



**Social Islami Bank Limited**

উৎকর্ষ মেবিরাম

**FOREIGN EXCHANGE  
OPERATION OF SOCIAL  
ISLAMI BANK LTD.**

**Internship Report**

# **Internship Report on Foreign Exchange Operation of Social Islami Bank Limited**

## **Submitted to**

**Showvonic Datta**

**Lecturer**

**BRAC Business School**

**BRAC University**

## **Submitted by**

**Zarin Tasnim Jessi**

**ID: 10204024**

**Course: BUS 400**

**BRAC Business School**



**Inspiring Excellence**

**BRAC University**

**BRAC Business School (BBS), BRAC University**

**Date of submission: 5<sup>th</sup> September, 2016**

## Letter of transmittal

**05 September, 2016**

**Showvonic Datta**

**Lecturer**

**BRAC Business School,**

**BRAC University**

**Mohakhali, Dhaka-1212.**

**Subject: Submission of internship report on “Foreign Exchange Operation of Social Islami Bank Limited”**

**Sir,**

**I am honored and pleased to have such a report paper which helped me to apply my knowledge and learning on research in real life and I really enjoyed working on it. I always wanted to do a research work and making this report gave me the chance to explore the field and have a great experience of it while working.**

**I have tried my best to do this report following your instructions and suggestions.**

**Moreover, I am extremely thankful to you for giving me the opportunity to work on something that I wanted a chance to do and now I hope that you will like the report that has been prepared.**

**Sincerely,**

**Zarin Tasnim Jessi**

**ID: 10204024**

**BRAC Business School**

## Acknowledgement

**I would start by thanking Almighty for all His blessings to make the report complete. It was my academic advisor, Showvonic Datta, who helped me to choose the topic to work on and I am very thankful for getting the opportunity to do my report under his supervision. His valuable suggestions and guideline helped me a lot to prepare the report. Though I was always interested to be a part of research work, but have not thought that I would get a chance to do a research work in this point of time for my internship report. I am really glad that this opportunity came to me because surely this project helped me to know how to apply educational study in real life, what problems need to face to do that, what are the way to find the information from people and many more. Again I would like to thank my faculty to understand the problems I faced, and for his valuable time and knowledge to help me correct the report.**

**Then I would like to thank my organizational supervisor Shakil Mir (Officer; GB) for his support throughout the internship period by providing me all the information to make this report the answer every questions that was curious to know and needed for the report. He has showed me how to perform my tasks and most importantly, He has encouraged me to learn and work in banking sectors.**

**Though there were limitations and so many things to take in considerations, at the end the report has been finished nicely.**

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## Executive summary

This Internship report is prepared as a partial contentment of BBA program of the department of BRAC Business School of BRAC University. This report will give a clear knowledge about the Foreign Exchange Operation of Social Islami Bank Ltd.

Banking sector in Bangladesh is considered the most potential sector in recent times. The performance of Social Islami Bank in last 20 years is an inordinate example of that. From the origin in 1995, this bank has walked a lengthy way and reputed itself one of the Islamic banks in private sector. Aiming the poverty, social Islami Bank Ltd is certainly a notion of 21<sup>st</sup> century contributing 3 sector banking model in one in the formal sector, its mechanism as an Islamic participating commercial bank through human face tactic to tribute and banking on the profit and loss allocation it is an informal banking with casual investment and credit platform that authorize and humanize actual poor family and produce local income chances; “it is an Improvement bank projected to monetize the charitable sector and management of waqf, Mosque properties and introducing cash waqf scheme for the first time in the history. In the formal corporate sector, the Bank would, among others, offer the furthestmost up to date banking services. To enhance the performance of the bank our administration adopted strategic plan that include escalation in efficiency, establishment of transparency, efficiency and accountability in all spheres of banking practices and as a rational significance of reform. Launching Central Trade Processing Unit (CTPU), Central Remittance Processing Unit (CRPU) and Central Clearing Unit (CCU) above all customized products and services are the reform processes that they had assumed from 2011 to 2015 to be the submissive in one hand and to serve our client more efficiently and effectively on the other.” (Annual report SIBL 2014)

As foreign exchange transaction is measured one of the maximum revenue earning transaction for any bank and commercial banks are playing a vital role in financing import and exports of the country, Social Islami bank gives remarkable emphasize to its foreign exchange transaction. This report emphasizes on Social Islami Bank as a whole as well as complete process of its Foreign Exchange transactions in brief. This report also gives a vibrant idea about the activities, the operation strategies, Foreign Exchange management, and the performance of Social Islami Bank Ltd. As the supervisor of other banks activities Bangladesh Bank acts its role in governing the foreign exchange act 1947 and foreign exchange guideline 2009.

Total of 21 branches of Social Islami Bank have the license to perform international trade functions. Each of these AD branches have foreign exchange department whose sole drive is to carry out cross border transaction required by the customers. Foreign Exchange Department of Gausia branch Social Islami Bank Ltd contains of three sections which are import section, export section and foreign remittance section. In this report I have tried to provide a brief idea about the entire procedure of foreign exchange operation of social Islami Bank Ltd where in involved import procedure, export procedure and foreign remittance operation of SIBL. Analysis and Discussion part is additional part of this report. In this part I have tried to accomplish different types of analysis. Here I have also presented different types of analysis to represent actual scenario of foreign exchange operation of Social Islami Bank Ltd. In trend analysis it has five years trend of import, export, remittance. The performance analysis of export, import, remittance demonstrations the even operation of foreign exchange business of this bank. In SWOT analysis part I have made known its major strength, weakness, opportunities and threats. In comparative analysis I have made a contrast among five banks in case of Import-Export and foreign remittance since 2011 to 2015 where IBBL stands in first position and Social Islami Banks but the foreign remittance position was not pleasing comparative than other four banks. At last concluded states that Social Islami Bank's Foreign Exchange operations approach is to the company's performance by emphasizing the areas where they have the gain today and where they can grow quicker than some of their compititors.



## **INTRODUCTION**

The business of foreign exchange is getting more and more complex and extremely competitive. However, in the environment of phenomenal growth of Bangladesh's external segment, foreign exchange business provides a challenge as well as an outstanding opportunity to fast-track the growth of bank's own business.

This report is done on the foreign exchange department of Social Islami Bank Ltd. It tries to hold nearly the entire range of activities normally performed in the foreign exchange department of the bank and to do some analysis to govern the existing position of the foreign exchange business. The bank provides several types of services for smoothing export and import and foreign remittance. It offers the LC facilities for making the import and export easier. It normally provides irrevocable letter of credit and under this it provides letter of credit (sight & deferred) and back to back LC etc. It provides payment against document or Murabaha bill of exchange and Murabaha Post Import facilities. Social Islami Bank Ltd. also makes the remittance allocation easier to the immigrants.

In the analysis part of the report I have studied the strength and weakness and opportunities and threat of the foreign exchange department by SWOT analysis, then do trend analysis on some interrelated variables of foreign exchange for establishing relationship among them. I have also done the performance analysis to evaluate the foreign exchange business performance of this bank and to measure their performance. Then I do comparative analysis with other Banks to analyze their proportional performance.

## **ORIGIN OF THE REPORT**

This report is being prepared as a necessity of "Internship" for completing the degree of BBA. The internship program is planned to provide the BBA students some chances of gaining knowledge on the job training and aims at fetching together the two facts of learning theoretical and practical. My supervisor, Sir Showvonick Datta, Lecturer, Department of BRAC Business School, has approved and provided support to organize the report "Foreign Exchange Operation of Social Islami Bank Limited"

## **ORGANIZATIONAL OVERVIEW OF SOCIAL ISLAMI BANK LIMITED**

The saving money framework at autonomy comprised of two branch workplaces of the previous State Bank of Pakistan and seventeen vast business banks, two of which were controlled by Bangladeshi premiums and three by nonnatives other than West Pakistanis. There were fourteen littler business banks. For all intents and purposes all managing account administrations were packed in urban ranges. The recently free government quickly assigned the Dhaka branch of the State Bank of Pakistan as the national bank and renamed it the Bangladesh Bank. The bank was in charge of managing cash, controlling credit and financial arrangement, and overseeing trade control and the authority outside trade holds. The Bangladesh government at first nationalized the whole local keeping money framework and continued to rearrange and rename the different banks. Remote claimed banks were allowed to keep working together in Bangladesh. The protection business was likewise nationalized and turned into a wellspring of potential venture reserves. Agreeable credit frameworks and postal investment funds workplaces took care of administration to little individual and provincial records. The new saving money framework succeeded in building up sensibly effective methodology for overseeing credit and outside trade. The essential capacity of the credit framework all through the 1970s was to fund exchange and general society part, which together retained 75 percent of aggregate advances.

The administration's consolation amid the late 1970s and mid 1980s of rural advancement and private industry acquired changes loaning methodologies. Overseen by the Bangladesh Krishi Bank, a particular horticultural saving money organization, loaning to ranchers and anglers significantly extended. The quantity of rustic bank offices multiplied somewhere around 1977 and 1985, to more than 3,330. Denationalization and private modern development drove the Bangladesh Bank and the World Bank to center their loaning on the rising private assembling segment. Planned bank advances to private farming, as a rate of sectoral GDP, ascended from 2 percent in FY 1979 to 11 percent in FY 1987, while advances to private assembling ascended from 13 percent to 53 percent.

Social Invest Bank Ltd was built up on November 22, 1995 with an approved capital of taka.1000 million and Paid up Capital of Taka 260 Million by a gathering of singly effective business visionaries from different fields of financial exercises. It is a fully authorized booked business visionaries from different field of financial exercises. It is a completely authorized

planned business Bank set up in the private division in accordance With the Government to change Banking& Financial administrations.

The author Chairman of the Bank was Prof. Dr. M.A Mannan. He is an overall prestigious Islamic Economist. The primary overseeing chief was Mr. M. azizul Haq. .Exceptionally proficient individuals having wide involvement in local and universal Banking are dealing with the Bank.

The present Chairman is Mr. Kamal Uddin Ahmed who is the eminent Industrialist of the nation. The present overseeing Director is K.M. Ashaduzzaman has long involvement in residential global Banking. The Bank has made noteworthy procedure with in a brief span because of its exceptionally skilled Board of Directors, element administration and presentation of different clients' cordial store and advance productize. SIBL is working three-part banking, for example, Formal, Non-formal and Voluntary Sector. SIBL is starting another period of Islamic managing an account having social, moral and good measurement in each of its exercises running from credit to development, exchanging transport, framing to melding, assembling to mining et cetera. Some prestigious identities and establishments are patrons and executives of this bank.

Starting in late 1985, the administration sought after a tight money related arrangement went for restricting the development of local private credit and government obtaining from the saving money framework. The arrangement was to a great extent fruitful in decreasing the development of the cash supply and aggregate local credit. Net credit to the administration really

Declined in FY 1986; the issue of credit recuperation remained a danger to fiscal solidness, in charge of genuine asset misallocation and brutal disparities. Despite the fact that the administration had started viable measures to enhance money related control, the draconian compression of credit accessibility contained the danger of accidentally disheartening new monetary movement.

Remote trade saves toward the end of FY 1986 were US\$476 million, proportional to somewhat over 2 months' worth of imports. This spoke to a 20-percent expansion of stores over the earlier year, to a great extent the consequence of higher settlements by Bangladeshi specialists abroad. The nation likewise lessened imports by around 10 percent to US\$2.4 billion. As a result of Bangladesh's status as a slightest created nation getting concessional advances, private leasers represented just around 6 percent of extraordinary open obligation. The outside open obligation was US\$6.4 billion, and yearly obligation administration installments were US\$467 million toward the end of FY 1986.

Islamic philosophy urges us to succeed in life here& from this point forward. To make this progress we should take after the route managed by the HOLY QURAN and the way appeared by Rasul (SM). With this objective in perspective Social Islami Bank Ltd was built up (enlisted) as an open restricted organization on 18 June 1995. The inaugural service occurred on 27 September 1995. The approved capital of the Bank is TK.2500.00 million and the paid up capital TK.1153 million. Some exceptionally eminent Islamic identities and devout agents of the nation are the patrons of the bank. The aggregate paid up capital was contributed locally.

### **“SIBL’s Vision**

Working together for a caring society

### **SIBL’s 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
- Attract and retain 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

### **Their Values**

- Honesty

To be honest is ordained by the scripture – we stick to this value in all our service provision.

- Transparency

Remaining transparent in all acts is a virtue that's builds trust - we adhere to it.

- Efficiency

Efficiency implies perfection in any job done - we strive to render full satisfaction with it.

- Accountability

To be accountable is to be responsible and above any suspicion - we are dutifully there.

- Religiousness

SIBL enhances economic wellbeing with regard to the bliss of religious ethics.

- Innovation

Our 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 - we pursue the quality.

- Security

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

- Technology

Modern life is technology dependent - we keep looking for the latest development to provide the best in ease to our clients.

## **MARKETING STRATEGIES OF SIBL**

To attain the above vision and mission SIBL follow the following *Marketing Strategies*:

- 1 The main strategy of the bank is using Islami Banking System to attract its market.
- 2 Providing efficient customer service
- 3 Maintaining corporate and business ethics
- 4 Being trusted repository of customers' and their financial advices
- 5 Making its products superior and rewarding to the customers
- 6 Display team spirit and professionalism
- 7 Sound capital base
- 8 Enhancement of shareholders wealth
- 9 Fulfilling its social commitments by expanding its charitable and humanitarian activities
- 10 Providing high quality financial services in export and import trade.
- 11 Building tight personal relationship with customers and clients

## **SPECIAL FEATURES OF SIBL**

1. All activities of the bank are conducted according to Islamic Shariah where profit is the legal alternative to interest.
2. The banks investment policy follows different modes approved by Islamic Shariah based on Quran & Sunnah.
3. The bank is committed towards establishing welfare oriented banking system, economic upliftment of the low-income group of people, create employment opportunities.
4. The bank is contributing to economic and philanthropic activities side by side. SIBL English Medium Madrasah and SIBL library are among mention worthy.

## CORPORATE PROFILE

Social Islami Bank Limited (SIBL) was established in the year 1995 as a public limited company which is engaged in Shariah based commercial banking in the country and its modus-operandi are substantially different from other conventional banks. This is the second-generation pioneer Islamic Bank in this country providing online banking facilities to its customers.

Name of the Company	Social Islami Bank Limited
Legal Form	Public Limited Company
Company Registration No	C-28763(44)/95
Authorized Capital	Taka 10,000,000,000
Paid up Capital	Taka 703,14,15,640
Registered Office	City Center, Level 19, 20, 21, 22, 28 & 29, 90/1 Motijheel C/A, Dhaka-1000 Phone PABX 88 02 09612001122 FAX 88 02 9568098 Email info@sibl-bd.com Web www.siblbld.com SWIFT SOIVBDDH
Tax Payer Identification No	035-200-4971
VAT Registration No	9011046380 Area Code 90101
Credit Rating Agency	Emerging Credit Rating Ltd. Auditors : M/S KaziZahir Khan & Co. Chartered Accountants, 67/4, Pioneer Road, Kakrail, Dhaka-1000
Chairman	Major Dr. Md. RezaulHaque (Retd.)
Managing Director & CEO	Md. Shafiqur Rahman
Company Secretary	Md. HumayunKabir
ACS Chief Risk Officer	Md. Yunus Ali
Chief Financial Officer	Walid Mahmud Sobhani
FCMA Number of Employees	2130
Number of Branches	111(one hundred eleven)
Number of Shares	703,141,564

Listing Status (Shares)	DSE (Dhaka Stock Exchange Ltd.) Symbol SIBL, Listing Date 18.11.2000 CSE (Chittagong Stock Exchange Ltd.) Symbol SIBL, Listing Date 04.10.2005 Market Price as on 31.12.2015 DSE Taka 14.40 Category A, CSE Taka 14.20 Category A
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## **PRODUCTS AND SERVICES**

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

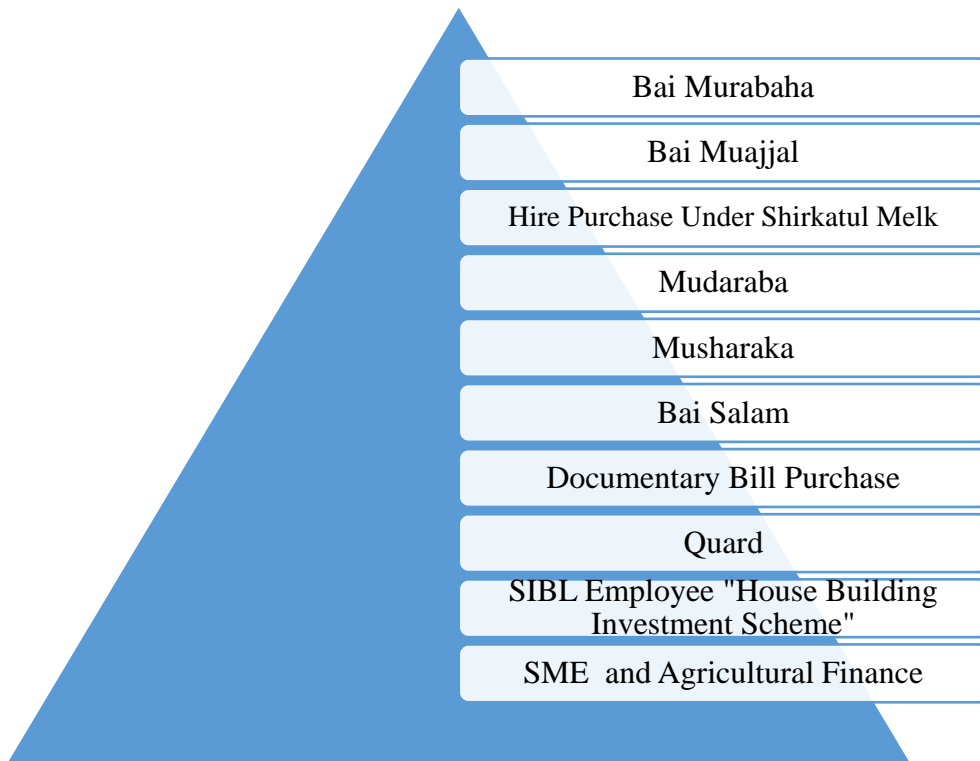
### **Deposit Products**

- Al-Wadeeah Current Account
- Mudaraba Savings Account
- Mudaraba Notice Deposit Account
- Mudaraba Term Deposit Account
  - 1 month
  - 3 months
  - 6 months
  - 12 months
- Mudaraba Monthly Profit Deposit Scheme
- Mudaraba Millionaire Savings Scheme
- Mudaraba Education Deposit Scheme
- Sonali Din Special Deposit Scheme

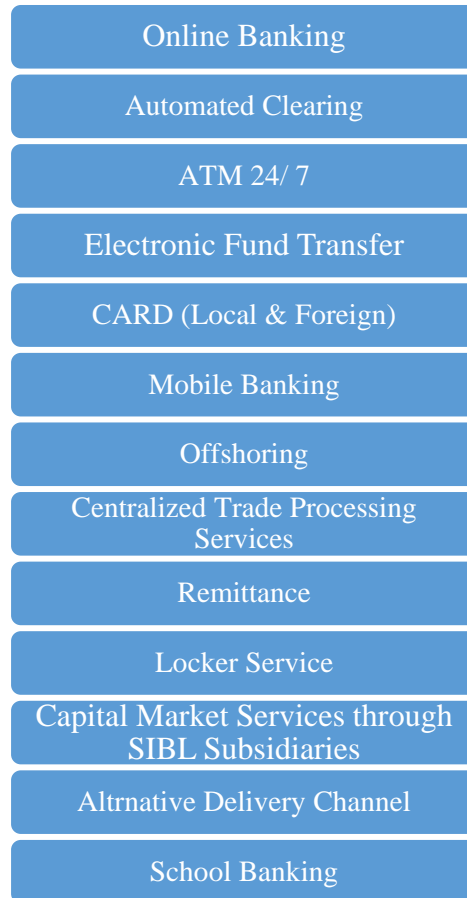


- Mudaraba Special Deposit Pension Scheme
- Mudaraba Bashsthan Savings Scheme
- Mudaraba Hajj Savings Deposit (Kafela)
- Cash Waqf
- Mudaraba Lakhopati Deposit Scheme
- Mudaraba Double Benefit Deposit Scheme
- Shamridhir Shopan Special Deposit Scheme
- Mudaraba Marriage Savings Scheme
- Mudaraba Mohorana 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
- Shachhanda Protidin Special Deposit Scheme
- SIBL Young Star Account

### **Investment Products**



## Services



(Annual Report of SIBL 2014)

## **FOREIGN EXCHANGE FUNCTION OF SOCIAL ISLAMI BANK**

Foreign Exchange Department (FED) is the international department Bangladesh Bank issues license to schedule banks to contract with foreign exchange. These Banks are known as Authorized Dealers. If the branch is authorized broker in foreign exchange market, it can remit foreign exchange from local country to foreign countries. At present, the bank has 21 Authorized Dealer Branches with well prepared with highly trained professionals to meet different requirements of import and export based clients.

One of the core accomplishments of the bank is to facilitate international trade through export and import financing. Over the last few years, the foreign trade financing of the Social Islami Bank has gained a constant expansion. The bank has been achieving important growth in both export and import financing despite global financing turmoil and worldwide economic slowdown since 2008. During the year, the foreign trade business of the bank has recorded a significant growth of 6.22%. Import business increased by 6.93% of which real value was TK. 84,906.70 million in 2015 from TK. 79,024.20 million in 2014. On the other hand export business grew to 54212.20 million in 2015 which is 1.99% higher than the export of Tk.53044.90 million in 2014. Foreign Exchange Business stood at Tk. 149,192.40 million in 2015 against Tk. 139,910.00 million in 2014, which is sharp increase of 6.22% the break-up of this foreign exchange business is as under.

Table: Foreign Exchange Business of SIBL (2011-2015)

<b>Particulars</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Import	68,198.50	76,985.60	73,859.40	79,024.20	84,906.70
Export	34,975.00	42,712.20	51,775.30	53,044.90	54,121.20
Remittance	5,134.90	6,822.10	6,740.00	7,839.90	10,164.50
<b>Total</b>	<b>108,308.30</b>	<b>126,519.90</b>	<b>132,374.70</b>	<b>139,910.00</b>	<b>149,192.40</b>

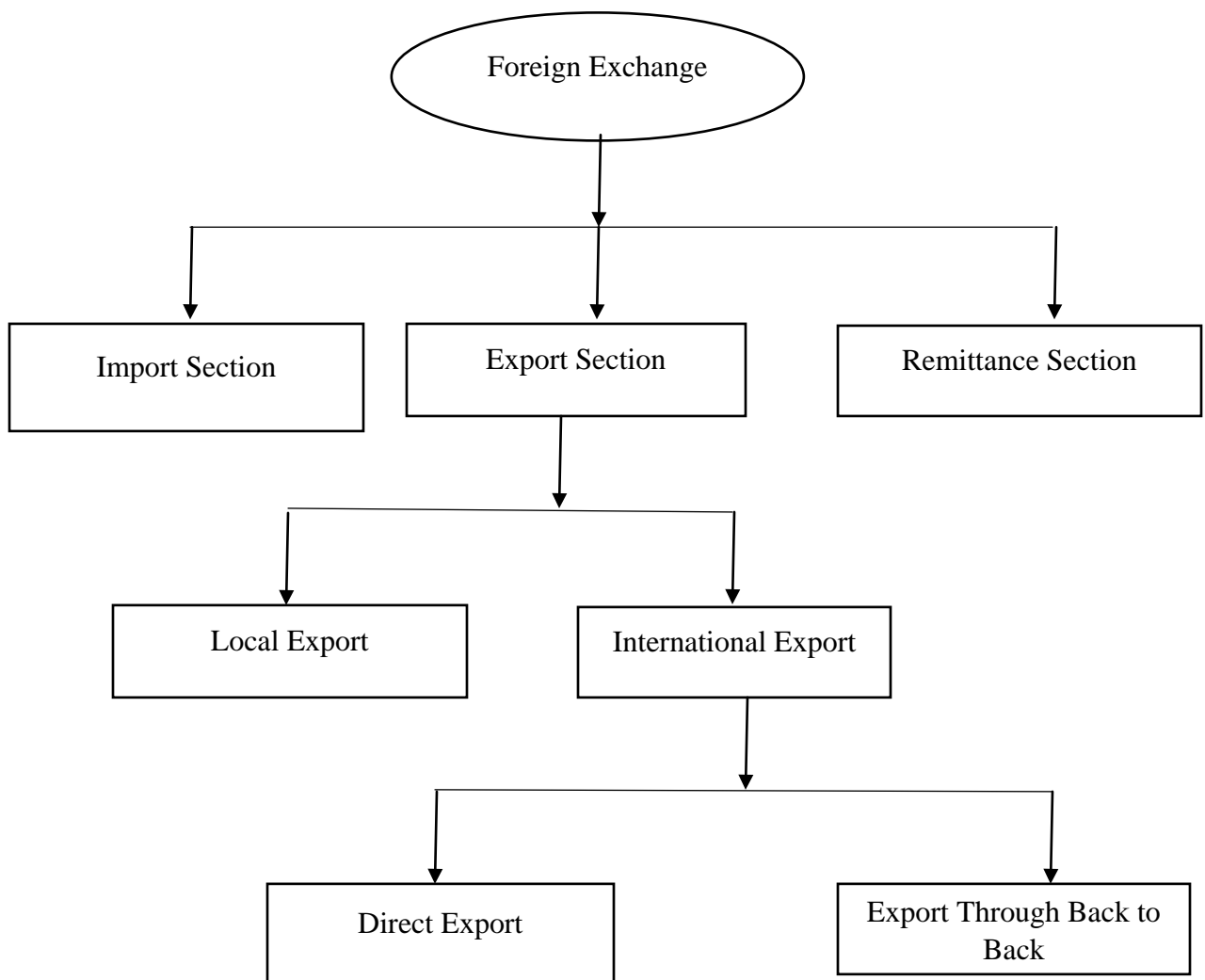
Source: Annual Report 2015 of SIBL

The Basic tasks of foreign exchange department of SIBL are:

- Facilitating Import Trade
- Facilitating Export Trade
- Provided funded and non-funded credit facility
- providing noncommercial remittances
- Maintaining foreign currency accounts
- Selling of foreign currency.

The above function are done under three section –

Chart: the function of foreign exchange Department



## IMPORT SECTION

In 2015 SIBL was involved in financing import business in the field of capital machineries, industrial raw materials, food grains (rice, wheat, sugar, dal, onion, spices, garlic), oil( soya bean, lubricant, palm), motor vehicle, spare parts, sport accessories, garment accessory, perfumery items, chemicals, milk food etc. To import, a person should be competent to be and importer according to Import and Export Control Act, 1950, the office of chief controller of Import and Export provides the registration (IRC) to the importer. Bank gives export guarantee that it will pay for the goods on behalf of the buyer if the buyer does not pay. This guarantee is called letter of credit. Thus the contract between importer and exporter is given a legal shape by the banker by 'letter of credit'. There are three main function of import section –

- LC opening
- Lodgment
- Retirement

### Margin and Other Charges

Before issuing Letter of Credit, Social Islami Bank asks the applicant to deposit letter of credit margin allowing to the terms of sanction and other necessary charges which includes commission, handling charges, telex/ SWIFT charge etc. As per terms and conditions of sanction. Before issuing Letter of Credit Bank ask the applicant to deposit the following, as per the terms of the sanction as per Government Circular.

Margin charged alongside any particular Letter of Credit be determined by the items or goods of the import. Margin differs between nil to 100%. Commonly the Higher value of margin, the higher it means that Bangladesh Bank discourages to import that goods or items. Some goods are imported at 100% margin.

Table: Margin and Other charges

Letter of credit Margin & commission	As per Government circular
Commission	As per internal policy ( Letter of Credit) value

	.40% for first quarter
Printing & Stationary	500
SWIFT Charge	2500
VAT	15% on commission & SWIFT charge

### **Issuing LC for Import**

A letter of credit is a letter issued by a bank (known as the opening or the issuing bank) at the instance of its customer (known as the opener) addressed to a person (beneficiary) undertaking that the bills drawn by the beneficiary will be duly honored by it (opening bank) provided certain conditions mentioned in the letter have been complied with.

In issuing Import LC bank have to maintain the following steps –

#### Registration with CCI&E

- For fetching in international trade, even trader must be first enumerated with the chief controller of Import and Export.
- By paying specified registration fees to the CCI&E the trader will get IRC/ERC (Import/Export Registration Certificate), to open LC with bank, this IRC is must.

#### Determination terms of credit

The terms of L/C depends upon the contract among the importer and exporter. The terms of the credit identify the amount of credit, name and address of the beneficiary and opener, tenor of the bill of exchange-period and mode of shipment and of destination, nature of credit, expiry date name and number of sets of shipping document etc.

#### Proposal of opening LC

To have an import LC limit an importer submits an application to department to Social Islami Bank. The proposal contains –

- Full particular of the bank account
- Nature of business
- Payment terms and conditions

- Required amount of limit
- offered security
- Goods to be imported
- Repayment schedule

Application by importer to the banker to open letter of credit

For opening LC, the importer is requisite to fill up a prescribed application form provided by the banker along with the applicable documents.

Opening of LC by the bank for the opener

At first bank take the complete application form from the importer then assembles credit report of exporter from exporter's country through his foreign correspondence there. Opening bank then issues credit by air mail/telex/ swift followed by LC advice as asked by the opener through his foreign correspondent or branch as the situation may be, at the place of beneficiary. The advising bank advises the LC to the beneficiary on his own form where it addressed to him or simply hand over the original LC to the beneficiary if it is so addressed.

Amendment of LC:

After opening LC sometimes modify according to the original terms and conditions become necessary. These amendment involve change in

- Unit Price
- Extension of validity of the L/C
- Documentary requirements etc.

Such documents can be affecting only if all the apprehensive parties agree (the beneficiary, the importer, the issuing bank and the advising bank. For any amendment the importer must request the issuing bank in writing duty maintained by revised indentation invoice. The issuing bank then advises the required amendment to the advising bank. LC amendment commission counting postage is charged to the clients A/C.

Shipment of goods and lodgment of documents by exporter:



Then exporter ships the goods to the endpoint of the importer country and sends the documents to the LC opening bank through his negotiation bank.

Lodgment of documents by the opening bank from the negotiating bank:

After getting the documents, the opening banker analyzes the documents. If any inconsistency found, it notifies the importer. If importer accepts the fault, then opening bankers call importer reticent the document. At this time many thing can happen. These are indicated in the following:

- Discrepancy found but the importer accepts – no problem occurs in lodgment.
- Discrepancy found and importer not agreed to accept – In this case, importer protest and send back all the papers to the exporter and appeal to make in the specified manner. Here banker is not bound to pay because the documents send by exporter is not accordance with the terms of LC
- Documents are ok but importer is willing to retire the documents – In this case bank is indebted to pay the price of exported goods. Since importer did not pay for bill of exchange, this payment by bank is one kind of credit to the importer and this credit in banking is known as PAD or Murabaha bill of exchange.
- Everything is ok but importer fails to clear goods from the port and request bank to clear – In this case banks clear the goods and takes delivery of the same by paying customs duty and sales tax etc. So, this expenditure is debited to the importer's account and in banking it is called LIM or Murabaha post import.

Retirements of the Documents

On receipt of cost memo/lodgment voucher the importer pays the necessary amount. This stage of the documentary credit operation is known as “Retirement of import bills”. The branch will prepare the retirement voucher to reflect the amount of cost and other charges to be collected from the importer, adjustments of margin and PAD, Murbaha Bill of exchange Account.

Therefore documents may be handed over to the importer against proper acknowledgment after

certification and endorsement. The certifications by authorization personal of the bank are as follows

- The invoice is certified by the authorized officer of the bank with the exchange rate as applied in lodgment
- The bill of Exchange received from negotiating bank on issuing bank by the beneficiary;
- The transport Documents evidencing the carrying of goods as per letter of credit term has to the endorsed by the AD branch.

### **Import LC Financing:**

SIBL has two modes of LC sponsoring one mode is Bai-Muzzal trust receipt and another mode is Murabaha Post Import. These are similar to loan against Trust receipt (LTR) & loan against Imported Merchandise (LIM) of conventional bank.

#### **Bai – Muzzal Trust Receipt**

- Advance against a trust receipt obtained from the customers are allowed to only first class tested parties when the documents covering an import shipment or other goods pledged to the bank as security are given deprived of payment. However, for such advances prior permission from head office must be gained
- The customer grasps the goods or their sale-proceeds in trust for the bank, till such time, the loan permitted against the trust receipts is fully paid off.
- The trust receipt is a document that makes the banker's hand on the goods and practically amounts by hypothecation of the proceeds of sale in discharge of the lien

#### **Murbaha post Import**

Advance contrary to the security of merchandise imported over the bank may be allowed either on initiate or hypothecation of goods, retaining margin prescribed or their landed cost, depending on their categories and credit section imposed by Bangladesh Bank. Bank shall also obtain a letter of undertaking and insurance from the parties, before getting the goods unoccupied through this account.

## **EXPORT SECTION**

The export section of SIBL is noticeable in the field of readymade garments. The bank has been attempting to diversify its export financing in other fields like leather, agricultural products, dry fish, PET, Flakes, spare parts of ship etc. Establishment of central trade Processing Unit (CTPU) was a timely decision which changed the total process of foreign exchange business through speed up of the service and business potential of SIBL.

They have CTPU facilities based in Dhaka and Chittagong. They open export LCs here to export their goods, which they open counter to the import LC opened by their foreign importers. Export LC operation is just reserve of import LC operation. For exporting goods by the local exporter, SIBL may act as advising banks and the collecting bank for the exporter. SIBL act as an advising or negotiating bank which advice the L/Cs Export guidelines formulated by the Ministry of Commerce, GOB provide the overall guideline incentives for promotion of exports in Bangladesh

### **Export Financing**

Financing export countries an important part of a bank's activities. Exporters require financing amenities at four different stages of their export operation. During each of these segments exporters need different types of financial assistance depending on the nature of the export contract.

- Pre shipment credit
- Post shipment credit

### **Pre Shipment Credit**

Pre shipment credit is given to sponsorship the activities of an exporter previous to the authentic shipment of the goods for export. The resolve of such credit is to meet working capital needs starting from the point of buying of raw material to final shipment of goods for export to foreign country. Before allowing such credit to the exporters the bank takes into consideration about the credit worthiness, export performance of the exporters, together with all other necessary information required for sanctioning the credit in accordance with the existing rules and regulation. pre shipment credit is given for following purpose

- Cash for local procurement and meeting related expenses.
- Procuring and processing of goods for export.
- Payment of insurance premium.
- Packing and transportation of goods for export.
- Inspection fees
- Freight charges etc.

#### Form of Pre Shipment Credit Provided By SIBL

- Packing Credit

Packing credit is an basically a short-term early payment approved by a bank to an exporter for supporting him to buy, process, manufactures, packs and ships the goods. Commonly for movement of goods from the neighborhood areas to the pots of shipment the bank provides interim conveniences by way of packing credit. This type of credit is certified for the in-between period starting from dispatch of goods till the intervention of the export documents. The drawings are essential to be adjusted completely once within a period of 3 to 6 months.

- Back to Back Letter of credit

Bangladesh is a emerging country. After receiving order from the importer, very frequently Exporters face problems of shortage of raw material. Because of, some raw materials are not offered in the country. These have to be placid from abroad. In that case, exporter provides lien of export L/C to bank as safety and opens an L/C against It for importing raw materials. This L/C is called back to back L/C, SIBL keeps no edge.

#### Post Shipment Credit

This type of credit aids extended to the exporters by the banks after consignment of the goods contrary to export documents. Requirement for such credit arises as the exporter cannot afford to wait for a long time for without paying manufacturers or suppliers.

Before encompassing such credit, it is necessary on the part of bank to look into carefully the financial reliability of exporters and buyers as well as other applicable documents connected with the export in harmony with the rules and regulation in force. Banks in our country extend post shipment credit to the exports through –

- Negotiation of documents under LC

The exporter presents the comparative documents to the exchanging bank after the delivery of the goods; a slight unconventionality of the documents from those specified in the LC may raise an excuse to the issuing bank to decline the reimbursement of the payment already made by the negotiating bank. So the negotiating bank must be careful speedy, systematic and uninterested while inspecting the documents relating to the export.

- Foreign Documentary Bill purchase (FDBP)

Some client of the bank always enjoy credit services against their export documents they succumb the bill of export to the bank for gathering and payment of the BTB UC. In that case, bank procurements the bill and assembles the money from the exporter. SIBL withdraws the amount of bill from BTB and gives the respite amount to the client in cash or by crediting his account or by the pay order.

- Advances against Export Bills submitted for collection

Banks usually accept bills for collection of proceeds when they are not drawn under an LC or when the documents, even though drained against an LC contain some inconsistency. The bank generally negotiates bills drawn under LC, without any inconsistency in the documents, and the exporter gets the money from the bank directly. However, if the bill is not qualified for negotiation, the exporter may gain advance from the bank against the refuge of export bill. In addition to the export bill, banks may ask for collateral security like a guarantee by a third party and equitable of property.

## **REMITTANCE BUSINESS**

As an authorized dealer, a bank must deliver some services to the clients regarding foreign exchange and this department provides these services. The basic job of this department are outward and inward remittance of foreign exchange from one country to another country. In the procedure of providing this remittance service, it sells and buys foreign currency. The adaptation of one currency into another takes place an agreed rate of exchange, which the banker quotes, one for buying and another for selling. In such transactions the foreign

currencies are like another commodities offered for sales and purchase, the cost being paid by the buyer in home currency, the legal tender.

Foreign remittance section of SIBL is an essential part of Foreign Exchange Department. And this section of foreign exchange department deals with incoming and outgoing foreign currencies. They form centralized remittance processing unit (CRPU) to provide better service to their customer. SIBL's Foreign Remittance business volume has triggered to Tk. 10,164 million in 2015 paralleled to Tk. 7,839 million in the year 2014. SIBL handles both inwards and outward remittance products. The outward remittance includes FC cash, FDD, FTT & wire Transfer through SWIFT, The Inward Remittance products are over the counter payment (OTC), Account Credit to all bank all branches.

Therefore based on its function, foreign remittances are divided into two types:

- Inward foreign remittance: Inward remittance covers purchase of foreign currency in the form of foreign TT, DD and bills etc. sent from abroad supporting a beneficiary in Bangladesh. Purchase of foreign exchange is to be reported to exchange control department of Bangladesh Bank on From-C.
- Outward foreign remittance: Outward remittance covers sales of foreign currency through issuing foreign TT, Drafts, and Travelers Cheque etc. as well as sell of foreign exchange under LC and against import bills retired. Sale of foreign exchange is reported to exchange control department of Bangladesh Bank on form 1/M.

### **Modes of Foreign Remittance**

The remittance process of SIBL involves the following modes-

- Travelers Cheque

Travelers' cheque is useful to person, who often traveled abroad. This bank issue Travelers cheque of AMEX to customers contrary to payment of equivalent amount. Normally it takes 21 days for collection of TC and customers can draw cash after one month.

- Telegraphic Transfer

Bank also remit fund by tested telegraphic message via its foreign correspondence bank in which it is maintaining its NOSTRO account. In the same manner, it makes disbursement according to telegraphic messages of its foreign correspondence bank from the corresponding VOSTRO account.

- Foreign Demand Draft

Bank issues demand draft in courtesy of purchase or any other according to instruction of purchase. The payee can collect it for- the drawer bank is which the issuing bank of demand draft holds it NOSTRO account. Bank also makes disbursement on DD Drawn on this bank by its foreign correspondence bank through the VOSTRO account.

## MACROECONOMIC ANALYSIS

External factors such as export, import, remittance and foreign aid have continuously played an important roles to Bangladesh’s economy, through the relative importance of various external factors has reformed over time. BDT witnessed an upward going trend in the year 2015. In the month of January the USD/BDT exchange rate was 77.4166 then in June 2015 it was 77.7882 and at the end of the year it became 78.3381. The year 2015 was a grooming period for our national economy. we can see the upward moving slope of the exchange rate.

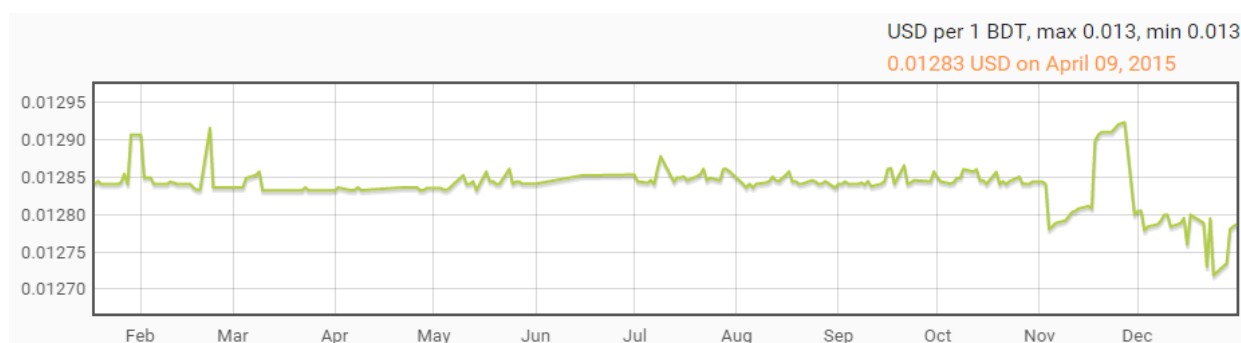


Figure: USD/BDT Exchange Rate for the Year of 2015

Fiscal Year	Total Export	Total Import	Foreign Remittance Earnings
2007–2008	\$14.11b	\$25.205b	\$8.9b
2008–2009	\$15.56b	\$22.00b+	\$9.68b
2009–2010	\$16.7b	~\$24b	\$10.87b
2010–2011	\$22.93b	\$32b	\$11.65b
2011–2012	\$24.30b	\$35.92b	\$12.85b
2012–2013			\$14.4b <sup>[69]</sup>
2013–2014	\$30.10b	\$29.37b <sup>[citation needed]</sup>	\$14.2b
2014–2015	\$31.2b <sup>[70]</sup>	\$40.69b	\$14.23b <sup>[8]</sup>

Figure: Foreign Exchange History of Bangladesh



## Bangladesh Imports and Export by Country

### Bangladesh Imports and Export by Country (%-share in total)

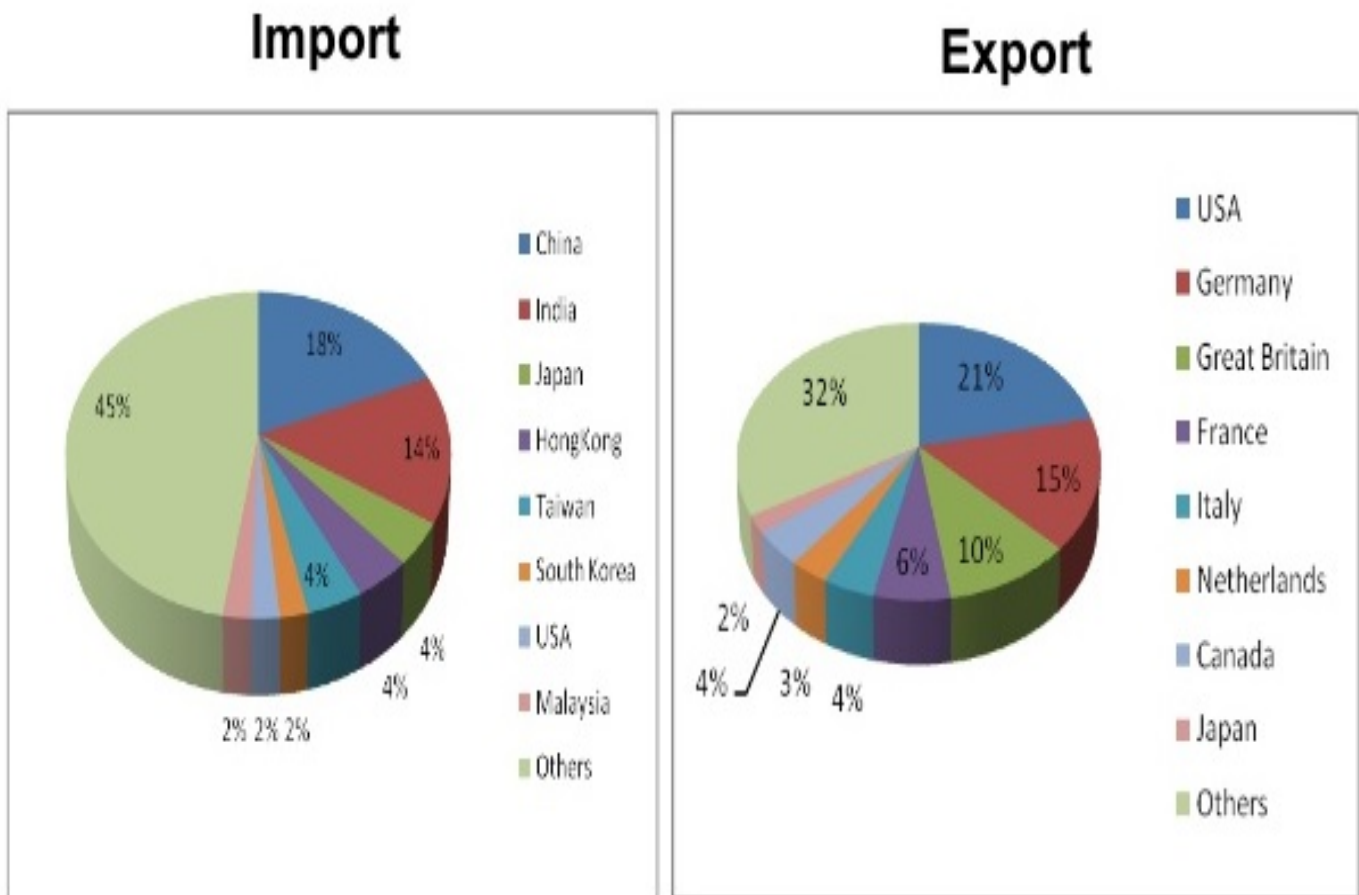


Figure: Main export import pattern of Bangladesh

From this graphical presentation, the largest buyer of our product is the Great Britain, USA is the second largest buyer and then comes Germany in the third position. On the other hand, in Import sector our customer japan with 45% than china and followed by India.

## TREND ANALYSIS

Trend of Import, Export & Remittance

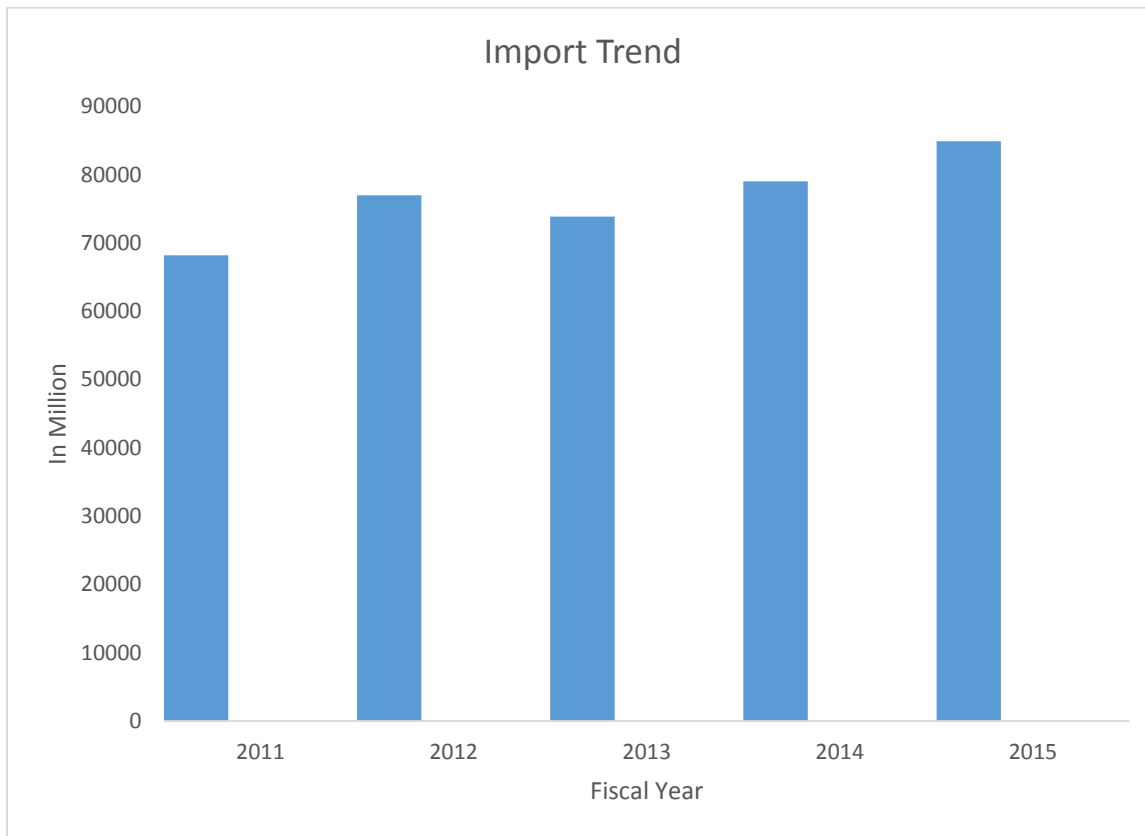


Figure: trend analysis in import of SIBL (2011-2015)

Import is the vital part of the foreign exchange Business. From the graphical presentation of the import it has shown the five years import trend of Social Islami Bank Ltd since 2011 to 2015. In 2011 import was Tk. 68,198 million, in 2012 import was Tk. 76,985 million and last in 2015 import was Tk. 84,906 million. In every year import was increasing trend except 2013. In 2012 growth rate was 11.41%. In 2013 the growth rate decrease by 4.06% but again in 2014 it grow 6.54% and last year it grew 6.93%. So we can conclude that import scenario of Social Islami Bank Ltd was satisfactory in Last five years.

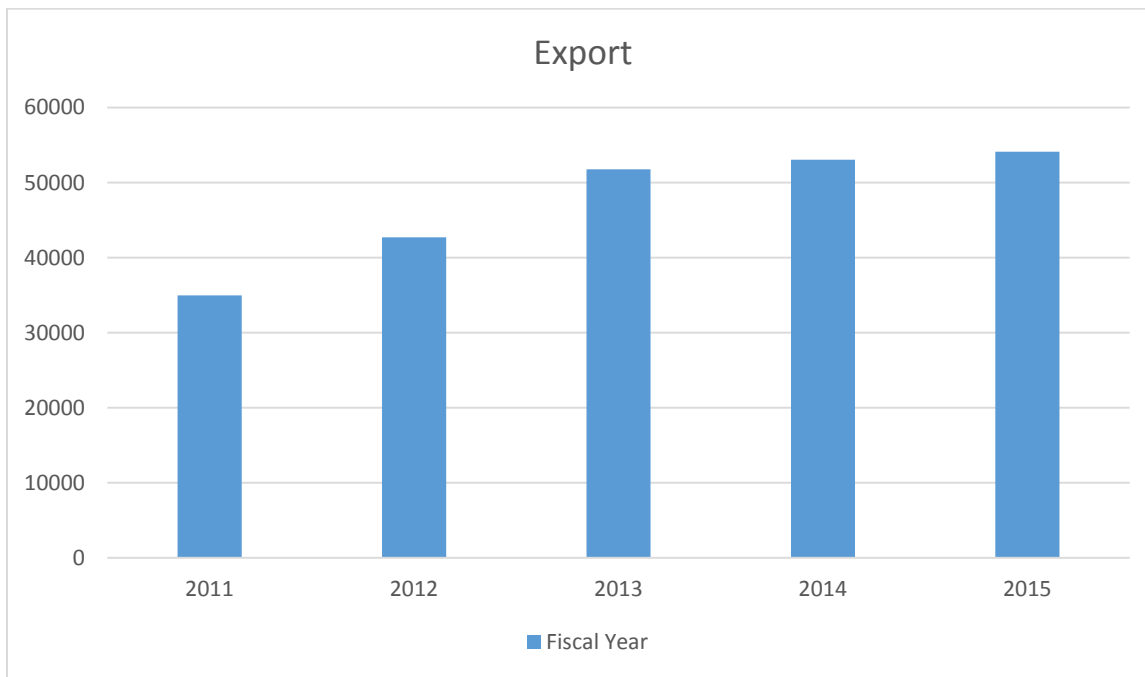


Figure: Trend Analysis in Export of SIBL (2011-2015)

Export position of the Social Islami Bank LTD. is increasing trend. Bank's Major Export Items are RMG, Frozen Food etc. From the graphical presentation of export says that the last five years export stability of Social Islami Bank Ltd since 2011 to 2015. In 2011 the export was Tk. 34,975 million, in 2012 it was Tk.42.712 million and in last year in 2015 export was Tk. 54,121 million. In every year export was also increasing trend and growth rate of export was very fast. In 2012 growth rate was 18% and in 2013 the growth rate was 17.50%. The Export business grew to Tk. 54,121million in 2015 which is 1.99% higher than export of Tk. 53,044 million in 2014. So we can conclude that export scenario of Social Islami Bank Ltd. was good enough in last five year with increasing trend.

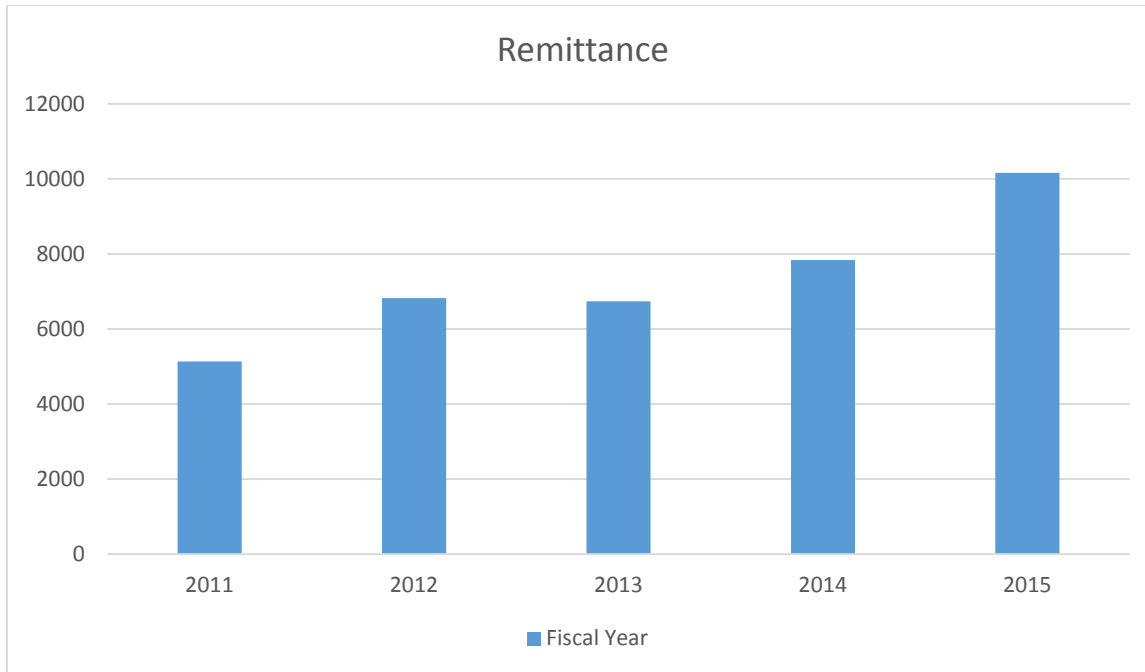


Figure : Trend Analysis in remittance

From the graphical presentation of the remittance it has shown the five years remittance scenario of Social Islami Bank Ltd. since 2011 to 2015. In 2011 remittance earning was Tk. 5,134 million, in 2012 earning was Tk. 6,822 million and in last 2015 remittance was Tk. 10,164 million. Except 2013 remittance was also increasing trend but the growth rate of remittance was very low though in 2015 it jumped higher. It's remarkable that the growth rate of remittance was excellent in 2012 which was 24.74% and in 2013 it fall by 1.2% then again in 2014 it grew by 14%; in 2015 the growth rate was 23% approximately. So we can accomplish that remittance growth rate of Social Islami Bank Ltd. was very good in last few year except 2013.

## PERFORMANCE ANALYSIS

### Performance in Foreign Trade

The performance of the Social Islami Bank in the Last couple of years specially in the sector of Import, Export, Remittance and comparison of the data with the operating profit of the Bank in graphically presented.

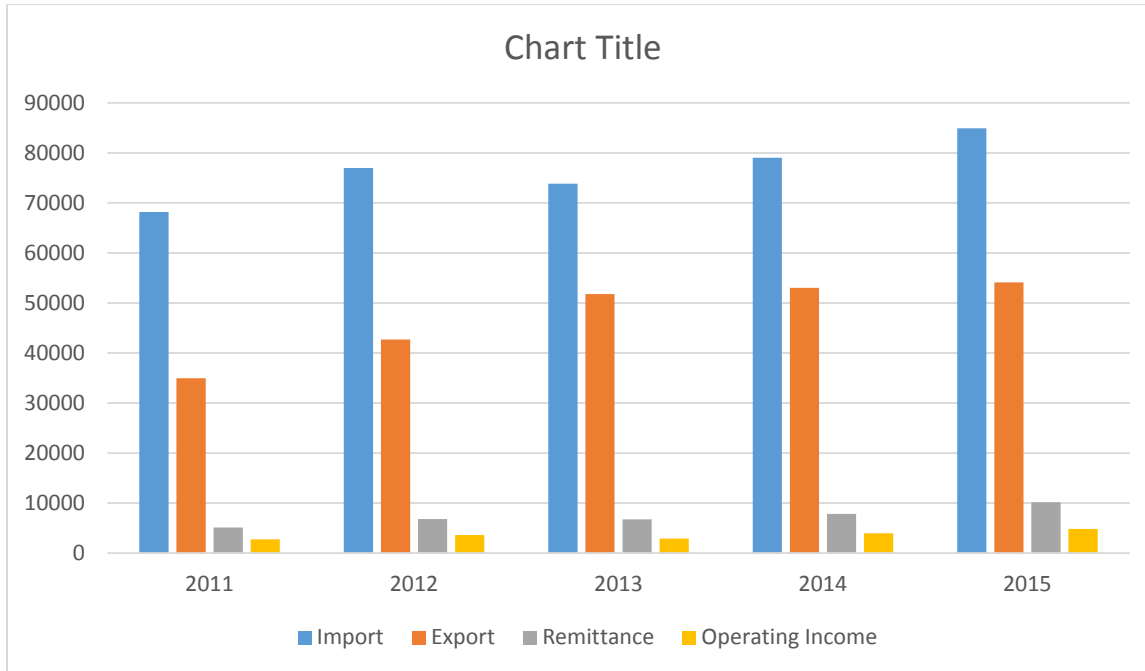


Figure: Performance of foreign trade

The overall performance regarding foreign exchange operation from the year 2011-2015 are placed in this figure an official year 2015 will be a milestone regarding its overall performance in foreign trade. SIBL has established Centralized Trade Processing Unit (CTPU) for serving clients in a more operative and efficient way. For the branches around Dhaka Division and Chittagong Division, two base stations have been established at Foreign Exchange Branch, Dhaka and Agrabad Branch of Chittagong respectively. All the branches under CTPU Dhaka and Chittagong are able to serve their clients through these base stations. As a result, processing becomes faster and efficient. It has established the concept of any banking. As a result, the operating income has increase significantly.

Percentage of total LC opens in 2015 & 2014

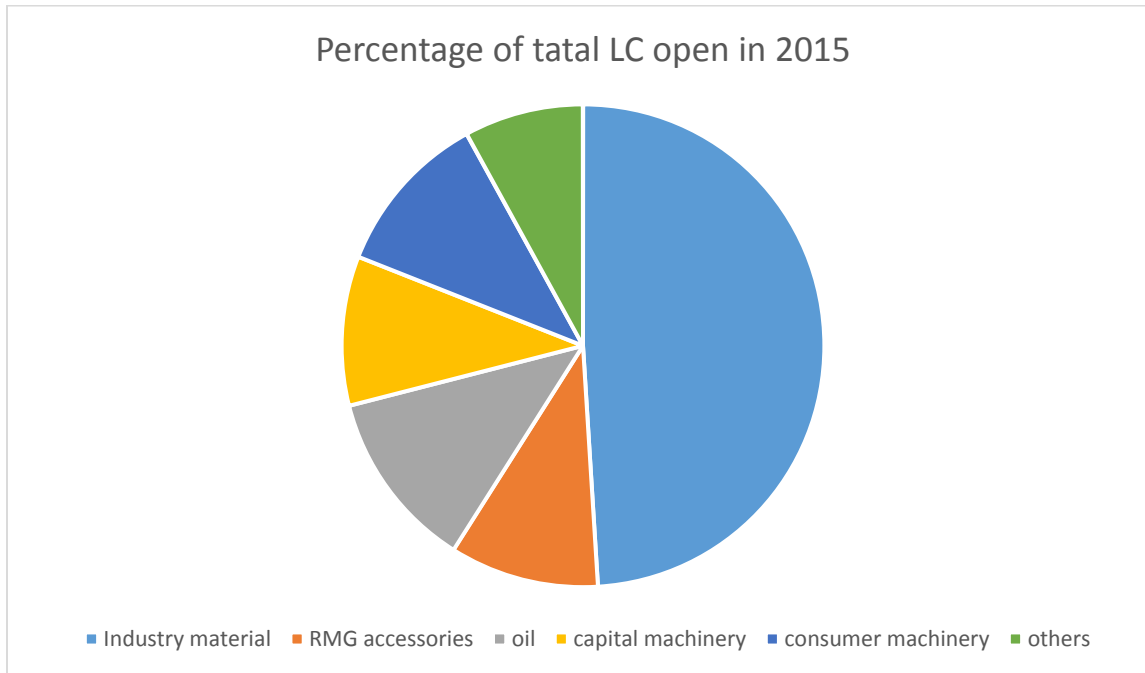


Figure: Percentage of Total LC opened in 2015

From the graphical presentation of the pie chart it has shown that 49% LC opened in Industrial raw material purpose which secured the majority portion of the LC opened Than 12% in oil, 11% in capital machinery and 10% in consumer goods sector in 2015.

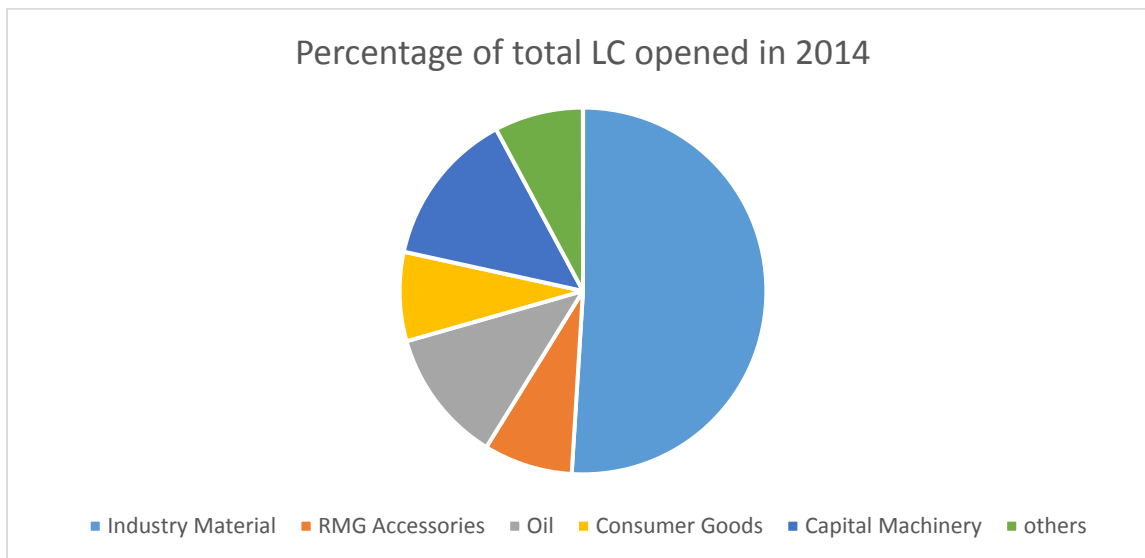


Figure: Percentage of Total LC Opened in 2014

From the graphical presentation of the pie chart it has shown that 52% LC opened in Industrial Raw Material purpose Which occupies the major part of the proportion of LC opened then 14% in capital machinery, 12% in oil and 8% in consumer goods.

#### Percentage of Imported commodities

The Bank was involved in financing import business in the field of capital machineries, Industrial raw material, food grains(rice, wheat, sugar, dal, garlic, onion, spices), oil(soya bean, palm, lubricant), spare parts, garment accessories, motor vehicles, sport item, chemical, perfumery items, milk food etc. Whereas the export was conspicuous in the field of readymade garments.

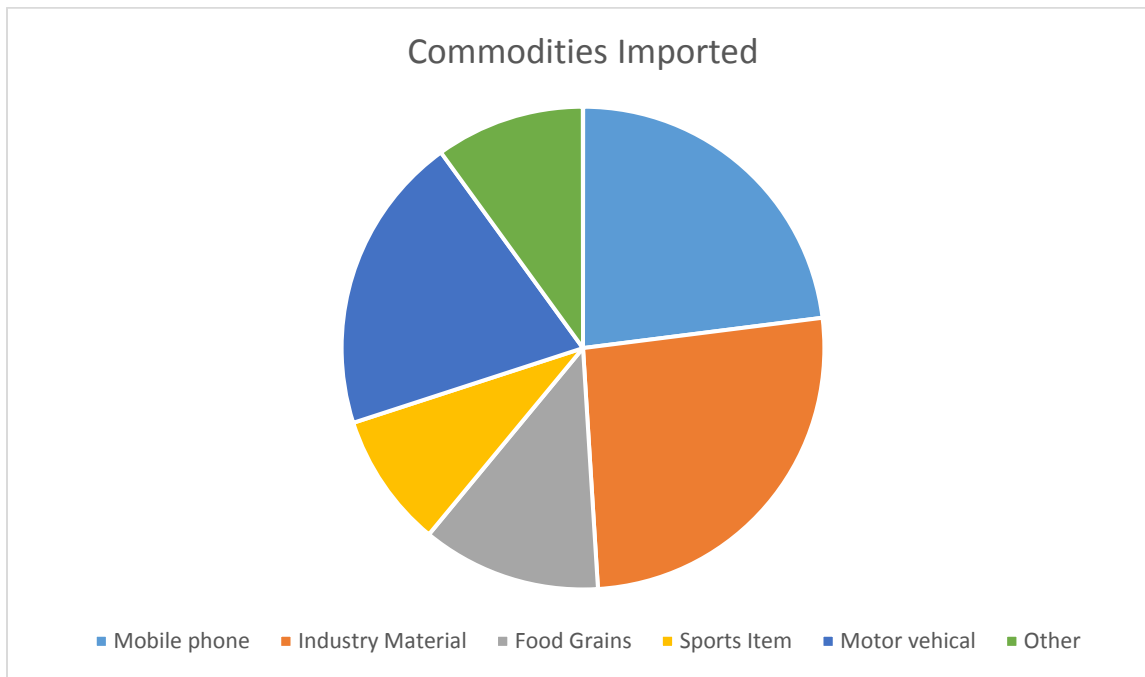


Figure: Frequencies of Commodities Imported

In last year major portion of imported product was Industrial Material which was 26%. Than with 23% mobile phone is in the 2<sup>nd</sup> position; the increasing demand of mobile phone is the reason of this high percent of mobile phone import. Motor vehicle is in the 3<sup>rd</sup> position.

### Month Wise Income From Total Foreign Exchange Business

The following chart exhibits a comparison of month-wise total foreign exchange income of Social Islami Bank Ltd, during the period of January to December 2015.

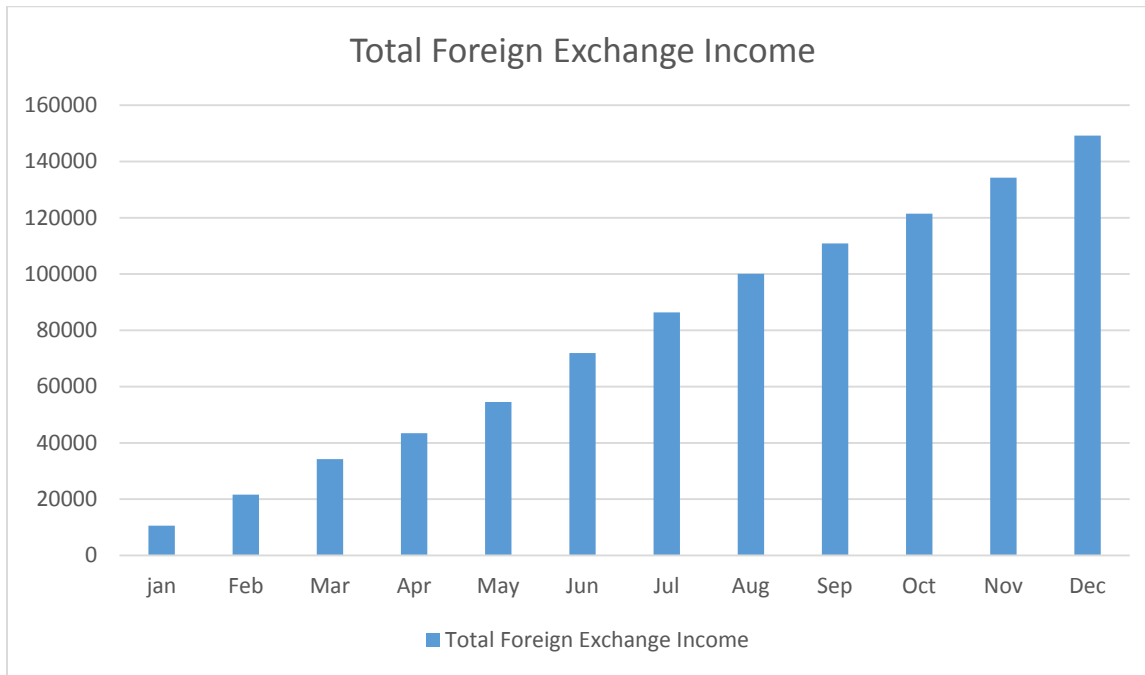


Figure: Month wise Income from Total Foreign exchange business

In 2015, in December SIBL earn the highest amount from foreign exchange business which is Tk. 149,192 million. In January it earn the lowest amount which is Tk. 10,573 million and the income then moved in an upward sloping graph. The overall performance of Foreign exchange was satisfactory in 2015.



## **COMPARATIVE ANALYSIS**

In this part I have tried to make a comparison among five bank in case of import, export and foreign remittance where the five banks are Social Islami Bank Limited, Islamic Bank Bangladesh Limited, Shahjalal Bank Limited, Southeast Bank Limited, Pubali Bank.

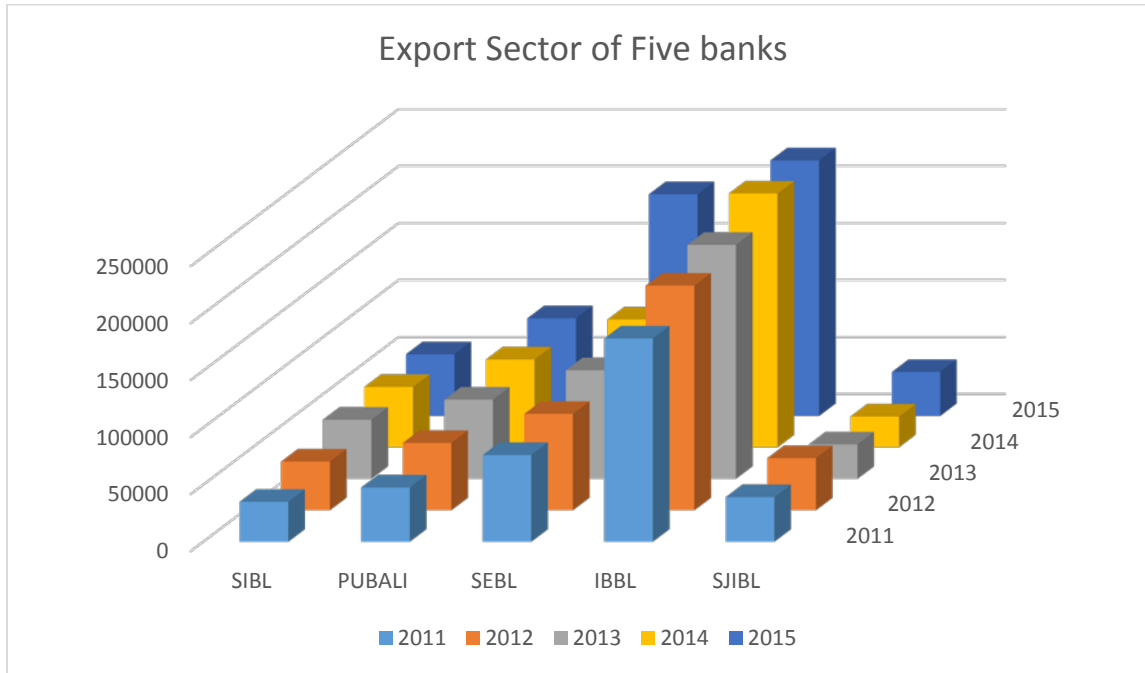


Figure: Comparison among Five Banks in Export sector

From this graphical presentation it has shown that since 2011 to 2015 IBBL's export was higher than other four banks, SEBL was in second position, Pubali Bank Limited was in Third position & Social Islami Bank was in Fourth position. So it can be concluded that IBBL has been maintain top position among all Banks in case of export business and SJIBL bank's position was lowest among five Banks in since 2011 to 2015. As an Islamic Bank, SIBL's position was in satisfactory level.

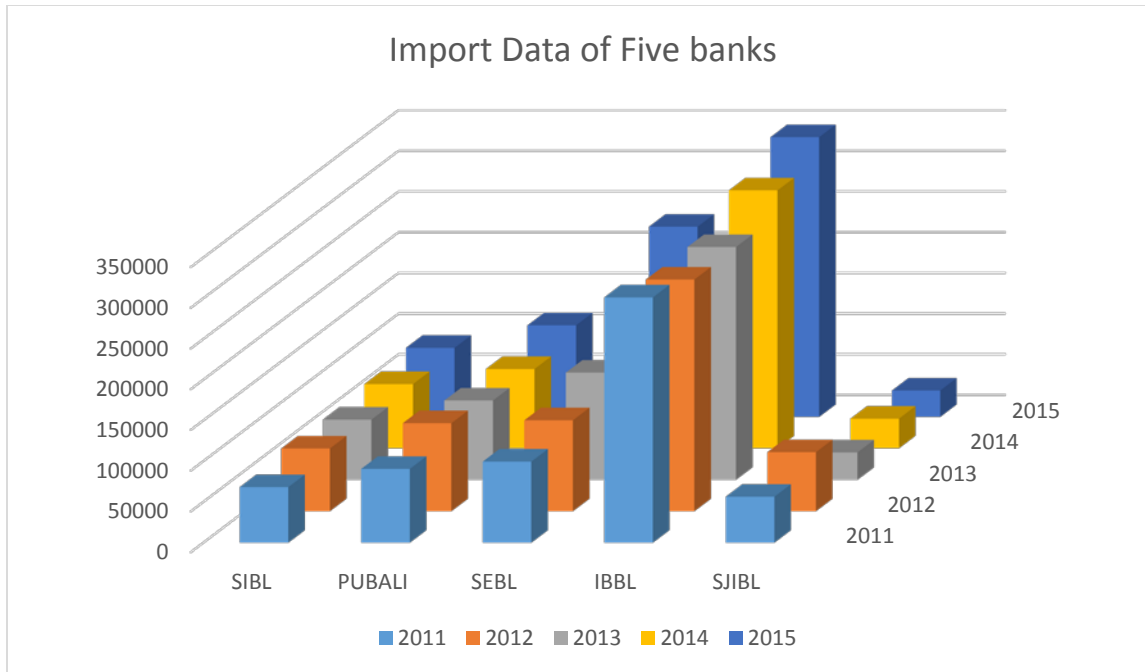


Figure: Comparative analysis among five banks in import

From this graph it can be seen that in import from 2011 to 2015 IBBL's, Import was higher than other four banks. Social Islami Bank was in forth position in case of import in 2011 to 2015 and as usual SEBL in the second position and followed by PUBALI bank. So it can be concluded that IBBL has been maintaining top position among all banks in case of import and SJIBL banks position was lowest among five banks in case of import since 2011 to 2015.

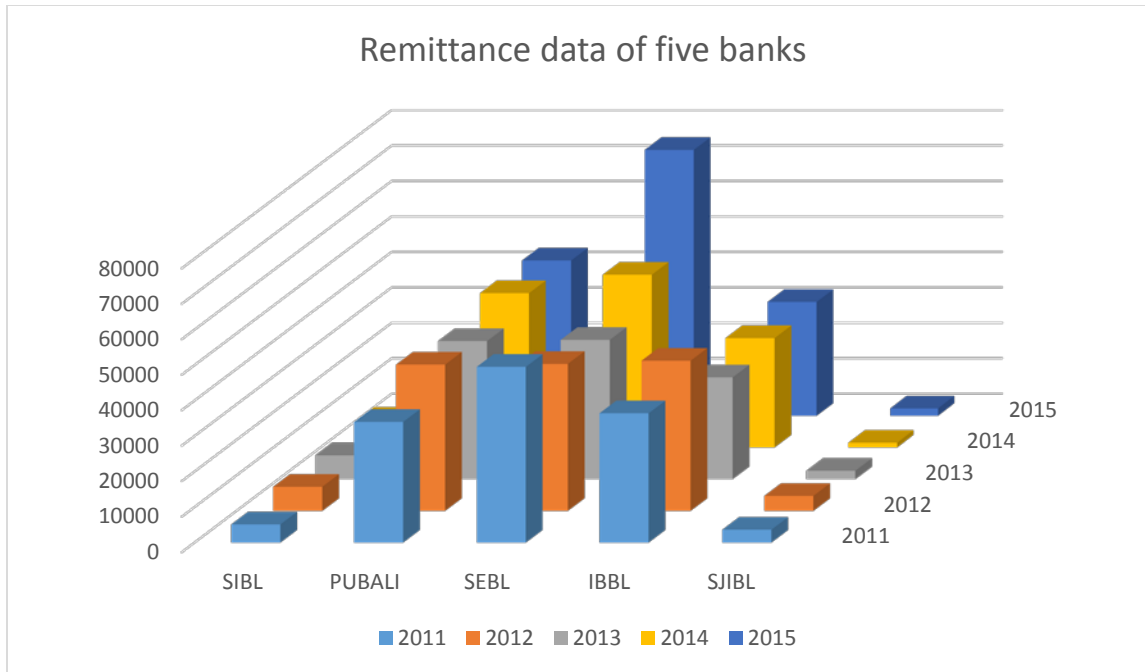


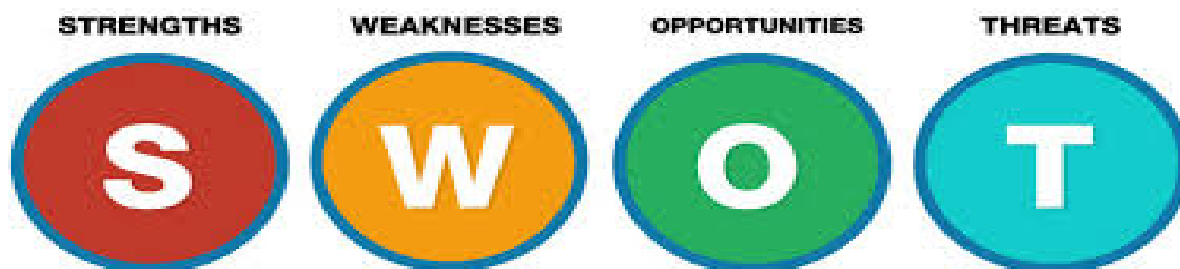
Figure: Comparison among five banks in remittance

In 2015 SEBL has been continuing top position among five banks in Foreign Remittance and Social Islami Bank’s position was not so much satisfactory in case of remittance. IBBL shows the second position, pubali bank shows the third position and SJIBL shows the last position among five banks. In 2011, 2014 and 2015 SEBL accomplished a remarkable position in foreign remittance which was respectively Tk.49599 million, Tk. 48740 million and Tk.75016 million. The Social Islami Bank shows the increase trend but their comparative position in foreign remittance was not good enough.

**SWOT Analysis**

SWOT Analysis is an important tool for estimating the company’s Strengths, Weaknesses, Opportunities and Threats. It helps the organization to recognize how to evaluate its performance and scan the macro environment, which in turn would help the organization to navigate in the raging ocean of competition.

The abbreviation for SWOT stands for-



SWOT analysis of SIBL's foreign exchange function is given below:

#### Strength

- Central trade processing unit(CTPU): In order to smoothen trade finance, founding of 'central trade processing unit(CTPU)' was a timely decision and has changed the total process of foreign exchange business through speed up of the facility and the business potential of SIBL. They have CTPU facilities based in Dhaka and Chittagong.
- Efficient Employee: At present, the bank has 21 well equipped Authorized Dealer Branches with highly trained professionals to meet different requirements of import and export based clients.
- Minimum risk: Foreign exchange risk is negligible because of the transactions are conceded out on behalf of customers against underlying LC commitments. If the importer fails to pay the amount to the exporter then the bank pays on behalf of the importer but the payment is made against import documents or in the form of loan against imported merchandise.
- Well-structured Foreign Exchange Department: Foreign exchange risks are managed and checked by well-structured Foreign exchange department. Foreign exchange operation is concentrated on funding operation and foreign exchange dealings.

#### Weaknesses

- Sometimes risk may not be appropriately measured and can cause holdings loss
- Foreign exchange department sometimes do not work well in dealing foreign exchange business.

- Sometimes they can't estimate foreign exchange rate properly it may cause future trouble.
- Sometimes clients do not show the genuine price of imported product to avoid customer duty which generates risk for banker but they have nothing to do for that.
- If information from the correspondents and subsidiaries are not readily available then the business may be hampered.

#### Opportunity

- SIBL endured within the prescribed holding limits set by Bangladesh Bank.
- All foreign exchange transactions are revaluated at Market to Market rate as determined by Bangladesh Bank
- It has well managed holdings for transferring remittance and this is the first initiative of any Islamic bank in Bangladesh ever.
- It has good impression to public which ensure future vision of foreign exchange income of the bank

#### Threats

- Major threat for foreign exchange department is the instability of prices of foreign currency
- SIBL has to strive with the other private commercial & Islamic bank & foreign banks in case of its foreign exchange business
- Govt. policy change may affect its functions.
- Lack of responsiveness of people is also responsible for not using the proper way in transferring remittance.
- The foreign exchange business is also facing loss because of not transferring the remittance to the suitable way.

## **PURPOSE OF THE REPORT**

The Board Objective of the study is to focus on Foreign Exchange Operation of Social Islami Bank Limited.

Specific Objective of the study are :

1. To comprehend the current performance of Foreign Exchange Operations of Social Islami Bank Ltd.
2. To Identify about their profit rate on foreign currency account
3. To know about the edge facility provided by SIBL on LC Opening
4. To know about the providing capability of SIBL for small business enterprise on LC opening.
5. To understand how much encouragements they provide to their exporter to attract them
6. To know about foreign exchange service duty fee.
7. To know about their limit on LC value
8. To find out which technology they used for their foreign exchange operation

## **TIMELINE**

The study period was of twelve week (three months); the internship period

## **LIMITATION OF THE STUDY**

Limitations are the downsides of any work. There is hardly any doings which has no limitation.

This study also had some limitations. In preparing this report some problems and limitation I have encountered which has follows:

- Time variance is the main limitation of this study. As the study was of three months, it is really a dumpy time to analysis a huge organization like SIBL
- Organization's secrecy guidelines are also a limitation of the report. Confidential data of SIBL which would be helpful for this report cannot be accessed.

- The official of SIBL has a busy working schedule. So, data collection procedure also got hampered for this.

## **METHODOLOGY**

This information for this report has been arranged from hands-on work experience at the branch. This information has been collected from the most reliable sources. Quantitative and Qualitative findings are also applied in this report which has made the report more meaningful and presentable.

### Research Type

Descriptive research is used to describe physiognomies of a population or phenomenon being studied but it does not response question about how/when/why the characteristic occurred this study based on expressive research method. Both qualified and quantified research designed is used for data demonstration.

### Types of Data

- Primary Data :  
primary data was collected by Oral interview of the responsible officers, personal experience gained by visiting different desk during internship period, official record of the bank
- Secondary Data :  
Annual reports of the bank, Foreign exchange function guideline provided by Bangladesh Bank, various books, Articles regarding foreign exchange, website of social Islami Bank Ltd, website of Bangladesh Bank was the sources of secondary data collection.

### Sampling Technique

To do this research accessible sampling is used through conveniently available data. By using convenience sampling technique following data analysis is done-

- Macroeconomics Analysis
- Trend Analysis

- Performance Analysis
- Comparative Analysis
- SWOT Analysis

#### Data Analysis Tools

Analysis of data is the most vital part of any research. Here, I use data transformation process to change data from their original form to a suitable format for performing the data analysis. To analyze and present the mathematical data and values accompanying with export, import and remittance following tools and techniques are used :

- Microsoft Excel is used to Calculate the growth rate of export, import and remittance
- Tabular and graphic method is used to display the data
- Microsoft Excel is used to construct the graphs column charts and pie chart

#### Sample Size

I have selected five years from 2011 to 2015 of Social Islami Bank Limited and selected five years data of two Islamic and two conventional bank from 2011 to 2015 for comparative analysis

#### Scope of the Study

The following study tells the details of Social Islami Bank's Standpoint about foreign exchange activities emphasizing "Activities regarding Import and Export procedure under letter of credit at Social Islami Bank Ltd" This study consists the reflection and on the job experience throughout internship period in the foreign exchange department at Social Islami Bank Ltd, Gausia branch. This study also highlights on the sequential activities involved and used by Social Islami Bank Ltd for foreign exchange transaction. This study also focuses on the influence of the foreign exchange activities upon the customer.



## **FINDINGS OF THE REPORT**

Major findings of the study are as follows:

1. SIBL looks onward to a new horizon with a individual mission to become a highly competitive modern transparent organization compellable to any of its kind at home and abroad. Import earnings are pleasing levels of this bank the earning from remittance is not satisfactory.
2. In case of LC opening, Bank provides NIL margin facility to only some big client, but they can also offer this capability to some small but efficient client.
3. In opening LC, bank sometimes rejects the small business enterprise, which eventually decreases the bank's profit and also wellbeing of the country's economy.
4. Profit rate on foreign currency account is inferior than other commercial bank for that reason bank can't fascinate more NRB clients.
5. Nostro accounts of SIBL are not adequate. As a result payment for LC are becoming difficult to make through those accounts
6. Changes such as SWIFT changes (change for sending the LC electronically), Document Handling charges and stamps charges are high in SIBL which distresses to collect more clients.
7. SIBL is not concerned to open more LC's with higher value. It means that, bank isn't willing to upsurge the value of the limit on LC value, which eventually decreases the potential clients.
8. Initiatives on credit facilities for exporter are not sufficient. Export credit guarantee is not enough for the possible exporter for that reason exporter are trying to find out credit facilities from other source.
9. The bank tries to adopt all the latest conveniences to boost their business. Social Islami Bank has already brought software called Ababil particular for famous core banking software, which is now being realized to all of its branches but in terms of foreign exchange operation this software is not enough supple.

## **RECOMMENDATIONS**

It is not easy to recommend some proposition to enhance the performance level of the organization like SIBL. Although Social Islami Bank is now providing a very efficient Foreign exchange services, there is also room for enhancement to offer their services even better. On the basis of my observation I would like to present the following recommendations.

### 1. Invite for increasing remittance income

Most of the time the bank efforts to provide quality service to their known clients, it may loses the general unknown potential good customer and which ultimately decrease the bank's remittance income. Bank can provide excellence service to their unknown but efficient client. To increase the remittance income it can serve remittance service quicker than other bank and they can reduce their commission charge which will finally increase the remittance income.

### 2. LC margin

A customer is asked to pay the bank security percentage of the total LC value in advance beforehand opening LC, which is termed LC margin. If Social Islami Bank Ltd decreases the rate of margin then perhaps they can attract more customers.

### 3. Profit on FC account can be increase

Profit rate on FC account can be rise; if it increases the profit rate then the bank can attract Non Residence of Bangladesh clients.

### 4. Increase the number of nostro accounts

Nostro accounts are the foreign currency accounts that the banks hold with foreign banks operating in different countries. If they increase the number of such accounts then disbursements for LC could be easily made through those accounts rather than accelerating the foreign currency through other foreign banks.

### 5. Encourage to open smaller LC value

Being a well reputed bank, SIBL no longer wants to demeanor smaller LC request coining from SME's As a result, they are disregarding a huge number of potential customers. The bank now pays extra attention to big customers and if their attitude towards smaller business does not change soon, they might fall far behind its competitors.

#### 6. Reduce charges

In order to do any kinds of foreign trade whether it to be remittance export or even import charges are valid everywhere. Charges include SWIFT charges; Document handling charges, stamps charges. Social Islami Bank will be able to fascinate more customers if the bank reduces these charges.

#### 7. Increase the limit on LC value

Every LC has parameters on its total value, imposed on them according to Bangladesh banks regulations, and based on the risk factors. However, the bank still has the consultant to make some changes to the limit within a certain specified range. If Social Islami Bank become more flexible, than it can open more LC's with higher value thus growing their profitability; however in this case there will be more risk.

#### 8. Export credit guarantee can be publicized as incentive

Export credit guarantee can be publicized adequately, so that the exporters are attracted to this scheme, which could play an significant role in substituting additional securities, often required by bankers. Bank can offer more enticements to their exporter to attract such as credit facilities.

#### 9. Simplification and modification of the software

Social Islami Bank has by now brought software called Ababil specialized for well-known core banking software, which is now being implemented to all of its branches. However, the employees are still struggling to bear foreign exchange services through this software because of complexity. As a result, precious time and energy are being wasted while conduction such foreign exchange services. Some further simplification and modification of this software might actually help the bankers to work more efficiently in providing international trade services like Export, Import and Remittance.

## CONCLUSION

Social Islami Bank is a bank with excellence. During the time of my internship program I have assembled lots of practical knowledge and experience and lastly agreed to this statement to be true. Working and get involved in such a reputed bank is really a great pleasure for me. This internship program is noticeably helpful for further thinking about my career. I must thankful to all of the officials with whom I have worked and who have given me appropriate chance to apply my theoretical knowledge in the practical field.

SIBL deals full range of banking service that includes deposit banking, investment, export, import and financing national and international remittance facilities etc. the policy of SIBL is to add more strength to the company's performance by emphasizing the area where they have the advantage today and where they can grow faster than their competitors. The bank think different to give distinguished service to its customers and try to run business improved than every passing day better than their competitors.

This report is mainly founded on Foreign exchange operation of Social Islami Bank Ltd. The mechanism of foreign exchange doesn't explain in a single word, it's a vast procedure. Govt. is taking necessary steps to enhance its export sector through the help of market mechanism as well as different financial and influential incentives to exporters. At the same time SIBL is taking necessary steps to attract foreign investment and generating efficient human resource to fight edge of competition. In the line of liberalization of our economic sector, our current account has already been made adaptable along with floating exchange rate. The Social Islami Bank already has shown impressive performance in different financial sector.

At last we can conclude that Social Islami Bank's Foreign exchange operation strategy is, to add more strenght to the company's performance. Along with upholding standard level of service Social Islami Bank Ltd is playing a foremost role in economic development of the country I think Social Islami Bank is contributing greatly to the economy of Bangladesh along with high level of corporate social responsibility. Working and get involved in such a reputed bank is really a great pleasure for me. This internship program is obviously helpful for me further career planning.

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