

INTERNSHIP REPORT



FOREIGN EXCHANGE PROCESS & SERVICE ASSESSMENT

Internship Report

Course ID: *BUS 400*

Mercantile Banking Limited

Foreign Exchange Process

& Service Assessment

Submitted To:

Mr. Tahsan Rahman Khan

Senior Lecturer

BRAC Business School

BRAC University

Submitted By:

Md.Ashiqur Rahman

Student ID: 10104057

Submitted on:

Sunday, 29th June, 2014

Letter of Transmittal

29th June, 2014

Mr. Tahsan Rahman Khan

Senior Lecturer

BRAC Business School

BRAC University.

Subject: Submission of internship report for completion of course.

Dear Sir,

I have completed my internship report for the course requirement of *BUS-400* on the assigned topic, '*Foreign exchange process and service assessment*' as per your instructions, on Mercantile Bank Limited.

In writing this paper, I earnestly tried to keep it simple to make it easily understandable to you and others who may feel interested to go through the equipped document. The gathered information that incorporated inside the paper is all based on my three months period of employment. This attempt is to put all accurate and true data to the best of my knowledge.

Additionally, I will be delighted to simplify and respond any doubts regarding discrepancies or inconsistencies that may have presented itself in the Report.

Thank you.

Sincerely

Md. Ashiqur Rahman



Acknowledgement

Above all, I would like to thank almighty Allah that he has given me the ability to complete the graduation program from one of the most renowned universities of Bangladesh and therefore this report. My insurmountable gratitude towards the entire of BRAC University, faculties, staff and students for being a part of my journey through the undergraduate program and also without their support & guidance, this undergrad experience and the paper would have been possible.

I would take this opportunity to convey my appreciation to those who have lent their cooperation in making this report successful. Firstly, I would like to thank Mr. Tahsan Rahman Khan, my academic supervisor for providing me the chance to work on this topic and a continuous guideline to completion of the paper.

Additionally, I would like to thank Mr. Golam Mohammed Zaidi, Vice President & Manager Operation of Branch, and Mr. Asif Karim, Assistant Vice President, and Mr. Mohd. Rafiqul Islam Khan, First Assistant Vice President of Mercantile Bank, Motijheel branch for their motivation and encouragement during the entire internship program. Also I am grateful to all the employees, officers and staffs who have sacrificed their busy schedule for me in collection of information, as well as gave me suggestion to conduct the study.

Lastly I am very thankful to all my friends, colleagues and seniors who tried their best to manage their valuable time and given their opinion, information and suggestion for the completion of the report.

Thank you and Best Wishes for all.

Executive Summary

With the clear mission of providing efficient banking services and to contribute socio-economic development of the country, Mercantile Bank Ltd emerged as a new commercial bank and inaugurated its operation on 2 June, 1999. From the beginning of the formation in banking service, the bank has involvement with foreign exchange business regarding conversion of currency value, maintain exchange rates and trade with other countries. The department deals with all these related activities are named as itself Foreign Exchange Department including three sub-departments- Export, Import & Remittance.

The purpose of this study is to understand the foreign exchange operations of Mercantile Bank Limited and to evaluate this service which has been done by analyzing the financial information of the last five years. This paper highlights the foreign exchange functions, about the procedure of their service provided to clients by the help of import and export sections, overall activities of LC transactions, the payment procedure of both the export and import, types of currency transfer through the bank, remittances they earn, the facilities they provide to their exporters and importers, the effect of exchange rates fluctuation and finally the business position of foreign exchange operation of the bank.

Afterwards, various financial apparatus that used for the export-import business; consequently, documentary credit or LC is the most important of them. The requirements, procedures, maintenances and disbursements of letter of credits are pre-settled by the Import and Export (Control) Act, 1950 of Bangladesh. Also the bank has their own rules and regulations for clients addressing to the government policies. There are time limitation, shipment validity & expiry included with the export-import trade. Besides, the position of the bank for financing in international commerce as the negotiation and advisory on behalf of parties are opposing.

Finally, I have tried to figure out some findings in order to smooth the operation and include SWOT analysis in these findings and also recommended how to remove these problems to operate its business efficiently in the future years.



Table of Contents

CHAPTER	PAGE
CHAPTER 01	
INTRODUCION	02
1.1. Origin of the Report	02
1.2. Objectives of the Report	03
1.3. Scope of the Report	03
1.4. Methodology	04
1.5. Sources of Data	04
1.5.1. Primary Sources of Data	04
1.5.2. Secondary Sources of Data	04
1.6. Limitations	05
CHAPTER 02	
THE ORGANIZATION	07
2.1 Profile of the Bank	07
Bank Limited Timeline	07
2.2 Company Chronicle	11
2.3 Vision, Mission, Objective & Corporate Focus	12
2.4 Organizational Values	13
2.5 Organizational Structure	15
2.5.1 Management structure of MBL	16
2.5.2 Motijheel Branch Management Hierarchy	17
2.6 Branch Location Of MBL	17
2.7 MBL Products & Services	19
2.7.1 Deposit Products	19
2.7.2 Loan Products	22
2.8 Financial Information	23
2.8.1. Capital adequacy	23
2.8.2. Share Market	23
2.8.3. Foreign Exchange Business	23
2.9. Correspondent Relationship	24
2.10. Corporate Social Responsibility	25
CHAPTER 03	
INTERNSHIP AT MBL	28
3.1. Working Days, Hours & Location	28

CHAPTER	PAGE
3.2. Job Rotation Schedule	28
3.3. My position as Intern	29
3.3.1. General Banking	29
3.3.2. Foreign Trade	29
3.4. Specific Responsibilities	30
3.5. Critical Observations	32
3.6. Recommendations	32

CHAPTER 04

FOREIGN EXCHANGE DEPARTMENT	35
4.1. International Trade	35
4.2. Market Participants of Foreign Trade	37
4.3. Foreign Exchange Operation of MBL	37
4.3.1. Import Section of MBL	38
a) Import procedures	39
1. Registration with CCI&E	39
2. Purchase Contract between importers and exporter	39
3. Collection of LCA form	39
4. Opening a Letter of Credit	39
b) Import Financing By MBL	42
1. Payment against Document (PAD)	42
2. Loan against Trust Receipt (LTR)	43
3. Loan against Imported Merchandise (LIM)	43
c) The Import Payment & Its Composition	43
4.3.2. Export Section of MBL	44
a) Export LC types	45
1. Back-to-Back LC	45
2. Export LC	45
b) Export Procedure	45
c) Export Financing by MBL	48
1. Pre-shipment credit	48
a. Export cash credit (Hypothecation)	49
b. Export cash Credit (Pledge)	49
c. Export Cash Credit against Trust Receipt	49
d. Packing Credit	50
e. Back to Back Letter of Credit (BTB)	50
2. Post-shipment credit	51
a. Negotiation of documents under LC	52
b. Foreign Documentary Bill Purchase (FDBP)	52
c. Advances against Export Bills surrendered for collection	52
3. The Import Earnings & Its Composition	53

CHAPTER	PAGE
4.3.3. Foreign Remittance Section of MBL	54
a) Outward Remittance of MBL	56
b) Inward remittance of MBL	56
4.4. Reporting to Bangladesh Bank	57
4.5. Foreign Exchange Business Position of MBL	58
4.6. Revenue foundation of foreign exchange department	61
a. Import Trend	61
b. Export Trend	62
c. Remittance Trade	62
4.7. Service Assessment	63
a. Service quality measurement attributes	63
b. Sample Selection	64
c. Data collection	64
d. The questionnaire & dimension	64
4.8. Findings of the study	65
a. Project Findings	65
b. Department based findings	74
4.9. SWOT Analysis	75
4.10. Recommendations	72
CHAPTER 05	
CONCLUSION	80
REFERENCES	
APPENDIX	



CHAPTER

ONE

INTRODUCTION

বাংলা ব্যাংক



মার্কেটাইল ব্যাংক লিমিটেড
Mercantile Bank Limited

দক্ষতাই আমাদের শক্তি

INTRODUCION

Banks are the most essential financial intermediaries of today's world. As a financial institution, bank actually maintain and restore the economic status of any country. Without creating a new wealth, banks help in borrowing, lending and related activities of production, distribution, exchange and consumption of wealth. In other words it appears like the heart of economic structure which provides Capital as blood in it. As long as blood is in circulation the organs will remain functional. Consequently bank is that organization which makes the economic operations smooth and healthy by it's so many aspects.

In terms of worldwide business, current trade world is impossible to commit international devoid of the assist of banks. This institution provides the system to experience economic expansion to settle any transaction in land and overseas. Banks activate the scheme for any transactions most effectively within different countries either trade purposes or individual purposes. In this paper I have tried to understand the banking role in foreign trade management by appraising the foreign exchange department of Mercantile Bank Limited, Motijheel branch. For achieving the purpose, there are individual level information collection, sorting, analysis and presentation in written and graphical forms.

Consequently the report provides a general view of theoretical aspects related to international trade and transactions of foreign business concerning Mercantile Bank Limited, as well as gives an idea about foreign exchange policy used in Bangladesh to control related financial institutions. It also includes the operational foreign trade activities of Mercantile Bank Limited as a commercial bank and has some counsel for further improvement in their operation.

1.1. Origin of the Report

This report is a requirement to complete the under-graduation program for the student of BRAC Business School. In order to enrich the students with the real life experience of corporate world, the university has given this opportunity to each student after the completion of their four years Bachelor of Business Administration (BBA) program. Before staring as a professional, this four credit course helps out the upcoming graduates to experience the corporate world.

According to the university terms and conditions, I have completed the three month period of internship program at Mercantile Bank Limited, Motijheel branch. As per the guidance of my academic adviser, Mr. Tahsan Rahman Khan, Senior Lecturer, BRAC Business School, BRAC University, and the organizational supervisor Mr. Golam Mohammed Zaidi, Vice President & Manager Operation of Branch, Mercantile Bank Limited, Motijheel branch, this report heading “*Foreign exchange process and service assessment*” has been prepared.

1.2. Objectives of the Report

The purpose of the study is to obtain the understanding of the general banking and foreign trade activities of the bank. This experience is to relate them with the theoretical knowledge gained through academic semesters of my BBA program. Beside this, the more specific objectives are as follows which I try to cover in my report:

- To apply academic knowledge in the practical field
- To understand procedures of foreign trade operation of commercial banks in Bangladesh
- To learn the features of foreign trade
- To gather information about banking companies operations in practical field
- To have coverage the functions of foreign exchange section
- To get an overview of the private Banking in our country

1.3. Scope of the Report

This report describes what the foreign trade is, its categories and payment mode of foreign exchange process in Bangladesh. It also includes the information about foreign trading system of assigned bank and has an observation based recommendation section. The general information of bank, organizational structure, and financial objects is covered in reasonable manner.

As I have prepared this report on Mercantile Bank Limited, Motijheel Branch, the scope of the study is only limited to this branch. The supervisor allocated the whole time period in three parts; as a result I got the occasion to work in all the three divisions (General Banking Division, Credit Division and Foreign Exchange Division). My main concern was to identify the aspects, understand their objectives and make some recommendation on the foreign exchange operation of Mercantile Bank Limited.

1.4. Methodology

In this report, both the theoretical method and case study are basically used. The academic documents, lectures as well as the on-work training of the banking hour were the source of collecting information. The charts and graphs are constructed on basis of the quantitative data which is gathered from the previous five years annual reports.

There is a project workings based on quantitative approach which is conducted by providing questionnaires to the corporate customer of the foreign exchange department. Firstly, the gathered data is used for measure the satisfaction level of customers who has trade contract with the foreign exchange department of MBL. Thus, this method would also consent to carry out statistical analysis on the data collected in order to develop an instrument for measuring the quality of foreign trade. Twenty different companies attend the survey. Lastly, some findings and recommendations are included for the betterment of the process.

1.5. Sources of Data

In order to develop a comprehensive report on foreign trading system of Mercantile Bank Limited and an evaluation of the service, both the primary and secondary data sources are required.

1.5.1. Primary Sources of Data

- Three months practical participation in internship program
- Direct observations to overseers and customers
- Filled out questionnaire

1.5.2. Secondary Sources of Data

- Annual Reports of Mercantile Bank Limited
- Relevant books, research papers, newspapers and journals
- Various publications on Bank
- Mercantile Bank Limited and Bangladesh Bank websites
- Files & folders and various study selected reports from bank

This report is an exploratory research where the qualitative survey has done by an open ended question asked to the bank customers. After gathering all the necessary information, the data

was needed to classified, analyzed, interpreted and presented in the report. For this reason, some graphical representations are used to analyzing the collected information and classifying those to interpret them clearly. To get closer to the findings, some necessary documents, books, paper and web sites were essential which are mentioned specifically afterward segment.

1.6. Limitations

This study was intended to gather a full vision of the foreign exchange business of one very glowing commercial bank of Bangladesh. As the internship program was only three months long, that purpose of a clear understanding about the transaction process was very tough. Besides the foreign trade is the unremitting process of which each of every transaction is inimitable by its character. The documents requirements are also differ from one to another operation. In fact, Bangladesh Bank imposes diverse terms and regulations for particular goods import & export. Those facts are not possible to recognize fully in three months time period.

Another limitation presented itself when gathering the information for preparing the report. Bank is very risky and sensitive of its monetary transaction. As a result, there was not sufficient scope to reveal all the information about the department. Furthermore, as per the policy of Mercantile Bank Limited, the access to get any financial and managerial data was also partial.

দক্ষতাই আমাদের শক্তি

CHAPTER TWO

THE ORGANIZATION



THE ORGANIZATION

2.1. Profile of the Bank

Mercantile Bank Limited is a banking and financial services company headquartered in the capital of Bangladesh, Dhaka. It was incorporated in banking sector as a Public Limited Company with limited liability under the Bank Companies Act, 1991 on 20 May 1999 and originated commercial operation on 02 June 1999. At the beginning there was tk. 800 million as the authorized capital which was divided into 8 million ordinary shares of tk. 100 each. The Bank went for public issue of shares in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on February 16, 2004 and February 26, 2004 respectively.

The Bank has acquired commendable reputation by providing high quality services through different financial products with profitable utilization of fund. Its various credit and deposit products have attracted the clients in both corporate and individual level and made it a progressive commercial bank in the private sector. By creating new opportunities for its clients, giving customized services and maintaining harmonious banker-client relationship, the bank has been conducting its operation for more than a decade. It has now set up a standard in financing of industrial trade and foreign exchange business and also earning income from its non-fund activities other than the interest earnings. Capital market operations for example underwriting, portfolio management, mutual fund management, investor's account and also commission based business like letter of guarantee, inland remittance, foreign remittance etc non-fund activities has expanded the Bank's services to the public.

The Mercantile Bank Limited is providing these broad ranges of financial services to its customers and corporate clients with a strong branch of network nationwide to effectively address the needs of its cross-segment customer base under the dynamic guidance of the Board of Directors, The Bank has 86 branches by the end of 2012 and planning to open more branches in the coming years to perform even better by adding new and better products and services to its customers.

Mercantile Bank Limited Timeline

From the beginning of the banking operation in Bangladesh, Mercantile Bank limited went through its unremitting upgrading process. As a consequence, now the bank has been able to ascertain itself as a leading third generation private commercial bank by dint of its prudent

policies and guidelines coupled with proper implementation; wider range of banking products and exceptional customer services.

Time Period	MBL Milestones
<i>May 20 1999</i>	Incorporation of the Bank
<i>June 02 1999</i>	Commencement of Business
<i>October 29 2000</i>	Opening of 10th Branch
<i>July 03 2002</i>	Opening of 15th Branch
<i>June 30 2003</i>	Publication of Prospectus for IPO
<i>October 21-22 2003</i>	Subscription for Shares
<i>December 24 2003</i>	Opening of 20th Branch
<i>February 16 2004</i>	Listed in Dhaka Stock Exchange
<i>February 26 2004</i>	Listed in Chittagong Stock Exchange
<i>December 29 2004</i>	Opening of 25th Branch
<i>December 05 2006</i>	Opening of 30th Branch
<i>December 17 2007</i>	Opening of 40th Branch
<i>November 24 2008</i>	Opening of 42nd Branch
<i>June 06 2009</i>	Mercantile Bank Brokerage House Operation
<i>October 22 2009</i>	Opening of 45th Branch
<i>December 30 2009</i>	Opening of 50th Branch
<i>December 30 2010</i>	Opening of 65th Branch
<i>March 20 2011</i>	Commencement of Off-shore Banking Unit
<i>September 14 2011</i>	Separate Operation of Mercantile Bank Securities Limited (MBSL)
<i>December 06 2011</i>	Opening of Mercantile Exchange House (UK) Limited
<i>December 29 2011</i>	Opening of 75th Branch
<i>September 20 2012</i>	Opening of Mercantile Exchange House (UK) Limited
<i>December 27 2012</i>	Opening of 86th Branch

Profitability Timeline

The upward growth of mercantile Bank limited has achieved year by year. The decision from a regimented management team and the proper execution is the key aspect of holding this strong position among the commercial banks of Bangladesh.

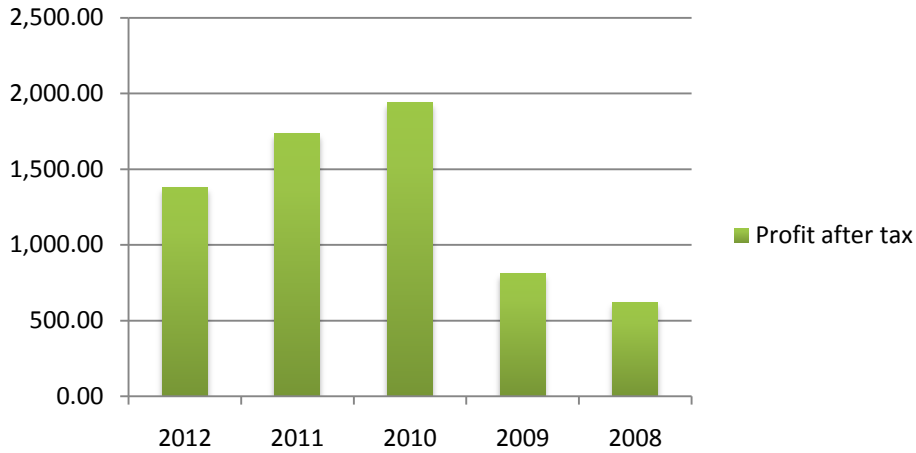
Particulars	2012	2011	2010	2009	2008
Authorized Capital	8,000.00	8,000.00	8,000.00	8,000.00	3,000.00
Paid-up Capital	6,110.75	4,968.10	4,072.21	2,158.42	1,798.68
Assets	154,040.18	116,553.01	87,140.11	66,166.52	55,928.72
Investments	41,314.19	24,645.38	10,937.20	9,664.72	6,264.71
Deposits	132,093.64	102,262.02	75,629.14	58,033.47	49,538.35
Advances	93,610.87	79,999.79	66,377.69	48,295.55	43,419.36
Import	113,434.10	95,008.70	89,524.10	60,592.50	56,528.80
Export	81,477.10	81,311.80	59,404.20	46,298.60	43,108.50
Profit after tax	1,381.45	1,734.17	1,937.20	807.52	615.88
Earnings Per Share	2.26	3.49	4.10	3.07	2.85
Price earnings ratio	08 times	09 times	14 times	12 times	12 times
No. of Branches	86	75	65	53	42
No. of Employees	1,981	1,668	1,526	1,303	1,115
No. of foreign Correspondence	627	638	589	590	586

*BDT in million

Profit after Tax of MBL

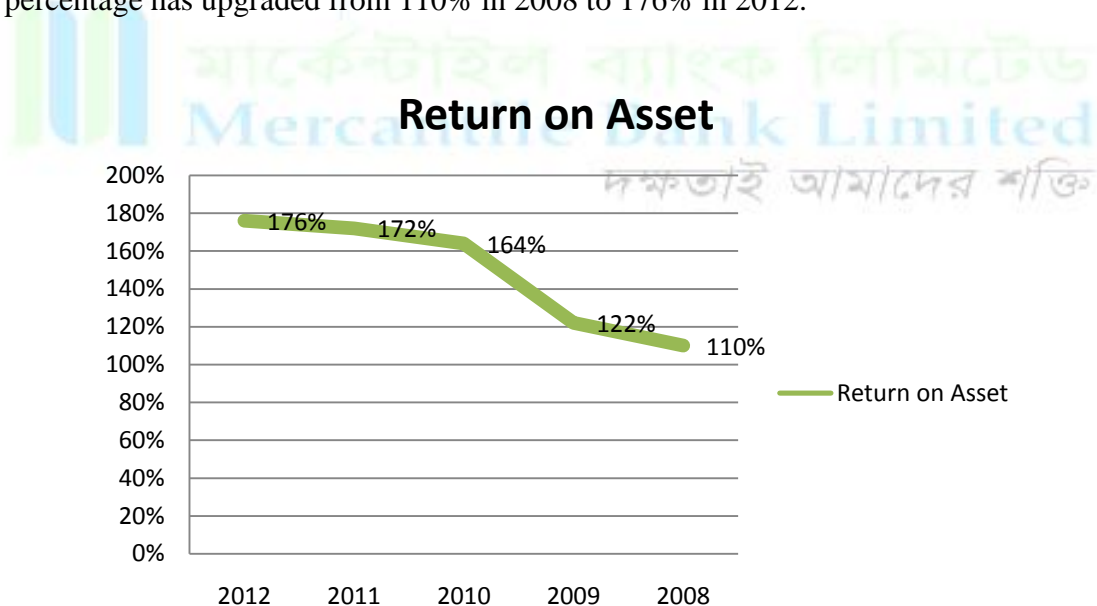
The profit after tax is the net amount earned by the financial operations of Mercantile Bank Limited after all taxation related expenses have been deducted. Is a better assessment of what the bank is practically earning and hence can use in its operations then total revenues. MBL had a continuous increasing of profit after tax till 2010. After that there were several expenses factors such as added salaries, miscellaneous costs and depreciation & repair of fixed assets, decreases its profit after tax as a whole.

Profit after tax



Return on Asset of MBL

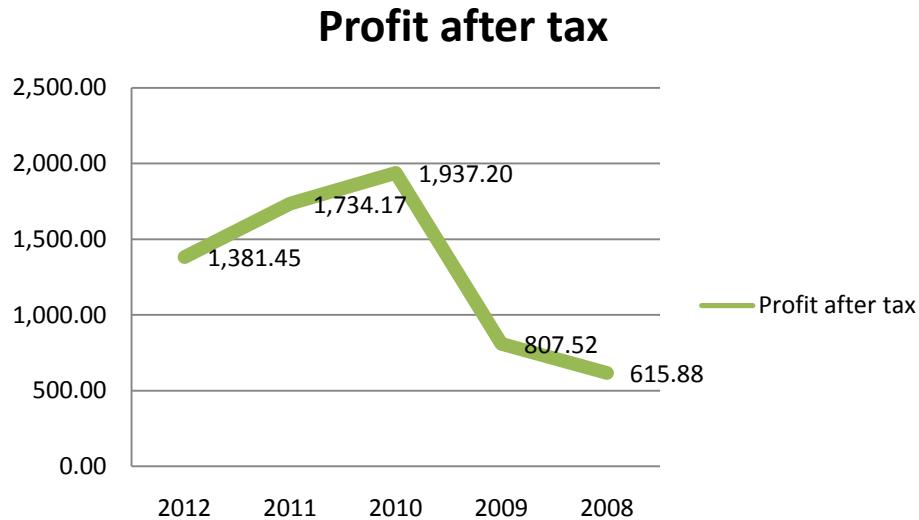
ROA is primarily an indicator of managerial efficiency, indicating how capably the management of the bank has been converting the institution's assets into net earnings. It has showed in the following graph that the banks return on asset has an upward flow from the last years. The managerial decision makers had taken several aspirations in previous years so that this percentage has upgraded from 110% in 2008 to 176% in 2012.



Earnings per Share of MBL

Earnings per share is the portion of a bank's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a bank's profitability. MBL has a rising EPS till 2010. But just after the share split of tk. 10 of each share from tk.100, there

was a sudden ascends of total share outstanding. Although net income has increased for the first four years, this greater rise in number of shares pulled down the EPS.



2.2. Company Chronicle

<i>Registered Name</i>	Mercantile Bank Limited
<i>Corporate Slogan</i>	“Efficiency is our Strength”
<i>The cover presentation of 2012</i>	‘Shaping the Future’
<i>Date of Incorporation</i>	May 20, 1999
<i>Inauguration of First Branch</i>	June 2, 1999
<i>Head Office</i>	61 Dilkusha Commercial Area Dhaka-1000, Bangladesh PABX : 9559333, 9553892 Fax : 88-02-9561213
<i>Official Logo</i>	
<i>Chairman</i>	Alhaj Akram Hussain (Humayun)
<i>Managing Director</i>	M. Ehsanul Haque
<i>Number of Branch</i>	86 (Eighty Six) branches (on December 31, 2012)
<i>SME/ Krishi Branch</i>	5 (Five) SME/Krishi branches (on December 31, 2012)
<i>MBL Subsidiaries</i>	Mercantile Bank Securities Limited (MBSL) and Mercantile Exchange House (UK) Limited

<i>ATM Booths</i>	115 ATM booths (on December 2012)
<i>No of Employees</i>	Executives 198, Officers & Staff 1,783; Total 1,981 (December 31, 2012)
<i>No of foreign Correspondents</i>	627
<i>Authorized Capital</i>	Tk. 8000 million
<i>Paid up Capital</i>	Tk. 6110 million
<i>Banking Operating System</i>	Both Conventional & Foreign Exchange System
<i>Technology Used</i>	Member of SWIFT, Online banking, UNIX operated computing system
<i>Email</i>	mbl@bol-online.com
<i>Website</i>	www.mblbd.com
<i>SWIFT</i>	MBLBBDDH

2.3. Vision, Mission, Objective & Corporate Focus

Vision:

'Would make finest corporate citizen.'

Mission:

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

Strategic objectives:

- to increase shareholders' value
- to achieve economic value addition
- to be market leader in product innovation
- to be one of the top three financial institutions in Bangladesh in terms of efficiency
- to be one of the top five financial institutions in Bangladesh in terms of market share in all significant market segments we serve

2.4. Organizational Values

Mercantile Bank Limited is committed and compliant toward the eco friendly growth in the financial structure of Bangladesh. Therefore recently they have added a new theme named ‘shaping the future’ in addition to ensure a sustainable growth and maximize the shareholders’ value.

In their new culture of making business they have adapting a vision called ‘TREE’. Each of the letters signifies one of its core organizational spirits. ‘T’ stands for *transparency* for the organization’s rules, procedures and operations are fair and freely available to everyone. *Responsibility* toward employees, communities and stakeholders represents the ‘R’. Followed by, the first ‘E’ denotes the organization’s *efficiency* to satisfy its customer with the top class banking service where as the second E symbolizing the sensible banking *experience* as a corporate wealth. Basically from this thought of ideology, MBL prepares itself to face the future challenge and develops to grow like a tree to serve the customer and the nation.

The organization has different value aspects for its every unique stakeholder.

For the customers:

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

For the shareholders:

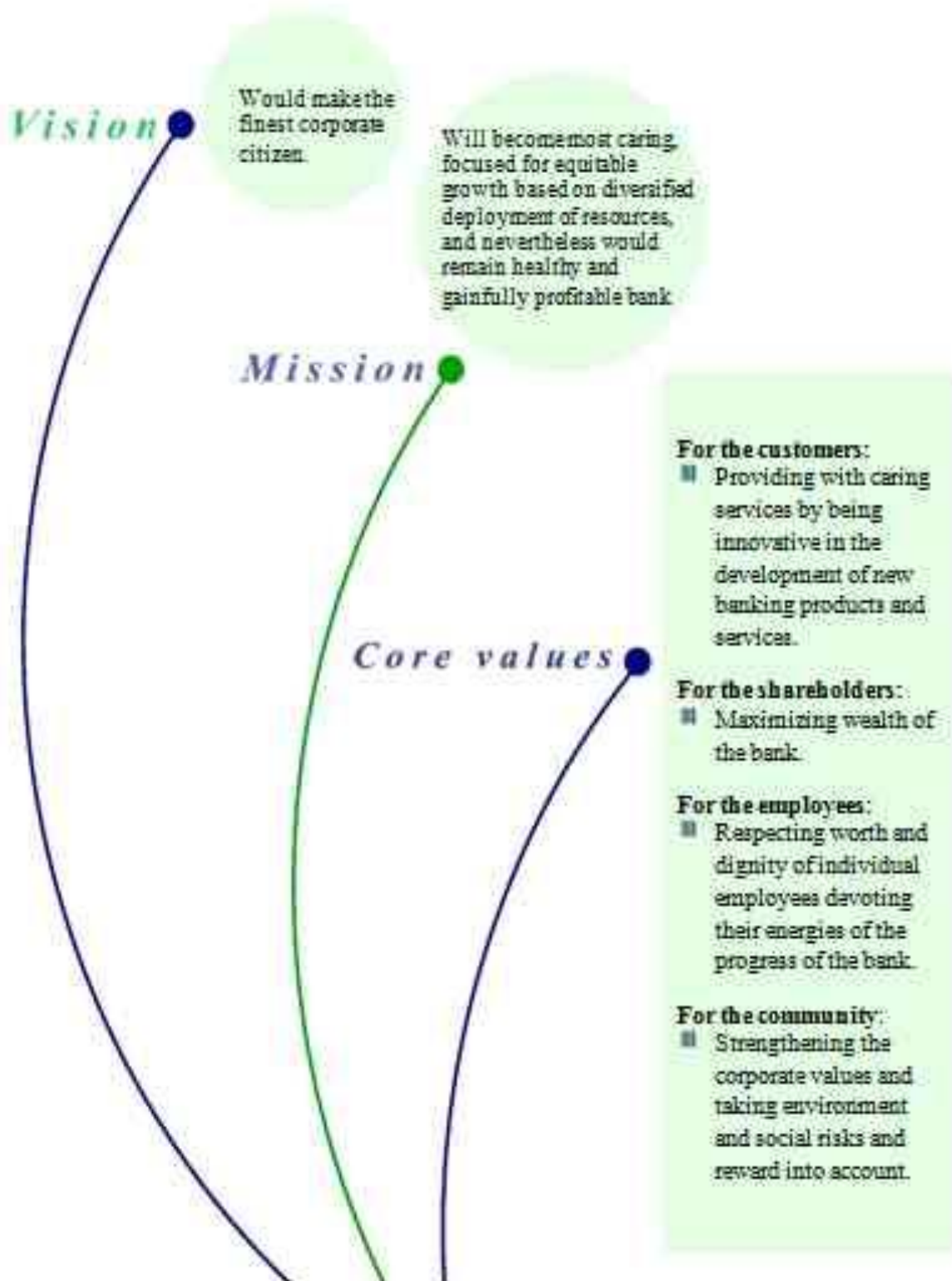
Increase shareholders’ value.

For the employees:

Respecting worth and dignity of individual employees devoting their energies for the progress of the bank.

For the community:

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



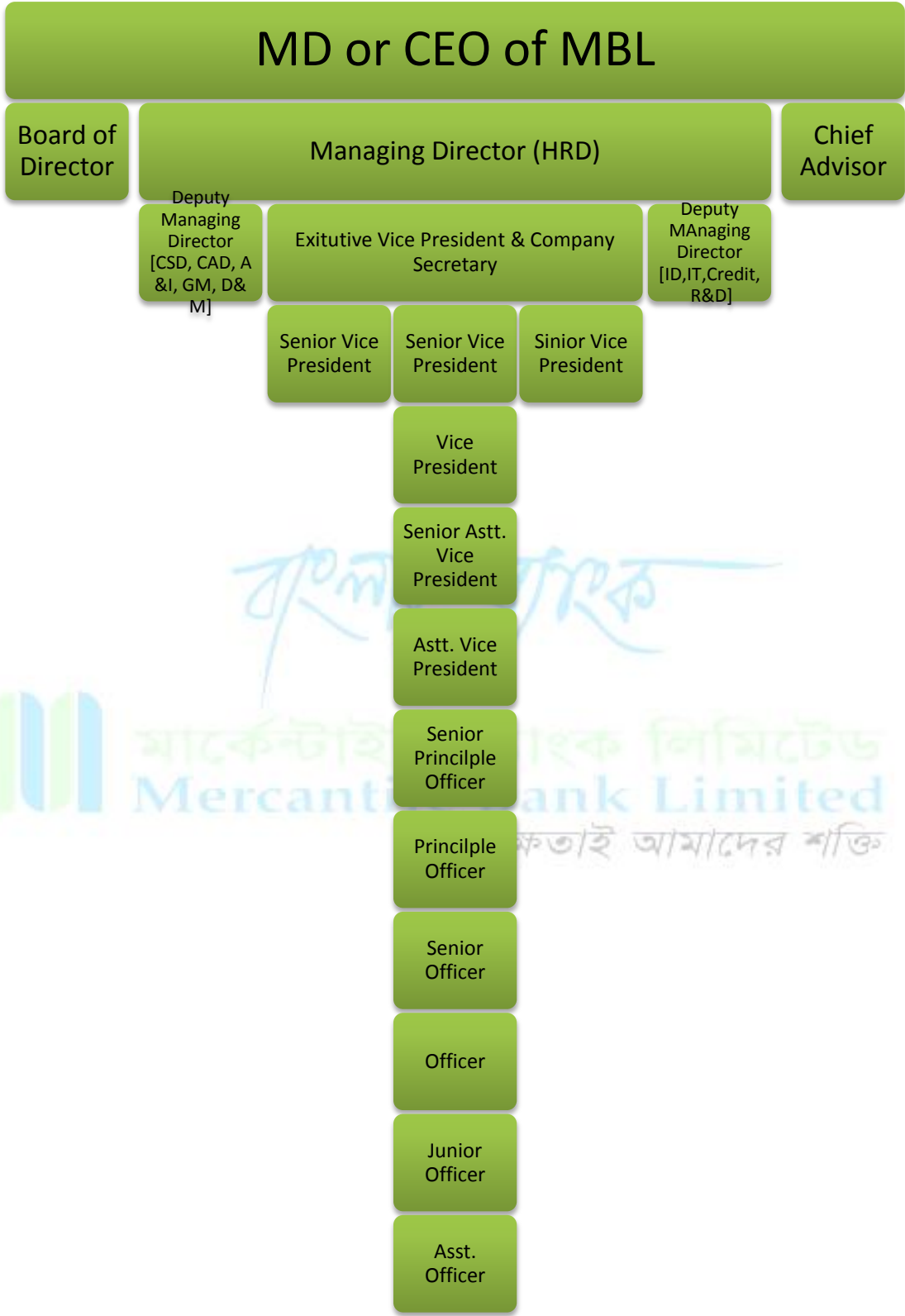
2.5. Organizational Structure

Mercantile Bank Limited appoints its own directors of board and chairman according to bank company act 1991. There are at present 14 directors in command including the managing director who is an ex-officio member of the board of directors. Executive Committee and Audit Committee are the two supporting squadrons of the board of the bank. The members of the executive committee settles upon all routine and day to day operational aspects beyond delegated supremacy of the Management, subject to ratification of Board of Directors. On the other hand, the audit committee ensures the proper and reasonable reflection of banks performance with its episodic financial statements. It assists in ensuring the promised working system as per the frame work. The three members of the audit committee are formed with the vote of the directors form the board.

The operational and decision making process is headed by the Managing Director of the bank. Under his concern, there are additional, deputy managers as well as the departmental heads to complete the management level hierarchy. The head of branch is usually ether the senior vice president or the vice president rank holder. He has to report to the deputy managing director and, for functional purposes, to the Heads of Departments. Eventually there are several positions under one head of branch to complete the whole hierarchy of banking operation.

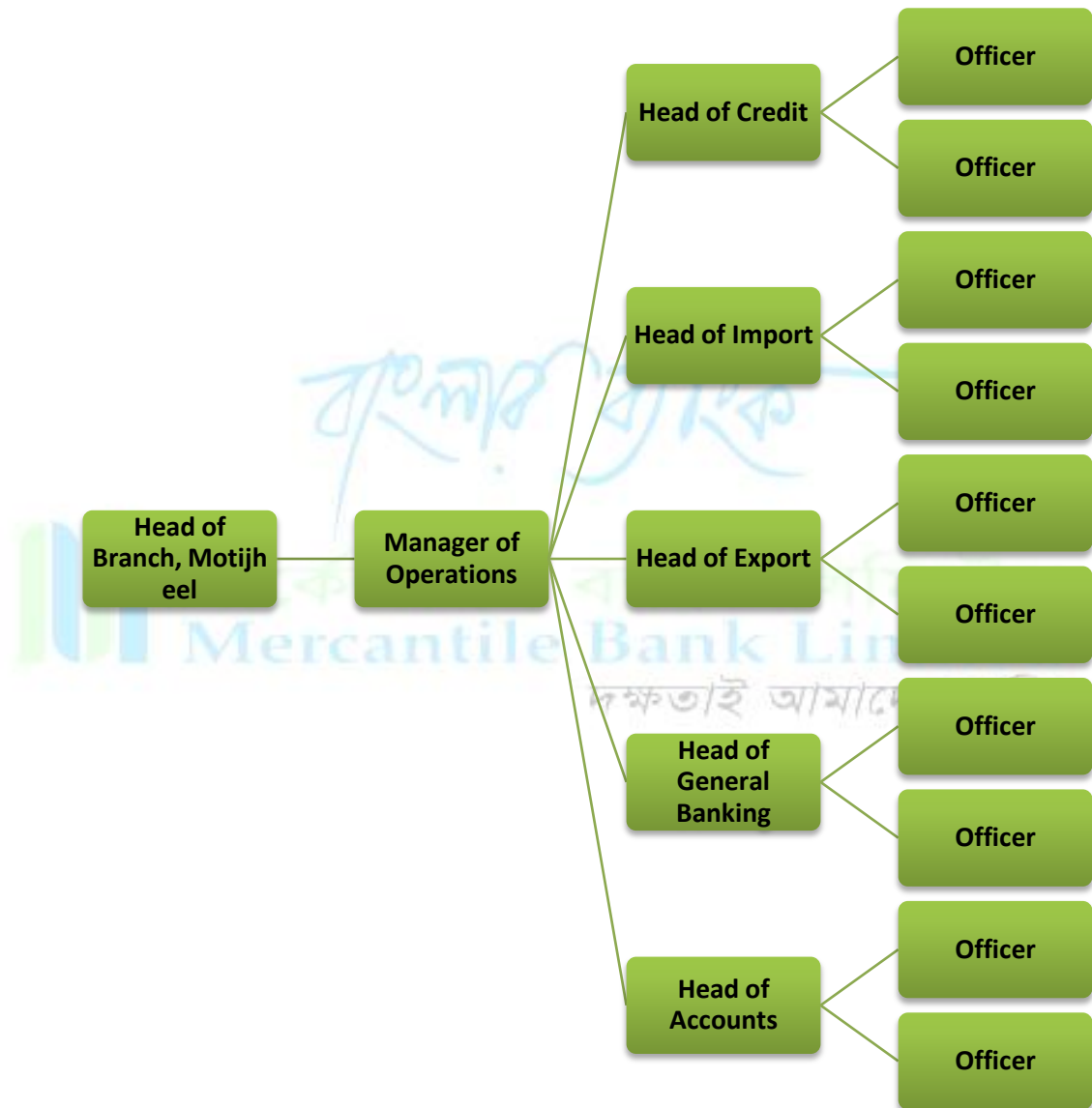
দক্ষতাই আমাদের শক্তি

Management structure of MBL



Motijheel Branch Management Hierarchy

Mr. A.B.M. Eradul Islam is the head of branch, Motijheel. He is the senior vice president of the bank. Underneath his command the vice president Mr. Golam Mohammad Zaidi is the manager of operations. There are two assistant vice president and three first assistant president positions in this branch and under them there are officers in the major five functional departments.



2.6. Branch Location Of MBL

Mercantile Bank has total 86 existing branches currently among these 81 branches and 5 SME/Krishi Branches including one head office, one zonal office, and one training institute. Mercantile Bank Limited is trying to expand rapidly and 12 of their branches have been

launched in year 2012. Beside this, two subsidiaries of MBL; Mercantile Bank Securities Limited and Mercantile Exchange House (UK) Limited are in service with 7 branches and with two branches consequently. The Bank also has 2 (Two) Off-shore Banking Units (OBU) operating at Gulshan and Chittagong EPZ areas.

Bearing the slogan of ‘বাংলার ব্যাংক’, MBL wants to reach the mass people with their banking service from urban to agro area. Mercantile Bank Limited believes in co-operation to the persons of all segments, to the businessmen, industrialists-specially who are engaged in establishing large scale industries by conglomerate and the agro-based export oriented medium and small scale industries by self inspiration.

To make the banking service available and easy access to the customer, Mercantile Bank Ltd provides the ATM Card Service that is also a very important phenomenon of a financial establishment. Like the other third generation banks that have taken this facility to the door-step of the people, MBL has also obtained and still increasing the number of ATMs. Recent record shows that MBL operates with 120 ABM booths and 20 CDMs (Cash Deposits Machine) covering major locations across the country. Furthermore MBL is constantly expanding its ATM service and inking contract with the other banks with a view to building its card service more smart and appropriate to all.

Head Office:

61, Dilkusha Commercial Area

Dhaka-1000, Bangladesh

PABX: 9559333, 9553892, 9561140

Fax: 88-02-9561213, Telex: 642509 MBL ID BJ

Swift: MBLBDDH

E-mail: mbl@bol-online.com

Website: www.mblbd.com



2.7. MBL Products & Services

Mercantile Bank Limited provides both the personal and corporate banking operations by its wide range of product and service categories. The pure market research of customer needs and essential expertise in a wide range of financial services underlines its strength to build business opportunities for corporate and institutional clients in Bangladesh. The two essential product categories of the commercial bank; deposit and loan are also the key of making business for Mercantile Bank Limited.

2.7.1. Deposit Products

- **Current Deposit Account**

Mercantile Bank Limited offers the current account deposit scheme to the customers who need to comprise a frequent transactions with no or very limited restrictions. Its design is made as easy to use and opportune to accomplish customer's desire. The clients used to with unlimited business or personal transactions with no restrictions are dedicated of this scheme. The bank recommends nine categories of current deposit accounts. Individuals, two or more persons jointly, sole proprietorship concerns, partnership firms, both public and private limited companies, different societies or clubs or associations or local bodies, government or commercial Banks, government or semi government offices, corporations, autonomous bodies and others are the categories where any person or group can have their current deposit account on basis of their need. Mercantile bank Limited provides the cheque-book facility and there is no interest rate paying for this format.

- **Savings Bank Account**

The clients, who are eager to save their income and crave the returns including the interest payment after certain time period, can have the savings bank account. Savings bank account offers a 6.00% of interest of the principal. The individuals, two or more people who are not partners, minor jointly with natural or legal guardians and the clubs, societies, associations or similar institutions are the main categories for this scheme.

- **Special Notice Deposit Account**

This is a specialized deposit account category to any individual or corporate person who wants to save his amount for a short amount of time and gain attractive interest rate. The key features of this deposit scheme are its high interest rate option, lower time duration to

withdraw amount and MICR cheque-book facility. The interest rate has a positive relation with the money is deposited. The more the deposit amount refers the more interest rate.

Principal Amount	Less than BDT 1 cr.	BDT 1 cr. to less than BDT 25 cr.	BDT 25 cr. to less than BDT 50 cr.	BDT 50 cr. to less than BDT 100 cr.	BDT 100 cr. and above
Interest Rate	5.00%	6.00%	7.00%	8.00%	9.00%

- **Fixed Deposit Account**

Fixed deposit account receives a fixed amount of currency from the customer for a fixed term period and will pay an interest under the term plan time to time. This account scheme is neither transferable nor negotiable and as such payment against this instrument with interest normally be made to the depositor on maturity. Any adult individual or more person together, sole proprietorship, Partnership Corporation, Limited Corporation can have FDR with any amount of balance but not less than BDT 10,000 (Ten thousand). FDR rates are unique for different maturity.

Period	For any amount
01 Month	6.50%
03 Months	10.25%
06 Months	10.25%
12 Months	10.50%

- **Double Benefit Deposit Scheme**

Double benefit scheme has its separate interest rate and maturity period. In this scheme the customer keep his money for a time period which is 06 (six years) for Mercantile Bank Limited and after the time period the return will be doubled in amount. The minimum amount for DBDS is BDT 10,000 (ten thousand) and if the account holder wants to withdraw the amount, he will pay on savings account rate. There is also a maximum 80% of loan available on principal.

- **Family Maintenance Deposit (FMD)**

FMD requires a fixed amount of money for a minimum term of 03 (Three) years to a maximum of 05 (Five) years. Depositor will get a flat total of money in each month proportion to the deposit during the entire tenure. The Minimum amount of required deposit is TK.50, 000 (Fifty thousand) or it's multiple and the monthly flat amount is BDT 500.

- **Mashik Sanchaya Prokalpa (Monthly Saving Scheme)**

This is the most popular scheme of the bank. The main motive of this design is to save little and get a higher return. The monthly installment sizes are 250, 500, 1000, 1500, 2500, 5000 and in multiples of 5000 up to BDT 25000.

- **Quarterly Benefit Deposit Scheme**

This scheme will be maintained for a period of 3 (three) years and the minimum amount of deposit is BDT 50,000.00 (fifty thousand) or its multiples. The interest will be given on quarterly basis and the principal amount will be paid at the maturity.

- **1.5 Times Benefit Deposit Scheme**

There is a minimum deposit amount of BDT 50,000 (fifty thousand) or its multiples for which the maturity period is 51 months. At the maturity of 51 months the return will be 1.5 times of deposited principal.

- **Advance Benefit Deposit Scheme (ABDS)**

Under this Scheme, the depositor will keep a certain amount of money for two years and will receive the benefit on yearly basis. The benefit amount of first year will be received in advance at the time of deposit. On maturity, the depositor will get back the principal amount with the return of second year.

- **Special Savings Scheme (SSS)**

Special Savings Scheme is for the long term savings function. It requires a minimum deposit of BDT 50,000 (fifty thousand) and the return becomes more than 03 (three) times in maturity of ten years.

2.7.2. Loan Products

Mercantile Bank Limited has several unique and wide ranged customer focused loan schemes. Those loan schemes are designed to increase the corporate role of the commercial bank by creating the source of finance for any phase of business from conglomerates to small and medium-sized enterprises. Besides bank offers exceptional personal loans which are well premeditated according to the customer desires and necessities to assist and encourage entrepreneurs for acquiring their preferred capital and equipments.

The dedicated and potential loan ideas have exhibited to accomplish customer's exceptional and exclusive demands. Loan ideas for different professionals to satisfy their proficient desires are the key motive for MBL. As a result, the bank has prepared several schemes such as Consumer Credit Scheme (CCS), Doctors' Credit Scheme, Lease Finance and Education Loan. Employees with fixed income can borrow loan amount up to BDT 1, 00,000 for the period of two years for buying household durables. Doctors with F.C.P.S or post-graduates can apply for setting up their chambers and to buy medical equipments. This is the scheme to have a minimum amount of tk. 2 (two) lakhs and maximum 50 (fifty) lakhs to purchase of different professional equipments, tools and small machineries for installation of their chamber, hospital or clinic. Lease financing is different by its category. The small and medium sized business holders can be financed to acquiring capital resources, machinery, and automobiles etc. afterwards, the meritorious and promising students who need financial help can apply for education loan for higher studies in universities both in local and aboard. By this process the individual can obtain a maximum amount of 20 lakhs as credit for his education purpose.

There are loan schemes to execute individual's personal demands such as residence, transport, decoration and so on. With the equal monthly installment the individuals can have car loan for brand new and recondition vehicles. Consequently, Mercantile Bank Ltd is also at the side the customers offering easy to avail competitive home loan with lucrative features. Furthermore, there are loan schemes to acquire different domestic items such as television, refrigerator, air-conditioners, washing machine, computers, and other household furniture for personal and family use.

Last but not the least; Mercantile Bank Limited is bound to make a better society by financing in specialized eco friendly projects. Recently MBL has started to finance in

installation of solar energy, bio-gas and effluent treatment plant (ETP) projects to save the environment and to overcome the shortage of electricity and fuel of Bangladesh. Besides this, MBL provides loan to rural area to elevate the standard of living, to rupture the vicious cycle of poverty and to enhance the purchase capability of rural people.

2.8. Financial Information

The authorized capital of MBL stood at BDT 8,000.00 million of 800,000,000 ordinary shares which are valued BDT 10 each as on December 31, 2012. Total shareholders' paid-up capital at the end of December 31, 2012 was calculated as BDT 6,110.75 million of 611,075,316 ordinary shares listed with both Dhaka and Chittagong Stock Exchanges.

2.8.1. Capital adequacy

Referring the guidelines of Bangladesh Bank, the bank has adopted the Basel II for international convergence of capital measurement and standard, which is replaced the original 1988 Basel I accord. On close of business on December 31, 2012, the capital adequacy ratio of Mercantile Bank Limited was 10.83% as against accepted standard of 10.00%.

2.8.2. Share Market

Mercantile Bank Limited has gone into public floatation during the 1st quarter of 2004 and has been listed with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Right now the authorized capital of the bank is BDT 12,000 million in DSE with the paid-up capital BDT 7,392 million. According to June 19, 2014 DSE website, the share traded price was BDT 15 which has a face value of BDT 10 each. The market lot is 500 for MBL.

MBL has operation in CSE with the paid-up capital of BDT 7,391.57 million of BDT 8,000 million authorized capital. The last AGM was on June 12, 2014 had enclosed half yearly net turn over and EPS of BDT 576.19 million and BDT 0.35 respectively.

2.8.3. Foreign Exchange Business

Mercantile Bank Limited has embarked on an extensive foreign exchange business with a view to facilitating international trade transactions of the country. The major three departments of foreign trade of the bank have achieved several milestones. In terms of import

trading, MBL handled a total of 25,357 Letters of Credit amounting to BDT 113,434.10 million during the year 2012. Compared to previous year, this is a growth of 19.39% in import business. The bank is now allied in opening the letter of credit with different manufacturing and industrial sectors of the country including machineries, garments & accessories, wheat, sugar, CDSO, vegetable oil, cement clinkers, hot roll steel, raw cotton, ships-breaking industries etc.

Secondly, Mercantile Bank Limited has attained a total export business of 25,712 export bills worth of BDT 81,477 million in 2012 as against 22,501 export bills and BDT 81,311.80 million in 2011. Growth rate of year 2012 is 0.20% based on previous year. This export financing is focusing basically on the readymade garments industry including the jute & jute products, leather, handicrafts, tea, frozen food & fish products.

The foreign remittance is the financial instrument of mobilizing the inward foreign currency from Non-Resident Bangladeshis (NRB) living or working abroad. During the year 2012, the bank handled total inward foreign remittance of BDT 15,792.80 million compared to BDT 7,150.00 million in 2011 registering a growth of 120.88%. Therefore the bank has established strategic alliance with foremost exchange companies and banks in USA, United Kingdom, UAE, Kuwait, Bahrain, Canada, Italy, and France etc. Furthermore, the global money transfer companies including Western Union, Money Gram, Xpress Money, Placid Express, Instant Cash Worldwide, Prabhu Money Transfer and Trans-Fast Remittance are the co-partner of Mercantile Bank Limited to make the process smooth and convenient. It also motivate both remitters and beneficiaries to use formal banking channel for money transfer from abroad

2.9. Correspondent Relationship

Mercantile Bank Limited has wide range of correspondent facilitated foreign banks across the world to smooth the international trades at the promised echelon to the customers. At present, the number of corresponding banks is 627 across the 67 countries. Also MBL maintains their 29 nostro accounts in 6 major international currencies at the center of the world business. These accounts help to facilitate the settlements of foreign exchanges and trade in various international currencies. Moreover, the process of increasing number of corresponding banks and the accounts is in MBL's higher priority to make the service zone extensive and convenient.

2.10. Corporate Social Responsibility

Mercantile Bank Limited is committed to the society concerning the positive initiative in increasing wellbeing of the environment, customers, employees and communities that they are operate in. In order to make some good impact to the society and the country, the bank upheld their first CSR activity at the next year of its incorporation by forming the foundation titled itself 'Mercantile Bank Foundation'. All of the MBL CSR activities are overseen by the Mercantile Bank Foundation. The main motive of the foundation in the initial years was a fixed amount of 40 lacks or one percent of the operating profit, which one is higher, to allocate as their CSR actions for the foundation to undertake projects in order to lend a hand to under privileged. In the year 2012, this has reached at BDT 85.90 million as the donation for their CSR activities. The allocation of resource for these developments is increasing every year. Right now, MBL is trying to assist the deprived sectors such as community outreach, health and medical research, education and natural disaster management of Bangladesh through funding in innovative and advance projects.

- *Mercantile Bank Award-* This program was commenced to honor the countries intellectual personalities for their outstanding contributions in education, health care, culture, economy, journalism and so other activities in their respective fields. This program is arranged each year on the founding ceremony of the bank. This award is not person limited but as much as excellence. The honor includes a gold medal, a crest and one time financial endowment worth BDT 1.00 lakh. In 2012 MBL provided awards to fourteen scholars from different fields of Bangladesh.
- *Education scholarship & sponsorship program* – To the development of youth through education, Mercantile Bank Foundation launched a scholarship & sponsorship program in the name and style, 'Mercantile Bank Abdul Jalil Education Scholarship' for the meritorious and poor scholars across the nation under the category of J.S.C, S.S.C and H.S.C education scholarship program. This approach establishes MBL's motive towards building the nation through extending hands of assistance to the future generation of the country. In the year 2012, there was open application from eligible candidates among which 750 awardees got selected by a committee.

- *Helping hand for disaster response-* Also the bank is entirely enthusiastic to provide prospects for economically destitute communities by fostering economic development and supporting local communities. Not only financial help but also funding in rehabilitation and rescue programs is taken by MBL in several times when needed. In terms of widened its arms toward poor people; there is distribution of winter cloths program held in every year during the winter season in different cold affected areas of the country.

At the highest crisis of the nation, MBL always tried to spread its hand to upraise the humanity. In 2009, just after the heartrending incident of BDR mutiny, the bank has take initiative to share the sufferings of the revolt affected families. In continuation of previous years, in 2012, MBL donated BDT 0.96 million to two mutiny-affected families and also will continue this support for next six years.

Furthermore, Mercantile Bank Limited has made the contribution of BDT 0.50 million to BAB for the financial and other supportive aids to the fire effected garment workers of “Tazreen Fashion”. MBL also raise funds worth BDT 0.20 million for rehabilitation purpose of 65 bundle tin sheets to fire victims of Boubazar and BDT 0.44 million to Chittagong Baddarhat tragedy.

- *Health & Medical-* This is Mercantile Bank’s one of the CSR activity to provide not only monetary aid to different medical and health intuitions, but also financial assistance to individuals for their treatments and operations. There was an amount of BDT 26.80 million financial aids provides by MBL to individuals and hospitals in the year 2012.

CHAPTER THREE

INTERNSHIP AT MBL



INTERNSHIP AT MBL

The BRAC university was given me the opportunity to work with the authority of an intern at the Foreign Exchange and General Banking Department of Mercantile Bank Limited. It was the contractual employment of three (03) months starting from 12th January, 2014. Accordingly, the program of the internship was ended after three months on 12th April, 2014. There was an on-job training session for the first month of this internship career assist by the coordinators and senior officers. At the bank, my internship program coordinator was Mr. Mohd. Rafiqul Islam Khan, First Assistant Vice President who was also the program manager. Although Mr. Rafiqul was the in-charge of the interns, I was directed under Mr. Asif Karim, Assistant Vice President and manager of foreign exchange of the branch.

There was limited assessment works for interns at the branch which was assign by the individuals first month's performance. According to my training period performance evaluation, I was referred to Foreign Exchange Department. The rest of the two months I was engaged with the daily foreign trade activities at the foreign exchange department of Mercantile Bank Limited.

2.10. Working Days, Hours & Location

The branch that I worked for is located at Malek Mansion, 128 Motijheel C/A, Dhaka-1000. It is addressed as 'Mercantile Bank Motijheel Branch' for the employee & stockholders. According to the banking schedule settled by Bangladesh Bank, the working days were from Sunday to Thursday, everyday 10.00AM to 06.00PM.

We, the interns, would report to our respective manager by 09.30AM on every working day. By that morning time, we prepared ourselves with the recaps; update acquaintance and fixing the targets for each day. Occasionally on some morning, there were interactive and informal meetings arranged at the authority of the Head of Branch, which helped to share individual ideas and to gather knowledge about bank's present requirements and upcoming steps.

2.11. Job Rotation Schedule

Mercantile Bank, Motijheel Branch, is well designed for the interns who basically come with no or very little on-job banking experience rather equipped with their academic knowledge form university curriculum. As a result, the system provides the one month training season inside the branch under the supervision of senior professionals. This training is mostly in

general banking segment to understand the fundamental banking actions of bank; as a financial organization. Then it is the inter-departmental decision, depends on the task according to staff demands as well as the intern's performance of training period, that who would work under which department.

3.3 My position as Intern

My internship experience has two phases according to the departments I were in. among the five major departments of Mercantile Bank Limited, I was fortunate to work with General Banking & Foreign Exchange Department.

General Banking

At the beginning of the internship, I joined in the general banking department. That place seems like the heart of the system of the bank. All the successful transactions done by the other departments were appeared as voucher and arrived to the General Banking segment after each day ended. I, along with my intern colleagues, was categorized those sequentially and matched with the corresponding supplementary daily. At first I was under Ms. Soma Akhter's supervision. However, a week after my joining I was informed that Ms. Soma was promoted and living the branch for her career progression. The respective officer was on leave and so for a period of five days the departmental operations were managed all along by the interns where I was the assembly leader.

Mercantile Bank Limited has correspondent trade relationship with different companies listed in Dhaka and Chittagong stock exchange. In order to monitory collection and transaction of capital, Mercantile Bank Limited provides the financial intermediary competence to them occasionally when needed. As an intern of general banking, I was for documentation the detail information of IPO requests for numerous companies.

Foreign Trade

After my training, I was rotated to another department and started working for foreign trade department for the last two months of the program. My main activity was to assist the whole import process and make the system smoother. It was necessary to assemble the required documents for the transaction of goods and collection of payment to complete the process of export-import LC and local LC. I was to go through all the mandatory papers to make the entire export-import procedure complete. In terms of missing of any document, I needed to

inform the bank authority first and then to the respective company through e-mail or telecommunication. End of every week I needed to prepare a formal presentation about the week's foreign transactions and personated in front of the chair of foreign exchange with the presents of Head of Branch.

Each export-import process is compulsory to inform Bangladesh Bank as per the government guiding principle. Mercantile Bank Limited is indifferent to the system. From my internship period, I was updating and managing the database for MBL under Bangladesh Bank e-service from the website under the Online Foreign Exchange Transaction Monitoring System. The information of each and every export, import, inward remittance mostly the wage earners' remittance and outward remittance of traveling & miscellaneous conducted through the bank was needed to be informed to the Bangladesh Bank service on behave of MBL. This whole system was password sensitive and was required every time I logged in to the service.

Last but not the least, contrary to the partially true myth that interns are only to do photocopies of documents and transfer the client calls; did not apply for me. I worked in my own desk with my office computer, phone and reclining chair. I found the office environment inspirational and affectionate.

3.4 Specific Responsibilities

There were diverse types of activities are needed to be performed by the interns in a commercial bank. I attended certain works that I had to do daily, some weekly, monthly and some at sporadic intervals. Sometimes, such as the banking transaction closing period, there were works beyond my responsibility and even the department. However I performed those with full dedication and a positive notion to know the banking operations more precisely. There are some of my works given here in brief.

My daily activity included:

- Download freight-transaction text files daily from MBL central server-35 to Motijheel branch local server
- Run PC Banking-2000 for e-transactions updates
- Prepare daily EXP Report
- Circulate the reports to proper personnel
- Review all requirements called for under the LC

- Ensure that all required documents are obtainable
- Ensure that all the important timelines such as latest shipment date, expiry date and presentation period can be complied
- Gathering necessary information to complete the process of export-import LC and local LC
- Maintain the track of IPM, FDBP and Import Export Performance registers
- Editing of LC issue statement
- Filling up EXP and IMP forms
- Filing different LC related documents
- Updating and managing database for MBL under Bangladesh Bank Online Foreign Exchange Monitoring System
- Categorizing the voucher and match with the supplementary daily
- Documentation the detail information of IPO requests for numerous companies
- Endorsement of different papers
- Maintain contact with Admin, Operations and IT on a daily basis to ensure smooth flow of work in the Foreign Exchange Department.

Specific activity:

- Check the letter of credit authorization form (LCAF) certified by Bangladesh Bank when the operation made
- Check the documents of import; Bank account, LC limit certificate, Import Registration Certificate (IRC), Taxpaying Identification Number (TIN), Pro-forma invoice/ indent (PI), Membership certificate, L/C application form duly attested, Insurance cover note with money receipt, IMP form duly signed by the importer, Forwarding for Pre-Shipment Inspection (PSI)
- Once the LC is Opened; shipping documents, amendment papers Original (Non-negotiable) bill of Lading, Commercial Invoice, Certificate of Insurance, Certificate of Origin, Bill of exchange, Pre-shipment Inspection Certificate, Packing List, Clean Report of Findings (CRF)
- In trams of export; valid ERC, trade license, EXP Form (Original copy, Duplicate copy, Triplicate copy, Quadruplicate copy, Quality Control Certificate, G.S.P. certificate, Photo-sanitary Certificate)
- Check documents for Back to back LC

- Configure FDBP with Date, Reference number (FDBP), Name of the drawee, Name of the collecting bank, Conversion rate, Bill amount both in figure & in Taka, Export form number, Export L/C number
- Updating and managing database for MBL under Bangladesh Bank Foreign Exchange Monitoring with LC year, nature, LC registration Number, Currency, validity & expiry information, Usance duration, INCOTERM character, Shipment & area code, IRC & ERC, BOI registration code and so on.
- Matching month wise LC and Bills transaction value between server and register

3.5. Critical Observations

There were some difficulties needed to be handled with personals, systems and implementations of strategies during my internship period. As the whole process of banking is interrelated and multiparty tasking, it is required to have a synchronization among the departments of the bank. However sometimes it was time consuming to interact with one department to another within the same branch. At the same time there was time limited to report for each task completion. I was in foreign exchange department and so my work was completely focused on the overseas business of the branch. Occasionally the client of foreign trade asked for their monitory transaction statements, which was required only the verification and print-out form the cash department. But there was lack of synchronization of different departments and take one or two days. *দক্ষতাই আমাদের শক্তি*

The interns who are recruited for the branch are to get the overall banking knowledge through the on-job training and working-hour at the bank. To achieve that learning, there are more department based specialized training is needed which was not sufficient in MBL. This fact is more complicated for those worked in front desk. Every customer comes with different problems but the interns are not well prepared to face the customer on the bank floor. While the bank introduces new products or services like mobile banking or e-banking, this dilemma seems to have a dreadful challenge without proper grounding.

3.6 Recommendations

The management can take few steps to evade same precise problems for the upcoming and future interns hired and share responsibility along with the employees at Mercantile Bank

Limited. From my point of view, this would ensure better work environment and increase the efficiency of the works.

Regarding the fact lack of necessary information about existing and new products and services of Mercantile Bank Limited, the management could arrange some specialized product and responsibility based training session for the interns inside the branch conducting by the experienced employees.

Similarly a regular work rotation for few hours beside the core sectional activity could help to understand the banking operations more precisely. Work alternation also help the front-desk operator to learn the flipside banking activities as well as the rear-desk person could have the opportunity to know customers' requests handling, their queries and complains and how the employees respond them in different circumstances.



CHAPTER FOUR

FOREIGN EXCHANGE DEPARTMENT

বাংলা ব্যাংক



মার্কেটাইল ব্যাংক লিমিটেড
Mercantile Bank Limited

দক্ষতাই আমাদের শক্তি

FOREIGN EXCHANGE DEPARTMENT

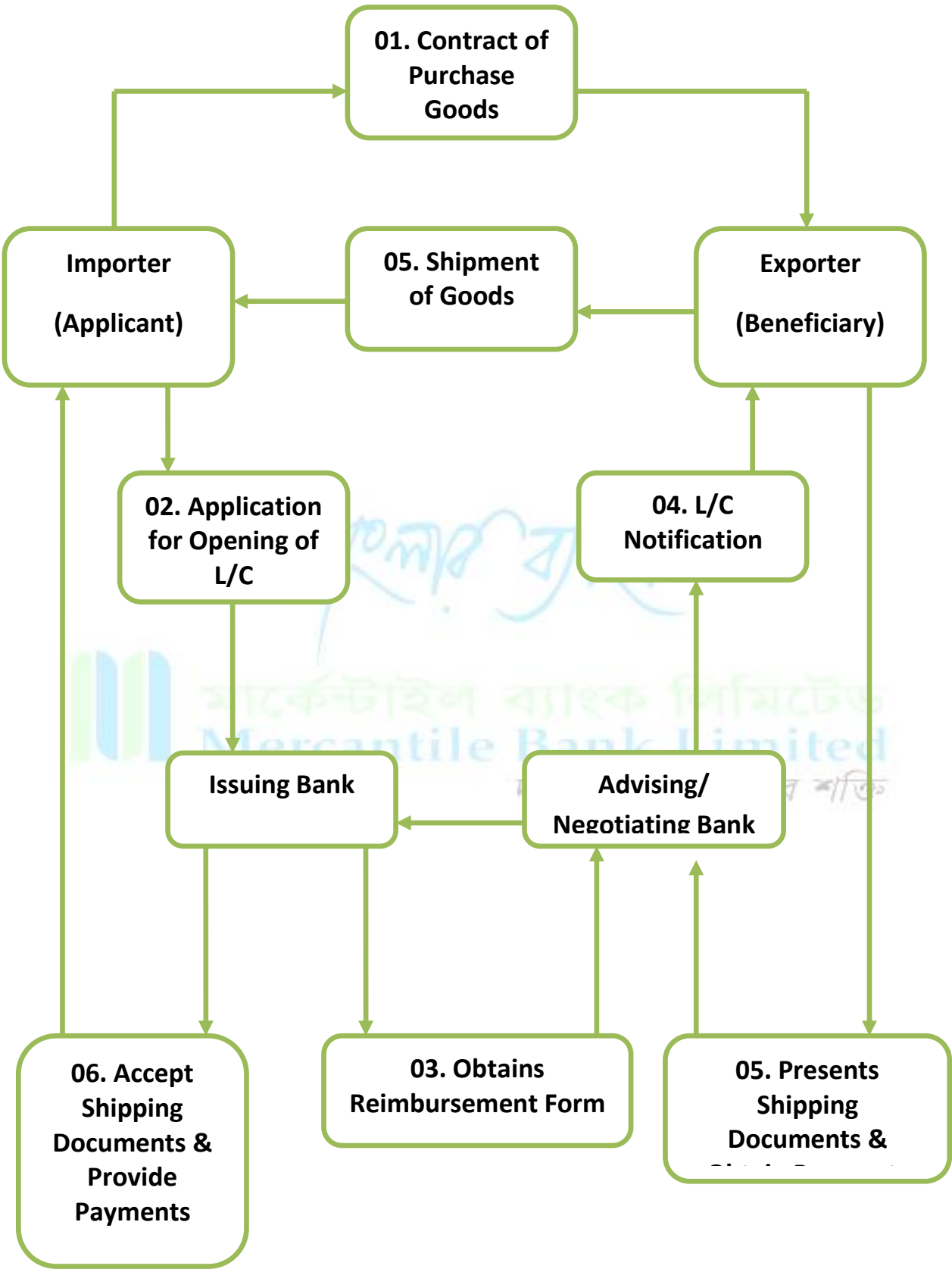
4.1 International Trade

Foreign exchange refers to the instrument or procedure from each of the participants' part by which the currency of one country is converted into the currency of another country in order to achieve business. Foreign exchange is the means and arrangement by which rights to wealth in a currency are converted into rights to wealth in another currency.

In banks when we concern of foreign exchange business, we refer to the general mechanism by which a bank converts currency value, maintain exchange rates and trade with another country. Regarding the increasing demand and supply of products and service of consumers needs, modern banks facilitate trade and commerce by rendering valuable services to the business community from home to abroad. The bank equipments the payments system arising out from the transactions of trade, especially in case of international trade, by performing as a useful association between the buyer and the seller, who are often too far away from and too unknown with each other.

This implies the bank as an adapter of foreign business activities relating to every export & import deals, outward & inward remittances, buying & selling of foreign commissions under the authority of the agent of the parties at overseas. Foreign exchange department of a bank provides the facility to the importer to issue the letter of credit documents in order to import the products and the exporter will be assured to obtain payments following the completion of transaction process.

Banks participation in international trade can be illustrate by following diagram,



4.2 Market Participants of Foreign Trade

There are four significant market participants involved in every foreign trade business- bankers, brokers, commercial companies and central bank.

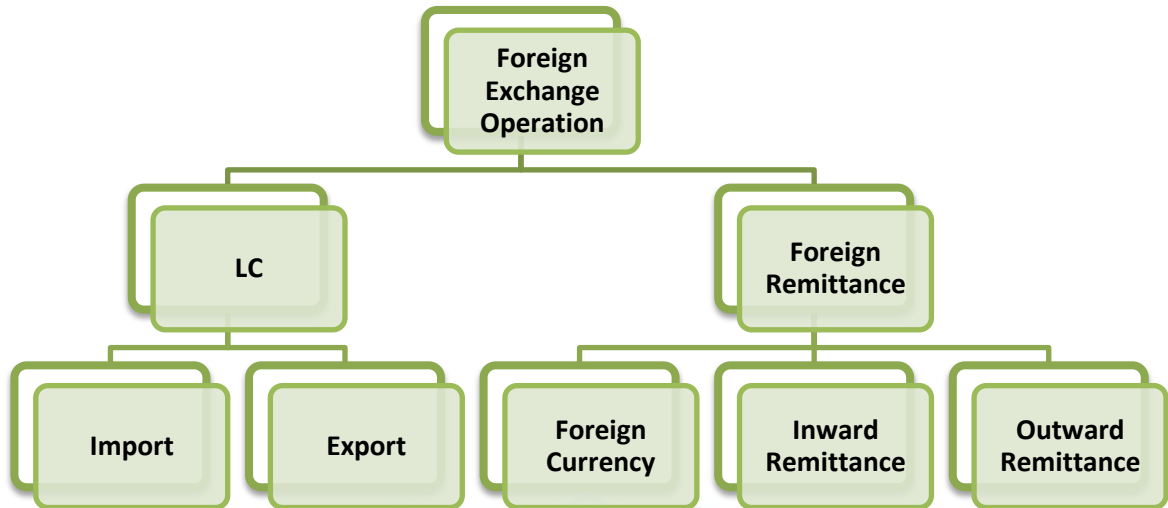
- **Banks** perform their activities along with the financial institutions such as insurance companies and commercials. The difference involving buying and selling currencies from and to each other is considered as the revenue of banks. There is no stick currency amount to trade with but the United States Dollar is the most traded value all over the world with an 87% of the whole.
- **Brokers** operate as intermediary in between the banks and the export-import traders. Their dealers ask them to search out the best worth of any specific currencies. However brokers earn return by imputing a commission on the transactions they arrange.
- **Commercial Companies** are required to comprise foreign currency in the course of doing business or making investments in different countries. For the execution of export and import trading, the companies are depended on the value of different currencies which is fixed by the central bank of every country.
- **Central bank** is the representative of government to ensure currency reserves, stabilize the exchange rate and to fix misalignments. In order to do those, central bank sometimes participates in the FX market to pressure the value of the currency in their market.

4.3 Foreign Exchange Operation of MBL

In Mercantile Bank limited there are three basic business sections construct up their foreign exchange department- Import, Export & Remittance. As long as the paper is constructed considering the source of the fiscal records available on latest materials published form the bank authority, the foreign exchange trade is BDT. 210,704.00 million as a whole. Where the import contribution is BDT 113,434.10 million, export is 81,477.10 million and last but not least BDT 15,792.80 million for remittance.

Basically export and import business actions are spotlighted to letter of credit authorizations, documentations and completion process. On the other hand the foreign remittance is an amalgamation of foreign currency exchange-rate and inward & outward remittance. So, from

this point of view, we also can say the operations of this department can be classified into two major subdivisions- LC & Foreign Remittance.



4.3.1 Import Section of MBL

Mercantile Bank Limited, Motijheel branch, import division operates their activities with the authorized importers who are mostly in contract with capital machinery, hot roll steel, electronic equipment, rice, wheat, seeds, polyolefin, cement clinkers, dyes, chemicals, raw cotton, garments accessories, fabrics, cotton etc. Firstly the importer is given the Import Registration Certificate (IRC) from the officer of Chief Controller of Import and Export under the Import and Export (Control) Act, 1950 of Bangladesh. After getting the certificates, the importer needs to collect the letter of credit authorization (LCA) from Bangladesh Bank for a permissible business deal through opening an LC at Mercantile Bank Limited.

There are certain MBL requirements for import goods from abroad:

- Bank account
- Import Registration Certificate (IRC)
- Taxpaying Identification Number (TIN)
- Pro-forma invoice/ indent (PI)
- Membership certificate
- LC application form duly attested

- ↻ Insurance cover note with money receipt
- ↻ Others

a) Import procedures

There are several steps required to be followed by a businessman to import items from abroad. Some of the steps are indifferent to other commercial banks of this country and some are MBL originality. The whole process that the bank follows for an import purchase is illustrated here as per sequence.

1. Registration with CCI&E

At first the trader required to be registered with Chief Controller of Import and Export (CCI&E) in order to obtain Import Registration Certificate (IRC) to be eligible for performing international trade. There he submits the trade license, membership certificate of trade association, TIN, banks certificate and memorandum & articles of association. Then he may proceed to next step.

2. Purchase Contract between importers and exporter

At this phase the importer make the contact with the seller outside the country to obtain the Performa Invoice or Indent, which contains the complete description of imported goods. The indent is got through indenters a local agent of the sellers.

3. Collection of LCA form

Then the importer collects the Letter of Credit Authorization (LCA) from Mercantile Bank Limited, Motijheel branch. This form is the application of authorization for opening a LC from the branch of the bank.

4. Opening a Letter of Credit

After getting the LCAF form the importer, the bank provides the facility of guarantee for the import of goods and the payments to both the importer and the exporter through issuing the Letter of Credit (LC). To avail this service, Mercantile Bank Limited, Motijheel branch, encloses some requirement of documents and actions regarding the import.

i. Meeting with probable LC opener

At first in case of import L/C opening, the opener fixes a formal meeting to the responsible officers from the foreign exchange department of MBL. This meeting is basically an oral presentation which includes the opener's motive of import, type of import goods, quality of imported goods and marketability of goods. If the officers are satisfied with information provided by importer, they will give approval to opener to further steps.

ii. Application for LC limit

The importer then applies to fix the LC limit by submitting necessary documents. This is a formal request generally formed in United States dollar value and proposes to the department of MBL furnishing the following information;

- Temperament of business
- Required amount of limit.
- Payment terms and conditions.
- Detail description of goods to be imported
- Offered security
- Repayment schedule
- Full particulars of bank account maintained with Mercantile Bank Limited

iii. The LC Application

After receiving the request from the importer, the bank takes essential approaches toward opening a letter of credit on behalf of importer. At this time, MBL asks for some mandatory documents with the form;

- Copy of valid Import Registration Certificate (commercial/industrial)
- Copy of Tax Identification Number Certificate (TIN)
- Copy of VAT Registration Certificate.
- Copy of Membership Certificate of recognized Trade Association
- A declaration, from authority, that the importer has paid income-tax or submitted income tax return for the preceding year
- Proforma Invoice
- LC application Form

- LC authorization form (LCAF) duly signed by the importer
- The insurance cover note
- IMP form duly signed by the importer.
- Forwarding for Pre-Shipment Inspection (PSI)

The IRC, TIN certificate, VAT registration certificate and membership certificate should be approved and be acknowledged by the respective authority for the importer to attend international trade. Besides these the importer required to confirm his proforma invoice which is the initial contract document sent from the exporter mentioning the absolute information about the goods to-be imported. The LC application form, which is also known as credit application form, is needed to have a special adhesive stamp worth of BDT 150.00 affixed on it. The insurance cover note comprises the name of issuing company and the insurance number. At the last of this phase, importer sends forwarding letter to exporter for Pre-Shipment Inspection. But not all types of goods require PSI.

iv. Time limit for opening LC

The time duration of the LC is pre-fixed and mentioned in the LC opening form. This LC expiry period can be different from one practice to another according to the terms and policies setted by the foreign exchange authority of Mercantile Bank, Motijheel branch. It also refers the information given in contract between the importer and exporter.

v. Shipment Validity & Expiry

The date of shipment validity and expiry of goods means the consignment has to be shipped out from exporter's point on or before last date of shipment of letter of credit. So the bill of lading should be on or before the date of shipment mentioned in MBL's LC as 'Shipment Date'. But there is another criterion of the bank saying 'On Board' shipment date mentioned in the LCs, which means the date of on board bill of lading should be on or before the date of on board date. Like the time limit for opening LC, this shipment validity period can also vary for different LCs.

vi. Amendments

The amendments are attached with the LC terms and conditions. There are some changeable factors reserved for the future validity of the documents. A change or addition to a legal document in which the LC terms and conditions can be relaxed but at MBL the tolerance of

any financial value would be 05% or less which is applicable every party involved in any particular LC process.

vii. Transmission of LC to Beneficiary through Advising Bank

When the importer gets the agreement of letter of credit with Mercantile Bank Limited, he is to send the LC documents along with the other entails to the exporter. This transmission must to involve advising or negotiating bank.

viii. Presentation of the Documents

The exporter gets all the documents and after being satisfied with the terms and conditions of the credit, makes shipment of the goods as per LC offered. Completing the shipment of the goods in favor of the importer, the exporter submits the documents to the negotiating bank to checks the documents against the credit. After having the documents as its order, the bank will consider to pay, accept or negotiate to MBL, Motijheel branch. Then the Bank itself and also Motijheel Branch received seal to be affixed on the forwarding schedule. Lastly the branch crosses the bill of exchange & transport documents immediately to protects loss or fraudulent.

ix. Endorsement of Non-Negotiable Copy Documents

Importer can receive goods only after showing customs clearing documents provided from the bank. Exporters send all the relevant documents to Mercantile Bank Limited after the shipment. They also send the duplicate copy of the documents to the importers.

But sometimes bank does not receive the documents in due time. In that case, the importers present the duplicate copy to the bank and disburse the payable bills. MBL approves the duplicate documents and through the permitted duplicates importers clear the goods from the customs. These duplicate copies are called the Non-negotiable copy.

b) Import Financing By MBL

1. Payment against Document (PAD)

Mercantile Bank Limited, Motijheel branch initiates payment against document (PAD) procedure after getting all documents from both the parties as evidence of import goods. This is a very general system of disbursement of LC process. Documents required for PAD is mentioned below:

- ✓ Original (Non-negotiable) bill of Lading
- ✓ Commercial Invoice
- ✓ Certificate of Insurance
- ✓ Certificate of Origin
- ✓ Bill of exchange
- ✓ Pre-shipment Inspection Certificate
- ✓ Packing List
- ✓ Clean Report of Findings (CRF)

2. Loan against Trust Receipt (LTR)

Unlike the PAD procedure, MBL performs the later mechanize as a foreign exchange instrument under providing advance against the Trust Receipt from the customers. The Trust Receipt is a document that creates the Banker's lien on the goods and practically amounts to hypothecation of the proceeds of sale in discharge of the lien. This is only facilitate to first class tested parties when the documents covering an import shipment or other goods pledged to the Bank as security are given without payment. For this concern the branch asks for prior authorization from the head office.

3. Loan against Imported Merchandise (LIM)

MBL offers advance (Loan) against the security of merchandise imported through the Bank may be allowed either on pledge or hypothecation of goods. In that case the bank has provisional possession earlier on the imported goods or the account balance or any of the assets of the importer. Bank shall also obtain a letter of undertaking and protection from the parties involved in the trade, before the clearance of the goods from the port through LIM account.

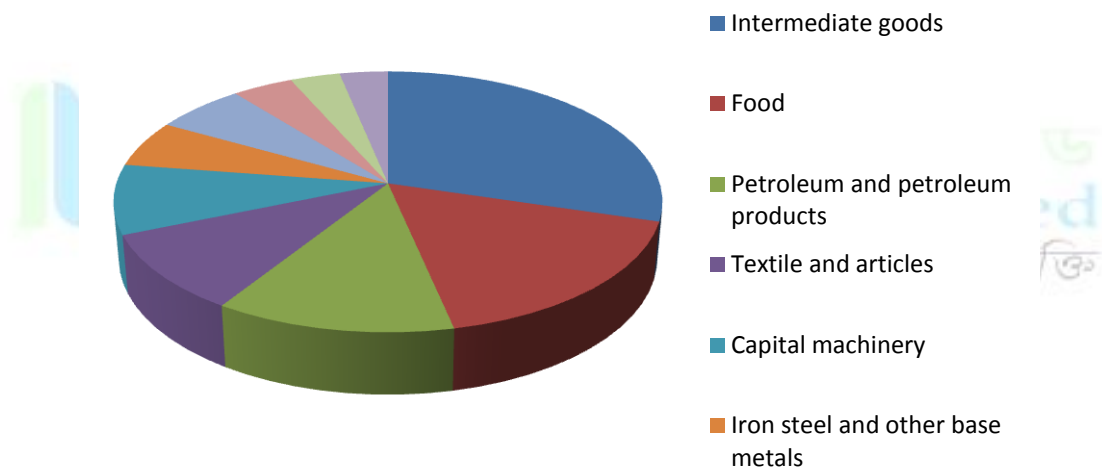
c) The Import Payment & Its Composition

Import payments during fiscal year 2011-12 reached to USD 35.52 billion as balanced to USD 33.66 billion in fiscal year 2010-11 indicating 5.52% growth over the preceding fiscal. However, import growth marked negative growth of 8.11% during first half of fiscal year 2012-13.

The composition of this achievement is given bellow;

ITEM	COMPOSITION
Intermediate goods	28.16%
Food	16.14%
Petroleum and petroleum products	11.80%
Textile and articles	9.20%
Capital machinery	8.20%
Iron steel and other base metals	5.50%
Raw cotton	5.80%
Chemicals	3.90%
Yarn	3.20%
Fertilizer	3.10%

COMPOSITION



4.3.2 Export Section of MBL

Mercantile Bank Limited provides the export LC facility to the Bangladeshi exporters from the very beginning of the foundation of the bank. After the establishment of the Motijheel branch, there is large number of individual and conglomerate exporters have taken the service not only because of MBL management structure but also the most convenient location which is actually at the center of capital. The exporters most of the readymade garments (both knitted and woven), jute, jute-made products, frozen shrimps, tea are the main product that exporters have to export from Bangladesh to outer country. Among these, the garments sector

along have the contribution of 4.5 United States dollar value of our whole GDP. Mostly the RMG exporters come to obtain Mercantile Bank's LC services are focused on USA and European Community (EC) markets. About 40% of the total export-LC is made by the ready made garments exporter from Mercantile Bank Limited, Motijheel branch.

a) Export LC types

1. Export LC

The letter of credit uses for any export of goods from Bangladesh to abroad for the individual and commercial exporter, is entitled as the export LCs. The exporters have to gain some requirements to attend the international trade and then he asks for the registration for export. The exporter first collects the orders from foreign buyers and prepares the prearranged materials in to ordered products. The bank, MBL, plays the role of advising or the negotiating bank here. As a result, all contracts of payments are discussed by MBL with the issuing bank on behave of both parties.

2. Back-to-Back LC

In the field of international trade, it is somehow impossible to produce all along under some factory-roof. Moreover the developing countries like Bangladesh, it is harder as most of the time we are facing toward foreign countries for the raw materials of the production. After receiving order from the importer, very frequently exporters face troubles of scarcity of raw material because some raw materials are not available in the country. In that case, exporter offers a lien of export LC to bank as security and opens a LC against it for importing raw materials. This specific LC is called Back To Back LC.

b) Export Procedures

MBL has export operations including exciting as well as lively exports to deliver the fully export oriented and also surplus products to other countries and thereby earns foreign currency. Payment for goods exported from Bangladesh must to receive through an authorized dealer in freely convertible foreign currency or in Bangladeshi Taka from a Non-Resident AC. Besides there are a number of other formalities for exporting goods form this country. These formalities or procedures are enumerated as follows;

1. Export Registration Certificate (ERC)

According to Import and Export (Control) Act, 1950; no exporter is permitted to attend export oriented business of 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). To be recorded into CCI&E, the exporter required to submit following documents;

- Nationality and Assets Certificate inspected by authority
- Memorandum and Article of Association and Certificate of Incorporation in case of Limited Company
- Bank Certificate
- Income Tax Certificate
- Company's Trade License

2. Obtaining EXP Form

The second step is to get an EXP form of MBL with the submission of valid ERC, trade license and other necessary certificates from concerned government authority. In that case, the bank verifies the documents and then issues an EXP form against the exporter.

3. Securing the Order

After getting ERC clearance, the exporter may proceed to secure the export order. He can do this by contracting the buyers directly through correspondence or can take help from license officer, local agents, export promoting organizations, chamber of commerce and many more national and international sources.

4. Signing the Contract

Then the exporter needs to get the written documents of the contract with importer for sending overseas items from Bangladesh detailing commodity, quantity, price, shipment, insurance and marks, inspection and arbitration etc.

5. Receiving Letter of Credit

The letter of credit is the documents of exporting terms & conditions and payments of products for the exporter. So after signing the contract of trade, the exporter asks for the letter of credit for the settlement the expression and position of the products and payments.

6. Procuring the Materials

Now, it is necessary to obtain the required materials to be collected. As early as possible the materials are charged into the machines, there is a better chance to accomplish production target and manufacture the contracted merchandise.

7. Approval and Disposal of EXP Form

The EXP form is required to endorse by the bank authority before the customs or portal officers make any steps. Without the bank's authentication, the exporter cannot proceed toward the shipment of exportable goods. Besides, exporter must announce all exports goods on the EXP issued by the authorized dealers.

The export form is compulsory to prepare four in number of copies. They have different names and also need to submit to different authority.

Original copy: At first exporter reports the first copy of EXP to Bangladesh Bank after shipment of the goods.

Duplicate copy: Negotiating bank reports the Duplicate to Bangladesh Bank in or after negotiation date but not later than 14 days from the date of shipment.

Triplicate copy: On realization of export proceeds the same bank to the same authority reports Triplicate.

Quadruplicate copy: Finally, the negotiating bank as their office copy retains Quadruplicate.

8. Shipment of goods

Once the product is ready and the documents are submitted in right order, the exporter can make the shipment of the importable goods by preplanned vehicles and according to the LC contract terms and conditions.

9. Documents submission

Last but not the least, the business person needs to prepare and submit the following documents to Mercantile Bank Limited, Motijheel branch for negotiation and obtain payments;

- ✓ Bill of Exchange or Draft
- ✓ ERC form
- ✓ Bill of Lading
- ✓ Invoice (Proforma & Commercial)
- ✓ Insurance Policy Certificate
- ✓ Certificate of origin
- ✓ Inspection Certificate
- ✓ Consular Invoice
- ✓ Packing List
- ✓ Quality Control Certificate
- ✓ G.S.P. certificate
- ✓ Photo-sanitary Certificate

c) Export Financing by MBL

In order to get full economic support from the bank, there is some export funding criteria arranged for the exporters. Mainly those financing services are needed in four specific phases in an export function. The phases are described in this section. Considering the shipment schedule, here MBL divide the export financing into two categories;

1. Pre-shipment credit

As the name suggests, pre-shipment credit is the financing services provides for all the export related activities to the exporter prior to make the actual shipment of the exportable products. The reason of this service is to make the raw materials and other production allied assets into working capital for the right time delivery of the goods. This funding is very constructive for the exporters to manage monetary gain of procuring and processing of raw materials, packaging and transport, insurance fees and also freight charges.

Before allocating the credit to the exporters, the foreign exchange division of Mercantile Bank Limited takes into consideration about the exporter's credit worthiness, previous export performance, together with all other necessary information required for sanctioning the credit in accordance with the existing rules and regulations. Verifying all the needed information the bank offers diverse credit scheme against lien on the irrevocable, confirmed and unrestricted export letter of credit in form of the followings

a. Export cash credit (Hypothecation)

This is the financing procedure in which credit is legitimate against hypothecation of the raw materials or finished goods intended for export. As this funding service is limited only for the first class exporters, the bank does not get security asset against the credit except the charge documents and lien on exporters LC contract. In that case bank depends on the exporter in furnishing collateral security. Against the hypothecation documents, the bank charges a fee but does not have the ownership or possession of the assets of the exporters.

b. Export cash Credit (Pledge)

Under this agreement, the exporter can borrow cash amount from bank as pledge of goods that is to congregate in the warehouse under the MBL's control by signing the letter of pledge and other necessary documents. It creates the bank's full authority of the surrendered goods and similarly bank holds the right of physical possession of the assets. If the party fails to make the payments of the dues, Mercantile Bank Limited reserves the authority to sell the pledged merchandise for recovery of the advance.

c. Export Cash Credit against Trust Receipt

When the credit service is offered against a document titled Trust Receipt, is called export cash credit against trust receipt. Unlike the previous export financing, this service offers the full authority and control over the goods to the exporter himself. Only he requires preparing and signing a special stamped export trust confession in favor of the bank declaring that the goods purchased for the purpose to manufacture of the exportable goods are financed by the bank against the trust receipt. After that he could get the credit for completing the export process such as goods processing, packaging and so on. The difference between export cash credit and this service is the bank does not seize the goods in its custody but provide the credit amount. Mercantile Bank obtain collateralized assets for the security of this

investment. To get this facility, the exporter needs to gain the first class position in MBL exporter's record.

d. Packing Credit

Packing Credit is a short-term advance granted by MBL to an exporter for assisting him to buy, process, manufacture, and pack and ships the goods. This type of credit is sanctioned for the transitional period starting from dispatch of goods till the negotiation of the export documents. The maximum edge of providing this pre-shipment credit is 10% of total export value which required to be adjusted fully once within a period of 3 to 6 months only for a first class exporter of MBL.

e. Back to Back Letter of Credit (BTB)

Back-to-back letter of credit is a specialized and most common foreign trade instrument at the field of export business in Bangladesh. This LC facilitated the exporter to commit a lien of export LC as a security and open a new LC against it for the purpose to import raw materials. The core point behind this LC document is to reduce the difficulty of shortage of raw materials in time of production of overseas goods.

Sometimes necessary production equipments and unprocessed input ingredients are not available in our country and so we are completely dependable on others. Consequently the exporter frequently experiences the shortage of financing those components when he needs to import those. The bank gives the opportunity to lien the export LC as a defense and opens a new LC against the master LC for importing the raw materials. That new LC is named as Back-to-back LC and MBL keeps no margin for this.

However sometimes there is provision from the government and the authority to import any specific item or a certain portion of the whole export LC amount. In that case MBL opens the certified amount as a new LC.

Documents Required for Opening a Back-to-back L/C

Mercantile Bank Limited, Motijheel branch has prescheduled necessary document list for opening a back-to-back LC. The required papers are given bellow:

- ✓ Master L/C
- ✓ Valid Import Registration Certificate (IRC) and Export Registration Certificate (ERC)

- ~ L/C Application and LCAF duly filled in and signed
- ~ Proforma Invoice or Indent
- ~ Insurance Cover Note with money receipt
- ~ IMP Form duly signed

MBL also offers special facility to the top-most export unit, readymade garments and textile industry, and asks for signified certificates-

- ~ Textile Permission
- ~ Valid Bonded Warehouse License
- ~ Quota Allocation Letter issued by the Export Promotion Bureau (EPB) in favor of the applicant for quota items
- ~ In case the factory premises is a rented one, Letter of Disclaimer duly executed by the owner of the house/premises to be submitted.

Payment of Back-to-Back L/C

The payment of BTB LC is made after receiving the payment from the importers. However in some cases, exporter trades the bills with the MBL in order to liquidate early. But on condition of any inconsistency MBL sends it for collection.

In general arrangement, MBL confirms the LC payment to the beneficiary after receiving the payment from the master LC client of the finished product. At the time of disbursement of the credit, bank clears the dues from DFC Account (Deposit Foreign Currency Account) where US Dollar is deposited in national rate.

The opener of back-to back LC has to pay interest at LIBOR rate (London Inter Bank Offering Rate) to the MBL. This rate is fluctuating frequently in between 4% to 7%.

2. Post-shipment credit

The credit financing of post-shipment amenities extended to the exporters by getting the dues just after the shipment of the goods against export documents. It is urgent for such credit arises, as the exporter cannot afford the expense to wait for a long time without paying his business manufacturers and suppliers. However it is necessary on the part of banks to look into cautiously the financial record and reliability of exporters and buyers as well as other relevant documents connected with the export in accordance with the rules and regulations in

force before extending the credit process. Mercantile Bank Limited executes post-shipment credit through three different approaches which are described below;

a. Negotiation of documents under LC

The exporter submits the LC related documents after carrying out the shipment of exported goods. Sometimes question may arise about the preferred export goods after receiving them. So the negotiating bank must be cautious, prompt, systematic and apathetic while scrutinizing the documents relating to the export as a slight deviation of the goods with documents from those specified in the LC may raise an excuse to the issuing bank to refuse the reimbursement of the payment already made by the negotiating bank.

b. Foreign Documentary Bill Purchase (FDBP)

In case of BTB LC, most of the exporter presents the bill of export to MBL for collection and payment of the export trade. On that condition, the bank purchases the bill and collects the money from the exporter. MBL deduct the amount of bill form BTB payment and gives the rest amount to the client in cash or by crediting his account or by the pay order.

Mercantile Bank Limited, Motijheel branch, maintains and updates a separate register titled 'FDBP Register' to ensure all the FDBP bills are recorded. The register encloses following information of the FDBP performed by the branch;

- ✓ Date
- ✓ Reference number (FDBP)
- ✓ Name of the drawee
- ✓ Name of the collecting bank
- ✓ Conversion rate
- ✓ Bill amount both in figure & in Taka.
- ✓ Export form number
- ✓ Export LC number

c. Advances against Export Bills surrendered for collection

MBL accepts bills for compilation of earnings when they are not drawn under an LC or when the documents, even though drawn against an LC contain some inconsistency. The bank

usually negotiates bills drawn under LC, without any discrepancy in the documents, and the exporter receives the money from the bank right away. Nevertheless, sometimes bills are not eligible for negotiation, the exporter may get advance from the bank against the security of export bill. As a result, in terms of export bill, MBL requests for collateral security as the guarantee by a third party and also equitable mortgage of property.

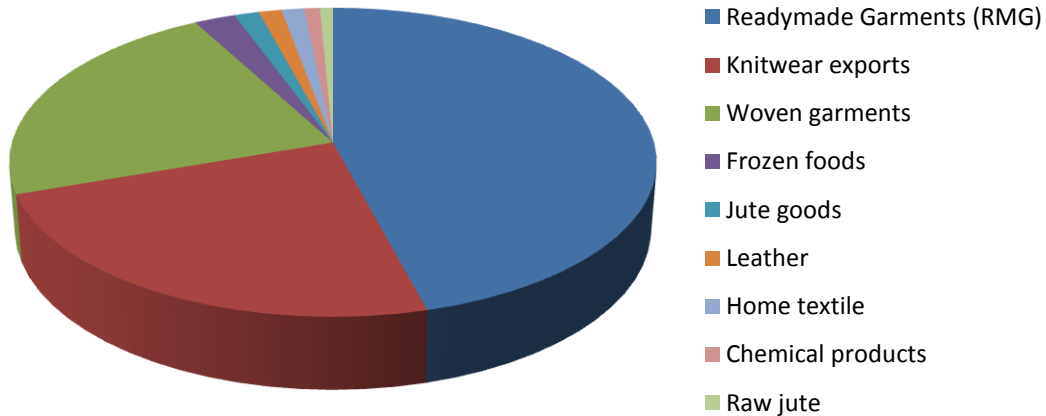
3. The Import Earnings & Its Composition

The MBL export division earned USD 24.29 billion as export earnings in fiscal year 2011-12 as compared to USD 22.93 billion in previous, which is being recorded as a 5.93% growth compared to prior fiscal. Economic slowdown in major export destination of Bangladesh coupled with world economic downtrend led to this moderate export growth in the immediate past few years. However readymade garments sector still contributes more than 75% of total export earnings for the bank as well as the country.

The composition of MBL export is completely depending on the of demand of importers developed as well as developing countries;

ITEM	COMPOSITION
Readymade Garments (RMG)	75%
Knitwear exports	39%
Woven garments	36.6%
Frozen foods	3.81%
Jute goods	2.3%
Leather	2.1%
Home textile	2.1%
Chemical products	1.45%
Raw jute	1.2%

COMPOSITION



4.3.3 Foreign Remittance Section of MBL

The foreign currency transactions are very flexible and convenient in recent years as the system of exchange rate management progress in convertibility of different currency through current account. Now the fund of account holder is easily remittable from the foreign currency according to his need. In MBL, Motijheel branch, the system that they provide in terms of foreign remittance exchange is completely associated only when the transfer of funds occur in foreign currency.

To maintain the remittance form Bangladesh to abroad and vice-versa, MBL requires accounts from the client. The can be classified into three different accounts name;

- FC accounts
- Resident foreign currency deposit account
- Non- resident foreign currency deposit account

These accounts can be operated in four different currencies such as; pound sterling, US dollar, euro and Japanese yen. Generally the accounts are opened with Bangladeshi nationalities that are staying and working abroad. They can hold the accounts as long as they want to, even within six months of their return to Bangladesh. The bank demands some requirements for opening foreign currency accounts which are different for Bangladeshi and foreign nationalities-

For Bangladeshi nationality in abroad

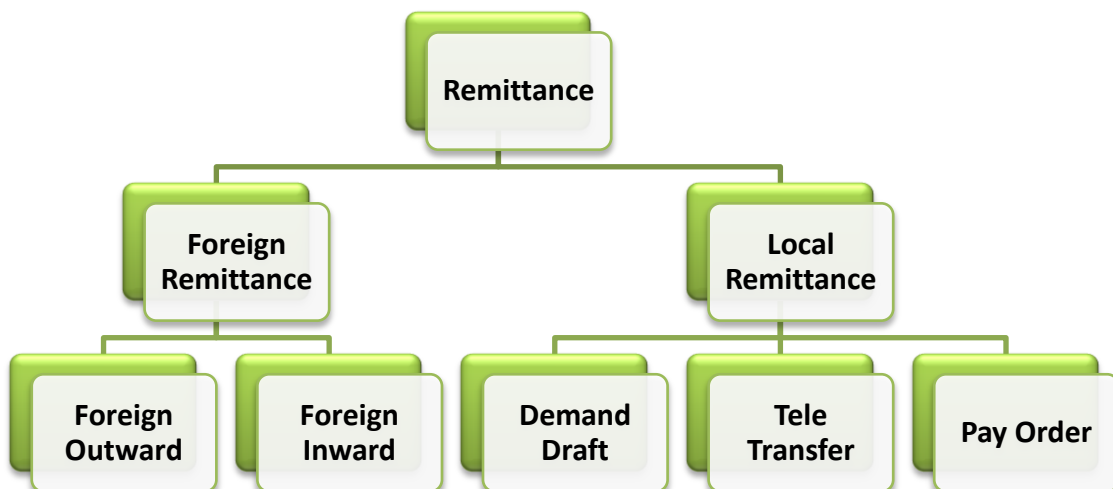
- Photocopy of 1st seven pages of valid passport and visa page
- Photocopy of employment contract, appointment letter and work permit
- Two copies of passport size photograph of each account holder and nominee duly attested.

For foreign National/ company/ Firm

- Two copies of photograph of account holder for individual operations
- Copies of relevant pages of passport for individual and operators of other account
- Copies of service contract and work permit
- Copies of registration in Bangladesh with Board of investment or Bangladesh Bank for foreign or joint venture firm
- Copies of the memorandum and articles of Association, Laws, Bye Laws, etc. on joint venture Agreement for joint venture companies

Foreign Remittance Section of MBL

This section of the bank can be illustrated into two branches; the remittance of foreign currency and the local remittance. The foreign currency again is divided into two parts which are foreign inward and foreign outward. Similarly the local remittance includes demand draft, tele-transfer and pay-order.



a) Outward Remittance of MBL

The outward remittance earnings of the bank mainly generated from selling the foreign currency through TT, MT, various drafts and traveler's cheques. It also reveals the payments against imports into Bangladesh and local currency created to non-resident currency accounts of foreign banks.

There are two types of forms are used for outward remittance management in the bank's Motijheel branch. To record all the outward remittance, there is IMP forms against each account of importers. The second one, TM form is for all other outward remittance prepared by MBL.

According to the remittance practice purpose, the currency transaction from taka to non-resident currency can be categorized into three divisions- *private remittance, fiscal & business travel and commercial remittance*. The private remittance is generally used for paying foreign education fees, membership & registration fees, family vacation tour, individual & group travel, health & medical purpose, attending private seminars & workshops, personal of foreign nationals, remittance for Hajji and so many other personal concerns.

Official & business travel remittance is limited within the export-import party oriented abroad tours attuned by the businessmen. Someone who needs to attend official visit to abroad, fresh export-import businessperson with business travel quota and exporters' retention quota are classified in official & business travel remittance.

Commercial remittance is for extending branches or subsidiary companies out of the country, remittance from transport companies' airlines & courier service, remittance of royalty and technical, on account of training & consultancy, from profits of foreign branches, remittance of dividend, subscriptions to foreign media services, costs of Reuter monitors, advertisement of Bangladeshi products in mass media abroad and for the payment of various bank Charges.

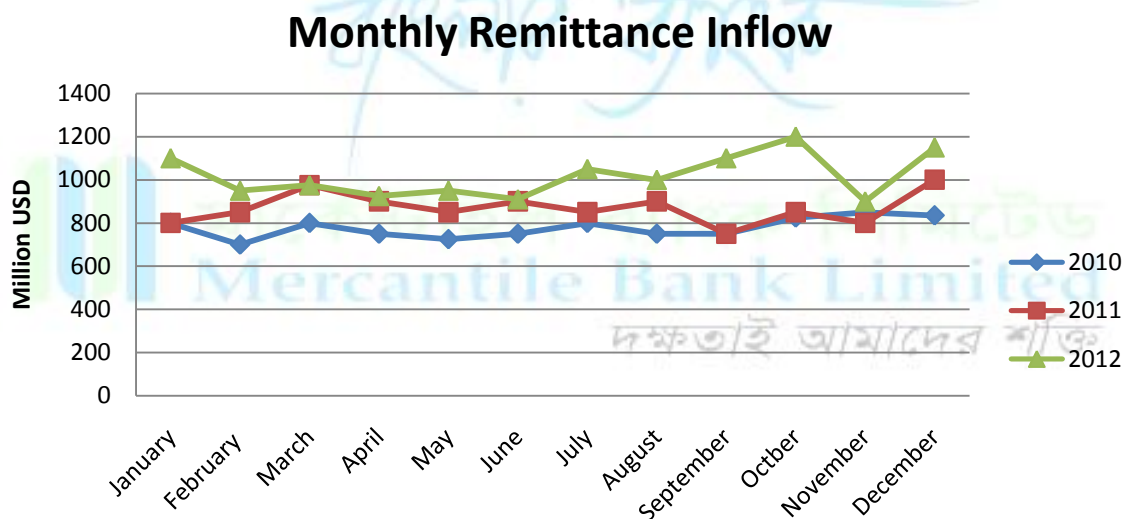
b) Inward remittance of MBL

Basically inward remittance identifies the purchases of foreign currency through TT, MT drafts etc. Beside this, MBL also earn inward remittance by purchasing foreign bills and travelers' cheques as well. The major two sources of inward remittance are proceeds realized from export process from Bangladesh to foreign countries and also a very strong source of

Bangladeshi personnel sending remittance from abroad. The remittance from the personnel working in different countries increases every year which is marked a substantial growth of 22% during the first half of fiscal year 2012-2013.

Like the outward remittance, here inward remittance section also uses two specific forms as prescribed by Bangladesh Bank to acquire foreign currency into local cash- *EXP form & Form C*. The remittance received from the business of export products from Bangladesh done by MBL is processed through EXP forms. Other than that, the remittances equivalent to USD 2000.00 or above are recorded and executed by using form C.

In terms of inflow of remittance, MBL has good records for the past few years. In fiscal year 2012, the bank handled total inward foreign remittance of BDT 15,792.80 million compared to BDT 7,150.00 million in 2011 registering a growth of 120.88%. Also the monthly remittance earnings are also higher than the previous years.



4.4 Reporting to Bangladesh Bank

The whole process of foreign exchange department is to be informed and updated on regular basis to the service of Bangladesh Bank. This updates can be daily or under the operation based. Bangladesh Bank creates a separate entity for each and every banking corporation in order to report to the central bank and so the bank management authority can check and monitor the whole foreign trade situation of the country from the center.

The foreign trade department of Motijheel Branch has to confirm each and every step of the process of exchange goods as well as transaction of currency with abroad. For the purpose,

there is an online service under the name of *Online Foreign Exchange Transaction Monitoring System* in their official webpage. There are four segments inside this- Foreign Exchange Transaction Monitoring Dashboard, Online Inward Remittance Monitoring System, Online Export Monitoring System, Online TM Form Monitoring System, Online Import Monitoring System and last but not the least Online Foreign Exchange Market Monitoring System.

The commercial banks dealing with foreign trade has a user name and password to get inter into each section. The sections that has described in this report, all needed to be inform through this web channel under respective section.

4.5 Foreign Exchange Business Position of MBL

Foreign exchange income is considered as a vast source of revenue for Mercantile Bank Limited. This revenue is generated from its three segments of foreign exchange department into two forms- commission and exchange gain. The financial performances of these sections from fiscal year 2012 to 2008 are presented below;

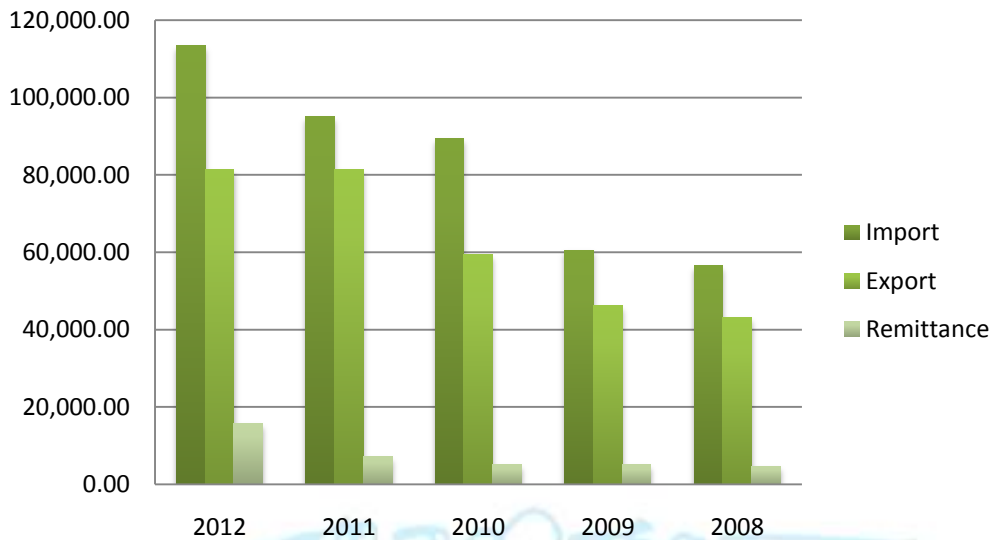
Year	2012	2011	2010	2009	2008
Import	113,434.10	95,008.70	89,524.10	60,592.50	56,528.80
Export	81,477.10	81,311.80	59,404.20	46,298.60	43,108.50
Remittance	15792.80	7150.00	5108.10	5061.30	4722.90

The monetary information explain an impressive result of performance for the last five years of foreign exchange division of MBL, as they all represents the positive increasing trends. Also the import business situation is much healthier than the export; but it's still noticeable that the export is never lessening than the previous year in this five year. The remittance movement is always positive and most eye-catching in 2012 that the trend had a tremendous amplify of a double than the fiscal year 2011.

From observing this continuous improvement, it is clear that the MBL authority is very much concern about managing and implementing the foreign exchange policies for the betterment

of the business. They should hold this impersonation in upcoming as well. The comparative situation of these three sections from 2012-2008 in BDT is shown in the following graph:

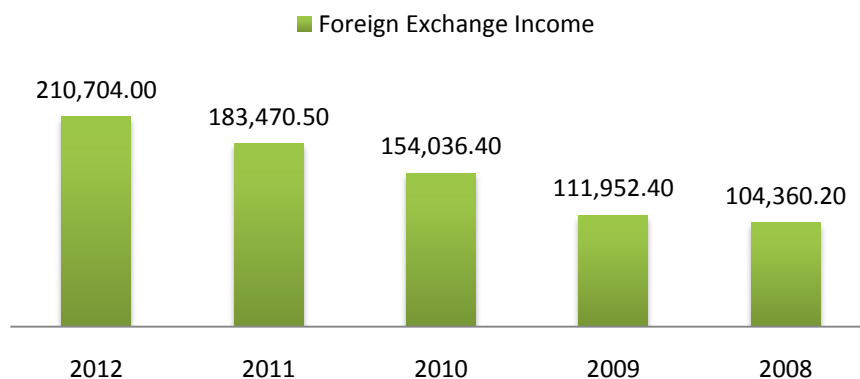
Foreign Exchange Business Position of MBL



Foreign Exchange Income

The earnings of foreign exchange division of the bank is always in an escalating movement. The performance movement of MBL from fiscal year 2008 to 2012 is here;

Foreign Exchange Income



This graph is showing the upward movement of the revenue portion of MBL, foreign exchange department. From 2008 to 2009, it was slight arise of profit, and then every year it was at least a 30% enhance in the revenue columns. In the year 2012, the income was around BDT 210,704 million which has a growth of 87.07% compared to previous. The major

contribution of this improvement is the remittance portion as it turns into double although all the three division has upturn.

Income Composition of Foreign Exchange Business

The MBL has different sources of income from overseas business. Generally in the Motijheel branch, the main fonts of For Ex revenue are as follows:

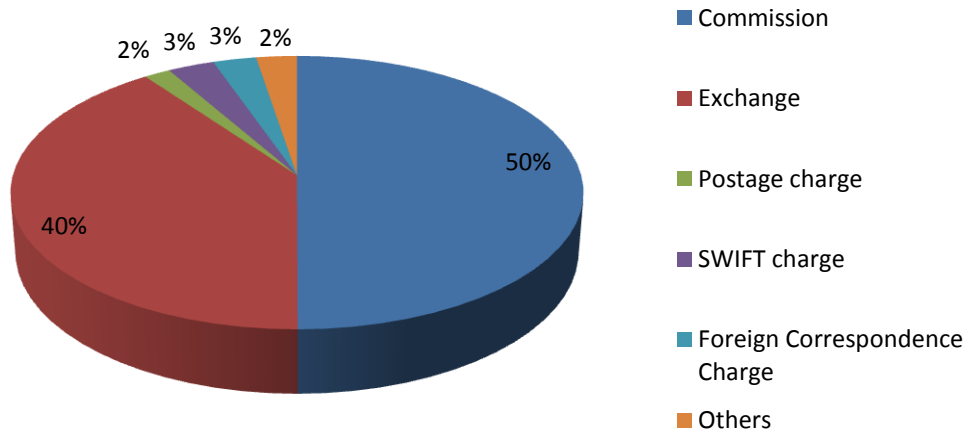
- ↻ Income on commission of LC.
- ↻ Income on data transmission and SWIFT charges
- ↻ Income on postage
- ↻ Income on courier charge
- ↻ Income on discrepancies
- ↻ Income for amendment charges
- ↻ Income from IMP and EXP fill up Charges
- ↻ Income from exchange gain
- ↻ Income on miscellaneous charges

Referring the sources of foreign trade profit of MBL, the comparative evaluation from 2010 to 2012 is presented below:

Year	2012	2011	2010
Commission	393.20	360.51	237.15
Exchange	314.93	259.32	258.41
Postage charge	13.26	11.10	8.65
SWIFT charge	23.36	14.63	8.50
Foreign Correspondence Charge	21.75	14.53	7.38
Others	20.41	15.28	8.71

The basic revenue generating portion of the foreign exchange business is commission and exchange gain which are making profit of 50% and 40% respectively. Other than these, there are postage charge, SWIFT charge foreign corresponding charge and the other revenue earning ingredients included.

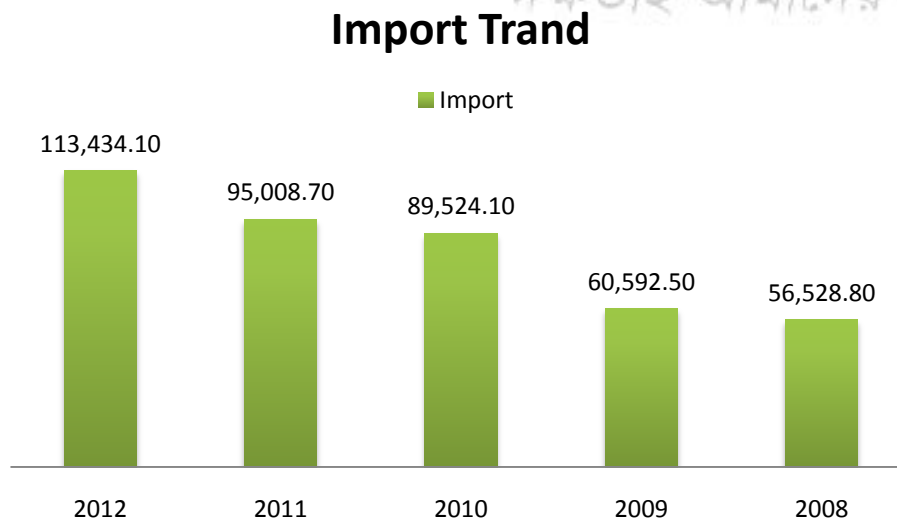
Income Composition of Foreign Exchange Business of 2012



4.6 Revenue foundation of foreign exchange department

a) Import Trend

Here the import comparison form the fiscal year 2008 to year 2012 is given:



The figure embody a momentous escalation in import trading within the last five year from 2012 to 2008. This upraise is the result of higher import functions in those years. However In

2009, the import was a little bit slower because of the aftereffect of national election and political unrest of the country. Then some of the budgetary decisions in 2012-13 national budget; like reducing import tax of 5% on refined oil, compressing regulatory duty fee on product itself & accessories of motorbike and refrigerator at 20%, import-tax & VAT on imported medicine was reduced 3% from 152%, influenced the importers to import more which had a implied consequence on MFL import business too.

The principal items were intermediate goods, petroleum and petroleum products, food & beverage, capital machineries, garments and accessories, raw cotton.

b) Export Trend

MBL's export trend of last five years is presented in the graph below:



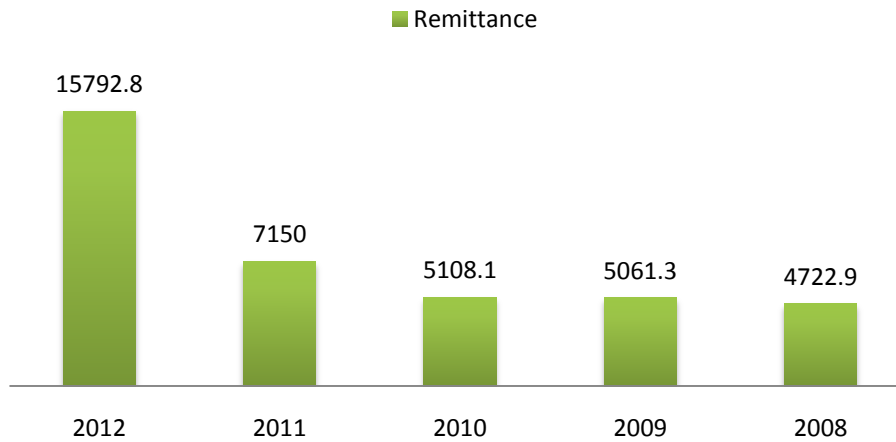
The export trend has also an upward movement in fiscal year 2012-2008, although the growth rate of 2012 is very modest. However that slight change took place because of the SWIFT charge recovery in 2012 was BDT 45,143,081 whereas in 2011 was BDT 37,602,166.

The main export items preformed by the bank were readymade garments, knitwear products, frozen foods, leather, jute goods etc.

c) Remittance Trade

Remittance trend from fiscal year 2008 to 2012 of Mercantile Bank Limited is giver beneath:

Remittance



This diagram of remittance earnings represents a regular increase from 2008 to 2012; but in 2012, it was more than double compared to 2011. There were many reasons behind the boost. One of the major motives was the commission from *Nostrro accounts* of MBL. In 2011, the commission payment form this company was BDT 16,565 million; whereas the next year it turned into BDT 58,415 million. Moreover there was a collection of *Foreign Correspondent Charges* of BDT 65,966 million in 2012 compared to BDT 47,275 million in 2011.

The major currencies that MBL deals in order to remittance business are US dollar, GBP Euro, Yen, CHF (Swiss Franc), CAD and ACU dollar.

4.7 Service Assessment

Service quality measurement attributes:

The service quality is being measured by using the questionnaire based on the aspects of the SERVQUAL service quality model. From all the factors of the model, the most relevant and supportive factors are considered for this project. As a result there were three main visions to understand the service worth and effectiveness. In core aspects; efficiency, reliability, fulfillment and security are being used. The recovery service factors include responsiveness, contact and compensation. The last one is self aesthetics as named itself to know that how well the branch is furnished and designed to attract the customer and give the feeling of good service.

Sample Selection:

The quantitative study was conducted through the information collected by stratified sampling method from the customer receive the foreign exchange service from the bank. First the entire customer group is divided into three forms of export, import and remittance subgroup. Then from the subgroup there was a random sampling used to give equal chance to each of the population to be selected. Afterwards, I collected the record of the customer and the companies from the database of MBL. Then from the list I asked the customer whether they would kindly put in some of their valuable time to filling out the questionnaire for a survey, disregarding all the factors that might cause him not to approach for the purpose.

Data collection:

The survey is being successful by using a questionnaire containing 18 questions including 15 of Likert scale and the rest 3 are for knowing the customers profile of foreign exchange. After that there was using of face to face interaction, email service and telephone facility to collect the information. The commercials, representatives of the companies, wear participated in this survey inside the bank concerning my presents. However some of the individuals were not present, so I took help of emailing the questionnaire. Besides, there were telephone conversations regarding the survey. Since I was involve when the questionnaire was filled, any clarification about the questions were properly been instructed before the respondent once started to fill it out.

দক্ষতাই আমাদের শক্তি

The questionnaire & dimension:

There are 18 questions inside the questionnaire. Three of them are for knowing the position and business level with the bank. It includes the information about the years of customer's foreign trade existence, his foreign business association with MBL and the frequency of using foreign exchange service form the bank.

The later part of 15 questions are asked to measure the level of satisfactions regarding the service provides by MBL. All the questions fall under the dimensions of SERVQUAL service quality model. Only the first question is for identifying the current level of satisfaction toward the department. The first two questions will answer the dimension of efficiency, where as the next two is for reliability of the service. Question no. 6 & 7 and continuation of next two, denote fulfillment and security dimension respectively. The banks service

receptiveness, contact and compensations are measured by question no. 8; 11, 12 & 13 and 14. Lastly the site aesthetic is covered through question no 15. One suggestion segment is also added with the questionnaire.

In this survey, the seven point Likert scale is being used in the questionnaire. Here 1 represents strongly disagree; 2 is disagree; 3 is slightly disagree; 4 is not agree; 5 is slightly agree; 6 is agree; and 7 is strongly agree.

Findings of the study:

A. Project Findings:

Descriptive results:

The survey was conducted by 20 questionnaires filled out by the customers from different segments who meet the criteria to take part in. the result is in the chart bellow here;

Variable	Percentage of Total
How many years of involvement in foreign exchange Business	
6 months to 1 year	2%
1 year to 2 years	7%
2 years to 3 years	34%
3 years and above	57%
How many Years with MBL foreign exchange	
Less than 1 year	7%
1 year to 2 years	8%
2 years to 3 years	19%
3 years and above	66%
Frequency of Foreign trade business	
Daily	0%
Weekly	2%
Monthly	83%
Yearly	15%

The table shows the result that the majority 57% of customers of MBL are involve in foreign trade for three years and above. The second portion of two years to three years of export-import trading is 34%. In between one to two years and bellow one year, the groups hold 7% and 2% respectively. This result is indicating that the customer of MBL foreign exchange business is well experienced and knowledgeable about international trade.

Then the next section answered 66% is taking MBL foreign exchange service for two to three years, while rest of the 7% has been using it less than one year. In middle there is 19% of the respondent said they are connected with the bank in between two years to three years and rest 8% is for one year to two years duration. This result represents that the customers with MBL are loyal to it and majority is still continuing business for more than three years.

This diagram also represents the service frequency of 83% respondents use monthly, while only 2% is using it on weekly basis. The rest of 15% has experienced it for yearly basis. There is no business in daily orientation. So the bank has export-import business mostly on monthly basis.

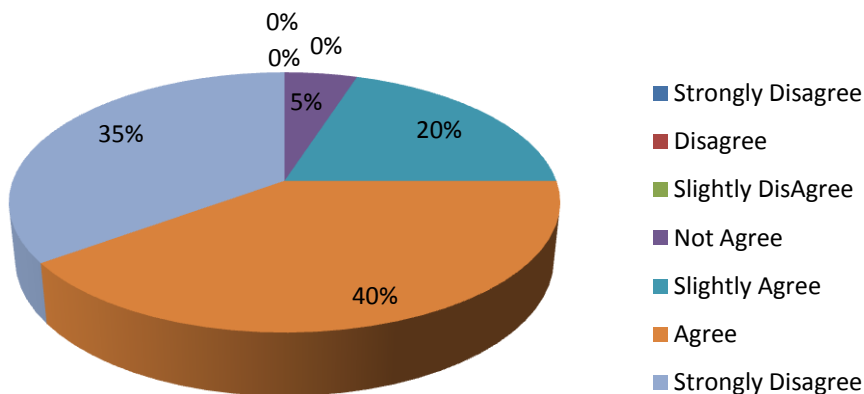
This analysis shows the customers mainly active with MBL foreign exchange business are mostly doing business for a long time in this field. So they are well known of the terms and condition as well as the situation of the current market. MBL is successful to grab long time relationships with the customers. Still there is a big opportunity to hold the rest 44% for future growth. Also, since the majority customers are monthly dealers, the bank should concern on different products and services degrading the customer's needs.

Quality dimension aspects:

Satisfaction dimension:

This dimension is measured by one question, Question No. 1. The graph constructed based on '*I am satisfied with foreign exchange service*' is given bellow:

Satisfaction dimension

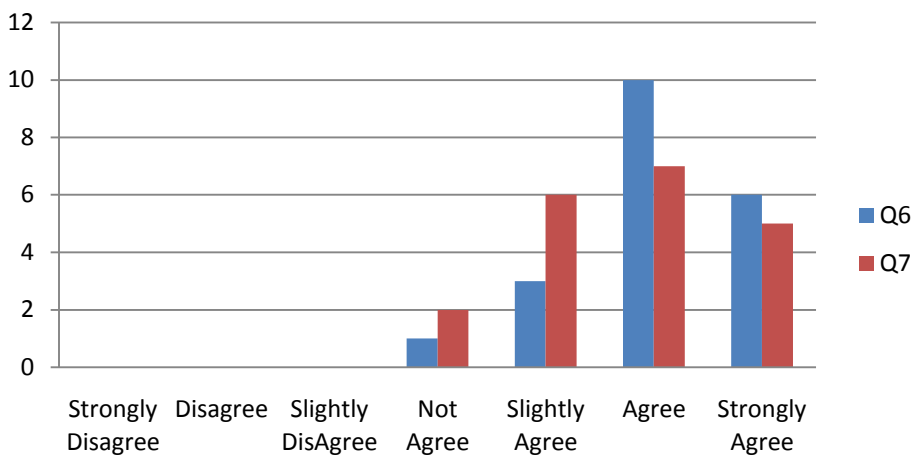


This figure represents that 55% of the respondent marked at ‘6’ which means they are satisfied. Moreover, 25% customer marked as slightly satisfied with the service provided by MBL foreign exchange department. Also there is 5% of respondent who consider MBL foreign exchange service as slightly dissatisfactory.

Efficiency dimension:

This section measure the amount of effort needs to get the service from the department of the bank. There are two questions to interpret the findings of this dimension. First one is to how much effort the customer needs to pay to get the service. And the second one is about the procedure that MBL follows; weather it is easy enough to operate the business by the clients. The percentage graph is here:

Efficiency Dimension



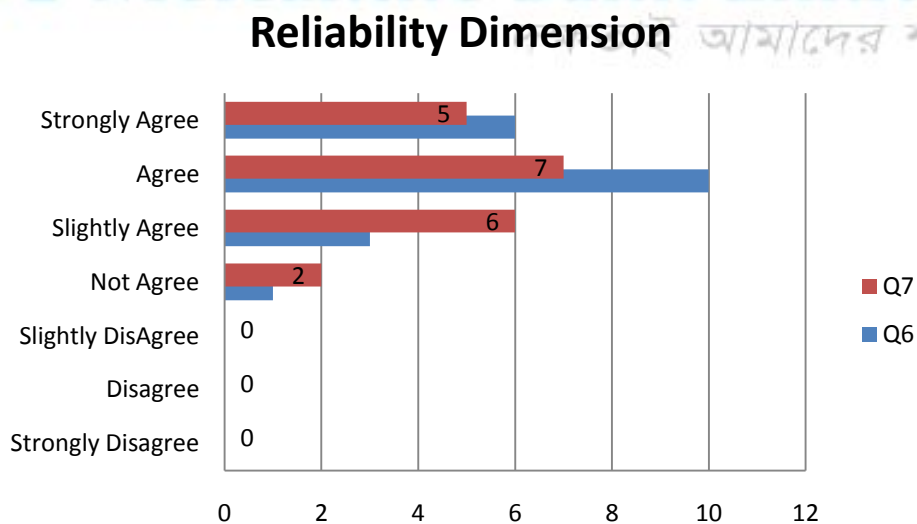
This chart is showing, 50% of the respondent is agreed to the point that they do not need to pay much effort to the international transaction process of the bank. Besides, there are also 6 companies feel that their exception have been exceed in regard to being able to doing business with less effort.

Afterwards, the second question also indicating that the system MBL adapted for the business is also easy to perform. 7 of the total respondents are marked the overall procedure within the zone of tolerance, while only 10% is not suitable with the current foreign exchange operation system.

Therefore, both of the questions are representative of the efficiency of the banking system of Mercantile Bank Limited foreign exchange department which is well enough to justify the service popularity.

Reliability dimension

Reliability dimension is the factor for any services by which the functionality is being tested. The two questions under this dimension are described about the accuracy of transaction and the availability of the best service. The graph is given below:



This diagram represents 7 of the 20 customers agree that the transactions made by the bank is error free. This is 35% of the total respondent. Here also mention that, 6 companies feel the accuracy in their tolerance level and another 2 companies not agree with their precision level.

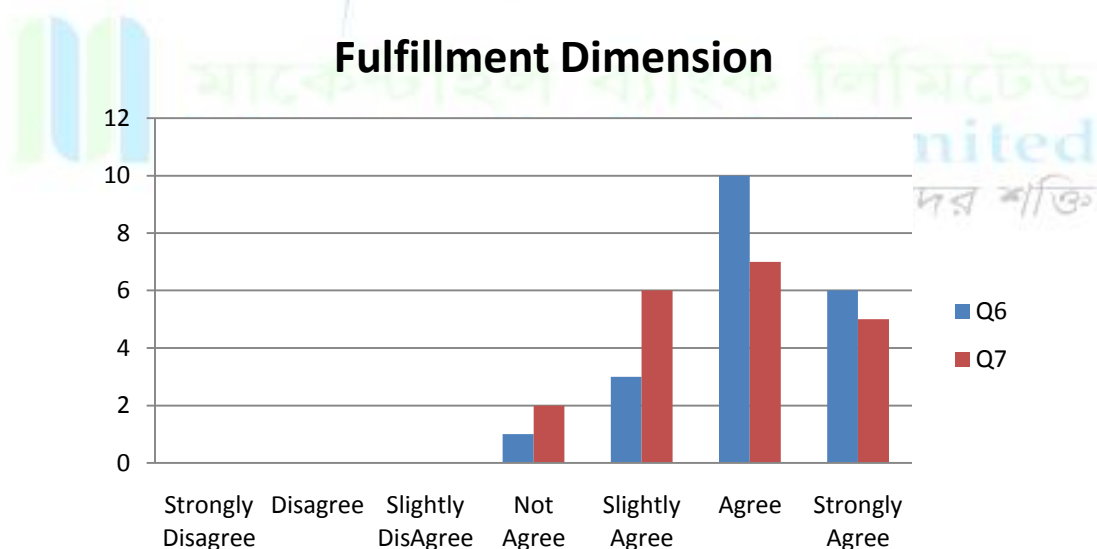
However in 2012 the Motijheel branch had handled a total of 25,357 Letters of Credit without having any discrepancy.

When the second question asked about the availability of the finest services, 50% of the respondent feels it is good in most of the times. This means most of the customers are more than satisfied with receiving the superior service. Also are 6 companies said this service is superior.

So, the report shows that the transaction accuracy and best service availability is highly maintain in the banking practice so that the customer feel reliable according to their own remarks.

Fulfillment dimension

Fulfillment dimension is the accuracy of service requirements, the availability of the service and its delivery on time to the customer. This dimension is covered by two questions- bank's promises about services are identical and the delivery of the service is quick.



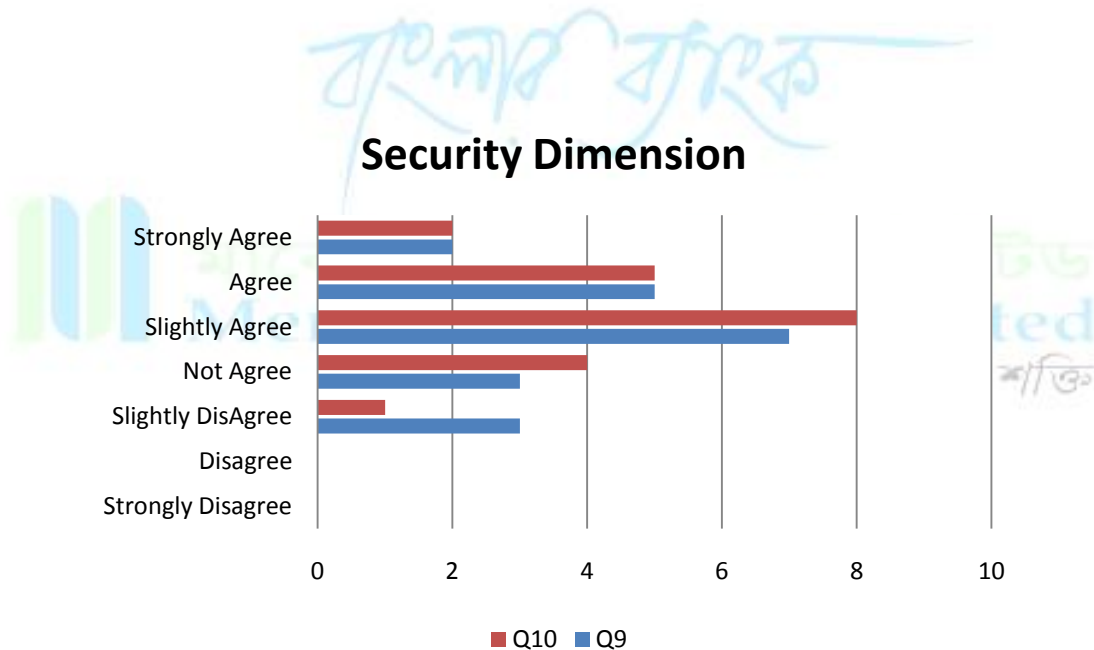
This table discloses the prompt service solution comparing the promised one. Here 10 of the total respondent are saying that they are satisfied with it and another 6 said their expectation have been exceed. The promised service is mentioned in every agreement of the bank's voucher. However one company is not satisfied with the current service considering the promise.

The service of the bank is swift enough which is showed by the graph. There are 6, 7 & 5 companies feel the speed of the operation either satisfied or more than their expectation. Only two companies are not agreeing with the question that they think there should have some effective actions to make the process of the business faster.

Therefore, though there is a 5% of customer is not happy what they get comparing the promised service, most of them are stated their fulfillment for receiving the service.

Security dimension

It is the assurance that any and all information and private details of the customer is not open and is being kept secure. This is one of the major dimensions so that many of the companies are not willing to have business as lacking of business information. The questionnaire holds two questions to meet this criterion- the customer’s feeling toward service safety and believes that MBL will not disclose the business confidential.



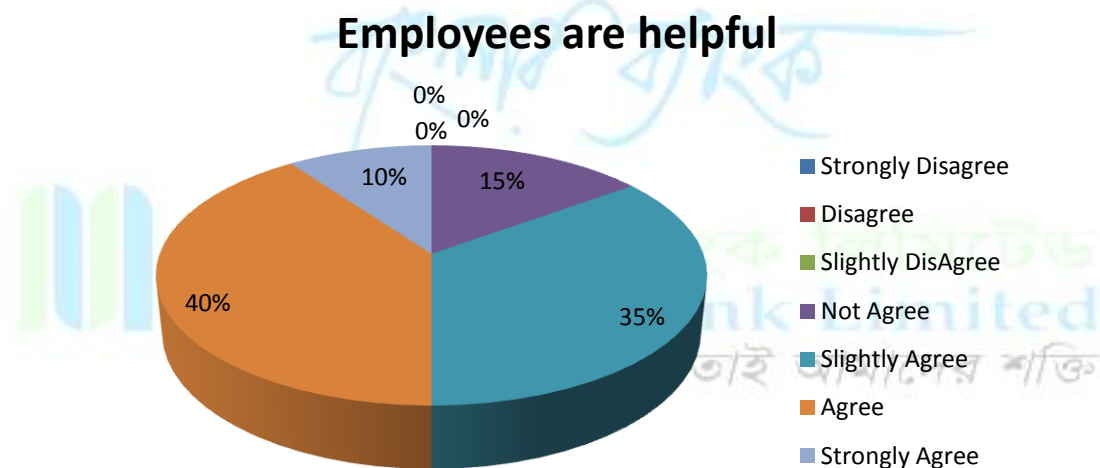
The customer has the trust to do business with MBL. This diagram is showing the results that $(7+5+2) = 14$ of the 20 customers have this confidence about the bank. but again there 30% of the companies do not have the buoyancy which can be considered as most of these companies are fall under the 44% companies that are doing business for less than 3 years with MBL. They might not relay enough on short period.

There is another aspect of security which is maintaining confidentiality of business operations. Most of the respondents are satisfied with the secrecy maintenance of MBL. In percentage that is 75%. On the other hand, 5 of the company do not please with this factor.

In order to maintain the confidentiality and safety for business document, both of the two questions represent the effective outcome for the department of the bank which is sufficient to state customer's satisfaction toward the security dimension.

Responsiveness dimension

It is the capability of the service provider to give to the customer appropriate data when they face problems and help them resolve it quickly. Question no. 8 is conducted for getting the result.



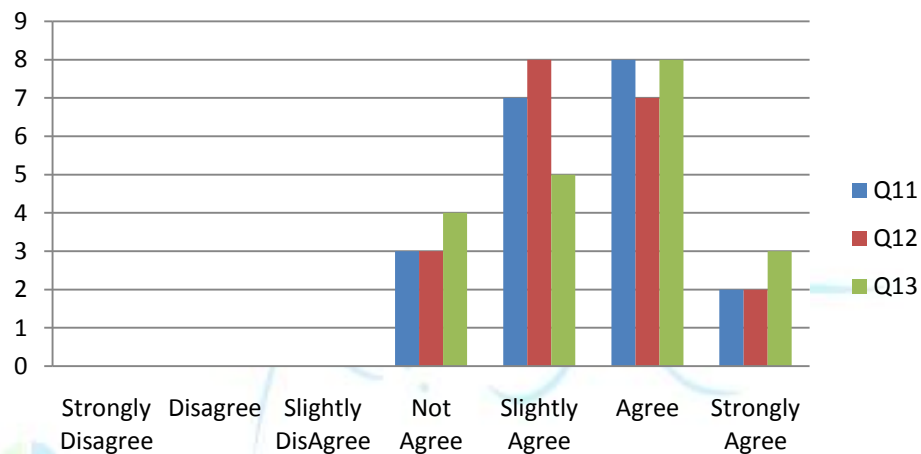
From the above graph it is shown that 85% of the respondents get the foreign exchange service provider as helpful and resolve problems quickly. The employees have to attend a training session for the first one year of his job life. There is also training for employees in limited intervals. These might be the reasons behind the customer's superior satisfaction level. However, there is 15% who do not agree with it and said there is a necessity of improvement of employee's efficiency.

Therefore, in case of effective and quick problem solving, Mercantile Bank Limited foreign exchange department is sound enough to rationalize the service reputation.

Contact dimension

The requirement of the customer to be able to speak to a living customer service agent is it online or on the phone. This is a very important dimension to ensure satisfaction of the customer. Three questions has asked to define the survey- call center availability, problem solving time and prompt response of any quarry.

Contact dimension



Respondent of 15 agreed with the call center availability is satisfactory. This service is provided through online and telecommunication service. The call waiting period is 0.30 minutes for the attending each call. Still three of the company's representatives are not happy with the call center agent.

The problem solving time for the customer on telecommunication is mostly on real time based. The e-mail answering process may take two working days at most. As a result (8+7+2) = 17 respondents reacts that they are either satisfied or more than their expectation.

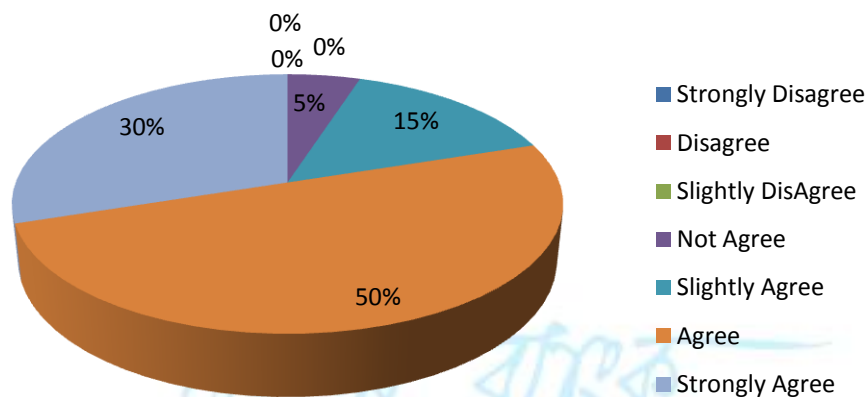
The bank's response according to the customer is in satisfactory level. 16 of the respondent agreed with the question. There is some portion which is around 20% of the whole recognize prompt service of any quarry service is not in their zone of tolerance.

In terms of contact dimension, the respondent has a variable situation though the majority is being satisfied. Consequently the availability of virtual help form webpage and telephone is in their adequate service level.

Compensation dimension

This consists of returning the money back to the customers when a service fails, or arranging a money back guarantee for that purpose. Question No. 14 is for the response of this dimension.

Compensation Dimension



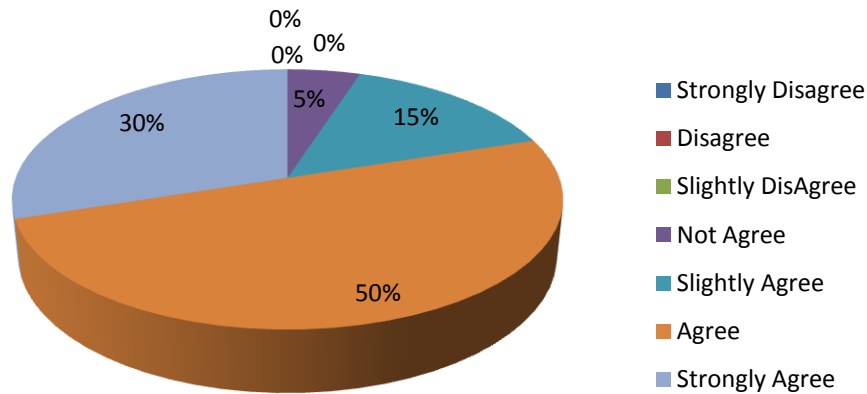
The compensation dimension pie-chart shows that, half of the total respondents have their desired satisfaction in case of a service failure, or arranging a money back guarantee for that purpose,. Other 35% of the sample expressed that their expectations have been exceeded and 15% slightly agreed with the fact. Only 5% thinks that there should be some improvement in compensation policies of the bank.

Apart from the 5% of *not satisfied* customer in compensation dimension, MBL has satisfactory level of actions of any kind of service failure of itself or arranging the financial guaranty for that purpose.

Self aesthetics dimension

It is how well the office environment is designed so that the customer feels that it is welcoming and gets the sense that good service is to be expected. Question no. 15 is for evaluating visually attractiveness of the bank.

Self-Aesthetics Dimension



The office environment is satisfactory in terms of its visual attractiveness according to the respondent's rating the score. It can be observed from the graph that 50% of the respondents feel that the service is within the zone of tolerance considering the visual attractiveness of the office place and location, while 30% expressed that their expectations have been exceeded in this regard.

Therefore, the question response is screening an effective outcome of the banking environment of Mercantile Bank Limited foreign exchange department which is well enough to justify the service attractiveness.

B. Department based findings

Firstly, Mercantile Bank Ltd is already established as well recognized and reputed Banking Corporation with their constructive and approving banking activity in this industry of the country. In Motijheel branch, the majority portion of revenue is generated from the foreign exchange department. However occasionally I feel that the designation of authority of this department is not well defined from pinnacle level. On grounds this fact, the officers working in this department willingly fix their own course of action, which sometimes creates disorderliness and confusions to others as well as the whole operation.

Furthermore, MBL online service is not efficient and capable to handle the load of LC updating process in Bangladesh Bank website at pick banking hours. When all the other commercial banks logged into *Online Foreign Exchange Transaction Monitoring System* of

the webpage, MBL employees needed to stay still for the connection difficulty. As the LC is a step by step procedure, without completing one step makes the whole operation paused.

Also, the recording procedure and keeping documents of foreign exchange department is not so integrated and durable to locate. As the important documents are not combined through high chain networking systems, often it kills time and resources to search them out in necessity.

Although, the department provides SWIFT facilities but to maintain continuous updates for foreign currency rate and transaction related business they have to depend on manual and personnel connections. It does not have sufficient technical support to serve the real time currency updates from the central server. Because of this inability, the operation becomes slower even for one or more days.

Last but not the least, the statistical reports of MBL foreign exchange explains the entire department has constant positive trend in export, import and remittance section. However this improvement is relatively slower than other competitive commercial banks of the industry. Though a large portion of profits appears from this unit, the incentive to increase this trend is not adequate to stay in competition.

SWOT Analysis

SWOT matrix is helpful to understand the internal and external problems and prospects of any specific projects or the entire department. I took some records from the MBL documents as well as my personal observation to construct the analysis.

Strength:

- Better financial standing
- Efficient management
- Better location of the branch.
- Attractive consumer schemes.
- Quick delivery of foreign exchange.
- Healthy capital adequacy
- Diversified product line
- Experienced top management

Weakness:

- Manual registers are used in some cases
- Limited delegation of power
- Online facility is not available
- MIS at primary stage
- Inadequate work force
- Conservative loan facility
- Interest rate is less than others

Opportunities:

- Market leadership of MBL
- Growth of the banking sector
- Sophisticated consumer service scheme of the MBL
- Make the goodwill
- Perform services more quickly

Threat:

- Political instability
- Intense competition
- Market pressure for Dollar crisis
- Market segmentation
- Government rules and regulation
- Economical variation
- Policy of competitive banks

Recommendations

As started toward the beginning of the recommendations, there is need for advance research for an enhanced understanding of the quality dimensions of foreign exchange division and the influential factors of its customer satisfaction. This report is only showing the factors on which the customer has satisfied and which needs to be improved upon. Thus, the managers and concerned parties can take this study for a guideline of improvement of the quality of export-import business service.

At first we need to concern on the fact that export-import is a continuous growing market in this country's perspective, so there will be always necessity of currency transferring issue through the banking channel. The bank should make the process easier for the customer so that they got encouraged to experience and also obtained it with minimum effort. Beside, the bank should ensure the availability of their service from both the personnel and automated system based. Similarly not only the accessibility but also the quick responsive and solving the problem is vital to encompass customer's fulfillment. Specific actions could make this improvement as the more efficient the service is the more satisfied the customer will be.

To comprise the improvement, the coordination among different departments should be more effective and is to ensure for maintaining proper synchronization of the operation of the branch. Therefore the high administration control should be exercised to Motijheel branch and proper delegation of authority should be established for every officers of every department to confine their own responsibility and duty, which will bring fluency in operation.

Next, the course that MBL tagged to open documentary credit and settlement of endorsement should be liberalized as much as possible. It requires customer need based researches to obtain the facility to provide best services. Development of the process according to regulations will also attract more clientele.

Then MBL, Motijheel branch is to be concerned on operation-required equipments. The branch is not properly equipped with logistics and other modern communication facilities compared to the alternate commercial bank's branch situated in same location. As a result, it requires more time and resources to get the conclusion of any complicated errands and to respond with other areas of the organization.

Also, the business recording and documents securing procedure of the department must be improved through sequential effort system. It happened frequently that the huge volume of files that kept in various locker is not all time possible for officers to keep in proper format and to search-out those in time of necessity. Therefore they should use a systematic computerized procedure to get this improvement for all sort of recoding essential. It may require once a great investment but will save valuable resource and get more trade.

Finally, it should be mentioned that today's banking industry is much focused at on-line orientated business. Counting with MBL's webpage and online business facility are not in

progress of customer satisfaction. The webpage required to be updated on regular basis. And for the improvement of online service facility, MBL should have customer focused research to know the demands and needs of customer about the service. Moreover the bank should take concern on aggressive advertising and promotional activities so that the new and innovative banking services can get broad geographic coverage inside the country and beyond. However the MBL authority should try to get positive word of mouth, as the service receiver companies do consider on other companies remarks rather than advertisement on media.



CHAPTER FIVE CONCLUSION



CONCLUSION

Working in an organization with complete role in every aspects of banking sector like Mercantile Bank Limited is a great opportunity to enrich practical learning. The bank has their activities of general level to the executive performances to provide banking service to customers. This course of on-job learning experience assists me to know bank and its activities from inside. During my limited period, I have collect, synchronize and analyze data to understand the process and this is how I include this finding section.

In order to make the investment worth it, retain the customers and keep their foreign exchange service better than all the rest being offered, a high quality of service has to be maintained. That is why it is essential to measure the amount of satisfaction the customers have using the service. This will allow the bank to understand whether or not the quality of the international banking service they are providing is good enough, or whether it has to be improved.

Based on the SERVQUAL model developed by Parasuraman, Zeithaml and Malhotra for measuring quality of this specific service efficiency, fulfillment, reliability, security, contact, physical aesthetics, compensation and responsiveness dimensions. Furthermore, eighteen items are used to describe these eight dimensions in the questionnaire, against which the customers rated those items on using a 7 point likert scale. In order to evaluate how the customers of the bank perceive the quality of the different aspects of the foreign exchange department's services they use, descriptive statistics obtained from analyzing the data collected were used.

In conclusion, I personally believe that the department of the bank, MBL foreign exchange, amenities not only induce the export-import and private transaction businesses but also facilitate to persuade the economic development of Bangladesh. I expect, Mercantile Bank Limited once will be one of the leading financial institutions of the industry of banking sector by enforcing its available opportunities and will highly contribute to the economic development of Bangladesh in very near future.

References

Internet Links:

- ↗ <https://www.mblbd.com>
- ↗ <https://www.bangladesh-bank.org/>
- ↗ <https://www.bb.org.bd/services/frngmonitor.php>
- ↗ en.wikipedia.org/wiki/Mercantile_Bank_Limited
- ↗ <http://bankerguide.wordpress.com/2012/09/15/import-financing-and-documentary-credit-or-letter-of-credit/>
- ↗ http://en.wikipedia.org/wiki/Branchless_banking
- ↗ http://studypoints.blogspot.com/2012/10/elements_of_export_trade.html
- ↗ <http://bankbankerbanking-bd.com/2012/10/06/opening-lc/>
- ↗ http://www.banking4tomorrow.com/articles/transaction_foreign_exchange/

Print References:

- ↗ Mercantile Bank Limited Annual Reports 2008 to 2012
- ↗ Mercantile Bank Limited Training Book (Internship Policy)

Publications:

- ↗ Jeff Madura, 2008, Financial Market and Institution, eighth edition, Thomson Higher Education, Mason, OH 45040, USA
- ↗ Gerald A. Warfield, Harry M. Venedikian, 1996, fourth edition, John Wiley & Sons, NJ, USA
- ↗ Thomas H Ward, 2009, Letters of Credit and Documentary Collections: An Export and Import Guide, , first edition, Xlibris, iniana, USA
- ↗ Parasuraman, A., Zeithaml V.A., & Berry, L.L. (1988). SERVQUAL: a multiple-item scale for measuring consumer perceptions of service quality. Journal of Retailing, Vol. 64, Spring, pp. 12-40.
- ↗ Zikmund, W. G. (2000). Business Research Methods, 6th Ed. Orlando: Dryden Press

QUESTIONNAIRE

As a consumer of the bank's *foreign exchange* services please provide information on your perception of the quality of the services you have used in relation to your expectations.

1. How many years of involvement in foreign exchange business?

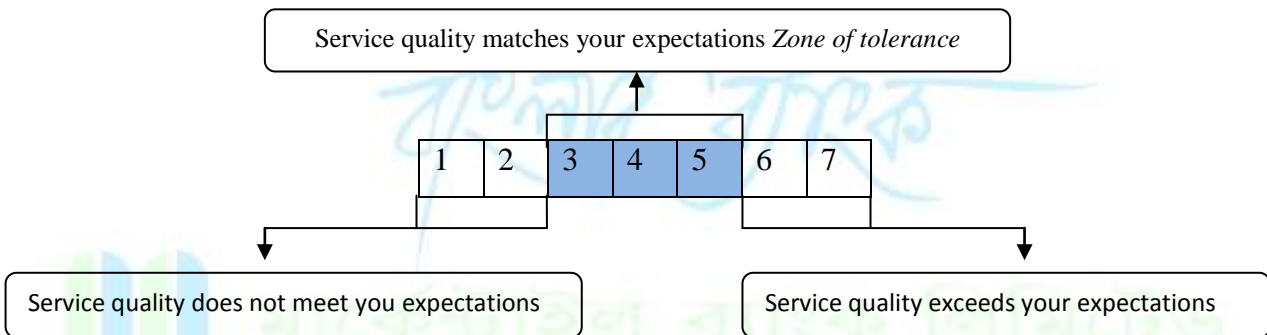
6 months to 1 year	1 year to 2 years	2 years to 3 years	3 years and above
--------------------	-------------------	--------------------	-------------------

2. How many years of involvement in foreign exchange business with MBL?

Less than 1 year	1 year to 2 years	2 years to 3 years	3 years and above
------------------	-------------------	--------------------	-------------------

3. Frequency of transaction of foreign exchange in MBL.

Daily	Weekly	Monthly	Yearly
-------	--------	---------	--------



		1	2	3	4	5	6	7
Q1	I am satisfied with foreign exchange service							
Q2	I do not require much effort to use foreign exchange services							
Q3	The procedure that MBL follow is easy to make transaction							
Q4	Transactions are accurate							
Q5	MBL employees are always available to serve their best							
Q6	The bank's promises about services are accurate							
Q7	The service delivered through is quick							
Q8	The branch employees are helpful to the resolve problems quickly							
Q9	I feel safe when conducting transactions through MBL channel							
Q10	The Bank maintains business confidentiality							
Q11	It is easy to get through to a call centre agent							
Q12	Problem solving time is minimum in export-import process							
Q13	The bank gives prompt responses to my queries or requests							
Q14	The compensation is sufficient to cover the system failure							
Q15	Branch environment is visually attractive							

Any suggestion:

Thank You!

