

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

FE Circular No. 30

Date: November 12, 2024

All Authorized Dealers in
Foreign Exchange in Bangladesh

Dear Sirs,

Timely settlement of import payments

Authorized Dealers (ADs) and their correspondents abroad facilitate import transactions in terms of international rules and local regulations. In this case, letters of credit (LCs) inter alia work as a convenient tool for suppliers abroad. Sight bills against imports need to be settled within stipulated time under UCP in force. Usance bills are to be settled on maturity as per the terms of acceptance.

02. The settlement procedure needs to be observed in respect of import transactions, including permissible inland deliveries in foreign currency. Delay in payments deteriorates correspondent relations with counterparts and increases import costs. Given the current improved situation, foreign exchange market of the country is in long position. In this context, delays in making import payments by ADs are not acceptable against clean bills, and accepted bills. These possible developments notwithstanding, market information and different reports indicate that some ADs are delaying or defaulting to make timely payments. This results in reputational loss for Bangladesh, leading to higher costs for imports relating to confirmation charges, trade credit, etc.

03. In order to rectify the situation, ADs need to adhere strictly to their commitments with regard to import payments. Accordingly, ADs shall follow the payment behavior framework as outlined below:

(a) Before issuing LCs, ADs shall ensure appropriate credit lines available for the respective importers;

(b) Issuance of LCs on behalf of importers without underlying credit facilities is subject to adequate cashflows and prospective fund arrangements to cover import payments;

(c) Usance import should be financed through buyer's credit by offshore banking operations, or by the own fund of ADs in terms of paragraph 5(b), chapter 16 of the Guidelines for Foreign Exchange Transactions-2018, Vol.1.

04. ADs are reminded to the effect that overdue import payments will no longer be acceptable. Failure to settle payments on time is subject to punitive actions, including personal accountability to the officials responsible for the transactions.

ADs are advised to comply with the above directives meticulously and clear all bills remaining overdue, if any, immediately.

Yours faithfully,



(Md. Harun-Ar-Rashid)
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