Internship Report

Foreign Trade Activities: A study on Bank Asia Limited.
Internship Report On:

“Foreign Trade management: A study on Bank Asia Limited”

Submitted to
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Submitted by
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Date of Submission: September 01, 2016
Letter of Transmittal

September 01, 2016

Mr. Riyashad Ahmed
Assistant Professor
BRAC Business School
BRAC University

Subject: Submission of Internship Report entitled "Foreign Trade Management: A study on Bank Asia Limited"

Dear Sir

It is my pleasure to submit the internship report on “Foreign Trade Management: A study on Bank Asia Limited", as a part of BUS 400 course. I have prepared this report which has enabled the merging of theoretical knowledge based on the practical experience of working and data collecting which I have collected both from primary and secondary sources of Bank Asia Limited and also from my personal observation. I would like to express my profound gratitude for your kind conscious guidance in preparing this reporting the given time.

I hope this report will give you a clear idea to evaluate my performance of my internship program.

Sincerely yours,

........................................
Md. Hasnat Awal
ID: 12104190
Major in Finance
BRAC Business School
BRAC University
Acknowledgement

First of all, I would like to thank Almighty Allah for the blessing of allowing me the opportunity of completing my internship report.

I would like to express my gratitude to my academic supervisor Mr. Riyashad Ahmed for his undeniable support, guidance, constructive instructions and for motivating me for do this report.

I am also thankful to HR Division of Bank Asia Limited as they have given me the chance to do internship in their Scotia Branch.

I am also grateful to Mr. Md. Abdul Latif (SVP & Head of Scotia Branch), Mr. Subrata Kumar Paul (FAVP and In charge of Foreign Trade) and Mr. Farid Ahmed (Export in charge) as they have helped me a lot by providing me with proper data which were required for my internship report.

Moreover, I would like to express my gratitude to Bank Asia Ltd for the opportunity it gave to me for working over there. I must mention the wonderful working environment and group commitment of this organization that has enables me to deal with a lot of things related to banking operations. I would like to thank each and every employees of Bank Asia Limited as they helped me with their experiences and let me get along with their corporate culture.
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Executive Summary

Banking Sector in Bangladesh remains underdeveloped yet recent expansion in private banks have led to an opportunity of growth in this competitive period. Banks are more traditional in service from the start and were very much challenged in product innovation. A lot of Multinational banks operating in Bangladesh have created substantial opportunities for local banks to follow up with the culture of modern banking. Also it is very fortunate that export business operation of the country is largely dependent on banking services. It is the best way of foreign transaction and currency conversion. Textile as well as RMG sector of Bangladesh is a landmark of the growing profitability and expansion of bank in Bangladesh. Almost every single bank in Bangladesh provide foreign trade facilities. And so this report focuses on the foreign trade activities in Scotia Branch of Bank Asia Limited. The project section focuses on how foreign trade is operated and different aspects of the department. The background and history of the organization is shortly described. In the end, the report describes critical understandings of the entire learning and adds few recommendation for overall improvements.
Background of banking Sector in Bangladesh

Banking in Bangladesh started in 1770 with initiation of “Bank of Hindustan” in Calcutta. For the lack of trading, it only lasted till 1832. However, the first bank in Bangladesh was the “Dacca bank” in current Dhaka. Later down the road the bank was owned by “Bank of Bengal”. After the war, a significant change was established in the banking sector of Bangladesh. That time “State Bank of Pakistan” was renamed to Bangladesh Bank. (Manna, 2012)

Now banks in Bangladesh are basically two types:

Scheduled Bank

They were provided the license for operation in Bangladesh under the Bank Company Act, 1991 which was amended up to 2013.

These banks operate under the direct supervision of Bangladesh bank.

There are 56 scheduled banks in Bangladesh. The Following are the classifications of Scheduled banks in Bangladesh.

- State Owned Commercial Bank
- Private commercial Bank
- Conventional Private Commercial Bank
- Specialized Bank
- Islami Sharia based Private Commercial Bank
- Foreign Commercial Bank

Non Scheduled bank

These banks were established to meet the special objectives and purpose of modern banking but they cannot perform like the Scheduled ones.

Currently there are 4 non-scheduled Banks in Bangladesh.

- Ansar VDP Unnayan Bank
- Probashi Kollyan Bnak
- Jubilee bank
- Karmashangstan Bank
<table>
<thead>
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<th>Number of Banks</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
</tr>
<tr>
<td>SOCB’s</td>
<td>6</td>
</tr>
<tr>
<td>SDB’s</td>
<td>2</td>
</tr>
<tr>
<td>PCB’s</td>
<td>39</td>
</tr>
<tr>
<td>Conventional PCB’s</td>
<td>31</td>
</tr>
<tr>
<td>Islami Shariah Based PCB’s</td>
<td>8</td>
</tr>
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<td>FCB’s</td>
<td>9</td>
</tr>
<tr>
<td>Non-Scheduled Bank</td>
<td>4</td>
</tr>
</tbody>
</table>

Figure1: Number of Banks in Bangladesh (Bangladesh Bank, 2016)
PART 1: Organization Overview
**Introduction**

The prosperity of a country depends upon its economic activities. Like any other sphere of modern socio-economic activities, banking is a powerful medium of bringing about socio-economic changes of a developing country. Agriculture, Commerce and Industry provide the bulk of a country’s wealth. Without adequate banking facility these three cannot flourish. For a rapid economic growth a fully developed banking system can provide the necessary boost. The whole economy of a country is linked up with its banking system.

**Functions of a Bank**

The functions of the bank are now wide and diverse. Of all the functions of modern bank, lending is by far the most important. They provide both short-term and long-term credits. The customers come from all walks of life, from a small business to a multi-national corporation having its business activities all around the world. The banks have to satisfy requirements of different customers belonging to different social groups. The banking business has, therefore, become complex and requires specialized skills. They function as a catalytic agent for bringing about economic, industrial and agricultural growth and prosperity of the country. The banking can, therefore, be convinced “A sector of economy on the one hand and as a lubricant for the whole economy on the other”. As a result different types of banks have come into existence to suit specific requirements.
**Types of Bank:**

Figure 2: Type of Banks

- **Bangladesh Bank** (Central Bank of the country)
- **Co-operative Banks**
  - Nationalised Banks
  - Private Bank
  - Foreign Banks
  - Traditional Banks
  - Islamic Banks
  - Bangladesh Krishi Bank (BKB)
  - Rajshahi Krishi Unnayan Bank (RAKUB)
  - Bangladesh Shilpa Bank (BSB)
  - Bangladesh Shilpa Rin Sangstha (BSRS)
  - Bank of Small Indand Com. Bangladesh Ltd. (BASIC)
  - Grameen Bank
  - Karmasangsthan Bank
  - Ansar-VDP Unnayan Bank
  - Bangladesh Samabaya Bank Ltd.
  - Central Co-operative Bank Ltd.
  - Primary Co-operative Banking Societies
History of Bank Asia

Bank Asia has been launched by a group of successful entrepreneurs with recognized standing in the society. The management of the Bank consists of a team led by senior bankers with decades of experience in national and international markets. The senior management team is ably supported by a group of professionals many of whom have exposure in the international market.

It set milestones by accruing the business operations of the Bank of Nova Scotia in Dhaka, first in the banking history of Bangladesh. It again reported the performance by acquiring the Bangladesh operations of Muslim Commercial Bank Ltd. (MCB), a Pakistani Bank.

In the year 2003 the Bank again came to the limelight with oversubscription of the Initial Public Offering of the shares of the Bank, which was a record (55times) in our capital market’s History and its shares commands respectable premium.

The asset and liability growth has been remarkable. Bank Asia has been actively participating in the local money market as well as foreign currency market without exposing the Bank to vulnerable positions. The Bank’s investment in Treasury bills and other securities went up noticeably opening up opportunities for enhancing income in the context of a regime of gradual interest rate decline.

Bank Asia Limited started its service with a vision to serve people with modern and innovative banking products and services at affordable charge. Being parallel to the cutting edge technology the Bank is offering online banking with added delivery channels like ATM, Tele banking, SMS and Net Banking. And as part of the bank’s commitment to provide all modern and value added banking service in keeping with the very best standard in a globalize world.
Corporate Profile

<table>
<thead>
<tr>
<th>Name and address of Head Office</th>
<th>Bank Asia Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Rangs Tower, 68 Purana Paltan, Dhaka)</td>
</tr>
<tr>
<td>Chairman</td>
<td>Mr. A. Rouf Chowdhury</td>
</tr>
<tr>
<td>Managing Director</td>
<td>Md. Arfan Ali</td>
</tr>
<tr>
<td>Number of Branches in Bangladesh</td>
<td>107</td>
</tr>
<tr>
<td>Number of ATMs</td>
<td>43</td>
</tr>
<tr>
<td>Number of SME Centres</td>
<td>10</td>
</tr>
</tbody>
</table>

Figure 3: Corporate Profile of Bank Asia (Bank Asia Limited, 2016)

In the words of MD. Arfan Ali (Managing Director) of Bank Asia Limited,

“I strongly believe that our dedicated services and innovative products as well as enthusiastic team of professionals will be able to protect the interest of the stakeholders, ensure satisfaction of all clients and contribute significantly towards reducing poverty of the country thereby making a better tomorrow for all.”

Vision of bank Asia Ltd

Bank Asia's vision is to have a poverty free Bangladesh in course of a generation in the new millennium, reflecting the national dream. Our vision is to build a society where human dignity and human rights receive the highest consideration along with reduction of poverty.
Mission of bank Asia Ltd

- To assist in bringing high quality service to our customers and to participate in the growth and expansion of our national economy

- To set high standards of integrity and bring total satisfaction to our clients, shareholders and employees

- To become the most sought after bank in the country, rendering technology driven innovative services by our dedicated team of professionals

Core values of Bank Asia ltd

- Place customer interest and satisfaction as first priority and provide customized banking products and services.
- Value addition to stakeholders through attaining excellence in banking operations
- Maintain high ethical standard and transparency in dealings
- Be a complaint institution through adhering to all regulatory requirements
- Contribute significantly for the betterment of the society
- Ensure higher degree of motivation and dignified working for our human capital and respect optimal work-life balance
- Committed to protect the environment and go green.
Service Plan of Bank Asia Ltd

Bank Asia launched several financial products and services since its inception. Among them are Monthly Savings Scheme, Monthly Benefit Scheme, Special Savings Scheme, Consumer Credit Scheme, Small Loan Scheme, Rural Finance Scheme and E-cash (ATM). All of these have received wide acceptance among the people.

- **Monthly Savings Scheme (DG+):** The prime objective of this scheme is to encourage people to build up a habit of saving. In this scheme, one can save a fixed amount of money every month and receive substantial lump sum of money after three to five years.

- **Monthly Benefit Scheme (MB+):** MB+ is a five (05) years scheme that lets Depositors earn monthly benefit of Tk. 1000 or its multiple by minimum initial deposit of Tk. 100,000 or its multiple and after maturity depositors will get refund of his/her principal amount.

- **Special Savings Scheme (DB+):** DB+ is a 7 (seven) or 10 (ten) year’s scheme. The Deposit doubles in 7 years and triples in 10 years.

- **Bonus Savings Scheme:** A savings Account with a minimum balance of Tk. 50,000 will attract not only the usual savings interest but also a further 10% bonus on interest.

- **Personal Credit:** Personal credit is a relatively new field of collateral-free finance of the Bank. People with fixed income can avail of these credit facilities to buy household goods, consumer items, or to renovate existing house, etc.

- **Credit Loan:** If customers are in possession of BSP (Bangladesh Sanchay Patra), which will mature within the next 5 years, but they are in dire need of funds now, this scheme can come to their rescue.
• **Rural Development Scheme**: Rural Development Scheme has been evolved for the rural people of the country to make them self-employed through financing various income generating activities. This scheme is operated through the rural branches of the Bank.

• **E-Cash Banking Facility**: The E-cash card is an ATM card. It can be used as a combination of debit facility. The E-cash card network offers all banking requirements without ever setting foot in a bank. It's more than just an ATM service for quick cash withdraws or account enquiries. E-cash card provides round the clock banking.

• **Credit Card Facilities**: Bank Asia introduced credit card which name is Master card.

**Acceptance:** Bank Asia credit card is accepted more than 4,800 merchant outlets around the country. Our wide range of merchants include hotels, restaurants, airlines & travel agents, shopping malls and departmental stores, hospital & diagnostic centers, Jewellery shops, electronics’ & computer shops, leather goods, mobiles & internet service providers, patrol pumps and many more.

Credit facility: Bank Asia credit card offers free credit facility up to 45 days & minimum 15 days without any interest.

**Principal activities**

The principle activity of the bank is banking. The banking business includes obtain deposits through account opening, offer credit to corporate organizations, as well as retail and small & medium enterprise, trade financing, project financing, lease and hire purchase financing. The modes of banking include conventional banking and Islamic banking. It also performs merchant banking function under the license by Securities and Exchange Commission, Dhaka, Bangladesh.

- The main task of the Bank Asia is to accept deposited from various Customers through various accounts.
- Conduct all kinds of foreign exchange business including issuance of L/C, Traveler’s cheque etc.
- The Bank invest it fund in to profitable sector.
- Provides loans on easy terms and condition.
- Above all, Bank Asia helps the business men financially by giving discount Facility for bill of exchange and by providing the facility of letter of Guarantee
- It creates deposit.
- It transfer money by Demand Draft (DD), Pay Order (PO), and Telegraphic Transfer etc.
- The Bank is doing the transaction of bill exchange, Cheque etc. on behalf of the clients.
- Bank Asia assists in the foreign exchange by issuing letter of credit.
  - It brings the increasing power of the dimension of transaction.
- Act as referee for customers.

**Corporate governance and regulatory Compliance**

Bank Asia Limited practiced the principles of good corporate governance over the years that covered compliance of regulatory requirements, responsive to various stakeholders. Spirit of corporate governance also included practicing of the corporate culture within the organization and shared this by the employees.

Bank Asia Limited complied with all the regulatory guidelines prescribed by the Banking Companies Act, Bangladesh Bank, National Board of Revenue and Securities & Exchange Commission, International Accounting Standards, etc.

**Features of Bank Asia limited**

- Bank Asia Limited is engaged in conventional commercial banking. It is also introducing banking functions on Islamic Banking Principles.
• It is the pioneer in introducing and launching different customer friendly deposit schemes to tap the savings of the people for channeling the same to the productive sectors of the economy.

• For uplifting the standard of living of the limited income group of the population, the Bank has introduced Consumer Credit Schemes by providing financial assistance in the form of loan to the consumers for procuring household durables, which have had encouraging responses.

• The Bank is committed to continuous research and development so as to keep pace with modern banking.

• The operations of the Bank are computer oriented to ensure prompt and efficient services to the customer.

• The Bank has introduced camera surveillance system (CCTV) to strengthen the security services inside the Bank premises.

• The Bank has introduced customer relations management system to assess the needs of various customers and resolve any problem on the spot.

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**Corporate Culture of Bank Asia Limited**

**Environment**

While conducting due diligence on requests for credit facilities, Bank Asia Limited will strive to ensure that environmental impacts are appraised with the same care as any other business factors. To the extent deemed practical, Bank Asia Limited will raise and recommend compliance with local environmental laws to all its borrowing relationships. They firmly believe in long-term sustainable development, and investment decisions will only be supported when the bank is convinced, taking into account all relevant feedback, that any adverse environmental impact will be minimal or will be avoided altogether.
Teamwork

Teamwork and co-operation is an important feature of the work ethics in Bank Asia Limited. Without this the corporation will not last. They leverage on the dynamics of their collective skills, knowledge and experience to achieve the best for their customers. Bank Asia Limited views its employees as its greatest asset.

Work Place Ethics

- Fortified Service Rule
- Fortified Code of Conduct
- Fortified Policies

Diversity

Bank Asia Ltd. respects every employee as a unique individual with all fundamental human rights and supports the cultural and ethnic diversity of its workforce. It is their belief that creating a work environment that enables them to attract, retain and fully engage diverse talents leads to enhanced innovation and creativity in their services. Bank Asia Ltd takes all allegations of harassment and prohibits all forms of discrimination.

Product and service of bank Asia Ltd

Bank Asia Limited offers a wide range of product and services to their customer. They offer following products and Services:
Business Banking

✓ Overdraft (OD)
✓ Secured Overdraft
✓ Secured OD (Earnest Money)
✓ Working capital finance
✓ Loan against Trust Receipt
✓ Loan against Cash Incentives
✓ Lease finance
✓ Letter of Guarantee
✓ Letter of Credit
✓ Back to back Letter of Credit
✓ Small and Medium Enterprise (SME)
✓ Bill discounting
✓ Loan syndication and structured finance
✓ Packing credit
✓ Demand loan
✓ Demand loan (Work order)
✓ Time loan
✓ Transport loan
✓ House building loan
✓ Term loan

Term Loan

✓ Subidha - Unsecured Trading
✓ Sondhi - Secured Trading
✓ Sristi - Unsecured Manufacturing
✓ Shombridhi - Secured Manufacturing
✓ Shofol - Unsecured Service
✓ Sheba - Secured Service
✓ Over Draft
✓ Somadhan - Secured Special Products
✓ Utshob - Seasonal Business
✓ Subarno - Women Entrepreneur
Consumer Finance

- Auto Loan
- Consumer Durable Loan
- Unsecured Personal Loan
- House Finance
- Loan for Professionals
- Senior Citizen Support Credit Card
- Master Card Local Credit Card
- VISA Dual Currency Credit Card
- VISA Local Credit Card
- VISA Butterfly Credit Card
- VISA Mini Credit Card
- VISA International Card Against RFCD, RQ A/C
- Virtual Card
- SME Credit Card
- NBFI Card Cheque
- International Prepaid Hajj Card Treasury
- Money Market
- Overnight Call
- Repo and Reserves Repo
- Swap
- Sale and Purchase of Treasury Bill & Bond
- Term Placement
- Term Borrowing Foreign Exchange Market
- Spot
- Forward
- Interbank Buy/Sale Deposit Accounts
- Saving Account
- Current Account
- Short Notice Deposit
Bank Asia Ltd.

- Fixed Term Deposit
- Foreign Currency Account
- Deposit Pension Scheme
- Monthly Benefit Scheme
- Double Benefit Scheme
- Triple Benefit Scheme
- Bank Asia Sanchoy Plus Islamic Banking

**Deposit Products**

- Mudarba hajj Savings Scheme (MHSS)
- Mudarba Deposit Pension Scheme (MDPS)
- Mudarba Monthly Profit Paying Deposit Scheme (MMPPDS)
- Al-Wadiah Current Account (AWCA)
- Mudarba Savings Account (MSA)
- Mudarba Special Notice Deposit Account (MSNDA)
- Mudarba Term Deposit Account (MTDA) of different Tenure
- Smart Junior Saver (SJS) Investment Products
- Bai Mudarba Muajjal
- Hire Purchase Shirkatul Melk (HPSM)
- Musharaka
- Quard against Accepted Bills Service Products
- ATM Services
- Online Banking
- Internet Banking
- Phone Banking
- Mobile Banking
- Remote Banking (EBEK)
- Remittance Service
- Locker Service
- SWIFT
- Centralized Trade Services
 Depository Product
Bank Asia Ltd is now offer different types of product for mobilizing the saving of the general .

Interest paid to different Deposits
The revised rate of Bank Asia Ltd. on all types of Deposits viz. Savings, Short Term & Fixed effective from May 01, 2004 for new as well as existing deposits from its next maturity are as follows:

<table>
<thead>
<tr>
<th>Tenor 3 months</th>
<th>Tenor 6 months</th>
<th>Tenor 1 year</th>
</tr>
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<tbody>
<tr>
<td>8.00% P.A.</td>
<td>8.50% P.A.</td>
<td>9.00% P.A.</td>
</tr>
<tr>
<td>8.00% P.A.</td>
<td>8.50% P.A.</td>
<td>9.00% P.A.</td>
</tr>
<tr>
<td>5.00% P.A.</td>
<td>7.00% P.A.</td>
<td>7.00% P.A.</td>
</tr>
</tbody>
</table>

Figure 4: Maturity Rates for deposits
Hierarchy of Bank Asia Limited

CHAIRMAN OF BANK ASIA LIMITED
MANAGING DIRECTOR
DEPUTY MANAGING DIRECTOR
SENIOR EXECUTIVE VICE PRESIDENT
EXECUTIVE VICE PRESIDENT
SENIOR VICE PRESIDENT
VICE PRESIDENT
FIRST VICE PRESIDENT
FIRST ASSISTANT VICE PRESIDENT
SENIOR EXECUTIVE OFFICER
EXECUTIVE OFFICER
SENIOR OFFICER
JUNIOR OFFICER
ASSISTANT OFFICER
BANKING OFFICER
TRaineE OFFICER

FIGURE 5: HIERARCHY
Part 2: Job Description
Internship program is one of the most important aspects of any business Graduate students. The duration of the program was 12 weeks. The program is there so that students get to introduce themselves with real office environment. A student also gets to learn to cope up in that particular environment as any other professional employee. A proper learning makes a student, professional, well communicative, sincere and punctual.

I pursued my Internship in Scotia Branch of bank Asia Ltd. Mr. Md. Abdul Latif is the Branch Head. There I was assigned to the Foreign Trade department specially the Export section. First Assistant Vice President and Head of Foreign Trade Department Mr. Subrata Kumar Paul was my supervisor.

**Work environment:**

My priorities at scotia branch of bank Asia limited was to assist my colleagues in their day to day workplace and everyone was kind enough to make me understand what would be my priorities and what should be taken care of.

**Specific responsibilities:**

In the export department my day to day work schedule were as follows

1. Sequential numbering of files.
2. Categorizing LC documents
3. Collect forwarding for the LC file.
4. Prepare the CHECK LIST for the LC.
5. Separate the LC Authorization Form and staple it to the main cover
6. Ensure that every document with the Applicant signature is “authorized by the Branch”
7. Attach stamps on the stamp section
8. If provided, then separate the documents that may end up for CCI & E
9. Then finally, bind the files
10. Rearrange the files in order
11. Place the LCs in rightful places for future reexamination
12. Update the register regarding the LC files
In terms of FDBC (Foreign Documentary Bills for collection)

1. Identify the LCs
2. Unpin the files
3. Name each of the files with the identification number
4. Separate the EXP form as well as the Commercial Invoice of the document.
5. Make a copy of the above mentioned files
6. UPDATE the FDBC register
7. Provide the files to the appointed personnel
8. Bind the rest of the documents to place them in designated places.

Other than the above mentioned work load, I also learned to do PHOTOCOPY, Scan important files to forward them to the seniors.

**Problems faced:**

Files order is not maintained properly. At times it becomes very difficult for interns to locate one single file from a set of files that are not sequentially ordered.

The branch is still investing for the development of IT so the technology is yet to be perfected. The server crashes at times and the computers are rather back to date.
Part 3: Project Part
Objective of the report:

As per the curriculum of BRAC Business School, every business graduate must pursue internship program as a way to experience real time work environment in any given organization. On the summer of 2016, I got the opportunity to pursue that program in Scotia Branch of Bank Asia Limited. I was appointed there at May 09, 2016. I worked there for 12 weeks. I have learnt how to cope up among professionals and handle work load.

The Internship Report is based on “Foreign Trade Activities of Scotia Branch of Bank Asia Ltd.”

Mr. Riyashad Ahmed assigned me this project as per my curriculum of BUS 400 course.

The main objective of this report is to present a comprehensive study of how “Foreign Trade” is operated in Bank Asia Limited. The following is needed to comprehend

- Draw a general Picture of foreign trade operation
- Analyze export and import
- Methods of issuing and advising of LCs
- Sorting out problems
- Eventually to recommend

Summary:

Foreign trade activities are mainly divided into two categories: export and import which contributes a lot to our national economy. In this report I have discussed the aspects of foreign trade activities in Scotia Branch Bank Asia Limited. They comprise of Export, Import and Remittance. Export and Import are mainly discussed in this section.

Methodology:

A lot of sources were explored to conduct the study for primary information. Because of the lack of updated information, study was mostly based on secondary data.

Primary Data:
- Informal conversation with officers and clients
- Documents that I have worked with in the branch
Secondary Data:
- ✔ Annual report
- ✔ Web search
- ✔ Previous reports
- ✔ Newspaper articles

**Scope of the study:**

The scope of this report is mainly based on “foreign Trade activities” of Bank Asia Limited. Also the report covers information about the organizations background, performances in recent years. This report is based on working experience and practical knowledge.

**Limitations:**

This report is prepared solely based on Foreign Trade Department of Bank Asia Limited. The organization maintains strict confidentiality about their financial and other information. Also there were no updated data available so a lot of the times getting primary data was restricted.

**Foreign trade:**
Foreign Trade department is an important section of banking. It plays a vital role for any growing economy. Basic regulations for the operation of Foreign Trade is provided by the Government as well as by the Bangladesh Bank.

Foreign trade means the exchange of currency in terms of goods via deposits, bill of exchange, draft or LC between parties. All foreign trade transactions are subject to export and import regulations of Bangladesh bank.
Activities of Foreign trade division:
Foreign trade is divided into three parts
- Export
- Import
- Remittance

Bank Asia Limited is one of the most recognized private commercial banks in Bangladesh. Since its inception, Bank Asia is determined to provide quality service to its customers and clients and at the same time has well facilitated for the employee.
The bank holds three departments
- General Banking
- Credits
- Foreign Trade

Figure 6: Department segmentation
Foreign trade department:

Foreign trade means the trade of foreign currencies between two parties. I am going to discuss the two sections of Foreign Trade department of Bank Asia limited (Scotia branch)

- Export
- Import

Figure 7: Main sections of foreign trade

Important Terms and forms of Foreign Trade are discussed below:

1. Applicant: Also identified as buyer or importer, the party that issues credit
2. Issuing bank: The bank associated with the importer
3. Beneficiary: Also identified as exporter, the party on whose favor the credit is issued.
4. Advising Bank: The bank that advises at the request of Issuing bank
5. Negotiating Bank: The bank that negotiates the bill of export.
6. Reimbursing Bank

Methods of payment:

There are four primary methods of payment for international Transaction

- Advance payment
- Consignment payment
- Documentary collection

Letter of credit (LC)

The two main mode of payment practiced in Bank Asia Limited are LC and Advanced TT

LC holds less risk than that of Advance TT. People who are Risk averse prefer the procedure of LC.

Advance Payment or Advance TT:
TT stands for Telegraphic Transfer. It means the importer pays the bill before the shipment of goods.

LC or letter of Credit:
A letter of credit is the most popular method of payments in international trade. From the importers view importers bank provides assurance that the supplier bank will pay amount according to agreement.

Procedure of opening LC:

- The applicant and the beneficiary negotiate terms and condition of the LC as per the agreement
- Applicant applies to the issuing bank by submitting an application
- Issuing bank asks for documents from the applicant

Documents include:
Contract between exporter and importer
- Purchase order
- Invoice both pro forma and commercial

After inspection, the bank forwards them to the Advising bank.
- Advising bank examines the documents and advices the LC to the beneficiary
- The beneficiary matches them with the original contract to identify any major mistakes.
- If no discrepancies found, the beneficiary draws the draft and presents to the advising bank
- Advising bank inspects all documents with reference to the terms and conditions of the LC and forwards them to the Issuing Bank
- The issuing bank makes sure that the documents comply with the LC and makes payment according to the kind of LC (Sight or deferred)

**Classification of LC**

There are three types of LCs in Bank Asia Scotia Branch.

1. **Sight LC**
2. **Deferred LC**
3. **Back to back LC**

Sight LC: Payment must be made within five working days after receiving documents from exporter.

Deferred LC: Payment must be made on due date shipment date. It is usually 120, 90 or 60 days depending on the demand of the party.

Back to back LC: Often issued by the exporter when he is willing to import goods with an LC against the original LC. The value of Back to back LC can be 80% of the original one.
**Import:**

Importing is purchasing goods and services from foreign countries. Usually the government, business firms as well as Industries import goods to their demands.

In terms of Export and Import Control Act, an importer must obtain the IRC (Import registration certificate) from the CCI & E.

(CCI & E stands for Chief Controller of Import and Export)

After that the importer must obtain a LCA (Letter of credit authorization) if he or she wants to become a qualified importer. By doing so he becomes the applicant for the bank.

Import procedure followed by Scotia:

![Import Cycle Diagram](image)

**Figure 8: Import Cycle**
Issuing of LC:

LC is less risky approach of importing to get payment in a secure way and in the right time. The transactions comes into being when a German Company wants something from Bangladesh. Then the company needs to settle a contract. The contract should cover all necessary particulars like value and quantity of goods etc. And then a LC would be opened in favor of the exporter.

LC opening:

It requires the following documents

- Application form which contain the detail about the application and the beneficiary. LC amount in USD, country of origin, modes of payment and acceptance etc.
- IMP form with HS (Harmonize system) code mainly categorizes the product.
- LCA form containing information about conditions of imported goods.
- Agreement that holds direct contract between parties
- Charge documents

After verification, all of the above files need to be submitted to the bank.

Some other documents are also required at time. They are

- Membership certificate
- Memorandum of association
- Trade License
- IRC form
- Insurance cover note copy
- Money receipt
- Pro-forma Invoice

LC Transmission:

After issuing the Letter of credit, the LCA is transmitted to the authorized bank. Bank Asia uses SWIFT for the job. LC is disposed in the following manner:

1. Original copy is for exchange control purpose
2. The duplicate copy is for custom purpose
3. Triplicate copy is for statistical purpose
4. Quadruplicate copy is for CCI & E
5. Quintuplicate copy is for Bangladesh bank Registration. Unit
6. Office copy is kept in Branch

Exporter gets the LC through the advising Bank. Then the company starts production according to the demand.

Amendments:

Amendments are mainly further changes issued in the previously issued LC.

- Extension of shipment
- Change in commodity specification
- Change in amount

All these require that the LC is amended.

If amendment is not required then after shipment of goods, exporter prepare documents so that they are submitted to the advising bank for payment. The following documents are needed:

- Bill of entry
- Bill of lading
- Insurance policy
- Packing List
- Truck receipt
- Commercial Invoice

Documents Checking:

After receiving the documents from nominated bank, the issuing bank needs to check for further inspection of documents. The following documents are to be secured by the issuing bank;

- Pro Forma Invoice
- IMP form
- IRC form
- Insurance cover note with money receipt
- VAT Registration Certificate
- Income Tax certificate
- Beneficiary credit report
Lodgment

Lodgment is actually payment of import bills. With SWIFT Issuing bank will have to arrange for the payment of the LC. SWIFT send a message to the correspondent bank ensuring the payment. If no discrepancies found then the message is accepted.

Retirement & Report:

After the payment of bills, the branch makes the vouchers that represent the cost and other charges regarding import. Then the documents are endorsed and are handed over to the importer.

The original copy of the IMP form is sent to Bangladesh Bank
And the duplicate copy stays with the branch to be registered.

Export:

Export is transfer of goods from one place to another. In order to open export LC, an exporter must have registration from CCI & E, LC Authorization and trade license. The procedure is shown below in a flow Chart
Advising:

Advising the LC is the first condition of export LC. Manage the sales contract and the export must ensure that the buyer is in term with the export and payment. When export LC is authorized for advising, the bank sends advising letter to the beneficiary informing about the issuance of LC. The original LC copy is sent and a copy of it is retained by the branch.

Issuance of EXP Form

All export details naming unit price, quantity, Bill of Lading No. need to be provided in the EXP form. The Bank must ensure that exporter is registered with CCI & E. After the EXP form is issued The exporter must submit the EXP form to the customs. The following information is provided in the EXP form
• Name and address of the dealer
• Name and Address of the exporter
• Commodity information with code
• Country of Origin
• Country of destination
• Port of destination
• LC value (mostly in USD)
• Sales terms
• Truck receipt no
• Bill of Lading no
• Packing list no.
• Port of shipment
• Shipment date

Documents Collection:

The exporter makes shipment of goods. The copy of the EXP form must be submitted with other necessary documents to the branch within 2 weeks. Exporter has to prepare the following documents:

✔ Bill of Entry: for collecting payments from the importer
✔ Bill of lading: issued by shipping company
✔ Certificate of Origin: Origin place of manufacture
✔ Commercial Invoice: holds information about the products
✔ Packing List: holds product description from individual packages
✔ Full set of shipping documents: Documents endorsed by customs house

All of the above should be submitted to the bank for inspection. The officer in charge should check that all documents are in terms with the order. Then all these documents are sent to the importers bank.

Realization:

The importing bank is allowed to Dispatch the money when all of the documents are provided to them. Within 120 days export proceeds are realized. The branch makes payment to the exporter by passing the accounting voucher.

Reports:

After receiving payments, the office copy is kept in the branch. The duplicate is for customs, the triplicate is reserved for statistical purposes and the quadruplicate is for CCI & E.
Proceeds Realization certificate (PRC):

PRC is the last step of Export process. The bank issues PRC to the exporter in order that the exporter provides bank certificates. PRC should be submitted in the standard format by Bangladesh Bank for TAX reduction.

Foreign Remittance:

After export and Import Remittance takes ground. It refers to the transfer of funds from one country to another. Scotia Branch of Bank Asia is an Authorized Dealer two types of remittance is practiced in Scotia Branch:

1. Outward Remittance
2. Inward Remittance
Inward Remittance:

Covers the purchase of foreign currency in form of TT (telegraphic transfer), FDD (foreign demand draft) sent from abroad. This is due to the fact that there is a beneficiary in Bangladesh to collect the payment.

Remittance has direct effect on the spot rate of USD. That is why the balance is always maintained between Inward and outward remittance.

Some of the key purpose of Inward remittance are:

- Family maintenance
- Freelance
- Donation or gifts
Outward remittance:

Outward remittance defines the sales of foreign currency by issuing foreign drafts. In this scenario foreign currency goes out of our country and thus creates a deficit in foreign Currency balance.

The key purpose of Outward Remittance are:

- Education fees
- Gifts
- Exam fees
- Import purposes
Recommendation:

Bank Asia is one of the best banks in Bangladesh. Despite that the bank specially the scotia branch may want to focus on some factors for improvised Export and Import. My recommendations would be to focus on the following:

To keep an eye on the growth of Foreign Trade.

The scotia Branch is well formulated and to maintain that supremacy, there will be in need of more employee.

The IT and logistics section may want to pay more attention to their software and hardware for better efficiency of their employee because a lot of the times the hardware are not up to date.

The bank may want to deal with all categories of clients.

Conclusion:

The report was prepared during my internship period at Scotia Branch of bank Asia Ltd. It is a wonder way to be in practical world and learn everything on the way.

Bank is a great source of revenue for the country and the government. Export and Import are playing a vital role in the overall growth and development to the nation’s economy and every banking sector share the credit. Every bank has a specialized section and Scotia Branch of Bank Asia focuses on their “foreign trade” section mainly their Export and Import activities. The unstable economy has hindered the projected progress and the Bank is trying its utmost to reach desired position and attain targeted profit margin. The foreign trade is the best way of bringing in foreign currency and so effective measure are to be provided towards these sectors so that they are not hindered in their day to day activities and by doing so they provide for the nation.
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