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BBA

## REPORT

**BUS 499: INTERNSHIP**

# **AN OVERVIEW OF EXPORT-IMPORT FINANCING OF STANDARD CHARTERED BANK**

PREPARED FOR



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2007-2-10-086

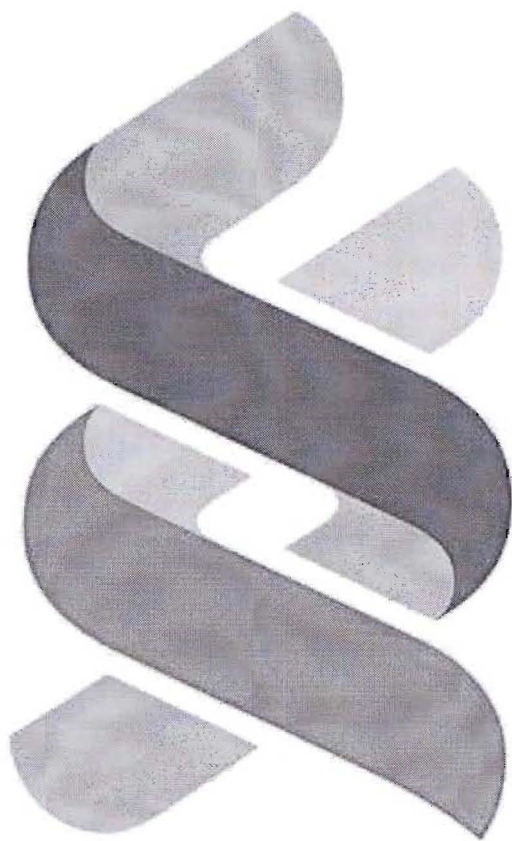


# EAST WEST UNIVERSITY

August 17, 2011



# **AN OVERVIEW OF EXPORT-IMPORT FINANCING OF STANDARD CHARTERED BANK**



**STANDARD CHARTERED BANK, TRADE SERVICE,  
67, GULSHAN AVENUE, DHAKA, BANGLADESH**

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All information provided in this report, unless otherwise stated, is correct as of June 31, 2011.

## LETTER OF TRANSMITTAL

August 16, 2011

Dr. Tanbir Ahmed Chowdhury  
Professor  
Department of Business Administration  
East West University  
45, Mohakhali, C/A, Dhaka

Subject: **Submission of Internship Report**

Dear Sir

I have prepared the Internship Report on Trade Service & Working Capital: International Network to Power your Trade as per the requirement. The report is a partial requirement for Bachelors of Business Administration (BBA) Degree from East West University (EWU).

I have included all the relevant information that I have gathered from both primary & secondary sources and hope that it would be up to your complete satisfaction.

Sincerely,



Suriya Khan

Id # 2007-2-10-086

## ACKNOWLEDGEMENT

At the very commencement I would like to express gratitude my Faculty Adviser for Internship, Dr. Tanbir Ahmed Chowdhury, Professor; Department of Business Administration ,East West University. Without his supervision it would not have been possible for me to complete this report.

I would also like to express thank to Mr. Khijir Hayat Khan, Senior Manager, Trade Service, my internship supervisor at Standard Chartered Bank for his kind assistance in preparing the report. Every member of the Trade Service Department has also helped me with their time and cooperation.

My thankfulness extends to my colleagues and supervisors in other divisions of SCB like Credit unit, HR and Branch.

I am also grateful to all my Faculties, Administrative Personals, and friends of East West University

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## EXECUTIVE SUMMARY

SCB say's "International trade is your business. Making it go faster is ours. Navigate the waters of international trade through our award-winning Straight2Bank platform. You now need only one consolidated channel for all your trade transactions – the same channel that links you to a host of other cash management solutions.

My report contains an overview of Export- Import Financing Operation of Standard chartered Bank, here I tried to give an overall view of trade service which includes exports and imports both. How SCB is trying to make the customer relations, giving prior services, implementing their time management, skill and data to achieve their target to meet their financial requirements They create a global service thorough which a client can have their service at one place. They believe in customer trust so that they maintain it with high priority. Hey negotiation for their customers to give a good vive of business in banking sector.

As a multinational bank SCB understands the local customer's need, Pitfalls of the process, where a customer can face difficulties to have their desire service. Here I tried to accompany these in my report.

## CHAPTER-ONE

## INTRODUCTION

Trade in Services refers to the sale and delivery of an intangible product, called a service, between a producer and consumer. Trade in services takes place between a producer and consumer that are, in legal terms, based in different countries, or economies, this is called International Trade in Services.

International trade in services is defined by the *Four Modes of Supply* of the General Agreement on Trade in Services (GATS).

- Cross border trade, which is defined as delivery of a service from the territory of one country into the territory of other country
- Consumption abroad - this mode covers supply of a service of one country to the service consumer of any other country
- Commercial presence - which covers services provided by a service supplier of one country in the territory of any other country
- Presence of natural persons - which covers services provided by a service supplier of one country through the presence of natural persons in the territory of any other country

During the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), the General Agreement on Trade in Services was drafted, and became enshrined as one of the four pillars of the international treaty comprising the World Trade Organization Agreement in 1995.

Regional trade in services agreements are also negotiated and signed between regional economic groupings such as CARICOM, North American Free Trade Agreement (NAFTA) and ASEAN

## **1.1. ORIGIN**

This report is the outcome of the internship done by the author as part of the mandatory requirement for completion of the BBA program. The author of this report was assigned this internship project by the Trade Service a unit under of Standard Chartered Bank (SCB), as a responsibility additional to regular employment. Mr. Khijir Hayat Khan , Senior Manager , Trade Service acted as the author's internship supervisor in addition to his regular organizational responsibilities.

Dr. Tanbir Ahmed Chowdhury, Professor; Department of Business Administration, East West University agreed to act as the faculty advisor. The project objectives were mutually developed by the supervisor and the intern in line with research requirements of the Trade Service Unit and were agreed with the faculty advisor.

## **1.2. SCOPE & METHODOLOGY**

### **1.2.1. Scope**

The scope of this project is limited to finding the Trade Service in Bangladesh. It also includes the LLC and MNC trade service though SCB. The models and methods used in this project, unless otherwise stated, has been based on the data obtained from the internal sources, which has been included in the report with the permission of the supervisor, the use of such data being restricted to academic purposes only.

### **1.2.2. Methodology**

This report is prepared on the basis of Information gathered mainly from two different sources.

- Primary sources
- Secondary sources

### **1.2.2.1. Primary Sources**

The primary source of information for this report has been the interviews with different business houses which have applied to SCB to avail its trade service

### **1.2.2.2. Secondary Sources**

Information gathered from the database of the Bank has also been used to prepare this report. Different websites have been consulted to have an overview of the trade service in Bangladesh as well as SCB.

## **1.3. OBJECTIVE**

### **1.3.1. General Objective**

As Bangladesh has a high potential in RMG sector as well as dependency on foreign countries, so that we are in need of the export import process. Thus the trade service is very important for the growth of our country. To analyze the process, this report contains trade service related information.

### **1.3.2. Specific Objectives**

The internship project aspired to attain the following specific objectives –

- To study the existing Trade Service of SCB
- To determine the Risk and return of Trade service
- What is the total process of trade?
- As a foreign bank how SCB is getting benefit?

## **1.4. LIMITATIONS**

Although best efforts have been made from the author's part to make this internship project and the report of the highest standard, some constraints, as described below, may not have allowed the report to be as proximate to perfection.

### **1.4.1. Information Constraints**

The information used to develop the internship project is historical. Assumptions have been made based on past experience.

### **1.4.2. Confidentiality Constraints**

On a few occasions, the learning from the internship project could not be shared in this report due to confidentiality considerations, especially when it came to information regarding SCB's strategy or information on any of SCB's customers.



**CHAPTER-TWO****OVERVIEW OF BANGLADESH BANKING SECTOR**

The financial sector in Bangladesh is continuously evolving towards a more modern and efficient system of finance which is supportive of greater investment and inclusive economic growth. The financial system of Bangladesh consists of The Bangladesh Bank, scheduled banks, non-bank financial institutions, micro finance institutions, insurance companies, co-operative banks, credit rating agencies and stock exchange.

**Table 1: Banking infrastructure**

Type of Bank	No.	No. Of branches
State owned	4	3,391
Specialized	4	1,365
Private	30	2,387
Foreign	9	58
Total	47	7,201

**Fig1: Source: Bangladesh Economic Review-2010, Ministry of Finance**

## 2.1 An overview of financial sector in Bangladesh

Figure 2: Financial sector in Bangladesh

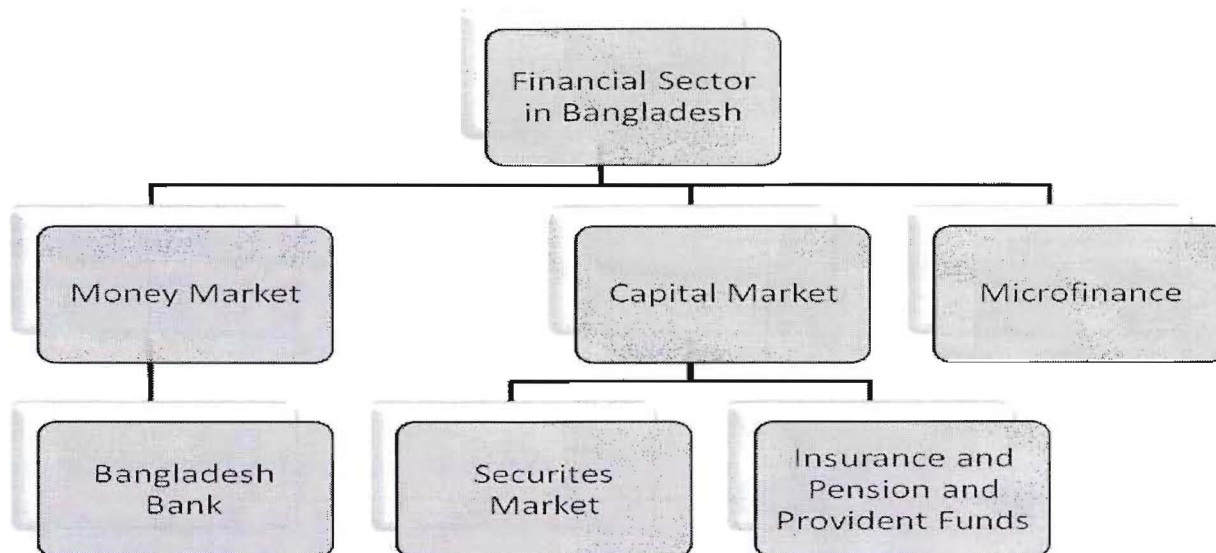


Fig2: Source: Policy Analysis Unit (PAU), Bangladesh Bank

The Bangladesh Bank was responsible for regulating currency, controlling credit and monetary policy, and administering exchange control and the foreign exchange reserves. The Bangladesh government initially nationalized the entire domestic banking system and proceeded to reorganize and rename the various banks. Foreign-owned banks were permitted to continue doing business in Bangladesh.

The insurance business was also nationalized and became a source of potential investment funds. Cooperative credit systems and postal savings offices handled service to small individual and rural accounts. The new banking system succeeded in establishing reasonably efficient procedures for managing credit and foreign exchange



The government's encouragement during the late 1970s and early 1980s of agricultural development and private industry brought changes in lending strategies. Managed by the Bangladesh Krishi Bank, a specialized agricultural banking institution, lending to farmers and fishermen dramatically expanded.

The stock market is booming. Lots of general investor is getting some income from this market. In order to encourage corporate houses with good fundamentals to come forward with new Initial Public Offerings (IPOs), the regulatory body introduced the 'book building mechanism'. In the year 2009, the Securities and Exchange Commission also asked Dhaka Stock Exchange to open Order Confirmation Transaction (OCT) market to facilitate trading of de-listed companies from the floor.

The Asian Development Bank (ADB) has signed deals with 12 local private commercial banks for expansion of its trade finance facilitation program in Bangladesh. Under the agreement, the banks will be able to offer more trade financing support to their clients particularly exporters and importers through international banks.

## **2.2 Several facts relating to the financial sector in Bangladesh**

- Bangladesh has applied for membership of Egmont Group to operate its newly established financial intelligence unit in line with international standard.
- Bangladesh Post Office is going to introduce postal cash card (e-money order) system through which people, across the country even in the remotest areas, will be able to send and receive money through mobile phone.
- The central bank has raised the ceiling of foreign currency for Bangladesh nationals allowing them to spend more while traveling abroad.
- The Bangladesh Bank launched the automation project of its Credit Information Bureau aiming at providing credit information in a faster and efficient way.
- Bangladesh Bank has once again lowered different banking charges, fees and commissions to assist businesspersons hurt by falling exports.

## CHAPTER-THREE

### OVERVIEW OF STANDARD CHARTERED BANK

#### 3.1 History of Standard Chartered Bank

Standard Chartered Bank has a history of about 150 years. The name “Standard Chartered” stems from the two original banks from which it was founded – the “Chartered Bank” of India, Australia and China and the “Standard Bank” of British South Africa.

A royal charter granted by Queen Victoria of England established the “Chartered Bank” in 1853. The main person behind the chartered bank was a Scot, James Wilson who had also started “*the economist*” still one of the most eminent publications today. He foresaw the advantages of financing the growing trade links with the areas in the east, which no other financial institution was doing at that time.

Another Scot, John Paterson in 1862, founded the “Standard Bank”. He immigrated to Cape Province in South Africa and became a successful merchant before founding “*the eastern province herald*” which is still published today. Coming from a similar background as Wilson, he also saw great trading possibilities between Europe and his adopted country, and together with local business interest he founded the Bank.

The two banks expanded and prospered with time and decided to merge in 1969. On January 30, 1970 the new shares of the Standard and Chartered Banking group limited were listed in the London stock exchange. The original building of the chartered bank at 38 bishop gate was demolished in June 1980 and Queen Elizabeth ii opened new headquarters of the Standard Chartered Bank PLC on the same site on March 20, 1986. Becoming stronger after the merger, Standard Chartered Bank embarked upon serious expansion in Europe and the United States. The Standard Chartered Merchant Bank was built up from a number of acquisitions made during the 1990s. In the last thirty years, Standard Chartered Bank has experienced continuous growth,

which led to its becoming one of the top 100 listed Banks in the world. It was also judged the best Bank in the Asia-pacific region in 1993 and 1994 for its continuous growth rate and excellent service.

### **3.2 An Overview of Standard Chartered Bank (Global)**

Globally, the key resources of SCB include:

- ❑ A network of over 600 offices in 50 countries
- ❑ A staff of about 30,000 people managing assets of around 47 billion pounds
- ❑ Standard Chartered Bank's international businesses in Personal Banking, Corporate Banking and Standard Chartered markets are its special strengths
- ❑ Standard Chartered Bank also maintains correspondent relationship with over 600 Banks in 157 countries around the world.



**FIG3: GLOBAL PICTURE OF SCB**

#### **3.2.1 The global strategies of standard chartered bank are**

- ❑ To build and grow strong businesses in east and South East Asia – the Asia Pacific region
- ❑ To enhance historical position in the Middle East and South Asia region

### **3.3 Standard Chartered in Bangladesh**

The Chartered Bank started operating in Bangladesh opening a branch in Chittagong. The branch opened mainly to facilitate the post-war reestablishment and expansion of south and South East Asia. The Chartered Bank opened another branch in Dhaka in 1966, where it is still headquartered. After the merger of the Chartered Bank with the Standard Bank in 1969, the Standard Chartered Bank took up a program of expansion. It increasingly invested in people; technology and premises as its business grew in relation to the country's economy.

In 1993, there was an organizational re-structuring, which led to a substantial expansion of the Bank's Business. Bangladesh is under the Middle East and South Asia (MESA) region, with the controlling office in Dubai. Its correspondent relationship with Sonali Bank, the largest Bank in Bangladesh, gives its customers access to all major centers in the country. Standard Chartered Bank's worldwide network facilitates convenient connections with foreign trade and remittance business. Standard Chartered Bank's branch banking license in Bangladesh allows it to offer a full range of banking services.

Since the organizational restructuring in 1993, the amount of deposits and loans in 1997 has increased by more than five times. There is an overall increasing trend of Standard Chartered Bank's market share in terms of deposits and advances. Until September 2002, both Standard Chartered and Standard Chartered Grindlays will operate under the same management but as separate entities. With effect from September 2002, there would not be any Grindlays- only Standard Chartered Bank. Finally, from January 01, 2003 both of the banks are operating their activities in Bangladesh by renaming them officially as Standard Chartered Bank and have changed their logo. Today the bank has wider all over the country and is arguably the largest foreign bank in Bangladesh. It has branches in Bogra, Chittagong, Dhaka, Khulna, Savar and Sylhet. They have ATM booths almost all over Dhaka and Chittagong. Standard Chartered Bangladesh has bought out the Bangladesh operations of various other foreign banks such as Grindlays Bank and American Express.

### **3.4 Mission**

The bank has a mission to build and grow on its 150 years of experience and the positive image that it has earned over the years. The understanding factors on its four values "Responsive, International, Trustworthy and Courageous".

### **3.5 Vision**

The vision of SCB is to make it experiences, which satisfy the customer and an environment where the people like to stand out. This bank has achieved a positive slot in the hearts of Bangladeshi people for its long-standing service and quality.

### **3.6 Recent Achievements of Standard Chartered Bank**

- First commodity derivatives in Bangladesh and cotton hedge for the Group for Square Textiles
- Joint lead arranger for country's first 5 year Asset backed Securitization (ABS)
- Record Call Account growth in RAJUK fund – Ranked first among all collecting banks
- Enhancement of Microfinance: BRAC, BURO, Shakti
- First country to go live with IFRS compliant IMEX
- Consumer Banking new asset product system e-Lending introduced
- Rolled out RCMS on eBBS, first time in Group
- Pioneer country in e-CDD rollout
- 'Best Bank' for Corporate Social Responsibility for 2006 by Bankers' Forum
- 'Best Retail Bank in Bangladesh' award in The Asian Banker Excellence in Retail Financial Services programme for its performance in 2007
- 'National Best Corporate' Award 2007 by Institute of Cost Management Accountants

- "Best IT Use Award 2007" by Bangladesh Association of Software & Information Services (BASIS)
- 'Best Employer of IBA Graduates' in 2008 by IBA Alumni Association
- "Best Foreign Commercial Bank in Bangladesh" by Finance Asia in 2009 & 2011

### **3.7 Points of Interest**

- Flagship country for the Seeing is Believing initiative where they built an Operation Theatre and Children's Ward at Islamia Eye Hospital to provide cataract surgery to at least 12,000 patients per annum
- We jointly initiated the 'Standard Chartered-Financial Express Corporate Social Responsibility Award' in 2006
- Leading bank in community activities (please refer to CSR Activities below for details)

### **3.8 The Functional Structure of SCB**

This focus allows the business to develop an in-depth understanding of the banks customer's evolving requirements. This also enables to develop the products and service that SCB stand out from the competition. Treasury provide support to the customers of both these business and develop customers (both individual and organization)of its own. At the headquarters, the bank mainly consists of two divisions: the first one is "Business "and another is "Support". The "Business" division operates activities with a strong integration of the following operational department and they are Wholesale Banking and Consumer Banking. Under the Whole Banking, there are three divisions they are given below:

- **Wholesale Banking**
  - A. Corporate Banking
  - B. Treasury
  - C. Financial Institution
- **Consumer Banking**



The "Support" division provides assistance to the above business activities and consists of six departments and the departments are:

- Operation
- Finance
- Services
- Human Resources
- Legal & Compliance
- Credit



Figure4: Organ gram of Standard Chartered Bank

### 3.8.1 BUSINESS ACTIVITIES OF GLOBAL STANDARD CHARTERED BANK

Standard chartered operates in every Asia Pacific market with the exception of North Korea and some 60 percent of the group's profits come from the Asia Pacific region. Hong Kong continues to be the major importance to the group and contributes 30 percent of the total profit with around 80 branches in Hong Kong and strong representation in China, Standard Chartered – a note issuing Bank in Hong Kong – is well placed to continue playing an important part in greater China's development. A resident group executive director manages the group's business there.

Consumer Banking, Corporate and Institutional Banking are managed out of Singapore each by a group executive director resident in the Island state. Other East Asian countries of note for the group are Malaysia, Taiwan and Thailand where, in 1999, the Bank acquired a 75 percent interest and management control in Nakornthon.

Standard Chartered is the leading International Bank in sub-Saharan Africa, operating in several countries, the most prominent being Kenya, Zambia, Zimbabwe and Ghana. The group's operations in the gulf and South Asia are managed form Dubai.

### **3.9 Principles and Values**

#### **3.9.1 Principles**

Leading by example to be the right partner for its stakeholders, the Group is committed to building a sustainable business over the long term that is trusted worldwide for upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity.

#### **3.9.2 What Standard Chartered stand for**

##### **Strategic intent**

- To be the world's best international bank
- Leading the way in Asia, Africa and the Middle East





**Brand promise: Here for good**

**Fig5: Here for good**

### **3.9.3 Values**

- Courageous
- Responsive
- International
- Creative
- Trustworthy

### **3.9.4 Approach of Standard Chartered Bank**

- **Participation**

Focusing on attractive, growing markets where we can leverage our relationships and expertise

- **Competitive positioning**

Combining global capability, deep local knowledge and creativity to outperform our competitors

- **Management Discipline**

Continuously improving the way we work, balancing the pursuit of growth with firm control of costs and risks

### 3.9.5 Commitment to stakeholders

- **Customers**

Passionate about our customers' success, delighting them with the quality of our service

- **Our People**

Helping our people to grow, enabling individuals to make a difference and teams to win

- **Communities**

Trusted and caring, dedicated to making a difference

- **Investors**

A distinctive investment delivering outstanding performance and superior returns

- **Regulators**

Exemplary governance and ethics wherever we are

### 3.10 Standard Chartered business

Standard Chartered PLC, listed on the London, Hong Kong and Mumbai stock exchanges, ranks among the top 20 companies in the FTSE-100 by market capitalization. The London-headquartered Group has operated for over 150 years in some of the world's most dynamic markets, leading the way in Asia, Africa and the Middle East. Its income and profits have more than doubled over the last few years primarily as a result of organic growth, supplemented by acquisitions.

### 3.10.1 Consumer Banking

Consumer banking offers a broad range of products and services to meet the borrowing, wealth management and transaction needs of individuals.

- Saving & Banking Services
- Loans & Mortgages
- Credit Cards
- Insurance
- Investments
- Priority Banking
- Greater China Service

### 3.10.2 Wholesale Banking

Wholesale Banking has a client-focused strategy, providing trade finance, cash management, securities services, foreign exchange and risk management, capital raising and corporate finance solutions.

- Transaction Banking
- Financial Markets
- Corporate Finance
- Principal Finance

### 3.10.3 SME Banking

Our SME Banking division offers products and services to help small and medium enterprises manage the demands of a growing business, including the support of our international network and trade expertise.

- Cash Management
- SME Treasury Services
- Trade Finance & Working Capital
- Loans & Mortgages

### 3.10.4 Islamic Banking

Standard Chartered Saadiq's dedicated team provides comprehensive international banking services and a wide range of Shariah-compliant financial products based on Islamic values.

- About Standard Chartered Saadiq
- Personal Banking
- Wholesale Banking
- Shariah Supervisory Committee

### 3.10.5 The Standard Chartered Private Bank

Our Private Bank advisors and investment specialists provide customized solutions to meet the unique needs and aspirations of high net worth clients.

- Welcome
- Managing Your Wealth
- Investor's Lounge
- Learning Centre
- Concierge
- Online Services

Moreover, Standard Chartered Bank provides a full range of products and services to its customers all around the world, some of which are mentioned below:

- Global Corporate Banking and Institutional Banking
- Global Custodial Service
- International Trade Management
- Global Cash Management
- Global Institutional Banking
- Global Treasury
- Global Electronic Banking

### 3.10.6 Global Network

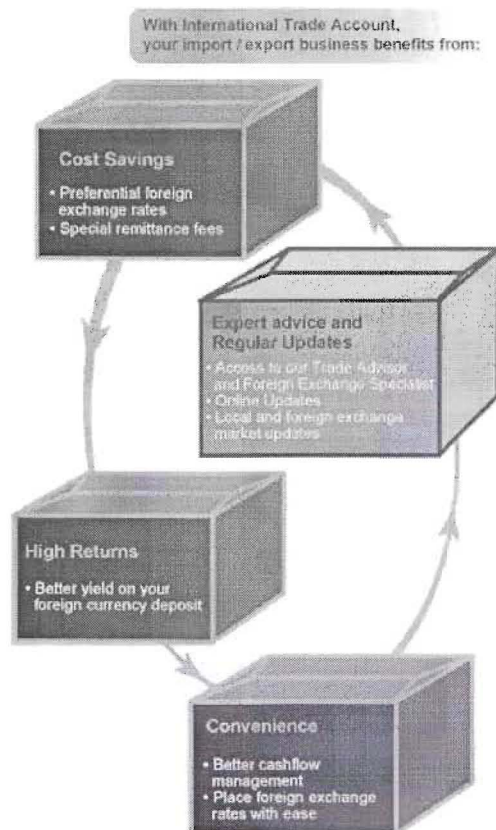
Standard Chartered has a network of over 1,700 branches and outlets and 5,600 ATMs in more than 70 countries and territories across the globe, making us one of the world's most international banks.



**TRADE SERVICE OF STANDARD CHARTERED BANK**

Trade service is an important part for any bank institution so as SCB. The functions and services of this sector are critical as well as sensitive. But the managers of SCB are performing their duties regularly with great credit. Some branches of SCB have evening banking so those customers get their service as soon as possible. Here I discuss the procedure of trade in SCB.

**4.1 Imports / Exports**



**Fig 6: Import-Export Circle**

## Imports

- **Letter of credit**

A Standard Chartered letter of credit gives you the assurance from a world class bank when dealing with unfamiliar suppliers, you can be confident that payment will not be made until the documents are received and verified to be in order.

- **Import bills for collection**

By informing your supplier to send their shipping documents to Standard Chartered, you will enjoy prompt advice upon our receipt of documents and efficient payment according to your instructions.

- **Shipping guarantee**

To operate your business efficiently, it is vital your goods be cleared expeditiously. By issuing a shipping guarantee in the shipper's favor, Standard Chartered facilitates prompt clearance of goods until bills of lading are received.

- **Import financing**

Standard Chartered will be able to provide financing solutions to pay for the supplier's documents under letter of credit or import collections. Open account invoice financing is also available.

- **Performance bonds and other guarantees**

Standard Chartered offers tailored solutions to meet your entire performance bond and guarantee needs.

## Exports

If you are in the export business, we can help you with Export L/C advising, L/C Safekeeping, L/C Confirmation, L/C Checking and Negotiation. For financing solutions, tap on to Pre-shipment Export Finance, Export Bills for Collections, Invoice Financing. Outsource your administrative functions to SCB's document preparation service.

- **Export letter of credit advising**

Benefit from prompt advising of export letter of credit from a wide international network through Standard Chartered.

- **Export letter of credit safekeeping**

Rather than be inconvenienced by having to come to the bank to collect your export letter of credit, Standard Chartered will safe keep your original and send you a working copy to facilitate the preparation of documents.

- **Export letter of credit confirmation**

Exporters may deal not only with unknown foreign buyers, but also with their banks which are less well known institutions and whose letter of credit (LC) may not be sufficient comfort. By requesting Standard Chartered to confirm your export LCs, you obtain our guarantee of payment for document presented in compliance with the credit.

- **Pre-shipment export financing**

We provide pre-shipment finance against irrevocable letters of credit from or purchase orders in a number of currencies to allow you to trade with confidence. If you need to fulfil a sales



contract but need funds to purchase raw materials or process goods for export, Standard Chartered offers you pre-shipment export financing in a variety of currencies.

- **Letter of credit checking and negotiation**

Standard Chartered's thorough checking standards will reassure you that your documents will not be rejected. Strict service standards are applied to ensure that your documents are negotiated and dispatched quickly.

- **Export bills for collection**

Simplify dispatch tracking of payment and reconciliation of your export collections when you choose Standard Chartered's documents against acceptance, documents against payment or clean collections. Discounting of export collections is also available.

- **Export invoice financing**

To tide over any cash flow problems arising from credit terms to the buyers, the exporter may obtain invoice financing pending buyers' payment.

- **Document preparation**

Benefit from lower costs, faster processing and fewer errors - outsource to Standard Chartered the paperwork and administrative functions related to your export activities based on your letter of credit or purchase order.



**Fig 7: Trade Service Tree**

## **4.2 Supply Chain Financing**

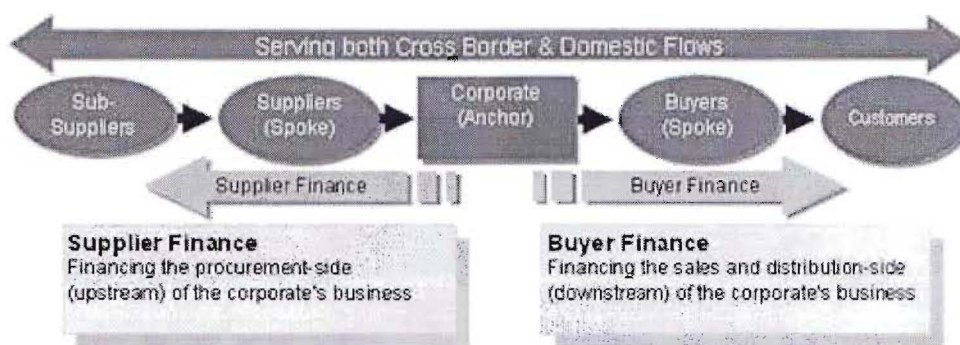
Successful companies realise that managing their supply chains effectively is a great source of competitive advantage. Ensuring that partners in your supply chains have access to sufficient, steady financing on competitive terms is a critical responsibility. However, this needs to be balanced against corporate objectives of reducing working capital, balance sheet improvement and risk management - that means providing this finance on your own is not often an option.

### **4.2.1 A Comprehensive Suite of Solutions**

Supply Chain Finance (SCF) is a new approach to financing. SCF is a partnership with selected corporate clients (Anchor) to provide working capital support for their chosen Suppliers and Buyers. The strength of the Anchor's supply chain linkage (i.e. the commercial arrangements and relationships between buyer and seller) is given due consideration in evaluating credit quality of suppliers/buyers. This is very different from the traditional practice of standalone risk evaluation

which was focused only on suppliers/buyers financial strength and historic financial performance.

Standard Chartered Bank organizes its SCF offerings under two key suites: Supplier Finance Programmers' and Buyer Finance Programmers'.



**Fig 8: Service Flow of Finance**

### **4.3 Document Manager**

An integrated web-based solution to take your international trade to new heights

Standard Chartered's Straight2Bank offers a wider products range in allowing you to choose between the full range of documentary trade services and open account financing options.

Our Document Manager solution offers a suite of web-based supply chain management tools designed to help you streamline and accelerate your entire trade cycle - from sourcing, procurement, financial service, shipping and insurance to payment. All you need is a personal computer with an internet connection.

### 4.3.1 The Document Manager Solution

Straight2Bank's Document Manager allows you to create, track, and exchange a full set of trade documents electronically with your trading partners globally. By processing your trade documents electronically, you are able to facilitate document management and accelerate your routine trade activities.

Trade documents are much easier to prepare in this paperless environment because data is automatically shared between documents and inserted into related form fields for you. Related electronic documents are also linked together, allowing you to effectively trace your paper trail and track your trade activity.

This tool provides you with a dynamic environment that integrates product sourcing and procurement tools with logistics management, and then synchronizes it all into trade banking services.

## 4.4 Private Label

Innovative trade solutions for banks

The Private Label programme helps Standard Chartered's valued correspondents to earn incremental revenue stream from an existing flow of trade transactions with Asia. This is achieved by outsourcing the processing of your letter of credit issuance from your country to Hong Kong to take advantage of the favorable pricing dynamics in that market. You benefit from our simplified letter of credit-checking process. We review all the documents for you, eliminating your need to re-check documents, saving you time and operational expense.

### 4.4.1 The Private Label solution

- **Enhanced trade services solution**

You can offer a range of innovative and competitively priced trade services to clients, while avoiding the high capital investment required delivering them

- **Letter of credit document checking**

Standard Chartered will check the documents for you, saving you time and operational expense.

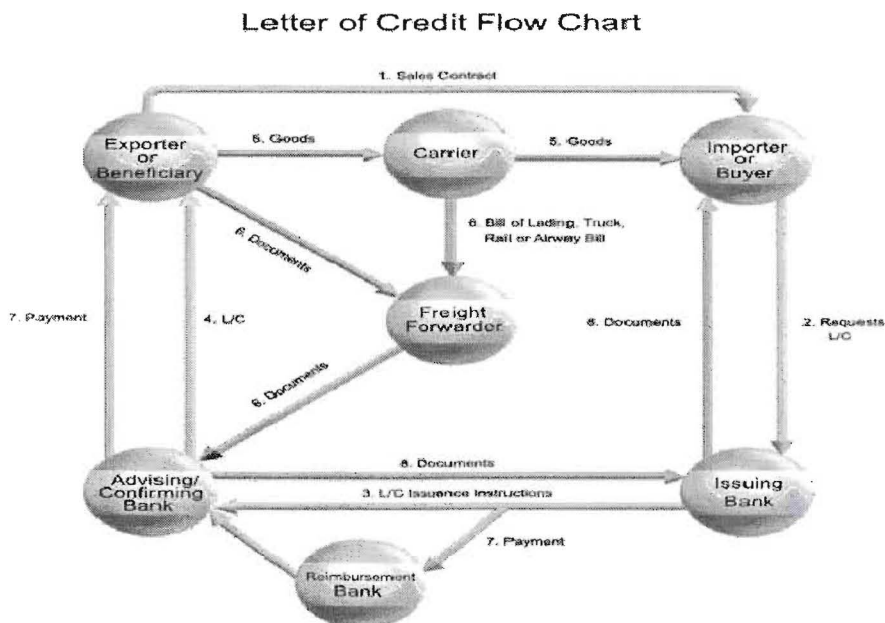
#### 4.5 Letter of Credit Reimbursement

Innovative trade solutions for banks:

Standard Chartered is a leader in trade finance and provides expert assistance with letter of credit reimbursements. Our vast global payments network, which includes more than 2,500 correspondent account relationships, efficiently facilitates settlement of letter of credit throughout the world

#### 4.6 Total Process of Export-Import

Here the chart shows about the flow of letter of credit. From the sales contract between beneficiary and buyer to the documentation between issuing bank and advising bank, this flow chart shows a overall picture of total documentation.



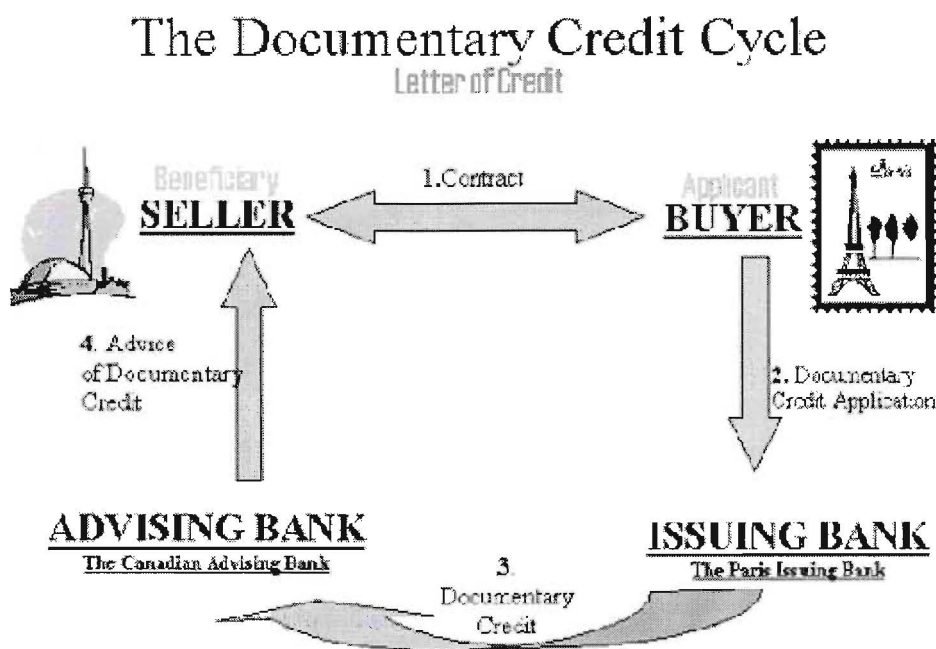
**Fig 9: Letter of Credit Flow Chart**

#### 4.7 The Parties of Letter of Credit

- Importer/Applicant/Buyer
- Beneficiary/Seller/Exporter
- Issuing Bank/ Opening Bank
- Nominated Bank
- Advising Bank/Negotiating Bank

#### 4.8 Total Documentary Process of Export-Import

In trade Banks do not deal with goods, they deal with documents. Through document processing all process completes in trade. Where the document called what, from who to where that document passes. Here a overall diagram presented for better understanding



**Fig 10: Documentary Credit Cycle**

**CHAPTER-FIVE****AN OVERVIEW OF EXPORT-IMPORT FINANCING OF SCB**

Here the overview of export and import described where we can get an idea how the process take place and how the documentation done. Here also given a financial presentation of first half of the year.

**5.1 Products of Export & Import**

There are several types of export and import products exercised by SCB. Those are give bellow with the last six month financing data.

- Import L/C Issuance (Paper Application)
- Import L/C Issuance (Initiated thru S2B-Wb cust)
- Back to Back letters of credit
- Import L/C Amendment
- Import Bills
- EBC-Export Bills Under Collection
- Export L/C Negotiation
- Export L/C Presentation

**5.2 Financial Information of Export & Import of SCB**

Here last six months data has accompanied to give a view about quantity of export and import in trade service of standard chartered bank, Bangladesh. These tables will give an overall trend of the first half of the year. At first here a table attached which gives an idea about import. Import can be classified in three types such as Paper application, online application, back to back L/C.

After that the product discussed here is import Amendment which refers the L/C processing before original document endorsement

Import L/C	Jan'11	Feb'11	Mar'11	Apr'11	May'11	Jun'11
Import L/C Issuance (paper application)	717	668	808	698	808	776
Import L/C Issuance (initiate thru S2B-Wbcust)	109	93	71	42	82	44
Back to Back L/C	44	11	33	37	36	26
<b>Total</b>	<b>870</b>	<b>772</b>	<b>912</b>	<b>777</b>	<b>926</b>	<b>846</b>

Here we can see in the first half of the year L/C against import. Highest is in May'11, and lowest is in Feb'11. The reason can be no of days in February is less than any other month.

Product	Jan'11	Feb'11	Mar'11	Apr'11	May'11	Jun'11
Import L/C Amendment	501	448	549	479	537	500

Here total Amendment against import L/C is highest in May'11, as the total L/C in May is highest.

Import Bills	Jan'11	Feb'11	Mar'11	Apr'11	May'11	Jun'11
Bills Receivable	813	679	789	803	878	771
Acceptance under Import L/C	544	422	564	449	633	523
Import Bills for Collection	291	158	278	303	337	283

Here Import Collection information mentioned. Collection can be varied due to payment structure; importers try to give payment as late as possible to gain some extra benefit. Here we can see the highest collection in May'11 the reason can be the highest L/C opening in MAY'11.



Export	Jan'11	Feb'11	Mar'11	Apr'11	May'11	Jun'11
EBC- Export Bills under Collection	269	226	229	192	225	229
Export L/C Negotiation	219	173	191	143	194	164
Export L/C presentation	1387	1166	1366	1186	1623	1487

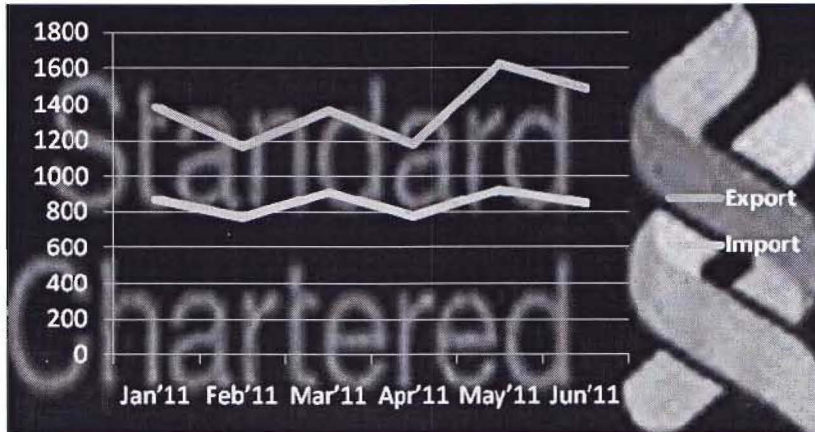
**Fig 11: Financial Information of Export & Import of SCB**

Here the numerical figures has presented for the first half of the year. Here we can see the highest no of EBC is in January 2011 on the other hand lowest is April. The reason may be January is first month of the year. We can also see highest export L/C negotiation in January 2011 the reason may be highest EBC in January. Here we can also see the highest Export Presented in June 2011.

### **5.3 Graphical Comparison of Export & Import of SCB**

Here the total figure of export and import are shown. The highest export documentation made in May 2011 and lowest documentation made in February. On the other hand the highest import documentation made in May 2011 and lowest documentation made in February.

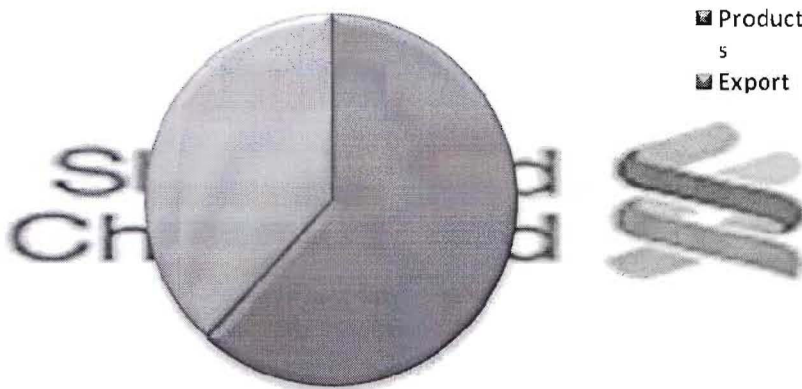
Product	Jan'11	Feb'11	Mar'11	Apr'11	May'11	Jun'11
Export	1387	1166	1366	1186	1623	1487
Import	870	772	912	777	926	846



Through graphs we can see export is greater than import in terms of figures as well there is a difference of 3112 between export and import.

Products	Export	Import
Total	8215	5103

Here we see the graphical view of export and import. If we calculate the percentage then Import is 38.31% and Export is 61.69%.



**Fig 12: Graphical Presentation of Export & Import of SCB**

Here the dark blue portion is for Export (61.69%), and Light Blue Portion is Import (38.31%)

**FINDINGS**

Though SCB has many assertive findings but they also have some drawbacks also. Firstly SCB has premium Reimbursement charge or UPAS charge than other local banks operating in Bangladesh. Here reimbursement charge means reimbursing (bank) charges are charges incurred by the reimbursing bank when claimed under L/c, and UPAS means Usage payment at sight(maybe London SCB, Singapore SCB or branch of SCB at Savar). Although it gives facility the customer but the charges are higher than other

**Possible solution:** Taking initiative or having more cooperation with other liaison branch SCB trade service can reduce their reimbursement charge as well UPAS charge. It will give more facility to the customer. On the other hand if customer can negotiate with the help of bank that reimbursement charge should be paid by beneficiary.

SCB is a multinational bank. It has some own rules and regulation. Such as SCB doesn't do trade with countries like Sudan, Cuba, Iran, Myanmar, and South Korea. As SCB is a British bank so they do not trade with these countries due to political issue which conflicts with our political view. On the other hand SCB trade with Israel but our country does not allow to trade with Israel as we are OIC member.

**Possible solution:** as SCB is operating in our country it should negotiate with our rules and regulation. Though they do not trade with Israel but they can negotiate while trading with other five SDN countries. By doing Bangladeshi economy will boom to some higher points.

Standard Chartered Bank is pioneer in trade service and foreign exchange. They have many technologies and know how that can help our banking sector to grow further. They have also some capabilities to do some more activities is CSR (Corporate Social Responsibility). But these can be extend which is not yet been establish.

**Possible solution:** SCB can share, take initiative to make learn to others as well as do more CSR activities which will not only help the economy of Bangladesh but also help the future banking sector of Bangladesh.

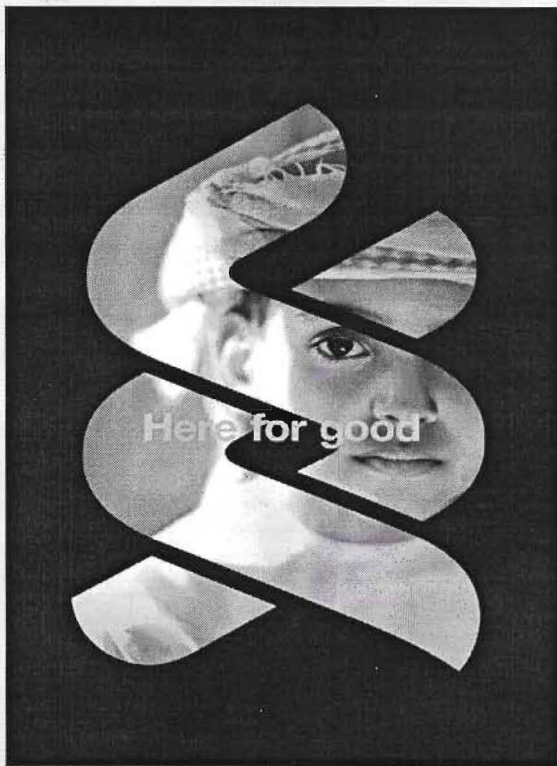
## CHAPTER-SEVEN

### CONCLUSION

Apart from these problems SCB is doing exceptionally well in our banking sector, if they overcome the negative aspect they will grow themselves as the best from all. There are also some good quality sites where SCB is performing very well to make them as a market leader. Like, SCB is proving themselves as a trustworthy service provider in trade service operations. They are focusing on Customer relation, Time management, Customer Oriented Services. SCB is proving themselves as a trustworthy service provider in trade service operations. Clients believe that if they present the compliant information SCB will provide the service no sooner had the process has been completed. SCB also follow the Global aspect and maintain a global Village to provide the best service to the customer. SCB believes in one to one communication with clients which give them eradicate many confusions. SCB hired lots of relationship managers so that they will comply with customer 24/7. SCB negotiates for customers to make them satisfied with their services. SCB also charges premium charge which varies customer to customer and L/C amount to ensure their better service. Multinational Banks created the Global village so that they can help each other in the document and credit processing. Sometimes this global facility attracts customers to do business with SCB. Nepotism, Direct Barbary is hardly seen over the service. Good enthusiastic management, efficient managers and hard working contractual are helping to make the service better for the customers. SCB offer evening banking which will help customer to process their needs.

After considering all aspects, it can be said Trade Service is inevitable part of any Bank. Like SCB for every bank Trade is very crucial which is belongs to Financing. By this service, bank is having their maximum business. Therefore, the proper implementation of services and policies as well as strategies can bring welfare for the organization. Although SCB is a foreign company and

has good reputation but still there are some pitfalls in case of trade service procedures. By overcoming these limitations, SCB would attain competitive advantage over its rivals in the business. Initiative and careful attempts are needed to in order to survive better in the face of growing competition and maintain business profitability in the long run. The sooner this will be done; the better will be the operational excellence and business profitability of the SCB



Can a bank really stand for something? Can it balance its ambition with its conscience? To do what it must. Not what it can. As not everything in life that counts can be counted. Can it not only look at the profit it makes but how it makes that profit? And stand beside people, not above them. Where every solution depends on each person. Simply by doing good, can a bank in fact be great? In the many places we call home, our purpose remains the same. To be here for people. Here for progress. Here for the long run. Here for good.

Fig 13: Here for Good

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