

INTERNSHIP REPORT
ON
FOREIGN REMITTANCE (PROCESS AND CHALLENGES)
OF
SOUTH EAST BANK LIMITED (SEBL)

Submitted To:

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Letter of Transmittal

Date: 05.12.2015

Md. Tamzidul Islam

Asst. Professor & Supervisor

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Subject: Submission of Internship Report

Dear Sir,

With a great pleasure I submit the report on Foreign Remittance process, performance and challenges 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 Md. Tamzidul Islam, Assistant 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 the employees of Mohammadpur Branch of Southeast Bank. Almost each of the people I came across had been very helpful.

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

Yours sincerely,

Amir Adnan Khan

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Declaration

I soberly declare that the work in this internship report title "A Study on Foreign Remittance of South East Bank Limited" is an original work done by me under the supervision of Md. Tamzidul Islam, Assistant Professor, BRAC Business School, BRAC University.

This work does not have any existing copyright and nothing has been copied from any source to make the report.

Amir Adnan Khan

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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 Md. Tamzidul Islam, 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 Mohammadpur Branch for giving me the opportunity for the internship program that I have completed. It is my pleasure to extend my heartiest gratitude to Mr. Murad Mahmud, SAVP, (Manager Operations), Mr. Al Amin Mahmood, Principal Officer, Jihan Sultana, Executive Officer of Southeast bank Limited, Mohammadpur 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 Kamrun Naher, Senior Officer, Southeast Bank Limited, Mohammadpur Branch for her 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.

PREFACE

Internship is the basic requirement of all the business study programs. Because it is the practical implication of the theoretical knowledge which we have gathered from our business subjects to gain further knowledge and experience about the corporate 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, Mohammadpur Branch, Dhaka 1207 Where I have done my 12 weeks internship. During my internship I have gained a lot of knowledge about Banking Operations under the supervision and guidance of my internship supervisors. During my whole duration I worked with general banking and foreign remittance section of the branch and was thoroughly briefed about the procedures by the concerned officers. My internship report contains about foreign remittance performance, process and challenges. Moreover, a brief study is also provided how foreign remittance is contributing on the Gross Domestic Product (GDP) of Bangladesh.

Executive Summary

Southeast Bank Limited formed under Companies Act, 1994 on the 12th of March, 1995, is a leading private commercial Bank. It is providing a comprehensive and competitive banking service to its clients through its countrywide network of 115 branches. SEBL began its operation at the main branch with three of its core departments, namely General Banking, Advances and Foreign Exchange. Its growth and increase in profit is impressive. It operates with a motto that it is 'A bank with vision'. Its product portfolio includes products innovated according to the needs and preferences of its clients, which are beneficent to clients while being profitable for the bank itself. The product-basket encompasses 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 Earners' Pension Scheme, SMS Banking, Fixed Deposit Receipt (FDR), etc. Additionally, SEBL has traditional credit and foreign trade related services.

I have critically reviewed the various foreign remittance activities of Southeast Bank Limited, Mohammadpur Branch throughout my overall study. My critical analysis covers remittance performance, process and challenges in SEBL and have also reviewed the trend analysis of primary data collected from the annual report of SEBL. It also includes a study of the performance of Remittance in Bangladesh and its contribution to the Gross Domestic Product (GDP) of Bangladesh.

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Limitations of the Study

Limitations are meant to be faced for doing any sort of studies. I also faced some limitations on doing the internship report.

The limitations of this study are:

- Only 12 weeks were not sufficient enough to visit all the sectors in the branch. So some sectors were remained unvisited.
- Sufficient information's and publications were not available based on foreign remittance.
- My supervisor and other officers have tried their best to help me but discussion time was limited as they had to attend the tasks appointed to them.
- Lack of inexperience is the main factor for the limitation of the study.

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 fulfil 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.¹

Vision of SEBL:

The vision is to be a premier banking institution in Bangladesh and contribute significantly to the national economy.

¹ https://www.southeastbank.com.bd/upload/annual_report/Annual_Report_2014.pdf

Mission's of SEBL:

- 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.

Core Values of SEBL:

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

Core Strengths of SEBL:

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

Core Competencies of SEBL:

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

SEBL Services:

- General Banking Services:
 - ✓ Accounts Opening
 - ✓ Account maintaining.
 - ✓ Account closing
 - ✓ Issuing Pay order.
 - ✓ Bank draft.
 - ✓ Demand draft.
 - ✓ Opening of Fixed Deposit.
 - ✓ Clearing of Bank cheques.
- Foreign Exchange Business Services:
 - ✓ Letter of credit
 - ✓ Parties to Letter of Credit
 - ✓ Operations of Documentary Letters of Credit
 - ✓ L/C Application
 - ✓ Scrutiny of Documents
 - ✓ Scrutiny of L/C Application
- Investment Services:
 - ✓ Investment Scheme for Doctors
 - ✓ Small Business Investment Scheme
 - ✓ Housing Investment Scheme

- ✓ Small Transport Scheme
- ✓ Car Loan Scheme
- ✓ Transport Investment scheme.
- ✓ Agriculture implements investment Scheme Rural Development Scheme.
- Other Consumer Savings Schemes:
 - ✓ Pension Savings Scheme (PSS)
 - ✓ Education Savings scheme (ESS)
 - ✓ Marriage Savings Scheme (MSS)
- Sanchaypatra (Saving Certificate) schemes:
 - ✓ Eight years Protirakha Sanchaypatra (PSP)
 - ✓ Five years Bangladesh Sanchaypatra (BSP)
 - ✓ Sanchaypatra Interest on half yearly rest (SP)
 - ✓ Sanchaypatra Interest on quarterly rest (SP)

Major Job Responsibilities

I did my three month internship program in Southeast Bank Ltd, Mohammadpur 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 does not follow any guideline or any fixed 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.

Account Opening Department:

I worked with Southeast Bank Limited, Mohammadpur 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. Secondly, I learned how to proceed a pay order and what are the necessary documents needed to do it. Thirdly, I learned how to open a Fixed Deposit Receipt (FDR). This are the following activities which are 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.
- To close accounts and file them up for record.

I also worked partially in clearing department. In clearing department, I helped the clearing officer to file the cheques to keep record and learned how the clearing process is operated.

Foreign Exchange Department:

As in this internship period, employees introduced to me all the necessary procedures of proceeding remittances to the respective recipients. There are total 35 exchange house which are incorporated with southeast bank limited, but only 25 houses are currently active.

Remittance performance and process of SEBL

Our 10 million expatriates are a source of pride for Bangladesh. They represent us abroad by building our image. They also spread the richness of our cultures across the globe. In that sense, they are the ambassadors of goodwill for Bangladesh. The foreign exchange they send home is the second largest source of much needed foreign exchange for our economic development. In fact, if we adjust import costs against export earnings of the garments sector which brings highest amount of foreign exchange to the national economy, remittance will figure as the single largest source of foreign exchange for Bangladesh.

Southeast Bank Limited is continuously striving to build its remittance business by rendering quality services through a network of reputed banks and exchange houses around the globe along with an extensive network in the country to deliver money to the beneficiaries in the safest form and quickest possible time.

Features of SEBL Remittance Services:

- No service charge from beneficiaries in Bangladesh
- Instant Cash Withdrawal facility from any branches of Southeast Bank
- Confidentiality of transactions
- Instant credit to beneficiaries accounts with Southeast Bank;
- Same day cash withdrawal facility from the branches of One Bank, Mutual Trust Bank, Jamuna Bank, Al-Arafah Islami Bank, BRAC Bank, Bank Asia, Shahjalal Islami Bank, Mercantile Bank and First Security Islami Bank
- Same day cash payment facility from 600 outlets of reputed NGOs (RDRS, Society for Social Services - SSS and Jagorani Chakra Foundation - JCF)
- Direct communication with both Sender and Receiver for solving queries relating to cash payment/account deposit (if any)
- Disbursement of foreign remittance through ATM booths using **My Remit Card**
- Provide Anti-Money Laundering (AML) and Combating Terrorist Financing (CTF) advice.

Global Partners:

- ✓ Western Union Money Transfer Services

- ✓ Continental Exchange Solution (Ria Financial Services)
- ✓ Money Gram International
- ✓ Xpress Money Services
- ✓ Trans-Fast Remittance LLC
- UK based Money Transfer Companies:
 - ✓ K.F. Money Transfer
 - ✓ Khan Money Transfer UK Exchange
 - ✓ Bangladesh Money Transfer (UK) Limited Exchange
 - ✓ Aftab Currency Exchange
 - ✓ Eastern Union Money Transfer
- UAE based Money Transfer Companies:
 - ✓ Al Ahalia Money Exchange Bureau
 - ✓ Al Fardan Exchange
 - ✓ UAE Exchange Centre LLC
 - ✓ Wall Street Exchange Centre LLC
 - ✓ Al Ansari Exchange
 - ✓ Habib Exchange Co.LLC
 - ✓ Lulu International Exchange
 - ✓ Malik Exchange, UAE
- Sultanate of Oman based Money Transfer Companies:
 - ✓ Oman & UAE Exchange Center & Co
 - ✓ Asia Express Exchange
- USA based Money Transfer Companies:
 - ✓ Wall Street Finance LLC
 - ✓ US Money Exchange
- K.S.A (Kingdom of Saudi Arabia) based Banking Partners:
 - ✓ National Commercial Bank
 - ✓ Al Rajhi Banking Corporation
 - ✓ Bank Al-Bilad
- Italy based Money Transfer Company:
 - ✓ National Exchange SRL

Analysis of Remittance data of Southeast Bank Limited (SEBL):

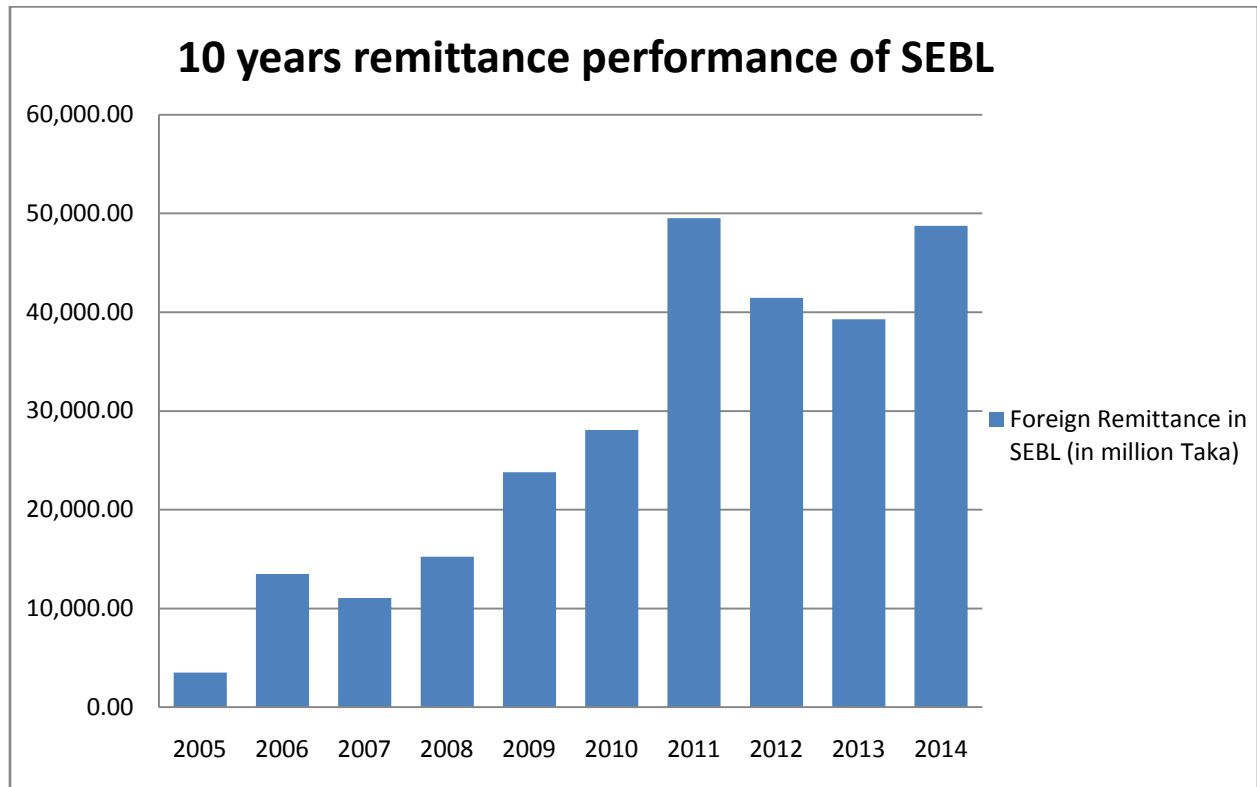


Chart 1

Chart 1 shows a steady growth of remittance performance of SEBL over a period of 10 years since 2005 subject to some anomalies. There was a huge increase in 2006, 2011 and 2014. Whereas the performance dropped in 2007, 2012 and 2013. The period from 2007 to 2011 witnessed a positive growth in performance. 2011 still remains the benchmark or the peak for performance of SEBL regarding remittance. The year 2014 shows that the performance is almost close to regaining its earlier position in 2011 after a continuous negative growth in 2012 and 2013. On the other hand according to Bangladesh Bank sources indicate that Bangladesh has not witnessed any negative growth in the aforementioned period. Perhaps, it was due to some internal managerial lacking regarding the foreign exchange department, which has not been disclosed to me by the officials of SEBL.

Remittance flow in Bangladesh

Introduction to Remittance in Bangladesh:

Remittance is the life line of Bangladesh economy. It has been calculated that more than 7 million Bangladeshi expatriates (Non Resident Bangladeshis-NRB) are working in the Middle East, Malaysia, Singapore, Korea, USA, Canada, UK, Europe, Australia, New Zealand, etc. The figure is expected to be a lot more if the illegal migrants are taken into consideration. In spite of the ongoing political and diplomatic crisis in the Middle East and economic recession in the United States and Europe, Bangladeshi overseas workers remitted \$20.62 billion, a record in the country's history, in June 13, 2015, marking more than 10 per cent growth over that of the previous calendar year. Moreover, Bangladesh has maintained a steady 6% plus growth over most of the last 10 years with the aid of strong export and remittance growth.² The consequent development impacts of remittances, as earnings of transfer of wealth, on socioeconomic factors are increasingly viewed with significance. Remittances have helped improve the social and economic indicators like nutrition, living condition and housing, education, healthcare, poverty reduction, social security, and investment activities of the recipient households. The weight of remittances has also amplified against most of the macroeconomic variables along with the contribution to the GDP.

The Government of Bangladesh is introducing a specialized bank named “Probashi Kallyan Bank” presently for offering customer friendly services to the NRBs and overseas migrant workers. It aims to provide swift and safe remittance of their wages, which will boost the remittance flow in Bangladesh by encouraging NRBs to prefer formal methods of money transfer rather than informal means of money laundering.

The reasons for such robust growth can be summarized as:

- Stable macro-economic indicators including GDP growth,
- Steady growth in manpower export specially in the middle east,
- Substantial devaluation of the local currency,

² <http://businessninvestment.blogspot.nl/2013/02/contribution-of-non-resident.html>

- Rapid urbanization,
- Development of new remittance corridors in Australia and part of Europe and Africa,
- Increased focus of Central Bank and the Government to channel funds through formal channels,
- Increased competition among financial institution to grab market share,
- Aggressive marketing policy adopted by Banks to increase their share of wallet,
- Expansion of branch network of various commercial banks,
- MFIs involvement in channelling remittance funds in remote areas,
- Participation in the UN peace keeping missions, and
- Anti-Money Laundering rules and regulations came in force.

However, the market is still trying to improve in terms of service quality, cost structure, and transaction risk. Moreover, a huge portion of remittances is still being transferred through illegal means, which is locally known as "Hundi" due to existing imperfections or inefficiencies of the formal means. However, the government and the central bank are very keen in tackling money laundering. As such, an amendment bill for the Money Laundering Prevention Act, 2012 proposing 4 to 12 years imprisonment and a fine of Taka 2 million or at least double of the laundering amount or assets, whichever is higher, is awaiting Parliamentary recognition.³

Most of the remittances sent to our country are used for various livelihood purposes, such as disbursement of small loans, living expenses, business start up costs, medical treatment and funds for asset purchases. The fast disbursement of money through e-Remittance System is attracting new un-banked customers especially in the rural and sub-urban area who previously depended on informal channels. At present, only a fraction of remitters send remittance through illegal channels because the foreign exchange houses are offering competitive exchange rates and also because of the safety and reliability in banking transactions.

Chart -2, below shows the remittance performance of Bangladesh which has been gathered from Bangladesh Bank (BB). we can notice that after 2010 the growth went extraordinary. So, we can now say that people rely more on banks than other mediums.

³ <http://www.dhakatribune.com/business/2015/oct/05/anti-money-laundering-ordinance-may-get-cabinet-approval-today>

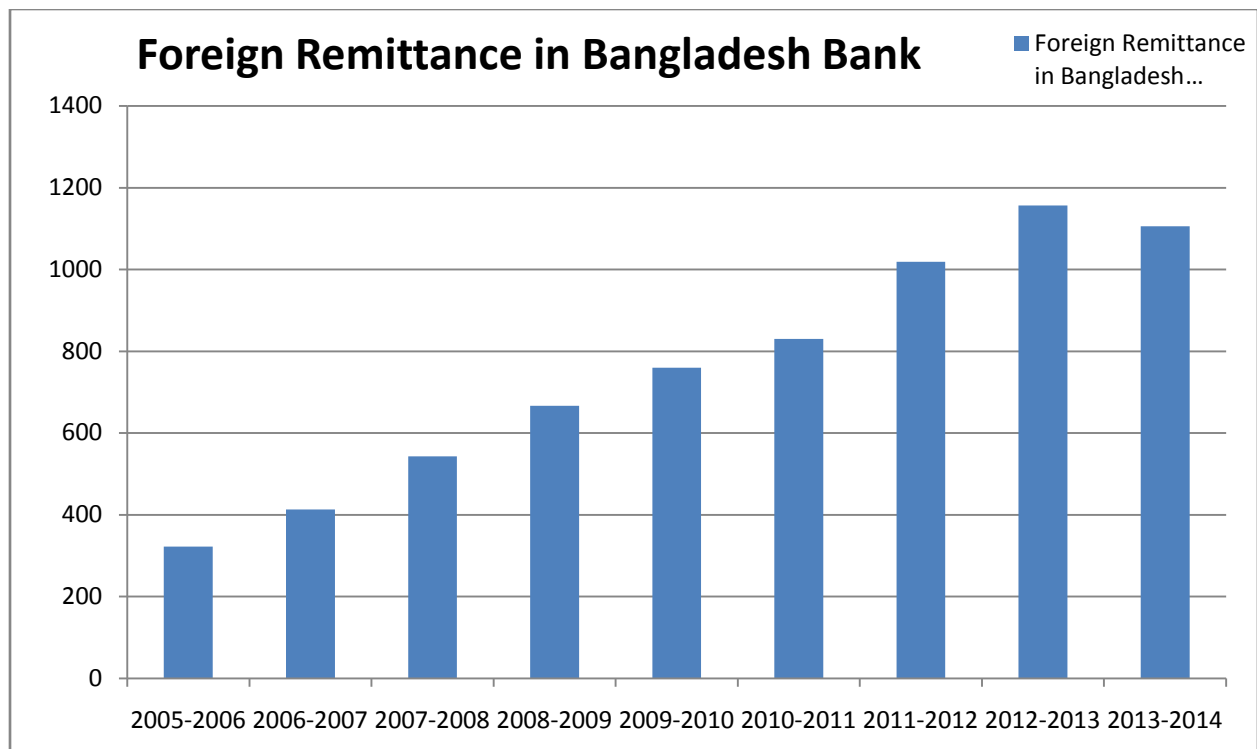


Chart 2

Steps that has resulted in the improvement of Remittance Process:

Government as well as private sector has undertaken various strategies to make remittance transfer easier and hassle free. Now, the Nationalized Commercial Banks (NCBs) have few overseas branches/remittance wings for transferring remittances. The private commercial banks (PCBs) are providing fast and reliable services while some have been able to establish overseas branch or correspondence relationship with Banks/Exchange Houses. Local banks are now able to deliver money to recipients within a working day. Recently, illegal transfer of money slid down drastically, as Bangladesh Bank (BB) has stepped up monitoring of such transactions at home and also due to the anti-money laundering legislations and policies of the Government.

Economic Benefits:

Remittance has economic benefit both at macro and micro level. In 2004, the formal remittances contributed 6% of GDP. The contribution of remittances to Gross National Income has grown

substantially in the last decade to around 10.5 percent of GDP in 2011. Currently around 14 percent of Bangladeshis work overseas (according to 2012 statistics by World Bank⁴).

The majority of Bangladeshi migrants abroad is unskilled, and originates from rural areas and poor community. The poorer the household, the more impact or benefits remittance income can have alleviating poverty. Remittances allow the poor people to increase expenditures on both durables and non-durable products, and provide them with protection against negative income shocks. Thus, poverty rate in Bangladesh has declined over the years with the growth in remittance.

The chart below shows the contributions of remittance as a percentage of the Gross Domestic Product. The percentage has grown from 6% in 2003 to 10% in 2008 and since then the percentage has remained approximately at 10%.

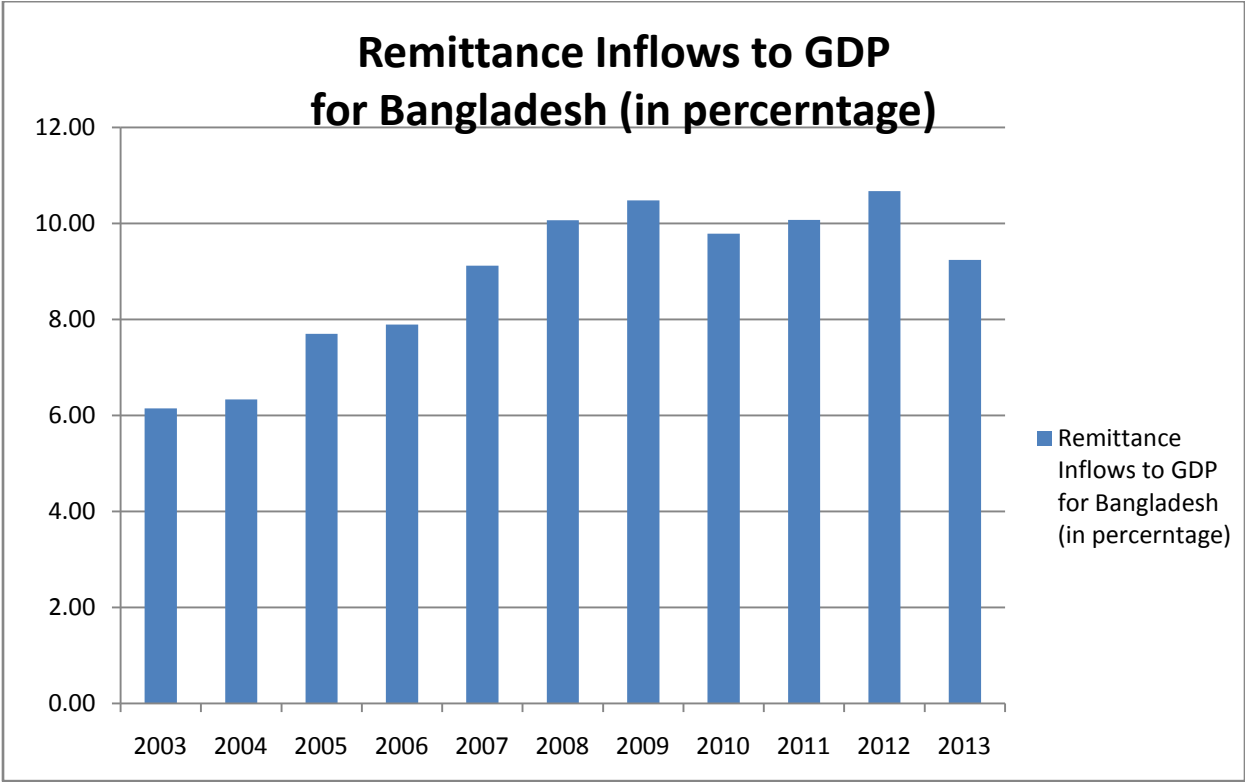


Chart 3

⁴ <http://www.worldbank.org/en/news/press-release/2012/11/13/faster-gdp-growth-and-sustained-remittance-growth-needed-for-bangladesh-to-achieve-middle-income-status-by-2021>

Conclusion

After a prolonged observation in my three months long internship at the Mohammadpur Branch of Southeast Bank Limited, I am very much pleased to prepare this internship report. In this period, I have tried to acquire the skills of customer relation and also tried to adapt with the corporate culture, which is very much different from the academic courses of BBA.

In this report, I have attempted to cover one of the key areas of banking namely Foreign Remittance Process which falls under the Foreign Exchange Division. Foreign Remittance Process in SEBL contributes a lot towards the economic development of the country by the efficient distribution network of remittance, which is quite satisfying to the customers.

The banking service of the SEBL is being automated day by day and SEBL is preferred by customers for its service oriented business policy.

I tried my best to contribute to the branch office despite my above stated limitations. The friendly work atmosphere provided at this particular branch of SEBL has inspired me to work even harder. I hope the skills that I have tried to gain by working at that branch will further my career. I would like to acknowledge the continuous efforts of my supervisor and the other officers of the bank at that said branch in allowing me to obtain these skills despite their huge workloads. I would also like to appreciate my advisors effort in providing me with invaluable advice and also for giving me such an excellent opportunity to be introduced to corporate culture. Lastly, I wish continuous success of this bank.

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