

Report On
Foreign Exchange Operations of Social Islami Bank Ltd.

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An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelors of Business Administration

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing 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/We have acknowledged all main sources of help.

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Letter of Transmittal

6th May, 2021

Md. Shamim Ahmed

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Subject: Submission of Internship report

Dear Sir,

I am hereby submitting my Internship Report, which is a part of the BBA program. It is a great accomplishment to work under your active supervision.

The report is based on, “Foreign Exchange Operations of Social Islami Bank Limited”. I have got the opportunity to work in Social Islami Bank Limited in the Foreign Exchange Department for twelve weeks, under the supervision of Md. Morshed Ali Chowdhury (Foreign Exchange Officer) in the Dania branch. I have tried my best to demonstrate my ideas and learnings to do this report following your instruction and suggestions within the limited period and available resources. I hope this report will provide enough information about the Foreign Exchange Operations of Social Islami Bank Limited.

I shall be highly obliged if you are kind enough to receive this report and provide your valuable judgment. It would be my immense pleasure if you find this report useful and informative to the related subject.

Sincerely Yours

Mohammed Abu Hanifa

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BRAC Business School.

Non-Disclosure Agreement

[This page is for Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between Social Islami Bank LTD. and the undersigned student at BRAC University.

Acknowledgment

I would like to express my special gratitude to my internship supervisor Md. Shamim Ahmed Lecturer, BRAC Business School at BRAC University for his guidance and supervision assisted me to prepare the report and helped me to choose the topic of my project.

Moreover, I would like to special thanks of gratitude to Md. Morshed Ali Chowdhury (Foreign Exchange Officer) for his practical advising and support throughout the internship period by providing me necessary information that helped me to complete this project. I am also grateful to all employees and my colleague for their valuable guidance, direction, and advice during the internship period. Completing his project would have been very difficult without their help. This was my first experience of working in a corporate institution that helped me to understand a practical way of working. I must say that it was a wonderful experience in a suitable working condition which is going to help me in my future carrier.

EXECUTIVE SUMMERY

This internship report has been structured on “Foreign Exchange Management of Social Islami Bank Ltd” which is prepared as partial contentment of BBA program of the department of BRAC Business School of BRAC University. This report will provide a proper understanding of the structured topic.

Social Islami Bank Limited started its journey on 22nd November 1995 as a commercial bank following Islamic shariah. The performance of Social Islami Bank Limited in the last 20 years was quite impressive. From the beginning, this bank has gone through a long path to establishing itself as a reputed Islamic Bank of the country. In recent times Banking sector is considered as one of the most growing and potential sectors in Bangladesh. The motto of Islamic banking is making a profit like other banks but following Islamic values. As in Islam, the interest is strictly prohibited the Islamic banks mainly following the profit-sharing system to make the final revenue.

Foreign Exchange business is considered as one of the most revenue earning transactions for any commercial bank. It plays an important role in a country’s export-import business. Considering this SIBL has emphasized its foreign exchange business. Launching Central Trade Processing Unit based on two locations Dhaka and Chittagong is an example of this. This report is all about SIBL’s foreign exchange management. This report illustrates the ideas about activities, operation strategies, Foreign Exchange management, and overall performance.

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Introduction



Banking sectors are getting more complex and competitive due to their demand to the people. Nowadays, everyone had to do some kind of banking activities in their life. Keeping this in mind Islamic banks are offering various kinds of services based on Islamic principles. Islamic banks do the same banking activities as other conventional banks like taking deposits and producing loans but following sharia rules. Currently, there are 8 Islamic banks in Bangladesh and SIBL is one of them. Being a second-generation privately owned bank SIBL operating its activities since 22nd November 1995. Now SIBL running its operation from 114 branches situated in 34 districts in Bangladesh.

Origin of the report

This report is being prepared as a compulsory part of the BBA curriculum in the BRAC University internship program. The main purpose of this is to provide the BBA students an introduction to the workplace to gain practical knowledge for their careers. Being an intern, the main challenge was to convert theoretical knowledge into practical work.

The following reasons are the purpose of this internship program.

- To understand the job responsibility in detail.
- To get practical knowledge about the corporate world.
- Bringing theoretical knowledge into practice.
- To fulfill the requirement of BBA curriculum.

Objective of The Study

The Report has two forms of objectives

- General Objective
- Specific Objective

General Objectives

- To complete the BBA program criteria.
- To observe and learn about the Foreign exchange operations of SIBL

Specific Objective:

The specific objective of the study is to let the student understand the actual situation of the bank to compare it with their theoretical knowledge.

Specific objectives are given below

- To understand the modes of foreign trade of the bank, trading ways, rules, and regulations associated with individual mode of Foreign Exchange Management.
- To know the condition of classified Export & Import.
- To distinguish the rules and regulations of Bangladesh bank in terms of sector-wise investment and modes of foreign trade.
- To learn about the foreign trade policies of SIBL.

- To know the disbursement and the recovery process of the bank.

Methodology of the Study

Two sources of data and information have been used to make the report more easily understandable and presentable. Both primary and secondary data sources were used to set up the report.

Sources of Data

There are two kinds of data in this report.

Primary Sources

- Direct conversation with the officers and staff of Social Islami Bank Limited.
- Practical work experience from the different departments of the Branch.
- Formal and informal communication with the clients.

Secondary Sources:

- Secondary Sources: Annual reports of Social Islami Bank Limited.
- Website of Social Islami Bank Ltd.
- Bangladesh Bank Report.
- Website of Bangladesh Bank.
- Different papers from the respective departments.
- Articles regarding foreign exchange.

Scope of the Study

This study mainly focuses on the Foreign exchange operations of SIBL. During my internship period, I worked most of the time in the Foreign exchange department with some works in the general banking department. I got enough chances to communicate with the bank's employees to understand the internal job situation. I also served some customers during my work in the general banking sector with my little learnings.

Limitation of The Study

Almost every study has its downside and limitation. In spite of my effort, there are some limitations in this study that are given below

- **Time Limitation:** 24 weeks of time for study in order to understand its internal position and analyze the financial situation is not enough.
- **Privacy Policy:** Organization's guidelines on privacy are also a limitation of the report. As an intern, I could not access the confidential data of SIBL which would be helpful for this report.
- **Busy Schedule:** Employees in banks go through a busy schedule. Collecting information about the bank from them is also very time-consuming while working as an intern.
- **Lack of Skill:** As a beginner, I was not skilled enough to acquire knowledge from clients by communicating with them.

Internship Learning Point

The internship is the field where students get their first chance to apply their theoretical knowledge to gain practical experience. I got the chance to do my internship at Social Islami Bank Limited, Dania Branch. I worked most of my time in Foreign Exchange Department with the chance to work in other departments. I would like to categorize my learning into two-part

Learning from Foreign Exchange Department:

- I learned the LC opening and how it works.
- I have created many Import LC documents and filled them with proper data and information.
- I learned to categorize export documents.
- Many calculations were summarized by me related to import, export, and remittance documents.
- Purchase of inland bill
- LC proposal

Learning from General Banking Department

I worked at the general banking department with one of another interns at the bank for few times. At first, I was introduced to the software named ABABIL which is used to maintain all banking procedures. I was also introduced to cheque clearing. I wrote some checks behalf of clients. I categorized some payment orders with the help of my supervisor.

Practical Experience and Self Development

One thing that I found most important is practical experience at a corporate enterprise. I learned about how to manage the times and how to utilize them. Personal Development starts with my communication skill as I communicated with many clients. Managing multi-task at a time was very tough for me before the internship which was developed during the bank internship period. Also handling work pressure efficiently was one the best lesson for. Overall, I think the lessons that I learn from the internship are going to in my career.

Organizational Overview of Social Islami Bank Limited

Social Islami Bank Limited was established on November 22, 1995, with a capital of 1000 million taka. They also made Paid Up capital of 260 million takas by gathering them from many businessmen from different fields of financial sectors. The business plan and Bank setup were completely authorized in the private division following the Government to Banking Financial administration. The author Chairman of the Bank was Professor Dr. M. A. Mannan who also was an overall prestigious Islamic Economist.

At present The Social Islami Bank Limited (SIBL), a second-generation commercial bank, based on Shariah's Principles, has 161 branches including 22 ADS (Authorized Dealer) branches, 27 subbranches & 108 agent banking outlets all over the country. It has two subsidiary companies one is SIBL Securities Ltd. and another is SIBL Investment Ltd. Like other Islamic banks Social Islami Bank shares its profit with clients not to make revenue from the interest which is prohibited in Islam. SIBL tries to empower and humanize poor families by creating opportunities for them. The bank is also involved in the voluntary sector and management of waqf. Waqf is recognized Islamic practices of charity for poor people, schools, hospitals, mosques, and other charitable organizations. This is a total non-profitable system where anyone can open a waqf bank account and give money based on either one or more installments. This is the first waqf system among Islamic banks in Bangladesh.

In the general banking sector, this bank emphasizes many areas like SME and Agro-finance for the alternative delivery channel under SME banking and mobile-based payment system. This system is very helpful for new entrepreneurs. The bank has a strong IT and Computer networking system from which they deliver a high-quality Internet Banking service. The related product and services are Sonali Din, Sommidhir Sopan, SonchoyProtidin, SwopnerShiri, ShukherThikana, SabujChhaya, SabujShayanho, Subarnolata, Subornarekha, Sanchita etc. and Zameel ATM Debit card.

Vision and Mission of SIBL

Vision: Working together for a caring society

Mission:

- Establishing Three Sector Banking Model
- Transformation to a service-oriented technology driven profit earning Bank
- Fast, accurate and satisfactory customer service
- Balanced & sustainable growth strategy
- Optimum return on shareholders' equity.
- Introducing innovative Islamic Banking Products
- Attracting and retaining high quality human resources
- Empowering real poor families and creating local income opportunities
- Providing support for social benefit organizations by way of mobilizing funds and social services

Core Values of SIBL:

- **Honesty**
To be honest is ordained by the scripture – they stick to this value in all their service provision.
- **Transparency**
Remaining transparent in all acts is a virtue that's builds trust - they adhere to it.
- **Efficiency**
Efficiency implies perfection in any job done - they strive to render full satisfaction with it.
- **Accountability**
To be accountable is to be responsible and above any suspicion - they are dutifully there.
- **Religiousness**
SIBL enhances economic wellbeing with regard to the bliss of religious ethics.
- **Innovation**

Their minds and eyes are open to the evolution in quality of life to innovate further benefits for the service takers.

- **Flexibility**

Flexibility leads to better understanding and greater satisfaction - they pursue the quality.

- **Security**

Customers must feel secure with all our products and services - they keep on ensuring it.

- **Technology**

Modern life is technology dependent – they keep looking for the latest development to provide the best in ease to their clients.

Product and Services of SIBL

Social Islami Bank Limited offers various kinds of deposit products and investment schemes. The bank also has highly qualified professional staff members who have the capability to manage and meet all the requirements of the bank. The product and services that are currently available are given below-

Deposit Products

- Al-Wadeeah Current Account
- Mudaraba Savings Account
- Mudaraba Notice Deposit Account
- Mudaraba Term Deposit Account
 - 1 month
 - 3 months
 - 6 months and others
- Mudaraba Monthly Profit Deposit Scheme
- Mudaraba Millionaire Savings Scheme
- Mudaraba Education Deposit Scheme
- Sonali Din Special Deposit Scheme
- Mudaraba Special Deposit Pension Scheme
- Mudaraba Bashsthan Savings Scheme
- Mudaraba Hajj Savings Deposit (Kafela)
- Cash Waqf
- Mudaraba Lakhopati Deposit Scheme
- Mudaraba Double Benefit Deposit Scheme
- Shamridhir Shopan Special Deposit Scheme
- Mudaraba Marriage Savings Scheme

- Mudaraba Mohorana Savings A/c (10 Years)
- Mudaraba Mohorana Savings A/c (5 Years)
- Shanchita Special Deposit Scheme
- Subarnalata Special Deposit scheme
- Subarna Rekha Special Deposit Scheme
- Sabuj Chaya Special Deposit scheme
- Sabuj Sayannaya Special Deposit Scheme
- Shukher Thikana Special Deposit Scheme
- ShachhandaProtidin Special Deposit Scheme
- SIBL Young Star Account

Investment Products

- Bai-Murabaha
- Bai-Muajjal
- Hire Purchase Under Shirkatul Melk
- Musharaka
- Bai-Salam
- Documentary Bill Purchase
- SIBL Employees' House Building
- Women Enterprise Finance
- Retail Finance
- SME and Agricultural Finance
- Family Empowerment Islamic Micro Finance

Online Services

- Online Banking
- Automated Clearing
- ATM 24/ 7
- Electronic Fund Transfer
- CARD (Local & Foreign)
- Mobile Banking
- SMS banking
- Centralized Trade Processing
- Remittance
- Alternative Delivery Channel
- SIBL NOW

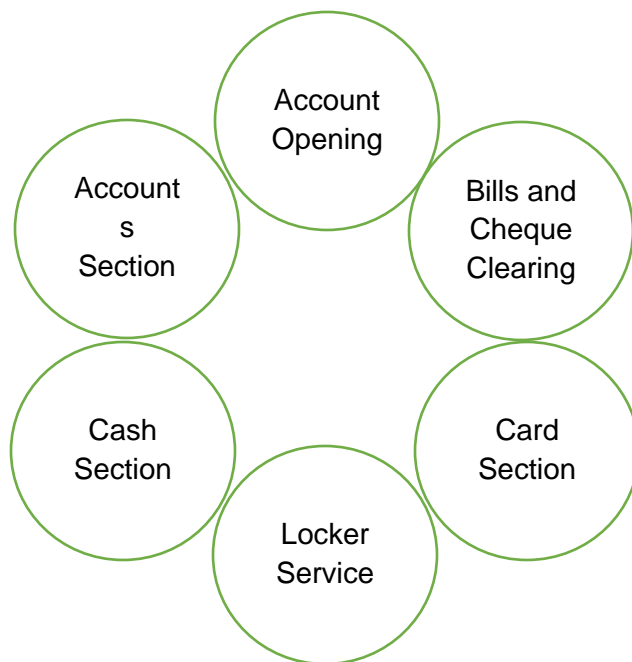
Departments of SIBL

All branches of Social Islamic Bank Limited are divided into three departments:

- General Banking Department
- Foreign Exchange Department
- Investment Department

General Banking Department

The general banking department is one of the primary and most important departments of every bank including Social Islami Bank Limited. Primarily bank ensures the essential services to the customer by this department. This department is consists of six sections. They are:



Foreign Exchange Department

In exchanging foreign Transactions of a country banks play a very important role. Mainly when the transaction is going to take place with overseas countries relating imports, exports, and foreign remittance. These transactions are completed through the foreign exchange department. Central Bank collects and records all the foreign exchange transactions which are made by other banks in a particular country. Bangladesh Bank regulates these foreign exchange transactions as the other banks are bound to report on a daily, monthly, quarterly, yearly basis. The foreign Exchange department is made of three other sections. They are



Investment Department

The banking business is the process of making a profit through borrowing and lending. The bank acts as an intermediary between surplus and deficit economic units. Being a banker is like a dealer of money and credit. At first, the bank collects deposits from a large number of customers and then lends them to those who need borrowing. In this procedure, banks make a profit from the borrowers when they return their borrowings. Without lending and borrowing, there are many profit-making products that banks offer. The procedures below are followed in this department to make profits.



SIBL at Glance

Figure in Million Taka

SL	Particulars	2015	2016	2017	2018	2019
1	Authorized Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
2	Paid-up Capital	7,031.42	7,382.99	7,382.99	8,121.29	8,933.41
3	Total Shareholders Equity	12,950.32	14,187.8	14,166.45	15,749.88	17,271.33
4	Capital Base (Tier I & II)	16,916.08	19,195.04	21,725.08	26,111.51	27,901.80
5	Total Deposits	149,773.6	190,564.5	228,798.90	248,324.49	287,936.65
6	Client Deposits	138,537.3	178,846.1	203,126.69	224,339.78	267,828.58
7	Investments (General)	134,116.9	174,196.1	210,045.51	238,654.17	264,268.59
8	Investments (Shares & Securities)	9,222.39	12,310.58	13,082.52	13,086.55	19,118.98
9	Foreign Exchange Business	149,192.4	167,382.3	202,037.00	178,590.50	159,583.03
10	Operating Profit	4,849.82	5,698.08	6,166.21	6,143.12	6,342.11
11	Profit before Tax	3,479.17	4,192.19	3,535.13	3,848.29	3,134.03
12	Fixed Assets	3,072.04	3,257.52	3,480.82	3,563.53	3,606.05
13	Total Assets	180,112.1	227,704.2	276,348.95	307,305.32	345,056.23
14	Stock Dividend	5.00%	-	10%	10%	5%
	Cash Dividend	15.00%	20.00%	-	-	5%
15	Investments as a % of total deposits	89.54%	91.41%	91.80%	96.11%	91.78%
16	Investments as a % of Client deposits	88.52%	89.86%	89.30%	91.54%	89.47%
17	Capital to Risk Weighted Asset Ratio	12.33%	11.55%	11.57%	14.27%	13.78%
18	Ratio of Classified Investments to Total Investments	3.84%	4.44%	8.20%	7.69%	6.63%
19	No. of Foreign Correspondents	443	591	406	411	420
20	Number of Employees	2130	2363	2599	2844	2947
21	Number of Branches	111	125	138	155	161
22	Book Value per Share	10	10	10	10	10
23	Earning per Share (Restated)	2.81	3.1	1.79	1.77	1.70
24	Credit Rating by	ECRL	ECRL	ECRL	ECRL	ECRL
	Long Term	AA-	AA-	AA-	AA-	AA
	Short Term	ECRL-2	ST-2	ST-2	ST-2	ST-2

Foreign Exchange Operations of Social Islami Bank Limited

Foreign Exchange Business includes all activities related to import, export, inward and outward remittance, and buying and selling of currency. Foreign trading is considered one of the largest businesses carried out by a commercial bank. When various countries and their parties try to exchange goods and services with each other, international trade demands are made as a flow of goods from seller to buyer, and payment from the buyer to seller is needed to be done for completing the trade between different parties from different countries. Banks play a mandatory role to link the buyer and seller.

At a very core level, a bank's primary activity is to prepare international trade through export and import financing. SIBL has gained a stable expansion in foreign trade financing over the last few years. Growth in import and export business has significantly increased since 2010. In 2010 the total foreign exchange business was 61,931.00 million takas which increased to 108,308.30 in 2011 with 58.35% growth in total. To make foreign trading easier and smoother SIBL founds CTPU (Central Trade Processing Unit) based on Dhaka and Chittagong. SIBL was involved in financing import business including machineries, industrial raw materials, food items like rice, wheat, sugar, dal, garlic, onion, spices, oil, milk food, soya bean, palm, garment accessories, sports items, perfumery items, chemicals, lubricant, motor vehicles, spare parts, etc. Though Bangladesh's export business was mostly involved in the field of readymade garments, SIBL invested to diversify export financing in other fields like agricultural products, leather, dry fish, spare parts of ships etc.

Import Section

In terms of foreign exchange business, SIBL is mostly involved in financing import business in the field of various items and goods from different sectors. SIBL imported capital machineries, industrial raw materials, motor vehicle, spare parts, lubricant, food grains like rice, wheat, sugar, dal, onion, spices, garlic, milk food, food oil like soya bean, palm, various kind of sport accessories, garment accessory, perfumery items, chemicals, etc. According to Import and Export Control Act, 1950, the office of chief controller of Import and Export provides the registration (IRC) Import Registration Certificate, to the importer while the import applicant is competent enough. Banks makes a guarantee on behalf of exporter that if buyer fails then the bank will pay for the goods to importer. This guarantee is known as LC (Letter of Credit). There are three main operation of import section –

- L/C opening
- Lodgment
- Retirement

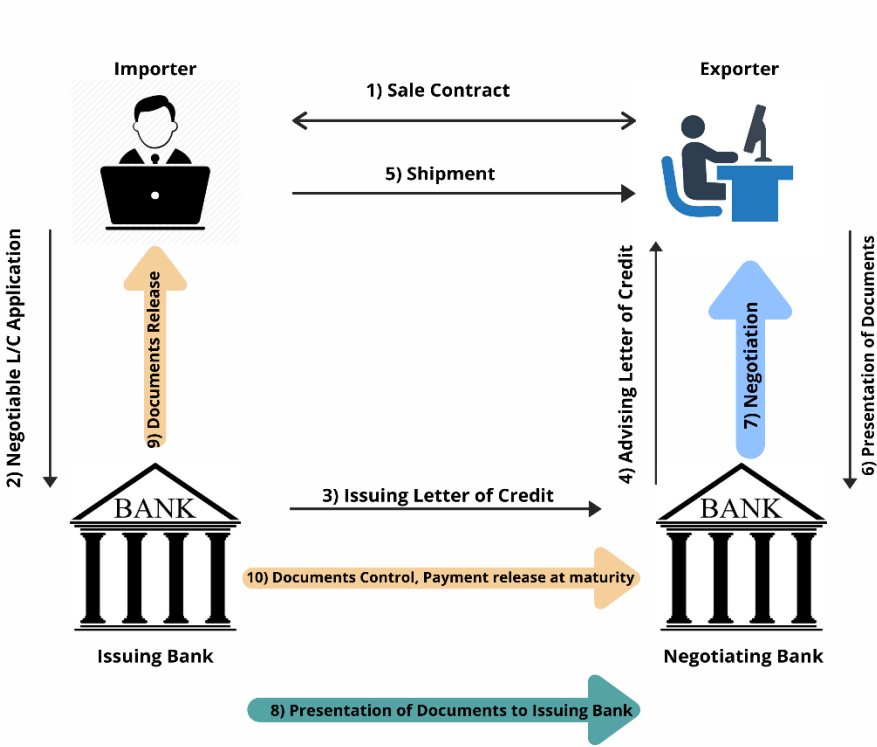
Letter of credit

A letter of credit (LC), is a written commitment by a bank issued after a request by an importer that payment will be made to the beneficiary/exporter provided that the terms and conditions fulfilled by LC terms and condition, as evidenced by the presentation of specified documents.

In international trading system letter of credit (LC) an important method of payment. This document is used mostly when the buyer and seller are not familiar to each other and they do not have any other secure way of trading. Even in terms of domestic trading LC is being used

between known traders to make the trading more trustworthy and secure. LC is more secure as it proceeds through banks and banks made a promising contract between buyers and seller. Often times Letter of Credit is also secured by the Insurance when transferring or storing the trading items and goods seems risky. Without getting the payment from buyer, goods are in control of the issuing bank, and they will release after the payment from buyer or undertaken to pay the bank for the documents.

Transaction Process of Negotiable Letter of Credit



Steps of Import LC operation

1. Registration

International Trade is a complex system. To engage in international trade at first trader must be registered with the Chief Controller of Import and Export. After paying specific registration fees to the CCI&E, the applicant will get their IRC/ERC (Import/Export Registration Certificate).

2. Terms of credit

Determining the terms of credits is the second step where trade applicant negotiate with bank and agrees to the terms and condition.

3. Proposal for Opening of L/C

Importer submits an application to Social Islami Bank for having a LC Limit. They need to include their full information of the bank account, business nature, required amount of limit, terms and conditions, goods to be imported, security, and repayment schedule.

4. Application by the importer for L/C

To open L/C, the importer is required to fill up an application form provided by the banker along with filled up LCA form, Promissory Note, Pro-forma invoice, (TIN) Tax Identification number, (IRC) Import registration certificate, authorized debit account, amendment request form, insurance cover note and money receipt, membership certificate and some other necessary document's based on the situation.

5. Opening of L/C by the bank

The opening bank collects the credit report of the exporter from the exporter's country's bank. Then issues credit by airmail/ SWIFT following L/C advice.

6. Shipment of goods and lodgment

Then beneficiary or exporter sends the goods to the importer country and sends the documents to the L/C opening bank through his negotiating bank with documents including bill of exchange, bill of Lading, commercial invoice, certificate of origin, shipment certificate, and other necessary documents.

7. Lodgment of Documents by the opening Bank from the negotiating bank

In this section, the banker investigates the goods and the documents. If they found any discrepancy, it takes necessary action.

8. Retirement

The importer collects the imported goods and gives feedback to the bank for the closer of import bills and to dispose of shipping document for clearing the imported goods from the respective authority.

Import LC Financing

There are two modes of LC sponsoring in SIBL. Both of them are based on Islamic principles. One is Mudaraba Post Import and another is the Bai-Muajjal trust receipt.

Mudaraba Post Import

Mudaraba post import system is the process of securing the merchandise imported over the bank and allow taking goods, retaining margin prescribed or their landed cost, depending on their categories and credit section imposed by Bangladesh Bank

Bai-Muajjal trust receipt

In Bai_Muajjal receipt, the bank takes a trust receipt from the customers who are allowed to only first class-tested parties.

Export Financing

Most of the SIBL's export business are related to garments industry. But the bank is trying to expand its export financing in other fields like leather, agricultural products, dry fish, PET, Flakes, spare parts of ship etc.

The well-established CTPU (Central Trade Processing Unit) is very helpful in this expanding. CTPU based on Dhaka and Chittagong can help exporting in many countries with diversify goods. Export LC procedure is the reverse system of import LC operation. To export goods by the exporter, SIBL may act as the collecting bank for the exporter. SIBL act as negotiator bank based on guidelines formulated by the Ministry of Commerce. Government of Bangladesh provide the overall guideline, incentives and other facilities for the growth of exports in Bangladesh.

Export Financing

There are mainly two kinds of financing in export financing where exporters require financing amenities at r different stages.

1. Pre shipment credit

In pre-shipment credit, exporter gets advance credit based on their creditworthiness, export performance over time. This process is a complex process where an exporter needs to have a strong position based his either his previous reputation or with a strong trust in the bank.

The purpose behind giving a pre-shipment credit are,

- Local procurement and expense.
- Insurance payment.
- Inspection fees.
- Procuring goods for export.
- Freight Charges.

2. Post Shipment Credit

Post shipment credit is the credit that has been granted against the exported goods where the shipment is already been made. Before making this kind of credit bank make some necessary steps to get the reliability of the exporter's financial position.

There are some procedures of post-shipment credit including,

- Negotiation Under Letter of Credit
- Foreign Documentary bill purchase
- Advances against Export Bill submitted for collection.

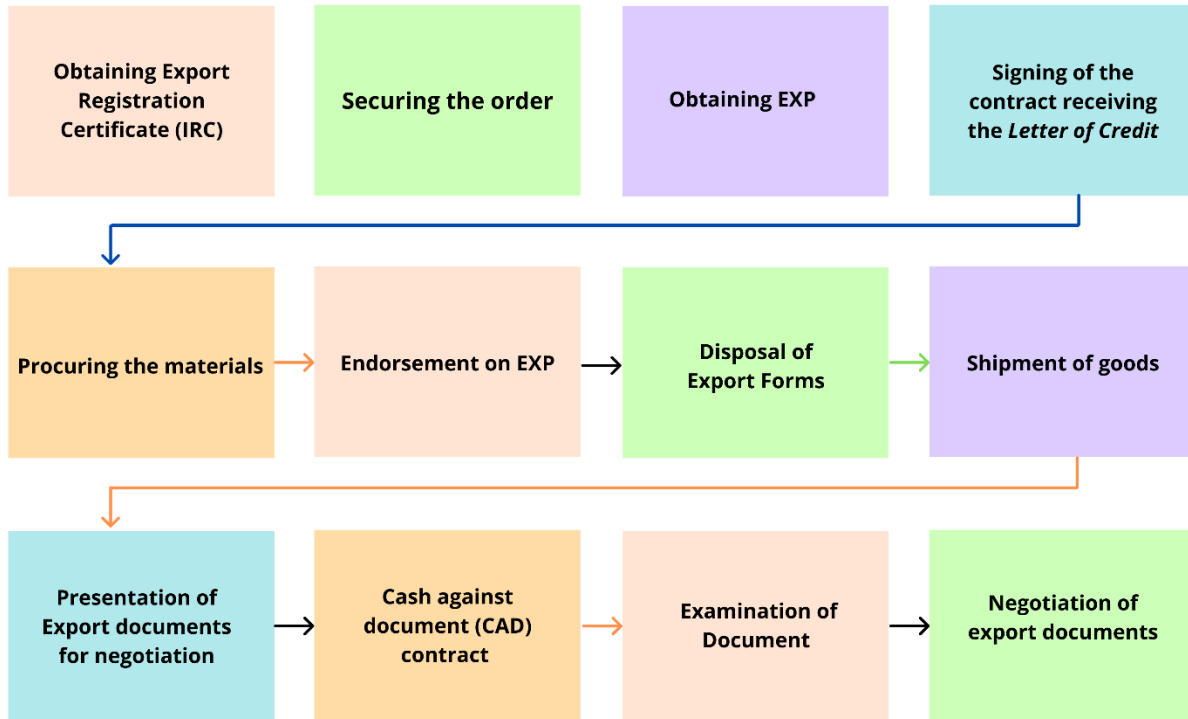


Fig: Export LC procedure

Remittance Business

A bank provides some services related to foreign exchange operations to the clients as being an authorized dealer. The primary job of the foreign exchange department is the collection and maintenance of outward and inward remittance of foreign exchange. Foreign remittance is one of the important things for countries' development, especially in Bangladesh. While providing this service, banks sell and buy foreign currency. Transacting the foreign currency, the clients pay the home currency. The foreign remittance business of SIBL has increased over time. In 2010 total remittance collection was 1,099.40 million takas which reached its highest-ever peak in 2018 being 22520.00 million takas. SIBL maintains both inward and outward remittance services.

There are two types of foreign remittance,

Inward Foreign Remittance:

Purchasing foreign currency in the form of Foreign Telegraphic Transfer, Demand drafts, and bills are known as Inward Foreign Remittance

Outward remittance:

Selling foreign currency through Foreign Telegraphic Transfer, Demand drafts, Traveler's cheque, foreign exchange under LC are forms of Outward remittances.

Modes of Foreign Remittance

SIBL's remittance procedures follow the following modes-

- Telegraphic Transfer
- Traveler's cheque
- Foreign Demand Draft

Foreign Remittance Tools

These are some of the tools by which foreign remittance is transferred.

- Western Union Money Transfer
- Xpress Money Services
- Money Gram
- Placid NK Corporation
- Asia Express Exchange
- Doha Exchange
- NEC Money Transfer

SWOT analysis

SWOT analysis is an essential tool to identify a company's Strengths, Weaknesses, Opportunities, and threats. Based on this analysis and its outcome a company can easily recognize how to evaluate its performance, present position, and future possibilities. In terms of overall SIBL's SWOT analysis mainly focused on the foreign exchange department, the following matters can lead to some important concerns.

Strength

- **Advance IT System and Computer Network:** Present Banking system is almost totally systemized and regulated through an electronic system. In this sector, SIBL has built a strong, secure, and well-structured IT and computer network system that helps to give excellent service to their customer.
- **Central Trade Processing Unit (CTPU):** To make trade finance easier and smoother SIBL has found Central Trade Processing Unit. CTPU has changed the way of foreign exchange business and saving a lot of effort, time, and cost by creating some future potentials. SIBL is mainly running its CTPU facilities based in Dhaka and Chittagong.
- **Dedicated Employee:** Being a leading value-added financial institution SIBL is serving its customers through 3125 employees in 168 branches and 72 subbranches across the country with 177 Agent Banking outlets to cater financial services. They also have 22 Authorized Dealers Branches with well-trained professionals to ensure the best import-export business of clients.
- **Risk Management:** Foreign Exchange transactions are comparatively less risky as the transaction are granted on behalf of customers against underlying LC commitments. In a situation where the importer fails to pay the exporter, the bank pays on behalf of the importer. Bank pays against import documents or in the form of loans against imported products.
- **Well Organized Foreign Exchange Department:** Highly trained professional with international foreign trading experience checks all the risks associated with the foreign exchange department. Foreign exchange operation is mainly focused on funding operation and foreign exchange dealing.

- **Weaknesses**

- Risks that are unable to measure precisely and accurately can cause holding loss.
- There are some boundaries in the foreign exchange business where the foreign exchange department cannot work properly.
- Clients who sometimes do not show the authentic price of imported goods and product avoiding their duty creates risks for the bank.
- SIBL is more concerned about their service than advertising and promotion while these things are playing a vital role in establishing a strong position in the competitive market.
- Limitation in the Islamic banking system sometimes restricts tradable items and goods comparing general non-Islamic commercial banks.

Opportunity

- SIBL has a strong sustainable position within the strict holding limits set by Bangladesh Bank which is going to its long-term planning.
- Well-managed holding and transferring of remittance by SIBL will prosper their possibilities as an Islamic bank in Bangladesh.
- Having a better impression to the public assures the future vision of the foreign exchange business of the bank.
- Strong IT system can deliver any kind of service relating to foreign exchange in the future with a creative solution.
- Being able to bring diversification in services creates a strong competitive position in the existing market.

Threats

- Fluctuation in foreign currency is the major threat for foreign exchange departments and creates instability.
- Both regular commercial and other Islamic Banks creates an intensely competitive market where small mistakes and lack of control can lead to serious disadvantage.
- Strict policy and regulation from central banks create problems in banking services.
- Foreign Exchange Business needs proper responsiveness from the client side which is not always possible.

Comparative Analysis of SIBL's Foreign Exchange Operations

Foreign Exchange Trend Analysis

	2010 (Million Tk.)	2011 (Million Tk.)	2012 (Million Tk.)	2013 (Million Tk.)	2014 (Million Tk.)
Import	39,459.50	68,198.50	76,985.60	73,859.40	79,024.20
Export	21,372.20	34,975.00	42,712.20	51,775.30	53,044.90
Remittance	1,099.40	5,134.90	6,822.10	6,740.00	7,839.90
Total	61,931.00	108,308.30	126,519.90	132,374.70	139,910.00
	2015 (Million Tk.)	2016 (Million Tk.)	2017 (Million Tk.)	2018 (Million Tk.)	2019 (Million Tk.)
Import	84,906.70	104,270.60	121,809.50	93,000.00	88,911.60
Export	54,121.20	49,766.00	58,315.00	63,060.00	60,079.50
Remittance	10,164.50	13,345.70	21,911.60	22,520.00	10,591.90
Total	149,192.40	167,382.30	202,036.10	178,580.00	159,583.03

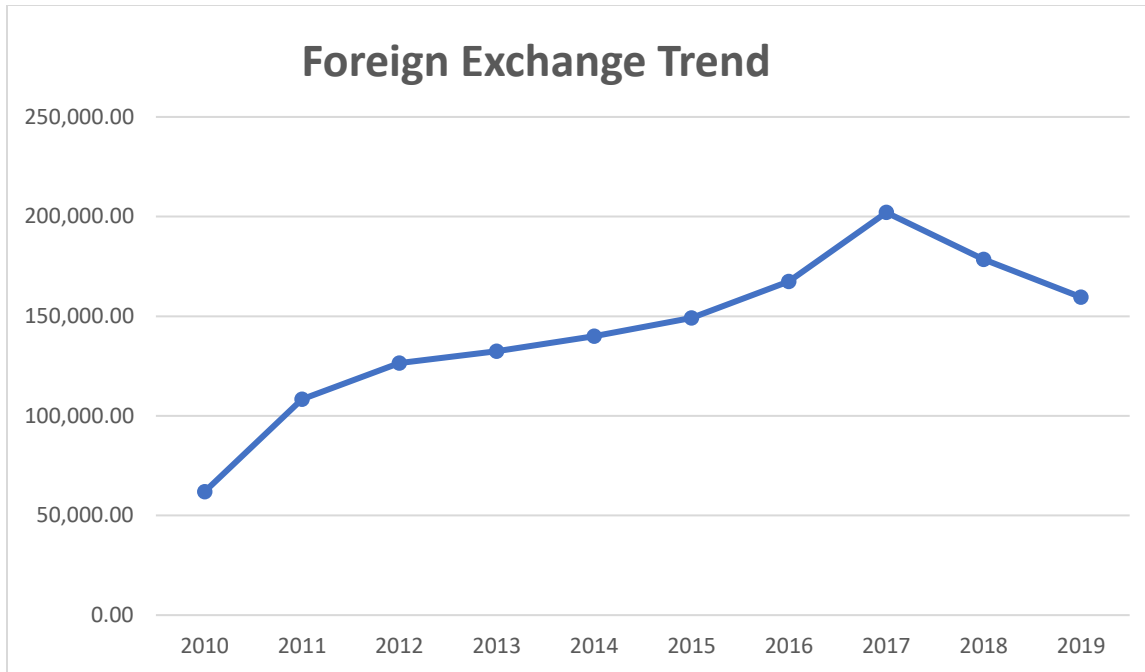


Fig 01: Graphical Illustration of Foreign Exchange trend

The graph above shows the trend of foreign exchange of SIBL over past 10 years. From 2010 to 2018, there is an increasing trend showing the growth and gain till 2017 and then slight decrease from 2018 to 2019. In 2010, the business was 61,931.00 million taka which increased to 159,583.03 million takas in 2019. The transformation became more than twice comparing total of 10 years ago.

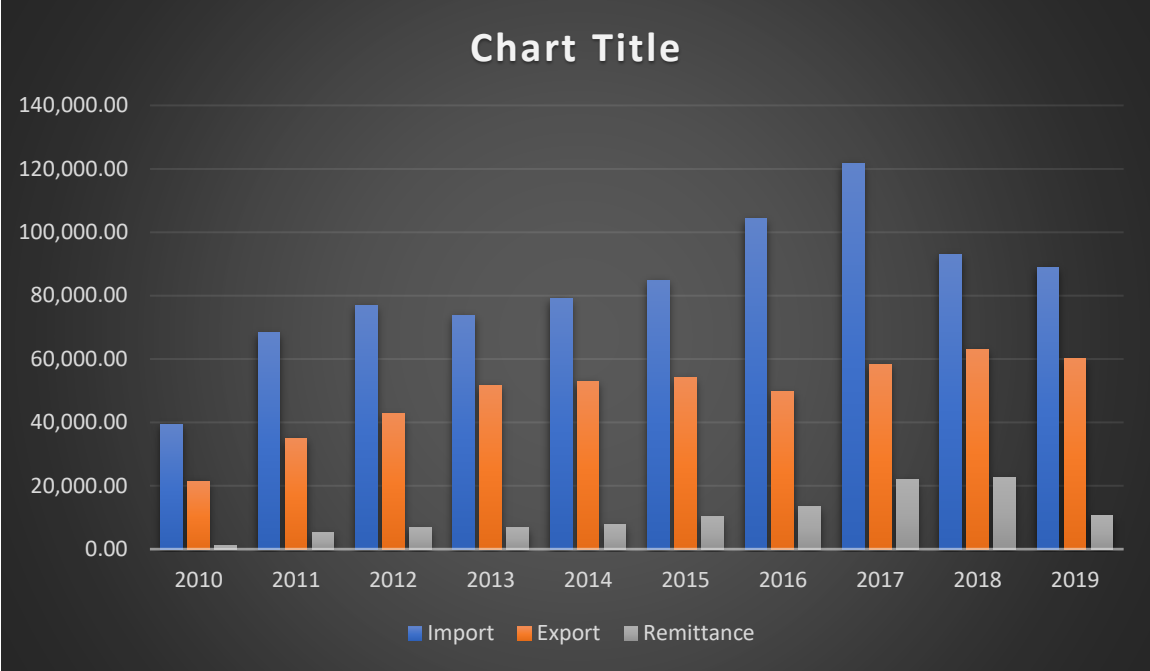


Fig 02: Graphical Presentation of Import, Export and Remittance

In the graph above the import, export and remittance are shown together in one graph. Here, it is seen that the import business has a gradual continuous growth than export and remittance. However, remittance business has a lower value than import and export.

Growth Rate Analysis of Foreign Exchange

Year	2010	2011	2012	2013	2014
Growth Rate in Percentage	58.35	74.89	16.81	4.63	5.69
Year	2015	2016	2017	2018	2019
Growth Rate in Percentage	6.63	12.19	20.70	-11.61	-10.63

In percentage

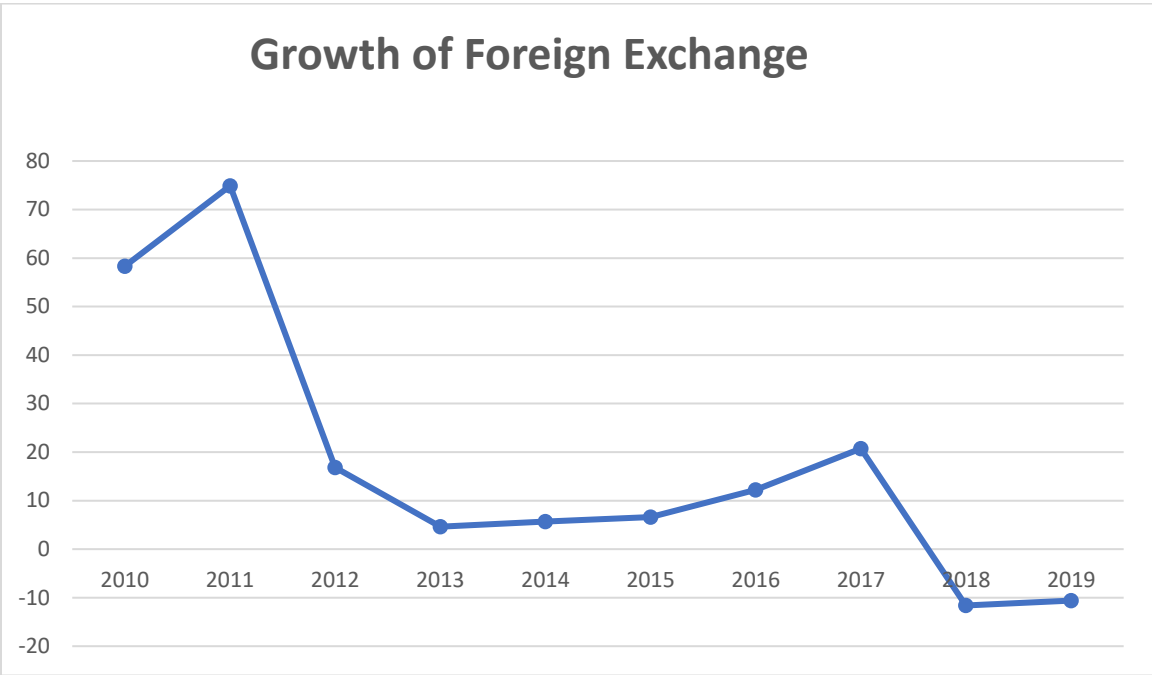


Fig 03: Graphical Presentation of Import, Export and Remittance Growth Rate

The graph above is an illustration of the changes of total growth rate of foreign exchange over times. In 10 years from 2010 to 2019 the growth rates went to a lot of changes. Rates were 5.69%, 6.63% ,12.19% respectively 2014, 2015, 2016. But after 2017 there are some negative growth even in 2018. However, in last 7 years SIBL had positive growth except 2018 and 2019.

Import Trend Analysis

Year	2010	2011	2012	2013	2014
Total in Million Taka	39,459.50	68,198.50	76,985.60	73,859.40	79,024.20
Year	2015	2016	2017	2018	2019
Total in Million Taka	84,906.70	104,270.60	121,809.50	93,000.00	88,911.60

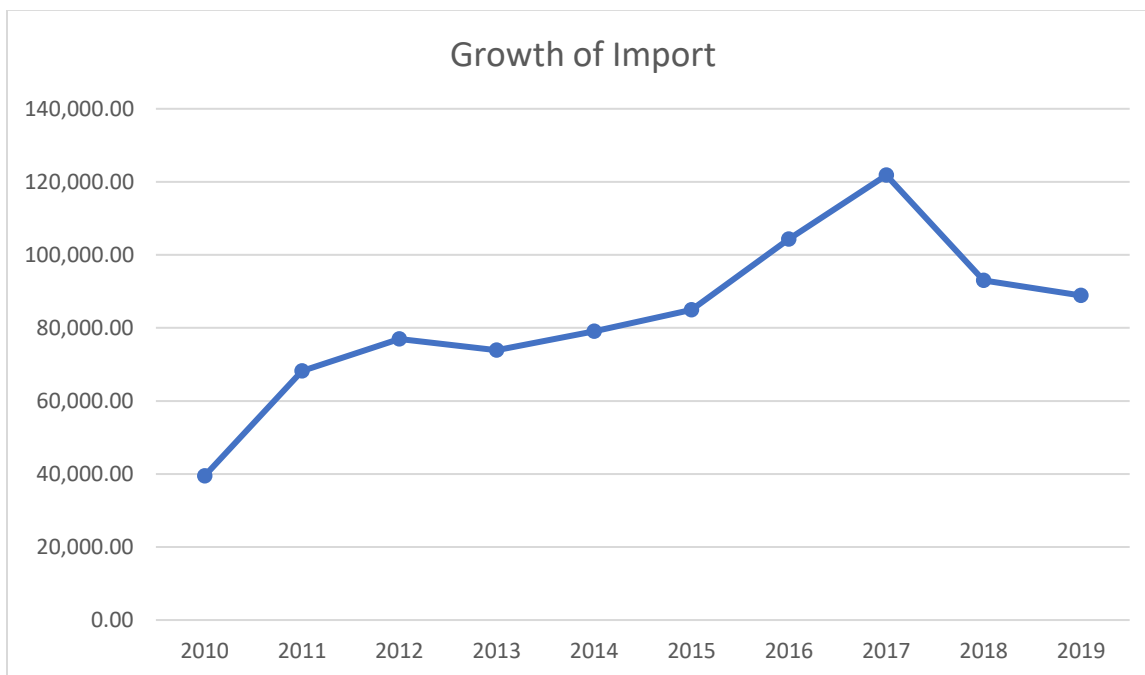


Fig 04: Graphical Presentation of Imports of SIBL.

The graph above shows the import business trend of SIBL over last 10 years. From 2010 to 2019 there has been positive growth except 2013, 2018 and 2019. In 2010 the business was 39,459.50 million taka which is increased to 88,911.60 in 2019. It also shows a long transformation over the past years with a significant drop in 2018.

Growth Rate analysis of Import Business

Year	2010	2011	2012	2013	2014
Growth Rate in Percentage	73.42	72.83	12.88	-4.06	6.99
Year	2015	2016	2017	2018	2019
Growth Rate in Percentage	7.44	22.81	16.82	-23.65	-4.41

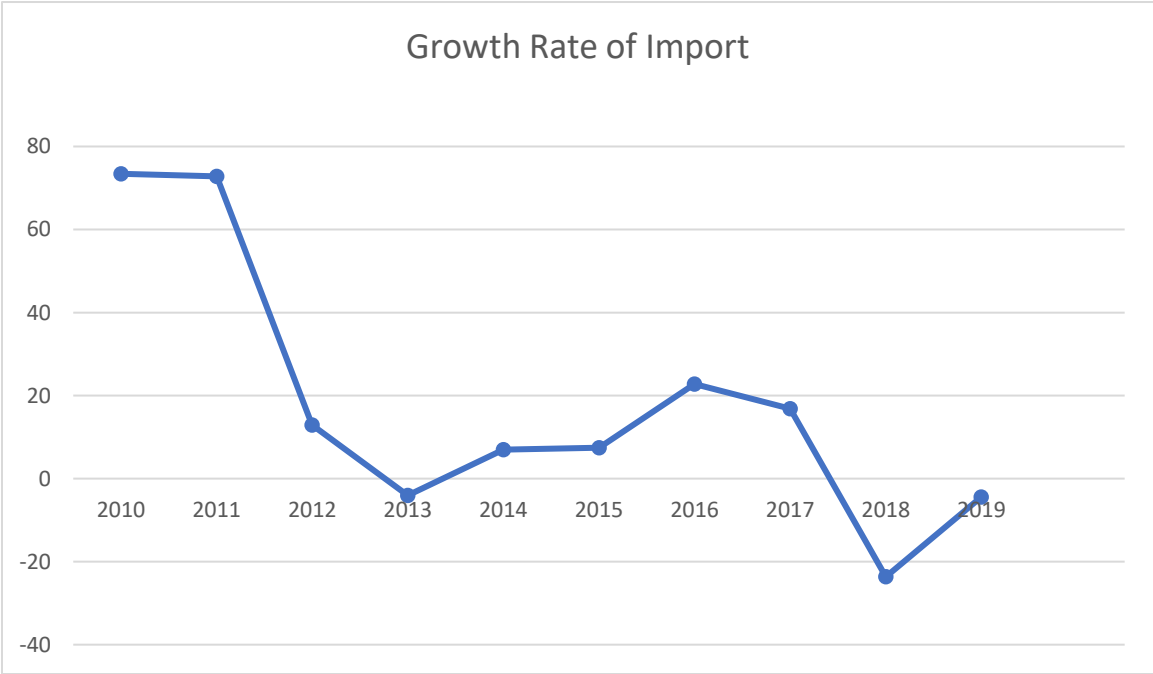


Fig 05: Graphical Presentation of growth rate of Import

The above graphical analysis shows the import growth rate of SIBL over past 10 years. From 2010 to 2019, the growth rate has gone through a lot of fluctuations both in positive and negative. In 2010 the growth rate was 73.42% which decreased to 72.83% in 2011. Overall except 2013 and 2018 SIBL has a positive growth rate.

Year	2010	2011	2012	2013	2014
Total in Million Taka	21,372.20	34,975.00	42,712.20	51,775.30	53,044.90
Year	2015	2016	2017	2018	2019
Total in Million Taka	54,121.20	49,766.00	58315.00	63060.00	60,079.50

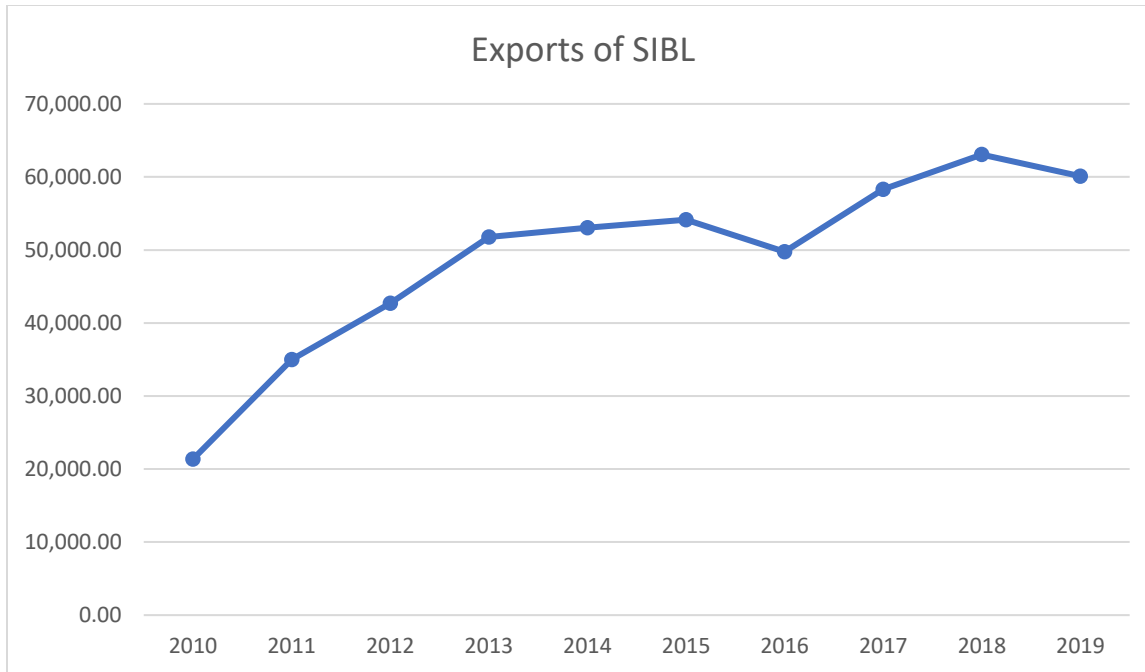


Fig 06: Graphical Presentation of Exports of SIBL

The graph above shows the Export business trend of SIBL over last 10 years. From 2010 to 2019 there has been positive growth except 2016. In 2016 the export drops slightly and became 49,766.00 million takas. But after that there was no drop. In 2010 the business was 21,372.20 million taka which is increased to 60,079.50 in 2019. It also shows a long transformation over the past years with a just a little drop in 2016.

Growth Rate Analysis of Export

Year	2010	2011	2012	2013	2014
Growth Rate in Percentage	48.08	63.65	22.12	21.22	2.45
Year	2015	2016	2017	2018	2019
Growth Rate in Percentage	2.03	-8.05	17.18	8.14	-4.73



Fig 07: Graphical Presentation of Growth rate of SIBL

The graph above is an illustration of the changes of total growth rate of export over times. In 10 years from 2010 to 2019 the growth rates went to a lot of changes both in positive and negative. In 2010 the growth was 48.08% which increased to 63.65% in 2011 with a big drop in 2012 at 22.12% with another positive growth at 2016. From 2015 the rate became negative 8.05% to positive 17.18% showing long transformation over the past years.

Remittance Trend Analysis

Year	2010	2011	2012	2013	2014
Total in Million	1,099.40	5,134.90	6,822.10	6,740.00	7,839.90
Year	2015	2016	2017	2018	2019
Total in Million	10,164.50	13,345.70	21,911.60	22,520.00	10,591.90

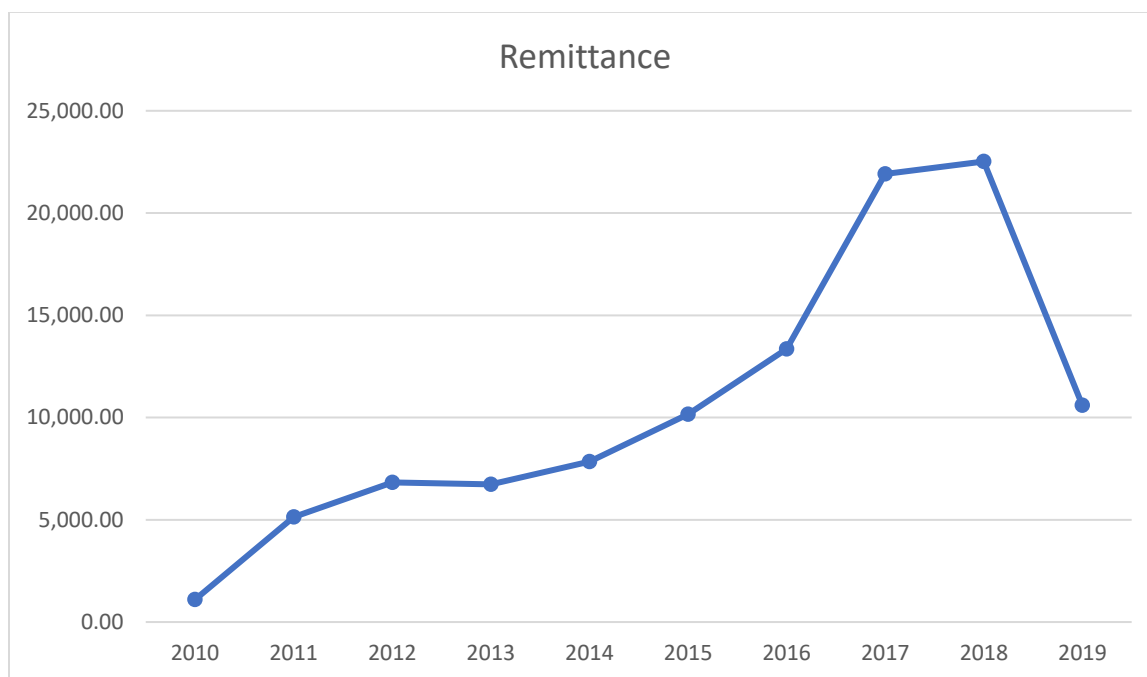


Fig 08: Graphical Presentation of Remittance of SIBL

The graph above shows the trend of Remittance of SIBL over past 10 years. From 2010 to 2018, there is an increasing trend showing the growth and gain till 2019 and then slight decrease from 2018 to 2019. In 2010, the business was 1099.40 million taka which increased to 22520.00 at 2018 which was highest ever remittance collection of SIBL. The transformation became more than twice comparing total of 10 years ago.

Growth Rate of Remittance

Year	2010	2011	2012	2013	2014
Growth Rate in Percentage	-42.84	367.06	32.86	-1.20	16.32
Year	2015	2016	2017	2018	2019
Growth Rate in Percentage	29.65	31.30	64.19	2.78	-52.97

In percentage

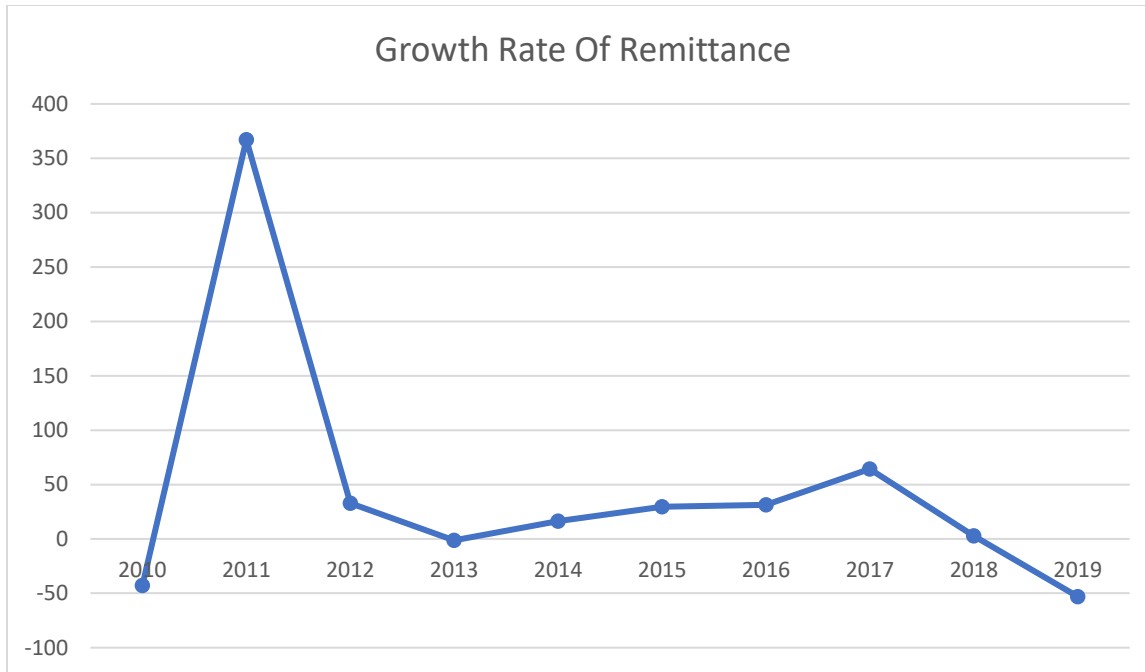


Fig 09: Graphical Presentation of Remittance growth of SIBL

The above graphical analysis shows the Remittance growth rate of SIBL over past 10 years. From 2010 to 2019, the growth rate has gone highest in 2011 with 367.06% positive growth rate. In 2013 the growth rate was at negative 1.2% which started increasing after 2013. In 2018 and 2019 the remittance fell at 2.78% and negative 52% respectively. 2019 is highest ever drop in last 10 years.

Particulars	2010	2011	2012	2013	2014
Import Growth Rate	73.42	72.83	12.88	-4.06	73.42

Export Growth Rate	48.08	63.65	22.12	21.22	48.08
Remittance Growth Rate	-42.84	367.06	32.86	-1.20	-42.84
Total Foreign Exchange Growth Rate	73.42	72.83	12.88	-4.06	6.63
Particulars	2015	2016	2017	2018	2019
Import Growth Rate	7.44	22.81	16.82	-23.65	-4.41
Export Growth Rate	2.03	-8.05	17.18	8.14	-4.73
Remittance Growth Rate	29.65	31.30	64.19	2.78	-52.97
Total Foreign Exchange Growth Rate	6.63	12.19	20.70	-11.61	-10.63

In percentage

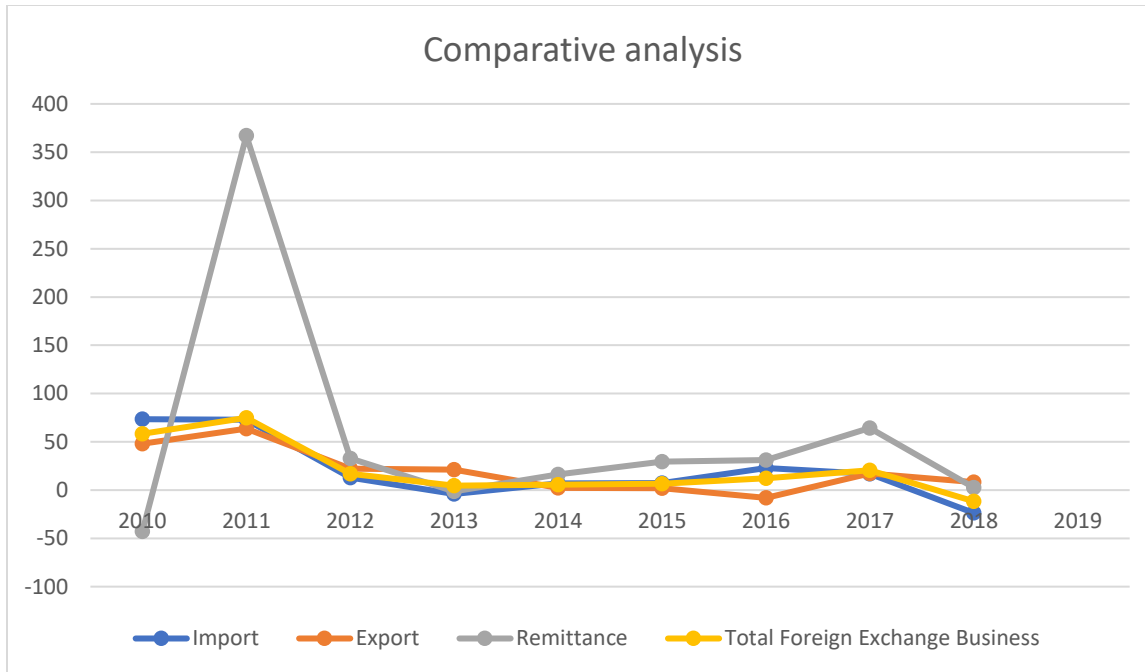


Fig 10: Graphical Presentation of Comparative analysis on the growth rate of Import, Export, Remittance, and total foreign Exchange Business

In the graph, the import, export, remittance, and total foreign exchange are shown together. In 2011 rate of import, export, remittance, and total foreign exchange was at the highest point. 72.83%, 63.25% 367.06% and 74.89% was the rate of import, export, remittance, and total foreign remittance respectively. 367.06% was the highest ever remittance growth of SIBL in year 2011.

Comparative Analysis with Other Banks:

In this part I tried to compare the SIBL foreign exchange with other 5 banks in terms of import, export and remittance. The other four banks are Al-Arafah Islami Bank Limited (AIBL), Shahjalal Islami Bank Limited (SJIBL), Islami Bank Bangladesh Ltd (AIBL), and Southeast Bank Limited (SEBL)

Particulars	SEBL	IBBL	AIBL	SJIBL	SIBL
Import	248,901.33	399,884	107,049.80	157,060	88,911.60
Export	205,907.10	234,443	79,362.90	147,052	60,079.50
Remittance	138,272.00	305,514	9,498.00	7,849	10,591.90
Total	593080.43	939,708	195910.7	311,961	159,583.03

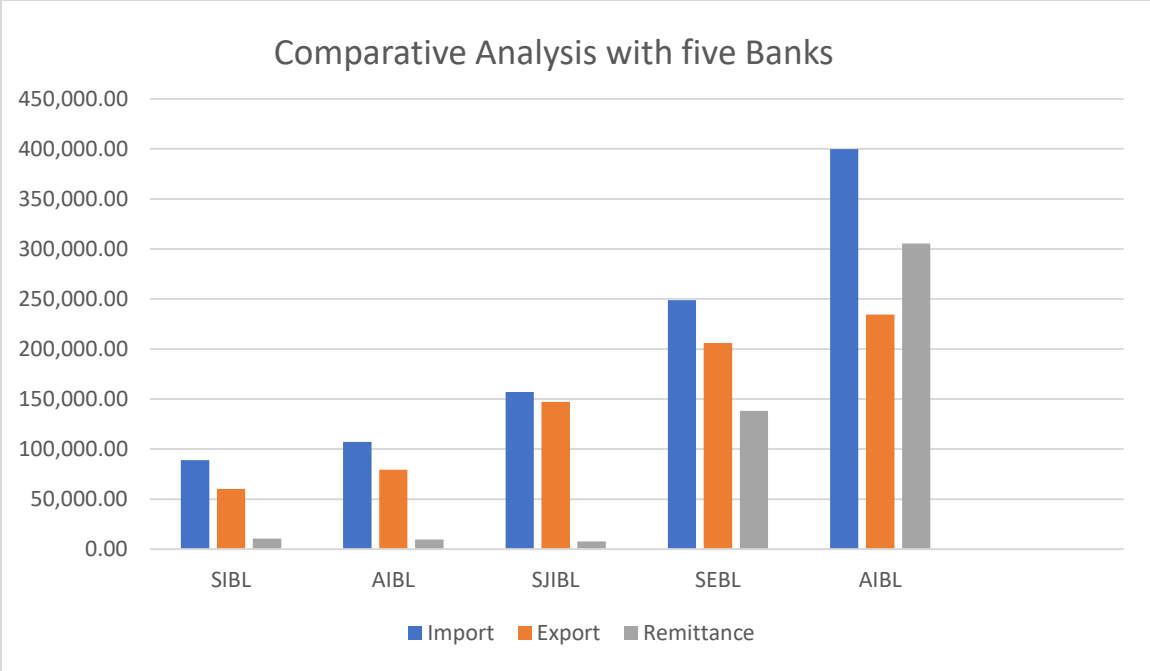


Figure: Comparative Analysis with five Banks

Islami Bank Bangladesh limited has the highest foreign exchange business containing a total of 939,708 million Taka than the other four banks in 2019. SIBL has the 5th position here with 178580.00 million Taka in Foreign Exchange Business But has better remittance collection of 10,591.90 million takas compare to AIBL with 9498.00 million and SJIBL with TK7,849 million. SIBL has lowest total foreign exchange compare to other four banks. So SIBL foreign exchange trade needs to be developed. SIBL have to try harder in their foreign exchange trade to improve their position.

Pandemic and Banking System

2020 was a disaster for almost every country's economy. Including Bangladesh every country has faced a downfall in their business, agriculture, infrastructure, banking, and education system, etc. During the first lockdown, the banks were closed for two months. They could not continue their activities at that time. Like other banks, SIBL has seen a significant fall in its revenue and other sectors. We should not take any data from any bank's 2020 performance to judge its position. But now SIBL badly needs to focus on their activities to keep their position strong. Otherwise, they won't be able to survive in this competitive market. Data from 2019 shows that the overall business of the Foreign Exchange Department was not good comparing other banks. So SIBL has to give its best for their betterment.

Findings

From the twelve-month internship, I would like to include these findings,

- Islamic Banks in Bangladesh have a bright future as general Muslims have great respect for the Islamic banking system.
- Islamic Banks in Bangladesh successfully achieved the trust of the general people and SIBL is one of them.
- Some Bank activities need to do with high accuracy like account opening activities which require NID, Passport, Driving, Birth Certificate verification.
- A small irresponsible task from an employee can lead to a huge loss of a bank.
- In LC opening, SIBL provides huge facilities to their past clients which are not available for newcomers.
- Banks sometimes reject the application of LC from the small and new business which is not good for banks profit and new entrepreneurs.
- The cost of the SWIFT banking system is higher in SIBL which is not good for clients.

- SIBL foreign business is not going well in recent years and it should be changed for their sustainable position.

Recommendation

It is really hard to recommend something to SIBL with my little experience and knowledge. Social Islami Bank is many efficient banking services but their foreign exchange business is not going well in recent times. In this regard, I would like to recommend something to SIBL.

- LC Margin should not be tightened for the newcomers who are trying to do foreign exchange from SIBL.
- In terms of newcomers, SIBL can investigate more about the applicant's business so that they understand the position to give them a suitable LC margin.
- Small LC applicants should get the chances and encouragement from the bank.
- Increasing the number of Nostro account can increase the disbursement for LC
- Giving quick remittance services to the customer comparing other banks.
- Focusing more on marketing and advertising can help to develop other sectors of banks.
- Bank can help general people to have a clear understanding of the Islamic banking system so they get encouragement for investing.

Conclusion

Islamic Banking System is relatively a new concept in Banking Sector. People are showing interest in the Islamic banking system by investing more and more. Like other conventional banks, Islamic banks do not make their revenue from interest but by sharing the profit. SIBL as being an Islamic bank doing an excellent job in their banking activities. As an Intern, this was my experience of doing a corporate kind of job. Though I have spent most of my time in the foreign exchange department, I have a basic understanding of how banks work. The credit of my understanding goes to my internship program and supervisor. I also got the idea for my future career from this program. I have communicated with bank employees during the program and learned a lot.

SIBL is doing its best in general banking activities. But the foreign exchange department is not doing great comparing their previous year's growth rate and comparing other Islamic banks. The foreign exchange department has to take the necessary steps to get back on track. They can run a long investigation.

At last, a bank SIBL is managing their other banking department in a balanced way. I am very pleased after working with SIBL. My practical knowledge about the corporate world has improved significantly and this internship program is surely going to help me in my future career playing.

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