



“Customer Satisfaction of
the Foreign Exchange Department,
Prime Bank Limited, Mouchack Branch.”

INTERNSHIP REPORT ON

“Customer Satisfaction of the Foreign Exchange Department Prime Bank Limited, Mouchack Branch.”

Guided by

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LETTER OF TRANSMITTAL

8th November, 2012

Mr. Showvonick Datta,
Lecturer,
BRAC Business School
BRAC University.

Subject: Submission of internship report.

Dear Sir,

I am here by submitting my Internship Report, which is a part of the BBA Program curriculum. It is a great achievement to work under your active supervision. 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. With deep gratitude, I also acknowledge the help provided by Mr. Tareq Bin Mamun, Head of Foreign Exchange Department, Prime Bank Ltd. Mouchack Branch, for providing me utmost supervision during my internship in the organization.

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. I have concentrated my best effort to achieve the objectives of the report and hope that my endeavor will serve the purpose. The practical knowledge and experience gathered during my report preparation will immeasurably help in my future professional life.

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,

AnikaTabassum (08304093)

BRAC Business School

BRAC University.

ACKNOWLEDGEMENT

I would like to express my profound gratitude to all those who have been instrumental in the preparation of this internship report. I wish to place on records, my deep gratitude for the support, direction, and supervision in every aspect from Prime Bank Ltd. officials, my faculty, and friends and would like to thank **Mr. Khondoker Fazle Haider**, Executive Vice President and Head of Prime Bank Ltd. Mouchack Branch and **Ms. Sharmina Banu**, Senior Executive Vice President and Operation Manager of the Mouchack 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. Tareq Bin Mamun, , Head of Foreign Exchange Department Mouchack 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 Prime Bank Limited; especially the teams that I have worked in. I would like to mention the name of Ms. Fahmida Akhter (Officer of Foreign Exchange 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. Her guidance made it possible to end the voyage.

Finally and most importantly, I would like to concede the guidance of Mr. Showvonick Datta, Lecturer, BRAC Business School, for his expert advice and help in preparing this report without which I could not even come up with my report.

EXECUTIVE SUMMARY

This report will take a closer look on the customer satisfaction of the Foreign Exchange Department (L/C) of Prime Bank Limited Mouchack Branch, the company's different functions, its Strengths, Weaknesses, Opportunities and Threats. The report will focus on the learning that I have acquired from the company, in my time there as an Intern in the Foreign Exchange Department. The report will delve into studying the factors like Letter of Credit, Export Import operations, the employees' working quality and affectivity that affect the customer loyalty. The main purpose of the report is to see the customer satisfaction of the Foreign Exchange Department (L/C) of Mouchak Branch, Prime Bank Ltd. with the help of the answers from the questionnaire I have provided to the customers of the branch. There were some important factors such as distance from the customers' office, employee behavior, efficiency level of the employees, employee cooperation, reliability of storing the data, ease of access etc. The report will interpret the data presented, their effectiveness and their relative importance for Prime Bank Ltd. Mouchack Branch, as an organization and what the numbers imply for the customers. A tactful conclusion will then be brought up to summarize the findings of the report as a whole.

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Chapter: 01

INTRODUCTION

1.1 Banking Industry in Bangladesh

History of Banking in Bangladesh :

Bangladesh inherited its banking structure from the British regime and had 49 banks and other financial institutions before the Partition of India in 1947. The Dhaka Bank established in 1806 was the first commercial bank in the Bangladesh region of British India. Bengal Bank, the first British-Patronized modern bank established in India in 1784, had opened its two branches in 1873 in Sirajganj and Chittagong of Bangladesh region. Later in 1862, the Bengal Bank Purchased the Dhaka Bank and opened its first branch in Dhaka in the same year by reconstituting and merging the Dhaka Bank. Thereafter, another branch of Bengal Bank was opened in Chandpur in 1900. A number of other branches of Bengal Bank were opened in this region and some branches had been closed in Course of time. There were six other branches of Bengal Bank in operation in the territory of Bangladesh until the Partition of British-India in 1947 and these branches were at Chittagong (1906), Mymensing (1922), Rangpur (1923), Chandpur (1924), and Narayanganj (1926).

Following the emergence of Pakistan in 1947, Stat Bank of Pakistan, the Central Bank of the country, came into being in July 1948. Later, the National bank of Pakistan, a strong commercial bank was set up in 1949. In all, 36 scheduled commercial banks were in operation in the whole Pakistan until 1971. Pakistanis owned most of these banks and only three of them namely, National Bank of Pakistan, Habib Bank Ltd. and the Australasia Bank Ltd, had one branch of each in East Pakistan in 1949. During 1950-58, there other Pakistani-owned banks, Premier Bank Ltd., Bank of Bhowalpur Ltd. and Muslim Commercial Bank, had Opened their branch in East Pakistan. Four Pakistan-owned banks, the United Bank Ltd., Union Bank Ltd., Standard Bank Ltd. and the commerce Bank Ltd. Conducted banking business in the Province during 1959-1965. But all of them Had their headquarters in west Pakistan. East Pakistan had only two banks Owned by local business groups white headquarters in Dhaka. These were the Eastern Mercantile Bank Ltd. (Presently Pubali Bank Ltd.) and Eastern Banking Corporation Ltd. (Presently Uttara Bank Ltd.) established in 1959 and 1965 respectively.

In the beginning of 1971, there were 1130 branches of 12 banks in operation in East Pakistan. The foundation of independent banking system in Bangladesh was laid through the establishment of the Bangladesh Bank in 1972 by the Presidential Order No. 127 of 1972 (which took effect on 16th December, 1971). Through the Order, the eastern branch of the former State Bank of Pakistan at Dhaka was renamed as the Bangladesh Bank as a full-fledged office of the central bank of Bangladesh and the entire undertaking of the State Bank of Pakistan in, and in relation to Bangladesh has been delivered to the Bank.

Bangladesh Bank has been entrusted with all of the traditional central banking functions including the sole responsibilities of issuing currency, keeping reserves, formulating and managing the monetary and credit policy, regulating the banking system, stabilizing domestic and external monetary value, preserving the par value of Bangladeshi taka, fostering economic growth and development and the development of the country's market.

The Bangladesh Bank's (Nationalization) Order enacted in 1972 nationalized all banks except foreign ones. Six nationalized banks were formed through merging the existing banks of the period.

The rate of growth and development of banking sector in the country was extremely slow until 1983 when the government allowed to establish private banks and started denationalization process, initially the Uttara Bank in the same year and thereafter, The Pubali Bank, and the Rupali bank in 1986.

Economic history shows that development has started everywhere with the banking system and its contribution towards financial development of a country is the highest in the initial stage. Schumpeter (1933) regarded the banking system as one of the two main agents (other being entrepreneurship) in the whole process of development. Keynes also emphasized the role of banking services in the process of economic development of a country, while SHE was addressing the House of Lords regarding International and Monetary System (quoted in Sharma 1985). Moreover Alexander Gershenko (1962) in his popularly known "Gershenkron's Hypothesis" explained the banking system as the key role player at certain stage of the industrialization process.

Modern banking system plays a vital role for a nation's economic development. Over the last few years the banking world has been undergoing a lot of changes due to deregulation, technological innovations, globalization etc. These changes in the banking system also brought revolutionary changes in a country's economy. Present world is changing rapidly to face the challenge of competitive free market economy. It is well recognized that there is an urgent need for better, qualified management and better-trained staff in the

dynamic global financial market. Bangladesh is no exceptions of this trend. Banking Sector in Bangladesh is facing challenges from different angles though its prospect is bright in the future.

History of Private Banks in Bangladesh:

There were no domestic private commercial banks in Bangladesh until 1982; When the Arab-Bangladesh Bank Ltd. commenced private commercial banking in the country. Five more commercial banks came up in 1983 and initiated a moderate growth in banking financial institutions. Despite slow growth in number of individual banks, there had been a relatively higher growth of branches of nationalized commercial banks (NCBs) during 1973-83. Their number had increased from 1512 in 1973-74 to 4603 in 1982-83.

Financial sector reforms to strengthen the regulatory and supervisory framework for banks made headway in 2006 although at a slower than expected pace. Overall health of the banking system showed improvement since 2002 as the gross Non-performing Loans (NPL) declined from 28 percent to 14 percent while net NPL (less Provision) reduced to 8 percent from 21 percent. This led significant improvement in the profitability ratios. Although the Private Commercial Banks (PCB) NPL ratio registered a record low of 6 percent, the four Nationalized Commercial Banks (NCB) position are still weak and showed very high NPL at 25 percent. The NCBs have large capital shortfalls with a risk-weighted capital asset ratio of just 0.5 percent (June 2006) as against the required 9 percent. For the PCBs risk-weighted capital asset ratio stood at 10 percent. Bangladesh Bank issued a good number of prudential guidelines during the year 2006 and the first quarter of 2007 which among others relate to:

- Rationalization of prudential norms for loan classification and provisioning,
- Policy for rescheduling of loans,
- Designing and enforcing an "integrated credit risk grading manual",
- Credit rating of the banks, and
- Revisions to the make-up of Tier-2 capital.

Besides, recent decision of the Government to corporatize the remaining three NCBs along with the initiative to sale the Rupali Bank are bound to usher in changes in the banking sector competitiveness aspect. Bangladesh Bank has also taken up the task of implementing the Basel II capital accord. Further, the recent enactment of the Micro-credit Regulatory Authority Act (MRAA) for the regulation of the Micro Finance

Institutions (MFI) has been a major development in the year 2006. Since 1998 CAMEL rating of banks gradually improved and in 2006 Bangladesh Bank updated this rating model by incorporating the market risk and the new Model is known as CAMELS.

Modern banks play an important part in promoting economic development of a country. Banks provide necessary funds for executing various programs underway in the process of economic development. They collect savings of large masses of people scattered throughout the country, which in the absence of banks would have remained idle and unproductive. These scattered amounts are collected, pooled together and made available to commerce and industry for meeting the requirements. Economy of Bangladesh is in the group of world's most underdeveloped economics. One of the reasons may be its underdeveloped banking system. Government as well as different international organizations have also identified that underdeveloped banking system causes some obstacles to the process of economic development. So they have highly recommended for reforming financial sector. Since, 1990, Bangladesh government has taken a lot of financial sector reform measurements for making financial sector as well as banking sector more transparent formulation and implementation of these reform activities has also been participated by different international organization like world Bank, IMF etc.

Current Structure of Banks in Bangladesh:

Bangladesh Bank (BB) has been working as the central bank since the country's independence. Its prime jobs include issuing of currency, maintaining foreign exchange reserve and providing transaction facilities of all public monetary matters. BB is also responsible for planning the government's monetary policy and implementing it thereby. The BB has a governing body comprising of nine members with the Governor as its chief. Apart from the head office in Dhaka, it has nine more branches, of which two in Dhaka and one each in Chittagong, Rajshahi, Khulna, Bogra, Sylhet, Rangpur and Barisal.

List of the Banks of Bangladesh:

- **Central Bank (Bangladesh Bank):**

Pursuant to Bangladesh Bank Order, 1972 the Government of Bangladesh reorganized the Dhaka branch of the State Bank of Pakistan as the central bank of the country, and named it Bangladesh Bank with retrospective effect from 16 December 1971.

- **State-owned commercial banks:**

The banking system of Bangladesh is dominated by the 4 Nationalized Commercial Banks In which 3 is totally controlled by government and one bank (Rupali Bank) is controlled by both government and private sector., which together controlled more than 54% of deposits and operated 3388 branches (54% of the total) as of December 31, 2004²

- **Nationalized Commercial Bank of Bangladesh:**

- Sonali Bank,
- Agrani Bank,
- Rupali Bank.
- Janata Bank.

- **Private commercial banks**

Private Banks are the highest growth sector due to the dismal performances of government banks (above). They tend to offer better service and products. Now 31 private commercial banks are operating in Bangladesh. Here is the list -

- United Commercial Bank Limited
- Mutual Trust Bank Limited
- BRAC Bank Limited
- Eastern Bank Limited
- Dutch Bangla Bank Limited
- Dhaka Bank Limited
- Islami Bank Bangladesh Ltd
- Uttara Bank Limited
- Pubali Bank Limited
- IFIC Bank Limited
- National Bank Limited
- The City Bank Limited
- NCC Bank Limited
- Mercantile Bank Limited

- Prime Bank Limited
- Southeast Bank Limited
- Al-Arafah Islami Bank Limited
- Social Islami Bank Limited
- Standard Bank Limited
- One Bank Limited
- Exim Bank Limited
- Bangladesh Commerce Bank Limited
- First Security Islami Bank Limited
- The Premier Bank Limited
- Bank Asia Limited
- Trust Bank Limited
- Shahjalal Islami Bank Limited
- Jamuna Bank Limited
- ICB Islamic Bank
- AB Bank

Beside this on 2012 Govt. also permitted 6 new banks to operate.

- Union Bank
- Modhumati Bank
- The Farmers' Bank
- Midland Bank
- Meghna Bank
- South Bangla Agriculture and Commerce Bank

- **Foreign commercial banks**

10 foreign commercial banks are operating in Bangladesh. These are -

- Citibank
- HSBC
- Standard Chartered Bank
- Commercial Bank of Ceylon
- State Bank of India
- Habib Bank Limited

- National Bank of Pakistan
- Woori Bank
- Bank Alfalah
- ICICI Bank

- **Specialized development banks**

Out of the specialized banks, two (Bangladesh Krishi Bank and RajshahiKrishiUnnayan Bank- only for the development of the agriculture of the north Bengal of Bangladesh) were created to meet the credit needs of the agricultural sector while the other two (BangladeshShilpa Bank (BSB) & Bangladesh ShilpaRinSangtha (BSRS) are for extending term loans to the industrial sector.The Specialized banks are-

- Karmasangsthan Bank
- Bangladesh Krishi Bank
- RajshahiKrishiUnnayan Bank
- Progoti Co-operative Landmortgage Bank Limited (Progoti Bank)
- Grameen Bank
- Bangladesh Development Bank Limited
- Bangladesh Somobay Bank Limited(Cooperative Bank)
- Ansar VDP Unnyan Bank
- BASIC Bank Limited (Bangladesh Small Industries and Commerce Bank Limited)

1.2 Origin of the report

Internship Program of BRAC University is the most significant part to accomplish the 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 BBA 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 BBA Program.

This report is the result of three months long internship program conducted at Prime Bank Limited and is prepared as a requirement for the completion of the BBA program of BRAC University. As a result I needed to submit this report based on the “Customer Satisfaction of the Foreign Exchange Department of Prime Bank Limited.”

1.3 Objective of the report

The main objective of the report is to know the Customer Satisfaction of the Foreign Exchange Department (L/C) of Prime Bank Limited (Mouchack Branch). Another objective is to fulfill the requirements of the BBA program. For this like everyone I had to select an organization and I had chosen the Prime Bank Limited.

The objective of the study may be viewed as:

- General objective
- Specific objective

General objectives:

The general objective of this report is to prepare an internship report based on both the real life experience and the theoretical experiences on the topic of the “Customer Satisfaction of the Foreign Exchange Department (L/C) of Prime Bank Limited. “

Specific objectives:

In the line with the specific objective, the detailed objective of the study may be spelled out as follows.

- To know the regulation and deregulation regarding Foreign Exchange in Bangladesh.
- To analyze the export and import procedure maintained by Prime Bank Limited.
- To identify the problems in export and import operation in Prime Bank Limited.
- To gain the depth knowledge of import and export portfolio of the Bank.
- To know about the various documents and procedures which are used in banking services of International Trade

- To analyze the customer satisfaction of the LC opening department of Prime Bank Limited, Mouchack Branch.

It is not possible to carry out a research to figure out the overall “Customer Satisfaction of Foreign Exchange (L/C) Department of Prime Bank Ltd.”, because of some restrictions created by the authority. So I have narrowed down the topic and now it stands as “The Customer Satisfaction of Foreign Exchange (L/C) Department of Prime Bank Ltd., Mouchack Branch.”

1.4 Scope of the Report:

This study consists the observations and on the job experiences during the internship period in the Foreign Exchange Departments at Prime Bank Ltd, Mouchak Branch. The report will illustrate a basic reflection of overall activities regarding Import and Export Procedure under Letter of Credit at Prime bank Ltd. While preparing this report I had an opportunity to gain deep knowledge about the banking services and foreign exchange department. I have also come through different managerial personalities while conducting the research. It has mainly focused on the customer satisfaction of the Foreign Exchange (L/C) Department.

This report also contains a detail description of my experience that I have gathered through my work in this internship period.

1.5 Methodology:

Data source:

The study has been performed based on the information extracted from the different sources collected by using a specific methodology.

Data Collection:

Source of data of this study can be divided into two categories.

Primary data collection:

I have used three techniques of Primary Resources for my research and they are as followed:

- ❑ Personal Observation.

- ❑ Face to Face Interviews.
- ❑ Practical work.
- **Personal Observation:** Observation means the process of recognizing, watching and noting people and objects rather than asking for information. The advantage of this kind of data collection is to remove the elements of bias and effect of reaction from research. I always tried to observe the officers, the staffs and the clients of this department and tried to gather as much relevant information as possible.
- **Face to face Interview and survey:** I have gathered information about the LC process followed by the bank through interviewing and discussing with the in-charge of Foreign Exchange department of the branch Md. Tareq Bin Mamun, my direct supervisor Ms. Fahmida Akhter and I have also talked and made a survey on the clients of this department with a questionnaire regarding their satisfaction level.
- **Practical Work:** I have worked for the Foreign Exchange department mostly when I was an intern at Prime Bank Limited. While working there I have tried to collect imperative and necessary data which I needed to accomplish this report.

Secondary data collection:

To complete my report along with primary data I need some secondary data related to my topic. Relevant literature like published and unpublished thesis, books, reports etc. have been reviewed with a view to increase the knowledge regarding the issue.

I have mainly used:

- Annual Report 2011 of Prime Bank Ltd.,
- Bangladesh Bank Publications,
- Website of Prime Bank Ltd.
- Other websites, relevant books, research Papers, and Journals

1.6 Limitation of the report

Since I have done this kind of report for the first time, it was quite difficult to sustain the expectation level from my side. From beginning to end the study has been conducted with the intention of making it as complete and resourceful one. However many problems had aroused while conducting the study.

- Prime Bank Ltd. maintains strict confidentiality about providing their financial information; therefore it was quite difficult to obtain all the necessary data that was required to complete the report. Thus in those cases there could be a certain level of inaccuracy.
- Data from different sources were quite inconsistent which created some problems in making the report.
- Major part of the report is based on the face-to-face interviews, which consists of views and opinions of those people. In some cases some of them were not able to provide concrete facts or figures. In this case as well some assumptions had to be made.
- It was not possible to get permission from the authority to visit and gather information from all the branches of Dhaka zone. That is why I had to narrow down my topic to “The LC process followed by the Prime Bank Ltd and the “Customer Satisfaction of the Foreign Exchange Department (L/C) of Prime Bank Limited.”
- Finally, the nature of information of the project part is somewhat confidential and critical to analyze. It was quite difficult to have the sufficient knowledge and understanding and using those information in a short period of Internship program.

Research Design:

The study was conducted as a descriptive research, Descriptive research answers the questions who, what, where, when and how. The description is used for frequencies, averages and other statistical calculations.

Target Population and sample Size:

The target population is the organizations those get benefits from Prime Bank Limited, Mouchack Branch. The population size is 13 companies; those are involved in Prime Bank Limited, Mouchack Branch and the respondents were 10 of them. So, the sample size is 10. For some limitations it was not possible to take information from the rest of the 3 companies.

List of the clients of Prime Bank Mouchack Branch Foreign Exchange Department:

- Moon Ready Wears Ltd.,
- SARK Ready Wears Ltd.,
- K.A.S. Knit Wears Ltd.,
- Duke Ready Wears Ltd.,

- Shreya Knit Wears Ltd.,
- Cardiac Solutions,
- AR Printing & Packaging Industries Ltd.,
- Siam International Ltd.,
- Corolla Corporation (BD) Ltd.,
- Kamal Textile Mills Ltd.,
- Mohammadi Electric Wires & Multi Products Ltd.,
- Amtar Textiles Ltd.,
- Anik Telecom Ltd.,

Among these clients I was able to collect data from 10 clients, so those were my respondents and sample, so the sample size is 10 and there are 13 clients in total in this department so my population size is 13.

Chapter 2

Company Overview: Prime Bank Limited

2.1 About Prime Bank Limited:

In the backdrop of economic liberalization and financial sector reforms, a group of highly successful local entrepreneurs conceived an idea of floating a commercial bank with different outlook. For them, it was competence, excellence and consistent delivery of reliable service with superior value products. Accordingly, Prime Bank was created and commencement of business started on 17th of April 1995. The sponsors are reputed personalities in the field of trade and commerce and their stake ranges from shipping and finance to energy etc.

As a fully licensed commercial bank, Prime Bank is being managed a highly professional and dedicated team with long experience in banking. They constantly focus on understanding and anticipating customer needs. As the banking scenario undergoes changes so is the bank and it repositions itself in the changed market condition.

Prime bank has already made significant progress within a very short period of its existence. The bank has been already graded as a top class bank in the country through internationally accepted CAMELS rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation.

Prime bank offers all kind of Commercial Corporate and Personal Banking services covering all segments of society within the frame work of Banking Company Act and rules and regulations laid down by our central bank. Diversification of products and services include Corporate Banking, Retail banking and Consumer Banking right from industry to agriculture, and real estate to software.

Prime Bank, since its beginning has attached more importance in technology integration. In order to retain competitive edge, investment in technology is always a top agenda and under constant focus. Keeping the network within a reasonable limit, its strategy is to serve the customers through capacity building across multi-delivery channels. Their past performance gives an indication of their strength. They are better placed and poised to take their customers through fast changing times and enable them compete more effectively in the market they operate.

2.2 History:

Prime Bank Ltd was incorporated under the Company ACT, 1994 on February 12, 1995. On this day filed a duly verified, declaration in the prescribed form that the condition of section 150 (1) (a) to (b) of the said Act, have been complied with is entitled to commence business as public limited company. PBL being a banking company has been registered under the Companies ACT 1913 with its registered office at 5, Rajuk Avenue, Motijheel C/A, Dhaka 1000, Later it was shifted to Adamjee Court Annex Building, 119-120, Motijheel C/A Dhaka 1000.

The Bank Operates as a schedule Bank under banking license issued by Bangladesh Bank the central banking of the country on April 17, 1995 though opening its Motijheel Branch at Adamjee Court Annex Building, 119-120, Motijheel C/A, Dhaka 1000. A group of renowned industrialist, business house and professionals of the country is sponsored from the incorporation of the bank. Initially the bank was having authorized capital of TK 1000 million and paid up capital of TK 100 million sponsored by 22 members of Board of Directors.

2.3 Founders:

Prime bank Ltd. inaugurated its operation in 1995 with TK 100 million paid-up by a group of highly successful entrepreneurs' from various fields of economic activities such as Shipping, Oil, Finance, Garments, textile and insurance etc. It is a full licensed scheduled commercial bank set up in the private sector in pursuance of the policy of the Government to liberalized banking and finance service.

The founder chairman of the bank Dr. R A Ghani is a doctorate in science. He was a member of the board of directors of Bangladesh Bank and a former minister of Bangladesh. The Former Governor of Bangladesh Bank Mr. Lutfar Rahman Sarkar was the first managing director of the bank. Highly professional people having wide experience in domestic and international banking are managing the bank. The bank has made significant progress within a very short time due to its very competent board of directors, dynamic management and introduction of various customer friendly deposit and loan products.

Prime Bank Exchange House:

Prime Bank (UK) Ltd. is committed to deliver remittance from NRBs in UK to every corner of Bangladesh rapidly with the best competitive exchange rate. With the view to evaluating its performance to the standard of the global financial organizations and internationalizing banking operations, this footstep of PBL would

also act as a catalyst in accelerating the socio-economic development of Bangladesh. Strong IT platform powered by “RemitFast”, remittance software developed by banks own IT team. The officials were given by a British expert on Anti Money-Laundering and UK Regulations in addition to simulated training before processing live transactions.

Prime Bank (UK) Ltd. is the second fully owned Exchange House of Prime Bank Ltd. while prime Exchange Co. Pte. Ltd was established in Singapore in 2006, as the first owned Exchange Company of Prime Bank Limited and the first ever fully owned Exchange Company in Singapore by any private Commercial Bank of Bangladesh.

On 25th August 2009 Prime Bank Limited got approval from Bangladesh Bank to establish PBL Exchange (UK) Ltd. Soon it was incorporated with Companies house of England and Wales on 19th November, 2009. Prime Bank Limited obtained money Laundering registration on 13th April, 2010 issued by HM Customs and Excise and it got registration of Financial services Authority of UK on 14th May 2010. Finally the grand opening of PBL Exchange (UK) was held on 2nd, 3rd, and 4th of August, 2010.

2.4 Slogan:

“A Bank with a difference”.

2.5 Vision:

To be the best Private Commercial Bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability having strong liquidity.

2.6 Mission:

- To Build Prime Bank limited into an efficient, market driven , customer focused institution with good corporate structure.
- Continuous improvement of our business policies , procedures and efficiency through integration of technology at all levels.

2.7 Core Values:

- **For customers:**

To become most caring Bank-by providing the most courteous and efficient service in every area of business.

- **For employees:**

By promoting the well-being of the members of the staff.

- **For shareholders:**

By ensuring fair return on their investment through generating stable profit.

- **For community:**

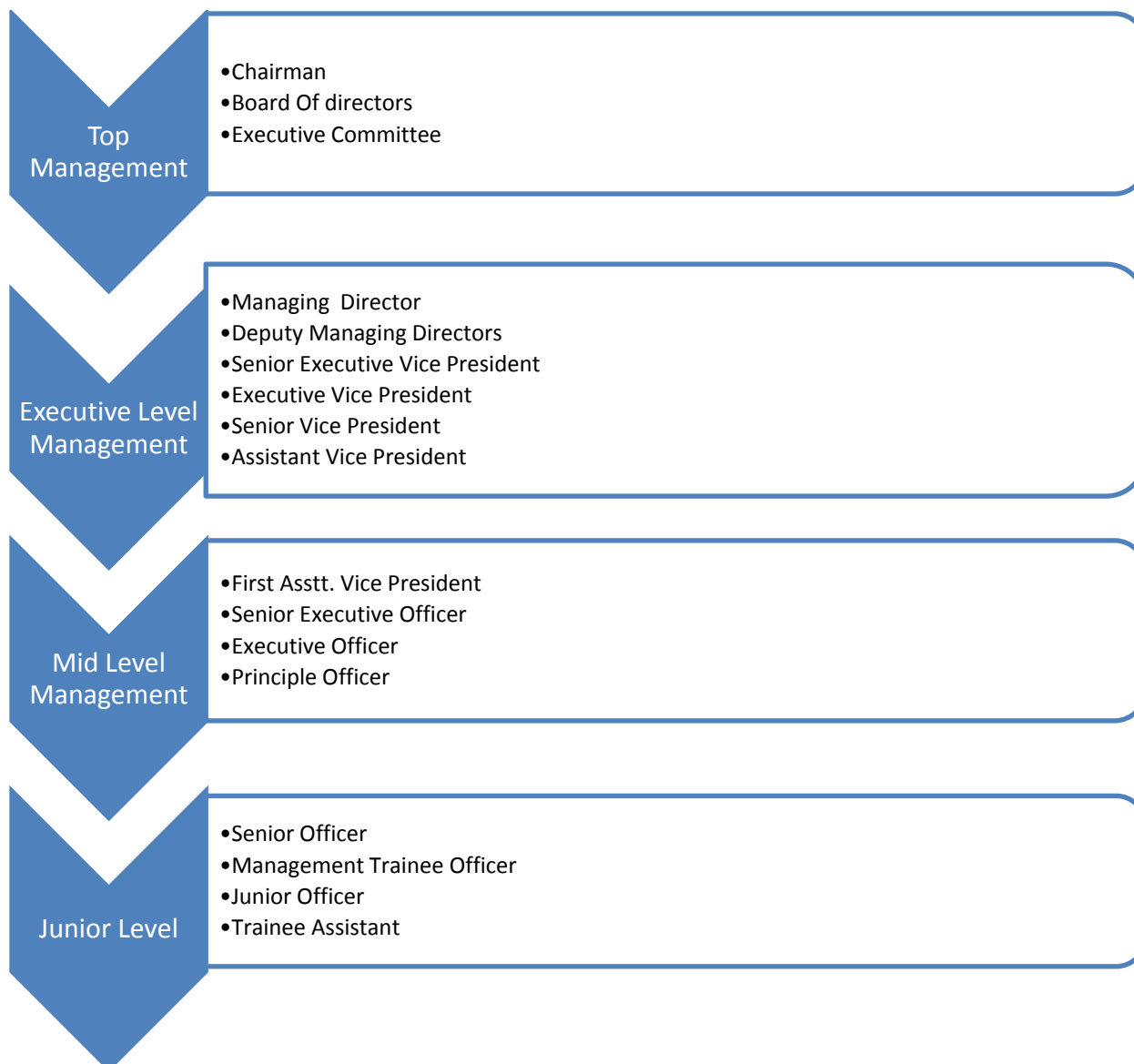
- ❑ By assuming role as a special responsibility corporate entity in a tangible manner through close adherence to national policies and objectives.
- ❑ Upholding ethical values.
- ❑ Constantly seeking to improve performance by aligning our goals with stakeholders' expectations because they value them.

2.8 Goals and Objectives of Prime Bank Limited:

- To build up strong pillar of capital.
- To promote trade, commerce and industry.
- To discover strategies for achieving systematic growth.
- To improve and broaden the range of product and services.
- To develop human resource by increasing employment opportunities.
- To enhance asset of shareholders.
- To offer standard financial services to the people.
- To create congenial atmosphere so that the client becomes interested to deal with the prime bank limited.
- To keep business morality.
- To develop welfare oriented banking service.
- To offer highest possible benefit to customers.

- As to its position among its counterparts is held high to let the viewer's cast their very first look at it.

2.9 Organization Structure: From the top to the bottom management body of Prime Bank Limited can be divided into four levels.



2.10 Company's Major Functions and business

The Prime Bank Ltd. focuses on a wide range of banking and financial services which include commercial banking, retail and SME asset management, Islamic banking, investment banking, merchant banking, and card business. Moreover, Prime Bank is a market leader in corporate to consumer banking and retail lending to SME's in Bangladesh. Prime Bank's services and products are following.

Products & Services

Deposits

Local Currency Deposit Accounts

a) Conventional Banking

- Current Deposit
- Savings Deposit
- Short Term Deposit
- Non Resident Taka Account
- NR Investors Taka Account
- Security Deposit Receipt
- Deposit Under Scheme :
 - Contributory Savings Scheme
 - Lakhopoty Saving Scheme
 - Monthly Benefit Deposit Scheme
 - Double Benefit Deposit Scheme
 - Education Savings Scheme
 - Prime Millionaire Deposit Scheme
 - HBL Deposit Scheme

b) Islamic Banking

- Al-Wadiah Current Account
- Mudaraba Savings Deposit
- Mudaraba Short Term Deposit
- Convertible Taka Account
- Mudaraba Term Deposit
- Mudaraba Special Saving Scheme Deposit
 - Contributory Savings Scheme
 - Lakhopoty Saving Scheme
 - Monthly Benefit Deposit Scheme
 - Double Benefit Deposit Scheme
 - Education Savings Scheme
 - Hajj Deposit
 - Mudaraba Prime Millionaire Deposit Scheme
 - Mudaraba HBL Deposit Scheme

Foreign Currency Deposit Accounts

- Foreign Currency Account
- FCY Account under ERQ
- Resident FCY Deposit
- Non Resident Foreign Currency Deposit

Treasury

Primary Dealer Unit

- Treasury Bills

- Treasury Bonds
- REPO's
- Reverse REPO's

Forex & Fund Management

- SWAPS
- Import/Export Financing
- Custodian Services
- Money Market Lending & Borrowing

Special Services

Cash Services

- ATM Services
- Cheque encashment
- Foreign Currency

Fund Transfer

- Inter-Branch Money Transfer
- SWIFT
- Telegraphic Transfer
- Issuing and Encashing Foreign Drafts

Travel Services

- Traveler's Chaques

Value Added Services

- Locker Service
- Insured Deposit
- Senior Citizen Scheme

Credit Cards

- Visa Credit Card-Local
- Visa Credit Card-International
- Master Card-Local
- Master Card-International

Advances

a) Conventional Banking

- Packing Credit
- Loan Against Imported Merchandise (LIM)
- Letter of Trust Receipt (LTR)
- Payment Against Documents (PAD)

- EDF Loans
- Secured Overdraft (SOD)
- Inland Documentary Bills Purchased (IDBP)
- Cash Credit
- Loan General
- Lease Finance
- Hire Purchase
- Housing Loan-Commercial
- Retail Loans
 - Auto Loans
 - Home Loan (Swapna Neer)
 - Consumer Durable Loan
 - Doctors Loans
 - Marriage Loan
 - Travel Loan
 - Education Loan
 - Hospitalization Loan
 - CNG Conversion Loan
 - Advance Against Salary
 - Any Purpose Loan

Islamic Banking

- Bai-Murabaha
- Bai-Salam
- Quard
- Bills (Islamic
- Bai-Muajjal
- Izarah

- HP under Sirkatul Milk
- Musharaka
- Term Investment-Retail
 - Seefa Investment Scheme
 - Ashbab Investment
 - Burrak Investment
 - Manjeel Home Investment
 - Musafir Investment
 - Education Investment
 - Hospitalization Investment
 - CNG Conversion Investment
 - Mehnah Investment Against Salary

Other Services

- Letters of Credit
 - Letter of Credit-Sight
 - Letter of Credit-Deferred
 - Back to Back L/C
- Letters of Guarantee
 - Advance Payment Guarantee
 - Bid Bond
 - Performance Bond
 - Payment Bond
 - Custom Guarantee
 - Retention Money Guarantee
 - Shipping Guarantee
 - Guarantee - Others



Along with this list of services, it plays Leading Role in Syndicated Financing. It has expertise in corporate credit and trade finance, made extensive market penetration with continuous growth in Corporate, Commercial and Trade Finance sectors. It has fully owned exchange houses at Singapore and UK focusing on remittance inflow to Bangladesh. Moreover, the bank is focusing on few strategic issues encompassing change management in the short to long period through the implementation of various policies, processes and activities to ensure continuous, sustainable and qualitative growth.

2.11 Awards & Recognition

- Secured 1st position in National ICAB Award for Published Accounts & Reports for three consecutive years.
- Received SAFA Merit Award for best presented Accounts for three consecutive years.

2.12 Prime Bank Limited at a glance

01.	Date of Incorporation	12 th February, 1995
02.	Date of Commencement of Business	17 th April, 1995
03.	Capital Authorized	Tk. 10000 Million
	Paid-up Capital	Tk. 5778 Million (Dec-2010)
04.	Deposits	Tk. 124519 Millions
05.	Loans & Advances	Tk. 118,837.29 Millions
06.	Net Profit	Tk. 3003 Millions (Dec-2010)
07.	Loan as a % of total deposit	83.44%
08.	Global Reach	528 Correspondents Worldwide
09.	Number of Employees	2400 as on 2012
10.	Capital Adequacy Ratio	11.69%
11.	Liquidity Assets	25.76%
12.	Non Performing Loan	1.15%
13.	Return on Assets	2.10%
14.	Return on Average Shareholders Fund	21.6%

15.	Return on Investment	13.2%
16.	Earnings per Share (EPS)	5.69 (Tk.100.00 each share).
17.	Name of the Chairman Of PBL	Mr. Shirajul Islam Mollah
18.	Number of Branches	124
19.	Number of SME Branches	17
20.	It is a Publicly Traded Company	Share quoted daily in DSE & CSE
21.	Credit Card	Master Card, Platinum Card
22.	Banking Operation System	Both conventional & Islamic Shariah System
23.	Technology Used	Member of SWIFT Online Banking UNIX Based Computer System

2.13 Departments of PBL:

The Department Based Approach is similar to that of the branch based approach, where each department operates as a separate unit but sometimes collaborates in order to operate more efficiently or to solve a common problem. Such departments are also treated as a separate entity but are much more specialized in one particular area of business unlike a branch, which has to be involved in multiple tasks. Examples of few other departments at Prime Bank Ltd are given below:

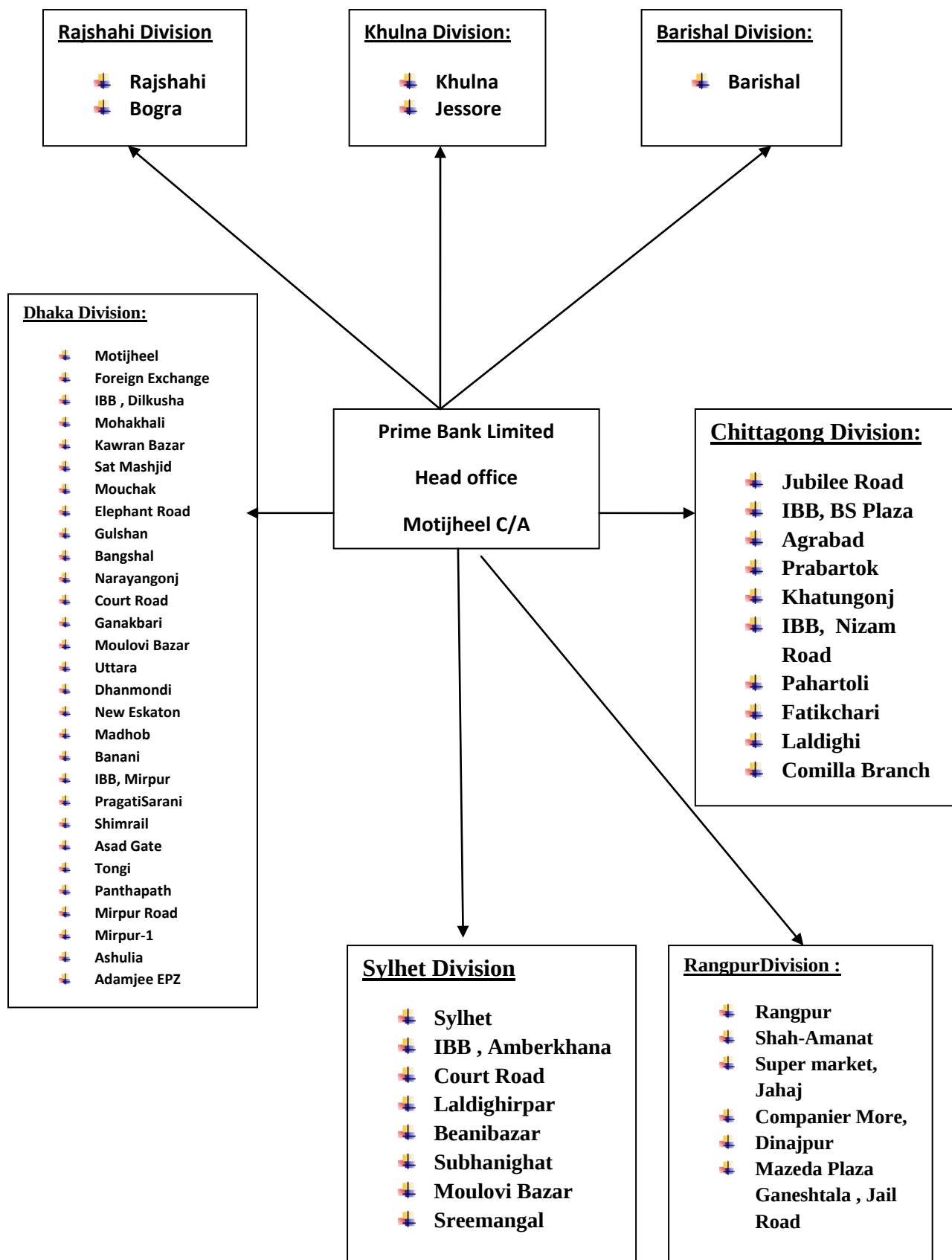
- ❖ Human Resources Division (HRD)
- ❖ Financial and Administration Division (FAD)
- ❖ General banking department
 - o Accounts opening section
 - o Cash section
 - o Remittance section
 - o Bills and clearing section
 - o Accounts section

- ❖ Foreign exchange department
 - o Import section
 - o Export section
 - o Foreign remittance section
- ❖ Marketing Division
- ❖ Public Relation Department (PRD)
- ❖ Merchant Banking and Investment Banking
- ❖ Treasury Division
- ❖ International Division (ID)
- ❖ Computer and Information Technology Department (IT)
- ❖ Credit Division
- ❖ Corporate Affairs Division
- ❖ Card Division
- ❖ Board Audit Cell
- ❖ Monitoring and Inspection Division

2.14 Branches of PBL:

PBL is one of the fastest growing banks in Bangladesh. Now 124 Branches are operating all over Bangladesh. Moreover 9 branches will open within three month. The networks of PBL engage itself for providing best quality banking service in retail, commercial, corporate and Islamic banking segments. The countries top enterprises, Multinational, local Corporation and Financial institutions are served by Prime Bank. With total asset based of BDT 110,437.10 million and annual turnover of BDT 1,743.68 million, PBL in Bangladesh is among the top performing local bank.

2.15 Network of the bank:



2.15 Capital Structure:

The bank is having an Authorized capital of Tk. 1000 million and a paid up capital of Tk. 600 million sponsored by 22 members of Board of Directors. The bank is manned and managed by experienced officers committed to provide a highly efficient, personalized and quality service. There will be no conventional system of clerk, guard and peon in the bank. The security aspects will be looked after and managed through private security agencies. The bank has a good number of professional managers to manage competitive and complex situation efficiently and effectively.

2.16 Operation:

Prime Bank Limited, since its inception is a fully focused bank depending on technology. The bank has now a network of 53 branches strategically located in different cities of the country. All the branches are functioning in computerized environment and integrated through Wide Area Network (WAN). The branches are full-fledged units and can provide all commercial and investment-banking services ranging from small and medium enterprise to big conglomerates and houses.

The Bank will try to reduce its dependence on interest earnings by giving more emphases on the fee-based income through introduction of capital market operating and leasing. The capital market operating will include Portfolio Management, Investor Account, Underwriter, Mutual Fund Management etc.

The investors account will include profit and loss sharing (PLS) transaction. The Mutual Fund Management will have a separate window exclusively for Wage Earning.

The bank will introduce modern systems of leasing operation as in practice with banks in all other countries of the world. The lease-financing portfolio of the bank will be the first of its kind in a commercial bank in Bangladesh.

The warehousing system will be developed in the country through private entrepreneurs. The conventional Go down system of the banks will gradually be done away with and a modern system a warehousing will be encouraged in its place for pledge of goods of the clients as a vogue in all other countries of the world because Banks deal with paper not with goods.

Prime Bank Ltd. Investment counselors will give all sorts of advice to their customer as they may require from time to time protects their assets and safe guard to their interest.

The bank will try to achieve excellence in customer services. Customers are most important for them. Their policy is customer driven. The bank will introduce Inland travelers Cheque and launch Special Savings Schemes; special credit scheme will also be devised for the benefit of the Low-Income group, especially for the self-employment of the educated youth. The bank, with the help and assistance of competent NGOs will also initiate Rural Credit Programs in order to contribute its mite towards improving the quality of life of the rural masses.

The bank will encourage introduction of new entrepreneurs in the field of industrialization on the basis of participating finance. Entrepreneurship development training will be arranged to impart operational skill and modern technique of management.

This bank is primarily a corporate bank, its loan distribution being 39 % large companies, 35% medium sized companies and 10% small companies. In term of lending type the focus is on in trade finance. Customer lending is very small.

Prime bank is one of the first few Bangladeshi Banks that have become the member of SWIFT (Society for Worldwide Inter-Bank Financial telecommunication) in 1999. SWIFT is a member owned co-operative , which provides a fast and accurate communication network for financial transactions such as Letter of credit , Fund transfer etc. By becoming a member of SWIFT the bank has opened up possibilities for uninterrupted connectivity with over 5700 user institutions in 150 countries around the world. The SWIFT No. is PRBLBDDH.

Prime Bank Training Institute (PBTI) was set up in July 22, 1998 with an aim to create a strong and skill work force.

The institute has played a significant role in marketing skilled and efficient human resource. It is constantly working on improvement of training methods and materials. PBTI imparted training to as many as 500 accomplices and had enhanced the skill level of their human resource pretty successfully.

While spiraling risk management and improving asset quality is the main focus for a bank, Prime Bank Ltd. is also aware of their responsibility to the society to which it belongs. Again this milieu Prime Bank foundation was created in the later part of 2001. The main objectives of the foundation are to invest part of the bank's profit in paucity lessening and Community welfare.

2.17 SWOT analysis of Prime Bank Ltd. :

Every organization has some internal strength, weaknesses and also has some opportunities and threats in the whole life cycle. The inner strength, weaknesses and the external opportunities and threats of Prime Bank Ltd. are given below as I have explored in my three months internship period.

Strengths:

- Favorable commercial bank, because Prime Bank Ltd. is a old bank in the banking sector of our country.
- It has a strong top management team, and it is contributing heavily towards the growth and development of the bank.
- Strong financial position,
- Provides its customers excellent and consistent quality in every service.
- Quality service with relatively lower price.
- Friendly interactive and informal working environment,
- Strong position in CAMEL rating.

Weaknesses:

- Pay structure have a big discrimination within officers and executive,
- The employees are burdened with extra loads and works late hours,
- Incoming mail processing is slow,
- Advertising and promotion is one of the weaknesses of Prime Bank Limited. It is not that efficient in marketing activities,
- Lots of inexpert and laggard assistant officers and existing manual vouchers
- Less ATM booths in all over the country.

Opportunities:

- Can recruit experienced, efficient and knowledgeable work force as it offers good working environment,
- The bank has already introduced on line modern facilities to its customers,
- Expand product line to meet broader range of customers,
- Can motivate the employees to work more efficiently by increasing the remuneration.

Threats:

- Upcoming private local banks,
- Comparatively high salary margin,
- Challenge of new entries,
- Immergence of the multinational banks and rapid expansion.

Chapter: 3

My Job Part

3.1 The Job Description:

As an intern of Prime Bank Ltd. I worked in The Foreign Exchange Division under the supervision of Md. Tareq Bin Mamun, a Senior Executive Officer of the bank along with Ms. Fahmida Akhter, an Officer of the same department.

3.2 Personal Experience:

I had started working as an intern at Prime Bank Limited on 4th June, 2012. 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 prime 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. Working over there has helped me to grow up as a person.

I mostly worked with the Foreign Exchange Department, in the foreign L/C wing. My direct supervisor was Ms. Fahmida Akhter who helped me to learn how to put information input in the websites of the Prime Bank Ltd. and Bangladesh Bank. Before working there I had worked in the cheque receiving desk, when I learnt how to receive cheques from the clients.

I have learnt some many things in my internship period and a list of some of the works is given below.

- Cheque receiving,
- Registering the cheques in the register,
- L/C Data input in the website of Prime 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 Prime Bank Limited,
- Mailing to Bangladesh Bank,
- Statement checking,

- Fill upping necessary documents of the L/C files.
- Registering the inward letter register.
- Registering the cheque requisition.

3.3 Critical Observation:

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 queue system in this desk, so the customers do not maintain any systematic queue and tries to get their cheques received before any other person.

Here, the employees are not that much technology conscious. They prefers working manually then by computer and other new technological stuffs. They do balancing with calculator which is very hard and time consuming I think. I often did mistakes while I was said to do balancing with a calculator. But later I started working with the MS Excel and it made my speed of work more than double and error free.

The clients of L/C desk are taking services from here for more than 2/3 years and most of them have a very friendly relationship with the employees. That is why they prefer to work by themselves and remain roaming in the whole floor of Foreign Exchange Department. This is a little bit disturbing I think, because they always roam around and works and sometimes try to gossip with the employees.

3.4 Recommendation:

It is really very tough to recommend such a bank which has been operating with such affluence and determination for years. Some suggestions I can make from the problems I Have mentioned above are—

- 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.
- A decent border should be maintained in the L/C department regarding the entrance of the clients. There should be a boundary after which the clients cannot enter.

CHAPTER: 4

Foreign Exchange Trend at Prime Bank Limited

Chapter: 4. Foreign Exchange:

Foreign exchange is an important and integral part of commercial banking. It is very much lucrative and remunerative operation for the bank, if it is conducted systematically and methodically per norms. 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.

The meaning of Foreign Exchange:

Foreign Exchange means exchange of foreign currency between two countries. If the “Foreign Exchange” is considered as a subject, it means all kinds of transaction related to foreign currency. In other words, foreign exchange deals with foreign financial transactions.

Foreign Exchange trend at Prime Bank Limited:

The International Division of Prime Bank Ltd. which is located at the Head Office, Motijheel is the central place of all international transaction that is conducted through the various branches of the bank. Total 42 branches of Prime 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:

- **Import Section:**

This section deals with the import of foreign commodities into Bangladesh. It 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.

- **Export Section:**

All Export departments of Prime 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 Prime Bank Ltd are involved in the Ready Made Garment sector with only a few exporting other different commodities.

- **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.

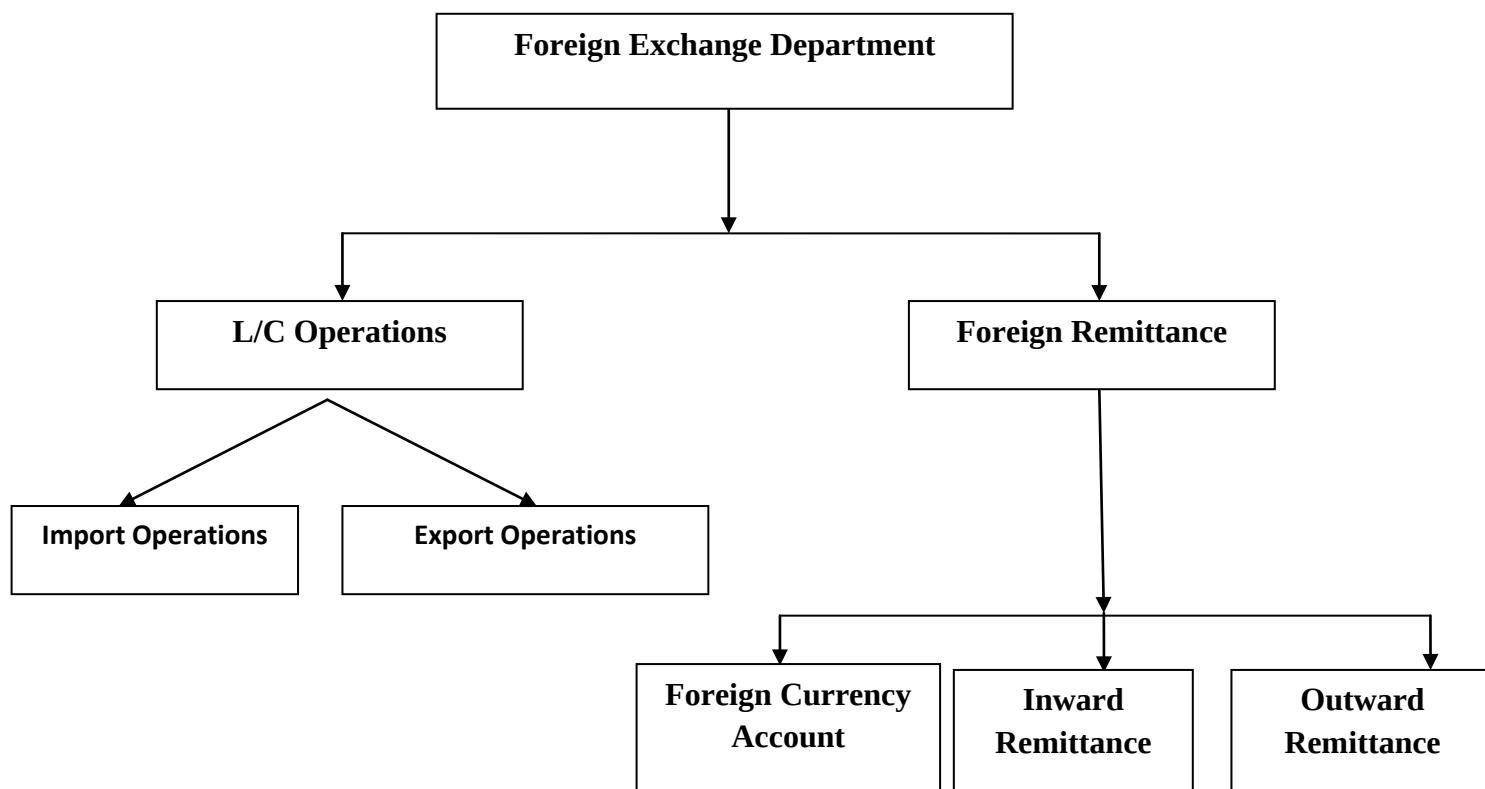


Figure: Functions of Foreign Exchange Department.

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.

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 bank (the 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.

Types Of L/C:

Letter of Credit basically divided into two types.

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

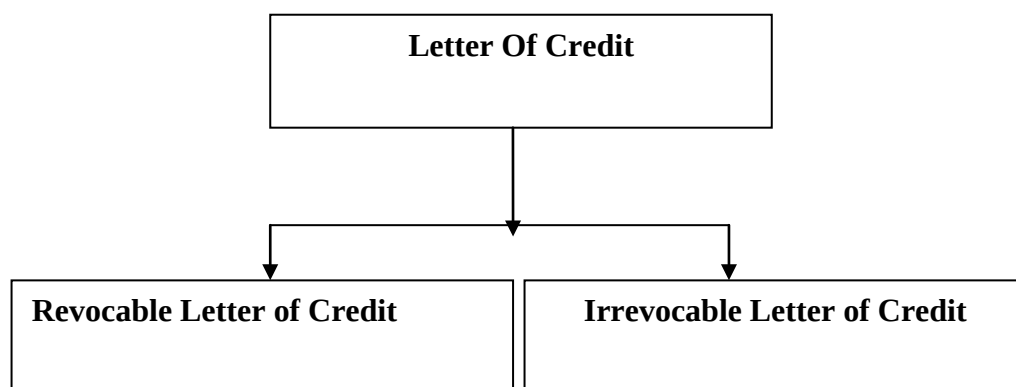


Figure: Types of Letter

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 Confirming Bank have some liability.

Some other kinds of L/C are:

1. Revolving L/C,
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 L/C:

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 reverses to the applicant, who therefore bears the risk for the advance and the interest accrued.

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 irrevocable credit issued in the traders favor. The irrevocable 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 he 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.

<u>Items</u>	<u>Period</u>
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

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.

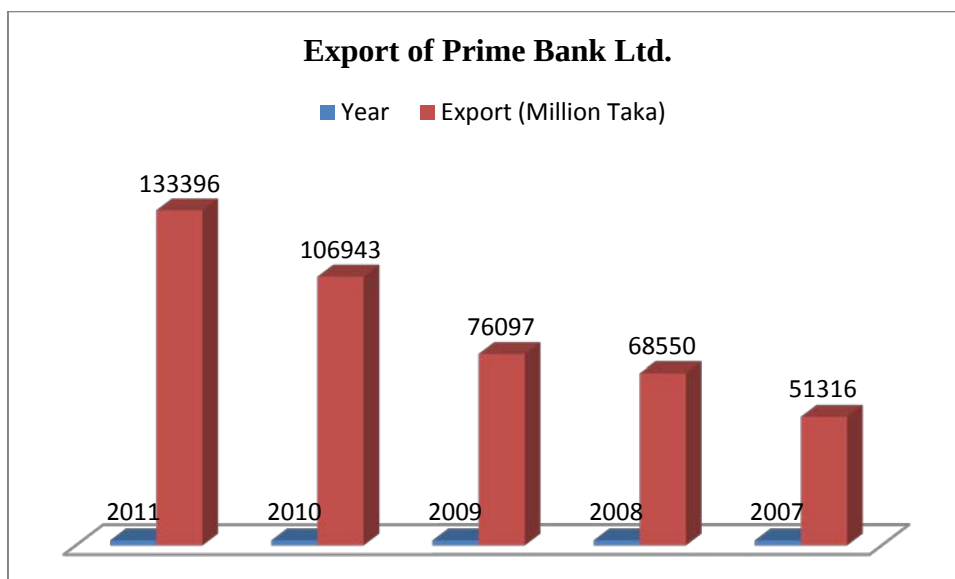
➤ **Export:**

Export means sending one country to another country for the sale export brings the foreign currency for the country higher the export higher the reserve of the foreign currency. The export section of Prime Bank engaged with various export related activities for encouraging the Exporter. The major functions of this section comprise with purchases, collection and negotiate the export bill, provide the exporter in financing and help the exporter in different issues.

The situation of Export of Prime Bank Limited from 2007 to 2011 is given below.

<u>Year</u>	<u>Export (Million Taka)</u>
2011	133396
2010	106943
2009	76097
2008	68550
2007	51316

Table: Export (Million Taka) from 2007 to 2011



The Export of this bank has been increasing from 2007 to 2011. The increasing trend of export is a positive indication for Prime Bank Limited regarding profitability.

Export Incentives:

- Restructuring of Export Credit Guarantee Scheme (ECGS). ECGS means convertibility of taka in current account. Exporters can deposit 40% of FOB value of their export earning in own dollars and pound sterling.
- Export Development Fund (EDF).
- Expansion of export credit periods from 180 days to 270 days,
- 50% tax rebate on export earnings.
- Bonded warehouse facilities to 100% export oriented firms,
- Duty free import of capital equipment for 100% export oriented firms.

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.

Other Incentives:

- Assistance improvement of quality and packing of exportable items.
- Simplification of exports procedures.

Export Procedures:

- An exporter has to obtain a general permission from the office of chief controller of import and export (CCI&E). This permission is known as Exporter's Registration Certificate (ERC).
- If any exporter wants to export any banned or restricted item, then he has to obtain special permission from CCI&E and Export Promotion Bureau (EBP).
- To obtain an ERC, he has to submit a valid trade license, bank solvency certificate of any trade association etc. to CCI&E Office.
- He has to obtain an general permission from the office of EBP, this permission is known as membership certificate of EBP.

- Then he will collect the export order through a Letter of Credit (L/C) or Contract. In case of L/C, it should be authenticated and advised by a bank.
- After then he can export the good against L/C for a payment term as “Sight” basis. Even they can export goods on consignment basis.
- He has to check all the terms and conditions of L/C carefully. If it is possible to comply with, he takes necessary steps to export the goods.
- He applies to the bank along with original L/C, a copy of commercial invoice for issuance of EXP form.
- Exporters sign and fill up their portion of EXP form and then they collect bank’s seal and signature on the same EXP form.
- Exporters make range of goods for shipment by sea/air through their nominated Clearing and Forwarding Agent (C & F Agent).
- C & F Agent takes necessary approval from the port custom authority on behalf of the exporter before shipment of goods.
- To take the approval of custom authority. The agent has to submit their required papers like full set of EXP form, copy of commercial invoice, copy of packing list, copy of ERC etc.
- After approval of customs authority, C&F Agent directly sends the original copy of EXP from Bangladesh Bank and the rest three EXP forms (Duplicate, Triplicate and Quadruplicate) returns to the exporters.
- Then exporter prepares or collects all related documents or papers from different authorities as per L/C terms.
- Then the exporter submits the documents to their bank for negotiation or collection of proceeds against their export.

Duties and responsibilities of exporters bank:

- Bank advises the L/C to the exporter. Here bank acts as an advising bank of the customer. Proper authentication of the L/C is a primary duty of an advisory bank.
- After receipt a request from the exporter for issuance of EXP form—
 - Banks takes the original L/C or contract form from the exporter.
 - They checks all terms and conditions of the L/C or contract and then the title of the goods must be checked carefully.
 - Bank ensures that the exporters have the ERC.

- Bank will also ensure that the credentials of the buyers or consignees abroad and in this regard bank may want to know the creditworthiness of the buyer through their foreign correspondents like greater care to taken by the bank for ensuring the repatriate the proceeds.
- After the fulfillment of the above processing, the bank certifies the full set of EXP form but before certification EXP form will be filled up and signed by the exporter.
- Then bank receives the shipping documents from the exporter.
- Bank examine the documents carefully as per L/C,
- If any discrepancy found, they informs the exporter for their rectification or disposal instructions.
- Then bank sends the documents to the L/C issuing bank or paying bank as per instruction of the L/C or contract with the covering letter mentioning payment instructions properly.
- Bank instruct the buyer's bank to deliver the document against payment or acceptance and it depends on the tenor of document drawn (sight or usance basis).
- In the case of the document drawn on usance basis, bank request the L/C issuing bank or paying bank for the confirmation of their acceptance.
- Some other common instruction to be mentioned on the forwarding schedule of the documents,
- Before sending the documents, bank endorses the Bill of Lading (BOL) or Air Way Bill, Transport documents in favor of the L/C issuing or paying bank. Bank may indorse the BOL in favor of buyer if full proceeds against the said bill are received in advance; Bill of Exchange also may be required in favor of the bank.
- Bank will take decision whether will negotiate the documents or send for collection basis.
- Bank will send EXP Duplicate copy to the Bangladesh Bank for their record, however before sending them; EXP must be filled up and signed by the banker properly.
- After sending the documents, bank waits to receive the payment as per L/C. Bank takes proper care and follow up for repatriating the proceeds.
- After credit information bank realizes the proceeds and credit the same to the exporter's account and necessary charges or dues to be realized if there is any pending created with the customers.
- Finally bank reports all the export proceeds which are receives during the month to Bangladesh Bank under --

- Foreign currency transaction reporting along with supporting papers and documents.
 - EXP's triplicate copy or EXP non-attached voucher is not available at the time of reporting by proceeds realized.
 - Advanced received voucher id export proceeds received in advance before issuance of exp form or export proceeds received in advance through FTT (Fund Telephonic Transfer).
- Then all the EXP details are reported to the Bangladesh Bank Website.

Financial Incentives given by Prime Bank Ltd. :

Financing of export credit is made in two stages:

1. Pre-shipment Stage,
2. Post-shipment Stage.

Prime Bank Finances its clients through-

- **Lean of Export L/C:** An exporter can obtain credit facility against lien or irrevocable, confirmed and unrestricted export letter of credit in form of the following.
- **Export cash credit (Hypothecation):** Under this agreement, credit is sanctioned against hypothecation of raw materials of the finished goods extended for export. Such facility is allowed to the first class exporters. As the bank has got no security in this case except charge documents and lien on exporters L/C or contract, bank normally insists on the exporter in furnishing collateral security. The letter of hypothecation creates charge merchandise in favor of the bank. But neither the ownership nor the possession is passed to it.
- **Export cash credit (Pledge) :**

Such credit facility is allowed against pledge of exportable goods or raw materials. In this case cash credit facility is extended against pledge of goods to be stored in the warehouse under bank's control by signing letter pledge documents. The exporter surrenders the physical possession of the failure of the exporter to honor his commitment. The bank can sell the pledge merchandise for the recovery of the advance.

- **Export cash credit against trust receipt:**

In this case, credit limit is sanctioned against trust receipt (TR). Here, also unlike pledge, the exportable goods remain in custody of the exporter. This type of credit is gained when the exporter wants to utilize the

credit for processing, packing and rendering the goods in exportable conditions and when it seems that exportable goods cannot be taken in to bank's custody. This is allowed only for first class exporters.

- **Export credit guarantee scheme (ECGS) :**

Export credit insurance was seen primarily as a tool in the hand of the government for promoting export. This is to assist the exporters to get bank finance without any difficulty and to realize the proceeds of the export immediately after shipment. Objectives of the schemes are--

- ✓ To enable the exporters to obtain easily better loan facility from financial institutions.
- ✓ To cover the credit risk against losses resulting from both commercial and non-commercial risk.

- **Pre-shipment Credit:**

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

- ✓ Cash for local procurement and meeting related expenses,
- ✓ Procuring and processing of the goods for export,
- ✓ Packing and transporting of goods for export,
- ✓ Payment of insurance premium,
- ✓ Inspections fees.
- ✓ Freight charges etc.

- **Packing credit :**

Packing credit is a short-term advance granted by a bank to an exporter against valid export L/C contract for the purpose of the purchase of materials or finished goods or manufacturing, processing, packing, transporting up to warehouse of shipment etc. of exportable for export. The drawing is required to be adjusted fully once within a period of 3 to 6 months.

- **Post shipment finance:**

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

- ✓ Negotiation of documents under L/C,
- ✓ Advances against export bills surrendered for collection (FDBC)

- **Negotiation of export documents:**

According to the article #02 (under UC 600, ICC pub, 2007 revision), “negotiation means the purchase by the nominated bank of drafts or documents under a complying presentation , by advancing or agreeing to advance funds to the beneficiary on or before the banking day on which reimbursement is due to the nominated bank.” If the documents are in order Prime Bank purchases the same on the basis of banker-customer relationship. This is known as Foreign Documentary Bill of Purchase (FDBP). In this case, exporter gets their export bill before realization of their bill.

- **Foreign document bill of collection (FDBC):**

If the bank (Prime Bank) is not satisfied with the documents submitted, Prime Bank gives the exporter reasonable time to remove the discrepancies or sends the documents to letter of credit opening bank of collection. This is known as foreign document bill of collection (FDBC).

Normally negotiating bank will send the documents on collection basis mainly for the following discrepancies:

1. L/C expired,
2. Late shipment,
3. Late presentation,
4. L/C overdrawn,
5. Unit price differ between L/C and commercial invoice,
6. Consignee name and address differ between L/C and other documents,

7. Discrepancies in B/L,
8. Any other major discrepancies,

FDBP signifies that the exporter will receive payment only when the issuing bank gives payment. Prime bank make regular follow-up with the L/C issuing bank in case of any delay in getting payment.

- **Back to Back L/C (BTB) :**

This is one of the facilities that an exporter gets for the production of the goods to be exported. After the advising of the L/C.

In the case of a Back-to Back L/C, a new L/C (an import L/C) is opened on the basis of an original L/C called master L/C under the “Back-to-Back” concept, the sellers the beneficiary of the L/C is as a security to the advising Bank for the issuance of the second L/C. The beneficiary of the Back-to-Back L/C may be located inside or outside the original beneficiary country. In back-to-back L/C , the applicant has the right to import up to 75% of the total L/C amount. In case of a Back-to-Back L/C, no cash security (no margin) is taken by the Bank, Bank liens the first L/C in case of a Back-to-Back L/C, the drawn bill is an issuance /time bill.

For example, Moon Ready Wears Ltd. has got an export order from foreign company. Then Moon Ready Wears will open a master L/C at Prime Bank Ltd... Moon Ready Wears has the right to import up to 75% of the total L/C value to the import materials, whatever is needed for production of those products that will be exported. So, Moon will open other L/C against that master L/C to pay those importers. Here the bank is acting as a security.

In Prime Bank Ltd. papers / documents required for submission of for opening of Back-to-Back L/C:

- ✓ Master L/C
- ✓ Pro-forma Invoice or Indent,
- ✓ Insurance Cover Note with Money receipt,
- ✓ ERC in addition to IRC,
- ✓ No objection from previous banker ,
- ✓ Factor inspection certificate,
- ✓ BGMEA membership.

In addition to the following papers/documents are also required for export oriented Garment Industries while requesting for opening of Back-to-Back L/C.

- ✓ Textile permission
- ✓ Valid bonded warehouse License,
- ✓ Quota allocation letter issued by Export Promotion Bureau (EPB) in favor of the applicant in case of quota items.

There are two types of Back-to-Back L/C:

1. **Inland Back-to-Back L/C:** This type of L/C is opened on account of intermediary local buyers who procures the goods from local mills or traders for ultimate export. In case of this type of L/C, bank gives them an IDBP (Inland Documentary Bill Purchase) which indicate the reference no of particular branch of Prime Bank Ltd.
2. **Foreign Back-to-Back L/C:** Foreign Back-to-Back L/C is established in the field of garments industry against or on the basis of a foreign export L/C for importing raw materials from foreign countries for execution of the relative export order. Here as applicant for the second line of credit the seller is responsible for reimbursing the bank for payment made under it, regardless of whether or not he himself is paid and the first credit.

Eligibility of opening Back-To-Back L/C:

The AD (authorized dealer) may open back-to-back import L/C against export L/C received by export oriented industrial units operating under the bonded warehouse system, subject to observance of domestic value addition requirement (stated in terms of permissible limit of C&F value of imported inputs as percentage of FOB export value output) prescribed by ministry of Commerce from time to time.

The following instructions should be complied with while opening BTB export L/C:

- Only recognized export oriented under bonded warehouse system will be allowed for back-to-back facility. The unit requesting for this facility should possess valid registration with the CCI&E and valid bonded warehouse license.
- The master export L/C should have validity period adequate to cover the time needed for information of input manufacture of merchandise and shipment to consignee.

- Back-to-back L/C value shall not exceed the admissible percentage of net FOB value of the relative master export L/C value and price of goods to be imported must be competitive.
- Net FOB value = Master L/C Value – (Freight Charge + Insurance cost + LAC/FCC)
- Back-to-Back import L/C s shall be opened on up to 180 days sight (DA) basis except in case of those opened against export development fund (EDF) on sight basis.
- All amendments of the master export L/C should be noted down carefully to rule out chances of excess obligation under the BTB import L/C.
- The back-to-back import L/C shall contain condition of PSI (Pre Shipment Insurance) by an internationally reputed inspection firm regarding quality and quantity of the merchandise.

Vouchers and accounting treatments are the same normal L/C opening except margin. In this case, no margin is taken by the bank. After lodgments, maturity date of the import bill is intimated to foreign bank as per L/C terms. The documents are delivered to the order of opener duly indorsed for clearance of goods from custom authority. Goods are cleared through approved clearing and forwarding agent of the bank.

➤ **Scrutinized documents receipt against BTB L/C:**

Letter of Credit:

- Each and every clause in the L/C must be complied with the documents submitted meticulously.
- The documents are not stale,
- The documents are negotiated within letter of credit validity,
- The documents do not exceed the L/C value.

Drafts:

- Drafts are not dated earlier than the date of B/L & L/C date.
- Amount in words and figure is correctly mentioned and is identical with the amount mentioned in the invoices,
- It must be made out in the name of beneficiary's bank or to be endorsed to the order of the bank,
- Draft is signed by the beneficiary or an authorized person on their behalf and their signature are verified by the bank.
- It must be correctly drawn on the party as indicated in the L/C.

- The invoices are addressed to the importer
- Invoices are dated not later than the date of B/L and not earlier than the issuing date.
- Description of goods given in the invoices is exactly in accordance with the L/C.
- The price quality, quantity etc. must be as per L/C and correctness of the calculation should be examined.
- The invoice must be in the language of L/C.
- Invoices are signed by the beneficiaries themselves or by an authorized person on their behalf.
- The number of B/L , its name and the name of the vessel is correctly mentioned in the invoice,
- Invoice value must not be less than the value declared in EXP form.
- Invoice must bear HSCODE, P.O. , Style Number etc.

Insurance Policy:

- Description of the goods given in the insurance policy in accordance with the terms of L/C,
- Name of the carrying vessel has been correctly mentioned,
- Insurance policy is dated and signed by an authorized person,
- The merchandise is ensured for the actual invoice value unless otherwise specified the L/C,
- Insurance policy is in negotiable form and is properly endorsed in bank,
- The date appearing in the insurance policy is not later than the date appearing upon the Bill of Lading.
- Insurance policy is drawn in the currency of the credit or as required in the relative L/C. the name of the claim paying agent is given in the insurance policy.
- All the risks have been covered as required in the relative L/C,
- It covers transshipment in indicated in the bill of lading.

Certificate of Origin:

Issued by recognized authority according to the L/C terms and conditions. It certifies the country of origin of the goods. Generally it is called for by importers in certain countries to comply with their customs requirements and to enable rate of duty to be determined, especially type of origin ID G.S.P form is also issued.

Payment of back-to-Back L/C:

Traders often use back-to-back arrangements to pay the ultimate supplier. A trader receives a letter of credit from the buyer and then opens another letter of credit in favor of the supplier. The first letter of credit serves as collateral for the second credit. In case of back –to-back L/C, there are maturity dates of L/C that are opened against the master L/C, within this period, the exporter will produce its products and send those to the foreign importer. When the foreign importer makes payment to the bank the bank then makes payment to all those parties from whom the exporter has imported raw materials.

Mode of Payment Export Bills under L/C:

The most common methods of payment under a L/C are as follows:

- **Sight Payment Credit :**

In a sight payment credit, the bank pays the stipulated sum immediately against the exporter's presentation of the documents.

- **Negotiation Credit :**

In negotiation credit, the exporter has to present a Bill of Exchange payable to him in addition to other documents that the negotiates.

- **Deferred Payment Credit:**

In deferred payment, the bank agrees to pay on a specified future date or event, after presentation of the export documents. No bill of exchange is involved in Prime Bank, payment is given to the party at D.A.60-90-180 sthe case may be. But the Head Office paid @T.T Clean rate. The difference between the two rates is the exchange trading for the branch.

- **Acceptance Credit:**

In acceptance credit the exporter presents a Bill of Exchange Payable to him and drawn at the agreed tenor (that is on a specified future date or event) on the bank that is to accept it.

The bank then signs its acceptance on the bill and returns it to the exporter. The exporter can then represent it for payment on maturity. Alternatively it can discount it in order to obtain immediate payment.

- **Advising L/C :**

When export L/C is transmitted to the bank for advising, the bank sends an advising letter to the beneficiary depicting that L/C has been issued.

- **Test key arrangement:**

Test key arrangement is a secret code maintained by the banks for the authentication for their telex message. It is systematic procedures by which a test number is given and the person to whom this number is given can easily authenticate the same test number by maintaining that same procedure. Prime Bank has Test Key Arrangement with so many banks for the authentication of L/C messages and for the transfer of funds.

➤ **Import:**

Bangladesh is one of the developing countries in the world. So, like the other developing countries Bangladesh Imports largely than it Exports. Import of goods into Bangladesh is regulated by the ministry of Commerce in the terms of Import-Export Act 1950, various Import policy orders and also public notices issued from time to time by the office of the Chief Controller of Import and Export (CCI&E).

Imports are the foreign goods and services purchased by the customer, firms and government in Bangladesh. The importers are asked by their exporters to open Letter of Credits (L/C), so that their payment against goods is insured.

The bank defines import as to bring in, from abroad, something kind of goods and services. It includes the following services-

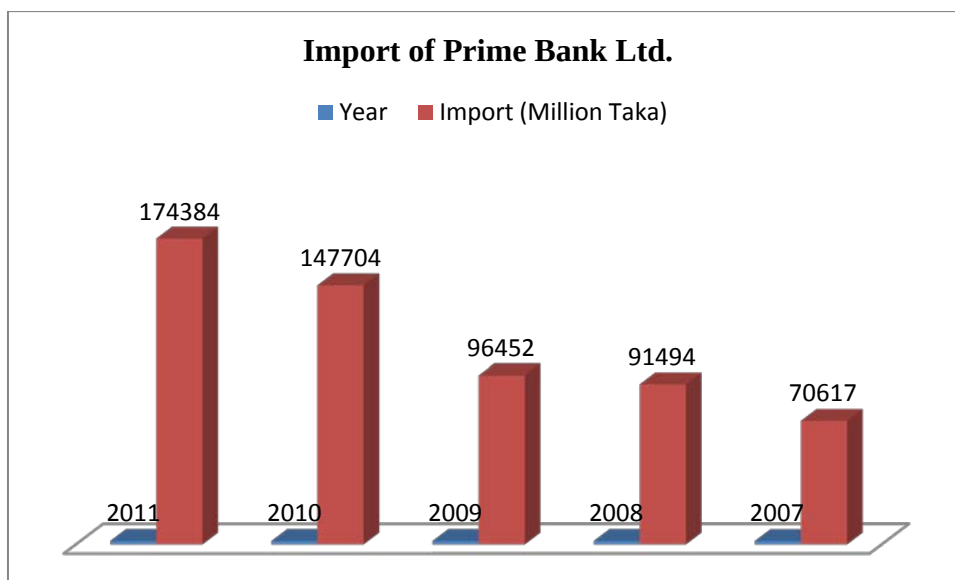
1. Letter of credit opening,
2. Presentation/retirement of import document.

The import mechanism first involves the issuing of a L/C as an instrument by a bank on behalf of one of its customers, authorizing an individual or a firm to draw draft on the bank on one of its correspondents for its account under certain conditions which is predetermined in the credit. Secondly, the bank's import mechanism involves the retirement of import mechanism on receiving the payment or under certain conditions against the security of payments made by the importer in documents required an advance payment date.

The situation of import from of Prime Bank Limited from 2007 to 2011:

Year	Import (Million Taka)
2011	174384
2010	147704
2009	96452
2008	91494
2007	70617

Table 2: Import in (Million Taka) from 2007 to 2011



During the five years from 2007 to 2011 import of Prime Bank Ltd. has been increasing. In 2011 it is highest 174384 million taka.

Import operation:

Import operation is a negotiation between two parties. Once the importer has accepted the supplier's offer, he agrees to open a letter of credit. Thus the import procedure of the bank starts with the opening of the credit. The entire import mechanism of this branch is stated below:

- **Term of credit :**

First of all the concerned banker asks the importer to present and show the terms of the credit that the importer wishes to issue. The terms of the letter of credit are based on the contract between the importer and the exporter and the import license or the authorization permits for import under free list as the case may be, issued in the name of concerned import. The term of the credit specify importantly, amount of the credit, name and address of the beneficiary and the opener, particulars of the goods, quantity and price basis, tenor of bill of exchange, period and mode of shipment, whether part shipment allowed, port of shipment and of destination, nature of credit, expiry date, names and number of sets of shipping and other documents.

- **Letter of credit application:**

To open the credit, the importer must fill up and sign a stamped letter of credit application, and in addition to record the full details of the credit including instruction for booking exchange, serves as an agreement between the banker and the opener.

- **Presentation of the application for opening of the letter of credit:**

When the importer requests the bank for opening of a L/C, by agreeing to the request, the bank makes a promise of payment to the supplier by issuing it. But the importer must make out an application for this purpose. The application must be written in a plain paper of letter head pad and it should be submitted being attached with the following certificates and papers.

If the importer is an individual then the followings will be needed.

1. Current deposit account no.,
2. Partnership deed and solvency certificate (if partnership firm),
3. Article of association (if private limited company),
4. Memorandum of association of business (if public limited company),

5. Certificate of commencement of business (if public limited company),
6. Photocopy of trade license,
7. Photocopy of VAT registration number,
8. Photocopy of tax identification number (TIN certificate)
9. Import registration certificate from CCI&E
10. Required amount of registration fee.
11. IRC issue fee---

Tk. 500	Highest annual imports limit 5 Lac
Tk. 1500	Highest annual imports limit 15 Lac
Tk. 3000	Highest annual imports limit 50 Lac
Tk. 5000	Unlimited annual import capacity.

Things that are done in this Import Department:

The following things are done in the department:

- Total supervision of import department (Cash, , Back-to-Back L/C)
- Foreign correspondence related to above.
- Payment back-to-back L/C and endorsement of export L/C against payment.
- Follow up Back-to-Back L/C and cash L/C ,
- Maintenance & record of related L/C Documents,
- Audit compliance,
- Matching of Bill of Entry with IMP, Follow-up of pending Bill of Entry Quarterly Statement,
- L/C opening and Amendment (Back-to-Back L/C)
- Endorsement of Export L/C when opening,
- Balancing of L/C contingent Liability (Back-to-Back L/C) follow up of Sub Judicial Bills and maintaining liaison with Head Office and Foreign Correspondent.
- All correspondence related to Back-to-Back L/C with Head Office and Foreign Correspondent.
- Supervision of checking Lodgment and retirement of import documents under Back-to-Back L/C.
- Issuance of certificate and attestation of papers/documents of garments clients as required by BGME, EPB and regulatory bodies.
- Checking, lodgment, retirement of import Documents under Back-to-Back L/C.
- Issuance of shipping Guarantee (Back-to-Back L/C)
- IMP form fill up (cash L/C)
- Inform negotiating Bank about maturity date of Back-to-Back L/C.

- Quarterly statement of Bonded warehouse.
- Balancing accepted liability.
- Statement of outstanding accepted import bills under Back-to-Back L/C.
- L/C opening and amendment of Cash L/C and Inland L/C,
- Maintenance and record of Pass book and IRC,
- Maintenance and record of related L/C document
- Credit report,
- Statement of IRC renewal fees to CCI&E,
- Preparation of monthly Foreign Exchange Business position,
- L/C lodgment (cash),
- Checking of Cash L/C documents
- L/C retirement
- L/C Issue,
- L/C statement,
- Deferred Payment (Cash),
- Follow up of outstanding L/C,
- Proof sheet of L/C Margin and contingent liability,
- Issuance of Shipping Guarantee (Cash),
- IMP form fills up (Cash).

Procedure involved in L/C opening:

1. At first the L/C opener is required to fill up the prescribed application form for requesting to open an L/C for the favor of L/C opener.
2. After receiving the application form with the other required documents submitted by the opener they are to be thoroughly scrutinized. The points, which shall be scrutinized, are described below.
 - The amount and the description of the goods in the application should be relevant with the indent or Pro-forma invoice or import contract.
 - The amount is covered by the insurance amount,
 - The items are not banned with the country's regulation
 - The indent produced has the Import Registration Certificate Number and the Indenter's Registration Number. The indent has indenting agent's signature and importer signature.
 - Whether transshipment and partial shipment is allowed.

If all documents along with the applicants are in order, the financial position and credit worthiness of the importer, market demand of the goods are assessed, margin of L/C also determined. The rate of margin depends on the financial condition of the banker, importers status of relation, importers previous performance, nature of goods etc. the margin is to be retained from the importers either in cash or debating the importer's current account with the bank. The importer is also required to pay the other concerning charges like FCC (Foreign Corresponding Charges), Telex charge, Handling charges, and Commission etc.

After all these steps L/C is opened and forwarded to the advising bank.

➤ **Scrutinizing of L/C Application:** The Prime Bank Ltd. Officially scrutinizes the application in the following manner:

1. The terms and conditions of L/C must be complied with UCPDC 500 and Exchange Control and Import Trade Regulation.
2. Eligibility of the goods to be imported,
3. The L/C must not be opened in favor of the importer,
4. Radioactivity report in case of the food item,
5. Survey report or certificate in case of old machinery,
6. Carrying is not of Israel or of Serbia-Montenegro,
7. Certificate declaring that the item is in operation not more than Five years.

Accounting procedures are involved in Letter of Credit (L/C). One is Letter of Credit (L/C) opening; another is Liability Registering, which includes Liability amount margin, foreign correspondence etc. while opening Letter of Credit there are few accounting details.

For Margin Importer Account bank is debited and Margin Account is credited.

For contingent liabilities (L/C) amount customer's liability on letter of credit cash is debited and bankers' liability on Cash is credited.

For other charges customer's current account is debited and commission account, income account, FCC account and other related account is credited.

➤ Advising a letter of credit: the advising or notifying bank is the bank through which the letter of credit is advised to the exporter. It is a bank situated in the exporting country and it may be a Branch of the opening bank. It becomes customary to advise a credit to the beneficiary through an advising bank.

➤ Adding confirmation: the confirming bank does adding confirmation. Confirming bank is bank which adds its confirmation to the credit, and it is done at the request of the issuing bank. The confirming bank may or may not be the advising bank. An add confirmation letter contains the following-

1. Letter of Credit (L/C) No.
2. Letter of Credit (L/C) Amount,
3. Items to be Imported etc.

➤ **Letter of Credit (L/C) Transmitting :**

Letter of Credit can be transmitted to the Advising bank through three methods. There are Telex, Courier or Swift (Society for World Wide Inter Bank Financial Telecommunication). L/C is sent to the advising bank in three copies the advising bank authenticates the original copy of L/C and delivers it to the exporter. The Duplicate is kept with the advising bank.

Negotiation: The beneficiary (Export) receives the letter of Credit (L/C) from advising bank. After proper shipments of goods as per terms and conditions of the Letter of Credit, required documents like commercial invoice, bill of lading and bill of exchange and presented to the Negotiation Bank by the beneficiary for negotiation. If the documents are in order as per the L/C then the Negotiating bank negotiates the drafts making payment to the beneficiary. Then the negotiating bank forwards the drafts along with the shipping documents to the L/C Opening Bank. The negotiating Bank reimburses the amount paid against the draft from the Reimbursement Bank.

Amendment: Parties involved in a L/C, particularly the seller and the buyer cannot always satisfy the term and conditions in full as expected due to some obvious and genuine reasons. In such situation, the credit should be amended. Prime Bank Ltd. transmits the amendment by tested Telex to the Advising Bank; In case of revocable credit it can be amended or cancelled by the issuing bank at any moment and without prior notice to the beneficiary. But in case of irrevocable letter of credit, it can be neither amended nor cancelled with the consent of the issuing bank, the confirming bank (if any) and the beneficiary. If the letter of credit is amended, service charge and telex is debited from the party account accordingly.

Examination of Documents:

Prime Bank Limited officials check whether these documents have any discrepancy or not. Here discrepancy means the dissimilarity of any of the documents with the conditions of the letter of credit.

Lodgment:

The opening bank receives Import Bills, which have been negotiated. After receiving the documents they are not be thoroughly scrutinized before lodgment.

Scrutiny of the Documents:

First of all must be ensured that the full set of documents as mentioned in the L/C has been received.

1. Documents have been negotiated with in the negotiations period.
2. The Bill of Lading/Air way Bill/Rail way Receipt is not dated later than the last date of shipment mentioned in the L/C. the L/C has not been amended or subjected to any special instructions, which are to be scrutinized.
3. Bill of Exchange,
4. Commercial Invoice,
5. Bill of Lading,
6. Certificate of Origin,
7. Packing List.

Retirement of shipping documents:

The importer receives the intimation and gives necessary instruction to the bank for the retirement of the disposal of the shipping to clear the imported bills or for the disposal of the shipping documents to clear the imported goods from the custom authority. Following steps are to be taken for retirement of the documents—

The following steps are--

- Calculation of interest (if any)
- Calculation of other charges.
- Passing voucher,
- Entry in the register,

➤ **Remittance :**

Foreign remittance means purchase and sale of freely convertible foreign currencies are admissible under exchange control regulations of the country. Purchase of foreign currencies constitutes inward foreign remittance and sale of foreign currencies constitutes outward foreign remittance.

Key functions of foreign remittance department are given below.

1. Inward Remittance:

Inward remittance refers to the extent where by bank makes payments to the client against foreign demand draft. They will make payment to the client by verifying the test key number, and signature of the authorized officer. The bank makes payment immediately if the amount is less than Tk-100000, it must wait to get credit advice from the issuing bank.

Modes of Foreign Inward Remittance:

- T.T. (Telegraphic Transfer),
- M.T. (Mail Transfer),
- D. D. (Demand Draft),
- T.C. (Travelers Cheque),
- P. O. (Pay Order).

Besides this Foreign Inward Remittance these also includes remittance on account of export, purpose of bills, purpose of T.C. foreign currency notes and coins, cheques issued on foreign banks in favor of beneficiaries in Bangladesh etc.

Telegraphic Transfer:

Cable or telex instructions of payment are called as Telegraphic Transfer, where foreign banks issue a T.T. in favor of someone in Bangladesh. In credits the amount received from the remitter to the Nostro A/C of its correspondent bank, on receipt of the T.T. in foreign currency or in equivalent Bangladeshi Taka to the beneficiary.

Mail Transfer:

Mail transfer is an instrument issued by a remitting bank to the paying bank advising in writing to make payment of certain amount to specific beneficiary.

Demand Draft:

The demand draft is a negotiable instrument issued by a bank drawn on other bank with the instruction to pay a certain amount to beneficiary on demand.

Travelers Cheque:

It is an instrument issued by the Banks/company's payable to the purchaser or presentation.

Pay Order:

A payable order is a written under issued by a branch of bank, to pay a certain sum of money to specific person or a bank. It may be said as to be a banker's cheque as it issued by a bank and payable by itself.

2. Outward Remittance:

When being a resident of Bangladesh someone sends money to Foreign Account is known as outward remittance process, in short transferring funds from your account to another account which is in another country. This is a service approved under the FEMA (Foreign Exchange Management Act), which allows one to transfer money to most countries all around the world. The payments are made through this service is usually for medical treatment, donations, sending gifts, payments for family members education, foreign travel expenses etc. It is the only way to get money if anyone faces problem while in abroad.

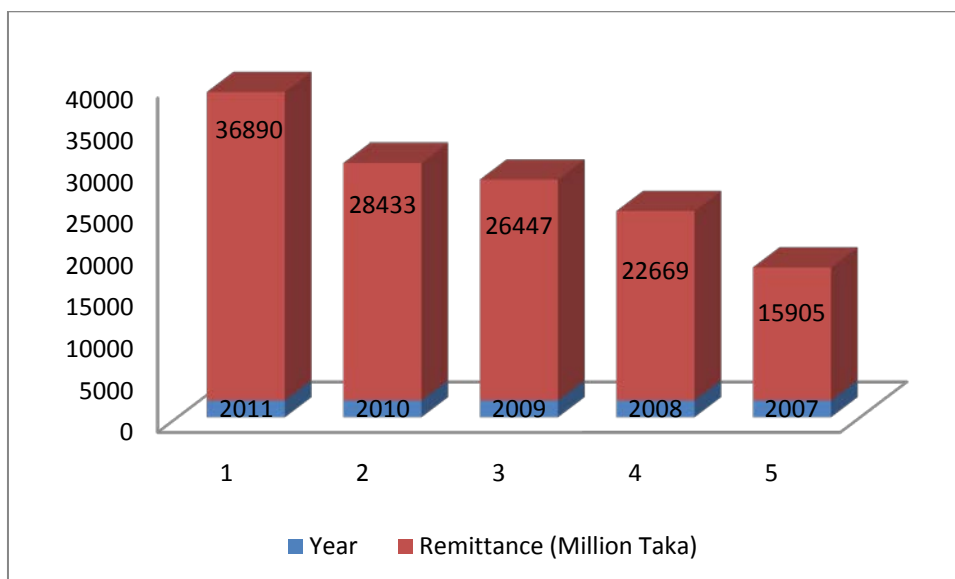
If anyone wants to collect proceed of foreign instruments he has to maintain following schedule.

- Receive instrument with deposit slip.
- Affix crossing stamp of the bank.
- Entry in the register putting IBCA number.
- Affix endorsement "pay to the order of any Bank or trust company, prior endorsement guaranteed.
- Instrument to be sent to the adjacent correspondents.

The situation on Remittance from 2007 to 2011 has been given below.

<u>Year</u>	<u>Remittance (Million Taka)</u>
2011	36890
2010	28433
2009	26447
2008	22669
2007	15905

Table 3: Remittance in (Million Taka) from 2007 to 2011



During the five years from 2007 to 2011 Remittance of Prime Bank Ltd. has been increasing. In 2011 it is highest 36890 million taka.

L/C operation in a shorter way:

Letter of Credit or L/C is a conditional undertaking given by a bank at a request of an importer (Applicant) or on its own behalf to effect settlement (Payment) to an exporter (Beneficiary).

It is basically done when a businessman of a country wants to purchase goods or products from another country. Here, the main reason of opening L/C is the exporter wants to pay after getting his goods and the importer does not want to import without the money to an unknown party. So, here banks work as the middle man and solve the problem by L/C.

- It ensures payment provided the terms and conditions of the credit have been fulfilled
- The importer has to pay for the documents of the goods to take ownership of the goods
- The bank is able to supply trade and credit information which is important to both the importer and exporter
- It is also known as Documentary Credit.

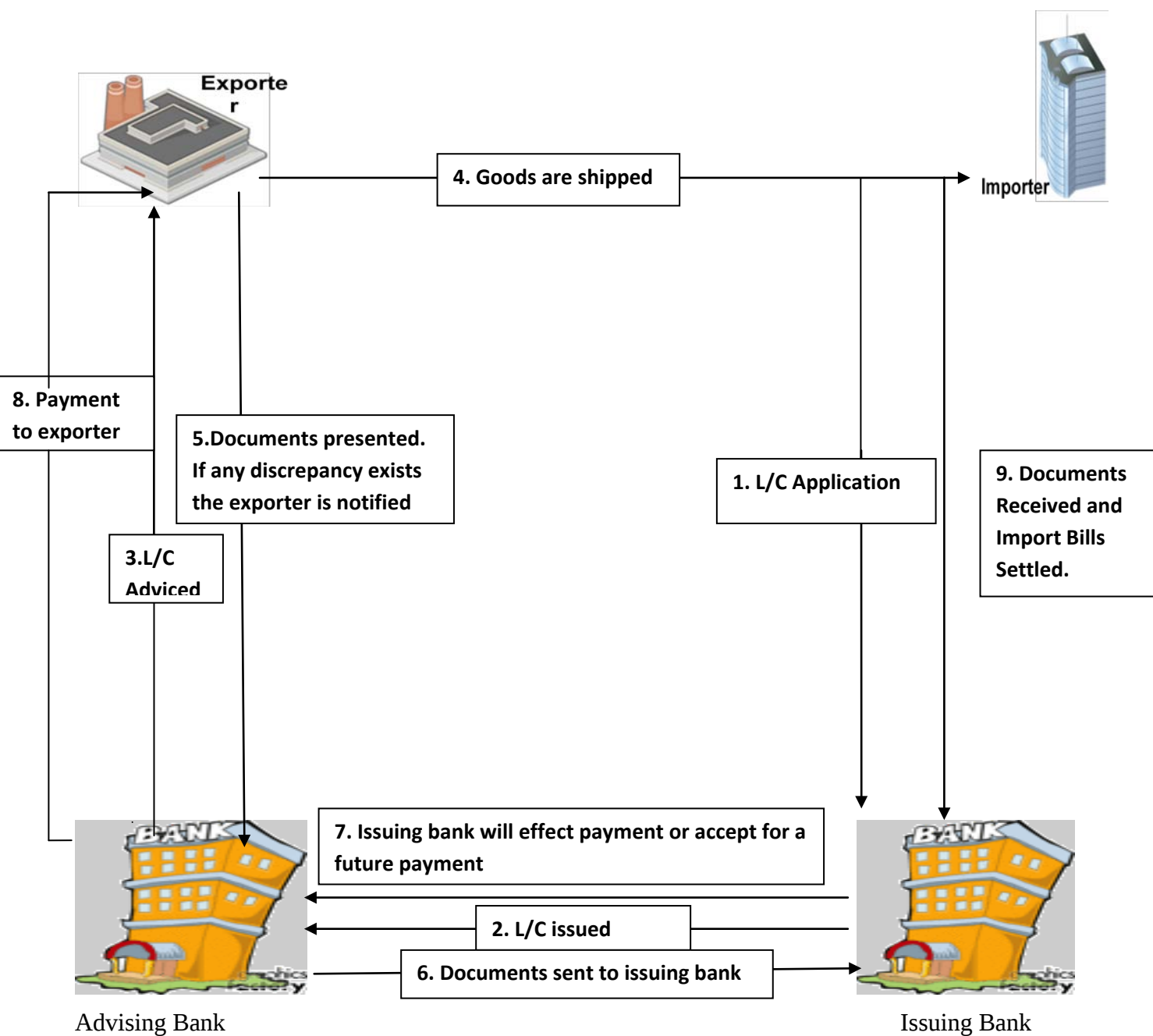


Figure: L/C Process

Illustration: Here, at first the Importer has to make an L/C application to the bank which is situated in his country and it is known as the issuing or confirming bank and if the importer fulfills all the categories to open a L/C , the bank issues L/C for the importer.

Then the issuing bank sends the important documents related to the L/C and export works to the bank of the exporter and this bank is known as the negotiating or advising bank. The issuing bank also provides assurance that if the exporter fails to provide the money of the products, this bank will pay the whole cost of the goods to the exporter.

Then the exporter's bank sends the documents to the exporter which is known as L/C advising and then if all documents are satisfactory the exporter sends the goods by ship or air ways and sends those shipment documents to the exporter's bank. Exporter's bank checks all the papers and if any discrepancy exists the exporter is notified.

The advising bank sends the documents to the importer's bank or the issuing bank, and the issuing bank then checks all those documents and then sends those to the importer and after getting all the goods according to the purchase order and the documents the importer orders the bank to pay the cost of the products.

Chapter: 5

Analysis

The whole data analysis is done based on the normal distribution which is the basic criteria of data analysis and interpretation. It is tested through SPSS test statistics and the graphs are prepared in Microsoft Office Excel.

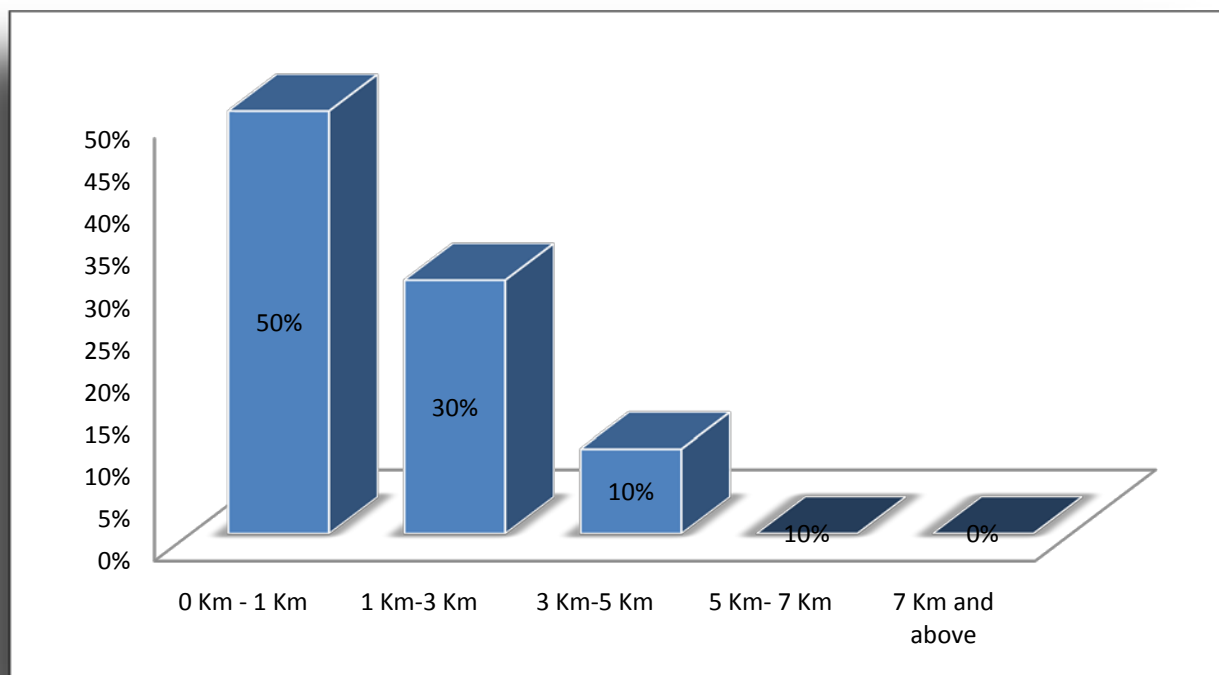
1. How far is your organization from Prime Bank?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-1 Km	5	50.0	50.0	50.0
	1-3 Km	3	30.0	30.0	80.0
	3 -5 Km	1	10.0	10.0	90.0
	5-7 km	1	10.0	10.0	100.0
	7-Above	0	0.0	0.0	100.0
	Total	10	100.0	100.0	

Interpretation: The above table represents the role of distance between the bank and the organization to make the decision of opening an L/C. Here, as we can see, 50% of the total respondents have their offices located very close to this branch of L/C. Their offices are in less than a KM away from the bank. 30% L/C opening organizations are situated between 1-3 KM from the Mouchak branch of Prime Bank. 10% of the responding organization has their offices in 3-5 Km distance and another 10% have their offices in 5-7 Km distance. None of the organizations that has opened their L/Cs in this branch has office situated in more than 7 Km distance.

So, from the interpretation of the above table, it can be said that, Distance is one of the key players of in case of opening L/C of an organization in any bank.

Graphical Representation:

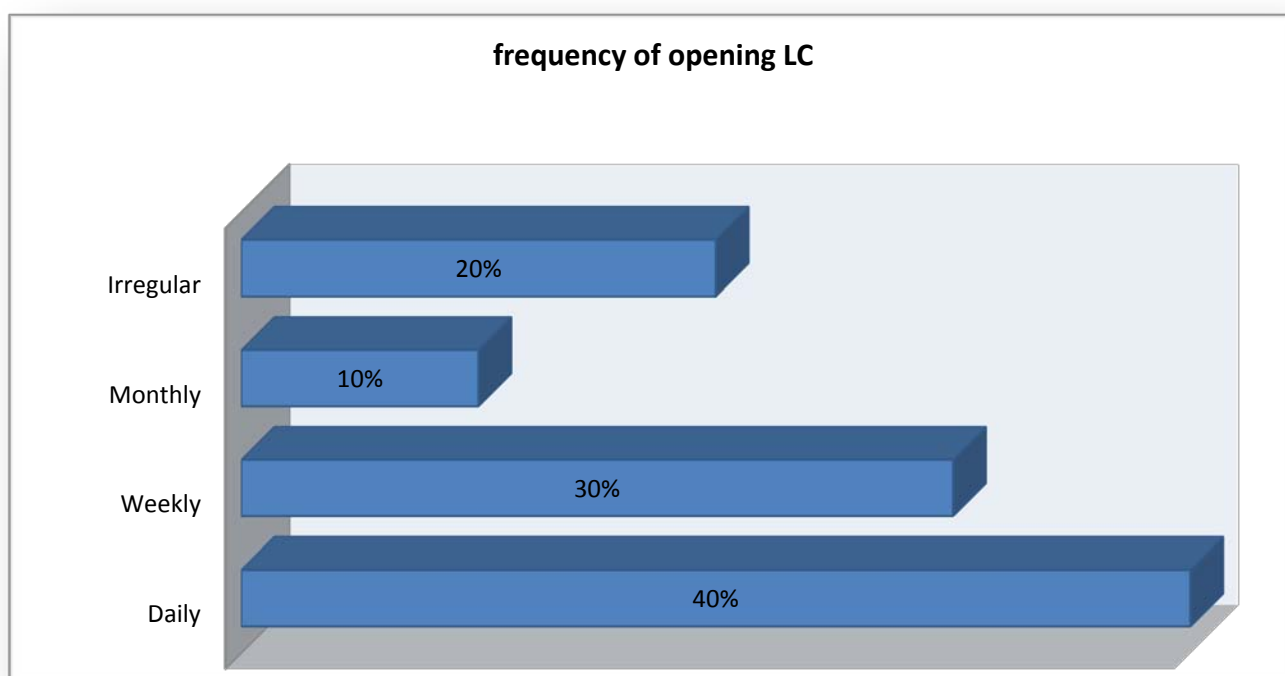


2. How frequently do you open an L/C:

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Daily	4	40.0	40.0	40.0
Weekly	3	30.0	30.0	70.0
Monthly	1	10.0	10.0	80.0
Irregular	2	20.0	20.0	100.0
Total	10	100.0	100.0	

Interpretation: The above table shows the frequency of opening L/C of the clients. From the table we can see that, the largest percentage (40%) of the total respondents open LC on a daily basis in the discussed branch of the bank. 30% of them open LCs once or Twice on a week, only 1% clients has the record of opening LC on a monthly basis and 20% of the total respondents does not have any regular discipline or timeframe of opening L/Cs. So it can be said that a prior percentage of the respondents opens L/C in a daily basis and they can be said as the regular customers of the L/C department.

Graphical Representation:

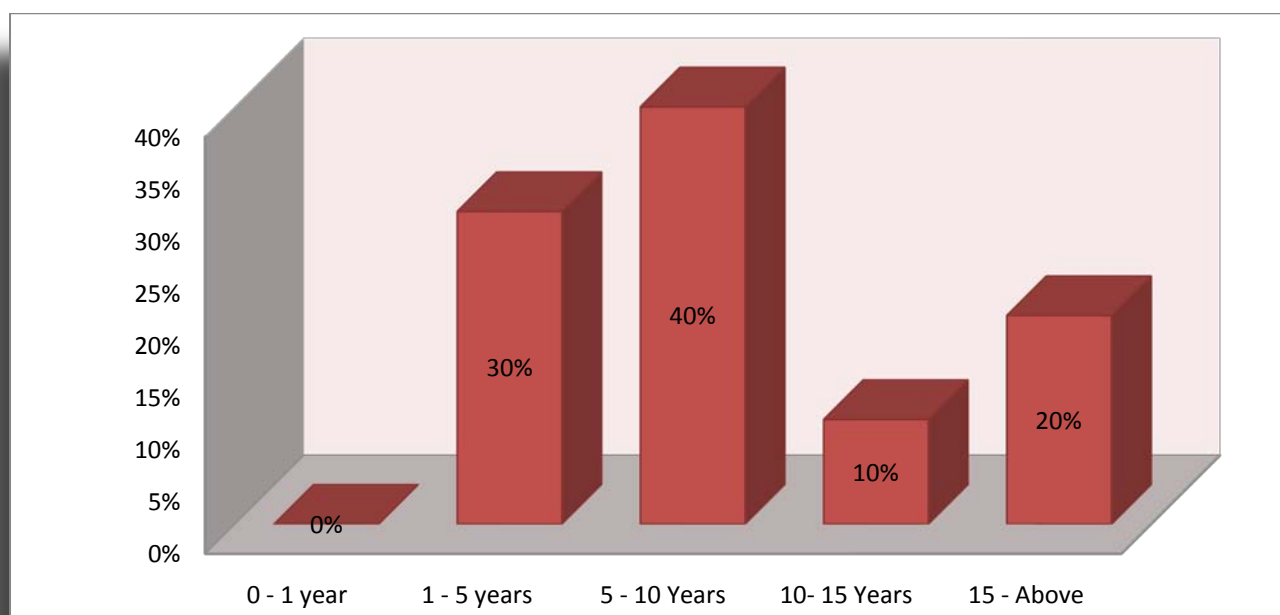


3. For how Many years have you been taking services from Mouchak Branch of Prime Bank Ltd.?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
0-1 Year	0	0.0	0.0	0.0
1-5 years	3	30.0	30.0	30.0
5-10 years	4	40.0	40.0	70.0
10-15 years	1	10.0	10.0	80.0
15-above	2	20.0	20.0	100.0
Total	10	100	100	

Interpretation: From the above table, it can be said that, all of the clients have been taking services from this branch of the bank for more than a year. 30% of them have been with this branch for 1-5 years, the highest percentage (40%) of the clients are taking services here for 5-10 years. 10% are taking services for 10-15 years and 20% of the total respondents have been taking services from this branch for more than 15 years.

Graphical Representation:

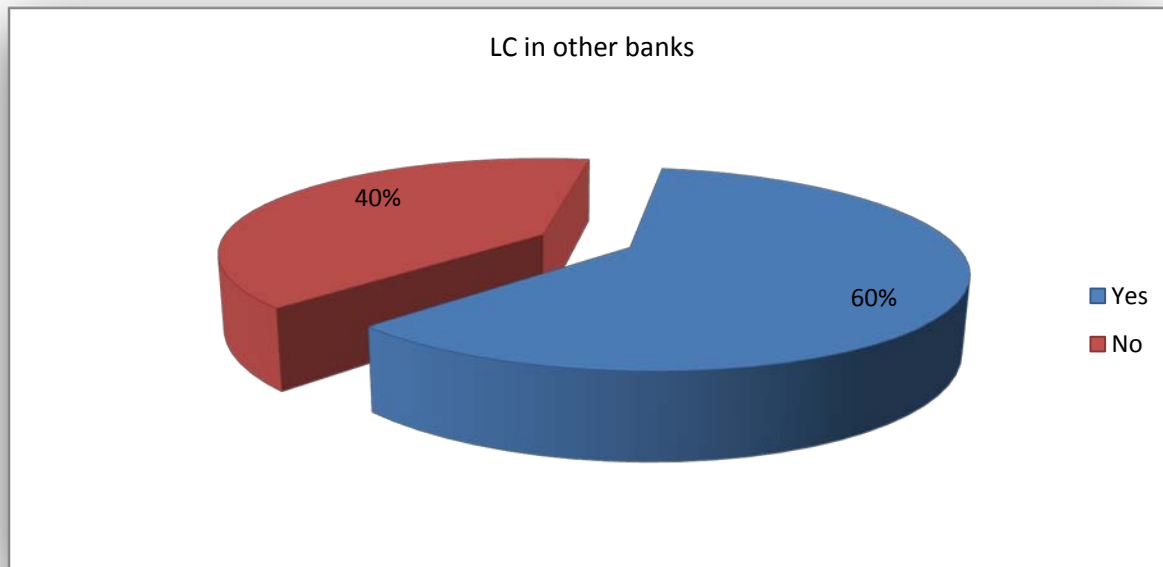


4. Did you open LC in other Banks?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	6	60.0	60.0	60.0
	No	4	40.0	40.0	100.0
	Total	10	100.0	100.0	

Interpretation: Here, we can see that, 60% of the total respondents had opened L/Cs in other banks besides the Mouchak branch of Prime bank and 40% of them never opened any L/C in any other bank before. This ratio, gives an idea of the dissatisfaction or troubles faced during the relationship with other banks for which the clients decided to switch to Prime Bank.

Graphical Representation:



5. What is the reason behind not taking services from the previous bank?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Distance	4	40.0	40.0	40.0
	Poor Service Quality	2	20.0	20.0	60.0
	Employee behavior	3	30.0	30.0	90.0
	Reliability	0	0.0	0.0	90.0
	Efficiency in service	1	10.0	10.0	100.0
	Total	100	100.0	100.0	

Interpretation: Here are mainly five reasons I had putted while making my questionnaire and those are distance, poor service quality, employee behavior, reliability of data, and efficiency in service. Here the lowest percentage was shown in the reliability part which is 0%, means that other banks were reliable enough. The largest percentage 40% was in distance, means the clients were facing problems regarding distance of the bank from their organization, the second large percentage was for employee behavior which is 30%, that shows that the employees were not well behaved, friendly, or helpful to them. Some banks were poor in their service quality also; here the percentage for poor service quality is 20%, and finally efficiency

in service portion was not that much satisfactory for 10% of the clients. So the reasons for switching in to Prime Bank, Mouchack Branch are mainly the distance, employee behavior problem, poor service quality, and lack of efficiency.

Graphical Representation:

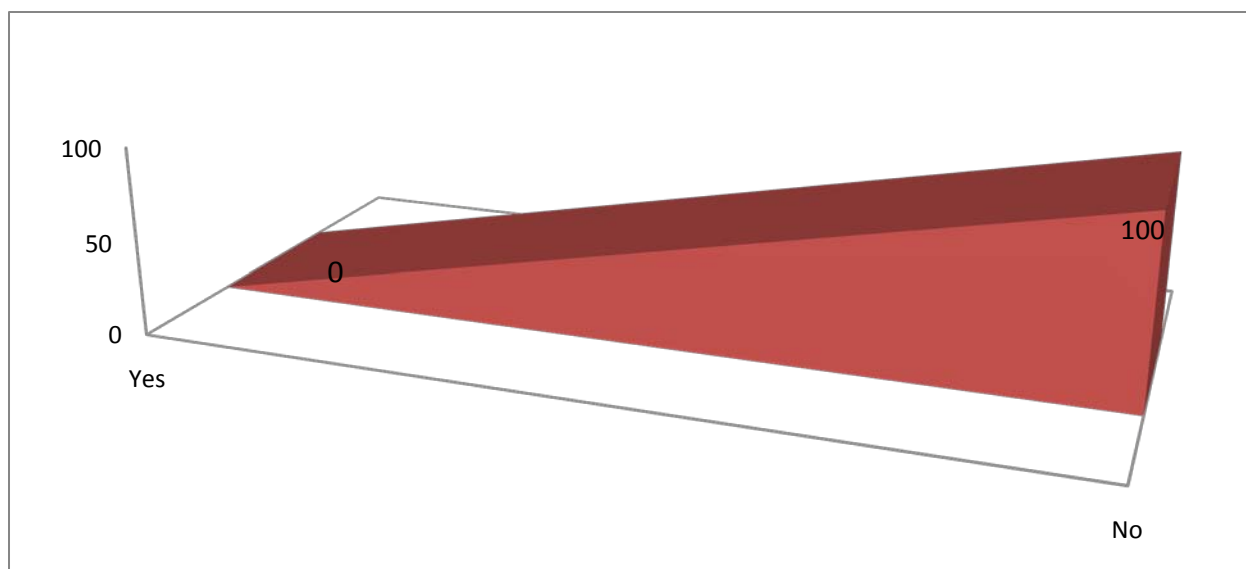


6. Do you have simultaneous L/C account in other Banks?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	0	00.0	00.0	00.0
	No	10	100.0	100.0	100.0
	Total	10	100.0	100.0	

Interpretation: While answering this question 100% of the respondents have answered NO. Means they are very much pleased with the services of the L/C department of Prime Bank Ltd., Mouchack Branch, and for that reason they do not feel the need of opening L/C through other banks. They have also added the superior service quality and the friendly behavior of the employees and the branch head and department head. The clients are always welcomed in the branch and the employees are always eager to help them.

Graphical Representation:



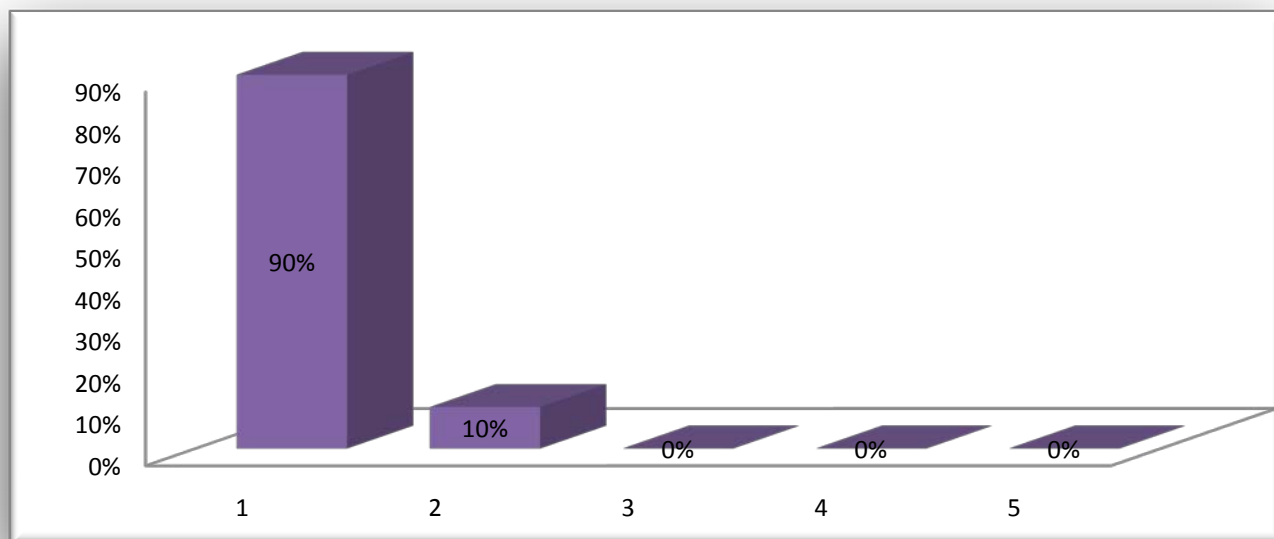
Clients' opinion on some factors to judge the employees and the overall Foreign Exchange Department (L/C). :

a) How is the behavior of the employees of the foreign exchange department?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Satisfactory	9	90.0	90.0	90.0
	Satisfactory	1	10.0	10.0	100.0
	Neutral	0	00.0	00.0	100.0
	Dissatisfactory	0	00.0	00.0	100.0
	Very Dissatisfactory	0	00.0	00.0	100.0
	Total	10	100.0	100.0	

Interpretation: The above table presents the satisfaction of the respondents regarding the behavior of the employees. Here I have selected 5 categories and those are very satisfactory, satisfactory, neutral, dissatisfactory, and very dissatisfactory. Almost all of the respondents have gone for very satisfactory and percentage for this category is 90%, the left percentage have gone for the option satisfactory. And this table shows that the clients are very much happy with the behavior of the employees.

Graphical Representation:

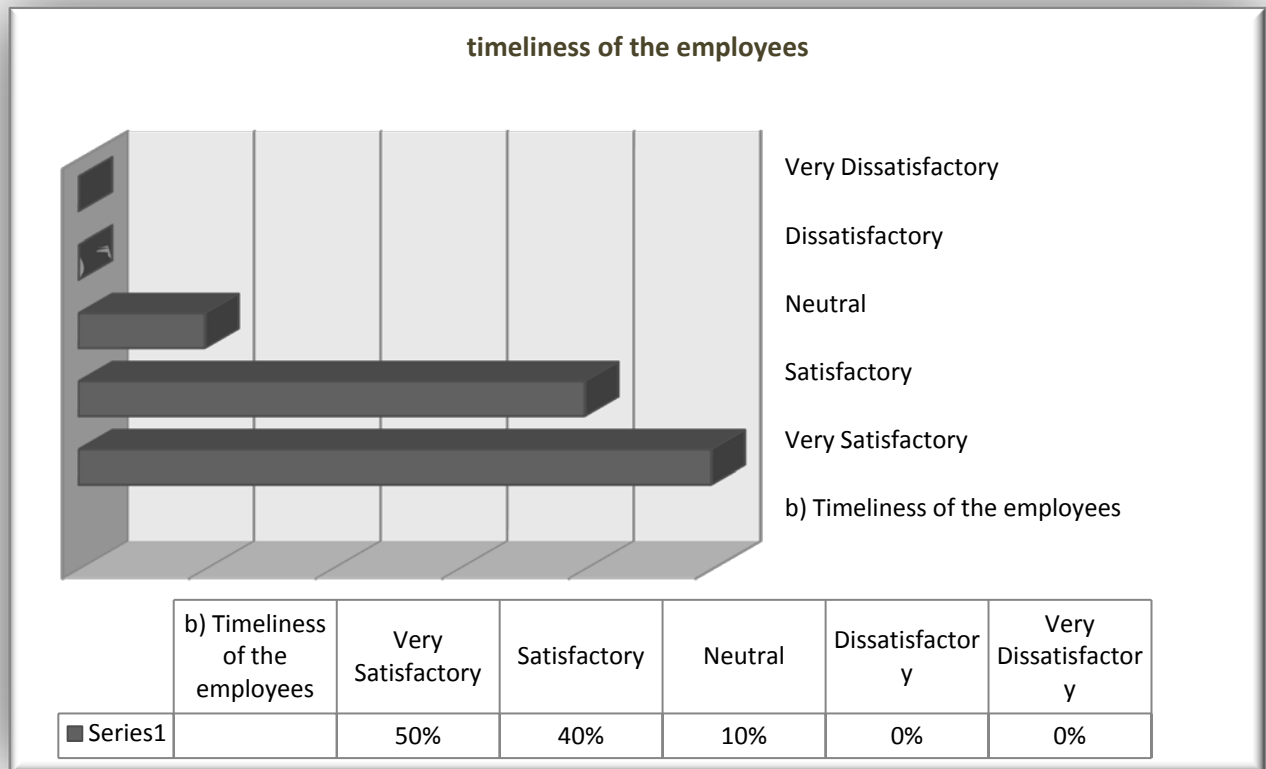


b) What do you think about the timeliness of the employees of the department?

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Satisfactory	5	50.0	50.0	50.0
Satisfactory	4	40.0	40.0	90.0
Neutral	1	10.0	10.0	100.0
Dissatisfactory	0	00.0	00.0	100.0
Very Dissatisfactory	0	00.0	00.0	100.0
Total	10	100.0	100.0	

Interpretation: Here this table represents the timeliness of the employees. Whether they work in a slow manner or they are able to do the works in a decent gap. 50% of the respondents have said that they are very satisfied with the timeliness of the employees of the L/C department of Prime Bank Ltd., Mouchak Branch. 40% of the respondents have gone for satisfied and only 10% were neutral. It shows that the employees are working in a satisfactory manner and most of the clients are happy with their work.

Graphical Representation:



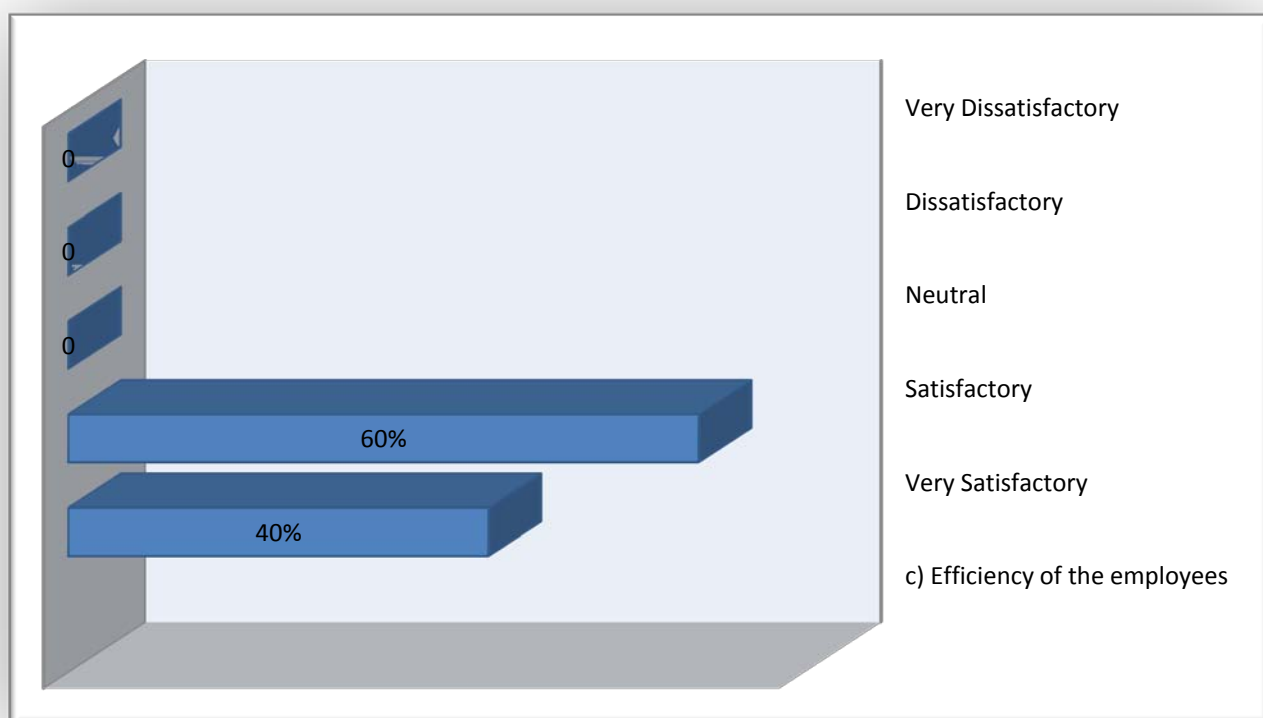
c) How is the Efficiency level of the employees of this department?

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Satisfactory	4	40.0	40.0	40.0
Satisfactory	6	60.0	60.0	100.0
Neutral	0	00.0	00.0	100.0
Dissatisfactory	0	00.0	00.0	100.0
Very Dissatisfactory	0	00.0	00.0	100.0
Total	10	100.0	100.0	

Interpretation: this table shows the efficiency level of the employees. Here most of the respondents (60%) have said that the employees work in a satisfactory manner and 40% of the respondents are for very

satisfied with the efficiency level of the employees of the foreign exchange (L/C) department. But no one has gone for the options like neutral, dissatisfied or vary dissatisfied. Prime Bank Ltd. always tries to give quality training to its employees and Prime Bank is successful in this matter that its employees are very much careful about their clients and services. That is why most of the customers remain satisfied with their services.

Graphical Representation:

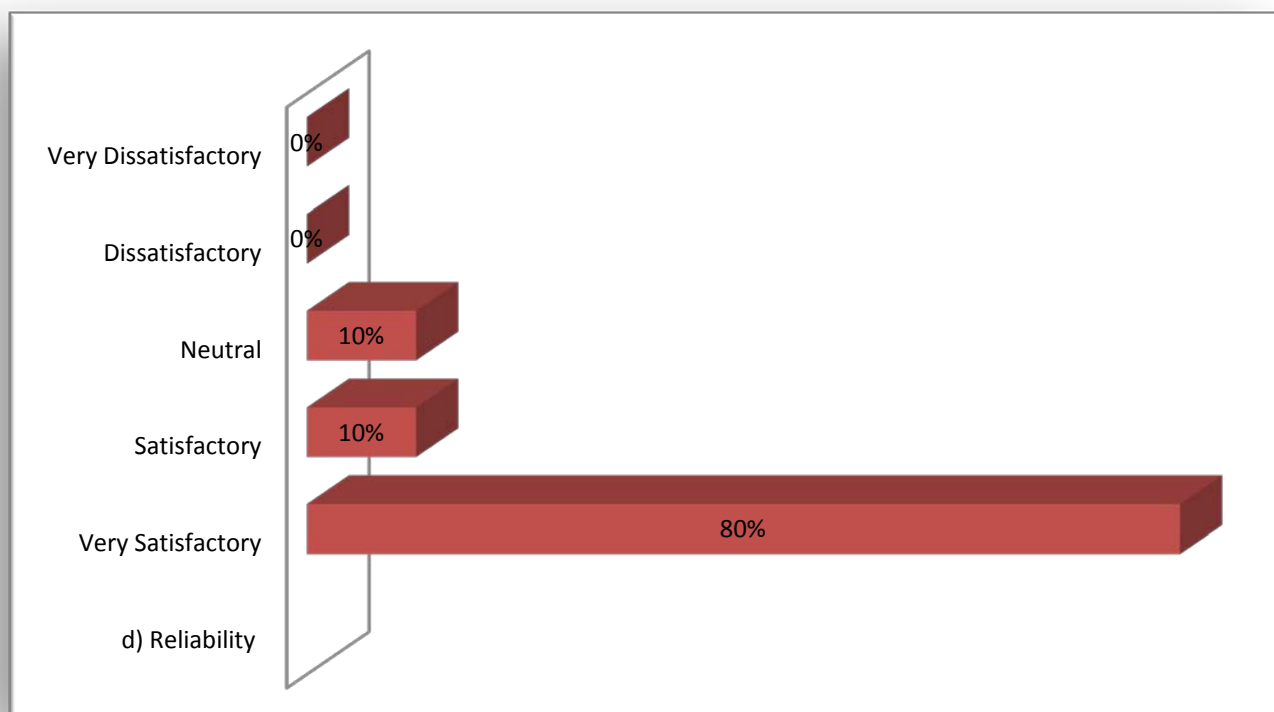


d) What do you think about the Reliability of data storing?

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Satisfactory	8	80.0	80.0	80.0
Satisfactory	1	10.0	10.0	90.0
Neutral	1	10.0	10.0	100.0
Dissatisfactory	0	00.0	00.0	100.0
Very Dissatisfactory	0	00.0	00.0	100.0
Total	10	100.0	100.0	

Interpretation: Here most of the respondents have responded very positively. 80% of them said that Prime Bank Mouchack Branch is very much reliable incase of storing their data. And 10% of them were satisfied and other 10% were neutral. And none of them went for the options dissatisfied or very dissatisfied. So it can be said that the reliability of the employees in the case of storing data is praiseworthy to the clients.

Graphical Representation:

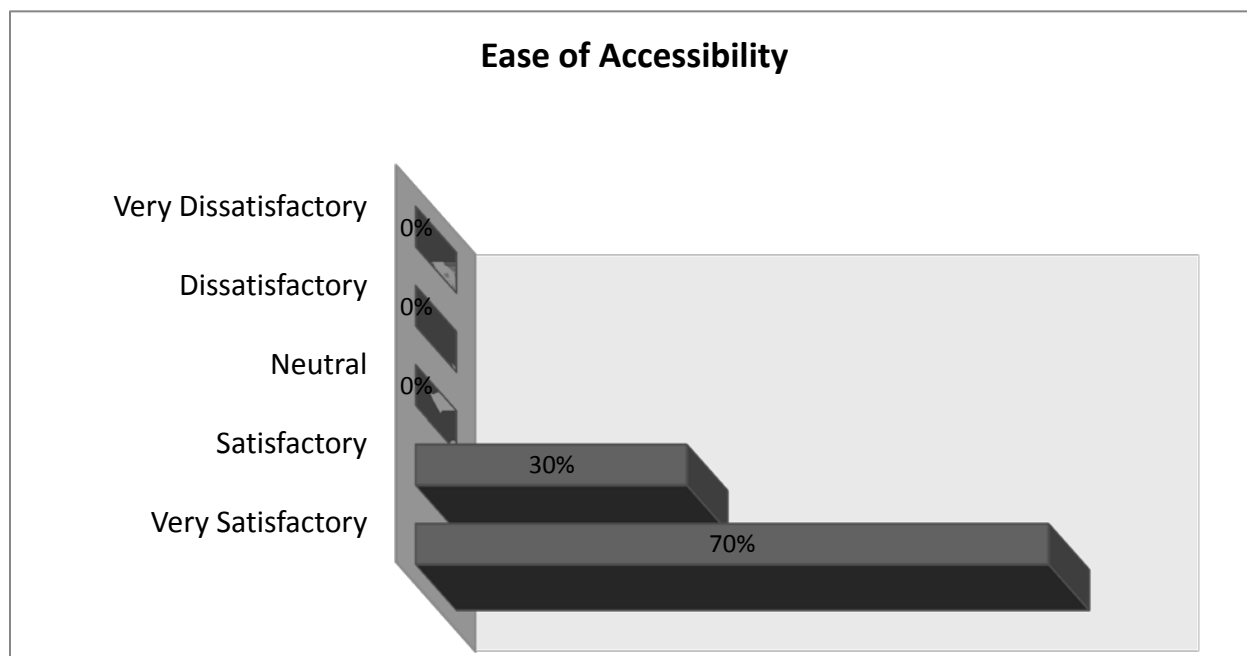


e) How do you find your ease of accessibility in the Foreign Exchange Department?

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Satisfactory	7	70.0	70.0	70.0
Satisfactory	3	30.0	30.0	100.0
Neutral	0	00.0	00.0	100.0
Dissatisfactory	0	00.0	00.0	100.0
Very Dissatisfactory	0	00.0	00.0	100.0
Total	10	100.0	100.0	

Interpretation: The clients are always welcomed in Prime Bank Ltd. Mouchak Branch. While working in the Foreign Exchange (L/C) department I have always noticed that the clients always roam here and there around the whole department and work by themselves. They have full access in the Foreign Exchange Floor and the employees also appreciate them to work by themselves. So 70% of the employees have said that they are very satisfied with their accessibility, and rests of 30% have said that they are satisfied. No one has said that they are neutral or dissatisfied. So it can be assumed that the clients do not have any dissatisfaction regarding the accessibility in Prime Bank Ltd. Mouchack Branch.

Graphical Representation:



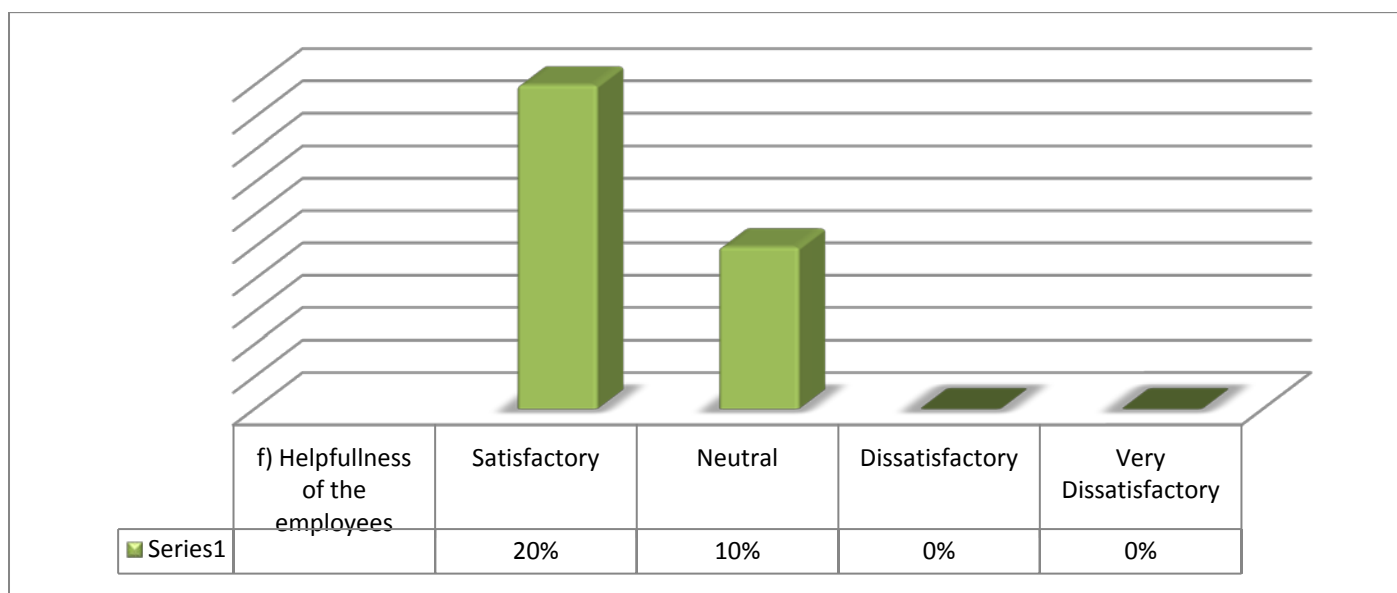
f) How helpful the employees of Foreign Exchange Department are?

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Satisfactory	7	70.0	70.0	70.0
Satisfactory	2	20.0	20.0	90.0
Neutral	1	10.0	10.0	100.0
Dissatisfactory	0	00.0	00.0	100.0
Very Dissatisfactory	0	00.0	00.0	100.0
Total	10	100.0	100.0	

Interpretation: Employees of Prime Bank Ltd. are very helpful. They always try to give their 100% effort to make their customers satisfied. Here the table above shows the level of helpfulness of the employees of

Prime Bank Ltd. Mouchak Branch. 70% of the respondents are very satisfied and happy with the helpful behavior of the employees. Other 20% are satisfied and the rest of 10% remained neutral. So it can be said that the employees of this department are helpful enough to satisfy its customers.

Graphical Representation:



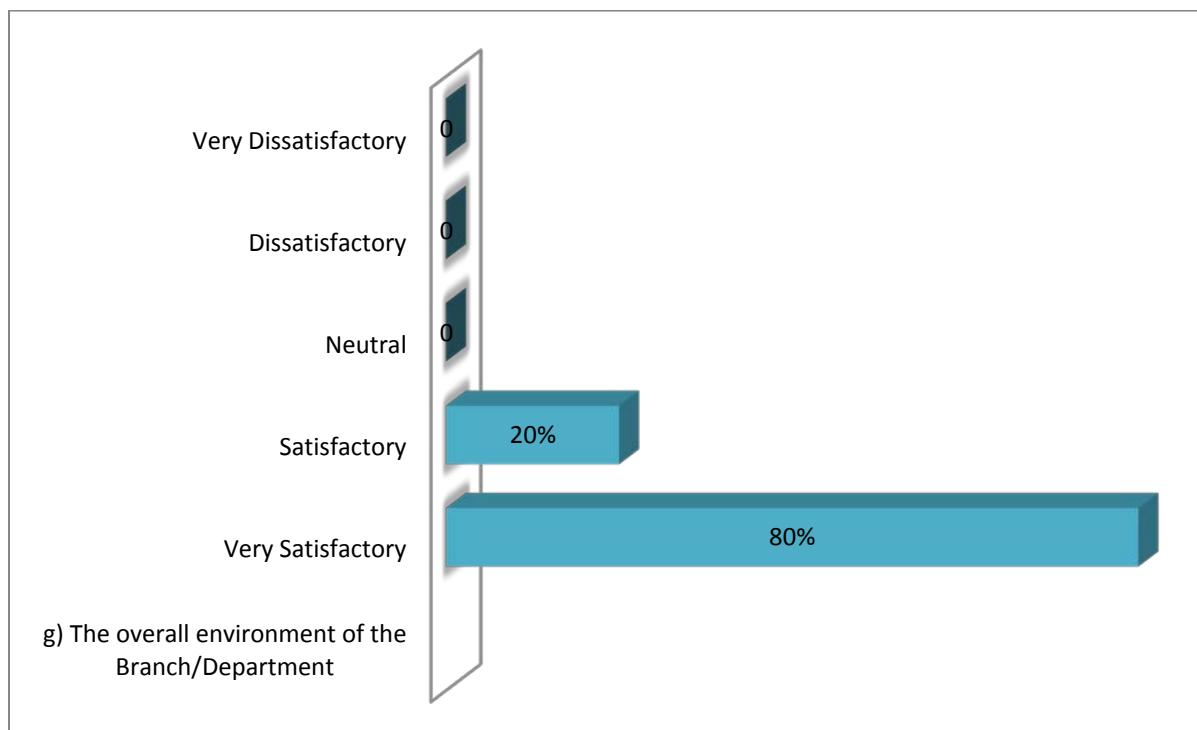
g) How is the overall environment of the department?

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Satisfactory	8	80.0	80.0	80.0
Satisfactory	2	20.0	20.0	100.0
Neutral	0	00.0	00.0	100.0
Dissatisfactory	0	00.0	00.0	100.0
Very Dissatisfactory	0	00.0	00.0	100.0
Total	10	100.0	100.0	

Interpretation: Environment is one of the most important issues of fulfillment. Prime Bank Ltd. Mouchak Branch is very much concern about this matter. They always try to maintain a healthy environment in their office and this point has come truly in my survey. 80% of the respondents have said that they think that the environment here is very healthy and very satisfactory and the rest of 20% are

satisfied with the environment. While doing this research they have mentioned that they have been taking services from this bank for years and the environment is always the same satisfactory and friendly.

Graphical Representation:



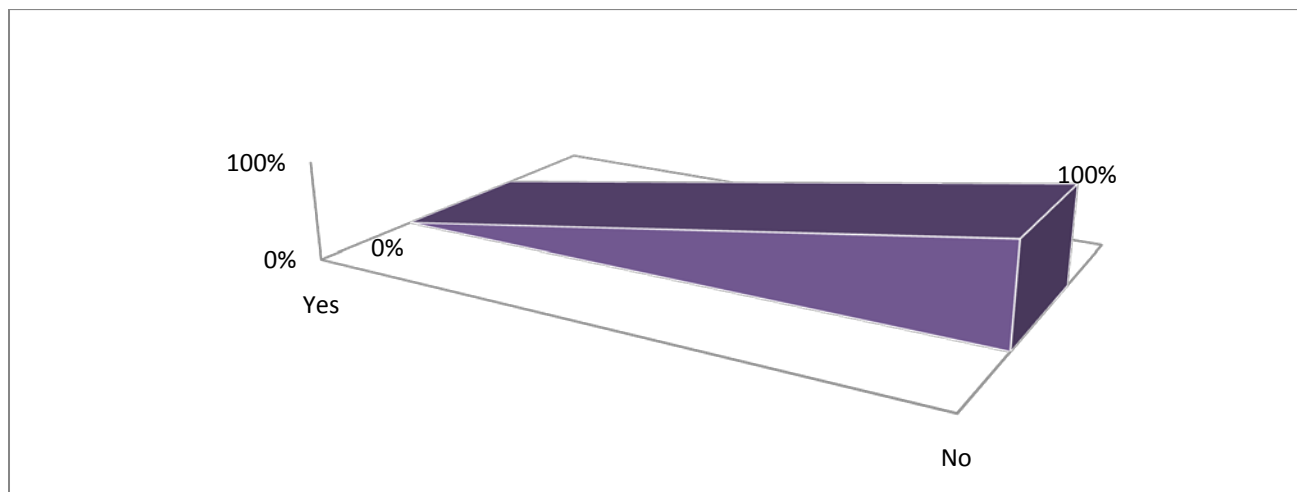
11. Have you ever complained against the LC Department of Prime Bank Ltd. Mouchak Branch?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	0	00.0	00.0	00.0
	No	10	100.0	100.0	100.0
	Total	10	100.0	100.0	

Interpretation: For this question all of the respondents have answered no. They are very much happy with the services of the mentioned branch of Prime Bank Ltd. and that is why they never have thought of complaining about the L/C department. This 0:10 ratio of complaining shows the exact service quality, employee behavior, helpfulness of the employees, timeliness of the employees, reliability of storing data,

and overall environment of the branch/department. The clients who have responded for this research are 100 percent happy with the service of L/C department.

Graphical Representation:



12. Has the organization taken proper step against your complain?

➤ N/A

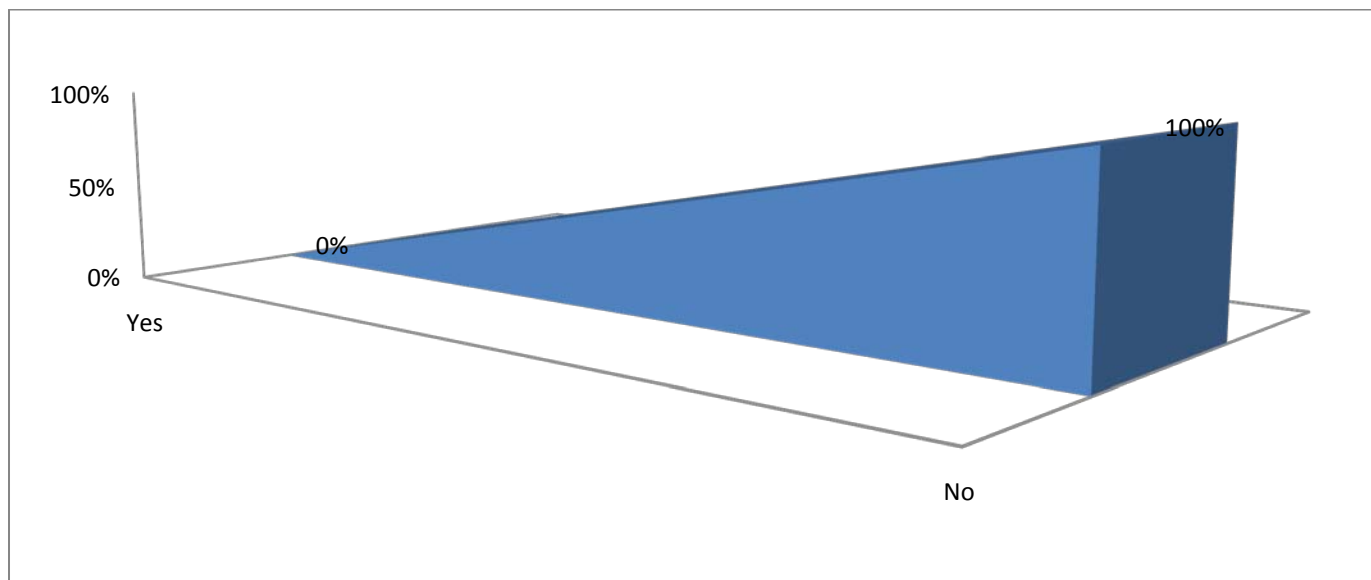
13. Have you ever thought of opening LC through any other bank because of your dissatisfaction?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	0	00.0	00.0	00.0
	No	10	100.0	100.0	100.0
	Total	10	100.0	100.0	

Interpretation: Here, all the respondents have said that they did not ever think of opening L/C through any other bank besides Prime Bank Ltd. Mouchack branch, because they are not dissatisfied of the branch's services and 100% of the respondents have answered no for this question. They are actually very much

pleased and they have never complained against the bank (from question no. 11), which again proves the department's excellent service quality and dedication towards satisfactory customer services.

Graphical Representation:



14. What is the reason behind not opening LC through another organization while you are not satisfied with the LC services?

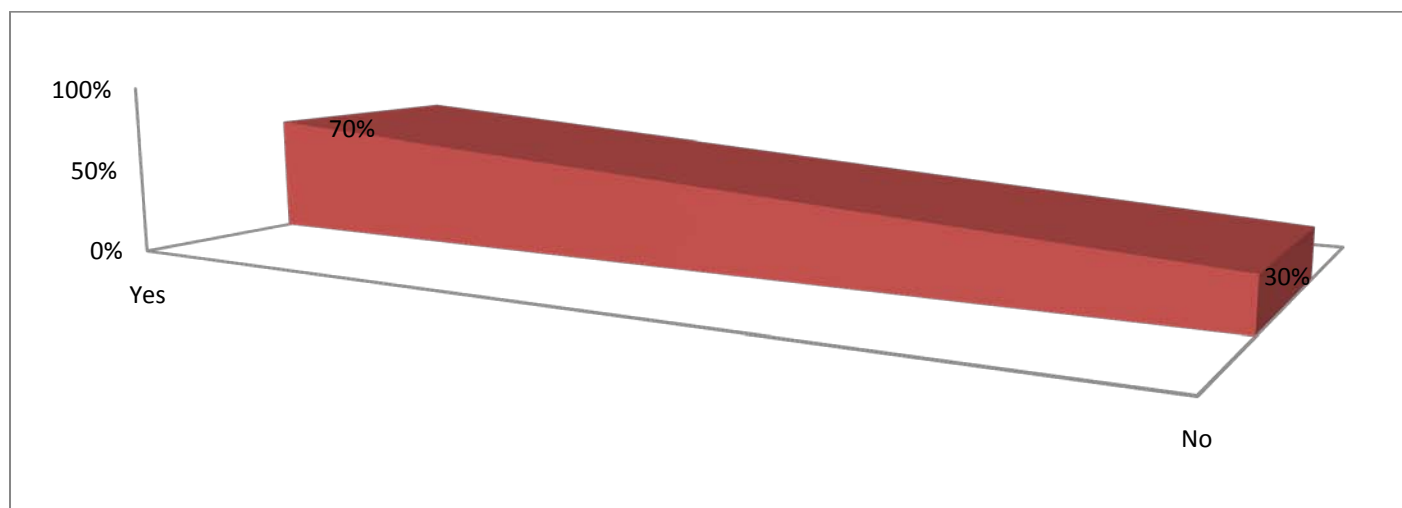
➤ N/A

15. Do you open L/C in Prime Bank Limited, Mouchack Branch because of the good relationship with the L/C Authority?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	7	70.0	70.0	70.0
	No	3	30.0	30.0	100.0
	Total	10	100.0	100.0	

Interpretation: Prime Bank Ltd. mainly believes of winning the hearts of customers through its greater relationship with them. The bank considers that good behavior and a sound relationship with the customers can grab and hold them with it. That is why the bank as well as the Mouchack Branch and undoubtedly the L/C department always maintain a very healthy relationship with its customers. And the respondents have also answered such in a positive way for this question. 70% of them have said that their reason of being in this branch is depended on their relationship with the L/C authority and they have also mentioned that the officers are now like relatives to them. And the other 30% respondents have said no, and this ratio demonstrates that most of the clients are here because of their year old and good relationship with the L/C authority.

Graphical Representation:

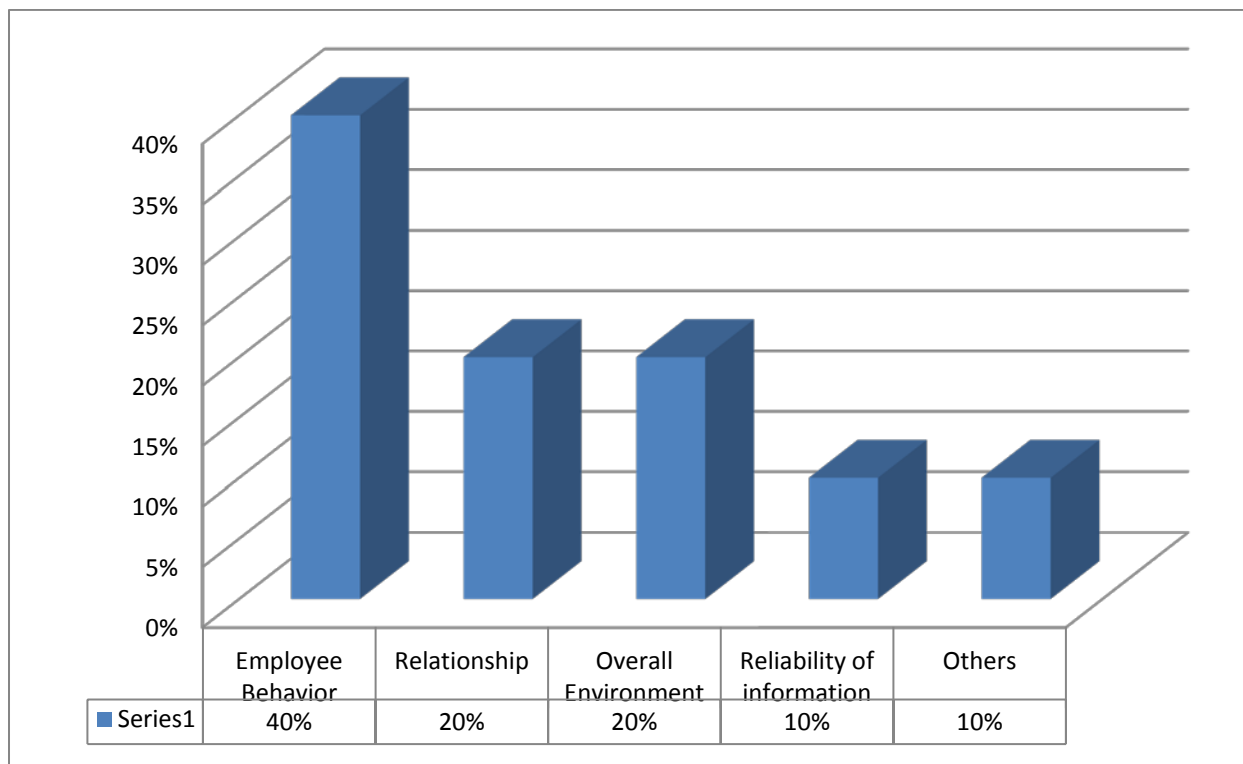


16. There are some other banks in this area, why your organization has chosen Prime Bank Ltd.?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employee Behavior	4	40.0	40.0	40.0
	Relationship	2	20.0	20.0	60.0
	Overall Environment	2	20.0	20.0	80.0
	Reliability of information	1	10.0	10.0	90.0
	Others	1	10.0	10.0	100.0
	Total	10	100.0	100.0	

Interpretation: Customers always look for good behavior from the authority or from the employees, a friendly environment where they can work freely where they can give any information related to their organization without any hesitation, where they have a sound relationship with the employees. It may not be possible to get all these advantages in one organization. But Prime Bank Ltd. has always tried to maintain all these matters to grab customers. While asking this question I have tried to bring up all those reasons from the customers, those have hold them into Prime Bank, Mouchack Branch, whereas there are some more banks in this area. Most of the organizations have said that they come to this bank for the employee behavior which holds a percentage of 40% of the total respondents, then they have also emphasized for the relationship with the employees (20%), as most of the organizations are taking services from this bank for 5-10 years. So they have a good relationship with every employee here. The overall environment of Prime Bank Ltd. and this branch is also appreciable which holds 20% percent of the respondents answer. There are some other reasons like personal relationship with the employees like brother, sister, friends etc. and this reason holds 10% response. So, it can be said that the overall management of Prime Bank Ltd. Mouchack Branch is so efficient to grab and hold customers than the other banks situated on the same area. And that is why the customers prefer Prime Bank, Mouchack Branch above there are some other banks.

Graphical Representation:

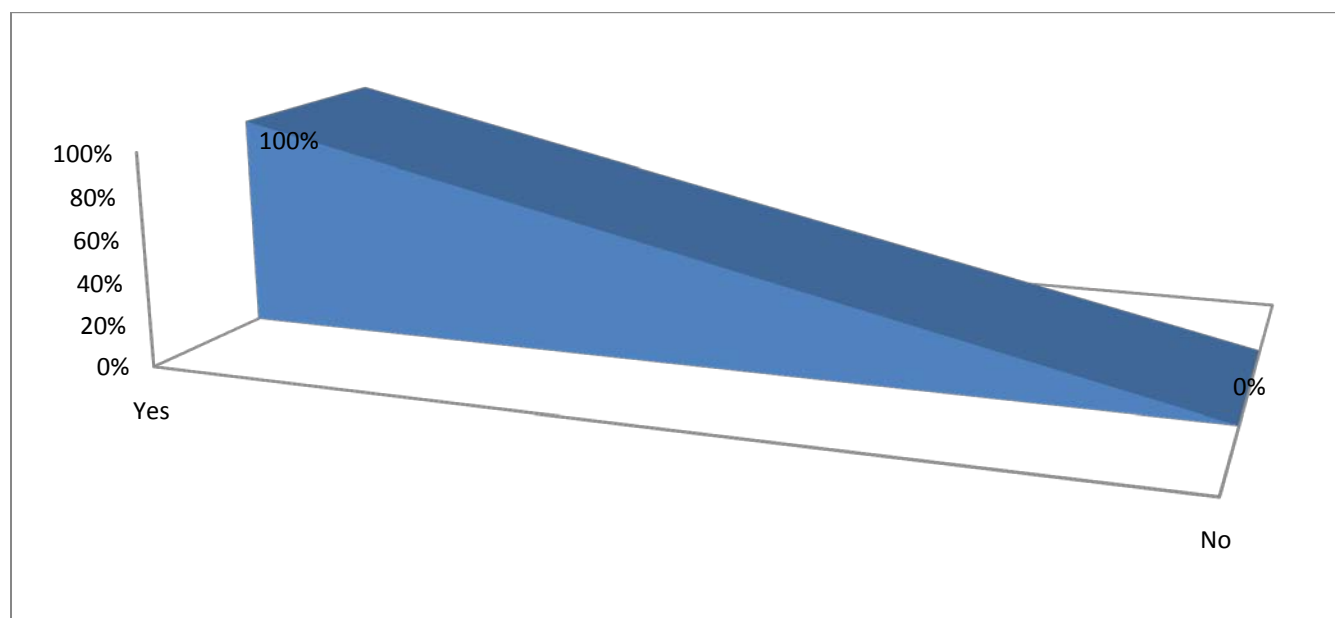


17. Are you happy with the overall services of the LC department of Prime Bank Ltd., Mouchak Branch?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	10	100.0	100.0	100.0
	No	0	00.0	00.0	100.0
	Total	10	100.0	100.0	

Interpretation: 100% of the respondents have said that they are happy with the overall services of Prime Bank Ltd. Mouchack Branch. Of they have gone for negative answer. So it can be said that most of the clients are very satisfied with the service quality the employee behavior, friendliness and helpfulness of the employees and management committee of Prime Bank Ltd. Mouchack Branch.

Graphical Representation::



Cross Tabulation:

- Distance from Mouchak Branch-Prime Bank Ltd. * Simultaneous L/C account in other Bank

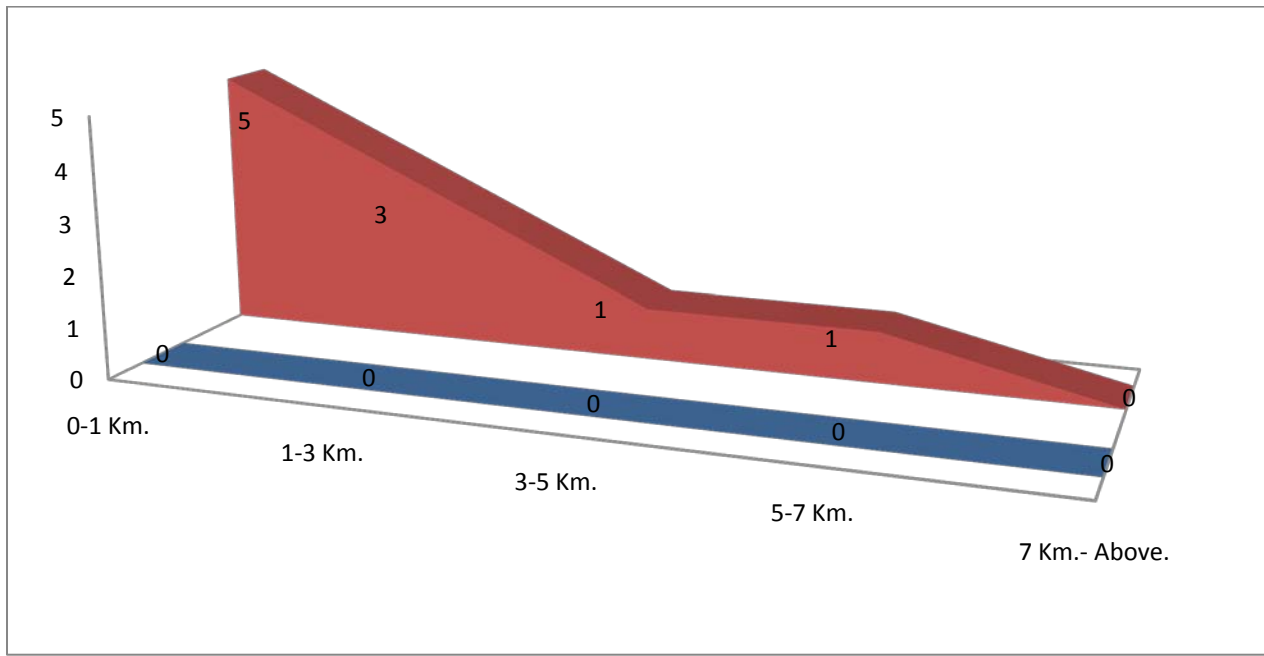
Count		Simultaneous L/C in other Banks		
		Yes	No	Total
Distance	0-1 Km	0	5	5
	1-3 Km	0	3	3
	3-5 Km	0	1	1
	5-7 Km	0	1	1
	7 Km & Above	0	0	
Total		0	10	10

Interpretation: Here, the above table represents the cross tabulation between the distance between the client's organization and the discussed branch of Prime Bank with the simultaneous account in other banks besides this branch. From the above cross table, we can see that, none of the client companies has office at more than 7 Km Distance from the Mouchak branch of Prime Bank. Only 1 of them has office in the distance between 5-7 Km distance and that company does not take L/C services from any other bank. The largest portion of the clients (5 of 10 respondents) of L/C services has their office within a distance of 1 Km only and none of them have simultaneous L/C in any other nearby banks. 3 of the total 10 respondents have their offices in a distance of 1-3 Km having no simultaneous L/C in any bank and 1 of the L/C client's office is at 3-5 Km distance from our Branch of Prime bank and like the previous cases, they do not have any L/C account in any other bank.

So, it can be said that, most of the clients take services from this branch of Prime Bank because of the fact that, their organization is situated in nearby places. Along with that, other factors are there as well that have tremendous impact on the client retention because, in the same distance there are other banks as well, but the clients prefer to take services from the Mouchak branch of Prime bank better than other banks. Moreover, 3 organizations have their offices from 1-3 Km distance from our bank and certainly there are other banks that are closer to those organizations than ours. Yet, they prefer ours which indicates the fact that, even though

distance is the key factor for opening L/C in the bank, there are other factors as well that play significant roles in the L/C opening decision of the clients.

Graphical Representation:



• Overall satisfaction of Mouchak Branch-Prime Bank and Simultaneous L/C in other banks

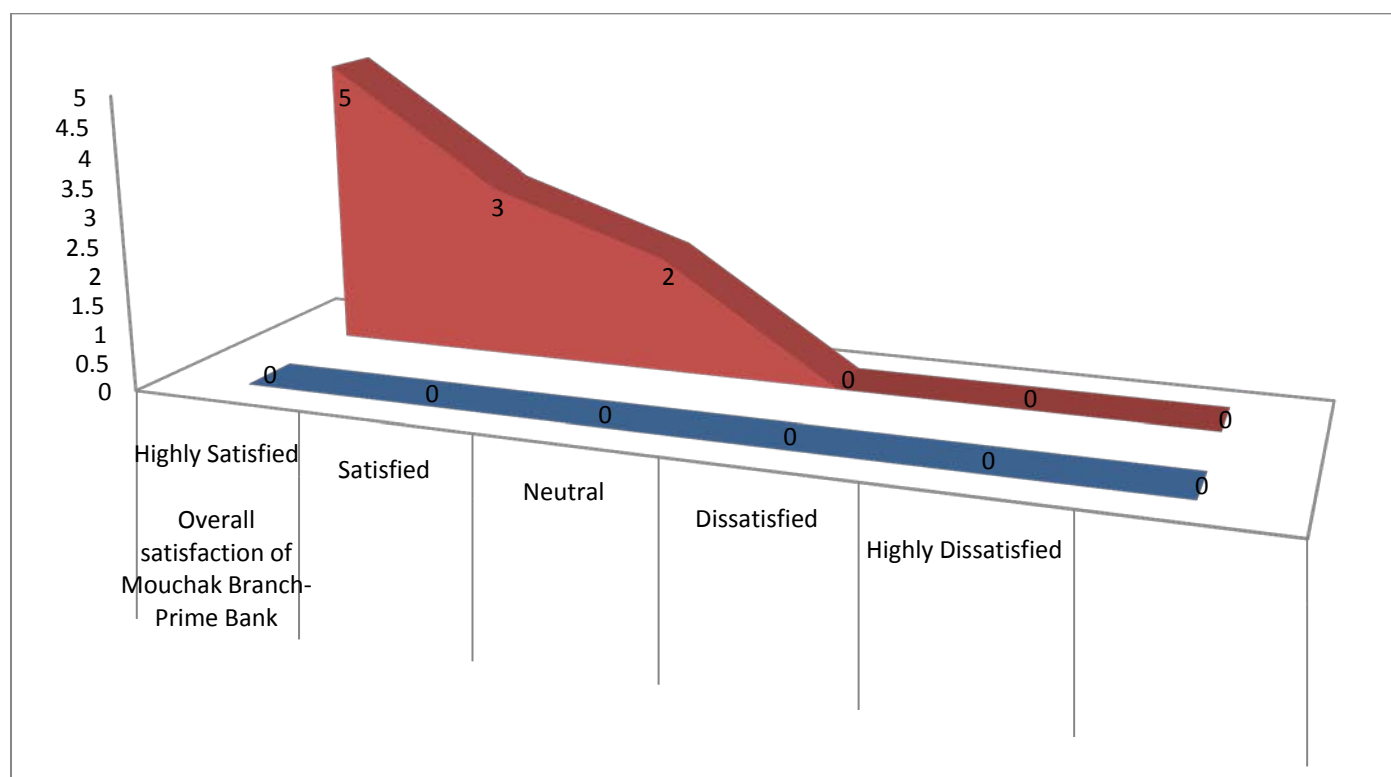
Count		Simultaneous L/C in other Banks		
		Yes	No	Total
Overall satisfaction of Mouchak Branch-Prime Bank	Highly Satisfied	0	5	5
	Satisfied	0	3	3
	Neutral	0	2	2
	Dissatisfied	0	0	0
	Highly Dissatisfied	0	0	0
Total		0	10	10

Interpretation: So here, in the above table, I have tried to show the cross tabulation between the overall satisfaction of the Mouchak Branch-Prime bank and the simultaneous L/C in other banks. This table can reflect the relationship between these two factors.

As we can see 5 of the 10 respondents are highly satisfied with the overall performance of Prime bank (Mouchak Branch) and none of them have any simultaneous L/C in any other bank, 3 of them are satisfied having no L/C in any other bank and 2 of the respondents are neutral about the satisfaction and do not open L/C through any other bank besides the Mouchak Branch of Prime Bank. No client is actually dissatisfied nor highly dissatisfied with the overall performance of the branch and neither do they have any tendency to open L/C through any other bank simultaneously.

Therefore, it can be said that, overall satisfaction of the branch results in retention of the clients. The more satisfied they are, the less likely they are to open L/C in any other bank.

Graphical Representation:



I have tried to show the tendency of simultaneously opening of L/C through other banks to prove the customer satisfaction level of the Foreign Exchange Department (L/C) Prime Bank Ltd. Mouchack Branch.

I have shown the analysis of the data collected through a questionnaire (given in the appendix part) with interpretation and graphs. I have also done a cross tabulation between the distance factor and the tendency of opening L/C through other banks. 50% of the respondents have their office situated in less than 1 km., 30% have their office within less than 3 Km. 10% have in less than 5 Km. and the rest of 10% have their office in less than 7 Km. , none of them have their office situated in 7 Km. and above. And most importantly they do not open L/C through any other bank. So, it may say that distance is one of the major factors of satisfaction.

Then I have done another cross tabulation on the overall satisfaction of the customers and the tendency of simultaneously opening L/C through other banks. As there are so many banks in the same area and for that reason could not be the only factor of satisfaction. The clients of this department are very much pleased with the overall service quality of the Foreign Exchange Department of Prime Bank Mouchack Branch. The point of overall satisfaction are behavior of the employees, timeliness of the employees, efficiency of the employees, helpfulness of the employees, reliability of storing data, ease of accessibility and overall environment of the department. The clients have mostly chosen very satisfactory and satisfactory option and some of them have chosen neutral but none of them have chosen dissatisfactory or very dissatisfactory options. They have never complained against the department to the authority and never have thought of opening L/C through any other bank. So, it can be said that the customers are satisfied with the overall services of the Foreign Exchange Department (L/C) of Prime Bank Ltd. Mouchack Branch.

Not only distance and overall satisfaction but also the employee customer relationship has helped Prime Bank (Mouchack Branch) to achieve its goal. I have worked with the Foreign Exchange Team for most of my Internship period. Here, I have observed that they practice relationship banking. They have a customer profile, where they have all the information of the customers. Prime Bank tries to wish its customers special days such as their anniversaries, on its Chairman's, Director's birthdays by sending cards and flowers. Prime Bank also wishes its customers on Eid, Shahid Day, Victory day etc. The bank also sends gift vouchers to important clients not only that also provide discounts from different shops. Often I have noticed that the employees ask the clients for tea, snacks and lunch also. Employees inquire about their families, their life, their organization and try to mix up with them like their relatives, talks with them like their well wishers. They have created such bonding with their customers and for which those ordinary customers now have turned into apostle customers.

Chapter: 6

Recommendation and Conclusion

6.1 Recommendation:

It is really tough to recommend a bank specially such a bank which is one of the most well reputed banks of the country only in a short three months internship period. But I have noticed some lacking while working in Prime Bank Ltd. (Mouchack Branch), and based on my observation I am recommending some proposal below.

- The bank uses lots of registers to record foreign exchange transactions which is very time consuming and also has possibilities of occurring errors. The bank should maintain complete computerized recording system as soon as possible.
- Number of tellers both in cash and remittance should be increased.
- The branch should increase the number of employees in the Foreign Exchange Department to reduce their stress and also for bringing speed in service delivery.
- Foreign exchange services should be provided to the small companies also. Because the branch has only 10 regular clients in this department and it could create problem in near future.
- The bank as well as the mentioned branch should introduce new services time to time as there are huge competitions with other banks.
- The bank should increase the charges related to the Foreign Trade. Because the bank charges only 1000 taka SWIFT charges for per L/C, where as other banks charges 2000-2800 taka for per L/C.
- A customer requires paying the bank a certain margin of the total L/C value before opening the L/C, which is known as L/C margin. If Prime Bank charges lesser amount then other banks then it can attract more customers.
- Payments of the L/C's are also made by the pre-arranged credit facilities and the customers have to pay high interest rates for these credits. This rate should be decreased to grab more customers.
- Prime Bank has already brought software called Temenos Globus and Oracle specialized for (Import and Export Letter of Credit entry) famous core banking software, which is now being implemented to all of its branches. However, the employees are still struggling to conduct foreign exchange services through this software because of its complexity. As a result, valuable time and energy are being wasted while conduction such foreign exchange services. Some further simplification and modification of this software might actually help the bankers to work more efficiently in providing international trade services like Export, Import and Remittance.
- Prime Bank Ltd. has brought software called "Temenos Globus" an Oracle Specialized for famous core banking software (Import and Export Letter of Credit entry) and all the branches has started using it. The employees are still struggling while using it because of its complications. The Bank should take initiatives to teach the employees more about this software through placing training and workshops.

6.2 Conclusion:

The foreign exchange department is one of the most important departments in a bank. A bank's performance and profit largely depends on this division. These foreign exchange activities have an equal significant role to the economic growth of a country. So through this division banks are contributing to the economic empowerment of the country.

I have observed the foreign exchange activities for three months of my internship period. As it is a top class bank of the country Prime Bank Ltd. has a good reputation and faith among the exporters and importers of Bangladesh. The bank as well as Mouchack Branch has got a bunch of talented, experienced and enthusiastic officials in this department. These employees are so much capable of handling clients and large scale of export-import activities. It is one of the most preferred banks among the corporate customers for export import activities and the driving reasons such as employee behavior, helpfulness, timeliness, efficiency, ease of access have been discussed before. Though this branch has showed excellent performance always but yet has some limitations. Every bank tries to cope with the newer trends of foreign exchange as soon as possible. Prime bank Ltd. should continuously arrange seminars, trainings, and workshops to acknowledge its work force about the newer trends to make them more efficient and to get more competitive advantages over the other banks. My report has prescribed some recommendation to improve the current performance of Prime Bank Ltd. (Mouchack Branch), I strongly believe that it is not possible to judge and recommend a banks / departments performance appropriately only in three months, but it can be said that if Prime Bank Ltd. (Mouchack Branch) takes initiatives to implement those recommendations the banks performance and image to the customers will largely enhanced.

Appendix:

Good Morning/afternoon Sir/Madam. I am Anika from the Foreign Exchange Department of Prime Bank, Ltd. (Mouchack Branch). For assessing your satisfaction and also the problems, I am conducting a survey. The survey will be focusing **your overall satisfaction towards Prime Bank Ltd. (Mouchak Branch)**. It will take 15-20 minutes of your time. Your response would be of great help in accomplishing the study. However, the study is for the organizational and of academic purpose and will not be disclosed elsewhere, keeping in mind the sensitivity of the topic. Would you please be able to give me the time now?

Questionnaire:

- 1) How far is your organization from Prime Bank?
a) 0-1 k.m. b) 1-3 k.m. c) 3-5 k.m. d) 5-7 k.m.
- 2) How frequently do you open an L/C?
a) Daily, b) Weekly, c) Monthly, d) Irregular
- 3) For how many years have you been taking services from mouchak branch of Prime Bank Ltd.?
a) 0-1 years, b) 1-5 years, c) 5-10 years, d) 10-15 years, e) 15years-above
- 4) Did you open L/C through other Banks?
a) Yes, b) No.
- 5) What is the reason behind not taking services from the previous bank?
a) Distance, b) Poor service quality, c) Employee behavior, d) Reliability of storing data, e) Lack Efficiency in providing services.
- 6) Do you have simultaneous L/C account in other Banks?
a) Yes, b) No

Now give your opinion to judge the employees and the overall Foreign Exchange Department (L/C).

- a) How is the behavior of the employees of the foreign exchange department?
i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory,
v) Very Dissatisfactory,
- b) What do you think about the timeliness of the employees of the department?
i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory,
v) Very Dissatisfactory

- c) How is the Efficiency level of the employees of this department?
 i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory,
 v) Very Dissatisfactory
- d) What do you think about the Reliability of data storing?
 i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory,
 v) Very Dissatisfactory
- e) How do you find your ease of accessibility in the Foreign Exchange Department?
 i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory,
 v) Very Dissatisfactory
- f) How helpful the employees of Foreign Exchange Department are?
 i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory,
 v) Very Dissatisfactory
- g) How is the overall environment of the department.
 i) Very satisfactory, ii) Satisfactory, iii) Neutral, iv) Dissatisfactory,
 v) Very Dissatisfactory
- 7) Have you ever complained against the LC Department of Prime Bank Ltd. Mouchak Branch?
 a) Yes, b) No.
- 8) Has the organization taken proper step against your complain?
N/A
- 9) Have you ever thought of opening LC through any other bank because of your dissatisfaction?
 a) Yes, b) No.
- 10) What is the reason behind not opening LC through another organization while you are not satisfied with the LC services?
 ➤ N/A
- 11) Do you open L/C in Prime Bank Limited, Mouchack Branch because of the good relationship with the L/C Authority?
 a) Yes b) No
- 12) There are some more banks in this area, why your organization has chosen Prime Bank Ltd.?
 i) Employee behavior, ii) Relationship with the employees, iii) Reliability of storing data
 c) Overall Environment, d) Other.
- 13) Are you happy with the overall services of the LC department of Prime Bank Ltd., Mouchak Branch?
 a) Yes, b) No

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