

# Internship Report

On

**“Foreign Exchange Activities of Southeast Bank Limited”**



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**Daffodil**  
*International*  
**University**

**Internship Report**  
**On**  
**“Foreign Exchange Activities**  
**Of**  
**Southeast Bank Limited**

**[Conducted on behalf of Southeast Bank Limited, Motijheel Branch, 125,  
Motijheel C/A, (1<sup>st</sup> Floor), Motijheel, Dhaka- 1000, Bangladesh]**

## Letter of Transmittal

17<sup>th</sup> September, 2018

Nusrat Nargis  
Assistant Professor  
Department of Business Administration  
Faculty of Business and Economics  
Academic Supervisor

Subject: Submission of Internship Report

Dear Sir,

It is of significant privilege and pleasure to me to exhibit you my entry level position venture paper arranged as a part of the Internship program. I attempted to assemble information to make my undertaking paper explicit and lucid through my temporary position and utilizing fundamental information from pertinent source. I have dissected each inch and outs about elements that influence the report **“Foreign Exchange Activities of Southeast Bank Limited.”**

I attempted my best to make material and possible arranging so it ends up successful and in the same class as you anticipated. I truly trust this report will satisfy the necessity recommended. I will acknowledge whether you benevolently deal with a portion of your important occasions by experiencing the report.

Thanking you,

Your regards

Shipan Datta

ID No: 171-14-2349

Daffodil International University

## Letter of Acceptance

I am satisfied to affirm that the Internship Report on “Foreign Exchange Activities of Southeast Bank Limited (SEBL). A study on Foreign Exchange Activities prepared by **Shipan Datta** bearing **ID NO: 171-14-2349** of the Department of Business Administration (**Major in Finance**) is approved for presentation and defense. Shipan Datta worked with “Southeast Bank Limited” as an intern under my supervision. I am also pleased to certify that the data and the findings presented in the report seen to be authentic.

Shipan Datta bears a good moral character and an exceptionally satisfying identity. It has in fact been an extraordinary delight working with him. I wish his everything achievement throughout everyday life.

.....

Nusrat Nargis

Assistant Professor  
Department of Business Administration  
Faculty of Business and Economics  
Daffodil International University

## Declaration

I do hereby solemnly pronounce that the work exhibited in this internship report named ‘Foreign Exchange Activities’ of Southeast Bank Limited (SEBL). A study on “Foreign Exchange Activities” has been carried out by me and has not been recently submitted to any university for an academic certificate.

The work I have introduced does not break any current copyright and no bit of this report is duplicated from any work done before for a degree or something else.

I further undertake to reimburse the advancement against any misfortune or harm emerging from rupture of the previous commitments.

**Shipan Datta**

ID No: 171-14-2349

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## Acknowledgement

At the specific starting, I might want to offer my most profound thanks to Creator for giving me the quality and the levelheadedness to complete the internship report words really will never be enough to express how appreciative I am, yet never the less I will attempt my dimension best to express my thankfulness toward few people.

This internship report may never have been completed without the important down to earth learning, assistance of the many books, articles, websites, and primary data. It improved my insight on foreign exchange activities as well as banking business. On account of each one of those people, who have helped me, providing me co-operation, books articles. I would like to express my special gratitude to my supervisor **Nazrul Islam, Executive Officer** for his supervision, co-operation and advices.

My endless thanks go to **Tanmoy Shaharier, Senior Officer** and he especially work in internal audit, of Southeast Bank Limited, Motijheel Branch for being patient and supporting me during my internship program. My associates and colleagues at the bank had additionally been exceptionally helpful, and they made my internship a more charming and significant one.

I have worked in the Southeast Bank Limited, Motijheel Branch for three months. As an intern, I had the opportunity to do different types of tasks related to Foreign Exchange Activities, General Banking, and credit Management Department which broadened my perception about Southeast Bank Limited, Motijheel Branch operation.

## Executive Summary

Banking sector is expanding its hand in distinctive occasion every day. In the main time the banking process is winding up quicker, easier, and the managing account region getting to be more extensive. As the demand for better service increases day by day, they are accompanying diverse creative through and items. With the end goal to get by in the focused field of the managing an account segment, all keeping money association are searching for better administration chance to give their kindred customers. Subsequently, It has turned out to be fundamental for each individual to have some though on the bank and saving money method. Southeast Bank Limited trusted in the vision of together, towards, tomorrow. To accomplish the longing objective the bank is demonstrating the perfection at all phases with an atmosphere of consistent enhancement. Bank vital plans and systems administration will reinforce its aggressive execution over others in this quickly changing focused condition. The overall objective this study is to represent the foreign exchange performance of import, export and foreign remittance of Southeast Bank Limited.

In chapter one initial words, starting point, scope, impediments and methodology and technique of the study has been talk about. Chapter two covered the historical background, organizational structure mission, vision, objective, commitment of clients, organizational hierarchy and general banking of Southeast Bank Limited. Section three contains the theoretical discussion about foreign exchange activities and functions. The most significant part is chapter four, here discussed about foreign exchange procedure, L/C application forms, mechanism of L/C and foreign remittance. And in chapter five discuss about the performance evaluation of some years. At last section five is done with some findings and conceivable recommendation and finishing up comment of the study.

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## **Chapter- 01**

### **INTRODUCTION**

## 1.01 Introduction

A bank is a financial institution authorized to receive deposit and make credits. Bank may likewise give money related administrations, for example, wealth management, currency exchange and safe deposit boxes. There are two types of banks: commercial/retail banks and investment banks. In many nations, banks are directed by the central bank. The bank directs saving money and credit organizations to ensure contributes and different leaders assets at saving money and credit foundations specifically and the soundness of the budgetary area all in all.

Southeast Bank Ltd (SEBL) is one of the key supporters of economy of Bangladesh. It has been becoming quicker as one of the pioneers of new age bank in private segment in regard of business and beneficially. General banking division mostly carries out great deal of banking actions. Southeast Bank gives distinction of services take on Conventional Banking, Islamic Banking, Loan and Advance, Foreign Trade, Remittance, Internet Banking, Mobile Banking etc.

The report contains the exploration of the Foreign Exchange Activities of Southeast Bank Ltd. International exchange is the framework by which nation's trade products and enterprises. Foreign exchange is the methods and techniques by which right to riches in nation's money are changed over into rights to riches in another nation's cash. Foreign Exchange Activities are includes import, export and remittance activities that are detail in whole report.

## 1.02 Origin of the Study:

The Internship report is required a principal prerequisite for the satisfaction of the Bachelor Administration (MBA) course Curriculum of Daffodil International University. For this internship I was allocated in Southeast Bank Limited by the endorsement of the university. The topic of this internship report is "Foreign Exchange Activities of Southeast Bank Limited" which is chosen by the academic supervisor Assistant Professor Nusrat Nargis. With legitimate direction of academic supervisor and authoritative directors I have arranged this report. For any business school students understudy just educational programs movement isn't sufficient for taking care of the genuine business circumstance, along this lines it is an open door for the understudies to think about the field of business through the internship report program. As internship report program is an ideal mix of the theoretical and practical knowledge. The internal instructor assists me with preparing this internship report.

### 1.03 Objectives of the Study:

The primary purpose of this report is analysis of foreign exchange activities of Southeast Bank Limited. In line with the broad objective, the detailed objective of the study may be spelled out as follows:

- To analyze the foreign exchange activities of Southeast Bank Limited.
- To know about the Foreign Exchange Policy and Procedure of Southeast Bank Limited.
- To evaluate the Import, Export and Remittance performance of Southeast Bank Limited from year 2013 to year 2017.
- To find out some problem related to foreign exchange activities of Southeast Bank Limited.
- To provide some suggestion to solve the problem based on findings.

### 1.04 Scope of the Study

Southeast Bank Limited is one of the new generation banks in Bangladesh. The extant of the investigation is constrained to the main. The report covers the organizational structure, foundations, functions and the execution of the bank have fundamentally worked in the Foreign Exchange Activities so my report shroud all the activities of foreign exchange division in the part. While setting up this report I have not any confinements the representative of foreign exchange division has helped me a great deal and I have utilized both essential and optional information which was accessible to me.

### 1.5 Methodology

This report has been set up the based on experience accumulated amid the time of internship. For setting this report, I have also get information from annual report and website of the Southeast Bank Limited I have presented my experience and finding by using different charts and tables. Which are presented in the analysis part?

The details of the work plan are furnished below:

#### ➤ **Data collection method**

Applicable information for this report has been gathered basically by direct supervision of various records, papers. Reports are operational process and distinctive faculty. No organized poll has been utilized. Data in regards to office experiences of the bank has been gathered through counseling with bank officers.

➤ **Data sources method**

Both primary and secondary source of data are used to complete this study. These two sources are explained below:

**1. Primary sources:**

- Up close and personal discussion with the bank offices and staff
- Discussion with the customers
- Distinctive manual of Southeast Bank Ltd.
- Distinctive handouts of Southeast Bank Ltd.

**2. Secondary sources:**

- Annual report of Southeast Bank Limited.
- Various papers or document of Southeast Bank Ltd.
- Records and reports of the branch of Southeast Bank Ltd.
- Unpublished information or data
- Divers course reading

## 1.6 Limitation of the Study

Three months isn't sufficient to realize about commercial banking activities through I have been gotten most extreme help from each and every individual of the Southeast Bank Limited. Certainly, I couldn't deliver a remarkable report for the time impediments. As far as possible, the extension and measurement of the study has been abridged

- Lacking of time, the exactness of data might not have been totally impeccable.
- Science the perfect size of information couldn't be taken, proposed working procedure may not be helpful without suitable changes.
- Absence of experience
- The documentation part of the letter of credit concerning export and import is very convoluted and tremendous conventions are kept up.
- The significant issue that made numerous disarrays in regards to confirmation of applied inquiry.
- All framework programming is anchored.

Be that as it may, overlooking this, the report will enable us to comprehend the Foreign Exchange division of the bank.

## **Chapter-02**

### **Overview of the Organization**

## 2.01 Overview of Southeast Bank Limited

General banking is one of the significant territories of formal area. Through this segment bank receive and dispense cash to investor client relationship by opening diverse spots of accounts and providing prompt services to the clients. It is known as operational hub of a bank. The officers' staffs occupied with this division not only manage with cash but also take vital role rendering the better client services. So cash offers should have much experienced and all around acted towards the esteemed clients by offering brief administrations in receipt and installment of money with continually showing grinning face. Since bank make profit by contributing individual money, so it have to gather cash from clients by different path and need to ensure best services for attracting customers. Southeast Bank Limited has numerous sorts of service they have conventional banking, Islamic banking, Loans and Advances, foreign trade, Remittance, Internet Banking, Telecash etc. every branch has general banking division, foreign exchange division, investment division, small and medium banking division.

## 2.02 Historical Background

Southeast Bank Limited is a scheduled Bank under private sector established under the ambit of bank Company Act, 1991 and Incorporated as a Public Limited Company under Companies Act, 1994 on March 12, 1995. The Bank began commercial banking activities viable from May 25, 1995 amid this limited capacity to time the Bank had been effective to position itself as a dynamic financial institution in the country. The Bank had been widely acclaimed by the business network, from little business visionary or expensive brokers and industrial conglomerates, including the first class corporate borrowers for forward-looking business standpoint and imaginative financing solutions thus within little timeframe it has possessed the capacity to make a picture for itself and it has earned great fame in the country's banking sector as a Bank with vision. Till now it has one hundred thirty five branches in action.

Commercial Banks are one of the key supporters of bite the dust economy of Bangladesh. The designate bites the dust capital assets to the correct advancement offices. People and the government itself are particularly subject to the services given by these banks in the financial market for the procedure of financial improvement to work legitimately. Commercial banks act as financial intermediaries by playing out the capacity of assembly the assets from one group and lending the same to another while making a sensible measure of profit after meeting the expenses

of funding. Lending is said to be the customers. There are different sorts of credits and advances through which the bank practices the function of Lending.

The Bank Philosophy- “**A Bank with Vision**” has been preciously the essence of the legend of bank success.

It has been becoming quicker as one of the leaders of the new age banks in the private sector in respect of business and beneficially as it is obvious from the financial statement throughout the previous four years.

### 2.03 Mission

- High quality financial services with state of the art technology
- Quick clients service
- Maintainable development methodology
- Pursue moral guidelines in business
- Unfaltering profit for investors’ value
- Progressive banking at a aggressive cost
- Fascinate and keep great human aid
- Promise to corporate social duty

### 3.04 Vision

To be a premier banking organization in Bangladesh and Southeast Bank contributes fundamentally to the country economy. Our endeavor is to offer you incomparable service through exactness, reliability, opportune conveyance, bleeding edge innovation and custom fitted answer for business needs, worldwide reach in trade and commerce and high yield on your investments. Our prime objective is to covey a quality that exhibits a genuine impression of our vision – **A Bank with a Vision**

### 2.05 Objectives

The main objectives of the Southeast Bank Limited are as follows:

- Maintaining a high quality assets portfolio to achieve strong and sustainable returns and to continuously build shareholders’ value.
- Maintaining adequate capital in line with risk appetite of the bank.



- To establish, maintain, carry on, transact, undertake and conduct all types of banking, financial, investment and trust business of in Bangladesh and abroad.
- Or any government and or government agency for the purpose of carrying on banking, financial investment and trust business and/or any other business as provided hereafter.
- To carry on any business relating to Wage Earner Scheme as may be allowed by Bangladesh Bank from time to time including maintaining of foreign currency accounts and any other matter related thereto.
- To contract or negotiate all kinds of loan and/or assistance, private or public from any source, local or foreign, and to take all such steps as may be required to be complete such deals.
- To amalgamate or reconstruct or recognize with any commercial bank, or body corporate or association in cooperation with any person, commercial bank or association.

## 2.06 Glance

- Southeast Bank Limited is one of the biggest private banks in Bangladesh.
- It works through 135 completely modernized branches guaranteeing most ideal and quickest a services to its esteemed customers.
- The bank has in excess of six hundred foreign journalist around the world.
- Total number of employees nearly 3,600.
- The Board of Directors comprises of 16 members.
- The bank is going by the Managing Director who is the Chief Executive Officer.
- The Head Office is situated a Bank's very own 22-storied building at Dilkusa, the commercial center of the capital, Dhaka.

## 2.07 Commitments to Clients

- Give benefit high level of polished skill and utilization of present day innovation.
- Make long - term relationship based on common trust.
- React to client needs with speed and exactness.
- Offer their qualities and convictions.
- Develop as our clients develop.
- Give items and administration at aggressive estimating.
- Guarantee wellbeing and security of clients' resources in trust with us.

## 2.07 The Organizational Hierarchy of Southeast Bank

At present there are 15 members in the Board of Directors. In Board of Directors 1, chairman1, Management Director and 13 directors are involved in Board of directors. According to the Banking Company Act, Management Directors are not elected by the directors. They are appointed by Bangladesh Bank from outer sources; moreover, the committee selected by shareholders represents individual body that then looks after the periodic issue with the management and tries to solve the problem.

## 2.08 General Banking:

General Banking Department more often than not plays out a considerable measure of essential Banking Activities. General banking division is the office which is presented to the extreme number of bank clients. All business concerns procure a benefit through selling items or service.

Southeast Bank Limited does not create any substantial items to sell but rather offers an assortment of money of financial services to its clients. Motijheel Branch section are run by manpower with high quality banking knowledge. General banking division also has three divisions. They are-

- Account Opening Department
- Local Remittance Department and
- Financial controlling Department (FCD).

## **Chapter- 03**

### **Foreign Exchange Activities**

### 3.01 Foreign Exchange:

Each nation has certain normal favorable circumstance and burdens in delivering certain products while they have some common disservices also in different territories. Thus we locate that few nations need to import certain products while others have to trade their surpluses. These transactions are the premise whereupon universal commerce is made.

The term ‘Foreign Exchange’ has three important implications. **Initially**, it is a term utilized alluding to the monetary standards of different nations as far as any single one cash. **Secondly**, the term likewise ordinarily allude to a few instruments utilized in global commerce, for example, Bills of trade, traveler cheque, drafts and different method of international remittance. **Beside**, the term of foreign exchange is additionally regularly alluded to the parity in foreign currencies obtained by a country. In section 2(d) of the Foreign Exchange Regulations-1947, as embraced in Bangladesh foreign exchange means foreign currency and includes any instrument drawn, acknowledged, made or issued under statement 13 of article 16 of the Bangladesh Bank Order, 1972, all deposits, credits and balances payable in any foreign currency and draft, travelers cheque, loiter of credit and bill of exchange expressed or drawn in Bangladesh currency but payable in any foreign country.

In exercise of the force given by section 3 of the Foreign Exchange Regulations-1947, Bangladesh Bank issues permit to scheduled banks to manage with foreign exchange. These banks are known as Authorized Dealers (AD). Licenses are likewise issued by Bangladesh Bank to individual or firms to exchange foreign currency instruments such as T.C., Currency notes and coins. They are known as Authorized Money Changers.

Foreign Exchange mention to the procedure or component by which the currency of one nation is changed over into the cash of another nation. Foreign exchange is the methods and techniques by which rights to wealth in a nation’s currency are changed over into right to riches in another nation’s cash.

Essentially the Foreign Exchange division manages the L/C activity. There are for the most part three sorts of transactions which are leading to foreign exchange. These are:

- Export
- Import
- Foreign Remittance.

### 3.02 Functions of Foreign Exchange Department:

**Export:** The term in universal trade means the sending of goods or services delivered in one country to another country. The merchant of such goods and services is referred to as an exporter and the purchaser is alluded to as an importer. Exporter of merchandise often requires contribution of customs authorities.

#### **Regulation of Import:**

Import of goods into Bangladesh is regulated by the Ministry of Commerce in terms of the Import and Export (Control) Act, 1950 with Import Policy Order issued periodically and public notices issued from time to time by the office of the Chief Controller of Import and Export (CCI&E)

#### **Export:**

- Pre – Shipment advances.
- Buy of overseas bills.
- Consulting of foreign bills.
- Advising for letter of credit.
- Confirming letters – letter of credit.
- Advance for conceded installment exports.
- Advance against bills for gathering.

**Importer:** An importer is good brought into a jurisdiction, especially across a national border, from an external source. The party bring in the good is called an importer. An import in the receiving country is an export from the sending country.

**Import:**

- Opening of letter of credit (L/C)
- Advance bills.
- Bills for collection.
- Import mortgage and guarantees.

**Remittance:** A remittance is a transfer of currency by a foreign worker to a person in their country of origin. Currency sent home by migrants contends with universal guide as one of the biggest financial inflows to developing nations.

**Remittances:**

- Issue of TT, MT, DD, etc
- Payment of TT, DD, MT etc.
- Enhancement of traveler's check.
- Sale foreign currency note.
- Opening non-resident deposit account.

## **Chapter- 04**

# **Foreign Exchange Procedure**

#### **4.01 Import:**

Import implies of goods from abroad. Typically purchaser, firms and Government associations' import foreign merchandise to meet their different necessities. In this way, to sum thing up, we can state that import is the stream of products acquired by monetary operator remaining in the nation from financial specialist remaining abroad.

#### **4.02 Import Procedure Followed by Southeast Bank Limited:**

Southeast Bank is constantly dedicated to encourage import of various merchandises into Bangladesh from the foreign countries. Import Section, which is under Foreign Exchange Division of the branch, is doled out to play out this activity and to serve its customer's interest to import products; it generally keeps up required conventions that are all things considered named as the Import method.

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

- Update trade license.
- Nationality and asset/statement certificate.
- Income tax certificate (TIN).
- If there should be an occurrence of organization, memorandum and articles of association and certificate of incorporation.
- Bank Solvency Certificate and so on.
- Required measure of enlistment charge

2. Then the shipper needs to contact with the dealer outside the country to acquire the Proforma Invoice. Normally an indenter, nearby specialist of the merchant or foreign agent of the purchase makes this correspondence.

3. When the merchant acknowledge the invoice, he/she makes a buy contract with the exporter itemizing the terms and states of the import.

4. Requesting the concerned bank (shipper's bank/issuing bank) to open a L/C (permanent) for the benefit of merchant supporting the exporter.



### 4.03 Letter of Credit (L/C):

The strategy by which a Commercial Bank embraces to make installment for the benefit of the shipper (purchaser) to the merchant (exporter) is called as Letter of Credit (L/C). Then it is a credit contract whereby, the purchasers (merchant) bank is promised (for the benefit of the purchaser) to put a concurred amount of cash at the dealer's (exporter) transfer under some concurred conditions. Since the concurred conditions incorporate in addition to other things, the introduction of some predetermined report, the letter of credit is known Documentary Letter of Credit.

A merchant in a nation ask for his/her bank to open a credit in foreign cash for the exporter at a bank in the letters nation. The letter of credit is issued against installment of the sum by the shipper or attractive security. The letter of credit approved the exporter to draw a draft under its terms and pitch to a explicit bank in his/her nation. The exporter needs to hand over the bill trade, shipping reports and such different papers as might be settled upon between the exporter and shipper. The purchaser wants to be guaranteed of products and the vender to be guaranteed of installments.

#### **Forms of Letter of Credit:**

Forms of Letter of Credit are generally classified in two forms:

- ❖ Revocable Letter of Credit
- ❖ Irrevocable Letter of Credit

1) **Revocable Letter of Credit:** In the event that any Letter of Credit can be revision or changed of any provision or dropped by assent of the exporter and shipper, it is called as revocable letter of credit.

2) **Irrevocable Letter of Credit:** In the event that any Letter of Credit can't be revision or changed of any provision without the assent of all concern parties – shipper (candidate), exporter (recipient), issuing bank, and confirming Bank (if there should be an occurrence of affirmed L/C), is called as irrevocable letter of credit.

#### 4.04 Parties Involved in Operation of Letter of Credit:

A letter of credit is issued by a bank in line with a shipper for an exporter from whom the merchant has contracted to buy some product [2]. The merchant, the exporter and the issuing bank are the parties to the letter of credit. There is any way at least one than one banks associated with different limits and at different limits and at different strategy to play an essential task of the credit [2].

- The Buyer (Importer) & The Beneficiary (Exporter)
- The Opening Bank
- The Advising Bank
- The Negotiating Bank
- The Reimbursing Bank.

**Issuing Bank:** The Bank, who is being opens the L/C. It is bank of importer.

**Confirming Bank:** Which bank address confirming to the L/C, it is generally advising bank.

**Advising Bank:** The bank, who is being hand over the L/C to the exporter.

**Negotiating Bank:** The Bank, who is being collects the proceeds of bills of exchange. It is bank of exporter.

**Reimbursing Bank:** A Reimbursing Bank is the bank approved to respect the repayment guarantees in settlement of installment/acceptance/negotiation held up with it by the accepting bank or negotiating bank. It is generally the keep money with the issuing bank with which the issuing bank has account from which installment is to be made. From the most affirmed payment letter of credit without plan of action is considered as the best kind of narrative letter of credit.

#### 4.05 Documents Used in Operation of L/C:

##### **Indent or Proforma Invoice:**

Indent or Proforma Invoice is the deal contract among merchant and purchaser in import-export business. There is slight contrast among indent receipt. The business contract, which is immediate correspondence among shipper and exporter, is known Proforma invoice. There is no delegate between them. Then again, there might be an operator of exporter in merchant's nation. In such manner, if the deal contract is happened between the specialist of exporter and shipper then it is known indent.

##### **Import Registration Certificate (IRC):**

The importer collects from the C.C.I. & E office by submitting required documents and payment of requests fees.

**Bill of exchange:** The bill of exchange is a negotiable instrument through which payment is effected in the trade deals. It is an unconditional order or writing, addressed by the buyer to seller by which the seller can obtain payment from the buyer for the invoiced value of the goods.

**Bill of lading:** It is the list of goods being shipped which the captain gives to the person sending the goods to show that the goods have been loaded.

**Airway Bill/Railway receipt:** Sometimes goods are transported through small bulk or those are perishable in nature then the mode of transport other than shipping may be resorted to for carriage of the goods, Airway bill/Railway receipt take place of loading depending on the nature of the carrier.

**Commercial Invoice:** It is the seller's bill for the merchandise. It contains a description of goods, the price per unit, total value of the goods, packing specification etc. The seller under his own form and signature in the name of the buyer issues the invoice.

**Insurance Policy:** In the international trade insurance policy is a must to cover the risk of loss on consignments.

**Certificate of origin:** This is the certificate issued by a recognized authority in the exporting country certifying the country of origin of the goods. It is usually by the Chamber of Commerce.

**Packing List:** The exporter prepares an accurate packing list showing item by item. The content of the consignment to enable the receiver of the shipment to check the contents of the goods and marks of the packages, quantity, weight etc of the goods exported.

**Bill of Entry:** It is a document, which contains the particulars of the imported goods as well as the amount of customer duty payable.

### **Procedure of Opening the Letter of Credit (L/C):**

The shipper in the wake accepting the proforma solicitations from the exporter, by applying for the issue of narrative credit, the merchant requests his/her bank to make a guarantee of installment to the provider. Clearly, the bank will just consent to this demand if it can depend on the off chance that it can depend on repayment by the candidate. When in doubt acknowledge as the event that they are not the shorts of product that can be exchanged on a composed market such an understanding would include the bank in exorbitant hazard outside its particular field. The candidate should in this manner have satisfactory reserve in the financial balance or a credit line adequate to cover the required sum.

Banks bargain in report and not in products. When the bank has issued the credit its commitment to pay is contingent on the introduction of the stipulated papers inside the recommended time limit. The candidate can't keep a bank from respecting the papers in light of the fact that the recipient has not conveyed merchandise on redder reissues as deal.

The shipper presents the accompanying archives with the application for opening the L/C

- ✓ Tax Identification Number
- ✓ Valid trade license
- ✓ Import registration certificate

The above papers must be finished properly filled and signed by the applicant by the guidance of the concern financier/banker.

#### 4.06 L/C Application Form (L/CAF):

L/C Application Form is a sort of an understanding among clients and bank on the basis on which letter of credit is opened. Normally the shipper expresses his choice to open the L/C citing the measure of edge in rate. Normally the merchant gives the accompanying data-

- Name and mailing address of the importer
- Name and mailing address of the recipient
- manuscript amount/sum
- Accessibility of the credit by sight installment/negotiation/deferred/acceptance installment
- Time bar inside which the papers should to be displayed
- Deals mode (CIF/FOB/C&F)
- Describe particular of commodities, price, quantity, indent no. and so on.
- Nation of stating point
- Bangladesh Bank registration no.
- Import License/LCAF numbers.
- IRC no.
- Account number.
- Documents/papers number.
- Insurance Cover Note/Policy no., date, amount
- Name and office address of the Insurance Company
- Whether the partial shipment is allowed or not
- Whether the transshipment is allowed or not
- Deadline of the shipment
- Deadline of negotiation
- Others terms and conditions (if any)
- Whether the confirmation of the credit is requested by the beneficiary or not.
- The L/C application must be filled up/finished in appropriately and signed by the approved individual of the merchant before it is submitted to the issuing bank.

**L/C Authorization Form (L/CAF):**

The Letter of Credit Authorization Form (LCAF) is the frame endorsed for the approval of opening letter of credit against import and utilized in lieu of import permission. The approved merchants are engaged to issue LCA Forms to the shippers according to premise authorizing of the Import Policy Order in force to permit import into Bangladesh. The Letter of Credit Authorization Form (LCAF) contains the followings –

- Full name and mailing address of the shipper/importer
- IRC number and yearly renewal
- Amount of L/C connected for (both in figure and in word)
- Description of item(s) to be foreign made
- HS code number.
- Signature of the shipper with seal
- List of merchandise to be transported in.

**Forwarding Documentary Credit by Advising or Confirming Bank:**

There are typically two banks engaged in a narrative credit activity. The issuing bank and the 2<sup>nd</sup> bank, the exhorting bank, is typically a bank in the vendor nation. The issuing bank requests another bank to exhort or affirm the credit.

One of the chances that second bank is basically “exhorting the credit” it will make reference to that when it advances the credit to merchant, such a bank is under no responsibility or commitment to pay the dealer.

**Submission of Necessary Documents by Exporter to the Negotiating Bank:**

When the vendor? Exporter gets the credit and is fulfilled that he can meet its terms and conditions, he is in a situation to stack the products and dispatch item. The dealer at that point sends the archives proving the shipment to the bank.

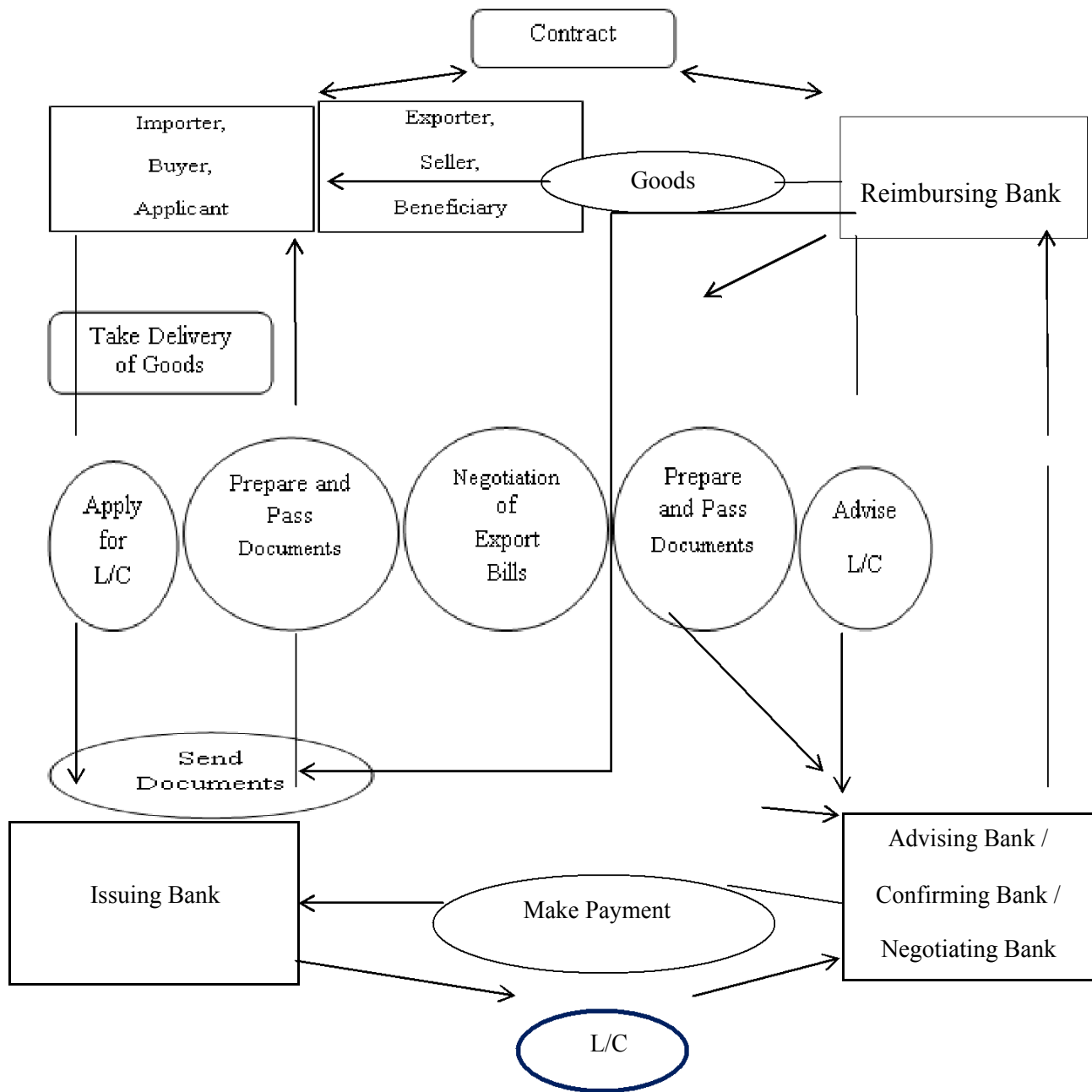
Exporter will present those reports as per the terms and conditions as referenced in L/C. For the most part the records seen by me in the Foreign Exchange Division are:

- Bill of exchange
- Commercial receipt
- Billing paper of truck/ air ways/ landing
- Certificate of source
- Packaging list
- Clean report of finding (CRF)
- Coverage cowl word

#### **Lodgment & Retirement of shipping documents:**

Subsequent to investing the import arranging report in the event that no error is discovered, it is blessed to receive be acknowledged after the finish of seven saving money day following the day of receipt of the archive under “Article 1 (b) of UCPDC-500”. In the event that any report is discovered, the broker educates it to the merchant that whether he acknowledge the bills with disparities or not. On the off chance that the merchant does not acknowledge, the investor (Southeast Bank Ltd) advices it to the arranging bank inside seven managing an account days from the date of receipt of the archives, else it is blessed to receive be acknowledge and the opening bank (Southeast Bank Limited) must bound to pay against the bill and no grumble against the bill will be acknowledged in excess of four saving money days following the date of receipt of the report.

### 4.07 Mechanism of L/C:



**Figure: Graphic Explanation of L/C**



#### **4.08 Export:**

Fare is the way toward pitching product and ventures to alternate nation. Making of riches in any nation relies upon the development of creation and expanding cooperation in worldwide exchange. By expanding creation in the fare segment we can enhance the business dimension of such an exceptionally populated nation like Bangladesh. Bangladesh exports a huge amount of merchandise to abroad family unit.

Export L/C activity is simply turn around of the import L/C task. For sending out products by neighborhood exporter, bank may go about as promoting bank and gathering bank (debatable bank) for exporter.

#### **4.09 Export Procedures:**

The export and import business in our nation are directed by the export and import (Control) Act, 1950.

According to the export strategy of Bangladesh the exporter needs to get legitimate Export registration Certificate (ERC) from Chief Controller of Import & Export (CCI&E). The ERC is required to renew every year.

#### **4.10 Export L/C:**

There are various customers, which an exporter needs to satisfy when shipment of merchandise. These convention or methods are specified as pursues,- Obtaining Export Registration Certificate (ERC).

No exporter is permitted to trade any product admissible for export from Bangladesh except if he is enlisted with Chief Controller of Imports and Exports (CCI & E) and holds substantial Export Registration Certificate (ERC). I the wake of applying to the CCI&E in the prescribed form alongside the essential papers, concerned workplace of the Chief Controller of Imports and Exports issues ERC.

**Securing the Order:**

In the wake of getting ERC, the exporter may continue to anchor the fare arrange. He can do this by getting the purchasers straight forwardly through correspondence.

**Signing of the contract:**

In the wake of speaking with purchaser the exporter needs to get contracted for sending out exportable things from Bangladesh specifying item, amount, value, shipment, protection and check, assessment, discretion and so on.

**Receiving the Letter of Credit:**

In the wake of getting contract available to be purchased, exporter ought to approach the purchaser for letter of credit plainly expressing terms and states of fare and installment.

**Procuring the materials:**

In the wake of making the arrangement and on having the Later of Credit opened to support him, the subsequent stage for the exporter is to set about the assignment of obtaining or assembling the contracted stock.

**Endorsement on EXP:**

Prior to the exporters with the traditions/postal specialists hold up the fare frames, they ought to get every one of the duplicates supported by Southeast Bank Limited. Prior to shipment, exporter submits export frame with business receipt. At that point Southeast Bank Limited officer checks it legitimately whenever fulfilled.

### **Disposal of Export Forms:**

- Tradition expert reports first duplicate of expire to Bangladesh Bank after shipment of the products.
- Negotiating bank reports the duplicate to Bangladesh Bank in or after arrangement date yet not later than fourteen days from the date of shipment.
- On acknowledge of fare continues a similar bank a similar export reports Triplicate.
- Finally, the arranging bank as their office duplicate holds quadruplicate shipment of products Exporter make shipment as per terms and stand of L/C.

### **Presentation of Export Documents for Negotiation:**

After shipment, exporter submits the following documents to Southeast Bank Limited for negotiation.

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

**Examination of Document:**

Banks manage archives just, not with ware. As the arranging Banks is giving the incentive before repatriation of the fare continues it is prudent to investigate and analyze every single report with extraordinary consideration whether any discrepancy (s) is seen in the record. The brokers are to find out that the archives are entirely according to the term of L/C before arrangement of the fare bill. Bank officers allotted for inspecting the face archives may utilize an agenda for their benefit.

**Negotiation of Export Documents:**

Arrangement represents installment of significant worth to the exporter against the reports stipulated in the L/C. On the off change that reports are all together, Southeast Bank Limited buys (arranges) the equivalent based on investor client relationship.

On the off chance that the bank isn't happy with the archives submitted to Southeast Bank Limited gives the exporter sensible time to evacuate the disparities or sends the records to L/C opening bank for gathering.

**4.11 Payment for back-to-back L/C:**

If there should be an occurrence of consecutive L/C for 30-60-90-120-180-360 days of development period, conceded installment is made. Installment is given in the wake of acknowledge send out continues from the L/C issuing bank. For the garments section, the span can be greatest 180 days.

**Reporting to Bangladesh Bank:**

At the end of every month, the reporting to Bangladesh Bank regarding the following information is mandatory –

- Filling of E-2/P-2 Schedule of S-1 category that covers the entire month's amount of import, category of goods, currency, county etc.
- Filling of E-3/P-3 Schedule of for all charges, commission with T/M Form.

## 4.12 Foreign Remittance:

The way toward sending cash is to expel a commitment. This frequently done through an electric systems, write exchange or mail. The term likewise alludes to the measure of cash being sent to expel the commitment.

At the point when a man a check to the administration to make good on for a government expenses charge, the check is settlement to expel the duty commitment. If you somehow managed to send cash to a companion in Europe through a eire-exchange benefit, the entirety of the installment is the settlement.

Foreign remittance section of Southeast Bank Limited is an integral part of foreign exchange department. And this section of foreign exchange department deals with:

- Inward foreign remittance
- Outward foreign remittance
- Opening Foreign Currency Accounts.
- Governing Wage Earner's Bond.
- Opening Student File etc.

### **Inward Foreign Remittance:**

Regularly, Inward Foreign Remittance contains all approaching remote monetary forms. Settlement issued by the reporter banks arranged in the remote nations and along these lines drawn on Southeast Bank Limited are viewed as its inward outside settlements.

- FDD Payable
- FTT Payable
- TC Payable
- Encashment of foreign currencies endorsed in the passport.
- Purchase of foreign currencies.

**Outward foreign Remittances:**

Settlements issued by Southeast Bank Ltd. to their outside reports to satisfy their clients' need are viewed as the outward Foreign Remittances. It comprises the followings:

- FDD Issued.
- FTT Issued.
- TC Issued.
- Endorsement of foreign currencies in the passport.
- Sale of foreign currencies.

## **Chapter- 05**

### **Performance Evaluation**

### 5.01 Import Performance of Southeast Bank Limited.

Import performance of Southeast Bank Limited from the year 2017 to 2013 is given in the following table:

Figure in million BDT

Particulars	2017	2016	2015	2014	2013
<b>Import</b>	151,812.58	155,691.00	131,644.82	111,537.50	99,509.01

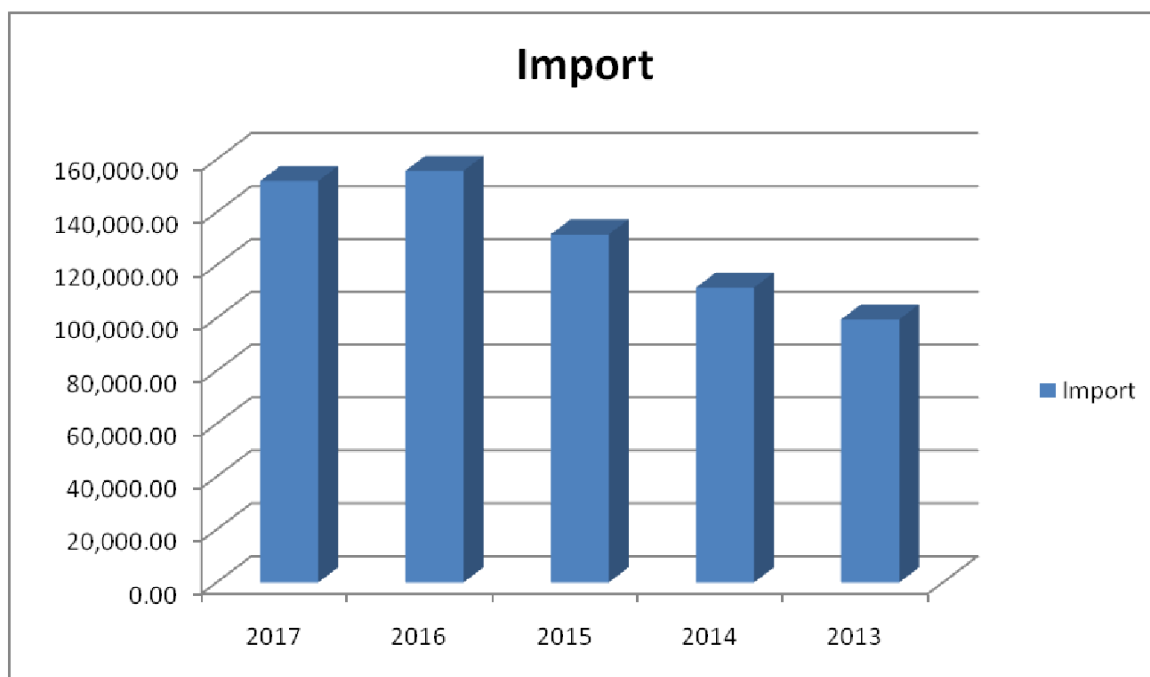


Figure: Import of Southeast Bank Limited

**Interpretation:** That graph we have seen that the import dimension of the Southeast Bank Ltd. Expanding severally more than 2013, 2014 and 2015, and 2016. Be that as it may, in 2017 the importer level is somewhat diminishing. In 2016 aggregate import was 155,691.00 million however in 2017 are 151,182.58 million aggregate falls the sum is 3,878.42 million. All other import execution is great.



## 5.02 Export Performance of Southeast Bank Limited.

Export performance of Southeast Bank Limited from the year 2017 to 2013 is given in the following table:

Figure in million BDT

Particulars	2017	2016	2015	2014	2013
<b>Export</b>	126,323.89	112,137.60	95,220.40	84,464.20	75,982.06



Figure: Export of Southeast Bank Limited

**Interpretation:** This chart demonstrates that the positive response over the 5 years. The fare level is expanding step by step. In 2017 the fare level is get the ideal dimension of the bend. In the year 2015 aggregated fare was 112,137.60 million and 2017 is 126,323.89 million aggregate increments are 14,186.29 million. In general fare execution is exceptionally well and their fae activity expanding step by step.

### 5.03 Foreign Remittance Performance of Southeast Bank Limited.

Foreign Remittance performance of Southeast Bank Limited from the year 2017 to 2013 is given in the following table: Figure in million BDT

	2017	2016	2015	2014	2013
<b>Foreign Remittance</b>	60,708.50	48,740.50	39,299.10	41,455.40	49,544.10

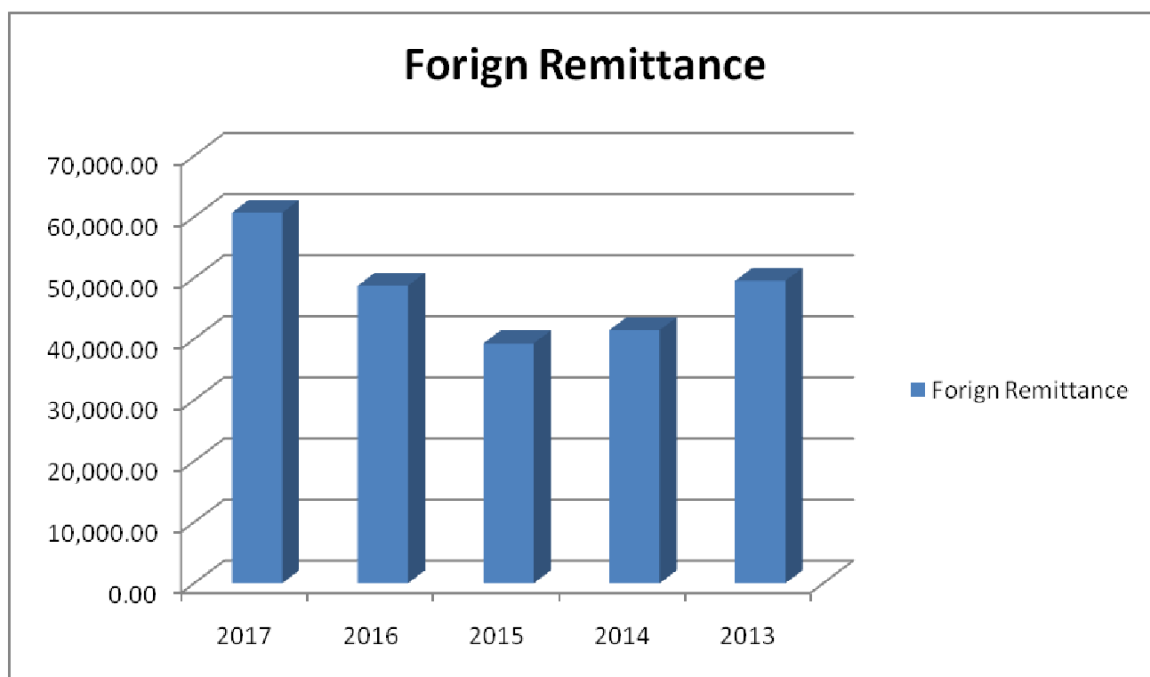


Figure: Foreign Remittance of Southeast Bank Limited

**Interpretation:** Settlement segment in 2013 was especially positive. Be that as it may, in 2014 the remote settlement was diminishing and 2015 was especially diminishing yet in 2016 the settlement rate was expanded than 2012 and under 2013. In 2017 the settlement rate hit the best purpose of the dimension over then 2013. On the off chance that in 2013, step by step increment of outside settlement then 2017 was more than existing sum. In 2015 was not subsidence year in most recent multi year.

### 5.04 Import Vs Export Performance of Southeast Bank Limited.

Import Vs Export performance of Southeast Bank Limited from the year 2017 to 2013 is given in the following table: Figure in million BDT

	2017	2016	2015	2014	2013
<b>Import</b>	151,812.58	155,691.00	131,644.82	111,537.50	99,509.01
<b>Export</b>	126,323.89	112,137.60	95,220.40	84,464.20	75,982.06

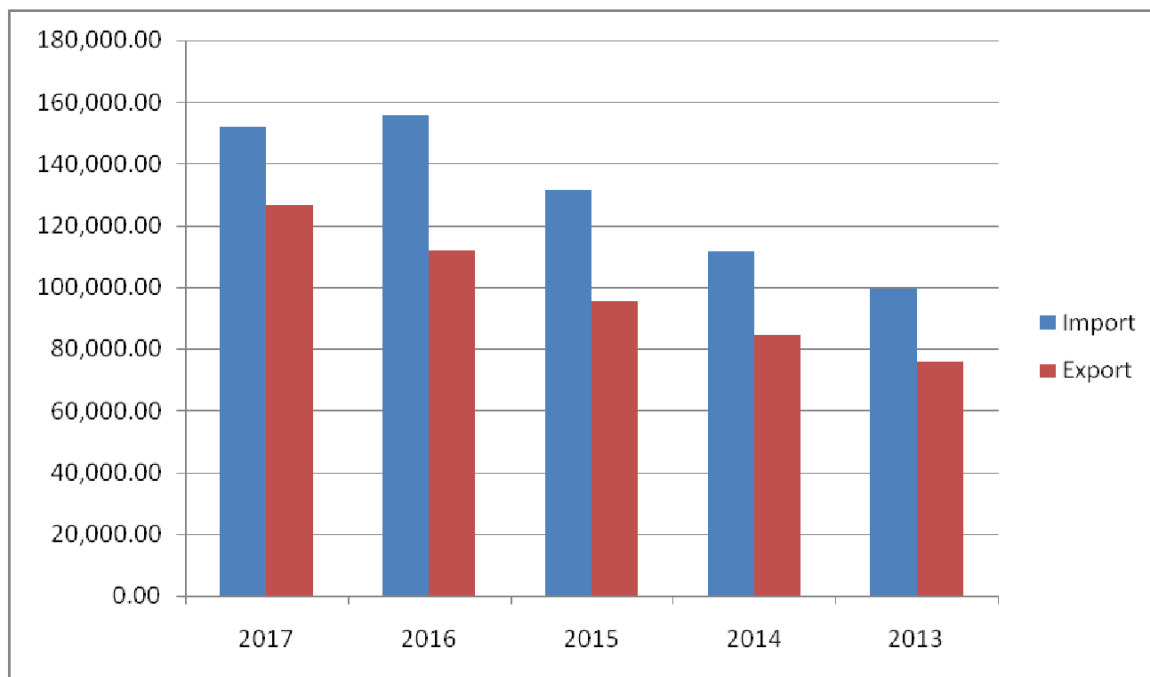


Figure: Import vs. Export of Southeast Bank Limited

**Interpretation:** In this diagram we have seen that import is more than fare in most recent five years. Consistently import is step by step increment yet in 2017 is diminish than 2016. Fare is step by step expanded in consistently. We saw that in 2013 import is more than fare sum is 23,526.95 million. In 2014 and 2015 step by step increment import more than fare yet in 2016 import is more than fare most recent multi year sum is 43,553.04 million. Be that as it may, in 2017 import refrains send out is diminish than 2016, the sum among import and fare is 25,488.69 million.

## **Chapter- 06**

### **Findings and Recommendations**

## 6.01 Findings:

During my Thesis Report period in the Southeast bank, I have worked in for three months.

During this period I have found that:

- Import target level is not achieved in 2017. In fact it is the actual import is lower than 2016.
- Foreign remittance performance is fluctuating over the years. So it is an alarming issue.
- Export performance is good as it achieve the target level.
- The Bank undertaken strong policy guideline to regulate and monitor to minimize foreign exchange risk due to exposure in currency movement.
- The foreign exchange department has lack of staff.

## 6.02 Recommendations:

I had the down to earth introduction in Southeast Bank Limited for only three months, with my little involvement in the bank in correlation with tremendous and complex keeping money framework. I had watched a few deficiencies with respect to remote trade exercises and different parts of their saving money. Based on my perception I might want to display the accompanying suggestions.

- ✓ While the outside trade exercises are bit by bit expanding and our business condition is relatively remote exchange, it is fundamental to keep up a decent and advanced innovation and approach in keeping up the activities.
- ✓ Letter of credit opening methodology and edge prerequisite might be loose for prime clients, generally new and focused banks will remove the customers by giving unique offices.
- ✓ For enhancing foreign remittance to interface much worldwide cash send organization
- ✓ The bank should step up with regards to build up a viable innovative work focus to advance creative item thoughts and to detect danger and aggressiveness ahead of time to diminish dangers.
- ✓ Operating Software needs to enhance to spare the danger of programmer.
- ✓ The bank can expand its import portfolio by expanding clients to lessen reliance from a few clients.
- ✓ They generally endeavor to keep the spurred talented representative in the association

## Conclusion

From the earliest starting point of more noteworthy change on the planet monetary structure, managing an account exercises has turning into something critical. Presently multi day managing an account is likewise created and an enormous number of private business banks are simply on sitting tight for business. So it involves feel that how to set up a thought with various strategies, In Bangladesh, Commercial banks are assuming fundamental job in the advancement of our economy and money related framework. Southeast Bank Limited has a solid position in the present focused market. Since the beginning of Southeast Bank Limited, it is consistently making progress toward brilliance in managing an account by offering creative items and administrations to the customers going from Consumer Banking, Corporate keeping money, SME Banking, Islamic Banking administrations to remote exchange financing. The Southeast Bank Limited, additionally contributing a superior extent of benefit in Southeast Bank Limited is add up to procuring. Add up to investigation of the bank has the more prominent chance to improve the situation later on.

Step by step Southeast Bank Limited is territory of administration is expanded everywhere throughout the nation through setting up new branches at new places. The unwavering quality of the client in Southeast Bank Limited is expanding step by step for its better administrations. In any case, they may present on the web and ATM administrations with more offices contrasting with other business manage an account with enhance their administrations and to make proficient and simple client administrations. They additionally may pursue the given proposals with the end goal to enhance step by step. Southeast Bank Limited may contribute a fundamental job in the financial forthcoming and in the improvement of our economy.

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### Annual Report:

- Annual Report of Southeast Bank Ltd.-2017.
- Annual Report of Southeast Bank Ltd.-2015.
- SEBL Procedure Manual- General Banking
- A training program book by BIBM