A Review of the Supervisory initiatives by Bangladesh Bank

Dr. Shah Md. Ahsan Habib
Md. Mohiuddin Siddique

Bangladesh Institute of Bank Management
Section-2, Mirpur, Dhaka-1216

A Review of the Supervisory Initiatives by Bangladesh Bank

Dr. Shah Md. Ahsan Habib

Md. Mohiuddin Siddique

Bangladesh Institute of Bank Management
Section-2, Mirpur, Dhaka-1216

Foreword

Bangladesh Institute of Bank Management (BIBM) has been undertaking research activities on several policy and operational areas of banking. It is well-known that some policy initiatives of Bangladesh Bank have brought notable positive changes and received applause domestically and internationally. These initiatives and their implications deserve due attention of the researchers and academicians. The study is one such attempt to capture and analyze supervisory initiatives of Bangladesh Bank undertaken in the recent years.

We hope the study would attract attention of not only bankers, but other professionals like policy makers, economic consultants, economists, development practitioners and academic community. BIBM would welcome comments, critiques and suggestions on the study.

Dr. Toufic Ahmad Choudhury
Director General

Acknowledgement

The study is a collective effort of the authors supported by the Bangladesh Institute of Bank Management (BIBM) management. The authors are indebted to the Director General of BIBM, Dr. Toufic Ahmad Choudhury for his guidance and mentoring in conducting the study.

In the process of data gathering and validation, the authors received immense support from Mr. Sheikh Mozaffar Hossain, Faculty Member, BIBM and General Manager, Bangladesh Bank. Support and cooperation of Mr. Md. Shah Alam, General Manager, Bangladesh Bank; Mr. Md. Humayun Kabir, General Manager, Bangladesh Bank; Mr. Md. Kamal Hossain, Assistant Director, Bangladesh Bank are highly appreciated.

Dr. Shah Md Ahsan Habib

Md. Mohiuddin Siddique

A Review of the Supervisory Initiatives by Bangladesh Bank

1. Introduction

Rapid changes in business environment and increasing competition, continuing expansion and globalization of banking, and banking crises have led national and multilateral policy makers to focus on the crucial role of banking supervision. It is well-known that supervisory functions entail a collection of tasks covering actions related to investor protection activities, micro-prudential supervision and macro-prudential analyses to ensure safety and soundness of individual institutions, and the banking system as a whole. There are several areas of policy discussions and debates in a number of areas of banking supervision including who should supervise banks; whether the Central Bank should play a role in bank supervision; whether there should be a single bank supervisory authority, or multiple bank supervisors; and whether the supervisor responsible for the banking industry should also have responsibility for other financial services; what kind of independence the supervisory agency need for effective supervision of banks and financial institutions etc. There are different views and diversified evidences in favor and against the debated issues both in developed and developing countries. And very importantly, the views are ever changing with the changing experiences in banking operations in different economic structures in global economies.

Globally, the recent wave of changes in bank supervision is basically rooted in the expansion of cross border banking services and incidences of bank failures. Banking systems of the economies that are not very integrated with the global financial systems and are not severely affected by the most recent global financial crisis, are also undertaking reform measures based on the lessons of the global economies. Even being largely unaffected by the recent global financial and economic crisis, streamlining financial regulation and supervision are progressing at an encouraging speed in many developing countries. Laws are changing, enforcements are improving and efforts to step up prudential supervision are going on. There are now greater incentives to upgrade banking supervision and comply with international standards to protect domestic banking system from the systemic risks and to ensure financial stability for supporting attainment of greater growth and development.

Bangladesh is experiencing economic growth and development together with the expansion and changes of the financial sector of the country. Currently, a total number of 56 scheduled banks and 31 non-bank financial institutions are operating in the country under the supervision of Bangladesh Bank. Over the years the banking sector of the country expanded, and greater changes and development in the banking sector demands greater supervision on the part of the regulatory and supervisory authority- the Central Bank of Bangladesh. It means, expansion in the banking activities in the form of increased volume of loans and deposits, growing number of loan and deposit products, higher number of clients, improved financial inclusion demands greater supervision and increased discipline. Other financial institutions, though are not as big in size as the banks, have been providing important specialized financial services like lease financing, home loan and project loan for the convenience of the small, medium and large entrepreneurs and their size and volume of transactions are increasing. Though Bangladesh was not affected by the financial contagion of the global economy, the contagion nature of bank failures and worldwide economic downturn has also been a matter of concern of the policy makers and Central Bank of the country in recent years. In fact, the global developments and changes in the financial arena in recent time points to the growing importance of coordinated supervision to protect the interest of the depositors and maintain stability in the financial sector. The experience of global recession has offered valuable lessons to the central banks and the regulators of all countries to correctly maintain financial stability for ensuring economic stability.

To protect and to ensure safety of the banking and financial sector of Bangladesh, Bangladesh Bank has introduced substantial changes in bank supervision techniques and approaches in the recent years. In light of global experiences, the Central Bank is emphasizing strengthening capital adequacy structure of the banks, re-fixation of reserve structure, strengthening risk management process, introducing techniques to forecast systemic risks, ensuring transparency in disclosing information and strengthening supervision structure. At the same time, Bangladesh Bank has made various policy related, institutional and legal reforms in light of international best practices to face the forthcoming challenges. Bangladesh Bank’s activities are going on to put in place an integrated prudential regulatory and supervisory structure in full harmony with the evolving international best practice standards, which is expected to strengthen the legal framework and closely coordinate on-site and off-site supervision functions. Supervisory focus on risk appraisal and management practices of banks in their lending and other business functions have intensified in the country. The Central Bank is exercising oversight on the effectiveness of corporate governance and internal control functions for establishing sound risk management processes and practices in banks. Branches of banks are coming under closer attention and monitoring, and customers’ interests are getting growing attention of the Bangladesh Bank. Bangladesh Bank is working to identify and safeguard the weaknesses and vulnerabilities in the banking sector of the country by shifting from compliance-based approach to forward-looking risk-based approach in regulation and supervision. Legal reforms to this end are underway, and information technology in banks are being upgraded to enable rapid online accessing of data and supervisory information from banks. These measures have facilitated early addressing of weaknesses and vulnerabilities in banks, preventing them from bigger difficulties.

In the recent years, financial stability is receiving due focus in the supervisory initiatives of the Bangladesh Bank because of the fact that it is crucial to identify the probable risks of banking sector in the primary stage to ensure sound and stable financial sector. For that matter, a coordinated approach of micro and macro prudential supervision has been devised to monitor the problem banks and to supervise the entire banking sector effectively. In connection with the approach of Bangladesh Bank in handling ‘financial stability’, the Central Bank of the country is amongst some Central Banks of developing countries that have opted to deviate from the mainstream monetary policy approach of developed economies. These Central Banks, including Bangladesh Bank, have been following monetary and financial policies towards supporting inclusive and sustainable growth. The Central Bank's developmental role and initiatives related to inclusive finance in Bangladesh are expected to act as an in-built stabilizer of the financial system and thus could play notable role in ensuring financial stability in the country.

The study is about reviewing the bank supervisory initiatives of Bangladesh Bank undertaken in recent years. The study also reviewed relevant literature in the context of bank supervision in global economies. This is basically a secondary data based study, where published data and information have been used for data analyses. Selected officials of the Central Bank were consulted for data validation.

2. Effective Bank Supervision and Role of Central Bank: Literature Review

Crucial role of 'banking supervision' is well recognized in the continuously changing global banking structure, which involves monitoring and examining the condition of banks and their compliance with laws and regulations. Thus, it is about issuing specific regulations and guidelines to govern the operations and activities of banking organizations, and enforces them targeting some specific outcomes; and in case of any problems or non-compliance of the set of prescribed rules and guidelines, it is also about authority of the supervisory agency to correct the problems. It is well known that the supervisory approach and initiatives have been changed over the years with the expansion of banking activities in an environment of globalization effort in all economic directions. Financial regulation and supervision are progressing at an encouraging speed and concerns about safe and sound banking are widely shared. Laws are changing, and efforts to step up prudential supervision are under way. This is the legacy from two decades of crises. Alongside popular debates on the structure of bank supervision and supervisory authority (single or multiple) the approach and coverage of bank supervision is receiving tremendous attention of the policy makers in response to the recent crisis experiences. The area of prudential supervision of the Central Bank has been redefined in several global financial forums. The perception or the growing recognition of the dual role of Central Bank or the monetary policy authority in the forms of 'price stability' and 'financial stability' offers new impetus in the activities of the Central Bank in supervising banking system mainly in the developing countries.

Central Bank is recognized as Bank Supervisor in Most Jurisdictions

In spite of the of the debates on the relative advantages and disadvantages of the Central Bank being a bank supervisor, the most strongly emphasized argument in favor of assigning supervisory responsibility to the Central Bank is that as a bank supervisor, the Central Banks generally have first-hand knowledge of the condition and performance of banks which is crucial to identify and respond to the emergence of a systemic problem in a timely manner (Barth et al., 2003). Traditionally, those pointing to the disadvantages of assigning bank supervision to the Central Bank stress the inherent conflict of interest between supervisory responsibilities and responsibility for monetary policy (Philip, 2009). According to a school of thought, a supervisor with broad scope to cover all financial services is necessary to supervise such entities effectively and, in particular, to insure that supervisory oversight of risk management by such conglomerates is not fragmented, uncoordinated, or incomplete (Malcom, 2012). On the other side, the most significant argument against a supervisory authority with broad scope is that it would result in an undue concentration of power that would otherwise be dispersed among several agencies (Barth et. al, 2012). However, today most jurisdictions in developing countries recognize the benefits of having a single bank supervisor, and the vast majority of developing countries have a single bank supervisory authority. There is even strong opinion of a school of thought that consolidating or integrating supervision of banking and other financial services into a single supervisory authority could perform better. There is, however, a differentiation here between the countries in the two income groups. While Central Banks are the supervisory bodies in about 75 percent of emerging and developing economies, only about 40 percent of advanced economies have Central Banks as supervisory bodies for commercial banks, and about 50 percent of advanced economies use a separate bank supervision agency (Cihak et. al, 2012).

Independence and Adequate Power of the Central Bank might bring better outcome

Effective financial supervision requires strong and independent supervisors, shielded from day-to-day political pressures by means of a clear mandate, legal protection, and political support to do their job (Krivoy, undated). Operational independence, as set out in the Basle core banking principles, is a complex term, and the nuances that country-specific circumstances may bring to the subject are as varied as the historical, political, and cultural realities that come into play (Philip, 2009). However, there is more or less consensus that Power and independence of Central Bank can be linked with the supervisory effectiveness. Another equally important aspect is how independent the supervisory agency is in carrying out its duties. Even though it is important for the supervisory authority to be independent from adverse influence, in order to use its powers to appropriately supervise the financial system, exactly how much power it has and how it uses it is equally important. In view of Quintyn and Taylor (2004), there are three main areas that determine how much power the supervisory authority needs, and how the effect of such power may be limited or in some cases reversed: one, the supervisory authority must have powers that enable it to take prompt corrective action when it observes deterioration in bank solvency levels, to restructure and reorganize a troubled bank and in extreme circumstances, declare a seriously troubled bank insolvent; two, when violations in regulation and legal requirements or imprudent behaviour by banks are observed, the supervisory authority should have the discretion to address these issues; and three, the supervisory authority should have the power to act without undue involvement from the courts. Barth et. al., (2012) noted, three significant aspects of supervisory practices is available that can give one an indication of the relative effectiveness of supervision. These dimensions include enforcement powers, the degree of disclosure supervisory authorities must comply with, and the independence of supervisory authorities. Overall, it is proportionately more common for the high-income countries to provide greater independence to bank supervisors than countries in the low income countries (Krivoy, undated). Power of the Central Bank in connection with effective supervision is connected with the supervision of government owned and foreign banks. According to Barth et al, (2005) two very important 'banking environment' factors that have a bearing, ceteris paribus, on the effectiveness of supervision are the degree of government ownership in banking, and the degree of foreign ownership. Especially supervising government owned bank is a crucial challenge of the Central Bank in a developing country. Government ownership can act to undermine otherwise effective supervision of banks. Indeed, it is somewhat unclear how government bank supervisors can even be expected to properly supervise government owned banks. A fairly common practice when banks are government owned is for the government to use them as a vehicle for financing government-owned or otherwise favored enterprises and projects. Under such circumstances, it should be no surprise that the supervisory authorities are expected to play a supporting role and thus may overlook certain problems (Barth, 2005). Krivoy, (undated) noted, giving supervisory powers to an independent Central Bank is especially advantageous if public institutions are weak, skilled human resources are scarce, or coordination between public sector agencies is troublesome; however, to improve the prospects for lasting monetary stability, Central Banks must work to institutionalize safe and sound banking at all levels. The survey by Cihak et al. (2012) observed, in 90 percent of jurisdictions, the supervisor has the authority to force a bank to change its internal organizational structure. In addition, most supervisors across the world are fairly independent in their functioning, and less than a quarter of supervisors require government's approval when issuing binding regulations for the banking sector, defining their organizational and compensation structures, and hiring or firing senior staff. (Cihak, 2012)

Banking Crises brought Changes in the Standards of Effective Banking Supervision

Weaknesses in bank supervision came into focus during the most recent global financial crisis that is believed to be one of the factors leading to the crisis (Dan, 2010; Merrouche and Neir, 2010; Barth et. al, 2012). The crises also raised questions on the appropriateness and effectiveness of the supervisory measures and approaches of the supervisory authority or the Central Bank that prompted regulators to consider important changes in regulation and supervision. Globally this also includes various initiatives of the Basel Committee on Banking Supervision. Crises also highlighted the importance of basics i.e. solid and transparent legal and institutional frameworks to promote financial stability. At the global level, the G-20 has mandated the Financial Stability Board (FSB), after its transformation in 2009, to promote the coordinated development and implementation of effective regulatory, supervisory, and other financial sector policies. As part of this regulatory reform agenda, the Basel Committee has prepared new capital and liquidity requirements for banks under the Basel III framework. On the national level, many economies have enacted or are considering new laws and regulations in response to the lessons from the crisis (World Bank, 2013). The crisis has also led to an active policy debate among regulators, policy makers, and academics, giving rise to multiple reform proposals. Comparing regulation and supervision before and after the global crisis, it can be seen that capital ratios increased, deposit insurance schemes became more generous, and reforms were introduced pertaining to bank governance and bank resolution, however, there are differences between crisis and non-crisis countries (Cihak et. al., 2012).

Crises experiences also brought changes in the Core Principles for Effective Banking Supervision of the Basel Committee. It is well-known that the set of Core Principles on banking supervision was formulated in 1997 by the Basel Committee that codified core principles to provide supervisory authorities and bankers and their investors with a comprehensive guidelines for ensuring safety and soundness of a banking system. The document has helped shape subsequent guidance issued under the auspices of the Bank for International Settlement which was revised by the Committee in 2006 in cooperation with supervisors around the world. In its October 2010 Report to the G20, the Committee announced its plan to review the Core Principles to strengthen supervisory practices worldwide in response to the financial crisis. In 2011, an initiative was undertaken to review and update the Core Principles considering post-crisis lessons for promoting sound supervisory systems in the changing environments. As a result of this review, the number of Core Principles increased from 25 to 29 that would continue to provide a comprehensive standard for establishing a sound foundation for the regulation, supervision, governance and risk management of the banking sector. Given the importance of consistent and effective standards implementation, the Committee stands ready to encourage work at the national level to implement the revised Core Principles in conjunction with other supervisory bodies and interested parties (BIS, 2012).

Central Bank has to Coordinate Micro and Macro Prudential Supervision for Financial Stability

Importance of coordinated macro prudential supervision received renewed impetus following the consequences of the financial crisis of recent years. It is basically about interaction between micro- and macro prudential supervision and its reflection in the design of regulatory institutions. Micro refers to the bank specific risk whereas the macro is risk affecting all banks. Micro prudential supervision might be thought of as the management of the first type of risk, and macro the second. To ensure safety and soundness of the banking sector, the pursuit of financial stability is a much more subtle and complex undertaking of a Central Banks which involves not just quantitative frameworks, but detailed surveillance of risks guided by the perspective of historical experience. Effective prudential supervision is the key in this connection. Developing countries must overcome both legal and cultural barriers in order to move toward modern proactive prudential supervision (Krivoy, undated). For effective prudential supervision by a Central Bank, the effective flow of information across staff in the departments of a Central Bank is needed; and regular meetings among Central Banks' staffs to focus on risks and vulnerabilities and to highlight warning signs can be very valuable (Malcolm, 2012). And very importantly, the capacity of supervisors to understand the risks is the key for ensuring quality of prudential supervision.

Corporate Governance Practices is Crucial for Sound Bank Supervision

Bank supervision is tough in case of weak corporate governance practices (BIS, 1999). To the extent banks are well-managed, the allocation of capital occurs efficiently in an economy. The increased focus on risk and the supporting corporate governance framework includes identifying the responsibilities of different parts of the organization for addressing and managing risk. Sound corporate governance may permit the supervisor to place more reliance on the bank's internal processes. In this regard, supervisory experience underscores the importance of having the appropriate levels of authority, responsibility, accountability, and checks and balances within each bank, including those of senior management but also of the board of directors and the risk, compliance and internal audit functions (BIS, 2014). If there is poor corporate governance of banks, bank managers may actually induce firm managers to behave in ways that favor the interests of bank managers but hurt overall firm performance. This in turn can hurt the performance of the economy as a whole.

Central Bank needs adequate Resources and Technology for Effectiveness

Supervisors must be provided with appropriate resources to accomplish their goals. Meanwhile, modern financial supervision tends to be costly, and countries must invest in upgrading their supervisory agency in order to have effective supervision. To begin with, supervisors must know as much as the bankers do about bank business, financial techniques, risk management, and market trends. Supervisors must also be able to gather and analyze meaningful and timely information. Regular on-site supervision conducted by skilled people following rigorous procedures is especially important, as supervisors cannot tell if a bank is solvent simply by looking at paper work. Information system requirements are also expensive because supervisory agencies must catch up with the industry. Banks in developing countries usually have state-of-the-art information technology, while Central Banks and supervisory agencies tend to lag behind (Krivoy, undated).

Financial Inclusion is Relevant for Financial Stability in Developing Economies

It is becoming increasingly recognized that incorporating fairness into financial sector policy goes hand in hand with the promotion of stability because financial exclusion carries risks and costs (Caruana, 2012). These include- risks to financial integrity, given that the cash-based world of the financially excluded is not transparent; and risks of social, political, and therefore ultimately financial instability. In recent years, various financial innovations are promoting financial inclusion and just changing the nature financial risks in handling financial stability. Advocates of a developmental role for Central Banks argue that the evolution in the role of Central Bankers from pure monetary policy and financial stability to a greater role in propelling and sustaining inclusive economic growth is being driven by several trends. Many Central Banks in developing economies share this vision and have already pioneered the adoption of methods to support new technologies, increase financial literacy and boost financial inclusion (Baer et. al, 2012).

Some Indicators may Point towards Supervisory Effectiveness

Banking supervisors are expected to demonstrate greater impact of their actions. It is not easy to find causal relationship between supervisory actions and visible impacts. However, there are several lessons or indicators from different global economies that may be used to measure the impact of supervisory actions (Hilbers et al, 2013). Several challenges cannot be ignored that could of analytical or legal nature. Analytical challenge is connected with the fact that the causal relationship between supervisors' action and impact is not very straight forward; and short term impact might vary from long term impact. And legal challenges include supervisors face legal inability to disclose all supervisory actions and interventions; and supervisors have resource constraints to measure all impacts and effectiveness. Most of the indicators on the effectiveness of bank supervision are connected with financial stability and more specifically safety and soundness of a banking system: capital adequacy, asset quality, liquidity and sensitivity to market risk. Consumer protection is another area to target by the bank supervisors where transparency is a crucial issue to address. There should be arrangement for handling complaints of the consumers and bank depositors and clients by the bank supervisory authority. In the context of developing countries, community reinvestment and financial inclusion are important indicators on the way to attaining financial stability.

3. Bank Supervision in Bangladesh- Function and Structure

Bangladesh Bank has been given responsibility to supervise the activities of all banks and financial institutions operating in the country in the Bangladesh Bank Order 1972. Bangladesh Bank has also been given power under the Bank Companies Act, 1991, and the Financial Institutions Act, 1993 to supervise and control banks and non-bank financial institutions. Other than power to issue licenses, the regulatory and supervisory functions of Bangladesh Bank mainly include formulation and enforcement of operational rules, audit and inspection, reporting and collection of information. The Central Bank holds the authority of inspection and investigation of the banks. It can actively think of forming high-powered or special investigation committees to investigate serious fraud-forgery cases and irregularities in the banking sector. Bangladesh Bank has also the statutory powers to have any on the management of any bank.

Broadly, the term ‘supervision’ also includes the regulations that are to be enforced effectively and monitored by a Central Bank. In the name of supervision, Bangladesh Bank conducts two types of supervision activities to maintain overall stability in the banking sector and develop the same as well as to protect interest of the depositors. These are off-site or reporting based supervision and on-site or field level supervision.

Off-site supervision plays an important role in evaluating the financial capabilities of the banks/FIs, identifying their problems and supervising those closely through CAMELS rating, based on the reports submitted by the banks and financial institutions. Various indicators of rise and fall in the banking sector are closely observed in the off-site supervision. Bangladesh Bank also evaluates the minutes of board meetings, executive committee meetings and audit committee meetings of the banks and if any irregularity is detected, Bangladesh Bank sends those letters to regularize those accordingly.

On the other hand, under on-site supervision, field level inspection is conducted to scrutinize the banks' activities. There are three types of on-site inspection programs- comprehensive, risk based, and special inspection. Banks having CAMELS rating between 3 and 5 are inspected every year. Banks rated 1 or 2 are inspected once in every two years. Under annual comprehensive inspection program, each bank's head office and some other large branches (which cover 70%-80% of total loans) are inspected each year. Rests of the branches are inspected in an interval of three or four years. The main goal of comprehensive inspection is to assess the quality of assets especially loan and advances of the banks. Besides, inspections on FX transactions, treasury activities and anti-money laundering activities are also conducted in the banks. FX transactions of money changers are also inspected. Bangladesh Bank conducts procedural inspection on banks' core risks e.g. asset liability management (ALM), credit risk management (CRM), FX risk management, anti money laundering risk management, internal control and compliance (ICC), information and communication technology (ICT) etc. In addition, special inspections are also conducted based on the complaints received from customers, depositors, public and institutions or special needs. Various irregularities such as fraud-forgery, fund embezzlement by the banks are unveiled through special inspection.

The functional areas of different departments of Bangladesh Bank are summarized in the following figures (1, 2, 3, 4 & 5).

Figure-1: Bangladesh Bank's Departments for Regulation & Supervision with their Functional Areas (Shaded boxes are recently introduced departments)

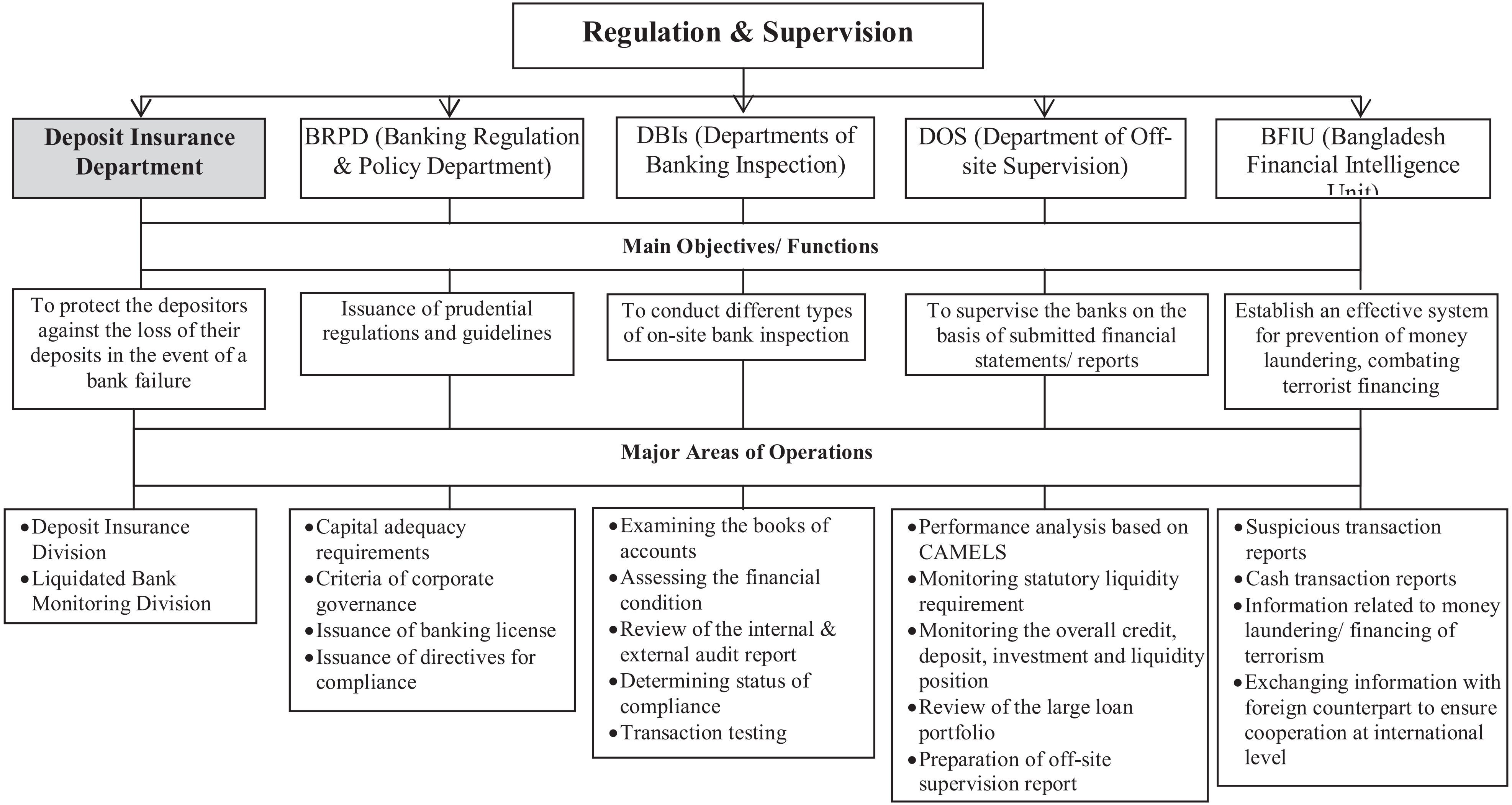


Figure-2: Bangladesh Bank's Departments for Regulation & Supervision with their Functional Areas (Shaded boxes are recently introduced departments)

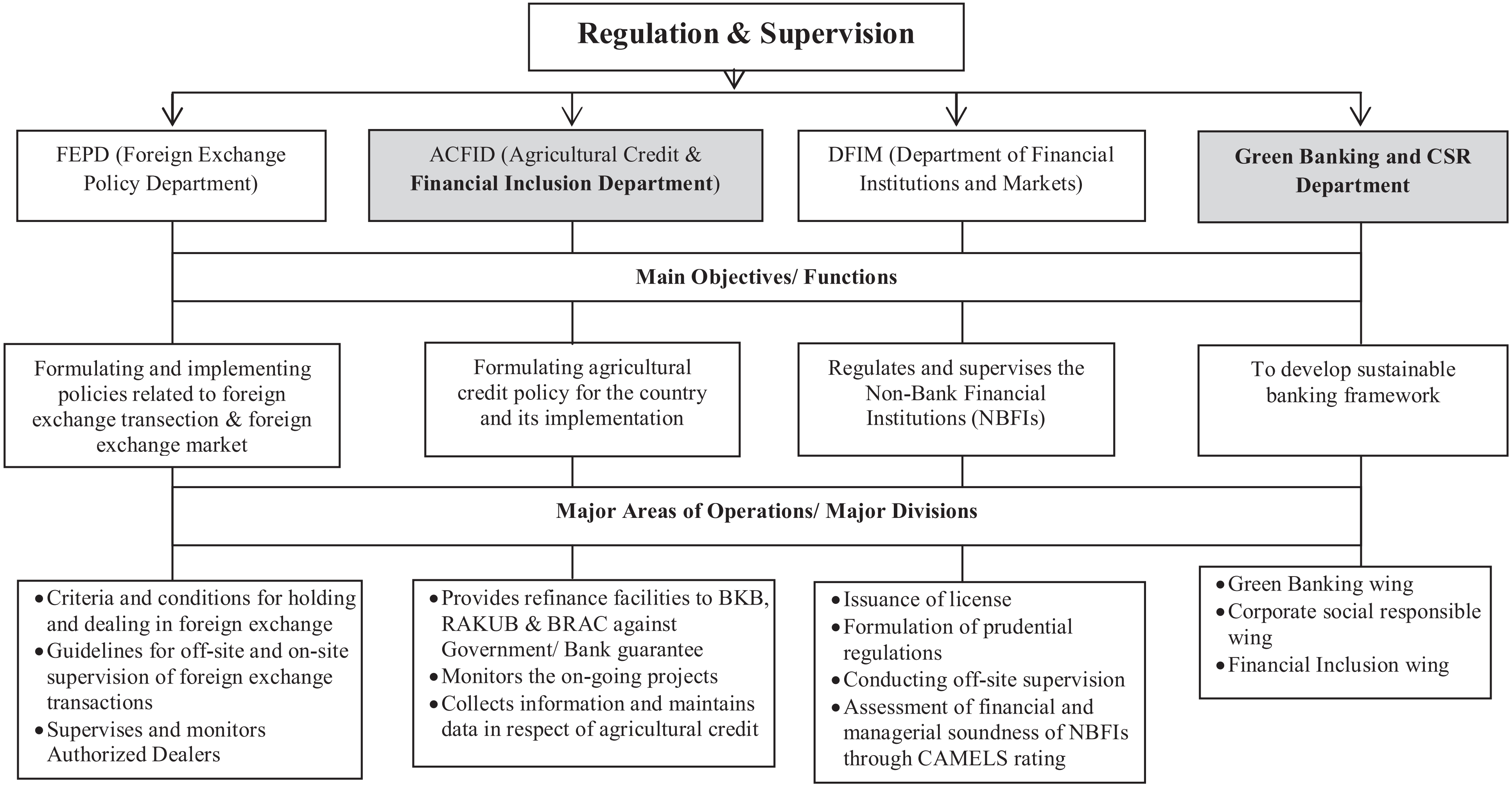


Figure-3: Bangladesh Bank's Departments for Regulation & Supervision with their Functional Areas (Shaded boxes are recently introduced departments)

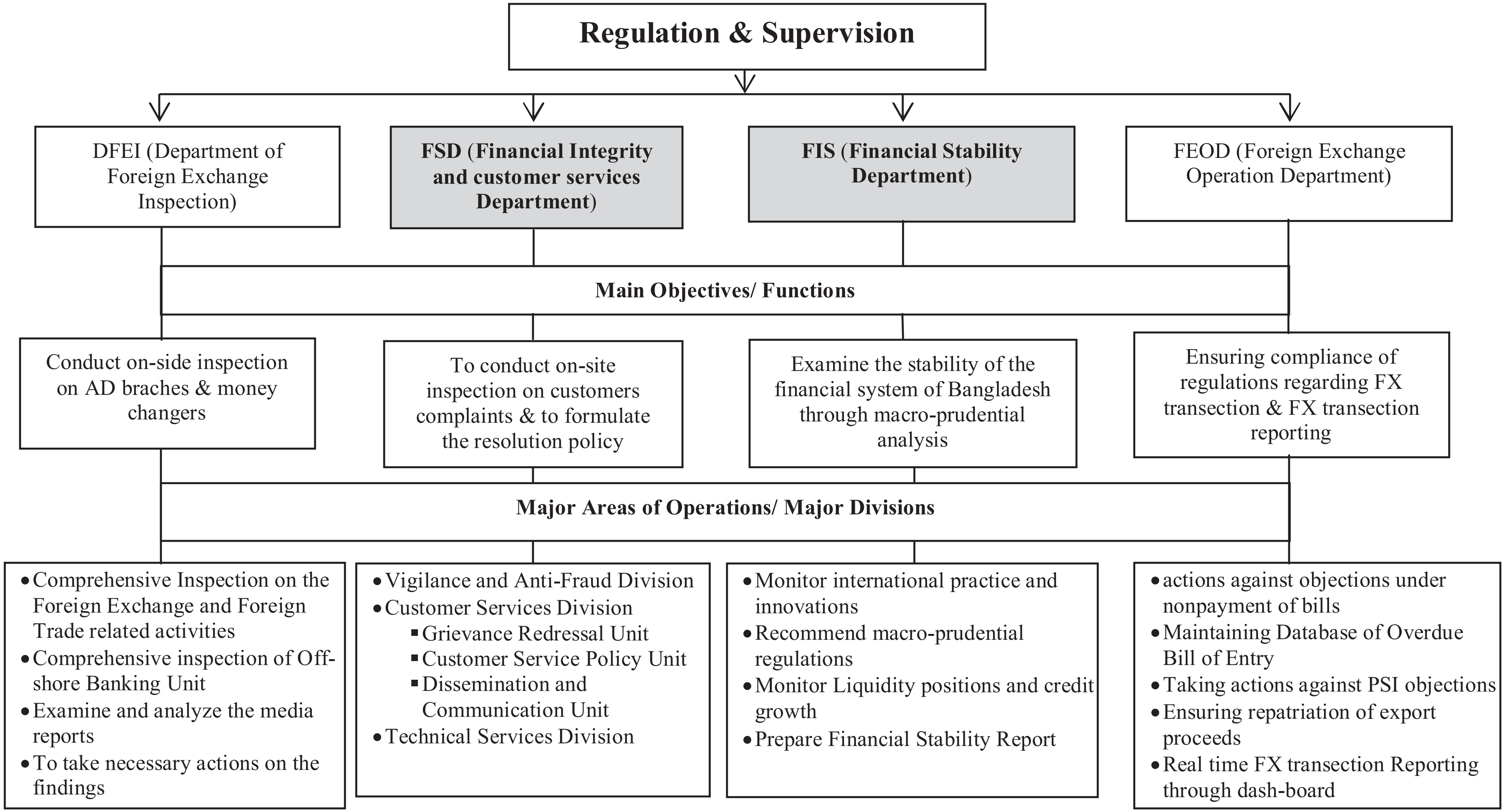


Figure-4: Supervisory Functions of Bangladesh Bank's Different Departments

(Shaded boxes are recently introduced departments)

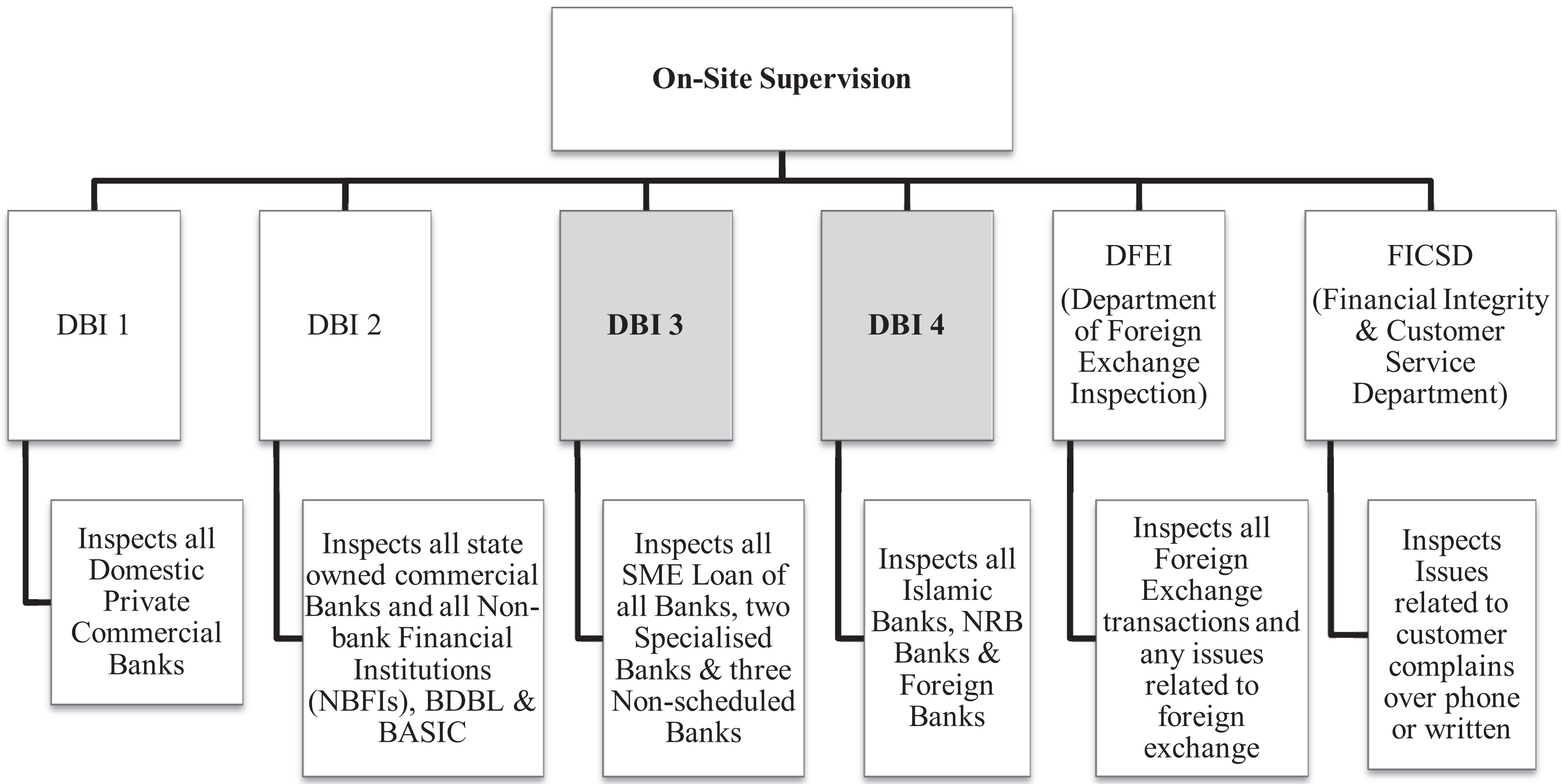
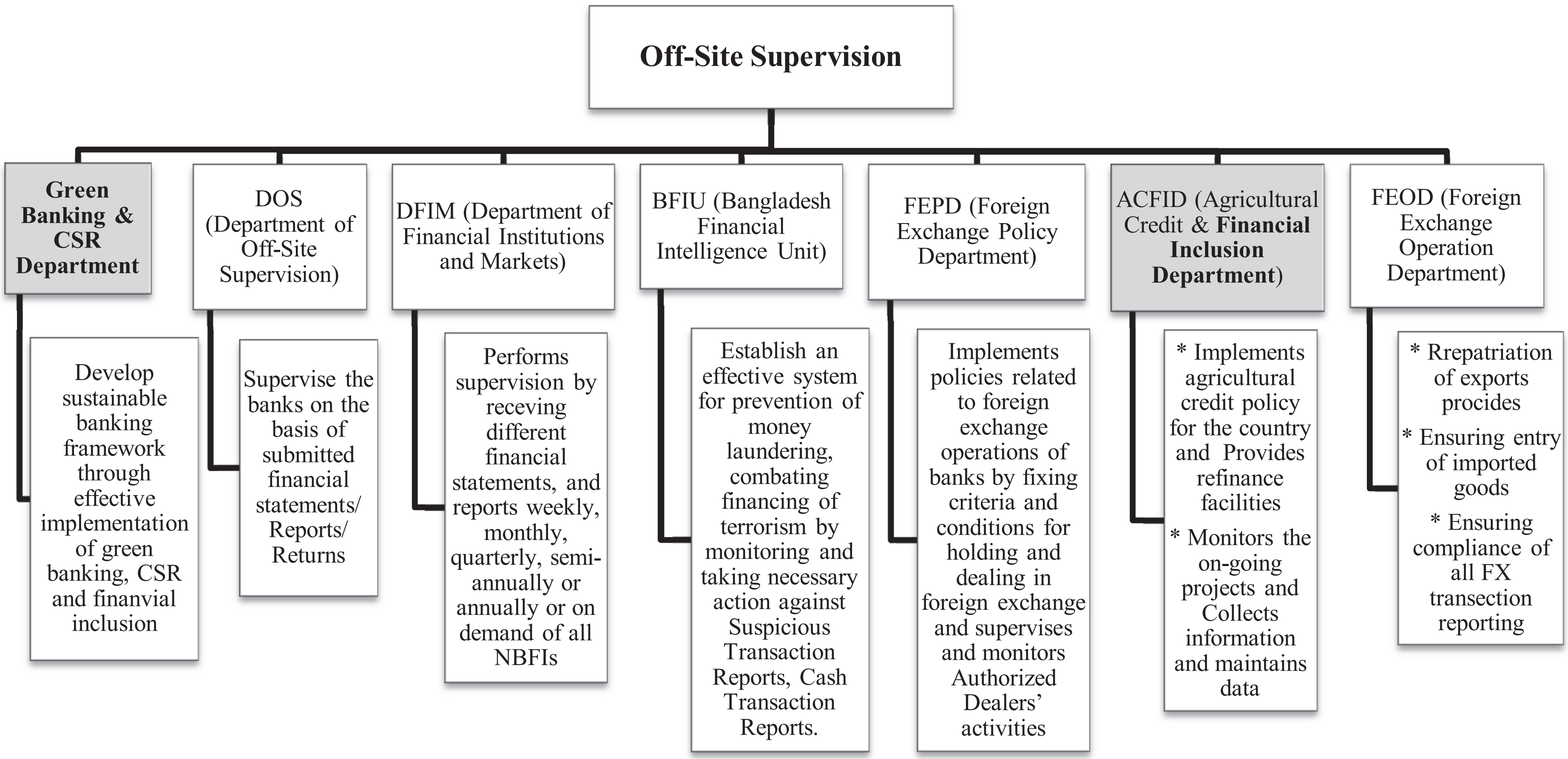


Figure-5: Supervisory Functions of Bangladesh Bank's Departments

(Shaded boxes are recently introduced departments)



4. Supervisory Initiatives by Bangladesh Bank undertaken in Recent Years

Targeting better financial stability and for ensuring safe and sound banking system of the country, Bangladesh Bank has brought changes in its approach and strategies in recent years. For creating a 'Prudential Supervisory Framework', Bangladesh Bank has initiated arrangement for monitoring overall banking sector by using international standards and also by undertaking some innovative measures. Special importance has been allocated on monitoring the compliance of the circulars and guidelines issued for better risk management in banks. In September 2014, Governor, BB unveiled next plan that Bangladesh Bank would soon formulate its next five-year strategic plan that would attach top priority to strengthening of its supervisory role. The announcement added, strong supervision is highly essential to ensure transparency, accountability and good governance in the banking sector; and Bangladesh Bank want to reinforce bank supervision to ensure transparency, accountability and good governance in the country's banking sector through maximum application of the latest technology. Some notable initiatives of Bangladesh Bank connected with bank supervision of the country are noted bellow.

Prudential Supervision Strengthened by Introducing International Best Practices

In recent years, utmost priority is allocated to enhance the effectiveness of bank supervision and to maintain strict monitoring in the banking sector. Prudential regulations are being made consistent with the international best practices, legal framework is being strengthened and internal coordination between on-site and off-site supervision is being enhanced. International best practices are incorporated to ensure adequate monitoring targeting to develop risk management framework, to prevent money laundering and terrorist financing, and to mitigate risks of the banks. For effective supervision to project financial risks, Bangladesh Bank is working on Financial Projection Model with the assistance of the World Bank. Once it is fully implemented, it would be easier for Bangladesh Bank to get early warning of banks' financial status analyzing realistic scenarios. On the way to effective supervision, Egmont Group membership is a giant step in combating money laundering and terrorist financing in Bangladesh. This is facilitating Financial Intelligence Unit of Bangladesh Bank to play a significant role in preventing money laundering, terrorist financing and bringing back siphoned off money.

Capital Adequacy Requirements Strengthened by Enforcing Basel Framework

Bangladesh Bank has adopted international best practices on capital adequacy requirements in an effort to strengthen the capital base of the banks. Internationally, capital adequacy is one of the recognized indicators of banks' financial absorption and stability. Mandatory requirement of 10 percent capital adequacy requirement has been enforced as per Basel-II. Initiatives are being taken to implement Basel-III in many countries amending and changing international best practices as a consequence of the concerns raised over financial stability in post global recession. A roadmap has been prepared as a primary step to implement Basel-III in Bangladesh. Efforts have been continued to move forward as per the roadmap.

Loan Classification and Provisioning Norms made Stringent

In line with international best practices, a circular was issued in 2012 to improve the loan classification, provisioning and rescheduling policy to make the overall condition of banking sector sound and stronger. The new norms are expected to offer a realistic and rational picture of expected and unexpected loss of bank loans. As per the new rule, the loans, overdue for more than two months, will be classified as 'Special Mention Account (SMA)' and the loans overdue for three to six months will be classified as 'Substandard'. The new policy is expected to discourage non-performing loans further by increasing provisioning requirements (in terms of volume). Moreover, alongside the new loan classification instructions, Bangladesh Bank issued a master circular introducing more stringent requirements in loan rescheduling.

A Comprehensive Guideline on Risk Management Formulated

Risk management has considered amongst the top priority in formulating the supervisory strategies of Bangladesh Bank in recent years. A comprehensive guideline on risk management has been formulated in 2012 to create an international standard risk management environment in Bangladesh financial sector. To maintain stability in banking sector through effective risk management, banks have been instructed to form Risk Management Unit

(RMU) to identify existing risks, analyze and mitigate those and take early cautions. A separate monitoring unit has also been formed at Bangladesh Bank to oversee risk management activities of banks. Besides, initiative has been taken to amend the guideline on six risks management formulated in 2003. It is expected that the new guideline would improve the risk management environment of banks further.

Introduction of Stress Testing System

For measuring elasticity of banking system against plausible shocks, stress testing has been introduced by the Bangladesh Bank targeting improvement in market and liquidity risk management. This is particularly important to assess risk absorption capacity of banks and financial institutions. This is supporting banks in handling measures on risk mitigation. Banks also started paying attention to assess risks and taking preparations. Bangladesh Bank is also engaged in building capacity of its officials to oversee the performance of banks in this connection.

Reviewed CAMELS Rating and Quick Review Report Enforced

'CAMELS' rating was revised and upgraded in line with the expanding functional areas of banks to make is more effective. Overall soundness of a bank is measured with this rating. Performance of financial inclusion and priority sector financing were incorporated as indicators in the CAMELS. For the purpose of identification of the existing risks of banks especially in the area of capital, asset, management, earning capacity, liquidity, sensitivity to market risk etc., Quick Review Reports are now being prepared on a quarterly basis.

Financial Stability Department Established

Bangladesh Bank established 'Financial Stability Department' to gather information and analyze data to forecast economic risk and recommend required policy for ensuring financial stability. This department is engaged in data analyses and publishing annual Financial Stability Report. This initiative is expected to create a new horizon in macro-prudential supervision by the Central Bank of the country. By analyzing credit growth, interest rate, exchange rate, capital flow, asset price e.g., share, real estate and business circumstances the department is responsible to recommend risk management actions. This department is also to formulate effective policy and regulations at the time of financial difficulties and crisis in the banking sector.

'Financial Integrity and Customer Services Department Established

A new department 'Financial Integrity and Customer Services Department (FICSD)', has been established reforming the earlier CIPC for extending its activities and scope, and accelerating the solutions of the complaints. Formation of Financial Integrity and Customer Services Department Customers' Interest Protection Center (CIPC) has been opened in the Head Office and branch offices of Bangladesh Bank to quickly redress the grievances of customers and to attend the complaints received against the standard of banking service. A hotline number '16236' is always open for listening to complaints from depositors, customers or ordinary public and any institution.

Integrated Supervision System Launched

Bangladesh Bank has launched Integrated Supervision System to bring all banks and non-bank financial institutions of the country under online monitoring. With the launch of the system, the Central Bank can view online the financial status of the banks and financial institutions across the country. A Bangladesh Bank officer can now supervise a bank located in remote area by sitting at his desk in Dhaka as he will be able tom see the bank’s financial status online. The new system is associated with automatic risk identification method, multidimensional analytical tables, charts and graphs. The integrated system will also help banks and non-bank financial systems monitor their own branch offices across the country, said the Central Bank source.

Introduction of Electronic Dashboard

An Electronic Dashboard has been set up in Bangladesh Bank to assist identifying the probable irregularities and fraudulent activities from the data collected from banks' financial statements and various departments of Bangladesh Bank. This dashboard has enabled to detect any anomaly of banks' off-balance sheet items immediately and actions can be taken accordingly. All export, import and inland bill purchase related data will hit this dashboard in a real time. Monitoring and supervision of foreign exchange transactions has been more effective by using this dashboard through better coordination between the off-site and on-site supervision of Bangladesh Bank. Because of this, Bangladesh Bank’s on-site supervisors can conduct their branch inspection more specifically by collecting information from the dashboard before going to branch.

Stringent Stands to Handle Banking Fraud and Irregularities

Bangladesh Bank issued a circular in November 2012 instructing the banks to submit self-assessment report on internal audit and control of a bank signed by their chief executives and countersigned by the chairman of the audit committee of the board to be submitted to Bangladesh Bank quarterly to prevent fraud and fraudulent activities. The initiative is expected to help ensuring the accountability of board and management in banking irregularities. A standard format has also been attached for sending assessment report containing more than 50 criteria on internal control and compliance, general banking operations, loans and advances, and information technology etc. Bangladesh Bank has decided to examine and inspect on-site, if required, based on the submitted self-assessment report for preventing fraud-forgery in the perspective of the responsibilities of the board of directors, chairman of the board and the CEO.

Pushing to Improve Corporate Governance Practices in Banks

To ensure corporate governance in bank management, Bangladesh Bank's monitoring has been enhanced in the areas of responsibility and accountability of board of directors, board's chairman, and chief executives in financial, procedural, administrative, policy related and executive activities including overall banking activities including credit and risk management, internal control, human resource management and development, income-expenditure etc. In this regard, the amendment of Bank Companies Act 1991 in 2013 is a movement towards positive direction that imposed greater restrictions on bank directors and boards, and enhanced power of the Bangladesh Bank in controlling government controlled banks. The effective enforcement of the initiative of the ‘Corporate Memory Management Process’ is expected to bring positive outcome in the corporate governance practices in banks that has been launched for preserving various actions violating banking discipline by the officials and directors of banks and financial institutions.

Preparing Diagnostic Review Report for Disclosures

To assist banks improve their financial condition by closely monitoring their activities considering the gravity of the weaknesses and irregularities, Diagnostic Review Report is being prepared regularly to evaluate overall condition and mandatory disclosures of banks. Considering the due importance of liquidity management, introduction of two more indicators (liquidity coverage ratio and net stable funding ratio) in light with Basel-III is under process. Relevant information from the banks are being collected and analyzed.

Paying Greater attention on the Evaluation of Banks' Internal Audit Program

Internal audit and control of banks are being evaluated in details by Bangladesh Bank. More attention is now being paid to the process of loan approval, proper use of loans and the overall collection process. Now banks are required to uphold improved management excellence with these issues. Internal audit's responsibility is to monitor the effectiveness of internal control mechanism in managing banks' risk, Bangladesh Bank's inspection teams are evaluating banks' internal audit's activities in this area to ensure effective internal audits by banks.

Improved Coordination between Off-site and On-site Supervision

A coordination arrangement has been developed by the Bangladesh Bank to verify data submitted by the banks and observed on-site. Such coordination could be crucial to handle irregularities of banks. Joint inspection framework has now been developed consolidating all inspection reports. On the basis of these reports special inspection teams have been detecting irregularities and taking quick actions.

Enhanced Skill Development Initiatives and Coordination

Bangladesh Bank has assigned emphasis on the capacity development of executives for effective banking supervision. Local and foreign trainings have been arranged on regular basis for bringing excellence among the inspection related manpower. Famous local and foreign specialists have also been associated with the process of capacity development of the human resources of Bangladesh Bank. A Supervision Taskforce is working with the representations of the general managers of supervision related departments to enhance coordination and cooperation. In order to formulate required policies for bringing coordination among Bangladesh Bank's supervision related activities several town hall meetings at national and regional levels with the participation of the concerned officials to understand the reality of the field level supervision. General Managers Conference is another forum of effective knowledge sharing and coordination and top level executives of the Bangladesh Bank.

Improved Supervisory framework for NBFIs

Bangladesh Bank has introduced a number of innovative measures in recent times to increase the supervisory grip over the activities of NBFIs. The most notable one is the designing and application of stress testing guidelines that categorizes the NBFIs into three levels in terms of their weighted average resilience (WAR) and weighted insolvency ratio (WIR). Financial institutions having safe and sound positions are treated as ‘Green’; FIs with some degree of supervisory concerns are identified as ‘Yellow’ and institutions with high risk levels are rated as ‘Red’. Department of Financial Institutions and Markets (DFIM) have introduced a ‘Cost of Fund Index’ that shows the weighted average cost of fund of NBFIs through which NBFIs are monitored easily to ensure a spread not exceeding 5%. DFIM is giving more emphasis than past on large loan exposure of the NBFIs in the backdrop of a high concentration of the loan portfolio of NBFIs in large loan. A major revision of Financial Institutions Act.1993 is also underway mainly to improve the corporate governance structure of NBFIs and prudential standards of their activities.

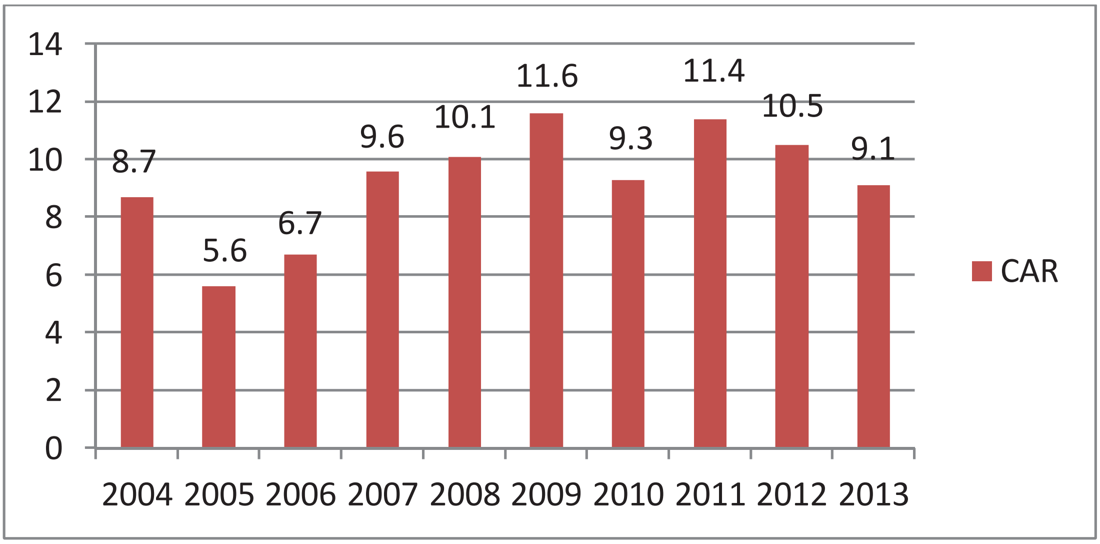
5. An Analysis of the Implications of Supervisory Practices by Bangladesh Bank

Bangladesh Bank’s initiatives for improving bank supervision have brought notable changes in many sphere of the banking sector of the country. Though it is not easy to establish a causal relationship between bank supervisory initiatives and performance of the safety and soundness indicators of the banking system of the country, still a close examination would focus light on the impacts of the supervisory measures. Some visible impacts on the financial stability of the banking sector of the country are already appreciated in domestic and international forums. There are evidences in recent time that indicates that stressing the need for strengthening BB's supervision to check financial irregularities helped detect some financial scams in banking sector. It appears that such financial irregularities have been possible to unearth, because of the Central Bank's timely measures which is essential in maintaining discipline in the banking sector.

Capital Base of the Banking Sector Improved

To cope with the international best practices and to make the bank's capital more risk sensitive as well as more shock resilient, 'Guidelines on Risk Based Capital Adequacy (RBCA) for Banks' (Revised regulatory capital framework in line with Basel II) have been introduced by Bangladesh Bank from 2009. Subsequently, a revised guideline was suggested by Central Bank during August and December 2010. Since then banks are required to maintain Capital Adequacy Ratio (CAR) of not less than 10.0 percent with at least 5.0 percent in core capital. Figure-6 shows notable increase in the capital base in last five years (2009-2013) as compared to the period (2004-2008). As a whole, performance of all banks improved in this connection. It is to be mentioned that the actual improvement of capital base was even higher, because the risk weights for different types of assets increased over the period.

Figure 6: Capital Adequacy Ratio during 2004-2013

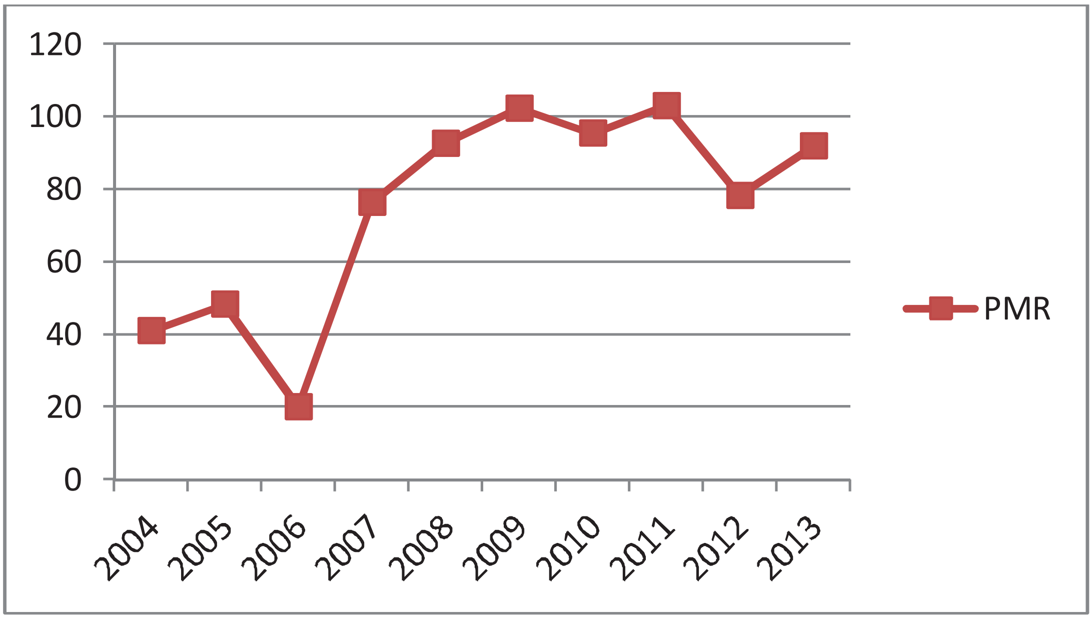


Source: Bangladesh Bank's Annual Report

Improved Loss Absorbing Capacity of Banks

'Provisioning Maintenance Ratio' i.e. 'Actual Provision' divided by the 'Required Provision' is a good indicator for financial soundness and risk absorbing capacity. Higher the provisioning maintenance ratio, higher the risk absorbing capacity; and higher the capability to handle risks. Figure-7 shows remarkable increase in the 'Provisioning Maintenance Ratio' in last five years (2009-2013) as compared to the period (2004-2008). As a whole, performance of all banks improved in this connection. It is basically the outcome of the enforcement of provisioning requirements by the Bangladesh Bank in recent years.

Figure-7: Provisioning Maintenance Ratio

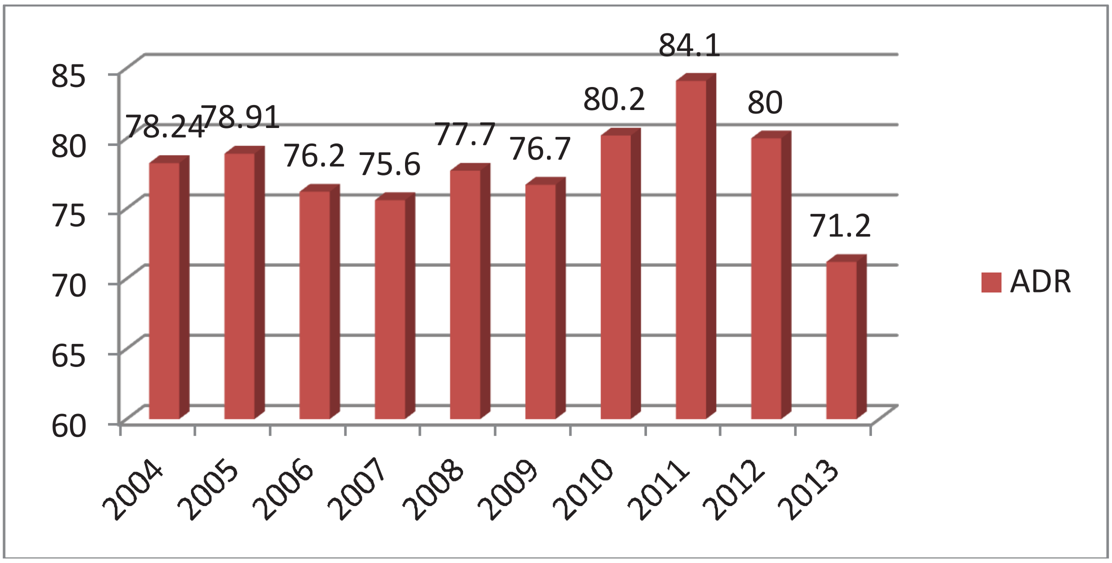


Source: Bangladesh Bank's Annual Report

Better Liquidity Management

Advance deposit (AD) ratio, typically calculated as the ratio of loans against deposits, is the most common way to see a bank's liquidity position. In an ideal scenario, loan/advance deposit ratio should not exceed 80.5% (as 19.5% of demand and time liability is required for statutory requirements). A high loan/advance deposit ratio (excessive lending) may expose a bank in serious liquidity and interest rate risk as the market liquidity may tighten any time. A low loan/advance deposit ratio (idle fund) indicates the fund management efficiency which ultimately leads to lower profitability and growth. Figure-8 shows overall improvement in the 'Advance-deposit Ratio' in last five years (2009-2013) as compared to the period (2004-2008). Especially, it can be concluded that the average of the all banks in 2010, 2011 and 2012 are in line with the regulatory guideline (80% to 85%). The liquidity surplus for the year 2013 is primarily a response of the political uncertainties and unrest that prevailed in most of the 2013. Some of the Business houses were badly affected by the political unrest. Moreover, bankers followed an over conscious approach in their lending activities after identification of occurrence of fund misappropriation in a government controlled bank in late 2011 and early 2012.

Figure-8: Advance-Deposit Ratio



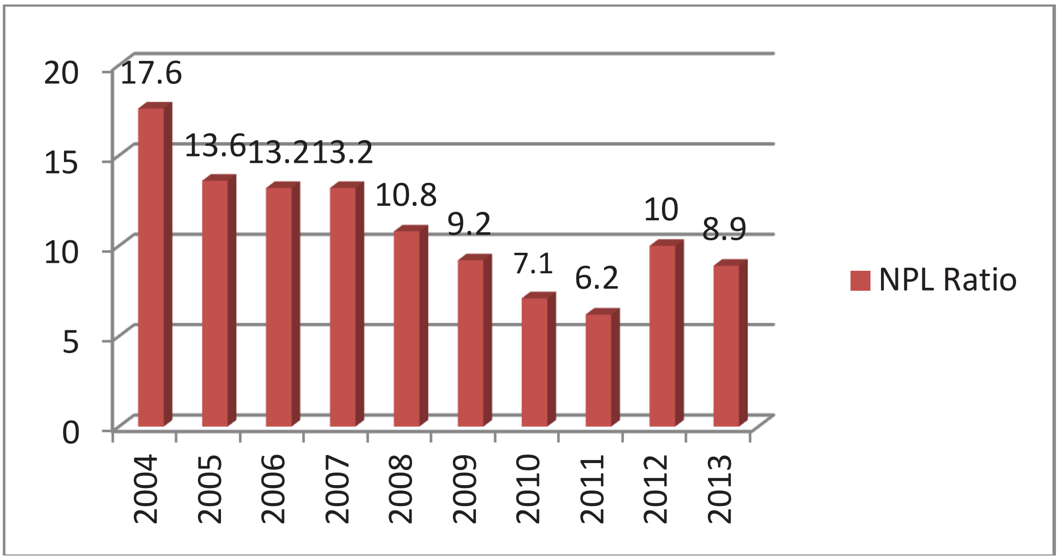
Source: Bangladesh Bank's Annual Report

Improved Asset Quality of Banks

The largest category of earning assets of a bank is loans and advances. If the quality of loans and advances deteriorates, it adversely affects the earning potential, cash flow and the value. A healthy bank must create good quality loans and advances and maintain the quality. In evaluating asset quality of banks, evaluators need to look at the existing and potential loss exposure in the loan portfolio. For understanding quality of loans and advances, gross NPL to total advances, credit concentration etc. The ratio, Gross NPL to

Total Loans and Advances, indicates the portion of total exposure of a bank that is non-performing. High ratio indicates poor performance in terms of credit risk management which ultimately impedes the growth and profitability of the bank. Figure-9 shows overall improvement in the 'Gross NPL to Total Loans and Advances' in last five years (2009-2013) as compared to the period (2004-2008). The increase in the volume of nonperforming loans during 2012-13 might be due to the adoption of stringent loan classification standards, 'over-hang' of scams of the end of 2011 and the difficulties businesses faced in repaying loans during the political uncertainties and unrests of 2012-13. The rigidity of the Bangladesh Bank in regard to the enforcement of loan-classification norms during the period of the crisis could have been much harmful of the economy, I believe. According to the available data, overall credit concentration risk in our banking sector decreased as the percentage of large loan to total loans decreased over the years (Habib et. al., 2013).

Figure-9: Gross NPL to Total Loans and Advances



Source: Bangladesh Bank's Annual Report and Financial Stability Report 2013

Better Preparation for Handling Shocks and Financial Instability

Financial Stability Reports offers an understanding on the issues that strongly affect the health and prospects of the financial system – its credit activities, loan quality, profitability and potential for large loan or payment problems. This is an essential part of macro-prudential supervision. In Bangladesh, Financial Stability Report has been prepared since 2010 showing activities of banks and financial institutions and analysis of economic situations. By the time four reports were published (the last one Financial Stability Report 2013). These reports contain analysis of inter-relations among various organizations of financial sector, assessment of probable risks concerning banking sector and their shock absorption capacity, as well as analysis of information related to the infrastructure and development of the financial sector. This report has been able to convey clear message to international arena how Bangladesh is capable of facing macroeconomic risks. Collection of relevant information and publication of the analyses of the issues related to financial stability offer incentives to the stakeholders to undertake due measures to handle the unexpected situations and risks. It indicates improved foundation for the planning of macro-prudential supervision and better preparation for handling financial shocks.

Greater Reliance on Information Technology for Efficient Supervision
BB's supervision capacity has been strengthened through greater automation with information from the new e-monitoring system. Banks are suggested to prepare themselves technologically for transparency and accountability in providing information. Bangladesh Bank itself has initiated developing appropriate software. Use of technology in financial sector supervision framework has improved vigilance that is helping to identify financial sector vulnerabilities and irregularities. Use of technology has brought efficiency in supervision in several areas. For example, Foreign Exchange monitoring dashboard is working effectively as a monitoring tool to monitor LC and other foreign exchange operations. Previously, Bangladesh Bank used to rely on manual statement, now it is possible to have real-time and accurate statement. BB has established an integration with Customs through National Board of Revenue; and now all LC transactions are automatically be transacted to the customs, because of using technology, now BB can access the Bill of Entry, and Customs would get information that LC has been opened. It is now easy to present false document or false bill of entry etc. Currently BB is in the process of installing Integrated Supervision System-already a number of branches are under the system and ultimately all branches are to come under the system. It could bring remarkable change in the supervision of the Bangladesh.

Effective Handling of Customers Complaint

It is important to maintain supervisory vigilance on how banks are managing the risks associated with lending to new customer bases among the poor under the financial inclusion drives that we have launched in support of inclusive growth goals for our economy. Bangladesh Bank's supervision strengthening efforts should result in greater public confidence in our financial sector; which is why we have opened Customer Interest Protection Centres (CIPCs) at BB head office and branch offices. There is a hotline 16236 open all hours to receive customer complaints about banking services. The hotline has already proven very effective in addressing of customer grievances.

Developmental Approach for Financial Stability

Financial inclusion and developmental finance campaign for underserved are strategies adopted by the Bangladesh Bank as part of maintaining financial stability in the country. BB has undertaken a comprehensive financial inclusion campaign to reach to the low income people, to serve rural financing need, and to offer services in the agriculture and small enterprise sector. Inclusive initiatives like sharecroppers financing, school banking, agent banking, green banking etc. already received applause in several domestic and international forums. The Central Bank's developmental role in Bangladesh is expected to act as an in-built stabilizer of the financial system. Designing target specific products and strategies for groups like women, farmers, small enterprises, sharecroppers are working for Bangladesh. There are growing evidences that the policies and measures which have been undertaken so far in Bangladesh in the context of developmental and inclusive banking are in the right directions and have already started creating positive impacts.

6. Concluding Remarks

It is evident that notable changes have taken place in the regulatory and supervisory arrangement of Bangladesh Bank in recent years. Examination of the relevant indicators also point to the positive impact of the supervisory initiatives by the Central Bank. Strengthening supervisory framework in the continuously changing banking activities and associated risks is also a continuous job. The ongoing efforts of reforms and capacity development in Bangladesh Bank is contributing for creating a prudential framework under which banks' activities could be under continuous monitoring with an ultimate objective of ensuring a sound banking system that offer efficient financial services to all classes of people of the country. However, ultimate goal can only be achieved only when these positive steps are complemented by adequate powers, supportive initiatives from bank management and boards, and favorable approach from government.

Pointing fingers to the 'supervisory failure' is not very uncommon in response to the identification of any occurrence of fund misappropriation or increase in the non-performing loans in the banking sector of Bangladesh. It is well-recognized that bank supervisor or Central Bank can play a remarkable role in preventing banking irregularities; and no one can deny the role and responsibility of the Central Bank for ensuring safety and soundness of banks. However, it must not be that straight forward. No degree of supervision can prevent the irregularities altogether- it can reduce the probability only. This is because of the inherent nature of supervision where a time lag always exists before any irregularity can be observed by the supervisory authority. In most cases when an irregularity is identified by a supervisory authority then it becomes too late to prevent that. Steps can only be undertaken for preventing future incidences. That makes the internal control system the most effective mechanism to prevent any sorts of banking irregularities. It is for that reason a strong internal control culture is recognized as the best defense against any unscrupulous transaction in the banking operation. The concurrent nature of internal audit makes it possible for the bank to detect irregularities at an early stage.

Having a set of prudent regulatory measures, effective supervision depends upon adequate power, sufficient resources and independence. Central Bank needs strong support from the government to enforce its authority and supervisory power. In Bangladesh, Bangladesh Bank is the true supervisor of the private sector and foreign banks only. Recent evidences of irregularities demonstrate that Bangladesh Bank is not in a position to take corrective measures on its own. Traditionally, Bangladesh Bank does not have enough supervisory grips over the state owned commercial banks. Though some positive changes have taken place in the form of amendment of the Bank Companies Act, government controlled banks remained out of the complete supervisory grip of the Central Bank.

Bangladesh Bank's current supervisory approach attempts to serve Bangladesh economy in upholding growth and stability. The outcome so far has been positive and encouraging in regard to maintaining financial stability in the country. However, the ideal supervisory structure for the banking sector combine a neatly and prudently focused Central Bank's supervision, extensive and broad based internal control system, well defined external audit system, and supportive corporate governance practices. Enforcement of regulations must be in place to restrict moral hazard. And very importantly, the Central Bank must have adequate authority and power to have control on the entire banking system.

References

Baer, Tobias, Tony Goland and Robert Schiff (2012) New credit-risk models for the unbanked, Mckancy & Company, Washington DC.

Bangladesh Bank (2013) Annual Report 2012-13, September, Bangladesh Bank, Dhaka.

Bangladesh Bank (2013) Of Changes and Transformation, September, Bangladesh Bank, Dhaka.

Bangladesh Bank (2014) Financial Stability Report 2013, September, Bangladesh Bank, Dhaka.

Barth, James R., Daniel E. Nolle, Triphon Phumiwasana, and Glenn Yago (2003) 'A Cross- Country Analysis of the Bank Supervisory Framework and Bank Performance', *Financial Markets, Institutions & Instruments* 12 (May 2003): 67-120. Blackwell Publishing Inc, Malden.

Barth, James R., Jie Gan and Daniel E. Nolle (2005) Global Banking Regulation & Supervision: What Are the Issues and What Are the Practices?, USA.

Barth, James, Caprio, Gerard, Levine, Ross (2012) *Guardians of Finance: Making Regulators*

BIS (1999) Enhancing Corporate Governance for Banking, Basel Committee on Bank Supervision, Basel.

BIS (2012) Core Principles for Effective Banking Supervision, Basel Committee on banking Supervision, BIS, Basel.

BIS (2014) Corporate Governance Principles for Banks, Guidelines Issued for Comments, BIS, Basel.

Caruana, Jaime (2012) Financial inclusion: the role of the Basel Process- Opening Remarks, First Annual GPFI Conference, Financial Stability Institute of BIS, Basel, Oct.

Cihak, Martin Aslı Demirgüç-Kunt, Maria Soledad Martinez Peria, Amin Mohseni-Cheraghlou (2012) Bank Regulation and Supervision around the

World- A Crisis Update, Policy Research Working paper no-8286, World Bank.

Dan, Kenneth (2010) The Subprime Crisis and Financial Regulation: International and Comparative Perspectives, John M. Olin Law and Economics Working Paper No. 517.

Habib, Shah Md. Ahsan, Md Mohiuddin Siddique, Md Nehal Ahmed and Atul Chandra pandit (2013) Bank Review 2013, A Review Report by BIBM.

Hilbers, Paul, K.Raaijmakers, D.Rijsbergen and F.de Vries (2013) Measuring the impact of financial sector supervision, Working Paper, De Netherlands Bank, The Netherlands.

Krivoy, Ruth de (undated) Reforming Bank Supervision in Developing Countries, available at: http://www.bostonfed.org

Malcolm Edey (2012) Macro-prudential Supervision and the Role of Central Banks, Remarks to the Regional Policy Forum on Financial Stability and Macro-prudential Supervision, Financial Stability Institute and the China Banking Regulatory Commission Beijing.

Merrouche, Ouarda, Nier, Erlend (2010), What Caused the Global Financial Crisis? Evidence on the Drivers of Financial Imbalances 1999–2007, IMF Working Paper 10/265.

Philip, E Davis and Ugochi Obasi (2009) The Effectiveness of Banking Supervision, Brunel University and NIESR, London.

Quintyn, M., and M.W.Taylor (2004) 'Regulatory and Supervisory Independence and Financial Stability' Working paper 02/46, International Monetary Fund.

World Bank (2013) Global Financial Development Report 2013- The State as Regulator and Supervisor, Chaper-2, Washington D C.

About Authors

Dr. Shah Md. Ahsan Habib is adorning the post of Professor and Director (Training) at Bangladesh Institute of Bank Management (BIBM). He obtained Ph.D Degree in International Finance from Benaras Hindu University, India and pursued Post Doctoral Fellowship from Syracuse University, USA on Green Banking under Senior Fullbright Scholarship. He is also the Assistant Secretary of the Bangladesh Economic Association, Member of Executive Committee of Bangladesh Fulbright Alumni Association and the Treasurer of Development Research Network (D.Net).

Md. Mohiuddin Siddique is an Associate Professor and Director of Dhaka School of Bank Management (DSBM) at Bangladesh Institute of Bank Management (BIBM). Prior to joining BIBM in 1998 as a Lecturer, he worked in Bangladesh Bank for two years as an Assistant Director. He obtained his M.S.S. degree in Economics from the University of Chittagong. He also received a Masters in Development Economics from the Ritsumeikan University, Japan.

A Review of the Supervisory Initiatives by Bangladesh Bank

Published: December 2014

Support Team	:	Sharmina Nargish
	:	Md. Golam Kabir
	:	Sujan Kumar Ghosh

Graphics & Design	:	Md. Nasir Uddin

Published by Bangladesh Institute of Bank Management (BIBM)
Plot No. 4, Main Road No. 1 (South), Section No. 2
Mirpur, Dhaka-1216, Bangladesh

PABX	:	9003031-5, 9003051-2
Fax	:	88-02-9006756
E-mail	:	bibmtraining@bibm.org.bd
		office@bibm.org.bd
Web	:	www.bibm.org.bd

Printed by Nahida Art Press, 64/F, R.K. Misson Road Dhaka, Bangladesh.

Bangladesh Institute of Bank Management
Plot No.-4 MainRoad No.-1(South), Section No. - 2, Mirpur, Dhaka - 1216
Tel: 9003031-5; 9003051-2, Fax: 880-2-9006756, E-mail: office@bibm.org.bd; Website: www.bibm.org.bd

Price: Tk 150.00