Daffodil International University

Internship Report on

"Foreign Exchange Operations of Rupali Bank PLC"

Submitted By

Prithvi Chakma

ID: 202-11-6572

Program BBA, Major in Finance

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Submitted To

Dr. Nurul Mohammad Zayed

Associate Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Date of Submission: September 18, 2024

©Daffodil International University

Letter of Transmittal

September 18, 2024

Dr. Nurul Mohammad Zayed

Associate Professor

Department of Business Administration

Daffodil International University

Subject: Submission of internship report on “**Foreign Exchange Operations of Rupali Bank PLC”.**

Dear Sir,

It is my great pleasure to submit my internship report on "Foreign Exchange Operations of Rupali Bank PLC" for the BBA program at Daffodil International University. I did my best to complete this statement appropriately, following the guidelines provided by you and the apprehensive organization. I hope it meets your expectations, and I appreciate your consideration.

I'd want to convey my gratitude for your advice and cooperation; without it, I wouldn't have been able to complete my report. I will be happy to address any questions you have about this report.

Sincerely Yours,

Prithvi Chakma

Prithvi Chakma

ID: 202-11-6572

Bachelor of Business Administration

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

©Daffodil International University

Certificate of Approval

This is to certify that **Prithvi Chakma #202-11-6572, BBA (Finance),** is a regular student of Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. She successfully completed her internship report titled "Foreign exchange operations of Rupali Bank PLC" under my supervision.

This report fulfills the partial requirements of the BBA program and is intended strictly for academic purposes, not for application in real-market scenarios.

After examining the internship report, I must commend its outstanding quality. She has autonomously crafted the report, and I offer my heartfelt best wishes for success in her future pursuits.

Dr. Nurul Mohammad Zayed

Associate Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

©Daffodil International University

Acknowledgement

I want to start by humbly thanking the "Almighty" for enabling me to work diligently in the face of density. The space complex, however, does not permit us to discuss anyone separately. It gives me immense pleasure to thank countless individuals who have made a valid and tacit contribution to the preparation of this report for their sincere cooperation and encouragement.

I express my deepest gratitude to my respectable supervisor for this ongoing guidance & full-hearted oversight & for helping me properly prepare this paper.

Finally, I would like to thank all of those who have contributed to the thorough preparation of this internship report through their feedback and valuable time. This credit is not enough to tell them how insightful their view on this report paper is that I am so indebted to all of them. I give my emphatic gratitude to each one of them.

©Daffodil International University

Preface

Internship refers to a traditional program in which business schools and company houses work together. The primary aim of such a program is to provide students with the ability to transform bookish information into real-life circumstances. This internship report is also a necessary prerequisite for the acquisition of a Bachelor of Business Administration (BBA) program.

This report, I have explored the foreign exchange operations of RBPLC. Despite having a significant workforce, the organization consistently conducts its operations with great commitment. The goal of the foreign exchange operations is to grasp the current financial status, pinpoint any issues, and offer insights for recovery strategies. Eventually, I have given findings, recommendations, conclusion and reference.

©Daffodil International University

Table of Contents

Chapter 01: Introduction

1.1 Introduction

Rupali Bank PLC. was formed on March 26, 1972, by merging three former commercial banks from the then Pakistan: Muslim Commercial Bank Ltd., Australasia Bank Ltd., and Standard Bank Ltd., under the Bangladesh Banks (Nationalization) Order 1972 (P.O. No. 26 of 1972). This merger transferred all their assets, benefits, rights, powers, authorities, privileges, liabilities, borrowings, and obligations to Rupali Bank. The bank operated as a nationalized commercial entity until December 13, 1986, when it transitioned to the largest Public Limited Banking Company in the country on December 14, 1986.

1.2 Background of the Study

Rupali Bank PLC operates as a key player in Bangladesh's banking sector, facilitating financial services for the masses and contributing significantly to regional economic development. Its primary functions include mobilizing surplus funds and channeling them to areas of need. The Foreign Exchange Division is a crucial revenue-generating department within the bank, focusing on global strategies. Apart from traditional import-export activities, the bank also engages in international currency investments, leveraging its trading expertise. Rupali Bank PLC manages its foreign exchange operations through a network of 183 correspondents, adhering to both national and international regulations set forth by Bangladesh Bank and other governing bodies.

1.3 Objectives of the Study

The overarching objective of the study is to examine the foreign exchange operations of Rupali Bank PLC. However, the specific objectives are outlined as follows:

→ To show the breakdown of foreign exchange activities of Rupali Bank PLC

→To assess the current trends in import, export, and foreign remittance activities conducted by Rupali Bank PLC

→To propose strategies and recommendations aimed at enhancing the foreign exchange performance of Rupali Bank PLC

©Daffodil International University

1.4 Methodology

In order to conduct a comprehensive analysis, accurate data and information were gathered from reliable sources. For this study, few sources were utilized, as outlined below:

Secondary data:

- Different documents and papers
- Annual report (2018-2022)
- Web sites

Microsoft Excel and Word were used in the data collection and organization process. With Microsoft Word corresponding functionality, tables and graphs were created.

1.5 Limitations of the Study

Numerous challenges hindered the development of this report, resulting in imperfections that must be tackled. During the data collection and report preparation phases, the following constraints were encountered:

→Limited cooperation from bank officials hindered the researcher's ability to thoroughly discuss various issues.

→Insufficient time was available to gather data and conduct interviews with bank officials on topics crucial for a comprehensive study.

→Data collection was complicated due to the scarcity of relevant sources.

→Rupali Bank PLC was reluctant to disclose its practices, policies, and competitive strategies, posing significant obstacles to obtaining comprehensive information.

→There might be response biases as respondents were hesitant to provide certain information, leading to incomplete data collection.

→Financial assistance was not available for conducting certain types of analyses, restricting the scope of the study.

→Lack of access to similar studies on RBPLC prevented comparative analysis over time, limiting the depth of the research.

©Daffodil International University

Chapter 02: Organizational Profile of Rupali Bank PLC

2.1 Historical Background

Under the Bangladesh Banks (Nationalization) Ordinance 1972 (P.O. No. 26 of 1972), three former commercial banks—Muslim Commercial Bank Ltd., Australasia Bank Ltd., and Standard Bank Ltd.—merged to form Rupali Bank PLC (RBPLC), allowing all of their funds, debts, privileges, authority, rights, rewards, the loan amount, and commitments. These banks operated in the former Pakistan on March 26, 1972. Rupali Bank functioned as a nationalized commercial bank until December 13, 1986. Rupali Bank PLC became the biggest publicly traded bank in the nation on December 14, 1986.

2.2 Present Capital Structure

Rupali Bank PLC currently possesses an

√ Tk. 1250 million (US$ 21.55 million) is the paid-up capital

√While Tk. 7000 million (US$ 120.70 million) is the authorized capital.

√ 93.11% of the paid-up capital is held by the government and the remaining 06.89% is held privately, according to the breakdown.

√Rupali Bank operates through a network of 492 branches and maintains connections with its foreign correspondents globally.

2.3 Vision

Rupali Bank PLC aims to establish itself as the premier financial institution in the nation, bolstering the diverse endeavors of the private sector and playing an active role in business banking by introducing innovative products and providing exceptional customer support.

©Daffodil International University

2.4 Mission

The mission of Rupali Bank PLC involves:

- ✓ Competing vigorously with other banks and financial institutions in delivering services.
- ✓ Contributing to the nation's economic development by identifying new and lucrative investment opportunities.
- ✓ Mobilizing deposits for profitable investment ventures.
- ✓ Expanding the branch network to strategically important locations both economically and geographically.
- ✓ Harnessing the potential of skilled human resources through motivation and appropriate training, domestically and internationally.
- ✓ Ensuring accountability by appointing competent leaders with a commitment to legal responsibility.
- ✓ Continuously improving and upgrading business systems and procedures.
- ✓ Embracing and integrating new technologies.
- ✓ Maximizing profits through robust, efficient, and prudent financial performance.
- ✓ Figuring out and putting forward creative product options in compliance with market requirements.

2.5 Strategic Objectives

- ❖ Increase our market share by implementing a strategy focused on product development.
- ❖ Attain a significant portion of deposits and loans from both existing and niche markets.
- ❖ Develop novel offerings that connect with our intended clientele and industry niches.
- ❖ Sustain a healthy variety of assets to provide solid and steady earnings, which will increase shareholder value over time.
- ❖ Develop a client-focused service atmosphere that prioritizes exceptional quality of service and visibility.
- ❖ Enhance the bank's brand recognition.

©Daffodil International University

Chapter 03: Foreign Exchange Operations of Rupali Bank PLC

3.1 Foreign Exchange

Any instrument formed, recognized formed, or issued in accordance with the guidelines provided in Section 4(1) of the Foreign Exchange and Bangladesh Bank Order 1977 is referred to as foreign currency.

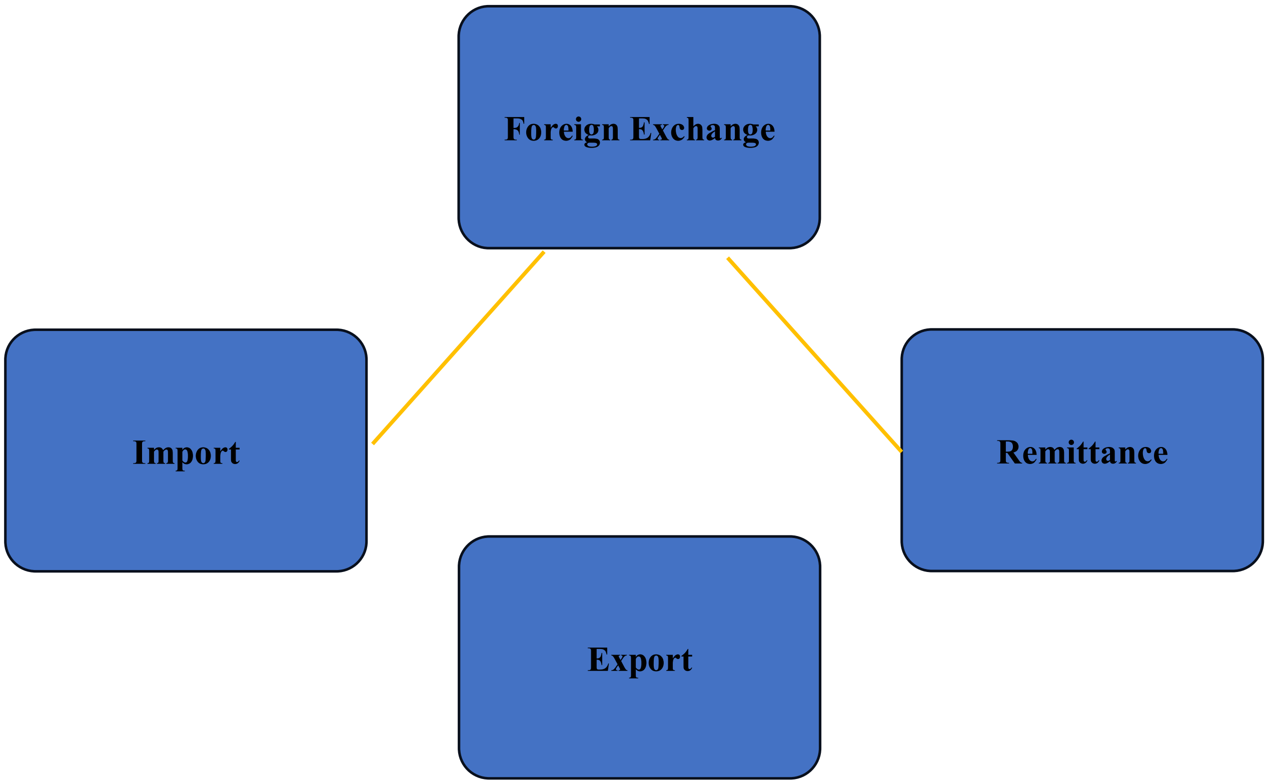
- In the event of any foreign currency transaction, all deposits, credits, and balances are to be settled accordingly.
- Additionally, any drafts, traveler's checks, letters of credit, bill exchange charge correspondence, or other forms of Bangladeshi currency remain payable in foreign currency.

Foreign currency refers to funds denominated in the currency of another nation or group of nations. It can encompass physical currency, transactions conducted via credit or debit cards, traveler's checks, bank deposits, or other financial instruments. When a business engages in transactions with foreign clients and receives payment in foreign currency, it must convert these funds into domestic currency. Subsequently, when importing goods or services, the company typically exchanges its domestic currency for the foreign currency required to pay foreign suppliers, a process typically facilitated through the company's bank **(Cornell & Dietrich, 1978).**

Foreign exchange transactions encompass any transactions

- Involving currencies other than the local currency, such as cross-currency exchanges.
- They also involve claims against a nation, excluding nationality, such as cross-border outsourced transactions.

©Daffodil International University



3.1.1 Import

The importer seeks to acquire products from abroad and introduce them into the nation. In an effort to increase the country's trade between nations, RBPLC has launched a massive foreign exchange operation. The bank offers finance for imports of a variety of goods, including food, sporting goods, electronics, and natural resources. Merchants must apply for authorization and register their imports with the Central Controller of Charges prior to importing products through RBPLC **(Mosakowski & Srilata, 1999).**

Applicants must provide a number of documentation to RBPLC in order to apply for credit cards, including:

- Application documents;
- Pro-forma contracts or recess directives;
- Coverage for insurance papers;
- Statements for financing license;
- Imported registration certificates (IRPayment files);
- Tradepermissions;

©Daffodil International University

- Tax return acknowledges;
- Affiliation acknowledges;
- Registration documents for VAT certificates

Types of Importer

Commercial importer

Under the Imports, Exporters, and Inventors Registration Order a trader authorized to import products for sale is known as a commercial importer. They are given a specific class with an ITC classification and a public notice for their trade in imports as a result of this designation.

Industrial importer

An industrial importer, on the other hand, is designated to import items such as raw materials, components, and spare parts for industrial purposes.

Import Procedures of RBPLC

- The importer must register;
- The importer's designated bank will prepare the required documentation for CCI&E's examination.
- The importer's appointed bank will examine the documents and verify the importer's signature.
- Credit Letter (L/C) Procedure for Approval.
- Opening of L/C.
- In accordance with the importer's instructions, the bank that issued it opens the L/C and asks a different bank in the seller's nation to notify the beneficiary. If necessary the issuing bank may also request confirmation of the credit from the advising bank.
- After receiving the L/C, the seller confirms that they can comply with its terms and conditions before shipping.
- The advising bank notifies the seller that the L/C has been granted.
- After examining the documents, the bank involved in the negotiations submits them to the L/C issuing bank for further evaluation.

©Daffodil International University

- ❖ If the documents are deemed acceptable, the L/C issuing bank pays the negotiating bank.
- ❖ The L/C opening bank then instructs the importer to collect the documents upon payment

- ❖ After settling all duties, the importer collects the documents from the L/C issuing bank and proceeds to clear the imported goods from customs.
- ❖ Importing against LCA form without opening an L/C.

3.2 Documentary Credit / Letter of Credit

Documentary credit, also known as a Letter of Credit, serves as a bank's guarantee for payment. It functions as an agreement where the bank commits to making payment to the seller upon receipt of specified documents. This arrangement entails the bank, acting either on behalf of the buyer or independently, undertaking to make a payment to the seller or beneficiary upon presentation of certain documents. Essentially, documentary credits are a form of bank assurance, providing security for the seller's performance. Documentary credits, in contrast to bank guarantees, are intended to guarantee the performance of commitments. The issuing bank guarantees payment as soon as the beneficiary provides the necessary documentation **(Tabassum, 2016).**

3.3 Parties to a Letter of Credit

- ✓ The issuing Bank
- ✓ The Confirming Bank, if any and
- ✓ The Beneficiary

Opening/Issuing Bank

The financial institution in charge of starting and issuing a Letter of Credit (L/C) on behalf of the importer is known as the opening or issuing bank. This organization is often known as the purchaser's or importer's bank.

©Daffodil International University

Confirming Bank

A financial institution that is connected to the issuing bank and affirms its pledge to uphold the L/C is known as a confirming bank. This bank might serve as the advisor as well.

Exporter/Seller/Beneficiary

The person in whose favor the L/C is established and which is entitled to payment is the exporter, seller, or beneficiary.

Importer/Buyer

The independent bank with permission to navigate the L/C is the applicant. This entity may also be referred to as the buyer, customer, or importer.

Advising/Notifying Bank

The advising bank is the financial institution through which the L/C is communicated to the exporter. Typically located in the beneficiary's country, it may be part of the opening bank or act as a correspondent bank. Depending on the terms of the credit, it may also assume the roles of confirming and/or negotiating bank.

Negotiating Bank

The negotiating bank is responsible for examining the documentary credit and arranging payment to the beneficiary. It carefully scrutinizes the documents to ensure compliance with the terms of the L/C. The advising bank and negotiating bank may or may not be the same entity and could also serve as the confirming bank.

Paying/Accepting Bank

According to the provisions of the credit, the paying bank is named in the credit to make installments towards particular documents. It could not have been the bank that issued the money.

Reimbursing Bank

According to the provisions of the credit, the reimbursing bank is assigned in the recognition that to submit payouts contrary to particular documents. It could be wrong about the bank that issued the amount of cash.

©Daffodil International University

Transferring Bank

As directed by the initial beneficiary, the financial institution in charge of transferring a Letter of Credit is known as the transferring bank.

3.4 Special Documentary Credit

Revolving Credit

- ✓ When using revolving credit, the initial amount is restored; the frequency of restoration is an important factor to take into account.
- ✓ Revolving credit can replenish the initial amount each time it's utilized, and the frequency of this replenishment varies.

Transferable Credit

- ✓ Transferable credit allows the initial recipient to transfer some or all of it to other beneficiaries, typically limited to a single transfer unless stated otherwise.
- ✓ Transferable credit enables the original recipient to transfer portions of it to other parties, usually restricted to one transfer unless specified otherwise.

Back to Back Credit

- ✓ Back-to-back credit relies on an original credit arrangement but protects the advising bank from having to pay out the second credit if the seller is the initial beneficiary.
- ✓ Back-to-back credit utilizes an existing credit arrangement, shielding the intermediary bank from paying out the second credit if the original beneficiary is the seller.

Red Clause Credit

- ✓ There is a risk of pre-shipment advance if documents are not provided promptly, as the Red Clause Credit has a specific clause that allows the recipient to collect money before submitting them to the confirming bank or another designated institution.
- ✓ Red Clause Credit features a unique condition enabling the beneficiary to access funds before submitting required documents, potentially exposing the bank to pre-shipment advance risks if documentation is delayed.

©Daffodil International University

Standby Credits

- ✓ Standby credit functions similarly to documentary credit, but with the added assurance to the issuing bank that the beneficiary will reimburse any advanced funds in case of default by the applicant.
- ✓ Standby credits resemble documentary credits but offer additional security to the issuing bank by obligating the beneficiary to refund any disbursed amounts in case the applicant defaults.

3.5 Shipping Documents Required Under Documentary Credit

The shipping documents needed in L/C operations are as follows:

Transport Documents

- ✓ Transport documents provide evidence of the shipment's movement, such as bills of lading or airway bills, confirming the goods' dispatch from the seller to the buyer.
- ✓ Documents related to transportation, like bills of lading or airway bills, serve as proof of the goods' movement from the seller to the buyer.

Commercial Invoice

- ✓ A commercial invoice details the transaction's financial aspects, including the goods' description, quantity, price, and terms of sale, serving as a billing statement from the seller to the buyer.
- ✓ The commercial invoice outlines the commercial aspects of the transaction, including item details, quantities, prices, and payment terms, acting as a formal request for payment from the seller to the buyer.

Insurance Documents

- ✓ Insurance documents provide evidence of the goods' coverage during transit, typically including insurance certificates or policies, ensuring protection against loss or damage.

©Daffodil International University

- ✓ Documents related to insurance, such as insurance certificates or policies, demonstrate that the goods are covered during transportation, safeguarding against potential loss or damage.

Other Documents

- ✓ Additional documents may include certificates of origin, inspection certificates, packing lists, or any other paperwork specified in the letter of credit, supporting the transaction's terms and conditions.
- ✓ Supplementary paperwork, like certificates of origin, inspection certificates, or packing lists, may be required as specified in the letter of credit, supporting the agreed-upon terms and conditions of the transaction.

Here are the various types of transport documents:

Bill of Lading

The bill of lading stands as a crucial document in global trade, issued by the shipping company or its agent upon receiving goods for shipment. It serves as proof of merchandise receipt aboard the vessel, with the cargo entrusted to the designated party named in the bill. It is not negotiable, although it can be transferred with permission and has some negotiation power. It serves primarily as a contract for the items' transportation and as an acknowledgement of access to the commodities, acting as a receipt from the transportation sector.

Airway Bill/Air Consignment Note

As a receipt for the transfer of goods to an airline or its agent for air transportation, the airway invoice or air conveyance note serves as evidence. It outlines the specifics of the shipment and the agreed terms and conditions. While not typically negotiable, airway bills are pivotal documents for air freight shipments, representing a significant portion of export transactions and facilitating the exporter's financial incentives.

©Daffodil International University

Roadway Bill/Truck Receipt

Internationally recognized, the roadway bill or truck receipt is a transportation document used for goods transported by road.

Railway Receipt

When goods arrive by rail at a designated location, railway officials issue a railway receipt or railway invoice note. It describes the intended recipient and the precise destination.

Postal Receipt

When a package is delivered directly to the specified address, the postal receipt is collected from the post office.

Courier Receipt

When products are received for direct delivery to the designated address, courier services offer the courier receipt.

Contents of Transport Documents

It is critical to comprehend the contents of transport documents when examining or evaluating them. A thorough transport document ought to contain:

- Carrier's name and signature for authentication.
- Detailed description of the goods being transported.
- Clear identification marks and numbers to facilitate tracking.
- Using the name of the vessel being transported or used for carrying.
- Indication of dispatch, acceptance, or loading onto the carrier along with the final destination.
- Clarity on whether freight charges have been settled or are pending.
- Explicit terms and conditions governing the carriage of goods.
- Date of document issuance for reference and validation.

©Daffodil International University

3.6 Export

According to exporting refers to the act of sending goods from one country to another, typically for sale. Exporting is vital for the economic development of a nation as it generates revenue through sales abroad. The revenue generated from exports contributes significantly to the economy's growth. Import payments are often settled using the revenue generated from exports.

3.6.1 Export Procedure of RBPLC

Banks carry out a number of vital tasks during the exporting process, the most important being Letter of Credit (L/C) advice and negotiations. The exporter is alerted as soon as the bank receives an L/C for advice. The exporter then gets the L/C and prepares the items according to the terms and conditions mentioned in the L/C. The exporter contacts the bank for documentation following the shipment. The bill is prepared if the bank certifies that every document complies with the regulations and guidelines of the L/C. After determining the bill's value, the bank sends the relevant paperwork straight to the bank that issued the credit card, requesting payment for the full amount of the credit card under the predetermined circumstances and problems **(Galati, 2002).**

Preparation of export documents

Before exporting the items, the following documentation is made:

- Documentation such as drawings or contracts of exchange, merchant invoices
- Financial obligations of lading
- Assessment certificates of authenticity
- Shippinglists
- Transportation advisories
- Reports of origin, measurement certificates
- Reports of investigation
- DHL courier receipts

©Daffodil International University

Checking of export documents

Before shipping, export paperwork is carefully examined to make sure they are accurate and compliant.

Points checked include:

- Whether the L/C is restricted or not.
- Submission of documents by the exporter before the credit's expiry date.
- Ensuring all required documents are present without any discrepancies.
- Verification of each detail against the terms and conditions specified in the L/C.

Export Process Flowchart

- Goods are prepared for shipment.
- Merchandise undergoes inspection by the relevant authority, ensuring compliance with the terms of the Letter of Credit (L/C).
- Receipt and packing list are prepared, and vessel booking details are arranged.
- Documentation is forwarded to the Clearing and Forwarding (C&F) agent for shipment processing.
- C&F agent conducts customs procedures and verifies goods against the inspection report and packing list.
- Upon completion of customs formalities, the selected shipping company receives the goods for loading onto the ship and issues a mate's receipt.
- After shipping and other allegations are paid, the exporter may additionally receive the original Bill of Lading (B/L) from the C&F agent along with the shipment receipt.
- According to the conditions of the L/C, the exporter may transmit the shipment advice straight to the importer.
- The original bill of lading (B/L) is either received directly from the shipping firm or obtained by the C&F agency and submitted to the bank for settlement.
- The exporter provides the opening bank for negotiation with all original and identical sets of documentation.

©Daffodil International University

- When goods are released at the port, the opening bank sends the necessary paperwork to the issuing bank.
- The issuing bank checks the paperwork and pays the negotiation process bank's account in accordance with the conditions of the L/C.

Export Financing

Pre-shipment financial services also known as a pre-shipment advance, provides exporters with funding until goods are ready for shipment to overseas buyers. Purchasing raw supplies, processing completed goods, paying for shipping expenses to the port or warehouse, and other expenses are all covered by this funding. It makes it easier to collect production-related pre-shipment costs **(Heckerman, 1972).**

Issuance of Proceeds Realization Certificate (PRC)

The bill of lading fulfils three main purposes as a document of title for the goods even if it is not negotiable. As proof of ownership of the products, it satisfies policy requirements and may be transferred with permission.

3.7 Foreign Remittance

A foreign remittance is defined as the transfer of funds via banking channels from one area to another, usually involving cross-border transactions.

These transactions include cash transfers made by foreign workers, known as foreign remittances. Foreign remittances encompass a wide range of financial activities, including imports, exports, payments, bills, currency exchanges, and various other monetary transactions conducted for diverse purposes.

Inward Foreign Remittance (Incoming Foreign Remittance)

Private transfers, commissions, export and import invoices, importer claims, gratuities, monetary contributions, expenses for services, foreign currency notes, and more are all included in inward foreign remittances. These transactions are made possible by a number of exchange houses or businesses using different techniques such demand drafts, telegraphic transfers, immediate payment, and more.

©Daffodil International University

Outward Foreign Remittance (Outgoing Foreign Remittance)

The costs of travel, healthcare, education, examination or tuition fees, membership dues, gains from overseas investments, the cost of service, insurance coverage, costs corresponding with the Hajj the trip, repayment of foreign loans, approaching payments, acquire transactions, and other similar expenses are all covered by outward foreign remittances.

3.7.1 Parties of Foreign Remittance

The following are the main players in remittance transactions:

- Remitter
- Remitting Bank
- Receiving Bank
- Beneficiary

3.7.2 Modes of Foreign Remittance

Various methods are utilized for transferring money internationally, including

- Pay Order
- Local Demand Draft
- Foreign Demand Draft
- Telegraphic Transfer (TT)
- Foreign Telegraphic Transfer (FTT)
- Mail Transfer (MT)

3.7.3 Foreign Remittance Trade Mechanism of Rupali Bank PLC

- ✓ Receiving draft money from the same bank branch is free of charge.
- ✓ Remittance payments are completed in a maximum of three working days.
- ✓ The Compliance Cell is available for customers to address any concerns or complaints regarding their payments.

©Daffodil International University

Chapter 04: Performance Analysis of Foreign Exchange

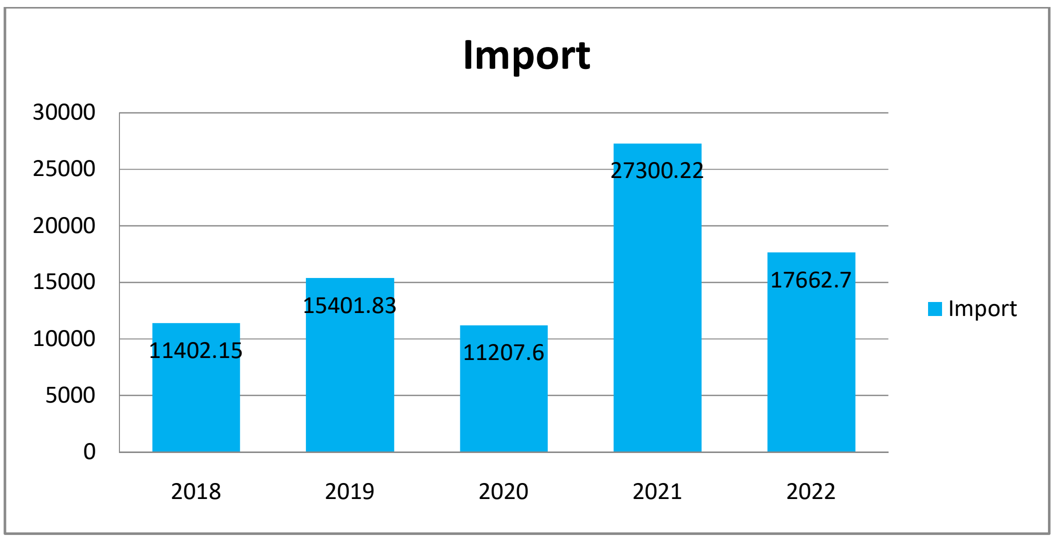
4.1Present Scenario of Foreign Exchange Business of RBPLC

4.1.1 Import of RBPLC

The import data for the previous five years from Rupali Bank PLC is provided below.

(Figure in Crore BDT)

Year	2018	2019	2020	2021	2022
Import	11402.15	15401.83	11207.60	27300.22	17662.70



Analysis

The data indicates that Rupali Bank PLC typically manages an average number of import L/Cs annually. However, there was a noticeable increase in 2019, followed by a decrease in 2020, and a significant spike again in 2021. We need to explore new importers and distribution channels to address this fluctuation effectively.

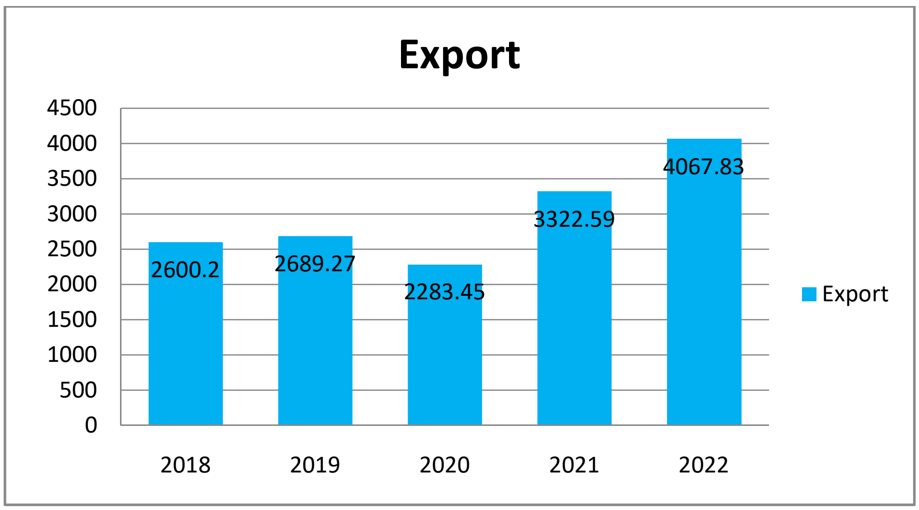
©Daffodil International University

4.1.2 Export of RBPLC

The previous five years' export results are listed below:

(Figure in Crore BDT)

Year	2018	2019	2020	2021	2022
Export	2600.20	2689.27	2283.45	3322.59	4067.83



Analysis

The data illustrates a gradual and consistent rise in Export L/Cs, albeit at a slower pace compared to imports. Export L/Cs showed an upward trend from 2019 to 2022. However, the rate of increase is deemed unsatisfactory, given our limited range of exportable products and exporters due to resource constraints

4.1.3 Foreign Remittance of RBPLC

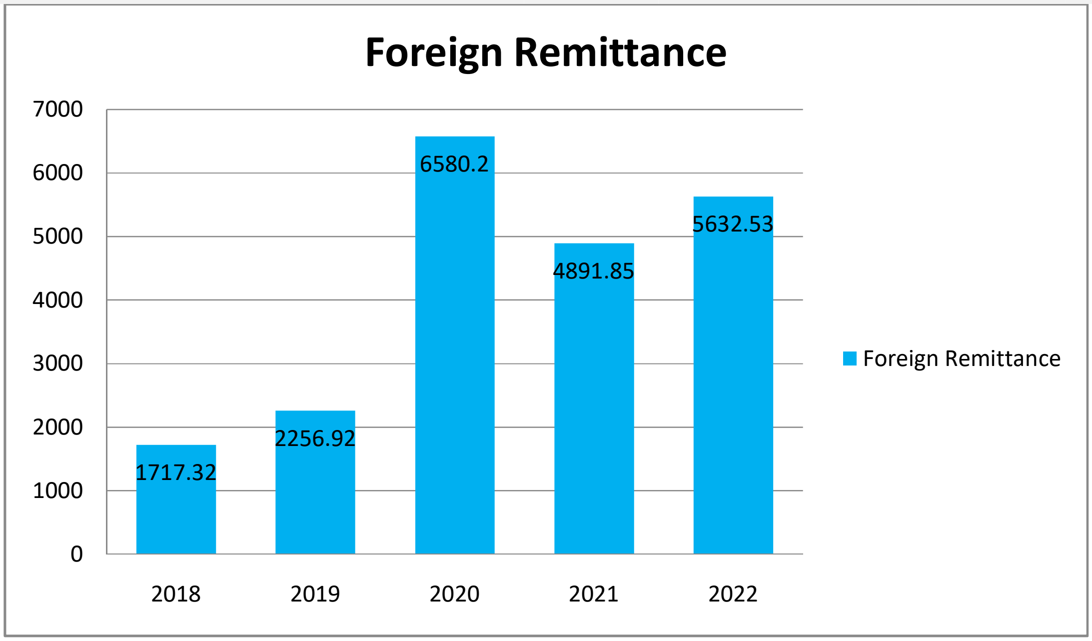
The previous five years' foreign remittance performance is shown below.

(Figure in Crore BDT)

Year	2018	2019	2020	2021	2022

©Daffodil International University

Foreign Remittance	1717.32	2256.92	6580.20	4891.85	5632.53



Analysis

According to Figure, the remittance flow through Rupali Bank PLC is steadily growing and has the potential for even greater expansion with appropriate measures. There was a significant increase in foreign remittance, amounting to 2256.92 from 2019 to 2022. Remittance inflows continue to rise annually, driven by funds sent by expatriates residing abroad.

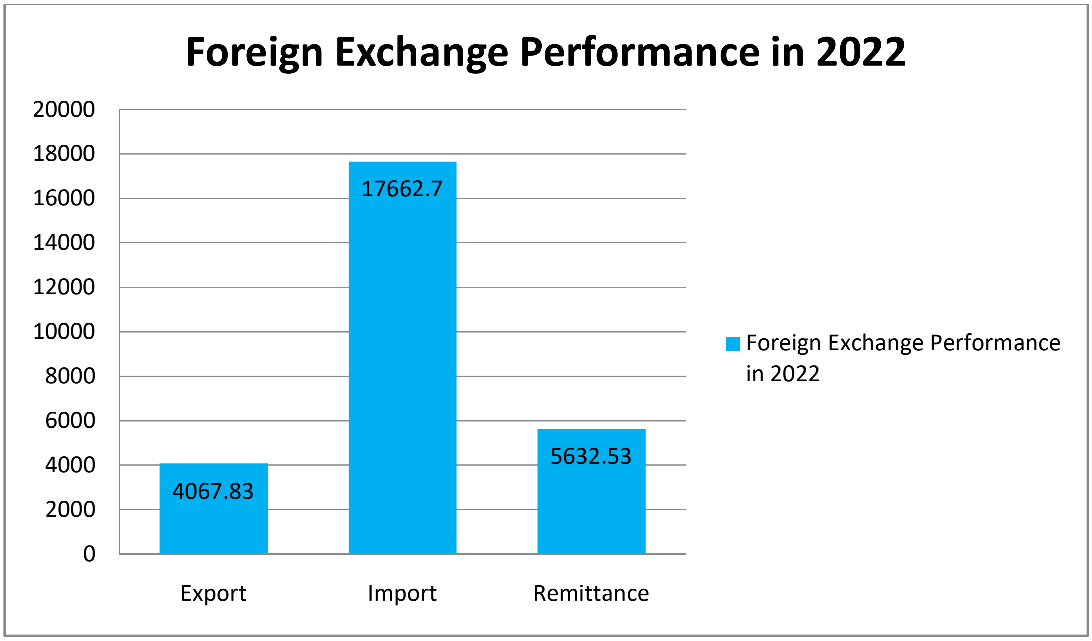
4.1.4 Overall Foreign Exchange Performance Of Rupali Bank PLC – 2022

Below is the comprehensive depiction of Rupali Bank PLC foreign exchange landscape in 2022-

(Figure in Crore BDT)

Export	Import	Remittance
4067.83	17662.70	5632.53

©Daffodil International University



Analysis

The data illustrates that RBPLC foreign exchange landscape in 2022 heavily favored Import L/C transactions, indicating a larger clientele of importers than exporters. The challenge lies in boosting Export L/C activities due to limited export products and exporters, consequently causing exports to fall behind imports. Despite significant foreign remittances flowing in annually, there's room for enhancement. Rupali Bank could enhance its remittance performance through technological advancements and improved services.

©Daffodil International University

Chapter 05: Findings, Recommendations & Conclusion

5.1 Findings of the Study

The growing trajectory of foreign remittances from 2018 to 2022 is in contrast to the erratic trends observed in import and export activity. This consistent growth in foreign remittance highlights Rupali Bank's stronger position compared to its import and export operations.

- ✓ While import revenues remain satisfactory for Rupali Bank, the level of earnings from remittance falls short of expectations.
- ✓ Rupali Bank offers a zero-margin facility for LC opening to select large clients, yet there's potential to extend this offer to smaller but equally efficient clients.
- ✓ The bank's occasional rejection of small businesses for LC opening diminishes profitability and negatively impacts the country's economy.
- ✓ High charges for SWIFT changes, document handling, and stamp duties at Rupali Bank deter potential clients from engaging with the bank.

5.2 Recommendations

To overcome existing constraints and enhance the overall growth of Rupali Bank's foreign exchange business, the following strategic steps are recommended:

- ✓ While prioritizing known clients is common practice, the bank risks overlooking potential valuable clients. By offering superior services to both known and unknown efficient clients, Rupali Bank can expedite remittance services and reduce commission fees, thereby boosting remittance income.
- ✓ RBPLC can attract more clients by lowering the upfront security deposit required for opening LCs, known as LC margin.
- ✓ Despite its reputation, RBPLC neglects smaller LC requests from SMEs, missing out on numerous potential clients. Shifting focus to accommodate smaller businesses is essential for maintaining competitiveness.
- ✓ By decreasing charges such as SWIFT fees, document handling fees, and stamp charges, Rupali Bank can enhance its appeal to prospective clients and improve its market competitiveness.

©Daffodil International University

5.3 Conclusion

The foreign exchange industry is essential to the general expansion of banks. Vital for this business is the acquisition of foreign currency, largely sourced from remittances sent by expatriates. Banks heavily rely on foreign currency for significant payments, often sourcing it from interbank markets, thereby impacting profits. Export activities also contribute to foreign currency reserves. It's evident that import, export, and remittance activities are closely intertwined, each influencing the other. Government emphasis on remittance collection stems from its role in bolstering foreign reserves. To thrive in foreign exchange, banks must diversify across all three business types, encouraging clients to engage in import and export alongside their predominant activities. RBPLC predominantly serves importers, yet fostering a balanced portfolio across all business types is essential. Tailored services and proactive information provision can incentivize clients to explore diverse business opportunities in import and export sectors.

©Daffodil International University

References

- Cornell, W. B. & Dietrich, J. K. (1978). "Evaluating the efficiency of the floating exchange rate market for foreign exchange." The Review of Economics and Statistics 111-120.
- Galati, G. (2002). "Assessing settlement risk in foreign exchange markets and the role of CLS Bank." BIS Quarterly Review 4, 55-65.
- Heckerman, D. (1972). "Assessing the exchange risks associated with foreign operations." Journal of Business 42-48.
- Mosakowski, E. & Srilata, Z. (1999). "Analyzing the global framework of a speculative trading operation: An empirical investigation into foreign exchange trading." Organization Science 10(4), 401-423.
- Tabassum, F. (2016). "An overview of the foreign exchange system at Rupali Bank Limited."

©Daffodil International University