



Daffodil
International
University

Internship Report

On

Foreign Exchange Activities of Al-Arafah Islami Bank Limited: A Study on Mohakhali Branch

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Major: Finance

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Department of Business Administration

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Date of Submission:

LETTER OF THE SUBMISSION

To

Md Anhar Sharif Mollah

Assistant Professor of Finance, Assistant Proctor

Department of Business Administration

Daffodil International University

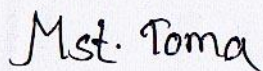
Subject: Submission of Internship Report on "Foreign Exchange Activities of Al-Arafah Islami Bank Limited. A Study on Mohakhali Branch"

Dear Sir,

I am happy to provide my internship report on the "Foreign Exchange Activities of Al-Arafah Islami Bank Limited. A Study on Mohakhali Branch" right here. The experience I gained during my internship at Al-Arafah Islami Bank Limited is the only basis for this paper. I would be really grateful and honored if you read over my internship report and recognized my hard work and devotion. I did my best to effectively and efficiently portray the initial circumstances of Al-Arafah Islami bank Limited's Foreign Exchange Activities Analysis.

Finally, I would like to express my sincere appreciation and thanks to you for preparing this report. I would be happy to answer any of your questions on this topic.

Sincerely Yours,



Mst Rokhsana Parvin Toma

ID: 192-11-6240

Major: Finance; Batch: 53rd

Department of Business Administration

Daffodil International University

SUPERVISOR'S CERTIFICATE

This is to certify that Mst Rokhsana Parvin Toma ID: 192-11-6240, BBA (Finance), is a regular student of the Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. She has successfully completed her internship program at Al-Arafah Islami Bank Limited and has prepared this internship report under my direct supervision. Her assigned topic is "Foreign Exchange Activities of Al-Arafah Islami Bank Limited. A Study on Mohakhali Branch". I think that the report is well-intentioned in fulfilling the partial requirements of the BBA program.

I wish her success in the future.



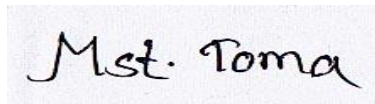
Md Anhar Sharif Mollah
Assistant Professor of Finance
Assistant proctor
Department of Business Administration
Daffodil International University

DECLARATION

I solemnly declare that the work of this internship report is titled "Foreign Exchange Activities of Al-Arafaha Islami Bank Limited. A Study on Mohakhali Branch" Is one of my key works under the supervision of Md Anhar Sharif Mollah, Assistant Professor of Finance, Assistant proctor, Department of Business Administration, Daffodil International University.

No part of this report has been submitted to any other organization before and I am collecting all the information from the internet and senior executives of my bank.

I have done more to identify the department against my loss or damage arising from a breach of mandatory obligation against it if any.



Mst Rokhsana Parvin Toma

ID: 192-11-6240

Major: Finance

Department of Business Administration

Daffodil International University

EXECUTIVE SUMMARY

Understanding Al-Arafah Islami Bank Limited's practices in the Bangladeshi banking sector as well as its evaluation of foreign exchange transactions is the aim of the study. The bank, which provides standard banking services and customer-focused initiatives, has gained the loyalty of its customers and developed into the market and the country's leading bank. In the opening section of my report, I included background information for the entire content report. I'll now give a brief introduction to Al-Arafah Islami Bank Limited. This section will address the historical background, number of branches, vision, and other aspects of Al-Arafah Islam Bank.

The project section comes next. In that section, I examined Al-Arafah Islami Bank Limited's foreign exchange operations within the Bangladeshi banking sector. I spoke extensively on both general and financial topics. Additionally, I have briefly explained the prerequisites and guidelines for each foreign exchange segment. In the study part, I indicated that banks offer up-to-date product improvements.

Then, based on the study's findings, I receive some suggestions. I persuade the bank authorities to join forces with the specialized over-the-counter software that purchases banking tools and applications.

ACKNOWLEDGEMENT

I'm glad to use this opportunity to express my gratitude to the person for their direction, assistance, and patience, without which I would not have been able to finish my report.

I appreciate, Md Anhar Sharif Mollah, our renowned, Assistant professor Of Finance, Assistant proctor, at DIU. for his detailed criticism and recommendations regarding this task. At Daffodil International University in Dhaka, Bangladesh, He holds the position of assistant proctor and assistant professor of finance. He frequently gave us his sage advice on how to do this assignment.

I need to publish some more names, along with the internet, reality books, newspapers, and other essential sources of knowledge that BBA students at other universities do not have access to. They generously provided us with their time, responded fully, and helped us complete the investigation. I value their assistance and collaboration.

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Chapter 1

Introduction of the Study

1.1 Introduction of the Study

Bangladesh's banking industry has expanded greatly and swiftly in recent years. not just in our nation. The status of banking has changed quickly as a result of factors such as globalization, technical advancement, and a lack of authority. This transition has had a tremendous impact on the banking business globally and has altered the banking industry in our nation. The banks are currently compelled to compete in the market with both domestic and foreign companies. I decided to successfully complete my banking internship program for this reason.

A program for internships is necessary to earn a BBA from DIU. DIU's BBA Internship Program During this internship, the student had to provide a report on the relevant institution. Being a member of the necessary program at Al-Arafah Islami Bank Limited makes me ecstatic. I worked for Al-Arafah Islami Bank Limited's College gate office for three months. The operations of Al-Arafah Islami Bank Limited include this internship, which is geared at a broad study of the banking sector. In order to conduct extensive research there and present my findings in the report, I had to choose a study area while I was there. I have produced this report from this point of view following the completion of the three-month internship program. I have written this report from this point of view. I greatly appreciate this performance and am hopeful that it will help me advance my future professional endeavors.

1.2 Background of the Study

The Bachelor of Business Administration (BBA) degree from Daffodil International University has two requirements: finishing an internship at a respected business organization and writing a report (DIU). In reality, I'm going to study about the foreign exchange transactions carried out by Al-Arafah Islami Bank Limited in the Bangladeshi banking sector.

Banks' primary activities are lending money to borrowers and accepting client deposits. Banks are important to a country's prosperity because they create a lot of job opportunities. Most

importantly, Al-Arafah Islami Bank Limited is involved in financing and conservation, which aids in a country's economic growth. The modification and distribution of funds across the country contributes to the expansion of the nation's economy and national resources.

The purpose of the study is to assess Al-Arafah Islami Bank Limited's foreign exchange operations. Whether Al-Arafah Islami Bank Limited is performing at a good level. The focus of the study is on this.

1.3 Objective of the Study

Objective: The main objective of the report is,

- To know about the Foreign Exchange Activities of AIBL.
- To understand the Export and Import procedures of Bangladesh.
- To know the activities and operations of AIBL for the growth of the export and import business of Bangladesh.
- To gather information about the remittance operation of AIBL.
- To suggest some recommendations to improve the present foreign exchange activities of AIBL.

1.4 Methodology

From topic selection until writing the final report, the study calls for a methodical approach. Key issues need to be studied, and data sources were selected, gathered, categorized, evaluated, and presented in a systematic manner in order to carry out the study. The following list outlines the general systemic gas process:

The primary source of information is:

- Face-to-face conversations with officers.
- Practical desk work.
- Officers study relevant files provided by related officers.

Secondary data source:

- Various notices issued by Head Office and BB (Bangladesh Bank).

- Annual Report of Al-Arafah Islami Bank Limited.
- Publications obtained from the library of Al-Arafah Islami Bank Limited.
- Al-Arafah Islami Bank Limited's official website.

Data collection:

Preliminary information was collected through direct and forward interviews of various employees of Al-Arafah Islami Bank Limited.

1.5 Limitations of the Study:

I had to overcome a number of challenges in order to complete the internship report by the deadline. We have a deadline for submitting the report, so I should feel at comfortable working in portions relating to the subject I am well-versed in, but occasionally I have to work in other sections. As a result, becoming an authority on the subject is difficult.

These restrictions make it more difficult to get enough books, articles, knowledge, and data, which reduces the potential for reliable analysis. The report has improved and become more fascinating without these restrictions.

It was really challenging to get data from such a large company. At College Gate, I finished my internship there. But I needed more details, so I had to ask both the corporate and regional offices for them. Because of a lot of departmental and top-secret difficulties, I can't gather enough information.

Chapter 2

Organizational Part: Background of Al-Arafah Islami Bank Limited

2.1 History of Al-Arafah Islami Bank Limited

In 1995, Al-Arafah Islami Bank was established as a limited liability banking company in Bangladesh. It formally began operations on September 27, that year, with a capitalization of one billion taka. When it was founded, it had 101.20 million Tk in paid-up capital, divided into 101,200 ordinary shares worth 1,000 Tk each. The entire issued capital was subscribed for by 23 bank sponsors collectively. The bank's paid-up capital increased to Tk 253 million in 2000, with promoters/sponsors and the general public contributing a total of Tk 126.50 million. The bank is traded on both stock exchanges in the country and has made 126,000 shares available for public subscription and trade. Al-Arafah Bank is a shariah bank that operates in a very different way than traditional commercial banks in that it does not charge interest. However, the Bank Companies Act of 1991 governs commercial banking services, which are all provided by the bank. It conducts business using the hirebuy, bai-mudaraba, musharaka, and bai-muajjal transactional ideas. A Shariah Council oversees the bank's operations to ensure that they are conducted in accordance with Islamic principles.

It should be highlighted that Al-Arafah Islami Bank Limited is one of the biggest Islamic banks in the country. The way it applies Islamic law is better than that of another bank.

2.2. Vision & Mission

Vision: To be Bangladesh's first modern Islamic bank, to significantly contribute to the country's economy, to increase customer trust and wealth, to make quality investments, to value employees, and to rapidly increase shareholder equity.

Mission: Committed to providing a wide range of high-quality products to meet the diverse needs of people in order to improve their quality of life, generate value for all parties involved, and advance the socioeconomic progress of the nation.

2.3. Corporate Profile

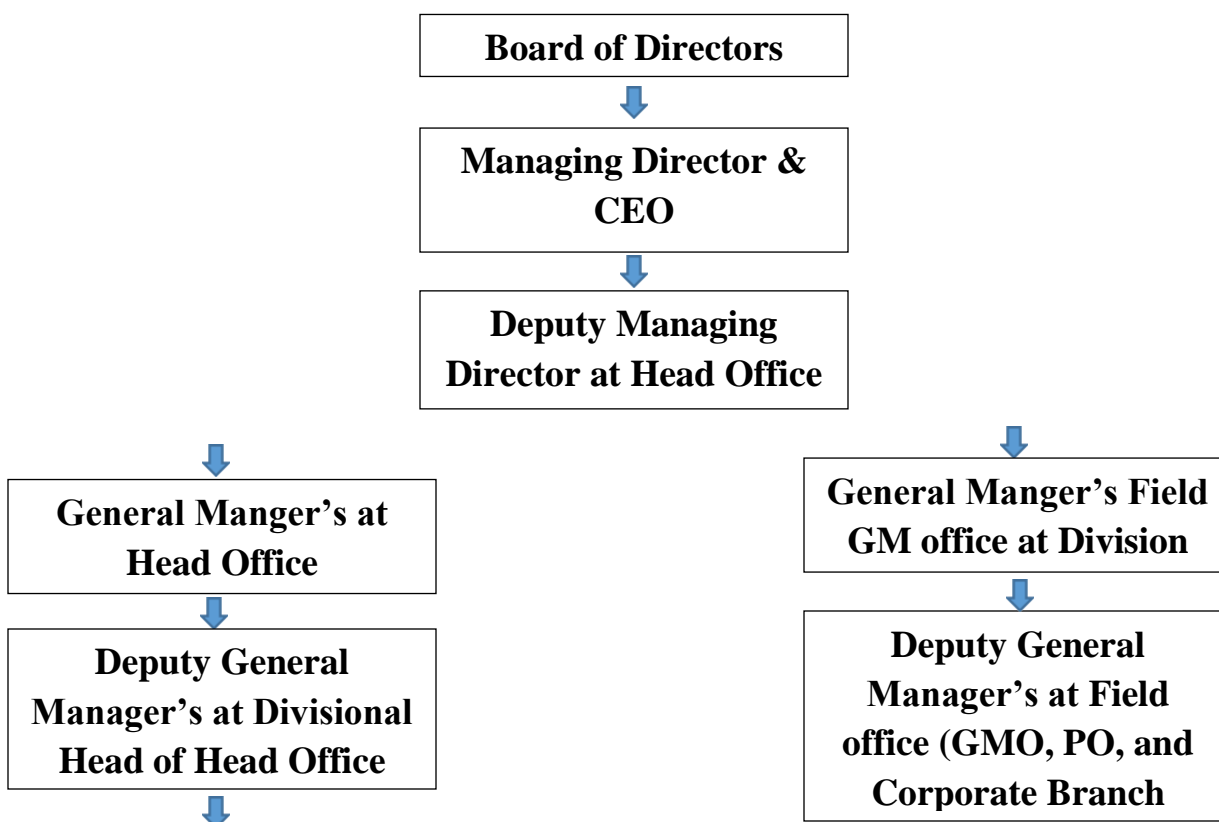
Name of the Company	Al-Arafah Islami Bank Limited.
Chairman	Alhaji Salim Rahman
Vice Chairman	Alhaji Abu Naser Md. Yeahea
Legal Status Public	Limited Company
Genesis	Emerged as Nationalized Commercial Banking 1972, following the Bangladesh Bank (Nationalization) Order No. 1972 (PO No. 26 of 1972)
Date of Incorporation	18th June 1995
Date of Vendor's Agreement	27th September 1995
Registered Office	Head Office, Al-Arafah Tower, 63, Purana Paltan, Dhaka-1000.
Authorized Capital	TK. 15000.00 million
Paid-up Capital	TK. 10549.00 million
Number of Employee	3070
Number of Branches	119
Phone-PABX	+88-02-44850005
FAX	+88-02-44850066

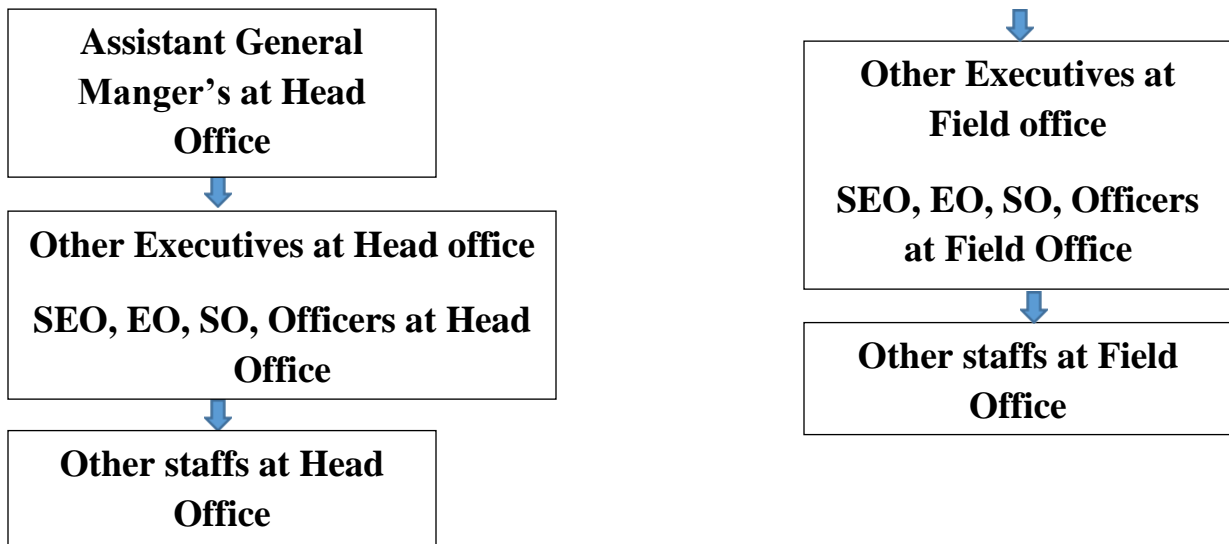
SWIFT	ALARBDDH
Website	www.aibl.com.bd
E-mail	info@aibl.com.bd

2.4 Hierarchy of Al-Arafah Islami Bank Limited:

Management:

Directors, which is responsible for setting the Board's overarching strategic vision and directing board policy. The government's seven-member board of directors has the authority to establish, manage, and carry out business operations in line with its board policy. Directors are chosen by government representatives. The government also appoints other board members, including the MD, at least three of whom have backgrounds in finance, banking, business, industry, and agricultural. The Managing Director serves as the Chief Executive Officer of the Bank. The Bangladesh Bank (Nationalization) Order No. 19 of 1972 established the Bank's Board of He always acts in accordance with the rules set by the board. All lines of business and employees of the Bank, with the exception of the Board of Directors members, are self-appointed.





2.5 Organizational Structure

Al-Arafah Islami Bank Limited is Bangladesh's largest privately owned Islamic bank. The country has a total of 1187 commercial banks. It also has two international branches. The bank's main office is in Dhaka's Motijheel Commercial. While the AGM is in charge of departments, the DGM is in charge of divisions. In the main office, each department has a number of sub-departments. A DGM is in charge of the central office, whereas an AGM is frequently in charge of a regional office. Principal offices serve as community hubs in the district bank's administrative region.

The term "responsible" refers to the process of acquiring information from a variety of sources. The offices at the thana level are located in districts. The number of corporate branches and DGMrun GM offices is roughly equal. They offer a wide range of financial services, including traditional banking, loans, and advances.

2.6 Services of Al-Arafah Islami Bank Limited.

Functional Department of the Al-Arafah Islami Bank Limited:

There are basically three functional departments in Al-Arafah Islami Bank Limited. These are:

- General Banking
- Foreign Exchange
- Loan & Investment

2.6.1 General Banking

The bank's sole role is to mediate between lenders (surplus units) and borrowers (deficit unit). Deposits and savings are the main sources of the banks' ability to extend credit. Additionally, the interest produced by the difference between borrowing and lending serves as the banks' main source of income. Banks generate revenue from a variety of activities.

General banking is the area of the bank where customers can deposit and send money using a variety of options. General banking also includes accounts division. The bank presents a variety of options to its customers in an effort to motivate them. The majority of these alternatives are very comparable between banks, however there may be differences in the client services and facilities. Numerous services are offered by Al-Arafah Islami Bank Limited to both retail and business clients. Al-Arafah Islami Bank Limited's general banking operations include:

- Account Opening
- Cheque Book House
- Account Closing
- Clearing Department
- Local Remittance
- Cash Section
- Online Banking
- SMS Banking
- ATM Banking

2.6.2 Foreign Exchange

The process of converting rights to wealth in one currency into rights to wealth in another is known as foreign exchange. When we discuss foreign exchange in banks, we mean the general process that a bank uses to convert one currency into another. The foreign division is known as the Foreign Exchange Department (FED). Scheduled banks are allowed to conduct foreign exchange transactions by Bangladesh Bank. Authorized Dealers are a term used to describe some businesses. If the branch is a registered dealer in the foreign exchange market, it is

permitted to transfer foreign currency from one nation to another. The foreign exchange division of the AAIBL Ring Road branch is divided into two sections:

- Import section.
- Export section.
- Remittance section

2.6.3 Loan & Investment

This division is the bank's survival unit because, until and unless it succeeds, the viability of any bank is in question. The bank may fail if this division does not run it properly. This is significant because this is how the bank makes money. The bank will receive deposits from depositors in return for providing them with profit and securing their profit. Advancement and investment are the basic solutions. Now, the issue of how the bank will give its customers a profit may gradually arise.

AAIBL offers numerous investing options. These are listed below:

- Bai-Mudaraba (Deferred Lump Sum/ Installment Sale)
- Bai-Muajjal (Deferred Installment / Lump Sum Sale)
- Ijara (Leasing)
- Musharaka (Joint-Venture Profit-Sharing)
- Mudaraba (Trustee Profit-Sharing)
- Bai-Salam (Advance Sale and Purchase)
- Hire-Purchase
- Direct Investments
- Post Import Investment
- Purchase and Negotiation of Export Bills
- Inland Bills Purchased
- Mudaraba Import Bills
- Bai-Muajjal Import Bills
- Quard-ul-Hasan (Benevolent Investment)
- Specialized Schemes
- Consumer Investment Scheme,

- SME Investment Scheme,
- Lease Investment Scheme,
- Earnest Money Investment Scheme, ② Mortgage Investment,
- Employees House Building Scheme
- From the above schemes below three are generally in action
- Bai-Mudaraba (Mark up sale)

Chapter 3

Foreign Exchange Activities of AIBL

3.1 Foreign Exchange Department



3.1.1 Export

Exports are the products and services that Bangladesh provides to people, organizations, and governments abroad. The nation's export exchange is governed by the Imports and Exports (control) Act of 1950. An exporter must follow a number of conventions when shipping goods. Export exchange control of goods coming from Bangladesh is handled by the Service of Trade through the Boss Controller of Imports and Exports (CC and E). The customs and methods are listed below:

1. Getting an export LC from the importer is step one. You need to get an export LC frame from the importer.

2. Accommodation of export report: The exporter is required to give the gathering bank all necessary documentation after the goods have been transported.
3. Reviewing the export report: Following the archives broker's evaluation of the paperwork in accordance with the LC terms
4. Export report transaction: The bank is referred to as an arranging bank if it accepts the export report and pays the exporter's value draft before sending the record to the issuing bank. If the bank buys the LC, it frequently serves as a gathering bank.
5. Acknowledgment of Continues: At this point, the issuing bank has acknowledged that it has comprehended the payment.
6. Reporting to the Bangladesh Bank: In accordance with Bangladesh Bank's instructions, the bank is required to report to a different bureau of Bangladesh Bank by mentioning the most recent installment.
7. Provider/exporter must receive a go-before acknowledgment testament of the export LC from the bank in order to receive financial assistance.

➤ **Export Procedure of AAIBL**

Exportation from Bangladesh is subject to export exchange control procedures carried out by the Ministry of Commerce's chief export and import controller. If the goods are against the law, no exporter is allowed to export them from Bangladesh even if they are deemed acceptable for export.

➤ **Export department of AAIBL:**

When a company has to export anything to another country, that particular company typically opens an export letter of credit (L/C) from this department of the bank.

➤ **Export financing of AIBL:**

Exporter of goods from Bangladesh to another country on the earth. Following shipment, the exporter must provide the Bank with the reports within the agreed time frame for the transaction of the archives.

➤ **Procedure for opening letter of credit sequentially in AAIBL:**

- Lien of exports.
- Opening of BTB (L/C under that).
- ABP (accepted bills for).
- Under production.
- Export made.
- Collection/purchase of export bills.
- Collection from export L/C issuing.
- Non-stop A/C.
- Update to head office.
- Credit counsel to branch.
- Head office ETDA (A/C debit).
- BTB payment.
- Respective party A/C.
- If PC Facility then.

➤ **Export task**

Bangladesh exports a sizable amount of goods and businesses to foreign families. Ready-made clothing (both woven and unwoven), jute, products made of jute, solidified shrimp, and tea are among Bangladesh's top exports to other nations. With about 40% of the nation's total readymade clothing exports going to the US and EC nations, readymade clothing from Bangladesh is primarily exported to these regions. The bulk of the nation's total exports are made up of clothing items.

➤ **Advantages of export activities**

The focus points of proprietorship are the organization's distinctive resources, global experience, and capacity to grow either simple or complex things inside the links of its value chain. A given market's geographic attractions are a combination of market potential and speculation risk. The internationalization emphasis points are the advantages of keeping a core competency in-house and tying it to the value chain as opposed to acquiring it to allow, outsource, or offer.

➤ **Disadvantages of export tasks**

According to reports, small and medium-sized enterprises (SME) with fewer than 250 employees find it more challenging to serve international markets than domestic ones. The key areas of interest are highlighted by the lack of knowledge regarding exchange controls, social differences, various dialects, foreign-trade situations, as well as the strain on resources and personnel when they work as a square to export.

- Financial administration exertion.
- Customer request.
- Management botches.

➤ **Ways of exporting**

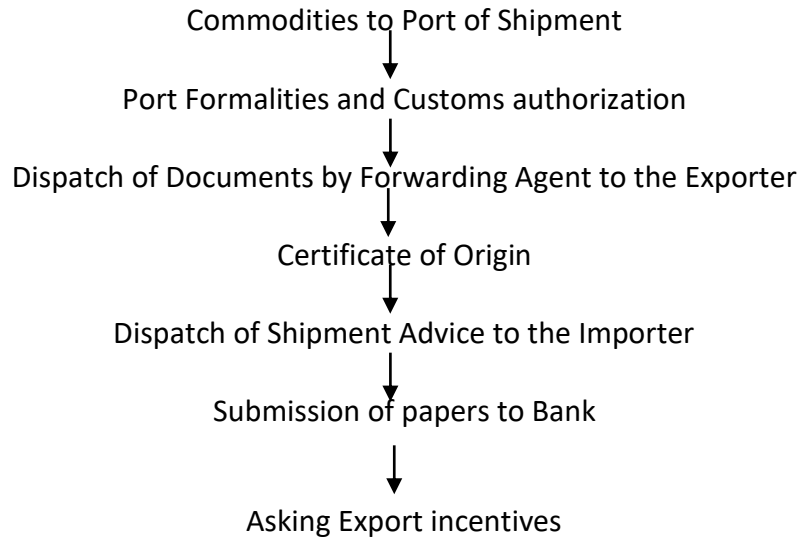
The company has the option of exporting directly or indirectly to a foreign country.

- Direct offers made during the export process.
- Direct selling via wholesalers
- Assessing wholesalers
- Direct sales to customers and retailers abroad.
- Direct online offering.

Offering through a middle person is referred to as a circuitous offering.

➤ **Methods of Export**





1. Having an Export Request:

After receiving an export agreement, preparations can start. An export agreement simply means that there should be a written agreement between the exporter and importer before the exporter actually begins manufacturing or purchasing goods for transportation. An export request typically resembles a letter of credit, a purchase order, or a pre-formatted receipt.

These fares were already taught to you in the prior section.

1. Examination and Affirmation of Request:

Any export agreements the exporter receives should be carefully read in light of their terms and conditions. This is actually the most important step because the conditions and terms of the export agreement will affect every decision and action that comes after.

When assessing an export agreement, factors like the item's description, the terms of payment and shipment, the need for review and protection, the receipt for payment of the archives, and the last date of the transaction of reports with the bank are all taken into account. The exporter confirms the export agreement once they are satisfied.

2. Assembling or Getting Merchandise:

As part of the export credit (premium sponsorship) plan, the National Bank of Bangladesh offers pre-shipment credit to exporters to assist with the working capital requirements for buying raw materials, processing them, and turning them into finished goods with an eye toward exports. Using the established pre-shipment credit system, the exporter contacts the dependent. The exporter begins to produce/obtain and pack the goods for export once they have credit.

3. Leeway from Focal Extract:

Once the products have been made or purchased, the procedure for obtaining relief from the focus extract's obligation begins. The Focal Extract and Deal Demonstration of BD and the related guidelines provide the discount of the extract requirement paid. In exchange for receiving the shipment confirmation, two optional options offer a full obligation reimbursement on items that are exported.

The main plan is to pay the extract obligation as soon as the export committal is taken off the production line, and then after the goods have been exported, to submit a claim for the obligation's refund. The second tactic entails taking products out of a production or distribution facility without paying for them, but in accordance with a suitable contract with the extract specialists.

4. Pre-Shipment Examination:

There are a number of goods whose export requires quality confirmation, according to the Legislature of Bangladesh notification. Therefore, before the BD custom experts approve the transportation of goods, the competent and assigned specialist must issue an examination declaration in order to accommodate it.

A probe of export goods could be conducted under:

- i. A consignment-by-consignment examination.
- ii. In-process Quality Control

iii. Self-Affirmation.

Three copies of the Examination Testament are made available. The first duplicate is used to check for traditions. The merchant receives the second duplicate of the authentication, while the exporter keeps the third duplicate for his reference.

1. Arrangement of Clearing and Sending Agents:

In order to receive the Review Endorsement from the custom organizations, the exporter names clearing and shipping operators who perform various tasks to the exporter's advantage.

These operators' primary responsibilities include pressing, inspecting, and labeling cargo as well as planning for transport to the port, taking the proper steps for exportation abroad, accounting for customary freight leeway, securing transportation, and producing various reports.

The preceding reports are delivered to the operator with the intention of encouraging the exporter to release his obligations:

- i. Business receipt in 8-10 duplicates
- ii. Traditions Revelation Shape in triplicate
- iii. Pressing rundown
- iv. Letter of Credit (unique)
- v. Assessment Testament (unique)
- vi. G.R. Frame (in unique and copy)
- vii. AR4/AR4A (in unique and copy)
- viii. GP-1/GP-2 (unique)

5. Merchandise to Port of Shipment:

Upon completion of the pre-shipment inspection and extract freedom procedures, the exported goods are pressed, stamped, and marked. Correct labeling, pressing, and stamping enable safe and speedy product delivery. In order to save space on the ship that will deliver the goods to the merchant, the export office devises a solution.

The delivery space may be reserved directly from the clearing and sending specialist or cargo dealer who works on behalf of the transportation company, or indirectly from the delivery organization. Once the space has been saved, the transportation company issues a document known as a Delivery Request. This request serves as proof of the room booking.

No specific custom is included if the goods are transported to the port by a street importer. If the goods are shipped by rail to the port of shipment, a wagon assignment must be obtained from the Railroad Board.

The following documents are delivered to the railroad yard or station used for booking:

- i. Wagon Enlistment Expense Receipt
- ii. Transportation Request
- iii. Sending Note (A Railroad Report)

After the allocation of wagons, the merchandise are piled, and the railroads issue a Rail Route Receipt (RR). The clearing and sending operator at the port town is then sent this receipt along with other records. In the interim, the generation/export division adopts a protection strategy for the items that will be exported with regard to risk scope (both domestically and internationally).

6. Port Conventions and Traditions Leeway:

After receiving the reports from the export division, the clearing and sending operator transports the payload from the train station or the street transport organization and stores it in the distribution center. The port professionals also give him the go-ahead and freedom under customs to move the payload into the shipping shed. Upon physical inspection of the goods in the shipment shed and at the customs location, the customs division approves exports. The Transportation Bill offers some flexibility to exporters.

To obtain traditions freedom and authorization, the clearing and transmitting operator must show the supporting documents to the Traditions House:

- i. Delivery Bill
- ii. Contract Shape
- iii. Letter of Credit, if appropriate
- iv. Business Receipt
- v. GR Frame
- vi. Investigation Authentication
- vii. AR4/AR4A Shape
- viii. Pressing Rundown, if necessary

The clearing and sending specialist displays the Port after receiving records from the export office. Give the port's shed administrator equity in the archive. He receives a trucking request to transport the load to the travel shed so the Dock Appraiser can examine it physically.

The preceding reports are presented to the dock appraiser to support his physical inspection of export products:

- i. Transportation Bill
- ii. Business Receipt
- iii. Pressing Rundown
- iv. AR4/AR4A Frame and Door Pass
- v. GR Frame (copy)
- vi. Review Endorsement (unique)

A copy of the Delivery Bill bearing the Dock Appraiser's "Let Export" signature is given to the Sending Operator following an inspection. Each of these reports is given to the preventive officer, who adds a support "Let Ship" to the copy duplicate of the delivery bill. The preventative officer is in charge of overseeing the loading of cargo onto the ship.

After the goods have been loaded onto the ship, the captain hands a receipt known as "Mate's Receipt" to the port concern's Shed Director. The sending specialist accepts delivery of the "Mate Receipt" after paying the port fees. He presents the delivery company with his request and requests that it issue the Bill of Replenishing.

7. Dispatch of Reports by Sending Specialist to the Exporter:

The clearing and sending operator sends all of the archives to his or her exporter after receiving the Bill of Replenishing from the Transportation Organization.

These reports consist of:

- i. Commercial Receipt (authenticated by the traditions).
- ii. Export Advancement Duplicate.
- iii. Disadvantage Duplicate.
- iv. Clean on Board Bill of Filling.
- v. Letter of Credit.
- vi. AR4/AR4A and Door Pass.
- vii. GR Shape (in copy).

8. Accommodation of Reports to Bank:

In order to receive payment from the merchant, the exporter shows the accompanying records to his bank at the end of the process:

- a. Business receipt
- b. Support for the start.
- c. Pressing Rundown.
- d. Letters of credit.
- e. Marine Protection Strategy, item.
- f. GR Form.
- g. Bill of Filling.
- h. Bill of Trade.

- i. Bank confirmation number
- j. Business Receipt.

9. Making a case for export-motivating factors

After completing the preparation of an export arrangement at the three stages of shipment, namely pre-shipment, shipment, and post-shipment, the exporter submits a claim for export driving forces that are agreeable to him/her.

3.1.2 Import

To import, a man needs to be a skilled trader. According to the Import and Export Control Act of 1950, the Office of the Chief Controller of Import and Export issues the enrolment (IRC) to the importer. Buyers and sellers are typically largely unknown to one another in business situations. As a result, a product trader always looks for security to ensure that his exported goods will be paid for. Exporters are given guarantees from the bank that, in the event that the buyer does not pay for the products, the bank will do so for the benefit of the customer. This assurance is known as a letter of credit. In this manner, the broker uses a "Letter of Credit" to give the agreement between the importer and exporter legal shape.

➤ **Kinds of import**

- 1) Industrial and shopper merchandise.
- 2) Intermediate merchandise and enterprises.

Organizations import products and services to supply the domestic market with goods that are more competitively priced and of higher quality than those produced locally. Companies import products that aren't advertised locally.

➤ **Import Procedures followed by AAIBL**

The importer receives the enrollment (IRC) in accordance with the Import and Export Control Act of 1950 from the Office of the Chief Controller of Import and Export. After receiving this, the person must obtain Bangladesh Bank permission for a letter of credit.

➤ **Presentation of the documents:**

- a. Invoice.
- b. Bill of lading.
- c. Certificate of deposit.
- d. Packing list.
- e. Weight list.
- f. Shipping Advice.
- g. Non-negotiable copy of bill of lading.
- h. Bill of exchange.
- i. Pre shipment inspection report.
- j. Shipment certificate.

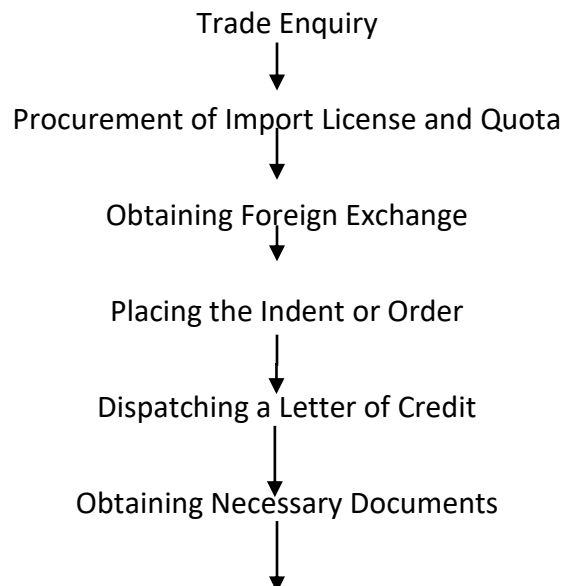
➤ **Import financing of AIBL:**

- a. A letter of credit facility,
- b. letter of credit facility,
- c. Loans secured by trust receipts

➤ **Two expansive kinds of merchants**

- a. Searching the world for something to import and sell.
- b. Seeking international suppliers to obtain their goods at the lowest price.

➤ **Methods of Import**



Customs Formalities and Clearing of Goods



Making the Payment



Closing the Transactions

1. Trade Enquiry:

Comparable to other procurement and deal exchanges, the first step in an import exchange is to make exchange inquiries. An inquiry is a formal request for information from the intended buyer or his representative regarding the cost and the terms of the exporter's ability to sell goods.

The importer's inquiry should include all pertinent information, such as the products required, their description, list number or review, size, weight, and required quantity. Additionally, the pushing strategy, delivery method, and installment terms and conditions should all be mentioned. In response to this question, the exporter will give the merchant a quote. The citation provides relevant details about the goods being offered, including their quality and price, as well as the price at which the goods will be given and the conditions and terms of the contract.

2. Acquisition of Import Permit and Standard:

The import industry BD is governed by the Imports and Exports (Control) Act of 1950. Both individuals and businesses are prohibited from importing goods into Bangladesh without a valid import permit. Either a general import permission or a targeted import permit is possible. The importation of goods from any country is permitted by a general permission, but only the importation of goods from specific countries is permitted by a specific or individual permit.

The Red Book, also referred to as the Import Exchange Control Strategy Book, is where the BD Legislature outlines its import policy. Each trader should first determine whether he can import the products he requires and how much of a specific product he can import during the time period covered by the applicable Red Book.

The three groups of merchants are divided according to the rationale for giving permits:

- a) Set up merchant.
- b) Genuine clients.
- c) Enrolled exporters.

To obtain authorization for imports, the proposed merchant must submit an application to the authorizing expert using the authorized form. A person would be regarded as a built-up importer if they imported goods in the class in which they are currently interested during the necessary time period suggested for such class.

A request for a quantity A skilled importer can influence the testament. The testament specifies the quantity and price of the goods that the merchant may import. In order to do this, he provides narrative proof for the same, such as a declaration from a recognized bookkeeper in the prescribed format guaranteeing the c.i.f. estimation of the goods imported in the chosen year, along with evidence in the form of points of interest for the goods imported in any given year during the crucial period approved for the goods.

The product reception cost as well as the cargo and protection fees paid for the goods while they were traveling are included in the cost-in-flight (c.i.f.) value. The established merchant is permitted to import up to the value specified in the share testament (referred to as Standard), which is calculated based on prior imports. If the importer is a real client, he must obtain permission from the suggested supporting professional if he needs to import goods for his own use in modern manufacturing processes.

The expert who is assisting makes sure of his needs and suggests the permit. Small businesses that have less than Tk. 5 lakhs in capital are required to apply for licenses through the state's executive of businesses or another expert who has been specifically authorized by the administration.

3.Submitting the Indent or Request:

After the underlying customs are complete and the merchant has obtained the required international trade measure and permit quantity, the next step in the import of goods is making the request. This request is referred to as an indent. An indent is a request for a specific supply of goods made by an importer to an exporter.

It contains instructions from the importer on the kind and quantity of goods required, the best method for transporting them, how to press them, how to make payments for them, and other matters. An indent is typically set up in triplicate or copy. Open, shut, and corroborative indents are just a few of the different types of indents.

Because the entire necessary product, cost, and other details are not stated in the indent when there is an open indent, the exporter is free to complete the conventions at his own end. On the other hand, a closed indent is used when all pertinent information about the product, such as the name of the brand, pressing, shipping, protection, etc., is made explicit. A request that is made reliant on the merchant's operator's approval is known as a corroborative indent.

4.Dispatching a Letter of Credit:

The exporter must verify the merchant's dependability before shipping the goods because the majority of foreign traders are strangers to one another. The exporter is in charge of making sure there is no chance of non-installation. He typically requests a note of credit for this purpose from the merchants.

An assurance given by the letter's guarantor (typically a merchant bank) that the bills of trade drawn by a foreign merchant on the importer would be honored upon introduction up to a certain amount is known as a letter of acknowledgement, or "L/C" or "L.C."

5.Acquiring Fundamental Records:

The importer doesn't need to do much following the delivery of a letter of credit. The exporter makes transportation arrangements for the goods after receiving the letter of credit and immediately sends an Exhortation Note to the importer. A document called a reminder note is

sent to a product buyer to let him know that the orders have been shipped. Furthermore, it might state the reasonable deadline for the ship's arrival at its destination.

A bill of trade for the estimated receipt of goods is then issued by the exporter to the merchant. The transportation documents, such as the receipt, protection plan, certificate of incorporation, customer receipt, and so forth, also include a bill of trade. One with all of these reports attached is referred to as a narrative bill of commerce. A narrative bill of trade is sent to the importer in order to collect the installment of the bill through a foreign trade bank with a branch or a specialist in the merchant's nation.

Two categories of narrative bills exist:

- i. D/P, D.P. bills (or alternatively, records against installment)
- ii. Invoices marked D/A or D.A. (or, alternatively, record against acknowledgment).
- iii. If the bill of trade involves a D/P charge, the records of product title are only given to the cabinet (i.e., importer) after complete payment of the bill has been made. D/P bills may contain charges. If a sight charge should arise, the installment must be paid right away when the bill is presented. However, a beauty time of 24 hours is typically permitted.

Because payment must be made within a specific timeframe following sight. If the bill is a D/A bill, the title of the goods' records are released to the cabinet upon his acceptance of the bill, and the financier retains them until the date of construction. Bill installments are frequently accommodated within 30 to 90 days.

6.Traditions Customs and Clearing of Merchandise:

After accepting the reports of title for the goods, the importer's only concern is to take delivery of them when the ship docks at the port and transport them to his own specific location of business. To accept goods delivery, the importer must follow a number of rules. Unless the

accompanying defined conventions are accepted, the products are under the control of the Custom House.

(a) To obtain assistance with or make arrangements for conveyance:

The importer must, first and foremost, obtain support from the delivery company on the basis of the bill of lading when the ship carrying the goods docks at the port. Occasionally, instead of accepting the bill to support him, the transportation company sends him a conveyance request. The importer will be eligible to accept the product conveyance after this conveyance request underwriting.

Following shipment installation, the transportation company either issues the conveyance arrangement or performs this underwriting. In order to receive a green flag for the delivery of goods, the importer must pay the cargo if the exporter has not done so when the bill of lading is stamped cargo forward.

(b) To purchase Port Trust Duty Receipts and pay Dock Levy:

The importer must provide the "Replenishing and Transporting Levy Office" with two copies of the duly completed "Application to Import" form. This office charges a fee for each useful item imported to cover the costs of the dock specialists' product filling services. The merchant receives one copy of the application to import as a "Port Trust Contribution Receipt" after paying the required fees.

(c) Bill of Passage:

The merchant will then finish the Bill of Passage form. This form, which needs to be filled out in three copies, was provided by the customs office. The name and address of the importer, the name of the ship, the bundles' number, marks, value, and description, the name of the country from which the goods were made abroad, and any customs duties that must be paid are all listed in the bill of section.

Three different shapes and three different colors—Dark, Blue, and Violet—are available for the bill of sections. A dark form is used for non-dutiable or free goods intended for domestic sale, a blue form for export-bound goods, and a violet form for re-export-bound goods. A Port

Trust Duty Receipt and three different types of bill of sections must be given by the importer to the customs office.

(d) Bill of Sight

In the unlikely event that the exporter's lack of information prevents the merchant from providing precise information about the goods, he must make an announcement known as a bill of sight. The bill of lading contains a statement that the importer is unable to provide comprehensive information about the goods and only lists the information that he has control over. Thanks to the bill of sight, he can finish the bill of section by opening the bundle and inspecting the goods in the custom officer's line of sight.

(e) To fulfill an import obligation or pay customs:

Three categories of imported goods exist:

Products that are (i) not subject to taxes or fees, (ii) intended for domestic use or domestic sale.

Re-exportable goods or goods with the potential for re-export. If the product is free of obligations, there is no import fee that needs to be paid at the customs office.

After a routine product inspection, customs specialists will approve the delivery of such products. However, if the goods are subject to obligation, the importer is required to pay customs or import duties, which may be calculated based on the weight or estimation of the goods (a "Special Obligation") or the estimated value of imported goods (called a "Promotion valorem Tune").

There are three types of import obligations. The term "income obligations" refers to a few items with very small obligations. In order to protect domestic businesses from foreign competition, extremely strict obligations are placed on some others. While import duties on certain goods from specific countries are waived, and these nations are exempt from paying their full defensive obligations,

(f) Obligation fulfilled and reinforced distributing facilities:

Port trust and customs experts look after two different types of distribution facilities, Fortified and Obligation Paid. These distribution facilities, which are located close to the dock, will be of great help to importers who don't have a stockroom of their own to store the foreign-made

goods or who, for professional reasons, don't want to transport them to their own specific distribution center.

The importer is given a receipt known as a "stockroom receipt" for the goods for which the obligation has recently been satisfied, and he is allowed to keep them in the obligation-paid distribution facilities. This receipt serves as a record of ownership and is transferable. For goods for which the importer has already paid the obligation, fortified distribution hubs are taken into consideration. The importer is allowed to store the goods in protected distribution centers in the unlikely event that he is unable to fulfill his obligation, and in return, he is given a dock warrant receipt. The same as a distribution center receipt, a dock warrant is a transferable title archive.

When the importer lacks a storage facility of his own, he uses the fortified stockrooms.

- (i) He is unable to meet the deadline for payment.
- (ii) He must pay the debt in installments since I he must re-export the goods
- (iii) He must re-export the goods, and
- (iv) He must do so despite having no desire to do so.

The use of these stockrooms is subject to payment of an ostensible lease. One incredibly well-liked feature of these distribution facilities is the requirement that dock warrants or stockroom receipts be presented in order for the importer to sell the goods and change the product names. The importer will save time and money by doing this instead of having to transport the goods from the distribution centers to his go down.

(g) Clearing arrangements Operators:

We now understand that before accepting delivery of the goods, the merchant must comply with a number of legal requirements. The importer has the option of taking delivery of the goods themselves at the port. In any circumstance, it takes a lot of time, money, and effort. Then, in order to save himself the trouble of complying with all the confusing conventions, the merchant can select clearance specialists to handle the delivery of the goods on his behalf. The individuals in charge of carrying out the various steps required to accept delivery of goods on behalf of others are known as clearing operators. They charge a fee for performing these important administrative tasks.

7. Making the Installment

The manner and time of installment payments shall be in accordance with the terms and conditions previously agreed to by the Merchant and the Exporter. If a D/P charge arises, the archives of the title are only made available to the importer after full payment of the invoice. If the bill is a D/A bill, the merchant receives the products' records of title after he acknowledges the bill. The bill is held by the investor until the development date. The merchant typically has between 30 and 90 days to pay such bills in installments.

8. Shutting the Exchanges

The closing of the exchange is the final development of the import exchange technique. The transaction is terminated in the unlikely event that the goods satisfy the importer's preferences. If he is unhappy with the nature of the goods or if there is a flaw, he would however continue to communicate with the exporter and resolve the situation. If the goods are found to have been harmed in transit, he will demand compensation from the insurance provider. He will receive compensation from the insurance company in line with the exporter's instructions.

3.1.3 Remittance

A remittance is a financial transfer from a foreign employee to a beneficiary in the employee's home nation. Travelers' money is second only to international aid as one of the largest budgetary inflows to developing nations. Professional remittances account for a sizeable portion of international money flows, especially for nations that export labor.

➤ Background of Remittances

Remittances are not a brand-new natural wonder; rather, they are a typical byproduct of relocation, which has always been a feature of human history. Remittances frequently have an impact on Bangladesh as well. Because the majority of the countries in Asia are not as wealthy,

they depend heavily on remittances from abroad. Spain, Italy, and Ireland were among the European nations that relied heavily on remittances.

Foreign remittances carry out the following tasks:

- Issuing TCs and cash in dollars or pounds.
 - Issuing FDD, FTT, and purchasing and installing the same
 - Support for passports
 - A certificate for encashment.
 - Establishing and documenting F/C Accounts.
 - Keeping track of Cash Dollar, FC Deposit A/C, and TC records.
 - Making all necessary articulations, vouchers, and postings
 - Convenient weekly, monthly, and yearly statement preparation for Bangladesh Bank returns.
 - Attending to all correspondence with other Banks or Institutions that is related.

➤ **Types of International Remittances**

a) Internal remittance includes the purchase of foreign currency in the form of foreign T.T., DD, bills, and other similar items sent from one country to another in order to support a receiver in Bangladesh. The Bangladeshi Trade Control Division must be notified of any purchases made in foreign currency. Utilize Form C. The Internal Foreign Settlement is as follows:

- Payable for Foreign Transmitted Exchange.
- Payable Foreign Request Draft.
- Payable Voyagers Check.
- Cashing out of foreign currency supported by the visa.
- Purchase of foreign currency.

b) Outward settlement, which can be accomplished through the issuance of foreign T.T. Drafts and other similar mechanisms, includes offers of foreign money as well as offers of foreign

commerce. The control branch of Bangladesh calculates that the offer of foreign trade exceeds expectations based on shape T/M. In order to satisfy the demands of their clients, outward foreign settlements are payments made to foreign relations.

It is accompanied by the following: Foreign Request Draft Issued.

- Explorers Check Published
- Transmitted Foreign Exchange
- Foreign Monetary Standards Underwriting in Visa.
- Foreign Monetary Standards are offered.

Chapter 4

Foreign Exchange Analysis on AAIBL

4.1 Foreign Exchange Analysis on AAIBL

The key elements of international money transfers are T.T, M.T, and drafts, and AAIBL plays a crucial role in the exchange of cash from various countries to Bangladesh as well as from Bangladesh to various countries internally and externally.

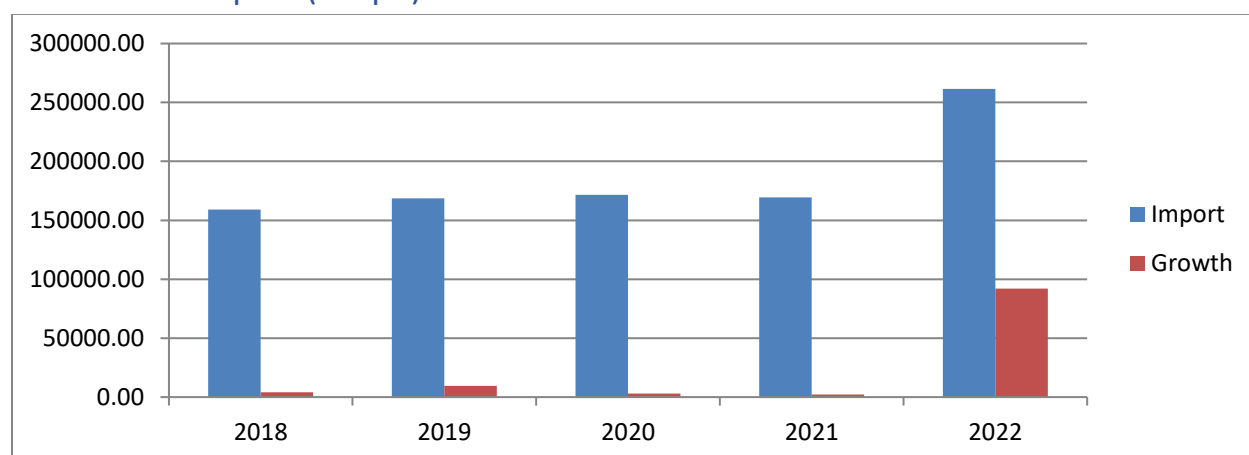
4.1.1 Foreign Trade Business of AIBL (2018 to 2022):

Type of business	2018	2019	2020	2021	2022	Growth%
Import business	156,700.00	168,573.80	171,611.70	169,378.90	261,566.10	54.43
Export business	104,540.00	114,481.90	108,967.10	104,939.40	135,786.90	29.40
Remittance	20,700.00	36,917.20	37,713.40	43,807.00	52,662.10	20.21
Guarantee	6,443.41	7,096.02	8,274.25	10,511.21	13,673.41	30.08

4.1.2 Earnings through Import of AAIBL (2018 to 2022):

Import					
	2018	2019	2020	2021	2022
Import	1,59,042	1,68,573	1,71,611	1,69,378	2,61,566
Growth	4,025.58	9,531.40	3,037.90	2,232.80	9,2187.2
Grt%	33.89%	5.99%	1.80%	-1.30%	54.43%

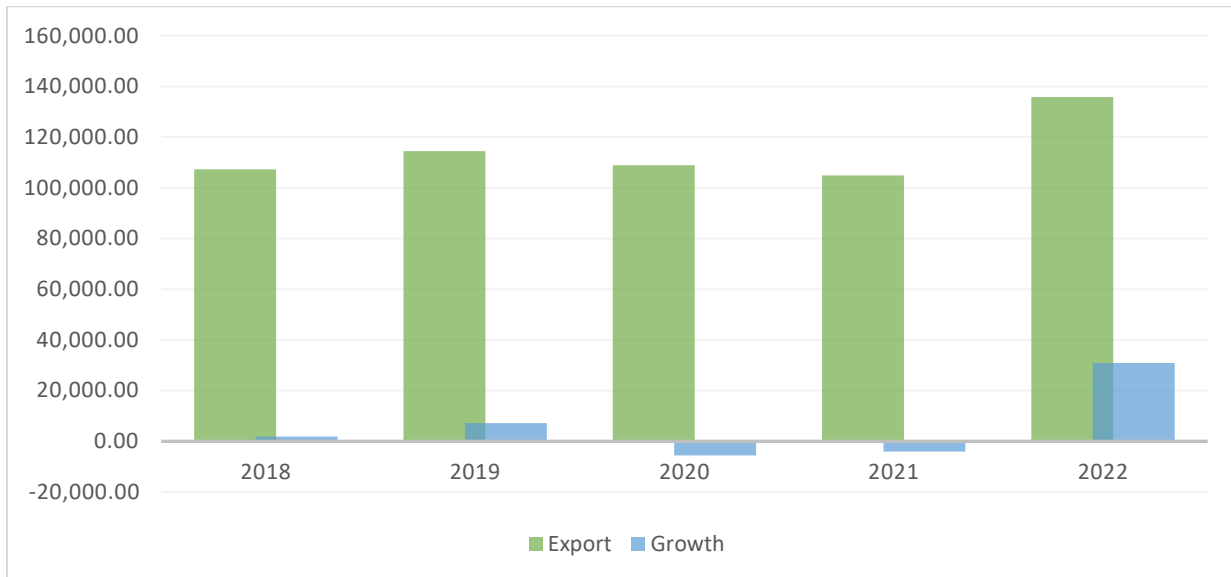
4.1.3 AAIBL Import (Graph)



4.1.4 AAIBL Earning through Export (2018-2022):

Export					
	2018	2019	2020	2021	2022
Export	1,07,287.50	1,14,481.90	1,08,967.10	1,04,939.40	1,35,786.90
Growth	1,913.52	7,194.40	-5,514.80	-4,027.70	30,847.50
Grt%	21.71%	6.71%	-4.82%	-3.70%	29.40%

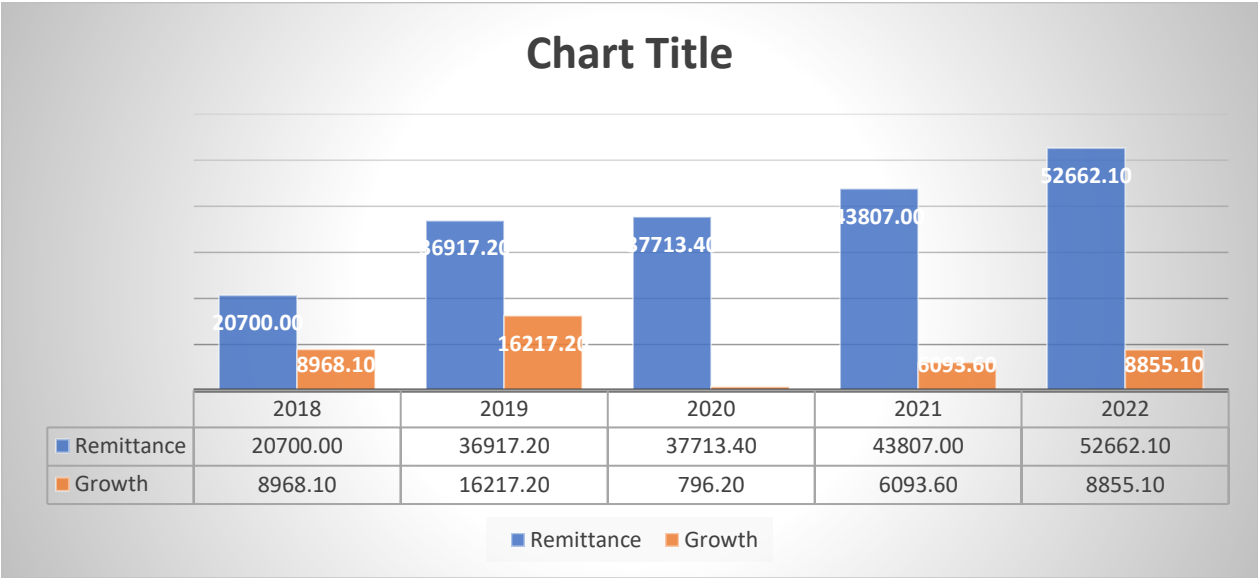
4.1.5 AAIBL Export (Graph):



4.1.6 Foreign Remittance of AAIBL:

Remittance					
	2018	2019	2020	2021	2022
Remittance	20,700.00	36,917.20	37,713.40	43,807.00	52,662.10
Growth	8,968,10	16,217.20	796.20	6,093.60	8,855.10
Grt%	76.42%	78.34%	2.16%	16.16%	20.21%

4.1.7 Foreign remittance of AIBL (Graph):



Chapter 5

Findings, Recommendations & Conclusion

5.1 Findings

Following are some of the important findings from the analysis of the Al-Arafah Islami Bank Ltd's foreign exchange activities:

Import:

1. The banks import earnings through 2018 (Tk. 156,700 million) to 2022 (Tk. 261,566.10 million) become almost double. But in the year in 2021 their import earnings fall down the trend of growth.
2. As well as the import earnings growth rate (-1.30%) shows negative result for year 2020 in the analysis.

Export:

1. In the Export analysis of the bank there are both upward and downward trend. In the years 2020 (Tk. 1,08,967.10 million) and 2021 (Tk. 1,04,939.40 million) the data shows a downward growth trend.
2. As well as the export earnings growth rate shows a negative result for the years 2010 (-4.82%) and 2010 (-3.70%) in the analysis.

Remittance:

1. The foreign remittance of the bank shows a satisfactory upward raising trend in the remittance earning data through the years 2018 to 2022.

2. As well as the remittance earnings growth rate shows a positive result for every year in the analysis but in the year 2020 (Tk. 52,662.10 million) the rate is much lower than the other years.
3. The employees of the Foreign Exchange division are sometimes less efficient to do their role of providing services.
4. AIBL database of Export-Import customers is not well organized to create a useful database for assessing foreign exchange activities.

5.2 Recommendations

After seeing every detail of Al-Arafah Islami bank's foreign exchange activities, there are some suggestions to improve customer service and hold the market for wealth maximization.

1. AIBL has strong corporate culture in the foreign exchange activities. They are focused to achieve their organizational goal by continuous development of their organizational skills, knowledge and competencies. They need to keep the flow of improvement of developed foreign exchange services to the customers.
2. AIBL need to accomplish the foreign exchange tasks on time and perform their responsibility in a very well-decorated and organized way to improve the foreign exchange activities.
3. For the development of the foreign exchange department of the bank they need to transform their employee Skills, such as leadership, communication, interpersonal, and problem-solving. Etc. With the help of these skills, they can build a proper bridge with their clients and share practical information regarding foreign exchange activities (different terms, rules and regulations, technologies, and functions).
4. The Bank needs to create a useful database for assessing the foreign exchange activities within the bank. Because it's not possible to modify IMP and Bill o Entry such as IMP Serial Number, LC Nature, and Bill o Entry Registration Number. So, a database can be much helpful for future reference.

5. In order to increase the productivity of that department's personnel, AIBL should provide training on problem-solving and critical thinking, specifically on foreign exchange operations.

AIBL needs to act in a proper way in terms of marketing or any other major commercial move to improve, expand and promote its foreign exchange activities.

5.3 Conclusion

Banks are essential to economic expansion because they can help businesses acquire capital and other resources. Thanks in part to AIBL, the nation's socioeconomic situation is improving. To keep up with the current market and demand, AIBL is using a variety of strategies and fresh initiatives to offer customers new goods and services that comply with sharia. The bank's upper and lower levels must continue to communicate in a structured manner. AIBL has a strong position in the competitive industry. One of the banks with the quickest growth is this one. Along with Bangladesh's economy, foreign trade is expanding, and AIBL Bank, as it always has, has a part to play in making sure that everything runs smoothly. The bank is making every effort to provide its clients with better remittance, export, and import services given statistics from the previous five years. Export and import are all showing positive trends despite the current world problems. On the other hand, if AIBL has the right priorities, it can manage the best remittance service. However, banks' handling of foreign trade has decreased recently, which may be related to the opening of new branches in various commercial areas and the unpredictability of the world economy.

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