



Prime Bank Limited
a bank with a difference



BRAC University

Internship Report

On

“Procedure of Trade Service Division and an analysis of automation opportunities
in Prime Bank Limited”

Submitted By:

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Submitted To:

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Letter of Transmittal

September 03, 2018

To

Mr. Mohammad Atiqul Basher

Lecturer

BRAC Business School

BRAC University

Subject: Submission of Internship Report

Dear Sir,

With due respect I beg to state that I'm submitting my internship report on 'Procedure of Trade Service Division and an analysis of automation opportunities in Prime Bank Limited' and it's my pleasure to inform you that I've completed my internship report your direct supervision.

I'll be grateful to you if you are kind enough to receive my internship report. I've tried my best to prepare my report with my limited knowledge.

Your approval and acceptance about my report would inspire me. If you have any query I would be pleased to clarify that.

Sincerely Yours

Farhana Rahman

ID- 14304014

Acknowledgement

Firstly, I would like to give thanks to my Almighty Allah who has helped to complete my internship and gave me strength to complete the whole report. Without the help of Almighty Allah it was quite impossible to complete the report.

Secondly, I would I like show my deep gratitude and cordial thanks to my instructor Mr. Mohammad Atiqul Basher, lecturer of BRAC Business School who gave me his valuable time and valuable advice to complete my internship report. I would like to give thanks to him as well for his constant guideline throughout the whole period of internship.

My internship report helps me to know about the trade service division of prime bank limited. This report will give me the greater knowledge in my future career. It will help me to gain theoretical knowledge in work place.

I would I like to express my deep gratitude to Abu Taher Md. Zakaria, senior vice president, Md. Jakir Hossain Mazumder, first assistant vice president, Md. Mehrab Ibne Akhter, Executive Officer and rest of the prime bank, Foreign Exchange Branch Employee who helped me a lot and gave me their valuable time, relevant information on the basis of which I've prepared my report. I'm grateful to them for their behavior and being so nice to me.

I would like to give special thanks to Md. Mizanur Rahman, Executive Officer of foreign exchange division for his continuous guideline to complete my internship report.

Finally, I would like to show my gratitude to my honorable faculty and my supervisor for his continuous support throughout this three months for preparing my internship report and for helping me to complete my report. Without his advice it was a bit impossible for me to prepare my internship repot.

Executive Summary

This report aims to provide an overview of foreign trade division of Prime Bank Limited. This report has been prepared within the broader perspective of internship program of BBA program, BRAC University. I've selected an important topic and that is an overall procedure of trade service division. While preparing the report, I've tried my best to put every single insights and outsgights of whole trade operation of prime bank. I tried to put detail information as much as it was possible. Continuous effort in my internship gave me an opportunity to write my report. Otherwise it was quite impossible for me to prepare a proper report. After reading this report, anyone can have a clear idea about the overall procedure of trade service division of Prime Bank Limited.

Along with the procedure of Trade Service Division of Prime Bank Limited I've given in my report some automation opportunities so that bank can minimize cost and can complete tasks within the shortest period of time. At the same time for the easier understanding of the reader, the overview of prime bank, supporting topics and terms have been used in light of textbook and guidelines of report. For easier understanding of the report, I've been added mission, vision and background of Prime Bank Limited so that reader can have and overall idea about Prime Bank Limited. Different department of trade division and the in depth functions of trade service division are explained in this report. Simultaneous efforts have been given for providing in depth knowledge about trade division and its mechanism.

Finally, it could be said that I've given utmost care to explain all necessary aspects which is related to my subject for easier and better understanding of the report.

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1. History of Prime Bank:

1.1 Background of Prime Bank Limited

A group of successful and local entrepreneurs made an idea about commercial banking having a different outlook during the backdrop of economic liberalization and financial sector reforms. According to that idea, Prime Bank Limited started its journey on 17th April 1995. Since then Prime Bank is being controlled by highly dedicated and professional team along with good experience in banking sector. They mainly focus on customer needs and wants.

Prime Bank already started its progress within the very shortest period of time and now it has made a very strong position in the market place. The bank has been marked as the top class bank in the country. Prime bank follows all the rules and regulations made by our central bank and gives all kinds of corporate, commercial and personal services to the customers. It has continuously turned over good returns on capital and assets. The bank is already in a very good and strong position among all the competitors. From the beginning it has main focused on technology integration. A good investment in technology is always a high agenda to gain competitive advantage. Their strategy is to provide the services to the customers through capacity building across multi delivery channels for keeping the network through a reasonable limit. Their past performance give them a brief idea about how to improve their banking system and they always work on improving the banking system for giving the best service to their all customers. Their customers appreciate their efforts in banking sector. They have already so many branches in Bangladesh in almost every district so that it gets easier for their customers to get their services from every nook and corner of Bangladesh. In total there are 146 branches of prime bank situated in 44 districts in Bangladesh. Prime Bank has appointed a new managing director and CEO in December, 2017.

1.2 Mission and Vision

Their efforts are mainly focused on to deliver the best quality of services in each and every areas of banking activities along with the aim of increased value to shareholder investment and to provide the minimum number of benefits to their customers. Their main priority is on to achieve growth, increased and improved quality of products and services. They always work for their customer satisfaction.

Vision- To be the best private commercial bank in Bangladesh in terms of efficiency, capital, adequacy, asset quality, sound management and profitability having strong liquidity.

Mission- To build Prime Bank Limited into an efficient, market driven, customer focused institution with good corporate governance structure.

Continuous improvement of our business policies, procedure and efficiency through integration of technology at all levels.

1.3 Motto of Prime Bank Limited

Their main motto is ‘A Bank With a Difference’. So this motto is self explanatory to provide the vision of the bank.

1.4 Products and Services

1. Wholesale Banking
2. Consumer Banking
3. Islamic Banking
4. NRB Banking
5. Offshore Banking
6. Treasury

1.5 Objective of Prime Bank Limited

There are few objectives of Prime Bank Limited and they are-

1. To establish, carry on maintain, transact and to undertake all kinds of investment.
2. To carry on foreign exchange business.
3. To develop the standard of living for the limited income of people by providing consumer credit.
4. To motivate the new entrepreneurs for investment

5. To finance the industry, trade and commerce in both the conventional way and to offer customer friendly credit service.

1.6 Management hierarchy of Prime Bank Limited

Management hierarchy of Prime Bank Limited is given below-

- Chairman
- Board of Director
- Executive committee
- Managing director
- Additional managing director
- Company secretary
- Senior Executive Vice President
- Executive Vice President
- Senior Vice President
- Vice President
- Senior Assistant Vice President
- Assistant Vice President
- First Assistant Vice President
- Senior Executive officer
- Executive officer
- Principal officer
- Senior officer
- Management Trainee
- Junior officer
- Trainee Assistant Officer

1.7 Functional structure of Prime Bank

The functional structure of Prime Bank is given below-

- Financial administration division
- Logistic and support service division

- International division
- Credit division
- Accounts division
- Computer division
- Public relation division
- Marketing division
- Human Resource division
- Inspection and audit division
- Credit card division
- Trade service division

1.8 SWOT Analysis of Prime Bank Limited

SWOT analysis is the study of an organization to identify its strengths, weakness, opportunities and threats. SWOT analysis of Prime Bank is given below-

Strengths:

- It is one of the old commercial bank in banking sector and it has a prestigious position.
- A good and strong financial position
- Provides a quality service with a lower price
- Friendly and flexible working environment

Weaknesses:

- Not that much expert officers
- Employees are burdened with extra workload
- Extra working hour without any payment
- A small number of ATM booth all over the country
- Entrance of many new private banks

Opportunities:

- Can motivate employees to work more effectively by giving some facilities
- Can recruit more expert employees

- Can expand product line to meet broader range of customers

Threats:

- Many new banks
- Dependent on manual work rather than technology
- Compensation package is not attractive for the employees

2. About report

2.1 Rational of the study

Trade Service Division of Prime Bank Limited provides banking services related to trade finance to all customers of Prime Bank Limited having approved limit and having complied with the terms and conditions of foreign exchange guideline and foreign exchange regulation act 1947. So I've decided to work on the topic 'Procedure of trade service division and automation opportunities in Prime Bank Limited'. As the internship program is the mandatory part to complete graduation, it is necessary for all the students to complete the report to complete BBA program. It also gives opportunity to minimize the gap between practical along with theoretical knowledge. During the period of internship, supervisor guides in every direction to the students. All the students are required to work on both practical and theoretical knowledge and they are required to apply them all in their report. That is why I've prepared my report.

2.2 Background of the study

Each and every bank plays a significant role for the economy of the country. Banking system of our country is the combination of private bank, nationalized commercial bank, specialized bank and development banks. There are so many private banks in Bangladesh. Among them Prime Bank Limited is playing a leading role among all the private banks. Banking sector has a strong position in the economy of our country. Day by day new competitors are being added in this competitive industry. The statistics shows that to get banking services is not a problem of our country. As Bangladesh bank is the central bank of our country so it is responsible to regulate, monitor and supervise all the banks which are being operated in our country. Trade finance plays a vital role to the global economy. There are many ways for the exporters and importers to use trade finance for the expansion of their business. The commercial banks of our country follow

the regulations which is given in ‘Foreign Exchange Guideline volume 1’ by Bangladesh Bank(2012). The work of foreign exchange committee in their widely cited publication ‘Guidelines for foreign exchange activities’ mainly focuses on the exploratory research that the rapid growth of technology basically increases the uncertainty of trade finance.

2.3 Objectives of the study

The objectives of the study are given below-

- To know the procedure of Trade Service Division in Prime Bank
- To have an idea about automation process which can be helpful for the bank.
- To gather knowledge about LC opening process.
- To apply theoretical knowledge in the report
- To observe the working environment in the bank
- Finally to suggest some recommendation

2.4 Literature Review

Bank is a very strong financial institution of our economy. It plays a major role in our economic development. Prime Bank is one of the private banks in our country and in a very strong position among the competitors. It was created on 17th April, 1995. It is fully licensed commercial bank and it is operated by highly dedicated and professional employees. It offers all kind of corporate, commercial and personal banking services to its customers. It is one of the oldest banks in our country. They have so many account holders in their bank and they have a great profit with less workforce. They mainly focus on customers. All the customers of their bank are highly satisfied with their services. They have the system of hiring intern. Their working environment is very good. They have so many branches in Bangladesh. Their customers can take their services from every corner of our country. Prime Bank Limited is the best private banks among all the private bank in Bangladesh in case of customer satisfaction.

2.5 Methodology of the study

The method I’ve followed in my report-

Primary sources:

- Face to face conversation with employee
- Face to face conversation with customers
- Round table discussion
- Observation

Secondary sources:

- Annual report of bank
- Website
- Audit report

2.6 Limitation of the study

- Time limitation
- Limited accessibility for investigating some data
- Employees are not helpful in case of collecting information
- Tough to talk to customers

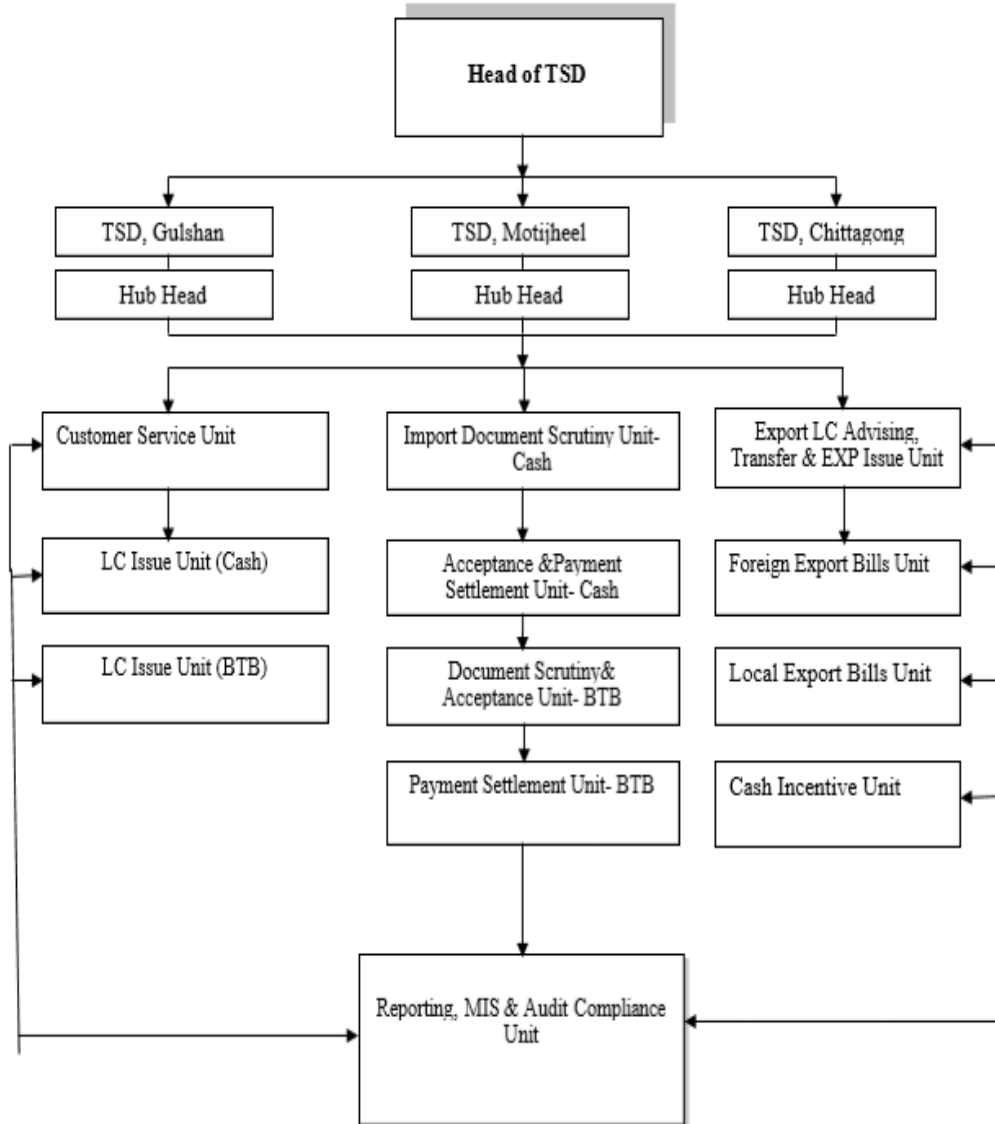
3. Procedure of Trade Service Division in Prime Bank Limited

Purpose of Trade Service Division (TSD) of Prime Bank Limited is to provide banking services related to Trade Finance to all customers of Prime Bank Limited having approved limit and having complied with the terms and condition of foreign exchange guideline and foreign exchange regulation act 1947. TSD provides services to the customers of other bank's customers who are taking the services from them due to their correspondence banking relations worldwide like LC advising. Purpose of Trade Service Division is-

- Uniformity of trade based transactions and relevant reporting to Bangladesh Bank and other regulatory authorities.
- Compliance of law and regulation both local and international.
- Setting up a standard of trade based transactions in our country in line with the international trade based transactions standard.
- Building up an experienced and well equipped workforce for trade services and training the young ones to get more efficient to contribute for the organization.

- Building congenial environment suitable for business development in terms of trade finance.

Organogram of Trade Services Division



Types of customers:

1. MSME Customers
2. Commercial Banking Division customers
3. Corporate and Institutional Banking Customers
4. Other Bank's Customer

Introducing customer and obtaining customer details:

All new and existing clients should meet PBL's and Bangladesh Bank's standards, rules and regulation in this regard. Opening formalities of customer's account including delivery of cheque book, TP declaration & preparation of KYC in order to conduct day-to-day operations has to be done at branch with cooperation of Relationship Manager (RM) (Where applicable).

In compliance with PBL's KYC and credit policy, branch / Relationship Manager should know their customer and has documented customer information with face-to-face contact, factory/office visits, verify stock/inventory and financial data checking.

The branch/ RM reviews the customer due diligence and follow up/ monitor the credit portfolio and clean CIB of customer, Interest / Commission Rate, Limit, any waiver /deferral regarding approved sanction, etc as and when required, since the RM/Branch is the owner of the Business Portfolio. If any adverse situation arises to the customers, Branch/RM will intimate TSD for necessary action/inaction.

Initiation of credit proposal:

Concerned officials of the Branch /RM will initiate credit proposal and ensure that credit facility is extended to a real, known and qualified borrower whose use of proceeds is clearly and legitimately established. The structure of credit facilities is based on an evaluation of the borrower's business needs, credit worthiness and repayment source is clearly defined.

The RM/Branch officials should visit business premises of the customer and exchange views with the management of the customer, if required. Based on the requirement of the client,

Branch/ RM will prepare and forward Credit Proposal including CIB information and other necessary documents to concerned authority/ Division of Head Office.

RM / Credit Officer of Branch and Credit Officer of Credit Risk Management Division(CRM) should be familiar with current Bank Credit Policy and Bangladesh Bank Circulars related to credit lending and need to ensure that all facilities are recorded on Standard Forms called the CM for Import and Export facility, Application For Limit Financial Spread Sheet, Account Profitability & Performance, Portfolio Review, Visit/Call Report and other enclosures where required, which are reviewed and limits are approved by Head Office Competent Authority.

RM/ Branch will communicate with Head Office Credit Division/ Concerned Division regarding necessary documentation and info towards the approval of the Credit Proposal or Respective Credit Officer of Credit Division may communicate with Branch /RM for any information/documentation towards the approval of Credit Proposal.

After approval, renew, extension, waiver etc. of Credit Proposal by Head Office Competent Authority, respective officer of the Credit Risk Management Division(CRM) will issue and send an effective valid sanction advice to the respective RM/Branch, TSD& CAD.

Credit Administration Division (CAD) will immediately upload the sanction advice in e-doc system and make necessary arrangement for limit loading.

Issuance of Sanction Letter for Client & Documentation:

Soon after obtaining approval from the Credit Risk Management Division (CRM), Head Office, RM/ Branch will start doing business in favor of the customer. CAD, HO and RM/Branch is fully responsible for preparing & issuing client offer letter, completion of documentation & custodian of documentation as per PBL's and Bangladesh Bank Credit Policy & Guideline.

Anti Money Laundering & Terrorist Financing:

TSD will be vigilant regarding prevention of money laundering and terrorist financing while conducting day to day transaction as per regulations & circulars issued by Prime Bank,

Bangladesh Bank or any other government regulatory authorities. All outward SWIFT messages issued by TSD will be screened through bank Sanction Screening Solutions.

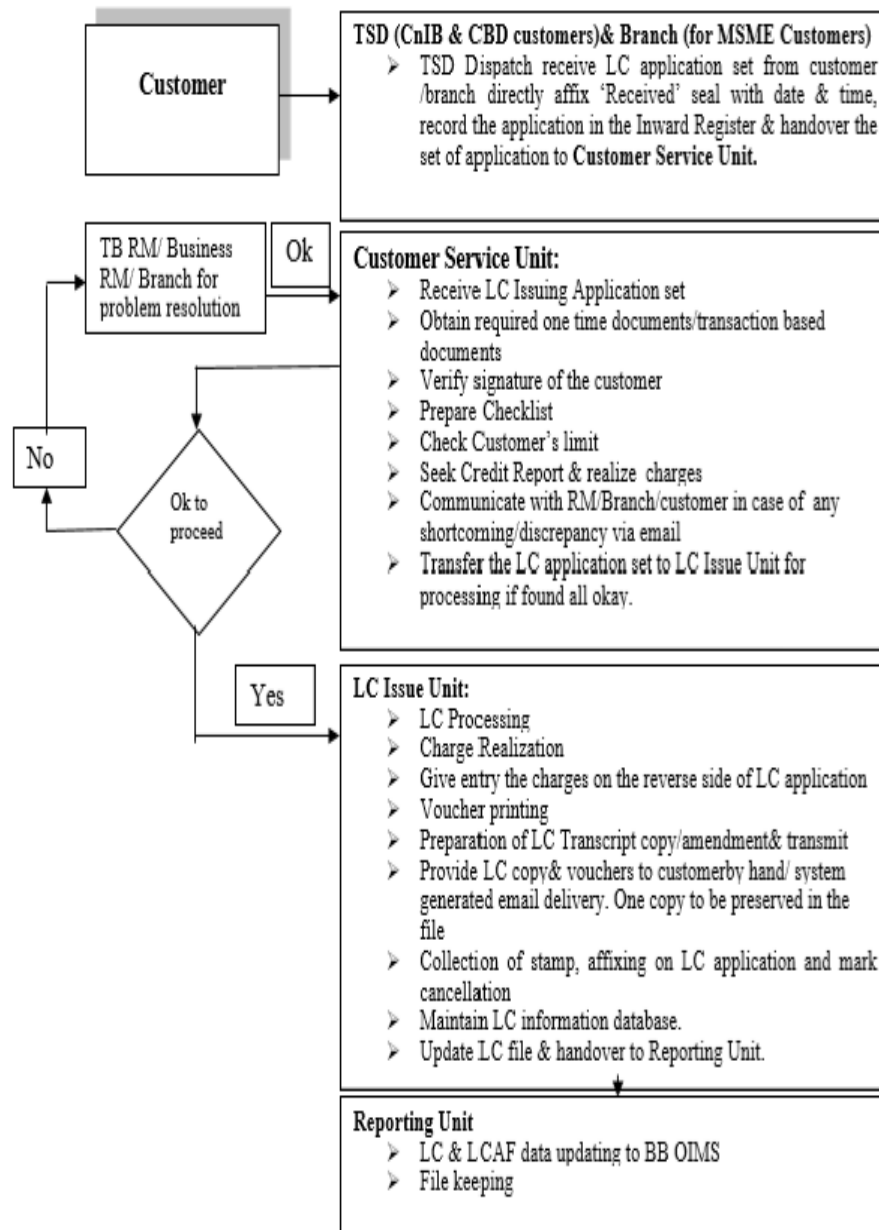
Definition of Letter of Credit:

Credit means any arrangement, however named or described, that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honor a complying presentation.

L/C(s) are issued only for accounts/customers that have account relationship with the bank at their written request.

L/C is mainly issued for import of permissible item as mentioned in the current Import Policy and Bangladesh Bank Guideline. This policy covers for the most common transactions. Exceptional transaction not covered by this policy executed according to the country's applicable regulations & international norms & practice and management specific decision.

3.1 Process Flow Diagram for Issuance of Letter of Credit/Amendment:



One time Documentation:

The following documents to be obtained from the client on a one time basis or once every year, based on their nature:

- 1) Valid Import Registration Certificate (IRC) with evidence of payment of renewal fees for the current financial year (To be renewed each year)
- 2) Valid Trade License
- 3) Valid TIN Certificate
- 4) Valid VAT/BIN Registration Certificate
- 5) A declaration that the importer has paid income tax/ submitted income tax return for the preceding year. (To be submitted each year).
- 6) Valid Membership Certificate from a registered local Chamber of Commerce and Industries or any reputed business/trade association.
- 7) No objection certificate from the AD through which the applicant imported earlier to the effect that no bill of entry is due/overdue for submission by the importer.
- 8) Permission from Bangladesh Investment Development Authority (BIDA) for Industrial/Manufacturing unit.
- 9) Approved Credit Limit with PBL.
- 10) Valid & clean CIB report (to be obtained and monitored by RM/ Branch).
- 11) Valid Indenting Registration Certificate & BB permission of Indentor.

Transaction based Documentation

- 1) Customer request letter to issuance LC
L/C application & Agreement form duly filled in and signed by the authorized signatory.
- 2) Letter of Credit Authorization Form (LCAF) duly filled and signed
- 3) Valid Proforma Invoice / Indent duly accepted by the applicant

- 4) Insurance: Insurance Cover Note from the designated insurance companies as per current Import Policy Order, Money Receipt and GA Form
- 5) Permission from concerned Govt. Authority (if applicable for any specific product)
- 6) IMP and TM Form, Form C (Where applicable) duly filled in (basic information) and signed by the authorized signatory of the applicant.
- 7) Satisfactory credit report of the supplier (where applicable).
- 8) Any other permission from Bangladesh Bank or concerned Govt. Authority for import case to case basis as per Import Policy Order or GFET.

Customer Service Unit (CSU):

The customer/ Branch will submit the LC application and related documents to dispatch section of TSD directly. TSD dispatch section shall receive the L/C application from the customer, affix “Received” stamp on the application indicating date and time & record the same in Inward Register. The customer may send scanned copies of required documents to TSD ahead of submission of original application. After receiving the LC applications and other documents from customer, dispatch section will hand over the same to the **Customer Service Unit (CSU)** after due marking from the hub Head or from the Authorized personnel of the respective hub. CSU will follow the below process:

- 1) CSU check the LC application & documents as per Check List. If there is any shortcomings/ deficiency in the LC application the CSU will immediately intimate the shortcomings/deficiencies to the respective RM/Branch/customer for further course of action.
- 2) Verify the customer’s signature.
- 3) Issuance of LCAF
- 4) Check customer’s limit. If customer limit is not sufficient to open the LC or limit expired, CSU will inform the customer/RM/branch for necessary action.
- 5) Check customer’s A/C balance to realize commission, Charges and margin. If customer A/C balance is insufficient, CSU will inform respective RM/Branch/Customer regarding the matter. RM / Branch will update CSU upon hearing from the customer.

- 6) Check beneficiary's credit report (if applicable) from existing credit report data base. If the credit report is not available in the existing data base CSU will send a requisition to D&B or similar agency for credit report at customer's cost.
- 7) CSU will communicate with the respective RM/Branch in case of any deferral.
- 8) CSU will communicate with CAD for disbursement authority in the event of case to case LC if required.
- 9) Seeking permission from Bangladesh Bank for opening LC/remittance/LCAF revalidation.
- 10) Fill-up the relevant portion of Checklist, attach, sign and forward the whole set of LC application to LC issuing unit.

LC Issuing Unit:

- 1) Upon receipt of the LC applications the Unit Head/Authorizer will check whether check list is duly filled-up and signed by CSU before assigning the job to the relevant Trade Officer.
- 2) Trade officer will draft the LC and provide the same to the Unit Head /Authorizer for checking. Before that, the Trade Officer must ensure that PBL has RMA with the beneficiary bank or with the bank through which the LC is intended to be advised.
- 3) Unit head will check the draft copy of LC and ensure that all required clauses have been appropriately incorporated in the LC.
- 4) The assigned Trade officer will arrange for realization of L/C Margin, Commission, Charges, Vat etc. After realization of necessary stated charges the assigned Trade officer will take print out of advice/ voucher prior to authorization the transaction.
- 5) Trade Officer will write down the LC number, realized margin amount and charges on the reverse side of the LC Application Form.
- 6) The authorizer will check if charges are realized in full as per sanction or agreement with the customer and sign.
- 7) The Trade Officer will check acknowledgement of SWIFT message sent on the very next day.

- 8) Trade officer will enter necessary information in the respective registers/database and file all the documents.
- 9) The Unit Head/Authorizer will time to time check with the RM/Branch if there have been any changes in the sanction letter of the customer in regard to commission, fees structure and others and update the same to the trade officer.
- 10) The Unit Head will check all SWIFT messages on daily basis and take necessary action accordingly
- 11) In case of UPAS LC opening, the respective RM/Branch will obtain permission from Treasury Division/ID and send the same to TSD. Trade Officer will preserve a copy of the same to the respective file.
- 12) Necessary clause relating to UPAS LC shall clearly be incorporated in LC by Trade Officer
- 13) In case of EDF LC the clause “This LC is opened under EDF Facilities” or similar clause must be incorporated in the LC.
- 14) On completion of transaction related job LIU will hand over the file to the Reporting Unit for next course of action.

Letter of Credit Amendment:

The procedure of LC amendment will start on receipt of the request for LC amendment from the customer and ends after dispatch of the amendment copy to the customer. Amendments under a credit issued by PBL may be considered against approach of the applicant. In case of amendment in LC required by the advising or confirming Bank in order to advise/ confirm LC, the amendment may be done without the customer’s approach.

Two teams are involved in this entire process similar to LC issuance:

1. Customer Service Unit (CSU)
2. LC Issuing Unit (LIU)

Customer Service Unit:

Customer Service Unit receives the LC amendment request of the customer through dispatch.

CSU will look in to following issues while doing the Job:

- a) Verify Customer's signature
- b) Check the L/C number mentioned in the application
- c) In case of value increase / decrease, or any changes in the unit price, check whether revised Proforma Invoice / Indent has been presented and all the information are clearly readable.
- d) Insurance Cover Note, Money Receipt has been presented covering the increased value, new port of shipment, destination and mode of transport, if any;
- e) Check customer's LC limit in case of value increase;
- f) Check customer's A/C balance to realize commission, margin and charges etc.
- g) If found any shortcomings or deficiency the CSU team will inform the issue to the respective RM/ Branch.
- h) Handover the file to LC issuing Unit
- i) Any request received by mail from the customer shall be treated as above.

Cancellation of Letter of Credit

Applicants approach for cancellation of LC prior to expiry date will be processed after obtaining beneficiary's consent through the advising bank. Credit lines (contingent) will not be reversed until receipt of beneficiary's consent. However in case of expired LC or outstanding LC amount being insignificant, the HUB in charge may direct instruction regarding reversal of liability. L/C should not be cancelled or L/C value should not be reduced in the event that shipping guarantee or copy documents have been issued/endorsed in absence of original documents.

- 1) LC Cancellation request received by LC Issuing Unit from the customer through dispatch. The signature of the customer must be verified by the TSD officials.
- 2) Unit Head /Authorizer will assign Trade Officer to process cancellation through advising bank by sending SWIFT message.
- 3) LC liabilities will be reversed upon receipt of SWIFT message received through advising bank mentioning Beneficiary's consent to cancel the LC.

Process flow of Issuance of Shipping Guarantee (SG):

All application (Annexure 1.03) for issuance of shipping guarantee from the customer will be received by **Import Bill Lodgement & Payment Unit** of TSD through dispatch having affixed 'Received with date and time' (except some outstation Branches & Non Ad Branches)

- 1) Upon receipt of the application the Unit Head /Authorizer of **Import Bill Lodgement & Payment Unit** will assign the job to the respective Trade Officer of the unit to check the copy document with the LC terms and prepare check list as per **Annexure 1.04**
- 2) Trade Officer will check group limit and sanction letter for issuance of SG under Cash or by creating loan.
- 3) 100% margin or as per terms of the sanction advice to be realized from customer's account at the time of issuance of Shipping Guarantee except the cases waived in sanction advice.
- 4) In case of post import finance (i.e. LTR/LIM, etc.) the required margin to be realized by creating loan under the approved limit.
- 5) In case of non-availability of the loan limit or required fund in client's account, the matter needs to be informed to the concerned Branch/RM/Customer for taking necessary steps.
- 6) Shipping guarantee charges and VAT to be realized as per approved schedule of charges or as per terms of the sanction letter.
- 7) The notation "SG issued" shall be marked on each file with value and date.
- 8) A database to be maintained for issuance of Shipping Guarantee for keeping proper record."

Handling of Discrepant documents:

- To issue notice of refusal & rejection to the negotiating & confirming bank (if any) through SWIFT / mail incorporating all discrepancies within 5(five) banking days following the date of receipt of documents at PBL's counter.
- The discrepancies to be referred to the applicant by any expedite means and if the discrepancies are acceptable by the applicant and PBL, the documents shall be handed over to the payment unit for further processing. The acceptance of the discrepancies by

the applicant/customer should be in their letter head pad duly signed by the authorized signatory or accepted through authenticated email.

- If the discrepancies are not acceptable to PBL /applicant then PBL may refuse and return the document to the negotiating bank.
- The Unit Head/authorizer will follow up the reason of pending discrepant document and settle the issues within reasonable time.

Process flow for Advanced Payment of FTT/FDD & release of shipping documents.

- a. The Advance Payment through FTT/FDD may be made from ERQ account for the amount not exceeding the permissible limit fixed by Bangladesh Bank time to time (presently USD25,000 from account for import of raw materials, machineries, spares etc.
- b. Advance payment may also be made against LCAF/LC up to USD 5,000/- by debiting account other than ERQ.
- c. Advance payment exceeding the permissible amount mentioned above may be made subject to furnishing of Advance Payment Guarantee (APG) acceptable to us or on the basis of Bangladesh Bank permission in this regard.

Definition of Master L/C:

For procurement of raw materials from local & foreign sources, BTB LC may be opened to execute the export order under the export/ master LC. In that case the export LC in original along with its forwarding of advising bank must be submitted by the exporter to the lien bank as primary security.

The designated officer after proper scrutiny will lien the master LC marked as “Lien with PBL”. A foreign LC or an inland BTB LC (against which opening of BTB LC is requested) will be treated as Master LC

Prevailing exchange control regulations allow the export oriented industries to procure raw materials from local as well as international sources in order to produce the finished products for ultimate export. For ultimate export, the exporter receives export L/C from the foreign buyer. The exporters import raw materials through Back-to-Back L/C keeping lien of the Export LC through their bank, as primary collateral as per sanction advice. In this situation the export L/C may be defined as Master L/C. Besides for getting certified EXP forms, exporters irrespective to BTB LC facility must submit export LC’s to Bank for Lien.

Back to Back (BTB) LC Amendment:

The procedure of LC amendment will start on receipt of the request for LC amendment from the customer and ends after dispatch of the amendment copy to the customer. Amendments under a credit issued by PBL may be considered against written approach of the applicant. Application for amendment should be on customer’s letter head pad. **Customer Service Unit** will receive the LC amendment request of the customer through dispatch and take necessary steps as follows:

- a) Check the L/C number mentioned in the application
- b) In case of value increase / decrease, or any changes in the unit price, check whether revised Proforma Invoice / Indent has been presented and all the information are clearly readable.
- c) Check that the proposed increase amount does not exceed the maximum ceiling of Master LC
- d) Insurance Cover Note, Money Receipt has been presented covering the increased value, new port of shipment, destination and mode of transport, if any
- e) Check customer’s LC limit in case of value increase
- f) Check whether BTB permissible ceiling is exceeding
- g) Check whether New LCAF has been submitted covering the increased amount, if required

- h) Check customer's A/C balance to realize commission and charges etc.
- i) If found any short comings/ deficiency CSU will inform respective RM/Branch/Customer regarding the matter.
- j) Any request received by mail from the customer shall be treated as above.

LC Issuing Unit:

- a) Process LC amendment as per rule
- b) Realize additional margin, commission & charges
- c) Transmit the amendment
- d) Update LC register/database
- e) File copy of amendment
- f) Ensure ack. of the amendment
- g) Update BB OIMS

Cancellation of Back to Back Letter of Credit (BTB):

Applicants approach for cancellation of LC prior to expiry date will be processed after obtaining beneficiary's consent through the advising bank. Credit lines (contingent) will not be reversed until receipt of beneficiary's consent. L/C should not be cancelled or L/C value should not be reduced in the event that shipping guarantee or copy documents have been issued/endorsed in absence of original documents.

- a) LC Cancellation request received by LC Issuing Unit from the customer through dispatch. The signature of the customer must be verified by the TSD officials.
- b) Unit Head /Authorizer will assign Trade Officer to process cancellation through advising bank.
- c) LC liabilities will be reversed upon receipt of advising bank consent to cancel the LC.

L/C will be closed after reversal of the contingent liabilities and margin and necessary entry on OIMS (Online Import Monitoring System). LCs expired over one month may be closed with the consent of the applicant applying due diligence. Corresponding L/C file must be marked as “L/C CANCELLED” on (date) and preserve for future record.

Process Flow of Foreign Documentary Bills for Collection Process (FDBC):

The Export customer will submit full set of export document (2 sets) and EXPs along with forwarding schedule to dispatch section of TSD. Dispatch section will receive the documents from the customer and affix receiving stamp and date and handover the documents to Export Bills Unit duly mark by Hub Head/ designated official. Head of Export Bills Unit will assign the job to the designated Trade Officer for processing. Trade Officer will process the job as follows:

- a) Upon receipt of export documents from Unit Head, Trade Officer will tally the documents with the presentation Schedule of the customer.
- b) Trade Officer will check the documents as per LC terms
- c) If the documents found discrepant/ short of documents, trade officer will note the discrepancies and refer the same to the customer if the customer can rectify the discrepancies.
- d) If the documents in order and after meeting all the special instructions in the scrutiny sheet, the assigned officer will lodge the bill in the T24 system. Discrepant documents shall also be lodged upon fulfillment of possible rectification in documents.
- e) Trade Officer must take adequate care during inputting data to T24 system and must fill all required fields.
- f) Special care must be taken in entering bill value, drawee/collecting bank details, NOSTRO account details, Job No. (if required) invoice value, transport document details, EXP number, date and value.
- g) In cases of deferred bills, appropriate deferred period details must be entered into the system to determine maturity/due date of the bill.

- h) T24 System will generate bill number and the number must be written down on the scrutiny sheet.
- i) The Unit Head/Authorizer will check the information in the T24 system and authorize the bill.
- j) Appropriate forwarding/covering schedule should be printed from the system and duly signed. In case where special instructions are required in the document and/or the required schedule is not available in the system, the forwarding/covering schedule should be prepared carefully.
- k) Draft (if required and/or presented) and Transport Documents must be endorsed as per instruction embodied in the LC / Sales Contract.
- l) After completing all the formalities and regulatory requirements the original documents shall be dispatched through bank enlisted courier service and the office copy should be retained in the file. A copy of Consignment Note (CN) of the courier service must be preserved in the respective file for record.
- m) Trade Officer (Reporting Unit) will update the information of Duplicate copy of EXP to OEMS of Bangladesh Bank within the stipulated time.
- n) While processing the documents one should use his/her own prudential judgment to ensure all the standard rules of the bank, regulatory requirements and international standard practice are complied with.

Negotiation of Export Documents (FDBP):

The customer will approach in their letter head pad duly signed and sealed to the bank to purchase the documents. Following process to be followed while purchasing the documents:

- a) Unit Head of the unit will assign the job to the designated Trade Officer.
- b) Trade Officer will check the documents as per check list -**Annexure 1.10**
- c) If the documents found discrepant the designated officer will refer the same to the customer with a copy to respective RM.
- d) If the documents found in order the Trade Officer will start processing Negotiation/ Purchase of documents.

- e) In case of Negotiation/ Purchase of discrepant documents Trade Officer will follow the process as Credit Risk Management Division circular No. 2017/13 dated June14, 2017.
- f) While calculating the purchasable/negotiable amount, the assigned officer must take into consideration of all existing liabilities (such as, BTB, PC, time loan, SOD etc) bank charges and approved/required deductions against the export LC/contract.
- g) Only the **unencumbered or liability free amount** against Export LC/Contract can be purchased/negotiated/discounted by following sanction and PBL CRM policy
- h) While entering bill details in the system one must take adequate care in inputting data and must fill in all required fields.
- i) In cases of usance / deferred bills, appropriate usance/deferred period details must be entered into the system to determine maturity/due date of the bill.
- j) Purchase amount must be given extra attention for avoiding any error, application of wrong exchange rate or wrong figure.
- k) A copy of calculation sheet or voucher must be printed and be kept with the file for record.
- l) Special care must be taken in entering bill value, drawee/collecting bank details, NOSTRO account details, invoice value, transport document details, EXP number, date and value.
- m) System will generate bill number and the number must be written down on the face of the scrutiny sheet.
- n) The authorizer will check the information in the system and authorize the bill.
- o) Appropriate forwarding/covering schedule to be printed from the system and duly signed in. In case where special instructions are required in the document and/or the required schedule is not available in the system, the forwarding/covering schedule should be prepared carefully.
- p) Draft (if required and/or presented) and Transport Documents must be endorsed as per credit terms.
- q) After completing all the formalities and regulatory requirements the original documents should be dispatched through courier service and the bank's copy should be filed.

- r) Duplicate copy of EXP form should be forwarded to reporting unit along with a copy of commercial invoice & short/excess shipment certificate (where required).
- s) While processing the documents designated officer should use his/her own prudential judgment to ensure that all the standard rules of the bank, regulatory requirements and international standard practice are complied with.

4. Automation Opportunities

In the global banking industry automation is the main focus of intense interest. Many banks are trying to install the latest automated technologies for the purpose of more productivity and cost minimization. Banks have already started using new technologies.

Banking automation means a system of operating banking process with the help of automatic process where there will be less human engagement.

Reasons of embracing automation:

Banks are rapidly embracing automation opportunities because when operations are done manually it takes a lot of time to complete. But with the help of automation process it saves time to complete a small task. So in banking industry the use of automation opportunities are increasing.

As I'm doing my internship in the Trade Service Division of Prime Bank so there I've found some manual works where automation system can be appropriated. They are actually performing that task by their employees. But in that place they can install a software where they can complete their task easily within a very short time. For example, in trade service division if a customer wants to open a LC then he needs to come to their branch for opening LC.

But, if prime bank input a software named as 'Trade Application Software' and customer can excess it from their home then it will be time saving for them to open a LC. In that software they will put every document that bank needs. Customer will send the scan copy of their document and the bank authority will receive it through that software. Employee will collect all the documents from the software and they will input the document for the authorization.

Once the authorization is done, then there will be a automatic sending option of pdf form of

authorization and customer will receive it through text message or via email. After receiving the message the customer will get to know that their LC is being opened successfully. So if they follow this process then both the customers and employees will be helpful. So this is my small suggestion of automation opportunity that bank can follow.

5. My duty as an Intern

During my internship I was assigned in trade service division of Prime Bank Limited. My activities are given below there-

- **L/C opening:** I helped customer to open L/C. For example, I helped them to fill the LCAF form, Application cover letter and L/C application form.
- **L/C Advising:** After completing all the procedures of paper work L/C documents had to send in other department. So I helped them in that process.
- **Back to Back L/C:** I helped my supervisor in back to back L/C processing.

6. Constraints:

In the organization:

- My major is in Human Resource Management but they placed me in trade service division. Though they had human resource division. So I didn't learn any human resource management related work.
- Duration of study is too short to have an overall idea about the procedure of trade service division.
- Their employees are too busy to teach me the steps or procedure of trade service.
- Their server is not efficient. It is too slow to complete the work.

Academic Preparation:

- In our academic study, we don't get that much scope to learn about banking.
So I think this is the main lacking for the students who are doing internship in bank.

7. Lessons learned from the internship program:

Implications to organization:

- To have an idea about an effective and efficient corporate culture that will help me in future to know about corporate environment.
- To have an idea about rules and regulations of corporate life.
- I learned about how to deal with customer.
- Learned about how to maintain file and documents in a systematic way.
- Learned about how to manage a good relationship with co-workers.
- Learned about how to keep cool in stressful situation.

Implications to university:

- Firstly, I followed my supervisor's instruction carefully and maintained a clear communication during the period of internship.
- I have applied my academic knowledge in my report which I've learnt throughout the whole four years from my university.
- I maintained a good discipline in my university that helped me to maintain organization's discipline.

8. Recommendations:

As I've worked with them for 3 months duration, I've found some recommendations for the bank and they are-

- Bank is using manual works to complete L/C opening process but there they can use software so that their works can be done easily within a short time.
- Bank should hire more experienced employee because sometimes they do mistake in serious tasks.
- Bank should recruit more interns because every graduate should know about corporate culture and need to gain corporate experience.

- Bank needs to emphasize more on CSR activities for better appearance

9. Conclusion:

Prime bank started its journey by a handful of dynamic entrepreneurs. For them prime bank was testament of excellence, competence and consistent deliver of reliable service with superior value product. Being one of the largest commercial banks in Bangladesh, it has always concentrated on understanding and forecasting client requirements. The bank has graded as a top class bank in the country through internationally accepted CAMELS rating. The bank has grown tremendously in the last 20 years having 168 ATMs and 145 branches. Prime Bank has expanded its network all over Bangladesh with primary concentration in Dhaka, Chittagong and Sylhet. Prime bank has wholly owned subsidiaries in Singapore, Honk Kong and UK to cater to the banking needs of NRBs.

Prime bank has always been keen in reinforcing its Green Banking initiative. Use of renewable energy in the form of solar panels in branches, ATM booths as well SME unit offices is part of the commitment towards building the sustainable business that brings benefit to the society, environment and the economy of Bangladesh.

Prime bank has always believed in giving back to the community. It has a wholly dedicated foundation to execute its corporate social responsibilities activities in a greater scale. Prime bank has strived to ensure consistency in its services with enhanced focus on emerging market. The oncoming days might be tough and volatile but they know that they are ready to take on the challenges. They will be strong, focused and hungry for more challenges.

10. Reference:

- Annual Report Prime Bank Limited, 2017. Retrieved from [https://www.primebank.com.bd/financial_report/Annual%20Report%20\(General%20Part\).pdf](https://www.primebank.com.bd/financial_report/Annual%20Report%20(General%20Part).pdf)
- Prime Bank Limited website. Retrieved from <https://www.primebank.com.bd/index.php/home>