

BICM Research Seminar 52

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Paper details	
Title	The Influence of Board Independence in Improving Asset Quality of Banks
Authors	Md. Adnan Ahmed Lecturer, BICM
	Faima Akter Lecturer, BICM
	Imran Mahmud Lecturer, BICM
Presentation details	
Presenter researcher	Md. Adnan Ahmed
Date	9 February 2026 (Monday)
Time	03:00 – 04:00 PM
Venue	BICM Multipurpose Hall
Expected Participants	Faculty Members of BICM & Invited Guests
Discussants	Dr. Mohammad Monzur Morshed Bhuiya Dean, Faculty of Business Studies Jagannath University
	Dr. Md. Jahir Uddin Palas Associate Professor Department of Banking and Insurance, University of Dhaka

About the Presenter

Mr. Ahmed is currently serving as a Lecturer at the Bangladesh Institute of Capital Market (BICM). He holds both a Bachelor of Business Administration (BBA) and a Master of Business Administration (MBA) in Banking from the Department of Banking and Insurance, University of Dhaka, where he was honored with the prestigious Dean's Honor Award for academic excellence. Before joining BICM, Mr. Ahmed gained valuable industry experience working in two multinational companies, followed by professional experience in the banking sector, which enriched his practical understanding of the financial system. At BICM, he teaches Financial Statement Analysis, Trading and Technical Analysis, and Investment Banking, through which he shares his expertise in equity and debt markets, initial public offerings (IPOs), bonds, derivatives, and other capital market instruments. In addition to his teaching responsibilities, Mr. Ahmed is actively engaged in academic research. He has authored several research articles published in reputed international journals, contributing to the growing body of knowledge in finance and capital markets. His research interests include banking and financial institutions, corporate finance, corporate governance, bank risk and regulation, investment, and capital markets.

The paper abstract is given below. If you have any questions regarding the seminar or you wish to present a paper or invite a guest researcher, please do not hesitate to contact S. M. Kalbin Salema, Assistant Professor, BICM at kalbin@bicm.ac.bd.

The Influence of Board Independence in Improving Asset Quality of Banks

Md. Adnan Ahmed¹, Faima Akter¹, & Imran Mahmud¹,

Abstract

This study examines the role of board independence in influencing the asset quality of banks in Bangladesh, using data from 29 listed commercial banks over the period 2010 to 2023. Asset quality is measured by the ratio of non-performing loans (NPLs) to total assets. Contrary to the expectations rooted in agency theory, the findings reveal that a higher proportion of independent directors on the board is associated with a deterioration in asset quality. The analysis employs Panel-Corrected Standard Errors (PCSE) and Generalized Least Squares (GLS) models to address issues of heteroscedasticity, autocorrelation, and cross-sectional dependence. Several control variables, including capital strength, profitability, gender diversity, bank size, lending propensity, and the impact of the COVID-19 pandemic, are incorporated to isolate the effect of board independence. The results suggest that merely increasing board independence may not be sufficient to improve asset quality, highlighting the need for a more nuanced understanding of the governance dynamics within the banking sector in emerging economies.

JEL classification: G21, G34, C23, G38, O16

Keywords: Board Independence, Asset Quality, Non-Performing Loans (NPLs), Governance, Bank

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