



Corporate Governance Disclosure in Banking Sector: Some Observations from Dhaka Stock Exchange

Dr. Md. Amirul Islam^{1*}, Dr. Md. Kamruzzaman¹ & Md. Ashikur Rahman Avi²

ARTICLE INFO

Article History:

Received: 30th December, 2023

Accepted: 20th May, 2024

Keywords:

Corporate Governance,
Corporate Governance Disclosure,
Disclosure Index,
Bangladesh

JEL Classification:

M40, M48

ABSTRACT

Purpose: All stakeholders in a corporation extensively rely on corporate governance disclosures (CGD) because they help the concerned parties make financial decisions concerning the business itself. In Bangladesh, the Company Act 1994 and the Banking Company Act 1991 set specific rules and regulations regarding corporate governance, and the Securities and Exchange Commission (SEC) of Bangladesh advocates for the listed companies to abide by those statutes to guarantee fair and reliable corporate governance disclosures. The paper intends to be familiar with the checklists for CGDs in Bangladesh's banking industry and clearly understand the same accordingly.

Methodology: In conducting this study, the researchers adopted mixed method approach (both quantitative and qualitative method).

Findings: The study finds insignificant practices of disclosing corporate governance information by Bangladeshi business institutions. Despite not being up to par, these practices are growing daily, and more Bangladeshi companies are following suit.

Practical Implications: The current study can significantly help reduce financial scams in various industries, not just the banking industry, by determining the corporate governance disclosure index level.

Originality: Although similar studies have been done previously, the present study sets the cornerstone work extension by highlighting the banking sector's corporate governance disclosure index.

Research Limitations: The present study's focus is limited only to the banks listed with DSE. Based on the CG and its requirements, e.g., the BODs, CS, CFO, and IAH, and the fact that the external auditor and the audit committee can not assume specific roles, sample banks (30) have been contrasted.

1. Introduction

Corporate governance (CG) is the fundamental factor in increasing a business entity's financial viability. Furthermore, strong CG assists with guaranteeing and protecting the

¹Professor, Department of Business Administration, Pabna University of Science and Technology, Pabna-6600, Bangladesh, E-mail: amirulpust@gmail.com (*Corresponding Author)

² Assistant Professor, Department of Tourism and Hospitality Management, Pabna University of Science and Technology, Pabna-6600, Bangladesh. E-mail: ashikur.thm@pust.ac.bd

Copyright © 2023 Faculty of Business Studies, Pabna University of Science and Technology, Pabna, Bangladesh.

interests of various stakeholders. The recent financial crisis worldwide has highlighted the need for improved governance and surveillance across the whole banking sector. Bangladeshians recognize January 10, 2011, as “Black Money,” because the country’s stock market crashed on that day, which has not yet recovered. Regulators like the Securities and Exchange Commission (SEC) and others have initiated numerous actions; however, these efforts have yielded no notable practical results. Almost all tiny investors expressed dissatisfaction and frustration by participating in a variety of events during the years 2011-2012, including press briefings, procession, hunger strikes, road blocking, and halting the stock exchange.

The very recent Hall Mark scandal has furnished a lesson on how Bangladesh’s whole economy gets affected when the banking system collapses. Hence, banks, particularly the most important mechanism of a country’s economic backbone, require sound Corporate Governance disclosures. Disclosing corporate affairs is becoming increasingly crucial for enforcing corporate governance standards. Today is the business world. Every firm must adopt internationally accepted governance standards, accounting, and disclosure norms.

CG broadly refers to the presentation of 4 fundamental parts in depth. The SEC initiates these rules and regulations, which comprise numerous additional elements. The Board of Directors (BODs), Chief Financial Officer (CFO), Company Secretary (CS), and Head of Internal Audit (HIA) are the most basic influencing parts that matter. Independent outside auditors and the audit committee cannot interact on some particular tasks. Meanwhile, most operating banks in Bangladesh have undergone privatization. In Bangladesh, the number of scheduled banks is 56 as of 2018. A total of 30 from 56 banks are registered with the Dhaka Stock Exchange (DSE). The current study has been compiled to focus on the DSE-registered banks and explain how they comply with the significant guidelines formulated by the SEC. The author has tried to investigate the relationship of corporate governance with the corporate governance disclosure index.

a. Rationale of the Study

Corporate governance disclosures are considered an essential element of enhancing corporate governance standards, which can monitor and evaluate corporate performance. There are multiple reasons for the establishment of corporate governance disclosure in Bangladesh. The most important is promoting the efficient use of human capital by the national economy and individual enterprises. Nevertheless, the capital market of Bangladesh must ensure that the investors' rights are acknowledged and protected if it wants to attract overseas investors through the capital market. The study’s main contribution is that it enables policymakers to see the level/scenario of corporate governance disclosure in Bangladesh.

b. Statement of the Problem

In today's competitive business world, reporting on corporate governance disclosure has become fundamental. Notwithstanding, Bangladeshi corporations' corporate governance practices are no longer satisfactory. Board independence, the dominant character, the size of

the board, ownership by institutions, independent auditors, leverage, ownership of the general public, asset size, profitability, mutilating, and shareholder numbers have all been investigated by previous researchers as potential reporting-related issues. The impact of corporate governance on the disclosure index has not been studied to date. Therefore, taking Bangladesh's perspective as a sample study from the abundant purview of other countries, it tries to meet a prime demand of the time regarding corporate governance disclosures.

c. Objectives of the Study

The most significant improvement of corporate governance standards, which are capable of tracking and assessing the performances of corporations, is duly projected to rely on corporate governance disclosures. There are several reasons for the establishment of corporate governance disclosure in Bangladesh. The most important thing is promoting the efficient use of capital by individual corporations and the national economy. Stakeholders can understand the performances of corporate governance disclosure to protect the market, improved tax collection by the National Board of Revenue (NBR), the generation of capital and employment, and protection of the national economy from unjustifiable swings in equity prices due to excessive speculation. Nevertheless, Bangladesh's capital market must ensure that investors' rights are acknowledged and protected if it wants to attract overseas investors through the capital market. The study's main objective is to view the scenario of corporate governance disclosure in Bangladesh.

2. Theoretical Background

The theoretical background provides a crucial foundation for research studies, drawing upon prior research, literature, and professional insights to deliver a concise, substantial, and compelling representation of researchers' ideas in various fields of study. By thoroughly reviewing published and unpublished research studies using secondary data sources that align with the researcher's specific areas of interest, scholars can validate or construct a theory for their research endeavors. This process involves delving into a wide range of sources to ensure the robustness and credibility of the theoretical framework underpinning the study. A theoretical background, primarily based on previous research studies, literature, and professional experience, is a concise, significant, and persuasive presentation of researchers' thoughts in diverse fields of study. In conducting this study, a comprehensive review of published and unpublished research studies using secondary data sources within the researcher's areas of interest helps to confirm or develop a theory.

3. Literature Review

CG has demonstrated a challenge since concerned individuals have just started to sort out and organize themselves for a shared goal. Hossain et al. (2013) considered 75 sample entities to conclude their study of voluntary disclosures on corporate governance in Bangladesh. From the total samples, only nine organizations (12%) had been found disclosing some corporate governance-related issues in their annual reports, including internal financial control (such as the structure of management, management of assets, financial functional reporting, etc.), the

statement of directors' responsibility regarding board committee, shareholders' rights as well as the preparation and presentation of financial statements. In addition, researchers detected five companies that addressed legal issues, nine that exposed ethics-related information, seven that documented shareholder interaction, five that commented on the relationship among the community, and fourteen that reported on environmental sustainability. It was a matter of regret that no companies found disclosed information regarding human rights and labor standards.

According to Healy and Palepu (2001), financial reporting and disclosure reduce the information asymmetry in capital markets between managers and other stakeholders. When profitability is high, management is more willing to disclose detailed information. Most researchers have found a positive relationship between profitability and the extent of disclosure. (Hossain, 2000; Inchausti, 1997; Lang & Lundholm, 1993; Wallace & Naser, 1995; Owusu-Ansah, 1998). After surveying 30 companies, Al-Amin and Tareq (2006) examined the statistical correlation between company size as assessed by yearly turnover and corporate governance disclosures. In 2012, the Centre for Policy Dialogue (CPD) performed a questionnaire survey of 151 companies. It revealed that 66.7% of companies have also implemented corporate governance policies, and 43.3% have complied with national and international norms.

Reaz and Arun (2006) highlighted the CG of financial institutions with particular reference to the banking industry of Bangladesh and remarked that disclosure is crucial and influences economic growth. They also showed how the various macro-level factors have contributed to governance problems in the banking sector. The "Comparative Analysis of Corporate Governance in South Asia" research by Bangladesh Enterprise Institute (BEI) in 2004 and Farooq & Werner, in 2004 showed that Bangladeshi corporate governance rules and regulations trailed behind those of the other large countries in the region. The corporate governance model was highlighted in research by Siddiqui (2010), who figured out a model used to evaluate corporate governance practices inside Bangladesh and the factors that could lead to its implementation. Additionally, the study considered other models that could be relevant and useful.

Akpan et al. (2012) explained that a bank with a high ROE would have a lower NPL, resulting in a higher CG. Therefore, they concluded that profitability and NPL structure can be used to assess CG status since profitability and NPL structure are the outcomes of CG status. Corporate governance includes the country's internal policies and laws, which an organization must follow to conduct operations in a particular region. Research has found that CG protects investors (La Porta et al., 2000). Zaman et al. (2014) conducted a study to empirically investigate the relationship between disclosure, transparency, and firm performance. The results of their study revealed that financial performance was closely related to the organization's disclosure and transparency of information.

To assess the disclosure level of firms, Bhuiyan and Biswas (2007) conducted a study on 155 companies registered with the DSE, selecting 45 disclosure items. The mean and standard deviation of the CGDI in the studied fields, which were 56.04 and 17.20, respectively, were the main focus of this study, as they identified sector-wise differences. Rehman and Mangla (2010) noted that numerous studies have investigated corporate governance and made various comparisons among institutions based on their governance practices and disclosures. The majority of these studies have concluded that institutions with good corporate governance tend to perform better in the long run and achieve higher profitability, underscoring the significant implications of corporate governance on financial performance.

In a study, Ahmed et. al. (2017) examined the relationship between the performance of commercial banks and CG factors, along with several macroeconomic and internal variables. While the study indicated a positive relationship between corporate governance and bank performance, the statistical insignificance of the relationship raised concerns about various CG issues in the banking sector of Bangladesh. This highlights the need for further research and potential areas for improvement in the sector's corporate governance practices. Rouf (2017) set out to examine the influencing factors of voluntary disclosures of information in the annual reports of companies listed with DSE over the period of 2001 to 2011. The study found a positive result, indicating that firms' structures and performances are positively associated with the level of voluntary disclosure of corporate governance. This suggests that there is room for improvement in the transparency and disclosure practices of corporations.

Mangantar (2019) conducted a comprehensive study on the banking sector listed on the Indonesian Stock Exchange, with the aim of investigating the impact of corporate social responsibility and corporate governance on the financial performance of this sector. The study's conclusion, which underscores the potential of meaningful and sufficient corporate governance disclosures to enhance banking's financial performance, offers a practical insight that could be leveraged to improve the sector's overall financial wellness. William et al. (2020) undertook a study to assess the impact of the disclosures of GCG & CSR on the banking sector's net profit on the Indonesia Stock Exchange. The study's findings, which revealed the significant impact of corporate governance disclosures on the value of businesses, provide a clear direction for enhancing the value of businesses in the banking sector.

3.1 Organization for Economic Co-Operation and Development (OECD) Principles

The Organization for Economic Cooperation and Development:OECD (1999) presents another viewpoint, which defines corporate governance from a different perspective as "the systematic foundation by which business enterprises are regulated and headed." The corporate governance structure outlines several guidelines for deciding on a corporation's affairs and the delegation of rights and responsibilities among concerned individuals, including the board, managers, shareholders, and various stakeholders at different levels. It additionally offers a structure for determining an organization's goals, the means to achieve

them, and keeping track of the desired performance. The primary goal of a sound CG framework is to foster fair and competitive markets. It does so by upholding the rule of law and clearly defining the roles and responsibilities of regulatory, supervisory, and enforcement agencies. This emphasis on fairness and competition is a cornerstone of effective corporate governance. One essential function of the CG framework is safeguarding and streamlining the exercise of shareholders' rights. This is crucial, as it empowers shareholders to participate actively in the company's decision-making processes and protects their interests.

Treating shareholders fairly: It should guarantee that all shareholders, including the minority and overseas shareholders, are treated fairly. All shareholders should be allowed to seek effective remedies if their rights are violated.

The role stakeholders play in corporate governance: The CG framework should acknowledge stakeholders' rights as defined by law or mutual agreements and foster proactive collaboration between businesses and stakeholders in the creation of employment, wealth, and the sustainability of financially viable corporations.

Transparency and Disclosure: The CG framework ought to ensure that all pertinent information about the entity, such as its financial status, financial performance, ownership, and governance, is disclosed in a timely and precise manner.

Board Responsibilities: The CG framework should guarantee that the board is accountable to the firm and its shareholders, that it actively monitors and controls the management, and that the board directs the company strategically.

3.2 Governance of Corporations in the Context of Bangladesh

Concerns about corporate governance in developing countries like Bangladesh were raised in the wake of the crashes in the stock market, the aftermath of the Asian financial crisis, and subsequent business scandals across the US and mainly other advanced economies. Sometimes, political trickyness is more crucial for business success than economic expertise because of the moral hazard issues that have arisen at an alarming rate. According to Okeahalam (2004), most of these mishaps resulted from ineffective transparency and corporate governance. In most developing nations, the corporate governance restructuring process has been more challenging and time-consuming than expected and planned because of the difficulties and path dependency of the legal, social, and financial structures. Additionally, these nations' courts are inadequately funded and lacking in resources and knowledge, undermining their ability to enforce the law (Ararat & Ugar, 2003). Unluckily, in Bangladesh, corporate governance practices are not well communicated. The difficulty in finding and collecting pertinent information is considered the biggest obstacle to performing a study in the relevant field. The corporate laws are the most straightforward sources of information, but there is minimal information regarding Bangladesh's corporate governance practices.

3.3 Corporate Governance Composition in Banking Sector of Bangladesh

Grasping the intricate composition of corporate governance in the context of banks, and particularly understanding the distinct roles of the board and senior management, including the CEO, and how they collaborate within the organizational structure, is a crucial prerequisite for effective corporate governance in the banking industry in Bangladesh. The state of corporate governance practices in Bangladesh is a matter of concern, with many companies and organizations lacking in this area. In fact, Bangladesh has fallen behind its neighboring countries and the global economy in terms of corporate governance standards (Gillibrand, 2004).

In the Bangladesh Research Publications Journal, Khan et al. (2009) revealed the functioning guidelines for corporate governance in Bangladesh. They evaluated the facts critically from a legal aspect. They remarked on the organogram of selected Islamic banks, which presented that the Board of Directors (BODs) and the Shariah Council are two principal decision-making bodies at the apex. Between the two, the Shariah Council is born out of the Quran and Sunnah and advises banks on the fundamentals of Islamic laws and regulations. In contrast, the Board of Directors (BOD) results from company law and advises the banks regarding the laws governing corporations. Five directors work under the Chairman's direction and control—an Executive Committee and an Audit Committee report to the BODs. The Chairman heads each of the committees. The Chairman serves as the figurehead of each committee. Five individuals work under the Chairman of the Executive Committee's direct control. Again, three persons work under the head of the Chairman of the Audit Committee. The Chairman of the Shariah Council is in charge of the other ten personnel.

The organogram of the selected conventional banks reveals that the Chairman presides over the Board of Directors at the top. The Managing Director is directly under the supervision of the Chairman. Twelve members are to report to the Managing Director—the Executive Committee and the Audit Committee report to the BODs. Eight members of the Executive Committee work directly under the Chairman's command. Furthermore, two members are guided by the Audit Committee's Chairman. The Bangladesh banking industry has recently experienced rapid changes due to the growth of a broader range of banking products. As a result, banks have been involved with high-risk activities such as trading in financial markets and different off-balance sheet activities more than ever before (Bratanovic, 2003), necessitating an added emphasis on the quality of the Bangladesh banking industry's CG.

4. Research Methods:

The quantitative and qualitative approaches have been used to carry out the present study. In Bangladesh, there are fifty-six (56) scheduled banks, out of which thirty are listed on the Dhaka Stock Exchange (DSE). The researcher performed the study relying on secondary sources of data (annual reports 2017) from the sample bank's websites and the DSE library. The information from the collected annual reports has been utilized to find and determine the extent of disclosure to which all banks committed to assure their most significant level of

corporate governance. Also, the banks' investigation was significant enough to conduct this study. The research study, in this instance, followed the SEC guidelines. There are 36 criteria involving quantitative and qualitative information, facilitating determining whether or not an organization follows corporate governance. For this study, annual reports served as adequate sources of information, but the quality of the information seemed insufficient. For the above instance, disclosing points in banking and businesses have been matched with the findings of the annual reports and expert consultation.

4.1 Selection of the Sample

Table 1: Sample as percent of the Total Population

Particulars	Sample Size	Total Population Size	Sample as % of Total Population
Bank	30	56	53.571%

A research study should cover at least 30% of the total population, and this study has successfully covered 53.571% of the sample. However, the study considers only the limited banks listed with DSE. Hasan et al. (2013) conducted a study of nearly the same kind with a total sample size of 20 for four industries.

4.2 Disclosure Items Selection

The underneath Table 2 involved the checklists that all banks listed with DSE should disclose:

Table 2: Items Selected for disclosure

Particulars	Number of Disclosure Items	
	Number	As %
Board of Directors-BD	15	41.667
Chief Financial Officer (CFO), Head of Internal Auditor, Company Secretary-CHC	02	5.556
Audit Committee-AC	12	33.333
External or Statutory Auditors, not to engage-SA	07	19.444
Overall Disclosure-OD	36	100

There are four disclosure keys in the above table, which have been shortened from the relevant part. Each word's alphabet has been adopted to indicate a short disclosure form being bolded and underlined.

4.3 Disclosure Items and Their Scoring

In our scoring system, each of the 36 items is accorded equal importance. A point of '1' is awarded for each item disclosed in the annual report. However, the rating will be '0' if an item is missing.

4.4 Disclosing Index Formula

The disclosure index can be determined employing either a partial or dichotomous approach, and both are to be unweighted and weighted. For the weighted approach, the author typically assigns a weight to each value of disclosure, whereas the unweighted approach takes all the items into consideration and views them as equally significant. The author has carried out the present study using an unweighted approach, assigning equal weight to each disclosure item.

$$\text{Dichotomous Approach ODI} = ((\sum dmi)/(\sum dni))$$

Where, ODI= Overall Disclosure Index; d= 1 When an Item Disclosed and 0 otherwise; m= No. of items disclosed; n= Maximum possible No. of the Items Disclosed

$$\text{Partial Approach PCj} = (\sum Xi)/(\sum Rj)$$

In the partial compliance approach, the overall disclosure was assessed using an unweighted technique. Where, PCj = each organization's Total Compliances Score; Xi = Compliance Level of Each Item for the Disclosure Requirements; I = 1; Rj = Total Disclosure Items Number for an Organization.

4.5 Disclosure Index Formulation

The present study has been performed with the help of both approaches-unweighted partial compliance (PC) approach and the dichotomous approach. In a study, Hasan et al. (2013) found that the PC approach yields greater precise output than the dichotomous approach. Assuming that the disclosure is divided into X, Y, and Z sections. The items that may eventually be disclosed by them, as well as the ultimately disclosed items are ,presented here:

Table 3: Illustration of the calculation using Dichotomous and PC Approach based on hypothetical data

Particulars	Items which can be disclosed	Disclosed Items (For the Case No. 01)	Disclosed Items (For the Case No. 02)
X	03	03	01
Y	06	03	03
Z	11	09	11
Total	20	25	15

For the case no. 01, both PC Approach and Dichotomous Approach be like:

The PC Approach:

$ODI = (3/3+3/6+9/11) \div 3 = .77$ OR 77%

When using Dichotomous Approach:

$ODI = 15/20 = .75$ i.e. 75%

Contrary, when an organization discloses as in the case no. 02:

Under PC Approach-

$ODI = 1/3+3/6+11/11 \div 3 = .61$ OR 61%

When using the Dichotomous Approach

$ODI = 15/20 = .75$ OR 75%

Compared to the dichotomous approach, the PC approach generates more accurate results.

4.6 Sample Organizations' Annual Reports

Annual reports of the randomly selected thirty (30) banks registered with DSE were obtained from various sources. Names of banks with their acronyms (considered as company keys) used to carry out the study are below:

AB Bank Ltd. (ABBL), Al-Arafah Islami Bank Ltd. (AAIBL), Bank Asia Ltd. (BAL), BRAC Bank Ltd. (BBL), City Bank Ltd. (CBL), Dhaka Bank Ltd. (DBL), Dutch-Bangla Bank Ltd. (DBBL), Eastern Bank Ltd. (EBL), Export-Import Bank of Bangladesh Ltd. (EXIMBBL), First Security Islami Bank Ltd. (FSIBL), Islami Bank Bangladesh Ltd. (IBBL), ICB Islamic Bank Ltd. (ICBIBL), IFIC Bank Ltd. (IFICBL), Jamuna Bank Ltd. (JBL), Mercantile Bank Ltd. (MBL), Mutual Trust Bank Ltd. (MTBL), National Bank Ltd. (NBL), National Credit and Commercial Bank Ltd. (NCCBL), ONE Bank Ltd. (ONEBL), Premier Bank Ltd. (PREBLE), Prime Bank Ltd. (PRIBL), Pubali Bank Ltd. (PUBL), Rupali Bank Ltd. (RBL), Shahjalal Islami Bank Ltd. (SHIBL), Social Islami Bank Ltd. (SIBL), Southeast Bank Ltd. (SEBL), Standard Bank Ltd. (SBL), Trust Bank Ltd. (TBL), United Commercial Bank Ltd. (UCBL), and Uttara Bank Ltd. (UBL). Source: DSE Website.

4.7 Checklist

An organization should disclose 36 items under the guidelines of the SEC in order to uphold good corporate governance that is presented in the following table-

Clauses	Checklist (Total Disclosure Points)	Remarks
1	Board of Directors	
1.1	1. Board's Size	
1.2 (i)	2. Independent Directors	
1.2 (ii)	3. Independent Non-shareholder Director Appointment	
1.3	4. Chairman and Chief Executive Officer	
1.4	Report of the Directors to the Shareholders	
	5. Financial Statements' credibility	
	6. Keeping accurate accounting records accounts	

	7. Using principles of accounting for preparing reports of financial affairs 8. Adherence to IARS 9. The internal control system's soundness and efficiency 10. The company ability to remain as a growing concern 11. Significant deviations from the previous year in operating outcomes 12. Certainty of the presentation of the vital operational & financial data over the previous three years 13. Dividend declaration 14. The number of board meetings convened annually & the presence of each director 15. Pattern Sharing	
2. 2.1	Chief Financial Officer (CFO), Head of Internal Audit (HIA) and Company Secretary (CS) 16. Appointment of CFO, HIA, and CS 17. CFO&CS attendance at the Board Meeting	
3. 3.1	Audit Committee 18. Audit Committee Composition 19. Audit Committee includes 1 Independent Director 20. Filling of causal vacancy in the Audit Committee 21. Chairman of the Audit Committee 22. Professional Qualification of the Audit Committee Chairman	
3.2 3.2.1 3.2.2	Reporting of the Audit Committee 23. Report to the BODs 24. Conflict of interest 25. Potential material flaw in the control system internally 26. Probable legal offence 27. Other issues anymore 28. Report incidents to Authorities 29. Provide shareholders with meaningful and honest report	
4.	External/Statutory Auditors, not to Engage in 30. Services' rating 31. Financial system design & implementation 32. Book keeping or financial statements-related services 33. Services between/among broker & dealer 34. Consulting/actuarial services 35. Services of inner auditing 36. Extra amenities that the Audit Committee deems reasonable	

Source: BSEC Website

5. Results and Discussion

Discussion of the ODI Dichotomous

From the analysis, BAL, DBBL, EBL, IBBL, ONEBL, SHIBL, and UCBL both have the highest ODI, 97%, whereas IFICBL has 83%. The overall disclosure index stands at 92%.

Table 4: Dichotomous Approach for the Overall Disclosure Index (ODI)

Company Key	Analysis of the Disclosure Items through Dichotomous Approach					
	BD (15)	CHC (2)	AC (12)	SA (7)	Disclosure in Total (36)	Overall Disclosure Index (ODI)
ABBL	14	1	12	7	33	0.94
AAIBL	14	2	11	7	34	0.94
BAL	15	2	11	7	35	0.97
BBL	15	1	11	6	33	0.92
CBL	14	1	11	7	33	0.92
DBL	14	2	11	6	33	0.92
DBBL	14	2	12	7	35	0.97
EBL	15	2	11	7	35	0.97
EXIMBBL	13	1	10	7	31	0.86
FSIBL	12	1	11	7	31	0.86
IBBL	14	2	12	7	35	0.97
ICBIBL	12	2	11	7	32	0.89
IFICBL	13	1	10	6	30	0.83
JBL	14	2	11	7	34	0.94
MBL	12	1	11	7	31	0.86
MTBL	12	1	11	7	31	0.86
NBL	13	2	11	6	32	0.89
NCCBL	11	2	12	7	32	0.89
ONEBL	14	2	12	7	35	0.97
PREBL	15	1	11	7	34	0.94
PRIBL	13	2	12	7	34	0.94
PUBL	15	1	12	6	34	0.94
RBL	13	2	11	7	33	0.92
SHIBL	14	2	12	7	35	0.97
SIBL	14	2	11	7	34	0.94
SEBL	14	2	12	6	34	0.94
SBL	13	1	12	7	33	0.92
TBL	13	2	11	7	33	0.92
UCBL	14	2	12	7	35	0.97

UBL	13	2	11	7	33	0.92
Overall Disclosure Index	13.53	1.63	11.30	6.77	33.23	0.92

Discussion of the ODI PC Approach

From the analysis in Table 5 above, the highest ODI in the BAL is 99%, whereas RBL has carried out the lowest ODI, 79%.90%, which is the overall disclosure index. Furthermore, all the sample banks disclosed 100% information from SA items; the fewest items were disclosed in CHC, 78%. Also, AC (91%) and BD (91%) were the second and third disclosure items, respectively.

Table 5: Overall Disclosure Index (ODI) using the Partial Compliance (PC) Approach

Sl. No	Company Key	Analysis of the Disclosure Through Partial Compliance (PC) Approach									Overall Disclosure Index (ODI)
		BD_15	PC_(BD)	CHC_2	PC_(CHC)	AC_12	PC_(AC)	SA_7	PC_(SA)	Disclosure Items in Total (36)	
1	ABBL	14	0.94	1	1	12	0.95	7	1	3.89	0.97
2	AAIBL	14	0.95	2	1	11	0.94	7	1	3.89	0.97
3	BAL	15	1	2	1	11	0.95	7	1	3.95	0.99
4	BBL	15	0.95	1	0.5	11	0.95	6	1	3.4	0.85
5	CBL	14	0.87	1	0.5	11	0.84	7	1	3.21	0.80
6	DBL	14	0.92	2	1	11	0.87	6	1	3.79	0.95
7	DBBL	14	0.94	2	0.5	12	0.92	7	1	3.36	0.84
8	EBL	15	1	2	1	11	0.92	7	1	3.92	0.98
9	EXIMBBL	13	0.83	1	1	10	0.93	7	1	3.76	0.94
10	FSIBL	12	0.79	1	1	11	0.84	7	1	3.63	0.91
11	IBBL	14	1	2	0.5	12	0.94	7	1	3.44	0.86
12	ICBIBL	12	0.83	2	0.5	11	0.93	7	1	3.26	0.82
13	IFICBL	13	0.97	1	1	10	0.93	6	1	3.9	0.98
14	JBL	14	0.93	2	1	11	0.86	7	1	3.79	0.95
15	MBL	12	0.87	1	1	11	0.84	7	1	3.71	0.93
16	MTBL	12	0.82	1	0.5	11	0.84	7	1	3.16	0.79
17	NBL	13	0.84	2	1	11	0.84	6	1	3.68	0.92
18	NCCBL	11	0.82	2	0.5	12	0.93	7	1	3.25	0.81
19	ONEBL	14	0.97	2	0.5	11	0.93	7	1	3.4	0.85
20	PREBL	15	0.97	1	1	11	0.93	7	1	3.9	0.98
21	PRIBL	13	0.97	2	1	12	0.92	7	1	3.89	0.97
22	PUBL	15	0.97	1	0.5	12	0.93	6	1	3.4	0.85
23	RBL	13	0.83	2	0.5	11	0.84	7	1	3.17	0.79
24	SHIBL	14	0.89	2	1	12	0.93	7	1	3.82	0.96
25	SIBL	14	0.93	2	1	11	0.84	7	1	3.77	0.94
26	SEBL	14	0.95	2	0.5	12	1	6	1	3.45	0.86
27	SBL	13	0.89	1	0.5	12	0.92	7	1	3.31	0.83
28	TBL	13	0.92	2	1	11	0.92	7	1	3.84	0.96

29	UCBL	14	0.84	2	0.5	12	0.93	7	1	3.27	0.82
30	UBL	13	0.96	2	1	11	0.93	7	1	3.89	0.97
Overall Disclosure Index (ODI)		13.53	0.91	1.63	0.78	11.27	0.91	6.80	1.00	3.60	0.90

6. Some policy guidelines

Based on this study's findings, the researcher has developed the following recommendations for Bangladesh to uphold functioning corporate governance: There should be standardization of presentation information. Professional bodies must take some initiative to examine the disclosure of information on this emerging subject. The disclosure should be in line with IASs/IFRSs. The quality of financial reporting needs to be improved. The disclosure information must be meaningful in quantitative rather than non-quantitative and descriptive terms. The overall Companies Act needs to be modified and amended to adhere to the Banking Company Act, SEC guidelines, and Bangladesh Accounting Standards (BAS). The government and SEC will undertake timely initiatives to develop corporate governance codes and the best-practice framework for Bangladesh. The SEC should set up a rigorous corporate governance compliance monitoring system and harsh sanctions for noncompliance.

Chowdhury and Uddin (2006) firmly said that high standards of ethics and individual behavior significantly influence sound corporate governance. This can only be established if society's overall value system forces its members to comprehend it as the norm in all spheres of life. He also argued that good corporate governance must be an uncompromising moral mandate for the public interest. Hence, top management's support and motivational forces are the two most essential prerequisites for formulating and implementing effective corporate governance. Consequently, top management creates a climate where the reporting system can work smoothly without bottlenecks.

7. Conclusion

Several cases in the relevant field have demonstrated that Bangladeshi businesses' insufficient practices of disclosing corporate governance information have caused significant problems in recent times. Despite not meeting expected standards, the practice of providing corporate governance information is growing daily, and more Bangladeshi companies are following suit. Nowadays, many companies are being found to be positively motivated and urged to implement a code of corporate governance to create and uphold a favorable and pleasant work environment. The present study presents a positive picture for all the responsible authorities involved in the banking business. Although this work has been done previously, the present one is an extension of earlier work highlighting the banking sector's corporate governance disclosure index. By determining the corporate governance disclosure index level, the current study can address financial irregularities in various industries, not just the banking industry.

8. References:

- Ahmed, S., Jannat, R., & Ahmed, S. U. (2017). *Corporate governance practices in the banking sector of Bangladesh: do they really matter?*. Available at SSRN 2984104.
- Akpan, E. S., & Riman, H. B. (2012). Does corporate governance affect bank profitability? Evidence from Nigeria. *American International Journal of Contemporary Research*, 2(7), 135-145.
- Al-Amin. & Tareq. (2006). *Corporate Governance: The new strategic imperative, a white paper from the Economist Intelligence Unit sponsored by KPMG International*. The Economist Intelligence Unit Ltd.
- Ararat, M., & Ugur, M. (2003). Corporate governance in Turkey: an overview and some policy recommendations. *Corporate Governance: The international journal of business in society*, 3(1), 58-75.
- Bangladesh Enterprise Institute. (2004). The code of corporate governance for Bangladesh. *Bangladesh Enterprise Institute*, 1-87.
- Bhuiyan, M. H. U., & Biswas, P. K. (2007). Corporate governance and reporting: An empirical study of the listed companies in Bangladesh. *Dhaka University Journal of Business Studies*, 28(1).
- Bratanovic, S. (2003). *Analyzing and Managing Banking Risk: A Framework for Assessing Corporate Governance and Financial Risk*. World Bank Group.
- Chowdhury, A. A. M. U., & Uddin, M. (2006). *Role of corporate governance for the development of Bangladesh capital market*. The Daily Star, May, 1.
- Farooq, S., & Werner, W. (Eds.). (2003). *A comparative analysis of corporate governance in South Asia: Charting a roadmap for Bangladesh*. Bangladesh Enterprise Institute.
- Hasan, M. S., Hossain, S. Z., & Swieringa, R. J. (2013). Corporate governance and financial disclosures: Bangladesh perspective. *Corporate Governance*, 4(1), 109-119.
- Hossain, M. A. (2000). *Disclosure of Financial Information in Developing Countries: A Comparative Study of Non-financial Companies in India, Pakistan and Bangladesh*. Unpublished PhD Dissertation, The University of Manchester.
- Inchausti, B. G. (1997). The influence of company characteristics and accounting regulation on information disclosed by Spanish firms. *European accounting review*, 6(1), 45-68.
- Khan, M. G. S. H., Islam, A. K. M. Z., Rashid, H. A., & Sufian, M. A. (2009). Current status of corporate governance guidelines in Bangladesh: A critical evaluation with legal aspect. *Bangladesh Research Publication Journal*, 3(3), 971-981.
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. (2000). Investor protection and corporate governance. *Journal of financial economics*, 58(1-2), 3-27.
- Lang, M., & Lundholm, R. (1993). Cross-sectional determinants of analyst ratings of corporate disclosures. *Journal of accounting research*, 31(2), 246-271.
- Mangantar, M. (2019). The Influence of Corporate Social Responsibility and Corporate Governance on Banking Financial Performance. *European Research Studies*, 22(3), 95-105.
- OECD (1999). *Principles of Corporate Governance*. OECD Publications, Paris.

- Okeahalam, C. C. (2004). Corporate governance and disclosure in Africa: Issues and challenges. *Journal of Financial Regulation and compliance*, 12(4), 359-370.
- Owusu-Ansah, S. (1998). The impact of corporate attributes on the extent of mandatory disclosure and reporting by listed companies in Zimbabwe. *The International Journal of Accounting*, 33(5), 605-631.
- Reaz, M., & Arun, T. (2006). Corporate governance in developing economies: perspective from the banking sector in Bangladesh. *Journal of Banking Regulation*, 7, 94-105.
- Rouf, M. A. (2017). Firm-specific characteristics, corporate governance and voluntary disclosure in annual reports of listed companies in Bangladesh. *International Journal of Managerial and Financial Accounting*, 9(3), 263-282.
- Siddiqui, J. (2010). Development of corporate governance regulations: The case of an emerging economy. *Journal of Business Ethics*, 91, 253-274.
- Rehmans, R., & Mangla, I. U. (2010). Corporate governance and performance of financial institutions in Pakistan: A comparison between conventional and Islamic banks in Pakistan. *The Pakistan Development Review*, 461-475.
- Wallace, R. O., & Naser, K. (1995). Firm-specific determinants of the comprehensiveness of mandatory disclosure in the corporate annual reports of firms listed on the stock exchange of Hong Kong. *Journal of Accounting and Public policy*, 14(4), 311-368.
- Willim, A. P., Lako, A., & Wendy, W. (2020). Analysis of impact implementation of corporate governance and corporate social responsibility on corporate value in banking sector with net profit margin and management quality as moderating variables. *International Journal of Multicultural and Multireligious Understanding*, 7(4), 116-124.
- Zaman, R., Arslan, M., & Siddiqui, M. A. (2014). Corporate governance and firm performance: the role of transparency & disclosure in banking sector of Pakistan. *International letters of social and humanistic sciences*, 43, 152-166.