

**Internship report on
Study on Trade Service,
Citibank N. A Bangladesh**



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Bangladesh



Submitted to:

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LETTER OF TRANSMITTAL

Date: 24th Decmber, 2014

To

Jabir Al Mursalin

Assistant Professor BRAC Business School, BRAC University, Dhaka
Bangladesh

Subject: Submission of Internship report.

Dear Sir,

This is my great pleasure to submit the Internship report of my three months long Internship program in one of the world largest banking giant Citibank, N.A. corporate banking branch of world's largest financial services network in the world, Citigroup Inc. in Global transaction service (GTS) department-Trade Finance. The title of the report is “ Study on Trade Service ,Citibank, N.A.”. This report has been prepared to fulfill the requirement of my internship program at my assigned organization in the Citibank, N.A.

I have put my best effort to make this report a successful one. It has been joyful and enlightening experience for me to work in the organization and prepare this report. However this has been obviously a great source of learning for me.

I would like to express my sincere gratitude to you for your kind guidance and suggestions in preparing the report. It would my immense pleasure if you find this report useful and informative to have an apparent perspective on the issue. I shall be happy to provide any further explanation regarding this report if you have any query on this report or any other relevant matters.

Sincerely Yours,

Farhana Sultana

ID: 10104168

ACKNOWLEDGEMENT

At the beginning I would like to convey my sincere appreciation to the almighty Allah for giving me the strength and the ability to finish the task within the planned time. Then I like to express my sincere gratitude to everyone who contributed towards preparing and making this study successfully.

First of all I would like to express my Sincere and immense gratitude to my internship supervisor Mr. **Jabir Al Mursalin** Assistant Professor of BRAC Business School, BRAC University. I am deeply indebted to her whole hearted supervision to me during the Internship Period. His valuable suggestion, guideline and the format she mailed me helped a lot to prepare the report in a well organized manner.

My specially thanks to Khorshed Alam, Head of Trade Services, Sajjad Hossain, Head of Import, Shafiul Bashir, Assistant Manager, Imports, Ferdous Mohasin, Assistant Manager, Imports, and Md. Mostafizur Rahman, BUCO and TCS offsite governance of Citibank, N A, Bangladesh to provided me with some reading materials which helped me a lot in understanding the concepts. I would also like to thank the HR of Citibank, N.A. for giving me the opportunity to do my internship in one of the world largest banking giant. The experience and knowledge gained at Citibank, N.A. helped me to understand different elements related to my study.

I am also grateful to the other officials who helped my while preparing the study by giving their suggestions, assistance and supply of information, which were valuable to me. Their helping hand support me a lot to complete my report successfully.

EXECUTIVE SUMMARY

Banking is the most lucrative business and thus should provide the best services to the clients to maintain its welfare. More importantly, since this sector is highly customer oriented, the only way it can achieve its goal is by satisfying the customers by providing quality, effective and efficient services. I got the opportunity to work as an intern in Citibank, N.A. Dhaka for 3 months. The topic that I have focused in my report is “Trade service of Citibank N A” which describe the Corporate Banking and Trade practiced by them all throughout Bangladesh. In Trade, I basically worked under import department of trade service. I have tried to gather as much information possible about how they work, who are their customers, how they serve them and the main focus of my task was to describe the processing of LC. Trade service conducts with “Import and Export”, along with loans and guarantees, and their managerial function. I have discussed about the bank’s main focus points and also how they deal with their employees, clients and valuable customers. I also try to do a SWOT (strengths, weakness, opportunity, threat) analysis of Citibank N A. Moreover, being able to work as part of Citibank’s employee gave me a firsthand insight at how the bank approaches towards its employees, how these employees deal with their clients, and how the employees interact with each other. This real picture of the bank which I was able to observe through my eyes during my internship period has contributed greatly in preparing this report. My report is actually a reflection of my experience rather theoretical analysis. Those entire three months I was mainly involved with import team, so my focus of report is actually on the activities of import team. I gathered realistic experience during this period also got the chance to about their setbacks as well. Finally it is my pleasure to work with such a team who deals with global trade and I gathered some really valuable experience which will help in my professional life.

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1.0 Introduction

1.1 Introduction

Trading is one of the basic activities of any economy which started thousands years back. With the passes of time trading is getting flourished day by day. Bank is such intermediaries which made trading more quick and smooth. Now trading has no boundary. It has become global and has been touched with millions of customers all over the world. As trade has been global the involvement of global banking in trading has been added a new dimension. Citibank N A is such a global bank which is serving the trade sector of different region of world for more than 200 years. Among financial service industries only bank can surpass other types of financial institutions in terms of providing wide range of economical services. It smooth the way of transition from barter trade to modern banking. Banks are strengthening countries economy by creating and transferring funds both inside and outside the countries. Banks facilitates an effective channel for cash flow like our vein through which blood circulates into the body. It carry out business by developing cost benefit customized products and technologically viable services for their possible customers. Now this sector became so competitive that every moment banks are finding innovative way to grab customer.

The modern era of banking concept has been evolving eventually. The word “bank” obtains from the words “Banque” (French), “Banca” (Italian) and German word “bench” as in ancient time Jews used to do their business of lending money sitting on a long bench. Though nearly seven hundred years ago more or less financial institutions came similar to bank but modern banking has been started its journey in physical form of a bank in 1668 named “Svingsss Pis Bank” in Stockholm.

A Country’s sustainable economic growth depends on her responsive banking business, as without banks no one can imagine industrialization. Bank provides business and gives support to the promising industries of a country.

1.2 Origin of the Report

For the purpose of completing the Bachelor of Business Administration degree internship report is a mandatory part. As Internship is 4 credits course titled “BUS 400” where students get a remarkable occasion to explore and experience the professional life. Here practical paradigms enrich our theoretical knowledge. My respective advisor Mr. Jabir Al Mursalin Assistant Professor BRAC Business School assigned me to prepare an internship report on “**Study on trade service, Citibank N A**”. As an intern I was appointed with trade service, Citibank N A so my assignment is to cover the description of trade service, Citibank N A through my report.

1.3 Objective of the report

1.3.1 Primary objective

This report is an Internship Report prepared as a requirement for the completion of the BBA Program of BRAC Business School, BRAC University. The primary goal of internship is to provide the job expose to the student and an opening to execute theoretical knowledge in real life situation.

1.3.2 Secondary objectives

- Assembling working experiences of internship in a report
- Analyzing trading scenario of Citibank N A Bangladesh
- Describing LC processing of Citibank N A Bangladesh
- Describing nature of tasks of trade service, Citibank N A
- Analyzing difficulties of LC processing
- Findings feasible solutions of difficulties

1.4 Scope of the report

The report is based on the trade operation of Citibank N A Bangladesh and the full focus of this report is to cover LC processing of trade service department. All relevant units are described in the report. Processing of LC is analyzed with direct observation. This report is a mirror reflection of my observation which covers the actual essence of trade operation of a global bank like Citibank N A Bangladesh.

1.5 Limitations

Though I tried concrete deeply in the pool of information I have faced some limitations at the time of preparing this report.

- Reliable personnel could not much of time as they are busy with their huge job responsibilities.
- Issues of compliance was a barrier to share all information with intern
- 3 months is not enough time to know the whole operation process of such a global bank
- Citibank N A does not share enough information to their public website
- As Citibank N A deals mostly with corporate customers they rarely share any information with non-employees

2.0 Organizational overview

2.1 Introduction to Citi N.A

Citi is the world famous global financial services company with millions of customer accounts in more than 100 countries. It provides a wide range of financial products and services, including consumer banking and credit, corporate and investment banking, insurance, securities brokerage, and asset management. Citi is structured with three major business groups - Global Consumer, Markets & Banking, and Global Wealth Management.

The Citi Global Consumer businesses comprise the financial service sector's most diverse consumer product offerings, including banking services, credit cards, loans and insurance. This business also offers industry-leading technology, a strong worldwide presence and a powerful global franchise in Citibank. Markets & Banking consists of Global Banking, Global Capital Markets & Transaction Services. Global Wealth Management is a top-tier global wealth manager providing some of the best institutional capabilities available today. Serving both private and institutional clients, Global Wealth Management taps the strength and resources of Citi to maximize value and service. Citi Alternative Investments delivers a broad offering of alternative investments, including hedge funds, credit structures, and private equity, real estate, and other private placement and special investment opportunities. In addition to the standard banking transactions, Citibank offers insurance, credit cards and investment products and their online services division is among the most successful in the field claiming about 15 million users. Citi is doing the business with seven global business regions which are Africa, Asia-Pacific, Central America/Caribbean, Europe, Middle East, North America and South America.

Citibank N.A. commenced in Bangladesh during 1987, with the opening of a representative office. Citibank N.A. opened its first full-service branch in Dhaka, on 24th June 1995. During last 14 years through dimensional services Citi has become one of the major international banks in Bangladesh.

2.2 Citi's Mission: Enabling Progress

Citi works tirelessly to serve individuals, communities, institutions & nations with 200 years of experience meeting the world's toughest challenges & seizing its greatest opportunities, we strive to create the best outcomes for our clients & customers with financial solutions that are simple, creative & responsible. An institution connection over 1000 cities, 160 countries & millions of people, we are your global bank, we are Citi.

The four key principles- the values that guide us as we perform our missions are:

Common purpose: One team, with one goal: serving our clients & stakeholders.

Responsible Finance: Conduct that is transparent, prudent & dependable.

Integrity: Enhancing our clients living through innovation that harnesses the breadth & depth of our information, global network & world-class products.

Leadership: Talented people with the best training who thrive in a diverse meritocracy that demands excellence, initiative and courage.

2.3 History of Citibank, N. A

Citibank N A has a history of over 200 years. In 1811 a group of merchants took the first steps towards setting up a new bank to help New York compete with Philadelphia, Boston & Baltimore. Thus the journey started.

In 1811 the U.S. Congress refused to renew the charter of the First Bank of the United States, the country's central bank, which had branches in such cities as New York. Thus on June 16, 1812, some of the First Bank's New York shareholders and other investors secured state incorporation of the City Bank of New York, which was later established in the branch banking rooms of the old First Bank. The bank grew as New York City became the nation's commercial and financial capital, and in 1865 it was chartered under the National Bank Act and renamed the National City Bank of New York. In 1897 it became the first large American bank to open a foreign department, and in 1915 it became America's leading international bank upon the purchase of International Banking Corporation (founded 1902), which had 21 overseas offices in 13 countries and territories.

Citibank was formerly (1967–74) known as First National City Corporation, American holding company incorporated in 1967, with the City Bank of New York, National Association (a bank tracing to 1812), as its principal subsidiary. The latter's name changed successively to First National City Bank in 1968 and to Citibank, N.A. (i.e., National Association), in 1976. Citicorp was the holding company's popular and trade name from its inception but became the legal name only in 1974.

2.4 Products and services offered by Citibank N.A

The bank is structured according to the four product divisions: Corporate Banking, Financial Institutions, Cash Management and Treasury. There are also four other departments that can be termed as support and these are Operations, Credit Administration, Financial Control and Human Resource.

2.4.1 Corporate Banking

Corporate Banking in Citibank is divided into two main segments:

GRB (Global Relationship Banking): In which the RMs basically deal with the clients (multinational companies in Bangladesh) with whom Citibank has global relationship. There is a single Parent Account Manager (PAM) in the country of origin of that MNC who is responsible for looking into the credit relationship between Citibank and the company worldwide. Any credit extended to the company has to be approved by the PAM.

TTLC (Top Tier Local Corporate), as the name suggests is the segment in which only the top performers (basically the first three ranked companies) of any industry approaches to be Citibank's clients.

Citibank provides both deposit products and loan products to its corporate clients. The loan products are of varying tenor and purpose. Citibank N.A. Bangladesh also provides structured finance products. The main activities involved in Corporate Banking division of the bank include: communication with customers and calls. The RMs (Relationship Managers) try to establish contact with key CBG customers; know about the status of their capabilities. The next step is to collect customer information and make a detailed analysis of the needs of the client matched with what the bank can offer. After agreement of both parties, the bank gets approval from the lending unit. Once companies have become a client with credit relationship, the RMs then have to monitor the performance of the company and ensure that no classification of credit occurs.

2.4.2 Financial Institutions

The Financial Institutions department caters for the need of various banks and non-bank financial institutions as well as NGOs, not-for-profit organizations and diplomatic missions. The core product is the correspondent banking services. Besides there are various electronic banking services, which enable FI, clients perform large domestic and international transactions efficiently and safely.

FI department mainly facilitates international trade conducted by Citibank N.A., Bangladesh. Citibank does L/C advising, confirming, transferring, guarantying and negotiating and reimbursing. In order to do so the FI department of the bank provides the local banks direct facilities or credit lines that includes OSTBT (Ordinary Short-term Banking Transaction), Local bill discounting, CTC credit line etc. Credit line for treasury purpose includes PSR facilities. Like the CBG Department, the FI-RMs also try to establish contact with FI customers. After that, the RMs collect customer information and make a detailed analysis of the needs of the client matched with what the bank can offer. After agreement of both parties, the bank gets approval from the lending unit.

2.4.3 Cash Management

Cash Management deals mainly with deposit collection i.e. is involved in liability management of the bank. For this, the team has to go out on calls to bring about customer deposits and get companies to open account with Citibank. Cash Management team works closely with the Corporate division and with FI department (For NGOs, NBFIs, Insurance Companies and Diplomatic mission).

The products and services offered from this department include:

- Online fund transfer between Dhaka and Chittagong.
- Efficient collection mechanisms at different outstation points.
- Secured electronic payment mechanism at over 100 locations across the country.
- Innovative and competitive deposit products.

- Web-based electronic banking services.
- Prompt distribution of inward remittance at competitive rates.
- Mobile banking.

Citibank is in a position to offer customized services with the help of state-of-the-art technology to support high volume of payments and collections. The Citibank products such as World link enable effective payment in more than 40 currencies through drafts or wire transfers. Simultaneously, the strong relationships of Citibank N.A., Bangladesh with the nationalized commercial banks within the country enables payments to reach virtually to all the corners of Bangladesh.

2.4.4 Treasury

The treasury of Citibank Bangladesh meets all the foreign exchange related requirements of the valued corporate customers. Citibank Bangladesh Treasury has been giving excellent and innovative services to the clients since its inception in 1995. These clients can establish direct contact with the treasury for their foreign exchange requirements. Their local and global strength in treasury products enables them to offer the most competitive foreign exchange rates for Spot and Forward transactions. Apart from competitive foreign exchange rates Citibank has other value added treasury services:

The products and services offered by treasury

Foreign Exchange

- Ready & Spot
- Forward
- Currency Swaps
- Deposits for Various Maturities
- Bills Discounting
- Inter-bank Term Deposits

Money Market

- Overnight Deposits

- Term Deposits
- Discounted Securities

Citibank is also a very active player in the country's Swap Market. They are always working very closely with Central Bank and other regulatory organizations to offer their local and international expertise for the development of new products and markets.

2.4.5 Other Departments

Financial Control

The activities of this department include managing the financial books of the bank; checking all entries of the book are according to standards, preparing daily reports for Bangladesh Bank, revenue appropriation and calculations, setting the internal pricing rates etc.

Credit Admin

This department deals with credit risk or market risk of projects. Other responsibilities of the department include monitoring credit facility, checking the credit approvals prepared by the Relationship Managers, monitoring the Relationship Managers' activities relating to plant visits. The Head of this unit reports to the Country Risk Manager (in case of Citibank, Bangladesh, it is the Chief Country Officer).

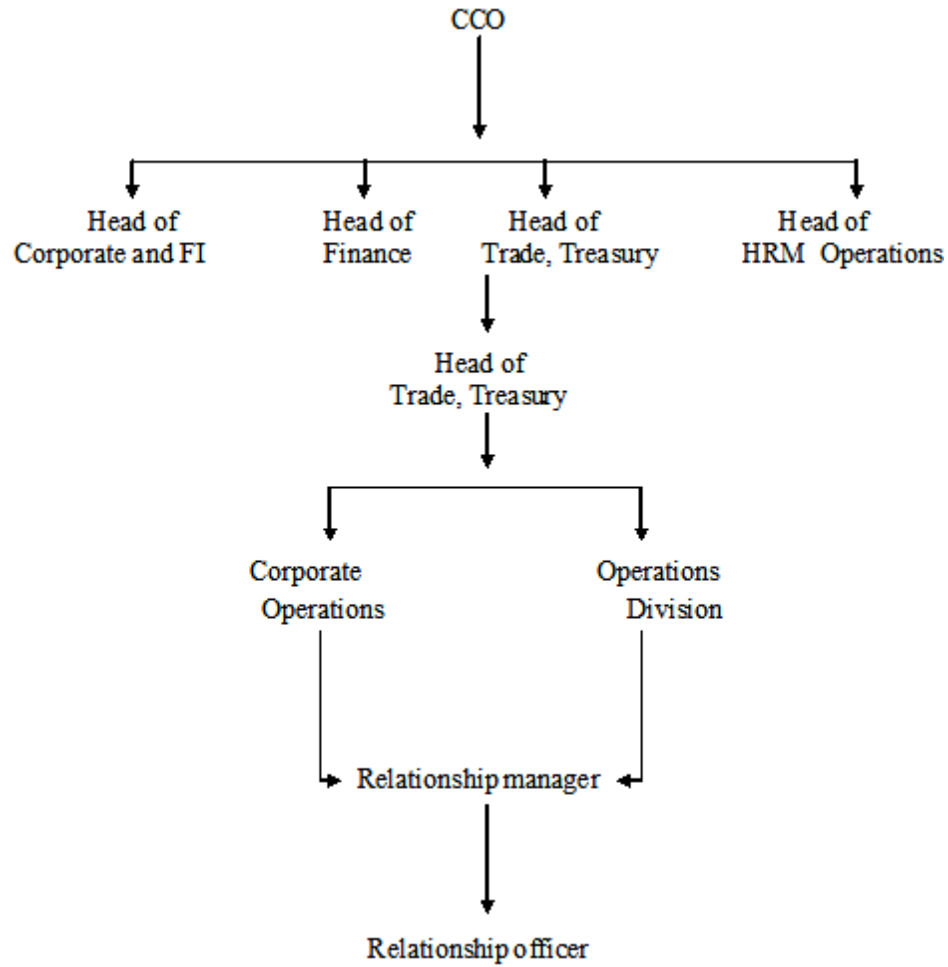
Operations, Technology & ICU (Internal Control Unit)

The Operations department of the bank deals with account opening, deposit management, loan booking, L/C opening etc; the Technology part involves processing of transactions and maintenance; and ICU is involved in reconciliation of Nostra accounts and also making sure that every day the suspense account balance is 0.

Human Resource

The responsibilities involved in the Human Resource department include recruitment, selection, employee performance evaluation etc. Being a multinational bank, besides Citigroup policies, certain US laws are applicable to the operation of Citibank in Bangladesh; anti money laundering and adhering to such general compliance issues of the bank are other major responsibilities of this department. Although compliance and human resource are two different sides, in Citibank Bangladesh, both are headed by one individual.

2.5 Organizational structure of Citi bank N.A Bangladesh



According to the hierarchy chart the top-level management can be divided into two sections.

- Higher top level --- CCO (Chief Country Officer)
- Lower top level --- Head of the different departments

2.6 SWOT analysis

Strengths

- Higher control over the bank branches are possible as there are few in number and located in Dhaka and in Chittagong.
- Since bank branches are very small in number the related operational expenses are also low.
- Excellent environment for efficient communication.
- Since the bank does not cater to consume banking it is possible to give extra time to their corporate customers.
- The bank has highly efficient employees.
- Can bring in experts from other regions of the bank if needed.
- The bank is extremely careful in expansion decision.

Weaknesses

- The bank is overshadowed by India.
- There are certain security and IT rules and regulation that are not fit for such small operation. These are significantly hampering the banks efficiency.
- The bank is understaffed because of decision from the region. This is resulting in extreme pressure over the current employees thus reducing efficiency.
- The brand name is not well known in Bangladesh though Citigroup is currently ranked number one in the world.
- They do not offer the entire spectrum of banking service making it less lucrative to customer.

Opportunities

- The bank has the advantage of economies of scale from handling the corporate account.
- Since Citigroup is well known worldwide foreign investors would be more parallel to do banking with them compared to others.
- They have huge potential of profiting from merchant banking.

Threats:

- Their operation is very small compared to other multinational banks making it suitable for a takeover.

3.0 Internship experiences

3.1 Citi Trade service department

Citibank offers their clients' a robust operational infrastructure to handle large transaction volumes. The regional and global trade experts forming partnership with the clients deliver the best trade solutions that facilitate the complex process of cross-border trade transactions. The bank has an array of products that facilitate import and export transactions and offers customers the unique feature of real-time creation, monitoring and controlling of international commercial transactions through its world-class CitiDirect Online Banking platform. The Trade services department plays a very important role for Citibank; N.A. as the bank's main activities in Bangladesh revolves around catering to the needs of the Top Tier Local Corporate. To cater to their needs, the trade services department of the bank covers an entire range of trade services for both imports and exports.

3.2 Governance of TCS

TCS stands for Tata Consultancy Services. TCS located in India and they serve Citi as a vendor. Previously TCS was named as Citi E-serve which is a technical support of performing transactions. Citi had handed over this technical support to Tata and it is now named TCS (Tata Consultancy Service). Everyday TCS performs millions of transactions of Citi of different region of world and at a very small basis they also serve some other companies. Every transactions of trade service are performed by TCS. As TCS is situated in India sometimes it creates some difficulties. To complete a transaction trade unit has to reply huge queries of TCS regarding customers and local issues. Though it makes the processing lengthy, Citi is bound to make job done by them. Actually Parent Citi (Citibank N A, USA) is concern about transparency level of transaction and their inspection is that, third party like TCS would ensure the level more. TCS has currently 33 employees to serve trade service among them 26 are in Mumbai and 7 are in Chennai. TCS performs some processing along with governance activities.

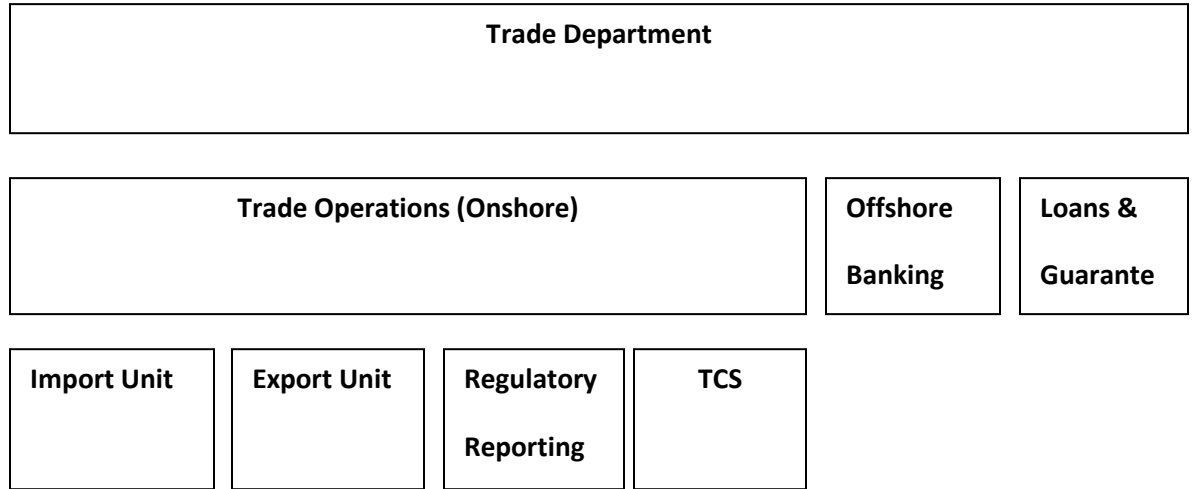
3.2.1 TCS Processing (Primary activities)

- Export bill payments
- Export bill collection
- Export bills negotiation
- Export LC advising
- Guarantee
- Import bill acceptance
- Import bills collection
- Import bills LC scrutiny
- Import LC amendments
- Import LC issuance
- Import Payments
- Loans-Imports – Booking
- Export LC lien

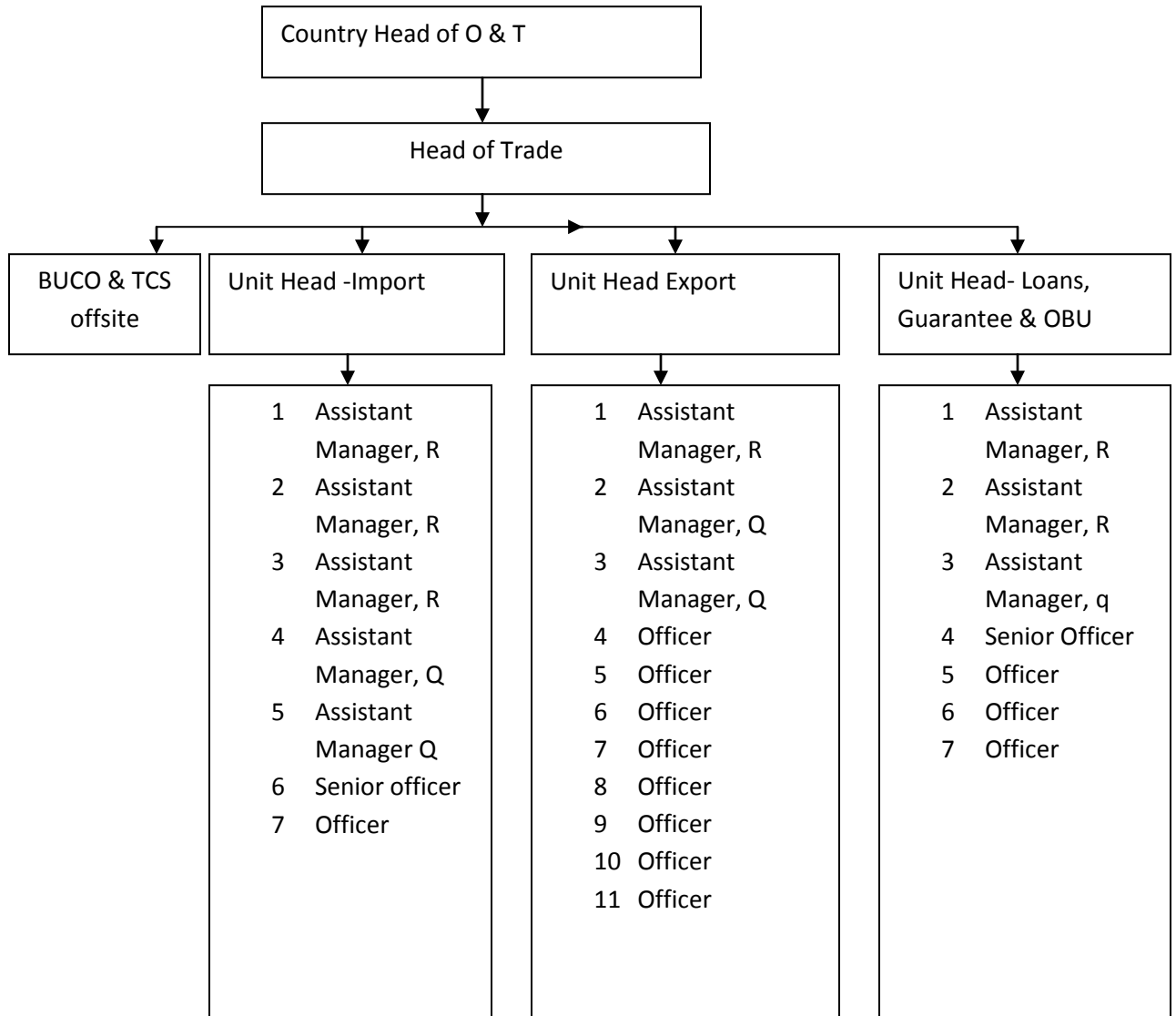
3.2.2 TCS Governance (Primary Activities)

- Day 2 process
- KPI monitoring
- Review of OCM and Productivity
- Monthly Meeting
- Change control documentation process
- Quarterly MCA assessment

3.3 Trade department



3.4 Trade Team



3.5 Job description and responsibilities

Internship is compulsory for completing BBA course curriculum in order to educate student's upcoming challenge. Internship is an image of professional life. Internship is arranged for a short period of time. The bank where I placed for completing the internship is so much co-operative with me. As a matter of fact I learned about a part of bank job but successfully get subterranean knowledge of that particular topic. In my three months internship experience I got the taste of employment. I hope I can apply that experience into my future career also. Last three months has been a wonderful journey for me. I have been started working in 07th September, 2014 at Citibank N.A, Gulshan Avnue, Gulshan 1, Dhaka. I was assigned in Import team under trade service department. This team deals with import L/C and amendments. To assist this team I was given several responsibilities.

- 3.5.1 Preparing L/C for scanning:** After reception of L/C or amendment request all documents are scanned for further processing. It was my daily job to prepare L/C and amendments for scanning. Firstly scan coversheet and checklist are attached with L/C documents. Then my job was to fill up each and every point of checklists. Finally I fill up the LCA forms with required information and attach stamps.
- 3.5.2 Register maintenance:** To keep records of L/C and amendments I prepare excel of register with reference number.
- 3.5.3 Stamp list preparation:** At the end of the day my job is to prepare a list of L/C to keep the records of stamp. Based on this list commission is charged from client's account for stamping.
- 3.5.4 Sorting L/C:** Every morning my regular job is to sort advised L/C of previous day. These sorted documents are delivered to customrs.
- 3.5.5 IMP Preparation:** I have filled up the Form IMP where each & every detail of related parties carries importance. This form has original and duplicate copy. Original have to submit to the Bangladesh Bank in the date of reporting and duplicate remained on L/C file.

Besides these routine jobs I had to do some other job to help my team. My observation is that all these responsibilities are not tough enough but to perform all these successfully one must have some basic knowledge, committed towards job and of course capable enough to take huge work load.

3.6 Learning outcomes

Whole three months of my internship was actual a learning period. Before that I did not have any experience of corporate environment. So I learned from the tasks as well as from the environment.

3.6.1 Office manner: As a global bank Citibank N A follow those manners which suit both our local context as well as global scenario. Citi provides some basic training on this for both employs and non employs (intern).

3.6.2 Communication policy: Citi is very aware about sharing information both internally and externally. I had training on communication named Code of Conduct to know their communication level more intensely. Moreover I was provided some golden rules which reminds one how much we can share and how much we cannot.

3.6.3 Taking responsibility: As an intern of import team I was provided some working facilities of a permanent employee. I was given access to internal mailing and also access to a tiny portion of system. These working facilities create a kind of responsibilities towards tasks in me.

3.6.4 Taking challenges: I always face some tasks which have some unseen challenges. Those challenges are on time and on aptness of performing job. Within very short period of time I had to perform huge tasks properly which improved my capabilities of taking challenges.

3.7 Personal observation

Trade service is a large team and deals with customers directly. Their customer volume is also very huge and to serve them properly trade faces some challenges also.

3.7.1 Shortage of manpower: Trade team has huge work load but I observed they have less manpower to perform all those tasks. So it creates heavy workload on their team.

3.7.2 Sanction issues: Citi is inbound with some strict policy of trade given by USA. However in Bangladesh they also face some policy regarding trades which ultimately creates huge challenges for them. To keep pleased both local Government and their parent they need to abide by each and every policy appropriately. Because of these issues they cannot reach to a particular portion of customers.

3.7.3 Challenge on time: Citi is committed to their clients to advice each and every L/C or transaction very swiftly. But all their transactions are authorized by TCS (Tata Consultancy Service) which is located in India. So to complete a transaction both the requirements of local and TCS are occupied first then it is performed. This process takes a huge time to complete tasks.

3.8 Recommendations

3.8.1 Hiring new: To remove shortage of manpower Citi can recruit new employee. As a global banking Citi has a large volume of MNCs clients along with top class local customers. To serve them more efficiently trade need take a plan of hiring new.

3.8.2 Segmentation of clients: Most of top MNCs and local companies are in the list of City customer. As they are from different industry as well as from different parent company of different countries their nature is different. More over they have different requirements from Citi. To perform their transactions more smoothly trade service can make segmentation of them like local company and MNCs or can segment based on industry. Employees can be segmented to serve them in different team.

- 3.8.3 Elimination of third party:** To perform more swiftly and to reduce workload Citi can reduce dependency on TCS for some sort of transactions. They process some tiny transactions like amendment processing which are not so time consuming but as it is completed by TCS it takes almost same time like a L/C processing. Trade service can process this type of transactions their own.
- 3.8.4 Observing competitors:** Citi is always capable to innovate new for their betterment but everyday they receive numbers of complaints from their clients. To solve each problem they depend on their parents company or on Citi India. To come with quick solutions they can observe some other international bank of Bangladesh temporarily.

4.0 Project

4.1 Introduction

This part carries out the report title elaborately with concrete trade operation or letter of credit process with an exemplary illustration. The actual project of my report is based on the i L/C operation and processing of Citi trade. I would describe the starting to ending of a L/C and also will cover the segment of customers. The processing of L/C has some basic steps for all banks. Along with those steps Citi also follows some other steps advised by their parents. The basic processing and requirements of export and import L/C are same and it would be described combined. As a global bank they are bound to follow some sanctions and regulation. So the whole scenario of their import and export L/C processing is little bit different from others. They also face some challenges and control issues which create some difficulties for them. This project part will cover all those with some possible suggestions.

4.2 Objectives of the project

4.2.1 Broad Objectives:

The main objective is to get an overall idea of trade team and their process of tasks along with some critical aspects of the whole trade unit of Citibank N A.

4.2.2 Specific Objectives:

- Showing letter of credit operation of Citibank N A.
- Representing total import and export processing other aspects.
- Finding out reasons for Citi's lack of approaching in terms of detail
- Optimal recommendations through which Citi can make imperative changes on import.

4.3 Methodology

Behind an ideal report proper information is must. And collecting to the point information is the most challenging tasks of any report. I have collected information mostly through interview of my unit members. Besides this I had to take help from some other secondary sources.

4.3.1 Primary sources

- Personal Observation
- Different types of job responsibility in internship period
- Notes on the spot about special issues
- Consulting with conversant and related officers
- Taking face to face interview
- Intranet of Citibank NA

4.3.2 Secondary sources

- Studying journals, articles, reports
- pull together information from many websites
- Official website of Citibank N A

Clients' information has been taken from Branch

4.4 Literature review

The concept of foreign trade is reformed on to the modern way gradually. Business people of any corner of the world are now enjoying modern banking privileges for advanced banking network. Foreign Exchange is meaningful division as numbers of trade business are increasing day by day. Nowadays banks are doing competitive business so the diverse facilities increasing in addition. Foreign trade risk association is very far above the ground, so the involvements of bank or legal party can lessen the risk in to a low level. In an international trade transaction involving goods or services, the buyer and the seller negotiate details about the method and timing of both payments and delivery. These negotiations require attention to complex details concerning credit arrangements, transaction structuring, legal issues and political and cross-border risks. In trade the dealing between seller and buyer is based on LC (Letter of credit) which refers such documentation which creates negotiation. Depending on trade nature LC is categorized.

4.4.1 Cash L/C: Cash Letter of Credit payments are given from parties' cash deposit after receiving goods from beneficiary.

4.4.2 Sight L/C: In sight letter of credit exporter sending the goods to importer and advising bank send necessary documents to issuing bank. After getting original documents in hand without discrepancies then issuing bank instantly gives payments to beneficiary's bank.

4.4.3 Deferred L/C: In terms of deferred letter of credit the payments has been made in the maturity period means 90 days,120 day, 150 day which is decided between the two party. Mainly garments raw materials which are imported payments of those are given on this condition.

4.4.4 Negotiable L/C: Negotiable letter of credit is a payment way where nominated bank purchased bill and which is also called bill of purchase. Negotiates the advance amount and by cutting interest, transaction fees, reimbursement charge beneficiary gets left amount.

4.4.5 Acceptance: In terms of Acceptance the payment has not made immediately after obtaining documents. Here issuing bank gives acceptance message to the negotiating/advising bank. Sometimes exporter draws money by submitting bill of exchange at a discount rate from his bank or another bank

4.4.6 Back to Back L/C: Back to back L/C is an arrangement where exporter becomes an importer and issues letter of credit against its first letter of credit. In case exporter needs to import raw materials using which exporter manufacture product and export those goods to other country. Here first L/C works as collateral. Back to back L/C contains 75% value of master L/C.

There are some other types of letter of Credit. Those are not that much known to all. They are Red Clause, Transferable L/C and so on.

4.4.7 Some Important Parties Related with Letter of Credit Process:

Applicant/Importer: applicant or importer who wants to purchase goods and for this purpose applicant request bank to open L/C.

Beneficiary/Exporter: Beneficiary who makes a deal with importer that he will sell the good to the importer and send the goods to importers country in exchange of money.

Issuing Bank: Issuing bank is importers bank who issue letter of credit on request.

Advising Bank: Advising bank works to advise the L/C and give the genuineness to the beneficiary. Mainly the advising bank chooses on behalf of exporter's wish but it can be issuing bank branch or correspondent bank situated in exporter's country.

Negotiating Bank: Advising bank can be negotiating bank if the bank is recommended by beneficiary. Negotiating bank negotiates the bill and gives payment to the beneficiary based on buyer's draft.

Conforming Bank: Conforming bank assure credit in the lead and at the request of issuing bank. Conforming bank is generally the advising bank who gives this confirmation.

Reimbursing Bank: It is the bank who reimburses the payment to the negotiating bank after getting payment from issuing bank.

4.5 Products under trade service

Trade service mainly deals with export and import L/C processing and also deals with loans and guarantee on some small context. These units deal with some critical products and some of them are discussed

4.5.1 Imports

- Import LC and Amendment issuance
- NULC (Not Under LC) issuance
- Export LC advising
- Assignment of export LC
- Import bills Scrutiny & payments
- Import delivery order
- Export development fund processing
- Advanced payment under LC and NULC

4.5.2 Exports:

- Export LC / contract Lien
- Exp issuance, Export bill and export collection
- Software and service export
- Cash incentive processing
- Inward TT against exports
- Advance proceed
- Export bill negotiation & discounting

4.5.3 OBU (Offshore Banking Unit)

OBU has the exact products as trade operations except that the OBU clients belong to Type A, EPZ category strictly. OBU also contains some additional products,

- UPAS : Usance Payment at Sight
- Local bill discounting
- Foreign currency draft clearing
- VAT payment on behalf of entire Trade Operations
- Export LC advising without TCS involvement

4.5.4 Regulatory Reporting:

Total 67 reports:

- Daily 09
- Weekly 04
- Fortnightly 04
- Monthly 35
- Quarterly 03
- Semi- Annual 02
- Annual 02
- Event Based 08

4.5.5 Loans & Guarantees:

- Loans
- Guarantee

4.6 Customers of trade service

Almost every Export-Import commodity sector approved by Bangladesh Government and Citigroup is served by Citi Trade Services. At present the major Export-Import Commodity Sector covered by Citi Trade Services are-

- Readymade Garments Sector
- FMCG Sector
- Pharmaceutical companies
- Energy and power Sectors
- Telecom Sectors
- Tobacco
- Cement
- Baby Food and Other Food Products
- Paint and varnish
- IT Software
- Packaging Products
- Offshore EPZ customers
- Other banks
- Chemical industry
- Agro chemical industry
- Consumer goods

These are the main pool of customers of Citi import and export team.

4.7 LOP (Local operating process) of trading for Citibank N A

LOP is prepared by Citibank N A which is followed as rules for trade service. Like other foreign banks, CITI follows the rules and regulation of trading conducted by Bangladesh bank. Import and export of goods is regulated by the Ministry of Commerce in terms of the Import and Export (control) Act, 1950 through Import Policy order (IPO) in force and public notice issued from time to time by the office of Chief Controller of Import and Export (CCI & E).

The fundamental rule of trading department based on-

- Dealing with known customer
- LC authorization form.

4.7.1 Dealing with known customers: Citi must ensure that they deal only with the known customers having a place of business in Bangladesh and can be traced easily if any occasion arises for this purpose. In case of a new customer, Citi obtains a certificate from Authorized Dealer. Here they collect the information about whether the customer has any no bill of entry is due/ overdue for submission.

4.7.2 LC authorization form: A letter of credit is an instrument issued by a bank on behalf of its customers, constituting an undertaking by the bank to pay the beneficiary a stipulated some of money, either on demand or at specified future, on presentation of documents in compliance with the term of the LC. Citibank NA is authorized to issue “Letter of Credit Authorization Form’ (LCAF) in conformity with the IPO allowing imports into Bangladesh. The LCAF available with Citi, are issued in 5 copies each. On these one marked “For Exchange Monitoring Purpose” is used for opening LC and for effecting remittance.

4.8 Terms and conditions for opening import or export L/C

Citi has some conditions for opening L/C which are merged with the requirements of Bangladesh Bank and also with the requirements of parent of Citi. Some very basic conditions are discussed.

4.8.1 L/C authorization only on behalf of their own (clients)

CITI establishes LCs against specific authorization only on behalf of their own customers who maintain accounts with them and known to be participating in the trade.

4.8.2 Documentation and payment

All LCs and similar undertakings covering imports into Bangladesh must be documentary LCs. These LC's should provide for payment against full set of onboard (shipped) bills of lading, air way bill, railway receipt, truck receipt showing dispatched of good covered by the credit to a destination in Bangladesh. All LCs must specify the submission of signed invoices and certificates of origin.

4.8.3 Relevant information for amendments

Citi needs to send the copies of LC and subsequent amendments (if any) including other relevant information to the land port authority. The amendment carries the reference number of the main L/C.

4.8.4 L/C on behalf of beneficiary is not permissible

It is not permissible to open import LC in favor of beneficiaries. Citi can only make LC for applicants. Although applicant imports their product from the beneficiary into Bangladesh by the competent authority, Citi cannot make LC on behalf of beneficiaries.

After satisfying all these terms along with the conditions of Bangladesh Bank Citi can make L/C for their customers.

4.9 Terms and conditions for customers

Citi provides some conditions for clients for being registered as their customers. Only after satisfying those terms a company can be addressed as their customer and they can issue L/C through Citi trade service. Those terms are discussed.

- Continuing Commercial credit Argument (Credit Document)
- Valid Import registration certificate (IRC). Import of capital machinery can be imported without IRC
- Valid export registration certificate (ERC) (for RMG client)
- Attested copy of Bonded Warehouse license. (for RMG client)
- Copy of TIN (tax identification number) certificate
- VAT certificate
- Revenue report of company
- Valid BGMEA membership certificates
- Tax waiver certificates (if any)

All private sector (private company) need to provide the following documents also.

1. Valid membership certificate from the registered local chamber of commerce and industry or any trade association established on all Bangladesh basis representing any special trade/ business.
2. A declaration in triplicate that the importer has paid income tax/ submitted income tax return from the preceding year or copy of income tax return.

4.10 Compulsory documents for L/C transaction

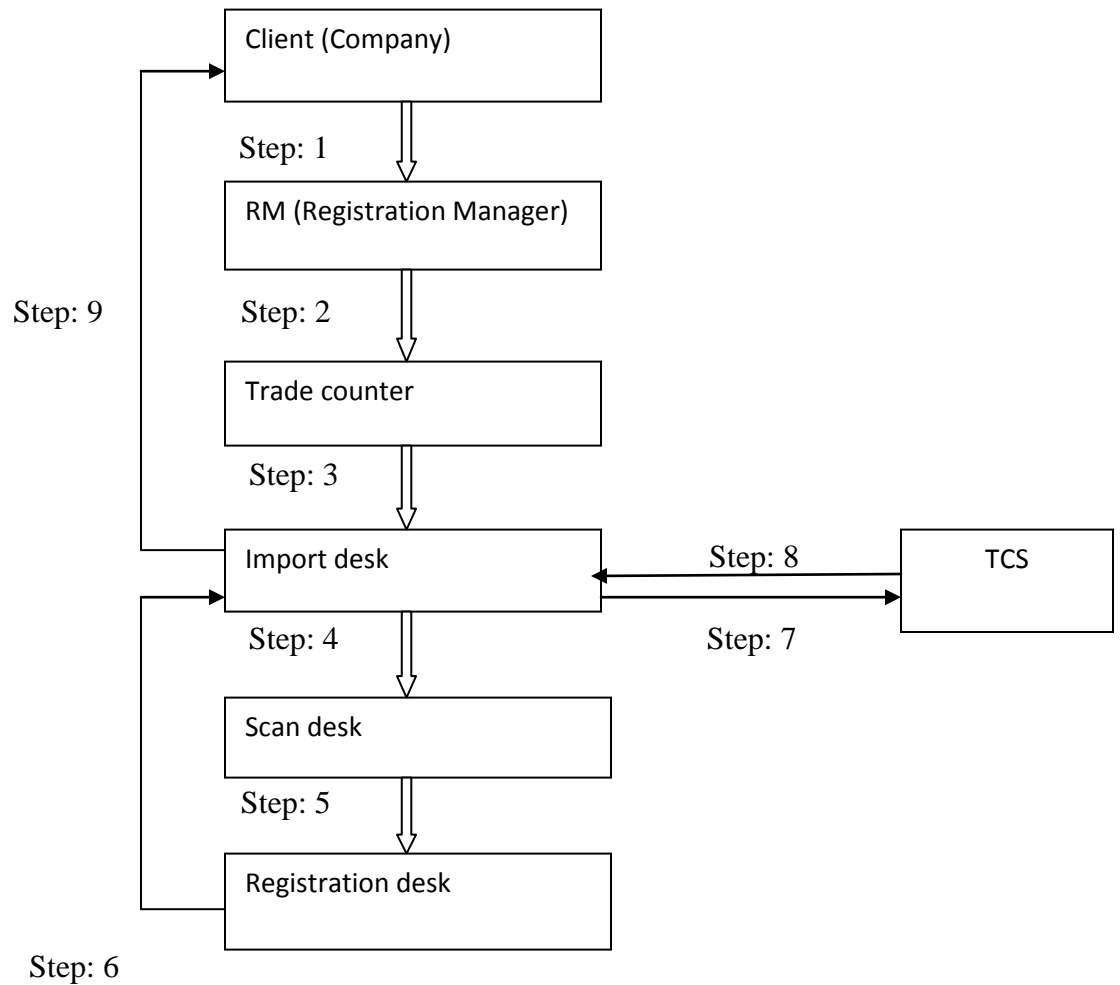
The customer will submit the following documentation in respect of each L/C issued-

1. Letter of credit application
2. Letter of credit authorization (LCA) form
3. IMP form
4. Valid and firm Proforma invoice or indent- accepted by applicant
5. Insurance cover note
6. Insurance premium payment copy

These are the basic documents for any L/C transaction but depending on industries or companies some other documents are also required. For example pharmaceutical companies must submit block list with L/C application.

4.11 Import L/C processing

From applying for L/C transaction to resolving request of clients makes a journey from one unit to different unit. The journey flow is shown through a flow



4.12 Steps of import L/C transaction

L/C transaction is a step by step process. Steps are discussed.

Step 1: Starting with registration: First a company needs to be registered by RM (Registration Manager). In this step they satisfy RM with some information and submission of documents. Company need to apply with required documents and RMs decide based on those information. If RM is convinced by them then they can start trading through Citi trade service. After this registration clients can communicate through online to Citi trade team.

Step 2: Documents reception: After being registered by RM Company can apply for L/C advising. To apply for L/C they need to apply through some documents provided by Citibank N A. Documents are L/C applications, LCA, proforma invoice, insurance notes and also with some other documents. The routine tasks of this step are,

- 1 Receiving LC application/ Amendment
- 2 Keeping register by customer name
- 3 Time stamp and signature verification
- 4 Deliver to LC unit

Step 3: Documents checking and preparing for scanning: In step 3 all documents received by import team at import desk. Tasks of import desk are,

- 1 Checking all required documents
- 2 Attaching with scan cover sheet and check list
- 3 Filling each and every point of cover sheet and check list
- 4 Checking product code with description
- 5 Sorting documents for scanning
- 6 Stamping documents
- 7 Verifying signature and credit report
- 8 Signed by maker and checker
- 9 Sending documents to scan desk.

Step 4: Scanning documents: Scan team is the creator of soft copy of LC documents from hard documents which is access able in system. Tasks of scan team,

- 1 Scan each documents into TRIMS/TITAN imaging system
- 2 Generate batch number
- 3 Write batch number on scan cover sheet
- 4 Place SCANNED seal on cove sheet with initial of the scanner
- 5 Sending documents to registration desk

Step 5: Documents registration: Without being registered scanned image cannot be processed. Tasks of registration team,

- 1 Log on to TRIMS/TITAN & register scanned documents
- 2 Generate reference number & record on scan coversheet
- 3 Stamp the REGISTERED stamp on the documents with initial

Step 6: Send back to import desk: In step 6 import team start working with the registered documents. For keeping records documents are sent back to the import team.

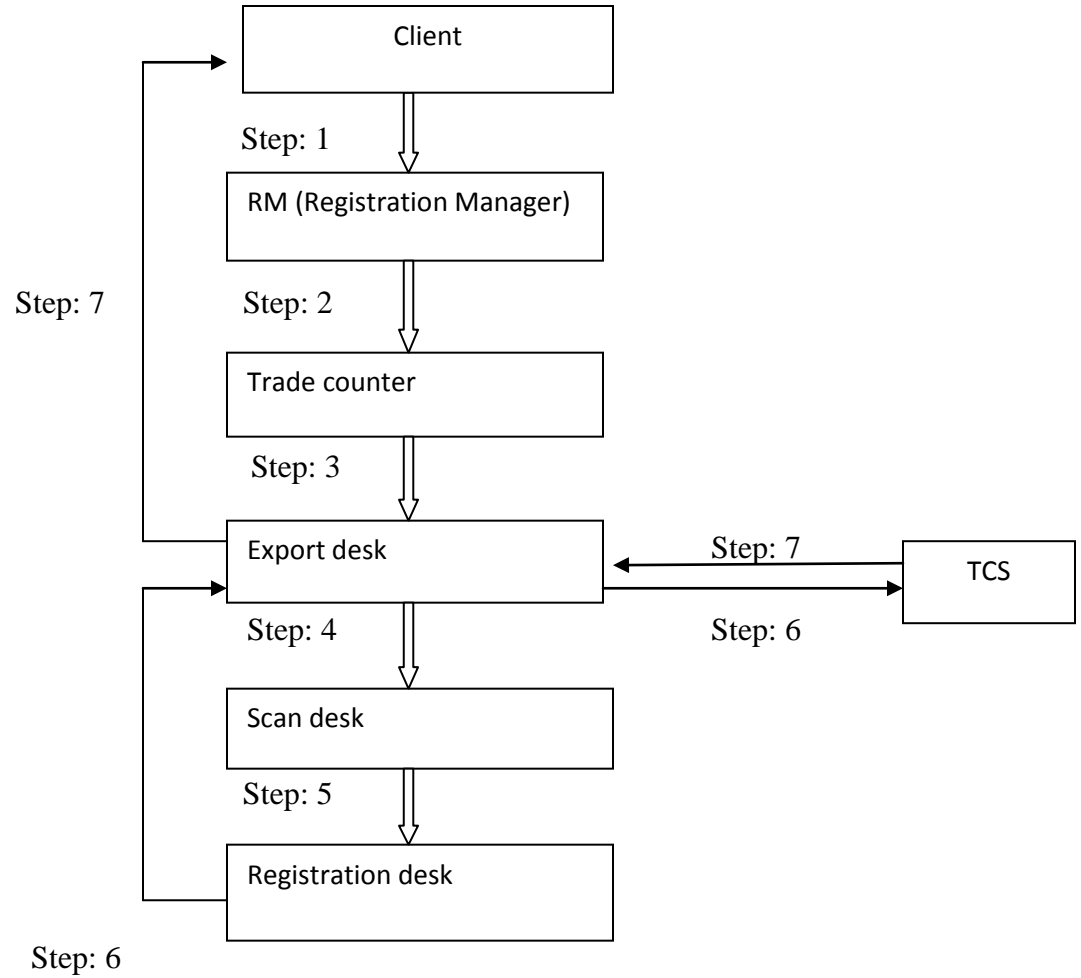
Step 7: Connecting with TCS: After registration process done, import team start communicating TCS for processing and the actual processing starts. TCS follow some instructions given by parent Citi and process the L/C. Main tasks of TCS are,

- 1 Begin processing LC transaction & check for discrepancies
- 2 Checking the discrepancies and sending quarries to relevant team
- 3 Solving discrepancies through the reply from Bangladesh
- 4 Provide final authorization
- 5 Pass necessary entries in system
- 6 Send to print queue
- 7 Generate and send swift message to advising bank

Step 8: Confirmation from TCS: After completing the transaction TCS sends message to import team and also sends the confirmation to customers through online communication process.

Step 9: Communicating to customers: When the LC transaction is done, import team keeps the print copy of LC advising and communicate to the clients to confirm them. After getting this confirmation clients can start import activities and at this stage they need to communicate with bill team.

4.13 Export L/C processing: Like import LC export LC processing is also a step by step flow. The flow is given.



4.14 Export LC processing steps

Step1: Registration: For being the customer of Citi export team, clients need to apply with required documents. After getting the approval of RM they can start LC processing through Citi export team.

Step2: Receiving documents: All documents related with LC and bills are received by trade counter. Required documents are original LC/ contract or transfer export LC. With these shipment certificates, invoice and depending on industry some other documents are also received. Main tasks of trade counter are,

1. Keeping records in register
2. Ensuring time stamp on documents
3. Delivering to export desk

Step3: Checking documents: Export team first check documents and also prepare documents for processing. Main tasks in step3 are,

1. Check if all required documents are present along with shipment certificates
2. Endorsement of export LC
3. Stamping of documents
4. Generate export reference number
5. Check bill amount and customer account

Step 4: Scanning documents: After getting checked by export team documents are sent to scan desk. Tasks of scan team,

1. Scanning each documents
2. Generating batch number

Step 5: Registration: From scanning team documents are passed to register. Tasks of register are,

1. Registration of documents in system
2. Generating reference number

Step 6: Communicating with TCS: When registration is done export team communicate to TCS. TCS actually resolve all transaction. Tasks of TCS

1. Rechecking documents
2. Raising discrepancies
3. Asking export team for solution
4. Resolving all discrepancies

When all discrepancies are solved TCS process the LC. At these steps their tasks are,

1. Processing export LC
2. Generating LC advising documents
3. Sending those advising to the print queue
4. Credit customer account
5. Sending message to both importer and exporter

Step 7: Communicating with customers through export desk: At this step export team works to end the whole process. Ending tasks are,

1. Getting the print of advising
2. Communicating with customer
3. Sending them they copy of advising

Actually this is the ending of export LC processing but after this stag the tasks of bill related transaction is started.

4.15 Trade work force

In Bangladesh, Citi Trade Service is one of the most profitable departments. Behind this success around 35 dedicated employees are working. It has two types of employee-Citi Employee and Non-Citi Employee (Those are hired from Manpower Supply Agency depending on special demand). The Employees of Citi Trade are very young and energetic with top class education. As Citi Trade is fully automated, the employees have to be skilled about IT. Depending on experience the positions are designed like - Assistant Officer, Officer, Senior officer, Assistant Manager (Q), Assistant Manager(R), Manager, Resident Vice President, Vice President.

4.16 Training for trade

To increase the efficiency level of the employee, Citi gives training on -

- Core banking
- Customer Services
- SWIFT
- Export and import Policy
- Foreign Exchange Guidelines
- IT
- Reporting
- Anti-Money Laundering Policy

Every year training program is rearranged both for employee and non employee on a regular basis depending on demand.

4.17 Technological support

Citi Trade is highly automated by Generalized and Customized Software with strong communication network both intranet and Internet. Every branch in the world uses same common software and also some special software depending on applicability. It has regional central server and also backup server, as a result from

any branch of the world, if there is any transaction is entered in the software, server updated and every branch can enjoy real-time updated status of transaction. Its information security is very high, instead of storage of Paper of transaction, they store the Image of the Paper in database, as it can be used in every point/ by every parties of a transaction process at real-time need. Another time-saving tools of Citi Trade Auto Report generating software and auto data tracking system, which helps to take quick decision by knowing the status. The IT facilities are maintained by Citi IT department. It also encourages the employee to develop own software/ templates in their own field by using experience and expertise. And recently Global Finance, an international finance magazine with circulation in more than 158 countries, has named Citibank N.A. Bangladesh as the 'Best Internet Bank 2008' and 'Best Trade Banking 2010'. In providing Trade Services, Citi Trade- Bangladesh is connected with global network by using Internationally Common Customized Software. Those can be categorized in various categories depending on application. For ease of understanding this is shown in a table.

4.17.1 CITI generated software:

| Application | Name of software |
|------------------------------------|---|
| Accounting related software | Flxcub |
| Trade processing database software | TRIMS (Trade Information Management System) |
| Fund transfer software | SAM (Satellite Access Method) GCN (Global Communication Network) |
| Currency conversion software | E-Dealer |
| Report generating software | ROD (Report On Demand) |
| Image and data storage software | CI (Central Image) |
| Citi online touch point | CITI DIRECT online solution |

4.17.2 Non Citi Generated Common Software's

Fund Transfer Software- SWIFT (Society For Worldwide Interbanking Financial Telecommunication)

Advanced Application of Microsoft Office Specially **MS Excel** and MS Access.

4.18 Setbacks of trade service

4.18.1 Lack of employees

Everyday citi trade service deals with huge numbers of transactions of hundreds of customers. But compare to their workload their number of employees are less. They don't have enough backup of workforce. Due to huge work load most of employees has to stay at office even after 9.00pm. It creates a kind of discontent among employees.

Less market popularity

Citi is bound with regulations and sanctions. They maintain each and every rule properly. But in Bangladesh we know that all companies especially local companies are not legally bound enough. So these kinds of companies cannot be the part of Citi. As a result Citi is losing popularity in market.

Unexpected gap between customers and Citi: Citi trading process is lengthy compare to other bank. They take more time to process a L/C than any other global bank. They main reasons behind this are hug regulations, sanction issues and off course involvement of TCS. As TCS is process every transaction from India they takes much time to solve any issues. It is a great challenge for Citi trade service to convince their customers always about the timing of processing. As a result they are losing a pool of customers.

4.19 Recommendations

Creation of new job post: To remove the shortage of man power Citi can increase some new job position in trade service department. It will ensure backup of existing employees and will increase the level of satisfaction among employee.

Ensuring flexibility of service: Citi can be flexible for some level of transactions. This flexibility does not mean absence of regulations. Depending on urgency trade service can avoid TCS to make a transaction quick. Based on customer loyalty they can b a little bit flexible on documentation.

4.20 Conclusion

Citibank N.A as a bank has enhanced its market presence and operations within a very short time. However, they are still not the market leader. Citi has lots of areas in which to improve the current situation. To be the market leader Citi must take careful steps in the field of increasing exposure towards getting more customers and to increase their value added services.

Trade service department of Citi Na Bangladesh working with the corporate client and financial institute, has showed the excellence of their activity from the beginning. To improve their service for the customers they emphasize on the new product development. And to run their activities smoothly, they ensure quality about the management information system (MIS) and overall technological improvements. Citi's disciplined operation in trade ensures their superior quality of service. All the employees work with their full effort to get the work done in due dates. The motivation to work with full dedication is further boosted by lucrative employee benefits and reward system and other HR planning. Although employees of Citi's trade service department is working with their full efforts, it is yet performing below potential and currently has the potential to actually increase its market share through its decision to increase its level of operation. Overall Trade Service is a lucrative department from which Citibank N.A is earning a huge amount of revenue. But this department is still underutilized. The potential customer base for Trade is increasing with time. More development of new services are available in the market by Citi, more will be the demand for their services. Banking no longer simply mean the facility to take loan or deposit money or to facilitate import and export. Customer demand more these days as more product offers are available in the market. Banking means extra services and facilities. Thus to facilitate these services and activities, Citi must work upon their setbacks, so that they can beat the competitors and become one of the largest multinationals in Bangladesh

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Interview

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