

Administration

13.1 Administrative and managerial issues of Bangladesh Bank are presented in this chapter.

Appointment of New Governor

13.2 Mr. Fazle Kabir took charge as Governor of Bangladesh Bank from 20 March 2016 after the resignation of Dr. Atiur Rahman on 15 March 2016.

Appointment of New Directors in the Board

13.3 Mr. Abu Hena Mohd. Razee Hassan was nominated as the Director of the Board in place of Mr. Md. Abul Quasem with effect from 10 April 2016. Dr. Jamaluddin Ahmed and Dr. Rushidan Islam Rahman were appointed as Directors of the Board with effect from 13 March 2016. Mr. Md Eunusur Rahman was appointed as Director of the Board in place of Dr. M Aslam Alam with effect from 21 March 2016. Mr. Mohammad Naushad Ali Chowdhury was appointed as Secretary to the Board in place of Mr. Md. Nazimuddin with effect from 14 June 2016. Twelve meetings of the Board of Directors were held during FY16.

Executive Committee

13.4 Under section 12(1) of Bangladesh Bank Order 1972 (President's Order No. 127 of 1972), the Executive Committee during FY16 was reconstituted but yet not finalised. During FY16, three meetings of the Executive Committee were held.

Audit Committee of the Board

13.5 In line with the international best practices for strengthening good governance, an Audit Committee was formed by the Board

of Directors on 12 August 2002 comprising four non-executive directors to assist the Board in discharging its oversight responsibilities on financial reporting, internal control and compliance and auditing process.

Mr. Aminur Rahman Chowdhury, FCA was appointed as a non-executive financial adviser to the Audit Committee on 9 June 2015 in place of Dr. Jamaluddin Ahmed, FCA to assist the Committee on issues related to accounting and financial reporting. The Audit committee of the Board of Bangladesh Bank for FY16 was also reconstituted but yet not finalised. Five meetings of the previous Audit Committee were held during FY16.

In accordance with the Internal Audit Department Charter approved by the Audit Committee of the Board of Directors of the BB, the Internal Audit Department (IAD) identified 55 auditable units (departments/offices/units/cells) and constructed audit plan for FY16. Audits were conducted four times a year in 11 auditable units, twice a year in 9 auditable units, once a year in 3 auditable units identified as high risk, and once a year in the rest of 32 auditable units identified as medium or low risk. The audit reports were placed before the Governor and the Audit Committee of the Board. Five meetings of the Audit committee were held during FY16. The guidance / directives / recommendations received by the IAD from the Governor and the Audit Committee were conveyed to relevant auditable units for implementation. Progress reports on implementation of these guidance/directives/recommendations were placed before the meeting of the Audit Committee.

Executive Management Team

13.6 The Executive Management Team (EMT) consists of Governor, Deputy Governors, Economic Adviser and all Executive Directors. This team reviews the implementation status of Bank's overall activities. A total of four meetings of the EMT were held during FY16.

New Appointment in Different Posts

13.7 A total of 43 officials/ staffs were appointed in different posts during FY16. New appointment during FY16 was as follows:

Assistant Director (General)	5
Assistant Director (Statistics)	7
Assistant Director (Engineering-Civil)	6
Assistant Director (Engineering-Mechanical)	1
Staff	24
Total	43

Retirement, Voluntary Retirement, Resignation, Death, Compulsory Retirement, Removal and Suspension

13.8 The number of official/staff of the Bank under retirement/ voluntary retirement/ resignation/ removal/ suspension/ death during FY16 was as under:

Retirement	267
Voluntary Retirement	9
Resignation	10
Death	15
Compulsory Retirement	6
Removal	2
Suspension	-
Total	309

Creation/ Abolition of Posts

13.9 In FY16, 396 new posts of officials and 187 posts of staffs were created. Considering the importance of the job, 50 posts of officials were upgraded by abolishing these posts during this period. At the end of the year, the total number of sanctioned post stood at 8707 compared to 8124 in the previous year.

Sanctioned and Working Strength of Officials and Staff

13.10 The sanctioned and working strength of officials and staff as on 30 June 2016 were as follows:

Category	Sanctioned strength	Working strength	Vacant
Class-I	5244	4019	1225
Class-II	1019	117	902
Class-III	1857	1324	533
Class-IV	587	266	321
Total	8707	5726	2981

During FY16, working strength of officials (Class-I & Class-II) decreased by 6.64 percent to 4136 from 4430 and that of staffs (Class-III & Class-IV) decreased by 2.87 percent to 1590 from 1637. At the end of the fiscal year, the ratio of officials to staff remained about 2.6:1. About 34.24 percent of the sanctioned posts remained vacant on 30 June 2016.

Promotion

13.11 During FY16, 1003 officials and 278 staffs were promoted to their next higher grade.

Number of Officers on Deputation/ Lien

13.12 At the end of FY16, 65 officials of the Bank were working on deputation at different institutions of the country and abroad. 41 officials were on lien, of which 26 were working within the country and 15 abroad.

Reorganisation/ Newly Established Departments of the Bank

13.13 During FY16, a department named "Bankers Selection Committee Secretariat" was established in Bangladesh Bank, Head Office as per the gazette issued by the Ministry of Finance in order to recruit officer Class-I and officer Class-II for 14 Government banks and financial institutions. Another department named "Financial Institutions

Inspection Department" was also established in Bangladesh Bank, Head Office to make inspection more effective and timely. An unit named "JICA Project Implementation Unit" under SME & Special Programmes Department and a cell named "Income Tax Assessment Cell" were established under Expenditure Management Department-1. An unit named "Central Project Monitoring Unit" under Financial Sector Support and Strategic Planning Department was also established to work as Focal Point of all projects currently running in Bangladesh Bank.

Welfare Activities and Approval of Scholarship

13.14 During FY16, an amount of Taka 0.24 million was given as medical assistance from the Karmachary/ Karmakarta Kallyan Tahbil, established under the auspicious of the Governor. Besides, an amount of Taka 73.12 million was allotted to Bangladesh Bank Schools, Mosques, Clubs, Day Care, Freedom Fighters' Welfare Units, etc. to carry out their recreation and welfare activities.

Foreign Training and Study

13.15 A number of 606 officials of the Bank participated in different training courses/seminars/ workshops in abroad during FY16. Moreover, 16 officials were approved of deputation /study leave in abroad.

Domestic Training and Study

13.16 During FY16, a total of 712 officials of the Bank participated in different training courses/seminars/workshops within the country organised by different institutions (other than the BBTA). Moreover, 49 officials were allowed to leave for higher study within the country during FY16.

Step towards Automation and Paperless Environment

13.17 Document Management System (DMS) has been implemented. All kinds of

documents which are moving inward or outward can be searched through DMS. The process of implementing e-noting system is going on. In order to create a central archive for all documents, document archive process has been initiated. E-attendance system has been introduced. Automated system for ordinary leave has been incorporated under leave management system. Employees can now apply for ordinary leave through this system. These steps make day to day operational services more comfortable for the employees as well as help the bank to create a paperless environment.

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

13.18 With a view to improving theoretical and practical knowledge as well as increasing professional skill and efficiency of officials of Bangladesh Bank, commercial banks, non-bank financial institutions, government and non-government organisations, Bangladesh Bank Training Academy (BBTA) conducts a wide range of activities. To add values to knowledge management process, apart from training, different types of seminars, workshops are also arranged by BBTA. In view of enhancing the capacity of the faculty members and updating them with the changing knowledge frontiers in various fields relating to economics, finance and banking BBTA also arranges various programmes for the trainers with the help of trained personnel of advanced and specialised institutions at home and abroad. Keeping these in mind, BBTA conducted a total of 139 training courses, workshops and seminars during FY16 held at the BBTA premises and other offices of Bangladesh Bank. A total of 6933 participants participated in the following mentioned courses. The courses conducted by the BBTA during FY16 are shown in Table 13.1.

Table 13.1 Statement on different training courses, workshops and seminars organised by the Bangladesh Bank Training Academy during FY16

Sl. no	Subjects	Number of courses	Number of participants
1	2	3	4
A. Foundation Course		2	120
1) Foundation Course (AD) - 2015		1	60
2) Foundation Course (AD) - 2016		1	60
B. Other Training Courses		120	3999
i) For officials of the Bangladesh Bank		54	1394
1) Adaptive Leadership Development and Communication		1	25
2) Banking Supervision, Supervisory Review and Evaluation Process According to BASEL II , Pillar 2		1	26
3) Banking Supervision and Financial Stability		3	71
4) Basic Econometrics		1	32
5) Corporate Governance in Banks		1	33
6) Currency Management, Payment & Settlement Systems in Bangladesh		1	30
7) e-Banking		1	28
8) e-Commerce and e-Banking		1	34
9) Emerging Trends in Electronic Fund Transfer/EFT Fraud Mitigation		1	31
10) Financial Inclusion & Sustainable Financing		1	30
11) Financial Stability Analysis		1	26
12) Financial Statement Analysis & Ratio Analysis for Banking Supervisors		3	77
13) Financing Agriculture and Rural Development		2	41
14) Fiscal Policy		1	30
15) Foreign Exchange Inspection Procedure on AD Branches		3	75
16) Foreign Exchange Regulations (Amendment) Act, 2015		1	24
17) ICT Risk Management		1	38
18) Integrity and Anticorruption in Financial Sector		2	62
19) Introduction to Foreign Exchange & Foreign Trade		2	46
20) Laws Relating to Banks and NBFIs		1	23
21) Leadership, Team Building & Negotiation Skills		1	
22) Macro Prudential Regulations		1	22
23) Monetary Policy Formulation and Implementation Process in Bangladesh Bank		2	21
24) Presentation Skill for Enhancing Managerial Performance		1	49
25) Prevention of Fraud/Forgery in Credit Card/Internet Banking/Mobile Banking		2	46
26) Prevention of Money Laundering and Terrorist Financing		1	58
27) Problem Bank Reform, Restructuring and Resolution		1	27
28) Procurement Management in BB		2	23
29) Research Methodology and Data Analysis		1	39
30) Risk Based Supervision		1	22
31) SME Financing		1	27
32) Stress Testing		1	20
33) Techniques of Bank Supervision and Inspection Report Writing		1	27
34) Techniques of NBFi Supervision and Inspection Report Writing		1	30
35) Training Course on ERP-FICO Module		2	25
36) Training Course on ERP-MM Module		1	32
37) UCP 600 & Other Important ICC Publications		2	27
38) Understanding Financial Reports		3	52
ii) For the officials of Commercial Banks		71	65
1) Bank Fraud Detection Related with SME Banking		1	32
2) Capital Adequacy for Banks according to BASEL III		2	56
3) CIB Business Rules and Online Systems		8	611
4) Classification, Provisioning and Rescheduling of Loans		7	460
5) Credit Risk Management		1	33
6) Delinquency Management and Supervising Troubled Credit Institution		2	53
7) Detection, Disposal of Forged & Mutilated Notes		9	668
8) Foreign Direct Investment and External Debt Reporting		2	80
9) Foreign Exchange & Foreign Trade		2	64
10) Foreign Exchange Transaction Reporting		1	33
11) Guideline on ICT Security for Banks & NBFIs		3	108
12) ICT Risk Management		2	61
13) Integrated Supervision System (ISS)		4	365
14) Integrated Supervision System (ISS) Reporting		3	223
15) Islamic Banking & Finance		2	68
16) Money & Banking Data Reporting		9	387
17) Online Foreign Exchange Transaction Reporting		3	118
18) Policy / Directives and Current issues of BB		1	39
19) Prevention of Money Laundering and Terrorist Financing		5	770
20) SME Credit Risk Management		1	26
21) SME Customer Advocacy and Business Plan Analysis for SME Banker		1	28
22) Reporting of Capital Assessment and Leverage Ratio of Banks under BASEL III Accords in Bangladesh		2	157
C. Workshops/ Seminars/ Lecture Sessions		11	957
1) CIB Business Rules & Online Systems		1	65
2) Classification & Provisioning and Rescheduling of Loan		2	77
3) Course on Cash Officers of SCB		1	350
4) Daylong Program on Leadership		1	31
5) Detection, Disposal of Forged & Mutilated Notes		1	34
6) Executive Development Seminar		1	105
7) Prevention of Money Laundering		1	30
8) Seminar on Economic Diplomacy		1	62
9) Training Course on AML/CFT		1	175
10) Understanding of Economic Indicators		1	28
D. International Training Courses/ Seminars		1	22
1) 2nd International Study Visit Programme on Financing MSMEs in Bangladesh		1	22
Grand total(A+B+C+D)		139	6933

Source: Bangladesh Bank Training Academy.

Financial Sector Support Project

13.19 The Financial Sector Support Project (FSSP) implemented with the assistance of International Development Association (IDA) to improve financial market infrastructure, regulatory and oversight capacity of Bangladesh Bank and access to long term financing for manufacturing sector in Bangladesh for ensuring stability and greater resilience of the financial sector. The total approved project cost is USD 350.00 million of which IDA will provide USD 300.00 million and Bangladesh Bank will provide USD 50.00 million.

13.20 The project will implemented through three major components over the project term. The components are (a) developing key financial market infrastructure through benchmarking with international best practices, (b) strengthening the capacity of the regulator to comply with international standards and accords on banking sector supervision and regulation, and (c) serving as a catalyst for developing a financial market in long-term finance market segment. Specific objectives of these components are as follows:

a. Strengthening Financial Market Infrastructure

13.21 This component aims to improve financial IT infrastructure of the country further, specially focusing on: (a) development of payment and settlement system to ensure a large scale shift to electronic payments in Bangladesh, specially the Government payments, (b) expanding and modernising Credit Information Bureau (CIB) by including credit information of the micro-finance sector and increasing reliability of credit reporting system, (c) strengthening the systems of BFIU by integrating with systems of other stakeholders thereby leading to safety and integrity of the financial systems and (d) strengthening the IT governance and IT management of the

Bangladesh Bank to lay a robust and secured financial platform for advanced financial market. Necessary capacity building and knowledge transfer initiatives will also be taken to make the officials of the central bank and its associated organisations to embrace the new technologies and align their regular functions with the technology based new processes.

b. Strengthening Regulatory and Supervisory Capacity

13.22 The project expects to provide technical assistance towards development and adoption of comprehensive risk-based integrated approach to banking regulation and supervision, which would include related documentation and training. Currently, rules based approach is in place to regulate and supervise the banking system. However, the risk based approach evolves the supervisory process toward one that is more anticipatory. This component will help BB to migrate to a risk-based approach to supervision to discharge its responsibilities to ensure a safe and sound banking system. Technical support will also be provided by appointing national and international individual adviser/consultant(s) or firm(s) to help building the system and develop the capacity to review and strengthen prudential regulations in future.

c. Supporting Long Term Finance

13.23 One of the deficiencies of the current financial market structure is inadequate sources of long term fund to meet the demand of productive sector of the country. As a result, financing need for long term investments are met with relatively shorter maturity funds creating maturity mismatch both at banks and investors book. Hence there is a demand for long term financing for manufacturing sectors to maintain growth through up-gradation of technology and production lines and improve compliance with the international standards on social and environmental practices. This prime component

of the project will provide long term funds, specially in US Dollar, which would be channelled by BB to eligible partner financial institutions (PFIs) based on eligibility criteria for lending. The fund will be available, on demand to the manufacturing enterprises for procurement of capital machineries, equipment and other needs of industry for setting up of new firm, expansion and/or up-gradation. The project would extend technical assistance to support PFIs to build appraisal skills (including on assessing safeguards risks) and to funded borrowers. So

far, PFI agreement has been signed with 25 scheduled banks. Seven loan applications for USD 33.0 million have been approved among which USD 7.09 million has been disbursed.

On successful implementation of the project, it is expected that the IT infrastructure of the financial market will be strengthened, the regulatory and supervisory capacity of the central bank will migrate to a more advanced level and an additional production capacity will be created which increase real output of the country.