

Foreign Exchange Policy Department
Bangladesh Bank
Head Office
Dhaka
www.bb.org.bd

FE Circular Letter No. 12

Date: April 24, 2022

Head offices/principal offices of all
Authorized Dealers in Bangladesh

Dear Sirs,

Insurance coverage against financing to exporters

Please refer to paragraph 25, chapter 8 of the Guidelines for Foreign Exchange Transactions-2018, Vol-1 (GFET) and subsequent circulars regarding the discounting of usance export bills in foreign currency at all-in-cost ceiling. To extend post shipment financing to exporters through bill discounting on recourse basis, Authorized Dealers (ADs) need to conduct due diligence on concerned parties together with underlying export transactions in accordance with the instructions laid down at GFET and relevant circulars.

02. It is observed that local insurance companies offer insurance coverage facilities under export credit guarantee scheme to safeguard default risk of financing. In this context, ADs may, at their option, safeguard their financing against bill discounting on recourse basis by appropriate insurance coverage available from insurance companies locally as an extra comfort. Before obtaining insurance coverage, ADs should take consent from exporters in this regard.

03. Besides post shipment financing, the proposition of offsetting the default risk by appropriate insurance coverage may be adopted against funded or non-funded facilities to exporters at pre-shipment stage.

04. Financing safeguard by insurance coverage will not give waiver from realization of export proceeds. Hence, export proceeds need to be repatriated as per requirement of foreign exchange regulations in force.

ADs are advised to bring the above contents to the notice of their constituents concerned.

Yours faithfully,



(Kazi Rafiqul Hassan)
General Manager
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