**Grant No. 09**

**12 - Financial Institutions Division**

**Medium Term Expenditure**

(Taka in Thousands)

|  |  |  |
| --- | --- | --- |
| **Description** | **Budget****2018-19** | **Projection** |
| **2019-20** | **2020-21** |
| Operating |  |  |  |
| 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 laws, rules regulations and policies 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, transparency, accountability and financial inclusion in the bank and non-bank financial institutions
 | * Formulation and amendment of laws, rules and regulations related to the banks , non-bank institutions and departments / agencies under this division;
* Supervision of loan to agricultural sector;
* Supervision of loans giving to small and medium industries/initiatives;
 | * Secretariat
 |
| 1. Increase effectiveness of the capital market
 | * Increase of new investment in the capital market
* Raising of capital
* 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 its discipline
 | * Formulate rules and regulations
* Increase settlement of insurance claims.
 | * Insurance Development and Regulatory Authority
 |
| * Training on insurance
* Increase public awareness on insurance]
 | * Bangladesh Insurance Academy
 |
| 1. Strengthening facilitation and expansion of well-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 Strengthening discipline and increasing professionalism, transparency and financial inclusion in the bank and non-bank financial institutions.**

**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 through access to the banking services. As a result, new opportunities would be created for employment of women.

**3.1.2 Increase effectiveness of the capital market**

**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 will be accelerated if capital market becomes more effective. As a result, more employment opportunities for women will be created.

**3.1.3 Establish inclusive 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 Strengthening facilitation and expansion of 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)

|  |  |  |
| --- | --- | --- |
| **Description** | **Budget****2018-19** | **Projection** |
| **2019-20** | **2020-21** |
| Poverty Reduction |  |  |  |
| Gender |  |  |  |

**4.1 Priority Spending Areas/Programs**

| **Priority Spending Areas/Programs** | **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 activities, efficiency, transparency and accountability in the banking sector will be ensured. Good management of banks and financial sector plays a vital role regarding the country's macroeconomic stability. In this regard, the banking and financial sector reforms have been given the highest priority. | * Strengthening discipline and increasing professionalism, transparency and financial inclusion in the bank and non-bank financial institutions
 |
| **2. Increase effectiveness of the capital market**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. The refinancing program is going on to help small investors who are affected in stock markets. | * Increase effectiveness of the capital market
 |
| 1. **Establish inclusive insurance sector and strengthen its discipline**

Various initiatives have been taken like supervision of the insurance business, protection of interest of 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. | * Establish inclusive insurance sector and strengthen 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 programs. Ultra-poor, particularly the young women will be given priority. Microcredit has therefore been identified as the 4th priority area | * Strengthening facilitation and expansion of well-regulated and effective micro-finance sector
 |

**4.2 Medium Term Expenditure Estimates and Projection (2018-19 to 2020-21)**

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

(Taka in thousands)

| **Description** | **Budget** | **Revised** | **Budget****2018-19** | **Projection** |
| --- | --- | --- | --- | --- |
| **2017-18** | **2019-20** | **2020-21** |
|  |  |  |  |  |  |

**4.2.2 Expenditure by Economic Group Wise**

(Taka in thousands)

| **Economic****Group** | **Description** | **Budget** | **Revised** | **Budget****2018-19** | **Projection** |
| --- | --- | --- | --- | --- | --- |
| **2017-18** | **2019-20** | **2020-21** |
|  |  |  |  |  |  |  |

**5.0 Key Performance Indicators (KPIs)**

| **Indicator** | **Related Strategic Objectives** | **Unit** | **Revised****Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **1** | **2** |
| 1. Increase inclusion in banking sector (including all cumulative accounts) | 1 | Total adult population % | 73.5 | 80.21 | 75.65 | 81 | 81.79 | 83.38 | 85 |
| 2. Classified loans rate of State owned commercial banks | 1 | % | 19.46 | 26.64 | 14.75 | 21.04 | 17.11 | 14.69 | 12.35 |
| 3. Companies listed in capital market | 2 | % | 3 | **8** | 4 | **4** | 4 | 5 | 5 |
| 4. Increase the number of insurance policy subscribers | 3 | % | 4 | **-** | 4.25 | 4.25 | 4.50 | 4.75 | 5 |
| 5. Increase the amount of savings of MFI members | 4 | % | 17 | 27 | 18 | 19 | 20 | 20 | 20 |

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

**6.1 Secretariat**

**6.1.1 Recent Achievements:** With a view to improving the quality of the banking sector, activities like formulation of human resource guidelines and automation 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. Efforts have been taken to increase financial inclusion through agricultural credit distribution, agent/mobile banking and school banking activities. In order to increase the inclusion and integrity of the insurance sector for last 3 years one rule and five regulations have been issued under insurance law. Around 1720 officers/employees of insurance sector have been provided training in the last 3 years. To increase the effectiveness of the capital market, 1235 investors have been provided training, three rules/regulations have been issued and Financial Literacy Program has been launched countrywide in last 3 years. The number of MFI beneficiaries has been increased to 28.7 million for the expansion and management of well-coordinated micro-credit programs.

**6.1.2 Activities, Output Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Formulation and amendment of laws, rules and regulations related to the bank / non-bank institution and department / agency under this divisions | Prepared and amended law/rules/ policies | 1 | Number | 9 | 8 | 8 | 5 | 7 | 7 | 5 |
| 2. Supervision of loan to agricultural sector | Loan Disbursed | 1 | Taka(Crore) | 17550 | 20999 | 19856 | 20400 | 21445 | 23160 | 25010 |
| 3. Supervision on loans giving small and medium industries/ initiatives | Loan Disbursed | 1 | Taka(Crore) | 116537 | 155785 | 128191 | 133854 | 141010 | 155111 | 170622 |

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

(Taka in Thousands)

| **Name of the Operational Unit/Program/ Project** | **Related Activity** | **Actual****2016-17** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

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

**6.2.1 Recent Achievements:** In the last three financial years from 2014-2015 to 2016-17, the Commission has approved capital raising through initial public offering (IPO) of 25 companies, rights issue of 10 companies, debenture and bond issue of 36 companies, capital increase of 281 private and 208 public limited companies; a total of TK. 61,500.59 crore for the purpose of increasing investment in the capital market. Additionally, in this same timeframe, a total of TK. 1342.75 crore has been raised to invest in the capital market by 6 open-end mutual funds and 22 close-end mutual funds. The aforesaid raising of capital by different issuers and also raising of fund by different mutual funds are contributing in industrialization and creation of employment as well as overall economic development of the country. To keep effective contribution towards increased supply of good securities, the Commission has provided registration certificates to 8 stock brokers, 9 stock dealers, 3 asset managers, 21 security custodians, 21 trustees for debt securities, 10 depository participants, 2 trustees and 7 fund managers in FY 2016-17. The Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015; Bangladesh Securities and Exchange Commission (Exchange Traded Fund) Rules, 2016; Bangladesh Securities and Exchange Commission (Investment Education Development and Training) Rules, 2016; Bangladesh Securities and Exchange Commission (Market Maker) Rules, 2017; Bangladesh Securities and Exchange Commission (Clearing and Settlement) Rules, 2017 have already been promulgated within this timeframe.

**6.2.2 Activities, Output Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Increase of new investment in the capital market
 | Quantity of new investment | 2 | Taka(Crore) | 4000 | 19879 | 4400 | 5150 | 4300 | 4450 | 4500 |
| 1. Raising of capital
 | [Securities issued | 2 | Number | 11 | 12 | 12 | 22 | 12 | 12 | 15 |
| 1. Implementation of Countrywide Financial Literacy Program
 | Participants in the program | 2 | Number | N/A | N/A | 8000 | 14500 | 10000 | 15000 | 15000 |

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

(Taka in Thousands)

| **Name of the Operational Unit/Program/ Project** | **Related Activity** | **Actual****2016-17** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

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

**6.3.1 Recent Achievements:** The officials of Bangladesh Securities and Exchange Commission (BSEC), Stock Exchange and Intermediary Institutions have been trained for achieving excellence in theoretical and practical knowledge about capital market. BICM has conducted different training programs in last three years; including (1) Investors Education Program (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 (9) Technical Analysis (10) Capital Reaching and Investment in Primary Market (11) Post Graduate Diploma in Capital Market etc. BICM has trained 8,774 persons and organized 10 seminar/workshops at the same time. The Institute has already started a day-long program for fresh graduates interested in becoming professional in the capital market along with an evening PGDCM program.

**6.3.2 Activities, Output Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Training for investors in the capital market
 | Trained investor | 2 | Number | 700 | 709 | 800 | 1000 | 900 | 1000 | 1200 |
| 1. Institutional education activities on capital market
 | Certificate Course Number | 2 | Number | 12 | 16 | 13 | 13 | 14 | 15 | 16 |
| Number Post graduate diploma batch  | 2 | Number | 2 | 3 | 2 | 3 | 3 | 3 | 4 |

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

(Taka in Thousands)

| **Name of the Operational Unit/Program/ Project** | **Related Activity** | **Actual****2016-17** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

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

**6.4.1 Recent Achievements:** Currently 46 non-life and 32 life insurance companies are working under the supervision of IDRA. The Authority has taken various initiatives to supervise various insurance activities for transparency and accountability of insurance sector. In the last 3 years, Gross premium has increased by 7.7 percent, wealth by 6.12 percent and investment by 6.15 percent. IDRA has trained 1000 people and formulated 3 rules / regulations in this period.

**6.4.2 Activities, Output Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Formulate rules and regulations;
 | Gadget published | 3 | Number | 4 | 4 | 4 | 4 | 5 | 5 | 5 |
| 1. Increase settlement of insurance claims.
 | Claim settlement rate | 3 | % | 70 | 75 | 73 | 73 | 75 | 77 | 78 |

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

(Taka in Thousands)

| **Name of the Operational Unit/Program/ Project** | **Related Activity** | **Actual****2016-17** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

**6.5 Bangladesh Insurance Academy**

**6.5.1 Recent Achievements:** Bangladesh Insurance Academy has been playing a unique role by organizing seminars and workshops on insurance, research work, insurance postgraduate diploma (ABIA) and certificate courses aimed at providing timely training courses on insurance to provide professional training to the manpower employed in the country's insurance industry. At present, 132 students of ACII (London) course have completed registration in the higher course through the Insurance Academy and 13 students have been able to earn ACII (London) degree through academy. In the last 3 years, the Academy provided training on insurance to 2375 trainees. A total of 1285 students appeared in the Post Graduate Diploma (ABIA) examination in the said time. It is to be noted that the academy has started online diploma course registration and counseling classes from 2016. For the last 3 years total number of 7 seminars/workshops were organized on insurance and 439 officers attended this seminar.

**6.5.2 Activities, Output Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Training on insurance | Trained manpower | 3 | Number | 950 | 1047 | 1000 | 1000 | 1050 | 1100 | 1200 |
| 2. Increasing awareness on insurance] | [Workshop/ Seminar] |  | Number | 4 | 7 | 5 | 5 | 6 | 7 | 10 |

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

(Taka in Thousands)

| **Name of the Operational Unit/Program/ Project** | **Related Activity** | **Actual****2016-17** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |

**6.6 Microcredit Regulatory Authority**

**6.6.1 Recent Achievements:** For the last 3 years Microcredit Regulatory Authority (MRA) has provided certificates to 796 institutions and cancelled/withdrawn certificates of 98 institutions failed to comply with the acts and rules. 149 institutions have temporarily been allowed to operate microcredit program in 37 districts where microcredit disbursement rate is low.

**6.6.2 Activities, Output Indicators and Targets**

| **Activities** | **Output Indicator** | **Related Strategic Objectives** | **Unit** | **Revised Target** | **Actual** | **Target** | **Revised Target** | **Medium Term Targets** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2016-17** | **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** |
| 1. Disbursement and recovery of microcredit
 | Disbursed loans | 4 | Taka(Crore) | 75000 | 90000 | 80000 | 82000 | 86000 | 88000 | 90000 |
| [Recovered loans | 4 | Taka(Crore) | 71500 | 83700 | 76000 | 74000 | 77000 | 79000 | 80000 |
| 1. Increase of MFI beneficiaries
 |  No. beneficiaries | 4 | Number (Lakh) | 270 | 289 | 272 | 300 | 305 | 310 | 315 |

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

Not Applicable.

(Taka in Thousands)

| **Name of the Operational Unit/Program/ Project** | **Related Activity** | **Actual****2016-17** | **Budget** | **Revised** | **Medium Term Expenditure Estimates** |
| --- | --- | --- | --- | --- | --- |
| **2017-18** | **2018-19** | **2019-20** | **2020-21** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
|  |  |  |  |  |  |  |  |