

A nighttime cityscape featuring a prominent yellow diagonal banner in the upper left. The background shows a dense urban environment with tall buildings, some with lit windows, and a street with long-exposure light trails from cars and streetlights. The overall scene is dark, with the city lights providing the primary illumination.

# Bangladesh's risk landscape: analyzing the undercurrents

Forensic & Integrity Services

The EY logo, consisting of the letters 'EY' in a bold, white, sans-serif font. A yellow diagonal bar is positioned above the 'Y'.

Building a better  
working world



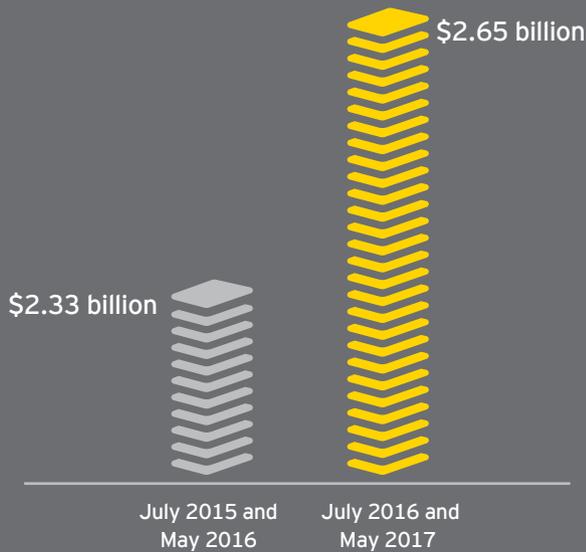
A scenic landscape featuring a road on the left with a white dashed line. A speed limit sign with the number 70 is positioned on the grassy shoulder. The background shows a misty valley with a small building on a hill. A large yellow text box is overlaid on the right side of the image.

The global economic environment presents numerous opportunities for emerging markets. Bangladesh's economic scorecard is closely aligned with this trend, exhibiting significant growth in line with other markets - especially in the Asia-Pacific region.

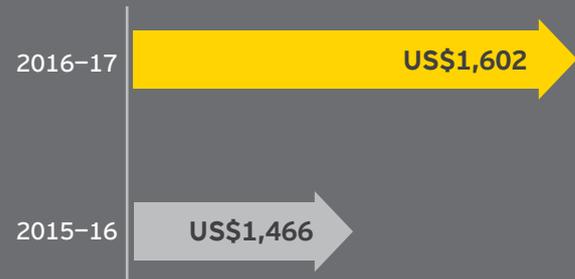
# Opportunities for growth

Bangladesh is one of the 10 emerging markets of the future<sup>1</sup> and the second-fastest growing economy in the world.<sup>2</sup> Its strategic geographic location and natural resources provide the potential to develop strong commercial ties with the rest of Asia. Bangladesh is also one of the world's most densely populated countries, offering ready access to a large consumer base. The country has an active workforce, with 62.7% of the population being above 15 years of age.<sup>3</sup> Eyeing the opportunities that this substantial customer base presents, many multinational companies across sectors such as telecommunications, oil and gas, banking, power generation and ready-made garments have established operations here.

The International Monetary Fund has projected around 7% Gross Domestic Product growth for Bangladesh in the financial year FY18.



Gross FDI flows<sup>4</sup>



Per capita income in the last two fiscal years<sup>5</sup>

<sup>1</sup>"Business Insider," These are the 10 emerging markets of the future, <https://www.businessinsider.in/These-are-the-10-emerging-markets-of-the-future/articleshow/53088029.cms>, 6 July 2016

<sup>2</sup>"Business Economics," Bangladesh, <http://businesseconomics.in/bangladesh>, 16 November 2017

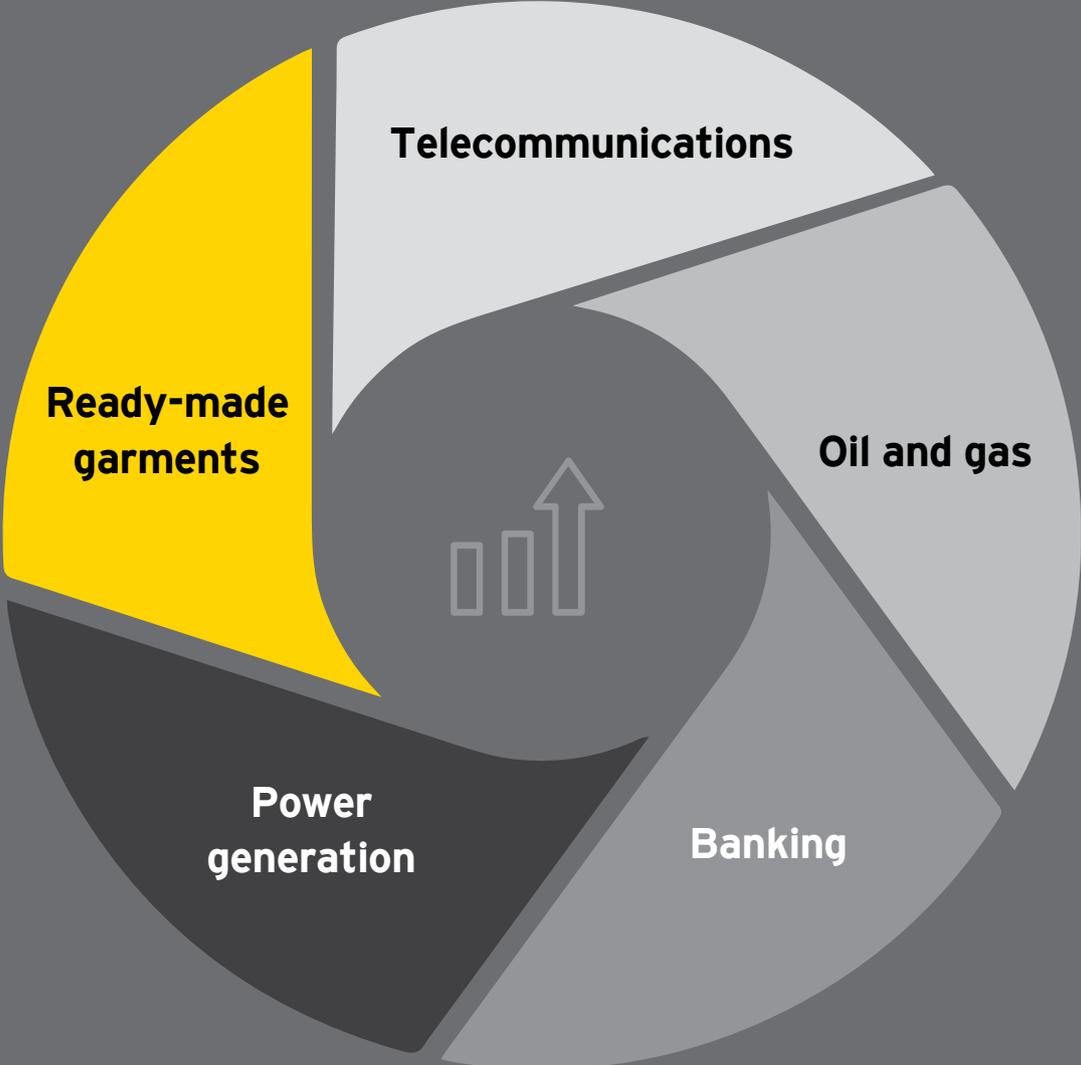
<sup>3</sup>"BIDA," Creating a workforce, <http://bida.gov.bd/creating-a-workforce>, 20 February 2018

<sup>4</sup>"bdnews24.com," Foreign direct investment rises in Bangladesh, <https://bdnews24.com/business/2017/07/11/foreign-direct-investment-rises-in-bangladesh>, 11 July 2017

<sup>5</sup>"The Daily Star," GDP growth record 7.24pc, per capita income \$1,602, <http://www.thedailystar.net/business/bangladesh-gross-domestic-product-gdp-growth-record-724pc-capital-income-usd1602-1405051>, 14 May 2017

# Key growth sectors in Bangladesh

Based on our understanding, knowledge and experience of working in the Bangladesh market, EY's Forensic & Integrity Services has identified key growth sectors in Bangladesh.





# Key fraud risks factors for businesses in Bangladesh

EY's Forensic & Integrity Services practice brings together local knowledge and experience of working in the Bangladesh market.



# Toward leading industry practice

As Bangladesh strives to capitalize on business growth opportunities and cultivate a positive commercial environment, combating fraud risks is a priority for companies operating in the region.

EY's Forensic & Integrity Services practice conducted a survey with more than 100 senior corporate and business professionals in the region to understand their perception of fraud and corporate misconduct in Bangladesh.

## Work ethics rank low for business progression



**89%** of the respondents believe companies should self-report cases of fraud, bribery and corruption to the appropriate authorities.



**58%** consider paying bribes as unethical but necessary to conduct business.



**25%** believe it is not a company's responsibility to monitor activities managed by its vendors or third parties.



**50%** said their company lost business to a competitor that may have acted unethically to win a contract.

Companies need to communicate to their employees the importance of upholding ethical standards - and developing programs that promote ethical behavior. Such actions will be instrumental in driving transparency and sound governance.

## Greater commitment needed to address risks of fraud, bribery and corruption



**98%** say there is a need for greater enforcement of laws around fraud, bribery and corruption.



**48%** say their company has not conducted anti-bribery and corruption training for employees.

To create and sustain an ethically robust corporate culture, companies need to conduct regular training and awareness programs that are both practical and relevant - not simply box-ticking exercises.

## Willingness to “do the right thing”



**83%** state their company's top management is able to clearly communicate its stance on fraud, bribery and corruption.



**70%** say they would be comfortable blowing the whistle if they witnessed some unethical activity in the company.

While employees appear to be willing to do the right thing, companies need to extend their support and lead by example in order to set the right tone at the top.



# Overcoming fraud risks and fostering ethical business

Financial misconduct, insider threats, cybercrime and money laundering are areas of concern for corporates and governments alike - and law enforcement is an obvious deterrent. However, engaging with professionals who have substantial forensic accounting experience and strengthening an individual company's ethical quotient can also help combat fraud - enhancing the appeal of Bangladesh to foreign investors.

**Companies in Bangladesh should follow the example of mature economies by adopting leading global practices, ramping up internal controls and anticipating future risks. EY's Forensic & Integrity Services can help.**

### **Fraud risk assessment**

Conducting diagnostic and comprehensive risk assessment of compliance with anti-fraud frameworks

### **Ethical framework**

Communicating a strong tone at the top and conducting awareness and training programs for employees and other appropriate personnel on the repercussions of corporate misconduct

### **Vendor background checks**

Understanding the company's vendor network with respect to anti-bribery requirements and other potential risks

### **Leveraging technology**

Adopting the latest tools such as forensic data analytics, in compliance programs and using interactive dashboards to identify gaps and spot unusual or suspicious transactions

### **Code of conduct**

Demonstrating zero tolerance toward any form of harassment at the workplace through the timely monitoring of policies to address specific concerns that can help in mitigating harassment cases in the long run



## Conclusion

Global businesses know that robust internal controls and anti-fraud frameworks help mitigate threats at an early stage. With a growing number of multinationals looking to expand their presence in the country, companies operating in Bangladesh need to take a cue from more mature economies and apply leading global practices to help deter fraud. Such a move would also increase investor confidence, strengthen profitability and enhance reputation, which may ultimately help secure new business and sustainable growth.



## Our Forensic & Integrity Services Emerging Markets network:



**2,000**

forensic accountants, technologists, former law enforcement officers and intelligence agency professionals

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**70**

partners

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**74**

locations across 54 countries

Our teams also have experience working across other emerging market countries where our clients need us

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**About EY's Forensic & Integrity Services**

Dealing with complex issues of fraud, regulatory compliance and business disputes can detract from efforts to succeed. Better management of fraud risk and compliance exposure is a critical business priority – no matter the size or industry sector. With approximately 4,500 forensic professionals around the world, we will assemble the right multidisciplinary and culturally aligned team to work with you and your legal advisors. We work to give you the benefit of our broad sector experience, our deep subject-matter knowledge and the latest insights from our work worldwide.

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