
INTERNSHIP REPORT ON

“ANALYSIS OF STANDARD BANK LIMITED’S IMPORT
PATTERN FROM BANGLADESH IMPORT
PERSPECTIVE”



Standard Bank Limited

SUBMITTED TO

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Submission Date: 11th September, 2014

Letter of Transmittal

11th September, 2014

To

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Subject: Submission of Internship Report

Dear Madam,

It a great pleasure for me to affirm you that according to your instruction and guidance I have prepared my internship report on “**Analysis of Standard Bank Limited’s Import Pattern from Bangladesh Import Perspective**”.

As this report is crucial part of my internship course “**BUS400**”, I have given my best effort to accomplish my report by collecting related possible information. This report is equipped with necessary data, charts, table in order to make my topic more authentic.

I will hope that you will take my report as informative work and guide me through this for my future improvements.

Sincerely Yours

Name: Kowshee Ashrafee

Id: 10304076

Acknowledgement

My utter gratefulness is for Almighty Allah who creates me as human and blessed me with many opportunities to learn and increase my intellectual capacity. He helps me on bewilderment and enabled me to complete my internship report.

On instigation of the report I want to express gratitude to my **advisor Syeda Shaharbanu Shahbazi**. She facilitates me with every possible instrument like information, direction of making an outline and in-depth meaning of the report topic for completing it as perfect one. Her appreciation encouraged me from heart and so I furnished the task accordingly.

I have collected fundamental information from Standard Bank Limited. Though the bank also maintained its confidentiality but many respective people from both branch and head office assists me a lot to make my report authentic. My on-site supervisor **Senior Executive Officer Sanjoy Kumar Datta**, respective **Vice president Quamrun Nahar Hashmi and Head of Corporate Relation & Business Planning Md. Shafiqul Hassan** has given me profound knowledge about import system as well as import patterns of SBL.

I am also grateful to the employees of Standard Bank Limited Gulshan Branch, as they assist me a lot to get error free experiences. In case of any rising mystification on the period of internship they guide me and gave possible suggestion as well.

Executive Summary

Bank is the most old and legendary media for financial transaction. In modern days banking facilitate clients with innovative services and products because of continuous effort of market research & development. As influencing number of banks establishing repeatedly so competitions are not exist within limited area. Now this competition are so intensive that local banks have to compete with international banks in a standard level.

In Gulshan branch of SBL I was employed in Import division for successive 13 weeks. Foreign Exchange is center attraction of SBL, although the bank has provided other types of banking services also like consumer banking and corporate banking. Total import operational process is same as those of other banks to compliance with international & national acts. From different aspects import trend of SBL has been compared with Bangladesh import pattern. Some anomalies are found and possible recommendations are made based on the comparison analyses.

Import is a key instrument of international trade. Bangladesh is one of the biggest importers comparing to SAARC listed countries. A sustainable economy depends on the major economic indicators like GDP, remittance, export, import and some other factors also. In order to growth successfully sound import has positive impact on country economy.

Bangladesh is an overpopulated country with lack of technological and industrial support. On this circumstances Bangladesh have to have depended on imported commodities. The prospective issues of my report are our country's import progress; Bangladesh Bank's advanced online system for import, altering policies & regulation so as to make letter of credit process secure and easy. I made comparisons between Bangladesh and SBL based on some import related categories and stated anomalies for those facts like commodity-wise import, country-wise import amount with major listed countries, five years chart on import amount of both SBL and Bangladesh and inferring with recommendations for limitations. SBL on an average has captured 2% of total import of Bangladesh which is causes for insufficient plan for aggressive approach and inadequate road shows and online advertising. Location wise demand, client capturing strategy and political instability influences commodity-wise ratios and creates gap. If SBL can use different media for advertising, promote advanced service and policy and segment the market then the bank can overcome all limitations.

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Organization Part:
An Overview of Standard Bank Limited



1.1 Introduction

Among financial service industries only bank can surpass other types of financial institutions in terms of providing wide range of economical services. It smooth the way of transition from barter trade to modern banking. Banks are strengthening countries economy by creating and transferring funds both inside and outside the countries. Banks facilitates an effective channel for cash flow like our vein through which blood circulates into the body. It carry out business by developing cost benefit customized products and technologically viable services for their possible customers. Now this sector became so competitive that every moment banks are finding innovative way to grab customer.

The modern era of banking concept has been evolving eventually. The word “bank” obtains from the words “Banque” (French), “Banca” (Italian) and German word “bench” as in ancient time Jews used to do their business of lending money sitting on a long bench. Though nearly seven hundred years ago more or less financial institutions came similar to bank but modern banking has been started its journey in physical form of a bank in1668 named “Svingss Pis Bank” in Stockholm.

A Country’s sustainable economic growth depends on her responsive banking business, as without banks no one can imagine industrialization. Bank provides business and gives support to the promising industries of a country.

1.2 History of Standard Bank Limited

Standard Bank Limited (SBL) was established on May 11, 1999. It is a Public Limited Company which is under the Companies Act, 1994. Consequently it is listed on Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. This is a third generation bank. The Bank inaugurated its business on June 03, 1999 achieved satisfactory progress from its commercial operations. At the very beginning of SBL the main goal is to contribute in the national economy being a submissive bank to its customers, shareholders and vendors. The bank is undertaking numerous services to provide its valued customers and businesses. SBL takes detailed and intensified strategic plan to survive and grow in this competitive banking sector.

1.3 Expansion

SBL come across 15 years by overcoming many ups and downs and now the bank is on its growth stage. Now it has 87 branches in which 20 branches is operated as AD (Authorized Dealer) branches. It has providing 24 hours online banking by setup 25 ATM network on its own and makes arrangements with other banks to access 3000 ATM for the customers. Credit Rating Agency of Bangladesh (CRAB) rated the Standard Bank Limited as “A1” in long term and “ST-2” in the short term on basis of audited report. This rating state that SBL has enormous capacity of tackling credit risk and fulfill the commitment.

SBL at a Glance:

Type of Bank: Commercial bank

Paid up Capital: 5,702 million BDT

Authorized Capital: 15,000 million BDT

Total Asset: 109,191,338,940 BDT

Total Equity: 9,181,628,184 BDT

Investments: 19, 710, 216, 9 27 BDT

Number of Employees: 1365

Slogan of SBL: “Setting a New Standard of Banking”

1.4 Products and Services

Bank is a service oriented business where products and services are its main business instruments to generate revenue. Standard Bank Limited facilitates general service for their worthy customer. Beside this SBL introduced itself as a modern service provider by launching new and advanced products and services. New products and technology create SBL’s brand image, but a good relationship between customer & bank is very important. As a consequence Standard Bank Limited is also emphasizing on its personal relationship with their precious customer for who bank can sustain its business. Recently SBL has launched some new product of credit and deposit scheme depending on the customers’ requirement. The Bank concentrates on corporate and retail banking, as huge portion of profit comes from these services. Name of those products & services are given below.

Corporate Banking

SBL corporate banking serves to the wide range of clients starting from small and mid-sized business to large corporate by offering various types of loan or fund.

- **Trade Finance:** Standard Bank's trade finance is customized product which is given to the business based on their requirements. In Trade Finance SBL counts only the performance of that business not the business secured collateral.
- **Term Loan:** According to Bangladesh Bank instructions Term Loan has been provided on the following rate. Bearing in mind that in case of risk possibility bank may re-fix ± 1.50 over the mid rate.

SL	Particulars	Fixed Rate	Mid Rate
01	Term Loan (Large & Medium Scale Industry)	13%	—

02	Term Loan (Other than Large & Medium Scale Industry)		14%
03	Term Loan (Small Cottage Industry)		14%

- **Lease Finance:** In accordance with Bangladesh Bank Lease Finance rate table is given below in which bank may re-fix ± 1.50 over the mid rate.

SL	Particulars	Fixed Rate	Mid Rate
01	Lease Finance		14%

- **Club Finance:** In compliance with Bangladesh Bank orders the Club Finance lending rate has given below. Considering the risk association bank can re-fix ± 1.50 over the mid rate.

SL	Particulars	Fixed Rate	Mid Rate
01	Club Finance		14%

- **NBFI Finance:** The table is given below by following the instructions of Bangladesh Bank where SBL may again fix the mid rate ± 1.50 of NBFI Finance for risk association.

SL	Particulars	Fixed Rate	Mid Rate
01	NBFI Finance	13%	

- **Syndicate Loan:** Bangladesh bank instructed rate on Syndicate Loan has revealed in the following chart. Regarding customer's risk association bank may fix the rate again based on previous mid rate which is in between ± 1.50 .

SL	Particulars	Fixed Rate	Mid Rate
01	Syndication & Structured Finance		14%

- **Commercial lending:** According to Bangladesh Bank instruction the fixed rate of Commercial Lending given on the below chart. Here SBL also clarifies that this rate can have possibility to mutate if risk involvement is very high.

SL	Particulars	Fixed Rate	Mid Rate
01	Commercial Lending (Cash Credit, Hire Purchase, PAD, TR, IBP etc.)	13%	—
02	Commercial Lending (Food Grain)	12%	—

Retail Banking

SBL is efficiently carrying out retail banking and gradually the bank expanding this service. In Consumer banking or retail banking bank can create its proper image to the clients and can also increase the number of clients.

- ❖ **Visa, Credit Card and Debit/ATM CARD:** SBL sharing network for Debit card with DBBL and BRAC bank to enjoy unlimited access from anywhere in Bangladesh. This card also can be used in POS terminals of SBL branches. In 2013 SBL earn 84% higher net profit compare to 2012 credit card facilities. Card division is going to launch valuable services through product advancement scheme like Safety plus, Balance Transfer, Reward Points, Card Sales Campaign. For securing card application process Card division introduced physical verification named contact point verification agent (CPV).



- ❖ **Internet Banking:** Standard Bank Limited commence online banking using which customer can confirm their balance, print the statement, transfer the account in a moment from anywhere of the world.



- ❖ **SMS Banking:** This service secures the account from unauthorized access. Customers hold his or her accounts can check their balance & mini report by push-pull SMS.
- ❖ **Mobile banking:** In the brand name of “S-PAY” Standard Bank Limited in going to bring in mobile banking. Its main aim is to spread banking service to the all vein of people who can enjoy banking services in mobile and add value to their lifestyle.

Some Other Banking Services Are Discussed Below:

- ❖ **Branch POS:** Standard Bank Limited has arranged 45 unit POS terminals in branches. Through this terminal customer has been facilitated by chequeless transaction.
- ❖ **Agent Banking:** Agent banking will set up a new era for SBL where bank will make an arrangement with agent under legal agency agreement. In Agent Banking agent will carry out banking process on behalf the bank. The objective of this service is to provide facilities to deprived and discrete people. It is a harmonizing banking for poor people on which SBL can target large market.
- ❖ **Islami Banking:** in the year 2009 Standard Bank Limited initiating Islamic banking along with usual banking by two major platforms Topkhana and Agrabad Branch. Besides these two branches other branches can give Islamic banking services by using highly skilled software named HIKMA SOFTWARE. The bank fully maintains Islamic Shariah and it has separate from conventional banking. For monitoring Islamic Shariah there have

been a five honorable members committee consist of Islamic renowned scholar of our country. Name of products that are offered for Islami Banking customer given below.

- a. Deposit Products:** 1.Al-Wadiah Current Account, 2.Mudaraba Savings Account(MSA), 3.Mudaraba Special Notice Deposit Account(MSND), 4.Foreign Currency Account, 5.NFCD Account, 6.RFCD Account, 7.Mudaraba Term Deposit Receipt Account(MTDR), 8.Mudaraba Monthly Savings Scheme(MMSS), 9.Mudaraba Hajj Savings Scheme(MHSS), 10. Mudara Regular Income Program (MRIP).
- b. Investment Products:** 1.Bai Mudaraba, 2.Bai-Muajjal, 3.Bai Salam, 4.Hire 5.Purchase under Shirkatul Melk (HPSM).
- ❖ **Small & Medium Enterprise (SME) Banking:** Bangladesh Bank has a rule that every bank have to have SME department by which possible small and medium size enterprise will be financed. As a compliant bank SBL introduced SME banking for new and existing entrepreneurs. If all banks think about only big industries and ignore the flourishing small & medium sized industries then country's economy face a stagnant situation which harmful for a sound economy. SBL is specially focusing on women entrepreneur by opening Women Entrepreneur Desk. In the year 2013 company disbursed fund amount of 341.66 Crore.



- ❖ **Foreign Trade:** Most influential area of total Standard Bank Limited's business profile. As day by day this service enhances bank's knack by giving better services to their valued clients. Revenue is increasing at a very significant rate. With help of Society For Worldwide Interbank Financial Telecommunication (SWIFT) SBL has arranged

correspond banking network along with Relationship Management Application (RMA) software and setup relationship with 423 global banks and 54 local banks.

- ❖ **Foreign Currency Exchange Booth:** Bank has its own currency exchange booth on arrival lounge, Concourse Hall in Hazrat Shahjalal International Airport on 27th march 2013. It is one of the notable services for SBL as it added value to its brand image.

1.5 SBL's Functional Areas

A bank's functional divisions or functional areas support total bank services from 360 degree angle. The functional units operate bank's business unit and other divisions in order to achieve bank objectives. Without these areas bank cannot carry out its day to day activities smoothly. Functional areas are like the heart of a bank, though those areas do not work directly with customers but it is key reason for sound and profitable banking.

HR Division: HRD is proactive functional area where its central part is to place right people according to that position requirement and continuous grooming fit those personnel with work environment. HR Division of SBL plays essential role in terms of originates policies, nurturing personnel, giving incentives and motivates employees to practice organizational culture. SBL established Standard Bank Training Institute (SBTI) in March 2005 to cover training needs within bank area.

Information Technology Division: Banking sector has been introduced with new products and services in this era of information technology. SBL is also deals with the new market trend by starting online banking, POS, KIOSK and so on.

Internal Control & compliance Division (ICC): Internal Control works to achieve company's whole objectives by checking accuracy of policies, reliability of data, safeguard bank's asset and rule regarding bank's norms; guideline; Laws. ICC comprises of three units:

- I. Internal Audit & Inspection Unit
- II. Monitoring Unit
- III. & Compliance Unit

Anti Money Laundering Division (AML): This unit operates under the guideline of Bangladesh Bank, which main task is to ensure conformity with rules according to the guideline and find out if any flaws occur. Bank has adopted Money Laundering Prevention Act, 2012 and Anti Terrorism (Amendment) Act, 2013.

Credit Administration Division (CAD): This division is working for managing the credit risk by compliance with the rules and guideline of credit policies given by Bangladesh Bank.

Business Team: Business team division's core responsibility is to find out the flaws and ambiguity of online performance of the centralized system in the aim of better recital, software customization if require, branch transaction and so on. According to management requirement the team watches the activities and they also maintain regular follow-up for guarantee transparency of branches activities.

Business Development & Marketing Division: This division employed corporate product & services marketing along with setup fruitful business relationship with government & semi government bodies. Relationship officers are in incessant process to take Standard Bank Limited in to a new standard of banking level facilitating the collection of fees, accounts for motor vehicles, utility bills, Hajj fees and create low cost deposits for the bank. The team is persistently competing for business expansion by finding flourishing industries where bank can make profit.

Agriculture & Rural Credit Division: The Ministry of Agriculture and Bangladesh Bank is giving especial pleasant incentives to develop the agricultural and rural sector in Bangladesh, as Bangladesh economy is heavily depending on agriculture. Our country people are more or less literate about this by nature. SBL takes important initiatives to promote agriculture by disbursing incentives and financing through small projects. As a result in fiscal year 2012-2013 SBL gained the target of 109.79 Crore in 44764 numbers through 45 own branches and MFI/NGO linkage. For this reason SBL is at the forefront position in the judgment of Bangladesh Bank. Some activities of this division are listed below.

- ❖ Poverty Alleviation Program (Adarsha Gram Prokalpo)
- ❖ Agricultural Loan Disbursement Through MFIs
- ❖ Special Priority Sector Fund loan at 4%
- ❖ Solar Panel, Bio Gas, Effluent Treatment Plant and so on

Green Banking & CSR unit: It is high time that every stakeholder should not only concern about global warming but also take each and every step regarding its impact on environment. Bangladesh Bank gives policy & guideline for bank to start Green Banking. Following that policy Standard Bank Limited has already started Green Banking unit comprises of bank directors and other members. Inside this Green Banking project save energy, online banking, eco friendly financing are the major steps. With this green banking unit SBL is carrying their CSR unit sturdily.



Except above these divisions there are some other divisions which also give relentless effort to create a good image to its customer along with Bangladesh Bank. Treasury division, Recovery divisions are following Central Banks rules and always work for the betterment of the bank.

1.6 Management Composition

Executive committee has 9 members in total including company's chairman. They are related with organizing imperative business proposals or respectively on other issues as well need to decide swiftly.

Audit committee has core responsibility is to give directions to internal auditors and monitoring whether SBL is carry out their day to day dealing by compliance with rules.

Management team of Standard Bank Limited comprises of 117 honorable persons. They are holding the authority of corporate governance of this bank. Management committee mainly deals with very crucial issues, consult and take decision. They also critically discussed about the flaws of annual reports.

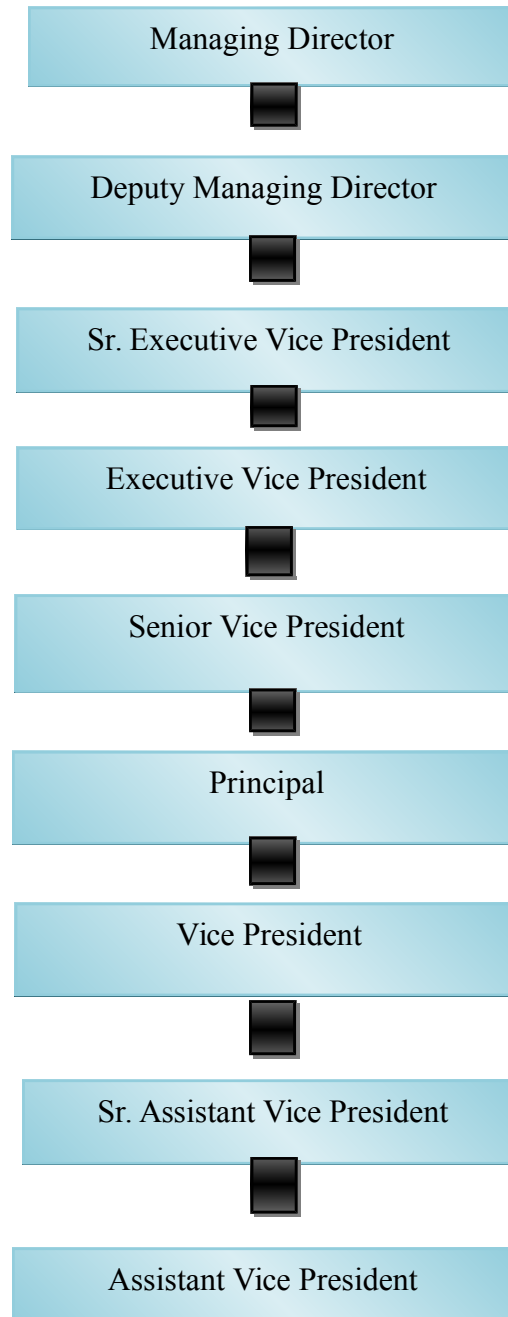


Figure of Management Hierarchy 1.7

1.8 Group Corporate Structure

SBL has its subsidiary in Bangladesh and overseas.

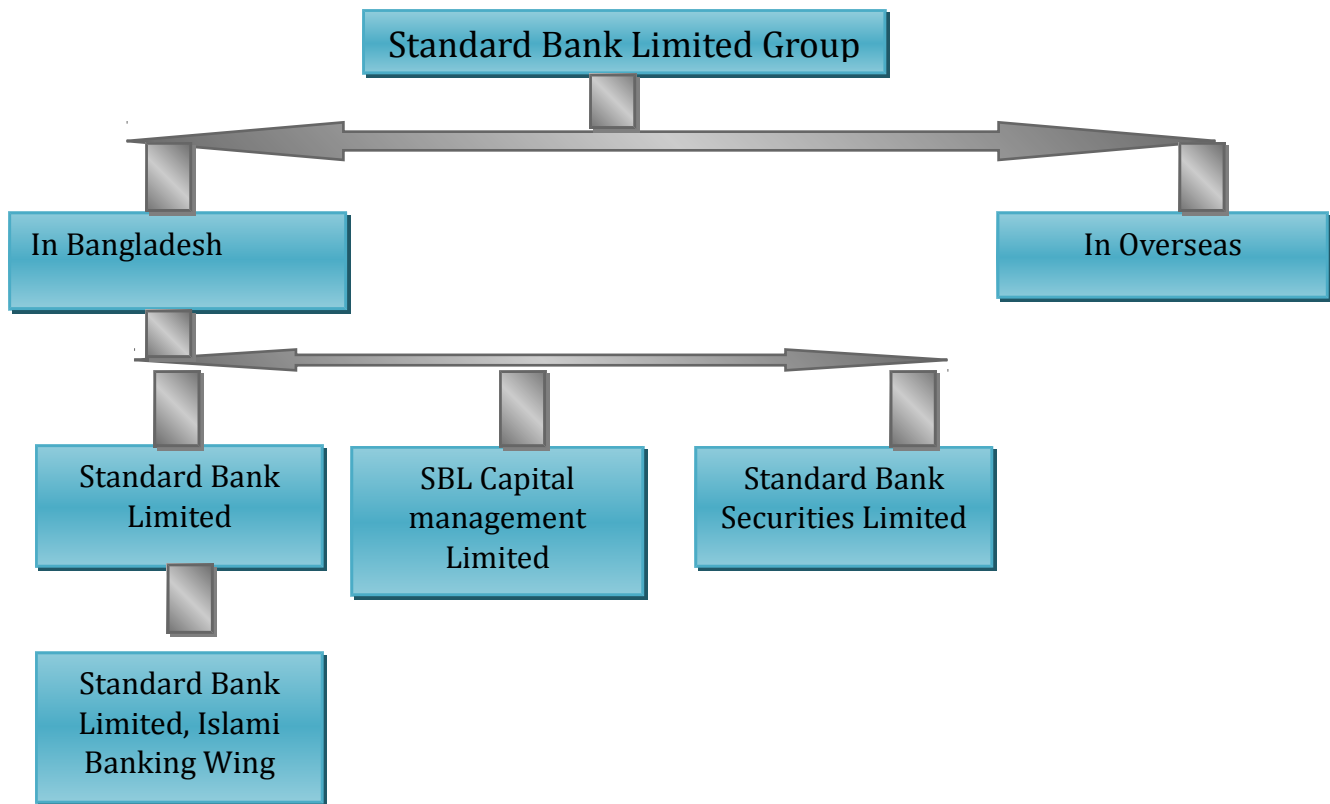


Figure of Group Structure 1.8

1.9 Mission & Vision

This phrase “A Modern Bank” says a lot about Standard Bank Limited. In 21st century without modern banking facilities no bank can carry forward their banking business successfully. Mission and vision set the outline and target of SBL. Thus the employees can be dedicative towards the evolution encouraged by those following statements.

Vision

To be a modern Bank having the object of building a sound national economy and to contribute significantly to the Public Exchequer.

Mission

To be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability.

1.10 Objectives

Standard bank limited has the dictum of walk around in the surroundings of computerized and technology based banking. SBL is facing new challenges of globalization where it want to provide competitive one stop service in cost effective price but quality will not be compromised. It's another core objective is to diversified its product and services to cover different business clients and obviously better than its competitor. SBL does not limit its area only to commercial business but also aims to target government, non-government and other sectors as well. The bank setup corporate ethical behavior to practice it's within functional area as perform morality in banking is a part of CSR.

- To be a dynamic leader in the financial market in innovating new products as to the needs of the society.
- To earn positive economic value addition (EVA) each year to come.

- To top the list in respect of cost efficiency of all the commercial Banks.
- Earn profit not only doing business but also perform responsible business for society and government.
- To contribute on country's economic development.
- To become one of the best financial institutions in Bangladesh economy participating in the most significant segments of business market that we serve.

1.11 Core values

- **Our Shareholders:** By ensuring fair return on their investment through generating stable profit.
- **Our customer:** To become most caring bank by providing the most courteous and efficient service in every area of our business.
- **Our employee:** By promoting the well being of the members of the staff.
- **Community:** Assuring our socially responsible corporate entity in a tangible manner through close adherence to national policies and objectives

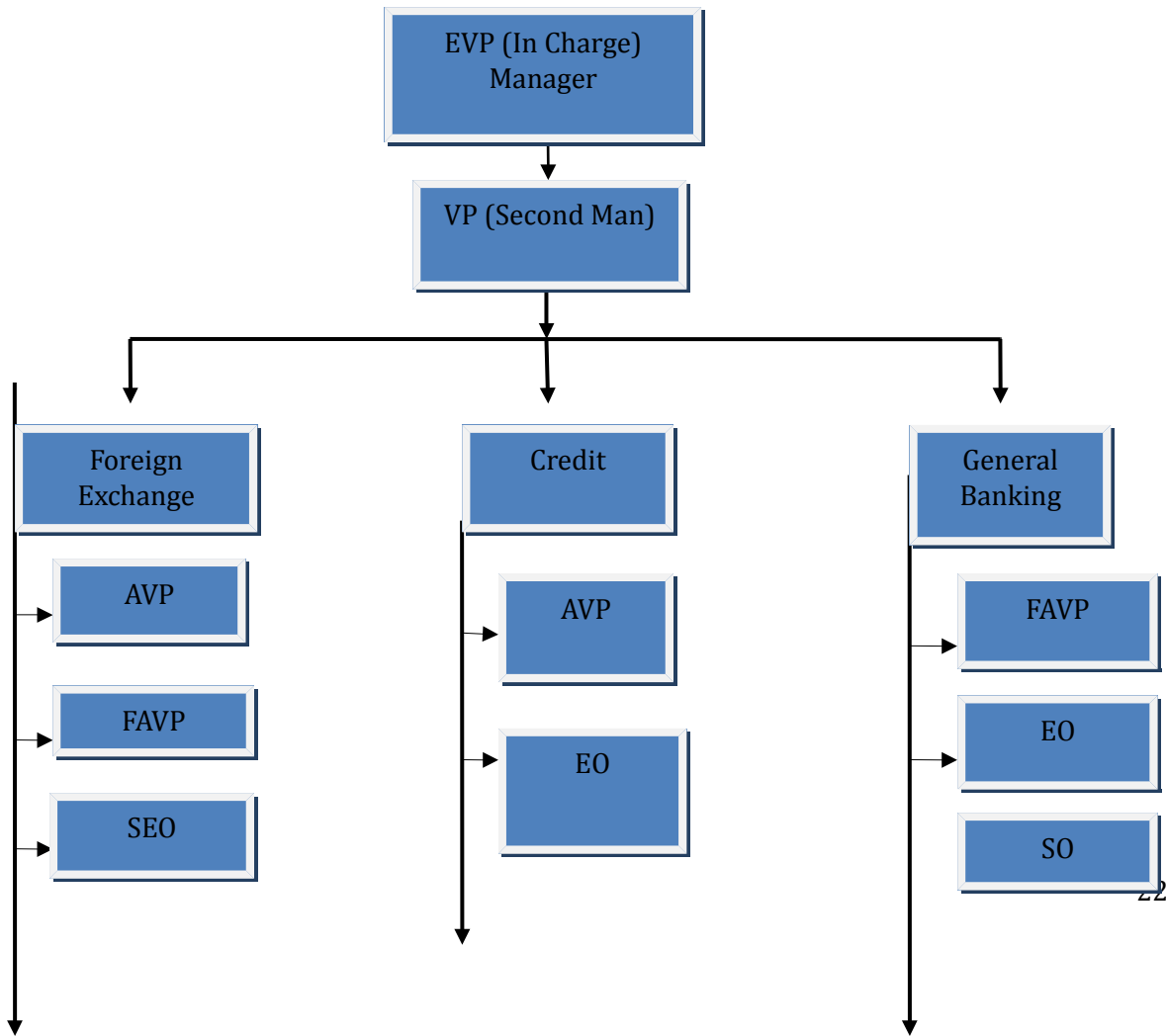
1.12 Strategic Business Outlook

The bank is trying earnestly to evolving its business attending on changing competition and delicately handling upcoming challenges. Without measuring the size of business SBL is investing on different profitable sector. They want to enlarge this investing area by adding infrastructure, pharmaceuticals, power generation and iron industries. In addition the bank is expanding its business by means of opening new branches, one exchange house in abroad. Market trends have setting on the basis of different variable like customer likings, behavior,

competitor's strength, weakness and so on. Diversified business for risk management, strategic business model, technology viable products, customer relationship and overall systematic control of management are the strong tools for setting conquering SBL's vision.

1.13 Gulshan Branch

SBL Gulshan AD branch is consisting of 55 office employees and staff. They are very dedicated and self motivated people who give first preference to their work than anything else. Customer satisfaction based on this branch is quite pleasing. Manager and second madam are very much sincere and efficient. If any dispute occurred or officers getting trouble with work then they both solve that problem expeditiously. Gulshan Branch Division wise employee's chain of command structure is given below.



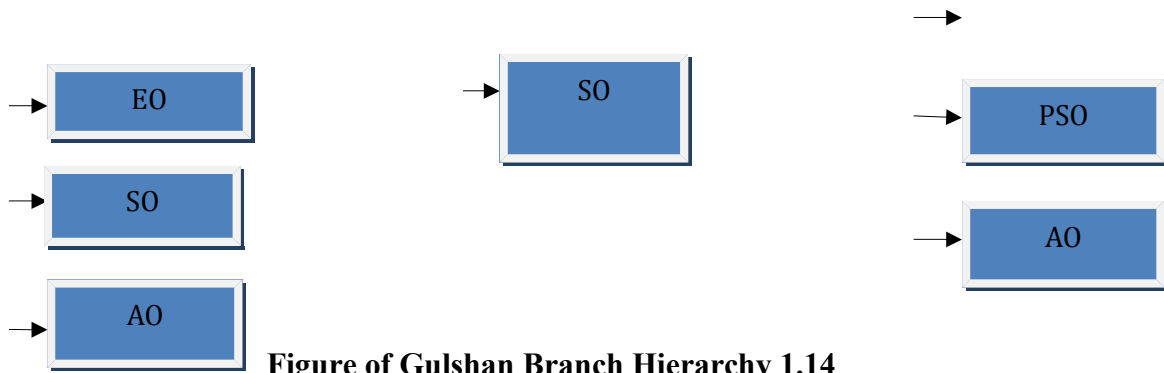


Figure of Gulshan Branch Hierarchy 1.14

1.15 Gulshan Branch Operational Structures

This branch has 3 operational areas. Following above chain of command each employees complete their job responsibility efficiently.

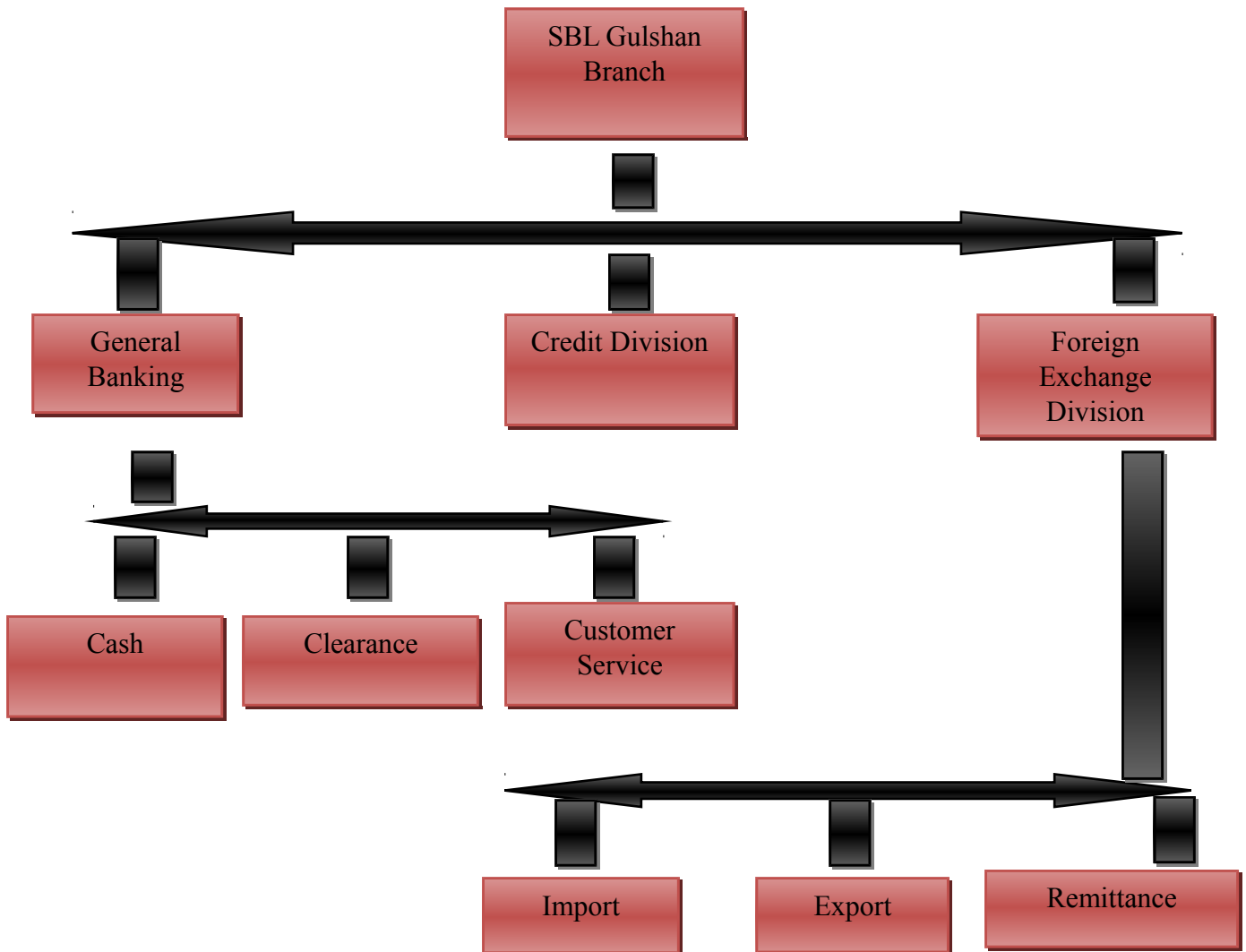


Figure of Gulshan Brach Operational Structure 1.15

1.16 Three Divisional Areas

General Banking

General banking in Gulshan Branch provides more or less same services like other branches. Besides this GB operation is necessary for Foreign Exchange also in order to open account for L/C, giving inward remittance, issue pay order for L/C payments purposes. Except those some customary tasks GB performs every day.

- i. Accounts Opening
- ii. Pay order issue
- iii. Utility bills pay
- iv. Customer statement check
- v. Clearings

Credit Division

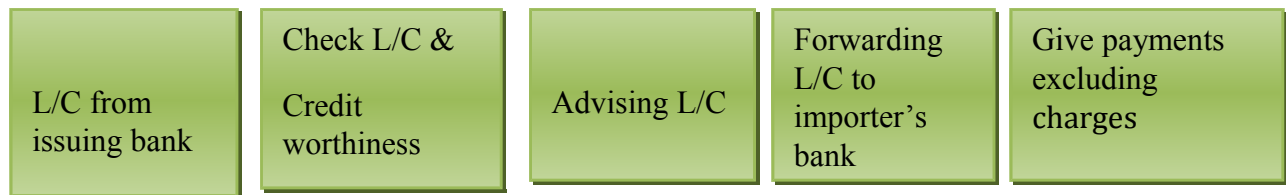
Comparing to other branches credit division Gulshan Branch's credit division is more developed and profitable. This division disbursed all types of loan except agricultural loan and SME in small extent. Foreign exchange related loan FDBP & LDBP are authorized by this division. Mainly this division has lent loan to the corporate and commercial purpose. Nitol Motors is one of the prominent clients' in Credit. Secured loan are very common.

Foreign Exchange Division

Without Foreign Exchange division we cannot even think of a commercial bank. It is the international division of a bank, as banks setup trade relation outside the country border and

exchange foreign currency for payment to the beneficiaries or exporters. Foreign transaction occurred through bank's own branches situated in other countries or through maintaining accounts with other banks which help to transfer money from one side of the world to other side. SWIFT creates a platform by sharing network for telecommunication which is the safest and legal way of messaging between importer's and exporters' bank.

Export: More than half numbers of employees work in export in this branch. As Export amount is huge and every month this branch's export significantly contribute to SBL revenue.



1.16.1: Figure of Export Process

Import: A detail discussion about SBL's import and its operation are below.

Foreign Remittance

Foreign Remittance is other important part of Foreign Exchange. Standard Bank Limited gives quality services involving foreign correspondent and trained personnel to grab more and more non-resident customer for inward foreign remittance collection in order to reserve foreign currency. SBL also facilitate outward remittance along with foreign currency accounts. |

Inward Remittance: Following services are available for inward remittance.

- Process / collection of cheque/ Draft,
- TT (Telegraphic Transfer)
- EFT in USD, GBP, EURO, AUD and JPY

Outward Remittance: customers can get these services in outward remittance.

- Issuance of FDD, TT, EFT in USD, GBP, EURO, AUD and JPY

- Issuance of AMEX Travelers Cheques in USD
- Handling of Student file of the students going abroad for educational purpose in USD, GBP, EURO, AUD and JPY

Foreign Currency Accounts:

Standard Bank Limited compliance with the Bangladesh Bank guideline to offer below account services at set interest rate.

- Foreign Currency Account (FC)
- Non- Resident Foreign Currency Deposit Account (NFCD)
- Resident Foreign Currency Deposit Account (RFCD)
- Non Resident Non-convertible Taka Account

Job Part:

Internship Experience

2.1 Work Experience in SBL Gulshan Branch

Internship is obligatory for completing BBA course curriculum in order to induct student's upcoming challenge. Through this internship, a student can get an image of professional life. Internship is arranged for a short period of time. The bank where I placed for completing the internship is so much co-operative with me. As a matter of fact I learned about a part of bank job but successfully get subterranean knowledge of that particular topic.

In my three months internship experience I got the taste of employment. I hope I can apply that experience into my future career also. Last three months has been a wonderful journey for me. I have been started working in 22th April, 2014 on Standard Bank Limited Gulshan Branch Office. This branch is prior over other branches because huge amount of revenue is generating every year from here. As a result lots of work pressure has been faced by its branch employees.

2.2 Job Scenery

I worked there consecutive 13 weeks means more than 3 months. From the beginning to end I worked in import division but have done some tasks in export division also. I have observed other division's employees especially their customer handling capability, their managing power in rush hours, how they communicate to the overseas banks and overall trade operation and. I clarified many queries from my curiosity. I worked for 5 days in a week and 8 hours in a day

starting from 10:00am to 6:00 pm. During on this time I accomplished all given works afterwards spent some time on other divisions for learning purpose as well.

2.3 Job Responsibilities in 3 Months

I have been placed to the import division of Foreign Exchange. My supervisor is very work oriented and sincere person, so I learned a lot from him. He believed me and gave numerous tasks.

- I. Giving online entry to Bangladesh Bank import & export transactions. After opening L/C some online information have to give in Bangladesh Bank online which is called LC Authorization Form Entry and LC Contract Information. In case of any problem it can be edited afterwards. It is also called booking LC to Bangladesh Bank.
- II. In Bangladesh Bank online there are another segment named Bill of Entry. Mainly giving entry has begun after all the process of Letter of Credit finished and Bill of Entry Documents arrive at hand of the bank officer. Bill of Entry included mainly office code, HS Code, product quantity, per unit price, total amount, L/C date & L/C number and this information have to fill on to the online entry system.
- III. I have filled up the Form IMP where each & every detail of related parties carries importance. This form has original and duplicate copy. Original have to submit to the Bangladesh Bank in the date of reporting and duplicate remained on L/C file.
- IV. I have also checked L/C draft on SWIFT and made correction on it.
- V. By following import parties LTR (Letter against Trust Receipt) tenure I checked new issued L/C's maturity date as well. Some parties LTR Tenure are 120 days, 150 days, 180 days according to their requirements. Here I have altered those dates when the maturity periods do not match with parties demand.
- VI. Bill of Entry document checking with Invoice value. I matched the invoice number of commercial invoice with Bill of Entry to find out whether every B/E comes in authentic form or not. Then Wrote down L/C numbers of any missing Bill of Entry.
- VII. Wrote application heading to Bangladesh Bank asking for EDF (Export Development Fund) for those L/C parties who wanted to take loans from EDF.
- VIII. Compose applications to custom manager of airport for discharging goods from customs with detail documents.

- IX. I have given entries to EDF in register. In last working day of every month I gave entries manually before reporting L/C to BB.
- X. I made office notes which necessary for opening L/C's.
- XI. I composed Sources Tax Chalan following pay orders. After preparing 3 copies of Chalan it was send to Bangladesh Bank. This sources Tax has given on the L/C payments.

2.4 Significance of My Internship

I have completed my internship successfully by accomplishing the assigned task in my internship period. Individual person handle his or her job in different way because of their personality, inner quality, adopting ability and lots more characteristics. I gathered information and knowledge about working process but in between this I have learned many new aspects for my upcoming challenging life. In SBL I met many people comes from different background so their leanings are different from each other. Employees and customers relationships, relationship among colleagues, manager and his subordinate relationship has also unlike from each other. All this aspects give me pensive power to realize my shortcomings. To pursue my goal solutions of those lacking is necessary. Following three things are the significant findings from my experience.

- Necessity of taking responsibility.
- Be committed towards the job.
- Communication capability.
- Believe on myself and believing others

2.5 Critical Observations

During my work period I have observed the whole branches working condition, operational support system its merits, demerits also. I have faced some challenges on my internship time. Because of number of insufficiencies many challenges appeared before me either in a direct way or indirect way. In below I mentioned those shortcomings.

- Less Manpower: In the Gulshan Branch there is short of manpower. Consistent with work pressure required numbers of employees are not available here. In my internship period we were in total 9 interns who worked for different divisions and assisted the employees to release from their work pressure.
- Lack of Advanced Software: In SBL total transaction are carried out on their own customized software named “Stealer” which is not an up to the mark.
- Lack of Maintenance: In rush hour workload goes on its automated transaction system like Stealer, SWIFT, Bangladesh Bank online entry or import & export transaction. And sometimes sudden crash down occurred on the main server. As a consequence total system hampered and works has been withheld and put the branch in an inferior position. While giving entry to BB, checking mails or composing on computer or browsing internet I faced problems.
- Commotion Creates for Unsystematic Arrangements: This branch is operated by occupying two floors. Foreign Exchange is divided in to those two floors so in terms of face to face communication employees have to waste energy and time. As a result it creates commotion in confusion.

2.6 Recommendations

In spite of those above shortcomings employees are handling their task quite well. Exerting possible changes the branch can operate its services in an efficient manner. Recommendations are discussed below regarding problems.

- Appoint Officer in Required Divisions: HRD has to appoint officers in this branch on urgent basis, so that others do not have take unbearable work pressure.
- Update Bank’s Software: Information Technology division has to consult with the officers of this branch for finding out critical problems of Stealer and customized through possible changes.
- Continuous Safeguarding: System and controlling Information Technology division have to monitor the automated support system of Gulshan Branch constantly for high performance of those things.
- Re-arrangement of divisions: Re-arranging the divisions on the basis of working needs and for necessary interaction.

Project Part:

Import Operation & Trends Analysis

Chapter 1: Introduction

3.1 Summary

This part carries out the report title elaborately with concrete import operation or letter of credit process with an exemplary illustration. Build an outline on Bangladesh economic scenario, import progress on the country along with Standard Bank Limited's import to make fundamental and valuable comparisons. According to major countries import payments a table has given in ascending order where the country-wise import payments indicating how much commodities are imported from and from where. SBL and Bangladesh import growth or import trend add significance on this report part. This part also portrays 5 years import share of SBL stand on our country's total import and states some reasons behind SBL's steady & unmatched growth. Potential advises have articulated on written form for pursuing the growth swiftly with a competitive manner.

3.2 Origin of the Report

For the purpose of completing the Bachelor of Business Administration degree internship report is very crucial part. As Internship is 4 credits course titled "BUS 400" where students get a fabulous opportunity to explore and experience the professional life. Here practical paradigms enrich our theoretical knowledge. My respective advisor **Syeda Shaharbanu Shahbazi** assigned me to prepare an internship report on "**Analysis of Standard Bank Limited's Import Patterns from Bangladesh Import Perspective**". Since I have been completed my internship on Foreign Exchange division of Standard Bank Limited. This report gives an overview about SBL's import along with an analysis on SBL & Bangladesh import patterns as well.

3.3 Objectives of the Report

Broad Objectives:

- In order to get overall idea comparative thought about Standard Bank Limited's import samples and on Bangladesh import outlook and its future possibilities to be flourish as a lucrative division.

3.4 Specific Objectives:

- Letter of credit operation of SBL.
- Total import of Bangladesh, its affects on economy and other aspects.
- Contrasts of SBL import movement with country's total import.
- Find out reasons for SBL's lack of approaching in terms of detail and continuous alternative plan, as those are the impediments towards progress.
- Optimal recommendations through which SBL can make imperative changes on import.
- Providing a thought about the present import arrangements in Bangladesh.

3.5 Scope of the Report

The report truly based on Standard Bank Limited's import where I focused bank's import blueprint and compares how much this blueprint resembling Bangladesh total import scenario. I spent 3 months internship period on import division and my report's is the mirror reflection of my experiences. I have tried to cover many topics associated with import intend to give the report an exceptional dimension.

3.6 Methodology

Behind an ideal report proper information is must. And collecting to the point information is the most challenging tasks of any report. I have collected information from a wide range of sources including national and international reports. Those sources are discussed below.

Primary Data Collection:

- Personal Observation
- Different types of job responsibility in internship period
- Notes on the spot about exceptional issues
- Consulting with knowledgeable and related officers
- Taking face to face interview
- Monthly import value taken from branch

Secondary Data Collection:

- Data collects from Standard Bank Limited's head office
- Standard Bank Limited Annual reports
- Studying journals, articles, reports
- Assemble information from many websites
- Standard Bank Limited official website
- Clients' information has been taken from SBL Gulshan Branch.

3.7 Limitations

I have faced some constraints at the time of preparing this report. I gave my best effort to prepare this report as a perfect one. Following limitations has been illustrated below:

- Reliable personnel could not give plenty of time as they are busy with their huge job responsibilities.
- In term of sharing information main obstacles comes for individuals reserved outlook.
- 3 months is a very short course of time for someone if he or she wanted to learn meticulously about a particular topic specifically in new job environment.
- Time and distance both work as impediments as I truly wanted to reach in to the depth of required information.
- Lack of updated information.
- Lack of organized answers from the respondents.

Chapter 2: Literature Review

3.8 Foreign Exchange Trade

Foreign Exchange Trade is not a new concept for us. This concept reformed on to the modern way gradually. Business people of any corner of the world are now enjoying modern banking privileges for advanced banking network. Foreign Exchange is worthwhile division as numbers of trade business are increasing day by day. Nowadays banks are doing competitive business so the diverse facilities increasing in addition. Foreign trade risk association is very far above the ground, so the involvements of bank or legal party can mitigate the risk in to a low level. Seeing that Bank taken more precautionary for safe trade business.

3.9 IMPORT

Import is a trade mechanism of foreign exchange. If a person of one country wants to purchase goods particularly from another country by involving legal party is titled as import. The person who is purchasing good is called importer and the person who is selling the good to importer is named exporter. Legal authority means the bank and without the bank support no one can import or export goods across the border. Central bank of every country gives the authority to commercial banks to work as a medium of foreign trade.

3.10 Laws & Regulations for Foreign Exchange Division (Import):

- Foreign Exchange Trade setup and regulated under some national and international Acts and law. Foreign Exchange Regulation (FER) Act, 1947 (Act No VII of 1947) endorsed on March 11, 1947 under this Act Bangladesh Bank give permission of AD Authorized Dealer branch to transact Foreign Exchange operation.
- Authorized Dealer has to bring regulation to notice for their Foreign Exchange customers to trade properly maintaining the Act.
- Another Act is Import and Export Control Act, 1950
- UCPDC 600 (Uniform Customs and Practice for Documentary Credit) 6th revisions and proposal of International Chamber of Commerce (ICC) depending on these Banks and trade businesses are growing.

- Bangladesh Bank has detailed guideline regarding Foreign Exchange Trade for Importer, Exporter and bank. These guidelines are published on Bangladesh Bank websites and alternated by the bank when required.

3.11 Some Important Parties Related with Letter of Credit Process:

- ❖ Applicant/Importer: applicant or importer who wants to purchase goods and for this purpose applicant request bank to open L/C.
- ❖ Beneficiary/Exporter: Beneficiary who makes a deal with importer that he will sell the good to the importer and send the goods to importers country in exchange of money.
- ❖ Issuing Bank: Issuing bank is importers bank who issue letter of credit on request.
- ❖ Advising Bank: Advising bank works to advise the L/C and give the genuineness to the beneficiary. Mainly the advising bank chooses on behalf of exporter's wish but it can be issuing bank branch or correspondent bank situated in exporter's country.
- ❖ Negotiating Bank: Advising bank can be negotiating bank if the bank is recommended by beneficiary. Negotiating bank negotiates the bill and gives payment to the beneficiary based on buyer's draft.
- ❖ Conforming Bank: Conforming bank assure credit in the lead and at the request of issuing bank. Conforming bank is generally the advising bank who gives this confirmation.
- ❖ Reimbursing Bank: It is the bank who reimburses the payment to the negotiating bank after getting payment from issuing bank. SBL has "Nostro" accounts with these banks. Issuing bank can be directly involved with reimbursing bank, cannot related with negotiating bank in some cases.

3.12 Opening L/C For The First Time an Importer Needs to Bring Following Documents:

1. IRC or Import Registration Certificate
2. Current Trade License
3. Register Deed for partnership
4. Limited company have to bring Memorandum of Association

5. TIN or Tax Identification Number certificate with updated tax clearings declaration.
6. Submit Membership certificate collected from Chamber of Commerce
7. Need to fill up bank's CIB/Credit Information Bureau form
8. Give loan approval application (If Needed)
9. Need to open an account in SBL
10. Photographs

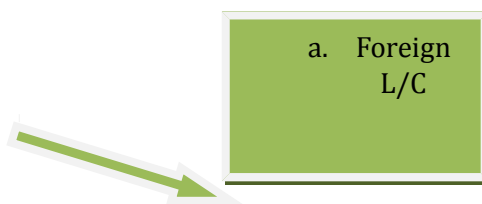
If importers declared as unclassified by Bangladesh Bank then bank can start L/C process with that particular party's otherwise not.

3.13 Documents Needs to Submit to Issuing Bank for Issuing Letter of Credit:

All these formal documents are required to make agreement and issuing letter of credit. Every single AD have to have follow this in order to compliance with foreign exchange acts.

1. Application form fill up detail by importer like name & address of importer and beneficiary, Bangladesh bank registration no, IRC no, Account no, shipment condition, L/C amount, moods of payment, media of shipment, country of origin, INCO term, charges, L/C maturity date, commission, margin and other charge if any.
2. Proforma Invoice/Indent Invoice/Sales Contract.
3. 6 copy of LCA Form (Letter of Credit Authorization) collected from bank and certain portion filled up by the applicant.
4. IMP Form collecting from bank.
5. Importer have to bring Insurance Cover Note with evidence of premium payment
6. Charge Document (Demand Promissory Note, Letter of Disbursement, Letter of Agreement, Letter of Revival, Letter of Continuity, Letter of Hypothecation, Undertaking, Letter of Authority, Customer Guarantee, Corporate Guarantee)
7. Trust Receipt (If importer do not have sufficient money)

After approval of L/C application by branch manager and head office the above form have to be completed by the importer and then L/C is actually issued on the request of importer and on behalf of Exporter.



3.14 Nature of Letter of Credit

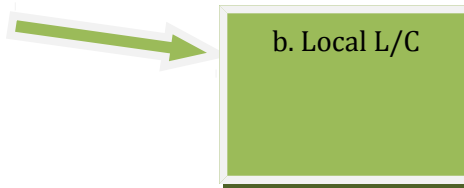


Figure: Nature of L/C 3.14

3.15 Type of Letter of Credit Depending on Payments

All these are moods of credit payment to exporter. SBL generally pays credit depending on the ways given below. It's decided first before opening a Letter of Credit.

Cash L/C: Cash Letter of Credit payments are given from parties' cash deposit after receiving goods from beneficiary.

Sight L/C: In sight letter of credit exporter sending the goods to importer and advising bank send necessary documents to issuing bank. After getting original documents in hand without discrepancies then issuing bank instantly gives payments to beneficiary's bank. Within 7 days the payment has to give.

Deferred L/C: In terms of deferred letter of credit the payments has been made in the maturity period means 90 days,120 day, 150 day which is decided between the two party. Mainly garments raw materials which are imported payments of those are given on this condition.

Negotiable L/C: Negotiable letter of credit is a payment way where nominated bank purchased bill and which is also called bill of purchase. Negotiates the advance amount and by cutting interest, transaction fees, reimbursement charge beneficiary gets left amount.

Acceptance: In terms of Acceptance the payment has not made immediately after obtaining documents. Here issuing bank gives acceptance message to the negotiating/advising bank. Sometimes exporter draws money by submitting bill of exchange at a discount rate from his bank or another bank

Back to Back L/C: Back to back L/C is an arrangement where exporter becomes an importer and issues letter of credit against its first letter of credit. In case exporter needs to import raw materials using which exporter manufacture product and export those goods to other country. Here first L/C works as collateral. Back to back L/C contains 75% value of master L/C.

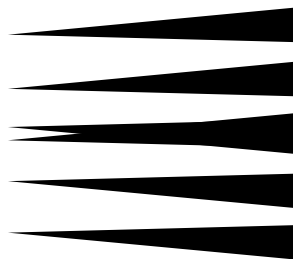
There are some other types of letter of Credit. Those are not that much known to all. They are Red Clause, Transferable L/C and so on.

3.16 Different Types of Account in L/C Operation

Nostro Account: Nostro account is maintained with other banks on the basis of business currency outside Bangladesh in order to perform brokerage business of SBL group. It means “Our Account with you”.

Vostro Account: This type of account is sustained with the intention to money transaction for foreign trade purpose. Vostro account is the opposite of Nostro account states that “Your Account with Us”. Suppose a Nostro account for SBL is Vostro account for HSBC.

3.17 List of Foreign Correspondents



3.18 Import Financing:

LTR (Loan against Trust Receipt): This loan payment period is not more than one year and bank is given the loan to its commercial customer to finance the purchase of goods through Letter of credit. Importer takes the loan based on the trust that by maturity period he will pay back the loan with interest.

LIM (Loan against Imported Merchandise): SBL makes advance on behalf of importer by retaining margin on its landed cost and compliance with the rules of credit division and Bangladesh bank. Here SBL takes letter of hypothecation of goods to retain goods with themselves and letter of undertaking is taking by them. If importer has not sufficient money to release the goods from port of discharge then bank generally gives advances in LIM. There are some other types of import financing exist in SBL.

3.19 Form of Documentary Credit

Documentary Credit is two types. Standard Bank Limited is generally issued irrevocable letter of credit.

Revocable Letter of Credit: Revocable letter of credit is cancelled any time without confirming to seller. It is insecure L/C for exporter.

Irrevocable Letter of Credit: in irrevocable Letter of credit applicant does not have authority to cancel L/C.

3.20 Documents for Payments and Other Purpose

Obligatory documents:

- a. Commercial Invoice
- b. Draft or Bill of Exchange
- c. Insurance Policy
- d. Bill of Lading or Airway Bill and Road Transportation documents.

Supporting documents:

- a. Origin of Certificate
- b. Insurance policy
- c. Packing List
- d. Inspection Certificate
- e. Quality Control Certificate

3.21 Import Operation of SBL: “Nitol Motor want to import truck from Tata Motor”

Nitol Motor is a sister concern of Nitol Niloy Group who is a commercial client of SBL. Total process of letter of credit is described below where Nitol Motor is an applicant and Tata Motor is a beneficiary party.

Step 1: Issue Letter of Credit on Favor of Tata Motor

- Nitol Motors have to give an application subject to open L/C with carry proforma invoice. Based on the information given office notes are prepared by the import officer, two copies of office note are signed by branch Manager, Second Madam and foreign exchange in charge (AVP). Then one copy of office note is sent to the Head Office for approval.

- After getting approval importer has to fill up the L/C application form, signature the charge documents and decides credit line for payment. Then officially letter of credit is being issued by the bank.
- Nitol opens sight L/C where 10% cash margin is agreed by SBL. The L/C amount is \$20000 and Nitol is given \$2000 as cash margin for issuing L/C. During first 15 day SBL give entry to Bangladesh Bank Online on LC Authorization Form Entry and LC Information Entry.

Step 2: Letter of Credit Send for Advising and Tata Motor is Financed for its Truck export

- SBL Gulshan Branch sends L/C through SWIFT/Telex/DHL and asks to advise L/C for Tata Motors to Standard Chartered Bank which is situated in India. SBL here uses SWIFT for sending L/C, one copy for Exporter and other for Standard Chartered Bank. There are some other copies for importer, Bangladesh Bank and office. Before sending L/C copy SBL's foreign exchange in-charge check it which is called "Route".
- Standard Chartered Bank then advises the L/C and check out the problems. If everything seems clear then Tata Motors is financed by the bank. Then Tata Motor can prepare the goods for shipment, before shipment Tata Motor have to collect Certificate of Origin from ICC, quality Certificate, authentic Commercial Invoice and drawn upon SBL. Tata Motor delivers the goods by sea with bill of lading, packing list issued by Shipment Company and other documents also.
- INCO term or Internal Commercial Term is decided by both parties. INCO term means FOB (Freight On Board), C&F (Cost & Freight) and CIF (Cost, Insurance, Freight)

Step 3: Tata Motor load the Truck on Ship and Submit Documents to Standard Chartered Bank

- After loading trucks on ship Tata Motor inform Nitol Motor and submit mentioned documents. Standard Chartered Bank checks those documents carefully and Send original copy to SBL through courier, sending e-mail before that as well. On the other hand Standard Chartered Bank pay off the left amount to Tata Motor excluding charges.

Step 4: Lodgment & Retirement of Documents

- Import officer of SBL go through each and every required documents. SBL make lodgment according to contract. SBL gives payment to the Standard Chartered Bank and send SWIFT message to the bank for given payment. Payment made on ACU dollar (Asian Clearing Union) according to agreement as India is a SAARC listed country. SBL also exclude charges from L/C amount.
- After lodgment SBL retiring the documents.

Step 5: Reports to Bangladesh Bank and Importer Pay Back the Loan

- On the reporting date every AD branches of SBL has to submit original IMP form, original LCAF, along with Commercial Invoice & Proforma Invoice to Bangladesh Bank. Import officer report those information to Bangladesh Bank online where letter of credit information detail have to give. By this way Bangladesh Bank updates monthly import amount to its archive. According to term and period loan is payback to SBL with interest amount.

To infer the total operations all five steps are necessary to accomplish meticulously.

Chapter 3: Import Trend in Bangladesh

3.22 Economic Scenario of Bangladesh

Bangladesh witnessed global economic crisis on the years of 2008-2009 and 2011-2012. Globally it has been tackled by means of wide-range of financial strategies which has great impact on not only attaining economic sustainability but also create opportunities for investments in broad range. Bangladesh also fought against this crisis with long term goals to augment the economic growth rate through poverty alleviation, infrastructural development, technological development and lots more. Bangladesh is an overpopulated country. In last four years government of Bangladesh took initiative to convert the population to resource. GDP, import, export, reserve, and remittance are major economic indicators. On the year 2009-2012 average GDP growth rate 6.21%. Foreign Exchange Reserve in the year 12.70 Billion US dollar up to December 2012 which is four and half months payment of import. Average Export of 2009-2012 has been 20 billion US dollar increased by 2.79 times. Import payment also observer of rapid growth. In the year 2009-2012 import increased in three-folds than previous four years amount aggregated 115.35 billion US dollar. Though due to poor infrastructure and undeveloped energy sector import payment slow down in the year of 2013.

3.23 Bangladesh Import Sector

Import demands on Bangladesh are huge. We are not capable enough to manufacture heavy machineries which needs to run like automobile industry, ship building industry, and garments industry. We have insufficient commodities comparing to population. Our neighboring countries are more advanced in these sectors. Thus we have fewer resources for production and more demands for consumption. Without imported goods growth of Bangladesh remains stagnant. In the very first stage of import Bangladesh mainly imported primary commodities. After 1999-2000 the principal share of this segment decreased and a sudden growth rate shown on industrial and capital goods. As Bangladesh developed its agricultural sectors and want to expand industries. For this reason crude petroleum and cotton are imported more. Scenario has been changed gradually. Competing with others Bangladesh is developing import sector by detail guideline, new regulations formulated by Central Bank. Companies, traders, parties are now more concern about their rights and safety. Technological advancement has reduced the time and cost of worldwide communication. Banks compete with each other by providing optimal services. BB also planned for speedy transparency system as online import transaction have

facilitate to finish total L/C process at most month. BB is encouraging import as well besides import. As a matter of fact Bangladesh Bank gives permission to 47 banks to open AD branches to all over Bangladesh.

3.24 Imports in the Year of 2005-2006

Cash, loan, short term loan, Grants are the mode of financing import. In the year 2005-2006 total import \$14746 million including EPZ import. Cash is mostly used in import financing. On that year cash financing amounted to \$12962 million. The imported items which are financed by cash are cotton yarn/thread and cotton fabrics, mineral oil, mineral fuels & products of distillation, bituminous substances. Mineral waxes, boilers, machinery, mechanical appliances, iron & steel, animal and vegetable oil & fats, cereal, salt, sulphur and so on. Countries who setup import relation with us are China, India, Kuwait, Singapore, Hong Kong, Japan are the top most in the list.

3.24 Table on Imports by Mode of Financing

Imports By Mode of Finance	2005-2006 (Million US \$)	
	Amount	% of Total
Cash	12962	87.9
Loans	74	0.5
Grants	56	0.4
IDB	511	3.5
Other Unclassified Loan	81	0.5
Sub Total	13684	92.8
Import of EPZ	1062	7.2
Total	14746	100

3.25 Import in the year of 2011-2012 & 2012-2013

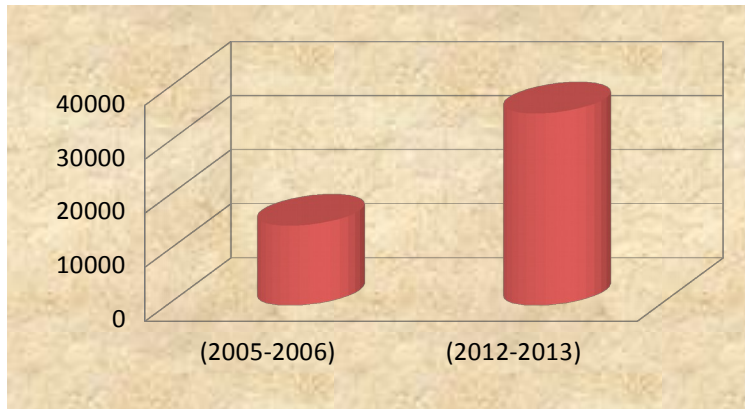
In last five to six years Bangladesh import sector has witnessed evolutionary changes. Among this import amount is the biggest concern. In the FY year of 2012-2013 amounts increased more than double means 2.41 times higher approximately. Cash imports still highly used as mode of financing, approximately 85.26 % & 88.21% respectively in FY year 2011-2012 & 2012-2013.

Major commodities are cotton (all types), mineral fuel, nuclear reactors, boilers, electrical machinery, fertilizers, animal fats, plastics, vehicle, organic chemicals, photographic, cinematographic & surgical instruments, coffee, spices and so on. China, India, Malaysia, Korea, Japan, Singapore are major import countries.

3.25 Table on Imports by Mode of Financing

Imports By Mode of Financing	2011-2012 (Million US \$)		2012-2013 (Million US \$)	
	Amount	% on Total	Amount	% on Total
Cash	31329.4	88.21	29059.6	85.26
Loan Credits	217.8	0.613	53.7	0.2
Grants	0.2	0.0	0.0	0.0
IDB (short term)	1745.6	4.91	2315.9	6.79
Other Unclassified Loan	109.2	0.307	149.8	0.4
Sub Total	<u>33402.2</u>	<u>94.05</u>	<u>31579.0</u>	<u>92.65</u>
Import Of EPZ	2114.1	5.95	2504.6	7.35
Total	<u>35516.3</u>	<u>100</u>	<u>34083.6</u>	<u>100</u>

3.26 Import Progress after six Years (Chart)



3.26 Analysis on Import Progress on last (2005-2006 to 2012-2013) Six Years

The above chart shows the changes of import payments in the last 6 years. Dealing with the increasing population challenges Bangladesh facing huge demand surge. On the other hand FDI has boosted over the years. According to Bangladesh Bank statistics proposed FDI's growth is 80.16% in last five years means increasing 770.04 US million dollars in amount. All these facts have impacts on increasing trend of import payments. Because FDI a benefit of globalization. Foreign investors found Bangladesh as a flourishing country in last five years and invested their foreign currencies intend to setup businesses here. On consequence new types of factories established with imported capital machineries and these businesses creates opportunities to import more industrial raw material, goods from outside the country. The amounts also indicating that how our trade relation is emerging progressively. A country cannot rely on export only to setup business relationship. Import is harmonizing the way towards successive export business as well.

3.27 Balance of Trade

When a countries import payment is higher than its export cash inflow then it is called trade deficit. For healthy economy country wants to achieve balance in trade. Export increases the reserve foreign currency. High reserve can maintain country's inflation rate. Trade balance of Bangladesh is always in deficit though export rate is gradually increasing. Bangladesh import rate is much higher than Asian developing countries and countries of SAARC on top. The fact

cannot be ignored that imports also contribute to the country economy. If trade Gap between import and export remains small then it will be good for a sustainable economy.

Chapter 4: Import Trend of SBL

3.28 Import Patterns of SBL

The foreign exchange divisions of Standard Bank Limited are very promising as it intends to provide wide range of foreign trade services. From the inception period of SBL these AD branches are contributing to Bangladesh economic growth including bank's international division. Import is one of the lucrative departments which are progressively overcoming its impediments step towards the growth. SBL is mostly financing import operation or it can be say in this way that documentary credit perform based on bank's short term loan. Most of the industrial raw materials are imported in order to make final products. After that the proceeds pay back SBL's loan amount. From the year 2009 to 2013 the import growth rate is 10.96%. The growth rate is average comparing to other banks. Total numbers of foreign branches are fewer matches up to SBL's main competitors Prime Bank Limited, Dutch Bangla Bank Limited. And all those branches situated within Dhaka and Chittagong division. In this case the bank loses targeted importers or traders of other areas.

Chapter 5: Comparative Analysis

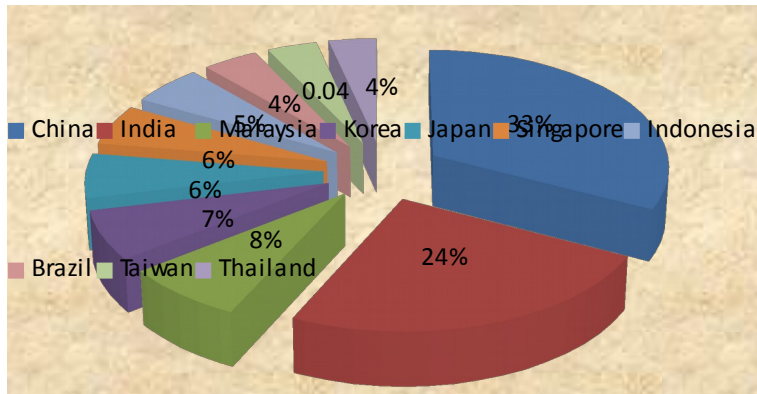
3.29 Bangladesh Top 20 Import Countries

All the countries listed below are most prominent countries in term of importing products by Bangladesh. It is only 1 year statement but on an average the major listed countries more or less remain same. Top 5 to 7 countries stay in their position. After those countries some countries position may be changed depending on import payments or value. On the next page the table is shown.

3.29 Table of Top 20 Countries

SL No	Major Countries	2012-2013 (Million US Dollar)	
		Amount	% of Total
1.	People's Republic of China	6307.6	21.7
2.	India	4740.7	16.3
3.	Malaysia	1491.9	5.1
4.	Korea Republic	1295.5	4.5
5.	Japan	1180.2	4.1
6.	Singapore	1078.5	3.7
7.	Indonesia	1054.3	3.6
8.	Brazil	801.4	2.8
9.	Taiwan	733.0	2.5
10.	Thailand	689.1	2.4
11.	Canada	613.8	2.1
12.	Hong Kong	607.5	2.1
13.	Uzbekistan	545.9	1.9
14.	Kuwait	544.7	1.9
15.	USA	537.6	1.8
16.	Germany	528.6	1.8
17.	Pakistan	489.6	1.7
18.	Australia	471.5	1.6
19.	Saudi Arabia	364	1.3
20.	Vietnam	349.2	1.2
21.	Other countries	4635	15.9
	Total	29059.6	100

3.30 Chart of 10 Major Countries



3.30 Interpretation

Bangladesh has imported commodities from every continent. More imported items come from Asian and European countries. Above pie chart show the large percentage of import share capturing countries through which we can mitigate our internal demand. These top 10 countries are eminent in terms of quantity of products.

3.31 Countries (Including Commodities) Usually Import through SBL

SBL has setup worldwide import relationship. With the help of correspondents' bank, Nostro & Vostro accounts with renowned banks, Standard Bank Securities Ltd. & Standard Express Ltd SBL communicating with all import related countries. The bank is maintaining this import relationship with more than 45 countries all over the world. The countries are China, India, Korea, Malaysia, Japan, USA, UK, Hong Kong, Singapore, Taiwan, Thailand, UAE, Indonesia, Switzerland, Italy, Germany, France, Pakistan, Vietnam, Netherland, Ireland, Spain, Hungary, Denmark, and Australia and so on. Main importing items of SBL along with its countries name are given below.

- China: Non-woven fabrics, cotton, edible vegetables, Pharmacy raw materials, food grain, inorganic chemicals, Edible fruit nuts, special woven fabrics, print color and so on.
- India: Food grain, raw yarn, vehicle, spices, tea, fruits & nuts, mineral oils & fuels, aluminum, earth stone, paper board and so forth.
- Malaysia & Japan: Rubber threads, animal & vegetable fats & oil, cosmetics chemicals, equipments, electrical machinery, manmade fiber and the rest.

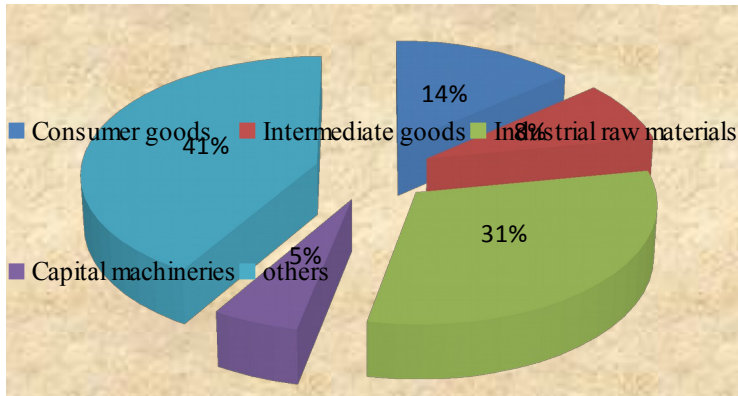
- Indonesia, Hong Kong, Thailand, Singapore & Italy: Raw yarn, pharmacy packaging materials, acid & other chemicals, crude palm kernel olein, glass & glassware, woods and so on.
- UAE, Germany, Hungary & France: Mobile phone. Medicine. Software, medical instruments, construction equipments.
- USA & UK: Cosmetics, construction equipments and garments raw material.

3.32 Comparative Analysis: Commodity-wise Imports of SBL & Bangladesh

Here a table is given below for comparing Standard Bank Limited import payments with Bangladesh import payments. This analysis carries out based on commodity wise. Actually in case of any comparison commodity wise category is more preferable. Since most of the secondary data of import from the perspective of both SBL and Bangladesh are given on commodity wise and it's a rational method to analysis without difficulty.

Major Commodities	SBL import Payments (2013) (Million US Dollar)	Payments in Percentage %	Bangladesh Import Payment FY(2012-2013) (Million US Dollar)	Payments in Percentage %
a. Consumer Goods (Rice, wheat, sugar, salt, Milk food, Edible oil, Pulse, Spices, Onion, Medicine & Drugs, finished goods)	59.309	9.10	4700	13.79
b. Intermediate Goods (coal, cement, Clinker & limestone, B. P. sheet, scrap vessel, tin plate, iron & steel scrap, non-ferrous metal, paper & paper board)	29.778	4.57	2822	8.28
c. Industrial Raw Material (edible oil & oil seeds, textile fabrics, pharmaceutical raw, raw cotton, cotton yarn, synthetic fiber, chemical etc.)	128.179	19.67	10618	31.15
d. Capital Machineries	85.453	13.11	1835	5.38
e. Others (Cosmetics, construction equipments, technological materials like software, clinical instrument etc. including import of EPZ)	349.08	53.55	14109	41.39
Total	651.80	100	34084	100

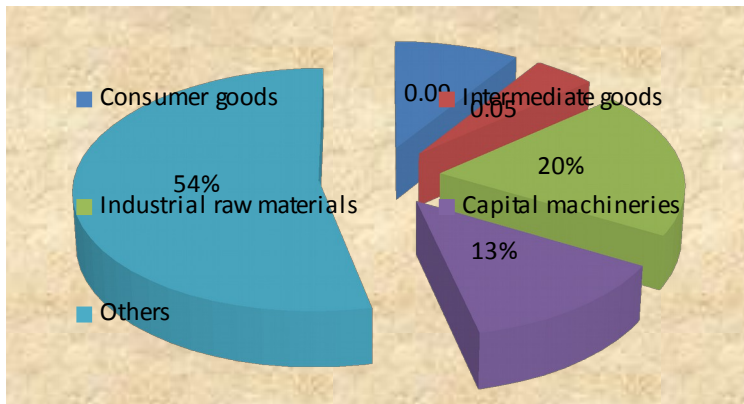
3.33 Commodity-Wise Ratios of Bangladesh



3.33 Interpretation:

In the above pie chart the ratios of Bangladesh import of FY 2012-2013 is categorized based on the commodity. Here 42% of share went to other goods. After then industrial raw materials take 31% share of total. These shares are high because of some highly demandable item like garments raw materials and other types of goods which are not underlie on 4 major categories.

3.34 Commodity-Wise Ratios of SBL



3.34 Interpretation:

SBL ratios of import are quite different from Bangladesh import ratios. Most of the import share captured by others commodities like construction machineries, technological item, Machineries for misc. industry, petroleum & petroleum products and last but not the least EPZ imports which high in SBL. Second highest ratio indicates that SBL also import industrial raw materials in a

huge bulk. Then 13%, 9%, & 5% ratios are consecutively for capital machineries, consumer goods and intermediate goods.

3.35 Reasons behind These Anomalies

Commodity-wise imported items are more or less same in SBL comparing to Bangladesh. Main contrasts are in the amount or percentage of imported goods. According to Bangladesh total import third & fourth highest commodities position goes to consumer goods and industrial raw materials. On the other hand capital machineries and consumer goods are in the third and fourth position consistent with the SBL data. Reasons are found out through analyzing some related factors.

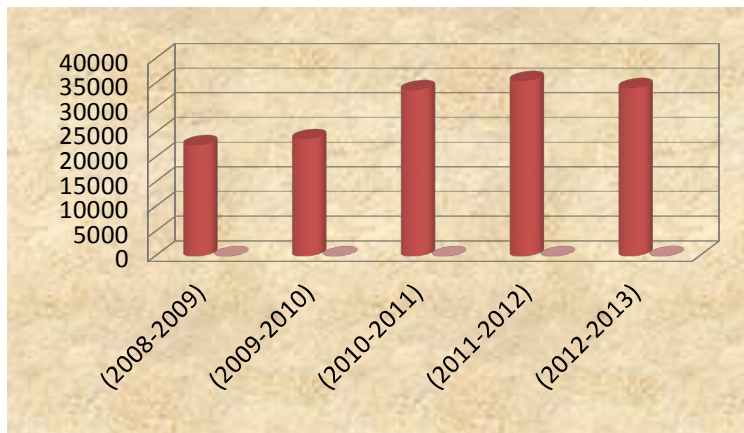
- 1. Location Wise Demand:** 13 branches are situated in Dhaka division among 20 AD branches. Most of the industries concentrated within this divisional area. Capital machineries are imported by textile, garment, leather, and pharmaceutical industries. And the branches like Banani, Panthopath, Gulshan-1, Gulshan-2, Uttara, Dhanmondi, Topkhana are the key branches for mainly importing capital machineries. The majority are located in those areas where amount of imported capital machineries more than consumer and intermediary goods.
- 2. Clients Capturing Strategy:** Maintaining personal relation, collaboration for build up more connection through previous clients is the approach for capturing clients. In this way bank do not focuses on diverse client category, as creating more clients through previous relation means remaining in almost same type of group. Thus the bank could not match up with Bangladesh import scenario and diversifying the area of import goods.
- 3. Political Instability Increase the Ratio of Local Import:** 2012 & 2013 are the years of political instability where due to violence, riots, hartal imported goods laid on the ports for months for that reason importers discouraged for incurring huge loss. Importers just wanted to avoid the foreign import. But local import took place on that time because of safety issue.

3.36 Five Years Imports of Bangladesh & SBL along with SBL's Contribution on BD Total Import

Import sector gradually became more challenging because of changing trend in this sector. Variety of goods based on its huge demand coherent with our country reserve is a difficult job to do. Comparing to huge demand banks are also growing. Intense competition crop up intend to grab big market share of import.

Years	2009	2010	2011	2012	2013
Bangladesh (Million US Dollar)	22507	23738	33658	35516	34084
FY	(2008-2009)	(2009-2010)	(2010-2011)	(2011-2012)	(2012-2013)
SBL (Million US Dollar)	587.37	782.51	701.34	613.14	651.80
SBL % of share in total import	2.49	3.30	2.08	1.73	1.91

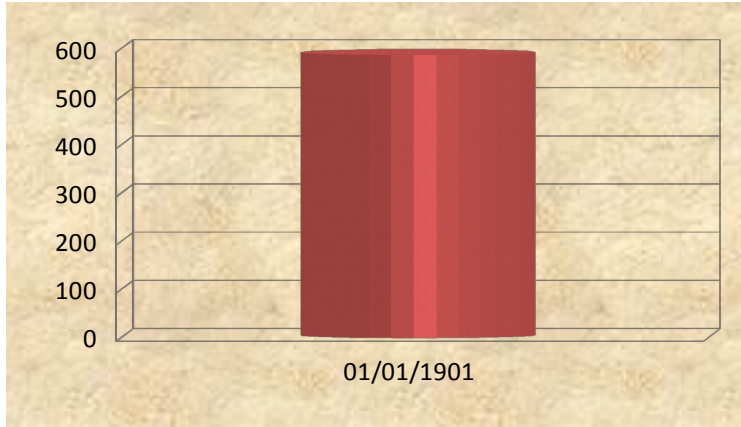
3.37 Five Years Import of Bangladesh



3.37 Interpretation:

From the above bar chart a clear view creates which is about last 5 years import figure of Bangladesh express in million dollar. The pattern shows a fluctuating trend where increasing amount abruptly fell down in the year of 2012-2013.

3.38 Five Years Import of SBL



3.38 Interpretation:

Standard Bank Limited's import payments fluctuated drastically. In the year of 2010 its import payments is significantly touch the expectation peak almost. After that a huge knock down amounted to 160 million dollar roughly in a row.

3.39 Comparison between SBL & Bangladesh Import Growth

5 years comparison state that the gap is huge between SBL and Bangladesh import pattern as the fluctuations of these two chart has been opposite from each other. In the year of 2010-2011 when Bangladesh import increased by roughly 10000 million dollar while in 2011 SBL import lessened by 80 million dollar. This is a very unusual distinction.

3.40 Reasons behind This Gap

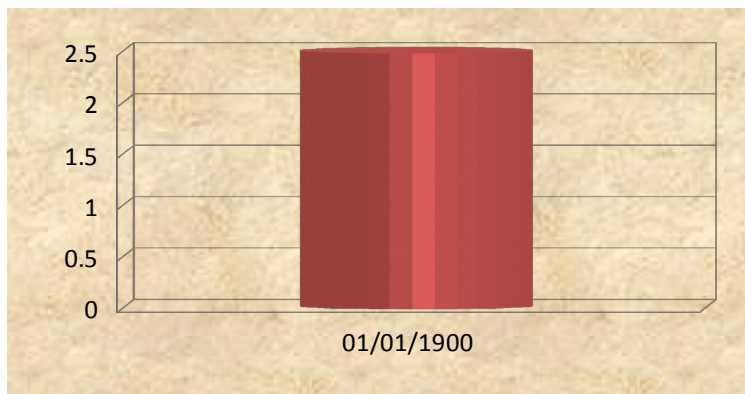
Analysis on the last five years import amount brings out some remarkable irregularity between Bangladesh and Standard Bank Limited. Some valid reasons has been manipulated the import of SBL.

1. **Exchange Rate:** Import business is totally based on foreign currency and its profitability is depends on the exchange rate of those foreign currencies. In last five years our value of taka has decreased significantly. Mainly this value decreased against USD value. Standard Bank Limited's import payments are cleared mostly in USD. As consequences the bank has to spend more taka to convert into USD. In the year of 2011& 2012 this factor hampers a lot SBLs import growth.
2. **Economic Depression:** World economy witnessed another downturn in the year of 2011-2012. Though Bangladesh tackled the depression surge very stealthily and tactfully. But within the boundary area of Bangladesh SBL got the impact of world economic recession. Mainly that time developed countries of western side confronted with this crisis. Unfortunately on recession period Standard Bank Limited has many importers who wanted to import goods from that part of the world; as a matter of fact those demands went into vain. Due to little amount of business and trustworthiness other banks situated on USA, UK, and Europe not interested to give payments on behalf of SBL in a continuous manner. In the consecutive years 2011 & 2012 SBL losing its ground for the adverse condition.
3. **Decreased FDI:** With the help of FDI (Foreign Direct Investment) Bangladesh commenced and developed EPZ (Export Processing Zone). And in every year SBL open letter of Credit for local import through EPZ. On going global economic depression exerted its impact on FDI. During last 5 years the growth of FDI was dissatisfactory especially in FY 2011 the amount of FDI was 779.04 US million dollars which was 913.02 US million dollars on FY 2010.
4. **Differences Occurred for Comparing between Financial Year and Calendar Year:** The gap between financial year and calendar year are six months. Import payments of SBL are given in calendar year and Bangladesh import data are found in financial year format. Because of the time distance import amount gap has been occurred but not in serious manner.
5. **Numbers of AD Branches are less in Previous Years:** Till the end of 2012 Standard Bank Limited opened 17 authorized dealer branches or foreign exchange branches. Now

the number of branches reached to 20. With this increasing number of branches the amount of import is also increasing which resulted for escalating import payment in the year 2013.

6. **Renowned Bank:** Standard Bank Limited is a commercial bank and it mainly concentrated on corporate banking. It is a third generation bank but comparing to the other banks SBL lagging behind due to its focal point. Renowned banks can also gain trustworthiness. Thus SBL import clients are increasing in a sluggish rate. Numbers of imported goods were also less in amount in the year 2011 & 2012.

3.41 Contribution of SBL on Total Import of Bangladesh



3.41 Interpretation:

On the vertical axis the percentage of import share of SBL depend on Bangladesh total import are given indicating time series in horizontal axis. Except in the year of 2010 Standard Bank Limited share percentage remained same which is on an average 2%. The import share is too low that SBL have to work on detail and expeditious plan.

3.42 Limitations

Reasons will clarify the above facts. Considering bank's growth I have bring out every possible limitations on which bank can act prudently and make out possible changes.

1. **Lack of Strong Marketing Strategy:** Standard Bank Limited considers only personal relation to expand its service market. As a service providing business bank should have been more concerned about the valued customers by who bank can not only make profit but also can formulate the way for supreme sustaining growth. SBL mainly considers local banks as their prime competitors. But they don't think about the massive shares which are grabbed by international banks. The bank's competition area limits within local perimeter. And this thought preventing them to plan and execute strong competitive strategy. As a matter of fact import share confined into an inactive position for several years.
2. **Inadequate Road Shows and Online Advertising:** Road show is now become the vital approach for banks and other financial institutions to reach its target clients like corporate, institutional or individual clients. Standard Bank Limited have inadequate arrangements for different types of advertisement among these road show, online promotion, on spot marketing like physically visit or make stalls to any official area, universities and so on. The bank do not categorized their different customers. They only target a group of clients who will be motivated to take their all types of services. If they focused on their various products and services and based on that they segmented their clients then import amount would not be in this diminishing position.
3. **Insufficient Plan for Aggressive Approach:** SBL is continuously changing its deposit and loan interest rates, offer different types of new and automated services, charge competitive fees for different bank services keeping pace with competitors. But the bank is lagging behind in course of import business. Apart from this, bank does not use performance analysis technique and do not have much aggressive plan to enlarge the import division within minimum time.
4. **Quality of Services:** Their quality of services regarding import is on the average grade. If strong challenges come suddenly then the bank cannot cope up with that demand surge because of their insufficient backup support system.

3.43 Recommendations/Possible Findings for SBL Intent to Increase Import Amounts

Based on the basic limitations some recommendations are given by experts of SBL. I suggest some points from my analytical view. These recommendations with proper justification can actually work on the limitations.

Expert's Commendation

- 1. Target Customers of SBL:** Standard Bank Limited wanted to expand the business gradually but in a broad way. Its targeted industries are mainly agricultural, textile, food and allied, pharmaceuticals, leather, chemical & cosmetics, cement & ceramic, service, transportation, communication industries. SBL more or less cover all their targeted industries and have planned to grab those industrial import demands in huge amount. They also have plan to target some flourishing industries of recent times like fish feed, fertilizers and poultry feed industries. They sought after to explore mass market demand.
- 2. Product & Service Policy:** In recent times Standard Bank Limited inaugurated some new automated products and services. The bank also takes initiatives to provide more customized services. In order to build concrete telecommunication and transaction network SBL setup more power full relation with renowned banks.
- 3. Road Shows:** Standard Bank limited has plans for starting road shows near future. They think in a big way that without this present-day method they cannot reach to their huge clients group. The bank's is making plan to carry out road shows successfully intent to achieve the goal.

Recommendations from My Point of View

- 1. Different Media for Advertising:** According to the present-day demand Standard Bank Limited can reach to the valuable clients virtually not physically. Because now more rely on online banking than physical banking and attracted to bank offers through internet, television and other means of technological amenities. As internet browsing, surfing included on everyday task, so the bank can take initiatives to take these medium their brand promotional activities.
- 2. Have to Improve Performance:** SBL have to be more cautious about quality of performance. In order to outperform maintenance of logistics support is the crucial factor. Information Technology division will be more power full for making total automated system speedy and technological advanced.

3. **Segmentation & Risk Diversification**: Market division should make groups consists of marketing officer for different product and service wise like import promotion, export promotion, SME promotion group. Their core task should be division wise performance & requirement analysis, location wise import promotion, find out more opportunities to motivate new growing industries clients, make sub category of business structure. Not stick to large or medium corporate business group and dividing the bank's risk among these segments. _
4. **More concern about competitors strengths as well as weaknesses**: Standard Bank Limited's must be more aware of their competitors strengths and weaknesses along with possible future opportunities for which other competitors may have chances to attain more market share on import. SWOT analysis is about overall business. For increase the growth rate of import SBL have work on competitor's information and work for opportunities.

All of the recommendations are given above regarding on limitations and for SBL concern. From different sources and data helped me to recommend those ways.

3.44 Conclusion

Standard Bank Limited is commencing the banking business to add economic value and shape itself as one of the top listed commercial bank. The bank is totally dedicated toward its

stakeholders and profiled good image like a compliance follower of government rules. SBL is in its prime stage of growth. The bank's import divisions consist of diligent employees whose dedicated motives are making import position strong in steady manner. From the beginning to till present banks developments are commendable. Now it needs only time and tactful resolution to bring evolutionary change as its admirable management and executive team are capable enough to run the bank successfully for surpassing expected outcome.

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