

Appendix-2
Bangladesh Bank's Research in FY13

Summary of recent research activities in Bangladesh Bank and a near/medium term agenda

This summary note will cover some of the key outputs of the Research Department as well as the work of the Chief Economists Unit (CEU) - it will also briefly touch on some other analytical/research work on-going in other parts of BB, such as the Monetary Policy Department (MPD) where staff mapped to 'research' also work. These are grouped under the following categories (i) synthesis analysis of overall and topic-specific developments in the Bangladesh economy (ii) empirical research on specific economic/ financial sector issues (iii) development of new analytical tools and capacity building (iv) other 'routine tasks'. In addition it will outline some issues which will strengthen the quality of analytical work produced by BB.

Synthesis analysis/reports related to the Bangladesh economy and their frequency

- (i) BB Annual Report - first draft by Research Department with inputs from other departments and final editing by Chief Economist
- (ii) Monetary Policy Review (MPR) - annual publication focused on monetary policy development and associated analytical work on specific themes produced by CEU
- (iii) Monetary Policy Statement (MPS) - bi-annual announcement of policy stance along with an update of half yearly economic developments-jointly produced by CEU and MPD
- (iv) Bangladesh Bank Quarterly (BBQ) - analysis of the past quarters economic developments along with a near term outlook - produced by CEU
- (v) Quarterly reviews of RMG sector; Remittances Trends and Islamic Banking - produced by Research department and will soon be published on-line
- (vi) Monthly Economic Indicators (MEI) - a monthly update on key indicators produced by MPD
- (vii) Prepare a manuscript of the book titled "Activities of the Banks and Financial Institutions" prepared by Research Department and published by the MoF (yearly).
- (viii) Background papers for National Budget document and Ministry of Finance 'Economic Review of Bangladesh' annual publication prepared by Research Department

Empirical Analysis of specific economic / financial sector issues in FY13 and on-going

- i. Monetary policy / inflation related:*
 - "When and why does Bangladesh's inflation differ from India's? (2013 CEU working paper)

- "Effects of Monetary Policy on Capital Market in Bangladesh" (2013 CEU working paper)
- "Inter-bank Money and Foreign Exchange Markets in Bangladesh: An Analysis from liquidity Perspective" (2013, Research Department)
- "Fiscal policy and inflation: the case of Bangladesh" (2013 MPD / CEU working paper)
- The Demand for International Reserves of Bangladesh (prepared by MPD and Research Department 2013).

(ii) *Financial sector related*

- "A quick analysis of deposit interest rates offered by commercial banks" (2013 CEU policy note)
- "Socio-economic Characters of Buyers of Saving Instruments in Bangladesh" (2013 Research policy note, Research Department)
- "Infrastructure and Energy Sector Financing and the Issuance of Bond in Bangladesh: Prospects and Problems" (2012 Research paper, Research Department).
- The Determinants of Workers' Remittances in Bangladesh (prepared by Research Department and published in IBB Journal, July-Dec, 2012)
- Financial Stability in the Banking Sector: An Empirical Analysis (prepared by Research Department and published in BIBM Journal, July-Dec, 2012)

(iii) *Financial Inclusion:*

- Mobile Financial Services in Bangladesh: An Overview of Market Development, July 2012 (Research Department / Gates Foundation paper).
- An Investigation into recent increase in SME Loans and its Socio-economic impacts, (Research Department 2013).
- The Impact of Agricultural Credit on Output, Productivity and Employment (Research on-going, Research Department)

Capacity and tools development

- Jointly with Gates Foundation developed a digital map of financial services in Bangladesh which BB and MRA will keep updated
- New 'Thoughts on Banking and Finance' journal whose Executive Editor is a Research Department staff deputed to Bangladesh Bank Training Academy

- Organized a two days conference by Research Department on Monetary Policy and Inclusive Growth with participation of external academics and different departments from within BB
- In-house seminars disseminating work by external academics and in-house research included topics such as SME Financing and its impact on output and employment; the exchange rate and economic growth; impact of Indian Rupee depreciation on Bangladesh; foreign exchange reserves adequacy etc
- Training included Eviews Training Level-1 and Eviews Training Level-2 which were delivered to 3 batches by visiting US-based academic

Other routine tasks

- a) Prepare daily statement on government borrowing from the banking system and non-bank financial institutions; prepare the statement on Monetary and Banking Statistics; prepare a statement on liquidity position of Scheduled Banks; prepare a statement on government borrowing from the banking system
- b) Exchange of information among SAARC member countries central banks via SAARC Finance secretariat. Prepare strategic policy papers on Bangladesh in consultation with SAARC secretariat e.g. a paper micro credit on financial inclusion, and on common currency have been prepared in the last year.
- c) Regular Power Point updates on Bangladesh economy for different audiences
- d) Coordination of international ratings agencies activities in Bangladesh