

Services Trade in Nepal, Bangladesh and Malaysia: A Comparative Case Study of Banking and Insurance Sectors

THE BANGLADESH STUDY

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- **BACKGROUND
INFORMATION TO
THE STUDY**

- **Since mid 1980s at the behest of World Bank and IMF exhaustive economic reforms have been undertaken under the caption of Structural Adjustment Programme.**
- **This includes programmes such as trade liberalization, privatization, sectoral reform, export oriented by Specialized Banks such as Bangladesh Shilpa Bank, Bangladesh Shilpa Rin Shangstha, Nationalized Commercial Bank. However loans were over extended, Management was weak. This led to large scale default**

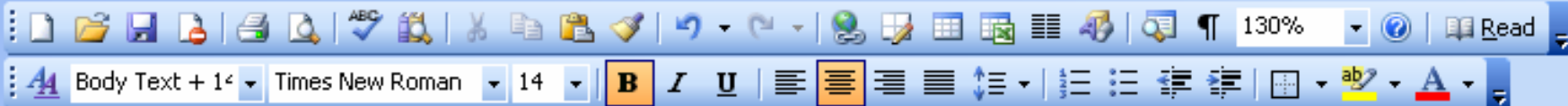
- **In order to uphold the role of banking sector in financial market development the Government has taken a range of measures which include further deployment of bank branches and evaluation of their performance, classification of loans following the international standards assessment of capital adequacy, determination of quality of assets and earning of impressive profit.**

- **STRUCTURE OF BANKING SECTOR IN BANGLADESH**

- Table 1:

- Structure of the Banking System in Bangladesh

- (up to March 2005)



(up to March 2005)

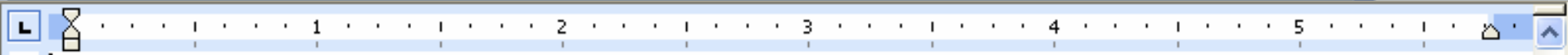
Type of Banks	No.	No. of Branches	% of total asset	% of total deposit
NCBs	4	3388	40.14	39.78
SBs	5	1334	7.73	7.22
PCBs	30	1557	42.67	47.18
FCBs	10	39	9.46	5.82
Total	49	6318	100	100

Source: Bangladesh Bank.

- **Deployment of Bank Branches**
- **Table 2:**
- **Distribution of Bank Branches in Different Region in Bangladesh**

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Type of Banks	No. of banks of its kind	No. of branches			As % of the total branches		
		Urban	Rural	Total	Urban	Rural	Total
NCBs	4	1241	2147	3388	36.69	63.37	100
SBs	5	151	1183	134	11.32	88.68	100
PCBs	30	1155	402	1557	74.18	25.82	100
FCBs	10	39	0	39	100.00	0.00	100

Source: Bangladesh Bank.

- **Non-Bank Financial Institutions**

- **Financing Agriculture, Industry and Commerce by Banks and other Financial institutions.**

BANKING, MONETARY AND CREDIT POLICY REFORMS.

- **Legal Reforms**
- **Reforms in Banking Sector**
- **Reforms in the Bangladesh Bank**

- **Reforms in NCBs**

- **Money and Financial Market Reforms**

- **Recent Reform Measures**

METHODS OF THE BANGLADESH STUDY

SCOPE OF THE STUDY

- The scope of the study will be as follows:
- Critical assessment of the liberalization policies pursued in the banking and insurance sector by Bangladesh
- Examination of the strengths and weaknesses of the banking and insurance sector liberalization in the light of their contribution in raising efficiency and competitiveness.

- Making of comparative assessment of the role of joint venture, private and government owned banks and insurance companies in Bangladesh with special focus on gender dimension
- Assessment of the role of banks and insurance companies in promoting the business and enhancement of international trade of both goods and services, and

- Exploring of the possibility of enhancement of internal as well as external trade in banking and insurance services and development of the strategies to be appropriate in the preferential trade agreements in Bangladesh taking regional experience into account.

STUDY METHODOLOGY

A three pronged approach will be followed in undertaking this study in Bangladesh

- an analytical approach
- a case study of banking and insurance sectors in Bangladesh.
- a comparative assessment of three countries

- Both secondary and primary data sources will be utilized for the study. Earlier studies and their findings including their data sources will also be utilized for the comparative study purposes.

EXPECTED RESEARCH OUTCOME AND POLICY RELEVANCE

The study will provide insights on the

- problems faced by Bangladesh in enhancing competition and efficiency,
- pattern and sequencing to be followed in pursuing liberalization for avoiding potential crisis or reaping benefits.

- probable impact of foreign equity participation on employment and access to credit among the small businesses and industries with focus on gender dimension,
- a strategy in international preferential services trade agreements.