

An Internship Report
On
“An Analysis of Foreign Remittance Activities of Janata
Bank Limited”





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On
“An Analysis of Foreign Remittance Activities of
Janata Bank Limited”

Prepared For

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Letter of Transmittal

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Ashulia, Savar, Dhaka.

Subject: Proposition of Internship report

Dear Sir,

It is my great pleasure to submit the Internship report on **An analysis of Foreign Remittance Activities of Janata Bank Ltd.** This is a part of M.B.A Final semester to you for your consideration.

For working in this report JBL remittance stay I have collects a lot of information about their operation performance & past & present data record which I have implied in my report.

You have my deepest thank you for giving me this opportunity to create this report, which was very interesting me & it was very challenging for me because have a limited time. I have enjoyed a lot while facing a lot of problem to create this report & I have try to solve.

Yours Sincerely,

Farzana Alam Israt

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Supervisor's Declaration

It gives me huge happiness to affirm that the foreseen report entitled " **An analysis of Foreign Remittance Activities of Janata Bank Ltd** " has been done by Farzana Alam Israt, ID No: 182-14-068, the understudy of MBA program, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University, Dhaka under my supervision and course. As far as anyone knows, this is a one of a kind work, which has not been appropriated in any journal or submitted to any establishment or division for any degree or authentication.

I do thus acknowledge it a completely suggest Internship report for submission.

.....
Prof. Dr. Mostafa Kamal
Dean, Permanent Campus
Department of Business and Economics.
Faculty of Business & Entrepreneurship.

Student's Declaration

I do along these lines declare that the work presented in this Internship Report has been finished by me and has not been as of late submitted to some other University/Organization for an educational capacity. The work I have displayed does not crack any leaving copyright and no piece of this report is recreated from any work done before for degree or affirmation.

I further endeavor to reimburse the Department against any adversity or mischief rising up out of the break of the past responsibilities.

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Acknowledgement

In the name of Almighty Allah thanks for giving me strength and the patience for all the achievements I have achieved in my life.

After all the struggle, I have successfully completed my M.B A internship program. And I would like to thank all the faculty members, for being so nice & humble to me. Especially, my supervisor “**Professor Dr. Mostafa Kamal**, Dean, Permanent Campus, Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University.

And I would like to show my gratitude to Mr. Abdullah- Al Kabir (Senior officer) & Mr. summon (Junior officer) of “**Gonosastho Kendra**” branch for helping me during my internship period.

At least but not last, I want to thank all the opportunity such a beautiful environment & providing me wonderful ideas & growth commitment which has helped me during my internship period to observe deep about banking activities.

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Executive Summary

As a part of my M.B.A program, I have spent 12 weeks in Janata Bank Limited, “**Gonosastho Kendra**” Branch learning remittance activities. This internship report topic is, “**An Analysis of Foreign Remittance Activities**” of Janata Bank Limited.

This report is composed of seven chapters, which are further divided into different parts. In the introduction chapter, I have mention organization objective, scope of the study, methodology, limitation etc. has been highlighted. In the second chapter, I have mentioned An Overview of Banking Sector in Bangladesh. In Chapter Three I have given the idea about An Analysis of remittance activities in banking industry and in Chapter four I have given findings and discussion about the bank. In the Chapter five I recommended some points which can make possible the bank to get rid of their numerous problems.

I have presented all the things, which are discussed in this report; in the form of recommendations and chapter six conclusion of this study. Then, chapter seven I have concluded the report with references.

Chapter 01

Introduction

1.1 Introduction:

Janata Bank Limited is the famous commercial Bank in Bangladesh. It started its journey as a public limited company on the 1972. It gets authorization from Bangladesh Bank on 1983 to start its company. Every single one branches of the Bank run as a commercial function origin. Janata provides services for all commercial banking requirements of the customers, which include deposit banking, loan & advances, export import financing, Domestic & Foreign remittance competence etc. Both stock Dhaka & Chittagong is listed with JBL. The primary consign of business & administrative center were situated Head Office: Janata Bank Limited Address: Head Office: Janata Bank Building (8th-10th, 16th - 19th Floors), 8 Dillkusha, Motijil, Dhaka.

The growth rate of import business is 46.05 percent and the growth rate of export business is 31.66 percent which is much higher than the previous year. Janata Bank closed the year with satisfactory performance in every sector. Turn-down the risk about payment for importer's & exporter's both. Always L/C is the standard form for secluded partners, it's very important for international export payment in trade. Janata Bank Limited at "**Gonosastho Kendra**" Branch is playing a very significant role in Foreign Remittance Financing. In 2016 the bank has earned a total profit of Tk. 400.80 million from foreign exchange business. The total transaction of import business is Tk. 86,667 million and the total transaction of export business is Tk. 50,712 million. At the end of the year 2017, total asset of the bank stood at Tk. 129,876 million, which is increasing 43.53 percent in the previous year

1.2 Origin of the report:

The internship of my M.B.A program is very important because of my internship program. I can imply all my theoretical knowledge in practical life. To complete this report I have decided to work JBL "**Gonosastho Kendra**" branch. I have work general banking activities but I have focus foreign remittance department which is related to general banking.

1.3 Scope of the study

The scope of the study is to analyze the foreign exchange operations. This study describes the overall foreign Remittance activities of International Finance Investment and Commerce Bank Limited in "**Gonosastho Kendra**" Branch.

1.4 Objective of the Study

The main objective of the study is to describe the foreign Remittance operations of Janata Bank Ltd. Janata Bank Limited objectives are as follows:

- ✚ To describe foreign Remittance activities of Janata Bank limited at “**Gonosastho Kendra**” branch;
- ✚ To find out the problems of foreign Remittance activities of “**Gonosastho Kendra**” branch;
- ✚ To describe some suggestions for the solutions problems.

1.5 Methodology of the Study

- ✚ **Nature of the Study:** The study is an exploratory research.
- ✚ **Source of information of the Study:** Both primary data and secondary data are used to conduct the study.
- ✚ **Primary Data:** The primary data of this report was collected from bankers and clients of Janata Bank Limited.
- ✚ **Secondary Data:** The secondary data of this report were collected from different circulars issued by head office of Janata Bank Ltd about credit management, annual report 2016, 2017 of International Finance Investment and Commerce Bank Limited and web side of Janata Bank Ltd.
- ✚ **Target Population of the Study:** The target population of the study is assistant officers who are directly involved with Foreign exchange division, other 8 employers of Janata Bank in “**Gonosastho Kendra**” Branch and clients of Janata Bank Ltd.
- ✚ **Sampling Size:** This survey will be limited within 9 employees and 5 clients of Janata Bank Ltd in “**Gonosastho Kendra**” Branch.
- ✚ **Sampling Technique:** For selecting the sample, judgmental sampling technique has been used. The reason for using the technique is that, the selected people have a better idea about the selective topic of study and they are able to give relevance and correct information.

- ✚ **Methods of Data Collection:** Data were collected by using two methods that is observation and interview.

1.6 Limitation of the study:

- ✚ The time was not sufficient to get a better knowledge about the study topic.
- ✚ Had to work in other departments beside the foreign exchange department.
- ✚ Lack of experience to prepare such kind of exploratory research.
- ✚ Bankers were so much busy with their work and they didn't have enough time to provide information.
- ✚ Large-scale research will not be possible due to constraints and restrictions of both time period and by the organization as well.

Chapter-02

Organizational Overview

2.1 Background of the Organization:

Janata Bank Limited is a commercial bank and also called is nationalized bank JBL is known as second largest bank all over Bangladesh. At first when JBL started it was under Thee United Bank Ltd & The Union Bank Ltd. The journey of JBL started 1971 but in 1972 JBL own their self- publicity. The Government denationalizes two banks, which were, then fully Government-owned. On behalf of government there are 5% holding share nominal reserve for all banks. But late it retained up to 40% share. Government & private sponsors help to establish financial companies, abroad branches & Join branches. The Government had decided to retain 40% share because of JBL.

The sponsors hold ownership of the Bank in the private sector and Government of the People's Republic of Bangladesh. Sponsors and individuals now own about 62 percent of the share capital and the Government owns a little more than 38 percent of the shares. The Bank started with an Authorized capital of Tk. 100 million in 1983. Paid up capital at that time stood at Tk. 71.50 million only. Over the last 19 years, the authorized and paid-up capital has increased substantially. The paid capital stood at Tk. 1.341 million as on December 31, 2018 (Annual Report, 2018).

The Bank has built up a strong reserve base over the years. In last 19 years its Reserves and surplus have increased overly. As against Tk. 21.20 million only in 1983 Reserve and surplus increased to Tk. 733.30 million in 2016. This consistent policy of building up Reserves has enabled the Bank to maintain a better adequacy ratio as compared to others. Recently the bank is able to change its short term financing from "B" to "A". With the active support and guidance from the Government, the bank has been showing a steady and improved performance. In its fifteen years' operation, the bank has earned the status of leading in terms of both business and goodwill. Starting modest deposit of only Tk. 863.40 million in 1983 the Bank has closed its business with Tk. 36, 092, 17 million of deposit as on December 31, 2016.

The Bank covers by its activities all the important trading and commercial centers of the country. As on in 2015 it has 82 branches within Bangladesh. In 1983, Janata Bank set up a joint venture bank names Bank of Maldives Limited (BML). It is the first bank of Maldives. In 1992, as per contract, Janata Bank handed over the management of BML to Maldives. To facilitate remittance by Bangladeshi in Omen, Janata bank set up a money exchange company as a joint

venture, named Oman-Bangladesh Remittance. Janata Bank opened its first overseas branch in Karachi, Pakistan. It opened its second branch at Lahore in Pakistan. In December 1993, the Bank got permission to establish a joint venture bank with 50% equity capital in Nepal. The bank known as, Nepal Bangladesh Ltd. came into operation in June 1994.

2.2.1 Mission:

JBL will be stronger & it will get more growth by launching high quality products, experience management team outstanding customer service & corporate banking network system.

2.2.2 Vision:

The vision of JBL is to be the most renewed bank Bangladesh. By developing socio-economic side earning a respected position in South Asian continent.

2.4 Departments of Janata Bank Ltd:

There are mainly three departments in Janata Bank Ltd. They are-

- **General banking,**
- **Foreign exchange**
- **Loans & Advances.**

2.4.1 General Banking:

As an intern, I was assigned at Janata Bank Limited Federation Branch. On the very first day I had to learn how to issue a Cheque book. General Banking is the starting point and main function of all the banking operations it is the department which provides day-to-day service to the customers. Though in general banking mainly we open an account for the party, issue a Cheque book, transfer the money, TT, Pay Order, give a statement or Bank Solvency Cert Janata ate. Banks main objective is to collect deposit form the clients and invest into different sectors (Pagoso1995).General Banking department maintaining the following functions:

2.4.1.1 Accounts Opening Section:

Mainly bank open an account for its customer, where people can transact money through their account. They can deposit money or can withdraw money from their account Also they can send money from one account to another account basically bank's revenue or profit comes from opening an account to their customers. There are three types of account - Savings Account, Current Account and Fixed deposit account in Operative. Other one is non-operative Account and monthly deposit scheme.

In Janata bank Federation branch there are two employees are responsible for account opening. Current, savings and fixed deposit receipt account may be opened at any time but pension savings scheme and other monthly deposit scheme s are opened from Ito 10 of any month.

2.4.1.2 Cash Section:

Cash department is the most important and most vital section of an entire Bank. This department deals with cash transactions from its customers. Basically they collect money or give money to their customer according to the client's needs and at the end of the day the rest of the money goes to the cash vault through the cash officer. And on the next day the transaction starts with that amount. This department's main functions are cash payment, Cheque receipt and Cheque cancellation, cash deposit and provide stamps in case of encashment of deposit scheme and pay order. In Janata bank Federation branch there are three persons maintaining direct transaction with the client and one is cash in charge who supervise everything.

2.4.1.3 Local Remittance:

The most important job for a bank transfer the money in time giving the best customer service to all customers, money transaction is very important. Using money transaction businessman can transfer their funds different places short & easy way. There is three easy ways to remitting money from one place to another place these are Demand Draft (DD), Pay Order (PO), Telegraphic Transfer (TT). There is one employee in this section in Janata bank Federation branch to maintain such activities.

2.4.1.4 Clearing Section:

In this department banks generally not only receives their own Banks Cheque but also they receive Cheque from different banks from different accounts. After receiving Cheque it is

necessary to endorse it and cross it on that Cheque. Clearing of Cheque is done through the clearing house by the Bangladesh Bank. There is one employee is assigned the clearing activities in this branch.

2.4.1.5 Accounts Section:

This is actually an independent and very unique department, unique in this sense that, it works as a combination of all the departments of the entire branch. This section is fully computerized. So the conventional large ledger and journal books are not kept like some nationalized traditional bank. It receives the vouchers from all departments and prepares the subsidiaries and maintains accounts.

2.4.1.6 Establishment Section:

Look after all the internal expenses, all the staff salary etc. The internal expenses are machinery, purchasing of stationary, equipment & labor cost.

2.4.2.1 Foreign Remittance:

Money is very essential part to complete foreign remittance. It always increases to service & goods value. Usually, one person gives the payment to another person then different ways/forms use. And this money currency transaction to complete when both people stay in the same country. For an example; a person living in Dhaka can make a payment to another in Chittagong in Taka coin or currency notes or by Cheque on any bank of the country. Such payments do not present any problems except those of transferring money from one place to another. But things are different when the debtor and the creditor live in the different countries. When a trader, from Dhaka imports from London merchant, the payment involves certain complications. The businessman from Dhaka can pay in taka, but Taka is of no use to London exporter. So there is a need of foreign exchange mechanism. The banks that act as a third party facilitate the transactions among the different Parties involved in foreign trade. Bank has some credit instruments, which effects the foreign transaction. These are Draft, mail transfer, telegraphic Transfer and LC.

2.4.2.2 Loans and Advances:

"Loan and advances" it is a very similar word for the bank. It contents a huge meaning. A bank's main earning source is credit If bank's credit management is not good then the bank will never

ever achieve its proper goals. Question may arise what are the proper goals for the bank? The proper goals for the banks are profit maximization and shareholder's wealth maximization.

The fundamental nature of credit & its element is best on the faith of seller & buyer goods & money. The original fund of a bank is use in different sector & the money collection counts from surplus unit bank lend from deficit economic unit.

2.5.3.1 Online Branch Banking:

JBL started (WAN) online branch banking for gathering more clients after opening this banking system client can transfer money from one bank to another bank. Below I will discuss about how give & take currency: -

- Client can collect ready money from any bank around the nation.
- Client can deposit currency from any branch.
- They can transfer money to any other account.
- Money transaction from one bank to another bank.

2.5.3.2 SWIFT:

SWIFT is called “Society for Worldwide Interbank Financial Telecommunication”. Using this system all the different kind of institution does safe money transaction. Using this software, they provide their service to all the organizations. There is few banks started SWIFT system in Bangladesh, where Janata Bank is one of them. JBL stated this service in 1999. Using this system, they can transfer in a very short time. Like as: - Letter of credit, Fund transfer etc.

2.5.3.3 Information Technology in Banking Operation:

JBL uses automation for their operation for giving efficient services to their customer & the promoted their service. In this day every bank has become computerized. Automation provides the best security system. Like as- server based multi-user software operating system.

2.5.3.4 Profitability and Shareholder Satisfaction:

JBL is the most profitable bank is the Bangladesh. Last few years Bangladesh faces crises in capital market. JBL performance is boost-up, if the share price stays establishment section.

Chapter- 03

Theoretical Background

3.1 Foreign Remittance Operations:

Foreign remittance is an important part for banking business but it's always possible to complete foreign trade financing. Rather competitors have to include of international trade, But it's always change with Globalization & economics. Exporter & Importer both parties play to significant role. Like as: Timely delivery, timely payment, best quality goods & service delivery etc. Successful trade operations & transactions to complete with these part. Buyer & seller both party face to more complexity into international trade financing. "Letters of Credit" is also called "Documentary Credit". L/C always works to commercial needs. Always bank cooperated by the credit with seller & their documents. "Gonosastho Kendra" branch of Janata Bank always plays a vital role in a condition for foreign remittance or trading.

3.2 Functions of Foreign Remittance Department:

Foreign exchange department of International Finance Investment and Commerce Bank Limited is dealing with the following activities:

- L/C opening & L/C amendment
- Sanctioning PAD, LIM, LTR and packaging credit
- Foreign bill purchase
- Local bill purchase
- Foreign currency account maintaining
- Foreign currency remitting

3.3 Sections of Foreign Remittance:

The foreign exchange department of Janata Bank is divided into three distinct sections. This are-

- 1) Foreign Remittance Import
- 2) Foreign Remittance Export
- 3) Remittance

Foreign remittance section is maintained under Bills & Remittance Department.

3.3.1 Import:

According to the Imports and Exports Control Act-1950, no person can indent, import or export any goods into Bangladesh except some exemption. In order to be an importer one should obtain IRC (Import Registration Certificate) issued by controller of export and import. To import something, the importer should open an L/C.

3.3.1.1 Legal Requirement for import:

Import in Bangladesh should be in accordance with the Importer Policy Order announced by the Ministry of Commerce and Bangladesh Bank. Before entering into an importer transaction country's legal and economic framework is to be considered. These include-

- ✓ Restrictive government policies
- ✓ Remittances regulation
- ✓ Tariffs and transaction
- ✓ Reporting to the controlling authorities

3.3.1.2 Definition of L/C:

When, the importer bank pays their payment as money payment to the foreign bank then that's called documentary credit or L/C. L/C is an instrument what is issued by bank & Bank place their customer using letter disposal. An importer requests the particular country to open a credit in their country & the importer always get the benefit of foreign currency. L/C is always issued according to against the importer payment or under security satisfactory. L/C is authorized by exporter & their term draft situated under L/C. And they sell it under a specific bank in that country. This bank handles importer & exporter both parties shipping document, bill of exchange & different papers. Exporter sure their payment because of their credit. Importer is protected by document because good export or good delivery what exporter does & thee payment from their bank.

3.3.1.3 Types of L/C:

- ✓ Revocable L/C
- ✓ Irrevocable L/C
- ✓ Confirmed L/C
- ✓ Transferred L/C
- ✓ Revolving L/C
- ✓ Freely negotiating vs. Restricted L/C
- ✓ Red clause L/C
- ✓ Green clause L/C
- ✓ Back to back L/C
- ✓ Anticipatory L/C

Revocable L/C:

A revocable credit may be amended or cancelled by the issuing bank at any moment and without prior notice to the beneficiary. This type of letter of credit can be revoked or cancelled at any time without consent of, or notice to the beneficiary.

Irrevocable L/C:

An irrevocable credit constitutes a definite undertaking of the issuing bank (since it can't be cancelled without the agreement of all parties thereto.) Provide that the stipulated documents are presented and the terms and conditions are satisfied by the seller. An irrevocable credit can be either confirmed or unconfirmed depending on the desire of the seller. This sort of credit is always performed to revocable letter of credit.

Sometimes, letter of credits is marked as either 'with recourse to drawer' or 'without recourse to drawer'.

Transferred L/C:

A transferable credit is one that can be transferred by the original beneficiary in full or in part to one or more subsequent beneficiaries. Such credit can be transferred once only. Fractions of a transferable credit can be transferred separately, provided partial shipments are not prohibited.

Revolving L/C:

The revolving credit is one, which provides for resorting the credit to the original amount after it has been utilized. How much time it will be taking place must be specially mentioned in the credit? The revolving credit may be either cumulative or non-cumulative.

Red Clause L/C:

Normally, the service is used to bring seller & buyer more closely to each other. Because this way the buyer follows safe loan system & the seller carries financial risk & carry financial risk & currency risk. In this time, in China & Australia this type of business system is very popular.

Back to Back L/C:

New credit is opened based on original credit & is one of the most benefit able. Under this concept the seller become beneficially. The first credit offers to security advising bank & the second credit for insurance. The original beneficiary country their back to back beneficiary under inside or outside.

Anticipatory L/C:

Anticipatory creates provision for the pre-shipment payment. It's effecting by L/C condition.

3.3.1.4 Parties of the L/C:

- a) **Applicant for the Credit:** Buyer & importer request to open & L/C those called applicants.
- b) **Issuing Bank (Opening Bank):** The issuing bank is called when the importer's request to open L/C. Issuing bank is called buyer bank which is always called opening bank .
- c) **Beneficiary:** By opening L/C normally the supplier goods which is a favor by supplier. That is called beneficiary. When the negotiating bank presents the document then the goods will be ready for shipment.
- d) **Advising Bank:** The way importer banks advice the L/C to the supplier that is called the advising bank.
- e) **Confirming Bank:** If advising bank does adds all the times for their self-credit beneficiary that is called confirming bank.
- f) **Negotiable Bank:** Under a credit the exporter's draw best on bill draft that is called negotiating bank.
- g) **Accepting Bank:** A bank that (as specified in the Letter of Credit) accepts time or Use drafts on behalf of the importer is called the accepting bank. The Letter of Credit issuing bank can also take on the responsibility of an accepting bank.
- h) **Paying Bank:** The bank that effects payment to the beneficiary (as named in the Letter of Credit) is known as paying bank/drawer bank.

3.3.1.5 Preparation of Proposal and Submitting to the Authority for Obtaining Permission of Opening L/C:

Before opening Letter of Credit, the applicant must take permission from the competent authority. Whether the authority has to be taken from the Branch or from the Head Office depends on the amount of Letter of Credit and the percentage of margin. A proposal for obtaining permission for opening Letter of Credit generally contains the following points:

- ❖ Name and address of the importer;
- ❖ Name and address of the Guarantor if any;
- ❖ Particular of Merchandise to be imported along with name of the item, Harmonized System (H.S.) Code, country of origin, quantity, unit price and purpose of import;
- ❖ Particulars/ Terms of L/C along with name and address of the beneficiary, tenor of payment, port of loading and discharge, shipment validity and expiry date etc.;
- ❖ Landed cost of the goods;
- ❖ Market price of the goods at Dhaka and Chittagong (if applicable);
- ❖ Name of the previous banker with outstanding liability (if any);
- ❖ Number of CD accounts and transaction performance through this account;
- ❖ Facilities that are presently enjoying by the party;
- ❖ Present liability position with the bank;
- ❖ Present liability position of allied/sister concerns with the bank;
- ❖ Letter of Credit performance of the party during the year/previous year;
- ❖ Proposed mode of retirement;

3.3.1.6 Documents needed for opening L/C:

In case of International Finance Investment and Commerce Bank Limited is dealing with the following activities when a client has to submit the following documents for opening an L/C:

- Import Registration CertJanataate (IRC).
- Trade license.
- TIN CertJanataate.
- Tax Return.
- CIB Report.
- Income Statement.
- PI (Pro-forma) Invoice.

3.3.1.7 Procedure involved in L/C opening:

An importer has to go through the following procedure if wants to open an L/C.

- At first the importer must have an account in this Bank.
- In L/C account they have to mention why they are opening a L/C account.
- After some meeting the application they have to provide all the information.

They are some points show here that is are scrutinized.

- ✓ How much will be the amount, how much will be the product after mention in the application. Which part will be attested in import part?
- ✓ This amount will always cover by insurance him/her.
- ✓ Here no way cannot have banned this item.
- ✓ While importing always have to put registries number. Agent's signature & importer's is very necessary.
- ✓ There are two shipment allowed here: - Transshipment & partial shipment.
- ✓ Here all kind of documents like application, market demand, financial position etc should be take & care documents quality, banker's financial condition, importer's & exporter's relationship between themselves. Importer's current account & Importer's how much is there charge & the commission should be take & care very carefully.

After all these steps of letter of credit are opened, a L/C number is issued and forwarded the L/C to the advising bank. Then the corresponding branch of Janata requests the client to deposit the required amount of money in the account. The charges may be reduced and the margins may vary depending on the personal relationship between the client and the customer.

3.3.1.8 Insurance:

It is mandatory for importers to make an insurance of his goods. This insurance offers the desired cover against loss of or damage to the goods during the transaction. It also allows free flow of international trade by absorbing an important uncertainty connected with it. Marine Insurance may cover the ship hull insurance or the goods. The consideration for which a marine insurance contract is undertaken is the 'premium'. The insurance may be for either partial loss or total loss. The applicant must submit the insurance cover and the receipt with other relevant documents to the advising bank Janata, "**Gonosastho Kendra**" Branch makes the arrangement of all insurance documents in favor of the clients.

3.3.1.9 Advising a Letter of Credit:

The advising or notifying bank is the bank through which the L/C is advised to the exporter. It is a bank situated in the exporting country and it may be a branch of the opening bank. After opening the L/C it becomes usual to advise a credit to the beneficiary through an advising bank.

Advising depicts the proof of authenticity of the credit to the seller. The International Finance Investment and Commerce Bank Limited have a corresponding relationship or arrangement throughout the world by which the L/C is advised. Actually the advising bank does not take any liability if otherwise not requested.

3.3.1.10 L/C Transmitting:

Janata Bank transmitted the Letter of credit to the advising bank through three methods. They are in Telex, Courier or SWIFT (Society for Worldwide Inter-Bank Financial Transaction). L/C is send to advising bank in three copies. The advising bank authenticates the original copy of L/C and delivers it to the exporter. The duplicate copy is kept with the advising bank.

3.3.1.11 Negotiating:

The exporter receives the letter of credit from advising bank. After proper shipment of goods as per terms and conditions of the L/C, required documents like Commercial Invoice, Bill of Lading, and bill of exchange are presented to the negotiating bank by the beneficiary for negotiation. If the documents are in order as per L/C then the negotiating bank negotiates the drafts making payment to the beneficiary. Then the negotiating bank forwards the drafts along with the shipping documents to Janata Bank. The negotiating bank reimburses the amount paid against the draft from reimbursement bank. Negotiating banks have the option to send the drafts and documents to Janata for collection.

3.3.1.12 Amendment:

Parties involved in a L/C, particularly the seller and the buyer cannot always satisfy the terms and conditions in full as expected due to some obvious and genuine reasons. In such a situation Janata Bank gives the opportunity to amend the Letter of Credit. These amendments involve changes in-

- Unit price.
- Extension of validity the L/C.
- Documentary requirements etc.

Such amendments can be affected only if all the concerned parties agree with the new terms of the L/C. Amendment bring the change in official & formal ways different contracts, legal documents & to create new laws. Amendment can add or remove different part of agreement.

JBL advises to advising bank for amendment. For L/C amendment commission should include & it should be charged in client account.

3.3.1.13 Lodgment:

After receiving the documents, Janata Bank scrutinizes the documents and if any discrepancy found, it informs the importer. If importer accepts the fault, then the bank calls importer for retiring the document. For inspection of the documents it must be ensured that,

- For L/C all the document has to mention.
- During the time of negotiation period all the negotiated document have to submit and it's mandatory.
- In the time of shipment bill of landing, Air-way receipt, Railway receipt will not be acceptable for L/C.

3.3.1.14 Retirement of L/C:

When importer receives the intimation then gives necessary instructions to the bank for retirement of the import bills or for the disposal of the shipping document to clear the imported goods from the customs authority. The importer may instruct the bank to retire the documents by debiting his account with the bank or may ask for Loan against Trust Receipt. Following steps are to be taken for retirement of documents-

- Calculation of interest if any.
- Calculation of other charges.
- Passing vouchers.
- Entry in the register.
- Endorsement in the Bill of Lading or other transport document and in the bill of exchange.

3.3.1.15 Cancellation of L/C:

An irrevocable L/C cannot be cancelled without the agreement of the beneficiary and the confirmation bank. At the request of the importer the Janata Bank," **Gonosastho Kendra**" branch may approach the L/C advising bank for cancellation of L/C, if the L/C and such cancellation will only be effective upon consent of the beneficiary advised the branch. Branch sent message to concern. Like as – If the cancellation date at near of L/C file. Branch does

reserve the L/C liability & margin refuse & L/C application they remove charge from per schedule.

3.3.1.16 Payment Procedure:

This is the most sensitive task of the Foreign Remittance Department of International Finance Investment and Commerce Bank Ltd. The official has to be very much careful while making payment. This task constitutes the following-

- **Date of Payment:** Usually payment is made within seven days after the documents have been received. If the payment is become deferred, the negotiating bank may claim interest for making delay.
- **Preparing Sale Memo:** A sale memo is made at B.C rate to the customer. As the T.T & O.D is paid to the ID (International Division), the difference between these two rates is exchange trading. Finally, an Inter Branch Remittance Trading Credit Advice is sent to ID.
- **Requesting for the Foreign Currency:** For arranging necessary fund for payment, a requisition is sent to the International Department.
- **Transmission of Message:** Message is transmitted to the correspondent bank ensuring that payment is being made.

3.3.1.17 Loan against Trust Receipts (LTR):

Janata, “**Gonosastho Kendra**” branch gives advance against a Trust Receipt obtained from the Customers only to the first class tested parties when the documents covering an import shipment or other goods pledged to the Bank as security are given without payment. However, for such advances prior permission/sanction from Head Office must be obtained. The customer holds the goods or their sale-proceeds in trust for the Bank, till such time, the loan allowed against the Trust Receipts is fully paid off. The Trust Receipt is a document that creates the Banker’s authorization on the goods and practically amounts to hypothecation of the proceeds of sale in discharge of the lien.

3.3.1.18 Loan against Imported Merchandise (LIM):

Advance against the security of merchandise imported through Janata may be allowed either on pledge or hypothecation, of goods, retaining margin prescribed or their Landed Cost, depending on their categories and Credit Restriction imposed by the Bangladesh Bank. Bank shall also obtain a letter of undertaking and indemnity from the parties, before getting the goods cleared through LIM Account.

3.3.2 Export:

It's an international business system where produced product can be sell one country. The seller who sell product is called exporter. And foreign buyer is also called importer. Here the exporter should follow a lot of formalities till the shipment done. Import & Export act started in 1950. Always export trade control by (CCI & E). No exporters will be allowed to export until they got registries by (CCI) & export registries valid Cerjanataate.

3.3.2.1 Legal Requirements:

Although payment aspect of exports is Bangladesh Bank's concern, physical aspect is controlled by the Export Policy Order (EPO) announced by the Ministry of Commerce. Bangladesh Bank has set out elaborate procedure and laid down detailed rules and regulations concerning exports and export payments. The branch should consider and take notices of the followings before certifying any export form:

- ✚ The intended exporter shall have valid export Registration CertJanataate.
- ✚ Payment for goods exported from Bangladesh should be received though the branch in freely convertible currency or in Taka forms a non-resident Taka account of a branch or a Correspondent abroad.
- ✚ Commission, brokerage and other trade charges are admissible only up to a maximum of 5% of the value of goods. The charges beyond 5% may be admissible subject to prior approval of Bangladesh Bank.
- ✚ In order to avoid any loss of foreign exchange to the country, the branch should see that-
- ✚ Arrangements have been made for realization of export proceeds within prescribed period of 4 (four) months.
- ✚ Arrangements have been made for receipt of little to goods like Bill of lading, Airway Bill, etc. by the branch on shipment of goods.

- ✚ The EXP form is signed either by the exporter or one holding valid legal power of attorney form exporter.
- ✚ The branch and its officials certifying the export forms as well as exporter render themselves liable to corrective action under the FER Act for delay in repatriation or non-realization of export proceeds.
- ✚ In respect of export of goods by land route or by sea, the Bill of lading, Railway Receipt and documents of title to cargo should be drawn only to the order of Janata.

3.3.2.2 Functions of Export Section:

From my personal observation in Janata Bank, “Gonosastho Kendra” branch I saw that the following activities are occurred repeatedly under export section-

- Inspection of L/C documents.
- Opening of back to back L/C.
- Export financing.
- Follow-up for realization of Export Proceeds.
- Advising of Export L/Cs to the beneficiary.
- Issuance of precedes realization certJanataates.

3.3.2.3 Inspection CertJanataate:

The document is headed inspection certJanataate. The details in the certJanataate agree with the terms of credit. The certJanataate contains full description of goods corresponding to the details given in commercial invoice and the certJanataate must be signed.

3.3.2.4 Export finance:

JBL helps exporters to export finance development & on other hand branch helps to the exporters to increase the benefit & improve the relationship between client & importer.

- Pre Shipment Financing.
- Post Shipment Financing.

3.3.2.5 Pre-shipment Finance:

Pre-shipment finance usually takes the following forms:

- Overdraft against hypothecation of exportable commodities.
- Overdraft against Trust Receipt (T.R.).
- Packing Credit (P.C.).

3.3.2.6 Post shipment Credit:

Post shipment credit refers to credit facilities extended to export after actual shipment of goods against shipping documents. It is usually provided in the following ways.

- Bill negotiation or purchase.
- Bill for collection.

3.3.2.7 Bill Negotiation /Purchase:

The most usual method of financing that Janata Bank use to finance exporters at the post-shipment stage is negotiation of documents under L/C. Here the bank acts as negotiating bank. After the shipment of the goods, the exporter submits the relative documents to the branch for negotiation.

3.3.2.6.2 Bill for collection:

Sometimes exporter request to Janata Bank collect the bill of L/C and it may allow advance against these collection bills to an exporter with a minimal rates of interest depending upon the transit period.

3.3.2.7 Mode of Payment of under Export L/C:

For payment method JBL follows L/C system:

- **Sight Payment Credit:** JBL plays immediately to the exporters documents.
- **Negotiation Credit:** The exporters make a bill of exchange under of banks negotiate documents.
- **Deferred Payment Credit:** After submitting export documents JBL pays different events in specific future date.
- **Acceptance Credit:** In acceptance credit, the exporter presents a bill of exchange payable to him and drawn at the agreed tenor to Janata that it accepts. The bank signs its acceptance on the bill and returns it to the exporter.

3.3.3 Foreign Remittance Section:

Using this method JBL transfer their money in the safe, buy & sell foreign currency. Not only foreign transaction it helps to buy & sell commodities.

For purchase of foreign currency through Janata Bank Limited, an application must be made to a specJanata AD branch and Bangladesh Bank. The application form is called IMP form if the purpose is import payments or for other purposes, the TM Form is used such as request for

foreign currency in case of dollar, T.C (Traveler Cheque) Foreign Demand Draft(F.D.D),Telegraphic Transfer(T.T),etc. If the bank is empowered to approve the application, it affects the sale of foreign exchange and if the transaction requires prior Approval from Bangladesh Bank, the T.M form is forwarded to Bangladesh bank.

In Janata Bank, the mode of remittances are bank draft, mail transfer and taka remittances. Janata Bank has been providing its customer remittance services since its early operation. Most of the remittance that comes into Bangladesh is from the Middle East. Until recently, Janata Banks remittance service didn't gain popularity as they didn't have proper network with exchange houses abroad. However things have changed now, most of the bank's branches now have a separate desk for Western Union. They also have networks with Spot Cash, which has networks all around the globe just like Western Union.

3.3.3 Type of Remittance operation:

To send money from one place to another place is known as remittance. Transfer of funds on account of customers is affected by means of instruments called drafts. Transfer and Telegraphic / Telephonic Transfers, with development in transmission technology these may be different variants of a TTs. If such transfers are made within the country, these are called inland Remittance.

There are mainly two type of remittance:

- 1) Inward Remittances &**
- 2) Outward Remittances.**

3.3.3.1 Inward Remittances:

Inward remittance from the Bangladeshi expatriates is very sign Janata for the nation as well as for the banks. It plays a very important role in our import bill settlement and profitability. Statistics shows that around US\$ 6.00 billion remittance is received during the financial year 2016-2018.

a) Foreign Currency Accounts:

The Foreign Remittance Section of Janata maintains some account related to the remittance of foreign currency. Those are:

b) NFCD Accounts:

Non-resident Foreign Currency Deposit (NFCD) accounts can be maintained as long as the account holder desires. Eligible persons are allowed to open such accounts even after return to Bangladesh, within six months of arrival.

c) RFCD Accounts:

Persons originally resident in Bangladesh may maintain foreign currency account known as Resident Foreign Currency (RFCD) Accounts with foreign exchange brought in at the time of their return to Bangladesh from visit abroad. Balance of these accounts is freely remittable to abroad. These are the foreign currency accounts maintained by Janata Progati Sarani Branch to deal with the remittance of foreign currency. The range of remittance business is very small that is why it has been discussed briefly.

d) Nostro Account:

Janata Bank Limited has thirty (30) NOSTRO account overall the world.

ACU (Asian Clearing Union) Dollar: Currency code number is ninety eight (98). Number of account has ten (10).

AUD (Australian Dollar): Currency code number is eleven (11). Number of account has two (02).

CAD (Canadian Dollar): Currency code number is tow (02). Number of account has one (01).

CHF (Swiss Franc): Currency code number is thirty eight (38). Number of account has two (02).

EURO: Currency code number is eighty six (86). Number of account has three (03).

GBP (U.K. Pound Sterling): Currency code number is eighty ten (10). Number of account has three (03).

JPY (Japanese Yen): Currency code number is seventy five (75). Number of account has three (03).

USD (United State Dollar): Currency code number is one (01). Number of account has eight (08). And expects to handle increased volume of remittance business over the near future.

3.3.3.2 Outward Remittance:

Using this method traveler, TT, Draft, MT etc, they sell foreign currency. It works against foreign exchange importer's bill cancellation & works under L/C. Two forms are used for outward remittance of foreign currency:

The Progati Sarani Branch of Janata remits currency in almost all the categories though in a very limited range. A very brief view of those categories is given below:

(A) Private Remittance

- Education.
- Family remittance facility.
- Travel.

(B) Official and Business Travel

- Official visit.
- Business travel quota for importers and non-exporting producers.
- Exporter's retention quota.

(C) Commercial Remittance

- Opening for branches or subsidiary companies abroad.
- Remittance on account of training and consultancy.
- Subscription to foreign media services.
- Bank charges.
- Advertisement of Bangladeshi products in mass media abroad.

3.3.4 Foreign Remittance Business Activities of Janata:

With continuous emphasis on quality customer service & good value to the customers for handling their hard earned money, the bank has achieved tremendous success in facilitating of remittances of expatriate Bangladeshis through establishment of drawing agreement and special remittance agreement with many renowned banks and exchanges houses in major remittance source countries like Italy, UK, Malaysia, USA etc. Janata is using state of art of technology, viz., SWIFT, Online Banking for expeditious delivery of the remittances. All the branches of the bank have been equipped with separate expatriate services cell. The instant money transfer system and instant cash payment system to be introduced very soon to expedite payment to the beneficiaries.

Janata has made Taka drawing arrangement with the following exchange house:

- Placid express, USA.
- Lotus Forex, Hong Kong.
- Remit Master, Malaysia.
- Sonali Remittance, UK.
- Western Union.

3.3.5 Methods of Remittance Payment in Janata:

Usually remitters are paying their remittances to the exchange houses with details of receivers in their home country. Remittance houses are making payments of those remittances to the banks, financial institutions or exchange houses of the remitter's native country and consequently the banks or financial institutions are making payments of them to the receiver's accounts.

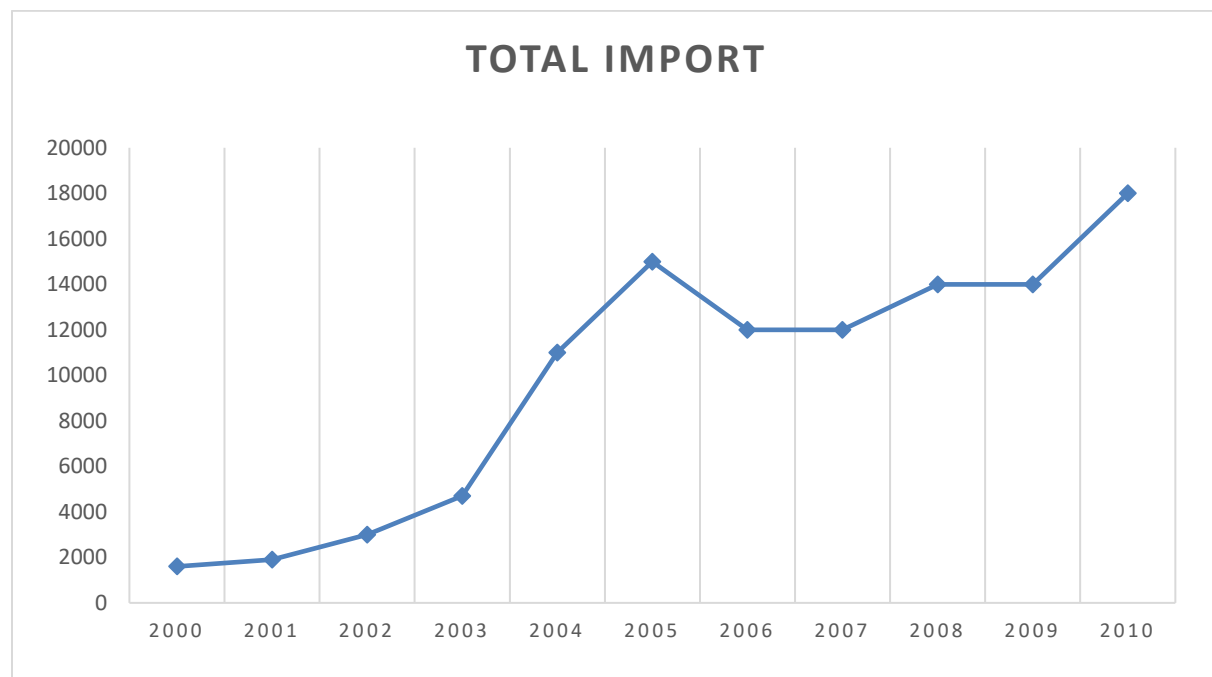
The above graph presents the yearly Remittance Inflows of Janata from 2015 to 2017(up to July) in US dollar, In Euro, in yen & in GBP amount. It is seen that the remittance inflow in US dollar amount is more than other currency.

Chapter 04

Analysis of Foreign Remittance

4.1 Foreign Remittance Performance Based on import Business:

SL No.	Particulars	2010	2011	2012	2013	2014	2015	2016	2017
01	Foreign Remittance Business	3547.40	6195.30	13520.07	19065.10	18088.12	17438.07	23280.00	23903.80
02	No. of Foreign Correspondents	60	90	2325	3575	3575	3575	2366	2480
03	Profit Before Tax	58.71	256.96	368.52	388.04	152.47	54.20	120.23	212.92

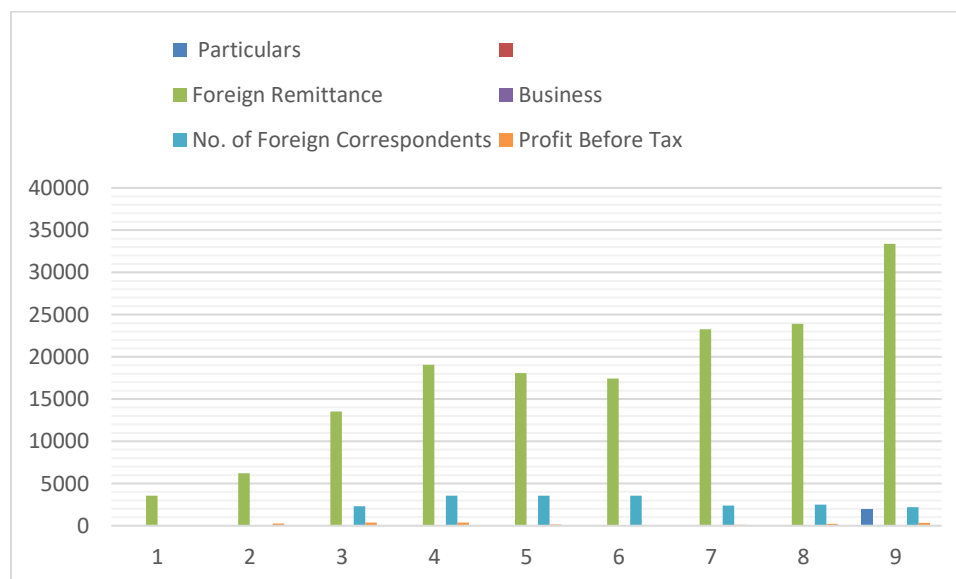


The above chart presents the Total Import from 2000-2016. It is seen that the all things are positive indication for the bank to compete in the competitive banking business in Bangladesh.

4.2 Foreign Remittance Performance Based on Export Business:

S L No	Particulars	2010	2011	2012	2013	2014	2015	2016	2017
01	Foreign Remittance Business	6195.20	13520.10	19065.20	18088.25	17438.30	23280.10	23903.70	33363.30
02	No. of Foreign Correspondents	85	3650	2200	3550	3890	3450	2850	2400
03	Profit Before Tax	256.86	368.60	388.10	152.50	54.25	120.50	212.75	354.50

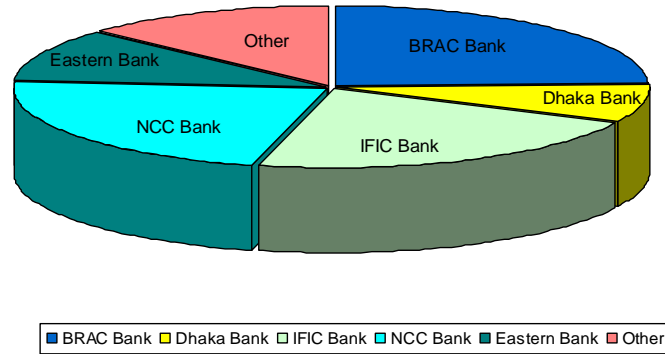
The above chart presents the Total Export from 1998-2014. It is seen that the all things are positive indication for the bank to compete in the competitive banking business in Bangladesh.



4.3 Performance of remittance inflows:

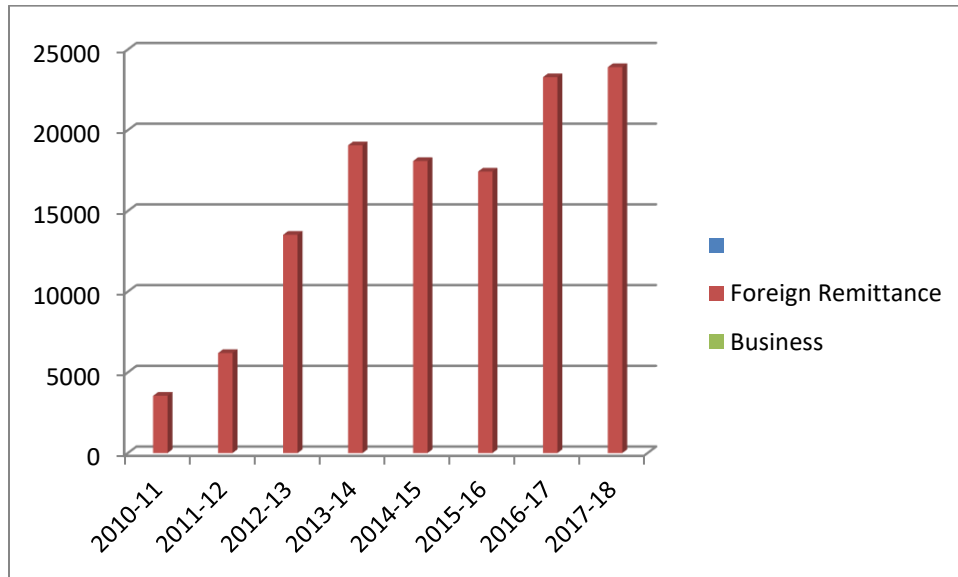
Bangladesh has earned 7914.78 to 542951.40 m USD in last 2016-2018 fiscal year. Most of the funds come by exporting RMG and export workers, frozen fish, jute, leather and tea seems and rather bleak. Those remittances mainly come through commercial banks.

Ific Remittances inflow performance to others



This graph shows us Janata bank contribute good amount of foreign inflow in to the economy. Overall position of Janata Bank is 3rd in this graph.

4.3.1 Monthly Inflow of Foreign Currency (USD) Over 3 Year Period

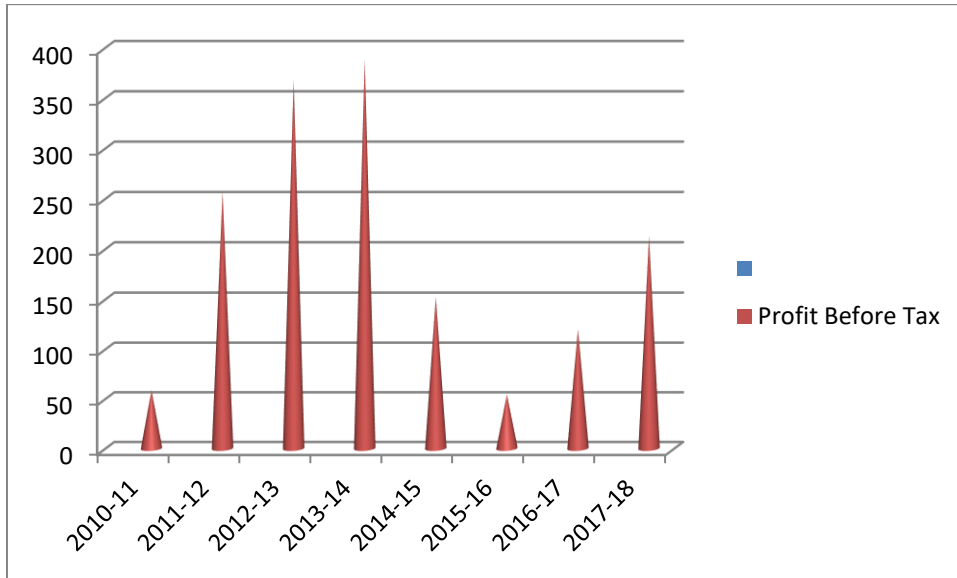


Now if we look for some trend in terms of Remittance from the line graph below, we would see that there are no spec Janata patterns in-between the years, only that the Remittance amount

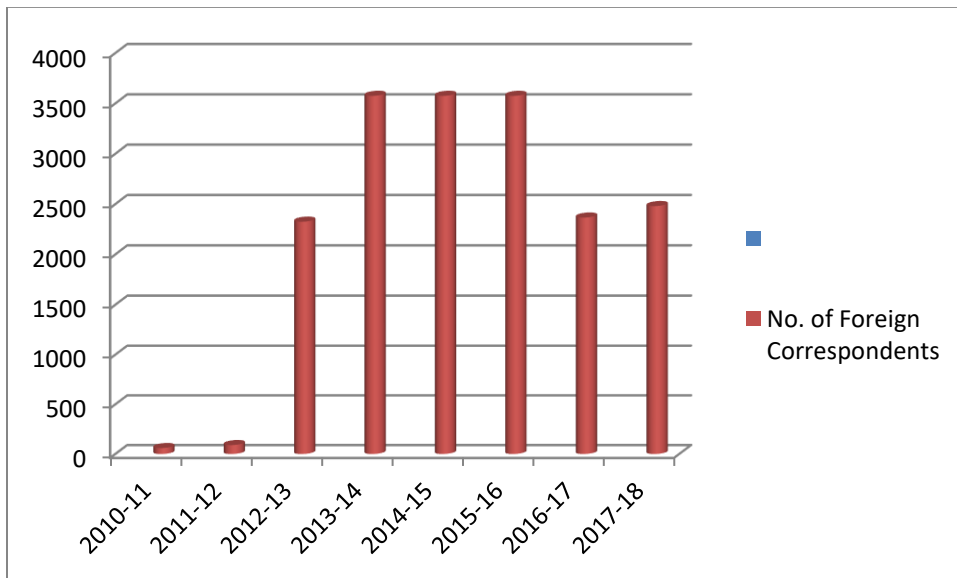
increase each year. But, the most interesting finding is that the inflow of foreign Remittance increases sharply as the year begins to come to an end, starting from September.

This leads us to conclude, that Non Resident Bangladeshis (NRB) prefers to send more amount of money at the end of every year, maybe because of the bonuses or other year end monetary benefits that they might get during those periods.

Percentage Growth in outward of Foreign Remittance



Yearly Outward of Foreign Currency 2015 and 2016 (Amount in Lac USD)



Yearly Inward and outward of Foreign Currency from 2015 till 2018 (1st Four Months)

Table: Monthly Inward Remittance, June 2016

Bank	June, 2016 (in USD million)
Janta Bank	82.79
Agrani Bank	73.50
Sonali Bank	69.75

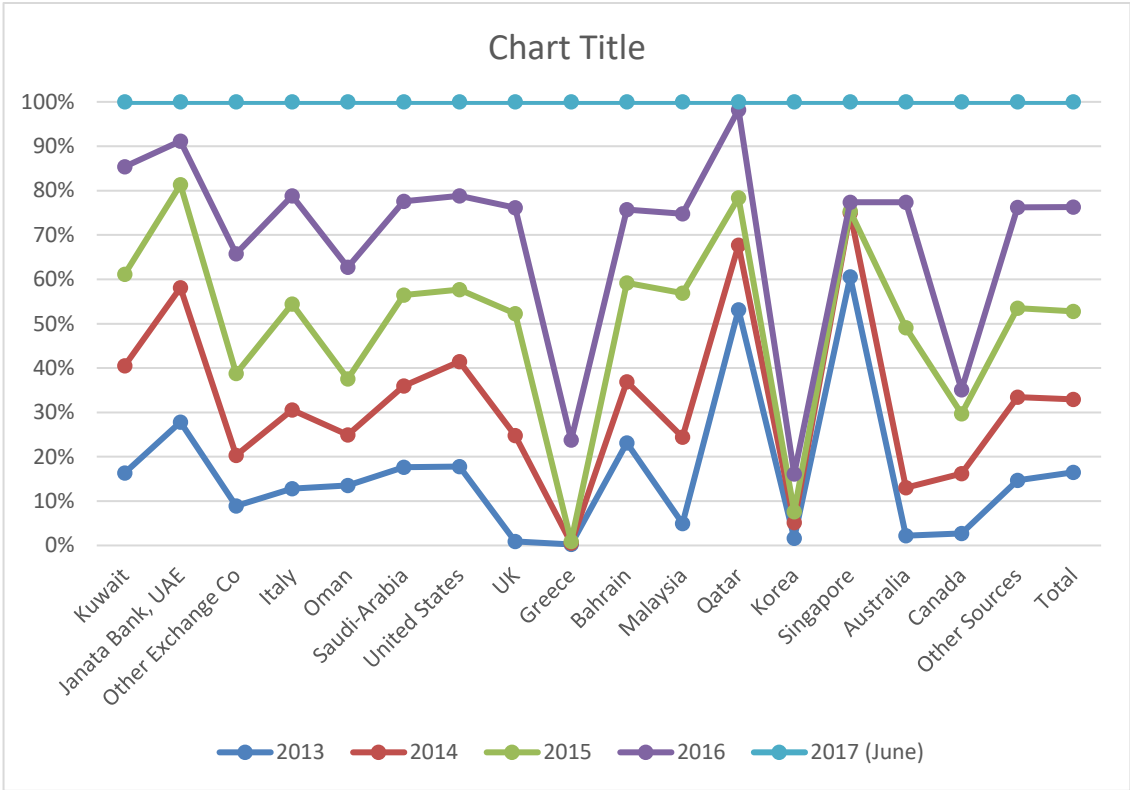
Domestic and Foreign Remittance Comparison in USD:

Types	2013-14 in USD	2014-15 in USD	2015-16 in USD
NRB Remittances	13.9 Million	14 Million	18 Million
Local Remittances	11.14 Million	18 Million	19 Million

Table: Country wise foreign Remittance of JBL from 2013 to 2017 (June)

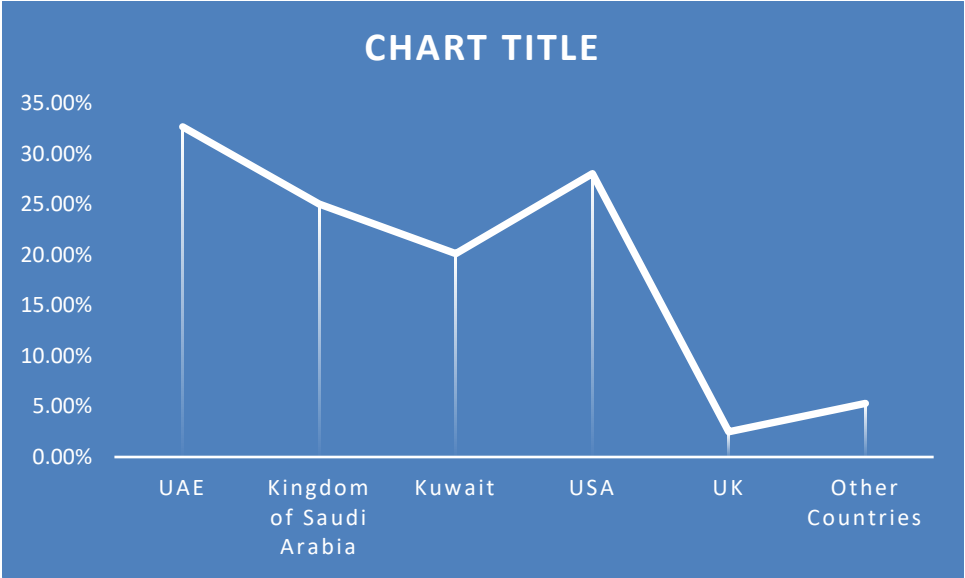
Country	2013	2014	2015	2016	2017 (June)
Kuwait	2345.6	3475.20	2955.45	3485	2098.5
Janata Bank, UAE	6650	7250	5550.4	2345	2120.8
Other Exchange Co	2279.5	2901.7	4714	6878.2	8738.1
Italy	4089.3	5652.6	7615.9	7780.1	6764.3
Oman	2950.5	2500.10	2750.5	5500	8150.3
Saudi-Arabia	2025.7	2100.3	2355	2420.8	2570.10
United States	715.5	950.3	650.6	850.8	850.2
UK	25	650.10	750.2	650.8	650.10
Greece	15	20	25	1500.4	5010.5
Bahrain	210.5	125.3	202.5	150.5	220.5
Malaysia	30.5	120.5	200.8	110.5	155.8
Qatar	550.10	150.3	110.8	205.5	18.20

Korea	2	4.2	3	10.3	101.2
Singapore	15.5	3.7	.10	.5	5.8
Australia	.5	2.5	8.3	6.5	5.2
Canada	.1	.5	.5	.2	2.4
Other Sources	3550.8	4550	4850.5	5510.2	5750.5
Total	45505.10	45500	54678	64785.20	65506.89



Wage earners remittances 2016	
Country	Percentage
UAE	32.70%
Kingdom of Saudi Arabia	25.05%
Kuwait	20.15%
USA	28.07%
UK	02.50%
Other Countries	05.30%

Grand Total	100%
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Chapter-5

Findings

5.1 Findings:

- ✚ In case of foreign exchange remittance, they have no debit card facility for their customers. The customers are suffering a lot to withdraw their money. Because when they want to withdraw their money, they must come to the bank where the customers have his/ her own account. It's really hampering for customers.
- ✚ They have 30 nostro accounts only in this branch. The bank can't attract more clients who want to open nostro account. They don't give much attention in this sector.
- ✚ Nil margin facility is only for the big clients. But medium and small clients are not getting this facility.
- ✚ Janata Bank charges a high interest rate of L\C margin. It is really a large amount for the customers to pay against L\C. Because of high interest rate of L\C margin, the customers are not interested to open L\C. That's why the rate of new L\C open is very low.
- ✚ Taking high charges of kinds of foreign exchange traction such as SWIFT charge, Document Handing charges, Stamps charges as well as VAT etc. When a customer paying all kinds of charges, the amount of utility charge must be a large amount for the customer to pay against L\C.
- ✚ Being a well reputed bank, Janata Bank only concentrates on large L\C. But it is a matter of fact that the largest L\C are not open frequently. Janata Bank no longer wants to contract smaller L\C request coming from SME and as a result they are neglecting a huge number of potential customers. The bank now paying more attention to big customers. That's why they are losing a huge amount of customer's day by day because of their avoidance of medium and smallest L\C.

Chapter-6

Conclusions and Recommendations

6.1 Conclusions:

As a financial institution are on the threshold of increasing free market competition, their ability and loyalty to their services must be augmented and cater to their clients need more competently. A large number of commercial banks are already in the market to acquire business. They have nevertheless secured their position in the overall financial arena with diversified opportunities but with extensive competition. This has been possible through constant efforts of very skilled and result-driven workgroups.

The economy of Bangladesh is swelling and import is one of the major sectors that play important role in the economy, Janata Bank Limited always have played its role in making sure that things go smoothly. However, since sky is the limit, the bank is still evolving every day striving to provide the importers and exporters and people related to import and export with the best possible service. Import and Export are showing positive trends within all of the foreign trades even after the global challenges that we are facing today. Importers use Letter of Credit to give assurance of the payment to the sellers or exporters. Janata Bank Limited issues a large number of L/C each year and thus playing a sign Janata ant role in facilitating import in Bangladesh.

6.2 Recommendations

- ✚ In case of payment of remittance, if they introduce debit card, so that customers can withdraw money within one second in any convenient place.
- ✚ Janata Bank needs to increase Nostro accounts. Because Nostro accounts are foreign currency accounts that the bank holds with foreign banks operating in different countries. If they increase the number of such accounts then, payment for L\C could be easily made through those accounts rather than forwarding the foreign currency through other foreign banks which result in higher experience.
- ✚ In case of L\C opening, Bank provides NIL margin facility to only some big clients, but they should also provide this facility to some small but efficient clients. If they

give this facility to their entire L\C opener it will increase their number of L\C as well as increase their profit.

- ✚ A customer is required to pay the bank a certain percentage of the total L\C value in advance before opening an L\C margin. If Janata Bank reduce the rate of margin then perhaps they can attract more customers
- ✚ In order to do any kind of foreign trade various charges are applicable everywhere. Charges include: SWIFT charge (charge for sending L\C electronically), Document Handing charges, Stamps charges as well as VAT. If such charges are reduced, Janata Bank will be able to attract more customers.
- ✚ Janata Bank should contract with smaller L\C request coming from SME customer besides their big customers. Otherwise they might lose a huge amount of medium and smallest L\C customers day by day. If their attitude toward smallest business doesn't change soon they might fall far behind its competitor.

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