

BUS400

JAMUNABANK

Internship Report

**Documentary Credit
Process & Relevance
in RMG Sector**

Jamuna Bank Limited

Prepared By: Morshedul Haque Khan

30th November 2018

Tania Akter
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Subject: Submission for internship Report.

Dear Madam,

I, Morshedul Haque Khan, have had the privilege of completing a part of my final requirement for completing the Undergraduate program offered by BRAC University Business School, by submitting this internship report completed by the meticulous guidance provided by my respected faculty Ms. Tania Akter on “Documentary Credit Process & Relevance in RMG Sector”. This paper is the hard work comprising of three months of relentless and careful study of the processes in accordance to the formalities and procedures maintained in this particular department of Jamuna Bank Ltd., and includes all the possible observations that I can include in this report, and, I hope, will be a testament of the excellence that is prevalent and for which BRACu is always commended upon.

Thank You.

With best regards,
Morshedul Haque Khan

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The complete Internship report “Documentary Credit Process Analysis” has been a work of Morshedul Haque Khan, ID: 14104065, who is a student of BRAC University of BBS department majoring in Marketing & HRM and the whole report was under the supervision of Ms. Tania Akter, Faculty of BBS, for the fulfillment of the internship and a part of completing the undergraduate degree of BRAC University.

Tania Akter
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Acknowledgement

I, Morshedul Haque Khan, am hereby honored and thanking all those individuals who have helped me so much in making this whole report coming into real. I would also love to thank the almighty whose uncountable guidance had led me through this.

I am also thankful to the whole BBS department and all the faculties I have been through who have always helped me in reaching this point of life and all the classmates who made this possible for me achieving this.

Immense thanks to Tania Akter Madam for all the guidance I needed all these days for completing the report.

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Executive Summary

Jamuna Bank Limited is amongst one of many private banks who are operating & functioning properly with abiding by all the rules being set by Bangladesh Bank. The whole bank is divided into many sub-committees who divide the whole work in different segments. In the upper regions of the hierarchal system of the managing body of the bank, they have Directors running different committees such as Credit Committee, Finance Committee etc. The directors are saturated into positions of CEO/Managing Director which are centered and all the work done is kept a harmony in all departments for the betterment and efficiency of the bank.

The means by which any and all of the banks in existence operate are by, amongst facilitating other services, providing financial aid which sometimes include lending capital to businesses and firms in the form of loans. Exporters & Importers of items require huge sums of funds to operate their foreign exchange dealings.

A majority of these funds are provided to the RMG sector, as is the case of Bangladesh.

These loans are termed as Documentary Credits and are referred to as LCs or Letter of credits. These are classified into various forms- some are paid on sight, are amendable/not amendable, sometimes transferrable & subject to cancellation by one/any of the parties.

The export scenario of Bangladesh is in a rapidly growing stage, with the majority of income coming from the RMG sector. LCs are standard procedure for RMGs to conduct their business, as it has historically been so. In this paper, I shall discuss the LC processes and how it is significantly helpful for this sector & how efficient it is as a process entirely.

Paper Rationale

This paper was developed by my comprehensive knowledge on the basics of this documentary credit system, as I have had the opportunity of working with this system as an intern of the foreign division of Jamuna Bank Ltd. Mohakhali branch.

Albeit, it was a mere data-entry job, I was given access to some processes of the data review of Bangladesh Bank, which is basically an import/export monitoring system, which highlights the codes used as imported/exported materials (HS codes), the LC (Letter of credit) nos., the ERC & IRC codes (licenses to export/import), the necessary Bonded Warehouse Numbers, the limit of the credit line, the utilized credit in terms of currency & lastly, a Foreign LC code used in transit by the receiving Foreign Bank.

This paper is as detailed as I could write, due to time constraints, general trade secrets & confidentiality of the company's policies & practices. And as an intern, the access has been limited to the work responsibilities entrusted upon me, and, all the information provided here are researches based on mostly of a secondary nature, with some primary findings made by my own observations.

This paper is to highlight an overview of what this system is, what are the particular details that entail the process, and, a few observable additions (not a suggestion or advice, rather an observation and response to it.) & it's relevance on the RMG sector.

This paper will also determine the usefulness of this LC system in our financial institutions, most prevalently, in Jamuna Bank Ltd.

Introduction

Report Origin:

This report has been generated for the purpose of the obtaining the Bachelor of Business Administration (BBA) degree from BRAC University and the writer has to go through as internship in Jamuna Bank Limited with firsthand experience in the Foreign Division, namely, in some of the tertiary processes of the Documentary Credit System.

Problem Statement:

Jamuna Bank Limited has been operating since 17 years and one of the main functions of it have been gaining a trust which lead to people to lend money and then the bank put those money into work in different sectors like industry, agriculture, transport, health and other social services to gain return with interest. In terms of lending it offers a loan system to various Export/Import oriented businesses, a large portion of it to the RMG sector, in the form of bank guarantees called Documentary Credits. It's efficiency is a point of discussion in this paper as to assess whether this system is sufficiently able to handle the full weight of the relative proportions of LCs that the bank has to process.

Study Objectives:

Generating a proper report on the matter of Documentary Credit efficiency.
Including:

- i Depicting & portraying its descriptive meaning.
- ii Putting forth its procedural system of progression.
- iii Observing its efficiency
- iv Putting forth a conclusion & some observational additional improvements.

Limitations:

Having an opportunity of working as an intern has been a big opportunity that helped to gain insights on many things and getting a head start for a career in banking. But the field is very vast that a few months of operating as an intern and studying some portfolios are not enough to get the whole grasp of the operative capacity. The writer has attempted rigidly to obtain as much of his competence in gathering the relevant amount of data for generating this report will allow.

History & Overview

Since its independence, Bangladesh had a sum of 57 banks and additional to the 8 state owned banks, 40 private banks function in sync with the banking industry and amongst them Jamuna Bank Ltd. is a bank which may perhaps institute their name as one of the budding tiers in the marketplace of 3rd age bracket of banking. In view of the fact that since its founding is has been able to remain a dependable bank for its clients.

It is, in addition, one of the initial banks to initiate online banking system since there is a necessity for it. The bank has a wide array of sectors of involvement like corporate banking, trade finance, small enterprise funding, safety deposit lockers, retail banking, project finance, employee benefits, treasury, and asset management.

Jamuna Bank Ltd. had commenced its journey on 3rd of June in 2001. It has been registered Under the Bank Companies Act, 1991 and later on it was integrated as Public Ltd. Company by shares under the act 1994. According to the procedural age bracket of the banking sector in Bangladesh, Jamuna Bank Ltd. is classified as a '3rd generation' digital bank in Bangladesh. The bank had started the journey on track being a private bank with an authorized capital of Tk.2424.00 million which is it's footprint of how it has crossed the threshold into an innovative, new generation of banking.

The bank has a directorial body which has extensive experiences in much diversified manners of commercial business management & this in turn with diversified experiences in finance and banking makes them the ideal leaders for Jamuna Bank Ltd.

Jamuna Bank Ltd. As an institution, is always demanding to develop policies for the newest aspects of changing business and coping up with the newly introduced challenges. By far all these years it has earned a tremendous amount of prestige and progress which has made it possible for the bank to stand as one of the top ranked quality service providers.

While lengthening the array of services in all segments as much as possible for creation of a communal, cost-effective impact is the primary goal of Jamuna Bank. It is by now very distinguished for its financial services and the pledge of providing it elevated in excellence.

Since the bank has been established there are total 122 branches all over the country according to latest report (2017) the figures of its assets are as follows:

Tk.167571.33 Million of deposits

Tk.19894.12 million of total capital

Tk.3.29 earnings per share

Vision:¹

On becoming a leading banking institution and play a significant role in the development for the country through the best way of offering products and services and modern approaches to solve different aspects.

Mission:²

As per say the bank is committed to satisfy the needs of its customers through an array of products at a competitive price by using appropriate technology and providing timely service so that a sustainable growth, reasonable return and contribution to the development of the country can be ensured with a motivated and professional work force.

¹ Retrieved from: <https://www.jamunabankbd.com/front/information/1/81>, Retrieved on 14th dec. 2018

² Retrieved from: <https://www.jamunabankbd.com/front/information/1/80>, Retrieved on 14th dec. 2018

Core Values:³

Running in the current age has not been challenging ever before and for setting up the best service there are some core values been set by the bank which they are most likely to follow up to best and those are:

- Customer Focus
- Trust
- Integrity
- Commitment
- Business Ethics
- Quality
- Fairness
- Teamwork
- Respect
- Courtesy Harmony
- Unique Culture
- Responsible Corporate Citizen

³ Retrieved from: <https://www.jamunabankbd.com/front/information/1/82>; Retrieved on 14th dec. 2018

Corporate Slogan:

“Your Partner for Growth”.

Strategic Approaches: ⁴

For delivering max through optimizing limited resources to and also maintaining sustainability the strategy is being used by JBL are:

Delivering the right products to customer for creating more value to customers

For keeping a well position in the foreign market they keep up with the remittance and also keeping up with the export of traditional and non-traditional items

- Investing in high risk oriented business returns
- Reduction of the cost of deposits through changing the deposit mix
- Enabling scope for all modern delivery system
- Refining old products and creating new one for keeping up with the pace for new demand of different time and target group
- Introducing banking who are unfamiliar with it
- Maximizing the shareholders values
- Strengthening techniques and procedures of risk management and ensuring the compliance culture
- Being conscious about the green environment and introducing it to every sector of the bank operation

⁴ Retrieved from: <http://jamunabankbd.com/front/information/1/10>, retrieved on 14th dec. 2018.

Ethical Principles:

The ethics count is actually one of the most important parts for any organization just as much the profit it makes or revenue it generates for its existence, for keeping it up to the mark JBL is also taking care for some ethical steps that keeps the bank in a proper manner for tackling bindings.

- Complying with all the rules and regulations strictly
- Being fair with all the stakeholder regardless of anything
- Secrecy of customer information is maintained strictly
- Informing the stakeholders with adequate information and operation so that it may help in making any kind of decision
- Projects have to be very environment friendly.

Along with business purposes, JBL provides financial assistance to poor, helpless and people who have fallen under uncertain circumstances as well as sports, culture, health-care and community development ventures

The Board of Directors:

Composition of Board	
Engr. A. K. M. Mosharraf Hussain	Chairman
Engr. Md. Atiqur Rahman	Director
Mr. Golam Dastagir Gazi, Bir Protik	Director
Mr. Fazlur Rahman	Director
Al-Haj Nur Mohammed	Director
Mr. Md. Tazul Islam	Director
Mr. Robin Razon Shakhawat	Director

Mr Redwan-ul Karim Ansari	Director
Mr. Md. Belal Hossain	Director
Mr. Md. Mahmudul Haque	Director
Mr. Shaheen Mahmud	Director
Mr. Md. Sirajul Islam Varosha	Director
Mr. Kanutosh Majumder	Director
Mr. Md. Ismail Hossain Siraji	Director
Mr. Gazi Golam Murtoza	Director

Mrs. Tasnim Mahmud	Director
Mr. Md. Hasan	Director
Mr. Narayan Chadan Saha	Independent Director
Mr. Chowdhury Mohammed Mohsin	Independent Director
Mr. Md. Rafiqul Islam	Independent Director

Committees of The Board of Directors:

Executive Committee	
Mr. Gazi Golam Murtoza	Director & Chairman
Engr. Md. Atiqur Rahman	Director
Al-Haj Nur Mohammed	Director
Mr. Shaheen Mahmud	Director
Mr. Kanutosh Majumder	Director
Mr. Md. Ismail Hossain Siraji	Director

Audit Committee	
Mr. Md. Rafiqul Islam	Independent Director & Chairman
Mr. Md. Belal Hossain	Director
Mr. Md. Hasan	Director
Mr. Narayan Chandra Saha	Independent Director

Risk Management Committee	
Engr. A. K. M. Mosharraf Hussain	Chairman
Mr. Robin Razon Sakhawat	Director
Mr. Md. Mahmudul Hoque	Director
Mr. Md. Sirajul Islam Varosha	Director
Mrs. Tasnim Mahmud	Director

*What is the Documentary Credit System?*⁵

The Documentary Credit system or LC is a letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the bank will be required to cover full or remaining amount of purchase. It is a promise by buyer's bank to seller's or exporter bank that buyer's bank will honor the invoice presented by the exporter on due date and make payment.

At present L/C is not just an instrument of international trade but it is a source of income of any profitable financial institution like Bank. Any reputed and well known institution can operate this activity as their regular activity.

The variations of the LCs:

- Commercial LCs
- Standby LCs
- Revocable LCs
- Irrevocable LCs
- Back-to-Back LCs

Amongst these common variations are also Usuances, Red-Clause, & At-sight LCs, which I have not come across in my tenure during my internship, and are infrequently used in a traditional manner.

⁵ What is documentary credit? definition and meaning. (n.d.). Retrieved November 26, 2018, from <http://www.businessdictionary.com/definition/documentary-credit.html>

All the variations at a glance

Commercial letters of credit are largely used as a key imbursement instrument in international trade such as importing & exporting including all other forms of foreign transaction pertaining to foreign exchange of this level. Common commercial letters of credit are issued with a precedent to the most up-to-date edition of UCP (Uniform Customs and Practice for Documentary Credits). The UCP sets the rules that govern the commercial letters of credit dealings.

Standby Letters of credit are modes of payments that will be utilized during the duration that the primary beneficiary executes its duties. To give an idea as to create a more legible & comprehensible viewpoint, think about an exporter who dispatches the commodities in transit to a foreign point of reception; in alignment to the sales contract & submit an application to the selected bank for the payment. If the designated bank comes to a decision that the arrangement is in compliance to the conditions & terms of the letter of credit & the UCP rules then exporter will be paid. This circumstantial event is just divergent to the standby letters of credit. Standby letters of credit have possession of their own set of rules, which are called The International Standby Practices 1998 (ISP98).

Revocable letters of credit gives the issuer the revision or annulment authority of the line of credit at any time devoid of earlier notice to the recipient. Since revocable letters of credit do not endow with any protection to the beneficiary, they are infrequently used.

Irrevocable Letters of Credit cannot be altered or annulled without the concurrence of the credit parties involved. Unverified irrevocable letters of credit cannot be amended without consent on officially verified documents involving in cooperation of the issuing bank and the recipient. Established irrevocable letters of credit necessitate that the confirming bank has given an on paper approval in an array for any necessary modification or cancellation to be effective.

The recipient of the export credit, who is not the producer of the goods in future transit, may move toward a bank to release a letter of credit in goodwill of the producer who is standing by to make available the goods intended for transit. Such a letter of credit is sanctioned on the vigor of the export letter of credit and consequently called back-to-back letter of credit. Documentary credits of a similar nature ought to be opened on behalf of the product exporters and suppliers.

Export Import Scenario of Bangladesh at a glance:⁶⁷⁸

The performance of Bangladesh's export sector:

Average Annual Growth Rate of export Income: 11.91% (1990-2003) (higher than world average; 9.48)

Ended during the interlude of 1980-2003:

Export proportion in global perspective: 0.11% to 0.12%

Although Bangladesh's import performance is behind that of the Asian developing countries, the average annual import growth rates of Bangladesh are much higher than those of the world

Import proportion in global perspective: 12.92% and 22.42% (31.79% till 2003)

Average Growth rate of imports: 22.59% (1990-2003).

⁶ Procedure of Letter of Credit and Local Trade of Mutual Trust Bank. (2016, April 26). Retrieved November 27, 2018, from <http://www.assignmentpoint.com/business/banking/procedure-of-letter-of-credit-and-local-trade-of-mutual-trust-bank.html>

⁷ Export Import Condition of Bangladesh. (n.d.). Retrieved November 27, 2018, from <https://www.scribd.com/doc/57562825/Export-Import-Condition-of-Bangladesh>

⁸ (n.d.). Retrieved November 27, 2018, from https://www.researchgate.net/publication/228470936_The_foreign_trade_of_Bangladesh_its_composition_performance_trend_and_policy

*Export Import Scenario of Bangladesh at a glance (Continued)*⁹

GDP contribution:

4.52% (1980);

13.45% (1999),

15.38% (2001).

All these figures reflect upon the consistent growth of the GDP, and as the export/import figures are increasing & relatively good from a global perspective, as mentioned previously, it plays a significant role in development of the country as a whole.

⁹ (n.d.). Retrieved November 27, 2018, from https://www.researchgate.net/publication/228470936_The_foreign_trade_of_Bangladesh_its_composition_performance_trend_and_policy

Historical Significance of RMG in Bangladesh¹⁰

The RMG industry acts as a mechanism for the progress of Bangladesh, as a whole. A tag of 'made in Bangladesh' is one of the most prolific tag that Bangladesh has been bestowed with. It has also brought insurmountable grandeur for the nation, assembling it with a esteemed trademark transversely across the world. The nation state with its restricted resources has been preserving a 6% annual standard GDP growth rate and has brought about noteworthy communal and human development.

Subsequent to the war for our sovereignty in 1971, Bangladesh was one of the lone of poorest nations in the history of humankind. No key commercial activities were developed in Bangladesh. Rejuvenation of the war-torn, devastated nation state with inadequate resources, resources that did not seemingly come into sight; was found to be the biggest challenge.

The diligence that has been assembling the decisive involvement to reconstruction of the nation and its financial system or economy is not an iota less than the RMG industry which is now the sole prevalent export earner for Bangladesh. The segment accounts for a major part of the totality of the export income of the country, amassing itself at an astounding amount at 81%.

The growth rates are shown in the following page.

¹⁰ (n.d.). Retrieved November 28, 2018, from <http://www.bgmea.com.bd/home/about>

RMG Sector Growth:¹¹

MEMBERSHIP AND EMPLOYMENT

YEAR	NUMBER OF GARMENT FACTORIES	EMPLOYMENT IN MILLION WORKERS
1984-85	384	0.12
1985-86	594	0.20
1986-87	629	0.28
1987-88	685	0.31
1988-89	725	0.32
1989-90	759	0.34

Fig: Growth During late 80s (Above), Recent growth (Below)

2009-10	5063	3.60
2010-11	5150	3.60
2011-12	5400	4.00
2012-13	5876	4.00
2013-14	4222	4.00
2014-15	4296	4.00
2015-16	4328	4.00
2016-17	4482	4.00
2017-18	4560	4.00

Source: BGMEA

¹¹ (n.d.). Retrieved November 28, 2018, from <http://www.bgmea.com.bd/home/pages/tradeinformation>

LCs & The RMG sector

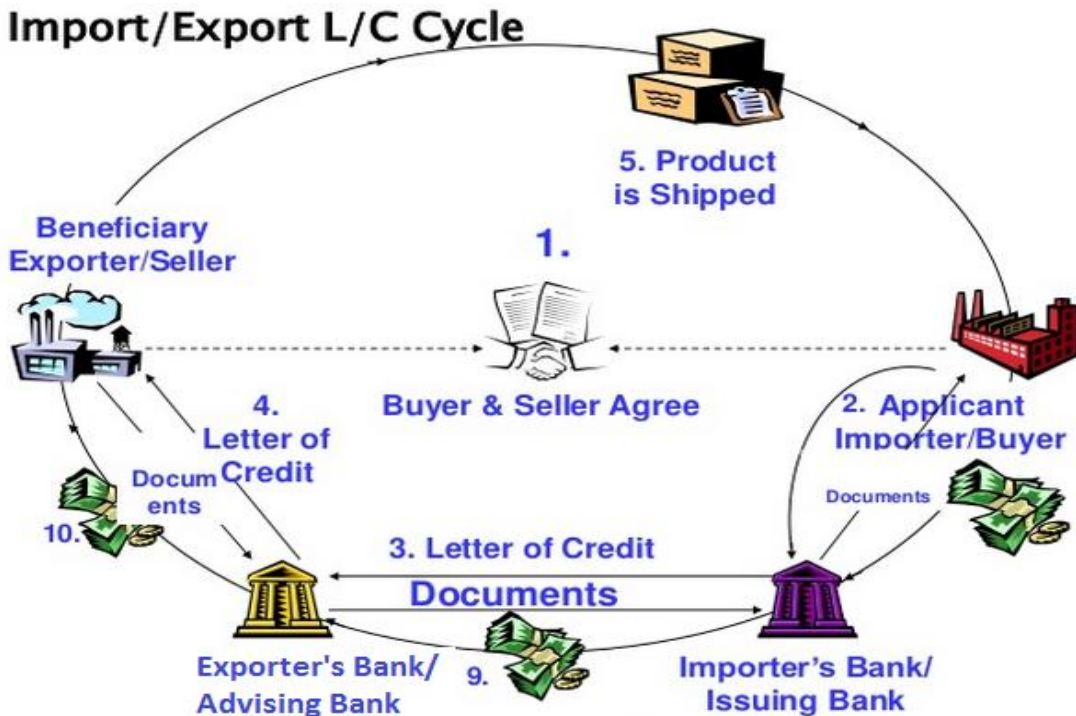


Figure: Simplified Process of LCs

LCs are basically, as mentioned previously, a form of reimbursement for the work done, as it is being carried out, by the Advising Bank, to its intended point of arrival/transit location, in a mode of a bank guarantee; which is to be re-compensated at a later date to the Advising Bank by the beneficiary.

It is mostly an intermediary mediating act carried out by the bank, as the cash flow required to operate any RMG business is of a herculean level, and, most often, the foreign businesses which deal with placing orders & the producers of the necessary materials required for fulfilling the orders, require a foreign currency susceptible to various changes, massive amounts of paperwork, and an authoritative input or go ahead of the Bangladesh Bank and other Official Government Ordained bodies or channels due to imposed bureaucratic procedural red-tape, for the extensive purposes of facilitation of a proper mode of export/import.

Involved parties of LCs in jamuna bank

Applicant (Opener):

Claimants who are also referred to as account party are in general buyers or clients of the merchandises, who have an obligation to make a disbursement to recipient/beneficiary. The LC is commenced and created at his behest and on the starting point of his directives.

Issuing Bank (Opening Bank):

Issuing banks are the ones who produce a letter of credit and acquire the liability to compose the payments & procedures on delivery of the documents from the recipient or through their financier, or banker, in general terms. The imbursements have to be made to the recipient within 7 working days from the time of proof of payment of documents at their closing stages, provided the documents are in agreement with the stipulations and situational conditions of the letter of credit. If the documents are of a discrepant manner, the dismissal thereof to be transmitted or further amendments to be made within 7 working days from the appointment of the provided receipt of papers at their end.

Beneficiary:

Beneficiary is normally stands for a vendor of the merchandise, or referred to as the recipient, who has to be given imbursement from the claimant. A credit is created & issued in his support to facilitate all relevant parties to secure imbursement on surrender of predetermined papers and act in accordance with the provisions and situational conditions of the LC.

In the case wherein the LC is of a transferable characteristic and the procedurally transfers the credit to an additional party, then he is to be referred to as the first or original recipient.

Involved parties of LCs in jamuna bank

Advising Bank:

An Advising Bank makes available the advice to the recipient/beneficiary and takes the accountability for transfer of the documents to the predetermined issuing bank and is in general, is located in the country of the recipient.

Confirming Bank:

Confirming bank adjoins its guarantee to the LC opened by an additional bank, and in doing so takes an undertaking of the liability of imbursement/conciliation recognition under the credit, in a supplementary manner to that of the issuing bank. Corroborating bank engages in a vital position wherever the exporter is not content with the commission of only the issuing bank in question.

Negotiating Bank:

The Negotiating Bank is the one who mediates the papers submitted to them by the recipient under the credit whichever is advised all the way through them or constrained to them for concession. On conciliation of the documents they will claim the reimbursement under the credit terms and makes the imbursement to the recipient, provided the papers submitted are in agreement with the provisions and conditions of the LC/s.

Reimbursing Bank:

Reimbursing Bank is the bank sanctioned to honor the compensation claim in arrangement of concession or reception or any payment wedged with it by the negotiating bank. It is usually the bank with which issuing bank has a report from which imbursement has to be ended.

2nd Beneficiary:

2nd Beneficiary/recipient is the individual who corresponds to the primary or original recipient of credit in his nonattendance. When this arises, in this case, the credits belonging to the original recipient are transferable.

Structured procedures to create an LC (Export)

Advising an Export L/C

The fundamental task of an advising bank is to direct the credit acknowledged from its overseas area office after read-through of the apparent legitimacy & authenticity of the credit acknowledged by the issuing bank.

It is also indispensable for the advising bank to go through in the course of the letter of credit, try to realize the principal contract, provisions and conditions of the credit and counsel the recipient in the subject. There is no credit risk as the bank receives a onetime fee for the advising service. There are no fund competence needs for the advising task.

In the case of the LCs being amended:

Revision of LCs is completed for an assortment of reasons and it is essential to follow all the obligatory measures outlined for advising. In the progression of advising the alterations, the Issuing bank serializes the revision number and also ensures that no preceding adjustments/alterations are absent from the list. Purely on receipt of satisfactory information/ clarification the amendment may be advised.

Confirmation of Export Letters of Credit

It constitutes a definite undertaking of the confirming bank, in addition to that of the issuing bank, which undertakes the sight payment, deferred payment, acceptance or negotiation.

Discounting/Negotiation of Export LCs

When the exporter requires funds before due date then he can discount or negotiate the LCs with the negotiating bank. Once the issuing bank nominates the negotiating bank, it can take the credit risk on the issuing bank or confirming bank.

Reimbursement of Export LCs

Sometimes reimbursing bank, on the recommendation of issuing bank allows the negotiating bank to collect the money from the reimbursing bank once the goods have been shipped. It is quite similar to a cheque facility provided by a bank.

Documents required for opening an LC

Before Jamuna Bank can issue an LC for any RMG business, the following documents are a mandatory to be verified & submitted:

- A photocopy of the membership Certificate of the Chamber of Commerce of the related business community,
- A photocopy of the Import Registration Certificate (IRC),
- A photocopy of the trade License (has to up-to-date),
- Value Added Certificate (VAT) number,
- A copy of Proforma Invoice or Indent,
- Tax Identification Certificate (TIN)
- Certificate of Incorporation,
- Memorandum of incorporation,
- Insurance Cover Note,
- IMP Form

LC Application

For opening LC, the client must be submit to the bank an application in the printed form provided as export documents which have to purchased from Jamuna Bank.

This LC application is also an agreement between Jamuna Bank and the importer. Along with the LIC application the importer must submit:-

- Proforma Invoice,
- Insurance Confronted,
- Four set of IMP forms.

The importer should provide following information in the LIC application:

- Full Name and Address of the Beneficiary,
- Brief description of goods keeping conformity to the LIC indents,
- Currency amount of LIC, Unit price quantity, quality of goods,
- Origin of the goods,
- Mode of transportation & relevant location
- Last date of shipment.

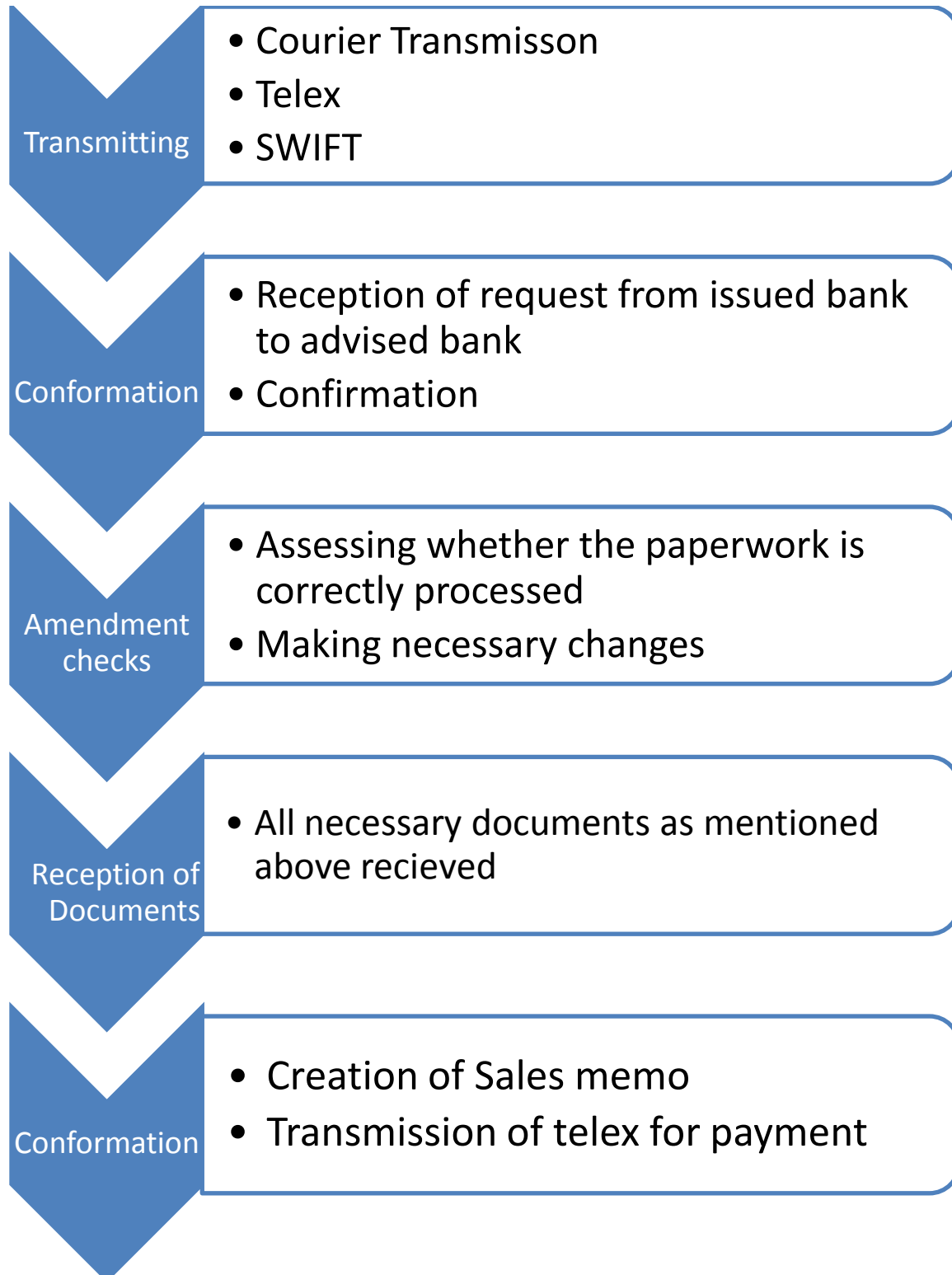
Examination of LC Application

Applications are verified according to:

- That the terms and conditions of the L/C application are consists with exchange control and import trade regulation, UDPDC-500.
- That the goods are eligible to import
- That is not difficult for the beneficiary to comply with all terms and conditions to be incorporated in the L/C.
- The L/C must not be opened in favor of importer.
- That the importer signs it, agreeing terms and conditions.
- Goods are not of Israel and vessel used is not of Israel.
- Indenting registration number.
- Insurance cover note with date of shipment.
- Whether IRC up date or not.
- Whether IMP form dully filled in and signed.
- That goods are marketable.
- Whether liability is under appropriate limit.
- Credit report of beneficiary in case LC value of more than USD \$ 20,000.
- The A/O and description of goods in the application relevant with the indent I P.I. or import control.
- Whether transcription and partial shipment is allowed.
- The validity of all documents is verified.

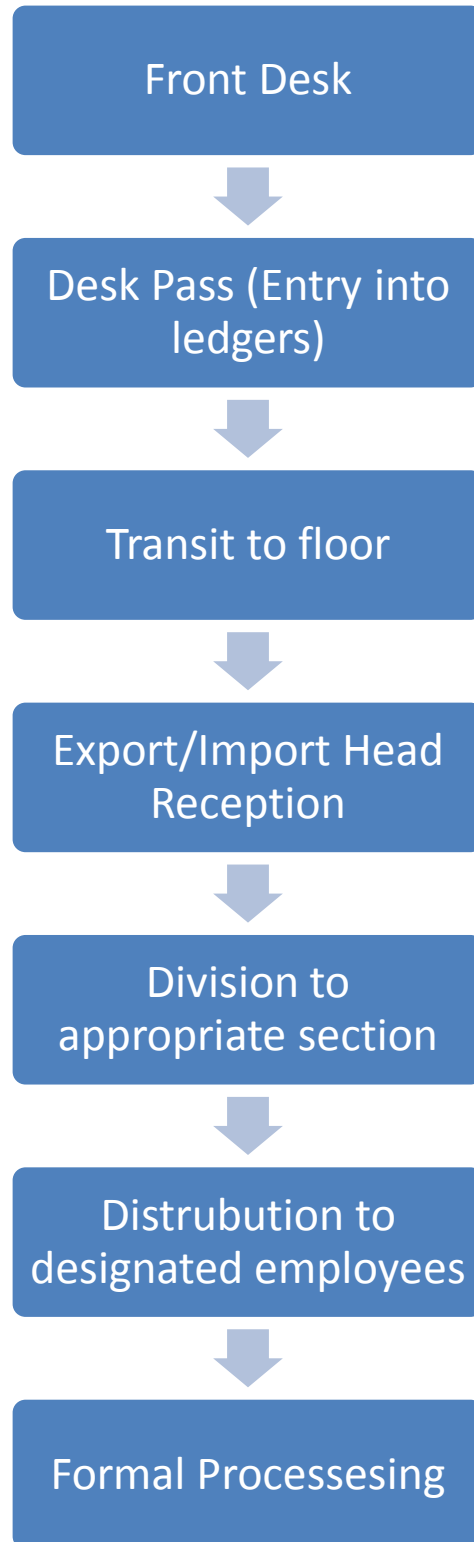
Process of Finalizing the LC opening

The End process is simplified as follows:



Analysis & Findings

As the LC documents enter the branch, it has to follow in the following procedural manner:



Analysis & Findings

The desk pass entails the entry into appropriate ledgers (Termed as Inward A or Inward B). This takes an average time of 5-10 seconds to put into entry.

Transit to the detached floor from the General Banking area (Most prominently the Customer touch points) relies on the peon staff.

The division heads, after reception, assess the relevance of the document, and, if any errors do arise, are sent back downstairs; if not, it is distributed to appropriate designated employees after it is sent to the relevant section of the team of employees.

Formal processing begins once the documents are received.

The employees are divided into different teams dedicated to multiple clients so that the maximum efficiency is realized and used. The client liaisons from respective companies sometimes wait in line to discuss about more prospective business from Jamuna Bank Ltd. or any problems that they may face.

All these processes are monitored by the Manager of the Branch, under supervision of the division heads.

Problems

The stated variables are thinly veiled as it is a known secret that the effectiveness of the documentary credit system is directly affected by various factors:

- The network system of the data entry processes
- The transit time & methods of the necessary documents
- Company reviews and other verification processes
- The Human element

These are variables which, albeit, directly influences the process of the LC data input system, are not in and of itself problems, rather, simple influencers.

The system which is in place has also various affecting factors:

- The condition of the hard-line of the internet access of the office premises (Very rudimentary & somewhat generic, but very much relevant)
- The provisions of all necessary work to be inputted in an orderly fashion.
- Company policy changes
- Government impositions/objections/restrictions
- The situation of the central servers of Bangladesh Bank

Apart from these, all observations made were from a ‘ceteris paribus’ perspective.

Recommendations

Although the Mohakhali Branch of Jamuna Bank Ltd. Could have some slight setbacks, it is performing tremendously, and in doing so, it is one of the best performing branches of the entirety of the Bank itself.

Some observations have brought forth a few aspects which could be improved upon:

- There should be a dedicated station dealing with only the LC documents data entry into the registers, as the front desk is subject to various work constraints pertaining to different services other than document entry.
- Peons should be more focused in the importance of the transit time.
- The Clients demanding preferential service over their own document processing should be blocked.

Conclusion

We know and conclude to the significance of LCs in the financial division of our RMG sector is the leading part for its relevant survival.

As a component of the world financial service provider it is not easy to maintain it and preserve a very well-built position as the days pass on. At the present time, development and the client's outlook transforms so much that it's a hard-hitting subject for whichever bank to keep up with the course. With suitable management and infrastructure anything is possible in today's world with strong determination, which Jamuna Bank Ltd. has.

Jamuna Bank Ltd. is keeping an up-keep with their base clients and trying to find new ways to fill the client's needs as new business is becoming established and have diverse needs. Jamuna Bank has resulted with some outstanding results which undeniably reflect by its margin of profitability. But things have to be tailored more and more in the course of time or else the other competitors will take away the flow from them.

That's what Jamuna Bank Ltd. understands and still works hard in finding more. Hope their good works will be in the voyage of good results and keeping a strong contributor in growing the GDP of the nation it belongs and filling the needs of thousands of clients.

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