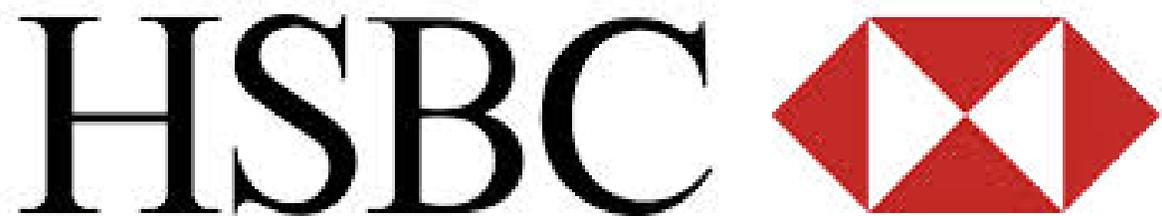


INTERNSHIP REPORT ON



The world's local bank

BUS 400
INTERNSHIP REPORT
ON
CUSTOMER PERCEPTION ABOUT TRADE SERVICE OF HSBC

SUBMITTED TO:

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LETTER OF TRANSMITTAL

Date: 27th June, 2013

Showvonick Datta

Lecturer

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Subject: Submission of Internship Report

Dear Sir,

I am here by submitting my Internship Report, which is a part of the BBA Program curriculum. It is great achievement to work under your active supervision. This report is based on, Customer perception about the trade service of HSBC. I have got the opportunity to work in "The Hongkong and Shanghai Banking Corporation" under Global Trade and Receivables Finance, Commercial Banking for twelve weeks, under the direct supervision of Mr. Anisul Karim, Head of Trade and Mr. Ruhul Qddus, Import Manager, Trade service.

This project gave me both academic and practical exposures. First of all I learned about the organizational culture of a prominent multinational Bank. Secondly, the project gave me the opportunity to develop a network with the corporate environment.

I shall be highly obliged if you are kind enough to receive this report and provide your valuable judgment. It would be my immense pleasure if you find this report useful and informative to have an apparent perspective on the issue.

Sincerely Yours

Md. Nayem Parves

BRAC Business School

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BRAC University

ACKNOWLEDGEMENT

As part of my internship for BUS400 from BRAC University I have been assigned this report to reflect my learning and it is with great pleasure that I express my gratitude to following institutions and individuals. First and foremost I thank BRAC University and the BRAC Business School for enlightening me over the period of my Bachelors in Business Administration. Every faculty of the BRAC Business School receives my greatest accolade because of all their teachings which generated an interest in me to excel. My gratitude goes to HSBC – for selecting me as intern out of a highly competitive environment – consequently allowing me to learn from one of the leading international bank in Bangladesh and from managers who are undoubtedly experts in their fields. The learning has been paramount and immensely enlightening. At HSBC I had the opportunity to learn from Mr. Ruhul Quddus, Import Manager Global Trade and Receivables' Finance, who was my line manager. I must set aside a vast amount of reverence for my second line manager, Mr. Tahsin A Chowdhury, import officer at Global Trade and Receivables Finance of HSBC. Both my line managers had been extremely cordial, supportive and optimistic with me and my efforts since the day I joined. Along with that I would also like to show my heartfelt gratitude to all the members of the Trade department who have always been very supportive towards me and encouraged me to work creatively. Last but not the least I must reserve my heartfelt gratitude for Mr. Showvonick Datta, Lecturer, BRAC Business School and my Internship Supervisor on behalf of BRAC University. His optimism and faith in me and my abilities gave me massive confidence in myself and my work. Even during times when my work seemed difficult to me, I always received proper direction after a meeting with him. My internship report itself has been analyzed and dissected scrupulously under his supervision.

TABLE OF CONTENT

Chapter	Topic	Page No.
	Executive Summary	v
Chapter 1	Introduction	1
1.1	Background of the Report	2
1.2	Origin of the report	3
1.3	Objective of the Report	3
1.4	Scope of the Report	4
1.5	Methodology of the Report	4
1.6	Limitations of the Report	5
Chapter 2	Company Overview	6
2.1	HSBC at a Glance	7
2.2	Growth of the Bank	8
2.3	Strategic Alliances and Acquisitions	9
2.4	Global operating area of HSBC	11
2.5	Vision, Values, and Governing Objective of HSBC Group	13
2.6	HSBC Business Principles	14
2.7	HSBC Bangladesh at a Glance	14
2.8	HSBC's Operation in Bangladesh	15
Chapter 3	Job Description	17
3.0	Introduction at HSBC	18
3.1	Printing Mejban Card	18
3.2	Duplicating the EXP Document	18
3.3	Duplicating the EXP Document	18

3.4	Online Input of Import L/C	19
Chapter 4	Analysis and Findings	20
4.1	Foreign Exchange and trade	21
4.1.1	Meaning of Foreign Exchange	21
4.1.2	People those are involved in Foreign Exchange trade	22
4.2	SWOT Analysis regarding HTV	23
4.2.1	Strengths of HTV	23
4.2.2	Weaknesses of HTV	25
4.2.3	Opportunities of HTV	26
4.2.4	Threats of HTV	27
4.3	Major Findings	28
4.3.1	L/C Opening cost	29
4.3.2	Branch in KEPZ and CEPZ	30
4.3.3	Document Process Time	31
4.3.4	Funding	32
4.3.5	Business Relation	33
4.3.6	Any extra facilities	34
4.3.7	Placement of the Bank	35
4.3.8	Level of satisfaction	36
4.3.9	Business Risk	37
4.3.10	Overall Satisfaction	38
Chapter 5	Recommendations and Conclusion	39
5.1	Recommendations	40
5.2	Conclusion	41
	References	42
	Appendix	43

EXECUTIVE SUMMARY

As part of my academic requirement and completion of my BBA program, I needed to complete a three months period of Internship program. I chose to do my Internship at HSBC. At HSBC I was assigned to various tasks and projects from the beginning to ending. It was a huge experience for me and I took the opportunity to learn about as much as possible while I was working on those projects. HSBC is a leading international bank. Founded in 1865 and commenced its operation in Bangladesh in December 1996. I had the opportunity to do my internship at HSBC for three months at Chittagong main branch. This report has been presented based on my observation and experience gathered from the company. The organization has many divisions and departments but the focus is given more on trade department. This report fairly describes the Company I did my project in, which is, HSBC, and gives an idea of its products/services, culture, beliefs, CSR activities etc. The report then goes on to explain what foreign exchange and trade is, in an elaborate manner. The report also gives a clear idea, based on my findings and analysis whether the foreign trade customers are satisfied with the current trade service or not.

As it is an Internship report of my Internship program at HSBC, the report describes my role during my internship period as well as my responsibility carried out specifically on that period. Based on the findings I have also included a few recommendations that this report holds at the end. Although, it is difficult to come to a conclusion without a proper research or survey, I based my conclusion partially on what I thought from my findings as well as what my interview respondents have shared.

CHAPTER: ONE

Introduction

1.1 Background of the Report

Banks are the key financial institutions that play a vital role in the country's economy. Globalization in the banking sector has thrown up opportunities as well as challenges. Competition is getting an edge day by day. It paces with the continuous development occurring in the tremendous competitive environment.

It is a financial intermediary accepting deposits and granting loans offers the widest menu of services of any financial institution. They are the principal source of credit for million of individuals and firms and for many units of government. Moreover, for small local business ranging from grocery shops to automobile dealers, banks are often the major source of credit to stock the shelves with merchandise or to fill a dealer's showroom with new cars. When business and consumers must make payments for purchase of goods and services, more often not they use bank provided checks, credit or debit cards, or electronic accounts connected to a computer network. And when they need financial information and financial planning, it is the bankers to whom they turn most frequently for advice and counsel.

As global economic growth occurs, understanding trade is increasingly important. And, my purpose in conducting my Internship in a multinational bank such as HSBC Bank (Trade Services Department) stems from my interest in international trade- not just the operational aspects of the Bank, but what are necessary to become successful in real or practical work life. To bolster our imagination, we need to keep up on the changing situations i.e. we need an interest in foreign affairs. And, my Internship in the Trade Services Department of HSBC Bank has given me the opportunity in viewing what is happening in actual trade businesses.

In HSBC Bank, the international trade is handled by Trade Services Department or briefly called as a pet name HTV (HSBC Trade Services) throughout the bank all over the world.

1.2 Origin of the Report

This report is an outcome of Internship Program as the requirement of BBA program of BRAC University. After completing 11 semesters of cumulative study, it is very important to conduct with practical study for having a strong idea about real happening.

This program actually makes a relationship between theoretical and practical knowledge. By the help of the program we can build ourselves confident that we can handle the practical job life. Since it is true that by having only theoretical knowledge it is little bit difficult to adjust with the practical life, unless without having any practical job experience. This program breaks our hesitation regarding practical job environment.

As the requirement of BBA program every student has to do an internship of 3 months period. On that note I did my internship at HSBC in Global Trade and Receivables' Finance department from 16th of February 2013 to 16th of May 2013. Throughout the whole period my academic supervisor was Showvonic Dutta, Lecturer BRAC Business School and He allowed me to do a research whether the Trade service of HSBC needs any changes or not. The focus of the report is **“Customers perception about the trade service of HSBC”** and I tried my level best to come up with an actual idea

1.3 Objective of the Report

Broad Objective:

- The research was conducted for a two-fold purpose. First to analyze various aspects of HSBC trade services and second to have a practical knowledge of the professional life and to relate the four year theoretical learning to profession. More importantly, it was required for the fulfillment of the BBA program.

Specific Objectives:

- To find out the whether the trade service of HSBC meets the requirement of its customer
- To get the concept whether trade service needs an improvement or not.
- To identify strengths and weaknesses along with threats and opportunities of HTV (HSBC trade service).

1.4 Scope of the Report

The scope of the study on a multinational bank is vast and it is hardly possible to become familiarized with the total banking system decently within three (3) months. Therefore, the scope of the report encompasses the areas covered by the theoretical discussion and the project part. Maximum endeavor has been carried out to focus on the foreign exchange operation. This part will also provide evidence of the banks activities and nature of foreign exchange operation and Customer Perception about the trade service of HSBC. I conducted my research on 20 customers.

1.5 Methodology of the Report

This report contains both primary and secondary data. The data sources I have used to complete this report are given below:

Sources of Information:

Primary Sources:

- informal discussions with employees, respective Unit Heads and officers of HSBC trade services
- Through observing various organizational procedures and structures
- Through surveys on customers of the organization

After collection of primary data statistical tools have been applied to interpret the collected data.

Secondary Sources:

I have elaborated different types of secondary data in my research. Sources of secondary information can be defined as follows:

- Bank's Annual Report
- Brochures of the HSBC
- Websites of HSBC

1.6 Limitations of the Report

- Time frame for the research was very limited.
- Large-scale research was not possible due to constraints and restrictions posed by the organization.
- In many cases, up to date information is not published.
- To protect the organizational loss in regard of maintaining confidentiality, some parts of the report are not in depth.
- Couldn't connect to all the customers for research purpose.
- I couldn't connect customers who have transaction in other bank. That I result of the survey may get biased.

CHAPTER: TWO

Company Overview

2.1 HSBC at a Glance

Headquartered in London, HSBC Holdings plc is one of the largest banking and financial services organizations in the world. It began operations in Hong Kong more than 130 years ago. The HSBC Group's international network comprises some 7,000 offices in 80 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With listings on the London, Hong Kong, New York and Paris stock exchanges, around 190,000 shareholders in some 100 countries and territories hold shares in HSBC Holdings plc. The shares are traded on the New York Stock Exchange in the form of American Depositary Receipts.

Through a global network linked by advanced technology, including a rapidly growing e-commerce capability, HSBC provides a comprehensive range of financial services: personal, commercial, corporate, investment and private banking; trade services; cash management; treasury and capital markets services; insurance; consumer and business finance; pension and investment fund management; trustee services; and securities and custody services.

Asset US \$ 2,509,409 million in 2012.

Profit (After Tax) US \$ 21,868 million in 2002

Staff 170,000 employees in 81 countries and territories.

2.2 Growth of the Bank

The HSBC Group is named after its founding member, The Hong Kong and Shanghai Banking Corporation Limited (HSBC), was established in 1865 to finance the growing trade between China and Europe. The inspiration behind the founding of the bank was Thomas Sutherland, a Scot who was then working for the Peninsular and Oriental Steam Navigation Company. He realized that there was considerable demand for local banking facilities in Hong Kong and China and he helped to establish the bank which opened in Hong Kong in March 1865. Then as now, the banks headquarters were at 1 queen's road central in Hong Kong and a branch was opened one month later in Shanghai.

Throughout the late nineteenth and the early twentieth centuries, the bank established a network of agencies and branches based mainly in China and South East Asia but also with representation in the Indian sub-continent, Japan, Europe and North America. In Many of its branches the bank was the pioneer of modern banking practices. From the outset, trade finance was a strong feature of the bank's business with bullion, exchange and merchant banking also playing an important part. Additionally, the bank issued notes in many countries throughout the Far East.

During the Second World War the bank was forced to close many branches and its head office was temporarily moved to London. However, after the war the bank played a key role in the reconstruction of the Hong Kong economy and began to further diversify the geographical spread of the bank. The group expanded primarily through offices established in the banks name until the mid 1950s when it began to create or acquire subsidiaries. This strategy culminated in 1992 with one of the largest bank acquisitions in history when HSBC holdings acquired Midland Bank plc, which was founded in UK in 1836.

2.3 Strategic Alliances and Acquisitions

The HSBC group expanded primarily through offices established in Hong Kong Bank's name until the mid 1950s when it began to create or acquire subsidiaries. This strategy culminated in 1992 with one of the largest bank acquisitions in history when HSBC holdings acquired Midland Bank, which was founded in UK in 1836. From then onwards so many developments were made. Some key developments that occurred in the last 12/13 years are as follows:

- 1995** Wells Fargo & Co. and HSBC Holdings establish Wells Fargo HSBC Trade Bank, N.A. in California to provide customers both companies with trade finance and international banking services.
- 1997** HSBC Holdings and Wachovia Corporation of the United States form a non-equity alliance to market corporate financial services worldwide. Forward Trust acquires Eversholt (now HSBC Rail (UK) Limited), a rail rolling-stock leasing company and the largest owner of electric trains operating on the UK mainline network. Marine Midland Bank acquires First Federal Savings and Loan Association of Rochester in New York. In Latin America, the Group establishes a new subsidiary in Brazil, Banco HSBC Bamerindus S.A. and completes the acquisition of Roberts OIS.A. de Inversiones in Argentina (now HSBC Argentina Holdings S.A.).
- 1999** Shares in HSBC Holdings begin trading on a third stock exchange, New York. HSBC Holdings acquires Republic New York Corporation (now integrated with HSBC USA Inc.) and its sister company Safra Republic Holdings S.A. (now HSBC Republic Holdings (Luxembourg) S.A.). Midland Bank acquires a 70.03% interest in Mid-Med Bank plc. (Now called HSBC Bank Malta p.l.c.), Malta's largest commercial bank.

- 2000** HSBC and Merrill Lynch form a joint venture to launch the first International online banking and investment Service Company. HSBC reaches an agreement in principle to acquire 75% of the issued shares of Bangkok Metropolitan Bank, the eighth largest bank in Thailand. HSBC acquires Credit Commercial de France (CCF), a major French banking group. Shares in HSBC Holdings are listed on a fourth stock exchange, in Paris.
- 2001** Agreement is reached for HSBC to acquire Barclays Bank's branches and fund Management Company in Greece. New 44-floor Headquarter building at London's Canary Wharf is due to be ready for occupation.

2.4 Global operating area of HSBC

HSBC, which is established in 1865 to finance the growing trade between China and Europe headquarter is in the Hong Kong SAR, where it is the leading commercial bank, operating into a network of 220 branches that serves three-quarters of the territory's adult population.

HSBC has been both a pioneer and pillar of banking in many communities around the world and is very proud of its history. In Asia-Pacific, Hong Kong Bank and its subsidiaries provide a wide range of personal and commercial banking and related financial services through some 170 offices in 20 countries and territories.

HSBC Holdings acquired Midland Bank, one of the principal UK clearing banks, in 1992. Headquartered in London, the bank has a personal customer base of five and a half million, business customers of over half a million, and a network of almost 1,700 branches in the United Kingdom. Midland has offices in 28 countries and territories, principally in continental Europe, with a number of offices in Latin America.

Hong Kong Bank, in which HSBC has a 62.1% equity interest, maintains a network of 146 branches in the Hong Kong SAR, where it is the second largest locally incorporated bank after HSBC. Hang Seng Bank also has a branch in Singapore and two branches and two representative offices in China.

Marine Midland Bank, headquartered in Buffalo, New York, has 380 banking locations statewide. The bank serves over two million personal customers and 120,000 commercial and institutional customers in New York State and, in selected businesses, throughout the United States.

Hong Kong Bank of Canada is the largest foreign-owned bank in Canada and the country's seventh-largest bank. With headquarters in Vancouver, it has 116 branches across Canada and two branches in the western United States.

Banco HSBC Bamerindus was established in Brazil in 1997. The bank has its head office in Curitiba and a network of some 1,900 branches and sub-branches, the second largest in Brazil.

Hong Kong Bank Malaysia is the largest foreign-owned bank in Malaysia and the country's fifth-largest bank, with 36 branches.

The British Bank of the Middle East (British Bank) is the largest and most widely represented international bank in the Middle East, with 31 branches throughout the United Arab Emirates, Oman, Bahrain, Qatar, Jordan, Lebanon and the Palestinian Autonomous Area, including an offshore banking unit in Bahrain. The bank also has branches in Mumbai and Trivandrum, India, and Baku, Azerbaijan, as well as private banking operations in London and Geneva.

HSBC Banco Roberts was acquired in 1997. Based in Buenos Aires, it is one of Argentina's largest privately owned banks with 60 branches throughout the country.

Hong Kong Bank of Australia has 16 branches across Australia. It is the flagship of the HSBC Group's businesses there, operating under the name HSBC Australia, and providing a complete range of financial services.

The Saudi British Bank, a 40%-owned member of the HSBC Group, has 63 branches throughout Saudi Arabia and a branch in London.

Other associated Group banks are British Arab Commercial Bank, The Cyprus Popular Bank and Egyptian British Bank. Wells Fargo HSBC Trade Bank is a San Francisco-based joint venture between HSBC and Wells Fargo Bank, providing trade finance and international banking services in the United States through its offices in five western states and in conjunction with Wells Fargo's 32 regional commercial banking offices in 10 western states. In addition, the Group has a non-equity strategic alliance with Wells Fargo Bank, which provides access to a wide range of banking services, through those bank's more than 1,900-staffed outlets. The Group also has a non-equity alliance with Wachovia Corporation, one of the leading corporate banks in the United States, with business relationships in 50 states.

2.5 Vision, Values, and Governing Objective of HSBC Group

<p>HSBC Group Vision</p>	<p>To Become the world’s leading financial services company.</p> <p>To Balance Group earnings between OECD and Emerging Markets.</p>
<p>HSBC Group Values</p>	<p>Long term ethical client service;</p> <p>High productivity through team work;</p> <p>International character, conservative orientation;</p> <p>Confident and ambitious sense of excellence;</p>
<p>HSBC Governing Objective</p>	<p>We will beat the mean Total Shareholder Return performance of a peer group of financial institutions over a three year rolling average; and target to double shareholder returns in five years.</p>

2.6 HSBC Business Principles

- Outstanding customer service;
- Effective and efficient operations;
- Strong capital liquidity;
- Conservative lending policy;
- Strict expense discipline.

2.7 HSBC Bangladesh at a Glance

The Hongkong and Shanghai Banking Corporation (HSBC) Ltd is a member of the HSBC Group - one of the world's largest financial services organizations Headquartered in London, HSBC is present in 87 countries and territories with around 7500 offices. In Bangladesh, HSBC started its operations in 1996 and today, it serves customers in Dhaka, Chittagong and Sylhet through a network of 13 offices, 39 ATMs and 9 Customer Service Centers (CSC). HSBC is the only bank to be present in 7 Export Processing Zones (EPZs) of Bangladesh.

Operations started: 3 December 1996

Profit before Tax (as of 31 December 2011):

BDT: 7,245,221,938

USD: 88,738,916

Number of offices: 13

Number of ATMs: 39

Number of CSCs: 9

Number of EPZ offices: 7

Recent recognition and awards

- Best International Islamic Bank 2011 by Euro money
- Best Employer Award 2010 by Bdjobs.com
- Best Domestic Cash Management Bank in Bangladesh 2010 by Euro money
- Best Emerging Markets Bank of the Year 2012 by Euro money
- Best Emerging Markets Debt House by Euro money
- The World's Most Valuable Banking Brand by The Banker Magazine
- Top Banking Brand in Asia by Media Magazine and TNS

2.8 HSBC's Operation in Bangladesh

Retail Banking and Wealth Management: With a network of 13 offices, 38 ATMs, 9 Customer Service Centers, an offshore banking unit, and offices in 7 EPZs, HSBC offers a full range of personal banking and related financial services including current and savings accounts, personal loans, time deposits, travelers cheques and inward and outward remittances.

Commercial banking: Commercial banking is a traditional strength of the HSBC Group. In Bangladesh, HSBC is a popular choice for customers because of the Group's international reach and a wide range of financial services and products. HSBC has an offshore banking unit (OBU) license and can therefore also provide foreign currency financing to qualifying customers. In addition, there are 7 business development centers in the country's major 7 EPZ areas including Dhaka, Chittagong, Adamjee, Mongla, Comilla, Karnaphuli and Ishwardi.

Corporate and institutional banking: Corporate and institutional banking provides dedicated relationship management services to HSBC's clients in major corporate and financial institutions. The Bank's focus is on fostering long-term relationship based on its international connections and extensive knowledge of Asia and Asian business.

HSBC *net*: HSBC *net*, a proprietary computer-based software package, provides customer with an instant link into the HSBC Group's international computer network, allowing them to perform transactions and obtain a diverse range of up-to-date information 24 hours a day, 365 days a year.

Trade & Supply Chains: Trade finance and related services are a long-standing core business of HSBC based on the depth and spread of its corporate customer base, highly automated trade processing systems and extensive geographic reach.

Payments and cash management: HSBC is one of the leading providers of payments and related services to financial institutions, corporate and personal customers in Bangladesh. Underpinned by the Group's extensive network of offices and capabilities, payments and cash management assists companies in efficient cash management through the provision of payments, collections, and liquidity and account services.

Custody and clearing: HSBC is a leader in custody and clearing in the Asia Pacific region and the Middle East. The network uses advanced securities clearing system, which was developed in-house and provides round-the-clock online real-time access to clients' securities portfolios.

Investment banking and markets: This division brings together the advisory, financing, asset management, equity securities, private banking, trustee, private equity, and treasury and capital market activities of the HSBC Groups.

Treasury and capital markets: HSBC's treasury and capital markets business ranks among the largest in the world and serves the requirements of supranational, central banks, international and local corporations, institutional investors, and financial institutions as well as other market participants.

CHAPTER: THREE

Job Description

3.0 Introduction at HSBC

Although I was assigned in Global Trade And Receivables Finance Department however I was bit surprised because the day after joining I was sent to commercial banking department which surprised me a lot but I did not have to work there for a long time and my task was ended up with my own department. So in a way I also got the opportunity to work with commercial banking. Moreover in trade service department I worked for both the export and import.

3.1 Printing Mejban Card

“Mejban” is a renowned culture of Chittagong which is also followed by HSBC. In the Mejban HSBC invites its customer for a grand dinner and by this way HSBC maintains a good relation with its customer. As there was no intern in commercial banking department and existing employees were busy with their own work so I was sent to print those Mejban cards. While printing Mejban cards I came to various business personalities and got more ideas about real corporate word.

3.2 Duplicating the EXP Document

EXP Document also known as Export document consisting of 4 parts between them 3 parts came to the bank duplicate, quadruplicate and triplicate. Which I had to separate in other word it is called duplicating. It also consists of invoices and I had to separate the duplicate part along with an invoice. Later on it was given input in Bangladesh Bank website.

3.3 Matching Bill of Entry

Well this part of job belongs to import department. I used to work export department before lunch and in import department after lunch. Bill of entry is a document which justifies the import. I have to search the L/C files and match the bill of entry both into L/C files and had to input them in an excel file describing the L/C of that specified L/C.

3.4 Online Input of Import L/C

This was the final and long lasting task in my internship period which I got in my last month of internship. I had to give input both the onshore and offshore L/C files on Bangladesh Bank website. There were more than 1000 L/C files. Cash, Foreign, Sight, Local, and Bangladesh Bank Usance L/Cs were among these L/C files. Along with this L/C files I had to give foreign L/C or contract information. After giving input Bangladesh Bank website each L/C files would had a specific tacking number.

CHAPTER: FOUR

Analysis and findings

Before going into the major analysis and findings we need to have a clear idea about the fringe exchange and people related with this foreign exchange.

4.1 Foreign Exchange and trade

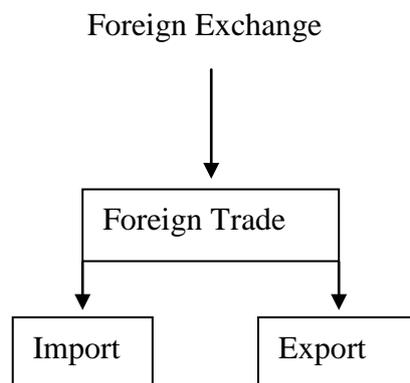
4.1.1 Meaning of Foreign Exchange

Foreign Exchange means exchange of foreign currency between two countries through export and import. Foreign exchange is the process of conversion of one currency into another. The term 'Foreign Exchange' has three principal meanings:

- It is a term used referring to the currencies of other countries in terms of any single one currency. To a Bangladeshi Taka, Dollar, Pound-Sterling etc. are foreign currencies and as such foreign exchange.
- The term also commonly refers to some instruments used in international trade, such as bill of exchange, drafts, travelers' cheque and other means of international remittance.
- The term foreign exchange is also quite often referred to the balance in foreign currencies held by a country.

Foreign exchange is the mechanism by which the currency of one country gets converted into the currency of another country.

The performance of foreign exchange can be classified into three distinct factors. They are as follows:



4.1.2 People those are involved in Foreign Exchange trade

1. The buyer, who places orders and imports goods (meaning to bring into the country)
2. The seller, who manufactures and exports goods (meaning to ship out of the country) and issues invoices
3. The manufacturer if the seller does not make his own goods
Shipping companies, who transport the goods to overseas and issue bills of lading as receipt of goods.
4. Government and embassies who give permission to importer and exporter by issuing import and export licenses and consular invoices respectively.
5. The insurance company, to insure the goods against risk. An insurance policy or certificate is issued to this effect.
6. The customs and excise, who levy import duty and issue custom's invoice.
7. Various professional bodies, which issue inspection certificates certifying that the goods have been inspected and meet certain quality standards.
8. Lawyers who draw up contract of sale.
9. Agents, who represent either the buyer or seller overseas.
10. Shipping registers, ensure that whether the carrying ship is sea worthy
11. Chamber of commerce, which issues certificate of origin.
12. Banks, those participate in most trade transactions to some extent, from full finance to the processing of simple remittances.

4.2 SWOT Analysis regarding HTV

In order to develop a conceptual theory SWOT analysis is very vital. In the process of making a SWOT an observer identifies the strength and weakness of the company and also the opportunities and threat to the company. The SWOT analysis of HSBC has given below.

4.2.1 Strengths of HTV

- ❖ HSBC is the leading provider of financial services Identity worldwide. With its strong corporate image and identity it can better position in the minds of customers. This image has helped HSBC grab the personal banking sector of Bangladesh very rapidly.
- ❖ HSBC is known worldwide for its distinct operating procedures. The company's managing for value strategy to satisfy customers needs better and also keeps the firm profitable.
- ❖ Everyone in HSBC from the appraiser to the top management has to work to the same schedule towards a different aspect of the same goal, interfacing simultaneously at all level over quite a long period of time.
- ❖ HSBC employees are one of the major assets of the company. The employees of HSBC have a strong sense of commitment towards organization and also feel proud and a sense of belonging towards HSBC. The strong organizational culture of HSBC is the main reason behind this strength.
- ❖ HSBC Trade Service provides hassle free customer service to its client base comparing to the other financial institutions of Bangladesh. Personalized approach to the needs of customers is its motto.
- ❖ At HSBC HTV workshops are conducted periodically. On the workshops, all people participate as equals, with new members free to openly challenge top managers.
- ❖ HSBC HTV also has Management by Objectives (MBO) everywhere. Each person has multiple objectives. All the employees must have to get the

approval of their bosses on what they are going to do. Later they review as how well they have performed their job with their management as well as the peer group.

- ❖ The MBO makes the review a communication device among various groups. The key to the system is a "one-to-one" meeting between a supervisor & a subordinate. In the meeting, the problems in dealing with customers are put forward first & everyone dug it to solve them.
- ❖ HSBC HTV owns the best banking and information technology in Bangladesh. Its ultra modern banking systems starting from terminal pc's to HUB's are based on the international HSBC group standards and are the latest. The Hexagon product is one of the best examples in this context.

4.2.2 Weaknesses of HTV

- ❖ HSBC HTV has a very narrow operating span in Bangladesh. It has only 2 full service branches in Bangladesh situated only at Dhaka and Chittagong. Various geographic segments are currently not availing the services of HSBC due to inconvenient branch location or absence of neighborhood branches.
- ❖ HSBC HTV currently don't have any strong marketing activities through mass media e.g. Television. TV ads play a vital role in awareness building. HSBC has no such TV ad campaign. HSBC HTV can pursue a diversification strategy in expanding its current line of business.
- ❖ The account maintenance cost for HSBC is comparatively high. This is very often highlighted by other banks. In the long run this might turn out to be a negative issue for HSBC.
- ❖ Recently HTV came up with various rules and regulations which customers sometimes find annoying and difficult.

4.2.3 Opportunities of HTV

- ❖ HSBC is one of the experts in acquiring various firms and organizations. In Bangladesh it can also diversify quickly by acquiring various local established banks and increase its total operation within Bangladesh rapidly.
- ❖ Repayment capacity as assessed by HSBC of individual client helps to decide how much one can borrow. As the whole lending process is based on a client's repayment capacity, the recovery rate of HSBC is close to 100%. This provides HSBC financial stability & gears up HSBC to be remaining in the business for the long run.
- ❖ The ultimate goal of HSBC HTV is to .expand its operations to whole Bangladesh. Nurturing this type of vision & mission & to act as required, will not only increase HSBC's profitability but also will secure its existence in the log run.
- ❖ One of the key opportunities for HSBC HTV is its efficient managers. HSBC has employed experienced managers to facilitate its operation. These managers have already triggered the business for HSBC as being new in the market.
- ❖ Bangladesh is a developing country, to satisfy the needs of the huge population, a large amount of investment is required. On the other hand building EPZ areas and some Govt. policies easing foreign investment in our country made it attractive to the foreigners to invest in our country. So, HSBC has a large opportunity here.
- ❖ The basic assumption of trade business is that customer will come to the bank and ask for service that is why local & foreign banks are not that much enthusiastic about letting know their service features. This an opportunity for HSBC to develop messages regarding their services.

4.2.4 Threats of HTV

- ❖ The upcoming private local & multinational banks possess a serious threat to the existing banking network of HSBC: it is expected that in the next few years more commercial banks will emerge. If that happens the intensity of competition will rise further and banks will have to develop strategies to compete against and win the battle of banks.
- ❖ Now day's different foreign and private banks are also offering similar type of trade service with an almost similar or lower profit margin. So, if all competitors fight with the same weapon, the natural result is declining profit.
- ❖ This is a major problem in Bangladesh. As HSBC is a very new organization the problem of non-performing loans or default loans is very minimum or insignificant. However, as the bank becomes older this problem will arise enormously and the bank may find itself in a more threatening environment. Thus HSBC has to remain vigilant about this problem so that proactive strategies are taken to minimize this problem.
- ❖ Bangladesh is economically unstable country. Flood, draught, cyclone, and newly added terrorism have become an identity of our country. Along with inflation, unemployment also creates industry wide recession. These caused downward pressure on the capital demand for investment.

4.3 Major Findings

To get a clear idea about the customer perception about the trade service I did a small survey asking the 20 customers of HSBC Trade Services. This questionnaire was made with the concern of HSBC Chittagong Head of trade MR. Anisul Karim and Senior Relationship Manager MR. Omar Sharif. These questions were also prepared by consulting with the customers about some common factors about foreign exchange trade with a bank. Trough these questions I tried to find out whether the HTV requires changes or not. While talking with customers I got some issues those pursue customers to do transaction with a bank. These are:

1. L/C Opening cost
2. Branch in KEPZ (Karnaphuli Export Processing Zone) and CEPZ (Chittagong Export Processing Zone)
3. Document Process Time.
4. Funding.
5. Business Relation.
6. Any extra facilities.
7. Placement of the bank.
8. Level of satisfaction.
9. Business Risk.
10. Overall Satisfaction.

So from these above terms I will have a clear and concise prediction about the quality of HTV.

4.3.1 L/C Opening Cost

At HSBC L/C opening cost is determined by the Relationship Managers which creates a great effect on customers. However L/C opening cost is also dependent on the volume of the transaction.

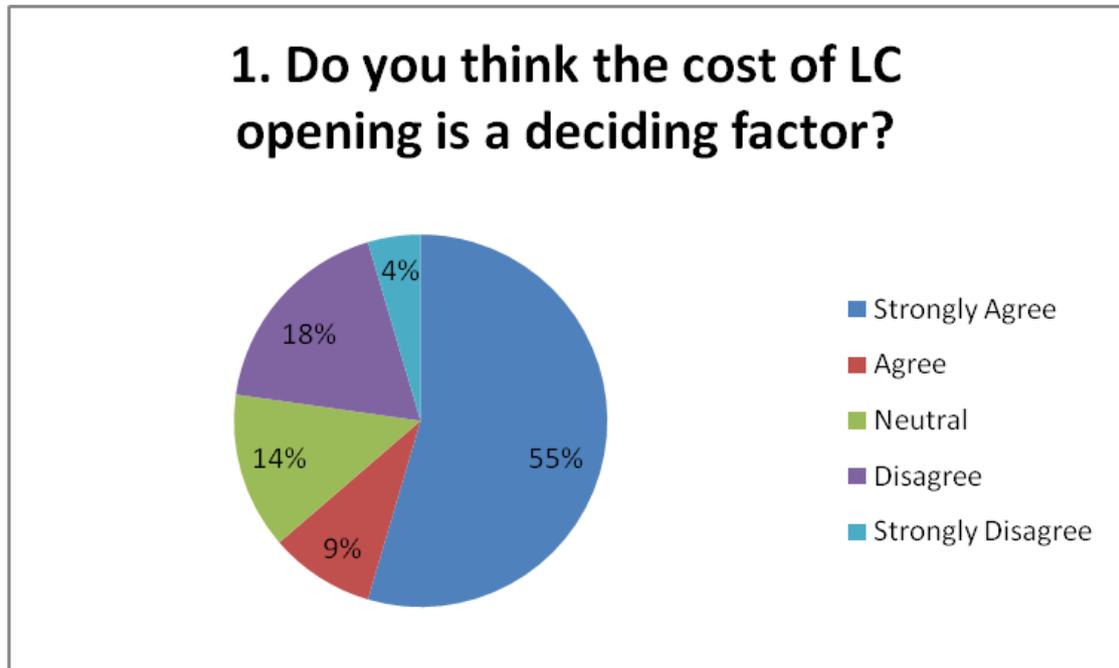


Figure 1: L/C Opening Cost

Source: Own Drawing

From the graph it can be seen that majority of the customers think that the cost of L/C opening is a deciding factor to do transaction with HSBC trade service. From the L/C opening cost customers take decision whether to transact with HSBC or not. HSBC Trade Service has marginal L/C opening cost which attracts customer to do transaction with them and time to time HSBC makes research to get an exact idea about how much L/C opening cost it should be to attract and retain customer.

4.3.2 Branches in KEPZ and CEPZ

Customers related with foreign trade have connectivity with Export Processing Zone at some level. So it becomes very helpful for customers specially whose business in EPZ if they get a bank branch in EPZ.

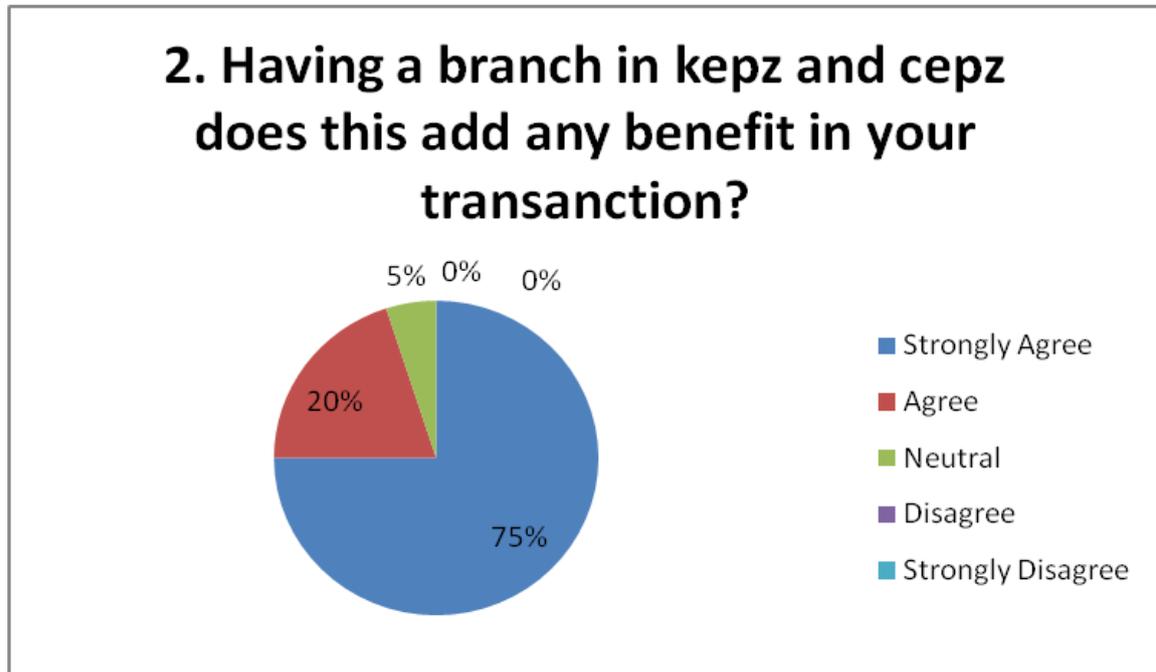


Figure 2: Branch in KEPZ and CEPZ

Source: Own Drawing

Above graph shows that 75% of the customers are being benefitted because HSBC has a branch in KEPZ (Kharnaphuli EPZ) and CEPZ (Chittagong EPZ). It helps to faster the transanction of their business. Because it becaomes more faster and easier while the customers get a bank just nearby themselves. It saves both the business time and money. So HSBC Trade Service or HTV is surely advanced in this criteria.

4.3.3 Document Process Time

In foreign trade and exchange document process timing plays a vital role. More the document processing time is faster more the business is efficient.

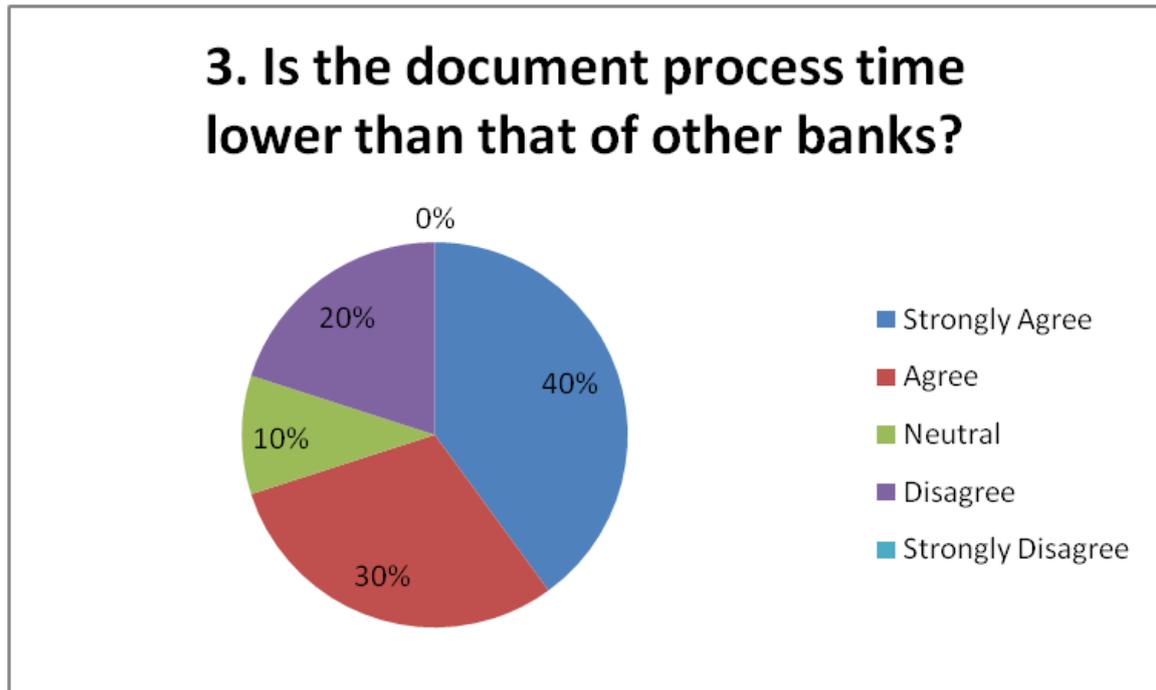


Figure 3: Document Process Time

Source: Own Drawing

At HSBC the whole trade department is full of experienced and trained employees. Employees get the training in global standard which make them able to process the document very fast. Not only that HSBC has a universal banking network throughout the world also. So no matter the document is from anywhere or anytype it does not take that much time to process for HSBC and its result is reflecting on the above figure. The above figure shows that almost 70% of customers believe that the document process timing in HSBC is lower than that of other bank.

4.3.4 Funding

Having a global network HSBC can arrange a huge amount of fund in a short time rather than any local or foreign bank. Through which customers get more benefitted.

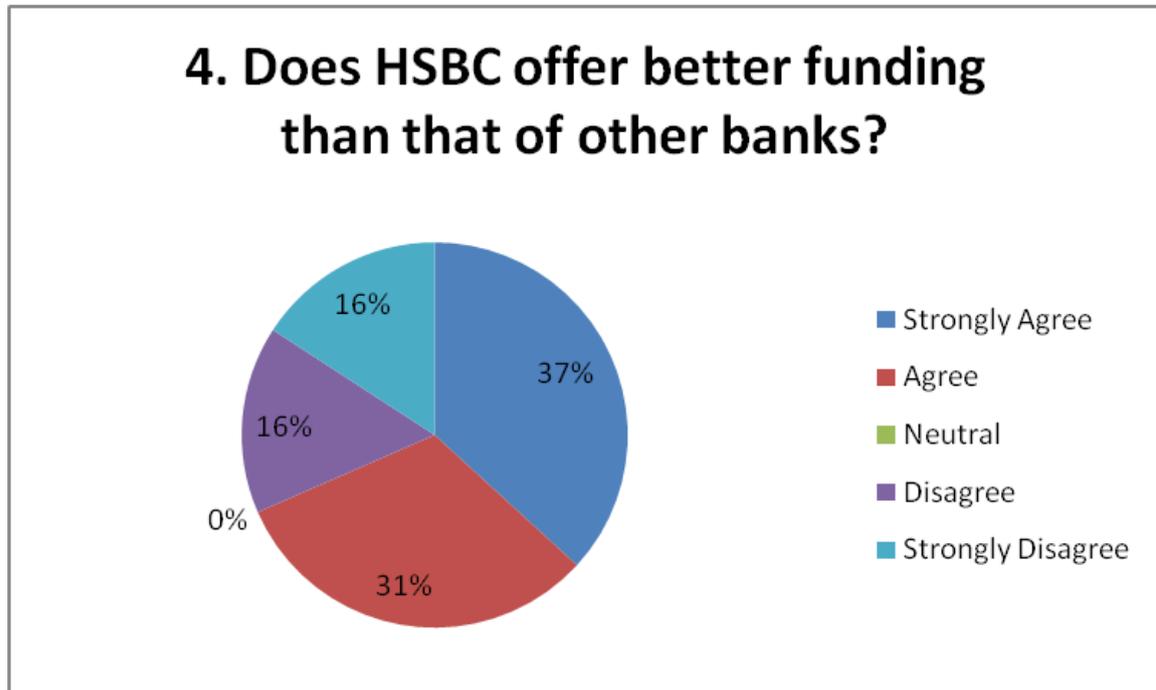


Figure 4: Funding
Source: Own Drawing

More than 60% of its trade customers get the benefit of this higher funding facilities. If the funding is higher more the benefits any customer gets. While doing making high levels of import and export it takes a lot of fund which can not arrange over night. However as HSBC follows global standard and works globally as one it is not a headache for them to arrange any amount of fund.

4.3.5 Business Relation

It is very essential to keep a good business relation with the clients to continue business further and expand.

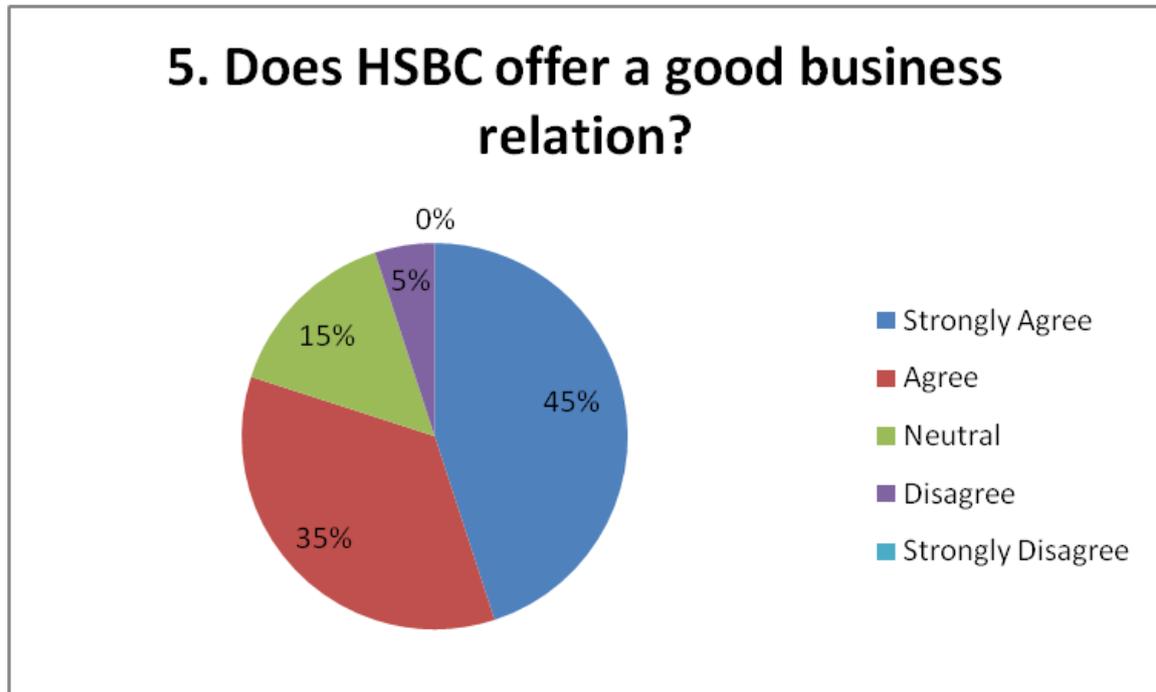


Figure 5: Business Relation

Source: Own Drawing

HSBC always tries to maintain a good relation with its customer. Employees always try to be connected with their customer efficiently. They also keep updating customer regarding their fund, transaction, profit etc which results in to keep 80% of customers satisfied about HSBC's business relation. Moreover HSBC Chittagong also arrange various non cultural and seasonal festival inviting their customer. Yearly mekhan program is one of the biggest program of HSBC Chittagong.

4.3.6 Extra Facilities

Having something extra is always good. In case of business it is best. Having a global network HSBC can offer extra facilities to its customer especially foreign exchange and trade customer.

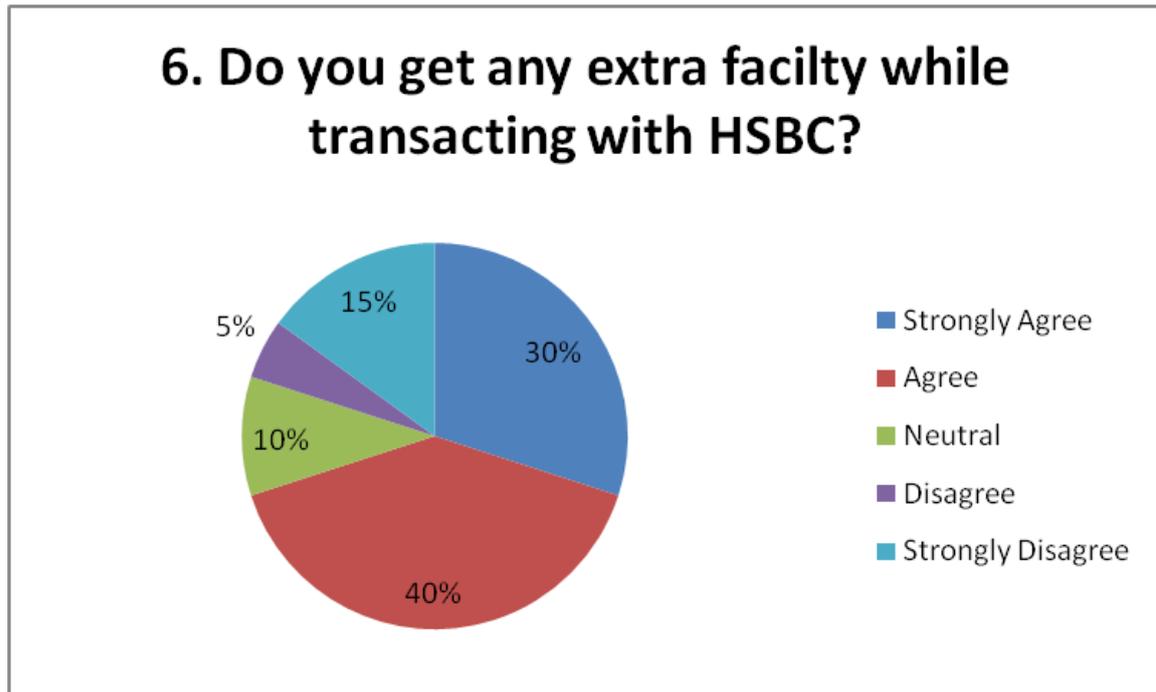


Figure 6: Extra Facilities

Source: Own Drawing

HSBC has its operation in more than 80 countries in the world. While doing foreign trade customers or business organizations have to move two or more banks. However all the banks are not trustworthy. In this criteria customers of HSBC get some extra facilities from HSBC. That resulting 70% of the customers are complying with above statement.

4.3.7 Placement of the bank

Price, Product, Promotion and Place are the 4ps of marketing. Here I have been talk about the placement of the HSBC Chittagong office which is actually helpful for customers or not for banking with HSBC.

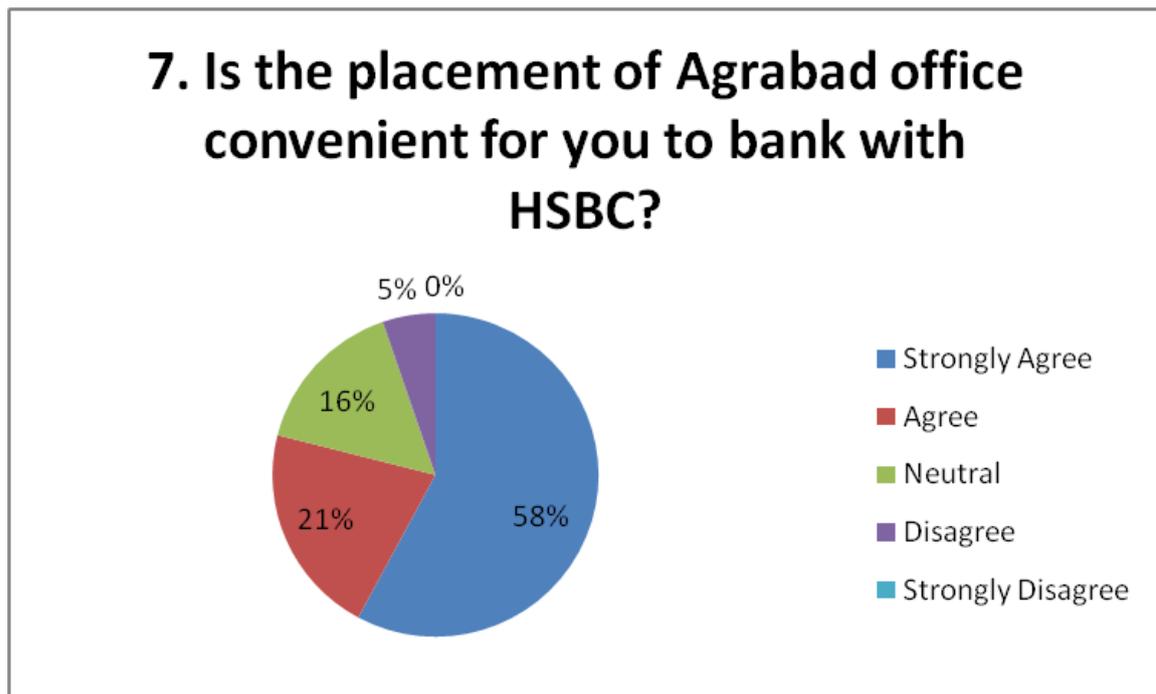


Figure 7: Placement of the Bank

Source: Own Drawing

Here we can see almost 80% of the customers are being helpful for the placement of Agrabad office. Like Motijheel, Dhaka Agrabad is the enormous comeercial area in Chittagong city where various business transactions take place everyday. Moreover the office is also in the middle of both two of the EPZs and Kalurghat industrial area. For that reason foreign trade customers are being satisfied and benefitted by that.

4.3.8 Level of Satisfaction

Customer satisfaction adds a great value in business. Satisfaction level determines the future success and present prosperity in business.

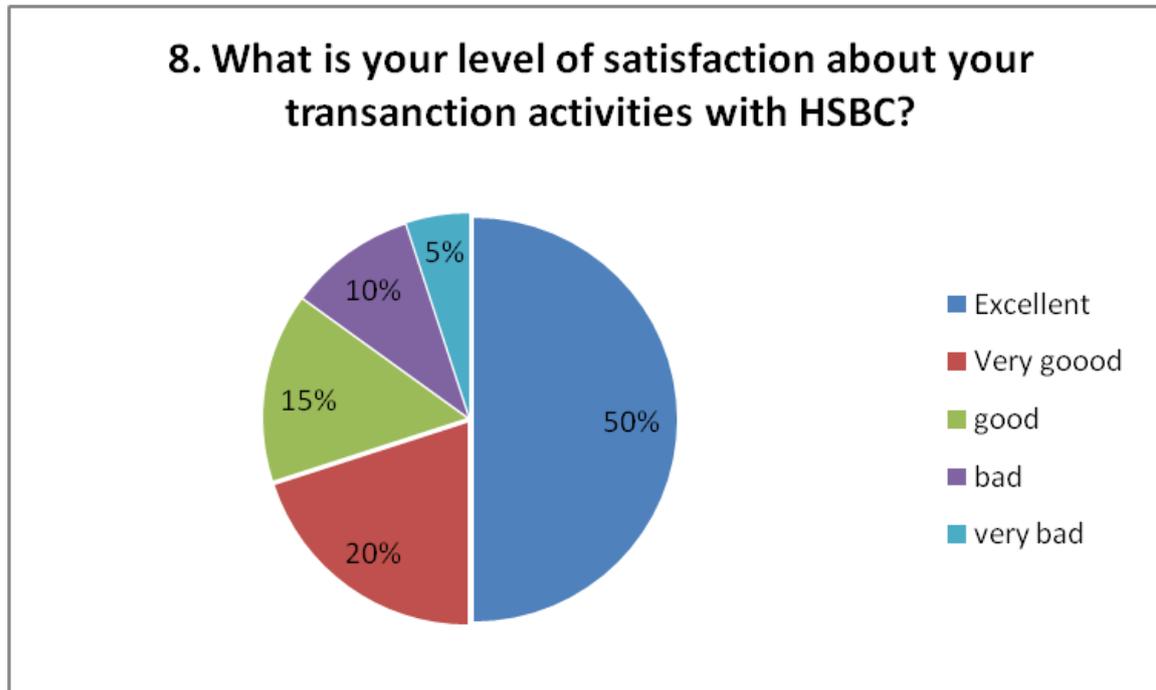


Figure 8: Level of satisfaction with transaction activities

Source: Own Drawing

The figure is showing that 50% of the total customers are highly satisfied with the transaction with HSBC. Only very few are dissatisfied. Sometimes it becomes very difficult for the trade department to give good service to everyone for high volume of transaction. Therefore HSBC Trade Service is working on that it firmly believes that it will be able to give 100% satisfaction to every customers.

4.3.9 Business Risk

Where there is a business there is a risk. The risk is also felt when transacting with a bank especially in foreign trade.

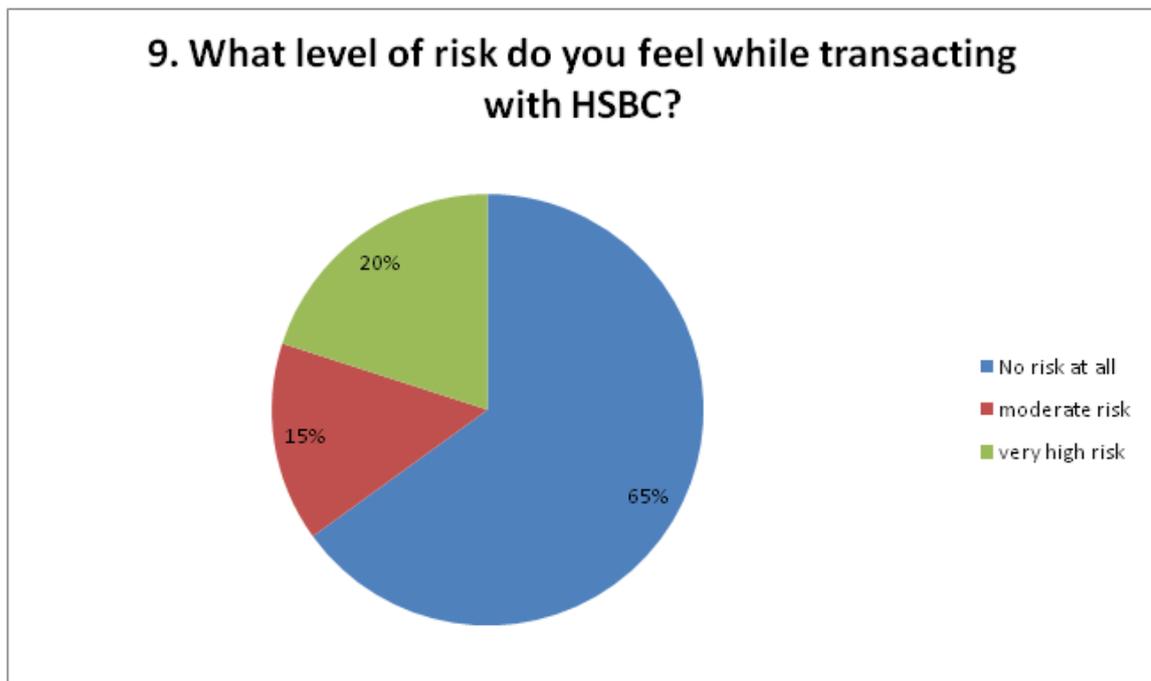


Figure 9: Risk associated with transaction

Source: Own Drawing

While transacting with a bank in foreign trade an organization may face various types of uncertainties and risks. The bank may become default while payment. However HSBC has a good business ethics and value. HSBC strictly follow its own rules along with Bangladesh Bank rules and regulations regarding foreign trade. In that way it feels less or lower risk to its customer and from the above graph it can be seen. Only 20% of the customers are feeling higher risks.

4.3.10 Overall Satisfaction Level

Regarding all above factors I tried to draw a conclusion whether the trade systems should be changed or not.

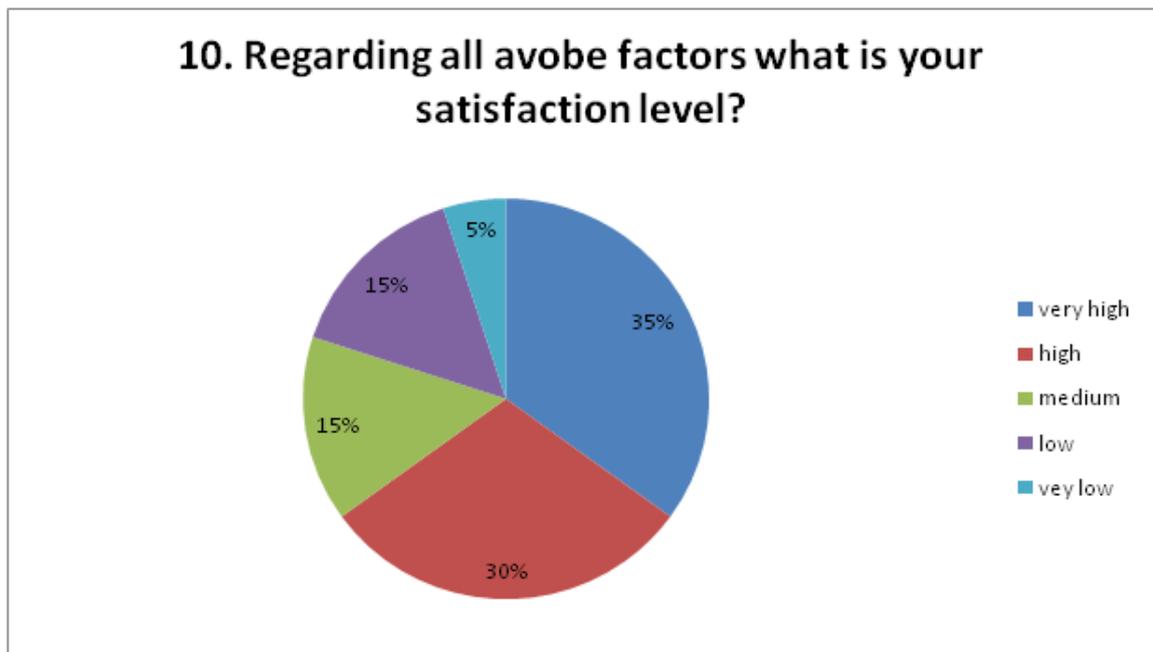


Figure 10: Overall level of satisfaction

Source: Own Drawing

After all my research it can be said that customers of the HTV are duly satisfied with the current trade proedures. in overall measurment most of the customers are satisfeid with cureent trade procedure which is 65% of the total customer.

CHAPTER: FIVE

Recommendations and Conclusion

5.1 Recommendations

After three months of my internship and based on my consumer research I would like to draw some conclusion about the HTV. They are:

- ❖ The approach of HSBC Bangladesh is upbeat in finding good customers but HSBC has a very narrow operating span in Bangladesh their total of number branches in comparison to their huge customers are very small in numbers. Moreover in Chittagong they have only one trade service system to support imports and exports customers which is sometimes become difficult to manage.
- ❖ HSBC should increase the number of satisfied customer which will result in great business value in future.
- ❖ Recently HSBC came up with a huge number of rules and regulations regarding foreign trade and exchange. Which sometimes customers find difficult to deal with. HSBC should set off these regulations sometime.
- ❖ HSBC can organize more workshops regarding their foreign trade systems which will be helpful for the customers to deal with
- ❖ HSBC has different ratings for different countries. Often exporters and importers find some difficulties due to this. In this globalization this types of ratings shouldn't be there.
- ❖ Recent political instability creating a mass destruction in foreign trade through this bank is also suffering a pressure. So HSBC should come up with new branches to handle the pressure.

5.2 Conclusion

Nowadays challenge is increasing in an increasing rate. In that case to bit the challenge, HSBC should take these issues under serious consideration so that they will be called outstanding as a world's local bank. This is because the competitors might identify these gaps and there is always the possibility that they could use them at their advantage. On the other hand, although HSBC is preferred highly by most customers, there are some who are dissatisfied with it. It is important to retain these customers. The retention of these customers is vital because bad or negative word of mouth influence have a tendency of spreading more than good word of mouth influence. However, once the dissatisfied customers are satisfied, it will not only help the bank to retain existing customers, but it will also enable the bank to attract new customers through positive word of mouth influence. To do so, HSBC has to provide better service as promised and the same time, adapt the new strategy according to customer expectation which would lead to a greater number of satisfied customers, thus enabling the bank to have competitive edge over its competitors.

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--End--

Appendix

1. Do you think the cost of LC opening is a deciding factor?
2. Having a branch in kepz and cepz does this add any benefit in your transaction?
3. Is the document process time is lower than that of other bank?
4. Does HSBC offer better funding than that of other banks?
5. Does HSBC offer a good business relation?
6. do you get any extra facility while transacting with Hsbc?
7. Is the placement of agrabad office is convenient you to banking with HSBC?
8. What is your level of satisfaction about your transaction with HSBC?
9. What level of risk do you feel while transacting with HSBC?
10. Regarding all above factors what is your satisfaction level?