An internship report

On

Foreign Exchange Business of Rupali Bank Limited

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Foreign Exchange Business of Rupali Bank Limited

Supervised To

Rahma Akhter

Lecturer

BRAC Business School

BRAC University

Submitted By

Md.Shamsuddoha Khan

ID: 10364093

Course: BUS 699 (Internship)

BRAC Business School

BRAC University

Date of Submission 18 April, 2019

Letter of Transmittal

18 April, 2019
Rahma Akhter
Lecturer
BRAC Business School
BRAC University, Dhaka.

Subject: Submission of internship report.

Dear Sir,
I have the pleasure to submit the internship report as part of MBA program of BRAC University. My topic is very interesting, beneficial and insightful. I have tried my best to prepare an effective and creditable report. The report is about "Foreign Exchange Business" of Rupali Bank. To fulfill the requirement of the report I have followed your instructions and guide lines to writing the internship report. All the data are collected very sincerely to avoid any breach of confidential information of the bank.

I would like to thank you for giving me the opportunity to prepare the report which will help to widen the knowledge on the Foreign Exchange System and its importance to the economic development of our country. However, I will be glad to clarify any discrepancy that may arise in this intern report.

Sincerely yours,

Md.Shamsuddoha Khan
ID: 10364093
BRAC Business School
BRAC University.

Letter of Authorization

This is to certify that Md.Shamsuddoha Khan a student of MBA program of BRAC University worked under my supervision during his internship placement in Rupali Bank Limited.

I am pleased to state that Md.Shamsuddoha Khan worked hard in preparing this report. The data and findings presented in the report seem to be authentic.

Md.Shamsuddoha Khan possesses a good moral character and pleasing personality.

I wish his all success.

____

Rahma Akhter
Lecturer
BRAC Business School
BRAC University.

Acknowledgement

First of all I would like to express the deepest sense of gratitude to ‘Almighty Allah’ and thanks for immeasurable grace & profound kindness for giving me the strength and the composure to finish the task. After that I would like to take this opportunity to express my heart full gratitude to my honorable supervisor Mrs.Rahma Akhter, Lecturer of Brac University for his constant supervision and guidance to sort out all the problems that I have faced in preparing the internship report. I am very thankful to him for his expert supervision, constant guidance and inspiration during the preparation of the internship report.

I am grateful to many individuals for completing my internship report successfully. I would like to thank the School of Business of BRAC University and Rupali Bank Limited (RBL) for giving me the opportunity of having an Internship program. I have gathered an enormous deal of experience
While going through the internship period and preparation of this report.

My sincerest gratitude to Khan Iqubal Hossain (General Manager & Head Of Branch) Local office,RBL, Dilkusha, Dhaka, Md.Aminul Islam (Deputy General Manager) Foreign Exchange Division, Local Office, RBL, Dilkusha, Dhaka, Jannatun Nahar Begum (Assistant General Manager) Foreign Exchange Division, Local Office, RBL, Dilkusha, Dhaka and also thanks to my colleague of Financial Administration Division, Treasury Division & Share Division, Head Office, RBL for giving me their valuable time and required advices and providing all necessary papers, documents and information in carrying out the study.

Special thanks to my fellow colleagues of Rupali Bank Limited who spread their helping hand for finishing this report.

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Executive Summary

This report shows the present scenario of import, export and foreign remittance business of RBL. In this study two types of data were gathered - primary data and secondary data. Primary data collected from concerned managers of AD branches, FE officers of Authorized Dealer Branches, Valued Customer of FE Business and responsible person for international division of Rupali Bank Ltd. Primary data collected through structured questionnaire with easily understandable open ended form. Going through different document and papers, annual report, brochures, foreign trade financing manuals of RBL, web sites the secondary data is collected. It is found that the volume of import is better than foreign remittance and export business. All the branch of RBL are engaged for foreign remittance transactions that's why volume of foreign remittance is satisfactory scale. From the above study it can be said that if RBL takes proper steps to for arranging easier way for inflow of foreign remittance and skilled manpower are placed for providing better service and then the inflow of foreign remittance will be increased significantly. High flow of foreign remittance assists the entire foreign exchange business. For export, invention of new product, diversification of traditional goods like jute, leather products searching new destinations providing direct or indirect incentives to exporters etc. are obvious for increasing export-remittance. On the other hand new customer needs to be finding out solving the existing problem to strengthen the FE business of RBL.

Chapter One
ORGANIZATIONAL PROFILE OF RUPALI BANK LTD.

Scenario of Banking Industry in Bangladesh

The history of banking is as old as the history of many. Generally, to the necessity for keeping the money safe, the business of banking comes in to existence. The evolution if money solved the problem of 'Barter System'. Earlier there are two groups of people. One group felt the need of honest and faithful person to keep their surplus money safe and the other group owing to transaction felt the need of some person who could provide money. As a result based on two groups a kind of businessman came in to picture. They used to keep the money as deposit for security and give loans to the needy people. This is how the banking sector has developed.

The English word 'Bank' is derived from the Italian word 'Banco'. The Latin word 'Bancus' and the French word 'Banque' which means a bench. They are of the opinion that the medieval.

European banker (i.e. moneychanger and moneylenders) transacted their banking activities on the benches in the market place. This money changing and money lending business is known as banking business.

Banking industry is very important financial institution of a country and the present economic state of Bangladesh demands immediate development of the financial institution. Bangladesh was born as an independent and sovereign country in the year 1971. That time banking industry faced a tremendous crisis, as the Head office of the most of the banks was located in West Pakistan. After that, 'Bangladesh Bank' was established according to the order of Bangladesh Bank and this order effective from 16th December 1971. Bangladesh Bank was given the duty to act as the Central Bank of Bangladesh.

After that in 1972 nationalization order was declared and all commercial banks were nationalized except foreign banks. Thus six nationalized banks were formed. They are Sonali Bank, Agrani Bank, Rupali Bank, Pubali Bank, and Uttara Bank.

Present Status of Banking Industry

The commercial banking system dominates Bangladesh's financial sector. Bangladesh Bank is the Central Bank of Bangladesh and the chief regulatory authority of this sector. The banking system is composed of six state-owned commercial banks, three specialized banks, forty one private commercial banks, five non schedule banks, nine foreign commercial banks and eight Islamic shariah based banks. The Nobel-prize winning Grameen Bank is a specialized micro-finance institution, which revolutionized the concept of micro-credit and contributed greatly towards poverty reduction and the empowerment of women in Bangladesh. Other micro finance institutions like as Brac, Proshika etc. also great impact to reduce the poverty and women empowerment.

Besides the banking sector, there are some non-banking financial institutes, which contribute in financing the economy of the country. These institutions finance in different sector like housing, industries, tranports etc. which contributes towards the development of the country.

An Overview of Rupali Bank Limited

1.1 Formation of Rupali Bank Limited

Rupali Bank Ltd. (RBL) was constituted with the merger of 3 (three) commercial banks i.e. Muslim Commercial Bank Ltd., Australasia Bank Ltd. and Standard Bank Ltd. All of these there banks operated the business in Pakistan period. Under the Bangladesh Banks (Nationalization) order 1972 (P.O. NO. 26 of 1972), with all their assets, benefits, rights, powers, authorities, privileges, liabilities, borrowings and obligations. Rupali Bank worked as a nationalized commercial Bank till December13, 1986. Rupali Bank Ltd. Emerged as the largest Public Limited Banking Company of the country on December 14, 1986. Rupali Bank Ltd. Operates through 569 branches. It is linked to its Forty foreign correspondent Banks all over the world. The Corporate Head Office of the bank is located at 34, Dilkusha, C/A, Dhaka-1000 with one local office (main branch), Twelve DGM headed corporate branches and forty five AGM headed corporate branches and ten Divisional offices all over the country. The Board Of directors is composed of thirteen members headed by a chairman and the directors comprise representatives from both public and private sectors and shareholders. The Bank is headed by the Managing Director (Chief Executive Officer) who is a reputed professional Banker. The Bank has an authorized capital of TK. 7000 million with a paid up capital of TK. 3765.16 million. Government of BD owns 90.19% of its share while the private share constitutes only 09.81%.

1.2 Corporate Profile of RBL

Business Operation:	Commercial Bank
Name of the Company:	Rupali Bank Limited
Legal Form:	Public Limited Company
Chairman:	Mr.Monzur Hossain
Managing Director & CEO	Mr.Md.Ataur Rahman Prodhan
Head of Internal Control & Compliance:	Mr.Mohammad Najmul Hoda
Chief Financial Officer:	Mr.Md.Shawkat Jahan Khan, FCMA
Company Secretary:	Mr. Md. Shahjahan Khandaker

Registered Office:	The registered office of the company is located at 34, Dilkusha, C/A, Dhaka-1000.

1.3 Other Important Information

Authorized Capital: Tk.700 Crore

Paid-up Capital: Tk. 376.16 Crore

Break up of paid up Capital::		
Government shareholding	:	90.19%
Private shareholding	:	09.81 %
Present Share Structure::		
Total Number of share (Each TK 10)	:	303642693
Share Demoted by shareholders as on 25.07.2018	:	275452502

Number of Employee:	5254
Number of Branches:	569
Number of Divisional Office:	10
Number of Local Office:	01
Number of Zonal Office:	25
Number of AD Branches:	30
Number of Corporate Branches:	74
Number of Computerized Branches:	569
Branches Operated Under CBS:	569
Number of BACH Operated Branches:	322
Number of BEFTN Operated Branches:	569
Number of Foreign Correspondence:	40
Number Of Head Office Divisions:	39

Subsidiaries of RBL-

Rupali Investment LTD. Operation started on - 04.03.2010

Rupali Bank Securities Ltd.Operation Started On - 22.11.2012

Mobile Financial Services Operation Started on - 20.04.2017

Phone-PABX : +88-02-9551624-25, +88-02-9551525,
+88-02-9551840, +88-02-9552184,
+88-02-9552214, +88-02-955093-4
+88-02-955093-4, +88-02-955093-4
+88-02-9514940, +88-02-9551574

Fax : +88-02-9564148, +88-02-9552671

SWIFT BIC : RUPBBDDH

Website : www.rupalibank.org

E-mail : info@rupalibank.org, it@rupalibank.org

1.4 Milestones of RBL

➢ Date of Commencement of Banking Operation - 01.04.1972
➢ First dividend (10% in Cash) declared for the income year - 1986
➢ Date of Incorporation - 14.12.1986
➢ Commence of Trading With DSE & CSE - 19.08.1987 & 27.12.1995
➢ Listing with Dhaka Stock Exchange Ltd.- 22.12.1986
➢ Listing with Chittagong Stock Exchange Ltd.- 27.12.1995
➢ Achieving Best IT Use Award 2005 by BASIS-DBBL - 2005
➢ Reintroduced Logo of 1972 - 02.01.2018
➢ Introducing Merchant Banking in the name of Rupali Investment - 04.03.2010
➢ Commence of 100 percent online banking - 28.03.2017
➢ Inauguration of Own Brand ATM service - 01.08.2011
➢ All the branches are facilitated RTGS - Since 2017
➢ All the branches are facilitated BEFTN - Since 2015
➢ Inauguration of CBS - 24.09.2013
➢ Inauguration of Hazrat Shahjalal International Airport Foreign Booth - 25.09.2011
➢ Inauguration of Web-based Remittance Management Software - 15.11.2012
➢ Award received for Best Published in public sector entity from ICAB - 04.08.2011
➢ Award received for Best Published in public sector entity from ICMAB - 12.12.2011
➢ Receiving the First Prize of the 14th ICAB National Award for Best Presented Annual Reports, 2012 & 2013 - 21.12.2013 & 30.11.2014
➢ Receiving the First Prize of ICMAB Best corporate Award 2013 - 27.04.2014
➢ Winning The SAFA Best Presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosures 2012 - 03.05.2014

1.5 Financial Highlights of Rupali Bank Limited (RBL)

Particulars	2017	2018
Operating Profit	508.52	310.13
Profit after tax	49.91	65.61
Paid-up capital	303.64	376.52
Total deposit	31948.76	38954.95
Total loans & advances	20667.27	24749.06
Total assets	38241.02	46317.11
Return on Asset (ROA)	0.03%	0.04%
Return on Equity (ROE)	1%	1.07%
Earning per Share (EPS)	1.64%	1.75%
No. of deposit accounts	15394540	20120012
No. of a/c loans & advances	135424	151136
No. of employees	5229	4929
No. of Branches	563	569
Market Price per share	66.20	35.80

(Source Annual Report of RBL-2018)

1.6 Vision of Rupali Bank Limited

To expand loyal customer base by being known as the financial partner of choice that constantly exceeds customer expectations.

1.7 Mission of Rupali Bank Limited

- Develop long-term relationships that help customers to achieve financial success.
- Offer rewarding career opportunities and cultivate staff commitments.
- To provide excellent quality customer service.
- To become a trusted repository for customer’s money and their financial advisor.
- To display team spirit and professionalism.
- To be the finest bank in the banking area.

- To maintain corporate and business ethics.
- Offer Uphold ethical values and meet its customer's financial needs in the fastest and most appropriate way and continue innovative works in order to achieve human resource with superior qualities, technological infrastructure and service packages.

1.8 Core Values of Rupali Bank Limited

- Social Responsibility- we care for and contribute to our communities.
- Performance-we measure results and reward achievements.
- Integrity-we uphold trustworthiness and business ethics.
- Respect- we cherish every individual.
- Innovation-we encourage creativity.
- Teamwork-we work together to succeed.

The first letters of the initial words from 'SPRIT' and carry equal importance.

1.9 Strategic objectives of Rupali Bank Limited

- Develop a customer oriented service culture with special emphasis on customer care and convenience.
- Increase our market share by following a disciplined growth strategy.
- Achieve a significant share deposit and credit from the existing and niche markets.
- Leverage our technology platform and pen scalable system to achieve cost-effective operations, efficient MIS, improved delivery capability and high service standards.
- Develop innovative products and services that attract our targeted customers and market segments.
- Maintain a high quality assets portfolio to achieve strong and sustainable returns and to continuously build shareholders value.
- Explore new avenues for growth and profitability, particularly by diversifying loan portfolio through structured finance and expansion of retail and SME financing.
- Strengthen the bank's brand recognition.

1.10 Ethical Principles of Rupali Bank Limited

- Customer Focus and Fairness
- Quality
- Honesty And Integrity
- Belief in our people
- Teamwork
- Good corporate governance
- Corporate Social Responsibility

1.11 Employee Hierarchy of RBL

This figure shows the employee hierarchy of Rupali Bank Ltd.

Chairman

Managing Director, MD

Deputy Managing Director, DMD

General Manager

Deputy General Manager

Assistant General Manager

Senior Principal Officer

Principal Officer

Senior Officer

Officer

Junior Officer

Office Assistant

Employee Hierarchy of Rupali Bank Limited

1.12 Head office Divisions of Rupali Bank Ltd.

- Admin & Human Resources Department
- Audit & Inspection Department
- Financial Administration Department
- Discipline Department
- Development, Planning & Research Department
- Establishment & Welfare Department
- Engineering Department

- General Banking Department
- General Credit Department
- Internal Control & Compliance Department
- Industrial Credit-1 Department
- Industrial Credit -2 Department
- International Division
- ICT Operations Division
- ICT System Division
- Law Department
- Public Relations Department
- RBL Training Institute
- Rural Credit Department
- Recovery Department
- Reconciliation Department
- Anti-Money Laundering Department
- MIS Department
- Mobile Banking Division
- Share Division
- Treasury Division
- SME Division

1.13 List of Divisional Offices of Rupali Bank Ltd.

- Barisal division
- Comilla division
- Chittagong division
- Dhaka north division
- Dhaka south division
- Khulna division
- Maymensingh division
- Rajshahi division
- Rongpur division
- Sylhet division

1.14 Rupali Bank Training Academy (RBTA)

Since the Establishment in 5th July 1976, Rupali Bank Training Academy provided training and development programs to 20735 employees and staffs. In 2018 more than 600 employees participated in the training and development programs for various courses. Emphasis is given on foundation banking courses to the newly recruited officers and training on foreign exchange is also given as per requirement.

Figure: Training Institute of RBL

1.15 Services of Rupali Bank Limited

1.15.1 Deposit Services

Rupali Bank provides different types of services, such as Savings Bank Account, Fixed Deposit Account, Short Term Deposit Account, Current Account, Pension Account, and Foreign Currency Account etc.

1.15.2 Loans & Advance Services

Rupali Bank serves different types of loan and lease services, such as Micro Credit, Small and Medium Enterprise Financing, Industrial Credit, Working Capital Financing, Export Credit, Import Credit, Bills Purchase, Letter of Credit, Letter of Guarantee, Lease Financing, Transport Financing, Consumers Loan Scheme, General House Building Loans and Government Employee House Building Loan, Student Loan etc.

1.15.3 Miscellaneous Services

Branches of Ropali Bank Limited also provide miscellaneous services for customers well being, such as different types of utility Bill, Cheque Clearing, Instrument Collection-Tender,Locker Services, collect university admission fee etc.

1.15.4 Remittance Services

Branches of Ropali Bank Limited also provide remittance services for customers well being, such as Remittance of Fund from abroad by Bangladeshi Nationals, Foreign Remittance and Internal Remittance.RBL provides most of the fomous Remittance services like as Western Union,RIA,Trans Fast, Money Gram, Placid Express,IME,Xoom,Xpress Money etc.

1.15.5 Foreign exchange Services

Rupali Bank Limited is doing its international business around the world by its 30 Authorized dealer branches and 40 foreign correspondences. Import, export and foreign remittance are the main focus of foreign exchange transaction of RBL.

1.15.6 Modern Banking Services of RBL

- Core Banking Solution (CBS)
- Online Transaction Facility
- SWIFT
- BACH
- E-GP
- BEFTN
- RTGS
- ATM Services
- Mobile Banking (Rupali Bank SureCash)
- E-Tender

1.16 Functions of RBL

1.16.1 General Banking of Rupali Bank Ltd.

Provides its general banking service to the customers throughout the country with its 569 branches in urban and rural areas.

Various deposit schemes of RBL

i. Savings deposit
ii. Student savings deposit
iii. Current deposit
iv. Short notice deposit
v. Time deposit
vi. DPS like as RMSS,RDPS,RMS
vii. Pension scheme like as RMPS,RQPS

Interest rates of deposit schemes

Savings deposit – 3%
Short notice deposit – 3.5%
Time deposit – varies between 5% to 6. 5% depending on time
Foreign remittance deposit – 6%
Rupali Bank deposit pension scheme 6.5 – 7.5%

1.16.2 Other Banking services

Besides general banking Rupali Bank Ltd. Provide other banking services such as –

i. Demand draft
ii. Pay order
iii. Mail transfer
iv. Call deposit
v. Transfer of fund with instructions

One Stop service

Currently only 30 AD branches are offering fast paced one stop services to its customers. Soon most of the branches of RBL will introduce this service so the customers don't have to rely on the specified branches only. Customer gate banking services with in short time.

Utility Services

Rupali Bank Ltd. works as an agent for its customers and provides various utility services such as collection of telephone, electricity, WASA, gas bills for free of charges.

1.16.3 Credit Facilities

General Credit Programs

With main focus on financing trade business and industry productiveness RBL credit programs are expanded throughout the country. This credit program also covers international/cross-border business. Basic focus is on developing the rural economy such as agriculture and livestock. Credit is also provided to the thrust sector declared by the government.

Rural Credit Programs

Rural credit programs are designed to promote and facilitate agro based business and services, and also to ensure employment opportunities in rural areas. These are the sector of financing under this program – fishery, livestock, milk production, shrimp,poverty alleviation, micro credit, agro products marketing etc.

Youth and Farmer Loan

Rupali Bank Ltd. provides loans to the young entrepreneurs and farmers by having a savings account with it. The loan amount can be up to five times of the savings account amount but not exceeding fifty lac taka.

SME Loan

Rupali Bank Ltd. offers Small and Medium Enterprise loan (SME) in three categories – industrial, service and business sector.

- Industrial sector – loans for electronics material, fashion design, plastic and synthetic functions, establishment of school and kindergarten.
- Service sector – loans for education, health, recreation, tourist spot making.
- Business sector – loans for retailer and whole seller grocery shop, departmental store, medicine and restaurant purpose.

Student Loan

With the sense of corporate social responsibility Rupali Bank Limited provides student loan facilities to study abroad. RBL is offering student loan up to 20, 00000 Taka against reasonable amount of interest.

1.16.4 Investment Banking

RBL investment banking portfolio includes –

i. Bangladesh government bond and securities

ii. Treasury bills

iii.Grammen Bank bonds

iv. Debentures of Govt. and semi-govt. organizations and public limited companies

v. Shares of listed companies

1.15.5 Industrial Financing

RBL industrial loan portfolio includes appropriate investment fund for the development of thrust sectors such as textile, jute and products, leather and products, frozen and semi cooked shrimps, footwear, knit garments and other small and medium enterprises. RBL also emphasizes on providing loan to the IT industry.

Figure: Industrial Financing in RBL

1.16.6 Training and Development

The Human Resources Division is very much concerned about the training. Every year it provides a schedule for development and training purposes. Now RBL is recruiting officers by their own arrangement. RBL give importance to provide institutional training to their human resources. It has its own training institution. At the top there is a national level training institute and RBL also provide training at Bangladesh Institute of Bank Management (BIBM) to cater to the training needs of the higher level bank personnel.

1.16.7 Performance Appraisal and Feedback

The RBL follows closed appraisal system and appraisal in mainly done for the use of promote, disciplinary action and to control human resources. Performance feedback is almost absent in RBL. No systematic culture has yet been developed for performance feedback.RBL emphasis on Banking Diploma. It is main criteria for promotion. Annual Confidential Report (ACR) system is not proper to justify the employees' performance & quality.

1.16.8 Foreign exchange functions of Rupali Bank Ltd.

Rupali Bank Limited is doing its international business around the world by its 30 Authorized dealer branches and 40 foreign correspondences. Import, export and foreign remittance are the main focus of foreign exchange transaction of RBL.

1.16.9 Foreign Exchange

Foreign exchange means - foreign currency and includes any instrument drawn, accepted, made or issued under clause (13) of Article 16 of the Bangladesh Bank Order 1972.
- all deposits, credits and balances payable in any foreign currency.

- any draft, travelers cheque, letter of credit and bill of exchange expressed and drawn in Bangladesh currency but payable in any foreign currency.

Foreign exchange is money denominated in the currency of another nation or group of nations. Foreign exchange can be in the form of cash, funds available on credit and debit cards, traveler's cheque, bank deposits, or other short-term claims. When a company sells goods or services to a foreign customer and receives foreign currency, it needs to convert domestic currency. When importing, the company needs to convert domestic to foreign currency to pay the foreign supplier. This conversion usually takes place between the company and its bank.

Foreign Exchange Transactions is transactions that have any one of the following features

- Involves any currency other than local currency i.e. cross currency transactions.
- Involves at least one country other than own country i.e. cross border transactions.

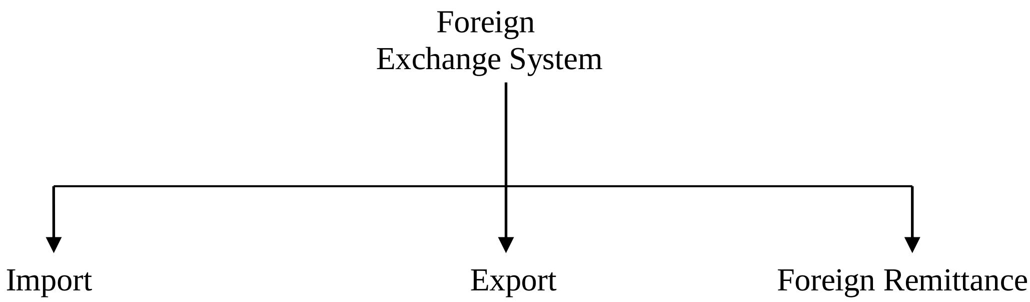


Figure: Foreign exchange Business of RBL

Foreign Exchange Product & Services of RBL

All sorts of Foreign Exchange Transactions are handled by Rupali Bank Limited under 'Guidelines for Foreign Exchange Transactions (GEFT 2009)', Bangladesh Bank and Latest Import & Export Policy Order of the government.

Foreign Currency Accounts

- Foreign Currency Account
- Resident Foreign Currency Deposit Account
- Non-Resident Foreign Currency Deposit Account
- Private Non-Resident Taka Account
- Non-Resident Blocked Taka Account
- Non-Resident Investor's Taka Account (NITA)
- Convertible and Non-Convertible Taka Account
- Exporter's Retention Quota (ERQ) Account

Import Finance

- L/C-Letters of Credit
- LIM-Loan against Imported Merchandise
- LTR-Loan against Trust Receipt
- PAD-Payment Against Document

Export Finance

Pre-shipment credit

- Cash Credit Against Hypothecation of Raw Materials/Exportable Goods
- Cash Credit Against Pledge of Raw Materials/Exportable Goods
- Packing Credit (PC)
- Back to back L/C
- Back to back L/C Under Export Development Fund (EDF)

Post-Shipment

- Negotiation/Purchase of Export Documents /Bills
- Collection of Export Documents/Bills
- Foreign Bill Purchase (FBP)
- Advance against Export Bill Sent for collection
- Inland Bills Purchase(IBP)
- Export Bill Discounting
- Advance Against Cash Incentive/Cash Subsidy

Guarantee

- Shipping Guarantee
- Advance Payment Guarantee
- Guarantee Against Foreign Bank's Counter Guarantee
- Bid Bond

Ancillaries

- Foreign Currency Endorsement
- Issuance and Endorsement of Travelers Cheque
- Issuance and Endorsement of Foreign Demand Draft and Telegraphic Transfer
- Opening Student File and Remittance there against
- Releasing Foreign Exchange against Travel Quota, Medical Treatment and Attending Seminar-symposium abroad
- LC Advising, Confirmation and Transfer
  Forex and Fund Management
- All sorts of Dealing Room Operation including Forward Buy-sell, spot Buy-sell, Corporate Buy-sell,Speculation,SWAP etc,

1.16.10 List of Authorized Dealer Branches of RBL

Branch Name	Address
T.C.B Bhabon	TCB Bhaban(Gnd Floor), 1-2 Karwan Bazar, Dhaka.
Midford Road, Lalbagh	94, Chalk Mogholtuly (1st Floor.), P.O. Box No. :1061
Johnson Road	51, North Brooke hall Road, Sutrapur Thana, Dhaka –1100
Thana Road	Thana Road, Bogra
Motijheel Corporate	Motijheel, Dhaka-1000
Shaheb Bazar	Shaheb Bazar, Rajshahi
RupaliSadan Corporate	RupaliSadan, Motijheel, Dhaka
Local Office Corporate	Local Office, Dhaka
Ramna Corporate	Ramna, Dhaka
Foreign Exchange Br.	Motijheel,Dhaka
S.K.Road	S.K.Road, Narayangonj
Chotto Bazar	Chotto Bazar, Mymensingh
Rupali Sadan	RupaliSadan,Chittagong
Agrabad	Agrabad , Chittagong
Anderkilla	Anderkilla,Chittagong
Amir Market	Amir Market, Chittagong
Terri Bazar	Terri Bazar, chittagong
Station Road	Station Road, Chittagong
New Market	New Market, Sylhet
Monoharpur	A.K. FajlulHaque (1st Floor), Monoharpur, Rajgonj, Cumilla-3500
Shams Building	Shams Building, Khulna
Daulatpur	Doulatpur, Khulna
Mistrikhana Road	MistrikhanaRoad,Jessore

Sadar Road	Sadar Road, Barisal
G.L.Roy Road	G.L.Roy Road, Rangpur
H.S.S Road Branch	H.S.S Road Branch, Chittagong
PuranaPaltan Corporate Branch	PuranaPaltan Corporate Branch, Dhaka
Nikunja Branch	Khilkhet,Dhaka.
Gulshan Corporate Br.	Gulshan North circle,Dhaka.
Amir Market Corporate Br.	Chittangong

1.16.11 Correspondent Banking

Rupali Bank's aim is to increase its foreign exchange business. It is doing international banking with major banks of the world. It is maintaining agency arrangements and correspondent relationship with many foreign correspondents.

Country wise list of Correspondent Banks

RBL has correspondent banks all over the world as given bellow:

Australia	**India**	**Oman**	**Sweden**
Canada	**Japan**	**Pakistan**	**Thailand**
China	**Jordan**	**Qatar**	**UAE**
Croatia	**South Korea**	**Russia**	**UK**
Denmark	**Kuwait**	**Saudi Arabia**	**USA**
France	**Malaysia**	**Singapore**	**Yugoslavia**
Germany	**Nepal**	**Sri Lanka**	**Hong Kong**
Netherlands	**Switzerland**	**Uzbekistan**	

1.17 Contribution RBL in the Banking sector of Bangladesh

RBL has been playing a very important role in the making of national economy of Bangladesh. As a banking corporate body the Bank is contributing through its entire activities. In terms of deposits and loans of the total bank market, the bank occupied more or less 2.52% Banking sector of Bangladesh is being operated by 64 banks having more than nine thousand branches. RBL contributes the growing economy of Banladesh.Now Market share of RBL in Banking Sector Given Bellow-

(BDT in Crore)

Particulars	Amount	Market Share
Total Assets	46317.11	3.09%
Deposits	38954.95	3.40%
Loans & Advances	24749.06	2.52%
Import	11402.15	3.01%
Export	2600.20	0.77%
Foreign Remittance	1717.32	1.61%
Branches (Number)	569	5.79%
Manpower (Numbers)	5254	3.13%

1.18 SWOT Analysis of RBL

The acronym for SWOT stands for

- Strength
- Weakness
- Opportunity
- Threat

SWOT Analysis is a useful technique for understanding the Strengths and Weaknesses, and for identifying both the Opportunities open to and the Threats generally face.

Strengths:

1. The Branch has reputation & tradition for a long time.
2. The Branch has well- acquainted & independent brand.
3. The Branch has sound, reliable & extensive deposit base for a long duration.
4. The Branch has a huge number of tested customers.

Weaknesses:

1. Inadequate number of employees.
2. Weaknesses in credit management.
3. Tangle of a huge number of suits.

4. Scale of Loan Classification is high
5. Training weakness.
6. Lack of technological apparatus.
7. Lack of marketing planning.
8. Lack of efficient and experienced officers.
9. Insufficient sitting facilities for the clients.
10. Lack of proper monitoring system.

Opportunities:

1. Branch modernization & automation.
2. Introduction of On-Line banking & delivery of ATM services.
3. Strengthening of marketing activities.
4. Introduction of mobile banking service.
5. Huge number of potential clients.

Threats:

1. Competitive state-owned Commercial Bank.
2. Competition with private & foreign commercial banks working in Bangladesh.
3. Lack of competitive pay, allowances & facilities for the officers/ staff.
4. Political unrest.
5. Default of Loan.
6. Decision making system is so much slow & steady.

Chapter Two
INTRODUCTION

2.1 Background of the Study

Ruapli Bank Ltd. is one of the largest state owned public limited banks of Bangladesh. It plays significant role in banking business through providing service to the mass people specially the rural people & in the economic development of the county. The main functions of a commercial bank are to collect money from the surplus unit, transfer it to the investment sector. The overall purpose of banking is not only the collect money from surplus unit and transfer it to the deficit unit, but also grip the foreign exchange by the means of export and wage earners remittance to well contribute in favor of economic growth and development of the emergent nations like Bangladesh. To do the foreign exchange business a commercial bank has to take authorized dealers license from the central bank of Bangladesh (Bangladesh Bank).As foreign exchange business involves transaction with the foreign country, an authorized dealer branch has to maintain some international rules and regulations along with local customs. Foreign exchange department of Rupali Bank ltd is one of the important departments that earns significant amount of profit. This bank has Thirty Authorized Dealers branches that are engaged for doing foreign exchange business. The main functions of AD branches are doing Import-export and foreign remittance & foreign currency business. Foreign remittance is one of the important sectors for our economy that increases our foreign reserves. Wage earners want to send the money easily to their nearest one. Foreign remittance transaction of a bank is the function of its international division how they arrange the procedure. Besides Import-export business, investing foreign currency in the international share market by using its dealing room is another business of this bank. Rupali Bank ltd. is doing its foreign exchange business by its 40 foreign correspondents. Foreign exchange business is guided by some national and international policies. Among the national regulations of Bangladesh Bank, Chief controller of import and export, Ministry of commerce, Ministry of finance are main authority. Foreign exchange market is becoming competitive gradually. Bangladesh is a comparatively small open market economy with a large expatriate labor force that sends substantial remittances to the country.

2.2 Statement of the Problem

Rupali Bank ltd. is providing service with its 569 branches. All the branches are doing general banking but only 30 branches are engaged for doing foreign exchange business along with general banking. These 30 branches are Authorized Dealers branches. Though the number of the AD branches is very small but it plays significant role in the international trade of RBL. Import, export and foreign remittance are three sections of foreign exchange business. Foreign exchange business of RBL is not satisfactory compared with the expectation. Foreign exchange transactions depends on some issues among them enough skilled manpower, technological advancement, foreign correspondence, marketing policy, working environment and reserve of foreign currency are important. The entire essential sector was stable without developing due to the improper decision of management. All the AD branches are not doing foreign exchange business. Volume of import, export and foreign remittance are not equal in every year. This report will mainly focus on finding out the issues that has to be solved to increase the overall foreign exchange business of Rupali Bank Limited and also shows the present scenario of foreign exchange business of RBL.

2.3 Objectives of the Study

The broad objective of the study is to examine the foreign exchange performance of Rupali Bank Ltd. However, the specific objectives are the following:

- To familiar officers with tools/techniques of Trade finance.
- To familiar officers with rules, regulations and policy of Foreign Exchange dealings.
- To provide guidelines to AD branches and officers engaged in Foreign Exchange dealings on their routine and procedural activities.
- To evaluate the external and internal factors affecting performance of RBL.
- To examine various factors and techniques used in foreign exchange operations.
- To investigate the present pattern of import, export and foreign remittance of RBL.
- To ensure accuracy in practicing Trade Finance activities with expected efficiency.
- To compare year wise import, export and foreign remittance business of RBL.
- To suggest the better ways for increasing the foreign exchange performance of RBL.
- To understand the overall scenario of Rupali Bank Limited.
- To study existing banker-customer relationship.
- To gather knowledge about the role of banks in the national economy.
- To acquire knowledge and find the relationship between practical and theoretical background.
- To enable work force engaged in Foreign Exchange dealings to perform their jobs confidently.

2.4 Limitations of the Study

To prepare the report I have faced some problems. That’s why this report is not free from limitations. During the period of data collection, information gathering and preparing the report the following limitations were found:

- As some of the fields of banking are still not covered by our courses, there was difficulty in understanding some activities. Actually there are gap between banking practice & our courses.
- The bank authority was not interested to give the researcher enough time for discussion about various problems.
- Time barrier, time was not sufficient to collect data and interview different officials of the bank regarding the topics that were very useful to complete the study perfectly.
- There are so many barriers because Rupali Bank Ltd. is not willing to disclose their practices, policies and flexibilities towards their competitors.
- Another limitation of this report in non-availability of the most recent data & information of different activities of Rupali Bank policy of not disclosing some data & information for some reasons, which could be very much useful.

- To prepare an analytical report financial assistance is required. The researcher did not receive any financial assistance. That's why various types of analysis did not become possible.
- The researcher gets help only from the RBL Foreign Trade Manual. For that reason a comparative study between times could not be made.
- Every organization has their own secrecy that is not revealed to others. While collecting data i.e. interviewing the employees, they did not disclose much information for the sake of the confidentiality of the organization
- Since the bank personals were very busy, they could provide me very little time
- Lack of proper instruction about the report.

In spite of all these limitations, I have tried to put the best effort as far as possible

Chapter Three
METHODOLOGY

3.1 Target population involved in FE business of RBL

The selected managers, officers of AD branches, selected officers of international division of Rupali bank ltd and valued customers are related with the foreign exchange business. These foreign exchange officers are selected for the focus group for this analysis.

- Managers ----------------------------05
- Branch Officers----------------------15
- ID Officers---------------------------15
- Clients...20
- Total------------------------------.----55

3.2 Methods of collecting data

To meet the objectives of the study I realized that a single method would not be effective. Formal & oral discussion, direct observation, questioning clients & printed papers of the Bank were found useful. To collect the necessary and meaningful information the following methods were applied.
Both primary and secondary sources were used in here.

Primary sources:

i) Practical desk work

ii) Face to face conversation with concern officer of FE Division

iii) Face to face conversation with concern officer of International Division

iv) Direct observations

v) Face to face conversation with the client

Secondary sources:

(i) Annual report of RBL and other banks.

(ii) Websites, Internet.

(iii) Audit Reports

(iv) Foreign trade manual of RBL

(v) Relevant books, Research papers and journals.

(vi) Reports of Central Bank

3.3 Sampling Plan Study Population

All the employees responsible for the foreign exchange department of 30 AD branches of RBL are the targeted population of this study. The managers, Department in charges, officers, valued client of FE business and responsible officers of international division are includes under population.

3.4 Analysis of Data

I conducted primary data analysis through interview or conversation and studied additional data from secondary sources. All the collected data have been analyzed with MS Excel Spread sheet and MS Excel graphical presentation.

3.5 Variables covered

To evaluate the foreign exchange performance of RBL the following variables are covered:

- Foreign exchange policy
- Import & export transactions
- Foreign remittance transactions
- Inflow & out flow of remittance

3.6 Software used

In processing the data, MS Word and MS Excel was used. Tables and Graphs were prepared using respective facilities provided by MS Excel & SPSS software.

Chapter 4
FOREIGN EXCHANGE BUSINESS OF RUPALI BANK LTD.

4.1 Introduction

Foreign trade financing is an integral part of banking business. Documentary Credit (also called letters of credit or "L/Cs") is the key player in the foreign exchange business. With the globalization of economies international trade has become quite competitive. Timely payment for exports and quicker delivery of goods is, therefore, a pre-requisite for successful international trade operations. Growing complexity of international trade, separation of commercial parties across the globe and operating In a totally unknown environment underlined the need for evolving a system that balances between the expectations of the seller and the buyer Documentary Credit has emerged as a vital system of' trade payment, and fulfilled the requisite commercial need. This system substantially reduces payment-related risks for both exporter and importer. Not surprisingly, therefore, the letter of credit is the classic form of international export payment, especially in trade between distant partners. The bank upon presentation makes payment, acceptance or negotiation of the credit by the seller of stipulated documents (e.g., bill of lading, invoice, and inspection certificate).

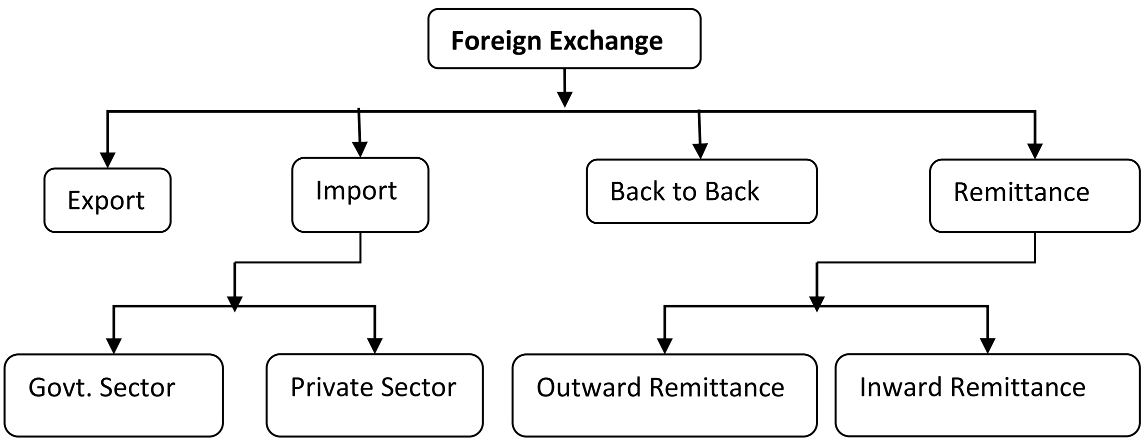
This part of the report consists of the following areas:

1) International Trade: Import & Export

2) Foreign Exchange related banking terms & rules

3) Foreign Exchange rate & foreign Remittance.

Foreign exchange transaction is classified according to their activities



4.2 International Trade

International trade is the trade between countries with the rest of the World. Now we live in a global economy. In the age of globalization each country has free access to the market of other with quality goods and services.

International Trade has two components – as following Import & Export.

To handle of International transaction in a sound and efficient manner there must have a written contract between the buyer & seller. For international trading purpose a Bank or Banks may involve in this contract and then the contract renamed into a letter of credit. It is the media under which the international trades are concluded.

4.3 Function of Foreign Exchange Department

1. L/C Opening

2. L/C Amendment

3. Sanction Payment against Document (PAD), Loan against Imported Merchandise (LIM), and Loan against Trust Receipt (LATR).

4. T.C issuing

5. Foreign Bill Purchase (FBP)

6. Local Bill Purchase (LBP)

7. Foreign Remittance

8. FC A/C maintaining

9. Foreign Currency remitting

Foreign Exchange Mechanism

1) L/C Opening

2) Issue the L/C by issuing Bank and send to advising bank

3) Advised and or confirm the L/C by Advising and Add confirming Bank

4) Submit the documents to Negotiating Bank by export

5) The Negotiating Bank makes payment

6) The Negotiating Bank forward/sends documents to issue bank

7) Issuing Bank makes payment to negotiating bank

8) A issuing bank instructs to pay or reimburse the paying bank and paying bank makes payment or reimburse to the negotiating bank

9) Issuing bank sends documents to the importer

10) The importer makes payment

Definition of L/C: LC is a definite undertaking of issuing Bank on behalf of its customer (Importer) to pay certain amount to supplier (Exporter) within prescribed time limit under complying presentation i.e. on fulfillment of the terms & conditions stipulated in the credit.

Types of L/C Offered

Letter of Credit (L/C) 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 under some agreed conditions. It is also known as documentary letter of credit. It may be either:

(i) Revocable: A revocable credit is a credit, which can be amended or cancelled by the issuing bank at any time without prior notice to the seller.

(ii) Irrevocable: It constitutes a definite undertaking of the issuing bank (since it can't be cancelled or amended without the agreement of all parties thereto), provided that the stipulated documents are presented & the seller satisfies the terms and conditions.

Special documentary Credit

- Revolving Credit: It is the credit, which provides for restoring the credit to the original amount after it has been utilized.
- Transferable Credit: the original beneficiary in full or in part to one or more subsequent beneficiaries can transfer it.
- Back-to-Back Credit: It is a new credit opened on the basis of an original credit in favor of another beneficiary.
- Anticipatory Credit: The anticipatory credit makes provision for pre-shipment payment, to the beneficiary in anticipation of his effecting the shipment as per L/C conditions.
- Red Clause Credit: A red clause credit is a credit with a special condition incorporates into it that authorizes the confirming Bank or any other Nominated Bank to make advances to the beneficiary before presentation of the documents.

- Green Clause Credit

Parties Involved in L/C

There are number of parties involved in a letter of credit and the right and obligation of the different involved parties will differ from each other. The involved parties to a letter of credit are named below:

1) The applicant/ the importer/the buyer

2) Opening bank/Issuing bank

3) The beneficiary/The Exporter/The seller

4) The Advising Bank/The transmitting Bank/The notifying bank

5) The Confirming Bank

6) The Negotiating Bank

7) The Reimbursing Bank/Paying Bank

Characteristics of the importer who wants to open a letter of credit

- Must have an A/C in the branch
- Must be a member of the Chamber of Commerce
- Must be a TIN holder
- Must have IRC (Import Registration Certificate)
- VAT (Value Added Tax certificate)

4.4 Import Section

The Ministry of Commerce in terms of the Import & Export (Controls) Act 1950 regulates import of goods into Bangladesh with import Policy Orders issued periodically & public notices issued from time to time by the office of the Chief Controller of Import & Export 9CCI&E).

4.4.1 Importer's Application for L/C Limit/Margin

To have an import L/C limit, an importer submits an application to the issuing Bank furnishing the following information:

1) Full particulars of bank account

2) Nature of business

3) Required amount of limit

4) Payment terms and conditions

5) Goods to be imported

6) Offered to be imported

7) Offered security

8) Repayment schedule.

A credit officer scrutinizes this application and accordingly prepared a proposal (CLP) and forwards it to the Head Office Credit Committee (HOCC). The Committee, if satisfied, sanctions the limit and returns back to the branch. Thus the importer is entitled for the limit.

4.4.2 The L/C Application

Rupali Bank Limited provides a printed form for opening of L/C to the importer. This form is known as letter of Credit Application form. A special adhesive stamp is affixed on the form. While opening the stamp is cancelled. Usually the importer expresses his desire to open the L/C quoting the amount of margin in percentage.

1) Full name and address of the importer.

2) Full name and address of the beneficiary.

3) Draft amount

4) Availability of credit by sight payment acceptance/negotiation/deferred payment.

5) Time bar within which the documents should be presented

6) Sales type (CIF/FOB/C&F)

7) Brief specification of commodities, price, and quantity, indent no etc.

8) Country of origin

9) Bangladesh bank registration no

10) Import license/LCAF No

11) IRC (Import Registration Certificate) no

12) Account No.

13) Documents required

14) Insurance cover note/Policy no, date amount

15) Name and address of insurance Company

16) Whether the partial shipment is allowed or not

17) Whether the transshipment is allowed or not

18) Last date of shipment

19) Last date of negotiation

20) Other terms and conditions if any

21) Whether the confirmation of the credit is requested by the beneficiary or not.

The above information is given along with the following documents:

1**)** Pro-forma invoice stating description of the goods including quantity, unit price.

(i) **Indent:** An indent stating the description of the goods including quantity, unit price, etc. given by the Supplier/Exporter given by the Indenter.

(ii) **Pro forma Invoice:** Pro forma Invoice states the description of the goods including quantity, unit price, etc. given by the Supplier/Exporter.

2) The insurance cover notes, issuing company and insurance number.

3) Four set of Import Form (IMP) form.

The Letter Of Credit Authorization (LCA) Form contains the following:

1) Name and address of the importer

2) IRC no. and year of renewal

3) Amount of L/C applied for (Both in figure and in word)

4) Description of item(s) to be imported

5) ITC Number/HS code

6) Stamp and Signature of the importer with seal

4.4.3 IMP-Form

The IMP form contains the following

1) Name and address of the authorized dealer

2) Amount of remittance to be permitted (i.e. L/C amount)

3) LCA form number, date, and value in Tk.

4) Description of goods, quantity

5) Invoice value in Foreign Currency (i.e. L/C amount)

6) Country of origin

7) Port of Shipment

8) Name of steamer/airline (i.e. by road/by ship/by Air)

9) Port of Importation

10) Indenter's name and address

11) Indenter's Registration number with CCI & E and Bangladesh bank

12) Full name and address of the Applicant

13) Registration number of the Applicant with CCI & E

14) Type of LCAF

4.4.4 Scrutiny of L/C Application

The dealing Officer scrutinizes the application in the following manner-

1) The terms and conditions of the L/C must be complied with UCPDC 500

2) Exchange Control & Import Trade Regulation

3) Eligibility of the goods to be imported

4) The L/C must not be opened in favor of the importer

5) Radioactivity report in case of goods item

6) Survey reports in certificate in case of old machinery

7) Carrying vessel is not of Israel or of Serbia-Montenegro

8) Certificate declaring that the item is in operation not more than 5 years in case of car.

4.4.5 Precautions for issuing L/C

After submission of documentary letter of credit application form, the concerned officer scrutinizes the terms and conditions that mentioned in application. He must check the following things:

1) Whether the terms and conditions of L/C application are consistent with Exchange control and import Trade regulation UCPDC-500.

2) L/C must not be opened in favor of the importer of his agent.

3) The importer agreeing all terms and conditions mentioned in the application must sign L/C.

4) Indenting registration number.

5) Whether IMP form dully filled and signed.

6) Validity of Import Registration Certificate (IRC).

7) Insurance cover note with date of shipment.

8) The Harmonize System (HS) code of the goods

9) The balance of the accounts of the importer

10) The goods are not from Israel and vessels to be used is not of Israel

11) The issuing officer will try to keep as much margin as possible.

4.4.6 Amendment of L/C

Parties involved in a L/C particularly the seller and the buyer cannot always satisfy the terms and conditions in full as expected due to some obvious ad genuine reasons. In such situation, the credit should be amended. Issuing Bank transmits the amendment by tested telex to the advising bank. In case of revocable credit, it can be amended or cancelled by the using bank at any moment and without prior notice to the beneficiary. If the L/C is amended, service charge telex charge is debited from the party account accordingly.

4.4.7 Credit Report on Beneficiary

Before opening of letter of credit, the Authorized Dealer (A/D) branch must obtain a confidential report on the supplier/beneficiary through its correspondent bank/ recognized credit agencies.

Accounting and voucher to be passed

Vouchers for Margin Deposit

At the time of opening the L/C the importer is to deposit cash margin as per sanction terms. After deposit of the cash margin the Authorized Dealer (A/D) or non- Authorized Dealer (A/D) branch shall credit the same in their Margin Deposit Account. The following vouchers are to be passed:

Dr. Customers Current A/C

Cr. Other Deposit-Margin Deposit L/C (Foreign)

The following liability vouchers for L/C are to be passed

Dr. Customers Liability under Foreign L/C

Cr. Acceptance Liability under Foreign L/C

Showing Accounting Treatment at the Time of L/C Opening

Particulars	Debit/ Credit	Charges in Taka
Customer's A/C	Debit	
L/C Margin A/C	Credit	Commonly 10-30%
Commission A/C on L/C	Credit	0.5%
VA	Credit	15% on commission
SWIFT Charge	Credit	Tk. 2000/=
Foreign Courier Charge (FCC)	Credit	US$ 25/=
Stamp	Credit	Tk. 150/=
Others	Credit	Tk. 200/=

Source: International Division, Rupali Bank Ltd.

4.4.8 Presentation of the Documents

The seller being satisfied with the terms and the conditions of the credit proceeds to dispatch the required goods to the buyer and after that have to present the documents evidencing dispatch of goods to the negotiating bank on or before the stipulated expiry date of the credit. After receiving all the documents, the negotiating bank then checks the documents against the credit. If the documents are found in order then the bank will pay, accept, or negotiate to issuing bank checks the documents. The usual documents are

1) Commercial Invoice

2) Bill of lading

3) Certificate of origin

4) Packing list

5) Shipping advice

6) Non negotiable copy of bill of lading

7) Bill of exchange

8) Pre-shipment Inspection report

9) Shipment certificate

4.4.9 Examination of Documents

Import documents include a lot of forms and certificates. Proper checking or inspection can only ensure the correct and smooth foreign exchange or trade. While checking those documents following things need to be ensured.

The Letter of Transmittal

Following points have to consider

- ✓ Addressed to L/C issuing branch.
- ✓ Current date.
- ✓ Documentary Credit number.
- ✓ Documents enumerated are attached.
- ✓ Value of the documents and the value mentioned in the cover are the same;
- ✓ Whether any discrepancy has been noted and whether payment, acceptance or negotiation was effected against an indemnity or under reserve.

The Documentary Credit

Following points have to consider

- ✓ Correct referenced documentary credit.
- ✓ Still valid (not expired/cancelled).
- ✓ Balance in the Documentary Credit is sufficient to cover the value of the drawing.

Draft/Bill of Exchange

Following points have to consider

- Draft bears the correct L/C number;
- Correctly dated;
- Name of the Drawer corresponds with the name of the beneficiary;
- Drawn on the correct drawer indicated in the L/C;
- Amount in words agrees with the amount in figures;
- Beneficiary has duly signed the draft;
- Tenor is as required by the credit;
- No restricted endorsement;
- Value of the draft and the value of invoice are identical.

Commercial Invoice

Following points have to consider

- ✓ Beneficiary as stated in the documentary credit issues that.
- ✓ Issued in the name of the applicant (the buyer) named in the documentary credit.
- ✓ Description of goods correspondent exactly to that stated in the credit.
- ✓ Description of goods, value and unit price matches that of the documentary credit as regards to the amount and currency.
- ✓ Currency of the invoice is the same as stipulated in the credit.

- ✓ Value of invoice does not exceed the available balance of the credit.
- ✓ Invoice is signed as required in the credit.
- ✓ Correct numbers of original is presented.
- ✓ Terms of shipment, the invoice amounts correspond proportionally to the dispatched quantity.

Marine/Ocean Bill of Lading

Following points have to consider

- Issued by a shipping company.
- Full set of originals issued and presented.
- Consignees name and address and correct as stated in the credit;
- Bill of lading bears a date of issue, duly signed by the issuer and the name of the ship appears;
- Port of departure and post of destination are correct.
- Bill of landing bears an “on board shipped” notation
- Name of notify parts name and address are correct.
- Goods have been loaded on board, or shipped on a named vessel (indicates the name of the carrier and it is signed or authenticated by the master or a named agent for or on behalf of the master.
- Correctly marked Freight prepaid or Freight collect.
- Issuer has properly authenticated the alteration on the bill of lading.
- Goods are consigned as stipulated in the credit (to order of a named consignee i.e. to the order of the L/C issuing bank.
- Bill of lading has been properly endorsed;
- Bill of lading is issued to be correct order party as required by the documentary credit.

Airway Bill

Following points have to consider

- ✓ Consignees name and address and the airports of departure and destination are stated in the Airway bill are consistent and in agreement with the terms of credit. An air transport document is evidence of contract of carriage between the carrier and the sender. It is not a document of title of goods;
- ✓ Document indicates the name of the carrier;
- ✓ Issuer is the carrier (identifiable as the carrier) or a named agent of the named carrier;
- ✓ Airway bill indicates the actual flight date and flight numbers;
- ✓ Carrier signs that document;
- ✓ Consignees name and address and notify party’s name and address are correct.
- ✓ Issuer authenticates any alternations;
- ✓ Correctly marked “Freight Prepaid “or” Freight collect” etc;
- ✓ Shippers’ (consignors) copy being presented.

Certificate of Origin

Following points have to consider

- Country of origin of the goods as stated as in the certificate agrees with the terms of the credit;
- Certificate has been signed as required by the credit;
- Stipulated authorities have authenticated the certificate.

Packing List

Following points have to consider

- ✓ A unique document and not combined with any other documents;
- ✓ List contains all the necessary information especially concerning the packing units;
- ✓ Data on it is consistent with that of the other documents.

4.4.10 Handling of Discrepant Import Document

While making scrutiny & examination of the documents, the A/D branches shall ensure that-

a) Full set of documents as stipulated in the credit has been received.

b) The documents have been drawn strictly as per L/C terms.

The dealing officer checks whether these documents have any discrepancy or not. Here discrepancy means the dissimilarity of any of the documents with the terms and conditions of L/C.

4.4.11 Receiving Documents

If the beneficiary is being satisfied with the terms and conditions of the L/C then dispatch the goods to the buyer. After that dispatch the documents evidence dispatching of goods to the negotiating bank on or before the stipulated expiry date of the L/C. After receiving all the documents, the negotiating bank then checks the documents against the credit. If the documents are found in order, the bank will send it to the issuing bank.

4.4.12 Lodgment & Retirement

While lodgment of the import bills under cash L/C, A/D branch shall reverse the liability vouchers passed at the time of opening L/Cs.

- Reversal of the liability vouchers:-

  Dr. Acceptance liability under Foreign L/C

  Cr. Customer liability under Foreign L/C

- Lodgment vouchers to be passed:-

  Dr. PAD (Payment against document) Account

  Cr. Head Office ID through PB General A/C

  Cr. Interest Account

  Cr. Commission Account- L/C Misc. Handling Commission A/C

- Transfer of Margin to PAD Account:-

  Dr. Other deposit-Margin deposit L/C (Foreign)

  Cr. PAD Account

Lodgment means retirement of funds. If the documents receiving from the negotiating bank issuing bank also carefully scrutinize all the documents.

4.4.13 Payment against document (PAD)

This is most sensitive task of the import department. The officials have to be very much careful while making payment. This task constitutes the following

Date of Payments

Usually payment is made within seven days after the documents have been received. If the payment is become deferred, the negotiating bank may claim interest for making delay.

Preparing Sale memo

A sale memo is made at B.C rate to the customer. As the T.T & D.D rate is paid to the ID, the difference between these two rates is exchange trading. Finally an inter branch exchange trading credit Advice is sent to ID.

Requisition for the foreign currency

For arrangement necessary fund for payment, a requisition is sent to the international Department.

Transmission of telex

For arranging necessary fund for payment bank ensure that payment is being made.

For PAD the following voucher will be passed

  Dr. PAD (Payment against Document)

Dr. Margin on L/C

Cr. Income A/C on PAD

Cr. Income A/C interests on PAD

Cr. Commission on PAD

Reverse entry is given:

Dr. Acceptance liability under Foreign L/C

Cr. Customer liability under Foreign L/C

4.4.14 Loan against Imported Merchandise (LIM)

Loan against import merchandise through the bank may be allowed retaining margin prescribed on their landed cost, depending on the categories and credit restrictions imposed by the Bangladesh bank/head office from time to time. Branches shall also obtain letter of undertaking and indemnity from the clients, before getting goods cleared through LIM account clearance of the goods should be taken through Approved Clearing Agent of the Bank.

The following point must be taken to consideration while allowing advance against the security of imported goods.

Storage of imported goods under Lim facility may be allowed for specified time as prescribed by Bangladesh Bank/head office of the bank which period importer should take delivery of the goods against payment, generally part delivery is not allowed from LIM Account. This may however; it must be ensure that the landed cost the merchandise is properly worked out before the goods are delivered to the customers against proportionate payment. Landed cost of valuable and less valuable items should not be average together. LIM A/C should properly maintain by the bank, Vouchers will be

Dr. LIM A/C

Cr. PAD A/C

4.4.15 Loan against Trust Receipt (LTR)

If the documents are required to deliver against LATR (Loan against Trust Receipt), prior approval is required from Head Office. Documents to be delivered to the Importer through approved C&F agent for clearance of good for a certain period on the merit of goods & nature of business. For LATR the following vouchers are to be passed:

Dr. LATR A/C

Cr PAD A/C

4.5 Export Section

In the export section two types of L/Cs are opened

- Back to Back L/C

- Export LC

4.5.1 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 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.

Features of Back-to-Back L/C

- Is an import L/C procedure goods/raw materials further processing
- Is opened based on Export L/C
- Is a kind of Export Finance
- Export L/C is at sight but back to back L/C
- No margin is required to open Back to Back L/C

Checklist to open Back-to-Back L/C

- Application is registered with CCI & E and has bonded warehouse License.
- The Master L/C has adequate period and has no defective clause
- L/C value shall not exceed the admissible percentage of net FOB value of relative Master LC
- Usage period will be up to 180 days
- Papers required opening back to back L/C
- Import registration certificate & Export Registration certificate
- L/C Application & LCA form.
- Pro forma Invoice/Indent
- Insurance Policy
- IMP form
- In addition to above following papers are required for read made garments industry
- Bonded warehouse license
- Quota allocation letter from EPB (where applicable)
- Letter of disclaimer from Landing if rented premises.

Steps to issue Back-to-Back L/C

- ✓ Obtain all required papers
- ✓ Check the credit limit
- ✓ Prepare offering sheet if regular credit line is not available
- ✓ Mark lien on the master L/C
- ✓ Issue the L/C

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. Pad has to be created in order settle the back-to-back L/C payment.

Precautionary measures

- Including the clause for pre-shipments inspection certificate
- Shipping guarantee under no circumstances
- Discrepant documents shall not be accepted
- Proper care regarding amendments of Master L/C

Accounting Treatment for Back-to-Back L/C

When the documents is arrived the following vouchers are passed

Customer's Ac--------------------Dr

Commission on acceptance ……Cr

In case of payment, if the fund is at hand, the accounting entries are sundry deposit

Margin on Acceptance…………Dr

Customer's A/C………………..Cr

If the party is paid foreign currency B.C rate is applied in this regard. International Department takes the T.T.O.D rate. If the payment is made to ID in local currency in national rate ID following T.T Clear rate. When the party is to pay OD sight rate is followed.

If the fund is not available to make the payment, the following vouchers are to be passed.

PAD……………….Dr

Customer's AC…..Cr

Reporting to Bangladesh Bank

At the end of every month, the reporting the following information is mandatory:

a) Filling of E-2/P-2 schedule of S-1 category; which covers the entire month amount of import category of goods, currency, country etc.

b) Filling of E-3/P-3 schedule for all charges, commission with T/M form.

c) Disposal of IMP form, which including

(i)Original IMP is forwarded to Bangladesh Bank with invoice and indent (ii)Duplicate IMP is kept with the bank along with the bill of entry/certified invoice.

(iii)Triplicate IMP is kept with the bank for office record.

(iv)Quadruplicate is kept for submission to Bangladesh Bank in case of imports where documents are retired.

4.5.2 Export L/C

The other type of L/C facility offered by Rupali Bank Limited is Export L/C. Bangladesh export a large quantity of goods and services to foreign households. Readymade textile garments (both knitted and woven), jute, Jute made products frozen shrimps, tea are the main goods that Bangladesh exporters exports to foreign countries.

Formalities for Export L/C

The export trade of the country is regulated by the exports (control) Act, 1950. The formalities of export L/C are as follows

1) ERC: Exporters must hold a valid Export Registration Certificate (ERC). The ERC is required to be renewed every year. The ERC number is to be incorporated on EXP forms and other documents connected with exports.

2) Obtaining EXP: After having the registration, the exporter applies to Rubali Bank Ltd. With the trade license, ERC and the Certificate from the concerned the exporter, An EXP from contains the following particulars:

i) Name and address of Authorized Dealer
ii) Particulars of the commodity to be exported with Code
iii) Country of Destination
iv) Port of Destination
v) Quantity
vi) L/C value in Foreign Currency
vii) Terms of sale
viii) Name and address of Importer/Consignee
ix) Bill of Landing/Railway Receipt/ Airway Bill/Truck Receipt/Post Parcel received no and date
x) Port of shipment/Post office of Dispatch
xi) Land customer post
xii) Shipment date
xiii) Name of the exporter with address
xiv) CCI & E's Register number and date of the exporter
xv) Sector (Public or Private) under which the Exporter falls.

3) Securing the order: Upon registration, the exporter may proceed to secure the export order. Contracting the buyers directly through correspondence can do this.

4) Signing of the contract.

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

6) Registration of Sale: This is needed when the terms proposed to be exported are raw jute and jute goods.

7) Shipment of goods: The following are the documents normally involved at the stage of shipment.

i) Export form
ii) Photocopy of registration certificate
iii) Photocopy of the contract
iv) Photocopy of the L/C
v) Customs copy of ERF form shipment of jute goods and EPC form for raw jute.
vi) Freight certificate from the bank in case of payments of the freight at the port of landing is involved
vii) Railway receipt, Berg Receipt of truck Receipt
viii) Shipping instructions
ix) Insurance policy

After that exporter submit all these documents along with a letter of indemnity to Rubali Bank for negotiation. An officer scrutinizes all the documents. If the documents is a clean one. Rubali Bank purchases the documents the documents on the basis of banker, customer relationship. This is known as foreign Documentary bill purchase (FDBP).

Procedure for Foreign Documentary Bill Purchase (FDBP)

If all the documents are in order then the bank purchase the documents. Several things should be checked at the time of purchasing.How much back-to-back and PC (packing Credit) facility the client has taken. After taking all these charges, the rest amount is paid to the client and a FDBP account is opened.

After purchasing the documents, Rubali Bank given the following entries:-

FDBP A/C……………Dr

Customer A/C………Cr

(Before realization of proceeds)

Head Office, ID A/C………Dr.

FDBP A/C………………..Cr

(Adjustment after realization of proceeds)

Foreign Documents Bills for Collection (FDBC)

Rubali Bank forwards the documents for collection due to the following reasons –

i) If the documents have discrepancies
ii) If the exporter is new client
iii) The banker is in doubt.

Foreign documentary bills for collection signify that the exporter will receive payment only when the issuing bank gives payment. The exporter submits duplicate EXP from and commercial invoice subsequently. The of the bill is calculated and the following accounting entries are given-

Head office A/C Dr. @ T.T Clean

Client's A/C Cr @ O.D Sight

Government Tax A/C Cr. % invoice value

Postage A/C Cr

Income A/C. Profit on exchange Cr.

After passing the above vouchers, an inter Branch exchange trading debit advice is sent to debit the NOSTRO account. Rubali Bank has NOSTRO accounts with its reimbursing bank. An FDBC register is maintained, where first entry is given when the documents are forwarded to the issuing bank for collection and the second one is done after realization of the proceeds.

4.6 Exchange rate and foreign remittance

4.6.1 Exchange rate

Exchange rate and is the rate at which a specific currency can be exchanged with a standard foreign currency. A foreign exchange transaction is either sells or purchase transaction. Therefore, the bank would quote two different rates of exchange.
Buying Rate & Selling rate:

The rate at which the central bank of any country buys foreign money is called buying rate. On the other hand, the rate at which the central bank of any country sells foreign money is called selling rate:

Classification of Exchange Rate:

1) Fixed Rate

2) Floating Rate:

- Independent Floating

- Managed floating
- Pegging
    - Single currency
    - Composite currency: a SDR, & b) Other basket

Exchange Rate Quotation:

Exchange rate quoted by the following two ways:

Direct: If the exchange rate is expressed in variable units of domestic currency for a fixed unit foreign currency. It is also called pence rate.

Indirect: If the exchange rate is expressed in variable units of foreign currency for a fixed unit of domestic currency. It is also called currency rate.

4.6.2 Foreign Remittance

According to Chowdhury, L. (2011), remittance means transfer of Money/Fund from one place to another place/country through banking channel. Money send by wage earners' through abroad is called Foreign Remittance. In a broad sense, Foreign Remittance includes purchase and sales of all Foreign Bills and currency on account of Import & Export transaction/payment and other purposes. Remittance means transfer of Money/Fund from one place to another place/country through banking channel.

Inward Foreign Remittance (Incoming Foreign Remittance)
Private Remittance, Indenting Commission, Recruiting Agents Commission, Export Bills, Importers Claim, Gift, Donation, Foreign Loan, Service Charges, FC Notes etc. (Inward Remittance by different Exchange House or Company through the NRTK account: Demand Draft, TT, Instant cash payment etc.)

Outward Foreign Remittance (Outgoing Foreign Remittance)
Travel Expenses (Cash FC, TC), Medical Expenses, Education Expenses, Examination/Tuition Fees, Membership Fees, profit/dividend of Foreign Investment, Service Charges, Insurance Premium, Hajj Travel Expense, Foreign Loan Repayment, Consultation fees, Import Payment etc.

Parties of Foreign Remittance
The four major parties of remittances are:
a. Remitter
b. Remitting Bank
c. Receiving Bank
d. Beneficiary

Remitter

Remitter is the people or organization who is sending foreign currency from one country to another country. Bangladeshi workers who are living in various parts of the world and send foreign currency to Bangladesh such as commissions, salary etc. are remitters.

Remitting Bank

Bank of foreign country by which foreign currency are sending is called remitting bank. Foreign currency has to be sent by through banking channel.

Receiving Bank

Receiving bank is the bank to which foreign currency are sent. Remitting bank use the SWIFT communication with the receiving bank and transfer the currency to the bank where remitter wants to deposit the currency.

Beneficiary

Remitter selects the name to which the currency will be sent. This people or organization is the beneficiary.

4.6.3 Modes of Foreign Remittance

There are various types of remitting money, such as:

Pay Order: Payment Order is used for making a remittance to the local beneficiary. Pay Order gives the payee the right to claim payment from the issuing bank. It can be enchased from issuing bank only. Unlike cheque, there is no possibility of dishonoring pay order because before issuing pay order bank takes out the money of the Pay Order in advance. Pay Order cannot be endorsed or crossed and so it is not negotiable instrument.

Local Demand Draft: Demand Draft (DD) is an order of issuing bank on another branch of the same bank to pay specified sum of money to the payee on demand that is the named person or order of the demand. It is generally issued when customer wants to remit money in any place, which is outside of the clearing house area of issuing branch. Payee can be a purchaser himself or another mentioned in the DD. It is a negotiable instrument and it can be crossed or not crossed.

Foreign Demand Draft: Foreign Demand Draft (FDD) is an order of issuing Foreign Bank/Exchange Company on a branch of a bank to pay specified sum of money to the payee on demand. It is generally issued when customer wants to remit money in any place, which is outside of the country of issuing bank. Payee can be purchaser himself or another mentioned in the FDD. It is a negotiable instrument and it can be crossed or not crossed.

Telegraphic Transfer (TT)

This Method transfers money from one place to another place by telegraphic message. The sender branch will request another branch to pay required money to the stipulated payee on demand. Generally for such kind of transfer payee should have account with the paying bank. Otherwise it is very difficult for the paying bank to recognize the exact payee. When sending money is urgent then the bank uses telephone for remittance. This service is only provided for valued customers, who is very reliable and with which banks have long standing relationship.

Foreign Telegraphic Transfer (FTT)

Foreign Telegraphic Transfer (FTT) is an order of issuing Foreign Bank/Exchange Company on a bank to pay specified sum of money to the payee. It is generally issued when customer wants to remit money in any place, which is outside of the country of issuing bank. After receiving the FTT's order local bank can issue TT/TTPO like its local TT operation for remitting the fund to stipulated beneficiary.

Mail Transfer (MT)

When the remitter desires the banker to remit the funds to the payee instead of purchasing a draft himself the banker does it through a mail transfer advice. The payee must have an account with the paying office as the amount remitted in such a manner is meant for credit to the payee's account and not for cash payment. It is the least used technique for transferring fund. Where there is no telex machine or telephone line then this method is used.

4.6.4 Foreign Remittance Trade Mechanism of Rupali Bank Ltd.

Rupali Bank Ltd acquires foreign remittance by purchasing foreign currency through exchange rate and its export business. Foreign currency sells through import business and also sells in local market.

The remittance trade mechanism of RBL includes –

i. Purchasing of foreign currencies
ii. Selling of foreign currencies
iii. Selling of foreign currencies in local market
iv. Front office activities
v. Back office activities

Purchasing of Foreign Currencies

Rupali Bank purchases foreign currencies i.e. US Dollar (USD), British Pound Sterling (GBP), and other currencies by giving exchange rate. At present, Rupali Bank has established Taka Drawing Arrangement for purchasing Foreign Currencies with 21(twenty one) Exchange Companies in different countries like UK, USA, Canada, UAE, Oman, Qatar, Bahrain, Kuwait etc.

Selling of Foreign Currencies

Every day Rupali Bank sells foreign currencies i.e. US Dollar, British Pound Sterling, and any other currencies through competitive rate in local market and invests in its import business. To purchase any kinds of goods/products from abroad it is required to make Letter of Credit (L/C), which requires foreign currency. Rupali Bank invests foreign currencies in its import business while making L/Cs through its 27 Authorized Dealer (A/D) Branches. The surplus amount of foreign currencies sells in local market.

Selling of Foreign Currencies in local market
The Bank maintains two offices in selling foreign currencies i.e. Front Office and Back Office.
Dealing Room activities i.e. Front Office's Activities
Front Office sells the surplus amount of foreign currencies in local foreign currencies market (i.e. sells foreign currencies to other local banks/financial institutes) in a specific competitive rate. Dealer makes the deal confirmation to other bank over telephone in a specific rate/period from front office and then they sent deal ticket to back office. The Back Office does other documentary work. The Dealer maintains three rates while selling and purchasing foreign currencies i.e. Spot Rate, Forward Rate and Cross Rate in Rupali Bank.

Spot Rate is used in buying and selling of currencies in the same day. In this system, purchasing or selling of currencies in the prevailing rate of the purchasing date.

Forward Rate is used in buying and selling of currencies in a specific forward day. In this system, purchasing or selling of currencies in the date of contact in a fixed rate after certain date.

Cross Rate is used in buying and selling of currencies through cross rate for third currency i.e. dividing/multiplying one currency by another currency other than local currency.

Back Office's Activities
Back Office maintains all the required registers for proper handling currency market. Back Office provides all the documentary support of deal confirmation. After completion of deal by the Dealers, Back Office makes all necessary papers in respect of deal send it to respective bank to effect payment.

Facilities allowed in connection with foreign remittance

i. No commission is collected for collection of draft money from branches of the same bank.
ii. Payment of remittance money within three days.
i. Customers can make any complain regarding the payment of money through compliance cell

FC A/C opening

There are three types of FC Account that can be opened in USD, GBP, EUR with AD Branches of Rupali Bank Ltd.

1. Private foreign currency account – Bangladeshi resident residing abroad or foreign nationals residing in Bangladesh or any foreign company operating in Bangladesh can

open this account. 2. Non-resident foreign currency deposit account – Bangladeshi origin all nonresidents having dual nationality can open this account.
3. Resident foreign currency account – this account is for all the residents of Bangladesh to do foreign currency exchange business.

Documents for FC A/C

- Two Copies of Photographs of applicant attested by the High Commission/Embassy.
- Two Copies of Photographs of nominee of the a/c attested by the applicant.
- Copy of passport attested by High Commission / Embassy.
- Residence certificate / Employer's certificate.

Facilities in F.C. Accounts

- Nominee can operate the account.
- Interest is paid on F.C account.
- Balance in F.C A/C can be utilized for import of goods.
- Balance available in the F.C. account may wholly or partially be sent abroad.
- Foreign currency brought in by Wage Earners can be deposited in the F.C A/C.
- Non-resident Foreign Currency Deposit A/C (NFCD A/C) can also be opened by Wage Earners.
- This A/Cs may be maintained as long as the account holder desires.

F/C Account Products and Services

- Export Credit (Pre-shipment & Post-shipment)
- Suppliers Credit v Letter of Credit (Import)
- Guarantees in Foreign Currency
  - ✓ Bid Bond
  - ✓ Performance Guarantee
  - ✓ Advance Payment Guarantee
- Bill purchasing/ discounting
- Remittance, Collection, Purchases & Sales of Foreign Currency & Traveler's Cheques
- NRTA (Non-Resident Taka A/C)
- NFCD Account (Non-Resident Foreign Currency Deposit)
- RFCD Account (Resident Foreign Currency Deposit)
- Convertible & Non-convertible Taka Account
- Forward contracts v Correspondent Banking Relations

4.6.5 Student file opening

Student can endorse $200.00 at a time in his own name. But if the amount exceeds $ 200.00 then the student has to open a student file. For opening a student file, the following documents are required:

i) Preliminary application and information admission

ii) Letter of approval of the student by the University.
iii) A filed up application form for foreign currency in abroad
iv) Transcript given by the Board for S.S.C/H.S.C equivalent examination.
v) A photocopy of 1-7 form.

In case of tuition feeds, application must send the currency in favor of the institute. He cannot take the fees of the institute with him personally. Usually a student has to endorse at least one third of the feeds of a year.

As an authorized dealer the principal branch of RUPALI BANK LIMITED also provides its customer foreign remittance facilities by FBC, LFBC, sale and purchase of FCY, FTT.

4.7 My Learning

1. RBL, Local Office (Principal branch) has SWIFT facilities. Very few bank in our country offer this. By using this modern technology Principal branch provide fastest service on L/C operating to its client but other AD branches cannot provide such types of service.

2. Pre-shipment inspection certificate should obtain from the exporter of back-to-back L/C. Because it reduces fraud and forgery in case of import against master export L/C. But all the time the bank does not want it because of time and adequate manpower of FE department.

3. In some cases, this branch takes different Margin and commission on L/Cs from different customer. A customer is allowed to open a L/C even with 10% margin. I think that the bank should review the customers' behavior for a period and should develop a certain policy in this regard.

4. The bank should try to arrange more training programs for their officials. Quality training will help the officials to develop the knowledge of International Trade Financing.

5. RBL, Local Office (Principal branch) does not have adequate number of skilled manpower in foreign exchange department.

6. With the pressure of the top management the employees are some time bound to do things, which is beyond the rules and regulations.

7. Month end report so many register has to be maintained

8. Reporting to the Bangladesh Bank at month end about foreign exchange transaction is mandatory task.

9. State-Owned Banks cannot provide fast & quality services like as Private and Foreign Banks.

Chapter 5
STUDY RESULTS AND FINDINGS

5.1 Present Scenario of Overall Business Position of RBL

Deposit of RBL

Rupali Bank Ltd. deposit figures for last four years are given below –

(Figure in Crore BDT)

Year	2015	2016	2017	2018
Deposit	25382.96	27911.60	31948.76	38954.95

Table: Deposit of RBL

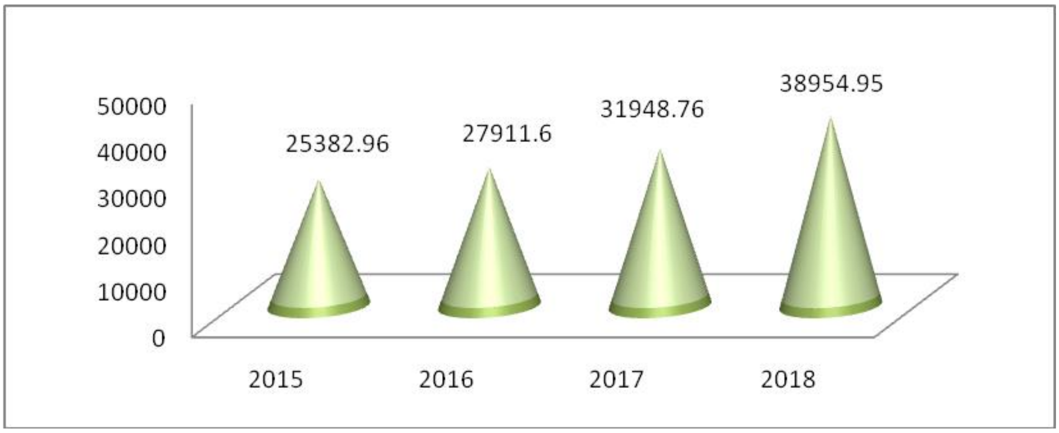


Figure: Deposit of RBL

Analysis

From the figure we see, Rupali Bank Ltd. is getting increasing number of deposits year by year. It shows the healthy amount of deposit performance of Rupali Bank Ltd.

Loans and advances of RBL

Rupali Bank Ltd. loans and advance figures for last four years are shown below –

(Figure in Crore BDT)

Year	2015	2016	2017	2018
Loan & Advance	14251.50	17515.04	20667.27	24749.06

Table: Loans and advances of RBL

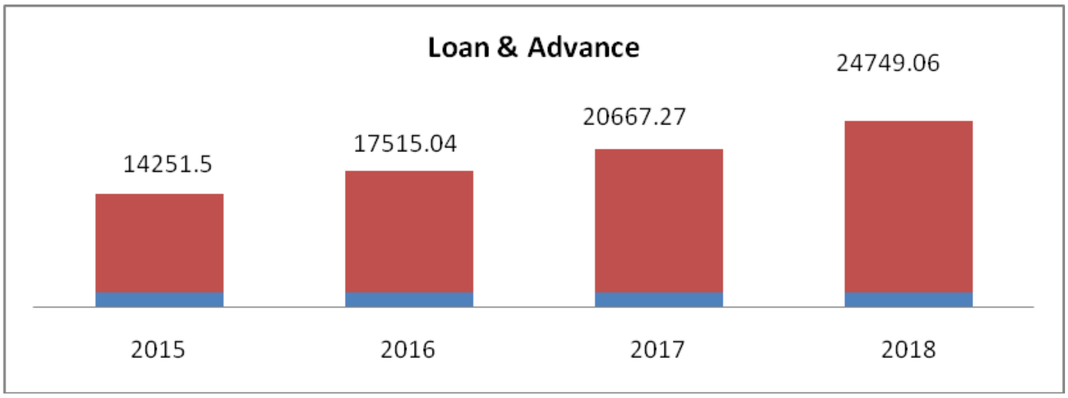


Figure: Loans and advances of RBL

Analysis

From the figure we see, the amount of loans and advances of Rupali Bank Ltd. is increasing every year. The amount of loans and advances increased from 2015 to 2018 and this indicates Rupali Bank is spending most of its deposits into providing loans and advances & other investment sector.

Investment of RBL

Rupali Bank Ltd. investment figures for last four years are shown below –

(Figure in Crore BDT)

Year	2015	2016	2017	2018
Investment	8265.42	7965.12	6840.02	8223.65

Table: Investment of RBL

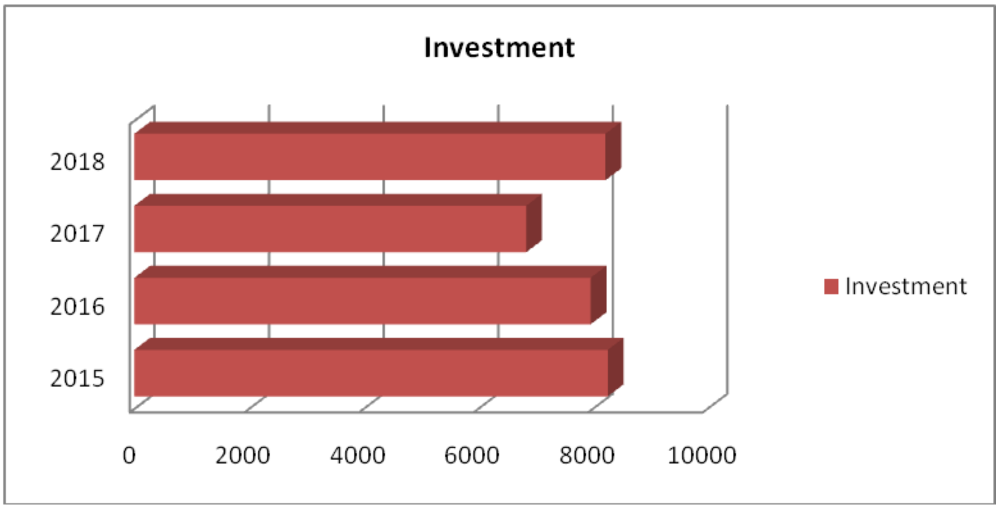


Figure: Investment of RBL

Analysis

From the figure we see, the investment trend of Rupali Bank Ltd is average. The amount of investment increased from 2015 to 2016 but 2017 the investment trend was decreasing scale but 2018 it return the previous level. This indicates show that Rupali Bank is spending its deposits in investment. Invests it deposit for purchasing government bond, share and also invests it deposit in private sector.

Operating Profit of RBL

Rupali Bank Ltd. Operating profit figures for last four years are shown below –

(Figure in Crore BDT)

Year	2015	2016	2017	2018
Operating Profit	250.20	(88.78)	508.52	310.13

Table: Operating Profit of RBL

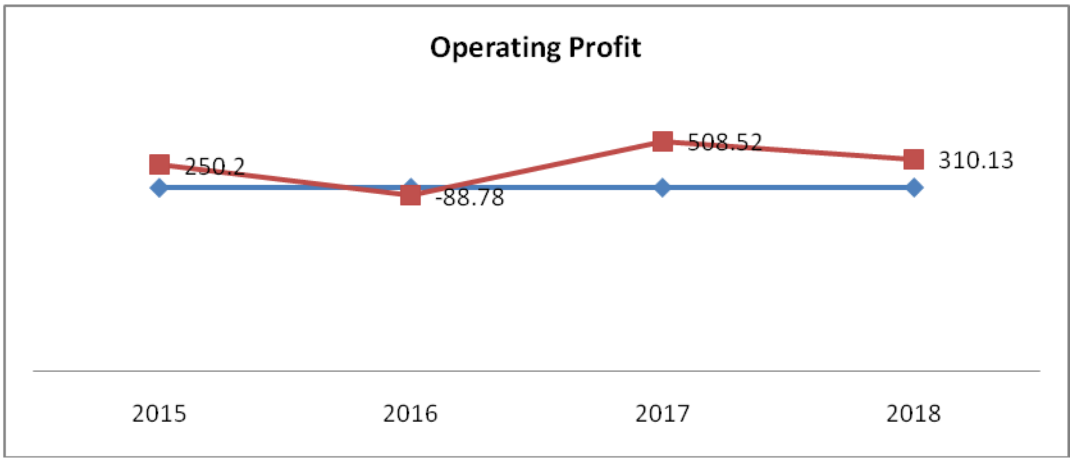


Fig: Operating Profit of RBL

Analysis

From the figure we see that, the amount of operating profit of Rupali Bank Ltd. is increasing every year. But in 2016 Bank can not doing business because of classification of loan increased, repayment from loan was rapidly decreased and increased of operating cost. Loan recovery and monitoring system was not proper and standard level. As a result bank was in negative position of profit. In recent year bank doing good business for its new strategy and minimize the operating cost.

Growth of Net Profit

Rupali Bank Ltd. net profit figures for last four years are given below –

(Figure in Crore BDT)

Year	2015	2016	2017	2018
Net Profit	45.56	(125.86)	49.91	65.61

Table: Growth of Net Profit

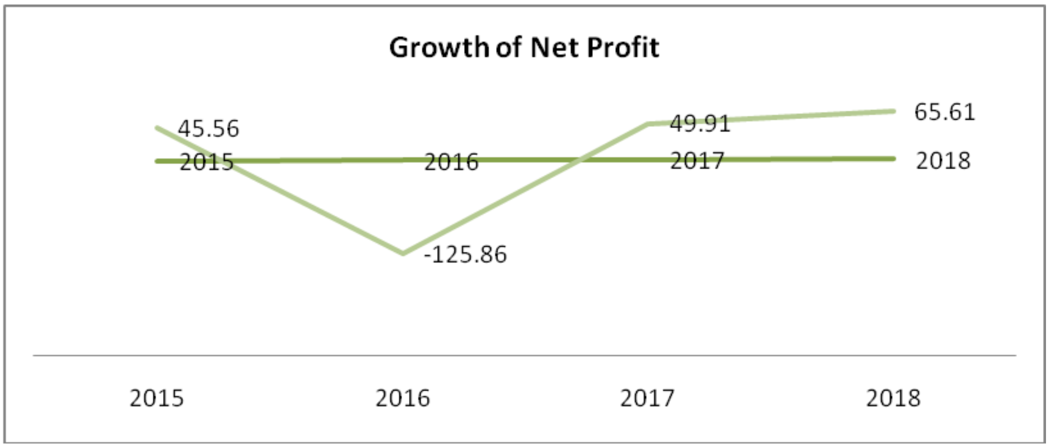


Fig: Growth of Net Profit

Analysis

From the figure we see, the amount of net profit of Rupali Bank Ltd. is increasing every year. But in 2016 bank can not doing business because of classification of loan increased and return rate from loan was rapidly decreased. Loan recovery and monitoring system was not proper and standard level. As a result bank was in negative position of profit. In recent year bank doing good business for it's new strategy.

Import performance

Import performance of last four years for RBL is given below

(Figure in Crore BDT)

Year	2015	2016	2017	2018
Import	11987.70	10801.36	13210.01	11402.15

Table: Import performance

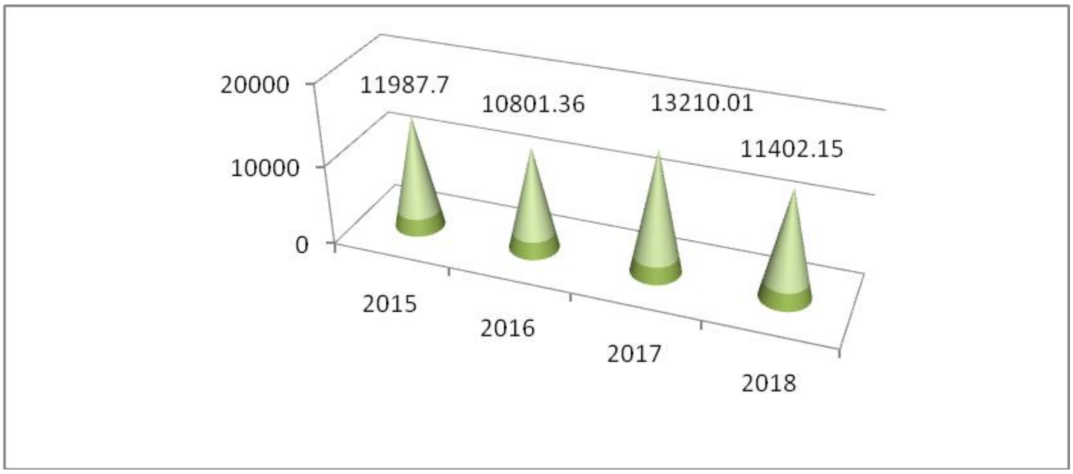


Figure: Import performance

Analysis

From the figure we see that, Rupali Bank Ltd. it is handling average number of Import L/C every year. But in 2016 it decreased. In 2017 the number of import L/C was increasing but in 2018 is decreasing trend. Search the new importers and channel for overcome the situation.

Export Performance

Export performance of last four years for RBL is given bellow-

(Figure in Crore BDT)

Year	2015	2016	2017	2018
Export	2162.78	2500.45	2298.97	2600.2

Table: Export performance

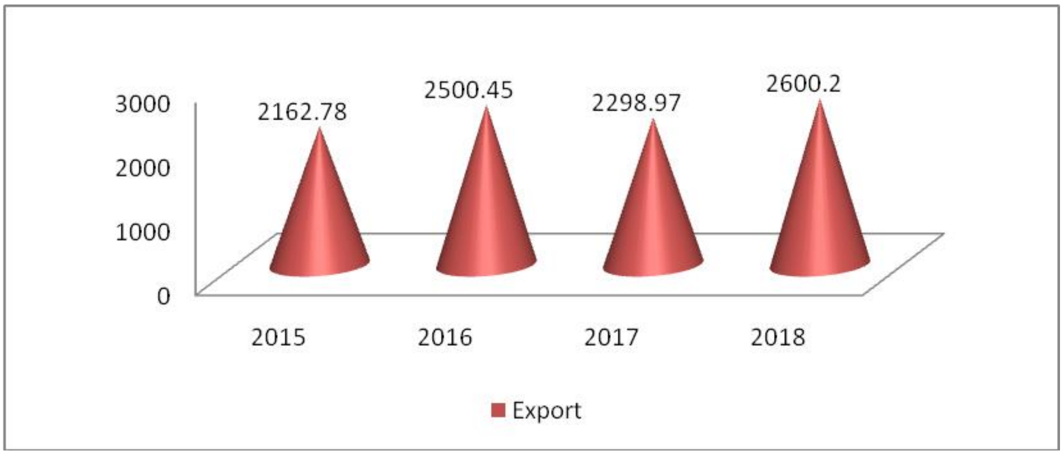


Figure: Export performance

Analysis

From the figure we see that, Export L/C are increasing slowly and steadily but lagging behind than import. The export L/C increased from 2016 to 2018.But increasing trend is not satisfactory level. Because we do not have the luxury of different export products to export in another country. Our export products and exporters are limited by the resource constraints.

Foreign Remittance

Performance Foreign Remittance Performance of last four years for RBL indicates that,

(Figure in Crore BDT)

Year	2015	2016	2017	2018
Remittance	1850.32	1652.52	1752.20	1717.32

Table: Remittance performance

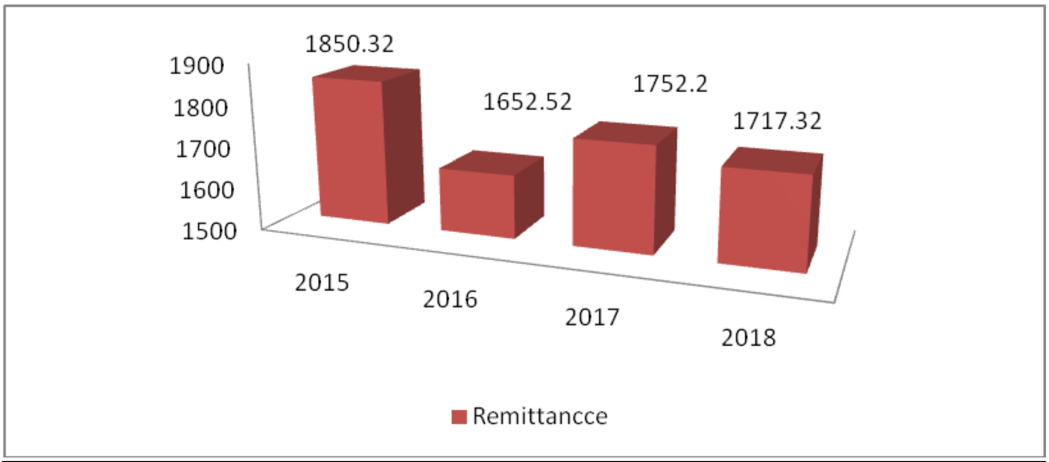


Figure: Remittance Performance

Analysis

From the figure we see that, Rupali Bank Ltd. remittance is decreasing at a decreasing rate and with proper measure the rate can be increased even more. The reason of foreign remittance decreased for using of illegal channel of remittance transfer. Like as hundi.

Comparative Foreign Exchange Business Position for the last Four years:

(Figure in Crore BDT)

Year	2015	2016	2017	2018
Import	11987.70	10801.36	13210.01	11402.15
Export	2162.78	2500.45	2298.97	2600.20
Remittance	1850.32	1652.52	1752.20	1717.32

Table: Comparative Foreign Exchange Business Position

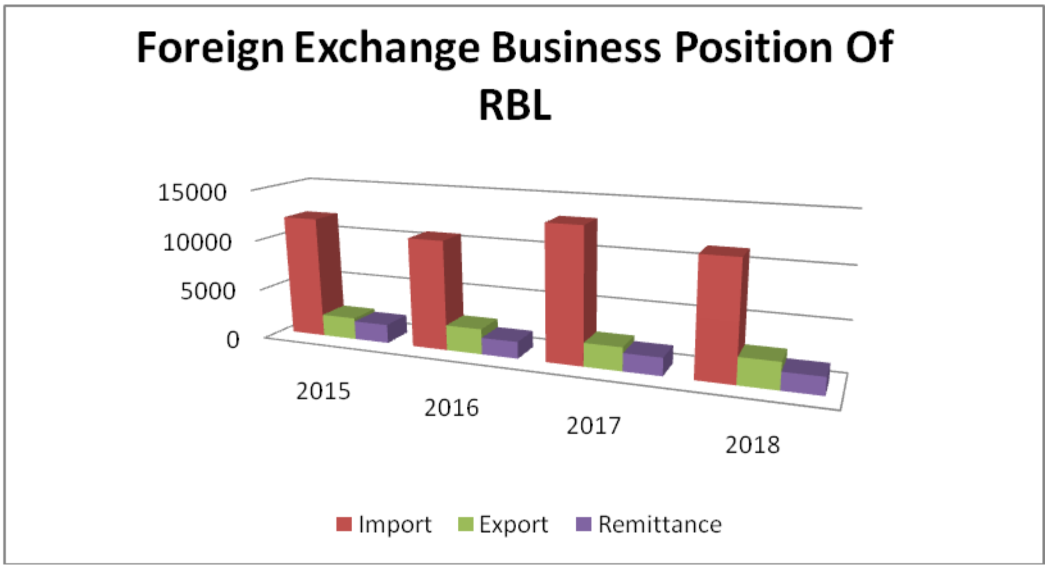


Figure: Comparative Foreign Exchange Business Position

Analysis

From the above we see that, Rupali Bank Ltd. remittance is decreasing and with proper measure the rate can be increased in future. The foreign import is decreasing trend in 2018 but Export is increasing in 2018. Cause of decreasing trend of foreign remittance is that use of illegal way for sending remittance like as hundi etc. Export L/C is increasing slowly and steadily but import is in standard level.

Overall Foreign Exchange performance of RBL - 2018

The overall foreign exchange scenario of Rupali Bank Ltd. in 2018 is shown below –

(Figure in Crore BDT)

Export	Import	Remittance
2600.02	11402.15	1717.32

Table: Overall Foreign Exchange performance of RBL - 2018

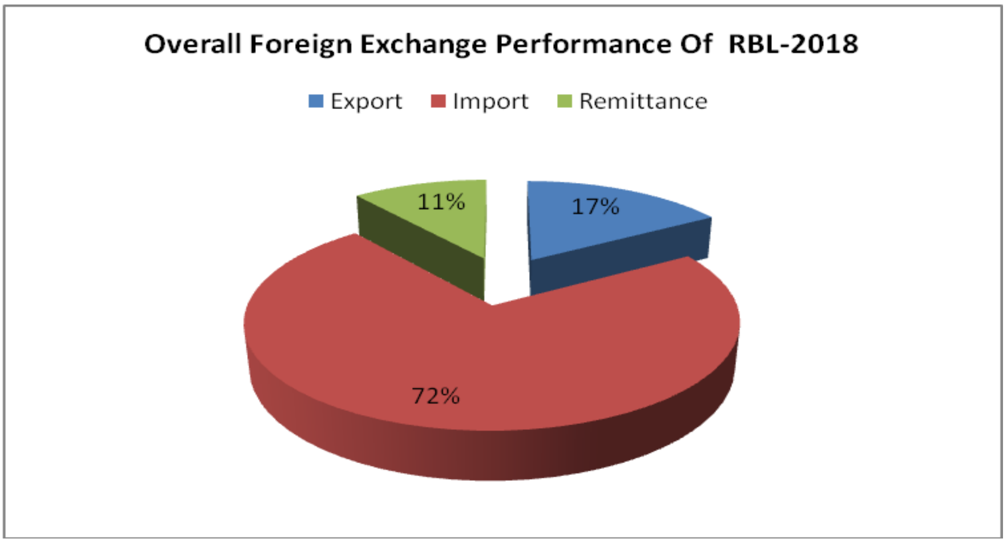


Figure: Overall Foreign Exchange performance of RBL- 2018

Analysis

The figure shows that, the overall foreign exchange scenario of RBL for the year 2018, it is doing major business with Import L/C. RBL have more importers than exporters. Export L/C finding it difficult to increase because of lack of export products and exporters. This is the main reason of export's lagging behind than import. Foreign remittance is coming in big numbers from abroad every year but needs to improve the current situation. With more advanced technology and service Rupali Bank may improve its remittance performance.

5.2 Major Problems of Foreign Exchange Business of RBL

The trend of foreign remittance over the period from 2004 to 2018 is in increasing trend. Whereas import and export business has downward trend in some years. The gradual increase of total amount of foreign remittance during the last nine years indicates that the foreign remittance business of Rupali Bank limited is stronger compared with the import and export business. The following are the major findings of the analysis:-

1. Rupali Bank Ltd. has no foreign exchange marketing policy to develop the foreign exchange business.

2. No. Of AD branches are not enough to increase the business volume and all existing AD branches are not doing both import and export business.

4. Manpower shortage is one of the notable weak points of Rupali Bank Limited that creates serious problem in handling foreign exchange business. Skilled foreign exchange employees are going on retirement. Expert employees are not replaced in the vacant positions.

5. Most of the AD branches are doing business with the existing customers.

6. Ensuring timely delivery and quality services relating to foreign exchange business depends on the availability of logistic support. Major branches are not equipped with sufficient support instruments like phone, Fax, e-mail compared with other competitor banks.

7. Branch decoration is one of the important issues to attract the customer that is very poor situation in RBL.

8. Decision making power in branch level is not enough to take prompt decision regarding FE business in RBL.

9. RBL has not yet introduced any deposit & investment scheme exclusively for expatriates/wage earners that will increase the foreign remittance.

10. Foreign exchange training is not enough for the newly recruited employees than required.

11. RBL has got unique advantage of largest network with 569 branches located at different places of the country. This advantage can be utilized for capturing remittance of rural Expatriates.

12. As a nationalized bank, RBL has good reputation and mass people trust it to do any kind of transactions but bank cannot utilize this reputation for its proper strategy.

13. Correspondence banks and agents are not enough to increase the inflow of foreign remittance.

14. RBL has made SWIFT arrangement with different banks. As some of the AD branches have SWIFT connectivity, it has competitive advantage over other commercial banks in handling remittance business and various messages of import and export.

15. Rupali Bank Ltd. has do not have strong research department to launch the new product, which would get competitive advantage over its competitors.

16. Unstable situation of RBL regarding selling the bank has lost the image and some important clients have left the bank.

Chapter 6
CONCLUSION & RECOMMENDATION

6.1 Conclusion

Foreign exchange business has a great impact on banks overall business development. To accomplish foreign exchange business it needs foreign currency. Foreign remittance send by expatriates is one of the sources of foreign currency. Banks needs huge amount of foreign currency to make the import payments. Banks can buy foreign currency from the inter-bank market. It is highly expensive procedure, that will reduce the profit of Bank.. Export business is another source of foreign remittance. So, it is clear that import, export and foreign remittance are interrelated among each other. Our government gives more emphasize in collecting foreign remittance from abroad as it increases our foreign currency reserve.RBL must enrich the foreign remittance channels & also provide all kinds of logistics facilities to ensure the foreign remittance service to the customers. Rupali Bank Ltd has only thirty (30) AD branches. it is not adequate. Rupali Bank Ltd. should increase its AD branches to increase foreign exchange business. Some of the AD branches are not doing both importing and exporting business. So, these AD branches should start all type of business. Also ensure the SWIFT facilities to all AD branches. It is found that the volume of import is better than import business and foreign remittance. All the branch of RBL are engaged for foreign remittance transactions that's why volume of foreign remittance is satisfactory level. In this area bank can do more busines.Compared with the export, import volume is higher. From the above study it can be said that if RBL takes proper steps for arranging easier way for inflow of foreign remittance and skilled manpower are placed for providing better service, then the inflow of foreign remittance will be increased significantly. This remittance can play vital role in foreign exchange busines.For export, invention of new product, diversification of traditional goods like jute, searching new destinations, build up backward-linkage industries, providing incentives to exporters etc. are obvious for increasing export. To flourish the foreign exchange business all three types of business have to be increased. Maximum clients of RBL are doing one type of business import or export. Most of the clients are importer. Few clients are doing export business. RBL have to encourage all clients to do all types of business. Bank should provide special types of service to the clients.RBL should take new policy and enrich the manpower of Foreign Exchange division for its future prospects of FE business.

6.2 Recommendations

Right decision at the right time will bring expected result for the bank. In order to get competitive advantage & to deliver quality service, top management should try to modify the services. For the improvement of the service the following measures should be taken:

- RBL should priority the quality and quick service to the foreign exchange customer.
- It is noted that "delay in service'' is one of the problems faced by the clients. Attempts should be made to straighten the banking procedure.
- The internal environment of the bank should make more attractive and it should keep neat and clean.
- Evaluate customer's needs from their perspective and explain logically the shortcomings.
- To deliver quality service top management should try to mitigate the gap between customer's expectation & employee's perception.

- To attract more clients RBL has to create a new marketing strategy, which will increase the total export import business.
- Shortage of manpower hampers its FE operation. It is recommended that RBL should employ more talented personnel. As expert officers are going on retirement then it will face serious crisis if enough employees are not recruited. Training is more effective way to make employees at the relevant department. All employees should get various types of training to make them skilled and all employees should get the opportunity to work all sorts of FE functions also ensure job rotation is very important to make the entire employee efficient for all departments.
- RBL has no special remittance cell. Sometimes customers face problems of queries. It is recommended that RBL should maintain a special remittance cell for prompt service. In order to ensure speedy delivery of remittance to the beneficiary, Bank may arrange for cash payment of money without having any account with the bank on the basis of identity card/ Passport/Driving license, Phone no.
- Easy to get the foreign remittance to the beneficiary.
- Exchange rate plays an important role in routing maximum remittance by the expatriates & the beneficiary/exchange houses. Spread of exchange gain from the cover fund may be lowered to attract more remittance. So the bank may take competitive advantages by offering market competitive rate.
- Website of RBL should be enriched with all information regarding the foreign exchange relevant facilities. Most of importer and exporter want to take information regarding banks and its existing facilities from the website.
- No. of AD Branches should increase and all types of function should do in all AD branches. If it is necessary to relocate some AD branches to strengthen the FE business. AD branches should be increased in the prospective places.

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Appendix-1

List of Abbreviations

SCB- State-owned Commercial Bank
NCB- Nationalized Commercial Bank
RBL- Rupali Bank Limited
BB- Bangladesh Bank
NRTA- Non-Resident Taka Account
NRFCA -Non-Resident Foreign Currency Account
MoF- Ministry of Finance
MoC-Ministry of Commerce
FE- Foreign Exchange
EFT- Electric Fund Transfer
NRB- Non-Resident Bangladeshi
ATM- Automated Teller Machine
SWIFT- Society for Worldwide Interbank Financial Telecommunication
ID- International Division
AD-Authorized Dealers
RBTI- Rupali Bank Training Institute
NFCD- Non-Resident Foreign Currency Deposit
RFCD-Resident Foreign Currency Deposit
SME- Small & Medium Enterprise
TT-Telegraphic Transfer
NRTA -Non-Resident Taka A/C
NFCD- Non-Resident Foreign Currency Deposit
RFCD- Resident Foreign Currency Deposit
LC- Letters of Credit
FDD- Foreign Demand Draft
FTT- Foreign Telegraphic Transfer
DD- Demand Draft
LIM-Loan against Imported Merchandise
LTR- Loan against Trust Receipt
PAD- Payment against Document
EDF- Export Development Fund
PC- Packing Credit
FBP- Foreign Bills Purchase
IBP- Inland Bills Purchase
BACH- Bangladesh Automated Clearing House
RTGS- Real Time Gross Settlement`
ACR-Annual Confidential Report