

Administration

Appointment of New Secretary in the Board

12.1 Mr. Md. Jahangir Alam was appointed as secretary of the Board in place of Mr. Abu Hena Mohd. Razee Hassan with effect from 2 December 2010.

A total of six meetings of the Board of Directors were held during FY11.

Executive Committee

12.2 Under section 12(1) of Bangladesh Bank Order, 1972 (President's Order No. 127 of 1972) the Executive Committee was constituted as follows:

Dr. Atiur Rahman	Chairman
Mr. Md. Nazrul Huda	Member
Prof. Hannana Begum	Member
Mr. Md. Shafiqur Rahman Patwari	Member
Mr. Md. Jahangir Alam	Secretary

A total of six meetings of the Executive Committee were held during FY11.

Audit Committee of the Board

12.3 In line with the international practice for strengthening corporate governance, an Audit Committee comprising of four non-executive Directors was formed on 12 August 2002 to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and the audit process. The present composition of the Committee is as follows:

Dr. Mustafa Kamal Mujeri	Convener
Dr. Nasiruddin Ahmed	Member
Prof. Hannana Begum	Member
Mr. Md. Shafiqur Rahman Patwari	Member

A total of three meetings of the Audit Committee were held during FY11.

In accordance with the Internal Audit Department Charter approved by the Audit Committee of the Board of Directors of the Bangladesh Bank (BB), the Internal Audit Department (IAD) in FY11 identified 42 auditable units (departments/ offices /units/ cells) and chalked out the audit plan for FY11. Audits were conducted twice a year in the 17 auditable units identified as high risk, and once a year in the other 25 auditable units identified as medium risk or low risk. The audit reports were placed before the Governor and the Audit Committee of the Board. Three meetings of the Audit Committee were held in FY11. The guidance/ directives/ recommendations received by the IAD from the Governor and the Audit Committee were conveyed to the relevant auditable units for implementation. Progress reports on implementation of these guidance/ directives/ recommendations were placed before the meeting of the Audit Committee.

Some preliminary works have been in progress since 2006 in strengthening the risk management functions in BB in the framework of Enterprise wide Risk Management (ERM). The IAD played its role in facilitating and co-ordinating the preliminary work in identifying risks in different functional/operational areas. The IAD will also play a role in assisting and co-ordinating the work of BB management in chalking out and implementing a roadmap for ERM in the BB.

New Appointment in Different Posts

12.4 During FY11, 103 Assistant Director (General Side), 13 Assistant Director (Statistics), 7 Assistant Programmer, 6 Assistant Maintenance Engineer and 1 Assistant Director (Ex-cadre) have been appointed. New Appointment during FY11 was as follows:

Assistant Director (General Side)	103
Assistant Director (Statistics)	13
Assistant Programmer	7
Assistant Maintenance Engineer	6
Assistant Director (Ex-cadre)	1
Total :	130

Retirement, Voluntary Retirement, Resignation Compulsory Retirement and Death

12.5 The number of officials/ staff of the Bank retired/ Voluntarily retired/ resigned/ compulsorily retired/ died during FY11 was as under:

Retirement	235
Voluntary Retirement	5
Resignation	19
Compulsory Retirement	4
Death	22
Total :	285

Creation/Abolition of Posts

12.6 In FY11, 59 new posts of Assistant Director & above and 2 posts of staff of the Bank have been created, 419 posts have been upgraded and 419 posts at different cadres have been abolished. As a result, the total number of posts (sanctioned strength) of the employees has been increased from 7336 to 7397 at the end of FY11.

Working Strength of Officials and Staff

12.7 During FY11, the number of officials of the Bank decreased from 3914 to 3848 and

the number of staff decreased from 1157 to 1030. At the end of FY11, the number of vacant posts was 2519.

Number of Officers on Deputation/Lien

12.8 During FY11, 38 officials of the Bank were on deputation in different institutions of the country. A total of 13 officials of the Bank were on lien during FY11, of which 4 officials were at home and 9 officials were abroad.

Reorganisation/ Newly Established Departments of the Bank

12.9 During FY11, two new departments named 'Department of Banking Inspection-3'(DBI-3) and 'Deposit Insurance Department'(DID) have been established. Besides this, Human Resources Department has been divided into two new Departments named 'Human Resources Department-1'(HRD-1) and 'Human Resources Department-2 '(HRD-2). A section named 'Risk Management Monitoring Section' (RMMS) in the Department of Offsite Supervision and an unit named 'Branch Office Service Unit' (BOSU) in Human Resources Department-2 have also been established.

Welfare Activities and Approval of Scholarship

12.10 During FY11, an amount of Taka 2.02 million has been provided to the children of the officials / staff as scholarship and Taka 0.32 million has been given as medical assistance from the Karmachary/ Karmakarta Kallyan Tahbil, established under the auspices of the Governor. Besides, an amount of Taka 32.68 million has been allotted to Bangladesh Bank Schools, Mosques, Clubs, Day Care Center, Freedom Fighters' Welfare Units etc. to carry out their recreation and welfare activities.

Foreign Training and Study

12.11 During FY11, 454 officials of the Bank participated in different training courses/seminars/ workshops in abroad. Moreover, 38 officials were on deputation/ foreign study leave during FY11.

Domestic Training and Study

12.12 A total of 846 officials of the Bank participated in different training courses/seminars/ workshops organised by different institutions (other than the BBTA) within the country during FY11. Moreover, 10 officials were allowed to participate in two years MBM programme of Bangladesh Institute of Bank Management (BIBM) during FY11.

Implementation of Performance Management System (PMS)

12.13 Bangladesh Bank successfully introduced Performance Management System (PMS) from appraisal year 2007-08. Several number of intensive awareness and facilitation programmes were held throughout the Bank including branch offices covering most of the supervisory officers to make them enable to appraise their appraisees objectively. Special emphasis was given on Event Behaviour Result Form (EBR) for a fair and impartial evaluation. The supervisors were requested to keep their appraisee's EBR form for future Annual Performance Appraisal Reference. During the awareness and facilitation programme, the participants suggested valuable recommendations and comments. In line with their recommendations/ suggestions more awareness/ facilitation programme will be held in future. PMS has been running with its 4th cycle. In the meeting of Executive Management Team (EMT), held on 27 July 2010, a decision has been taken to make PMS

more objective and simple. The committee has also suggested to translate PMS Manual and Competency Dictionary into Bengali. Meanwhile a working group has been formed to review existing PMS Manual and Competency Dictionary. Translation activity of PMS Manual and Competency Dictionary is on progress.

Training Courses, Workshops and Seminars Conducted by the Bangladesh Bank Training Academy (BBTA)

12.14 Bangladesh Bank Training Academy (BBTA) has performed a wide range of activities during FY11 with the objective of transforming itself a world-class center of excellence for imparting quality training to the officers of Bangladesh Bank as well as Commercial Banks, Financial Institutions including various government and non-government organisations through training, seminars, workshops, exchange of views, research and innovations in learning. With a view to enhancing the capacity of the faculty members and providing them with updated knowledge in various fields relating to banks and non- bank financial institutions as well as various private and public enterprises, BBTA also arranged various programmes for the trainers with the help of trained personnel of advanced and specialised institutions at home and abroad. In order to increase professional skill and efficiency of the trainees, BBTA conducted a total of 152 training courses /workshops / seminars during FY11, of which 114 training courses/workshops/ seminars were held at the BBTA premises and 38 were held at other outstation offices of Bangladesh Bank. A total of 5577 participants participated in the courses. Courses conducted by the BBTA during FY11 are shown in Table 12.1.

Table 12.1 Statement on different training courses, workshops and seminars organised by the Bangladesh Bank Training Academy (BBTA) during FY11

Sl. no	Subjects	Number of courses	Number of participants
1	2	3	4
1.	Foundation Course	1	42
2.	Foundation Course-2011 (Assistant Director)	1	42
	Other Training Courses		
a)	For officials of the Bangladesh Bank	46	985
i)	Public Procurement Act, 2006 & Regulations	1	18
ii)	Financial Instruments & Derivatives	1	19
iii)	Foreign Exchange & Foreign Trade	3	62
iv)	Understanding Economic Indicators	1	20
v)	Intranet, Internet & Network Communication	1	24
vi)	Refreshers Course	2	35
vii)	Integrity & Anticorruption	2	40
viii)	Currency Management, Payment & Settlement System	2	43
ix)	Banking Supervision, Inspection Techniques & Inspection Report Writing	1	19
x)	Core Risk Management	1	17
xi)	Environment Risk Management	1	18
xii)	Financial Programming & Policies	1	14
xiii)	e-commerce & e-banking	3	65
xiv)	Forex Reserve Management	1	22
xv)	Leadership, Teambuilding & Negotiation Skill	2	39
xvi)	Accounting & Finance	1	16
xvii)	ICT Security Policy	2	42
xviii)	Accounting for Bankers under IFRS including BB Accounts	1	13
xix)	Research Methodology	1	12
xx)	Debt Management & Debt Securities Markets in Bangladesh	1	17
xxi)	Agricultural Financing & Rural Development	2	33
xxii)	Management Information System	1	24
xxiii)	e-governance	2	45
xxiv)	Prudential Guidelines on Consumer Financing & SME	1	44
xxv)	Advanced Course on Leadership	1	20
xxvi)	Faculty Development Programme on ICT	1	14
xxvii)	Office Decorum, Safety, Security & Crisis Management	1	30
xxviii)	Techniques of Banks & NBFIs Supervision & Inspection Report Writing	1	20
xxix)	Banking Laws & Regulation	1	23
xxx)	Monitoring Foreign Exchange Transaction	1	25
xxxi)	Stress Management & Counselling	1	22
xxxii)	Factoring of Loans & Advances	1	27
xxxiii)	Orientation Course for ADs of Specialised Departments	1	23
xxxiv)	Green Banking : Opportunity & Initiatives in Bangladesh	1	55
xxxv)	Safety, Security & Disaster Management	1	25
b)	For officials of the Commercial Bank	51	2071
i)	Foreign Exchange and Foreign Trade	2	80
ii)	Corporate Governance in Banks, NBFIs & Central Bank	3	71
iii)	SME Financing for Women Entrepreneurs	2	57
iv)	Detection, Disposal of Forged & Mutilated Notes & Malpractices in Banks	10	348
v)	Money and Banking Data Reporting	7	259
vi)	Policy/Directives of Bangladesh Bank	12	413

vii)	Credit Risk Grading	1	24
viii)	BASEL-II, Implementation in Bangladesh	1	23
ix)	Foreign Exchange Transaction Reporting	5	345
x)	Trainers' Training	1	33
xi)	Micro Credit & SME Financing	2	40
xii)	Lease Financing	1	107
xiii)	Risk Based Capital Adequacy according to Basel-II	1	27
xiv)	Mobile & e-banking in Bangladesh	1	105
xv)	Securitisation	1	110
xvi)	Prevention of Money Laundering & Terrorist Financing	1	29
3.	Workshops/Seminars/Lecture Sessions	19	1347
i)	Workshop on CIB Reporting	10	829
ii)	Detection & Disposal of Forged Notes	1	22
iii)	Workshop on Economic Indicators	1	17
iv)	Workshop on Capital Market in Bangladesh	1	29
v)	Seminar on Climate Change: Its Impact & Response	2	202
vi)	Seminar on Transaction against Asian Clearing Union	1	93
vii)	Seminar on Manners & Etiquette	1	26
viii)	Foreign Direct Investment & Portfolio Investment in Bangladesh	1	63
ix)	Executive Development Seminar on Financial Crisis & Regulatory Deficiency	1	66
4.	Workshops/ Seminars/ Lecture Sessions: (On Request)	35	1132
i)	Public Finance Taxation (Seminar on Tax Policy & Management in Bangladesh)	1	60
ii)	Corporate Governance in Banks, NBFIs & Central Bank	2	46
iii)	Strategies for the Growth & Employment in Bangladesh	1	61
iv)	Training for the Officials of Different Reporting Agencies	1	29
v)	TOT on Foreign Exchange Risk Management	1	22
vi)	Orientation Programme for MRA	1	35
vii)	TOT on Anti Money Laundering & Internal Control	1	38
viii)	Micro, Small & Medium Enterprise for a Prosperous Bangladesh	1	65
ix)	Money Laundering Prevention	1	85
x)	TOT on Credit Risk Management	3	89
xi)	Public Private Partnership (PPP)	1	104
xii)	ERP Working Procedure & Data Upload (HR, Payroll & Advance)	1	14
xiii)	Asset Liability Management	1	30
xiv)	Training Programme for the ERP -TOT (HR Module)	1	15
xv)	Training Programme for the End Users under ERP- (HR Module)	1	20
xvi)	Training Programme for the End Users under ERP- (MM Module)	1	15
xvii)	Training Programme for the End Users under ERP- (FICO Module)	1	25
xviii)	Boot Camp Training on Business Intelligent Enterprise Edition (BIEE), (EMA Group)	1	27
xix)	Boot Camp Training on Business Intelligent Enterprise Edition (BIEE), (PS Group)	1	25
xx)	ERP Training-Hardware & OS	1	10
xxi)	EDW Training-Object Oriented Techniques	1	8
xxii)	Stress Testing for BB Officials	1	30
xxiii)	Oracle Data Integrator	1	10
xxiv)	ERP Application : SAP ABAP	1	11
xxv)	Training Programme for the End Users (Management Level) on OBIEE	1	10
xxvi)	Exp Form Matching through Web Based Online System	1	90
xxvii)	Training Programme for the End Users (General Users) on OBIEE	1	30
xxviii)	Data Uploading & Working Procedure of ERP system	1	31
xxix)	CRM & Training Methodology (For the Trainers)	1	33
xxx)	Data Uploading & Working Procedure of ERP system (HR & Payroll Module)	1	29
xxxi)	Data Uploading & Working Procedure of ERP system (FICO Module)	1	24
xxxii)	Oracle Data Mining under EDW Application Package	1	11
Grand Total		152	5577

Central Bank Strengthening Project (IDA Credit No. 3792 BD)

12.15 Bangladesh Bank has been implementing the Central Bank Strengthening Project (CBSP) with the financial assistance from International Development Association (IDA) in order to improve the efficiency of the bank through functional reforms and large scale automation of its business process. The total cost of the project is Taka. 3958.46 million (USD 56.55 million), of which IDA will provide Taka. 3004.86 million (USD 42.93 million) and the rest of Taka. 953.60 million (USD 13.62 Million) will be borne by the Bangladesh Bank. The project started in late 2003 and expected to be completed by 30 June 2012. The project cost was revised thrice. The third revised proposal (3rd TPP) for project cost included some new components such as BB Office Layout and Office Modernisation, National Payment Switch System (NPS) for PAD as Participating Bank of the BACH, IT System for AMLD for STR and CTR, Automation of Government Securities.

The activities of the project are grouped under several components such as a) Strengthening the Legal Framework, b) Reorganisation and Modernisation and c) Capacity Building. A brief description of the developments of the project made so far is as follows:

a. Strengthening the Legal Framework

Bangladesh Bank Order and the Banking Company Act provide BB the enhanced responsibility to ensure financial soundness and economic growth of the country. CBSP had already reviewed the existing laws (BBO, BCA & FIA) with a law firm and submitted its recommendations for necessary amendments to these acts. BB authority had already

reviewed the consistency of draft BBO, BCA & FIA prepared by the Legal Counsellors and translated the same into Bengali. In order to build in-house capacity, the Law Department was restructured and officials of the Law Department along with the BB officials having academic background in Law were trained under this component. In addition, a separate Law Library had been set up in that Department. Appointment of consultant on Anti-money Laundering (AML) and Counterfeiting Financial Terrorism (CFT) to defend the modern financial crime had been reviewed by the BB. The procurement of the advisor for AML/CFT was almost at the final stage.

b. Reorganisation and Modernisation: Functional Reorganisation

Re-examining the objectives and goals of BB as well as developing a vision for the future direction of the institution is a critical first step in its reinvigoration and professionalism. In order to operate as a fully integrated and appropriate banking regulatory authority, formulation of Departments' objectives and Key Performance Indicators was set by the BB ensuring that they were perfectly aligned with the overall mission and vision of Bangladesh Bank. With a view to implementing the Enterprise Resource Planning (ERP) and Banking Application Solution successfully, standard operating procedure of several departments had been prepared. Modernisation of BBTA, modern office layout, IT lab, video conferencing system had been incorporated in the project in order to support the initiatives. A new component, National Payment Switch (NPS), will also be implemented to facilitate the national payment system of Bangladesh by the end of the project.

Modernisation of Bangladesh Bank Training Academy (BBTA)

A large number of BB officials had been frequently trained in the BBTA for enhancing their excellence. However, the modern equipments were unavailable for imparting training in an effective manner. Steps had been taken under CBSP to make BBTA as a well equipped training center by providing different facilities and equipments like laptops, multimedia projectors, printers, photocopiers, digital video conferencing system and vehicles in the BBTA.

BB Office Layout and Office Modernisation

A modern office layout is necessary for proper functioning of the officials, automation system security and IT environment. BB decided to modernise the office layout suitable for the automation programme and for the purpose of LAN/WAN set up. With a view to improve the working environment by arranging suitable office layout, BB set the estimated package value to USD 6.10 million. The Purchase Proposal has already been approved by the Ministry of Finance and the Board of Directors of Bangladesh Bank. Implementation of the package will be started within December 2011.

Video Conferencing Facility along with Wireless Digital PA system:

In order to improve the communication system with foreign delegates and create a state of the art facility in the BB's own conference programmes, BB had decided to establish Video Conferencing Facility along with Wireless Digital PA system. The budget amount of USD 0.2 million was allocated in the revised 3rd TPP for this package which had already been implemented. Two video conferencing systems had been set up in BB Head Office and in BBTA. The Conference

Hall of Main Building, Head Office had been equipped with Wireless Digital PA system.

Automation

The biggest component of the project is the automation component for supply, installation, commissioning and maintenance of four different information systems namely LAN/WAN Intranet & Internet, Enterprise Resource Planning (ERP), Banking Application Package and Enterprise Data Warehouse Package. Later, National Payment Switch (NPS) was also included under the project to enhance the efficiency of the country's payment system. All these packages (except NPS) are expected to be completed by the end of 2011. NPS is expected to complete by June 2012. To support the automation process necessary PCs, Printers, Scanners and other necessary equipments are being procured time to time from BB's own fund. End users of these automated packages have been given training for improving the capacity to use the new system. Around twenty five hundred users are already imparted training for the respective application software knowledge. LAN/WAN infrastructure is in full operation as the package has been completed successfully. All the departments of Head Office and the branch offices of Bangladesh Bank have been inter-connected via this system. BB is also implementing an automation process namely Enterprise Resource Planning (ERP), an integrated computer-based system to manage internal and external resources. All the branches and related departments of BB are under the online ERP system to ensure accurate management of financial resources, materials, and human resources of the central bank. The new system will enable the BB staff to manage and utilise the resources of the organisation more effectively and efficiently. The package had been in operation in all the

offices of BB. More than two hundred and seventy officials have been trained under this system. The full system of the head office is under online.

The Banking Application Package for the automation of its banking activities has been implemented by the BB. The software development was completed which expected to be in operation by December 2011. With this system the Core Banking, Cashier/Teller function, Reconciliation, Treasury Management and Security System, Prize Bond, *Sanchaypatra* and Investment Procedure will be completely automated. Initiatives have been taken under the Banking Application Package with a view to introduce every kind of its banking functions in an automated way. The development of the software was at the final stage.

In order to develop a vibrant primary and secondary market for Government Securities a separate Depository for Government Securities including auction, primary and secondary trading and final settlement had been planned. As some of the functions of Government securities have been partly covered under the Banking Application package, it was being implemented by TCS Financial Solutions Australia Pvt. Ltd. BB has decided to implement these tasks as an extended scope of the banking solution.

The introduction of the Centralised Enterprise Data Warehouse (EDW) Software will increase technological skills in BB which will enable the users to analyse data related to research, statistics, monetary policy and other departments in a more effective and efficient manner. The prudential supervision process of the banks and financial institutions will be benefited greatly from this package. The installation of hardware and software, the

user training and the data mapping has already been completed. General people can extract certain data from the Bangladesh Bank website which will be directly linked with the EDW.

A National Payment Switch will be introduced in order to create a common platform for all the commercial banks for electronic payments. The commercial banks having an ATM/POS/ e-payment Switch or being connected to any other shared switch network will be able to send inter-bank or inter switch payment instructions to the national payment switch for clearing and settlement purpose. The purchase proposal has been sent to the ministry of finance for approval. The package is expected to be completed by June 2012.

Human Resource Development

With a view to developing the efficiency of the human resources of the BB, a modern Performance Management System (PMS), Recognition and Reward Policy, Training Need Assessment (TNA) and a new training policy and procedure have been formulated. About 2000 officials of Bangladesh Bank have been trained in different institutions at home and abroad. Training have been arranged on the different areas of central banking like supervision, banking and finance, foreign exchange policy, investment, treasury management and also on IT packages. A MoU has been signed between BB and the Asian Institute of Technology (AIT), Thailand, to arrange professional short courses and Masters programmes. Twenty One officials have been sent to a nine month long Professional Masters course on Banking and Finance programme. Besides the foreign training, a good number of officials have been trained locally in different functional areas. The local training programmes were: Higher

Certificate Course in Human Resource Management in association with IBA of Dhaka University, Higher Econometrics Course with Bureau of Economic Research of Dhaka University and English Language Course with British Council. Recently the Bank has decided to provide funding for the evening MBA programme which will allow the employee to get education from Business Faculty of Dhaka University from the Bank's fund.

c. Capacity Building Recruitment of Consultants

The services of some Consultants/IT Specialists including Legal Counsellor, Modernisation Expert, IT Programme Manager, Procurement Specialist, Network Specialist, Internet and Intranet Specialist had been utilised by the Bangladesh Bank to enhance the quality works of the BB. However, considering the future need and based on realistic estimation of the possible implementation period of all the IT components of the project, further services of few functional Consultants/ IT Specialists had been reviewed. Some foreign and local consultants had been recruited in last two years with a view to improve the efficiency and capacity of the project. Some of them

were - IT Programme Manager, IT Specialist (Banking and Treasury), IT Specialist (ERP) and Senior Research Consultant.

These consultants with their valuable opinion and analyses are contributing to the bank's efficiency. Considering the recent fraudulent practice and financial terrorism, the AML/CFT expert recruitment process was underway which was in the stage of finalisation by the board.

IT System for AMLD for STR and CTR

A National Coordination Committee had been formed with Finance Minister in the Chair in order to strengthen the Anti Money Laundering Activities and protect the terrorist financing. As the issue of Anti Money Laundering mostly involves cross border transactions, maintenance of regular communication with different national and international bodies had been needed by the Committee. Bangladesh Bank has decided to procure a system in order to capture the daily data of Suspicious Transaction Reporting (STR) and Cash Transaction Reporting (CTR) in the bank and financial system under the project following recommendation of the APG.