**Grant No. 08**

**12 - Bank and Financial Institutions Division**

**Medium Term Expenditure**

(Taka in Thousands)

|  |  |  |
| --- | --- | --- |
| **Description** | **Budget****2016-17** | **Projection** |
| **2017-18** | **2018-19** |
| Non-Development |  |  |  |
| Development |  |  |  |
| **Total** |  |  |  |
|  |
| Revenue |  |  |  |
| Capital |  |  |  |
| **Total** |  |  |  |

**1.0 Mission Statement and Major Functions**

**1.1 Mission Statement**

Developing inclusive financial market and improving service delivery system through strengthening legal and institutional framework

**1.2 Major Functions**

* + 1. Formulation and amendment of policies, laws, rules and regulations related to bank, insurance, capital market and other financial institutions;
		2. Development of financial markets and institutions;
		3. Co-ordination of the activities of the regulators of financial sector;
		4. Overall monitoring and evaluation of the activities of state-owned banks and financial institutions;
		5. Expansion of Market through introduction of new product and increase supply of securities having good fundamentals in the capital market;
		6. Building confidence of the people on insurance sector through implementing reform programs and creating mass awareness to expand the coverage of insurance;
		7. Creating self-employment and reducing poverty through expansion of microcredit activities.

**2.0 Medium Term Strategic Objectives and Activities**

| **Medium Term Strategic Objectives** | **Activities** | **Implementing Departments/Agencies** |
| --- | --- | --- |
| **1** | **2** | **3** |
| 1. Strengthening discipline and increasing professionalism, transperency, discipline and financial inclusion in the bank and non-bank financial institutions
 | * Formulation and amendment of laws, rules and regulations related to the bank / non-bank institution and department / agency under this department
* Supervision of Agricultural loan sector;
* Supervision on loans giving small and medium industries / initiatives.
 | * Secretariat
 |
| 1. Making the capital market more effective
 | * New investment growth in the capital market;
* Capital withdraw;
* Implementation of Countrywide Financial Literacy Program
 | * Bangladesh Securities and Exchange Commission
 |
| * Training for investors in the capital market;
* Institutional education activities on capital market
 | * Bangladesh Institute of Capital Market
 |
| 1. Establish inclusive insurance sector and strengthen discipline
 | * Formulate rules and regulations;
* Increase settlement of insurance claims.
 | * Insurance Development and Regulatory Authority
 |
| * Training on insurance;
* Increasing awareness on insurance]
 | * Bangladesh Insurance Academy
 |
| 1. Facilitate expandingwell-regulated and effective micro-finance sector
 | * Increase disbursement and recovery of microcredit;
* Increase the number of beneficiaries of MIFs
 | * Micro- credit Regulatory Authority
 |

**3.0 Poverty and Gender Reporting**

**3.1 Impact of Strategic Objectives on Poverty Reduction and Women's Advancement**

**3.1.1** Strengtheningdiscipline and increasing professionalism and financial inclusion in the bank and non-bank financial entities.

**Impact on Poverty Reduction:** It would be possible to bring larger segment of the population under the coverage of banking services. As a result, their participation in economic activity would be ensured which would facilitate reduction of their poverty.

**Impact on Women’s Advancement:** Due to expansion of banking sector**,** women entrepreneurs would be benefitted by having access to the banking services. As a result, new opportunities would be created for employment of women.

**3.1.2 Making the Capital Market more effective**

**Impact on Poverty Reduction:** A strong capital market would facilitate establishment of new industries in the country. Employment opportunities would be created in those industries resulting in reduction of poverty.

**Impact on Women’s Advancement:** The process of industrialization would be accelerated if capital market becomes more effective. As a result, more employment opportunities for women would be created.

**3.1.3 Increasing inclusion in the insurance sector and strengthen its discipline.**

**Impact on Poverty Reduction:** Poverty reduction would be possible through economic growth and creation of employment opportunities due to the expansion of insurance industry.

 **Impact on Women’s Advancement:** Poverty of women would be reduced following creation of more employment opportunities for women if coverage of insurance industry is expanded.

**3.1.4 Facilitating well-regulated and effective Micro-finance sector**

**Impact on Poverty Reduction:** Poverty reduction would be expedited at the grass-roots level by providing micro-finance and training on the related activity for generating different types of entrepreneur and self-employment.

**Impact on Women’s Advancement:** Provision of technical and vocational training, and promoting income generating activities would contribute to the socio-economic development of women.

**3.2 Poverty Reduction and Women’s Advancement Related Spending**

(Taka in Thousands)

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Budget** **2016-17** | **Projection** |
| **2017-18** | **2018-19** |
| Poverty Reduction |  |  |  |
| Gender |  |  |  |

**4.1 Priority Spending Areas/Programmes**

| **Priority Spending Areas/Programmes** | **Related Strategic Objectives** |
| --- | --- |
| 1. **Reforms in Bank and Financial Sectors**

Required assistance is being extended to on-going reforms in the areas of loan portfolio management, internal audit, accounts, risk management, human resource development, fund management, branch management and automation process in the banks. Through these, efficiency, transparency and accountability in the banking sector will be ensured. So, this area has been given as the top priority. In addition to these initiatives have been taken to increase financial inclusion through the activities like disbursement of agricultural loan, agent/mobile banking and school banking. With a view to taking forward the agenda of financial sector reformsthe boards of state-owned banks have been reconstructed. Capitalization and re-capitalization programs have been taken for state-owned banks and financial institutions as per the demand of time. Major reforms are amendment of Bank Company Act, limiting the number of shares held with the commercial banks in the share market, execution of the Annual Perfomence Agrement (APA) with the banks and amendment of MOU between Bangladesh Bank and state owned commercial banks. | * Strengthening transparency, accountability, professionalism and financial discipline in the bank and non-bank entities
 |
| **2. Making the Capital Market effective**Initiatives have been taken for establishing legal framework to protect the interests of the investors vis-a-vis stock brokers and sub-brokers, share transferring agents, issue bankers, merchant bankers, issue registrars and managers, underwriters, portfolio managers, investment advisors in the capital market and for effective coordination with other organizations related to the capital market. In order to develop efficient human resources in this sector, the government has established Bangladesh Institute of Capital Market. Initiatives have been taken for modernization and expansion of this institution for building a developed and quality training system with a view to creating skilled human recourses for capital market. Meanwhile, in order to strengthen the capital market regulator, manpower and other instruments of Bangladesh Securities and Exchange Commission have been increased. This sector has been included as the 2nd top priority area and refinancing program is going on to help small investors who are affected in stock markets. | * Making the Capital Market more effective
 |
| 1. **Establishment of inclusive insurance sector and promote its discipline**

Various initiatives have been taken like supervision of the insurance business, insurance policy holders and beneficiaries and for the development and management of the insurance industry. The Insurance Development and Regulatory Authority (IDRA) started its activities under Insurance Development and Regulatory Authority Act, 2010. Initiatives have been taken for building confidence of the people on insurance through implementing reform programs and increasing use of ICT. For the purpose of making professional manpower in insurance sector Bangladesh Insurance Academy is providing regular training for those who are involved in the profession. To increase the quantity and quality of training and to build this institution as an international standard training institute some infrastructural and academic expansion activities have been taken. Considering the importance of this sector the insurance industry has been included as a 3rdpriority area. | * Establishment of inclusive insurance sector and promote its discipline
 |
| 1. **Employment through creation of entrepreneurs and providing financial assistance**

A large number of small entrepreneurs and employment opportunities will be created in remote areas of the country through investment in the agro-based industry and ICT sectors due to various activities undertaken by Microcredit Regulatory Authority (MRA), Palli Karma Shahayak Foundation (PKSF), Social Development Foundation (SDF), Bangladesh NGO Foundation (BNF), Bangladesh Municipal Development Fund (BMDF), Swanirvar Bangladesh, Equity Entrepreneurship Fund (EEF) and Small Enterprise Fund (SEF). Social and infrastructure facilities will be created under these programmes. Ultra-poor, particularly the young women will be given priority. Microcredit has therefore been identified as the 4th priority area | * Facilitating well-regulated and effective micro-finance sector
 |

**4.2 Medium Term Expenditure Estimates and Projection (2016-17 to 2018-19)**

**4.2.1 Expenditure by Departments/Agencies/Operational Units**

(Taka in thousands)

| **Description** | **Budget** | **Revised** | **Budget****2016-17** | **Projection** |
| --- | --- | --- | --- | --- |
| **2015-16** | **2017-18** | **2018-19** |
|  |  |  |  |  |  |

**4.2.2 Expenditure by Economic Group Wise**

(Taka in thousands)

| **Economic****Group** | **Description** | **Budget** | **Revised** | **Budget****2016-17** | **Projection** |
| --- | --- | --- | --- | --- | --- |
| **2015-16** | **2017-18** | **2018-19** |
|  |  |  |  |  |  |  |

**5.0 Key Performance Indicators (KPIs)**

| **Indicator** | **Related Strategic Objectives** | **Unit** | **Revised****Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **2015-16** | **2016-17** | **2017-18** | **2018-19** | **2019-20** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **1** | **2** |
| 1. Increase in inclusion in banking sector (all types of calculations in sequence) | 1 | Total adalt population % |  | 71.39 | 73.5 | 73.5 | 75.65 | 77.87 | 80.16 |
| 2. The classified loans rate of Stateowned commercial banks | 1 | % | 10.97 | 25.74 | 8.94 | 19.46 | 14.75 | 11.54 | 9.67 |
| 3. Companies listed in capital market | 2 | % | 3 | 3.2 | 2 | 3 | 4 | 4 | 5 |
| 4. Increase the number of insurance policy subscribers | 3 | % | 4 | 4 | 4 | 4 | 4.25 | 4.50 | 4.75 |
| 5**.** Supervision of small lending institutions (certified 691 institutions) | 4 | % | 51 | 51 | 52 | 52 | 63 | 54 | 55 |

**6.0 Recent Achievements, Activities, Output Indicators, Targets and Expenditure Estimates of the Departments/Agencies**

**6.1 Secretariat**

**6.1.1 Recent Achievements of Financial Institutions Division**: With a view to improving the quality of the banking sector, activities like setting key performance indicators, formulation of human resource guidelines and automation activity have been undertaken for state-owned commercial banks. Existing manpower shortage in the banks has been solved, new posts have been created at the senior management level and experienced persons have been appointed in the board of directors. The Money Laundering Act, 2009 has been repealed and keeping consistency with international standards, Money Laundering Act, 2012 has been enacted to strengthen the legal framework for the prevention of money laundering offences in Bangladesh. As a result, Bangladesh has got the membership of the EGMONT Group and exempted from the International Co-operation Review Group (ICRG) of FATF. Bangladesh’s role on money laundering and prevention of financing to terrorism have got international recognition. The Bangladesh’s loan portfolio [respectively BB- and Ba3] has been rated satisfactory by renowned credit rating agencies like Standard and Poors (S&P) and Moody’s. Four rules and nine regulations have already been issued under the provisions of Insurance Act.

**6.1.2 Activities, Output Indicators and Targets**

| কার্যক্রম | ফলাফল নির্দেশক | সংশিষ্ট কৌশলগত উদ্দেশ্যএর ক্রমিক | পরিমাপের একক | সংশোধিত লক্ষ্যমাত্রা | প্রকৃতঅর্জন | লক্ষ্যমাত্রা  | সংশোধিতলক্ষ্যমাত্রা | মধ্যমেয়াদি লক্ষ্যমাত্রা |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ২০১৫-১৬ | ২০১৬-১৭ | ২০১৭-১৮ | ২০১৮-১৯ | ২০১৯-২০ |
| ১ | ২ | ৩ | ৪ | ৫ | ৬ | ৭ | ৮ | ৯ | ১০ | ১১ |
| 1. Formulation and amendment of laws, rules and regulations related to the bank / non-bank institution and department / agency under this department | Prepared and Revised Policies | 1 | Number | **12** | 12 | 12 | 9 | 8 | 7 | 7 |
| 2. Supervision of Agricultural loan sector | Disburser Loan | 1 | Crore TK | 16400 | 17646 | 18386 | 17550 | 19856 | 21445 | 23160 |
| 3. Supervision on loans giving small and medium industries / initiatives | Disburser Loan | 1 | Crore TK | 104143 | 120571 | 116537 | 116537 | 128191 | 141010 | 155111 |

**6.1.3 Medium Term Expenditure Estimates by Operational Units, Programmes and Projects**

(Taka in Thousands)

| **Name of the Operational Unit/Programme/ Project** | **Related Activity** | **Actual****2014-15** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2015-16** | **2016-17** | **2017-18** | **2018-19** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

**6.2 Bangladesh Securities and Exchange Commission (BSEC)**

**6.2.1 Recent Achievements:** To increase investment, in the last three years, BSEC has approved IPO to 37 companies and issued right shares to 13 companies, bonds and debentures to 15 companies and preference shares to 5 companies with 306 private limited and 234 public limited companies have been allowed to draw capital, which is equivalent to taka 43,928.03 crore. This would in turn gear-up the industrialization, employment generation as well as overall economic development process of the country. To perform effective role in the supply of good securities, Commission has issued 7 additional stock broker certificates, 9 stock dealer certificates, 3 asset management company certificates, 1 security custodian certificate, 15 trustee registration certificates for issuing debt security, 6 depository participant registration certificates and 2 trustee registration certificates and 4 fund manager registration certificates under Bangladesh Securities and Exchange Commission (Alternative Investment) Rules 2015 in 2015-16 fiscal year. Guidelines in relation to Small Cap Platform has already been published in the gazette to form Small Cap Platform in the stack exchanges. Exchange Demutualization Act, 2013 has been formulated to safeguard the interest of the investors. In addition, to prevent manipulation of the transaction of securities in the stock market and ensure transparency, a modern surveillance software/system has been installed. Up to June 2016 number of enlisted companies and securities has become 192 and 559 respectively. In addition Commission is working on to establish a separate clearing and settlement company, introduce derivative product and develop the countrywide financial literacy program..

**6.2.2 Activities, Output Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2015-16** | **2016-17** | **2017-18** | **2018-19** | **2019-20** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. New investment growth in the capital market | Quantity of new investment | 2 | Crore TK | 2829 | 2829 | 4000 | 4000 | 4400 | 4300 | 4450 |
| 2. Capital withdraw | [Securities issued | 2 | Number | 10 | 10 | 11 | 11 | 12 | 12 | 12 |
| 3. Implementation of Countrywide Financial Literacy Program  | Participants in the program | 2 | Number |  |  |  |  | 8000 | 10000 | 15000 |

**6.2.3 Medium Term Expenditure Estimates by Operational Units, Programmes and Projects**

(Taka in Thousands)

| **Name of the Operational Unit/Programme/ Project** | **Related Activity** | **Actual****2015-16** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

**6.3 Bangladesh Institute of Capital Market (BICM)**

**6.3.1 Recent Achievements:** Training has been provided to the officials of Bangladesh Securities and Exchange Commission (BSEC), Stock Exchange and Intermediary Institutions for achieving the excellence of theoretical and practical knowledge about capital market. Meanwhile, BICM has conducted different training programmes including (1) Investors Education Programme; (2) Certificate in securities’ laws in Bangladesh; (3) Certificate in financial statement analysis; (4) Certificate in international financial reporting standard; (5) Enterprise network solutions for stock exchange members; (6) Certificate in corporate governance and addressing fraudulence, abuse, market manipulation and insider trading; (7) Certificate in investment analysis and securities valuation; (8) Certificate in financial journalism etc. So far 6,244 persons have been trained and 7 seminar/workshops have been organized.

**6.3.2 Activities, Output Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2015-16** | **2016-17** | **2017-18** | **2018-19** | **2019-20** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Training for investors in the capital market | Trained investor | 2 | Number | 500 | 500 | 700 | 700 | 800 | 900 | 1000 |
| 2. Institutional education activities on capital market | Certificate Course Number | 2 | Number | 12 | 12 | 12 | 12 | 13 | 14 | 15 |
| Number Post graduate diploma batch  | 2 | Number | 2 | 2 | 2 | 2 | 2 | 3 | 3 |

**6.3.3 Medium Term Expenditure Estimates by Operational Units, Programmes and Projects**

(Taka in Thousands)

| **Name of the Operational Unit/Programme/ Project** | **Related Activity** | **Actual****2015-16** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

**6.4 Insurance Development and Regulatory Authority (IDRA):**

**6.4.1 Recent Achievements:** Insurance Development and Regulatory Authority (IDRA) has begun full-fledged activities under the Insurance Development and Regulatory Authority Act, 2010. Currently 46 non-life and 31 life insurance companies are working under the supervision of IDRA. The Authority has taken various initiatives for supervising insurance businesses to safeguard the interests of insurance policy holders and beneficiaries under different policies and systematic development and control of insurance sector. It has started working to ensure transparency and accountability of insurance business.

**6.4.2 Activities, Output Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2015-16** | **2016-17** | **2017-18** | **2018-19** | **2019-20** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Formulate rules and regulations;
 | Gadget published | 3 | Number | 5 | 2 | 4 | 4 | 4 | 5 | 5 |
| 1. Increase settlement of insurance claims.
 | Claim settlement rate | 3 | % | 65 | 92 | 70 | 70 | 73 | 75 | 77 |

**6.4.3 Medium Term Expenditure Estimates by Operational Units, Programmes and Projects**

(Taka in Thousands)

| **Name of the Operational Unit/Programme/ Project** | **Related Activity** | **Actual****2015-16** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

**6.5 Bangladesh Insurance Academy**

**6.5.1 Recent Achievements**: The academy provides supportsto conduct up-to-date training courses on insurance, seminars and workshops on insurance, diploma and certificate courses on insurance, to establish close contact with the persons and organizations in home and abroad and to organize joint training. In addition, the academy assists the students who want to participate in the examinations conducted by foreign institutes and acts as oversease examination centre for foreign courses like ACII (London), Actuarial Science course (India).

**6.5.2 Activities, Output Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2015-16** | **2016-17** | **2017-18** | **2018-19** | **2019-20** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Training on insurance | Trained manpower | 3 | Number | 750 | 751 | 950 | 950 | 1000 | 1050 | 1100 |
| 2. Increasing awareness on insurance] | [Insurance fair] | 3 | Number | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| [Workshop/ Seminar] | 3 | Number | 0 | 0 | 4 | 4 | 5 | 6 | 7 |

**6.5.3 Medium Term Expenditure Estimates by Operational Units, Programmes and Projects**

(Taka in Thousands)

| **Name of the Operational Unit/Programme/ Project** | **Related Activity** | **Actual****2015-16** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

**6.6 Microcredit Regulatory Authority**

**6.6.1 Recent Achievements**: Microcredit Regulatory Authority (MRA) has provided certificates to 769 institutions so far and cancelled/withdrawn certificates of 80 institutions failed to comply with the acts and rules. For the time being 182 institutions of 37 districts, where microcredit disbursement rate is low, have been allowed to operate microcredit programme.

**6.6.2 Activities, Output Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2015-16** | **2016-17** | **2017-18** | **2018-19** | **2019-20** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Disbursement and recovery of microcredit
 | Disbursed loans | 4 | Crore TK | 49200 | 71200 | 75000 | 75000 | 80000 | 85000 | 90000 |
| [Recovered loans | 4 | Crore TK | 48200 | 68300 | 71500 | 71500 | 76000 | 76500 | 77000 |
| 1. Increase of MFI beneficiaries
 |  No. beneficiaries | 4 | Number (Lakh) | 262 | 263 | 270 | 270 | 270 | 273 | 274 |

**6.6.3 Medium Term Expenditure Estimates by Operational Units, Programmes and Projects**

(Taka in Thousands)

| **Name of the Operational Unit/Programme/ Project** | **Related Activity** | **Actual****2015-16** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |