

Report on  
Jamuna Bank Ltd  
and  
How to stimulate more foreign trade.

By  
Kaiser Alam  
17264037

An internship report submitted to the Department of Business at BRAC University in partial fulfillment of the requirements for the degree of Masters in Business Administration (MBA).

Department of Business Administration  
Brac University  
April 2020.

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my own original work while completing my MBA degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

**Student's Full Name & Signature:**

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**Student Full Name**  
Student ID

**Supervisor's Full Name & Signature:**

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**Supervisor Full Name**  
Designation, Department  
Institution

Mr. Mahmudul HAq  
Associate Professor,  
BRAC Business School  
BRAC University  
66 Mohakhali, Dhaka-1212

Subject: The submission of my internship report regarding my work experience at Jamuna Bank.

Dear Sir,

It is with great pleasure that I submit this report titled “Jamuna Bank Ltd and how to stimulate more foreign trade”. This report is mandatory for the completion of my Masters in Business Administration degree at BRAC university.

I had started work at Jamuna Bank Malibagh branch on the 25<sup>th</sup> of February 2020, and I was assigned to the front desk to help out customers with filling up account opening forms, filing documents, processing remittance transactions and in a couple of occasions even paid a visit to a garment factory to collect account opening forms of the workers. Overall this experience has provided me with a lot of knowledge on how a bank generally operates on a daily basis.

I have tried my best to complete this report following the templates and guidelines provided by BRAC University. I also owe my eternal gratitude to you for showing me your kindness and allowing me to have ample time to complete my report.

I pray that this report finds your acceptance.

Thank you kindly.

Sincerely yours,

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Kaiser Alam

17264037

BRAC Business School

BRAC University

Date: 30<sup>th</sup> April 2020.

### Acknowledgement.

First of all I would like to thank the almighty, for allowing me the strength and health to complete this report.

My utmost gratitude goes towards my supervisor, Mr Mahmudul Haq, for being gracious with his time and permitting me to complete my work. I would also like to thank my onsite supervisors, MR Omar Farook and Ms Sajia Afrin Atique for finding the time out of their busy schedules to offer me words of encouragement. I also owe deep gratitude to Md. Mamun Hossain, an officer in the foreign exchange department, who on his own initiative took me aside to offer explanations as to how the foreign trade processes worked.

Finally, I would like to thank my fellow interns who were courteous and kind enough to share their knowledge with me, allowing me to adapt quickly.

### Executive summary.

This report has been made for the purpose of completing the MBA program from BRAC University.

The report is based on a 2 month internship experience undergone in Jamuna Bank Malibagh branch. The purpose of this report is to share my findings about the operations of the front office of Jamuna bank. The report explains the duties and responsibilities which I had to undertake. It emphasizes on the processes involved relating to opening a L/C.

Suggestions have been made as to why foreign trade is still lagging within the small and medium businesses and how or what might stimulate them to join the foreign market.

Declaration	
Letter of transmittal	
Acknowledgement	
Executive summary	
Table of contents	
Chapter 1	1
1.1 Duties and responsibilities	1
1.2 Objective of the Study	2
1.3 Scope of the report	2
1.4 Limitations	2
1.5 Methodology	2
2.0 Organizational structure	3
2.1 Overview of JBL	3
2.2 Vision, mission and objectives	3
2.3 Values	4
2.4 Corporate slogan	4
2.5 Organizational structure	5
2.6 Strategic priorities	6
2.7 Services and products of JBL	6
3.0 The foreign exchange dept.	9
3.1 Introduction	9
3.2What is L/C?	9
3.3 The draft	11
3.4 Bill of lading	11
3.5 Road blocks to export and import	11
3.6 Recommendations	11
References	12

## Chapter 1.0

### Introduction

Banks are the backbone of a nation's economy. They offer essential services to people that wish to save and they also offer finance to businesses that might want to invest and expand their domain.

For my internship I have been fortunate enough to have gotten a chance to work at Jamuna bank ltd. Malibagh branch. This opportunity has allowed me to witness firsthand the operations of the front office of a bank.

Jamuna Bank limited is a 3<sup>rd</sup> generation bank that aims to keep up with the modern banking systems, manage change, develop human capital and provide the best customer value.

The bank is registered under the Companies act 1994 of Bangladesh, and it opened its doors to customers on the 3<sup>rd</sup> of June of 2001.

The bank was founded by a group of Bangladeshi entrepreneurs who are well versed in the fields of trade, commerce, and business of their mother land. Both conventional and Islamic banking are practiced by Jamuna Bank and it is operated by professionals who are well educated and experienced in the domain of finance and banking. The success of Jamuna bank lies on the shoulders of these professional men and women whose main focus is to anticipate and satisfy customer needs. Changing times are constantly pushing Jamuna bank to come up with new products , and overtime Jamuna bank has established a solid reputation of quality service amongst the people of Bangladesh.

Currently the bank has real time online banking branches all over the country which are linked together with a sophisticated network that is composed of leading edge IT technology. Traditional delivery points and ATMs are spread out all across the country to provide convenient services to the customers.

#### 1.1 Duties and responsibilities:

I started work at Jamuna Bank on the 25<sup>th</sup> of February of 2020. I had been assigned under the supervision of Mr. Omar Farook, vice president and head of the branch.

From the very start my duties involved:

1. Helping customers with information on how to fill up account opening forms
2. Filing of documents
3. Binding of credit and debit vouchers
4. Handling remittance customers and processing their transactions.

## 1.2 Objective of the study:

The purpose of this internship is to allow myself to gain the practical experience and witness firsthand how the theories which are taught in the MBA program are applied in real life situations.

The objectives include:

- To follow correctly the bank procedures.
- To form connections of my learnt theories with real life situations
- To analyze how the foreign exchange department works
- To identify an area in which the performance of the bank may improve and to offer recommendations.

## 1.3 Scope of the report:

The report concentrates on the operations of the Malibagh branch of the JAmuna bank. It is a descriptive report about the operations of the general banking and foreign exchange banking departments of the branch.

## 1.4 Limitations:

The following limitations were experienced during my time at Jamuna Bank:

- Access to different data were limited due to confidentiality concerns.
- Due to the COVID-19 outbreak during my internship, my time at Jamuna bank was cut even shorter and it became difficult to gain primary data from the officers who worked there.

## 1.5 Methodology:

Data collected for this report were mostly secondary and few primary information which was gained through interviewing some of the officers. It has been assumed that the recommendations will work under normal circumstances when the COVID-19 pandemic ends.



## 2.0 Organizational overview.

### 2.1 Overview of JBL

Jamuna Bank limited is a 3<sup>rd</sup> generation bank that aims to keep up with the modern banking systems, manage change, develop human capital and provide the best customer value.

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Currently the bank has real time online banking branches all over the country which are linked together with a sophisticated network that is composed of leading edge IT technology. Traditional delivery points and ATMs are spread out all across the country to provide convenient services to the customers.

The bank remains open 5 days a week except Fridays and Saturdays.

### 2.2 Vision, mission and objectives.

- Vision.

Jamuna Bank aims to become one of the top banking institutions of Bangladesh and to play a significant part in the development of the country.

- Mission.

Jamuna bank emphasizes on satisfying the different needs of its customers, with the help of a variety of products at competitive prices, timely execution of services and with the use of the right set of technologies that will allow the bank to maintain sustainable growth, reasonable return and a well oiled and motivated work force.

- Objectives:

1. Maintain a high CAMEL rating.

2. Use strategic marketing planning to improve the quality of service and to create relationships with customers.
3. Maintain higher profitability and quality of assets than other banks in Bangladesh.
4. Use integrated information technology to automate banking systems.
5. Maintain acceptable rate of return on investments.
6. Maintain a low risk position
7. Keep sufficient liquidity at hand to pay maturing obligations and commitments.
8. Maintain respectable image with a healthy growth of business.
9. Keep acceptable control and transparency of procedures.
10. Use efficient human resource management system to develop and retain a high quality workforce.
11. Use resources efficiently
12. Maintain ethical management system by complying with ethical norms, transparency and accountability.

### 2.3 Values

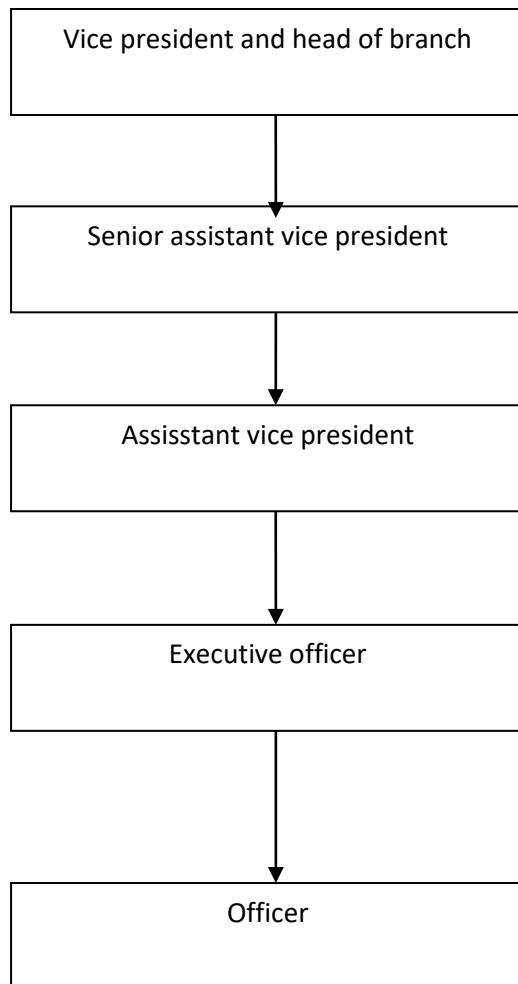
1. Focus on customers
2. Maintain integrity
3. Provide quality
4. Encourage teamwork
5. Respect each and everyone
6. Maintain harmony
7. Exercise courtesy
8. Be committed
9. Respectable citizenship
10. Develop distinctive culture
11. Practice business ethics

### 2.4 Corporate slogan

Your partner for growth.

### 2.5 Organizational structure.

An organizational structure demonstrates the hierarchy of an organization. It also shows how informational flows within an organization. The Malibagh branch of Jamuna bank is a very small branch with around 15 members working there who are at or above officers' level. The organizational structure of Jamuna Bank Malibagh branch is as follows:



## 2.6 Strategic priorities

- Providing the products that customers truly desire and build good customer relationships.
- Emphasize on export of traditional and non traditional goods in order to maintain adequate foreign exchange reserve.
- Focusing on quality of assets rather than quantity and rapid expansion.
- Varying the deposit mix to lower the deposit costs.
- Pursue the target group proactively.
- Modifying products to suit the changing needs of the target groups.
- Following practices that would push forward towards a sustainable growth, while maintaining maxing shareholder value.
- Promote continuous education , growth and motivation of the human capital to maintain sustainable growth.
- Perform CSR activities to help the underprivileged and pave a better path for the future generations.
- Bring in more customers who previously had no banking history.

## 2.7 Services and products of JBL

Jamuna Bank provides many types of services and products to its customers. Below is a list of some of those products and services.

### Schemes:

- Double growth deposit scheme:  
The customer's fixed deposit will grow double with this scheme. Deposits are allowed to be made in multiples of 1000 taka. The tenor of this scheme is 10 years with an interest of 6.96%.
- Pension deposit scheme:

<b>Deposit (Taka)</b>	<b>Tenor</b>	<b>Payable Amount</b>	<b>Monthly Compound Rate of Intt.</b>
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1. Lac or	3 Years	<b>123,293</b>	<b>7.00%</b>
	5 years	<b>141,763</b>	<b>7.00%</b>
Multiple	7 years	<b>162,999</b>	<b>7.00%</b>

The customer may choose one of the given savings plans and continue to deposit until the end of the tenor.

- Marriage scheme: this scheme allows worried parents to save up for their children's wedding.

<b>Tenor</b>	<b>Monthly Installment</b>	<b>Rate of Intt.</b>	<b>Amtt. Payable at the maturity</b>
3 Years	1,000	<b>7.00%</b>	<b>39,930</b>
	1,500		<b>59,895</b>
	2,000		<b>79,860</b>
	2,500		<b>99,825</b>

There are more tenor periods to select from and the scheme also contains pre tenor encashment benefits.

General banking and deposit management:

1. Provides account opening services.
2. Remittance services.
3. Cash section which deals with deposits and withdrawals.
4. Clearing section.
5. Locker services

Foreign exchange services:

1. L/C processing

2. Post import services:

    Loan against trust receipt.

3. Time loan: support for customers with good credit worthiness reputation.

4. Loan against imported merchandize, LIM. Imported goods are stored under lock and key of the bank. Customers release goods through delivery order making partial payments against goods.

Offers for exporters:

- Back to back L/C
- Packing credit
- Overdraft
- Foreign documentary bill purchase
- Local documentary bill purchase.

## Chapter 3: The foreign exchange department.

### 3.1 Introduction

During my 2 months of internship at JBL, I occasionally got a chance to speak with one of the foreign exchange officers, called MD. Mamun Hossain Mazumder. One day he was kind enough to take me aside and explain to me how the processes of issuing a letter of credit to the customer worked. In this section I shall be explaining some of those processes and also share my opinion about why there are only a few recurring customers in the foreign exchange department and how that problem might be alleviated a little.

### 3.2 What is a letter of credit?

In international trading the letter of credit is a letter made by a bank on behalf of the applicant (importer) to assure the beneficiary (exporter) that the payment of the goods in concern will be made on time and at exactly the amount agreed upon in the contract or pro forma invoice. In case the applicant of the letter of credit defaults, the bank is responsible to make the payments.

The pro forma invoice or P.I is a bill of sale that is sent to the buyer before the shipment of the goods. It contains necessary information about the shipped goods such as its contents, weight or amount and even the delivery charges.

#### **Steps involved in the opening of a letter of credit:**

1. Applicant needs to provide a valid and signed sales contract or pro forma invoice.
2. Applicant needs to apply to its chosen bank for the issuance of a letter of credit.
3. The issuing bank will request the applicant to fill up a LC application form.
4. The issuing bank examines the letter of credit
5. The issuing bank approves and issues the letter of credit.

#### **1. Applicant needs to provide a signed sales contract or pro forma invoice.**

The applicant needs to provide a valid and signed sales contract or pro forma invoice. This contract or invoice needs to state the necessary information of the terms and conditions of the trade. Examples of such information include description of the merchandise, delivery date, quantity being delivered, price agreed upon by both parties and any other important legal data.

## **2. Application for the issuance of a letter of credit**

The applicant needs to formally apply to its bank for the issuance of a LC. It is important that the application does not contradict the terms and conditions agreed upon in the sales contract or pro forma invoice.

## **3. Filling up the LC application form.**

Banks provide an LC application form to be completed by the applicant. A copy of the sales contract or PI is usually requested along with the completed form so that banks can double check whether the information in the form is in accordance with the terms and conditions of the sales.

## **4. Evaluation of the application form.**

The issuing bank now evaluates the credibility of the form and its applicant. Checks are made to ensure that the goods being traded are not illicit in nature. The prices at which the goods are traded are also scrutinized.

Many multinational companies are guilty of **transfer mispricing**. This happens when the buyers show a higher price for the imported goods than their actual market value. One reason why companies do this is to siphon money abroad and to show a lesser income that eventually concludes with them paying lesser income taxes.

Any discrepancy found during the evaluation process can result with the LC application being rejected and the applicant denied of a letter of credit.

## **5. Approving and issuing the letter of credit.**

If the application of the LC passes the evaluation, the issuing bank creates a letter of credit and sends it to the buyer for approval, at the same time a draft is send to the exporter to eliminate the need for any future amendments. Once both parties have confirmed their approval, the bank makes a final version of the LC and takes action to make payment on behalf of the buyer.

## **What does the bank get out of this?**

For its troubles the bank collects a fee for its services. Usually this fee is a percentage of the LC.

Also since the bank guarantees the payment on behalf of the buyer, it needs some sort of guarantee from the buyer that it will not default on its payments. This is where the **margin amount** plays a part. The margin amount is a certain amount that the bank blocks in the buyer's account as guarantee for the LC payment. The margin amount depends on the financial



relationship between the buyer and the bank. Depending on the credibility of the buyer the margin amount can be anywhere between 1% and 100%.

### 3.3 The draft

Once the L/C is obtained by the importer, the exporter can ship the merchandise to the importer. Draft or bill of exchange as it may be called, is an order made by the exporter to the importer or the importer's agent, requesting them to make the payment for the merchandise at the specific date and amount that was previously agreed upon.

### 3.4 Bill of lading

The third important document in foreign trading process is the bill of lading which is issued by the carrier or transporting company to the exporter. It serves as follows;

1. As a receipt it serves as proof that the merchandise was received by the transporting carrier,
2. As a contract, this obligates the carrier to transport the merchandise to the specified destination in exchange for a specific fee.
3. As a document of title, it can be used to receive payment before the goods are allowed to be released to the importer.

### 3.5 Road blocks to export and import.

Despite the excellent work of the officers in the foreign exchange department, there is an underlying weakness that is holding back the true potential of the foreign exchange department.

The fact is that very few small to medium businesses are participating in the foreign trade market. One major road block to this dilemma is that most businesses do not know much information about what foreign market opportunities are out there. This lack of knowledge is holding back tons of potential foreign trade business.

### 3.6 Recommendation:

In order to gain more foreign trade customers, it is necessary for Jamuna bank to gather and share information about foreign market opportunities with its customers. It needs to hold educational seminars where they can teach businesses about the process of exporting and importing. Other countries such as the U.S have institutions such as the Department of commerce that helps to collect data and help in the import-exporter matchmaking process.

As a bank, JBL needs to be forward thinking and start a research department that can collect these information and effectively present them to local businesses.

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