Press Release

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Attn: News Editor/ Chief Reporter/ Assignment Editor /Business Page-in-Charge:

**Thrust on Good Governance in Banking Sector Stressed at BUILD FSDWC Meeting**

Deputy Governor, Bangladesh Bank Abu Farah Md. Nasser said that our key focus is to take proper, visible and fast actions to ensure good governance in the banking sector for addressing monumental challenges faced by the banking sectors due to control inflation and volatility in the foreign exchange regime and higher non-performing loans.

The Deputy Governor was speaking at the 11th Financial Sector Development Working Committee (FSDWC) Meeting organized virtually by Business Initiative Leading Development (BUILD) on November 22, 2023.  Abu Farah Md. Nasser, Deputy Governor, Bangladesh Bank (BB), and Barrister Sameer Sattar, President of Dhaka Chamber of Commerce, and Industry (DCCI) co-chaired the meeting.

He further said that the present situation of investment and trade will get momentum after the upcoming election and new administration will boost the confidence of the investors. From Bangladesh Bank, we have adopted a single exchange rate policy despite, it is fixed by the ABB and BAFEDA, we are strictly monitoring the rate. To manage the exchange rate fluctuation, the Bangladesh Bank are in contact with the Reserve Bank of India.

We have already set out directives to the state-owned commercial banks to control non-performing loans and we are planning to form asset management companies from next year, he said.

DCCI President stressed the importance of managing and controlling non-performing loans through the implementation of governance practiced by scheduled banks. He further advocated for the development of a swift recovery plan with the stakeholders recovering default loans to revitalize the financial sector. Additionally, he expressed gratitude to Bangladesh Bank for streamlining the loan sanction process and minimizing approval times, thereby facilitating easier access to financing for businesses.

CCCI President Omar Hazzaz said that we need to promote corporate good governance in the financial sector to gain the trust and confidence while appreciating the research of BUILD.

Having updated the implementation on the last 10th FSDWC Meeting, BUILD CEO Ferdaus Ara Begum delivered a first presentation on Export Facilitation Pre-Financing Facility (EFPF) highlighting a comparative scenario of EDF and EFPF, constraints faced by the exporters in case of enjoying EFPF etc. The policy paper recommended for increasing the celling of EFPF based on the present demand of the sectors up to, Tk 30,000 crore (USD 2.75 billion) with proper monitoring of BB from which loans will be given to pay back-to-back LC payments. EFPF loan ceiling for RMG can be increased to at least BDT 300 crore from BDT 200 crore and EFPF for leather sector is seven (BDT 7) crores which could be equal to RMG. It also recommended for online-based application services for the EFPF for proper disbursement, availability of this fund for partial exporters, a safeguard measures for exchange rate fluctuation, alignment for using bonded facilities.

BUILD CEO made another keynote on MPS HI24 Targets and Achievements focusing on Improving Investment Scenarios by filtering development projects during this critical time for soaking external pressures while controlling the exchange rate and broad money. The policy paper highlighted the need for alignment of fiscal policy and monetary policy, redesigning auction process for TB fixation process, non-cash incentives for NRBs etc.

#### Prof Dr Mahmood Osman Imam, Department of Finance, Dhaka University mentioned that it is high time for government to filter some development projects for some times and restrict the luxurious items of import for at least two years to contain inflationary pressure. For Export Facilitation Pre-Financing Facility, we advised the government to depend on reserve when it was 48 Bn USD and now we advise the government to arrange funds from other sources for such funds as other countries are already doing it successfully.

#### ICAB Vice President Md. Yasin Miah FCA said that we need to make sure good governance and accountability in all means in the sector to attract deposits and investments and conduct business globally.

The working committee meeting was participated by the members of the committee, representatives of the central bank, ABB, BKMEA, LFMEAB a number of scheduled banks, academicians, business chambers and associations, entrepreneurs from the private sector etc.

Sincerely yours,

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