

# **BUILDING POVERTY FREE DIGITAL BANGLADESH INITIATIVES TAKEN BY BANGLADESH BANK**

**IN BRIEF**



**BANGLADESH BANK**

Building Poverty free Digital Bangladesh  
Initiatives taken by Bangladesh Bank

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9 June 2013



**BANGLADESH BANK**

## Foreword

Strong determination has been shown in the vision statement of incumbent government to build a 'Digital Bangladesh' by 2021 by using superior technology. Bangladesh Bank (BB) has been working relentlessly for last four years in chasing the dream of poverty reduction and social development articulated in that vision. Despite facing countless odds including global recessions, we have been trying sincerely to keep our economy stable and to improve its indices with prudent monetary policy and other policies and measures. We have undertaken various reform programs to deal with these challenges. Multi-pronged initiatives have also been taken to build a 'Poverty free Digital Bangladesh'.

We have tried to transform Bangladesh Bank into a fully automated and paperless organization in true sense during this time. Starting from the banking activities, data collection, recruitment, tendering-everything in BB is done through automation. Several measures have been taken to digitize the overall banking system of the country. A fast, secure and modern payment system has been built through the introduction of automated clearing house and fund transfer network. National payment switch has been installed to popularize the use of e-banking and e-commerce. Online CIB service has been launched to facilitate faster decision making in the process of loan sanctioning by the banks. A snapshot of 'Digital Bangladesh Bank' built upon our relentless hard work over last four years has been presented in this summarized version.

Apart from this, we have put special focus on 'financial inclusion programs' to bring a wider section of unbanked population of the country under banking services net in line with inclusive growth strategy of the government. We have ensured supply of adequate credit for various productive and environment friendly sectors including agriculture and SMEs. More than 13 million farmers and the poor people received the chance of opening bank accounts. Mobile banking service has been launched to reach banking services fast to the doorsteps of the common people. Around 5 million people have opened mobile bank accounts. Change has also been ushered in the supervision strategy of BB. An electronic dashboard in relation to supervision has been established which added a new dimension in supervision.

Bangladesh Bank has been playing a complementary role for last four years in implementing various policies and strategies for development formulated by the government. We believe that people will perceive this pro-development success of central bank as the success of the government.



Atiur Rahman  
Governor

## Contents

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Digitization of Bangladesh Bank	7
Digitization of Banking Sector	12
Access to Financial Services (inclusion of financial services)	14
Relaxation (simplification) of rules and regulations of FX transactions	22
Legal, regulatory and institutional programs to maintain stability in the banking sector	23
Prevention of money laundering and combating terrorism and terrorist financing	26
Green Banking activities	27
Corporate Social Responsibility (CSR)	28
Customer Service Excellence	29
Strategic Planning and Human Resource Development	29
Notes and coins carrying the portrait of Bangabandhu	30
Commemorative notes and coins	30
Establishment of currency museum	30
GDP growth (average)	30
Foreign remittance	31
Foreign Exchange (FX) reserve	31
Export earnings	31
Import payments	31
Inflation	31
NPL ratio in the banking sector	32
Strong position of Bangladesh in 'Sovereign Credit Rating'	32

## 1. Digitization of Bangladesh Bank

SI No	Topics	Measures Taken	Results
1.1	Networking	Under networking package, local area network (LAN) of BB and inter connectivity among branches have been established. To ensure easy availability of accurate information and to maintain data security in BB, state of the art data center and disaster recovery (DR) site capable of mitigating IT security risks were established. All the departments located in the head office and ten branches across the country have been integrated to a uniform network through LAN or WAN. Under this package, internet and intranet connections have been established.	<p>All the officials of BB are enjoying the facility of internet and intranet. It has created the opportunity for BB employees to access to international information highway and facilitated them to update professional knowledge and skills set. The speed in overall activities of BB has increased manifold for using ICT. All the business applications can also be used within this network. So, this network package can be treated as the backbone of all other packages.</p> <p>Video conferencing in and outside the country can be done when needed under this package.</p>
1.2	Enterprise Resource Planning (ERP)	Under the ERP, the financial statements of BB are prepared automatically following international standard in Systems, Applications and Products (SAP). Maintenance of accounts in BB such as general ledger and accounting, budgeting, payables, receivables, cash management, budget and cost center accounting system, purchase management, fixed asset and HR management, is done with precision and automation.	<p>It's playing a supportive role in enhancing overall functional efficiency of BB. Under SAP environment, the officials of BB can easily access to their salary statements, account balances and different HR related information just sitting in their desks using intranet. All the procurements of BB are done through ERP. As a result, relevant information of a purchased asset is automatically captured in the asset register. As a result, transparency and efficiency in procurement by BB have been enhanced. Commercial banks and other financial institutions (FIs) are being encouraged to adopt technology based infrastructure as done by BB.</p>

SI No	Topics	Measures Taken	Results
1.3	Banking Application Software	Implementation of 'Banking Application Software' has been completed to automate overall banking activities of BB. Most of the financial transactions of the government are settled automatically at present.	As a result, all the accounts of the government are balanced everyday automatically. Under this software, salaries are paid to govt. employees through Electronic Funds Transfer (EFT) done in assistance with the Ministry of Finance. Apart from this, it supplies data as per the requirement of ERP and Enterprise Data Warehouse.
1.4	Enterprise Data Warehouse (EDW)	An EDW has been established in BB as a central data warehouse to collect information through online from banks and FIs, to preserve those and conduct required analysis automatically for decision making. This EDW, enriched with latest software, contains a complete data storage. Information related to macroeconomic parameter i.e. imports, exports, remittance, inflation and information related to banking sector, statistics and economic research, monetary policy, banking supervision and credit are preserved and processed here centrally. Banks and FIs got the opportunity to upload information into the web portal of BB sitting in their offices and using Rationalized Input Template (RIT) formats.	Monetary policy formulation, currency management and policies related to bank supervision will be faster with the help of this information. Data preserved in this warehouse can be used in research undertaken at home or in abroad. Forecasting, time series analysis and preparation of various reports will be possible using different analytical tools and conducting data analysis, data mining and data modeling. Users can search and collect their required information through online from this data warehouse. Historical information since 1972 is being encoded in digital format and is updated in the information server.
1.5	Website development	The website of BB, launched for the first time in 2001 at own initiative, has been recently upgraded with latest features and technology.	The website contains all the updated information required to undertake any financial and economic research and is fulfilling the wide spectrum of requirements of the users.
1.6	Intranet development	The intranet of BB has been developed. It helps in taking faster decision and effective measures by providing easier access to accurate information, facilitating reuse and sharing of information. Important news	Officials of BB can have easy access to their required information sitting in their desks as different internally developed software is connected with the intranet. Visitors access pass

SI No	Topics	Measures Taken	Results
		<p>published in the daily newspapers relating to economy and financial sectors is downloaded in the intranet. Updated information related to FX reserve, exchange rate, monthly inflation rate, remittance sent by the expatriates are also presented through graphs and charts. Digital versions of different regulations, guidelines, circulars, forms etc. are posted in the intranet. Materials used in the daily activities of BB like phone guide, organizational chart, publications etc. have been included in the intranet. Certain daily activities e.g. leave application, meeting room booking, vehicle requisition have also been included in the intranet.</p>	<p>system connected through intranet is issuing pass automatically to the visitors for entering different buildings of BB. Internal HR or administrative orders or circulars of BB are distributed through intranet instead of paper version. All relevant activities as well as personal information of the officers and staffs of BB are channeled through this. As a result, officials of head office and branch offices can get instant update of these circulars as soon as it's uploaded, huge quantity of papers is saved on the other hand which is in line with upholding green banking philosophy.</p>
1.7	Open data initiative	<p>An initiative titled 'open data initiative' has been taken to provide information to the public easily. It's shown in the website of BB. A publication named 'Monthly Economic Trends' containing data on various indicators/parameters is also available in Excel format. This information is updated every month.</p>	<p>People can collect updated information related to balance of payments, money supply, national account, consumer price index, capital market index, interest rate, remittance, exchange rate, commodity price etc. through online. Even 20 years old information can be collected through online.</p>
1.8	E-tendering	<p>Web based e-tendering system has been launched to do procurement activities. This software is used in the local and international tendering by BB. Among all the govt., semi-govt. and autonomous bodies of the country Bangladesh Bank pioneered the idea of doing all the tender related activities electronically including inviting, receiving and evaluating quotations through online and thereby implemented a transparent tendering practice. Local and foreign companies can submit their quotations/tenders and relevant papers in the website. It's a safe tendering process. Around 550 tenders have been completed in this process so far and another 100 is under process at different phases.</p>	<p>It played roles in ensuring transparency as well as avoiding undue complexities in tendering process. Of late, the e-tendering process of BB brought in pride for Bangladesh by being awarded in the third 'International industrial engineering and operations management' summit arranged by Lawrence Technological University at Istanbul of Turkey. Many organizations has shown interest to follow the e-tendering process of BB to get the benefits of it. Bangladesh Bank has already provided Bangladesh Bridge Authority with this software as</p>

SI No	Topics	Measures Taken	Results
			they showed interest in launching e-tendering in their organization. The e-tendering process of BB is also under process of implementation in various other organizations including Rupali Bank Ltd, Sonali Bank Ltd, Agrani Bank Ltd, Ministry of Foreign Affairs and National Kidney Foundation.
1.9	E-recruitment	Starting from receiving applications from the job seekers, all the recruitment activities are done through e-recruitment software. Recruitment of more than 1000 candidates in 30 batches has been completed so far since launching of this system and few more recruitment processes is ongoing.	Candidates of remote areas of the country can submit their applications through online with photos in this system. Overall activities of recruitment such as receiving online applications, sorting, providing admit cards, random allotment of exam seats, declaration of results and sending appointment letters etc. are done through this software.
1.10	FX transactions related dashboard	An electronic dashboard has been established by integrating four online reporting modules to track irregularities of the banks in FX transactions. Under this arrangement, information related to all types of foreign currency transactions will be stored in BB through online. In case of imports, LC, Back-to-back LC, local LC, local bill purchase; in case of exports, volume of exports, repatriation of export proceeds, outstanding and overdue export bills and information related to inward and outward remittance have also to be stored in BB.	This will make supervision and monitoring activities of BB stronger and focused. Even the banks can monitor and control their branches with the help of this system. As a result, reporting on FX transactions will be easier; time and money will be saved, awareness in FX transactions will be raised and finally the FX reserve will be increased due to compliant dealings with FX transactions.
1.11	EXP online monitoring system	Exp monitoring system has been introduced to make export process of the country more dynamic, accurate and transparent. Relevant activities such as monitoring amount of repatriated money against export items, overdue export bills and discrepancy etc. and taking appropriate measures against banks concerned are done in this system. Banks can also monitor their own export related information in this software. Arrangement has also been made to maintain confidentiality of one bank's information to other.	Export information of foreign exchange branches of the banks is directly updated in the database of BB. The export trade of the country can be monitored by analyzing these information.



Sl No	Topics	Measures Taken	Results
1.12	Monitoring imports and exports	Banks can now upload their information related to import-exports under web based monitoring system of exports and imports.	As a result, the officials of BB and other stakeholders can collect easily the daily or latest information on overall foreign trade of the country.
1.13	Monitoring TM form and inward remittance	Banks have to submit information related to all outward foreign remittances except imports through web based TM form management and information related to all the inward remittances through online inward remittance system.	BB and scheduled banks can easily see remittance related information with this system.
1.14	FX market monitoring system	Information of different commercial banks, money changers and authorized dealer (AD) bank branches related to FX market is preserved and processed with this software.	Foreign exchange market can easily be monitored.
1.15	Secondary trading of treasury bills and bonds online	Secondary trading of treasury bills and bonds through online has been started. It's a new platform for trading govt. treasury bills and bonds through trade work stations (TWS) used in capital market.	The highest and lowest price of bills and bonds of different tenors, bid and ask volumes and yield etc. are shown in the ticker screen. Any person or institution can participate in the transaction.
1.16	Dashboard for large loan monitoring	To ensure better risk management while sanctioning large loans and to collect relevant information for preventing concentration of loans, a large loan monitoring software containing loan related information of the borrowers has been launched. In the new form 'L', sector wise loans, volume of shifting non-funded loans to funded ones and few other issues have been incorporated.	In this new system, loan accounts of almost all the large borrowers can be kept under close supervision. As a result, shifting of non-funded facilities to funded loans of each bank can be known with its roll over frequency which facilitates the eventual monitoring of these large loans. Besides these, providing early alarm to liquidity crisis, faster instructions to banks for taking appropriate measures will be possible.
1.17	Other software	In addition to the above, many other software have been in use in BB such as: agri loan monitoring system, prize bond and savings certificate system, medical information system, training management system, corporate memory management, leave management, file management, SME fund management, online portal service, Asian Clearing Union (ACU) Accounts System, loan classification and provisioning system, counterfeit note monitoring system etc. At present, few other software are in the process of development and implementation.	These software are playing an important role in digitization of BB. These digitization measures taken by BB are the milestones in fulfilling the dream of the government in building a Digital Bangladesh.

## 2. Digitization of Banking Sector

SI No	Topics	Measures Taken	Results
2.1	Online banking system	Among 54 banks operating in the country, 37 banks are functioning fully online and 11 banks are running partially online at present. Rest 6 banks are in the process of implementing online banking operations. That means 69% of the banks in Bangladesh are providing fully online banking services.	Under online banking system, customers can do the banking with any of the branches of a bank despite opening an account with a particular branch.
2.2	Online CIB service	Online CIB service was launched on 19 July 2011. It's a web based solution. Before introducing this service, banks and financial institutions used to send around 5,000 enquiries per day to BB for CIB reports. BB could provide 4,000 reports on an average per day with the existing manpower working in the CIB department. Backlogs of 1,000 CIB enquiries used to pile up every day. Moreover, it took 5 days on an average to provide a report against an enquiry which could go up to 1 month at times. As a result, credit extension process used to get delayed across the country. Now it takes only few seconds to deliver a CIB report.	Both the time and operating expense of the banks have been slashed due to introduction of this service. Banks and FIs can send their customers updated month wise loan information through online batch. They can search and collect loan information much faster sitting in their own offices. Banks and FIs can extend their borrowers faster credit due to speedy process of receiving CIB report.
2.3	Modernization of payment system	Bangladesh Automated Clearing House (BACH) has been established to make local and foreign payments time and cost effective by setting a modern payment system. An outstation cheque now takes only one day to be cleared, that is the day after depositing the cheque. Previously it took about two weeks for the same cheque to be cleared. Apart from this, huge amounts of payment instructions can be settled automatically in one go through Electronic Funds Transfer Network (EFTN).	In financial transactions, cheque clearing and electronic fund transfer are taking place in an automated environment within the country.
2.4	Mobile Banking	Mobile Banking under the umbrella of banking operation has been launched to facilitate easy and faster money transfer and to ensure ease of payment of different utility bills like electricity, water, gas etc. in order to increase pace of financial inclusion. A guideline was issued on 22 September 2011 to this end. 25 banks have been awarded mobile banking license so far. Around 5 million people have opened mobile bank-	Under this innovative banking arrangements and with the help of mobile phone technology, services related to distribution of local and foreign remittance, payment of utility bills, salaries, allowances and pensions, shopping, knowing bank balances, paying taxes and govt. grants

Sl No	Topics	Measures Taken	Results
		ing accounts. Around 70,000 agents are engaged in processing 4.56 lac (1 lac = 100,000) transactions on an average per day with an average volume of taka 1.12 billion. It creates an opportunity to do transactions faster and cheaper and to receive modern banking services.	etc. have been made easier. As a result, banking services can be reached to the people of any remote place anytime. It facilitates inculcating savings habit among village people.
2.5	National Payment Switch	National payment switch has been established to build electronic payment infrastructure required to spread e-commerce in the country. It will act as a central server for the banking sector. The main purpose of this is to build a single platform for clearing and settlement of electronic transactions among various inter-bank and shared switches i.e. among 3,000 ATMs (apprx) and 2,500 POS switches already installed under private ownership across the country. Under this system a cardholder of a certain bank can easily withdraw money from the booth of another bank free of charge. Being the mother switch of the country, it will connect all the switches established under private arrangement including e-payment of the public accounts department of Bangladesh Bank. Already many of the banks have been connected with this switch. Very soon another 10 banks are going to be connected with this program.	It will help establishing e-commerce as a fast, efficient and reliable media through electronic settlements of all financial transactions. Banking sector of Bangladesh will then improve further in green banking initiatives. The scope for providing faster banking services at a low cost will enlarge due to this switch. People will use VISA, Master Card, Credit-Debit Card more and more. Electronic shopping will increase and people will be able to pay all types of utility and other recurring payments electronically.
2.6	E-commerce	All the banks have been instructed to introduce e-commerce programs to facilitate online payment of utility bills, fund transfer among account holders of the same bank and credit card based internet payment. Few banks have launched e-commerce programs. Other banks also committed to introduce this soon.	Several e-commerce sites have already been in operation in the country. Such as akhoni.com, clickbd.com, ajkerdeal.com, iferi.com, meenabazar.com.bd, rokomari.com, amardesh amar-gram, Oscom etc.
2.7	Online payment gateway	Online payment gateway service providers play an important role as an easy media in bringing numerous small FX incomes home against ICT services provided by the freelancers. Authorized dealer (AD) banks have been instructed to take assistance from OPGSP in bringing home these small FX incomes at low cost. Maximum USD 2,000 can be remitted home with this facility. 'AlertPay', the Canada based online fund transfer organization has started their operations in Bangladesh. Neces-	Foreign currency has been remitted home at a low cost through TT/ Draft as well as through online payment media by selling ICT services through internet including freelancing.

SI No	Topics	Measures Taken	Results
		sary steps have already been taken by both the government and Bangladesh Bank to include Bangladesh in the service programs of 'Pay pal', the worldwide easy payment gateway for financial transactions in the internet. Recently Bangladesh Bank has issued a circular to purchase goods and services through online amounting to USD1000 per year. In addition to unspent travel quota, each transaction will have to be less than USD100 or its equivalent.	
2.8	Business process outsourcing services	With the blessing and unprecedented wider use of ICT, resident persons and institutions of Bangladesh are providing business process outsourcing services through internet or virtual office. Any amount of foreign currency earned by exporting software and ICT service, freelancing etc. can easily be remitted home through authorized dealer bank branches. We have the potentials to export trade services, professional and research works and consultancy services etc. apart from ICT services. Necessary instructions have been provided to those AD banks to facilitate easier inward remittance earned against these services and other non-agency services.	Due to this, FX earnings from business process outsourcing services can easily be remitted home.

### 3. Access to Financial Services (Inclusion of Financial Services)

SI No	Topics	Measures Taken	Results
3.1	Agri loan policy	Policies and programs are formulated every financial year, in line with the agriculture and agri friendly policies of the government. Apart from increasing volume of loans for agriculture sector, qualitative change has been incorporated in the process of distribution of the same. Monitoring and supervision have been strengthened by BB to ensure that farmers can get agri loans timely in a transparent and hassle free procedure. Preference is given to women while extending agri loans to encourage their participation in agriculture. To ensure fair price of the products, development of agri marketing system has been emphasized. Preference has been given for distribution of agri loan in relatively underdeveloped areas like char (island), hawar and the coastal areas. Banks are to extend at least 2% of their total loans as agri loan as per current regulation.	Those who never got any loan from banks like sharecropper, women and marginal farmers are now getting the same now. Real farmers are now getting the agri loan as the transparency in agri loan distribution has been ensured.

Sl No	Topics	Measures Taken	Results
3.2	Agri loan activities	Agri loans to the tune of Taka 92.84 billion, 111.17 billion, 121.84 billion and 131.37 billion were distributed during last four fiscal years (2009 to 2012) respectively which was 99%, 97%, 97% and 95% of the target respectively. In the current fiscal year (2012-2013), agri loan amounting to Taka 102 billion has been distributed till April 2013 which was 83% of the target of Taka 141.30 billion in the full year.	Agricultural production increased at a higher pace with the increase of agri loans in last four years. Food production has increased from 30 million metric ton to 35.20 million metric ton (per year). Bangladesh has achieved a status close to self sufficiency in food production which helps keeping food prices under control.
3.3	Agri Loan for women	Banks have been instructed to extend credit to women so that the poor women in rural areas can improve their economic condition. Credit can be provided for agriculture and related many other activities such as production of crops, small scale processing of agricultural products, small agri trades like gardening, nursery, post harvest activities, production and preservation of seeds, bee farming, food processing and development of fisheries and livestock etc. Banks provided agri loan amounting to Taka 11.23 billion to 4.45 lac women in financial year 2009-2010, Taka 7.25 billion to 3.32 lac women in 2010-2011, Taka 7.35 billion to 3.2 lac women in 2011-2012 and Taka 7.41 billion to 3.44 lac women in the 2012-2013 (till February 2013).	Women constitute 50% of the total population of Bangladesh. Due to this, dynamic, active and meaningful participation of women in the mainstream economic development is a must to ensure sustainable economic growth. So, these loan programs play a crucial role in building human capital by engaging women in productive agricultural activities.
3.4	Special loan programs for sharecroppers	A special refinance scheme of Taka 5 billion was first launched in 2009 to provide agri loans at a low interest rate, with flexible conditions and without any collateral to the landless, marginal and sharecroppers deprived of loan facilities of the country. BRAC, the largest NGO of the country was assigned responsibility to implement this program. The tenor of the program was renewed up to June 2015 after completing the primary tenor on 30 June 2012. Till March 2013, loans amounting to Taka 7.10 billion were provided to 6.29 lac sharecroppers of 250 upazillas under 48 districts of the country. Mentionable, a significant portion of sharecropper borrowers are female farmers. In addition to the above program, banks have been instructed to provide credit to the sharecroppers on individual and group basis under the rural and agri loan policies and	Under this special loan programs, sharecroppers are getting collateral free loans. They are getting real benefits due to flexible conditions of the loans. Their living standards are affected positively which paves the way for achieving participatory growth. This program is playing an important role in alleviating poverty of the sharecroppers.

SI No	Topics	Measures Taken	Results
		<p>programs. Accordingly, state-owned banks are providing agri loans to sharecroppers separately. Agri loans amounting to Taka 4.31 billion to 3.75 lac sharecroppers in the financial year (FY) 2009-2010, Taka 7.44 billion to 4.27 lac sharecroppers in FY 2010-2011, Taka 10.86 billion to 5 lac sharecroppers in FY 2011-2012 and Taka 7.10 billion to 3 lac sharecroppers in FY 2012-2013 (till February 2013) were distributed.</p>	
3.5	Concessional loans program for producing certain crops	<p>Despite being arrangements for extending loans at a government declared concessional rate i.e. 2% to encourage production of import substitute crops like lentil, oil seeds, spicy products and maize, farmers could not avail this benefit as they were not well aware of this. Consequently, various measures were taken since FY 2010-2011 to increase distribution of loans at a concessional rate to produce these crops. Arrangements were made to publicize widely in the mass media about this loan program to induce the farmers. A target for distributing this 2% concessional loan of Taka 96 crore (1 crore = 10 million) was set for the first time in the FY 2010-2011 to produce these crops. Banks distributed approx. Taka 71 crore which was 74% of the target. In FY 2011-2012, banks distributed Taka 82 crore in this sector against a target of Taka 78 crore with an achievement rate of 105%. In the current FY i.e. 2012-2013, a target of Taka 89.45 crore was set for distribution at a concessional rate of 4% for producing these import substitute crops against which Taka 63 crore was distributed till 02 May 2013.</p>	<p>This kind of concessional loan program played an instrumental role to increase production of these types of crops. Apart from providing adequate loan facilities, use of modern technology in the field level, supply of seeds of high yield variety and ensuring fair price of the produced crops can help in increasing production further. If the production of these crops can be made popular in the suitable and potential areas of the country, import dependency of these crops can be reduced. A huge amount of foreign currency can be saved then. Meantime, the price level of these products remains more stable than before due to pro-active measures taken by the banks.</p>
3.6	Farmers bank account at Taka 10	<p>Instructions have been given to allow opening bank accounts by the farmers depositing only Taka 10 with the state-owned and specialized banks to help them receive benefits of subsidy granted by the government on account of fertilizers, seeds and diesel as well as transferring agri loans directly to their accounts. More than 96 lac farmer's accounts have been opened till March 2013. BB has instructed to disburse agri loans through accounts instead of cash to those farmers having bank accounts except permissible deviations to decrease</p>	<p>Farmers holding 10 taka accounts are not only receiving govt. provided subsidy money and bank loan services but also enjoying modern banking facilities being the part of overall banking system. They are growing savings habit which reinforces the financial service inclusion process. These accounts can be used in receiving local and foreign remittances and transferring money to other accounts.</p>



Sl No	Topics	Measures Taken	Results
		undue interferences by the middlemen and to increase transparency in the agri loan programs. Financial assistance by the private and public sectors are deposited into their accounts to compensate damage done by the natural calamities to them.	
3.7	School Banking	<p>'School Banking' service has been launched for the school going young children so that they can open bank accounts and start doing savings right from the school age. An instruction was issued on 02 November 2010 with the objective of starting school banking activities across the country and establishing it as one of the tools of inclusive financial services. In the meantime, banks and guardians of the students showed huge interests to open school banking accounts. 45 banks of the country have started school banking. These banks have opened 1.87 lac bank accounts of the students by March 2013. Accounts of these students held a balance of Taka 1.14 billion with an average Taka 6.1 thousand per account. Based on the responses received for school banking, the first school banking conference – 2013 was held on 20 April 2013 in Bangladesh Bank Training Academy at Mirpur in joint collaboration of banks and BB to expand the reach and depth of school banking further. Those who are yet to open school banking account will be encouraged to open the same after this conference.</p>	<p>Savings habit developed through school banking brings financial discipline in the minds of children which will help them maintain disciplined lives too. Account holder students are feeling encouraged saving a portion of money they are allowed to spend. Small savings in the childhood will make their future safe. It will contribute towards economic growth too. A significant pie of country's total population can be brought under financial services net with this. It can build the foundation of financial education for the students. As a result of this, they can learn the details of bank account maintenance such as how to deposit money into and withdraw from a bank and will also be able to learn about ICT enabled banking services like credit card, debit card, mobile banking, internet banking and e-commerce etc.</p>
3.8	Other measures related to Inclusive Financial Services	<p>To ensure transparency in distribution of various allowances under social safety net program such as allowances for the senior citizens, disable but poor people, destitute widows and divorced women, 26.34 lac taka 10 bank accounts have been opened in the name of the beneficiaries till March 2013. To distribute honorarium for freedom fighters through bank accounts, 1.10 lac bank accounts have been opened. About 7 lac bank accounts have been opened in the name of equal number of destitute people who got grants from Hindu Religious Welfare Trust. Different banks have opened more than 8 thousand bank accounts in exchange of 100 taka per account for the</p>	<p>Apart from allowing farmers to open 10 taka bank accounts, about 35 lac more accounts have been opened to distribute money among the beneficiaries of governments social safety net programs; special accounts for unemployed youths, hardcore poor and freedom fighters; destitute beneficiaries under Hindu Welfare Trust, small life insurance policy holders and for the school going students. By opening these accounts, a large scale financial inclusion has been accomplished in the country.</p>

SI No	Topics	Measures Taken	Results
		small life insurance policy holders. Respective banks have been instructed under national services program to allow opening bank accounts in exchange of taka 10 per account for the unemployed youths, hardcore labors, ultra poor women and marginal farmers/sharecroppers.	That means, a huge number of people have been brought under banking service net. As per the report of 'Global Findex'-World Bank's financial inclusion encyclopedia, Bangladesh stands second after Sri Lanka among South Asian nations in the financial inclusion index.
3.9	Refinance scheme for green projects	A refinance scheme of taka 2 billion was formed in the FY 2009-2010 to extend loans in the sectors of solar energy, bio-gas, effluent treatment plant (ETP) and pollution reducing brick kilns (HKK). About taka 1.12 billion was provided to 27 banks and 1 financial institution under refinance facilities till 20 March 2013. Among this, taka 50.54 crore for solar energy, 29.76 crore for bio-gas plants, 9.04 crore for ETP projects and 22.48 crore for pollution reducing brick kilns were distributed. Refinance of taka 2.39 crore was made already to encourage using solar driven irrigation pumps instead of using traditional electricity or diesel generated ones. Banks and FIs have been instructed to form their own special schemes to strengthen activities to finance at a maximum 10% interest rate based on demands of the customers for installing solar panels in the residential, commercial and factory buildings and for other green projects.	Investments by the banks and FIs have been encouraged to enable use of solar power at home and commercial enterprises in the rural areas, use of solar driven irrigation pumps, establishment of integrated dairy farm and bio-gas plants, production of bio-gas from poultry farms litter, firing oven as well as producing electricity through generator from bio-gas and production of bio fertilizers from by-product slurry of bio-gas plants. All these are done to compensate shortage of electricity and gas through the use of solar power and environment friendly renewable energy, to maintain ecological balance and to ensure public health safety.
3.10	Special loan programs for establishing agro-processing industry	To generate rural employment and to reduce poverty in the country, and to process agricultural products, a special loan program titled 'Refinance Scheme for Establishing Rural Based Agro Processing Industry' is in live. The fund size of the scheme undertaken in 2011 was taka 1 billion. These loan facilities are provided in 37 sub sectors of agro processing. Taka 1.25 billion has been refinanced from this fund till 2009. The fund size was increased to taka 2 billion in December 2012 in response to huge interest of the field level entrepreneurs and ever increasing refinance requests of the banks. Refinance facilities of taka 2.18 billion were provided so far against financing to 1103 agro based industries by 23 banks and 17 FIs.	Refinance facilities of taka 93 crore were provided from this fund in last two years (2011 and 2012) in favor of 210 industries and about 6,000 new employments were generated against this. Finance was made in the following sectors: taka 20 crore for agricultural machineries at Sherpur area under Bogra district, taka 11 crore for cold storage industry at Chandpur, taka 8 crore for rice producing industry at Gazipur and taka 3 crore for poultry and livestock feed producing industry at Savar etc.



SI No	Topics	Measures Taken	Results
3.11	SME department and loan policies	A department titled 'SME and Special Programs Department' was formed in the head office of BB on 31 December 2009 to specify the roles of BB in the development and expansion of SME sectors. Policies and programs for SME loan were formulated for the first time in 2010 emphasizing financing for the SME entrepreneurs. Simultaneously, the SME financing activities of the banks were brought under strict supervision of BB. Preference has been given in the SME policies to finance small entrepreneurs and the floor of SME loan has been set downward from taka 2 lac to 50 thousands.	SME financing has got a momentum in the country due to relentless efforts of BB in the development of this sector for last four years. Banks and financial institutions have come forward to provide more loans to the SME sectors than before.
3.12	SME loan activities	Disbursement of target based SME loans has been started since 2010. Total SME loans of Taka 1,770.17 billion disbursed in three years (2010 to 2012). In 2010, Taka 535.44 billion was disbursed among 3,08,950 enterprises against a target of Taka 388.58 billion; in 2011, Taka 537.19 billion was disbursed among 3,19,340 enterprises against a target of Taka 569.40 billion and in 2012, Taka 697.53 billion was disbursed among 4,62,513 enterprises against a target of Taka 590.12 billion as SME loans in the small, medium and women entrepreneur sectors. In 2013, the current financial year, a target of Taka 722.03 billion has been set for disbursement as SME loans. Taka 193.52 billion was disbursed till March 2013 which was 26% of the target.	Development of small and medium enterprise sectors depends on the development of industry and service sectors. It's been continuously monitored to ensure that banks disburse more SME loans in these two sectors. SME loans in the industry sector have been increasing for last three years. Real employment has been created due to this.
3.13	Refinance fund for SME sectors	For the development of SME sectors, refinance facilities of Taka 27.95 billion were provided till 2012 from the own fund of BB and funds from ADB, IDA and Bangladesh Government to 21 banks and 22 FIs against 34,709 enterprises. In assistance with JICA, a donor agency of Japan, a two-phased fund for refinance of 5 billion yen (apprx. 5.1 billion taka) was generated. Already the policy for loan operations under JICA fund has been formulated.	Refinancing is made to banks and FIs emphasizing manufacturing and service sectors. Banks and financial institutions are playing pioneering role in providing more finance for productive SME sectors in the country by utilizing the benefits of these types of projects.
3.14	Women entrepreneur development	15% of the refinancing scheme for SME sectors has been allotted for only women entrepreneurs. If any bank fails to provide at least 10% of total SME loans to women entrepreneurs, refinance request of that bank is not considered. Banks and FIs have	Under the refinance scheme, women entrepreneurs are getting loans from the banks at a maximum 10% interest rate. Small women entrepreneurs can avail SME loans of taka 50

SI No	Topics	Measures Taken	Results
		been instructed to provide loan facility up to 25 lac against personal guarantee only as the collateral in case of small and women entrepreneurs.	thousands or more by forming a group; benefits of these are being enjoyed by the micro women entrepreneurs of the rural areas. Both the number and ticket size of loan disbursement to women entrepreneurs are increasing which helps in the development and empowerment of them.
3.15	SME cluster development	Banks have been instructed to use 'cluster approach' to meet the purpose of SME loans. Favorable conditions are present in some areas of Bangladesh for producing certain industrial goods and some places are famous for production of certain industrial goods. Multi dimensional programs have already been initiated for the development of 46 such clusters in different parts of the country. Banks and financial institutions have come forward too for the development of SME cluster.	Development of clusters has been possible in the following areas of the country. Light engineering and agricultural instruments in Bogra, hand-crafts in Jamalpur, handicrafts and cultivation and processing of flowers in Jessore, small garments industries at Syedpur of Nilphamari, Monipuri hand-loom at kamalganj of Moulvibazar and agor at Barolekha, Monipuri handlooms and bamboo-cane industry in Sylhet, khadi at Chandina of Comilla and Chandpur, jamdani at Rugganj of Narayanganj, handloom industries at Pabna, Tangail and Sirajganj, Jori village at Belkuchi of Sirajganj, waist looms and boutiques in the hilly districts of Bandarban, Khagrachari and Rangamati, bamboo-cane industry at Munshiganj, cultivation and processing of soybeans at Laksmipur and shoe factory at Bhairab of Kishoreganj.
3.16	Equity and Entrepreneurship Development Fund (EEF)	Generation of employment and development of agro based industries and ICT sectors i.e. socio-economic development of the country is the prime objective of EEF. EEF started its journey with renewed vigor after the current government assumed power. Policy formulation, fund management and performance appraisal related jobs of EEF have been assigned with BB since 2009 but the operational activities of EEF were assigned to Investment Corporation of Bangladesh (ICB). Number of approved agro	EEF functions have got momentum in last four years; young and interested entrepreneurs have become invigorated. Size of EEF Budget and volume of released fund have increased and newer sectors have been incorporated. Employment for 17,000 employees was created in the EEF funded projects. ICT and rural economic infrastructure have also been developed due to

Sl No	Topics	Measures Taken	Results
		based projects were 110, 502, 194 and 81 in the FY 2009-2010, 2010-2011, 2011-2012 and 2012-2013 (till March 2013) respectively. That is in the said period, Taka 15.26 billion EEF assistance was approved against 887 agro based projects and Taka 2.89 billion against 245 projects was released/disbursed. In the same period, Taka 57 crore was approved against 45 projects in ICT sector and Taka 16 crore was released against 19 ICT projects.	implementation of these projects. EEF fund made an important contribution in meeting demands of protein of the country through increased supply of fish, meat and eggs. As a result, new entrepreneurs have emerged.
3.17	Housing fund	Around Taka 1.33 billion has been disbursed till September 2012 from the housing fund in order to give loans to the poor and helpless people in rural areas affected by cyclone, flood, tidal wave and river erosion to make about 62 thousand houses country-wide. Of this amount, around Taka 25 crore has been disbursed to make 7,096 houses in last four years.	Total beneficiaries under this financing project turn out to be about 35 thousand considering 5 persons per house built in the last four years.
3.18	IPFF project	To minimize electricity crisis, Taka 4.51 billion has been disbursed under the on-lending component of Investment Promotion and Financing Facility (IPFF) of World Bank operated by Bangladesh Bank in Public-Private Partnership (PPP) to install 7 small power plants and a water purification and supply project. Of this, Taka 4.22 billion has been disbursed under main project and Taka 29 crore has been disbursed under revised project. 63% finance has been made in the last four years only.	From the projects financed, 178 megawatt electricity is supplied to national grid daily. 3 million gallons of water per day is supplied from the water purification project.
3.19	Branch expansion of banks and FIs	Number of branches of all the banks operating in Bangladesh is about 8,300 (till January 2013) at present. Among these, 1,400 new branches have been opened during last four years. For the development of agriculture and SME sector, permission was given to banks to open 253 Agri/SME branches during this period. In addition to the above, 90 branches of different financial institutions have been opened during last four years.	Still half of the population of the country is yet to be connected with banking services most of which are rural people. For that reason, instruction has been provided to open at least 50% of the new branches in the rural areas. As a result, a positive impact in expansion of rural economy has started to be visible.
3.20	Drawing arrangement and foreign exchange house	To add dynamism in bringing home the expatriates remittance, approval process of establishing drawing arrangements between Bangladeshi or locally registered banks and foreign exchange houses has	Sending remittance to the beneficiaries has become easier and completely hassle free. For these, encouraging developments have been observed in

SI No	Topics	Measures Taken	Results
		been simplified. The number of drawing arrangements approved in last four years is 258. 23. Bangladeshi banks were also permitted to open 62 foreign exchange houses.	sending remittance.

#### 4. Relaxation (simplification) of rules and regulations of FX transactions

SI No	Topics	Measures Taken	Results
4.1	FX loan facilities for exporters	The size of Export Development Fund (EDF), developed and operated to facilitate providing FX loans for exporters to import raw materials, has been increased to USD 800 million. Single borrower exposure limit has been increased to USD 10 million from USD 2 million. This EDF loan facility has been extended recently to the member mills of 'Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association' in addition to other exporters.	FX loans provided at low interest rate and flexible conditions to import raw materials are helping increase volume of exports.
4.2	Advance payments made by the exporters	Arrangement has been made to allow exporters to remit maximum USD 10,000 each time from the FX retention quota maintained by them without prior approval from BB to meet urgent import requirement of raw materials.	Facilitating increase of exports.
4.3	Benefit of using FX for ICT companies	ICT service companies can remit abroad USD 20,000 per year in excess of the balances available in their FX retention quota accounts for real business purposes. FX limit spendable in international card has been increased to USD 2,000 to this end.	ICT companies can easily send their required foreign currency abroad purchasing from the banks.
4.4	Remitting FX for participation in the training, seminar, workshop abroad	Facilities have been created for sending registration fees in favor of organizing agency abroad for the participation in the training, seminar and workshops by the officials of govt, semi-govt, autonomous bodies, banks and corporates.	Facilitates enhancing efficiency of human capital.
4.5	Remitting fees by international credit cards	Permission has been given to remit various fees abroad through internet and by using international credit cards. Common fees include application fees for admission in foreign educational institutions, registration and admission fees, exam fees for SAT, TOEFL and membership fees of foreign professional bodies.	Remitting fees for admission in foreign educational institutions and membership fees for foreign professional bodies has been made easy.

SI No	Topics	Measures Taken	Results
4.6	Remitting FX for higher education abroad	Those who went abroad for higher education without opening student file can take foreign currency abroad by opening files by their guardians.	Remitting foreign currency abroad for higher education has become much easier.
4.7	Simplification of declaration for inward remittance	To increase flow of inward remittance, no declaration is required to be made by expatriate Bangladeshis while sending money home. In other cases, limit for declaration in 'Form C' has been increased to USD 5,000.	Bringing foreign currency home from abroad has become easier.
4.8	Releasing foreign currency under personal quota for foreign travel	Yearly travel quota has been set at USD 2,000 for travelling Myanmar and SAARC countries and increased to USD 5,000 for other countries.	More foreign currency is available for foreign travel.
4.9	Handing over export LCs received from the local buying agents to local producers or exporters.	Permission is given to hand over export LCs received from the local buying agents to local producers or exporters within a day.	Facilitates faster export procedures and in earning foreign currencies.
4.10	Remitting money to establish subsidiaries or exchange companies abroad	Permission is awarded for sending money abroad as capital to set up subsidiaries or exchange companies in different countries by the Bangladeshi banks.	Facilitates sending inward remittance by expatriates.

## 5. Legal, regulatory and institutional programs to maintain stability in the banking sector

SI No	Topics	Measures Taken	Results
5.1	New circulars for loan classification, provisioning and re-scheduling	To improve and solidify overall condition of financial sector, changes have been made in the loan classification and provisioning policies in line with international standard and Basel core principles as a part of close supervision. On the other hand, required changes have been made in re-scheduling policy in an attempt to free banking sector from default loan culture.	This pragmatic and upgraded loan classification and provisioning, re-scheduling policies will enhance discipline and transparency in the banking sector; on the other hand scope for providing superior banking services to real entrepreneurs/businessmen i.e. good borrowers will be increased. Easy loan facilities for them will increase.
5.2	Implementation of Basel principles	Capital Adequacy is one of the important parameters for banks to measure financial soundness and stability. For that, emphasize has been given on following international best practices in order to strengthen capital base of the banks. Meantime, Basel II related to capital adequacy of the banks has been fully implemented. Necessary measures	Capital base of the banking sector has been expanded a lot for strict supervision. Capital in the banking sector has increased by Taka 356.23 billion during last three and half years with overall growth of 173%. In terms of capital adequacy, the

SI No	Topics	Measures Taken	Results
		have also been taken to implement Basel III related to capital adequacy in the near future.	position of the Bangladeshi banks is much stronger than many other banks in the world.
5.3	Introducing Stress Testing System	Stress Testing System Has been introduced to test shock absorption capacity of banks and FIs which is done on quarterly basis. Through this exercise, banks and FIs, having analyzed their strengths, weaknesses and risks, are getting time for preparations in taking proper measures to face probable shocks.	Through stress testing, determining high risk financial institutions and giving early warning have become possible.
5.4	Risk management	To maintain stability in the banking sector and to ensure effective risk management practices, banks have been instructed to form a Risk Management Unit (RMU) to identify, analyze and mitigate risks as part of precautionary measures. To monitor risk management practices of banks, a separate monitoring unit was opened in BB. A detailed risk management guideline was issued in 2012 to create an international standard risk management environment in the banking system of Bangladesh.	It's an effective measure for maintaining stability of the banking sector.
5.5	Establishing Financial Stability Department	A new department titled 'Financial Stability Department' was established in BB to do research on the overall economic stability of the country, provide forecast through review of economic risks and to recommend framing necessary policies through review of stability of financial sector. Annual financial stability report has been published from this department.	This department is capable of identifying probable risks at the primary stage of not only the banking sector but also the overall financial sector. It will usher a new horizon in macro prudential supervision. This department will formulate effective rules and regulations in the adverse conditions of economic crisis.
5.6	Launching Financial Stability Report on overall conditions of banking sector	A Financial Stability Report has been prepared on the basis of 2011 financials and activities of banks and FIs and the 2012 one will be published soon. This report contains an analysis of inter-relationships between various organizations of financial sector, identification of probable risk areas for banking sector, assessment of risk taking capacities as well as analysis of information related to the development and infrastructure of financial sector.	This report was able to provide a clear idea among local and international interest group about how far our financial sector is capable to withstand any internal or external shock i.e. the macroeconomic risk.



Sl No	Topics	Measures Taken	Results
5.7	Introduction of Financial Projection Model (FPM)	Preparatory works have been completed to launch FPM as a modern supervisory tool to measure probable shock absorption capacity and weaknesses of each bank on the basis of historical and hypothetical scenario. Once the model is fully implemented, identification of risks of every bank through realistic scenario analysis and taking policy decisions on the basis of those risks will be easier.	As a result, the overall supervision capacity of the central bank will be increased through enhanced capacity of risk assessment of every bank.
5.8	Review of financial statements of the banks	The financial statements of the banks are reviewed regularly to mitigate systematic risk. Real picture of the overall banking sector can be gauged to a great extent through review of financial statements of the banks.	Assessing the impact of adverse financial condition of a particular bank on the overall banking sector is easier now.
5.9	Instructions in purchasing IBP	BB has instructed all the banks to receive prior approval from Head Office instead of taking decisions at branch level in purchasing Inland Bills (IB) at local and foreign currency. Besides this, real supply of goods against those bills must be verified before accepting the same. The supervisors of BB while visiting the branches of the bank have been advised to keep a sharp eye on acceptance and payment of these bills.	As a result, prevention of IBP related fraud-forgeries has been possible.
5.10	New guidelines in prevention of fraud-forgeries	Banks have been instructed to submit on quarterly basis to BB their self evaluation on effectiveness of internal control at the sign of their CEO and counter sign of the Chairman of Audit Committee for prevention of frauds and forgeries in the banks. A form was also incorporated to facilitate sending report by banks where there are more than 50 parameters on internal control and compliance, general banking operations, loans and advances and ICT. Based on the self evaluation report submitted to BB on the effectiveness of internal control measures in prevention of fraud-forgeries and in light with the roles and responsibilities of the Board, Chairman of the BoD and the CEO, Bangladesh Bank is reviewing and verifying (if necessary) the report in the field level.	As a result, ensuring joint accountability of the BoD and management will be possible.

SI No	Topics	Measures Taken	Results
5.11	Integrated supervision system	A web based integrated supervision system is under preparation to identify probable risks of fraud/forgery from the financial statements and information collected by supervising departments of BB. At present, information is uploaded and examined in the system. Any type of information related to deposits, advances, default loans, growth of off-balance sheet liabilities, sector wise distribution of loans, re-scheduled loans, foreign trade, money market activities, liquidity conditions etc. of branches and head office of the banks will be available through website every month from this system.	As a result, any type of anomaly will come under notice of central bank instantly and taking appropriate measures will be possible. The higher authorities of the banks and financial institutions will also be able to make their internal control system more effective than any time in the past by using this.

## 6. Prevention of money laundering and combating terrorism and terrorist financing

SI No	Topics	Measures Taken	Results
6.1	Formulation of laws and policies	In order to meet the international standard and to make an effective AML/CFT regime in Bangladesh 'Money Laundering Prevention Act 2012' and 'Anti Terrorism (amendment) Act 2012' have been promulgated repealing 'Money Laundering Prevention Act 2009' and amending 'Anti Terrorism Act 2009' respectively. Some new criminal activities have been included as predicate offence under 'Money Laundering Prevention Act'. Financial Intelligence Unit (FIU) in BB has been established under Money Laundering Prevention Act 2012. Compliance instructions have been issued for banks and FIs to prevent money laundering and terrorism financing and also to keep the financial sector risk free. MoU has been signed with 15 countries to exchange information with foreign FIU related to laundered money and financial transactions.	Quite a number of bank accounts have been frozen in last few years by BB under the powers conferred by these Acts. In last four years, about 500 Suspicious Transactions Report (STR) have been received from different reporting agencies. A considerable number of cases have been handed over to law enforcing agency on the basis of review and inspections of these reports.
6.2	Implementation of 'goAML' software	Initiative has been taken to establish a modern and IT based system in the unit titled 'Bangladesh Financial Intelligence Unit (BFIU)' of BB in assistance with the World Bank in order to prevent terrorism, terrorist financing and money laundering activities more effectively and to track down the probable source of these. Information related to Suspicious Transaction Report (STR) and Cash Transaction Report (CTR) can be collected and analyzed easily through this software to prevent money laundering. For online reporting of CTR and STR, 'goAML' software has	This software established to find probable source of money laundering related crimes and to strengthen prevention activities, will be able to play more effective role in prevention of money laundering and terrorist financing of the country.



SI No	Topics	Measures Taken	Results
		already been collected from United Nations Office On Drugs And Crime (UNODC), a concern of UN and being implemented.	

## 7. Green Banking activities

SI No	Topics	Measures Taken	Results
7.1	Policies and guidelines	'Green Banking Policies and Strategic Framework' and 'Environmental Risk Management Guideline' have been issued in 2011 to minimize negative impacts of climate change and to save environment. Refinance has been provided to 27 banks and 1 FI from a revolving fund for refinance of Taka 2 billion to provide loans to solar power, bio-gas, ETP and environment friendly brick kilns sectors.	As a result, banks are playing an important role in environmental financing, proper utilization of banking resources and establishing industries that emit less carbons in order to save earth from abrupt change of climate, increased emission of green house gas and air pollution etc. The awareness has been raised among banks, FIs and borrowers about adverse impacts of climate change and also the analysis of environmental risks has been ensured before extending credit facilities.
7.2	Paperless banking system	Bangladesh Bank has undertaken initiatives to introduce paperless green banking system and has been successful in many aspects. Spontaneous participation by the banks in green banking operations and ICT based initiatives already taken such as online reporting, online banking, e-banking, e-commerce, online CIB, automated clearing house, mobile banking, national payment switch, e-tendering, e-recruitment etc. deserve appreciation without any doubt.	Playing an important role has been possible in falling fewer trees due to reduction of paper use by making internet and e-banking easily available. Banks are expected to move forward their green banking operations through more participation in future.
7.3	Incentives for green banking	Banks are publishing information on green banking operations in their annual reports and websites. Few incentives are provided to those banks which comply with green banking policies. This has been taken into consideration while evaluating capability and management efficiency of the banks and plays a positive role in overall evaluation or CAMELS rating. The name of top ten banks is published in the website of BB after evaluation of overall activities of green banking by the banks. Green banking operations of the banks are taken into active consideration while awarding permission to open new branches. New SME/agri branches must be made environment friendly, and installation of solar panel there has been advised.	As a result, banks are more encouraged to do green banking operations.

## 8. Corporate Social Responsibility (CSR)

SI No	Topics	Measures Taken	Results
8.1	CSR policies	<p>CSR policies for the commercial banks and FIs of the country were first formulated in 2008. But special focus has been put to encourage CSR activities for the last four years. Banks were instructed in 2010 to open a CSR desk and to spend 30% of total CSR expenses in education sector in 2012. In order to vitalize society's ignored but potential sectors and to establish a pro-people banking system through innovative programs for all walks of people, CSR activities of the banks have been brought under institutional framework with the financial inclusion initiatives of bringing people out of financial services net into the unattended productive sectors like farmers, small entrepreneurs, women entrepreneurs, labors etc. In line with the poverty reduction and employment generation programs of current government, the banks and FIs are running various CSR programs in the sectors of education, health, nutrition, sports, disaster management, renewable energy, socio-economic development of the people of underdeveloped areas, women development, welfare for the families of martyrs of liberation war.</p>	<p>Due to the recent CSR activities of the banks, financial services have been reached to the door-steps of ultra poor, landless, small farmers, sharecroppers, small traders, poor women etc. and these activities are adding a new dimension in poverty reduction and building social safety net.</p>
8.2	CSR expenses	<p>Banks are increasing their CSR expenses every year. They spent Taka 41 crore in 2008, 55 crore in 2009, 233 crore in 2010, 219 crore in 2011 and 305 crore in 2012 as CSR expenses. Education sector occupied 32% of total CSR expenses in 2012. Recently BB has taken initiatives under CSR activities of banks and FIs to support the victims and volunteers of Savar Tragedy such as, collection of one day salary of the employees of BB, scheduled banks and FIs, formation of a fund amounting to Taka 1.9 billion by the BAB, ABB and BLFCA to donate the aggregate collection to 'Prime Minister's Relief Fund' and to honor the volunteers by arranging employment for them. BB has also taken initiatives to form a permanent 'Disaster Relief Fund' by BAB and ABB and support Bangladesh Fire Service and Civil Defense and other relevant government agencies for their capacity building.</p>	<p>The issue of CSR has now been supported and cooperated by the Board of Directors of every bank.</p>

## 9. Customer Service Excellence

SI No	Topics	Measures Taken	Results
9.1	Customer Interest Protection Center (CIPC)	The Customer Interest Protection Center (CIPC) has been opened to settle customer complaints quickly and to provide appropriate answers to any query made by them. A hotline number 16236 has been established here. Customers can put forward their complaints or queries by calling this number or by e-mailing to bb.cipc@bb.org.bd. Everyday complaints are made through hotline, telephone, mobile phone, e-mail and by post just after the launching of CIPC. Number of complaints received by this center till March 2013 is 5,710 among which 4,267 have been settled already with a 75% rate of settlement.	The CIPC and hotline have already been proved very effective in customer service excellence.
9.2	Forming Financial Integrity and Customer Services Department	A new department titled 'Financial Integrity and Customer Services Department' has been opened in the Head Office of BB to settle customer complaints of the banks and FIs quickly and easily.	Taking quick decisions about customer complaints and faster implementation have been possible due to this department.
10	<b>Strategic planning &amp; HR development</b>	Bangladesh Bank has devised a five year (2010-2014) strategic plan to build an efficient and dynamic financial sector capable of withstanding any shock. Implementation of this plan is going on in full swing. In order to produce skilled human resources for the banking sector, the central bank strengthening project of BB, Human Resources Department, Bangladesh Bank Training Academy (BBTA), The Institute of Bankers Bangladesh (IBB), Bangladesh Institute of Bank Management (BIBM) are taking measures beyond traditional activities of them for significant change and development. Different measures have been taken and implemented to make the human resources of BB more skilled and efficient. Modern performance management system (PMS), reward-recognition policy, training need analysis etc. have been implemented. Trainings at home and abroad for developing skilled HR at BB have been emphasized. About 1,500 officers of BB were sent for foreign training in last four years. In 2012 alone, 3,250 officers were trained in different local institutions whereas 671 officers were sent for foreign training.	The capability of BB officers has increased much due to this. E-learning education program has been started to develop human resources by ensuring the best use of digital technology. As part of this, 508 officers of BB, for the first time, are getting benefits of pursuing a one year course online through 'Professional Foundation Knowledge Center'.

SI No	Topics	Measures Taken	Results
11	<b>Notes and coins carrying the portrait of Bangabandhu</b>	The portrait of Bangabandhu has been encrypted with all the notes and coins in circulation of any value in Bangladesh.	This has played a role to commemorate great sacrifice of Bangabandhu and his contributions in national lives and to enhance the spirit of people to learn about the true history of Bangladesh.
12	<b>Commemorative notes and coins</b>	Commemorative notes and coins have been printed on various occasions like ICC Cricket World Cup 2011, 150th birth anniversary of world famous poet Rabindranath Tagore, 90th anniversary of the poem 'Bidrohi (the revolutioner)' written by our national poet Kazi Nazrul Islam, 25th anniversary memorial note of the security printing corporation (Bangladesh) Ltd., 100th anniversary of National Museum etc. A 40 taka memorial note carrying the portrait of Bangabandhu and the freedom fighters was printed on the occasion of 40 years of the victory of Bangladesh and a 60 taka memorial note at the completion of 60 years of the great language movement.	Played roles in enhancing spirit of the people.
13	<b>Establishment of currency museum</b>	The transformation of existing currency museum of BB into a modern, state of the art and rich one is in quick progress. It's being established in an open space of Bangladesh Bank Training Academy at Mirpur of Dhaka. Local and foreign notes and coins printed from wuari bateshwar era to the latest time will be exhibited in the currency museum.	People can acquire knowledge on foreign notes and coins besides knowing the evolution of local currency as a result of this. This museum will also act as a source of information for the teachers, researchers and students in their research undertaken.
14	<b>GDP growth (average)</b>	Excellent achievements have been made in last four FY in GDP growth despite continued global economic recessions. The average GDP growth rate in last four FY (2009-2012) has been 6.22% whereas the same has been 5.38% in the preceding four years (2002-2005). The growth rate was 6.23% at the end of last FY. The BBS estimates GDP growth rate to be 6.03% in FY13	The majority share of GDP growth has been participatory and of desired quality. Every creative individual like farmers, labourer, small women entrepreneurs has been contributing to this growth.

Sl No	Topics	Measures Taken	Results
15	<b>Foreign remittance</b>	In last four and quarter years (January 2009 to March 2013) under this present government USD 59 billion was remitted home, which is just double compared to that of previous government in earlier period.	Process of sending and distributing remittance has been simplified.
16	<b>Foreign Exchange (FX) reserve</b>	The size of FX reserve at the end of FY 2004-2005 was USD 2.93 billion whereas the current level of FX reserve is USD 14.5 billion in May 2013. That is, the size of the reserve has increased five times.	The current level of reserve is sufficient to meet five months imports.
17	<b>Export earnings</b>	Export earnings grew in the last four FY despite global economic recessions. Export earnings of USD 15.65 billion, USD 16.20 billion, USD 22.92 billion and USD 24.29 billion were made in the FY 2008-09, 2009-10, 2010-11 and 2011-12 respectively. Average export earnings were around USD 20 billion. In total, the export earnings have jumped by 2.79 times from those of earlier four FY. In the current FY (till April 2013), export earnings made was USD 21.78 billion with more than 10% growth.	Export earnings contribute to the increase of foreign exchange reserve.
18	<b>Import payments</b>	Import payments also grew in last four FY. In the FYs 2008-09, 2009-10, 2010-11 and 2011-12 the import payments of the country were USD 22.51 billion, USD 23.74 billion, USD 33.66 billion and USD 35.44 billion respectively. Average import payment was around USD 28.8 billion. In total, import payments increased by 2.73 times. In the current FY (till March 2013), import payment made was USD 25.3 billion with a negative growth of 6%.	The overall import payments have decreased due to reduction of food import, decrease of prices of importable commodities in the international market and discouragement of import of luxury commodities.
19	<b>Inflation</b>	At the end of FY 2008-09, 2009-10, 2010-11 and 2011-12, the average annual inflation rates were 6.66, 7.31, 8.80 and 10.62 percent respectively. It is downward now and has fallen into the comfort level of single digit. Average inflation of 10.86% in April of last year (2012) has decreased to 7.85% at the end of April 2013.	People are feeling comfortable with the decrease of inflation to an acceptable level.

SI No	Topics	Measures Taken	Results
20	<b>NPL Ratio in the banking sector</b>	NPL ratio in the banking sector was 13.60% on 31 December 2005 which decreased to 7.7% as on June 2012. However, this ratio has increased to 10% in December 2012 after bringing change in classification policies in alignment with international standard.	NPL ratio in the last four years is gradually decreasing.
21	<b>Strong position of Bangladesh in 'Sovereign Credit Rating'.</b>	Despite global recessions, Bangladesh achieved a satisfactory 'Sovereign Credit Rating' in 2010 for the first time in an independent evaluation of world's two leading rating agencies Standard and Poor's (S&P) and Moody's and the rating was BB- and Ba3 respectively. Bangladesh sustained this rating in 2011 and 2012 although the sovereign credit ratings of many rich countries in the world have been downgraded. Bangladesh follows only India in sovereign credit rating in South Asia as per S&P's report published in 2013. Nigeria, Mongolia and Vietnam share the same rating as Bangladesh does. On the other hand, as per report published by Moody's in 2012, the average income per head in the countries having same rating is more than five times as that of Bangladesh which tells about the brilliant success in economic management of Bangladesh. Achieving this credit rating is the testament of financial discipline and sound macro management in Bangladesh.	As a result of this good standing in Sovereign Credit Rating, financing foreign trade and risk minimization in balance of payments (BoP), enhanced confidence of local and foreign investors and foreign direct investment (FDI) have been facilitated. This credit rating has identified Bangladesh as one of the important investment destinations. Favorable rating will facilitate collection of fund from international market through bond issuance and apart from attracting FDI; it will help decrease the interest rate of foreign loans.





