



**IFIC BANK LIMITED
TRAINING & RESEARCH DIVISION
HEAD OFFICE, DHAKA**

01. The year of commodities, ends with a bang

Commodity markets are on course for their strongest year since 1973, lifted by oil's biggest annual gains in a decade and a 140 per cent surge in copper prices. With the Reuters, Jefferies CRB index .CRB on track for a 24 per cent rally in 2009, gold heading for its ninth increase in as many years, sugar near record highs and cocoa headed for its fourth annual rise, traders are describing 2009 as "the year of commodities."

But the strategies that worked this year may fail in 2010 as the market switches from picking up bargains left in the wake of the financial market meltdown that started in 2008 to a strategy based on macro economic data and fundamentals. First amongst CRB constituents is copper, which is heading for a rally of nearly 140 per cent this year. Unprecedented levels of Chinese imports, speculative fervor and more lately, threats to supply, have pushed London copper from a 50-month low of \$2,825 in December last year to a 16-month peak of \$7,415 on New Year's Eve.

The Financial Express: 01.01.2010

02. Manpower export falls 46pc

The country's manpower export experienced a 46 per cent fall in 2009 compared to the previous year, showing the impact of global recession that has led to a cut-down on fresh recruitment in major job markets. An official at the Ministry of Expatriates' Welfare and Overseas Employment said overseas employment until December 30, 2009 was 4,73,022.

Year	Overseas Employment
2005	252702
2006	381516
2007	832609
2008	875055
2009	475000

"We are very happy with the statistics of 2009, keeping the present global financial situation in mind," the BAIRA president said. With proactive performance by the government and Bangladesh missions in host countries, we look forward to reaching 0.7 million in manpower export and earning US\$ 12 billion remittance from this sector.

The Financial Express: 02.01.2010

03. Ban on raw jute export goes

The government has lifted the ban on export of raw jute amid pressures by the jute traders. Earlier on December 7, the government imposed a ban on export of raw jute mainly to ensure adequate availability for the local jute mills, which sparked protests with workers and jute exporters putting up road barricades in Khulna-Jessore high way. The government took the decision to ban export of jute as the local mills were facing trouble in procuring the raw material because of price hike in the domestic market. The export prices for raw jute has hiked to US\$ 600 a tonne this year against \$525-\$550 in the previous year. The domestic prices ranged between Tk 1700 and Tk 1800 a maund.

The ban was imposed on December 7 and the raw jute that were in the port ready for shipment also came under the order. India, Pakistan, China are the large buyers of local jute while Britain, Spain, Ivory Coast, Germany and Brazil also import raw jute from Bangladesh. Bangladesh is the world's largest jute growing country and it produces around 5.5 million bales of jute each year. BJA sources said local exporters numbering around 150 had exported 850,000 bales prior to the imposition of the ban.

The Financial Express: 03.01.2010

04. Govt. chooses to borrow more through savings tools

The government's borrowing from the banking system in the first-half of this fiscal has declined following increased net sale of national savings directorate (NSD) certificates. The government's net bank borrowing dropped by 21.91 per cent to Tk 61.46 billion during July-December period of the fiscal 2009-10 (FY10) against the target of Tk 78.71 billion, according to the central bank statistics. On the other hand, net borrowing of the government through NSD certificates recorded a significant rise by 313.21 per cent to Tk 39.30 billion during July-October of this fiscal. The figure was Tk 9.51 billion in the same period of the previous fiscal. The government had set a net borrowing target of Tk 23.77 billion issuing NSD certificates to fund the budget deficit for the current fiscal, according to the budget documents. The surplus balance in government account stands at nearly Tk 100 billion. Government's bank borrowing may increase when the ADP implementation is expedited.

On an average 23 per cent progress in implementation of ADP has been recorded during the July-November period of this fiscal. Currently, three T-bills are being transacted through auctions to adjust the government borrowing from the banking system. The T-bills have 91-day, 182-day and 364-day maturity periods. On the other hand, four government bonds - 5-year, 10-year, 15-year and 20-year -are being traded in the markets.

The Financial Express: 04.01.2010

05. Govt. re-launches family savings certificates

The government has re-introduced family savings certificates (FSCs) ranging from Tk 10,000 to Tk 1.0 million with a maximum 12 per cent interest rate. The finance ministry has issued a gazette re-launching the savings instrument in a bid to encourage the women savers. Earlier, the government suspended the FSCs on July 1, 2002, five years after they were introduced with a maximum 13.20 per cent interest, following protests from the country's banking system and multilateral donors, as they claimed the FSCs distort credit market.

The FSCs will have five different maturities, one to five years, with interest rates ranging from 8.0 per cent to 12.0 per cent. It will increase by single digit from one-year to five-year term. But, there will be no interest if any investor cashes it before one-year. For five-year term FSCs, monthly interest rates will be Tk 100 for certificates valued at Tk 10,000, followed by Tk 200 interest for Tk 20,000, Tk 500 for Tk 50,000, Tk 1,000 for Tk 0.1 million, Tk 2,000 for Tk 0.2 million and Tk 5,000 for Tk 0.5 million. If any investor cashes the FSCs before their maturity date, the government will deduct the additional interests added to the actual amount on a year-on-year basis. Tax-free ceiling for interest received from the FSCs will be Tk 1,50,000 like other saving certificates. Investors will have to pay 10 per cent income tax for interest rates above Tk 1,50,000.

The Financial Express: 04.01.2010

06. Bangladeshis send home \$10.72b last year

Bangladeshis working abroad sent home a record US\$10.72 billion in the calendar year that ended on December 31, as remittance continued to scale new heights despite the global meltdown. They said the amount is 19.39 per cent higher than what the country's more than six million workers remitted in the previous 2008 calendar year. The country's foreign exchange reserve stood at an all time high at \$10.345 billion on the day. The remittances from Bangladeshi nationals working abroad were estimated at \$876.33 million in December last, a fall by \$174.21 million from the previous month. In November 2009, the remittance stood at \$1.050 billion, according to the central bank statistics, released on 04.01.2010

Bangladesh expatriates sent home a record \$5.535 billion in the first-half of the current fiscal, marking a 22.89 per cent growth over the same period of the previous fiscal. The latest figure shows that despite the slowdown of overseas jobs, inflow of remittance has maintained a robust trend --- a continuation of last fiscal year when remittance grew 22.41 per cent. The BB has issued 20 more licences to the commercial banks recently for setting up exchange houses in different parts of the world aimed at expediting remittance inflow. The central bank has, so far, given approval to establish 295 exchange houses and set up 840 drawing arrangements abroad to boost flow of remittance through formal channels.

The Financial Express: 05.01.2010

07. Dhaka inter-bank offer rate launched

Bangladesh Bank Governor Atiur Rahman formally launched on 06.01.2010 Dhaka inter-bank offer rate (DIBOR), which will help banks get a benchmark interest rate or reference rate. In line with the international regulators, the central bank issued a circular in December making the inter-bank offer rate effective from January 1 this year. An established benchmark rate is required for the buoyancy and transparency of any interbank market. This is a beginning towards the development of a liquid interbank term market in Bangladesh. "DIBOR will provide a leading indicator of our economic and financial condition to foreign investors, who for long have been enquiring about such an indicator. For the domestic market it will provide a reference rate to price various new products.

In the long run, DIBOR should allow the financial institutions to develop new and innovative products, which will bring benefits to business community and the economy as a whole. Lending to local customers as well as foreign investors may be benchmarked with this new reference rate and will impact cost of fund of multiple entities. A benchmark rate will create a positive impression on our market and attract more foreign investors, as they will now have a reference rate, which they can use to estimate their financial projections. Such offer rates existing in other cities include LIBOR in London, SIBOR in Singapore, TIBOR in Tokyo and EURIBOR in eurozone. The central bank has introduced DIBOR after an effort of around four years.

The Daily Star: 07.01.2010

08. Banks under fire for higher spread

The Bangladeshi banking sector is devoid of elements of competition and blamed for higher interest rate spread, speakers at a seminar said. Bangladesh Institute of Development Studies (BIDS), a state think-tank, organised the seminar on 'Determinants of Interest Rate Spread in Bangladesh'. Interest rate spread (IRS) is the difference between a bank's interest earnings on lending and the interest paid on its liabilities, mainly to the depositors. In the keynote presentation, BIDS research fellow Monzur Hossain said that the IRS of Bangladesh is quite high. "It's estimated to be between 5 and 8 percent, depending on alternative measures used." Citing figures of the central bank, he said the IRS is highest 8.8 percent in the foreign commercial banks. "We find that changes in interest spread are caused by changes in deposit rate, not the lending rate," added Hossain.

High overhead costs and cost of non-performing loans of banks significantly contribute to the high interest spread, he

concluded. Hossain recommended increasing operating efficiency of banks to address the above mentioned factors. He stressed foreign banks bringing under strict scrutiny as they are not bringing competitiveness to the sector. Economist Qazi Kholiqzaman Ahmad said the concept of market economy does not work for Bangladesh." It's also true for the banking sector." He echoed the keynote presenter on the issue of foreign banks. "Foreign banks can't be brought under any kind of regulations...Bangladesh Bank has failed to do it so far."

The Daily Star: 06.01.2010

09. Global bankers see investment scope in Bangladesh

Two top bankers of Citibank NA see immense investment opportunities in Bangladesh as the country's economy is getting stronger with political stability. Mark Renton, Citi's global public sector boss and Michael J. Paulus, public sector group head of Citi's Global Banking for the Asia Pacific region, also told that the country's economic growth was consistent amid global financial crisis. During their stay in Dhaka, they had meetings with the finance ministry, communication ministry, the foreign ministry, Bangladesh Bank, National Board of Revenue, Bangladesh Petroleum Corporation, Power Division and some state-owned banks.

"Our main objective is to streamline the Citi's involvement with Bangladesh public sector," Mark Renton, who has been with Citi for over 23 years and held various leadership positions across Citi franchises globally, said in an exclusive interview with BSS. Explaining their firm interest in funding the country's public sector, he said Bangladesh economic growth was consistent amid global financial crisis when the reserve reached a record high with increased remittance. The local currency, Taka, was stable and inflation came down to an acceptable level, Renton said and cited the persisting political stability as a complement to attract investment. According to Renton, Bangladesh has come out strong from the recent global financial crisis with record remittances in the year 2009 coupled with a steady level of inflation and a consistent growth rate.

The New Nation: 2010-01-08

11. Bank and Financial Division created

The government has created a new administrative division on banking and finance under the Ministry of Finance. The new division has been named 'Bank and Financial Division', an official handout said.

The Financial Express: 2010-01-08

12. Govt banks likely to open more branches after 8-year restrictions

'The government is likely to allow the state-owned Sonali, Janata, Agrani and Rupali banks and the specialised Bangladesh Krishi Bank to open branches in places across the country to collect low-cost deposits after eight years of restrictions,' a senior finance ministry official told. About 15 per cent of SCB branches are counting losses because of inefficiency, incompetence, lack of competitiveness and remote location, the officials said. The four SOBs have 3,389 branches across the country, with 488 branches making losses. Statistics show that SCBs account for about 27 per cent of total banking deposits and 23 per cent of the total loans. The market share of private commercial banks is 60 per cent of the total banking deposits and 64 per cent of the total loans. The share of four SCBs — Sonali, Janata, Agrani and Rupali — is declining in an increased presence of private commercial banks, according to Bangladesh Bank data. Deposits of 30 private commercial banks increased by 26.17 per cent in 2008 compared with an 8.44 per cent increase by the four state-owned commercial banks.

The New Age: 2010-01-09

13. Banking goes aggressive

Banks' credit-deposit ratio continued to remain over 100 percent until the first four months of this fiscal year, much higher than Bangladesh Bank's norms of 82 percent. The ratio was above 100 percent in the first 11 months of last

fiscal year, with 98.69 percent in June. The trend indicates higher utilisation of loan-assets from deposits despite a sluggish investment demand amid the global crisis in 2009. BB's October 2009 statistics show average credit per bank branch at Tk 42 crore, while the figures were 41.15 crore, Tk 40.42 crore and Tk 40.14 crore in September, August and July. During the time, average deposits per branch were Tk 41.54 crore, Tk 41.25 crore, Tk 40.58 crore and Tk 39.86 crore respectively.

As of June 30, 2009, the loan book of the banking industry showed that trade financing alone accounts over 35 percent of the total loans to the private sector worth Tk 209,050 crore, followed by industry (except working capital) 21.59 percent and working capital 17 percent. Construction, transport and communication and housing are other major sectors that went for bank borrowing. Anis A Khan, managing director of Mutual Trust Bank, termed it 'aggressive banking' and feared an inflationary pressure on the economy. "Loan-deposit ratio should not be over 100 percent," Khan said. He pointed to the recent rise in financing for industry and commodity imports.

The Daily Star: 10.01.2010

14. Separate pay scales for BB, 3 SCBs soon

Bangladesh Bank and three state-owned commercial banks would get separate pay scales soon as a high-level meeting yesterday decided to give them an impetus in facing competition with the private banks. The boards of the central bank and Sonali, Janata and Agrani banks have been asked to submit their proposals in this regard to the Ministry of Finance within a month. The Finance minister said his ministry would form a committee to review the proposals and recommend a separate pay scale for the Bangladesh Bank and another for the SCBs. "It's unfair that the chief executives of the SCBs will get Tk 800,000 and the next immediate executive will get only Tk 40,000."

The Independent : 2010-01-11

15. Twenty two banks join Basel-II regime, others poised to sign deal

Twenty-two banks have already complied with the minimum capital requirement of Basel II accord as Bangladesh Bank strives to develop a sound financial system in the country. Credit Rating Agency of Bangladesh (CRAB) and Association of Bankers of Bangladesh (ABB) jointly organised the seminar titled 'Causes & Effects of the Financial Crisis & Responses of Basel Committee on Banking Supervision'. The quarterly reports of the scheduled banks will include the developments regarding the Basel II accord, Mr Wadood said. "The banks must encourage their clients to conduct credit ratings of their business units." He said the banks have already informed the bank regulator that about 10 to 15 per cent of their clients would opt for credit rating by March. During his keynote presentation, John Rutherford, Jr, former chairman and chief executive of Moody's Corporation, said that at macroeconomic level, ample liquidity, low interest rates, dramatic expansion of financial leverage and improper pricing of risks were the causes behind the crisis. "At institutional level, fundamental failures in the assessment of risks by financial firms and credit rating agencies, corporate governance failures in financial firms and regulatory, supervisory and crisis management failures -- all were responsible for it."

The Financial Express: 2010-01-12

16. Bank Asia starts Musharaka financing

Bank Asia Limited started Musharaka financing through its Islamic Banking Division, said a press release. Musharaka is a mode of finance, where two or more parties participate in a business with joint contribution to capital. Profit of the business is shared as pre-agreed ratio and genuine loss, if any, is borne as per equity. Bank Asia has initiated Musharaka through financing Noor Enterprise, a client of its Islamic wing of Uttara Branch. At the initial stage, the bank will finance upto Tk 1.0 (one) million per client under the Musharaka financing to facilitate SME sector through its Islamic Banking operations. Bank Asia is the first among the conventional banks operating Islamic Banking activities in Bangladesh, which is operating Musharaka financing.

17. Industries hit during CG to be bailed out

The Bangladesh Bank has relaxed down payment rules by empowering financial institutions to reschedule classified loans of the clients, who went into hiding or were detained in jail during the last caretaker government. The loan reschedule facility will be applicable to those against whom charges were not proved, the Bangladesh Bank officials said. Under the new provisions, the NBFIs can now reschedule such loans or leases on the basis of their relationship with clients until June 30, 2010. The central bank has already issued a circular in this connection and asked the chief executives and managing directors of all 29 NBFIs to follow the latest instructions for rescheduling the loans. To reschedule the term loans for the first time, borrowers have to pay minimum 15 per cent of the expired instalments or 10 per cent of total dues, whichever is lower, according to the existing provisions. It will be minimum 30 per cent for expired instalments or 20 per cent of the total dues, whichever is lower, for a second-time rescheduling. For the third-time rescheduling, it will be 50 per cent and 30 per cent respectively.

On December 21 last year, commercial banks have been empowered to reschedule classified loans of the industries that were forced to close down or became sick during the last caretaker government without any down payment. The central bank on December 6 extended both coverage and duration of the loan rescheduling facility for recession-hit export sectors without any down payment. Instead of only five specific ones, all export-oriented sectors will now be entitled to the facility until June 30 this year. Besides, the BB has allowed the commercial banks to reschedule their agricultural credits as long-term loans to help farmers across the country.

The Financial Express: 2010-01-15

18. Farmers can open bank account with Tk. 10 deposit

Cash-starved farmers now will be able to open account with the state-owned banks with a nominal deposit of Tk 10. Interested farmers will require national identification card or birth certificate or agriculture card issued by the Department of Agriculture Extension to open the bank accounts. The central bank issued a circular in this connection on 17.01.2010 and asked the chief executives and managing directors of the state-owned commercial and specialised banks to follow the instruction for opening accounts of the farmers. The banks have been asked not to impose any restriction on keeping a certain amount of balance with the accounts and realise any service charge on such accounts, according to the circular

The Financial Express: 18.01.2010

19. US Pays \$ 500,000 every minute for Oil

The US government in 2009 sent more than \$500,000 every minute to foreign governments to pay for oil. This is despite the massive amount of money being pumped into renewable and other forms of energy to reduce importance on Gulf oil. Figures from the US Department of Energy show US consumers used 4.35 billion barrels of oil in 2009 to the tune of \$265 billion.

The Financial Express: 18.01.2010

20. BB sets ceiling on bank guarantee charge for ship builders

Local commercial banks will be able to charge a fee of not more than 1.5 per cent annually for issuing

any guarantee to local shipbuilders for receiving any advance from a ship importer abroad. The central bank issued a circular in this connection on 18.01.2010 asking the chief executives and managing directors of all commercial banks to follow the directive. A master circular on schedule of charges, issued by the BB on December 22 last year, will be applicable to opening of letters of credit (LC) in the industry, the circular said. Both deposits and lending came under the purview of the master circular, that came into effect on January 1, 2010. The charges for sight LCs, deferred LCs, 100 per cent cash margin LCs and back-to-back LCs will be 0.40 per cent, 0.50 per cent, 0.25 per cent and 0.40 per cent on a quarterly basis, according to the circular. The banks will not charge more than 2.0 per cent as commission annually for opening LCs.

The Financial Express: 19.01.2010

21. BB upbeat on Bangladesh's status upgrade

The central bank forecast that Bangladesh could achieve the middle-income status by 2013 in terms of per capita gross national income (GNI) that reflects the average income of the country's citizens. But it kept quiet on the other two indicators that determine the status. Three criteria - income, human assets index and economic sustainability -- define a middle-income country status. GNI per capita is the dollar value of a country's final income in a year, divided by its population. Knowing GNI per capita is a good first step toward understanding the country's economic strengths and needs, as well as the general standard of living enjoyed by the average citizen.

Bangladesh has achieved nearly 50 percent growth in GNI between 2004-05 and 2008-09. At the end of fiscal 2008-09, Bangladesh's GNI stood at \$690, nearly \$300 lower than the threshold of a middle-income country of \$976. The GNI was \$463 in 2004-05. The BB chief however identified some potential challenges that could hinder the country's ambition to upgrade to a middle-income country. These are proper distribution of benefit from economic growth, quick poverty alleviation and improvement in human development. The ultra-poverty level is nearly 30 percent of Bangladesh population who live on \$1 or below a day, according to the household income and expenditure survey 2005. In 2008, an Unctad report on LDC said Bangladesh would require another 17 years to graduate from the LDC to a middle-income one if 6.5 percent growth is sustained. Economic growth was 5.9 percent, down from 6.2 percent a year ago. Exports also grew by 10 percent, which Rahman described as a big achievement compared to other countries including India that saw nearly 20 percent negative growth. He said inflation was under control at 6.7 percent during the reporting year. *The Daily Star: 2010-01-25*

22. Banks to have permission from BB for land purchase

The central bank has imposed restriction on purchase or lease of fixed assets including land by the commercial banks to protect public interest. Under the new provisions, the banks will have to take prior approval from the Bangladesh Bank (BB) to buy or lease such assets, officials said. "We've imposed the restriction on the basis of our report that some banks are now involved in such transactions," a BB senior official told. The central bank issued a circular in this connection Monday and asked the managing directors of all commercial banks to comply with such instructions. "The new instruction will be applicable in the case of agreements now under process," the BB said in its circular. The central bank found that some banks are involved in deals in violation of the existing Bank Companies Act.

The Financial Express: 2010-01-26

23. Annual Managers' Conference – 2010 of IFIC Bank Limited held

The Annual Managers' Conference – 2010 of IFIC Bank Limited was held on 25th January, 2010 at Pan Pacific Sonargoan Hotel, Dhaka. The daylong Conference was inaugurated by Mr. Mohammad Lutfar Rahman, Chairman of the Bank. Members of the Board of Directors of the Bank, Mr. Mahmudul Huq Bhuiyan, Mr. A.T.M. Golam Maruf, Mr. Syed

Anisul Huq, Mr. Syed Muhammad Faruqi Hasan, Mr. Aminur Rahman and Mr. Syed Manjurul Islam were also present on the occasion. Mr. Mosharraf Hossain, Managing Director, Mr. Mohammad Abdullah, Deputy Managing Director, Senior Executives from Head Office and Branches and Relationship Managers of all the Branches of the Bank also attended the Conference. At the Conference, performance of the branches during the year 2009 was thoroughly reviewed and the strategies for achieving the business targets for the year 2010 were discussed in detail.

The Chairman of the Bank, in his speech, put emphasis on improving the overall performance of the Bank and urged upon all to enhance the business and image of the Bank through collective efforts and Relationship Banking. He also stressed on disbursement of new credit facilities and recovery of non-performing loans. The Directors of the Bank also participated in the deliberation and provided valuable guidance to the Relationship Managers for procuring business from potential clients. The Managing Director advised the Relationship Managers to identify the challenges and chalk out the action plan accordingly for achieving the Business Targets of the Bank set for the year 2010 and concluded the Conference. **The Financial Express: 2010-01-26**

24. Banks shift focus to home loans

Commercial banks are increasingly coming forward to provide home loans, which they feel are more secure than other forms of loan. The banks' outstanding home loans have doubled to Tk 12,360 crore in fiscal 2009 from Tk 6,400 crore in fiscal 2006. Private banks led the tally with Tk 7,490 crore outstanding loans to the housing sector as on June 30, 2009, against just Tk 3,510 crore three years ago. Private banks' lending to the sector increased by over 113 percent in the three years to fiscal 2009. Housing loans from four state-owned banks also rose by over 42 percent in the same period. Outstanding housing loans by the four banks were Tk 2,580 crore in fiscal 2006, which rose to Tk 3,670 crore at the end of fiscal 2009. "Home loans are very safe. It is a good investment also," said Anis A Khan, managing director of Mutual Trust Bank.

Syed Abu Naser Bukhtear Ahmed, managing director of state-owned Agrani Bank, said home loans are good because the returns are fixed. "No home loan becomes classified." Demand for home loans is increasing, backed by the rising population in Dhaka city, where real estate is booming. According to Bangladesh Bank statistics, housing loans reached Tk 18,180 crore at the end of fiscal 2009 from Tk 10,090 crore in fiscal 2006, a whopping 80 percent rise. Banks also become more interested in extending loans to the sector in the past few years as they consider it safer. The central bank introduced a low-cost refinancing scheme for housing loans in 2007. Recently, BB increased the fund to Tk 700 crore to meet growing demand. Banks take 50-60 percent security against a home loan and charge up to 13 percent in interest. On the aspect of security, a home loan is good for a bank, said Shahjahan Bhuiyan, managing director of United Commercial Bank. But he feels that if black money had not been allowed into the sector, bank lending would not have risen. "People borrow a portion of the total cost to buy or build a home and invest their black money," said Bhuiyan. **The Daily Star: 27.01.2010**

25. BB prioritises branchless banking for speedy financial inclusion

Aiming at speedy financial inclusion of rural people, Bangladesh Bank will provide banks and other related organizations more supports to expand branchless banking services. The central bank is already supporting banks and some other financial institutions in operating branchless services to cater to the major banking needs of rural and urban people. The initiatives of the central bank would be more forceful in future with the target of full financial inclusion of the people who are yet to get the institutional banking services. The branchless banking, where some major banking services including disbursing loan and getting repayment, sending and receiving money and remittance, will be the BB's priority on expanding rural banking services, BB Governor Dr Atiur Rahman told a programme.

Referring to the recent technological advancements in the country including phenomenal expansion of mobile phone coverage, he said effective partnerships among banks and technology service providers would make branchless banking greatly success. Bangladesh Bank is on the lookout for such creative partnerships in regulated IT based remote delivery of financial services", he said and added, "A number of BB approved initiatives are already in operation, facilitating utility bill payments and in delivery of remittances from Bangladeshi workers abroad to their families at

implementation, he pointed out. He said banks can usefully go for technology based branchless banking to disburse and recover loan installments to and from small landholder farmers and rural non farm enterprises cost effectively.

The Bangladesh Today 2010-01-28

26. BB expects remittance income to cross \$11b mark this fiscal

Bangladesh Bank expects the inward remittance to record more than US\$ 11 billion by the end of the current fiscal as a special move has already been made to increase its flow from different parts of the world. "We expect that the inflow of remittances may cross \$11 billion mark by the end of this fiscal," a senior official of the Bangladesh Bank told adding that the central bank had estimated the figure on the basis of the last six months flow of remittances. Bangladesh received \$5.535 billion during the July-December period of fiscal 2009-10, registering a 22.89 per cent growth over the same period of the previous fiscal, according to the central bank statistics.

The latest figure shows that despite the slowdown of overseas jobs, inflow of remittance has maintained a robust growth -- a continuation of the trend in last fiscal year when remittance grew 22.41 per cent, the BB officials said. As part of the measures, the BB issued 26 more licences to 14 commercial banks recently for setting up exchange houses in different parts of the world aiming at expediting remittance inflow. The central bank has, so far, given approval to establish 295 exchange houses and set up 840 drawing arrangements abroad to boost flow of remittance through formal channels. Besides, the BB has given permissions to 13 both local and foreign commercial banks to disburse remittances using networks of 14 non-governmental organisations (NGOs.), including BRAC and ASA, across the country.

The Financial Express: 01.02.2010

27. Taka depreciates marginally

Bangladesh taka (BDT) marginally depreciated by 0.08 per cent against the US dollar in the last one week following a rise in demand for the greenback in the market. The US dollar was traded at Tk 69.19-Tk 69.23 in the inter-bank foreign exchange market Sunday against Tk 69.15 a week back, treasury officials said. The BDT has been depreciating since January 24 this year following an increase in demand for the greenback in the inter-bank market to settle payments for import of petroleum products, scrap vessels and food grains. A senior treasury official of a private commercial bank said the upward trend of US dollar is likely to continue for a few more days if the central bank refrains from intervening in the market. He also said the demand for the greenback might decline in the first week of February this year after pressures on payments for petroleum products, scrap vessels and food grains particularly wheat depletes. "The flow of US dollar may rise in the first week of February following higher inflow of remittances and reasonable export performances," a treasury official of a leading foreign commercial bank told. The remittances from Bangladeshi nationals working abroad were estimated at \$876.33 million in December last, a fall by \$174.21 million from the previous month. In November 2009, the remittance was worth \$1.050 billion, according to the central bank statistics.

The Financial Express: 01.02.2010

28. Bangladesh Bank Circular during January, 2009

<u>Circular Number</u>	<u>Date</u>	<u>Subject</u>
DFIM Circular No. 02	12/01/2010	Relaxation of loan/lease rescheduling policy
BRPD Circular No. 02	17/01/2010	Commission against Guarantee/LC of Export oriented Shipbuilding Industry

BRPD Circular No. 01	17/01/2010	Bank Account for Farmers
PSD Circular No. 01	17/01/2010	Bangladesh Automated Cheque Processing System (BACPS) Operating Rules and Procedures

Bangladesh Bank Website: January, 2009

30. Information on Economy

	Amount	Previous month's Position
	Million US\$	Million US\$
1. Foreign Trade:		
a. Exports (2008-09)	15565.2	15565.2
b. Exports (October -2009)	1024.0	1060.2
c. Imports (2008-09)	22507.1	22507.1
d. Imports (October -2009)	2032.0	1813.5
2. Workers' Remittance (October-2009)	900.70	887.57
3. Inflation: point to point (October-2009)	6.71	4.60

Export= f O B Value, Import = C & F Value

Economic Trends: January: 2010

31. Banking Sector and Economic Information

	Amount (TK in Cr.)	Amount (TK in Cr.)
	October-2009	September - 2009
1. Bank Deposit (excluding inter bank)	291581.8	288025.3
2. Bank Credit (excluding inter bank)	294765.8	287210.00
3. Money Supply		
a) Currency Outside Banks	38421.3	40894.7
b) Demand Deposit	31080.7	30359.9
c) Deposit with BB other than DMBs	128.7	135.3
d) Narrow Money (a+b+c)	69630.7	71389.9
e) Time Deposit	242948.7	240666.9
f) Broad money (d+e)	312579.4	312056.8
4. Excess Reserve (Liquidity)	12277.7	15136.4
5. Weighted average rate of Deposits of Schedule Banks(Quarterly)	6.57	6.57
6. Weighted average rate of Advances of Schedule Banks(Quarterly)	11.59	11.59
7. Ratio of DMBs Credit to Deposits (%)	101.09	99.72
8. DMBs Total Assets/Liabilities	754572.2	737760.5
9. F.E. Reserve (million \$US)	9544.7	9362.6
10. Cash Base of the Economy	68630.1	74498.8

- **Narrow Money (M1)** = Currency outside Banks+ Demand Deposits +Deposit with Bangladesh Bank
- **Broad Money (M2)**= M1 + Time Deposit
- **DMBs** = Deposit Money Banks
- **Cash Base of the Economy** = Currency in Circulation+ Balances with Bangladesh Bank

Monthly Economic Trends: January: 2009

32. Performance of IFIC Bank as on December: 2009

(Tk in Crore)

Area of Business	December:2009	December: 2008
Deposit	5001.80	3609.22
Loans and Advance	3779.39	3301.84
Profit	207.55	177.56

Finance and Accounts Division

33. Academic Activities in January: 2010

- (I) **Workshop on Reporting of SBS – 1, 2, & 3 Returns of the Bank** : IFIC Bank Limited conducted a day long Workshop on “Workshop on Reporting of SBS – 1, 2, & 3 Returns of the Bank” on January 16, 2010 at its Academy. Mr. Md. Nurun Nabi, Deputy General Manager, Department of Statistics Bangladesh Bank, Head Office, Dhaka was the main speaker in the workshop. Detailed of Reporting of SBS – 1, 2, & 3 Returns of the Bank was discussed in the workshop. Mr. S. M. Abdul Hamid, SEVP and Head of Finance and Account Division was present on workshop and delivered his inaugural address.. A total number of 42 Branch officials of the bank attended the Workshop. It may be mentioned here that this was the 1st program of IFIC Bank Academy in the year 2010
- (II) **Workshop on Dialogue between ICC and ICU at Branch level:** IFIC Bank Ltd. Conducted a day long Workshop on “Dialogue between ICC and ICU at Branch level on January 28, 2010 at its Academy. Mr. Md. Humayun Kabir, General Manager, Department of Bank Inspection Bangladesh Bank, Head Office, Dhaka was the main speaker in the workshop. Mr. Narayan Chandra Roy, EVP and Head of ICC of IFIC Bank Ltd. was present in the workshop and delivered his inaugural speech. A total number of 33 Branch Officials of the bank attended the workshop. It may be mentioned here that this was the 2nd program of IFIC Bank Academy in the year 2010
- (III) **Seminar on Prevention of Money Laundering & Combating Financing of Terrorism:** IFIC Bank Ltd. conducted a half day long seminar on Prevention o money laundering and combating financing of terrorism on January 30, 2010 at its Academy. A total number of 65 officers attended the seminar. Mr. Mohammad Mahfuzur Rahman, General Manager and Mr. Md. Abdur Rab Asstt. Director, Anti-Money Laundering Department of Bangladesh Bank, Head Office, Dhaka were the main speakers in the seminar. Mr. S. M. Abdul Hamid, SEVP and Head of Finance and Account Division & Chief of Anti Money Laundering Compliance Officer of IFIC Bank Ltd. was present on workshop and delivered his inaugural address. It may

be mentioned here that this was the 3rd program of IFIC Bank Academy in the year 2010

Team Members

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Readers please: **What do you mean by DIBOR?**

Match our answer with yours: Knowledge Update: 129

Answer:

Automated Clearing House is a system that provides electronic funds transfer (EFT) between banks. It is used for all kinds of fund transfer transactions, including direct deposit of paychecks and monthly debits for routine payments to vendors. The ACH is separate and distinct from the various bank card networks that process credit card transactions.

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REVISITING BASICS

List of Circulars issued from ICC Division to reduce control risk

To reduce control risk at branch level, circulars are issued from ICC Division at different dates. List of these circulars are given so that the readers can easily find those to reduce risks at their end and to be aware for future compliance. The lists of these circulars are as follows:

S/N	Circular Number	Subjects	Date
01	BED:CIRCULAR NO: 07	Strengthening of internal supervision for improvement of branch operation and reducing number of irregularities.	16.04.2002
02	CIRCULAR NO: 09	Timely submission of Compliance on Bangladesh Bank and Head Office Inspection Reports.	02.09.2003
03	CIRCULAR NO: 01	Audit and Inspection of Branches.	27.04.2004
04	ICC Circular No: 04	Implementation of Guidelines on Internal Control and Compliance. (Compliance of Departmental Control Function Check List)	28.12.2005
05	ICC Circular No: 05	Implementation of Guidelines on Internal Control and Compliance. (Introduction of Quarterly Operations Report)	28.12.2005
06	ICC Circular No: 06	Implementation of Guidelines on Internal Control and Compliance. (Introduction of Unified Calendar of Returns).	28.12.2005
07	ICC Circular No: 07	Monitoring of Staff Accounts Periodically.	29.12.2005
08	ICC Circular No: 01	Set-up of 'Internal Control Unit' in the Branch	19.04.2006
09	HO/IC/BB/2006/30094	Activity of "Internal Control Unit" at the Branch	09.10.2006
10	ICC Circular No: 02	Progress Report on Compliance of Head Office Audit & Inspection Report.	22.04.2007
11	ICC Circular No: 02	Common Irregularities on Audit & Inspection Report of the Branches	13.05.2008
12	ICC Circular No: 03	Risk profiling of Department Control Function Check List (DCFCL) & Grading of Control Risk of the Branches.	18.09.2008
13	ICC Circular No: 04	Common Irregularities/Lapses pointed out by Bangladesh Bank in Comprehensive Inspection Report of the Branches.	30.12.2009

TOOLS FOR INTERNAL CONTROL : ICC

1. **DCFCL: Departmental Control Function Check List.** (Introduced vide ICC Circular No.04 dated 28.12.2005)
2. **QOR : (Quarterly Operation Report :** (Introduced vide ICC Circular No.05 dated 28.12.2005)
3. **Unified calendar of Returns** (Introduced vide ICC Circular No.06 dated 28.12.2005)
4. **Monitoring of staff accounts** (Introduced vide ICC Circular No.07 dated 29.12.2005)
5. **Set-up of Internal Control Unit (ICU)** (Introduced vide ICC Circular No.01 dated 19.04.2006)
6. **Record keeping of activities of Internal Control Unit (ICU)** (Introduced vide ICC Circular No.HO/ICC/BB/2006/3004 dated 09.10.2006)
7. **Progress Report on compliance of Head Office Audit & Inspection Report** (Introduced vide ICC Circular No.02 dated 22.04.2007)
8. **CFECL : Control Function Evaluation Check List. ICC-CFECL 1.1 to 1.15 (Annexure-1)** as per ICC Circular No.03 dated 18.09.2008 & Annexure- 2 & 3.
9. Common Irregularities on Audit & Inspection pointed out by Head Office Audit & Inspection in Inspection Report of the Branches (As per ICC Circular No.02 dated 13.05.2008)
10. Common Irregularities/Lapses pointed out by Bangladesh Bank in comprehensive inspection Report (As per ICC Circular No.04 dated 30.12.2009)

Besides the above list of circulars, we would also like to add some points which came out from the workshop titled “Dialogue between ICC & ICU at branch level” held on January 28, 2010.