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**Analysing the Behavior of the Interest Rate
Spread
in Bangladesh**

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Abstract

The interest rate spread (IRS), as derived by deducting the deposit rate from the lending rate, depends on cost of fund, administrative expenditures, provisioning, and margin of profit of the banks. The interest rate spread in Bangladesh is the highest among SAARC countries after Bhutan and Maldives. The overall IRS in the banking sector in Bangladesh was above 5 percent during the past twelve years which was considered as an impediment to private investment, industrialization, and economic growth. The business community and the policymakers of the country have been concerned with the matter in recent years. The IRS is higher in the Foreign Commercial Banks (FCBs) all along. Even after slight decline, it remained 6.83 percent in September, 2016. Private Commercial Banks (PCBs) occupy the second position where the rate ranges between 3.30 percent (Mercantile Bank Ltd.) to 9.46 percent (BRAC Bank Ltd.) in September, 2016. Apparently, the main causes for this situation originate from the practice of making excessive profit by the owners of the private banks, increasing classified loans in banking sector through fraud and forgery, and extremely high administrative cost and expenditure as salary and allowances in some banks. However, the overall interest rate spread is now decreasing slowly and stood at 4.72 percent at the end of September, 2016 as a result of intensive monitoring and putting moral pressure continuously on the banking sector by the central bank. A lower IRS can help investment and growth via reducing lending rates. Thus, this study has policy implications for economic growth in Bangladesh.

JEL Code: E43, E22, O14, O40, O53, N10

Key words: Interest rate spread, investment, economic growth, classified loan, administrative cost.

The authors are General Manager and Deputy General Manager, Research Department of Bangladesh Bank respectively. Any views expressed in this paper are authors' own and do not reflect that of Bangladesh Bank. The authors are grateful to Biru Paksha Paul and Md. Akhtaruzzaman for their active contribution as well as valuable suggestions for this paper. Comments are most welcome to: bilkis.sultana@bb.org.bd and mohammad.abdul@bb.org.bd

1. Introduction

The interest rate spread (IRS) is an important determinant for the stability of the financial system of a country. The economists, researchers as well as the business community has long been indicating that the high interest rate spread (IRS), difference between lending and deposit rate, acts as the major obstacle for investment and industrialization of the country and thus demanding for a much lower IRS as well as single digit lending rate. The importance of IRS is gradually increasing since it is considered as the effective index of the real cost of credit as well as expresses the picture of business. High interest rate spread indicates the inefficiency of the banking sector or the financial system. High IRS not only discourages the depositors in savings by reducing interest income on deposits but also the entrepreneurs in receiving high cost bearing credit. However, it is widely believed that high IRS discourages investment, obstruct economic growth engine, especially, the MSMEs as well as the overall rural economic growth of a country like Bangladesh. As such the policy makers of the country have been concerned into the matter in recent years.

Worldwide there is no unique consensus on what would be the ideal or optimal range or point of IRS. Traditionally, in Bangladesh BB prefer to maintain fairly low level IRS to say, below 4.5 percent. However, some of our neighboring countries enjoys relatively lower IRS compared to Bangladesh e.g. Sri Lanka, India, Pakistan.

In order to follow a market based interest rate policy in Bangladesh the ‘Financial Sector Reform Program (FSRP)’ started in the early 1990s. Bangladesh Bank, as the legal guardian of the banking sector and the financial system, has been monitoring the IRS regularly in order to consider the probable effects on the economy. IRS in the banking sector in Bangladesh has not yet come down to the desired level though Bangladesh Bank continued reminding the banks to decrease the IRS to a rational level (lower single digit) in recent years.

The purpose of this study is to provide an idea on the movement and trend of the interest rate spread in the banking sector of Bangladesh and to identify the various causes of high IRS in Bangladesh and as well as to find out causes of different IRS in different banks and make some policy recommendations.

2. Importance and Methodology of the IRS Estimate

The IRS is considered to be one of the important indicators of the real cost of credit and as such it is used to gauge the scale of efficiency in the market of financial products and services. The IRS figures in Bangladesh are highly variable over different bank categories based on ownership (significant differential across banks type such as SCBs, SBs, PCBs, and FCBs). For example, in bank category-wise FCBs have the highest IRS. In individual bank category Standard Chartered, Citibank N.A., BRAC Bank, DBBL, and One Bank are the outliers with higher IRS.

Findings from the BB Research/CEU unit studies: they estimated IRS under different alternative situations. Exclusion of lending interest rate on SMEs can produce IRS which is 15-20 basis points lower than the conventional IRS estimated over weights of all products lending rate.

3. Data Source and Period of the Study

The current report on IRS has been prepared (mainly descriptive analysis) on the basis of secondary data. In some cases the authors discussed directly with the stake holders. Data has been collected from various sources, like BB Annual Report, Economic Trends, Scheduled Banks Statistics, BB Quarterly, BB Website, and relevant departments of BB. Data for SAARC countries has been collected from the World Bank and RBI.

Period of Data: Frequencies of data are yearly and monthly from FY10 to FY17 (up to September), while yearly data of some indicators of banking system and spread in Asian countries have been used.

4. Literature Review

Mujeri and Younus (2009) found that the higher the non-interest income as a ratio of total assets of a bank, the lower its spread. Market share of deposits of a bank, statutory reserve requirements and NSD certificate interest rates affect the IRS. They also analyzed by bank groups and showed that IRS is significantly influenced by operating costs and classified loans for State Owned Commercial banks (SCBs) and Specialized Banks (SBs). Inflation, operating costs, market share of deposits, statutory reserve requirements and taxed are important for the Private Commercial Banks (PCBs). On the other hand non-interest income, inflation, market share and taxed matter for the Foreign Commercial Banks (FCBs). They also found that IRS showed declining trend in recent years, differs across various banking groups, and the average value of IRS was 6.13, 6.95 and 6.06 respectively in the 1980s, 1990s and 2000-2007.

Hossain, (2010) mentioned that the main causes of the high IRS are: high administrative cost, rate of classified loan and some macroeconomic variables. He analyzed data during the period of 1990-2008 and by Granger Causality test opined that the IRS is related to change of interest rate on deposit, not to the change of interest rate on advance. He also mentioned that Foreign Commercial Banks (FCBs) earned interest at a high rate compared to other banks.

Mujeri and Islam (2008) mentioned that IRS exists high in the banking sector of Bangladesh. Indeed the rate of interest of deposit is low. So there is limited scope to reduce IRS by reducing interest rate on deposit. Mujeri, (2008) mentioned that, the high IRS that exists in the country's banking sector is largely outcome of inefficiencies and lack of competition in the banking system. Factors influencing IRS: operating costs, costs of liquidity risks, high cost of NPL, high administrative and incidental costs, and cost for advertising.

Ahmed and Islam (2006) found that IRS in banking sector of Bangladesh has been persistently high over the years, which basically indicates the high cost of intermediation of the banking sector of Bangladesh. The inefficiency originated from the government's interventionist policies of the past and inadequate technical skills in the arena of risk and portfolio management, which cause the high spread in the banking system. Therefore, improvement in the current situation of limited competition, overstaffing, high administrative costs, the burden of NPLs, and above all, congruence between monetary and fiscal policy stances would require reducing the high banking spread. Islam and Rahman (2014) analyzed various methods of measuring IRS and suggested that month wise calculation of IRS by Weighted Average Interest Rate Spread (WAIS) is the best.

Afroze (2013) found that IRS prevailing in banking sector of Bangladesh is high compared to that in its neighboring countries. She also found statistically significant correlation between IRS and deposit rate but no correlation with the lending rate based on the empirical data for the period of 1974-2011. However, the Granger Causality test failed to indicate any bilateral causal relationship between IRS and deposit rate, IRS and lending rate and also to deposit rate and lending rate.

Nguyen, Islam, and Ali (2010) found IRS in Bangladesh is high compared to international standard as well as compared to that in Sri Lanka, India and Pakistan. They also showed existence of bi-directional Granger Causality between the lending rate and deposit rate during 1999- 2008 in Bangladesh context. Beck (2006) showed that less developed financial systems are typically characterized by high overhead cost and interest spreads, reflecting inefficient financial service provision, interest rate spreads may vary typically between two or four percent in developed financial systems and often reach as high as 10 percent or more in developing countries.

Ahmed and Islam (2004) suggested that investment spending at the aggregate level is non-responsive to interest rate. Besides, investment spending at the disaggregate level is still not responsive to interest rates except for private sector investment category which is only moderately responsive from the lenders point of view in the short-run.

5. Interest Rate Spread (IRS) in Bangladesh

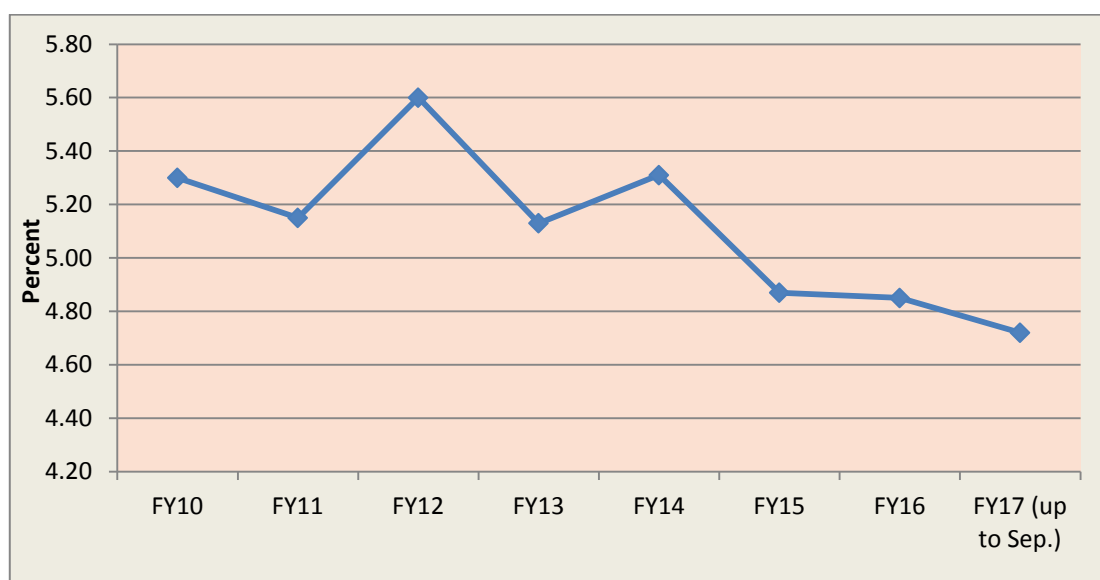
It can be observed from table 1 that the overall interest rate spread in Bangladesh was higher than 5 percent in FY14 and before. Now it is in a declining trend, 4.72 percent in September, 2016 (Table 1 and Figure 1).

Table 1: Interest Rate Spread in Bangladesh

Year/Months	W. avg. lending rate	W. avg. interest rate on deposit	Interest Rate Spread (IRS)
FY10	11.32	6.01	5.30
FY11	12.42	7.27	5.15
FY12	13.75	8.15	5.60
FY13	13.67	8.54	5.13
FY14	13.10	7.79	5.31
FY15	11.67	6.80	4.87
FY16	10.39	5.54	4.85
January,16	11.05	6.21	4.84
February,16	10.91	6.10	4.81
March,16	10.78	5.92	4.86
April,16	10.64	5.77	4.87
May,16	10.57	5.67	4.90
June,16	10.39	5.54	4.85
July, 16	10.32	5.48	4.84
August, 16	10.24	5.44	4.80
September, 16	10.15	5.39	4.72

Source : Monthly Economic Trends, Statistics Department, Bangladesh Bank, June 2010 to September 2016.

Figure 1: Trend of Interest Rate Spread in Bangladesh



Source : Monthly Economic Trends, Statistics Department, Bangladesh Bank, June 2010 to September 2016.

6. Interest Rate Spread Analysis by Types of Banks in Bangladesh

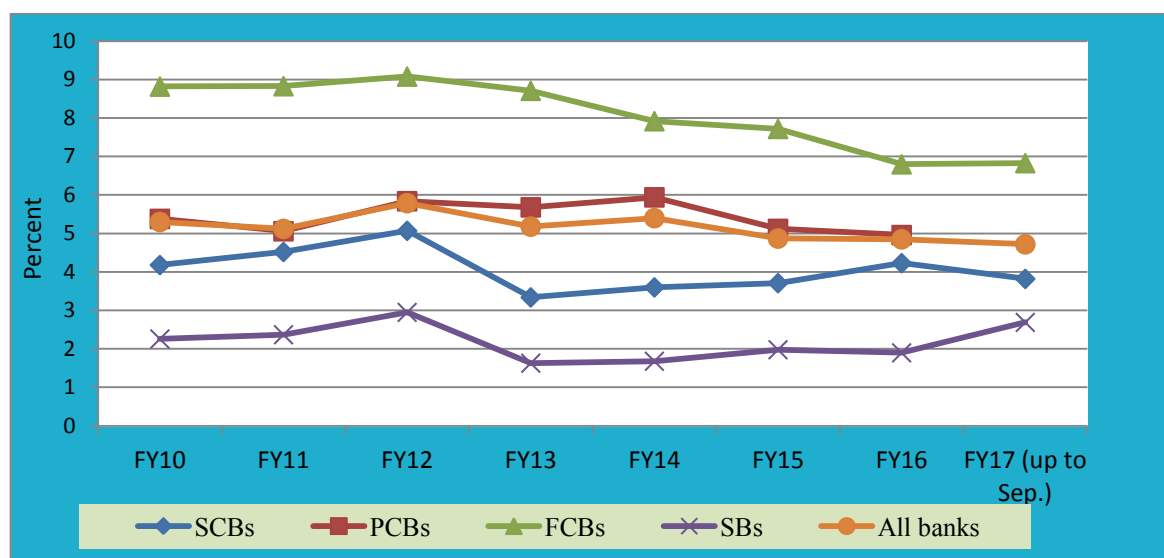
It may be observed from the table 2 that the Interest Rate Spread was the highest in the Foreign Commercial Banks (FCBs), followed by Private Commercial Banks (PCBs). The spread was at tolerable level in State Owned Commercial Bank (SCBs) and Specialized Banks (SBs) (except FY 12). The Interest Rate Spread in State Owned Commercial Banks was at 3.7 percent to 5.1 from FY10 to FY16. However, the rate decreased from 5.5 percent in FY10 to 4.96 percent in FY16 in Private Commercial Banks and from 9.3 percent in FY10 to 6.80 percent in FY16 in Foreign Commercial Banks (Figure 2).

Table 2: Interest Rate Spread by Type of Banks (percent)

Type of banks	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17 (up to Sep)
SCBs	3.69	4.52	5.07	3.34	3.60	3.71	4.23	3.82
PCBs	5.49	5.06	5.84	5.68	5.94	5.12	4.96	4.87
FCBs	9.30	8.83	9.08	8.71	7.92	7.72	6.80	6.83
SBs	2.25	2.37	2.95	1.63	1.68	1.98	1.90	2.69
Islami Bank	-	-	4.46	4.48	4.81	4.14	3.54	4.04
All Banks	5.30	5.12	5.79	5.18	5.40	4.87	4.85	4.72

Source: Scheduled Bank Statistics, Statistics Department, Bangladesh Bank, June 2010 to June 2016 and BB website, September, 2016.

Figure 2: Interest Rate Spread by Type of Banks



Source: Scheduled Bank Statistics, Statistics Department, Bangladesh Bank, June 2010 to June 2016 and BB website, September, 2016.

It is observed from table 2 that the interest rate spread in Foreign Banks was higher all along, though decreased in some extent it remained at 6.83 percent in FY17(up to Sep.). The weighted average interest rate on advance in Foreign Banks was always lower than that in Private Commercial Banks. Indeed the weighted average interest rate on deposits in Foreign Banks is always much lower than that of other banks. As a result, despite lower lending rate, the interest rate spread in Foreign Banks compared to the other banks is much higher.

The difference of the rate of change between lending rate and interest rate on deposit among foreign banks and private commercial banks should be considered. The decreasing rate of interest on advance of Foreign Banks compared to the Private Commercial Banks is much lower than that on deposit.

In Table 3 it can be seen that the decreasing rate was 19.74 percent on advance compared to 68.51 percent on deposit in FY 16. Similarly, the rate was 10.60 percent on advance compared to 55.30 percent on deposit in FY 15. As a result, despite the lower interest rate on advance of Foreign Banks compared to the Private Commercial Banks the interest rate spread of Foreign Banks were 7.72 percent and 6.80 percent in FY 15 and FY16 respectively.

Table 3: Percentage change of interest rate of advance and deposit between FCBs and PCBs

FY12		FY13		FY14		FY15		FY16	
Advance	Deposit	Advance	Deposit	Advance	Deposit	Advance	Deposit	Advance	Deposit
3.43	71.73	3.90	66.30	11.60	75.70	10.60	55.30	19.74	68.51

Source : Monthly Economic Trends, Statistics Department, Bangladesh Bank, June 2012 to June, 2016.

It may be revealed from Table 2 that the high IRS in Foreign Commercial Banks and Private Commercial Banks effect the IRS in the country and apparently they are contributing directly in increasing the overall IRS.

7. Different Interest Rate Spread in Different Banks:

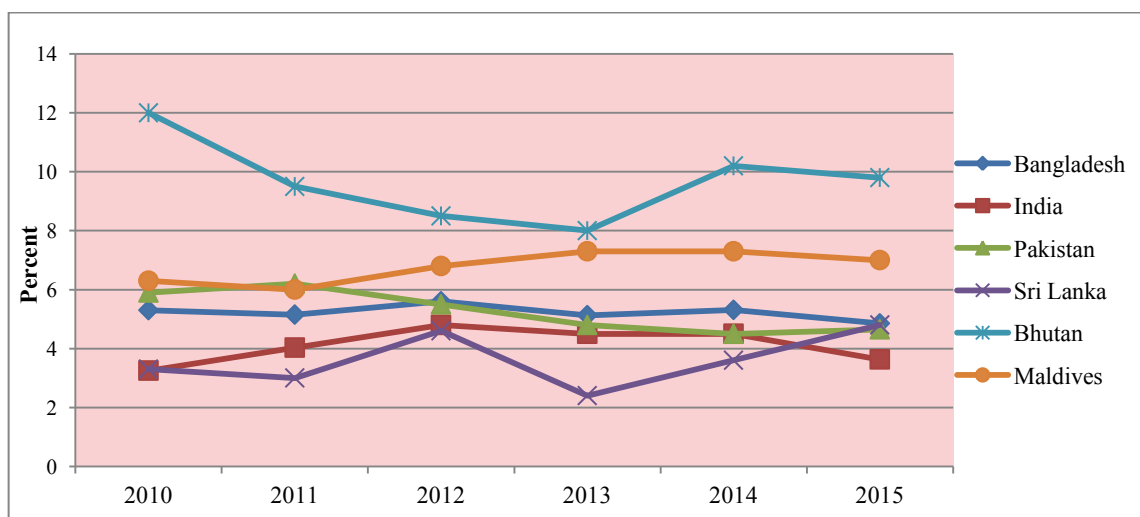
In June 2016, it is noteworthy that there was much difference among the IRS of the banks. The rate was 4.23 percent, 4.96 percent and 6.80 percent for 6 State Owned Commercial Banks, 39 Private Commercial Banks and 9 Foreign Banks respectively. The rate was 0.81 percent (BDBL) to 5.28 percent (Agrani Bank Ltd) among the State Owned Commercial Banks, 2.85 percent (Mercantile Bank Ltd) to 9.25 percent (Brac Bank Ltd) among the Private Commercial Banks and -5.2 percent (National Bank of Pakistan) to 9.24 percent (Standard Chartered Bank) among the Foreign Banks in June, 2016.

8. Interest Rate Spread in SAARC Countries

Analyzing the past one era (2003-2014) it reveals that the Interest Rate Spread in Bangladesh was higher than 5 percent. However, recently the spread is showing a declining trend as a result of intensive monitoring and putting moral pressure on the banks by the central bank. As far the latest information of Bangladesh Bank it has come down to 4.72 percent at the end of September, 2016.

In India (2010-2015), Pakistan (2013-2014), and Sri Lanka (2010-2014) interest rate spread was lower than 5 percent. In Bhutan the spread remained in double digit most of the years; the lowest spread was 8 percent in 2013. The rate of spread in Maldives was higher than 6 percent in every year; and it was 7.0 percent in 2015 (Figure 3, and Table 4)

Figure 3: Interest Rate Spread in SAARC Countries



Source : Data World Bank, Macroeconomic and Monetary Developments, Quarterly Review of RBI, various issues, Economic Trends, Bangladesh Bank, June 2010 to September 2015

Table 4: Interest rate spread in SAARC Countries

Country	2010	2011	2012	2013	2014	2015
Bangladesh	5.30	5.15	5.60	5.13	5.31	4.85
India	3.25	-	4.80	4.50	4.50	3.63
Pakistan	5.90	6.20	5.50	4.80	4.50	-
Sri Lanka	3.30	3.00	4.60	2.40	-	4.80
Bhutan	12.00	9.50	8.50	8.00	10.20	9.80
Maldives	6.30	6.00	6.80	7.30	7.30	7.00

Source : Data World Bank, Macroeconomic and Monetary Developments, Quarterly Review of RBI, various issues, Economic Trends, Bangladesh Bank, June 2010 to September 2015

9. Causes of High IRS and Different IRS in Different Banks

- Among the total 56 banks in the country, some local private commercial banks and foreign commercial banks are mainly responsible for the high IRS. In this regard, their high operational costs: high establishment costs of both head office and branch offices with lavish/expensive materials, higher cost of salary and allowances of the staff compared to the SCBs (Table A1 and A2, Annexure 1), huge advertisement cost revealed a major cause for the high IRS. They have average per-capita employee/staff expenses which are also significantly high compared to SCBs (Tk.1.1 to 1.2 million for PCBs and Tk. 1.4 to 2.4 million for FCBs as compared to Tk. 0.3 to 0.8 million for SCBs). The PCBs and the FCBs could not reduce the operational expenses at desired level which is one of the reasons for higher IRS. There is a huge discrimination in salary and allowances among the banks which creates high and different IRS (though rate of classified loan is lower in some banks) in the banking system;
- Large volume of classified loan forced to squeeze loanable fund & higher provisioning requirement would add-on to further compress the size of loanable fund; which altogether impel banks to earn more to cover high expenses keeping their profit trend higher. The amount of classified loan also differs from bank to bank. So imposed interest rate on advances naturally differs;
- Now banks can determine interest rate independently due to open market economy except some special sectors under BB's re-finance scheme in which interest rates are limited. By using this opportunity some banks set excess yearly profit target creating high and different IRS among the banks;
- High interest rate of Govt. NSDCs (11-11.8 percent) & Government Treasury Bond (say, 6-8 percent; after maturity it would be 8-12 percent), especially long-term bond is one of the causes of high IRS. In the past years, higher interest rate on competing saving products (NSD etc.) forced banks to offer high rate on deposit products which adversely affect IRS to rise. However, recently (May 23, 2015) government decreased the interest rates on all types of savings certificates by 2 percent. Though it is not enough, it will help decreasing the IRS;
- About 70 percent of the total deposit (including deposits from embassies & the development partners/agencies) of FCBs is of current and savings category, interest of which is very low. As a result, W. avg. interest rate on deposit of this category of banks are naturally low. As a result, though the lending rate of the FCBs is lower than that of the PCBs (8.61percent compared to 10.48 percent) the IRS in FCBs is 6.83 percent in September,16;
- In recent years (for the last 7-8 years) the PCBs (including the FCBs) have been heavily involved in modernizing their infrastructure (Interior security, IT network, ATM booth etc.) as per the guidance of Bangladesh Bank. They had to invest a huge amount of money for this purpose which is their fixed cost.

10. Steps Taken by Bangladesh Bank

- Bangladesh Bank, the regulatory authority of the country's banking and financial systems, continues its directives to the banks to make the interest rate rational through establishing competition among the banks;
- Bangladesh Bank decided to lower the repo rate and reverse repo rate by 50 basis points, reducing the repo rate from 7.25 percent to 6.75 percent and the reverse repo rate from 5.25 percent to 4.75 percent very recently (MPS FY 2016: January – June 2016). This move will contribute to dampen other interest rates in the market and thus will help stimulate investment;
- Despite the market oriented interest rate policy, BB is providing directives to the banks under its overall moral suasion strategy for bringing down interest rate in some priority lending sectors in persuade of enhancing productive activities of the economy;
- Besides, some sectors are enjoying rebate rate of interest under BB's Refinance Scheme such as 3 to 7 percent in Pre-shipment export credit sector, Export Development Fund (EDF) and Buyer's Credit Sector, 4 percent in cultivation of pulses, oil-seeds and spices of the agricultural sector and 5 percent in Milk production and artificial insemination sector;
- Businessmen are now able to receive loan from the foreign sources at lower rate, LIBOR+ (3-4) percent, which is lower than 6 percent in practice. The maximum rate of interest on Small and Medium Entrepreneurs (SME) and women entrepreneurs sector is 10 percent (9 percent in most cases).

11. Some Recommendations for Reducing the Interest Rate Spread

Reducing the interest rate spread depends on the future policy determination of the government and macroeconomic indicators. Some recommendations are furnished here for this purpose:

- ❖ It is essential for the banking sector to improve its performance efficiency that would ensure effective competition, efficient banking operations, and credible risk and portfolio management as the most important tool of reducing the IRS;
- ❖ Indifferent and correct inspection of fraud and forgery in banking sector should be conducted properly to ensure the trial timely. Reforms of the legal structure must be implemented to prevent fraud and forgery in future in the banking sector. Besides, it is essential to ensure accountability and enhance capability of the concerned authority;
- ❖ The owners of the private commercial banks should be more restrained in fixing yearly profit target of the branches; they should be rational in this respect;
- ❖ The guideline regarding office rent of the banks should be monitored strictly so that there exists no scopes for hiring buildings as an office of the bank of any director or his/her relatives or of any influential persons;
- ❖ The discrimination in salary and allowances among the banks should be minimized at rational level. In this regard the authority of some private banks and foreign commercial banks should be more conscious regarding the operational cost, especially expenditure on staff high salary and allowances;
- ❖ The interest rates of savings certificates effect in determining overall interest rate of the banking sector. So if the interest rate of savings certificates is determined rationally, it would help reducing interest rate spread. In this case social preference saving certificate

may be introduced for the unprivileged, unable to work, retired/employee of low income level of rural and urban society.

12. Conclusion:

The interest rate spread in Bangladesh still remains high. In recent time, policy makers, think tankers, business community as well as industrialist have become increasingly vocal in expressing their concern over the persistence of high interest rate spread in the banking sector of Bangladesh. The GDP growth rate has been estimated at 7.2 percent for the current fiscal year, the main pre-condition for which is to stimulate investment; especially, private investment. One of the main constraints for increasing investment, industrializing and maintaining the momentum in the growth rate is high rate of interest of the bank credit. The prime objective of reducing the IRS is to lower the lending rate following the expectation that this would stimulate investment and bring higher economic growth.

Bangladesh Bank continues its efforts to bring the interest rate of credit at a rational level with a view to make an investment friendly environment. Recent move of the central bank towards lowering the repo rate and reverse repo rate by 50 basis points bears the testimony of its overall policy efforts to reduce IRS. Recently the SCBs also have decided to slash the lending rates by 1.5 to 2.0 percentage points in a bid to compete with private banks. These will actually help to reduce the interest rates in the market.

The overall cost of fund of the banks is decreasing as a result of rationalize the charges of various services, fees, commission etcetera, avoiding the high cost in establishing bank branches and adapting policy of cost minimization in vehicle purchasing. The low interest bearing EDF, buyer's credit, agriculture credit, refinance facilities in some priority sectors and credit from foreign source help in reducing interest rate in the financial market of the country. It may be suggested that the policy makers/regulators should look into the key determinants influencing the IRS and guide the banks, especially the PCBs and the FCBs to reduce the same through appropriate measures so these steps can help economic growth.

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Table A1: High Salary and Allowances in Some Banks

Banks	Staff expenses (Tk. in crore)	Staff expense as % of operational exp.	Manpower	Avg. yearly per capita staff exp.(Tk. in lac)
HSBC	222.0	68.79	892	24.89
City Bank N. A.	42.5	46.28	187	22.73
C.B. Cylon PLC	37.32	58.87	211	17.69
Eastern Bank Ltd.	235.91	54.31	1559	15.13
Standard Char.Bank	264.61	48.16	1803	14.68
AB Bank Ltd.	261.40	49.98	2220	11.77
Prime Bank Ltd.	328.66	56.94	2867	11.46
Dhaka Bank Ltd.	162.60	53.33	1506	10.79
The City Bank Ltd.	284.61	50.92	2647	10.75
One Bank Ltd.	182.14	55.81	1820	10.00
Bank Asia Ltd	178.36	46.09	1773	10.06
Midland Bank Ltd	20.95	45.02	198	10.58
Banking Sector	10021.85	54.14	171154	5.86

Source : Department of Off-site Supervision, Bangladesh Bank. December, 2014.

Table A2: Salary and Allowances of SCBs

Banks	Staff expenses (Tk. in crore)	Staff expense as % of operational expense	Manpower	Avg. yearly per capita staff exp. (Tk. in lac)
Sonali Bank Ltd.	884.12	69.10	22446	3.94
Janata Bank Ltd.	668.14	68.76	14413	4.65
Agrani Bank Ltd.	616.35	70.35	13414	4.60
Rupali Bank Ltd.	197.91	52.30	5914	3.35
BASIC Bank Ltd.	183.89	66.74	2237	8.22
BDBL	71.80	67.98	851	8.44
BKB	272.46	87.73	11098	2.46
RAKUB	84.23	88.92	3520	2.39

Source : Department of Off-site Supervision, Bangladesh Bank. December, 2014.

Table A3: Interest rate spread by type of banks

Type of banks	June, 2012			June, 2013			June, 2014			June, 2015			June, 2016		
	Deposit	Advance	Spread	Deposit	Advance	Spread	Deposit	Advance	Spread	Deposit	Advance	Spread	Deposit	Advance	Spread
SoCBs	6.7	11.77	5.07	7.53	10.87	3.34	7.19	10.79	3.6	6.7	10.41	3.71	5.36	9.59	4.23
PCBs	8.93	14.77	5.84	8.98	14.66	5.68	7.94	13.88	5.94	7.04	12.16	5.12	5.78	10.74	4.96
FCBs	5.2	14.28	9.08	5.4	14.11	8.71	4.52	12.44	7.92	3.15	10.87	7.72	1.82	8.62	6.8
SBs	8.33	11.28	2.95	9.52	11.15	1.63	9.47	11.15	1.68	7.94	9.92	1.98	7.59	9.49	1.9
IBs	8.81	13.27	4.46	9.06	13.54	4.48	8.24	13.05	4.81	5.15	9.29	4.14	5.14	8.68	3.54
All banks	8.09	13.88	5.79	8.43	13.61	5.18	7.66	13.06	5.4	6.8	11.67	4.87	5.54	10.39	4.85

Source : Bangladesh Bank Website, FY12 to FY16.

Table A4 : Interest Rate Spread of some banks (Percent)

Types of Banks	Jun.15	Dec.15	Jun.16	Jul.16	Aug.16	Sep.16
SoCBs	3.71	3.70	4.23	4.26	4.05	3.82
Sonali Bank Ltd.	2.50	2.83	3.75	3.68	3.59	3.64
Janata Bank Ltd.	4.45	4.58	4.69	4.68	4.64	4.85
Agrani Bank Ltd.	4.71	4.89	5.28	5.20	4.99	4.10
Rupali Bank Ltd.	4.68	4.96	4.97	4.96	4.99	4.99
PCBs	5.12	5.14	4.96	4.95	4.91	4.89
AB Bank Ltd.	5.66	5.69	5.40	5.21	5.03	5.01
The City Bank Ltd.	5.77	5.50	5.33	5.15	4.96	4.97
IFIC Bank Ltd.	5.46	5.77	5.96	5.92	5.84	5.86
Uttara Bank Ltd.	6.07	5.95	5.79	5.75	5.74	5.72
Eastern Bank Ltd.	4.63	5.17	5.46	5.44	5.38	5.34
DBBL	8.05	8.13	7.28	7.23	7.25	6.78
One Bank Ltd.	6.41	6.85	6.07	5.91	5.88	5.63
BRAC Bank Ltd.	9.52	9.58	9.25	9.38	9.47	9.46
FCBs	7.72	7.15	6.80	6.72	6.73	7.52
Standard Chart. Bank	9.93	9.39	9.24	8.93	8.95	10.53
Citibank N.A.	7.93	7.40	6.10	6.23	6.32	6.28
Woori Bank	7.67	6.82	5.69	5.83	5.64	5.96
HSBC	6.70	6.27	5.84	5.98	6.06	6.11
SBs	1.98	1.78	1.90	2.06	2.42	2.69
Islami Bank	4.14	4.76	3.54	4.03	4.03	4.04
All Banks	4.87	4.84	4.85	4.84	4.80	4.76

Source : Bangladesh Bank Website, June 2016 to September, 2016..