



**LOCAL OPERATION PROCESS OF TRADING**  
**DEPARTMENT IN CITI NA, BANGLADESH**

# Letter of Transmittal



April 13<sup>th</sup>, 2011

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**Subject: Submission of the Internship Report on CITI Bank NA, Bangladesh.**

Dear Madam,

It is my great pleasure to present you my internship report on **CITI Bank NA, Bangladesh** titled as “Local Operation process Of Trading department of CITI NA Bangladesh”.

It has been a great learning experience for me taking a real life exposure of trading procedure of the organization. I would like to thank you for assigning me such a responsibility and helping me on different aspects of the report.

Sincerely,

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# Acknowledgement



I would like to take the chance to thank few people without whom my study would have been rather difficult or impossible. At first I would like to extend my heartiest thanks to the Management of Citi Bank NA, Chittagong. Without their extensive time my study would have been incomplete. It is my pleasure to extend my heartiest gratitude to MR Shahjahan Mojumder, Residential Vice President and Head Of Operation, who, in addition to his wholehearted support, has allowed me to carry out the study in parallel with my regular workload.

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# Executive Summary



Among the most renowned banks in Bangladesh, Citi Bank NA is such a name that plays an important role not only in the investment banking and trade operations but also in the overall industrial development in Bangladesh. After starting of their business in Bangladesh it has been running with its financial strength, technological strength, customized products and dynamic employees. Citi's Cash Management Department and Trading department are working successfully with wide product line, maintaining good customers relationship and strong MIS (management information System).

In Cash management department Citi basically works with the accounts opening, inward remittance, outward remittance, receivable management, foreign currency exchange etc. Trade department works with the LC opening of import and export, LC amendment, advising, import bill and export bill processing system. In case of local operation process of trade department it concentrate on some specific areas like- dealing with only their listed customer, providing LC authorization form as that bank is the authorized dealer of Bangladesh Bank, LC issuance and amendment local import and export LC amendment advising, NULC (Not under letter of credit), delivery order and shipping guarantee and import and export bill. From the beginning of LC opening to product shipment and receiving payment, every thing uploaded in the international server TCS Eserve, local server Trim, and Central image system. They maintain different data storage system and different files of same elements to make dual control of the system. Citi's successful trade operation is made through its excellent customer relation service, Audit system and internal management information system with their dynamic employees.

Though trade department has been working successfully from the starting but their insufficient employees, too much work load makes the existing employees demotivated. So I think overcoming these two problems Trading Department of Citi will be unbeatable in the banking sector.



# **CHAPTER ONE**

## **ORGANIZATIONAL OVERVIEW**



## **1.1 Introduction-**

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CITI NA is one of the most prominent names in international banking sector what is an arm of financial service giant CITI group. This bank started its journey in 1812 as the Citi Bank of New York. Currently this bank has its operation in more than 100 countries and territories of the world and half of its offices among 1400 offices are in the United States mostly in, Chicago, Los Angeles, the San Francisco Bay Area, Miami and New York City. Along with the standard banking transaction, this bank also offers – insurance, credit cards and investment products. About 15 million users are successfully using the online transaction system.

## **1.2 History-**

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After the establishment of CITI NA in 19<sup>th</sup> century, Moses Taylor took over the ownership and management of the bank, a protégé of John Jacob Astor and one of the giants of the business world. After joining the new national banking system that bank became- The National City bank of New York in 1863. That bank was considered as the largest bank in The United States in 1868 then became the first major U.S. bank to establish a foreign department in 1897. In 1926 Charles E. Mitchell was made the chairman of Citi bank then that bank expanded rapidly and by 1930 had 100 branches in 23 countries outside the United States. Then under the leadership of CEO Walter B. Wriston, First National City Bank (and its holding company First National City Corporation) was renamed Citibank, N.A. (and Citicorp, respectively) in 1976.

## **1.3 CITI NA Bangladesh**

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Citi bank NA started its business in Bangladesh at 26<sup>th</sup> January, 1995. CITI is one of the strongest established banks in Bangladesh with its 4 braches, 4 service outlets and over 180 employees. Clients of CITI include both the private and public sector institutes. Well

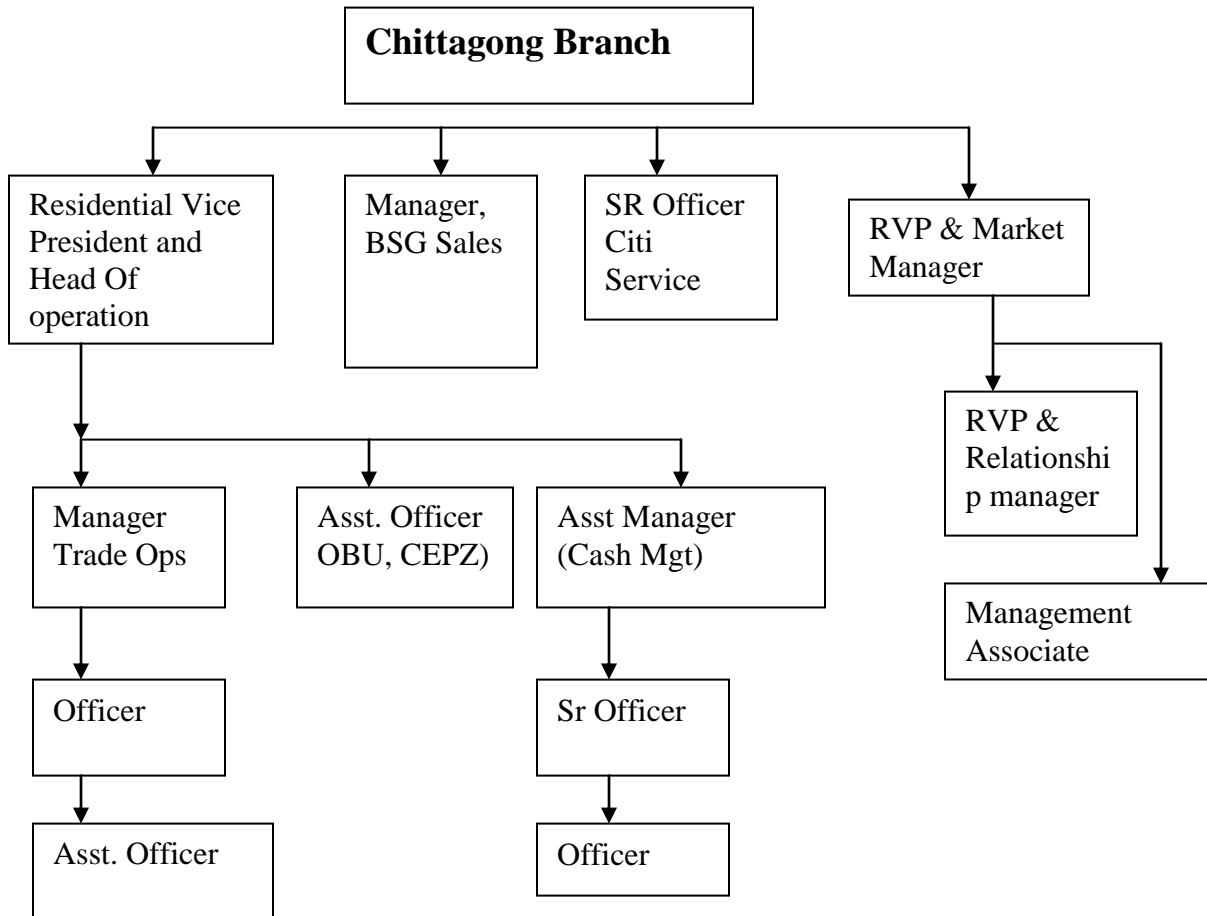


established Financial Institutes of CITI are supporting the cross border the cross-border transactions of nationalized and private sector banks in the country. Bangladesh corporate, financial customers and public sector clients with its award winning cash management, trade services, agency & trust, and direct custody & clearing solutions are supported by Global Transaction Service. Providing vital linkage and an integrated perspective throughout the Bangladesh supply chain and business operation, Citi's Corporate and Commercial Bank services local corporate and multinationals across several industries are playing vital role in the economic development in Bangladesh. Citi has achieved its name and fame as a leading book runner in the capital market solution of its client in Bangladesh. Citi has played very important role for the financial development in Bangladesh and also achieved huge success and rewards. Such as- this bank has been selected for the sole independent advisor to the Government of Bangladesh for sovereign rating advisory, arranged the world's first AAA-rated micro-credit securitization transaction for US\$180 MM for BRAC, successfully arranged the country's largest-ever local currency amortizing senior secured Bond offering of BDT 7,070 million (or US\$102 million). Moreover this bank the exclusive financial advisor, sole private placement agent, sole initial public offering (IPO) issue manager, lead IPO underwriter, main banker to the issue and escrow agent for the largest IPO and pre-IPO placement in Bangladesh for US \$ 141 million for Grameenphone Ltd. This bank has made huge impact on our agro-economy by arranging the country's first ever syndicated agricultural term financing facility of BDT 1,500 million (or US\$ 21.7 million). This bank has made its sole placement as an agent for the country's first unsecured, non-convertible, subordinated Tier-II Bond issue of BDT 2,500 million by Prime Bank Ltd. Furthermore to provide the global custody service Citi Securities and Fund Services, a division of Global Transaction Services, was mandated by Bangladesh Bank, the central bank of Bangladesh. This bank is named as the Best Internet Bank by Global Finance for the second year in a row. To ensure secured financial information flow to its clients in Bangladesh as the pioneer of Internet Banking in Bangladesh, Citibank, N.A. introduced automated e-alert system.



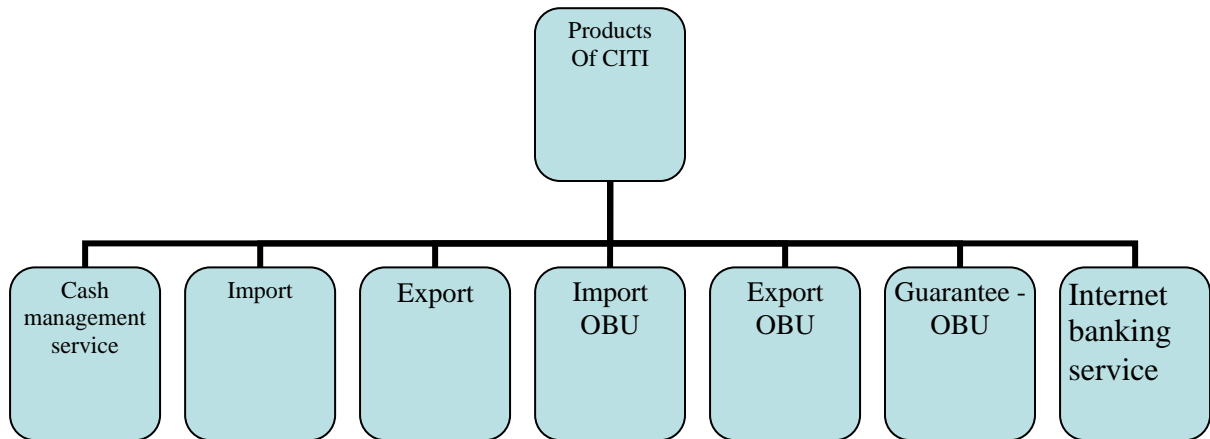
**Organizational chart –**

Citi NA Chittagong branch has 15 permanent employees. But they also recruits contractual and temporary employees. The organizational chart of the permanent employees is given below-

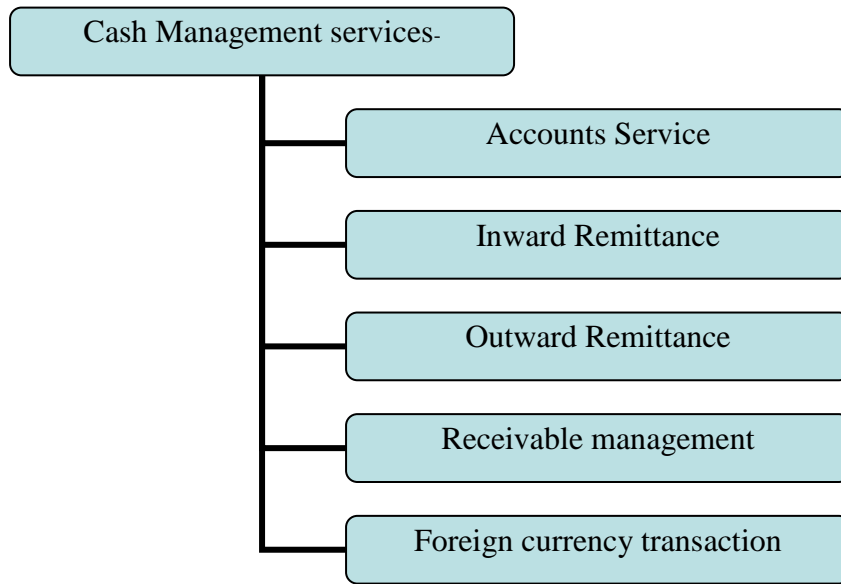


## 1.4 Product of CITI NA Bangladesh-

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### 1.4.1 Cash management Service-





In cash management sector accounts service is the most important aspect for the client of CITI NA. The clients of CITI NA start its transaction through that product. For that product that bank does not take fee for the maintenance and closing the account, tk 300 for stop payment.

In case of inward remittance, corporate houses get the opportunity of inward remittance to CITI Bank. Telegraphic transfer, for payment to CITI account service is free but for payment to other bank account Tk1000.

Outward remittance service provide facility of issuance of telegraphic transfer, issuance of demand draft, issuance of managers check(manual instruction), issuance of Managers checks through Citi Direct, Corporate checks through Citi direct, Cash delivery, Dividend warrant, Dividend notice, A4 check leaf.

Receivable management provides the facility of local collection, wholesale collection, post dated check warehousing, coordinator service etc.

In case of foreign currency transaction CITI provides different types of products- Travelers checks, passport endorsement, currency notes encashment and foreign currency check collection (USD & Non- USD).

Apart from that services in cash management CITI also provides special remittances and services like Expatriates yearly permit issue for salary remittance, Expatriates leave salary permit issue, shipping vessel handling permission etc.

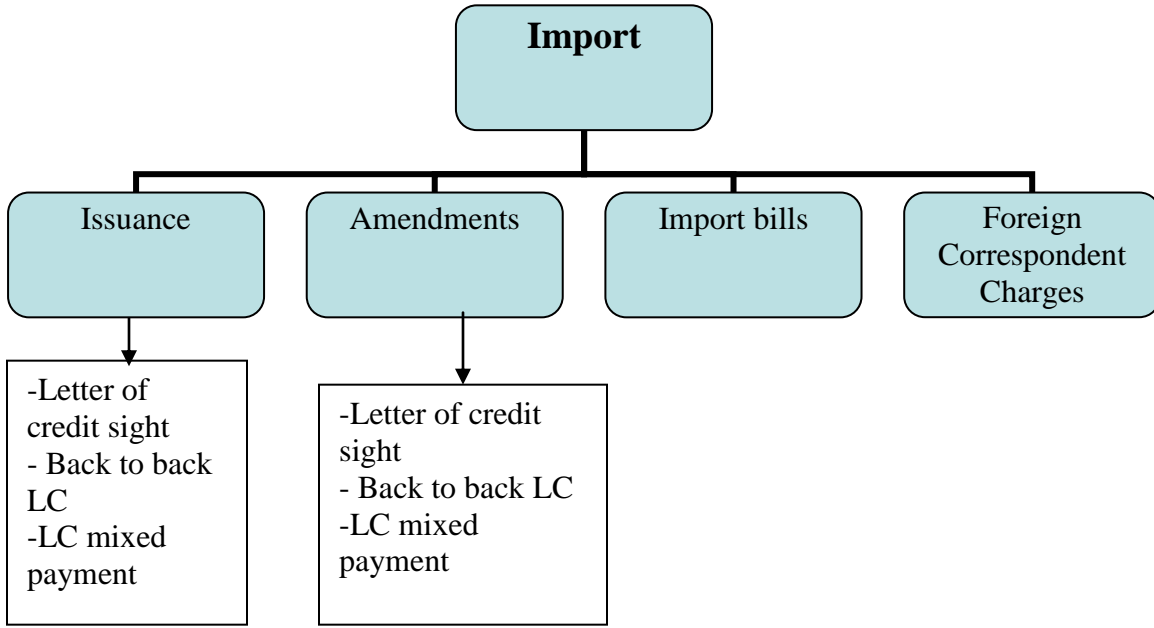
#### **1.4.2 Internet banking service-**

To ensure the secured financial information of the customer CITI is the pioneer in the internet banking service. It has achieved its name for the best Internet bank by global finance. In Bangladesh there are two categories for that service. These are-

- Citi Direct basic
- Citi Direct classic.

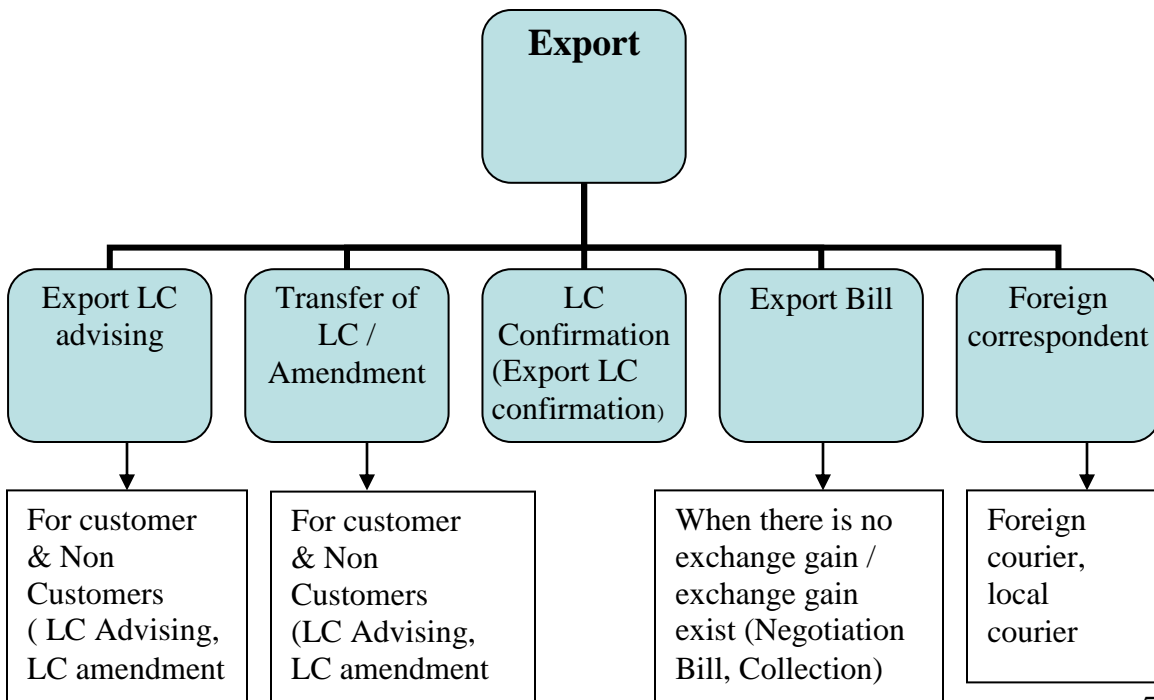
### 1.4.3 Import and export -

That is one of the most important product of CITI NA. the services under import are –



### Export-

Export facility is one of most important arm of Citi not only for their income but also for the development of Bangladesh. The following items are the services under export what the customers are enjoying that time-



### **Import & Export OBU-**

That is a special product for the customers of City to make the customer more loyal and more satisfied. In both case of import and export processing system customer may require more time than the usual service hour. So to customize the product for heavy weight customers, City provides some extra facility for them. Here in the extended service hour for the Customer City provides the same facilities in import and exports.

#### **1.4.4 Import and export OBU (offshore banking unit)**

Import and export OBU is a customized product of Citi NA Bangladesh for some of the special customers of them. It is such a product where the customers deal with foreign country, export and import bulk amount of raw material get some special benefits like less documentation, loan facility and advising from that bank. In Chittagong their OBU is established in CEPZ zone to give service to their customers.

### **1.5 SWOT analysis-**

<b><u>Strengths</u></b>	<b><u>Weaknesses</u></b>
S-1).Organizational reputation. S-2). Financial strength, S-3) Technological strength (well networking system and usage of best quality machineries) S-4) Customized product for customers S-5) High security system S-6) Dynamic employees. .	W-1)Narrow product line ( still no retail banking) W-2)Low employee motivation ( too much work pressure) W-3) Unable to deal with multi-disciplinary assignments because of size or lack of ability W-4)Less promotion.
<b><u>Opportunities</u></b>	<b><u>Threats</u></b>
O-1) Can go for retail banking. O-2) Increase the number end users O-3) Can open more branches. O-4) More market penetration (new geographic area like-sylhet, Rajshahi, Khulna etc.)	T-1) entrance of new rival who can provide better quality service T-2) natural disaster can hamper the operation process or service system T-3) Introduction of new substitute service.

### **1.5.1 SWOT matrix-**

<b>Strength- Opportunity</b>	<b>Strength – Threat</b>
<ol style="list-style-type: none"> <li>1. (S1,S2; O1) As this bank is financially very strong and very well reputed bank, it can easily enter into the retail banking.</li> <li>2. (S1,S2,S3; O3,O4) Using its financial and technological strength and reputation can make more branches and increase the end users.</li> </ol>	<ol style="list-style-type: none"> <li>1. (S1, S2,S3; T3) Using its all resource it can make more product development research to compete with any substitute service.</li> <li>2. (S1, S2,S3; T1) It can open more branches and new product line to compete with the new rivals.</li> </ol>
<b>Opportunity – weakness</b>	<b>Threat – Weakness</b>
<ol style="list-style-type: none"> <li>1. (O1,W1) Launching retail business they can introduce more products. For example they can introduce different credit line like- health loan, education loan, business loan, marriage loan etc.</li> <li>2. (O4,W4) Making more market penetration they can do more promotional activities. For example- sponsorship in broadcasting financial news in through different channels, door to door selling.</li> </ol>	<ol style="list-style-type: none"> <li>1. They can justify narrow product line with quality service. Currently they are doing niche marketing with corporate houses and financial institute they ensure quality with their narrow product line.</li> </ol>

### **.6 Vision for the future**

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 Currently Citi is doing only corporate banking in Bangladesh. Though their profit margin is high currently but its other competitor like Standard chartered Bank, HSBC Bank, Bank Al Falah is doing retail business successfully. Their number of outlet is much more than Citi NA. So currently Citi is planning to go for retail banking in small scale very soon.



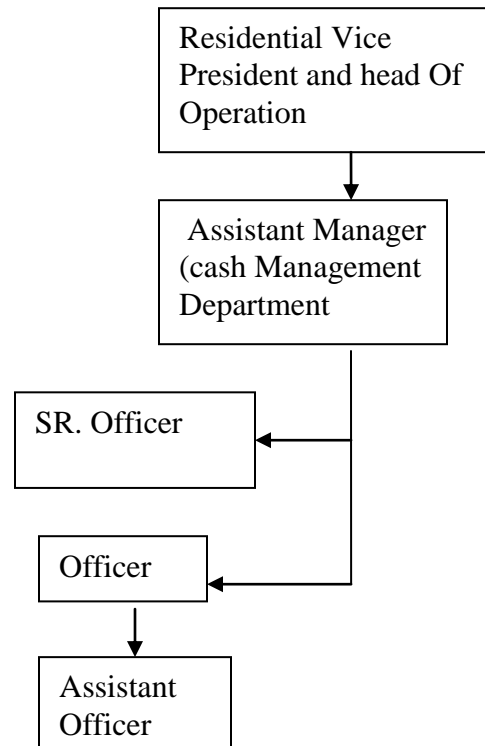
# **CHAPTER TWO**

## **JOBS IN CITI NA CHITTAGONG**

## 2.1 Job

I have worked both in cash management and trading department of Citi NA, Chittagong.

**Cash management department** basically does the local clearing what includes both inward clearings and outwards. Though that local clearing process had been done manually but from February automated clearing was introduced in Chittagong also. So Cash management department does its clearing process through system. In cash management department there are following positions to accomplish the tasks. These are Assistant manager (1), senior officer (1), Officer (2) and Assistant officer (2). Here is the organizational chart of the Cash management department-

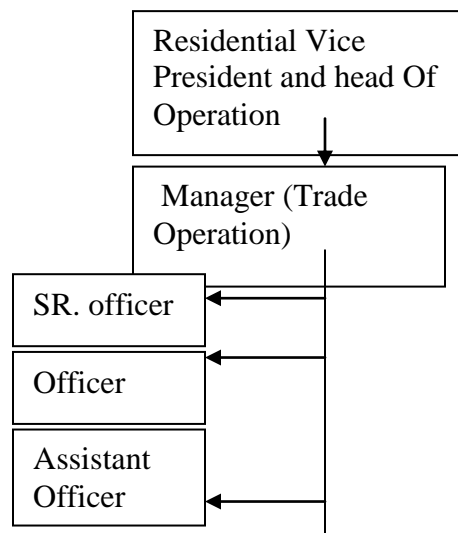


Basically assistant officers collect the checks deposited by the customers. Then he/she reviews the date, payee, amount, endorsement, deposit slip and cross stamp. As automation has already been introduced, it seems one of the most important duty for an assistant officer to check whether it is a miker or non miker check. If it a Non miker checks then the system will not take the data from the check. The officer gives the entry in central bank system what is called “Nikash Entry”. Then senior officer gives the entry



of different transaction and assistant manger Check the transaction and maintain another XL file to make dual control over system what contains-date, customer name, no. of checks per deposit slip, total amount of deposit slip and some other important aspects.

In Trade department, employees need to work with LC, Import Bill and Export Bill. Here they do almost 90% of their task through the Own System of Citi. After getting LC Application the Assistant officer checks the applications then send it to the TCS Eserve. Then after getting the permission officers register the LC and other amendment and Officer along with the Assistant manger work in Trims (trade operating system). The organizational chart of trade operation is as follow-



### **2.1.1 Specific responsibilities of the Job-**

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As I have worked both in cash management department and Trading department their tasks are completely different from each other.

In Cash management their specific activities are-

- They make the customer account for the customers. My supervisor gave me a demo of a customer account. A customers account includes- types of accounts, tax

information, deposit information, authorized signature with seal, customer activities (legal name, business address, legal address, registration number, TIN, types of organization, authorized by, account information), photograph, transecting profile form (range & average monthly value, range and average transaction size), signature card, compliance checklist, documentation checklist. They also give me their Local operation process of cash management. I had to check a customer's account whether there is any deviation between the rules and condition and a real account.

- Inward remittance maintenance- Here they work with T.T, M.T, Demand draft, purchase of bills etc. I used to write the register of the daily transaction of inward remittance.
- In case of outward remittance they works with all kinds of remittance from Bangladesh to a foreign country or local currency credited to non- resident taka account of foreign bank or convertible taka account. I used to write the daily transaction of outward remittance. Here I was required to check the reporting form, permission for recurring remittances, period of validity of Bangladesh bank approval, remittance number, total amount etc.
- They also maintain the receivable management and foreign currency exchange etc. I used to collect the daily receivable data and write the information of the receivables from different customers.

The specific activities of trade management department are as follows

- Trade department's main activities are related to Letter of credit. It makes LC on behalf of the customers of that bank. They check the documents regarding LC. I used to put in the LC number, date of application, sill of assistant manager, and check the endorsement of the authority.
- I used to write the register of import bill register, export bill register and LC register. There I needed to write the LC number, application number, applicant name, name of the beneficiary bank, the way of transportation etc.
- Trading department requires providing the data of LC to Bangladesh bank. I used to log in the Bangladesh bank website and filled up the LC information of different customers and their detail. Here I required to fill up all the information



of applicant, beneficiary and the product and different tracking numbers of Citi NA.

In Trade department I trade management department I assist the employees to file the LC applications, writing the register of import and export bill and LC. Without that I used to fill up the customer information in the import and export bill.

One of the most interesting thing I did there is, updating their LC information in Bangladesh bank server.

### **2.1.2 Different aspects of job performance-**

For employee follows the goal setting theory for evaluating employee performance. They also evaluated my performance by goal setting theory. After giving a brief about any task they used to show a practical example of that particular task. Then sometimes they gave me to do similar type of task. Then they checked whether it was correct or not. But in case of data entry they used to check the fastness. How fast I am completing a task without any mistake they used to check it also.

The most important thing of evaluating my performance was- assignment. My supervisor used to give assignment on different topics. I had to submit the assignment on time. Then he checked the assignments and gave me feedback.

### **2.1.3 Critical Observations**

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- In that bank they maintain the highest security for their services. Each employee has separate Id and password. It was ordered by Citi NA that any employee can not share their ID and password with others. But when I was working in Citi I saw that in cash management department sometime they know other peoples passwords. When there is a system that if any one keeps any document to Central image, the same person can not authorize the documents. But here I saw the same person making a file and he also authorizing the same file.
- Though about 95% of their task is done through system, they must keep the manual register for record. But I saw that sometimes they started writing register hearing the news of upcoming audit. Then they had to work under too much pressure to write the whole register.

- In case of completion of daily tasks there is no hard and fast rule for office duration. So the employees can not leave the office without accomplishing the tasks whatever the time is. As Citi has the deficiency in the number of employees, the current employees has to face the pressure of doing the others employee's responsibilities.
- Like other branches of Citi NA (Dhaka branches), Citi NA Chittagong does not has good interior designing. Their working environment is not refreshing and somewhere unclean.

### **Recommendations**

- To utilize the total security of their system people should not share any password or ID of others. Otherwise the Citi can not enjoy the actual output of total security system.
- Citi employee should write the register timely. Then they will not face the pressure of writing the whole register within few days.
- As Citi has the deficiency about number of employee. That tends to other employees to do other people's task. So Citi should increase the number of employees.
- Citi NA Chittagong should have good interior designing for creating nice working environment and making good impression to the customers or visitors.



## ***CHAPTER THREE***

### **LOCAL OPERATION PROCESS OF TRADING DEPARTMENT IN CITI NA, CHITTAGONG**

### 3.1 Summary

Trade department of Citi NA Bangladesh, works with some general and some customized product for their customers. In general products they have- LC opening, LC issuance and LC amendment. In customized product, they offer NULC (not under letter of credit), LC advising and OBU (offshore banking unit). From the beginning of LC opening to activation they maintain strict rules and regulation for documentation. They maintain every thing of Trade department in TCB Eserve, Trims, TIP file. The important parts of LC maintenance are reviewing the documents in central process, LC application filling, registering through Trims, prost transecting through TIF etc. Any new customer requires- Commercial credit Argument (Credit documents), Valid Import registration certificate (IRC). Import of capital machinery can be imported without IRC, Valid export registration certificate (ERC) (for RMG client), Attested copy of Bonded Warehouse license. (For RMG client), Copy of TIN (tax identification number) certificate, VAT certificate. One of the most important products of Trade department is NULC where customer can export or import by Citi by their credit line and profit margin. This service is only for the VIP customers of Citi Bank NA, Bangladesh. For all that procedures of Trade Department, Citi's strong MIS system and control over their activities tend to ultimate success.

### 3.1.1 Objective of the project

The report is to describe the local operation process of trading of CITI NA Bangladesh. As trading is almost related with the export and import letter of credit system, the report clarifies how this bank does their local operation about LC. The broad objectives are pointed below-

- The rules and condition Citi maintains to operate their trading department
- Terms and condition of making import and export LC by Citi bank NA
- What are the sub procedure they maintain to operate their system
- Analysis about the total trade department and their activities
- Result and discussion about the analysis

Specific objectives of the report are-

- To know about, what are the basic rules Citi NA's trading department requires to maintain to run their department or activities.
- To learn what the specific procedure are the customers requires maintaining to open a LC or an import bill. And how Citi authorize their application and what are the special services Citi offers.
- To learn about how Citi maintain their Data base of LC and amendment of LC and others.
- Then I will analyze different aspects of trading department like- their service, their information system, auditing system and employees.
- To know about the different results of their procedures, activities, MIS and employee behavior etc.

### 3.1.3 Methodology

In that report I have used both the primary data and the secondary data. I have collected the primary data from the employees of that bank.

#### **Primary data-**

In case of primary data I have gone through the following procedures-

- In depth interview- I took in depth inter view from the Residential Vice President and head of operation and from the assistant manager of Cash management department of Citi NA, Chittagong. Here I ask about my different in depth procedures of their local operation process.
- Focus group interview- I have worked both in the Cash management department and in the Trading department. In my working time I used to ask about different application and the employees of that department used to discuss with me and answered the questions.
- Practical experience- sometimes I was permitted to work in the system. Then I have learnt about that and took different information.

#### **Secondary data-**

- local operation process manual- In my internship period, I read their local operation manual of cash and trading department. There I got different data to write my report.
- Bangladesh bank foreign exchange policy- I also went through the Bangladesh bank foreign exchange policy. I also used some information from that book.
- I have taken some information about their history from their official website.



### 3.1.4 Limitation

As I have done my report on Local operation process of Trading of Citi NA I needed to gather a lot of information. The following limitation I faced to prepare that report-

- Citi maintain the maximum confidentiality about their customers and their system. So it was really tough to learn about their customers and their LC
- Any single paper could not be brought during leaving the office. I had to memorize different procedure when I read their local operation procedure manual.
- They maintain huge secrecy about their system. So it was difficult for me to learn about their system with in that short period
- The website of Citi NA Bangladesh provides minimum information for public. So they can enrich their website by providing more information about their bank.

### **Background of Trading Department:**

The trading department is the department of Citi NA that works with the letterof credit issuance, advising of import and export LC, some other customized product for the customers. Citi NA Bangladesh maintains specific rule and regulation for operating their activities. Here they have their special MIS, process manual and other specific direction. The procedure of operating their trading department has described below-

### **3.2 LOP (local operation process) of Trading in CITI NA Bangladesh-**

Like other foreign banks, CITI follows the rules and regulation of trading conducted by Bangladesh bank. Import and export of goods is regulated by the Ministry of Commerce in terms of the Import and Export (control) Act, 1950 through Import Policy order (IPO) in force and public notice issued from time to time by the office of Chief Controller of Import and Export (CCI & E).

The fundamental rule of trading department based on-

- I. Dealing with known customer
- II. LC authorization form.

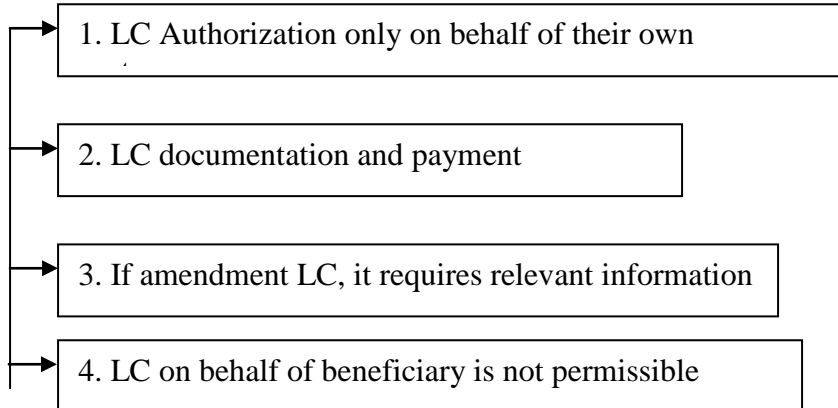
**Dealing with known customers-** CITI must ensure that they deal only with the known customers having a place of business in Bangladesh and can be traced easily if any occasion arises for this purpose. In case of a new customer, CITI obtains a certificate from Authorized Dealer. Here they collect the information about whether the customer has any no bill of entry is due/ overdue for submission.

**LC authorization form-** A letter of credit is an instrument issued by a bank on behalf of its customers, constituting an undertaking by the bank to pay the beneficiary a stipulated some of money, either on demand or at specified future, on presentation of documents in compliance with the term of the LC. CITI NA Bangladesh is authorized to issue “Letter of Credit Authorization Form’ (LCAF) in conformity with the IPO allowing imports into Bangladesh. The LCAF available with CITI, are issued in 5 copies each. On these one

marked “For Exchange Monitoring Purpose” is used for opening LC and for effecting remittance.

### 3.2.1 Terms and conditions of making Import or export LC-

Several term and condition are imposed to make import and export LC-



- CITI establishes LCs against specific authorization only on behalf of their own customers who maintain accounts with them and known to be participating in the trade.
- All LCc and similar undertakings covering imports into Bangladesh must be documentary LCs. These LC’c should provide for payment against full set of onboard (shipped) dills of lading, air way bill, railway receipt, truck receipt showing dispatched of good covered by the credit to a destination in Bangladesh. All LCs must specify the submission of signed invoices and certificates of origin.
- Citi needs to send the copies of LC and subsequent amendments (if any) including other relevant information to the land port authority.
- It is not permissible to open import LC in favor of beneficiaries. Citi can only make LC for applicants. Although applicant imports their product from the beneficiary into Bangladesh by the competent authority, Citi can not make LC on behalf of beneficiaries. .

.The procedure starts on receipt of the request for issuance/ amendment copy to the customer and ends after dispatch of the LC issuance/ amendment copy to the customer.

### **3.2.2 LC issuance and amendment-**

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For LC issuance and amendment the following need to be obtained for one time basis from the customer at the time the facility for the customer is set up-

- Continuing Commercial credit Argument ( Credit Document)
- Valid Import registration certificate (IRC). Import of capital machinery can be imported without IRC.
- Valid export registration certificate (ERC) ( for RMG client)
- Attested copy of Bonded Warehouse license. ( for RMG client)
- Copy of TIN (tax identification number) certificate
- VAT certificate

All private sector need to provide the following documents also-

1. Valid membership certificate from the registered local chamber of commerce and industry or any trade association established on all Bangladesh basis representing any special trade/ business.
2. A declaration in triplicate that the importer has paid income tax/ submitted income tax return from the preceding year or copy of income tax return.

Transaction based documentation-

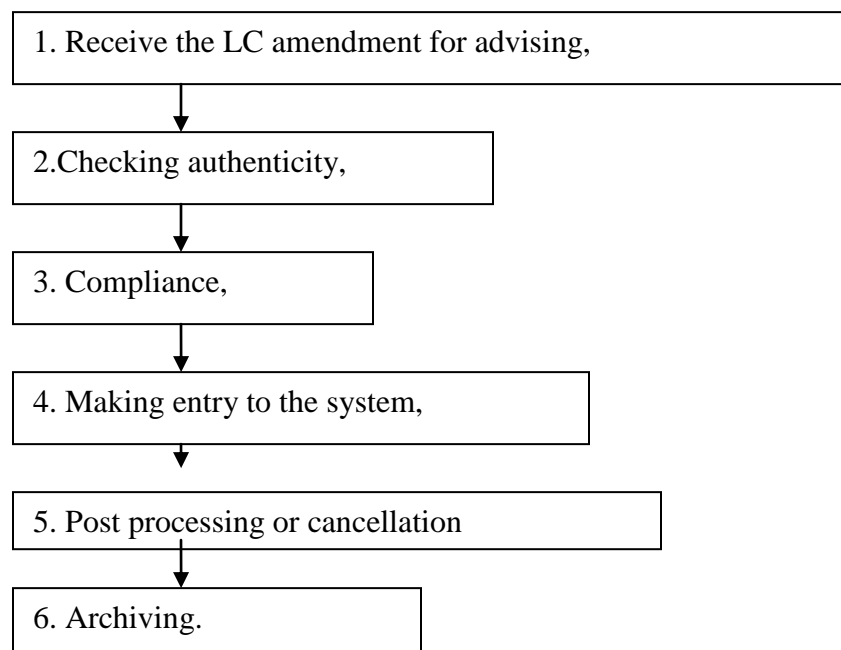
The customer will submit the following documentation in respect of each L/C issued-

1. Letter of credit
2. Letter of credit authorization (LCA) form
3. IMP form
4. Valid and firm Proforma invoice or indent- accepted by applicant
5. Insurance policy

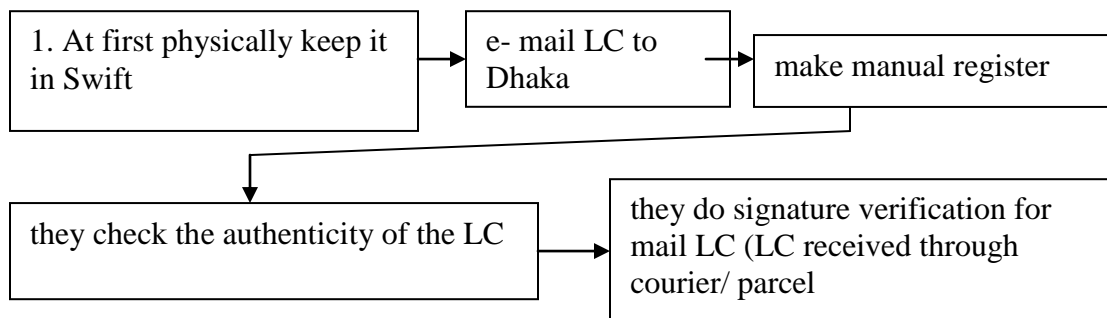
Number of the steps	Title	Description
Step 2	Review the documents and recording in central image	<ol style="list-style-type: none"> <li>1. Receipt and review of application and signature verification</li> <li>2. Scanning in TRIM (Central system)</li> <li>3. Registration ( for registering the LC)</li> </ol>
Step 2	Resolution of exception raised by TCS-ESERVE	TCR ESERVE is the central process which is maintained by Indian CITI NA. After register the LC in local system it automatically goes to the central system called TCS ESERVE. Then they checks all documents and try to find out deviations if occurs.
Step 3	Post transaction processing, dispatching and archiving	After the transaction being authorized it will be shown "OPENED". The consumer copies are signed by the officer and dispatched to the customers and the photocopies or the office copies are attached to the LC folder along with scan set as branch records. Then the City makes folder for the LC and fills up.
Step 4	LC closure	LC expired over 15 days to be closed in TRIM and on a monthly basis a report is received from TCS ESERVE via mail giving the LC closed during the month. Based on this report the folder is sorted out.
Step 5	Self assessment review	<p>The branch would be quarterly self assessment based on the branch checklist on activities performed by the branch. The checklist will be updated as and when required by the trade head.</p> <p>TCS ESERVE is responsible to perform a self assessment on the activities performed by them and report the findings to the trade head</p>

### 3.2.3 Local Export/ import LC amendment & advising

This product is for advising or amendments favoring our OBU Clients on receipt of Mail or Swift from other Local banks or Citi bank Branches in Bangladesh. Bangladesh bank gives some of the banks in Bangladesh to make local import or export LC and amendment. CITI Na is also an authorized dealer to give that service. Basically for advising of L/c's /Amendments received from other banks or Citibank branches in favor of our OBU Clients. Here they makes the following procedure-



**1. Receive the LC amendment for advising:** In case of LC amendment or advising the branch go through the following process-



**2. Authenticity Checking:** They verify the authenticity through the call back in recorded phone. At the end all LC will be scanned in one TIF file. For checking the authenticity- they do the signature authenticity first for mail LC. If signature verification is not possible they call back in recorded phone no.

**3. Compliance:-** In case of checking compliance, they check the

- i. LC amendment parties and other involved parties for SDN (sanctioned designated nation).
- ii. In case of post processing and dispatching LC they attach advising cover letter with LC/Amendment after chopping appropriate Stamp on LC/Amendment,
- iii. Then get the authorized signature and
- iv. Sent the document to CEPZ through courier.

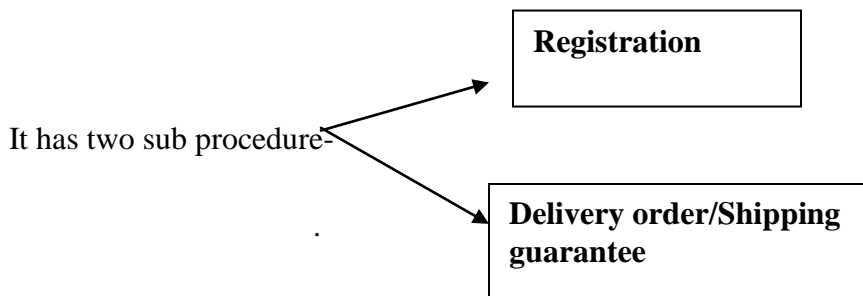
**4. Make entry to the system:** After checking compliance they give the entry through TRIM. They keep all the components of amendment LC to the TRIM.

**5. Post processing or Cancellation:** For cancelling or archiving the LC, they file up the LC if they get acknowledgement receipt. If a request is received from issuing bank to cancel and LC advised through us, an advice is sent to the beneficiary requesting their consent to cancel. Upon receipt of the consent letter as well as the original letter of credit and amendment (if any), confirmation will be sent to the LC issuing bank regarding cancellation

### 3.2.4 NULC-

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This product is for issuance & payment of bills for import without letter of credit (NULC) at the Branch. This is one of the most important services by CITI for their VIP customers. Here customers do not need to go through the usual formalities of documentation.





**Registration-** Import against LCA is different from import under L/C. Here the Bank does not commit/undertake any payment obligation rather the bills are sent on collection basis. As per central bank regulation, that bank register the LCA at branch. The NULC register will be filled with required information

**Delivery order and shipping guarantee-**

**Sight Bills:** Here sight bill refers to the bill what the customers make for specific deal with out duration. 100% credit line to be booked at the time of issuing delivery order and 100% margin will be booked if not waived by product and coverage. Here 100% credit line refers to the system where CITI NA makes the deals with the customers ( VIP customers) that CITI bank keeps 100% credit on their account and if they can not pay the bill in due time the will deduct the 100% margin from their account.

For issuing shipping guarantee, 100% margin to be realized and 100% liability to be booked and kept until the return of the shipping guarantee or expiry of the guarantee which comes earlier. Margin and/or credit line booking to be waived for issuing delivery orders if we receive authenticated authorization from the supplier's bank to endorse copy documents.

**Usance Bills:** Usance Bill refers to the bill, where the customer makes that NULC for specific time limit like 90 days. 100% credit line to be booked at the time of issuing delivery order. 100% margin will be booked for customers confirmed by coverage and product. Here 100% credit line refers to the system where CITI NA makes the deals with the customers ( VIP customers) that CITI bank keeps 100% credit on their account and if they can not pay the bill in due time the will deduct the 100% margin from their account.

For shipping guarantee, 100% liability will be booked and 100% margin will be booked for customers confirmed by coverage and product and one unit additional liability to be booked and kept until the return of the shipping guarantee or expiry of the guarantee which comes earlier. Margin will be refunded after getting the accepted bill of exchange from the importer. Margin and/or credit line booking to be waived for issuing delivery order if we receive authenticated authorization from the supplier's bank to endorse copy documents.



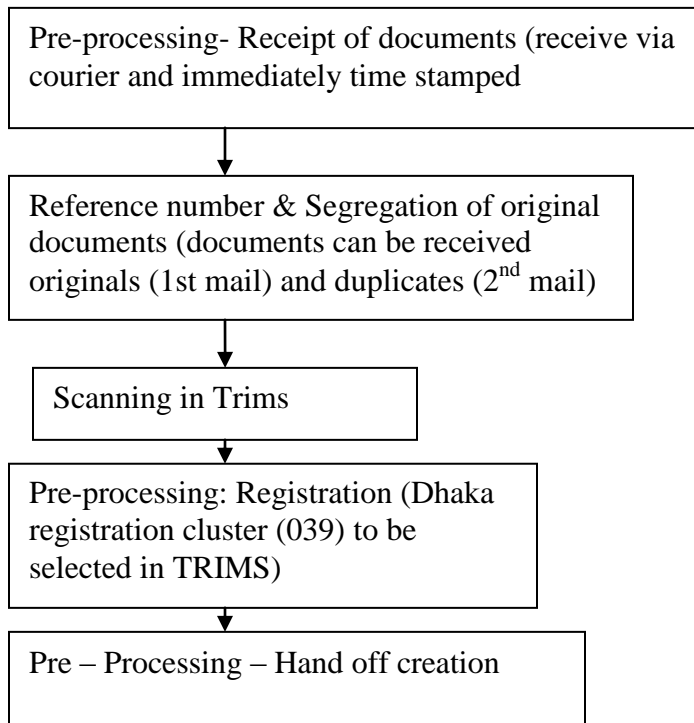
### 3.2.5 Import bill-

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This procedure starts on receipt of import documents from the overseas parties and subsequently effects the payment. Under LC documents received from negotiating bank there are some procedure. After receiving the LC, it will be drawn under LC issued by CITI Bangladesh. There will be sight & usance /deferred bills. Both the bills will be scrutinized with LC terms and in case of discrepant bill, customer acceptance will be asked.

.The procedure at Bangladesh Trade operation is divided into the sub procedures given below: 1. Pre-processing of Bills. 2. Resolution of exceptions raised by TCS-ESERVE 3. Post- transaction processing – dispatch / payment of bills & archiving.

**In every processing bill, the following procedure is maintained-**



### **Resolution of exceptions raised by TCS( Tata consultancy service)-ESERVE - TCS**

Eserve is system what is used for maintaining the network between CITI India and Bangladesh. in that procedure the different document are send to CITI India.

### **Post transaction processing – Payment of bill, Dispatch of documents and Archiving**

The procedure of post transaction processing is given below-

- i. The DAN (document arrival notice) is photocopied & attached to the set of documents.
- ii. The paid date is updated in TRIMS after authorization of the transaction.
- iii. Then the DANs of usance bills are dispatched together with a copy of the draft (if presented) to customers for acceptance.
- iv. They different payment service like - Payment of bill (Sight document), Payment of usance bill are made.
- v. Then Citi make maturity confirmation, Delivery of the documents to customer and
- vi. finally they make reporting toward Bangladesh bank.

The following terms and document have to be recorded for quality assurance- Scan Cover Sheet

- Overseas Bank Covering Letter
- Deferrals (if any)
- Copy of DAN
- Extra copy of documents not asked for in the LC.
- Anything additionally required, to be mentioned on the scan cover.

### **ICL (import clearing letter)**

- Scan Cover Sheet
- Overseas Bank / Supplier's Covering Letter
- Copy of DAN
- Deferrals (if any)
- Extra copy of documents not asked for in the LC.

### 3.3 Analysis

#### **Analysis about maintaining LC in Citi-**

The customers who usually make their LC in Citi have to go through a systematic process. Although most of the customers are VIP customers, they can not escape any documentation for making LC. As the employees of Citi are really dynamic, they advice the customers, how they should cope with any difficulties if they face. But they also help their customers archiving their information what makes their customers relaxed providing same documents again and again.

#### **Analysis of customer service process of Trade Department-**

Citi believes that they can give the customer priority by solving their problem as soon as possible.

So Citi maintains a strong customer relationship with their customers. Usually all banks gives their hotline numbers to their customers. But interestingly the employees also give their personal numbers to their customers for contact to solve problem.

#### **Citi's special services for making loyal customers-**

In such developing country like Bangladesh it is a huge challenge to do business with only corporate clients where strong competitors like HSBC, SCB is existed in the market. To make loyal customers Citi provides the facility of NULC (Not under letter of credit) where the existing customer gets special facility for LC advising and amendment of LC.

#### **Analysis of their data storage system-**

Citi maintains multi operating system for their information system. Even if when they make any XL file they always make two file what give same output but in a different way for cross checking.

In the beginning of LC opening the store the document for checking to TCR Eserve what is very strong operating system run by Citi NA India. Their local operating systems like Trims, also a very good operating and data storing system. That makes all employees eligible see the document, share information and to communicate each other. With out

that they keep manual Register of each and every aspects like import bill register, export bill register, LC register, outward remittance register, inward remittance register etc.

#### **Analysis of Trading department on HRM point of view-**

Human resource is one of the most important part of an organization to achieve ultimate success. Dynamic employees can lead an organization towards its goal. So Citi never compromise with the employee productivity. That bank organizes regular training for their employees to make their employees cope with that dynamic world. They provide very good financial benefit to work in that bank.

But from last few years, it has been seen to inadequate number of employee to accomplish the task of Trading department. So though some of the lengthy and stressful task may not belong to one incumbent, he/ she have to complete those tasks to complete the total system of that department.

It has been seen that, they come at 9:30 am and leave the office in minimum 10 pm. They stay in the office till 12:30 am most of the days in a month to accomplish the tasks. The employees are always under pressure and their job satisfaction level is low.

#### **Analysis about their Audit system-**

As Citi NA is a multinational bank, it requires maintaining the standard according to their international level. Though Bangladesh is developing country where all the facility what is provided by other developed country's Citi NA, Citi Bangladesh also try to maintain the standard with that. But to maintain the continuation Citi's international and local audit team always keep them under pressure to maintain the standard. Their international audit team audits their activities twice in a year and their local audit team audit their activity very frequently. So the employees require to be conscious about their task maintaining the guideline.

### **3.4 Result and discussion**

Citi NA Bangladesh is the market leader in corporate banking. They always look for the excellence in every aspects of their activity. They don't compromise with accuracy. As it is corporate bank, Trade department deals with the industries of Bangladesh. But Citi NA Bangladesh can not compromise with any lack of fulfillment in customer's



documentation. Their strict policy keeps their system controlled. Though they are strict in policy, their customer relationship system makes their customer satisfied with their service.

To make all that efforts fruitful Citi's strong monitoring system gives extra value to their success. Here I like to mention that, Citi does not compromise with their MIS. So they buy all the software's from the world class companies. The people works in IT also are very efficient to keep their system OK. Their Central Image system keeps their internal information system excellent.

As Citi's Audit Team does the magnificent job to maintain the standard, this bank have to run their transaction systematically. So basically, the total procedure of MIS, Customer relationship, regular audit system makes that department successful.

Though Citi's systematic activities has made trade department successful, their employee satisfaction level is not in the level it requires. The employees are dynamic being motivated by themselves not by their reward management. So if that bank also emphasizes on that term they can make their employee more productive what will tend that organization to further success.



### 3.5 Conclusion

Trade department of Citi Na Bangladesh works with the corporate client and financial institute has been showing the excellence of their activity from the beginning. Their perspective about customer relationship proves that to retain in market and to achieve the ultimate goal, there is no alternative of the best customer relationship. To improve their service for their customers they emphasize on the new product development. And to run their activities, they ensure quality about their system (MIS) and overall technological side. Citi's discipline operation in trade ensures their quality of service. As the employees work under too much pressure, giving more employee benefits and reward and other HR planning helps to remove this problem and then they can make a flawless operation in Trade Department.

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## Glossary

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OBU- Offshore banking Unit

TIF- trade input file

NULC- Not Under letter of credit

T.T – Telegraphic transfer

M.T- Mail transfer.

DAN- document arrival notice

ERC- Export registration certificate (ERC)

TIN - (tax identification number

IRC- Import registration certificate.

IPO -Import Policy order

CCI & E- Chief Controller of Import and Export