

**INTERNSHIP REPORT**  
**ON**  
**FOREIGN EXCHANGE ACTIVITIES OF SOCIAL ISLAMI BANK LTD**



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Date of Submission:



INTERNSHIP REPORT  
ON  
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LTD.



## Letter of Transmittal

December 2<sup>nd</sup>, 2018

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Subject: Submission of Internship report on Foreign Exchange Activities of Social Islami Bank Ltd.

Dear Madam,

With immense pleasure, I am presenting my entry level position report of Foreign Exchange Activities of Social Islami Bank Ltd that has been set up as a necessary piece of my degree prerequisite. I am appreciative to you for allowing me the chance to set up this report. I have attempted my dimension best to finish this report with the important data and recommended suggestion that you were give me as your best also.

Thanking you and looking forward to receiving your gracious approval of my submission.

I hope this report will meet your expectation.

Sincerely yours,

*Md. Ebrahim Khan Sayem*

-----  
Md. Ebrahim Khan Sayem

ID: 152-11-954

Program: B.B.A

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## Certificate of Approval



I hereby certify that Md. Ebrahim Khan Sayem, bearing ID NO :152-11-954, Batch 41th (Major in Finance), Department of Business Administration, Daffodil International University has successfully completed his Internship Report entitled “**Foreign Exchange Activities of Social Islami Bank Ltd**”. His internship placement was at Social Islami Bank Ltd, Uttara Branch. I'm satisfied to express that, Md. Ebrahim Khan Sayem has prepared this report and has the capacity to exhibit a decent image of the concerned association.

I wish him each achievement throughout his life.

A handwritten signature in black ink, which appears to read "Nusrat Nargis". The signature is written over a light blue horizontal line.

-----  
Nusrat Nargis

Assistant Professor

Department of Business Administration

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Daffodil International University.

## STUDENT DECLARATION

I, **Md. Ebrahim Khan Sayem**, (ID: 152-11-954), hereby announce that the presented report of internship titled “Foreign Exchange Activities of Social Islami Bank Ltd is prepared by me after the completion of three months' work at that bank. I also mention that, the report is prepared only for my academic requirement purpose. I declare that the report is not allowed to use for any purpose without permission.

*Md. Ebrahim Khan Sayem*

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## ACKNOWLEDGEMENT

All acclaim to be to Allah to whom all Dignity, Honor and Glory are expected, the ruler of the world, The Almighty Omnipotent for His support to me in finishing this Internship report.

I might want to accept the open door to offer my thanks to my internship supervisor Ms. Nusrat Nargis, Assistant Professor, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University whose bearing, direction and support helped me a considerable measure in composing this report.

It was incredible delight for me to work in Social Islami Bank Ltd as an intern. I thank every one of the representatives for being amicable and helpful.

Finally I should make reference to the magnificent workplace and gathering duty of the bank that has engage me an incredible arrangement plan to do and observe my banking activities during my internship period of three months. Finally I pass on my genuine because of my companions who rouse in various approaches to finish the report. Additionally, I might want to express my best respects to my cherished guardians, uncle, close relative, sibling and sister for their boundless love and support.

## Executive summary

This Internship report is set up as a partial contentment of BBA program of the department of Business Administration of Daffodil International University. This report will give a reasonable information about the Foreign Exchange Activities of Social Islami Bank Ltd.

Banking Sector in Bangladesh is viewed as the most potential segment as of late. The execution of Social Islami Bank in most recent 22 years is an over the top case of that. From the starting point in 1995, this bank has strolled a long way and presumed itself one of the Islamic banks in private segment. Pointing the destitution, Social Islami Bank Ltd is surely a thought of 21st century contributing 3 sector in banking model demonstrate in one in the formal segment, it instrument as an Islamic partaking business bank through human face strategy to tribute and putting money on the benefit and misfortune distribution it is a casual saving money with easygoing speculation and credit stage that approve and acculturate genuine poor family and deliver neighborhood salary possibilities; “it is a 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 2013 to 2017 to be the submissive in one hand and to serve our client more efficiently and effectively on the other.” (Annual Report SIBL-2016)

As foreign exchange is estimated one of the greatest income winning exchange for any bank and business banks are assuming an imperative job in financing import and fares of the nation, Social Islami bank gives momentous stress to its outside trade exchange. This report accentuations on Social Islami Bank all in all and in addition finish procedure of its Foreign Exchange exchanges in a nutshell. This report likewise gives a lively thought regarding the exercises, the activity

techniques, Foreign Exchange the executives, and the execution of Social Islami Bank Ltd. As the administrator of different banks exercises Bangladesh Bank acts its job in overseeing the outside trade act 1947 and remote trade rule 2009.

Aggregate of 150 branches of Social Islami Bank have the permit to perform international trade functions. Every one of these AD branches have foreign trade department whose sole drive is to do cross fringe exchange required by the clients. Foreign Exchange Department of Uttara 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 2013 to 2017 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 competitors.

Social islami Bank Bangladesh Limited has strong administration, extra ordinary banking environment and strong determination to achieve target also. Basically all the officials of SIBL are very cordial and helpful, so it is still holding the leading position in the banking industry.

As indicated by the investigation some missing's were recognized, for example, representatives are experiencing preparing offices and foreign exchange related charge expenses are uncertain to the clients. To get increasingly near preferred standpoint they ought to fathom these kinds of lacking and it's likewise helping them to hold a solid position in managing an account area of Bangladesh.



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# CHAPTER-1

## **#1.1 Introduction**

The matter of foreign exchange is getting increasingly intricate and to a great degree focused. In any case, in nature of amazing development of Bangladesh's external segment, foreign exchange business gives a test and also a remarkable chance to quick track the development of bank's own business.

This report is done on the Foreign Exchange Department of Social Islami Bank Ltd. It attempts to hold almost the whole scope of exercises regularly performed in the foreign trade branch of the bank and to do some investigation to administer the current position of the Foreign Exchange activities. The bank gives a few kinds of administrations to smoothing fare and import and foreign remittance. It offers the LC facilities for making the import and export easier. It regularly gives hopeless letter of credit and under this it gives letter of credit (sight & deferred) and consecutive LC and so forth. It gives installment against report or Murabaha bill of exchange and Murabaha Post Import facilities. Social Islami Bank Ltd. likewise makes the settlement designation less demanding to the foreigners.

## **#1.2 ORIGIN OF THE REPORT**

This report is being set up as a need of "Internship" for finishing the degree of BBA. The Internship program is intended to give the BBA understudies a few odds of picking up information at work preparing and goes for bringing together the two realities of learning commonsense. My supervisor, Nusrat Nargis, Assistant Professor, Department of Business Administration has approved and provided support to arrange the report "Foreign Exchange Activities of Social Islami Bank Ltd".

### **#1.3 OBJECTIVE OF THE REPORT**

- ✚ To analyze the foreign exchange activities of Social Islami Bank Ltd.
- ✚ To analyze the export import procedure of the bank.
- ✚ To evaluate the foreign exchange performance of the bank from year 2013-2017.
- ✚ Find out the problems of the bank regarding foreign exchange activities of Social Islami Bank Ltd.

### **#1.4 METHODOLOGY**

This information for this report has been organized from hands-on work involvement with the branch. This data has been gathered from the most dependable sources. Quantitative and Qualitative discoveries are additionally connected in this report which has made the report increasingly important and respectable

#### **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.

## **#1.5 SCOPES OF THE REPORT**

In this report the scope of the organizational part covers the hierarchical structure, foundation, products and administrations of the Social Islami Bank Ltd all in all and the principle part covers Foreign Exchange Activities. This report encourages us to comprehend the reasonable continuous experience about the Foreign Exchange activities of SIBL. It additionally encourages us to see how they manage the customers close by the method for Foreign Exchange Activities. This report is improved the situation gathering data about Foreign Exchange Activities of SIBL by centering the executives of foreign trade close by of SIBL while overlooking some other division of the bank.

## **#1.6 LIMITATION OF THE STUDY**

The present examination was not out of restrictions. In any case, as a BBA understudy it was an extraordinary open door for me to know the keeping banking activities of Bangladesh especially Social Islami Bank Ltd. A few limitations are affixed roar:

### **I. Insufficiency of Relevant Information:**

According to the bank's policy, it's very obvious that, in many cases the bank authority will not allow to share or disclose many sensitive information and data regarding the completion of this report.

### **II. Redundant errors & biasness:**

Because of the limitation of information, some assumptions have to be made for the proper completion of the report. So there may be some unexpected slip-ups in the report. Oversights and blunder might be there because of absence of related knowledge in planning proficient report like this one, in any case, I have attempted most extreme to stay away from mix-ups.

## CHAPTER-2

### #2.1 ORGANIZATIONAL OVERVIEW OF SOCIAL ISLAMI BANK LTD:

The SOCIAL ISLAMI BANK LTD (SIBL), a second-age business bank, working since 22nd November, 1995 dependent on Shariah' Principles, has now 150 branches everywhere throughout the nation with two auxiliary organizations - SIBL Securities Limited and SIBL Investment Limited . Focusing on neediness, SOCIAL ISLAMI BANK LTD, is for sure an idea of 21st century participatory three division keeping money demonstrate in one. In the formal division, it fills in as an Islamic participatory business save money with human face way to deal with credit and relying upon the benefit and misfortune sharing. It has a Non-formal keeping money division too with casual fund and speculation bundle that engages and adapts genuine poor family and make neighborhood salary openings and debilitates interior movement. The bank has another part to adapt the intentional segment and the executives of Waqf, Mosque properties and has presented money Waqf framework without precedent for the historical backdrop of managing an account. In the formal corporate area, this Bank, among others, offers the most avant-garde keeping money benefits through opening of different kinds of store and speculation accounts, financing exchange, giving letters of assurance, opening letters of credit, accumulation of bills, renting of hardware and customers' tough, employ buy and portion deal for capital merchandise, interest in minimal effort lodging and the board of genuine domains, participatory interest in different mechanical, rural, transport, instructive and wellbeing ventures, etc.

The Bank has taken a recharged drive going for uniting its business in increasingly centered regions covering SME and Agro-back with accentuation on hunting down elective conveyance channel under which SMS saving money and versatile based settlement installment frameworks and by bit by bit acquainting the equivalent with spread the SIBL administrations to the doorsteps of the clients. The Bank has just presented Internet Banking and propelled some new items to reinforce its business. The items are Sonali Din, Sommidhir Sopan, Sonchoy Protidin, Swopner Shiri, Shukher Thikana, Sabuj Chhaya, Sabuj Shayanho, Subarnolata, Subornarekha, Sanchita and so on and Zameel ATM Debit card.

SIBL is very aware of its social business obligations and is continually attempting to take an interest in different social software engineer in the nation under its CSR portfolio giving extraordinary accentuation on wellbeing, environment and instruction. The Bank guarantees to give better coordinated thought of formal, casual and intentional keeping money in a similar stage. SIBL has its one of a kind component to prepare capital through CASH WAQF program.

The Corporate Governance framework in SIBL guarantees straightforwardness and responsibility at all dimensions in directing business. The Bank's persistent exertion has been to expand the investors' esteem and to be esteemed as an agreeable association.

### **#2.2 SIBL'S VISION:**

Working together for a caring society.

### **#2.3 SIBS'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.
- ❖ Providing support for social benefit organizations by way of mobilizing funds and social services.
- ❖ Empowering real poor families and creating local income opportunities.

### **#2.3 SIBL'S COMMITMENTS:**

- To the Shariah.
- To the Regulators.
- To the Shareholder.
- To the Nation.
- To the customers.

- To the Employees.
- To the other Stakeholders.
- To the Environment.

#### **#2.4 SIBL'S 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.



## **#2.5 CORPORATE PROFILE:**

Social Islami Bank Ltd (SIBL) was set up in the year 1995 as an open constrained organization which is occupied with Shariah based business keeping money in the nation and its usual way of doing things are significantly not quite the same as other customary banks. This is the second era pioneer Social Islami Bank in this nation giving web based saving money offices to its clients.

Name of the Company	Social Islami Bank Ltd
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.siblb.com SWIFT SOIVBDDH
Tax Payer Identification No	035-200-4971
VAT Registration No	9011046380 Area Code 90101
Credit Rating Agency	Emerging Credit Rating Limited. Auditors: M/S Kazi Zahir Khan & Co. Chartered Accountants, 67/4, Pioneer Road, Kakrail, Dhaka-1000
Chairman	Major Dr. Md. Rezaul Haque (Retd.)
Managing Director & CEO	Md. Shafiqur Rahman
Company Secretary	Md. Humayun Kabir
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)

## CHAPTER-3

### Foreign Exchange Activities of Social Islami Bank Ltd

#### **3.1 Definition of Foreign Exchange**

Foreign exchange means outside cash. Outside trade is the rate of trade in the both nation's money. Foreign Exchange is a procedure of changing over one country's cash into another and exchanging. Cash from one nation to different nation. As in excess of one money is engaged with remote exchange; it offers ascend to trade of monetary standards which is known as outside trade.

#### **The term “Foreign Exchange” has three principal meanings:**

Firstly, the term foreign exchange alludes to the monetary standards of alternate nations as far as any single one cash. Bangladeshi taka, dollar, pound sterling and so on are foreign currencies forms and in that capacity outside trade.

Secondly, the term additionally ordinarily alludes to a few instruments utilized in worldwide exchange, for example, bill of exchange, drafts, explorer's checks and different methods for global settlement.

Thirdly, the term foreign exchange is likewise frequently alluded to the parity in outside monetary standards held by a nation.

#### **3.2 Principles of Foreign Exchange of SIBL.**

The following principles are involved in foreign exchange:

- The entire system
- The media
- The monetary unit

### 3.3 Foreign Exchange Business of Social Islami bank

Particulars	2013	2014	2015	2016	2017
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>

### 3.4 The Basic errands of foreign exchange department of SIBL

- ✚ Encouraging Import Trade
- ✚ Facilitating Export Trade
- ✚ Given financed and non-supported credit facilities.
- ✚ giving noncommercial settlements
- ✚ Maintaining foreign currency accounts
- ✚ Selling of foreign currency.

### 3.5 The function of foreign Exchange department

#### ❖ Foreign Exchange

1. Import Section
2. Export Section
3. Remittance Section

#### ❖ Export Section

1. Local Export
2. International Export

#### ❖ International Export

1. Direct Export
2. Export Through Back to Back

### **3.6 Position of SIBL in Foreign Exchange Business**

Foreign Exchange business is completely controlled by the Central Bank of Bangladesh (Bangladesh Bank). National Bank allows some explicit branches to play out the remote exchange. The individuals who have the specialist to work foreign exchange business are known as AD branch. SIBL is an AD Bank. SIBL works remote trade exchange through its branches. To deal with outside trade business viably and effectively, the Bank has built up a wide system of reporters all through the world. The e Bank has in excess of 600 in Foreign Exchange reporters around the world.

### **3.7 Foreign Exchange Transactions in SIBL**

The transitions of SIBL in foreign exchange include outward and internal settlement of outside trade starting with one nation then onto the next. SIBL makes deals and buys of proportional outside monetary forms on spot or forward premise.

**There are three kinds of foreign exchange transaction:**

#### **Imports:**

1. Opening of letter of credit
2. Advance bills
3. Bills for gathering
4. Import advances and certifications

#### **Export:**

1. Pre-shipment progresses
2. Buy of remote bills
3. Arrangements of outside bills
4. Fare ensures
5. Letter of credit
6. Advance for conceded installments sends out
7. Advance against bills for gathering

**Remittances:**

1. Issue of F.D.D, T.T, P.O and so on.
2. Installment of F.D.D, T.T, P.O and so on.
3. Issue and improvement of voyager's Checks
4. Deal and improvement of remote cash notes
5. Non-inhabitant accounts

**3.8 Opening of Letter of Credit by Social Islami Bank Ltd.**

The candidate (merchant) issues a L/C for the recipient (exporter) by a Bank. The Bank, which opens or issues L/C, is called L/C Opening Bank. Opening of letter of credit implies, in line with issuing Bank, on receipt of the shipper's L/C application bolstered by the firm contract (indent/performance receipt) and protection cover take note of, the Bank examines the equivalent altogether and repair an edge based on Bank client relationship.

**3.9 Documentary Credit (D/C) or Letter of Credit (L/C)**

A letter of credit is a clear endeavor of the issuing Bank to make installment for the import for the benefit of the shipper. At the end of the day, L/C is a letter of the issuing Bank to the recipient that attempts to make installment under some concurred conditions. L/C is an endeavor of the issuing Bank to the recipient to make installment or to acknowledge bill of trade. L/C is likewise an approval of the issuing Bank to another Bank to impact installment or to arrange bill of trade, against stipulated archives, consenting credit terms. L/C is called narrative letter of credit in light of the fact that the endeavor of the issuing Bank. This liable to the introduction of some predefined records. The candidate (shipper) issues a L/C for the recipient (exporter) by a Bank. The Bank, which opens or issue L/C is called L/C opening Bank.

### **Forms of Letter of Credit (L/C):**

1. Revocable L/C: If any letter of credit can be corrected or changed of any statement or dropped by assent of the exporter and merchant is known as revocable letter of credit.

The terms and states of L/C can be changed whenever without the assent of or notice of the recipient. If there should be an occurrence of merchant (Beneficiary) revocable credit includes chance.

A revocable credit might be changed or dropped by the issuing Bank earlier notice to the recipient. Then again revocable credit gives the purchaser greatest adaptability. This sort of L/C does not exist in our nation.

2. Irreversible L/C: If any letter of credit can't be changed or alteration without the assent of the shipper and exporter is known as unavoidable letter of credit. The terms and states of L/C can't be changed. This sort of L/C exists in Bangladesh.

It is a clear endeavor of the issuing Bank, gave that the stipulated records are displayed to the selected Bank. When this responsibility has been gone into, the

Bank can't repudiate its duty without the understanding of the recipient. A one-sided alteration or retraction, as on account of a revocable credit is beyond the realm of imagination in the event that permanent, unsubstantiated credit. Since under the narrative credit an obligation relationship exists just between the issuing Bank and recipient, it is prudent to survey the issuing Banks remaining and in addition the sovereign and exchange danger of the nation included.

## **Kinds of L/C.**

Letters of Credit are grouped into different sorts as per the strategy for settlement utilized. All credits should plainly demonstrate in significant classes.

- Sight installment credit
- Deferred installment credit
- Acceptance credit
- Negotiation credit
- Red statement credit
- Revolving credit
- Stand-by credit
- Transferable credit
- Back to back credit

**Gatherings of L/C:** A letter of credit is issued by a Bank in line with a merchant for an exporter from whom he has contracted to buy some product or items. The shipper, the exporter and the issuing Bank are gatherings to the letter of credit. There are be that as it may, at least one than one Banks that are associated with different limits and at different stages to assume a critical job in the aggregate activity of the credit.

## CHAPTER-4

### Foreign Exchange Procedure of Social Islami Bank Ltd

#### **4.1 Import Procedure of Social Islami Bank Ltd.**

To import, a client of Social Islami Bank Ltd. requires-

1. Financial balance
2. Import enrollment declaration
3. Taxpaying recognizable proof number
4. Performa receipt/indent
5. Enrollment testament
6. L/C application frame properly validated
7. One arrangement of frame
8. Protection cover note with cash receipt
9. Others

#### **4.2 Formalities of import procedure:**

At first, the importer must acquire Import Registration Certificate (IRC) from the CCI&E presenting the accompanying papers:

- ✚ Up to date Trade License.
- ✚ National and Asset Certificate.
- ✚ Tax Identification Number (TIN )
- ✚ In case of company, Memorandum & Articles of Association and Certificate of Incorporation.
- ✚ Bank Solvency Certificate etc.
- ✚ Required amount of registration fee.



At that point the shipper needs to contact with the seller outside the nation to acquire the invoice. Generally neighborhood operator of the merchant or outside specialist of the purchaser makes this correspondence. Next to these different sources are:

- ✚ Trade fair.
- ✚ Chamber of Commerce.
- ✚ Foreign Missions in Bangladesh.
- ✚ Journals etc.

At the point when the shipper acknowledges the invoice, he/she makes a buy contract with the exporter itemizing the terms and states of the import.

Subsequent to making the purchase contract, importer settles the methods for installment with the seller. An import procedure varies with various methods for payment. The conceivable methods are Cash in Advance, Open Account, Collection Method and Documentary Letter of Credit. in most cases, the Documentary Letter of Credit in our nation makes import payment. Buy Contract contains which payment procedure must be applied.

#### **4.3 Procedure of Opening L/C**

The shipper subsequent to accepting the Performa receipt from the exporter, by applying for the issue of a narrative credit, the merchant ask for his Bank to make a guarantee of installment to the provider. Clearly, the Bank will just consent to this demand in the event that it can depend on repayment by the candidate. The bank acknowledges the credit against security in light of the fact that such a game plan would include the bank in inordinate hazard outside its pro field. The candidate should along these lines have satisfactory assets in the Bank account or a credit line adequate to cover the required sum. Banks bargain in archives and not in products. When the Bank has issued the credits, its commitment to pay is contingent on the introduction of the stipulated records inside the recommended time limit.

The shipper presents the accompanying archives previously opening of the L/C:

- Tax Identification Number (TIN)
- Valid Trade License
- Import Registration Certificate (IRC)

#### **4.4 Export Procedure of SIBL:**

Exporters are likewise required to get them enlisted before going into fare exchange. Export Registration Certificate (ERC) given by CCI and E is required for this reason. The expected archives to be gotten ERC are relatively same as IRC. At the point when Social Islami Bank (approved merchant) gets a L/C (link or unique) it determines the accuracy of the test number and the approved mark. At that point the Bank sends the first duplicate of the L/C to the recipient. The exporter displays the relative reports to the arrangement Bank after the shipment of the products. The L/C issuing Bank embraces to respect the commitments just if the recipient satisfies the conditions stipulated in the L/C. Indeed, even a slight deviation of the archives from these predetermined conditions in the L/C may give a reason to the arranging Bank. So the arranging Bank must be watchful, advance, efficient and inclination free while investigating the delicate records after cautious examination of the archives. The Banker needs to drill down the errors which might be named major or minor, irremovable or removable. The removable inconsistencies can be remedied by the offered or future misfortunes, which may emerge due to non-translation of continues.

For getting ERC indenting, Bangladeshi exporters are required to apply to the Controller/Joint Controller/Deputy Controller/Assistant Controller of Import and Export in the endorsed from alongside following archives:

- Nationality and Assets Certificate
- Memorandum and Articles of Association and Certificate of Incorporation if there should be an occurrence of Restricted Company
- Bank Certificate
- Income Tax Certificate
- Trade License and so on.

#### 4.5 Disposal of Export Procedure

- **Original:** Customs export reports first copy of EXP to Bangladesh Bank after shipment of the items.
- **Duplicate:** Arranging bank reports the Duplicate to Bangladesh Bank in or after exchange date anyway not later than 14 days from the date of shipment.
- **Triplicate:** On acknowledgment of fare proceeds with a comparative bank to a comparable authority reports triplicate.
- **Quadruplicate:** Finally, the arranging bank as their office copy holds Quadruplicate.

#### 4.6 Remittance Procedure

Essentially by the term trade we mean completing of anything starting with one nation then onto the next. From the Banker's perspective fare implies sending of noticeable things outside the nation available to be purchased. Fare exchange assumes an imperative job in the advancement procedure of an economy. In spite of the fact that send out exchange is constantly supported, anyone can't trade anything to wherever. Like merchant, exporters are likewise required to get them enlisted before going into fare exchange. Export registration certificate (ERC) given by CCI and E is required for this reason. The expected archives to be gotten ERC are relatively same as IRC.

At the point when Social Islami Bank (approved merchant) gets a L/C (link or unique) it determines the accuracy of the test number and the approved mark. At that point the Bank sends the first duplicate of the L/C to the recipient. The exporter displays the relative reports to the arrangement Bank after the shipment of the products. The L/C issuing Bank embraces to respect the commitments just if the recipient satisfies the conditions stipulated in the L/C. Indeed, even a slight deviation of the archives from these predetermined conditions in the L/C may give a reason to the arranging Bank. So the arranging Bank must be watchful, advance, efficient and inclination free while investigating the delicate records after cautious examination of the archives.

The Banker needs to drill down the errors which might be named major or minor, irremovable or removable. The removable inconsistencies can be remedied by the offered or future misfortunes, which may emerge due to non-translation of continues.

#### 4.7 Remittance Procedure of foreign Currency

SIBL has its branches in the critical urban area of the country and along these lines, its fills in as a champion among different mechanisms for settlement of benefits beginning with one place then onto the following. This organization is open to the two clients and non-clients of the bank. SIBL perform both Inward and outward settlement exercises. We can separate remittance activities of SIBL by the accompanying way:

- ❖ **Inward Foreign Remittance:** Inward Foreign Remittance means remittance got from foreign nations from abroad. At the end of the day settlement coming into our nation from different nations by the remitter by method for allowable keeping money channel through openly convertible Foreign Currencies is called Inward Foreign Remittance .payless perspective it is inward foreign remittance.
- ❖ **Outward Remittance:** Remittance from our country to foreign countries is called outward remote settlement. Regardless, Outward Foreign Remittance is significantly restricted by the Bangladesh Government. Simply some specific branches can send money from Bangladesh to abroad under Bangladesh Ban's rolls and control.

## CHAPTER- 5

### Evaluate of foreign exchange performance of the Social islami bank Ltd from year (2013-2017).

#### #5.1 IMPORT SECTION

In 2017 SIBL was associated with financing import business in the field of capital machineries, industrial raw materials, food grains (rice, wheat, sugar, dal, onion, flavors, garlic), oil( soya bean, lubricant, palm),motor vehicle, spare parts, sport accessories, garment accessory, perfumery items, chemicals, milk food and so forth. To import, a man ought to be competent to be and shipper as per Import and Export Control Act, 1950, the workplace of chief controller of Import and Export gives the registration (IRC) to the importer. Bank gives send out assurance that it will pay for the products on behalf of the buyer if the buyer does not pay. This certification is called letter of credit. In this way the agreement between importer and exporter is given a legitimate shape by the banker by 'letter of credit'. There are three main function of import section –

- LC opening
- Lodgment
- Retirement

#### #5.2 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.

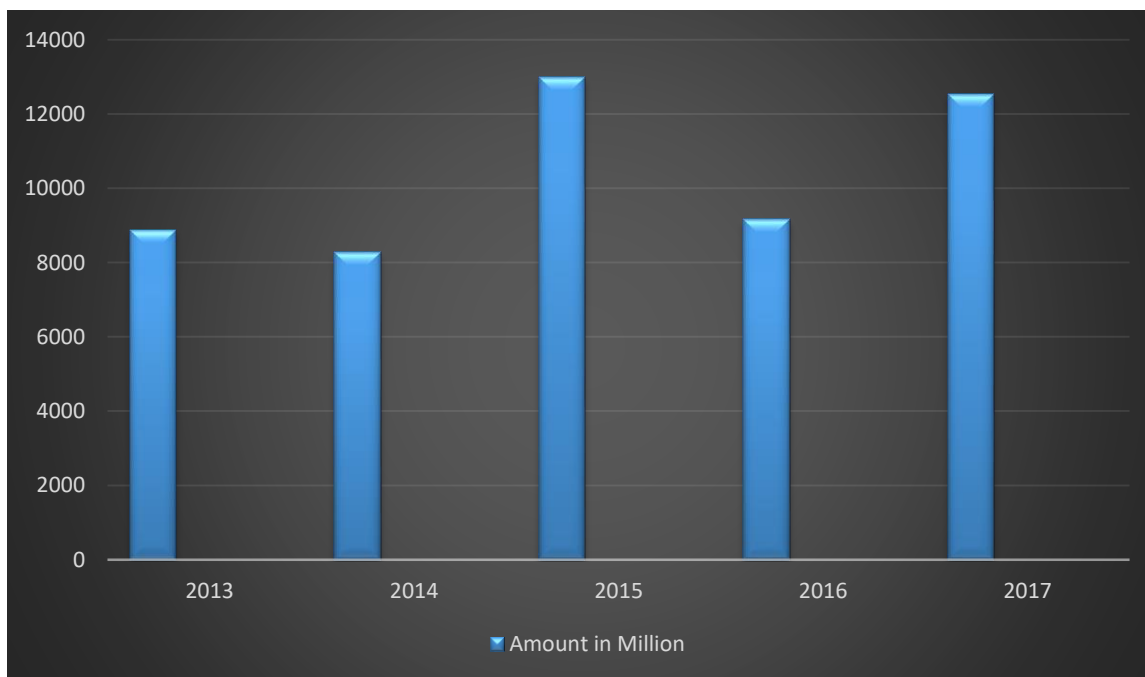
Margin charged alongside any particular Letter of Credit be determined by the items or goods of the import. Margin differs between nil to 100%. Commonly the Higher value of margin, the higher it means that Bangladesh Bank discourages to import that goods or items. Some goods are imported at 100% margin.

**#5.3 Import Business of SIBL (2013-2017):**

(Million in Taka)

Year	Amount in Million
2013	8881.96
2014	8279.66
2015	12984.31
2016	9153.89
2017	12541.06

**Table: Import Business of SIBL**



**Figure: Import Business (2013-2017)**

### **Interpretation:**

The above graphical description shows Imports Business Social Islami Bank Ltd (SIBL), (2013 to 2017). In FY 2015 (12984.31 million) the highest increase in Imports Business have been happened comparable and the other FY but in FY 2016 (9153.89 million) the lowest in Imports Business. So here we can see a difference between these 2015 and 2016 following year. But the trend of Import Business of the SIBL is overall increasing and from (2013 to 2017).

### **#5.4 EXPORT SECTION**

The export division of SIBL is detectable in the field of readymade garments. The bank has been endeavoring to enhance its export financing in different fields like leather, agricultural products, dry fish, PET, Flakes, spare parts of ship and so forth. Foundation of central trade Processing Unit (CTPU) was a convenient choice which changed the aggregate procedure of foreign exchange business through accelerate of the service and business capability of SIBL.

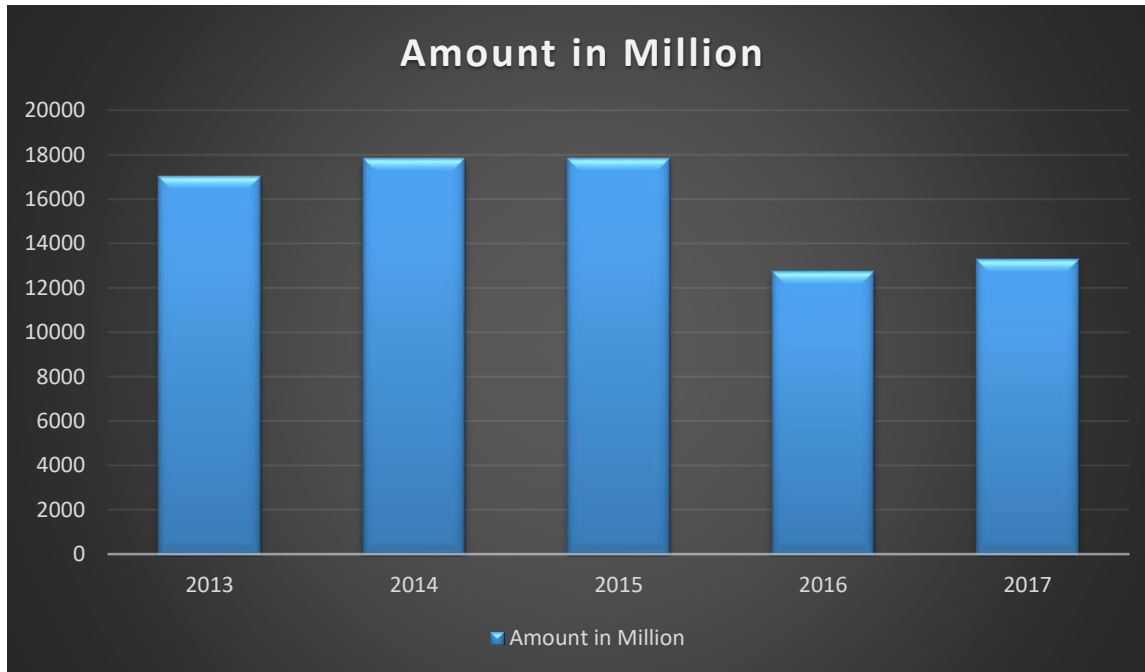
They have CTPU facilities situated in Dhaka and Chittagong. They open export LCs here to export their products, which they open counter to the import LC opened by their foreign importers. Export LC activity is reverse of import LC task. For trading products by the local exporter, SIBL may act as advising banks and the gathering bank for the exporter.

### **Export Business of SIBL (2013-2017):**

(Million in Taka)

<b>Year</b>	<b>Amount in Million</b>
2013	17022.42
2014	17814.40
2015	17814.40
2016	12759.28
2017	13295.38

**Table: Export Business of SIBL**



**Figure: Export Business (2013-2017)**

**Interpretation:**

The above graphical presentation shows Imports Business of Social Islami Bank Ltd (SIBL), (2013 to 2017). In FY2015 the highest increase in Imports Business have been happened contrasted and the other FY yet in FY 2016 the lowest in Imports Business. Here we can see in these years there have a difference of  $(17814.40 - 12759.28) = 5055.12$  million in export business But the trend of export Business of the SIBL is overall increasing down from (2013 to 2017)



## #5.5 REMITTANCE BUSINESS

As an authorized dealer, a bank must convey a few services to the customers with respect to foreign exchange and this division gives these services. The fundamental employment of this division are outward and internal remittance of foreign exchange starting with one nation then onto the next nation. In the methodology of giving this settlement benefit, it sells and buys foreign currency. The adjustment of one money into another happens an agreed rate of exchange, which the banker statements, one for purchasing and another for selling. In such exchanges the Foreign Exchange Of Social Islami Bank Ltd. Currencies are like another commodities offered for sales and purchase, the expense being paid by the purchaser in home currency, the legal tender.

Foreign remittance section of SIBL is an important part of Foreign Exchange Department. Also, this area of Foreign Exchange division manages with incoming and outgoing foreign currencies. They frame centralized remittance processing unit (CRPU) to give better support of their client. SIBL's Foreign Remittance business volume has activated to Tk. 10,164 million out of 2015 paralleled to Tk. 7,839 million in the year 2016. SIBL handles both inwards and outward remittance items. The outward remittance incorporates FC money. FDD, FTT and wire Transfer through SWIFT, The Inward Remittance items are over the counter installment (OTC), Account Credit to all bank all branches. Thus dependent on its capacity, foreign remittances are divided into two types:

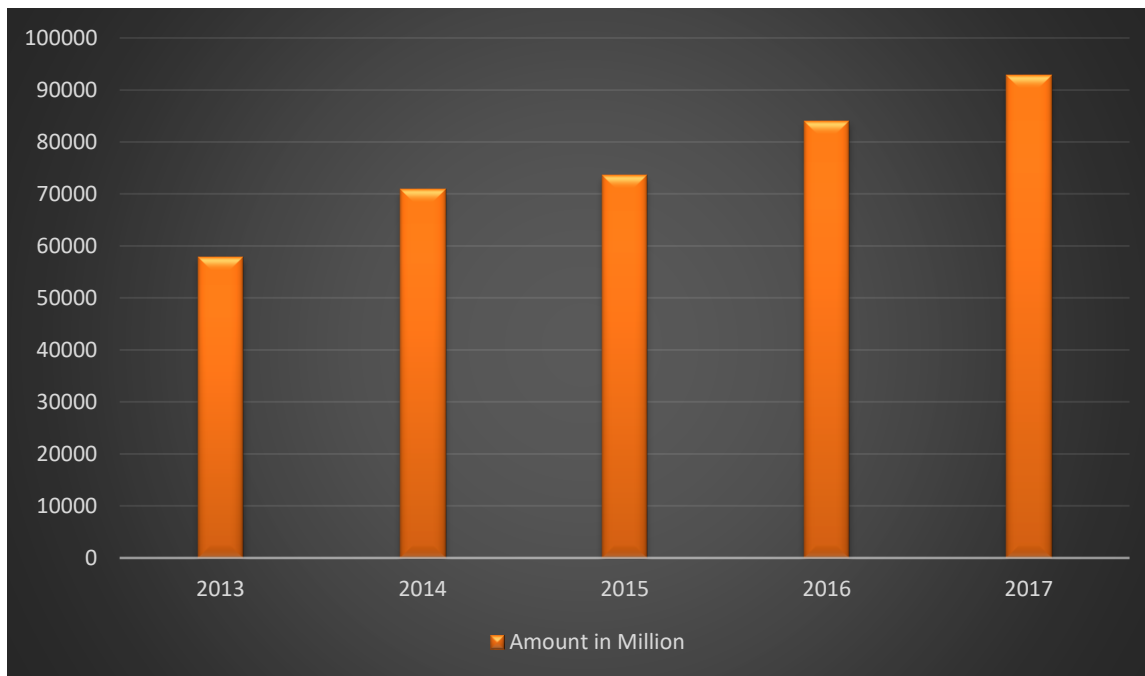
- **Inward foreign remittance:** Inward remittance covers buy of foreign cash as foreign TT, DD and bills and so on sent from to another country supporting a recipient in Bangladesh. Buy of foreign exchange is to be accounted for to exchange control division of Bangladesh Bank.
- **Outward foreign remittance:** Outward remittance covers offers of foreign currency through issuing foreign TT, Drafts, and Travelers Check and so on and in addition move of foreign exchange under LC and against import bills resigned. Sale of foreign exchange is accounted for to exchange control department of Bangladesh Bank.

**Foreign Remittance Business of SIBL (2013-2017):**

(Million in Taka)

<b>Year</b>	<b>Amount in Million</b>
2013	57832.7
2014	70829.1
2015	73502.3
2016	83981.4
2017	92812.4

**Table: Foreign Remittance Business of SIBL**



**Figure: Foreign Remittance Business (2013-2017)**

**Interpretation:**

The above graphical presentation shows Foreign Remittance Business of Social Islami Bank Limited (SIBL), (2013 to 2017). In FY2017 (92812.4 million) the highest increased in Foreign Remittance Business have been occurred compared with the other FY but in FY 2013(57832.7 million) the lowest Foreign Remittance Business. Here we can see in 2013 to 2017 there have a difference of 34979.7 million dollar of remittance business. But the trend of Foreign Remittance Business of the SIBL is overall increasing and from (2013 to 2017).

**#5.6 PERFORMANCE ANALYSIS:**

Performance in foreign trade is describe bellow:

The execution of the Social Islami Bank in the Last couple of years uncommonly in the part of Import, Export, Remittance and examination of the information with the working benefit of the Bank in graphically displayed.

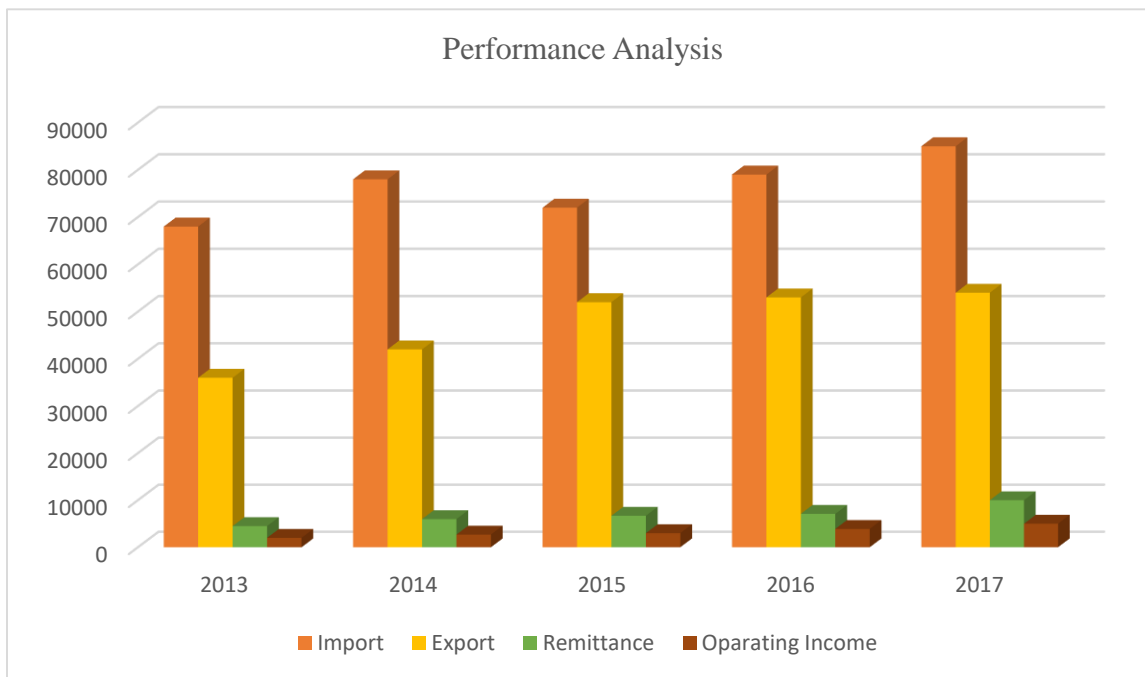


Figure: Performance of foreign trade

The general execution with respect to remote trade task from the year 2013-2017 are put in this figure an official year 2017 will be an achievement in regards to its general execution in outside exchange. SIBL has built up Centralized Trade Processing Unit (CTPU) for serving customers in a more agent and productive way. For the branches in Dhaka Division and Chittagong Division, two base stations have been built up at Foreign Exchange Branch, Dhaka and Agrabad Branch of Chittagong separately. Every one of the branches under CTPU Dhaka and Chittagong can serve their customers through these base stations. Subsequently, handling turns out to be quicker and effective. It has set up the idea of any saving money. Accordingly, the working pay has increment fundamentally.

## CHAPTER-6

### #6.1 FINDINGS

The examination predominantly centers on the "foreign Exchange Activities" of SIBL. After breaking down the budgetary and generally speaking execution of SIBL, I have recognized some shy of issues which are given in bellow:

- In 2017, Social Islami Bank Ltd has 12541.06 million in BDT in and 13295.38 million in BDT in export and in 2016 was import 9153.89 million in BDT and export was 12759.28 million in BDT. Compare to 2016 Social Islami Bank Ltd achieved higher level of success in 2017. Import and Export both are increasing.
- The highest increase in Imports Business have happened in 2015 that is 12984.31 million in BDT and in 2016, the bank has the lowest level of Import that is 9153.89 million in BDT. In 2017 the import amount is 12541.06 million in BDT. So the trend of Import of the SIBL is overall increasing.
- In 2017, Social Islami Bank Ltd has 92812.4 million in BDT in remittance and in 2016 remittance was 83981.4 million in BDT. That means in 2017, Social Islimi Bank Limited collected BDT.8831.0 million more. So the remittance of SIBL is increasing.
- To accelerate and to collect accurate information for analyzing import-export business there is a lack of effective database system in the bank.
- Social Islami Bank Ltd is not concerned to open more LC's with higher value. It means that, bank is not willing to upsurge the value of the limit on LC value, which eventually decreases the potential clients number.
- The bank try to adopt all the most recent accommodations to help their business.
- SWIFT changes (change for sending the LC electronically), Document Handling charges and stamps charges are high in SIBL which bothers to gather more customers.
- Documentation and recording procedure of foreign exchange task is highly demanding.
- Letter of Credit (L/C) opening framework for the merchant is not easy. For preparing of L/C report, it requires huge amount of money. The process is lengthy as well. .

## **#6.2 RECOMMENDATIONS**

I had the practical exposure in Social Islami Bank Ltd. For only three months, with my little involvement in the bank in comparison with huge and complex banking system; it isn't so natural to recommend some proposal to upgrade the performance level of the association. Based on my perception I might want to show the bellow suggestions:

- The Bank should develop an effective database needed for analyzing Foreign Exchange Business & sectors wise export-financing facilities.
- The government should withdraw the barriers for the free flow of remittance, export and imports goods.
- In the event of importing goods the Bank should remain aware about over invoicing so that nobody can get chance to send money abroad in illegal process.
- In case of exporting goods the Bank should remain aware about under invoicing so that nobody can get chance to avoid Tax, Vat, and Duty.
- Their foreign remittance rate (yearly) is low so they should try to give more concern on that matter.
- The bankers should more think for examining the Commercial invoice which will decrease the Money Laundering probability.
- Foreign Exchange department should be more organized and it will be better if the import export divisions separated.
- Opening arrangement of Letter of Credit (L/C) for the importer should be easier. The bank should be more modernized. It will accelerate the activities and lead to more customer satisfaction.
- Social Islami Bank Ltd need promotional activities to reach its potential customers so more and more advertising is necessary in order to draw the attraction of its customers.
- The bankers must be careful in financing international trade. So that, the bank does not fall in bad loss provision.

### #6.3 CONCLUSION

Social Islami Bank is a bank with excellence. During the season of my internship program I have collected heaps of viable learning and encounter and ultimately consented to this announcement to be valid. Working and get associated with such a presumed bank is extremely an incredible delight for me. This entry level position program is discernibly useful for further reasoning about my profession. I should grateful to the majority of the authorities with whom I have worked and who have given me fitting opportunity to apply my hypothetical information in the commonsense 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. Foreign Exchange activities is an important part for commercial banks treats this section carefully. During the time period of my internship program I have gather a lots of practical knowledge and experience and finally consented to this announcement to be true. Working and get associated with such a reputed bank is extremely an extraordinary delight for me. This internship program is noticeably useful for further thinking about my career. Social Islami Bank Ltd has some facilities and can provide Foreign Exchange services efficiently and quickly. No country is sufficient enough to meet its need and to Import and Export foreign exchange/remittance is very important. As a Commercial Bank, SIBL meeting the present day International business need of the customers in a competitive environment has been challenge for Social Islami Bank Ltd.

Finally we can conclude that Social Islami Bank's Foreign exchange activity system is, to add more strength to the organization's execution. Alongside maintaining standard dimension of administration Social Islami Bank Ltd is assuming a chief job in financial advancement of the nation I think Social Islami Bank is contributing enormously to the economy of Bangladesh alongside abnormal state of corporate social duty. Working and get associated with such a presumed bank is extremely an extraordinary joy for me. This internship program is clearly useful for me further career planning.

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