



Internship Report on

**Foreign Exchange Business of Bank Asia Limited: A Study
On Scotia Branch.**

SUBMITTED TO:

Professor Muhammad Mahboob Ali, Ph.D
Department of Business Administration
Faculty of Business & Economics
Daffodil International University

SUBMITTED BY:

Habibur Rahman

ID: 111-11-1884

Department of Business Administration



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**Foreign Exchange Business of Bank Asia
Limited: A Study On Scotia Branch.**

ACKNOWLEDGEMENT

At first I desire to express my deepest sense of gratitude of almighty Allah. I have completed my report on Foreign Exchange Business of Bank Asia Ltd. My report won't be possible without contribution of few people.

With profound regard I gratefully acknowledge my respected supervisor “**Professor Muhammad Mahboob Ali, Ph.D.**,” Department of Business Administration, Faculty of Business & Economics. Daffodil International University for his constant assistance and knowledgeable guidelines to carrying out the internship and preparation of the report. Without his enthusiastic guidance and critical comments during the entire phase of the writing, it would not be possible for me to prepare this.

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Letter of Submission

To
Professor Muhammad Mahboob Ali, Ph.D.
Department of Business Administration
Faculty of Business & Economics
Daffodil International University

Subject: Submission of internship Report on **“Foreign Exchange Business of Bank Asia Limited: A Study on Scotia Branch”**

Dear Sir,

I have the pleasure to inform you that I accomplished herewith my dissertation titled **“Foreign Exchange Business of Bank Asia Limited: A Study on Scotia Branch”**. Thank you very much for help & support in arranging the study program. This report, which I would like to submit to you for your evaluation, is a discussion of my observation.

I sincerely believe and hope that you will find this study very interesting, informative and enlightening and will help future researchers for extended research in this field. I beg your kind excuse for the unintentional error that may take place in the report in spite of my best efforts.

I, therefore, would like to request you to accept my report and oblige me with the honor of completing my dissertation.

Habibur Rahman
ID No: 111-11-1884
Major in Finance
Department of Business Administration,
Daffodil International University

Letter of Acceptance

I hereby certify that **Habibur Rahman**, Bearing ID NO :111-11-1884, Batch 28th (Major in Finance, Department of Business Administration, Daffodil International University has successfully completed his Internship Report entitled “**Foreign Exchange Business of Bank Asia Limited: A Study On Scotia Branch**”. He works s under my guidelines and Supervision. His internship placement was at Bank Asia Limited, Scotia Branch. I am pleased to state that **Habibur Rahman** worked hard in preparing this report and he has been able to present a good picture of the concerned organization.

I wish him every success in life

.....
Professor Muhammad Mahboob Ali, Ph.D.
Department of Business Administration,
Faculty of Business & Economics
Daffodil International University

Declaration

I, Habibur Rahman, the undersigned and presenter of the report of internship titled **“Foreign Exchange Business of Bank Asia Limited: A Study On Scotia Branch”** is prepared by me after the completion of three months work in Scotia Branch of Bank Asia Ltd. I have incorporated the true information in my report with the highest level of accuracy and enthusiasm. I also believe that the information provided herein my report may not make any jeopardy or any harm to any persons, patrons, referrers or any writers either in individual or institution.

(Signature)

Habibur Rahman

ID No: 111-11-1884

Department of Business Administration

Executive Summary

This report is an individual assignment as a part of the program under the BBA curriculum of Daffodil International University. The primary objective of this report is to know how this Bank Asia Limited is doing their Foreign Exchange Activities. I have prepared this report on the basis of my practical job experiences at Bank Asia Limited. This Internship program helped me to learn about the current situation of a financial institution. I have also implemented my theoretical knowledge into practical and realistic work environment.

Banks play a vital role in the economy of the country. Countries' development greatly depends on the activities of the bank. Commercial Banks take deposit and give away loans. These banks help in savings. Savings create investment. Finally the commercial Banks play a significant role in import of country through opening of bank L/Cs. These assist to earn foreign currency by helping the exporters in export. The bank provides the customers with the safety, liquidity and profitability by means of different savings media offering different degrees of a mix of liquidity return and safety of savings. The saving banks use as their key of business. They invest the savings in higher degree of return and maximize their profit in business.

This is a descriptive research designed to evaluate the promotional strategy of Bank Asia Limited based on observed facts and figures. This Bank is registered by the central bank; Bangladesh Bank. It follows the rules and regulations prescribed by the Bangladesh Bank. The functions of the bank cover a wide range of banking and functional activities to individuals, firms, corporate bodies and other multinational agencies.

Table of Contents

Contents

| | |
|---------------------------|------|
| Title page----- | i |
| Topic Name----- | ii |
| Acknowledgement----- | iii |
| Letter of Submission----- | iv |
| Letter of Acceptance----- | v |
| Declaration----- | vi |
| Executive Summary----- | vii |
| Table of Contents----- | viii |

Chapter-One: Introduction

| | |
|--------------------------------|---|
| Prelude----- | 1 |
| Back ground of the report----- | 2 |
| Rationality of the study----- | 3 |
| Objectives of the Study----- | 4 |
| Methodology----- | 5 |
| Sources of Data----- | 5 |
| Limitation----- | 6 |

Chapter-Two: Bank Asia Limited

| | |
|---|----|
| Company Profile----- | 7 |
| Activities & Philosophy of Bank Asia Limited----- | 8 |
| Strategies of Bank Asia Limited ----- | 9 |
| Vision----- | 10 |
| Mission----- | 10 |
| Core Values of Bank Asia Limited ----- | 10 |
| Salient Features of Bank Asia Limited ----- | 11 |

Milestones of Bank Asia Limited -----12

Chapter Three: Foreign Exchange Business

Definition of Foreign Exchange-----15

Foreign Trade and Foreign Exchange-----15

Function of Foreign Exchange-----16

Reason of International Trade-----17

Methods and means for international settlement-----17

Benefits of International Trade-----18

Problems of International Trade-----19

The Role of Banks in Enhancing International Trade-----19

Foreign Exchange Regulation Acts-----20

Chapter Four: Foreign Exchange Procedures of Bank Asia Limited

Foreign Exchange Department-----21

Import Business (Financing) -----23

L/C Operation of Bank Asia Limited-----24

Forms of Documentary Credit-----28

Some important terms of Letter of Credit-----29

Parties to Letter of Credit-----30

The Plan of Payments By Means Of the Letter Of Credit-----31

Method of Payment-----32

Proposal for Opening of L/C-----34

L/C Application-----35

Registration of Letter of Credit Authorized (L/CA) Form-----36

| | |
|--|----|
| Amendment of L/C----- | 38 |
| Adding Confirmation----- | 38 |
| Presentation of the Documents----- | 38 |
| Examination of Documents----- | 40 |
| Retirement or Import Bills----- | 41 |
| Payment Procedure of the Import Documents----- | 41 |
| Post Import Credit----- | 42 |
| Reporting to Bangladesh Bank----- | 43 |
| Letter of Trust----- | 44 |
| Import Section of Bank Asia limited----- | 44 |
| Export Business (Financing) ----- | 45 |
| Documents Required for Export----- | 46 |
| Export Section of Bank Asia Limited----- | 49 |
| International Trade Finance----- | 49 |
| Swift Service----- | 51 |

Chapter Five: Foreign Remittance

| | |
|---------------------------------|----|
| Foreign Remittance Section----- | 52 |
| Outward Remittance----- | 52 |
| Private Remittance----- | 53 |
| Inward Remittance----- | 56 |
| Foreign Currency Account----- | 57 |
| Service----- | 59 |
| Advantage----- | 59 |

Chapter Six: Overall Financial Performance of Bank Asia Limited

| | |
|---|----|
| Foreign Exchange Performance----- | 61 |
| Export & Import----- | 62 |
| Country vs. Bank Asia Growth & Market Share----- | 63 |
| Stability of Export and import Business of Bank Asia limited----- | 64 |
| Strength of Bank Asia limited----- | 64 |
| Weakness of Bank Asia Limited----- | 65 |
| Opportunity of Bank Asia limited----- | 65 |
| Threats of Bank Asia limited----- | 66 |

Chapter Seven: Findings, Recommendation and Conclusion

| | |
|---------------------|----|
| Findings----- | 67 |
| Recommendation----- | 68 |
| Conclusion----- | 69 |
| Bibliography----- | 69 |

Chapter-One

Introduction

Prelude

The banks are the mainstay of the financial system of a country and those are different from other financial institutions. They accept deposits from the public and in turn advance by creating credit. It has become one of the most important economic inventions of the world. The banking systems of different countries vary substantially from one another. Evolution of banking functions is as old as authentic history. But the establishment of bank as an institution is not so ancient. The modern regime of bank was initiated in the 15th century A.D. It is an intermediary profit making institution. Banks are of many kinds: Commercial bank, Savings bank, Investment bank, Industrial bank, Co-operative bank, Central bank etc. But when we use the term 'bank' without any prefix, qualifier, it refers to the 'Commercial'.

The real breakthrough for modern banking was in 1453 after the fall of Constantinople. The rich Jews fled being suspicious of the new conquerors, first to Italy and then to London carrying with them their vast wealth. According to one perspective, the word "Bank" originated from the Italian word for "Bench", as these Jews carried on their business of money lending and money changing on benches. They were called Lombard's as they carried on their business in Lombardy. The Lombard Street in present day London, England is named after them. The most famous of these Italian bankers were the Medici Family.

Modern, present day banking operates mainly by giving interest to people from whom it has borrowed money, and after keeping a small percentage of it [people's wealth or money] as reserves and vault cash, lending or investing the same money [people's wealth] at a higher rate of interest or return and keeping the difference as profit [The major source of revenue for banks]. This is in addition to the profit made by banks on the various bank services provided.

In this modern era of business, banking activities have spread out in many areas like merchant banking, share trading, giving lease and so on. In such a highly competitive service industry, the importance of customer satisfaction cannot be de-emphasized. Bank Asia Limited is one of the most renowned private commercial bank in Bangladesh. During a short span of time the Bank has been able to establish a good image in the Banking sector and has become a house hold name in the country due to several customers – friendly deposit and loans scheme. Since they are standing at good position among the private banks, their financial position, market shares, marketing mechanisms, overall strengths and weakness, objectives, goals will be cross examined for analyzing the fact that how they were and how they will be in future.

Back ground of the report

After completing one hundred and twenty (122) credit hours from the Department of Business Administration, I was placed at Bank Asia limited as part of the Report submitting requirement. This report is prepared for the BBA program consisting of a major in depth study of the Foreign Exchange Business of Bank Asia limited.

Practical knowledge is fundamental for the application of theoretical intelligence. Bearing this in mind, Report submitting requirement was being included in the BBA curriculum. The goal of this analysis is to expose the student in the organizational work situation and also to provide an opportunity for applying classroom learning in practice. There are some differences between theories and practices. This program is a system by which we can accustom ourselves to the practical situation through the application of theoretical knowledge into real life; the gap between these two can be bridged up through this procedure. As an indispensable part of BBA, I was placed in Bank Asia limited.

Rationality of the study

Bank is the heart of the economics and banking is the blood circulation of country's economic growth. Banks perform a significant role to serve the needs of the society in different sectors, such as: capital formation, large scale of production, industrialization, growth of trade and commerce etc. and banks are contributing a lot of aspect. Economic development of a country is very much dependent on the Banking System. Its role to the economic reconstruction of a developing country like Bangladesh can never be ignored. In Bangladesh we have inherited the British Branch banking prevailing at the pre liberation period. Banking sector in Bangladesh thus comprises of Central bank, and nationalized banks for both specialized financial and commercial sector, joint venture private banks including Islamic bank, Bangladeshi private banks and foreign banks. This multi-disciplinary banking system plays a dynamic role in shaping the country's economy to its desired objective.

In this regards, Bank Asia limited is a scheduled commercial bank. Through financial intermediation the bank seeds avenues for employment of its funds where there is profit as well as where risk is the minimum and the cost of administering loans is low.

a) There is profit: It means that Bank Asia limited considers the prospective as well as profitable sectors for the employment of its funds which will ultimately bring profit for the organization.

b) Risk is the minimum and the cost of administering loans is low: It means that Bank Asia limited goes for the prediction of risk as well as the cost of administering loan in case of investment decision.

While profit motivation remains the prime consideration for viable operation and growth of the bank, the bank would also respond adequately to the socio-economic objectives formulated by the government from time to time for accelerating pace of economic development of the country.

Bank Asia limited has already emerged as one of the world wide recognized banks. So I have tried to represent their performance and problems and prospects on the ground of general banking, investment & foreign exchange operation.

Objectives of the Study

The first objective of writing the report is fulfilling the requirements of the BBA program. The primary objective of the study would be to meet compulsory requirements of submitting a report which is an integral part of the BBA Program focusing on all the workings and understanding. I have gathered during my attachment in Bank Asia limited. The document has also been focused to capture an overall view of the current foreign exchange transactions performed by Bank Asia limited. In this report, I have attempted to give an overview of Bank Asia limited in general. The major objectives of the report would encompass the following:

- ▶ To obtain an overall view of the current foreign exchange transaction performed by Bank Asia limited.
- ▶ To capture all types of existing procedures regarding L/C opening, L/C Advising, L/C Confirmation, Payment Instructions , Export Bill Collections, Negotiation etc.
- ▶ To focus on the problems associated with the foreign exchange business in Bank Asia limited.
- ▶ To document the Schedule of charges in the case of foreign exchange business.
- ▶ To highlight on various issues regarding the calculation of different rates.
- ▶ To identify strength and weakness of Bank Asia limited.
- ▶ To recommend for further improvement of the proposed system.

Methodology

Methodology includes direct observation, face-to-face discussion with employees of different departments, study of files, circulars etc. and practical work. This study includes both quantitative and qualitative data. However, this report is basically qualitative in nature. In all the cases depending on the requirements data have been collected from different sources.

Both the primary and the secondary form of information were used to prepare this report. The details of these sources are highlighted below:

Sources of Data

This report is based on both primary & secondary source of information. For theoretical development of this research paper the data has been collected from the various sources like different publications', library sources, books, articles, etc.

Primary sources

For collecting primary data, I had to ask the respective officer(s). Others are like-

- Exposure on Foreign Trade division of the bank. (FEO & EO of the Bank)
- Official documents and File study.

Secondary sources

- Annual Report 2010, 2012, 2013, 2014 of Bank Asia limited.
- Visit the Bank Asia limited website “www.bankasia.net”
- Different publications regarding banking functions, operation, and transactions policies.
- Periodicals published by the Bangladesh Bank.

Limitation

The present study was not out of limitations. But as a BBA student it was a great opportunity for me to know the banking activities of Bangladesh specially Bank Asia limited. Some constraints are appended bellow:

- As some of the fields of banking are still not covered by our courses, there was difficulty in understanding some activities.
- Every organization has their own secrecy that is not revealed to others. While collecting data i.e. interviewing the employees, they did not disclose much information for the sake of the confidentiality of the organization.
- Since the bank Employees were very busy, they could provide me very little time.
- Another problem is that creates a lot of confusions regarding verification of data. In some cases more than one person were interviewed to clarify each concept as many of the bankers failed to provide clear-cut idea about the job they perform.

Chapter-Two

Bank Asia Limited

Company Profile

Bank Asia Limited is a scheduled commercial bank in the private sector established under the Banking Company Act 1991 and incorporated in Bangladesh as a public limited company under the Companies Act 1994 to carry out banking business in Bangladesh.

Bank Asia has been launched by a group of successful entrepreneurs with recognized standing in the society. The management of the Bank consists of a team led by senior bankers with decades of experience in national and international markets. The senior management team is ably supported by a group of professionals many of whom have exposure in the international market.

It set milestone by acquiring the business operations of the Bank of Nova Scotia in Dhaka, first in the banking history of Bangladesh. It again repeated the performance by acquiring the Bangladesh operations of Muslim Commercial Bank Ltd. (MCB), a Pakistani bank.

In the year 2003 the Bank again came to the limelight with oversubscription of the Initial Public Offering of the shares of the Bank, which was a record (55 times) in our capital market's history and its shares commands respectable premium.

The asset and liability growth has been remarkable. Bank Asia has been actively participating in the local money market as well as foreign currency market without exposing the Bank to vulnerable positions. The Bank's investment in Treasury Bills and other securities went up noticeably opening up opportunities for enhancing income in the context of a regime of gradual interest rate decline.

Bank Asia Limited started its service with a vision to serve people with modern and innovative banking products and services at affordable charge. Being parallel to the cutting edge technology the Bank is offering online banking with added delivery channels like ATM, Tele-banking, SMS and Net Banking. And as part of the bank's commitment to provide all modern and value added banking service in keeping with the very best standard in a globalize world.

Activities & Philosophy of Bank Asia Limited

- To earn and maintain CAMELS Rating Strong.
- To establish relationship banking and improve service quality through development of strategies marketing plans.
- To remain one of the best banks in Bangladesh in terms of Profitability and assets quality.
- To introduce fully automated system through integration of Information Technology.
- To ensure an adequate rate of return on investment.
- To keep risk position at an acceptable range (including any of balance sheet risk).
- To maintain adequate liquidity to meet maturing obligation and commitments.
- To maintain a healthy growth of business with desired image.
- To maintain adequate control systems and transparency in procedure.
- To develop and retain a quality work force through an effective Human Resources Management System.
- To ensure optimum utilization of all available resources.

Strategies of Bank Asia Limited

- To raise capital up to Tk. 15000.00 million by 2014.
- To manage and operate the Bank in the most efficient manner to enhance financial performance and to control cost of fund.
- To strive for customer satisfaction through quality control and delivery of timely services.
- To identify customers' credit and other banking needs and monitor their perception towards our performance in meeting those requirements.
- To review and update policies, procedures and practices to enhance the ability to extend better service to customers.
- To train and develop all employees and provide them adequate resources so that customers' need be reasonably addressed.
- To promote organizational effectiveness by openly communicating company plans, policies, practices and procedures to employees in a timely fashion.
- To cultivate a working environment that fosters positive motivation for improved performance.

Vision

Bank Asia's vision is to have a poverty free Bangladesh in course of a generation in the new millennium, reflecting the national dream. Our vision is to build a society where human dignity and human rights receive the highest consideration along with reduction of poverty.

Mission

- To assist in bringing high quality service to our customers and to participate in the growth and expansion of our national economy.
- To set high standards of integrity and bring total satisfaction to our clients, shareholders and employees.
- To become the most sought after bank in the country, rendering technology driven innovative services by our dedicated team of professionals.

Core Value

- Place customer interest and satisfaction as first priority and provide customized banking products and services.
- Value addition to the stakeholders through attaining excellence in banking operation.
- Maintain high ethical standard and transparency in dealings.
- Be a compliant institution through adhering to all regulatory requirements.
- Contribute significantly for the betterment of the society.
- Ensure higher degree of motivation and dignified working environment for our human capital and respect optimal work life balance.
- Committed to protect the environment and go green.

Salient Features of Bank Asia

- Only Bangladeshi Bank to acquire (Purchase) operations of 02 (two) foreign banks namely: (a) Bank of Nova Scotia of Canada (b) Muslim Commercial Bank of Pakistan.
- Majority stakeholder of ERA INFOTECH, (A joint Venture IT Company).
- Centralized Trade Services Operation (Facilitates Export/ Import and Inward and Outward Remittance for non-AD Branches.)
- Central Clearing Fully Automated.
- Online Charges – Free.
- ATM (Own) Charge – Free.
- E-Cash Booth.
- 24 Hours Call Centre
- Member- Dhaka Stock Exchange (DSE)
- Commenced Capital Market Operations (Share Trading).
- Internet Banking
- Mobile Banking
- SME Banking
- Consumer Banking
- Islamic Banking

Milestones of Bank Asia

| | | |
|-----|---|---|
| 1. | Certificate of Incorporation | 28/09/1999 |
| 2. | Certificate of Commencement of Business | 28/09/1999 |
| 3. | Banking License | 06/10/1999 |
| 4. | First Branch License | 31/10/1999 |
| 5. | Inauguration of Bank | 27/11/1999 |
| 6. | Only Bangladeshi bank to acquire operations of 02 foreign banks namely: Bank of Nova Scotia, Canada and Muslim Commercial Bank of Pakistan | 2001 (Bank of Nova Scotia, Canada) 2002 (Muslim Commercial Bank of Pakistan) |
| 7. | Date of IPO subscription | 23-24/09/2003 |
| 8. | Date of First Share Trading in Bourse | 08/01/2004 |
| 9. | Number of Shareholders and Shares (at the end of 2014) | 16211 (shareholders) 762,995,594 shares |
| 10. | Date of First Subscription with CDBL | 20/12/2005 |
| 11. | Date of First Script-less Trading | 30/01/2006 |
| 12. | Commenced Operation of Off-Shore Banking | 28/01/2008 |
| 13. | Commenced Operation of Islami Banking | 24/12/2008 |

| | | | |
|-----|--|--------------------|----------------|
| 14. | Member – Dhaka Stock Exchange (DSE) | 06/01/2004 | |
| 15. | Commenced Operation of Capital Market Division | 5/08/2009 | |
| 16. | Number of Promoters | 22 | |
| 17. | Number of Directors | 15 | |
| 18. | Number of Branches | 91 | |
| 19. | Number of SME Service Centers | 6 | |
| 20. | Number of Agricultural/SME Branch | 4 | |
| 21. | Number of Brokerage Branches | 5 | |
| 22. | Number of Islamic Banking Wing | 5 | |
| 23. | Number of ATM booths | 97 | |
| 24. | Number of KIOSK | 3 | |
| 25. | Number of employee till December, 2014 | 1773 | |
| 26. | Number of foreign correspondents (in 2014) | 612 | |
| 27. | Beneficiaries from Corporate Social | Cataract Operation | 885 |
| 28. | Responsibility (CSR) Programs | H.S. Scholarship | 239.84 million |

| | | | |
|------------|---|--|-----------------------|
| 29. | Comp. Learning Centres | (25) | 3000+ Students |
| 30. | Deposits (as of 31/12/2014) | Tk. 140869.29 million | |
| 31. | Advance (as of 31/12/2014) | Tk. 116808.85 million | |
| 32. | Export (as of 31/12/2014) | USD 1008.93 million | |
| 33. | Import (as of 31/12/2014) | USD 1377.65 million | |
| 34. | Remittance (as of 31/12/2014) | USD 535.91 million | |
| 35. | Total assets (at the end of 2014) | Tk. 182,731 million | |
| 36. | Credit Rating Status | AA2 – Long Term ST-1 – Short Term | |
| 37. | Income tax to Government (in 2014) | Tk. 1947 million or 30% | |
| 38. | Statutory Reserve (in 2014) | Tk. 5052 million | |

Chapter-Three

Foreign exchange business

Definition of Foreign Exchange

Foreign Exchange is a process which is converted one national currency into another and transferred money from one country to other countries. According to Mr. H. E. Evitt. Foreign Exchange is that section of economic science which deals with the means and method by which right to wealth in one country's currency are converted into rights to wealth in terms of another country's currency. It involved the investigation of the method by which the currency of one country is exchanged for that of another. Foreign exchange is the rate of exchange in the both country's currency.

Foreign Trade and Foreign Exchange

International trade refers to trade between the residents of two different countries. Each country functions as a sovereign State with its set of regulations and currency. The difference in the national of the exporter and the importer presents certain peculiar problems in the conduct of international trade and settlement of the transactions arising from there. Important among such problems are:

- (a) Different countries have different monetary units;
- (b) Restrictions imposed by countries on import and export of goods;
- (c) Restrictions imposed by nations on payment from and into their countries;
- (d) Differences in legal practices in different countries.

Foreign exchange means foreign currency and includes:-

(i) All deposits, credits and balances payable in any foreign currency and any drafts, travelers cheques, letters of credit and bills of exchange, expressed or drawn in Indian currency but payable in any foreign currency.

(ii) Any instrument payable, at the option of the drawer or holder thereof or any other party thereto. Either in Indian currency or in foreign currency or partly in one and partly in the other. Thus, foreign exchange includes foreign currency, balances kept abroad and instruments payable in foreign currency.

Function of Foreign Exchange

The Bank actions as a media for the system of foreign exchange policy. For this reason, the employee who is related of the bank to foreign exchange, especially foreign business should have Knowledge of these following functions:-

| | |
|--|--|
| <ul style="list-style-type: none"> i) Rate of exchange. ii) How the rate of exchange works. iii) Forward and spot rate. iv) Methods of quoting exchange rate. v) Premium and discount. vi) Risk of exchange rate. vii) Causes of exchange rate. viii) Exchange control. ix) Convertibility. x) Exchange position | <ul style="list-style-type: none"> xi) Intervention money. xii) Foreign exchange transaction. xiii) Foreign exchange trading. xiv) Export and import letter of credit. xv) Non-commercial letter of trade. xvi) Financing of foreign trade. xvii) Nature and function of foreign exchange market. xviii) Rules and Regulation used in foreign trade. xix) Exchange Arithmetic |
|--|--|

Reason for International Trade

Main reason for international trade is as follows:

- Uneven resources distribution: Different countries have different amounts of natural resources, while other might have not. Therefore, countries need to exchange goods to satisfy mutual needs and wants.
- The lack of self-sufficiency: Each country can obtain those goods that each alone cannot produce or obtain the resources or materials to turn them into finished products.
- Specialization: The need for trade will arise because a country cannot survive with only one kind of goods (specialization goods).
- Economic principal of comparative advantage: It is mutually beneficial if each country specializes in producing the goods which is has a greater advantage and obtains those goods from other countries that it cannot produce cheaply at home.
- Differences in the demand of goods among countries: Some countries, which are producers of certain goods, still have to import the same goods from abroad. This may due to the insufficient supply locally to meet the strong demand for the goods.

Methods and means for international settlement

Bangladesh is a member of Asian Clearing Union. The central banks members do these payments for current international transactions on a multilateral basis. Imports are financed either from Bangladesh own resources or with foreign aid, loans, and barter arrangements. Letter of credit authorization forms are required from all registered importers, including most government departments but excluding the Ministry of Defense, for all imports. Registered commercial importers are allowed to import against letter of credit authorization forms issued by authorized dealer banks. A separate import license is not required. Payment against imports is generally permissible only under cover of irrevocable letters of credit. The following payments

exist in Bangladesh: Payments for current international transactions as defined by the Articles of Agreement of the International Monetary Fund; Payments permitted by the country in which the payer resides. Commercial banks of customer countries must maintain accounts with their correspondents in the other member countries for the purpose of settling the transactions. Payment for goods exported from Bangladesh should be received through an authorized dealer (bank) in freely convertible foreign currency or in Bangladesh taka from a nonresident bank account. The period within which exporters must receive full foreign exchange proceeds of exports is within four months from the date of shipment. Exporters may, as against the confirmed irrevocable Export L/C, open back-to-back L/C for import on usages basis covering up to 75 percent the value of Export L/C for the purpose of raw materials and accessories import required for the manufacture of the goods intended for exports.

Benefits of International Trade

Some major benefits of international trade are:

- A gain in output for the participating countries: International trade enables a country to specialize in the production of goods and services in which it has comparative advantages.
- Better living standard: Specialization in production makes goods cheaper, so the standard of living is improved.
- Economics of scale: As countries specialize in the production of goods and services, they are able to operate on a larger scale, and thus enjoy the benefits arising from the economics of scale.
- Transfer of technology: The transfer of technology automatically accompanies an exchange of goods because nation can learn from the products of other nations (Computer Software).
- Improving International Relationship: With more trade activities and closer contact, there comes an exchange of culture and ideas resulting in better understanding among the nation.

- Maintaining price stability: With international trade, shortage of resources and goods can be solved by imports. Demand and supply can be brought closer together. Price fluctuation can be minimized.
- International trade encourages competitions: Competitions may help to prevent the growth of domestic's monopolies. Efficiency in production can be achieved.

Problems in International Trade

Problems associated with International Trade are as follows:

Risk of goods, Fraud, Credit risk, Risk of foreign exchange, Differences in legal systems among countries, Differences in political systems among countries, Economic divergence. The political and economic condition in one country may deteriorate etc.

The Role of Banks in Enhancing International Trade

- Provision of advances: The Provision of finance to importers (trust receipt facility, documentary credit facility) and exporters (e.g. negotiation of export bills, purchase of bills for collection) encourages enterprises to engage in trade and enhances their liquidity position.
- Provision of alteration payment methods: Importers may not accept the payment of cash in advance, which gives exporters the greatest protections. On the other hand, the exporters may not accept open account, which gives importers the best payment methods. A letter of credit, through bank channels overcomes the disadvantages of these two settlement methods and satisfies to a great extent, both the importer and exporters. So with help of banks trading volumes can be enlarged.
- Medium of fund transfer: A banking system allows payment to be made safely and quickly by one party to another, telegraphic transfer.

- Export advance from banks: In case of any queries as to the trading terms especially those related to documentary credit (D/C) transaction, traders can ask for their bankers advises

Foreign Exchange Regulation Acts

Foreign Exchange Regulation Act, 1947

Foreign Exchange Regulation (FER) Act, 1947 (Act No. VH of 1947) enacted on 11th March, 1947 in the then British India provides the legal basis for regulating certain payments, dealings in foreign exchange and securities and the import and export of currency and gold bars. Where it is expedient in the economic and financial interests of Bangladesh to provide for the regulation of certain payments, dealings in foreign exchange and securities and the import and export of currency and bullion.

Foreign Exchange Regulation Act, 1994

This Act regulates the exchange of foreign currencies, remittances and opening of foreign currency account under various classifications. According to this law, Foreign Currency Accounts can be opened without initial deposits, and bears no interest and both the account holder and the nominee can operate the account. The entire remittance from abroad is free from income tax. It also states the documents required for the opening of such account.

Chapter-Four

Foreign Exchange Procedures of Bank Asia Limited

Foreign Exchange Department

Foreign exchange is an important department of Bank Asia Limited, which deals with import, export and foreign remittances. Foreign Exchange is an International Department of the Bank. It facilitates international trade through its various modes of services. It bridges between importers and exporters. This department mainly deals in foreign currency, that's why it is called foreign exchange department.

This department is playing an important role in enhancing export earnings, which aids economic growth and in turn it helps for the economic development. On the other hand, it also helps to meet those goods and service, which are most demandable and not adequate in our country.

Summary of Foreign Exchange Procedure:

- ← The buyer and the seller conclude a sales contract providing for payment by documentary credit.
- ← The buyer instructs his bank-the issuing bank to issue a credit in favor of the seller (beneficiary).
- ← The issuing bank asks another bank of the seller, to advise or confirm the credit.
- ← The advising or confirming bank informs the seller that the credit has been issued.
- ← As soon as the seller receives the credit and is satisfied that he can meet its terms and conditions, he is in a position to load the goods and dispatch them.
- ← The seller then sends the documents evidencing the shipment to the bank where the credit is available (the nominated bank). This may be the issuing bank, or the confirming bank or a bank named in the credit as the paying, accepting or the

negotiating bank. If the credit allows for negotiation by any bank there will not be negotiates bank and documents be sent to any bank willing to negotiate.

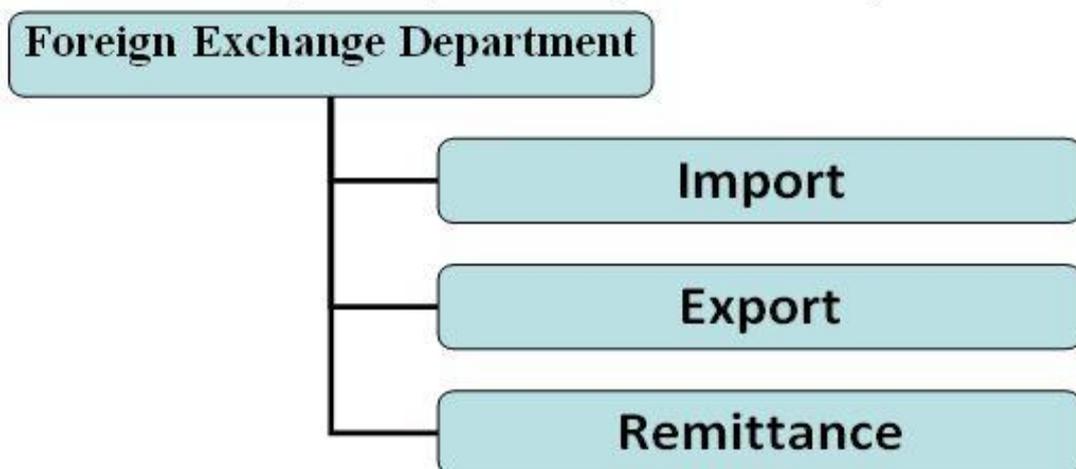
← The bank checks the documents against the credit. If the documents meet the requirements of the credit, the bank will pay, accept or negotiate according to the terms of the credit. In the case of a credit available by negotiation, the issuing bank or the confirming bank will negotiate without recourse.

← The bank, if other than the issuing bank, sends the documents to the issuing bank.

← The issuing banks checks the documents & if they meet the credit requirements, either

1. Effects payment in accordance with the terms of the credit, either to the seller if he sends the documents directly to the issuing bank or to the bank that has made funds available to him in anticipation, or

2. Reimburses in the pre-agreed manner the confirming bank or any bank that has paid accepted or negotiated under the credit.



Import Business (Financing)

Import of goods under this policy shall be regulated as under:

1. Control list: An items included in this list with specific conditions for import shall be importable only on fulfillment of the conditions specified. Unless otherwise specified items which have been indicated as banned in this list shall not be permissible for import.

2. Freely Importable Items: Unless otherwise specified an items the name of which does not appear in the control list shall be freely importable.

3. Notwithstanding anything mentioned elsewhere, all imports into Bangladesh shall be subject to such general or specific conditions as many have been prescribed in this order.

4. In addition to the conditions mentioned in the control list the conditions. Restrictions and procedures for import of various items mentioned in the test portion of this order, shall as usual, apply in case of import of those items.

5. If, while determining the import status of an items mentioned in the control list the description of goods does not conform to the H.S Code mentioned against item, or any discrepancy arises between the H.S Code and the description of goods, in that case the description of goods shall prevail, In other words, if the import of a particular item is shown as banned in the control list, or is shown as importable as subject to fulfillment of conditions in the list, the said ban or restriction as the case may be, shall equally apply to the import of that item , even if such ban or restriction is mentioned elsewhere and not against the appropriate H.S Code, if any importer, taking , advantage of such discrepancy, import any banned items or restricted items or restricted item without fulfilling the respective conditions, such import shall be treated to have been made as in contravention of the provisions of this order.

Import can be two types:

-Cash Import (usually):

In this case margin should deposit in issuing bank for import.

- Back to back Import:

In this case import can be done on the basis of Master LC

L/C Operation of Bank Asia Limited

Today Bank Asia Limited is one of the leading and most successful Banking enterprises in the country. It plays a great role in the economy of the country. By export-import business the bank plays a great role to the economy of Bangladesh. Bank Asia Limited is one of the greatest banks in export-import business.

As the policy matter and the operational of import & export trade are quite different, two separate policies for import & export trade are formulated by the government. Import policy refers to government policies account for a particular fiscal period envisaging the allocation of fund available from various sources for import of certain quantity of certain goods. The main purpose of the policy is to conserve scarce foreign exchange & to ensure its utilization for the import of goods and services which have national priority. The selected persons or institutions those who have got valid Import Registration Certificate (IRC) from the Chief Controller of Import and Export (CCI & E) can import and they are known as importers.

These importers can import goods as entitled in each year as per import policy by opening letter of credit (L/C) through bank, Authorized Dealer (A.D). Authorized Dealer means the branches of commercial banks, those who are authorized / licensed by the Bangladesh Bank to deal in foreign Exchange. Letter of Credit may be defined as the letter as the letter of undertaking or letter of guarantee issued by the L/C opening bank on behalf of the importer submits all the documents as mentioned in the L/C submits all the documents as mentioned in the L/C within the time schedule to his bank exporters bank.

Before opening L/C in favor of the exporter the entitlement of the importer (total amount in taka he can import as per import policy) to be registered with Bangladesh Bank. For this purpose the importer is to apply through L/C. Authorization form (LC A form). This is a set in quintuplicate and the authorized dealer will issue LCA form to the individual importer at their request.

After filled up and signed up the appropriate column of the LCA form, the importer will submit it to Authorized Dealer who interns forward the same to Bangladesh Bank for registration where fund is purchased from Bangladesh Bank.

After registration Bangladesh Bank forward the 1st and 2nd copy of LCA form to the Authorized Dealer, 3rd and 4th copy to CCI & E and keep the 5th copy as their office copy. 1st copy of LCA is known as Exchange Control copy against which Authorized Dealer can open L/C at the request of the importer. 2nd Copy is known as custom purpose copy which will be handed over to the importer who will clear the goods from the port on its arrival through this custom purpose copy of LCA along with other shipping documents.

Now the importer will come to his bank with a request to open an L/C along with the following documents / papers:-

- 1) L/C application and agreement Form (Bank's prescribed application form) with adhesive stamp of Tk. 150 (Flexible) [From June 3rd 1998]
- 2) Indent / Proforma Invoice / Contract - 3 copies.
- 3) Insurance cover note with premium paid receipt.
- 4) IMP Form one set duly signed by the importer.
- 5) Any other documents if necessary.

Authorized Dealer will scrutinize the documents and open the L/C in favor of the exporter by converting the Bangladesh Taka into foreign currency at the existing B.C selling rate of exchange. Care must be taken so that the limit of Bangladesh Taka is

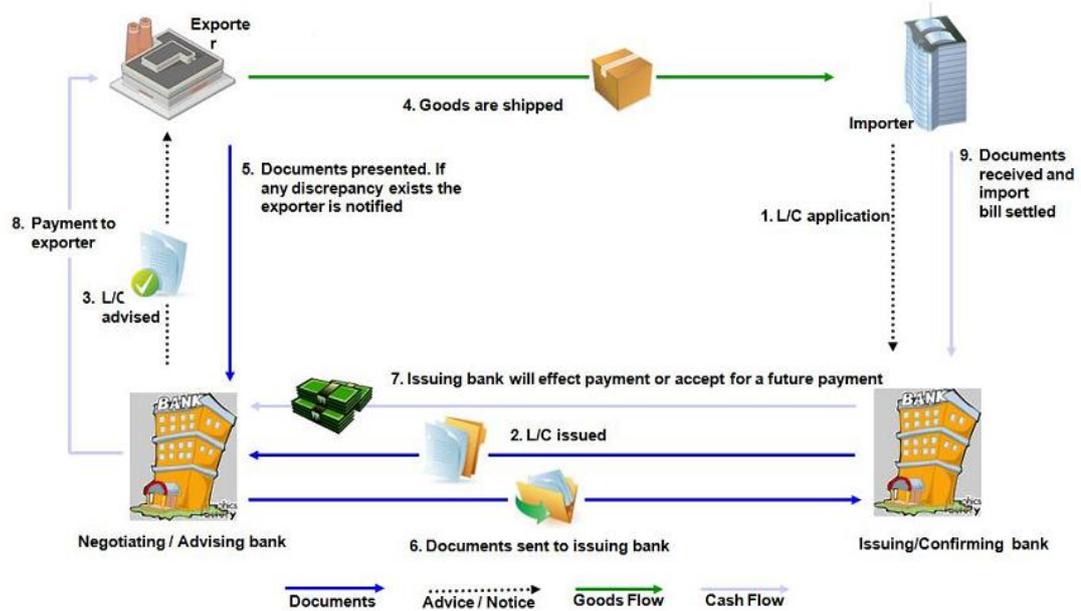
not exceeded in any way. The foreign currency value of the L/C must correspond the equivalent amount of Bangladesh Taka if LCA registered with Bangladesh Bank.

The Authorized Official of the Authorized Dealer will check the L/C very carefully and signed the same jointly and forward the 1st and 2nd copy to their foreign correspondent situated at the nearest place of the exporter. Thus Bank is known as Advising Bank. On receipt of the L/C the Advising Bank after verification of the duplicate copy at their end.

On getting the L/C the exporter prepares the goods and ship the same as per instruction of the L/C and obtain a Bill or Lading from the shipping Authority. The exporter will prepare bill of exchange, Invoice and other documents as specified in the L/C and submits the same along with the original copy L/C to his bank within the time mentioned in the L/C. The Bank with whom the exporter submits the documents is known as Negotiating Bank as this negotiates the documents i.e. make payment to the exporters.

The negotiating bank will scrutinize the documents with terms and conditions of the L/C very carefully. If everything is in order the bank will make payment of the amount of L/C to exporter in their local currency by debiting to their own account. Subsequently the negotiating bank will claim the L/C with whom the Head Office of L/C opening bank maintained foreign currency amount.

Letter of Credit (L/C)



This is known as Reimbursing Bank. Reimbursing Bank will make payment to the negotiating bank by debit to L/C opening Bank's Head Office A/C. Simultaneously the negotiating bank will forward all the documents submitted by the exporter to the L/C opening bank as per instruction of the L/C. The date of forwarding letter of negotiating bank should be date of negotiation of documents.

On receipt of the shipping documents from the negotiating bank, the L/C opening bank will carefully scrutinize the documents with terms and conditions of the relative L/C. If there is no discrepancy, the documents will be lodged. Lodgment of documents means the entry of the particulars of the documents in the Register and preparation of vouchers by converting the foreign currency amount into Bangladesh Taka as the exchange rate prevailing on that date. This amount is due to the importer. The importer will be asked to take delivery documents by making payment of the bill amount excluding the margin deposited at the time of opening L/C. Payment of bill amount and to take delivery of documents by the importers is known as Retirement of Import Bills.

After taking delivery of documents from the L/C opening bank, the importer will clear the goods which has already been arrived or due to arrive from the customs authority on submission of these documents along with the custom purpose copy of LCA From.

Letter of credit is a credit contract where the Opening/Issuing Bank is committed to place an agreed amount of money at the beneficiary's disposal under some agreed conditions.

Forms of Documentary Credit

1. Revocable Credit: A revocable credit is one where the issuing bank is at liberty to revoke that is it can cancel the credit at any time. According to UCPDC (Uniform Customs for Practice of Documentary Credit), a revocable credit may be amended or canceled by the issuing bank at any time and without prior notice to the beneficiary before shipment of consignment against the L/C.

2. Irrevocable Credit: An irrevocable L/C is one, which cannot be revoked or amended by the bank with the concurrence of the interested party.

3. Revolving Credit: The revolving credit is one, which provides for re-sorting the credit to the original amount after it has been utilized. How much time it will be taking place must be specifically mentioned in the credit? The revolving credit may be either cumulative or non-cumulative.

4. Transferable Credit: A transferable credit is one that can be transferred by the original beneficiary in full or in part to one or more subsequent beneficiaries. Such credit can be transferred once only. Fractions of a transferable credit can be transferred separately, provided partial shipments are not prohibited.

5. Back To Back Credit: The back-to-back credit is a new credit opened based on an original credit in favor or another beneficiary. Under back to back concept, the seller as the beneficiary of the first credit offers it as security to the advising bank for the issuance of the second credit. The beneficiary of the back to back to back credit may be located inside or the out side the original beneficiary's country.

6. Anticipatory Credit: The anticipatory credits make provision for pre-shipment payment to the beneficiary in anticipation of his effecting the shipment as per L/C conditions.

7. Red Clause: When the clause of the credit authorizing the negotiating bank to provide pre-shipment advance to the beneficiary is printed typed in red, the credit is called “Red Clause letter of credit” under the said clauses, the opening bank is liable for the pre-shipment advances made by the negotiated bank, in case the beneficiary fails to repay or deliver the documents for negotiation.

Some important terms of Letter of Credit

Amendment of credit: Sometimes the importer may require amendment to be made in the L/C, but this amendment must be made within the consent of exporter, otherwise amendment will have no validity.

Adding Confirmation: Sometimes the importer may not rely on the L/C issuing bank. Exporter requires the L/C to be confirmed by another bank situated in his country. Then on request of issuing bank, any bank in exporter’s country gives guarantee about the payment. This is called confirming bank. By adding such confirmation, confirming banks undertakes the liability to honor the bill of exchange of exporter.

Validity and Expiry of Credit: All L/C must mention the expiry date of L/C with in which the documents for payment /acceptance must be presented. This must exceed the date of issuance of the bill of lading or other shipping documents, during which presentation of documents for payment/acceptance must be made.

FOB (Free on Board): Under FOB basis, the exporter quotes the price covering all his expenses until the goods duty packed are delivered “on board”, the carrying vessel named and arranged by the buyer with the freight and the insurance being paid by the buyer. The importer bears any cost incurred and all risks from the time the goods are placed on board inclusive of those arising out of the ship’s failure on berth.

Cost and Freight(C & F): In this case the exporter quotes the FOB price plus insurance cost. The responsibilities of carrying out all formalities for shipment of the goods developed upon the seller.

CIF (Cost, Insurance and Freight): Under CIF, the exporter quotes C&F price plus the insurance cost. The responsibility of carrying out all formalities for shipment of the goods develop upon the seller.

FAS (Free alongside Ship): Under FAS, the seller quotes the price covering all his charges until such time as goods are loaded on Train at the specified railway station. The buyer is responsible for all charges from the time he takes delivery of all goods from the exporter’s yard.

EX-Factory: The seller quotes the price of the goods ex-factory on the date agrees. The importer is responsible for all further necessary arrangements and charges.

Parties to Letter of Credit

| | |
|-------------------------------------|--|
| 1. Importer (Buyer)/Applicant | 5. Confirming Bank |
| 2. The issuing Bank (Opening Bank) | 6. Negotiating Bank |
| 3. The Advising Bank/Notifying Bank | 7. The paying/Accepting/Remitting Bank |
| 4. Exporter/seller | |

The Plan of Payments By Means Of the Letter Of Credit

The description of process

1. The contract is concluded between the importer and exporter.
2. The importer addresses in serving bank with the request to let out irrevocable the letter of credit (to open the letter of credit) according to condition to the contract and transfers the sum of a covering under the letter of credit.
3. The bank of the buyer opens the required letter of credit and the bank-correspondent asks to notify the supplier on opening the letter of credit.
4. Straight Bank (the bank-correspondent of the bank-emitter) informs the supplier on opening of the letter of credit.
5. The exporter organizes transportation of the goods by means of the conclusion of the agreement with the transport or insurance company and receives the transport invoice or insurance policy.

The exporter gives, according to the contract, the following documents:

| | |
|---|---|
| <ul style="list-style-type: none"> • Proforma Invoice, • Commercial Invoice, • Bill of loading, • Insurance policy, | <ul style="list-style-type: none"> • Packing sheet/list, • Certificate of quality, • Others. |
|---|---|

And other documents straitening to bank for payment under the documents. It is supposed, that all documents correspond to conditions of the letter of credit. In this case we proceed from the assumption, that straitening and executing bank is the same.

6. The executing bank checks all the documents on conformity to the letter of credit and if not it is found out of any divergences are found out; executing bank can work with one of the following ways:

- To send the documents for collection to Bank-Emitter,
- To pay the documents after reception from the exporter of the letter of guarantee,
- To pay the documents after reception of consent with divergences from the Bank-Emitter.

7. Executing Bank sends the documents to the bank-emitter according to the conditions, stipulated by the letter of credit.

8. Executing bank sends the requirement about a covering (with the invoice of the addressee under the letter of credit) to confirming bank.

9. The Bank-Emitter notifies the buyer on arrival of the documents.

10. The importer receives from the bank-emitter the documents.

11. The importer gives the invoice of the transport company for reception of the goods.

12. After reception if the goods from the transport

The Methods of Payment

Modes of Sales of Goods-

1. Cash in advance: Risk is minimum. The proforma invoice is issued.

2. Open Account: Goods are sent first and payment is made afterwards. There are no intermediaries. Proforma invoice is used here as well.

3. Documentary Collection: Same as an open account but the use of bank as an intermediary. Here the risk is zero. Here the bank acts like an agent.

4. Documentary Credit: L/C : Here modes 1, 2 and 3 are built on good faith and relationship, but mode 4 comes with a third party guarantor.

Back-to-Back L/C: Back-to-back L/C means one credit backs another. It is new credit in favor of another beneficiary. Sometimes beneficiary seller of a credit himself is unable to supply goods specified in the L/C and required to purchase from another supplier by opening second credit.

Besides, the formalities and requirements for (L/C opening) the following formalities and

1. Master L/C
2. Valid bonded ware house licenses
3. Quota allocation for quota items
4. ERC in addition to IRC
5. Indemnity/Undertaking
6. No objection from previous banker
7. Factory inspection certificate
8. BGMEA Membership

Proposal for Opening of L/C

Opening letter of credit means the bank issuing L/C on the request of applicant or importer in favor of exporter or beneficiary. The applicant or importer expresses his aspiration by writing on own Letter Pad to Bank Asia limited. According to import policy unless otherwise specified, all imports is to be made by opening irrevocable letter of credit. L/C can be opened against proforma invoice if the exporter has no agent and L/C can be opened if the foreign supplier has an indenting agent. In case of an L/C of a small amount only the prescribed application form i.e. the LCA (Letter of credit application) form is enough to open an L/C. But when the L/C amount is reasonably high, and then the importer is asked to submit a proposal to the bank authority to have a limit of L/C amount. This proposal should be approved in the meeting of the executive committee of the bank. The sufficient features of a proposal are —

| | |
|--|--|
| <ul style="list-style-type: none"> ➤ Full particulars of bank account ➤ Nature of business ➤ Required amount of limit ➤ Payment terms and conditions | <ul style="list-style-type: none"> ➤ Goods to be imported ➤ Offered security ➤ Repayment schedule |
|--|--|

A credit officer scrutinizes this application and accordingly prepares a proposal called Letter of Credit Proposal (LCP) and forwards it to the Head Office Credit Committee (HOCC). The committee, if satisfied, sanctions the limits and returns back to the branch. Thus the importer is entitled for the limit.

L/C Application

Bank Asia limited provides a printed form for opening of L/C to the importer. This form is known as credit application form. A special adhesive stamp is affixed on the form. While opening L/C, the stamp is cancelled. Usually the importer expresses his desire to open the L/C quoting the amount of margin percentage. Bank Asia limited corresponding officials write this L/C information to the L/C opening register book and send the information through Staler software to the head office.

This is called L/C application form, which is also an agreement between the importer and the bank. The form is to be stamped under stamp act. The importer must submit the LCA & IMP and indent or contract / purchase order/ pro forma invoice along with L/C application.

The L/C application must be completed must be completed / filled in and signed by the authorized person of the importer giving the following particulars:

- 1) Full name and address of the supplier or beneficiary and importer.
- 2) Brief description of the goods.
- 3) L/C value for us\$ --- etc. (CRF value) which must not exceed the LCA value.
- 4) The unit price, quantity, quality of the goods.
- 5) Origin of the goods, port of loading and port of destination
- 6) Mode of shipment (sea, air, truck or rail etc.)
- 7) Last date of shipment and negotiation time (must not be beyond 30 days from the shipment date).
- 8) Insurance cover note number and name or the company.
- 9) Tenor of draft (I.e. sight /upas /deferred etc.)

10) Mode of advising L/C Opening of L/C under UCPDC publication no-500-ICC revision 1993.

11) Whether shipment / transshipment is allowed.

12) Instruction to add confirmation.

13) LCA number

14) Any other relevant information and instruction if any must be mentioned in the application form.

Registration of Letter of Credit Authorized (LCA) Form

Cash foreign currency, product pledge, donation and other cases where the registration of Bangladesh Bank is necessary in that case the selected bank will send 7 copies of LCA form to the registration unit of Bangladesh bank. The 1st and 2nd copies of LCA form will be sent to the Bank Asia limited and 4th and 5th copies to the authorities of import control for auditing and recording within 15 days.

Securitization of LCA Application

The bank officials scrutinize the application in the following manners-

- The terms and condition of the L/C must be complied with UCPDC and exchange control & import trade regulation.
- Check the signature and seal of L/C forms.
- Check the signatures of both the parties of supplier of Proforma invoice/ indent.
- Check the exchange rate mentioned accurately.
- Reimbursement clause is available or not.
- Eligibility of goods to be imported.
- The L/C must not be opened in favoring of the importer.

- Radioactivity report in case of food item.
- Survey reports or certificate in case of machinery.
- Carrying vessel is not of Israel or Serbia- Montenegro.
- Certificate declaring that the item is in operation not more than 5 years in case of car.

Besides these, Bank Asia limited officials become sure about the following matters and takes necessary steps-

- The selected importer has legal import registration certificate (I.R.C.).
- The renew fee is paid accordingly that year.
- Credit status of the prospective applicant.

On scrutiny, if the application is found prepared then the L/C is opened and particulars of the same are recorded in the L/C register and posting is made in Staler software with detail descriptions and with the names and copies of collected documents. Then the transmission of L/C is done through the following three methods-

- Telex
- Courier
- SWIFT (Society for Worldwide inter-bank financial transaction)
- How the L/C is transmitted to the beneficiary is mentioned in the L/C.

If the amount exceeds US\$ 10,000 the bank takes the credit report of the beneficiary (CIB report) to ensure the worthiness of the supplying goods. The basic information of beneficiary is provided by the credit information bureau or by the Bangladesh Bank or the NRB or other authentic sources.

Amendment of L/C

Parties involved in L/C, particularly the seller and the buyer cannot always satisfy the terms and conditions in full as expected due to some obvious and genuine reasons. In such a situation, the letter of credit should be amended. The bank transmits the amendment by SWIFT to the advising bank. In case of revocable credit, it can be amended or cancelled by the issuing bank at any moment and without prior notice to the beneficiary. But in case of irrevocable letter of credit, it neither be amended nor cancelled without the agreement of issuing bank, the confirming bank (if any) and the beneficiary. For any amendment the importer must request the issuing bank in writing accordingly supported by revised indent/pro-forma invoice. The issuing bank then advises the required amendment to the advising bank or confirming bank and the beneficiary. If the L/C is revised, service charge and SWIFT charge are debited from the party account accordingly.

Adding Confirmation

Confirming bank gives confirmation at the request of the issuing bank. Confirming bank may or may not be the advising bank. The confirmation is not arranged before with the issuing bank. It is a inter bank connection with world's other bank. Confirming bank confirms the beneficiary on issues -amount of items to be imported, name and address of the applicant, name and address of the beneficiary, tenor Date of shipment., date of expiry, port of loading, port of discharge, name of the advising bank, name of the reimbursing bank, name of the confirming bank.

Presentation of the Documents

The seller receives the letter from the issuing bank or advising bank. The seller being satisfied with the terms and conditions of the credit proceeds to dispatch the required goods to the buyer. After proper shipments of goods as per terms and conditions of the L/C, the seller has to present the shipping documents and other required to the negotiating bank on or before stipulated expiry date of the credit. After receiving all documents, the negotiating bank, then checks the documents against the L/C. If the documents are found in order as per L/C, then the negotiating bank negotiates the drafts by making payment to the beneficiary.

Then the negotiating bank/advising bank forwards the drafts along with the shipping documents to the L/C opening bank. The usual documents:-

| | |
|---|--|
| <ul style="list-style-type: none">➤ Commercial invoice➤ Non-negotiable Bill of lading➤ Clean reports of findings➤ Shipping advice➤ Bill of exchange | <ul style="list-style-type: none">➤ Packing list➤ Pre-shipment inspection report.➤ Certificate of origin➤ Shipment certificate➤ Local currency adjustment factor |
|---|--|

Examination of Documents

If the issuing bank receive the import documents which have been negotiated. Bank Asia limited officials check whether these documents has any discrepancy or not. Here discrepancy means the dissimilarity of any documents with the terms and conditions of L/C. The discrepancies are as follows-

- Full copies of documents as mentioned in the L/C have been received (6 copies).
- Whether the presentation date is latter than the date of L/C expire date.
- Commercial invoice-how many
- Packing list-how many
- Delivery date is greater than the last shipment date
- Export L/C is written in all the document
- Amount is correct
- Whether the shipment is partial check in the L/C
- Bill of Exchange is dully presented

In case any fault is identified in documents, the bank immediately informs the importer, whether it is acceptable or not. If the documents are not acceptable by the importer then L/C opening bank sends message by Swift to the negotiating bank for perceiving what mainly has to be taken. However, if the fault is acceptable by the importer, he should inform this to the bank. After proper scrutinizing, L/C is entered into the FDBC (Foreign Documentary Bill for Collection) register and this prouder is called lodgment. At the end of month the bank has to send monthly statement on this regard to the head office.

Retirement of Shipping Documents

On security, if it is found that, the documents drawn are in order of Bank Asia limited, lodges the documents in payment against Documents (PAD) and few vouchers are passed.

Retirement or Import Bills

Importer will deposit the claim amount that the L/C value to the Bank Asia limited Banker will prepare and pass retirement vouchers after certifying invoice then the Bank passes of vouchers. Then Bank Asia limited official's entry this in the register. The Endorsement is made in the bill of exchange and transport document. At the end of the total procedure, importer takes the retirement of import bills/clearing certificate from the Bank. the Importer 'will clear the, goods from the port through the Clearing Agent and Forwarding Agent.

On the other hand, completing the above all steps in the issuing Bank will prepare 'Foreign Exchange Transaction Schedule' and send one copy to international division of Head Office and another one copy to recommendation.

Payment Procedure of the Import Documents

This is the most sensitive task of the import department. The officials have to be very much careful while making payment. The task constitute the followings-

Date of payment- Usually payment is made within five days after the documents have been received. If the payment is become deferred, the negotiating bank may claim interest for making delay.

Preparing sale memo- a sale memo is made at B.C rate to the customer. As the TT & O.D rate is paid to the ID, the difference between these two rates is exchange trading. Finally an inter branch exchange trading credit advice is sent to ID.

Requisition for foreign currency- for arranging necessary fund for payment a requisition is sent to the ID.

Transmission of telex- a telex is transmitted to the correspondent bank ensuring the payment is being made.

Post Import Credit

Post import credit is called the kind of credit which is managed for unloading and warehousing the imported goods. Importer should bear its price, duty and sales tax etc. after reaching the goods in the port. Importer does not come to the bank to settle the transaction due to fund deficiency. In that case importer instructs Bank Asia limited to unload the goods. Most of the time, importer does not come at all to unload these goods with his own accord. In that case Bank Asia limited unloads the goods from the port and informs the importer creating a loan account to the name of importer which is called in the banking sector as forced loan. Importer can take the loan facility by the following names-

1. Payment against Documents: Payment made by the bank against lodgment of shipping documents of goods imported through L/C falls under this head. It is a temporary advance connected with import and is generally liquidated against payments usually made by the party for retirement of the documents for release of imported goods from the customs authority. It falls under the category of commercial loan.

2. Loan against Imported Merchandise (LIM): If the importer does not come to negotiate the shipping documents from the issuing bank it creates Bank Asia limited clears the goods from the port and holds the goods in its warehouse. Beside the above as soon as the imported goods come to the port, the importer may fall into financial crisis and requests the bank to clear the goods from the port by making payment to the exporter. In this case, the party later may take the goods partly or filly from the banks by making required payment (if he/she takes the goods time-to-time, payment will be adjusted simultaneously).

3. Loan against Trust Receipt (LTR): Import documents are delivered against LTR issued by the importer to the bank for unloading goods. Generally this facility is given to the importer of government sector or the reliable clients of the bank. This type of loan is also granted to those people who take other types of loan facility from the bank. This facility is granted maximum for 3 months.

Reporting to Bangladesh Bank

Authorized Dealers shall report to the Bangladesh Bank particulars of all their foreign exchange transactions relating to import. For this purpose, authorized dealers must submit to the Bangladesh Bank monthly Summarized statements of their transactions in each currency in which a position is maintained by them and monthly summary statement of transactions effected on the Taka accounts of non-resident banks. The branches should submit the original copies of Statements/ Schedules directly to the Statistics Department, Bangladesh Bank, Head Office, and Dhaka the duplicate copies along with the relevant forms should be endorsed to the concerned area office of Bangladesh Bank. The reporting procedures in this respect is as follows —

- Fill-up the E-2/P-2 schedule of S-1 category. The whole month import amount, quantity, goods category, country, currency, etc. all are mentioned.
- Respective IMP forms are attached with the schedule to fill E-3/P-3 for all invisible payment.
- Original IMP is forwarded to Bangladesh Bank with mentioning invoice value. The importer must sign it.
- Duplicate IMP is skipped with the bank along with the bill of entry.
- Triplicate IMP is kept with the bank for official record.
- Quadruplicate is kept for submission to Bangladesh Bank in case of import where documents are retired.

Letter of Trust

By executing the standard letter of trust (or trust receipt) the customer acknowledges receipt of the documents of title to the goods, as the case may be and agrees to hold them and the relative goods, when delivery thereof is taken by him, in trust as agents for the bank until the goods are sold or used for the express purpose for which they were released to him. The customer also undertakes to keep the transaction separate and assign and deposit with the bank the sale proceeds immediately realization but in any case not later than time period stipulated in the letter. Further, the customer undertakes to keep the goods insured and in the event the goods or may part thereof cannot be used by him for the declared purpose or on demand being made by the bank for the return of the documents / goods, he promised to restore the goods or documents to the bank's custody. The trust receipt, thus, enables the importer customer to take re-delivery of the documents pledged to the pledge bank.

Import Section of Bank Asia limited

Bangladesh is one of the poorest countries of the world. Import of goods into Bangladesh is regulated by the Ministry of commerce in terms of the Import and Export (Control) act, 1950, various import policy orders and also public notices issued from time to time by the office of the CCI &

E.

Amount in Tk. Million

| YEAR | IMPORT AMOUNT |
|------|---------------|
| 2014 | 110192.54 |
| 2013 | 110738.08 |
| 2012 | 106746.15 |
| 2011 | 99414.20 |
| 2010 | 110417.89 |

Source: International Wing, BAL.

As above table show that, the Import amount in Tk. Million from 2010-2014. In 2014, Import showed a sustained growth which was USD 1,378 million (Tk. 110,193 million) a growth of 4.09% as compared with 2013. The Import business is improvement.

Export Business (Financing)

In Bangladesh now emphasis is giving on export led growth strategy. Further for liberalizing the trade sector following measures have been taken:

- Import liberalization through removal of significant reduction of tariff & non-tariff barriers.
- Rationalization of tariff structure.
- To promote export through simplification of the procedure.

The term export, we mean that carrying of anything from one country to another. On the other hand, bankers define export as sending of visible things outside the country for sale. Export trade plays a vital role in the development process of an economy. With export earning, we meet our import bills.

The export trade of the country is regulated by the Import and Export (Control) Act, 1950. There are some formalities, which an exporter has to fulfill before and after shipment of goods. The exports from Bangladesh are subject to export trade control exercised by the Ministry of Commerce through chief Controller of Imports and Exports (CCI&E). No exporter is allowed to export any commodity from Bangladesh unless he/she is registered with Chief Controller of Export & Import (CCI&E) and holds valid Export Registration Certificate (ERC). The ERC is required to be renewed every year and this task is generally done by the bank. As per instruction by Bangladesh Bank, the bank has to report respective department of Bangladesh bank by mentioning latest payment. There are a number of activities that Export section should do. Some of these activities are-

- Scrutiny of export shipping documents.
- Follow up for realization of export proceeds.
- Authentication of L/C to the beneficiary.

- Transfer of export L/C to the beneficiary (exporter) and issuance of notice of transfer o L/C issuing bank.
- Recording of export L/C particulars in export L/C transfer register.
- Realizations of proceeds realization certificates, issuance of proceeds realizations certificate.

Documents Required for Export

There are a number of formalities, which on Exporter has to fulfill before import goods. These formalities are explained bellow —

1. Export Registration Certificate (ERC)

Similar to any other business, exporters are required to obtain ERC from the offices of the Chief Controller of Import and Export (CCI&E). No person is allowed to export any goods from Bangladesh without obtaining such ERC. For Registration, prospective Exporters required to submit the following documents —

| | |
|---------------------------------|--|
| ➤ Application form | ➤ Bank’s solvency certificate |
| ➤ Fees paid as treasury invoice | ➤ Registered partnership deed |
| ➤ Asset certificate | ➤ Certificate of incorporation |
| ➤ Income tax clearance | ➤ Copy of rent receipt of the business firm |
| ➤ Valid trade license | ➤ Copy of rent receipt of the business premises. |
| ➤ Nationality certificate | |

On receipt of the above documents to the office of CCI&E, the applicant is required to deposit required registration fee to the treasury office and the receipted invoice should be sent to CCI&E office for enabling there to issue ERC. Every year registered exporters are to make payment of prescribed fee towards renewal of ERC.

2. Export Form

All Export of which the requirements of declaration vide Para- I of chapter XXI of Exchange Control Manual of Bangladesh Bank applies must be declared on the EXP forms by the customer, now issued by the Authorized Dealers. Corporate Branch of Bank Asia limited is an Authorized Dealer, which supply EXP form to the exporters. In all cases, the forms will be completed and signed by the exporter or his authorized agent.

Disposal of Export Form: The EXP Form is of 4 copies that have different use in different parties-

1. Original copy is sent from Custom Authority to Bangladesh Bank after shipment goods.
2. Duplicate copy is sent from Negotiating Bank to Bangladesh Bank after negotiation.
3. Triplicate copy is sent from Negotiating Bank to Bangladesh Bank after realization of the proceeds of the Export Bill.
4. Quadruplicate copy is retained by the Negotiating Bank as Office Copy.

All shipping documents covering goods exported from Bangladesh and declared on EXP Form must be passed through the medium of an AD within 14 days from the date of shipment. The copies of the EXP Form and the shipping documents etc. should be submitted to the AD in time to enable it to submit the certified duplicate copy of the EXP Form to the Bangladesh Bank within 14 days from the date of shipment of the goods covered by the form.

The export form contains in the Exp form are AD's code, commodity to be exported, country of destination, quantity in unit and volume basis, value that means currency in which value is declared and amount of invoice value terms, terms of sale, name and address of importer, name of carrying vessel, bill of lading/ railway receipt/ airway bill/truck receipt/post parcel receipt, port of shipment/ post office of dispatch, land custom post, shipment date, name of the exporter with address, CCI&E's registration number and date of the exporter, sector (public and private) under which the exporter falls. The export form must be filled up, signed by the importer, and certified by the authorized dealer.

Acquiring ERC/Registration

The applicant is required to deposit required registration fee to the treasury office with required documents and receipted Invoice should be sent to CCI&E office for enabling there to issue ERC. Every year registered exporters are to make payment of prescribed fee towards renewal of ERC.

Obtaining EXP Form

Scotia Branch of Bank Asia limited is an Authorized Dealer, which supply EXP form to the exporters. He must submit following documents:

- Trade license

- Export Registration Certificate (ERC)

- Certificate from concerned Government Organization

After satisfaction on the documents, the banker will issue EXP form to the exporter. The authorized bank gives entry to the EXP register when the EXP form is issued.

Before lodging the EXP Forms with the Customs /Postal Authorities, the exporter should get copies of the forms certified by an AD. After receipt of the EXP Forms from the exporters for certification purposes, the ADs will see and ensure that each set of the forms is duly filled in. Thereafter, they will record full particulars of the forms in the Export Register to be maintained as per proforma at Appendix 5/65 and assign

a number for each set of the EXP forms in the following manner, which is to be inserted in the space provided at the top of each form:

Export Section of Bank Asia limited

Export brings the foreign currency in the economy. Higher the export higher the reserve of foreign currency. The export section of Bank Asia limited is engaged with various export-related activities for the encouraging the exporter. The major function of this section is comprises with purchase, collection and negotiate the export bill, provide the exporter in export financing and helps the exporter in different issues.

Amount in Tk. Million

| YEAR | EXPORT AMOUNT |
|------|---------------|
| 2014 | 77646.91 |
| 2013 | 71968.83 |
| 2012 | 66478.34 |
| 2011 | 74794.50 |
| 2010 | 57281.67 |

Source: International Wing, BAL

International Trade Finance

International Trade forms the major business activity undertaken by Bank Asia limited. The Bank with its worldwide correspondent network and close relationships with key financial institutions provides an extensive trade services network to handle your transactions efficiently. Bank Asia limited key branches in Dhaka, Chittagong, Sylhet and Naogaon are staffed by personnel experienced in International Trade Finance. These offices are the focal point for processing import and Export transactions for both small and large corporate customers. We offer a complete range of Trade Finance services. Bank Asia limited professionals will work with you to develop solutions tailored to meet your requirements, through mobilizing Bank Asia limited full range of trade services locally, and drawing on our global resources. Bank

Asia limited can offer you professional advice on all aspects of International Trade requirements, namely:

Issuing, advising and confirming of Documentary Credits.

| | |
|---|--|
| <ul style="list-style-type: none">➤ Pre-shipment and post-shipment finance.➤ Negotiation and purchase of Export Bills.➤ Discounting of Bills of Exchange. | <ul style="list-style-type: none">➤ Collection of Bills. Assist customers to insure all risks.➤ Foreign Currency Dealing etc. |
|---|--|

SWIFT Service

Bank Asia limited is one of the first few Bangladeshi Banks to obtain membership of SWIFT (Society for World Wide Inter- Bank Telecommunication). SWIFT is a member owned cooperative, which provides a first and accurate communication network for financial transactions such as letter of credit, fund transfer etc. by being a member of SWIFT, Bank Asia limited has unlocked possibilities for uninterrupted connectivity with over 5800 user institutions in 171 countries all over the world.

Chapter-Five

Foreign Remittance

Foreign Remittance Section

Foreign remittance means remittance of foreign currencies from one place /persons to another place/person. In broad sense, foreign remittance includes all sale and purchase of foreign currencies on account of Import, Export, Travel and other purposes. However, specifically foreign remittance means sale & purchase of foreign currencies for the purposes other than export and import. As such, this chapter will not cover purchase & sale of foreign currencies on account of Import and Export of goods. All foreign remittance transactions are grouped into two broad categories-

| | |
|--|----------------------------------|
| <p>→ Outward Remittance and</p> | <p>in ward Remittance</p> |
|--|----------------------------------|

Outward Remittance

The term “Outward remittances” include not only remittance i.e. sale of foreign currency by TT, MT, Drafts, Traveler’s Cheque but also includes payment against imports into Bangladesh and Local currency credited to Non-resident Taka Accounts of Foreign Banks or Convertible Taka Account. Two forms are used for Outward Remittance of foreign Currency such as:

IMP Form: All outward remittance on account of Imports is done by form IMP.

T.M Form: For all other outward remittances form T.M is used.

Private Remittance

1. Family remittance facility:

a. Foreign Nationals working in Bangladesh with approval of the Government may remit through an Authorized Dealer 50% of Salary and 100% of leave salary as also actual savings and admissible person benefits. No prior approval of Bank is necessary for such remittance.

b. Remittance of moderate amounts of foreign exchange for maintenance abroad of family members (spouse, children, parents) of Bangladesh Nationals are allowed by Bangladesh Bank on written request supported by certificate from the Bangladesh Mission in the concerned country.

2. Remittance of Membership fees/ registration fees etc:

Authorized Dealer may remit without prior approval of Bangladesh Bank, membership fees of foreign professional and scientific institutions and fees for application registration, admission, examination (TOFEL, SAT etc.) in connection with admission into foreign educational institutions on the basis of written application supported by demand notice/letter of the concerned institution.

3. Education: Prior permission of Bangladesh Bank is not required for releasing foreign exchange in favor/on behalf of Bangladesh students studying abroad or willing to proceed abroad for studies. Authorized Dealers shall allow exchange facilities for this purpose.

4. Travel: Private travel quota entitlement of Bangladesh Nationals is set at US\$3000/- per year for visit to countries other than SAARC member countries and Myanmar, Quota for SAARC member countries and Myanmar is US\$1000/- for travel by air and US\$500/- for travel by overland route. Authorized Dealers may release this travel quota in the form of foreign currency notes up to US\$500/- or equivalent and balance exchange in the form of TCs or total quota in the form of TCs the annual quotas mentioned above are for audit passengers. For minors (Below 12 year in age) the applicable quota will be half the amount allowable to adults

5. Health & Medical: Authorized Dealers without prior approval of Bangladesh Bank may release foreign exchange up to US\$10,000/- for medical treatment abroad on the basis of the recommendation of the medical Board set up the Head Directorate and the cost estimate of

the foreign medical institution. Applications for release of exchange exceeding US\$10,000/- should be forwarded along with supporting documents to Bangladesh Bank for prior approval.

6. Foreign Nationals:

i. The authorized Dealers may issue foreign currency TCs to foreign national without any limit and foreign currency notes up to US\$300/- or equivalent per person against surrender of equivalent amounts in foreign currencies. The TCs and foreign currency notes should however, be delivered only on production of ticket for a destination outside Bangladesh and the amount issued be endorsed on the relative passports.

ii. Authorized Dealers may allow recon version of unspent Taka funds of foreign tourist into foreign exchange on production of the encasement certificate of foreign currency. Recon version shall be allowed by the same AD with which the foreign currency was encashed earlier.

7. Remittance for Hajji: Authorized Dealers may release foreign exchange to the intending pilgrims for performing Hajj as per instructions/ circulars to be issued by the Bangladesh Bank each year.

8. Official and Business Travel:

a) Official Visit:

For official of semi officials visits abroad by the officials of govt., Autonomous/Semiautonomous institutions etc., Authorized Dealers may release foreign exchange as per entitlements fixed by the Ministry of Finance from time to time, In such cases, the applicant for foreign exchange shall be required to submit the sanction letter and the competent authority's Order/Notification/Circular authorizing the travel.

b) Business Travel Quota for New Exporters:

Up to US\$6,000/- or equivalent may be issued by an AD without prior approval of Bangladesh Bank to a new exporter for business travel abroad, against recommendation letter from Export Promotion Bureau, requirement beyond US\$6000/- is accommodated by Bangladesh Bank upon written request through an AD with supporting documents.

9. Commercial Remittances:**a. Opening of branches or subsidiary companies abroad:**

Remittance of up to US\$30,000/- or equivalent per annum may be released by the Authorized Dealers without prior approval of Bangladesh Bank to meet current expenses of offices/branches opened abroad by resident in Bangladesh or Commercial/Industrial concern incorporated in Bangladesh.

b. Remittance by shipping companies airlines & courier service:

Foreign Shipping Companies, airlines and courier service companies may send, through an AD, funds collected in Bangladesh towards freight and passage after adjustment of local cost & Taxes.

c. Remittance of Royalty and technical fees:

No prior permission of the Bangladesh Bank is required by the enterprises for entering into agreement involving remittance of royalty, technical know-how or technical assistance fees, operational services fees, marketing commission etc., if the total fees and other expenses connected with technology transfer do not exceed. 6% of the cost of imported machinery in case of new projects. 6% of the previous year's sales as declared in the income tax returns of the ongoing concerns. The Authorized Dealers may remit such royalty and other fees without prior approval of Bangladesh Bank.

d. Remittance of profits of foreign firms/branches:

Post tax profits of branches of foreign firms and companies including foreign banks & other financial institutions subject to submission of relevant documents/information along with the application.

e. Remittance of Dividend

Prior permission of Bangladesh Bank is not required for:

- Remittance of dividend income to non-resident shareholders on receipt of application in the prescribe form from the companies concerned.
- Remittance of dividend declared out of previous years' accumulated reserves.

f. Bank charges:

The Authorized Dealers may affect remittances towards settlement of dues to foreign banks of bank charges, cost of cables and other incidental charges arising in their normal course of the business without prior approval of Bangladesh Bank.

Inward Remittance

The term “Inward Remittance” includes not only purchase of Foreign Currency by TT, Drafts etc. but also purchases of bills, purchases of Traveler’s cheques. Two forms as prescribed by Bangladesh Bank are used for purchase of Foreign Currencies such as.

EXP Form: Remittances received against exports of goods from Bangladesh are done by “form EXP”.

Form C: Inward remittances equivalent to US\$2000/- and above are done by “Form C”. However, declaration in Form C is not required in case of remittances by Bangladesh Nationals working abroad.

1. Purchase of Currency Notes, Travelers cheques, Drafts etc: Following General observations are required in addition to common judgment/intelligent/vigilance of the dealing officers:

i. Currency notes to be checked very carefully so as to avoid risk of purchasing counterfeit Notes

ii. While purchasing Travelers cheque, signature of the holder to be obtained on the TC/s in front of the Bank officials and should be verified with the signature of the holder already given at the time of issuance of TCs,

2. Dealing in Foreign Currency Notes & Coins: Only Authorized Dealers and Authorized Money Changer are permitted to deal in foreign currency notes & coins. Authorized Dealers and Money Changers may freely buy foreign currency from incoming passengers regardless of nationality and regardless of whether or not a declaration on form FMJ is produced at the time of encashment. If this form is produced, the amount encashed should be endorsed on it.

B.A Exchange Company (UK) Ltd is a transfer service, fully owned by Bank Asia Limited, and located in the busy area of White chapel.

- ♣ Providing safe and secure transfer services to the surrounding Bangla Town community enables money to reach the right people first time.
- ♣ These services are accessible in branch and by phone, making this one of the most convenient solutions in the area.
- ♣ Our network across Bangladesh allows B A Exchange to access all Bank Asia's branches, along with branches with other banks nationwide.
- ♣ Combining this with our level of customer service has created a focused service, delivering high quality care to all our customers.

As part of the greater strategy of Bank Asia to provide support to Bangladeshi Nationals who are living and working in the UK, B.A Exchange provides a conduit for fast and reliable transfer services from the UK to Bangladesh. With this first branch in the UK Bank Asia is now with you both at home and abroad.

Foreign currency account

Following the liberalization of exchange controls Bangladesh Bank has authorized the banks to maintain different types of foreign currency accounts and convertible taka accounts. The following are the regulations laid down by Bangladesh in respect of these accounts.

Who can open the accounts?

Branches of Bank Asia limited may open Foreign Currency Accounts in the names of:

- A. Bangladesh nationals residing abroad
- B. Foreign nationals residing abroad or Bangladesh and foreign firms operating in Bangladesh or abroad,
- C. Foreign missions and their expatriate employees.

1. Resident Foreign Currency Deposit (RFCD):

This is a foreign currency denominated account. Those who domicile in Bangladesh but have to remit money to abroad because of various reasons.

2. Non Resident Foreign Currency Deposit (NFCD):

This is a foreign currency denominated account. Those who doesn't domicile in Bangladesh but have to remit money to Bangladesh because of various reasons.

Requirements for opening RFCD Account:

- Two copies of recent passport size photograph
- Photocopy of passport
- Photocopy of work permit
- Salary certificate or employer's certificate

For the Officers of Different Embassy they need not to submit all these documents but the Employers certificate is must.

Requirements for opening NFCD Account:

- Photocopy of passport
- Citizenship certificate if available
- Certificate or approval from our authority for exporting manpower
- A nominee or authorized person will be selected by the account holder for transactions.

Under this account the nominee will receive local currency TK against any Foreign Currency.

Services

EFT (Electronic Fund Transfer)

- Money Transfer to Bank Asia in real time manner
- Next day Bank Transfer to many other Banks

Instant Cash (Over the counter payment)

- Same day Instant cash service from all the Branches of Bank Asia
- Next day instant cash service across Bangladesh.

Currency Exchange

we buy/sell all major currencies at lower margin

Savings and safe deposits

Access a wide range of savings accounts and safe deposits with Bank Asia.

Advantages

Transferring money abroad can be a difficult and worrying task for many, unsure of whether the money has reached the destination, and whether the rate that you are getting is worthwhile.

By choosing B A Exchange you are joining the larger Bank Asia Network of branches, with a promise of excellent service, reliable transfers, and fast delivery.

So how do we achieve all of this, firstly our priority is our customer, first and foremost. Second comes our service and commitment to honoring every transfer made, getting it to the right place, on time, and to the right people.

Customer services: Whether over the phone or in branch you will experience the service of our highly trained and dedicated staff, who will guide you through the entire set up and transfer process. Come in and relax with a cup of tea, and we will make sure your transfers are complete there and then.

Over the phone is also a new way to transfer within the UK and we are pioneering this level of service, putting customers first when it comes to convenience.

Transfer commitment: Unique to us in the White chapel area is our opening times, we open early at 9am so that your money can reach Bangladesh instantly, find out more about our early bird opening times here.

The benefits of choosing this service will be the commitment to making sure the transfers are processed in that time and reach their destination. Other transfers and time will make sure they are there in 24 hours.

Bank backing:

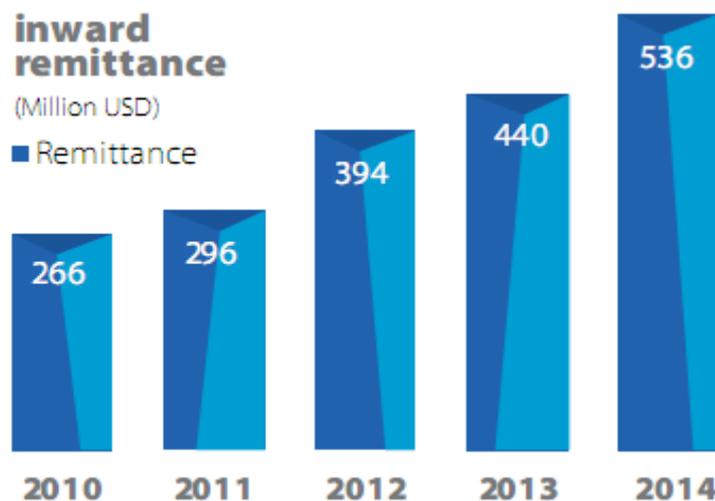
The backing of a bank is rare for transferring companies, but we feel it is the safest place to be, with the trust built and insurance of a professional and guaranteed service. Bank Asia limited has a network of branches in Bangladesh and more branches are going to be added to network soon. Remittance services are available at all branches and foreign remittances may be sent to any branch by the remitters favoring their beneficiaries. Remittances are credited to the account of beneficiaries instantly through Electronic Fund Transfer (EFT) mechanism or within shortest possible time. As of 31st December 2014, foreign remittance of the bank stood at Tk.41732.50 million as against Tk.34334.40 million in 2013 with a growth rate of 21.83%. For smooth handling of foreign remittance our bank opened branches in remote areas. The bank has made remittance arrangements with several local banks to facilitate faster delivery of remitted fund to the beneficiaries. To encourage Bangladeshi expatriates in sending hard earned money through legal channels, the bank has opened exchange house in London, UK in the name of “Bank Asia limited Exchange Company (UK) Limited” fully owned by the bank. The bank has also been trying to open exchange house in Canada and USA subject to the approval of the regulatory bodies. We have remittance arrangements with Western Union Money Transfer. We are a member of EL DORADO which is a web based remittance system for facilitating bank to bank, intra bank electronic fund transfer.

Chapter- Six

Overall Foreign Exchange Performance of Bank Asia Limited

Foreign Exchange Performance

Foreign Exchange department of Bank Asia Ltd has performed well in last five years where there has been significant growth in different segments of the Bank. Foreign Remittance business is not an insignificant part of foreign exchange business services. Bank Asia limited earns a good amount of money by doing this business. The total remittance inflow to the country stood at USD 14.22 billion from the period of July 2013 to June 2014. The total inflow of inward remittance of Bank Asia in 2014 was USD 536 million a 21.83% growth over the previous year. Bank Asia's position is 8th in 2014 in comparison with 9th in 2013 among all banks in Bangladesh.

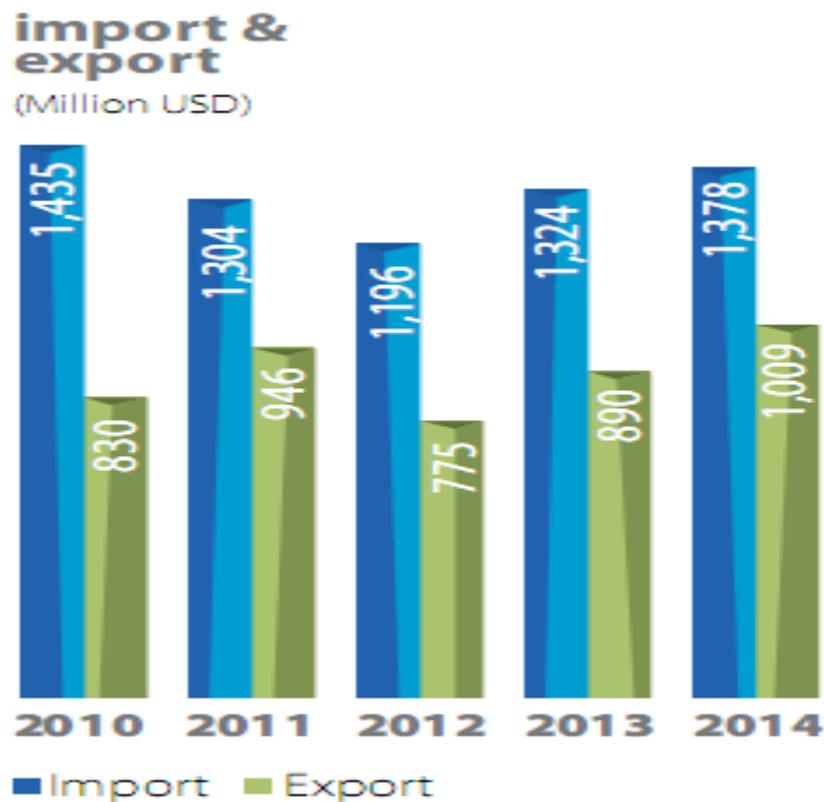


Bank Asia limited has correspondent banking relationship with all major banks located in almost all the countries/cities. Expatriate Bangladeshis may send their hard earned foreign currencies through those banks or may contact any renowned banks nearby (where they reside/work) to send their money to their dear ones in Bangladesh. To facilitate sending money in Bangladeshi Taka directly, Bank Asia limited has Taka Drawing Arrangement with many banks/exchange companies in different countries. The expatriate Bangladeshis may send their money in BDT through.

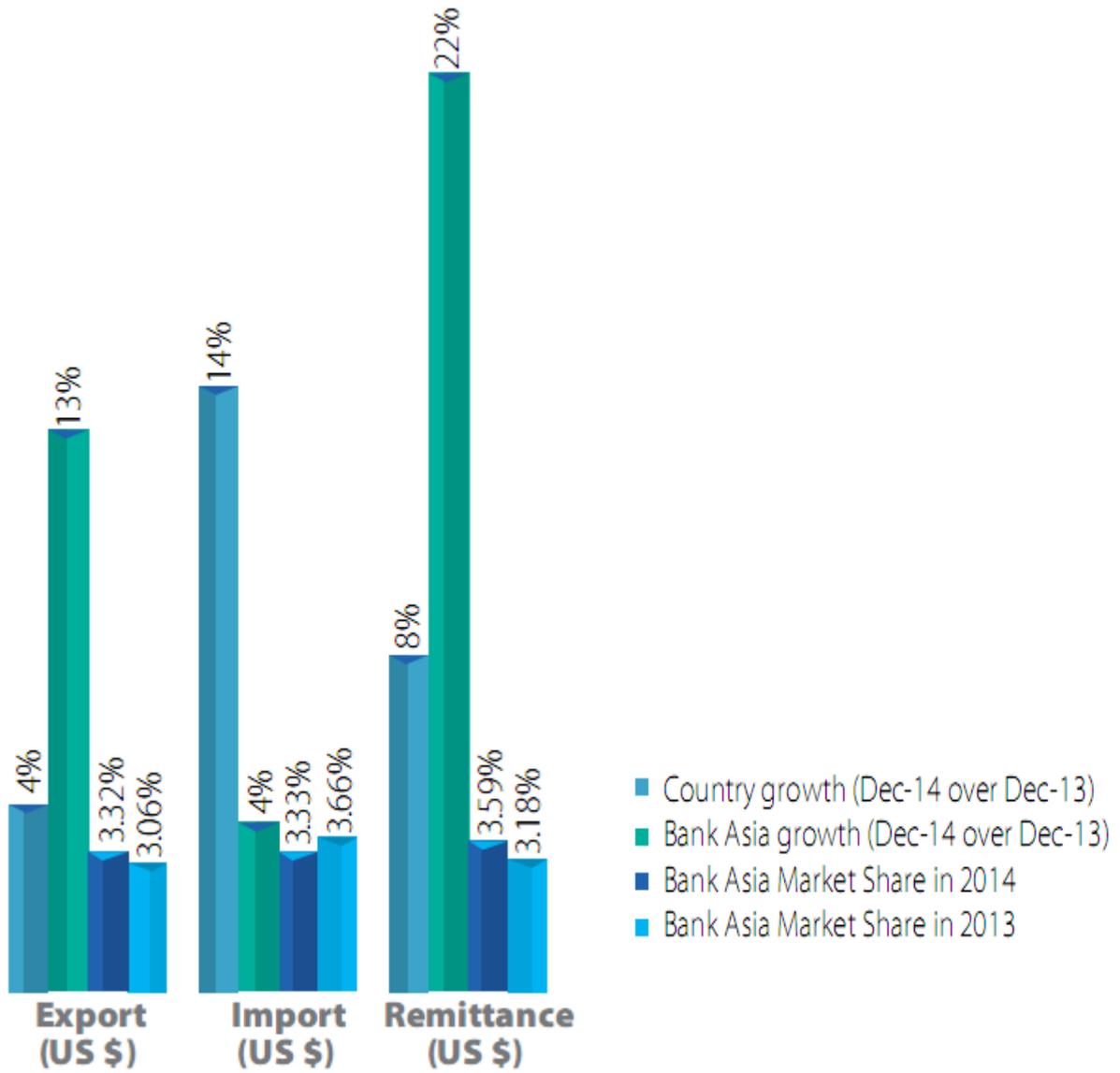
Some general observations of the performance of last five years (2010-2014) of the bank are as follows:

Export & Import

In 2014, import showed a sustained growth which was USD 1378 million registering a growth of 4.09% as compared with 2013 and Major Import remained confined mainly to consumer goods, food grains, industrial raw materials, fabrics and accessories of garments industries etc. In FY2014 Export business of the bank has stood USD 1009 million which is 13.39% higher than that of FY 2013. Export items involved with the bank’s foreign trade activities were readymade garments and non-traditional items.



Country vs. Bank Asia Growth and Market Share



Stability of Export and Import Business of Bank Asia limited

Stability in foreign exchange business is influenced by several international and domestic factors. Factors that influenced in foreign exchange businesses are — exchange rate, bargaining power of exporter and importer, country's political disorder, competitiveness of banking sector and other macro economic factors.

For measuring stability of export and import business of Bank Asia limited, we have calculated Standard deviation (SD) and Coefficient of variation (CV) which is relative measures of standard deviation. From average we get one single value of export and import business that describes the characteristics of the entire data. Standard deviation shows how far an average is representative of the entire data. On the other hand, coefficient of variation points out the relative measure of variation. When we want to compare the variability of two or more than two series, we use this. That series for which coefficient of variation is greater is said to be more variable or conversely less consistent. In contrast the series for which coefficient of variation is less, is said to be less variable or more consistent.

Strength of Bank Asia limited

During my working period I find-out some strength of Bank Asia limited especially in corporate Branch. These are –

- Computer based banking
- Efficiency and effectiveness of the employees.
- Loyal customers
- Formal training program for new employee
- Formal and Informal training program for existing employee
- On-line Banking through a smart software like I-Stellar

Weaknesses of Bank Asia limited

In the working period of Bank Asia limited I personally find some lacking in the branch banking. These lacking are not a major one but management needs to improve those area. Areas where the bank needs to improve are as follows:

- Insufficient presence of modern communication equipment.
- Lack of development program for existing employee.
- Lack of fair entrepreneur class.
- Lack of promotional activities.
- There is not sufficient Office staff enough for operating the Branch.

Opportunity of Bank Asia limited

When we observe the overall banking function of Bank Asia limited we can see the opportunity of the Bank Asia limited. These are –

- By increasing the number of branches in the rural area Bank Asia limited can provide more service to the rural people as well as the urban people
- Corporate Social Responsibility of Bank Asia limited like – scholarship program for poor students; makes goodwill for the bank.
- Customer responsiveness
- Its up-to-date training program makes the employee more effective.
- Because of on-line banking it can serve the quicker service to the clients.
- Banking sector is a most raising institution in this competitive world.

Threats of Bank Asia limited

By analyzing the functions of Bank Asia limited we find out some sort of threats of the bank. These threats are not very major issue but bank need to observe these problem.

- To compete with the other commercial bank in Bangladesh; Bank Asia limited need to improve their service quality
- Incumbent competitors
- New entry of competitors
- Need to increase the number of efficient employee
- Lack of promotional activities for the clients
- Bank Asia limited is not well known in the rural area as well as the urban area
- This sector is much more challenging rather than other sectors.

Chapter-Seven

Findings, Recommendation and Conclusion

Critical Observation and Recommendation

As a BBA student, I always prefer to do a job in a financial organization. So, obviously banks get the first priority to me. Working in a bank, like Bank Asia Limited is a great way to demonstrate interest in the sector and for me to learn more about the actual job I would be doing on a routine basis. During working period, employees of Bank Asia limited are very supportive & always helped me to learn. But it was not possible for me to know about all the departments within a definite section. In the follows I found out some problem over in the Bank Asia limited as critical Observation, and some recommendation regarding the observation

Findings

- ▶ Bank Asia limited always tries to uphold its social commitment, so it fix the terms and conditions for getting loan under Foreign exchange activities in a most flexible fashion and reveal the actual interest rate it charges against the credit to be offered.
- ▶ The workload in foreign exchange and Credit department at Bank Asia Limited was more than compared to the number of working employees. As their work pressure was being doubled, so motivational levels of those employees were getting down.
- ▶ Insufficient presence of modern equipment & networking problem.
- ▶ Lack of marketing strategy program for new importer and exporter.
- ▶ Lack of proper understanding & communication with Bangladesh bank & Customs Offices.

Recommendations

Overall my observation I can say that customer service quality Bank Asia limited is good and continuously meets the challenges of developing new product and service.

Bank Asia limited is a well-known private and largest bank in Bangladesh. It is high time to improve the performance to provide the international flavored service by a Local bank. A set of recommendation is set forth below to improve the banking service:

- ▶ Foreign exchange business is highly dependent on the world economic situation. Any change in the world economic situation will affect the business. So for eliminating the risk of foreign exchange business, the bank should higher expert who can understand the future economic situation and can take initiative based on the forecast.
- ▶ Bank should improve their research centre and training centre to enrich the knowledge regarding Uniform Customs and Practice for Documentary Credit (UCPDC).
- ▶ The Employees of Foreign Trade Department should up to date knowledge about new circular provided by BB and Customs offices.
- ▶ Bank Asia limited should try to attend different type of target customer.
- ▶ Bank Asia limited should increase employee's motivation level also increase modern technology for better customer service.

Conclusion

Bank Asia limited playing a vital role in financing import and exports of the country. Without Bank's co-operation, it is not possible to run any business or production activity in this age. Exports and import need finance in various stages of their activities. All these facilities are provided by Bank Asia limited. For this purpose Bank's consider the borrower's business standing, integrity, liability with the bank term and conditions of the L/C. There is lot of risks involved in foreign business. So, the Bank Asia limited has to clearly justify the customers from a neutral point and gather the current information about the market.

Bank Asia limited through its steady progress and continuous success has, by how, earned the reputation of being one of the leading private sector banks of the country. The bank has shown steady progress in this important sector. Bank Asia limited's capital adequacy, deposits, reserves, earning per share, export, import and remittances are increasing day by day. So, no doubt Bank Asia limited is a growing profitable financial institution.

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