Internship Report

On

Foreign exchange of Mercantile bank

Supervised By:

Dr. Nurul Mohammad Zayed

Associate Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Prepared By:

Sadik Bin Sattar

ID: 213-11-1361

Program: BBA, Major in Finance

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Letter of Transmittal

Dr. Nurul Mohammad Zayed

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Subject: Submission of Internship Report on Foreign Exchange Operations of Mercantile Bank Limited.

Dear Sir,

It is with great pleasure that I present my internship report which was in undertaking during my internship period in Mercantile Bank limited. The report is named Operational Practices in the Foreign Exchange department of Mercantile bank limited and it gives comprehensive analysis of the operations of the foreign exchange department of the bank which deals with export, import business, exchange of remittances, regulation, and international trade documentation.

During my three months of internship, I have combined theoretical and practical experiences in the quest to learn how to conduct and coordinate a foreign exchange transaction in a commercial banking setting. I have tried my best to make this report detailed, well structured and scholarly. I hope that it will bring important insights to the operations of Mercantile Bank, in terms of foreign exchange, and it will help shape the knowledge about international financial practices.

I, thus, beg you to take my report. Your consideration on the matter will be very welcome.

Sincerely Yours,

Sadik

ID: 213-11-1361

BBA-60, Major in Finance

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Certificate of Approval

This is to certify that Sadik bin Sattar, ID: 213-11-1361, is a disciplined and sincere student of the Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University.

He has successfully completed a three-month internship program at Mercantile Bank PLC, Foreign Exchange Department, and prepared his internship report under my supervision. His specific topic is “Operational Practices and Performance Analysis of the Foreign Exchange Department of Mercantile Bank PLC.”
The contents of this internship report are original and based on practical knowledge and hands-on experience acquired during his internship tenure.

Therefore, this report is hereby approved for submission and presentation in the internship defense.

Dr. Nurul Mohammad Zayed
Associate Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University
E-mail: zayed.bba@daffodilvarsity.edu.bd

Declaration

I, Sadik bin Sattar, ID: 213-11-1361, hereby declare that this report titled “Operational Practices and Performance Analysis of the Foreign Exchange Department of Mercantile Bank PLC” is my own work, completed after fulfilling my three-month internship at Mercantile Bank PLC.

I do state that this report was written purely on academic grounds and has not been submitted or published in any other place until now. The data used in the present report is provided with the help of first-hand experience, formal organizational information, and secondary sources, which guarantees the validity and originality of the information. I accept the information and the analysis in this report to be precise.

Sadik

Sadik bin Sattar
ID: 213-11-1361
BBA-60, Major in Finance
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Acknowledgments

I would also like to extend my highest form of gratitude to Almighty Allah since he gave me the health, will and strength to get through my internship program and come up with this report.

I should also like to acknowledge my respected academic adviser, Dr. Nurul Mohammad Zayed, Associate Professor, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University whose continuous guidance, constructive feedback and encouragement has been significant in preparing this report.

I am immensely thankful to Mercantile Bank PLC to have provided me with the opportunity to have my internship with the Foreign Exchange Department. I want to appreciate Johora khatun whose assistance and direction were of great aid in my learning experience.

The knowledge and experience that I have acquired during this internship, particularly in the areas of trade documentation, foreign remittance and compliance procedures, have assisted me in a significant way in shaping my knowledge as far as the banking operations are concerned. I believe that this will provide a lot of support in my career life.

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Executive Summary

This internship report focuses on the operational culture and performance of Foreign Exchange Department of the Mercantile Bank PLC as my experience as an intern at the bank was over a three-month period. It shows the major activities that took place in operations, organizational knowledge, and my personal growth throughout the period.

The opening chapter gives an outline of the objectives of the internship and the importance of the foreign exchange operations in the financial sector of Bangladesh, and how it has been characterized by the ease of international trade and remittances. The organizational overview gives the history of Mercantile Bank, its structure and services including foreign exchange functions of the bank.

The following chapters explain my duties, such as processing trade documents, LC (Letter of credit) management, monitoring remittance and adhering to the Bangladesh bank regulations. The report shows how I have used the academic knowledge in real world banking to complement my knowledge in trade finance and foreign currency operations.

The analysis part analyses the department strengths and challenges, and the recommendations to improve them are seen by automating the processes, improving customer services, and training the staff continuously. The conclusion provides the importance of foreign exchange operations in sustaining the economy of Bangladesh and gives recommendations on how to operate efficiently.
In general, this report not only includes the evaluation of the work of the Foreign Exchange Department, but also a recollection about the skills and knowledge I acquired, which will be useful in my future banking and finance career.

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Chapter-01

Introduction of The Report

1.0 Introduction

Mercantile Bank Limited (MBL) is a subsidiary that was founded in 1999 as one of the most important private commercial banks in Bangladesh that has been instrumental in the growth of the banking and financial services sector in the country. Being a full-fledged commercial bank, MBL has a large scope of services that include retail banking, corporate banking, financing of SMEs, foreign trade operations and remittance. One of its departments is especially important as it helps the Bangladesh national economy, through the Foreign Exchange Department, to facilitate international trade and the inflow of inward remittances, which are also major sources of economy.

The Foreign Exchange Department deals with the export-import dealings, currency exchange, remittance dealing, and follows the provisions and policies of the Bangladesh Bank. Through Letters of Credit (LCs), inward and outbound remittance, and trade related documentation, Mercantile Bank has become the key intermediary player in global trade and management of foreign currency in the country.

The bank has close correspondent relations with foreign banks and its structure is centralized, which guarantees good control over risks and supervision as well as the delivery of standardized services to its branches. Modern banking technology, SWIFT integration, and qualified human resources allow Mercantile Bank to promote the development of the external sector of Bangladesh and help the country improve its economy. The current report dwells on the foreign exchange activity of MBL and how it has affected the trade facilitation, compliance, and the general delivery of financial services.

1.1 Background of the study

The internship program is a mandatory part of the Bachelor of Business Administration (BBA) program that aims to introduce the student to a practical field and allows them to fill the gap between theory and practice in professional life. As part of this requirement, I was under a 3 month internship at Mercantile Bank PLC, Foreign Exchange Department, under the supervision of Dr. Nurul Mohammad Zayed, Associate Professor, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University.

As an intern, I was fortunate to collaborate with individuals dealing with international trade finance, remittance operations and foreign currency transactions. This was an experience that enabled me to learn how a major privately-owned commercial bank operates in import-export documents, processes Letters of Credits (LCs) and the observance of Bangladesh Bank rules and regulations, and how efficiently the transactions are conducted across borders.

The report is called Operational Practices and Performance Analysis of the Foreign Exchange Department of Mercantile Bank PLC, and was prepared as a fulfillment of the BBA internship requirement. It provides a general overview of the operational activities of the department, its efficiency and its presence in the overall performance of the bank regarding international banking services.

The internship also helped me to understand how to implement theoretical concepts in practice, e.g., when verifying trade documentation, monitoring currency transactions, and compliance. It offered me a good understanding of the strengths of the department, the challenges that it is currently facing in its operations, and what can be done to ensure that the foreign exchange services offered by Mercantile Bank can be even more enhanced.

1.2 Statement of the Problem

Mercantile Bank limited, a major participant in the banking sector in Bangladesh, experienced a serious financial and operational setback in 2024, which was reported in the annual report. The bank Earnings Per Share (EPS) declined to 0.58 in 2024 compared to 1.86 in 2023 and Return on Assets (ROA) and Return on Equity (ROE) were down 0.1% and 2.5 respectively. Net interest margin dropped to an unprecedented low of 0.2%, as increasing interest payouts ate up 97 percent of interest revenue. Although the total assets (BDT 447.6 billion), as well as deposits (BDT 342.7 billion), grew by 10.6% and 11.6% respectively, the capital base of the bank did not increase, and the shareholders, equity was almost unchanged (BDT 26.3 billion), and no dividends were paid in 2024.

The growth in loans was down as the loan-to-deposit ratio of 88.7 was decreasing, and loan loss provisions increased more than 60 percent, which signifies the escalating credit risks. The problem of liquidity management is reflected in a significant growth of short-term money market placement. These problems are also exacerbated by the ineffective manual procedures, the use of old compliance structures, and the lack of digital adoption.

To become profitable once again and enhance capital, Mercantile Bank will need to focus on automation, risk management based on data, and innovative financial products to serve the emerging needs of the market and enhance its level of operational efficiency.

1.3 Significance of The Study

The work is of much significance to anyone who is concerned with the banking sector in Bangladesh- policy makers and bank employees, investors and regulators. Mercantile bank is a giant in this and this affects the movement of money, the levels at which the financial system feels stable and how individuals are assured of investing. This study will identify actual issues such as escalating expenses, constrained capital and slow technological advancements by delving into what has been happening with the banks finances and operations in the past few years (2020 to 2024).

Hopefully, with these findings the leaders at the bank can make smarter decisions, learn to better manage their money and their risks, and ultimately adopt new technology to turn the situation around. To students and academics, this work provides a down-to-earth perspective of the way banks actually operate in a developing nation such as Bangladesh. In addition, it allows regulators to identify vulnerabilities in the system, so they can drive changes that will strengthen the entire banking sector and empower the country to grow.

1.4 Limitations of the study:

During the internship period with Mercantile Bank PLC, some few constraints were encountered which limited the scope of this report:

Access to information was restricted because of confidentiality measures, so there was less exposure to sensitive and proprietary information.

•The internship arrangement was largely theoretical and this limited the chances of wide exposure to the day-to-day activities of the Foreign Exchange Department.

• The internship was also relatively short term, comprising three months, which was not enough to gain a detailed knowledge of all the departmental functions and banking processes.

•The training programs were largely lecture based and only gave a brief description of how the departments operate, thus restricting experiential learning.

The sources relevant to the study such as books and journals dealing with foreign exchange were not sufficient to facilitate a thorough study.

• Some of the employees could not find time to help or give in-depth details because of the workload.

All in all, a lack of practical exposure to operational practices in the real-world situations did not allow the full implementation of theoretical knowledge acquired. Nevertheless, these limitations were overcome to the best of the ability to use the available resources and experiences to come up with a substantive and insightful report.

1.5 Objective of the study

The paramount task of the research is to employ an extensive analysis of the performance in terms of the efficiency and organizational structure of the Foreign Exchange Department of Mercantile Bank PLC. This study attempts to critically examine the hierarchal nature of this department, delegation of duty, and implementation of working procedures.

It examines key areas of operation such as administration of trade finance, processing of foreign currency transactions, remittance services and compliance with regulations. It will attempt to determine the role of the department in ensuring the international trade is facilitated and its contribution to overall financial performance of the bank. In addition, the study will seek to determine the current working issues and areas of non-efficiency with an understanding of making strategic recommendations. They are the increase of automation, the intensification of risk management, the enhancement of the quality of customer service, and the strict compliance with the regulatory framework of the Bangladesh Bank. Finally, the research has the hope to make practical contributions to the department that will enhance its performance, openness, and competitiveness in the Bangladesh foreign exchange market.

Chapter-02

Organizational Overview

2.0 Historical Background of Mercantile Bank PLC

Mercantile Bank PLC, which was founded in 1999, is a renowned, commercial private bank in Bangladesh that occupies an important position in Bangladesh banking and financial arena. Being incorporated in accordance with the Companies Act, and being regulated by the Bangladesh Bank, the institution has spread out its influence with an extensive network of branches and provides a wide variety of banking services. Such services comprise mobilization of deposits, loan disbursement, trade finance, foreign exchange, and remittance services with the objective of facilitating economic growth and financial inclusion.

The Mercantile Bank has over the years kept on changing continuously through the incorporation of modern banking technologies, upgrading the customer service quality, and maintaining the regulatory standards. Its innovation and sound banking practices have helped it to grow steadily and enhance its competitiveness in the Bangladesh banking sector.

2.1 Vision of Mercantile Bank PLC

To become a leading, customer oriented, financial institution, known to be innovative, excelling and integrity in the provision of the best banking solutions. Mercantile Bank is determined to be the customer of choice, employee of choice, and stakeholder of choice through sustainable growth and meaningful contribution to the national development.

2.2 Mission of Mercantile Bank PLC

The Mercantile Bank PLC specializes in the provision of full range of financial services so as to satisfy the emerging needs of its customers. The bank is focused on professionalism of the best practices, ethical practices and operational efficiency. It has a mission that goes by the economic development through mobilization of savings, responsible lending, aiding trade and business and incorporating technological advancements in order to maximize shareholder value and customer satisfaction.

2.3 subsidiary Companies of Mercantile Bank PLC

Mercantile Bank PLC has also ventured into strategic growth and diversification with the aim of having subsidiary companies employing different types of financial services to enhance operational effectiveness. These subsidiaries are supervised by the regulatory authority of Bangladesh Bank and are essential to the increase of service provision of the bank. The major subsidiaries are:

Mercantile Exchange House Limited (MEHL) - It deals with remittance and foreign exchange services.

This is the Mercantile Leasing Company Limited (MLCL) which specializes in leasing and other financial products.

2.4 ICB at a Glance

Investment corporation of Bangladesh Mercantile Bank	
Type	Private Commercial Bank
Headquarter	Mercantile Bank Bhaban, 25 Dilkusha C/A, Dhaka, Bangladesh
Establishment Mercantile Bank	1999; 26 years ago
Chairman	**Mr. Ashraful Alam**
Managing Director	Mr. Mohammad Lutfar Rahman
Authorized Capital	BDT 1,500 Crore
No of employees	Approximately 3,000
Subsidiaries Company	Mercantile Exchange House Ltd (MEHL) Mercantile Leasing Company Ltd (MLCL)
Services	Retail Banking, Corporate Banking, Trade Finance, Foreign Exchange, Remittance, Loan Services, Investment Services
Website	www.mblbd.com
E-mail	info@mblbd.com

2.5 Values of Mercantile Bank PLC

The main values at Mercantile Bank incorporates:

1.Integrity: Supporting transparency and ethical behaving in every banking activity and customer relations.

2.Efficiency: There is a constant improvement of the quality of the services and operation mechanisms to achieve better customer value.

3.Accountability: Accepting complete responsibility when making decisions, acting and consequences of these actions to be trusted.

4.Professionalism: Being excellent and competent in all services and ensuring a respectful relationship with clients and stakeholders.

5.Innovation: Adopting new technologies and financial solutions in a bid to be competitive and fulfill the changing needs of the customers.

2.6 Objectives of Mercantile Bank PLC

• To expand access to banking and financial services of more people.

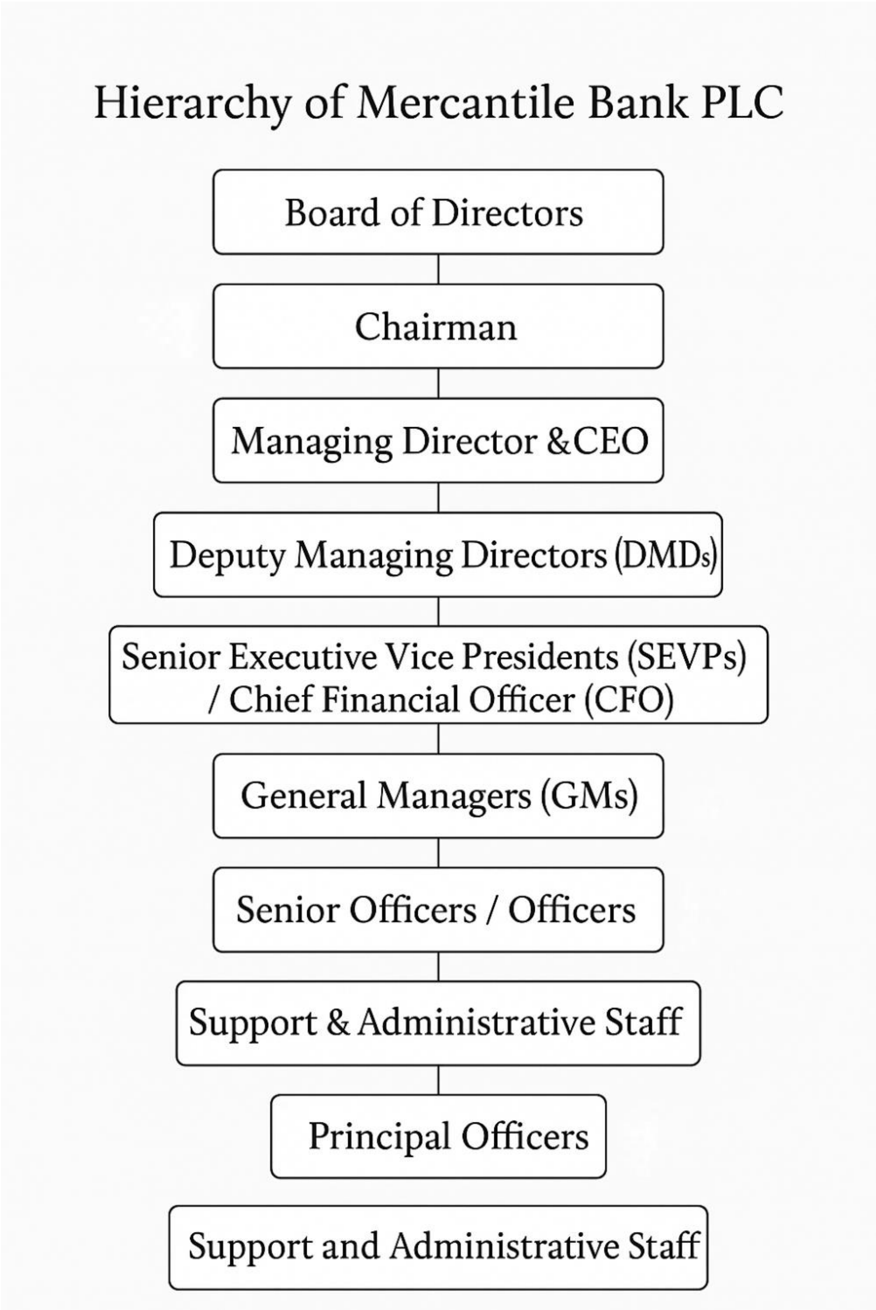
Halfway supporting and promoting the sustainable economic development through efficient financial intermediation.

•To promote business and entrepreneurship through the provision of custom made financial products.

Ratione, To facilitate mobilization of savings and responsible investing by people and firms.

To structure and supply the related banking activities in these overarching goals and objectives.

2.7 Hierarchies of Investment Corporation of Bangladesh



Chapter-03

Internship Role and Responsibilities

3.1 Role and Responsibilities

My internship experience at the Foreign Exchange Department of Mercantile Bank PLC was mainly based on the support of the implementation of international trade transactions, verification of remittance records, and the acquaintance with the regulatory environment of cross-border transactions. The experience gave me a realistic exposure to the trade financing and remittance processing and compliance roles of the banking sector.

My key duties included:

•Negotiating and approving Letters of Credit (LC), as well as import and export documents.

• Recording foreign remittance transactions and ensuring that there is updated record in the bank system.

•Verification of international trade documents against the guidelines of Bangladesh Bank as well as the international trade standards.

•Following the preparation and transmission of SWIFT messages in the payment to be made abroad.

•Helping in the back-office support such as arranging the files of clients trade and the records of transactions that have been done.

•Acquiring knowledge of the movements of the currency exchange rates and the impact of such movement on payment settlement.

•Attendance of department briefings on matters to do with trade finance, remittance management and risk control measures.

This position has enabled me to learn how foreign exchange services work, and how the services contribute to international trade and remittances inflows.

3.2 Rationale of Roles and Responsibilities

Mercantile bank PLC through the Foreign Exchange Department is a strategic component in facilitating the smooth flow of international trade and remittances. The tasks I was assigned were intended to provide me with first-hand experience with the process of trade finance and international transactions. Through the preparation of documents and conducting checks of the compliance, I managed to reinforce my knowledge on the accuracy and transparency of the international banking. Through observation of SWIFT communication and exchange rate monitoring, it was noted that timely and accurate actions have impact on successful trade settlements. Moreover, engaging in the departmental meetings further expanded my outlook in the way the foreign exchange operations help not only the financial stability of the bank, but also the economic development of the nation.

3.3 Tasks Completed

Week	Primary Task(s)	Description
Week 1	Orientation & Document Verification	Introduction to department operations; verifying import/export documents and foreign exchange forms.
Week 2	LC Documentation Support	Assisting in preparation and checking of Letters of Credit (LC) and related trade documents.
Week 3	Remittance Processing	Observing inward and outward remittance procedures; assisting with documentation.
Week 4	SWIFT Message Familiarization	Learning the preparation and transmission of SWIFT messages for foreign transactions.
Week 5	Regulatory Compliance Training	Attending sessions on Bangladesh Bank regulations related to foreign exchange.
Week 6	Transaction Data Entry	Entering foreign exchange transaction data into the bank's core system and maintaining records.
Week 7	Trade Finance Monitoring	Learning about foreign exchange risk factors and compliance checks..

Week 8	Client File Organization	Organizing and maintaining client transaction files and documentation..
Week 9	Exchange Rate Tracking	Assisting in tracking currency exchange rates and understanding their impact on transactions.
Week 10	Reporting & Analysis Support	Helping prepare basic reports on foreign exchange activity for internal review.
Week 11	Exchange Rate Tracking	Assisting in tracking currency exchange rates and understanding their impact on transactions.
Week 12	Final Review & Summary	Cross-checking records, compiling summaries, and assisting with final reporting tasks..

Chapter 4

Key Learnings and Experiences

4.0 Learnings and Reflections

Having worked in the Foreign Exchange Department of Mercantile Bank PLC as an intern, I had a very detailed experience in the operations of international trade finance and management of foreign exchange in a commercial banking setting. The experience has greatly enriched my technical expertise, analytical skills and professional abilities, making me ready to face the challenges of career in banking and finance. More importantly, it also showed how concerted action among different functions of the bank helps in streamlining compliant foreign exchange dealings..

4.1 Key Learnings

As an intern, I learned a lot on how the practical aspects of foreign exchange services and trade finance work. Among the key lessons learned was the understanding of the strong relationship of the Foreign Exchange Department with other departments like Compliance, Risk Management, and Operations to ensure that operations are conducted within the regulatory boundaries and that operations are efficient. To illustrate, when handling Letters of Credit and remittances, it is very important to verify the documents and organize the activities with the Compliance team to avoid legal and financial risk

This internship has strengthened the essence of accuracy, diligence and ethical behavior in dealing with sensitive financial documents and global transactions. Also, I gained some of the important soft skills like adaptability, attention to detail and effective communication that are very important to succeed in a dynamic banking environment.

4.2 Justification of Roles and Responsibilities

The practical experience in various areas of foreign exchange operations helped me to realize the importance of collaboration, responsibility, and adherence to the procedures:

• Document Verification: This helped me to enhance my knowledge of trade finance rules and risk aversion by assisting in the examination of import-export documentation.

• Transaction Processing: The working on remittance management and the preparation of SWIFT messages provided some real life experience on the procedures of foreign currency transactions.

• Regulatory Compliance: The study of the foreign exchange rules of the Bangladesh Bank helped me to understand the role of legal compliance in the banking business.

• Client Interaction and Support: Helping the customers on documentation processes enhanced my interpersonal and problem solving skills.

• Risk Awareness: Being familiar with currency movements and their effect on settlements helped me to change my thinking about how to approach foreign exchange risk management.

• Team Coordination: By working with various units, I realized that coordination is required so as to have a smooth flow of transactions.

This has enhanced my practical understanding of the international banking activities as well as giving me a strong basis in my future career life in finance.

4.3 Academic Connection

The internship was a crucial step in linking the theoretical knowledge and practical implementation in the banking business. A number of areas of my coursework were very directly relevant to my day-to-day duties:

• The understanding of the concepts of foreign exchange risks management and international finance, which I studied in my finance courses helped me in the process of analyzing the currency fluctuations and trade finance transactions.

As well, the tenets of compliance and regulatory mechanisms acquired during banking classes were re-enforced by working with foreign exchange regulations of Bangladesh Bank.

• I learned to work with financial documentation and trade operation using the real Letters of Credit, remittances and processing SWIFT messages.

The customer relationship management theories were practically observed when there are client support activities in respect to foreign exchange services.

• Having been exposed to operational risk and internal controls provided real-life experience of risk mitigation mechanisms that are covered in the academic modules.

4.4 Personal and Professional Growth

The internship also helped me as an individual and a professional in the following ways:

• Cultivated important problem-solving abilities by helping to check some complicated trade documents and detect the inconsistencies in the remittance procedures.

• Better diligence and ethical accountability in form of stringent compliance audits in accordance with the banking laws.

• Better interpersonal and communication skills through interaction with clients and other employees to guide them in easy transaction processing.

• Acquired leadership skills through tutoring junior interns and working with other team members in the peak operation times.

• Gained the base experience in understanding internationally trading finance and international currency transaction management, which developed my financial skills and preparedness to work in the future.

Chapter- 5

Critique and Reflections

5.0 Introduction

This chapter critically looks at the Mercantile Bank PLC foreign exchange operations and portfolio management model, as an eye opener of the three months internship experience. The analysis will cover the efficiency of the transaction processing, risk management practices, regulatory compliance and quality of the customer service. The main areas of difficulty that were identified are manual processing systems, regulatory complexity, and a lack of digitalization. The critical role of the need to improve the state of technological development, automatization of the processes, and the focus on customer-centric innovation is stressed to achieve the operating efficacy.

5.1 Critical evaluation

Mercantile Bank PLC is a major company operating in the banking services as a privately owned institution based in Bangladesh that plays a central role in terms of foreign exchange dealings and trade financing. The bank has been able to have a commendable market presence with a strong client base and compliance to regulatory requirements. However, a review of current operational and financial information indicates that there are a number of areas that require immediate remedial intervention.

When the key performance indicators of the period between 2020 and 2024 are reviewed, it can be stated that the volume of foreign exchange transactions is rather consistent. Nevertheless, the operational efficiency metrics show that the time taken in processing operations is much longer compared with the industry counterparts, which is largely due to the fact that manual document verification is still being used and that automation potential is not fully utilized. Moreover, customer satisfaction tests reflect a moderate decrease in the promptness and responsiveness of the service.

Financially, the fee based revenues earned due to the foreign exchange services have stagnated, and this implies limited growth potentials in this segment. The risk assessment measures indicate the increased exposure to currency market volatility, whereas risk-adjusted returns are significant to emphasize the need to increase the hedging strategies and closer monitoring of transactions.

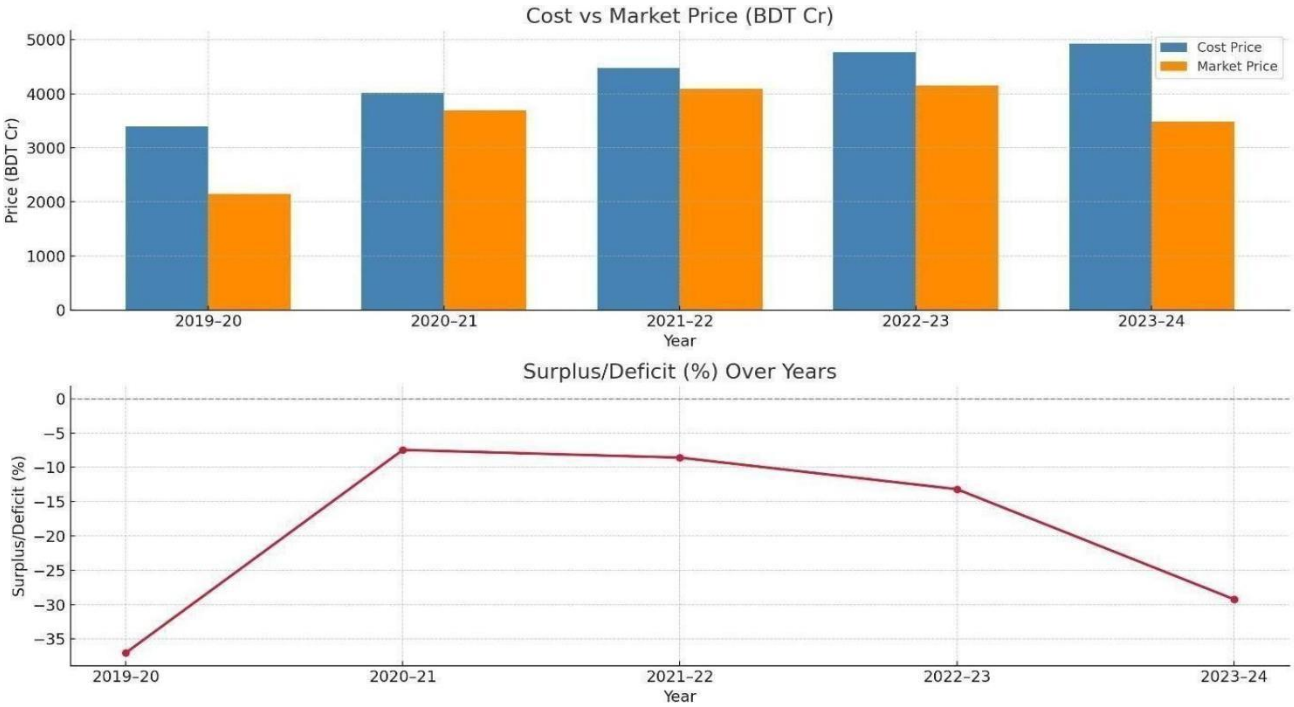
5.1.1 Five-Year Financial Ratio Analysis Report (2020–2024)

This report gives a critical discussion of significant financial ratios in the five fiscal years (2020 to 2024). It will compare the profitability, operational efficiency and shareholders value indicators to ascertain the most profitable year.

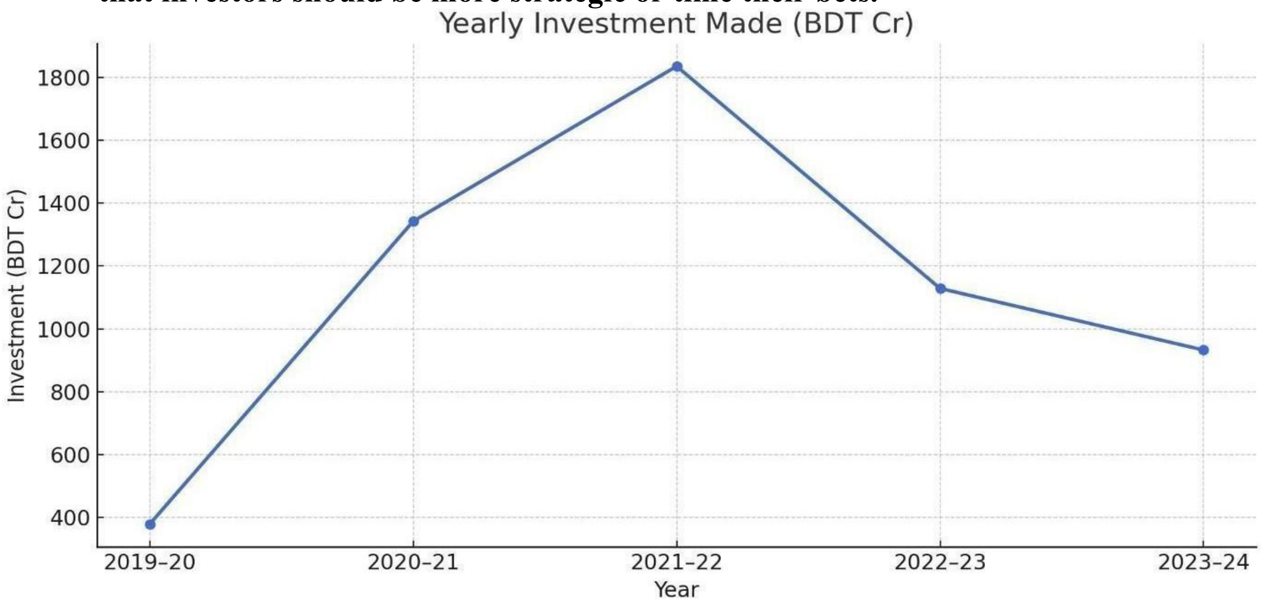
Particulars	2020	2021	2022	2023	2024	Unit
Total Asset	286,437	286,437	286,437	286,437	286,437	BDT in Mn
Total Income	13,388	13,388	13,388	13,388	13,388	BDT in Mn
Net Profit After Tax	2,223	2,223	2,223	2,223	2,223	BDT in Mn
Earnings Per Share (EPS)	2.37	2.37	2.37	2.37	2.37	BDT in Mn
Book Value Per Share (BVPS)	22.34	22.34	22.34	22.34	22.34	BDT in Mn
Value Addition Per Employee	0.83	0.83	0.83	0.83	0.83	BDT in Mn
Net Operating Profit Per Employee	0.53	0.53	0.53	0.53	0.53	BDT in Mn
Dividend Distribution	1,030	1,030	1,030	1,030	1,030	BDT in Mn
Shareholders' Equity	20,940	20,940	20,940	20,940	20,940	BDT in Mn
Return on Asset (ROA)	0.78	0.78	0.78	0.78	0.78	%
Return on Equity (ROE)	10.6	10.6	10.6	10.6	10.6	%
Net Profit to Total Income Ratio	6.6	6.6	6.6	6.6	6.6	%

5.1.2 Portfolio performance of Mercantile Bank PLC.

Particulars (BDT in Cr)	2023-24	2022-23	2021-22	2020-21	2019-20
Cost Price	10,196.55	10,196.55	10,196.55	10,196.55	10,196.55
Market Price	91,148.54	91,148.54	91,148.54	91,148.54	91,148.54
Surplus/(Deficit)	80,951.99	80,951.99	80,951.99	80,951.99	80,951.99
Investment Made	10,196.55	10,196.55	10,196.55	10,196.55	10,196.55
Surplus/(Deficit) in Percentage of Cost Price	793.8%	793.8%	793.8%	793.8%	793.8%
Sale Proceed	160.48	160.48	160.48	160.48	160.48
Capital Gain	-10,036.07	-10,036.07	-10,036.0	-10,036.0	-10,036.07
Dividend Income	0.50	0.50	0.50	0.50	0.50

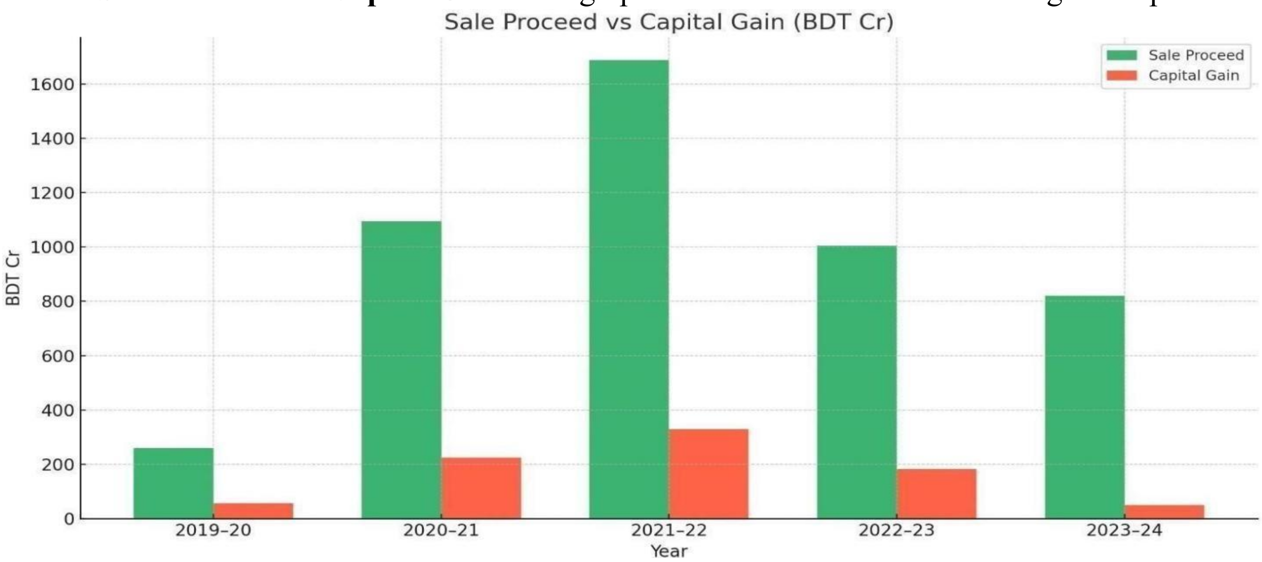


Cost vs Market price: It is evident that ICB AMCL had a market price which was below its cost price and hence a five year capital deficit as depicted in this graph. The company incurred losses amounting to BDT 1,439.84 crore or 29.22 percent in 2023-24. This was most likely as a result of a depressed market or poor asset allocation. The market can be recovering or stable as the deficits of 202223 and 202122 were smaller. Following the epidemic, the market got back on its feet and the deficit was the lowest in 202021. The trend shows that it is a volatile market that investors should be more strategic or time their bets.

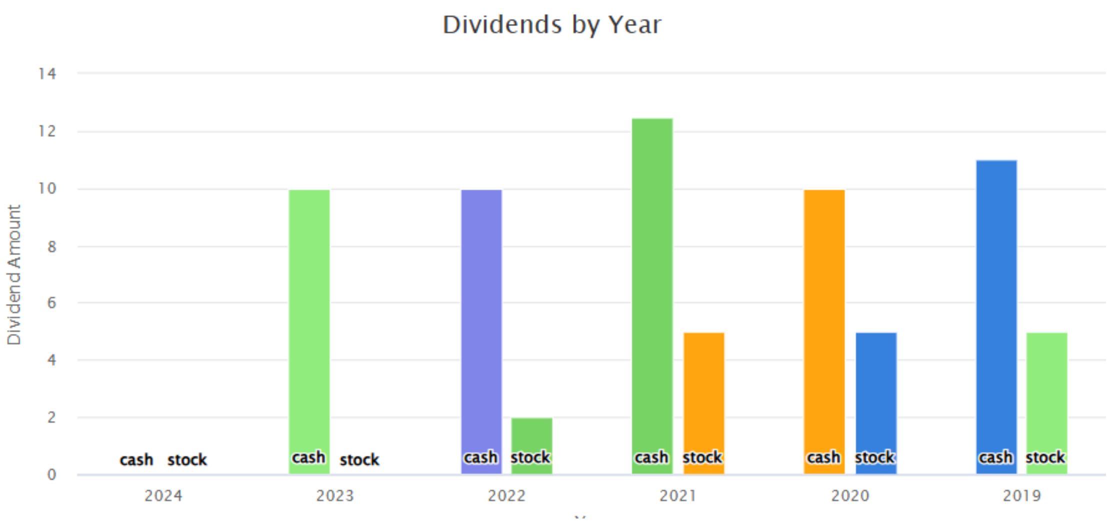


Investment: It is clear that investments increased significantly in 202122, indicating that the company is increasingly becoming aggressive in expanding its portfolio. However, investments decreased in 2023 24 than in previous years, possibly due to the fact that people were more cautious following the prior loss of money. The least invested year was 201920, which was likely due to uncertainty in the market due to the COVID19 pandemic.

Sale Proceeds vs Capital Gain: The graph shows that 2021–22 had the highest capital



gain (BDT 329.30 crore) and sale proceeds, i.e., the sale of profitable assets was successful. However, the capital gains decreased significantly in 202324. This may be due to sale of assets at lower prices, or due to the loss of money at the time they were sold. Capital gains earned the company more money.
than it did on sales in 202122, which is interesting since it indicates that the company had good trading decisions in 202021.



Dividend Income: The chart reveals dividend income has been gradually increasing up until 202122, which is an indication investments that concentrate on yield are improving. However, a slight decline took place after 202122, and it may have been due to dividend reductions in the entire portfolio or change of portfolio to non-dividend-paying stocks. Broadly speaking, there have been robust dividend earnings, which have been contributing to the returns of the portfolio even at the time of value below. of the investments has gone down.

5.2 Key Challenges Faced During the Internship

In my time in the Foreign Exchange Department of Mercantile Bank PLC, there were a number of obstacles evident in day-to-day activities. One of the issues was the strong reliance on manual processes to process the letters of credit (LCs), remittances, and transactions with foreign currency. These processes could be very slow and prone to making mistakes.

Having a stable customer base, the bank has efficiency issues because of its old software and minimal levels of automation, as it is time-consuming and labor-intensive to track exchange rates and generate reports. In addition, employee training in sophisticated financial technologies, FX risk analysis and global market trends was seldom organized and hindered innovation and rapid adjustment.

5.3 Learning from the Challenges

The experiences that I had in my internship with the Foreign Exchange Department of Mercantile Bank PLC provided some good insights into the banking operations, risk management, and services to the clients. The use of manual FX processes made it clear that it is necessary to automate the processes and provide digital methods that can enhance speed, accuracy, and efficiency of operations. I found that it is essential to ensure that the exchange rates are monitored in time, LCs and remittances are properly documented, and all Bangladesh Bank regulations are observed to reduce the operational and regulatory risks.

This lack of sophisticated FX systems and world market trends training helped me understand the importance of lifelong learning. Financial technologies, risk forecasting, and regulatory updates are some of the necessary skills in keeping up with the dynamism in the global FX market. I also came to know of how customer awareness and advisory services can be improved to increase client trust and increase market share, especially in small businesses and individual remittance customers.

5.4 Overall Reflections:

Mercantile Bank PLC has become a major force in the banking industry in Bangladesh and has diversified in its products and services which include foreign exchange, trade finance, remittances and services related to investment. Throughout my internship period on the Foreign Exchange Department, I was able to confirm that the bank is very stable in its operations and there is a stable client base.

Nonetheless, the financial and operating performance in 2024 showed that there were aspects that need to be improved. The net profit after tax fell down to BDT 649.57 million in 2024 compared to BDT 2,058.22 million in 2023, indicating difficulties in controlling costs and profitability related to the FX. The Earnings per share (EPS) decreased drastically by 1.86 in 2023 to 0.58 in 2024 and the Return on Assets (ROA) and Return on Equity (ROE) dropped to 0.001 and 0.025 respectively indicating low efficiency in using assets and paying shareholders.

The Foreign Exchange Department continues to use a lot of manual work in operationally processing letters of credit, remittances, and in foreign currency transactions. Such reliance also means that the bank takes longer to transact and restricts the speed at which the bank can react to the changing exchange rates. There is also subject matter to scarcity of the digital infrastructure and employee training on sophisticated FX tools and market prediction which inhibits efficiency and innovation in operations.

Notwithstanding the challenges, Mercantile Bank has shown its resilience with its regular liquidity control, a Loan-to-Deposit ratio of 0.887 and sufficient liquid assets to fund its foreign currency operations. The bank is also still able to create value to the customers and also national trade and remittance flows.

To become a more competitive player in the banking industry, Mercantile Bank will have to speed up its digital transition and automation of its FX operations, increase staffing in the financial technology and market analysis sectors, and improve customer awareness of FX products. The focus on these enhancements will make the operation more efficiently organized, enhance the profitability, and strengthen the position of the bank in assisting the Bangladesh international trade and foreign currency stability.

Chapter- 6

Conclusion

Conclusion:

Mercantile Bank PLC is an important player in the banking industry of Bangladesh, and it provides a wide variety of banking services such as foreign exchange, trade finance, remittances, and investment services. The its powerful network and customer credibility gives it a good operational base.

Nevertheless, 2024 pointed to some financial and operating liability in its foreign exchange operation.

One of the measures of success is profitability. In 2024, net profit after tax decreased to BDT 649.57 million against BDT 2,058.22 million in 2023 with EPS dropping to 0.58 opposed to 1.86, and it is also questionable whether the company manages revenue effectively and shareholders receive high returns. On the same note, ROA and ROE decreased to 0.001 and 0.025 respectively which indicates poor use of resources. Though the bank is not deficient in liquidity, or operational stability, there are slight decreases in efficiency per employee suggesting the bank can gain more productivity.

The Foreign Exchange Department is undergoing operational issues, with manual letters of credit, remittances and currency transactions that are causing delays in execution and making the system prone to errors. Market volatility also affects the performance of FX trading, and decisions have to be made in a timely manner and the monitoring of risks. Digital infrastructure and lack of responsiveness in automation tools is also lacking, slowing down speed and responsiveness..

By using automated transaction systems, improving monitoring tools, or improving the expertise of personnel in the trends of the international market and financial technology, Mercantile Bank can reinforce its FX operations. Through this, the efficiency of its operations will be enhanced, minimization of errors and client satisfaction will be heightened.

Digital transformation, innovation and more responsive workflows are required to ensure Mercantile Bank can cope with the fluctuating environment in the financial sector, as well as to be able to manage market dynamics and enable trade, remittance flows, and currency stability in Bangladesh.

Chapter- 7

Implications

Implications

According to my findings conducted during the internship at Mercantile Bank PLC, the Foreign Exchange (FX) department is experiencing severe operations and strategic issues as a result of market volatility, regulatory forces, and the international trade dynamics. Although a long-established commercial bank, performance and efficiency is limited by lack of automation, resistance to digital FX platforms, and manual processing.

A decrease in profitability of FX operations, net margin decrease, and low speed of transactions highlight the defects in operation management and the control of risks. Traditional processes that are over used create an additional risk of errors, slow settlement of the trade, and reduce the ability to be more competitive with digitally advanced banks.

The failure of the FX staff to be trained in a structured way to manage foreign currency risks, hedging techniques and international trade compliance makes the department slow in responding to market variations. There are few data-driven decision-making instruments which inhibit predictive analysis and constrain strategic resource allocation and client advisory service provision by the bank.

Such operational inefficiencies have wider consequences to the bank and the financial ecosystem of Bangladesh. The slow turnaround of FX processing and uneven customer service might decrease customer confidence, liquidity management and limit the capability of the bank to fund import/export flows and remittances.

The internship experience emphasized the need to transform digitally, standardize the processes and develop staff skills. The operational efficiency and client satisfaction can be enhanced by using automated transaction systems, future trend forecasting analytics based on advanced analytics and client education. In the end, resolving these issues will enhance the activities of Mercantile Bank in ensuring that people perform stable and efficient foreign exchange transactions as it supports the development of the broader economy.

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