BANK COMPANY AMENDMENT BILL 2018 AND ITS IMPACT ON THE BANKING SECTOR IN BANGLADESH

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ABSTRACT

Banking sector in Bangladesh, since port liberation phase, has been a crucial element to develop the financial system of Bangladesh in order to run the economic process smoothly. A number of reforms in the financial sector including regulatory reforms has been undertaken by the government. After the introduction of Bank Company Act 1991, the regulation process of Bangladesh Bank and the performance of banking sector was stabilized for some time. However, the current phase of banking sector is more vulnerable than before. Frequent changes and amendments of banking law, several banking defaults, scams and scandals and weaker regulatory authorities are the primary causes of recent vulnerability in the sector. This study is primarily done to compare the Bank Company Act of 1991 in light of the Bank Company Amendment Bill 2018. Three major changes have taken place in this amendment, which are mainly related to the composition of board of directors and their tenure. Through this study, extensive focus is given on how this amendment would have an impact on the banking sector of Bangladesh in terms of performance of the banks, practice of effective corporate governance and interests of other stakeholders. The factors are analyzed and carefully presented to give an overall idea of the vulnerability that the banking sector could face in the upcoming years.

Key Words:
Bank Amendment Bill, Board Composition, Corporate Governance, Risk.