

# Internship Report On

“Customer Satisfaction Regarding the Service  
Quality of the Foreign Exchange Department of  
Mercantile Bank Limited, Mirpur Branch”



# **INTERNSHIP REPORT ON**

**“Customer Satisfaction Regarding the Service Quality of the Foreign Exchange  
Department of Mercantile Bank Limited, Mirpur Branch”**

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**Date of Submission**

June 22, 2014

## LETTER OF TRANSMITTAL

June 22, 2014  
Mr. ShowvonickDatta  
Lecturer  
BRAC Business School  
BRAC University

**Subject: Submission of internship report.**

Dear Sir,

I am here by submitting my internship report, which is a part of the BBA Program curriculum. It is a great achievement to work under your active supervision. I would like to take this opportunity to thank you for the guidance and support you have provided me during the course of this report. With deep gratitude, I also acknowledge the help provided by Mohammad WahidulHaque, Head of Foreign Exchange Department, Mercantile Bank Ltd. (Mirpur Branch) for providing me utmost supervision during my internship in the organization.

To prepare the report I have collected what I believe to be most relevant information to make my report as analytical and reliable as possible. I have given my best effort to achieve the objectives of the report and hope that my endeavor will serve the purpose. The practical knowledge and experience gathered during my report preparation will immeasurably help in my future professional life.

I would really be grateful if you enlighten me with your thoughts and views regarding the report. Also, if you wish to enquire about an aspect of my report, I would gladly answer your queries. Thank you again for your support and patience.

Yours Sincerely,  
Ayesha Siddika  
ID: 10104113  
BRAC Business School  
BRAC University.

## **ACKNOWLEDGEMENT**

I would like to express my profound gratitude to all those who have been instrumental in the preparation of this internship report. Thanks to Almighty Allah for blessing to completing the report within the schedule time. I am indebted to a whole lot of people for their kind recommendation, submission, direction, co-operation and their collaboration would like to thank the Branch Manager for his warm welcome in the bank and kind advice.

It is my pleasure to them and my grateful appreciation goes to MBL's authority for rendering me their expertise, knowledge and giving me the opportunity of having a practical experience through this internship program.

I want to extend my deep sense of gratitude to my supervisor Mr. ShowvonickDatta, Internship supervisor, for his motivating inspiration, kind guidelines, valuable suggestions& advice during my internship period to prepare this report.

I shall remain ever grateful to my organizational supervisor Mohammad WahidulHaque, Foreign Exchange In charge of the bank. Moreover, Md. Haronor Rashid, Principal Officer; Mr. Rashid Imtiaz, Assistant Officer, Mohammad Nazrul Islam, Senior Executive Officer of the same department of Mirpur Branch for their continuous guidance and valuable suggestion from time to time.

I would like to thank all the honorable teachers of the BRAC Business School, BRAC University for their valuable supports, inspirations and proper advice during this study.

Finally, I would like to thank ParthoSaha, Management Trainee officer of the bank for enormous help and endless support throughout the training period. To get accustomed with the nature of a very dissimilar industry was quite a challenge for me; without his guidance, it would not have been possible for me to continue and then end up with a successful internship.

I must mention the wonderful working environment and group commitment of this bank that has enabled me a lot deal to do and observe the banking activities during my internship period.

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## **EXECUTIVE SUMMARY**

This report provides a study and survey conducted on customer satisfaction regarding quality of service of foreign exchange department of Mercantile Bank Limited (MBL). Method of findings and analysis include both primary and secondary data. Primary data was collected by conducting a survey developing questionnaire. To conduct the survey, a sample of 25 customers was randomly chosen for the survey and was given a questionnaire to fill up. The method of analysis includes frequency distribution of the collected data. The secondary data was collected from company's annual reports and foreign exchange manual. This report also includes overview of Mercantile Bank Limited, services and products, working experience during the internship period and operation of foreign exchange department of MBL. The survey draws attention to availability of employees, employee behavior, office environment, time taken by employee to process, solution provided by MBL, service fees, and more. The report also includes the fact that the analysis conducted has limitations. Some of the limitations are only 25 respondents were chosen among large group and analysis only includes frequency distribution. Based on the data, this report finds that most of the customers are satisfied with quality of service provided by the foreign trade department of MBL. However, in case of overall environment, service charges, and timeliness, some of the customers were dissatisfied with the service quality of the Foreign Exchange department of MBL, Mirpur branch. MBL should focus on these issues in order to improve their quality of service in Foreign Exchange department. A bank's performance and profit largely depends on this division. These foreign exchange activities have an equal significant role to the economic growth of a country. So through this division banks are contributing to the economic empowerment of the country.

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## **List of Abbreviation**

- MBL: Mercantile Bank Limited
- A.D. Bank: Authorize Dealer Bank
- IRC: Import Registration Certificate
- ERC: Export Registration Certificate
- SWIFT: Society for Worldwide Interbank Financial Telecommunication
- FDBC: Foreign Document Bill Collection
- FDBP: Foreign Document Bill Purchased
- LDBC: Local Document Bill Collection
- CCI & E: Chief Controller of Imports & Export

**Chapter -1**  
**Introduction**

This report named “Customer Satisfaction Regarding the Service Quality of the Foreign Exchange Department of Mercantile Bank Limited, Mirpur Branch.” has been made as a part of my internship at Mercantile Bank Limited (MBL). The report include my work experiences at foreign exchange department of Mirpur Branch of MBL as an intern, analysis of foreign exchange operations and particularly assessment of the satisfaction level of the customers of Exchange Department of this branch.

## **1.1 Origin of the report**

Internship (BUS 400) is a compulsory course that needs to be undertaken to achieve the graduate degree Bachelor of Business Administration. The purpose of this course is to experience the reality of the corporate life and relate it with the knowledge acquired from academic curriculum. This report is part of that Internship course and needed to be submitted for final grade. The report highlights the line of work done in foreign exchange department as an intern in those departments. Main part of the report focuses on the survey of customer satisfaction regarding quality of service of Foreign Exchange department of Mercantile Bank Limited.

## **1.2 Objectives**

The objectives of this report can be classified into general and specific objectives.

### **1.2.1 General objectives**

- To co-ordinate between theory and practice and to make a bridge between theoretical and practical knowledge in fulfillment of the internship program.
- To get overall idea about financial performance of MBL
- A clear and lucid knowledge about the corporate culture.
- Critically analyzing the overall foreign exchange operations
- To have better direction to identify and suggest the scope of enhancement in foreign exchange operations to fulfill the requirement of the internship program.

### **1.2.2 Specific objectives**

- To find out the customer satisfaction regarding quality of service of foreign trade department of Mercantile Bank Limited
- To get a close look on the mechanism of Foreign Exchange department of MBL.

### **1.3 Significance of the report**

The prime reason of this study is to become familiar with the realistic business world and to attain practical knowledge about the banking and corporate world. We all know that there is no alternative of practical knowledge which is more beneficial than theoretical aspects.

### **1.4 Scope of the report**

From this report, it has been tried to find out if the level of satisfaction of customers is affected by quality of services provided by Foreign Exchange department of MBL, such as- office environment, time taken to execute a task, service fees, and availability of employees etc.

### **1.5 Methodology of the report**

The report is made based the information collected from primary and secondary sources. The details of sources are given below:

#### **1.5.1 Primary sources**

- Data collected by conducting a survey
- First-hand working experience with the officers of the foreign trade department
- Practical work in front desk
- By conversing with the clients and employees

#### **1.5.2 Secondary sources**

- Annual Report of MBL
- Various publication and manual related to import, export and L/C

### **1.6 Data Analysis**

#### **1.6.1 Statistical Tools**

- Ratio Analysis
- Frequency Distribution

## **1.7 Limitations of the Study**

The report is made based on client's response on service quality, past records, personal observation, documents and manuals. During preparing the report, a number of limitations were encountered. They are as follows.

- Survey of only 25 respondents which were randomly selected.
- No previous experience on the subject matter.
- Banking operation, particularly the foreign exchange operations are vast and complicated. All kind of data related to the topic could not be collected.
- Due to lack of knowledge, some of the information could not be understood.

**Chapter -2**  
**Organization Overview**

## 2.1 Introduction

The formally known 'State Bank of Pakistan' was renamed as 'Bangladesh Bank' right after Bangladesh's independence. The Bangladesh Bank automatically became official foreign exchange reserve institute. It was too accountable for currency control, monitoring exchange and credit control. In the early 1970s, the government decided to permit foreign banks to continue their business and nationalize the local banks. In that very decade of 1970s, the primary concern of the government was to develop the country's agricultural industry. This resulted in the Krishi Bank extending loans to more farmers. In the later decades, however, the country's focus shifted to industrialization; resulting in various difficulties in the economic growth process.

Lack of proper private activity guidelines and proper methods on loan giving were more significant of these problems. It was not until the late 1980s that these difficulties were being overcome and compensated for the agro sector. However the financial institutions failed to recover the loans the industrial sector. Interestingly, Grameen Bank has set an ideal example of how things should be managed during this devastating time. In the mid '1980s, the government adopted new policies for recovery. It did not work. Government-owned banks continued to fail on recovering the loans. In the 1990s, many private banks started to emerge. Local group of companies became aggressive in investment so the money flow was rather big. Bangladesh Bank played key role in managing these private banks with modern outlook. As consciences the banking sector grew many folds. Throughout the 2000s, governments maintained positive economic policies. The economy grew, so did the Bangladesh's banking sector and business sector. Since 2011, however, many banking scams took place, mainly at government owned banks. This created a bad vibe which is still to recover from.

Modern banks play an important part in promoting economic development of a 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. There are 56 scheduled banks in Bangladesh who operate under full control and supervision of Bangladesh Bank which is empowered to do so through Bangladesh Bank Order,

1972 and Bank Company Act, 1991. Mercantile Bank Limited is one of them operating in Bangladesh since 1999.

## **2.2 History of Mercantile bank Limited**

In the backdrop of economic liberalization and financial sector reforms, a group of highly successful local entrepreneurs conceived an idea of floating a commercial bank with different outlook. For them, it was competence, excellence and consistent delivery of reliable service with superior value products. Accordingly, Mercantile Bank was created and commencement of business started in 1999.

Mercantile Bank Limited is a scheduled private commercial Bank established on May 20, 1999 under the Bank Company Act, 1991 and incorporated as a Public Limited Company under Companies Act, 1994. The Bank started commercial Banking operations from June 02, 1999. From then within a short time MBL established itself in a strong position in the economy of the country. It has earned significant reputation in the country's banking sector as Bank and created a wide image in the eye of the people. The current CEO of MBL is M. EhsanulHaque. The dream of creating MBL, which is 'A Bank of 21<sup>st</sup> Century', has become successful because of the initiative of some persons who are the sponsors of MBL. There are 30 sponsors in Mercantile Bank Limited and all of them are highly regarded for their entrepreneurial competence. The Mirpur Branch opened at RokeyaSarani, Razia Plaza (1st Floor) 184, SenparaParbata, Mirpur-10, Dhaka on 3 July 2002.

MBL has been able to establish itself as a leading thirdgeneration private commercial bank by dint of its prudentpolicy guidelines coupled with proper execution, wider rangeof banking products and excellent customer services. Thecore activities of the Bank are to provide all kinds ofcommercial banking services including deposits mobilization,providing loans, discounting bills, foreign exchange business,off-shore banking, treasury function, card business andmobile banking. MBL caters card services to its customers byVISA dual prepaid card, VISA Dual Hajj Card, Credit Cardand Debit card, and International/ Dual cards with variousup-to-date facilities. MBL is continuously expanding its ATMnetwork and inking contract with the other banks with a viewto making its card service more attractive and convenient toall. Except these, MBL is also providing other servicesthrough its (02) two subsidiary companies.

MBL has broad network coverage across the country. It has91 (Ninety One) branches including 5 (Five) SME/Krishibranches as on December 31, 2013. The Bank has 2 (Two)Off-shore



Banking Units (OBU) operating at Gulshan and Chittagong EPZ areas. MBL has 120 ATM booths and 20 CDMs (Cash Deposits Machine) as on December 2013 covering important locations across the country. Mercantile Bank Securities Limited (MBSL), a subsidiary company of MBL dealing with stock and broking has 7 (seven) branches across the country.

## 2.3 Corporate Philosophy



Our customers, employees and shareholders are equally important to us. We want to achieve strong corporate growth through FINANCIAL INCLUSION. We provide solutions at a minimum cost based on a high level of satisfaction of all segments of our customers, thus also contributing to the prosperity of our employees and shareholders. With a firm commitment to provide solutions, we are constantly developing innovative and technologically advanced products and services that satisfy our customer needs. We offer cutting edge compensation package and good work environment to our employees. We never forget our shareholders to make them pleased with financial well-being and increase their shares value. This has given us a path to the growth and progress.

## **2.4 MBL's Vision, Mission & Objectives**

### **2.4.1 Vision**

Would make finest corporate citizen.

### **2.4.2 Mission**

Will become most caring, focused for equitable growth based on diversified deployment of resources and nevertheless would remain healthy and gainfully profitable Bank.

### **2.4.3 Objectives**

#### *Strategic objectives*

- To achieve positive Economic Value Added (EVA) each year.
- To be market leader in product innovation.
- To be one of the top three Financial Institutions in Bangladesh in terms of cost efficiency.
- To be one of the top five Financial Institutions in Bangladesh in terms of market share in all significant market segments we serve.

#### *Financial Objectives*

- To achieve 20% return on shareholders' equity or more, on average.

## **2.5 Core Values**

### 1. For the customers

- Providing with caring services by being innovative in the development of new banking products and services.

### 2. For the shareholders

- Maximizing wealth of the Bank.

### 3. For the employees

- Respecting worth and dignity of individual employees
- Devoting their energies for the progress of the Bank.

### 4. For the community

- Strengthening the corporate values and taking environment and social risks and reward into account.

## 2.6 Product/Service Offerings

### 2.6.1 Deposit Products

- Current deposit accounts
- Savings deposit accounts
- Special notice deposit
- Fixed deposit receipt
- Scheme deposit
  - Monthly savings scheme
  - Double benefit deposit scheme
  - Family maintenance deposit scheme
  - 1.5 times benefit deposit scheme
  - Advance benefit deposit scheme
  - Special savings scheme
  - Education planning deposit scheme
  - Super benefit deposit scheme
- School banking

### 2.6.2 Loans and Advances

- Retail Loans
  - Consumer credit scheme
  - Lease finance
  - Car loan scheme
  - Home loan scheme
  - Doctor's credit scheme
  - Any purpose loan
  - House furnishing loan
  - Overseas employment loan scheme
  - Cottage loan
  - Education loan
  - Rural development scheme
- Corporate Loans
  - Short term finance
  - Long term finance
  - Real estate finance
  - Import finance
  - Work order financing/Construction business
  - Export finance
  - Structured finance
  - Loan syndication



### 2.6.3 SME Financing

- Chaka (Term loan)
- Samriddhi (Continuous loan)
- Moushumi (Short term seasonal loan)
- Anannya (Wome entrepreneur's loan)

### 2.6.4 Agriculture Loan

- Nabanno (Krishi/ Polli loan)
- Sakti (ETP/Solar energy loan)

### 2.6.5 MBL Card

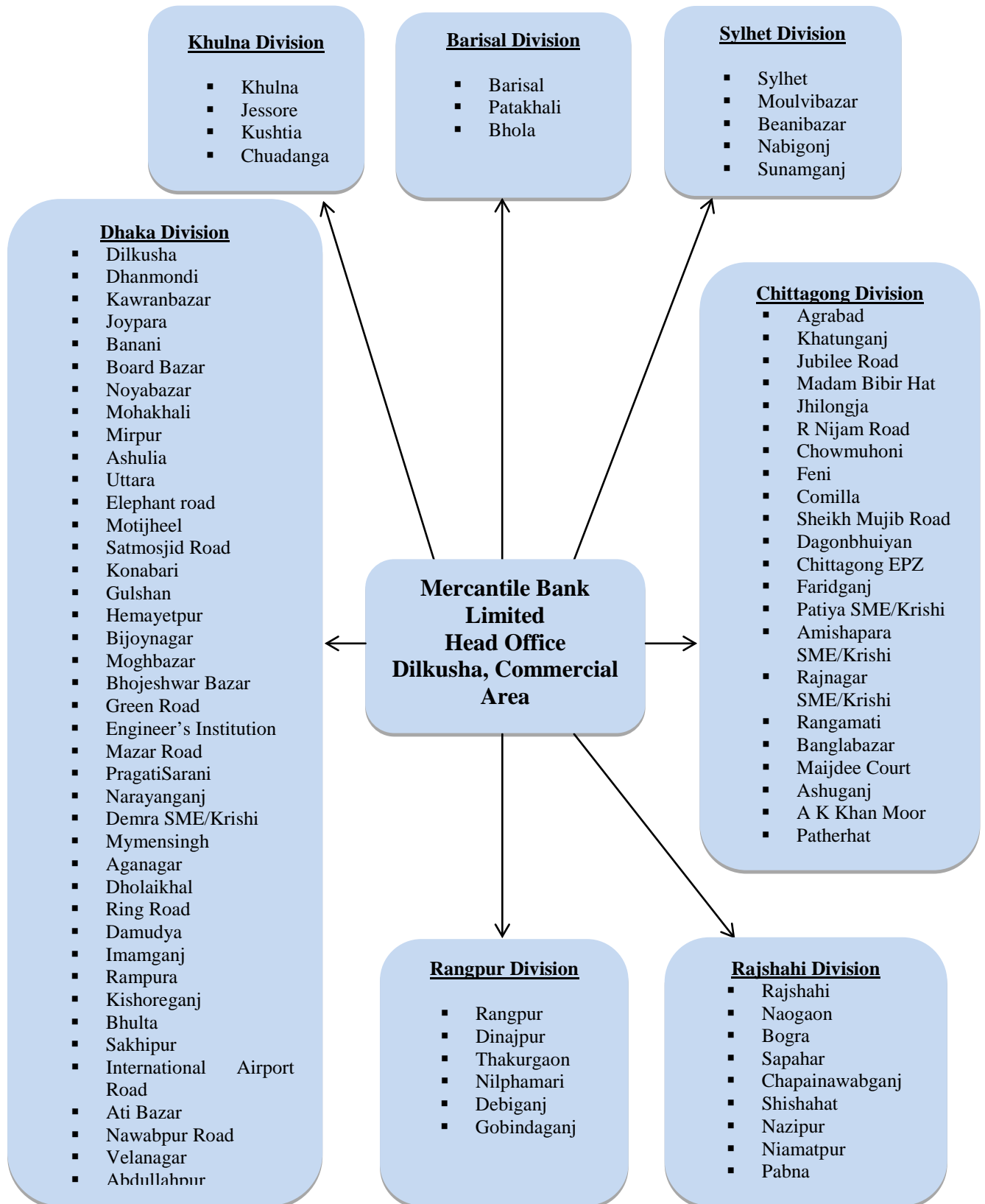
- Debit card
- Credit card (Local card, International card, Currency card)
- MBL pre-paid card (Student card, Hajj Card, Travel Card)

### 2.6.6 Other Services:

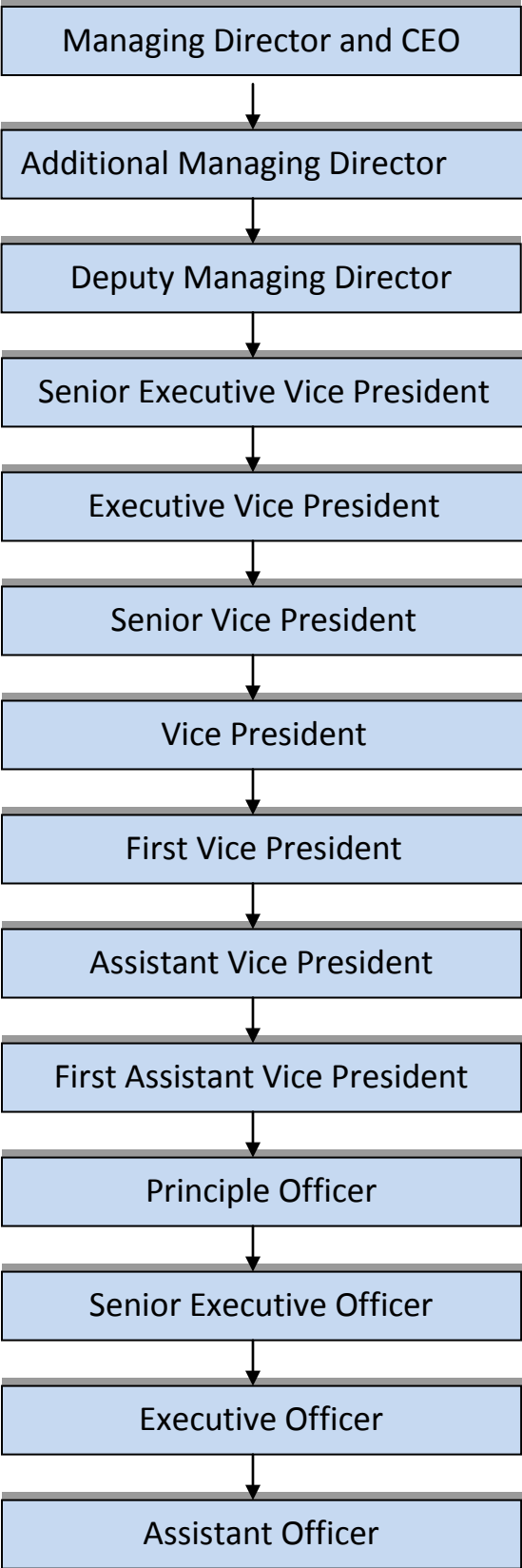
- Online banking
- Mobile financial services
- Off-shore banking
- NRB banking
- SMS banking
- Locker service
- Utility bills pay service
- ATM booth services
- Cash deposit machine service



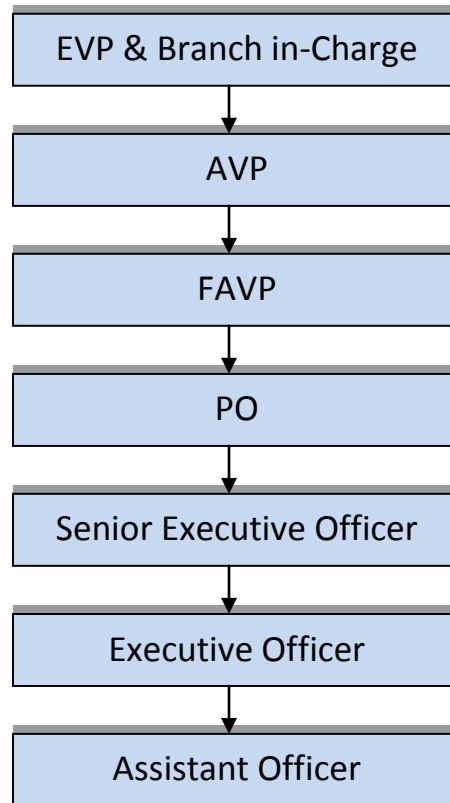
## 2.7 Operational Network Organogram



**2.8 Corporate Structure of MBL:**



## 2.9 Corporate structure of MBL, Mirpur Branch:



## 2.10 Corporate Priorities

- Ensure customers satisfaction by meeting their demands with excellent customer services
- Enlarge customers freedom by designing need based banking products and services
- Manage credit risk by diversified loan portfolio with emphasis on SME and agriculture financing
- Mitigate different risks through efficient risk management techniques
- Strengthen internal control and compliance system to establish a very systematic and effective compliant culture
- gniknab gnidivorp ni ygonlhcet tra-fo-etats dna secruoser nauh delliks fo noitanibmoC secivres
- gnicnanif yldneirf oce gnirusne yb gniknab neerg no sucoF
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## 2.11 MBL's Performance at a Glance:

Particulars	2011	2012	2013
<b>Income Statement</b>			
Net interest income	2697.56	3650.93	4794.61
Non-interest income	3404.69	2459.83	2500.35
Profit before provision and tax	3501.68	350.78	4255.70
Profit after tax	1734.17	1381.45	1978.70
<b>Balance sheet</b>			
Authorized capital	8000	8000	12000
Deposits	102262.02	132093.64	124566.97
Loans and advances	79999.80	93610.87	97688.50
Total assets	116553.01	154040.18	144841.87
<b>Foreign Exchange Business</b>			
Import	95008.70	113434.10	100685.60
Export	81311.80	81477.10	71671.50
Remittance	7150.00	15792.80	12434.70
<b>BIS Capital Measure</b>			
Core Capital to RWA	8.74%	9.16%	9.81%
Capital adequacy ratio	10.52%	10.83%	11.43%
<b>Credit Quality</b>			
Non-performing loan	2084.62	4090.92	4659.75
NPL to total loans & advances	2.61%	4.37%	4.77%
<b>Common Share Information</b>			
Market price per share	34.80	19.10	16.70
Price-earnings ratio	9.97	8.45	5.57
Market capitalization	17288.96	11671.54	11021.33
<b>Operating Performance Ratio</b>			
Earning base in assets	90.46%	90.15%	90.09%
Spread	4.23%	4.70%	5.35%
ROA	1.70%	1.02%	1.33%
ROE	17.95%	13.42%	16.84%
<b>Other important ratios</b>			
Cash position indicator	1.40	1.56	1.55
Liquid securities indicator	3.54	7.24	0.82
Capacity ratio	0.69	0.63	0.65
Core deposit ratio	0.49	0.46	0.52
Deposit composition ratio	0.15	0.17	0.12
<b>Other Information</b>			
No of branches	75	86	91
No of employees	1668	1981	1814



## **2.12 Office Automation:**

Basic accounting system of the bank has been fully computerized to minimize cost and risks and to optimize benefits and increase overall efficiency for improved services. The bank is capable of generating the relevant the financial statements at the end of the day.

The Bank has also hosted a web page of its own to take a place in the World Wide Web. On-line Banking has been introduced by the Bank to provide better services to the customer. The Bank has already introduces ATM 'Q-Cash'. The Bank has installed SWIFT to facilitate quick international trade and payments arrangements. The Bank is going to introduce Credit Card soon.

## **2.13 Feature of Mercantile Bank Limited:**

There are so core strengths behind the better performance of Mercantile Limited than any other newly establishes banks.

- Mercantile Bank Limited has established a core research and planning Division comprising skilled person from the very inception of the banks.
- Highly qualified and efficient professionals manage the bank
- The inner environments of the all branches of Mercantile Bank Limited are well decorated
- Banking operations of all branches of mercantile bank limited have been computerized to provide the promptly and frequently customer service.
- The Bank has established correspondent relationship with 102 of foreign banks.
- The bank has launched some financial products, which is not available in any other banks, like Ajebon pension scheme.
- Mercantile Bank Limited provides attractive interest rate than the other financial institutions
- The Bank provides loan to the customers 12% lower interest rate with easy and flexible condition than the other do.
- The Bank frequent arranges customers to achieve their valuable suggestions
- Letter of credit commissions and other charges are very lower than the other banks.

Profit earning is not the main aim of the MBL. The bank is responsible to maintain the social duties.

The Bank is committed to provide the cheque amount within 30 seconds of submission the cheque.

## **2.14 Way Forward**

MBL looks forward to consolidate their position focusing on the followings:

- More Emphasis on SME financing
- Achievement of agriculture credit target
- All out efforts to improve deposits mix by procuring low cost and no cost deposits
- Incorporate technology based advanced products and solutions
- To hire and retain qualified human resources according to need of the bank
- To continue and increase CSR activities
- To remain compliant in the spirit of law and industry practice

**Chapter -3**  
**Work Experience**

### **3.1 Nature of the Job: Internship**

During the internship period at Mercantile Bank Ltd, I was placed in different departments on rotation basis. As an intern, I worked in The Foreign Exchange Division for one month under the supervision of Mohammad WahidulHaque, Foreign Exchange In charge of the bank. Moreover, I was given different tasks by Md. Haronor Rashid, Principal Officer; Mr. Rashid Imtiaz, Assistant Officer along with Mohammad Nazrul Islam, Senior Executive Officer of the same department. I worked in the credit department, General Banking and Cash Division as well for some weeks. So it was a great experience for me to work in different departments.

### **3.2 Specific Responsibilities**

Tenure of my internship was from 9<sup>th</sup> March to 8<sup>th</sup> June, 2014. I did not have any previous experience of working in a bank or in any corporate organization. It was my first ever experience of working with such talented and hardworking people. The entire opportunity has been enabled me to gain knowledge on various aspects of the banking sector. Working in MBL has helped me to develop my interpersonal skills and given me a clear understanding of the chain of command. I mostly worked with the Foreign Exchange Department. My direct supervisor was Mohammad WahidulHaque who helped me to learn the basic and critical functions of foreign exchange department. Throughout the internship period, I was rotated to different departments of MBL, Mirpur branch. Therefore, my experiences are not confined in the foreign exchange department only. A list of some of the valuable work experiences that I have achieved throughout the period is given below:

#### **3.2.1 Foreign Exchange Department**

- Recording of newly opened L/C in the register
- Registering the inward letter register.
- Filing of different documents of the export L/Cs,
- Filling up the necessary documents of the L/C files.
- L/C Data input in the website of Mercantile Bank Limited,
- Organizing of L/C document such as SWIFT document, pro forma, L/C opening letter and IMP/EXP form.

- Balancing of different registers, such as Back-to-Back L/C register, FDBP register etc.
- Registering data into different registers, like Back-to-Back L/C register, FDBP register, EXP register, Acceptance Register etc.
- Putting stamp, cancelling and verifying the opener's signature.
- Occasionally, recording the overall export and import of the bank for reporting to the Bangladesh Bank.
- Filling up the EXP/IMP form provided by the Bangladesh Bank
- Filling up other document such as L/C authorization form.
- Calculating the total amount of LDBC, FDBC and FDBP in export.

### **3.2.2 General Banking**

- Account opening, DPS & helping the customer to fill up the form.
- Explaining to the customer about the requirements needed to open an account.
- Receiving phone call and assisting the customer with information.
- Posting data for opening the account of the new customers in the software.
- Scanning photo and signature of the customers and uploading to the software.
- Helping the customers with issuing cheque book and cheque requisition.

### **3.2.3 Miscellaneous Experiences**

- Posting the shareholder's information from the IPO application form.
- Posting DESCO, WASA bills entry into the system.
- Posting different deposit entries into the PCbank 2000 system.
- Updating the client's information in the goAML software.
- Filing and documentation in the credit department.

## **3.3 Different Aspects of Job Performance**

The entire internship opportunity has been enabled me to work under pressure, meet the deadlines and targets set by different task managers. During the internship period, I was assigned for different types of tasks and activities; and by doing those tasks I achieved performance appraisal from my task manager. Those are as follows:

- While posting the shareholder's information from the IPO application form, I was assigned to post more than 600 forms a day. I completed that task within a very short time with such accuracy that it pleased my task manager.

- I was assigned to prepare Bangladesh Bank reporting for recording all the information of high valued 100 L\Cs from January to June.
- I had posted more than 700 cash transactions of the deposit schemes during the rush period. I completed the task with such accuracy that I was praised by my task manager.
- I posted more than 100 purchase entries in the local bill registers.
- I filled up the IMP/EXP forms with accuracy and updated the FDBP/FDBC registers with more than 200 entries.
- I updated 50 client's information in the goAML software very quickly and my task manager praised me.

### **3.4 Critical Observation**

- Decision making process is very lengthy and centralized
- While other branches of MBL are using Temonos 24 software, Mirpur Branch is using the less efficient PC bank 2000 software.
- Intranet Network is very slow.
- Less integrated documentation process.

### **3.5 Recommendations**

Having my major courses on Finance and Accounting, I have always preferred to be linked with financial organizations. Opportunity to work in a bank like MBL as an intern is a great way to demonstrate interest and get the touch of professionalism in the financial sector. Employees of MBL are very supportive & always helped me to learn. It is hard to find out the areas for improvement in a successful branch of MBL like Mirpur branch. I had worked for three months there and observed some issues which could be improved if the bank wants to be more competitive in the industry. Those are as follows:

- The Decoration and set up of the Mirpur branch could be more competitive compared to other branches of MBL and other banks in the area.
- Decision making process is very lengthy and sometimes it creates problems, which is unexpected to the customers. Most of the cases Head Office control the decision making and it is centralized. Though this department provides SWIFT facilities but to maintain continuous relation with head office for foreign currency transfer related transaction it

does not have technological support, as it doesn't not having any computerized or technological network with head office its transactions become slower.

- The information of foreign exchange department of MBL shows positive trend of export, import and remittance but it's relatively slower than other competitive commercial banks. As MBL's large portion of income comes from this department but incentive to increase this trend is not adequate.
- Foreign exchange department has sensitive issues as it has to provide different information through BB to Bangladesh government. So MBL, Mirpur branch as ADs strictly follows the regulations mentioned by BB and related regulations acts. But sometimes it views that the officers of this different are giving priority to those matters that have to be informed in BB and other internal procedures are followed by regulations but not so strictly.
- The total process of recording and keeping documents of foreign exchange department is not so highly integrated or combined through high chain networking systems
- A conventional query desk or reception booth or information booth could be set up which can serve customers who make a phone or come at banks for simple query and this can reduce customers' rush to the officers table.
- The foreign exchange department should be decorated in a sophisticated way to attract the renowned organizations. It could have more waiting space in the department to make the customers' feel comfortable while waiting for their purpose.
- They should do more marketing activities to improve their presence in the minds of the target market and also the potential target market. Media coverage of MBL is not so strong. To attract new clients, they should go for mass media coverage or PR campaigns.

## **Chapter -4**

# Foreign Exchange Operations

At

MBL



## **4.1 About Foreign Exchange**

Foreign Exchange is one of the most attractive departments for both clients and bank. Because of the continuous improvement of the country, foreign transaction is also increasing day by day. For this reason all of the banks are trying to improve their performance in foreign exchange activities. Foreign exchange division of MBL has some strong and weak points that affect their performance to the customers. MBL has high reputation as a bank that practices customer oriented banking among the local banks of Bangladesh. MBL has already launched every service available under foreign exchange activities. This characteristic of foreign exchange division of MBL is positively considered by customers while taking decision of using MBL foreign exchange division.

Bangladesh Bank issues license to scheduled banks to deal with foreign exchange. These banks are known as Authorized Dealers. 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.

MBL has a large number of branches all over the country & the number is increasing day by day. As a result of these it has a large customer base. This huge customer base is very helpful for foreign exchange division because every customer can be a possible customer of foreign exchange.

In this section of this report, a brief overview of the foreign exchange operations would be given and some theoretical aspects would be covered.

## **4.2 Some Important terms:**

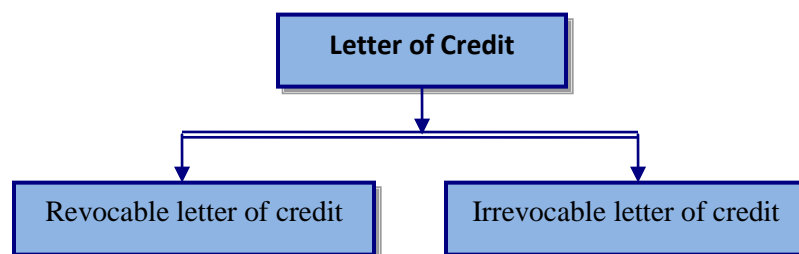
### **4.2.1 Letter of Credit (L/C)/ Documentary Credit Operation**

The English name “**Letter of credit**” derives from the French word “accreditation”, a power to do something, which in turn is derivative of the Latin word “accreditivus”, meaning trust. This applies to any defense relating to the underlying contract of sale. This is as long as the seller performs their duties to an extent that meets the requirements contained in the letter of credit.

**Letter of Credit (L/C)** can be defined as a “Credit Contract” whereby the buyer’s bank is committed (on behalf of the buyers) to place an agreed amount of money at the seller’s disposal under some agreed conditions. Since the agreed conditions include amongst other things, the presentation of some specified documents, the letter of credit is called Documentary letter of credit. The need for a letter of credit is a consideration in the course of negotiations between the buyer and seller when the important matter of method of payment is being discussed.

#### 4.2.4 Types of Documentary Credit/ Letter of Credit

Documentary letter of credit, basically, can be classified into two segments:



■ *Revocable L/C*

A revocable credit is a credit that can be amended or cancelled by the issuing bank at any time without prior notice to the seller.

■ *Irrevocable L/C*

An irrevocable credit constitutes a definite undertaking of the issuing bank (since it cannot be amended or cancelled without the agreement of all parties), provided that the stipulated documents are presented and the terms and conditions are satisfied by the seller.

**Under these broad categories, these are the following L/C are available:**

■ *Sight L/C*

In case of sight L/C, payment must be made once it is presented along with the necessary documents.

■ *Deferred L/C*

Payment must be made on or after the due date i.e. shipment date. Deferred L/C is usually opened for 90 days or 120 days.

■ *Transferable L/C*

The L/C can be transferred from first beneficiary to another beneficiary before re-sell the goods to their final customer (applicant).

■ *Back-To-Back L/C*

This type of L/C is usually open by the exporter. Exporter opens number of L/C against the master L/C which is opened by the applicant. This is done because exporter needs other materials to manufacture the final product for the applicant. So, new L/C are opened against the original L/C, in new L/C the exporter become the

#### **4.2.5 Form of L/C:**

■ *Mail L/C*

The L/C that comes in mail is called, Mail L/C.

■ *Swift L/C*

**SWIFT** stands for **Society for Worldwide Interbank Financial Telecommunication**, and is a bank group which has set-up global standards for sending and receiving authenticated instructions for wire transfers and letters of credit. SWIFT is increasingly replacing the tested telex. Some letters of credit are sent by tested telex, and these usually are in a free format without the numbered designations at the left. The charge of SWIFT is BDT 3000. Letters of credit in favor of exporters in the United States are usually sent by **SWIFT** and in a prescribed format.

#### **4.2.6 Parties involved in L/C Operation:**

The documentary credit is an essential implement for conducting world trade today. With the third party assurance the whole process is covered. Documentary credit substantially reduces

payment related risks for both exporter and importer. So in the whole L/C operation there are many parties involved. They are:

- Importer/Applicant
- Issuing Bank/Opening Bank
- Advising Bank
- Beneficiary/Exporter/Seller
- Negotiating Bank
- Reimbursing Bank
- Confirming Bank

■ **Applicant**

Applicant is the customer of the bank who requests to issue letter of credit. The importer or buyer is the applicant of a letter of credit.

■ **Opening Bank / Issuing Bank**

This is the bank that opens/issues letter of credit on behalf of the applicant/importer.

■ **Advising Bank**

Advising bank is the bank through which the L/C is advised to the beneficiary (exporter).

■ **Exporter/ Seller/ Beneficiary**

Beneficiary of the L/C is the party in whose favor the letter of credit is issued. Usually they are the seller or exporter.

■ **Confirming Bank**

The Bank which adds confirmation to an LC is termed as Confirming Bank. It does so at the request of the issuing bank and taking authorization from the issuing bank. The confirmation constitutes a definite undertaking on the part of confirming bank in addition to that of issuing bank.

■ **Negotiating Bank**

The bank that negotiates document and pays the amount to the beneficiary when presented complying credit terms. If the negotiation of the documents is not restricted to a particular bank in the L/C, normally negotiating bank is the banker of the beneficiary.

■ **Reimbursing / Paying Bank**

The bank nominated in the credit by the issuing bank to make payment against stipulated documents, complying with the credit terms. Normally issuing bank maintains account with the reimbursing bank.

#### **4.2.7 Documents Required under a Letter of Credit:**

There is no limit to the number and variety of documents which letters of credit may stipulate. The following is a list of documents most commonly seen in a letter of credit transaction. Each document is described in brief with a check-list for preparing the document.

As already stated, the beneficiary should, on first being advised of the letter of credit, examine it carefully and be satisfied that all the documentary requirements can be complied with. Unless the documentary requirements can be strictly complied with, the beneficiary may not receive payment from the issuing bank. If there are any requirements that cannot be complied with, the beneficiary should immediately request the applicant to arrange for an appropriate amendment to the letter of credit.

##### **■ Draft**

A draft is a bill of exchange and a legally enforceable instrument which may be regarded as the formal evidence of debt under a letter of credit. Drafts drawn at sight are payable by the drawee on presentation. Term drafts, after acceptance by the drawee, are payable on their indicated due date.

##### **■ Commercial Invoice**

The commercial invoice is an itemized account issued by the beneficiary and addressed to the applicant, and must be supplied in the number of copies specified in the letter of credit.

##### **■ Consular or Customs Invoice**

A consular or customs invoice is prepared by the beneficiary on forms either supplied by the buyer or local consulate offices.

### ■ **Bill of Lading**

A bill of lading is a receipt issued by a carrier for goods to be transported to a named destination, which details the terms and conditions of transit. In the case of goods shipped by sea, it is the document of title which controls the physical custody of the goods. • A MULTIMODAL TRANSPORT DOCUMENT is one covering shipments by at least two different modes of transport

### ■ **Air Waybill**

An air waybill is a receipt issued by an air carrier indicating receipt of goods to be transported by air and showing goods consigned to a named party. Being a non-negotiable receipt it is not a document of title.

### ■ **Insurance Policy or Certificate**

Under the terms of a CIF contract, the beneficiary is obliged to arrange insurance and furnish the buyer with the appropriate insurance policy or certificate. The extent of coverage and risks should be agreed upon between the buyer and seller in their initial negotiations and be set out in the sales contract. Since the topic of marine insurance is extremely specialized and with conditions varying from country to country, the services of a competent marine insurance broker are useful and well-advised.

### ■ **Inspection Certificate**

When a Letter of Credit calls for an inspection certificate it will usually specify by whom the certificate is to be issued; otherwise, the same general comments as in the case of the certificate of origin apply. As a preventative measure against fraud or as a means of protecting the buyer against the possibility of receiving substandard or unwanted goods, survey or inspection certificates issued by a reputable third party may be deemed prudent. Such certificates indicate that the goods have been examined and found to be as ordered.

### ■ **Packing List**

A packing list is usually requested by the buyer to assist in identifying the contents of each package or container. It must show the shipping marks and number of each package. It is not usually required to be signed.

### ■ **Certificate of Origin**

Certificate of origin is a document describing the producing country of the goods. One copy of the certificate of origin should be given to the client and the remaining copy should be kept in the bank. But if there is only one copy, then the photocopy should be kept in the bank and the original should be given to the client.

### ■ **Shipment Advice:**

The copy mentioning the name of the insurance company should be given to the client and the remaining copies should be kept in the bank. But if only one copy is given, then the photocopy should be kept in the bank and the original copy should be given to the bank.

### ■ **Incoterms**

Incoterms simply mean International Commercial Terms. These are also known as Contract Terms or Trade Terms or Delivery Terms or Sales Terms or Purchase Terms. These are used in the field of international trade or foreign trade. Some examples of incoterms are CFR, CIF, CPT and CIP.

## **4.3 Foreign Exchange Department in MBL**

MBL has a large number of branches all over the country & the number is increasing day by day. As a result of these it has a large customer base. This huge customer base is very helpful for foreign exchange division because every customer can be a possible customer of foreign exchange.

In this section of this report, a brief overview of the foreign exchange operations would be given and some theoretical aspects would be covered. As an authorized dealer under regulations of BB, MBL Mirpur Branch provides the followings three types of services under their foreign exchange department:

- Import Services
- Export Services
- Remittance Services

### **4.3.1 Different Accounts in L/C Operation:**

#### ■ **Nostro Account :**

Nostro account means “our account with you”. A Nostro account is a foreign currency account of a bank maintained with its foreign correspondents abroad. For example, US Dollar Account of MBL maintained with Citibank, N.A, New York, USA is a Nostro account of MBL.

■ **Vostro account :**

Vostro account means “your account with us”. The account maintained with foreign correspondent in a bank of a particular country is known as Vostro account. What is the Nostro account for a bank in a particular country is a vostro account for the bank abroad maintaining the account thus the account of MBL with Citi Bank N.A, New York is regarded as its nostro account held with Citi Bank, while Citi Bank N.A, New York regards it as its vostro account held for MBL.

■ **Loro Account :**

Loro account means “their account with you”. Account maintained by third party is known as loro account; suppose MBL is maintaining an account with Citi Bank N.A, New York and at the same time Janata Bank is also maintaining a nostro account with Citi Bank N.A, New York. From the point of view of MBL Janata Bank’s account maintained with Citi Bank N.A New York is the loro account.

### **4.3.2 Import Section of MBL:**

As an authorized dealer the major import items financed by MBL, Mirpur branch are capital machinery, Hot Roll Steel, electronic equipment, rice, wheat, seeds, palmolein, cement clinkers, dyes, chemicals, raw cotton, garments accessories, fabrics, cotton etc. To import, a person should be competent to be an ‘importer’. According to Import and Export (Control) Act, 1950, the officer of Chief Controller of Import and Export provides the registration (IRC) to the importer. After obtaining this, the person has to secure a letter of credit authorization (LCA) from Bangladesh Bank. And then a person becomes a qualified importer. He requests or instructs the opening bank to open an L/C.

#### **4.3.2.1 Import L/C**

Most imports into Bangladesh are required to open irrevocable L/C. There are some goods that do not require opening a L/C such as books, journal, magazines and periodicals, easily perishable items valuing US\$10,000 to US\$15,000. Most imported product through MBL are fabrics, garments accessories, electronic goods and hospital equipment.



#### 4.3.2.2 Procedure of import L\C

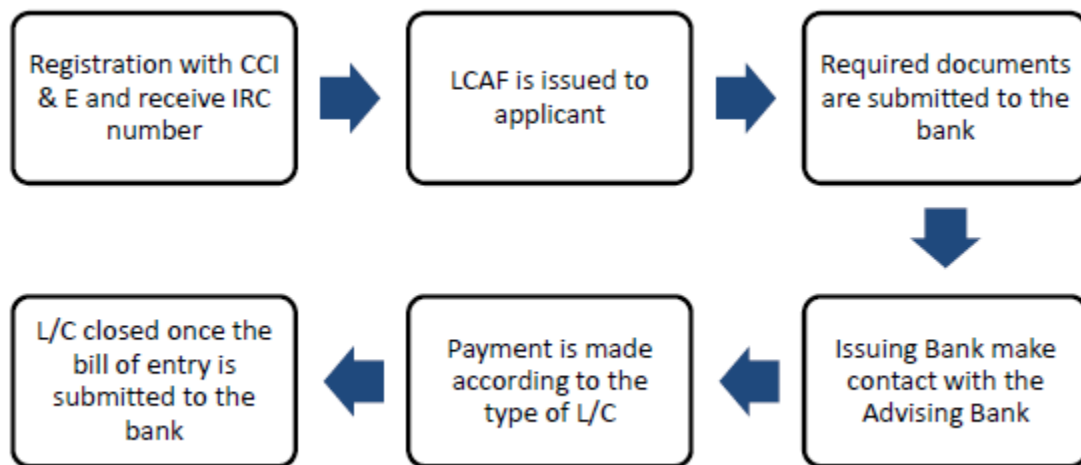


Fig: Procedure of import L\C

1. Importers have to register with CCI & E and IRC number is given to the importer. Example of IRC number: BA-0184180, this IRC belongs to Needle Drop Ltd.
2. LCAF is issued by the importer's bank, LCAF act like an import license for the importer.
3. Along with LCAF, IMP Form is issued which is required for further processing.
4. Number of documentation are required in order to complete the L/C process like pro forma invoice, application for opening L/C, insurance cover note and so on.
5. Depending on the type of L/C, importer's bank makes payment to the beneficiary's bank. Like in sight L/C, payment is made once the document of shipment is shown to the bank.

#### 4.4 Export L/C

Bangladesh exports a large quantity of goods and services to foreign households. Readymade textile garments (both knitted and woven), Jute, Jute-made products, frozen shrimps, tea are the

main goods that Bangladeshi exporters exports to foreign countries. Garments sector is the largest sector that exports the lion share of the country's export. Bangladesh exports most of its readymade garments products to U.S.A and European Community (EC) countries.

#### 4.4.1 FDBC/LDBC

Foreign Document Bill Collection (FDBC) is a way to collect bill from the foreign bank. In this case, exporter's bank collects the amount from foreign bank and then they credited to exporter's accounts. Foreign Document Bill Purchase (FDBP), in this case exporter's bank purchases the bill from the exporter in advance at a lower rate and then goes for collection from foreign bank. Local Document Bill Collection is way to collect bill from the local importer. This happens in case of back-to-back L/C.

#### 4.4.2 Procedure of Export L/C

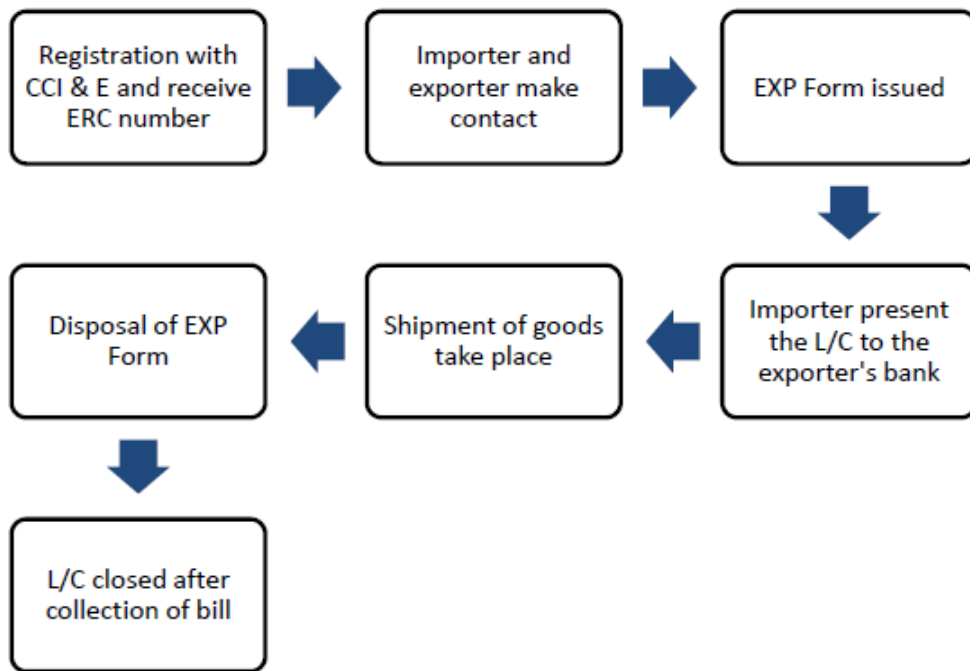


Figure: Procedure of export L/C

#### ■ Obtaining Export Registration Certificate ERC

No exporter is allowed to export any commodity permissible for export from Bangladesh unless he is registered with Chief Controller of Imports and Exports (CCI & E) and holds valid Export Registration Certificate (ERC). After applying to the CCI&E in the prescribed form along with

the necessary papers, concerned offices of the Chief Controller of Imports and Exports issues ERC. Once registered, exporters are to make renewal of ERC every year.

#### ■ **Securing the order**

After getting ERC, the exporter may proceed to secure the export order. He can do this by contracting the buyers directly through correspondence.

#### ■ **Obtaining EXP**

After having the registration, the exporter applies to MBL with the trade license, ERC and the Certificate from the concerned Government Organization to get EXP. If the bank is satisfied, an EXP is issued to the exporter.

#### ■ **Signing of the contract**

After communicating with buyer the exporter has to get contracted for exporting exportable items from Bangladesh detailing commodity, quantity, price, shipment, insurance and mark, inspection, arbitration etc.

#### ■ **Receiving the Letter of Credit**

After getting contract for sale, exporter should ask the buyer for Letter of Credit clearly stating terms and conditions of export and payment.

#### ■ **Procuring the materials**

After making the deal and on having the L/C opened in his favor, the next step for the exporter is to set about the task of procuring or manufacturing the contracted merchandise.

#### ■ **Endorsement on EXP**

Before the export forms are lodged by the exporters with the customs/postal authorities, they should get all the copies endorsed by MBL. Before shipment, exporter submits exp. form with commercial invoice. Then MBL officer checks it properly, if satisfied, certifies the exp. Without it exporter he cannot make shipment. The customer must declare all exports goods on the EXP issued by the authorized dealers

#### ■ **Shipment of goods**

Exporter makes shipment according to the terms and condition of L/C.

## ■ Presentation of export documents for negotiation

After shipment, exporter submits the following documents to PBL for negotiation.

- Bill of Exchange or Draft
- Bill of Lading
- Pro forma Invoice
- Insurance Policy/Certificate
- Certificate of origin
- Inspection Certificate
- Commercial Invoice
- Packing List
- Quality Control Certificate
- Short Shipment Certificate

## 4.5 Payment of L/C

L/C issuing bank arrange the payment for import known as Lodgment. Lodgment means payment of import bills or transfer of funds for import bills. In lodgment L/C issuing bank will make payment against L/C. At first import-negotiating documents are checked to search if there is any discrepancy. Without any discrepancy documents are accepted after the end of five banking days for the day of receipt of the document. But if any discrepancy is found then the bankers inform it to the importer that if it is to accept the bill with discrepancies or not. If the importer does not accept, the banker informs it to the negotiating bank within seven banking days from the date of receipt of the documents, otherwise it is treated to be accepted and the issuing bank have to pay the full payment.

## 4.6 Retirement of L/C

When the importer release the import documents from the bank by acceptance/cash payment or under post import bank finance, it is known as retirement of the import document.

# Chapter -5 Project

## Survey Design

The survey design used for this report is descriptive research because we are trying to determine the level of satisfaction of customers about the quality of services provided in Foreign Exchange department of MBL, Mirpur Branch.

- **The Rating Scale**

Customers' responses have been recorded by using 5 point Likert Scale or Technique where the customer were asked to evaluate each statement to rate their degree of satisfaction or dissatisfaction. These degrees of satisfaction or dissatisfaction were plotted on the 5 point Likert Scales where point 1 indicates — Very satisfactory and point 5 indicates — very dissatisfactory with the service quality. The scale was unforced as it has a neutral point. Also it was a balanced scale because there is similar number of positive and negative argument against the statements. The format of the scale is given below:

Very Satisfactory	Satisfactory	Neutral	Dissatisfactory	Very Dissatisfactory
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- **Questionnaire Development**

It was to determine, are the customers satisfied with the quality of services provided in the Foreign Exchange department of the Mirpur branch of MBL? In order to measure, the dependent and independent variables were identified and based on those variables questionnaires was prepared. Some of the questions were asked to find the characteristics of the customer base of the Foreign Exchange department of the branch.

- **Sampling Techniques**

Sample size represents 25 respondents. In selecting the sample unit, random sampling was used for the survey.

- **Field work**

For the survey and data analysis purposes, data was collected by the Personal Interviewing & Questionnaire Technique.

## 5.1 Types of LC

### 5.1.1 Survey Result

Summary of the survey result is shown by the following table:

Types of LC	Frequency	Percent	Cumulative Percent
BTB LC	22	88%	88%
others	3	12%	100%
<b>Total</b>	<b>25</b>	<b>100%</b>	

Table 1: Types of LC

### 5.1.3 Interpretation of the Result

The above table represents the types of LC opened or purchased by the customers of the foreign exchange department in the Mirpur branch of MBL. It is seen that 88% of the LC services provided to the customers was about Back to Back LC. Only 12% of LCs is Cash LCs.

## 5.2 Type of Business

### 5.2.1 Survey Result

Survey result is shown by the following pie chart:

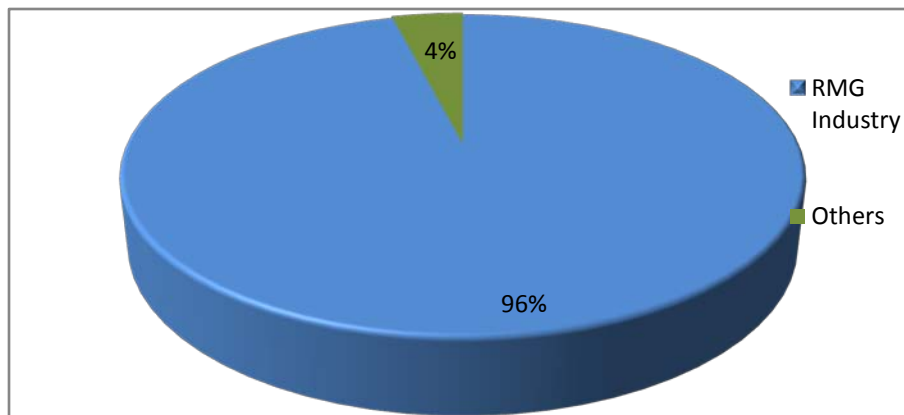


Chart 1: Type of Business



## 5.2.2 Interpretation of the Result

From the pie chart, it is seen that 96% customers of MBL, Mirpur branch are from the RMG sector. Some are suppliers to the RMG sector, some are manufacturers. So, the foreign exchange department of MBL is mainly dependent on the RMG sector. So, the risk cannot be diversified. If the RMG sector is affected by negative profitability, this department is also affected.

## 5.3 Organization's Distance from the Mirpur Branch

### 5.3.1 Survey Result

Survey result is shown through the following table here-

Distance	Frequency	Percent	Cumulative Percent
0-1 km	7	28%	28
1-3 km	14	56%	84
3-5 km	2	8%	92
5-7 km	2	8%	100
Total	25	100	

Table 2: Organization's distance from Mirpur branch

**Graphical representation:**

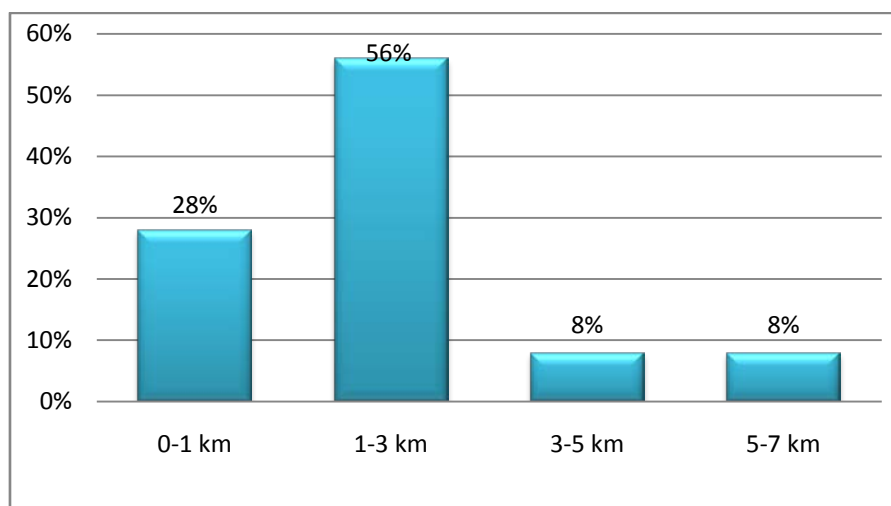


Chart 2: Organization's distance from Mirpur branch

### 5.3.2 Interpretation of the Result

From the above mentioned table, it is found those 92% customers are from the 0-3 km distant from the bank. 28% of them are from 1 km less distant from the organization. 56% of them are distant for more than 1 km but less than 3 km.

So, from the interpretation of the above table, it can be said that, Distance is one of the key players of choosing any bank for services.

## 5.4 Frequency of opening or purchasing LC:

### 5.4.1 Survey Result

Result is shown in the following graph:

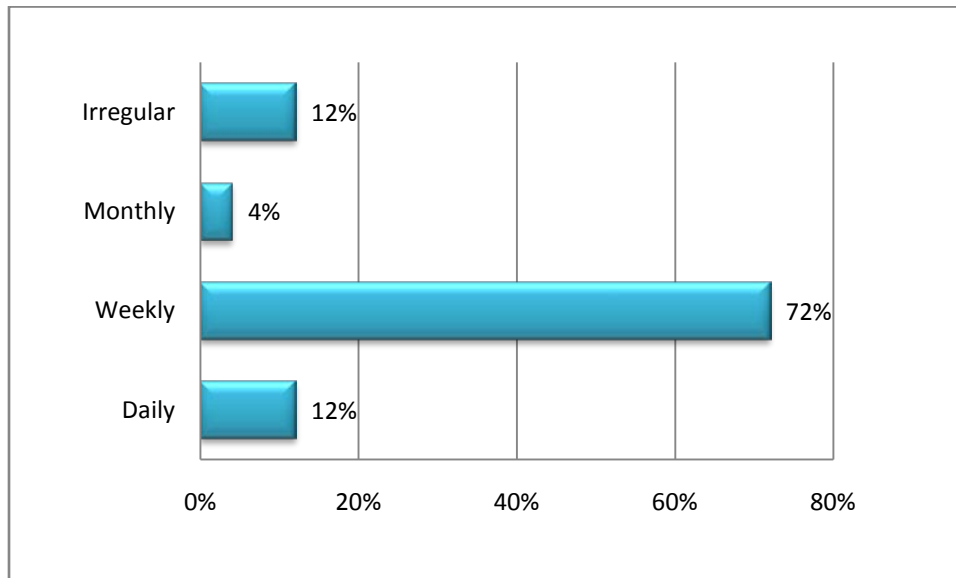


Chart 3: Frequency of opening or purchasing LC

### 5.4.2 Interpretation of the Result

From the graph, it is found that 72% of the customers are engaged in LC related activities weekly and 12% of them open or purchase LC on a daily basis. So, those 12% can be called the regular

customer of the bank. 12% of the total customers are irregular. 12% of them are irregular in the foreign exchange department.

## 5.5 Years of Services taken from MBL, Mirpur Branch

### 5.5.1 Survey Result

The survey result is as follows presented in a self-explanatory graph:

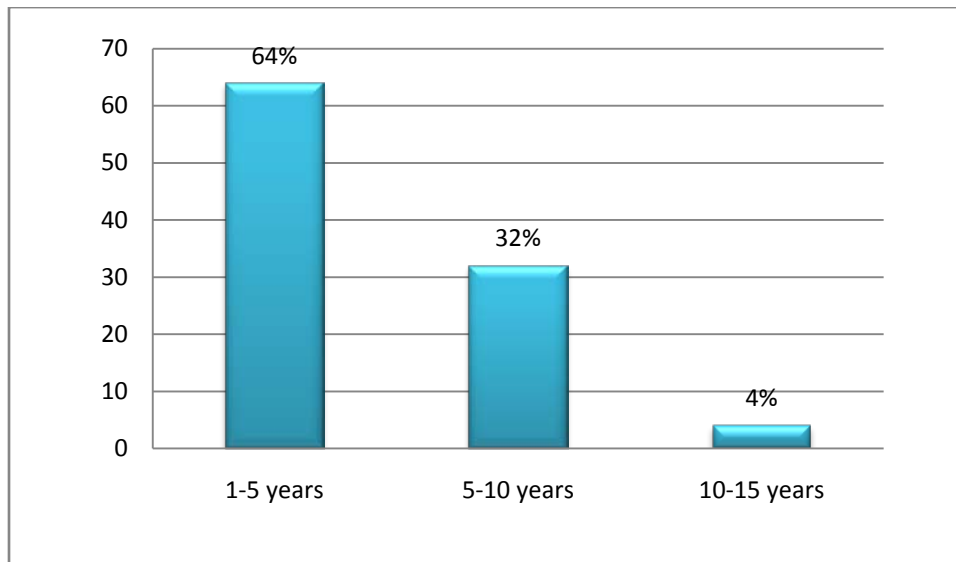


Chart 4: Years of Services taken from Mirpur Branch

### 5.5.2 Interpretation of the Result

From the above table, it can be said that, all of the clients have been taking services from this branch of the bank for more than a year. The highest percentage (64%) of them have been with this branch for 1-5 years, 32% of the clients are taking services here for 5-10 years. It is really praise worthy statistics for a third generation bank like MBL. It means it has the capability of improving its services to retain the loyal clients from the 1-5 years category customers. Only 4% are taking services for 10-15 years. As MBL is a third generation bank and Mirpur branch was established in 2002, the highest percentage of the customers fell within 1-5 years category. This is why customer satisfaction is needed to be increased to retain those clients for long term relationships.

## 5.6 Clients' Having Simultaneous LC Account in Other Banks

### 5.6.1 Survey Result

Survey result about clients' having simultaneous LC services from other banks is presented through the following pie chart:

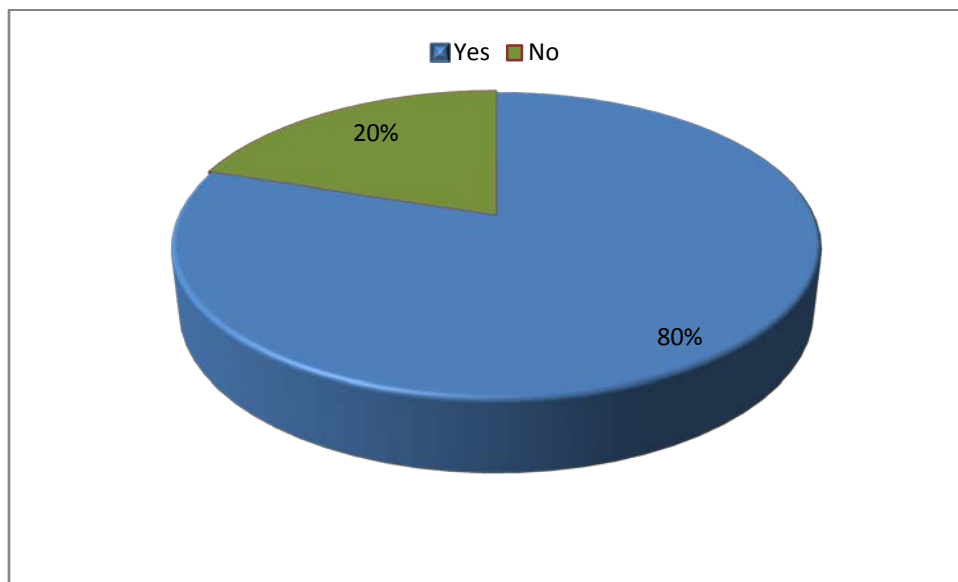


Chart 5: Clients' Having Simultaneous LC Account in Other Banks

### 5.6.2 Interpretation of the Result

80% clients have simultaneous LC account in other banks. It is because they switched from the previous banks to get better service quality from MBL, Mirpur branch. Moreover, some of them are of a speculative nature. They try to get tax advantage by opening LCs from two different banks. They only show the income of any of the two banks to get rid of the huge amount of tax cut by government.

## 5.7 Satisfaction Level about Employee Behavior

### 5.7.1 Survey Result

The survey result is as follows presented in a self-explanatory graph:

Satisfaction level	Frequency	Percent	Cumulative Percent
Very Satisfactory	16	64	64
Satisfactory	9	36	100
Neutral	0	0	0
Dissatisfactory	0	0	0
Very Dissatisfactory	0	0	0
Total	25	100	

Table 3: Satisfaction Level about Employee Behavior

### 5.7.2 Interpretation of the Result:

The above table presents the satisfaction of the respondents regarding the behavior of the employees. Most all of the respondents have gone for very satisfactory and percentage for this category is 64%, the left percentage have gone for the option satisfactory. And this table shows that the clients are very satisfied with the behavior of the employees while taking services from the Foreign Department of this branch. None was dissatisfied with the employee behavior; it is a good indicator of customer satisfaction.

## 5.8 Satisfaction Level about availability of employees

### 5.8.1 Survey Result

Survey result of satisfaction level about availability of employees is as follows in a table:

Satisfaction Level	Frequency	Percent	Cumulative Percent
Very Satisfactory	15	60	60
Satisfactory	10	40	100
Neutral	0	0	0
Dissatisfactory	0	0	0
Very Dissatisfactory	0	0	0
<b>Total</b>	<b>25</b>	<b>100</b>	

Table 4: Satisfaction level about availability of employees

### 5.8.2 Interpretation of the Result

When asked about the availability of employee of the Mirpur branch during the need, majority (60%) were very satisfied with the readiness of the employee during their needs. 40% were satisfied with the readiness of the employee to assists customer's needs.

This is a good indicator of the customers' satisfaction level because 100% customers are not dissatisfied with the readiness of service provided by the employees.

## 5.9 Satisfaction Level about Timeliness of the Employees

### 5.9.1 Survey Result

Survey result of satisfaction level about the timeliness of employees is as follows in a table:

Satisfaction level	Frequency	Percent	Cumulative Percent
Very Satisfactory	10	40	40
Satisfactory	11	44	84
Neutral	0	0	0
Dissatisfactory	4	16	100
Very dissatisfactory	0	0	0
<b>Total</b>	<b>25</b>	<b>100</b>	

Table 5: Satisfaction Level about Timeliness of the Employees

### 5.9.2 Interpretation of the Result

When asked about the time taken to process any foreign exchange transaction, 44% were only satisfied and 40% were very satisfied. From the cumulative percentage, it is found that 84% client of this branch is satisfied or very satisfied with the timeliness of the employees. Only 16% were dissatisfied with time taken execute any foreign exchange transaction.

It shows that the employees are working in a satisfactory manner and most of the clients are happy with their work.

## 5.10 Satisfaction Level about Ease of Finding Information

### 5.10.1 Survey Result

Survey result on ease of finding information is as follows:

Satisfaction Level	Frequency	Percent	Cumulative Percent
Very Satisfactory	7	28	28
Satisfactory	15	60	88
Neutral	1	4	92
Dissatisfactory	2	8	100
Very Dissatisfactory	0	0	0
<b>Total</b>	<b>25</b>	<b>100</b>	

Table 6: Satisfaction Level about ease of finding information

### 5.10.2 Interpretation of the Result

When asked about the ease of finding information from MBL related to L/C, remittance, endorsement of foreign currency, TT etc. it was a satisfactory result. Around 28% were highly satisfied but around 60% were satisfied. Only 8% were dissatisfied about this aspect.



## 5.11 Satisfaction about Ease of Accessibility

### 5. 11.1 Survey Result

Survey result on ease of finding information is as follows:

Satisfaction Level	Frequency	Percent	Cumulative Percent
Very Satisfactory	17	68	68
Satisfactory	8	32	100
Neutral	0	0	0
Dissatisfactory	0	0	0
Very Dissatisfactory	0	0	0
<b>Total</b>	<b>25</b>	<b>100</b>	

Table 7: Satisfaction Level about Timeliness of the Employees

### 5.11.2 Interpretation of the Result

The clients are always welcomed in Mercantile Bank Ltd., Mirpur Branch. While working in the Foreign Exchange (L/C) department I have always noticed that the clients always roam here and there around the whole department and work by themselves. They have full access in the Foreign Exchange Floor and the employees also appreciate them to work by themselves. So 68% of the employees have said that they are very satisfied with their accessibility, and rests of 32% have said that they are satisfied. No one has said that they are neutral or dissatisfied. So it can be assumed that the clients do not have any dissatisfaction regarding the accessibility in Mercantile Bank Ltd., Mirpur Branch.

## 5.12 Satisfaction about Overall Environment

### 5.12.1 Survey Result

Survey results are shown as follows:

Satisfaction level	Frequency	Percent	Cumulative Percent
Very Satisfactory	5	20	20
Satisfactory	12	48	68
Neutral	2	8	76
Dissatisfactory	5	20	96
Very Dissatisfactory	1	4	100
<b>Total</b>	<b>25</b>	<b>100</b>	

Table 8: Satisfaction Level about overall environment

#### Graphical Presentation:

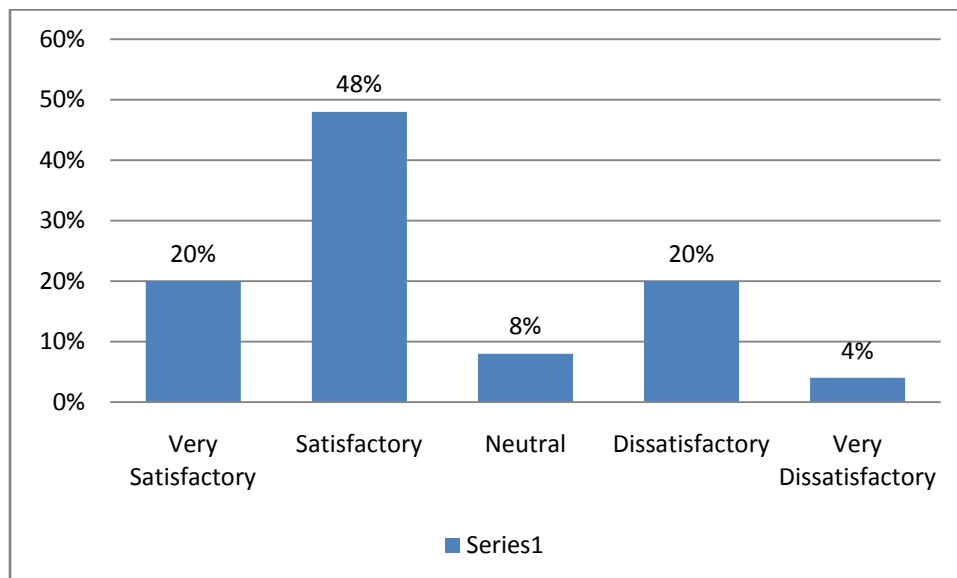


Chart 6: Satisfaction Level about overall environment

### 5.12.2 Interpretation of the result

Environment is one of the most important issues of fulfillment. Mercantile Bank Ltd. 4% of 25 clients were very dissatisfied, 48% of the respondents have said that they think that the environment here is satisfactory, 20% are dissatisfied with the environment. It is found that 24% of them are in dissatisfaction level in total. So, MBL should concentrate on making the environment of this department healthy and attractive.

### 5.13 Satisfaction Level about Service Fees (margin & charges)

#### 5.13.1 Survey Result

Survey results are shown as follows:

Satisfaction level	Frequency	Percent	Cumulative Percent
Very Satisfactory	6	24	24
Satisfactory	16	64	88
Neutral	1	4	92
Dissatisfactory	2	8	100
Very Dissatisfactory	0	0	0
<b>Total</b>	<b>25</b>	<b>100</b>	

Table 9: Satisfaction level about service fees ( margin& charges)

#### 5.13.2 Interpretation of the result

When asked about the service fee like service for opening L/C, remittance, TT, discrepancy and more, 8% were dissatisfied with the service fee charged by MBL. Only 26.67 were satisfied with service fee charged. 64% were satisfied and 24% were very satisfied. So, it can be told that most

of the clients are happy with the charges. Maybe, clients with poor creditworthiness claim the charges as higher.

## 5.14 Satisfaction about Capability of Resolving Issues

### 5.14.1 Survey Result

Survey result on capability of resolving issues is as follows:

Satisfaction Level	Frequency	Percent	Cumulative Percent
Very Satisfactory	10	40	40
Satisfactory	14	56	96
Neutral	1	4	100
Dissatisfactory	0	0	0
Very Dissatisfactory	0	0	0
<b>Total</b>	<b>25</b>	<b>100</b>	

Table 10: Satisfaction of Capability of Resolving Issues

### 5.14.2 Interpretation of the result

When asked about capability of MBL to interact with foreign bank for resolving an issue, 40% were very satisfied and 56% were satisfied and 4% were neutral with MBL in case of handling issues with foreign banks. Clients were not dissatisfied at all about resolving issues. This is a good indicator for the service quality of MBL.

## 5.15 Satisfaction level about the Overall Foreign Exchange Services of MBL

### 5.15.1 Survey Result

Survey result is as follows:

Satisfaction Level	Frequency	Percent	Cumulative Percent
Very Satisfactory	8	32	32
Satisfactory	14	56	88
Neutral	0	0	0
Dissatisfactory	3	12	100
Very Dissatisfactory	0	0	0
<b>Total</b>	<b>25</b>	<b>100</b>	

Table 11: Satisfaction level about the Overall Foreign Exchange Services of MBL

### 5.15. 2 Interpretation of the Result

Being a third generation bank, the bank has a new base of customers. Among the 25 customers of foreign exchange department, 32% were very satisfied with the service provided. 56% were satisfied. So, we can see that 88% of the total customers were on the positive side of the scale indicating the better service quality of the bank. Only 12% were dissatisfied but no customer was very dissatisfied. This is a good sign that MBL has no very dissatisfied customer.

## 5.16 Reason of Choosing MBL apart from other Banks:

5.16.1 Survey Result: Survey result is as follows:

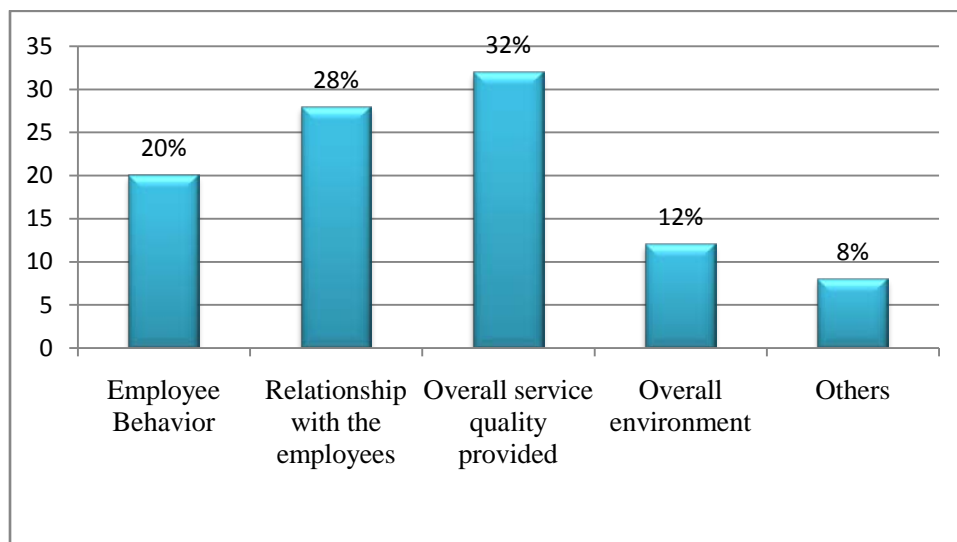


Chart 7: Reason of choosing MBL apart from other banks

### 5.16. 2 Interpretation of the Result

Customers always look for good behavior from the authority or from the employees, a friendly environment where they can work freely where they can give any information related to their organization without any hesitation, where they have a sound relationship with the employees. It may not be possible to get all these advantages in one organization. But Mercantile Bank Ltd. has always tried to maintain all these matters to grab customers. While asking this question I have tried to bring up all those reasons from the customers, those have hold them into Mercantile Bank, Mirpur Branch, whereas there are some more banks in this area. Most of the organizations have said that they come to this bank for the employee behavior which holds a percentage of 20% of the total respondents, then they have also emphasized for the relationship with the employees (28%), as most of the organizations are taking services from this bank for 5-10 years. So they have a good relationship with every employee here. 32% of the respondents chose MBL because of the overall service quality provided. The overall environment of Prime Bank Ltd. and this branch is also appreciable which holds 12% percent of the respondents answer. There are

some other reasons like personal relationship with the employees like brother, sister, friends etc. and this reason holds 28% response.

## 5.17 Discussion

### ■ Types of LC & Business

Basically, 88% of the LCs opened or purchased in the Mirpur branch by the customers is BTB LC. Most of the clients take loan against the BTB LC for working capital and 96% of the clients are directly or indirectly related to the RMG industry. Most of them are suppliers of accessories; some of them are engaged in dyeing or packaging etc. The cash LCs are also RMG based in a sense. For example, the capital machineries for the garments company are bought through cash LCs.

### ■ Bank's Distance from Client's Organization

From the analysis of the survey data, it is found that client's organization's distance from the bank is an important indicator why customer chooses any bank for services. It is seen that 96% of the client's organization is between 0-3 kilometer ranges from the bank.

### ■ Frequency of Opening or Purchasing L\C

As clients' open/purchase BTB LCs for working capital, the number of weekly clients is high. 72% clients' open/purchase LC weekly, 12% daily, 4% monthly and 12% clients are irregular. Irregular customers are those who have seasonal businesses.

### ■ Years of Services Taken from Mirpur Branch

As MBL is a third generation bank and Mirpur branch was established in 2002, the highest percentage (64%) of the customers fell within 1-5 years category. This is why customer satisfaction is needed to be increased to retain those clients for long term relationships. 32% clients are taking services here from 5-10 years. It is really impressive success for a new branch like Mirpur branch.

### ■ Clients Having Simultaneous LC Account in Other Banks

Although 80% clients have simultaneous LC account in other banks, this may not be representing their dissatisfaction on the Foreign Exchange department of Mirpur branch. Most of the clients' are of a very speculative in nature. Simultaneous LC accounts in different banks help them to avoid huge tax cuts by government.

## ■ Satisfaction Level of the Clients' on Foreign Exchange Department

None of the clients were dissatisfied with the behavior of the employees of the Foreign Exchange department. 100% of them responded on the positive side of the scale. Another good indicator of the customers' satisfaction level of this department is satisfactory responses about the readiness of service provided by the employees. 84% of the customers responded on the positive side of the scale. Only 16% were dissatisfied with time taken execute any foreign exchange transaction. Authority should focus on the needs of these dissatisfied customers to improve their service.

When asked about the ease of finding information from MBL related to L/C, remittance, endorsement of foreign currency etc. only 8% were dissatisfied with the service. However, this dissatisfied percentage of the customers' should not be ignored; they should be provided with proper information according to their needs. In terms of accessibility, clients have full access in the Foreign Exchange Floor and the employees also appreciate them to work by themselves. So it can be assumed that the clients do not have any dissatisfaction regarding the accessibility in Mercantile Bank Ltd., Mirpur Branch. So 68% of the employees have said that they are very satisfied with their accessibility, and rests of 32% have said that they are satisfied. While finding the satisfaction level on overall environment of this department, 24% of the clients are in dissatisfaction level in total. None of them was very satisfied. So, MBL should concentrate on making the environment of this department sophisticated and attractive. While surveying about clients' satisfaction on the service charges, margins, reserve margin, fees etc., it is found that most of the clients are happy with those charges. Maybe, clients with poor creditworthiness claim the charges as higher. In terms of resolving issues with the foreign banks, all of the clients responded on the positive side of the scale. None of them was dissatisfied with the employees on this aspect. Total 88% Of the customers responded positively about the overall services of the Foreign Exchange department of the Mirpur branch. Only 12% of them are dissatisfied. MBL should concentrate on customer retention through improving the overall services provided by this department.



### ■ Reason of Choosing MBL apart from other Banks in the Area

Customers always look for good behavior from the authority or from the employees, a friendly environment where they can work freely where they can give any information related to their organization without any hesitation, where they have a sound relationship with the employees. It may not be possible to get all these advantages in one organization. But Mercantile Bank Ltd. has always tried to maintain all these matters to grab customers. While asking this question I have tried to bring up all those reasons from the customers, those have hold them into Mercantile Bank, Mirpur Branch, whereas there are some more banks in this area. Most of the clients (32%) responded that they come to MBL because of the overall service quality provided. 20% of them come here because of the employee behavior. So, it can be said that the overall management of Mercantile Bank Ltd. Mirpur Branch is quite efficient to grab and hold customers than the other banks situated on the same area. And that is why the customers prefer Mercantile Bank Limited, Mirpur Branch above other banks in Mirpur area.

**Chapter -6**  
**Recommendation**  
**&**  
**Conclusion**

## 6.1 Recommendation

It is really tough to recommend a bank specially such a bank which is one of the most well reputed banks of the country only in a short three months internship period. But I have noticed some areas for improvement while working in Mercantile Bank Ltd. (Mirpur Branch), and based on my observation I am recommending some proposal below:

- The bank uses lots of registers to record foreign exchange transactions which is very time consuming and also has possibilities of occurring errors. The bank should maintain complete computerized recording system as soon as possible.
- The branch should increase the number of employees in the Foreign Exchange Department to reduce their stress and also for bringing speed in service delivery.
- Foreign exchange services should be provided to the small companies also.
- The bank as well as the mentioned branch should introduce new services time to time as there are huge competitions with other banks.
- A customer requires paying the bank a certain margin of the total L/C value before opening the L/C, which is known as L/C margin. If Mercantile Bank charges lesser amount then other banks then it can attract more customers.
- Payments of the L/C's are also made by the pre-arranged credit facilities and the customers have to pay high interest rates (18%) for these credits. This rate should be decreased to grab more customers.
- The foreign exchange department in MBL is based on RMG sector mostly. So, risk diversification cannot be done. If the RMG sector gets affected, the performance of the whole department would be affected.
- For proper documentation and keeping the record, it is essential to update Management Information System (MIS). But currently they have PC Bank 2000, which is not enough for the bank.

## 6.2 Conclusion

Developing a customer satisfaction program is not just about carrying out a survey. Surveys provide the reading that shows where attention is required but in many respects, this is the easy part. Very often, major long lasting improvements need a fundamental transformation in the organization, probably involving training of the staff, possibly involving cultural change. The implications of customer satisfaction surveys go far beyond the survey itself and will only be successful if fully supported by the echelons of senior management.

After the analysis of the data, we can conclude that customer satisfaction regarding the quality of service provided by the Foreign Exchange department of MBL is good and satisfactory. However, there are some of the features that need to be improving in order to create a better service for the customers. Only 25 customers were surveyed among a large group which is comparatively less to get the actual response. There are some the places require urgent changes like overall environment, interaction with foreign banks, simple procedure and guidelines that is easier for the customer to understand, timeliness etc. MBL should focus on these issues in order to improve their quality of service in Foreign Exchange department. The Foreign Exchange department is one of the most important departments in a bank. A bank's performance and profit largely depends on this division. These foreign exchange activities have an equal significant role to the economic growth of a country. So through this division banks are contributing to the economic empowerment of the country. In Bangladesh, banking business is very competitive therefore; standard quality of service can increase customer's satisfaction and can improve bank's future sustainability in the competition.

## Appendices

### Questionnaire

Name of your organization.....

**1) How far is your organization from Prime Bank?**

a) 0-1 k.m. b) 1-3 k.m. c) 3-5 k.m. d) 5-7 k.m.

**2) How frequently do you open/purchase an L/C?**

a) Daily, b) Weekly, c) Monthly, d) Irregular

**3) What is the type of your L\C? a) BTB LC b) Others**

**4) What is the type of your business? a) RMG b) Others**

**5) For how many years have you been taking services from Mirpur branch of Mercantile Bank Ltd.?**

a) 0-1 years, b) 1-5 years, c) 5-10 years, d) 10-15 years

**6) Do you have simultaneous L/C account in other Banks?**

a) Yes, b) No

**Now give your opinion kindly to evaluate the quality of service of the Foreign Exchange Department.**

**a) How is the behavior of the employees of the foreign exchange department?**

i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory, v) Very Dissatisfactory,

**b) What do you think about the availability of the employees during your needs?**

i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory, v) Very Dissatisfactory

**c) Are you satisfied with time taken by the employees to execute any foreign exchange activity?**

i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory, v) Very Dissatisfactory

**d) How do you feel about the ease of finding information of L/C, remittance, TT, endorsement of dollar, credit etc. in MBL?**

i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory, v) Very Dissatisfactory

**e) How do you find your ease of accessibility in the Foreign Exchange Department?**

i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory, v) Very Dissatisfactory

**f) How is the overall environment of the department.**

i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory, v) Very Dissatisfactory

**g) How do you feel about the charges and margin of opening an L\C in MBL?**

i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory, v) Very Dissatisfactory

**h) What do you feel about the overall services of the foreign exchange department of Mercantile Bank Ltd., Mirpur Branch?**

i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory, v) Very Dissatisfactory

**i) Are you satisfied with capability of MBL to interact with foreign bank for resolving any issue?**

i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory, v) Very Dissatisfactory

**j) There are some more banks in this area, why your organization has chosen mercantile Bank Ltd.?**

i) Employee behavior, ii) Relationship with the employees, iii) Overall service quality provided

iv) Overall environment) v) Others

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