Internship Report

on

Foreign Exchange Performance Analysis of IFIC Bank PLC

Daffodil International University

A landmark to create the Future

Submission Date: 22nd December, 2024

Internship Report

on

Foreign Exchange Performance Analysis of IFIC Bank PLC

Submitted to:

Ms. Rozina Akter

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Submitted by:

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ID: 192-11-6255

Program: BBA

Major in Finance

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Submission Date: 22nd December, 2024

Letter of Transmittal

Date: 22nd December, 2024

To,

Ms. Rozina Akter

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Subject: Submission Report on Foreign Exchange Performance Analysis of IFIC Bank PLC.

Dear Madam,

I am pleased to submit my internship report on the topic "Foreign Exchange Performance Analysis of IFIC Bank PLC" This report has been prepared as part of the BBA program at Daffodil International University, and I hope it proves to be both comprehensive and informative.

I successfully completed a three-month internship at IFIC Bank PLC, which provided me with invaluable hands-on experience. During my time at the bank, I had the opportunity to bridge the gap between theoretical knowledge and real-world practice, which greatly enhanced my learning experience. I trust that this report is purposeful, well-organized, and reliable.

This report would not have been possible without the expert guidance and cooperation I received throughout my internship. I am happy to answer any questions or provide further clarification on any aspect of the report.

Sincerely Yours,

……………………

Afrin Zaman Sinthy

ID: 192-11-6255

Program: BBA

Major in Finance

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Certificate of Approval

This is to certify that the Internship Report titled "Foreign Exchange Performance Analysis of IFIC Bank PLC" has been prepared by Afrin Zaman Sinthy, ID: 192-11-6255, a student of the BBA program, majoring in Finance, Department of Business Administration, Daffodil International University, under my supervision and guidance. She has successfully completed the report.

I wish her continued success in all her future endeavors.

Rozina Akter

…………………..

Rozina Akter

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Acknowledgement

I would like to begin by thanking Almighty God for granting me the strength, wisdom, and opportunity to successfully complete this internship report. It has been a challenging yet rewarding task, especially considering the need for thorough analysis of data, much of which had not been published yet. The result of my practical work experience at IFIC Bank PLC (Motijheel Branch) is reflected in this report, and I am grateful to everyone who contributed to its completion.

There are many individuals who played a significant role in guiding and supporting me throughout the process, and I am fortunate to have received their encouragement. Although I take full responsibility for any mistakes or errors in the report, I acknowledge the contributions of those who helped shape and manage this work, provided valuable information, and gave moral support.

Firstly, I would like to express my deepest gratitude to my respected supervisor, Ms. Rozina Akter, Assistant Professor at Daffodil International University, whose guidance and suggestions were invaluable in the completion of this report. I am also extremely grateful to Mr. Akbar Ali, Vice President and Manager of Customer Service and Operations at IFIC Bank PLC (Motijheel Branch), for his continuous encouragement and the valuable advice he offered throughout my internship.

I would also like to extend my thanks to Mr. Mir Rabbel Hossain, Senior Officer at IFIC Bank (Motijheel Branch), for his early guidance in the FDR division and for providing me with the practical experience I needed in banking operations.

My heartfelt thanks go to Ms. Tupu Saha, Senior Officer; Mr. Benzir Rahman; Mr. Md. Seyac News; Mr. Md. Jahirul Haque, Principal Officer; Mr. Nazrul Islam, Senior Principal Officer; and Mr. S. M. Alamgir Hasan, Assistant Vice President of IFIC Bank PLC, Motijheel Branch, who helped me gather crucial information for my internship report. Their support, along with the cooperation of all the employees at IFIC Bank, Motijheel Branch, was instrumental in my learning and the success of this report.

I am truly grateful for the assistance I received from everyone at the bank, and I extend my sincere thanks for their continuous support.

Executive Summary

IFIC Bank PLC is one of the leading commercial banks in Bangladesh, known for its strong reputation and brand value in the financial market. The bank enjoys significant customer interest due to the variety of products and services it offers.

This internship report is a partial requirement for the completion of the Bachelor of Business Administration (BBA) program, as part of the internship curriculum. I was assigned to the Motijheel branch of IFIC Bank PLC for a three-month internship program, where I gained valuable insights into the operations of commercial banking.

The purpose of this report is to analyze the activities of IFIC Bank, particularly focusing on its role as a leading non-governmental bank. The report covers various commercial activities associated with the bank, with a special emphasis on the foreign exchange operations of IFIC Bank PLC.

In the first section of this report, I provide an overview of the foreign exchange department, where I completed my internship. This section highlights the bank's history, mission, ownership structure, management, corporate objectives, risk management practices, joint ventures, technological advancements, and HR development in international operations.

The second part of the report delves into the specifics of the foreign exchange operations at IFIC Bank PLC. This includes the functions of the foreign currency department, as well as detailed processes related to import, export, and foreign exchange services. I cover areas such as the procedures for opening Letters of Credit (L/C), types of lenders, contents of credit sheets, documentary letters of credit, import bill lending, and the settlement of import-related documents. Additionally, I explore the remittance department, focusing on the daily operations and processes involved in these transactions.

The report also identifies the strengths, weaknesses, opportunities, and threats (SWOT analysis) within the foreign currency department. The SWOT analysis helps pinpoint key issues and challenges faced by the department. In the recommendations section, I provide suggestions for addressing these problems and improving the department's operations.

Finally, I conclude the report by summarizing the key findings, followed by a bibliography to support the research and analysis. Through this internship and report, I have gained a deeper understanding of the banking sector, specifically in the context of foreign exchange operations at IFIC Bank PLC.

TABLE OF CONTENTS

Chapter-01

Introduction

1.1 Introduction

International Finance Investment and Commerce Bank PLC (IFIC Bank) is a banking institution incorporated with limited liability in the People’s Republic of Bangladesh. Established in 1976, IFIC Bank was created as a joint venture between Bangladeshi stakeholders and private sector sponsors to serve as a financial institution both within Bangladesh and internationally. The bank plays a pivotal role in facilitating foreign exchange operations, which are crucial for the country's economic stability and growth.

Foreign currency transactions are essential in maintaining the balance of payments in Bangladesh. These transactions include the exchange of foreign currencies related to imports, exports, and remittances. Importing and exporting goods and services across borders are directly linked to foreign currency flows, which influence the country’s financial health. In addition, remittance inflows are a significant part of the country's current account transactions, and they make substantial contributions to the national economy. As such, foreign exchange operations hold significant importance in supporting economic stability and growth.

Bangladesh, being one of the emerging economies, has a diverse import mix, which includes both capital and consumer goods. On the import side, the country meets the demand for consumer goods, industrial inputs, and other essential requirements, which increase the demand for foreign exchange. Meanwhile, Bangladesh's export sector has traditionally been dominated by ready-made garments (RMG), although other products like jute, tea, and leather still hold significant importance. The export of such products has been impacted by both price and volume factors, especially as the global market continues to evolve.

In the context of globalization, Bangladesh focuses on exporting goods in which it has a competitive advantage, while it imports items that it cannot produce locally or for which it lacks the necessary resources. Export trade helps to reduce the trade balance deficit by generating foreign currency inflows, while imports and remittances play a role in managing the overall foreign exchange balance. Thus, foreign exchange operations, facilitated by institutions like IFIC Bank, are essential to managing Bangladesh's trade balance and supporting its economic growth in a globalized world.

1.2 Origin of the Study

The BBA program offers an excellent blend of theoretical knowledge and classroom learning. However, the internship program provides an invaluable opportunity for students to apply their academic learning in a real-world context. During my internship at the Foreign Exchange

Department of IFIC Bank, Motijheel Corporate Branch, I gained hands-on experience that allowed me to bridge the gap between theoretical concepts and practical banking operations. Under the supervision of my respected teacher, Ms. Rozina Akter, I was tasked with preparing this internship report on the "Foreign Exchange Performance Analysis of IFIC Bank PLC." Throughout this process, I made every effort to reflect my real-world experiences and observations in the report. I aimed to accurately capture the practical aspects of foreign exchange operations and showcase how the concepts I had learned in the classroom were applied in the day-to-day functions of the bank.

1.3 Objectives of the Study

The main objectives of the report will be to provide an overview of the **"Foreign Exchange Performance Analysis of IFIC Bank PLC.** In addition, the study seeks to achieve the following objectives:

i) To analyze the foreign exchange activities and procedure of the bank.
ii) To evaluate the foreign exchange performance of the bank from 2019 to 2023.
iii) To find out the problems of the bank regarding foreign exchange and provide some recommendations about of the bank.

1.4 Specific Opportunities

This study focuses on the following key areas of IFIC Bank PLC:

- **Actual Foreign Exchange Performance of IFIC Bank PLC:** Analyzing the bank's overall performance in foreign exchange operations, including the efficiency and effectiveness of its foreign currency transactions.
- **Overview of the Current Procedure for Export, Import, and Remittance Management:** Examining the procedures in place at IFIC Bank for handling exports, imports, and remittance services, with an emphasis on operational efficiency and compliance with regulations.
- **Opening Letters of Credit (LC) and Maintenance of Other Foreign Exchange Formalities:** Understanding the process for opening LCs, managing foreign exchange transactions related to imports and exports, and handling related banking formalities.
- **Organizational Structures and Responsibilities of Management:** Reviewing the structure of the Foreign Exchange Department, including the roles and responsibilities of the management team in overseeing foreign exchange operations.

1.5 Significance of the Study

Bangladesh is considered a developing country with significant potential for economic growth. While much progress has been made, there is still a long way to go in improving the country's economy. Foreign exchange plays a crucial role in enhancing the economic condition of Bangladesh. By facilitating international trade and capital flows, foreign exchange can drive economic growth, create job opportunities, and strengthen the financial sector.

In this context, banks serve as key intermediaries in the economy. They collect additional funds, provide financial services, and allocate resources to the sectors that need them most, driving the overall development of the economy. The efficient management of foreign exchange operations by banks is essential for supporting international trade and stabilizing the country's currency.

This report aims to provide a comprehensive overview of the foreign exchange business, specifically focusing on the trading strategies, activities, and performance of IFIC Bank PLC. It offers insights into how the bank engages in foreign exchange transactions, manages risks, and contributes to the broader economic development of Bangladesh through its foreign exchange operations.

1.6 Methodology of the Study

Both qualitative and quantitative methods were employed to prepare this report. Data analysis was conducted using Microsoft Excel, which enabled the presentation of data through percentages, graphical representations, and charts. Every effort was made to analyze numerical results accurately and present them in a clear and meaningful way.

The report primarily focuses on numerical data, which was carefully prepared and analyzed. Additionally, theoretical concepts were incorporated to support the findings and claims made in the report. A thorough understanding of both the theoretical framework and the technical aspects of a bank's foreign exchange management was essential for the execution of this analysis. The conclusions drawn in the report are based on this combined approach, ensuring accuracy and relevance.

Sources of Data Collection:

a) Primary Sources:

- Discussions with officials of IFIC Bank PLC
- Direct involvement in the foreign exchange activities at IFIC Bank PLC
- Face-to-face conversations with clients

- Expert opinions and feedback
- Relevant file study provided by concerned officers
- Direct observation during the internship

b) Secondary Sources:

- Annual reports of IFIC Bank PLC
- Periodicals published by Bangladesh Bank
- Books, articles, and compilations related to general banking and foreign exchange operations
- Monthly statements of IFIC Bank PLC
- Website of IFIC Bank Limited

1.7 Limitations of the Study

While preparing this report, I encountered several limitations that affected the depth and scope of my research. These limitations are outlined below:

- **Time Constraints:** One of the main challenges faced during the preparation of this report was the limited time available. The internship period was relatively short, which affected the ability to collect extensive data and conduct a more in-depth analysis of all aspects of the foreign exchange operations.
- **Lack of Secondary Data:** A significant limitation was the insufficient availability of secondary data. Specific import-related information, particularly detailed data on foreign exchange activities, was not readily accessible online. This lack of secondary sources hindered the ability to complete the report with a broader range of external data.
- **Scope of Opportunity:** Many confidential details related to the bank's internal operations were not disclosed by the concerned staff members. Certain sensitive information, which could have provided deeper insights into the bank's foreign exchange processes, was restricted for security and privacy reasons.

Chapter-02

An Overview of IFIC Bank PLC

2.1 The Historical Background of IFIC Bank PLC

The banking industry in Bangladesh is largely regulated by the central bank, Bangladesh Bank, which oversees and manages the country’s monetary policy, banking operations, and financial stability. However, individual banks operate with their own management structures, strategies, and guidelines. The banking system in Bangladesh comprises national commercial banks, private banks, foreign banks, and development banks, each serving different sectors of the economy.

Among the many private banks in Bangladesh, IFIC Bank PLC stands out for its efficient banking operations and its contribution to the socio-economic development of the country. As one of the leading private commercial banks in Bangladesh, IFIC Bank has demonstrated strong liquidity, solid asset quality, capital adequacy, sound management, and profitability. These factors, combined with modern technology and up-to-date banking practices, enable the bank to provide excellent services to its clients and maintain a competitive edge in a rapidly evolving market.

History and Evolution of IFIC Bank PLC:

IFIC Bank PLC (International Finance Investment and Commerce Bank PLC) was established in 1976 as a financial institution under a joint venture between private sector sponsors and foreign financial institutions. Initially, IFIC was set up as an investment company with an authorized capital of Tk 20 crore and a paid-up capital of Tk 10 million. In 1977, the bank's subscribed capital was raised to Tk 28 million, with the government holding a 49% stake, while the remaining 51% was owned by the sponsors and the general public.

In 1983, the government allowed private sector banks to convert into full-fledged commercial banks, and IFIC Bank transitioned into a banking company. The bank officially began its operations as a commercial bank on June 13, 1983, with the Motijheel branch serving as its first operational branch.

Ownership and Structure:

IFIC Bank was originally a government-owned entity. However, as of now, the People’s Republic of Bangladesh holds 34.34% of the bank’s shares, with the remaining 65.66% owned by private sector investors and the general public. Among the private shareholders, the top industrialists of Bangladesh own 34% of the shares, and the remaining 31.66% are held by the general public.

The bank's Board of Directors includes a mix of public and private sector experience, with 13 members—eight of whom are representatives of the sponsors and general public, and four serving as ex-officio members (including senior officials from the government).

Key Milestones:

- 1976: IFIC Bank was established as a financial institution.
- 1977: The bank raised its subscribed capital to Tk 28 million, with the government holding 49% shares.
- 1983: IFIC was converted into a commercial bank and began operations as a full-fledged banking entity.
- 1984: The authorized capital increased to Tk 10 million, and the paid-up capital was raised to Tk 7 crore 15 lakhs.

2.2 Mission of IFIC Bank PLC

Our mission is to provide exceptional services to our clients by leveraging the creative talents, innovative strategies, and competitive edge of our team. These qualities enable us to maintain a unique position in delivering high-quality services to both organizations and individuals. We are deeply committed to the welfare and economic prosperity of the people and society, as we draw our inspiration and motivation from their continuous development and progress.

2.3 Vision of IFIC Bank PLC

Our vision is to become a leader among the banks in Bangladesh and extend our presence beyond national borders. We aim to establish ourselves as an active partner in regional banking, leaving a lasting mark in the financial sector. In a highly competitive and dynamic financial environment, we focus on fostering growth and profitability for all stakeholders involved. This commitment drives our efforts to be a prominent and reliable financial institution both locally and internationally.

2.4 Core Values of IFIC Bank PLC

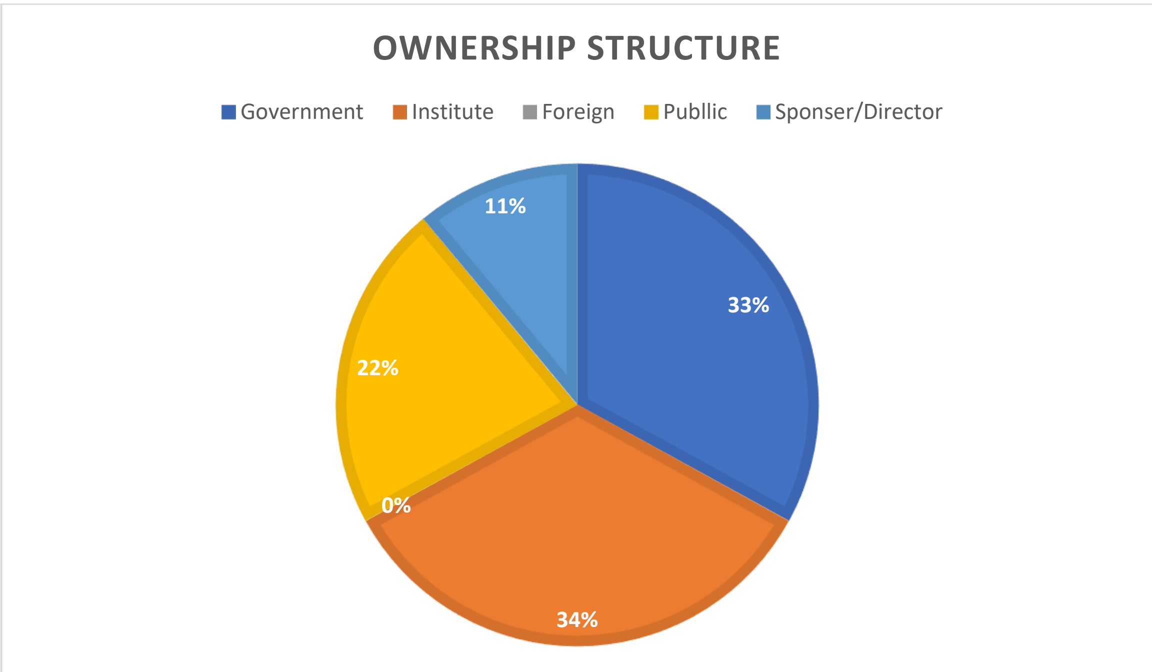
- **Absolute Integrity:** We uphold the highest standards of integrity in everything we do, ensuring trust and respect in all our relationships, everywhere and always.
- **Justify:** We are committed to offering the best solutions to our customers with complete transparency, ensuring fairness and honesty in every transaction.
- **Innovation:** We encourage creativity and continuously nurture innovative ideas, fostering an environment that drives progress and adapts to changing needs.

- **Commitment:** We are fully dedicated to delivering excellence through teamwork, consistently providing quality service to all our stakeholders and ensuring customer satisfaction.

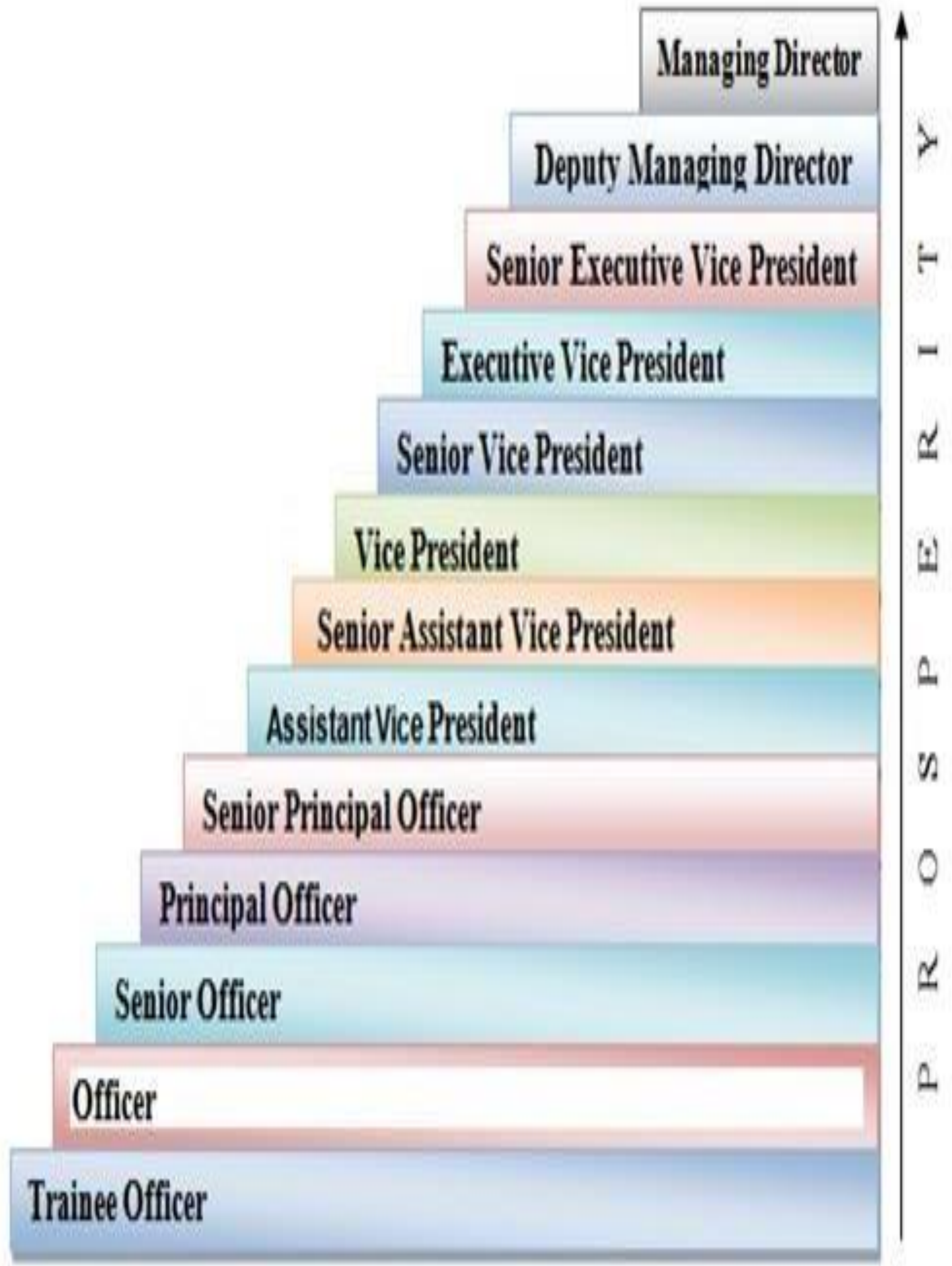
2.5 Nature of Business

- **Deposit Banking:** A variety of deposit products, including savings accounts, fixed deposits, and current accounts, designed to meet the needs of individual and corporate customers.
- **Loans & Advances Facilities:** Providing personal and business loans, as well as credit facilities, to support the financial needs of both individuals and businesses.
- **Export and Import Facilities:** Facilitating smooth trade transactions by offering services related to the import and export of goods, including Letter of Credit (L/C) issuance, trade finance, and payment processing.
- **International Remittance Facilities:** Enabling the transfer of funds across borders, providing secure and efficient remittance services for individuals and businesses.
- **Foreign Exchange Transactions:** Offering a range of foreign exchange services, including currency exchange, forex trading, and handling of foreign payments to support international trade and investment activities.

2.6 Ownership Structure of IFIC Bank PLC



2.7 Management Hierarchy



2.8 SWOT Analysis of IFIC Bank PLC

Strengths	Weakness
➢ Efficient management. ➢ Leading retail loan providers. ➢ Better employee relations. ➢ Better location of the branch. ➢ Better financial standing. ➢ Interesting consumer schemes. ➢ Quick delivery of foreign exchange. ➢ Online Banking ➢ ATM facility	➢ Market leadership. ➢ Growth of the banking sector. ➢ Different consumer service schemes of the IFIC Bank. ➢ Make the goodwill. ➢ Perform services more quickly. ➢ Go beyond the national boundaries. ➢ SMS banking
Opportunities	**Threats**
➢ Inadequate work force. ➢ Conservative loan facility. ➢ Profit rate is less than others. ➢ Lack of sufficient own ATM booths	➢ Banks Political instability. ➢ Intense competition. ➢ Government rules and regulations. ➢ Economical variation. ➢ Policy of competitive.

2.9 The Purpose of Bank

- **Maintaining Effective Communication:** IFIC Bank places a strong emphasis on maintaining good communication with all parties involved in export activities. This ensures smooth operations and enhances collaboration between the bank, exporters, and relevant stakeholders.
- **Support for Exporters:** Exporters are provided with convenient services designed to improve their efficiency and performance. The bank offers tailored solutions to enhance the export process, along with performance-based benefits.
- **Expansion of Export and Import Business:** IFIC Bank is focused on expanding its export and import services. To facilitate this, the bank has launched specialized service offerings and training programs aimed at improving the skills and knowledge of its staff, ensuring that both exporters and importers receive the best possible support.
- **Introduction of New Credit Products:** The bank plans to introduce new, large-scale credit products, such as the BMME loan (Bangladesh Machinery and Manufacturing Equipment Loan), which will provide funding for export projects and the import of machinery. These products are designed to support the expansion of factories and the importation of essential equipment.

- **Improving Competitive Position:** IFIC Bank aims to strengthen its competitive position by adjusting commission structures, offering reduced commission fees, and providing additional services that will further benefit both exporters and importers. This approach is intended to make the bank more attractive to clients in the trade and export sectors.

2.10 Products and Services of IFIC Bank

IFIC Bank has prioritized the adoption of **technology-based modern banking facilities** to enhance customer experience and streamline banking operations. The bank offers a variety of advanced services alongside its traditional banking products, including:

- **Real-Time Online Banking:** Customers can access their accounts and perform transactions online in real time, providing greater convenience and flexibility for managing their finances from anywhere at any time.
- **ATM Services:** IFIC Bank provides widespread access to Automated Teller Machines (ATMs), allowing customers to withdraw cash, transfer funds, check balances, and perform other essential banking transactions.
- **SMS Banking:** This service enables customers to receive real-time updates about their accounts and banking activities via SMS, offering a quick and easy way to stay informed.
- **Point of Sale (POS):** IFIC Bank offers POS services, enabling businesses to accept payments via debit and credit cards, providing a seamless and secure payment solution for customers and merchants.
- **Credit Cards:** IFIC Bank provides a range of credit cards with various benefits, including cashback, reward points, and flexible payment options, catering to the needs of different customers.
- **Debit Cards:** The bank offers debit cards linked to customers' bank accounts, allowing for easy and secure access to funds for everyday transactions.
- **Prepaid Cards:** IFIC Bank also offers prepaid cards, which can be loaded with a specific amount of money, providing a safe and convenient way to make purchases or manage personal budgets.

2.10.1 Corporate Banking

IFIC Bank provides a comprehensive range of **funded and non-funded facilities** designed to support manufacturers, traders, and service industries. These services cater to diverse financial needs and help businesses grow by providing the necessary capital and financial solutions. The bank's offerings include, but are not limited to:

- **Working Capital Finance:** Short-term financing solutions to help businesses meet their day-to-day operational expenses such as inventory, salaries, and utilities. This ensures businesses have the necessary funds to manage cash flow effectively.
- **Industrial & Project Finance:** Funding for industrial and project-based ventures, enabling businesses to undertake large-scale projects and investments. These loans support activities such as factory setup, machinery purchase, and infrastructure development.
- **Trade Finance:** Comprehensive financial solutions for businesses involved in domestic and international trade. This includes services like import/export financing, trade credit, and financing for letters of credit (L/C) to facilitate smooth and secure transactions.
- **Lease Finance:** IFIC Bank offers leasing options for businesses to acquire equipment and machinery without having to make large upfront payments. This helps businesses maintain their cash flow while gaining access to necessary assets.
- **Syndication & Structured Finance:** Syndicated loans and structured finance solutions for large-scale projects or businesses with complex financial needs. IFIC Bank works with other financial institutions to provide significant amounts of capital to borrowers in a structured and coordinated manner.
- **Treasury & Offshore Banking:** Treasury management services to help businesses manage their cash reserves, liquidity, and foreign exchange risk. Additionally, IFIC Bank offers offshore banking services to assist clients with international financial transactions and investments.
- **Letter of Credit (L/C) and Bank Guarantee Services:** IFIC Bank provides L/C services to facilitate international trade by ensuring payment security for both importers and exporters. Additionally, the bank offers bank guarantees to assure the fulfillment of contractual obligations, providing peace of mind for businesses engaged in various transactions.

2.10.2 Retail Banking

a) Savings Account:

- **Savings Account:** Basic account offering interest on deposits.
- **Smart Saving Account:** A more flexible savings option with additional benefits.
- **Super Saving Plus:** A premium savings account with higher interest rates and enhanced features.
- **Sanchita Saving Account:** A savings account that allows for easy management of funds.
- **Duronta Saving Account:** An account offering added benefits for saving regularly.

b) Current Account:

- **Current Account:** An account designed for business or individual transactions requiring frequent withdrawals.
- **AMAR Account:** A specially designed current account for regular banking customers with personalized features.

c) Savings Scheme:

- **IFIC Aagami:** A scheme for individuals looking to save for future needs with attractive returns.
- **Pension Savings Scheme (PSS):** A retirement savings plan designed to ensure financial security post-retirement.
- **School Savings Plan - A Plus:** A savings plan designed for parents to save for their children's educational expenses.
- **Millionaire Dream Plan (MDP):** A long-term savings plan aimed at helping individuals achieve their goal of becoming a millionaire.

d) Fixed Deposit:

- **Fixed Deposit Receipt (FDR):** A time deposit offering higher interest rates.
- **Monthly Income Scheme (MIS):** A fixed deposit scheme that provides monthly interest payments.
- **Double Return Deposit Scheme (DRDS):** A fixed deposit option offering double returns on maturity.

e) Special Notice Deposit: A flexible deposit option with specific notice periods for withdrawals.

Loan Products:

- **IFIC Easy Loan:** A quick and easy personal loan for various needs.

- **IFIC Home Loan:** Financing for customers to purchase or construct their homes.
- **IFIC Salary Loan:** A loan facility available to salaried individuals with easy repayment options.
- **IFIC Auto Loan:** A loan designed to help customers finance the purchase of vehicles.

Cards:

- **Debit Cards:**
    - **Domestic Debit Card:** A card for easy access to funds within the country.
    - **International Debit Card:** A card for international transactions and online shopping.
- **Credit Cards:**
    - **Classic Credit Card:** A basic credit card offering various benefits and privileges.
    - **Gold Credit Card:** A premium credit card with higher credit limits and enhanced rewards.

Additional Services:

- **NBR (National Board of Revenue):** Services related to tax payments and other government requirements.
- **Schedule of Charges:** Transparent and clear fee structure for all banking services.
- **SMS Banking:** Quick access to account information via SMS.
- **Internet Banking:** A secure online banking platform for managing accounts and performing transactions.
- **Contract Center:** A customer support center for inquiries and assistance.
- **ATMs:** Access to a wide network of ATMs for cash withdrawals and other banking services.
- **AD Branches (Authorized Dealer Branches):** Branches offering foreign exchange and trade-related services.
- **Student Pack:** Special banking services designed to meet the needs of students.

2.10.3 SME Banking

IFIC Bank provides specialized financial products and services for Small and Medium Enterprises (SMEs), aiming to foster growth, innovation, and sustainability within this sector. The bank offers a wide array of **SME asset products** and **liability products** designed to support entrepreneurs and businesses in various industries. Additionally, the bank promotes sustainability through its **Green Earth** initiative.

a) SME Asset Products:

- **IFIC Krishi Shilpo:** A loan designed to support agricultural and rural businesses, including those involved in farming, agro-processing, and related industries.
- **IFIC Shilpo Sohay:** A financing option to assist industrial and manufacturing enterprises, helping them expand or improve their operations.
- **IFIC Prantonari (Women Entrepreneurs Loan):** A loan product specifically for women entrepreneurs to empower them in running their businesses.
- **IFIC Protyasha (Women Entrepreneurs Loan):** Another loan facility aimed at supporting women entrepreneurs with flexible terms and conditions for starting or expanding their businesses.
- **Commercial House Building Loan:** Financing for businesses to construct or purchase commercial properties, helping entrepreneurs create their ideal business environment.
- **Transport Loan:** A loan designed to finance the purchase of vehicles or transportation equipment, particularly useful for businesses involved in logistics, delivery, or transportation services.
- **Working Capital Loan:** Short-term financing to help businesses meet their daily operational expenses such as inventory purchases, salaries, and utilities.
- **Easy Commercial Loan:** A straightforward loan product offering quick access to capital for business expansion, improvements, or working capital needs.
- **Contractors Loan:** A loan tailored for construction contractors and firms to fund projects, pay for materials, and cover other costs associated with their work.
- **Bidders Loan:** A loan that provides financial support for businesses participating in bidding processes or tenders, ensuring they have the necessary capital to compete.

b) SME Liability Products:

- **Monthly Income Scheme - Arjon:** A savings scheme where customers can save regularly to earn monthly income, helping SMEs with planned savings.
- **Monthly Savings Scheme - Joma:** A similar savings scheme that provides monthly returns, allowing businesses to manage their finances and build a steady income stream.

c) IFIC Green Earth:

- A specialized financial product aimed at promoting sustainable business practices. This initiative is part of IFIC Bank’s commitment to environmental responsibility, supporting businesses that adopt eco-friendly operations and contribute to a greener planet.

2.10.4 Agricultural Credit

IFIC Bank provides a comprehensive range of agricultural loan products designed to support farmers and agricultural businesses in Bangladesh. These products aim to enhance productivity, improve farming practices, and support the growth of the agricultural sector, which is a key driver of the country's economy.

1. Krishi Saronjam Rin (Agricultural Equipment Loan):

- **Purpose:** This loan is specifically designed for the purchase of agricultural equipment. It supports farmers in acquiring tools and machinery such as tractors, plows, and other essential farming equipment that can boost productivity and efficiency in agricultural operations.

2. Shech Saronjam Rin (Irrigation Equipment Loan):

- **Purpose:** This loan is tailored for the purchase of irrigation equipment. It helps farmers to access the necessary tools for proper irrigation, which is essential for crop growth, particularly in areas that face water scarcity or seasonal droughts. This loan enables farmers to enhance their irrigation systems and increase crop yield.

3. IFIC-Suborno Gram (Loan for Crops, Fisheries & Livestock):

- **Purpose:** A comprehensive loan product aimed at supporting agricultural activities, including crop production, fisheries, and livestock farming. This loan helps farmers and rural entrepreneurs expand their operations in these sectors, fostering growth in key areas of the agricultural industry.

4. Poshupokkhi & Motsho Khamar Rin (Livestock & Fish Culture Loan):

- **Purpose:** This loan is designed for farmers and entrepreneurs involved in livestock farming (such as cattle, poultry, etc.) and fish culture (aquaculture). It provides the necessary funding to purchase livestock, improve facilities, and manage farm operations more effectively.

5. Phalphasali Rin (Fruit Orchard Loan for Individuals & Groups at Micro Level):

- **Purpose:** This loan is targeted at individuals or groups involved in fruit orchard cultivation. It supports farmers who grow fruits such as mangoes, bananas, citrus, and other fruit-bearing plants. The loan can be used to establish or expand orchards, providing financing for the purchase of land, plants, and maintenance of the orchards.

2.10.5 Money Transfer

IFIC Bank PLC has partnered with **MoneyGram**, one of the world’s leading money transfer services, to offer its customers a faster, safer, and more efficient way to receive remittances from any part of the globe. This collaboration allows IFIC Bank to leverage MoneyGram's extensive network, ensuring that customers can access their funds quickly and securely.

Key Features of IFIC Bank's MoneyGram Remittance Service:

1. **Global Reach:**
    - Through MoneyGram, IFIC Bank can facilitate remittance transactions from virtually any country across the world, giving Bangladeshis living abroad a reliable and efficient way to send money home.
2. **Faster Transactions:**
    - The partnership ensures that remittances are processed rapidly, allowing recipients in Bangladesh to access the funds almost instantly, depending on the location and time of transaction.
3. **Secure and Reliable:**
    - MoneyGram is renowned for its secure transfer system, offering peace of mind to both senders and recipients. The system employs advanced technology to ensure the safety and accuracy of every transaction.
4. **Convenient Access:**
    - Recipients in Bangladesh can conveniently collect their remittances at any IFIC Bank branch that offers MoneyGram services. This eliminates the need for long waiting times and provides easy access to funds.
5. **Wide Network of Locations:**
    - MoneyGram has a vast network of agents and locations worldwide, making it easier for customers to send money from various parts of the globe.
6. **Competitive Exchange Rates:**
    - IFIC Bank strives to offer competitive exchange rates for remittances, ensuring that customers receive the maximum value for their money when converting foreign currency into Bangladeshi Taka.

2.10.6 Treasury and Capital Market

The **Treasury Division** of IFIC Bank operates through four key desks, each responsible for managing specific areas of the bank’s financial activities:

1. **Foreign Exchange Desk:**
    - Manages the bank's foreign exchange operations, including buying and selling foreign currencies. This desk also handles currency risk management and ensures liquidity in foreign currency transactions.
2. **Money Market Desk:**
    - Focuses on short-term borrowing and lending in the money markets. The desk deals with instruments such as overnight call money, term placements, and repurchase agreements to manage liquidity efficiently.
3. **Investment Desk:**
    - Manages the bank's investment portfolio, including government securities, treasury bills, bonds, and other investment instruments. This desk is responsible for making strategic investment decisions to maximize returns while managing risks.
4. **Asset Liability Management (ALM) Desk:**
    - Responsible for managing the overall asset-liability balance of the bank, ensuring that the bank maintains an optimal mix of assets and liabilities to manage risks and costs effectively.

The Treasury Division at IFIC Bank plays a pivotal role in managing the bank's financial stability and growth by handling the bank's liquidity, regulatory compliance, and risk management. Through its various desks and products, IFIC Bank ensures that it is well-positioned to meet its financial obligations, optimize its investment portfolio, and take advantage of opportunities in the foreign exchange and money markets.

2.10.7 Joint Ventures Abroad

- Oman Exchange LLC
- Nepal Bangladesh Bank Ltd. Nepal
- NIB Bank Ltd. Pakistan
- Bank of Maldives, Maldives
- Nepal Bangladesh Finance & Leasing Ltd.

Chapter-03

Foreign Exchange Activities and Procedures of IFIC Bank PLC

3.1 Concept About Foreign Exchange

The Foreign Exchange Department is the international arm of a bank, responsible for handling foreign currency transactions and facilitating global trade. This department plays a crucial role in connecting importers and exporters by providing various services that enable cross-border transactions. The operations of this department are governed by national and international regulations. Key regulations include the Foreign Exchange Act of 1947, which oversees foreign exchange business, and the Import and Export Control Act of 1950, which regulates documentary credits. Additionally, the government's Import and Export Policy plays a significant role in guiding the import and export operations of banks.

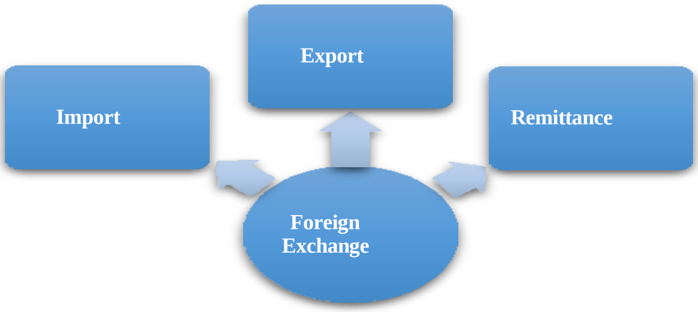
3.2 Definition of Foreign Exchange

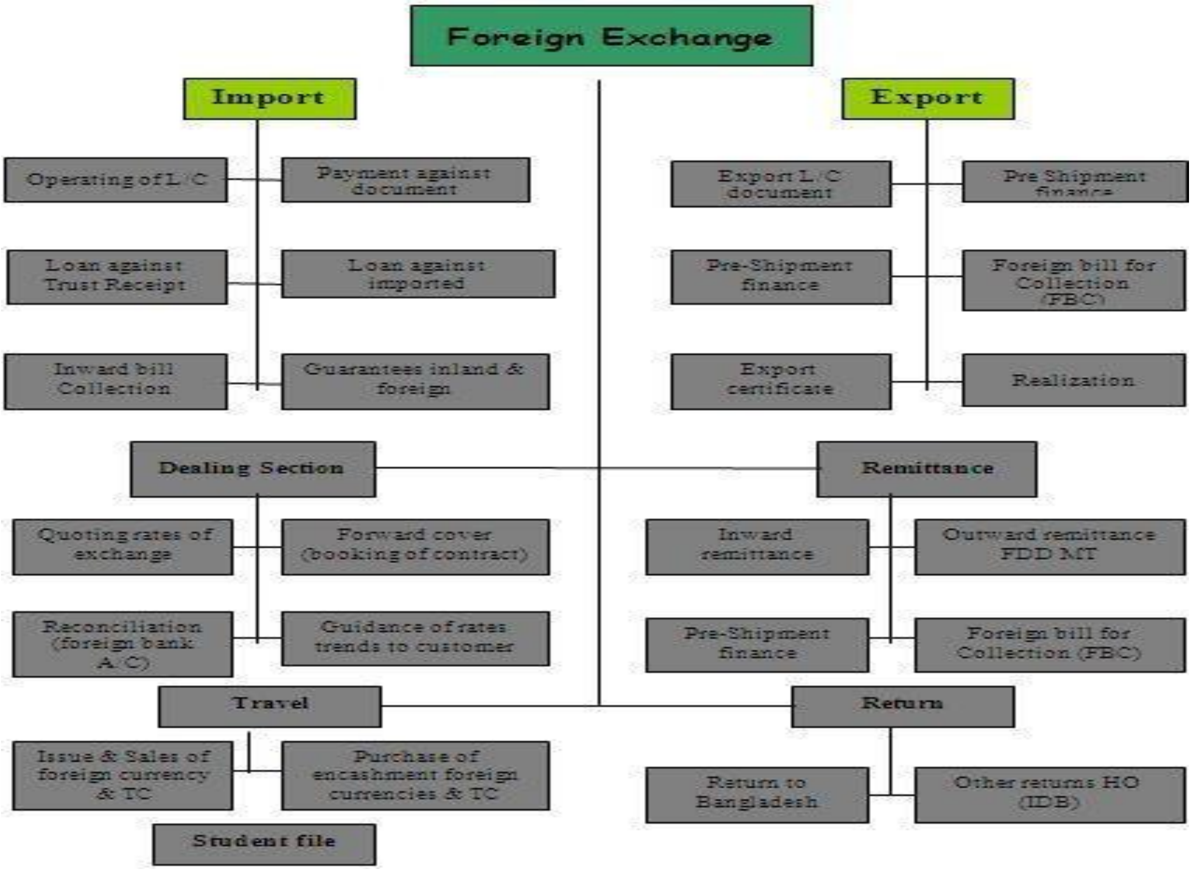
Foreign exchange refers to the process of converting one country's currency into another, allowing for the transfer of money across borders. In Bangladesh, the International Department of the Foreign Currency Division of Bangladesh Bank licenses banks to engage in foreign exchange transactions. These licensed banks are referred to as affiliated traders. When a branch is authorized to deal in foreign exchange, it can facilitate the transfer of foreign currency within the country.

The Motijheel branch of IFIC Bank is an authorized dealer in foreign exchange, meaning it is permitted to handle foreign currency transactions. According to Mr. H. Eivitt, foreign exchange is a financial science that deals with the conversion of a country's currency into another. This involves understanding the mechanisms through which the currency of one country is exchanged for that of another. Such exchanges are governed by exchange rates, which reflect the relative value of each currency in the market. These exchange rates determine the amount of one currency needed to obtain a certain amount of another currency.

3.3 Foreign Exchange Department

International Department of Banks of Foreign Exchange Department This is the global police. It facilitates international trade through various services. It is a bridge between importers and exporters. If the branch is an authorized dealer in the foreign exchange market, it can exchange foreign exchange from the local country abroad. This division is mainly the foreign currency police. That is why this department is called foreign exchange department.





3.4 The Most Commonly Used Documents in Foreign Exchange

Here is a brief explanation of each of the terms related to foreign exchange and international trade:

1. **Documentary Credit (Letter of Credit)**: A written commitment from a bank on behalf of a buyer, ensuring payment to the seller upon the presentation of specific documents. It provides security for both the buyer and the seller in international transactions.

2. **Bill of Exchange**: A written order from the exporter (seller) to the importer (buyer) to pay a certain sum of money at a specified time. It is used as a payment instrument in international trade.
3. **Bill of Lading**: A document issued by a carrier acknowledging receipt of cargo for shipment. It serves as a contract of carriage and a receipt for the goods.
4. **Commercial Invoice**: A document issued by the seller to the buyer detailing the goods or services provided, the quantity, price, and terms of the sale. It is used to determine the customs duties and taxes for imported goods.
5. **Certificate of Origin of Goods**: A document certifying the country in which the goods were manufactured or produced. It is required for customs clearance in international trade to determine tariffs or trade restrictions.
6. **Inspection Certificate**: A document issued by an independent agency that verifies the quality and condition of goods before shipment. It ensures that goods meet the agreed-upon specifications.
7. **Packing List**: A detailed list describing the contents of each package in a shipment, including quantities, dimensions, weight, and contents. It helps with customs clearance and inventory management.
8. **Insurance Policy**: A contract that provides coverage for goods during transportation, protecting against risks like damage, theft, or loss while in transit.
9. **Proforma Invoice/Indent**: A preliminary bill of sale sent to the buyer before goods are shipped, outlining the details of the transaction. It is used for customs and import-export formalities.
10. **Master Receipt**: A receipt issued by the carrier or freight forwarder that consolidates all bills of lading for a shipment of goods, confirming the receipt of cargo.
11. **G.S.P. Certificate**: A certificate of origin issued under the Generalized System of Preferences (GSP), which allows products from certain developing countries to be imported into developed countries at reduced tariff rates.

3.5 Approval Certificate of Bangladesh Bank Behalf of the Importer

The **offering sheet** in the context of foreign exchange and trade finance is an important document used by banks to outline the key details and conditions of a credit facility or financial transaction for importers and exporters. Below are the **particulars** involved in an offering sheet:

1. **Name of the Party**: The name of the client or entity applying for the credit facility or engaging in the foreign trade transaction.
2. **Sanctioned Limit**: The maximum amount of credit or financial support authorized by the bank for the transaction.
3. **Facility Applied for Letter of Credit (Amount & Previous Outstanding)**: Details regarding the letter of credit (LC) being applied for, including the requested amount and any previous outstanding balances related to previous credit facilities.
4. **Forward Exchange**: The amount of currency to be exchanged at a future date, as part of the foreign exchange transactions involved in the international trade.
5. **Foreign Bills**: Information about bills related to the transaction that have been purchased or discounted, such as trade bills, export bills, or import bills.
6. **Trust Receipts**: The amount of goods or products imported against which payment has not yet been made, typically in situations where goods are held in trust by the importer for the bank.
7. **Clean Packing Credits**: A type of short-term loan provided by the bank to finance the purchase of goods, typically without the requirement of documentary evidence (clean loan).
8. **Advance Against Imported Goods**: A loan or credit facility provided by the bank to finance the importation of goods before they are received, based on the anticipated value of the goods.
9. **Goods Particulars**: Detailed description of the goods involved in the transaction, including quantity, type, quality, and value of the goods being imported or exported.
10. **Import License**: A document issued by the relevant government authorities allowing the importer to bring goods into the country.
11. **Margin Already at Credit**: The margin or percentage of the total value of the transaction that has already been deposited by the importer or borrower as collateral.
12. **Margin to be Obtained**: The additional margin or collateral required to complete the transaction, typically expressed as a percentage of the credit or transaction amount.
13. **Guaranteed by**: The entity or individual who provides a guarantee to secure the credit or loan being extended to the importer or exporter. This could include personal guarantees or corporate guarantees.
14. **Balance of Current Account**: The balance available in the current account of the applicant, which reflects the liquidity position of the business.

15. **Average Balance of Bank Account**: The average balance held in the applicant's bank accounts over a given period, typically used to assess the financial health of the party.
16. **Net Worth of the Firm**: The total value of the assets owned by the firm, minus its liabilities. This is used to assess the financial stability and creditworthiness of the firm.
17. **Customs Duty**: The taxes or duties levied by the government on imported goods, which the importer must pay to clear the goods through customs.
18. **Country of Export**: The country from which the goods are being exported. This is important for understanding any trade agreements, tariffs, or regulations that apply.

3.6 Import Section

The Import and Export (Regulation) Act 1950 governs the import and export trade in Bangladesh. It sets the legal framework for the procedures and regulations surrounding the importation and exportation of goods. The import process involves several formalities, as outlined below:

3.6.1 Import Procedures:

1. **Registration of Importer**:
    - The importer must first obtain a Registration Certificate (IRC) from the Commerce Ministry (CCI&E). To obtain the IRC, the importer must submit the following documents:
        - Up-to-date Trade License
        - Nationality and Asset Certificate
        - Income Tax Certificate
        - For companies: Memorandum & Articles of Association and Certificate of Incorporation
        - Bank Solvency Certificate
        - Registration fee
2. **Vendor Contact**:
    - The importer typically contacts the foreign vendor through a local agent, or in some cases, directly through international trade fairs, chambers of commerce, foreign missions, or other business journals.
3. **Purchase Agreement**:
    - Upon agreeing on the terms, a purchase agreement is signed between the importer and exporter, specifying the terms of import.

4. **Payment Method**:
   - The importer then chooses the payment method, which could include cash in advance, open accounts, collections, or Letters of Credit (L/C). The most commonly used payment method is the Letter of Credit (L/C).

3.6.2 Import Inspection:

- Before the import process is finalized, the documents required for the import, such as exchange bills, insurance documents, packing lists, and bills of lading, are examined by the bank. Key steps include:
  - Discussion with the bank in advance.
  - Processing and verification of the import bills.
  - Ensuring that all shipping documents are in order.

3.6.3 Import Mechanism:

- An importer must first obtain **registration** from the Chief Controller of Import and Export (CCI&E) and obtain a **Letter of Credit Authorization (LCA)** from Bangladesh Bank. With these documents, the importer becomes a qualified importer and can instruct the bank to open an **L/C**.

3.6.4 L/C Offer:

- When the L/C amount is substantial, the importer submits a proposal to the bank for approval. The proposal should include:
  - Bank account details
  - Business nature
  - Requested limit
  - Payment terms
  - Goods to be imported
  - Collateral security
  - Loan repayment schedule
- A credit officer examines the proposal and forwards it to the Head Office Credit Committee (HOCC) for approval.

3.6.5 L/C Application:

- The importer submits an **L/C application form** to the bank, which includes details such as:
  - Full name and address of the importer
  - Payment terms (e.g., **CIF**, **FOB**)
  - Product details (quantity, description, price)
  - Importer’s **IRC number** and **LCA number**
  - Required documents (e.g., **insurance** and **shipping documents**)
  - **Bank details** for payment
  - Shipment conditions (whether partial shipments or transshipment is allowed)

3.6.6 Credit Authorization Letter (LCA):

- The **LCA form** includes the name and address of the importer, the amount of the L/C, and a description of the goods. It also includes the **IRC number** and **ITC numbers**.

3.6.7 L/C Examination:

- The bank examines the L/C application to ensure it complies with the **UCPDC 500** (Uniform Customs and Practice for Documentary Credits), **foreign exchange controls**, and **import trade controls**. The application is also checked to ensure the importer's ability to import the goods and that the products meet regulatory requirements.

3.6.8 L/C Corrections:

- If discrepancies arise between the buyer and seller or in documentation, an **L/C amendment** is made. This could involve adjustments to the terms of the agreement. Corrections are sent via **telex** or **fax** to the advising bank.

3.6.9 Adding Confirmation:

- A **confirmation letter** is added to the L/C, detailing the shipment and payment conditions, names and addresses of the involved parties, and ports of loading/discharge.

3.6.10 Document Presentation:

- Once the goods are shipped, the **exporter** presents the documents (such as **invoice**, **bill of lading**, **packing list**, and **insurance certificates**) to the **negotiating bank**. The bank checks these documents against the terms and conditions of the L/C before making payments.

3.6.11 Examination of Documents:

- The bank ensures there are no discrepancies in the presented documents. Discrepancies may result in rejection of the documents or delays in the payment process.

3.6.12 Shipping Document Leisure:

- Once the documents are verified, the **bank** processes them for payment, creating appropriate vouchers and ensuring proper record-keeping.

3.6.13 Import Bill Retirement:

- The importer's **demand quantity** is credited to their account, and the **banker** will pass vouchers for payment. Shipping documents such as the **bill of lading** and **customs documents** are processed. At the end of the process, goods are cleared from the port by the **clearing agent** and delivered to the importer.

3.6.14 Payment Methods:

- **Advance Money**: The importer makes full or partial payment using **foreign drafts (DD)** or **Telegraphic Transfers (TT)** before receiving the goods.
- **Open Account**: Payment is made via **foreign DD**, **MT**, or **TT** after the shipment.
- **Collection Method**: Payments are made through **documentary collections (D/C)**, either **Document Against Payment (D/P)** or **Document Against Acceptance (D/A)**.
- **Letter of Credit (L/C)**: The most secure and commonly used payment method. It provides assurance to the exporter that the buyer will fulfill the terms and conditions of the agreement as long as the required documents are presented.

3.7 Export Section

Literally, exported export, we mean that one carries anything else from one country. On the other hand, the default export of the banker is exported to the country to send out visible goods abroad. Export trade plays an important role in the development process of an economy. With export income, we meet our import bill.

3.7.1 Export Registration Certificate (ERC)

Exporters must register with the Chief Controller of Import and Export (CCI&E) to obtain an Export Registration Certificate (ERC). The documents required for registration include:

- Trade license
- Income tax clearance
- Nationality certificate
- Bank's solvency certificate
- Property certificate
- Registered partnership agreement

3.7.2 Pre-shipment & Post-shipment Financing

Export financing is categorized into pre-shipment and post-shipment financing:

- **Pre-shipment Financing**: Covers expenses for raw materials, production, packing, transportation, insurance premiums, and inspection fees before goods are shipped.
- **Post-shipment Financing**: Provides credit after goods are shipped, helping exporters bridge the gap between shipment and receipt of payments from foreign buyers.

3.7.3 Pre-shipment Financing in Foreign Exchange

Pre-shipment financing options include:

- **Packing Credit**: Short-term credit for exporters to purchase raw materials or goods ready for export.
- **Back-to-Back Letter of Credit (L/C)**: An L/C opened by the bank of the exporter based on the main export L/C. It is used when the exporter does not directly manufacture or handle the export goods.

3.7.4 Post-shipment Financing in Foreign Exchange

Post-shipment financing is provided after the goods are shipped, with the exporter receiving payment based on shipping documents and after verifying the creditworthiness of foreign buyers.

3.7.5 Export Process and Formalities

- **Export Registration**: The exporter must first obtain the ERC to begin exporting goods from Bangladesh.

- **Contract and EXP Form**: After obtaining ERC, the exporter must sign a contract with the buyer and obtain an EXP (export) form from the bank.
- **Letter of Credit**: The exporter then arranges for the opening of a Letter of Credit (L/C), which provides a guarantee for payment.

Steps in the Export Process:

1. **Preparation**: The exporter arranges for the procurement or production of goods.
2. **EXP Endorsement**: The exporter must submit the EXP form to the bank for certification before proceeding with customs clearance.
3. **Shipment**: Goods are shipped according to the L/C terms.
4. **Document Submission**: The exporter submits documents like the bill of exchange, invoice, bill of lading, insurance policy, and other necessary certificates to the bank.

3.7.6 Export Method Disposal

- **Original Copy**: Customs reports the original EXP form to Bangladesh Bank after shipment.
- **Duplicate Copy**: The negotiating bank reports the duplicate copy to Bangladesh Bank.
- **Triplicate Copy**: The triplicate copy is reported upon receipt of export proceeds.
- **Quadruplicate Copy**: The bank retains the quadruplicate copy for internal records.

3.7.7 Back-to-Back L/C (BTB L/C)

A **Back-to-Back L/C** is a second L/C issued by the bank on behalf of the exporter, usually for purchasing goods from suppliers. This is often used when the exporter does not directly produce the goods but needs to buy from a third party.

Types of Back-to-Back L/C include:

- **Foreign Back-to-Back L/C**: Issued abroad, usually paid within 120 days.
- **Local Back-to-Back L/C**: Issued for local purchases and usually paid within 90 days.
- **Export Development Fund (EDF) Back-to-Back L/C**: Involves loans from the Bangladesh Bank to support exports to third-world countries.

3.7.8 Bangladesh Bank Reporting

Banks are required to submit monthly export reports to the Bangladesh Bank, detailing export quantities, product categories, countries, and currencies involved. These reports also include entries related to all invisible payments and foreign exchange transactions.

3.7.9 Export Bill Collection Methods

- **Foreign Documentary Bill for Collection (FDBC)**: In this method, the exporter submits documents to the bank for collection from the buyer. Payment is made only when the buyer pays.
- **Foreign Documentary Bills for Purchase (FDBP)**: In this method, the exporter sells the export documents to the bank and receives an advance payment, typically 60-80% of the L/C value.

3.7.10 Foreign Documentary Bill for Collection (FDBC)

This collection method is used when the exporter submits documents to the bank for collection. The bank verifies that the documents comply with the L/C terms before proceeding with the payment.

3.7.11 Foreign Documentary Bill for Purchase (FDBP)

In the FDBP method, the bank purchases the export documents from the exporter. The exporter receives an advance payment based on the L/C, with the remaining balance to be settled once the buyer makes the payment.

3.8 Foreign Remittance

Foreign remittances are funds transferred by foreign workers to their families or other people in their home country. Remittances often play a crucial role in the economy, with many countries relying on these inflows as a significant portion of their GDP. The major sources of foreign remittances are the United States, Russia, and Saudi Arabia, while the top recipients include India, China, and the Philippines. International organizations like the G8 and World Bank are working to monitor and control the costs associated with these transfers due to the high volume of funds being transferred globally.

3.8.1 Foreign Internal Transmissions

Internal remittance refers to the delivery of foreign currency obtained from authorized dealers abroad to be converted into local currency. This is typically carried out through various channels such as TT (Telegraphic Transfer), MT (Mail Transfer), Foreign Draft (FD), Tourist Checks (TC), and foreign currency notes.

Modes of Internal Remittance:

- **TT (Telegraphic Transfer):** A fast, electronic method of transferring funds internationally.
- **MT (Mail Transfer):** Funds transferred by mail.
- **FD (Foreign Draft):** A type of international payment used for remittances.
- **TC (Tourist Check):** A check used for foreign exchange and remittances.
- **Foreign Currency Notes:** Direct payment of remittance in foreign currency.

Intentions for Internal Remittance:

- **Family Maintenance:** Remittances sent by workers to support their families.
- **Export Earnings:** Remittances related to export transactions.
- **Broker Commission Payments:** Remittances made as part of commission payments for export activities.

Methods for Drafting and Purchasing Checks:

- **Application from Beneficiary:** The recipient submits an application with Form-C.
- **Signature Verification:** The authorized dealer checks the signature of the draft.
- **Registration and Voucher Preparation:** Entries are made in the register for drafts and checks.

Draft and Check Collection Method:

- **Registration:** Collection of foreign bills requires registration with the bank.
- **Forwarding Schedule:** A schedule for the transfer of funds is prepared.
- **Receiving Advice:** The bank prepares vouchers based on the advice received from the collection.

Payment of Foreign Currency Notes:

- **Custom Declaration Check:** Any foreign currency must be declared according to customs regulations.
- **Voucher Preparation:** For recording the transaction in the bank's accounts.

Internal Remittance Cancellation:

In cases where an internal remittance cannot be delivered, it must be canceled. The authorized dealer informs the cancellation through "Form-T/M" and provides necessary details about the cancellation, including recipient information, amount, and reasons for the cancellation.

3.8.2 Foreign External Transmissions

External remittance involves sending foreign currency abroad, commonly referred to as foreign exchange.

External Remittance Modes:

- MT (Mail Transfer)
- FD (Foreign Draft)
- PO (Payment Order)
- TC (Tourist Check)
- FC (Foreign Currency Notes)

Bangladesh Bank Approval for External Remittances:

To send remittances abroad, individuals or entities must submit the necessary application forms to the Bangladesh Bank via authorized dealers. The prescribed forms include:

- **IMP Form** (for remittances related to imports)
- **Form T/M** (for travel and miscellaneous purposes)
- **FD, MT, TT** (forms for foreign drafts, mail transfers, and telegraphic transfers)

Additionally, authorized dealers prepare necessary documents, including FET (Foreign Exchange Transactions) schedules, and ensure the submission of the required forms to Bangladesh Bank for approval.

Methods for Issuing Traveler's Checks (TC):

- **Verification of Form T/M:** This ensures the remittance complies with Bangladesh Bank regulations.
- **Passport Approval:** The remitter's passport is verified for legitimacy.
- **FET Schedule Preparation:** A schedule for foreign exchange transactions is prepared.

Process of Issuing Foreign Currency Notes:

- **Verification:** The remitter's Form T/M and passport are verified.
- **Foreign Currency Notes Issuance:** The dealer issues foreign currency notes following approval from Bangladesh Bank.

Facilities for Wage Earners:

Bangladeshi nationals and dual citizens working abroad are eligible to open Foreign Currency Accounts (FCA). These accounts are used for managing foreign currency earnings, and wage earners can:

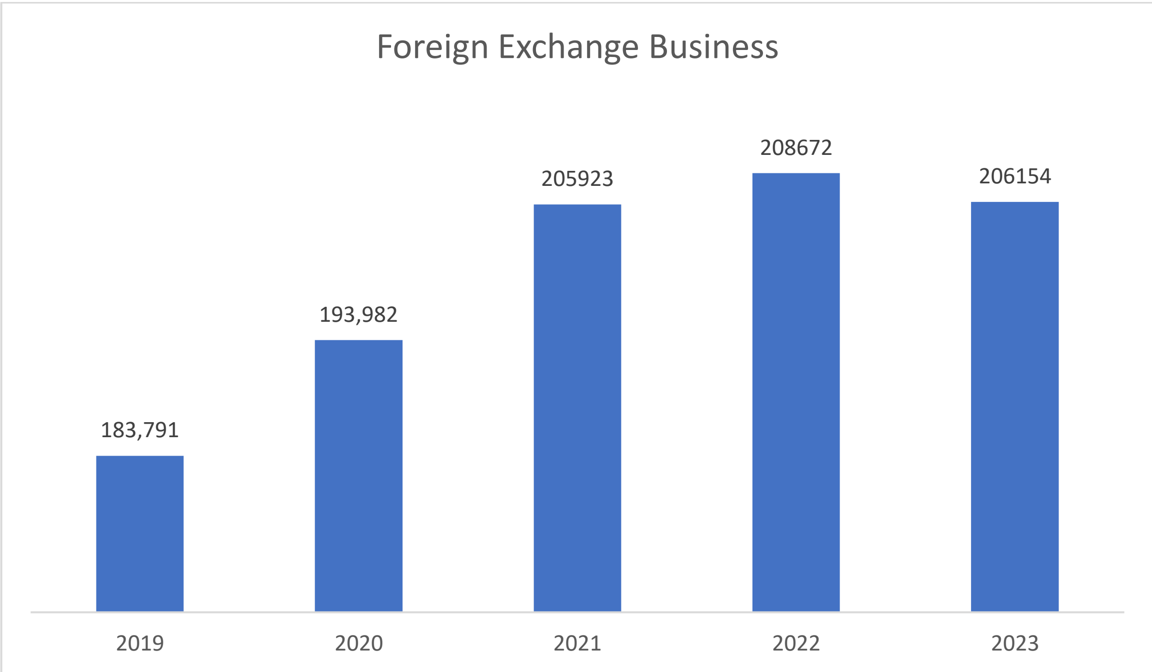
- **Open Accounts in Foreign Currencies:** Accounts can be held in USD, GBP, etc., with no initial deposit required.
- **Use for Importing Products:** FCAs can be used to import goods.
- **Send Money Abroad:** The balance can be transferred abroad, in full or part.
- **Maintain Non-Resident FC Accounts (NFCD):** Wage earners can open NFCD accounts, which remain open as long as the account holder wishes.

Chapter-04

Foreign Exchange Performance Analysis of IFIC Bank PLC

4.1 Foreign Exchange Business

Year	Amount (BDT In Million)
2019	183,791
2020	193,982
2021	205923
2022	208672
2023	206154

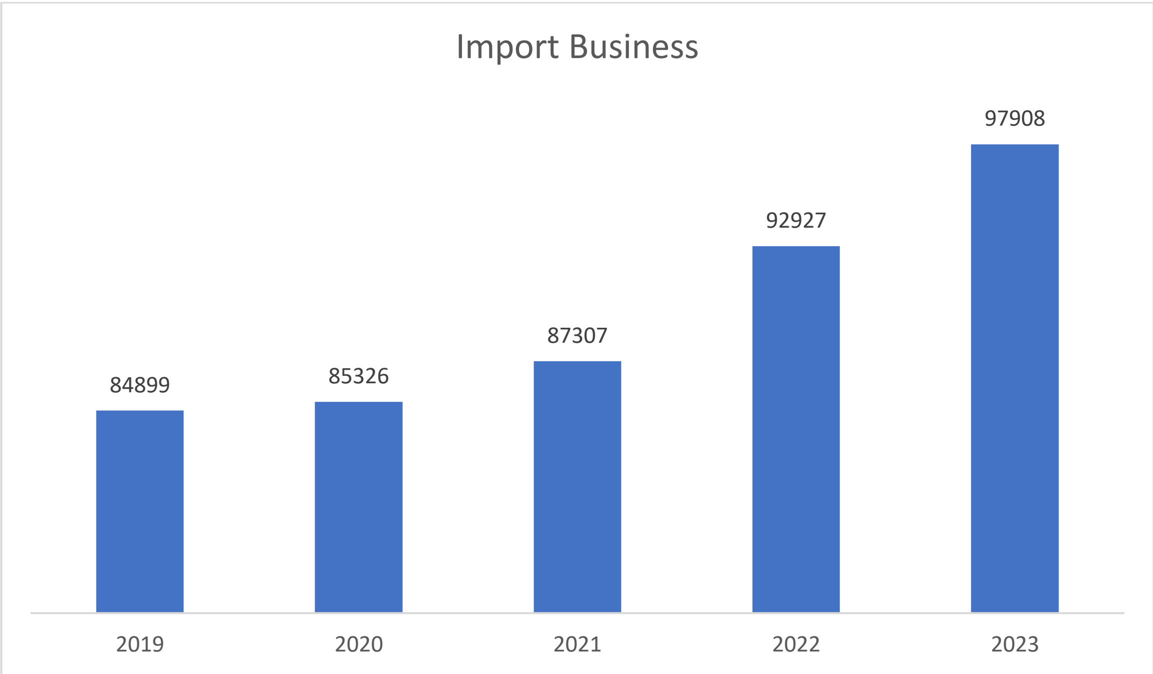


Interpretation:

The above graphical presentation shows Foreign Exchange Business of IFIC Bank PLC from 2019 to 2023. We see from the above diagram form 2019 to 2022 the trend of foreign exchange business is increasing position its figure was in 2019 BDT 183791 million which is the lowest foreign exchange business, and in 2022 its figure was BDT 208672 million which is the height foreign exchange business, then we see from the above diagram in 2023 the trend of foreign exchange business is decreasing position in 2023 its figure was 206154.The trend of foreign exchange Business of the IFIC Bank is overall increasing and decreasing from (2019 to 2023).

4.2 Import Business

Year	Amount (BDT In Million)
2019	84899
2020	85326
2021	87307
2022	92927
2023	97908

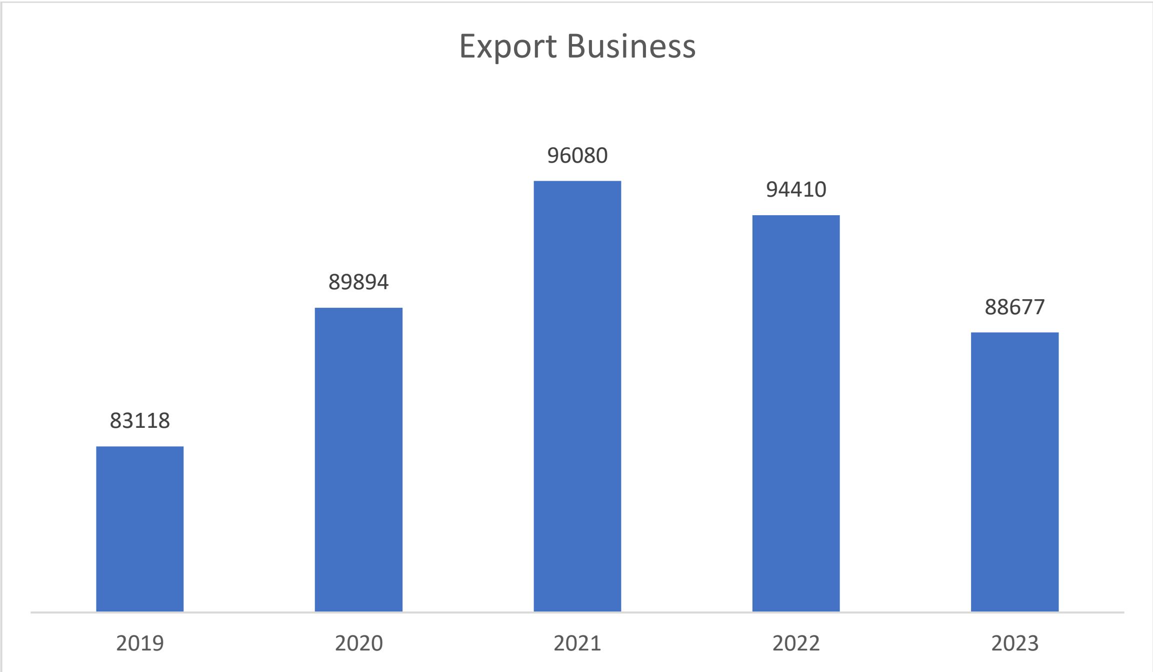


Interpretation:

The above graphical presentation shows Imports Business of IFIC Bank PLC, from 2019 to 2023. In 2019 its figure was BDT 84899 million which is the lowest import business, and in 2023 its figure was BDT 97908 million which is the height import business. The trend of Import Business of the IFIC Bank is overall increasing and from (2019 to 2023).

4.3 Export Business

Year	Amount (BDT In Million)
2019	83118
2020	89894
2021	96080
2022	94410
2023	88677

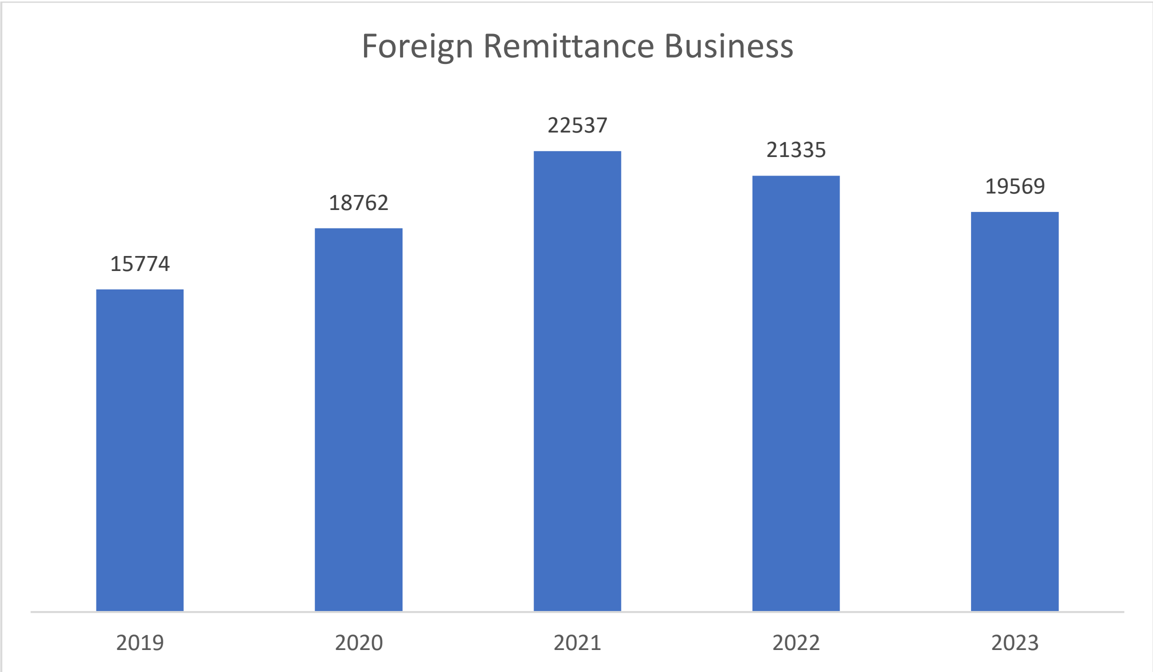


Interpretation:

The above graphical presentation shows Exports Business of IFIC Bank PLC, from 2019 to 2023. We see from the above diagram form 2019 to 2021 the trend of export business is increasing its figure was in 2019 BDT 83118 million which is the lowest export business, and in 2021 its figure was BDT 96080 million which is the height export business, then we see from the above diagram form 2022 to 2023 the trend of export business is decreasing in 2022 its figure was BDT 94410 million and in 2023 its figure was 88677.The trend of export Business of the IFIC Bank is overall increasing and decreasing position from (2019 to 2023).

4.4 Foreign Remittance Business

Year	Amount (BDT In Million)
2019	15774
2020	18762
2021	22537
2022	21335
2023	19569



Interpretation:

The above graphical presentation shows Foreign Remittance Business of IFIC Bank PLC, from 2019 to 2023. We see from the above diagram form 2019 to 2021 the trend of export business is increasing its figure was in 2019 BDT 15774 million which is the lowest foreign remittance business, and in 2021 its figure was BDT 22537 million which is the height foreign remittance business, then we see from the above diagram form 2022 to 2023 the trend of export business is decreasing in 2022 its figure was BDT 21335 million and in 2023 its figure was 19569.The trend of foreign remittance business of the IFIC Bank is overall increasing and decreasing position from (2019 to 2023).

Chapter-05

Findings, Recommendations and Conclusion

5.1 Findings of the Study

1) IFIC Bank is a good position in the import business, because of the decrease in the import trade decreased during the 2019-2023 import year.
2) Business exports do not display the same scenario as the Business Import Business. In the last five years it has decreased. In 2021, IFIC Bank has made huge business, but gradually reduced in 2022-2023. It has an impact on foreign exchange earnings.
3) Export business like remittance business is the same scenario. In the last five years it has decreased. IFIC Bank has achieved big business from foreign remittance in 2021, but has gradually decreased in 2022-2023. It has an impact on foreign exchange earnings.
4) Overall foreign exchange business gradually increasing position in 2019-2022. But 2023 it is decreased.
5) The terms and conditions of Foreign Exchange division are sometimes difficult to understand for the ordinary clients.
6) Lack of diversification, especially for export sector.
7) Demand has reduced the number of exports due to the lack of global demand.
8) Extremely dependent to export text to textile and RMG sectors.
9) Manpower shortages to provide better services to its clients in the foreign exchange division.
10) Some business people do not agreement with IFIC Bank Limited because of foreign exchange rate is so high of IFIC Bank.
11) Foreign documentation and operation of the foreign currency filing process is not so easy. It wastes valuable time and it is not effective.
12) The opening of the credit letter (L / C) for the IM importer is not so easy. It requires a lot of time and money to process the L / C document.
13) Inadequate numbers of Exporter and Importer are not enough to achieve goals Who works through this bank? So IFIC Bank will provide more flexibility for their attractions Client.

5.2 Recommendations

I have to make some recommendations based on the findings that I have got from my research. The recommendation will help the bank to take necessary steps in order to increase the Satisfaction level of customers of IFIC Bank PLC.

1) To increase the profit from remittance to Bank, more density of foreign remittance is required. IFIC's remittance performance for last year was very bad, so performance and profit should be increased year after year.
2) Earn reduced export earnings growth slowdown for last year was not at the same pace as the growth of export business.
3) On all foreign exchange earnings, remittances contribute only a small portion of 10-13%. More than 50% comes from the import business. Banks should try to increase the income from the export. It will have to focus more efforts on improving the export earnings and remittance income for our economy.
4) In the past five years, the rate of increase in export earnings and the rate of increase in import income has decreased greatly. So, banks should try to keep a constant growth rate.
5) Developing sincere banking relationships with foreign banks in important parts of World Business world.
6) Banks should be computerized. It will speed up activities and be more Customer satisfaction.
7) If the bank reduces the interest rate of foreign currency, then it will increase the foreign currency Operation of IFIC Bank PLC.
8) Open foreign exchange division in each branch of IFIC Bank Limited.
9) Sectors Bank has to develop export finance facilities as per Sector.
10) It should be easy to open the letter of credit (L / C) for the IM importer.
11) Find out the new destination of our export products and keep them in tune with the new sector's customs.
12) Eventually IFIS was recommended to improve remittance performance because the performance of this sector is not very good.

5.3 Conclusion

In recent years, banking has become one of the most competitive sectors in Bangladesh. As a developing country, the strength of the banking system plays a pivotal role in shaping the socio-economic landscape. In this context, we can say that the economy of the country is closely tied to its banking sector. IFIC Bank, one of Bangladesh's prominent commercial banks, plays a significant role in this process. The bank is dedicated to providing high-quality financial services and products that contribute to the country's GDP growth. Its efforts focus on enhancing trade, accelerating industrial development, creating employment opportunities, and improving the standard of living for the lower-income and underserved segments of society.

IFIC Bank's commitment extends beyond individual financial services, as it actively supports the broader goal of sustainable socio-economic development. With a strong track record in general banking, loans and advances, industrial credit, and foreign currency services, the bank has made significant strides in supporting Bangladesh's business sector. My involvement with the bank, particularly within the foreign exchange corporate branches, has provided me with invaluable insights into its operations. The bank's extensive network of local branches, as well as its international banking partners, enables it to effectively manage export-import transactions and handle remittances from abroad. The efficient foreign exchange operations of IFIC Bank are integral to the continued growth and progress of the national economy.

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