

**BANGLADESH BANK**  
**HEAD OFFICE**  
POST BOX NO. 325  
DHAKA-1000

FINANCIAL  
INSTITUTIONS  
DEPARTMENT

FID Circular No : 01

Date: 5 March, 2005

**Chief Executives,  
All Financial Institutions in Bangladesh**

Dear Sir,

**Participation of Financial Institutions in interbank Call Money Market**

Please refer to BRPD Circular No 4, dated 20th April 1998 and FID Circular Letter No-FIDP (P) 1052/17-324(17) dated 21st May 1998 of Bangladesh Bank.

This is evident from the analysis of call money market that, some of the Financial Institutions are highly dependent on the call money market, which is of great risk. The risk management of these Financial Institutions is also found too weak. Considering this reason, the Financial Institutions are suggested to make good use of long term alternative sources of fund namely Credit Line, Mortgaged Backed Securities, Asset Backed Securities etc. to avoid high dependency on the call money market and the long term asset-liability mismatch as well.

In this regard, it has been also decided that the Financial Institutions licensed from Bangladesh Bank can get the credit facility up-to 15% of their net assets from the call money market as a step to reduce high dependency on it. This system will be effective from 1st July 2005. But, the Institutions having the call money debt, which is higher than 15% of their net assets at present should not exceed the present limit by no means and the call money debt should be reduced gradually to the said limit within 30 June, 2005.

Please acknowledge the receipt.

Sincerely Yours,

sd/  
Sudhir Chandra Das  
General Manager (In Charge)