Foreign Exchange activities of selected Banks in Bangladesh

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 **Project Report**

 **On**

 **Foreign Exchange activities of selected Banks in Bangladesh**

 **Supervised By**

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 **LETTER OF TRANAMITTAL**

10 December, 2019

Ms. Shakila Aziz

Assistant professor

School of Business and Economics

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Subject: Submission of the project.

Dear Sir,

I would like to thanks mu honorable teacher to help me to prepare the project report on “Foreign Exchange activities of selected banks in Bangladesh”. While preparing this report I learn many things by following your guideline and highlight the Foreign Exchange activities of selected banks in Bangladesh.

Without your proper guideline it is impossible for me to prepare this report and now it is fully completed. So I request you to accept my report and pardon me if there is any mistake.

I would like to thanks for your help and co-operation.

Yours sincerely

……………..

Mira Chakrabortty

ID: 111151485

School of Business and Economics

United International University

 **Acknowledgement**

Firstly I would like to express my gratitude to almighty who give me the ability and power to prepare the task of the project report properly.

Secondly I am very much grateful to my supervisor, Ms. Shakila Aziz Assistant professor School of Business and Economics, of United International University (UIU) for his advice, Guideline, suggestion of prepare the report. She also help me to find out the topics of the project. By following her guideline I completed my report.

Finally I thanks my parents and friends who help me and mentally support me to prepare the report of the project.

 **Declaration**

The project report little **“Foreign Exchange activities of selected banks in Bangladesh”.** Submitted by Mira Chakrabortty, ID: 111 151 485, a student of school of business and Economics of United International University whose major is finance has prepare the report. I ensure that this report is done by me and only for the BBA program. Also it is not submitted for any degree for any other purposes.

……………..

Mira Chakrabortty

ID: 111 151 485

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 **Executive Summary**

The forex market is the backbone of international trade and investing.it is critical to support import and export, which are necessary to gain access to resources and to create additional demand for goods and services. Without the ability to trade in different currencies, companies’ prospects would be limited and global economic growth would suffer. Banks are one of the main element of the financial system of Bangladesh and have a huge impact on the overall economic condition of the country. A banking organization has different department and functional areas, all of which must operate holistically if the firm is to be successful and one of this Foreign Exchange Department.

This project report is aim at providing a full picture to the areas of “Foreign exchange activities” of eight selected banks for the time period 2009 to 2018. Foreign trade operation is one of the important function of the bank. It plays a vital role in on the whole economy of the country. In foreign trades it has import and foreign remittance department. All the clauses and step are undoubtedly mentioned.

I am dividing my report into 12 chapters. First chapter is for introduction, second is for EXIM Bank, there is for Islami Bank, and fourth is for Janata Bank, fifth is for BASIC Bank, sixth is for Bangladesh commercial Bank, seventh is for pubali Banks, eighth is for AB Bank, ninth is for City banks, tenth is for comparison for this eight banks, eleventh is for recommendation and conclusion, and twelfth is for recommendation.

From this report we see that the selected banks are increase their foreign exchange business in year to year. The growth rate of the banks are fluctuating in every year. When our countries politic condition is unstable then foreign exchange business is fall. And when our countries economic condition is decline then foreign exchange business is also fall. Mainly for these two reasons foreign exchange business is fluctuating of the selected Banks.

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**Chapter: 1**

# Introduction

**Introduction:**

The economic development of a country depends mainly on the activities of the commercial Banks. Especially a country like Bangladesh, our agricultural, industrial and economic developments are very much depending on horizontal operation of Banks.

Bank is a financial institution. It is the backbone of our economy. If deals with money and it is their main product. In our economy, Banks plays a major role in the financial sector. The banking sector of Bangladesh starts after the independence period in 1971. So our banking sector has several types. The Bangladesh banking sector starts with six types of commercial bank, two national bank and three foreign banks. But now we have five categories of banking sector. They are: state owned bank, development bank. Privet bank, foreign bank and Islamic bank. In this report I am analyzing the foreign exchange activities of the eight banks which are two state banks, two Islamic banks and four privet banks.

Generally a bank is made by three departments first one is General banking, second one is Credit department, and third one is foreign exchange department. Foreign exchange department is must important for a bank and for the interest of a country.

The main purpose of my report is, to focus on the operations of foreign exchange of the eight selected banks. There is no doubt that foreign exchange business of banks has great importance in the balance of trade in economy. Banks plays a vital role in his discipline. This report is prepared on the purpose to better understand about foreign exchange operation in perspective of the selected banks. Now a day’s international business has become very common activities in business organization faces worldwide competition so they have to compete for their existence and profitability that require them to engage in export and import activities and remittance for their financial transection worldwide. Banks are the better financial intermediaries to complete those activities.

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## Origin of the Report:

The B.B.A. project is a mandatory requirement for the students who are graduating from the B.B.A. programmed of “United International University” department of Business Administration.

In the project program; the studied about some privet commercial Banks in Bangladesh. I started my project program from June. Throughout my project period Ms. Shakila Aziz, Assistant professor of School of Business and Economics at United International University was my supervisor. I have taken two national Banks, two Islamic Banks, four Privet Banks and collect the information from their Website. On the other hand some of my relative they assured to help me to collect the information. As a result I have decided to make a report on “Foreign Exchange activities of selected banks in Bangladesh” and I tried my best to produce a quality report.

## Objective of the Report:

Project report is prepared as a requirement for the complementation of the B.B.A. program of the School of Business and Economics, United International University

**General objective:**

The board objective of the study is to prepare report on- Foreign Exchange activities of selected banks in Bangladesh.

**Specific Objective:**

1. To evaluate the foreign exchange Activities of the selected Banks.
2. To study the import policy, export policy of the selected Banks.
3. To study haw to receive foreign remittance of the selected Banks.
4. To analyze the foreign exchange Performance of the selected Banks.

## Scope of the study:

In this project report I have tried my best to focus the function and performance Foreign exchange department of the eight selected banks and analyze that.

1. **Number of the banks:** I am making this report by eight banks foreign exchange activities. Collect the selected eight banks foreign exchange related data and analyze those.
2. **Categories and names:** The Bangladesh banking sector starts with six types of commercial bank, two national bank and three foreign banks. But now we have five categories of banking sector. They are: state owned bank, development bank. Privet bank, foreign bank and Islamic bank. In this report I am analyzing the foreign exchange activities of the eight banks which are two state banks, two Islamic banks and four privet banks.
3. **Case study approach:** I make this report by analyzing the foreign exchange activities of the eight banks. I collect the selected Banks foreign exchange related data and analyze them.
4. **Import Business:** An import is a good brought into s jurisdiction, especially across a national border, from an external source. The party bringing in the good is called and importer. An Import in the receiving country is an export from the sending country. Importation and exportation are the defining financial transaction of international trade.

**“Imports”** consist of transaction in good and Consist of transactions in the goods and service to a resident of jurisdiction (such as a nation) from non-residents. The exact definition of imports in National accounts includes and excludes specific “borderline” cases. Importation is the action of buying or acquiring products or services from another country or another market other than own import are important for the economy because they allow a country to supply nonexistent, scarce, high cost or low quality of certain products or service to its market with product from countries.

1. **Export:** By definition, exports is an international trade where goods are produced in one country and shipped it in another country for future trade or sales. Exports are a crucial component of a country’s economy, as the sale of such goods adds to the producing nation’s gross output. One of the oldest forms of economic transfer exports occur on a large scale between national that have fewer restrictions on trade, such as tariffs or subsidies.
2. **Export Import business:** An import export business is a company that facilities of goods and commodities between domestic and foreign companies. In other words, it’s a company that buy goods internationally and ships them in for domestic purchases and vice versa.

The export import business is primarily an expensing of trade boundaries wherein several business models exist. Just like the conventional business a person with the requisite export import license can sell his manufacturing goods to clients or vice versa; and can be directly purchasing good produced abroad and selling them in the native market. The export import business become unique with the involvement of various stakeholders and risks, which do not come into picture with domestic trade.

1. **Remittance:** a remittance refers to money that id sent or transferred to another party. The term is deriving from the world remit, which means to send bank. Remittance can be sent via a wire transfer, electronic payment system, mail, draft, or check.

Remittance can be used for any type of payment including invoices or other obligations. But the terms is typically used to refer to money sent to family members back in a person’s home country.

1. **Foreign exchange risk:** Foreign exchange risk arises when a country engages in financial transactions denominated in a currency other than the currency where that company is based. Any appreciation/depreciation of the base currency will affect the case laws emanating from that transaction. Foreign exchange risk can also affect investors, who trade in international market, and business engaged in the import/ export of products or services to multiple countries.

The proceeds of a closed trade whether it’s a profit or less, will be denominated in the foreign currency. Functions in the exchange rate could adversely affect this conversion resulting in a lower than expected amount.

An import/ export business exposes itself to foreign exchange risk by having account payable and receivable affected by currency exchange rates. This risk originates when a contract between two parts specifies exact prices for goods or services as well as delivery dates. If a currency’s value fluctuated between when the contract is signed and the delivery date, it could cause a loss for one of the parties.

1. **Government’s rules and regulations about Foreign exchange:**
* Foreign exchange management(current Account Transactions) Rule, 2000
* Foreign exchange management(permissible capital account transactions) regulations, 2000
* Foreign exchange management( transfer or Issue of any foreign security) regulations, 2004
* Foreign exchange management( Foreign currency accounts by a person resident in India) Regulations, 2000
* Foreign exchange management( Acquisition and transfer of immovable property in India) Regulations, 2018
* Foreign exchange management(Establishment in India of branch or office or other place of business) regulations, 2000
* Foreign exchange management(manner of receipt and payment) Regulations, 2016
* Foreign exchange management( export of goods and services) regulations,2000
* Foreign exchange management( possession and retention of foreign currency) Regulations, 2000
* Foreign exchange management (Adjudication procedure and appeals) rules.
* Foreign exchange management( Borrowing and lending) regulations, 2018
* Foreign exchange management( cross border merger) regulations, 2018
* Foreign exchange management( transfer or issue of security by a person resident outside India) Regulations 2017
* Foreign exchange management( Remittance of Assets) Regulations 2016
* Foreign exchange management( Deposit) Regulations, 2016
* Foreign exchange management( Establishment in India of a Branch office or a license office or a project office or any other place of business) Regulations 2016

##

## Methodology:

**Data collection:**

There are two types of data sources. They are:

1. Primary data sources
2. Secondary data sources

To prepare this report I basically use secondary data which have been collected from the selected eight banks ten years annual report, books, brochures, files, published reports, and official website of those banks. I collect data from Bangladesh bank such as the banking statics. Otherwise several journals and articles are also analyzed.

##

## Limitations of the report:

Every study has some limitation. The research is about Foreign Exchange activities of selected banks in Bangladesh. So there is some problem the problems are:

1. Obtaining info and interpreting according to my understand
2. Lack of knowledge
3. The major problem is when doing the research was unavailability of appropriate data.
4. Time limitation

## Literature review:

Evaluation of the market in Bangladesh is closely linked with the exchange rate regime of the country. It had virtually no foreign exchange market up to 1993. Bangladesh bank, as agent of the government, was the sole purveyor of foreign currency among users. Up to 1990,multiple exchange rate were allowed under different names of export benefit schemes such as export bonus scheme XPL, XPB, EFAS, IECS, and home remittances scheme. As a result, number of macro-economic imbalance prompted the government rate periodically and reduce the variance with rate in the second exchange market and to consolidate the two rate by at the end of January 1992. The fast step towards currency conversion was adopted on July 17, 1993 and the market opened foreign exchange market in Bangladesh. The players in Bangladesh’s foreign exchange market are Bangladesh bank and organized dealers and customers. To control the foreign exchange system Bangladesh bank approved by the foreign exchange Rule act to 1947. Since May, 2003 with the floating of BDT foreign exchange market of Bangladesh entered into a new place with deregulated characteristic. In their dealing for the first time, market players were free from government or Bangladesh bank intervention. MBL has around history in considering forex business. The bank’s foreign exchange business had a record high volume of all banks in Bangladesh over the years. In order to satisfy the Bangladeshi expatriates working with import, exporters and overseas, the bank is limited to conducting forex trading efficiently. The import amount of MBL for the year 2011-2015, here average of import in million 107360.10. The import business witnessed much improved performance in the year 2015, amounting to TK 12.5 million, up from 12892.79 million and 12.4% in the previous year. Annual export terms of MBL by Bangladesh export for 20-25 years. The exports amounted to 81311.80 million in 20 years. But in the year 2013 and 2014 export amount was low than previous year. In 2015 it also increased by 20.0% (Bowmik, 10 May,2016)

Foreign exchange activities of uttara bank limited: Foreign exchange is a rate of exchange in the both country’s currency. Forex risk is that changes in exchange rates can affect the assets and liabilities of financial institutions abroad. This section requires a strong management system control to reduce the risk. The foreign exchange department of uttara bank limited is divided into two sections, those are L/C operations and foreign remittance. Import money is the purchase of goods and services from foreign countries to Bangladesh. An export is a function of international trade where by goods produced in one country are shipped to another counters for future sales. The limited export business of uttara bank is slowly declining from 2011 to 2015.In 2011 the export is higher than other bank. The import business of uttara bank limited is gradually increasing in 2011 to 2014 but in 2015 the import business is suddenly fall dawn. Foreign remittance of the uttara bank is gradually increasing 2011 to 2015. (zafrin, 20 april,2017)

A study on foreign exchange operations of janata bank limited: The foreign exchange activities of janata bank have two aspects: 1) Trading of foreign currencies. 2) Helping the foreign trade operations that means import and export using foreign currencies as a media of exchange. The regulations of foreign exchange division for janata bank limited: Foreign exchange transactions are being controlled by following rules and regulations: foreign exchange act-1947. 1) Bangladesh bank issues foreign exchange circular from time to time to control the export import and remittance operations. 2) Ministry of commerce issues export and import policies giving basic formalities for export and import. 3) Sometimes CCI issues public notice for any kind of change in foreign exchange transaction. 3) Bangladesh bank published two volumes of foreign exchange regulation in 1996.Foreign exchange rate regime in application in Bangladesh is the “Dirty Float regime’’ Where ever the exchange rate are determined according to the market Forces of demand and supply with intermittent intervention of Bangladesh bank. Foreign exchange product and service by JBL: 1) import financing service. 2) Export financing service. 3) Remittance service. The import condition of JBL is dawn warded. In 2013 to 2017 the import condition is higher in 2013. The export condition is in ups and dawn because JBL is failed to perform with market competitors. In 2013 to 2017 the foreign remittance of JBL is in shortfall because of oil revenues and fiscal tightening in the GCC countries. (Islam H. , 19 july,2018)

Foreign exchange analyses of Asian Bank limited: Forex risk is that changes in exchange rates can affect the assets and liabilities of a financial institution located abroad. To reduce the risk of this category, a strong management system control is needed. Bank Asia has so many reasons behind their Import. The first reasons is income has the normal tendency to exert excessive pressure on demand in the economy. However, such executive pressure on demand may be met by increased import, if not by local publication. Another reasons for import is inflation. When inflation is increase the product price is also increase. To save excessive amount of money people always look for alternative. Bank Asia is expecting high growth rate, because high growth rate will increase the opportunities of huge employment, can be made strong local currency against foreign currency, build up strong capital market, reduce the poverty, and so on. (Tahsin, 7/9/2015)

Foreign exchange operations of national bank limited: The bank has to follow several rules or guidelines in conducting foreign trade operations. Among those laws for foreign exchange the foreign exchange regulations act-1947 is one of the most important local and internal law. On the other hand UCPDC is the most important rule among the international rules. The required laws and guidelines for banks to conduct foreign trade are named below: 1) foreign exchange regulations act-1047. 2) Guidelines for foreign exchange transactions act-2009. 3) Import policy order (currently imposed). 4) Export policy (currently imposed). 5) Customs Act-1969 and pre shipment Inspections rules -2009. 6) Imports export indenter (Registration) order 1981. 7) Uniform customs and practice for documentary credit (UCPDC -600). 8) International standard banking practice (ISBP -681). 9) Uniform Rules for collections (URC-522). 10) Uniform Rules for bank to bank reimbursement under DC (URR-725).The national bank limited have three functions of foreign exchange department Import export and foreign remittance. Year by year export and import business of National bank limited has decreasing. In 2011 to 2015 import is more than export. In 2011 to 2015 the remittance of national bank is also recreating, but in 2012 the remittance is higher than other years. (Rahman, May 30, 2017)

Foreign exchange performance and banks portfolio: The export trade of a country is regulated by the import and export act-1950.there is number of formalities which an exporters has to fulfill before and after shipment of goods. These forma and procedures enumerated as follows: 1) Registration of the exports. 2) Exchange regulation certificates, 3) Export permit form. Financial e very important exchange earnings are very important for countries because valuable financing is involved in the exchange transfer system. Financial liberalization has begun since 1990 years which is still going on. Due to liberation, sanctions on foreign remittance are easily converted to the current amount of transactions in view of achieving the battery exchange rate management system on March 24, 1994 and the Government of Bangladesh has adopted the status of article 9 of the international monitoring fund since 9 March. (chowdhury, 25 may,2014)

Foreign exchange performance of national bank limited: foreign exchange market currencies to be exchanged to fluctuate international trade and financial transaction, Evaluation of market in Bangladesh is closely linked with the exchange rate regain of the country. It had virtually no foreign exchange market up to 1993. Bangladesh bank as agent of the government, was the sole purveyor of foreign currency among users. It tried to equilibrate the demand for and supply of foreign exchange at an officially determined exchange rate. Which however created to exit with introduction of current account convertibility. The foreign currency reserve, known as the official reserve or international reserve, is a foreign property or controlled by a central bank. The reserve themselves can be fixed currency like gold or dollars or euros. They can also be special drawing rights and marketable protections denominated in foreign currencies such as government bonds and treasury bills, equities corporate bonds and foreign exchange currency loans. Reserves are commonly used to control the balance of payment or to control the exchange rate. (Saha, 11 january, 2018)

A study on general banking and foreign exchange division of South east bank limited: Functions of foreign exchange department of southeast banks are: 1) per shipment advances. 2) Purchase of foreign bills. 3) Negotiating of foreign bills. 4) Export guarantees. 5) Advising/confirming letters or letter of credit. 6) Advance for differed payment export. 7) Advance against bills for collections. Functions of import departments of southeast bank limited: 1) operating of letter of credit. 2) Advanced bills. 3) Bills for collection.4) Import loan and guarantees. Export mechanism of southeast bank limited: 1) Export will make the goods ready for shipment. 2) The arrangement have to be taken for inspections of the goods competent authority as per credit terms. 3) Exporter will declare export on EXP from agent export L/C firm contract/Advance payment. 4) Exporters have to approval from customs authority on EXP by submitting export L/C and another necessary document. 5) After that shipping company will receive the goods and will issue B/L. 6) Exporter will collect certificate of origin from department. 7) The exporter will submit the entire set of document to the negotiating bank for disregard. 8) Negotiating bank will dispatch the document to issuing bank for clearance of the goods from port of dispatch the document to the issuing bank for clearance of the goods from port of destination against payment as per credit terms. (Protito, 26 august,2015)

Foreign exchange operations of United Commercial Bank Limited: Total imports handed year-on year wear $90919.70 million, and it has grown over the years TK 94843.80 million dollars in 2012.The import handle increased to TK. 117542.90 million in year 2013. The import is run by UCB. But the import policy survives in the handed of the branch. This amount is increasing year-on year compared to 2012, compared to 2011 in 2012. This assures that the branch will maximize profit year after. Each year the policy branch performs better than other branches of the bank. The total export by UCBL have increased slightly over the years. The export volume of this branch has been sustained 13447.078 million which is more than 2011. So it can be said that the bank make profit from export. Major export items involved with the bank’s foreign trade activities were readymade garments and non-conditional items. Remittance is a big factor to develop a countries economy. The total remittance through the whole bank and the principle branch. Remittance was high in 2011 but it declined in 2012 and in the same way it declined in the 2013. However, the efficiency of the policy branches has increased as the policy branch was weak in the executive branch of the banks. Some privet banks were doing better than UCBL in regarding foreign remittances in two years before they were dealing with foreign currency houses and foreign remittance follows would be less because of foreign countries like goddamn countries. (Karmaker, 10 july,2015)

Foreign exchange operations of Janata bank limited: An empirical study: The total import business handled by the bank in 2014 was TK. 46684.73 million compared to TK. 30311.71 million in the preceding year registering a growth of TK. 16373.02 million being 54.02 percent. A sizable L/C’s were also opened by the banking the under review. The import items included industrial raw materials, machinery, consumer goods fabrics, accessories, food items etc. the Bank handled export business worth TK. 21406.94 million in the year under report in 2013 export business handled by the bank was TK. 1861.43 million. Thus there was an increases of TK 2789.51 million in export business handled by the bank, being 14.98 percent over the preceding year. The major export item was ready made garments. The foreign exchange in a single year in 2014 made a record high to the tune of BDT 5061.30 million compared to that of BDT 4722.90 million in 2013. The bank has depend its step on the foreign by establishing more and more remittance arrangements with overseas exchange companies where Bangladeshi expatriates are working. These included U.K, U.A.E Kuwait, Bahrain, Canada, Italy, France etc. Moreover, for prompt and safe distribution of this hard earned money to their near and dear ones in every corner of the country, the Bank has made an arrangement with Bangladesh post office. Western union and some other agencies. (Islam u. A., 28 ,february,2016)

Why exchange should be monitored and controlled: Foreign exchange need to be controlled for the following reason: 1) to stabilize the rate of exchange. 2) For identifying any problem from its beginning. 3) For regulating the international movement of goods. 4) To check over invoicing and under invoicing. 5) To product domestic industries. 6) To increase the bargaining strength. 7) To check the black marketing and smuggling. 8) For proper implementation of plans. National bank limited opened a total 25,407 LCs amounting to USD 1092.90 million for facilitating import trade in 2015 which was USD 1286.00 million in 2014. The main commodities were capital machinery, raw cotton, scrap vessels, rice wheat edible oil, petroleum product yarn, fabrics, garment accessories and other permissible consumer items. If import business of national Bank limited is analyzed from 2011- 2015. It can be easily said that in 2011 and 2013, import business was comparatively good than the other three years. The bank has been handling the export business giving due importance since its incepting. In 201, it handled 125,672 export documents valuing USD 878.35 million which was USD 1988.82 million in 2014. Export finances were extended mainly to readymade garments knitwear, frozen food and fish tanned leather, handicraft, tea, jute good etc. (Khan, 18 May,2017)

For more than a decade, Basic banking has had a record of growth in efficiency banking in international banking. A limited network of home branches and a few correspondent, Bank would, is handling export import business, including homebound remittance. The export import business of BASIC Bank limited, through export import are increase day by day, imports exceeds export which ultimately drastically hit the countries inventive Balance of trade. (Aziz, 28 april,2013)

The interbank market of the top level foreign exchange market that banks exchange different exchange different currencies. Bank can deal with each other either directly or via electronic banking platform. Electronic banking service and two competitors in the Reuters 3000 million dealing electronic banking platform business combine more than 100 banks together. The interbank market is an import segment of the foreign exchange market, it is the whole sales market through which most currency transactions are channeled. It is mainly used for trading between banks. The three main component of the interbank market are: 1) Spot market 2) Forward market 2) SWIFT (Hossin, 15 july,2018)

Chapter 2

#  EXIM Bank

**EXIM Bank (Sariah based Islamia Bank):**

Bangladesh Export Import Bank Limited (Known as EXIM Bank) is a privet commercial bank which conducts banking activities while maintaining the principles of Islamic Shariah and business transactions. The bank was annexed as privet sector banking company under the company’s act 1994 on 2nd June, 1999 to pay a vital role in socio-economic development of the country. It began operations on august 3, 1999 dividing each TK 100 common shares with authorized capital of TK 1 billon (1000 million). The banks initial paid-up capital was $225 million.28 subscribed completely by sponsor. The bank’s initial paid-up capital was $ 225 million, fully subscribed by 20 sponsors. Initially the bank started functioning as a privet commercial bank but later, the challenge to alert the challenge to alert the Islamic bank of its activities in all kind of tranquility.

Banking operation were migrated and all of its conventional banking operation turned into shariah based Islamic banking operations after obtaining approval from Bangladesh Bank on July 01, 2004. The bank want for public issue of shares in the year 2004 and its shares are now listed with Dhaka stock exchange (September 26, 2004) and Chittagong stock exchange (September 04, 2004)

The bank finances export and import business and conducts traditional timber commercial banking activities by maintaining the Islamic shariah regarding on business. The commercial banking activities of the bank consist of integrated service like collecting departments, providing investment facilities, discounting bills, handling money transfers, managing foreign exchange transactions and providing guarantee secured maintenance and credit card etc.

The bank offers full range of personal, corporate, international trade, foreign exchange, lease finance and capital market service cutting edge technology, tailored solutions for business needs global reach in trade and commerce and high yield on investments, assuring excellence in banking services.

**Fundamentals of foreign exchange policy followed by the EXIM Bank:**

There are 3 fun**damental** aspects in the general mechanisms of foreign exchange:

1. Every country has its own currency legal distinctive unit account.
2. The exchange rate affected by means of credit instrument e.g. draft mail transfer, telegraphic etc.
3. Bank by book keeping entry carried out in the two centers concerned the conversion of one country into another.

## Activities of foreign exchange department of the EXIM Bank:

Foreign exchange department deals with foreign currency and the transection of it. The major job of this department are listed below:

1. Issuing letter of credit (L.C)
2. Dollar traveler’s check endorsement
3. Foreign remittance
4. Maintaining foreign currency account.

**Income of the Bank in foreign exchange sectors:**

1. A BTB L/C opening commission that is the basis for a “bill of leading” sales rate.
2. If the applicant bank accepts Bill payment (ABP) bill on his application, then L/C suspended for 120 days and 0.30% commission for 90 days on Suspended L/C.
3. In the customs department of the poet, the shipping guarantee is T.K 500. If the applicant wants to discharge the imported goods before obtaining the documents related to export. The bank acts as a guarantor by accepting all payment related responsibilities.
4. 7-10% interest rate on packing credit.

## Foreign exchange department of EXIM Bank:

Foreign exchange is an important department of EXIM bank limited, which deals with import, export and foreign remittances. Foreign exchange is an international department of the Bank. It facilities international trade through its various mode of services. It bridges between importers and exporters. This department mainly deals in foreign currency, that’s why it is called foreign exchange department.

This department is paying an important role in enhancing development. On the other hand, it also help to meet demand of those goods and service, which are most demandable and not adequate in our country.

The bank, which is authorized by Bangladesh bank for dealing foreign exchange business on transaction under the FER Act 1947 is called Authorize Dealer. The HOC Branch of EXIM Bank is an authorized dealer. In EXIM bank limited foreign exchange is divided in to three parts according to the major activities:

1. Import oriented foreign exchange activities
2. Export oriented foreign exchange activities
3. Foreign remittance operations

**Export, Import and remittance of EXIM Bank limited:**

EXIM bank plays a very important role in the country’s foreign exchange Business of the country. Total foreign exchange situation within 2009 to 2018, foreign trade of EXIM Bank completed these years with success in some areas and good hopes for some other after facing some challenges. From 2009 to 2018 the total foreign exchange rise 162604.6 to 366533.4 million.

|  |
| --- |
|  **EXIM Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 76240.8 | 95359.5 | 122217.34 | 143314.4 | 135409.9 | 134412.4 | 145796.4 | 147508.7 | 155582.2 | 171731.3 |
| Import business  | 83911.51 | 95359.45 | 122217.34 | 120996.9 | 130353.3 | 146795.6 | 152703.3 | 153930.5 | 179040.3 | 189530.4 |
| Remittance  | 2452.33 | 3036.42 | 3744.36 | 5770.2 | 2889.48 | 3776.67 | 3776.67 | 4026.5 | 5078.7 | 5271.7 |
| Total foreign exchange business: | 162604.6 | 193755.3 | 248179.04 | 270081.5 | 268652.7 | 284984.7 | 302276.4 | 305465.7 | 339701.2 | 366533.4 |

**Graphical presentation:**

In this graphical presentation we show the export import and remittance situation at a glance.

## Export business of EXIM Bank:

By the word EXIM, EXIM bank means bankers selling anything from overseas to abroad referring to the export as sending goods visible outside the country. Export trade plays an important role in the development of an economy. Exim Bank meets our import bills with export earnings. The country’s export trade is regulated by the import-export (control) ACT 1950. There are some formalities that have to be completed before and after the shipment of the shipment of the exporter’s goods. The export section of EXIM bank deals:

1. Export
2. Local purchase

**Procedure for collection of export Bill Followed by the EXIM Bank:**

There are two types of exchange Bill collection methods:

1. **Foreign Documentary Bill for collection (FDBC):** The exporter can collect the bills through negotiation on the basis of collection.in this case the exporter will submit all the documents to the negotiating bank for collecting the bills from the importer. When the issuing bank pays, the exporters will receive the money. In this connection, the bank will scrutinize all the document in accordance in with the terms and conditions set forth in the L/C.
2. **Foreign Documentary Bill for purchase (FDBP):** When exporting sales Export documentary bill purchase (FDBP) is known to all export document negotiators. In case the exporter will submit all the document to the bank. The bank pays 60-80 of the total L/C value of the exporter.

**Export condition of EXIM Bank:**

From 2009 to 2018 the total export business rise 76240.8 to 171731.3 million. But in 2013 the export of IBBL is decrease suddenly for unstableness of Bangladeshi politics.

|  |
| --- |
|  **EXIM Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 76240.8 | 95359.5 | 122217.34 | 143314.4 | 135409.9 | 134412.4 | 145796.4 | 147508.7 | 155582.2 | 171731.3 |
| Export growth |  | 0.200491 | 0.2197552 | 0.147208 | -0.05837 | -0.00742 | 0.078081 | 0.011608 | 0.051892 | 0.094037 |

**Graphical presentation:**

From this graphical presentation we see that export business of the EXIM Bank is suddenly fall in 2013. In this year the growth rate is -0.05837%. In 2014 the growth rate is also in minas. But in 2015 the export business growth rate is positive. The bank is over come in this year. After 2014 the growth rate is again positive.

## Import Business of Exim bank:

**Procedure for obtaining import registration certificate (IRC) followed by the EXIM bank:**

Through public notice or import policy the chief controller of import and export invites application usually for registration of importers. The following documents are required to submit for getting import registration Certificate (IRC).

1. Application from
2. National certificate
3. Income tax registration certificate with TIN
4. Trade license
5. Membership certificate
6. Certificate of registration with the register of joint co. And Articles and memorandum of Association in case of limited company.
7. Bank certificate.

The nominees of the applicant will verify the document and verify the applicant’s signature and send it in duplicate to the concerned office of the CCI&E through a representative of the bank. The copy of the same copy of the CCI&E office’s acknowledgement of receipt of the document is received and stored by the bank.

**Import condition of EXIM Bank:**

From 2009 to 2018 the total export rise 83911.51to 189530.4 million. But in 2013 the export of IBBL is decrease suddenly for unstableness of Bangladeshi politics.

|  |
| --- |
|  **EXIM Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Import business  | 83911.51 | 95359.45 | 122217.34 | 120996.9 | 130353.3 | 146795.6 | 152703.3 | 153930.5 | 179040.3 | 189530.4 |
| Import growth |  | 0.12005 | 0.2197552 | -0.01009 | 0.071777 | 0.112008 | 0.038688 | 0.007972 | 0.140247 | 0.055348 |

**Graphical presentation:**



In this graphical presentation we see that in 2011 the import business growth rate is so high but in 2012 the growth rate is negative. The growth rate is decreasing 0.2197552 to -0.01009in 2011 to 2012. But in 2013 the growth rate is also positive. After 2012 the import growth rate is positive.

## Remittance Business of EXIM Bank:

EXIM bank has established 4 (four) fully owned subsidiaries names as 1) EXIM exchange company (UK) limited in London, UK. 2) EXIM Exchange company (Canada) limited, Toronto, Canada, 3) EXIM (USA) Inconel York, USA and 4) EXIM Exchange (Australia) Pty. Limited. Sydney, Australia with a view to render.

Encourage Bangladeshi expatriates to send remittance services as well as through the legal channels to send remittance services as well as through the legal channels to send their livestock money to Bangladesh. A branch of EXIM (USA) Inc. has also begun its operations in Brooklyn. In addition to other famous money transfer companies like western union, MoneyGram, express money, RIA money world, the bank has started drawing new Wi-Fi Transfer, wall stated drawing. New WI-FI transfer, Wall Street exchange center LLC Etc. facilitates remittance service around the world. Bank is now to provide remittance to the beneficiaries in a timely manner using Eldorado and Bangladesh electronic fund transfer Network (BFTN)

**Foreign remittance process followed by the EXIM Bank:**

Fund transfer from one country to another country goes through a process which known as remittance process. Suppose a local bank has 200 domestic branches. The bank has corresponding relationship with a foreign bank say- “X”, and maintaining “NOSTRO account” in US $ with the bank. Bangladeshi expatriates through other bank of different countries remit the fund to their “NOSTRO account” with” X”, then the local bank’s 1 lead office international division will receive telex message and the remittance section will record the advice and generate the advice letter to the respective branch of the bank. The branch will fast decode the test, verify signature and check the account number and name of the beneficiary. After full satisfaction, the branches transfer the amount to the account of the beneficiary and intimate the beneficiary accordingly. But sometimes the complexity arise, if the respective local bank has no branch where the beneficially maintains his account. Then the local bank has to take help of a third bank who has branch there.

**Remittance condition of EXIM Bank:**

From 2009 to 2018 the total export rise 2452.33 to 5271.7 million. But in 2013 the export of IBBL is decrease suddenly for unstableness of Bangladeshi politics.

|  |
| --- |
|  **EXIM Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Remittance  | 2452.33 | 3036.42 | 3744.36 | 5770.2 | 2889.48 | 3776.67 | 3776.67 | 4026.5 | 5078.7 | 5271.7 |
| Remittance growth |  | 0.192361 | 0.1890684 | 0.351087 | -0.99697 | 0.234913 | 0 | 0.062046 | 0.207179 | 0.036611 |

**Graphical presentation:**

 In this graphical presentation we see that the growth rate of the remittance business is decrease suddenly. We see that the decreased percentage is huge. We can understand that after seeing the graph. The growth rate is decreased 0.351087 to -0.99697percent. But in 2013 the export growth rate is also positive.

As a company, Exim bank limited has earned the reputation of being the top banking program in Bangladesh. It is relentless for business innovation and improvement. It has a reputation as a customer growth partner. Through it, a new bank, EXIM bank, builds a strong position through its various activities. Its number of clients/ amount of deposit and investment money increases day by day. This bank has already shown impression performance in the forex business.

Export Bank launches a special banking service in the import business export. With most qualified and experienced human resources, EXIM Bank can get any opportunity in the limited banking sector. Since its inception, it has been serving its services with qualification. The staffs are specialized in their respective fields. Each of them works on their own and there is supervision from the top. Each member is individually responsible for his or her work.

Consumers are more or less satisfied with the present services of the bank. Management should think to start new services and take different types of marketing strategy to get customers in this competition market of banking.

**Chapter 3**

#  Islami Bank

# Bangladesh limited.

**Islami Bank Bangladesh limited.**

**Definition of Islamic bank:**

 According to the source of the Islamic conference (OIC), “Islamic Bank is a financial instrument that clearly express its commitment to the constitution, rules and procedures of Islamic shariah and its prohibition on receiving and paying interest on any of its activities.

According to Dr. Zia Uddin Ahmed, “Islamic bank is essentially an ideological concept and can be defined as the conduct of banking in accordance with the values of Islam.

**Bangladesh bank license for IBBL operation:**

The bank will work within the frame work of existing banking laws, rules and objections to the national minority coordinator, which many consider Islamic bank to work on. In addition to the above all requirements of Banking companies ordinance 1962 ( as adapted in Bangladesh) as also relevant provision of Bangladesh Bank order, 1972 ( P.O No 127 of 1972) and instructions issued from time to time there under by Bangladesh Bank will also apply to the bank.”

**An overview of Islami Bank Bangladesh Limited (IBBL):**

Bangladesh is one of the largest Muslim countries in the world. The people of this country are deeply committed to Islamic way of life as enshrined in the Holy Quran and the Sunnah. Nationally it is deeply rooted in their hearts to design fashion and their economic life according to the law of Islam. Establishment of Islami Bank Bangladesh on March 13, 1983 is a genuine reflection of the people which started working on March 30, 1983 with the effort. This Bank is the first of its kind in smoothest Asia. Interest free profit reduction is committed to conducting all banking and investment activities at the core of the sharing system. In doing so, it has unveiled a new horizon and launched a new silver lining for the people of Bangladesh to realize their long held dream of a long cherished dream of banking transactions. Stability as instructed by Islam.With the active co-operation and participation of Islamic development Bank and some other Islamic Bank, financial institutions government bodies and eminent personalities of the Middle East and Gulf countries Islami Bank Bangladesh limited has by now earned the unique position of a leading privet commercial bank in Bangladesh.

## Foreign exchange business of Islami Bank Bangladesh Limited:

Foreign trade can be easily defined as a business activity, which transcends national boundaries. These may be between parties or government ones. Trade among nations are a common occurrence and normally benefit both the exporter and importer incomes. Foreign trade can make international trade more than their national income. In the policy of comparative advantage, foreign trade can generally be justified. According to this economic policy, it is economically to specialize in the production of goods in one country, where the producing country, where the producing country to purchase the product in which it has comparative advantage. It includes the spectrum of goods, services, investment, and technology transfer etc. Due to the fact that this trade between different countries is linked to the transactions in the trade, the bank providing this national transaction is referred to as rendering of international banking activities. International trade demand a flow of goods from seller to buyer and of payment from buyer to seller. International trade demand the flow of this money from the seller to the buyer and payment is accomplished through the letter of payment (L/C).

**Foreign exchange department of Islami Bank Bangladesh Limited:**

The foreign exchange Division is the division of the International bank. It deals worldwide. It facilitates international trade through a variety of service. This is the bridge between important and exporters. If the branch is approved the dealer in the Foreign exchange market. It can send currency from local to overseas.

Some national and international laws regulate the functions of this section. Among these foreign exchange Act 1947 is for dealing in foreign exchange business and import and Export control Act, 1950 is for Documentary Credit (UCPDC- 1993 revision and international chamber of Commerce publication no- 500) is also an important trade. Government Import and Export policy is another important Factor for import and export operation for banks.

The most commonly used document in Foreign Exchange for IBBL:

1) Documentary letter of credit. 2) Bill of exchange. 3) Bill of leading. 4) Commercial invoice.

 5) Certificate of origin of goods. 6) Inspection certificate. 7) Packing list. 8) Insurance policy.

9) pro- forma invoice/ indent. 10) Master receipt. 11) GSP certificates

**Major Sectors of Foreign Exchange Division:**

There is 3 major division of foreign exchange division of IBBL according to its regular activity: 1) Export

 2) Import

 3) Remittance

**Export, Import and remittance of Islami Bank limited:**

IBBL plays a very important role in the country’s foreign exchange Business of the country. Total foreign exchange situation, within 2009 to 2018, the foreign trade of IBBL completed these years with success in some areas and good hopes for some other after facing some challenges. From 2009 to 2018 the total foreign exchange rise 462370 to 926620 million.

|  |
| --- |
|  **Islami Bank Bangladesh Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 161230 | 246281 | 301207 | 148421 | 178244 | 222753 | 224236 | 243647 | 240026 | 251592 |
| Import business  | 106424 | 148421 | 301207 | 301207 | 285890 | 316957 | 343668 | 339954 | 385194 | 399816 |
| Remittance  | 194716 | 214629 | 236607 | 300915 | 286956 | 308722 | 321066 | 279980 | 233052 | 275212 |
| Total foreign exchange business: | 462370 | 609331 | 839021 | 587473 | 574898 | 848432 | 888970 | 863581 | 858272 | 926620 |

**Graphical presentation:**

In this graphical presentation we show the export import and remittance situation at a glance.

Export Business situation of IBBL:

From 2009 20 2018 the total export rise 161230 to 251592 million. But in 2013 the export of IBBL is decrease suddenly for unstableness of Bangladeshi politics.

|  |
| --- |
|  **Islami Bank Bangladesh Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 161230 | 246281 | 301207 | 148421 | 178244 | 222753 | 224236 | 243647 | 240026 | 251592 |
| Export growth |  | 0.34531 | 0.18233 | -1.02941 | 0.167316 | 0.006614 | 0.00664 | 0.079669 | 0.01509 | 0.045971 |

**Graphical presentation:**

In this graphical presentation I show the export business growth of Islami Bank Bangladesh limited. Here I see that the export business growth is suddenly fall in 2011.

##

## Import Business of IBBL:

According to the Import and Export control Act, 1950 a person employed with a foreign trade should receive registration from the office of the chief regulator of import and export. Thus and importer have to collect import registration certificate from the above office. The next step is to have the option of letter of approval from the Bangladesh Bank for the importer. Both the IRC and the LCA are taking imports into the bank below is the procedure for regular steps related to the import process.

Import condition is fall in 2012. This condition is creates because of the political instability. In 2012 and 2013 this unstable situation is continuing. So growth rate is decrease at these years. The import business is increase 106424 to 399816 within 2009 to 2018.

|  |
| --- |
|  **Islami Bank Bangladesh Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Import business  | 106424 | 148421 | 301207 | 284588 | 285890 | 316957 | 343668 | 339954 | 385194 | 399816 |
| Import growth |  | 0.282959 | 0.5072458 | -0.0584 | 0.004554 | 0.098016 | 0.077723 | -0.01093 | 0.117447 | 0.036572 |

**Graphical presentation:**

This is the graphical presentation is the import business growth of Islami Bank Bangladesh limited. Here we show that the import business is very high in 2011. But after that this business is fluctuating

## Remittance Business of Islami Bank Bangladesh Limited:

The Bank is authorized to deal with Forex trading. As an authorized dealer, a bank must provide the depositors with some services regarding foreign currency, and this section provides these services. The main function of section is to export foreign and domestic remittances from one country is in the process of supply from one country to another. This remittance of foreign currency is in the process of supply from one country to another. In the process of providing this remittance service, it sells and buys foreign currency. One for purchase and the other for sale conversion. In such and purchase the cost (current value) being paid by the in home current the large pander.

Foreign currency trading means the exchange and sales of one currency in another. Money of these dealing room operations (dealing room: a house where foreign currency buying takes place) exclude the money market option. It is the purchase or sale of a currency for any other local currency term of the foreign (cross currency). IBBl’s dealing room was established on July 25, 2005 at IBW (International banking branch) and is working with two foreign exchange training officers in Mumbai under the supervision of the reserve bank of India.

**Remittance Business situation of IBBL:**

In 2009 to 2018 the remittance business in increase 194716 to 275212 million.

|  |
| --- |
|  **Islami Bank Bangladesh Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Remittance business  | 194716 | 214629 | 236607 | 300915 | 286956 | 308722 | 321066 | 279980 | 233052 | 275212 |
| Remittance growth |  | 0.092779 | 0.0928882 | 0.213708 | -0.04865 | 0.070504 | 0.038447 | -0.14675 | -0.20136 | 0.153191 |

**Graphical presentation:**

In this graphical presentation we see that at first the remittance condition is fall in 2013. After that the Islami Bank Bangladesh Limits cannot overcome properly before 2018. After 2017 they overcome their Remittance business properly. In this year their remittance growth is 0.15%

As a Muslim we know that Islam is a complete way of life and Allah has guided us in all areas of our lives. Islam has given us detailed rules of economic life. So Islamic Bank Bangladesh has been trying to establish the higher of the society by protecting the Quran and Sunni based Islami Sharia policy since 1983, IBBL is the pioneer of welfare banking in the subcontinent and it is trying al its activities to improve depositor. For the greater interest of depositors, IBBL’s investment policy is to invest on the basis of profit and loss share in accordance with Islamic Shariah tents and principals. Profitability is the emphasized not only for the investment policy of the bank, but also to achieve social good. And create employment opportunities.

**Chapter 4**

# Janata Bank Limited

**Janata Bank Limited:**

Having 30000 million of authorized capital, janata Bank Limited (LBL) has become the 2nd largest state owned commercial bank Bangladesh. It is a state owned commercial bank in Bangladesh. Janata Bank limited, one of the state owned commercial bank in Bangladesh, has an authorized capital of 30000 million ( approx. US 350 million) , paid up capital of TK.15000 million, reserve of take 15734 million. Immediately after the emergence of Bangladesh in 1971, the previous United Bank Limited and Union Bank Limited were renamed janata bank. The bank was corporate on November 15, 2007 and the name was made by janata bank limited operates through 906 branches, including four foreign branch in the United Arab Emirates. It is liked with 1202 foreign correspondents around the world. The bank employee’s more than 15000 persons. The aim of the bank is to conduct actively successful banking companies, to actively participate in the socio economic development of the nation by providing credit to creditors efficiently distributing and securing depositors’ funds simultaneously with competitive pricing satisfactory returns on equity. General chat lounge. The board of directors is comprised of four members led by the chairman. Managers are representative of both the public and privet sector. The bank is headed by a chief executive officer and managing director. The corporate head office is located at Dhaka with 10 divisions comprising of 38 departments.

**Foreign exchange management of Janata Bank limited:**

In terms of imports, export and foreign remittances with foreign countries, the foreign currency division is predominantly. The International trade is a defect of the goods from the seller to the buyer of the seller to the buyer and demands the buyer to pay the seller. In this case, the bank plays an important role in bridging the gap between buyers and sellers. The forex Department plays an important role in providing various service to the customers. Operating or issuing letter of credit is one or the important service for the customers. Opening or issuing letter of credit is one or the important services provided by the banks.

## The foreign exchange activities of Janata Bank has two aspects:

1. Trading of foreign currencies.
2. Helping in foreign trade operation that means import and export using foreign currencies as a media of exchange.

**Regulations for foreign exchange division followed by Janata Bank Ltd:**

Foreign exchange transactions are being controlled by the following rules and regulations: Foreign exchange ACT 1947.

1. Bangladesh Bank issues foreign exchange circular from time to time to control the export, import and remittance operation.
2. Ministry of commerce issues export and import policy giving basic formalities for import and export
3. Sometimes CCI issues public notices for any kind of change in foreign exchange transaction.
4. Bangladesh Bank published two volumes of foreign exchange regulations in 1996.These comprise the complete instructions to be followed by the authorized dealers in transections related to foreign exchange.

**Foreign exchange rate in Janata Bank Ltd:**

The foreign enhance rate regime in application of Bangladesh is the “Dirty Float regime” Where the exchange rate are determined according to the market forces of demand and supply with intermittent interventions by the Bangladeshi Bank. The Bangladesh Bank usually declares the daily exchange rate for different currencies. Using this exchange rate as a guideline, the individual commercial bank and other authorized dealers determine their respective exchange rates.

The exchange rate at which JBL buys and sells different foreign currency is extremely important since this rate has a direct impact upon the back office of the bank and the underlying strategy is to maximize the spread between the bid rates and ask rate.

In JBL, the exchange rate offered to customer through a semi-automated process. The back office of JBL continually monitors the foreign currency movements and exchange rate in the major international market and generates a particular exchange rate. The officials at the back office then apply their judgment in line with company policies and strategies to adjust the system generated exchange rate to match local market needs. The management committee of the bank seers a “Ceiling ‘’ and a “floor’’ for the extent to which any upward or downward revisions can be made to the system generated rate.

**Foreign exchange product & service by JBL:**

The bank mainly provides three broad types of products and services under their foreign exchange management as follows:

1. Import financing services
2. Export financing services
3. Remittance services

**Export, Import and remittance of Janata Bank limited:**

Janata Bank limited plays a very important role in the country’s foreign exchange Business of the country. Total foreign exchange situation within 2009 to 2018, foreign trade of JBL completed these years with success in some areas and good hopes for some other after facing some challenges. From 2009 to 2018 the total foreign exchange rise 263368 to million 249241.8.

|  |
| --- |
| Janata Bank limited  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 88653 | 118515 | 153758 | 156525 | 153252 | 154080 | 145374 | 154454.2 | 139920.9 | 143501.4 |
| Import business  | 118525 | 183744 | 197285 | 188284 | 176671 | 144557 | 147182 | 126650 | 143582.2 | 13400.3 |
| Remittance  | 56190 | 52640 | 72285 | 100089 | 103982 | 106677 | 101348 | 90081.8 | 72022 | 92340.1 |
| Total foreign exchange business: | 263368 | 354899 | 423328 | 444898 | 433905 | 405314 | 393904 | 371186 | 355525.1 | 249241.8 |

**Graphical presentation:**

From this graphical presentation we the export, import and remittance business of the Janata Bank limited at a glance.

##

## Export business of the Janata Bank:

Janata Bank Limited export a large quality of goods and services to many countries. Readymade textile garments( both knitted and woven), jute, jute made products, frozen shrimps, tea, hide ashen akin, vegetables are the main goods that Bangladesh export the lion share of the country’s export. Bangladesh exports most manufactured garment products to the US and European community. Bangladesh exports about 40% of its manufactured apparel products to the united states, most of which are made by exporters through janata limited foreign currency Branch. They open L/C s here to exporter their goods, which they open against the import L/Cs opened by their foreign importers.

##

**Export condition of Janata Bank Ltd:**

From 2009 to 2018 the total export rise 88653 to 143501.4 million.

|  |
| --- |
|  **Janata Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 88653 | 118515 | 153758 | 156525 | 153252 | 154080 | 145374 | 154454.2 | 139920.9 | 143501.4 |
| Export growth |  | 0.251968 | 0.2292108 | 0.017678 | -0.02136 | 0.005374 | -0.05989 | 0.058789 | -0.10387 | 0.024951 |

**Graphical presentation:**

In this graphical presentation we see that in 2011 the export business growth rate is so high. But in 2011 this the growth rate is fall.in 2013 the growth rate is negative that we see. The growth rate is decrease 0.2292108 to 0.017678 in 2011 to 2012. In 2013 the growth rate is -0.02136. Although in 2014 the growth is positive but in 2015 the growth rate is again negative. After 2011 the export business of the janata bank goes in a vulnerable situation.

**Import condition of Janata Bank Ltd:**

From 2009 to 2018 the total export rise 118525 to 13400.3million.

|  |
| --- |
|  **Janata Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Import business  | 118525 | 183744 | 197285 | 188284 | 176671 | 144557 | 147182 | 126650 | 143582.2 | 13400.3 |
| Import growth |  | 0.354945 | 0.0686367 | -0.04781 | -0.06573 | -0.22215 | 0.017835 | -0.16212 | 0.117927 | -9.71485 |

**Graphical presentation:**

In this graphical presentation we see that the growth of the import business of Janata bank is almost same in 2010 to 2017, but in 2018 the growth rate of import is suddenly fall. The growth rate decrease 0.117927 to -9.71485 in 2017 to 2018.

## Remittance Business of the Janata Bank limited:

JBL allows inward and outward remittance service to the customer. The term “Inward remittance” includes not only remittance by T.T., M.T., Drafts etc., but also purchase of bills, purchase of drafts under Travelers ‘ letter of credit and purchase of travelers’ cheese, JBL, as an Authorized dealer of the Bangladesh Bank is allowed to freely purchase foreign currencies or raise debits to non-residence refers to all remittance from Bangladesh to a foreign country or local currency credited or on resident Taka accounts of foreign banks or convertible taka account. The conservative policy of the Bangladesh has resulted UN less scope for commercial bank of offer outward remittance service.

**Remittance condition of Janata Bank Ltd:**

From 2009 to 2018 the total export rise 56190 to 92340.1 million.

|  |
| --- |
|  **Janata Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Remittance  | 56190 | 52640 | 72285 | 100089 | 103982 | 106677 | 101348 | 90081.8 | 72022 | 92340.1 |
| Remittance growth |  | -0.06744 | 0.271771 | 0.277793 | 0.037439 | 0.025263 | -0.05258 | -0.12507 | -0.25075 | 0.220035 |

**Graphical presentation:**

In this graphical presentation we see that in 2010 the growth rate of remittance business of Janata Bank is negative, that is -0.06744. But in 2011 the growth rate of remittance Business of the bank is positive. They properly overcome their remittance business. In 2012 this business growth rate is also good. Bur after 2012 the remittance business situation again fall dawn. In 2017 this growth rate is decrease in extreme amount. But in 2018 the growth rate is also positive, that is good sign for the Janata banks remittance Business condition. The growth rate of the remittance business of the Janata Bank Limited is rising -0.25075 to 0.220035 in 2017 to 2018.

The communication system of this bank is not up to date. Each office required to be valued and treated as part of the bank and they must have the right to themselves to improving the service of the bank. The public places the highest importance on bank credit risk management. The entire process includes credit risk, forex risk, and money laundering prevention, asset liability management, internal control and compliance management.

Although there are many domestic and foreign business in Bangladesh, JBL is promising commercial banks among them. In this competitive market, JBL has to compete not only with other commercial bank, but also with public banks. JBL is more capable of contributing to economic development than other banks. JBL has invested more funds in the export and import business. JBL is now enhancing its foreign exchange department with quality people as well as System.

**Chapter 5**

# BASIC Bank

**BASIC Bank Limited:**

Bank is a financial institution that not all banks are one with different types of banks: cooperative bank, saving bank, investment bank and central bank. Due to its critical role, the banking system occupies an important place in the economy of a country. It ensures the distribution and re allocation of assets and maintains the pace of economic activities. As a financial intermediary, between investors and investors who invest in in bank capital and those who provide torque, demand capital. It consolidates resources for both public and private sectors and provides innovative answers to meet the needs of entrepreneurs and government agencies. Therefore, the banking department plays a key role in evaluating the economy of Bangladesh. After the independence of Bangladesh in 1971 , six state-owned commercial banks were formed, two state –owned banks specializing in financing agriculture and industry, three foreign banks including standard chartered bank. The banking industry, micro financing bank, are rapidly evolving which has helped meet the need of the poor. Foreign trade is a large business operated by a commercial bank. Foreign trade means the exchange of capital and services across borders. Exports provide commercial bank. Foreign trade requires the follow of goods form seller to buyer to seller. Here the bank plays a negotiating role between the buyer and the seller. The BCC foundation being nonfunctional following the closure of the BCCI, thus the Bank is State owned. However, the Bank is not nationalized; it operates like a private bank as before.

BACIC bank limited is unique in its objectives. It is a blend of development and commercial bank. The Memorandum and articles of Association of the Bank stipulate that percent of loan able fund shall be invested in small and cottage industries sector.

**Foreign exchange Risk management Of the BASIC Bank:**

Since Foreign Exchange involves purchase and sale of foreign currency against local currency, thus Foreign Exchange risk is the risk or chance of loss due to unexpected movement of market price of the currencies of different countries or the price of the assets denominated by foreign currencies. In our country all the foreign exchange transactions are carried out on behalf of the customer against underlying exchange transection rules and regulations laid down by Bangladesh Bank, UCPDC (Uniform customs & practices for documentary credit) and other Government Bodies. For effective and efficient management of foreign exchange Risk manual and International standard Dealing Room Manual.

**Export, Import and Remittance of BASIC Bank limited:**

BASIC Bank limited plays a very important role in the country’s foreign exchange Business of the country. Total foreign exchange situation within 2009 to 2018, foreign trade of BASIC Bank limited completed these years with success in some areas and good hopes for some other after facing some challenges. From 2009 to 2018 the total foreign exchange rise 53864.3 to million 42534.6 million.

|  |
| --- |
| BASIC Bank limited  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 19887.7 | 23998.8 | 33061.1 | 29939.2 | 30538.3 | 26691.3 | 21892.7 | 23415.7 | 22285.7 | 2299.5 |
| Import business  | 33976.6 | 42205.9 | 47087.8 | 37093.5 | 42007.2 | 38318.8 | 32104.2 | 30380.2 | 39035.9 | 40235.1 |
| Total foreign exchange business: | 53864.3 | 66204.7 | 80148.9 | 67032.7 | 72545.5 | 65010.1 | 53996.9 | 53795.9 | 61321.6 | 42534.6 |

**Graphical presentation:**

From this graphical presentation we the export, import and remittance business of the BASIC Bank limited at a glance.

## Export Business of the BASIC Bank limited:

Bangladesh exports a large quality of goods and services to foreign households. Readymade retile garments (both knitted and woven), jute, jute-made products, frozen shrimps, tea are the main goods that Bangladeshi exporters exports to foreign currency’s export. Bangladesh exports most of its readymade garments products to U.S.A and European community (EC) countries. Bangladesh export about 40% of its readymade garment exports. They open export L/Cs here export BASIC Bank are readymade garment exporters. They open export L/Cs here to export their goods, which they open against the import L/Cs opened by their foreign importer.

**Scrutiny and Negotiation of export bill followed by the BASIB Bank limited:**

Bank deals with documents not with goods. The bankers are to ascertain that the documents are strictly as per terms of L/C. Before Negotiation of the export Bill the bankers are to scrutinize and examine each and every document’s with care. Negligence on that part of the bankers may result in non-repatriation or delay in realization of export proceeds are incorrect documents may put the importers abroad into unnecessary troubles.

**The following Document are used in export Business by BASIC Bank Limited:**

1. Bill or Exchange or Draft
2. Bill of leading
3. Commercial invoices
4. Insurance policy/ certificate
5. Certificate of origin
6. Inspection certificate
7. Packing list
8. Couriers receipt
9. EXP from

**Export Business condition of BASIC Bank Ltd:**

From 2009 20 2018 the total export rise 88653 to 143501.4 million.

|  |
| --- |
|  **BASIC Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 19887.7 | 23998.8 | 33061.1 | 29939.2 | 30538.3 | 26691.3 | 21892.7 | 23415.7 | 22285.7 | 2299.5 |
| Export growth |  | 0.171304 | 0.2741076 | -0.10427 | 0.019618 | -0.14413 | -0.21919 | 0.065042 | -0.05071 | -8.69154 |

**Graphical presentation:**

The export condition of the BASIC bank is relatively same in 2010 to 2017. The growth rate is fluctuate 0.171304 to -0.05071. But in 2018 the growth is decrease in very extreme amount. It is decrease in -0.05071 to -8.69154. That is not good condition for the BASIC bank.

**The Usual documents are for import:**

1. Invoice
2. Bill of lading
3. Certificate of origin
4. Packing list
5. Weight list
6. Shipping advice
7. No-negotiable copy of bill of lading
8. Bill of exchange
9. Pre-shipment inspection report
10. Shipment certificate

**Import procedures followed by the BASIC Bank:**

1. Registration of CCI&E:
* For engaging in international trade, every trade must be first registered with the chief controller of Import and Export.
* By paying specified registration fees and submitting necessary papers to the CCI&R, the trade will get IRC (import registration Certificate). After obtaining IRC the person is eligible to import.
1. Purchase contact between importers and exporter:
2. Collection of LAC form;

Then the importer collects a letter of credit authorization (LCA) from BASIC Bank, shanti Nagar Branch.

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**Import condition of BASIC Bank Limited:**

From 2009 to 2018 the total export rise 33976.6 to 40235.1 million.

|  |
| --- |
|  **BASIC Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Import business  | 33976.6 | 42205.9 | 47087.8 | 37093.5 | 42007.2 | 38318.8 | 32104.2 | 30380.2 | 39035.9 | 40235.1 |
| Import growth |  | 0.19498 | 0.1036765 | -0.26944 | 0.116973 | -0.09626 | -0.19358 | -0.05675 | 0.221737 | 0.029805 |

**Graphical presentation:**

In this Graphical presentation we see that the import business of the BASIC Bank is fluctuating in a continuous way. We see that in 2010 and 2011 the import business growth rate is positive but in 2012 the import business growth rate is negative. It is fall into 0.1036765 to -0.26944 in 2011 to 2012.But in 2013 the BASIC bank can generate the positive import business growth. In 2014 to 2016 the growth rate of the import business is again negative. In 2017 the BASIC Bank can overcome their Negative import growth.

## Foreign Remittance Business of BASIC Bank:

The main function of this section is to export foreign and domestic remittances from one country to another. The process of providing this remittance service, it sell and buys foreign currency. In the process of providing this remittance service, it sells and buy foreign currency. Currency occurs at an agreed exchange rate where the banker quotes, one for purchase and other for sales. This national addition includes other this national addition includes other products offered for sales and purchase of foreign currency, such as expenses incurred by the buyer at home, legal traders like.

**The following documents of inward and outward Remittance used by BASIC Bank:**

1. International Money order( I.M.O)
2. Cash
3. Telegraphic Transfer ( T.T)
4. Mail transfer(M.T)
5. Foreign Demand Draft(F.D.D)
6. Payment order(P.O)
7. Travelers cheque ( T.C)
8. Foreign currency Notes

**Foreign Remittance Section performance the Following Function:**

1. **Selling:**
* Selling of foreign exchange to non- resident stock investor
* Selling of travel’s cheque to Bangladeshi travelers
* Selling of foreign currency to Bangladeshi for Medical Expense
1. **Buying:**
* Buying of foreign currency from FC Account Of Bangladeshi individual as well as from exporters
* Buying of international currency from foreigner and Bangladeshi
* Buying of cash foreign currency from non-resident investing in shares and of Bangladesh.

**Chapter 6**

# Bangladesh Commerce Bank

# Limited

**Bangladesh Commerce Bank Limited:**

Bangladesh commercial Bank Ltd. incorporates in Bangladesh included in Bangladesh 1 June 1998 as a banking company, it started banking operations on 16 September 1999 with an authorized and paid up capital of TK 2000 million and TK 920 million respectively. The share of the government of Bangladesh in the Banks paid up capital is TK 300 million while depositors of the former Bangladesh commerce and investment limited (BCIL) contributed TK 520 million. The balance of take 100 Million is to be subscribe by Banks and financial institutions under guidance and supervision by Bangladesh bank.

Subsequently the government on 8 February 1998 constituted a 10 member board of directors to organize and transfer BCIL into BCIL and to administer the affairs of the bank. The 24 branches of BCLI were response as full- fledged branches of BCBL. The broad objective of the bank us to carry out all kind of commercial banking activities and to respond quickly to the changing demands for modern banking products.

## Foreign exchange operation OF BCBL:

After the relaxation of economies barrier at 90 “s, firms become interested to do business globally and banks play on key role in this aspect. For doing foreign exchange Business in favor of firm, Bank follows some administrative framework and this Chapter describes the administration of foreign business of Bangladesh commercial bank has 84 Branches of which 19 are authorized by Bangladesh Bank through which bank can do foreign trade business

**Export, Import and remittance of BCBL:**

Bangladesh Commerce Bank Limited plays a very important role in the country’s foreign exchange Business of the country. Total foreign exchange situation within 2009 to 2018, foreign trade of Bangladesh Commerce Bank Limitedcompleted these years with success in some areas and good hopes for some other after facing some challenges. From 2009 to 2018 the total foreign exchange rise 4638 to million 8654 million.

|  |
| --- |
|  **Bangladesh Commerce Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 1021 | 1200 | 2219 | 3058 | 3225.4 | 3340 | 2302 | 2629 | 2284 | 2344 |
| Import business  | 3513 | 4404 | 7389 | 5426 | 5095.4 | 4503 | 2843 | 3846 | 4719 | 5100 |
| Remittance  | 104 | 101 | 519 | 387 | 357 | 714 | 978 | 1173 | 1187 | 1210 |
| Total foreign exchange business: | 4638 | 5705 | 10127 | 8871 | 8677.8 | 8557 | 6123 | 7648 | 8190 | 8654 |

**Graphical presentation:**

From this graphical presentation we the export, import and remittance business of the Bangladesh commercial Bank limited at a glance.

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## Import business of the Bangladesh commercial Bank limited:

 The import section helps business and other people to import goods. In international environment, buyers and sellers are, in most of the cases, unknown to each other. So a seller always seek guarantee for the payment for his exported goods.it is the bank that guarantees the seller the payment for the goods on behalf of the buyer. This guarantees is called letter of credit. Thus the contract between the import and the export is given a legal shape by the banker by its, letter of credit.

**Legislations of Import for Bangladesh commercial Bank limited:**

Imports are foreign goods and services purchased by consumers, firms and Government agencies in Bangladesh. To import a person should be competent to be an, importer “according to import and export control ACT, 1950, the office of the chief controller of imports and exports (CCI & E) provides the registration (IRC) to the importer. Import of goods in Bangladesh is regulated by the

* Ministry of commerce in terms of the Import and export control ACT, 1950,
* Import policy order and the Public Notice issued by the office of the chief controller of imports and exports ( CCI&E)
* At present it is regulated by the Import order (1997-2002), which come into efficient on June 14, 1988. The duration of the Import policy order was extended up to June 2003 by an amendment. This policy directs certain import procedures and administers the whole activity.

**Facilities provided by import section of Bangladesh commercial Bank limited:**

1. Opening of letter of credit
2. Facilitate payment to the exporter in behalf of the importer
3. Providing funded and non-funded credit Facility
4. Issuing Bank guarantee in foreign currency on behalf of foreign companies.

## Import condition of Bangladesh Commercial Bank Limited:

From 2009 to 2018 the total export rise 3513 to 5100 million.

|  |
| --- |
|  **Bangladesh Commerce Bank Limited**  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Import business  | 3513 | 4404 | 7389 | 5426 | 5095.4 | 4503 | 2843 | 3846 | 4719 | 5100 |
| Import growth |  | 0.202316 | 0.4039789 | -0.36178 | -0.06488 | -0.13156 | -0.58389 | 0.26079 | 0.184997 | 0.074706 |

**Graphical presentation:**



In this graphical condition we see that the import business growth of the Bangladesh commercial Bank is very high in 2011 but in 2012 the growth rate is fall. It is decrease 0.4039789 to -0.36178 in 2011 to 2012.in 2012 to 2015 the import growth rate is gradually decreasing. In 2016 the import business growth rate is positive. Their import business growth rate is increase -0.58389 to 0.26079 in 2015 to 2016. That is good sign for the Bangladesh commercial bank. After 2015 the import growth rate is positive.

## Export business of the Bangladesh Commercial Bank Limited:

Bangladesh export a large quantity of goods and services to foreign household’s creation of wealth in any country depends on the expansion of production in the export sector in international trade. Most of the exporter who export through Bangladesh commercial Bank are readymade garment exporters. They open export letter of credit here to export their goods, which they open against the import letters of credit opened by their foreign importers.

**Export policy for Bangladesh Commercial Bank Limited:**

Export polies formulated by the ministry of commerce, GOB provide the overall guideline and incentive for promotion of exports in Bangladesh. Export policies also set out commodity wise annual target. It has been decided to formulate to formulate these policies to cover a five- year’s period to make them contemporaneous with the five – year plans and to provide the policy regime. The export- oriented privet sectors, through their representative bodies and chamber are consulted in the formulation of export policy and are also represented in the various export promotion bodies set up by the government however, export from Bangladesh are regulated by the following acts, Guidelines and authorities:

* Bangladesh Bank by issuing guidelines and circulars in Compliance with Foreign exchange regulation ACT, 1950 under the authority given to it by the aforesaid act. It control physical and payment aspects to expect.
* Ministry of commerce by issuing export policy order under the authority given to it by export – import Act, 1950, it outlines the Government’s export development provides the list of items which are either banned for export or whose export is subject to fulfilment of certain conditions
1. Controller of export and import
2. Export promotion Bureau
3. National board of revenue(regarding duties and customer issues)
4. Ministry of finance by providing financial assistance (like cash incentives Fixation of lower interest rate of export credit etc.)

**Export condition of Bangladesh Commerce Bank Limited:**

From 2009 20 2018 the total export rise 1021 to 2344 million.

|  |
| --- |
|  **Bangladesh Commerce Bank Limited**  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 1021 | 1200 | 2219 | 3058 | 3225.4 | 3340 | 2302 | 2629 | 2284 | 2344 |
| Export growth |  | 0.149167 | 0.4592159 | 0.274362 | 0.051901 | 0.034311 | -0.45091 | 0.124382 | -0.15105 | 0.025597 |

**Graphical presentation:**

From this graphical presentation we see that in 2011 the export growth rate is very high. In this year the export growth rate is 0.4592159. Before 2014 the export business growth rate is positive but in 2015 the export business growth rate is negative. In this year the export Business of the Bangladesh Commercial Bank Limited is fall. The growth rate is decreased into 0.034311to -0.45091. In 2016 the growth rate is positive. But in 2017 the growth rate is again negative.

## Remittance Business of Bangladesh Commercial Bank Limited:

Our economy depends highly on foreign remittance. The people who are working abroad send currency through the help of Bank. Bangladesh Commercial Bank Ltd. follow three ways to collect foreign remittance. Those are:

1. By exchange house having agreement with BCBL
2. Directly by Telephonic transfer
3. By exchange house having no agreement with BCBL.

**Mechanism of remittance followed by the Bangladesh Commercial Bank Limited:**

Bangladesh commercial Bank ltd follows three ways for collecting remittance. These are exchange house with bank has agreement, direct telephone transfer and the exchange house with which bank has no agreement.

1. **Exchange house with which BCBL has agreement:** in this way the remittance can come for anyone. He can be an A/C holding can be not. If the receiver is an A/C holder the remittance directly deposited to his account. If he is not an A/C holder the sender has to inform the receiver. The sender’s bank will give a pin code that the sender has to inform the receiver. The receiver than tell the pin code, his name and other information to the authorized officer. The officer will check and if everything is alright, the office will give the cash to the receiver. The Following are the name of some exchange House that BCBL has agreement with:
* LARI exchange Co.
* CITY INTL exchange Co.
* Mustafa-sultan exchange co.
* Western union
* Ria money transfer

#### **Telephonic Transection:** The Bank provides this service only to its A/C holders. When the remittance come it is directly deposited to receiver’s account.

1. **Exchange house having no agreement With BCBL:** This is another way thatthe bank follows. This services is also limited to its A/C holder.

If a remittance is sent through an exchange house having no agreement with BCBL, it comes to the bank that has an agreement with the exchange house. After getting the remittance, the bank issues a pay order in favor of BCBL. Then BCBL collects the cash through clearing house and deposits it to receiver’s account.

This is the administration of foreign exchange business. In this process the foreign exchange department accomplishes is responsibilities.

**Remittance condition of Bangladesh Commercial Bank Limited:**

From 2009 to 2018 the total export rise 56190 to 92340.1million.

|  |
| --- |
|  **Bangladesh Commerce Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Remittance  | 104 | 101 | 519 | 387 | 357 | 714 | 978 | 1173 | 1187 | 1210 |
| Remittance growth |  | -0.0297 | 0.805395 | -0.34109 | -0.08403 | 0.5 | 0.269939 | 0.16624 | 0.011794 | 0.019008 |

**Graphical presentation:**

From this graphical presentation we see that in 2011, the remittance business growth of the Bangladesh Commercial Bank is very high. That is 0.805395. But in 2012 the remittance growth rate is negative. It is decrease 0.805395 to -0.34109 in 2011 to 2010. In 2012 and 2013 the remittance growth rate is negative. But in 2014 the growth rate is also high. It is increase -0.08403 to 0.5 in 2013 to 2014. From 2014 to 2018 the remittance business growth rate is positive. This is a good sign for the company.

Bank is very important and vital for economic development in mobilizing capital and other resources BCBK is also contributing to the advancement of the socioeconomic condition of the country. To keep pace with the current market and demand BCBL is following services to the customer. The bank should maintain well-structured communication from upper level to lower level. BCBL have a strong position in the competitive market. It is among one of the fastest growing Bank. As the economy of Bangladesh is increasing so is the foreign trade and BCBL Bank like always have played its role in marketing sure that things go smoothly. The Bank is doing its best to provide better import. Report and remittance service is to the customers. Export Import is showing positive trades even after the global challenges that we are facing today however, the bank needs to improve its remittance, the foreign trade handled by bank is increasing in recent year, and this may be because of operating of new branches in different business centers.

# Chapter 7

# Pubali Bank Limited

**Pubali Bank Limited:**

Banks are in the business of managing risk. If done correctly, the bank will create economic Value obviously. If done incorrectly, real resources will be the misallocated, and the bank may fail.

Indeed, modern banking is not inherently different from traditional banking, except that there are now many more financial product and services involved than before.

In Brief, the bank of the future will generate its profits not only from offering the technology of the future, but also from using its knowledge and credit evaluation abilities to extend credit of profitable margins to customers with calculates risks.

However, the pubali bank Ltd. has been recognized as one of the leading privet commercial banks in Bangladesh banking sector. Due to free market economy, competition is growing rapidly along the nationalized, foreign & privet commercial Banks each Bank is trying to make their products and services more attractive to the customer’s Pubali Bank Ltd. Has launched their foreign exchange to keep pace with the growth expectations with the customers. This report basically deals with the ‘Foreign exchange’ (F.EX) of pubali **B**ank Limited.

**Objective of foreign exchange for Pubali Bank Limited:**

1. **Primary objective:**
* To exchange all import, export business
* To participate in the socio economic development of the country
1. **Other objective:**
* To provide investment facility to the depositor of the bank.
* Increase relationship network of the bank.
* To popularize bank’s product among the mass country.

Bank play a very important role in foreign exchange transaction of a country. Mainly transactions with overseas countries are respect of imports, exports and foreign remittance come under this. Bank are the vital sectors of foreign exchange transactions. Central Bank record all sorts of foreign exchange transaction with is to be reported regularly (e.g. Daily, fortnightly, monthly quarterly, year etc.) to Bangladesh bank. This part of the report consists of the following areas.

* International trade import & export
* Foreign exchange rate & foreign remittance

Foreign exchange transaction is classified according to their activities.

## Foreign exchange activities of Pubali Bank Limited:

Foreign exchange department (FED) is the international department Bangladesh Bank issues licenses to schedule banks to contract with foreign exchange. These Banks are known as Authorize Dealer to contract with foreign exchange. This Banks are known as authorized Dealers If the Branch is authorized broker in foreign exchange market. It can remit foreign exchange from local country to foreign countries. At present the bank has 21 authorized Dealer Branches with well prepared with highly trained professionals to meet different requirements of import and export based clients.

 In this mode world no country is self-sufficient, one country is to depend on other country and from the point this point of view there arise the question to foreign trade and foreign currency transaction.

That is the international trade involves F.EX transaction. Particularly for recent and payment against existing of goods and service for the country to another. As Without F.EX transection we cannot think of foreign trade. Of course various rules and regulation are to be followed in connection with the foreign trade and foreign exchange transaction.

It is well known fact that the money is a medium of exchange for all transection that takes place inside the country as well as outside the country. So there more currency has to be converted into currency of other currency meet the obligation that arises out import of goods & services.

From other countries vice that part of the economic service that deals with the conversion of home currency into foreign currency for the purpose of setting international obligation is called foreign exchange.

**Function of foreign Exchange department of Pubali Bank Limited:**

1. L/C opening
2. L/C amendment
3. Sanctioning PAD. LIM, LATR
4. T.C issuing
5. Foreign Bill purchase(FBP)
6. Local Bill purchase ( LBP)
7. Foreign Remittance
8. FC A/C maintaining
9. Foreign currency remittance

**Foreign exchange mechanism followed by the Pubali Bank limited:**

1. L/C opening
2. Issue the L/C by issuing Bank and send to advising bank
3. Advised and or confirm the L/C by advising and add confirming Bank
4. Submit the documents to negotiating Bank by export
5. The Negotiating Bank Makes payment
6. The Negotiating Bank forward/sends documents to issue bank
7. Issuing Bank makes payment to negating bank
8. A issuing bank instruments to pay or reimburse the paying bank and paying bank makes payment or reimburse to the negotiating bank
9. Issuing bank sends documents to the import
10. The importer makes payment

**Export, Import and remittance of PBL:**

Pubali Bank Limitedplays a very important role in the country’s foreign exchange Business of the country. Total foreign exchange situation within 2009 to 2018, foreign trade of Pubali Bank Limitedcompleted these years with success in some areas and good hopes for some other after facing some challenges. From 2009 to 2018 the total foreign exchange rise 12048.34 to million 30040.2

|  |
| --- |
|  **Pubali Bank Limited**  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 2473.96 | 3390.97 | 9857.9 | 5900.48 | 6984.44 | 7707.13 | 8574.04 | 8676.41 | 14167.2 | 10461.5 |
| Import business  | 6049.38 | 8568.35 | 9875.9 | 10812.03 | 9738.04 | 9751.69 | 11256.43 | 12185.2 | 9612.5 | 155713.7 |
| Remittance  | 3525 | 3193 | 3400 | 4123.99 | 3894.76 | 4354.17 | 4380.7 | 3775.7 | 3659 | 1513.7 |
| Total foreign exchange business: | 12048.34 | 15152.32 | 23133.8 | 20836.5 | 20617.24 | 21812.99 | 24211.17 | 24637.31 | 27432.7 | 30040.2 |

**Graphical presentation:**

From this graphical presentation we the export, import and remittance business of Pubali Bank limited at a glance.

## Import Business of Pubali Bank:

Procedure of import operation:

In import operation there are several steps in completing the total import procedure: These steps are:

1. LC issuing and transmitting
2. LC amendment
3. Scrutiny of documents
4. Lodgment
5. Retirement

Let’s describe about these processes:

1. **LC issuing and transmitting:** At first the importer and exporter reach sales contract and then the import applies to the bank to open an LC. But at the time of operation LC the importer will need arrange some papers. The name of the paper are given below :
* Import registration Certificate (Issued by CCI&E)
* IMP form
* Trade License
* Credit report of the supplier
* Indent in case of Indenture
* Letter of credit Authorization(LCA from) with HS code mentioned
* Performa invoice
* Sellers credit report should be collected from correspondent bank
* In case of FOB/CFR, Insurance cover note
* VAT registration Certificate with TIN
* LC application from
* Memorandum of articles of association and certificate of incorporation (for limited company)
* Membership certificate in the associated society or association
* Checking whether the goods are importable or not (banned item) or restricted item
1. The bank will collect CIB report of their customer. The bank will also collect credit report of the foreign supplier from its foreign correspondent or from two foreign organization which provide credit report at request and these are,, Dunn & Bradstreet” and ,, Seyds “to understand either it is satisfactory or not.
2. Based on the credit report the bank set a margin which will be a portion of the LC value and take some amounts a security and for the rest of the margin FDR, land, building will be kept as collateral security.
3. The bank will send the assets and liabilities of the customer and send it to the higher authority for permission. If the authority gives permission then will issue LC application from, LCAF, IMP- form printed by bank. The customer will have to fill these forms by his/her hand and give signature in front of the officer and the will verity the signature.
4. The importer has to submit the insurance cover note by which the bank can be sure that the importing products have already been insured and the importer has paid the insurance premium which is 10 percent of the LC value.
5. The bank will check that HS Code (Harmonized system code) an incoterms are mentioned properly and other paper are also in order. The bank will also insure that all the things are done by following the rules and regulations.

After becoming satisfied with the thing the officer will type the LC correctly and send it to the foreign correspondent by SWIFT. Here two copies are sent to Bangladesh Bank, Head office of the bank, branch office of the bank, CCI&E and importer. After getting the LC the exporter check the LC and if they found okay then they will start producing the goods according to the order.

##

**Import condition of Pubali Bank Limited:**

From 2009 to 2018 the total export rise 6049.38 to 155713.7 million.

|  |
| --- |
|  **Bangladesh Commerce Bank Limited**  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Import business  | 6049.38 | 8568.35 | 9875.9 | 10812.03 | 9738.04 | 9751.69 | 11256.43 | 12185.2 | 9612.5 | 155713.7 |
| Import growth |  | 0.293985 | 0.1323981 | 0.086582 | -0.11029 | 0.0014 | 0.133678 | 0.076221 | -0.26764 | 0.380386 |

**Graphical presentation:**

From this graphical presentation we see that the import business growth of the pubali bank is high in 2010. In this year the growth rate is 0.293985. After this year the growth rate of the import business is decreasing before 2014. But in 2015 the import business is also rise. In this year the growth rate is 0.133678. In 2016 the import growth rate is also high. But in 2017 the import growth rate is fall into 0.076221 to -0.26764. In 2018 the growth rate is also positive. The growth rate of this year is 0.380386.

## Export Business of the Pubali Bank Limited:

There are some steps in export operating. The steps are:

1. LC Advising
2. Issuing EXP from
3. Collecting o documents and checking
4. Export bill negotiating

Pubali Bank limited offers extra cover to its customers for the entire export process to speed up receipt of proceeds. The facilities are:

1. Export Letter of Credit advising
2. Pre- shipment Export financing
3. Export document Negotiation
4. Letter of credit Confirmation

**Export Business condition of PBL:**

From 2009 20 2018 the total export rise 2473.96 to 104861.5 million.

|  |
| --- |
|  **Pubali Bank Limited**  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 2473.96 | 3390.97 | 9857.9 | 5900.48 | 6984.44 | 7707.13 | 8574.04 | 8676.41 | 14167.2 | 10461.5 |
| Export growth |  | 0.270427 | 0.656015 | -0.67069 | 0.155196 | 0.093769 | 0.101109 | 0.011799 |

|  |  |
| --- | --- |
| 0.387571 | -0.35422 |

 | -0.3542 |

**Graphical presentation:**

From this graphical presentation we see that in 2011 the export business growth of the Pubali Bank Limited is very high. In this year the export growth rate is 0.656015. But in 2012 we see the opposite scenario of the export business growth scenario. In this year the growth rate is -0.67069. In 2013 the bank overcome their form their negative growth rate. In this year the growth rate is 0.155196. Before 2017 the growth rate is positive. But in 2018 the growth rate is also negative. It is decrease into 0.387571 to -0.3542 in 2017 to 2018.

## Foreign Remittance Business of Pubali Bank Bangladesh Limited:

Foreign remittance is the transfer of currency from one country to another country. A foreign Remittance division of a bank purchase and sell foreign currency to according to the market rate. It is required for various purchase. The expatriates living in the foreign countries send their hard earned money to the country. The expatriates living in the foreign countries send their hard earned money to the country. The foreign remittance division of a bank provide them an easy, fast and label way to transfer the fund. One the other side currency can be remittance from our country. The Foreign remittance operation is mainly of two types:

1. Inward foreign remittance
2. Out ward foreign remittance

**Methods of Foreign remittance for PBL:**

There are various ways by which currency can be transferred, the common 3 ways of foreign remittance are;

1. Foreign telegraph transection(F.T.T)
2. Foreign demand draft (F.D.D)
3. Traveler cheque (T.C)

Let’s we describe about these:

1. Foreign telegraph transection (F.T.T): Foreign telegraphic transfer is a way for transfer fund from one country to another via electronic medium. The fund sending bank take for F.T.T and some time the fund receiving bank also take change. Here to effect the transaction, telex message is sent.
2. Foreign Demand draft: it is a type of negotiable instrument by fund can be transferred from one bank to another bank. Here who is requiring the money to be transferred is draw of the demand draft. The amount of demand draft is paid from the draws account. The bank of which the demand draft is drawn and the bank pays is the drawer. By the demand draft which party is receiving the money is called the payee.
3. Travelers cheque: Travelers venue is issued by the bank and in alternative for carrying cash for those who are traveling abroad, it is issued in those currencies which make it cash to enchase at any country of the world. The currencies are normally USD, pound, Euro etc. Before traveling the traveler purchase it from the bank. At the time of traveling T.C can be used in Banks, hotel big shapes and pay various experiences.

**Remittance condition of Pubali Bank Limited:**

From 2009 to 2018 the total export rise 56190 to 92340.1million.

|  |
| --- |
|  **Pubali Bank Limited**  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Remittance  | 3525 | 3193 | 3400 | 4123.99 | 3894.76 | 4354.17 | 4380.7 | 3775.7 | 3659 | 1513.7 |
| Remittance growth |  | -0.10398 | 0.0608824 | 0.175556 | -0.05886 | 0.10551 | 0.006056 | -0.16024 | -0.03359 | 0.101353 |

**Graphical presentation:**

In this graphical presentation we see the unstable situation of foreign remittance business in Pubali Bank Bangladesh Limited.in 2010 the remittance growth rate is negative. In this year the growth rate is -0.10398. After 2 years the growth rate is positive. In 2012 the remittance growth rate is so high. The growth rate in this year is 0.175556. In 2013 the remittance growth rate is again negative. In 2014 the bank can generate positive growth rate. The remittance growth is going into an ups and dawn condition.

Overall the bank must make a positive attempt to be more outward looking in their goals and aware of what is happening. They must also emphasize on domestic scenario more closely and analyze any certain trend and strategies of their competitors. The bank must accept any failure and think of them as an objective to pursue future goal instead of blaming such failures on other factor.

The performance of a banks today competitive business in important. Just few years ago the number of bank was very small. So the competition was not strong as it is today. Thing have a change with the emergence of many new banks. Now the customer have option to take the one that the best so the current banking business scenario is simply highly competitive.

**Chapter 8**

# AB BANK

**AB BANK**

Bank is a financial institution. The economy is mostly depended on the bank since the bank facilitates the economic and financial transaction. Every industry large medium and small is absorbing the facilities provided by the bank relating to its production to export and also to import and materials.

The bank will put reliance on market forces and provide increased inducement to saver to, obelize service and old fast to profitability potential to allocate funds to the users of such sector trade. Commerce and industries as may be consistent with the socio- economic objective of the nation. Bank is a financial intermediary whose prime function to move scarce resources in the form of credit from saver to those who borrow for consumption and investment. In a modern society, bank are very much important to the economy because of this ability to create money.

AB bank limited the first privet sector bank under joint venture with Dubai bank limited, UAE incorporated in Bangladesh on 31st December 1981 and started its operating with effect from April 12, 1982.

Dubai bank limited (name subsequently changed to union Bank of the middleast limited) decided to off-load their investment in AB bank limited with a view to concentrate this activities in the UAE in early part of 1987 and in terms of articles 23A and 23B of Articles of associates, the shares hold by them in the Bank were sold and transferred to the relevant authorities, the shares held by terms in the bank were sold and transferred of group “A’’ shareholder i.e. Bangladeshi sponsor shareholder.

## Foreign exchange of ABBL:

ABBL undertaking stop purchase and sales foreign currency by developing its own fund.

Foreign exchange and foreign trade of a country conducted according to the low of that country AB bank Ltd. Performs all its banking operations including foreign exchange activities according to that law AB banks conduct their foreign exchange business mainly into two ways:

1. Bank provided as an agent for the transfer and earns service charges commission etc.
2. Bank invests its fund for the purchase of foreign currencies and sale of such currencies on the basis of present transaction and may earn profit thereof.

**Foreign exchange transactions for ABBL:**

Conversion of currencies or exchange is known as foreign exchange transactions. The conversion may arise for a transaction between a bank and its customer or between a bank and another bank at home or abroad. The transaction involves at least two currencies Foe a bank in Bangladesh, the process of conversion frequently involves conversion of Bangladesh taka into foreign currency or voice-versa.

**Wings of foreign exchange:**

AB Banks Foreign exchange department has three definite wings through which foreign exchange transaction are conducted.

**Foreign exchange:**

Import section export section remittance section

The achievement of AB Bank in the above three areas of foreign exchange business has been quite phenomenal. The Bank has been providing services to import and export trade and for repatriation of head earned foreign exchange of Bangladeshis living and working abroad and has by now consolidated it position in these areas. The following chapters will discuss about these areas in details.

**Export, Import and remittance of ABBL:**

AB Bank Limited plays a very important role in the country’s foreign exchange Business of the country. Total foreign exchange situation within 2009 to 2018, foreign trade of AB Bank limitedcompleted these years with success in some areas and good hopes for some other after facing some challenges. From 2009 to 2018 the total foreign exchange rise 4638 to million 8654

|  |
| --- |
|  **AB Bank limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 65956 | 90751 | 57592 | 68782 | 72571 | 77252 | 72982 | 76052 | 75109 | 73450 |
| Import business  | 65956 | 90751 | 79463 | 100373 | 125383 | 112220 | 111245 | 115794 | 104916 | 89630 |
| Remittance  | 182 | 210 | 250 | 217 | 237 | 299 | 280 | 254 | 330 | 330 |
| Total foreign exchange business: | 132094 | 181712 | 137305 | 169372 | 198191 | 189771 | 184507 | 192100 | 180355 | 163410 |

**Graphical presentation:**

In this graphical presentation we see the Export import and remittance business of AB bank at a glance.

## Import business of AB Bank:

**General conditions of import goods:**

* Import trade control schedule numbers- for import purpose use new ITC Numbers with at least six digits corresponding of the classification of goods as given in the import trade control schedule 1998, based on the Harmonize commodity description and condign system shall be mandatory.
* NOC on the basis of ROR (Right of refusal): No abjection certificate on the basis of right of refusal from any authority shall not be required fir import of any freely importable item by public sector agency. However in cases where a public sector agency is required to import banned or restricted items included in the control list prior permission of the ministry of Commerce as all have to be obtained on the basis of ROR issued by the ministry of industries or by the sponsoring ministry/division or by both as the case may be.
* Restriction regarding source of procurement of goods.

(a).Goods from Israel or goods originating from that country shall not be importable. Goods shall also not be importable in the flag vessels of that country.

(b) All kind of import from and export radio and Montenegro fragment of former socialist republic of Yugoslavia shall be denied.

* Pre-shipment inspection: Unless otherwise specified pre-shipment inspection of imported goods shall not be obligatory in case of import be the privet sector importers
* Shipment of Bangladesh flag vessels: Subject to waiver bellow shipment of goods shall normally be made on Bangladesh flag vessels.

**Import condition of AB Bank limited:**

From 2009 to 2018 the total export rise 6049.38 to 155713.7 million.

|  |
| --- |
|  **AB Bank limited**  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Import business  | 6049.38 | 8568.35 | 9875.9 | 10812.03 | 9738.04 | 9751.69 | 11256.43 | 12185.2 | 9612.5 | 155713.7 |
| Import growth |  | 0.27322 | -0.1420535 | 0.208323 | 0.199469 | -0.1173 | -0.00876 | 0.039285 | -0.10368 | -0.17055 |

**Graphical presentation:**

From this graphical presentation we see that in 2010 the growth rate is so high. But suddenly in 2011 the growth rate fall. It decrease 0.27322 to -0.1420535 in 2010 to 2011. In 2012 and 2013 the import growth rate is again positive. After 2013 the import growth rate is decreasing. After 2014 the AB banks import business growth rate can overcome. Only 2016th growth rate is positive within 2014 to 2018.

## Export business of AB Bank:

**Export registration for AB Bank:**

An exporter must obtain export Registration certificate from of the chief control of import and export (CCI&E). The procedure for obtaining export registration certificate (ERC). Procedures for obtaining export registration certificate (ERC) from the CCI&E, the following documents are required:

* Application as per format prescribed by CCI&E.
* Bank solvency certificate.
* Membership certificate from a chamber of commerce.
* Nationality certificate
* Partnership deed(Registered/Un-Registered) for partnership business concern
* Memorandum & Articles of Association & it incorporation certificate for public limited company
* Income Tax payment certificate(TIN)
* Recent passport size photographs of the applicant
* Treasury challan showing payment of fees for ERC

**Export document collected By AB Bank:**

After due passing of EXP, the exporter then execute shipment. As evidence of export and as per terms of the export L/C, contract, export mist prepare document in order to get his payment and to facilitate release of good by the buyer abroad. Document are of (2(two) types

1. **Financial document:** The financial document, prepared by exporter is known as bill of Exchange or Draft. It is prepare by the exporter directing the L/C issuing bank to pay sum of money at a certain date or determinable future time to negotiating bank or order. The parties to a Draft are Drawer, Drawee, payee, Endorser & endorsee.
2. **Commercial Document:** The documents evidencing description and other details of goods shipped and supporting other terms and condition of L/C contract are commercial document

**Export position of ABBL:**

From 2009 20 2018 the total export rise 65956to 73450million.

|  |
| --- |
|  **AB Bank limited**  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 65956 | 90751 | 57592 | 68782 | 72571 | 77252 | 72982 | 76052 | 75109 | 73450 |
| Export growth |  | 0.27322 | -0.575757 | 0.162688 | 0.052211 | 0.060594 | -0.05851 | 0.040367 | -0.01256 | -0.02259 |

**Graphical presentation:**

From this graphical presentation we see that in 2010 the growth rate is high. But 2011 the growth rate of export is very low. It is decrease 0.27322 to -0.575757 in 2010 to 2011. But after 2011 the export growth rate of AB Bank is positive before 2015. In 2016 the growth rate of is positive. And after that the growth rate is negative 2017 and 2018

## Remittance business of AB Bank:

Remittance means sum of money remitted from one place to another. We sent money from one place to another place through post office, Banks etc. When money is transferred from one country to another then it is called foreign remittance. In all respect ABBL follow exchange control manual published in 1986 by Bangladesh Bank. Respect of foreign remittance we are to follow that manual and circular time to lime from circulated Bangladesh Bank.

**Instrument of Remittance:**

1. Cash
2. TC(Travelers cheque)
3. FDD( Foreign demand draft)
4. TT(Telegraphic transfer)
5. MI(Mail Transfer)
6. PO(Payment order)
7. IMO(International money order)
8. Cheque etc.

Foreign currency A/C under WES which plays a vital role on our all foreign exchange or operated by Bangladesh National Serving and earning abroad having income sources other than Bangladesh (FCAD, FCAP, PCAY, RCADM).IT is noted that current A/C also plays a vital role in foreign business.

Upon approach by the PLS A/C holder the respective A/C is opened by A/D amongst other as under-

1. Filling properly the relative A/C opening form.
2. obtaining declaration
3. Copy of passport-1st 7 page I-e-up to visa ( original PP to redoubt)
4. Service contract
5. Letter of contract
6. Letter of Authority
7. 1 PP size photo of the nominee
8. Signature card due and both A/C holder and nominee etc.

**Remittance condition of AB Bank limited:**

From 2009 to 2018 the total export rise 182 to. 330 million.

|  |
| --- |
|  **AB Bank limited**  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Remittance  | 182 | 210 | 250 | 217 | 237 | 299 | 280 | 254 | 330 | 330 |
| Remittance growth |  | 0.133333 | 0.16 | -0.15207 | 0.084388 | 0.207358 | -0.06786 | -0.10236 | 0.230303 | 0 |

**Graphical presentation:**

Except 2012, 2015 and 2016 the growth rate of remittance is positive. In 2010 the growth rate is 0.133333. In 2011 the remittance growth rate is increased into 0.16. But 2012 the growth rate is fall to -0.15207. After that the Remittance growth rate is again positive. In 2013 and 2014 the growth rate is 0.084388 and 0.207358.But in 2015 and 2016 the growth rate is negative. In 2017 the growth rate of export business growth is again so positive.

AB bank Limited are being its business successfully, which indicates their well performance in foreign exchange. Business of their well performing foreign exchange the bank has been able to reduce its had dad every year. AB Bank provides different facilities. It has SWIFT facilitates. Very few bank in our country offer this. AB Bank adopt online banking, which bank operates for their customers facilities. The more effectively bank handle foreign exchange Business, the more likely they will become productive.

**Chapter 9**

# City Bank limited

**City Bank limited:**

Foreign exchange department is international department of any Bank. It deals globally. It facilities international trade through its various modes of services. It bridges between importers and exporters. If the branch is authorized dealer in foreign exchange market, it can remit foreign exchange from local country to foreign country. This department is called foreign currency department.

Some national and international laws regulate function of this department. Among these, foreign exchange act. 1997 id for dealing in foreign exchange business, and Import and Export control act, 1950 is for documentary credits (UCPDC) 1993 revision and international chamber of commerce publication no-500 is also an important trade. Government’s Import & export policy is another important factor for import and export operation for banks.

In banking arena the term foreign exchange originated from the exchange. Exchange has several meanings. One term commonly used in banking is the “clearing house exchange”. Banks in a community, who have formed a clearing House associating exchange the items in their possession but draw on other banks in the community and with these other banking at the daily meeting of the clearing Housing associating. Settlement to all items exchange is simplified because the exchange is settled on a “net basis” where the “losing banks” pay the “winning banks” the net difference in the exchange of items.

The terms is also used to denoted a service charge, or exchange fee, made by banks for cashing checks, usually items drawn on distant point “exchange” in financial circles also describes meeting place where stocks, bonds and commodities are bought and sold or traded in.

Foreign exchange refers to trading that involves foreign currencies. The principal Foreign exchange market are in New York City where many banks have private wires to all foreign countries. By this communication service, these bank are able to buy and sell for immediate or even future delivery funds of foreign countries. These funds to be used to pay for import or export in the currency by the seller of the goods.

## Function of foreign exchange department for City Bank:

* L/C opening
* L/C Amendment
* Foreign bill purchase
* Local bill purchase
* Foreign remittance
* FC (Foreign currency)
* A/C Maintaining
* Foreign currency Remitting
* TC (Traveler check)

**Foreign exchange Mechanism followed by City Bank:**

* L/C opening
* Issue the L?C by issuing bank and send to advising bank
* Advised and confirm the L/C by advising and confirmation bank
* Submit the Documents to negotiating bank by export
* Submit the documents to negating bank by export
* The negotiating bank makes payment
* The negotiating bank forward/ send documents to issuing bank
* Issuing bank makes payment to negotiating bank
* An issuing bank instruments to pay or reimburse the paying bank makes payment or reimburse the negotiating bank
* Issuing bank send documents to the importer.

**Export, Import and remittance of City Bank Limited:**

City Bank Limited plays a very important role in the country’s foreign exchange Business of the country. Total foreign exchange situation within 2009 to 2018, foreign trade of City Bank Limited completed these years with success in some areas and good hopes for some other after facing some challenges. From 2009 to 2018 the total foreign exchange rise 318881 to million 323176 million.

|  |
| --- |
|  **City Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 13815 | 18646 | 22033 | 13800 | 19043 | 47887 | 63660 | 86657 | 98593 | 120698 |
| Import business  | 287133 | 38155 | 43474 | 58420 | 61909 | 66374 | 79402 | 100749 | 165488 | 173847 |
| Remittance  | 17933 | 24496 | 42189 | 24594 | 25943 | 23768 | 19896 | 17615 | 30464 | 28631 |
| Total foreign exchange business: | 318881 | 81297 | 107696 | 96814 | 106895 | 138029 | 162958 | 205021 | 294545 | 323176 |

**Graphical presentation:**

This graphical representation shows the export import and remittance condition at a glance.

## Import business of City Bank:

**Import Mechanism followed by the City Bank:**

To import, a person should be competent to be an importer. According to importer and exporter control Act, 1950 the office of Chief controller of importer and Exporter provides the registration (IRC) to the importer. After obtaining this, the person has to secure a letter of credit authorization (LCA) from Bangladesh Bank then a person becomes a qualified importer. He is the person requests or instructs the opening bank to open an L/C. He is also called opener or applicant of the credit.

**Importers Application for L/C limit/margin:**

To have an import L/C limit, an importer submits an application to the Department of the city Bank limited furnishing the following information:

* Full particulars of bank account
* Nature of business
* Required amount of limit
* Payment terms and conditions
* Goods to be imported
* Offered security
* Repayment schedule

A credit officer scrutinize this application and according prepares proposal (CLP). The committee V if satisfied, sanctions the limit and returns back to the branch. Thus the importer is entitled for the limit.

**Import condition of City Bank limited:**

From 2009 to 2018 the total export rise 287133 to 173847 million.

|  |
| --- |
|  **City Bank limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Import business  | 287133 | 38155 | 43474 | 58420 | 61909 | 66374 | 79402 | 100749 | 165488 | 173847 |
| Import growth |  | -6.52544 | 0.122349 | 0.255837 | 0.056357 | 0.06727 | 0.164076 | 0.211883 | 0.391201 | 0.048083 |

**Graphical presentation:**

The import business growth of the city bank is extreme low in 2010. In this year the growth rate is -6.52544. After 2010 the growth rate is always positive before 2018.After 2010 the growth rate is increase -6.52544 to 0.122349. This is a good sign for the city bank. In 2017 the growth rate of import business is higher than others years. The import growth rate of this year is 0.391201.

## Export Business of City Bank:

**Export policy followed by the City Bank limited:**

Export policy formulated by the ministry of commerce, GOB provide the overall guideline and incentive for promotion of exports of Bangladesh. Export policies also set out commodity-wise annual target.

It has been decided to formulate these policies to cover a five-year period to make them contemporaneous with the five-year plans and to provide the policy regime. The export-oriented provide sector, through their representative bodies and chambers are consulate in the formulation of export policy and are also represented in the various export promotion bodies set up by the government.

**Export procedures for City Bank:**

The import and export trade in our country are regulated by the import and export (control) Act, 1950.

Under the export policy of Bangladesh the exporter has to get valid export registration certificate (ERC) from chief controller of import and export (CCI&E). The ERC is requires to renew every year. The ERC number is to incorporate on EXP forms and other connected with exports.

**Export business condition of City Bank:**

From 2009 20 2018 the total export rise 65956 to 0.183143 million.

|  |
| --- |
|  **City Bank limited**  |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Export business  | 65956 | 90751 | 57592 | 68782 | 72571 | 77252 | 72982 | 76052 | 75109 | 73450 |
| Export growth |  | 0.25909 | 0.153724 | -0.59659 | 0.275324 | 0.602335 | 0.247769 | 0.26538 | 0.121063 | 0.183143 |

**Graphical presentation:**

In this graphical presentation we see the export condition of the City Bank. In 2012 the export growth rate is so low. It decrease 0.153724 to -0.153724 in 2011 to 2012. In 2014 the growth rate is so high. It increase 0.275324 to 0.602335 in 2013 to 2014. After 2012 the growth rate is positive in every year.

## Foreign Remittance business of City Bank:

In the 2009 city bank limited gas established new inward foreign remittance relationship with 8 exchange hour located in U.K, UAE, Oman and Qatar which help the Bangladeshi expatriates to remittance business amount TK 9780 million directly through 14-exchange house in the year 2009. Total amount of foreign remittance received through exchange houses and bank was TK 12473 million. The amount in the same period of the last year was TK 7158 million. The growth of the foreign remittance business in 2010 was 104% compare to the provision year.

The city bank limited is one of the fastest growing bank among all the privet commercial banks in Bangladesh. This bank constantly looks for ways and means to improve productivity in Bangladesh. This bank constantly looks for ways and means to improve productivity by rendering to its customers in order to remain competitive in the market.

The city bank limited plays a significant role in various field in the economy such as industry, trade & commerce, transportation, deposit mobilization etc. it is playing a crucial role in human resource development and in creating new employment opportunities It is also undertaking various welfare activities for the betterment of the society, in this context the bank has established The City Bank Foundation.

The city Bank Limited of the customer on The City Bank Limited is increasing promptly day by day. The overall performance of the bank limited solid revenue growth together with strict dieseline on expenses. The bank constantly review its systems, policies process and process of expenses. The bank contently review its systems, marketing reality.

**Remittance condition of City Bank limited:**

From 2009 to 2018 the total export rise 17933 to 28631.1 million.

|  |
| --- |
|  **City Bank Limited** |
|  | position (million TK) |
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Remittance  | 17933 | 24496 | 42189 | 24594 | 25943 | 23768 | 19896 | 17615 | 30464 | 28631 |
| Remittance growth |  | 0.267921 | 0.4193747 | -0.71542 | 0.051999 | -0.09151 | -0.19461 | -0.12949 | 0.421777 | -0.06402 |

**Graphical presentation:**

From this graphical presentation we see that remittance growth rate.

As a bank CBL has to do a lot of things for the betterment of the country. The bank is strongly positioned in the market and with its core strengths it can match shareholders’ expectations and thus raise their wealth in future through ethical banking and best pricing and must be customer satisfaction. Thus, it has to take initiatives so that it can fulfill the desire of the govt. as well as people. It will enhance more privet more privet service and build up working trams to provide the best ensured in all share of its performance. Increase the profit, increase customer lending, assess the financial condition & try to increase the number of customer. To do these the recommended suggestions can be used. Although it is theoretical suggestions, it is not valueless. It has great impact on their banking business and other sectors of the economy. For this government’s help us essential and it is expected that Gov., will broaden its hand for implementing the recommendations for the welfare of the people of Bangladesh. Overall, the bank must makes positive attempt to be more outward looking in their goals and aware of what is happening. They must also emphasis on the domestic scenario more closely and analyze any certain trades and strategies of their competitions.

**Chapter 10**

# Comparison of the selected Banks

**Comparison of the selected Banks**

In this report we selecting eight banks. Two banks are Islamic bank, two banks are national bank and four are privet commercial banks. We are analyzing these banks foreign exchange operations. By a representation we can see the foreign exchange business position.

From this graphical presentation we see that city bank achieve the first position. AB bank second, pubali bank third. But we see that the Islami bank belong in last layer in this graph. The privet commercial bank hold in firs layer in the graph, Because of their some foreign exchange techniques. The privet commercial banks foreign exchange risk management system is good. So they minimize their risk. Generically we see that the privet commercial appoint foreign exchange expert to guide their foreign exchange business department. For good foreign exchange business expert team make a good role. The privet commercial banks foreign exchange business risk management system is so good. So they can minimize their risk easily. The city banks risk management system very good so they hold first position in foreign exchange business. Privet commercial bank collect less document than others. So there is no need to give more effort for customer.so they hold good position. The privet commercial banks are doing their foreign exchange business very safely and with many security. So people the privet commercial banks hold good position in foreign exchange business. The privet commercial banks are offer low charges for foreign exchange. So consumer go there for their foreign exchange and remittance. On the other the national bank take many unnecessary documents for foreign exchange purpose. That is very embarrassing situation for the customer. National banks are not appointing any foreign exchange expert so they doing their business any guideline. For this reason their position is not good.

**Chapter 11**

# Conclusion

**Conclusion:**

Banking industry in Bangladesh is now on the right track. The banks are contributing much than the previous years for the growth and development of the country. Credit for such contribution by the industry goes to the growth and development of the country. Credit for such contribution by the industry goes to the Bangladesh Bank. Banking industry is much organized because of strong vigilance and supervision of Bangladesh Bank. In the industry the selected banks are the pioneers in many criteria. The selected Banks are committed towards the excellence in the service with efficiency, accuracy and proficiency. Like most of the commercial Banks, Foreign exchange Department is one of the most important departments of the selected Banks. Perhaps, it is one of the most important department Banks. If it is said that this department of the Banks running according to all of the ideal principles of modern Foreign exchange business mentioned in the book, it will be exaggerated. Despite and Weakness, it is driving the Banks from the front. With an easy to understand operating Guideline, transparent operating procedure and a team of highly knowledgeable and proficient personnel, this department is expending and excelling itself day by day.

As the economy of Bangladesh is increasing so is the foreign trade and the selected banks always have played their role in making sure that things go smoothly. The selected Banks are doing best to providing better import export and remittance service to the customer.

Export Import and remittance are all showing positive trend even after the global challenge that we are facing todays. But the foreign trade handled but bank decrease in recent year, this may be because of opening of new branches in different business centers and the industry in the economy of the world.

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