

# Internship Report on

## **Foreign Exchange Operations of Islami Bank Bangladesh Limited.**

A study on Uttara Branch

Kushal Centre, Uttara Model Town, Uttara, Dhaka-1230.

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**Date of Submission: 08<sup>th</sup> December, 2018**

## Letter of Transmittal

08<sup>th</sup> December, 2018

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**Subject: Submission of Internship Report.**

Sir,

I am sending this information to you that today I am submitting my report for the practicum on the topic "Foreign Exchange Operations of Islami Bank Bangladesh Limited". This is the second time I made the report based on my second experience. Despite all the limitations, I have tried my best to complete the study properly. This report is based on my observation during the 6-week long practical training in the bank's foreign currency operations in the foreign exchange operations of IBBL, on the sincere cooperation of the bank officials, books and websites. I hope you will find this report meaningful. I hope proper reporting will be given to my report considering the limitations of this research. In time limitations, I had to expand this report as much as possible. But there may be some mistakes for which I want your opinion.

Your benign and authoritative advice will encourage me to conduct further flawless research in future.

Sincerely yours,

.....  
(Md. Ubydul Islam)

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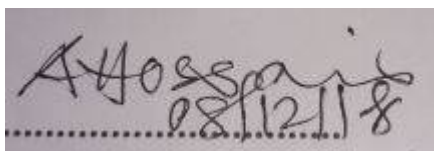
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## Supervisor's Certificate

It has been proved that this practicum report on the topic “**Foreign Exchange Operations of Islami Bank Bangladesh Ltd.**” has been made by **Md. Ubydul Islam, ID: 172-14-771** from Daffodil International University and which has only been made for the sketchy fulfillment of the course requirement for Internship.

The report has been my own leading and supervised. This report touches the topic title and meets the entire requirements. I supervise his to prepare this report. By here, I acknowledge the report as the successful completion of the internship program.

During the program he was very much sincere, proactive and attentive to his work and I wish him every success in life.



.....  
(Prof. Dr. Md. Abul Hossain)  
Coordinator (MBA Program)  
Department of Business and Entrepreneur  
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## Student's Declaration



I officially state the work presented in this report, that no academic qualification / certificate / diploma or degree has been submitted to any other university / college / organization.

The work that I have presented does not violate any existing copyright, and no part of this report is copied from a work done in the past or for any other reason.

I further undertake to make amends the department against any loss or damage arising from fracture of the forward accountability.

Sincerely,

.....  
(Md. Ubydul Islam)  
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## Letter of Acceptance

08<sup>th</sup> December, 2018.

This report has been using the pertinent records involved to employed topic “**Foreign Exchange Operations of Islami Bank Bangladesh Limited.**” made by **Md. Ubydul Islam, ID: 172-14-771**, a student of MBA (major in Finance) program, Department of Business and Entrepreneur, Daffodil International University. It has been acknowledgement as it acceptable.



## Acknowledgement



In the beginning, I expressed my deep gratitude to Almighty Allah who created and energized my passing moment. I must also pay my sincere respect and gratitude for the kindness and cooperation I have given to complete my document on "Foreign Currency Operation of Islami Bank Bangladesh Limited".

In my report, I received many help and support from some people of Islamic Bank Training and Research Academy (IBTARA) and foreign currency operations at Uttara branch of IBBL.

Finally, my professional supervisor Prof Dr. Abul Hossain, coordinator and associate professor at Daffodil International University at Uttara campus, thanks to his valuable advice, moral support and worthless cooperation since the preparation of this report.

However, to my best, I tried very hard and worked very sincerely on this report to prepare an informative one.

At last my sincere apology goes to the readers for my conceptual and printing mistakes, if there is any.

## Abbreviation & Acronyms:

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<b>A/C</b>	<b>-----</b>	<b>Account</b>
<b>BOE</b>	<b>-----</b>	<b>Bill of Exchange</b>
<b>CCI &amp; E</b>	<b>-----</b>	<b>Chief Controller of Import and Export</b>
<b>ERC</b>	<b>-----</b>	<b>Export Registration Certificate</b>
<b>FOB</b>	<b>-----</b>	<b>Free on Board</b>
<b>FDBC</b>	<b>-----</b>	<b>Foreign Documentary Bill for Collection</b>
<b>IRC</b>	<b>-----</b>	<b>Import Registration Certificate</b>
<b>ICC</b>	<b>-----</b>	<b>International Chamber of Commerce</b>
<b>IPO</b>	<b>-----</b>	<b>Initial Public Offering</b>
<b>ITC</b>	<b>-----</b>	<b>Import Trade Control</b>
<b>L/C</b>	<b>-----</b>	<b>Letter of Credit</b>
<b>MT</b>	<b>-----</b>	<b>Mail Transfer</b>
<b>PO</b>	<b>-----</b>	<b>Payment Order</b>
<b>PSI</b>	<b>-----</b>	<b>Pre Shipment Inspection</b>
<b>TR</b>	<b>-----</b>	<b>Trust Receipt</b>
<b>TIN</b>	<b>-----</b>	<b>Tax Identification Number</b>

## ABSTRACT



This report is needed to fill the MBA program internship at Daffodil International University. This report has published two months' work experience in Uttara branch of Islami Bank Bangladesh Limited. This report will give all the academic clear idea about the activities of Islamic Bank Bangladesh Limited, foreign exchange activities, and effective strategies.

The report specially holds of three part and five chapters. In Chapter-1, Introduction of the report consists of origin of the report, objectives, methodology of the report and also some limitations in doing the report. In chapter-2, the report defines about the background, rationale, objectives & ideology of Islamic Banking system, organizational analysis that consists of current situation, the strategic posture, mission, vision, products etc. In Chapter-3, provides brief idea about the foreign exchange of IBBL, includes import, export and remittance and other related affairs. Import services and financing products are described here. Import performance from different point of view is presented in this chapter. This chapter is also deals with export, and export performance as well as other related aspects. After those foreign remittances is covered with discussion on performance from many aspects and related discussions. In Chapter-4, expressing business and an overview of Foreign Exchange Operations of Uttara Branch, and worked performed by me as an internee in this branch. In Chapter-5, described the performances of foreign exchange operation of IBBL and lastly in chapter-6, there are some analysis & findings and finally there are some identified, and some recommendations & Conclusion to overcome those limitations.

For the continuation of the Islamic banking system, many problems of Islamic banks have been seriously threatened and they need to be carefully cautious. This paper proposes that IBBL should emphasize foreign currency operations. In this study, Islamic Bank Bangladesh Ltd. It is tried to find out the performance and operations of the foreign exchange.



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# Chapter One:

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## INTRODUCTION TO THE REPORT:

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### 1.1 Introduction:

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Internship is a process by which students learn to perform the work practically in the related field. This is a way through which a person or a trainee gather experience about the related subject practically and be able to apply his theoretical knowledge in the field of real life action. Internship intention is to accrue the practical knowledge and realizing the official working atmosphere with the very near fortune to the business organization and the specialists who are controlling and creating the decisions those are strategic to improve the growth level of a financial institutions. In this eyesight, the report is considering the experiences and knowledge gathered from internship program. With the provided guidelines and proposal by the University and with the kind instruction and advices of the organization and the internship supervisor, this report consists with an Organization part, Foreign Exchange Operations, Learning Part and Findings & Recommendations part. Actually, this Internship report is submitted as a partial fulfillment of the requirement of Masters of Business Administration (MBA). The work presented in this report primary/provisionary titled "General Banking, Investment and Foreign Exchange Operation of Islami Bank Bangladesh Limited" at Uttara Branch. I have learnt some valuable information about over all general banking, Investment modes and mechanism, and learning foreign exchange and foreign trade. I believe it will help me in future. I believe this report will be used as a benchmark of future further research activities. However , the report also cover brief overview of IBBL, its products, services, operating activities, financial position, Performance analysis of IBBL.

## 1.2 Purpose of the Report:

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The purposes of this report cognate the internship purpose. Internship intention is to accrue the practical knowledge and realizing the official working atmosphere with the very near fortune to the business organization and the specialists who are controlling and creating the decisions those are strategic to improve the growth level of a financial institutions. In this eyesight, the report is considering the experiences and knowledge gathered from internship program. With the provided guidelines and proposal by the University and with the kind instruction and advices of the organization and the internship supervisor, this report consists with an Organization part and Analysis part.

## 1.3 Objectives of the Report:

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The main objective of the report will be to provide an overview of the Foreign Exchange Operations of Islami Bank Bangladesh Limited- a study on Uttara branch with fulfilling the requirement of MBA program. However, the objective behind this study is something wider. Objectives of the report are summarized in the following way-

- ❖ To identify the foreign exchange activities of Islami Bank Bangladesh Ltd.
- ❖ To assess Export- Import procedures of Islami Bank Bangladesh Ltd.
- ❖ To analyze the annual performances of export and import business of Islami Bank Bangladesh Limited.
- ❖ To provide recommendations based on the findings of the study.

## 1.4 Scope of the Report:

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It is very restricted to bring up overall illustration of the bank, its activities and its banking system, investment system and to analysis its foreign exchange operation. It's also very limited to know the functions, organizational setup, and performances Since, Islami Bank Bangladesh Limited is in a growth stage regarding the financial organization of Bangladesh; The report mainly focus on the criteria of IBBL is maintaining before approving the general banking, investment and foreign exchange facility.

## 1.5 Methodology:

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There are two types of data sources: primary and secondary data. My data sources are given below;

### **Primary Sources:**

- 1 Different Customer's information and historical information of customers.
- 2 Practical work and gathering experience with the officers of IBBL and the different trainers as well as the course coordinator of IBTRA for our internship course.
- 3 Observation, Questionnaire and personal Interview with officers as well as different customers of IBBL.

### **Secondary Sources:**

#### ❖ **Internal Sources:**

- ✚ Different Manual of IBBL.
- ✚ Different Annual Reports of IBBL.
- ✚ Business Principal Manual.
- ✚ Different Business Instruction Manual.

#### ❖ **External Sources:**

- ✚ Different books and periodicals related to the banking sector.
- ✚ Bangladesh Bank circular.
- ✚ Newspapers.
- ✚ Website information.

## 1.6 Limitations:

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- ✚ As per Bank's compliance, as an internee I was unable to acquire essential experiences of different departments.
- ✚ Details of many aspects of the services of Islami Bank Bangladesh Limited have been skipped in this report due to various obligations, including time and space, security reason.
- ✚ One of the main barriers in writing this report was the confidentiality of data. Though I had access to lot of information regarding the performance of the bank, I was incapable and not authorized to use this information due to legal restrictions.

# Chapter Two:

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## OVERVIEW OF THE ORGANIZATION:

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### 2.1 Background:

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Bangladesh is one of the largest Muslim countries in the world. People of this country are deeply committed to the Islamic way of life described in the Holy Qur'an and Sunnah. Naturally, according to the custom of Islam, there were deep tears in their hearts to fashion and design their economic life. On March 13, 1983, the establishment of Islami Bank Bangladesh Limited, the true reflection of this sincere desire of its people, which came into effect from March 30, 1983. This bank is the first of its kind in Southeast Asia. Based on the interest-free profit-sharing system, it is committed to conducting all banking and investment activities. In this way, it has unveiled a new horizon and started the desire for a long dream of the people of Bangladesh to implement their dreams of banking transactions in accordance with the rule of Islamic Development Bank's active cooperation and other Islamic banks, financial institutions, government agencies and eminent personalities of the Middle East and Gulf countries, Islami Bank Bangladesh Limited has now gained the unique position of a leading personal. Commercial banks in Bangladesh.

### 2.2 History:

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In 1975, the existence of Islamic Development Bank by the OIC member state has proved to be a major achievement in the global financially and generally based on banking, Islamic Shariah expansion. As a member of IDB established, the Bangladesh government was committed to the Government of Bangladesh that Islamic banks were adopted in various steps taken by the government of Bangladesh.

In 1978 and 1980, the approval of OIC members in the Islamic State of Pakistan and their respective countries held in the foreign ministers' conferences in Dakar and Islamabad.

### 2.3 Bangladesh Bank License for IBBL Operation:

The bank functions within the shape work of the superintending banking laws, guidelines and regulations at the pity of such minor modification which may be considered for an Islami Lender to function. As well as the most importantly requirements of Bank Companies Ordinance 1962 as also the relevant position of Bangladesh Loan provider Order, 1972 and instructions granted every once in a while there under by Bangladesh Loan Company will also connect with the bank.

### 2.4 Corporate Information at a Glance:

(as on 31 December 2017)	<b>Islami Bank Bangladesh Limited</b>
<b>Name of the Company</b>	
<b>Legal Status</b>	Public Limited Company
Company Registration Number	C-10589/485
Bangladesh Bank License Number	BL/DA/4290/83
Tax Payer Identification Nnumber (TIN)	210-200-0887
VAT Registration Number	9015000857
Date of Incorporation	13 <sup>th</sup> March 1983
Inauguration of 1st Branch (Local office, Dhaka)	30 <sup>th</sup> March 1983
Formal Inauguration	12 <sup>th</sup> August 1983
Authorized Capital	Tk.20,000.00 million
Paid-up capital	Tk.16,099.91 million
<b>Share of Capital</b>	
a. Local Shareholders	32.39%



b. Foreign Shareholders	67.51%
Branches (Including SME/Agriculture)	294
Equity	Tk.46,051.53 million
Deposits	Tk.551,330 million
Investments	Tk.552,341 million
Foreign Exchange Business	Tk.702,154 million
Manpower	13,349
Number of Shareholders	33,686
Number of Shared ATM Booths	2,000
Number of own ATM Booths	414
Employees	12,980
Directors	15

Table: Corporate Information at a Glance.

## 2.5 Organizational Analysis:

### 2.5.1 IBBL 5 Year's Performance at a Glance:

(Amount in Million Taka)

Sl.No.	Particulars	2013	2014	2015	2016	2017
<b>Balance Sheet Matrix</b>						
1	Authorized Capital	10,000.00	10,000.00	20,000.00	20,000.00	20,000.00
2	Paid-up Capital	6177.60	7,413.12	10,007.71	12,509.64	14,636.28
3	Share Premium	1.99	1.99	1.99	1.99	1.99

4	Reserves Fund	13927.94	16,081.14	17,792.50	24,116.47	26,512.48
5	Retained Earning	1,853.28	2,594.59	3,202.47	3,152.25	2,634.53
6	Shareholder Equity	20,105.54	23,494.26	27,800.21	39,780.35	43,785.28
7	Deposit (including Bills payable)	244,992.14	291,994.60	341,853.67	417,844.14	473,140.96
8	Investment (including shares and securities)	225,752.41	275,493.94	322,772.83	399,990.79	474,015.95
9	Investment	214,615.80	263,225.13	305,840.56	372,920.72	406,804.86
10	Investment deposit ratio (Investment excluding shares and securities)	90.147%	90.147%	89.47%	89.47%	82.35%
	Total asset (Including Contra)	340,638.49	443,684.79	502,613.05	592,582.50	664,554.96
	Total asset (excluding Contra)	278,302.84	330,586.12	389,132.12	482,536.32	550,839.38
	Fixed Assets	6,512.36	6,748.44	7,100.19	14,808.23	15,732.81
<b>Capital Matrix</b>						
	Total risk Weighted Assets (RWA)	202,756.60	256,804.90	257,564.30	311,511.60	319,215.90
	Statutory capital (Paid up capital & statutory reserve)	12,421.60	15,348.08	20,012.14	24,933.30	29,274.89
	Equity/Capital Surplus/(Deficit)	3,344.16	5,287.58	7,960.24	10,901.96	13,590.39
	Capital Adequate Ratio	11.65%	11.06%	13.09%	13.49%	14.26%

<b>Assets Quality</b>						
Amount of classified Investment	5,063.40	4,655.63	8,292.32	14,212.80	14,941.90	
Classified to total investment	2.36%	1.77%	2.71%	3.81%	3.67%	
Total Investments (Including Invest in Share) Gross	62,755.90	83,893.63	102,145	123,959.00	174,365.55	
Import Business	46,237.00	59,804.00	74,525.00	96,870.00	137,086.00	
Export Business	21,738.00	29,151.00	36,169.00	51,133.00	66,690.00	
Remittance	16,668.00	23,669.00	36,948.00	53,819.00	84,143.00	
Total Foreign Exchange Business	84,643.00	112,624.00	147,642.00	201,822.00	287,919.00	
Total Income	6,710.44	8,262.73	10,586.78	14,038.30	17,699.51	
Total Expenditure	5,908.42	6,419.74	8,424.36	11,129.63	13,918.70	
Net Profit before Tax	802.02	1,842.99	2,162.42	2,908.67	3,780.82	
Payment to Government (Income Tax)	426.61	829.35	973.09	1,490.12	2,049.05	
Dividend	20% (Stock)	20%(Stock)	25%(Stock)	15% (Cash) 10% (Stock)	25%(Stock)	
Total Assets (including Contra)	98,046.85	125,776.94	150,959.66	188,115.27	250,634.48	
Total Assets (Excluding Contra)	81,704.75	102,149.28	122,880.35	150,252.82	191,362.35	
Fixed Assets	2,036.66	2,552.70	3,067.99	3,724.69	3,987.23	
No. of deposit account	1,994,266	2,291,269	2,705,180	3,207,131	3,802,709	

holder						
No. of investment account holder	223,954	264,863	297,943	421,751	508,758	
Cumulative amount of disbursement from RDS	2,923.60	4,216.77	6,033.36	9,303.12	13,969.01	
Outstanding Investment of RDS	570.90	789.97	1,106.00	2,242.00	2,885.00	

Table: IBBL 5 Year's Performance at a Glance.

## 2.7 Vision of IBBL:

Vision of IBBL always strives to achieve best financial performance, be considered a leading Islamic Bank by reputation and performance.

- ✚ To establish and maintain the modern banking techniques, to ensure the wellness and development of the financial system based on Islamic principles and to become the strong and efficient organization with highly motivated professionals, working for the benefit of people, based upon accountability, transparency and integrity in order to ensure stability of financial system. Try to encourage savings in the form of direct investment.
- ✚ Try to encourage investment particularly in projects which are more likely to lead to higher employment.

## 2.7 Mission of IBBL:

Establish Islamic banking through the welfare-based banking system and ensure equities and justice for all economic activities, balance growth through diversified investment operations and achieving equitable development, especially in priority sector and less developed areas of the country.

Especially for low-income communities in the rural areas to encourage socio-economic development and financial services.

## 2.8 Strategic Objectives:

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- ✚ To ensure customers' satisfaction.
- ✚ To ensure welfare oriented banking.
- ✚ To establish a set of managerial succession and adopting technological changes to ensure successful development of an Islamic Bank as a stable financial institution.
- ✚ To prioritize the clients welfare.
- ✚ To emerge as a healthier & stronger bank at the top of the banking sector and continue stable positions in ratings, based on the volume of quality assets.
- ✚ To invest in the thrust and priority sectors of the economy.
- ✚ To pay more importance in human resources as well as financial capital.
- ✚ To ensure lucrative career path, attractive facilities and excellent working environment.
- ✚ To train & develop human resources continuously & provide adequate logistics to satisfy customers' need.
- ✚ To be excellent in serving the cause of least developed community and area.
- ✚ To motivate team members to take the ownership of every job.
- ✚ To ensure development of devoted and satisfied human resources.
- ✚ To encourage sound and pro-active future generation.
- ✚ To achieve global standard.
- ✚ To strengthen corporate culture.
- ✚ To ensure Corporate Social Responsibilities through all activities.

## 2.9 Core Values:

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- ✚ Trust in Almighty Allah.
- ✚ Strict observance of Islamic Shari'ah.
- ✚ Highest standard of Honesty, Integrity & Morale.
- ✚ Welfare Banking.
- ✚ Equity and Justice.
- ✚ Environmental Consciousness.
- ✚ Personalized Service.
- ✚ Proper Delegation, Transparency & Accountability.

## 2.10 Functions of IBBL:

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### Islami Bank Bangladesh limited is performing the Following Functions:

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- ✚ To maintain all types of deposit accounts.
- ✚ To make investment.
- ✚ To handle foreign exchange business.
- ✚ To extend other banking services.
- ✚ To conduct social welfare activities through Islami Bank Foundation.

## 2.11 Features of IBBL:

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According to Islamic Shariah, the bank is committed to conduct its activities. IBBL has gained fame as one of the leading private banks of the country through its growing progress and successive success. Following the difference characteristics of IBBL:

- ✚ All its activities are conducted on interest-free banking system according to Islamic Shariah.
- ✚ Establishment of participatory banking instead of banking on debtor-creditor relationship.
- ✚ Investment is made through different modes permitted under Islami Shari'ah
- ✚ Investment income of the Bank is shared with the Mudaraba depositors according to a ratio to ensure a reasonable fair rate of return on their depositors.
- ✚ It extends Socio-economic and financial services to the poor, helpless and low-income group of the people for their economic upliftment particularly in the rural areas.
- ✚ It plays a vital role in human resource development and employment generation particularly for the unemployed youths.
- ✚ Its aims are to introduce a welfare-oriented banking system and also to establish equity and justice in the field of all economic activities.
- ✚ Its aim is to achieve balanced growth and equitable development of the country through diversified investment operations particularly in the priority sectors and in the less developed areas.

- It extends co-operation to the poor, the helpless and the low-income group for their economic development.

## 2.12 Products and Services of IBBL:

Islami Bank Bangladesh Ltd. offers all types of commercial banking services based on Islamic Shari'ah. The products and services of the banks are as follows:

DEPOSIT PRODUCTS:	INVESTMENT PRODUCTS
<ul style="list-style-type: none"> <li>i. Al-Wadeah Current Account.</li> <li>ii. Mudaraba Savings Account.</li> <li>iii. Mudaraba Special Notice Account.</li> <li>iv. Mudaraba Special Savings Account.</li> <li>v. Mudaraba Term Deposit Account.</li> <li>vi. Mudaraba Savings Bond Account.</li> <li>vii. Mudaraba NRB Savings Bond.</li> <li>iii. Mudaraba Hajj Savings Account.</li> <li>ix. Mudaraba Waqf Cash Deposit Account.</li> <li>x. Mudaraba Monthly Profit Deposit Account</li> <li>xi. Mudaraba Muhar Savings Deposit Account</li> <li>xii. Students Mudaraba Savings Account.</li> <li>iii. Mudaraba Farmers Saving Account.</li> <li>iv. Mudaraba Upohar Deposit Scheme.</li> </ul>	<ul style="list-style-type: none"> <li>i. Household Durable Scheme (HDS).</li> <li>ii. Housing Investment Scheme (HIS).</li> <li>iii. Transport Investment Scheme (TIS).</li> <li>iv. Car Investment Scheme (CIS).</li> <li>v. Investment Scheme for Doctors (ISD).</li> <li>vi. Small Business Investment Scheme.</li> <li>vii. Agriculture Implements Investment Scheme.</li> <li>viii. Rural Development Scheme (RDS).</li> <li>ix. Micro Enterprise Investment Scheme.</li> <li>x. Urban Poor Development Scheme.</li> <li>xi. Micro Industries Investment Scheme.</li> <li>xii. Women Entrepreneurs Investment Scheme.</li> <li>xiii. NRB Entrepreneurs Investment Scheme.</li> </ul>
OFFSHORE BANKING UNIT (OBU) PRODUCTS:	REMITTANCE PRODUCTS
<p><b>Deposit Products:</b></p> <ul style="list-style-type: none"> <li>i. Al-Wadeah Current Account (FCA).</li> <li>ii. Mudaraba Savings Account (MFCD).</li> </ul> <p><b>Investment Products:</b></p> <ul style="list-style-type: none"> <li>i. Bill Financing under Mudaraba Documentary Bills (Mura-UPAS) against Usnace import Bills.</li> <li>ii. Bill Financing under Mudaraba Documentary Bills (HPSM-UPAS)</li> </ul>	<p><b>Foreign Remittance Products:</b></p> <ul style="list-style-type: none"> <li>i. Remittance Card.</li> <li>ii. Foreign Demand Draft.</li> <li>iii. Hajj Pre-paid Card.</li> <li>iv. Travel Pre-paid Card.</li> </ul> <p><b>Inward Remittance:</b></p> <ul style="list-style-type: none"> <li>i. Electronic Fund Transfer.</li> <li>ii. Application for Programming Interface.</li> </ul>

<p>against Usnace import Bills.</p> <p><b>iii.</b> Import Financing.</p> <p><b>iv.</b> Export Financing.</p> <p><b>v.</b> Short term Murabaha.</p> <p><b>vi.</b> Pre-Shipment Financing (Bai-Salam in FC).</p> <p><b>vii.</b> Post-Shipment Financing (Bai-as-Sarf, MDB in FC).</p> <p><b>viii.</b> Project Finance (HPSM investment).</p>	<p><b>iii.</b> Encashment of cash Foreign Currency.</p> <p><b>iv.</b> Collection of F.C. Cheques /Drafts.</p> <p><b>v.</b> Payment of Foreign TT &amp; DD (FTT &amp; FDD).</p> <p><b>Outward Remittance:</b></p> <p><b>i.</b> Travel purpose.</p> <p><b>ii.</b> Study purpose (Student File).</p> <p><b>iii.</b> Medical purpose.</p> <p><b>iv.</b> Issuance of Foreign TT &amp; DD (FTT &amp; FDD).</p>
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Table: Products of IBBL



# Chapter Three:

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## FOREIGN EXCHANGE OPERATIONS OF IBBL:

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### 3.1 Foreign Exchange Operations of IBBL:

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In a broader sense, foreign exchange can be defined as a process of conversion of one currency into other. Which forms the basis for the administration of the present exchange control in Bangladesh, anything that carries a right to wealth in another country is foreign exchange. These include foreign currencies (bank notes), deposits, credits and balances payable in foreign currency, drafts, traveler's checks, letters of credit and bills of exchange payable in foreign currency. **Foreign Exchange Regulation Act, 1947**

### Foreign Exchange Department is Dividend in to 3 Sections:

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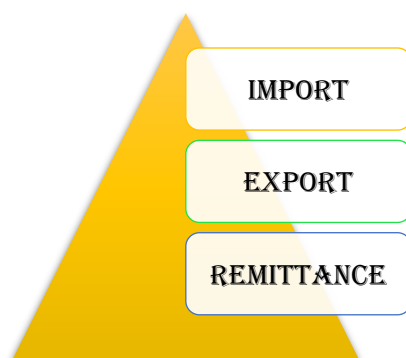


Figure: Foreign Exchange Department.

#### 3.1.1 Import Services:

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##### Meaning of Import:

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The import expresses meaning according to the law caring out of goods or anything from one country to another county for Buying. It will be reached by following to the Government law.

#### 3.1.2 Classification of Importer:

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There are Mainly Two Types of Importers:

##### 1. Commercial Importer:

The commercial importer expresses the meaning an importer limited with the required importers, exporters and indentation registration order 1981 who import goods from sale,

when published to commercial importers, conferred the category held by him with ITC classification and public notice against which they are admitted into import trade.

## **2. Industrial Importers:**

When it issued to an industrial consumer, gives the items of import as raw materials and packing materials and exempt parts, the value of entitlement and ITC classification.

### **3.1.3 Registration of Importer:**

---

According to the Import and Export Control Act 1950, a person can't import or exports any other product except the release issued by the Government of the People's Republic of Bangladesh.

### **3.1.4 Import Policy Order:**

---

Based on product demand and availability of funds, government policy announcements. The National Council is defined as the import policy for importing goods for a period of time with approval. The import policy is a guide of the rules set by the intentional government authority of the trade authority for the registered importers to import the products of the country's authorities.

### **3.1.5 General Rules of Import:**

---

#### **Restriction of Import:**

1. Negative list of Merchandises.
2. Restricted list.
3. Footnote under Restricted List.
4. Freely importable items.

ITC number is compulsory (H.S code 6 digit) to be mentioned in the L/C and LCAF to identification the item to be imported.

1. Requirement Right of Refusal (ROR) for public sector agency from Ministry of Industry or respective Ministry/department of both to Import item under Restricted List.
2. Import cannot be Israel.
3. Pre-shipment inspection (PSI) for private sector normally PSI is not mandatory.
4. Shipment to be made through Bangladeshi ship some exemption
5. General waiver from department of shipping otherwise certificate of Waive is to be obtained to ship through Foreign Cargo.

### 3.1.6 The Documentary Letter of Credit L/C:

---

Letter of credit is an agreement where the open / issuing bank is committed to keeping the amount agreed upon in the beneficiary's places under certain agreed terms. In other words, the letter of credit is a letter to the exporter of exporters of bankers that according to the terms and conditions, the bills will be honored in the presentation.

### 3.1.7 Definition of L/C:

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A conditional bank promise to provide a letter to credit. In other words, a letter of credit letter to the exporters of bankers is a letter which will be respected according to the terms and conditions of the proposed bill.

### 3.1.8 Types of L/C:

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- 1. Revocable Credit:** According to article no. 8 (a) A refundable credit is a credit that can be amended or canceled by the issuing bank without prior notice without prior protection to the seller.
- 2. Irrevocable Credit:** According to article no 9, a fixed issuer of the bank establishes a fixed commitment. A credit can't be amended or canceled without the agreement of all parties.

### 3.1.9 Parties of Letter Of Credit:

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- 1.** Importer (Buyer)/Applicant.
- 2.** The Issuing Bank (Opening Bank).
- 3.** The Advising Bank (Notifying Bank).
- 4.** Exporter/Seller (Beneficiary).
- 5.** Confirming Bank.
- 6.** Negotiating Bank.
- 7.** The Paying/Reimbursing/Accepting/Remitting Bank.

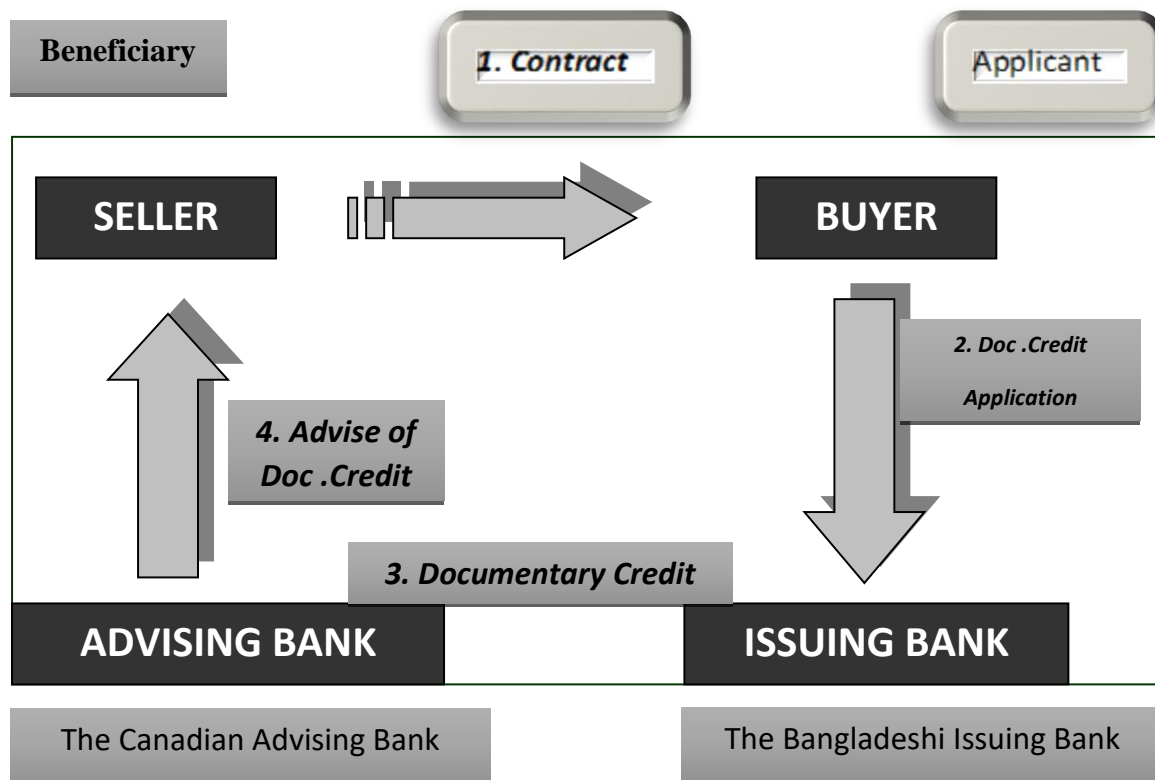


Figure: The Documentary Credit Cycle.

**Applicant:** The person / organization who is applying to issue a credit letter to the bank (opening bank). For the indicator and the applicant, the seller opens the L / C in violation of the terms and conditions of the seller agreement between the buyer and the seller.

**Opening bank/Issuing Bank:** Opening / issuing credit letters on behalf of the applicant / importer. The bank's responsibility is to issue the payment against the presentation of the documents exactly as per the L / C conditions.

**Advising/Notifying Bank:** The bank through which the L / C provides / advises the beneficiaries (exporters) / advances. The responsibility of advising the bank is to contact the L/C to the advisor after verifying the credits.

**Beneficiary:** Credit letter is issued to L / C's beneficiary party. Generally they are either seller or exporter.

**Confirming Bank:** The bank, as indicated in the loan letter, adds to the issuing banks as well as payment confirmation. These assurances constitute a definite commitment to the bank providers as well as to ensure the bank.

**Reimbursing/Paying Bank:** Credit card has been deposited in the issuing bank with credit card; the bank has been paid for payment in the payment.

### 3.2 Modes of Sales of Goods:

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**Cash in Advance:** Risk is low. The Performs invoice is used.

**Open Account:** The product is first transmitted and is made after payment. There are no intermediaries. An invoice is performed as well as used here.

**Documentary Collection:** Use bank as an open account but as intermediaries. The risk here is zero. Here the bank works like an agent / intermediary.

#### 3.2.1 Modes Used In Foreign Exchange Investments:

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Figure-11: Modes Used In Foreign Exchange Investments.

### 3.3 Export Services of IBBL:

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#### Meaning of Export:

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Export means to implement anything from one country to another for sale.

#### 3.3.1 Definition of Exporter:

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The country's importers and export business are regulated by the Export Control Act 1950. No person / organization is allowed to export anything from Bangladesh until CCI and registration under registration order (importer and exporter), 1952. An exporter must sign an ERC (Export Registration Certificate) from CCI and E's office.

### 3.3.2 Different Types of Export:

---

#### a. Export under L/C:

Exporters are allowed to export products under permanent letter credit. Under such export, the exporter will provide the terms of the credit and pay the payment under the credit system.

#### b. Consignment basis export:

Export anti-firm agreement is approved. Under the agreement, the importer will sell the product and the buyer will pay the buyer after the sale of the product.

#### c. Export against advancement payment:

Sometimes the exporter takes advance payment. In that case, the authorized depositor must carry the announcement from the certified "advance receipt voucher" exporter of remittance. Then exporters will export products against advance payment.

### 3.3.3 General Rules for Export:

---

There are some rules, which are mandatory for export of any goods from Bangladesh.

- (1) All export must be declared on the EXP form, which is consisting of 4 copies.
- (2) Export must be against any of the following:
  - a) Export L/C.
  - b) Firm Contract.
  - c) Advance Payment.
- (3) 'EXP' must be submitted to the Bank by the exporter and Bank will submit the Duplicate Copy to the Bangladesh Bank within 14 days from the date of shipment.
- (4) Payment for goods exported should be received through an authorized dealer in freely convertible currency.
- (5) Export proceeds must be received by the exporters within 4 months.

### 3.3.4 Export Documents Checking:

---

After submitting the export documents by the exporter, the bank must verify, if the required documents have been submitted. Banks must check all the documents prescribed in the credit with reasonable care to ensure that their credit terms and conditions will be contractualised. Without strengthening the credits, the documents will not be examined

### **3.3.5 Export Requirement:**

---

All export ships from Bangladesh have to disclose the bank through the expansion form so that they can submit duplicate within 14 days from the date of invoice. The ship does not have to return the exported country within four months from the date of the ship, otherwise they will be fined. A careful monitoring watch is done. Make sure to receive the money received for sale. A specific date document must be explored in separate fields.

### **3.3.6 Others:**

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#### **Shipping & Customs Formalities:**

International transfers of goods are made through the credit card, which is issued by the foreign bank in the case of the exporter for importers' appeal. The foreign issuing banks may prescribe a credit in the following manner:

1. By short cable/ Telex followed by Airmail.
2. By full telex (No airmail confirmation).
3. Airmail L/C.
4. Advising of L/C after adding confirmation.

#### **Keep the Goods Ready for Dispatch (Shipment):**

After receiving the importer's order, immediate steps should be taken to create exporting products if they are not already in the specified stock and are ready to send them.

#### **Inspection of Goods:**

The products should be prepared for consistent authorities to investigate and should provide a certificate of control of the necessary quality under control: for example:

1. Export promotion Bureau.
2. Custom Authorities who will inspect the goods under Sea Customs Act.
3. Chamber of Commerce and Industry.
4. Other agencies authorized to inspect the goods before shipment.

#### **Getting Shipping Space:**

In order to export products, shipping companies or their agents must know by the exporter for the purpose of booking freight. So that the invoice can be made conveniently. In this case, the services of clearing and forward agents can be conveniently taken for the proper operation of the products; The commission will be provided to agents for this purpose.

### 3.3.7 Back To Back L/C:

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Back-to-back L / C means a credit back-up. It is a new credit favor to the other beneficiary. Sometimes a credit receiver vendor L / C is unable to supply specific products and is required to purchase from another supplier by opening another credit. On the other hand, it is also necessary to open the back-to-back L / C for the following formalities and documents (L / C opening) formalities and requirements.

1. Master L/C.
2. Valid bonded ware house license.
3. Quota allocation for quota items.
4. ERC in addition to IRC.
5. Indemnity/Undertaking.
6. NO objection from previous banker.
7. Factory inspection certificate.
8. BGMEA Membership.

### 3.3.8 Export Financing Products:

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An exporter requires financing at two stages:

#### **Pre Shipment Investment under Musharaka:**

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In this case, by opening an L / C on behalf of the bank exporter / export house or organization, usually generates an export business, which has obtained export L / C from foreign buyers. Since L / C supplies power and supports it by L / C, it is known as 'Credit of Back Credit of Letter'.

#### **Post Shipment Investment under Musharaka:**

---

Exporters may need post-shipment financing for the cost of operation costs. In this case, the export export needs to wait a long time to pay abroad, according to the payment terms given in their respective export L / C.



### 3.4 SWIFT:

The Society for Worldwide Inter-Bank Financial Telecommunication (SWIFT) provides complete solutions across every aspect of financial services processing, including - payment and cash management, treasury and derivatives, trade services, securities pre-trade / trade, pre-settlement, clearing and disposal, handling services and reporting.

#### 3.4.1 SWIFT Share of IBBL:

In 1999, Islami Bank Bangladesh Limited became a SWIFT member with a single share. SWIFT shares were redistributed in the beginning of 2003 as financial contributions from shareholders to network based services started in 2003.

#### 3.4.2 Benefits of SWIFT:

- ✚ **Confidentiality** – Information is only published to authorize persons at authorized locations.
- ✚ **Integrity** – Information can be relied upon to be complete, accurate and unchanged.
- ✚ **Availability** – Information and associated service is accessible and usable when needed.
- ✚ **Accountability** – Every individual authorized to use the system is accountable.
- ✚ **Confidentiality and Integrity** – Are ensured by means of security of transmission.

### 3.5 Remittance:

The word "remittance" comes from the word "remittance", which means money / funds. In the banking terminals, "Remittance means money transfer." When money is transferred from one country to another, it is called "sending foreign money".

#### 3.5.1 Classification of Remittance:

Foreign remittance may be classified into two types:

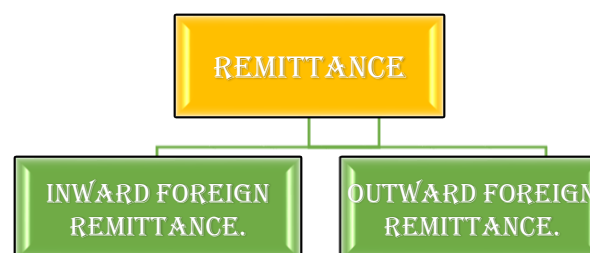


Figure: Classification of Remittance.

### **Inward Foreign Remittance:**

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Inward foreign money to be sent abroad. In other words, remittance coming from our country to another country is called 'Inward foreign remittance' by the sender through the approved foreign exchange through foreign exchange approved banks.

### **Outward Foreign Remittance:**

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Funding of funds is TT D. D. This will be done through TT etc. The name of the recipient and the name of the recipient of the currency, etc., are to be submitted by the sender. All external remittances must be in the possession of authorized banks of the Bangladesh Bank.

### **3. 5.2 Instruments of Foreign Remittance:**

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- T.C.** : Travelers Cheque.
- F.D.D** : Foreign Demand Draft.
- T.T** : Telegraphic Transfer, Cable transfer or swift transfer.
- M.T** : Mail Transfer.
- I.M.O** : International Money Order.
- P.O** : Payment Order.

# Chapter Four:

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## LEARNING PART:

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### 4.1 Preface:

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I have completed my internship program in Islami Bank Bangladesh Ltd. at “Foreign Exchange Department at Uttara Branch”. It is one of the leading commercial private banks in this country. This bank was inaugurated in 1983 based on Islamic Shari’ah. Especially I want to say about “Foreign Exchange Operation at Uttara Branch”. This branch is situated at the bottom of the Uttara city of Bangladesh. It is located at the Dhaka area of Kushal Centre, Uttara Model Town, Uttara, Dhaka-1230. The Branch has rooted its business operation on 07.07.1995. Foreign Exchange at Uttara Branch is one of the prestigious Branch of IBBL.

### 4.2 Overview of the Branch:

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IBBL is one of the greatest Islamic Bank of South-East Asia. It is working hard for being a world class Bank in all respects, regarding the Shari’ah compliance. Because, Shari’ah based ethical banking system contributes the best for sustainability of the world economy as well as our indigenous economy. IBBL has been comprised in the "TOP 954 BANKS OF THE WORLD" in July' 2018. IBBL has become an imposition Bank to IDB which is a Bank of all Muslim countries under OIC. I am so much proud as an internee of this Bank. Foreign Exchange Operation at Uttara Branch is traded with the big volume of Investment, Deposit, and Import & Export among the 294 Branches of this Bank. I provided a variety of products and services to large, medium corporate and SME clients that includes Project finance, Trade finance, Transport & Housing finance etc.

### 4.3 Internship Program Duration:

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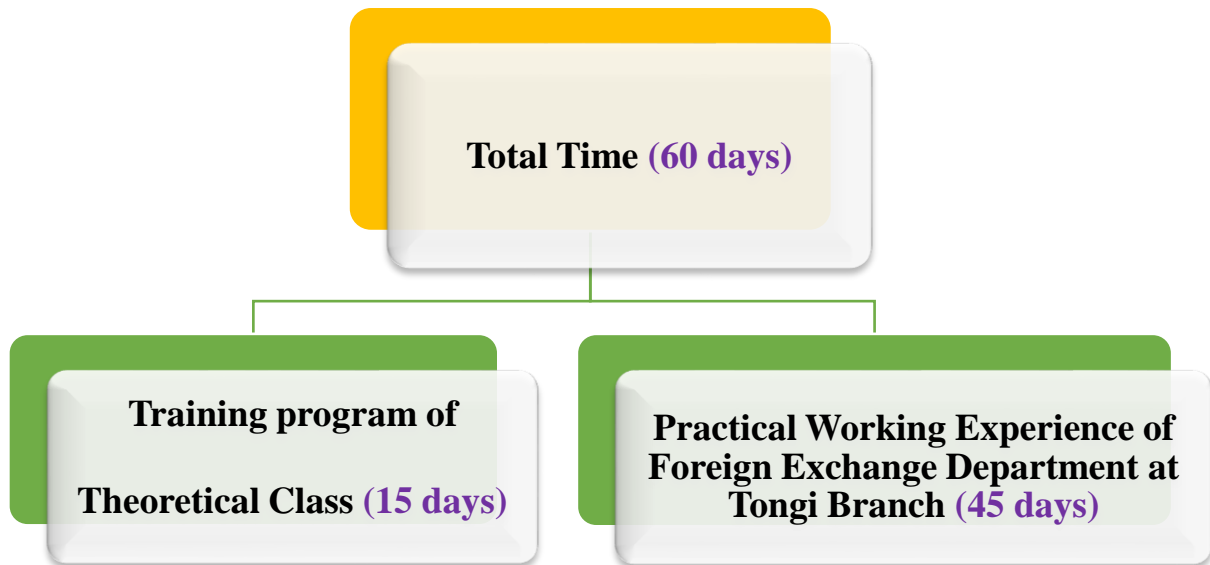


Figure: Internship Program Duration.

For this internship program, I have applied to the IBBL through the internet via [www.ibtra.net](http://www.ibtra.net) the total internship program of IBBL is for 60 days. Between the 60 days I have to attend the training program, at the training program at IBTRA (Islami Bank Training and Research Academy). It was planned by Islami Bank Training and Research Academy (IBTRA). There I passed 15 days for theoretical class.

First 15 days I have completed theoretical class in IBTRA. Then I transferred to the Foreign Exchange Operations at Uttara Branch for practical Working experience with 45 days where I have learned thoroughly Islamic banking and financial system of this bank. I got a lot of information and gathered experience about this bank as well as interest free banking system. I was the 136<sup>th</sup> batch of the internship program. In my batch there were 183 students. Then I have shifted to my chosen branch which is “Foreign Exchange Operations at Uttara Branch.”

#### ❖ Some Information of My Training Program Is:

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Batch No.	136 <sup>th</sup>
Duration of training program	15 days
Duration of practical experience	45 days
Date of commencement	July 02, 2018
Date of conclusion	August 30, 2018
Resource person	IBTRA Faculty and Professionals from Financial and Other Institutions.
Course Director	Md. Mizanur Rahman SVP & Director (Training & Research)
Course Coordinator	Masuma Begum PO & Faculty Member

#### 4.4 Job Title and Joining Details:

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Islami Bank Bangladesh Limited conducts the Internship program for the BBA and MBA students of the different Universities. This year IBBL was also conducted Internship program 136<sup>th</sup> batch. I was one of the selected internee within the 183 different university's students. I have joined the internship program since July 02, 2018 to August 30, 2018 for a period of 60 days, of which 15 days at Islami Bank training and Research Academy (IBTRA) premises for theoretical classes and the remaining 45 days program conducted at Foreign Exchange Department at Uttara branch of Islami Bank Bangladesh Limited through practical exposure.

I have joined Islami Bank Bangladesh Limited at "Foreign Exchange Operation at Uttara Branch" in 18<sup>th</sup>, July 2018 under Branch Manager Md. Shaikh Farid Ahmed, Vice President appointed me and I participated in the account opening section, investment section. I worked 45 days in this branch. This branch was inaugurated in 1995 in this branch, there were 75 employees. This branch is very busiest rather than other Branches. They were very kind and pleased for me. All of them were very cooperative.

#### 4.5 Branch Analysis:

#### Management Structure of Foreign Exchange Operations at Uttara Branch:

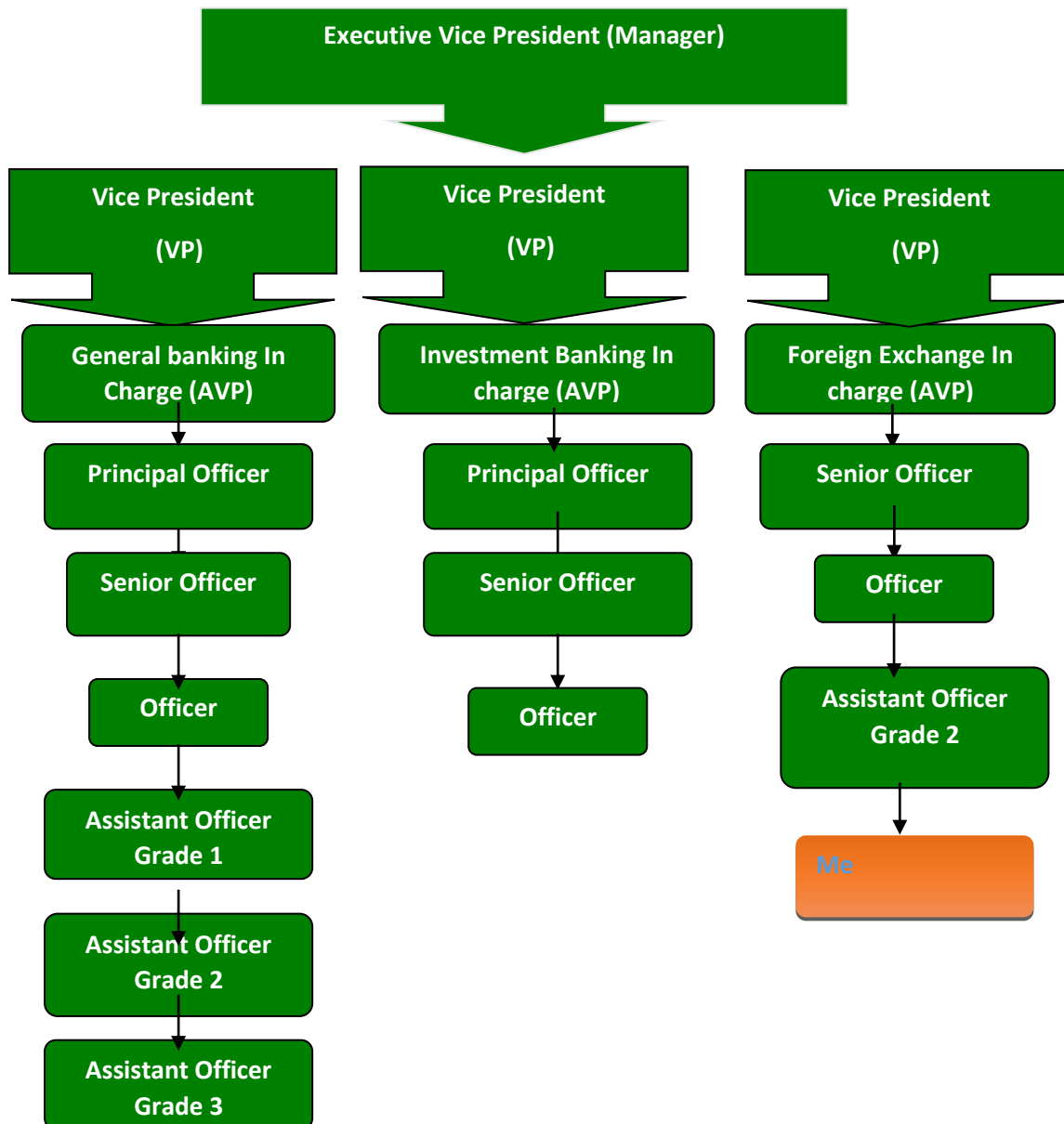


Figure: Management Structure of IBBL (Foreign Exchange Operations at Uttara Branch).

**4.6 Practical Working Experience at Foreign Exchange Operation at Uttara Branch:**  
Work Schedule

My work schedule was planned by this rotation including holidays:

	Total days (45)							
Section	10 days		10 days		25 days			
General banking	█	█						
Investment Department			█	█				
Foreign Exchange Department					█	█	█	█

Figure: Chart of My Internship Duration at Uttara Branch.

**Time Management:**

Time management is the eminent virtue for each & every person. According to the office rules and regulations I have to follow my office time like a permanent employee. That’s why I had to attend here from 10:00am to 5:00pm. After entering into the office I would sign attendance sheet like other employee and officials then sit on mentioned position and there was specific space to sit for me. Within office hour every employee of relevant section instructed me in order for better improvement.

## 4.7 Summary of the Activities in the Branch:

Department	Activities Section	Activities	No of Days	Learning Outcomes
General Banking	Account Opening section	<ul style="list-style-type: none"> <li>✓ Give Information</li> <li>✓ Collect Information</li> <li>✓ Fill the form</li> <li>✓ Ensure the main document be checked</li> <li>✓ Help the customers</li> <li>✓ Handle the customer</li> </ul>	05	I have learned: <ul style="list-style-type: none"> <li>• To open an account</li> <li>• Handle the customers</li> <li>• Check all the document</li> <li>• Process to fill up a form.</li> </ul>
	Check issue section	<ul style="list-style-type: none"> <li>✓ Taking cheque requisition for the customers</li> <li>✓ verify the signature from the records</li> </ul>	02	I have learned: <ul style="list-style-type: none"> <li>• Cheque requisition</li> <li>• New cheque issue</li> <li>• How to verify signature from the records.</li> </ul>
	Clearing section	<ul style="list-style-type: none"> <li>✓ Check receive</li> <li>✓ Verify the cheque</li> <li>✓ Seal the cheque</li> </ul>	03	I have learned: <ul style="list-style-type: none"> <li>• How to receive the cheque</li> <li>• Endorsement</li> <li>• How to give Payment.</li> </ul>
Investment	Investment section	<ul style="list-style-type: none"> <li>✓ Organize investments file</li> <li>✓ Voucher writing</li> <li>✓ Procedure to give SME investment</li> </ul>	10	I have learned: <ul style="list-style-type: none"> <li>• How to give investment</li> <li>• How to interact with investment customer</li> <li>• Procedure of all investment.</li> </ul>
Foreign Exchange	Import Section  Export Section  Remittance section	<ul style="list-style-type: none"> <li>✓ TIN, VAT,</li> <li>✓ IRC, LCAF, Pre Audit</li> <li>✓ Memo, LC proposal.</li> <li>✓ L/C opening:</li> <li>✓ Cash L/C, Back to Back L/C,</li> <li>✓ Credit Reports, IMP Form, Lodgment, Charge Document,</li> <li>✓ Advising and transfer of export L/</li> <li>✓ Opening of F/C account,</li> <li>✓ Issuing of FTT and FDD</li> </ul>	25	I have learned: <ul style="list-style-type: none"> <li>• How to open L/C</li> <li>• Import L/C opening</li> <li>• Export L/C opening</li> <li>• How to fill up the IMP form.</li> <li>• How to prepare pre audit memo</li> <li>• Payment procedure</li> <li>• How to submit report to Bangladesh bank.</li> </ul>

Table: Summary of the activities in the Branch.



# Chapter Five:

## PERFORMANCE EVALUATION:

### 5.1 Performance of Foreign Exchange Business of IBBL:

#### Foreign Exchange Business

Islami Bank Bangladesh Limited has obtained a solid foundation in respect of foreign trade with in a long period of time. It's total import, export and remittances for the year 2017 was Tk. 8,34,650 million. Islami bank Bangladesh Limited has 208 branches all over the country, some of them to deal with foreign transaction including many respecting branch in the world.

### 5.2 The progress of IBBL at a glance:

Table: the progress of IBBL at a glance:

Amount in million Tk.

Sl.No.	Particulars	2013	2014	2015	2016	2017
<b>Balance Sheet Matrix</b>						
1	Authorized Capital	10,000.00	10,000.00	20,000.00	20,000.00	20,000.00
2	Paid-up Capital	6177.60	7,413.12	10,007.71	12,509.64	14,636.28
3	Share Premium	1.99	1.99	1.99	1.99	1.99
4	Reserves Fund	13927.94	16,081.14	17,792.50	24,116.47	26,512.48
5	Retained Earning	1,853.28	2,594.59	3,202.47	3,152.25	2,634.53
6	Shareholder Equity	20,105.54	23,494.26	27,800.21	39,780.35	43,785.28
7	Deposit (including Bills payable)	244,992.14	291,994.60	341,853.67	417,844.14	473,140.96
8	Investment (including shares	225,752.41	275,493.94	322,772.83	399,990.79	474,015.95

	and securities)					
<b>9</b>	Investment	214,615.80	263,225.13	305,840.56	372,920.72	406,804.86
<b>10</b>	Investment deposit ratio (Investment excluding shares and securities)	90.147%	90.147%	89.47%	89.47%	82.35%
	Total asset (Including Contra)	340,638.49	443,684.79	502,613.05	592,582.50	664,554.96
	Total asset (excluding Contra)	278,302.84	330,586.12	389,132.12	482,536.32	550,839.38
	Fixed Assets	6,512.36	6,748.44	7,100.19	14,808.23	15,732.81

#### Capital Matrix

	Total risk Weighted Assets (RWA)	202,756.60	256,804.90	257,564.30	311,511.60	319,215.90
	Statutory capital (Paid up capital & statutory reserve)	12,421.60	15,348.08	20,012.14	24,933.30	29,274.89
	Equity/Capital Surplus/(Deficit)	3,344.16	5,287.58	7,960.24	10,901.96	13,590.39
	Capital Adequate Ratio	11.65%	11.06%	13.09%	13.49%	14.26%

#### Assets Quality

	Amount of classified Investment	5,063.40	4,655.63	8,292.32	14,212.80	14,941.90
	Classified to total investment	2.36%	1.77%	2.71%	3.81%	3.67%
	Total Investments (Including Invest in Share) Gross	62,755.90	83,893.63	102,145	123,959.00	174,365.55

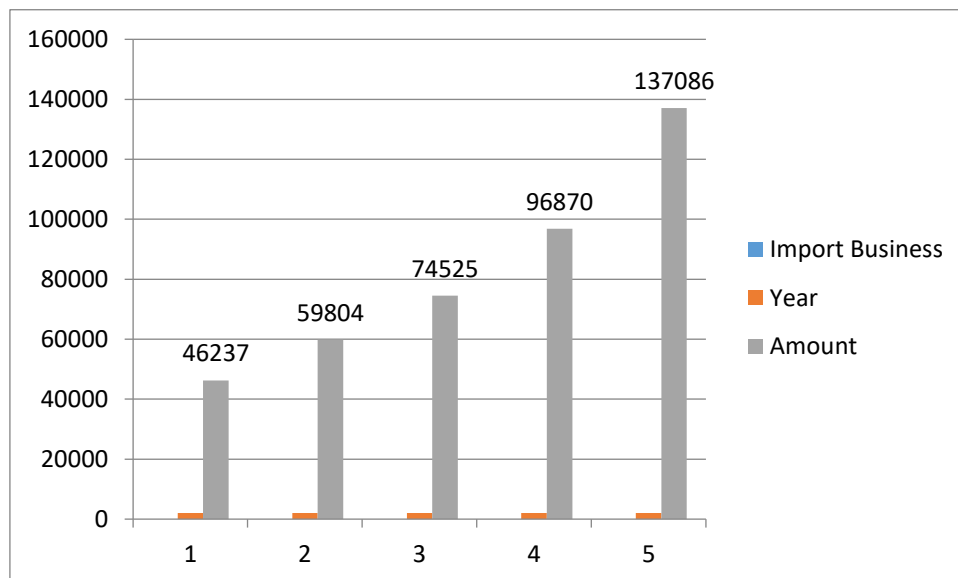
Import Business	46,237.00	59,804.00	74,525.00	96,870.00	137,086.00
Export Business	21,738.00	29,151.00	36,169.00	51,133.00	66,690.00
Remittance	16,668.00	23,669.00	36,948.00	53,819.00	84,143.00
Total Foreign Exchange Business	84,643.00	112,624.00	147,642.00	201,822.00	287,919.00
Total Income	6,710.44	8,262.73	10,586.78	14,038.30	17,699.51
Total Expenditure	5,908.42	6,419.74	8,424.36	11,129.63	13,918.70
Net Profit before Tax	802.02	1,842.99	2,162.42	2,908.67	3,780.82
Payment to Government (Income Tax)	426.61	829.35	973.09	1,490.12	2,049.05
Dividend	20% (Stock)	20% (Stock)	25% (Stock)	15% (Cash) 10% (Stock)	25% (Stock)
Total Assets (including Contra)	98,046.85	125,776.94	150,959.66	188,115.27	250,634.48
Total Assets (Excluding Contra)	81,704.75	102,149.28	122,880.35	150,252.82	191,362.35
Fixed Assets	2,036.66	2,552.70	3,067.99	3,724.69	3,987.23
No. of deposit account holder	1,994,266	2,291,269	2,705,180	3,207,131	3,802,709
No. of investment account holder	223,954	264,863	297,943	421,751	508,758

### **5.3 Import Business:**

From the very beginning the bank has assigned on foreign exchange business with a view to facilitating international trade of the country and copes with the race of Globalization. The bank has inaugurated in 1983 and performed well year to year letter of credit amount in Tk. 33788.00 million from import business by the IBBL. Items of import financed by IBBL according to the import policy except haram goods.

The year wise import as follows:

Year	2013	2014	2015	2016	2017
Import Business	46,237.00	59,804.00	74,525.00	96,870.00	137,086.00

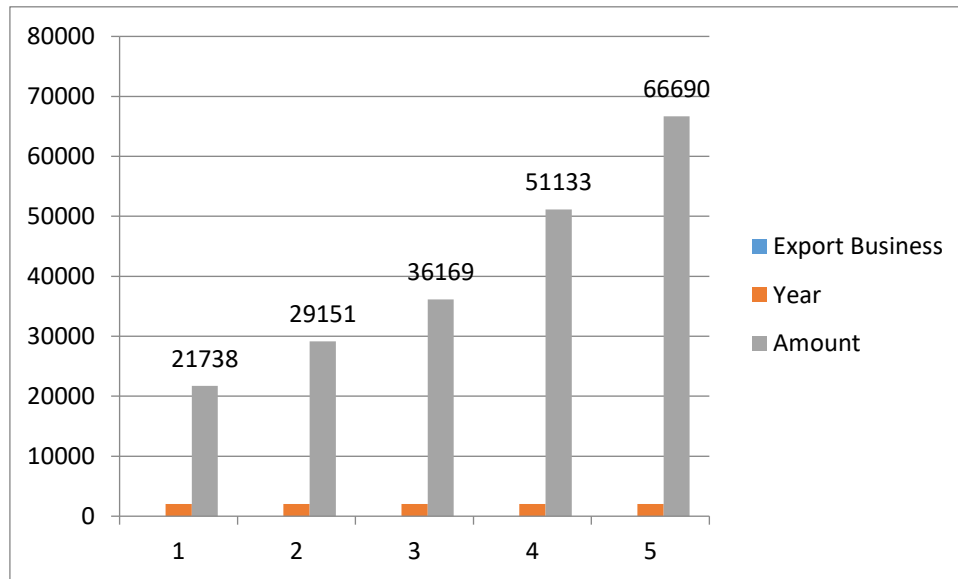


**Comment:** This figure shows that the import business of IBBL was gradually increasing from year 2013 to 2017. In 2013 the amount of import business of IBBL was Tk. 46,237 million and Tk. 137,086 million was the amount of the year 2017. I hope if the IBBL hold their strategy and try to increase it then their import business will being increasing.

## **5.4 Export Business:**

The year wise export as follows:

Year	2013	2014	2015	2016	2017
Export Business	21,738.00	29,151.00	36,169.00	51,133.00	66,690.00

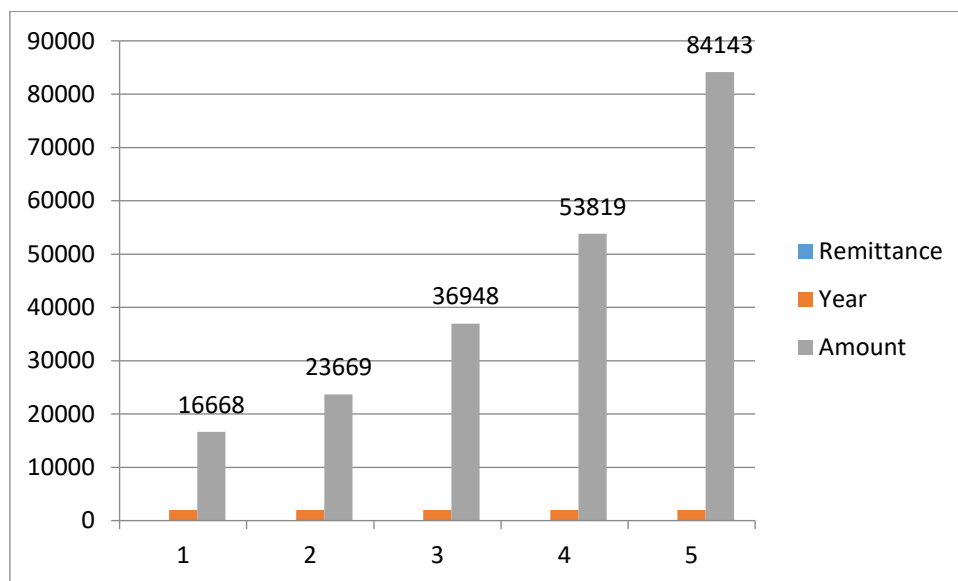


**Comment:** above figure says that the export business of IBBL was also gradually in increasing from the year 2013 to 2017. The amount of their export business was Tk. 21,738 million in 2013 and it has been 66,690 million in 2017. If they continue their export business like this and try to develop their strategy against their export business then it will be more beneficiary.

## 5.5 Remittance:

The year wise remittance as follows:

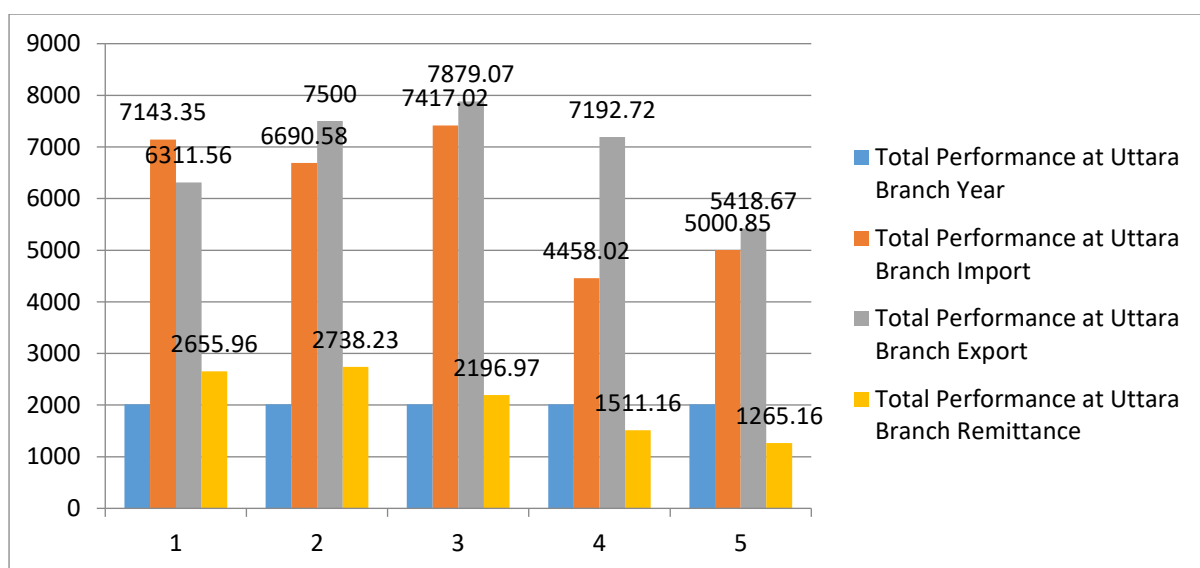
Year	2013	2014	2015	2016	2017
Export Business	16,668.00	23,669.00	36,948.00	53,819.00	84,143.00



**Comment:** Remittance is most powerful matter for increase the GDP of any country. IBBL is the first remittance collector in our country. The remittance of IBBL similarly was also gradually increasing from 2013 to 2017. It will be more increment if they improve their strategy about remittance collection.

**5.6 The year wise import, export and remittance at Uttara Branch of IBBL as follows:**

<u>Year</u>	<u>Import</u>	<u>Export</u>	<u>Remittance</u>
30/12/2013	7143.35	6311.56	2655.96
30/12/2014	6690.58	7500	2738.23
30/12/2025	7417.02	7879.07	2196.97
30/12/2016	4458.02	7192.72	1511.16
30/12/2017	5000.85	5418.67	1265.16
31/10/2018	3806.05	3690.28	809.16



**Comment:** Like overall performances of import, export and remittance Uttara branch is not in back from other. They are also trying to increase their performance day by day. If their foreign exchange department gives more attention they could be more beneficiary.

# Chapter Six:

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## FINDINGS, RECOMMENDATIONS & CONCLUSION:

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### 6.1 Findings:



After analyzing and resolving the financial and overall performance of Islami Bank Bangladesh Ltd I could show some sort of issues which are:

1. Documentation & filing system of foreign exchange operation is not so easier. It wastes valuable time and it is not cost effective.
2. To accelerate the speedy & accurate information for analyzing import-export business there is a lack of effective database system.
3. Letter of Credit (L/C) opening system for the importer is not so much easier. For processing of L/C document, it requires huge amount of time & money as well.
4. Islami Bank Bangladesh Limited provides assistance in relation with foreign exchange to the small scale industries entrepreneur. Small entrepreneur is not required to keep higher margin regarding opening a L/C. As a result, their services are diversified in to the small scale portfolios.
5. The terms and conditions of Foreign Exchange division are sometimes difficult to understand for the ordinary clients.
6. When a monetary authority buys or sells foreign exchange, it makes or accepts payment in domestic currency by crediting or debiting commercial banks' reserve accounts at the central bank.



## 6.2 Recommendations:



Recommendation means to offer some premises on some specific problems. Islami Bank Bangladesh Limited is one of the expectant banks in the banking sectors of our country. It is not so easy to give any suggestion & recommendation about this banking activity. However, as a student of MBA, it is very difficult for me to give any suggestion or advice about Islami Bank. That is why the following precautions & suggestions can be adopted to smooth the functions of Islami Bank:

1. Identical documentation and filling process should be introduced for the betterment of the bank. The bank should be more concentrated on time & money spent in case of documentation and filling process of foreign exchange transaction.
2. The Bank should develop an effective database needed for analyzing Foreign Exchange Business & sectors wise export-financing facilities.
3. Opening system of Letter of Credit (L/C) for the importer should be easier.
4. The branch manager should be given discretionary power to furnish finance for more than one core Taka. So that when customers haven't L/C limit then manager can sanction finance for immediate L/C open.
5. The bank should be more computerized. It will speed up the activities and lead to more customer satisfaction.
6. Promotional activities help an organization to reach its potential customers so more and more advertising is necessary in order to draw the attraction of its customers.

## 6.3 Conclusion:



In conclusion, we can say that, despite stiff competition among banks operating in Bangladesh, both local and international, Islami Bank has made remarkable progress practically in every circle of its activities during the year under review. At the end of this year of operation, the bank fulfilled its position as one of the leading new generation private sector banks in the country in terms of capital base and good governance. Islami Bank Bangladesh Ltd. invested more funds in export and import business. It has been operating its foreign exchange operation with great success and been able to make positive contribution to the economy of Bangladesh by virtue of its devoted and expert personnel. Islami Bank Bangladesh Limited is predicted to be specialized in Foreign Exchange Operation. I believe & hope that this report will offer a number of benefits to improve and update the foreign exchange procedure for its smooth operation and will cooperate in redesigning the system an environment of the department. Reducing a small portion of the sickness of the projects will be a great benefit to the entire nation as well as to the whole nation. I have made some recommendations here that will help in the selection of truly suitable, socially contingent and more employment opportunities. The approval process of this report can improve the existing conditions, and is implemented, my small initiative gets a breathing.

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Pictures with manager and supervisor of IBBL, Uttara Branch.

