficient capital, especially within BB. Approximately 80% of digital transactions cantered in Dhaka, reflecting unequal access to financial technology across regions which proves the considerable rural–urban difference in digital financial activity is still exists. Furthermore, regardless the swift expansion of fintech and digital payment systems, cash remains the main monetary channel of our country. Approximately 80% of online purchases are done by cash on delivery, and due to trust issue and safety purpose close to 46% of shoppers prefer cash.

External Economic Factors

Since 2025 and early 2026 after reformation of the country slowly the financial industry also recovering with time. Since due to the turmoil of 2024 the economy faced many challenges such

- ✓ Rigorous monetary policy
- ✓ Chronic inflation. In February 2026, overall inflation remained high at 9.13% whereas food inflation increased to 9.30% this putting further burden on supply and demand.
- ✓ Constantly structural changes.

By keeping the policy (repo) rate at 10% BB tried to maintain a restrictive monetary system I order to maintain the price turmoil in the market. However, this impacted private sector credit growth to approximately 6.10% which turned slow in late 2025, unfortunately this is the most bottom alarming level in two decades. On the contrary, the country's external position has raising well, with the strong backbone of remittance inflows that reached $3.17 billion in January 2026 and foreign exchange reserves improved by $34.29 billion within March 2026. However, due to the reformation the financial industry also has to deal with major structural reformation such as -

- ✓ Bangladesh' might face higher borrowing costs and a reduction in the benefits of preferential trade because it is being projected that our country departs the Least Developed Country (LDC) category in November 2026.
- ✓ Due to restrictive loan classification standards previous non-performing loans are coming out in spotlight now.
- ✓ In FY2026 GDP is expected to rebound to 4.8–5.5% which shows some optimism in the whole economic outlook. If that actually happens then we can expect to have steadily improves in our economic health.

Technological Factors

Due to technological transformation Bangladesh**'s** financial landscape is changing every next year such as traditional to digital banking, digital-first ecosystem, strong MFS reliability and a push towards cashless society. Therefore, some of the significant technological factors are discussed below-

- ✓ **Excessive Penetration of MFS:** From rural to urban MFS has brought a massive change in the financial industry, approximately over 100 million MFS account is registered nationwide. Therefore, every other bank has joined this market. MFS market has a significant impact on the overall financial industry.
- ✓ **The Rise of Entirely Digital Banking:** From the time digital banks have emerged in Bangladesh market the financial market started booming with more people using financial intermediaries due to swift transactions. Hence, the impact of technology is very much visible in the arena of financial industry.
- ✓ **Integration of Artificial Intelligence (AI), Automation & Blockchain:** With time AI dependency is getting significant regarding elevating operational effectiveness, cyber security and customer satisfaction. AI powered chatbots are commonly used feature in banks now. Blockchain is emerging focusing on remittances making faster, efficient and more secure.

With a significant shift towards digital banking and emphasized cashless initiatives it is visible that technology factors are immensely relatable with financial industry.

Industry Rivalry

In Bangladesh, HSBC Bangladesh faces high competition from various local and international banks.

International Banks:

- Standard Chartered Bank: Standard Chartered Bangladesh 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.
- Commercial Bank of Ceylon: Commercial Bank has over 100 years of unparalleled growth and achievement. Having made a distinctive mark in Bangladeshi banking history, we stand out for our superlative service and technological superiority.

Local Commercial Banks:

- City Bank PLC: City Bank PLC is a Bangladeshi private commercial bank headquartered in Dhaka. The bank has 133 branches that provide products and services in retail banking, corporate finance, SME Banking, women's banking, digital banking, asset management, equity brokerage, and security.
- BRAC Bank PLC: BRAC Bank PLC is a private commercial bank in Bangladesh, founded in 2001. The bank is a subsidiary of BRAC, a leading development organization in the country. BRAC Bank is known for its focus on small and medium- sized enterprises.
- Eastern Bank PLC: Eastern Bank PLC is a private commercial bank headquartered in Dhaka, Bangladesh. It was started operations from August 8, 1992, as a public limited company with limited liability under the Bank Companies Act of 1991.
- Prime Bank PLC: Prime Bank PLC is a public limited commercial bank in Bangladesh with its headquarters in Dhaka. With 146 branches and 170 ATMs, the bank has operations in corporate, consumer, MSME, and sustainable banking.

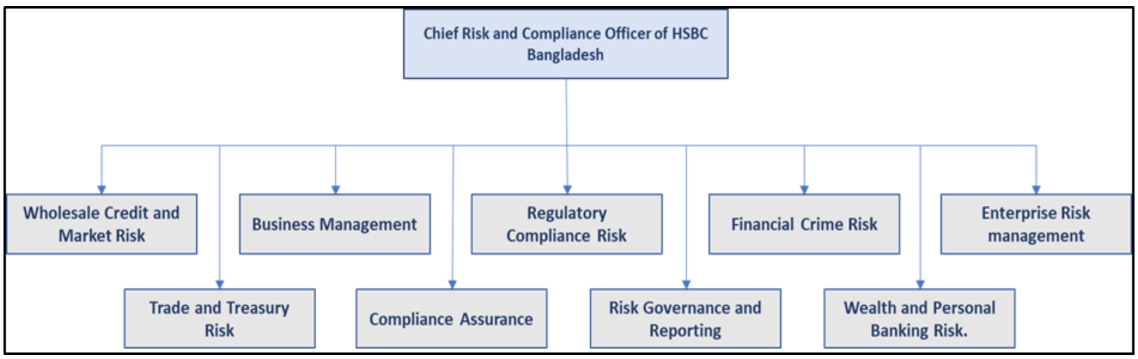
Chapter 3: Internship Experience

Position, Duties, and Responsibilities

Position

I got the opportunity to work in Risk and Compliance Department of HSBC Bangladesh, at the Management Office of HSBC Bangladesh located in Shanta Western Tower (SPL), Tejgaon, Dhaka. I received my offer letter on January 2026. It is a six-month-long internship program.

Figure 3: Structure of Risk and Compliance Department



The teams in Risk and Compliance department that I got the chance to work in are as follows:

- **Business Management**: This is the core department where I am placed for the entire six-month internship tenure.
- **Financial Crime**: I am also assigned to assist this team when the Bangladesh Financial Intelligence Unit (BFIU) circulates new directives or when customer credit risk issues arise.
- **Enterprise Risk Management**: I get assigned here only on a project basis.
- **Regulatory Compliance Department**: In this department I worked on project basis and when Bangladesh Bank issued new or updated circulars.
- **Wholesale Credit Risk Management:** I get assigned here only on project basis and also sometimes need to work with the financial statements of clients (Institutions).

Apart from that, since I am a part of the Risk & Compliance team, I need to keep an oversight on various stakeholders of the commercial and global business sides of HSBC Bangladesh. Therefore, I often have to work with people from those functions as well.

Duties, and Responsibilities

The following are my duties and responsibilities as a risk and compliance intern:

Regulatory Compliance Oversight:

- ✓ Proper tracking, documentation, and system input of all new, revised, and historical circulars issued by Bangladesh Bank to Double-check that the bank as a whole complies with every standard.
- ✓ Give specialized attention and expertise to provide successful management of Regulatory Compliance, implementing of regulatory directions, and standards of the industry.
- ✓ Conducting and reducing regulatory crime risks- Managing and reducing regulatory crime risks through collaboration with the Country Head of Regulatory Compliance.

Support for Chief Risk and Compliance Officer (CRCO):

- ✓ Assisted the CRCO to plan and hold monthly departmental meetings to discuss important risks, performance goals, and employee achievements.
- ✓ Prepare planners and resources to engage with like quarterly newsletters, birthday greetings, and event invitations to facilitate communication and morale among the team.
- ✓ Collected and consolidated "Meeting deliverables" and progress updates from team heads for CRCO presentation during monthly meetings.

Oversight on Customer Due Diligence Process for Financial Crime Risk Management:

- ✓ Maintain oversight and stewardship support over actions taken in response to Customer Credit Risk Triggers.
- ✓ Assist in reviewing customer profiles to detect potentially fraudulent activities or suspicious activities.
- ✓ Analyzed customer financials to identify anomalies and mitigate financial crime risks prior to loan approvals

Review and Challenge Read-Across:

- ✓ Drive, review, and challenge the read-across of trigger events related to Non- Financial Risk issues, internal and external events, and near-misses.
- ✓ Evaluate their potential applicability to the country's Business and their products/services, providing recommendations for risk mitigation.

Strategic Cost, Procurement, and Business Management Support

- ✓ Monitored and tracked invoices, vendor payments, and departmental costs to ensure budgetary limit and financial accuracy.
- ✓ Coordinated with procurement resource teams and external retailers to fulfill departmental necessities efficiently.
- ✓ Supported and helped drive staff well-being and engagement initiatives, aligning with HSBC's inclusive workplace culture.
- ✓ Assisted in the planning, facilitation, and execution of global and regional projects and workshops at the local level.

Training

My internship at HSBC Bangladesh so far, has been a journey full of learnings which contributed significantly to my professional growth. I am very thankful to HSBC Bangladesh for giving me such a great opportunity to implement the learnings from my university in real life scenarios. I learned how a multinational bank works and the work culture of this reputed bank. HSBC confirms interns get their best learning from their internship so they mandate courses regarding many fields and specialization in its own HSBC University. Here I had to complete 6 mandatory courses and few assessments along with that I have the access to many LinkedIn courses and many more in its own university.

All my colleagues were very supportive whenever I had any doubts or queries. In the initial days, my main task was to go through different courses related to money laundering, cybersecurity, financial crime risk, etc. HSBC, as a group, is very serious about risk management, financial and non-financial risks. I had to go through the regulatory framework of HSBC group to understand the significance of it. I learned how risk is managed, the controls that are set up to mitigate risks, compliance with local regulators, risk oversight.

Working in the Business Management team, I was able to understand the importance of strategic cost management, procurement, and coordination of the departments in the efficient functioning. My main role was to assist the Chief Risk and Compliance Officer (CRCO) by arranging monthly meetings, setting the agenda, and consolidating updates from all the Team Heads of the Department. This experience improved my skills in organizing and communicating because I was forced to deal with a variety of stakeholders on a team level. My creativity and presentation skills were also enhanced when I designed departmental invites, basic monthly reports, newsletters, templates to be used in internal communications and presentation. Furthermore, keeping records of invoices daily and tracking payments provided me with the lessons on how crucial the accuracy, accountability, and financial responsibility are and also from this I learned to make budget plans for departments. Moreover, I was also tasked with the responsibility of making departmental engagement plans and workshop as well. Working with the Regulatory Advisory Team gave me an experience on compliance aspect of banking. I helped the Manager of Risk Steward Oversight (RSO) in maintaining documentation of regulation and in exchanging the important messages with teams. A project I worked on, and one of the most important ones, was to update circulars of Bangladesh Bank to the internal system of HSBC that is called Regulatory Mapping. By doing so, I was also able to learn how different world banks manage local regulatory requirements and ensure that the same are met within multiple jurisdictions. This role has improved my understanding of the issue of governance system, policy modification, and the need of having relevant regulatory information in place. Another thing that I learned during the internship is the three lines of defense model of risk and compliance management in HSBC. The first line of defense, which was the risk identification and ownership, provided a definite understanding of the factors of operations. The risk stewards who were the second line of defense and formulated policies and recommended focused on the strategic decision-making processes. Lastly, the third line of defense that is played by the internal auditors brought to light the value of independent assessment to ensure successful operations. This experience provided me with practical skills of appropriate stakeholder engagement.

At Financial Crime (FC), I had an opportunity to get a practical experience in customer due diligence and compliance checks. My responsibility was to balance the customer KYC records and financial data to ensure that they align with the global standard of HSBC. I also participated in undertaking a project that involved the analysis of customer finances and sources of income in order to determine the potential threat of fraud in the process of disbursing loans. This has provided me with greater skills in critical and analytical thinking and made me know how financial institutions can provide integrity and security in their operation.

The interaction with Enterprise Risk Management (ERM) team was particularly educative to me. My contribution was to the introduction of the Climate Risk Management as per the new guidelines of the Bangladesh Bank. The action points that I was required to monitor were in the regulatory circular, facilitating with risk stewards of interest, and compliance alignment. I have engaged internal stakeholders in virtual and face-to-face meetings and it enabled me to develop a strong sense of professional collaboration and the knowledge of how the risks related to sustainability are currently introduced into the system of overall risk.

This internship helped me have a general understanding of how the HSBC system of governance works and the critical role played by every department in making it operational resilience. I managed to learn how not only is risk and compliance a regulatory requirement, but also an essential component of sustainable banking. The experience has not only improved my adaptability, communication, and team work but also gave me confidence in handling different work in a work environment. This internship has surely been a way of life altering experience since it has built my foundation in risk and compliance in the banking sector. With the obtained knowledge, the practical experiences contributed to the fact that I am now a more skilled professional capable of dealing with the complexities of the regulatory environment in my further career.

Contribution to Departmental Functions

The following are the tasks I have been assigned as a risk and compliance intern in the different departments:

- **Business Management:**
  My internship was mainly under the team of Business Management, which is responsible for the strategic cost management, procurement, and general business function of the Risk and Compliance Department. The team also reports directly to the Chief Risk and Compliance Officer (CRCO) in the fulfillment of departmental and administrative activities. My main duties were in organizing, scheduling, documenting basic reports and communicating monthly departmental meetings on behalf of the CRCO. I would meet with team heads regularly to gather and consolidate updates and implementation points for presentation during these meetings. In addition, I was responsible for developing and preparing various communication-related materials including newsletters, financial Presentations, financial meeting reports, invitations, internal announcements, etc. Additionally, I was in charge of tracking and monitoring daily invoices and payments to ensure that department finances were in order. Furthermore, I was an integral part of the planning and implementation of departmental engagement activities and workshops, including working with vendors, creating budgets, seeking approvals from the CRCO, and ensuring logistical details ran smoothly throughout each engagement.

- **Regulatory Advisory Team:**
  I assisted the Manager Risk Steward Oversight (RSO) by keeping records up to date and distributing updates whenever new regulatory communications, policies and circulars were released. I was also a part of the Regulatory Mapping Project, which involved the recording and updating of Bangladesh Bank circulars into HSBC Group's internal system to make sure that all regulatory government directives were properly reported and executed across business functions.

- **Financial Crime:**
  My role in the Financial Crime team was to cross-verify Customer Due Diligence (CDD) activities performed by Relationship Managers (RMs) to ensure that HSBC Group is meeting its standards globally. I was also involved in a project that involved analyzing the customers' financials and sources of income to identify customers as potential risk for fraudulent activities before approval of the loan and support the financial crime risk mitigation efforts of the bank.

- **Enterprise Risk Management:**
  Being part of the Enterprise Risk Management (ERM) team, I worked on a project that was related to the implementation of the new Climate Risk Management framework by Bangladesh Bank. My role was to monitor all of the action items to be followed as per the circular, ensure that HSBC complies with the directives, and report back to appropriate Risk Stewards. I also worked with stakeholders using a combination of virtual (Zoom) and face-to-face meetings to coordinate and support alignment of business operations to regulatory and environmental risk management requirements.

Evaluation

This internship gave me a comprehensive idea of how a multinational bank's regulatory functions work, what are the internal risk governance practices are, how a multinational financial institution operates, operational coordination and many more. Since I am a member of several teams such as Business Management, Regulatory Advisory, Financial Crime, Enterprise Risk Management and Wholesale Credit and Market Risk I have observed and taken part in plenty of crucial tasks that ensured the bank's complies with Bangladesh Bank's rules and international standards as well.

From the perspective of finance major student if I evaluate my internship responsibilities and the working place it has given me the real-life experience of the theories of books. Here I get to learned about the financial management of a financial institution. The analysis I used to make for assignment I have seen the implementations of these in real life during this internship tenure.

To work in financial industry of Bangladesh it is quite important to understand the regulatory bodies of the country and with the internship experience from the Regulatory Advisor Team I was able to see how banks incorporate with the regulatory instructions into internal operations and operational procedures by helping to track and document circulars issued by Bangladesh Bank and participating in the regulatory mapping project.

During my academic tenure I have learned about multiple financial analysis techniques, financial management, business management, mapping, risk management, credits and many more and in this internship tenure I have learn the implications of all these learnings. Therefore, I can assure that working in different teams gave me the real-life experience of my academic learning.

Skills Applied

- **Analytical Skills:** While working in Financial Crime Team I had to review customer financial information and verify Customer Due Diligence activities where I have used my analytical ability to create reports about customers credit and financial health.
- **Communication Skills:** Since I have worked with several teams hence I had to be connected to with the Team Leads where I had to understand their requirement and had to deliver the results as well which increased my communication skills as well to create a better communication chain I corporate.
- **Different Financial literacy:** While working in WCR (Wholesale Credit Risk) I had to work with different financial charts and analysis and had to make reports where I have used my financial literacy as specialization.
- **Attention to Detail:** When I worked with Regulatory team I had to work with real sincerity because each documentation needs to be error free because one single mistake can cause a penalty to the bank.

New Skills Developed

- **Regulatory Compliance Knowledge:** While working under RC (Regulatory Compliance) team I get the real idea of how banks implement regulatory instructions within the organization and meet the deadlines and balance the compliance with BB.
- **Risk Assessment Skills:** From FC (Financial Crime) Team I learned the basics of analyzing client profiles and financial information to identify any financial crime threats.
- **Reporting and Documentation:** Improved abilities in creating newsletters, reports, presentations, and internal communication products.
- **Risk Management Concepts:** As a finance major student, I have gone through risk management techniques here I have implemented these and learned that in what purpose what measures are being taken.
- **Financial Analysis:** While customer financial verification had to use financial analysis to understand financial health of the customer.
- **Business and Financial Management:** In my studentship tenure I had to gone through multiple management courses. Here I have tried to applied the techniques and process in real life which I have learned from books.

Chapter 5: Analysis and Findings

Literature Review

The relation between credit risk management (CRM) and financial stability has been getting academic attention especially by the developing economies. The researchers have examined whether the CRM practices are effective, regulation compliance and staff perceptions that can influence the financial health and stability of a bank

(Rehman et al., 2019) designed research on the commercial banks in the Baluchistan province of Pakistan to examine how diversification, hedging, capital adequacy, and corporate governance policies in the management of credit risks had an impact on the overall credit risk. It was demonstrated in a study done by the authors by way of a survey of 250 employees working in a bank that corporate governance was best in reducing credit risk followed by diversification, hedging and capital adequacy. These findings indicate that the key to financial stability and the reduction of default risks is a proper system of governance and the diversification of its portfolio.

In a similar research, **(Jabir et al., 2020)** discussed about what bankers believe about the determinants of credit risk in the Ethiopian commercial bank. Their findings indicated that poor credit risk analysis and poor information-sharing systems are among the key reasons of non-performing loans. The paper has expressed the significance of employee awareness and perception in the determination of credit decisions and the quality of assets.

The article by **(HAILU, 2021)** examined the perceptions of bank employees towards factors influencing non-performing loans in the Commercial Bank of Ethiopia and Awash Bank. The research centered on bank related and client related variables, which include credit evaluation procedures, loan conditions, collateral sufficiency, willingness to repay loans by the borrowers, and loan diversion. It was found that poor borrowing practices through weak loan assessment, and poor loan monitoring and collateral were major factors in loan defaults and customer behavior also proved to be critical factors. The paper has underscored the need to have sound practices of credit risk management such as stringent screening, pre- and post-credit risk screening, and regular monitoring to reduce default. These lessons put emphasis on how the perception of risk management effectiveness by the employees can have a direct effect on the stability and financial performance of the

banks in line with the perception that effective internal practice and staff participation are critical to the financial stability.

The study by **(Yeasin, 2021)** revealed that proper credit risk management has a great impact on financial performance of Bangladesh commercial banks. The authors examined the data of six banks between 2010 and 2019 through panel regression analysis, in which ROA was used as a measure of performance, and NPL, CAR, and LDR were used as measures of credit risk. The results indicated that the non-performing loans and the capital adequacy ratio affected the financial performance negatively, whereas the loan-to-deposit ratio had a positive correlation. The results of the study indicated that an increased credit risk decreases the profitability of banks with the necessity to enforce better credit risk management practices to maintain financial performance.

The perception of the employees towards risk management practices also offers key information on the effectiveness of operations at the internal level. **(Karar Hussain et al., 2023)** investigated the inception of Pakistani bank staff to understand the effect of risk management practices perception on the organizational commitment. The results found a positive correlation between the confidence of the employees in risk management systems and their commitment which means that employees are more committed to keeping the compliance and risk reduction practices after they get the perception that CRM practices are effective.

(Sang Tang My & A. N. Q., 2022) investigated the correlation between credit risk and financial stability of banks in Vietnamese commercial banks with the mediation of profitability. Based on secondary data of 2005-2019 and econometric tools, including POOL, FEM, REM, GMM, and Monte Carlo scenarios, the paper discovered that credit risk directly and indirectly impacts financial stability through profitability. The findings revealed that non-performing loans, loan loss provisions and non- interest income have a strong effect on profitability and stability. The research came up with the conclusion that good credit risk management improves profitability which in the process boosts the overall financial soundness of banks.

(Karar Hussain et al., 2023) investigated the association between organizational commitment and employee perception of risk management practices in Balochistan, in the case of private banks. The study had a quantitative research design and used the perceptions of employees towards risk management as the independent variable that determines the degree of commitment expressed by employees towards their organization. The results indicate that the positive attitude towards risk management practices increases employee commitment and satisfaction and engagement that help to improve the overall organizational performance. The authors highlighted that, by creating a risk-sensitive culture in banks, the workforce produced becomes tougher and more motivated, enhancing stability and performance in the long term

The work by **(Moradi & mokhatab rafiei, 2019)** is about the dynamic credit risk assessment models of Iranian banks. The research article reveals that the classical static credit risk models do not always effectively model customer defaults particularly when the political and economic environments are dynamic and leads to increased non-performing credits. Through the network-based fuzzy inference system (ANFIS), which was made adaptive, the research reveals that the most accurate credit risk predictions are offered due to the dynamic models, which enhance the overall effectiveness of risk management. This indicates that the banks should implement adaptable and data-driven credit risk policies to increase financial stability especially in unstable environments.

The report by **(Bülbül et al., 2019)** investigated the determinants affecting the use of credit risk management practices by banks in German savings banks. The paper also points to competition in the banking industry, and the concentration of the loan market as two key factors that lead to the decisions taken by banks to adopt advanced risk management instruments, such as credit portfolio modeling, and credit risk transfer. Through hand-collected survey data and balance-sheet and regional economic data, the authors observed that the banks that have competitive environments on which their loan sectors are highly concentrated are more likely to implement advanced credit risk management practices. This implies that market conditions and internal strategic factors are motivators to the level and the nature of credit risk management that is taken by banks. The results suggest that commercial banks should align their risk management practices in line with competitive and sector specific factors to be able to reduce credit risk and improve financial stability.

The results also highlight the importance of good credit risk management practices such as good governance, diversification, and staff participation in minimizing credit risks and promoting financial stability in the commercial banks. Combining these strategies with organizational practices, banks will be able to handle the number of defaults more efficiently and enhance their profitability and integrate a strong and risk-conscious culture, which will lead to long-term stability and sustainability in their performance.

Research Gap

Even though credit risk management is generally recognized as an important element of financial stability and proper banking behavior, little effort has been put on how employees view the success of such practices in foreign banks operating in Bangladesh, especially in HSBC Bangladesh. The available literature is based on secondary financial information or simply concentrates on domestic banks and does not pay enough attention to the significance of employee insights as the key to decoding internal confidence, operating alignment, and the very application of credit risk models. Moreover, the results of other global settings cannot be directly transferred to the Bangladesh banking setting because of the variability in the regulatory provisions, institutional settings, and market forces. Consequently, no empirical data exists linking the perceptions of the employees regarding credit risk management including identification of the risks, assessment, monitoring, mitigation and governance with the perceptions of the employees regarding the financial stability of the bank.

This research will fill that gap by exploring the way employees rate the effectiveness of the credit risk management practices at HSBC Bangladesh and the way such perception influences their trust in the financial stability of the bank. Trend analysis is also used to determine objective financial indicators such as ROA, ROE, NPL, NIM, and CAR in order to fortify the analysis.

Methodology

Research Design

This paper follows a quantitative research design is used to investigate the perception of employees on effectiveness of credit risk management (CRM) practices, and its effects on employee's opinion on the financial stability of HSBC Bangladesh. he most serious risks to banks are credit risks because they may lead to a potential financial loss in case of failure to meet obligations by the borrowers. It is important to understand how employees view the management of this risk and how it affects the overall financial stability of the bank as a way of ensuring operational efficiency and strategic decision-making.

A descriptive correlational design will be used. The picture of the Descriptive approach will present a clear view of the Employees perception of the HSBC credit risk management practices such as the risk Identification, assessment method, monitoring strategies, mitigation processes, and governance. This will offer a thorough insight into the perceived efficiency of risk management processes in the organization. The correlational element will be used to statistically quantify the association between these CRM dimensions and their perceived role in financial stability, illustrated in the regression model.

Quantitative approach provides an objective and numerical study of measurable variables, where results can be presented in a statistical relationship instead of subjective interpretation. This methodology offers a strong empirical foundation to identify the existence of positive relationship between employee perceptions of credit risk management practices and the perceived financial stability. Trend analysis of key financial ratios like Return on Assets (ROA), Return on Equity (ROE), Non-Performing Loan (NPL) ratios, Net Interest Margin (NIM) and Capital Adequacy Ratio (CAR) ratios over the last six years using secondary data in the annual reports of HSBC Bangladesh will also be used to support the validity of the overall results.

Hypothesis Development

H1: Employees perceived effectiveness of credit risk identification significantly affects their perception of HSBC Bangladesh's financial stability.

H2: Employees perceived effectiveness of credit risk assessment significantly affects their perception of HSBC Bangladesh's financial stability.

H3: Employees perceived effectiveness of credit risk monitoring significantly affects their perception of HSBC Bangladesh's financial stability.

H4: Employees perceived effectiveness of credit risk mitigation strategies significantly affects their perception of HSBC Bangladesh's financial stability.

H5: Employees perceived effectiveness of credit policy and governance significantly affects their perception of HSBC Bangladesh's financial stability.

Sample Selection

The research is confined to HSBC Bangladesh and its employees of the departments that deal directly or indirectly with credit risk management and financial processes. The sample will consist of the respondents in the important functions: Risk and Compliance, which incorporates, Wholesale Credit and Market Risk, Enterprise Risk Management, Regulatory Compliance Risk, Finance, Markets and Securities Services, Legal, Corporate and Institutional Banking, Communications and Global Trade Solutions. There is the selection of 50 respondents.

The purposive and convenience sampling combination are employed. It is believed that employees most engaged in the process of credit evaluation, risk management, risk mitigation, and portfolio management will be most relevant because their perceptions are likely to give worthwhile information on the effectiveness of the credit risk management practices and how they have contributed to the overall financial stability of the bank. The target group of the study, therefore, comprises of any of the employees at HSBC Bangladesh who are directly or indirectly involved in the credit risk management process.

Selection of the Period

The study analyzes the six-year period (2019-2024). This quarter represents post-COVID business readjustments of HSBC. It incorporates new amendments of Bangladesh bank regulations and circulars, which shaped lending policies, provisioning, and capital requirements. The internal policies and credit risk structures of HSBC have changed throughout the period, and the study was able to record patterns in risk management practices as well as the financial performance. This is the time that allows the study to quantify both the short term and medium-term effects of credit risk management on financial stability of the bank.

Sources of Data

Primary Data – Questionnaire

To achieve the goals of this report and make sure that the participants could share their perceptions freely, the questionnaire was developed in detail and was divided into several phases. The questions were based on the available literature on credit risk management and its correlation with financial performance, but the questions were modified to suit the operational practices and policies of HSBC Bangladesh. The primary method of quantifying employee perceptions in the questionnaire is a five-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) that is used as a way of measuring perception in a consistent and measurable manner. The responses were collected through google form. It consists of the following major sections:

1. Credit Risk Identification
2. Credit Risk Monitoring
3. Credit Risk Mitigation
4. Credit Policy and Governance
5. Perceived Financial Stability

Secondary Data

To supplement primary data and have a balanced analysis, secondary data are gathered using credible and publicly available sources, which will give objective sources of data of financial performance and credit risk profile of HSBC Bangladesh. These sources of data will be used to confirm the perceptions of the employees using quantifiable financial metrics and regulatory background.

Annual Reports (2019–2024) - These reports are presented with the quantitative data like Return on Assets (ROA), Return on Equity (ROE), Non-Performing Loan (NPL) ratios, Net Interest Margin (NIM), and Capital Adequacy Ratio (CAR). This information will be used to perform a trend analysis, identifying patterns in financial stability and profitability in relation to credit risk management practices over the selected period. Bangladesh Bank Circulars and Guidelines - These are documents that contain the control system of credit risk management, lending limits, capital sufficiency, and provisioning regulations. By looking at these guidelines, it is possible to make the study consistent with the national regulatory environment that HSBC is operating in. Published Literature and Research Papers - Academic papers and industry publications on credit risk and financial performance have been examined to enhance the theoretical basis and assist the results interpretation process.

Data Analysis Techniques

The survey data will be analyzed using SPSS software, while the trend analysis of financial performance metrics (Return on Assets (ROA), Return on Equity (ROE), Non-Performing Loan (NPL) ratios, Net Interest Margin (NIM), and Capital Adequacy Ratio (CAR)) over the past six years will be conducted in Microsoft Excel. The statistical tools used in this study include:

1. Descriptive Statistics.
2. Reliability Analysis (Cronbach's Alpha).
3. Correlation Analysis.
4. Linear Regression Analysis.

Table 1: Variables

Variables	Process	References of variables
Independent Variables (IVs)		
Credit Risk Identification (CRI)	Evaluate views on the sufficiency of screening of the borrowers, application of risk indicators, and early warning systems. Efficient identification assists in eliminating defaults and overall quality of the loan portfolio.	(Drehmann & Juselius, 2014)
Credit Risk Assessment (CRA)	Views on assessment of Creditworthiness of borrower, the number of credit reviews conducted, and whether the bank risk assessment models are correctly identifying possible loan defaults to judge credit risk assessment system.	(Chen et al., 2016)
Credit Risk Monitoring (CRM)	It addresses the views on rate of review of portfolios, continued assessment of performance of the borrowers, and reporting mechanisms adopted to identify the initial indicators of credit decay. Good monitoring improves preemptive risk management and financial stability.	(Alhassan et al., 2018)

Credit Risk Mitigation (CRMT)	Evaluates views on the sufficiency of the efforts made to reduce credit losses including collateral management, guarantees, portfolio diversification and restructuring policies. used to understand how these mitigation practices can decrease the non-performing loans (NPLs).	(Bakar et al., 2022)
Credit Policy and Governance (CPG)	Examines the views of employees regarding the governance framework that operates in credit risk management, such as policy compliance, transparency, and responsibility in credit decision-making	(Holder-Webb & Sharma, 2010)
Dependent Variable (DV)		
Perceived Financial	The measurement will be the perception of the employees on the effect of the proper	(Iddagoda & Gunawardana, 2017)

Additional Financial Data Validation:

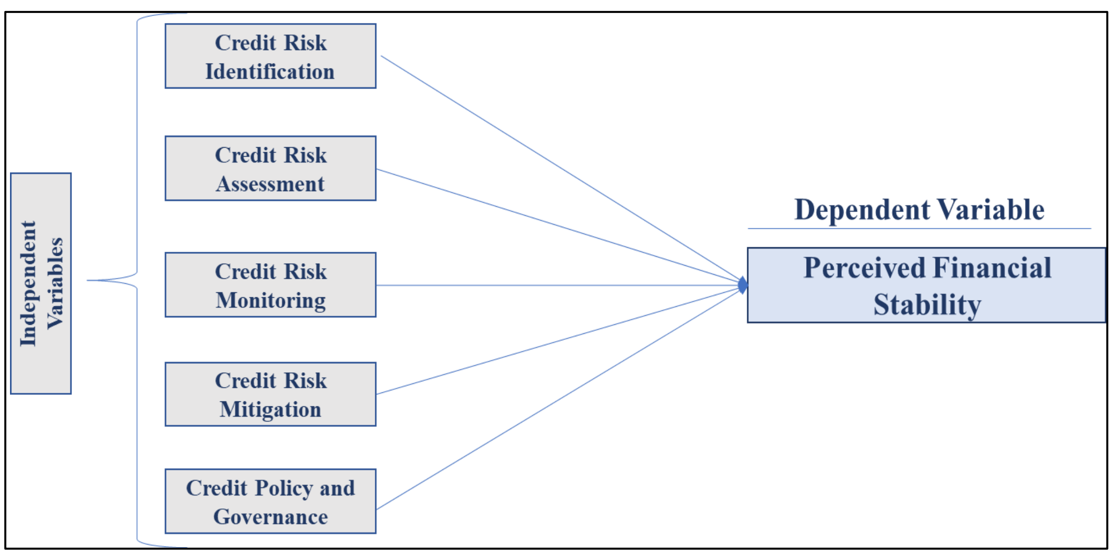
Return on Assets (ROA), Return on Equity (ROE), Non-Performing Loan (NPL) ratios, Net Interest Margin (NIM), and Capital Adequacy Ratio (CAR) – used for trend analysis to authenticate employee perceptions with actual financial performance over the past six years. In the given study, multiple Likert-scale items based on the operationalization of all research variables were created to address the perceptions of the employees towards credit risk management practices and financial stability. Each construct was divided into a few statements in the questionnaire that were categorized into the following: Credit Risk Identification (CRI1 to CRI3), Credit Risk Assessment (CRA1 to CRA3), Credit Risk Monitoring (CRM1 to CRM3), Credit Risk Mitigation (CRMT1 to CRMT3), Credit Policy and Governance (CPG1 to CPG3), and Perceived Financial Stability (PFS1 to PFS5). To check the validity of these constructs, the Alpha of Cronbach was determined on a per- group of items basis and all constructs passed the satisfactory internal consistency being 0.60 which is the acceptable threshold of goodness in exploratory research. Before the correlation and regression analysis, composite scores were obtained by averaging the items responses under each construct as an example, the average of CRI1 to CRI3 was used to obtain the CRI composite score. All the later statistical processes such as descriptive analysis, Pearson correlation, and linear regression were then applied to these composite values. This method was critical in the sense that all the variables represented a general perception of the construct they were designed to measure as opposed to individual responses given by the items, and this enhanced the validity and interpretability of results.

Conceptual Framework

The conceptual framework is presented to indicate the connection between the independent variables Credit Risk Identification, Credit Risk Assessment, Credit Risk Monitoring, Credit Risk Mitigation, and Credit Policy and Governance with the dependent variable, Perceived Financial Stability. All these credit risk management elements are the internal procedures of HSBC Bangladesh to identify, assess, track, and control the credit exposure. The underlying assumption of the framework is that a successful application of the practices has a positive impact on the perception of the employees on the financial stability of the bank. On the other hand, the lack of strength in any of the CRM aspects might decrease the confidence in the long-term financial sustainability of the bank.

The framework visually demonstrates how each credit risk management factor contributes to shaping employees' overall perception of financial stability.

Figure 4: Conceptual Framework



Primary data were used to conduct the study through questionnaires were filled by 50 respondents. The questionnaire items were grouped into a construct (i.e., Credit Risk Identification (CRI), Credit Risk Assessment (CRA), Credit Risk Monitoring (CRM), Credit Risk Mitigation (CRMT), Credit Policy and Governance (CPG), and Perceived Financial Stability (PFS)). All statistical tests were done using these aggregate variables, such as descriptive statistics, correlation, and regression. Cronbach Alpha was used to test the internal consistency of the items, and therefore the constructs have been found to be reliable.

Descriptive Statistics

Table 2: Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CRI	50	2.67	5.00	3.7736	.58099
CRA	50	3.00	4.67	4.0800	.41323
CRM	50	2.00	5.00	3.7500	.70167
CRMT	50	2.67	4.67	3.6936	.52549
CPG	50	3.00	5.00	4.1200	.49031
PFS	50	2.80	4.60	3.7920	.45885
Valid N (listwise)	50				

The descriptive statistics show the minimum, maximum, mean, and standard deviation of the values that were provided from the responses collected. It shows the summarize responses collected from 50 HSBC Bangladesh employees regarding their perceptions of

the effectiveness of Credit Risk Management (CRM) components and the bank's financial stability. The variables include Credit Risk Identification (CRI), Credit Risk Assessment (CRA), Credit Risk Monitoring (CRM), Credit Risk Mitigation (CRMT), Credit Policy & Governance (CPG), and Perceived Financial Stability (PFS). All variables were measured on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

The minimum values of the variables range from 2.00 to 3.00, while the maximum values reach up to 5.00 across all constructs. This indicates that employees generally expressed moderate to strong agreement with the statements related to credit risk management practices and financial stability. The mean scores show a positive perception across all dimensions of credit risk management. CRA (4.08) and CPG (4.12) recorded the highest mean values, suggesting that employees strongly believe that standardized credit assessment processes and robust governance practices are effectively implemented at HSBC Bangladesh. CRI (3.77) and CRM (3.75) also show favorable responses, reflecting employee confidence in risk identification and monitoring practices. CRMT (3.69), while slightly lower, still indicates a positive perception regarding mitigation measures. The dependent variable, Perceived Financial Stability (PFS), with a mean of 3.79, shows that employees generally view HSBC Bangladesh as financially stable, supported by effective credit risk management processes.

The values of standard deviation between 0.41 and 0.70 represent the low to medium variability of responses, i.e. many of the employees have similar opinions on the effectiveness of CRM practices. Overall, the descriptive results indicate that the HSBC Bangladesh employees report that an effective system of credit risk management is in place at the bank, which contributes to its financial stability and long-run sustainability.

Reliability Analysis (Cronbach's Alpha)

Table 3: Reliability Statistics

Cronbach's Alpha	**N of Items**
.600	6

Table 4, indicates the reliability data of the study variables with Cronbach's Alpha equal to 0.600 when used to interpret the six constructs in the analysis. This value is not as high as the ideal level of 0.70; however, a value of 0.6 can still be accepted as the acceptable level of a coefficient of exploration studies, especially when dealing with perception-based studies where answers can be different in different people. It means that the items in the scales that measure the dimensions of credit risk management and perceived financial stability exhibit moderate internal consistency. Consequently, the variables will be fit to undergo additional analyses including correlation and regression to determine the association between how employees perceive credit risk management practices and the financial stability of HSBC Bangladesh.

Pearson's Correlation

Table 4: Pearson's Correlation

		CRI	CRA	CRM	CRMT	CPG	PFS
CRI	Pearson Correlation	1	.126	.743***	.838***	-.166	.314*
	Sig. (2-tailed)		.385	<.001	<.001	.250	.026

	N	50	50	50	50	50	50
CRA	Pearson Correlation	.126	1	.036	-.061	.017	.047
	Sig. (2-tailed)	.385		.806	.672	.909	.746
	N	50	50	50	50	50	50
CR M	Pearson Correlation	.743***	.036	1	.646***	-.044	.025
	Sig. (2-tailed)	<.001	.806		<.001	.759	.861
	N	50	50	50	50	50	50
CR MT	Pearson Correlation	.838***	-.061	.646***	1	-.092	.226
	Sig. (2-tailed)	<.001	.672	<.001		.523	.114
	N	50	50	50	50	50	50
CPG	Pearson Correlation	-.166	.017	-.044	-.092	1	-.141
	Sig. (2-tailed)	.250	.909	.759	.523		.329
	N	50	50	50	50	50	50
PFS	Pearson Correlation	.314*	.047	.025	.226	-.141	1
	Sig. (2-tailed)	.026	.746	.861	.114	.329	
	N	50	50	50	50	50	50
***. Correlation at 0.001(2-tailed)							
*. Correlation is significant at the 0.05 level (2-tailed).							

The results of the Pearson correlation are represented in Table 5, where the correlations between the independent variables (Credit Risk Identification, Credit Risk Assessment, Credit Risk Monitoring, Credit Risk Mitigation, and Credit Policy & Governance) and the dependent variable, Perceived Financial Stability were provided. The findings demonstrate that there is a positive and significant correlation between CRI and PFS ($r = 0.314$, $p < 0.05$), and this finding implies that the employees who believe that HSBC Bangladesh successfully determines credit risks would have a more positive perception of the bank as more financially stable.

Conversely, CRA, CRM and CRMT are very weakly correlated with PFS, and statistically insignificant. It means that, despite the importance of these processes as the key elements of credit risk management, employees do not consider them to be the processes that have a rather high direct impact on the financial stability of the bank. Also, CPG is negatively. Correlated with PFS and this is statistically non-significant as evidence of the perceived relationship between the rules governing corporate behavior and financial stability, as perceived by employees.

Overall, the results reveal that the elements of credit risk management are associated to a different extent with the perceived financial stability. Out of them, only Credit Risk Identification exhibits a significant correlation when it comes to the perceived significance in influencing employee confidence in the financial resilience of the bank. As can be concluded, early identification of credit risks is considered by the employees to be the most significant element that helps HSBC Bangladesh to be financially stable, whereas other CRM operations are regarded as less directly related to the conclusion.

Regression Analysis

The regression analysis was performed to explore how the elements of credit risk management have an impact on financial stability perceptions of employees of HSBC Bangladesh. The independent variables used in the model are Credit Risk Identification (CRI), Credit Risk Assessment (CRA), Credit Risk Monitoring (CRM), Credit Risk Mitigation (CRMT) and Credit Policy and Governance (CPG) whilst Perceived Financial Stability (PFS) is the dependent variable. The six independent variables were all keyed in through the usual Enter method which used the joint and contribution of individual credit risk management factor towards the perceived financial stability variance among HSBC employees.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.449[a]	.201	.110	.43278

a. Predictors: (Constant), CPG, CRA, CRM, CRMT, CRI

According to the model summary, the correlation coefficient (R) is 0.449, which means that there is a moderate relationship between the independent variables and the perceived financial stability among employees. The coefficient of determination, the R Square, is

0.201 that is why 20.1 per cent of the variation in perceived financial stability can be described by the six variables of credit risk management (CRI, CRA, CRM, CRMT, and CPG) that are contained in the research sample. The adjusted R square value 0.110 explains the number of predictors in the model thus gives a less conservative estimate of the explanatory power of the model. Such findings indicate that although the credit risk management variables would contribute some degree to the overall perceptions of employees of the financial stability of HSBC Bangladesh, there is a significant amount of variation due to other variables obtained outside of this model. However, the model reveals that the chosen credit risk management practices significantly and, at the same time, moderately influence the perceived financial stability.

Table 6: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.076	5	.415	2.216	.070[b]
	Residual	8.241	44	.187		
	Total	10.317	49			
a. Dependent Variable: PFS						
b. Predictors: (Constant), CPG, CRA, CRM, CRMT, CRI						

Analysis of this equation indicates that although the independent variables (Credit Risk Identification, Credit Risk Assessment, Credit Risk Monitoring, Credit Risk Mitigation, and Credit Policy and Governance) do explain some part of the variance in employee perceived financial stability, the impact is not significant enough to be judged as statistically significant. Hence, the effects of these factors related to credit risk management on the perception of the financial stability of HSBC Bangladesh among the employees seem to be insignificant according to this model.

Table 7: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.387	.954		3.549	<.001
	CRI	.578	.240	.731	2.404	.021
	CRA	-.038	.159	-.034	-.236	.814
	CRM	-.298	.133	-.455	-2.234	.031
	CRMT	-.086	.228	-.099	-.378	.707
	CPG	-.045	.130	-.048	-.350	.728
a. Dependent Variable: PFS						

The regression equation based on the model can be expressed as:

PFS =	**3.387 + 0.578CRI - 0.038CRA - 0.298CRM - 0.086CRMT - 0.045CPG + e**

The results of Table 8 show the regression coefficients of the effect of credit risk management variables on employees perceived financial stability in HSBC Bangladesh. The regression analysis indicates that the perceived financial stability of employees in HSBC Bangladesh is dependent on the credit risk management practices. As proper credit risk management is a crucial aspect of risk governance in an organization, this is a critical role in even emerging financial markets such as in Bangladesh.

The bank as a whole is seen through the prism of risk identification, risk assessment, monitoring, mitigation, and governance policies. Among these, there is Credit Risk Identification (CRI), which has a positive coefficient (B = 0.578, p = 0.021) implying that the employees feel that the bank is more stable financially when the credit risks are

identified effectively before they occur. Proper identification of risks that could occur fosters a feeling of confidence in the organization to avoid financial losses and instead achieve long term stability.

On the other hand, the negative coefficient of Credit Risk Monitoring (CRM) is -0.298 (p

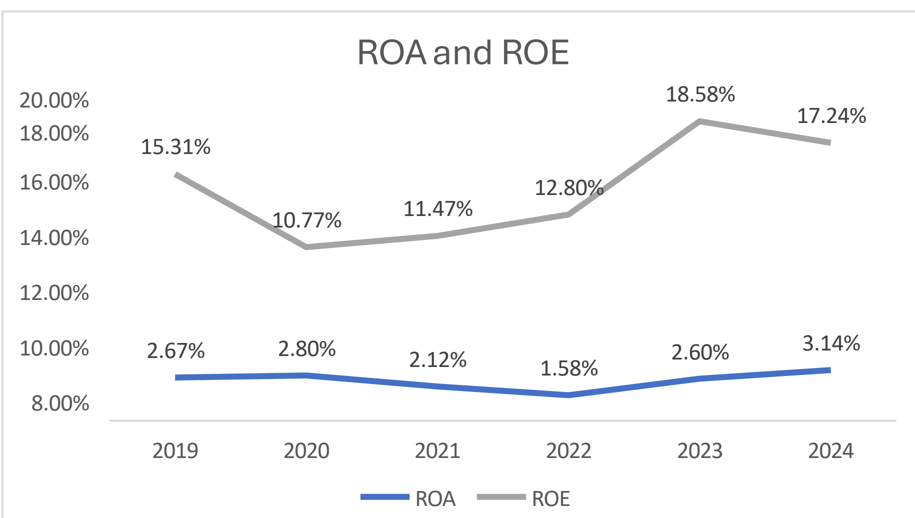
= 0.031). Although it is required to track loans pending and repayment habits, over scrutinizing can mean that credit risks are inherent among employees. This may cause one to feel riskier in the organization and feel less financial stability. On the same note, Credit Risk Assessment (CRA), Credit Risk Mitigation (CRMT), and Credit Policy and Governance (CPG) also show negative coefficients (CRA: B = -0.038, p = 0.814; CRMT: B = -0.086, p = 0.707; CPG: B = -0.045, p = 0.728), but not in a statistically significant way. This means that these activities are significant operationally and to the regulatory degree, but employees do not feel that these have a direct impact on financial stability.

On the whole, the results indicate that, though the need to establish a comprehensive credit risk management framework is quite high, the perception of financial stability among the employees is most likely to be influenced by the proactive identification of risks. Having too much control or being too strict in bringing the policy about, as much as it is essential in compliance, can send the wrong message to the employees, who might lose trust. Thus, HSBC Bangladesh must pay attention to the equilibrium between the strong identification of the risks and their measured monitoring and supportive governance practices to enable the employees to be confident in its financial stability. This equation demonstrates that Credit Risk Identification has the most positive effects on perception of financial stability among employees with other variables having non-significant or negative impacts on employee perception.

Trend Analysis

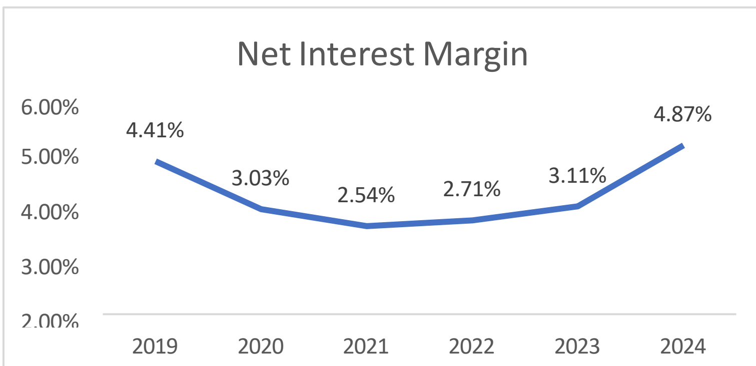
Trend analysis is to be carried out in order to give the objective evaluation of the financial performance of HSBC Bangladesh to complement the subjective views gathered among employees. The essential indicators that would be examined are discussed during the six- year period (2019 to 2024):

Figure 5: Trend Analysis of ROA and ROE



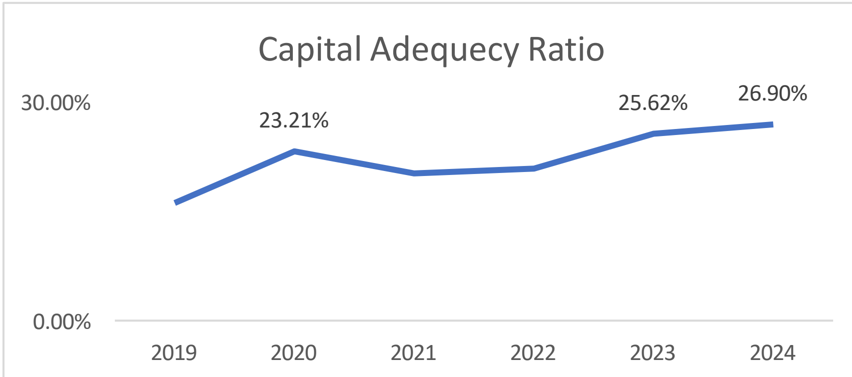
The trend analysis of 2019 to 2024 ROA and ROE demonstrate significant variability but ends with an improvement in financial performance of HSBC Bangladesh. ROA experienced a decline in 2019 to 2.67% to reach a minimum of 1.58% in 2022 then resumed its upward trend to 3.14% in 2024, which reveals the low efficiency of assets and then the high efficiency of operations and management of credit risk. Likewise, ROE went down to 15.31% in 2019 and then to 10.77% in 2020 but slowly rebounded and reached 12.80% in 2022 and dramatically so to 18.58% in 2024. This recovery is an indicator of better profitability as compared to equity and good use of capital. Together, these trends confirm to the employees that more effective risk identification, improved internal controls and mitigation practices are positive in the long term, in terms of the financial stability and performance of the bank

Figure 6: Trend Analysis of Net Interest Margin



The NIM trend is highly fluctuated within the six-year period, with the initial mark of 4.41 in 2019, then decreased to 3.03 in 2020, and once again to 2.54 in 2021. It later steadily increased to 2.71% by 2022 and 3.11% by 2023 before soaring to 4.87% in 2024. This difference indicates that HSBC Bangladesh experienced some difficulties in controlling the interest income compared to its earning assets during the initial years, which may have been caused by higher funds raising costs or change in lending habits. The robust recovery in 2024 indicates improved interest rate management, strong credit risk management, and optimal loan portfolio strategies. All in all, this trend supports the perceptions of the employees and they confirm the fact that operational efficiency and good risk management have a positive impact on the profitability of the bank because of core lending operations.

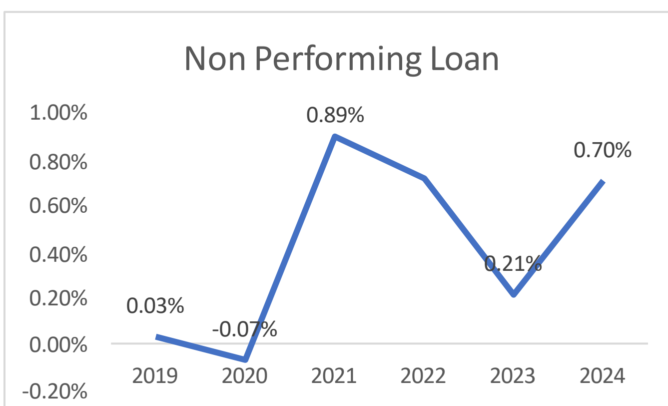
Figure 7: Trend Analysis of Capital Adequacy Ratio (CAR)



The CAR trend depicts a very strong and rising capital position of HSBC Bangladesh. Since 16.13% in 2019, CAR rose dramatically to 23.21% in 2020 and stayed above 20% until 2021 and 2022. This trend has remained upwards, with the bank increasing to 25.62% and then even more to 26.90% in 2023 and 2024 respectively, which is evidence that it has maintained a very strong capital buffer far exceeding the minimum requirements by the regulator, which is a sign of a conservative risk posture as well as a solid balance sheet strength. The increasing CAR coincides with the employee views of good credit management and risk reduction, because the increased capital strength increases the capacity of the bank to absorb any unanticipated losses.

In general, the trend of CAR supports the results of the survey, proving the fact that disciplined risk management and capital planning practices of HSBC Bangladesh add to its image of financial stability and sustainability in the long term.

Figure 8: Trend Analysis of Non-Performing Loan (NPL)



The HSBC Bangladesh NPL trend reflects stable low rates of loan default, which further support the high credit quality and proper risk management technologies of the bank. The NPLs were very low during the six-year period with the starting point being 0.03% in 2019 and the final position being -0.07% in 2020, which shows that it was in a net recovery position. Even though NPLs reached 0.89 percent in 2021 and even lower, at 0.71 percent, in 2022, these figures remain very low against industry benchmarks in Bangladesh. In 2023, NPLs fell once more to 0.21% and then increased slightly to 0.70% in 2024 also within a healthy range. Such fluctuations are small, and indicate the capacity of the bank to exercise a disciplined credit underwriting, a robust monitoring process, and sound mitigation methods.

This NPL trend strongly supports employee perceptions from the survey particularly regarding effective credit risk identification, monitoring, and mitigation. The consistently low default rates validate that HSBC's credit risk management practices translate into real financial outcomes, enhancing overall confidence in the bank's long-term financial stability.

Chapter 6: Conclusion & Key Facts

Recommendation for Improving Departmental Operations

The recommendations of this report are based on the findings that connect credit risk management practices with the perception of financial stability among the employees in the HSBC Bangladesh. Since credit risk management is a strategic approach in protecting financial vigor and institutional trust, there are a number of specific suggestions that are projected to improve the perceived and actual financial stability in the bank.

First, HSBC Bangladesh is to reinforce its Credit Risk Identification model because this variable showed the highest and the most crucial effect on the perceived financial stability. They should also introduce regular capacity-building programs, scenario-based training and sophisticated analytical tools to help the workers to perform better at detecting early warning signals. Investment in predictive credit analytics and market intelligence solutions will enable employees to have greater confidence in the bank which will be proactive in predicting and managing credit risks.

Secondly, the bank ought to balance the process of Credit Risk Monitoring. The results reveal that too much or strict surveillance can decrease the feelings of employees regarding stability. As such, the redesign of monitoring activities should be made more supportive than punitive, i.e., emphasizing positive feedback, live dashboard, and shared risk assessment. Elimination of needless bottlenecks in the processes and smarter automation can help in reducing monitoring fatigue and enhancing the perception of the stability among employees.

Third, there should be more focus on open and transparent communication and control of credit policy. Despite the rather weak statistical impact of Credit Policy and Governance, on the perceived stability, it is possible to enhance the awareness of employees by strengthening the clarity of approval procedures, risk limit, and governance arrangements. Internal trust would be enhanced by making governance structures more transparent, using workshops, policy refresher sessions, as well as internal communication channels.

Fourth, HSBC Bangladesh should keep enhancing its risk mitigation practices particularly in collateral management, contingency planning and recovery. Digitization of these operations through automated collateral valuation, early default notices and loan restructuring models can help increase operational effectiveness. When mitigation efforts are viewed responsive, well-coordinated and technologically advanced, chances are high that employees will have confidence in their financial security.

Fifth, the bank ought to incorporate the monitoring of employee perception in its CRM governance framework. As employee perception has turned out to be a useful gauge of internal stability, HSBC might implement the periodic perception surveys, feedback, and internal risk discussion sessions.

This will enable the management to notice changes in the confidence of employees early enough and take corrective action in ensuring the stability of the bank.

Lastly, the conclusions of the trend analysis of the ROA, ROE, NPL, NIM, and CAR underline the fact that HSBC Bangladesh is a strong financial institution. In order to sustain this positive trend, the bank must ensure that its credit strategy is also inspired by the long- term sustainability objectives by making sure that the CRM practices are not merely obligatory regulations, but significant elements of strategic risk management. With CRM permeating through the corporate decision-making processes and creating a stronger linkage between financial performance and internal perceptions, the bank will be able to further develop its resilience, the trust of its stakeholders, and competitive power on the Bangladeshi market.

All in all, the recommendations focus on improving the vigilance of risk detection, maintaining a balance between the intensity of monitoring, increasing the transparency of governance, improving mitigation tools and incorporating the messaged perceptions of the employees into the continuous CRM assessment. The measures will help HSBC Bangladesh to enhance the perceived and actual financial stability which will translate to excellence in operations and sustainable growth.

Key Understanding

The report offers a thorough insight into the effects that the practice of credit risk management has on the perceived financial stability of workers in HSBC Bangladesh. On the whole, the results suggest that although a number of elements of credit risk management are well-established within the bank, staff members mostly relate financial stability to the success of credit risk identification as opposed to other risk management aspects.

The descriptive statistics indicate that the 50 respondents indicated moderate to high results in the credit risk management dimensions. The mean scores of Credit Risk Identification (3.77), Credit Risk Assessment (4.08), Credit Risk Monitoring (3.75), Credit Risk mitigation (3.69) and Credit policy and Governance (4.12) are indicative of employee confidence towards the operational practices of the bank. Dependency variable, Perceived Financial Stability (3.79) further supports the idea that the employees have an overall perception that HSBC Bangladesh is a financially robust organization. Small standard deviations of the variables indicate a similarity in perceptions of employees indicating that risk management practices are clearly comprehended and homogenously acknowledged in the organization.

The reliability test resulted in Cronbach alpha of 0.600 which despite being slightly below the ideal Cronbach alpha of 0.70, still displays reasonable internal consistency in exploratory research. This was to be further analyzed using correlation and regression.

The results of the correlation indicate that the only variable that has a significant relationship with the Perceived Financial Stability is Credit Risk Identification ($r = 0.314$, $p < 0.05$). This underscores the fact that employees are highly concerned with the capacity of the bank to detect risks early on as a major measure of stability in future. The rest of the variables (assessment, monitoring, mitigation and governance) were not found to have significant relationships which indicate that employees might perceive such activities as routine operations but not direct outputs in terms of achieving financial stability.

These findings are reinforced by regression analysis. The significant positive impact on the perception of the employees of the stability has been identified with Credit Risk Identification ($b = 0.578$, $p = 0.021$) and, thus, its role in the internal risk culture of the bank should be acknowledged. Interestingly, there is also a huge negative correlation of Credit Risk Monitoring ($b = -0.298$, $p = 0.031$), meaning that over-monitoring or practices that are more surveillance oriented might be construed by workers to be a signal of increased risk, as opposed to stability. It was not statistically significant that other predictors are credit assessment, mitigation and governance. The model accounts 20.1 percent of variance in Perceived Financial Stability ($R2 = 0.201$), which means that the effect of risk practices to employee perceptions is not exclusive, but other factors that are not available in this research contribute to the variance. The outcome of the ANOVA ($p = 0.070$) indicates that the model is marginally significant, implying that in general, credit risk management has a slight effect on the perceptions of stability.

Financial trend analysis has also been done to confirm these findings based on the perceptions made. The trends of ROA and ROE indicate that in recent years the company has been recovering in terms of profitability and efficiency of operations. In 2024, Net Interest Margin growth shot up significantly following recent years of fluctuation which showed improved income management. The CAR of HSBC has been maintaining a high level of capital buffers and prudent management of risk-weighted assets being above the regulatory requirement. The level of NPLs remained very minimal during the six-year time span which proved effective application of credit underwriting, monitoring, and mitigation. These objective indicators constitute at least some part of employee perception with regard to the overall financial stability of the bank.

In conclusion, it can be noted that the evidence indicates that HSBC Bangladesh is a company with good credit fundamentals, good policies, good governance, and low rates of non-performing loans. The financial stability of the bank is widely known by the employees, and this is enhanced by the good capital adequacy of the bank, the improvement in the trend of profitability and the increased net interest margins, witnessed over the past few years. Of all the aspects of credit risk management studied within the framework of the research, the factor that has the most significant impact on the confidence of the employees is the Credit Risk Identification. This stresses the need of early detection systems, good analytical skills, and proactive identification and risk in the establishment of a sense of security within the organization. On the other hand, the results demonstrate that the too intensive or strict credit-monitoring procedures can accidentally undermine the sense of financial security. Increased monitoring can be perceived as an indicator of increased underlying risk, operational pressure or requirement of reactive controls that ultimately impact on the confidence of the employees on the risk position of the bank. This observation highlights the need to ensure that the monitoring systems are designed to be effective, open, and encouraging as opposed to being reprimanding and overly restrictive. On the whole, the findings show that the balanced attitude towards credit risk management is necessary. Focusing on timely risk identification, clear and transparent governance, reinforcing communication on risk decision making, and keeping monitoring activity proportional and facilitative, HSBC Bangladesh will be able to become more effective in its operations and build greater internal confidence. This balance is essential to maintain financial stability as well as to motivate employees, to align internal perceptions with strategic goals and to experience long-term resiliency in a dynamic banking environment.

Conclusion

The objectives of this paper were to learn the perception that HSBC Bangladesh employees have about the effectiveness of the bank credit risk management (CRM) practices and how the perceptions relate to the total financial stability of the bank. Management of credit risk is quite a crucial aspect in banking stability as is the case to an international bank such as the HSBC Bangladesh which is operating in a constantly evolving regulatory and economic environment. Findings of this study validate the hypothesis that sound credit risk management practices including risk identification, risk assessment, risk monitoring, risk mitigation, and risk governance are the critical factors which determine the perceptions of the employees on the stability of the bank.

These perceptions are significant since the employees possess the knowledge of stability in operations from an internal perspective and they are the ones who are directly involved in ensuring the bank is not exposed to the risks associated with credit. This study, in accordance with the current literature, shows that employees associate high credit fundamental and financial resilience. Business performance of HSBC Bangladesh in accordance with the Bangladesh Bank regulations, the global regulations such as Basel III and world governance of credit provision is applicable in ensuring that credit risks are managed in a systematic and regulated framework. The practices promote transparency, accountability and trust within the organization including internal trust, and institutional integrity. In accordance with the findings of the survey, HSBC Bangladesh scores relatively high in the implementation of credit risk management practices, but Credit Risk Identification can be regarded as the most effective source of influences on the perceived financial stability of employees. This underscores the importance of the detection systems in place and the efficiency of the processes of analysis and proactive intervention in managing the future risks. Conversely, more or over credit monitoring appears to have been having ambivalent effects on employees, meaning that tightness in such monitoring may also be considered a sign of heightened internal risk. This leads to the consideration of the need to have a balance attitude that is not too lenient to make them incur losses, and not too strict to make it seem like it is overworking their operations.

Besides these survey data, the perceptions of the employees are supported by the trend analysis of financial metrics (ROA, ROE, NIM, NPL, and CAR). A sustainable and healthy financial status is reflected in the improvement of asset efficiency, good capital buffer, declining non-performing loans and rising net interest margins. These objective financial trends strike a balance in the qualitative data gathered among the employees that the bank possesses an effective credit management structure that forms the basis of the real financial health.

Overall, the paper concludes that management of credit risk has perceptual and practical implications on the financial stability of HSBC Bangladesh. Though not each of them is consciously perceived, the bigger picture is assisting in the establishment of a disciplined, transparent, and well-governed operating environment. The interdependence between employee mood and financial indicators proves the urgency of sound credit risk measures which are necessary not only to satisfy the regulations but also to maintain trust, internal confidence, and long-term financial self-sufficiency.

It can be concluded that credit risk management is a significant factor in the perception and actual financial stability of the HSBC Bangladesh. The employees are aware of the good credit fundamentals of the bank including the risk identification and governance as well as the trend of positive financial performance offers practical reinforcement to the impressions. An equitable, transparent, and strategic outlook to CRM, which unites a strong level of risk identification with a sensible level of monitoring and active governance, will remain a strength to the stability of the bank, the internal confidence, and sustainability in the long run.

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Chapter 8: Appendices

Appendix A: Survey Questionnaire

Responses cannot be edited

Employees' Perceptions on Effectiveness of Credit Risk Management and Its Contribution to Financial Stability in HSBC

Internship report Survey

How do HSBC Bangladesh employees perceive the effectiveness of credit risk management practices, and how these contribute to the perception of financial stability?

The questions are to be answered from scale of 1-5 (Strongly Agree = 5, Agree = 4, Neutral = 3, Disagree = 2, Strongly Disagree = 1)

Credit Risk Identification

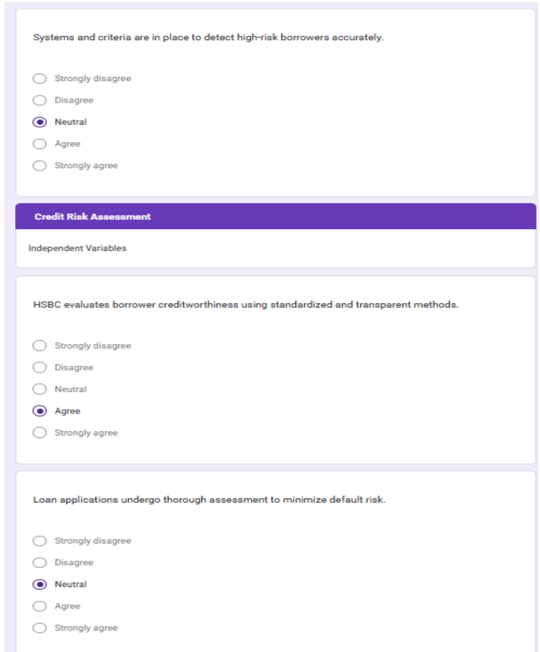
Independent Variables

HSBC has effective processes to identify potential credit risks before loan approval.

- ○ Strongly disagree
- ○ Disagree
- ○ Neutral
- ◉ Agree
- ○ Strongly agree

Employees are sufficiently trained to recognize early warning signs of credit risk.

- ○ Strongly disagree
- ○ Disagree
- ○ Neutral
- ○ Agree
- ◉ Strongly agree


Systems and criteria are in place to detect high-risk borrowers accurately.

- ○ Strongly disagree
- ○ Disagree
- ◉ Neutral
- ○ Agree
- ○ Strongly agree

Credit Risk Assessment

Independent Variables

HSBC evaluates borrower creditworthiness using standardized and transparent methods.

- ○ Strongly disagree
- ○ Disagree
- ○ Neutral
- ◉ Agree
- ○ Strongly agree

Loan applications undergo thorough assessment to minimize default risk.

- ○ Strongly disagree
- ○ Disagree
- ◉ Neutral
- ○ Agree
- ○ Strongly agree

Credit Risk Mitigation

Independent Variables

HSBC implements effective strategies to minimize potential credit losses.

○ Strongly disagree
○ Disagree
○ Neutral
◉ Agree
○ Strongly agree

Collateral, guarantees, and risk reduction measures are properly enforced.

○ Strongly disagree
○ Disagree
○ Neutral
○ Agree
◉ Strongly agree

Contingency plans are in place to manage loan defaults and non-performing loans.

○ Strongly disagree
○ Disagree
◉ Neutral
○ Agree
○ Strongly agree

Credit assessment procedures are updated regularly to reflect market and economic changes

○ Strongly disagree
○ Disagree
○ Neutral
◉ Agree
○ Strongly agree

Credit Risk Monitoring

Independent Variables

HSBC continuously monitors outstanding loans to detect potential credit issues

○ Strongly disagree
○ Disagree
○ Neutral
○ Agree
◉ Strongly agree

The bank has efficient mechanisms to track borrowers' repayment behavior

○ Strongly disagree
○ Disagree
◉ Neutral
○ Agree
○ Strongly agree

I believe HSBC is financially stable and capable of sustaining long-term operations

- Strongly disagree
- Disagree
- Neutral
- **Agree**
- Strongly agree

HSBC's credit risk management strategies enhance my confidence in its financial health.

- Strongly disagree
- Disagree
- **Neutral**
- Agree
- Strongly agree

Effective credit risk management practices contribute to HSBC's overall financial stability.

- Strongly disagree
- Disagree
- Neutral
- **Agree**
- Strongly agree

The bank's financial stability positively influences my perception of its reliability.

- Strongly disagree
- Disagree
- Neutral
- Agree
- **Strongly agree**

HSBC's internal practices make me confident about its long-term performance.

- Strongly disagree
- Disagree
- Neutral
- Agree
- **Strongly agree**

Appendix B: Survey Responses

Variable	Credit Risk Identification	Credit Risk Identification	Credit Risk Identification		Credit Risk Assessment	Credit Risk Assessment	Credit Risk Assessment		Credit Risk Monitoring	Credit Risk Monitoring		Credit Risk Mitigation	Credit Risk Mitigation	Credit Risk Mitigation		Credit Policy & Governance	Credit Policy & Governance		Perceived Financial Stability	Perceived Financial Stability	Perceived Financial Stability	Perceived Financial Stability	Perceived Financial Stability	
Statement	HSBC has effective processes to identify potential credit risks before loan approval.	Employees are sufficiently trained to recognize early warning signs of credit risk.	Systems and criteria are in place to detect high-risk borrowers accurately.		HSBC evaluates borrower creditworthiness using standardized methods.	Loan applications undergo thorough assessment to minimize default risk.	Credit assessment procedures are updated regularly.		HSBC continuously monitors outstanding loans.	The bank has mechanisms to track repayment behavior.		HSBC implements strategies to minimize credit losses.	Collateral and guarantees are properly enforced.	Contingency plans exist to manage defaults.		HSBC has clear and comprehensive credit policies.	Management ensures adherence to credit policies and regulations.		HSBC is financially stable and sustainable in the long term.	CRM strategies enhance my confidence in the bank's financial health.	Effective CRM contributes to HSBC's overall financial stability.	The bank's stability improves my perception of its reliability.	HSBC's internal practices strengthen my confidence in its long-term performance.	
Serial	CRI1	CRI2	CRI3	Mean	CRA1	CRA2	CRA3	Mean	CRM1	CRM2	Mean	CRMT1	CRMT2	CRMT3	Mean	CPG1	CPG2	Mean	PFS1	PFS2	PFS3	PFS4	PFS5	Mean
1	4	5	3	4.00	4	3	4	3.67	5	3	4.00	4	5	3	4.00	3	3	3.00	4	3	4	5	5	4.2
2	5	5	2	4.00	4	5	4	4.33	2	5	3.50	5	5	2	4.00	4	4	4.00	5	4	4	5	5	4.6
3	2	4	5	3.67	4	5	5	4.67	4	5	4.50	2	4	5	3.67	4	4	4.00	2	5	3	3	3	3.2
4	3	2	5	3.33	3	5	2	3.33	2	5	3.50	3	2	5	3.33	4	5	4.50	3	5	4	3	2	3.4
5	2	5	4	3.67	4	5	3	4.00	5	4	4.50	2	5	4	3.67	5	5	5.00	2	5	4	4	5	4
6	4	3	3	3.33	4	4	4	4.00	3	3	3.00	4	3	3	3.33	5	5	5.00	4	4	5	4	5	4.4
7	5	4	4	4.33	4	4	4	4.00	4	4	4.00	4	4	4	4.00	3	5	4.00	4	3	5	5	4	4.2
8	3	4	3	3.33	5	3	3	3.67	3	4	3.50	3	4	3	3.33	2	5	3.50	3	2	5	2	3	3
9	1	5	2	2.67	5	4	4	4.33	2	5	3.50	1	5	2	2.67	5	3	4.00	1	3	5	5	4	3.6
10	4	3	4	3.67	3	5	4	4.00	3	4	3.50	4	3	4	3.67	5	4	4.50	4	2	3	4	3	3.2
11	5	2	4	3.67	2	5	2	3.00	2	4	3.00	5	2	4	3.67	4	3	3.50	5	2	3	4	4	3.6
12	2	4	2	2.67	5	4	3	4.00	4	2	3.00	2	4	4	3.33	5	5	5.00	2	5	5	3	4	3.8
13	3	5	5	4.33	5	4	3	4.00	5	5	5.00	3	2	5	3.33	4	4	4.00	3	5	3	4	5	4
14	4	4	4	4.00	4	3	4	3.67	4	4	4.00	4	4	4	4.00	3	4	3.50	4	4	2	5	5	4
15	4	5	2	3.67	3	4	5	4.00	5	2	3.50	4	5	2	3.67	4	5	4.50	4	4	4	3	5	4
16	5	3	4	4.00	4	4	4	4.00	3	4	3.50	5	4	4	4.33	4	4	4.00	5	4	4	2	5	4
17	3	2	4	3.00	3	4	3	3.33	2	4	3.00	3	2	4	3.00	5	4	4.50	3	5	4	5	3	4
18	5	4	5	4.67	4	4	5	4.33	4	5	4.50	5	4	5	4.67	4	5	4.50	5	2	3	4	3	3.4
19	4	2	4	3.33	4	5	5	4.67	4	2	3.00	4	2	2	2.67	5	3	4.00	4	3	5	3	2	3.4
20	5	4	4	4.33	5	3	5	4.33	4	4	4.00	5	4	3	4.00	5	4	4.50	5	2	5	4	3	3.8
21	5	5	3	4.33	4	4	4	4.00	5	3	4.00	5	5	3	4.33	4	4	4.00	5	2	4	4	2	3.4
22	3	3	3	3.00	5	4	3	4.00	3	3	3.00	3	3	3	3.00	3	5	4.00	3	3	4	4	4	3.6

Variable	Credit Risk Identification	Credit Risk Identification	Credit Risk Identification		Credit Risk Assessment	Credit Risk Assessment	Credit Risk Assessment		Credit Risk Monitoring	Credit Risk Monitoring		Credit Risk Mitigation	Credit Risk Mitigation	Credit Risk Mitigation		Credit Policy & Governance	Credit Policy & Governance		Perceived Financial Stability	Perceived Financial Stability	Perceived Financial Stability	Perceived Financial Stability	Perceived Financial Stability	
Statement	HSBC has effective processes to identify potential credit risks before loan approval.	Employees are sufficiently trained to recognize early warning signs of credit risk.	Systems and criteria are in place to detect high-risk borrowers accurately.		HSBC evaluates borrower creditworthiness using standardized methods.	Loan applications undergo thorough assessment to minimize default risk.	Credit assessment procedures are updated regularly.		HSBC continuously monitors outstanding loans.	The bank has mechanisms to track repayment behavior.		HSBC implements strategies to minimize credit losses.	Collateral and guarantees are properly enforced.	Contingency plans exist to manage defaults.		HSBC has clear and comprehensive credit policies.	Management ensures adherence to credit policies and regulations.		HSBC is financially stable and sustainable in the long term.	CRM strategies enhance my confidence in the bank's financial health.	Effective CRM contributes to HSBC's overall financial stability.	The bank's stability improves my perception of its reliability.	HSBC's internal practices strengthen my confidence in its long-term performance.	
Serial	CRI1	CRI2	CRI3	Mean	CRA1	CRA2	CRA3	Mean	CRM1	CRM2	Mean	CRMT1	CRMT2	CRMT3	Mean	CPG1	CPG2	Mean	PFS1	PFS2	PFS3	PFS4	PFS5	Mean
22	3	3	3	3.00	5	4	3	4.00	3	3	3.00	3	3	3	3.00	3	5	4.00	3	3	4	4	4	3.6
23	2	4	5	3.67	2	4	4	3.33	4	5	4.50	2	4	5	3.67	4	4	4.00	2	2	4	5	2	3
24	4	2	4	3.33	4	5	4	4.33	2	4	3.00	4	2	4	3.33	4	5	4.50	4	3	3	5	3	3.6
25	1	4	4	3.00	4	2	4	3.33	4	4	4.00	4	3	4	3.67	5	4	4.50	4	2	5	3	2	3.2
26	3	2	5	3.33	4	5	3	4.00	2	5	3.50	3	2	5	3.33	4	4	4.00	3	2	5	4	4	3.6
27	5	4	5	4.67	5	5	3	4.33	4	5	4.50	5	4	2	3.67	5	4	4.50	5	2	5	4	5	4.2
28	4	5	4	4.33	5	4	5	4.67	5	4	4.50	4	5	4	4.33	4	5	4.50	4	4	4	5	4	4.2
29	5	4	3	4.00	5	4	5	4.67	4	3	3.50	5	4	3	4.00	3	4	3.50	5	4	2	3	5	3.8
30	3	5	4	4.00	5	5	4	4.67	5	4	4.50	3	5	4	4.00	3	5	4.00	3	4	2	2	3	2.8
31	5	3	3	3.67	4	4	4	4.00	3	3	3.00	5	3	3	3.67	4	4	4.00	5	3	4	4	4	4
32	4	2	3	3.00	4	5	4	4.33	2	3	2.50	4	2	3	3.00	5	5	5.00	4	2	5	2	2	3
33	5	4	5	4.67	3	5	4	4.00	4	5	4.50	5	4	5	4.67	2	5	3.50	5	4	3	4	4	4
34	5	5	4	4.67	3	4	4	3.67	5	4	4.50	5	5	4	4.67	5	4	4.50	5	2	2	5	4	3.6
35	3	3	4	3.33	3	4	5	4.00	3	4	3.50	3	3	4	3.33	4	3	3.50	3	5	3	4	5	4
36	3	4	5	4.00	5	3	5	4.33	4	5	4.50	3	4	5	4.00	5	4	4.50	3	4	4	2	4	3.4
37	5	2	2	3.00	5	4	5	4.67	2	2	2.00	5	2	2	3.00	3	4	3.50	5	2	4	4	4	3.8
38	4	4	4	4.00	5	2	4	3.67	4	4	4.00	4	4	4	4.00	4	5	4.50	4	4	5	2	3	3.6
39	5	2	4	3.67	5	5	4	4.67	2	4	3.00	5	2	2	3.00	4	3	3.50	5	4	3	5	3	4
40	3	4	4	3.67	4	4	5	4.33	4	4	4.00	3	4	4	3.67	3	5	4.00	3	5	5	5	4	4.4
41	5	5	4	4.67	4	5	3	4.00	5	4	4.50	5	5	4	4.67	3	3	3.00	5	4	4	5	5	4.6
42	4	4	5	4.33	3	5	4	4.00	4	5	4.50	4	4	4	4.00	4	4	4.00	4	5	5	5	4	4.6
43	5	2	2	3.00	3	5	4	4.00	2	2	2.00	5	2	2	3.00	5	4	4.50	5	3	5	4	5	4.4

Variable	Credit Risk Identification	Credit Risk Identification	Credit Risk Identification		Credit Risk Assessment	Credit Risk Assessment	Credit Risk Assessment		Credit Risk Monitoring	Credit Risk Monitoring		Credit Risk Mitigation	Credit Risk Mitigation	Credit Risk Mitigation		Credit Policy & Governance	Credit Policy & Governance		Perceived Financial Stability	Perceived Financial Stability	Perceived Financial Stability	Perceived Financial Stability	Perceived Financial Stability	
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Serial	CRI1	CRI2	CRI3	Mean	CRA1	CRA2	CRA3	Mean	CRM1	CRM2	Mean	CRMT1	CRMT2	CRMT3	Mean	CPG1	CPG2	Mean	PFS1	PFS2	PFS3	PFS4	PFS5	Mean
40	3	4	4	3.67	4	4	5	4.33	4	4	4.00	3	4	4	3.67	3	5	4.00	3	5	5	5	4	4.4
41	5	5	4	4.67	4	5	3	4.00	5	4	4.50	5	5	4	4.67	3	3	3.00	5	4	4	5	5	4.6
42	4	4	5	4.33	3	5	4	4.00	4	5	4.50	4	4	4	4.00	4	4	4.00	4	5	5	5	4	4.6
43	5	2	2	3.00	3	5	4	4.00	2	2	2.00	5	2	2	3.00	5	4	4.50	5	3	5	4	5	4.4
44	5	4	4	4.33	3	3	5	3.67	4	4	4.00	5	4	4	4.33	4	5	4.50	5	5	3	4	5	4.4
45	3	5	3	3.67	5	3	4	4.00	5	3	4.00	3	4	3	3.33	5	3	4.00	3	4	2	3	4	3.2
46	2	4	3	3.00	4	4	5	4.33	4	3	3.50	2	4	3	3.00	3	5	4.00	2	5	4	3	3	3.4
47	4	2	5	3.67	4	4	4	4.00	2	5	3.50	4	2	5	3.67	2	5	3.50	4	5	4	3	5	4.2
48	5	4	4	4.33	3	5	5	4.33	4	4	4.00	5	4	4	4.33	4	5	4.50	5	3	5	3	3	3.8
49	3	4	4	3.67	4	5	5	4.67	4	4	4.00	3	4	4	3.67	5	4	4.50	3	3	3	5	5	3.8
50	5	5	5	5.00	4	5	5	4.67	5	5	5.00	5	3	4	4.00	3	5	4.00	5	5	5	4	2	4.2

Appendix C: Output from SPSS Software

Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CRI	50	2.67	5.00	3.7736	.58099
CRA	50	3.00	4.67	4.0800	.41323
CRM	50	2.00	5.00	3.7500	.70167
CRMT	50	2.67	4.67	3.6936	.52549
CPG	50	3.00	5.00	4.1200	.49031
PFS	50	2.80	4.60	3.7920	.45885
Valid N (listwise)	50				

Pearson's Correlation

Correlations

Correlations

		CRI	CRA	CRM	CRMT	CPG	PFS
CRI	Pearson Correlation	1	.126	.743***	.838***	-.166	.314*
	Sig. (2-tailed)		.385	<.001	<.001	.250	.026
	N	50	50	50	50	50	50
CRA	Pearson Correlation	.126	1	.036	-.061	.017	.047
	Sig. (2-tailed)	.385		.806	.672	.909	.746
	N	50	50	50	50	50	50
CRM	Pearson Correlation	.743***	.036	1	.646***	-.044	.025
	Sig. (2-tailed)	<.001	.806		<.001	.759	.861
	N	50	50	50	50	50	50
CRMT	Pearson Correlation	.838***	-.061	.646***	1	-.092	.226
	Sig. (2-tailed)	<.001	.672	<.001		.523	.114
	N	50	50	50	50	50	50
CPG	Pearson Correlation	-.166	.017	-.044	-.092	1	-.141
	Sig. (2-tailed)	.250	.909	.759	.523		.329
	N	50	50	50	50	50	50
PFS	Pearson Correlation	.314*	.047	.025	.226	-.141	1
	Sig. (2-tailed)	.026	.746	.861	.114	.329	
	N	50	50	50	50	50	50

***. Correlation at 0.001 (2-tailed)

*. Correlation is significant at the 0.05 level (2-tailed).

Appendix D: Trend Analysis from Excel

Year	Net Interest Income	Average Earning Assets	NIM
2019	8,358,733,019	189,744,238,614	4.41%
2020	8,358,733,019	275,550,490,627	3.03%
2021	7,669,401,631	301,865,368,769	2.54%
2022	8,737,002,865	322,864,677,180	2.71%
2023	9,291,983,273	298,530,824,106	3.11%
2024	12,930,957,014	265,404,486,420	4.87%

Year	Total Capital (Tier I+II)	Total Risk Weighted Assets	CAR
2019	41,158,234,781	255,213,363,412	16.13%
2020	44,505,259,542	191,772,505,802	23.21%
2021	42,882,226,412	212,653,307,867	20.17%
2022	46,121,695,971	221,453,890,451	20.83%
2023	54,253,273,275	211,772,857,778	25.62%
2024	54,648,560,859	203,143,054,784	26.90%

Year	Provision for classified loans and advances	Total Loan	NPL
2019	78,810,375	232,931,113,367	0.03%
2020	-172,355,301	237,175,764,313	-0.07%
2021	2,132,156,550	239,877,646,548	0.89%
2022	1,607,598,472	225,609,969,203	0.71%
2023	453,055,100	217,090,145,863	0.21%
2024	1,319,746,776	189,277,560,453	0.70%

Years	ROA	Years	ROE	Years	Net Interest Margin	Years	Capital Adequecy Ratio	Years	Non Performing Loan
2019	2.67%	2019	15.31%	2019	4.41%	2019	16.13%	2019	0.03%
2020	2.80%	2020	10.77%	2020	3.03%	2020	23.21%	2020	-0.07%
2021	2.12%	2021	11.47%	2021	2.54%	2021	20.17%	2021	0.89%
2022	1.58%	2022	12.80%	2022	2.71%	2022	20.83%	2022	0.71%
2023	2.60%	2023	18.58%	2023	3.11%	2023	25.62%	2023	0.21%
2024	3.14%	2024	17.24%	2024	4.87%	2024	26.90%	2024	0.70%