

**Banking Regulation & Policy Department**  
**Bangladesh Bank**  
**Head Office**  
**Dhaka-1000**

BRPD Circular Letter No. - 01

January 09, 2006  
Date -----  
Poush 26, 1412

Chief Executives  
All Private Commercial Banks in Bangladesh

Dear Sirs,

**Excessive expenditure in opening of new bank branches**

Attention is drawn to the BRPD Circular Letter No. 03 dated March 10, 2005 on the captioned subject.

It has been observed that in violation of the instructions contained in the above circular letter some banks are incurring excessive expenditure in procuring furniture and fixtures to decorate their new branches gorgeously. It is also revealed from a comparative study that expenditures incurred for branch opening by different banks in same area are not consistent. In spite of instructions issued through the above mentioned circular letter to refrain from incurring such types of excessive expenditure except the expenditure for acquiring modern information technology and procurement of only necessary modern equipments of basic needs, some banks are not complying with the same.

In view of the above, all banks are again advised to follow the instructions laid down in circular letter referred to above and make sure that expenditure of new branch opening is kept limited to reasonable level. Moreover, banks are also advised to ensure that no bank directors or firms where the bank directors have interest are involved in supplying furniture and fixtures for decoration of concerned bank branches. Inspection team of Bangladesh Bank will monitor the compliance of above instructions by the banks. If any bank fail to comply with the above instructions Bangladesh Bank will consider taking stern legal action against the concerned bank company.

Please acknowledge receipt.

Yours faithfully,

S/d-

**(Naba Gopal Banik)**  
General Manager  
Phone: 7117825