INTERNSHIP REPORT
ON
FOREIGN EXCHANGE OPERATIONS
OF
STANDARD BANK LIMITED

Standard Bank Limited
setting a new standard in banking

Standard Bank Limited

Foreign exchange operations Of Standard Bank Limited

SUBMITTED TO

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DATE OF SUBMISSION

9th APRIL 2017

LETTER OF TRANSMITTAL

Date:

N.M Baki Billah

Lecturer,

BRAC Business School,

BRAC University

Dear Sir,

Here I present my Internship report titled "Foreign Exchange Operations of Standard Bank Ltd" with due gratitude and appreciation. As per fulfillment of the requirements of the BBA Program, I have completed the internship from Standard Bank Limited, Uttara Model Town Branch, Dhaka.

The internship program has given me the opportunity to learn about different aspects of this well reputed organization. Before facing the corporate world, I have gathered general idea about the organization culture and activities.

However, I have gathered all the facts that I could within this short period and have tried my level best to exert all the things as much presentable as possible.

Yours faithfully,

……………….

Muktadir Billah

ID: 12204076

Department: BBS.

ACKNOWLEDGEMENTS

At the beginning, I would like to express my sincere gratitude to Almighty Allah, the most merciful for empowering me to prepare the report within the scheduled time. I also want to thank especially to my internship supervisor Mr. N.M Baki Billah, Lecturer, BBS, BRAC University for his inspiring guidelines, valuable suggestions, constructive criticism and constant help throughout the work and in preparation of this report. I also express my warm gratitude and cordial thanks to the management and officials of Standard Bank Limited, Uttara Model Town Branch who have given me the opportunity to work with them and helped a lot by providing the information and enabling me to prepare this report. I have received their generous help and support. I would like to take the opportunity to express my wholehearted gratitude to my fellow friends, near and dear ones who offered encouragement, information, inspiration and assistance during the course of constructing this report.

EXECUTIVE SUMMARY

This report is all about “Foreign Exchange operations of Standard bank Limited”. One of the largest businesses carried out by bank is foreign trading. Main transactions with overseas countries are respects of import; export and foreign remittance come under the preview of foreign exchange department of a Bank. International trade demands a flow of goods from seller to buyer and of payment from buyer to seller. In this case bank plays a vital role to bridge between the buyer and seller.

The first chapter of the report contains origin, objective, methodology, scope, limitations of preparing the report and literature review.

Second chapter of the report includes a general description about Standard bank limited to get a clear view about the bank. It contains overview, vision, mission, structure, hierarchy, services, etc of Standard bank limited.

The third chapter of the report gives a clear overview of the SBL Uttara Model Town Branch. This chapter includes an overview of SBL UMT Branch, products and services of this branch, positional hierarchy of this branch, financial condition and profitability of this branch, strengths, and weaknesses of this branch and lastly my learning from the duties as an intern in that branch.

The fourth chapter discuses what is foreign trade and foreign exchange business. It describes Banks role in foreign trade and exchange, laws and regulations regarding foreign exchange, benefits and problems of international trade, some Incoterms of foreign trade etc.

The fifth chapter explains three main functions of Foreign Exchange department in a detailed way. It describes in detail about all the banking procedures involved in the import, export and foreign remittance transactions. It discusses about L/C and the operation of L/C in foreign import and export.

The chapter six contains five years (2011-2015) comparative performance analysis of the foreign exchange business of Standard Bank Limited (import, export and foreign remittance).

Chapter seven shows the CAMEL ratios of Standard Bank Limited.

The last chapter (chapter 8) contains findings from the study, recommendations on the further development of the Bank and conclusion of the report.

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CHAPTER 1

INTRODUCTION

Standard Bank Limited

1.1. Origin of the Report

In today's world only academic education does not make a student perfect to become competitive with the outside world. Internship is highly needed to gain idea, knowledge and experience. From this internship program students get the opportunity to learn facing the real business world. This report is an internship report prepared as a requirement for the completion of BBA Program (Major in Finance) of BRAC University. The primary goal of internship is to provide the job exposure to the student and an opportunity to implement theoretical knowledge in real life situation. The program covers a period of 3 months of organizational attachment.

Standard Bank Limited is a place where I could learn the business dealings. This organization has created a positive image to the customer's mind by providing better service. This bank has introduced some modern banking scheme that has got high market demand. As it maintain the pace with the competitive business world, its activities, culture, philosophy and style leads an intern student to be the best at any field of working life. As an intern, I have got the opportunity to work with this organization from January 10, 2017 to April 10, 2017 and acquire idea about foreign exchange division.

1.2. Background of the study

All over the world the dimension of Banking has been changing rapidly due to Deregulation, Technological innovation and Globalization. Banking in Bangladesh has to keep pace with the global change. Now Banks must compete in the market place both with local institution as well as foreign ones. To survive thrive in such a competitive banking world, two important requirements are –

i) Development of appropriate financial infrastructure by the Central bank and
ii) Development of "Professionalism" in the sense of developing an appropriate manpower structure and its expertise and experience.

To introduce skilled Banker, only theoretical knowledge in the field of banking studies is not sufficient. An academic course of the study has a great value when it has practical application in real life situation. So, I needed proper application to get some benefit from my theoretical knowledge to make it more tactful, when I engaged myself in my practical life situation. Such all application is made possible through Internship.

1.3. Objective of the study

- To complete the Internship as per requirement of BBA program of BRAC University.
- To present an overview of foreign exchange division of SBL.
- To appraise performance of foreign exchange division of SBL.
- To appraise foreign exchange activities of' SBL.
- To know about what kinds of risk the bank is facing in the foreign exchange transactions.
- To develop practical knowledge about foreign exchange.
- To have an overall concept about foreign exchange activities relating to import, export, outward and inward remittances, buying and selling of foreign commission etc.
- To identify problems of foreign exchange division of SBL.
- To learn about the import and export dealing of business organizations.

1.4. Scope

SBL is one of the leading banks in Bangladesh. The report covers the background, functions and mostly the foreign exchange system of the bank. The scope of the study is just to acquaint with the foreign exchange scenario of SBL.

1.5. Methodology of the Study

The study requires a systematic procedure from selection of the topic to final report preparation.

To perform the study the data sources are to be identified and collected, they are to be classified, analyzed, interpreted and presented in a systematic manner and key points are to be found out. The overall process of methodology is given below:

1.5.1. Selection of the topic:

The topic of the study was suggested by our supervisor. Before assigning the topic it was discussed with me so that a well organized internship report can be prepared.

1.5.2. Identifying data sources:

Essential data sources both primary and secondary are identified which will be needed to complete and work out the study. To meet up the need of data primary data are used and study also requires interviewing the official and staffs were necessary. The report also required secondary data.

This report is mainly prepared by the secondary sources of information and some few primary sources of information like:

1.5.2.1. Primary data

- Discussion with officials of Standard Bank Limited.
- Face to face conversation with the clients.
- Expert's opinions and comments.
- Direct involvement in the foreign exchange activities of SBL.
- Direct Observation.
- Questioning the concerned persons.

1.5.2.2. Secondary data

- Relevant books, Newspapers, Journals, articles and reports.
- Annual report of SBL.

1.5.2.3. Collection of data:

Primary data has been collected by observing and discussing with the Bank official.

1.5.2.4. Classification, Analysis, Interpretations and Presentation of data:

Some graphical tools are used in this report for analyzing the collected data and to classify those to interpret them clearly.

1.5.2.5. Findings of the study:

- The collected data were scrutinized very well and pointed out and shown as findings.
- Recommendations are also made for the improvement of the current situation.

1.5.2.6. Final report preparation:

On the basis of the suggestions of my honorable supervisor, some corrections were made to present the final report.

1.6. Limitations of the Study

The report is written mainly on the basis of face to face conversation with the officials, little practical experience in the bank and some secondary data and information. The following are some limitations of this report:

- Limitation of time was one of the most important factors that shortened the present study. Due to time constraints, many aspects could not by discuss in the present study.
- Lack of comprehension of the respondents was the major problem that created many confusions regarding verification of conceptual questions.
- Confidentiality of data was another important barrier that was faced during the conduct of this study. Every organization has their own secrecy that cannot be revealed in publics.
- Rush hours and business was another reason that acts as an obstacle while gathering data.
- As, I had more dependence on the primary sources, so there might be some level of inaccuracy with those collected information.
- Insufficient books, publications, Facts and figures narrowed the scope of accurate analysis.
- SBL does not have rich and wealthy collection of various types of Banking related Books and Journals.

1.7. Literature review

In over past few decades, Bangladesh has witnessed substantial growth in its export of goods and services. Over this period economic growth has accelerated with GDP. The trade and industry policies have changed from being highly import substituting and government controlled to become more liberalized and deregulated. In the 1970s, Bangladesh was a strongly inward-oriented economy ranking among the top in price distortions caused by high tariff barriers. By the 1980s, the dismal growth performance of the early 1970s and a general enthusiasm about export-led growth – reinforced by the disillusionment experienced by most developing countries over their import substituting development experiments of the 1950s on the one hand and by the success of the Asian Tigers with export-oriented development strategies on the other – made a case for a policy shift in Bangladesh, as in many other developing countries. Progressive trade liberalization and domestic deregulation were the foci of trade and industrial policies since the 1980s; policies that recognized the need for: (i) greater efficiency and international competitiveness; (ii) faster growth of export-oriented industries; (iii) reduction of regulation and control along with tariff rationalization; (iv) a liberalized market-based competitive structure; (v) and disinvestment of public sector enterprises. To promote exports, several measures were undertaken. For example, in the 1980s the government established the first export processing zone in Chittagong. It was followed by other measures such as tax breaks for export-oriented enterprises and income tax rebates. Later on, two more export processing zones were established in Dhaka and Khulna. In recent years, Bangladesh has experienced not only a substantial increase in the volume of exports but also important changes in the composition of those exports; moving away from traditional items such as jute and jute products and towards new manufactured products such as ready-made garments.

The speed of economic development of a nation poses one of the most essential issues in economic debate. A nation could accelerate the rate of economic growth by promoting exports of goods and services. The volume of imports is negatively related to its relative price and varies positively with aggregate demand (real GDP growth). The higher relative price leads to substitution away from imports—necessarily reducing the dollar value of imports as volumes decline. Remittances have been used in financing the import of capital goods and raw materials for industrial development. Garments manufacturing is treated as the highest foreign exchange earning sector of Bangladesh.

Remittances literature is mainly centered on the issues of economic growth and the poverty alleviation effects of remittances. Majority of the existing studies illustrate the positive, direct and indirect, growth effect of remittances especially for the developing countries employing cross country data (Barajas et al., 2009; Beck et al., 2004; Chami et al., 2003; Giuliano and Ruiz-Arranz, 2005; Rao and Hassan, 2010; Ratha, 2003). Chowdhury and Chowdhury (1992) demonstrate the positive effect of remittance as it augments domestic savings, investment and enhance economic growth of Bangladesh.

Remittance constitutes an important source of foreign exchange for the poor countries, which have substantial development impact as can be understood from micro and macro point of view. From macro frontier, remittances are used to make import payments and are used for productive investment by the government (Salim, 1992). World Bank (Ali, 1981) identified overseas remittances achieving a favorable balance of payments and as well as creating a new resources base for the country. In Bangladesh, a significant portion of overseas earnings is spent for consumption purposes, acquisition of assets, investment in trade and business and to finance import of capital goods. It will positively affect the socio economic condition of migrant families. Some of the early studies (Salim, 1992 and Matin, 1994) focused on the macroeconomic impact of overseas remittances in Bangladesh. However, remittances are not devoid of adverse effects. Manpower exports are alleged to deprive the country of their services and upsetting the normal functioning of the economy (Mahmood, 1985).

CHAPTER 2

STANDARD BANK LIMITED OVERVIEW

Standard Bank Limited

Overview of

Standard Bank Limited

2.1. SBL Profile

Standard Bank Limited (SBL) was incorporated as a Public Limited Company on May 11, 1999 under the Companies Act, 1994 and the Bank achieved satisfactory progress from its commercial operations on June 03, 1999. SBL has introduced several new products on credit and deposit schemes. It also goes for Corporate and Retail Banking etc. The Bank also participated in fund Syndication with other Banks. Through all these myriad activities SBL has created a positive impact in the Market. (Standard Bank Limited, n.d.).

2.2. SBL at a glance

Name	**Standard Bank Limited**
Incorporation	May 11, 1999
Commercial operations	June 3, 1999
Slogan of the company	"Setting a new standard in banking"
Subsidiaries	SBL capital management Standard bank securities
Main business	Operating full-fledged Commercial Banking Services.
Authorized capital	1500,00,00,000 Tk.
Paid up capital	655,74,07,850 Tk.
Total assets	1323,697,57,712 Tk.
Total liabilities	1208,961,14,208 Tk.
Total investments	191,086,33,357 Tk.

Email address	sblho@standardbankbd.com
Shareholders' equity	114,735,07,323 Tk.
ATM booths	53
Ownership	Public Limited Company
Years in business	17 years
Website	www.standardbankbd.com
Interest rates	Interest rate for loans: 12.50% Interest rate for deposits: SB A/C- 3.00% FDR: 5.50%
Total number of branches	111
Total number of employees	1604
Number of shareholders	31984
Outstanding shares	656 million
Market price per share	9.20 Tk.
SWIFT Code	SDBLBDDH
Technology used	Member of SWIFT, online banking, mobile banking, ATM banking, computerized banking system through banking software.
Number of foreign correspondents	21

Source: (http://www.standardbankbd.com)

2.3. Objectives of the company (Standard Bank Limited, n.d.).

- To be a dynamic leader in the financial market in innovating new products as to the needs of the society.
- To earn positive economic value addition (EVA) each year to come.
- To top the list in respect of cost efficiency of all the commercial Banks.

Standard Bank Limited

- To become one of the best financial institutions in Bangladesh economy participating in the most significant segments of business market that we serve.

2.4. Vision, Mission and Core Values (Standard Bank Limited, n.d.).

2.4.1. Vision

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

2.4.2. Mission

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

2.4.3. Core values (Standard Bank Limited, n.d.).

- **Our Shareholders**: By ensuring fair return on their investment through generating stable profit.

- **Our customer**: To become most caring bank by providing the most courteous and efficient service in every area of our business.

- **Our employee:** By promoting the well being of the members of the staff.

- **Community:** Assuring our socially responsible corporate entity in a tangible manner through close adherence to national policies and objectives.

2.5. Strategic priorities (Standard Bank Limited, n.d.).

- To strive for sustainable business growth by ensuring customer satisfaction through quality and timely services.
- To ensure capital stewardship by Preservation and enlargement of multiple forms of capital; like intellectual, natural, financial, organizational, social; all of which contribute to long term value creation.

Standard Bank Limited

- To give strong focus on extremely cost-efficient and green services through Internet banking, electronic fund transfer, automated checkque clearing, e-bank statement, SMS alert etc.
- To ensure effective and efficient risk management for sustainable business growth.
- To ensure well diversified loan portfolio through structured finance and expansion of Corporate, SME, and Agriculture and Retail businesses.
- To mount state-of-the-art technologies and adopt innovative ideas for financial inclusion.
- To endeavor synergies between new knowledge and human capital for sustainable economic growth.
- To increase brand visibility by creating positive image of the Bank.
- To be a trend-setter in serving the society and remain responsive to the environment.
- To ensure sound corporate governance.
- To accelerate progress towards financial inclusion with technology by up-gradation of internet, Mobile banking and Agent banking.
- To add value for all stakeholders.

2.6. Products and Services (Standard Bank Limited, n.d.).

2.6.1. Products:

1. **Deposit products:**

   I. Current deposit account
   II. Savings deposit account
   III. Fixed deposit account
   IV. SBL regular income program
   V. SBL 1.5 Times income program 2016 (SIP): 5 years.
   VI. SBL regular deposit program.
   VII. Short term deposit account.
   VIII. School banking
   IX. SBL-Garments workers SHOFOL.
   X. SBL-Leather and footwear SHEBA.
   XI. SBL 10 Taka account.

2. Loan products:

I. Corporate banking
II. Retail banking
III. SME banking
IV. Agri banking
V. Green banking
VI. Social and environmental infrastructure finance.

3. International banking:

I. Exchange rates
II. Foreign currency accounts
III. Correspondents banking
IV. SBL correspondent list.
V. SBL Swift BIC code
VI. SBL off-shore banking
VII. Nostro accounts
VIII. Standard settlement instructions
IX. SBL AD branches.

4. E-banking

I. Internet banking
II. SMS banking
III. ATM banking
IV. NPS connectivity
V. Branch POS
VI. Express booth (KIOSK banking)
VII. Mobile banking.

5. Cards

I. VISA credit cards
II. SBL debit cards

III. VISA prepaid card

IV. Zero pay

V. Alliance partners.

6. **Islamic banking**

I. Deposit and investment products.

II. Mudaraba deposit schemes.

2.6.2. Services

1. **SBL services:** Locker service, e-tendering, utility bills.
2. **Remittance services:** SBL remittance services, SBL own subsidiary companies, remittance drawing arrangement.
3. **Capital management services.**
4. **SBSL services:**

I. Main Functions:

a) CDBL Services as full service Depository Participant (DP)

b) BO (Beneficial Owner) accounts opening and maintenance

c) Dematerialization and Re-materialization of shares

d) Transfers and multiple accounts movement

e) Pledging, un-pledging and confiscation

f) Lending and borrowing

g) BO ISIN balances and master maintenance enquiry

h) IPO Application Process

II. Sales and Brokerage:

a) Brokerage service for Institutional Clients

b) Banks and Financial Institution

c) Trust

d) Corporation

e) Brokerage Service for retail (Individual) Clients

f) Margin loan facility and competitive interest rate

g) Brokerage Services

h) Trade Execution Dhaka Stock Exchange Limited

i) Pre-IPO private placement opportunities through Merchant Banks

III. Value added services:

a) Daily portfolio services through email

5. **Newsroom services:** Latest news, photo gallery, press release, newsletters.
6. **Download services:** Account opening forms, transaction profiles, KYC, signature card, customer information form, hajj application form, global USA patriot act certification, internet banking form, SMS banking form, Mobile banking form.

2.7. Major departments of SBL

Standard Bank Limited (SBL) has following three major departments:

1. General Banking Department.
2. Credit Department.
3. Foreign Exchange Department.

2.8 Board of Directors

Mr. Kazi Akram Uddin Ahmed	Chairman
Mr. S.A.M Hossain	Vice Chairman
Mr. Kamal Mostofa Chowdhury	Director
Mr. Ashok Kumar Shaha	Director
Mr. Firozur Rahman	Director
Mr. Md. Manzurul Alam	Director
Mr. Mohammed Abdul Aziz	Director
Al-Haj Mohammed Shamsul Alam	Director

Standard Bank Limited

Mr. Gulzar Ahmed	Director
Mr. Md. Zahedul Haque	Director
Al-Haj Md. Yusuf Chowdhury	Director
Mr. Md. Iftikhar-uz-zaman	Nominating Director, ICB
Mr. S.S Nizamuddin Ahmed	Independent Director
Mr. Nazmul Haque Chowdhury	Independent Director
Mr. Mamun-Ur-Rashid	Managing Director and CEO (Ex-Officio Director)

Source: (http://www.standardbankbd.com/BoardofDirector.php)

2.9. Management of SBL

Management of SBL consists of several high profile and renowned personnel of the industrial/banking/financial sector of Bangladesh. They led Standard Bank through the years from its inspection and have brought the bank to new heights in the banking sector of Bangladesh. The present management Committee of SBL consists of the following personnel.

2.9.1. SBL Management Committee

1. Mr. Mamunur Rashid : Managing Director and CEO
2. Mr. Md. Motaleb Hossain : Deputy Managing Director
3. Mr. Md. Shakhawatur Rahman : EVP and head of BMOD
4. Mr. Hossain Ahmed : EVP and head of IT
5. Mr. M Ahsan Ullah Khan : Head of PR and Branch communication
6. Mr. Haradhan Chandra Das : EVP and CRM
7. Mr. Syed Anisur Rahman : EVP and Head of ID
8. Mr. Md Zashim Uddin : SVP and Head of ICCD
9. Mr. Md Zahangir Alam : VP and Head of FAD
10. Mr. Md Ali Reza FCMA : VP and CFO

Source: (http://www.standardbankbd.com/ManagementCommittee.php)

2.9.2. Management Hierarchy of SBL

BOARD OF DIRECTORS

CHAIRMAN

MANAGING DIRECTOR AND CEO

DEPUTY MANAGING DIRECTOR

SENIOR EXECUTIVE VICE PRESIDENT

EXECUTIVE VICE PRESIDENT

SENIOR VICE PRESIDENT

VICE PRESIDENT

SENIOR ASSISTANT VICE PRESIDENT

ASSISTANT VICE PRESIDENT

FIRST ASSISTANT VICE PRESIDENT

SENIOR EXECUTIVE OFFICER

EXECUTIVE OFFECER

SENIOR OFFICER

OFFICER

ASSISTANT OFFICER

JUNIOR ASSISTANT OFFICER

SUB STUFF (TEA BOY, CLEANER)

Standard Bank Limited

2.10. SWOT analysis of Standard Bank Limited:

SWOT stands for strengths, weaknesses opportunities and threads. The SWOT analysis of Standard Bank Limited is given bellow:

A. STRENGTHS:

1. Qualified, skilled and experienced management team.
2. Satisfactory asset quality and quantity.
3. Good internal capital generation
4. Satisfactory operating efficiency.
5. Diversified product lines.
6. Low human resource turnover.
7. Favorable reputation in the Banking Industry.
8. Skilled board of directors.
9. Satisfactory growth rate.
10. Interactive corporate culture.
11. Provider of good quality services.

B. WEAKNESSES:

1. Existence of some management inefficiency i.e. some branches are not in the right location, high management variations among branches, unplanned distribution of human resource among branches (some branches have sufficient workforce and some doesn't have)
2. Has a group of unsatisfied employees due to excessive workloads in some branches and lack of recreational and other employee facilities.
3. Less promotional activities of the Bank.

C. OPPORTUNITIES:

1. Further extension of the product lines to achieve sustainable competitive advantage.
2. Diversification into leasing and insurance sector.
3. More efficient, skilled and experienced workforce can be recruited in the Bank.
4. Employees can be provided with more benefits and facilities such as, recreational and entertainment facilities, trainings and conferences, overtime payment systems, maternity live etc. for motivating them to boost their effectiveness and efficiency.

D. THREATS:

1. Increasing cost of loan.
2. Increasing market competition.

3. Default risks of all terms of loans.
4. Product Risk.
5. Entrance of newly private, government and multinational Banks in the market.
6. New innovative product lines launched by other commercial Banks of the country.
7. Threat of increased employee facilities provided by other commercial Banks.
8. Diversification strategies followed by other private and govt. commercial Banks.

2.11 Credit rating of Standard Bank Limited:

Long Term Rating	AA
Short Term Rating	ST-2
Outlook	Stable
Validity	29 June 2017

Credit Rating Information and Services Limited (CRISL) reaffirms credit rating of Standard Bank Limited to “AA” in the long term and “ST-2” in the short term. The rating has been done on the basis of comprehensive analysis of the operational and financial performance of the Bank. While assessing financial performance of the Bank CRISL used the information present in the financial statements of the Bank for the year ending 31 December 2015.

Long term rating: The Bank rated “AA” high safety in credit rating which means high quality, offers higher safety and has high credit quality. This level of rating indicates a corporate entity with sound credit profile and without significant problems. Risks are modest and can vary slightly from time to time due to economic conditions.

Short term rating: The Bank rated ST-2 (high grade) in short term credit rating. This rating indicates high certainty of timely payment. Liquidity factors are strong and are supported by good fundamental protection factors. Risk factors are very small.

Source: http://www.standardbankbd.com/CreditRating.php?menuName=Products

CHAPTER 3

SBL UTTARA MODEL TOWN BRANCH

Standard Bank Limited

SBL Uttara Model Town Branch

3.1. Overview of SBL Uttara Model Town Branch

The Uttara Model Town Branch of Standard Bank Limited is located at plot 113/C, road 7, sector 4, Uttara Model Town Dhaka 1230.

The reason for choosing Uttara as a branch location is, Uttara Model town is a very important and economically prospective area of Dhaka city. Uttara Model Town is one of the higher class zones of Dhaka city and most of the residents of Uttara are upper and upper-middle class people consisting of large to medium scale industrialists, businessmen and top level professionals and executives. So the motive of opening an AD branch in Uttara is to provide the businessmen and top professionals of Uttara high quality foreign exchange services, LC facilities in foreign trade and all the other commercial banking services. So the target market is the people of Uttara. Good economy leads to more banking activity and as an economically prospective region Uttara helps Standard Bank to increase its revenue through increasing banking activity in the Uttara Model Town Branch of SBL.

The Uttara Model Town Branch of Standard Bank Limited is an AD (Authorized Dealer) branch. Authorized Dealer is any financial institution which is given authorization from a relevant regulatory body for acting as a dealer in the trading of foreign currencies. Dealing with an authorized dealer ensures the legal and just execution of a client's foreign exchange transactions.

The Uttara Model Town Branch of SBL provides all types of foreign exchange related services to its clients such as, opening of L/C for foreign Trade, making and collecting payment against L/C, endorsement of foreign currencies (Dollar, Euro, GBP, SOUDI Real etc.), opening and maintaining of foreign currency accounts of clients, receiving and sending inward and outward remittance etc.

3.2. Positional Hierarchy of SBL Uttara Model Town Branch:

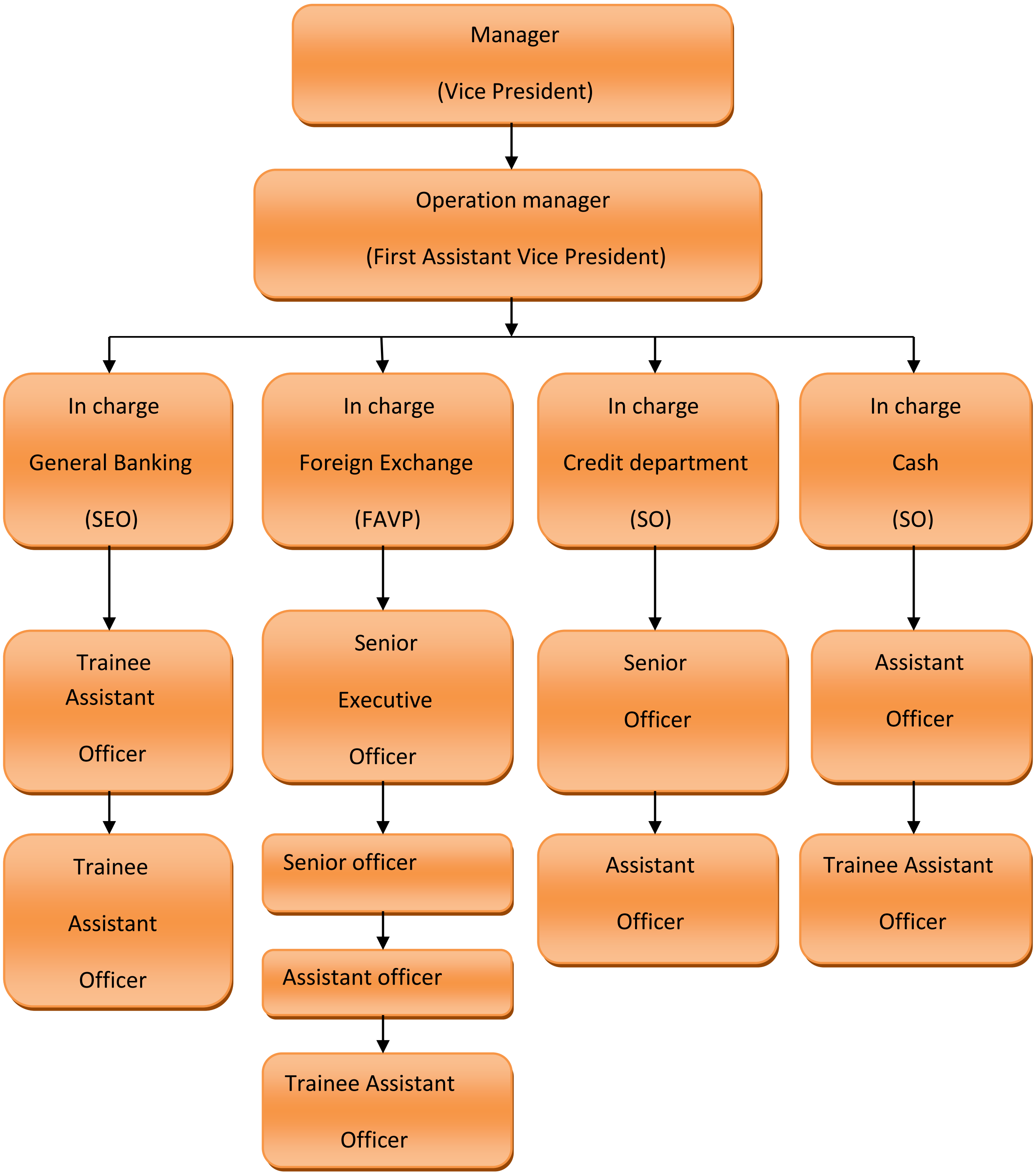


Figure: Positional Hierarchy of SBL Uttara Model Town Branch.

3.3. Financial condition/profitability of Uttara Model Town Branch

The Uttara Model Town Branch of Standard Bank Limited has almost always been a profitable branch of this bank since its inspection. The profit data of this branch for year 2011-2015 is given bellow.

year	Profit
2011	9,67,00,000 BDT
2012	10,31,00,000 BDT
2013	10,57,00,000 BDT
2014	11,58,00,000 BDT
2015	8,08,00,000 BDT
2016	10,00,00,000 BDT

Data: Profit of SBL Uttara Model Town Branch from year 2011-2015.

(Source: Primary Data)

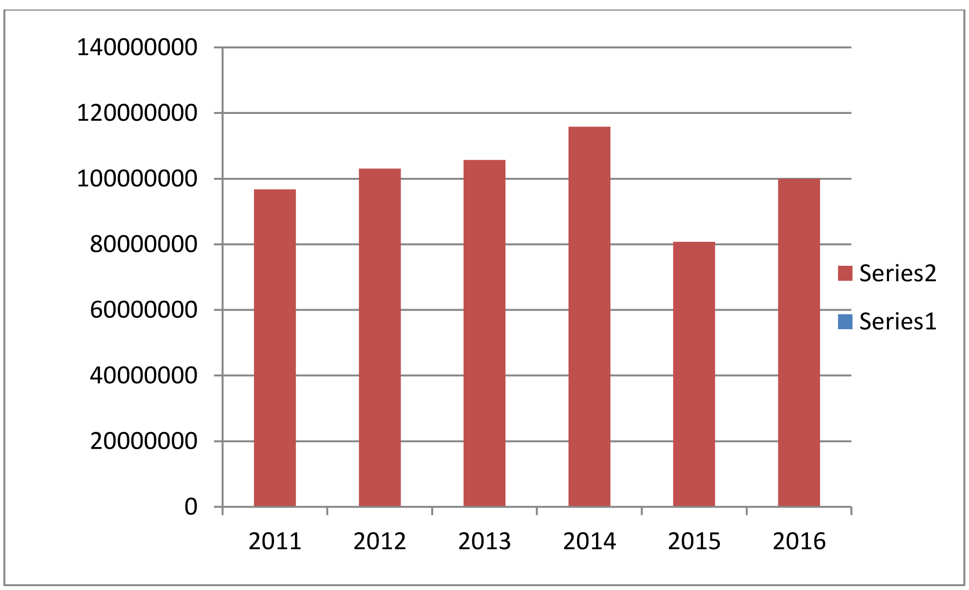


Figure 1: Profit of SBL Uttara Model Town Branch from year 2011-2015.

3.4. Strengths of SBL Uttara Branch:

- Availability of all types of commercial banking services.
- Excellent and consistent quality in every service.
- Quality service with reasonable price.
- Availability of all types of foreign exchange related services of an AD branch of a bank.
- Fully computerized banking facilities and services.
- Efficient, experienced and knowledgeable employees.
- Excellent working environment with cooperativeness and communicational informality among employees of the branch.
- Situated in a very important and economically prospective area of Dhaka city.
- Strong financial position and profitability.

3.5. Weaknesses and threats of SBL Uttara Branch:

- Similar/AD branches of other famous commercial banks of Bangladesh in Uttara.
- Employees face excessive workloads and most of the time have to work late hours beyond the actual office time with lack of recreational facilities which hampers their efficiency and productivity.
- Entrance of newly private, govt. and multinational banks branches in Uttara.

3.6. Duties and responsibilities as an intern in the Uttara Branch of SBL:

As per the internship program I worked in the SBL Uttara branch for 3 months commencing 10th of January 2017 to 10th of April 2017. As an intern I performed many activities as per the instructions of the office stuffs. The jobs that I used to perform there are given bellow:

- Filling up different account opening forms.
- Writing cheques, deposit slips of clients.
- Filling up pay orders, pay order slips and FDDs.
- Registering the inward and outward mails.
- Organizing, sorting and filing account opening forms.
- Making L/Cs and amendments to L/Cs ready for advising.

- Filing of acceptance, discrepancy, refusal and all other swift massages.
- Registering the maturity dates of acceptances sent by importers/buyers banks against the export documents sent by the seller/exporters (clients of SBL Uttara Branch).
- Registering the LDBCs and FDBCs (export/shipping documents) sent by the SBL Uttara Branch to branches of Importers/buyers banks.
- Filing the office copies of LDBCs and FDBCs and organizing and sorting those files.
- Registering the number, value, and maturity and payment dates of Back-To-Back L/Cs.
- Filing the photocopies of dollar and other foreign currency endorsements (TMs).
- Filing and registering the LDBPs and FDBPs.
- Making the incoming FDDs ready for sending to head office for collection through SBL's FC account in Bangladesh Bank.
- Making photocopies of those FDDs and filing them.
- Registering the collection of FDDs into FDD collection register.
- Filling up EXP forms.

3.7. Learning from of Job responsibilities:

- How to fill up different account opening forms.
- How to write checkque, pay orders and FDDs.
- Writing of deposit slips and pay order slips.
- Things needed for opening an account with the Bank.
- The processes of depositing money, checkque, pay order and FDD into the Bank.
- The process of withdrawing cash from Bank account.
- L/C, Back to Back L/C and amendments to L/C.
- Acceptance, discrepancy and refusal of shipping documents.
- LDBC, FDBC and LDBP and FDBP.
- Payment procedure of import L/C.
- Procedure for collection of bill against export L/C.
- EXP form.

CHAPTER 4

THE FOREIGN EXCHANGE BUSINESS

The Foreign exchange Business

4.1. What is foreign exchange?

Foreign exchange is the exchange of one currency for another which involves the conversion of one currency into another currency. It implies the exchange of foreign currency between two countries. According to Mr. H. E. Evitt. Foreign Exchange is that section of economic science which deals with the means and method by which right to wealth in one country's currency are converted into rights to wealth in terms of another country's currency. If we regard foreign exchange as a subject, it includes all kinds of transactions related to foreign currency. Foreign exchange is a very important part of foreign trade. As more than one currency is involved in foreign trade; it leads to exchange of currencies which we consider as foreign exchange.

According to Foreign Exchange Act., foreign exchange involves all deposits, credits and balances payable in foreign currency and also all the instruments of foreign currency such as drafts, TCs, Bill of Exchange, Promissory Notes and Letters of Credit payable in any foreign currency. This definition means that all business activities related with Import, Export, outward & Inward Remittances, buying & selling of foreign commissions, etc. falls under the domain of foreign exchange business. Foreign exchange transactions encompass everything from the conversion of currencies by a traveler to billion-dollar transactions made by corporate giants and governments for goods and services purchased and sold overseas.

4.2. A Bank's role in foreign trade and foreign exchange

The foreign exchange department is an international department of a Bank. The foreign exchange department of a Bank deals with foreign trading and it is one of the largest businesses of a commercial Bank. A Bank helps the parties involved in overseas trade/business through expertise in this field and making the whole process of international trade smooth, efficient and faster. The Bank which provides operations of this type is referred to as giving their clients international Banking services/facilities. The foreign exchange department of a Bank mainly deals with foreign import, export and remittance which come under the field of foreign exchange. Overseas trade/business involves the transfer of goods from seller to buyer and of payment from buyer to seller. In this case the bank plays an important role to bridge between the buyer and the seller. Bank ensures the efficient transfer of goods from the seller to buyer and saves the seller from any default of the buyer in making payment by giving seller the guarantee to make payment if the buyer is unable to do so by means of LC (letter of credit).

Bangladesh Bank issues license to scheduled banks to deal with foreign exchange. The branches of a Bank that have the permission to deal with foreign exchange are called AD (Authorized Dealers) branches. The AD branches of a Bank can remit foreign exchange from local country to foreign country. This department mainly deals with foreign currency. This is why this department is called foreign exchange department.

4.3. Regulations and acts for the foreign exchange department of a Bank

- Foreign exchange regulation Act, 1947. This act was enacted on 11th march 1947 in the then British India which provides the legal basis for regulating certain payments, dealings in foreign exchange and securities and the import and export of currency and gold bars.

- **Foreign exchange regulation Act, 1994:** This Act regulates the exchange of foreign currencies, remittances and opening of foreign currency account under various classifications. According to this law, Foreign Currency Accounts can be opened without initial deposits, and bears no interest and both the account holder and the nominee can operate the account. The entire remittance from abroad is free from income tax. It also states the documents required for the opening of such account.

- Import and Export Control Act, 1950 for Documentary Credits.

- Bangladesh bank issues Foreign Exchange Circular from time to time to control the export, import and remittance operation.

- Ministry of commerce issues export and import policies giving basic formalities for import and export.

- Sometimes CCI&E issues public notices for any kind of change in Foreign Exchange transaction.

- Bangladesh bank published two volumes in 1996. These comprise the complete instructions to be followed by the authorized dealers in transactions related to Foreign Exchange.
- **Uniform Customs and Practice for Documentary Credit (UCPDC):** The Uniform Customs and Practice for Documentary Credits (UCPDC) is an ICC (international chamber of commerce) Publication that includes a set of rules which govern international documentary credit practice. It is a set of rules on the issuance and use of letters of credit. UCP 600 is generally considered contractually incorporated into the documentary credit transaction by virtue of a mention in the credit application form. The UCP 600 may also have additional force as a trade custom, and in some countries UCP 600 are even recognized as having legal effect generally. In other countries, the UCP 600 is complementary to national law and jurisprudence on documentary credits.

4.4. Benefits of international trade

- **An increase in output for the countries that participate in foreign trade:** International trade helps the participating countries in becoming specialized in the production of certain goods and services in which it has more advantage compared to other countries.
- **Improvement of living standard:** Specialization in production makes the goods cheaper in the production of which the country specializes. Because of that some goods come at the reach of common people. So the living standard of the country's people improves.
- **Economies of scale:** Economies of scale is the cost advantage that arises with increased output of a product. When a country becomes specialized in producing a particular product, it becomes able to produce it in a large number and achieve economies of scale because the larger the quantity of a good produced the lower the per-unit fixed costs because these costs are spread out over a large number of units of that product.
- **Technology moves from country to country:** Movement of goods from one country to another enables the movement of technology from country to country. One country can learn about the technology of another country by using the products of another country. In this way technologies spread worldwide through foreign trade.

- **Strengthening international relationships:** The exchange of goods among nations through foreign trade also enables the exchange of cultural and ideas among nations. It creates a better understanding among the people of different nations which in turn strengthens the international relationships.
- **Keeping price stable:** Shortages of goods can be solved through international trade. Demand and Supply can be made equal. It helps to reduce price fluctuations and keeps price stable.
- **Reduce domestic monopolies:** International trade increases competitions around the world and decreases domestic monopoly. Customers can get goods from different countries bearing different verity/taste/feature and quality. People all over the world get exposed to new and innovative products and services through international trade.

4.5. Problems of international trade

There is no such thing in the world without any demerits. In spite of having lots of good sides international trade has also some problems such as, risks associated with goods, chances of fraud, risk associated with credit, risks related with foreign exchange, political and legal differences among countries, varying economic conditions and economic policies of different countries etc. If a country's political/legal and economic condition deteriorates, foreign trade with that country becomes a big problem.

4.6. Some Incoterms of foreign trade: ("The Incoterms 2010 Rules")

4.6.1. Ex Works (EXW)

Can be used for any transport mode, or where there is more than one transport mode. This rule places minimum responsibility on the seller, who merely has to make the goods available, suitably packaged, at the specified place, usually the seller's factory or depot. The buyer is responsible for loading the goods onto a vehicle (even though the seller may be better placed to do this); for all export procedures; for onward transport and for all costs arising after collection of the goods.

4.6.2. Free Carrier (FCA)

Can be used for any transport mode, or where there is more than one transport mode. A very flexible rule that is suitable for all situations where the buyer arranges the main carriage. In all cases, the seller is responsible for export clearance; the buyer assumes all risks and costs after the goods have been delivered at the named place.FCA is the rule of choice for containerized goods where the buyer arranges for the main carriage.

4.6.3. Carriage Paid To (CPT)

Can be used for any transport mode, or where there is more than one transport mode. The seller is responsible for arranging carriage to the named place, but not for insuring the goods to the named place. However delivery of the goods takes place and risk transfers from seller to buyer, at the point where the goods are taken in charge by a carrier.

4.6.4. Free On Board (FOB)

Use of this rule is restricted to goods transported by sea or inland waterway. Seller delivers goods, cleared for export, loaded on board the vessel at the named port. Once the goods have been loaded on board, risk transfers to the buyer, who bears all costs thereafter.

CHAPTER 5

FOREIGN

EXCHANGE OPERATIONS

OF STANDARD BANK LIMITED

SBL Standard Bank Limited

Foreign exchange operations of Standard Bank Limited

5.1. Structure of the foreign exchange department of SBL

1. Import Section
2. Export Section
3. Remittance Section

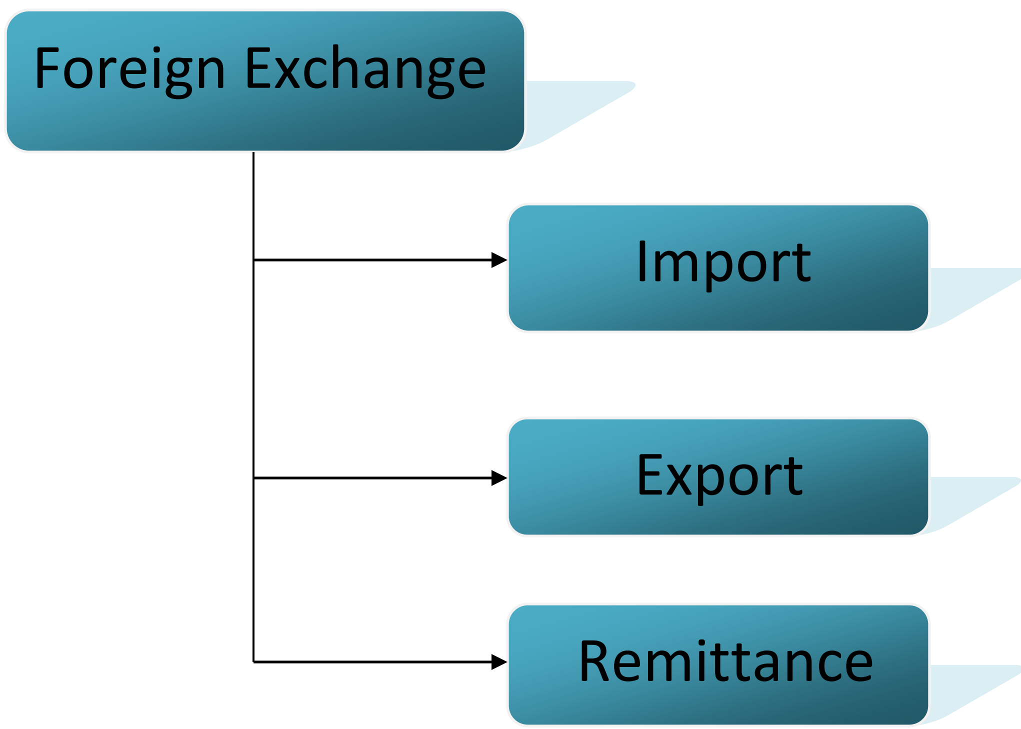


Figure 2: Foreign Exchange department structure of SBL

5.2. The hierarchy of the foreign exchange department of SBL Uttara Model town Branch:

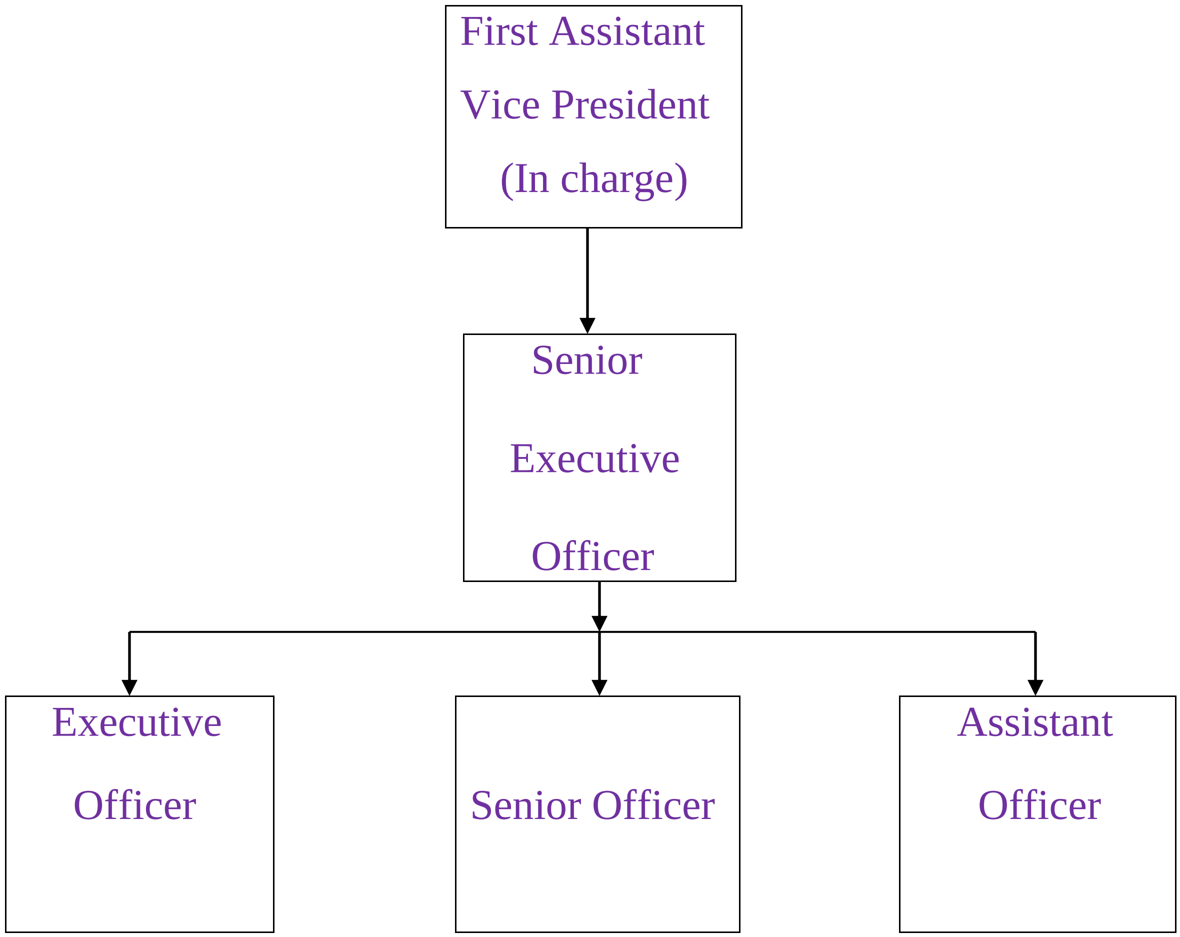


Figure 3: Positional hierarchy of the Foreign Exchange department of SBL Uttara Model Town Branch.

5.3. Letter of credit (L/C):

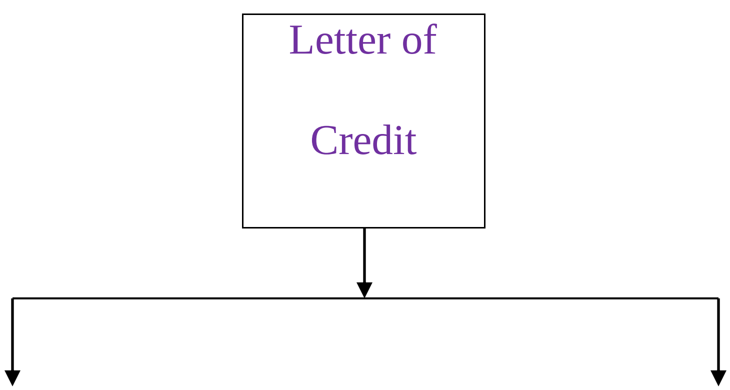
Letter of credit is an assurance of payment by the bank. It is an arrangement under which the bank at the request of the buyer undertakes to make payment to the seller provided specific documents are submitted. Letter of credit is also called documentary credit. In the event that the buyer is unable to make payment on the purchase, the bank will be required to pay the full or remaining bill amount of the purchase to the seller. Because of the nature of international trade/business, involving factors such as distance, laws varying from country to country, and difficulty in knowing each party personally, letters of credit are widely used in the international import and export as a means of payment and has become a very important aspect of international trade. In an export contract, the exporter may require the foreign importer to open a letter of credit at the importer's local bank/the issuing bank for the amount of the goods. This will state that it is to be negotiable at a bank/the negotiating bank in the exporter's country in favor of the exporter; often, the exporter who is called the beneficiary of the credit will give the name of the negotiating bank. On presentation of the shipping documents to the L/C issuing bank according to the terms and conditions of the letter of credit, the beneficiary will receive payment from the negotiating bank remitted by the L/C issuing bank/buyer's bank. (INVESTOPEDIA, n.d.), (Butler BA, Butler ACIB, & Isaacs, 2008).

5.4. Types of letter of credit:

Letter of credit is basically divided into two types:

- **Revocable L/C:** A letter of credit that can be cancelled by the person who opens it or by the issuing bank without the beneficiary's consent.

- **Irrevocable L/C:** An irrevocable letter of credit cannot be cancelled by the person who opens it or by the issuing bank without the beneficiary's consent.



Revocable

Irrevocable

Some other types of L/C:

- **Confirmed L/C:**

  In a confirmed L/C the negotiating bank guarantees to pay the beneficiary, even if the issuing bank fails to honor its commitments. (Butler BA, Butler ACIB, & Isaacs, 2008).

- **Unconfirmed L/C:**

  In unconfirmed L/C the negotiating doesn't guarantee the beneficiary of making payment in the event of issuing bank's failure to their commitments. (Butler BA, Butler ACIB, & Isaacs, 2008).

- **Transferable L/C:**

  A letter of credit that allows the beneficiary of the letter to make some or all of the credit available to another party, thereby creating a secondary beneficiary. The party that initially accepts the transferable letter of credit from the bank is referred to as the first beneficiary. The transfer must be approved by the bank issuing the letter of credit. (INVESTOPEDIA, n.d.)

- **Revolving L/C:**

  Single L/C that covers multiple-shipments over a long period. Instead of arranging a new L/C for each separate shipment, the buyer establishes a L/C that revolves either in value (a fixed amount is available which is replenished when exhausted) or in time (an amount is available in fixed installments over a period such as week, month, or year). L/C revolving in time is of two types: in the cumulative type, the sum unutilized in a period is carried over to be utilized in the next period; whereas in the non-cumulative type, it is not carried over. (BusinessDictionary, n.d.)

- **Restricted L/C:**

  A restricted letter of credit refers to a letter of credit which restricts negotiation to the bank which the issuing bank has nominated in the credit. In a restricted negotiable letter of credit, the authorization from the issuing bank to pay the beneficiary is restricted to a specific nominated bank. (USLEGAL, n.d.)

- **Red clause L/C:**

  The red clause letter of credit is a specific type of letter of credit in which a buyer extends an unsecured loan to a seller. Red Clause Letters of Credit permit documentary credit beneficiaries to receive funds for any merchandise outlined in the letter of credit. (INVESTOPEDIA, n.d.).

- **Green clause L/C:**

  A condition in a guarantee document that allows a purchaser to receive advances ahead of shipment against collateral property represented by warehouse receipts. Use of a green clause letter of credit is often used in the agricultural business where a company can fund the harvest of a new crop by pledging available stock as collateral. (BusinessDictionary, n.d.).

- **Back to Back L/C:** A back to back L/C is an L/C which is opened against another L/C. When a seller needs to import raw materials for producing the goods he/she is about to sell/export to the buyer he/she opens another L/C against the L/C issued by the buyer's bank for importing the necessary raw materials from that buyer or some other party or multiple parties. For opening a back to back L/C an exporter/seller has to keep the original L/C as lien to his/her bank.

5.5. Types of L/Cs opened by Standard Bank Limited Uttara Model Town Branch:

- Cash L/C (Sight).
- Cash L/C (Usance).
- Foreign B/B L/C (Sight)
- Foreign B/B L/C (Usance).
- L/C under AID/Loan.
- L/C under STA.
- Import from EPZ (Cash L/C) (Sight).

- Import from EPZ (Cash L/C) (Usance).
- Import from EPZ (B/B L/C) (Sight).
- Import from EPZ (B/B L/C) (Usance).
- Foreign Contract (DP).
- Foreign Contract (DA).
- Import by EPZ Company from outside EPZ within country in case of Sight L/C.
- Import by EPZ Company from outside EPZ within country in case of Usance L/C.
- Import by EPZ Company from outside country in case of Sight L/C.
- Import by EPZ Company from outside country in case of Usance L/C.
- Import by deemed exported manufacturing units under EDF facility.
- Foreign Back to Back L/C by EPZ (sight)
- Foreign Back to Back L/C by EPZ (Usance)
- Import from Bangladesh by EPZ companies under Back to Back L/C (Sight).
- Import from Bangladesh by EPZ companies under Back to Back L/C (Usance).
- Others (L/C).

5.6. The parties to a letter of credit:

1. **Applicant:** The applicant is normally the buyer of the goods/the importer who request his bank to issue a letter of credit in favor of a named beneficiary/seller of goods.
2. **Beneficiary:** The beneficiary is normally the seller of goods who receives payment under documentary credit if he presents certain shipping/export documents according to the L/C and has complied with terms and conditions thereof.
3. **Issuing Bank/confirming/Buyer's/Importer's Bank:** Issuing bank is the bank which at the request of its client/the buyer/importer opens and issues L/C in favor of the seller/exporter. Usually the issuing Bank and confirming Bank is the same Bank but could be different according to the LC terms and conditions.
4. **Advising Bank/Negotiating Bank/Seller's/exporter's Bank:** This bank usually is at the seller's end and works as seller's bank. This bank advises the L/C sent by the issuing

bank to its client (the exporter) and forwards the shipping/export documents presented by its client to the importer's bank. Usually the advising and negotiating Bank is the same Bank but could be different according to LC terms and conditions.

5. **Notify party:** The notify party is the party who is to be notified or informed about the arrival of shipment. The notify party could be the importer or the importer's Bank.

5.7. General stages in Letter of Credit operation:

- Stage 1: Contract between the importer and the exporter.
- Stage 2: Purchase of goods by the importer.
- Stage 3: Issuance of L/C by the importer's bank at the request of importer.
- Stage 4: Transfer of the L/C through swift massage from importer's bank to exporter's bank.
- Stage 5: Exporter's bank advises the L/C to the exporter.
- Stage 6: After receiving the L/C from the Bank the exporter ships the goods.
- Stage 7: After shipping the goods the exporter presents the shipping documents to his/her bank according to the terms and conditions of the L/C.
- Stage 8: Exporter's bank forwards those documents to the importer's bank.
- Stage 9: Importer's bank makes payment right after receiving those documents (usually within the day of receiving the documents) in case of AT SIGHT L/C and in case of DEFERRED L/C buyer's bank transmits a swift massage mentioning the acceptance of the shipping documents along with the maturity date for payment.

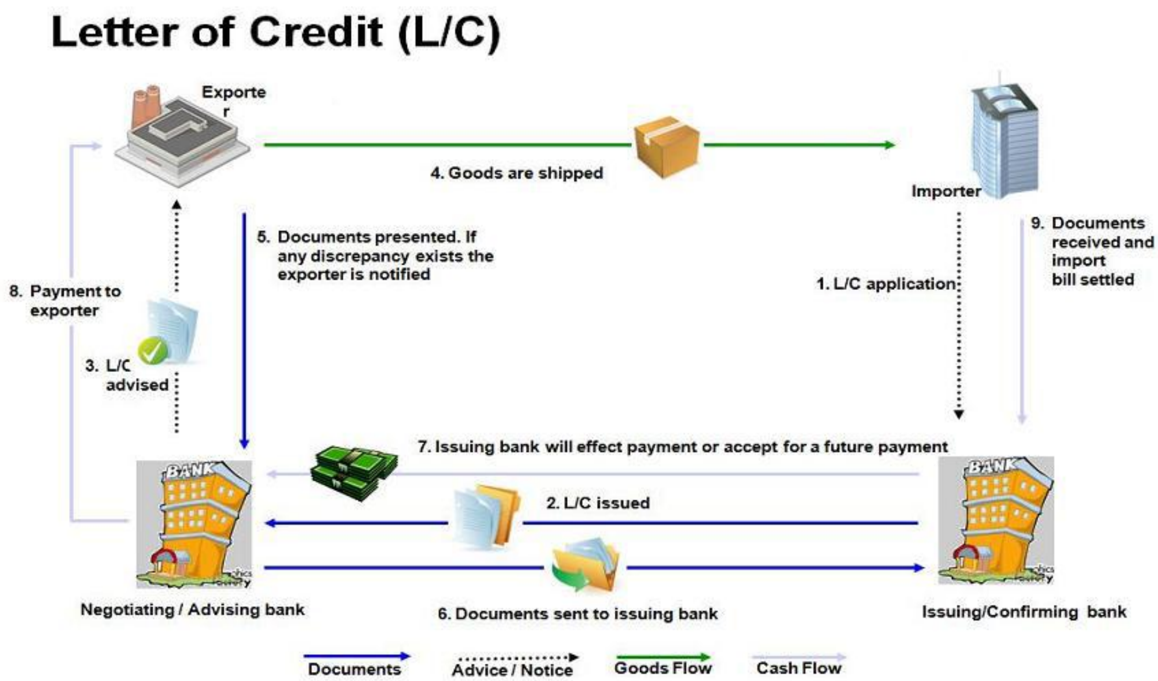


Figure 4: Stages of L/C operation in foreign and local trade (Rahman, 2015).

5.8. IMPORT

5.8. Import procedure

5.8.1. Introduction

The Import & Export control Act 1950 of Bangladesh controls the import trade of Bangladesh. Authorized Dealer Banks import goods into Bangladesh on behalf of their clients following import policy, public notice, F.E circular & other instructions from competent authorities from time to time. (Bankessentials, 2013).

5.8.2. Classifications of importers:

Goods are being imported for personal use, commercial purpose or industrial use. So, there are three kinds of importers such as:

1. Personal importers. 2. Commercial importers. 3. Industrial importers. (Bankessentials, 2013).

5.8.3. Registration of importers:

In terms of the importers, Exporters and Indenters (Registration) order, 1981 no person can import goods into Bangladesh unless he is registered with the Chief Controller of Import & Export or exempted from the provisions of the said order. So if someone wants to import some goods for his personal use he needs no registration to import the goods but commercial & industrial importer must have registration from CCI & E. (Bankessentials, 2013).

5.8.4. Procedure for Registration:

In order to obtain Import Registration Certificate (IRC), the applicant has to submit the following paper/documents to the CCI & E through his nominated Bank.

1. Questionnaire duly filled in & signed by the applicant.
2. Trade license.
3. Members from chamber of commerce or any other trade Association.
4. Nationality certificate.
5. Income tax registration certificate.'
6. Partnership deed/Certificate of registration with the register of joint stock companies where applicable.

On being satisfied, the CCI & E issues IRC obtaining original copy of treasury Challan for payment of registration fee. (Bankessentials, 2013).

5.8.5. Pass Book

CCI & E also issues pass books to the registered importers. When it is issued to an industrial consumer, it gives the items of import, as raw and packing materials and spare parts, the value of entitlement and HS code classification. When issued to a commercial importer, gives the category held by him with EIS code classification or open to any item, as per import policy. (Bankessentials, 2013).

5.8.6. Preparatory Steps for opening L/C:

Before opening the L/C Bank will takes the following Steps:

1. **Applicant has to be the Bank's A/C Holder:** Bank will open the L/C on behalf of a person who has an account with the Bank. Unknown person will not be allowed to open L/C.

2. **Registered importer:** Before opening the L/C Bank must confirm that the L/C applicant is a registered importer or personal user, and the IRC of the importer has been renewed for the current year.
3. **Permissible item:** The item to be imported must be permissible and not banned item. If the item is from conditional list, the condition must be fulfilled to import the same.
4. **Market Report:** Bank will verify the marketability of the item & market price of the goods. Sometimes the importer may misappropriate the Bank's money through over invoicing.
5. **Sufficient Security or margin:** Price of some items fluctuates frequently. In case of those items Bank will be more careful to take sufficient cash margin or other security. Bank will also follow Bangladesh Bank's Instructions from time to time.
6. **Business Establishment:** Bank should not open an L/C on behalf of a floating business man. The importer must have business establishment, particularly he must have business net work for marketing the item to be imported.
7. **Restricted Country:** Goods cannot be imported from the restricted countries such as Israel.
8. **Credit report of the beneficiary:** If the amount of L/C in one item exceeds Tk. 5.00 lac against pro- forma invoice and Tk. 10.00. lac against indent, suppliers credit report is mandatory. The report will remain valid for one year.
9. **Permission from Ministry of Commerce:** If the goods to (imported under CIF (cost insurance & freight), then permission from ministry of commerce to be obtained.
10. **Creditability of the Client:** In consideration of all the above points, if Bank becomes satisfied regarding the client then L/C may be opened on behalf of the client. Before

opening the L/C Bank will issue & authenticate a set of LCAF in the name of the importer. (Bankessentials, 2013).

5.8.7. Application of the client to open the L/C:

The client will approach to his/her bank to open the L/C in Bank's prescribed L/C application form, duly stamped (stamp worth of 300 Tk.), filled up and signed, along with the following papers & documents.

- Indent/proforma invoice
- Insurance cover note with money receipt.
- LCAF duly filled in & signed.
- Membership certificate from chamber of commerce/Trade Association.
- Tax payment certificate/declaration.
- IMP & TM form signed by the importer
- Charge documents (Letter of loan disbursement, letter of agreement/arrangement, demand promissory note stamped worth 50 Tk., letter of guarantee stamped worth 300 Tk., letter of revival).
- IRC, Pass book, Trade license, Membership certificate & VAT registration certificate in case of new client.
- Export L/C in case of Back to Back L/C. (Bankessentials, 2013).

Authentication/Registration of LCA form:

When the importer submits LCAF (letter of credit Authorization form) with other paper to the Bank and approaches to open an L/C, the Bank will authenticate the LCAF confirming the following:

1. IRC renewal fees paid by the importer.
2. Item to be imported is eligible as per import policy/pass book of the importer.
3. LCAF is duly filled in and Signed by the importer.
4. If the Issuing Bank requires purchasing Foreign Currency from Bangladesh Bank for making payment of the concerned import, the Bank will send the LCAF to Bangladesh

Bank Registration unit for registration. If the Bank needs no fund from Bangladesh Bank, registration is not required.

On obtaining full set of LCAF from Issuing Bank, Bangladesh Bank will:

- Insert Registration number.
- Emboss with security seal &
- Put authorized signature on the LCAF. (Bankessentials, 2013).

5.8.8. Distribution of LCAF:

Original: This is Exchange monitoring copy to be sent to Bangladesh Bank, while reporting payment of the import or to be preserved at the branch for Bangladesh Bank auditing. Against the original LCAF copy the AD Bank will open L/C at the request of the importer.

Duplicate: This is the custom purpose copy, to be used for clearance of the consignment.

Triplicate & Quadruplicate: These two copies to be sent to CCI & E's office.

Quintuplicate: Registration unit of Bangladesh Bank will obtain this copy, other copies will retain with the branch.

LCAF remains valid for remittance for one year. However, in case of capital machineries & spare parts it remains valid for remittance for 18 months. (Bankessentials, 2013).

5.8.9. Important points to prepare an L/C:

The Authorized dealer Banks should take care on the following points:

1. **L/C Number:** AD Banks will put a number for each L/C, which is the serial number of the L/C for a particular year. The number to be of 12 Digits. 1st 4 Digits for AD branch’s Code, 2nd 2 Digits for the respective year, 3rd 2 Digits for Nature of the LC and last 4 Digits for Serial Number of the L/C.

2. **Place & Date of Issue:** L/C must indicate the place and date of issue.

3. **Date & Place of Expiry:** L/C must have an expiry date. This is the last date of presentation of document under the L/C. Place of presentation is the place of Bank with which the credit is available in addition to the place of issuing Bank.

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4. **Shipment date:** There should be a last shipment date after which shipment is not allowed. Bank may also fix-up a first shipment date before which shipment will not be allowed.

5. **Presentation period:** Issuing Bank will allow a period within which exporter must present the export documents to the negotiating Bank or to any other nominated Bank. Presentation must not be made later than 21 days from the date of Shipment and not later than the expiry date.

6. **Applicant:** Name of the applicant with business address to be put in the L/C.

7. **Beneficiary:** Name of the beneficiary with address also to the mentioned in the L/C.

8. **Advising Bank:** Name of the advising Bank with address to be mentioned in the L/C.

9. **Amount:** Every L/C must show the amount of the L/C. The word "About" may be used with amount, which means 10% more or less of the said amount.

10. **Part-shipment & Transshipment:** Issuing Bank also clearly indicates in the L/C, whether part-shipment & Transshipment is allowed or not.

11. **Availability:** L/C must indicate whether the credit is available by sight payment, deferred payment, acceptance or negotiation.

12. **Port of shipment & port of destination:** L/C will also indicate from where shipment to be made & where goods to be delivered.

13. **Tenure of the Draft:** Whether the draft to drawn at sight or usance, also to be cleared in the L/C.

14. **Documents required:** Bank will give the list of required documents & data content there in. Each & every term must be supported by documents. Because any term without asking document is valueless.

15. **Payment:** When & where, by whom payment to be made, also to be indicated in the L/C.

16. **UCP:** Bank will incorporate the reference of UCP 600 in the L/C, for its application in all the operation of the L/C.

17. **Bill of lading:** B/L must be issued or endorsed to the order of the Issuing Bank. It should be 'clean' and "freight prepaid" if L/C is on CFR basis. Short form & charter party B/L to be avoided. All these terms to be incorporated in the B/L clause of the L/C.

18. **Bill of exchange:** bill of exchange to be drawn on the issuing Bank.

19. **Pre-shipment Inspection:** Pre-shipment inspection certificate is compulsory for both govt. and private import except in few cases.

20. **Data content:** Invoice & other documents if required should indicate the H.S code number, LCAF NO with description of the item & country of origin.

21. **Special conditions**: Special conditions, such as in case of food, machineries, vehicles and any other items should be incorporated in the L/C, where required.

22. **Authenticity of the credit:** L/C to be authenticated by putting a test number or signing by two authorized officers or Auto authenticated by SWIFT. (Bankessentials, 2013).

5.8.10. Cash Sight L/C:

A sight LC means that payment is made immediately to the beneficiary/seller/exporter upon presentation of the shipping/export documents correctly according to the terms and conditions of the L/C in the required time frame mentioned in the L/C and before the expiry date of the L/C. In case of at sight L/C the payment has to be made by the applicant's Bank right after receiving the shipping/export documents from the seller's/exporter's Bank or on the day of receiving the documents.

5.8.11. Cash deferred L/C:

A deferred L/C means that payment is made after a certain period of time of the submission of shipping/ export documents by the beneficiary's Bank to the importer's Bank. The period of the deferred payment is mentioned in the L/C. In case of deferred L/C the applicant's Bank transmits a SWIFT message to the beneficiary's Bank after receiving the shipping documents mentioning the maturity date for payment of the import bill.

5.8.12. UPAS L/C:

UPAS L/C stands for Usance Payable At Sight L/C. It is different from the usual L/C types, Sight L/C and Usance L/C. It is a combination between Sight and Usance L/C. It is a Sight L/C for the beneficiary and Usance L/C for the applicant. Under UPAS L/C the applicant's bank will make payment to the beneficiary's Bank at sight basis and the applicant will pay the principal amount of the L/C value along with financing charges to the issuing bank at the end of the Usance term thus will enjoy credit facility from the bank for the Usance term.

5.8.13. Back to Back L/C:

A Back to Back L/C is an L/C which is opened against an export L/C. When a beneficiary needs to import raw materials for producing the goods he/she is about to sell/export to the buyer he/she opens another L/C against the export L/C issued by the applicant's bank for importing the necessary raw materials from that buyer or some other party or multiple parties for producing the goods to be sold/exported. For opening a back to back L/C an exporter has to keep the export

L/C as lien to his/her bank. The value of the Back to Back L/C cannot exceed 75% of the value of the export L/C.

5.8.14. Opening of L/C:

After scrutinizing the LC application form, LCAF and all other related papers submitted by the applicant, the AD branch of Standard Bank Limited will open an L/C at the request of the applicant/buyer favoring the seller/exporter. The AD branch will send a proposal for opening of L/C to the head office because in Standard Bank an AD branch can only open an L/C after approval from the head office of the Bank. The head office set different limits for different clients for a given time period under which the clients can open L/C's. The Bank will open the L/C against some margin. The margin amount depends on the relationship between the Bank and the client. For a completely new client the Bank may ask for 100% margin. The AD branch will put a number for the L/C and will report the L/C in the L/C opening register, to the iSTELAR (Banking software), to swift and to the online import monitoring system of Bangladesh Bank with particulars of the L/C. Non AD branch will forward and open the L/C through an AD branch.

For L/Cs of extra large amount (suppose $20 million) more than one Bank is involved in the L/C operation. This is called syndication.

5.8.15. Accounting Procedure for Opening L/C:

After opening L/C at the request of the buyer/importer the Standard Bank will create a contingent liability. In that case the accounting posting will be the following:

Customer's Liability Debit

Banker's Liability credit

While paying the money, Standard bank will reverse the above entry and the entry will be:

Contingent Liability Dr.

Customers Liability Cr

5.8.16. Transmission of the L/C:

The issuing/Standard Bank transmits the L/C to the seller's/exporter's Bank through SWIFT. SWIFT stands for Society for Worldwide Interbank Financial Telecommunications. SWIFT is a worldwide network through which Banks and other financial institutions all over the world can send and receive information about financial transactions in a secure, standardized and reliable environment. The L/C is transmitted by the issuing/Standard Bank to the seller's/exporter's Bank as a SWIFT message.

5.8.17. Advising of L/C by the exporter's Bank to the exporter:

After receiving the L/C from the issuing/Standard Bank the exporter's/seller's Bank advises the L/C to the seller. Advising requires advising seal of the AD branch and authorized officer's signature with it.

5.8.18. Presentation of the shipping/export documents by the seller to his/her Bank:

After receiving the L/C from the Bank the seller/exporter ship's the goods to the buyer/importer. Upon shipping the goods the seller/exporter prepares all the shipping/export documents according to the terms and conditions of the L/C and then presents the documents to their Bank.

Shipping/export documents to be presented:

1. Bill of exchange.
2. Commercial Invoice.
3. Packing List.
4. Delivery challan.
5. Truck receipt (in case of local trade).
6. Bill of lading/airway bill (in case of foreign trade).
7. Certificate of origin.
8. Beneficiary certificate.
9. AZO free certificate.
10. GP-2 certificate.
11. Weight and measurement list.
12. Original BTMEA certificate.

The number of copies of each document to be presented is mentioned in the L/C.

5.8.19. Forwarding of the shipping/export documents by the exporter's Bank to the importer's Bank:

After receiving the shipping/export documents from the seller/exporter the exporter's Bank checks and endorses those documents and then forwards those documents to the L/C issuing/Standard Bank. The documents have to be forwarded within the time period mentioned in the L/C and within the expiry date of the L/C.

5.8.20. Scrutinizing of the shipping/export documents by the issuing/Standard Bank:

After receiving the shipping/export documents from the seller's/exporter's Bank the Standard Bank checks and scrutinizes those documents to make sure that they are prepared and presented according to the terms and conditions of the L/C. If Standard Bank finds the documents fully complying with the terms and conditions of the L/C they accept those documents. In case of at sight L/C the issuing/Standard Bank has to make payment to the seller's/exporter's Bank immediately after receiving the sipping/export documents or within the day of receiving the documents. In case of deferred L/C the issuing/Standard Bank sends an acceptance message through SWIFT to the seller's/exporter's Bank mentioning the maturity date for payment of the import bill. The time period of the deferred payment is mentioned in the L/C. The period can start:

1. From the date of delivery challan (The date of shipment of the goods).
2. From the date of negotiation. The date when the advising/negotiating Bank sends the shipping/export documents presented by the seller/exporter to the L/C issuing bank.
3. From the day of acceptance. The day when the issuing Bank accepts the shipping or export documents sent by the advising or negotiating Bank and sends the acceptance message through SWIFT mentioning the maturity date for payment in it to the advising/negotiating Bank.

If the issuing/Standard Bank finds any discrepancy in the shipping/export documents, they transmit a discrepancy or refusal message to the advising/negotiating Bank through SWIFT mentioning the cause/causes of discrepancy.

5.8.20.1. Steps in the LC acceptance process:

1. Issuing acceptance.
2. Reporting the acceptance to iSTELAR (Banking software).
3. Reporting the acceptance to SWIFT.
4. Reporting the LC acceptance to the performance register and ABP register.
5. Reporting the acceptance to Bangladesh Bank's online Monitoring System.

5.8.21. Release and retirement of the shipping/export documents:

The process of collecting documents from bank by the importer is called retirement of the documents. After making payment of the import bill or issuing acceptance of the documents presented by the exporter's Bank the L/C issuing/Standard Bank releases the shipping documents to the buyer/importer so that the importer can clear the goods by presenting those documents to the customs authority. The following documents are needed for clearing the goods from the port customs:

- Bill of exchange.
- Commercial Invoice.
- Packing List.
- Bill of lading.
- Certificate of origin.
- LCAF-customs copy.
- L/C copy.
- L/C amendment (if any).
- Proforma invoice.
- Insurance documents.
- Any other certificate required by customs according to import policy.

5.8.22. Non-negotiable copy document:

The importer can clear goods from the port customs only after receiving the documents from the Bank. The exporter's Bank sends all the relevant documents to the importer's bank after the shipment. The exporter also sends the duplicate copy of the documents to the importer. But sometimes the importer's bank does not receive the documents in due time. In that case, the importer submits the duplicate copies of the documents sent by the exporter to the Bank and the Bank than endorses the bill of lading and releases the documents to the importer. The importer than can clear the goods from the port by presenting the documents to the port customs. These duplicate copies of the documents are called non-negotiable copy document.

5.8.23. Amendment to an L/C:

An amendment to an L/C means a change to any term or condition of an L/C. Revocable letter of credit can be amended without the beneficiary's consent. Irrevocable letter of credit may be amended against applicant's written application, with the joint consent of all the parties involved in the documentary credit operation. L/C can be amended before its expiry date only. Dispatch or transmission of the amendment is not sufficient to become the amendment effective. Amendment becomes effective, upon beneficiary's acceptance of amendment. Shipment date & expiry date of the L/Cs may be amended and L/C amount can be changed with the consent of the parties involved in the L/C operation.

5.8.23.1. Steps in the LC amendment process:

1. Issuing the LC amendment.
2. Reporting the LC amendment to the performance register.
3. Reporting to the LC amendment to the iSTELAR (Banking software).
4. Reporting the LC amendment to the SWIFT.
5. Reporting the LC amendment to Bangladesh Bank's online Monitoring System.

5.8.24. Realization of Bank charges:

Every Bank has its own L/C opening Commission, fixed by the Head office. Telex, SWIFT, and Foreign Correspondence charges, where required, are to be realized from the applicant.

The accounting posting for realization of Bank charges and commission:

Party Account Debit

Income Account Credit (LC commission Charges)

5.8.25. Payment of import L/C:

Modes, methods and means of payment:

TT:

TT stands for Telegraphic Transfer. It is an electronic fund transfer method. It is utilized primarily for overseas wire transactions. These transfers are most commonly used in reference to CHAPS (Clearing House Automated Payment System) transfers in the U.K. banking system. (INVESTOPEDIA)

Payment Order:

Payment order or pay order is a negotiable instrument. Pay order is used for payment of L/C in BDT. The issuing/confirming Bank issues a pay order in favor of the seller/exporter to the seller's Bank and sends the pay order with the copy of the bill to the seller's/exporter's Bank by courier.

Foreign Demand Draft (FDD):

Like pay order FDD is also a negotiable instrument. FDD is an alternative to foreign currency. Generally FDD is used to make payment in foreign currency within the country's boundary (it is not used in overseas payment). The issuance and transfer of FDD is similar to pay order and the payment is cleared through Foreign Currency clearing account of the Banks (applicant's Bank and beneficiary's Bank) maintained with Bangladesh Bank (The Central Bank of Bangladesh).

Document against payment (DP):

Document against payment is releasing the shipping/export documents after making payment of the import L/C. Under DP the Bank releases the shipping/export documents and handovers those to the buyer/importer only after the buyer/importer makes payment of the import L/C to the Bank.

Document against acceptance (DA):

Under DA the issuing Bank releases the shipping/export documents to the buyer/importer after giving acceptance against the documents to the seller's/exporter's Bank. The payment is made at the end of the Usance term.

Payment through PAD account:

PAD stands for payment against document. PAD account is opened for making payment of import L/C. After receiving the documents from the exporters, at first SBL write it in the PAD Register. PAD Register contains date, PAD number, L/C number, and name of the drawer, name of the drawee, amount, and number of copies of various documents, name of the imported items. This written procedure is called Lodgment. After executing payment through PAD account the issuing Bank will perform the following accounting treatment:

PAD Account	Debit
SBL General Account	Credit
Exchange Gain Account	Credit

PAD is a loan account. The PAD account has to be adjusted within the day of its opening. After making payment through PAD account SBL will inform their client/the importer to collect the shipping documents from the Bank by paying the dues. The importer will pay the dues to the Bank and collect the shipping documents. Then the accounting treatment will be the following:

1. | | |
   |---|---|
   | Party Account | Debit |
   | Margin Account | Debit |
   | PAD Account | Credit |

2. For interest:

   PAD Account — Debit

   Interest on PAD Account — Credit

Loan against trust receipt (LTR):

Loan against Trust Receipt (LTR) is a post-import short term funded facility provided to the importer who is a trusted client of the Bank involved in manufacturing/trading business to retire L/C related shipping documents. LTR facility can only be allowed against imported goods under sight L/C. The client/importer has to clear the loan and adjust the LTR within 120 days of its issuance as per the rule.

Payment of Import L/C in foreign trade:

Transmission of message of payment through SWIFT:

At the maturity date the L/C issuing/Standard Bank transmits a SWIFT message of payment to the seller's/exporter's Bank and the payment is cleared through Nostro accounts of Standard Bank and the exporter's Bank in foreign trade.

Nostro accounts:

Nostro account refers to an account that a bank holds in a foreign currency in another bank. Nostros, a term derived from the Latin word for "ours," are frequently used to facilitate foreign exchange and trade transactions. The payments in foreign trade are cleared through Nostro accounts of Standard Bank Limited. The flow of transactions through Nostro accounts is shown below:

Head Office	Head Office
←Transfer of payment	Transfer of payment→
L/C Issuing Bank:	Advising/negotiating Bank
Standard Bank Limit	Suppose, Bank of Baroda
Uttara Model Town Branch	Kolkata Metro Branch,
Dhaka, Bangladesh.	J.M Avenue, Kolkata.

Payment procedure in local/inland trade:

On the maturity date the L/C issuing/Standard Bank transmits a SWIFT message of payment to the seller's Bank. The payments in local/inland trade are made through payment order and FDD. At the maturity of the import bill the issuing/Standard Bank issues an FDD (in case of payment in US Dollar) or payment order (for payment in BDT) at the request of the applicant/buyer favoring the beneficiary/seller and sends the PO or FDD through courier to the seller's Bank. The payments in local/inland trade are cleared through Bangladesh Bank.

Steps in the payment execution process:

1. Executing payment.
2. Reporting the payment to the performance register.
3. Reporting the payment to the iSTELAR (Banking Software).
4. Reporting the payment to SWIFT.
5. Reporting the LC payment to Bangladesh Bank's online Monitoring System.

5.8.26. International clearing houses:

The Asian Clearing Union: (WIKIPEDIA)

The Asian Clearing Union (ACU), with headquarters in Tehran, Iran, was established on December 9, 1974 at the initiative of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). The primary objective of ACU, at the time of its establishment, was to secure regional co-operation as regards the settlement of eligible monetary transactions among the members of the Union to provide a system for clearing payments among the member countries on a multilateral basis.

Members of ACU:

1. Bangladesh
2. India
3. Nepal
4. Bhutan
5. Maldives
6. Iran
7. Myanmar
8. Pakistan
9. Sri Lanka

Unit of transaction:

The unit of settlement of ACU transactions is a common unit of account of ACU, and the unit is equivalent to one USD, and the Asian Monetary Unit may be denominated as ACU dollars and Euro dollars.

Eligible transactions through ACU:

All eligible transactions between member countries are required to be settled through the Asian Clearing Union. The monetary transactions eligible to be settled through the Asian Clearing Union includes the following:

- Payments from the resident in the territory of one participant to a resident in the territory of another participant,
- Payment for current international transactions as defined by the Articles of Agreement of the International Monetary Fund,
- Payment permitted by the country in which the payer resides,

- Payment which are in compliance with FEMA 1999, rules, regulations, orders or directions issued there under and the specific provisions of the Memorandum ACM.
- Payment for exports and / or import transactions between ACU member countries on deferred payment terms.

Ineligible transactions:

The payments not eligible for settlement though the Asian Clearing Union includes the following: -

- Payment between Nepal and India; and between Bhutan and India, except certain exceptions pertaining to imports from India by an importer resident in Nepal and who has been permitted by the Nepal Rastra Bank to remit payment in foreign exchange,
- Payments which are not on account of current international transactions, as defined by the International Monetary Fund, except to the extent mutually agreed upon between the member countries, and
- Such other payments as may be declared, from time to time, by the Asian Clearing Union to be ineligible for being routed through the facility provided by the Asian Clearing Union.

5.8.27. Bill of entry:

A declaration by an importer of the merchant, exact nature, precise quantity, value and place of origin and destination of the goods imported/entered at a port customs. It is prepared by a qualified customs clerk or broker and is examined by the customs authorities for its accuracy and conformity with the tariff and regulations.

5.8.27.1. Reporting of Bill of Entry to Bangladesh Bank:

After receiving the Bill of Entry from the customs authority of the port the importer submits it to the SBL and SBL then report the Bill of Entry to the online import monitoring system of Bangladesh Bank. The bill of entry is an instrument to defend money laundering and it is a proof that goods have entered into the country of the buyer/importer.

5.8.28. Endorsement of foreign currency (through issuance of TM form):

Both clients and non-clients of SBL can purchase foreign currency for foreign travel through passport endorsement. For endorsing passport a client of SBL or any other person with valid passport has to come to an AD branch of SBL such as Uttara Model Town Branch and fill up and submit the Travel and Miscellaneous (TM) form which is a request letter for passport endorsement to endorse his/her passport for travelling abroad. After endorsing foreign currency into passport the Bank has to report the issuance of TM in the online TM form monitoring system of Bangladesh Bank.

5.9. EXPORT

5.9. Export procedure:

5.9.1. Export Business (Financing)

In Bangladesh now emphasis is given on export led growth strategy. For further liberalizing the trade sector following measures have been taken:

- Export lubrication through significant reduction of tariff & non-tariff barriers.
- Rationalization of tariff structure.
- To promote export through simplification of the procedure.

By the term export we mean, carrying of anything from one country to another. On the other hand, bankers define export as sending of visible things outside the country for deal. Export trade plays a vital role in the development process of an economy. From export earning, we meet our import bills. The export trade of the country is regulated by the Import and Export (Control) Act, 1950. There are some formalities, which an exporter has to fulfill before and after shipment of goods. The exports from Bangladesh are subject to export trade control exercised by the Ministry of Commerce through Chief Controller of Imports and Exports (CCI&E). No exporter is allowed to export any commodity from Bangladesh unless he/she is registered with Chief Controller of Export & Import (CCI&E) and holds valid Export Registration Certificate (ERC). The ERC is required to be renewed every year. There are a number of activities that Export section of a Bank has to do. Some of these activities are-

- Receiving the L/C issued by the importer's Bank
- Issuing EXP (export form) to the exporter.
- Scrutiny of export shipping documents presented by the exporter.
- Forwarding the export documents to the importer's Bank for realization of export proceeds.
- Notifying the exporter about receiving the L/C from the importer's Bank.
- Authentication of L/C to the beneficiary.
- Advising the export L/C to the beneficiary (exporter) and notifying the L/C issuing bank about advising of the L/C to the beneficiary.
- Recording of export L/C particulars in export L/C register.
- Issuing Proceed Realization Certificate (PRC) to the beneficiary (exporter).

5.9.2. Documents Required for Export

There are a number of formalities, which an Exporter has to fulfill before exporting goods. These formalities are explained bellow:

1. **Export Registration Certificate (ERC)** Similar to any other business, exporters are required to obtain ERC from the office of the Chief Controller of Import and Export (CCI&E). No person is allowed to export any goods from Bangladesh without obtaining such ERC. For Registration, prospective Exporters are required to submit the following documents:
    - Application form
    - Fees paid as treasury invoice
    - Asset certificate
    - Income tax clearance

- Valid trade license
- Nationality certificate
- Bank‘s solvency certificate
- Registered partnership deed
- Certificate of incorporation
- Copy of rent receipt of the business firm
- Copy of rent receipt of the business premises.

On submission of the above documents to the office of CCI&E, the applicant is required to deposit required registration fee to the treasury office and the receipted invoice should be sent to CCI&E office. After that the office of CCI&E will issue ERC. Every year registered exporters are to make payment of prescribed fee to renew ERC.

2. **Export Form (EXP):**

   All Export of which the requirements of declaration vide Para- I of chapter XXI of Exchange Control Manual of Bangladesh Bank applies must be declared on the EXP forms now issued by the Authorized Dealers to the exporters. Uttara Model Town Branch of Standard Bank limited is an Authorized Dealer, which supplies EXP forms to the exporters. In all cases, the forms will be completed and signed by the exporter or his authorized agent.

Disposal of Export Form (EXP):

The EXP Form is of 4 copies that have different use to different parties:

1. First original copy is to be submitted to the Customs with Second original duly completed and certified by the Authorized Dealers. The second original is to be returned to the authorized dealer within 14 days from the date of shipment along with customs certification and relative document for negotiation. The first original copy is sent from Customs Authority to Bangladesh Bank after shipment of goods.
2. Duplicate copy is sent from Negotiating Bank to Bangladesh Bank after negotiation.

3. Triplicate copy is sent from Negotiating Bank to Bangladesh Bank after realization of the proceeds of the Export Bill.
4. Quadruplicate copy is retained by the Negotiating Bank as Office Copy.

All shipping documents covering goods exported from Bangladesh and declared on EXP Form must be passed through the medium of an AD within 14 days from the date of shipment. The copies of the EXP Form and the shipping documents etc. should be submitted to the AD in time to enable it to submit the certified duplicate copy of the EXP Form to the Bangladesh Bank within 14 days from the date of shipment of the goods covered by the form.

The EXP form contains AD‘s code, commodity to be exported, country of destination, quantity in unit and volume basis, value that means a currency in which value and amount of invoice is declared, terms of sale, name and address of importer, name of carrying vessel, bill of lading/ railway receipt/ airway bill/truck receipt/post parcel receipt, port of shipment/ post office of dispatch, land custom post, shipment date, name of the exporter with address, CCI&E‘s registration number, sector (public and private) under which the exporter falls. The export form must be filled up, signed by the exporter, and certified by the authorized dealer.

5.9.3. Obtaining EXP Form:

The Uttara Model Town Branch of Standard Bank limited is an Authorized Dealer, which supplies EXP forms to the exporters. The exporter must submit the following documents to obtain the EXP form from his Bank:

- Trade license.
- Export Registration Certificate (ERC).
- Any other certificate from any concerned Government Organization if required.

After satisfaction on the documents, the Bank will issue EXP form to the exporter. The authorized dealer branch of the Bank gives an entry to the EXP register, report the issuance of the EXP to the performance register and also report the issuance of EXP to Bangladesh Bank's online monitoring system.

Before lodging the EXP Forms with the Customs /Postal Authorities, the exporter should get copies of the forms certified by an AD. After receipt of the EXP Forms from the exporters for certification purposes, the ADs will see and ensure that each set of the forms is duly filled in. Thereafter, they will record full particulars of the forms in the Export Register to be maintained as per proforma at Appendix 5/65 and assign a number for each set of the EXP forms in the following manner, which is to be inserted in the space provided at the top of each form.

5.9.4. Shipment of goods by the exporter and presentation of shipping documents to the Bank:

After receiving the L/C and the Bank's certified copy of EXP form from the Bank the exporter makes shipment of the goods and present necessary shipping documents to Standard Bank. The shipment has to be made and the shipping documents have to be forwarded to the importer's Bank within the due time mentioned in the L/C and before the expiry date of the L/C. After shipment of the goods the exporter has to submit the following documents to his/her Bank:

1. Bill of exchange.
2. Commercial Invoice.
3. Packing List.
4. Delivery challan.
5. Truck receipt (in case of local trade).
6. Bill of lading/airway bill (in case of foreign trade).
7. Certificate of origin.
8. Beneficiary certificate.
9. AZO free certificate.
10. GP-2 certificate.
11. Weight and measurement list.
12. Original BTMEA certificate.

The number of copies of each document to be presented is mentioned in the L/C.

5.9.5. Forwarding the shipping documents to the importer's Bank by Standard Bank:

After submission of the shipping documents by the client/exporter Standard Bank carefully checks those documents and after checking the bank forwards those documents to the importer's Bank for collection/realization of export bills. The shipping documents have to be sent to the importer's Bank within the due time mentioned in the L/C but not after the expiry date of the L/C. The shipping documents in case of foreign trade are called FDBC (Foreign Documentary Bill for Collection) documents and in case of local trade they are called LDBC (Local Documentary Bill for Collection) documents. After sending the documents for collection Standard Bank reports the FDBC and LDBC documents to the performance register and to the STELER (banking software).

5.9.6. Scrutinizing of the shipping documents by the importer's Bank:

After receiving the shipping documents sent by Standard Bank the importer's Bank carefully checks and scrutinizes those documents to make sure that the documents are complying the terms and conditions of the L/C. If importer's Bank finds all the documents okay than they make payment of the export bills. In case of at sight L/C the importer's Bank has to make payment immediately after receiving the documents or within the day of receiving the documents and in case of deferred L/C the importer's Bank issues and transmits an acceptance message through SWIFT to Standard Bank mentioning the time period for deferred payment and the maturity date for payment. The time period can start:

- From the day of delivery challan.
- From the day of acceptance.
- From the day of negotiation.

If the importer's Bank finds any discrepancy in the shipping documents presented they issue a discrepancy message through SWIFT to Standard Bank clearly mentioning the discrepancies. In case of discrepancies if the importer's Bank wishes they can reject and send back the documents to Standard Bank without making any payment or giving any acceptance. In that case Standard Bank has to make corrections of the discrepancies and send the documents again to importer's Bank for collection/realization of export bills.

5.9.7. Collection of payment against export L/C by Standard Bank:

In case of at sigh L/C the importer's Bank makes payment immediately after receiving the documents and in case of deferred L/C importer's Bank makes payment after the end of the deferred time period (at the maturity date for payment). The payment methods, means and procedures are described in detail in the import section of foreign trade in this report. After realization of the LDBC's and FDBC's (export proceeds) the Standard Bank adjusts the liability of the client/exporter (BTB, PC, Time Loan etc.)

5.9.8 Issuing Back To Back L/C against export L/C:

Back to Back L/C is an L/C which can be opened against export L/C. When a seller needs to import raw materials for producing the goods he/she is about to sell/export to the buyer he/she opens another L/C against the export L/C issued by the buyer's bank for importing the necessary raw materials from that buyer or some other party or multiple parties for producing the goods to be sold/exported. For opening a back to back L/C an exporter/seller has to keep the export L/C as lien to his/her bank. The value of the Back to Back L/C cannot exceed 75% of the value of the export L/C. Back To Back L/C can be of two types:

1. Back To Back sight L/C.
2. Back To Back deferred L/C.

After opening Back To Back L/C the Bank performs the following tasks:

- Reporting the BTB L/C to the performance register.
- Reporting the BTB L/C to the STELER.
- Reporting the BTB L/C to the SWIFT.
- Reporting the BTB L/C to Bangladesh Bank's online monitoring system.

5.9.9. RAD Account:

RAD stands for Remittance Awaiting for Disposal. RAD Accounts are opened only for the clients who enjoy Back To Back L/C facility from the Bank. Payments of Back To Back L/Cs are made through RAD Accounts opened in the name of the client/importer. The Bank makes payment of the Back To Back L/C from the proceeds of the export L/C. So after receiving payment of the export L/C the BTB L/C issuing Bank/Standard Bank transfers the amount to be paid to settle the payment of BTB L/C to the RAD account and makes payment to the beneficiary's Bank.

5.9.10. ERQ Account:

ERQ stands for Exporter's Retention Quota. Merchandise exporters are entitled to a foreign exchange retention quota of 50% of repatriated FOB value of their exports. However, for exports of goods having high import content (low domestic value-added) like POL products including naphtha, furnace oil and bitumen, readymade garments made of imported fabrics, electronic goods etc. the retention quota is 10% of the repatriated FOB value. Exporters of computer software and data entry/processing services may retain 50% of export earnings repatriated in foreign exchange in ERQ accounts. Service exporters may retain 5% of their repatriated earnings in ERQ accounts.

5.9.11. Payment of Back To Back L/C:

While executing payment of Back To Back L/C the Bank performs the following activities:

- Execution of payment.
- Reporting the payment to performance register.
- Reporting the payment to iSTELAR.
- Reporting the payment to SWIFT.
- Reporting the payment to Bangladesh Bank online monitoring system.

5.9.12. Issuance of PRC by the Bank:

After realization of export proceeds the Bank issues PRC (Proceed Realization Certificate) to the client/exporter. After issuing Proceeds Realization certificate to the client/exporter the Bank has to report the PRC to the Bangladesh Bank online monitoring system.

5.9.13. Cash incentive provided by Bangladesh government to the potential exporters of Bangladesh:

Cash incentive is an incentive provided by Bangladesh government to the selected exporters of the country based on the items they export, the export volume and their contribution to the export growth of the country. The government provides these cash incentives through Bangladesh Bank (Central Bank of Bangladesh). For receiving cash incentives from the government the exporters has to submit the necessary documents for realizing cash incentives to their respective Banks through which they perform foreign trade.

Documents needed for realization of cash incentives:

- Documents fulfilling specific conditions set by the BD govt. like, type of enterprise/company, exported goods type, volume and other conditions.
- Certificate for Audit Farm.
- PRC (Proceed Realization Certificate).
- Any other documents if necessary.

After submission of the required documents by the client/exporter to the Bank the Standard Bank scrutinizes those documents and sends the documents to the Audit Farm. Audit farm carefully checks and scrutinizes the documents to make sure that the exporter is worthy of receiving the cash incentive. If all the documents are okay the Audit Farm sends those documents back to Standard Bank and the Bank again sends those documents to the head office. After receiving the documents head office sends the cash incentive fund given by Bangladesh Bank to Standard Bank in the name of the respective exporter to Uttara Model Town Branch of the Bank. The UMT branch than disburses the cash incentive fund to the respective client.

5.9.14 Pre-export finance by the Bank:

5.9.14.1. Packing credit:

Packing credit is basically a loan provided to exporters or sellers to finance the goods' procurement and packing before shipment.

5.9.15. Post-export finance:

5.9.15.1. FDBP:

FDBP stands for Foreign Documentary Bills for Purchase. FDBP is a post-export loan facility provided by the Bank to the clients/exporters. In case of deferred export L/C the payment is realized after a certain period of time from the day of acceptance or negotiation or delivery challan. FDBP loan facility is given to the client/exporter for the tenor of the deferred L/C. A client/exporter can take up to 90% of the value of the export L/C as FDBP loan. After realization of the export bill the Bank adjusts the principal amount of the loan and interest from the export proceeds.

5.9.15.2. LDBP:

LDBP stands for Local Documentary Bills for Purchase. LDBP is also a post-export loan facility provided by the Bank to the clients/exporters like FDBP. LDBP is for local trade within the country. A client/exporter can take up to 90% of the value of the export L/C as LDBP loan. After realization of the export bill the Bank adjusts the principal amount of the loan and interest from the export proceeds.

5.10. FOREIGN REMITTANCE

5.10.1. Foreign Remittance Section

Foreign remittance means remittance of foreign currencies from one place /person to another place/person. In broad sense, foreign remittance includes all sale and purchase of foreign currencies on account of Import, Export, Travel and other purposes. However, specifically foreign remittance means sale & purchase of foreign currencies for the purposes other than export and import. As such, this section of the report will not cover purchase & sale of foreign currencies on account of Import and Export of goods. All foreign remittance transactions are grouped into two broad categories:

1. Inward Remittance.
2. Outward remittance.

5.10.2. Outward Remittance

The term Outward remittances include not only remittance i.e. sale of foreign currency by TT, MT, Drafts, Traveler‘s Cheque but also includes payment against imports into Bangladesh and Local currency credited to Non-resident Taka Accounts of Foreign Banks or Convertible Taka Account. Two forms are used for Outward Remittance of foreign Currency such as:

IMP Form: All outward remittance on account of Imports is done by form IMP.
T.M Form: For all other outward remittances form T.M is used.

5.10.2.1. Private Remittance

1. **Family remittance facility:**
   The Foreign Nationals working in Bangladesh with approval of the Government may remit through an Authorized Dealer 50% of Salary and 100% of leave salary as also actual savings and admissible person benefits. No prior approval of Bank is necessary for such remittance. Remittance of moderate amounts of foreign exchange for maintenance of family members (spouse, children, parents) of Bangladesh Nationals leaving abroad are allowed by Bangladesh Bank on written request supported by certificate from the Bangladesh Mission in the concerned country.

2. **Remittance of Membership fees/ registration fees etc:**
   Authorized Dealers without prior approval of Bangladesh Bank may remit membership fees of foreign professional and scientific institutions and fees for registration, admission, examination (TOFEL, SAT etc.) in connection with admission into foreign educational

institutions on the basis of written application supported by demand notice/letter of the concerned institution.

3. **Education:**

   Prior permission of Bangladesh Bank is not required for releasing foreign exchange in favor of Bangladeshi students studying abroad or willing to proceed abroad for studies. Authorized Dealers will allow exchange facilities for this purpose**.**

4. **Travel:**

   Private travel quota entitlement of Bangladeshi Nationals is set at US$3000/- per year for visit to countries other than SAARC member countries and Myanmar, Quota for SAARC member countries and Myanmar is US$1000/- for travel by air and US$500/- for travel by overland route. Authorized Dealers may release this travel quota in the form of foreign currency notes up to US$500/- or equivalent. For minors (Below 12 year in age) the applicable quota will be half the amount allowable to adults.

5. **Health & Medical:**

   Authorized Dealers without prior approval of Bangladesh Bank may release foreign exchange up to US$10,000/- for medical treatment abroad on the basis of the recommendation of the medical Board set up the Head Directorate and the cost estimate of the foreign medical institution. Applications for release of exchange exceeding US$10,000/- should be forwarded along with supporting documents to Bangladesh Bank for prior approval.

6. **Foreign Nationals:**

   i. The authorized Dealers may issue foreign currency TCs to foreign national without any limit and foreign currency notes up to US$300/- or equivalent per person against surrender of equivalents amounts in foreign currencies. The TCs and foreign currency notes should however, be delivered only on production of ticket for a destination outside Bangladesh and the amount issued be endorsed on the relative passports.

ii. Authorized Dealers may allow recon version of unspent Taka funds of foreign tourist into foreign exchange on production of the encasement certificate of foreign currency. Recon version shall be allowed by the same AD with which the foreign currency was enchased earlier.

7. **Remittance for Hajj:**

Authorized Dealers may release foreign exchange to the intending pilgrims for performing Hajj as per instructions/ circulars to be issued by the Bangladesh Bank each year.

5.10.2.2. Remittance for Official and Business Travel:

1. **Official Visit:**

For official of semi officials visits abroad by the officials of govt., Autonomous/Semiautonomous institutions etc., Authorized Dealers may release foreign exchange as per entitlements fixed by the Ministry of Finance from time to time, In such cases, the applicant for foreign exchange shall be required to submit the sanction letter and the competent authority‘s Order/Notification/Circular authorizing the travel.

2. **Business Travel Quota for New Exporters:**

Up to US$6,000/- or equivalent may be issued by an AD without prior approval of Bangladesh Bank to a new exporter for business travel abroad, against recommendation letter from Export Promotion Bureau, requirement beyond US$6000/- is accommodated by Bangladesh Bank upon written request through an AD with supporting documents.

5.10.2.3. Commercial Remittances:

1. Opening of branches or subsidiary companies abroad: Remittance of up to US$30,000/- or equivalent per annum may be released by the Authorized Dealers without prior approval of Bangladesh Bank to meet current expenses of offices/branches opened abroad by resident in Bangladesh or Commercial/Industrial concern incorporated in Bangladesh.

2. Remittance by shipping companies' airlines & courier service: Foreign Shipping Companies, airlines and courier service companies may send, through an AD, funds collected in Bangladesh towards freight and passage after adjustment of local cost & Taxes.

3. Remittance of Royalty and technical fees: No prior permission of the Bangladesh Bank is required by the enterprises for entering into agreement involving remittance of royalty, technical know-how or technical assistance fees, operational services fees, marketing commission etc., if the total fees and other expenses connected with technology transfer do not exceed. 6% of the cost of imported machinery in case of new projects. 6% of the previous year's sales as declared in the income tax returns of the ongoing concerns. The Authorized Dealers may remit such royalty and other fees without prior approval of Bangladesh Bank.

4. Remittance of profits of foreign firms/branches:

Post tax profits of branches of foreign firms and companies including foreign banks & other financial institutions subject to submission of relevant documents/information along with the application.

5. Remittance of Dividend:

Prior permission of Bangladesh Bank is not required for:

- Remittance of dividend income to non-resident shareholders on receipt of application in the prescribed form from the companies concerned.
- Remittance of dividend declared out of previous year's accumulated reserves.

6. Bank charges:

The Authorized Dealers may affect remittances towards settlement of dues to foreign banks of bank charges, cost of cables and other incidental charges arising in their normal course of the business without prior approval of Bangladesh Bank.

5.10.3. Inward Remittance

The term Inward Remittance includes not only purchase of Foreign Currency by TT, Drafts but also purchases of bills, purchases of Traveler's cheques etc. Two forms as prescribed by Bangladesh Bank are used for purchase of Foreign Currencies such as:

- **EXP Form:** Remittances received against exports of goods from Bangladesh are done by EXP form.
- **From C:** Inward remittances equivalent to US$2000/- and above are done by Form C. However, declaration in Form C is not required in case of remittances by Bangladesh Nationals working abroad.

1. **Purchase of Currency Notes, Travelers cheques, Drafts etc**:
   Following General observations are required in addition to common judgment/intelligent/vigilance of the dealing officers:

   i. Currency notes to be checked very carefully so as to avoid risk of purchasing counterfeit Notes
   ii. While purchasing Travelers cheque, signature of the holder to be obtained on the TC/s in front of the Bank officials and should be verified with the signature of the holder already given at the time of issuance of TCs.

2. **Dealing in Foreign Currency Notes & Coins:**
   Only Authorized Dealers and Authorized Money Changer are permitted to deal in foreign currency notes & coins. Authorized Dealers and Money Changers may freely buy foreign currency from incoming passengers regardless of nationality and regardless of whether or not a declaration on form FMJ is produced at the time of encashment. If this form is produced, the amount enchased should be endorsed on it.

5.10.4. Foreign currency account

Following the liberalization of exchange controls Bangladesh Bank has authorized the banks to maintain different types of foreign currency accounts and convertible taka accounts. The following are the regulations laid down by Bangladesh in respect of these accounts.

5.10.5. Who can open the Foreign Currency Accounts?

Branches of Standard Bank limited may open Foreign Currency Accounts in the names of:

A. Bangladesh nationals residing abroad.
B. Foreign nationals residing abroad or Bangladesh and foreign firms operating in Bangladesh or abroad.
C. Foreign missions and their expatriate employees.

1. Resident Foreign Currency Deposit (RFCD):

This is a foreign currency denominated account. Those who domicile in Bangladesh but have to remit money to abroad because of various reasons.

2. Non Resident Foreign Currency Deposit (NFCD):

This is a foreign currency denominated account. Those who doesn‘t domicile in Bangladesh but have to remit money to Bangladesh because of various reasons.

Requirements for opening RFCD Account:

- Two copies of recent passport size photograph
- Photocopy of passport
- Photocopy of work permit
- Salary certificate or employer‘s certificate

For the Officers of Different Embassy they need not to submit all these documents but the Employers certificate is must.

Requirements for opening NFCD Account:

- Photocopy of passport
- Citizenship certificate if available

- Certificate or approval from our authority for exporting manpower
- A nominee or authorized person will be selected by the account holder for transactions.

Under this account the nominee will receive local currency TK against any Foreign Currency.

5.10.6. Services:

EFT (Electronic Fund Transfer)

- Money Transfer to Standard Bank in real time manner
- Bank Transfer to many other Banks

Instant Cash (Over the counter payment)

- Instant cash service from all the Branches of Standard Bank Limited.
- Instant cash service across Bangladesh.

Currency Exchange

The Bank buy's/sell's all major currencies at lower margin

Savings and safe deposits

Access a wide range of savings accounts and safe deposits with Standard Bank Limited.

5.10.7. Foreign Correspondents of SBL:

Quality and Quantity of Foreign Exchange Business depends on efficient correspondent banking Relationship with reputed banks all over the world. Among others, increasing foreign exchange business is an objective of the bank. Keeping the objective in consideration, all the effort to establish correspondent banking relationship with internationally reputed banks all over the world is a continued process for Standard Bank. Now the bank has correspondent banking network with 316 renowned banks around the world along with RMA (Relationship Management Application) under SWIFT covering all of their branches abroad. During the year 2011, the Bank has made RMA arrangement under SWIFT with 49 local banks.

The bank is enjoying credit line of substantial amount from most of the renowned banks where Standard Chartered Bank, Mashreq bank psc, HSBC Bank Ltd, The Bank of Nova Scotia, Commerz bank Germany, Wachovia Bank, AB Bank Mumbai, AB International Finance Hong Kong, HBZ Finance Hong Kong and Banca UBAE of Italy are mentionable. This helps the Bank to honor the Bank's LCs and to fulfill the Bank's payment commitment abroad. In addition, Asian Development Bank (ADB) under the agreement signed in 2009, will confirm the Bank's LCs for big amount through our correspondent banks abroad.

5.10.8. Foreign Remittance Drawing Arrangement of SBL:

Presently, the bank has remittance drawing arrangement with Wall Street Finance LLC, USA, Wall Street Exchange Centre LLC, UAE and Money Gram Inc., USA. Money Gram facilitates remittance made by Bangladeshi expatriates all over the world by using their Global network. Remittance drawing arrangement with Wall Street Exchange Centre, LLC, and UAE has been commenced in 2011. The bank continues its efforts to make remittance arrangements with different exchange houses in the potential countries. The bank has signed agreement with Universal Exchange center and Economic Exchange center of UAE.

5.11. Standard Bank's Schedule of Charges Relating to Foreign Exchange Transactions:

A. IMPORT

SL	TYPES OF SERVI CES	NATURE	Rate of Com/Charges
1.	**L.C. Opening** (Foreign & Inland**)**		
a)	i) At Sight	1st quarter For subsequent quarter Or part thereof	Max. 0.40 % 0.40 % Min. Tk.1000/=
	ii) Usance /Deferred	1st quarter For subsequent quarter Or part thereof	Max. 0.50 % 0.50 % Min. Tk.1000/=
b)	AID / LOAN / CREDIT / BARTER	1st quarter For subsequent quarter or part thereof	Max. 0.50 % 0.50 % Min. Tk.1000/=
c)	BTB L.C.	1st quarter For subsequent quarter Or part thereof	Max. 0.40 % 0.40 % Min. Tk. 1000/=

2	Acceptance Com. against Usance bill for both Deferred & BTB L.C.	1st quarter for subsequent quarter or part thereof	0.40 % 0.40 % Min. Tk. 1000/=

3.	**Transmission of LC**		
3.1	**By SWIFT**		
	Overseas		
	a) L.C.	Charges	At Actual
	b) Short - Message	Charges	At Actual
	Local		
	a) L.C.	Charges	At Actual
	b) Short - Message	Charges	At Actual
3.2	**By Courier (**Foreign**)** By Courier (**Local)**	Charge Charge	At actual At actual
3.3	**By GPO** a) Registered Mail	Postage charge	At Actual
	b) Express Mail Service	EMS (Postage Charge)	At Actual
4.	**F.C.C.**	Foreign Corr. Charges	**Our charges Free** Foreign Bank's & SWIFT charges at actual, if any.

SL	TYPES OF SERVI CES	NATURE	Rate of Com/Charges
5	**L.C. Amendment**		
	a) Increase of value and Extension of Time	L.C. Opening Com.	As of opening for increased amount Min.-Tk.750/=
	b) Other than Increase of value	LC Opening Com	**No fresh com. will be charged** Charges Tk.750/=
	c) Transmission	If by **SWIFT**	At actual
	Foreign	By **courier**	At actual
	Local	By **courier**	At actual
		By GPO	At actual
		Express Mail Service	At actual
06.	**L.C. Cancellation / Expired Un-utilized.**	Charges/Fee	**Same**
		SWIFT	At Actual
		Courier	At actual
		Postage	At actual
07(a)	Collection of Credit Report through Credit Report Provider or Dun & Bradstreet SAME Ltd	Charges	At actual as per schedule of charges of Credit Report provider. Charges of D&B SAME Ltd is given below

b)	**Collection of Credit Report through Foreign Correspondent**	Charges Swift Charges	Foreign Bank Charges at actual At actual
08.	**Issuance of Shipping Guarantee** in absence of original documents provided full value of docs. are deposited by the client.	Charges	Min Tk 3,000/ per instance.
09	Discrepancy charges against Import Documents (Per discrepancy)	Charges	F**or Foreign Docs.-** Min-USD 70/ ; Max USD170. **For Local Docs.** Min USD 25/ ; MaxUSD150/
10	**PAD.**	Interest	As per lending rate fixed or to be fixed by the bank from time to time
11. a)	**LIM** Handling LIM documents.	Com.	As per lending rate fixed or to be fixed by the bank from time to time
b)	Interest in LIM facility.	Interest	As per lending rate fixed or to be fixed by the bank from time to time

Add Confirmation:

12.	Confirmation of Foreign (Export) LC by us	Conf. Charges	0.20% for each Qtr. Min. – USD 50.00
		Stamp, Postage/ Courier/SWIFT Charges	At actual
13.	Confirmation of Local LC by us	Conf. charges	@ 0.20% for each Qtr. Min Tk.2,000/=
		Stamp, Postage/ Courier/SWIFT Charges	At actual
14.	Confirmation of our LC by foreign bank. a)	Conf. charges On A/C of Applicant	Foreign Bank's confirmation charges at actual plus our bank shall realize additional 0.20% com. flat at opening or subsequent stage Min. Tk. 1,000/=
		SWIFT Charges	At actual

		b)	Conf. charges On A/C of Beneficiary	0.20% Flat Min Tk. 2,000/=
			SWIFT Charges	At actual

B. EXPORT

15. a) b)	**Advising** of Foreign Export L/C. Advising of its amendment		Charges	Tk.750/ flat Tk.750/ flat
c) d)	Advising of Local Export L/C. and its amendment.		Charges	Tk.750/ flat Tk.750/ flat
16.	**Transfer of Overseas LC**			
a)	For our Client		Charges	Tk.750/ plus SWIFT charges at actual
	Non Client		Charges	Tk.750/ plus SWIFT charges at actual
b)	**Transfer of amendment**			
	For our Client		Charges	Tk.750/ plus SWIFT charges at actual
	Non Client		Charges	Tk.750/ plus SWIFT charges at actual
17.	**Cancellation of Transfer of Overseas LC**		Charges	As above under Sl.16
18.a)	**Transfer of Local LC**			
	For our Client		Charges	Tk.750/ plus SWIFT, postage at actual
	Non Client		Charges	Tk.750/ plus SWIFT, postage at actual
b)	**Transfer of amendment**			
	For our Client		Charges	Tk.750/ plus SWIFT, postage at actual
	Non Client		Charges	Tk.750/ plus SWIFT, postage at actual

SL	TYPES OF SERVI CES	NATURE	Rate of Com/Charges
19.	Cancellation of Transfer of Local LC	Charges	As above under Sl.18
20.1	Negotiation of (Sight/Usance) Export bill (FDBP)	Charges/ Com.	Tk.500/=(**in case of Exchange Gain**) plus Courier/SWIFT & other charges if any at actual.
20.2			0.15% (**in case of no exchange gain**) plus Courier/SWIFT & other charges if any at actual.al.

21	Processing of Export documents (Sight/Usance) under collection	Com./ Charges	0.15 % **Plus** other charges if any at actual.

	(FDBC)	Courier/SWIFT charges	At actual
22.	Negotiation of Export bill in local currency (LDBP)	Charges/Com.	Tk.600/= + intt. for the period the bill remain outstanding as per circular

23.	Discounting of documents drawn on local bank & payment received in local currency on maturity	Com. Postage /Courier	Tk.600/= per bill & rate of intt. to apply for the amount remain outstanding as per circular At actual

C. BANK GURANTTEE

24.	**FOREIGN**		
a)	Advising of guarantee to the beneficiary in original without any engagement on our part.	Charges	Tk. 2000/=
b)	Advising of guarantee in original by adding our confirmation with full engagement on our part.	Com./charges	0.60 % per quarter or part thereof . Min. Tk 2000/= + cost of stamp, Tax, SWIFT etc. if any
c)	Issuance of guarantee in original by adding our confirmation against 100 % counter guarantee of foreign correspondents **(If charges are on bene. A/C.)**	Com./charges	0.50 % per quarter or part thereof . Min. Tk2000/= + cost of stamp, Tax, SWIFT etc. if any
d)	Issuance of guarantee with our full engagement **on A/C of our client**	Com. / charges	0.60 % per quarter or part thereof. Min. Tk2000/= + cost of stamp, Tax, SWIFT etc. if any
e)	Issuance of bid / performance bond / counter guarantee against foreign bank guarantee. (**If charges are on bene. A/C.)**	Com.	0.50 % per quarter or part thereof .Min. Tk.1500/= + cost of stamp, Tax, SWIFT etc. if any

D. FOREIGN REMITTANCE (INWARD)

25. a)	Purchase of FDD, Cheques, T.C. drawn abroad. (FBP) (O.D.Transfer buying rate to be applied)	Com./ charges	Tk.0.25% per USD Tk.0.30% per GBP + exchange earnings .(In all other currency at per with USD)
		Courier/ SWIFT	At actual

b)	Payment of any foreign taka draft which are drawn on our bank	Com.	Free

c)	Encashment of any foreign T.T. in Taka. at our counter	Com.	Free
d)	Encashment of F.C.Draft / M.T.	Handling charge	Foreign Bank /SWIFT charges at actual plus service charge Tk.300/
e)	Issuance of FC Draft under remtt. arrangement drawn on Bangladesh Bank	Com/ Charges	Free
f)	Issuance of FC Draft drawn on Bangladesh Bank	Com./ Charges	USD 10/= flat plus VAT if any
g)	Purchase of FC Cash	Com./ Charges	As per daily Exch. Rate Circular

E. COLLECTION

26. a)	Collection of clean item(FBC) (e.g.,FDD /TC/ Cheque)	Charges Postage/Courier, SWIFT & Foreign Bank charges if any	0.15% Min. Tk. 500/ Tk. 1000/ for outstation branches. At actual
b)	For Documentary Bills for Collection without LC (FDBC)	Charges/ Com.	0.15 % Min Tk 500 Plus postage & SWIFT charge if any at actual.
c)	For documentary bills for collection (Under all type of L.C. (FDBC)	Charge/ Com.	0.15 % Min Tk 500 Plus postage & SWIFT charge if any at actual.
d)	For Inward Documents bills for collection Under Grant (without L.C)	Com.	0.25% Min. Tk. 2000 Plus postage & SWIFT charge if any at actual.
e)	For Inward documentary bills for collection (Under all type of L.C.)	Com.	0.15 % Min. Tk. 2000 Plus postage & SWIFT charge if any at actual.
f)	Collection of proceeds of any F.C. draft from local Bank which are not primarily collected through clearing or not drawn on Bangladesh Bank.	Charges.	Tk. 500/= per instrument.

F. OUTWARD.

Sl.27. a)	Issuance of i) Cash FCY and endorsement in passport	Com. & charges	Tk. 350/=
b)	Issuance of FDD on our foreign correspondent (followed by MT110)	Commission	i) $10/ or eqv. BDT for DD up to $2000 ii) $15/ or eqv. BDT for DD $2000 to $5000 iii) $25/or eqv. BDT for DD $5001 to 10,000 iv) $40/ or eqv. BDT for DD above $10,000
		SWIFT charge	At Actual
c)	Issuance of FDD drawn on Bangladesh Bank for payment against L/C,	Commission and Charges	i) $25/ for DD up to $5000 ii) $50/ for DD $5,001 to $10,000 iii)$100/or DD $10,001 to 30,000 iv) $130/or DD $30,001 to 75,000 v) $150 for DD above $75,000
d)	Stop Payment of DD (MT 111)	Charges Swift	Foreign Bank Charges at actual.+ Our chargesTk.500 Swift charges at actual.
e)	Activation/withdrawal of Stop payment for DD (MT112)	Charges Swift	Foreign Bank Charges at actual.+ Our chargesTk.500 Swift charges at actual.
f)	Cancellation of FDD (MT192)	Commission SWIFT charge	Tk.500/= per DD At actual
g)	Issuance of T.T./EFT (F.C.) through foreign correspondents (MT 103)	Commission SWIFT charges	0.40% Min Tk. 1000.00 per TT. At actual for MT103
h)	Stop Payment of TT (MT 111)	Charges Swift	Foreign Bank Charges at actual.+ Our chargesTk.500 Swift charges at actual.
i)	Activation/withdrawal of Stop payment of TT (MT112)	Charges Swift	Foreign Bank Charges at actual.+ Our chargesTk.500 Swift charges at actual.
j)	Cancellation of TT MT 192	Charges Swift	Tk. 1,000/- plus foreign Bank charges at actual Swift charges at actual

G. MISCELLANEOUS

SL	TYPES OF SERVI CES	NATURE	Rate of Com/Charges
28. a)	Issuance of (NOC) No Objection Certificate	Com.	Tk.500/= for each case.
b)	Issuance of LCAF/ LC Application Form / IMP /EXP Form	Charges	Tk.300/=for each item
c)	Issuance of PRC. (Proceed Realization Certificate)	Charges	Original-500 per instance. Duplicate-500 per instance
d)	Handling Cash Subsidy / duty drawback	Processing fee	**Tk.1,500.00** for claim up to Tk.1.0 lac **Tk.3,000.00** for claim of Tk. 1.0 lac above up to Tk.5.0 lac **Tk.4,000.00** for claim of Tk. 5.0 lac above up to Tk.10.0 lac **Tk.7,000.00 for** claim of Tk. 10.00 lac above up to Tk.50.00 lac **Tk.10,000.00 for** claim of Tk. 50.00 lac above up to Tk.1.00 Cr **Tk.13, 000.00** for claim of Tk. 1.0 Cr above.
e)	Opening of Student file	Handling charge	Tk.5,000/=
f)	Issuance of BTB LC Certificate	Fee	Tk.500/
g)	Issuance of C & F Certificate	Fee	Tk.500/
h)	Verification of BL & BG	Fee	Tk.500/
i)	IRC Renewal (Com./Ind.)	Fee	Govt. fee at actual +service charge Tk.500/=
j)	PSI Handling	Charges	Tk.500/= per instant
k)	Buying House / Indenting Firm permission from Bangladesh Bank	Corr. /Service Charges	Tk. 6,000/= Tk.2,000/ as yearly service charge in case renewal

Source: http://www.standardbankbd.com/Content/Files/SBLRevisedForexScheduleofCharges1-8-2013.pdf

CHAPTER 6

ANALYSIS OF THE FOREIGN EXCHANGE OPERATIONS OF STANDARD BANK LIMITED AND FINDINGS FROM THE ANALYSIS

Standard Bank Limited

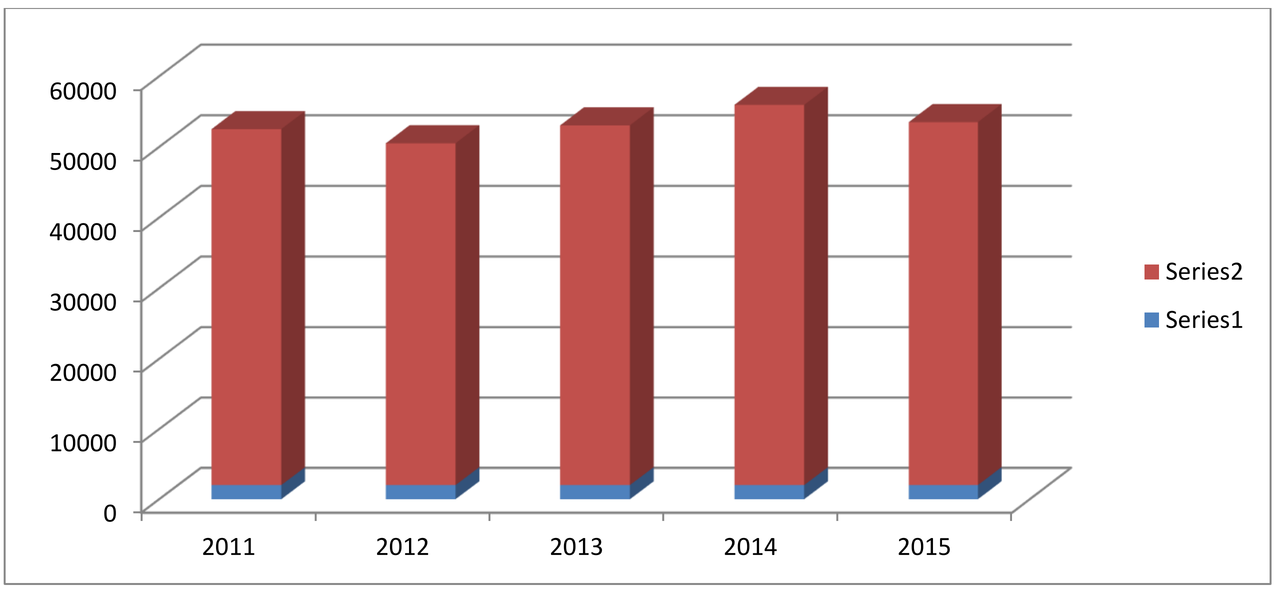
6.1. Analysis of the foreign exchange business of SBL

6.1.1. Import Business volume of SBL (2011-2015):

Year	Import Business volume
2011	BDT 50497 million
2012	BDT 48500 million
2013	BDT 51036 million
2014	BDT 53932 million
2015	BDT 51491 million

Source: SBL Annual Report 2011, 2012, 2013, 2014, 2015.

Graphical presentation of import Business volume (2011-2015): (Figures in million Tk.)



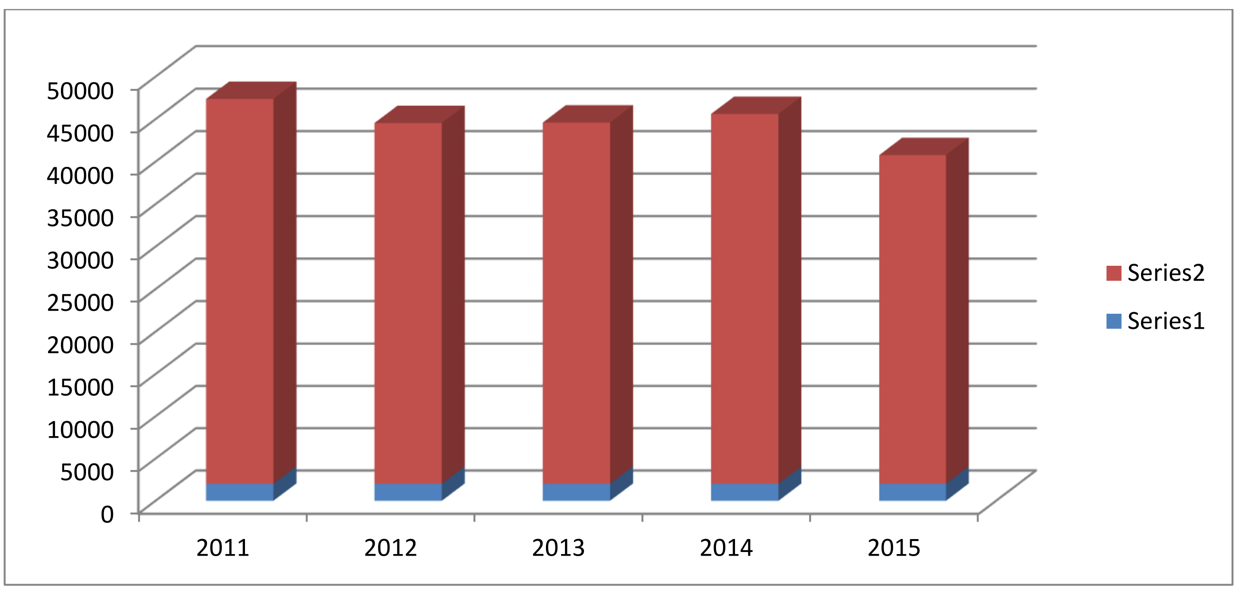
Source: SBL Annual Report 2011, 2012, 2013, 2014, 2015.

6.1.2. Export Business volume of SBL (2011-2015):

Year	Export Volume
2011	BDT 45356 million
2012	BDT 42521 million
2013	BDT 42575 million
2014	BDT 43588 million
2015	BDT 38746 million

Source: SBL Annual Report 2011, 2012, 2013, 2014, 2015.

Graphical presentation of export volume (2011-2015): (Figures in million Tk.)



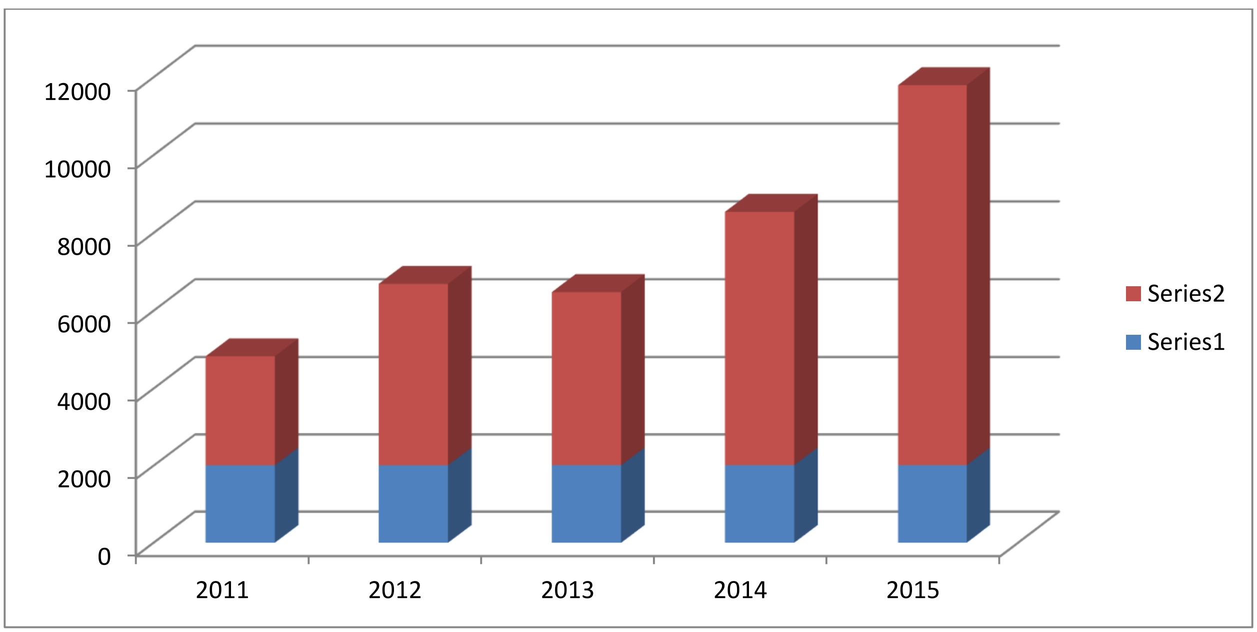
Source: SBL Annual Report 2011, 2012, 2013, 2014, 2015.

6.1.3. Volume of foreign remittance Business of SBL (2011-2015):

Year	Volume of remittance
2011	BDT 2815 million
2012	BDT 4676 million
2013	BDT 4464 million
2014	BDT 6526 million
2015	BDT 9781 million

Source: SBL Annual Report 2015.

Graphical presentation of foreign remittance transaction volume (2011-2015: (Figures in million Tk.)



Source: SBL Annual Report 2015.

6.2. Major Findings of the analysis of foreign exchange business of SBL:

6.2.1. Import:

- The import volume of SBL decreased by 7.81% in 2011 then the year 2010.
- Import volume again decreased by 12.87% in 2012 compared to the year 2011.
- Import volume increased in 2013 by 5.27% then the year 2012.
- Import volume grew by 6.14% in 2014 than in 2013.
- Import volume in 2015 decreased by 4.53% than in 2014.

6.2.2. Export:

- The export volume of SBL increased by 8.26% in 2011 then the year 2010.
- Export volume decreased by 15.38% in 2012 compared to the year 2011.
- Export volume increased in 2013 by 0.13% than the year 2012.
- Export volume grew by 1.27% in 2014 than in 2013.
- Export volume in 2015 decreased by 11.11% than in 2014.

6.2.3. Foreign Remittance:

- The foreign remittance volume of SBL increased by 90.92% in 2011 then the year 2010.
- Foreign remittance volume increased by 66.11% in 2012 compared to the year 2011.
- Foreign remittance volume decreased in 2013 by 4.53% than the year 2012.
- Foreign remittance volume grew by 46.19% in 2014 than in 2013.
- The foreign remittance volume in 2015 increased by 49.88% than in 2014.

CHAPTER 7

CAMEL RATIOS OF STANDARD BANK LIMITED

7.1 CAMEL Ratios of Standard Bank Limited:

Aspect	Ratios	Formula	2011	2012	2013	2014	2015
Capital Adequacy	1. Capital adequacy ratio	Capital & reserve / Total risk weighted assets	10.159843	10.27294541	9.756738	9.988279987	10.095109
	2. Leverage ratio	Debt / Total shareholders' equity	9.91	10.52	10.75	11.13	10.54
	3. ROE	Will be given in annual report	18.87	16.22	10.88	12.27	13.91
	4. Net worth protection	Total equity / non-performing loan	567.27927	534.2206682	357.40669	341.0124497	387.76614
Asset quality	1. Percentage of classified loan	Non -performing loan / total loan	2.19	2.51	3.5097907	3.55	3.2343393
Management capacity	1. Income per employee	Total profit / total employees	1302838.2	984385.3548	739035.09	656553.2248	885918.55
	2. Expenses per employee	Total cost / total employees	1075433.9	1114898.127	7815058.5	1440255.977	1519989.6
Earnings ability	1. Net investment margin	Profit from investment / total investment	12.629112	12.20085306	11.85551	11.68559265	9.5690622
	2. Net profit margin	Profit after tax / total loan & advance	2.462234	2.038360581	1.3628827	1.270290057	1.5642309
	3. Diversification ratio	Non-interest income / total income	18.730159	18.43947413	20.214837	20.37905034	22.468864
	4. EPS	Will be given in annual report	3.19	2.73	1.77	2.13	2.43
Liquidity	1. Loan to deposit ratio	Total loan / total deposit	86.630865	80.83876393	84.184079	82.67969826	85.556241
	2. Liquid asset to total deposit ratios	Liquid asset / total deposit	27.153168	37.49080303	33.089289	30.32208999	27.74567
	3. Earning assets to deposit	Earning asset / total deposit	92.370559	97.98192138	100.37289	99.41625044	98.369057

CHAPTER 8

FINDINGS, RECOMMENDATIONS AND CONCLUSION

Standard Bank Limited

8.1. Findings

- Standard Bank Limited has already established a favorable reputation in the banking industry of the country.
- Most of the clients of Standard Bank Limited are satisfied with Foreign exchange service of the Bank.
- All the officers are so much helpful and have a friendly working environment. They help each other, when any officer falls in trouble.
- The top executives and officers are very helpful to the clients. Some of our businessmen do not know the exact procedures of international trade. The officers of Standard Bank Limited help them to properly execute their business.
- Standard Bank Limited provides little assistance in relation with foreign exchange to the small entrepreneurs. A new small entrepreneur (if he has not been client of the Bank before) has to keep higher margin, sometimes 100%, regarding opening a L/C.
- SBL has limited promotional activities about foreign exchange services to motivate its present and potential clients.
- Number of employees is fewer than the volume of work which creates problem in prompt service.
- The operations of international trade are conducted as per local and international laws, rules, customs and practices.
- Financing in the international trade is very crucial for the economy as well as it is risky. Sometimes government imposes restrictions to the import and export of some products. As a result the rate of opening L/C decreases.
- Low quality Banking software (iSTELAR) sometimes creates problems for the Bank's officers to carry out banking activities and procedures smoothly.

8.2. Recommendations for the Bank:

This study recommends that the Standard Bank Limited needs to expand their foreign exchange services in a planned and well articulated way for the long run, in order to have increased customer satisfaction and increase in Bank's profitability. I had the practical exposure in

Standard Bank Limited for just three months. On the basis of my observation I would like to present the following recommendations-

- Standard Bank Limited should offer some more services to attract the foreign remittance. As Bangladesh has a high number of non residential; collecting remittances can be a good way of generating more revenue for the Bank.
- Need to revise the Foreign Exchange related charges.
- At SBL the decision making process should be more time conscious and free from any time of ambiguity.
- SBL should take various advertisement programs.
- Further extension of the product lines to achieve sustainable competitive advantage.
- Diversification into leasing and insurance sector.
- More efficient, skilled and experienced workforce can be recruited in the Bank.
- Employees can be provided with more benefits and facilities such as, recreational and entertainment facilities, trainings and conferences, overtime payment systems, maternity live etc. for motivating them to boost their effectiveness and efficiency.

8.3. Conclusion

From the beginning of greater change in the world economic structure, Standard Bank Limited is trying to develop banking sector through welfare and serving the people. Standard Bank Limited is committed towards the excellence in the service with efficiency, accuracy and proficiency. Standard Bank, being a bank of twenty first century, is extending contributions to the advancement of the socioeconomic condition of the country. Like most of the commercial banks, foreign exchange department is the most important department of Standard Bank Limited. This department is driving the bank from the front.

The customers of SBL are very satisfied with the foreign exchange services of the Bank. The skilled and competent management of SBL is continuously taking required steps to enhance the efficiency level of all kinds banking services provided by the Bank including foreign exchange. Since the year of its inspection the Standard Bank Limited has earned a favorable reputation in the Banking industry through its services. If the Bank can eradicate some inefficiency which currently exists in the Bank, the Banks service quality will be more enhanced and the Bank will grow further.

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