Internship Report
A Study on General Banking and Foreign Exchange Division of South East Bank Limited.

Conducted on Behalf of
Southeast Bank Ltd.
Gulshan Branch, Dhaka- 1212
INTERNERSHIP REPORT

ON

GENERAL BANKING AND FOREIGN EXCHANGE DIVISION

OF SOUTH EAST BANK LIMITED

Submitted To:

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Assistant Professor
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Submitted By:

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Bachelor of Business Administration
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Date of Submission
26 AUGUST 2015
Letter of Transmittal

August 26, 2015
Suntu Kumar Ghosh
Asst. Professor & Supervisor
BRAC Business School
BRAC University

Subject: Submission of Internship Report

Dear Sir,

With a great pleasure I here submit the report on the “General Banking and Foreign Exchange Division of Southeast Bank Limited.” which has been done as the main part of the requirement of the course. I express my profound gratitude to my supervisor Suntu Kumar Ghosh, Asst. Professor, BRAC Business School for providing his important instructions, proper suggestions and corrections for improvement.

While doing my internship, I have the opportunity to meet all employees in the Gulshan Branch (Southeast Bank). Almost each of the people I came across had been very helpful.

However, should you need any clarification I will be obligated to provide with further explanation.

Thank you.

Yours sincerely,

ANANNA PROTITY
I.D: - 11304075
BRAC Business School
Declaration

I soberly declare that the work in this internship report title “A Study on General Banking and Foreign Exchange Division of South East Bank Limited” is an original work done by me (ANANNA PROTITY) under the supervision of Suntu Kumar Ghosh, Assistant Professor, BRAC Business School, BRAC University.

Here no part of this report has been previously submitted to any other university/college/ institution/organization for any academic certificate/degree/diploma.

This work I have done does not rupture any existing copyright and no portion of this report is copied from any work done earlier for any degree.

I further accept to indemnity the department against any loss or damage arising from breach of the forging obligation if any.

ANANNA PROTITY
I.D: 11304075
BRAC Business School
BRAC University
Acknowledgement

For making a study report, a sincere supervision, and guidance of expert and experienced professionals are required. I have received sincere co-operation, valuable suggestions, inspirations, and references from my respected Teachers and the Executives of Southeast Bank Ltd.

First of all, I express my profound gratitude to my supervisor Suntu Kumar Ghosh, Assistant Professor, BRAC Business School for providing his important instructions, proper suggestions and corrections for improvement.

I like to express my thanks and deepest gratitude to Southeast Bank Ltd. Staff of Gulshan Branch for giving me the opportunity, appointment for the internship program that I have completed.

It is my pleasure to extend my heartiest gratitude to Mr. Md Hamidul Haque, Vice President & Manager (Operations), Mr. Abdur Rashid, Assistant Vice President & In charge-General Banking, Mr. Muhammad Munirul Islam, Assistant Vice President & In Charge-Foreign Trade, of Southeast bank Limited, Gulshan Branch who, in addition to their wholehearted support, have allowed me to carry out the study in parallel with my regular workload. I would also like to take the opportunity to give my heartfelt thanks to Mr. Salah uddin Ahmed, Senior principal Officer, Southeast Bank Limited, Gulshan Branch for his endless support and also providing me with all the materials that was required for preparing my report. I will never forget their kind and friendly behaviour.

Last of all, my deepest gratitude goes to Almighty Allah for giving me courage and ability to complete this task.
Internship is the integral and basic requirement of all the business study programs. Because it is the practical implication of the theoretical knowledge which we have taught in our business Subjects to gain further knowledge and experience about professional business activities. It Equips us with the necessary knowledge, skills and values of business culture which are basic Requirement of the business professional and which also helps new graduates to perform Professionally as they get first step in their practical professional life. For this reason I was placed at Southeast Bank Limited, Gulshan Branch, Dhaka 1212 Where I have done my 12 weeks internship. During my internship tenure I have gained a lot of Knowledge about Banking Operations under the supervision and guidance of my Internship Supervisors. During my whole duration I was rotated in the different section of the branch and was thoroughly briefed about the procedures of different banking operations by the concerned staff. My internship report contains all the knowledge which I have learnt there.
Executive Summary

Southeast Bank Limited is a private bank providing financial services to the customers. SEBL is a leading private commercial Bank which starts its operation on under Companies Act, 1994 on March 12, 1995. Through its countrywide 115 branch network, it is providing a comprehensive and competitive banking service to its clients. With the starting the operation of SEBL, the main branch continue its operation. Through its three core departments, namely General Banking, Advances and Foreign Exchange, it provides all kinds of banking service to its customers. The Southeast Bank Limited is growing very impressively and making profits which growing higher day by day and also making the wishes of people come true through the philosophy of transferring concepts to reality. Bank’s product portfolio includes such type of innovative products according to the needs and preferences of the customers which are providing benefits to customers as well as adding profits to the bank. SEBL has product-basket encompasses Real Time Online Any Branch Banking, Islamic Banking, Merchant Banking, Dual Currency Visa Credit Card, Visa Travel Card, ATMs, Education Loan Scheme, Double Benefit Scheme, Consumer Loan, Millionaire Deposit Scheme, SME Banking, Corporate Banking, Syndicate Loan, Monthly Savings Scheme, Monthly Income Scheme, Pension Saving Scheme, Wage Earner Pension Scheme, SMS Banking etc. in addition to SEBL has traditional credit and foreign trade related products and services.

Throughout my overall study I have mainly tried to critically review the General Banking and Foreign Exchange Activities of southeast Bank Ltd. Gulshan Branch. The 1st chapter contains the Background, objectives, Rational; limitations etc. of the study & 2nd chapter described Organizational profile of Southeast Bank. On the other hand the 3rd chapter deals with Major responsibility of the job, the 4th, 5th and 6th chapter deals with major part of the report, 7th chapter contains SWOT analysis. The 8th chapter discussed with the findings part of the report. The 9th chapter deals with recommendations and at last 10th chapter discussed with conclusion.

Last but not the least, this report includes different aspect about Southeast Bank Limited which is very helpful for every reader.
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CHAPTER ONE

INTRODUCTION

1.1 Foundation of the study

This report is an internship report prepared as a requirement for the completion of BBA program (Major in Human resources management) of BRAC University. The primary goal of internship is to provide the job exposure to the student and an opportunity to implement theoretical knowledge in real life situation. The program covers a period of 12 weeks of organizational attachment.

This report focuses on the General banking and foreign exchange operations of Southeast Bank Ltd. Through this internship program, I got some practical Knowledge about the general banking and the export import practices of a commercial bank and also realized that, how much important issue for a country the foreign trade operation is. I was sent to the SOUTHEAST Bank Ltd., Gulshan Branch, Dhaka to take the practical experience of the activities of banking from 18th May to 18th August of 2015.

1.2 Objective of the Study

Every task has a particular aim. A study without objective cannot reach the destination. My internship program was also directed to some particular targets. The main objective of the study is to gain practical knowledge and experience on General banking as well as Foreign Trade Operation.

The objectives are written down below:

General:

- To get practical idea about banking activities.
- To observe the General banking and Foreign Exchange operation of Southeast Bank Limited and their services.

Specific:

- To familiarize with practical job environment.
- To observe banker-customer relationship.
- To find out some problems and limitations of Southeast Bank and its Foreign Exchange mechanism.
➢ To have an exposure on the financial institutions such as banking environment of Bangladesh.
➢ To relate the theories of banking with the practical in banking.
➢ To observe the processes of L/C.
➢ To observe the major outline of foreign business.
➢ To observe the foreign correspondents of SEBL.
➢ To analysis the expansion of Foreign Trade Business of SEBL.
➢ To recommend solution of or solving the problems faced by SEBL in foreign exchange business.

1.3 Research Methodology:

To make the Report more meaningful and presentable, two sources of data and information’s have been used widely.

a. Primary Data.

b. Secondary Data.

Both primary and secondary data sources were used to generate the report. The relevant information is collected from the primary sources and also uses the secondary sources of information.

Primary data are collected through:

1. Observation for the total internee period.

2. Open ended and closes ended questions.

3. Conducted interview stuffs of the branch.

4. Face to face contacts with the officers.

Secondary data are collected through:

1. Manuals of Southeast Bank Limited.

2. Website browsing.

3. Bank’s other published information.
1.4 Limitations of the Study:

There are some limitations in an every study, I also faced some limitations or obstacles in the way of completed my internship report.

The limitations of this study are:

- All the time of preparing my report I tried to gather every details of process but the major limitation is lack of adequate information.
- Sufficient records, publications were not available as per my requirement.
- Although bankers have tried their best to help me, their nature of job is such that gives them little time to discuss.
- Such a study was carried out by me for the first time. So, inexperience is one of the main factors that constituted the limitation of the study.
- I have got idea about Foreign Exchange Transaction only from the employees, Department of Foreign Exchange, Southeast Bank Limited, Gulshan branch.
- The branch is so busier to do their works especially Foreign Exchange Division; sometimes it might be time constraint.
- Only 12 weeks are not sufficient to visit all the desks in the branch. So some desks were remained unvisited. Time provided for conducting this study is another important constraint.
CHAPTER TWO

2.1 COMPANY PROFILE:
Southeast Bank Limited is a organized commercial bank in the private sector established under the territory of Bank Company Act, 1991 and incorporated as a Public Limited Company under Companies Act, 1994 on March 12, 1995. The Bank started commercial banking operations on May 25, 1995. During this short span of time the Bank is successful in positioning itself as a progressive and dynamic financial institution in the country.

Southeast Bank Limited has been licensed by the Government of Bangladesh as a Scheduled commercial bank in the private sector in pursuance of the policy of liberalization of banking and financial services and facilities in Bangladesh. In view of the above, the Bank within a period of 20 years of its operation achieved a remarkable success and met up capital adequacy requirement of Bangladesh Bank.

Southeast Bank Limited has 115 branches throughout Bangladesh and its aim is to be the leading Bank in the country's principal markets. The bank by concentrating on the activities in its area of Specialization has achieved good market reputation with efficient customer service. The Bank is committed to providing continuous training to its staff to keep them up to date with modern Practices in their respective fields of work. The Bank also tries to fulfill its share in community responsibilities. By such measures the Bank intends to grow and increase shareholders' earning per share. Southeast Bank Limited pledges to maximize customer satisfaction through services and build a trusting relationship with customers, which has stood the test of time for the last 20 years.

2.2 Vision of SEBL:
The vision is to be a premier banking institution in Bangladesh and contribute significantly to the national economy.

2.3 Mission of SEBL
Southeast Bank is very much concern about their mission because divergent views among managers can only be revealed and resolved through the mission statement.

The mission of the bank is stated below:

- High quality financial services with the help of latest technology.
- Fast & accurate customer service.
Balanced growth strategy.
- High standard business ethics.
- Steady return on shareholders' equity.
- Innovative banking at a competitive price.
- Deep commitment to the society and the growth of national economy.

### 2.4 Core Values of SEBL

- Integrity
- Respect
- Fairness
- Harmony
- Team Spirit
- Courtesy
- Commitment
- Service Excellence
- Insight and Spirit
- Enthusiasm for Work
- Business Ethics

### 2.5 Core Strengths of SEBL

- Transparent and Quick Decision Making
- Efficient Team of Performers
- Satisfied Customers
- Internal Control and Compliance
- Skilled Risk Management
- Diversification

### 2.6 Core Competencies of SEBL

- Knowledge
- Experience and Expertise
- Customer Focus
- Transparency
- Determination
- Zeal for Improvement
- Reliability
- Pursuit of Disciplined Growth Strategy
2.7 Organogram:

The SEBL has 15 layer organogram where the MD stands in the top position and junior officer stands in the bottom position. The top to bottom organogram has been shown below:
2.8 Corporate Profile

- Name of the Company: Southeast Bank Limited
- Legal Status: Public Limited Company
- Date of Incorporation: March 12, 1995
- Registered Office: Eunoos Trade Centre 52-53, Dilkusha C/A (Level 2,3 & 16), Dhaka-1000 Chairman: Alamgir Kabir, FCA
- Vice Chairman: Ragib Ali
- Managing Director: Shahid Hossain
- Company Secretary: Muhammad Shahjahan
- Line of Business: Banking (both Conventional and Islamic Banking)
- Authorized Capital: BDT 15,000 million
- Paid Up Capital: BDT 9,169.50 million
- Date of Opening of First Branch: May 25, 1995
- Year of Initial Public Officer: 1999
- Stock Exchange Listing: April 10, 2000 (DSE) and April 24, 2000 (CSE)
- Company Auditors: Howladar Yunus & Co. and Syful Shamsul Alam & Co.
- Tax Consultant: Akhter Zamil & Co.
- Legal Advisors: The Legal
- Credit Rating: Credit Rating Information and Services Limited (CRISL)
- Validity of the Credit Rating: Up to June 22, 2015
- No. of Foreign Correspondents: 791
- Phone: 9571115 (Hunting)
- Fax: 9550086, 9550093 & 9563102
- SWIFT: SEBBDHXXX
- E-mail: info@southeastbank.com.bd
- Website: http://www.southeastbank.com.bd
- Name of the Bank’s Subsidiary Companies: Southeast Bank Capital Services Limited, Southeast Financial Services (UK) Limited, Southeast Financial Services (Australia) Pty Limited, Southeast Exchange Company (South Africa) Pty Limited
### 2.9 Five years performance at a glance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized Capital</td>
<td>15,000.00</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Paid up Capital</td>
<td>9,169.50</td>
<td>8,732.86</td>
<td>8,732.86</td>
<td>8,317.01</td>
<td>6,930.84</td>
</tr>
<tr>
<td>Reserve Fund / Others</td>
<td>18,292.59</td>
<td>13,074.71</td>
<td>10,864.68</td>
<td>10,683.05</td>
<td>10,265.96</td>
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<tr>
<td>Deposit</td>
<td>189,472.54</td>
<td>177,519.46</td>
<td>152,901.24</td>
<td>127,178.22</td>
<td>107,253.19</td>
</tr>
<tr>
<td>Advance</td>
<td>147,070.81</td>
<td>134,863.82</td>
<td>126,968.97</td>
<td>107,288.56</td>
<td>93,981.20</td>
</tr>
<tr>
<td>Investment</td>
<td>56,378.59</td>
<td>57,589.06</td>
<td>37,656.56</td>
<td>29,846.60</td>
<td>18,869.07</td>
</tr>
<tr>
<td>Import Business</td>
<td>155,691.00</td>
<td>131,644.82</td>
<td>111,537.50</td>
<td>99,509.01</td>
<td>103,726.70</td>
</tr>
<tr>
<td>Export Business</td>
<td>112,137.60</td>
<td>95,220.40</td>
<td>84,464.20</td>
<td>75,982.06</td>
<td>58,158.06</td>
</tr>
<tr>
<td>Guarantee Business</td>
<td>13,603.30</td>
<td>17,226.41</td>
<td>21,506.65</td>
<td>25,673.90</td>
<td>22,781.19</td>
</tr>
<tr>
<td>Remittance Business</td>
<td>48,740.50</td>
<td>39,299.10</td>
<td>41,455.40</td>
<td>49,544.10</td>
<td>28,082.25</td>
</tr>
<tr>
<td>Total Income</td>
<td>27,667.10</td>
<td>26,918.30</td>
<td>23,134.18</td>
<td>19,931.91</td>
<td>16,100.81</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>19,337.34</td>
<td>20,218.11</td>
<td>17,638.99</td>
<td>13,846.24</td>
<td>9,331.55</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td><strong>8,289.76</strong></td>
<td><strong>6,700.20</strong></td>
<td><strong>5,495.19</strong></td>
<td><strong>6,085.66</strong></td>
<td><strong>6,769.26</strong></td>
</tr>
<tr>
<td>Net Profit after Tax and Provision</td>
<td>3,836.94</td>
<td>3,378.82</td>
<td>1,648.72</td>
<td>1,912.19</td>
<td>2,763.93</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>7,913.00</td>
<td>7,795.65</td>
<td>7,677.51</td>
<td>7,373.11</td>
<td>4,463.64</td>
</tr>
<tr>
<td>Total Assets</td>
<td>236,608.40</td>
<td>220,930.85</td>
<td>189,921.58</td>
<td>158,078.59</td>
<td>131,784.27</td>
</tr>
</tbody>
</table>

### 2.10 SEBL Services:

**General Banking Services:**

1. Accounts Opening
2. Account maintaining.
3. Account closing
4. Issuing Pay order.
5. Bank draft.
6. Demand draft.
7. Opening of Fixed Deposit.
**Foreign Exchange Business Services:**

1. Letter of credit
2. Parties to Letter of Credit
3. Operations of Documentary Letters of Credit
4. L/C Application
5. Scrutiny of Documents
6. Scrutiny of L/C Application

**Investment Services:**

1. Investment Scheme for Doctors
2. Small Business Investment Scheme
3. Housing Investment Scheme
4. Small Transport Scheme
5. Car Loan Scheme
6. Transport Investment scheme.
7. Agriculture implements investment Scheme Rural Development Scheme.

**Other Consumer Savings Schemes:**

1. Pension Savings Scheme (PSS)
2. Education Savings scheme (ESS)
3. Marriage Savings Scheme (MSS)

**Sanchaypatra schemes:**

1. Eight years Protirakha Sanchaypatra (PSP)
2. Five years Bangladesh Sanchaypatra (BSP)
3. Sanchaypatra Interest on half yearly rest (SP)
4. Sanchaypatra Interest on quarterly rest (SP)

**Technology:**

At present, all banking transactions of Southeast Bank are fully automated. Moreover, all activities of trade and operations are being done through computers and other automation tools such as ATM, SWIFT. The bank is the member of the shared ATM Network provided by Electronic Transaction Network ltd. (ETN). At present 55 ATM booths are available all over Dhaka city and in the cities of Chittagong and Sylhet.
2.11 Management of SEBL:

Different aspects of management practice in Southeast Bank are discussed below:

**Planning**

Southeast bank Ltd. has done its planning within the purview of the corporate plan. The overall planning approach in Southeast Bank is top-down. Each branch can plan according to the goal imposed by the corporate level. It doesn’t plan independently. And Southeast Bank has a planning division. This department is mainly responsible for the overall planning.

**Organizing**

Southeast Bank Ltd. is organized as per the existing business locations. It has 115 branches, each of which is a separate entity. Each unit is responsible for own performance and followed by Manager Heads each. He/she is directly responsible of their unit, within each branch it is organized functionally.

**Staffing**

The recruitment in Southeast Bank is done in two ways. One as a “Probationary Officer” for the management program and it has a probation period of two years. Another one is non-management level as “Trainee Officer”.

**Directing**

The management approach in Southeast Bank is top-down or authoritative. Information just seeks through lower management layer. Works are designed in such a way that one cannot leave without clearing the tasks as he is assigned for a day. Sitting arrangement in all office is done in a way that the superior can monitor the subordinate all time.

**Controlling**

Control mechanisms are given below-

i. Establish standards

ii. Monitor result and compare standards.

iii. Correct deviation

iv. Communication through the control process.

v. Revise and adjust control method in light of control results and changing condition.
CHAPTER THREE

3.1 Major Job Responsibilities:
Internship Experience I did my three month internship program in Southeast Bank Ltd, Gulshan branch. During my internship program, I gained lots of experience about corporate environment. My internship experience are given below-

Internship Position, Duties & Responsibilities
The report has been prepared on the basis of experience gathered during the period of internship. Within this time of period, I worked with two departments namely General Banking and Foreign Exchange department.

Bank is not follow any guideline or fixed any responsibilities for internship student. Mainly I have done many pending works of the account opening section and clearing section. Accounts opening form fill up and endorsement. Besides that I have done different types of tasks in different desks whenever they assigned me to do.

3.1.1 Account Opening Department
I worked with Southeast Bank Limited, Gulshan Branch where I worked firstly with the account opening department. Here I have learned the procedure of opening an account and the documents that are needed for opening an accounts & types of accounts allocated by Southeast Bank Limited. The following activities which had done by me:

- To file different account forms in different files.
- To sequencing that forms in different files.
- To fill up Know Your Customer (KYC) form.
- To find out the irregularity of different accounts.
I also worked partially in clearing department. In clearing department, helping the clearing officer and learning clearing process and also work for Endorsement of Cheque.

### 3.1.2 Foreign Exchange Departments

As in this internship period, employees introduced me all necessary documents required for export-import. In this department, I observed how a L/C is open, procedure of L/C opening, documentary needed. I have done following task in this department-

- Maintaining of Registered of EXP
- Checking of L/C documents
- Dashboard entry of EXP
- Maintaining also other important registered book.
EXP FORM

**Export Form (EXP)**

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Commodity to be exported</td>
<td>Code No. (to be filled in by Authorized Dealer)</td>
</tr>
<tr>
<td>2.</td>
<td>Country of destination</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Port of despatch</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Quantity</td>
<td>Unit, measurement box, etc.</td>
</tr>
<tr>
<td>5.</td>
<td>Value</td>
<td>Currency, Invoiced Used, Invoice Value, CIF, INSURANCE, Freight, CMT Value (if applicable)</td>
</tr>
<tr>
<td>6.</td>
<td>Terms of sale</td>
<td>FOB, C&amp;F, CIF, ex-works, etc.</td>
</tr>
<tr>
<td>7.</td>
<td>Name &amp; address of importer/consignee</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Name of carrying vessel</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Bill of Lading/Railway Receipt/Airway Bill/Truck Receipt/Postal Parcel Receipt</td>
<td>No., Date</td>
</tr>
<tr>
<td>10.</td>
<td>Port of shipment/Post Office of dispatch</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Land Custom Post</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Shipment Date</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Name of the Exporter (in block letters) with address</td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>CCI &amp; E’s and Registration Number of the exporter and date</td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Sector (Public or Private) under which the exporter falls</td>
<td></td>
</tr>
</tbody>
</table>

**Authorized Signature and Stamp of the Exporter with date.**

(Signature of authorized officer of the bank, Cont’d.) P/2
CHAPTER FOUR

MAJOR OBSERVATION

GENERAL BANKING ACTIVITIES OF SEBL

General banking is the starting point of all the banking operations. It is the department, which provides day-to-day services to the customers. Every day it receives deposits from the customers and meets their demand for cash by honouring cheques. It opens new accounts, remit funds, issues bank drafts and pay orders etc.

4.1 FUNCTIONS OF GB DEPARTMENT:

1 FRONT DESK/ACCOUNTS OPENING SECTION

2 CLEARING SECTION

3 ACCOUNTS SECTION

4 CASH SECTION

4.2 Front Desk /Account Opening Section:

To establish a banker and customer relationship account opening is the first step. Opening of an account binds the Banker and customer into contractual relationship. But selection of customer for opening an account is very crucial for a Bank. Indeed, fraud and forgery of all kinds start by opening account. So, the Bank takes extremely cautious measure in its selection of customers.

The following works are done by this section-

1. Accepting of deposit
2. Opening of account
3. Check book issue
4. Closing of account
ACCEPTING OF DEPOSIT:

Accepting deposits is one of the main classic functions of banks. The relationship between a banker and his customer begins with the opening of an account by the former in the name of the latter. Initially all the accounts are opened with a deposit of money by the customer and hence these accounts are called deposits accounts. Banker solicits deposits from the members of the public belonging to different lifestyles, engaged in numerous economic activities and having different financial status. There are two officers performing various functions in this department.

The deposits those are accepted by SEBL may be classified in to:

a) Demand Deposits.
b) Time Deposits.

DEMAND DEPOSITS:

The amount in accounts are payable on demand so it is called demand deposit account. SEBL accepts demand deposits through the opening of –

- Al-Wadiah Current account (CD)
- Mudaraba Savings account (SB)

TIME DEPOSITS:

A deposit which is payable at a fixed date or after a period of notice is a time deposit. In SEBL Motijheel Branch (Islamic Banking) accepts time deposits through Mudaraba Term Deposit Receipt (MTDR), Mudaraba Short Noticed Deposit (MSND), and Mudaraba Schemes etc. While accepting these deposits, a contract is done between the bank and the customer. When the banker opens an account in the name of a customer, there arise contracts between the two. This contract will be a valid one only when both the parties are competent to enter into contracts.

SEBL accepts time deposits through the opening of –

- Mudaraba Term Deposit Receipt (MTDR)
- Mudaraba Short Notice Deposit (MSND)
- Mudaraba Monthly Saving Scheme (MMSS)

OPENING AN ACCOUNT:

The relationship between the Customer and Banks established though no. of bank accounts. It is a contractual relationship. However, selection of customer for opening an account is very crucial for a Bank. There are several steps need to be followed to open an account in Southeast Bank.
The steps are:

Step 1: Applicant fills up the relevant application form in the prescribed manner.

Step 2: He or She is required to fill up the specimen signature card.

Step 3: For individual introduction is needed by an account holder.

Step 4: The authorized officers analyze the introduction and examine the documents submitted.

Step 5: Issuance of deposit slip and the deposit must be made in cash. No cheque or draft is acceptable to the Bank.


Step 7: Now from as the account has been opened

**CHEQUE BOOK ISSUE:**

Fresh cheque book is issued to the account holder only against requisition on the prescribed requisition slip attached with the cheque book issued earlier, after proper verification of the signature of the account holder personally or to his duly authorized representative against proper acknowledgment.

**Procedure of issuance of a cheque book in flowchart**

- A customer who opened a new a/c initially deposits minimum required money in the account.
- The account opening form is sent for issuance of a cheque book
- Respected Officer first draws a cheque book
- Officer then sealed it with branch name.
- In-charge officer enters the number of the cheque Book in Cheque Issue Register.
- Officer also entry the customer’s name and the account number in the same Register.
- Account number is then writing down on the face of the Cheque Book and on every leaf of the Cheque book including Requisition Slip.
- The name of the customer is also written down on the face of the Cheque book and on the Requisition slip.
- The word “Issued on” along with the date of issuance is written down on the requisition slip.
- Number of Cheque book and date of issuance is also written on the application form.
- Next, the customer is asked to sign in the Cheque book issue register.
- Then the respected Officer signs on the face of the requisition slip put his initial in the register and hand over the cheque book to the customer.

**CLOSING THE ACCOUNT**

Upon the request of a customer, an account can be closed. After receiving an application from the customer to close an Account, the following procedure is followed by a banker. The customer should be asked to draw the final cheque for the amount standing to the credit of his a/c less the amount of closing and other incidental charges and surrender the unused cheque leaves. The account should be debited for the account closing charges etc. and an authorized officer of the Bank should destroy unused cheque leaves. In case of joint account, the application for closing the account should be signed by all the joint holders.

A banker can also close the account of his customer or stop the operation of the account under following considerable circumstances:

- Death of the customer
- Customer’s insanity and insolvency
- Order of the court (Garnishee order)
- Specific charge for fraud forgery
- Stop payment of cheque
- A banker can stop payment of cheque of his customer under following considerable circumstances
  - Firstly the account holder will apply to stop the payment of his cheque

**Dishonour of Cheque:**

If the cheque is dishonoured, SEBL sends a memorandum (cheque return memo) to the customer stating the reason in the following way:

- Refer to drawer
- Effects not cleared May be present again
- Exceeds arrangements
- Full cover not received
- Payment stopped by drawer
- Drawer’s signature differs/ required
- Alterations in date/figures/words require drawer’s full signature
- Cheque is posts dated/out of date/mutilated
- Amount in words and figures differs
- Crossed cheque must be present through a bank.
- Clearing stamps required/requires cancellation.
- Addition to the discharge of Bank should be authenticating.
- Cheque crossed “Account Payee Only”
- Collecting Bank’s discharge irregular/required.
- If the cheque is dishonoured due to insufficiency of funds SEBL inform the account holder immediately

4.3 Clearing Section:

This section of the bank receives all kinds of cheques in favour of the client for clearing as the part of their banking service. After receiving the Cheque it is necessary to endorse it and cross it specially. Basically the cheques for clearing are of following types:

- **Inward Clearing Cheque**
  Cheques received from the Clearing House, of SEBL.

- **OBC (Outward Bills for Collection)**
  Cheques of other branch of SEBL, within our clearing house area. These cheques are directly sent to the respective branch and request them to send IBCA (Inter Bank Credit Advise). When IBCA comes, then customer’s accounts are credited for the amount of the cheque.

- **Clearing Cheque**
  Cheques of another bank within our clearing house area. These cheques are sent to clearing house via the Principal Branch. When drawee bank honour the cheques, then the account of Cheque depositors are credited.

- **Outward clearing cheque**
Cheques of another bank which are situated outside the clearing area those cheques are called outward clearing cheque. These cheques are cleared in two ways: Firstly, if any branch of our bank exists within the clearing house area of drawee bank, then we send the cheque to that branch of our bank and that branch collects the proceeds through clearing house formalities and sends an IBCA to us. In second way, if there is no branch of our bank, then we directly send the cheque to the drawee bank and request them to send the proceeds by PO or DD or by in any other means.

**Inward Bills for Collection (IBC)**
These are from other branch of Southeast Bank Ltd. These cheques are settled by sending IBCA, debiting depositor’s account and crediting sender’s branch account. These are can be from the another bank outside the clearing house. These cheques are settled debiting depositor’s account and sending DD or PO in favour of sender’s bank.

**Possibility of dishonour**
Unlike Cheque, there is no possibility of dishonouring of PO / DD / TT because before issuing, issuing bank takes out the amount of the instrument in advance from the customer – common for all instruments.

**Received for Collection:**
It will be given at the deposit slip

**Received too late for Collection:** In case an instrument if it is present for clearance after the Banking hour, then this seal is given at the deposit slip Branch Crossing: Authorized officer put branch crossing at the face of instrument for clearance.

**Payee A/C credited:** When an instrument is received by the clearance section then this seal is put at the backside of the instrument.

**Date:** Date will place at the face of the instrument along with collection seal.

**MONEY TRANSACTION:**
Sending/Transfer money from one place to another place for the customer is another important service of banks. And this service is an important part of country’s payment system. For this service, people, especially businessmen can transfer funds from one place to another place very quickly.

- Demand Draft
- Pay Order
- Online Transaction

The bank followed modern online transaction (payment & withdrawal of fund) through high speed WAN service. It is remarkable that customers are often taking advantage of the online transaction. The charges of online transaction are tabled below. It should be mentioned that, there is no commission and fee charged in online transaction inside the clearinghouse. In
case of outside the clearinghouse, commission is tk.0.10 and 15% VAT on the commission. The minimum charge is tk.0.10 commission and VAT on it.

**ACCOUNTS DEPARTMENT**

4.4 Accounts Department:
Accounts Department is called as the nerve Centre of the bank. In banking business, transactions are done every day and these transactions are to be recorded properly and systematically as the banks deal with the depositor’s money. Any deviation in proper recording may hamper public confidence and the bank has to suffer a lot otherwise. Improper recording of transactions will lead to the mismatch in the debit side and in the credit side. To avoid these mishaps, the bank provides a separate department; whose function is to check the mistakes in passing vouchers or wrong entries or fraud or forgery. This department is called as Accounts Department. Besides the above, the bank has to prepare some internal statements as well as some statutory statements which to be submitted to the central bank. Accounts Department prepares these statements also. The department has to submit some statements to the Head office, which is also consolidated by the Head Office later on.

**CASH SECTION**

4.5 Cash Section:
Cash department is the most vital and sensitive organ of the branch as it deals with all kinds of cash transactions. This department starts the day with cash in vault. Each day some cash that is opening cash balance are transferred to the cash officers from the cash vault. Net figure of this cash receipts and payments are added to the opening cash balance. The figure is called closing balance. This closing balance is then added to the vault. And this is the final cash balance figure for the bank at the end of any particular day. Cash department in the Southeast Bank, Gulshan Branch is authorized dealer of foreign currency, so it can deal with buying and selling of foreign currency.
CHAPTER FIVE

FOREIGN EXCHANGE ACTIVITES OF SEBL

5.1 Foreign Exchange:

Foreign Exchange refers to the process or mechanism by which the currency of one country is converted into the currency of another country. Foreign exchange is the means and methods by which rights to wealth in a country’s currency are converted into rights to wealth in another country’s currency.

5.2 Functions of Foreign Exchange Department:

Export

- Pre – Shipment advances.
- Purchase of foreign bills.
- Negotiating of foreign bills.
- Export guarantees.
- Advising/confirming letters – letter of credit.
- Advance for deferred payment exports.
- Advance against bills for collection.

Import

- Opening of letter of credit (L/C)
- Advance bills.
- Bills for collection.
- Import loan and guarantees.

Remittances

- Issue of DD, MT, TT, etc.
- Payment of DD, MT, TT etc.
- Issue and enhancement of travelers’ cheque.
- Sale and enhancement foreign currency note.
- Non-resident accounts.

**Dealings:**

- Rate computation.
- Maintenance of foreign currency account.
- Forward contracts.
- Exchange position and cover operations.

**Statistics:**

- Submission of returns.
- Collection of credit information.

Basically the Foreign Exchange department deals with the L/C operation. There are mainly three types of transactions which lead to foreign exchange. These are:

a) Export

b) Import

c) Foreign Remittance.

**5.3 Local regulation of Foreign Exchange**

In Bangladesh foreign exchange transactions are being controlled by the some local rules. These are:

- ✔ Foreign exchange regulation (FER) Act, 1947 (Act No. VII of 1947) enacted on 11th March, 1947 in British India provides the legal basis for regulating certain payment, dealing in FE and securities and import and export of currency and bullion. This Act was first adapted in Pakistan and then in Bangladesh.
- ✔ Bangladesh Bank issues Foreign exchange circular from time to time to control the export, import and remittance business.
- ✔ Ministry of commerce issues export and import policy giving basic formalities for import and export business.
- ✔ Sometime Chief Control of Import & Export (CCI&E) issues public notice for any kind of change in foreign exchange transaction.
- ✔ Bangladesh bank published two volumes in 1996. This is compilation of the instruction to be followed by the authorised dealers in transitions relation to foreign exchange.
- ✔ Bangladesh Bank has published a book “Guideline for Foreign Exchange Transaction (Volume-VI)” to regulate foreign exchange. It is amended
after every five years. And the volumes include instructions as on the 31 May, 2009 and should be read with Foreign Exchange circulars or circular Letter issued subsequently.

- Statutory Revenue Order (SRO).

5.4 International Regulation of foreign exchange

There are some international organizations influencing our foreign exchange transactions. These are:

- The Uniform Customs and Practice for Document Credit, 2007 Revision. ICC Publication No.600 (UCP) is rules that apply to documentary credit.

- Commercial letter of credit is the lifeblood of international trade. For more than 70 years, the Uniform Customs and Practice for documentary credit – have governed letter of credit transaction worldwide. The UCP has remained a vital component of international trade. Bankers, traders, lawyers, transporters, academics and all who deal with letter of credits transaction will refer to UCP 600 on a daily basis.

- The International Chamber of Commerce (ICC), the World Business Organization based in Paris, is the global leader in the development of standards, rules and reference guides for international trade. There is also an international court of arbitration to solve the international business disputes.

- World Trade Organization (WTO) is another international trade organization established in 1995. General agreement on Tariff and Trade (GATT) was established in 1948, after completion of it's 8th round the origination has been abolished and replaced by WTO. This organization has role in international trade, through its 124 member countries.
5.5 Letter of Credit (L/C)

Letter of Credit (L/C) is a payment guarantee to the seller by the buyer’s bank. Letter of Credit can be defined as a Credit Contract whereby the buyer’s bank is committed (on behalf of the buyer) to place an agreed amount of money at the seller’s disposal claimed by the negotiating on a particular date under some agreed conditions. If the conditions of the credit do not require for presentation of specified documents, it is called Clean Credit. On the contrary, if the presentation of specified documents is obligatory, the credit is called a Documentary Credit. The Uniform Customs and Practice for Document Credit, 2007 Revision. ICC Publication No.600 (UCP) is rules that apply to documentary credit.

“Any arrangement, however named or described, that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honour a complying presentation.

**Honour means:**

— To pay at sight if the credit is available by sight payment.

— To incur a deferred payment undertaking and pay at maturity if the credit is available by deferred payment.

— To accept a bill of exchange (draft) drawn by the beneficiary and pay at maturity if the credit is available by acceptance.

Buyers and sellers enter into contracts for buying and selling goods/services and the buyer instructs his bank to issue L/C in favours of the seller. Here bank assumes fiduciary function between the buyer and seller.

Letter of credit is an undertaking by the importer’s bank that if the exporter exports the goods and produces documents as stipulated in the letter, the bank would make payment to the exporter.
5.6 Types of letter of Credit

✔ Documentary of Credit may be either:

**Revocable Credit:** This type of credit can be cancelled or amended at any time by the issuing bank without prior notice to the beneficiary. Now it is not used.

**Irrevocable Credit:** This type of credit can’t be cancelled or amended by the issuing bank without the agreement of parties concerned thereto. All the credits issued in our country are in irrevocable nature.

**Add Confirmed Credit:** When a third bank provides guarantee to the beneficiary to make payment in case of failure of making payment of issuing bank, the L/C is called confirmed L/C. In case of confirmed L/C, a third bank adds their confirmation to the beneficiary to make payment in addition to that of issuing bank. Confirmed L/C gives the beneficiary a double assurance of payment.

✔ Also there are special types of Documentary of Credit

**Revolving Credit:** A revolving credit is one where, under the terms and conditions thereof, the amount of credit is renewed or reinstated without specific amendment to the credit being needed which provides for restoring the credit to the original amount after it has been utilized.

**Transferable Credit:** If the word ‘Transferable’ incorporated in an L/C, then the L/C is transferable. The first beneficiary can transfer transferable L/C to second beneficiary. But second beneficiary cannot transfer it further to first beneficiary.

**Back-to-Back Credit:** One credit backs by another. It may so happen that the beneficiary/seller of an L/C is unable to supply the goods direct as specified in the credit as a result of which he needs to purchase the same goods and make payment to another supplier by opening a second letter of credit. In this case, the second credit called a “Back to Back L/C”. The back to back is a new credit opened on the basis of an original credit in favour of other beneficiary; under this concept the seller of the first credit offers it as security to the advising bank for the assurance of the second credit.
On the basis of payment Criteria

**Sight Payment Credit:** This type of L/C is based upon payment on presentation of documents. When the L/C bears a clause of payment at sight then the L/C is called sight payment L/C.

**Deferred Payment Credit:** When the payment of L/C is to be made after a specified period of time of shipment then the L/C is called deferred payment L/C.

On the basis of Destination Criteria

**Inland Credit:** When the L/C applicant & beneficiary from same country and goods handled within country then the L/C is called Inland L/C.

**Foreign Credit:** Parties of L/C especially applicant and beneficiary of two different countries deals each other through L/C, this type of L/C is called foreign L/C.

5.7 Parties to a letter of Credit

There are a number of parties involved in an L/C:

**Importer/ Buyer/ Applicant:** The person or body (customer of the bank) who requests the bank (opening bank) to issue letter of credit. The importer or buyer is the applicant of a letter of credit. Applicant must be the client of the issuing bank.

**Issuing/ Opening Bank:** This is the bank, which issues documentary credit on account of its client. The bank that opens/ issues letter of credit on behalf of the applicant/ importer.

**Exporter/ seller/ beneficiary:** Beneficiary of the L/C is the party in whose favour the letter of credit is issued or established.

**Advising Bank/ Notifying Bank:** The bank through which the L/C is advised to the beneficiary or exporter. It is a bank situated in the exporting country and it may be a branch of the opening bank or a correspondent bank.

**Confirming Bank:** The bank which adds its confirmation to the credit and it is done at the request of the issuing bank. The confirming bank may or may not be the advising bank.
**Negotiating Bank:** The bank that negotiates document and pays the amount to the beneficiary when presented complying credit terms. If the negotiation of the documents is not restricted to a particular bank in the L/C, normally negotiating bank is the banker of the beneficiary. Usually this is exporter’s bank that purchases the export documents.

**Reimbursing/Paying Bank:** This bank acts as an agent of the Issuing Bank, authorized to make payment or to honour reimbursing claim of the Negotiating Bank. The bank nominated in the credit by the issuing bank to make payment against stipulated documents, complying with the credit terms.

**Transferring Bank:** The bank which will transfer the L/C, being instructed by the original beneficiary.

### 5.8 Important Document Used in L/C

**Forwarding:** Forwarding is the letter given by the advising bank to the issuing bank. Several copies are sent to the issuing bank. All copies including original should be kept in the bank.

**Commercial Invoice:** The invoice prepared relating to shipment of the goods is commonly identified as commercial invoice. Commercial invoice is an integral part of the shipping document prepared by the seller as per terms of the credit. Invoice is the price list along with quantities. Two copies should be given to the client and the other copies should be kept in the bank.

**Bill of Exchange:** A “bill of exchange” is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay on demand or at fixed or determinable future time a certain sum of money only to, or to the order of a certain person, or to the bearer of the instrument. (Negotiable Instrument Act. 1881, Section-5). It may be either at sight or certain day sight. At sight means making payment whenever documents will reach in the issuing bank.

**Packing List:** Packing list is the letter describing the number of packets and their size. If there are several copies, then two copies should be given to the client and the remaining should be kept in the bank.

**Bill of Lading:** Bill of Lading is the bill given by shipping company to the client. It is a transport document, the bill of lading gives proof of shipment of goods from port of lading/place of receipt to port of discharge/place of destination. Only one copy of Bill of Lading should be given to the client and the remaining copy should be kept in the bank.

**Certificate of Origin:** Certificate of origin is a document describing the producing country of the goods. An approved chamber of commerce of the exporter’s country generally issues the certificate or as has been stipulated in the credit terms.
**Inspection of certificate:** An inspection prior to shipment is conducted by an independent body which confirms by certifying that the quantity and price and other aspects of the goods as have been specified in the contract. The inspection agency is nominated by the buyer or L/C opening or as per rules of the importer’s country.

**Proforma Invoice:** Proforma Invoice is the sale contact between seller and buyer in export-import business. It is a form of quotation to a potential buyer, inviting him to buy the goods on stated terms.

**Inco-Terms:** Inco-Terms simply mean International Commercial Terms. These are also known as Contract Terms or Trade Terms or Delivery Terms or Sales Terms or Purchase Terms. These are used in the field of international trade or foreign trade.

**Nostro Account:** The foreign currency account maintained by the authorized dealers in foreign exchange with the foreign banks/correspondents are called Nostro Accounts. All foreign exchange transactions are routed through nostro accounts. Nostro Account means ‘our account with you’.

**Vostro Account:** Current Accounts of foreign banks with their correspondents in the latter’s currency is called Vostro Accounts. Vostro account means ‘your account with us’.

**Loro Account:** Loro Accounts are current accounts which the banks maintain with banks abroad on behalf of their clients. Loro Accounts means ‘their account with you’.

**Insurance document:** Insurance is a contract whereby the insurer is undertaking to indemnify the assured to the agreed manner and extent against fortuitous losses.

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**5.9 Transmission of Letter of Credit**

SWIFT is an abbreviation of ‘Society for Worldwide Interbank Financial Telecommunications.’ It is a system of transmitting authenticated messages widely used by Banks & Financial Institutions. SWIFT is a co-operative organizations set up in Brussels under Belgian law in 1973.

The SWIFT is a computerized message undertakes quick transfer of funds, transmission of Letter of Credits (L/C) and other remittances worldwide. It has become most dependable and speedy system for international financial transactions. The SWIFT network also handles foreign exchange confirmation and reconciliation. The major advantage of the SWIFT is that it has a format requirement for messages. This allows banks to interconnect it to other computer systems such as CHIP or US Fed wire and reduces settlement risks.
5.10 Risks involved in Foreign Exchange Business

- Risk of non-payment
- Risk of non-delivery of goods
- Risk of receiving substandard goods
- Risk of frauds in goods
- Charter party frauds
- Container frauds
- Exchange risk
- Failure of Foreign banks
- Sudden changes in polices
- Country risk
The import and export trade in our country are regulated by the Import and Export (Control) Act, 1950.

Under the export policy of Bangladesh the exporter has to get valid Export registration Certificate (ERC) from Chief Controller of Import & Export (CCI&E). The ERC is required to renew every year. The ERC number is to incorporate on EXP forms and other papers connected with exports.

Under the export policy of Bangladesh, the exporter has to get the valid export registration certificate (ERC) from chief controller of export & import (CCI&E). The ERC is required to renew every year. The ERC number is to be incorporated on export form & other papers related with exports.

For obtaining export registration certificate from CCI&E, the following documents are required:

- Application for ERC.
- Nationality & assets certificates.
- Trade license.
- Partnership deed (for partnership business).
- Bank certificate.
- Income Tax Certificate.
- Memorandum & article of association & certificate of incorporation (for Limited Company).

### 5.11 Export Mechanism

- Exporter will make the goods ready for shipment.
- The arrangements have to be taken for inspection of the goods by the competent authority as per credit terms.
- Exporter will declare export on EXP from against export L/C firm Contract/Advance payment.
- Exporters have to take approval from custom authority on EXP by submitting Export L/C and other necessary documents.
- After that, shipping company will receive the goods and will issue B/L.
- Exporter will collect certificate of origin for documentation.
- Then exporter will submit the full set of document to the negotiating Bank for negotiation.
Negotiating Bank will dispatch the documents to the issuing Bank for Clearance of the goods from port of destination against payment as per credit terms.

5.12 Export Procedure

There are a number of formalities, which an exporter has to fulfill before and after shipment of goods. These formalities or procedures are enumerated as follows:

**Obtaining Export Registration Certificate ERC:** No exporter is allowed to export any commodity permissible for export from Bangladesh unless he is registered with Chief Controller of Imports and Exports (CCI&E) and holds valid Export Registration Certificate (ERC). After applying to the CCI&E in the prescribed from along with the necessary papers, concerned offices of the Chief Controller of Imports and Exports issues ERC. Once registered, exporters are to make renewal of ERC every year.

**Securing the order:**

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

**Signing of the contract:**

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

**Receiving the Letter of Credit:**

After getting contract for sale, exporter should ask the buyer for Letter of Credit clearly stating terms and conditions of export and payment. After receiving L/C, the following points are to be looked for:

- The terms of the L/C are in conformity with those of the contract.
- The L/C is an irrevocable one, preferably confirmed by the advising bank.
- The L/C allows sufficient time for shipment and a reasonable time for registration.

If the exporter wants the L/C to be transferable, divisible and advisable, he should ensure those stipulations are specially mentioned in the L/C.

**Procuring the materials:**

After making the deal and on having the L/C opened in his favour, the next step for the exporter is to set about the task of procuring or manufacturing the contracted merchandise.
Endorsement on EXP: Before the export forms are lodged by the exporters with the customs/postal authorities, they should get all the copies endorsed by SEBL. Before shipment, exporter submits EXP form with commercial invoice. Then SEBL officer checks it properly, if satisfied, certifies the EXP. Without it exporter he cannot make shipment. The customer must declare all exports goods on the EXP issued by the authorized dealers.

Shipment of goods: The exporter should take the preparation for delivery of goods as L/C & under other terms & conditions, prepare and submit shipping documents for payments/acceptance/negotiations in due time.

Presentation of export documents for negotiation:

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

✓ EXP form
✓ Bill of exchange
✓ Bill of Lading
✓ Invoice
✓ Insurance Document
✓ Certificate of origin
✓ Inspection Certificate
✓ Packing List
✓ Quality Control Certificate
✓ G.S.P. certificate
✓ Other documents

Banks deal with documents only, not with commodity. As the negotiating bank is giving the value before repatriation of the export proceeds it is advisable to scrutinize and examine each and every document with great care whether any discrepancy(s) is observed in the documents. The bankers are to ascertain that the documents are strictly as per the terms of L/C Before negotiation of the export bill. Bank officers assigned for examining the export documents may use a checklist for their convenience.
Negotiation stands for payment of value to the exporter against the documents stipulated in the L/C. If documents are in order, SEBL purchases (negotiates) the same on the basis of banker-customer relationship. This is known as Foreign Documentary Bill Purchase (FDBP).

If the bank is not satisfied with the documents submitted to SEBL gives the exporter reasonable time to remove the discrepancies or sends the documents to L/C opening bank for collection. This is known as Foreign Documentary Bill for Collection (FDBC)

5.13 Export Financing:

Financing exports constitutes an important part of a bank’s activities. Exporters require financial services at four different stages of their export operation. During each of these phases exporters need different types of financial assistance depending on the nature of the export contract.

• Pre-shipment credit
• Post-shipment credit

Pre-shipment credit:

Pre-shipment credit, as the name suggests, is given to finance the activities of an exporter prior to the actual shipment of the goods for export. The purpose of such credit is to meet working capital needs starting from the point of purchasing of raw materials to final shipment of goods for export to foreign country. Before allowing such credit to the exporters the bank takes into consideration about the credit worthiness, export performance of the exporters, together with all other necessary information required for sanctioning the credit in accordance with the existing rules and regulations. Pre-shipment credit is given for the following purposes:

- Cash for local procurement and meeting related expenses.
- Procuring and processing of goods for export.
- Packing and transporting of goods for export.
- Payment of insurance premium.
- Inspection fees.
- Freight charges etc.
An exporter can obtain credit facilities against lien on the irrevocable, confirmed and unrestricted export letter of credit in form of the followings:

- Export cash credit (Hypothecation)
- Export cash credit (Pledge)
- Export cash credit against trust receipt.
- Packing credit.
- Back to back letter of credit.
- Credit against Red-clause letter of credit.

**Post Shipment Credit:**

This type of credit refers to the credit facilities extended to the exporters by the banks after shipment of the goods against export documents. Necessity for such credit arises, as the exporter cannot afford to wait for a long time for without paying manufacturers/suppliers. Before extending such credit, it is necessary on the part of banks to look into carefully the financial soundness of exporters and buyers as well as other relevant documents connected with the export in accordance with the rules and regulations in force. Banks in our country extend post shipment credit to the exporters through:

1. Negotiation of documents under L/C;
2. Foreign Documentary Bill Purchase (FDBP):
3. Advances against Export Bills surrendered for collection

**5.14 Back to Back L/C is an important part of SEBL:**

**Back-to-Back L/C:** It may so happen that the beneficiary/seller of an L/C is unable to supply the goods direct as specified in the credit as a result of which he needs to purchase the same goods and make payment to another supplier by opening a second letter of credit. In this case, the second credit called a “Back to Back L/C”. A Back-to-Back mechanism involves two separate L/Cs. One is master Export L/C and another is Back-to-Back L/C. On the strength of Master Export L/C bank issues back to back L/C. Back-to-Back L/C is commonly known as Buying L/C. On the contrary, Master Export L/C is known as Selling L/C.

**Scrutiny of Master L/C:**

- Defective Points or Clauses appears in the Master L/C
- Issuing bank is not reputed
- Advising credit by the advising bank without authentication.
✓ Port of destination absent.
✓ Inspection clause.
✓ Nomination of specific shipping/Airline or nomination of specified vessel by subsequent amendment.
✓ B/L to blank endorses, to endorse to 3rd bank, to be endorsed to buyer or 3rd party.
✓ No specific reimbursing clause.
✓ Shipment/presentation period is not sufficient.
✓ Original documents to be sent to buyer or nominated agent.
✓ FCR consigned to applicant or buyer.
✓ “Shippers’ load and count is not acceptable “clause.
✓ L/C shall expire in the country of the issuing bank.
✓ Negotiation is restricted.

Payment under back-to-back L/C:

Payment at maturity out of exports proceeds.

In case of export failure or non-realization/short realization of export proceeds, forced loan i.e. OAP has to be created in order to settle the Back-to-Back L/C payment.

5.15 Fees & Charges of SEBL for EXPORT

✓ Negotiation commission for export bills in foreign currency:

   No charges for Negotiation. Interest on overdue period will be applied as per our lending rate.

✓ Negotiation commission for export bills in local currency:

   @0.25% flat or minimum Taka 1,000/- plus interest for the period the bill remain outstanding.

✓ Advising Foreign Bank LCs to the local beneficiary @ Taka 1,000/- per instance

✓ LC advising charge - Local LC (BTB & Inland):

   - Taka 750/- per instance for our Bank client.
- Taka 1,000/- per instance for other bank's clients.

**Amendment Advice:**

- Taka 750/- per instance for our Bank client.
- Taka 1,000/- per instance for other bank's clients

**Transfer of LC:**

- Transfer Charge - Taka 1,000/- per instance for our Bank's client.
- Commission for transfer of amendment - Taka 500/- per instance for our Bank's clients.

- Adding confirmation charge @ 0.25% per quarter

- Foreign Bank's guarantee commission against discrepant bills At actual

- Collecting Bank's charges from abroad At actual

**Processing of documents under collection in foreign currency:**

- Full waiver of handling charges.
- Postage / Swift / Mail / Telex / Courier charges to be realized at actual.

**Processing of documents under collection in local currency:**

- Full waiver of handling charges.
- Postage / Swift / Mail / Telex / Courier charges to be realized at actual.

**Mailing of Export Document:**

- 1st mail at actual or minimum Taka 1,500/-
- 2nd mail at actual or minimum Taka 800/-

- Advising of guarantee to the beneficiary in original without any engagement on our part @ Taka 500/- flat.

- Advising of Guarantee in original by adding our confirmation. As per agency agreement or @ 0.50% per
quarter or part thereof minimum Taka 1,000/-. 

- Advising of guarantee in our own format or on the format supplied by the opening bank with our full engagement - As per agency agreement or @ 0.50% per quarter or part thereof minimum Taka 1,000/-. 

- Issuing Bid Bond / Performance Bond favouring overseas beneficiary through foreign correspondent at clients request - As per agency agreement or @ 0.25% per quarter or part thereof along with SWIFT / Mail charge. 

- Charge for issuance of Export Performance Certificate @ Taka 200/- and stationary charge Taka 50/-. 

- Charge for issuance of Proceeds Realization Certificate (PRC) / PRC for Cash Incentive / Custom Purpose:
  - Taka 500/- per instance
  - Taka 200/- specially for Jute Sector 

- Charge for issuance of Back to Back LC Certificate - Taka 500/- per instance. 

- EXP issuing charge - Taka 200/- per instance. 

- Charge for issuance of C&F Certificate - Taka 500/- per instance.
CHAPTER SIX

SMALL PROJECT WORK ON SEBL EXPORT PERFORMANCE

6.1 Objective of the Study

My internship program was also directed to some particular targets. As we know that Foreign Exchange market is very much competitive now, so the main objective of this particular project work is to gain some knowledge and experience on Export performance of SEBL with Other important private banks.

6.2 Research Methodology:

To make this work more meaningful and presentable, two sources of data and information’s are needed normally but because of time shortens it was difficult to get primary data. So here I only use the secondary data.

Secondary data are collected through:
- Manuals of Southeast Bank Limited.
- Annual report of Southeast bank and other banks.
- Website browsing.
- Bank’s other published information.

6.3 Export performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Name</th>
<th>SEBL</th>
<th>B. ASIA</th>
<th>ONE B.</th>
<th>M.T.B.</th>
<th>EXIM B.</th>
<th>J.B.L</th>
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<tbody>
<tr>
<td>2010</td>
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<td>58,158.06</td>
<td>43963.70</td>
<td>31961.09</td>
<td>5810.98</td>
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<td>75,982.06</td>
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<td>66360.78</td>
<td>52943.29</td>
<td>76231.46</td>
<td>61583.64</td>
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<tr>
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<td></td>
<td>84,464.20</td>
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<td>79413.67</td>
<td>68282.56</td>
<td>83579.04</td>
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<tr>
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<td>95,220.40</td>
<td>75155.30</td>
<td>86201.54</td>
<td>60555.54</td>
<td>96646.56</td>
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<tr>
<td>2014</td>
<td></td>
<td>112,137.60</td>
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<td>97291.00</td>
<td>82224.78</td>
<td>111,129.50</td>
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</tbody>
</table>

In Million Tk.
The CHART presents growth rate and position of SEBL by comparing with the other private bank on the basis of Export. On the above chart we see the comparative position of SEBL is satisfactory. Its export performance will increase year to year. The procedure of export of SEBL is quicker. So exporters are more interested to export through SEBL.

CHAPTER SEVEN

SWOT ANALYSIS OF SEBL

It is very difficult to find out & analyze the overall banking performance of SEBL with in a very limited time. SWOT analysis is a simple framework for generating strategic alternatives from a situation analysis. It stands for Strength, Weakness, Opportunity and Threats of SEBL, Gulshan Branch.

Strength

- Leading Retail loan providers.
- Better employee relations.
- Better location of the branch.
- Better financial standing.
- Interesting consumer schemes.
- Quick delivery of foreign exchange.
- On line Banking
- ATM facility
- Simultaneously Islamic Banking.
- Well reputation in the market.
- Sound Import & Export operation.
- Satisfactory operating efficiency.
- Good relation with Importer & Exporter.
- Experienced Management team.
- Membership with SWIFT.
- Online banking system.
Weaknesses

- Inadequate work force.
- Conservative loan facility.
- Lack of sufficient own ATM booths.
- Low manpower in Foreign Exchange.
- Lack of proper Management.
- High cost of fund.
- Lack of well working environment.
- No customer complain desk.
- Moderate corporate governance.

Opportunities

- Market leadership.
- Growth of the banking sector.
- Different consumer service scheme of the SEBL.
- Make the goodwill.
- Perform more quickly services.
- Go beyond the national boundaries.
- SMS banking.
- Import & Export are increasing gradually, so bank can exploit this opportunity.
- To increase Foreign Exchange Remittance.
- Creation of brand image.
- To increase more online products & services.

Threats

- Intense competition.
- Government rules and regulation.
- Economical variation.
- Policy of competitive banks.
- Loss arising from fluctuation in foreign currency exchange rate.
- Assets and Liabilities denominated in foreign currencies have foreign exchange risk.
- Failure of Foreign banks.
Lack of thrust to the foreign investors.
Government imposes high Tax & VAT in Export-Import Business.
Political unrest.

CHAPTER EIGHT

Findings of SEBL

South East Bank Limited is one of the leading private banks in the country. The findings of the report are:

- In Bangladesh, developing country, SEBL has taken cost leadership strategy to reach to the client as a trusted partner.
- SEBL considers clients as bank client not branch client.
- Developing an effective L/C marketing strategy is now being considered important by Southeast bank
- Internet banking has been used in a limited form. Southeast Bank provides little some online banking service. Balance of an account or loan or deposit can be checked and inquiries are possible through online and Bank transfer their customers L/C order to abroad bank by online banking
- Foreign exchange division also expanding its service day by day.
- Foreign exchange division Contribute a large amount of income on the total income of the bank each year.
- Still there is lack of manpower in Foreign exchange division to provide quick service.
- Sound Import & Export operation.
➢ To strictly followed the rules and regulation of Bangladesh Bank and UCP 600 in foreign exchange division.
➢ The work is very sensitive in Foreign exchange division.
➢ SEBL cannot control properly the network of ATM booth.
➢ The branch is too much dependable on head office for L/C opening approval, sometimes it takes time and generates dissatisfactions of clients.
➢ Fixation of dollar rate is another problem of the bank.
➢ SEBL took part in foreign transaction as one of the most leading bank.
➢ The bank offers minimum cost service of TT, OD, and FDD for the account holders.
➢ Customer database are maintained by Southeast Bank. 100% of sample maintains the database and they use it for marketing and Customer Relationship Management (CRM).
CHAPTER NINE

Recommendations

Though South East Bank Limited tries to give the best customer support, on the basis of preceding description and analysis the activities some recommendations are given below which may be effective for the organization:

- To attract more clients SEBL should sought new marketing strategy, which will increase the total export and import business.
- Introduction of various incentives to increase remittance.
- Effective and efficient initiative is necessary to recover the default loans.
- Attractive incentive package for the exporter will help to increase the export and accordingly it will diminish the balance of payment gap of Southeast Bank Ltd.
- Foreign exchange division needs to shorten/easier its complex transaction procedure.
- The bank can adopt the decentralization of authority as make quick decisions in foreign trade.
- Should have more flexibility of dollar rate.
- SEBL can provide foreign market report which will enable the exporter to evaluate the demand for their products in foreign countries.
- To strictly follow the rules and regulation of Bangladesh Bank and UCP 600 in foreign exchange division, so the frauds cannot be arises.
- SEBL should offer international credit card, because in modern world the use of increasing paper currencies is decreasing.
- SEBL should solve the network problem of ATM booth.
- Works are very sensitive in Foreign exchange division, so the division must careful to do the works.
- In foreign exchange more officers should be appointed for prompt service.
- Regular training program and workshop should be introduced to keep officers updated relating new issues for especially on the foreign exchange.
- Bank should increase their office space and take more care in interior decoration.
It was enormous pleasure for me to do my internship program in a recognised organization like SEBL. However my realistic experience in SEBL Gulshan branch for just three months was really good. In this report I try to cover two most important part of any bank that is General banking as well as Foreign Exchange division. Foreign exchange division of SEBL also contributes a lot towards the economic development through international transactions. Customers are satisfied with its service.

The banking service of the SEBL is getting modernized day – by – day. The customers are choosing SEBL as best services among other commercial banks. Day by day SEBL increases their banking systems. They try to give the best service to their customer, SEBL increase its customer service and the image has put excellent effect on consumer minds its customers are growing rapidly. There was a time when people of Bangladesh didn‘t trust the private banks but the sincere and excellent service of SEBL made difference.

SEBL is the best bank, they shown good performance and holds the strongest position in the banking market. The bank must a positive attempt to be more outward looking in their goals and aware of what is happening. Their lending interest rate and customer dealing is really competitive and they can earned well reputation for their quality service, so it has a vivid future.

I hope, in spite of my all limitation. This experience of sharing works with such working environment with help me a lot in professional life.

Finally, I wish continuous success of this bank and healthy business portfolio of the bank.
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VI. Everyday Working experience in South East Bank Ltd. with the executives.