

An Internship Report
On
FOREIGN EXCHANGE OPERATION OF
Social Islami Bank Limited
Dhamrai Branch

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Letter of Transmittal

Dr. Md. Abdur Rouf

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Subject: Submission of Internship Report

Dear Sir,

With due respect, I would like to thank you for assisting me to prepare the internship report. This task has given me the opportunity to explore the activities of banking sector. The study contains a working procedure of “**Foreign Exchange Operation of Social Islami Bank, Dhamrai Branch.** It was a great pleasure for me to have the opportunity to work on this bank which remains a very well position in Bangladesh. I endeavor my best to come out with a good one.

I would be very happy to provide you with any clarification regarding the report. Please contact with me if you have any query. Therefore, I pray and hope that you would be kind enough to accept my Internship Report and oblige thereby.

Sincerely Yours,

.....

Muhammad Hafiz Al Asad

ID: 131-11-110

34th Batch

Department of Business Administration
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LETTER OF APPROVAL

This is to certify that Muhammad Hafiz Al Asad, ID # 131-11-110 a student of Bachelor of Business Administration, Daffodil International University. He has completed his Internship program and submitted the report titled “**Foreign Exchange Operation of Social Islami Bank Limited, Dhamrai Branch**”. He worked under my supervision and guideline.

.....
Dr. Md. Abdur Rouf
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship

A large, faded version of the SIBL logo is centered on the page, serving as a background watermark. It includes the stylized red and green graphic and the text "SIBL Social Islami Bank Ltd." in a light green font.

SIBL
Social Islami Bank Ltd.

Acknowledgement

This report is an integral part of the B.B.A. program designed by the Department of Business Administration, Faculty of Business & Entrepreneurship, and Daffodil International University. The intention of this internship program is to give the students the practical essence of the real world, to expose the students in the organizational work situation, which ultimately helps them to build up career.

In every scene of one's life there is one hero who makes other's life precious. They provide inspiration, support and maximum effort to help in different ways to make others smile at the end of an event. In the same manner for the completion of this internship report, I cannot deserve all the praise. There were a lot of people who gave me the courage to move on with this report.

I am pleased to express my gratitude to the internship & placement committee for arranging such a program from which I have earned a lot of practical experience. I express gratitude from the very core of my heart to my internal guide and faculty supervisor **Dr. Md. Abdur Rouf**, Assistant Professor of Business Administration, Daffodil International University for his stimulating inspiration, proper guidance, valuable criticism, sagacious advice and whole hearted supervision with respect to the preparation of this report.

I am also grateful to my parents for their support and inspiration to continue my higher study until now.

Executive Summery

Banking service in Bangladesh is characterized as a highly competitive and highly regulated sector. With a good number of banks already in operation and a few more in the pipeline, the market is becoming increasingly competitive by the day.

With the worldwide log jam even with rising rivalry, the business banks are continually searching for approaches to build up their market and item offers to stay in front of others. A lot of control by Bangladesh Bank keeps the extent of bringing fresher items into the market and along these lines confines a bank's capacity to beat others with an enhanced item run.

However, recent trends have shown banks shifting away from vanilla products (basic products) towards higher value added products that are highly structured, to meet the needs of the clients.

Social Islami Bank Limited (SIBL) is a private owned bank. SIBL is a second generation Islami bank operating since 22 November, 1995 based on Shariah Principles. Now SIBL has 95 branches all over the country with two subsidiary companies-SIBL securities ltd. And SIBL investment ltd. The bank opened 10 branches in 2013 to bring more people under the coverage of banking service.

For coordinating my internship, I have been placed in Social Islami Bank Limited, Dhamrai Branch, Dhaka. There are 03 sections in Dhamrai Branch. They are:

1. General Banking.
2. Investment Department
3. Foreign Exchange Department.

As requirements, be I will work generally on Remote Trade portions. I will give my most outrageous effort and thought in regards to take in agent's abilities. After satisfaction of the section level position, I will render my beginning and end data to show the give a record of By and huge dealing with a record Arrangement of Social Islami Bank Constrained an Exceptional Spotlight on Remote Trade Activity. In the various leveled part will rapidly depict audit of the affiliation's bona fide establishment, limits, business soundness, ownership structure, outside columnists and abroad exercises and points of interest provided for customers by the affiliation. Branch errand part will delineate the thing and organization provided for the customers by a branch.

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Introduction Part

Chapter One

Introduction

1.1 Background of the report

Managing an account organization is imperative in a cutting edge society. It assumes a significant job in the financial improvement of a nation and structures the center of the currency advertise in a propelled nation. As of late the managing an account part over the world has been experiencing a great deal of changes because of deregulation, mechanical advancement and globalization and so on. Bangladesh saving money area is lingering a long ways behind in receiving these changes. To flourish well in this evolving condition, improvement of proper foundation is vital as well as imbue of polished methodology in to managing an account benefit is fundamental. The keeping money area is one of the exceedingly managed areas in our nation. It is administered by the principles and direction of Central Bank of the nation i.e. Bangladesh Bank and Security and Exchange Commission. The bank organizations are compelled to satisfy the best bookkeeping rehearses. It entirely pursues International Accounting Standard (IAS) standards. It distributes the fiscal report each year getting it properly inspected by perceived review firms. Each bank of our nation had a division named Financial Administration Division (FAD) which deals with the bookkeeping issues of the Bank. The vast majority of the faculty who lead these divisions are of bookkeeping foundation. Among the bookkeeping based FAD work force who know the managing an account task better can contribute more in the banks.

Social Islami Bank Limited (SIBL) is an unqualified and particular monetary organization which is performs a large portion of the standard banking administration and speculation exercises based on benefit misfortune sharing framework complying with the standards of Islamic Shariah. Social Islami Bank Ltd. does not pay enthusiasm to contributors rather investors take an interest in the benefit of the bank. The Bank partakes in financing long haul extends based on benefit misfortune sharing as opposed to allowing acknowledge offices for premium. SIBL likewise performs different social welfare exercises through its backup organ. Profession in Banking has turned out to be extremely rewarding throughout the most recent couple of years thinking about the workplace

Foreign exchange is getting increasingly unpredictable and to a great degree focused. Notwithstanding, in the earth of exceptional development of Bangladesh's outer portion, foreign exchange business gives a test and in addition a remarkable chance to quick track the development of bank's own business.

This report is done on the foreign exchange bureau of Social Islami Bank Ltd. It endeavors to hold almost the whole scope of exercises regularly performed in the foreign exchange bureau of the bank and to do a few Analyses to administer the current position of the foreign exchange business. The bank gives a few sorts of administrations to smoothing fare and import and foreign settlement. It offers the LC offices for making the import and fare simpler.

In the Analyses some portion of the report I have examined the quality and shortcoming and openings and risk of the foreign exchange division by SWOT Analyses, at that point do drift Analyses on some interrelated factors of foreign exchange for setting up

relationship among them. I have additionally done the execution Analyses to assess the foreign exchange business execution of this bank and to gauge their execution. At that point I do near Analyses with different Banks to break down their corresponding execution.

Social Islami Bank Limited (SIBL) is a private owned bank. SIBL is a second generation Islami bank operating since 22 November, 1995 based on Shariah Principles. Now SIBL has 95 branches all over the country with two subsidiary companies-SIBL securities ltd. And SIBL investment ltd. The bank opened 10 branches in 2013 to bring more people under the coverage of banking service.

1.2 Origin of Report

This report is being prepared as a necessity of “Internship” for completing the degree of BBA. The internship program is planned to provide the BBA students some chances of gaining knowledge on the Internship and aims at fetching together the two facts of learning theoretical and practical. My supervisor, Sir **Dr. Md. Abdur Rouf**, Assistant Professor of Business Administration, Daffodil International University, has approved and provided support to organize the report “**Foreign Exchange Operation of Social Islami Bank Limited**”

1.3 Scope of the Study.

The Study will have focus on two specific parts of Islamic Banking:

- a) Introduction part
- b) The Analyses parts.

Organization part will deal with the administrative setup and financial roles of the departments of the Banks.

The Analyses part will be an enquiry into three Shariah permitted exchanges:

1. Trading.
2. Leasing.
3. Partnership.

The methods of financing dependent on exchanging are Bai-Muajjal, Bai-Murabaha, Bai-Salam and Bai-Istisna. The meaning of substantial deal is clear in Shariah. Renting in Islam is named as Ijara, whose range is more extensive than the tasks of renting. Mudaraba and Musharaka are exceptional; types of benefit sharing and organization which are broadly utilized. The present examination should incorporate these zones

1.4 Objectives of the Study:

Essential target of this report is to conform to the prerequisites of the Social Islami Bank Ltd. on the Foreign Exchange Department and the exercises of this division. Nonetheless, the goal behind this investigation is something more extensive.

The objectives of the study are summarized in the following manner:

- To apply theoretical knowledge in the practical field.
- To make a bridge between the theories and practical procedures of banking day-to-day operations.
- To gain practical knowledge by working in different desks.
- To observe the working environment in commercial banks.
- To study existing banker-customer relationship.

1.5 Methodology of the Study

For smooth and accurate study everyone have to follow some rules and regulation. The study impute were collected from two sources

Primary Sources

- Direct Observations.
- Practical desk work.
- Face to Face conversation with the Officer.
- Direct lectures of honorable teacher on Banking

Secondary Sources

- Annual report of The Social Islami Bank Limited.
- Files and Folders.
- Memos and Circulars.
- Various publications on Bank.
- Websites.

1.6 Limitations

Obviously every examination has a couple of limitations. The examination I have made is of extraordinary hugeness and required me colossal work. Those confining components that hampered my smooth operations in bank in conclusion in setting up this report are as following

- The association keeps up strict privacy about their money related and other data. They fear any sort of data spillage to their rivals. So there was dependably trouble to have fitting data from them.
- Large scale Analyses is beyond the realm of imagination because of limitations and confinements posted by the managing an account specialist
- This consider totally relied upon authority records and yearly reports
- Lack of adequate books, papers and diaries and so on.
- In numerous cases, up and coming data may not be accessible

Chapter Two

Over view of SIBL

2.1 About SIBL

Social Islami Bank Limited (SIBL) was incorporated on 5th July, 1995 as a result of dedicated effort of a group of established Bangladeshi entrepreneurs and internationally important personalities. The bank started commercial operation on 22nd November, 1995 with a clear manifesto to demonstrate the operational meaning of particularly economy, banking and financial activities as an integrated part of Islamic code of life. Targeting poverty, SIBL is indeed a concept of 21st Century participatory several sector banking mode. The formal corporate sector, this Bank would, among others, offer the most up-to date banking services through opening of various types of deposit and investment accounts, financing trade, providing letters of guarantee, opening letters of credit, collection of bills effecting domestic and international transfer, leasing of equipment and consumer durables, hire purchase and installment sale for capital goods, investment in low-cost housing and management of real estates, participatory investment in various industrial, agricultural, transport, educational and health projects and so on. In the Non-formal non-corporate sector, it would, among others, involve in cash WAQF Certificate and development and management of WAQF and MOSQUE properties, and Trust funds.

2.2 History of Bank

Social Islami Bank Limited (SIBL) is a banking company registered under the companies Act 1994 with its head office in 15 Dilkusha C/A, Dhaka-1000. The bank operates as a scheduled bank under a banking license issued by the Bangladesh Bank, Central Bank of the country. The Bank started its operation from 22, November 1995. SIBL is a capitalized new generating Bank with an authorized capital and paid up capital of Taka 585 million in 2007 and also 585 million respectively as of December 2006. Currently the bank has 95 branches in all over the Bangladesh. The bank under takes all types of banking transaction to support the development of trade and commerce in the country. SIBL services are also available for the entrepreneurs to set up new venture and BMRE of industrial units. To provide clientele services in respect of international trade it has established wide corresponded banking relationship with local and foreign bank stride and financial interest home and abroad. Since the very inception, Social Islami Bank Ltd. is working with the philosophy of serving the nationals as an ideal and unique financial house. Each association has its very own few destinations. The prime target of Social Islami Bank Ltd. is to procure benefit toss undertaking the obligation of giving monetary help to the improvement of the nation's business and modern part. Year 2012 is imagined as a brilliant year of SIBL. Embracing new vital Business Policy, SIBL will investigate every possibility to support business in every aspect of task to accomplish its corporate objectives.

2.3 Journey with New Logo:

SIBL has changed its brand logo through a colorful function at Cox's Bazar sea beach. Bank has passed a successful year 2011 through generating highest business growth in terms of profit amidst unfavorable market conditions and also set superior service delivery for its customers through implementation of real time on line state-of-the-art banking technology. In its journey towards continuous excellence the bank has decided to change its logo, the new logo depicts bird's wing, 9(nine) feathers, to represent its comfortable and safe flying in the economic sky by passing the territorial Boundary. The wings are colored in red in a green background. Red symbolizes the vigour and enthusiasm of youth and the green symbolizes love for the dear motherland, Bangladesh is a country of greenery. Moreover 9(nine) feathers represent- Honesty, Transparency, Efficiency, Accountability, Reliability, Innovation, Flexibility, Security, and technology flying towards continuous excellence. In SIBL journey towards Continuous Excellence it takes pride in their new Logo.

2.4 Overall Operational goals

The key thrusts of the operational goals are as follows:

- Empowering the family of the poor by creating income opportunities as well as strengthening the family of the rich for a better future generation.
- Achieving sustainable participatory economy, Social Security, and peace for a society.

2.5 Mission of SIBL

- High quality financial services with the latest technology.
- Fast, accurate and satisfactory customer service.
- Balanced & sustainable growth strategy.
- Optimum return on shareholders' equity.
- Introducing innovative Islamic banking products.
- Attract and retain high quality human resource.
- Empowering real poor families and create local income opportunities.
- Providing support for social benefit organizations-by way of mobilizing funds and social services.

2.6 Vision of SIBL

In SIBL journey towards continuous excellence it is striving to become the Country's leading Islamic Bank offering one-step service of an wide range of value added products and services meeting the needs of its customers; conducting its business ethically in accordance with the laws of Shariah while optimizing best utilization of the most modern state-of-the-art technological solutions through creation of a pro-active organizational culture based on sound team spirit, fairness, mutual understanding and pragmatic leadership always remain open to new ideas and adaptable to the best practices in the market ensuring recognition and quality banking experience to its customers and deliver best value to all its stakeholders as well.

2.7 Objectives of SIBL

The objectives of SIBL can be described as follows:

Objectives

The key objectives are:

- To humanize corporate finance in the formal sector through participatory market mechanism with collateral.
- To monetize voluntary sector through participatory financing mainly on joint ownership basis.
- To integrate these three sectors operational activities of the Bank to various will-conceived and well-planned “Social Assignment and Investment Schemes” or “Social Fund” for making them economically and ethically “transparent” and “revealed”.
- Overall Operational goals The key thrusts of the operational goals are as follows:
 - Empowering the family of the poor by creating income opportunities as well as strengthening the family of the rich for a better future generation.
 - Achieving sustainable participatory economy, Social Security, and peace for a society.

2.8 Functions of SIBL

The functions of SIBL are as follows:

- Mobilization of idle resources of the country by accepting Deposits from the general public.
- Granting Loans and Advances to the individual firms and companies for activating and developing trade, commerce and industries and other productive activities in the country.
- To give facilities to the client and shareholders in a systematic way.
- Give encouragement to the people for savings.
- To increase investment.
- To make easy transfer of foreign currency.
- To identify consumer’s demand and fulfil their demand by supplying money.
- To improve economy by borrowing financial facility.
- To assist capital market.

2.9 Products & Services:

- Mudaraba Term Deposit
- Mudaraba Savings Deposit
- Al-Wadia Current Account
- Mudaraba Notice Deposit
- Mudaraba Scheme Deposit
- Mudaraba Hajj Savings Deposit
- Mudaraba Monthly Savings Scheme
- Mudaraba Special Deposit Pension Scheme (5 Years)

- Mudaraba Monthly Profit Deposit Scheme
- Mudaraba Education Deposit Scheme
- Mudaraba Home Saving Scheme
- Mudaraba Millinery Deposit Scheme
- ATM Service
- Locker Service
- Online Banking

2.10 Corporate Structure:



Chapter Three

Foreign Exchange Function of SIBL

3.1 Introduction

Foreign Exchange Department (FED) is the global department Bangladesh Bank issues permit to plan banks to contract with foreign exchange. These Banks are known as Authorized Dealers. On the off chance that the branch is approved intermediary in foreign exchange showcase, it can transmit foreign exchange from nearby nation to foreign nations. At present, the bank has 21 Authorized Dealer Branches with very much arranged with exceedingly prepared experts to meet distinctive necessities of import and fare-based customers.

One of the inside accomplishments of the bank is to energize general exchange through toll and import financing. All through the latest couple of years, the remote exchange financing of the Social Islami Bank Ltd has gotten an enduring expansion. The bank has been achieving fundamental advancement in both charge and import financing paying little mind to overall financing unsettling influence and worldwide fiscal log stick since 2008. Amid the year, the foreign exchange business of the bank has recorded a critical development of 6.22%. Import business expanded by 6.93% of which genuine esteem was TK. 84,906.70 million out of 2015 from TK. 79,024.20 million out of 2014. Then again send out business developed to 54212.20 million out of 2015 which is 1.99% higher than the fare of Tk.53044.90 million out of 2014. Foreign Exchange Business remained at Tk. 149,192.40 million of every 2015 against Tk. 139,910.00 million of every 2014, which is sharp increment of 6.22% the separation of this foreign exchange business is as under.

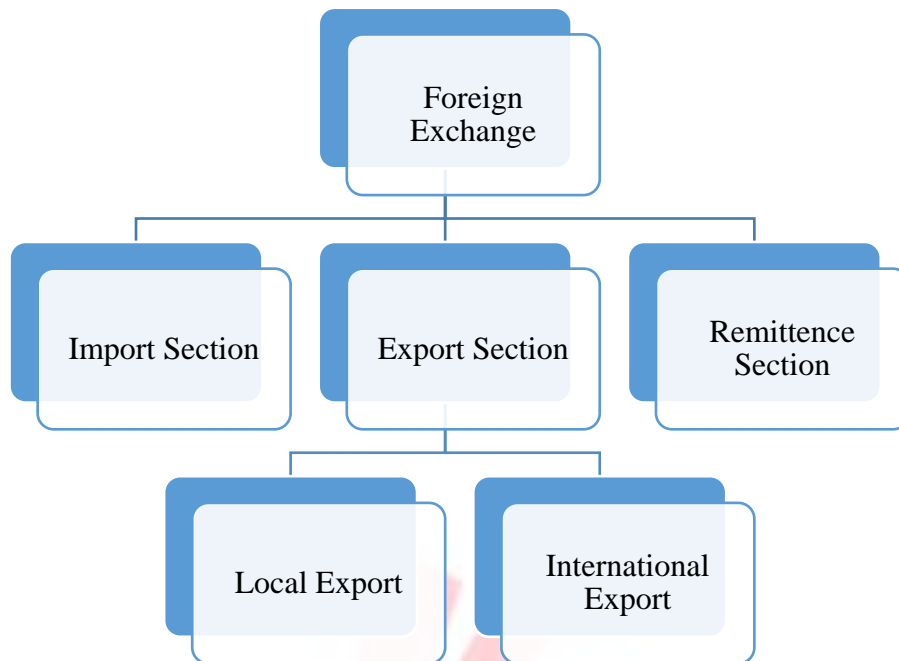
Table: Foreign Exchange Business of SIBL (2012-2017)

| Particulars | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Import | 68,198.50 | 76,985.60 | 73,859.40 | 79,024.20 | 84,906.70 |
| Export | 34,975.00 | 42,712.20 | 51,775.30 | 53,044.90 | 54,121.20 |
| Remittance | 5,134.90 | 6,822.10 | 6,740.00 | 7,839.90 | 10,164.50 |
| Total | 108,308.30 | 126,519.90 | 132,374.70 | 139,910.00 | 149,192.40 |

The Basic tasks of foreign exchange department of SIBL are:

- Facilitating Import Trade
- Facilitating Export Trade
- Provided funded and non-funded credit facility
- providing noncommercial remittances
- Maintaining foreign currency accounts
- Selling of foreign currency.

The above function is done under three section –



3.1.1 Import Section

In 2015 SIBL was associated with financing import business in the field of capital machineries, industrial raw materials, food grains (rice, wheat, sugar, dal, onion, spices, garlic), oil(soya bean, lubricant, palm), motor vehicle, spare parts, sport accessories, garment accessory, perfumery items, chemicals, milk food etc. To import, a man ought to be skilled to be and shipper as indicated by Import and Export Control Act, 1950, the workplace of boss controller of Import and Export gives the enlistment (IRC) to the merchant. Bank gives trade ensure that it will pay for the products for the benefit of the purchaser if the purchaser does not pay. This assurance is called letter of credit. Subsequently the agreement among merchant and exporter is given a lawful shape by the investor by 'letter of credit'. There are three principle capacity of import segment –LC opening

Lodgment

Retirement

Margin and Other Charges

Before issuing Letter of Credit, Social Islami Bank requests the contender to store letter from credit edge allowing to the terms of underwrite and other imperative charges which fuses commission, dealing with charges, wire/SWIFT charge, etc. As per terms and conditions of approve. Before issuing Letter of Credit Bank ask for that the hopeful store the going with, as indicated by the terms of the support as per Government Circular.

Edge charged close by a specific Letter of Credit be dictated by the items or merchandise of the import. Edge contrasts between nil to 100%. Normally the Higher

estimation of edge, the higher it implies that Bangladesh Bank debilitates to import that merchandise or items. A few products are foreign made at 100% edge.

Margin and Other charges

| | |
|--------------------------------------|---|
| Letter of credit Margin & commission | As per Government circular |
| Commission | As per internal policy (Letter of Credit) value .40% for first quarter |
| Printing & Stationary | 500 |
| SWIFT Charge | 2500 |
| VAT | 15% on commission & SWIFT charge |

Issuing LC for Import

A letter of credit is a letter issued by a bank (known as the opening or the issuing bank) at the occasion of its client (known as the opener) routed to a man (recipient) undertaking that the bills drawn by the recipient will be obligation regarded by it (opening bank) gave certain conditions referenced in the letter have been conformed to.

In issuing Import LC bank need to keep up the accompanying advances –

Registration with CCI&E

- For fetching in international trade, even trader must be first enumerated with the chief controller of Import and Export.
- By paying specified registration fees to the CCI&E the trader will get IRC/ERC (Import/Export Registration Certificate), to open LC with bank, this IRC is must.

Determination terms of credit

The terms of L/C relies on the agreement among the merchant and exporter. The terms of the credit recognize the measure of credit, name and address of the recipient and opener, tenor of the bill of trade period and method of shipment and of goal, nature of credit, expiry date name and number of sets of transportation report etc.

Proposal of opening LC

To have an import LC limit an importer submits an application to department to Social Islami Bank. The proposal contains –

- Full particular of the bank account
- Nature of business
- Payment terms and conditions
- Required amount of limit
- offered security
- Goods to be imported
- Repayment schedule

Application by importer to the banker to open letter of credit:

For opening LC, the importer is requisite to fill up a prescribed application form provided by the banker along with the applicable documents.

Opening of LC by the bank for the opener

At first bank take the total application shape from the shipper at that point collects credit report of exporter from exporter's nation through his remote correspondence there. Opening bank at that point issues credit via air mail/wire/quick pursued by LC exhortation as asked by the opener through his outside journalist or branch as the circumstance might be, at the place of recipient. The prompting bank encourages the LC to the recipient all alone shape where it routed to him or basically hand over the first LC to the recipient in the event that it is so tended to.

Amendment of LC:

After opening LC sometimes modify according to the original terms and conditions become necessary. These amendment involve change in

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

Such reports can be influencing just if all the fearful gatherings concur (the recipient, the merchant, the issuing bank and the exhorting bank. For any change the merchant must demand the issuing bank in composing obligation kept up by updated space receipt. The issuing bank at that point exhorts the expected change to the prompting bank. LC alteration commission tallying postage is charged to the customers A/C. Shipment of merchandise and lodgment of records by exporter:

At that point exporter dispatches the products to the endpoint of the shipper nation and sends the archives to the LC opening bank through his transaction bank.

Lodgment of reports by the opening bank from the arranging bank:

Subsequent to getting the records, the opening broker breaks down the reports. On the off chance that any irregularity discovered, it advises the merchant. On the off chance that shipper acknowledges the blame, opening financiers call merchant hesitant the record. As of now numerous things can occur.

These are indicated in the following:

- I. Discrepancy found but the importer accepts – no problem occurs in lodgment.
- II. Discrepancy found and importer not agreed to accept – In this case, importer protest and send back all the papers to the exporter and appeal to make in the specified manner. Here banker is not bound to pay because the documents send by exporter is not accordance with the terms of LC
- III. Documents are ok but importer is willing to retire the documents – In this case bank is indebted to pay the price of exported goods. Since importer did not pay for bill of exchange, this payment by bank is one kind of credit to the

importer and this credit in banking is known as PAD or Murabaha bill of exchange.

- IV. Everything is ok but importer fails to clear goods from the port and request bank to clear – In this case banks clear the goods and takes delivery of the same by paying customs duty and sales tax etc. So, this expenditure is debited to the importer's account and in banking it is called LIM or Murabaha post import.

Retirements of the Documents

On receipt of cost notice/lodgment voucher the merchant pays the vital sum. This phase of the narrative acknowledge activity is known as "Retirement of import bills". The branch will set up the retirement voucher to mirror the measure of expense and different charges to be gathered from the merchant, alterations of edge and PAD, Murbaha Bill of trade Account. In this manner archives might be given over to the merchant against appropriate affirmation after accreditation and underwriting. The affirmations by approval individual of the bank are as per the following The invoice is certified by the authorized officer of the bank with the exchange rate as applied in lodgment

- The bill of Exchange received from negotiating bank on issuing bank by the beneficiary;
- The transport Documents evidencing the carrying of goods as per letter of credit term has to be endorsed by the AD branch.

Import LC Financing:

SIBL has two modes of LC sponsoring one mode is Bai-Muzzal trust receipt and another mode is Murabaha Post Import. These are similar to loan against Trust receipt (LTR) & loan against Imported Merchandise (LIM) of conventional bank.

Bai – Muzzal Trust Receipt

- Advance against a trust receipt obtained from the customers are allowed to only first class tested parties when the documents covering an import shipment or other goods pledged to the bank as security are given deprived of payment. However, for such advances prior permission from head office must be gained
- The customer grasps the goods or their sale-proceeds in trust for the bank, till such time, the loan permitted against the trust receipts is fully paid off.
- The trust receipt is a document that makes the banker's hand on the goods and practically amounts by hypothecation of the proceeds of sale in discharge of the lien

Murbaha post Import

Advance contrary to the security of merchandise imported over the bank may be allowed either on initiate or hypothecation of goods, retaining margin prescribed or their landed cost, depending on their categories and credit section imposed by Bangladesh Bank. Bank shall also obtain a letter of undertaking and insurance from the parties, before getting the goods unoccupied through this account.

3.1.2 Export Section

The export section of SIBL is noticeable in the field of readymade garments. The bank has been attempting to diversify its export financing in other fields like leather, agricultural products, dry fish, PET, Flakes, spare parts of ship etc. Establishment of central trade Processing Unit (CTPU) was a timely decision which changed the total process of foreign exchange business through speed up of the service and business potential of SIBL.

They have CTPU facilities based in Dhaka and Chittagong. They open export LCs here to export their goods, which they open counter to the import LC opened by their foreign importers. Export LC operation is just reserve of import LC operation. For exporting goods by the local exporter, SIBL may act as advising banks and the collecting bank for the exporter. SIBL act as an advising or negotiating bank which advice the L/Cs Export guidelines formulated by the Ministry of Commerce, GOB provide the overall guideline incentives for promotion of exports in Bangladesh

Export Financing

Financing trade nations a vital piece of a bank's exercises. Exporters require financing comforts at four distinct phases of their fare activity. Amid every one of these portions' exporters require distinctive sorts of budgetary help contingent upon the idea of the fare contract.

- Pre-shipment credit
- Post shipment credit

Pre Shipment Credit

Pre-shipment credit is given to sponsorship the exercises of an exporter past to the bona fide shipment of the products for fare. The determination of such credit is to meet working capital needs beginning from the purpose of purchasing of raw material to definite shipment of products for fare to outside nation. Previously enabling such credit to the exporters the bank mulls over about the credit value, send out execution of the exporters, together with all other important data required for authorizing the acknowledge in agreement for the current standards and direction. Pre shipment credit is given for following reason

- Cash for local procurement and meeting related expenses.
- Procuring and processing of goods for export.
- Payment of insurance premium.
- Packing and transportation of goods for export.
- Inspection fees
- Freight charges etc.

Post Shipment Credit

This kind of credit helps reached out to the exporters by the banks after committal of the products in opposition to send out records. Prerequisite for such acknowledge

emerges as the exporter can't stand to sit tight for quite a while for without paying producers or providers.

Prior to including such credit, it is essential with respect to bank to investigate deliberately the money related unwavering quality of exporters and purchasers and also other pertinent archives associated with the fare in amicability with the guidelines and direction in power.

3.1.3 Remittance Section

As an approved merchant, a bank must convey a few administrations to the customers with respect to remote trade and this division gives these administrations. The essential occupation of this division is outward and internal settlement of outside trade starting with one nation then onto the next nation. In the system of giving this settlement benefit, it moves and purchases remote cash. The adjustment of one cash into another happens a concurred rate of trade, which the broker statements, one for purchasing and another for moving. In such exchanges the outside monetary forms resemble different items offered for deals and buy, the expense being paid by the purchaser in home cash, the legitimate delicate.

Remote settlement area of SIBL is a fundamental piece of Foreign Exchange Department. Furthermore, this area of outside trade division manages approaching and active remote monetary standards. They shape brought together settlement handling unit (CRPU) to give better support of their client. SIBL's Foreign Remittance business volume has activated to Tk. 10,164 million of every 2015 paralleled to Tk. 7,839 million in the year 2014. SIBL handles both inwards and outward settlement items. The outward settlement incorporates FC money. FDD, FTT and wire Transfer through SWIFT, The Inward Remittance items are over the counter installment (OTC), Account Credit to all bank all branches.

Modes of Foreign Remittance

The remittance process of SIBL involves the following modes-

- **Travelers Cheque**

Voyagers' check is helpful to individual, who regularly voyage abroad. This bank issue Travelers check of AMEX to clients in opposition to installment of equal sum. Ordinarily it takes 21 days for accumulation of TC and clients can draw money following multi month.

- **Telegraphic Transfer**

Bank additionally transmit finance by tried transmitted back rub through its outside correspondence bank in which it is keeping up its NOSTRO account. In a similar way, it makes payment as per transmitted back rubs of its outside correspondence bank from the comparing VOSTRO account.

- **Foreign Demand Draft**

Bank issues request draft in kindness of procurement or some other as indicated by guidance of procurement. The payee can gather it for-the drawer bank is which the

issuing bank of interest draft holds it NOSTRO account. Bank likewise makes payment on DD Drawn on this bank by its outside correspondence bank through the VOSTRO account



Chapter Four:

Analyses of Foreign Exchange

4.1 Macroeconomics Analyses

Outside variables, for example, trade, import, settlement and remote guide have consistently assumed a vital job to Bangladesh's economy, through the relative significance of different outer elements has changed after some time. BDT witnessed an upward going trend in the year 2015. In the month of January, the USD/BDT exchange rate was 77.4166 then in June 2015 it was 77.7882 and at the end of the year it became 78.3381. The year 2015 was a grooming period for our national economy. we can see the upward moving slope of the exchange rate.

| Fiscal Year | Total Export | Total Import | Foreign Exchange Earnings |
|-------------|--------------|--------------|---------------------------|
| 2010-2011 | \$14.13b | \$25.210b | \$8.1b |
| 2011-2012 | \$15.60b | \$22.00b | \$10.0b |
| 2012-2013 | \$16.8b | -\$24b | \$11.88b |
| 2013-2014 | \$22.95b | \$35b | \$12.70b |
| 2014-2015 | \$24.35b | \$36.95b | \$15.90b |
| 2015-2016 | \$30.15b | \$30.40b | \$14.20b |

Figure 4.2: Foreign Exchange History of Bangladesh



4.2 Bangladesh Export and Import by Country

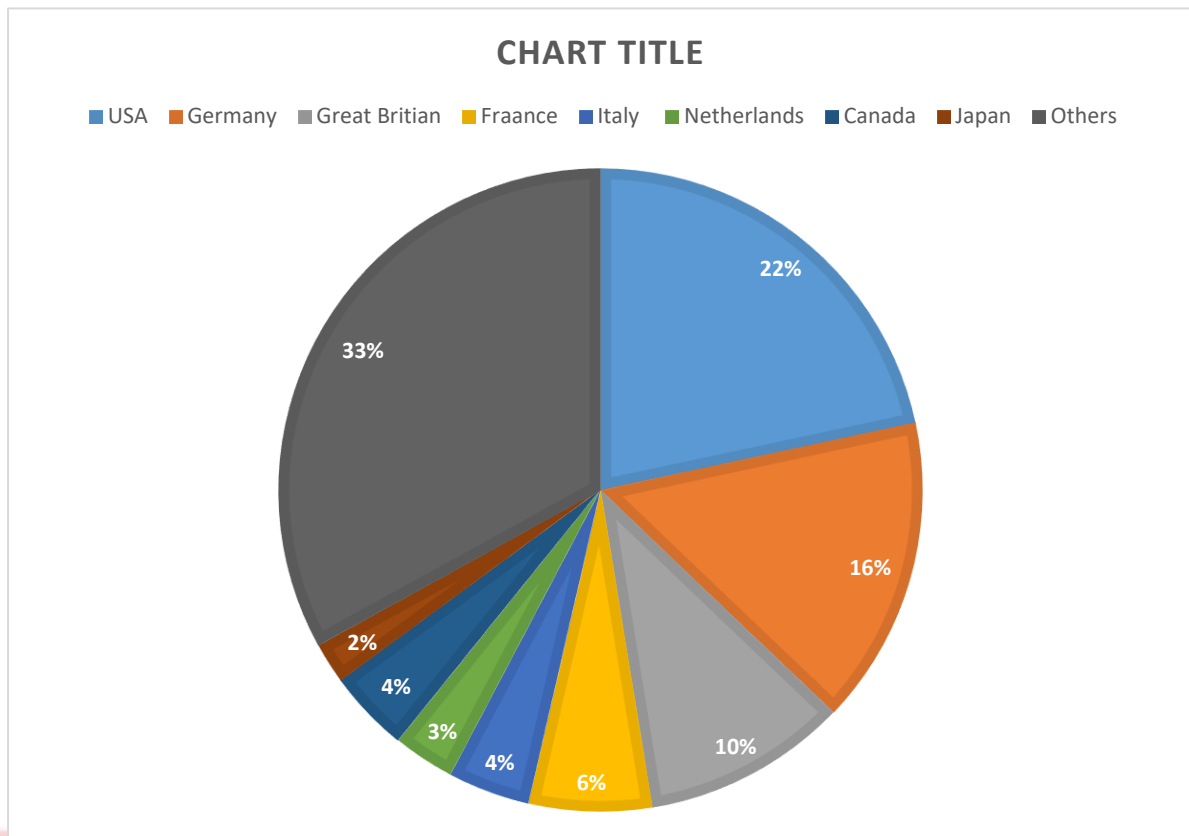


Figure 4.3: Main Import Pattern of Bangladesh

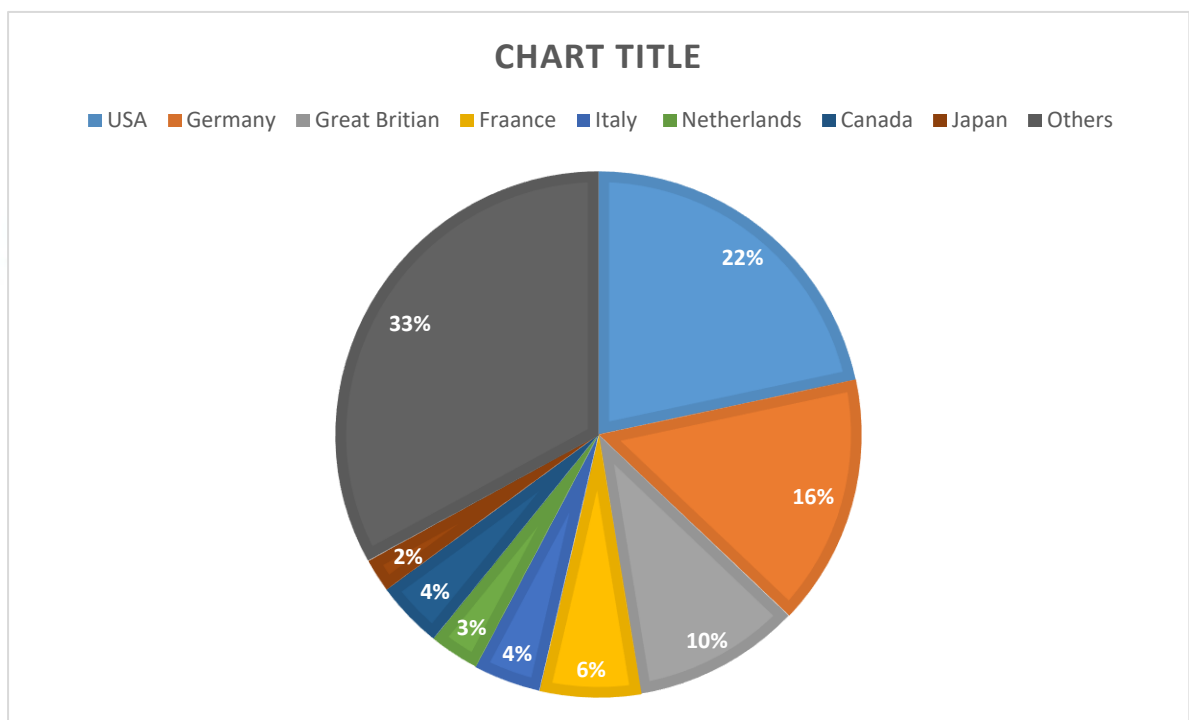


Figure 4.4: Main export pattern of Bangladesh

From this graphical introduction, the biggest purchaser of our item is the Great Britain, USA is the second biggest purchaser and afterward comes Germany in the third position. Then again, in Import division our client japans with 45% than china and pursued by India.

4.3 Trend Analyses

Trend of Import, Export & Remittance

Import is the vital part of the foreign exchange Business. From the graphical presentation of the import it has shown the five years import trend of Social Islami Bank Ltd since 2012 to 2016. In 2012 import was Tk. 68,190 million, in 2013 import was Tk. 76,980 million and last in 2016 import was Tk. 84,900 million. In every year import was increasing trend except 2013. In 2012 growth rate was 11.41%. In 2013 the growth rate decreases by 4.06% but again in 2014 it grows 6.54% and last year it grew 6.93%. So, we can conclude that import scenario of Social Islami Bank Ltd was satisfactory in Last five years.

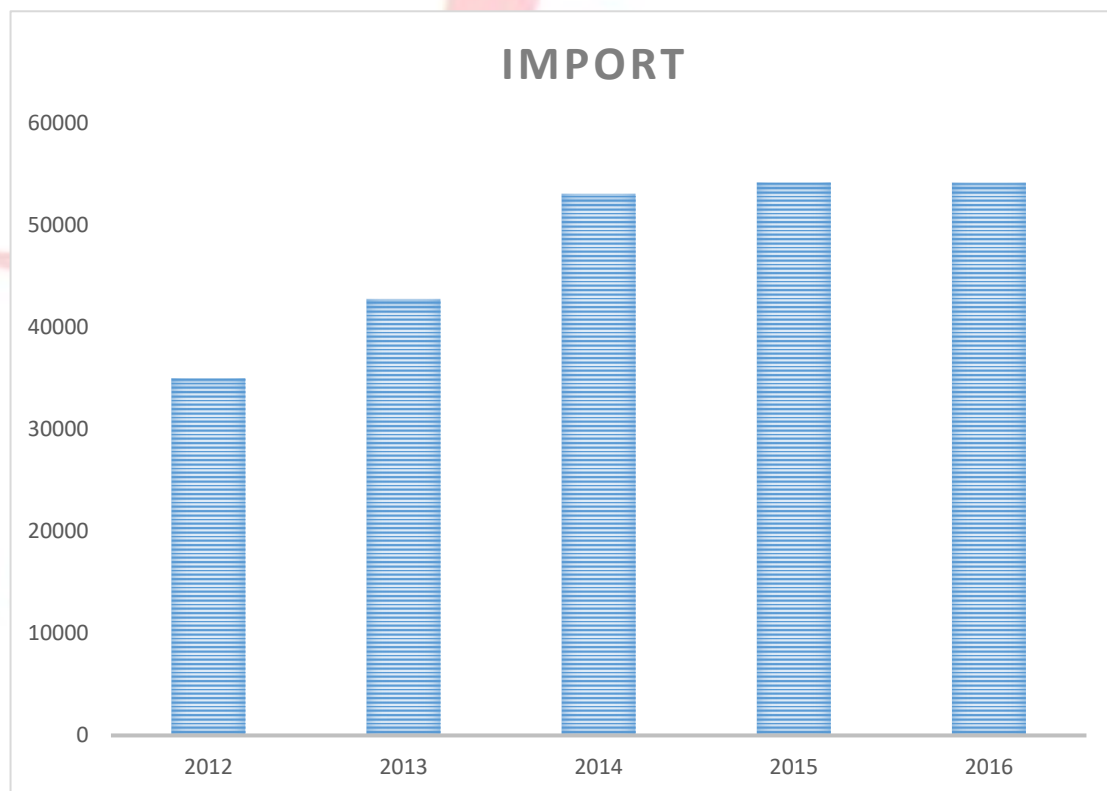


Figure4.5: Trend Analyses in Import of SIBL (2012-2016)

Export position of the Social Islami Bank LTD. is increasing trend. Bank's Major Export Items are RMG, Frozen Food etc. From the graphical presentation of export says that the last five years export stability of Social Islami Bank Ltd since 2012 to 2016. In 2012 the export was Tk. 34,975 million, in 2013 it was Tk.42.702 million and in last year in 2016 export was Tk. 54,021 million. In consistently send out was likewise

expanding pattern and development rate of fare was quick. In 2012 growth rate was 18% and in 2013 the growth rate was 17.50%. The Export business grew to Tk. 54,151 million in 2016 which is 1.99% higher than export of Tk. 53,144 million in 2014. So, we can conclude that export scenario of Social Islami Bank Ltd. was good enough in last five year with increasing trend.



Figure 4.6: Trend Analyses in Export of SIBL (2012-2016)

From the graphical introduction of the remittance it has demonstrated the five years remittance situation of Social Islami Bank Ltd. since 2011 to 2016. In 2011 remittance earning was Tk. 5,134 million, in 2012 earning was Tk. 6,822 million and in last 2016 remittance was Tk. 15,190 million. Except 2013 remittance was also increasing trend but the growth rate of remittance was very low though in 2015 it jumped higher. It's remarkable that the growth rate of remittance was excellent in 2012 which was 24.74% and in 2013 it falls by 1.2% then again in 2014 it grew by 14%; in 2016 the growth rate was 23% approximately. So, we can accomplish that remittance growth rate of Social Islami Bank Ltd. was very good in last few years except 2013.

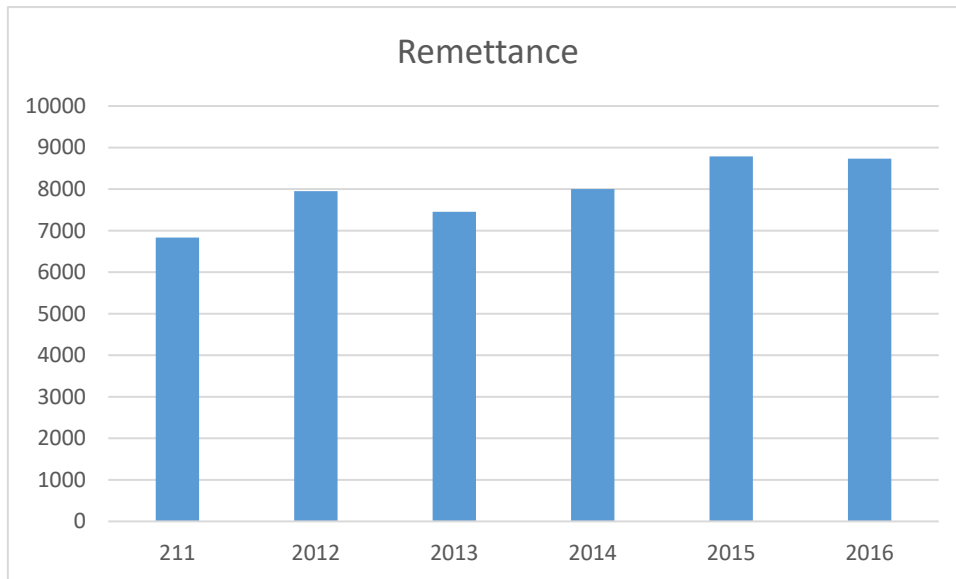


Figure 4.7: Trend Analyses in remittance

4.4 Performance Analyses

The performance of the Social Islami Bank in the Last couple of years specially in the sector of Import, Export, Remittance and comparison of the data with the operating profit of the Bank in graphically presented. The overall performance regarding foreign exchange operation from the year 2011-2016 are placed in this figure an official year 2016 will be a milestone regarding its overall performance in foreign trade. SIBL has established Centralized Trade Processing Unit (CTPU) for serving clients in a more operative and efficient way. For the branches around Dhaka Division and Chittagong Division, two base stations have been established at Foreign Exchange Branch, Dhaka and Agrabad Branch of Chittagong respectively. All the branches under CTPU Dhaka and Chittagong are able to serve their clients through these base stations. As a result, processing becomes faster and efficient. It has established the concept of any banking. As a result, the operating income has increase Monumentally.

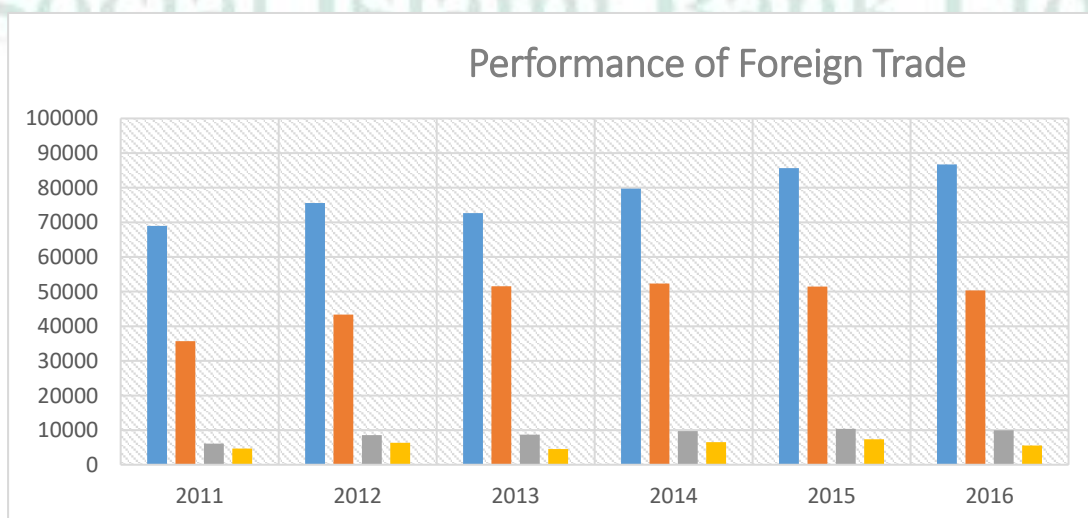


Figure 5.8: Performance of Foreign Trade

4.5 Percentage of total LC opens in 2016 & 2015

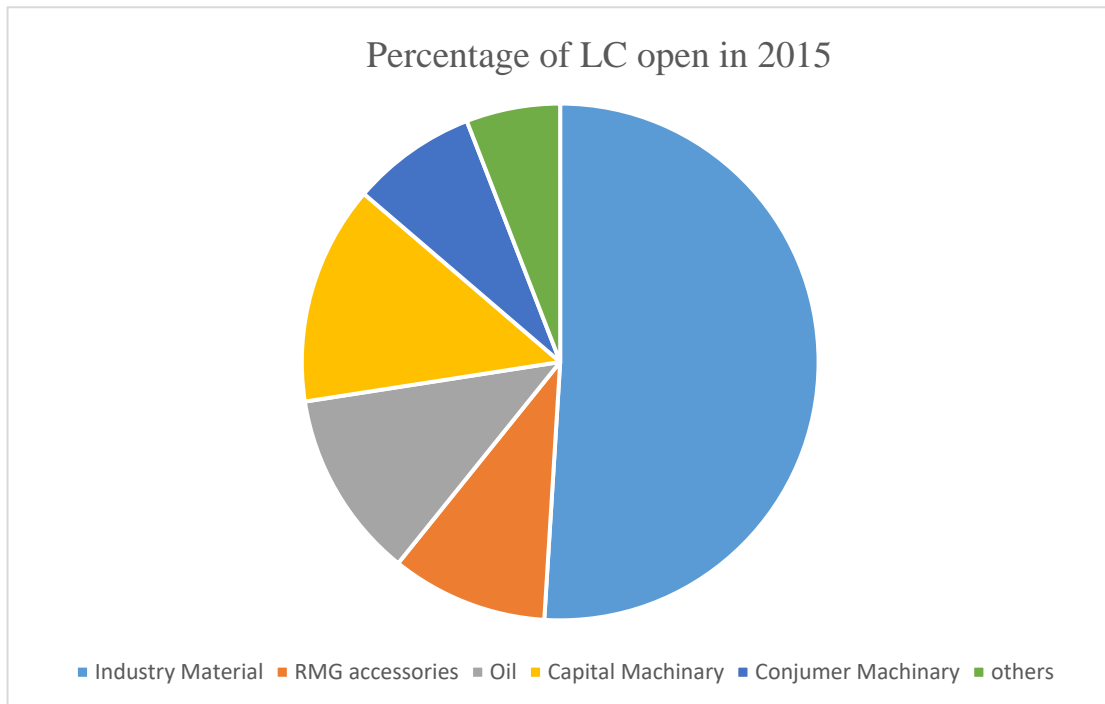


Figure 4.9: Percentage of L open in 2015

From the graphical presentation of the pie chart it has shown that 50% LC opened in Industrial raw material purpose which secured the majority portion of the LC opened Than 12% in oil, 10% in capital machinery and 10% in consumer goods sector in 2016.

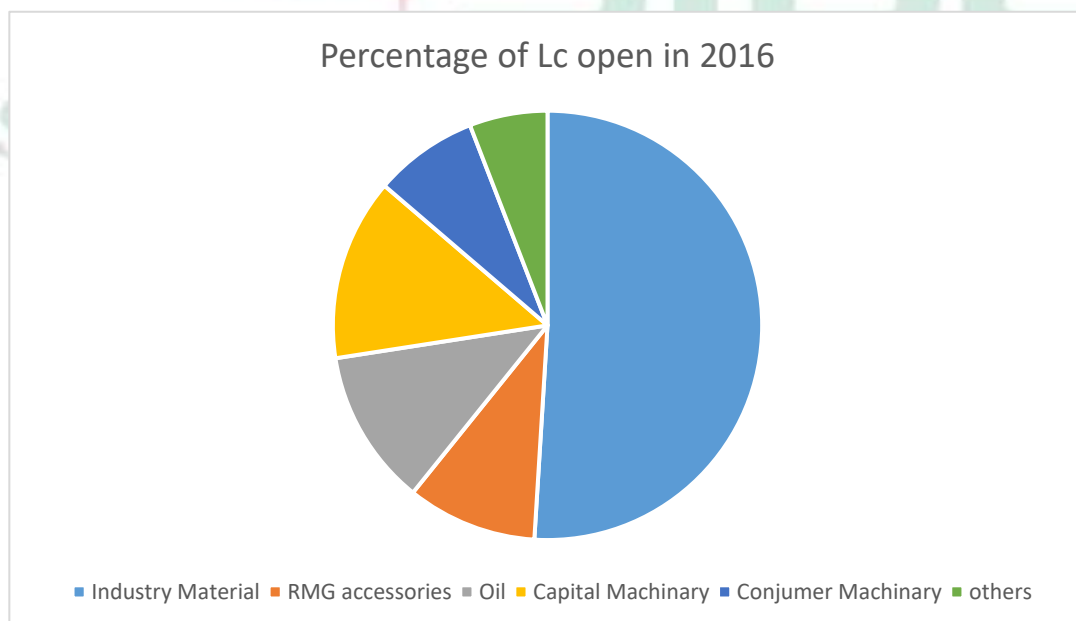


Figure 5.0: Percentage of LC open in 2016

From the graphical presentation of the pie chart it has shown that 52% LC opened in Industrial Raw Material Purpose Which occupies the major part of the proportion of LC opened then 14% in capital machinery, 12% in oil and 8% in consumer goods.

4.6 Percentage of Imported commodities

The Bank was involved in financing import business in the field of capital machineries, Industrial raw material, food grains (rice, wheat, sugar, dal, garlic, onion, spices), oil (soya bean, palm, lubricant), spare parts, garment accessories, motor vehicles, sport item, chemical, perfumery items, milk food etc. Whereas the export was conspicuous in the field of readymade garments.

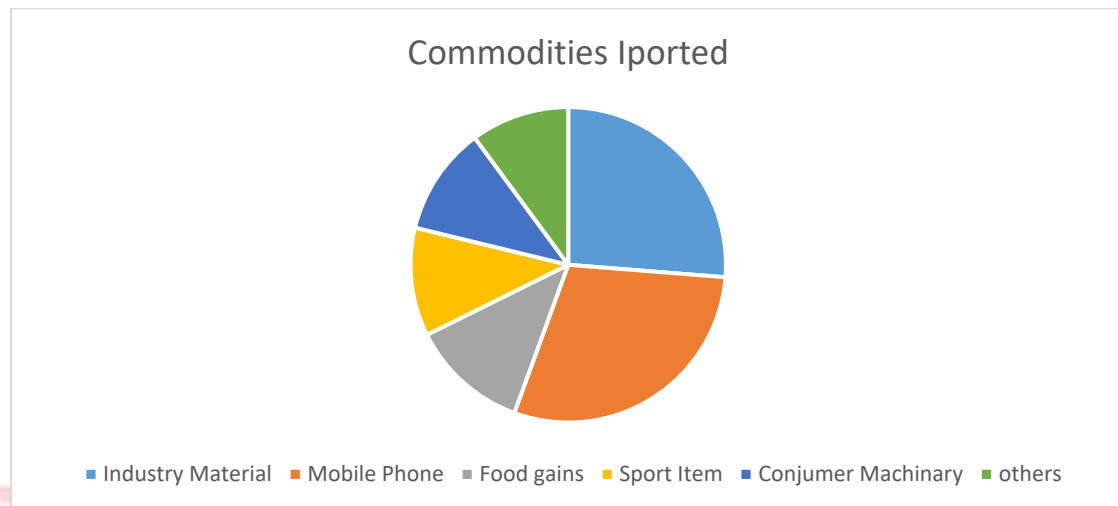


Figure 5.1: Frequencies of Commodities Imported

In last year major portion of imported product was Industrial Material which was 26%. Than with 23% mobile phone is in the 2nd position; the increasing demand of mobile phone is the reason of this high percent of mobile phone import. Motor vehicle is in the 3rd position.

Month Wise Income from Total Foreign Exchange Business The accompanying graph shows a correlation of month-wise aggregate remote trade pay of Social Islami Bank Ltd, during the period of January to December 2015.

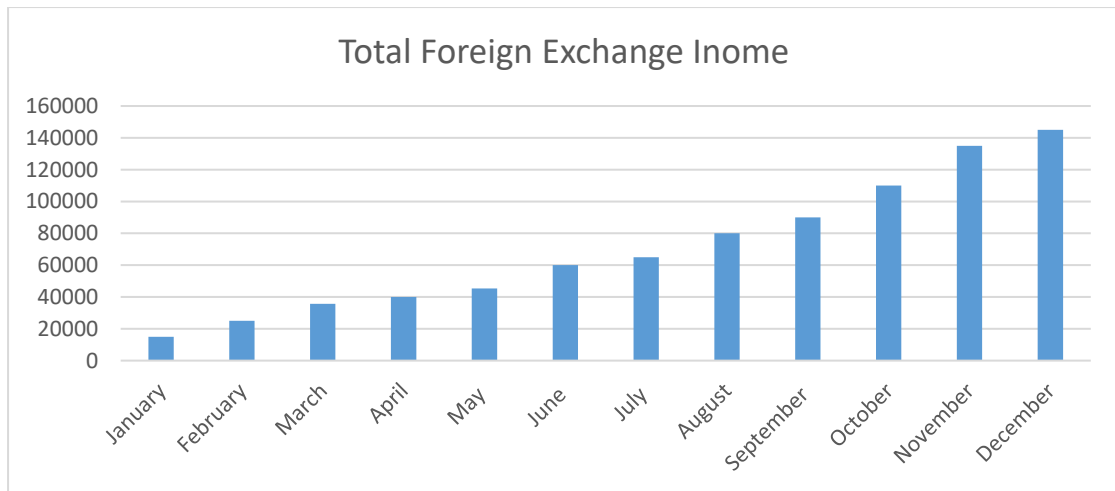


Figure 5.2: Total Foreign Exchange Income

In 2016, in December SIBL earn the highest amount from foreign exchange business which is Tk. 149,192 million. In January it earns the lowest amount which is Tk. 10,573 million and the income then moved in an upward sloping graph. The overall performance of Foreign exchange was satisfactory in 2016.

4.7 Comparative Analyses

In this part I have attempted to make a correlation among five banks if there should arise an occurrence of import, send out and remote settlement where the five banks are Social Islami Bank Limited, Islamic Bank Bangladesh Limited, Shahjalal Bank Limited, Southeast Bank Limited, Pubali Bank.

Social Islami Bank Ltd.

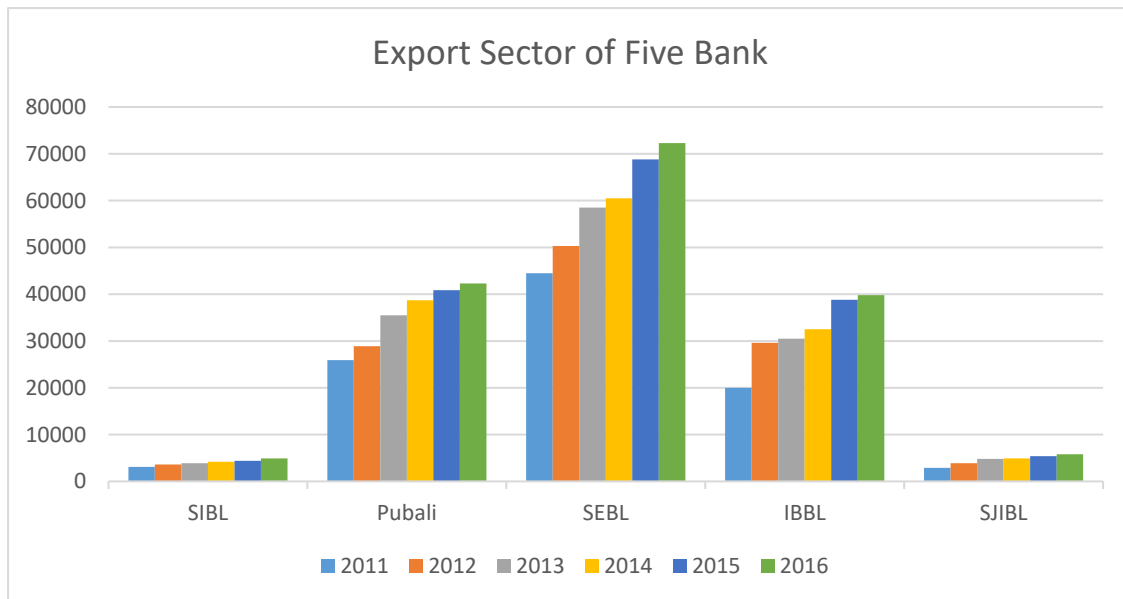


Figure 5.3: Comparison among Five Banks in Export sector

From this graphical presentation it has shown that since 2011 to 2016 IBBL’s export was higher than other four banks, SEBL was in second position, Pubali Bank Limited was in Third position & Social Islami Bank was in Fourth position. So, it can be concluded that IBBL has been maintain top position among all Banks in case of export business and SJIBL bank’s position was lowest among five Banks in since 2011 to 2016. As an Islamic Bank, SIBL’s position was in satisfactory level.

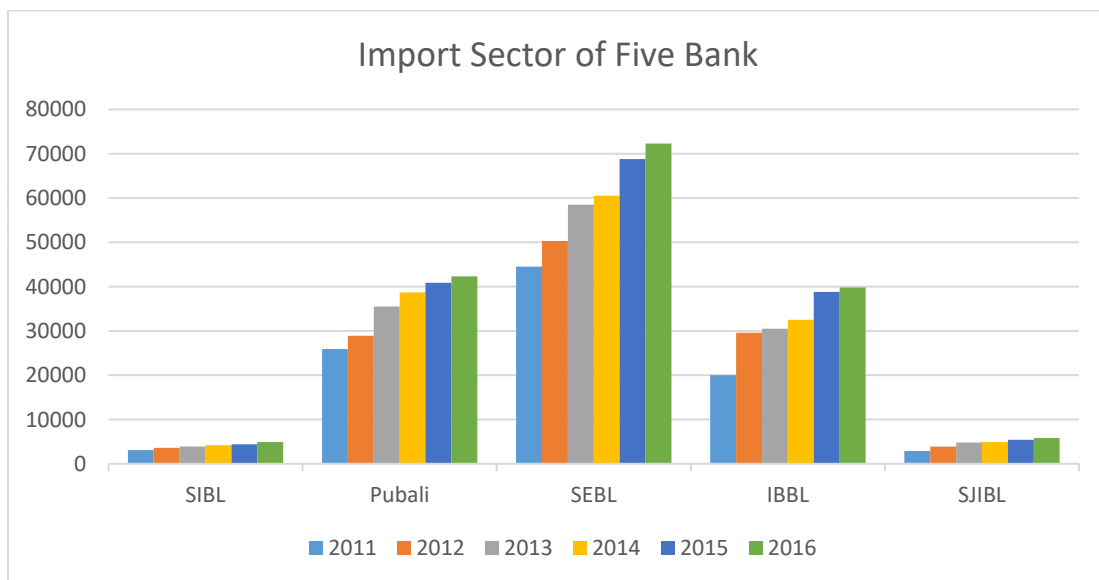


Figure 5.4: Import Sector of Five Bank

From this graph it can be seen that in import from 2011 to 2016 IBBL's, Import was higher than other four banks. Social Islami Bank was in forth position in case of import in 2011 to 2016 and as usual SEBL in the second position and followed by PUBALI bank. So, it can be concluded that IBBL has been maintaining top position among all banks in case of import and SJIBL banks position was lowest among five banks in case of import since 2011 to 2016.

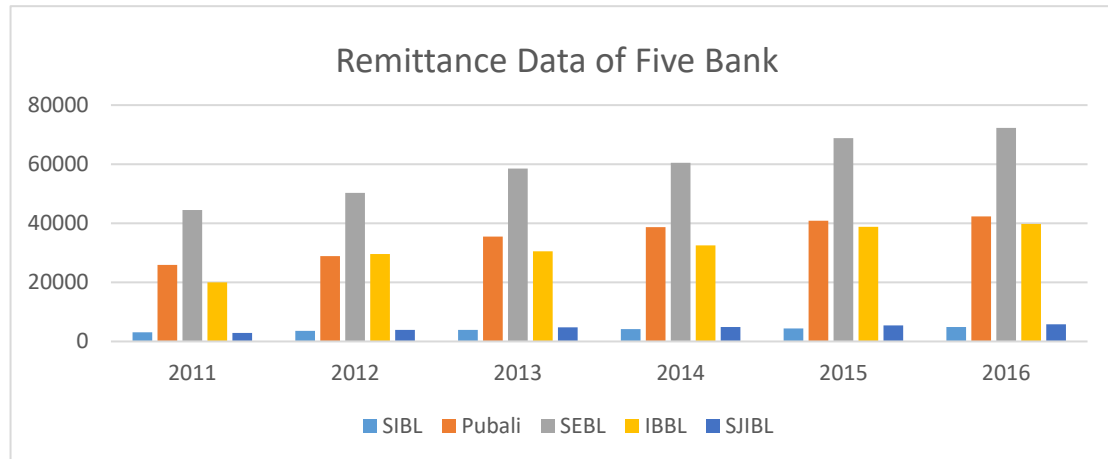


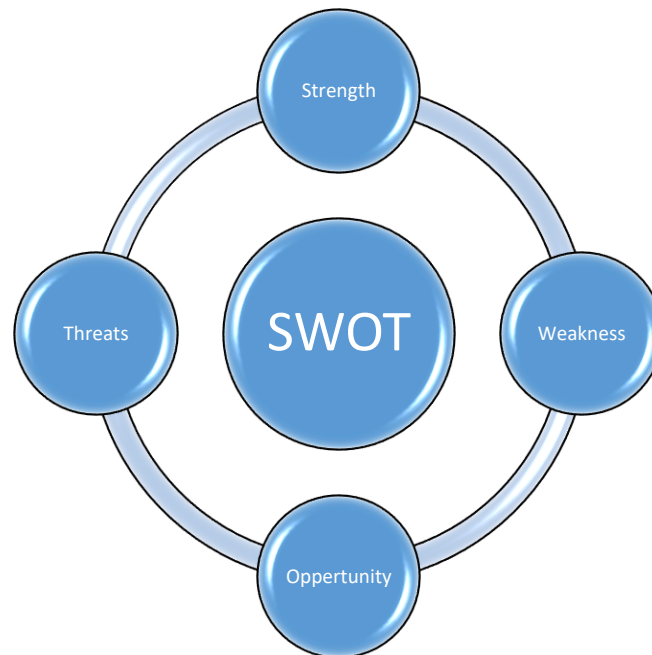
Figure 5.5: Comparative remittance of Five Bank

In 2016 SEBL has been continuing top position among five banks in Foreign Remittance and Social Islami Bank's position was not so much satisfactory in case of remittance. IBBL shows the second position, pubali bank shows the third position and SJIBL shows the last position among five banks. In 2011, 2014 and 2016 SEBL accomplished a remarkable position in foreign remittance which was respectively Tk.49599 million, Tk. 48740 million and Tk.75016 million. The Social Islami Bank shows the increase trend but their comparative position in foreign remittance was not good enough.

4.8 SWOT Analyses

SWOT Analyses is an essential device for evaluating the organization's Strengths, Weaknesses, Opportunities and Threats. It urges the relationship to see how to survey its execution and yield the extensive scale condition, which in this way would help the relationship with exploring in the angry ocean of contention.

The abbreviation for SWOT stands for-



The term SOWT includes the following:

- S Strength
- O Opportunity
- W Weakness
- T Threats

Now we will discuss the Strength, Opportunity, Weakness and Threats in the following paragraphs:

Strength:

- **Central trade processing unit (CTPU):** So as to smoothen exchange fund, establishing of 'focal exchange preparing unit (CTPU)' was an opportune choice and has changed the aggregate procedure of outside trade business through accelerate of the office and the business capability of SIBL. They have CTPU offices situated in Dhaka and Chittagong.
- **Efficient Employee:** At present, the bank has 21 all around outfitted Authorized Dealer Branches with exceedingly arranged specialists to meet various necessities of import and passage based clients.
- **Minimum risk:** Foreign exchange risk is unimportant in light of the exchanges are surrendered out in the interest of clients against fundamental LC duties. On the off chance that the shipper neglects to pay the sum to the exporter then the bank pays for the benefit of the shipper yet the installment is made against import records or as advance against imported stock.
- **Well-structured Foreign Exchange Department:** Foreign exchange risks are managed and checked by well-structured Foreign exchange department.

Foreign exchange operation is concentrated on funding operation and foreign exchange dealings.

Weakness:

- Sometimes risk may not be appropriately measured and can cause holdings loss
- Foreign exchange department sometimes do not work well in dealing foreign exchange business.
- Sometimes they can't estimate foreign exchange rate properly it may cause future trouble.
- Sometimes clients do not show the genuine price of imported product to avoid customer duty which generates risk for banker but they have nothing to do for that.
- If information from the correspondents and subsidiaries are not readily available then the business may be hampered.

Opportunity:

- SIBL endured within the prescribed holding limits set by Bangladesh Bank.
- All foreign exchange transactions are revaluated at Market to Market rate as determined by Bangladesh Bank
- It has well managed holdings for transferring remittance and this is the first initiative of any Islamic bank in Bangladesh ever.
- It has good impression to public which ensure future vision of foreign exchange income of the bank

Threats:

- Major threat for foreign exchange department is the instability of prices of foreign currency
- SIBL has to strive with the other private commercial & Islamic bank & foreign banks in case of its foreign exchange business
- Govt. policy change may affect its functions.
- Lack of responsiveness of people is also responsible for not using the proper way in transferring remittance.
- The foreign exchange business is also facing loss because of not transferring the remittance to the suitable way findings.

Chapter Five: Problems & Recommendation

5.1 Problems of the study

Major findings of the study are as follows:

- Import earnings are pleasing levels of this bank the earning from remittance is not satisfactory.
- In case of LC opening, Bank provides NILL margin facility to only some big client, but they can also offer this capability to some small but efficient client.
- In opening LC, this bank sometimes rejects the small business enterprise, that's decreases profit and hamper wellbeing economy of our country
- Profit rate on foreign currency account is inferior than other commercial bank for that reason bank can't fascinate more NRB clients.
- Changes such as SWIFT changes (change for sending the LC electronically), Document Handling charges and stamps charges are high in SIBL which distresses to collect more clients.

5.2 Recommendation

It is difficult to prescribe some recommendation to improve the execution dimension of the association like SIBL. Albeit Social Islami Bank is currently giving an extremely proficient Foreign trade administrations, there is additionally space for improvement to offer their administrations far better. Based on my perception I might want to exhibit the accompanying suggestions.

1. Invite for increasing remittance income

More often than not the bank endeavors to give quality support of their known customers, it might lose the general obscure potential great client and which at last abatement the bank's settlement salary. Bank can give brilliance administration to their obscure yet proficient customer. To expand the settlement pay, it can serve settlement benefit snappier than other bank and they can diminish their bonus charge which will at long last increment the settlement salary.

2. LC margin

A customer is asked for to pay the bank security dimension of the total LC regard early ahead of time opening LC, which is named LC edge. If Social Islami Bank Ltd decreases the rate of edge, perhaps they can draw in more customers.

3. Profit on FC account can be increase

Benefit rate on FC record can be rise; in the event that it expands the benefit rate, the bank can draw in Non-Residence of Bangladesh customers.

5. Encourage to open smaller LC value

Being an all around presumed bank, SIBL never again needs to mien littler LC ask for begetting from SME's subsequently, they are ignoring an enormous number of potential clients. The bank presently gives careful consideration to enormous clients and if their

demeanor towards littler business does not change soon, they may fall a long ways behind its rivals.

6. Reduce charges

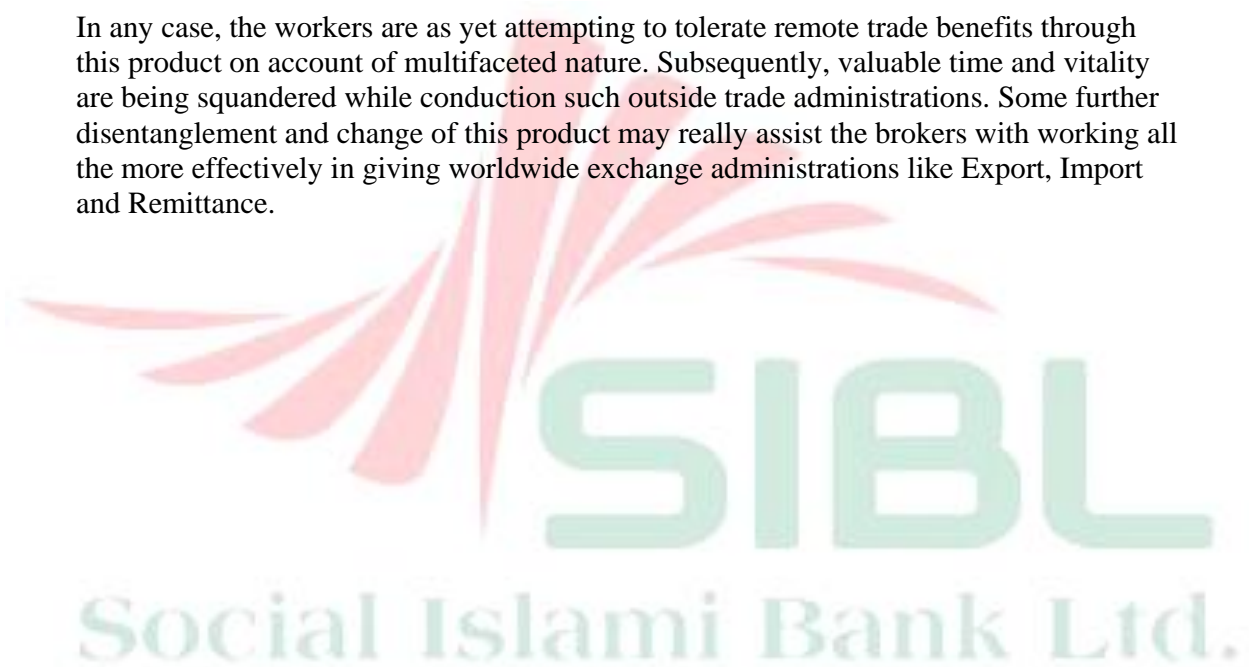
So as to do any sorts of remote exchange whether it to be settlement trade or even import charges are legitimate all over the place. Charges incorporate SWIFT charges; Document taking care of charges, stamps charges. Social Islami Bank will have the capacity to interest more clients if the bank decreases these charges.

7. Export credit guarantee can be publicized as incentive

Fare credit certification can be promoted enough, with the goal that the exporters are pulled in to this plan, which could assume a noteworthy job in substituting extra securities, regularly required by investors. Bank can offer more allures to their exporter to pull in, for example, credit offices.

8. Simplification and modification of the software

In any case, the workers are as yet attempting to tolerate remote trade benefits through this product on account of multifaceted nature. Subsequently, valuable time and vitality are being squandered while conduction such outside trade administrations. Some further disentanglement and change of this product may really assist the brokers with working all the more effectively in giving worldwide exchange administrations like Export, Import and Remittance.



Conclusion

Social Islami Bank is a bank with greatness. Amid the season of my temporary position program I have amassed loads of handy information and encounter and finally consented to this announcement to be valid. Working and get engaged with such a rumored bank is extremely an incredible joy for me. This temporary position program is discernibly useful for further reasoning about my profession. I should grateful to the majority of the authorities with whom I have worked and who have given me suitable opportunity to apply my hypothetical information in the commonsense field.

SIBL bargains full scope of banking administration that incorporates store banking, speculation, fare, import and financing national and global settlement offices and so forth the arrangement of SIBL is to add more solidarity to the organization's execution by underscoring the territory where they have the preferred standpoint today and where they can become quicker than their rivals. The bank thinks diverse to give recognized support of its clients and attempt to run business enhanced than each passing day superior to their rivals.

This report is for the most part settled on Outside exchange assignment of Social Islami Bank Ltd. The arrangement of outside exchange doesn't clear up in a single word, it's a gigantic technique. Govt. is figuring out how to redesign its charge division through the help of market part and moreover various cash related and amazing driving forces to exporters. Meanwhile, SIBL is figuring out how to attract outside theory and making successful human advantage for the fight to come edge of competition. In the line of headway of our fiscal division, our present record has quite recently been made adaptable close by skimming change scale. Social Islami Bank starting at now has shown critical execution in different cash related territory.

At long last, we can gather that Social Islami Bank's Outside exchange movement procedure is, to add greater quality to the association's execution. Close by keeping up standard dimension of organization Social Islami Bank Ltd is accepting a main employment in financial progression of the country I think Social Islami Bank is contributing phenomenally to the economy of Bangladesh nearby irregular condition of corporate social obligation. Working and get connected with such an assumed bank is greatly an exceptional enjoyment for me. This section level position program is unmistakably valuable for me also work masterminding.

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