



A STUDY ON MECIB: BEFIP SCHEME AS AN EXPORT PROMOTION INSTRUMENTS WITH REGARD TO ITS PROFESSIONAL SERVICE QUALITY

A PAPER PRESENTED TO THE
SCHOOL OF BUSINESS
MARA INSTITUTE OF TECHNOLOGY
IN PARTIAL FULFILMENT OF THE REQUIREMENT
FOR THE ADVANCED DIPLOMA IN
BUSINESS STUDIES (FINANCE)

by

SHARIFAH SAIBANA BT SYED KAMAL
ITM NO: 92753563

DATE OF SUBMISSION : 7 NOVEMBER 1994

ACKNOWLEDGEMENTS

My thanks is due to Puan Zahiyah Itam Othman, being the advisor for her support and encouragement in this venture, give quality and depth to this study.

In compiling the statistical data, I have enjoyed valuable help from MECIB's Insurance and Guarantee Department, Library of Bank Industri and Mara Institute of Technology (ITM) Library.

For their guidance on the International Trade scene, I am indebted to ;

- * En. Bakri Abdul Manaf
(Assistant Manager of MECIB)
- * Cik Sharidah
(Executive of Guarantee Department)
- * Mr. Ashokan Pillay
(Executive of Guarantee Department)
- * The Management and Staff of MECIB.

I would also like to express my gratitude to Bankers from participating banks on BEFIP scheme for their kind co-operation on answering the questionnaires.

ABSTRACT

A study provides a review of the existing export financial system (MECIB) from the perspective of financial institutions.

Most important in this undertaking is an evaluation of the effectiveness of the schemes and the professional service quality as described core of marketing excellence.

Basic weaknesses of the system can be isolated in terms of resources, automaticity, effectiveness of export credit guarantee scheme (BEFIP), the cost and institutional weaknesses.

2 areas require particular attention in the export financing scheme are :

- i) operations and policies of the scheme
- ii) external considerations which influence strategic decision making this regard.

TABLE OF CONTENT

ACKNOWLEDGEMENT

ABSTRACT

LIST OF TABLES

LIST OF FIGURES

1.0 INTRODUCTION

1.1 Review of the issue in the operation of
Credit Guarantee Scheme. 1

1.2 Objectives of the Study 4

1.3 Scope and Limitation 5

2.0 CREDIT INSURANCE SCHEME

2.1 The History of Credit Insurance 6

2.2 What Is Export Credit Insurance 11

2.3 Why The Need For Export Credit Insurance 12

3.0 INFORMATION ON MECIB

3.1 Establishment of MECIB 15

3.2 Development and Growth 18

4.0 BEFIP

4.1 Objectives 21

4.2 Overview 22

4.3 Eligible Credits and/or Advances 27

4.4 Types of Cover Available 29

4.5 Parties to the BEFIP 30

4.6 Extends of Indemnity 31

4.7 Duration of Policy 32

4.8	Facility Limit	32
4.9	Premium	35
4.10	Underwriting Factors for Exporters' Risk	36
4.11	Methods of Exporters Risk Assessment	
4.12	Impact and Progress on Implementation of BEFIP scheme	41
	Case Study	44
5.0	LITERATURE REVIEW	49
6.0	HYPOTHESIS, METHODOLOGY AND DATA	54
7.0	RESULTS AND ANALYSIS	
7.1	BEFIP Weaknesses	70
7.2	Descriptive Analysis	74
7.3	Graph and Pie Chart Analysis	79
8.0	SUMMARY, CONCLUSIONS AND SUGGESTIONS	82

Appendix

Bibliography