

## **Financing International Trade by Commercial Banks in Bangladesh: A Case Study on Pubali Bank Limited**

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*International trade in the developing countries amounts to about half of their gross national income (GNI). Commercial banks support smooth trading of goods by financing international traders which is broadly defined as International Trade Finance. Although it is widely recognized that commercial banks have a major role in international trade, there exists no systematic study that indicate the contribution of trade financing by commercial banks in the growth of international trade of the least developed countries (LDCs). Such study is also non-existent in the case of Bangladesh. This paper investigated the role of commercial banks of Bangladesh in supporting enhancement of trade volume by providing trade finance to their client. The paper is based on a case study on Pubali Bank Ltd. (PBL) where the PBL is one of the largest commercial banks of Bangladesh. The panel data collected from 20 client firms conducting international trade via the Bank for 3 consecutive financial years from 2009 to 2011, supports the hypothesis of positive role of the bank. The findings of this study suggest that trade finance by the commercial banks like the PBL has a positive effect in enhancing volume of the international trade of their clients.*

**Field of Research:** Banking