



Inspiring Excellence

Internship report on

Foreign Exchange operations of Shahjalal
Islami Bank Limited

Submitted to:

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Letter of Transmittal

Date: 20th January, 2019

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Subject: Submission of internship report

It is my great pleasure to submit the internship report on Foreign Exchange Operations of Shahjalal Islami Bank Limited which is mandatory part of BBA program. I made honest effort on the report after approving the topic. I studied related capitals and observed the actions related to topic thoroughly.

Within the time limit, I tried to make this report as informative as possible. As the time was too short to express every detail, I might do some mistakes due to various limitations. I beg your kind consideration in the regard.

Yours faithfully

Sayek Habib

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Brac Business School

Supervisor's Declaration

This is to certify that, Sayek Habib, student of Brac Business School, ID-13304044, Major in Marketing, BRAC University, he has completed his internship report entitled Foreign Exchange operations of Shahjalal Islami Bank Limited. He has completed this report satisfactory under my supervision as he partial fulfillment for BBA degree.

He has done his job according to my supervision and guidance. He has tried his best to do this report organized. From my point of view, this study will help him in future to build a great career.

I wish his every success in life.

Muhammad Ariful Ghani

Lecturer

Brac Business School

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Acknowledgement

Internship program is the complementary practical part of the four-year long theoretical course we have been taught as students of BBA. The program allows us to get a practical experience of working with an organization to understand how the organization works to serve its clients, how it manages its employees and how a team unites with a common goal to get the job done efficiently. I was lucky enough to be appointed to work with Shahjalal Islami Bank Ltd (SJIBL), one of the prominent banks in Bangladesh as part of my internship program. In view of the experience of working at the Mirpur Branch of the bank, I have made this report.

Firstly, I would like to express my utmost gratefulness to the Almighty Allah to help as always to complete my internship in a healthy state.

Then I would like to thank all the employees of the Mirpur Branch for accepting me cordially to work with them and to help me gather practical knowledge on different activities of the bank on which the report is made. I would specially like to extend my gratitude to **Md. Abdul Quddus**, Assistant Vice President & Branch Manager and **Md. Moshir Rahman Talukder**, JAVP & Deputy Manager for their guidance in helping me work closely with the other employees of the bank. Their encouraging advice and inspiring suggestions have motivated me to constantly work hard in order to gain important knowledge regarding how an organization of this magnitude performs its various activities proficiently and accurately. Without the support of all the employees and workers of that branch, it would not be possible for me complete the internship and finish the report.

Executive Summary

The objective of this report is to provide the reader with an accurate insight of the foreign exchange operations of Shahjalal Islami Bank Ltd (SJIBL). But to properly comprehend the technical details of that operation, it's imperative to first get a general overview of the bank, its activities and work ethics as a whole in providing services to domestic and foreign clients.

In view of that I started the report with a general overview of the bank where I've completed my internship program. Then I shed light upon the history of the organization, its present visions and missions, its strength and weaknesses and the future endeavors it can take to expand its business. Then I accentuated on the main topic of foreign exchange operation of the organization starting with brief introduction followed by information on the bank's various foreign exchange activities like import, export, remittance activity etc.

I was able to accumulate that knowledge through my internship program at the Mirpur Branch of Shahjalal Islami Bank where I worked closely with the employees of the branch to get a hands-on overview of the various foreign exchange operations the bank provides to its clients. I tried to make the best use of my time there by observing and learning how the team conducts its activities regarding various foreign exchange operations to get things done proficiently and in time. On the basis of that experience, I prepared this report to give the reader an accurate and thorough review of different foreign exchange operations of the bank.

Also, this experience with the bank helped me identify a few key aspects the bank can improve in regarding getting various jobs done even more efficiently and accurately. So, I concluded my report by providing some of my humble recommendations regarding some key areas of improvement related to foreign exchange operations of the organization.

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Chapter-01

An overview of Shahjalal Islami Bank Limited

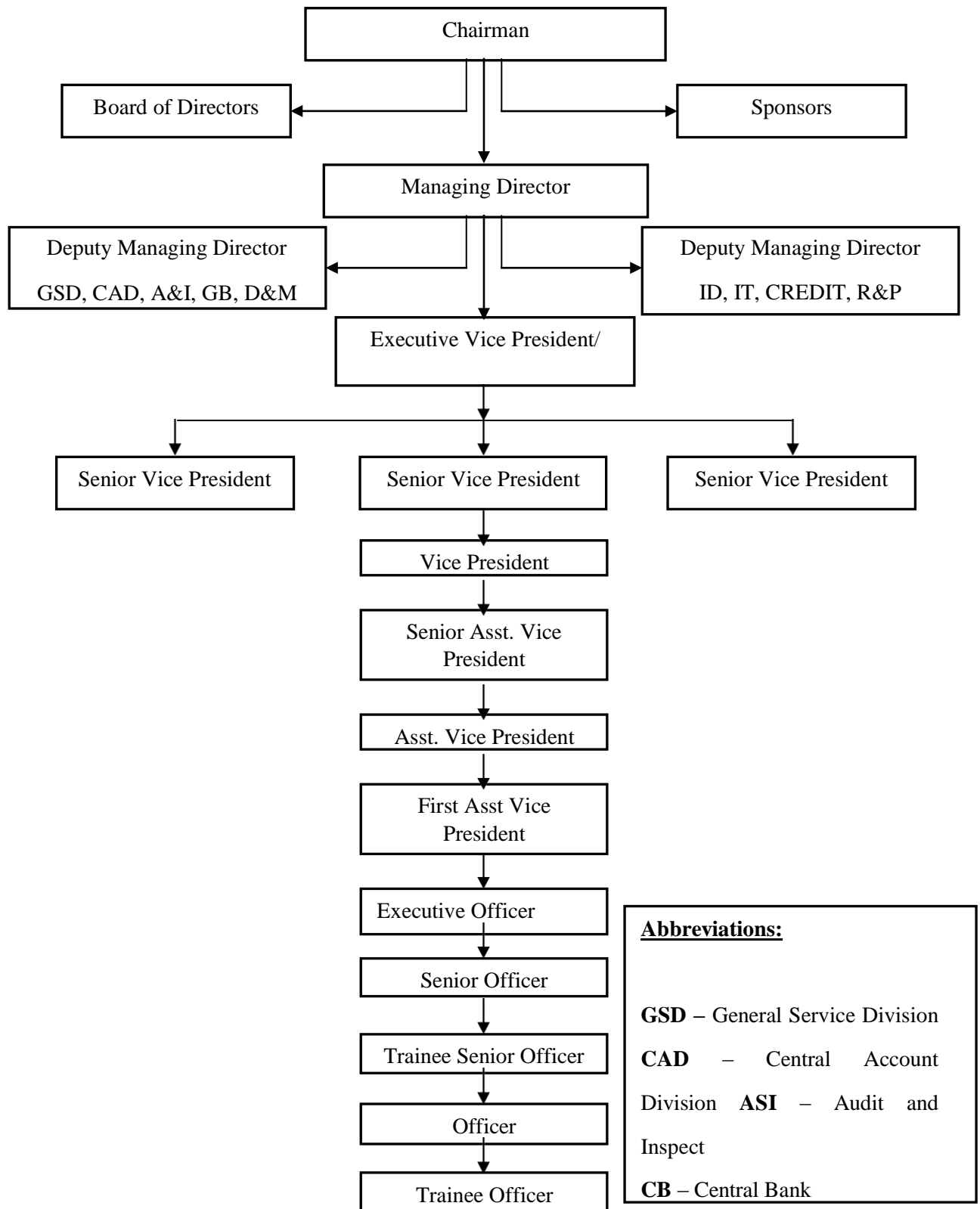
Company Profile:

Shahjalal Islami Bank Limited (SJIBL), one of the fastest-growing and customer-friendly banks in Bangladesh started its journey on 10 May 1991 embracing Islamic Shariah as its core principle under the Bank Companies Act, 1991. Over time, the bank has expanded its business and specially in the last decade spread its wing by opening multiple branches (currently 52) in various strategically important locations to cater to the needs of small entrepreneurs to large investors. This bank, running on the principle of Islamic Shariah not only provides strictly interest-free business policy but actually carries its operation in a way so as to generate real income thereby boosting the GDP of the whole economy.

And all of these have become possible under the able leadership of a highly qualified Board of Directors both in terms of theoretical knowledge and practical experience to keep the bank up and running smoothly in the context of flourishing yet competitive economic condition of Bangladesh. And the board is supported by a management team and executives who are equally proficient in their respective fields under the skillful leadership of prominent banker Mr.MuhammadAli.

The Bank has constantly gained accolades from business community and gained the trust of investors and depositors due to its adherence to its core principles and strong work ethics.

Organogram of Shahjalal Islami Bank Limited (SJIBL):










An Overview of Mirpur Branch:

On 6 November 2007, Shahjalal Islami Bank Limited opened its Mirpur branch at Dhaka. Its located in Saleh Complex, Holding No. 142/1, Begum Rokeya Sarani, Mirpur 10 (Phone no: 88017 55556123, 02 9012962-3, 9012045). This branch provides all the usual services and facilities for the investors and depositors residing or conducting their business in Mirpur area. It currently has 25 employees and 4 office staffs along with a supervisor and 3 security guards. The workforce is skillful to run the branch efficiently and also helpful to the clients to provide a congenial banking experience.

Vision of Shahjalal Islami Bank Limited:

To be a modern, financially stable and secure bank in Bangladesh by following a strong work ethics and to retain customer trust through its integrity in conducting business and taking proper care of shareholder capital and to ultimately make a significant contribution to the overall economy of Bangladesh by making quality investments all across the country.

Mission of Shahjalal Islami Bank Limited:

-  Provide quality services to customers.
-  Establish high standards of integrity.
-  To make quality investments.
-  Ensure sustainable growth in the business world.
-  Ensure the maximization of shareholders' wealth.
-  To expand our customers' innovative services, acquiring cutting-edge technology combined with Islamic principles
-  Ensure the development of human resources to meet the challenges of time.

Objectives of Shahjalal Islami Bank:

- ✚ To perform banking transactions without interest.
- ✚ To establish a participatory bank instead of a debtor-creditor relationship.
- ✚ To investing through different methods allowed by Islamic law.
- ✚ To accept deposits based on participation in profits and losses.
- ✚ To establish banking system oriented to well-being.
- ✚ To extending cooperation to the poor, the homeless and the low-income group for their economic growth.
- ✚ To play a vital role in human development and job creation.
- ✚ To contribute the balanced growth and development of the country through investment operations, especially in the less developed area.

Products & Services:

Shahjalal Islami Bank Limited accepts deposits on the basis of Mudaraba in the following types of accounts, and pays profit, like that of dividend in these accounts.

Customers' deposit their fund in the following types of Accounts:

1. Modaraba monthly Scheme.
2. Modaraba Double Money.
3. Modaraba Monthly Deposit.
4. Modaraba Millionaire.
5. Modaraba Haji Deposit.
6. Modaraba Housing Deposit.
7. Modaraba Small Business.
8. Modaraba Cash waqf Deposit.
9. Modaraba Lakhopoti Deposit
10. Modaraba Bibaho Deposit.
11. Modaraba Mohor Deposit.
12. Modaraba Shikka Deposit.
13. Modaraba Special Term Deposit.
14. SJIBL School Banking.
15. Modaraba Money Spinning.

Investment products, Corporate (Mode):

- Murabaha
- Bai-Muazzal
- Hire Purchase under ShirkatulMeelk
- Ijara
- Bai-Salam
- Quard-e-Hasana
- Investment against LC
- Investment against Scheme/Deposit

Investment Products (Retail):

- ✚ Long-lasting scheme of the house
- ✚ Housing investment program
- ✚ Car investment plan
- ✚ Investment for self-employment
- ✚ Investment scheme for executives
- ✚ Investment scheme for doctors
- ✚ Investment scheme for marriage
- ✚ Investment scheme for the conversion of GNC
- ✚ Investment plan for employment abroad
- ✚ Investment scheme for education

Investment Products (SME):

- ✚ Small Business Investment Program
- ✚ Small Entrepreneur Investment Program
- ✚ Medium Entrepreneur Investment Program
- ✚ Rural Investment Program
- ✚ Women Entrepreneur Investment Scheme

Shahjalal Islami Bank Limited Card:

- ✚ VISA Debit Card
- ✚ VISA Prepaid Card (Local)
- ✚ VISA Prepaid Card (International)
- ✚ VISA Prepaid Card (Dual)
- ✚ VISA Souvenir Card (Gift Card – Local)

Computer services:

Shahjalal Islami Bank Limited introduced a few schemes, which are very popular:

- ✚ Online services
- ✚ Automated accounting
- ✚ Integrated system
- ✚ Signature verification
- ✚ Any bank branches
- ✚ ATM services
- ✚ POS services
- ✚ Push Pull SMS services
- ✚ Other delivery channel services (to be implemented)

SWOT Analysis:

SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats Analysis) is a useful technique for understanding your Strengths and Weaknesses, and for identifying both the Opportunities open to you and the Threats you face. It is used to examine the different internal characteristics of an organization and to compare it externally to the competitor organizations. The internal part of SWOT analysis will focus on the strengths and weaknesses of the bank. The external part will accentuate on the opportunities that are open in the current market and also the threats posed by various factors.

The Strength of Mirpur Branch:

- ✚ Fully computerized account maintenance to enable precise accumulation of client data.
- ✚ Use of money counting machine to quickly and accurately conduct any transaction.
- ✚ Employee-friendly and client-friendly environment.
- ✚ Providing ATM debit card to the clients.
- ✚ Use of SWIFT for foreign operations like letters of credit, fund transfer etc. to ensure maximum security and reliability.

The Weakness of this Branch:

- ✚ Over-reliance on fixed deposit.
- ✚ Limited number of branch network.
- ✚ Some employees dealing with retail products have not been as skillful as a private bank of this capacity demands.
- ✚ Charges of statement or certificates and transaction cost of ATM are relatively high.

The Opportunity of this Branch:

- ✚ Real time 24 hours online banking.
- ✚ Strengthening the IT team to make online banking easier and more feature-rich for the clients.
- ✚ Increased focus on SME and Agra based business to broaden loan facilities
- ✚ Technical, financial logistical support to small industries to help them grow and to sustain the growth.
- ✚ Credit card in multiple currencies i.e. BDT and USD.
- ✚ Providing clients of disparate needs and demands with a full range of co-operative offline banking and easy-to-use online banking experience.

The Threats of this Branch:

- ✚ Political turmoil in Bangladesh making it difficult to invest money on different sectors for the bank and also for the debtors.
- ✚ Market pressure for reducing downward propagation.
- ✚ Increasing competitiveness of the deposit market.
- ✚ Volatile stock market leading to erratic fluctuation of the share price.

Chapter-02

Overview of the report

Introduction:

Supervision the function of each department competently and a good supply payment process is sufficient for a bank and financial institution accomplishment. To be in the succeed list, a bank management should keep a perfect balance between the service and expenditure. Appropriate behave and good service within a short time to the customer could be the key to success, which leads to more level of satisfaction of customer and can be a path to gain more customer as well. This practice will naturally gain more growth and profit of the bank. Bank and financial institutions tend to control the operation of each department and try to maximize the service level to reach the goal. In the road to success, banking institutions facing financial distress to improve their financial well-being and customer service. Banking institutions continuously aiding the country's economic growth.

Origin of the report:

I have completed my theoretical part of my Bachelor program from Brac University under Brac Business School. I was supposed to do internship in any recognized company for 90 days in a row to get the practical knowledge in that particular field. To complete the internship part, I was assigned in Shahjalal Islami Bank Limited. I joined in Mirpur Branch of Shahjalal Islami Bank Limited. During the internship period, I worked almost every department of that bank to gather the banking experience. I typed this report while I was doing my intern. Shahjalal Islami Bank Limited is pronounced as a successful bank in our country. I really got myself blessed to be a part of this such a wonderful bank. I provided a copy of the report to Shahjalal Islami Bank Limited.

Islamic Bank Concept:

Islamic bank follows a different principle to operate their banking activities. Islamic bank activities are operated on the principle of sharia. Sharia maintains all the legal things of Islam religion according to do banking. To maintain the proper sharia system Shahjalal Islami Bank Limited is prohibited to give or take any kind of interest, as interest is sinful and forbidden in Islam. Sharia Prohibits any kind of fixed or moving payments or the acceptance of interest or specific rate for monetary loans. Investing in companies which are related in exchanging interest are also prohibited in the eyes of sharia. This concept is equally responsible to attract customer who are bit of concern about the religion. These people maintain their banking activities with sharia driven bank to keep themselves safe from interest. Shahjalal Islami Bank Limited share it's profit from investment to attract the customer. So, customers are willing to deposit more to gain the profit share and that's how it works under sharia system. At the end of the twentieth century Islamic banks were formed to apply these rules and principles to serve customer under Islamic sharia.

Scope of the Study:

The Shahjalal Islami Bank Limited (SJIBL) is now growing well and has twelve branches in Dhaka and outside Dhaka. The purpose of the study will be limited to the configuration, operation and operation of the SJIBL organization in Bangladesh, which focuses in particular on the SJIBL operations in the currency branch. But not the whole realm of SJIBL. This report mainly covers the performance of Shahjalal Islami Bank Limited compared to the General Banking and Foreign Exchange. For the purposes of my internship program, I was assigned to the SJIBL currency branch and this allowed me to familiarize myself with the banking environment for the first time. I have the opportunity to gain experience working in different departments of the branch.

Objectives of the Study:

- 1. Prime objectives of the report:** The prime objective of this report is to achieve practical exposure of organizational environment as well as to understand the banking system. Analyzing the foreign exchange department is also a prime objective of this report.

- 2. Specific objectives of this report:** Specific objectives of the report are given below:
 - Completing the requirement of Bachelor of Business Administration program under Brac University.

 - Gaining the proper knowledge about the purposes and transactions of Foreign Exchange Department of Shahjalal Islami Bank Limited.

 - Learning the appropriate technique of export and import process through Shahjalal Islami Bank Limited.

 - Analyzing the earnings from foreign exchange division of Shahjalal Islami Bank Limited.

 - To know about what kind of risks the bank is facing in the foreign exchange.

 - Recommending some suggestions to improve the efficiency of foreign exchange department operation.

Limitations of the study:

During the study, I faced some limitations. Major limitations of my study are paper studied below:

- As I was assigned only for three months, it was difficult to gather all the required information in this short phase of time.
- As bank has a policy not to disclose the confidential data or information, I had only access on published data which are available for all in the journal or in the bank website.
- As officers are so busy to serve the customer, it was very difficult to manage time to do interview session about the topic of the report.

Chapter-03

Literature review

3.1 Literature review:

The research paper is focused on foreign exchange procedure of Shahjalal Islami Bank Limited. This report also focuses on the core terms which are responsible to cover the whole operation of foreign exchange department. The result of this study showed that what are requirement to do export import, how bank is benefited by the foreign exchange operation, what kind of facilities the bank provide to its customer, how bank takes part in country's economy, what are the products of foreign exchange system. Most of the researches are focused on the operation due to which not much research has been conducted on the procedure of the whole system. The research reveals that if government can give some more opportunities both to customer and bank there will be greater willingness on the part of customer to do foreign business. Some factors like emergency L/C limit, AD license for the bank and priorities small entrepreneurs can have greater effect on consumer mindset towards doing foreign business compared to other factors.

Chapter-04

Foreign Exchange Operation of Shahjalal Islami Bank Limited

Foreign exchange operation:

Foreign exchange is one of the important departments for any kind of bank. Foreign exchange operation is mostly related with profit gaining process for the bank. Trading with foreign countries through this department is responsible to gain remittance for this country. So, this department requires experience to do efficient job in this department. The bank which provides this transaction is known as a declining international banking operation. Mainly foreign transactions are executed import, export and remittances. These are the basic operations of the foreign exchange department. International trade is all about moving goods from one country to another and buying-selling goods are included in this system. In this kind situation, bank plays a linking role in between buyer and seller. Through this process bank earn remittance.

Foreign Trade:

Foreign trade is one kind of business activities which crosses national boundaries. This business activities can be between non-government parties or government parties. As no country is not enough effective to produce all kinds of goods so exchange good is a are a must doing thing. This factor naturally creates the need of foreign trade activities. When two countries exchange goods or services between them, we called it foreign trade. Bank works as a linker between the parties to gain profit from their activities.

Foreign Exchange Division:

Overseas trading is accepted as the most profitable business for foreign exchange department. Trade among many countries creates win situations both for associate parties and bank. This huge task requires skills in the field of overseas operation. Import, export and foreign allowance are the main function of this department. To complete the whole operation bank has to play a dynamic role to build a bond between the purchaser and supplier.

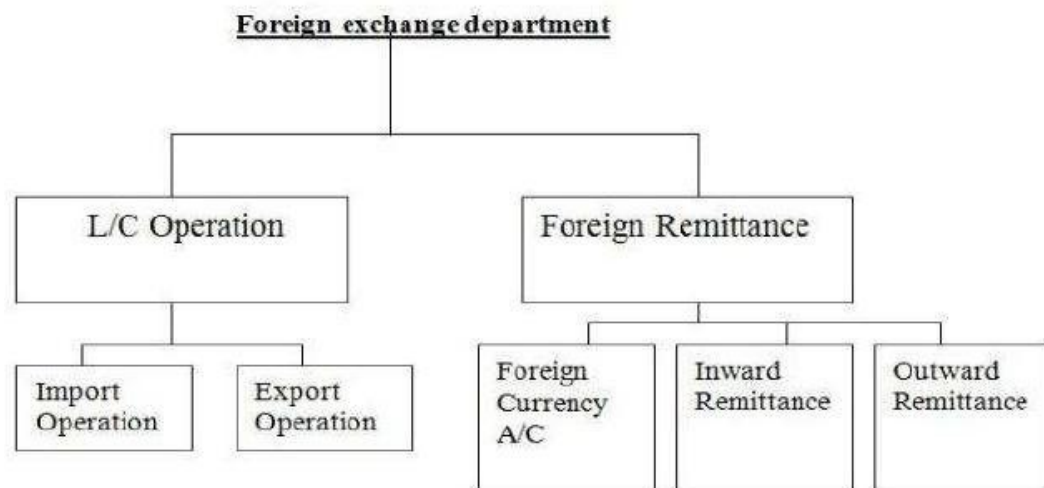


Figure: Function of Foreign Exchange Department

Different modes of International Trade payments:

All possible forms of trade methods are paper studied below:

- ✚ Advance cash
- ✚ Account opening
- ✚ Collection
- ✚ Documentary credit

The first three of these methods are outdated where bank played a role of an agency for receiving funds and required papers to complete the whole operation. Under documentary credit, bank takes the responsibility to pay shipment cost and provides required paper to exporter for a specific amount of time.

Advance cash:

In this method, the exporter normally has the power to get loan opportunities from importer before the real consignment took place. This method applied mostly while risk is restored everywhere or the buyer's credit merit is so uncertain where an unbalanced is existed in the country's economy. So, to make the deal really happened, importers pay advance money to the suppliers or exporters.

Account opening:

Account opening is used as a tricky method which is used to build a strong agreement between the exporter and importer. As there are no discussion tools in terms of confirmation of buyer's payment, sellers face the risk of discharge of merchandise. Account opening method worked as an agreement for the both sides to stick with the plan. As buyer and seller both have signature in the account, they cannot break the system. Buyers are bound to make payment and sellers are bound to supply ordered product.

Collection:

Collection is another method where bank works a neutral figure for the both parties. In this method bank sent notice to the buyer for some legal documents. After collecting the requires documents bank shows green signal to the seller or exporter to export the ordered goods. Bank returns the legal documents only after finishing all kind of money transactions or after accepting the draft by exporters.

Documentary Credit:

Documentary credit method reduces payment between distance partners. This method decreases huge amount of risk for both exporter and importer. Bank gives instruction about submitting legal papers to the parties. Bank works as a importer's agent to exporters. Bank takes the responsibility of payment like shipping cost to make the deal happen.

Letter of credit (L/Cs):

Letter of credit is a payment guarantee to the seller by the buyer's bank. In this situation bank works as a proxy of importers or buyers. The buyer's bank is devoted to fix a stable quantity of money for the seller under some agreed conditions. If this paper works does not need any documentation on legal paper, it is called as clean credit. If this paper works needs compulsory documentation on legal paper, it is called as documentary credit. According to the contract importers and exporters go into business. Importers or buyers instructs its bank to concern about L/C in favor of seller.

Types of documentary letter of credit:

There are two types letter of credit:

1. Revocable letter of credit
2. Irrevocable letter of credit

Revocable letter of credit:

Revocable letter of credit can be changed or cancelled by the bank in any time. This is a uncommon type of letter of credit where bank has the power to call off the deal. Bank have the legal power to change or cancel the deal without even the permission of importer and exporter. Lacking in documents, poor payment system etc. can be strong reason for changing or cancelling the letter of credit. Importers and exporters cannot put their trust on revocable letter of credit. Revocable letter of credit does not usually provide sufficient security for the associates.

Irrevocable letter of credit:

Irrevocable letter of credit is just the opposite concept of revocable letter of credit. In irrevocable letter of credit, no change or cancelation can take place. Irrevocable letter of credit works on behalf of buyers. It guarantees the importer's obligations to exporter. This letter of credit is safe as it cannot change. In irrevocable letter of credit seller or exporter stay in a safer place rather than revocable letter of credit.

Import:

Import and export organization Act 1950 is followed in Bangladesh. Under this act, the banks who are authorized by "Bangladesh Bank" (the central bank of Bangladesh) have the power to import merchandise into Bangladesh through following import rules.

Procedures of Import:

In Bangladesh no human can import any kind of merchandise unless he is registered by the leader controller of Import and export. In terms of obtaining import registration certificate, the applicants have to submit following papers to the CCI & E through bank which is authorized by Bangladesh Bank (the central bank):

- ✚ Opinion poll duly filled in and signed by candidate
- ✚ Trade license of the applicant
- ✚ Membership certificate of chamber of commerce or any other trade association.
- ✚ Nationality certificate of Bangladesh
- ✚ Income tax listing credential
- ✚ Certificate of listing with the register of joint company if appropriate

Import policy:

At the beginning of each financial year, the chief controller of import and export announces the import policy for upcoming year. The main aspects covered by import policy are described below:

- ✚ Finished goods eligible for imports during the shipping period
- ✚ Importable items against cash overseas exchange, foreign aid and barter
- ✚ The procedure for induction of new comers into import trade
- ✚ The procedures for imports by manufacturing patrons and commercial importers
- ✚ The procedure for compliance of request for re-permit
- ✚ Dates for opening letter of credit and shipment

Licensing for import:

In Bangladesh a license is needed from the licensing authority to do import. In recent years, the task of licensing is increased through the commercial bank. Licensing is done by the commercial banks. To do license for import following papers are required:

- ✚ LCA form properly filled in and signature of applicant

- ✚ Application of L/C

- ✚ Purchase contract or proforma invoice

Preparatory steps for opening L/C:

Shahjalal Islami Bank Limited normally taken following steps before opening L/C:

Applicant have to be account holder:

Before applying for L/C, applicant have to be an account holder of Shahjalal Islami Bank Limited. Then bank can open L/C on behalf of that particular client. Non-account holder will not get service from the bank. Bank won't take the risk of unknown person.

Registered importer:

Before opening a L/C account Shahjalal Islami Bank Limited confirm whether the applicant is a registered importer or not. Applicant have to be a registered importer during that current year to apply for the L/C.

Legal goods or items:

Before opening a L/C, bank justify whether the business product is legal or not. Product have to be legal to open L/C in the bank

Market report:

After getting the application of L/C, bank start to verify the market and market price of applicant's product. If bank get a positive report from market research, this process go to further process.

Sufficient security:

Price of applicant's product can fall any time in the market. As the price is unstable in the market bank have to have sufficient amount of credit to overcome the situation.

Importer points of view to apply for L/C:

In terms of preparing a L/C some points must be considered. Important facts of preparing a L/C are given below:

- ✚ L/C number
- ✚ Place and date of issue
- ✚ Expire date of L/C
- ✚ Shipment date
- ✚ Applicant name
- ✚ Beneficiary name
- ✚ Advising bank name
- ✚ Applicant account number
- ✚ Part shipment and transshipment
- ✚ Destination of ship
- ✚ Bill of lading
- ✚ Bill of exchange
- ✚ Credit authenticity
- ✚ Special terms and conditions

Scrutiny of import documents:

After shipment of the goods, exporter have to submit the export documents and bill papers to the negotiating bank for checking. Negotiating bank check the all documents and bills. If all the papers are ok, negotiating bank forward the documents to issuing bank. After receiving the documents issuing bank start to verify those documents. Issuing bank have to come up with a decision within 7 working days whether the documents are accepted or not. If the issuing bank fail to communicate with negotiating bank about refusal within 7 working days, the documents deem to be accepted by issuing bank.


Export:

Export means moving merchandise from one country to another country for transaction. In Bangladesh no individual can do the export operation without been registered by CCI & E under the registration order 1952. Only legal product is accepted in terms of exporting.

Export procedures:

To do export operation in Bangladesh individual have to have official export registration certificate which have to be approved by chief controller of import and export. This registration certificate is compulsory to renew every year. In terms of export operation, two types of L/C are handled:

 Export L/C

 Back to back L/C

Things to get an Export Registration Certificate:

In Bangladesh CCI & E has the power to give approval for export registration certificate. For obtaining export registration certificate following documents are required:

- ✚ Trade license of the current year

- ✚ Income tax certificate of the following year

- ✚ Memorandum and articles of association (for company)

- ✚ Bank clearance certificate

- ✚ Copy of rent receipt of the business firm

- ✚ Treasury challan for imbursement fees

Export L/C advising:

Advising bank usually takes rational worry to check the genuineness of credit amount which is advised. If the advising bank decides not to advice the L/C, bank have to notice the issuing bank. Unauthentic praise of applier, unfaithful origin of credit are the main reasons for disqualifying of L/C advising from bank. If all documents seem ok to advice bank, bank will create entry of L/C in the register book with its full specification and serial number.

Rules for exporting:

There are some rules for exporting merchandise from Bangladesh. These rules are strictly followed in export operation. Export rules are discussed below:

- ✚ Without the certificate of export registration no one will be legally accepted to do export. Export registration certificate have to be approved by CCI & E.
- ✚ All export must be on EXP form which consists of 4 copies.
- ✚ Transport documents related to land route, sea route and cargo charge should be ordered and submitted by an authorized dealer. The airway bill will submit to the bank of importer's country.
- ✚ The exporter has to submit EXP to the bank and that will forward the EXP to the Bangladesh Bank within 14 days from the date of shipment.
- ✚ Exporter have to get paid for exported goods from an authorized dealer.
- ✚ The exporter must receive export proceeds copy within 4 months.

Export operation:

To do export operation in Bangladesh individual has to have export registration certificate of that following year. There are some stages of export operations:

- ✚ Exporter will arrange the ordered goods for shipment
- ✚ Arrangement has to be taken for inspection as per credit terms
- ✚ Exporter will declare export on EXP form against
- ✚ Exporter have to arrange approval for export from custom authority on EXP form by submitting export L/C
- ✚ After completing of custom formalities, shipping company will receive the goods and issue total bill of shipment
- ✚ Exporter will collect license and certificate for final documentation
- ✚ Negotiating bank will forward the papers to issuing bank for clearance the good from port against payment.

Export financing:

In export operation exporter may require finance from bank to meet the initial cost of merchandise to be exported. This situation can take place before shipping the products. Even after shipping exporter may require finance to meet up current expenditure. There are two types of expenditure:

Pre-shipment finance:

Pre-shipment finance happens before shipping the products. To meet up the cost of merchandise which is to be exported exporter require some financial support from the bank. After applying for financial support bank takes necessary steps to aid exporters.

Limit of pre-shipment-

- ✚ Depending on required needs bank can provide pre-shipment up to 90% of export L/C value
- ✚ Bank will finance within the head office sanction limit for concerned client
- ✚ Exporter's liability with the bank is also considered for extending pre-shipment facility.

Post-shipment finance:

There is time lapse between export of the goods and realization of the proceeds. To continue the business exporter may need financial aid from the bank. Bank provides support against export document. Following things are followed strictly:

- ✚ Export documents comply the credit terms
- ✚ Buyer is benefice
- ✚ Exporter's past performance is satisfactory

Foreign Remittance:

SJIBL Foreign Exchange Branch has no authority to open FCA. This Branch is depended on Dhaka Main Branch. Convertibility of Taka in current account transactions symbolized a turning point in the country's exchange management and exchange rate system. Now the operations of foreign currency accounts have been more liberalized. Funds from these A/Cs are freely remittable to any county according to the needs of A/C holder. Foreign Remittance is classified into two way-Outward Remittance and Inward Remittance.

Outward remittance:

Outward remittance simply occurs when someone make any types of payment outside the country. Following documents are need to be submitted for applying outward remittance:

- ✚ Application letter for requesting outward remittance
- ✚ Form approved by CA have to be submitted
- ✚ Invoice of purchases
- ✚ Code of import and export

Inward remittance:

Inward remittance simply occurs when someone send money back to his origin country from abroad. When people sending back their income from outside the country it's called inward remittance.

Travelers Cheque (TC):

Travelers Cheque (TC) is an instrument for a specific amount of widely accepted foreign currencies, issued in favor of Travelers/Visitors to carry foreign exchange for meeting their expenses in abroad. Travelers cheque may be in different currencies, such as US\$, Pound Starling, Japanese Yen, Saudi Real, Canadian Dollar, French Frances, German Marks, Swiss Frances, etc.

Procedure of Encashment:

Encashment Observing the following Formalities from Travelers Cheques (T.C) are-

- ✚ When the counter signature and the original signature is different from one another, the cheque will not be honored.

- ✚ If the signature differs the additional signature may be obtained.
- ✚ Encased of blank cheque is prohibited.
- ✚ In advance counter signed cheques not be Encased.
- ✚ Pay more attention when you are in hurry and be aware of large encashment.
- ✚ If purchaser is available check the passport endorsement and purchase contract.

Opening of FC Account:

The Authorized Dealership may without prior approval of Bangladesh Bank open Foreign Currency Account in the name of:

- ✚ Bangladeshi nationals residing abroad.
- ✚ Foreign nationals or firms residing/operating in Bangladesh or abroad.
- ✚ Foreign missions and their expatriate employees.
- ✚ Exporters.
- ✚ Licensed by custom Authorities all diplomatic Bonded Ware House (Duty free shops).
- ✚ All projects executed by foreign donors/international donor agencies who employed local and joint venture contraction firms.
- ✚ Bangladeshi nationals working with the Foreign/International organization operation in Bangladesh if salary is paid in Foreign Currency.
- ✚ Bangladeshi nationals who are ordinarily resident in Bangladesh may open FC account will Foreign Exchange brought in at the time of their return to in Bangladesh from visit abroad.

Documents required for opening FC A/C:

a) For Bangladeshi Nationals:

- ✚ Opening Form i.e.: Application, Signature Card, Nomination Form If Any, to be duly filled in and signed by the applicant and the nominee.
- ✚ Original passport must be submitted for the verification with photocopy of first seven pages.

✚ Passport size photographs 2 copies of both the account holder and the nominee are need to be submitted, A/C holder will attest the nominee's photograph and an officer of the Bank will attest A/C holder's photograph.

✚ Service contract in English or Bengali version to be submitted with the account opening form.

✚ If a person wants to open A/c abroad all the necessary paper must be attested by authorized officials of Bangladesh EBB ASSY working there. All signatures should be same as the signature given in passport.

b) Foreign Nationals/Firms:

✚ Two copies of passport size photographs of account holder.

✚ Photocopies of relevant pages of Passport.

✚ Photocopies of service contract/appointment letter/work permit etc.

✚ Photocopies of Registration in Bangladesh with Board of Investment for Foreign/Joint venture firm.

Chapter- 05

Methodology of the study




Methodology:

Different data and information were used to meet the requirement of the report. These data and information were collected from different sources. I used different method to collect data. Data and information were taken from two sources. These two sources are described below:

Source of data and information:






Primary source:

To collect data from primary source I did following things

-  Personal observation
-  Working at different departments of the bank
-  Conversation with seniors

Secondary source:

To collect data from secondary source I did following things

-  Study related files
-  Research the annual report of Shahjalal Islami Bank Limited
-  Observing bank rate sheet
-  Browsing internet to collect data
-  Study the report of Bangladesh statistic office

Data collection method:

Questionnaires:

To collect appropriate data, I personally asked question to the bank manager about the foreign exchange operation. Maximum question pattern was close-ended. I also provide relevant option for answering.

Personal interview:

To collect appropriate data, I did a personal interview session with Senior Executive Officer (SEO) of foreign exchange department of Shahjalal Islami Bank Limited. Mostly I used open-ended questions to collect proper information. Progress of foreign trade, facilities of doing foreign trade, area of improvement etc. were included in the interview.

Group discussion:

To collect relevant information, I arranged a group discussion session in the bank. I selected only the officer of foreign trade department. In group conversation we talked about the scope of foreign trade in Bangladesh, lacking of foreign trade operation etc.

Chapter-06

Findings, Recommendation & Conclusion

Findings:

- ✚ Financing in the foreign trade is important for the economic growth of the bank but if done without proper planning and analysis, it can be very risky. Also the rate of opening L/C decreases sometimes due to sometimes the government imposing limit on import and export of specific products.
- ✚ Due to non-AD branches proper documentation and full information is not available in some cases.
- ✚ Due to the lack of manpower and management sometimes individual departments are not properly specified.
- ✚ The Bank provides little help with regard to foreign exchange to the small entrepreneur associating to large business houses. So small entrepreneurs often have to keep a higher margin, sometimes as much 100%, regarding opening a L/C.
- ✚ Lack of modern equipment and computers associated with data analysis, process and communication is insufficient in some branches of the bank. This hampers the performance of the bank specially in handling foreign trading.
- ✚ Internal Control System (ICS) of Shahjalal Islami Bank Limited is not up to the mark (as per BAS).
- ✚ The marketing strategy assumed by the bank is effective yet inefficient in some cases.
- ✚ Sometimes the executives and employees are transferred from one department to another or one branch to another too often. This continuous rotation policy sometimes makes it difficult for them to be fully proficient in one specific task.
- ✚ Process oriented customer service because of non -AD branch.

Recommendations:

With my relatively little work experience of three months with the bank, it is difficult to present a full-fledged recommendation on various aspects of the bank of this magnitude. However, I have observed some findings in regard to the overall domestic and foreign trading of the bank. On the basis of that, I would like to recommend the following suggestions:

- ✚ Opening of L/Cs (both Govt. and private) should be given more priority.
- ✚ Emergency limit should be allowed in order to meet emergency need for L/Cs.
- ✚ Development of value service in relation to quick removal both at branch and head office.
Also developing automatic service for foreign trade.
- ✚ To ensure the bank strictly adheres to the rules and regulations of Bangladesh Bank.
- ✚ All branches should be given AD license.
- ✚ Both the quality of quantity of manpower should be increased to meet the demands in certain departments.
- ✚ The marketing strategy assumed by the bank should be effective and efficient.
- ✚ To ensure that an employee has adequate knowledge on a specific task before transferring him/her to the corresponding department.
- ✚ To ensure that an employee is given enough time in a certain department/branch to be proficient in his/her respective task before he/she is transferred to another department.
- ✚ Entrepreneurs of all capacity – big or small – should be given equal priority and importance.

Conclusion:

Keeping up with the dynamic economic condition of Bangladesh, the scenario of private banking sector has changed considerably compared to what it was around 10 years ago. While earlier there were only a handful of private banks with the skilled manpower and modern equipment needed to meet the demand of domestic and foreign investors, now a good number of banks with solid financial foundation are providing world-class services to the clients. In this context, Shahjalal Islami Bank Ltd (SJIBL) is doing very well to keep abreast of the current scenario and to compete with others in meeting clients' demands.

For Banks to succeed it is vital to make the best possible use of the capital it has and to fully utilize the investors' money by finding out investment in which sector has the potential to provide the maximum return while keeping the risk of losses minimum. Also, it is extremely important to consider a client's reliability and past track record before handing out the loan to ensure the loan is properly repaid in time. The principle of credit management is to maximize the performing assets and to minimize the non-performing assets. And in these aspects the bank is doing appreciably well in having a trustworthy group of investors and entrepreneurs to do business with as well as to have a loyal clients base who find the bank reliable to deposit their money in.

Though there are some limitations in implementing credit facilities in the bank, it can be undoubtedly improved by employing more financial analysts and experts in decision making process with regards to investment and management of money. Also, the deployment of modern computer equipment will help the bank accumulate and analyze data more accurately and efficiently and will improve the performance of domestic and foreign trading, both significant to the success of any bank.

Reference

Book:

- “Business Manual” by Shafiqul Islam Chowdhury
- “International Trade Payment & Finance” published by BIBM
- “Foreign Exchange Transaction” Volume-1, Bangladesh
- “Foreign Exchange” L R Chowdhury with a forward by L R Sarker

Website:

www.sjiblbld.com

Others:

- Annual report of Shahjalal Islami Bank Limited
- Statement of foreign exchange transactions during the month.