**Internship Report**

**On**

**Analysis of Foreign Exchange and Remittance operations of Export Import Bank of Bangladesh Limited**

**Submitted To**

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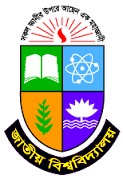
Program: BBA

Major in Finance

Daffodil Institution of IT (DIIT)

Under National University





**Date of Submission**

10th April, 2016

**Letter of Transmittal**

09th April, 2016

Aminul Haque Russel

Lecturer, BBA Program

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**Subject: Submission of internship report.**

Dear Sir,

This is my pleasure to submit the internship report on Measurement of Financial Position, which I was assigned. This is a great chance for me to acquire knowledge and experience in respect of performing this report.

I have tried my best to prepare this to be as informative and relevant as possible. To prepare this report I have reviewed some books, articles, journals, and downloaded some information from internet. I believe that the knowledge and experience I have gathered during my internship period will immensely help me in my future professional life.

I gave my best efforts to achieve the objectives of the internship and hope that my endeavor will serve the purpose. Besides, I have followed your remarks and instructions very carefully while preparing this report. I tried the best to maintain your schedule, format and discipline.

Thank you for your kind consideration.

Sincerely yours

**Arman**

Roll No: 1172362

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**Supervisor’s Declaration**

This is to certify that Arman, student of Bachelor of Business Administration (BBA), major in Finance of Daffodil Institution of IT (DIIT) has completed this Internship Report on **Analysis of** **Foreign Exchange and Remittance operation of Exim Bank Bangladesh Limited.**

I believe that he has completed this report himself while he was performing internship in **EXIM Bank Bangladesh Limited.**

I wish his every success in life.

Aminul Haque Russel

Lecturer

Department of Business Administration

Daffodil Institute of IT (DIIT)

**Student’s Declaration**

I hereby declare that the report of internship named **Analysis of** **Foreign Exchange and Remittance operation of Exim Bank Bangladesh Limited** by me in the period of performing internship on Investment and Remittance Department in **Export Import Bank Bangladesh Limited (Exim Bank Bangladesh Ltd.)**

I also like to declare that this report paper is my original work and is prepared for academic purpose which is a part of BBA program.

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**Acknowledgement**

At first, I would like to thank almighty Allah for giving me the opportunity to complete my internship report. I also want to thank all the people who have given their support and assistance and extremely grateful to all of them for the completion of the report successfully. **Daffodil Institute of IT (DIIT)** and **Exim Bank Bangladesh Ltd**. both provided me with enormous support and guidance for my Internship program to be completed successfully.

Preparing this report was exiting and hard work at the same time. It is for the first time that I have been able to gather real life experience working on a report.

I would like to give my heartiest gratitude to **Aminul Haque Russel,** Lecturer BBA Program, **Daffodil Institute of IT**, my internship supervisor, for his kind concern, valuable time, advice, endless endeavor and guidance throughout the internship period and making of the report. I like to give cordial gratitude to **Lakkhan Chandra Robi Das,** Coordinator of BBA Program, **Daffodil Institute of IT (DIIT)**, who helps me a lot to get the opportunity to do internship in **Exim Bank Bangladesh Ltd.**

I would like to thank **Khandaker Reza Mohd. Ahasan**, Assistant Vice President & Relationship Manager of Exim Bank, Nayarhat Branch, my organizational supervisor, for his valuable time and constant guideline and encouragement throughout the internship period.

Finally I would also like to thank **Mohammad Zahidul Haque**;(Principal officer & Operation Manager)**, Mohammad Akter Hossain** (Executive officer)& **Md. Sakhawat Hossain, (**Officer), also **Md. Salauddin** (Incharge Cash)and all of the officers of **EXIM Bank Bangladesh Ltd**, Nayarhat branch due to their kind and helpful cooperation with me.

**Executive Summary**

Banking sector is expanding its hand in different events every day. At the same time the banking process is becoming faster, easier, and the banking area becoming wider. As the demand for better service increases day by day, they are coming with different innovative ideas and products. In order to survive in the competitive field of the banking sector, all banking organization are looking for better service opportunity to provide their fellow clients. As a result, it has become essential for every person to have some idea on the bank and banking procedure. EXIM Bank Ltd. Believes in the vision of together, towards, tomorrow. To achieve the desire goal the bank is showing the excellence at all stages with a climate of continuous improvement. Banks strategic plans and networking will strengthen its competitive performance over others in this rapidly changing competitive environment.

In chapter one I have discussed about the introduction, origin, scope, data collection, limitation & methodology of the study. In chapter two, I have discussed about the historical background, organizational structure mission, vision, objective & performance of Export Import Bank of Bangladesh Ltd. In chapter three I have discussed about the theoretical analysis of Foreign Exchange. Topic analysis is in chapter four which include foreign exchange functions of EXIM Bank Ltd. Then in chapter five I have showed different kinds of analysis and findings about the EXIM Bank Ltd. After that in chapter six I have placed SWOT analysis related topic of EXIM Bank. Then in chapter seven discuss the findings of the study, I have given my recommendations and conclusion. The overall objective and mission of my research was to represent the Export Import Bank of Bangladesh Ltd. and to have a clear conception about all the essential parts of the internship program.

I hope this report, despite its many limitations, will be a gateway to have a clear concept about the foreign exchange activities of EXIM Bank Ltd.

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**Acronyms**

|  |  |  |
| --- | --- | --- |
| Serial No | Abbreviation | Elaboration |
| 1 | EXIM Bank | Export Import Bank |
| 2 | ATM | Automated Teller Machine |
| 3 | MTDR | Mudaraba Term Deposit Receipt |
| 4 | NGO | Non-Government Organization |
| 5 | FER | Foreign Exchange & Remittance |
| 6 | LC | Letter of Credit |
| 7 | AD | Authorized Dealer |
| 8 | TT | Telegraphic Transfer |
| 9 | DD | Demand Draft |
| 10 | MT | Mail Transfer |
| 11 | TC | Travelers Cheque |
| 12 | PO | Payment Order |
| 13 | FC | Foreign Cheque |
| 14 | ADB | Asian Development Bank |
| 15 | IFC | International Financial Corporation |
| 16 | SWIFT | Society for worldwide interbank fund transfer |
| 17 | GDP | Gross Domestic Product |
| 18 | DSE | Dhaka Stock Exchange |
| 19 | GR | Growth Rate |
| 20 | OBU | Offshore Banking Units |
| 21 | STD | Short Term Deposit |

**Chapter 1: Introduction**

**1.0 Introduction**

Foreign exchange plays a vital role in the economics of our country. We earn a big amount of foreign remittance which is contributed in our national economy. We earn remittance by sending manpower to developed country and we can earn money by export and import of different product to the different country. In this time of globalization, countries tend to export the items in which they have competitive advantage and import those items where they lack the advantage. Import meets the need of consumer goods, industrial inputs and other essentials causing outflows of foreign currency while Export business takes the role of minimizing the gap in balance of trade through inflow of foreign currency by remittance business.

EXIM Bank Bangladesh Limited being the leading private sector bank in respect of foreign exchange business has grown tremendously in the past decade. Bangladesh being one of the emerging economics, the import mix of the country is built of multifarious items from cookies to capital machinery. On the other hand the major items of export for more than a decade have been Readymade Garments which replaced the traditional items of jute, tea, and leather in terms of value and volume. The involvement of the bank in the industrial sector as well as in the commercial sector has raised the import business of the bank disproportionately with that export business. Import business of the country surpassed export business in terms of value. Same is the case for individual banks, which bridge the exporters and importers of the country with the rest of the world. Foreign remittance and export business of the bank jointly maintains a precarious balance with import business. This study will help to focus the issue and may raise further steps of the same.

As an intern student of EXIM Bank our dissertation program specially based on EXIM Bank Bangladesh Limited and we want to focus the convergence in managing Foreign Exchange and Foreign trade-problem and prospects in Bangladesh.

* 1. **Origin of the Study**

This Internship Report has been prepared under the Internship program, an indispensable part of the Bachelor of Business Administration (BBA) program. Each student is required to work on a specific topic to his/ her learning with the attachment of any respective organization. For this purpose, I worked as an intern at EXIM Bank Bangladesh Limited and prepare this report on the Foreign Exchange related activities. In consulting to my supervisor I have selected a topic **Analysis of** **Foreign Exchange and Remittance Operations of Export Import Bank of Bangladesh Limited.** This internship is an orientation to the entire working activities of EXIM Bank Bangladesh Limited. Though I had worked there in several departments, but I had to select an area of study in which I can make detail research and present my understanding in the report.

* 1. **Significance of Study**

As every study has different purposes, my work on this topic has also purposes regarding different aspects. Though this report is prepared for the internship program, an indispensable part of the Bachelor of Business Administration (BBA) program, there are some purposes as follows:

* To increase the knowledge about EXIM Bank, Islamic banking and finance.
* To know the differences between banking system of EXIM Bank and conventional banking system.
* Increasing the analytical ability by analyzing banks financial statements and relevant ratios.
* Gathering knowledge about the annual reports of banking sector.
  1. **Background of the Study**

The practical orientation in different organization is the final term requirement of BBA program. Hence we are selected for the EXIM Bank Bangladesh Limited. As instructed I was assigned to work in EXIM Bank Bangladesh Limited, Nayarhat Branch. And since then I had started our practical orientation program in General Banking, Investment & Foreign Remittance department of that particular branch of EXIM Bank Bangladesh Limited and successfully complete with lots of solid work experience. And based on that I prepared this report where we tried to mention every single point that we gather from there.

* 1. **Objective of the Study**

The main objective of the study is to find out the overall pictures of Foreign Exchange and Remittance operations of EXIM Bank Bangladesh Limited.

The other objectives of the study are following;

* To fulfill the partial requirement of BBA Program.
* To identify the problems and probable solutions related Foreign Exchange Business faced by EXIM Bank Bangladesh Limited.
* To identify strength and weakness of Foreign Exchange and Remittance of EXIM Bank Bangladesh Limited.
* To find out performance of EXIM Bank Bangladesh Limited in Foreign Exchange Business.
* To make some recommendations on Foreign Exchange and Remittance operation of EXIM Bank Bangladesh Limited.
  1. **Scope of the Study**

This study focused on the Foreign Exchange Business problem and prospects. In this report different activities of EXIM Bank Bangladesh Limited are shown. A brief description about foreign exchange and foreign trade is given here. Then the focus is on different problem of foreign exchange and foreign trade in our country and also for EXIM Bank Bangladesh Limited. After that I tried to compare with all commercial banks in Bangladesh performance of foreign exchange and foreign trade. Then the growth of foreign exchange and foreign trade of EXIM Bank Bangladesh Limited and the few other Banks in case of National Remittance.

* 1. **Methodology of the Study**

In order to conduct such a study the report preparer must follows some specific methods. This report is basically descriptive in nature which is prepared on the basis of mainly secondary data also primary data is to be used. All the relevant data regarding this study is collected from two sources.

* + 1. **Primary sources**

Firstly I tried to discuss with the executives & officers of EXIM Bank and found the approximately data which has been presented in the report. The study have been conducted through the assistance Nayarhat Branch, as per their monitoring/ formulating policy issues for enhancing their foreign exchange business through applying modern and technological means. We have been also physically visited to observe the effectiveness of the efforts relating foreign remittance effectively and efficiently managed by EXIM Bank.

* + 1. **Secondary sources**

The collected secondary data were from the following sources:

* Annual Report of EXIM Bank of Bangladesh Limited.
* Manuals of EXIM Bank of Bangladesh Limited regarding Foreign Exchange.
* Foreign Exchange Regulation Act, 1947 and Money laundering Act, 2002 & 2008. Foreign Exchange Circulars and instruction letters.
* Important publications on foreign exchange and foreign remittance.
* Official web site of EXIM Bank of Bangladesh Limited
* Bangladesh Bank report.
  1. **Limitation of the Study**

On the way of our study we have faced the following problems, which is in terms may be considered as the limitation of the study.

* Limitation of time was one of the most important factors faced by the present study. Three months time is not enough for such an extensive work. It is very difficult to collect all of required information in such a short period.
* The policy of confidentiality of data was another important barrier. Since the specific data is more or less confidential for the bank, it was difficult to extract the expected date/ information as per requirement.
* Due to some legal obligation and business secrecy banks are reluctant to provide data. For this reason the study limits only on the available published data.
* For the principles of secrecy of bank, a lot of important data could not be used in preparing this report.
* Lack of in depth knowledge and analytical ability for writing such report.
* Since, I, a researcher, am not professional; the accuracy of surveys may not have been completely flawless.

**Chapter 2:**

**Introduction to EXIM Bank of Bangladesh Limited**

**2.0 History of EXIM Bank of Bangladesh Limited**

Export Import Bank of Bangladesh Limited was established in the year 1999 under the leadership of Late Mr. Shahjahan Kabir, Founder Chairman who had a long dream of floating a commercial bank which would contribute to the socio-economic development of our country. A group of highly qualified and successful entrepreneurs joined their hands with the founder chairman to materialize his dream. Indeed, all of them proved themselves in their respective business as most successful star with their endeavor, intelligence, hard working and talent entrepreneurship. Among them, Mr. Nazrul Islam Mazumder who is an illuminated business tycoon in the Garments business in Bangladesh became the Honorable Chairman after the demise of the honorable founder chairman. He is also the chairman of Bangladesh Association of Banks (BAB). Under his leadership, BAB has emerged as an effective forum for exchanging views on problems being faced by the banking sector of Bangladesh and for formulating common policy guidelines in addressing such problems.   
The Bank starts functioning from 3rd August, 1999 with its name as Bengal Export Import Bank Limited. On 16th November 1999, it was renamed as Export Import Bank of Bangladesh Limited with Mr. Alamgir Kabir as the Founder Advisor and Mr. Mohammad Lakiotullah as the Founder Managing Director respectively. Both of them have long experience in the financial sector of our country. By their pragmatic decision and management directives in the operational activities, this bank has earned a secured and distinctive position in the banking industry in terms of performance, growth, and excellent management. Under the leadership of Mr. Lakiotullah, the Bank has migrated all of its conventional banking operation into Shariah Based Islami

Banking in the year July 2004.

In the year 2006, Mr. Kazi Masihur Rahman became the Managing Director of the bank when Mr. Lakiotullah left the bank after completion of his successful 7 years as MD. Mr. Kazi served in the bank for next five years. Under his leadership, the bank has been placed on a state of the art centralized IT platform with two modern data centers where world renowned core banking software TEMENOS T24 is running along with some alternate delivery channels like ATMs and SMS banking.   
On 25th August, 2011, Mr. Md. Fariduddin Ahmed has joined in the bank as Managing Director. With his long banking experience. After retirement from Managing Director, he has been continuing his service for EXIM Bank as Advisor since 27th July 2012.

Dr. Mohammed Haider Ali Miah succeeded Mr. Fariduddin Ahmed on July 25, 2012 and has created a new dimension in EXIM history becoming the first ever in-house Managing director and CEO of the Bank. Under his far-sighted leadership, EXIM Bank has not only achieved uppermost level of performance in almost each arena of its activities but also gained confidence to place itself as one of the dynamic banks through delivering transparent and standard banking services to the customers in a compliant manner.

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| **2.1 Corporate Information**    **Table** **2.1 At a glance of EXIM Bank Bangladesh Limited**   |  |  | | --- | --- | | Financial Information | Tk in crore | | Authorized Capital | 2000.00 | | Paid-up Capital | 1283.86 | | Deposits | 20029.44 | | Investment (General) | 17793.68 | | Investment (Shares & Securities Exclude. Subsidiaries) | 1522.17 | | Foreign Exchange Business: | **28498.47** | | a) Import Business | 14679.56 | | b) Export Business | 13441.24 | | c) Remittance | 377.67 | | Number of Employees | 2458 | | Number of Branches | 87 | | Number of ATM Booth | 45 | | Number of shareholders | 1,40,061 | | Name of Chairman | Mr Md. Nazrul Islam Mazumder |   *Source: Annual Report of EXIM Bank 2014*    **2.2 Market Share of EXIM Bank in Banking Sector of Bangladesh**  **Table 2.2 : Market Share of EXIM Bank in Banking Sector of Bangladesh**   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | SL No | Particulars | Market share of EXIM Bank in the banking sector (%) | | | | | | **2014** | **2013** | **2012** | **2011** | **2010** | | 1. | Investment as % of total Deposit | 88.84% | 86.79% | 84.22% | 92.42% | 98.26% | | 2. | Investment (General) | 20029.44 | 16573.32 | 11822.00 | 9969.96 | 9329.66 | | 3. | Import Business | 51.51% | 50.40% | 53.06% | 50.49% | 56.84% | | 4. | Export Business | 47.16% | 48.52% | 44.81% | 48.04% | 41.83% | | 5. | Remittance | 1.33% | 1.08% | 2.13% | 1.47% | 1.33% | | 6. | Return on Assets after tax | 1.16% | 1.06% | 1.45% | 1.65% | 3.54% | | 7. | Return on Equity (ROE) | 11.35% | 10.27% | 13.86% | 14.91% | 36.22% |   *Source: Annual Report of EXIM Bank of Bangladesh Ltd, 2014* |
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**2.3 Mission of EXIM Bank of Bangladesh Ltd**

The Bank’s mission gives emphasis to:

* Provide quality financial services especially in Foreign Trade.
* Continue a contemporary technology based professional banking environment.
* Maintain corporate and Business ethics and transparency at all levels.
* Sound capital Base.
* Ensure sustainable growth and establish full value to the honorable stakeholders.
* Fulfill its social commitments and
* Above all, to add positive contribution to the national economy.

**2.4 Vision of EXIM Bank of Bangladesh Ltd**

The gist of our vision is ‘Together Towards Tomorrow’. Export Import Bank of Bangladesh Limited believes in togetherness with its customers, in its march on the road to growth and progress with service. To achieve the desired goal, there will be pursuit of excellence at all stages with climate of continuous improvement, because, in EXIM Bank, we believe, the line of excellence is never ending. Bank’s strategic plans and networking will strengthen its competitive edge over others in rapidly changing competitive environment. Its personalized quality services to the customers with trend of constant improvement will be the cornerstone to achieve our operational success.

## 2.5 Nature of the Business

EXIM Bank is the first bank in Bangladesh to have converted all of its operations of conventional banking into Shariah-based banking, since July/2004.They offer banking services for Muslims and non-Muslims alike allowing the customer’s choice and flexibility in their savings and investments. The bank provides all kinds of Islamic banking services, as well as regular commercial banking services to its customers.

**2.6 Communications Strategy of EXIM Bank:**  
EXIM Bank is a third generation bank. It has converted into Islamic Banking in July 01, 2004 with the approval of Bangladesh Bank. EXIM Bank mainly emphasis on public relation out of four communications strategy. EXIM Bank does following activities for their market promotion and advertising.

1. When they open new branch, send letter to the elite persons, offices and industries in that area for opening account in their bank.
2. Every year they arrange get together for their loyal customer in Dhaka and Chittagong. For that reason EXIM Bank build good relationship with their clients. EXIM Bank also solves the clients problems and they show the procedure the overcoming the problem.
3. They arrange the ceremony of award to the honorable person in every year.
4. They send gift item at the beginning of the year to the senior citizen of the society. These items include pen, dairy, calendar, pen stand, wall clock etc.
5. They also give special gift to the elite person in different occasions.
6. In every month the higher authority of EXIM Bank give information about the market condition and suggestion to the branch manager.
7. The managers of every branch tell present condition of his branch to the head office in every month.
8. Head Office updates deposit and investment guideline to the branch manager.
9. EXIM Bank sponsors different types of National games.

EXIM Bank will soon setup a Research and Development Division and separate marketing divisions, which are, help them to implement better marketing strategy.

**2.7 Shariah Supervisory Committee of the Bank**

EXIM Bank started its banking operation as a conventional Bank since August 03, 1999. To suit the demand of time as well as to reach the Islamic Banking Business to a large community, EXIM Bank the first pioneer in the country converted its mode of operation and started its pace as fully fledged Islamic Bank since July, 2004. To ensure the proper implementation of Islamic Banking Principles in its operation, the bank framed a strong Shariah Supervisory Committee consists of some learned & elite Mufti, well reputed Economists and Bankers of the country.

Moreover, the experienced Muraqibs are employed to supervise & monitor the day to day operation of the bank as well as provide necessary guidelines in order to ensure full compliance of Shariah Principles which created a distinguished difference from the conventional banks and secured a strong position in Banking Arena:

**2.8 Key Function of EXIM Bank:**

Like other commercial banks like EXIM Bank performs all traditional banking business including introduction of a wide range of caving and credit products, retail banking and ancillary service with the support of modern technology and professional management, but the EXIM Bank Bangladesh Limited emphasizes its function in export and import trade handing and financing of export oriented industries will enhance wealth, quotes more employment opportunities helps formation of capital and reduces in balance in the balance of payment in the country.

**2.9 Organization Structure of EXIM Bank Limited**

**Figure 2.9**: **Organizational Structure of EXIM Bank**

*Source: Official Website of EXIM Bank Bangladesh Limited*

**2.10 EXIM Bank Bangladesh Ltd (Nayarhat Branch)**

**Figure 2.10: Organizational Structure of Nayarhat Branch.**

*Source: EXIM Bank Bangladesh Limited Nayarhat Branch.*

**2.11 EXIM Bank offers to open the following account to the depositors:**

1. Al- Wadia Current Account.
2. Mudaraba Saving Account.
3. Mudaraba Term Account.
4. Mudaraba Monthly Deposit Account.
5. Mudaraba Senior Monthly Saving Account.
6. Mudaraba Super Saving Scheme Account.
7. Mudaraba Hajj Deposit Scheme.
8. Mudaraba Millionaire Deposit Scheme.
9. Mudaraba Cash Waqf Deposit Account.
10. EXIM RUHAMA ( three years)
11. EXIM ZIADAH ( five years)
12. EXIM KRISHI ( Mudaraba Krishi Monthly Deposit Scheme).

**2.12 Rules and Condition of Different Deposit**

**Al-Wadeeah Current Deposit:**

Al-Wadeeah Current Account follows the Principle of Islami Shariah where in the bank is deemed as a keeper and trustee of funds as Al-Amana (on Trust). This deposit that operates by taking permission from depositors would be taken to use their fund according to Shariah Principle and depositors would not receive any kind of profit. As such the bank is under obligation to return the entire money on demand by the customer. The account is not time barred i.e. Account Holder can withdraw money as many numbers of times as he wishes in a working day.

**Main Feature:**

* Halal way or without Riba (interest or usury) transaction
* Unlimited deposit or withdrawal
* No profit will be given
* Cheque book facilities
* ATM Card
* Free online transaction
* No Over Draft will be allowed in the account
* SMS banking service includes balance inquires/Mini-Statement by mobile phone.

**Required Documents:**

* Account opening duly filled up and signed by account holder
* Two Copies passport size photographs of every operators duly attested by introducer
* Photographs of National ID Card/Passport/Chairman certificates
* Introducer signature.

**Terms and Condition:**

* Bank may use the fund at its own discretion with prior permission of the account holder and without any risk to the account holder
* Customer may withdraw the entire (or part of) fund without any notice to the bank.

**Mudaraba Saving Deposit:**

Mudaraba savings account is opened under the Mudaraba principal of Islami Shariah. Under the above principal the clients is the Shaheb-Al Mai and the Bank is Mudarib. Mudaraba Savings accounts are mainly meant for Non-Trading customers who have some potential saving with small no. of transactions taking place. More than one person can open and operate a Mudaraba savings account. A guardian on behalf of a minor can open a Mudaraba Savings A/C. In some case a declaration stating the date of birth of the minor should be obtained from the guardian. OD is not allowed for SB account. The account provides expected half-yearly provisional profit.

**Main Feature:**

Attractive provisional rate of profit, Minimum initial deposit is Tk.1000.00, Half-Yearly account statement, Debit card Facility with limited withdrawal, Free ATM Cash withdrawal from all ATM of EXIM Bank, SMS Banking for statement/Balance checking, Salary crediting facility, Cheque book facility, Fund transfer facility, Profit will be calculated on monthly basis

**Required Documents:**

* Completed account opening form duly signed by account holder
* Two Copies passport size photographs of every operator duly attested by introducer Photographs of National ID Card/Passport/Chairman certificates 4r Introducer signature
* Passport size photographs and signature of Nominee

**Terms and conditions:**

* Account will be operated as per Mudaraba principals.
* At least 65% of investment income will be distributed among the Mudaraba Depositors as per weight age allocated for each accounts.
* Mudaraba Savings Deposit will bear 0.75 weight age

**Mudaraba Term Deposit Receipt:**

Mudaraba Term Deposit Receipt (MTDR) account is opened under the Mudaraba (Profit Sharing) principal of Islami Shariah. Under the above principal the clients known as Shaheb-Al Mai provides 100 percent of the capital and the Bank known as Mudarib is the one providing its specialist knowledge to invest the capital and manage the investment project.

It is issued by our Bank branches against deposit of certain amount of money by customer(s)/person(s)/organization, after observing the rules of Anti Money laundering, for a fixed period but not less than one month with a commitment to return his/their deposited money with more or less certain percentage of profit (Tax applicable) after expiry of the period. The minimum amount of MTDR, rate, renewal procedure and premature encashment rules determined & circulate by our Head Office from time to time. These deposits are repayable subject to a period of notice and hence known as time deposit or time liabilities meaning thereby that these are withdraw able subject to a period of notice and not on demand.

**Main Features of MTDR:**

* Any adult person (individually or jointly) having sound mind or any institution/organization can open MTDR Account with any branch of the Bank.
* Minimum depositing amount Tk. 10000.00 (ten thousand) and above but multiple of Tk. 100.00 (one hundred)
* One or more account can be opened in the same name at the same branch of the bank
* Profit will be calculated on daily basis on provisional rate of profit and also applied on due date of maturity.

**Terms and Conditions:**

Normally, deposited amount of MTDR is not cashable before maturity. If any depositors intend to cash his/her MTDR Receipt before maturity due to certain unavoidable circumstances, the following terms and conditions will come into force:

* No profit shall be allowed for premature encashment within Ol(one) month
* If the account is cashed after completion of any tenure but before maturity, depositors will be entitled to receive the benefit at the provisional rate of profit of Mudaraba Savings Account.
* The provisional rate of profit of Mudaraba Savings Account will treat the provisional rate of profit, which was prevailed at the time of opening the MTDR account.

**Mudaraba Super Saving Scheme:   
Objectives of the Scheme:**

Savings help to build up capital and capital is the principal source of business investment in a country. That is why savings is treated as the very foundation of development to create more awareness and motivate people to save, EXIM Bank offers super savings scheme.

**Terms and Conditions of the Scheme:**

* Any individual, company, educational institution, government organization, NGO, trust, society etc. may invest their savings under this scheme.
* The deposit can be made in multiples of Tk. 5,000.00.
* Any customer can open more than one account in a branch in his/her name or in joint names. A Deposit Receipt will be issued at the time of opening the account.
* The Deposit will approximately be double in 5 (Five) years 6 (Six) months.

**Premature encashment of the scheme:**

* In case of premature encashment before 1 year no profit shall be paid.
* In case of premature encashment after 1 year but before 3 years profit shall be paid at Savings Rate plus 0.75%.
* In case of premature encashment after 3 years but before maturity profit shall be paid at Savings Rate plus 1.00%
* In case of any unexpected situation death of depositor before the term, the amount will be given to the nominee according to the rules of premature encashment. In the absence of nominee, the heirs/successors will be paid as per succession certificate.
* In case of issuing duplicate receipt the rules of issuing a duplicate receipt of Term Deposit will be applicable.
* The nominee may, at his option continue the scheme for the full term.

**Additional Terms and Conditions:**

* Bank reserves the right to change the weight age of deposit & percentage of distribution of Investment Income.
* At the time of payment, Income Tax shall be deducted upon profit

**Mudaraba Monthly Saving Scheme (Money Grower): Objectives of the Scheme:**

A monthly savings scheme secures your future with ease. A small savings of today will provide you comfort tomorrow.

* Savings Period and Monthly Installment Rate:

The savings period is for 5, 8, 10 or 12 years.

Monthly installment is Tk. 500/-, 1000/-, 2000/- or 5000/-.

* Not less than 65% of investment income shall be distributed among the Murabaha Depositors as per weight age. The deposit will bear weight age 1.16, 1.17, 1.18, 1.19 respectively.
* Bank reserves the right to change the weight age of deposit & percentage of distribution of Investment Income.

**Monthly Installment Deposit:**

* The savings amount is to be deposited within the 10th of every month. "In case of holidays the deposit amount is to be made on the following day.
* The deposits may also be made in advance.
* The depositor can have a separate account in the bank from which a standing instruction can be given to transfer the monthly deposit to the scheme account.
* If the depositor fails to make the monthly installment in time, then 5% on overdue installment amount will be charged. The charged amount to be added with the following month(s) installment and the lowest charge will be Tk. 10/- (Taka Ten).

**Withdrawal:**

Generally, withdrawal is not advised before a 5 (five)-year term, but if it is withdrawn before the above term, profit will be paid at savings rate. However, no profit will be paid if the deposit is withdrawn within 1 (one) year of opening the account.

In case the depositor wishes to withdraw between the 5, 8, 10 or 12 years period then full profit will be paid for a completed term and savings rate will be applicable for the fractional period.

After 3 (three) years of savings in this scheme the depositor (if adult) is eligible for a guard up to 90% of his/her deposited amount. In that case, profit rates on the guard will be applicable as per prevailing rate at that time.

**Reasons for disqualification from this scheme:**

* If the depositor fails to pay 3 (three) installments in a row, then he/she will be disqualified from this scheme and profit will be applicable as mentioned in withdrawal clause.
* If a depositor fails to pay 5 (five) installments in a row after completion of any one of these terms, then the Bank reserves the right to close the account and profit will be paid as mentioned in withdrawal clause.
* In case of death of the depositor the scheme will cease to function. The amount will be handed over to the nominee of the deceased depositor. In case of absence of the nominee, the banks will hand over the accumulated amount

**Rules:**

* A form has to be filled at the time of opening the account. Attested photographs are advised.
* The depositor can select any of the installment amounts which cannot be subsequently changed.
* In case of minors, the guardians may open and supervise the account in his favor.
* A single person can open more than one account for saving under several installment amounts.
* The accumulated deposit with profit will be returned within one month of completion of a term.
* The depositor should notify the bank immediately on any change of address.
* The government tax will be deducted from the profit accumulated in this scheme.
* If necessary, at the request of the depositor, the scheme can be transferred to another branch.
* The Bank reserves the right to change the rules and regulations of the scheme as and when deemed necessary.
* Income Tax on profit paid shall be deducted at the time of payment.

**Mudaraba Multiplus Saving Scheme: Objectives of the Scheme:**

To gather public's idle money in exchange of high return within the shortest possible time.

**Terms and Conditions of the Scheme:**

* Any individual, company, educational institution, government organization, NGO, trust, society etc .may invest their savings under this scheme.
* The deposit can be made in multiples of Tk. 5,000.00.
* Any customer can open more than one account in a branch in his/her name or in joint names. A Deposit Receipt will be issued at the time of opening the account.

**Additional Terms and Conditions:**

* Bank reserves the right to change the weight age of deposit & the portion of distribution of Investment Income.
* At the time of payment of deposit Income Tax on profit shall be deducted

**Chapter 2: Introduction to EXIM Bank of Bangladesh Limited**

**Chapter 3:**

**Theoretical Analysis**

**3.0 Introduction to Foreign Exchange**

Foreign Exchange Department is International department of the bank. It deals globally. It facilitates international trade through its various modes of services. It bridges between importers and exporters. If the branch is authorized dealer in foreign exchange market, it can remit foreign exchange from local country to foreign country. This department mainly deals in foreign currency. This is why this department is called foreign exchange department. The term foreign exchange has different connotations in different contexts. Sometimes it is referred to as the process of conversion of one currency into another, sometimes as the process of transferring money from one country to another. In Bangladesh is has a legal a legal definition too. In terms of section 2(d) of the F. E. R. Act 1947, as adapted in Bangladesh, foreign exchange means foreign currency and includes instruments expressed in foreign exchange, all deposits, credits and balance payable in foreign currency as well as foreign currency instruments such as Draft, TC, Bill of Exchange, promissory note, and Letter of Credit payable in any foreign currency. The business of foreign exchange is getting increasingly complex and intensely competitive. However, in the backdrop of phenomenal growth of Bangladesh‘s external sector, foreign exchange business provides a challenge as well as an excellent opportunity to accelerate growth of bank‘s own business. This is the Institution that facilitates international trade payment as banking channel is the way of settlements. Besides, banks meet the other need of foreign exchange transactions of the people of the country as they are authorized to deal in foreign exchange upon receipt of permission from Central Bank under Foreign Exchange Regulation Act. All exports and imports are executed through the intervention of banks. They make the way through which exporter can get payment from importer. On the other hand the make the payment for the importer done by the people of Bangladesh. Side by side, they provide funded and non funded credit facility in execution of International Trade.

**3.1 Scope of Foreign Exchange**

No country is self sufficient in this world. Everyone is more or less dependent on another, for goods and services. Say, Bangladesh has cheap manpower whereas Saudi Arabia has cheap petroleum. So Bangladesh is dependent on Saudi Arabia for petroleum and Saudi Arabia is dependent on Bangladesh for cheap manpower. In this backdrop Bangladesh earns huge remittance of Green Back (US Dollar, EURO, Pound Sterling, Yen, Ringgit, Riyal etc. to meet up its import payments. People of one country is going to another country for education, medical services etc. one country exports agricultural commodities another country exports industrial products. All these transactions needs foreign currency and are closely related to foreign exchange.

**3.2 Types of Foreign Exchange**

There are three kinds of Foreign Exchange Transactions

1. Import
2. Export and
3. Remittance (Inward and Outward)

**Figure 3.2: Functions of Foreign Exchange Department**

**3.3 Definition of Import**

Import may be defined as bringing of visible items to the country from abroad through letter of credit or LCA Form paying foreign currency to the exporting country. Import business involves transactions in foreign exchange. By foreign exchange we generally mean foreign currency like US Dollar notes, Great Britain Pound etc. Bank notes or what we commonly call foreign currency notes however, do not play any significant role in settlement of international transactions. The term foreign exchange is used in broader sense as a process of conversion of one currency into another. Foreign Exchange Regulation Act-1947 regulates Foreign Exchange dealings in our country. Under this Act, Bangladesh Bank has published a Book in two volumes as on 30th September 1996 named as “Guidelines for Foreign Exchange Transactions” which governs the import procedures to be followed by the AD branches for import business. Import is also regulated by the import policy order of the Ministry of commerce and other notices of the CCI&E and the NBR. As such, all of our AD Branches must follow these Guidelines in dealing with import business.

In our Bank, we have to abide by the principles of Islamic Shariah, our Branches have to follow the internal circulars of the bank in respect of import business and this guidebook. All of our AD Branches are instructed to follow this guidebook at the time of foreign exchange dealings. Any subsequent amendment, modification, addition foreign exchange circulars issued by Bangladesh Bank and our Head Office also to be followed by AD Branches.

**3.3.1 Classifications of Importers**

Goods are being imported for personal use, commercial purpose or industrial use. So there are three kinds of importers such as:

1. **Personal Importer (User):** They need no registration from CCI&E for import up to a certain amount as per IPO in force.
2. **Commercial Importer:** Those who import the goods to sell-out the same to the market directly without any other processing is called commercial importer.
3. **Industrial Consumer:** Those who Import the goods for Industrial Consumption are called Industrial Importer.

**3.4 Definition of Export**

By export we generally mean selling of visible and invisible goods and services outside the country against letter of credit, firm contract or Advance payment. Besides, local supplies against Letter of Credit/contract through banking channel are also deemed as export. However the local export does not need to be reported to Bangladesh Bank in the schedules.

Export Business occupies very important position in the Balance of Trade and Balance of payment of the country. Export occupies an important position in the foreign exchange business portfolio of the bank. In handling export business, certain Acts, guidelines &regulations have to be followed such as the Export Trade Control Regulation Act, Guidelines for Foreign Exchange Transactions published by Bangladesh Bank and Export Policy issued by Ministry of Commerce from time to time. At the same time, as Shariah based bank, our export business should comply with the provisions/ principles of Islamic Shariah. If any of the provisions of this guidebook contradicts in any way the government rule or accepted International Standard Banking Practice (ISBP) will reign on this book. Any subsequent not covered in this book must also be followed. If any area of foreign exchange business is not covered in this book in that case the prevailing rules of Bangladesh Bank and international norms have to be followed.

**3.5 Foreign Remittance**

Foreign Remittance, mainly Wage Earner’s Remittance by Bangladeshi Expatriates plays a vital role on overall economy of the country particularly on the Foreign Exchange Reserve position. Foreign remittance also has its impact on the Balance of Trade and Balance of Payment of the country.

Foreign Remittance: Remittances coming in and going out in between foreign countries are called Foreign Remittance.

**3.6 Remittance Products and Services**

**3.6.1 Foreign Remittance Products**

* Remittance Card
* Foreign Demand Draft
* Hajj Pre-paid Card
* Travel Pre-paid Card

**3.6.2 Foreign Remittance Services**

* Central Crediting Account
* Payment 3rd Bank Remittance through TT& PO
* Payment of Spot Cash Remittances
* SMS Notification
* SMS Push Pull Service
* Maintaining NRD & NRT Account

**3.7 Types of Remittance**

**A. Inward Remittance**

* Electronic Fund Transfer
* Spot Cash
* Application for Programming Interface
* Encashment of Cash Foreign Currency
* Collection of F.C. Cheques/Drafts
* Payment of Foreign TT & DD (FTT & FDD)

**B. Outward Remittance**

* Travel Purpose
* Study purpose (Student File)
* Medical purpose
* Issuance of Foreign TT & DD (FTT & FDD)
* Selling/ Issuance of Foreign Currency
* Travel Pre-paid Card
* Commercial Remittance
* Different Private Remittance

**3.8 Mode of Remittance**

1. T.T = Telegraphic Transfer
2. D.D = Demand Draft
3. M.T = Mail Transfer
4. T.C = Travelers Cheque
5. P.O = Payment Order
6. Cheque.
7. Notes and Coins.

**3.9 Definition of LC**

The Union customers and Practice for Documentary Credits, 2007 Revision, ICC Publication no. 600 (“UCP”) are rules that apply to any documentary credit (“credit”) (Including, to the extent to which they may be applicable, any standby letter of credit) when the text of the credit expressly indicates that it is subject to these rules. They are binding on all parties thereto unless expressly modified or excluded by the credit. **Credit** means any arrangement, however named or described, that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honor a complying presentation.

**3.10 Parties of LC**

A. The Issuing Bank/Importer’s Bank/Applicant’s Bank

B. Supplier/Beneficiary/Exporter.

C. The Confirming Bank (if any)

D. The Advising Bank

E. Negotiating Bank

F. Reimbursing Bank

G. Transferring Bank

H. Notify party

**3.11 Types of LC**

Though ICC in its UCPDC 600 mentioned only one type of LC that is irrevocable. But in general in world business practice there are several types of LC still exists which are;

1. Irrevocable LC
2. Add confirmed LC
3. Clean clause LC
4. Revolving LC
5. Transferable LC
6. Restricted LC
7. Red clause LC
8. Green clause LC
9. Clean Letter of Credit
10. Straight Documentary Credit
11. Irrevocable Negotiable Documentary Credit
12. Stand by Credit
13. Back to Back LC
14. Cash LC
15. Barter LC
16. LC under commodity Aid Loan, Credit or Grant.

**Chapter 4:**

**Foreign Exchange Function of EXIM Bank Bangladesh Limited**

**4.0 Foreign Exchange of EXIM Bank Bangladesh Limited**

Foreign exchange department deals with foreign currency and the transaction of it.

The major job of this department is listed below:

1. Letter of Credit (for Export &Import)
2. Dollar/Travelers Cheque (TC) Endorsement
3. Foreign Remittance
4. Foreign Currency Account

**4.1. Basic Functions of Foreign Exchange Department:**

Foreign Exchange Department performs many functions to facilitate the foreign exchange transactions. These are:

* Facilitating Import Trade
* Facilitating Export Trade
* Providing Funded and Non- funded Credit Facility.
* Provide Non Commercial Remittance
* Maintaining Foreign Currency Accounts
* Selling of Foreign Currency Bond
* Preparation and Submission of Statements

The above mentioned functions are done by three sections namely:

* Import Section
* Export Section
* Foreign Remittance Section.

Functions of Foreign Exchange Department

**4.2 Import Section**

Import is the flow of goods and services purchased by economic agent staying in the country from economic agent staying abroad. We can simplify Import as a means purchase of goods and services from the foreign countries into Bangladesh. Normally consumers, firms and Government of Bangladesh import foreign goods to meet their various necessities. Import section helps business and other people to import goods. In international environment, buyers and sellers are most of the cases unknown to each other. So seller always seeks guarantee for the payment for his goods exported. Here is the role of bank. Bank gives export guarantee that it will pay for the goods on behalf of the buyer. This guarantee is called Letter of Credit. Thus the contract between importer and exporter is given a legal shape by the banker by its Letter of Credit‘. When a buyer goes to import some goods from a foreign buyer, he request his bank makes payments to the exporter of goods. And the bank recovers the amount from the importer.

**4.2.1 Import Mechanisms:**

To import, a person should be competent to be an importer. According to import and export control act, 1950, the officer of the chief controller of import and export provides the registration (IRC) to the importer. After obtaining this, this person has to secure a letter of credit authorization (LCA) from Bangladesh Bank and then a person becomes a qualified importer. He is the person who requests or instructs the opening bank to open an L/C. he is also called opener or applicant of the credit. Import and Export (control) Act 1950 regulate the Import and Export trade of the country. There are a number of formalities, which on Importer has to fulfill before import goods. These formalities are explained bellow

**4.2.2 Import Registration Certificate (IRC)**

The first thing one need to carry on a business of import is called Import Registration Certificate. But registration is not required for import goods, which do not involved remittance of foreign exchange like medicine; reading materials etc. can be imported without registration by the users within monetary limit. Documents to be required for Import Registration Certificate are as follows;

* Income Registration Certificate
* Nationality Certificate
* Certificate from Chambers of Commerce and Industry Registered Trade Association
* Bank Solvency Certificate
* Copy of Trade
* License
* Requisite fees

On receiving application, the respective CCI&E officer will scrutinize the documents and conduct physical verification and issue demand note to the prospective importers to furnish the following papers through their nominated Bank

* Original copy of treasury deposited as IRC fees
* Assets Certificate
* Affidavit from 1st class Magistrate
* Rent receipt
* Two passport size photograph
* Partnership deed in case of partnership firms
* Certificate of Registration, Memorandum and Articles of Association in case of Limited Company.

After scrutinizing and verifying, the nominated Bank will forward the same to the respective CCI&E office with forwarding schedule in duplicate through Banks representative. CCI&E then issue Import Registration Certificate to the Applicant.

**4.2.3 Functions of Import Section**

1. IMP form:

The form IMP contains the followings

* Name and address of the Authorized dealers.
* Amount of remittance to be permitted (i.e. L/C amount)
* LCA form no. Date and value in Taka.
* Description of goods.
* Invoice value in foreign currency, (i.e. L/C amount)
* Country of origin.
* Port of shipment.
* Name of steamer / Airline (i.e. By road/ship/air)
* Port of importation.
* Indenter's name and address.
* Indenter's registration number with CCI & E and Bangladesh Bank.
* Full name and address of the applicant.
* Registration number of the applicant with CCI & E.
* Type of LCAF.

2. Import Procedures: Procedures, which are followed at the time of Import, are as follows:

* The buyer and the seller conclude a sale contract provided for payment by documentary credit.
* The buyer instructs his bank (the Issuing bank) to issue a credit in favor of the Seller/Exporter/Beneficiary.
* The Issuing Bank then send messages to another Bank (Advising Bank/ Confirming Bank), usually situated in the country of seller, advice or confirms the Credit Issue.
* The Advising / confirming Bank then informs the seller through his Bank that the Credit has been issued.
* As soon as the seller receives the credit, if the credit satisfies him the he can reply that, he can meet its terms and conditions, he is in 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 (Nominated Bank). This can be the Issuing Banker Confirming Bank; Bank named in the Credit as the paying, accepting and Negotiating Bank.
* The Bank then checks the documents against the credit. If the documents meet the requirements of the credit, the Bank then pay, accept or negotiate according to the terms of credit. In the case of credit available by negotiation, Issuing Bank will negotiate with recourse.
* The Bank, if other than the issuing bank, sends the documents to the issuing Bank.
* The issuing Bank checks the document and if they found that the document has met the credit requirements, they realize to the buyer upon payment of the amount due or other terms agreed between him and the issuing Bank.
* The buyer sends transport documents to the carrier who will then proceed to deliver goods.

An importer is required to have the followings to import through the bank

* A bank account in the bank.
* Import Registration certificate.
* Taxpaying identification number.
* Performa invoice indent
* Membership certificate
* LCA (Letter of credit application) form duly attested.
* One set of IMP form.
* Insurance cover note with money receipts.
* Others

**4.3 Export Section**

The goods and services sold by Bangladesh to foreign households, businessmen and Government are called export. The export trade of our country is regulated by the imports and exports (control) Act, 1950. There are a number of 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 permissible for export from Bangladesh unless he is registered with CCI & E and holds valid Export Registration Certificate (ERC). The ERC is required to be renewed every year. The ERC number is to be incorporated on EXP forms and other documents connected with export.

Types of Export:

Export must be done as under:

1. Export against L/C or firm contract.

2. Export against advance payment.

3. Export under consignment basis.

**4.3.1. Export Operation of EXIM BANK**

Bangladesh exports a large quantity of goods and services to foreign households. Readymade textile garments (both knitted and woven), jute, jute-made products, frozen shrimps, tea are the main goods that Bangladeshi exporters exports to foreign countries. Garments sector is the largest sector of our country. Bangladesh exports most of its readymade garments products to U.S.A and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to U.S.A. Most of the exporters who export through EXIM Bank are readymade garments exporters. They open export L/Cs to export their goods, which they open against the import L/Cs opened by their foreign importers.

**4.3.2 Legal Requirements of EXIM Bank Ltd. into the Export**

Although payment aspects of exports are Bangladesh Bank‘s concern, the export policy Order announced by the Ministry of Commerce controls physical aspects. Bangladesh Bank has set out elaborate procedure and laid down detailed rules and regulations concerning Export and Export payments. All exports, to which the requirement of declaration applies, must be declared on the export Form. The branch should before certifying any export form, consider and take notice of the following:

* The intended exporter shall have valid Export Registration Certificate.
* Payment for goods exported from Bangladesh should be received through the branch in freely convertible foreign currency or in Taka from a non-resident Taka account of a bank branch or correspondent abroad.
* Commission, brokerage and other trade charges are admissible only up to a maximum of 5% of the value of goods. The charges beyond 5% may be admissible subject to prior approval of the Bangladesh Bank.
* In order to avoid any loss of foreign exchange to the country, the branch should see that
  + - Arrangements have been made for realization of export proceeds within prescribed period of 4(four) months.
* Arrangement has been made for receipt of title to goods like Bill of Landing, Airway Bill etc, by the branch on shipment of goods.
* The Export Form is signed either by the exporter or one holding valid legal power of attorney from exporter and the terms of the power of attorney are such that both the exporter and the attorney may be held responsible jointly and severally for realization of export proceeds.
* In respect of export of goods by land route or by sea, the Bill of Landing, Railway Receipts and other documents of title to cargo should be drawn only to the order of EXIM Bank Limited.
* In respect of export of goods by air, the Airway Bills and any other documents of title to cargo should be drawn to the order of EXIM Bank Ltd. in the country of important nominated by the branch.

**4.3.3 Issuance, Certification and Disposal of Export Forms**

The Export Forms are in quadruplicate. The branch to their exporter clients will supply these Forms. In all cases the forms will be completed and signed by the exporter on this authorized attorney. After receipt of the Exp Forms from the exporters for certification purpose, the branch will see and ensure that each set of the forms is duty filled in. Therefore, they will record full particulars for the forms in the Export Register (MBGx-11) and assign a number for each set of the Exp forms in the 5 boxes between AD‘s code number and year. The branch will also have to complete the forms themselves by monitoring all the required information and code number and certify the forms in the manner prescribed therein under seal land signature of the authorized official. After the branch certifies he forms these should be submitted to the customs authorities after filling in the portion relating to them and affixing therein their seal and signature will return the duplicate, triplicate and the quadruplicate copies to the exporter/his agent. The customer‘s authority will forward the original cop to the Bangladesh Bank. The exporter must submit all the remaining copies of the Exp form and the shipping documents to the branch in time to enable the branch to submit the certified duplicate copy of the Exp forms to the foreign exchange policy department, Bangladesh Bank within 14 days from the date shipment of the goods.

The branch on receipt of export proceeds from abroad shall certify on the reverse of the triplicate copy of the form retained with them and forward it to the Bangladesh Bank with the usual monthly return. The branch for record will retain the quadruplicate copy.

**4.3.4 Negotiation Discounting of Export Bills (Local)**

The branch may negotiate/discount of export bills received by them from local Supplies-cum-exporters against inland BTB/Cs or inland L/Cs having tenor at sight. Upon received of the documents the branch shall examine the documents with the L/Cs. If the documents appear on their face not to be in compliance with the terms and conditions of the credit, the beneficiary may be advised to rectify the discrepancies and/or the branch may send the documents on collection basis with the permission of the exporter. Purchase/collection registers assigning a number to each bill. The branch shall mail export bills under a forwarding schedule enclosing all documents as per documentary credit incorporating appropriate Payment instructions for payment/acceptance of issuing bank. Upon receipt of the acceptance and maturity from the concerned issuing/drawing bank, the bill may be purchased/discounting would be prepared as per banks format under the signature of an authorized official and should be Placed to the manager for disposal instruction/sanction. The branch then, make payment to the party by passing the voucher as per calculation shown in the discounting proposal at usance buying rate as per respective tenure of the usance bills. The branch shall remind the drawee bank to make payment of the bill on maturity and follow up to be continued till realization of the bill. Overdue interest @ 16% p.a. is to be recovered from the drawee bank or from the exporter if the bill is realized after maturity date.

**4.4 Foreign Remittance**

Foreign remittance is the transfer of foreign currency from one country to another country. Actually, foreign remittance is purchase and sale of freely convertible foreign currencies as permissible under exchange control regulations of the country. Foreign remittance is very important for the country as valuable foreign exchange is involved in the transfer mechanism.

**4.4.1 Types of Remittance**

There are two types of foreign remittance

* Foreign Inward Remittance
* Foreign Outward Remittance

**Foreign Remittance**

**Outward Remittance**

**Inward Remittance**

**Figure 4.1.1: Types of Foreign Remittance**

**4.4.2 Foreign Inward Remittance**

Remittance comes from foreign countries to our country is called inward remittance. To the bankers or Ads inward remittance means purchase of foreign currency by authorized dealers. Generally, inward remittances are received by draft, mail transfer, TT, purchase of foreign bills& traveler‘s cheque, export bills; basically, these are the formal channels of receiving inward remittance. A local bank also receives indenting commission of local firm also comes under purview of inward remittance.

**Inward Remittance**:

* Telegraphic Transfer (TT)
* Mail Transfer (MT)
* Foreign Draft (FD)
* Payment Order (PO)
* Travelers Check (TC)
* Foreign Currency Notes

**Collection procedure:**

* To make entry in Foreign Bills Collection Register
* To prepare forwarding Schedule in Quadruplicate
* To prepare vouchers on realization of proceeds Payment Procedure
* To check up the custom declaration
* To consult purchase agreement
* To obtain the signature of TC and to verify the same with the previous signature of the beneficiary on the TC
* To make entry register for TC and Drafts purchased
* To prepare vouchers and FET schedule
* Lastly send for collection

**Cancellation of Inward Remittance:**

In the event of any inward remittance which has already been reported to the Bangladesh Bank, being subsequently cancelled, either in full or part, because of non-availability of beneficiary Authorized Dealer must report the cancellation of inward remittance as an outward remittance of form ―T/M required document are

* The date of return in which the inward remittance was reported
* The name and address of the beneficiary
* The amount of the purchase as effected
* Reasons for cancellation

**4.4.3 Foreign Outward Remittance**

Remittance from our country to foreign countries is called outward foreign remittance. Sales of foreign currency by the authorized dealer or formal channels may be addressed as outward remittance. The authorized dealers must utmost caution to ensure that foreign currencies remitted or released by them are used only for the purposes for which they are released. Outward remittance may be made by appropriate method to the country to which remittance is authorized. Most outward remittance is approved by the authorized dealer on behalf of Bangladesh Bank.

* Telegraphic Transfer (TT)
* Mail Transfer (MT)
* Foreign Draft (FD)
* Payment Order (PO)
* Travelers Check (TC)
* Foreign Check (FC)
* Foreign Currency Notes

Outward remittance in favor of beneficiaries outside Bangladesh may be made in any of the following manners

**Formal channel:**

Fund transfer from one country to another country through official channels, i.e. banking channel, post office, and other private service channels, such as-

Western money order, Neno money order etc.

**Informal Channel:**

Fund transfer from one country to another country through hand by hand or over telephone in an unofficial channel like as “Hundy”. Remittance collected by informal “Hundy” rings operating in Middle East countries and UK are also used to finance illegal trade and transactions.

**Chapter 5:**

**Growth of Foreign Exchange and Foreign Remittance**

**5.0 Foreign Exchange and Remittance**

EXIM Bank Bangladesh Limited is playing a vital role in the Foreign Exchange Business of the Country. Total Foreign Exchange Business handled during the year 2014 was TK. 2,84,984.68 Million. The comparative figure is given below;

**Foreign Exchange business of the EXIM Bank**

**Table 5.0: Foreign Exchange Growth**

**(Amount in Million Taka)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Year | Import | % of total | Export | % of total | Remittance | % of total | Total |
| 2014 | 146,795.57 | 51.51 | 134,412.44 | 47.16 | 3,776.67 | 1.33 | **284,984.68** |
| 2013 | 135,409.88 | 50.40 | 130,353.32 | 48.52 | 2,889.48 | 1.08 | **268,652.68** |
| 2012 | 143,314.40 | 53.06 | 120,996.90 | 44.80 | 5,770.20 | 2.14 | **270,081.50** |
| 2011 | 128,445.77 | 50.49 | 122,217.34 | 48.04 | 3,744.36 | 1.47 | **254,407.47** |
| 2010 | 129,570.73 | 56.84 | 95,359.45 | 41.83 | 3,036.42 | 1.33 | **227,966.60** |

*Source: Annual Report of EXIM Bank.*

**Graph 5.0: Percentage position of Import, Export and Remittance of EXIM Bank Ltd.**

*Source: Annual Report of EXIM Bank.*

Overall Foreign Exchange Business handled by the Bank demonstrated a growth of 6.08% in 2014 over 2013 whereas Import growth was 8.14% and Export growth was 3.11% there are 19 Authorized Dealer (A.D) branches licensed by Bangladesh Bank to handle import, Export and Remittance business, 3 (three) of them were added during 2014.

**5.1 Import**

In the year 2014, EXIM Bank conducted import business for BDT 146.80 billion (equivalent USD 1.88 billion) by handling 37,818 number of import letter of credits. Import Business increased by 8.41% in 2014 compare to 2013.

**Import of EXIM Bank, 2011 to 2014**

**Table 5.1: Import Trend of EXIM Bank**

**(Tk in Million)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2014 | 2013 | 2012 | 2011 | 2010 |
| Import | **1,46,795.57** | **1,35,409.88** | **1,43,314.40** | **1,28,445.77** | **129,570.73** |

*Source: Annual Report of EXIM Bank*

**Graph 5.1: Import Trend of EXIM Bank**

*Source: Annual Report of EXIM Bank*

In the year 2010, EXIM Bank conducted import business for BDT 129.57 billion and the year 2011, import business decreased in a small amount at BDT 128.44 billion. In the year 2013, import business increased in BDT 143.31 billion than the previous two year.

**5.2 Export**

In the year 2014, EXIM Bank handled BDT 134.41 billion (equivalent USD 1.73 billion) export business from 39,169 number of export documents. Export business achieved 3.11% growth in 2014 compare to 2013.

**Export of EXIM Bank, 2011 to 2014**

**Table: Export Trend of EXIM Bank**

**(Tk in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2014 | 2013 | 2012 | 2011 | 2010 |
| Export | **1,34,412.44** | **1,30,353.32** | **1,20,996.90** | **1,22,217.34** | **95,359.45** |

*Source: Annual Report of EXIM Bank*

**Graph 5.2: Export Trend of EXIM Bank**

*Source: Annual Report of EXIM Bank*

In the year 2010, EXIM Bank handled BDT 95.35 billion export business which increased in the year 2011. In this year EXIM Bank completed BDT 122.21 billion from export business. In the year 2012, export business decreased in BDT 120.99 billion, and shows the increased amount in 2013 and 2014.

**5.3 Foreign Remittance**

In this year2014, Bank received BDT 3.78 billion (equivalent USD 0.05 billion) as wage earners’ remittance by handling 74,433 number of transactions. Inward Remittance achieved 30.70% growth in the year 2014 compare to 2013.

**Foreign Remittance of EXIM Bank, 2011 to 2014**

**Table 5.3: Foreign Remittance of EXIM Bank**

**(Tk in Million)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | 2014 | 2013 | 2012 | 2011 | 2010 |
| Remittance | **3,776.67** | **2,889.48** | **5,770.20** | **3,744.36** | **3036.42** |

*Source: Annual Report of EXIM Bank*

**Graph 5.3: Remittance Trend of EXIM Bank.**

*Source: Annual Report of EXIM Bank*

In the year 2010, EXIM Bank received BDT 3.03 billion as wage earners remittance, which increased in the year 2011. In the year EXIM Bank received BDT 3.77 billion from remittance business. In the year 2012, remittance increased in BDT 5.77 billion, and shows the decreased amount in 2013 and 2014.

**5.4 Inward and Outward Remittance of EXIM Bank (Nayarhat Branch)**

In the year 2015, the Inward and Outward remittance position of EXIM Bank in Nayarhat Branch is in the following; the data are approximately collected from the branch,

**Table 5.4: Inward and Outward Remittance position of EXIM Bank in Nayarhat Branch in 2015.**

**(Tk. In Million)**

|  |  |  |
| --- | --- | --- |
| Month | Inward Remittance | Outward Remittance |
| January | **24.65** | **14.54** |
| February | **28.98** | **17.23** |
| March | **31.26** | **20.57** |
| April | **37.62** | **23.79** |
| May | **35.25** | **21.47** |
| June | **41.32** | **28.87** |
| July | **46.91** | **30.54** |
| August | **50.88** | **32.05** |
| September | **51.04** | **31.85** |
| October | **48.26** | **25.34** |
| November | **49.39** | **23.06** |
| December | **45.18** | **19.87** |

*Source: EXIM Bank Bangladesh Limited (Nayarhat Branch)*

**Graph 5.4: Inward and Outward Remittance position of EXIM Bank in Nayarhat Branch in 2015.**

*Source: EXIM Bank Bangladesh Limited (Nayarhat Branch)*

In EXIM Bank Nayarhat Branch, the process completes by online clearing house. The inward and outward remittance measures after a periodic time such as a month. In the year 2015, the amount of Inward remittance increased up to the month September and decreased after three month.

And outward remittance was less than inward remittance, also increased up to September and decreased slowly to December.

**5.5 Relationship with correspondents in abroad**

We have correspondent banking relationship with more than 374 International banks and their world-wide 17,055 branches around 137 countries the correspondent banks around the globe are selected with great care to ensure that our customers get the best and most reliable service in the foreign lands at most competitive rates. Moreover, it maintains relations with International Finance Corporation (IFC) with a credit limit of US Dollar 5.00 million to be exercised within the 182 IFC member countries. The bank is also engaged in an agreement with Asian Development Bank (ADB) for credit line facilities.

**5.6 Net change in Import and Export business of EXIM Bank Ltd.**

**Table 5.6: Change of Export and Import of EXIM Bank Ltd.**

**(Tk in Millions)**

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Import | Export | Change in Export and Import (Net) |
| 2010 | **129,570.73** | **95,359.45** | **34,211.28** |
| 2011 | **128,445.77** | **122,217.34** | **6,228.43** |
| 2012 | **143,314.40** | **120,996.90** | **22,317.50** |
| 2013 | **135,409.88** | **130,353.32** | **5,056.56** |
| 2014 | **146,795.57** | **134,412.44** | **12,383.13** |

*Source: Annual Report of EXIM Bank*

**Graph 5.6: Change of Export and Import of EXIM Bank Ltd.**

*Source: Annual Report of EXIM Bank, 2014*

**5.7 Comparative Analysis of EXIM Bank, Shah Jalal Islami Bank and Islami Bank Bangladesh Limited.**

**Table 5.7: Comparative analysis of EXIM Bank, Shah Jalal Islami Bank and Islami Bank Bangladesh Limited.**

**(Tk. In Million)**

|  |  |  |  |
| --- | --- | --- | --- |
| Year 2014 | EXIM Bank | IBBL | SJIBL |
| Import | **146,795** | **316,971** | **83,731** |
| Export | **134,412** | **222,753** | **76,734** |
| Remittance | **3776** | **308722** | **3209** |
| Total | **284,983** | **848,447** | **163,674** |

*Source: Annual Report of EXIM Bank, IBBL & SJIBL.*

**Graph 5.7 Comparative analysis of EXIM Bank, Shah Jalal Islami Bank and Islami Bank Bangladesh Limited.**

**5.8 Exchange Company of EXIM Bank**

With a view to render remittance service to the Bangladeshi expatriates as well as to encourage them for sending their hard earned money to Bangladesh through legal channels, EXIM Bank has 02 (Two) fully owned subsidiaries named (1) EXIM Exchange Company (UK) Limited London, UK and (2) EXIM Exchange Company (Canada) Limited, Toronto, Canada. Besides, the bank has established drawing and sub-agency arrangements with other International money transfer companies like Western Union, MoneyGram, Xpress Money, Ria Money Transfer, Wall Street Exchange Center LLC, Zenj Exchange Co, W.L.L, IME, Al- Ansari Exchange LLC, etc. to facilitate the remittance services from all over the world. Now the bank is able to deliver the remittance to the beneficiaries in time in any place of the country by using ELDORADO and Bangladesh Electronic Fund Transfer Network (BEFTN).

**5.9 Offshore Banking Units (OBU)**

As per approval of Bangladesh Bank, two Offshore Banking Units (OBU) of EXIM Bank, one in Motijheel Branch, Dhaka and other in Agrabad Branch, Chittagong, have been opened. The units came into operation from June, 2012 by financing against UPAS (Usance Payable at Sight) LCs of Authorized Dealers. In the year 2014, the units earned total profit for USD 2,613,893.34 (equivalent BDT 20, 37, 51,417.51) by handling total 769 documents of UPAS bills and export bills.

**Chapter: 6**

**SWOT Analysis**

**6.0 SWOT Analysis:**

The overall evaluation of company’s strengths. Weaknesses, opportunities, and threats are called SWOT analysis. The method of SWOT analysis is to take the information from an environmental analysis and separate it into internal (strengths and weaknesses) and external issues (opportunities and threats). Once this is completed, SWOT analysis determines what may assist the firm in accomplishing its objectives, and what obstacles must be overcome or minimized to achieve desired results. SOWT analysis also called.

1. Internal Environment

2. External environment analysis.

**Opportunities**

**Strength**

**SWOT Analysis**

**Internal**

**External**

**Weakness**

**Threats**

**Graph: SWOT Analysis**

**6.1 Internal environment analysis:** Strengths, Weakness.

**Strengths:**

* EXIM Bank introduced first specialist banking service in Export Import sector.
* In Foreign Exchange Business EXIM Bank provides their services successfully and have achieved goodwill among the Shariah based banks.
* EXIM Bank Foreign Exchange department communicates with foreign banks frequently and quickly.
* The main activity of EXIM Bank is Foreign Exchange. So there facilities are much better than other department like skilled personnel and technical sector.
* They do almost all the activities through online.
* Foreign Exchange of EXIM Bank has extra specialized and qualified staff as technical sector.
* Foreign Exchange of EXIM Bank always tries to be responsible for commitment according to requirement to the customer.
* Foreign Exchange department involve in SWIFT Banking.

**Weakness:**

* They do not have any strong advertisement.
* EXIM Bank has limited branches in rural area to deal with Foreign Exchange operation.
* Charge of L/C is comparably higher than the other bank.
* EXIM Bank Remittance investment so poor than other investment.
* SWIFT Banking is not started in all branches.
* They do not have research & development section.

**6.2 External Environment Analysis:** Opportunity & Threat

**Opportunities**

* EXIM Bank has a chance to increase investment in remittance business.
* By hiring efficient employees may ensure better services.
* By opening branches in rural areas they can expand their business.
* They can attract more customers by using or spread online facilities.

**Threats**

* Sometimes Bangladesh Bank certainly gives some rules and regulations which are difficult to maintain by any department.
* As all the branches do not follow the SWIFT banking, market may be loosed.
* Government pressures to reduce investment and remittance rate so the income may be decreased.

**Chapter 7:**

**Findings, Recommendation and Conclusion**

**7.1 Major Findings of the Study:**

The major findings are given below;

1. EXIM Bank Ltd. takes 100% margin for the new importer to avoid the risk**.**
2. EXIM Bank Ltd. does not provide assistance in relation with foreign exchange to the SME.
3. Lack of enthusiastic scheme for exporter & importer.
4. EXIM Bank Ltd. charges are little bit higher in foreign exchange operations than some other commercial private bank.
5. EXIM Bank Ltd. focuses more on import financing than export financing and foreign remittance.
6. In 2014, this bank is done well in foreign exchange operation from the previous year.
7. The marketing strategy adopted by the bank is effective but not efficient.
8. ATM (Automated Teller Machine) of EXIM Bank is not available which is customers demanding.
9. The sitting arrangement of the Branch is well decorated.
10. All the charges and Interest rate of the EXIM Bank is comparatively lower.
11. Employees of the Branch maintain good relation with their customer.
12. For the better facilities people are interested to do business with EXIM Bank.

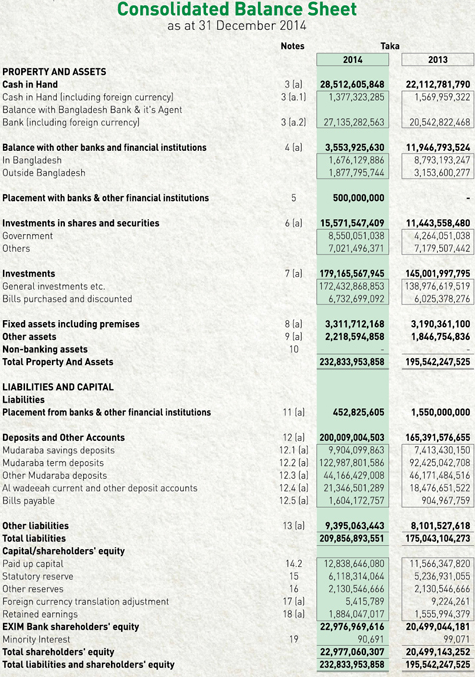
**7.2 Recommendations:**

This is recommended that some aspect of EXIM Bank Limited can be supportive for management to get some pioneering ideas for the probable situations of the identified problems to ensure better progress in future; some necessary steps are recommended below on the basis of collected data, observation, expert staff’s opinion and my knowledge and judgment.

1. Diversified schemes for export and import with fewer margins for L/C should introduce by the bank for small entrepreneur to target a different segment to increase volume of export and import.
2. Efficient and attractive marketing strategy and appearance of the bank in the printing media and electronic media would also increase knowledge of people about foreign trade. This is very much useful for increase transactions in foreign exchange department of this bank.
3. Tight rules and requirements for opening foreign currency account should be relaxed and make it easy and simple.
4. The bank should take the initiative to develop an effective research and development center to get innovative ideas to capture the competitive market.
5. Management should set proper planning for its operations of each and every work for the whole bank as well as all branches of EXIM Bank Limited.
6. EXIM Bank Limited should take necessary step to increase their network facilities.
7. Automated Teller Machine (ATM) card facilities are not easy of EXIM Bank Limited. So they are losing their many potential customers. So I think EXIM Bank Limited should take necessary step to easy their ATM card facilities for their customers.
8. Top management must ensure the proper implication of IT in all branches.

**7.3 Conclusion:** As an organization the EXIM Bank Limited has earned the reputation of top banking operation in Bangladesh. It is relentless in pursuit of business innovation and improvement. It has a reputation as a partner of consumer growth. Though it is a new bank, EXIM Bank makes a strong position through its various activities. Its number of clients amount of deposit and investment money increases day by day. This bank already has shown impressive performance in Foreign Exchange Business. The performance of Export-Import business is reaching a satisfactory level. EXIM bank introduced a specialized banking service in Export Import business. With a bulk of qualified and experienced human resource, EXIM Bank Limited can exploit any opportunity in the banking sector. Since its establishment it is rendering its services with qualified and knowledgeable staff. The environment of EXIM Bank Ltd is very modernized and friendly. The staffs are specialized in their respective fields. Each of them works on their own and there is supervision from the top. The motivation of the staff, I believe comes from the very sense of responsibility. Each member is individually responsible for his or her work. Consumers are more or less satisfied with the present services of the bank. Management should think to start new services and take different types of marketing strategy to get more customers in this competition market of banking. This report tries to figure out most of the indicators of problems and strengths of EXIM Bank Limited as a valid pretender in the competitive banking sector of Bangladesh. The main philosophy of EXIM Bank is to diminish interest and charge or pay fixed interest on loans or deposits and at the same time establish an egalitarian society based on the principle of social justice and equity Instead of predator mind interest on deposits.

**Appendix**



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