



Internship Report On

Foreign Exchange Performance and Bank's Profitability: an Evaluation of SBL

*Prepared by
Sharmin Afroz*



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Foreign Exchange Performance and Bank's Profitability: an Evaluation of SBL

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Letter of Transmittal

16th September, 2012

Ms. Shayla Sowat Siddique
Lecturer,
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Subject: Submission of internship report.

Dear Madam,

I am here by submitting my Internship Report of three months long internship program in the Standard Bank Limited, which is a part of the MBA Program curriculum. The title of the report is **“Foreign Exchange Performance and Profitability: an Evaluation of SBL.”** This report has been prepared to fulfill the requirement of my internship program at my assigned organization in the Standard Bank Limited. I expect this report to be informative as well as comprehensive.

To prepare the report I have collected what I believe to be most relevant information to make my report as analytical and reliable as possible. While conducting the report, I have gathered lots of knowledge about banking system and many unknown facts, problems and prospects of foreign exchange activities of Standard Bank Limited. This internship program and preparation of report has given me the opportunity to notify myself with a reputed bank. I believe that the experience I acquired from this study will facilitate me a lot in my future career life.

I would like to take this opportunity to thank you for the guidance and support you have provided me during the course of this report. I would really be grateful if you enlighten me with your thoughts and views regarding the report. Also, if you wish to enquire about an aspect of my report, I would gladly answer your queries. Thank you again for your support and patience.

Yours Sincerely,

Sharmin Afroz (ID-11264029)

BRAC Business School
BRAC University.

Acknowledgement

A first I desire to express my deepest sense of gratitude of almighty Allah.

I would like to express my deepest appreciation to all those who provided me the possibility to complete this internship report. I wish to give my deep gratitude for the support, direction, and supervision in every aspect from Standard Bank Ltd. officials, my faculty, and friends and would like to thank **Mr. Mominul Abedin**, Vice President and Manager of Standard Bank Ltd. Mohakahli Branch and **Mr. Sayedur Rahman**, First Assistant Vice President and Second Manager of the Mohakahli Branch to help me with all their capabilities and affections.

I would like to express my deep sense of thankfulness to my organizational supervisor of this Internship Program, Mr. Shah Alam Mia, Head of Foreign Exchange Department Mohakahli Branch, for his enormous help and endless support throughout the training period. To get accustomed with the nature of a very dissimilar industry was quite a challenge for me; without his guidance, it would not have been possible for me to continue and then end up with a successful internship.

I would also like to show my utmost gratitude to all the officials of Standard Bank Limited; especially the teams that I have worked in. I would like to mention the name of Ms. Kanis Fatema (Senior Officer of Foreign Exchange Department) and Ms. Marufa Yeasmin (Senior Officer of General Banking Department) for facilitating me with all the internal information that helped me to prepare the company overview and industry analysis; the information that I as an intern had no access to and who had been my direct guide throughout the internship. Their guidance made it possible to end the voyage.

Finally and most importantly, I would like to concede the guidance of Ms. Shayla Sowat Siddique, Lecturer, BRAC Business School, for her expert advice and help in preparing this report without which I could not even come up with my report.

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Executive Summary

Importance of banking system in a country is growing day by day. It is quite impossible for any country to expand in commercial and industrial sector without sound banking system in modern economic era.

Standard Bank Limited (SBL) is a third generation bank in Bangladesh. Standard Bank has incorporated on May 11, 1999 in head office at 122-124 Motijheel, Chamber building, Dhaka, Bangladesh as a public limited company with the permission of the Bangladesh Bank. The founder of SBL is committed to “setting a new standard of banking”. The Authorized capital of the bank is BDT 1500.00 crore and the Statutory Reserve stood at BDT 291.15 crore as on 2013. The bank provides a broad range of financial services to its customers and corporate clients in retail banking, corporate banking, and international trade. The whole banking activities are divided into three parts, General banking, Loan & Advances and Foreign Exchange. One of the largest businesses carried out by the commercial bank is foreign trading.

Foreign exchange operation is one of the significant functions of the bank. It plays a vital role in overall economy of the country. Through import, export and foreign remittances Foreign Exchange department of the banks earns their profit. Banks are the intermediary of all import, export and remittance activities.

Import sector is the most profitable sector in foreign exchange department of SBL. The import earning sectors are- commission for L/C opening, Amendment of local L/C Service charges, Collection of credit report of the beneficiary. From commission for L/C opening and service charge, import department earns most. The export department deals with export L/C, Amendment of L/C, Transfer of L/C, EXP issue charge. When the L/C amounts have to be changed, then the amendments of L/C are needed. The expense sectors of export are – Courier/mailling cost, Stationary cost, Printing cost, Salary of the employee. But here to analyze the actual earning of export, I’ve to find out the total expenses to operate export department. The expense of export, import, and remittance is almost the same.

Foreign Exchange Market allows currencies to be exchanged to facilitate international trade and financial transactions. After passing a lot of phases, present foreign exchange market has established and performing to benefit all the parties incorporated here. There are basically three players in the foreign exchange market of Bangladesh. Those are the Bangladesh Bank, authorized dealers, and customers. This paper discussed regarding the related issues of foreign exchange activities of Standard Bank Limited.

Chapter 1: Organizational Profile

1.1. Introduction

Banks are important financial institutions, which play a vital role in the economy of a country. It deals with credit i.e., accepts deposit from the public and advances various loans. The system of banking is very ancient. It was prevalent in India, Greece and Rome. Now-a-days, the banks try to give priority in the perspective of our national interest.

Banks are investment intermediaries linking the savers and users of fund. Individuals having surplus funds can lend them for reasonable return to entrepreneurs who need funds to take the advantage of economically and financially viable investment opportunities. As a result, both the borrowers and lenders are better off than they would have been without financial institutions and market intermediaries. Thus, these financial institutions, such as banks, have a positive role in financing and investment which is a multidimensional process involving the complexity of many interrelated and interdependent factors of diversified nature.

The key to successful banking lays in the ability of balance many activities at the same time. The bank must maintain a healthy growth rate, while at the same time it must take action to minimize the risks it faces. The bank must also keep up enough cash on hand to meet obligations. All of these are related to sound performance of a bank. The financial performance evaluation demonstrates the strengths and weakness of bank performance over time. The Standard Bank Ltd. has a responsibility to ensure efficient and effective banking operation in a sound manner. The study will look at the amount of liquidity that SBL has available to meet any reasonable demands that might have to meet, how it manages asset/liability, Foreign exchange Operation, what is the position in terms of profitability and how the bank manages its capital so that it has sufficient funds to remain solvent. This study is an attempt to the in-depth analysis of the Foreign Exchange performance of the Standard Bank Limited.

1.2. History of SBL

Standard Bank Limited (SBL) is one of the largest public-sector commercial bank in Bangladesh, with years of experience. Adaptation of modern technology both in terms of equipment and banking practice ensures efficient service to clients. Standard Bank Limited is a bank that serves both clients and country.

Standard Bank Limited was incorporated as a Public Limited Company on May11, 1999 with 20 crore paid up capital under the Companies Act, 1994 and it achieved satisfactory progress from its commercial operations since June 03, 1999. SBL witnessed record achievement in its business performance during the year 2011. SBL introduced several attractive products and services and extended loans and credits to different sectors of the economy. Besides, the bank has already introduced real time on-line banking and it is now fully automated. Through all these myriad activities, SBL has created a positive impact in the banking sector of the country.

Bank's Authorized Capital is now Tk. 1500.00 crore. The Paid-up Capital of the bank has stood at Tk. 570.21 crore and the Statutory Reserve stood at Tk. 291.15 crore as on 31 December, 2013. The total equity capital & reserve of the Bank at the end of the 2013 was Tk. 921.48 crore. In future Bank has a plan to enhance both the authorized capital & paid-up capital of the Bank to cope with financial growth and regulatory constraint.

1.3. Products and Services Offered By SBL

Standard Bank Limited has a variety of products offered for the retail customers as well as for corporate clients. The different products and services for retail and corporate clients are given below:

Products for retail clients:

Product for retail clients are:

- ▶ Current Deposit Scheme.
- ▶ Savings Deposit Scheme.
- ▶ Short Term Deposit Scheme.
- ▶ Fixed Deposit (FDR)
- ▶ SBL Regular Deposit Program (SRDP)
- ▶ SBL Regular Income Program (SRIP)
- ▶ SBL Double Income Plus (DI+) program

Services for retail Clients:

Services include the following:

- ▶ Sale of Bangladesh Sanchaya Patra, ICB Certificate etc.
- ▶ Encashment of different Sanchaya Patra, ICB Certificate etc.

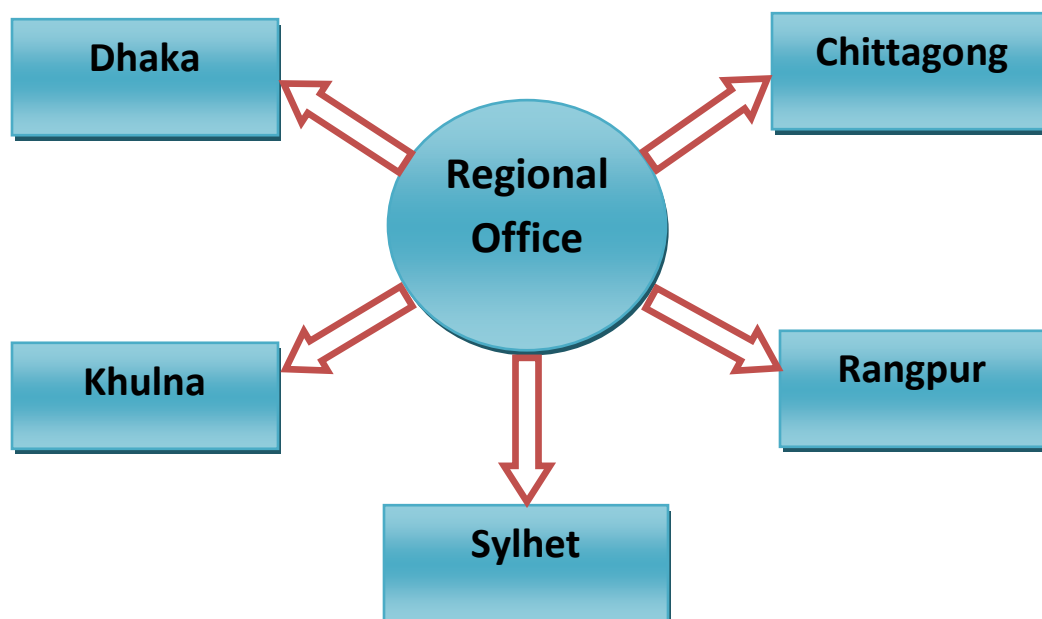
Products for corporate clients:

SBL offers products for its corporate clients are:

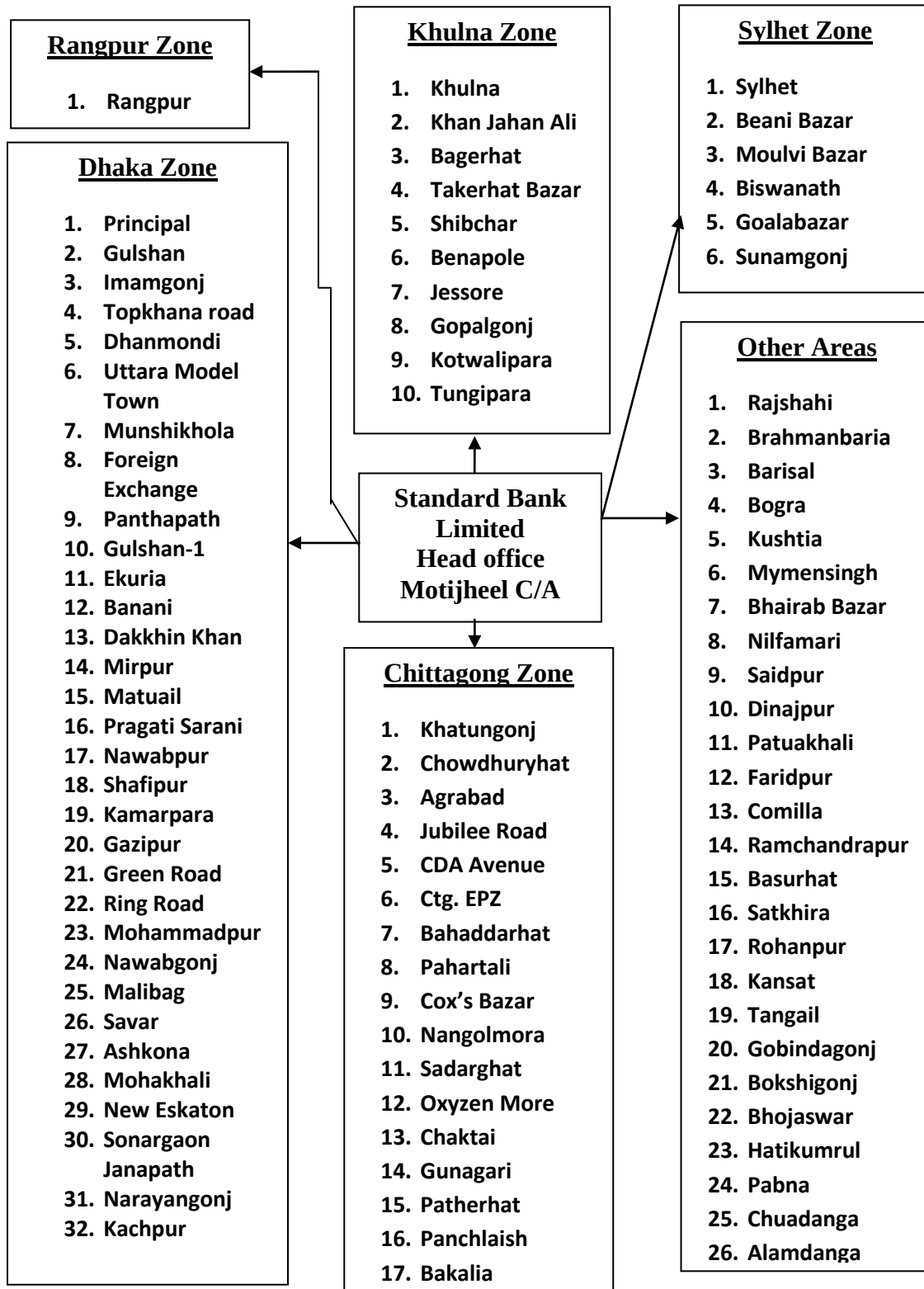
- ▶ Payment Against Document (PAD).
- ▶ Loan against Trust Receipt (LTR).
- ▶ Acceptance against ULC.
- ▶ Local Bill Purchase Documentary (LBPD).
- ▶ Foreign Bill Purchase Documentary (FBPD).
- ▶ Sight Letter of Credit (SLC).
- ▶ Usance Letter of Credit (ULC).
- ▶ Letter of Guarantee (LG).
- ▶ Secured Overdraft (SOD).
- ▶ Demand Loan.
- ▶ Time Loan.
- ▶ Term Loan.
- ▶ SME Loan.
- ▶ Agriculture Loan.

1.4. Operational Network organogram

❖ Regional Office of Standard Bank Limited



❖ Branch Network of Standard Bank Limited



1.5. Vision

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

1.6. Mission

To be the best public commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability having a strong liquidity.

1.7. Core Values

Core values of SBL are:

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

1.8. Objectives of the Standard Bank Limited

The motto of the Standard Bank Limited is to explore new innovative banking in an automated and computerized environment. It aims at providing one stop service and prepares itself to face the new challenges of globalization and 21st century. One of the main objectives of the bank is to be a provider of high quality products and services at a competitive price. The bank also caters to the needs of its corporate clients and provides a comprehensive range of financial services to national and multinational companies. The dimension of responsible corporate behavior of the Bank is the maintenance of ethical standard in its functioning. Some of the objectives are as follows:

- To undertake, carry on, transact and conduct the businesses of banking in Bangladesh.

- To receive, borrow or raise money on deposit, loan or otherwise upon such terms as the Company may approve and to give guarantees and indemnities in respect of any debt and contract.
- To establish and organize abroad any bank, Company, institution or organization either singly or in joint collaboration or partnership with any individual, Company, financial institution, bank, organization, any government or government agency for the purpose of carrying on banking, financial, investment and trust business or any other business as provided hereafter.
- To advance, deposit or lend money to or with such persons or bodies, corporate, unincorporated, statutory, Government or its agencies on such terms as the Company approves.
- To carry on the business of discounting, dealing in exchanges, in specie and securities and all kind of mercantile banking.
- To carry on the business of buying and selling of goods and other valuable species.
- To act as agent for the sale and purchase of any stocks, shares or securities or for any other monetary or mercantile transaction.
- To carry on business as financiers, promoters, capitalists, financial and monetary agents, concessionaries and brokers.
- To acquire, underwrite and dispose of shares and interest in companies or associations or in the undertakings thereof.
- To act as official liquidator and receiver.
- 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.
- To become one of the best financial institutions in Bangladesh economy participating in the most significant segments of business market that we serve.

1.9. Strategies

The strategies that Standard Bank Ltd. follows are as below:

- To raise deposit up to Tk. 95000.00 million by December 2014.
- To increase direct contact with the customers in order to cultivate a closer relationship between the bank and its customers.
- To strive for customer satisfaction through quality control and delivery of timely services.

- To identify customers' credit and other banking needs and monitor their perception towards employee's performance in meeting those requirements.
- To review and update policies, procedures and practices to enhance the ability to extend better service to customers.
- To train and develop all employees and provide them adequate resources so that customers needs can be reasonably addressed.
- To promote organizational effectiveness by openly communicating company's plans, policies, practices and procedures to employees in a timely passion.
- To cultivate a working environment that fosters positive motivation for improved performance.
- To diversify portfolio both in the retail and wholesale market.
- To Manage and operate the Bank in the most efficient manner to enhance financial performance and to control cost of fund.

1.10. Features of SBL

There are so many reasons behind the better performance of SBL than any other newly established banks:

- Highly qualified and efficient professionals manage the bank.
- SBL has established a core research and planning division comprising skilled person from the very inception of the bank.
- Banking operations of all branches of SBL has been computerized to provide the frequently customer service.
- SBL has become a member of the SWIFT system to expedite foreign exchange transaction.
- SBL provides attractive interest rate the other financial bank.
- The bank provides loans to the clients at lower interest rate with easy and flexible condition than others do.
- Profit earning is not the only aim of SBL. The bank is responsible to maintain the social duties.
- The bank frequently arranges customers meeting to achieve their valuable suggestions.
- Letter of Credit (L/C) commission and other charges are very lower than the others.

1.11 Company Highlights of SBL

Hierarchy of the Standard Bank Limited

Chairman
Board of Directors
Additional Managing Director
Deputy Managing Director
Senior Executive Vice President
Executive Vice President
Senior Vice President
Vice President
Senior Assistant Vice President
Assistant Vice President
F. Assistant Vice President
Senior Executive Officer
Executive Officer
Senior Officer
Officer
Assistant Officer
Trainee Assistant Officer

Board of Directors & Sponsors of Standard Bank Limited

Chairman
Ln. Kazi Akramuddin Ahmed
Vice Chairman
Mr. Gulzar Ahmed
Directors
Mr. Kamal Mostafa Chowdhury
Mr. Ashok Kumar Saha
Mr. Ferozur Rahman
Mr. Md. Monzurul Alam
Mr. S. A. M. Hossain
Mr. Mohammed Abdul Aziz
Al-Haj Mohammed Shamsul Alam
Mr. Md. Zahedul Hoque
Al-Haj Mohammad Yousuf Chowdhury
ICB represented by the Managing Director Mr. Md. Fayekuzzaman
Mr. Sahazada Syed Nizamuddin Ahmed, Independent Director
Mr. Md. Nazmus Salehin, Ex- Officio Director
DMD & Group Company Secretary
Mr. A.F.M. Nizamul Islam Chowdhury

Executive Committee

Al-Haj Mohammed Shamsul Alam	Chairman
Mr. Kamal Mostafa Chowdhury	Member
Mr. Ferozur Rahman	Member
Mr. S. A. M. Hossain	Member
Mr. Mohammed Abdul Aziz	Member
Mr. Gulzar Ahmed	Member
Al-Haj Mohammad Yousuf Chowdhury	Member
Mr. Md. Nazmus Salehin	Ex-Officio Member
Mr. A. F. M. Nizamul Islam chowdhury	Secretary

Audit Committee

Mr. S.S. Nizamuddin Ahmed	Chairman
Mr. Ashok Kumar Saha	Member
Mr. Md. Zahedul Hoque	Member
Mr. Md. Fayekuzzaman	Member
Mr. A. F. M. Nizamul Islam Chowdhury	Secretary

Manpower of the Mohakhali Branch

The branch is operated through 13 employees who are dynamic, sincere, goal oriented and highly motivated. The branch also has 1 peon and 2 guards as well. The following table shows the no. of employees and their designation:

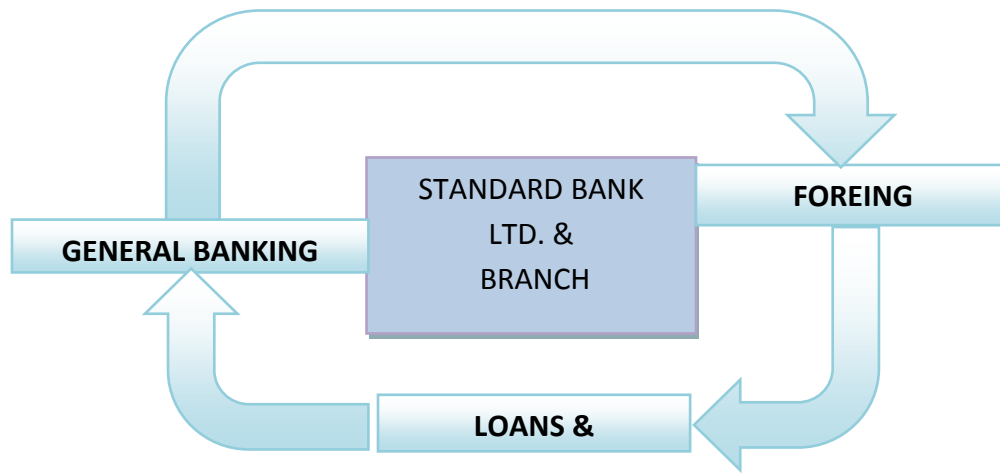
Designation	No. of Employees
Vice President & Office In-Charge	01
First Assistant Vice President	01
Senior Executive Officer	01
Executive Officer	02
Senior Officer	02
Officer	02
Assistant Officer	03
Trainee Assistant Officer	01
Peon	01
Guard	02
Total	16

Major Division of SBL

The banking system of Standard Bank Ltd. is divided into three major divisions. These divisions are –

- 1) General Banking
- 2) Advance & Loan Banking
- 3) Foreign Exchange Banking.

➤ Division of SBL



🌐 SBL at a glance

Name	:	Standard Bank Limited
Incorporation	:	May 11, 1999
Commercial Operation	:	3rd June, 1999
Slogan of Company	:	"Setting a new standard in banking"
Type of Company	:	Commercial bank
Main Business	:	Providing Term loans to Small Scale Enterprises and Operating Full-fledged commercial banking service
Authorized Capital	:	Tk. 1500.00 crore
Paid up Capital	:	Tk. 570.21 crore
Total Assets	:	Tk. 10,919.14 crore
No. of Employees	:	1300 employee
Total No. of Branches	:	91
ATM booth	:	24
Ownership	:	Public Limited Company.

Chapter 2: Job Description of SBL

2.1 Working experience at Standard Bank Limited

Standard Bank Limited was incorporated as a Public Limited Company on May 11, 1999 under the Companies Act, 1994. It is one of the leading public commercial bank having a spread network of 91 branches across Bangladesh. Being able to work in this organization I find myself lucky. I got the opportunity to work with different departments in Mohakhali Branch of Standard Bank Limited.

During the three months of my internship I was placed in the Mohakhali Branch under Mr. Mominul Abedin, Vice President, Manager, Mohakhali Branch, Standard Bank Limited. I heavily enjoyed the working environment of this office. The work experience gave me a good idea of the overall banking system of Bangladesh and taught me the professionalism at work place.

I had started working as an intern at Standard Bank Limited on 17th June, 2014. I did not have any previous experience of working in a bank or in any corporate organization and I was pretty much worried about the environment. But now, when I am writing about my work experience of Standard Bank, it feels me really good remembering the days I had worked there.

It was my first time, when I was working with such talented and hardworking people. The entire opportunity has enabled me to gain knowledge on various aspects of the banking sector. I mostly worked with the Foreign Exchange Department, in the foreign L/C wing. My direct supervisor was Mr. Shah Alam Mia who helped me to learn how to put information input in the websites of the Standard Bank Ltd. and Bangladesh Bank. Before working there I had worked in the General banking department.

2.2 Responsibilities of the job

During the internship period at Standard Bank Limited, I was placed in different departments on rotation basis. At first I was in General banking department for seven weeks and finally in Foreign Exchange section for five weeks. So it was a great experience for me to work in different departments.

- **General Banking**

In General banking department, I did different jobs as per official's requirement. Though I was not assigned for specific responsibilities, but I did basically customer management related jobs. My job descriptions are mentioned below:

- Helping clients to fill up account opening form and pay order form,
- Writing pay order instrument,
- Balancing the pay order register,
- Provide customer's product related information,
- Cheque receiving,
- Registering the cheques in the register,
- Registering the inward letter in the register,
- Registering the cheque requisition,
- Registering the return cheque,
- Statement checking,
- File upping different documents in suitable files,
- Scanning documents.

- **Foreign Exchange**

One of the most important parts in SBL Mohakhali Branch is Foreign Exchange Department that deals with import, export, foreign remittance and post import financing. My responsibilities in foreign exchange department are mentioned below:

- L/C Data input in the website of Standard Bank Limited,
- L/C data input in the website of Bangladesh Bank,
- Balancing of different registers, such as Back-to-Back L/C register, FDBP register etc.
- Registering data into different registers, like Back-to-Back L/C register, FDBP register, EXP register, Acceptance Register etc.
- Filing of different documents of the export L/Cs,
- Mailing to different branches of Standard Bank Limited,
- Mailing to Bangladesh Bank,
- Fill upping necessary documents of the L/C files.

2.3 Different Aspects of Job performance

During my three month internship period, I was assigned for different types of task and activities; and by doing those tasks I achieved performance appraisal from my line task manager.

- I was assigned to prepare Bangladesh Bank reporting for import payment which is called E2P2 for the month of August and September. For completing each month's E2P2 I only got excel sheet for different currencies. I was successfully achieved my given target for those weeks.

2.4 Critical Observation & Recommendation

I had worked for three months there and I had observed some issues there which need to be changed if the bank wants to prosper competing with other banks.

There is really little place kept for the cheque receiving desk. During the pick hour there always remains great rush and it is really impossible to receive cheques of so many people for a single person. Moreover there is no line system in the general banking desk, so the customers do not maintain any systematic line.

During internship period, employees of SBL were very supportive & always helped me to learn. But it was not possible for me to know about all the departments within 3 months. The clients of L/C desk are taking services from here for more than 1 year and most of them have a very friendly relationship with the employees.

In the follows I found out some problem over in the SBL as critical observation and some recommendation regarding the observation:

- To maintain a booth for the receiving of cheques.
- To provide effective training to the employees so that they can overcome the challenges of technology and can work in a swift manner that will help them to work almost double in a day and which is ultimately prosperous for the bank.
- To enlarge the general banking desk and create a systematic line for customer to receive their service one by one.

Chapter 3: Project Description

3.1 Summary

Foreign Exchange Department is an international department of the bank. It deals with globally and facilitates international trade through its various modes of services. It bridges between importers and exporters. Bangladesh Bank issues license to scheduled banks to deal with foreign exchange. These banks are known as Authorized Dealers. If the branch is authorized dealer in foreign exchange market, it 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. Mainly transactions with overseas countries are respects of import; export and foreign remittance come under the preview of foreign exchange transactions. International trade demands a flow of goods from seller to buyer and of payment from buyer to seller. In this case the bank plays a vital role to bridge between the buyer and seller.

3.2 Origin of the report

Internship Program of BRAC University is the most significant part to accomplish the post graduation and an important element of this internship program is the Term Paper. The main purpose of internship is to give the students a practical essence to the corporate world and this study is a partial requirement of the Internship program of MBA curriculum at the BRAC University. It was really a challenging job to practice the theoretical knowledge with the real life experience.

This internship program and the study have some important purposes which are as follows:

- To get the real life experience,
- To get and organize detail knowledge on the job responsibility.
- To compare the real scenario with the knowledge gained in BRAC University
- To fulfill the requirement of MBA Program.

This report is the result of three months long internship program conducted at Standard Bank Limited and is prepared as a requirement for the completion of the MBA program of BRAC University. As a result I needed to submit this report based on the “Foreign Exchange Performance and Bank’s Profitability: an Evaluation of SBL”

3.3 Objective of the report

The main objective of the report is to know the Foreign Exchange Performance and Bank's Profitability: an Evaluation of SBL (Mohakhali Branch). Another objective is to fulfill the requirements of the MBA program. For this like everyone I had to select an organization and I had chosen the Standard Bank Limited.

The objective of the study may be viewed as:

- To present an over view of The Standard Bank Limited.
- To analyze the Foreign Exchange Transaction procedures maintained by the SBL.
- To know the regulation and deregulation regarding Foreign Exchange in Bangladesh.
- To analyze the import, export and foreign remittance procedure maintained by Standard Bank Limited.
- To gain the depth knowledge of import and export portfolio of the Bank.
- To know overall activities of the Foreign Exchange division.
- To evaluate the success of Foreign Exchange operation.
- To know about the various documents and procedures which are used in banking services of International Trade.

3.4 Methodology

Methods followed to perform a job or conducting activities to complete a task is called methodology. In conducting this study the following methodology was adopted in collecting data and information, preparation of reports etc. The methodology of report is given below.

- **Research Type:** This is a Descriptive Research, which briefly reveals the overall foreign exchange performance of Standard Bank limited.

3.5 Sources of Data

To prepare this report all the necessary information collected from ...

- Secondary sources
Annual Reports of *Standard Bank* limited, 2010, 2011, 2012, & 2013 other published documents of the, Standard Bank's Website.

3.6 Limitations

This report might be limited with some constraints. Details of many aspects of the services of Standard Bank Limited have been skipped in this report due to various constraints, including time and space. Moreover, one of the main barriers in writing this report was the confidentiality of data. Besides, for the preparation of this report I found that there are some limitation exists though I have given my greatest effort. Such as:

- The bankers are very busy with their job which lead me little time to consult with.
- Category wise export, import and remittance business; amount originated from the international trade is missing in the report for their restriction.
- In many cases, up to date information was not published.
- All the branches of the sample banks were not physically visited.
- Non-availability of reference books is another limitation.
- Due to time limitation many of the aspects could not be discussed in the present report. Learning all the functions within just 60 days is really tough.

However, omitting the limitations, the report will help to understand the Foreign Exchange Performance of the Bank.

Chapter: 4 Foreign Exchange Operations

4.1. Foreign Exchange

One of the largest businesses carried out by the commercial bank is foreign trading. The trade among various countries falls for close link between the parties dealing in trade. The situation calls for expertise in the field of foreign operations. The bank, which provides such operation, is referred to as rendering international banking operation. Foreign exchange covers all business activities relating to import, export, inward and outward remittance and buying and selling of currency. International trade demands a flow of goods from seller to buyer and of payment from buyer to seller. In this case the bank plays a vital role to bridge between the buyer and seller.

In order to conduct foreign Exchange operation systematically and methodically the Foreign Exchange Regulation (FER) Act, 1947 enacted on the 11th march 1947 in the British –India provides the legal basis for regulating receipts and payments and dealings in the foreign exchange and securities. Basic regulations for conducting Foreign exchange Operation are issued by the Government as well as by the Bangladesh Bank in the form of Public Notice, circulars etc. From time to time Authorized Dealers (Ads) in Foreign Exchange should meticulously follow the said circulars and guidelines of Bangladesh Bank.

In Standard Bank Limited (Mohakhali Branch) foreign exchange division has one part which is foreign trade.

4.2 Foreign Exchange Trend at Standard Bank Limited

The International Division of Standard Bank Ltd. which is located at the Head Office, Tapa Complex, Bijoy Nagar is the central place of all international transaction that is conducted through the various branches of the bank. Total 18 branches of Standard Bank Ltd. have the license to perform international trade functions. Each of this AD branches have foreign exchange department whose sole purpose is to carry out the cross border transaction demanded by the customers.

The functions of such Foreign Exchange Department can be divided into three sections:

- (a) Import Section
- (b) Export Section, and
- (c) The Foreign Remittance Section

Here is a brief description of the functions:

a) Import Section

This section deals with the import of foreign commodities into Bangladesh. To import, a person should be competent to be an importer. According to Import and Export Control Act, 1950, the Office of Chief Controller of Import and Export provides the registration (IRC) to the importer. Import starts with the opening of an L/C till the payments are made to the foreign exporters. The import section is in turn is divided into two divisions. One division looks after Sight L/C and another one looks after Back to Back L/C. The Basic difference between these two types of L/C is that, sight L/C requires at sight payment for the imported items, the buyer should pay within three days of documents arrival. And on the other hand, the issuance period for Back to Back credit can range from two months to even a year depending on the L/C terms.

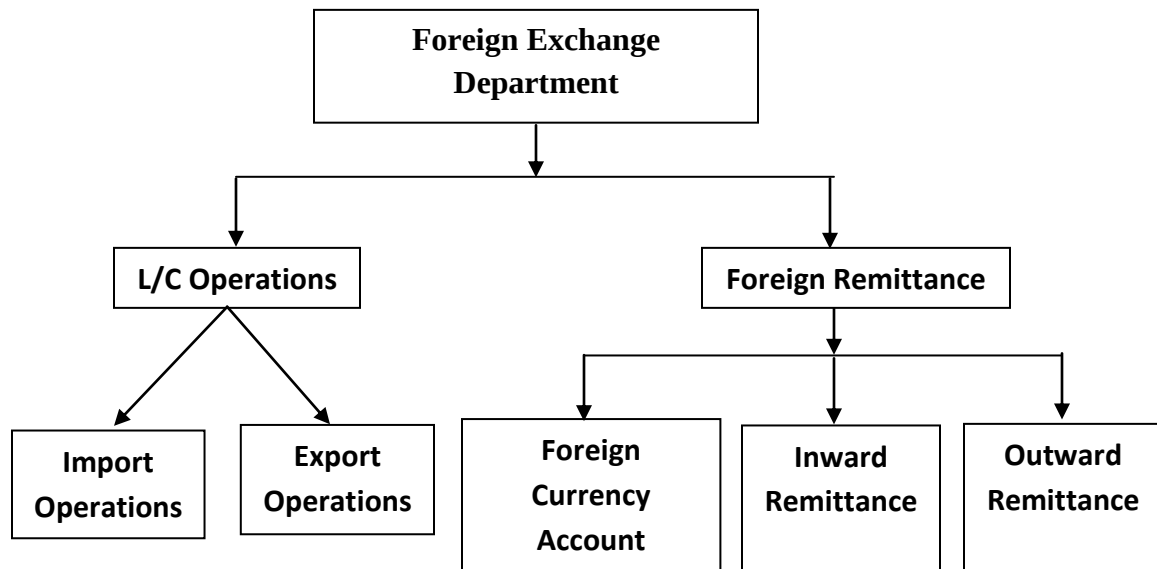
b) Export Section

All Export departments of Standard Bank's branches are equipped with facilities that would help an exporter ship their good beyond the nation's boundary, thus earning foreign currency for the country. And majority of such customers for Standard Bank Ltd are involved in the Ready Made Garment sector with only a few exporting other different commodities. Bangladesh exports most of its readymade garments products to U.S.A and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to U.S.A.

c) Foreign Remittance Section

Foreign remittance can be stated as the purchase and sale of freely convertible foreign currency as admissible under Exchange Control Regulations of the country. Inward remittance is the purchase and outward remittance is the sale of foreign currency. Later this section will be discussed.

Functions of the Foreign Exchange Department can be showed as below.



4.3. Regulation for Foreign Exchange Division

Foreign Exchange transactions are being controlled by the following rules and regulations.

❖ Local Regulations:

- Foreign exchange act 1047,
- Bangladesh Bank issues Foreign Exchange Circular from time to time to control the export, import and remittance operation.
- Ministers of commerce issues export and import policies giving basic formalities for import and export.
- Sometimes CCI issues public notices for any kind of change in Foreign Exchange transaction.
- Bangladesh Bank publishes two volumes in 1996. These comprise the complete instructions to be followed by the authorized dealers in transactions related to Foreign Exchange.

4.4 Letter of Credit

Letter of Credit (L/C) is a credit contract whereby the buyer's bank is committed (on behalf of the buyer) to place an agreed amount of money at the seller's disposal under some agreed conditions.

Since the agreed condition include amongst other things, the presentation of some specified documents, the letter of credit is called Documentary Letter of Credit.

The Uniform and practices for Documentary credit published by International Chamber of Commerce (1993) Revision, publication no 500 defines Documentary Credit:

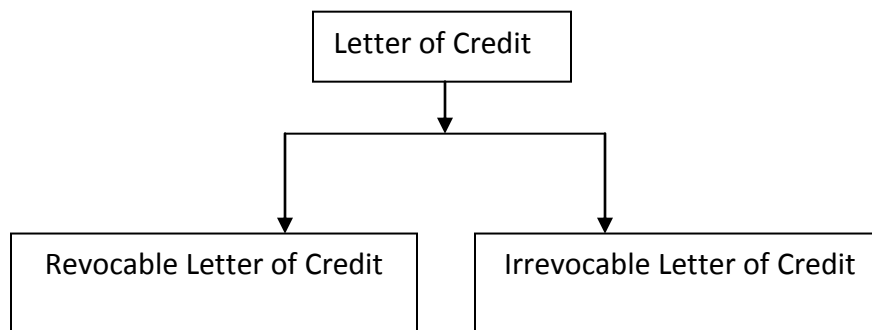
“Any arrangement, however named or described, where by the bank (issuing bank) acting at the request and on the instructions of a customer (the applicant) or its own behalf.”

1. Is to make a payment to or the order of a third party (the beneficiary) or is to accept and pay bills of exchange drawn by the beneficiary.
2. Authorizes another bank to effect such payment.
3. Authorizes another bank to negotiate against stipulated documents provided that the terms and conditions are complied with.

4.5. Types of Letter of Credit (L/C)

Letter of Credit basically divided into two types.

1. Revocable L/C
2. Irrevocable L/C



➤ **Revocable L/C**

Revocable L/C is a credit which can be cancelled by issuing bank, without any prior notice to the seller. Here the buyer's maximum flexibility is maintained as this kind of L/C can be amended at any time up to the moment of payment. In modern banking system the existence of this kind of L/C is not that much widespread.

➤ **Irrevocable L/C**

An irrevocable credit is a documentary credit, which cannot be revoked, varied or changed/amended or cancelled without the consent of all parties- buyer (Applicant), seller (Beneficiary), Issuing Bank, and Confirming Bank (in case of confirmed Letter of Credit). Irrevocable Credit gives the seller greater assurance of payments, but he/she remains dependent on an undertaking of a foreign bank. In the issuance of Irrevocable Letter of Credit both the Issuing and Conforming Bank have some liability.

Some other kinds of L/C are:

1. Revolving Letter of Credit,
2. Standby Letter of Credit,
3. Red clause Letter of Credit,
4. Transferable Letter of Credit,
5. Negotiable Letter of Credit,
6. Sight Payment Letter of Credit,
7. Deferred payment Letter of Credit,

1. Revolving Letter of Credit

The term revolving L/C is used in that kind of L/C where the goods are delivered in installment at specified intervals. The amount available at any one time is equivalent to the value of one partial delivery.

A revolving credit can be cumulative or non-cumulative means that amount from unused or incompletely used portions can be carried forward to subsequent period.

2. Standby Letter of Credit

Standby credits are available mostly in the USA. Under the laws of most US states, banks are prohibited from issuing regular quarantines, so credits are used instead of those. In Europe the use of this type of credit is increasing by virtue of their documentary credit, stand-by credits are governed by the UCP.

3. Red clause Letter of Credit

In these kinds of Letter of Credit the seller or beneficiary can get an advance agreed amount of money from the correspondent bank, against the goods that are going to be delivered under the documentary credit. The beneficiary has to give a receipt and a written undertaking on receiving the advances to present the required documents before the credit terminates.

The using bank takes the responsibility of the credited amount but the advance is paid to the correspondent bank. If the beneficiary fails to present the required documents and to refund the advance, the correspondent bank credits the issuing bank not only with the credited amount but also with the interest amount. The issuing bank, in turn, has reveres to the applicant, who therefore bears the risk for the advance and the interest accursed.

4. Transferable Letter of Credit

Transferable Letter of Credits is well accepted in the international trade. A trader who receives payments in the form of a transferable documentary credit from a buyer can use that credit to pay his own suppliers. The buyer supplies for an irrecoverable credit issued in the traders favor. The irrecoverable credit must be authorized as transferable by the issuing bank.

After getting the confirmation of credit the trader can request his bank to transfer the credit to his supplier. The bank cannot affect the transfer except it is particularly approved to so. The costs of the transfer are usually charged to the trader and the transferring bank is entitled to delete them in advance.

5. Negotiation Letter of Credit

Here the term Negotiation means the purchase and sale of bill of exchange or other marketable securities. It is a commercial letter of credit opened by the issuing bank in the currency of its own country and is addressed directly to the beneficiary. This letter is directly delivered to the addressee by a correspondent bank.

This kind of letter of credit allows the beneficiary to draw a bill of exchange on the using bank, on any other named drawer or on the applicant for the credit. The beneficiary can then present this bill to a bank for negotiation, together with the original letter of credit and the documents fixed therein.

Payment of the bill of exchange is guaranteed by the issuing bank on the condition that the documents presented by the beneficiary are in order. The most common form of negotiation credit permits negotiation by any bank. In rare case the choice is limited to specified banks.

6. Sight Payment Letter of Credit

This type of letter is most commonly in today's business world. After receiving all the documents sent by the seller, if the buyer finds everything is alright then he gives the permission to his bank to pay the money to the seller at once (may be within 5 working days). But the banks are allowed to take reasonable time to examine the documents if they want.

7. Deferred Payment Letter of Credit :

Under a deferred payment credit the beneficiary does not receive payment when his presents the documents but at a later date specified in the credit. On presenting the required documents, he receives the authorized banks written undertaking to make payment of maturity. In this way the importer gains possession of the documents before being debited for the amount involved. In this type of L/C process the seller receives an interest for the enhanced time period.

Items	Period
Industrial Raw Materials (For own use)	Maximum 180 Days
Back to Back Imports	Maximum 180 Days
Agricultural Implements & Chemical Fertilizer	Maximum 180 Days
Capital Machinery	Maximum 360 Days
Coastal Vessel	Maximum 360 Days
Life Saving Drugs	Maximum 360 Days

4.6. Some terms in Foreign Exchange

❖ Parties involved in L/C operations

- **The Applicant:** The importer at whose request a letter of credit is issued is known as the applicant or buyer. The letter of credit is opened by the opening

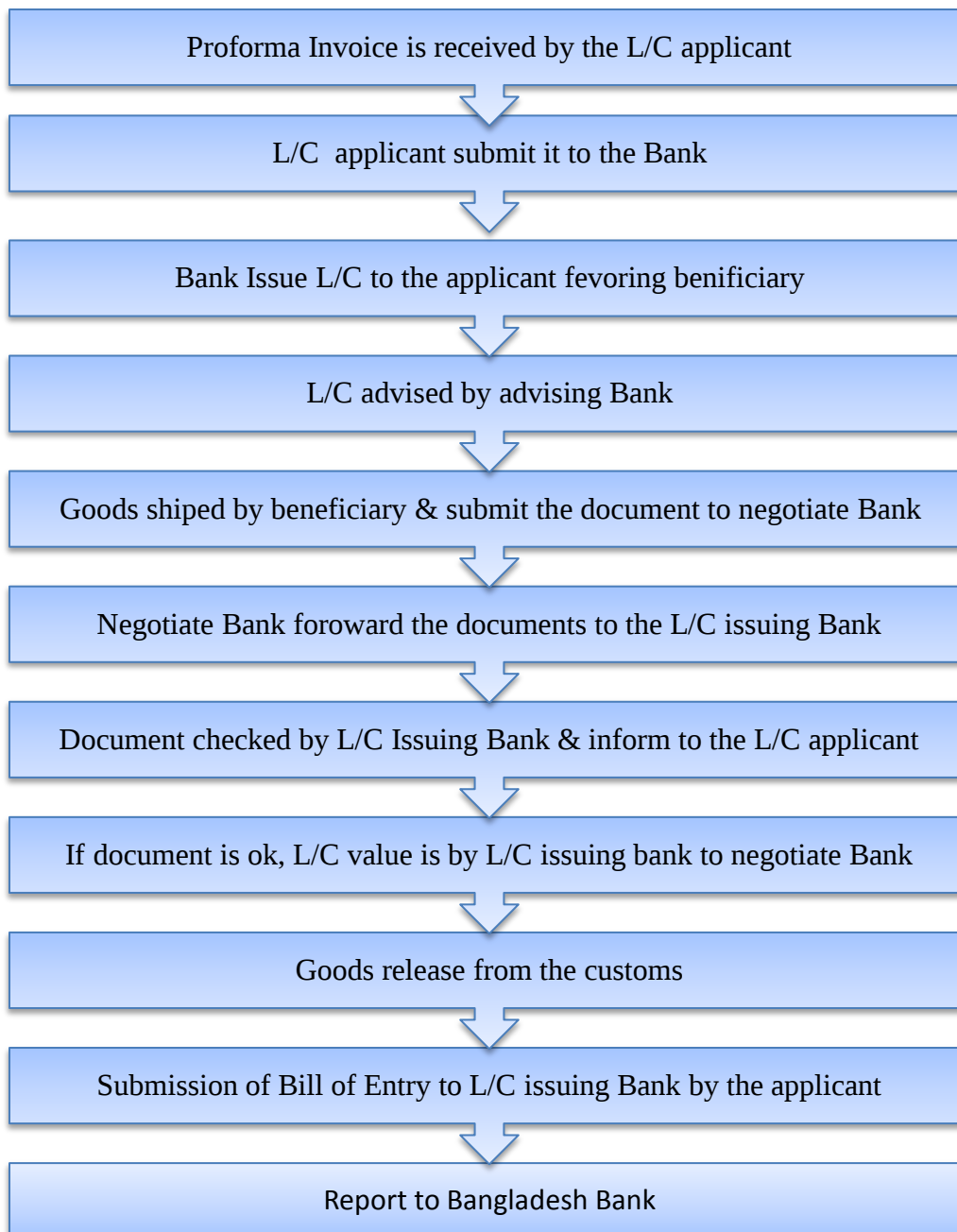
bank, on the strength of the contract he makes with the exporter, for the purchase of some goods. Applicant must be the client of the issuing bank.

- **The Beneficiary/ Exporter/ Seller:** The exporter in whose favor the credit is opened and to whom the letter of credit is addressed is known as the beneficiary. As the seller of goods he is entitled to receive payment which he does by drawing bills under the letter of credit (L/C). As soon as he has shipped the goods and has collected the required documents, he draws a set of papers and presents it with the documents to the opening bank or some other bank mentioned in the L/C. After checking all those papers if the opening bank found everything is ok then, the bank goes for further processing.
- **The Issuing Bank:** The bank that issues or opens Letter of credit on behalf of the importer is known as the issuing bank. It is also known as the importer's buying bank.
- **The Confirming Bank:** The confirming bank is a bank that at the request of issuing bank adds its confirmation to the credit. It could be the advising bank or may not be.
- **The Advising Bank:** The advising bank acts as an agent of the issuing bank, to advise L/C to the exporter or beneficiary. It is a bank situated in the exporter's country the issuing bank it may be a branch of the opening bank or a correspondent bank. It may also assume the role of confirming bank and /or negotiating bank depending upon the conditions of the credit.
- **Reimbursing Bank:** It is a bank acting as an agent of the issuing bank, authorized to make payment or to honor reimbursing claim of the negotiating bank.
- **Negotiating Bank:** This bank provides value to the beneficiary against presentation of documents complying credits terms. Usually this is the exporter's bank that purchases the export documents.
- **The Notify Party:** The party to whom the arrival of shipment has to be notified or to be informed is called the Notify Party.

4.7 Import Department

Import L/C is handled by Mr. Shah Alam Mia (Senior Executive Officer). When L/C comes from the applicant, he checks all the terms & condition of the L/C & also check the validity of the L/C. L/C may come from SWIFT/ TELEX. Each of them creates different charges for the clients. L/C can be deferred or at sight.

In Brief the Import Process



- **Steps in an Import Letter of Credit Transaction**

- ▶ **The Sales Contract**

The sales contract is the formal agreement between the buyer and seller specifying the terms of sale that both parties have agreed upon. The contract should include: a description of the goods; the amount; the unit price; the terms of delivery; the time allowed for shipment and presentation of documents; the currency; and the method of payment.

- ▶ **Application & Agreement**

The bank's letter of Credit application and agreement forms, when executed, constitute a payment and reimbursement contract between the issuing bank and its customer. It is also the customer's instruction to the issuing bank. The letter of Credit must be issued exactly in accordance with the customer's instructions; therefore, it is important that the application be completed fully and accurately, so as to avoid the inconvenience of having to have the letter of Credit amended. The agreement constitutes an undertaking by the customer to reimburse the issuing bank for drawings paid in accordance with the terms of the letter of Credit and normally takes the form of an authorization to debit the customer's account.

An importer will request banker to open L/C along with the following documents.

- An application
- Indent or Pro forma Invoice
- Import Registration Certificate (IRC)
- Taxpayer's Identification Number (TIN)
- Insurance cover note with money receipt
- A bank account in SBL.
- Membership of chamber of commerce

- **L/C Application Form (LCAF)**

L/C Application Form is a sort of an agreement between customer and bank on the basis of which letter of credit is opened SBL; Main Branch provides a printed form for opening of L/C to the importer. Special adhesive stamp of value Tk. 150.00 is affixed on the form in accordance with Stamp Act. While opening, the stamp is cancelled. Usually the importer expresses his decision to open the L/C quoting the amount of margin in percentage.

Usually the importer gives the following information:

- Full name and address of the importer
- Full name and address of the beneficiary
- Draft amount
- Availability of the credit by sight payment/acceptance/negotiation/deferred payment

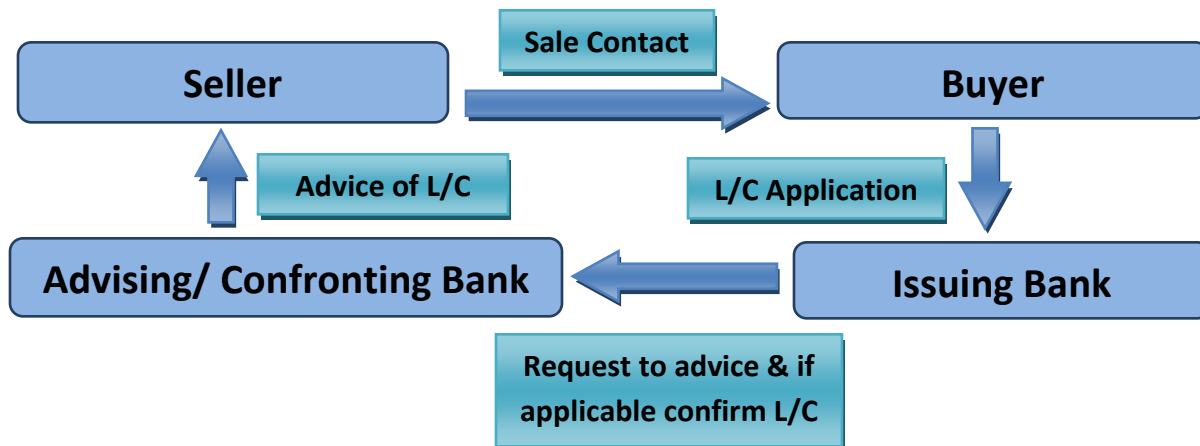
- Time bar within which the documents should be presented
- Sales type (CIF/FOB/C&F)
- Brief specification of commodities, price, quantity, indent no. etc.
- Country of origin
- Bangladesh Bank registration number
- Import License/LCAF number
- IRC number
- Account number
- Documents number
- Insurance Cover Note / Policy number, date, amount
- Name and address of Insurance Company
- Whether the partial shipment is allowed or not
- Whether the transshipment is allowed or not
- Last date of shipment
- Last date of negotiation
- Other terms and conditions (if any)
- Whether the confirmation of the credit is requested by the beneficiary or not.
- The L/C application must be completed/filled in properly and signed by the authorized person of the importer before it is submitted to the issuing bank.

• **Issuance of the letter of Credit**

The issuing bank prepares the letter of Credit as specified in the application and forwards it by tile-transmission or airmail to the advising bank, (a branch or correspondent of the issuing bank). The issuing bank instructs the advising bank as to whether or not to add its confirmation, as per their customer's instructions.

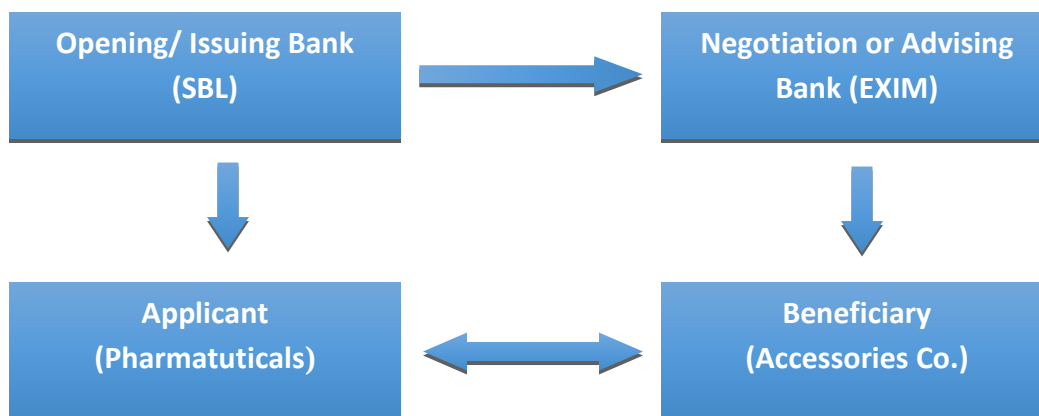
• **Advising**

The advising bank forwards the letter of Credit to the beneficiary (seller) stating that no commitment is conveyed on its part. However, if the advising bank has been asked to confirm the letter of Credit and agrees to do so, it will incorporate a clause undertaking to honor the beneficiary's drafts, provided the documents evidence that all terms and conditions of the letter of Credit have been complied with.



- **Local or Back to Back L/C**

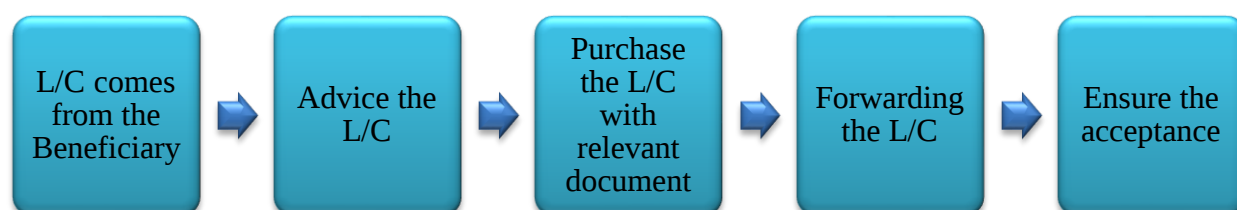
Local or Back to back L/C is handled by S.A. Siddique Sumon At first we have to understand what is Back to Back or Local L/C. If the Exporter Exports the garments products as shirt, then he have to also purchase the bottom, logo, tag, yarn etc. for the shirt. And in this case, if the exporters have not enough money to purchase that, then the Bank help the exporter to purchase the accessories by lien the L/C. 75% of master L/C can be a lien as Back to Back L/C. 100% of master L/C cannot be the Back to Back L/C because, there will be no profit if 100% value is used in purchasing raw material. So here 25% is the profit of the exporter or to perform the other maintenance costs, Labor costs etc. There are 4 parties in Back to Back L/C.



The Diagram says that, the applicant give order to purchase accessories to the Beneficiary through Standard Bank, SBL open the L/C and send it to the Beneficiary's negotiating bank. After receiving the raw materials, applicant makes payment to the Negotiate bank through opening bank. The beneficiary receives the payment from the Negotiate bank. Another term in case of Local/Back to Back L/C is "Purchase". Purchasing of L/C means that, the local L/C can be lien to bank & take the payment before expire date of the L/C. The Exporter when open an

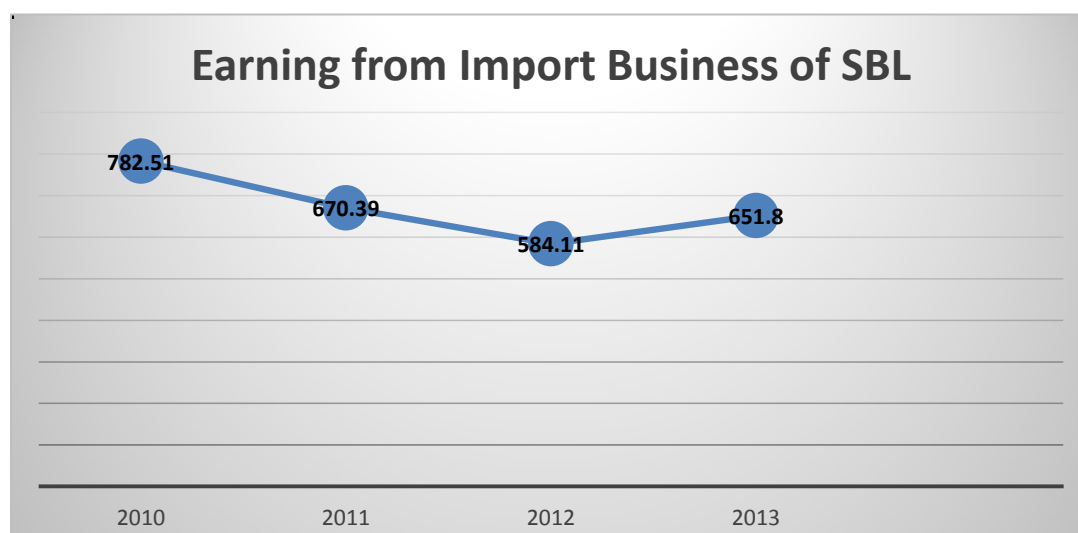
L/C to purchase the raw materials, then the Exporter becomes the applicant in that case & the supplier of the raw materials becomes the beneficiary. The L/C has an expire date with in which the beneficiary have to supply the products to the applicant. And after receiving the products, the applicant makes payment to the beneficiary. The beneficiary can get the L/C value before the L/C expire date through purchasing the back to back L/C. Here Bank purchases the 75% to 95% of total L/C value. Here Bank cuts some charges like, advising charge, postage charge etc. When the purchase amount is below \$10,000 then the total charge is BDT 675, and when the purchase amount is above \$10,000 then the total charge is BDT 1200.

The total process of Back to Back L/C from opening to purchasing is given below:



- **Earning from Import Business**

Year	Import (USD Million)	Import (Millon Taka)
2013	651.80	51036.10
2012	584.11	48499.70
2011	670.39	50497.18
2010	782.51	54777.71



Earning from Import Business of SBL

Interpretation

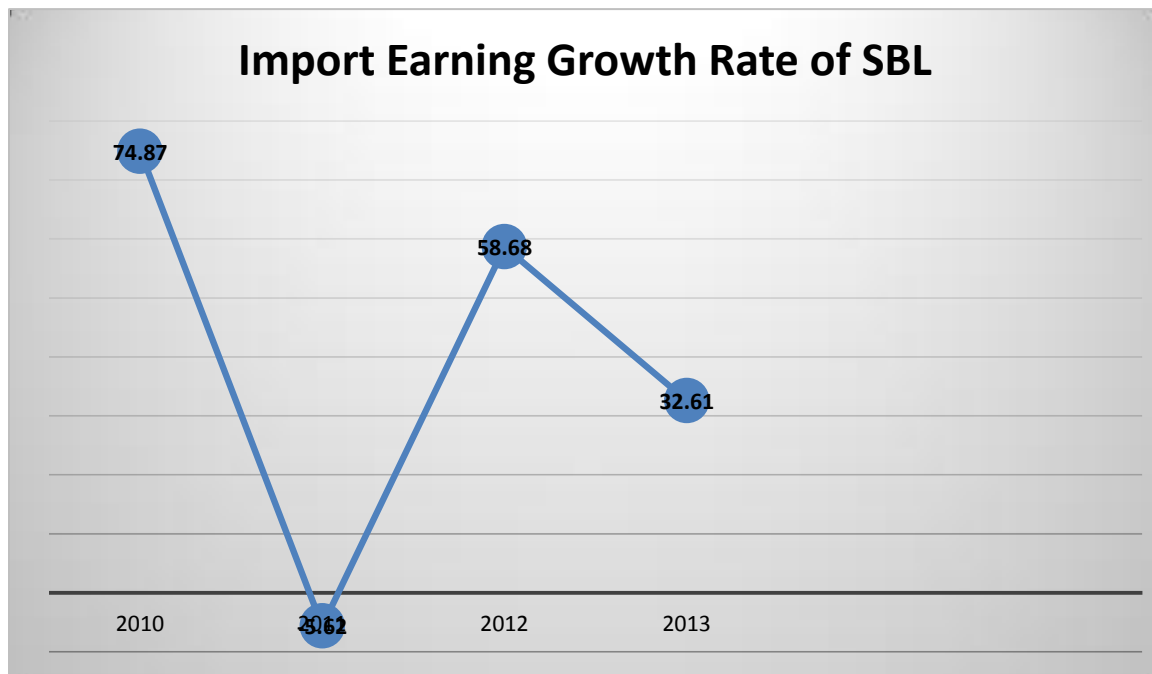
The graph represent the earning from import has increased. In 2012 the bank made a lower Import business than 2011. As a result slightly lower income than 2011 but not unsatisfied level. Despite, in 2010 the bank made a huge income from Import. It was the highest income during the last four years. But in 2013 the income is gradually increase in ascending way.

Import Earning Growth Rate

Year	Growth Rate
2010	74.87%
2011	-5.62%
2012	58.68%
2013	32.61%

Source: Foreign Exchange Department of SBL

Graphical presentation



Interpretation

From the above graph it can be interpreted that, the growth rate of import earning was better in 2010. Although the bank made a huge business in 2011 but lost the percentage of income so the growth rate shows negative sign. In 2011 sector was very badly affected due to economic recession. In 2012 the bank made a good growth that is 58.68%. But in 2013 that growth rate is filled by 26.07% compared to year of 2012 and in 2013 growth rate reached to 32.61%.

Portion of Import Income on Total Income

Year	Import earnings (USD. in millions)	Total Income (Tk. in millions)	Earning percentage of Import
2009	214.63	2798	7.67%
2010	375.34	4165	9.01%
2011	354.22	5546	6.38%
2012	562.09	7795	7.21%
2013	745.39	9893	7.53%

Source: Foreign Exchange Department of SBL

Graphical presentation

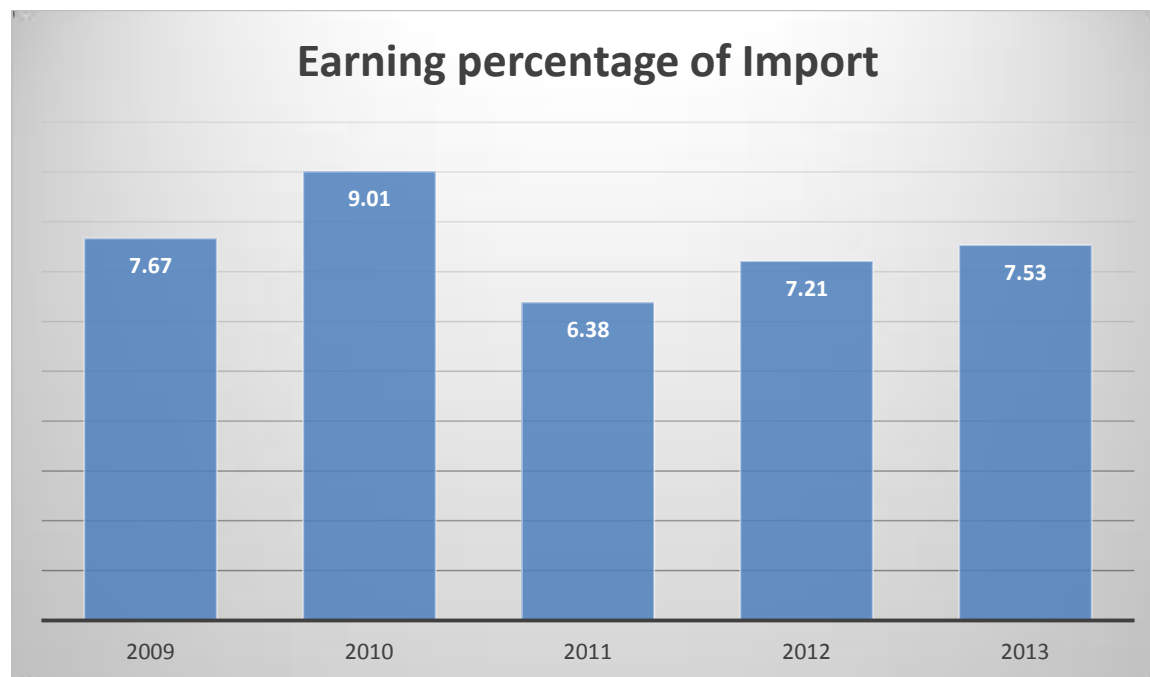


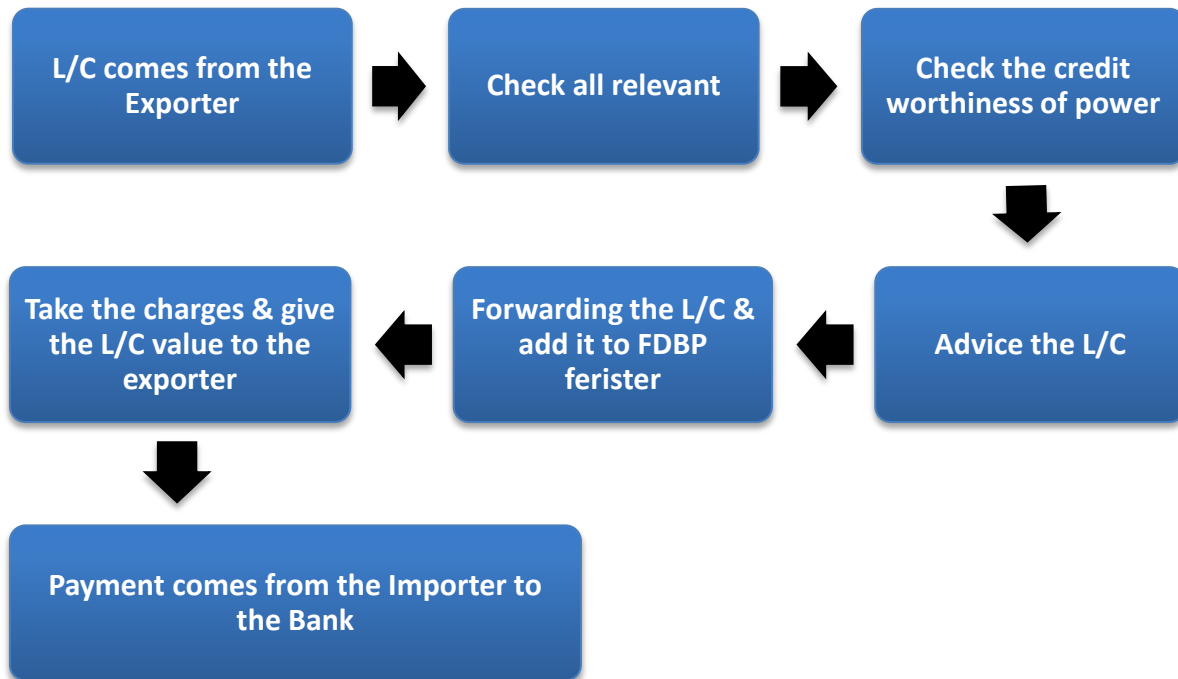
Figure – 13: Portion of Import Income on Total Income

Interpretation

The graph shows that the Import income consistently a stable contribution on total income though during the last four years. But in 2011 it was lowest for the economic great fall. In 2010 the contribution was highest.

4.8 Export Department

Mainly L/C is the confirming from the Bank that, if the importer fails to make payment to the exporter, then the bank will pay the exporter on behalf of the importer. The exporter can lien the L/C to bank and can get the payment before the L/C expire date. Here the bank cuts charges for it, and that is the bank profit. The step that Md. Monirul Islam follows to handle the export L/Cs are:



• Export Incentives

A. Financial Incentives

- Restructuring of Export Credit Guarantee Scheme;
- Expansion of export credit period from 180 days to 270 days;
- 50% tax rebate on export earnings Duty draw back;
- Bonded warehouse facilities to 100% export oriented firms;

- Duty free import of capital equipment for 100% export oriented firms;
- **B. General Incentives**
- National Export Trophy to successful exporters;
- Training course on external trade;
- Arrangement of international trade fairs, commodity-based exhibitions in the country
- and participation in foreign trade fairs;

C. Other Incentives

- Assistance in improvement of quality and packaging of exportable items;

• Export Procedures

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

• Obtaining Export Registration Certificate (ERC)

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

• Securing the Order

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

• Obtaining EXP

After having the registration, the exporter applies to SBL with the trade license, ERC and the Certificate from the concerned Government Organization gets EXP. If the bank is satisfied, an EXP is issued to the exporter.

• Signing of the Contract

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

• Receiving the Letter of Credit

After getting contract for sale, exporter should ask the buyer for Letter of Credit clearly stating terms and conditions of export and payment.

After receiving L/C, the following points are to be looked for:

- The terms of the L/C are in conformity with those of the contract.
- The L/C is an irrevocable one, preferably confirmed by the advising bank.
- The L/C allows sufficient time for shipment and a reasonable time for registration.
- If the exporter wants the L/C to be transferable, divisible and advisable, he should ensure those stipulations are specially mentioned in the L/C.

- **Endorsement on EXP**

Before the exporters with the customs/postal authorities lodge the export forms, they should get all the copies endorsed by SBL. Before shipment, exporter submits exp. form with commercial invoice. Then SBL officer checks it properly, if satisfied, certifies the exp. without it, exporter he cannot make shipment. The customer must declare all exports goods on the EXP issued by the authorized dealers.

Disposal of Export Forms

- **Original:** customs authority reports first copy of EXP to Bangladesh Bank after Shipment of the goods.
- **Duplicate:** Negotiating bank reports the Duplicate to Bangladesh Bank in or after negotiation date but not later than 14 days from the date of shipment.
- **Triplicate:** on realization of export proceeds the same bank to the same authority reports Triplicate.
- **Quadruplicate:** Finally, the negotiating bank as their office copy retains Quadruplicate.

- **Shipment of Goods**

Exporter makes shipment according to the terms and condition of L/C.

- **Presentation of Export Documents for Negotiation**

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

- Bill of exchange or Draft.
- Bill of Lading
- Invoice
- Insurance Policy/Certificate
- Certificate of origin
- Inspection Certificate

- Consular Invoice
- Packing List
- Quality Control Certificate
- G.S.P. certificate
- Photo - Sanitary Certificate.

- **Cash against Document (CAD) Contract**

In lieu of export LC export can also be made against execution of contract of sale and purchase between the buyer and seller. Usually a CAD contract is made in case of exporting Jute goods. There are some Bangladesh Jute Mills Corporation (BJMC) enlisted intermediary firms. They make CAD contract with the importer. Some intermediary firms the client of SBL. After making contract, the intermediary firm (original exporter) purchases jute from a jute mill. Then, the jute mill's bank usually an NCB sends forwarding with the following documents to SBL.

- Commercial invoice made by the jute mill
- Bill of exchange drawn on exporter payable to jute mills bank (authorized that bank as " pay to the order of SBL ")
- Mills specification
- EXP form - triplicate and quadruplicate on which seal and signature of authorized officer of the jute mill's bank is given.

Along with these jute mill documents exporter presents own documents, which were required by the CAD contract.

Exporter presents the documents for negotiation to SBL and request to remit the amount at which he purchased jute from jute mill to the jute mill's bank and credit the rest to his account in SBL.

- **Examination of Document**

Banks deal with documents only, not with commodity. As the negotiating bank is giving the value before repatriation of the export proceeds it is advisable to scrutinize and examine each and every document with great care whether any discrepancy(s) is observed in the documents. The bankers are to ascertain that the documents are strictly as per the terms of L/C Before negotiation of the export bill. Bank officers assigned for examining the export documents may use a checklist for their convenience.

Earning from Export Business

Year	Amount in BDT (million)
2009	118.83
2010	217.87
2011	247.59
2012	444.87
2013	614.96

Source: Foreign Exchange Department of SBL

Graphical presentation



Figure – 14: Earning from Export Business SBL

Interpretation

From the graph, it is interpreted that the income from the export of SBL has increased from the year of 2009 to 2013 because of the increasing of export business. The income of export is highest in 2013 (Tk. 614.96 million) where the income was only Tk. 118.83 million in 2009.

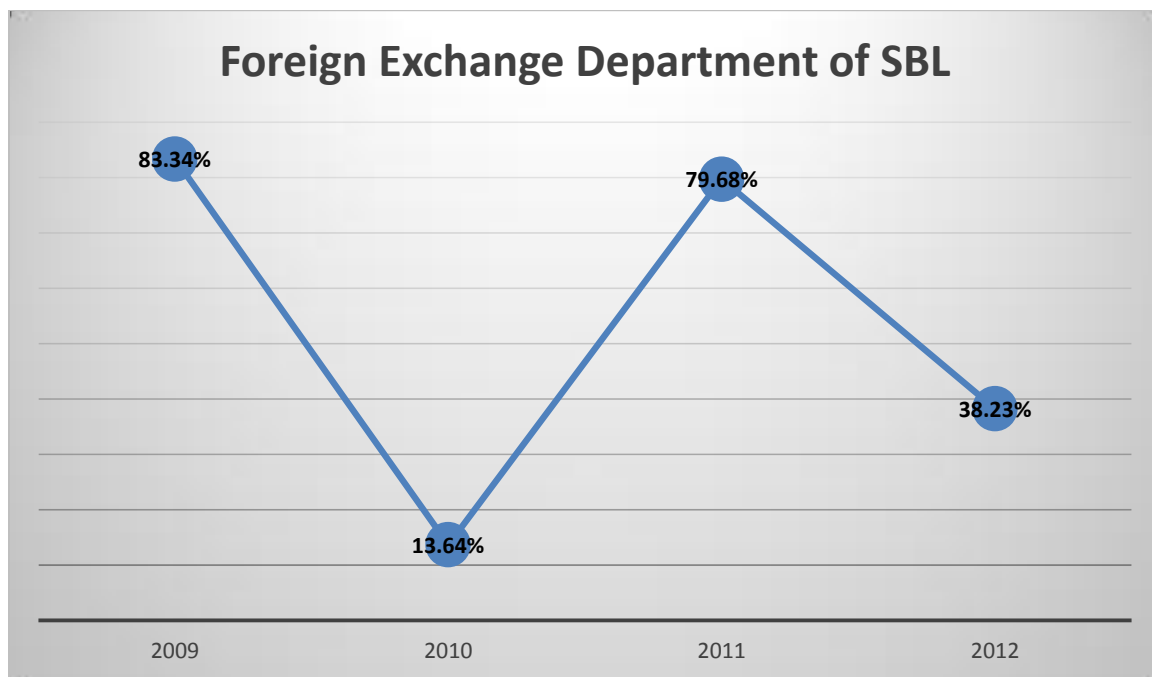
- Export Earnings Growth Rate**

Year	Growth Rate
2009	83.34%
2010	13.64%

2011	79.68%
2012	38.23%

Source: Foreign Exchange Department of SBL

Graphical presentation



Interpretation

Although the export business and the export earning gradually increased in every year but the earnings growth was not in the same pace. The graph shows that from the year 2010 to 2011 growth rates were remarkable but fall in 2009. In 2010 the world economy faced great recession after 1934. Bangladeshi bank industry also was affected by the recession. In 2011 again the earning was in the increasing trend which is near 80%, But In 2012 again the growth rate fall. That means the growth rate was fluctuated in last four years.

4.9 Remittance Department

On March 24, 1994 Bangladesh Taka was declared convertible for Current account International Transaction. As a prelude to this wide-ranging reforms were made in the country's foreign exchange regime to lay the ground for a market friendly environment to induce investment,

growth and productivity. Following liberalization under convertibility, most remittances are now approved by the Authorized Dealers themselves on behalf of the Central Bank. Only a few remittances of special nature require Bangladesh Bank's prior approval.

Standard Bank Limited maintains a strong network with the Overseas Exchange Companies & Banks in different parts of the world ensuring better remittance services for its customers. The following are the list of Overseas Exchange companies/Banks having arrangement with Standard Bank Bangladesh Limited.

In Standard Bank (Mohakhali Branch) there is several exchange companies used for remittance. Here the list of it.

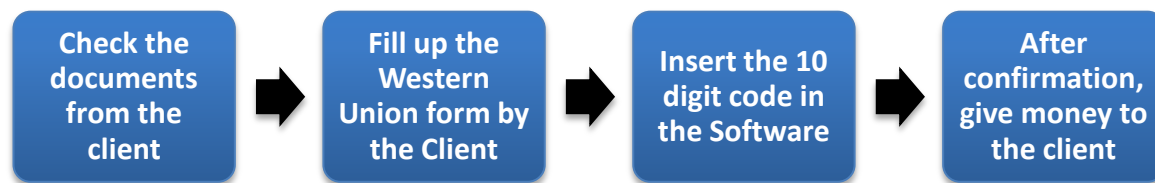
SL	Name of Exchange Company	Location
01	Wall Street Exchange Centre	UAE
02	Rupali Exchange (Europe) LTD	UK
03	National Wxchange Company, S.L.R	Italy
04	Al Ahlia Money Exchange Bereau	UAE
05	SN money Exchange LTD	UK
06	Economic Exchange Centre	UAE
07	Maniflo Money Exchange Ltd	USA
08	Bangladesh Money Exchange	Canada
09	Global Exchange Italia Sri, Italy	Italy
10	Al-Zaman Exchange	Qatar
11	Asia Pecific Foreign Exchange	Canada
12	Trust Exchange UK Ltd	UK
13	Express Money Services	Global
14	Western Union Money Transfer	Global

Western Union Money transfer & Xpress Money Services are popularly used. In case of Western Union, there is used 10 digit code, & in Xpress Money Services, 16 digit codes are used. In case of other services, there is used 8 digit code. In case of Western Union Money Transfer, The client should have to show the following documents:

- Valid Passport. Or

- National ID Card. Or
- Driving License. Or
- Certificate from the commissioner.

After checking all the documents, authority gives Western Union form to the client. After filling the form by the client, He transfers the information in the Western Union Software. Then receive the 10 digit code number from the client & then give money to the client. Then he keeps the records in a Remittance Register.



• Outward Remittance

The term "Outward remittances" include not only remittance i.e. sale of foreign currency by TT, MT, Drafts, Travelers cheque but also includes payment against imports into Bangladesh & 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 from T.M. is used.

• Inward Remittance

The term" Inward Remittance" includes not only purchase of Foreign Currency by TT, MT, Drafts etc. but also purchases of bills, purchases of Traveler's cheques. 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 form EXP.

Form 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.

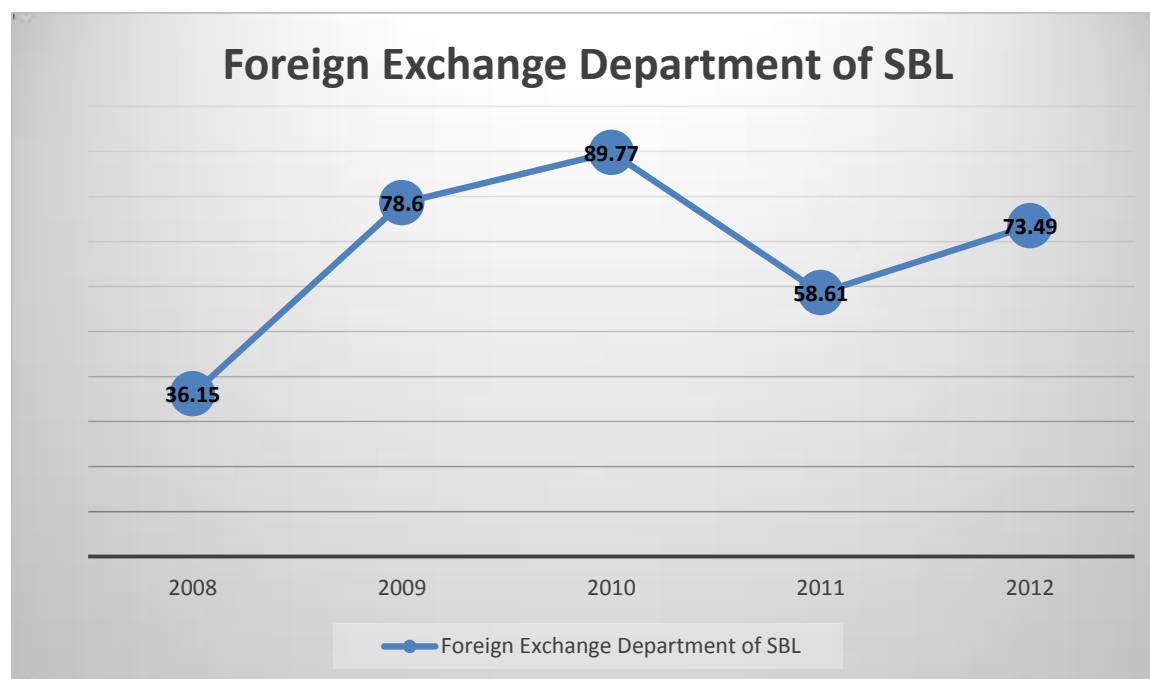
Utmost care should be taken while purchasing Currency Notes, Travelers cheque, Demand Draft & similar Instrument for protecting the bank from probable loss as well as safety of the Bank officials concerned.

- **Earning from Foreign Remittance**

Year	Amount in BDT (million)
2008	36.15
2009	78.6
2010	89.77
2011	58.61
2012	73.49

Source: Foreign Exchange Department of SBL

Graphical presentation



Interpretation

The impact of the fluctuation of foreign remittance business affects the earning of foreign remittance income. The income from foreign remittance also fluctuated like the foreign

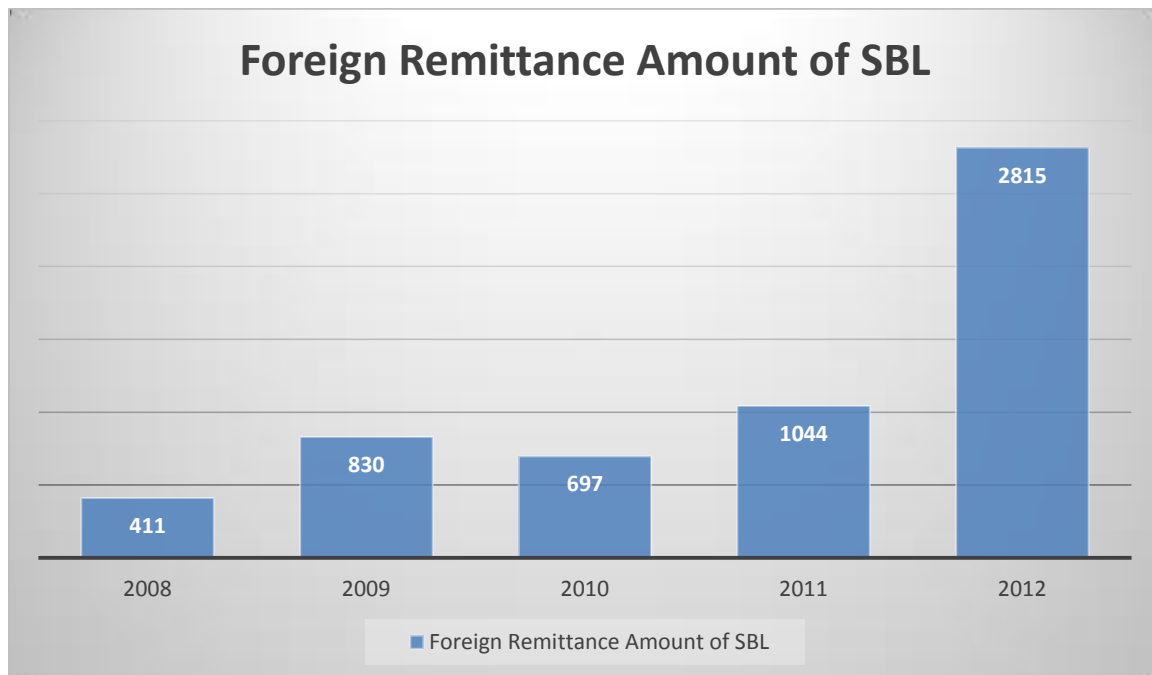
remittance business. The income has fallen in 2011. It was the impacts of great economic fall in 2010. Its bit by bit recover in 2012.

- **Amount of Foreign Remittance of SBL**

Year	Amount in BDT (million)
2008	411
2009	830
2010	697
2011	1044
2012	2815

Source: Annual Report of SBL (2008-2012)

Graphical presentation



Interpretation

The foreign remittance performance of SBL was not satisfactory in 2010 & 2008. The remittance was increased in 2009 & 2011. But remarkable improvement was shown in during the last four years of 2012.

- **Foreign Remittance Earnings Growth Rate**

Year	Growth Rate
2009	117.42%
2010	14.21%
2011	-34.71%
2012	25.38%

Source: Foreign Exchange Department of SBL

Graphical presentation:

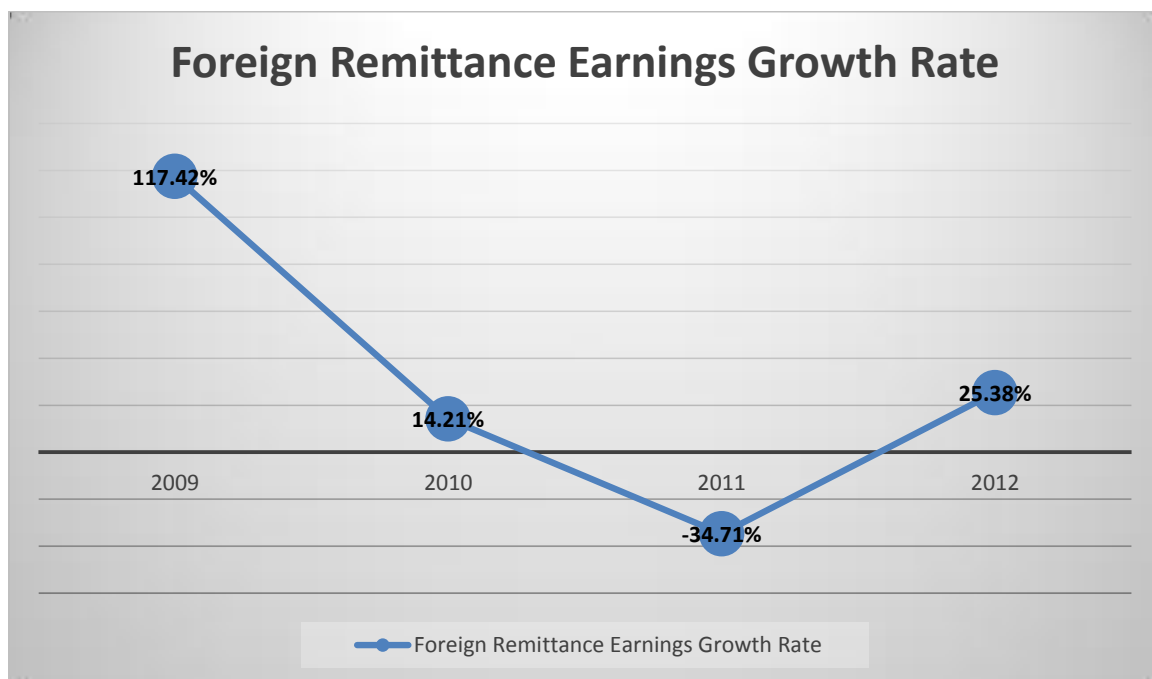


Figure – 20: Foreign Remittance Earnings Growth Rate

Interpretation

From the graph, it is interpreted that SBL didn't stay a well position after 2009. The income of remittance has huge grown in 2012. From 2009 to before 2011 the remittance growth rate was sequentially declined and it was badly affected in 2011. but in 2012 the growth rate was recovered and bit by bit it increases.

- **Total earning from Foreign Exchange**

Here the table shows the last five years earning of Foreign Exchange department of Standard Bank Ltd.

Particulars	2008	% of	2009	% of	2010	% of	2011	% of	2012	% of
	(Tk. mln)	total F.ex	(Tk. mln)	total F.ex	(Tk. mln)	total F.ex	(Tk. mln)	total F.ex	(Tk. mln)	total F.ex
Import	214.63	58.07 %	375.34	55.87 %	354.22	51.22 %	562.09	52.75 %	745.39	51.99 %
Export	118.83	32.15 %	217.87	32.43 %	247.59	35.80 %	444.87	41.75 %	614.96	42.89 %
Foreign Remittance	36.15	9.78 %	78.6	11.70 %	89.77	12.98 %	58.61	5.50 %	73.49	5.12 %
Total FEx earning	369.61	100 %	671.81	100%	691.58	100 %	1065.57	100 %	1433.84	100 %

Total earning of Foreign Exchange Department of SBL.

Interpretation

The table shows that the most portion of foreign exchange income comes from the import income. In every year the import income was over 50%. It was slightly fluctuate in every year but not below 50%. The second portion of foreign exchange income comes from the export business. It has increased in every year. In 2008 it was 32.15% which increased in 2012 to 42.89%. Rest of the portion of income comes from the foreign remittance. It was the lowest part of income. This income fluctuates in every year. It has fluctuated from 5.12% to 13%. But in 2012 represent the lowest foreign remittance income during the last five year. In 2012 it was decreased by 5.12% compared to 2011. Total income also increased year by year.

7.10. Foreign Exchange income in 2012

Import	Export	Remittance
52%	43%	5%

Table – 17: Percentage of Foreign Exchange incomes in 2012

Source: Annual Report of SBL 2012

Graphical Presentation



Interpretation

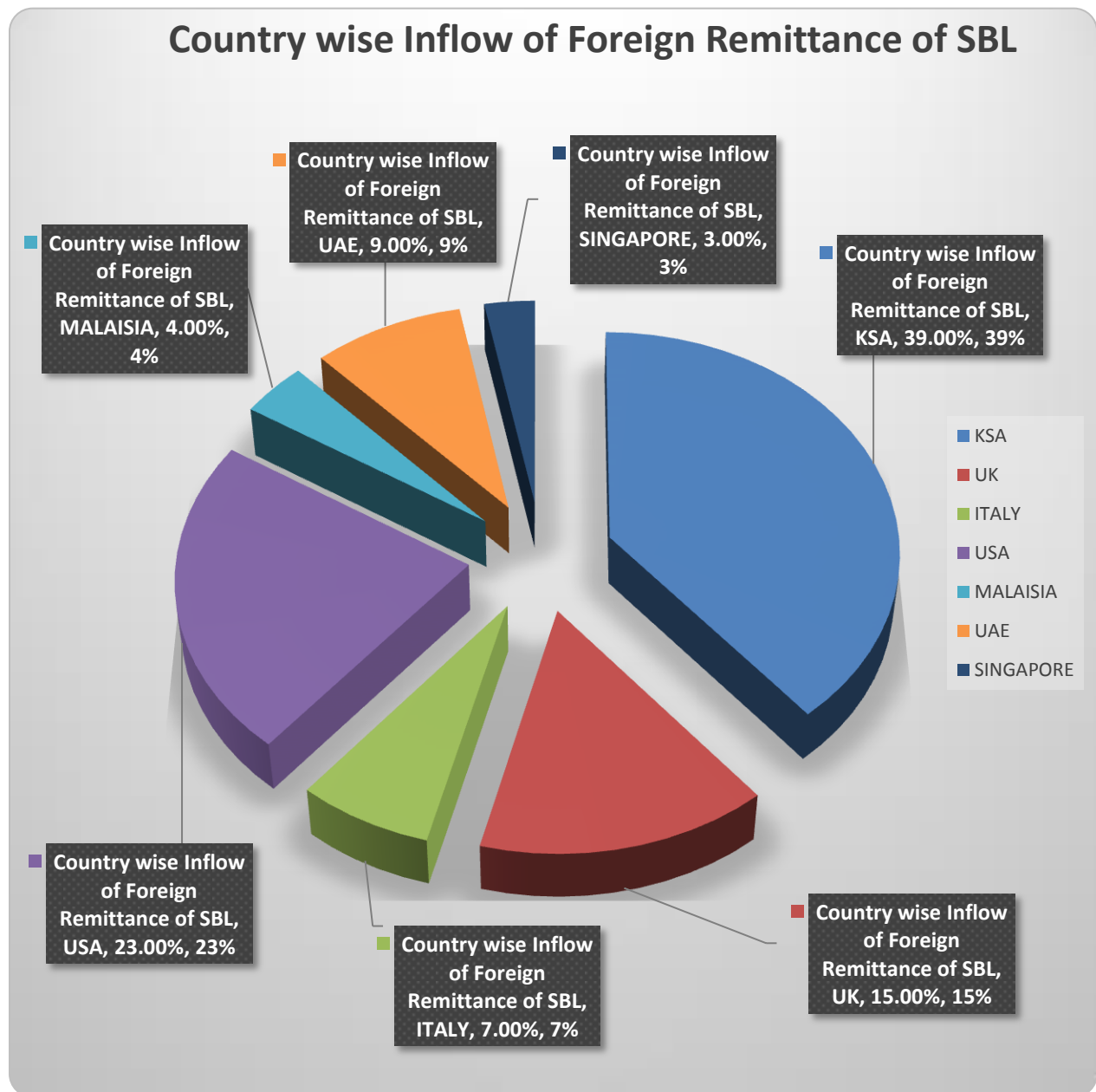
The largest portion of foreign exchange earnings comes from import business. The earnings of import business is 52% & 43% comes from export business and lower portion only 5% comes from remittance business.

- **Country wise Inflow of Foreign Remittance of SBL**

Standard Bank Ltd received foreign remittance from different countries. SBL received highest remittance 39% from Kingdom of Saudi Arab.

Source: Foreign Exchange Dept. of SBL

Graphical Presentation



Interpretation

Above diagram mentioned the percentage of foreign remittance inflow of SBL from different country. The diagram shows that the highest foreign remittance inflow earned from Kingdom of Saudi Arab, 39%. The second highest foreign remittance inflow earned from USA, 23%. UK, UAE& Italy have also good contribution in the remittance.

4.10 Major Findings

- Standard Bank is in a better position in respect of import business because the import business increased gradually every year. As a result the income from import business also increased every year except 2010.
- The export business has increased every year during last five years. As a result the income from export also increased during the year of 2008-2012.
- The remittance business didn't show the same scenario like import and export. It fluctuates in last five years. Standard Bank made huge business in 2009 but reduced in 2010. It has an impact on foreign exchange earnings.
- The growth rate of import earning fluctuates during the last five years. In 2010 Standard Bank had lost income than 2009. But in 2011 its earn more than 2012 and again lost its earning in 2012.
- The growth rate of export earning fluctuates during the last five years. In 2010 Standard Bank had lower growth rate than other years.
- The growth rate of remittance earning show a disappointment result during the last five years. In 2009 Standard Bank had made a good earning but faced a huge fall in 2010 and its turning point is 2011 to 2012, within this time its recover its losses and bit by bit it increases.
- Import business is the main source of income of foreign exchange business of Standard Bank. Above 50% foreign exchange earned from import in every year.

4.11 Analysis of findings

From the practical exposure of Standard Bank Limited at Mohakhali Branch for just three months. It is not so easy to recommend some suggestions to enhance the performance level of the organization. On the basis of observation following recommendations are made.

1. The Bank should give more concentration of foreign remittance to increase profit from the remittance. Though the remittance performance of SBL for the last year was very bad so the performance and profit should be increase year by year.
2. Though the import and export business increased year by year, but the bank's income growth rate very much fluctuated during the last four years except year of 2011-2012. So the bank should try to sustain a constant growth rate.
3. The export business of the bank is on an increasing trend. So the bank should try to keep the pace of growth.
4. The export earnings growth rate take downturn for the last year was not in the same pace of growth of export business.
5. In over all foreign exchange earnings, remittance contributes a small portion only 10-13%. More than 50% comes from import business. Bank should try to increase earning

from export. It should concentrate more effort to improve export earnings and remittance earnings for our economy.

6. The import performance is little bit lower in the year of 2012 compared to 2011, so the bank should try to put more concentration for the amount of import.
7. The export earnings growth rate and import earning growth rate were very much fluctuated during the last five years. So bank should try to keep a constant growth rate.
8. Finally recommend to SBL is to improve the remittance performance as this sector performance is not very well.

4.12 Conclusion

Standard Bank limited is a leading Public bank in Bangladesh with superior customer bases that are loyal, faithful, worthy towards the bank. The service provided by the young energetic officials of the Standard Bank Limited is very satisfactory.

During my internship in Mohakhali branch I have found its Foreign Exchange department to be very efficient; therefore this department plays a major role in the overall profitability of the branch and to the Bank as a whole. . It has a large portfolio with huge assets to meet up its liabilities and the management of this bank is equipped with the expert bankers and managers in all level of management. I would rather feel like producing my personal opinion about the ongoing practices in Mohakhali Branch.

Standard bank limited is a new generation bank. It is committed to provide high quality financial service to contribute to the growth of G.D.P. of the country through simulation trade & commerce, accelerating the pace of industrialization, boosting up export, creating employment opportunity for the educated youth, poverty alleviation, raising standard of living of limited income group and overall sustainable socio-economic development of the country.

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