Internship Report

On

"Foreign exchange Practices of PBL"

Prepared for

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Letter of Transmittal

August10,2022

Dr. Syed Mizanur Rahman

Associated Professor

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Subject: Submission of Internship Report on **Foreign Exchange rate practices of Padma Bank Limited.**

I have tried my best to prepare the report in consistency with the optimal standard under your valuable direction. I have prepared my internship report on the topic Foreign Exchange Rate Practices of Padma Bank Limited under your kind supervision as a requirement of completing the degree of MBA program.

I will be appreciative to you on the off chance that you acknowledge the report. Your help in such manner will be exceptionally valued.

Best regards,

Sahanaj Akter

Sahanaj Akter

ID: 181-14-2698

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Declaration of Originality

I do hereby declare that the work presented in this Internship Report has been carried out by me and has not been previously submitted to any other University/ College/ Organization for an academic certificate/degree.

I am Sahanaj Akter, ID: 181-14-2698 declares that the presented internship report on **"Foreign Exchange Rate Practices of Padma Bank Limited"** submitted as a course requirement for Masters of Business Administration at Daffodil International University was prepared by me.

The work I have presented does not breach any existing copyright and no portion of this report is copied from any work done earlier for a degree or otherwise.

I further undertake to indemnify the damage arising from breach of the foregoing obligations.

Sahanaj Akter

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Certificate of Supervisor

This to certify that Sahanaj Akter is a student of Daffodil International University in MBA program, ID: 181-14-2698 successfully completed her Internship Program titled "Foreign Exchange Rate Practices of Padma Bank Limited" under my supervision as the partial fulfillment for the award of MBA degree.

She has done her job according to my supervision and guidance. She has tried her best to do this Internship program successfully. I think this program will help her in the future to build her career. I wish her success and prosperity.

....

Dr. Syed Mizanur Rahman

Associated Professor

Program: MBA

Faculty of Business Administration

Daffodil International University

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It was a great pleasure to prepare an Internship report on the Foreign Exchange Activities of Padma Bank Limited Gulshan Branch. I would like to thank and convey my gratitude to honorable Supervisor, Dr. Syed Mizanur Rahman , Faculty of Business Administration, Daffodil International University, for letting me to prepare this report and I would also like to express my sincere appreciation to him for his whole hearted support and guidance.

I am also grateful to the management of the Padma Bank Ltd, for offering me the Internship training. My sincere gratitude goes to Mr.Aminul Islam, Manager Padma Bank Limited, Gulshan branch,

I would like to show my gratitude to Sub Manager and Sharmin sultana (SEO), truly been extremely supportive to me.

ABSTRACT

Padma Bank Limited (PBL) is a Banking Company registered under the Companies Act, 1994 with its Head Office at Gulshan-1, Dhaka, Bangladesh The Bank started its operation from 3rd June 2013.

Padma Bank Limited is a highly capitalized new generation Bank with an Authorized Capital and Paid-up Capital of Tk. 8535.20 million and Tk. 3530.00 million respectively. The Paid-up Capital has been raised to 4442.00 million and the total equity of the bank stands at 11058.24.00 million as on June 30, 2014.

The report discusses the Foreign Exchange Practices of Padma Bank Limited. The report is divided into six chapters. First Chapter contains the introductory part of the report which implies the banking scenario of Bangladesh, objectives, scope, methodology, limitations. Second chapter includes the organizations profile, mission, vision, objectives of PBL, Strategies of PBL, Corporate Slogan, Corporate Culture, Corporate profile, Product, SWOT Analysis etc. Third chapter consists of Foreign Exchange Activities of PBL. Definition, import, Import procedure, Types of Importer, Export section, Export Procedures, Export Financing, Foreign Remittance Section, Types of Remittance, The modes of Remittance, Letter of credit, Types of letter of credit, Authorized Dealers, Foreign Exchange Classification etc. Four chapters consist of foreign exchange Performance Analysis of PBL, foreign Exchange Performance, Export Business, Import Business, Inward Remittance, Outward Remittance, Target of PBL, Performance Analysis, Five chapters consists of findings and recommendations. While working with foreign exchange division in Padma Bank Limited. I have tried to find out some problems with Padma Bank Limited and also I have tried to give some recommendations against problems of foreign exchange division in Padma Bank Limited. Six chapters include conclusions about the report. There are a number of nationalized, private and foreign, banks operating their activities in Bangladesh. Padma bank is one of the leading banks. Padma bank ltd has introduced a new dimension in the field of innovation and benevolent banking in our country. Its profit is gradually increasing. It plays a great role in collecting national income, economic development, agricultural and rural development, and poverty alleviation industrial development, and export-import, infrastructural development, financing ventures, social development, scattered deposit and loan settlement.

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CHAPTER: 1
INTRODUCTION

1.1 Introduction of Foreign Exchange Practices of PB

The **Padma** Bank Limited is an institution that operates with the objectives and financial principles of banking area to complete the economic activities. Banking sector plays an important role to achieve the high economic growth of a country. financial institution like bank's main aim is to earn profit through credit instruments and exchange of money. So, in national economy banking system plays an important role. Due to regulation, technological innovation and globalization this sector has been changing in recent time. But in Bangladesh banking sector is lagging behind in adopting these changes.

As one of the oldest institution bank is contributing toward the development of any economy. In modern world it is treated as an important service industry.

Banks function is not limited in the same geographical limit of Bangladesh now. There is a huge competition in this industry for globalization and free market in economy, and this competition will increase after the implementation of WTO.

The performance of the bank depends on banking industry itself and performance of economy where it is operating.

- In this internship program, I was working with a host organization which supervised by the internal supervisors. So, I have decided to prepare a report on Foreign exchange activities of Padma Bank Limited, Gulshan Branch, Dhaka. This report is prepared on practical experience to the banking activities and the basis of my knowledge.

From development countries Bangladesh is different in Banking sector.

This major service of Bangladesh economy can be divided in four categories- 1) Nationalized Bank, 2) Local Private Bank, 3) Specialized financial Institutions, and 4) Foreign Banks.

1.2 Origin of the Report:

Gathering practical knowledge is the main purpose of MBA program. By going through practical orientation of the organization the student has to bear all the same things of operations and other activities if that organization. After completing two years of MBA program from Daffodil International University, its mandatory to do internship in relevant field. Under the supervision of the professor of the department of Business Administration of Daffodil International University, this report is generated.

1.3 Objectives of the study

The key objective of this study is- knowing the "foreign exchange related activities of Padma Bank Limited", gulshan Branch, Dhaka. And the specific objectives are: i. Banks foreign exchange performance evaluation ii. To know its current strategy regarding foreign exchange. iii. Proposing some recommendations on the basis of findings.

1.4 Scope of the study

As a part of my MBA internship, I was able to work with the usual environment of Padma Bank Limited during the first few weeks and get know the Foreign Exchange activities of this Bank. It was almost impossible to get familiarized with their entire operation during this short period. The main focus of this report is Foreign Exchange activities of the bank. This report covers the organization part, evaluation part, General banking Activities, Loan and Advanced part of the bank.

1.5 Methodology of the study

Collecting relevant data is very difficult from a person other than the regular employees of the bank, because information relating to the performance of the branch office usually is restricted to be disclosed without the permission of the head office or approval of the appropriate authority. That’s why I frequently have to visit head office, and to take help from many other sources for getting relevant information. The sources of information used are:

<u>Primary Data are collected through</u>:

- Observation through the entire internship period,
- By oral discussion with both customers and employee of the branch,
- Some deskwork during my practical session.

<u>Secondary Data collected from</u>:

- from the organization's Brochures/ Annual report,
- online information,
- Research report regarding the bank.

1.6 Limitations of the study

There are some limitations in this study, they are-

i. The main limitation of the study is limited access to information, which hampered the scopes of the analysis which is required for the study.

ii. The time was too short to know all activities.

iii. Collection different data from various person was very difficult for their job constraint.

iv. Some assumption was made because of the limitations of information. So some personal mistake can be found in the report.

Chapter: 2

REVIEW OF RELATED LITERATURES

2.1 Objectives of PBL

- To achieve and keep CAMEL Rating 'Strong'.
- Establishing relationship banking and improving service quality through development of Strategic Marketing Plans.
- Introducing fully automated systems by integrating information technology.
- Ensuring and earn rate of return on investment.
- Maintaining risk position at minimum range (including any off balance sheet risk).
- Maintaining adequate liquidity to meet maturing burdens and commitments.
- Maintaining a healthy growth of business with expected image.
- Maintaining sufficient control systems and clarity in procedures.
- Ensuring maximum utilization of all available resources.
- Pursuing an efficient system of management by ensuring compliance to clarity and accountability at all levels.

2.2 Strategies of PBL

- Managing and operating the bank in the most fruitful manner to boost financial performance and to control cost of fund.
- Seeking for customer satisfaction by quality control and delivery of timely services.
- Identifying customer's credit and all other banking needs and monitoring their insights towards our performance to get those requirements.
- Reviewing and updating policies, procedures and practices to extend the ability to expand best service to customers.
- Train and developing all employees and provide them maximum resources so that customer's needs can be addressed responsibly.
- Increasing direct contact with customers to make a closer relation between the bank and its customers.
- diversifying portfolio in both retail and wholesale market.

2.3 Visions of PBL

With the view to partnering in development of the nation by providing wide range of products and tech-solutions to emerge as reliable and diversified financial institution and ensure a superior customer and employee experience.

2.4 Mission of PBL

To build relationship with customers and partner to achieve their financial goals through a team of responsive, Knowledge and Caring employees who are committed to shareholder value and well-being of our nation.

2.5 Corporate Slogan of PBL *"Together in Every Step"*

2.6 Corporate Culture of PBL

By sharing common values, the employees of PBL creates a different culture:

- Client always comes first.
- In bank there will be "ZERO" tolerance over any violation to code of conducts that the bank has announced and established.
- For bringing creativity, they do encourage to new object and technique.
- Rapid decision-making,
- Quick and flexible response.

2.7 Management of PBL

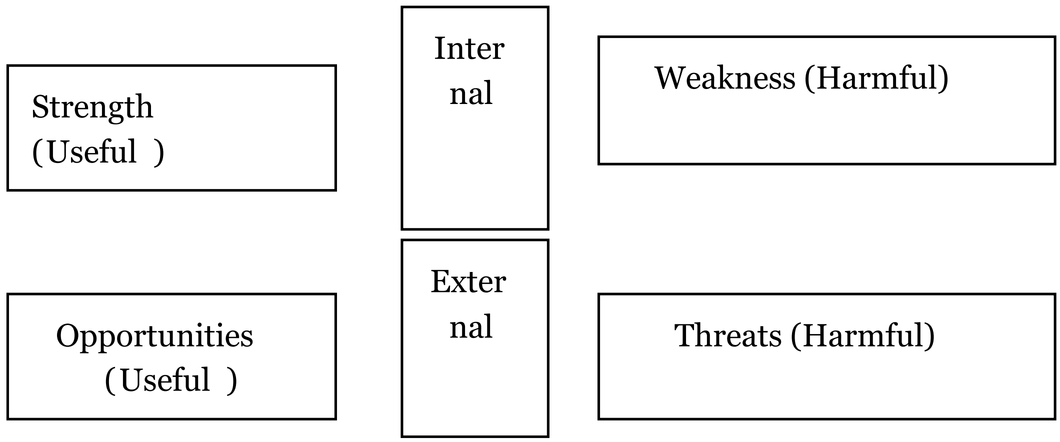
In finance and banking, the bank is being utilized and survived by upskill and professional team with varied experience. The focus of the bank management team usually on perception of customer needs. Gradually, the business of banking is modifying their outline, hence the duty of bank is to implement plan, also outcome to survive with surroundings.

2.8 Product of the PBL

Gradually, the bank enlarges the measurement of service and provide dissimilar facility to the customers. Customers gratification comes first on their priority at starting point. By providing the general banking advantage, they keep resource as like collection of down payment, Cash, permit lend.

They also offer-

a) Online Banking System
b) Money gram
c) ATM
d) Pay order
e) Demand Deposit
f) Debit Card
g) Credit Card
h) Visa Card
i) Overdraft
j) Charity
k) Islamic Banking provision
l) Convertibility
m) Money order



2.9 SWOT Analysis

Internal growths, incapacity, external probability and risk these contains of banking sectors strengths weakness opportunities and threats are the meaning of SWOT analysis. Strengths weakness opportunities threats evaluate the organization's instrument for SWOT analysis. This instrument is important for choosing present situation, also execution of the company relevant to others, as well by using the plan they do analysis.

It analyzes the inherent of the company, resilience, brand loyalty, endowment and good side of the Organization etc.

2.10 Strengths of Bank:

The solidity of its assets including capacity that may cast-off for maturing profit.

i) <u>Superior Quality:</u>

The quality of service is very exceptional which consider by the bank. Customers satisfaction is their first priority.

ii) Dynamism:

It possesses its energy from the flexibility as well as activity act by the PBL bank. In terms of banking services to world class standard it has that much capacity to reconcile quickly and also accommodate state land of craft technology to combine facilities to tie up with the world for better spread.

iii) Financial strength:

The strength of PBL is normal.

iv) Efficient Management:

The management levels of PBL has been continued accomplishment of quality and services and also its growth for upgrading of a corporate brand image.

v) Technology:

To assure consistent operation and quality, bank operates state of art technology. They use a banking software in corporate office which array with SWIFT, and also other branches also provide this SWIFT system.

vi) Experts:

The employees of PBL bank are highly trained in their own field. The main key point behind success are the employees and they get training for their works from the bank.

vii) In-House Utility:

The bank is free from disruptive power supply of public resources. It generates the power by diesel and have deep tube wells on site.

viii) Excellent working Environment:

Their working place is excellent to work in, every place in complex are been air conditioned. With the choice of perfect colors, the interior decoration is comparable to any bank.

2.11 Weaknesses:

This analysis's the inherent weakness of a company. Some of weaknesses are as follows: i) Limited Workforce:

Its financial activities are unlimited than human resources. Most of the task done by few people. Hence, most of the employees works late hours without any overtime facilities and its very painful for them to bear the working burden.

ii) Problem in Delivery:

From the management due to idle marketing of products like personal credit to its customer a very few PBL bank offered. For increasing its client as well as deposit status these products can be made available in charming way.

iii) Insufficient ATM Booth:

The PBL bank has too little ATM booths, I think this may hamper the company and customer requirements. To increase the adequate ATM booths and also for helping the clients the management team should try to take necessary steps and gives services.

iv) Lack of Promotional Activities:

The PBL bank has no promotional activities and I think that is their lacking in promotional activities.

v) Lack of Online Banking Activities:

Online banking activities are not properly active of PBL bank. If the management takes necessary action to provide online banking activities efficient, it will be the benefited term of PBL bank.

2.12 Opportunities:

i) Government Support:

Government of Bangladesh has rendered its full support to the banking sector for a sound financial status of the country, as it has become one of the vital sources of employee it the country now. Such government concern will facilitate and support the long term vision of PBL Bank.

ii) Evaluation of E-Banking:

Emergence of c-banking will open more scope for PBL to reach the clients not only in Bangladesh but also in the global banking arena. A proper blend of Banking and information technology might give the bank leverage to its competitors. There are ample opportunities for PBL Bank to go for product innovation in line with the modern day need. The bank has yet to develop credit card facility, lease financing and merchant banking.

2.13 Threats:

i) Merger and Acquisition:

The World Wide trend of merging and acquiring in financial institution is causing concentration. The industry and competitors are increasing in power their respective areas. ii)Frequent currency devaluation:

Frequent devaluation of Taka exchange rate fluctuations and particularly south-East Asian currency crisis adversely affects the business globally. iii) Emergence of Competitors:

Due to high customer demand more and more financial institutions are being introduced in the country. So, the quantities of competitors are increasing day by day. So, it is one of the great threats of PBL bank Limited.

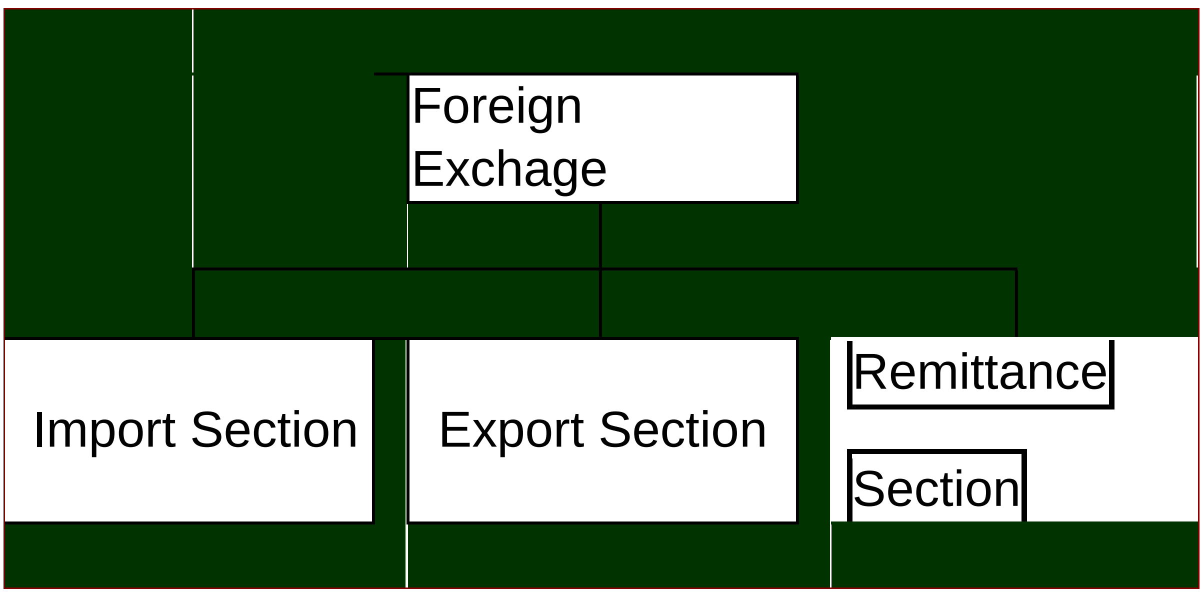
Chapter 3

Foreign Exchange Activities of PBL

3.1 Introduction

The activity of Foreign Exchange touch on structure by which the cash of one country transform into cash of other country. It's the process to convert the rights into property from one country to another.

Under the Clause 13 and article 16 as Act of Bangladesh Bank Order 1972; foreign currency includes tools drawn. Foreign currency draft, bill of exchange expressed or drawn in Bangladeshi currency but have to pay in foreign currencies. By observing the bank's performance and foreign dealing for conducting with bank, Bangladesh Bank issues license as Authorized Dealer(AD).



3.2 Import:

From one country to another, purchasing flow of good products is called Import. Therefore, Merchandise necessity about two things, that's are- Bringing of goods physically into own country and money of foreign exchange towards evaluate merchandise and services connect with importer.

3.3 Import procedures

To get a license, any bank has to come up with some following documents to import.

i) For opening L/C, an applicant has to be apply by a prescribe form. ii) The Letter of pro-forma invoice need to introduce by an Applicant.

- Sellers have their own agent in seller's country. The letter of credit required if the contract decision being made between the agent of seller and the buyer.

- Pro-forma invoice is needed where the seller and the buyer do the direct contract.
- Every year IRC certificate has to submit for renewed by an applicant. Both agent of sellers and buyers need this certificate for contract id. There are two types of IRC – COM, IND. IND is used for industrial purpose and COM is used for commerce purpose.
- From IMP the applicant has to prepare documents.
- For insurance documents applicant has to submit Letter of credit Authorization form (LCAF).
- Tax Identification Number (TIN) is needed for the processing of the documents.
- After, taking necessary security the L/C will open by the Bank. For the document value importer keep percentage.

3.4 Export section:

The main goods that the Bangladeshi exporters export to the foreign countries are: Jute, jute-made products, readymade textile garments, frozen shrimps, tea. Garment sector is the largest sector to export to the foreign countries. U.S.A and European community countries are the main target to export readymade garments products. 40% of its readymade garment products are exported to U.S.A. And PBL exports are- readymade garments and jute exporters. Here L/Cs play an important role to export the goods.

3.5 Export Procedures:

Import and export Act, 1910 is considered as regulation the import and export tread in our county. Exporter has to get a valid export registration certificate from chief controller of import and export under the export policy of Bangladesh. It's require to renew ERC every year. The ERC number is too incorporated on EXP forms and other papers connected with exports.

1. Registration of exporters

To apply the controller / joint controller assistant controller of imports and exports intending Bangladeshi exporters are required for obtaining ERC.
Dhaka/Chittagong/Rajshahil/Mymening/Sylhet/Comilla/Barishal/Bogra/Rangpur/Dinajpur in the Prescribed from along with the documents:

a) Nationality and assert certificate.
b) Article of association, certificate and Memorandum of incorporation in case of limited company.
c) Bank certificate.
d) Income tax certificate.
e) Trade certificate.

2. Security the others:

The exporter may proceed to secure the export order after getting ERC certificate. By contracting the buyers directly or through agents, he can also do this.

3. Sign the Contract:

After communicating the buyer, exporter has to get contract for exporting exportable items from Bangladesh detailing commodity, quantity, Price, Shipment, insurance and marks, inspection and arbitration etc.

4. Receiving Letter of Credit:

Exporter has to ask the buyer for the letter of credit, after getting contract for sale. Below points are the main point for receiving and collecting export proceeds by means of documentary credit.

a) The term of L/C is in conformity with others of the contract
b) The L/C is an irrevocable one, preferably confirmed by the advising bank.

c) The L/C allows sufficient time for shipment and negotiation.

Terms and condition should be started in the contract clearly in case of other mode of payment:

a) Case in advance.

b) Open account.

c) Collection basis.

5. Procuring the materials:

After creating the deal and having the L/C opened, the next step is manufactured the contracted merchandise or to set about the task of Procuring or manufactured the contracted merchandise.

6. Shipment of goods:

It's very important to take the preparation for export arrangement for delivery of goods. As per incomers and L/C papers and submit shipping documents for documents or payments or negotiation in terms.

7. Final step:

Document submission to the bank for the negotiation

3.6 Export Financing:

One of the important part of banks activities is financing export constitutes. At different stages of their export operation it's required financial services. financial assistance is required at each stage based on the nature export contract. In two ways export financing can be done:

a. Pre-shipment credit.

b. Post-shipment credit

1. Pre-Shipment Credit: It can be done by opening of back to back L/C and packing cash credit. If pre-Shipment financing, about 90% is financed by the bank. From 90% about l5% is for back to back L/C and 1O% is for packing cash credit.
2. Post-Shipment Credit: Financing in back to back L/C changes according to the Products.

Normal fabric, flannel fabric woven fabric etc. Example of post-shipment financing by bank is foreign documentary bills for purchase.

3.7 Export Sections Letter of Credit:

Two types of L/Cs are operated in this branch export section.

1. Back to back L/C.
2. Export L/C.

    1. Back to back L/C: For back to back letter of credit a new L/C is opened on the basis of an Original Lie. Under the back to back concept the seller as the beneficiary it as a security to the advising Bank. The beneficiary of the back to back L/C can be located anywhere (inside or outside the original beneficiary's country). No cash security is taken by the bank for back to back L/C . for this the drawn bill is usage/ time bill.

Below papers are required to open of back to back L/C:

1. Master L/C.
2. Valid Import Registration certificate (IRC) and Export Registration certificate (ERC).
3. L/C application and LCAF duly filled in and signed.
4. Performa invoice or indent.
5. Insurance cover note with money receipt
6. IMP form duly signed.
7. In addition, I documents are also required to export oriented garment industries if requesting for opening of back-to-back L/C.
8. Permission of Textile.
9. warehouse license of Valid Banded.
10. Quota allocation letter.
11. Permission of BGMEA (Bangladesh Garments Manufactures and Exporters Association).

2. Export L/C:

A large quantity of goods and services are exported by Bangladesh to other countries. frozen shrimps, tea, Readymade garments, jute, frozen shrimps are the key items. Here the largest number of export is garments sector.

3.8 Foreign Remittance Section:

From one person to another person, payment of foreign circulations is known as its foreign remittance section. Foreign circulations nearly new for export, import, travelling and other purposes. It involves all purchase and sale. Actually, Foreign remittance is what, a foreign worker sent their current currencies to their home country or for family.

3.9 Types of Remittance:

In Banking sector, there are two types of remittances.

1. Outward
2. Inward

These are discussed in below:

1. Outward:-

According to remittances, outward means when someone send their country's currencies to other country. This is a process of shifting reserve by foreign exchange.

1. Inward:

In banking section, inward means when anyone receive money from another country currency after convert the funds. Inward has a limit $2500 per transaction.

3.10 Export contend against Remittances:

10 percent of repeated remit export following counts.

1. Short Weight Claim:
    a) Buyer from debit.

b) A certificate from a recognized body.
c) Note proceeds.

2. <u>Quality Claims:</u>

The buyer gives the debit form.

3. <u>Part Shipments:</u>

a) Buyer gives debit note.
b) Certificate on realization proceeds.
c) In originally bond.
d) Certificate from a recognized body as referred to in the bond.

4. <u>Amicable Settlement:</u>

a) Realization note on proceeds.
b) The buyer gives debit form.
c) Agreement among the buyer and the shipper in original exchange.

5. <u>Commission:</u>

a) Certificate on proceeds realization.
b) Note of debit.
c) Consideration of payment of commission.

6. <u>Contract Cancellation:</u>

a) Certification of debit.
b) Agreement.
c) Among the buyer and shipper, agreement passed originally.

7. <u>Moisture Claim:</u>

a) Certificate of Proceeds.
b) Certificate on debit.
c) Real bond.
d) Award of Arbitration.

8. <u>Late Penalty of shipment:</u>

a. Original Bond.

b. Bill of Lading.

9. Difference for Immediate Payment against sight bills:

a) Original bond.

b) The date of realization that proceeds and particulars of returns Banker's confirm in which transaction reported.

10. Over Pricing claims:

a) Original bond.

b) Buyer and seller exchange agreement.

3.11 The modes of Remittance:

There are four modes of remittance these are given below:

	Sell	Purchaser buy Dollar for nearly new in abroad from bank. The selling amount in cash in the Bangladesh Bank be mentioned.
1.CashRemittance Dollar/pound		Remittance Convert of Taka for currency transactions by Bangladesh Bank Publications.
	Purchase	Mostly, purchased dollars is a realization bill of exchange in Export. The bank purchase currencies from foreigner.

2.Traveler'scheque	Issue of TC	TC is traveler; TC alternative to hold cash and it gives better security's than holding cash in hand.
	Buying of	If customer surrendered any unused leaf, bank buys it. Payments are made in local currency and bank purchase only that TC.

3.Telex Transfer	Outward TT	IT tested its NOSTRO Account remits via foreign agreement maintain by bank.
	Incoming TT	According to telegraphic message, foreign agreement makes payment from the VOSTRO account.
4.ForeignDemand Draft		Bank issue demand Draft in favor of purchases. Demand Draft holds its NOSTRO Account. By its foreign correspondence bank, bank makes payment.

To facilitate inward foreign remittance, we have made draft drawing arrangement, Electronic Fund Transfer (EFT) arrangement and cash payment arrangement with a number of exchange companies including Oman International Exchange LLC, Constar. Money Transfer, Money

Gram payment system, Express Money services Limited, Placid NK Corporation etc. The speedy cash payment services introduced Oman International exchange is gaining huge market response and popularity. The customers are more sensitive now. They look for quick and quality service. They are not only interested to receive instant case payment over the counter within a few minutes, but also expect that their Accounts get credited electronically and instantly.

3.12 Letter of credit

A letter of credit means that, if the buyer purchase from the seller and give the payment to seller and make a document on that. Hence, letter of credit(LC) that guarantees the purchase statement of buyer from the seller. If the buyer become unable to purchase, the bank will give the remaining value of purchase.

Bank has to open foreign currency for exporter in requests of an importer.

3.13 Types of letter of credit

In a broad of sense there are different types of letter of credit that are using in foreign dealings. These are given below:

1. Sight payment credit:

This sight payment credit verified for goods or services. These specify documents on the situation or environment of credit have sorted out for the payment to make it beneficiary after the presentation.

Sight payment credits is one of the more used credits. These documents have been examined by the Bank.

2. Deferred payment credit:

The beneficiary does not take any payment for presenting the document before specified in credit. Undertaking the maturity of payment, the banks written require documents what he received. The importer gains ownership of documents before the debited amount.

3. Negotiating Credit:

The issuing bank at counters need available credit to negotiate at payable sight.

Negotiation of documents under such a credit by the nominated bank means that such bank gives value for these documents if they are found in conformity. Unless a nominated bank has confirmed the credit, the terms and conditions is not obliged to negotiate documents there by giving value to the beneficiary.

4. Revolving credit:

For searching a better price, buyers command more commodities than actual needs. Products delivery made in installments. For each payment, seller request an issued credit that guarantees.

5. Transferable Letter of credit:

Under a transferable LC, the beneficiary is permitted to transfer his rights in part or if full to one or more parties. It is typically used when the original beneficiary acts as the middleman between the actual supplier and the importer. In some cases, the seller is not the actual producer or the manufacturer of goods. In such cases, original beneficiary request for a transferable credit. The issuing bank can transfer a credit only if is expressly designated as

“Transferable” A transferable credit can be transferred once only.

6. Performance Letter of Credit:

L/C provides guarantees of performance of the obligation. In the performance of account party, performance of an obligation faces failures such as failures toward forward documents, ship of goods and may be L/C involved.

7. Bid Bond Credit:

Very often various companies submit their respective bids in order to be awarded a contract. The beneficiary will usually request a good faith deposit, which ranges from 1% to 3% of the total contract value. Instead performance L/C is issued to the beneficiary to cover the good faith deposit.

8. Performance Bond Credit:

In the "BID" environment a L/C will be issued the performance that will meet the specific standards. Credit may expire if the standards met reimbursed amount of L/C which essence show as "Penalty Money".

3.14 Parties to letter of credit

1.Issuing Bank:

By issuing the credit and undertaking the beneficiary's claims, bank acts due to applicant. This beneficiary claims provides the term and conditions have met to the exporter. The buyer's bank also called opening bank.

2.Advising Bank:

A letter of credit advised from the importer to the suppliers usually the bank in exporters country which is called the advising bank.

3.Confirming Bank

By undertaking the responsibility of negotiation that confirming bank adds its guarantee to the credit which opened by other bank and also if issuing bank does request to the confirming bank.

Beneficiary bank may do request to the issuing bank if issuing bank credit is in doubt than issuing bank give additional surety by other bank.

4.Negotiating Bank:

Issuing bank nominate to pay money, liability, accept drafts to a negotiating bank.

3.15 Documents needed to open letter of credit:

i. Application to request for issuance of letter of credit.

ii. Application and agreement for confirmed irrevocable letter of credit. iii. Invoice. iv. Import permission by import policy.

v. Letter of credit authorization from for industry or commercial consumers. vi. Tax Identification number. vii. Membership certificate.

viii. Trade License.

While issuing a L/C with other bank an importers have to ensure above requirements to import from other country.

3.16 Procedure of opening letter of credit:

To open L/C. the requirements of an importer are given below:

a) To create an account by the client or applicant.
b) An importer registration certificate.
c) Past performance of PBL bank collects as report from Bangladesh bank.
d) Credit Information Bureau report given by Bangladesh Bank.
e) A letter of credit is too little or have no limit that's why executive committee approved a proposal about what is essential.
f) Bangladesh Bank is needed for amount more than one core, if L/C is larger or have a limit.

After opening the letter of credit PBL bank (issuing Bank) receive the documents for any other processing. These documents are-

i. Bill of lading

ii. Invoice.

iii. Packaging list. iv.
Country of origin.

3.17 Forms of letter of credit:

There are two forms of letter credit. These are given below-

i. Revocable letter of credit.
ii. ii. Irrevocable letter of credit.

These are briefly described in below:

1. Revocable Letter of Credit:

Revocable letter of credit describes the changes of any clause or can be letter of credit of amendment which canceled by consent of the importer and exporter.

The issuing bank without prior notice may be amended by a revocable letter. By the bank, it does not legally bind to make payment. The issuing bank has honored documents until the revocation is possible that's why revocable does not provide adequate security.

2. Irrevocable letter of credit:

Documentary credit has many forms. First choice from the basic of credit made between the buyer and seller at the time of negotiation. Buyer give instructions to his bank for the credit determined to issue in detail. A contract is made between the both parties and the bank ensure that transaction done clearly stipulated. At the time of utilization documents the examiner give the facilities.

3.18 Contents of the letter of credit:

Letter of credit indicate the extent of the bank obligations and the name of bank under the credit.

L/C contains- **Name of the buyer**:

After opening an account, the credit has been opened of buyer who also known as accounted.

Name of the sel1er:

The seller also known as the credit of beneficiary.

Moment of the credit:

Under the credit, shipping charge and the value of merchandise intent to be paid.

Trade terms:

The requirements of the buyer depend on Tenor of draft such as CIF and FOB.

3.19Transmission of letter of credit:

In international trade, receipt of letter of credit by cable, telex, fax is preferred by all. In that case the whole text of L/C is to be transmitted to the advising bank.

Transmission Process of PBL Bank

The transmission process of L/C of PBL Bank are much more advance. They are sending all foreign L/C to the advising bank through SWIFT.

SWIFT-Society for worldwide inters bank telecommunication. This is a system of interbank transaction. Every bank or other financial institutions must get the membership of SWIFI to share the information. This is a system of Communication where further confirmation will not require.

3.20 Amendment of letter of credit:

The supplier finds the letter of credit need to amendment what opened by a bank. The opener would arrange necessary amendments that the terms of credit can't be compiled with before the goods have shipped. Opening bank advised to the supplier though advising bank.

The opener advised after to amend the credit.

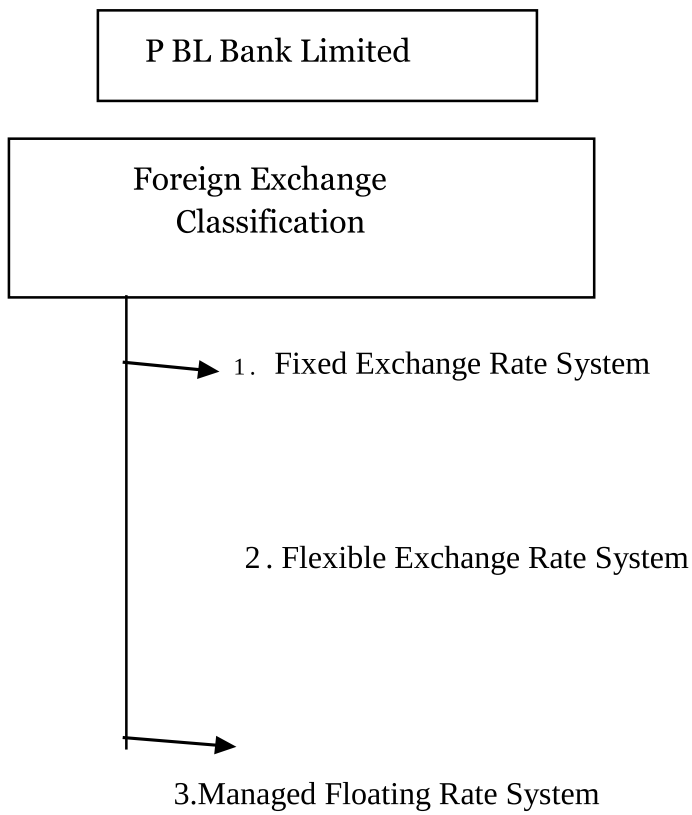
3.21 Authorized Dealers

The Central bank authorizes some branches to deal in foreign exchange, these are known as Authorized dealers.

Under the foreign exchange regulation Act 1947, the central bank work as an agent. Bangladesh bank prescribed guidelines volume 1 and 2 for foreign exchange transactions.

3.22 Foreign Exchange Classification

Foreign exchange department plays a vital role to earn the banks maximum profit. This department is classified according these are shown as a diagram in below:



Chapter 4

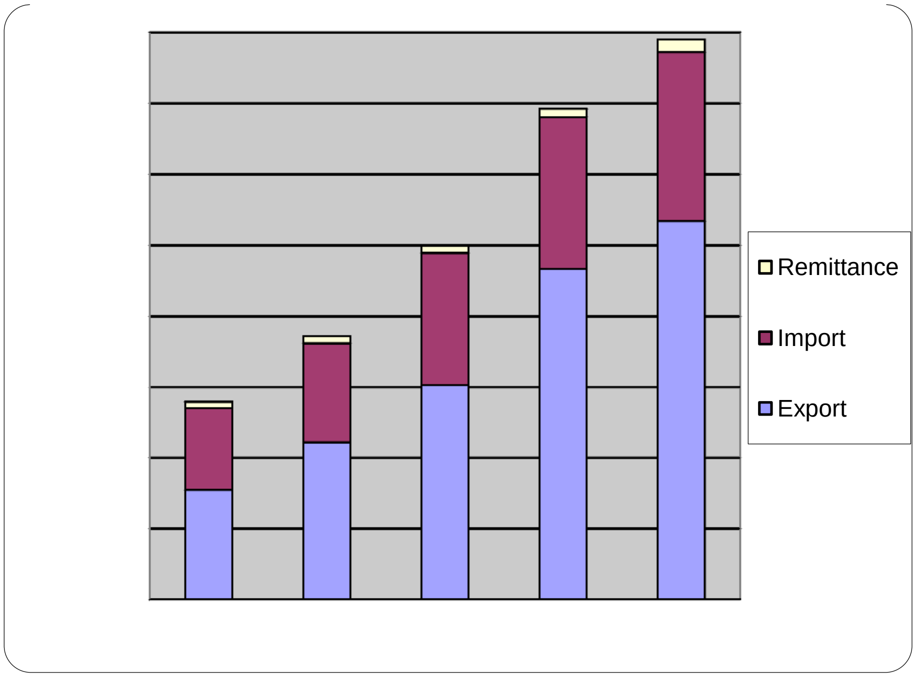
Foreign Exchange Performance Analysis of PBL

4.1 Foreign Exchange Performance of PBL Gulshan Branch :

Foreign exchange at a glance is given below:

	2016	2017	2018	2019
Export	15457.66	22191.84	30311.71	46684.73
Import	11583.64	13990.33	18617.43	21406.94
Remittance	874.24	1033.75	987.41	1156.61

Source: Register Book of Gulshan Branch.



Comments: The chart shows the increasing position of Export, Import and Remittance. We see that export, import and remittance have positive change because the bank financial position is improving day by day. To keep its exchange rate fixed, it is also important for fixed exchange regimes.

4.2Export Business in Padma Bank Limited (Gulshan Branch):

Month wise export business of January-19 to February-20

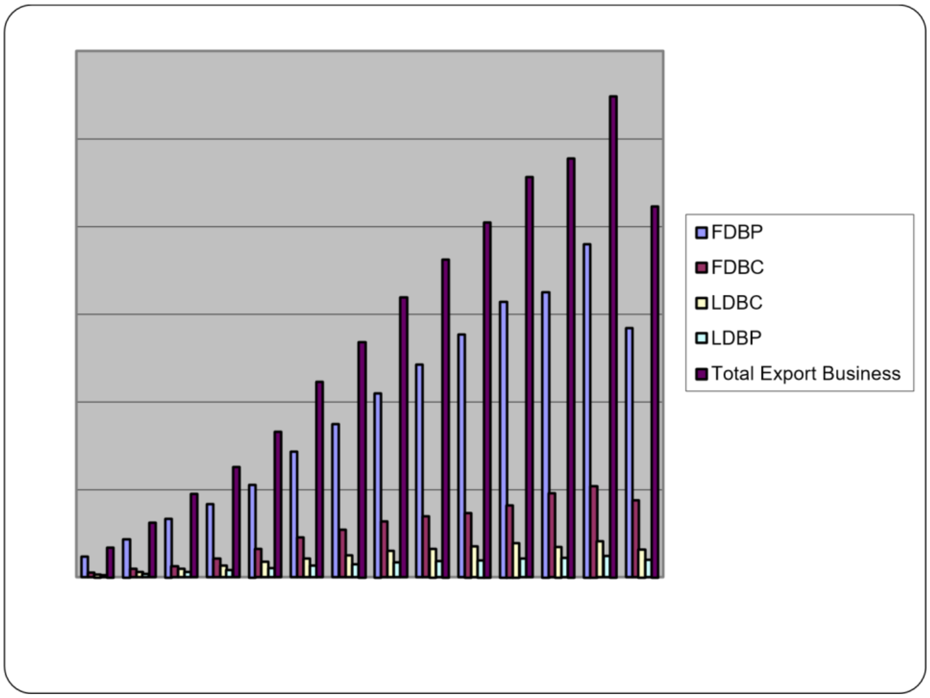
(Figure in lac)

Month	FDBP	FDBC	LDBC	LDBP	Total Export Business

January	46.39	10.14	6.56	4.34	67.43
February	86.42	19.32	10.92	7.29	123.95
March	133.65	25.23	18.33	11.61	188.82
April	166.85	41.80	26.71	15.53	250.89
May	211.42	64.58	35.41	20.40	331.81
June	286.24	89.70	42.81	25.83	444.58
July	348.78	107.50	49.75	29.70	535.73
August	418.93	126.65	59.16	33.36	638.10

September	484.63	138.67	65.11	36.67	725.08
October	552.38	147.18	70.01	38.85	808.42
November	628.05	164.12	77.98	42.04	912.19
December	650.18	191.09	69.48	43.74	954.49
January	760.06	207.09	81.02	48.56	1096.73
February	567.67	175.54	62.68	39.65	845.54

Source: All data are collected from monthly register book of Gulshan Branch.



Comments: It can see from the table and the graph that the export business of PBL Gulshan Branch is increasing trend. In the period of Jan16 (67.43) Feb17 (845.54), total export business rate 845.54,

4.3 Import Business in Padma Bank Limited:

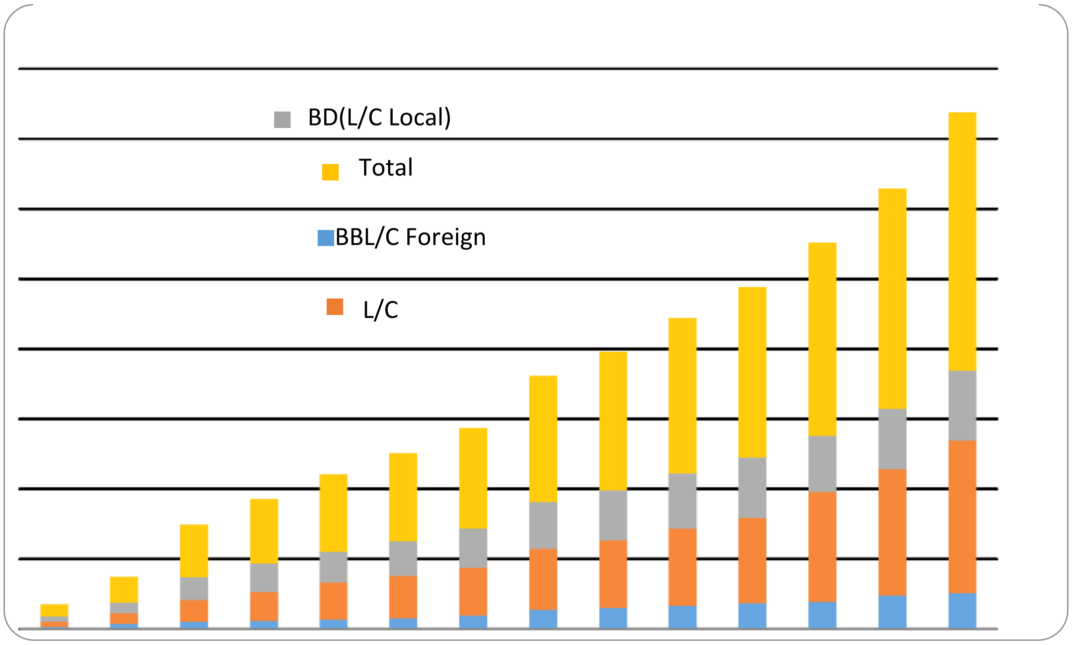
Month wise export business of gulshan Branch January-19 to February-20

(Figure in lac).

Month	L/C	BD(L/C Local)	BBL/C Foreign	Total
January	5.70	16.19	13.52	35.41
February	15.66	29.58	29.48	74.72

March	20.02	62.80	66.16	148.98
April	22.67	83.91	79.61	186.19
May	27.20	104.53	89.64	221.37
June	31.18	121.13	99.24	251.55
July	37.93	137.62	111.68	287.23
August	55.42	172.87	133.66	361.95
September	60.63	191.92	143.74	396.29
October	67.17	219.37	157.32	443.86
November	73.80	243.77	171.28	488.85
December	77.11	314.23	160.53	551.87
January	95.19	361.53	172.53	629.25
February	103.52	434.43	199.71	737.66

Source: All data are collected from monthly register book of Gulshan Branch.



Comments: From the graph we can conclude that the import business of Padma Bank Limited (Gulshan branch) is increasing every year at a very high rate. In the year 2018 to 2019, the increase more compared, The comparison of exchange rate between February 19 LC(103.52) to BBL (199.71).The increasing trend reflects that the total figure of amount (in lac) 629.25 .

4.4 Inward Remittance Business in PBL Gulshan Branch (Jan’19-Feb’20):

Inward Remittance	
Month	Amount(Figure in Lac)
January	126.42
February	151.39

March	78.09
April	56.17
May	84.94
June	56.17
July	48.64
August	111.49
September	112.86
October	49.14
November	80.71
December	88.70
January	196.70
February	273.24

Source: Register Book from PBL Gulshan Branch

Comments: The comparison between Jan16 (126.42) in lac to Feb17(273.24) in lac is 146.82.That indicates the increasing of Inward Remittance Business in PBL Gulshan Branch.

4.5 Outward Remittance Business in PBL Gulshan Branch (Jan'19-Feb'20):

Outward Remittance	
Month	Amount(Figure in Lac)
January	25.62
February	33.48
March	22.08
April	24.60
May	22.09
June	42.24
July	32.24
August	36.26
September	52.30
October	28.24
November	78.40

December	90.25
January	55.89
February	48.52

Source: Register Book from PBL Gulshan Branch

Comments: The chart shows the increasing position of outward Remittance Business in PBL Gulshan Branch. The difference between Jan16Amount (25.62 in Lac) and Feb17 amount (48.52 in lac) shows that increase Outward Remittance Business in PBL Gulshan Branch.

4.6 Target of PBL Gulshan Branch for thereby-2021(figure in lac):

Category	Target-2021
Deposit	72356.2
Advanced	42287.7
Foreign Exchange	790.47
Recovery	603.44
Guarantee	742.44
Profit	4836.82

Source: All data collection from PBL register book.

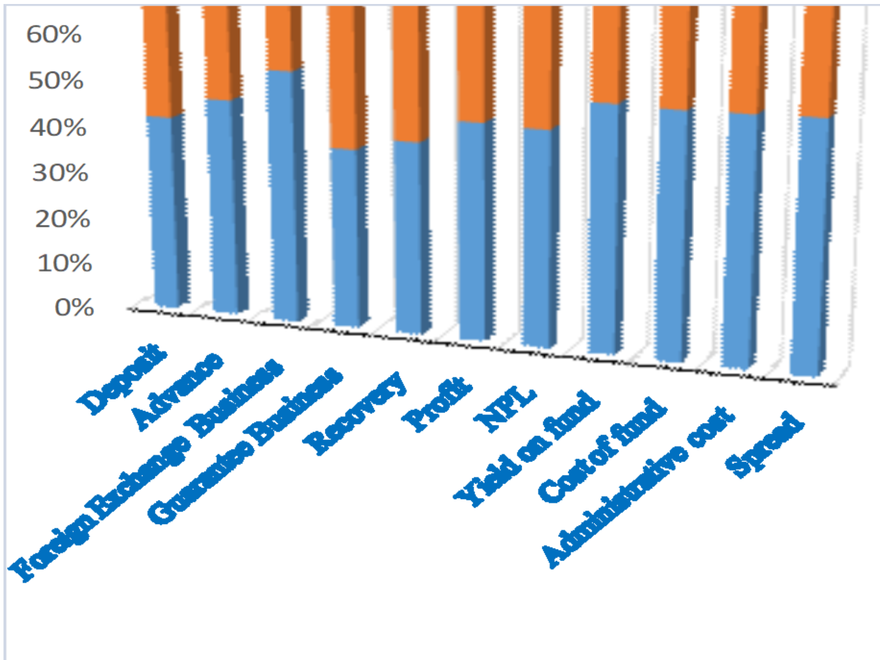
Comments: To reach as their most successful banks in Bangladesh they forecast their future by target figure, Deposit and profit increasing day by day, the targeted deposit 72356.2 fulfilled by the period of 2022.

4.7 Performance Analysis in Comparison of year 2018 and 2019 PBL Gulshan Branch:

Business Segment	2018	2019
Deposit	3609.22	5001.79
Advance	3301.84	3779.39
Foreign Exchange Business	12917.01	11,110.64
Guarantee Business	229.24	368.27
Recovery	145.00	208.36
Profit	178.00	207.55
NPL	6.10%	7.22%
Yield on fund	14.54%	13.35%
Cost of fund	6.18%	5.73%
Administrative cost	3.69%	3.39%
Spread	4.67%	4.23%

Source: Annual report

2019



Comments: Deposit, foreign exchange rate increasing, On other hand cost of fund and administrative cost decreasing over this period, The bank financial position is improving year by year.

Chapter:5

Findings, Recommendations and Conclusion

5.1 Findings Regarding Foreign Exchange Practices of PBL

In this study, found that

Most of the employees from improper background, lacking of knowledge about rate. For doing the task properly they are not efficient.

i. To finish the particular task, the cost of production may increase.

ii. Due to over work load and lack of time, Orientation is required for well maintaining foreign operation in PBL.

iii. PBL Bank should try to build up quality having skilled and expertise by establishing its own Training institute at Head office.

iv. From an error, frauds improper processes of internal control and compliance mechanism.

v. Its Drawback is lack of update technology.

vi. It's Default Rate of PBL is decreasing, net income and deposit are increasing year by year.

vii. PBL foreign remittances are Ria Money Transfer, Western Union(Instant Cash), Xpress Money(Instant Cash and account credit).

Total exchange rate of PBL Bank Limited are not so good comparing others sectors as we saw in chapter 4, 4.7.

5.2 Recommendations Regarding Foreign Exchange Practices:

Top level management should try to get competitive advantage to deliver quality service. The recommendations are given below:

i. The performance of its competitors PBL should monitor in the field of foreign trade.

ii. Employees should be trained up in needed area and should be hired from related background.

iii. PBL must come up with demanding products such as medical loan, study loan, dual currency credit and debit card etc.

iv. PBL have to increase electronic banking system to evaluate the service.

v. Should give more focus on marketing aspects.

PBL should train up their branches about all sort of information regarding SWIFT and its services.

Conclusion

Bank operates a number of activities private and foreign bank in Bangladesh. In our country Padma Bank introduced a dimension of innovation in banking sector. In short period of time, PBL made a positive contribution to the national economy in Bangladesh. Its profit increasing day by day and also plays an important role Income, agricultural, rural development, importexport, social development and loan settlement. It also involved with culture and arts. For better growth, it introduces new long-term credit schemes for new investors for poverty alleviation. Identification of potential entrepreneurs extending credit to them and providing them with advisory and counseling service is now-a-days native functions of this bank. Padma bank meets the growing credit need of the people by creating money. To direct employment, the bank also helps employment of thousands of people by financing trade, import, industry, rural development and projects of huge size etc. It encourages people to transact with them resulting in the spread of banking habit this is done by both extending branch network to the door-step of the people and making available required services. Except the above mentioned areas. This bank is also involved in financing a lot of activities. In fact, Padma bank extends their helping hands to practically all the sphere of human life.

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