

An Assessment of Internal Control and Compliance of Banks in Bangladesh

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ABSTRACT

Internal control has been theorised as an integral part of corporate governance and fetches advantage to a bank in numerous ways. Although, one may rationalise the Internal Control and Compliance (ICC) activities as expensive activities for a bank, however the contribution of ICC may be splendidly comprehended by comparing a banking sector with strong internal control culture with another one possessing no such system as the latter one will persist vulnerable to shock. Therefore, the current study schemed to determine the strengths and weaknesses of internal control and compliance operations, the problem areas as well as success factors in internal control and compliance operations of the banks. Moreover, an attempt has also been made to suggest possible measures for embellished functioning of internal control in banking sector of Bangladesh. The study is based on both the primary as well as secondary data. Primary data have mainly been accumulated from the ICCD of banks through a questionnaire with a combination of open-ended and close-ended questions. The questionnaire focused on four different types of activities of ICCD, namely, common activities, audit and inspection related activities, monitoring activities and compliance related activities. The data has been accumulated from 32 commercial banks from five different categories of banks i.e. State Owned Commercial Banks, Specialised Banks, Conventional Private Commercial Banks, Islami Shariah Based Private Commercial Banks and Foreign Commercial Banks.

KEYWORDS: Internal Control, Compliance, Corporate governance, Banking Sector, Bangladesh.

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