

Report on
“Import Operations of Trade Services of
Standard Chartered Bank.”





Internship Report

On

“Import Operations of Trade Services of
Standard Chartered Bank”

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Showvonick Datta

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Dear Sir,

I am a student of BBS, BRAC University. I am glad to present my internship report on Trade services of Standard Chartered Bank, Bangladesh. I worked as an intern for 12 weeks in the trade services of Standard Chartered Bank, Head office and have endeavor my best to follow your guidelines for this report. I have collected all the possible information which was needed to complete this report. It was a great challenge for me. I enjoyed every bit of this challenge. I am earnestly thankful to you for your guidance during the preparation of this term paper. I hope you will appreciate my collective effort put forth hereby.

Sincerely yours,

Yasmin Meher

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Acknowledgements

First I want to pay my gratitude to almighty Allah for enabling me to prepare the report successfully. Then I would like to express my sincere gratitude and cordial thanks to some specific persons who helped me in preparing this report.

Secondly, I want to mention my course instructor, **Mr. Showvonick Datta**, Course Instructor, BBS, BRAC University for giving this opportunity to choose and prepare the report on Trade services of Standard Chartered Bank, Bangladesh. Undoubtedly, the experience of doing this report will help me immensely in future working experience. I would like to thank her for giving valuable instructions and helpful advices in preparing this report.

Lastly, this Report would not have been possible without the dedication and support of my supervisors and senior colleagues of my credit department. I express my sincere gratitude to Shibu Prasad Samadder, Senior Manager, Trade Services, Standard Chartered Bank, for his valuable suggestions and continuous support during the time of my internship what made this report possible. Moreover, I want to thank, my senior colleagues, Dhruba Kumar Mondal, Fahmida Rahman, Habibur Rahman, Mozammel Hossain, Ayesha Nayar, Sharmin Idris for helping me throughout my internship period to learn those works.

Executive Summary

Foreign Exchange section of any bank deals directly with the international business activities. Therefore as an International Business major I worked on creating this report as an internal evaluation of Foreign Exchange department's core processes. I have completed my 3-month internship in Standard Chartered Bank, Head Office. In SCB they named the Foreign Exchange Department as "Trade Services". This report gives a brief overview and evaluation on the operations of Import section and also the L/C process. In this report I have covered the workflow of processing letter of credit. I have found out that Head Office almost perfectly completes the processes for each letter of credit. Overall the performance is positive, but I feel Standard Chartered Bank top management still has some major things to look into to ensure continuous performance growth. Furthermore this report includes a brief recommendation based on the findings from the researched areas and my observation of 3 months.

Contents

Topic	Page_number
1 Chapter 1	Error! Bookmark not defined.
1.1 Introduction.....	1
2 Chapter 2	2
2.1 Background of the organization	2
2.2 Vision	3
2.3 Mission	3
2.4 Organ gram of SCB.....	4
3. Chapter 3	5
3.1 Job Description	5
4. Chapter 4	7
4.1 Origin of the report	8
4.2 Objectives of the study.....	8
4.3 Significance of the study.....	8
4.4 Metho5.2.1 Types of Letter of Credit.....	13
dology	9
4.5 Data Analysis	9
4.6 Scope of the study.....	9
4.7 Limitations	9
5. Chapter 5	11
5.1 Import operations of SCB	11
5.2 Letter of credit.....	11
5.2.1 Types of Letter of Credit	13
5.2.2 Documents required for opening L/C	15
5.2.3 Parties of Letter of Credit	16

Topic	Page_number
5.2.4 Typical steps of L/C processing.....	17
5.3 Import Bills for Collection.....	18
5.4 Import Loans and Loans against Trust Receipts	21
5.5 Shipping Guarantee.....	23
5.6 Documents Information Preservation.....	24
6. Chapter 6	27
6.1 Strengths	27
6.2 Weaknesses.....	29
6.3 Opportunity	30
6.4 Threats.....	31
7. Chapter 7	32
7.1 Internal Management Survey Analysis.....	32
7.2 Management	34
7.3 Technical Resources	38
8. Chapter 8	42
8.1 Recommendation	42
9. Chapter 9	44
9.1 Conclusion	44
10. Chapter 10	45
10.1 References.....	45

Chapter 1

1.1 Introduction

As one of the developing countries in the world Bangladesh is improving its financial and economic sectors. Bangladesh is the ninth largest economy in the world. For smooth monetary transaction there are fifty two commercial banks. Among them Standard Chartered Bank (SCB) is one of the leading multinational bank. SCB achieved the number one position in banking by cash management and trade services. In SCB corporate banking generates more than 40% of its revenue while treasury contributes more than 20% to the overall revenue. The goal of SCB is to be the “Bankers of First Choice”. Standard Chartered has over 600 offices in 56 countries with a strategic focus on the emerging markets of Asia, Africa, the Middle East and Latin America.

The name Standard Chartered comes from two original banks from which it was founded. One of the banks is the Chartered Bank of India, Australia and China and the other bank is the Standard Bank of South Africa.

In Bangladesh, Standard Chartered Bank is one of the leading multinational banks. To maintain its leading position in the Bangladesh, Standard Chartered Bank has always been keen to develop long-term beneficial relationship with trustworthy clients. To achieve this end, they have always upgraded their approaches to achieve top-level performance. In the year 2005 Standard Chartered Bank celebrates its 100 years of successful operation in Bangladesh.

Chapter 2

2.1 Background of the Organization

Standard Chartered Group was formed in 1969 through a merger of two banks: The Standard Bank of British South Africa founded in 1863 and the Chartered Bank of India, Australia and China founded in 1853. Both companies were keen to capitalize on the huge expansion of trade and to earn the handsome profits to be made from financing the movement of goods from Europe to the East and to Africa. In 1969, the decision was made by Chartered Bank and by Standard Bank to undergo a friendly merger.

The Chartered Bank started operating in Bangladesh through opening a branch in Chittagong. The branch was opened mainly to facilitate the post-war reestablishment and expansion of South and Southeast Asia. The Chartered Bank opened another branch in Dhaka in 1966. After the merger of the Chartered Bank with the Standard Bank in 1969, the Standard Chartered Bank took up a program of expansion. It increasingly invested in people; technology and premises as its business grew in relation to the country's economy.

In 1993, there was an organizational re-structuring, which led to a substantial expansion of the Bank's business. Today the bank has in total four branches in Dhaka apart from the Chittagong branch, including an offshore branch at the Savar Export Processing Zone. Bangladesh is under the Middle East and South Asia region with the controlling office in Dubai. Its correspondent relationship with Sonali Bank, the largest bank in Bangladesh gives customers access to all major centers in the country. Standard Chartered Bank's worldwide network facilitates convenient connections with foreign trade and remittance business. Standard Chartered Bank's branch banking license in Bangladesh allows it to offer a full range of banking services

Standard Chartered Bank took over the operation of ANZ Grindlays Bank in Bangladesh as a part of acquisition of the South East Asian and Middle East operation of the Australia and New Zealand Banking Group. SCB with its 18 branches and booths across Bangladesh has employed more than 600 people. The acquisition of ANZ has enable Standard Chartered Bank (SCB) to access 500000 new customers and 40 branches in India and this made them one of the biggest banks in the region and of in Bangladesh it is the largest foreign bank. After acquisition Grindlays Bank is a part of Standard Chartered

Group. The bank presently has 18 outlets in 5 cities serving over 1, 25,000 customers in the country.

With a presence in Bangladesh that spans over 100 years they believe Standard Chartered is very much a part of the heritage that make a partner in progress for the nation and its people. Standard Chartered committed to be here for people, here for progress and here for the long run – here for good.

The services of Standard Chartered Bank in Bangladesh range from Personal & Corporate Banking to Institutional Banking, Treasury and Custodial services.

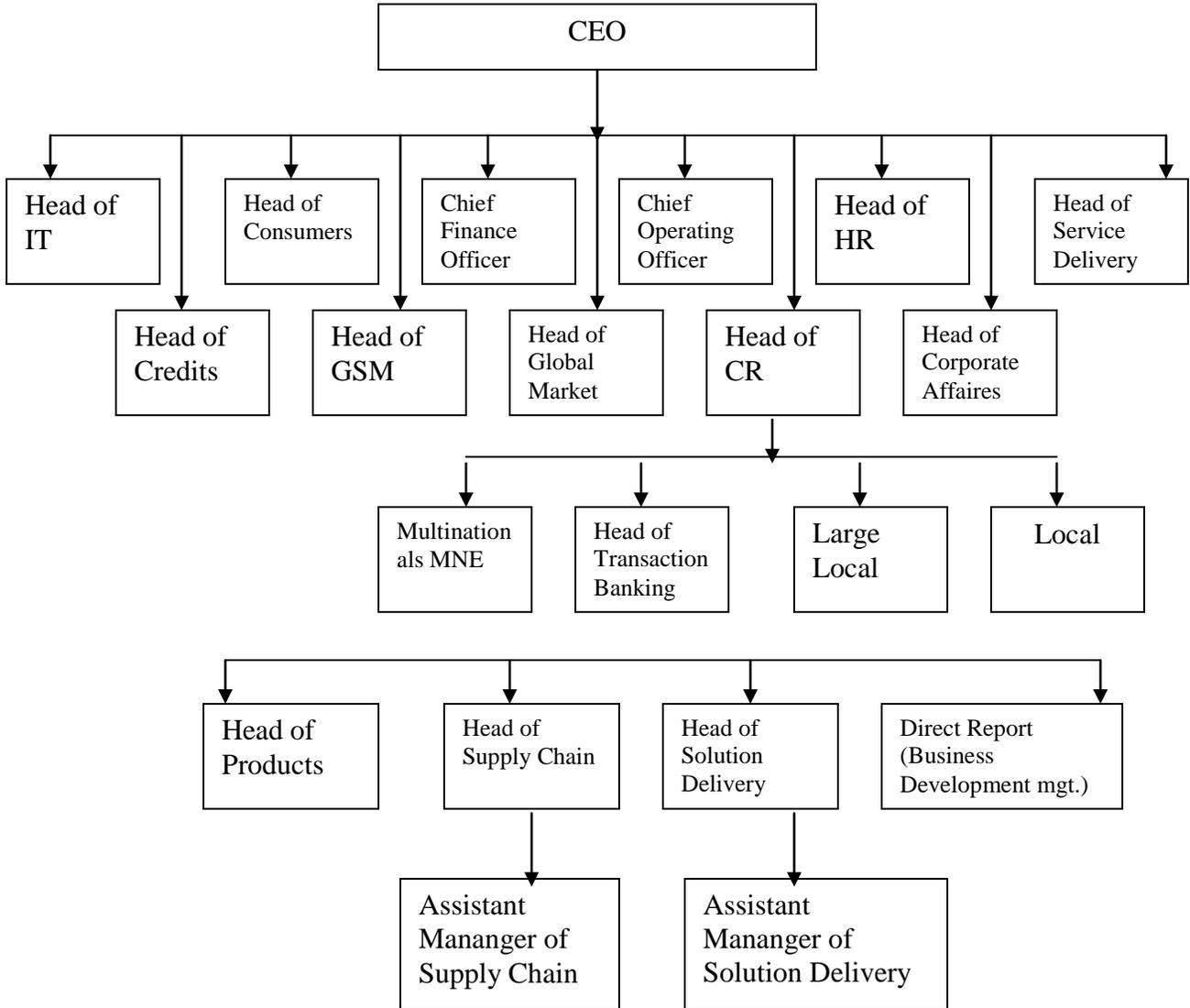
2.2 Vision:

Standard Chartered Bank always determined to lead by example within the markets in which they work. Being a high performing bank, helping people and companies borrow, save and make transactions they logically play a role in creating wealth and stimulating growth. The vision of Standard Chartered Bank is to be the most efficient financial intermediary in the country. The insistent journey to accomplish that vision started in 1995, since the very beginning of the bank. The journey still continues and will never stop. Standard Chartered Bank sets a high standard for itself and every achievement of the bank is a determined agent to reach a new height.

2.3 Mission:

- To consistently help the customers make intelligent financial choices.
- By being a workplace of choice that fosters excellence, builds intellectual network and results in absolute professionalism.
- By being the preferred provider of highest quality services in the chosen business areas relevant to all the constituencies.

2.4 Organ gram of Standard Chartered Bank



Chapter 3

3.1 Job Description

At present there are 52 Banks operating in Bangladesh including 4 Government Banks 4 Specialized Banks, 35 Private Banks & 9 Foreign Banks. The main function of a Bank is Borrowings & Lending. However, the multinational banks are emphasizing more on import and export functions to make more profit.

Therefore I preferably worked at import section of Trade Services during my internship. I have learnt quite a lot about the L/C process of this Bank. Moreover, I have got the chance to know about the import bill collections and shipping guarantee of the import sections.

So my main job in the team was L/C documents checking. After getting approval of opening a L/C customer sends the further documents of L/C issuing in the counter of the Bank.

I was assigned to check the documents step by step. I was given to check the specific important things of those documents such as the Proforma Invoice value, L/C value, Port destinations and validity of date of the documents, information of Insurance cover note and so on. If those things are right, the L/C is ready for issuing. I used to give those L/C documents to the authorized employees of the team for the further purpose. In this ways I have got the chance of learning the L/C issuing of Standard Chartered Bank.

Moreover, I got to know about the payment of import bill collection documents during my internship period. There are four types of payment process for the import bill collection documents.

They are:

1. Sight
2. Usance
3. EDF

1. Sight:

Sight L/C means the payment of the L/C has to be made immediately.

2. Usance:

There is a certain tenor (after 30, 60, 90, 120 days etc) given in the usance L/C payment has to be made after that certain days later.

3. EDF:

EDF means Export Development Fund. For rapid growth of the readymade garments, on behalf of Government of Bangladesh, Bangladesh Bank provide certain amount of funds for 6 months to the readymade garments for importing their raw materials. After 6 months of maturity, the customer pays back the fund to SCB and then SCB transfer the fund to the Bangladesh Bank. Government wants these garments can do more export outside.

There is another type of L/C that Standard Chartered Bank provides to their potential customers. That is called UPAS – savar.

- **UPAS – Savar:** UPAS means Usance L/C Payment At Sight. In this type of L/C supplier gets the payment at sight from the Savar branch of Standard Chartered Bank. However, customer will make the payment at maturity with interest to Standard Chartered Bank.

3.2 Different aspects of Job Performance

During my three month internship period, I was assigned for different types of task and activities and by doing those tasks I achieved performance appraisal from my supervisor.

- Checking each and every L/C related documents before issuing
- Checking the import bill documents for adding checklist on those documents for payment
- Sometimes making file for registering/reporting to Bangladesh Bank

Chapter 4

4.1 Origin of the report

This report is an Internship Report prepared as a requirement for the completion of the BBA Program of BRAC Business School, BRAC University. I've completed working in Trade Services in Standard Chartered Bank (Head Office) as an intern. Standard Chartered Bank is one of the most reputed multinational banks in the world. It plays a significant role to mobilize commercial activities of our country. Foreign exchange section of any bank deals directly with the international business activities (i.e. L/C is an essential part of export/import of a country]. Therefore as an International business major it was a pleasure to get inside this core process. So in this report I have analyzed the overall performance of Trade Services of Standard Chartered Bank.

4.2 Objectives of the study:

Broad objective:

It will be an internal evaluation of the Import operations of Trade Services in Standard Chartered Bank (Head Office)

Specific objective:

- To see the difference between theoretical and practical aspects of the process
- To get the employees' insight of the L/C process

4.3 Significance of the study

My analysis and findings will definitely help current management of Standard Chartered Bank and all other stakeholders in these particular ways:

- They will have neutral evaluation of the working processes
- They will get to know the employees' evaluation on the management

4.4 Methodology

Data collection for the project basically depended on the primary data along with secondary data sources as much as possible. In order to construct the theoretical part, the people working in Standard Chartered Bank, especially in the Trade Services were consulted. Primary data was collected through questionnaire surveys and some interviews of the import section of the department as required. For secondary information I researched relevant data and stats from the branch's info section. Also, I looked into published data sources.

4.5 Data Analysis:

Usage for methodology here refers to research or to the specific analysis techniques. This also refers to anything and everything that can be encapsulated for a discipline or a series of processes, activities and tasks. Examples of this are business development, project management and business process fields. This use of the term is typified by the outline who, what, where, when, and why. In the documentation of the processes that make up the discipline that is being supported by "this" methodology that is where I would find the "methods" or processes here.

4.6 Scopes of the study

Standard Chartered Bank, Head Office is actively serving people with all its major departments such as Credit, Accounts, Cash and Trade Services etc. Also, there are subdivisions inside these departments. As an intern, I have spent majority of my time particularly in Import sections of Trade Services. So, I decided to focus on analyzing import operations and L/C processing only. This report does not include analysis on foreign remittance transfer.

4.7 Limitations:

Lack of comprehension of the respondents was the major problem that created many confusions regarding verification of conceptual question.

Limitation of time was one of the most important factors that shortened the present study. Due to time limitation many aspects could not discussed in the present study.

Confidentiality of data was another important barrier that was faced during the conduct of this study. Every organization has their own secrecy that is not revealed to others. While collecting data on Standard Chartered Bank, personnel did not disclose enough information for the sake of confidentiality of the organization.

The **annual report of SCB** is not only for Bangladesh, so the financial information is not found specifically.

Rush hours and business was another reason that acts as an obstacle while gathering data. I was placed in this department for only three months of time and working like a regular employee hindered the opportunity to put the better effort for the study.

Chapter 5

5.1 Import Operations of Standard Chartered Bank

A big part of the business of Standard Chartered Bank requires their huge Trade Services to their potential customers. With the support of global network, Standard Chartered Bank provides a professional trade services to help the customers on business opportunities that develop in both domestic and international business communities.

Import Trade Services are:

- Import Letter of Credit Issuance
- Import Bills of Collections
- Import loans and Loan against trust receipts
- Shipping Guarantee

A brief description of the import trade services are given below:

5.2 Letter of credit

A letter of credit (L/C) is an instrument of settling trade payments. As against the open account method of payment, which offers little or no security of payment to the seller or the advance payment method of settlement as well as which offers little or no security to the buyer, this method of payment offers advantages as well as certain assurances to both sellers and buyers.

A letter of credit is an unconditional undertaking given by the issuing bank at the request of the applicant to pay the beneficiary against the stipulated documents. In the letter of credit transaction, banks deal only with documents, they have nothing to do with the goods.

Import letter of credit

Import letter of credit means a commercial letter of credit established in favor of an exporter. It is usually issued by a domestic bank in favor of a foreign seller at an importer's request. Import letter of credit has several benefits such as:

- a. It ensures control and security because payment is made only against the documents specified
- b. It ensures the advantage of experience
- c. It enhances the bargaining position; and
- d. It improve the competitive status particularly with suppliers who insist on payment by

Benefits:

- Under a Letter of credit, the payment risk is effectively transferred to the issuing bank (Standard Chartered Bank). Customer can therefore negotiate better price discounts with their suppliers or request extended credit terms to help improve their own cash flow because their import payment is guaranteed by Standard Chartered Bank upon presentation of compliant documents by the beneficiary.
- The customer are also assured that payment or acceptance will not be made unless the documents called for under the L?C and the terms and conditions of the LC are strictly complied with.
- The customer maintains control over the transaction through the Letter of Credit mechanism. They can, for example incorporate a latest date for shipment, payment terms and specific documentary requirements all of which are irrevocable and therefore require the agreement of the issuing bank, Confirming Bank (if any) and beneficiary before they can be revised.

5.2.1 Types of Letter of Credit:

a. Standby Letter of Credit (SBLC):

A SBLC operates like a Bank financial guarantee with the main differentiating factor being that it is governed by the current version of UCP or ISP98. Functionally, a SBLC is a similar instrument to that of letter of credit that it serves as an obligation on the part of Standard Chartered Bank to pay a beneficiary based on their written demand certifying non-fulfillment of contracted terms or against stipulated documents.

However, payment under a SBLC is typically generated by a negative event such as non-performance, whereas payment under a letter of credit is typically generated by shipment of goods. SBLC's may be used to guarantee delivery of goods on an open account basis, repayments of trade loans or securing payment for goods and services delivered by third parties.

b. Transferable Letter of Credit:

A transferable letter of credit is one that can be transferable full or partially be the original beneficiary to one or more second beneficiaries. Such letters of credit are usually issued when the ultimate buyer needs a type of commodity or goods but can only buy them through an intermediary because the latter has a relationship or sole distributor rights with the manufactures or producers of such goods. Under such arrangements the intermediary commits little funds to the transaction and can normally hide the relationship between the ultimate buyer and ultimate seller.

c. Revolving Import Letter of Credit:

In a revolving letter of credit the credit amount can be renewed or restored without specific amendments to the letter of credit being required. Typically, revolving letters of credit are used in situations where constant and regular shipments from the same supplier are effected over a given period although it is possible to limit the customer's exposure at any one time.

d. Red Clause Letter of Credit:

A red clause letter of credit facilitates pre-shipment finance for the beneficiary. It is often used to assist suppliers in paying for materials and labor or perhaps in middleman who needs financing to conclude a transaction. It is useful in situations where the customer's supplier is trusted but has difficulty in sourcing the raw materials or goods unless payment is made in advance. The customers should be aware that, in L/C, they as applicant would still be liable for settlement of the advanced funds.

e. Back to Back Letter of Credit:

A back-to-back letter of credit is issued using an existing export L/C opened in the customer's favor with consistent terms and conditions as security and the source of repayment. Similar to Transferable L/C the buyer will not normally know the ultimate supplier and the customer can therefore supply the buyer without exposing sensitive information.

5.2.2 Documents required for opening Import Letter of Credit:

To be provided for each LC:

- LC Application form duly filled in and signed by authorized signatory. Form will be provided by SCB.
- LCA form duly filled in and signed by authorized signatory. Form will be provided by SCB.
- IMP form duly filled in and signed by authorized signatory. Form will be provided by SCB.
- Proforma Invoice or indent in three copies duly accepted through original seal and signature in all pages. In case of indent, copy of valid Indenting Registration Certificate and Bangladesh Bank permission of indenter incorporating respective supplier's name is required.
- Inspection Order Form (IOF) properly filled in by the applicant (where PSI is mandatory).
- Insurance cover note/ Policy (coverage to be 110% of the LC value).
- Other additional documents (If required by the Import Policy or Public Notice or instruction issued by the Chief Controller from time to time). SCB can advise regarding required additional documents if customer provides H.S. code.
- Valid Suppliers Credit Reports. To be obtained by SCB prior to opening L/C.
- Import Registration Certificate (IRC) which will be returned later.
- Proof of payment of renewal fees for IRC for the concerned financial year.
- NOC from the nominated bank (where nominated bank in IRC is other than SCB)
- Valid TIN certificate
- Valid VAT certificate
- Valid and renewed Trade license
- Copy of Board Resolution
- A declaration in company's letterhead pad, that the importer has paid income tax or submitted income tax return for the preceding year. A new company can declare that the requirement is not applicable or the company is enjoying tax holiday.

- Valid and renewed membership certificate from registers local chamber of commerce and industry of any trade association established on all Bangladesh bases, representing any special trade/business.
- Certificate from previous banks confirming no overdue Bills of Entry in their books in the name of the importer.
- Valid Bonded Warehouse license showing SCB as lien bank (applicable for Back to Back Letter of credit and import under bonded warehouse facility)
- BOI permission and BOI Allocation letter (applicable for industrial units)

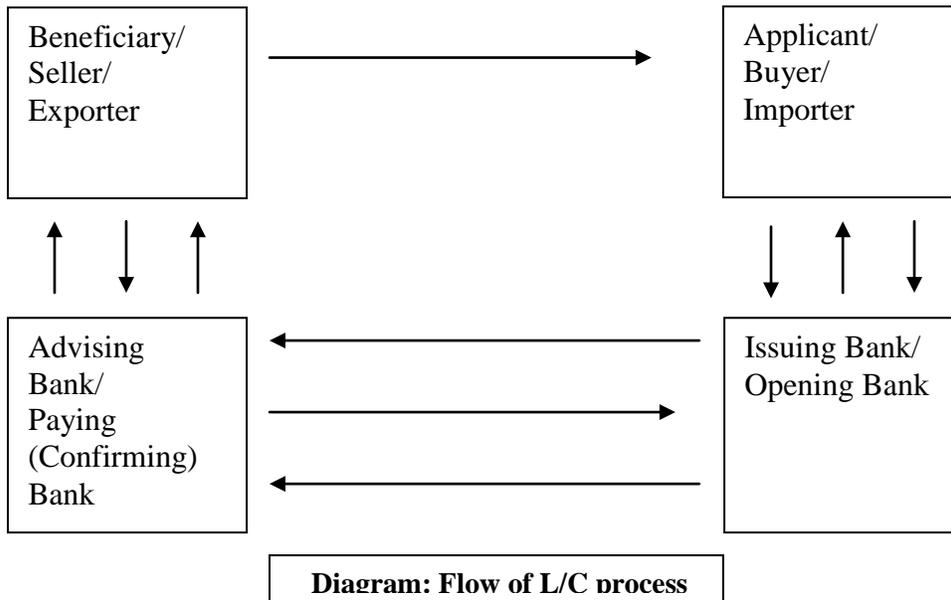
5.2.3 Parties to a letter of credit:

- **Applicant** is normally a buyer of the goods who has to make payment to the beneficiary.
- **Beneficiary** is normally a seller of the goods who has to receive payment from the applicant.
- **Issuing Bank** refers to the bank which issues the letter of credit.
- **Advising Bank** refers to the bank that advises the credit to the beneficiary thereby assuring the genuineness of the letter of credit.
- **Confirming Bank** refers to the bank that adds its guarantee to the letter of credit opened by the Issuing Bank, thereby giving its independent commitment to pay under the L/C. An L/C may not call for it to be confirmed.
- **Nominated Bank** refers to the bank nominated by the issuing bank to honor drawings under the L/C.
- **Reimbursing Bank** is the bank authorized to honor the reimbursement claim settlement of the nominated bank lodged with it.

5.2.4 The typical steps of Letter of credit processing:

1. The applicant (buyer or importer) initiates the request for a letter of credit.
2. The issuing bank issues the letter of credit and forwards it to the beneficiary directly or transmits it to the advising bank.
3. The advising bank authenticates and presents the letter of credit to the beneficiary. If the issuing bank nominates the advising bank to be its paying agent, the advising bank may also become the paying bank. The issuing bank may also request that the advising bank add its confirmation to the letter of credit.
4. The beneficiary ships the goods.
5. The beneficiary forwards the documents required under the terms and conditions of the letter of credit to the paying (confirming) bank.
6. The paying bank examines the documents to ensure compliance with the terms and conditions of the letter of credit. If the documents comply, the paying bank receives funds from the issuing bank before releasing payment to the beneficiary.
7. The paying bank forwards the documents to the issuing bank. Upon receipt, the issuing bank reexamines the documents to ensure compliance with the terms and conditions of the letter of credit.
8. The issuing bank debits the applicant's account.
9. The issuing bank releases the documents to the applicant.

The flow of letter of credit processing through a diagram is given below:



Observation:

Standard Chartered Bank officials are very careful about the relevant papers and documents. They say the margin of error is absolutely zero here as the deal with only the papers, not the actual products. So SCB is not afraid to send discrepancy notice to the parties for even the slightest of errors in paper or presented information.

Also officials are always busy making sure the payment is made or received in due time.

5.3 Import Bills for Collection:

Exporters can instruct their Bank (called the Remitting Bank) to send commercial documents such as invoices, Bills of lading or Airway Bills or financial documents such as Bills of Exchange on a collection basis to the Presenting bank which is normally located in the Importer's country. Upon receipt of such documents Standard Chartered Bank will acknowledge receipt and release documents strictly in accordance with instructions received from the remitting bank. They receive it either against payment if the collection instruction calls for documents against payment or acceptance if the collection instructions call for documents against acceptance.

Collections can be further defined into two categories, Documentary Collections and Clean Collections.

Documentary Collections: Documentary Collections are the most common form of collections and usually comprise of both financial and commercial documents which would be required in order to obtain delivery of goods.

Clean collections: Clean collections comprise financial documents only which typically represent an outstanding debt or acknowledgement of payment to be made at a later date.

Benefits:

- Documentary collections are a more secure method of payment than advance payment as they can provide comfort to an importer that goods have been shipped and if an independent inspection certificate is presented comply with the order specifications.
- As an importer, the customers may be able to negotiate for better credit terms such as making payment 30days later rather than paying the exporter at sight because the documents are handled by banks.
- As the importer the customer do not have to make payment until the goods have been shipped and can negotiate better credit terms with your supplier because documents will be handled through the banking system.

Bank Requirements:

- Standard Chartered Bank will only handle documents under collection that are subject to Uniform Rules for collection, 1995 Revision, ICC Publication No 522 and presented through a Remitting Bank.

5.4 Import Loans and Loans against Trust Receipts:

An import loan or loan against trust receipt (applicable only when the bank has title to the goods) is a short-term cash advance with recourse that enables the customer as an importer to meet your immediate payment obligations under a sight or usance Letter of Credit presentation or Import Documentary Collection. Under such arrangements, Standard Chartered Bank finances the customer's import commitments by making payment against the Letter of Credit or Documentary Collection and receives payment from the customer at a pre-determined date in the future. Here, the credit period between the time that Standard Chartered Bank provides finance and the time the customer repay Standard Chartered Bank should be sufficient for them to either manufacture their goods for final sale or for direct sale to their end buyers.

Benefits:

- The customers will benefit for having more financial resources to clear their goods from the port and manufacture, store and arrange for final sale to their end buyers.
- The supplier is independent of the process of raising finance. They do not have to sign any documentation but receive payment as per the original contract terms through the Letter of Credit or Bill for Collection.
- As the customers are able to reimburse the suppliers on a sight basis or when the tenor is due, they should be in a greater bargaining position, typically in terms of the contract price.

Bank Requirements:

- A credit limit sanctioned for Import Loan/ Loan against Trust Receipt.
- Request for financing should be made in the Banks' standard form and duly signed by authorized signatories of the customers company as per the Bank's records.
- The letter of credit should call for a complete set of original bills of lading that are consigned to order and blank endorsed or consigned to the order of the bank.

These bills of lading and other essential trade documents will be released to the customer upon receipt of the duly signed trust receipt form.

- The underlying goods with which Standard Chartered Bank is financing must be suitable that is the Bank reserves the right to reject financing of fashionable goods, perishable goods or price volatile goods.
- The financing period that is accorded to the customer must be matched to their cash conversion cycle which typically would be about 90 days or less but in any case should not exceed 180 days.
- Financing should normally be in the same currency as the proceeds paid under the letter of credit or bill for collection. However, if the financing were in domestic currency the customer would need to enter into a forward deal with Standard Chartered Bank.

5.5 Shipping Guarantee:

A shipping guarantee is issued by Standard Chartered Bank on the customer's instruction when the vessel carrying the goods arrives earlier than the original bill of lading and the customers are required to clear the goods or face the possibility of incurring demurrage charges.

Under such circumstances, the shipping documents may still be in transit to the bank or may have been lost in transit. If the goods were transported by air, Standard Chartered Bank would issue Delivery Orders to authorize the release of goods at the airport. Shipping guarantees are typically only issued when Standard Chartered Bank is the L/C issuing bank.

Benefits:

- The customer will be able to clear the goods before receipt of the original shipping documents thus avoiding demurrage charges.

Bank Requirements:

- A Shipping Guarantee Application on the Standard Chartered Bank's standard form which incorporates a counter indemnity and Trust Receipt should be submitted together with the shipping company's agency indemnity form in duplicate.
- An undertaking to accept all the discrepancies. If the shipping guarantee is issued against a letter of credit, once the documents are received along with an authority to debit their account.
- An undertaking to return the original guarantee duly discharged by the beneficiary upon receipt of original bill of lading.
- Copy of related commercial invoice and bills of lading should be presented along with the shipping guarantee form. In the absence of invoices, alternative documents such as insurance policies should be used to determine the value of goods.

5.6 Documents and Information Preservation

In each step of the L/C processing, The SCB server is updated with latest status and figures. And once the L/C is processed and all the payments are made, all the associated documents (hard copies) are preserved in folders.

These documents include:

1. L/C opening papers*

- LCA form*
- EXP form (Date wise) *
- Letter of Undertaking*
- Application Agreement form*
- Insurance money receipt + Cover note + Policy*
- Proforma Invoice*
- L/C opening application/ Client forwarding letter*

2. Credit Report

- SWIFT – 799/999 or D&B BIR

3. L/C

- Issue of documentary credit SWIFT copy*
- Debit Advice

4. PSI request (L/C & for each amendment)

- Application
- PSI form
- TIN certificate

5. Amendments

- SWIFT copy
- Client's request letter
- Debit Advice

6. CRF (Clean Report Finding) of PSI report

7. Shipping Guarantee

- Forwarding letter (in SCB letter head-paper)
- Commercial Invoice
- Packing list
- Certificate of Origin
- Bill of lading
- Airway bill
- Truck receipt
- Courier receipt
- Delivery challan
- Others

8. Shipping Documents*

- Foreign Bank's forwarding/ cover letter/ remittance letter*
- Bill of exchange*
- Commercial Invoice*
- Packing list*
- Certificate of Origin*
- Bill of lading*
- Airway bill*
- Truck receipt*
- Courier receipt*
- Delivery challan*

- Shipping company's certificate*
- Beneficiary's certificate
- Shipment Advice*
- Preshipment Certificate
- Certificate
- Request for acceptance/ payment
- Installation certificate
- Clearance of consignment
- Warranty and guarantee certificate
- Covering Note
- Protoyon Potro

9. Advice of refusal/ Discrepancy Notice

10. Arrival notice of client/ applicant

11. Client letter for releasing documents or Request to retire shipping documents

12. Advice of acceptance

13. Debit Advice

14. Purchase of foreign currency

15. P.O/ D.D and payment forwarding or payment instructions*

16. Loan agreement

17. Advice of letter of credit payment

18. Bill of Entry*

Note: All the listed documents types may not be available. However, starred (*) documents must be presented.

Chapter 6

6.1 SWOT Analysis:

During 3 months of my internship program, I have observed the working environment and the operations of Standard Chartered Bank. Therefore, I have done a SWOT analysis through which an overall picture of the bank can be given.

6.2 Strengths

a. Accountable Corporate Governance:

Good Corporate Governance is an issue of vital importance to the Board and Management of Standard Chartered Bank. The board of Directors, as the apex level of authority, is responsible and accountable for the overall direction and is ultimately answerable to regulatory authorities and shareholders for the activities, strategies and performance of the company. Standard Chartered Bank board has a formal schedule of matters especially reserved for its decision including corporate strategy, approval of budgets and balance sheet, annual financial results, director appointment, proposals for dividend, approval of major corporate transactions and credit proposals beyond the delegated business power of the management.

b. Experienced Senior Management:

The senior management of the bank is responsible for promoting highest level of business ethics and integrity. Their aim is to create and foster a culture throughout the bank that emphasizes and demonstrates the importance of maintaining high business ethics and close relationship with customers.

c. Quality customer service:

Customers are the focal point of all the banks activities. Standard Chartered Bank is committed to its customers for excellent, innovative and speedy solutions across all customer segments. The bank provides a full range of banking services to small and medium size companies and also to private individuals and entrepreneurs. They have expertise corporate banking, retail banking and trade services.

d. Compensation package:

Standard Chartered Bank maintains an equal opportunity in recruitment, training and promotion of all employees regardless of gender or ethnic origin. The bank tries to pay all its employees the best compensation package. Accordingly, Standard Chartered Bank's salary structure is revised upward on performance basis of the employees. The bank also keeps employees informed about the progress of the business and their part in it for their constant commitment to the bank. They also encourage the development of the employee involvement in the bank through formal and informal meetings.

e. Training and development:

Standard Chartered Bank has a personnel training society with good resources. They give regular training to the officer of both middle and lower levels. Again if there is any strategy or technology change, there will be special training program arranged based on individual needs.

6.3 Weaknesses

a. No feedback from bottom level employees

The bottom-level employees and even the mid-level managers at Bank don't take part in the decision-making process. So the information flow is mostly one way. Though Bank has some unofficial way to collect information from the bottom level employees, but it is not effective at all.

b. Problem with Attitude:

The front desk employees are often found not to be too keen on taking care of their customers. Though they have a long employee line in every branch, their loyalty to the company and their ethics level are not very satisfactory. Many of the employees have been found to limit thinking to their own interest only, which indicates that there is problem with their attitude. Some of them create unofficial groups through which they solve each other's problem and support each other to achieve their personal goals, not too much concern about their personal interest.

6.4 Opportunity:

a. Goodwill

Standard Chartered Bank has a very strong market image as one of the leading multinational banks. Local people as well as people in foreign countries choose SCB to have best service. If they expand their business and utilize this strength as more diversified business opportunities, they can create even stronger image in the country.

b. Expanding the business area

Standard Chartered Bank could also boost the number of branches to take advantages of increase demand among the existing customer with better services and thus generate more net profit. In Bangladesh number of garments industry is increasing day by day. Therefore, the demand for L/C is higher. So, Standard Chartered Bank can take the advantage of this huge opportunity.

c. Premium service banking

Standard Chartered Bank can improve its customer service by tailoring the individual business needs for trade services. This service enhancement collectively will allow a customer to manage their business finances more efficiently and conveniently.

d. Upgrading the online banking service

Standard Chartered Bank's online banking is up to the standard that customer needs. They are always very proactive in terms of giving the best quality service through online to their loyal customers. This will give them better opportunity to acquire more market share.

e. Government's changing attitude towards private sectors development

The government is favoring private sector investment which is good for Standard Chartered Bank as they can now expand their business with the favoring rules and regulations of Government of Bangladesh. This kind of government support will lessen their problems as it's sometimes getting really difficult for the foreign banks to adjust their business in a different country.

6.5 Threats:

a. Severe competition

As the banking industry of Bangladesh has promising prospects in, Standard Chartered Bank sometimes may face competitions in trade services with the entrance of new local potential competitors. However, Standard Chartered Bank has successfully created better image than those of local banks in Bangladesh.

b. Political Interference and Government Regulations

Standard Chartered Bank faces political interference in L/C process with a big amount of money and also there is to some extent unethical recruitment of employees. Also there is 45% tax rate for all financial institutions, which is very high and also a real threat for the growth of the company.

c. The central bank changing regulations

It is the Central Government who changes the rules and regulations towards foreign exchange policies. According to their economic conditions they want to implement. And whatever changes the Government makes the banks in Bangladesh both local and foreign have to abide by it. Standard Chartered Bank sometimes faces problems regarding the rules because they also have to think about their profit as well which may difficult for them to maintain for the strict rules.

d. Unstable political environment of the country

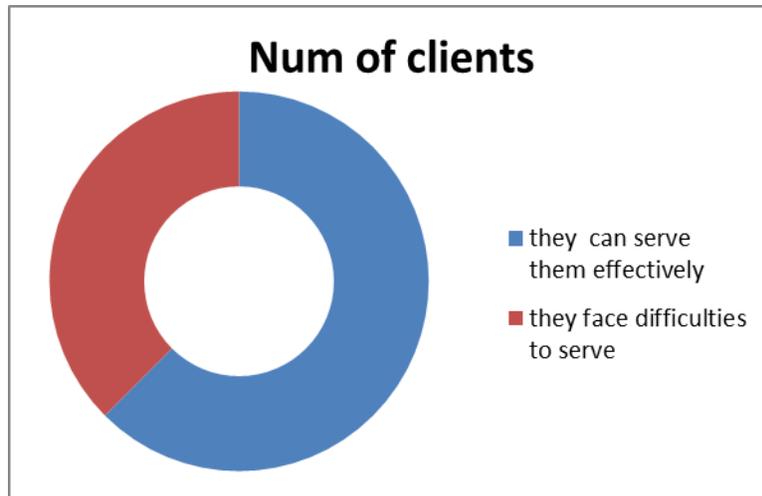
The political environment of Bangladesh is quite unstable and it affects the industry from performing efficiently. In Bangladesh where the political environment is absolutely unpredictable the external forces constantly keep on changing. For instance, a sudden call of hartal or strike might end up with the cancellation of the process of letter of credit. Thus, there is an enormous possibility of incurring a huge loss.

Chapter 7

7.1 Internal Management Survey Analysis

Number of clients:

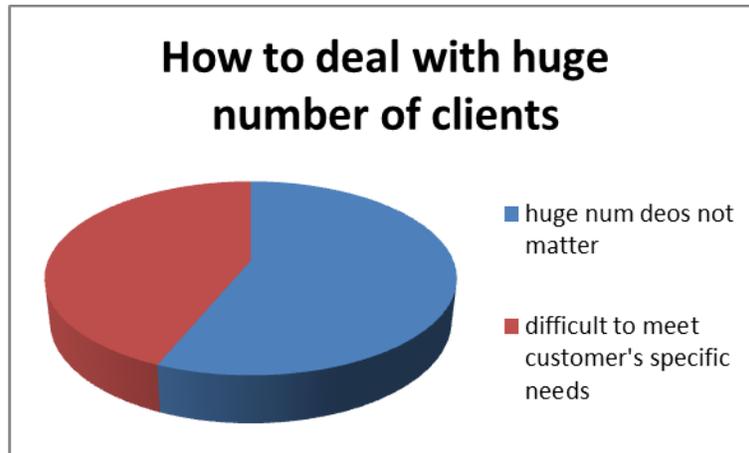
1. **Standard Chartered Bank has large number of clients in Trade Services. How do you see it?**



The very first think that drew my attention while working in Trade Services was there are a huge number of clients that they regularly deal with as their Trade Services are centralized in their head office. Sometimes, it seems very difficult to maintain those customers at a time. However, they seem to work for each and every customer's satisfaction. So, when I asked how they thought about it, 10 out of 16 respondents said they can serve them very effectively and they have the capacity.

However, 6 people thought sometimes it becomes very difficult to serve this huge number of customers. They need more employees to serve this huge number of clients.

How is it to deal with this huge number of clients?



Client-targeting and sales forecast are always decided by Standard Chartered Head Office. When I asked about it, 9 out of 16 respondents further said that these are big parties and that is why this huge number really does not matter.

7 people thought this is actually very much difficult to pay attention to each and every customer's specific needs.

7.2 Management:

How do you rate your skill as a member of T&G import team of Trade Services?

Repose to this question came out as a major surprise because around 50% respondents rated their own skill as a member of T&G import team of Trade Services as medium which should be a concern for the bank management.

However, 4 people are confident enough to rate themselves at least 8 (in scale of 9)

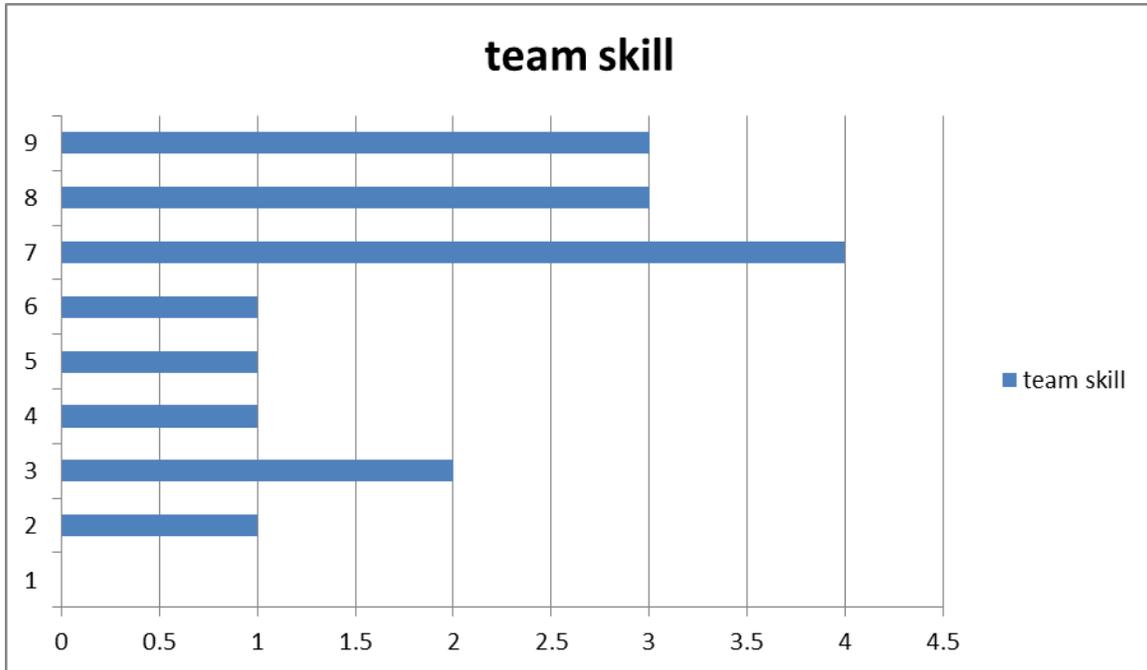


How do you rate the whole T&G team in terms of skill level?

Although most employees rated their own skills with less confidence, they had high confidence on themselves as a team.

While 10 out of 16 respondents rated team skill 7 or above (in scale of 9), 3 people had full trust on their team ability.

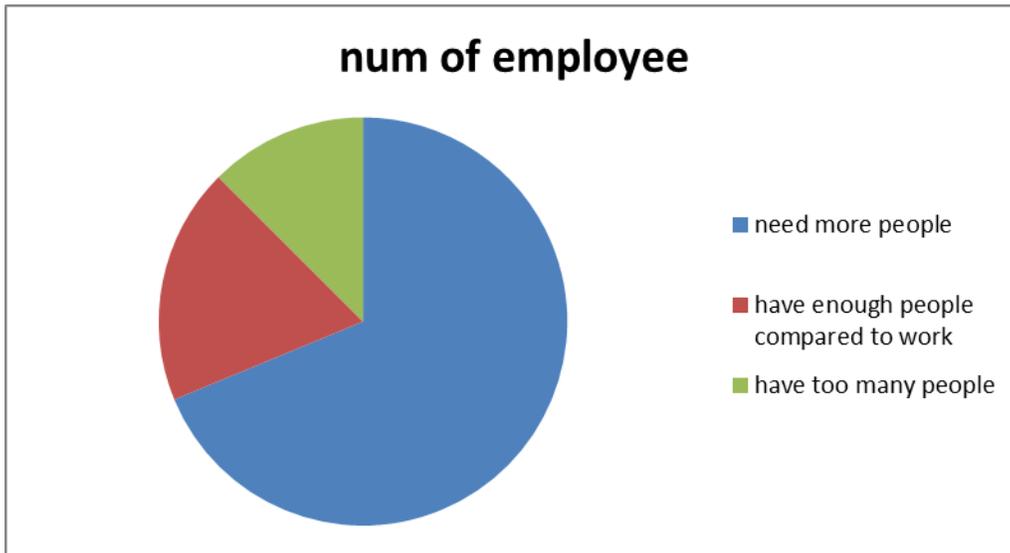
Nevertheless, 3 employees rated team skill level as medium or below medium.



What do you think about the number of workers in the T&G import team of Trade Services?

My personal feeling was that workers in the T&G import team of Trade Services needs more people to work with as they have to work extra hours every day for the huge number of customers. Therefore, 11 out of 16 respondents reacted that they need more people to meet the current workload. However, only 3 out of 16 feel that they have enough people compared to workload.

Only 2 out of 16 feel that they have too many people in their team.



Co-operation between the team:

As most people have shown confidence in their team ability, they have also rated their team co-operation highly.

16 out of 16 respondents rated that they have excellent or good cooperation level and no body rated co-operation as not so good or poor.

Team managing or leading:

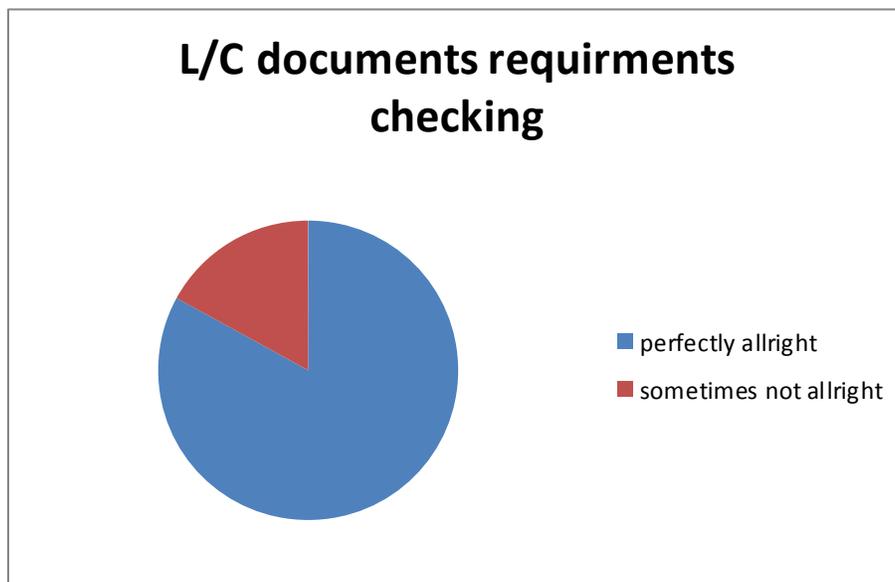
With my 3 months experience in the department, I thought employees are not happy with the team leading. I have seen occasions when team leader has openly blamed members which were not the most expected thing to happen. Also, at times members have highly criticized leading method. It was evident to me that there is a big communication gap between the leader and members.

However, survey responses did not reflect it at all. Team-leading was considered good by two-third of the total respondents which could be pretty satisfactory from management perspective.

Before starting a new Deal/LC, does SCB make sure all the documents are ready in order?

Documents in order are the core requirements of L/C processing. 83% of the respondents claimed that they made sure the documents were perfectly alright.

17% had to say that most of the times they got it alright.

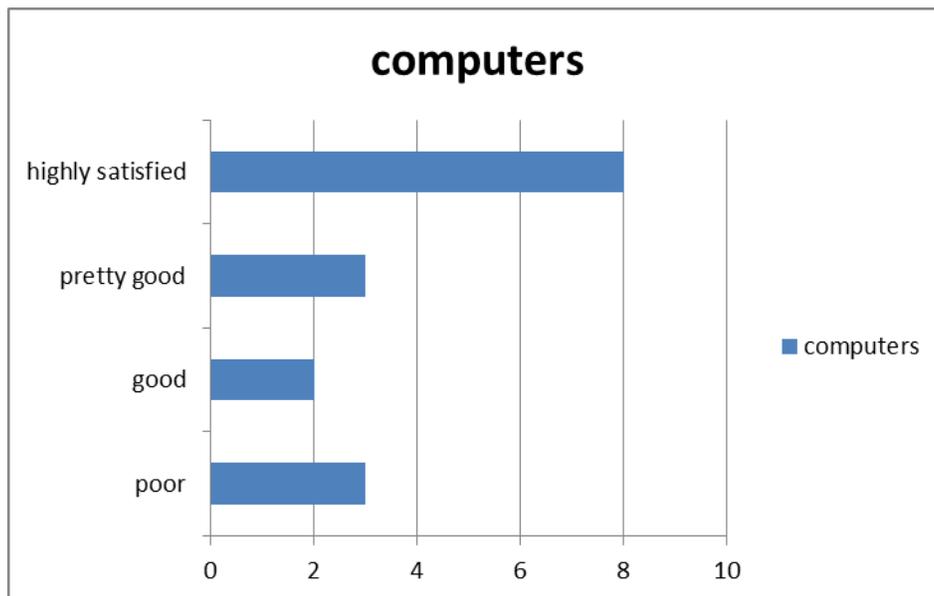


7.3 Technical Resources:

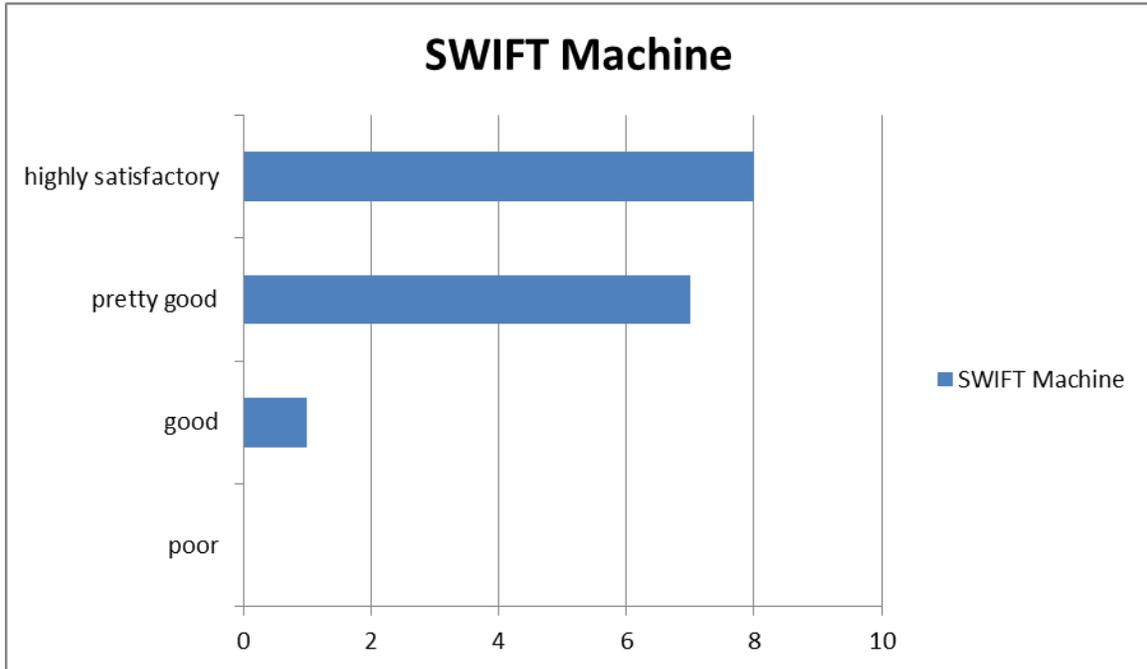
Do you think SCB Trade Services uses modern technical equipments and facilities (optimized computers, printers, phone etc) to ensure maximum productivity?

Technological resources such as computer, network server, phone, printers etc are essential part of today's banking. SCB Head office is equipped with all these resources. When asked to evaluate these resources' performance, a mixture of positive and negative feedback was received. Here is the feedback analysis:

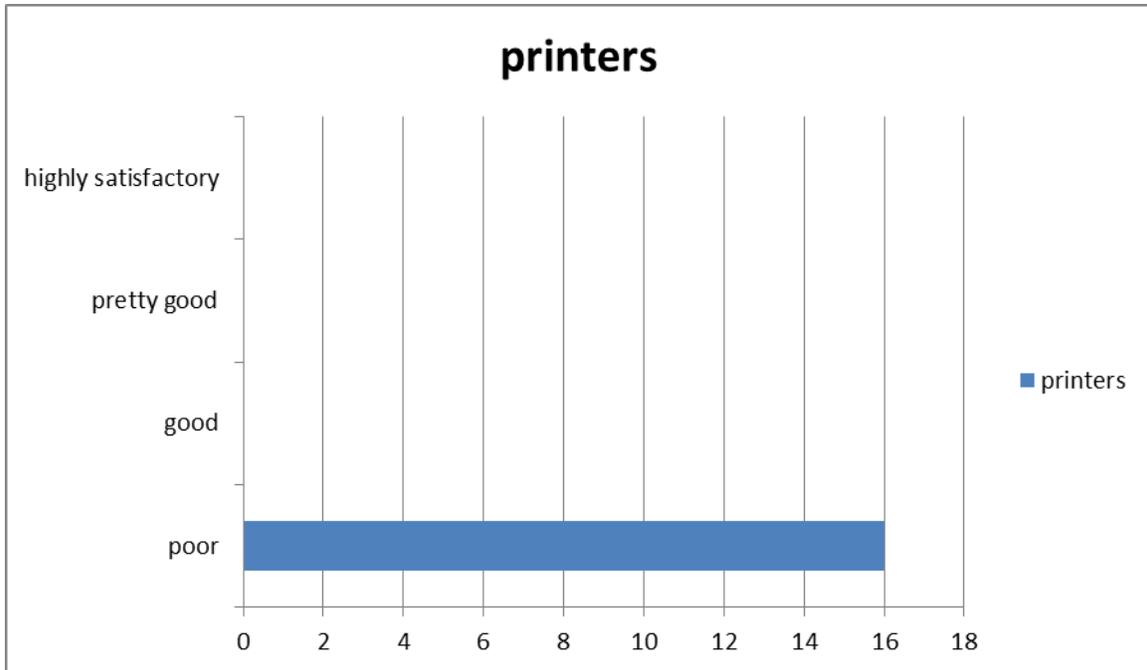
Computers: Survey reveals that around 8 out of 16 employees are highly satisfied with their office computers. 5 said computers are pretty good while 3 of them said those are not good.



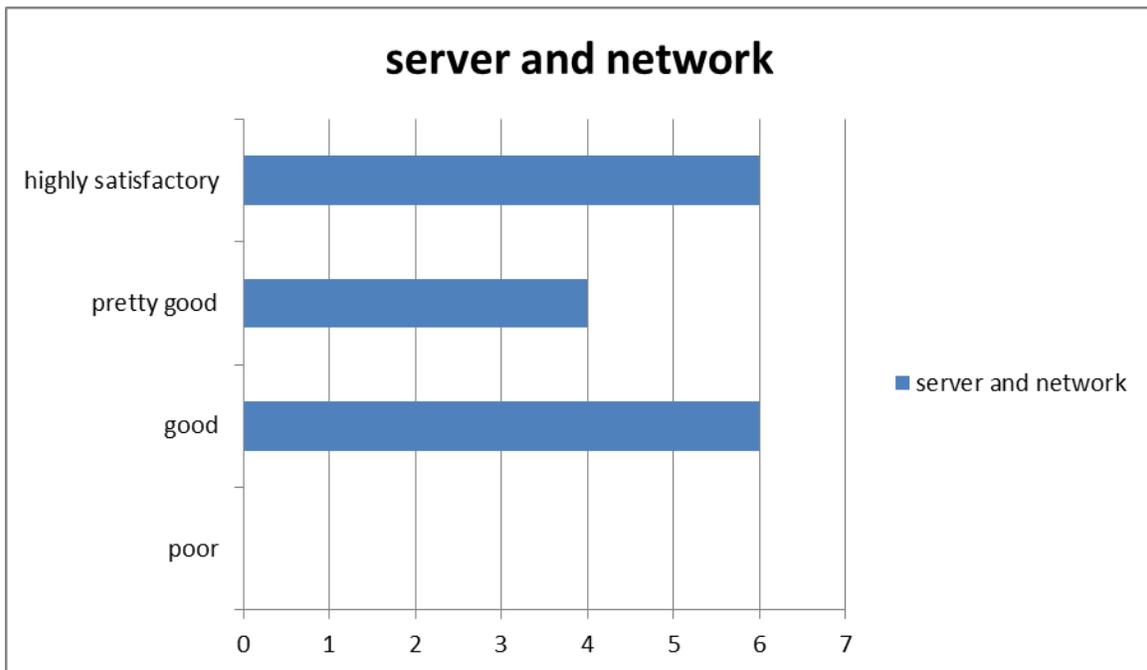
SWIFT Machine: SWIFT machine is indispensable for trade services as all the international messages come through it. The SWIFT machine used in SCB head office is too much good and they do maintenance of the machine each month. Therefore, users find it to be pretty good or excellent. 15 out of 16 people rated it as pretty good or excellent.



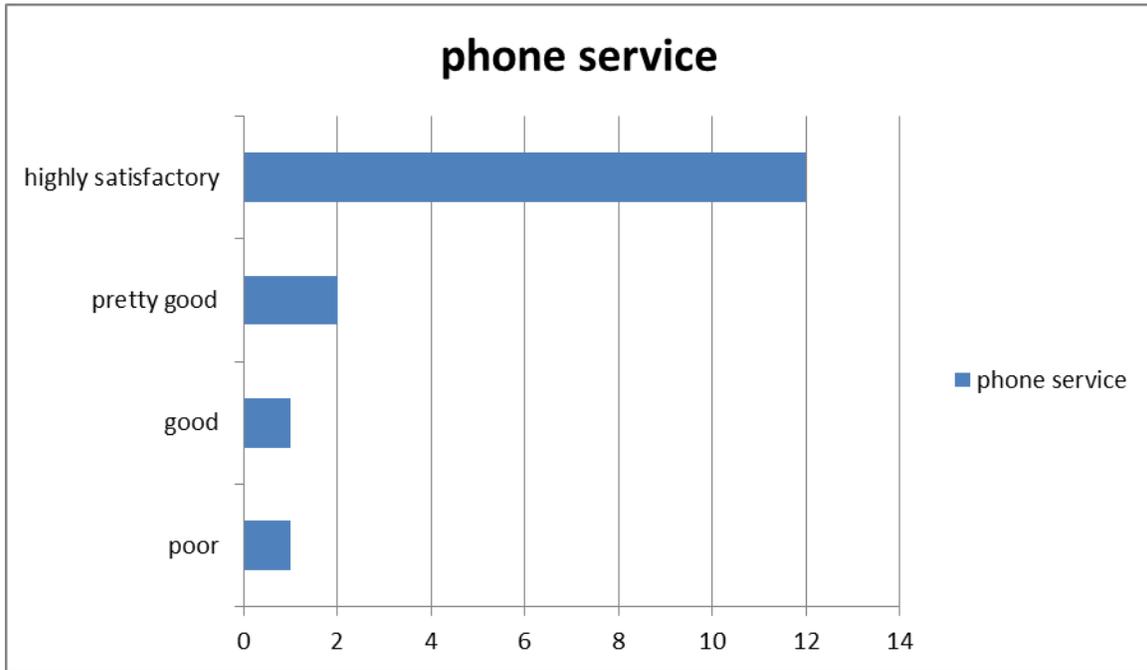
Printer: Survey reveals the printer performances are not satisfactory to almost all the users of the team. The number of printer is only 4 and those are being used for the whole department. Those printers kill a lot of time of the employees. Therefore, in this case 16 out of 16 respondents rated the printer services as not good or poor.



Server and Network: SCB has a strong and stable server that connects all its branches and ATM booths throughout the country. Depending on server quality the data is transferred fast or slow. Employee responses indicate that server performance was satisfactory and consistent. No one at all did rate it bad or poor.



Phone Services: I myself found the phone service in the head office of SCB is pretty much good with individual land phones of each and every employee. Therefore, phone service overall got a positive evaluation where 14 out of 16 respondents rated it as highly satisfactory and pretty good.



Chapter 8

8.1 Recommendation

There is no doubt that Standard Chartered Bank is one of the leading multinational banks. However, day by day more competitors' banks are coming in the banking industry. Therefore, Standard Chartered Bank has to be every careful about their each movement in terms of their development and keeping their position always high in the market. They are doing well. However, Standard Chartered Bank has some threats and weaknesses that will turn down the process of this bank to a vast amount. It is been seen that customer complaint has increased recently than before for this reason it is high time that the employees are trained up more to avoid future problems. Some recommendations are proposed below.

- Standard Chartered Bank senior officials should be more cooperative to their subordinates and arrange for workshops/ training programs to keep them motivated in their work.
- Standard Chartered Bank should lower its charges immediately to prevent the loss of customers.
- The establishment of more branches may boost up the chance of becoming more customer base for Standard Chartered Bank.
- The authority power should be decentralized according to their rules and responsibility, there is a lot of authority but it should be reduced. The main authority power should provide the responsible branch manager to reduce the unnecessary hassle then it will be better for the bank.
- There exits dissatisfaction among the employees. Their promotion is very slow manner so in future the switching tendency will increase. Employees' salary structure is not so much standard if we compare with other private banks. So their skill employee always is searching for better offer which will affect the bank performance.
- New updated banking software should be installed for Trade Services and bank should take proper step for implementation of BASEL II.

- The bank has to increase their advertisement and also increase their social activities. So they have to explore their name to the people that every one can know about SCB.
- In this time there is so much competition between each other that a single step can change the all direction. Today's people are very much willing to do banking, which one is near to them. So if the number of branches will not increase than it can lose the customer.

Chapter 9

9.1 Conclusion

Throughout the last 3 months I have got a vast opportunity to observe the overall service process of Trade Services of Standard Chartered Bank. I have also got the scope to interact with clients directly and reveal their expectations and perceptions about the bank's services. Not to mention, working with the team was such a great experience. I am sure the bank's Trade Services will continue to perform satisfactorily like recent years. Standard Chartered Bank management just has to make sure that they can keep their goodwill and respond to the desired changes required by customers.

Banking is becoming more vital for economic development of Bangladesh in mobilizing capital and other resources. Standard Chartered Bank is also extending such contributions to the advancement of the socioeconomic condition of the country. Standard Chartered can utilize any opportunity in the banking sector with a huge number of qualified and experienced human resources. It is pioneer in introducing many new products and services in the banking sector of the country. Moreover, in the retail-banking sector, it is unmatched with any other foreign banks because of its wide spread branch networking thought the country.

As an organization the Standard Chartered Group has earned the reputation of top foreign banks operating in Bangladesh. The organization is much more structured compared to any other foreign bank operating in Bangladesh. It is relentless in pursuit of business innovation and improvement. It has a status as a leader in financing manufacturing sector. They are fully committed to conduct its business activities in economically, environmentally and socially sustainable manner.

Chapter 10

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www.dsebd.org

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10.2 Interview:

Mr. Shibu Prasad Samaddar, Senior Manager, Trade Services, SCB, Bangladesh

Dhruba Kumar Mondal, Manager, Trade Services, SCB, Bangladesh

Mozammel Hossain Tuhin, Assistant Manager, Trade Services, SCB, Bangladesh

Sharmin Idris, Assistant Manager, Trade Services, SCB, Bangladesh

Fahmida Rahman, Operations Officer, Trade Services, SCB, Bangladesh