

SIX MONTH AUDIT OF THE BANGLADESH BANK HEIST

# Can we have full disclosure, please?

DR. ABDULLAH SHIBLI

BA NGLADESH is well-known around the globe for its many achievements. Rapid economic progress, exceptional exports growth, universal primary education, elimination of poverty and bold strides in addressing income inequality. Unfortunately, some recent damaging incidents have also sullied our reputation. The Bangladesh Bank heist, which came to light on March 3, 2016, came at a time when things were really looking good for us, and exploded in our face—unannounced, unexpected, and completely shrouded in mystery. The government acted swiftly and promised to find the miscreants, recoup the money stolen, and prevent such mishaps from happening in future. Six months have passed since then, and it is time for a review of the actions and remediation efforts undertaken by the parties charged with guarding our foreign exchange and ensuring cyber-security. After considering all the information available to the public, various reports and pronouncements of the government and its surrogates, and some informed guesswork, it is my conclusion that the powers that be receive a grade of C+. A barely passing grade!

Since last May, we had been anxiously waiting for the government to release the report of the investigating committee chaired by Dr. Farashuddin. However, last week the Finance Minister voiced the opinion that release of the report would jeopardise our efforts to recover the money from Philippines. It would have been helpful if the Finance Minister had also indicated why the report, which apparently should have helped the various agencies responsible for identifying the flaws in the Bangladesh Bank's operations, will remain a secret in the interest of "recovering the money". It is hard to imagine that the Government of Philippines would have been offended by anything that another sovereign country is doing to protect its vital interests. It is an open secret that Bangladesh Bank is still struggling with the many challenges it faces in the wake of the February 2016 heist. In this context, the reluctance of the government to release the report is also a surprise to many, given that the new Bangladesh Bank Governor Fazle Kabir is a veteran in the administration



ILLUSTRATION: AMITYA HALDER

and is aware of the risks posed by gaps or vulnerabilities in a major financial system. Many of the recommendations made by the various experts and investigators, including the CID and Dr. Farashuddin, are not too expensive or complicated to implement. For example, following the February heist, Society for Worldwide Interbank Financial Telecommunication (SWIFT) has advised its members to update its software for sending and receiving messages to transfer money, and stronger systems for authenticating users. Others include stronger rules for password management and better tools for identifying attempts to hack the system or its components. As we all know, these may be common sense procedures but they need the support of the Governor and his top management team. Cyber thieves are always ahead of the watchdog! There is an old saying in Bangla: "Tumi thako daley daley, ami thaki patay patay." The cyber crooks

around the globe might well be saying now, "While you are on the branches, we operate on the leaves." However, the BB security team needs to turn this game upside down and stay ahead of the tricks used by the criminals. The team responsible for plugging the holes found in BB's Forex Reserve and Treasury Department, and the Budget and Account Department, must adopt this practice as their goal, while they develop and configure the systems to prevent future attempts to exploit vulnerabilities and foil any attempted intrusions. "It's a cat-and-mouse game," says Dan Schiappa, a senior IT analyst at Sophos, a British company that offers security products to small and midsize companies. "If you are not a rapid innovator in this business, and if you don't prepare for the next big threat, you're going to die on the shelf." Last week, I was at a seminar organised by the Massachusetts eHealth Institute at the Massachusetts Technology Collaborative

(MeHI). The takeaways from this gathering are: All agencies must make security and data protection their highest priority. Protocols must be crafted to ensure that data is safe on site and during transmission. All staff members who have access to protected data (ID, account information, protected information) must follow best practices and be held accountable for any violations. Any breach must be immediately reported to the controlling officer/authority. Bangladeshi citizens have a right to know if our central bank and other financial institutions are following these basic guidelines. In the case of the February heist, we know that BB knew of the breach, and kept it under wraps for a month, only to report it to the Finance Ministry after Philippine Daily Inquirer broke the news at the end of February.

BB must now reassure the general public that this breach of trust is a matter of history. SWIFT had earlier reported that "the attackers clearly exhibit a deep and sophisticated knowledge of specific operation controls within the targeted banks - knowledge that may have been gained from malicious insiders or cyber attacks, or a combination of both." Ironically, CID recently has washed its hands off any understanding of the basic goals of criminal investigation: how and who; even worse, CID may be at a loss in identifying the criminals, and the odds are gradually turning against us. They now believe that if they can trace the money, the criminals would be identified. Interestingly enough, after handing his final report to the finance minister in May, Dr. Farashuddin had said, "Earlier we thought no one from Bangladesh Bank was involved, but now there is a small change." The country is eagerly waiting to know what this "small change" might be. Fortunately, one silver lining in the cloud is that 40 percent of the stolen money was recovered. That means we got 40 cents on the dollar back, and that is not bad at all. In the gazette announcement on the probe team, it was reported that the committee would check how the payment instructions were sent and to whom, what measures the central bank took to stop the theft, the logic behind concealing the theft and whether central bank officials related to the matter were negligent in their duties. The committee was also asked to assess the possibility of recovering the stolen funds and check measures to stop a recurrence of such incidents. Since the terms of reference were publicly announced, the findings of the committee must be done and soon. The bottom line is, the government has to give us assurances that it has identified the vulnerabilities and systemic failures that invited the crooks. We need to know how the vulnerabilities were exploited and whether these loopholes were closed. And most importantly, Bangladesh Bank must provide an update of its recent risk assessment and assure the public that it will be able to detect any unauthorised access, or such attempts, in real time and there is a system in place to audit our security performance periodically. The writer is an economist and has been working in the ICT sector for over three decades.

## SELECTION OF THE NEW UN SECRETARY-GENERAL RACE FOR THE TOP UN JOB

MALIHA KHAN

IN the chaos that is the running theme of the US elections, another election of a world leader is underway, albeit largely unnoticed, on US soil. The process of replacing Ban Ki-moon as the next United Nations Secretary-General is set to be completed this year when he ends his term in office on December 31. He or she will follow an illustrious set of individuals (all men so far), who have undertaken "the famously thankless task" of leading the UN in its 70 years of existence. These include Swedish Dag Hammarskjöld who died mysteriously in a plane crash in Africa in 1961, the famously temperamental Egyptian Boutros Boutros-Ghali who only served one term (1992-1996), and Ghanian Kofi Annan who bluntly denounced the Iraqi war as illegal in 2004 while still serving his term (1997-2006).

Traditionally, the Secretary-General has been "appointed by the General Assembly upon the recommendation of the Security Council", as provided for in Article 97 of the UN Charter. Barring this declaration, the founding document of the organisation does not provide any further guidelines for the selection process of the UN Secretary-General. Over the years, this has provided leeway for the permanent members of the Security Council known as the P5 (China, France, Russia, the UK and the US) to almost exclusively control the selection process. In theory, member states can present worthy candidates to the presidents of the General Assembly and Security Council respectively for

consideration by all member states. These individuals should have "proven leadership and managerial abilities, extensive experience in international relations, and strong diplomatic, communication and multilingual skills". The secretive recruitment process for this influential post has been compared to the way papal conclaves are held at the Vatican. This time around, the selection and appointment of the next UN Secretary-General is touted to be conducted in the "the most open and transparent manner possible". Candidate profiles are available on the UN webpage including a vision statement outlining their plans for the organisation consisting of 193 member states and two observers, which encompasses 30 agencies, funds and programmes, and 40,000 staff worldwide. They will also participate in public hustings as well as from within the organisation itself.

However, this does little to change the essentially undemocratic nature of the selection procedure which contradicts greatly the role of the UN as a democracy observer worldwide. The P5 reign supreme over this process as they can veto candidates for the post. Former UN Secretary-General Boutros Boutros-Ghali's run for a second five-year term was famously vetoed by the US in 1996. The candidate recommended by the Security Council is often the product of secret campaigns and backroom dealings and more often than not, is a candidate who has not

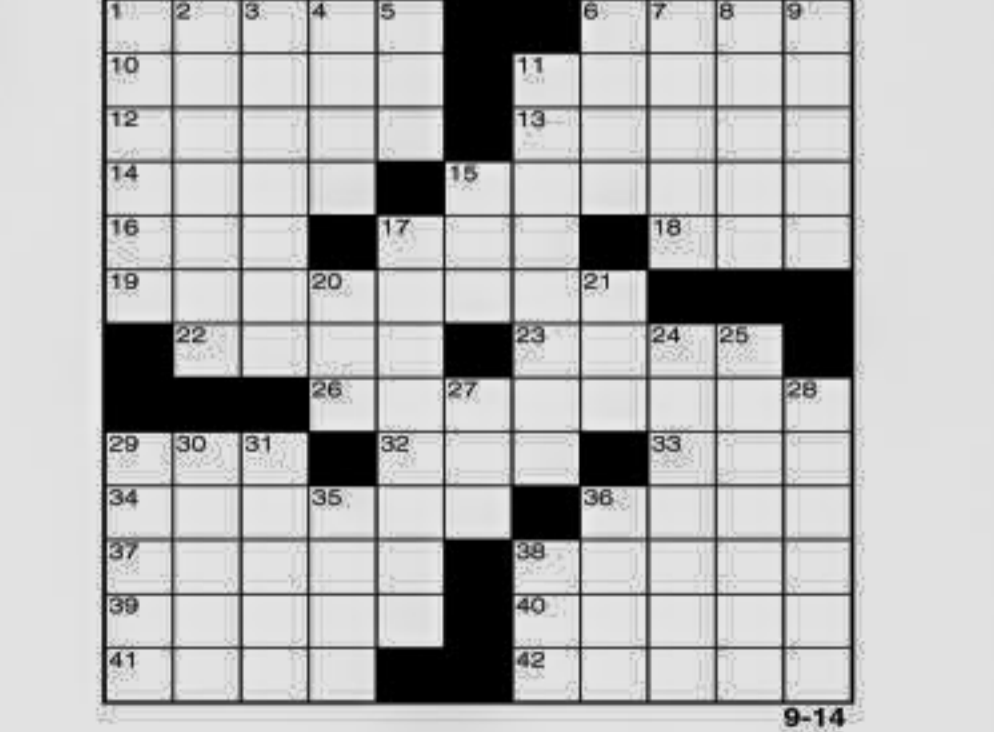
provoked any of the P5 members, particularly the polarised US and Russia camps, and would not challenge their authority hereafter. This was true of Ban Ki-moon, whose understated leadership style was not effective in the troubled international scene of the past decade, which has experienced the Syrian conflict and Ebola outbreak among other crises. Now more than ever, there is a need for a strong secretary-general who would serve more than the purpose of a symbolic global figurehead and who would lead the organisation in particularly promoting human rights and gender equality worldwide. One of the more interesting aspects of the race to be the next UN Secretary-General is that there was a very strong possibility that it would be a historic opportunity for a woman to finally head the influential international organisation. Half of the candidates to put themselves forward were women – amongst them well-known are Irina Bokova, the Bulgarian director general of UNESCO since 2009; Helen Clark, former prime minister of New Zealand and head of UNDP for the past seven years; and Susana Malcorra, current foreign minister of Argentina and former chief of staff to present Secretary-General Ban Ki-moon. On July 21, the first round of straw polls was held in which the 15 members of the Security Council voted to "encourage", "discourage", or express "no opinion" of the 12 candidates. António Guterres, former Portuguese prime minister and the

UN High Commissioner for Refugees until 2015, emerged ahead in the race. Bokova and Clark finished in third and sixth positions respectively. Guterres maintained his lead in the second and third straw polls on August 5 and 29, respectively. The fourth and most recent straw poll, on September 9, further solidified Guterres' lead in the campaign. This stage was the first at which the P5 could exercise their veto power. Guterres could however be subject to a veto by Russia which wishes to see an Eastern European candidate, who could very well be Miroslav Lajcak, the foreign minister of Slovakia, who emerged in second position in the third and fourth straw polls. After the latest poll, Irina Bokova remains the only

credible woman candidate with the possibility of becoming the first female UN Secretary-General. The final outcome of the process may very well be a deal struck behind the closed doors of the Security Council and depend also on the current composition of the rotating non-permanent members (Angola, Egypt, Japan, Malaysia, New Zealand, Senegal, Spain, Ukraine, Uruguay and Venezuela). Nine affirmative votes out of 15 are needed in the Security Council, including all five of the P5, for a candidate to succeed to the post. What could tip the balance is a number of factors, including the readiness of the international community for a female Secretary-General and preference for a candidate from Eastern Europe, the only region which has thus far not produced a Secretary-General (in seeming with the informal rotational system practiced by the UN). Another unusual aspect of the race for UN Secretary-General is that candidates can still put themselves forward for the post and there are significant hopes of German Chancellor Angela Merkel entering the race as a late but strong contender. As the end of this tumultuous year beckons, the world awaits a break in the glass ceiling – both in the US elections and for the top UN job. The female candidates for both jobs are highly qualified, if not more than their male counterparts, and deserve to win. The world needs equality and strong leadership now. The writer is a graduate of the Asian University for Women with a major in Politics, Philosophy and Economics.

### CROSSWORD BY THOMAS JOSEPH

- ACROSS**
- 1 Bissett of "Melrose Place"
  - 6 Bloke
  - 10 Battery part
  - 11 Make fun of
  - 12 Caravan creature
  - 13 Select group
  - 14 Lyric poems
  - 15 Horse-leading need
  - 16 Auction action
  - 17 Deli order
  - 18 Tax org.
  - 19 Looked high and low
  - 22 Model Banks
  - 23 Optimistic
  - 26 Like some shirt collars
  - 29 Kit's parent
  - 32 Take a stab at
  - 33 Cochlea setting
  - 34 Brunch dish
  - 36 Taxi cost
  - 37 Speed trap device
  - 38 Marionette movers
  - 39 Dilutes
  - 40 Kitchen fixtures
  - 41 Poker round
- DOWN**
- 1 Designer Marc
  - 2 Trying to lose
  - 3 Eventually
  - 4 Mid-month time
  - 5 Twisty fish
  - 6 Jail division
  - 7 Port-au-Prince's nation
  - 8 Fall flower
  - 9 Jury members
  - 11 Wintergreen
  - 15 "What'd you say?"
  - 17 Strews
  - 20 Reading and others: Abbr.
  - 21 Friend of Dopey
  - 24 Oscar winner Norma
  - 25 Like some bonuses
  - 27 Museum focus
  - 28 Formal
  - 29 Back's opposite
  - 30 Comhusker city
  - 31 Marked, as a survey box
  - 35 Touch down
  - 36 Lincoln's bill
  - 38 Took the title



**YESTERDAY'S ANSWER**

T	O	R	T	E	M	A	M	M	A
I	R	O	N	Y	A	L	I	A	S
M	A	S	T	E	R	C	L	A	S
E	T	E	F	E	E	M	O	E	
R	E	S	C	U	E	S	I	N	N
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R	E	N	T	S	S	Y	N	C	S
G	A	T	S	O	R	E			
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R	U	L	I	N	G	C	L	A	S
D	R	I	N	K	C	L	O	V	E
S	E	E	K	S	O	B	E	S	E

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