

Internship Report
On
L/C Breakdown
Of
Mutual Trust Bank Limited

Submitted To

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Subject: Submission of internship report on “L/C Breakdown of Mutual Trust Bank Limited”.

Dear Madam .

I am highly delighted to submit the internship report of my three months long internship program in Mutual Trust Bank Limited at Panthapath Branch. The title of the report is “L/C Breakdown of Mutual Trust Bank Limited”. This report has been prepared to fulfill the requirement of the internship program in Mutual Trust Bank Limited.

It has been an interesting and very enlightening experience for me to work in Mutual Trust Bank Limited- Panthapath Branch. I have tried my level best to reflect my three months long work experience in this report and also tried to make this report a successful one.

I would like to express my sincere gratitude to you for your kind guidance & suggestions in preparing the report. It would be my great pleasure for me if you find my report informative and useful to have an idea of recent state of Mutual Trust Bank Limited.

Sincerely yours

.....

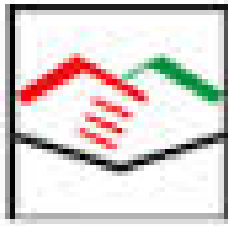
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Acknowledgement

At the very beginning, I would like to express my gratitude to God for giving me the strength to complete the report. Then I would like to express my gratitude to, Marcus Cornelius Gomes Vice President for giving me an opportunity to do internship in Mutual Trust Bank Limited panthapath branch. I am grateful to Shahnaz Begum General Banking Incharge of Mutual Trust Bank Limited panthapath Branch. I also like to express my deep gratitude to Shaila bhuiyan Senior Officer who was my field supervisor in Mutual Trust Bank panthapath Branch.

Last but not the least I am grateful to my honorable faculty and academic supervisor Sharmin Shabnam Rahman, Senior Lecturer of BRAC Business School to support me to create that type of excellence report from where we can learn many things about the Bank.

Finally, my heartiest thank to all my colleagues and seniors of Mutual Trust Bank Limited panthapath Branch for helping me throughout the report. And I also thank them for their cordial co-operation and guidance in all the way to do my internship and to prepare this report.



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Mutual Trust Bank Ltd.

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আপন চেন রাখুন আমাদের

L/C Breakdown
Of
Mutual Trust Bank
Limited



Executive Summary

Letter of Credit breakdown means analysis on it. In this report, analysis on letter of credit of Mutual Trust Bank Limited has been described. How letter of credit work in this bank has also been described. The Mutual Trust Bank Limited is one of the popular banks which are working in Bangladesh for fourteen years. Some especial analyses have been done on letter of credit. These are SWOT, STP and PESTLE analysis on letter of credit. This is totally a new analysis on letter of credit, where L/C is shown as a service and a marketing analysis has done on it. Some journal entries of letter of credit have also been described in this report. These journal entries include some new accounting treatment. Letter of credit is actually a mode of export and import business. Any country is very much dependent on its international trade. So in international trade letter of credit is a very important document. But for bank letter of credit is treated as service. All the employees of foreign exchange department of Mutual Trust bank try their best to improve this service. As Bangladesh is a developing country the opportunities of export import is increasing over years. But the problems are complicated bureaucracy, political unrest, corruption, high inefficiency cost, absence of autonomous regulatory bodies, erratic power supply, lack of administrative coordination, inefficient customs processing, etc faced by the exporter and importer. So, letter of credit is affected indirectly by the above mentioned problem. Although there is various problem in international trade, letter of credit is doing great effort to expand the business globally.

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Acronyms

MTBL	Mutual Trust Bank Limited
IFDBC	Inward Foreign Document Bill Collection
SME	Small and Medium Enterprise
EXP	Export
IMP	Import
PAD	Paid Against Document
FDBP	Foreign Document Bill Payment
IDBP	Inland Document Bill Purchase

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Chapter 1

Introduction

1.1 Introduction

“Letter of Credit” a common word mostly used in bank especially in foreign exchange department. Foreign exchange department is responsible for dealing with and managing the purchase and sell of foreign currencies and is a highly specialized business. One of the largest businesses carried out by the commercial bank is foreign trading. The bank, which provides such operation, is referred to as rendering international banking operation. Mainly transactions with overseas countries are respects of import; export and foreign remittance come under the preview of foreign exchange transactions. International trade demands a flow of goods from seller to buyer and of payment from buyer to seller. In this case the bank plays a vital role to bridge between the buyer and seller.

Letter of credit is a documentary credit which is the classic form of international trade payment, especially in trade between distance partners. This method substantially reduces payment related risk for both exporter and importer.

In this report some analysis on letter of credit has been done. SWOT analysis, PESTLE analysis and STP analysis has been done on letter of credit. Some accounting treatment has been shown in this report. Mutual Trust Bank Limited has a strong foreign exchange department which works on export, import and remittance. All those work is too broad. Among all those work letter of credit is a small but very important part of foreign exchange department.

There are many modes of international trade payment. These are cash with order, cash with delivery, documentary credit, bills for collection, open account. The documentary credit method is less risky than other methods. Now this method is becoming popular day by day.

In the Mutual Trust Bank Panthapath Branch there are ten peoples are working continuously with great effort and teamwork. They develop the branch with their skill and talent day by day. There are more than 70 clients and 25 countries they are dealing with. They believe in teamwork and extreme hard work.

1.2 Origin of the Report

A three months internship program with a particular organization and a report assigned by the academic supervisor is mandatory for every student of Bachelor of Business Administration of BRAC University. I got the opportunity to do my internship in “The Mutual Trust Bank Limited” Panthapath Branch. I started my internship in Mutual Trust Bank Limited-Panthapath Branch on 5th June and ended on 4th September 2013. Throughout my internship period Sharmin Shabnam Rahman, Lecturer of BRAC Business School was my academic supervisor and Shaila Bhuiyan, Senior Officer of Mutual Trust Bank of foreign exchange department was my field supervisor. A report on a particular topic is a mandatory part of the internship program. As I was assigned to do my internship in foreign exchange department of Mutual Trust Bank Panthapath branch, I was authorized to make a report on the “L/C breakdown of Mutual Trust Bank Limited”. In this report I tried to show some analysis on letter of credit of Mutual Trust Bank, Panthapath Branch.

1.3 Objective of the Report

Broad Objective:

- To get an overall idea about the Letter of Credit of Mutual Trust Bank Limited.
- To relate the theoretical knowledge to the original banking process of Mutual Trust Bank Limited.

Specific Objective:

- To know the marketing strategy of letter of credit service of Mutual Trust Bank Limited.
- To know the procedure of letter of credit
- To know the documents which are needed to open a letter of credit.
- To know advantage of letter of credit
- To know the risk in documentary credit method
- To know the basic working system of export like issuing of EXP, balancing source tax.
- To know the uses of different type of registers used for export and import.
- To present my observation and suggestion to the bank.

1.4 Methodology

This report contains both primary and secondary data. The sources that have been used to gather and collect data is given below-

1.4.1 Primary Source

- Personal interview
- Observation

1.4.2 Secondary Sources

- Annual Report of Mutual Trust Bank Limited from 2011-2012
- Web site of Bangladesh Bank
- Other Web sites

1.5 Limitation of the Report

It was a great opportunity for me to work in Mutual Trust Bank limited as an Intern and a make a report on the back to back letter of credit of it but there were surely some limitations while making this report. They are-

- collecting the information and interpreting it on the basis of my understanding and then implement it.
- The bank employees are so busy all the time that they could not help me much to interpret the information.
- As I have done this type of report for the first time and the subject matter is very complex that's why it was difficult to organize the report in a simple manner.
- Besides all these "Time constraint" is another problem for which many aspects of Mutual Trust Bank Limited are dropped in this report.

Chapter 2

Company Overview

2.1 Overview of Mutual Trust Bank

Mutual Trust Bank Limited (MTBL) is one of the leading private sector commercial banks that started its banking operation in Dhaka on 24th October 1999. It has focused on the established and emerging markets of Bangladesh. Concentrating hard on the activities of its area of specialization, MTBL has been able to achieve excellent market standard with competent customer service. The bank makes pure effort to accomplish its share in community responsibilities. By means of such measures the bank intends to grow and increase shareholders' value. Mutual Trust Bank pledges to maximize customer satisfaction through services and build a trusting relationship with customers, which has stood in the test of time for the last 14 years.

The corporate head office is in Gulshan 1 Dhaka. The Bank has 86 branches, 14 SME Branches, 107 ATMs Booth all over Bangladesh. The bank has no overseas branch as on December 2011. It has one booth which is located at Hazrat Shahjalal International Airport, Dhaka from where the customer can exchange their money. The bank carries out international business through a Global Network of Foreign Correspondent Banks. . The total number of employees of the bank is 1200. The management of the bank is vested in 13-member board of directors. The managing director is its chief executive.

The bank conducts all types of commercial banking activities including foreign exchange business and other financial services. During the first two years of operations, the bank's main focus was on the delivery of personalized customer services and expansion of its clientele base.

2.2 Historical Background

Mutual Trust Bank Limited is a scheduled bank in the private sector established under the field of Company Act, 1994. It was incorporated as a public limited company on September 29, 1999 under Companies Act 1994 as a public company limited by shares for carrying out all kinds of banking activities with Authorized Capital of Tk. 38,00,000,000 divided into 38,000,000 ordinary shares of Tk.100 each. The shares of the bank are listed with the Dhaka and Chittagong Stock Exchange, as a publicly quoted company for its shares. Authorized Capital of the Bank is BDT 10 Billion.

The Company was also issued Certificate for Commencement of Business on the same day and was granted license on October 05, 1999 by Bangladesh Bank under the Banking Companies Act 1991 and started its banking operation on October 24, 1999. As envisaged in the Memorandum of Association and as licensed by Bangladesh Bank under the provisions of the Banking Companies Act 1991, the Company started its banking operation and entitled to carry out the following types of banking business:

- I. All types of commercial banking activities including Money Market operations
- II. Investment in Merchant Banking activities
- III. Investment in Company activities
- IV. Financiers, Promoters, Capitalists etc
- V. Financial Intermediary Services
- VI. Any related Financial Services.

The Bank started its commercial banking operations from 24th October 1999. During this short period of time this organization has managed to successfully prove itself as a progressive and dynamic financial institution of the country.

2.3 Vision

Mutual Trust Bank's vision is based on a philosophy known as **MTB3V**. The vision is-

- One of the best performing banks in bangladesh
- The bank of choice
- A truly world class bank

2.4 Mission

The mission of Mutual Trust Bank is-

“We aspire to be the most admired financial institution in the country, recognized as a dynamic, innovative and client focused company, which offers an array of products and services in the search for excellence and to create an impressive economic value”.

2.5 Objectives of the Bank

The main object of the Mutual Trust Bank Limited (MTBL) had been to offer an interest free banking system in the financial market. Apart from that, the bank started its operation in the country with a view to realizing the following objectives:

- To establish a partnership relationship with customers and to eliminate the idea of the debtor-creditor relationship of traditional banks
- To establish welfare oriented banking system
- To mobilize savings towards productive sectors
- To invest on profit and risk sharing basis
- To accept deposits on profit and loss sharing basis
- To create employment opportunities by investing savings towards prospective economic sectors
- To extend banking services towards the poor, helpless and low-income group of people in the society in order to uplift of their standard of living
- To contribute to establishment of a society by equitable distribution of wealth
- To establish justice in trade and commerce in the country
- To render services for the economic development of the nation.

2.6 Bank's Philosophy

With the mission to become a dependable client focused financial institution in the country by proving service with trust and integrity, Mutual trust Bank is committed to follow its business principles. The bank is trying to provide outstanding customer service to its customer. The bank is aware of doing all its operations in effective and efficient way. Now the liquidity ratio for all banks is 8.8%. So Mutual Trust Bank is trying hard and fast to maintain the liquidity ratio.

2.7 Product Service Offering

2.7.1 Retail Banking

Mutual Trust Bank has designed various types of deposit products, loans, MTB card for its customer under retail banking.

2.7.1.1 Deposit Product

Mutual Trust Bank has designed many types of deposit product to satisfy the different needs of its customer. It tries to give best value of money for the customer. Different deposits of MTBL are given below

2.7.1.1(a) Regular Savings Account

This is the regular savings account of MTBL. This account is providing online banking service, fund transfer from one branch to another branch, cheque- book facility to its customers.

2.7.1.1(b) Current Account

This is the regular current account of MTBL. In Panthapath branch most of the current accounts are on the name of companies. Generally there is no interest for current account but MTBL is offering SND (Short Noticed Deposit) account, current account with interest, for its customers.

2.7.1.1(c) Fixed Deposit

The customers who want to invest for a long time MTBL is offering fixed deposit with interest rate of 12% for them. The customer can use fixed deposit as collateral to get overdraft facilities.

2.7.1.1(d) Brick by Brick

Brick by Brick is a unique monthly savings plan which builds up over the years and provides a lump sum amount at maturity. No initial deposit is required. The monthly installment of this plan is BDT 250, 500, 1000, 2000, and 5000. The savings duration is 3, 5, 8 and 10 years. Brick by Brick is very popular deposit in Mutual Trust Bank. The customer has to open account from the date of 1st to 20th of following month.

2.7.1.1(e) MTB Inspire

MTB Inspire provides a range of enhanced services, while letting the customer enjoy unique benefits of getting return on customer's deposit monthly instead of traditional half yearly. Interest is calculated on daily basis and paid monthly.

2.7.1.1(f) MTB Ruby

MTB Ruby enables today's independent women to enjoy hassle-free banking services. Besides the core MTB banking advantage, MTB Ruby, an exclusive savings account for women, is packed with special benefits for the women customers. Here interests are add on daily basis and it will be credited monthly.

2.7.1.1(g) MTB Millionaire Plan

Millionaire Plan is a monthly savings plan, which is designed to make the customer a millionaire in a few years. One can take 80% loan after one year on this account. At BDT 9,400 monthly installment for 6 years make payable amount of BDT 1,000,000.

2.7.1.1(h) MTB Kotipati

MTBL offers a product named "MTB Kotipati" to turn you into a Kotipati after a certain span of time depending on the customer's capacity to deposit monthly. The bank provides attractive return on deposit. The customer may avail loan up to 90% of the deposited amount.

2.7.1.1(i) MTB Junior

MTB junior account is for the children. The bank helps the customer to show a secure way to save money for their children. The account holder has to be below 18 years.

2.7.1.1(j) MTB Graduate

This account is for the graduate and college students who are above 18 years. Starting college or university can be both exciting and challenging. That's why MTB Graduate, a contemporary savings account, is packed with everything students need to meet all banking needs, offering monthly income while helping the student save for future financial emergencies.

2.7.1.2 Loan Product

Mutual Trust Bank also offer loan to its customers. It has various types of loan products to satisfy the different needs of its customer.

2.7.1.2(a) MTB Personal Loan

Mutual Trust Bank offer simple, convenient and quick loan facilities to fulfill its customers' needs. Loan amounts from Tk. 50,000 to Tk. 10, 00,000. Flexible repayment option of 12 - 60 months.

2.7.1.2(b) MTB Auto Loan

Mutual Trust Bank offer lucrative interest rate for the car loans. The loan is available for new and reconditioned cars. The interest rate is 17%. Loan amount is BDT 3, 00,000 to 20, 00,000.

2.7.1.2(c) MTB Home Loan

Planning to own a home is one of life's most rewarding challenges. Whether it is purchasing a new house or a new apartment, MTB has a wide range of home loan options that can be customized. Loan amount to be BDT 5, 00,000 to 1, 00, 00,000. The interest rate is 14.5%.

2.7.1.2(d) MTB Home Equity Loan

Mutual trust bank offers loan for house construction, extension, renovation, finishing work which is known as MTB Home Equity Loan.. Loan amount up to 70% of the property value.

2.7.1.3 MTB Card

Mutual Trust Bank offers debit and credit card for its customer.

2.7.1.3(a) Debit Card

MTB VISA credit card can be used as ATM card at any VISA ATM across the world. MTB Visa Debit card is extremely versatile and simple to use. Customer just has to Swipe & Sign to make a purchase.

2.7.1.3(b) Credit Card

MTB credit card has worldwide acceptance. As we know in credit card customer does not have to pay the full amount of bill. MTB credit card holders have to pay only 5% of the total bill amount.

2.7.2 Wholesale Banking

Wholesale banking is a kind of service by bank for the large corporate clients, mid size companies, real estate developers etc. Mutual Trust Bank has following products.

2.7.2.1 Term Finance

Term finance is that Mutual Trust Bank offer loans for project finance, lease finance, house building finance. These are the large amount of loans for the corporate clients.

2.7.2.2 Working Capital Finance

Working capital finance is a product which the bank offers to the customer to run the capital in their business. It offers some benefits like cash against documents (CAD), secured over draft (SOD) etc.

2.7.2.3 Trade Finance

This product help in export import business. Mutual trust bank offer export import financing facilities depending on their requirements.

2.7.2.4 MTB Offshore Banking

Offshore bank is a bank located outside the country of residence of the depositors. This service is designed for 100% foreign owned company, joint venture and locally owned company in EPZ.

2.7.3 NRB Banking

Mutual Trust Bank offers an array of deposit products in local currency for the NRBs who are residing abroad and want to save their hard-earned money to utilize in future and facilitate their family maintenance.

2.7.4 SME Banking

SME banking is a service provide to the small business enterprise. The bank designed a number of products for the entrepreneurs.

2.7.4.1 MTB Small Business Loan

It is designed foe small trader to expand their business. The loan amount is up to 50, 00,000

2.7.4.2 MTB Digoon

Customer can get a double amount of loan on their fixed deposit. The range of loan is 5, 00,000 – 20, 00,000.

2.7.4.3 MTB Bhagyobati

This is the loan designed for the women entrepreneur. The range of loan is from 1, 00,000 to 50, 00,000TK. The interest rate is 10%.

2.7.4.4 MTB Krishi

It is designed for the agricultural sector. Only farmers can apply for it. The loan amount is up to three crore.

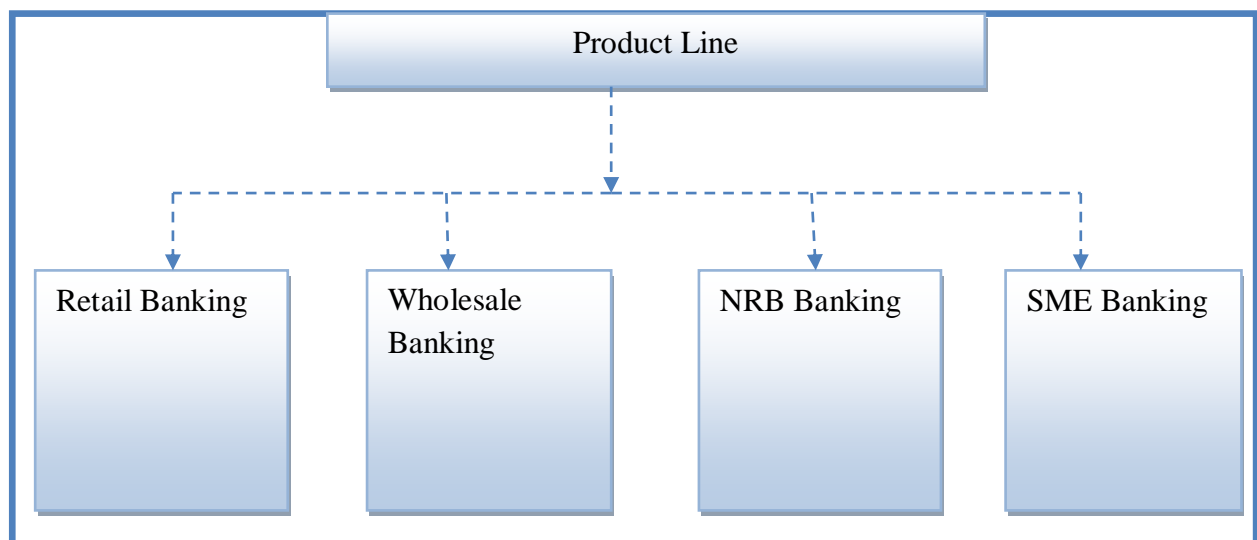


Figure 1: Product Line of MTBL

2.8 The Organizational Hierarchy of Mutual Trust Bank

At Mutual Trust Bank there is one Managing Director (MD) who mainly controls and supervises the major divisions of this bank. He directly supervises the overall activities and Divisions. One Senior Executive Vice Presidents (SEVP) and Three Executive Vice President (EVP) and two senior Vice President reports to the Managing Director. Executive Vice Presidents control the credit, loan administration, international, information technology, the financial control & accounts division, treasury division, credit division, card division. Senior Vice President controls the human resource and marketing divisions. The Vice Presidents work under the Senior Executive Vice President. And Executive Vice President Directly report to the senior Executive Vice President (SEVP). The daily activities directly control by senior Executive Vice President (SEVP).

2.8.1MTB Senior Management Team

Mutual Trust Bank has a strong senior management team. The top management people making plans together and supervise the whole bank to achieve the organization's goal.

Name	Position
Managing Director & CEO	Anis .A. Khan
Additional Managing Director	Md. Ahsan Uz Zaman
Deputy Managing Director & Secretary	Kamrul Isalm Chowdhury
Deputy Managing Director	Md. Hasem Chowdhury & Zakir Hossain
Senior Executive Vice President	Nurul Isalam & Mohammad Ali
CFO & Senior Vice President	Meer Sajedul Basar

Table1: Name and Position of MTBL's Senior Management Team

2.8.2 Operational Network Organogram of Mutual Trust Bank Limited

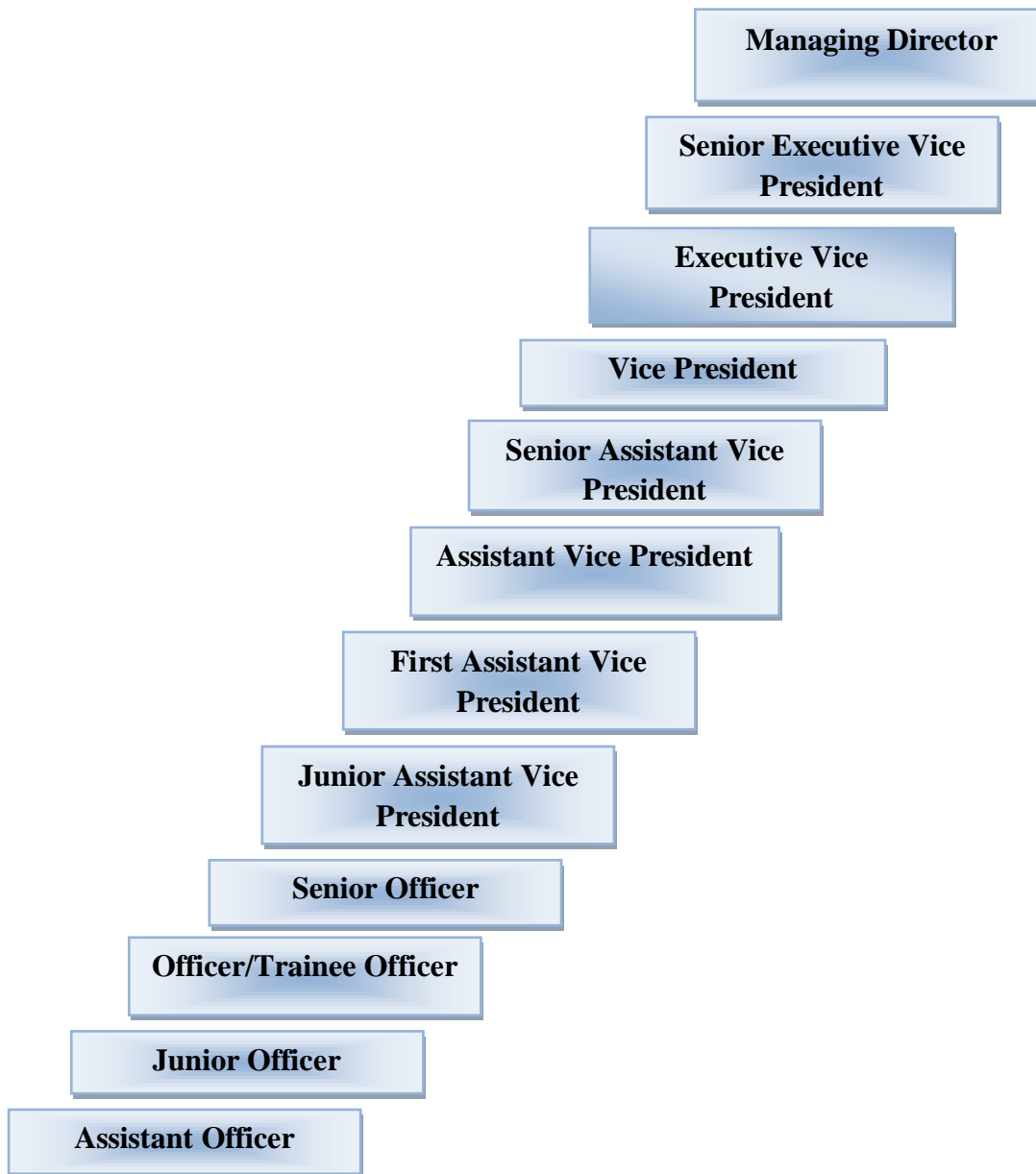


Figure 2: Organogram of Mutual Trust Bank Head Office

Source: (Secondary Data Provided by HR Department)

2.8.3 The Organogram of Mutual trust Bank (Panthapath branch)

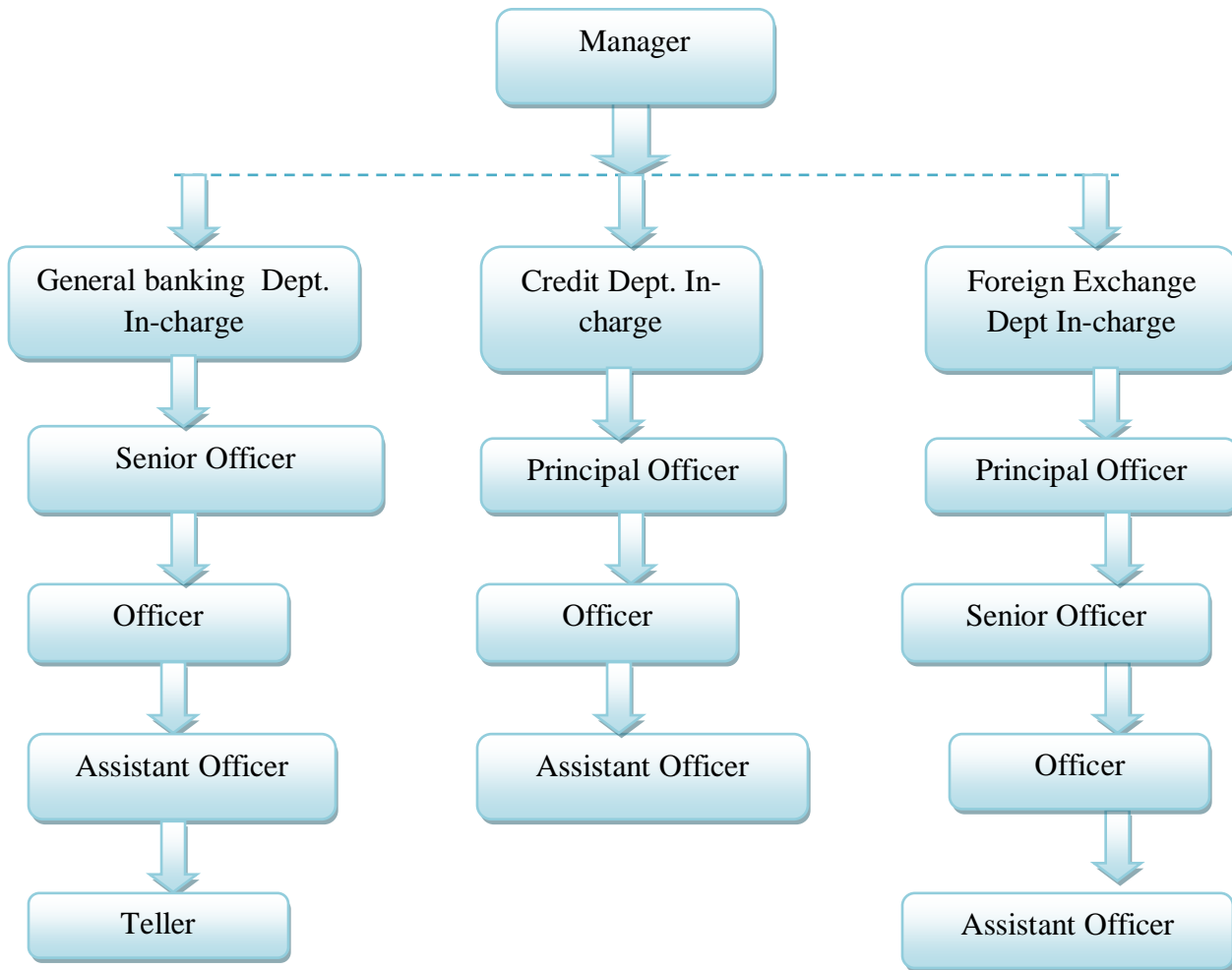


Figure 3: Organogram of Mutual Trust Bank Panthapath Branch

Source: (Secondary Data, Provided by HR Department)

Chapter 3

Job Description at MTBL

3.1 Introduction

As I started my internship at panthapath branch of MTBL, I felt auspicious to be a part of this branch for three months. The duration of my internship was from 5th June to 4th September. I worked at General Banking and Foreign Exchange department. It was a matter of fortune for me to work such a friendly working environment.

3.2 Job Responsibilities in General Banking

3.2(a) Receive Documents from different organization

Normally bank receives numerous documents from many institutions such as insurance company, organizations, government office and other banks. As I worked at front desk I collected all the documents. Two registers were kept for those documents. The documents of foreign exchange were registered in foreign exchange dispatch. The other documents were kept in dispatch registered.

3.2(b) KYC

KYC means Know Your Customer. This is a form which is attached with all the account opening form of this bank. I have to fill up KYC form by writing all the information of customer. Two forms are attached with customers account opening form. One is KYC form another one is SBS form. In KYC form name of account holder, account number, passport number, national ID number, source of fund, monthly number of transaction, and total amount of monthly transaction should be filled up. In SBS form the profession of customer, types of account are written with code. For example the code for service holder customer is 911000.

3.2 (c) Record the number of pay-order issued every day

Every day a good number of pay orders are issued in mutual trust bank. Pay- order is a kind of transaction tool of a bank that is safer than a cheque. A check can be bounce if there is no money in the payer's account but when a payer issue a pay -order to the payee than he must credit his account with the amount of money that is mentioned in the pay-order. Then Mutual Trust Bank Limited debited the payer's account and credited the payee's account.

These transactions need to be recorded in a particular register copy. Usually the transactions are recorded in the register book at the same time when pay order is issued.

In this bank it was my duty to record everyday's number of pay-orders issued. In the register copy, I used to write the payer's name, payee's name, amount of the pay-order serially by seeing the pay-order block of the bank.

3.2(d) keeping record of cheque book requisition

Cheque book is an important instrument for bank and its customers. Throughout my internship I receive requisition from client and deliver cheque book to the client.

In Mutual Trust Bank, when cheque books came from the head office my duty was to seal all the cheque books to make it authorized.

Then I have to register the account name of all the cheque books in three files. One copy is attached with cheque book register copy, another one in secure registration file, other is in customer file. These things are done for the security purpose of cheque books.

3.2(e) Learn to open an account

Besides all the jobs mentioned above I have also learnt how to open an account. In Mutual Trust Bank Limited the responsibility of opening an account is on Shahnaz Begum, Senior Officer of Mutual Trust Bank Limited. She gave me whole idea about the procedure of opening an account, how to deal with customers or how to help them for account opening.

From her I got to know that there are two types of account for customers. They are- personal account and non-personal account. The non personal account is popularly known as company account in Mutual Trust Bank. For opening personal savings account needed- two copies of passport size photograph of the account holders duly attested by the introducer, one copy passport size photograph of nominee duly attested by A/C holder, photocopy of birth certificate/ passport/ voter id card no of both A/C holder and nominee, income source copy of A/C holder, A/C introduced by a account holder.

On the other hand, for opening non personal/corporate account for different types of firm like proprietorship firm, partnership firm, limited company club/ society/ school/ college, trust etc papers/documents are required are: two copies of passport size photograph of the account holder(s) who will operate the A/C duly attested by the introducer, A/C introduces by current

account holder, certified copy of valid trade license, trade seal, TIN certificate, Trade seal, one copy passport size photograph of nominee duly attested by A/C holder etc.

3.3 Specific Job Responsibilities in Foreign Exchange Department

My internship was in foreign exchange department of Mutual Trust bank. So, all the work of foreign exchange department was my specific job responsibilities.

3.3(a) Issuing EXP

Issuing EXP is actually keeping register of export form. For every export, the exporter needs to fill up export form. The bank keeps register of export form year to year. Following columns are written in an export register.

1. Serial number of export form

A number is given for every export form by the bank. Such as 2218178613 here 22181 is the bank code, 13 is the current year 2013 and 786 the number of export form.

2. Name of exporter

It might be the individual's name or company's name.

3. Commodity

The details of the goods exporter are exporting.

4. Amount declared on EXP form

What will be the foreign value of exporting goods is written in the export register. The amount is written in EXP form.

5. Date of shipment and Bill Number

On which date the exporter send the goods to the importer is known as date of shipment. Bill number is the FDBC (foreign document bill collection) number.

6. Date of negotiation

Date of negotiation is when the bank gives a forwarding letter with the letter of credit.

7. Date of realization

On which date the bank received the amount of letter of credit.

8. Amount realized in foreign currency

This is the foreign value of the currency which the bank received from the importer.

3.3(b) Fill up EXP Form

My other duty in foreign exchange department was to fill up the export form. The name of vessel, date of shipment, bill of lading number, amount etc are written in export form. I got all those information from the documents like bill of lading, commercial invoice.

3.3(c) Keeping Record of Export Import Register

Export import register is used to keep the record of total export of a company, especially garments factory. The garments company also issue back to back letter of credit on the export letter of credit.

3.3(d) Fill up C Form

I had to fill up this C form in Mutual Trust Bank. The C form is known as statement FCS. This form is used for the purpose of inward remittance to Bangladesh Bank within 5th day of the following month when the transaction is occurred against the remittance. C form is required when

- ✚ A bank is receiving foreign currency from abroad in local currency
- ✚ When a customer withdraw fund from his foreign currency account.

3.3(e) Fill up IMP Form

IMP form is a document of import letter of credit. For issuing letter of credit the bank should submit IMP form on behalf of importer. In IMP form the name of goods, quantity of goods, commercial invoice value of those goods, H. S. Code of the goods, country of origin, port of shipment etc should be written. As an intern my duty was to fill up those IMP form.

3.3(f) Balancing Source Tax

This is balancing is the combination of FDDB (foreign Document Bill Collection) and LDDB (Local Document Bill Collection) amount which will be equal to the amount calculated by MTBL International Trade service (MITS). The balancing was done for every month, which means a record of monthly bill collection was kept. A snap shot is given in [appendix 1].

Chapter 4
Break Down of
Letter of Credit

4.1 Letter of Credit

Letter of Credit is a most recognizable word used in financial institution like banks. A letter of credit is a document issued by a financial institution, or a similar party, assuring payment to a seller of goods and provided certain documents have been presented to the bank. These are documents that prove the seller has performed the duties under an underlying contract and the goods have been supplied as agreed. Moreover through letter of credit an exporter is to be assured to get the payment if the importer is not able to pay.

4.1.1 Types of Letter of Credit

- **Import/export Letter of Credit**

Commercial letter of credit can be termed as import and export LC depending on whose perspective it is being looked upon. For the importer it is termed as Import LC and for the Exporter of goods, Export LC.

- **Revocable Letter of Credit**

Revocable letter of Credit, importer and the bank who established the LC, can be manipulated or made any kinds of corrections without informing the exporter and getting permissions from him. Now there is no more use of this type of letter of credit.

- **Irrevocable Letter of Credit**

Any change (amendment) or cancellation of the LC (except it is expired) done by the Applicant (importer) through the issuing Bank must be authenticated by the beneficiary (exporter) of the letter of credit. Whether to accept or reject the changes depends on the exporter.

- **Confirmed Letter of Credit**

A letter of credit is said to be confirmed when another bank give a confirmation or guarantee to honor a complying presentation at the request or authorization of the issuing bank.

- **Unconfirmed Letter of Credit**

Unconfirmed letter of credit does not require the other bank's confirmation.

- **Transferrable Letter of Credit**

A Transferable Credit is the one under which the importer has the right to make the credit available to one or more subsequent beneficiaries. This means, under one letter of credit importer can buy good from more than one exporter.

A letter of credit can be transferred to the second beneficiary at the request of the first beneficiary only if it expressly states that the letter of credit is "transferable". In this case a bank is not forced to transfer a credit.

- **Untransferable Letter of Credit**

In untransferable letter of credit seller does not allow the buyer to buy from other sellers by opening one letter of credit. In international commerce, it is required that the credit will be untransferable.

- **Back to Back Letter of Credit**

This is the most commonly used letter of credit by the garments exporter. This type of LC consists of two separated and different types of letter of credit. First one is established in the benefit of the seller to export the goods. For producing exported goods the manufacturer needs to buy some raw materials. In this case, the manufacturer opens another letter of credit against of master letter of credit. This type of letter of credit is known as back to back letter of credit.

Back-to-back letter of credit is issued in case of intermediary trade. Intermediate companies such as trading houses are sometimes required to open letter of credit by supplier and receive export letter of credit from buyer. Bank will issue a letter of credit for the intermediary company which is secured by the export letter of credit (Master letter of credit). This letter of credit is called "Back-to-back letter of credit".

- **Usance Letter of Credit**

Usance letter of credit, bank did not pay to the exporter immediately after checking the valid documents. The payment is given after a certain duration which is accepted by both of the buyer and seller. In reality, seller will give an opportunity to the buyer to pay the required money after taking the related goods and selling them. The duration of this letter of credit is 90, 120, 180 days etc.

- **At Sight Letter of Credit**

Another name of At Sight Letter of Credit is Cash LC. It is a kind of credit that the announcer bank after observing the carriage documents from the seller and checking all the documents immediately pays the required money.

- **Red Clause Letter of Credit**

An exporter can take the pre-paid and parts of the money from the bank before sending the products through Red Clause Letter of Credit. The first part of the credit is to attract the attention acceptor bank. The terms and conditions are written by red ink, so this letter of credit is named as red clause letter of credit.

4.2 Back to Back Letter of Credit Mostly Used in MTBL

Mutual Trust Bank, Panthapath Branch mainly works for back to back letter of credit because most of the customers are garments factory of this branch.

Generally a standard, commercial letter of credit is a document issued mostly by a financial institution, used primarily in trade finance, which usually provides a permanent payment process.

Back to back letter of credit issued for an exporter who is already holding an L/C in his or her favor.

Two letters of credit used together to help a seller finance the purchase of equipment or services from a subcontractor. An exporter of readymade garments needs to buy some other ingredients to make the exporting goods. In that case the exporter issue another letter of credit against of the

export letter of credit (master letter of credit), is known as back to back letter of credit. Moreover it can be stated like that one letter of credit serves as the collateral for another.

4.2.1 Documents Required for BTB Letter of Credit

As back to back letter of credit is mostly used in Mutual Trust Bank Panthapath branch as an intern I got the opportunity to know about back to back letter of credit more than the other types of letter of credit. Letter of credit is a set of documents. Bank actually works with documents not with goods. All the documents are equally important for credit.

4.2.1.1 Documents Submitted at the Time of BTB Letter of Credit Opening

- Demand promissory note – 2 copies.
- L/C application – 1 copy
- LCAF (Letter of Credit Authorization Form) – 6 copies (LCAF in lieu of import license)
- Insurance cover note with money receipt
- Request letter of opening L/C – 1 copy
- Declaration of an importer – 1 copy
- Authority to debit account – 1 copy
- Request letter of amendment – 1 copy (needed for amendment only)
- Pro- forma invoice
- IMP Form (foreign Exchange regulation act. 1947) – 4 copies

4.2.1.2 Documents Submitted after BTB Letter of Credit Opening

- L/C Copy- 6 copies
 - 2 copies for advising bank- 1 for advising bank and other for exporter
 - 2 copies to importer – 1 as officer copy and other for customs clearance
 - 2 copies for opening bank – 1 copy as office copy and other for CCI &E
- L/C forwarding letter – 1 copy
- Reimbursement authorization – 3 copies

4.3 Journal Entry (Contra Voucher) of L/C

- When L/C is opened, the journal entry would be as follows.

Date	Particulars	Dr	Cr
	Customer's Liability Dr Banker's Liability Cr (customer are account receivable and bank has to pay to the importer)	XXX	XXX

- When documents come to L/C issuing bank, the journal entry would be as follows.

Date	Particulars	Dr	Cr
	PAD Account Dr. MTBL General Account Cr Exchange Gain Account Cr. (as the documents are received)	XXX	XXX XXX

Lodgment of the Documents

After receiving the documents from the exporters, at first MTBL write it in the PAD Registrar. PAD Register contains date, PAD number, L/C number, and name of the drawer, name of the drawer, amount, and number of copies of various documents, name of the imported items. This written procedure is called Lodgment.

- IFDBC (Inward Foreign Documentary Bill for Collection) Creation,
 - journal for interest on document

Date	Particulars	Dr	Cr
	PAD Account Dr. Interest on PAD Account Cr. (the interest is calculated on documents)	XXX	XXX

Process of Calculating Interest on Document in MTBL

Calculation of Interest on Document

(Document value – Margin)* interest rate*days paid for interest = amount of interest

Table: calculation of interest on document

(Source: Secondary Data, foreign exchange department, MTBL)

- Journal entries for receiving payment

Date	Particulars	Dr	Cr
	Party Account Dr.	XXX	
	Margin Account Dr.	XXX	
	PAD Account Cr.		XXX
	(when the bank receive money from the importer)		

- When L/C issuing bank Pay to the seller, the journal entry would be as follows

Date	Particulars	Dr	Cr
	FDBP Account Dr.	XXX	
	Postage Account Cr.		XXX
	Source Tax Cr.		XXX
	Customer Account Cr.		XXX
	(when the bank purchase bill through negotiation before realization)		

Negotiation of export documents

Negotiation stands for payment of value to the exporter against the documents fixed in the L/C. If documents are in order, MTBL purchases (negotiates) the same on the basis of banker-customer relationship. This is known as Foreign Documentary Bill Purchase (FDBP).

Payment of Bill

Bank sends the documents to the L/C opening Bank for payment with a forwarding letter detailing the enclosures. Upon realization of proceeds Mutual Trust Bank pass the following vouchers.

Date	Particulars	Dr	Cr
	MTBL General Account Dr.	XXX	
	FDBP Account Cr.		XXX
	Income Account Cr.		XXX
	(when the bank pay for the bill)		

➤ Journal Entries for Purchase of Local Bills

Mutual Trust Bank Panthapath branch only purchase the local bill which is known as Inland Documentary Bills for Purchase (IDBP). The bank has to purchase the local bills through some process. The Inland documentary bills for purchase (IDBP) is done in the following ways,-

- MTBL gets L/C from other Bank.
- Then MTBL officer advising the L/C to the party/Beneficiary.
- Customers then present the documents for negotiation to MTBL.
- MTBL officials examine the documents to confirm the terms and conditions of L/C.

- e. The documents are then forwarded to the L/C opening bank.
- f. The L/C issuing bank gives the acceptance and forwards an acceptance letter,
- g. In the acceptance letter there is a maturity date when the will payment the bill.
- h. After receiving the acceptance letter, payment is given to the customer on by purchasing the bill of Acceptance.

- Journal entries when the bank purchase local bill before realization

Date	Particulars	Dr	Cr
	IDBP Dr.	XXX	
	Party Cr.		XXX
	Commission Cr.		XXX
	Charge Account Cr		XXX
	(when the bank negotiate the local bill)		

- Journal entries when the bank pay the amount of local bill

Date	Particulars	Dr	Cr
	Sundry Deposit Dr.	XXX	
	IDBP Cr.		XXX
	Party Account (if surplus) Cr.		XXX
	(when the bank pay for the local bill)		

4.4 SWOT Analysis on Letter of Credit

SWOT Analysis

SWOT analysis is a measurement tool to identify the strength, weakness, opportunities and threats of a business or an organization. SWOT analysis can be done on place, product, person, industry etc.

- ❖ Strength and weakness are the part of internal environment of the product or service.
- ❖ Opportunities and threats are the external environmental part of product or service.

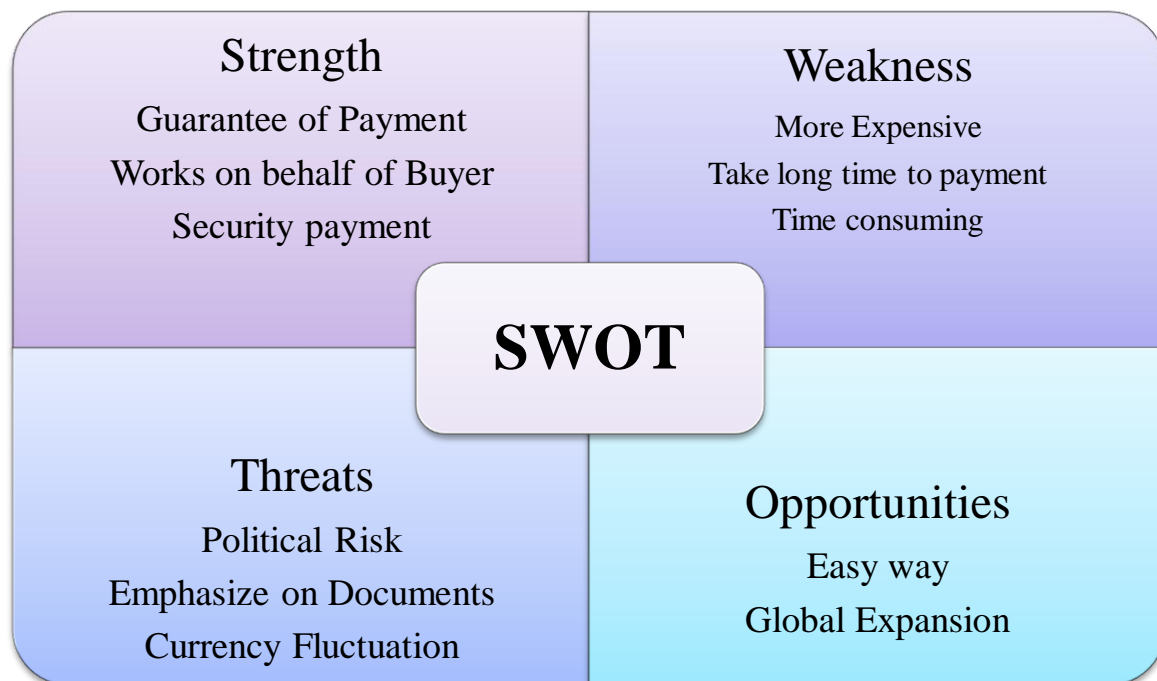


Figure 4: Chart of SWOT Analysis of Letter of Credit

4.4.1 Strength

- **Guarantee of payment**

Letter of credit works as a guarantee of payment. Through letter of credit issuing bank assured that the payment will be given. If the buyer failed to pay the bill the bank would pay it to the seller.

- **Works on behalf of buyer**

Issuing bank works on behalf of buyer. Since buyer is the holder of Letter of credit, Bank acts on behalf of buyer. Opening bank remits amount only after satisfaction of all terms and conditions of letter of credit with documentary proof. This arrangement protects importer and minimize time, as bank acts on behalf of him.

- **Secure Payment**

No payment is made until all the documents are received. Bank is responsible for documents. After checking all those documents bank made the payment.

4.4.2 Weakness

- **More expensive**

Letter of credit is more expensive than other methods of payment. Compared to other payment mode of transactions, cost of operating letter of credit procedures and formalities are more, which may be an additional expenses to an importer especially on amendment, negotiation etc.

- **Take long time to payment**

Strict compliance is required of payment. The payment is given after the shipment. So the exporter has to wait a long time for the payment.

- **Time Consuming**

Paper work can be very time consuming. There is a lot of paper work for issuing letter of credit. This is time consuming. In foreign exchange department there many registers books. The employees should keep record of every single work on letter of credit in these registers books. As a result they have to do a lot of paper works. They also have to keep record of letter of credit as soft copy. This all works are really very time consuming.

4.4.3 Opportunities

- **Easy way**

The foreign trader might unknown to the letter of credit opener. Letter of credit makes an easier way to do business with unknown seller and buyer. Through the help of bank the local product is becoming popular in international market. All the legal formalities are done by the bank to help the local trader.

- **Global Expansion**

Trough Letter of credit a businessman can step up to expand the business globally. For international trade exporter and importer may not know each other. In this case on the basis of letter of credit the local trader can expand their business.

4.4.4 Threats

- **Political risk**

Political risks of the country hamper the shipment process. As letter of credit is a document the political instability does not hamper it directly. But for the exporter and importer it brings desolation by making the shipment of goods delay.

- **More emphasize on documents**

One of the major disadvantages of letter of credit is that L/C is processed or operated on the basis of the documents. The bankers give more emphasize on documents not the quality of goods. So if the quality of goods is lower it will cause loss to the importer. The parties under letter of credit do not have any right to physically verify the contents of goods.

- **Currency fluctuation**

Currency fluctuation is another disadvantage of Letter of credit. Normally buyer/importer places purchase orders once in a year and opens letter of credit accordingly. The exchange rate may differ at the time of effecting payment. So, if any loss due to fluctuations in foreign currency contracted under letter of credit, need to be beard by exporter. This is also one of the major demerits of LC.

4.5 STP Analysis

STP analysis is a process of segmentation, targeting and positioning of a product or service in the market. This is an analytical approach that helps a firm where (target market) and how (the product or service) to make market strategy.

4.5.1 Segmenting

Segmentation is a process of dividing the entire market into smaller groups and the needs of the consumers are same.

4.5.1(a) Determine the Actual and Potential Customers

As foreign exchange department is related with banking sector it provides service to the customer. The services are issuing letter of credit, working with remittance, working with export and import business. For export and import business letter of credit is the most important document which is provide by Mutual Trust Bank, Panthapath branch as one of its services. So to provide letter of credit as a service the potential and actual customers for this bank is all the people related with export import business.

4.5.1(b) Identify the Segments

The foreign exchange department of Mutual Trust Bank, Panthapath branch divided the whole market into two segments. The individual related with export import known as commercial group and companies related with export import known as industrial group.

4.5.1(c) Analyzing the Intensity of the Competitor in the Market

As foreign exchange department is related with banking sector all the banks are competitors. Mr. Fazlul Haque, the foreign exchange department head of Mutual Trust Bank Panthapath branch, stated that the location of other banks, capital and reserve of foreign currency might be the intensity of other banks. But mutual trust bank consider the location of other banks authorized dealer branch as the main strength of the competitors.

4.5.1(d) Selecting the Attractive Customer Segments

As it was mentioned above that the foreign exchange department of Mutual Trust Bank Panthapath branch divided the market into two groups, the commercial and the industrial groups. The commercial group has been segmented by the product they imported or exported. Commercial export and import tiles, sanitary items, color which are used in producing cloths, item of fire extinguisher, electronic goods, dry fish etc. Industrial group are also segmented by their product such as garments factory, pharmaceuticals industry, ceramic industry, jute industry, frozen food, leather goods exported companies etc.

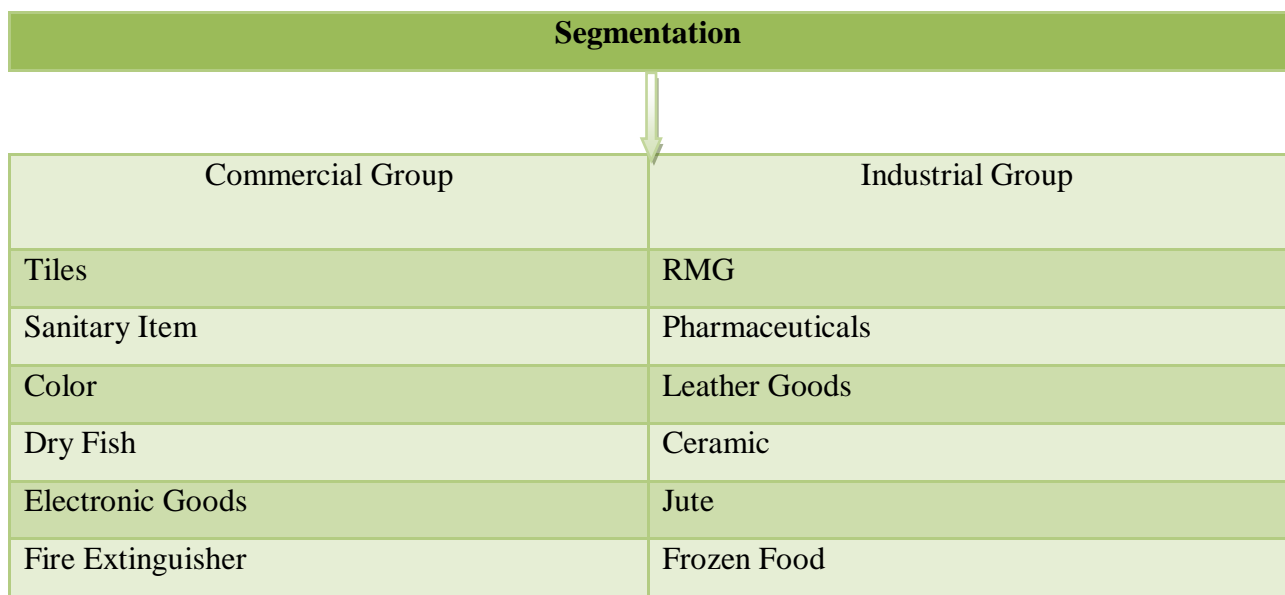


Figure 5: Chart of Segmentation

4.5.2 Targeting

As Mutual Trust Bank panthapath branch is an authorized dealer branch, it works with each industry. Product like jute, pharmaceuticals, and machineries are imported and exported through letter of credit. From their two segments commercial and industrial groups they targeted two major groups.

4.5.2(a) RMG Sector

This branch mainly targets the RMG sector. More than thirty garments companies are its potential client. Almost 60% of letter of credits are issued for these garments companies. Other 40% letters of credit are issued for other industrial sector pharmaceuticals, ceramics, frozen food

etc. All those garments company issued export, import letter of credit. But more or less all companies open back to back letter of credit for the purpose of buying accessories; yarn, fabrics etc against of the export letter of credit.

4.5.2(b) Exporter and Importer of Tiles and Sanitary Items

There are many segments in the commercial groups. As the authorized dealer branch of Mutual Trust Bank located in Panthapath area so it has targeted its commercial group on the basis of location. As the green road, hatirpool area is popular for tiles and sanitary items the bank targeted the exporter and importer of tiles and sanitary item. So this group is major targeted group. From the commercial segment most of the letter of credit is issued of tiles and sanitary items.

Target Market	
RMG Sector	Exporter and Importer of Tiles and Sanitary items

Figure 6: Chart of Target Market

4.5.3 Positioning

Positioning can be defined as a way the market creates an impression in the customers mind. Positioning concept means sell the benefit of a product or service to the buyer. The positioning concept focus on the emotional benefit that the buyer will feel it by using the service or product.

4.5.3(a) Product Positioning Process

As the target groups of Mutual Trust Bank, Panthapath Branch, are RMG sector and Commercial of tiles and sanitary item the bank is giving some extra benefits to them. Mutual Trust Bank, Panthapath branch always state that the whole work of letter of credit is its work. This bank does all the letter of credit related work on behalf of its client.

4.5.3(b) The Emotional Benefits

Emotional benefit means the feelings of a customer about the product or service of a company. The emotional benefits given to the customer by Mutual Trust Bank are given below:

- **Low schedule of charge**

Mutual Trust bank offer low charge for issuing letter of credit. For letter of credit cancellation this bank doesn't offer any charge where other banks charge BDT 200 -500.

- **Short term loans on letter of credit**

MTBL give short term loan with a fixed repayment date. Bank allows this credit for buying, processing, manufacturing, packing and shipping of the goods meant for export. The bank gives this credit to exporter when he gets the foreign order. The first step is to fix a packing credit limit based on the need of the borrower and the exporter is permitted to calculate a part or whole of the amount of limit according his requirements. It gets repaid with the proceeds of the bill drawn on the foreign buyer. a packing credit advances does not normally extend beyond 180 days and has to be liquidated by negotiation or purchase of the export bills covering the particular shipment for which the packing credit was granted. The packing credit facility may be extended in form of hypothecation of goods, pledge, and export trust receipt

- **MITS Service (MTBL International Trade Service)**

MITS (MTBL International Trade Service) a centralized service for letter of credit. This is a centralized branch for all the letter of credit of mutual trust bank. For opening a letter of credit the customer need to go head office for the confirmation for any bank. But in this bank all branches do this work on behalf of their customer. So the customers don't need to go head office and waste their valuable time.

- **Discounting facilities for the client**

This discounting facility on letter of credit is quite different from the discounting concept of marketing. In Mutual Trust Bank, at the time of purchasing documents this facility has been offered. If the seller of bill wants a partial payment the bank give this facility. This discounting facility especially offered for back to back letter of credit.

- **Case to case letter of credit**

Case to case letter of credit is facility, offered by Mutual Trust Bank for the small trader. If any client wants to open letter of credit for a very small amount such as \$2000, \$5000 the bank is

giving a very quick service for that letter of credit. In this way small trader are benefited by Mutual Trust Bank to expand their business globally.

4.6 PESTLE Analysis on Letter of Credit

PESTLE analysis is a tool used by companies to track the environment they are operating in to launch a new product or service. The expanded form of PESTLE is P for Political, E for Economic, S for Social, T for Technological, L for Legal and E for Environmental. It gives a bird's eye view of the whole environment from many different angles that one wants to check and keep a track of while thinking on a certain idea or plan.

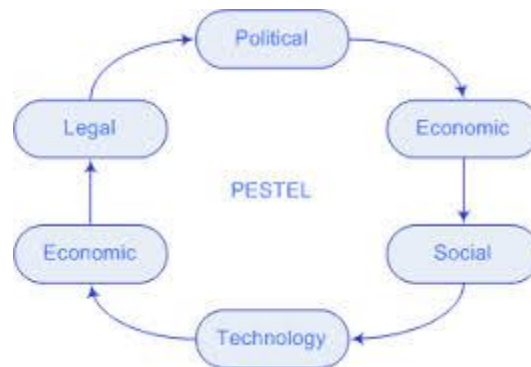


Figure 7: picture of PESTLE Analysis

(Source: Secondary Data, Wikipedia)

4.4.1 Political

Elements of Political Factor

In political factor the tax policy, tariff and political stability are included.

Effect on Letter of Credit

- As letter of credit is a set of documents the tax policy and tariff does not have that much influence. The tax policy and tariff of government affect the goods which are imported or exported.

- Political instability indirectly affect the letter of credit, because of political instability the importer or exporter is not able to shipment the goods.

4.4.2 Economical

Elements of Economical Factor

The economic factor includes exchange rate, interest rate and economic growth.

Effect on Letter of Credit

- The interest rate does not affect directly the letter of credit.
- The exchange rate of currency has major impact on letter of credit. Importers open a L/C and may import several times on that L/C by splitting the total amount of L/C. In that case there will be several FDBP (foreign document bill purchase) which will be affected by the fluctuation of exchange rate.

4.4.3 Social

Elements of Social Factor

A social factor is related with cultural aspects, age distribution, population growth rate etc.

Effect on Letter of Credit

- Social factor does not affect letter of credit. The imported or exported goods might affect the social factor but not the letter of credit. For example, the importers of clothes import different types of clothes from India, Pakistan etc which affect our culture but not the letter of credit.

4.4.4 Technological

Elements of Technological Factor

The technological factor includes R&D activities, automation, technology incentives and rate of technological change.

Effect on Letter of Credit

- After opening cash L/C the voucher are to be sent to the advising bank by SWIFT/Telex/Airmail..
- SWIFT (Society for Worldwide Interbank Financial Telecommunication) provides a network that enables financial institutions worldwide to send and receive information about financial transactions in a secure, standardized and reliable environment. All the transaction of letter of credit depends on SWIFT. Without this technology letter of credit might not be much popular in export import business.

4.4.5 Legal

Elements of Legal Factor

Legal factors include the consumer law, discrimination law, employment law, health and safety law etc.

Effect on Letter of Credit

- Letter of credit follows the foreign exchange regulation act 1947. All the authorized dealers follow the rules of Bangladesh Bank to issue the import or export letter of credit.
- Letter of credit does not affect consumer, employment, health and safety and discrimination law.

4.4.6 Environmental

Elements of Environmental Factor

Environmental factors include ecological and environmental aspects such as weather, climate, and climate change, which may especially affect industries such as tourism, farming, and insurance.

Effect on Letter of Credit

- As letter of credit is a set of documents it does not affect the environmental factor anyhow.

Chapter 5

Findings from Analysis

After Analyzing the Letter of credit of Mutual Trust Bank Limited I would like to express some important findings which are given below;

- On the basis of SWOT analysis of letter of credit it can be stated that the strength, weakness, opportunities, threat for letter of credit will be almost same for all banks.
- As letter of credit is the more expensive method for payment and time consuming it can be minimize respectively through the help of government and negotiation between buyer, seller and bank.
- On the basis of STP analysis, Mutual Trust bank segmented its whole customer into two groups. From those two segmentations it targeted its focused customer. Here MTBL, done this targeting on location basis. To be in a good position on its customers mind MTBL is providing many benefits.
- Letter of credit does not affect environmental and social factors of pestle analysis. On the other hand the political factors does not affect directly to letter of credit. Political instability hampered the shipment process.
- Legal factors have a great impact on letter of credit. The legal factor affects directly. Bank must have to follow the foreign exchange policy to issue letter of credit.
- The economic factor affects the letter of credit indirectly. Fluctuation of exchange rate effect the export import business.
- The political factor affects letter of credit indirectly. Political instability hampered the export import business. Due to the delay of shipment process the export and import business are hampered.
- Letter of credit becomes so popular because of technology. Through SWIFT, TELEX the working process of letter of credit become so easier.
- SWOT and PESTLE analysis on letter of credit are almost same for all banks.
- STP analysis will differ from bank to bank. One bank can segment, target and make position of letter of credit in various way. The customers will not be same for all banks.
- Product positioning is important for market analysis but the employees are not so much aware of the positioning of their letter of credit service. They may apply the marketing concept of positioning product on letter of credit.

Chapter 6

Recommendations

After three months internship and analyzing the letter of credit process, I would like to mention some recommendations. The recommendations are given below-

6.1 Recommendation on Project

● Help of Government

The cost of letter of credit can be minimized with the help of government. All the banks keep some charges for the letter of credit service. This charge varies from bank to bank. The government can make some rules on the charges of letter of credit.

● Applying Marketing Concept on Letter of Credit

The Bank gives more importance on credit services. It diversified all the products of loan according to the needs of customers. But the bank didn't apply any theory of marketing like targeting, positioning, segmenting for foreign exchange department. However, foreign exchange department add some extra income in banking activities. The bank should come up with new ideas to grab the attention of exporter and importer.

● Take Letter of Credit as a Service

The employees of foreign exchange department prefer letter of credit as a document rather than a service. If the employees prefer letter of credit as a service, it can be provide in a better way.

● Provide Extra Benefits

The employees of foreign exchange department may provide extra benefit such as concept of exchange rate, giving upcoming ideas about financial market to the customers. So Mutual Trust Bank Ltd can grab the attention of more garments factory.

6.2 Recommendation on Mutual Trust Bank

● Recruiting Best People

Talented and hard working employees should recruit. So they can increase the productivity and quality of the service of this bank.

- **Better Customer Service**

Better Customer Service should be provided in order to attract more clients. If customers are not satisfied about services, it will incur loss to the organization.

- **New Services for Commercial Traders**

Some new services should provide to customer who are opening letter of credit. So the bank will get more loyal customer. For example bank can offer a tour package.

- **Comfortable Working Place**

The bank should provide large working place for its employees so that they will feel comfort. The large space will also help the customer to finish their work in a comfort zone.

6.3 Recommendation on Internship

- **Specify the Work**

The duration of 3 months internship is too short to learn the working process of bank, especially work of foreign exchange department. So the department should specify the work for the intern.

- **Provide Suitable Working Place**

Mutual Trust Bank has a few of facilities for intern. As the bank is taking so many interns through the year it should provide a suitable work place for the intern.

- **Provide Facilities for Learning**

As the bank employees remain so much busy with their work, they do not have enough time to show the detail work to the intern. As a result the learning process remains incomplete. So the bank should provide the interns with the facility of learning.

- **Provide Printed Pay-Order Slip**

In Mutual Trust Bank pay orders are written manually. To err is human. So some problems occur during writing such as spelling mistake, wrong address etc. If the bank serve printed pay order the possibility of error might be lower.

Chapter 7

Conclusion

Mutual Trust Bank is one of the most promising private commercial banks in Bangladesh. Every day Mutual Trust Bank makes an effort to increase its product and services although it provides a wide range of product and services. It is aimed at providing high quality financial service to contribute and the growth of industrialization, boosting up export, creating employment opportunity for the educated youth, raising standard of living of limited income group and overall sustainable socioeconomic development of the country. The foreign exchange department of Mutual Trust Bank is providing quality services to its client. Mutual Trust Bank Limited always tried its level best to perform financially well. The bank actually tries to satisfy overall all the customers individuals and commercials. But if the bank give target to each of its department to satisfy the customers it will give a positive result. The general banking and credit departments actually work with individual person. So this department has to provide separate services for separate customers. Foreign exchange department is quite different from these departments. This department not only contributes to the country but also foreign countries. The customers of foreign exchange department related with international business. So the customers should provide best service which will satisfy them and also help to generate income of the country. The bank also should keep in mind not only the customers; employees are also the asset of bank. The bank should provide enough facility to the employees. Suitable working place, handsome salary, excited bonus should provide to the employees. So that, they can give the best effort to the work in bank. In spite of trying to do well in some aspects Mutual Trust Bank Limited faced some financial problems from time to time. Sometimes the client negotiates in a wrong way to the foreign traders which cause some problems to bank. Some of the problems were lose of important documents, shortage of loans and advances, etc. These problems arouse time to time due to economic slowdown, interest rate fluctuation, emerging capital market, inflation in the money market and so on. The bank is trying to overcome all those problem and providing better quality service to its customer. Last but not the least, although various problem of Mutual Trust Bank, the employees have created very friendly working environment in the bank. It is heard that the working environment of bank is very formal and strict. But the employees of Mutual Trust Bank have made taken it as their home and worked as family members. This is a very good bonding. If this thing continues we hope that Mutual Trust Bank Limited will develop even more in the future.

Reference

- ▶ www.mutualtrustbank.com
- ▶ www.bangladesh-bank.com
- ▶ Annual Report of Mutual Trust Bank Limited
- ▶ http://en.wikipedia.org/wiki/Offshore_bank
- ▶ http://en.wikipedia.org/wiki/Wholesale_banking
- ▶ http://en.wikipedia.org/wiki/Letter_of_credit

APPENDIX

.80% Source Tax on Export of Knitwear & Woven Garments

Tr. to Heads of Account:

901187

PARTY NAME (FDBC)	AMOUNT
A.K. FASHION S	155,289
AHSAN COMPOSITE	407,973
AHSAN KNITTING	183,295
AJI APPARELS	183,610
ANOWARA COTTON	
ANOWARA KNIT	
DIAMOND SWEATER IND.	180,475
FLORET (PVT.) LTD	79,636
FLORET FASHION	103,362
FRM FASHION HOUSE	
GOLD STAR DESIGN	
HORIZON FASHION WEAR	42,065
HYPOID LINGERIES	5,405
KOALA FASHION & DESIGN LTD.	
MAZIB FASHION	238,809
NIBIR FASHION WEAR	
PERVIN ENTERPRISE	
POLO COMPOSITE KNIT	357,267
PURATAN MOUVASHA FASHION	
ROSE DRESSES	
ROSE GARMENTS	27,660
SATKORA FASHION	
NUFA TEXTILE	9,365
SWEATER MANUFACTURING	
TOTAL	1,974,211

PARTY NAME (LDBC)	AMOUNT
S.S.CORPORATION	NILL
AL-HAJ KARIM TEXTILE MILLS LTD	NILL
TEXTILE HORIZON	NILL
FAHIM ENTERPRISE	8,886
G.H.F TEX	NILL
BAPI ENTERPRISE	NILL
CHISTIYA COLLAR & CUFF	NILL
TEELOC PRINTING & EMBROIDE	NILL
HAYS(BANGLADESH) LTD.	NILL
J.S INTERNATIONAL	
H.R.FASHION	2,762
AHSAN COMPOSITE	NILL
SEVEN KINITEX	
SEKENDER THREAD 2 & ACCESS	NILL
P.P.ENTERPRISE	NILL
ACCESSORIES	62,871
SHANHAYAT PRINT & ACCESSOF	NILL
	74,519

Total (FDBC+LDBC) 2,048,730

is transferred as on 24/06/2013

AUTHORISED SIGNATURE

AUTHORISED SIGNATURE