INTERNSHIP REPORT
ON
FOREIGN EXCHANGE PERFORMANCE AND BANK'S PROFITABILITY: AN EVALUATION OF SBL

Submitted to

Department of Business Administration

Faculty of Business Studies

Sonargaon University (SU)

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Program: BBA

Major: Finance

Department of Business Administration

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Dhaka-1215

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Internship Report
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FOREIGN EXCHANGE PERFORMANCE AND BANK'S PROFITABILITY: AN EVALUATION OF SBL

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Submitted for the Partial Fulfillment of the Requirements for the Degree the Bachelor of Business Administration

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LETTER OF TRANSMITTAL

May 12, 2022

To
Md. Shahbub Alam
Lecturer,
Department of Business Administration
Sonargaon University, Dhaka

Subject: Submission of the Project Report.

Dear Sir,

With due respect, I would like to inform you that, It is my pleasure to present this Report on **"FOREIGN EXCHANGE PERFORMANCE AND BANK'S PROFITABILITY: AN EVALUATION OF SBL"** as a requirement for completing my Bachelor of Business Administration. I enjoyed preparing the report through it was challenging to finish within the given time. In preparing this report, I have tried my level best to include all the relevant information related to Financial Performance of forex performance of a bank which is Standard Bank Limited.

I have a strong belief the report will fulfill your expectation and I have tried to give my best effort so that I can prepare a solid report as per your instruction. I would be very grateful if you accept my report. Your kind consideration & cooperation will be highly appreciated.

Sincerely yours,

_____

Md. Maruffuzzaman
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CERTIFICATE OF SUPERVISOR

This is to certify that Md. Maruffuzzaman student of BBA bearing Department of Business Administration. Sonargaon University (SU), Dhaka. ID No: BBA1803015030, Major in Finance. He has completed the project report on "FOREIGN EXCHANGE PERFORMANCE AND BANK'S PROFITABILITY: AN EVALUATION OF SBL" under my supervision which is the fulfillment of the partial requirement of obtaining a BBA degree.

I wish him every success in his future endeavors.

_____

Md. Shahbub Alam
Lecturer
Department of Business Administration
Faculty of Business Studies
Dhaka-1215

Table of Contents

Chapter-1: Introduction 1

1.1 Origin of the Report 1

1.2 Significance of the study 1

1.3 Objective of The report 1

1.4 Methodology of the study 2

1.4.1 Primary Sources: 2

1.4.2 Secondary Sources: 2

1.5 Limitations 2

Chapter-2: An Overview of the Organization 4

2.1. Development of Banking in Bangladesh: 4

2.2 Background of SBL: 5

2.3 Features of SBL: 5

2.4 Objectives of Standard Bank Limited 5

2.5 Mission, Vision & Core Values of Standard Bank Limited 6

2.6 Management of Standard Bank Ltd: 7

2.7 The Major Products & Service of SBL: 8

2.7.1 Products of SBL: 8

2.7.2 Services of SBL: 12

2.10 Divisions of SBL: 13

2.10.1 Credit Administration Division: 13
2.10.2 Financial Institutions Division....14
2.10.3 Audit and Risk Management Division: 15
2.10.4 Operation and Innovative Services....15
2.10.5 Card Division: 16
2.10.6 Treasury and Central Accounts Division:....17
2.10.7 Information System and Technology Division: 18
2.10.8 Human Resources Division 19
2.10.9 Investment Division 19
2.10.10 Foreign Exchange Division 19
2.10.11 Recent Development of SBL: 20
2.10.12 Problems of the Standard Bank Limited....20
Chapter-3: Foreign Exchange Operations 22
3. Introduction 22
3.1 Registration with CCI&E 22
3.2 Purchase Contract between importer and exporter 23
3.3 Collection of LCA form....23
3.4 Opening a Letter of Credit (L/C) 23
3.5 Parties of L/C 23
3.6 Application for L/C limit 24
3.7 The L/C Application 24

3.8 Scrutiny of L/C Application 25

3.9 Transmission of L/C to Beneficiary through Advising Bank 25

3.10 Amendment of the Letter of Credit 26

3.11 Presentation of the Documents 26

3.12 Examination of Shipping Documents 27

3.13 Lodgment of Documents 27

3.14 Retirement of Documents 27

3.15 Export 29

3.16 Formalities for Export L/C 30

3.17 Disposal of Export Forms: 32

3.18 Mode of Payment of Export Bill under L/C 32

3.19 Advising L/C 33

3.20 Test key Arrangement 33

3.21 Back-to-back L/C 33

3.22 Features of Back-to-Back L/C 34

3.23 Checklist to Open Back-to-Back L/C 34

3.24 Papers Required Opening Back-to-Back L/C 34

3.25 Steps to Issue Back-to-Back L/C 34

3.26 Payments under back-to-back L/C 35

3.27 A simple mechanism of back-to-back L/C 35

3.28 Earning from Export Business 35

3.29 Remittance Department 37

3.30 Total earning from Foreign Exchange 41

Chapter-4: Analysis & Findings 43

4.1 Major Findings.....43

4.2 Analysis of findings.....43

Chapter-5: Recommendation & conclusion..... 45

5.1 Recommendation.....45

5.2. CONCLUSION 46

5.3. References.....48

Chapter-1: Introduction

1.1 Origin of the Report

This internship program and the study have some important purposes which are as follows:

- To get the real life experience.
- To get and organize detail knowledge about the job responsibility.
- To compare the real scenario with the knowledge gained in Sonargaon University.
- To fulfill the requirement of BBA Program.

This report is the result of long in depth research and interview conducted at Standard Bank Limited and is prepared as a requirement for the completion of the BBA program of SU. As result I needed to submit this report based on the,

"Foreign Exchange Performance and Bank's Profitability: an Evaluation of SBL"

1.2 Significance of the study

This report has been prepared for the partial requirement of the BBA but I think it has a great significance for others also. This report deals with the foreign exchange system of Standard Bank Limited (SBL). The findings and analysis of this report will be the useful for me, the authority of the Bank and Customer also. I can acquaint with the different types of product and services and gain knowledge. The authority of the Bank can also be benefited. They can know the different types of problem that customer face and the remedy of the problem. They may take decision on the basis of this report and have some new ideas to be launched. The customer can express their opinion about the problem they face and can acquaint with different services what they don't know.

1.3 Objective of The report

The main objective of the report is to know the Foreign Exchange Performance and Bank's Profitability: an Evaluation of SBL, Principal Branch. Another objective is to

fulfill the requirements of the BBA program. For this like everyone I had to select an organization and I had chosen the Standard Bank Limited.

- To present an over view of The Standard Bank Limited.
- To analyze the Foreign Exchange Transaction procedures maintained by the SBL.
- To know the regulation and deregulation regarding Foreign Exchange in Bangla desh
- To analyze the import, export and foreign remittance procedure maintained by SBL
- To gain the depth knowledge of import and export portfolio of the Bank.
- To know overall activities of the Foreign Exchange division.
- To evaluate the success of Foreign Exchange operation.
- To know about the various documents and procedures which are used in bankin g service of international trade.

1.4 Methodology of the study

Both primary and secondary data have been used in this study. Primary data have been collected with the help of a standard method through field work and practical experience.

1.4.1 Primary Sources:

The primary data have been collected from the following sources:

- Face to face conversation with the employees and the customers.
- Real life experience

1.4.2 Secondary Sources:

The secondary data have been collected from the annual report of Standard Bank Limited, different manuals of sample Bank. The collected data has been analyzed by using different tables and graphs.

- The secondary data have been collected from the following sources:
- Annual report of Standard Bank Ltd.
- Different manuals of Standard Bank Ltd
- Web site of Standard Bank

1.5 Limitations

This report might be limited with some constraints.

Details of many aspects of the services of Standard Bank Limited have been skipped in the report due to various constraints, including time and space.

Moreover, one of the main barriers writing this report was the confidentiality of data.

Besides, for the preparation of this report I found that there are some limitation exists though I have given my greatest effort.

Such as:

- The bankers are very busy with their job which lead me little time to consult with.
- Category wise export, import and remittance business; amount originated from the international trade is missing in the report for their restriction.
- In many cases, up to date information was not published.
- All the branches of the sample banks were not physically visited.
- Non-availability of reference books is another limitation.
- Due to time limitation many of the aspects could not be discussed. Learning all the functions within just 90 days is really tough.

Chapter-2: An Overview of the Organization

2.1. Development of Banking in Bangladesh:

Since early British rule, the history of banking in Bangladesh territory shows that the traditional trade-networks developed before the banks invaded rural areas. And the banking services have slowly flourished in Bangladesh territory. Even today, in many places, moneylenders provide credit services. Small shopkeepers and businessman use informal credit at high interest rate, traditional Mahakam's money lending business gradually declined due to expansion of bank and the micro credit programs of NGOs, Cooperative banks and government agencies Modern banking system plays a vital role for a nation's economic development. Over the last few years the banking world has been undergoing a lot of changes due to deregulation, technological innovations, globalization etc. These changes in the banking system also brought revolutionary changes in a country's economy. Present world is changing rapidly to face the challenge of competitive free market economy. It is well recognized that there is an urgent need for better, qualified management and better-trained staff in the dynamic global financial market. Bangladesh is no exceptions of this trend. Banking Sector in Bangladesh is facing challenges from different angles though its prospect is bright in the future. Bangladesh is one of the developing countries in the world. The economy of the country has a lot left to be desired and there are lots of scopes for massive improvement. In an economy like this, banking sector can play a vital role to improve the overall social – economic condition of the country. The banks by playing the role of an intermediary can mobilize the excess fund of surplus sectors to provide necessary finance, to those sectors, which are needed to promote for the sound development of the country. Commercial banks in Bangladesh economy are to face an increasing competition for their business in coming days, like any other emerging market economies. Their business is no longer remaining easy as they earlier. The real

change in the banking business has started to come with the government's decision to allow the business in the private sector in the middle of the Eighty's.

2.2 Background of SBL:

Standard Bank Limited (SBL) was incorporated as a Public Limited Company on May 11, 1999 under the Companies Act, 1994 and the Bank achieved satisfactory progress from its commercial operations on June 03, 1999. SBL has introduced several new products on credit and deposit schemes. It is also Corporate and Retail Banking etc. The Bank also participated in fund Syndication with other Banks. Through all these myriad activities SBL has created a positive impact in the Market.

2.3 Features of SBL:

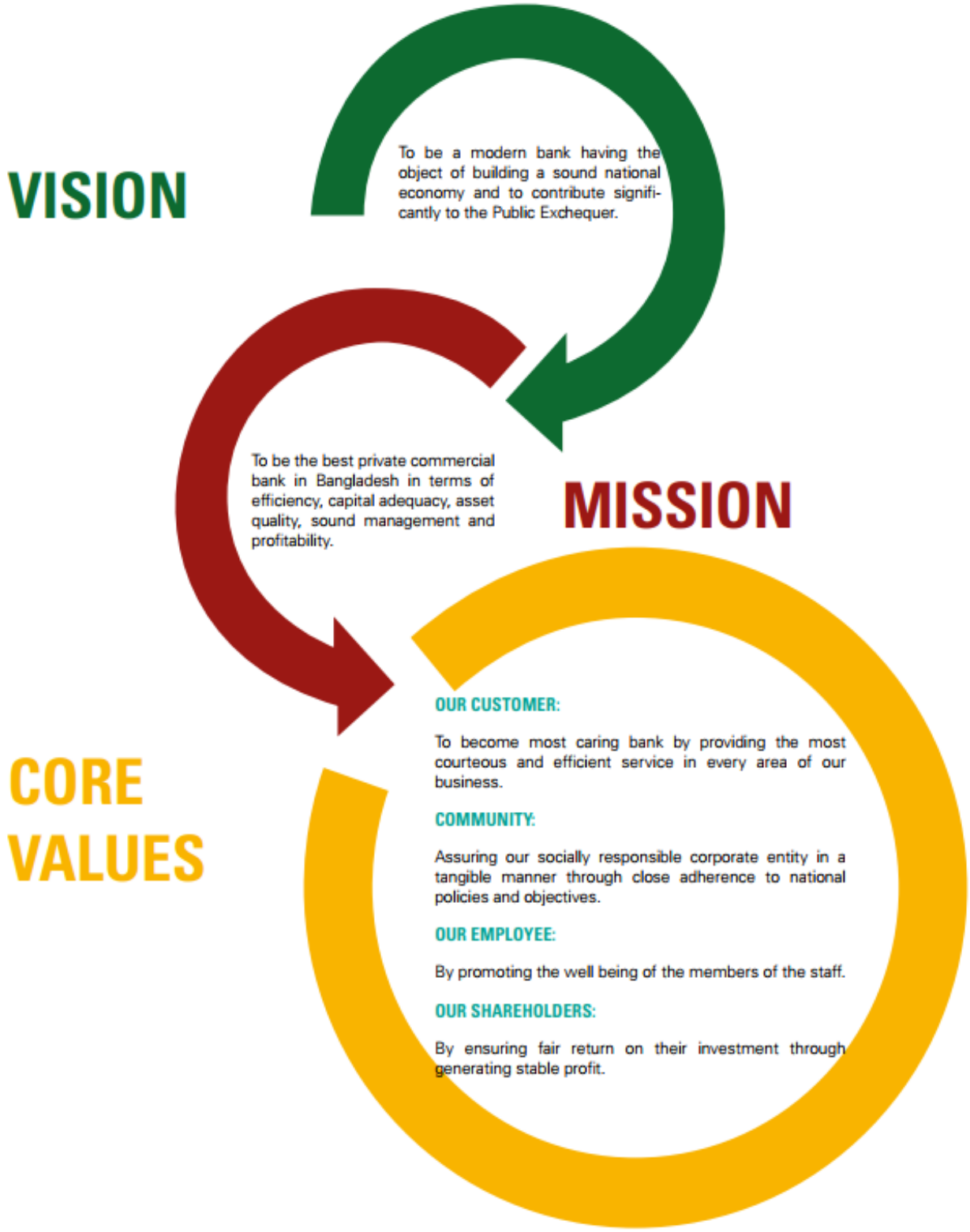
- Standard Bank builds up strong pillar of capital, promote trade, commerce and industry; discover strategies for achieving systematic growth.
- It is the pioneer in introducing and launching different customer friendly deposit Schemes to tap the savings of the people for channeling the same to the productive sectors of the economy.
- It has created congenial atmosphere so that the client becomes interested to deal with the Standard bank limited.
- For uplifting the standard of living of the limited income group of the population, the Bank has introduced Retail Credit Scheme by providing financial assistance in the form of loan to the consumers for procuring household durables.
- The Bank is committed to maintain continuous research and development to keep pace with modern banking.
- Recently the bank starts internet banking in order to provide prompt and efficient services to the customers.
- The bank has introduced customer relations management system to assess the needs of various customers and resolve any problem on the spot.

2.4 Objectives of Standard Bank Limited

- To be a dynamic leader in the financial market in innovating new products as to the needs of the society.
- To earn positive economic value addition (EVA) each year to come.
- To top the list in respect of cost efficiency of all the commercial Banks.

- To become one of the best financial institutions in Bangladesh economy participating in the most significant segments of business market that we serve.

2.5 Mission, Vision & Core Values of Standard Bank Limited

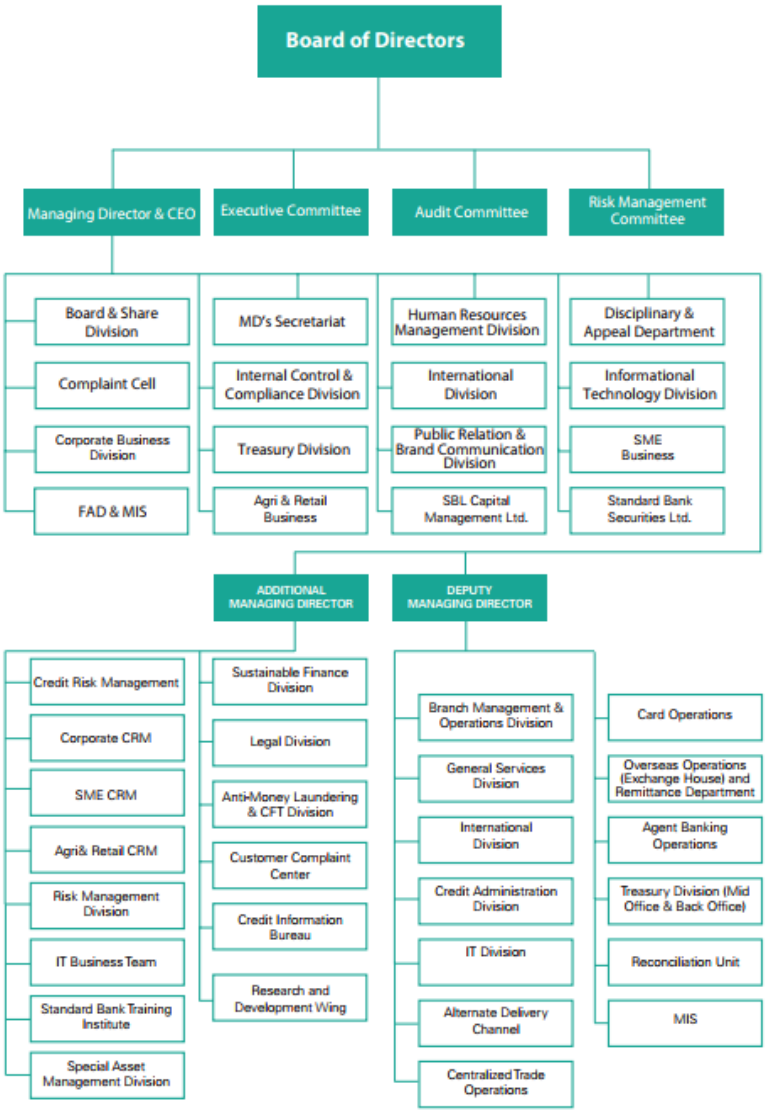


2.6 Management of Standard Bank Ltd:

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

In the bank, board of directors has the sole authority to take decision about the affairs of the business. Now there are 18 directors in the management of the bank. All the directors have the good academic background and have huge experience in business. The board of directors holds meetings on a regular basis. There are different committees in the bank for the efficient management of the bank. All these committees meet on a regular basis for discussing various issues and proposals submitted for decisions.

Operational network organogram:



2.7 The Major Products & Service of SBL:

2.7.1 Products of SBL:

Opening of different types of Accounts
Issuing check book and delivering Deposit receipt book
There are several kinds of Account are held:

Savings Account:

When a person will open this A/C, the important things are necessary.

1. Introduction of Depositor / A/C's holder
2. Photocopy of passport/ Chairman Certificate/ Attested of First Class Officer/Voter ID Card.
3. Two copies of photographs.
4. KYC (Know Your Customer) form & TP (Transaction Profile)

SBL Regular Deposit Program (SRDP)

* If any monthly instalment remains unpaid for 5 (five) consecutive months, the account will be closed automatically and the account will be settled as detailed below:-

Relationship/ Tenure	Applied Interest
Less than 1(one) year	No interest
More than 1 years but less 3 years	Savings Rate
More than 3 years but less 5 years	Matured value of 3 years and rest as per prevailing interest rate on savings rate

Monthly Instalment, Tenure and Maturity Value will be as per following Schedule:-

Instalment years	300	500	1,000	2,000	2,500	5,000	10,000
3 years	11,833	19,722	39,436	78,860	98,800	197,175	394,350
5 years	20,953	34,913	69,787	139,571	174,492	348,991	698,117
7 years	29,527	49,212	98,424	196,848	246,060	492,121	984,242
10 years	48,847	81,446	162,805	325,655	407,310	815,201	1,631,135

Consumer Credit Scheme:

Lending rate has been shown in the following table where fixed rate (Bangladesh bank instructed rate) and mid-rate are given. Bank may re-fix ±1.50 over the mid-rate considering the risk involvement.

These rates are effective from January 01, 2015.

SL.	Particulars	Fixed Rate	Mid-Rate
1	Consumer Credit Scheme (Staff)	10%	--
2	Consumer Credit Scheme (Commercial)	--	15%

1.00% additional interest rate will be charged for default in payment/ adjustment. All other charges, commissions and fees shall remain unchanged.

Current Individual Account:

1. Requirement same as savings Account
2. Proprietorship /Firm Account
3. Common Individual of S/A
4. Trade License with validity
5. Seal of the Firm.

Partnership Account:

1. Common Individual of S/A
2. Trade License with validity (more than two owners)
3. Partnership Deed with Registered

4. TK.l000 stamp
5. Partnership letter (Bank will gives)
6. Firm’s Seal

Private (LTD)

1. Common Individual of S/A
2. Trade license
3. Memorandum or articles of association
4. Certificate in Corporation
5. Regulation of full board with signature
6. List of Directors
7. Organizations seal
8. Certificate of commencement
9. STD (Short term Deposits)
10. Requirement same as individual A/C
11. STD (Public & Private)
12. Requirement same as Public and private A/C

Club/ Society

1. By Laws
2. Regulation
3. Common Individual
4. Seal of club/society
5. Registration number

Trustee

1. Common as club/society
2. Trustee Deed

NGO

1. Common as club/society
2. Registration of NGO Bureau

Local Remittance:

Transmission/transfer of money from one place to another, Local remittance represents remittance that takes place within the territory of a country.
Banks have a wide network of Branches all over the country and offer various types of Remittance facilities to the public/customer/client etc.
Virtually there are main works of remittance department that are as under: --

1. Transfer of funds through Demand Draft (DD), Telegraphic Transfer (TT), and Money Transfer (MT)
2. Issuance of Pay Order (P0), pay slips (PS), Security Deposit (SD), Bearing Certificate Deposit (BCD) etc.
3. Local Bills for Collection (LBC), Outward Bills Collection (OBC)
4. Collections of cheques, Drafts and presenting them to clearing house
5. Maintenance of FDR

Foreign Remittance:

These activities are:

1. Activities related to L/C opening
2. Receiving documents from Exporters Bank
3. Perform all activities for retirement of document for collecting the importing

Goods:

The main functions of the Exports are:

1. Getting the L/C Documents from Foreign importers Bank
2. Gives this L/C to Exporter
3. Advising the L/C
4. Opening the Bank-to- Bank L/C

5. Collection and distribution of the payment of Bank to Bank
6. When after shipment of goods the exporter submits all documents as per as L/C, This department scrutinizes those documents and sent to Importer Bank.

Foreign Exchange

1. Deals with inward foreign Remittance.
2. Dealing of travelers Checks.
3. Transfer money and currency through Western Union.
4. Transfer fund through draft, Telegraphic Transfer, Mail Transfer etc.
5. Foreign Bills collection.
6. Foreign Bills purchase and discount.

2.7.2 Services of SBL:

Exchange House

SBL Exchange Houses at various locations (USA, UK, etc) is enabling Non Resident Bangladeshis to send their remittances at home in a quickest and safest way.

Islamic Banking

Standard Bank has introduced Islamic banking to meet the growing needs of the customers for Shariah-based banking. It offers a wide range of financial services that covers the entire spectrum of banking operations. Islamic Banking Client can also access Net Banking through this site.

Visa Credit Card

Credit Cards facilitate your lifestyle in all facets like shopping, dining, accommodation, travelling, hospitalization, purchasing furniture & equipment for a interest free time, gift cards and so on that would be determined in needs of time.

ATM Service

Standard Bank Limited has modern banking facility. Withdraw cash 24 hours a day. 7 days a week. You can get a mini-statement of your account whatever required. For the safety reason our ATM.

SME Banking

From the perspective of SME banking, there is no doubt that the world is getting flatter every day. Standard Bank launched SME banking to deliver the highest standard of service to its clientele.

Corporate Banking

Bangladesh economy is changing every day. Changes are more and more visible and sometimes it seems they are happening overnight. Now days the economic challenges require flexibility and adjustment capacity. To face the challenges and business opportunities Standard Bank delivers cash Management and Lending Solutions match for specific business and requests.

2.10 Divisions of SBL:

The Managing Director is the head of the operational area of the bank and its chief executive. The Managing Director is appointed by the Board of Directors with prior permission of the Bangladesh bank. All policy formulation and subsequent executions are done in the head office.

2.10.1 Credit Administration Division:

Credit Administration Division is one of the important divisions of a financial institution. This division is headed by Senior Vice President or Vice President. All advance proposals from the prospective borrowers are sent by respective branches for an approval form the head office. This department initiates the advance proposals of the branch, it keeps track of credit portfolio by obtaining regular information form branch. It sets price for credits and ensure affecting it at branches. This department also monitors the various loan accounts of the branches and prepares various statements for Bangladesh Bank.

The broad functions of credit division are:

a) Follow-up/monitoring the implementation of Boards standing committee's comment or past due.

b) Reviewing the monthly past due accounts and monitoring the progress or each case with the Branch.

c) Review the cases already transferred to the legal advisor for initiating legal action.

d) Review the internal/ external/ Bangladesh Bank audit reports (Credit Porting)

e) Prepare the statements, information etc. required for the Board! Management Bangladesh Bank.

f) Provide financing for foreign trade (Export and Import).

g) Project finance, real estate finance, small business professional and rural credit and other credit scheme

h) Marketing support and intelligence.

2.10.2 Financial Institutions Division

This division is headed by a senior Vice President or a Vice President. Work of this department has become important due to the government's policy of making Taka a convertible currency. This division is a very important functional division because of SBL's huge involvement in export-import business. All foreign exchange is handled by this division. All the international business and transaction have to go through this division and after it improves the final decisions to go to the branches. This division performs a number of functions which are as follows:

1. Fund Management: This can be broken down as follows-

- Spot and forward sale and purchase of foreign currency
- Foreign currency transfer and placement
- Foreign currency fund management i.e. managing the Nostro account
- To maintain holding of foreign currency with correspondent Bank

2. Correspondent Banking, L/C confirmation etc.

It includes-

- Arranging agency
- Correspondence banking- which includes correspondence relationship, test key control,
- Authorized signature control etc.
- Distribution of foreign test keys.
- Distribution of authorized and dealership license to the branch.

3. Reconciliation of different foreign accounts maintained by SBL against different banks is done here.

4. Preparing and forwarding overdue L/C statements on account of Bank to Back L/C to Bangladesh, monitoring garments related affairs maintaining the Bangladesh Bank returns and statistics concerning Bangladesh Bank.

SBL has international operation with about fifty countries through 125 correspondents.

2.10.3 Audit and Risk Management Division:

The main functions of this division is to provide legal assistance to the branches and implement recovery strategy for stuck-up loan and to ensure strict adherence of rules and policies by all concerned of the bank through routine and surprise inspection and audit. The functions of this division area as follows:

- Monitor the individual cases with respect to their securities, value of securities, and finally review the possibility of recovery of bank's stuck-up dues. Implement rescheduling process of stuck-up classified loan to the branches for obtaining repayment schedule through strong persuasion and serve final notice etc., as the condition required.
- Time to time follow-up stuck-up advances of branches and keep the branches under constant pressure
- Appointment of branch lawyers from a panel of lawyer kept in the division.
- Personal contact is made at the head office level, especially with the big borrowers and arrangements are for recovery.
- In case of failure of moral persuasion, concerned branches are advised to serve legal notice to the defaulters.
- Time to time follow up of the cases and keep the top management informed.
- Maintain statistics of recovery of classified advances.
- Inspect all branches operation audits at least once in a year.
- Carry out surprise audits as felt necessary.
- Investigate suspicious or irregular matters being directed by higher management.
- Also conduct such inquiry being requested by affected branch-in- charges.
- Receive non-performing advances classification recommendation form branches and approve disposal.
- Prepare classified advance report; recommend bank's strategy to deal with that for management and Board of Directors

2.10.4 Operation and Innovative Services

The main functions of this division are to develop General Banking, maintain public relation, technology development and support, strategic planning procurement and supply all tangible goods to the branches. These are described as follows:

a) Make arrangements for branch opening such as making lease agreement, internal decorations etc.

b) Print all securities paper and bank stationery.

c) Distribute this stationery to the branches.

d) Import necessary stationery items.

e) Purchase all sort of furniture's & fixtures for the branches.

f) Issuance of power of Attorney to the officers for the branches etc.

g) Issuance of different circulars to the Bangladesh Bank.

h) General correspondence with Bangladesh Bank and other Banks.

i) Oversee the cash affairs of the branches etc.

j) Advertise in the different media about tender notice, general meetings and other public interests.

k) Print and distribute greeting cards, calendar, diary etc.

l) Keep good relationship with the various news media.

m) Prepare speeches for Managing Director or Directors for any special occasion.

n) To develop or improve or introduce new technologies for speedy implementation of polices.

o) Issue notice regarding board meeting and other meetings.

p) Holding meeting.

q) Obtain signature in the minutes from Chairman.

r) Inform different divisions of the department regarding decision of a particular memo.

s) Repair, maintain and contract Bank's building.

2.10.5 Card Division:

They are now in this business for last 9 months the response to which has been found quite satisfactory. Master-Card International, is to allow cash drawings facility from its branches against Master-Card cards, whether issued by or any other bank/institutions in the world. Initially such cash drawing arrangements can be made in 14 branches of the bank. For cash drawing, branches will have to take prior authorization from Head Office Credit Card division over phone and after and cash drawing, a debit advice along with the sales slip to be sent to HO Credit Card division.

The customer can draw from other bank (branches) if he has any account for that, in that case the Head Office will issue a Debit advice for that branch. Any individual, who is an account holder of for at least six months, is between 21 and 70 years of age. Has a regular gross monthly income of TL. 10,000 above after tax are eligible for a Credit Card. A person can use his/her Credit Card at over 500 retail and service outlets around the country. Just look for the "VISA/Master Card" sign —it the outlets and enjoy the benefits of being a Credit Cardholder.

With this service they have newly started the service of DEBIT CARD.

2.10.6 Treasury and Central Accounts Division:

The board functions of this department are:

- Maintain daily liquidity positions, Treasury bills call money, Investment / Debentures, placement of funds, etc.
- Monthly accrued interest calculation of all interest bearing accounts. Inter-branch interest calculation for Head-Office, Amortization of all fixed and o there assets.
- Preparation of statement of Accounts and Profit Loss account for the bank.
- Weekly deposit and advance analysis of the bank.
- Cost of fund analysis.
- Branches extract preparation.
- Providing information to the auditor for preparing balance sheet
- Maintenance of accounts, preparation of annual report of the bank, maintenance of provident fund accounts, maintenance of Income & Expenditure posting, maintenance of salaries and wages of the employees etc.

All schedule commercial banks in Bangladesh has to perform under the rules and regulations of Central Bank. For this reason all banks have to furnish different types of information to Bangladesh Bank in prescribed forms. The following information is prepared by this department for this purpose.

Weekly position i.e. Thursday position.

- S.B.S —1, monthly statement of asset and liabilities.
- S.B.S- 2 classification of deposits — quarterly.

- S.B.S- 3, classification of credit- quarterly.
- S.B.S-4, statement of credit ceiling, credit report.
- Form 09, statement of liquid assets-monthly.
- Form 10, statement on asset and liabilities- monthly
- Deposit held by sector corporations/ enterprises- monthly
- Statement of small depositors-quarterly.
- Cash in transit-monthly
- Statement on credit by size —monthly.
- Statement on loans and advances.

In the present world, computer has become the most essential and vital area in any organization. It is much more important for financial institutions to carry out its day to day operations with the help of computers. Introduced on-line computer system from its inception.

SBL has a good reputation in the market for its excellent services among domestic banks. SBL has always been forward looking to cater more effectively to its valued customers and computerization in the bank has been recognized as a priority all along.

Under the branch computerization program all branches have been computerized and starting from Cheque posting to back office accounting, all operations are handled by computers. This has given the bank an added advantage in increasing its productivity and brought qualitative change in customer service.

At the Head Office level all divisions are equipped with personal computer. Business functions under different divisions are being systematically taken its computerized environment. Budget control and monitoring, General Ledger, Income & Expenditure, classification of advances at Head Office are all computerized under Head Office computerization plan. A large network has been installed to include all divisions and departments so that most of the business functions and activities are integrated and made accessible to the users for management decisions.

2.10.7 Information System and Technology Division:

Information technology flow of information is an important division of today's world. SBL's IT infrastructure has already extended its reach across all our branches. SBL's

own switching system is in place and we have already installed a few ATM booths. Our debit cards can be used not only in SBL's own ATMs but also in other networks operating in Bangladesh. SBL have already taken associate membership from VISA International and SBL shall soon launch VISA credit card which can be used locally and internationally. Debit and credit card will add to our milestone of progress. In line with Bangladesh Bank guidelines SBL want to deepen our stake in agriculture and agro based projects.

SBL have undertaken initiatives to offer agro loan to marginal farmers under cluster arrangement. SBL have already included two villages under our branches' command area to enlist farmers and put them under bank& finance for farming or any other productive activities. Such project will be done under pilot scheme of ADARSHA GRAM and we believe this will definitely alleviate poverty among those who are at the marginal level and have least access to bank finance.

2.10.8 Human Resources Division

The growth and progress of a Bank can be released only through the combined and coordinated efforts of its members who work there. Keeping these in mind, SBL recruited very skilled and qualified people in the bank having expertise and experience. SBL have also been recruiting probationary officers having good academic background. SBL have also decided to recruit probationary officers every year through competitive examination and create s strong management cadre for the future. The Bank has offered a new pay scale to the employees bringing significant improvement in salary structure. In line with salary raise SBL have also revised house building loan scheme for the employees with higher ceiling and SBL have allocated more fund. Leave Fare Assistance is being introduced in the Bank for the first time to inspire the Executives.

2.10.9 Investment Division

The major functions of this division are as follows:

- Capital market operations.
- Lease —financing.
- Hire-purchase.
- Merchant-Banking etc.

2.10.10 Foreign Exchange Division

It is an essential part of the Standard Bank. Most of the private bank has their separate branch which is known as Foreign Exchange Branch and they will only deal with foreign exchange related work. Although Standard Bank doesn't have this option but

they have given much priority to this division. This division performs several activities which are given below:

- Provide L/C facilities.
- Monitoring exchange rate of different currencies.
- Facilitates the exchange rate to other branches.
- Managing good relation with foreign correspondent.
- Increase foreign correspondent.
- Provide endorsement facilities.
- Provide travelers Cheque facilities.
- Buy and sell foreign exchange.
- Provide transfer facilities.

2.10.11 Recent Development of SBL:

Retail Banking deals with the banking services to the individuals. It includes the following:

- Deposits services.
- Wage Earners Services: SBL. Offers a few innovative schemes to Bangladeshi wage earners working overseas.
- Personal banking private banking, customer, finance, investment management, Finance for self-employed persons.

2.10.12 Problems of the Standard Bank Limited

Following various problems is including in the SBL:

Political disturbances:

It is not favorable for Bank Business in Bangladesh. It is the main problem of SBL. It is also a problem of all Banking system in Bangladesh

Competitive Banking Market:

Different kinds of commercial Bank are serving in our commercial Banking Market. Therefore, no single Bank is allowed or capable to establish personal interest especially due to heavy competitive market.

Company representative effect:

There are so many representatives working in the market to collect the sales price directly from the customer of each product daily. So merchant group, Businessman 1 Traders, Agency, Wholesalers and high Depositor are not capable to Deposit the money in the Bank. Due to this Deposit system, they hamper it.

High rate of Government security:

Practically, the Government security likes Bond, Security, Debenture; Savings certificate etc. gives high rate of interest than commercial Bank. So, all the investors are invested to utilize their idle fund to purchase the Government security due to higher rate of interest.

Chapter-3: Foreign Exchange Operations

3. Introduction

One of the largest businesses carried out by the commercial bank is foreign trading. The trade among various countries falls for close link between the parties dealing in trade. The situation calls for expertise in the field of foreign operations. The bank, which provides such operation, is referred to as rending international banking operation. Mainly transactions with overseas countries in respect of import, export and foreign remittance come under the preview of foreign exchange department. International trade demands a flow of goods from seller to buyer and of payment from buyer to seller. In this case the bank plays a vital role to bridge between the buyer and seller.

Foreign exchange department of Standard Bank is one of the most important departments of all departments. This department handles various types of activities by three separate sections:

a. Import section
b. Export section.
c. Foreign remittance section.

Import

Imports are foreign goods and services purchased by consumers, firms and Governments in Bangladesh. To import, a person should be competent to be an importer. According to Import and Export Control Act, 1950, the Office of Chief Controller of Import and Export provides the registration which is called Import Registration Certificate (IRC) to the importer.

3.1 Registration with CCI&E

a. For engaging in international trade, every trader must be first registered with the Chief Controller of Import and Export.
b. By paying specified registration fees and submitting necessary papers to
c. The CCI&E. the trader will get IRC (Import Registration Certificate). After obtaining IRC, the person is eligible to import.

3.2 Purchase Contract between importer and exporter

a. Now the importer has to contact with the seller outside the country to obtain the proforma invoice / indent which describes goods.
b. Indent is got through indenters' local agent of the sellers.
c. After the importer accept the 'proforma invoice, he makes a purchase contract with the exporter declaring the terms and conditions of the import.
d. Import procedure differs with different means of payment. In most cases import payment is made by the documentary letter of credit (L/C) in country.

3.3 Collection of LCA form

The importer collects a Letter of Credit Authorization (LCA) form SBL Principal Branch.

3.4 Opening a Letter of Credit (L/C)

In international environment, buyers and sellers are often unknown to each other. So seller always seek guarantee for the payment for his goods exported. Here is the role of bank. Bank gives export guarantee that it will pay for the goods on behalf of the buyer. This guarantee is called Letter of Credit. Thus the contract between importer and exporter is given a legal shape by the banker by its Letter of Credit'.

3.5 Parties of L/C

a. Importer - Seller who applies for opening an L/C.
b. Issuing Bank - It-is the bank which opens/issues a L/C on behalf of the importer.
c. Confirming Bank - It is the bank, which adds its confirmation to the credit and it, is done at the request of issuing bank. Confirming bank may or may not be advising bank.
d. Advising / Notifying Bank - is the bank through which the L/C is advised to the exporters. This bank is actually situated in exporter’s country. It may also assume the role of confirming and / or negotiating bank depending upon the condition of the credit.

e. **Negotiating Bank** - is the bank, which negotiates the bill and pays the amount of the beneficiary. The advising bank and the negotiating bank may or may not be the same. Sometimes it can also be confirming bank.

f. **Paying / Accepting Bank** - is the bank on which the bill will be drawn (as per condition of the credit). Usually it is the issuing bank.

g. **Reimbursing bank** - is the bank, which would reimburse the negotiating bank after getting payment - instructions from issuing bank.

3.6 Application for L/C limit

Before opening L/C, importer applies for L/C limit. To have an import L/C limit, an importer submits an application to the Foreign Exchange Department of SBL furnishing the following information, -

a. Full particulars of bank account maintained with SBL Principal Branch.
b. Nature of business
c. Required amount of limit
d. Payment terms and conditions
e. Goods to be imported
f. Offered security
g. Repayment schedule

A credit Officer scrutinizes this application and accordingly prepares a proposal (CLP) and forwards it to the Head Office Credit Committee (HOCC) through the regional office of Principal Branch. The Committee, if satisfied, sanctions the limit and returns back to the branch. Thus the importer is entitled for the limit.

3.7 The L/C Application

After getting the L/C limit importer applies to the branch to open a letter of credit on behalf of the party and submits the following papers.

a. **Documentary Credit Application Form:** SBL provides a printed form for opening of L/C to the importer. This form is known as Credit Application form. Usually the importer expresses his desire to open the L/C quoting the amount of margin in percentage.

b. **Proforma Invoice:** It states description of the goods including quantity, unit price etc.
c. **The insurance cover note:** The name of issuing company and the insurance number is to be mentioned on it.
d. **The Letter of credit authorization (LCA) form:** LCA form should be duly attested.
e. The Form-IMP.
f. Tax Information Certificate
g. **Forwarding for Pre-Shipment Inspection (PSI):** Importer sends forwarding letter to exporter for Pre-Shipment Inspection. But all types of goods do not require PSI.

3.8 Scrutiny of L/C Application

The SBL Official scrutinizes the application in the following manner, -

a. The terms and conditions of the L/C must be complied with UCPDC 500 and Exchange Control & Import Trade Regulation.
b. Eligibility of the goods to be imported.
c. The L/C must not be opened in favor of the importer.
d. Radioactivity report in case of food item.
e. Survey report or certificate in case of old machinery
f. Carrying vessel is not of Israel or of Serbia- Montenegro
g. Certificate declaring that the item is hi operation not more than 5 years in case of car.

3.9 Transmission of L/C to Beneficiary through Advising Bank

Then the transmission of L/C is done through tested telex or fax to advise the L/C to the advising bank. The advising bank verifies the authenticity of the L/C.SBL has corresponding relationship or arrangement throughout the world by which the L/C is advised. Actually the advising bank does not take any liability if otherwise not requested.

3.10 Amendment of the Letter of Credit

When the parties involved in a L/C, especially the seller want to change the terms and conditions due to some obvious and genuine reasons the credit should be amended. SBL transmits the amendment by tested telex or through swift to the advising bank. According to Articles 5 of UCPDC500 amendments must be complete and precise.

3.11 Presentation of the Documents

1. The seller being satisfied with the terms and the conditions of the credit makes shipment of the goods as per L/C terms.
2. After making the shipment of the goods in favor of the importer the exporter submits the documents to the negotiating bank.
3. After receiving all the documents, the negotiating bank then checks the documents against the credit if the documents are found in order, the bank will pay, accept or negotiate to SBL
4. Branch & bank received seal to be affixed on the forwarding schedule
5. The bill of exchange and transport documents must immediately be crossed to protect loss or fraudulent.

The branch requires the following documents to be presented with the bank and checks them duly. **The usual documents are-**

- Invoice
- Bill of lading
- Certificate of origin
- Packing list
- Weight list
- Shipping advice
- Non-negotiable copy of bill of lading
- Bill of exchange
- Pre-shipment inspection report
- Shipment certificates

3.12 Examination of Shipping Documents

One of the basic principles of documentary credit is that all parties deal with document and not with goods (Articles 6 of UCPDC-500). That is why the documents should be scrutinized properly. If any discrepancy in the documents is found, that is to be informed to the party. A checklist may be followed for examining the documents. Then the following things can happen. These are indicated in the following:

a) **Discrepancy found but the importer accepts** – Then the bank will lodge the documents.

b) **Discrepancy found and importer not agreed to accept** – Issuing bank would intimate negotiating bank for revised document or return the documents to the negotiating bank for necessary action. Here issuing bank is not bound to pay because the documents send by exporter is not in accordance with the terms of L/C.

c) **Documents are OK but importer is not willing to retire the documents** - In this case bank is obligated 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 FORCED PAD.

d) **Everything is O.K. 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.

3.13 Lodgment of Documents

Lodgment means retirement of funds. Usually payment is made within seven days after the documents have been received. If the payment is become deferred, the negotiating bank may claim interest for making delay.

3.14 Retirement of Documents

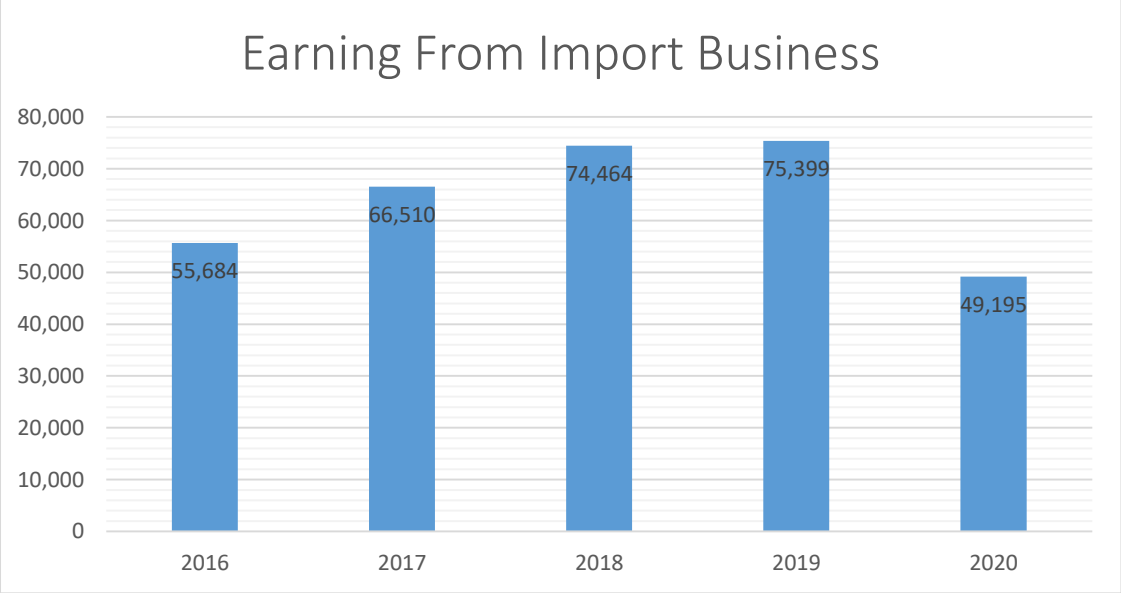
The importer approaches with a letter for retirement of the document against full payment with up to date interest and charges payable. Bank prepares cost memo in printed form on account of the concerned party giving details head of charges payable. Then the documents are delivered to the importer. The importer releases the importers goods from the port authority with the help of the clearing and forwarding agents.

C&F agent clears the goods from the port and hands over the goods to the importer. After completion of all official requirements C&F agent submits the bill of entry to the banks. The Bill of Entry is wanted from the party for maintaining the evidence as the goods have been arrived.

Earning from Import Business

S.L.	Year	Earning (in million)
1	2016	55,684
2	2017	66,510
3	2018	74,464
4	2019	75,399
5	2020	49,195

Graphical presentation



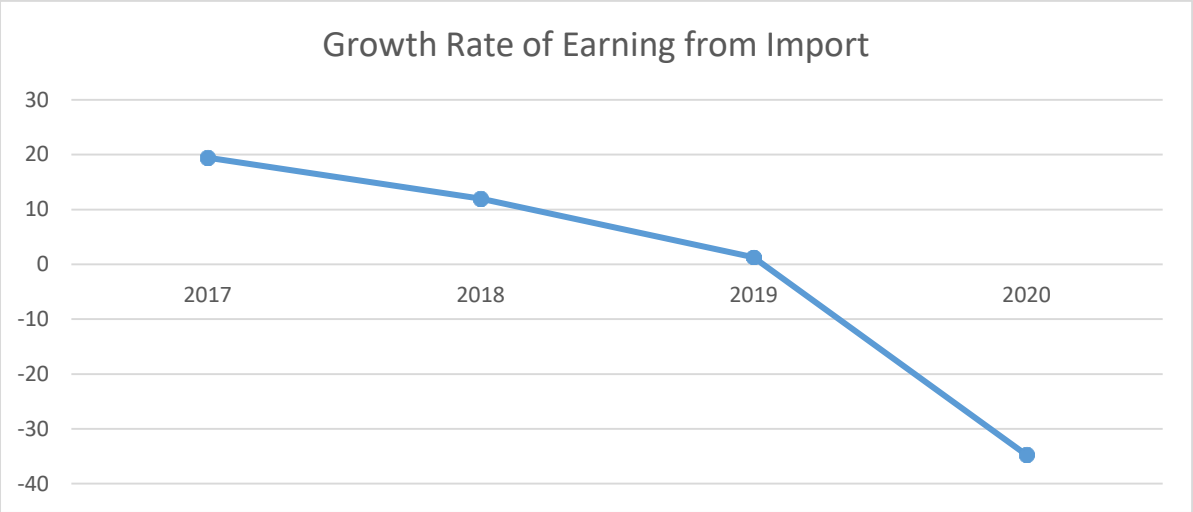
Interpretation:

The graph represent the earning from import has increased and then decreased. In 2020 the bank made a lower Import business than 2019. As a result slightly lower income than 2016 but not unsatisfied level. Despite, in 2019 the bank made a huge income from Import. It was the highest income during the last four years. But till 2019 the income is gradually increase in ascending way.

Import earning growth rate:

S.L.	Year	Earning (in million)	Growth %
1	2017	66,510	19.44%
2	2018	74,464	11.96%
3	2019	75,399	1.26%
4	2020	49,195	-34.75%

Graphical presentation:



Interpretation

From the above graph it can be interpreted that, the growth rate of import earning was better in 2017. Although the bank made a huge business in 2018 but lost the percentage of income so the growth rate shows negative sign. In 2020 sector was very badly affected due to economic recession for pandemic. In 2017 the bank made a good growth that is 19.44%.

3.15 Export

Bangladesh exports a large quantity of goods and services to foreign households. Readymade textile garments (both knitted and woven), Jute, Jute-made products, frozen shrimps, tea are the main goods that Bangladeshi exporters exports to foreign countries. Garments sector is the largest sector that exports the lion share of the country's export. Bangladesh exports most of its readymade garments products to U.S.A and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to U.S.A. Most of the exporters who export through SBL Foreign exchange Branch are readymade garment exporters. They open export L/Cs here to export their goods, which they open against the import L/Cs opened by their foreign importers.

3.16 Formalities for Export L/C

There are a number of formalities, which an exporter has to fulfil before and after shipment of goods. These formalities or procedures are enumerated as follows, -

a. **Obtaining Export Registration Certificate ERC:** No exporter is allowed to export any commodity permissible for export from Bangladesh unless he is registered with Chief Controller of Imports and Exports (CCI & E) and holds valid Export Registration Certificate (ERC). After applying to the CCI&E in the prescribed from along with the necessary papers, concerned offices of the Chief Controller of Imports and Exports issues ERC. Once registered, exporters are to make renewal of ERC every year.
b. **Securing the order:** After getting ERC, the exporter may proceed to secure the export order. He can do this by contracting the buyers directly through correspondence.
c. **Obtaining EXP:** After having the registration, the exporter applies to SBL with the trade license, ERC and the Certificate from the concerned Government Organization to get EXP. If the bank is satisfied, an EXP is issued to the exporter.
d. **Signing of the contract:** After communicating with buyer the exporter has to get contracted for exporting exportable items from Bangladesh detailing commodity, quantity, price, shipment, insurance and mark, inspection, arbitration etc.
e. **Receiving the Letter of Credit:** After getting contract for sale, exporter should ask the buyer for Letter of Credit clearly stating terms and conditions of export and payment.
f. **Procuring the materials:** After making the deal and on having the L/C opened in his favor, the next step for the exporter is to set about the task of procuring or manufacturing the contracted merchandise.
g. **Endorsement on EXP:** Before the exporter with the customs or postal authorities lodges the export forms, they should get all the copies endorsed by SBL. Before shipment, exporter submits EXP. form with commercial invoice.

Then SBL officer checks it properly, if satisfied, certifies the EXP. Without it exporter cannot make shipment. The customer must declare all export goods on the EXP issued by the authorized dealers.

h. **Shipment of goods:** Exporter makes shipment according to the terms and condition of L/C.

i. **Presentation of export documents for negotiation:** After shipment, exporter submits the following documents to SBL for negotiation:

- Bill of Exchange or Draft;
- Bill of Lading
- Invoice
- Insurance Policy/Certificate
- Certificate of origin
- Inspection Certificate
- Consular Invoice
- Packing List
- Quality Control Certificate
- G.S.P. certificate
- Photo

j. **Examination of Document:** Banks deal with documents only, not with commodity. As the negotiating bank is giving the value before repatriation of the export proceeds it is advisable to scrutinize and examine each and every document with great care whether any discrepancy(s) is observed in the documents. The bankers are to ascertain that the documents are strictly as per the terms of L/C Before negotiation of the export bill. Bank officers assigned for examining the export documents may use a checklist for their convenience.

k. **Negotiation of export documents:** Negotiation stands for payment of value to the exporter against the documents stipulated in the L\C. If documents are in order, SBL purchases (negotiates) the same on the basis of banker- customer relationship. This is known as Foreign Documentary Bill Purchase (FDBP).If the bank is not satisfied with the documents submitted to SBL gives the

exporter reasonable time to remove the discrepancies or sends the documents to L/C opening bank for collection. This is known as Foreign Documentary Bill for Collection (FDBC).

l. **Settlement of Local Bills:**

The settlement of local bills is done in the following ways -

- The customer submits the L/C to SBL along with the documents to negotiate
- SBL official scrutinizes the documents to ensure the conformity with the terms and conditions.
- The documents are then forwarded to the L/C opening bank.
- The L/C issuing banks gives the acceptance and forwards an acceptance letter.
- Payment is given to the customer on either by collection basis or by purchasing the document.

3.17 Disposal of Export Forms:

Original: Customs authority reports first copy of EXP to Bangladesh Bank after shipment of the goods.

Duplicate: Negotiating bank reports the Duplicate to Bangladesh Bank in or after negotiation date but not later than 14 days from the date of shipment.

Triplicate: on realization of export proceeds the same bank to the same authority reports Triplicate.

Quadruplicate: Finally, the negotiating bank as their office copy retains Quadruplicate

3.18 Mode of Payment of Export Bill under L/C

As per UCP 500, 1993 revision there are four types of credit. These are as follows:

a. **Sight payment**
b. **Deferred payment**
c. **By acceptance**

d. Negotiation

5.2. Sight Payment Credit:

In a Sight Payment Credit, the bank pays the stipulated sum immediately against the exporter's presentation of the documents.

5.3. Deferred payment Credit:

In deferred payment, the bank agrees to pay on a specified future date or event, after presentation of the export documents.

5.4. Acceptance credit:

In acceptance credit, the exporter presents a bill of exchange payable to him and drawn at the agreed tenor (that is, on a specified future date or event) on the bank that is to accept it. The bank signs its acceptance on the bill and returns it to the exporter. The exporter can then represent it for payment on maturity. Alternatively he can discount, it in order to obtain immediate payment.

5.5. Negotiation Credit:

In Negotiation credit, the exporter has to present a bill of exchange payable to him in addition to other documents that the bank negotiates.

3.19 Advising L/C

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

3.20 Test key Arrangement

Test key arrangement is a secret code maintained by the banks for the authentication for their telex messages. It is a systematic procedure by which a test number is given and the person to whom this number is given can easily authenticate the same test number by maintaining that same procedure. SBL has test key arrangements with so many banks for the authentication of L/C messages and for making payments.

3.21 Back-to-back L/C

A Back-to-Back mechanism involves two separate L/Cs. One is master Export L/C and another is Back-to-Back L/C. On the strength of Master Export L/C bank issues

Back-to-Back L/C. Back-to-Back L/C is commonly known as Buying L/C. On the contrary, Master Export L/C is known as Selling L/C.

3.22 Features of Back-to-Back L/C

- It is an Import L/C to procure goods /raw materials for further processing.
- It is opened based on Export L/C.
- It is a kind of Export Finance.
- Export L/C is at Sight but back to Back L/C is at Usance.
- No margin is required to open Back to back L/C

3.23 Checklist to Open Back-to-Back L/C

- Application is registered with CCI&E and has bonded warehouse license.
- The master L/C has adequate validity period and has not defective clause.
- L/C value shall not exceed the admissible percentage of net FOB value of relative Master L/C.
- Usance period will be up to 180 days.

3.24 Papers Required Opening Back-to-Back L/C

- Import registration certificate & export registration certificate
- L/C application and LCA form
- Proforma invoice or indent
- Insurance policy
- IMP form
- Bonded warehouse license
- Quota allocation letter from export processing Bureau (EPB)

3.25 Steps to Issue Back-to-Back L/C

- Obtain all required papers
- Check the credit limit.
- Prepare offering sheet if regular credit line is available.
- Mark lien on the master L/C.
- Issue the L/C.

3.26 Payments under back-to-back L/C

- Payment at maturity out of exports proceeds.
- In case of export failure or non-realization/short realization of export proceeds, forced loan i.e. has to be created in order to settle the Back-to-Back L/C payment.

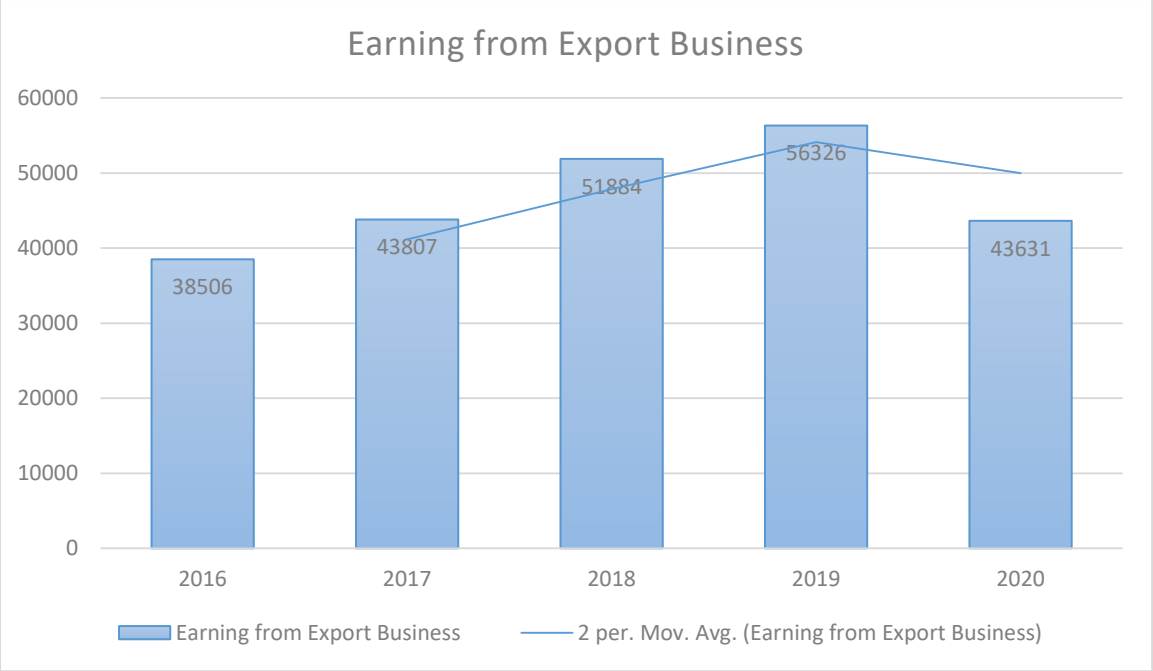
3.27 A simple mechanism of back-to-back L/C

- Buyer USA Ltd. instructs his bank to issue the Export L/C in favor of Bangladeshi Garments Ltd.
- An USA bank issues the L/C and forwards the same to Bangladeshi Garments through a Bangladeshi bank.
- Bangladeshi Garments Ltd. submits his Export L/C with a request to his bank, say SBL for lien of the Export L/C and to issue Back-to-Back L/C in favor of Taiwan Textile Ltd.
- SBL issue Back-to-Back L/C and forwards the same to Taiwan Textile Ltd. through a Taiwanese bank.

3.28 Earning from Export Business

S.L.	Year	Earning (in million BDT)
1	2016	38,506
2	2017	43,807
3	2018	51,884
4	2019	56,326
5	2020	43,631

Graphical presentation



Interpretation:

We have observed a keen increase till 2019 which was steady. Then we entered in the pandemic era in the year 2020 we can observe that the earning had decreased to 43,561 which is 23%. The income was the lowest in 2016 which was BDT 38,506 and the highest was in 2019 which was 56,326.

Export Earnings growth rate:

S.L.	Year	Earning (in million BDT)	Growth %
1	2017	43,807	13.77%
2	2018	51,884	18.44%
3	2019	56,326	8.56%
4	2020	43,631	-22.54%

Graphical presentation



Interpretation

As the export business and the export earning gradually increased in every year but the earnings growth was not in the same pace. The graph shows that from the year 2017 to 2019 growth rates were remarkable but fall in 2020. In 2020 the world economy faced great recession after 1934. Bangladeshi bank industry also was affected by the recession. In 2018 the earning was in the increasing trend which is near 19%. There was a fall in 2019 and then in 2020. That means the growth rate was fluctuated in last two years.

3.29 Remittance Department

On March 24, 1994 Bangladesh Taka was declared convertible for Current account International transaction. As a prelude to this wide-ranging reforms were made in the country's foreign exchange regime to lay the ground for a market friendly environment to induce investment, growth and productivity. Following liberalization under convertibility, most remittances are now approved by the Authorized Dealers themselves on behalf of the Central Bank. Only a few remittances of special nature require Bangladesh Bank's prior approval.

Standard Bank Limited maintains a strong network with the Overseas Exchange Companies & Banks in different parts of the world ensuring better remittance services for its customers. The following are the list of Overseas Exchange companies/Banks having arrangement with Standard Bank Bangladesh Limited

In Standard Bank (Mohakhali Branch) there is several exchange companies used for remittance.

Here the list of it.

SL	Name of Exchange Company	Location
1	Wall Street Exchange Centre	UAE
2	Rupali Exchange (Europe) LTD	UK
3	National Exchange Company, S.L.R	Italy
4	Al Ahlia Money Exchange Bereau	UAE
5	SN money Exchange LTD	UK
6	Economic Exchange Centre	UAE
7	Maniflo Money Exchange Ltd	USA
8	Bangladesh Money Exchange	Canada
9	Global Exchange Italia Sri, Italy	Italy
10	Al-Zaman Exchange	Qatar
11	Asia Pacific Foreign Exchange	Canada
12	Trust Exchange UK Ltd	UK
13	Express Money Services	Global
14	Western Union Money Transfer	Global

Western Union Money transfer & Xpress Money Services are popularly used. In case of Western Union, there is used 10 digit code, & in Xpress Money Services, 16 digit codes are used. In case of other services, there is used 8 digit code. In case of Western Union Money Transfer, The client should have to show the following documents:

- Valid Passport. Or
- National ID Card. Or
- Driving License. Or
- Certificate from the commissioner.

After checking all the documents, authority gives Western Union form to the client. After filling the form by the client, He transfers the information in the Western Union Software. Then receive the 10 digit code number from the client & then give money to the client. Then he keeps the records in a Remittance Register.



- **Outward Remittance**

The term "Outward remittances" include not only remittance i.e. sale of foreign currency by TT, MT, Drafts, Travelers cheque but also includes payment against imports into Bangladesh & Local currency credited to Non-resident Taka Accounts of Foreign Banks or Convertible Taka Account.

Two forms are used for Outward Remittance of foreign Currency such as:

IMP Form: All outward remittance on account of Imports is done by form IMP.
T.M. Form: For all other outward remittances from T.M. is used.

- **Inward Remittance**

The term" Inward Remittance" includes not only purchase of Foreign Currency by TT, MT,
Drafts etc. but also purchases of bills, purchases of Traveler's cheques. Two forms as prescribed by Bangladesh Bank are used for purchase of Foreign Currencies such as.

EXP Form: Remittances received against exports of goods from Bangladesh are done by form EXP.

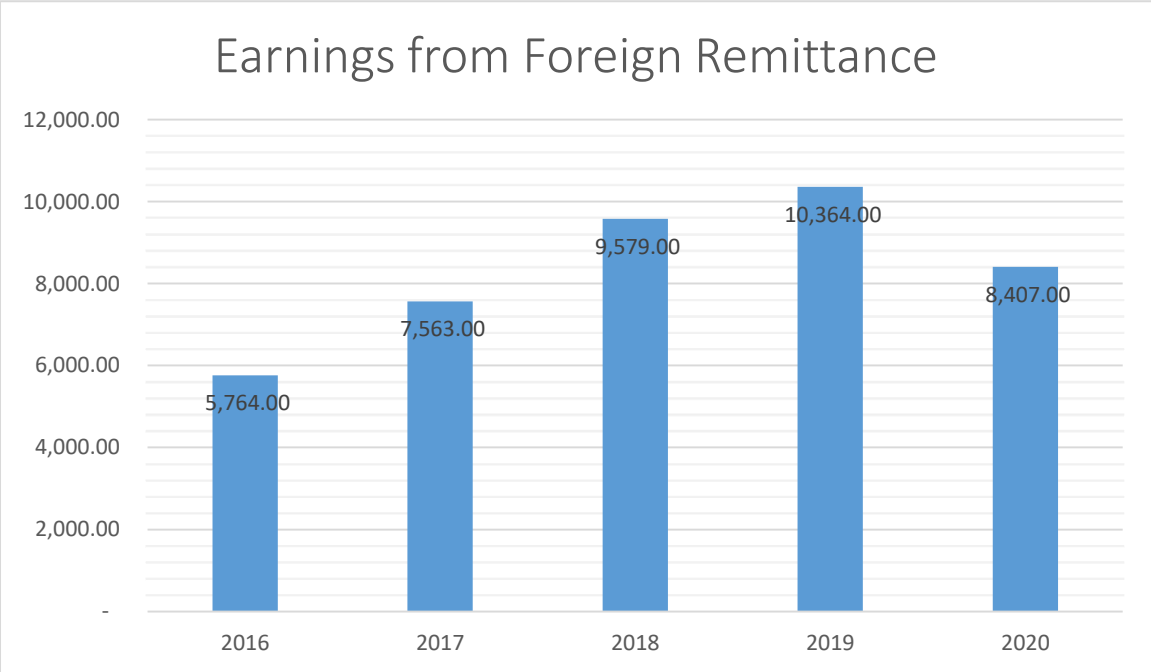
Form C: Inward remittances equivalent to US$ 2,000/- and above are done by Form" C".
However, declaration in Form C is not required in case of remittances by Bangladesh Nationals working abroad.

Utmost care should be taken while purchasing Currency Notes, Travelers cheque, Demand Draft & similar Instrument for protecting the bank from probable loss as well as safety of the Bank officials concerned.

Foreign Remittance Earnings

S.L.	Year	Earning (in million)
1	2016	5,764
2	2017	7,563
3	2018	9,579
4	2019	10,364
5	2020	8,407

Graphical presentation



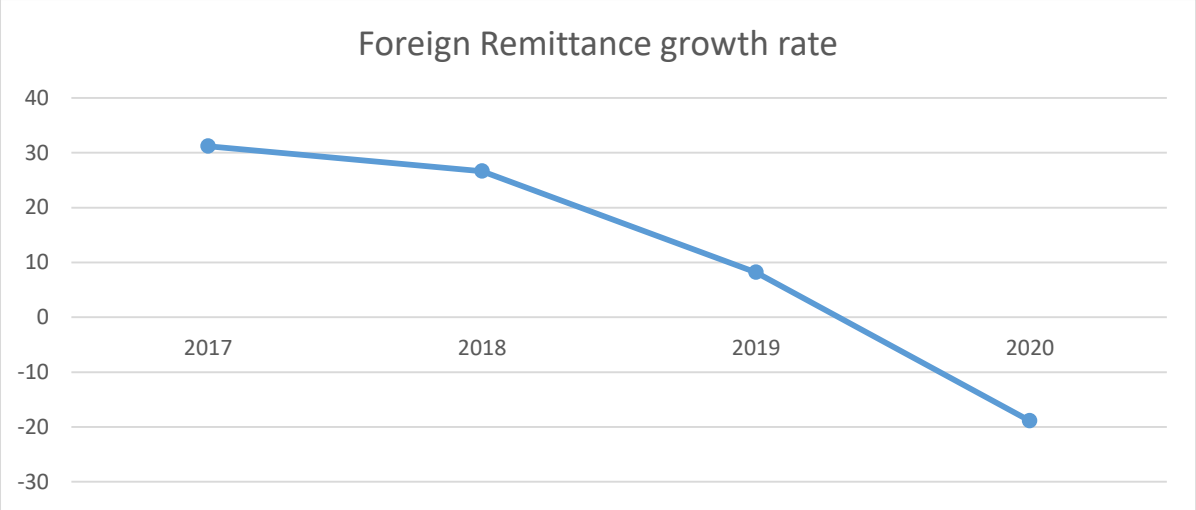
Interpretation

The impact of the fluctuation of foreign remittance business affects the earnings of foreign remittance. The income from foreign remittance also fluctuated like the foreign remittance business. The income has fallen in 2020. It was the impacts of great economic fall due to pandemic.

Foreign Remittance growth rate:

S.L.	Year	Earning (in million BDT)	Growth %
1	2017	7,563	31.21%
2	2018	9,579	26.66%
3	2019	10,364	8.20%
4	2020	8,407	-18.88%

Graphical presentation



Interpretation

The foreign remittance performance of SBL was not satisfactory in 2017 & 2018. The remittance started decreasing in 2019 & 2020.

3.30 Total earning from Foreign Exchange

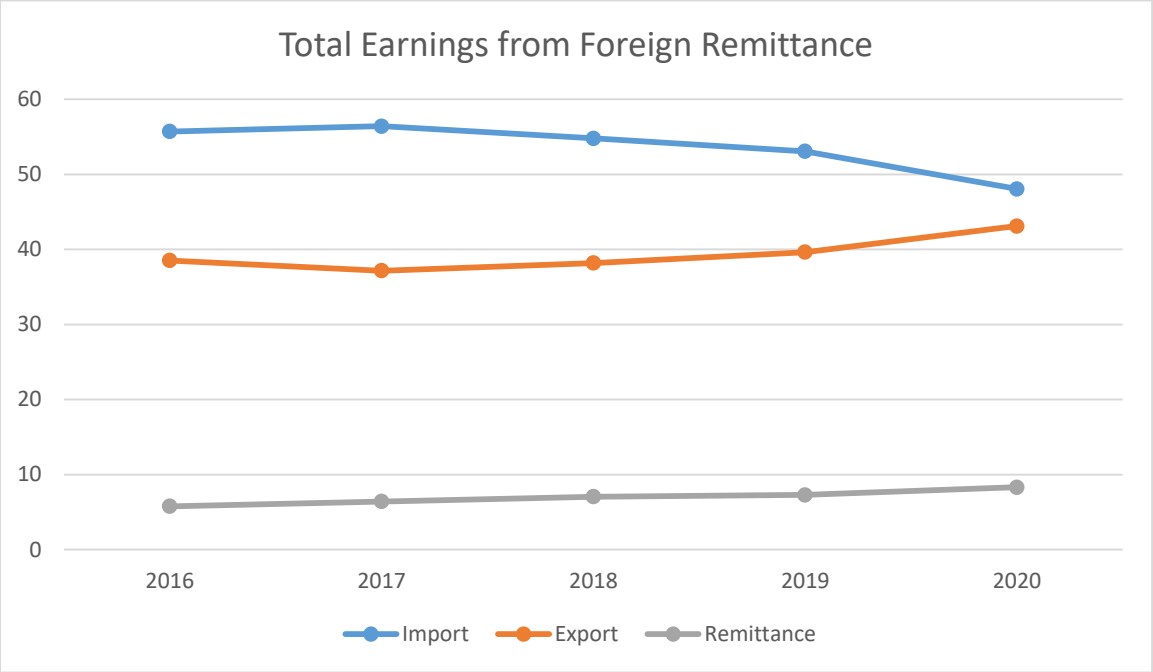
Here the table shows the last five years earning of Foreign Exchange department of Standard Bank Ltd.

Particulars	2016 (Tk. mil)	% of total FX	2017 (Tk. mil)	% of total FX	2018 (Tk. mil)	% of total FX	2019 (Tk. mil)	% of total FX	2020 (Tk. mil)	% of total FX
Import	55,684	55.71%	66,510	56.42%	74,464	54.78%	75,399	53.06%	49,195	48.60%
Export	38,506	38.52%	43,807	37.16%	51,884	38.17%	56,326	39.64%	43,631	43.10%
Foreign Remittance	5,764	5.77%	7,563	6.42%	9,579	7.05%	10,364	7.29%	8,407	8.30%
Total FX earning	99,954	100.00 %	117,880	100.00 %	135,927	100.00 %	142,089	100.00 %	101,233	100.00 %

Interpretation

The table shows that the most portion of foreign exchange income comes from the import income. In almost every year the import income was over 50%. It was slightly fluctuate in every year but not below 50%. The second portion of foreign exchange income comes from the export business. It has increased in every year. In 2008 it was 38.52% which increased in 2019 to 39.64%. Rest of the portion of income comes from the foreign remittance. It was the lowest part of income. This income fluctuates in every year. It has fluctuated from around 5% to 8%. But in 2016 represent the lowest foreign remittance income during the last five year. In 2020 it was increased by 1.01% compared to 2019. Total income also increased year by year.

Graphical presentation



Chapter-4: Analysis & Findings

4.1 Major Findings

Standard Bank is in a better position in respect of import business because the import business increased gradually every year. As a result the income from import business also increased every year except 2020.

The export business has increased every year till 2018. It started to fall from 2019 and had a drastic fall during 2020.

The remittance business didn't show the same scenario like import and export. It fluctuates in last five years. Standard Bank made huge business in 2019 but reduced in 2020. Even though it was more than 2016

The growth rate of import earning kept increasing till 2019. In 2020 Standard Bank had lost income than any of the preceding years. In 2019 it's earning was more than 2018 and again lost it's earning in 2020.

The growth rate of export earning kept increasing during the last four years. In 2020 Standard Bank had lower growth rate than three of the preceding years.

The growth rate of remittance earning also showed a promising result during the last four years, which was 2016-2019. In 2020 Standard Bank had made a good earning but faced a huge fall.

Import business is the main source of income of foreign exchange business of Standard Bank. Above 50% foreign exchange earned from import in every year.

4.2 Analysis of findings

From the practical exposure of Standard Bank Limited at Principal Branch a very limited time, it was not so easy to recommend some suggestions to enhance the performance level of the organization. On the basis of observation following recommendations are made.

5.5.1.1. The Bank should give more concentration of foreign remittance to increase profit from the remittance. Though the remittance performance of SBL for 2020 was very bad so the performance and profit should be increase year by year.

5.5.1.2. Though the import and export business increased year by year, but the bank's income growth rate very much fluctuated during the last four years except year of 2020. So the bank should try to sustain a constant growth rate.

5.5.1.3. The export business of the bank is on an increasing trend. It was the least damaged earning due to pandemic. So the bank should try to keep the pace of growth.

5.5.1.4. The export earnings growth rate take downturn for the last year was not in the same pace of growth of export business.

5.5.1.5. In over all foreign exchange earnings, remittance contributes a small portion only 5-8%. More than 50% comes from import business. Bank should try to increase earning from export. It should concentrate more effort to improve export earnings and remittance earnings for our economy.

5.5.1.6. The export earnings growth rate and import earning growth rate were very much steady during the last 2016-2019. So bank should try to keep a constant growth rate.

5.5.1.7. Finally recommend to SBL is to improve the remittance performance as this sector performance is not very well.

Chapter-5: Recommendation & conclusion

5.1 Recommendation

Having a scope of improvement is a normal fact in any organization. There could be obstacle to operate an organization. But there must be remedies to devise and to follow. The following recommendations can be suggested to solve the above mentioned problems:

1. SBL should increase its manpower level. Additional and skilled manpower in the officer and staff level should be recruited in an urgent basis.
2. Efficient manpower should be recruited with having strong academic background of the related subjects.
3. Training program or workshop could be arranged in order to develop the existing work force.
4. More ATM Booth should be established.
5. More equipment like Note Counting Machine, photocopier etc. should be brought.
6. Specialized services to be undertaken to the customers.
7. SBL should try to reduce their disbursement timing.
8. Arrangement of monthly / quarterly training courses/ workshops for the selected by the authority in order to promote employee to their desired level.
9. More technological instruments should be brought for smooth working speed.
10. More furniture should be brought to the Branch, like chairs, cabinet etc. in order to accommodate the increasing work load.
11. To avoid the gathering of customers during the first hour of the work days, shift working system of the employees should be started. Shift- wise working may also reduce over work pressure on one's own account.
12. Rent a bigger office space and equipped with more furniture and staffs.
13. Proper job appreciation should be done by proving performance based awards etc.
14. Marketing expertise should be recruited.
15. SBL needs to increase the job satisfaction level of its employees by proving several performance based awards.
16. Enhancement of remuneration package should be competitive and attractive.
17. Employees should be properly learnt about the mission and vision of General Banking, Islamic Banking, thus will implement their job in that way.

18. The authority of SBL should Conveyance pressure on Government bodies to run proper and sufficient application of banking law in Bangladesh.
19. SBL should utilize “Internship Program” as one kind of promotion policy. To do so this bank should provide facilities to the internees through proper placement and practical operations as well as job certainty to those who bring introduce themselves the best performers in doing their particulars.
20. SBL should try to attend different types of target customer.
21. Maximum clients do not know about SBL’s Foreign exchange policy. They should carry out more promotional activities to make clients aware about their offers.
22. No. of branches should be increased so that importers and exporters find it within their convenient locations.
23. In case of Export L/Cs, the Government encourages the exporters by giving different facilities like tax-cuts. I think the bank should also think about such type of facilities to be given to the Exporters because Bangladeshi Exporters like readymade garments Exporters are going to face a tuff situation in coming years from the exporters of other countries.
24. Margin and commission on L/Cs varies from customer to customer. A customer is allowed to open a L/C even with nil margins. I think that the bank should review the customers' transaction behavior for a period of time and should develop a certain policy in this regard.
25. In case of Export L/Cs, sometimes customers insist to give their payments though their documents are found discrepant. In some cases, Bank has to give payment to these customers for different reasons. But it lessens the credibility of the Bank. I think the Bank should be as stricter as possible about giving payments against discrepant documents without hurting the customer.

5.2. CONCLUSION

SBL is well positioned to meet the challenge of 2020 and will seize the opportunity of benefit from economic growth. The bank will focus on its large customer base to generate more business from existing customers. This strategy is supported by wide spectrum of products and services.

Standard Bank limited is a leading Public bank in Bangladesh with superior customer bases that are loyal, faithful, worthy towards the bank. The service provided by the young energetic officials of the Standard Bank Limited is very satisfactory.

The bank will continue to harness the potential of retail, credit card and SME markets, in its pursuit for growth the SBL will always adhere to good corporate governance policies and strict credit evaluation procedure.

After globalization and free trade policy, now-a- days our manufactures as well as the exporter both are facing acute constrain to meet up the challenge. Our business cannot ignore these international realities. If we intend to maintain our market share and keep pace with our competitors we have to take careful decision and careful assessment of the advantages and disadvantages of expanding into new markets. In the international marketplace, knowledge not only means power, it means survival.

If our companies are going to succeed internationally, we must know as much or more than our customers and our competitors. A single misstep may not only cost our company business, it can lead to big delays and stiff fines. Unfortunately, most information about international trade is targeted at big companies with large logistics and legal staffs that know how to navigate the maze of import-export rules and regulations. Small and midsize companies lack the resources and often the training of larger corporations.

The bank has the vision to be the best Private Commercial Bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management etc. it is now one of the top most profitable private sector commercial bank. The bank is maintaining a well-structured communication from top to bottom level. Each official should be valued and treated as a part of the bank and they must have the privilege to devote themselves for the betterment of service of the bank. Prime Bank places utmost importance on managing credit risk. The whole process includes Management of Credit Risk, Foreign Exchange Risk, Prevention of money Laundering, Asset liability Management, Internal control and Compliance.

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Web Site:

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