

Foreign Trade operation and Performance Trends of Dhaka Bank Limited

Internship Report on “Foreign Trade Operation and Performance Trend of Dhaka Bank Limited”

Submitted to

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Letter of Transmittal

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Subject: **Submission of internship report**

Dear Madam,

I take the pleasure to submit an elaborate internship report on “**Foreign Trade operation and performance Trend of Dhaka Bank Limited**” as the requirement of my BBA program. I was assigned to work at Dhaka Bank Limited, Banani branch, where I have learnt a great deal about banking practices in Bangladesh. I am confident that my dealings with the bank have certainly improved both my practical experience & theoretical knowledge to a great extent.

It was undoubtedly a marvelous opportunity for me to work on this assigned topic to actualize my knowledge of BBA program. To formulate this report up to the standard I have tried my best to fulfill the requirements, by implementing the knowledge, which I have gathered from my study.

I have given my utmost effort to reflect experience, skill and knowledge, which I acquired at the time of orientation in Bank through this report. All of my efforts will be successful if the report can serve its purpose.

Thank you very much for your kind cooperation and guidance.

Sincerely yours,

Syeda Nabila Kaiser

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Acknowledgment

At the instigation of preparing this report, I would like to convey gratitude to the Almighty Allah for special blessing in completing this report. This internship report is an accrual of many people's effort. For this, I am obliged to a number of people who helped me to organize this report and for their kind opinion, suggestions, instructions and support and appropriate guidelines for this.

Firstly, I would like to thank my internship supervisor Firstly, I Would like to thank my interneer supervisor Sharmin Shabnam Rahman, Senior lecturer, BRAC University for his proper suggestions, moral support and precious co-operation from time to time in completing the internship program especially in the last three months

My heartfelt thanks goes Dhaka Bank Limited and special thanks to my internship supervisor, Mr. Khan Mohammad Moshiur Rahman,FVP and Manager operations, Dhaka Bank Limited under whom I worked and who helped me to prepare this report well.

Finally, I want to give my thanks to the clients of Dhaka Bank Limited who participated in the survey that I conducted to make this internship report.

List of Abbreviation and Acronyms:

1. **DBL** : Dhaka Bank Limited
2. **A.D. Bank:** Authorize Dealer Bank
3. **IRC:** Import Registration Certificate
4. **ERC:** Export Registration Certificate
5. **H.S. Code:** Harmonize System Code
6. **SWIFT:** Society for Worldwide Interbank Financial Telecommunication
7. **FDBC:** Foreign Document Bill Collection
8. **FDBP:** Foreign Document Bill Purchased
9. **LDBC:** Local Document Bill Collection
10. **CCI & E:** Chief Controller of Imports & Export
11. **EXP : Export Permit Form**
12. **LCA** : Letter of Credit Authorization

Executive Summary

This Internship report aims headed for providing an overview on Foreign Trade Operation & Performance development of Dhaka Bank Ltd. While preparing this report it has been tried to reveal the insights of the foreign trade operation of the bank. A few recommendations and suggestions were also prescribed based on the observation and findings.

Dhaka Bank Limited (DBL) is Scheduled Bank that was incorporated as a public limited company on April 06, 1995 under the Companies Act, 1994. The Bank started its commercial operation as a Private Sector Bank on July 05, 1995 with a target to play the vital role in the socioeconomic development of the country. Aiming at offering Commercial Banking Service to the Customers' door around the country, the DBL established 60 branches up-to this year. This organization achieved Customers' confidence immediately after its establishment. This bank offers full range of Personal, Corporate, International Trade, Foreign Exchange, Lease Finance and Capital Market Services. Dhaka Bank Limited is the preferred choice in Banking for Friendly and Personalized Services, cutting edge Technology, tailored solutions for Business needs, Global reach in Trade and Commerce and high yield on Investments, assuring Excellence in Banking Services. Within this short time the bank has been successful in positioning itself as progressive and dynamic financial institution in the country. This is now widely acclaimed by the business community, from small entrepreneur to big merchant and conglomerates, including top rated corporate and foreign investors, for modern and innovative ideas and financial solution.

The aim of this paper is to analyze Performance development of Dhaka Bank Ltd. To make it more competitive in the banking industry with a view to how to counter the ensuing challenges in the industry as a consequence of changing global business nature and technological development. For this purpose, business philosophy, mission, objectives, activities and current strategies of Dhaka Bank are analyzed at the initial stage. Then SWOT analysis is conducted in light of internal and external environment. Finally, identifying the shortcomings of strategies Dhaka Bank is currently applying an attempt has been made to recommend the strategic options for this Bank to become more competitive in the banking industry.

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Chapter 1 Introduction

1.1 Background of the Study

Bangladesh economy has experienced a rapid growth since the '90s. Industrial and agricultural development, international trade, inflow of expatriate Bangladeshi workers' remittance, local and foreign investments in construction, communication, power, food processing and service enterprises ushered in an era of economic activities. Urbanization and lifestyle changes concurrent with the economic development created a demand for banking products and services to support the new initiatives as well as to channelize consumer investments in a profitable manner. A group of highly acclaimed businessmen of the country grouped together to respond to these needs and established Dhaka Bank Limited in the year 1995. The Bank was incorporated as a public limited company under the Companies Act. 1994. The Bank started its commercial operation on July 05, 1995 with an authorized capital of Tk. 1,000 million and paid up capital of Tk. 100 million. The paid up capital of the Bank stood at Tk. 4,667,594,130 as on June 30, 2012. The total equity (capital and reserves) of the Bank as on March 31, 2012 stood at taka 9,683,222,474. The Bank has 71 Branches, 12 SME Service Centers, 08 CMS Units, 4 offshore Banking Unit across the country and a wide network of correspondents all over the world. The Bank has plans to open more Branches in the current fiscal year to expand the network.

The Bank offers the full range of banking and investment services for personal and corporate customers, backed by the state-of-the-art technology and highly motivated Professionals.

As an integral part of our commitment to Excellence in Banking, Dhaka Bank now offers the full range of real-time online banking services through its all Branches, ATMs and Internet Banking Channels.

Dhaka Bank Ltd. is the preferred choice in banking for friendly and personalized services, cutting edge technology, tailored solutions for business needs, global reach in trade and commerce and high yield on investments.

1.2 Rationale of the study

The banking sector is one of the strongest sectors in our country. Banks provide necessary funds for executing various programs underway in the process of economic development. They collect savings of large masses of people scattered throughout the country, which in the absence of banks would have remained idle and unproductive. These scattered amounts are collected, pooled together and made available to commerce and industry for meeting the requirements. Economy of Bangladesh is in the group of world's most undeveloped economies.

One of the reasons may be its undeveloped banking system. Government as well as different international organizations have also identified that undeveloped banking system causes some obstacles to the process of economic development. So, one country must be efficient in banking if it wants to be developed. My study on the bank has created an edge on my professional learning. In today's globalised world, one of the most important banking activities is foreign trade. So, the importance of my study on “**Foreign Trade Finance of Dhaka Bank LTD**” is beyond description.

1.3 Research Objectives

My primary objective behind this report is to get acquainted with the different issues of foreign trade. Without the specific objectives, any study cannot become the fruitful one. Before preparing the report, I would like to set up objective of my study as:

1.3.1 Primary Objective

- To get acquainted with the different issues of foreign trade.

1.3.2 Specific Objectives

- To understand the overall procedure of export & import to familiarize with the issues of international trade.
- To understand & identify the functions of Foreign Trade in Dhaka Bank Limited.
- To understand the legal formalities required in foreign trade.
- To understand the importance of foreign trade

1.4 Methodology of the Study

The study is performed based on the information extracted from the different sources collected by using a specific methodology. The details are given below:

1.4.1 Data Collection

The **Primary sources** are:

- Practical desk work
- Conversation with the officers
- Conversation with the clients
- Appropriate file study as provided by the concerned officer.

The **Secondary sources** are:

- Annual reports of Dhaka Bank Limited
- Different “Procedure Manual” published by the Dhaka Bank Limited

- Publications obtained from different libraries and from the internet.

1.5. Scope of the report

The main objectives of my short time practical learning were basically to get introduced with related laws, principles, documentations, procedures & practical knowledge regarding Export & Import business of Bangladesh. Since it was a very short period of time, I wasn't able to collect more data to acquire deep understanding.

Since this topic is related to export import policy order, guidelines issued by Bangladesh bank & practical information based on DBL, it wasn't easy to collect all the data within the shortest of time. The report covered the following areas:

- Synopsis of the Dhaka Bank limited
- Foreign exchange operation of Dhaka Bank Limited
- Opening of LC and procedures and maintenance of other formalities of foreign exchange.
- To know the satisfaction of customers on the basis of the foreign exchange service of Dhaka Bank Limited.

1.6 Limitation of the Report

There are some specific limitations that I faced while doing my internship. These are as follows:

- The data and information related to the topic was not easily available.
- Supply of more practical and up to date data was another shortcoming.
- Many officers have not been interviewed.
- Though the employee of the Dhaka Bank tried to assist, sometimes there working pressure could not give me proper assistance.
- Another limitation of this report was the Bank's policy of not disclosing any data and information for obvious reasons, which could have been very useful.

Chapter 2: Organization Overview

2.1 Historical Perspective of Dhaka Bank Limited

Dhaka Bank Limited (DBL) is the leading Private Sector Bank in Bangladesh offering full range of Personal, Corporate, International Trade, Foreign Exchange, Lease Finance and Capital Market Services. Dhaka Bank Limited is the preferred choice in Banking for Friendly and Personalized Services, cutting edge Technology, tailored solutions for Business needs, Global reach in Trade and Commerce and high yield on Investments, assuring Excellence in Banking Services.

DBL is a Scheduled Bank that was incorporated as a public limited company on April 06, 1995 under the Companies Act, 1994. The Bank started its commercial operation as a Private Sector Bank on July 05, 1995 with a target to play the vital role in the socioeconomic development of the country. Aiming at offering Commercial Banking Service to the Customers' door around the country, the DBL established 71 branches up-to this year. This organization achieved Customers' confidence immediately after its establishment.

Within this short time the bank has been successful in positioning itself as progressive and dynamic financial institution in the country. This is now widely acclaimed by the business community, from small entrepreneur to big merchant and conglomerates, including top rated corporate and foreign investors, for modern and innovative ideas and financial solution.

The Authorized Capital of the DBL was Tk.1, 000 Million and Paid up Capital of Tk.100 million. The Paid up Capital of the Bank stood at Tk.4, 667 million as on June 30, 2012. The Total Equity (Capital and Reserves) of the Bank as on June 30, 2012 stood at Tk.9, 683 million.

2.2 Mission & Vision of Dhaka Bank Limited

Mission Statement:

The Mission of the Dhaka DBL is to be the Premier Financial Institution in the country providing High Quality Products and Services backed by Latest Technology and a Team of Highly Motivated Personnel to deliver Excellence in Banking.

Vision:

At Dhaka Bank they work as a team, committed to assuring a standard that makes every banking transaction a pleasurable experience. They endeavor to offer the razor sharp sparkle through accuracy, reliability, timely delivery, cutting edge technology, tailored solutions for business needs, global reach in trade and commerce and high yield on customers' investments.

Their people, products and processes are aligned to meet the demand of their discerning customer. Their goal is to achieve a distinction like the luminaries in the skies. Their prime objective is to deliver a quality that demonstrates a true reflection of their vision - Excellence in Banking.”

2.3 Goals of the Bank

Long-term Goal:

To be the Market Leader both in terms of Deposits and good advances among Private Commercial Banks in Bangladesh by the year 2015.

Short-term Goal:

To increase Current Market Shares at least 0.35% by 2012.

Financial Goal:

To reduce the existing Cost of Fund by 1%, this currently stands at 11.06%

Other Goals:

- To be one of the best Banks of Bangladesh.
- To achieve Excellence in Customer Service next to none and superior to all competitors.
- To cater to all differentiated segments of Retail and Wholesale Customers.
- To be a High Quality Distributor of Product and Services.
- To use state of the Art Technology in all spheres of Banking.

2.4 Values

- Customer Focus
- Integrity
- Team Work
- Respect for Individual
- Quality
- Responsible Citizenship

2.5 Objectives of the Bank:

1. DBL has the objectives to conduct transparent and high quality business operation based on market mechanism within the legal and social framework spelt in their mission and reflected in their vision.
2. Their greatest concerns are their customers to provide them continually efficient, innovative and high quality products with excellent delivery system.
3. Their motto is to generate profit with qualitative business as a sustainable ever-growing organization and enhance air returns to their shareholders.
4. They are committed to the community as a corporate citizen and contributing towards the progress of the nation as their corporate social responsibility.
5. Their employees are their backbone. DBL promote their well being through attractive compensation package, promoting staff morale through training, development and career planning.
6. They strive for fulfillment of their responsibility to the government through paying entire range of taxes and duties and abiding the other rules.
7. DBL is cautious about environment & climatic change and dutiful to make their homeland a green and clean soil.

2.6 Management System

Since its journey as Commercial Bank in 1995 DBL has been laying great emphasis on the use of improved Technology. It has gone to Online Operation System since 2003. And the new Banking Software **FLEXCUBE** is newly installed. As a result the Bank will able to give the services of international standards.

2.7 Correspondent Relationship

The Bank established correspondent relationships with a number of Foreign Banks, namely American Express Bank, Bank of Tokyo, Standard Chartered Bank, Mashreq Bank, Hong Kong Shanghai Banking Corporation, CITI Bank NA-New York, AB Bank Ltd etc. The Bank is maintaining Foreign Exchange Accounts in New York, Tokyo, Calcutta, London, Germany etc.. The Bank has set up Letter of Credit on behalf of its valued Customers using its Correspondents as advising and reimbursing Banks. The Bank maintains a need based Correspondent Relationship Policy, which is gradually expanding. The number of Foreign Correspondents is now 406.

2.8 Departments of DBL

If the jobs are not organized considering their interrelationship and are not allocated in a particular Department it would be very difficult to control the system effectively. If the departments are not fitted for the particular works there would be haphazard situation and the performance of a particular department would not be measured. DBL has does this work very well. Different Departments of DBL are as follows:

- Human Resources Division
- Personal Banking Division
- Treasury Division
- Operations Division
- Computer and Information Technology Division
- Credit Division
- Finance & Accounts Division
- Financial Institution Division
- Audit & Risk Management Division
- Foreign Trade Division

2.9 Current Performance

DBL is committed to deliver better service to our valuable customers. Customers are their first priority and driving force. Superior quality customer service through the integration of the latest state-of- the-art technology is our motto. Customers come from all walks of life. They are professional, businessmen, public servants, entrepreneurs, homemakers, men & women, residents and non-residents maintaining local & foreign currency accounts. Introducing new products and developing the quality of the existing products is the strategies adopted by the Bank to serve the customers. They are always committed to sustain the commitment "**Excellence in Banking**".

We are aware of the natural consequences of globalization, liberalization, privatization, reforms, foreign investment, economic policy and infrastructure development. They assure a long-term sustainable relationship with strong bondage of caring and sharing with our customers.

2.10 Policies and Strategies of the bank

1. DBL seeks to build long-term, sustainable beneficial relationships with all its customers based on the service- commitments and on the underlying values of mutual respect.
2. The primary concern of DBL is to understand and satisfy customers' needs and expectations. DBL promises to use all means open to them to establish and understand these needs, which are both mutually beneficial and respectful to their values and principles.
3. DBL promises to deal quickly, courteously and accurately with all correspondences.
4. Should disagreements arise between DBL and its clients, DBL undertakes speedy and equitable solutions, which takes into account rights and obligations, of both parties and is framed in the context of a long- term and enduring relationship.
5. DBL believes in openness, integrity, transparency and accountability and provides high standard of services to its valued customers.

2.11 Environment of Dhaka bank

Quality of working life is easy, fast, durable, safe, furnished, updated. Environment of the workplace is fully air condition, computerised equipment, on lining each branch, mobile network facilities etc. Politics & practice are unseen in working environment. A proper hygiene is maintained.

Sustainable economic, ecological and social developments of the surroundings are the key elements of business decisions of DBL. Our environmental management policy stipulates adherence with environmental health and safety regulations and guidelines, refraining from businesses that impairs the ability of our future generations to meet their own needs. The policies with regard to safety, health and environment management are being observed in our lending decisions; several steps have also been taken within the Bank such as declaring all Dhaka Bank Branches and offices smoking free zones.

Internal Control System are processes designed by the management and effected by the board of directors on all tiers of management to provide reasonable assurance regarding the reliability of financial reporting, operation and risk management and the preparation of financial statements.

2.12 Corporate Banking

Dhaka Bank offers a full range of tailored advisory, financing and operational services to its corporate client groups combining trade, treasury, investment and transactional banking activities in one package.

Whether it is Project finance, Term Loan, Import or Export Deal, Working Capital Requirement or Forward Cover for a Foreign Currency Transaction, our Corporate Banking Managers will offer you the right solution. You will find top-class skills and in-depth knowledge of market trends in our Corporate Banking Specialists, speedy approvals and efficient processing fully satisfying your requirements - altogether a gratifying experience.

At the moment Dhaka Bank's exposure (as of December 31, 2012) under the Corporate Banking Business is distributed in the following sectors:

Sl.	Sector	DBL's Exposure (BDT in Million)	%
1	Agricultural	568.06	0.63
2	Chemical	2324.42	2.58
3	Electronics & Automobile	1019.46	1.13
4	Energy & Power	2170.86	2.41
5	Engineering & Metal including Ship Breaking	10420.11	11.56
6	Food & Allied	5092.16	5.65
7	Housing & Construction	11893.60	13.19
8	Pharmaceuticals	915.12	1.02
9	Service	2241.70	2.49
10	Textile & Garment	17968.91	19.93
11	Transport & Communication	4725.89	5.25
12	Others	30799.97	34.17

Chapter 3: Working experience at Dhaka Bank Limited

3.1 Working Experience at the Dhaka Bank Limited

During the three months of my internship I was placed Banani branch under Mr. Khan Mohammad Mosiur Rahman, First Vice President and Operations Manager, Dhaka Bank Limited. I heavily enjoyed the working environment of this office. The working experience gave me a good idea of the overall banking system and taught me the professionalism of the working place.

During the internship period in Dhaka Bank Limited, I was placed in different departments. At first, I was in General banking section for two weeks, then in retail banking units for another two weeks and rest of the time I was in foreign trade department.

3.1.1 General Banking

- Helping clients to fill up account form and pay order form
- Writing pay order instrument
- Provide customers' product related information
- Provide assistance support according to the need of the customers
- Helping officers to prepare for the Bangladesh bank reports.

3.1.2 Retail Banking Unit

- Fill up CIB (Credit Information Bureau) form for clients and sent to Bangladesh Bank to check whether the client has any other any other bank or not.
- Preparing to head office forwarding for loan approval
- Making customer sanction advice about disbursing amount, after head office approval
- Preparing purchase orders for car loan, personal loan, doctors loan on the basis of clients quotation

3.1.3 Foreign Trade

One of the most important parts in the DBL (Dhaka Bank Limited) Banani Branch is a Foreign Trade department that deals with Export, Import and Foreign Remittance. In my internship period, I worked in Export department and Import department. My lists of works or responsibilities are given below:

Export Department

1. Issuing and Updating EXP on Online Export Monitoring System: When one company takes the EXP form from the bank, officer from the bank has to put some information to

the Bangladesh bank online system. This information is divided into two parts. One is Related LC/ Contract info. These information are– giving LC / Contract number, date, terms of sale type like LC or Contract, currency, country, Exporters registration number , Importers name and address. Other is Issue EXP. Issue EXP are- giving EXP serial, EXP year, HS code, destination port, unit(ISO), invoice amount, incoterm used (FOB, CIF, CFR, FCA), name of carrier/vessel, transport document type(airway bill, bill of lading, HAWB, truck receipt), issuing officer name, correcting officer name then create.

When LC opened, and changes of invoice amounts occurred then clients has to inform bank that amendments has been occurred and particular LC needed to be updated. To update the EXP, first have to put the ADS code which is the branch code. For Dhaka bank it is 1407. Then have to put EXP serial, year, destination port, quantity, invoice, unit, B/L no or Airway bill no, date of shipment.

2. Giving clients vouchers or advices like Debit advice or credit advice. The advices can be for LC opening, LC amendments, LC SWIFT uses, charges, accounts, loans etc.
3. When LC request come to the bank, first I had to make a forwarding letter like giving the beneficiary name, product description, HS code, PSI requirement, LC amount, VAT, stamp charge, SWIFT etc.
4. Preparing the documents by putting stamps, sealing them and preparing files for the documents.
5. Making certificates when clients needed. Like CFR certificate, Fob certificate.
6. Updating the register book by putting realized amount of goods, shipment date, documents sent to Bangladesh bank etc.

3.2 SWOT Analysis of my working experience

Strength

- When I started working in the Foreign Trade Department, I was assigned to fill up more than 200 forms of imports IPO on behalf of the account holders and prepare necessary documents required for application. I completed the job within the short period of time and my accuracy was making pleased the SAVP of Dhaka Bank Limited Mr A.K.M. Monirul Islam, and achieved his trustworthiness.
- I was assigned to prepare Bangladesh Bank reporting for import payment which is called E2P2 for the month of March and April. For completing each month's E2P2 I only got one week. I had to fill up more than 50 IMP forms for each month and prepare different

excel sheet for different currencies. I successfully achieved my given target for these two months.

Weakness:

- My work could be done quickly, if there were sufficient amount of software in computers. The technology which is used by Dhaka bank is not sufficient.
- Software is too slow to use. The employee could not use any computers when the server was down.

Opportunity:

- I was the first who was given a work which is to report to the Bangladesh bank. So, I think in the coming days many interns will be given these types of works and they can understand the procedures of exports and Imports.

Threats:

- Some employees think that interns have no work to do but only to scan and photocopy the documents. These types of work create demoralizing to employees. Interns are taken to experience the real corporate or official practices so; officers should be cooperating to their work.

Recommendation:

As a finance student, I always prefer to do a job in a financial organization. So, obviously banks get the first priority to me. An internship in a bank, like Dhaka bank is a great way to demonstrate interest in the sector and for me to learn more about the actual job, I would be doing on a routine basis.

During the internship period, employees of DBL were very supportive & always helped me to learn. But it was not possible for me to know about all the departments within 3 months.

In the follow, I found out some problem over in the Dhaka bank as a critical observation, and some recommendation regarding the observation:

- During my internship I observed that work load in General banking department, foreign exchange and retail department at Banani branch was more than compared to the number of working employees. As their work pressure was being doubled, so motivational levels of those employees were getting down. So, the authority is required to be a little careful about their employees. May be their current policy is not to recruit any new employee, but they can solve this situation by transferring employees from other departments. Otherwise, the motivation level will be low.

- In Dhaka bank Banani Branch, the management is not strict about punctuality. As a result, the tendency of being not on time is growing among employees. To change this practice management may need to be a little harsh about their rules and regulation.

Chapter 4: Foreign Trade Operation

4.1 Foreign Trade

Foreign Trade is termed as the means and methods by which rights to wealth expressed in terms of the currency of one country are converted into rights to wealth in terms of the currency of another country.

Foreign Trade means trade of foreign products, services and currency between two countries. If we consider “Foreign Trade” as a subject then it means all kind of transactions related to foreign currency. In other words foreign trade deals with foreign financial transaction.

Foreign Trade department is an international department of the bank. It deals with globally and facilitates international trade through its various modes of services. It bridges between importers and exporters. Bangladesh bank issues license to scheduled banks to deal with foreign exchange. These banks are known as authorized dealers (AD). If the branch is authorized dealer in foreign exchange market, it can remit foreign exchange from local country to foreign country. This department mainly deals with foreign currency. This is why this department is called foreign

exchange department. Some national and international laws regulate functions of this department. Among these Foreign Exchange Act, 1947 is for dealing in foreign exchange business, Import and Export control Act, 1950 is for documentary Credits. Government's Import and Export policy are another important factor for import and export operation of banks.

4.2 Global Trade

Global trade can be easily defined as a business activity, which crosses national boundaries. These may be between parties or government ones. Trade among nations is a common occurrence and normally benefits both the exporter and importer. In many countries, international trade accounts for more than 20% of their national incomes.

Global trade also can be defined as foreign trade can usually be justified on the principle of comparative advantage. According to this economic principle, it is economically profitable for the country to specialize in the production of that commodity in which the producer country has the greater comparative advantages and allow other countries to produce that commodity in which it has the lesser comparative advantages. It includes the spectrum of goods, services, investment, technology transfer etc. this trade among various countries calls for loose linkage between the parties dealing in trade. The banks, which provide such transactions, are referred to as rendering international banking operations. International trade demands a flow of goods from seller to buyer and of payment from buyer to seller.

DBL named their global trade functions as Global Trade Services (GTS). It works mainly through Head Office. Global Trade Services (GTS) consists of two units- Financial Institutions or FI and Remittance Unit.

- **Financial Institutions**

Trade finance has been a major area of business for Dhaka Bank Ltd. since inception in 1995. The Financial Institutions Unit is responsible for facilitating bank's trade finance business under prevailing local and international laws. Under the capable leadership of the current management, trade business is growing for both import & export.

Letter of Credit (L/C) is a popular instrument in modern trade finance transaction and it is the most widely used instruments for trade with Bangladesh. For secure & fast issuance/receipt and payment of L/Cs, banks need to maintain Relationship Management Applications (RMA), Nostro Accounts and different correspondent banking arrangements.

Dhaka Bank Ltd. mainly provides the following services:

- Import Letter of credits
- Export Letter of credits, negotiation & documentary collection
- Re-issuance of Local guarantees against counter guarantees from international correspondents.

FI arranges correspondent banking network, credit lines and other facilities required for to handle all trade related transactions of its 15 Authorized Dealer (AD) branches and one Offshore Banking unit of the. With a vast network (320+) of correspondents throughout the globe we are capable to advise L/Cs in all continents of the globe. For confirmation of L/Cs, Dhaka Bank enjoys a significant amount of credit lines with almost all the major international banks and augmented by similar arrangements with banks in different regions . To further enhance the capacity to support trade transactions, Dhaka Bank Limited signed up with Asian Development Bank (ADB) to avail credit guarantee facility from ADB under its Trade Finance Facilitation Program (TFFP) for confirmation of the L/Cs issued by it.

- **Centralized Trade Operations**

Dhaka Bank Ltd. is one of the leading local commercial banks in centralizing trade operations. It is called Central Processing Center (CPC). Using the branches as customer touch point CPC trade operations is providing up-to-the-minute trade solutions to the customers while fulfilling all the regulatory requirements. The operations of trade service of Dhaka Bank Lt are accomplished by CPC Trade Operations situated in both Dhaka and Chittagong. Its operation started in December 19, 2009 with 15 Authorized Dealer Branches who are authorized to transact in foreign exchange and to trade finance business and they are now responsible for all trade related transactions. Trade Operations handle:

- All import L/Cs
- All Export Documents
- Follow-ups for all import/export payments/receipts till respective settlements.

With the best expertise in trade of the bank under a single roof working together, it has all the new age technological support like Flexcube (i-flex), SWIFT Alliance Messenger, automated IMP software, E-Mail, High Speed Scanner and SMS Portal. Centralized Trade Operations surely is a logical step forward to achieve excellence in banking.

CPC has ensured optimum utilization of human resources, time and utility. On one hand it reduces cost and risk and on the other hand it gives better opportunity to the customers to get more attention and time of trade officer working in different customer touch point.

Key Features of CPC

- **Specialization:** CPC segregates its operation in six functional areas to bring specialization which in turn ensures better quality.
- **Cutting edge technology:** Maximum utilization of its state of the art technology ensures timeliness and reduces distance.

- **Healthy MIS:** It helps management to take the effective decision and better control by understanding the present scenarios and forecast upcoming trade opportunities.
- **Scrutiny team:** A team of experienced, knowledgeable and prudent officers are fully involved in scrutiny of documents.
- **Reporting team:** The statement team is dedicatedly working to ensure timely submission of different reports required by the central bank.
- **Well equipped messenger team:** A team of good number of messengers with motorbikes dedicatedly involved in delivery and collection of documents from the branches and other places.

4.3 Activities in Foreign Trade Department

There are three kinds of foreign exchange transactions:

- **Export**
- **Import**
- **Remittance**

4.3.1 Concept of Export

Export means flow of goods and services produced within Bangladesh but purchase by economic agent i.e. individuals, firms, governments of other countries. The persons/Firms sales the goods & services to another country is called exporter.

An exporter of a country having a trade relation with an importer of another country may not have enough money to conclude the deal. He may as such need finance from the Bank.

4.3.2 Concept of Import

Import means the goods & services purchase by an economic agent located in Bangladesh from the economic agent of other countries. Financing in import business, stores the contractual obligation between buyer & the Bank. Financing of import business is a major area of investment of a Bank.

Import licenses are not required for any imported items except those on the restricted list. However, importers need to use Letter of Credit Authorization (LCA) forms to import goods.

4.3.3 Import/ Export Documentation

Unless otherwise specified, all imports transacted through a bank require a Letter of Credit Authorization (LCA) Form. Obtaining an LCA is not time-consuming, and many of the documents required for submission by importers can be kept on file with their banks. At present, there is no lack of foreign currency for import transactions. However, as a safety cushion against currency fluctuation, banks prefer to source foreign currency for L/Cs over \$ 500,000 from the central bank. Typically, 1-2 days is required to obtain registration from the central bank. Unless otherwise specified, all imports must be made by opening an Irrevocable Letter of Credit.

Import against an LCA may be made without opening an L/C in the following areas:

- Import of books, journals, magazines, and periodicals on sight draft of issuance bill basis;
- Import of any permissible item for an amount not exceeding \$5,000 only during each local fiscal year against remittances made from Bangladesh;
- Imports under commodity aid, grant or such other loan for which there are specified procurement procedures for import of goods without an L/C;
- Imports of "International Chemical References" through bank drafts by recognized pharmaceutical (allopathic) firms on the approval of the Director, Drug Administration, for the purpose of quality control of their products.

Importers must submit to their nominated banks the following documents along with the LCAF:

- L/C application form duly signed by the importer;
- Indents for goods issued by indenter or a pro-forma invoice obtained from the foreign supplier;
- Insurance cover note.

Foreign firms are allowed to import permissible commercial items against prior permission from the Chief Controller of Import and Export and need to provide following documents:

- Photocopy of the valid Import Registration Certificate;
- Photocopies of invoices, bill of lading, and import permit duly certified by the bank;
- Certified copy of the last income tax assessment order; and
- Name and description of each item to be imported with quantity and approximate C&F value.

Public sector importers also need to provide the following documentation:

- Attested photocopy of allocation letter issued by the allocating authority in favor of the concerned public sector agency specifying the source, amount, purpose, validity, and the terms and conditions;
- Attested photocopy of sub-allocation letter, if any, issued in favor of the importing agency or unit;
- Attested photocopy of sanction letter from the administrative ministry or authority where applicable; and
- A declaration by the authorized officer of the importing agency indicating the amount of utilized/unutilized government funds and that imported raw materials will not be sold.

Private sector importers need to furnish the following additional documents:

- Valid membership certificate from the registered local chamber of commerce and industry or any trade association, established on an all-Bangladesh basis, representing any special trade or business;
- Proof of payment of renewal fees for the Import Registration Certificate (IRC) for the concerned fiscal year;
- Copy of a "TIN Certificate" issued by the tax authority. The TIN (Tax Identification No.) Certificate is a new requirement aimed at ensuring collection of income tax, VAT and other revenues from importers.
- A declaration, in triplicate, that the importer has paid income tax or submitted an income tax return for the preceding year; and
- Any such documents as may be required by import policy order or public notice, or instruction issued by the Chief Controller of Imports and Exports.

Prohibited Imports:

Bangladesh's Import Policy Order 1995-97 places controls on some imports. Items banned from import include:

- Maps, charts and geographical globes which indicate the territory of Bangladesh but do not do so in accordance with the maps published by the Bangladesh Government's Department of Survey;
- Horror comics, obscene and subversive literature;
- Printed material, posters, video tapes, etc. containing matters likely to outrage the religious feelings and beliefs of any class of the citizens of Bangladesh;
- Unless otherwise specified, old, second-hand and reconditioned goods;
- Unless otherwise specified, all kinds of waste; and
- Goods bearing pictures or writing which is obscene or of a religious connotation which may injure the religious feelings of any class of Bangladesh citizens.

Other items completely banned are: live pigs, pig and poultry fat, poppy seeds and dried posto dana, grass, opium, tendu leaves, lard, lard and tallow oil, solid or semi-solid palm oil, raw sugar, un-denatured ethyl alcohol (80% or higher) and other spirits denatured of any strength, wine, artificial mustard oil, selected petroleum products, woven fabrics of silk or silk waste, pig hair, some kinds of cloth, selected insecticides, ylon and polyethylene ropes, fishing nets (gillnets), used or new rags, vessels more than 15 years old, motorbikes more than three years old, and single phase electricity meters.

In addition, the import of goods from Israel and the import of goods of Israeli origin are prohibited, as is the shipment of goods on Israeli flag vessels. All types of imports are also banned from Serbia and Montenegro.

Membership in Free Trade Arrangements:

Bangladesh is a member of the South Asia Preferential Trade Agreement (SAPTA) under the umbrella of the South Asia Association for Regional Cooperation (SAARC).

Exchange Controls:

Importers must obtain a letter of credit authorization form to be allocated foreign exchange. Repatriation of capital, profits, benefits and assets are guaranteed. Transfers may take an extended period of time since they must be approved by the Bangladesh Bank.

Exports of Ready-made Garments (RMG)

The term export is known as the selling product from one country to another country. In the Export Policy of Bangladesh export is defined as the flow of goods and services produced within Bangladesh, but purchased by economic agents (individuals, firms, governments) of other countries. Very few commodities are occupying a major share of our export. Only five export items – Ready-made Garment (RMG), Knitwear, Jute and Jute goods, Frozen food, and Leather provide more than 90% of export earnings of Bangladesh. The periphery of our export market is very narrow. More than 80% of exports of Bangladesh made to USA and EEC countries.

RMG provides the largest portion of export earnings of Bangladesh. So the industry is large in size and produce 100% Ready Made Garments to various countries. The main countries that buy RMG from Bangladesh are:

- United States
- United Kingdom
- EEC countries
- Canada

The names of some buyers are:

- The Gap Inc. - USA
- GPS Consumer Direct Inc. - USA
- H & M International Limited - USA

- Ema Textiles Ltd. - UK
- Ahlens Far East Ltd. - Hong Kong
- Jaytex of Canada Ltd. - Canada
- Lamda International Limited - Germany
- Ahlen AB - Sweden

Documents Required for Export of RMG

For Shipment to USA

1. Original Signed Commercial Invoice indicating the style numbers, detailed merchandise description, quantity in units, unit price, extended and total amount, country of origin of merchandise and sales term.
2. Packing List referencing commercial invoice number(s), showing quantity in units and cartons, style numbers and Purchase Order numbers.
3. Original Inspection Certificate issued and signed by the authorized signatory of the inspection firm.
- 4a. Full set of clean on board ocean Bill of Lading and original Forwarder's Cargo Receipt issued by designated forwarder or shipping company indicating Purchase Order number, marked 'Freight Collect' for FOB (Free on Board) L/C or marked 'Freight Prepaid' for CFR (Cost and Freight Receipt) L/C and consigned to the order of negotiating bank and endorsed to the order of Issuing Bank.
- 4b. Original Airway Bill issued by the designated Forwarder indicating purchase order number, marked 'Freight Prepaid' for CFR (Cost and Freight Receipt) L/C or marked 'Freight Collect' for FOB (Free on Board) L/C and consigned to the order of negotiating bank and endorsed to the order of Issuing Bank.
5. Single or Multiple Country Declaration.

For Shipment to UK

1. Basic documents required same as point 1 to 4b for USA shipment.
2. Photocopy of Certificate of Origin indicating purchase order no., L/C no. issued by relevant authority of the finished good's country of origin.

For Shipment to Canada

1. Basic documents required same as point 1 to 4b for USA shipment.
2. Photocopy of Certificate of Origin indicating purchase order no., L/C no. issued by relevant authority of the finished product's country of origin.
3. Canada Customs Invoice
4. Copy of VASN.
5. Form B255 E

Those are the basic documents required by most of the countries. Other than that some buyers seek some special type of documents such as:

1. Beneficiary's Certificate confirming that the garments have been passed through a metal detector or free of metal contamination.
2. Beneficiary's Certificate confirming that they do not employ under age labor, as stipulated by the legal laws of the country in which the goods are manufactured.

4.3.4 Concept of Remittance

Foreign remittance means remittance of foreign currencies from one place/ persons to another place/person. In a broad sense, foreign remittance includes all sales and purchase of foreign currencies on account of Import, Export, Travel and other purposes. However, specific foreign remittance means sale & purchase of foreign currencies for the purposes other than export and import. As such, this chapter will not cover purchase & sale of foreign currencies on account of Import & Export of goods.

All foreign remittance transactions are grouped into two broad categories- Outward remittance & Inward remittance.

Dhaka Bank Limited started its remittance services in 2005 and has become one of the major players in the market. DBL is continuously trying to modernize its remittance disbursement process and as part of the effort DBL not only uses its own 60 branches for remittance disbursement but has formed strategic alliance with few commercial banks having a total of 2373 branches and 02 local NOG's having 250 locations for fast and hassle free disbursement of remittance received from around the world namely North America, UK, Europe, UAE, Oman & Australia. As part of its vision to provide safe transfer of money to beneficiaries DBL is working with one of the largest money transfer network in the world Western Union Money Transfer.

4.3.5 New Product Development

Keeping in line with its vision DBL is also the first bank in Bangladesh to introduce an innovative & revolutionary remittance service Mobile remittance disbursement partnering with Orascom Telecom (Banglalink) one of the leading telecom operator in Bangladesh. Under this arrangement DBL will be able to disburse remittance either by instant cash payments or by opening M Wallet (a virtual account) of beneficiaries through 2222 Banglalink outlets situated all over the country.

To achieve Excellency in exposure to the immigrant Bangladeshis. DBL has introduced a dedicated NRB service. From money transfer to investment, this one stop service will be devoted to satisfy the banking needs of the NRB's abroad.

4.4 Trade Finance department

This department deals with all processing of Export and Import. Moreover, it also deals with the foreign remittance. Under this the export department, deals with only the export and the back-to-back L/C. The total export value of 2009 was 300 Crore local BD currency. And most of the export goods were different types of garments products.

4.4.1 Letter of credit (L/C)

Letter of credit (L/C) can be defined as a “credit contract” whereby the buyer’s bank is committed (on behalf of the buyer) to place an agreed amount of money at the seller’s disposal under some agreed condition.

Since the agreed conditions include, among other things, the presentation of some specified documents, the letter of credit is called the Documentary Letter of Credit.

The Uniform Custom & Practice for Documentary Credit (UCPDC) published by International Chamber of Commerce (1993) Revision, Publication No. 500 defines Documentary Credit: any agreement, however named or described, whereby a bank (the “issuing bank”), acting at the request and on the instructions of a customer (the “Applicant”) or on its own behalf, is to make a payment to or to the order of a third party (the beneficiary), or is to accept and pay bills of exchange (Drafts) drawn by the beneficiary, or authorizes another bank to effect such payment, or to accept and pay such bills of exchange (Draft), authorizes another bank to negotiate, against stipulated documents, provided that the terms and conditions are complied with.

4.4.2 Types of LC

Documentary Credits may be either:

- **Revocable**
- **Irrevocable**

Revocable

When a revocable credit can be amended or cancelled without any prior notice then it is known as revocable credit.

Irrevocable Credit

An irrevocable letter of credit is one, which cannot be revoked, amended or modified by the issuing bank without the concurrence of the beneficiary or any other interested party including the confirming bank. It is a definite undertaking of the issuing bank and constitutes the

engagement of the bank to the beneficiary or any bona fide holders of the drafts drawn under the credit, provided the terms and conditions of the credit are complied with.

4.4.3 Special Documentary Credit

Revolving Credit

The revolving credit is credit, which provides for restoring the credit to the original amount after it has been utilized. How many times it will be taking place must be specifically mentioned in the credit. The revolving credit may be either cumulative or non-cumulative.

Transferable Credit

In terms of transferable credit, the original beneficiary can transfer the credit to one or more beneficiaries for once.

Back-to-Back Credit

It is a secondary credit opened by a bank on behalf of the beneficiary of an original credit, in favor of a domestic/foreign supplier. The amount of back-to-back credit must not exceed the amount of original credit and the items/goods must be relevant to the original credit. It facilitates the beneficiary of the original credit to purchase raw and packing materials.

Red Clause

This type of credit authorizes the negotiating bank to make advances to the beneficiary for purchasing goods / raw materials from the local suppliers. In this case, a clause in the letter of credit is inserted indicating clear instruction about such advances. The 'Red clause' or Green clause' is called because the clause is generally printed in Red or Green to distinguish it from the text of the credit.

Deferred payment L/C

The issuing bank undertakes to make payment against type of L/C at a future date (e.g. 60/90/180/270/360 days after receipt of order documents). Mainly Capital machinery and emergency medicine are imported through this type of L/C.

4.4.4 Parties to a letter of credit

There are a number of parties involved in a L/C and the rights & obligations of the different involved parties also differ from each other. The involved parties can be named below:

1. Importer/Buyer
2. Opening/Issuing bank
3. Exporter/Seller/Beneficiary
4. Advising/Notifying Bank

5. Confirming Bank
6. Negotiating bank
7. Paying/Reimbursing Bank

Importer/Buyer is the people who request/instructs the opening bank to open a L/C. He is also called opener or applicant of the credit.

Opening/Issuing Bank is the bank which opens/issues a L/C on behalf of the importer. It is also called the importer's/buyer's bank.

Exporter/Seller/Beneficiary is the party in whose favor the L/C is established

Advising/Notifying Bank is that bank through which the L/C is advised to the exporter. It is a bank situated in the exporting country and it may be a branch of the opening bank or a correspondent bank. It may also assume the role of confirming and/or negotiating bank depending upon the conditions of the credit.

Confirming Bank is a bank, which adds its confirmation to the credit, and it is done at the request of the issuing bank. The confirming bank may or may not be the advising bank.

Negotiating bank is the bank, which negotiates the bill and pays the amount to the beneficiary. It has to carefully scrutinize the documentary credit before negotiation in order to see whether the documents are apparently is in order or not. The advising bank and the negotiating bank may or may not be one and the same. Sometimes it can also be the confirming bank.

Paying/Reimbursing bank is the bank as whom be bill will be drawn (as per conditions of the credit). It is nominated in the credit to make payments against stipulated documents complying with the terms of the credit. It may or may not be the issuing bank.

4.5 Summary of Procedure: Letter of Credit

- The buyer and seller conclude a sales contract providing for payment by a Documentary Credit.
- The buyer instructs his bank-the "Issuing Bank"-to issue a Documentary Credit in favor of the seller (Beneficiary).
- The Issuing Bank issues the Documentary Credit and asks another bank (the Advising Bank), usually in the country of the seller, to advise or confirm the Documentary Credit.
- The Advising Bank informs the seller that the Documentary Credit has been issued.

- As soon as the seller receives the Documentary Credit and is satisfied that it meets the terms of the sales contract and that he can meet the Documentary Credit terms and conditions, he is in a position to effect shipment.
- Seller then sends the required documents to the bank where the Documentary Credit is made available (the Nominated Bank).
- The bank examines the documents against the Documentary Credit. If they meet the requirements of the Documentary Credit, the bank will pay, accept or negotiate; according to the terms of the Documentary Credit.
- The bank, which takes up the documents, sends the documents to the Issuing Bank.
- The issuing bank scrutinizes the documents and if the documents meet the Documentary Credit requirements, reimburses in the re-agreed manner the Confirming bank or any other Nominated Bank that has paid, accepted, or negotiated under the Documentary Credit.
- When the documents have been scrutinized by the Issuing Bank and are found to meet the Documentary Credit requirements, they are released to the buyer.
- The Issuing Bank obtains reimbursement from the Buyer in the pre-agreed manner.
- The buyer forwards the transport document to the local office or agent of the carrier who will then affect delivery of the goods to him.

4.6 L/C Advising

Advising through a bank is a proof of apparent authenticity of the credit to the seller.

The typical process of advising a credit consists of

- Forwarding the original Credit to the beneficiary to whom it is addressed.
- Before forwarding, the advising bank has to verify the signature (s) of the officer (s) of the opening bank and ensure that the terms and conditions of the credit are not in violation of the existing exchange control regulations and other regulations relating to export.
- Entry made in the L/C advising register.
- L/C advised to the beneficiary (exporter) promptly and advising charge recovered.

There are two types of L/C Advising

- Foreign L/C Advising
- Local L/C Advising

Foreign L/C Advising

In terms of foreign L/C Advising the swift proves the authenticity of the letter of credit. Under swift code 700 (01-08) the entire fields is required for the necessity of the foreign letter of credit. Most importantly the L/C Number (Documentary Credit No), L/C value, Date of Issue, Date of

Advising is being written while advising of FLC. Normally the charge for advising is TK.1500 as bank takes the responsibility of the authenticity of the L/C.

Local L/C Advising

Local L/C is needed mainly for the back to back L/C. In terms of LLC the same procedure is followed mentioned earlier only the L/C No. is given by the bank.

4.7 Foreign L/C Amendment

After opening of L/C sometimes alteration/amendments to the original terms and conditions become necessary. These amendments may involve changes in Unit price

- Extension of validity of the L/C
- Documentary requirements etc.

The amendments can be effected only if all the parties concerned i.e. the beneficiary, the importer, the issuing bank and the advising bank have agreed to the amendments. For any amendment, the importer (applicant for the credit) must request the opening bank in writing duly supported by revised indent/pro-forma invoice etc. where necessary. The opening bank will then advise the required amendment to the advising bank by mail/swift, as instructed by the importer.

The typical process of amendment involves:

- All amendments should be noted in the L/C file and L/C opening register.
- L/C amendment commission including postage/swift should be charged to the clients Account
- In case of increase in L/C value, it should be ensured that the balance available in the LCA form is sufficient to cover the increased L/C amount. If not additional valid LCA form should be obtained to cover the enhanced amount of L/C. Insurance cover should also be obtained for enhanced amount.

4.7 Foreign L/C Transfer

As mentioned earlier the only the first beneficiary can transfer the L/C to other and only for once. The require documents for transfer are:

- The original copy of L/C
- The original copy of amendment
- The forwarding letter provided by the bank.

Now to transfer the first beneficiary brings the application form and where bank need to verify the signature and bank check the value of transfer. This because after all the amendment

(increase or decrease) if the present value is not sufficient than the bank will not give the permission to transfer.

The charges of the above:

Local L/C Advising	Tk. 750.00
Foreign L/C Advising	Tk. 750.00
Foreign L/C Amendment	Tk. 750.00
Foreign L/C Transfer	Tk. 750.00

Number of L/C Transactions in a Year

Transaction Profile, 2012		
Number of Import L/C		13723
Number of Export L/C	Foreign Export	6151
	Local Export	6101

4.8 Issuing of Export Authorization

To export form other parties the seller need to go through some procedure. To register export the seller takes four Exp. Form these are original, Duplicate, Qua-duplicate and Triplicate. The negotiating bank has to certify all these four Exp. Form to register.

In the record keeping register the following things need to register.

- Ad's Code
- Export amount
- Type of product
- Name of the Exporter.

The typical Exp. Form consists of the following information. These are:

Export Form	
<ul style="list-style-type: none"> • Ad's Code • Serial No. • Year • Commodity to be exported • Country of destination • Port of destination • Quantity in terms of Unit or volume • Value • Bill of lading/ railway receipt/ airway bill/ truck receipt/ post parcel receipt 	<ul style="list-style-type: none"> • Port of shipment/ post office of dispatch • Land custom post • Shipment date • Name of the exporter with address • CCI and E's registration No. And date of the exporter • Sector (Public or Private) under which the exporter falls • Terms of sale • Name and address of importer • Name of carrying vessel

All of this information is being checked and signed by the dealer and authorized official of the bank after checking the required documents that the exporter need to submit.

Original Exp –Before shipment the original exp. form needs to submit to the Customs. If the customs officer finds any short of goods then they provide a short shipment certificate to the seller. And the sellers with the other three Exp. provide the short shipment certificate to the bank.

Duplicate Exp- after the shipment customs send the original Exp. to the Bangladesh Bank. As negotiating bank get all the Exp. form from the exporter, they have to submit the duplicate to the Bangladesh Bank within 14 days of shipment. Duplicate has to submit in every 15days on the month.

Triplicate Exp- Triplicate is another form of Exp. that has to be submitted to the Bangladesh Bank after all the charges and the negotiating bank is realizing export value. Triplicate has to submit monthly to the Bangladesh Bank.

Qua-duplicate- this is to keep the banking record for future reference. Mainly, all these four document processing starts before the shipment of the products.

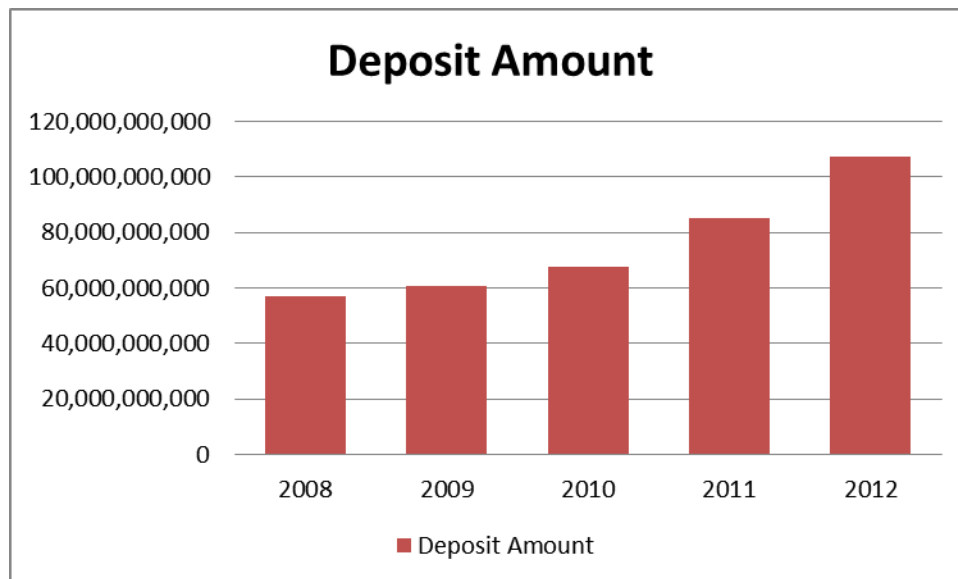
Chapter 5: Performance development of Dhaka Bank Limited

Dhaka Bank limited is one of the most successful Private Sector Commercial Bank in our country, though it started its operation only nine years back. It has achieved the trust of the general people and made reasonable contribution to the Economy of the country by helping the people investing allowing Credit Facility.

5.1 Deposit Performance

Deposits of DBL in Taka

Year	Deposit Amount
2008	56,985,924,645
2009	60,918,374,023
2010	67,752,518,136
2011	85,276,888,686
2012	107,427,151,290



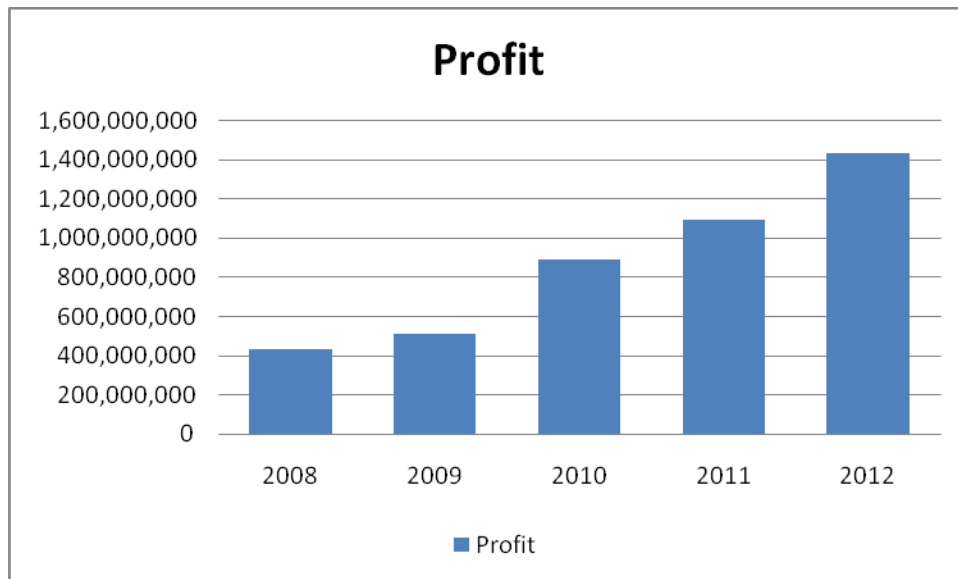
Interpretation:

In 2006, Deposits of Dhaka bank was 41,553,551,972 Taka and in 2008, it was increased to 56,985,924,645 Taka. And In 2012, the bank deposit stood to 107,427,151,290 Taka

5.2 Profit Performance

Profit of DBL in Taka

Year	Profit Amount
2008	430,148,317
2009	510,947,243
2010	892,534,266
2011	1,095,477,121
2012	1,434,784,969



Interpretation:

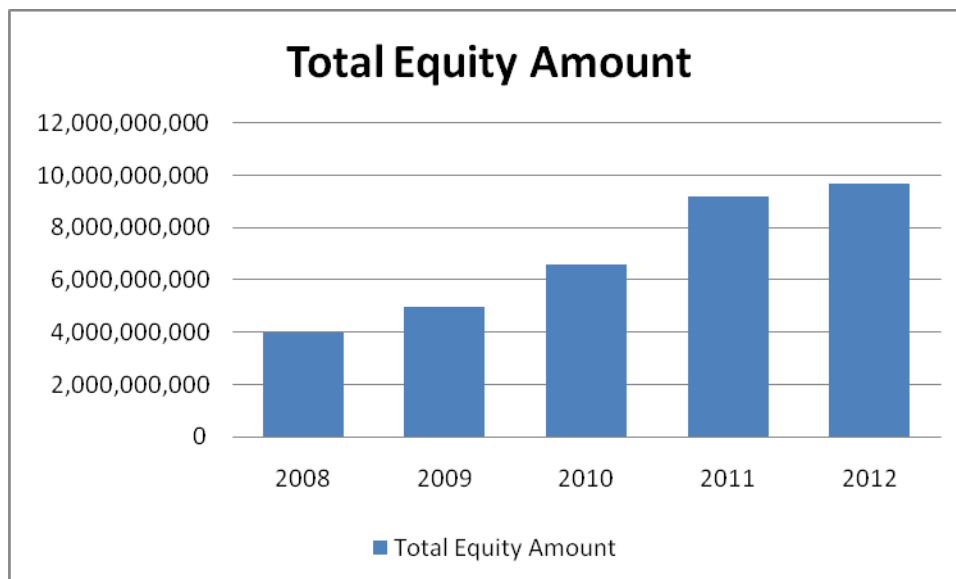
Dhaka Bank Limited (DBL) registered an Operating Profit of Tk. 1,439,823,893 as on 2012. Provision for Tax for the year amounted to Tk. 738,415,500 with a Net Profit of Tk. 1,434,784,969 whereas it was Tk. 1,095,477,121 in the previous year (2011).

5.3 Capital & Reserve

Capital Reserve of DBL in Taka

Year	Total Equity
2008	3,999,512,056
2009	4,965,681,970
2010	6,579,729,388
2011	9,216,754,808

2012	9,683,222,474
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Interpretation:

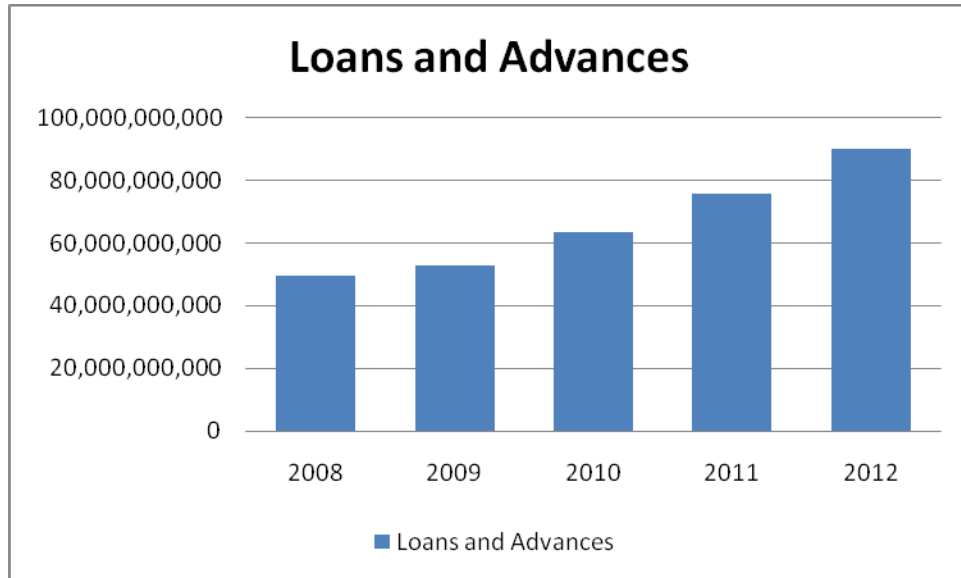
Dhaka Bank Limited (DBL) commenced its operation with an Authorized Capital of Tk.1000.00 Million with Paid up Capital of Tk.100.00 Million.

The Paid up Capital of the Bank amounted to Tk. 4,667,594,130 as on 2012 as against Tk. 3,590,457,030 the previous year of 2011. The Total Equity (Capital & Reserve) of the Bank as on 2012 stood at Tk. 9,683,222,474 as against Tk. 9,216,754,808 of the previous year up to December 31, 2011

5.4 Loan and Advances

Loans and Advances of DBL in Taka

Year	Loans and Advances
2008	49,697,705,621
2009	52,909,814,017
2010	63,591,387,406
2011	75,983,291,662
2012	90,140,284,573



Interpretation:

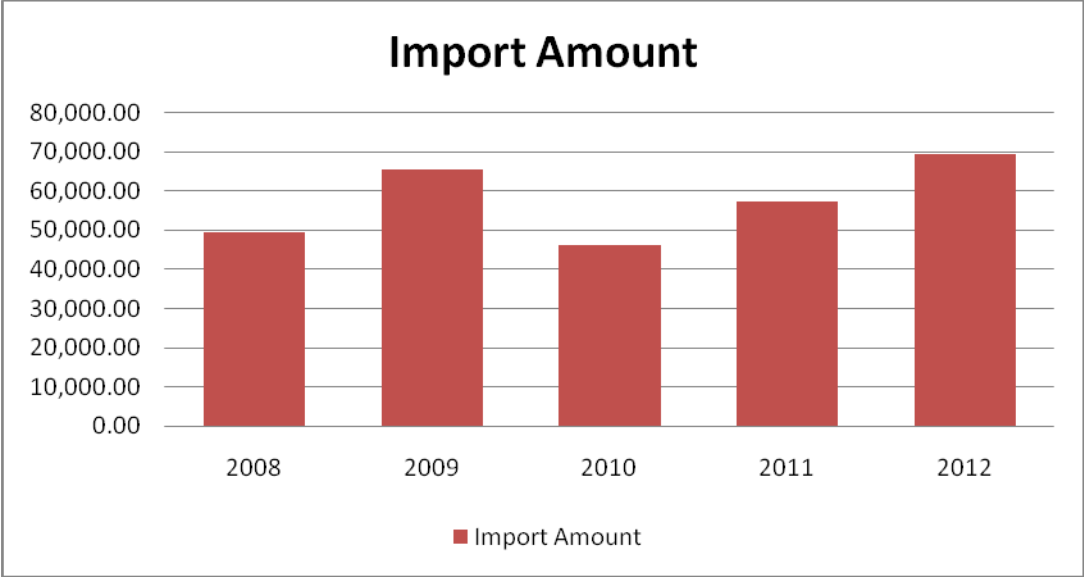
The Bank recorded a 20% growth in Advances with a total Loans and Advances Portfolio of Tk. 90,140,284,573 at the end 2012 compared to Tk. 75,983,138,662 in 2011.

Dhaka Bank is making the Loan and Advances in different areas. The Bank continues to explore and diversify its loan distribution with the objectives of efficient use of resources and taking the utmost precaution to safeguard it. Dhaka bank also participated in a Syndicated loan.

5.5 International Trade

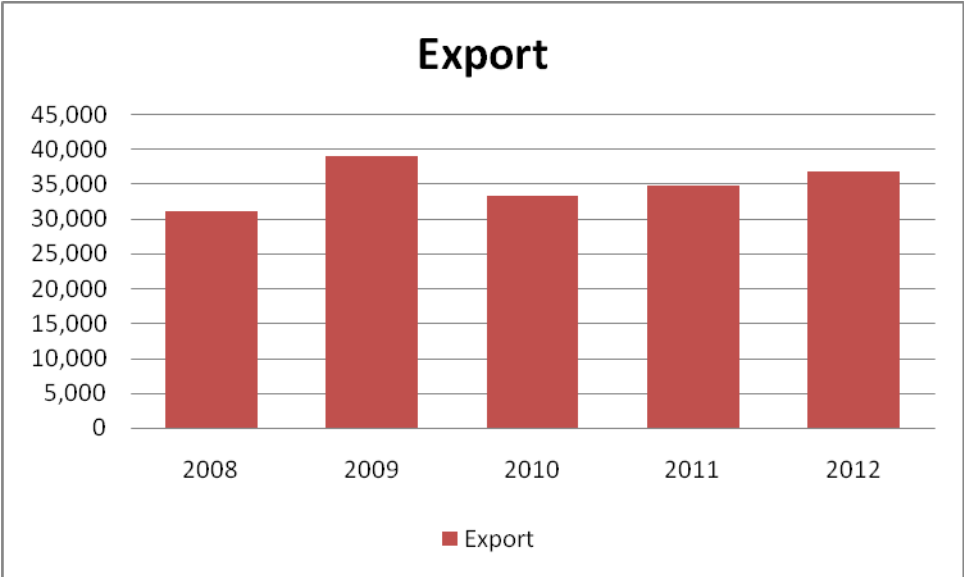
Import of DBL in Taka

Year	Import
2008	49,496.00
2009	65,737.38
2010	46,160.33
2011	57,271.05
2012	69,606.00



Export of DBL in Taka

Year	Export
2008	31,081.00
2009	39,038.00
2010	33,305.00
2011	34,804.00
2012	36,924.00

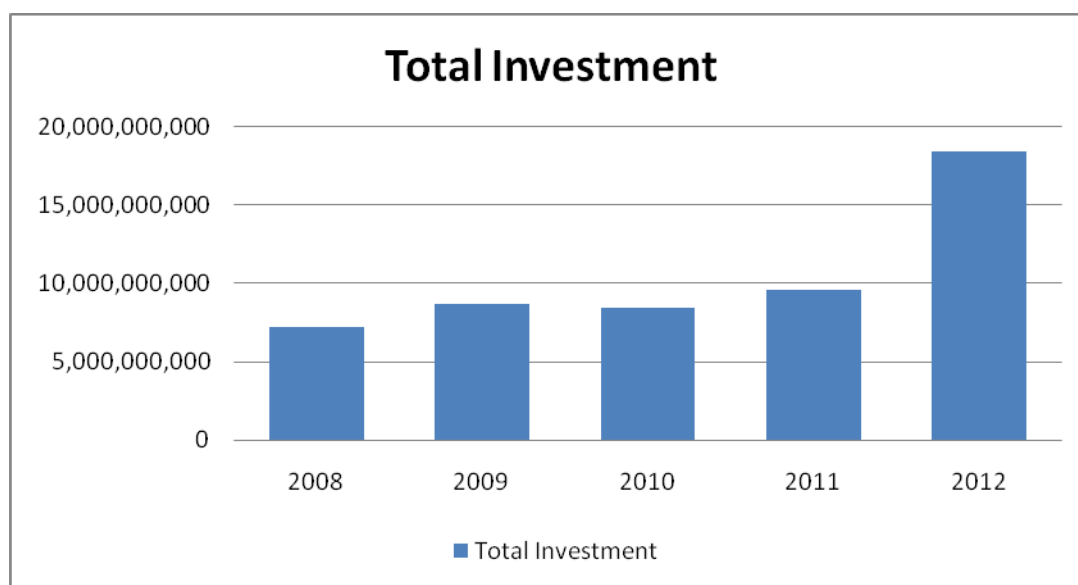


Interpretation:

International Trade is an important constituent of the business portfolio of the bank. The import increased with a growth of 51% over the volume of Tk.69, 606 (in Million) in 2012. On the other hand, export increased 36,924.00 (in Million) in the year 2012. The total export volume of the bank amounted to 34,804.00 in 2011 compared Tk. 33.305.00 (in Million) in the previous year, 2010.

5.6 Investment Banking**Investment of DBL in Taka**

Year	Investment
2008	7,239,437,583
2009	8,659,565,948
2010	8,443,201,485
2011	9,576,138,756
2012	18,403,921,383

**Interpretation:**

Lease finance, Hire purchase and Capital Market Operation besides the investment in Treasury Bills and Prize Bonds constitute the investment basket of DBL. The investment portfolio made up of Government Securities and Shares and Debentures of different listed companies stood at

Tk. 9,576,138,756 in 2011 and in 2012 it increases to 18,403,821,383. So, it increases 52.03% from the previous year

Chapter 6: SWOT Analysis of Dhaka Bank Limited

6.1 Strength

The employees of the Dhaka Bank Limited think that Dhaka banks Strengths are

- Dynamic and vibrant Board of Directors
- Strong and resilient team of management professionals
- Forward looking strategies and management policies
- Cutting-edge tools and technologies to support real time on-line banking
- Well-diversified line of business
- A good risk management and compliance culture
- Deep focus on quality control
- And a dedicated line of human resources.

A good amount of salary is given to the employee of the Dhaka Bank Limited. For example- Management Trainee officer (MTO) of Dhaka Bank Limited get the highest salary (48,000 taka) from the other bank's post of MTO.

- Dhaka Bank has lower amount of Bad debts
- To create sustainable shareholder DBL has solid business growth
- Employee turnover rate is very low

6.2 Weakness

- Junior employees get the less amount of concentration though their ideas are distinctive. It creates demoralization in them
- Technology used by the bank are not sufficient
- Dhaka Bank focuses on the small sectors like- SME loan, Microcredit. This might be the reason of loosing sufficient profit in the future.

6.3 Opportunity

- Now a day, SME is an emergent sector and government is giving priority to this sector. It would be a beneficial to DBL to be the focused in this sector.
- Strong compliance of the laws and regulations of the state and regularity bodies which will change the activity of this bank.

- Government favoring the private banks development.

6.4 Threat

- Private Banks are increasing day by day so, the deposits competition is also increasing.
- Dhaka Bank does not have diversified products
- Technological changes may become the threat for the bank.
- Dhaka bank has 71 branches all over the country but mainly in the urban areas .In rural area they have very few branches whereas other banks have created muscular network in the rural area like Dutch-Bangla Bank and BRAC bank.

Chapter 6: Customer Satisfaction as regards of Foreign Trade Operations

6.1 Data Analysis and Interpretation

Customer perceptions show a discrepancy as regards the Foreign exchange service of Dhaka Bank Limited and in this analysis it has been showed. To know how is the service of Dhaka Bank Limited to its customer according to their satisfaction will be known by this paper.

The output is based on 20 respondents as a sample.

The solution given by employee of DBL during any foreign exchange related problem

	Frequency	Percent
Strongly Disagree	1	5.0
Disagree	2	10.0
Neutral	4	20.0
Agree	6	30.0
Strongly Agree	7	35.0
Total	20	100

Interpretation:

Out of total appearances 35% respondents are strongly satisfied to the solution given by the employee of Dhaka Bank Limited, whether the 10 % say that they are not satisfied with the solution.

Create Future prospect for Foreign Exchange Business

	Frequency	Percent
Strongly Disagree	3	15.0
Disagree	2	10.0
Neutral	5	25.0
Agree	3	15.0
Strongly Agree	7	35.0
Total	20	100.0

Interpretation:

Out of total appearances 35% respondents are strongly agree that Dhaka bank is well capable to create future prospect for foreign exchange business. There is also some negative response from the customer regarding this issue.

Has significant impact on Export Growth

	Frequency	Percent
Strongly Disagree	1	5.0
Disagree	2	10.0
Neutral	2	10.0
Agree	9	45.0
Strongly Agree	6	30.0
Total	20	100.0

Interpretation:

Out of total appearances 45% respondents are agree and 30 % are strongly agree that Dhaka Bank has significant impact on the export growth of business.

Relation between employee and customer is supporting

	Frequency	Percent
Strongly Disagree	3	15.0

Disagree	8	40.0
Neutral	1	5.0
Agree	3	15.0
Strongly Agree	5	25.0
Total	20	100.0

Interpretation:

From the outcome it is a great concern that the relationship between customer & employee is not supporting so that delighted service can be provide. 40% respondents are disagreeing with this statement.

Well capable to interact with foreign bank

	Frequency	Percent
Strongly Disagree	3	15.0
Disagree	2	10.0
Neutral	6	30.0
Agree	7	35.0
Strongly Agree	2	10.0
Total	20	100.0

Interpretation:

Out of total appearances 35% respondents are agree that Dhaka bank is well capable to interact with foreign bank for performing foreign exchange operations of their clients. There is also some negative response from the customer regarding this issue.

Office environment is helpful to get quality service

	Frequency	Percent
Strongly Disagree	2	10.0
Disagree	6	30.0
Neutral	1	5.0
Agree	6	30.0
Strongly Agree	5	25.0
Total	20	100.0

Interpretation:

Out of total appearances 30% respondents are agree that office environment of Dhaka bank is helpful to get quality service and 25% is strongly agree with this statement. There is a rationale for being anxious that 30% respondents are disagreed with this statement.

Satisfaction with the service charge asked by DBL regarding process of L/C

	Frequency	Percent
Strongly Disagree	3	15.0
Disagree	2	10.0
Neutral	1	5.0
Agree	11	55.0
Strongly Agree	3	15.0
Total	20	100.0

Interpretation:

55% respondents are agreed and 15% respondents are strongly agreed that the corporate image of Dhaka bank make customers more loyal towards it.

Satisfaction with the time taken by the employees to process the L/C

	Frequency	Percent
Strongly Disagree	1	5.0
Disagree	2	10.0
Neutral	2	10.0
Agree	9	45.0
Strongly Agree	6	30.0
Total	20	100.0

Interpretation:

Out of total appearances 45% respondents are agree and 30% are strongly agree that time taken to process the L/C is satisfactory.

Satisfaction with the procedure of opening L/C in DBL

	Frequency	Percent
Strongly Disagree	1	5.0
Disagree	2	10.0
Neutral	4	20.0
Agree	7	35.0
Strongly Agree	6	30.0
Total	20	100.0

Interpretation:

Out of total appearances 35% respondents are agree that the procedure is reasonable or satisfactory and 30 % respondents are strongly agreed with this statement.

Satisfaction with the online resources regarding foreign trade available in the website of DBL

Strongly Disagree	2	10.0
Disagree	4	20.0
Neutral	3	15.0
Agree	9	45.0
Strongly Agree	2	10.0
Total	20	100.0

Interpretation:

The security of online banking transactions is a major apprehension for the customers. But the 45% respondents are agreed with this statement that they get secured online banking service from this bank.

Chapter -7: Findings, Recommendation & Conclusion

7.1 Findings

In recent years, severe competition arises among banks and that is the reason behind the banks reformulation and revision to its current strategies not only to become more competitive in the industry. And that is why we are seeing entrance of considerable number of banks and financial institutions with new technology-based products and services in the money market. To take the opportunity of new business environment BASIC is also rethinking its strategies not only to become more competitive but also for the future existence of the institution. On the basis of the study, the summary of the findings are:

- Dhaka Bank Limited provides its customers a full range of services to help them to grow their assets and net worth.
- The bank gives importance to small and medium enterprises, which is composed of quality assets and steady and sustainable growth. It also provides banking services including term loan, short-term finance, working capital finance and financing and facilitating international trade.
- Officers always show respects to their customers.
- The officers help businessmen in different ways to understand the procedure of L/C.
- The monitoring system of the foreign exchange department of Dhaka Bank is very excellent. The chain of command is strictly maintained here

Dhaka bank do lots of promotional activities like sponsoring Bangladesh cricket team for Sri Lanka tour, organizing Master Class in BRAC University etc.

- No major changes are apparent in its dealing with latest and technology-based products and services.
- It has growth in the Foreign Exchange Business.
- Although Dhaka bank has initiated its on-line banking many years ago, still it cannot offer its client full pledge on-line services. Its' growth and development in other areas are also less significant.

➤ Though the Dhaka Bank has only 55 branches all over the Bangladesh Compare to other bank it's small. So if they want to do a gigantic business then they have to increase the number of branches

9.2 Recommendation

- Dhaka Bank should focus to influence its strengths like low-cost leadership, skilled human resource, low rate of classified loan and unique products by minimizing and addressing its weaknesses like traditional products and services and weak IT infrastructure
- It must formulate and adopt new and revised strategy to take the opportunity of new business environment like offering latest technology-based products and services and expanding its balanced network in rural and urban areas.
- It also should tackle the threats of the industry like severe competition among banks, technological changes and changing world wide business environment.
- In its short-term strategy formulation Dhaka Bank should focus to eliminate its internal weaknesses so that it can pursue market opportunity more effectively and in this regard it should employ a turn-around oriented strategy.
- Then it would seek the opportunity to use its strong resources and competencies to build long-term opportunities in more opportunistic product markets and at this stage it should focus on diversification strategy.
- Dhaka Bank Limited has a well-known and well-reputed web-site. They should develop their web-site regularly.
- To maintain the growth in Foreign Trade Business Dhaka Bank should continue current services
- To convey standard level of service the relationship between customer and employee should be improved
- Adequate measures are to be taken to reduce System failure.
- Officials may be motivated by the higher authorities who will help to remove their mental pressure.

9.3 Conclusion

Banks and financial institutions play an important role in the process of economic growth of a country. Banks and financial institutions have a prospective impact on the development and welfare process of the surrounding societies.

In a developing country like Bangladesh, banking business is very much competitive. Almost fifty banks are operating at this moment and competing to hold maximum market share. Banks are the core of the Economy. It is financial intermediary, whose principle operation is concerned with the accumulation of the temporarily idle money of the general public. The banking sector plays an important role in modern society and private banks made more competitive, diversified and dynamic compare to traditional banking system. Every day new competitors appear into the industry with better innovative ideas, products and services. In banking sector Dhaka Bank Limited is a name of trust.

During the practical in Dhaka Bank Ltd, Banani branch ,it has been appear to me that the branch comprises with various positive and negative corners in the banking arena including management pattern, banking operation and performance. After collecting and analyzing the required data information, the report has come to some conclusions and recommendations, which are completely personal views while conducting the Study.

Banking operations, online services and customer dealings of Dhaka bank, Banani branch till now is very good. They have some prominent clients. Their lending interest rate and Customer dealing is really competitive and nice also by which they earned for their quality services. So it has a vivid future. Finally, I wish continuous success of this bank and healthy business portfolio of the branch and I also wish overall success of Dhaka Bank Limited.

Appendices

Questionnaire

Survey on customer satisfaction as regards of Foreign Trade Operations

Instructions: There are different opinions about Foreign Exchange Service of Dhaka Bank Limited. How much do you agree with this statement? Point it out in the scale given below

- I. Are you satisfied with the solution given by employee of DBBL during any foreign exchange related problem?
 - Strongly Disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly Agree

- II. Dhaka Bank is able to create future prospect for Foreign Exchange Business
 - Strongly Disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly Agree

- III. Dhaka Bank performance has significant impact on export growth of Business
 - Strongly Disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly Agree

- IV. The relationship between customer and employee is supporting in Dhaka Bank Limited
 - Strongly Disagree
 - Disagree
 - Neutral
 - Agree

- Strongly Agree
- V. Dhaka Bank is well capable to interact with the with foreign bank for performing export transaction
- Strongly Disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly Agree
- VI. Office equipment of Dhaka Bank Limited is quite helpful to get satisfactory service
- Strongly Disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly Agree
- VII. Are you satisfied with service charge asked by Dhaka bank regarding process of L/C?
- Strongly Disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly Agree
- VIII. Are you satisfied with the time taken by the employees to the process of L/C?
- Strongly Disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly Agree
- IX. Are you satisfied with the procedure for opening L/C?
- Strongly Disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly Agree

X. Are you satisfied with the online resources regarding foreign trade available in the website of Dhaka Bank Limited?

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

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