

**AN ANALYSIS ON FOREIGN EXCHANGE OPERATIONS OF JANATA BANK  
LIMITED: A STUDY ON SHER-E-BANGLA NAGAR CORPORATE BRANCH,  
DHAKA**

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**Internship Report**  
**on**  
**An Analysis of Foreign Exchange Operations of Janata Bank Limited: A Case Study on**  
**Sher-e-Bangla Nagar Corporate Branch, Agargaon, Dhaka.**



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## Letter of Transmittal

30<sup>th</sup> November, 2016

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**Subject:** Submission of internship report on “An Analysis of Foreign Exchange Operations of Janata Bank Limited ”: A Case Study on Sher-e-Bangla Nagar Corporate Branch, Agargaon, Dhaka.

Dear Sir

I have put my best effort to prepare an effective & creditable research paper. With great pleasure I submit my master paper on “An Analysis of Foreign Exchange Operations of Janata Bank Limited ”: A Case Study on Sher-e-Bangla Nagar Corporate Branch, Agargaon, Dhaka. That you have assigned to me as an important requirement of MBA program. I have found the study to be quite interesting, beneficial & insightful. It contains a detailed study on foreign exchange operations. Here I have gathered information through primary and secondary sources.

I want to thank you for your support and patience for me and I appreciate the opportunity provided by you through assigning me to work in this thoughtful project.

Sincerely yours,

-----

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## **Acknowledgement**

All the praises, gratitude and thanks are due to the omniscient, omnipresent and omnipotent Allah Who enabled me to complete this thesis work successfully for my MBA degree.

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I wish to express my cordial thanks to Mr. MD. Aminul Islam, Assistant General Manager, Janata Bank Limited, Sher-E-Bangla Nagar Corporate Branch, Dhaka-1207 and to the branch staffs for their active help during the internship period.

I expresses my unfathomable tributes, sincere gratitude and heartfelt indebtedness from my core of heart to my parents whose blessing, inspiration, sacrifice, and moral support opened the gate and paved to way of my higher study, and also pleasant to my brother and sister.

I want to say thanks, to my classmates and friends, especially Suraiya Akter, Mahabuba Zaman, Shaila Sayeed Tanny for their active encouragement and inspiration.

## **Student's Declaration**

I declare that the internship report on “**An Analysis on Foreign Exchange Operations of Janata Bank Limited** ”: **A Case Study on Sher-e-Bangla Nagar Corporate Branch, Agargaon, Dhaka** represent the result of my own internship works, pursued under the supervision of **Sharmin Akhter**, Associate Professor, Department of Development and Poverty Studies, Sher-e-Bangla Agricultural University, Dhaka.

I further affirm that the work reported in this report is original and no part or whole of this report has been submitted to, in any form, any other university or Institution for any degree or any other purpose.

.....

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## **Abstract**

As the MBA program is a terminal degree, it is required to have an internship program for a period of three months on a reputable organization where I can gain practical experiences what I learned at my theoretical classes. I was keen to have my internship program at banking sector that is why I joined Janata Bank Ltd, Sher-e-Bangla Nagar Branch, Dhaka as an internee for three months. They give me the opportunity to gain practical knowledge. Banking sector now-a-days plays an important role to the economy of a country, especially developing country like Bangladesh.

Janata Bank Limited is one of the largest commercial bank of Bangladesh. The main objective of the bank is to provide all of banking services at the doorsteps of the people. The bank also participates in various social and development programs and takes part in implementation of various policies and promises made by the Government.

Janata bank Limited plays a pioneering role in handling foreign exchange transactions. With wide network of branches at home and abroad, the bank maintains the largest volume of export-import business including home bound remittances. This internship report is aimed at providing comprehensive pictures to the areas of “Foreign Exchange Operations” of Janata Bank Limited and a pinpoint analysis of the operations and performances of the bank, also recommending for possible solution of problems.

This report consists of seventh chapters. The first chapter deals with introduction of report, essential of the study. The second chapter deals with methodology. In this research simple random sampling method was used to select the sample respondents. The third chapter deals with organization profile. The fourth contains an overview of foreign exchange operations of Janata bank limited, Sher-e-Bangla Nagar Corporate Branch, Dhaka. The fifth chapter deals with analysis of the study. The sixth chapter deals with strength, weakness, opportunity, and threat of Janata bank limited in banking sector. The seventh chapter contains summary of findings, conclusion, and recommendations. From my overall study it is concluded that, for the growth of foreign exchange business of this branch should increase export business and heir more talented manpower, also should search for potential clients.

## ABBREVIATIONS AND ACRONYMS

<b>AD</b>	<b>Authorized Dillera</b>
<b>BACH</b>	<b>Bangladesh Automated Clearing House</b>
<b>BDT</b>	<b>Bangladeshi Taka</b>
<b>BEFTN</b>	<b>Bangladesh Electronic Fund Transfer Network</b>
<b>CAD</b>	<b>Central Accounts Division</b>
<b>CC</b>	<b>Close Circuit Camera</b>
<b>CEO</b>	<b>Chief Executive Officer</b>
<b>CIB</b>	<b>Credit Information Bureau</b>
<b>CLR</b>	<b>Classified Loan Review</b>
<b>CM</b>	<b>Credit Memorandum</b>
<b>CRM</b>	<b>Credit Risk Management</b>
<b>FR</b>	<b>Foreign Remittance</b>
<b>JBL</b>	<b>Janata Bank Limited</b>
<b>L/C</b>	<b>Letter of Credit</b>
<b>MBA</b>	<b>Master of Business Administration</b>
<b>POS</b>	<b>Point of Sale</b>
<b>SDR</b>	<b>Security Deposit Receipt</b>
<b>SME</b>	<b>Small and Medium Enterprise</b>
<b>RMG</b>	<b>Ready Made Garment</b>
<b>TK.</b>	<b>Taka</b>

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# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Introduction**

Financial institutions are very much essential for the overall development of a country. Especially banks play an important role in the field of promotion of capital, encouragement of entrepreneurship, generation of employment opportunities etc. A Bank is a commercial or state institution that provides financial services, including issuing money in various forms, receiving deposits of money, lending money and processing transactions. Market economy or free economy is widely used-concept about the present economy of Bangladesh. The country adopted the concept in the late seventies with the privatization of significant number of enterprises. The practices of free market economy started from the eighties with the changing of the world economy. A number of initiatives were taken from the nineties to increase the competition and efficiency in money market, relaxation of unwanted rules and regulations, improvement of loan related law and other situations and improve the financial base of the banks of the country.

Janata Bank Limited, one of the leading state owned commercial banks in Bangladesh, has an authorized capital of Tk. 30000 million. Janata bank plays unifying and intermediary roles between fund-supplying and fund demanding sides of the society, executing saving and investing function. Due to key role in the economy, while working under the principles of profitability and productivity, bank are obliged to obey ethical principals of banking profession and organizational ethical the banking system plays an important role in the economy, and the activity of the banks are also vital to the achievement of national socioeconomic development goals of providing shelter, infrastructure and employment.

JBL provides a wide range of products and banking services to all types of commercial concerns such as Loans and Advances, Investment Advice, Foreign Exchange business, and other specialized services as required. Foreign Exchange Department is an important one in Janata Bank Limited that deals with import, export, and foreign remittance and post import financing. This branch gets the dealership in 2007. Janata Bank has a strong global network that helps it to undertake international trade smoothly and efficiently.

### **1.2 Origin of the project**

The Internship is very helpful to bridge the gap between the theoretical knowledge and real life experience as the part of the MBA program. This report has been designed to have a practical experience through the theoretical understanding. For the completion of the report I have been placed in Janata Bank Limited, Sher-e\_Bangla Nagor Corporate Branch, Dhaka. I decided to work on the practices of general banking activities of the bank. The report focuses on foreign exchange activities of Janata Bank in relation to general banking. I prepared the internship report under the supervision of our honorable teacher Sharmin Akhter, Assistant Professor, Department of Agricultural Development & Poverty Studies, Sher-E-Bangla Agricultural University. I have always tried my best to reflect my experience of the practical incidence in this report.

### **1.3 Beginning of Banking in Bangladesh**

After independence the Government of People's Republic of Bangladesh was formally to cover the charge of the administration of the territory now constitute Bangladesh. In an attempt to rehabilitate the war - devastated banking Bangladesh, the government promulgated a law called Bangladesh Bank (temporary) Order, 1971 (Acting President's order No.2 of 1971). By this Order, the state bank of Pakistan was declared to be deemed as Bangladesh Bank and offices, branches and assets of said State Bank was declared to be deemed as offices, branches and assets of Bangladesh Bank. On that date there existed 14 scheduled banks with about 3042 branches all over the country. On the 16th December 1971, there existed the following 12 banks in Bangladesh, namely:

1. National Bank of Pakistan
2. Bank Bahawalpur Ltd.
3. Habib Bank Ltd.
4. Premier Bank Ltd.
5. Commerce Bank Ltd.
6. United Bank Ltd.
7. Union Bank Ltd.
8. Muslim Commercial Bank Ltd.
9. Standard Bank Ltd.
10. Australasia Bank Ltd.
11. Eastern Mercantile Bank Ltd.
12. Eastern Banking Corporation Ltd.

## **1.4 Objective of the study**

Objective of the study acts as a bridge between the starting point and the goals of the study. To illustrate properly, the objectives are presented into two parts:

### **General Objectives**

The main objective of the report is to explore and evaluate the Foreign Exchange Operations of Janata Bank.

### **Specific Objectives**

1. To acquire in depth knowledge on Janata Bank Limited
2. To study on the rules and regulation of foreign exchange activities
3. To identify problems related to foreign exchange activities
4. To suggest some recommendations for the smooth operation of Janata Bank Limited

## **1.5 Rational of the Study**

Bank is a financial institution, which accepts money from its customers as deposits and gives money as loan to the borrowers. Banking sector now-a-days plays an important role to develop the economy of the country especially developing country. [Modern banking system](#) does not execute the normal banking activities. The Bank should design their products in such a way that can cater to the needs of people of different classes. Basically, this study is conducted to understand the performance of Foreign Exchange related activities taken by the Bank. Foreign exchange department plays significant roles through providing different services for the customers. Letters of credit is the key player in the foreign exchange business. With the [globalization of economies](#), international trade has become quite competitive. Timely payment for exports and quicker delivery of goods is, therefore, a pre-requisite for successful international trade operations. As an [internee](#) for three months, they give me the opportunity to gain [practical knowledge](#) and I work on General Banking System. I have arranged my internship report on [foreign exchange activities](#) of the bank. My aspiration is to endow the readers of this report with knowledge, tools and impeding, necessary to succeed in a banking environment that is becoming increasingly and [inevitably global](#).

## **1.6 Limitations of the study**



From the beginning to the end, the study has been conducted with the intention of making it as a complete and truthful one. But there are some limitations for preparing this report. These are:

1. As the data, in most cases, are not in organized way, the bank failed to provide all information due to security and other corporate obligations
2. Difficulty in accessing latest data of internal operations
3. Since the bank personnel were very busy, they could not pay enough time
4. Large-scale research was not possible due to constrains and restrictions posed by the organization
5. Lack of experiences has acted as constraints in the way of meticulous exploration on analysis of foreign exchange operations of Janata Bank Limited

With all this limitation I tried my best to make this report as best as possible. So readers are requested to consider these limitations while reading justifying any part of my study. However, omitting the limitations, the report will help to understand the Foreign Exchange Operations of the Bank.

## **CHAPTER 2**

### **METHODOLOGY OF THE STUDY**

#### **2.1 Introduction**

The study requires a systematic procedure from selection of the topic to preparation of the final report. To perform the study, the data sources are to be identified and collected, to be classified, analyzed, interpreted and presented in a systematic manner and key points are to be found out. The overall process of methodology has been given below.

#### **2.2 Choosing of the organization**

I focused on a specific institution, Janata Bank Ltd. as it is one of the largest state own Bank in Bangladesh and it is playing important role in national economy.

#### **2.3 Selection of the Topic**

The topic of the study was assigned by the honorable supervisor. While assigning the topic necessary recommendation and suggestions are provided by my honorable supervisor to make the internship report a well organized and perfect one.

#### **2.4 Identifying data sources**

Essential data sources, both primary and secondary data source are identified that would be needed to carry on the study and complete this report. Information collected to furnish this report is both primary and secondary sources.

##### **■ Primary Sources of Data**

- i. Practical desk work.
- ii. Face to face conversation with the respective officers and clients.
- iii. Personal observation.

##### **■ Secondary Sources of Data:**

- i. Study on institution booklet & annual reports of Janata Bank Limited.
- ii. Online data from JBL website.
- iii. Circulars
- iv. Different Manuals of Janata Bank Limited.

- v. Published or unpublished or personally collected data from officers, local officers and Head office of the Janata Bank Limited.
- vi. Different journal regarding Janata banking.

### **2.5 Methods of data collection**

- i. Observation of different activity.
- ii. Consultation with respective officer.
- iii. Practical work exposure on different desk.
- iv. Interviewing the employees and customers.

### **2.6 Sampling Unit**

Primary data are collected through direct and face to face interview of the different personnel of the Janata Bank Limited (JBL), Sher-E-Bangla branch and from the customers. The breakdown of respondents is as follows:

<b>Sample Framework</b>	<b>No. of Respondents</b>
Customer	10
Employee	10
<b>Total</b>	<b>20</b>

### **2.7 Sampling Procedure**

I have surveyed respondents conveniently and judgmentally. Even though, there were some refusals during the interviews from different respondents, where few people refused to participate in the survey either because they were in a hurry or they were unwilling to do so.

### **2.8 Questioner Design**

I have developed a questionnaire with ten different questions (five for customers and five for employees) to collect responses.

### **2.9 Period of Data Collection**

Practical orientation in bank has started from the 17 February, 2016 and the duration of this internship was four Months.

### **2.10 Processing and Analysis of Data**

Collected data was compiled and processed with the aid of MS Excel. The raw data was collected from various sources. The Excel program has also been used for the table, figures, percentages, charts & graphical representation. Mostly descriptive statistics were used to achieve the objectives of the report.

### **2.11 Findings of the Study**

The collected data were scrutinized and were pointed out and shown as findings. Based on the analysis of the questionnaire, I find out some category in which the bank has scope and also some problems in which the bank should be aware. Few recommendations are made for improvement of current situation.

### **2.12 Final Report Preparation**

On the basis of the suggestions of my honorable faculty advisor some correction were made to present the paper in this form. At least I came to submit this report as a whole.

## CHAPTER 3 AN OVERVIEW OF JANATA BANK LIMITED

### 3.1 Introduction

Janata Bank Limited is one of the biggest commercial banks of the country. It's a state owned bank that was formed just after liberation of Bangladesh. In fact it was a combination of two smaller banks namely United Bank Limited and Union Bank Limited. It was corporatized on 15th November 2007. Janata Bank was born with a new concept of purposeful banking subserving the growing and diversified financial needs of planned economic development of the country. The Company offers Internet banking, credit facilities and program, retail and personal banking, foreign remittance, international banking, micro enterprise and special credit, rural banking and credit program services. The goal of the bank is to actively participate in the socio- economic development of the nation by operating a commercially sound banking organization, providing credit to viable borrowers, efficiently delivered and competitively priced, simultaneously protecting depositors' funds and providing a satisfactory return on equity to the owners.

**Table 3.1: Company profile**

<b>Name of the company</b>	<b>Janata Bank Limited</b>
<b>Registered address</b>	Janata Bhaban, 110, Motijheel C/A, Dhaka-1000, Bangladesh
<b>Legal status</b>	Public limited Company
<b>Date of incorporation</b>	21 may, 2007
<b>Paid up capital</b>	Tk. 19,140 Million
<b>Face value per share</b>	Tk. 100 per share
<b>Total Number of Branches</b>	908
<b>Website</b>	<a href="http://www.janatabankltd.-bd.com">www/janatabankltd.-bd.com</a>
<b>Tax Identification No.</b>	001-200-2732
<b>Swift code</b>	JANB BD DH
<b>Fax</b>	Pabx ; 9560000

Source: Annual Report of Janata Bank Limited, 2015

**Table 3.2: Janata bank at a glance**

Sl. No.	particulars	(Taka in Million)
1	Authorized capital	30,000
2	Paid up capital	19,140
3	Branch in Bangladesh	904
4	Overseas Branch	4
5	Number of foreign correspondent	1251
6	Number of Exchange houses	76
7	Number of Employee	13,639
8	Total assets	683,157.58
9	Total deposit	568,911.14
10	Total loan & advance	349,861.30
11	Import	147,181.80
12	Export	145,373.60
13	Foreign Remittance	106,336.30
14	Operating profit	107,20.50

Source: Annual Report of Janata Bank Limited, 2015

### 3.2 Vision of Janata Bank Limited

To become the effective largest commercial bank in Bangladesh to support socio economic development of the country and to be a leading bank in south asia.

### 3.3 Mission of Janata Bank Limited

Janata Bank Limited will be an effective commercial bank by maintaining a stable growth strategy, delivering high quality financial products, providing excellent customer service through an experienced management team and ensuring good corporate governance in every step of banking network.

### 3.4 Strengths of Janata Bank Limited

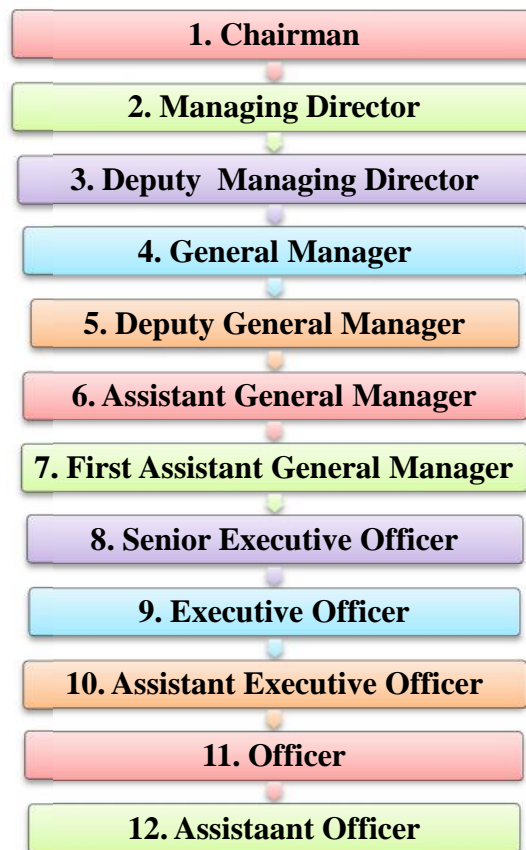
- State owned image
- Nationwide networks, 904 branches
- Foreign Network, 4 foreign branches and 1251 foreign Correspondences
- Increase of inward remittance
- Market reputation and global recognition
- Strong deposit and capital base
- No provision shortfall
- Skilled manpower

### 3.5 Core Values of Janata Bank Limited



Figure 3.1: Core value of Janata Bank Limited

### 3.6 Organizational structure



**Figure 3.2: Hierarchy of Janata Bank Management**

### **3.7 Department of Janata Bank Limited**

According to the 1<sup>st</sup> principle of management if the jobs are not organized considering their interrelationship and are not allocated in a particular department, it would be very difficult to control the system effectively. If the departmentalization is not fitted for the particular works there would be haphazard situation and the performance of a particular department would not be measured. Janata Bank Limited has done this work very well.

1. Central Accounts Division (CAD)
2. Credit Division
3. International Division
4. Information & Technology Division
5. Human Resources Management Division
6. Audit & Inspection Division
7. **Foreign Exchange Management Division**
  - a) **Import**
  - b) **Export**



- c) **Remittance**
- 8. Treasury Department
  - a) Foreign Currency Management Division
  - b) Local Currency Management Division
- 9. Legal Matters Division

### **3.8 Products and Services Offered by Janata Bank Limited**

#### **Products of Janata Bank Limited**

##### **i. Deposits**

- Current & Call Deposits
- Savings Bank Deposits
- Term Deposits
- Monthly Deposit Scheme
- Special Notice Deposit

##### **ii. Loans & Advances**

- Agricultural Loan
- Overdraft
- Education Loan
- Term Loan
- Import Loan
- Export Finance
- Housing Loan

##### **iii. Other Credit Program**

- Transport
- Loan to Diagnostic Centers
- Loan to Travel Agencies
- Loan for Salt Production

#### **Services of Janata Bank Limited**

##### **i. Financial Services (Inland Remittance)**

##### **ii. Financial Services (Foreign Remittance)**

##### **iii. Other Financial Services**

- Pay Order

- Pay Slip
- Security Deposit Receipt (SDR)
- Locker Service

**iv. Utility Services**

- Gas Bills Collection
- Electricity Bills Collection
- Telephone Bills Collection
- Water/Sewerage Bills Collection
- Municipal Holding Tax Collection
- Port Bill Collection
- Land Rent Collection

**v. ATM Service**

- Cash withdrawal
- Balance inquiry
- Mini statement of accounts
- Point of Sale (POS)

**vi. Welfare Service**

- Payment of Non- Govt. Teachers' Salaries
- Payment of Primary and Secondary
- Girl Students Stipend
- Payment of Army Pension/Civil Pension
- Payment of Widows, Divorcees and
- Destitute Women Allowances
- Payment of Old-age/Disabled Allowances

**vii. Service to the Government**

- Sale of Prize Bond
- Sale of Wage Earner Bond
- Sale of Sanchay Patra
- VAT collection
- Tax collection
- Excise duty collection

**viii. Other Service**

- SMS banking
- Sale of Lottery Ticket
- Foreign Currency Buying and Selling
- Bangladesh Electronic Fund Transfer Network
- Bangladesh Automated Clearing House (BACH)

**3.9 Performance of Janata Bank Limited in 2015**

In 2015, Janata Bank Limited aimed to versatile deposit mix through increasing low-interest deposit schemes, bring down the rate of classified loan to single digit and ensuring sustainable growth through increasing assets quality. Janata Bank Limited wanted to ensure desired-level productivity through human resource development, strengthen risk management activities, practice good governance and ensure overall better customer service. Besides, Janata Bank Limited aimed at fulfilling the targets of the KPI set by the Performance Contract Agreement signed for the first time with Bank and Financial Institution Division, MoF. From the mentioned targets, Janata Bank Limited has secured BDT 1072.05 crore as operating profit and other significant achievements in different economic indicators. Especially, the Bank has more than 100 percent achievement in 10 out of 13 indicators of KPI mentioned in the Performance Contract Agreement. Also, Janata Bank Limited has secured 1st position among SOCBs in terms of KPI performance valuation. At a glance, some of JBL's mentionable achievements of 2015 as follow:

- a. BDT 1072.05 crore as operating profit in 2015, which is the highest among SOCBs.
- b. In 2015, after tax profit increased by 21.15 percent and reached to BDT 480.78 crore, which is the highest among all public-private banks.
- c. Total assets increased by 8.78 percent and reached to BDT 68,315.75crore.
- d. Deposit increased by 10.36 percent and reached to BDT 56,891.11 crore.
- e. Loans and advances increased by 9.41 percent and reached to BDT 34,986.13 crore.
- f. Rate of classified loans is 12.34 percent, which is the lowest among SOCBs.
- g. Bank's capital adequacy rate is 10.16 percent as on 31 December, 2015.

**3.10 Key Milestones of Janata Bank Limited**

<b>2015</b>	JBL crossed BDT 550,000 million in deposit. JBL crossed BDT 349,800 million in loans & advances.
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	JBL Rewarded “Wholesale Banking Awards 2015” & “Retail Banking Awards 2015”.
<b>2014</b>	<p>Received “ICAB Best Presented Annual Report Award” (1st position) from The Institute of Chartered Accountants of Bangladesh (ICAB)</p> <p>Received “ICAB Corporate Governance Award” from The Institute of Chartered Accountants of Bangladesh (ICAB).</p> <p>Received SAARC anniversary award for corporate governance from The South Asian Federation of Accountants (SAFA)</p> <p>Received “ICMAB Best Corporate Award” (1st position) from Institute of Cost and Management Accountants of Bangladesh (ICMAB).</p> <p>Received “Asian Banking and Finance Awards 2014” from The Asian Banking and Finance Magazine (ABF).</p> <p>Incorporation of Janata Exchange Company, USA.</p> <p>JBL crossed 900 Branches all over the country.</p>

### **3.11 Initiatives Taken by the Janata Bank Limited to Overcome Future Challenges**

To continue the success in 2016, JBL already taken some short-term and mid-term plans as mentioned below:

1. Initiating online banking facilities at all branches within year 2016 to ensure time-demanding, modern banking service;
2. Increasing credit flow to low risk and prospective SME sector in a bid to reduce credit risks;
3. Modernizing human resources management to create banking knowledge equipped and modern technology-friendly human resources;
4. Taking appropriate steps to make a time- bound action plan aimed at collecting huge amount of written-off loans;
5. Taking steps to vacate the writs filed against the top loan defaulters with the High Court to recover money from them and taking other legal steps against them;
6. Taking steps to make risk management system more appropriate and realistic;
7. Upgrading all the branches’ decoration and providing required logistic support;
8. Strengthening internal control and compliance system at all levels of the Bank;
9. Ensuring technology and cyber security and overall security.

### 3.12 Contribution of Janata Bank Limited in the banking sector

Banking sector of Bangladesh operates consisting of 56 banks having more than 9 thousand branches. Along with maximum contribution to the socio-economic development of the country, Janata Bank Limited has earned 10,720.50 million operating profit in 2015 which is the highest among the State Owned Commercial Banks. Data as on 31 December 2015 shows that the import trade of JBL stood at BDT 147,181.80 million, export business stood at BDT 145,373.60 million. The bank handled total inward foreign remittance of BDT 101,348.20 million at the end of 2015. Details are narrated below:

**Table 3.3: Contribution of Janata Bank Limited in the banking sector**

(BDT in million)			
Sl. No.	Components	Amount	Market Share (%)
1	Loans and Advances	349,861.30	5.83
2	Deposits	568,911.14	7.76
3	Total Assets	683,157.58	8.36
4	<b>Import</b>	<b>147,181.80</b>	<b>5.19</b>
5	<b>Export</b>	<b>145,373.60</b>	<b>5.79</b>
6	<b>Foreign Remittance</b>	<b>101,348.20</b>	<b>9.48</b>
7	Branches (number)	908	10.00
8	Manpower (number)	14,151	8.00

Source: Annual report of JBL, 2015

## CHAPTER 4

### AN OVERVIEW OF FOREIGN EXCHANGE OPERATIONS OF JANATA BANK LIMITED

#### 4.1 Foreign Exchange

Foreign exchange refers to the processor mechanism by which the currency of one country is converted into the currency of another country. Foreign exchange is the means and methods by which rights to wealth in a country's currency are converted into rights to wealth in another country's currency. In banks when we talk of foreign exchange, we refer to the general mechanism by which a bank converts currency of one country into that of another. Foreign trade gives rise to foreign exchange. Modern banks facilitate trade and commerce by rendering valuable services to the business community. According to foreign exchange regulation act 1947, "Any thing that conveys the right to wealth in another country is foreign exchange". Foreign exchange department plays significant roles

through providing different services for the customers. Opening or issuing letters of credit is one of the important services provided by the banks.

Bangladesh Bank issues license to scheduled banks to deal with foreign exchange. These Banks are known as Authorized Dealers. If the branch is authorized dealer in foreign exchange market, it can remit foreign exchange from local country to foreign countries.

#### **4.2 Importance of Foreign Exchange in the Economy**

No country is self – sufficient in this world. Every country is more or less dependent on another for goods or services. For the following reasons foreign exchange is very important for any country:

- a) International trade gives opportunity of exchange of goods.
- b) National assets and resources of a country can be utilized properly.
- c) Foreign Currency can be earned easily.
- d) International trade helps to trade domestic production globally.

### **4.3 Historical Background of Foreign Exchange of JBL**

In 1971 the order No.26 of President of the Peoples Republic of Bangladesh, Erstwhile &United & Union Bank Ltd, were accumulated and established Janata Bank. 14 December, 1971 under the order No. WAMO/WABI/BIK-3/33/86/361 of the Peoples Republic of Bangladesh the bank was started work as public limited company namely **Janata Bank Limited (JBL)**. An agreement was signed between Janata Bank Limited and CDBL account at 17.03.2009 and recently Bangladesh Bank (BB) has approved that the bank could be increased their authorized capital through issue right share for implementation the Basel-11.

### **4.4 Foreign Exchange Regulations followed by JBL**

#### **4.4.1 Local Regulations**

Foreign exchange transactions are controlled by the following rules and regulation:

1. Foreign Exchange Regulation Act 1947
2. Bangladesh Bank issue foreign exchange circular time to time to control the import and remittance business.
3. Ministry of commerce issues exports-Import Policy guidelines.
4. Bangladesh Bank published two volumes in 1996.

#### **4.4.2 International Regulation**

There are also some international regulations, influencing foreign exchange transactions. Few of them are discussed below:

1. International Chamber of Commerce is a world-wide non-governmental origination of thousands of companies. It was founded in 1919; ICC has issued publications like UCPDC that is being followed by all the member countries.
2. There is also an international court of arbitration to solve the international business disputes.
3. World Trade Organization is another international trade organization established in 1995. General Agreement on Tariff & Trade was established in 1948 after completion of its 8<sup>th</sup> round; the origination has been abolished & replaced by W.T.O. This origination has vital role in international trade through its 124 member countries.

### **4.5 Parties Involved in Foreign Exchange Business of the Bank**

One of the important businesses carried out by the commercial bank is foreign trading. The trade among various countries falls for close link between the parties dealing in trade. The situation calls for expertise in the field of foreign operations. The bank, which provides such operation, is referred to as rendering international banking operation. Mainly transactions with overseas countries in respect of import, export and foreign remittance dealings under the preview of foreign exchange department. International trade demands a flow of goods from seller to buyer and of payment from buyer to seller. In this case the bank plays a vital role to bridge between the buyer and seller.



**Figure 4.1: Parties Involved in Foreign Exchange Business of the Bank**

#### **4.6 Foreign Exchange Operations of Janata Bank Limited**

Foreign exchange department of Janata Bank Limited is one of the most important departments among all departments. This department handles various types of activities. Among these main three are as follows:

- a) Import
- b) Export and
- c) Remittance



**Figure 4.2: Foreign Exchange Operations of Janata Bank Limited**

##### **4.6.1 Import**

Import means purchase of goods or services from abroad. Normally consumers, firms and Government organizations import foreign goods or services to meet their various necessities. Main import items are food item, edible oil, fertilizer, petroleum, machineries, chemicals, raw materials of



industry, cement clinkers etc. So, in brief, we can say that import is the flow of goods and services purchased by local agent staying in the country from foreign agent staying abroad.

### **A. Import procedure**

Authorized Dealer, banks are always committed to facilitate import of different goods into Bangladesh from the foreign countries. Import Section, which is under Foreign Exchange Department of a bank, is assigned to perform this job. And to serve its parties demand to import goods, it always maintains required formalities that are collectively termed as “Import Procedure”.

- i. At first, the importer must obtain Import Registration Certificate (IRC) by submitting the following papers:
  - Up to date Trade License.
  - Nationality and Asset Certificate.
  - Income Tax Certificate.
  - In case of company, Memorandum & Articles of Association and Certificate of Incorporation.
  - Bank Solvency Certificate etc.
  - Required amount of registration fee
- ii. Then the importer has to contact with the seller outside the country to obtain the Proforma Invoice. Usually an indenter, local agent of the seller or foreign agent of the buyer makes this communication. When the importer accepts the Proforma Invoice, he/she makes a purchase contract with the exporter detailing the terms and conditions of the import.
- iii. After making the purchase contract, importer settles the means of payment with the seller. An import procedure differs with different means of payment. The possible means are Cash in Advance, Open Account, Collection Method and Documentary Letter of Credit. In most cases, the Documentary Letter of Credit in our country makes import payment. Purchase Contract contains which payment procedure has to be applied.

### **B. Payment Modes**

- **Cash in advance:** Importer pays full, partial or progressive payment by a foreign DD, MT or TT. After receiving payment, exporter will send the goods and the transport receipt to the importer. Importer will take delivery of the goods from the transport company.

- **Open Account:** Exporter ships the goods and sends transport receipt to the importer. Importer will take delivery of the goods and makes payment by foreign DD, MT, or TT at some specified date.
- **Collection Method:** Collection methods are either clean collection or documentary collection. Again, Documentary Collection may be Document against Payment (D/P) or Document against Acceptance (D/A). The collection procedure is that the exporter ships the goods and draws a draft/ bill on the buyer. The exporter submits the draft/bill (only or with documents) to the remitting bank for collection and the bank acknowledges this. Then the remitting bank sends the draft/bill (with or without documents) and a collection instruction letter to the collecting bank. Acting as an agent of the remitting bank, the collecting bank notifies the importer upon receipt of the draft. The title of goods is released to the importer upon full payment or acceptance of the draft/bill.
- **Letter of credit:** Letter of credit is the well-accepted and most commonly used means of payment. It is an undertaking for payment by the issuing bank to the beneficiary, upon submission of some stipulated documents and fulfilling the terms and conditions mentioned in the letter of credit.

#### 4.6.2 **Export**

Janata Bank Limited exports a large quantity of goods and services to many countries. Readymade textile garments (both knitted and woven), Jute, Jute-made products, frozen shrimps, tea, hide and skin, vegetables are the main goods that Bangladeshi exporters exports to foreign countries. Garments sector is the largest sector that exports the lion share of the country's export. Bangladesh exports most of its readymade garments products to U.S.A and European Community (EC) countries. Bangladesh exports about 40% of its readymade garments products to U.S.A. Most of the exporters who export through Janata Bank Limited foreign exchange Branch are readymade garment exporters. They open export L/Cs here to export their goods. Export L/C is the confirmation from the Bank that is, if the importer fails to make the payment to the exporter, then the bank will pay the exporter on behalf of the importer. The exporter can lien the L/C to bank and can get the payment before the L/C expire date.

##### **A. Export L/C**

L/C which is received to export/sale of goods from one country to another country or one place to another place within country is known as export/C. It may be received from any bank of foreign country, local bank, another branch of the local bank or received by the export desk from the import desk of the same branch. Exporters are allowed to export the commodity under irrevocable letter of credit. Under this type of export, exporter will ship the goods as per terms of the credit and will get payment as per arrangement of the credit.



Figure 4.3: Export L/C process

## B. Formalities of Export Procedure

There are a number of formalities, which an exporter has to fulfill before and after shipment of goods. These formalities or procedures are enumerated in brief as follows:

- **Obtaining Export Registration Certificate ERC:** No exporter is allowed to export any commodity for export from Bangladesh unless he is registered with Chief Controller of Imports and Exports (CCI & E) and holds valid Export Registration Certificate (ERC). After applying to the CCI&E in the prescribed form along with the necessary papers, concerned offices of the Chief Controller of Imports and Exports issues ERC. Once registered, exporters are to make renewal of ERC every year.
- **Securing the order:** After getting ERC, the exporter may proceed to secure the export order. He can do this by contracting the buyers directly through correspondence.
- **Obtaining EXP:** After having the registration, the exporter applies to Janata Bank Limited with the trade license, ERC and the Certificate from the concerned

Government Organization to get EXP. If the bank is satisfied, an EXP is issued to the exporter.

- **Signing of the contract:** After communicating with buyer the exporter has to get contracted for exporting exportable items from Bangladesh detailing commodity, quantity, price, shipment, insurance and mark, inspection, arbitration etc.
- **Receiving the Letter of Credit:** After getting contract for sale, exporter should ask the buyer for Letter of Credit clearly stating terms and conditions of export and payment.
- **Procuring the materials:** After making the deal and on having the L/C opened in his favor, the next step for the exporter is to set about the task of procuring or manufacturing the contracted merchandise.
- **Endorsement on EXP:** Before the exporter with the customs or postal authorities lodges the export forms, they should get all the copies endorsed by Janata Bank Limited. Before shipment, exporter submits EXP. form with commercial invoice. Then Janata Bank's respective officers check it properly, if satisfied, certified the EXP. Without EXP exporter cannot make shipment. The customer must declare all export goods on the EXP issued by the authorized dealers.

### C. Disposal of Export procedure

- **Shipment of goods:** Exporter makes shipment according to the terms and condition of L/C.
- **Presentation of export documents for negotiation:** After shipment, exporter submits the following documents to Janata Bank Limited for negotiation.

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

❖ Photo

■ **Examination of Document:** Banks deal with documents only, not with commodity. As the negotiating bank is giving the value before repatriation of the export proceeds it is advisable to scrutinize and examine each and every document with great care whether any discrepancy(s) is observed in the documents. The bankers are to ascertain that the documents are strictly as per the terms of L/C Before negotiation of the export bill. Bank officers assigned for examining the export documents may use a checklist for their convenience.

■ **Negotiation of export documents:** Negotiation stands for payment of value to the exporter against the documents stipulated in the L\C. If documents are in order, Janata Bank Limited purchases (negotiates) the same on the basis of banker- customer relationship. This is known as Foreign Documentary Bill Purchase (FDBP).If the bank is not satisfied with the documents submitted to Janata Bank Limited and gives the exporter reasonable time to remove the discrepancies or sends the documents to L/C opening bank for collection. This is known as Foreign Documentary Bill for Collection (FDBC).

■ **Settlement of Local Bills**

The settlement of local bills is done in the following ways-

- The customer submits the L/C to Janata Bank Limited along with the documents to negotiate
- Janata Bank Limited officials scrutinize the documents to ensure the conformity with the terms and conditions.
- The documents are then forwarded to the L/C opening bank.
- The L/C issuing banks gives the acceptance and forwards an acceptance letter.
- Payment is given to the customer on either by collection basis or by purchasing the document.

**4.6.3 Remittance**

Remittance means sending or transfer money or money-worth from one place to another.

Remittance can be classified into:

- a) Inland Remittance
- b) Foreign Remittance

### **a) Inland Remittance**

In banking terminology, the word inland remittance means transfer of fund from one place to another within a country. Modes of inland remittance are as follows:

- Demand Draft (DD)
- Telegraphic Transfer (TT)
- Mail Transfer (MT)

### **b) Foreign Remittance**

When money transferred from one country to another is called foreign remittance. Foreign remittance can be classified into:

1. Inward Foreign Remittance
2. Outward Foreign Remittance

Modes of foreign remittance are as follows:

1. EFT (Electronic Fund Transfer)
2. Instant cash payment (SRC)
3. Web based spot cash payment (Cash over the counter)
4. Wage Earners Development Bond (WEDB)
5. US Dollar Development Bond
6. US Dollar Premium Bond

### **4.6.4 Remittance Services in Janata Bank Limited**

As Janata Bank has a wide network operates 908 branches in national and international territory, remittance services are available at all branches and foreign remittances can be send to any branch by the remitters favoring their beneficiaries.

Janata Bank Limited has correspondent banking relationship with all major banks and exchange houses located in almost all the cities. Expatriates Bangladeshis may send their hard earned foreign currencies through those banks and exchange houses or may contract any renowned banks nearby to send their money to their dear ones in Bangladesh.

Recently Janata Bahk has lunched its Speedy Foreign Remittance Payment system which enable beneficiaries to receive their money within shorest possible time. The beneficiaries

also get information of remittance through automated SMS. It's a secured, easy, cost effective and speedy way of remittance for the remitter. JBL has signed an agreement with Western Union Network to facilitate wide range of remittance of the globe.

#### **4.6.5 Types of Remittance Products or Services of Janata Bank Limited**

##### **A. Inward Foreign Remittance**

Inward remittances means remittances coming into our country from other countries by the remitter by way of permissible banking channel through freely convertible foreign currencies.

Followings are the modes of inward remittances:

- Demand Draft (DD)
- Mail Transfer (MT)
- Payment Order (PO)
- Travelers Cheque
- Telegraphic Transfer (TT)

##### **B. Outward Foreign Remittance**

Remittance from our country to foreign countries is called outward foreign remittance. But outward foreign remittance is highly restricted by the Bangladesh Government. Only some special branches can send money from Bangladesh to abroad under Bangladesh Bank's rules and regulations. In Janata Bank following branches are only involve with outward foreign remittance activities:

- Local Office Dhaka
- Foreign Exchange Branch, Bitul-Mukaram Dhaka
- Janata Bavon Corporate Dhaka

Modes of Outward Foreign Remittance

- Demand Draft (DD)
- Mail Transfer (MT)
- Payment Order (PO)
- Travelers Cheque

- Telegraphic Transfer (TT)

### **C. Student File Opening**

For opening a student file, the following documents are required:

- Preliminary application and information for admission.
- Letter of approval by the university of the student.
- A filled-in application form for foreign currency in abroad.
- Transcript of Records” given for the last degree by the university.
- Certificate given by the Board for S.S.C. / H.S.C. or equivalent examination.
- A photocopy of I-20 form

#### **4.6.6 Facilities Offered to the Remitters by Janata Bank Limited**

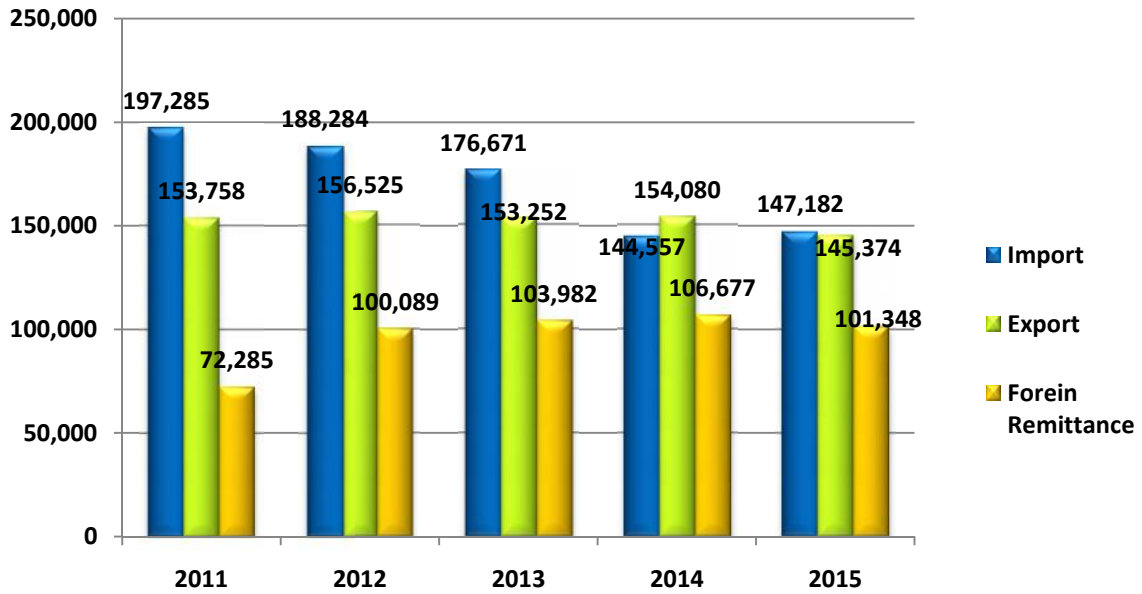
Commission for issuance of Taka Drafts from our UAE branches has been reduced and re-fixed from AED 10.00 to AED 4.00 and commission for issuance of TTs drawn on Bangladesh and payable at any bank branch are re-fixed at AED 12.00 from AED 30.00.

Commission for issuances of Taka drafts at UAE branches has been reduced irrespective of amount. 1% interest above the normal savings deposit rate is offered to SB accounts receiving foreign remittance. There are several types of Accounts and US Bonds.

- Non Resident Foreign currency Deposit Account(NFCD)
- Resident Foreign Currency Deposit Account (RFCD):
- Non-Resident Investor's Taka Account (NITA)
- Wage Earners Development Bond (WEDB)
- US Dollar Investment Bond and US Dollar Premium Bond (US Bonds)

#### **4.7 Overall Position of Foreign Exchange Sector of JBL from 2011-2015**





**Figure 4.4: Overall Position of Foreign Exchange Sector of Janata Bank Limited from 2011-2015**

Increase of import indicates the country is less wealthy and decrease of import indicates that the country has sufficient resources and is able to fulfill its local demand. So as a publicly owned bank Janata Bank Limited is less service providing attitude to the importers. It provides little facilities to its importers. As a result import contribution percentage to national is decreasing gradually from fiscal year 2005-2006 to fiscal year 2014-2015.

## CHAPTER 5 ANALYSIS OF THE STUDY

### 5.1 Financing in Foreign Exchange Sector of Janata Bank Limited

#### 5.1.1 Import Financing

Traditionally Janata Bank Ltd. is pioneer in handling major portion of country's import business. Major import items are industrial raw materials, chemicals, capital machineries, scraped vessels and petroleum etc. The total volume of import as on 2011 was BDT 197,285 million. For political instability inside the country, contribution to import of Janata Bank Limited was lowest in the fiscal year 2014 among last five fiscal years. But the situation has changed during the year 2015, import trade stood at BDT 147,182 million against 144,557 million at the end of 2015.

Table 5.1: Total Import Performance of JBL (2011-2015)

Year	2011	2012	2013	2014	2015
<b>Import Finance (in Million)</b>	197,285.00	188,284.00	176,671.00	144,556.80	147,181.80
<b>Growth</b>	7%	-4%	-6%	-18%	2%

Source: Annual report of Janata Bank Limited, 2015

#### Graphical presentation of import growth:

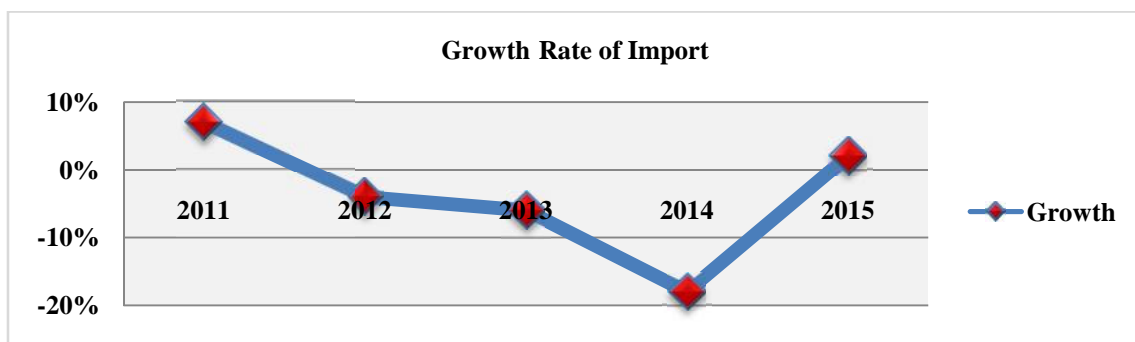


Figure 5.1: Import growth of Janata Bank Limited (2011-2015)

From the trend analysis it has seen that the amount of import financing though Janata Bank Limited has decreased from 2011-2014 and there was a sharp decrease in the year 2014 due to global economic crisis. Thus the import financing has shown negative growth. In the year 2015 import financing of Janata Bank Limited has shown 2% growth.

#### 5.1.2 Export Financing

The major share of countries earnings comes from export of Readymade Garments. Considering the growth of export in line with Janata Bank Limited 's priority to serve the customers with better service, a department named Foreign Trade Department is working with a specialized team to support the emerging Readymade Garments and Textiles sector. Now Janata Bank Limited has a sizable portfolio in export financing. Export through Janata Bank for the year 2011 and 2012 is Tk.153, 758 million and Tk. 156,525 million respectively. In spite of Global Financial Crisis the growth chart in export through Janata Bank remains upwards due their timely steps regarding credit facilities and services packages. But in the year 2015, export business of Janata Bank Limited stood at BDT 145,352 million against BDT 154,080 million of 2014, registering a negative growth. Janata Bank Limited has already re-fixed the schedule of exchange at a reduced rate as the loan pricing is more competitive. With the credit lines Janata Bank Limited’s experts have introduce the following new products:

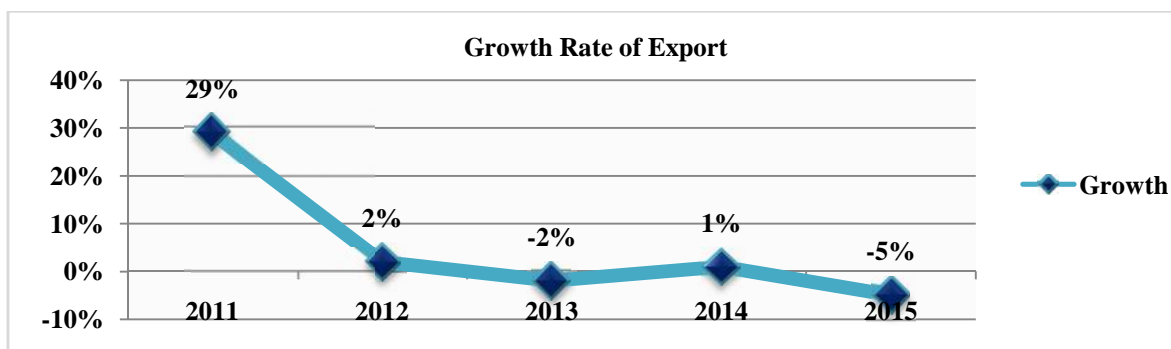
- **Cash Credit:** Working capital facility to dyeing unit and packaging unit.
- **Mid term Loan:** For procurement of machinery, space parts, boiler, generator, vehicles etc. to export oriented industrial unit.
- **Packing Credit:** Working capital facility to pay wages salary utility bills etc.
- **LTR, FC:** Short term credit for procurement of capital machinery from abroad.
- **Term Loan:** For (Export oriented) Ship Building.
- **Export Project BMRE:** Loan for factory building construction. Expansion, development and Maintenance, construction of factory godown, purchase of machineries from local and foreign markets, covered van, generator and establish ETP.

**Table 5.2: Total Export Performance of Janata Bank Limited (2011-2015)**

Year	2011	2012	2013	2014	2015
Export Business (in Million)	153,758.00	156,525.00	153,252.00	154,079.70	145,373.60
Growth	29%	2%	-2%	1%	-5%

Source: Annual report of Janata Bank Limited, 2015

**Graphical presentation of export growth:**



**Figure 5.2: Export growth of Janata Bank Limited (2011-2015)**

From the above trend analysis it has been seen that the export financing amount and growth rate was fluctuating over the years. The above graph has shown 5% negative growth in the year 2015.

### 5.1.3 Foreign remittance

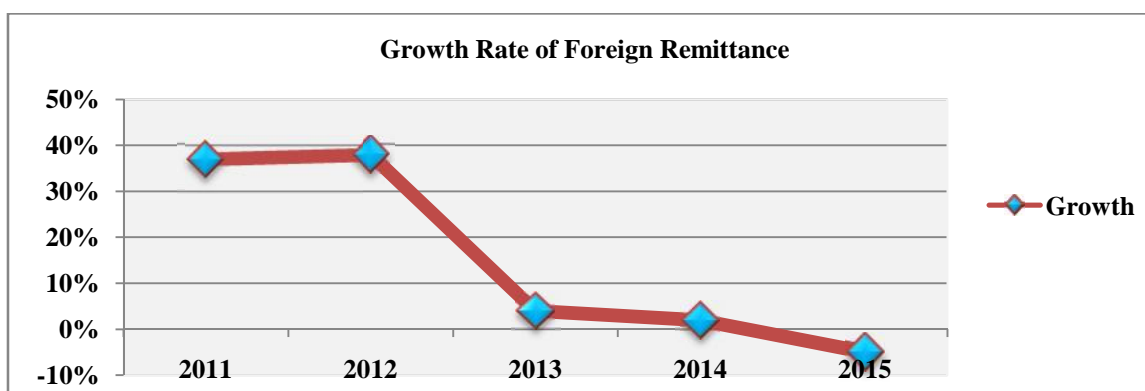
JBL has set up an independent department named as Foreign Remittance Department (FRD) that exclusively handles payment and distribution of all foreign remittances to the branches. FRD has assigned a dedicated and hard-working team that relentlessly provide prompt service to ensure payment on due time. On-line foreign remittance system has been established at FRD. Foreign Remittance Payments for account credit and instant cash have been made through this on-line EFT system within the same day or within shortest possible of time. Janata Bank has Taka Drawing Arrangements (TDA) with 77 Exchange companies/banks in different countries i.e. UAE, USA, Saudi Arabia, Malaysia, Kuwait, Bahrain, Oman, Singapore, UK, Qatar, Greece, Spain, South Korea and Mauritius. 904 domestic branches of JBL are making cash payment of web-based remittance through renowned exchange Co. like RIA, Western Union, Money Gram, Xpress Money, Trans-fast, Cash Express, and Speed Cash etc.

**Table 5.3: Total Foreign Remittance Performance of Janata Bank Limited (2011-2015)**

Year	2011	2012	2013	2014	2015
Remittance (in Million Tk.)	72,285.00	100,089.00	103,982.00	106,677.10	101,348.20
Growth	37%	38%	4%	2%	-5%

Source: Annual report of Janata Bank Limited, 2015

### Graphical presentation of foreign remittance growth:



**Figure 5.3: Foreign Remittance growth of Janata Bank Limited (2011-2015)**

From the above trend analysis it has been seen that the foreign remittance of Janata Bank Limited was increasing year by year except in 2015 but the growth rate has been showing a downward tendency. Higher remittance was found in the year 2014. The foreign remittance growth rate was higher in 2012. In 2015 the bank earned less remittance than the previous year and the growth rate decreased by 5%.

## 5.2 Export, Import & Remittance Position of Janata Bank Limited in 2015

During the year under review, export business of Janata Bank Limited stood at BDT 145,373.60 million against BDT 154,080.00 million of 2014 registering a negative growth of 5.65 percent while import trade stood at BDT 147,181.80 million at the end of 2015 against 144,557.00 million at the end of 2014. The bank handled total inward foreign remittance of BDT 101,348.20 million indicating 4.99 percent negative growth for the year 2015 over that of 2014. This represents 9.48 percent of the share of total national remittance. The summary of Import - Export and foreign remittance for the years 2015 and 2014 is given below:

**Table 5.4: Export, Import & Remittance Position of Janata Bank Limited (2014-2015)**

Export, Import & Remittance Position	Year		Change (%)
	2015	2014	
Import	147,181.80	144,556.80	1.82
Export	145,373.60	154,079.70	5.65
Foreign Remittance	101,348.20	106,677.10	4.99

Source: Annual Report of Janata Bank Limited, 2015

## 5.3 Janata Bank Limited's Achievement in Foreign Exchange Sector

The banking sector of Bangladesh is not only competitive but also an unequal contest exists here between the public and private commercial banks. Still, Janata Bank Limited has come to today's position by overcoming various limitations. However, 2015 also was a year of challenges for the banking sector. Thus, during the year, the bank has to concentrate on improving customer-service quality along with cost reduction and income generating activities. I believe, as taken strategies and work enthusiasm are rightly implemented like the past times, 2015 was another successful year. In 2015, the bank has been successfully crossed BDT 550,000 million in deposit, crossed BDT 349,800 million in loans & advances has been successful in achieving remarkable growth in classified loan recovery, deposit, foreign remittance, export and import etc. against its targets set by the Board of Directors. The following table focuses on the achievement in the sectors.

Janata Bank Limited achieves a huge success in the foreign exchange sector. In 2015 the total target in import was Tk. 147,182 million against the target amount and this was 105% higher than the target. In case of export and foreign remittance sectors the business target were, Tk. 145,000, and 108,000 million respectively, whereas the achievement in the end of the year was about Tk., 145,374, and 101,348 million respectively. In case of achieving the targets set by the bank, the success percentage for export, and foreign remittance was 100% and 94% respectively.

**Table 5.5: Janata Bank Limited's achievement in different sector in 2015**  
(BDT in million)

Particulars	2015		% of Achievement
	Achievement	Target	
Operating Profit	10,720	11,000	97%
Total Deposit	568,911	560,000	1025
Total Loans & Advance	349,861	345,000	1015
<b>Import</b>	147,182	140,000	105%
<b>Export</b>	145,374	145,000	100%
<b>Foreign Remittance</b>	101,348	108,000	94%
Cash Recovery from CL	3,416	7,500	46%
Cash Recovery from Written-off Loans	1,664	1,300	128%
Rate of Classified Loans	12.34%	9.99%	-

Source: Annual Report of Janata Bank Limited, 2015

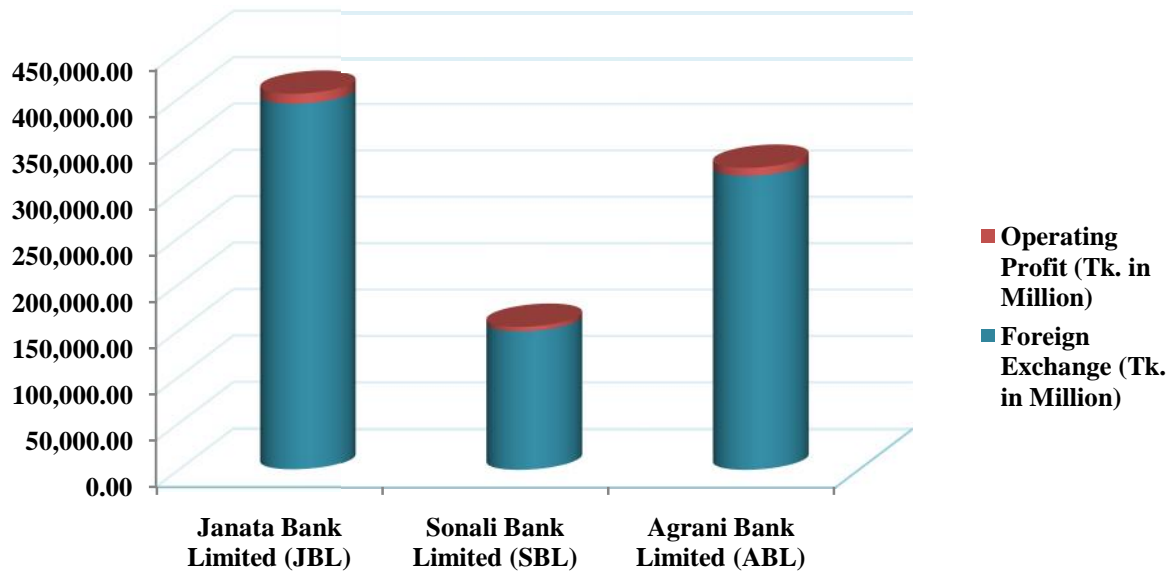
#### **5.4 Comparison of Performance of Janata Bank Ltd. with Agrani Bank Ltd. and Sonali Bank Ltd.**

Agrani Bank Ltd. and Sonali Bank Ltd. are two other renowned public commercial banks. Comparison of profit performance and foreign exchange business with SBL and ABL are given below:

**Table 5.6: Comparison of Profit and Foreign Exchange Business Performance of JBL with SBL and ABL in 2015**

Name of the Banks	Operating Profit (Tk. in Million)	Foreign Exchange (Tk. in Million)
Janata Bank Limited (JBL)	10,720.50	393,903.60
Sonali Bank Limited (SBL)	4849.82	149,186.70
Agrani Bank Limited (ABL)	8779.47	316,640.05

Source: Annual Report of Janata, Sonali, and Agrani Bank Limited, 2015



**Figure 5.4: Comparison of Performance of Janata Bank Ltd. with Agrani Bank Ltd. and Sonali Bank Ltd.**

From the above graph we see the profit foreign exchange business performance of JBL, SBL, and ABL. Among the three banks Janata Bank Limited achieved highest profit in 2015, also in foreign exchange business JBL is in the top position. It is positive sign for Janata Bank Limited.

## 5.5 Questionnaire Analysis

### Part A: Interview Questions to the Customers of Janata Bank Limited

1. What do you think about existing foreign exchange facilities of Janata Bank Limited?
2. Are you satisfied with customer service of Janata Bank Limited?
3. What do you think about technological advancement in transaction foreign exchange activities in Janata Bank Limited?
4. Is the procedure of foreign exchange activities very lengthy in Janata Bank Limited?
5. Do you think all branches of Janata Bank Limited are practicing all types of foreign exchange (FE) transactions?

### ■ Responses from Customers

#### 1. Customers Perception about existing foreign exchange facilities of Janata Bank Limited

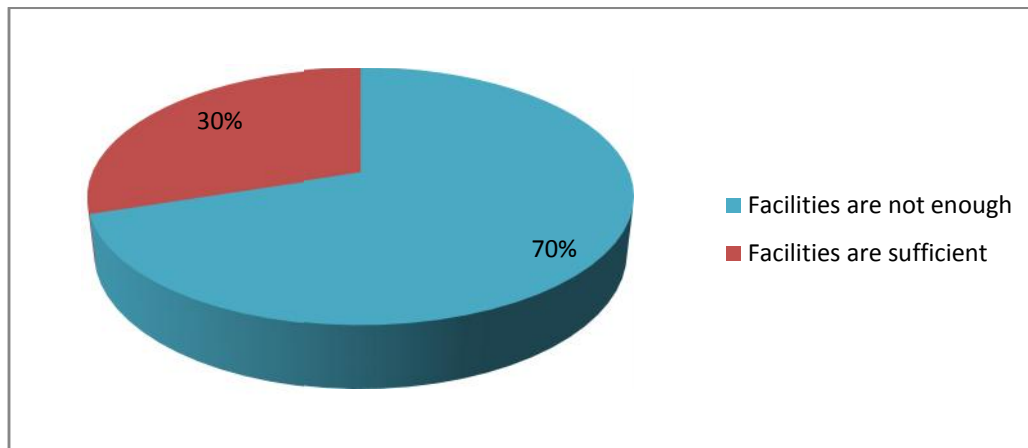


Figure 5.5: Customers Perception about existing foreign exchange facilities of Janata Bank Limited

Source: survey of primary data, 2016

In the point “Existing foreign exchange facilities of Janata Bank Limited” as answer of this question, 70% of the sample customers think that the existing foreign exchange facilities of Janata Bank Limited are not sufficient, whereas 30% Of them are satisfied with the existence facilities.

#### 2. Customers Perception about service Quality of Janata Bank Limited



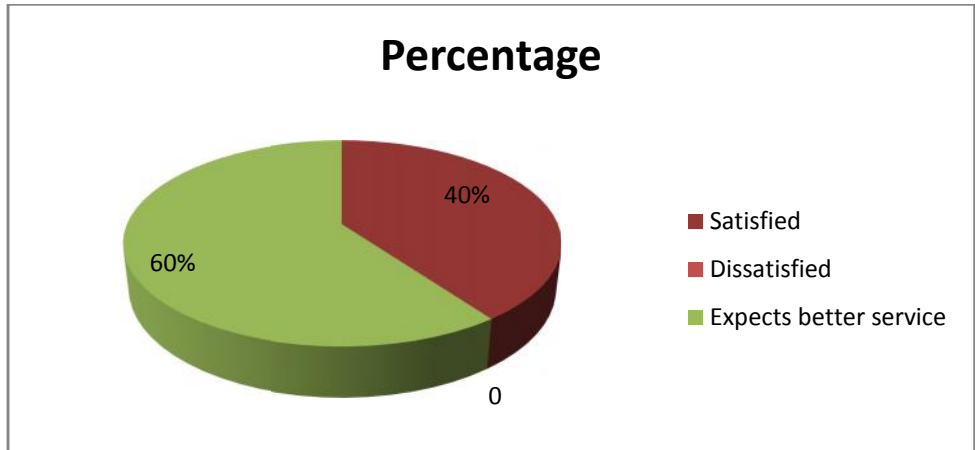


Figure 5.6: Customers Perception about service Quality of Janata Bank Limited

Source: survey of primary data, 2016

In the point “satisfaction level regarding customer service of Janata Bank Limited” as answer of this question, 40% of the sample customers are satisfied with the customer service of Janata Bank Limited, whereas 60% Of them expects better service.

### 3. Customers Perception about technological advancement in Foreign Exchange Activities in Janata Bank Limited

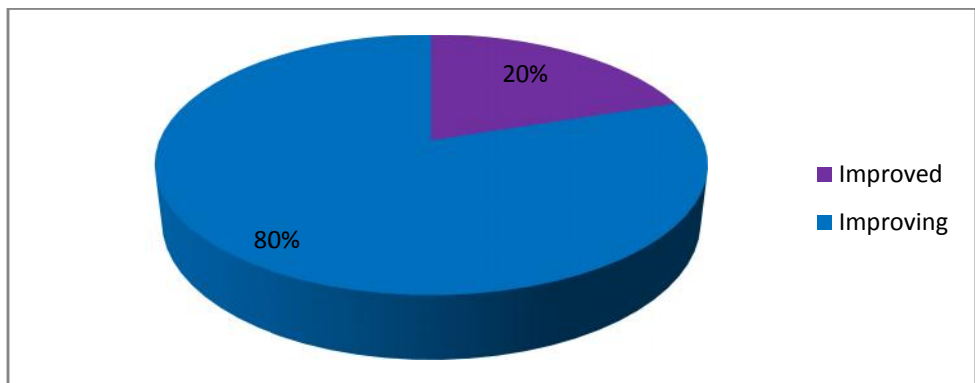


Figure 5.7: Customers Perception about technological advancement in Foreign Exchange Activities in Janata Bank Limited

Source: survey of primary data, 2016

In the point “Technological advancement in Foreign Exchange Activities” as answer of this question, 80% of the sample customers said that use of technological advancement in Foreign Exchange Activities of Janata Bank Limited is not so improved and 20% of them think that the Janata Bank Limited using improved technologies.

### 4. Customers perception about whether procedure of foreign exchange activities is lengthy or not

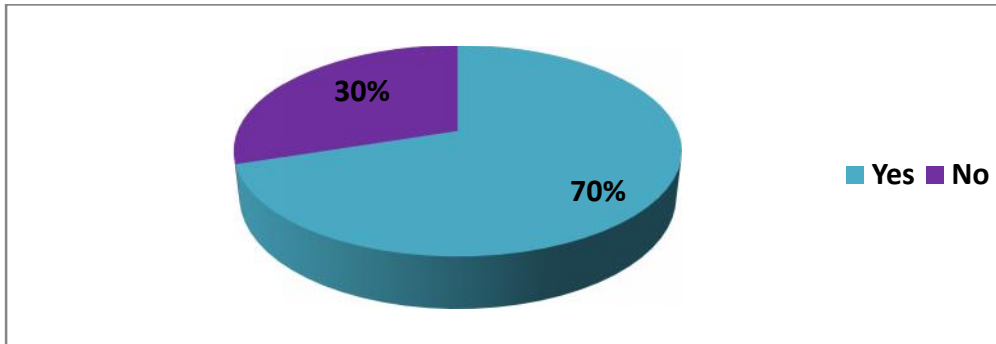


Figure 5.8: Customers perception about whether procedure of foreign exchange activities is lengthy or not

Source: survey of primary data, 2016

In the point “Procedure of foreign exchange activities is very lengthy in Janata Bank Limited” as answer of this question, 70% of the sample customers agreed that the procedure of foreign exchange activities is very lengthy in Janata Bank Limited, whereas 30% of them disagreed with the statement.

**5. Customers perception about whether all branches of Janata Bank Limited are practicing all types of foreign exchange transactions or not**

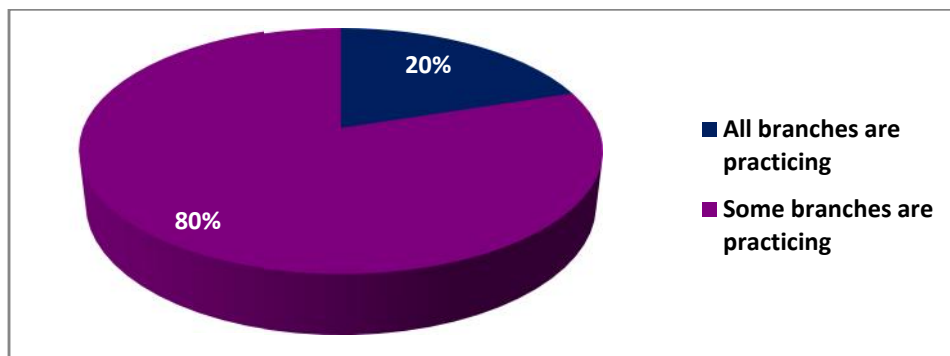


Figure 5.9: Customers perception about whether all branches of Janata Bank Limited are practicing all types of foreign exchange transactions or not

Source: survey of primary data, 2016

In the point “All branches of JBL are practicing all type of FE transactions” as answer of this question, 80% of the sample customers think that not all the branches of Janata Bank Limited are practicing all type of FE transactions, and 20% of them agreed with the statement.

**Part B: Interview Questions to the Employees of Janata Bank Limited**

1. What do you think about existing number of correspondence banks of Janata Bank Limited?

2. How foreign exchange business can be improved?
3. Is manpower enough in the FE department of Janata Bank Limited?
4. How inflow of foreign remittance can be increased?
5. Is import business much popular than export or remittance business with customers of Janata Bank Limited?

■ **Responses from employees**

**1. Employees perception about existing number of correspondence banks of Janata Bank Limited**

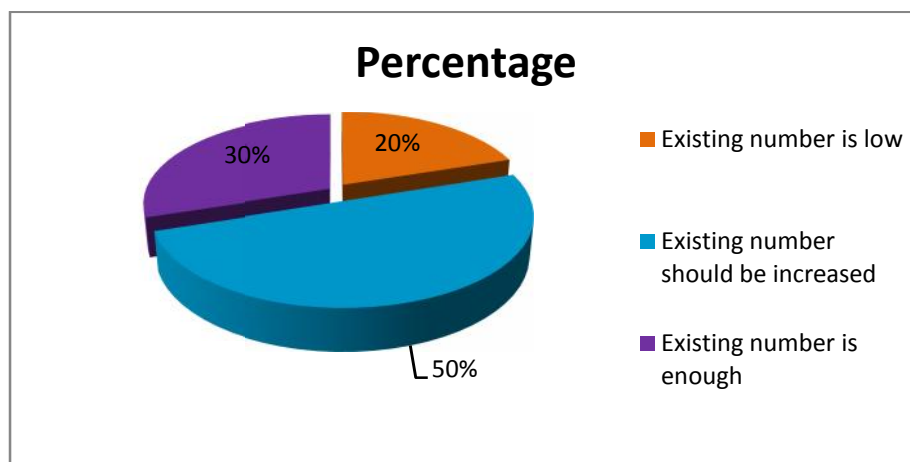


Figure 5.10: Employees perception about existing number of correspondence banks of Janata Bank Limited

Source: survey of primary data, 2016

In the point “About existing number of correspondence banks of Janata Bank Limited” as answer of this question, 50% of the respondents said that the existing number of correspondence banks of Janata Bank Limited are not sufficient, JBL should increase number of correspondence banks, 30% think that existing number is enough, 20% of them think that the existing number is low.

**2. Employees perception about how foreign exchange business can be improved**

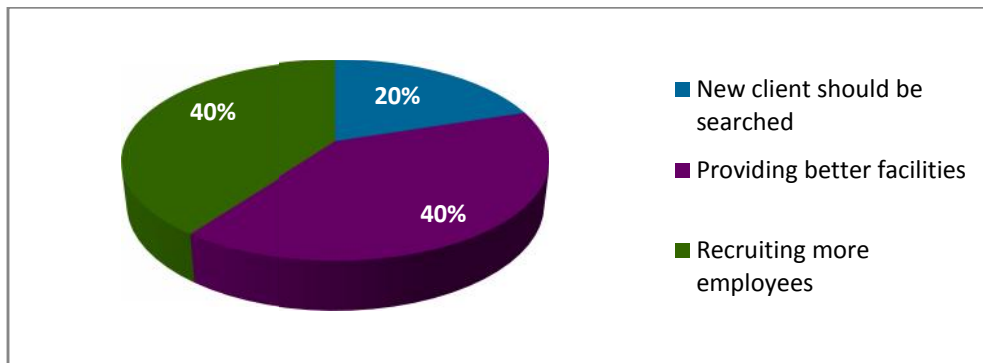


Figure 5.11: Employees perception about how foreign exchange business can be improved  
 Source: survey of primary data, 2016

In the point “Improvement of foreign exchange business of Janata Bank Limited” as answer of this question, 40% of the respondents think that providing better facilities to the existing customers is the key to improvement of foreign exchange business, 40% of them agreed with the recruitment of more employees and rest 20% think that for the growth of the business new client should be searched.

### 3. Employees perception about requirement of manpower in the foreign exchange department of Janata Bank Limited

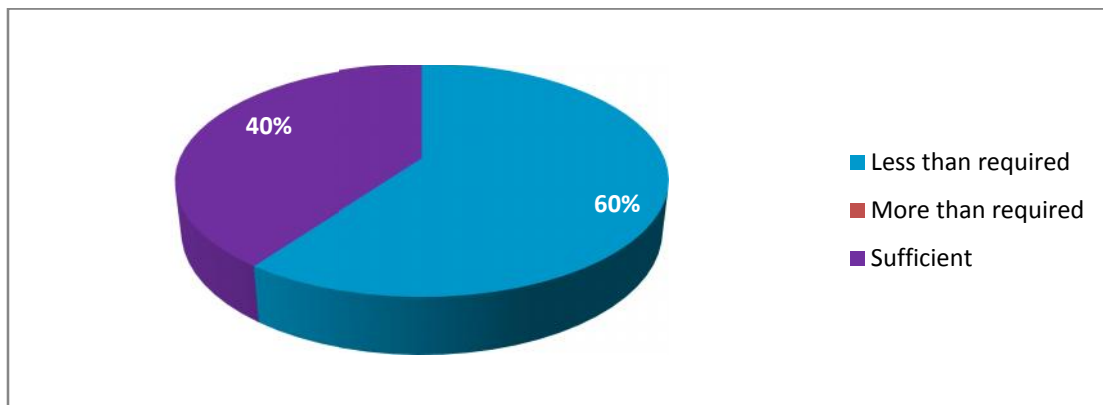


Figure 5.12: Employees perception about requirement of manpower in the foreign exchange department of Janata Bank Limited

Source: survey of primary data, 2016

In the point “Manpower requirement in the FE department of Janata Bank Limited” as answer of this question, 40% of the respondents think that in the FE department of Janata Bank Limited manpower requirement is sufficient, 60% of them think that the amount of manpower is less than required.

### 4. Employees perception about how inflow of foreign remittance can be increased

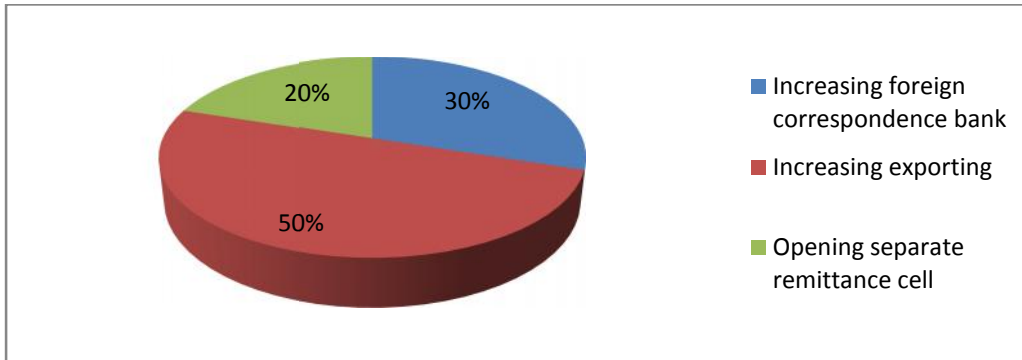


Figure 5.13: Employees perception about how inflow of foreign remittance can be increased  
 Source: survey of primary data, 2016

In the point “Inflow of foreign remittance can be increased” as answer of this question, 50% of the respondents think that by increasing export inflow of foreign remittance can be increased, 30% of them think that by increasing foreign correspondence bank inflow of remittance can be increased, whereas 20% of them think that Janata Bank Limited should open separate remittance cell.

**5. Employees perception about whether import business is much popular than export or remittance business with customers of Janata Bank Limited**

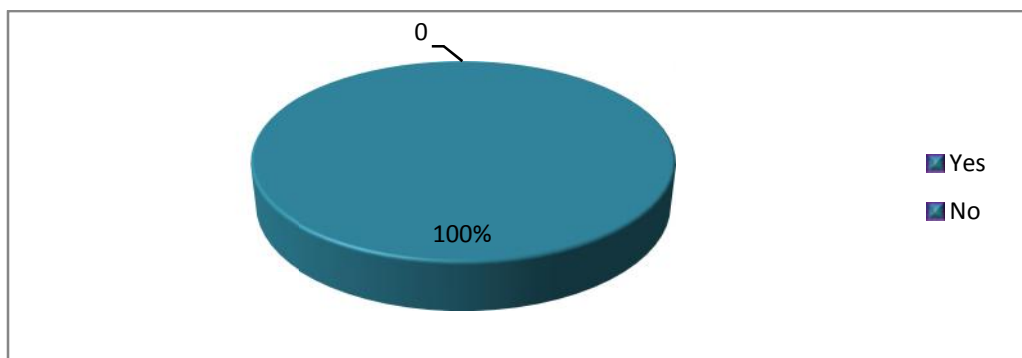


Figure 5.14: Employees perception about whether import business is much popular than export or remittance business with customers of Janata Bank Limited  
 Source: survey of primary data, 2016

In the point “Import business is much popular than export or remittance business with customers of Janata Bank Limited” as answer of this question, all of the respondents agreed that the import business is much popular than export or remittance business of Janata Bank Limited to the customers.

**5.9 Problem of Foreign Exchange Business of Janata Bank Limited**

As a developing country, here there is a great opportunity to expand a business easily. Human resources cost are also cheap. On the other hand people have strong faith to the banking sector. But this sector is not free from problems. Some challenges of the banking sector are:

1. Global economic crisis due to the financial meltdown in USA and Europe.
2. Withdrawal of restriction on China for RMG export to Europe and USA in 2013.
3. Export volume has dropped due to lack of global demand.
4. Lack of diversification, especially for export sector.
5. Very high dependency on Textile and RMG Sectors to export.
6. In case of import prices of commodities and raw materials in international market.
7. Slow recycling of investment of commodity in commercial sectors.
8. Low level of project Finance in 2013 and 2014 due to the national political instability.

## **CHAPTER 6**

### **SWOT ANALYSIS**

#### **6.1 SWOT Analysis**

##### **Strength**

- The branch has good communication with their client. For this the client of this branch is too much loyal upon this branch.
- The working place of this branch has enough security for the personnel and client.
- Healthy correspondent relationships with other branches of Janata Bank Limited and foreign banks.
- Increase of inward remittance.

##### **Weakness**

- Inadequate IT infrastructure.
- Lengthy process of opening L/C.
- Lack of innovative banking products especially for export sector. Lack of improve on-line banking.
- Numbers of employees are fewer than the volume of works which creates problem in prompt service.
- Limited promotional activities about foreign exchange services to motivate its present and potential investment client.
- Most of the clients of the branch are not fully satisfied with foreign exchange service of the bank.

##### **Opportunity**

- One of the key opportunities for Janata Bank Limited is its efficient managers. Janata Bank Limited has employed experienced managers to facilitate its operation. These managers have already triggered the business for Janata Bank Limited as being new in the market. Branch Manager of Sher-e-Bangla Nagar corporate branch Md. Aminul Islam is very energetic & very eager to achieve the targets and knows how to motivate employees.
- Customers' trust and satisfaction is the key to sustainable development. This branch believes in this motto. To meet the increasing demands of the customers, the branch is careful to deliver corporate services by diversifying existing products and services at a

competitive rate. Informal conversation with some customers reveals that customer satisfaction level is quite good. It's a positive sign.

- Proper security arrangement helps staff increase their bravery and morale to provide better customer service. To avoid unexpected incidents, security system of the Sher-e-Bangla Nagar corporate branch is re-arranged and strengthened at every level under the CC cameras have been set up inside the strong-rooms, in front of the main gates of branch and inside the branch.

### **Threats**

- Some foreign banks and public banks are coming threat to Janata Bank Limited, same goes for this branch.
- Different foreign & public bank are also offering similar types of retail lending service like Janata Bank Limited. So it all competitors fight with the some weapons the natural result is declining profit.
- Bangladesh Bank providing new rules and regulations for the banking institutions made tougher banking business. When there the rules and regulations suit the organization or not it must obey these that some time imposes barriers on daily normal operation.

From the above discuss we can say that, overall Performance of Sher-e-Bangla Nagar corporate branch is satisfactory. But to face challenges of Globalization, they should restructure its operation to improve as a profitable branch.



## **CHAPTER 7**

### **SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION**

#### **7.1 Findings of the Study**

The major objective of the report is to analyze the foreign exchange operations of Janata Bank Limited. The analysis of foreign exchange operations of JBL reveals the following findings:

1. According to the analysis most of the clients of the branch are not fully satisfied with foreign exchange service of the bank.
2. Janata Bank Limited has limited promotional activities about foreign exchange services to motivate its present and potential investment client.
3. Lack of innovative banking products especially for export sector. As country's export is highly dependent on RMG sector, reduce in RMG export has affected foreign exchange department of the bank.
4. Procedure of foreign exchange activities in the branch is very lengthy. Lengthy process of opening L/C is observed.
5. Technological advancement in foreign exchange activities is not so improved. Also documentation and filling process of the forms for foreign exchange operation is not user friendly, which sometimes wastes valuable time.
6. It has seen that overall import and export financing growth of Janata Bank Limited was lowest in 2011 because of global recession and in 2014 the growth rate also shrink because the inflationary pressure in 2014 started rising from previous year, and the remittance flow greatly affected in 2012.
7. I have found that compared to Sonali and Agrani Bank Limited, Janata Bank Limited has been successful in increasing their profit and foreign exchange business over the years. It's a positive sign.
8. Not all of the branches of Janata Bank are practicing all type of foreign exchange transactions.

#### **7.2 Conclusion**

Foreign exchange business has a great impact on banks overall business development. To accomplish foreign exchange business it needs foreign currency. Foreign remittance send by expatriates is one of the sources of foreign currency. Banks needs huge amount of foreign currency to make the import payments. Bank can buy foreign currency from the inter-bank market. That will reduce the profit. Export business is another source of foreign remittance. So, it is clear that import, export and foreign remittance are interrelated among each other. Our government gives emphasize in collecting foreign remittance from abroad as it increases our foreign currency reserve. Janata Bank should increase its AD branches to increase foreign exchange business. Some of the AD branches are not doing importing and exporting business. So, these AD branches should start all types of business. It is found that the volume of foreign remittance is better than import and export business. All the branches of JBL are engaged for foreign remittance transactions that's why volume of foreign remittance is highest. Compared with the export, import volume is higher. From the above study it can be said that if JBL takes proper steps for arranging easier way for inflow of foreign remittance and skilled manpower are placed for providing better service, then the inflow of foreign remittance will be increased significantly. For export invention of new product, diversification of traditional goods like jute, searching new destinations, build up backward-linkage industries, providing incentives to export etc. are obvious for increasing export-remittance.

To flourish foreign exchange business all three types of business have to be increased. Maximum clients of JBL are doing one type of business import or export. Most of the clients are importer. Few clients are doing export business. JBL have to encourage all clients to do all clients to do all types of business. Bank should provide special types of service to the clients and give information for prospective opportunity for the import or export.

### **7.3 Recommendations**

In globalization world we consider time as money. Right decision at the right time will bring expected result for the bank. Therefore, the following steps should be taken for the overcoming existing limitations of bank and overall development of the foreign exchange development of JBL.

1. Procedure of foreign exchange activities should be made flexible and easy.
2. To flourish foreign exchange business all three types of business have to be increased.
3. Invention of new product, diversification of traditional goods is obvious for increasing export and remittance.
4. Janata Bank should increase number of correspondence banks.
5. Websites of the bank should be enriched with all information regarding the foreign exchange relevant facilities.
6. It is recommended JBL should exercise marketing promotion practice.
7. It is recommended that JBL should employ more talented personnel. Training is more effective way to make an employee in the relevant department.
8. JBL has few special remittance cells. Sometimes customers face problems of queries. It is recommended that JBL should maintain a more special remittance cell for promote service.
9. Being a well reputed Bank, JBL no longer wants to conduct smaller L/C request coming from small parties and as a result they are neglecting a huge number of potential customers. For the growth of the business JBL should search for potential customers as well as should provide better facilities to their existence customers.

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## **APPENDICES**

## **Appendix 1**

### **Questionnaire for Customer**

Data:

Name:

Designation:

6. What do you think about existing foreign exchange facilities of Janata Bank Limited?
  - a) Facilities are not enough
  - b) Facilities are sufficient
  
7. Are you satisfied with customer service of Janata Bank Limited?
  - a) Satisfied
  - b) Dissatisfied
  - c) Expects better service
  
8. What do you think about technological advancement in transaction foreign exchange activities in Janata Bank Limited?
  - a) Improved
  - b) Improving
  
9. Is the procedure of foreign exchange activities very lengthy in Janata Bank Limited?
  - a) Yes
  - b) No
  
10. Do you think all branches of Janata Bank Limited are practicing all types of FE transactions?
  - a) All branches are practicing
  - b) Some branches are practicing

## **Appendix 2**

### **Questionnaire for Employees**

Date:

Name:

Branch Name:

1. What do you think about existing number of correspondence banks of Janata Bank Limited?
  - a) Existing number is low
  - b) Existing number should be increased
  - c) Existing number is enough
  
2. How foreign exchange business can be improved?
  - a) New client should be searched
  - b) Providing better facilities
  - c) Recruiting more employees
  
3. Is manpower enough in the FE department of Janata Bank Limited?
  - a) Less than required
  - b) More than required
  - c) Sufficient
  
5. How inflow of foreign remittance can be increased?
  - a) Increasing foreign correspondence bank
  - b) Increasing exporting
  - c) Opening separate remittance cell
  
6. Is import business much popular than export or remittance business with customers of Janata Bank Limited?
  - a) Yes
  - b) No