



INTERNSHIP REPORT ON

Standard Bank Limited

INTERNSHIP TOPIC

Foreign Trade Operation of Banking sectors in Bangladesh with special reference to Standard Bank Limited

[This Report is prepared for the partial fulfillment of the degree named Master of Business Administration with major in Finance]

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SUBMISSION DATE: 05 April 2018



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Letter of Transmittal

5th April 2018

Mr. Mahmudul Haq
Associate Professor
BRAC Business School
BRAC University

Subject: Submission of Internship Report.

Dear Sir

With humble honor and respect, it is a great pleasure to submit the internship report on 'Foreign Trade Operations of Banking sectors in Bangladesh with special reference to Standard Bank Limited', as I was assigned to prepare it with your approval.

As an integral part of academic program in completion of MBA, It has been joyful and enlightening experience for me to work in SBL as an intern for three months and to prepare an internship report. Obviously this has been a great source of learning for me to conduct this type of studies in future.

In completion of the report I have put my best effort to prepare a complete internship report.

Therefore, it is a humble request to you to accept the report for your judicious evaluation.

Best Regards

.....

Syed Raihan Monjur

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MBA



Acknowledgements

At First, I would like to thank **The Almighty Allah** for giving me mental strength to complete my internship. I am glad to complete the report successfully. **“BRAC University” and “Standard Bank Limited.”**- both provided enormous support and guidance for my Internship program.

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I would like to thank to “Standard Bank Limited.” As well as all the employees who spared their time generously, and helped me to complete this report providing necessary information.

This was really a good way of learning and I really appreciate here for giving me the proper line of directions.

I would like to thank specially for giving a wonderful opportunity to make my report.

Mr. Syed Masnoon Ali- SAVP of HRD

Mr. Md. Shafiqul Hassan- Vice President

Ms Kaniz fatema- Executive Officer

Mr. Borhan Uddin – Senior Officer

Lastly, my heartiest thanks go to others who were involved and helped me directly and indirectly in completion of internship and preparing this report.



Table of Content

<u>SL</u>	<u>Title</u>	<u>Page</u>
	Plagiarism Declaration	
	Letter of Transmittal	
	Acknowledgement	
	Executive Summery	
CHAPTER- 1 [Introduction of the Repot]		
1.1	Introduction	10
1.2	Background of the Study	10
1.3	Objective of the Report	10
1.4	Scope of the Report	11
1.5	Methodology	11
1.6	Limitations	12
CHAPTER- 2 [Overview of Standard Bank Limited]		
2.1	History o the Bank	14
2.2	Vision of the Bank	14
2.3	Mission of the Bank	14
2.4	Objectives of the Bank	14
2.5	Functions of the Bank	14
2.6	Branches of SBL	15
2.7	Major division of SBL	15
2.8	Organ gram	16
CHAPTER- 3		
[Foreign Trade operation of Banking Sectors in Bangladesh with special reference to Standard Bank Limited]		
3.0	Foreign Trade in Bangladesh	18
3.0.1	Particulars required in Import-Export transaction in Bangladesh	18
3.0.2	Documentary credit	19
3.0.3	Types of Documentary credit	20
3.0.4	L/C	20
3.0.5	Parties of L/C	20
3.0.6	Types of L/C	21
3.0.7	Another form of L/C	22



3.1	Foreign Exchange	23
3.1.1	About foreign exchange	23
3.1.2	Foreign exchange operation of SBL	23
3.1.3	Foreign exchange department of SBL	24
3.2	Import department	25
3.3	Steps in import L/C transaction	26
3.3.1	Sales contract	26
3.3.2	Application and Agreement	26
3.3.3	LCAF	27
3.3.4	Issuance of L/C	28
3.3.5	Advising	28
3.3.6	Adding confirmation	29
3.3.7	Amendment of L/C	30
3.3.8	Settlement of L/C	31
3.3.9	Payment Procedures	31
3.4	Export formalities by export department	32
3.4.1	Registration	32
3.4.2	Obtaining ERC	32
3.4.3	Obtaining Exp form	33
3.4.4	Export order	34
3.4.5	Signing of the contract	34
3.4.6	Receiving export L/C	35
3.4.7	Requirement of opening L/C	35
3.4.8	L/C number and code	36
3.4.9	Procuring, Endorsement & Shipment	36
3.4.10	Export Documents	37
3.4.11	Acceptance	37
3.4.12	Realization of export proceeds	38
3.4.13	Payment	38
3.4.14	Export finance	38
3.4.14.1	Pre-shipment finance	38
3.4.14.1.1	Back to Back credit	39
3.4.14.2	Post-shipment Finance	39
CHAPTER - 4		
Activities Undertaken by me (2014 & 2018)		
4.0	Responsibilities in Forex Department	41
4.1.1	LCAF	41



4.1.2	Back to Back L/C	42
4.1.3	Local L/C opening	42
4.1.4	Filling up IMP form	43
4.2	Responsibilities in GB Department	44
4.2.1	Account Opening	44
4.2.2	Pay order writing	45
4.2.3	Collecting Cheque and cleaing	45
4.2.4	Maintaining Register books	45
CHAPTER- 4 [Survey Observation]		
5.0	Survey	47-51
	Findings	52
	Recommendation	53
	Conclusion	54
	Reference/Bibliography	55



EXECUTIVE SUMMERY

Now it is the age of modern civilization. Necessity of bank had arisen from the period when paper note had brought into practice. On that movement people anticipated to have organization to deposit and withdraw their money as well as get some loan. On that note, banking begins with the first prototype bank of merchants of the ancient world. First banking was introduced around 2000 BC in Assyria and Babylonia. After that revolution banking was brought in practice in the world. Now bank is playing a excellent role to keep the economic development wheel moving. Now in every economic activity, involvement of bank is obvious. Specially in the case of foreign trade, bank are playing a dominant role for this execution. Parties engaged in foreign are cannot think anything without involvement of bank. Therefore, based on those particular demand Standard Bank Limited (SBL)- the third generation commercial bank, was incorporated on may, 11,1999 with a determination of setting a new standard of banking and achieved satisfactory progress from its commercial operation on June, 03,1999 as well as created a positive impact in the market. The foreign exchange department of the band is divided in three departments. But the export department and import department have vital impact in the bank.

The report contains – part 1: introduction of the report, part 2: overview of the organization, part 3: the main part of this report titled ‘foreign trade operation of banking sectors in Bangladesh with special reference to SBL’, part 4: activities undertaken by me during twice my internship period(2014 & 2018) .

In the main part of this report, a broad discussion has been attempted to pictures in regard to foreign exchange import & export operations. In the import section, executions of import starting from sale contract to payment have been attempted to explain. And in the export section as well, executions of export starting from registration to export finance have been written accordingly. Apart from those, some analysis of last 5 years on earnings and growth rate of foreign exchange department of SBL have been shown with list and graphical presentation. Moreover questionnaires survey taken from bank’s clients and account holder have been attached with graphical presentation. The report also contains relevant findings and recommendations.

Last but not the least, it is to inform that, this internship report has been prepared with great effort. This report is prepared based on observation throughout the internship period at Gulshan2 and mohakhili branch and face to face interviews/conversation of officers and client as well as some secondary sources.



CHAPTER: 1

INTRODUCTION OF THE REPORT



Standard Bank Limited



1.1 Introduction

Foreign exchange can be referred to foreign exchange market, exchange rate, exchange reserve, international trade and so on. According to this report foreign exchange refers to international trade of foreign trade. Basically international trade is the exchange of capital, good and service across international borders. Foreign trade allows consumers and countries the opportunity to be exposed to goods and services which not available in their own countries. Products those are sold to the overseas market are an export, and products those are bought from the foreign market are an import. To make our world as global village, foreign trade also plays vital role. The report is prepared on the topic – '**Foreign trade operations of banking sectors in Bangladesh with special reference to Standard Bank Limited**'.

1.2 Background of the Study

BBA is known to be a professional course for undergraduate students. This course is design with the combination practical and theoretical aspects considering all aspect of professional life of student. After completing a selected number of courses of MBA, a certain period time is kept for internship. As an academic requirement, students of Business administration are require to work in institution to gather practical knowledge and experience. Upon this internship program students are asked to prepare a report based on knowledge of internship. Therefore i was assigned to prepare a report on **“Foreign Trade Operation of Banking sector in Bangladesh with Special Reference to Standard Bank Limited.”**

1.3 Objective of the Report

The main objective and purpose of the report is to prepared as a requirement for the completion of MBA program of BRAC University. The report presents all the execution related to the operation of foreign trade operation of Standard Bank Limited. At the same time the report is prepared to have the total overview regarding foreign trade operation of SBL. It contains also the import and export procedure maintained by foreign trade department of SBL.



Objective of this report is to provide proper information regarding SBL and its export and import formalities maintained by foreign exchange department of SBL. Through reading this report, reader will also get to know the analysis over foreign exchange department of SBL and will know from survey taken randomly what do people opinion over foreign exchange department of SBL. Another purpose of this report to provide updated information briefly ,that would be helpful for those who want to research on foreign exchange broody.

1.4 Scope of the Report

The scope of this report is consisting of my observation and experience acquired throughout the internship period in Standard Bank Limited (SBL), Gulshan2 Branch in late 2014 and Mohakhali branch in early 2018. This report focuses on the foreign exchange operation of banking sector in Bangladesh with reference to Standard Bank Limited (SBL). **The report mainly emphasizes on SBL's export and import operations.**

1.5 Methodology

In order to prepare this report, a systematic procedure had to follow from topic selection to final report. To conduct the study, sources of data had to discover, collect , filter, classify ,analyze and present in a specific systematic manner.

All the data is collected from primary as well as secondary sources. But it have to admit that the main source of my report was secondary sources.

Face to face conversation with officers and staff as well as other clients was the primary source of data.

Annual report, journals, newspaper, circulars from several source are the secondary sources of data.



1.6 Limitations

Even though a great effort is given to prepare this report, it might have some limitation. Because providing all information is not possible based on three month internship program. To be honest, updated information are not available enough on websites. Moreover officers in the bank are so busy that collecting any data and information is very tough. There remains a short time to consult to the officer to gain information. Another obvious limitation is that , some officer were not willing enough to disclose any data and information. Apart from that, there are some baking issues that were too unknown to me to understand. Instead of these limitations the report has been prepared with great effort.





CHAPTER: 2

OVERVIEW OF STANDARD BANK LIMITED



Standard Bank Limited



2.1 History of the Bank

Standard Bank Limited –the third generation bank falls under public commercial bank (PCB) was incorporated as a Public Limited Company on May 11, 1999 under the Companies Act, 1994 and the Bank achieved satisfactory progress from its commercial operations on June 03, 1999. SBL has introduced several new products on credit and deposit schemes. It also goes for Corporate and Retail Banking etc. The Bank also participated in fund Syndication with other Banks. Through all these myriad activities SBL has created a positive impact in the Market.

2.2 Vision of the Bank

Being a modern Bank achieving the object of building a sound national economy and contributing significantly to the public exchequer, as per Standard Bank Limited

2.3 Mission of the Bank

Being the best commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability, as per Standard Bank Limited

2.4 Objective of the Bank

- Being a dynamic leader in financial market.
- Earning positive economic value addition each year to come
- Topping the list in respect of cost efficiency of all the commercial bank in Bangladesh.
- Becoming one of the best financial institutions in Bangladesh economy.
- Providing high quality product and service.

2.5 Functions of SBL

The key function of the organization is as follows

- Mobilizing deposits.



- Disbursing investments
- Handling foreign exchange and foreign business
- Remittance: To remit money to home and abroad through T.T, D.D, Pay-order, Travelers cheque, etc.

2.6 Branches of SBL

From the year 1999 to year 2014, Standard Bank Limited (SBL) has established 92 numbers of branches in different districts of Bangladesh. The principal Branch located in Metropolitan Chamber Building (Ground Floor), 122-124 Motijheel C/A, Dhaka 1000, and Bangladesh.

2.7 Major Division of SBL

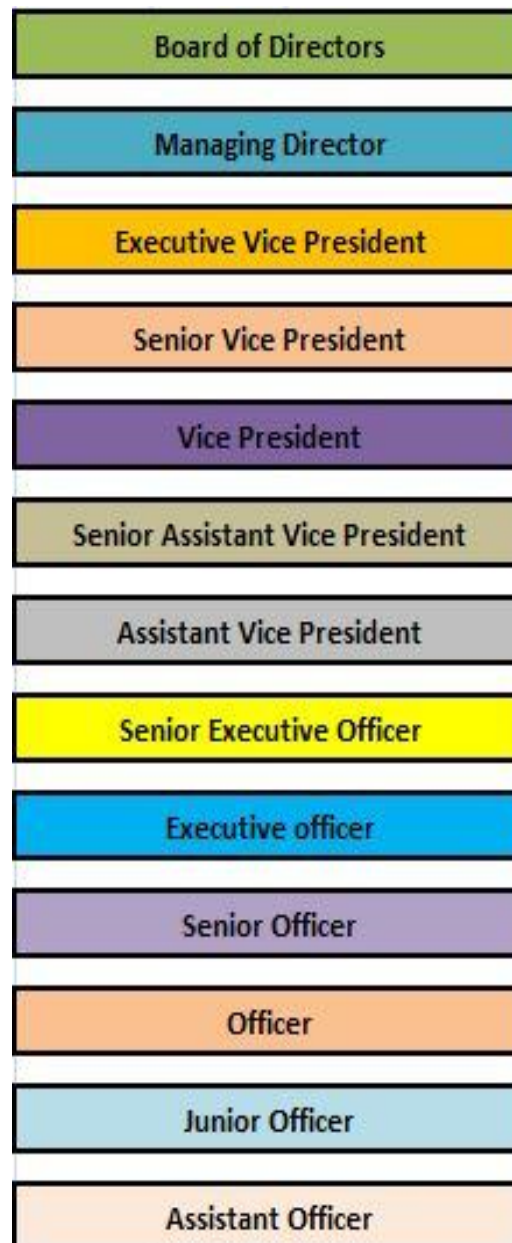
The banking system of Standard Bank Ltd. is divided into three major divisions. These divisions are –

- 1) General Banking
- 2) Advance & Loan Banking
- 3) Foreign Exchange Banking.





2.8 Organgram





CHAPTER: 3

**FOREIGN TRADE OPERATION OF BANKING
SECTORS IN BANGLADESH
WITH SPECIAL REFERENCE TO
STANDARD BANK LIMITED**



Standard Bank Limited



Foreign exchange is not only referred as exchange currency among overseas nation but also referred as international/ foreign trade. One of the largest earning come from international trade. International trade is playing a vital role in increasing our GDP (Gross Domestic Production). Although GDP growth rate is not that much great, commercial banks in Bangladesh conducting foreign trade with great potential. Commercial banks in Bangladesh are keeping abreast of the world recognized methods to execute foreign trade or foreign exchange operation. **Like all other commercial bank in Bangladesh ,Standard Bank Limited(SBL) is pursuing the all most same procedure for this execution. In this internship report , Standard Bank Limited represents some of all commercial banks in Bangladesh.** Therefore this report is prepared on the topic- *“Foreign Trade Operations of Banking Sectors in Bangladesh with special reference to Standard Bank Limited (SBL).*

3.0 Foreign Trade in Bangladesh

Foreign Trade of Bangladesh is playing an important role in the balance of trade and our economy. In Foreign Trade and Foreign Exchange of Bangladesh, Banks plays an vital role. Banks who are authorized to execute export and import are called authorized dealer. The import and export trade in our country are regulated by the Ministry of Commerce under Import and Export (Control) Act, 1950. Being an Authorized Dealer, commercial banks in Bangladesh are committed to facilitate import of goods into Bangladesh from the foreign countries. Import Section and export section, under Foreign Trade Department of a bank, is assigned to execute this job as well as to serve its client's demand to import or export goods, it always used to maintain required formalities that are collectively termed as The Import Procedure and export procedure.

3.0.1 Particulars required in import export transaction in Bangladesh

- An Agreed products or services
- A sales contract
- Delivery details
- Shipping and delivery details

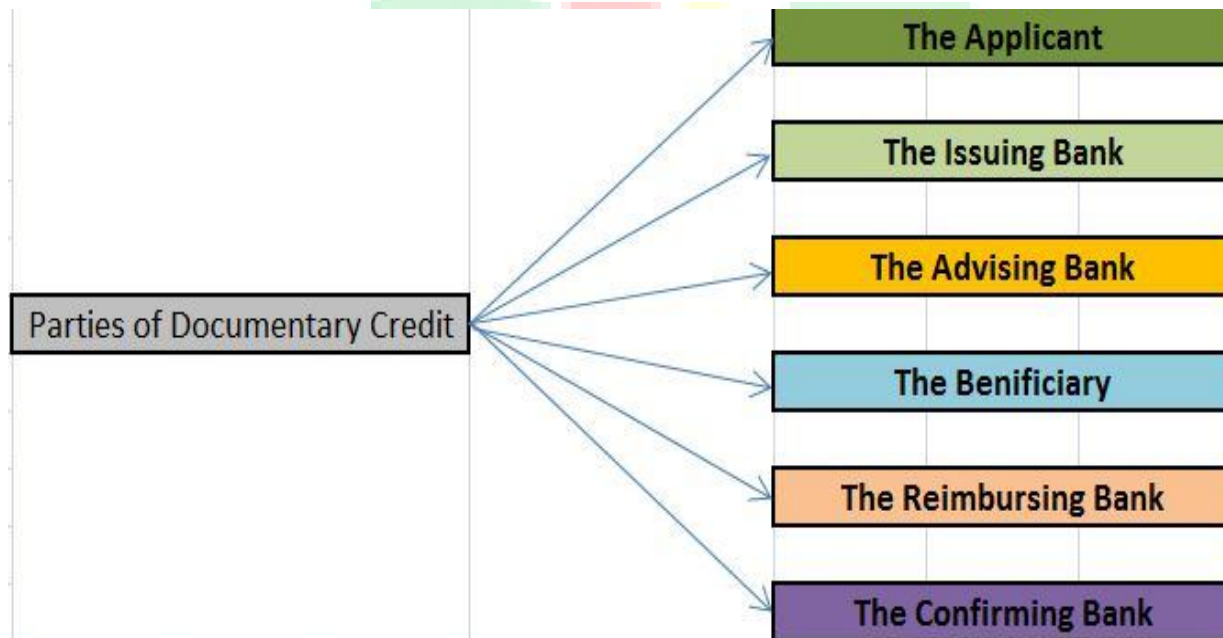


- Terms of payment
- Required documentation
- Insurance coverage

3.0.2 Documentary Credit

It is being used into export import business in Bangladesh. It is a conditional guarantee by a Issuing Bank given to be the Beneficiary at the request, as well as in accordance with the instructions of the applicant to effect payment after shipment of goods.

Parties involved in a Documentary Credit





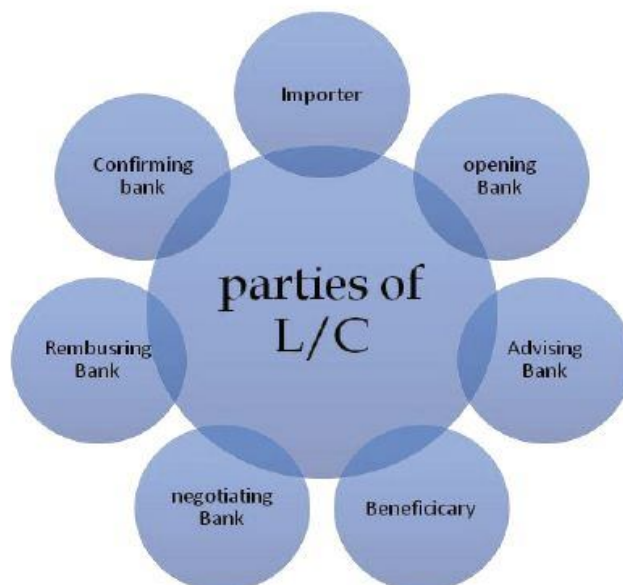
3.0.3 Types of Documentary Credit

- **Red clause credit**- which authorized the advising or confirming bank to make advances to the beneficiary before presentation of the documents.
- **Resolving credit**- provides for the amount of the credit to be renewed automatically.
- **Confirmed credit**- executed by confirming bank
- **Revocable credit** - can be amended or cancelled by the issuing bank at any time without prior notice to the seller.
- **Irrevocable credit**- cannot be amended or cancelled without the agreement of all parties.

3.0.4 Letter of Credit (L/C)

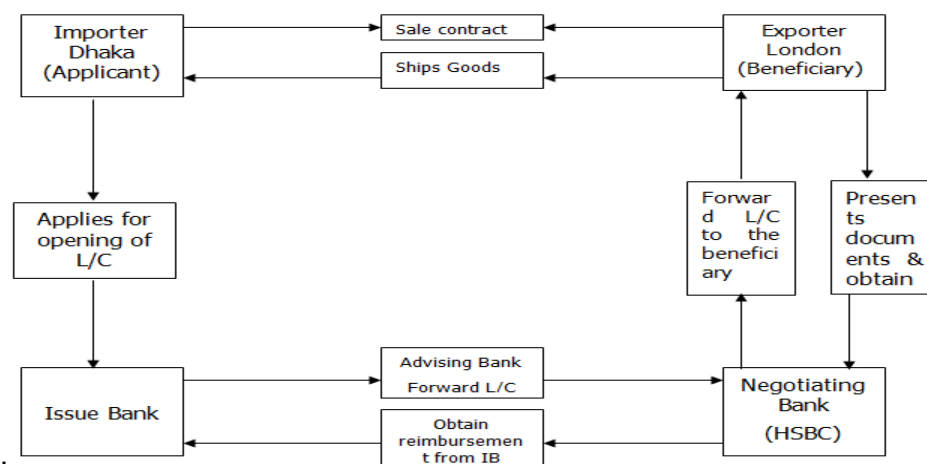
Letter of Credit can be defined as a Credit Contract where by the buyer's bank(issuing bank) is committed (on behalf of the buyer) to place an agreed amount of money at the seller's disposal under some agreed conditions.

3.0.5 Parties of L/C





- **Importer**- person who requests opening bank to open an L/C
- **Issuing Bank**- the bank who opens/ issues L/C
- **Advising Bank**- the bank through which the L/C is advised to the exporter.
- **Exporter**- the party in whose favor the L/C is established.
- **Confirming Bank**- the bank which adds its confirmation to the credit.
- **Negotiation Bank**- the bank which negotiates the bill.

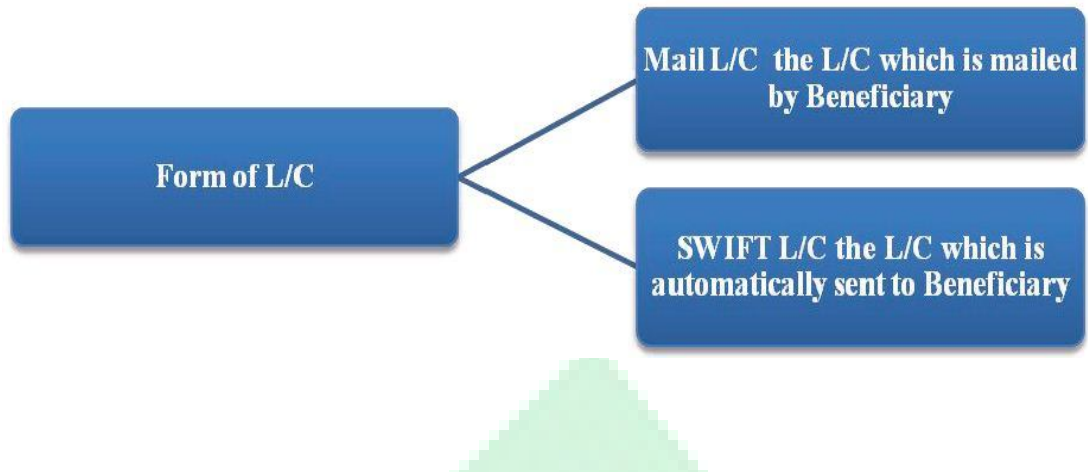


3.0.6 Types of Letter of Credit

- Revocable and irrevocable credits
- Confirmed and unconfirmed credits
- With Resources and without resources credits
- Fixed and revolving credits
- Transferable credits
- Back-to-back credits
- Cash credit
- Deferred credit



3.0.7 Another Form of L/C





3.1 Foreign Trade

3.1.1 About Foreign Trade

Foreign Exchange Department is known as an international department of any bank. It used to deal with globally and facilitates international trade through its variety of modes of services. It is like a bridge between importers and exporters. In Bangladesh central Bank of Bangladesh issues license to scheduled banks in order to deal with foreign exchange. These banks are known as Authorized Dealers. So if the branch is authorized dealer in foreign exchange market, it is authorized to remit foreign exchange from local country to foreign country. This is department which mainly deals with foreign currency. This is why this department is called foreign exchange department.

3.1.2 Foreign Trade Operation of SBL

Foreign trading is one of the largest businesses carried out by the commercial bank. The trade among various countries' participation falls for close link between the parties engaging in trade. The situation calls for expertise in the field of foreign operations. The bank, which involved in such operation, is referred to as rendering international banking operation. Mainly transactions with foreign countries are respects of import; export and foreign remittance come under the preview of foreign exchange transactions all over the world. Demand of International trade is a flow of goods from seller to buyer and payment from buyer to seller. In this case the bank plays a vital role to bridge between the buyer and seller.

In the SBL (Gulshan Branch) there are around ten peoples working continuously with great effort and teamwork there are quite efficient skill and talented the above jobs are performed in foreign exchange department. The Bangladesh Bank and the respected AVP of this section control them. They believe in teamwork and extreme hard work.



3.1.3 Foreign exchange department of SBL

Foreign exchange department of SBL, conducting foreign trade is divided into three sections. The sections are:

- ✓ Import Department.
- ✓ Export department.
- ✓ Remittance Department.

But the impact of import and export department is remarkable. This is the reason why Remittance section is not contained in this report.

Here is the hierarchy of foreign exchange department:

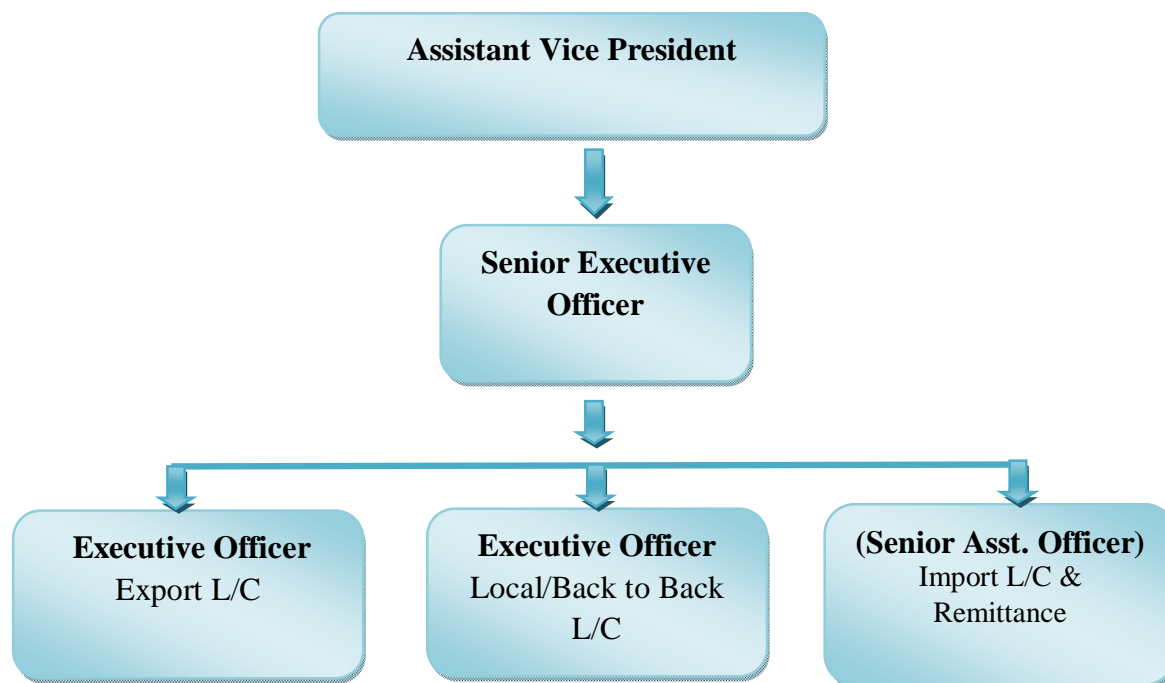


Figure: 3 Foreign exchange department of SBL



3.2 Import Department:

When L/C come from the applicant (buyer), officer of SBL checks all the terms & condition of the L/C & also check the validity of the L/C. L/C might come as well from SWIFT/ TELEX. Each of them generates different charges for the clients. L/C can also be deferred or at sight.

In brief the import process:

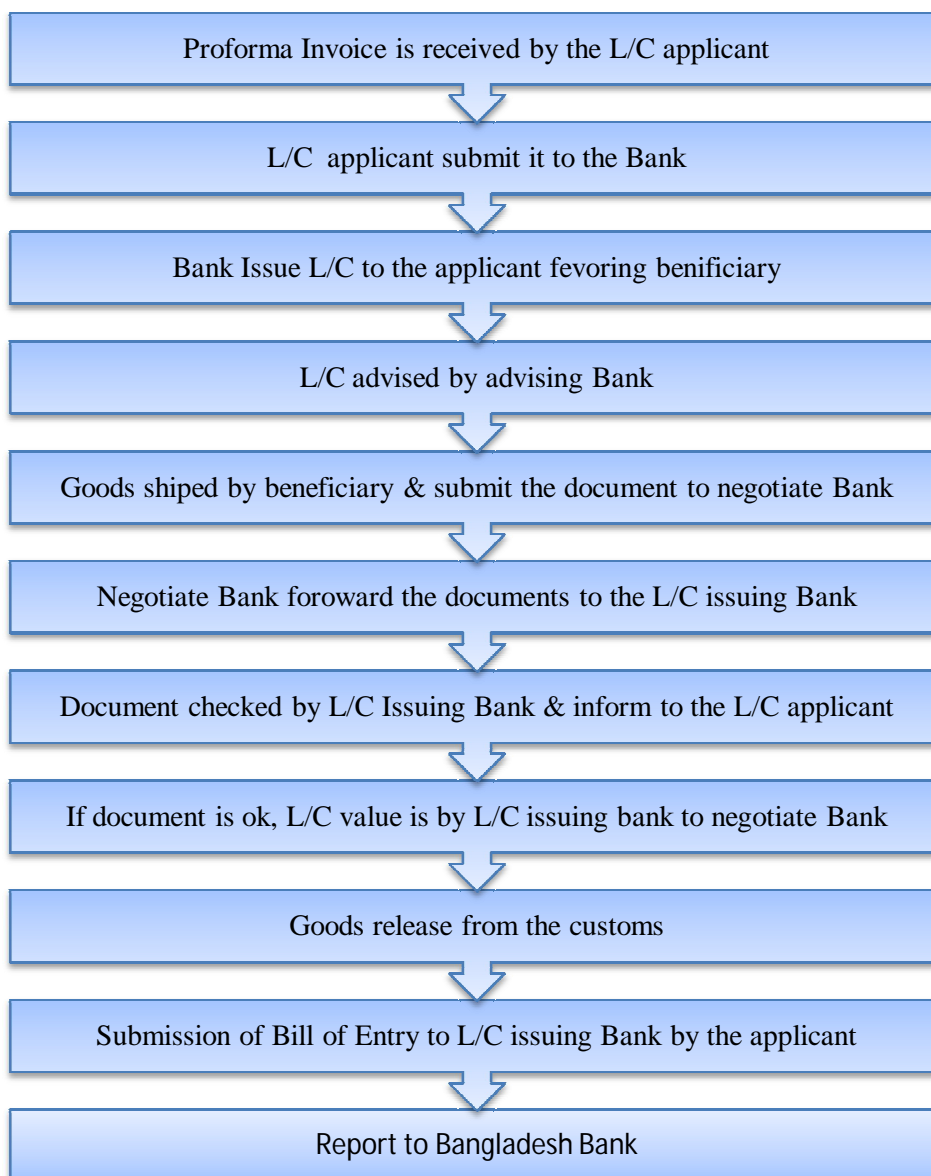


Figure: 4. The import process



3.3 Steps in an Import Letter of Credit Transaction:

3.3.1 The Sales Contract

The sales contract is known as the formal agreement between the buyer and seller, that specify the terms of sale, that both parties have agreed on. The contract includes: description of the goods; the amount; the unit price; the terms of delivery; the time allowed for shipment and presentation of documents; the currency; and the method of payment.

3.3.2 Application & Agreement

The bank's letter of Credit application and agreement forms a payment and reimbursement contract between the issuing bank(SBL) and its customer. The issuing bank is instructed by customer to form this agreement. As per foreign trade policy the letter of Credit must be issued exactly according to the customer's instructions; therefore, it is important to execute the application completely accurate. The agreement is formed to reimburse the issuing bank for drawings paid complying with the terms of the letter of Credit(L/C).

Then importer will request SBL as issuing bank to open L/C along with the following documents.

- An application
- Proforma Invoice(PI)
- Import Registration Certificate (IRC)
- Taxpayer's Identification Number (TIN)
- Insurance cover note with money receipt
- A bank account in SBL .
- Membership of chamber of commerce



3.3.3 L/C Application Form (LCAF):

L/C Application Form(LCAF) is a kind of formal agreement between customer and bank, based on which L/C is opened by SBL. Main/principal branch provides a printed form for opening of L/C to the importer as well as Special adhesive stamp of value Tk. 200.00 is affixed on the form as per Stamp Act. While opening, the stamp is cancelled. Usually the importers expect to open the L/C quoting the amount of margin in percentage.

Usually following information are required to open L/C:

- Full name and address of the importer
- Full name and address of the beneficiary
- Draft amount
- Availability of the credit by sight payment/acceptance/negotiation/deferred payment
- Time frame within which the documents should be presented
- Sales type (CIF/FOB/C&F)
- Brief specification of commodities, price, quantity, indent no. etc.
- Country of origin
- Bangladesh Bank registration number
- Import License/LCAF number
- IRC number
- Account number
- Documents number
- Insurance Cover Note / Policy number, date, amount
- Name and address of Insurance Company
- The partial shipment is allowed or not?
- The trans-shipment is allowed or not?
- Last date of shipment
- Last date of negotiation



- Whether the credit confirmation is requested by the beneficiary or not.
- The L/C application have to be completed/filled in properly and signed by the authorized person of the importer before it is submitted to the issuing bank (SBL).

3.3.4 Issuance of The Letter Of Credit

SBL as issuing bank prepares the L/C as per the application and it is forwarded through tele-transmission or airmail to the advising bank, (a branch or correspondent of the issuing bank). SBL the issuing bank instruct the advising bank to check its authenticity and as to whether or not to add its confirmation, as per instructions of customers.

3.3.5 Advising

The advising bank forwards the L/C to the beneficiary (seller/exporter) that states, commitment is conveyed on its part. However, if the advising bank has been asked to confirm the L/C and agrees to do so, it shall incorporate a clause that undertakes to honor the beneficiary's drafts, provide the documents evidence that all terms and conditions of the letter of Credit have been complied with.

Before advising a L/C the advising Bank watches the followings:

- Official signature of Issuing Bank on the L/C verified with the specimen signatures book of the bank when L/C received.
- If the export L/C is intended as an operative cable L/C Test Code on the L/C invariably be agreed and authenticated by two authorized officers.
- L/C is scrutinized thoroughly in accordance with the requisites of concerned UCPDC provisions.



- Entry made in the L/C Advising Register.
- L/C advised to the Beneficiary (Exporter) promptly and advising charges recovered

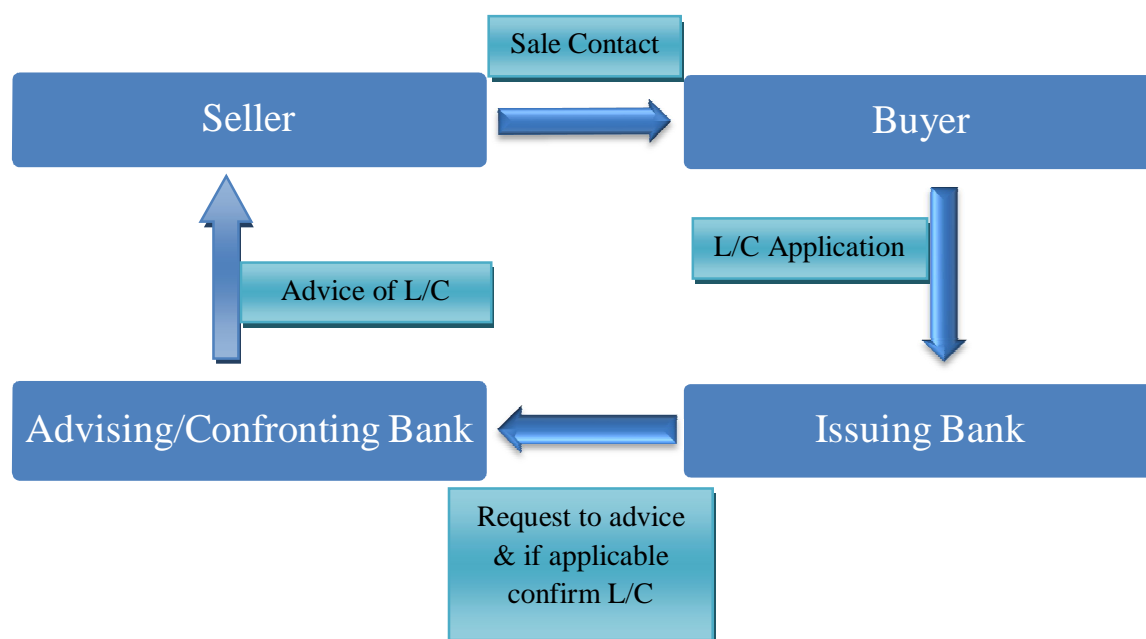


Figure: 5 L/C advising process

3.3.6 Adding Confirmation:

Adding Confirmation is conducted by the confirming bank. This bank adds its confirmation to the credit and it is done on the request of the issuing bank (SBL). The advising bank usually does not execute it if there does not exist a prior arrangement with the issuing bank(SBL). By being involved as a confirming agent, the advising bank in this case undertakes to negotiate beneficiary's bill without recourse to him.



Procedures-

- ✚ Issue the L/C and ask to add confirmation.
- ✚ Reviews the L/C terms.
- ✚ Provides reimbursement.
- ✚ Drafts is drawn on L/C opening bank.
- ✚ Availability of credit facilities.
- ✚ Line is allocated from the business and ownership units in the importer's country.
- ✚ Confirm and advise L/C.

3.3.7 Amendment of L/C

Parties engaged in L/C conduct, particularly the seller and the buyer are not always satisfied with the terms and conditions completely due to some obvious and genuine reasons. Therefore, in such a situation, the Credit should be amended.. In this case SBL takes initiative to transmit the amendment by/through tested telex to the advising bank. If the L/C gets amended, service charges and telex charges are debited from the party's account accordingly.

Following clauses of L/C are needed to be amended:

- ✚ Increase or decrease value of L/C
- ✚ Increase or decrease of quality of goods.
- ✚ Extension of shipment and negotiated period.
- ✚ Terms of delivery [FOB, CFR, and CIF etc.]



- ✧ Mode of shipment.
- ✧ Inspection clause.
- ✧ Name and address of the supplier.
- ✧ Name of the reimbursing bank.
- ✧ Name of the shipping line etc.

3.3.8 Settlement of Letter of Credit:

Settlement of L/C means fulfillment of issuing bank(SBL) in regard to affecting payment subject to satisfying the credit terms. Settlement process executed by SBL may be done under three separate arrangements as stipulated in the credit . **Settlement by Payment, Settlement by Acceptance, Settlement by Negotiation**

3.3.9 Payment procedure of the Import Documents:

This is the most sensitive task/issue of the import department. The bank remain very much careful while making payment.

- **Date of Payment:** Usually payment is made within 7 days after the documents have been received . If the payment gets deferred, the negotiating bank may claim interest for making delay.
- **Requisition for the foreign Currency:** To arrange necessary fund for payment, a requisition is forwarded to the International Department.
- **Transmission of Telex:** A telex is sent to the correspondent bank where ensuring that payment is being made.



3.4 EXPORT FORMALITIES BY EXPORT DEPARTMENT

3.4.1 Registration

Firms/parties engaged in export trade are required to obtain export registration certificate (ERC) from (CCI & E) - The offices of the Chief Controller of Import and Export, government of Bangladesh. No one is allowed to export any goods from Bangladesh to any other country without obtaining this certificate.

For registration purpose, an application in the prescribed form is required to be submitted along the following documents:

- Nationality certificate from the local authority.
- Trade license from Municipal authority
- Bank solvency certificate.
- TIN certificate.

3.4.2 Obtaining Export Registration Certificate (ERC)

The exports from Bangladesh under the authority of export trade control which the Ministry of Commerce exercised through Chief Controller of Imports and Exports (CCI & E). As stated before, no exporter is allowed to conduct export any commodity from Bangladesh unless he is registered with CCI & E and holds a valid Export Registration Certificate (ERC). The ERC is required to be renewed every year. The following documents are required:

- Application form
- Nationality certificate
- Partnership deed
- incorporation certificate



- Bank certificate
- Income tax certificate
- Valid Trade license
- Copy of Rent Receipt of the business firm
- Fees paid treasury Chileans

3.4.3 Obtaining Exp. (Export) form

After getting the registration, the exporter is required apply to SBL with the trade license, ERC and the Certificate from the concerned Government Organization for getting EXP. An EXP is issued to the exporter, in case SBL get satisfied

The EXP-Form contains the following particulars:

- Name and address of the bank;
- Particulars of the commodity with code;
- Country of destination
- Port of destination
- Quantity
- L/C value in foreign currency
- Terms of Sale
- Name and address of Importer
- Bill of Lading



- Port of Shipment
- Post-Shipment Date

3.4.4 Export order

Based on the registration, the exporter may proceed to secure the export order by contacting to the buyers directly through correspondence or through a business visit to different foreign countries. For this purpose the exporter may get all the support from

- License officer
- Buyer's local agent
- Export promoting organization
- Bangladesh Mission Abroad
- Chamber of Commerce (Local & Foreign)

3.4.5 Signing of the Contract

After communicating to buyer, exporters get contract for exporting exportable items from Bangladesh with details:

- Description of the goods
- Quantity of the commodity
- Price of the commodity
- Shipment
- Insurance and marks
- Inspection



- Arbitration

3.4.6 Receiving Export Letter of Credit

The export is conducted against L/C opened by foreign buyers. After getting contract for sale, exporter asks the buyer for Letter of Credit (L/C) where clearly stated all the terms and conditions of export and payment. When export L/C is made, the exporter examine the following terms of L/C -

- The terms and conditions of L/C are definite, clear and explicit and also are in conformity with those of the contract.
- Should the L/C be an irrevocable one and be confirmed by the advising bank.
- If the import of the goods is under Control in buyer's country, does the buyer hold any valid import license.
- Should the L/C provide sufficient time negotiation

3.4.7 Requirement of Opening an L/C

- Exporter must have current account with the bank
- L/C & Agreement form duly filled in and signed by account holder
- Performa invoice (PI) should be presented.
- Forwarding letter in letter head pad
- Insurance cover note with paid money receipt
- Renewed ERC (Export registrations certificate)



- TIN (Tax Income Number)
- VAT (Value Added Tax)
- L/C Authorization form
- EXP (Export) form

3.4.8 L/C Number and Code

After the proposal approved by SBL, L/C will be opened and bank will give a L/C number and according to the L/C type give a L/C code.

L/C code for different types of L/C in SBL:

Types of L/C	L/C number	Yea	L/C code
Back to Back L/C	1816	14	04
EPZ	1816	14	12
Foreign L/C	1816	14	06

3.4.9 Procuring the Material, Endorsement On Exp & Shipment

The next initiative for the exporter is to procure or manufacture the previously contracted merchandise. After the procuring exporter are asked to get all the copies approved by SBL. Before shipment, exporter submits EXP form along with commercial invoice. Then SBL officer checks EXP properly. If SBL gets satisfied, SBL certifies the EXP and give approval to make shipment. Then shipment is executed as per the agreement.



3.4.10 Export documents

After making shipment The following particulars are the export documents normally required, sent to SBL by exporter for further negotiation:

- EXP form
- A Bill of Exchange
- Bill of Lading
- Insurance Policy/ Certificate
- Certificate of Origin
- Inspection Certificate
- Commercial Invoice
- Packing List
- Full set of shipping documents

Respective officer is required to examine all the documents with proper care to confirm whether any discrepancy is found in document. . The bankers are to ensure that the documents are strictly followed as per the terms of L/C.

3.4.11 Acceptance

When the applicants (exporter) accept the discrepancies and give no objection about the documents then it means that the document is allowed for acceptance and than a ABP number is given to a particular document and maturity date of that document is given according to the tenor mentioned in the L/C.



3.4.12 Realization of Export Proceeds

SBL used to maintain Nostro and Vostro account with foreign banks. When any kind of proceeds of foreign payment is come, at that time Head office of SBL credited the Nostro account . After crediting Nostro account, Head office sends a credit advice to branch to ensure about export proceeds.

3.4.13 Payment

When a bill is matured then SBL settled it from FC held account. Payment can be made by through either BDT tk or US dollar. It depend on L/C clause whether the payment will give in BDT tk or US dollar. Payment is made through either issuing pay order (PO), Demand draft (DD) or Foreign demand draft (FDD) and it is also depend on L/C clause whether payment is given through issuing PO, DD or FDD. If there is nothing mentioned in L/C clause about the way of payment or currency for payment than normally SBL issue DD for payment and give payment in BDT.

3.4.14 Export Finance

Export plays a dominant role in the economy of Bangladesh. In the export trade, exporter needs the finance at different stages. Therefore , in order to assist the exporters to make shipment of goods to the foreign buyers, they need finance in the following stages:

- ✚ Pre-shipment finance.
- ✚ Post-shipment finance.

Banks in Bangladesh normally provide 70 to 90 percent of export order as per shipment finance and 100% as post shipment finance.

3.4.14.1 Pre Shipment Finance

Pre shipment finance is provided to exporters (applicants) prior to the shipment of the goods. Such credit is granted to the exporter for the purpose of procurement and processing of raw materials, manufacture of meant for export.



The Pre Shipment finance have been categorized broadly as per following:

- I. Back to Back L/C (local and Foreign)
- II. Export Cash Credit (ECC)
- III. Packing Credit (PC)

3.4.14.1 Back-to-Back Credit

Under this arrangement the SBL finances an exporter by opening L/C for procuring raw material with a view to manufacture exportable goods as stated in the L/C received by the exporter from an overseas buyer. When an L/C is opened to procure raw material with the back of an Export L/C or contract (an L/C/contract received from foreign buyer), it can be referred as Back to Back L/C.

It is a secondary L/C opened by the SBL in favor of a domestic/foreign supplier on behalf of the beneficiary original foreign L/C.

3.4.14.2 Post Shipment Finance

Requirement of post shipment finance arises because exporters who sell goods abroad have to wait for a long time before payment is received from importers (buyers). And in the meantime, the exporter may need funds to carry on his normal export activities/conduct. SBL assist financially the exporters in this case. Post shipment credit ordinarily takes the following shape:

- Negotiation of documents under L/C.
- Foreign documentary Bill purchase (FDBP).
- Advance against foreign bills under collection.



CHAPTER: 4

ACTIVITIES UNDERTAKEN



Standard Bank Limited



Activities Undertaken

I am quite fortunate that I got twice opportunity for three month internship program at the Standard Bank Limited which is one of the leading private commercial banks in Bangladesh. As it offer great platform for internees, both of the times, it has been an enjoyable time for me of my life. I think experience I have achieved from the bank would help me utilize further in my life. It has been honored working in such corporate environment.

As mentioned earlier , I got twice opportunity to work as intern. First, In late 2014, I did my internship in Gulshan 2 branch where I worked in foreign exchange department and secondly I have done my internship at Mohakhali branch where I have worked in General Banking department.

As an intern, I had some duties and responsibilities which I had to perform in standard bank limited. At first I am writing about my duties and responsibilities in foreign exchange department and general banking section below, respectively-

4. Responsibilities in Foreign Exchange Department

4.1.1 LCAF (Letter of Credit Authorization Form)

My work starts when an importer submits LCAF with other papers to open L/C to the bank. Those papers require to verify whether relevant information is available or not. I used to carefully check the information in detail whether the given information was correct or not. Then I confirm the concerned officer. Following information is check by me:

- Name and address of importer
- IRC no.
- Year of renewal
- Sector of industry
- Type of unit
- Source of financing
- Share of unit as per basis
- List of item
- H.S code



4.1.2 Back to Back L/C Transaction

The L/C is opened by the bank on behalf of beneficiary. SBL opens it when the applicant orders bank to purchase some additional accessories to beneficiary. It is called back to back L/C. Opening this L/C was my major task of my internship.

To conduct this task, I had to go to Bangladesh Bank website. Then I was required to choose 'E-Service' option. After that, I clicked on 'online import monitoring system. Then I logged into the system by inserting username and password.

4.1.3 Local L/C opening

In order to open it I was required to input different information which is relevant. For opening L/C I used to go through the following 3 steps-

- Local L/C information
- Form on L/C item
- Foreign L/C detail.

After clicking on transaction, a new page appears, where the following information I was required to fill up-

- Entry of beneficiary name and address
- L/C contract type
- L/C year
- L/C nature
- L/C serial number
- Currency
- L/C date
- Expiry and shipment date
- Usage period
- Area code
- ERC and IRC number
- BOI registration number
- Credit limit
- L/C



After the entry of the information I was required to get the second phase named L/C item detail. In this page I used to input commodity code, unit code, unit price and quantity.

Then I was required to go to L/C portion to attach the foreign L/C no. . As soon as I input the foreign L/C number, other information displays which I entered earlier. Then I make it final to create a L/C account. With this procedures, I duty becomes over here. Concerned officer check it and then continues its further procedures.

4.1.4 Filling up import form in the import section

After the payments were made, I was provided files. Then I was used to separating the files containing four documents. Then I was required to take the IMP form and LCAF form for filling it up with different information accurately. Some of the following information is as follows-

- Full name and address of the impoters
- Full name and address of beneficiaries
- Draft amount
- Sales type
- Specification of commodities, price, quantity, indent no. etc
- Country origin
- Bangladesh Bank registration number
- Import license and LCAF number
- IRC number
- Account number
- Document number
- Last date of shipment
- Last date of negotiation

After filling up the form I used to make the seal in the authorization portion. The I was required to take the signature on the form of authorized person. Then I used to put the serial number into the register book.



4.2 Responsibilities in General Banking Section

One of the three major sections, General Banking is one. It is the heart of total banking system. Upon its flexibility, whole banking day to day activities and performance depend. Some of the functions of general banking of Standard Bank Limited are as follow-

- Maintenance of different of deposit A/C
- Receipt and payment of cash
- Handling transfer transaction
- Operation of clearinghouse
- Collection and cheques and bills
- Maintenance of safe deposit lockers
- Maintenance of internal account of the bank
- Saving record of all transaction of the bank
- Reporting to head office on daily basis
- Closing and transfer of different accounts
- Providing necessary support to client and keeping good relation to them.

During my tenure at Standard Bank Limited, Mohakhali branch, primarily I was required to handle the account opening activities and collecting cheques and assisting concerned officer in the operation of clearinghouse.

4.2.1 Account Opening

As Standard Bank Limited offers various type of account to different customers, as per their need. These are as follows-

- Saving Account
- Current Account
- Short term deposit
- Fixed deposit

During my internship period when customers used to come to the bank for opening new any of account, I had to face them and let them know the stuff required to open an new account. After providing necessary and primary information by account holder himself as well as papers like national ID card photo copies of both account holder and his/her nominee and 3 copies of photos in total, I was required to spot the account number that is collected from saving account register serial by serial. Then the concern officer, a Trainee Assistant Officer, gives posting in the server and collect customer ID. After getting the customer ID, I used to fill up the necessary information and give necessary seal in order to get it ready to open the account.



Not only opening new account was not my duty, but I also update the accounts which were completed partially. I used to make it full prepare to get it ready to open all accounts. I was also required to provide information to the customers of what benefit they would get form the fixed deposit or short term deposit account.

4.2.2 Payment order writing

One of the functions of remittance sections is pay order. It is basically an instrument issued by for enabling the customers to pay certain amount of money to the order of a certain person/firm/organization. I was required to write it carefully with any flaws and then required to take signature of GB in charge and second manager of the bank.

4.2.3 Collecting cheques and clearing

This function is an important function of General Banking. Through this function, not only the branch has to clear its inter branch and inter banking transaction but also customers pay and receive the collecting branch system. I was required to collect the cheques and give necessary seals on the cheques, deposit slips and client slips. Before that I was required to make sure the date of the check. At any cost, the check I would receive should not be postdated. After making it ready, GB in charge authorize it by his signature. Then I was required to pass it to another officer for further procedures. After posting those cheques by an officer, my job was to write cheque information on a cheque resister book. Date, party name, cheque numbers and amount were required to write in the book.

4.2.4 Maintaining register book

I used to maintain and update the register books. There are such register books as cheque register book, debit card register, outward register, inward register books and so on. Depending the update previously by me of the register I used to confirm that whether cheques book or debit card of customer had come or not and make sure that customer give their signature while taking their cheque books and debit cards.



CHAPTER: 5

SURVEY OBSERVATION



Standard Bank Limited



5.0 Survey

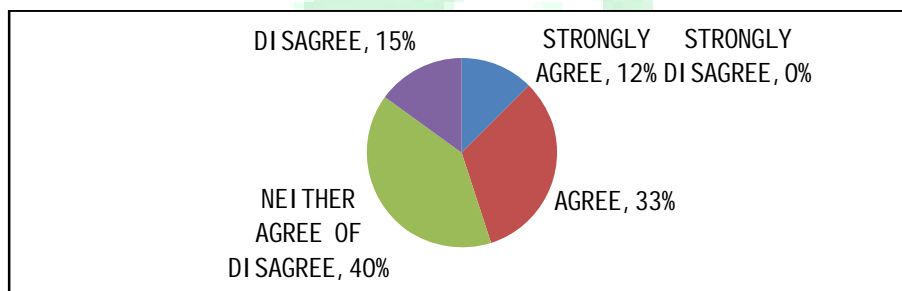
SURVEY TYPE: Questionnaire based.

SAMPLE UNIT: Clients of Standard bank limited & others.

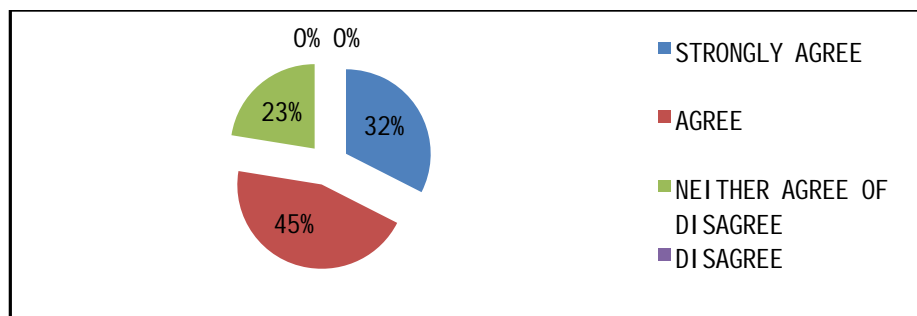
SAMPLING SIZE: 20 in total.

VENUE: Gulshan 2 branch

➤ **Does SBL take much time to open L/C ?**

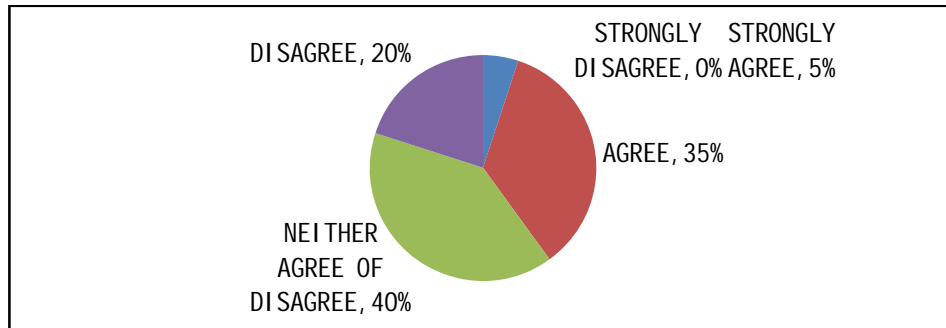


➤ **Employees recruited in foreign exchange department are quite experienced and sincere to their clients.**

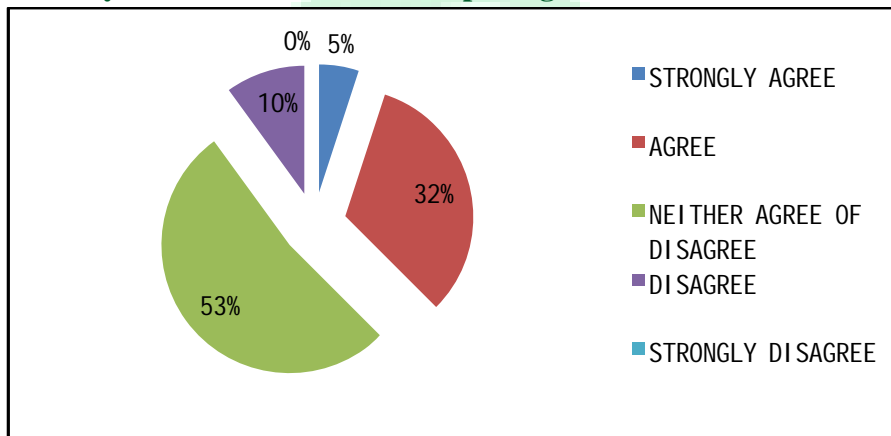




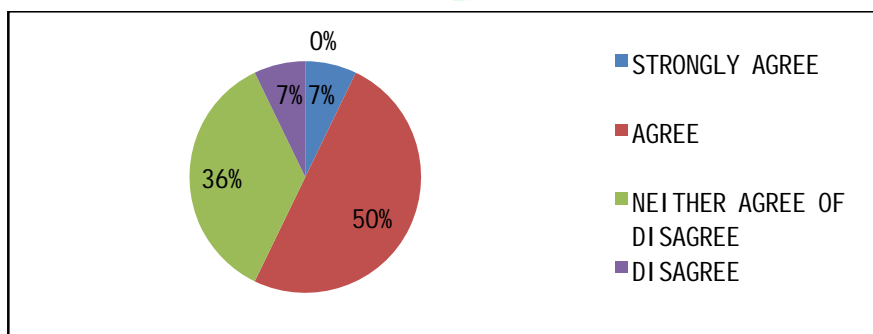
➤ **Beneficiaries are being prioritized against L/C**



➤ **Charges taken by SBL are reasonable of opening L/C.**

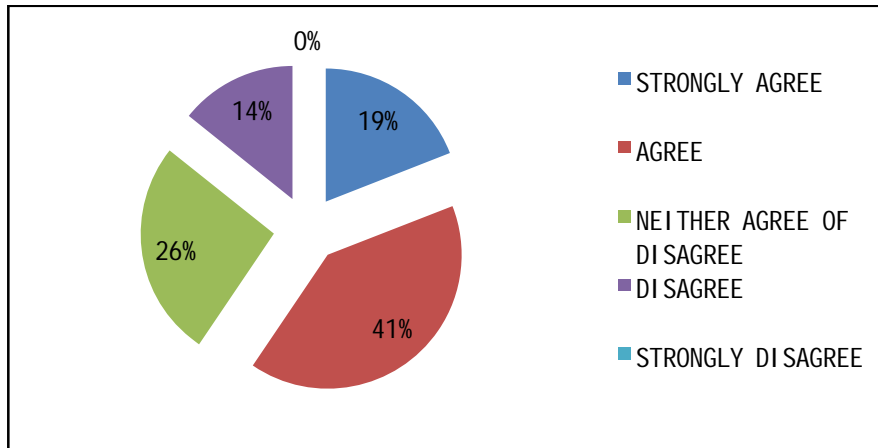


➤ **Exporters are satisfied to open Back to Back L/C.**

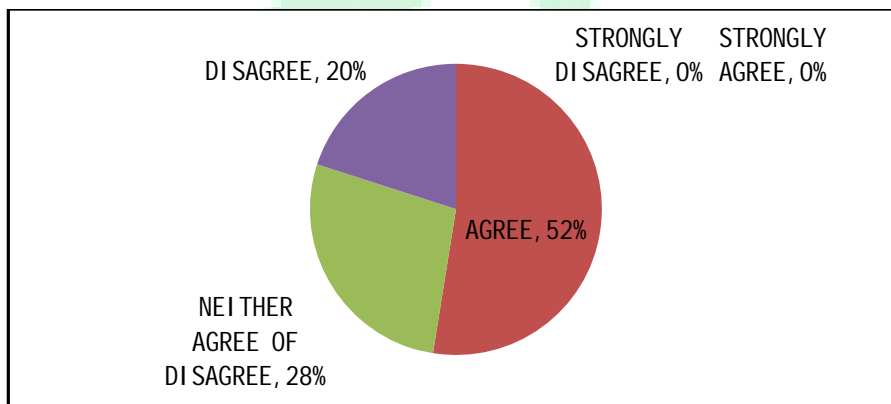




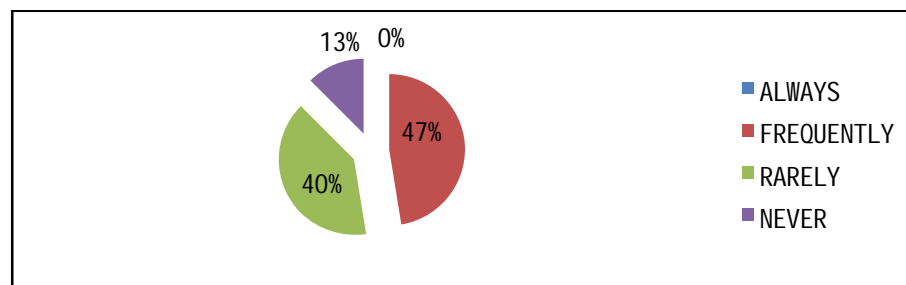
➤ Foreign exchange department of SBL has positive effect on bank profitability.



➤ Clients are satisfied with the performance of foreign exchange department of SBL.

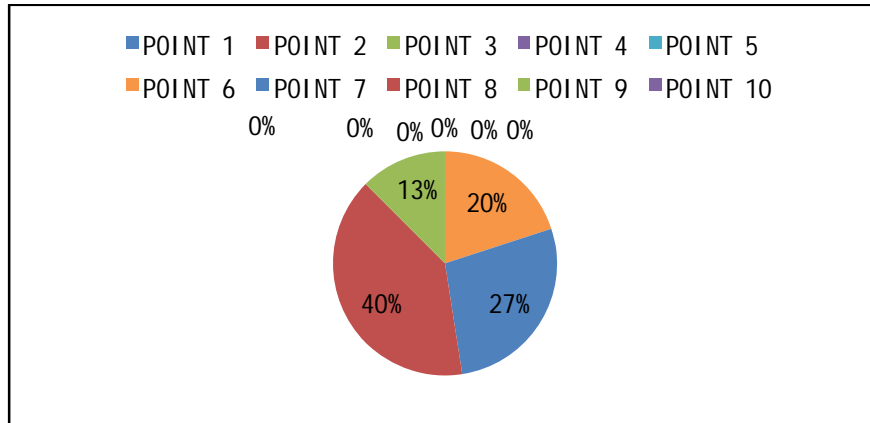


➤ SBL manages to pay L/C payment timely.

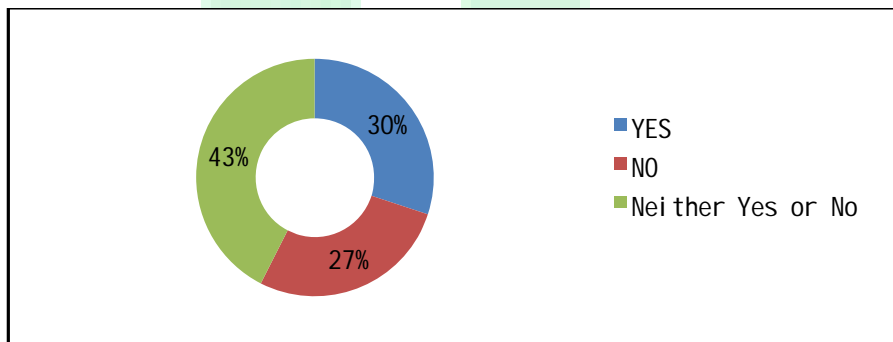




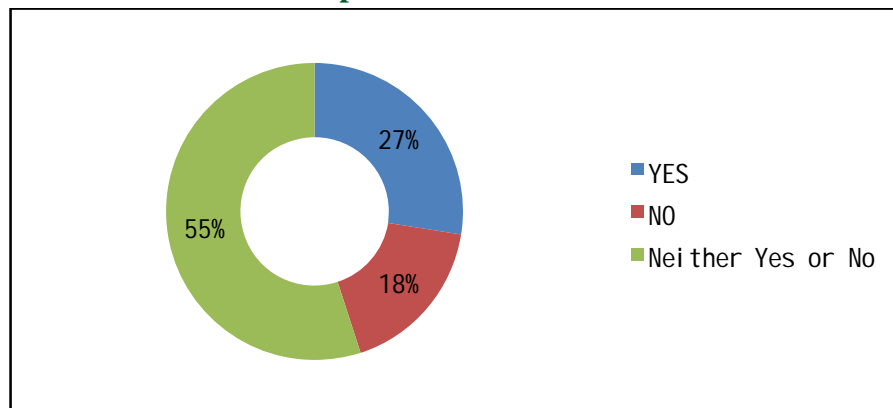
➤ Evaluate foreign exchange department of SBL out of 10..



➤ Do you think that, SBL's FOREX department is providing better service than other commercial bank?



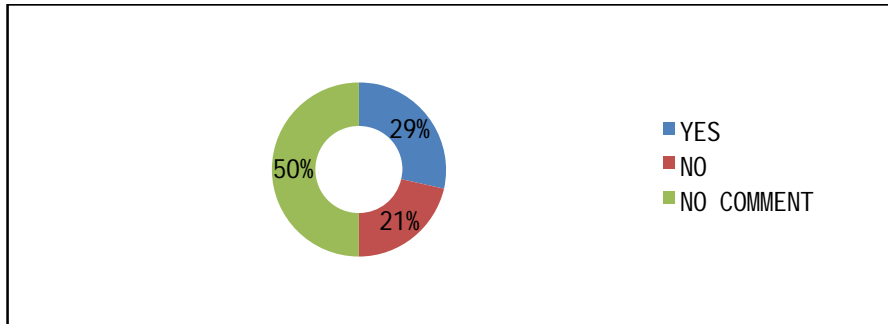
➤ Do you think that SBL offers competitive benefit that other banks do not offer?





After showing these above survey, another survey has been taken from the people who has bank account in SBL.

A. As a client/Party would you like to do export/import through SBL





FINDINGS

This finding is written based on my personal observation during internship period in Gulshan-2 (2014) branch & Mohakhali branch(2018)

- ✚ Standard Bank Limited(SBL) is now one of the leading commercial bank in Bangladesh and employees are experienced and very sincere to their client.
- ✚ Employees are sent to training classes arranged by SBL itself.
- ✚ As large portion of income come from foreign exchange department of SBL, therefore this department is taken an extra care.
- ✚ Though foreign exchange department of SBL is divided into three categories, the dominant role is played by import department and export department.
- ✚ With reference to the year 2011 to 2014, earning of import business and export business is not consistent at all. Rather it fluctuate each year .Growth rate of export and import business is not consistent as well.
- ✚ During my internship period I have noticed that payment issue creates some difficulties among parties and officers. Most of parties are not be satisfied with payment issue.
- ✚ According to my questionnaires survey, 33% people agree that SBL takes time while opening L/C [Sample size- 20]
- ✚ Around 32 percent people agree that charges taken by SBL are reasonable. [Sample size- 20]



Recommendation

This is made based on my personal observation throughout the internship period at Gulshan-2 branch in late 2014 and Mohakhali branch in early 2018. .

- ✚ As stated before that in spite of having 3 departments of foreign exchange department , dominant role plays only two department ; import department & export department. Therefore SBL could give extra focus on remittance.
- ✚ As the main source of income is its import department, SBL could take well-timed steps to increase its income.
- ✚ At the same time , SBL should keep the income from import increasing year by year.
- ✚ With reference to the year from 2011 to 2014 Earnings are not consistent. SBL could take well timed initiatives with their existing expert and experienced employees to avoid fluctuation of its earning and its growth rate as well.
- ✚ SBL could recruit more well trained employee to speed up their banking activities.
- ✚ SBL authority could intervene to manage to give payment to the party timely and fix exact time for payment satisfying party.
- ✚ Lastly, it is just a recommendation to SBL authority to form a department where all task imposed by Bangladesh Bank would be handled by recruited employees. Because, during my internship period I have noticed that officers face much difficulties to execute their own responsibilities authorized by bank and handle Bangladesh Bank.



CONCLUSION

Standard bank limited- the real time online banking, is one of the leading commercial banks in Bangladesh established with a unique determination of setting a standard of banking. The service provided by standard bank limited is quite satisfactory. Recently SBL has opened their 92th branch. The bank is committed to contribute to growth of GDP.

Throughout the internship period, I have observed their foreign exchange department closely. I have found that foreign exchange department of the bank serving their service quite efficiently and effectively. For this only reason the foreign exchange department is playing a leading role of all departments. Even if their income of import business is high, I believe that SBL would take initiative to increase their income from exports. Officers are very sincere to their client and client are quite satisfaction overlooking some minor incident.

In the end, it can be said that apart from the contribution in GDP, Standard Bank Limited (SBL) is contributing to create necessary employment in Bangladesh. SBL is not only serving their banking activities in Bangladesh, but they are also running their banking activities outside of the country. Though there is slowdown in export operations but I believe that I could be overcome through implementing well-timed favorable decision.



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APPENDIX

Survey Questionnaires for clients

- Gender?
 - Male
 - Female
- Age?
 - 18 to 25
 - 26 to 35
 - 36 to 45
 - Above 45
- Does SBL take much time to open L/C ?
 - I. Strongly agree
 - II. Agree
 - III. Neither agree or disagree
 - IV. Disagree
 - V. Strongly disagree
- Employees recruited in foreign exchange department are quite experienced and sincere to their clients.
 - I. Strongly agree
 - II. Agree
 - III. Neither agree or disagree
 - IV. Disagree
 - V. Strong
- Beneficiaries are being prioritized against L/C
 - I. Strongly agree
 - II. Agree
 - III. Neither agree of disagree
 - IV. Disagree
 - V. Strongly disagree
- Charges taken by SBL are reasonable of opening L/C.
 - I. Strongly agree



- II. Agree
- III. Neither agree or disagree
- IV. Disagree
- V. Strongly disagree

➤ Exporters are satisfied to open Back to Back L/C.

- I. Strongly agree
- II. Agree
- III. Neither agree or disagree
- IV. Disagree
- V. Strongly disagree

➤ Foreign exchange department of SBL has positive effect on bank profitability.

- I. Strongly agree
- II. Agree
- III. Neither agree or disagree
- IV. Disagree
- V. Strongly disagree

➤ Clients are satisfied with the performance of foreign exchange department of SBL.

- I. Strongly agree
- II. Agree
- III. Neither agree or disagree
- IV. Disagree
- V. Strongly disagree

➤ SBL manages to pay L/C payment timely.

- I. Always
- II. Frequently
- III. Rarely
- IV. Never



- Evaluate foreign exchange department of SBL
 - I. 1
 - II. 2
 - III. 3
 - IV. 4
 - V. 5
 - VI. 6
 - VII. 7
 - VIII. 8
 - IX. 9
 - X. 10
- Do you think that, SBL's FOREX department is providing better service than other commercial bank?
 - I. Yes
 - II. No
 - III. A little
- you think that SBL offers competitive benefit that other banks do not offer?
 - I. Yes
 - II. No
 - III. Neither yes or no
- As a client/Party would you like to do export/import through SBL
 - I. Yes
 - II. No
 - III. No comment
- Your comment on SBL



THANK YOU